

# Fidelity Bank Investor Presentation

Audited Financial Results for the year ended

December 31, 2014



# Outline



- 1 Fidelity Overview
- 2 Nigerian Economy Overview
- 3 Financial Highlights
- 4 Financial Review
- 5 2015 Guidance

# Overview of Fidelity Bank



## Background

- ▶ A full service bank with International Authorisation established in 1987 and licensed by the Central Bank of Nigeria
- ▶ The Bank currently has over 400,000 shareholders with the majority being Nigerian citizens and corporations.
- ▶ One of the highest CAR amongst Nigerian banks at 23.2% (Basel II), well above the CBN requirement of 15%
- ▶ Over 85% of the branch network is located in key business centres and the most economically viable regions of Nigeria
- ▶ A leading partner to the Nigerian power, oil and gas and telecoms industries

## Distribution Network

Business Offices	
Lagos	77
South West	11
South South	40
South East	42
North West	15
North East	7
North Central	11
FCT Abuja	16

Electronic Banking	
ATMs	685
POS	9,156

## Key Highlights

<b>Total Assets</b>	N1,187.0 million
<b>Total Equity</b>	N173.1 million
<b>Business Offices</b>	219
<b>No of Accounts</b>	2.8million
<b>Professional Staff Count</b>	3,397
<b>Consumer Sales Agents</b>	950
<b>Ratings</b>	B/B (S&P)/Fitch
<b>Auditors</b>	Ernst & Young / PKF

# Outline

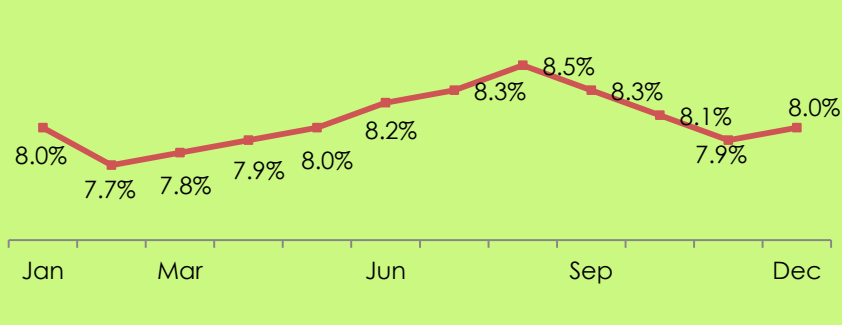


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# Economic Overview



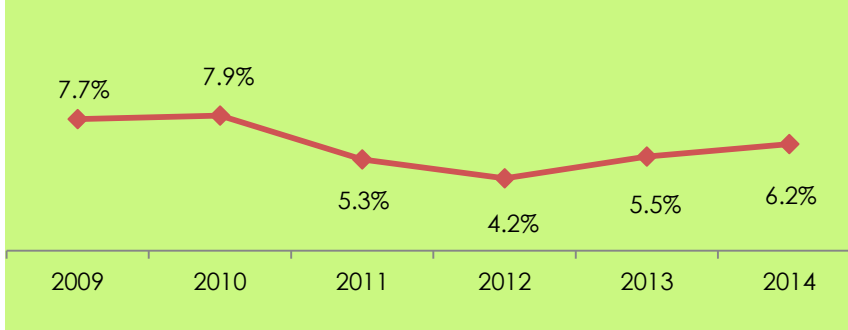
**Headline Inflation(2014)**



## Headline Inflation

- Headline inflation inched up to 8.0% YoY in Dec 2014, after edging down in 4 consecutive months.
- Increase in food prices accounted for the jump which reflected on the 10bps rise in food sub-index.
- Outlook for inflation rate is positive especially with the conclusion of the general election.

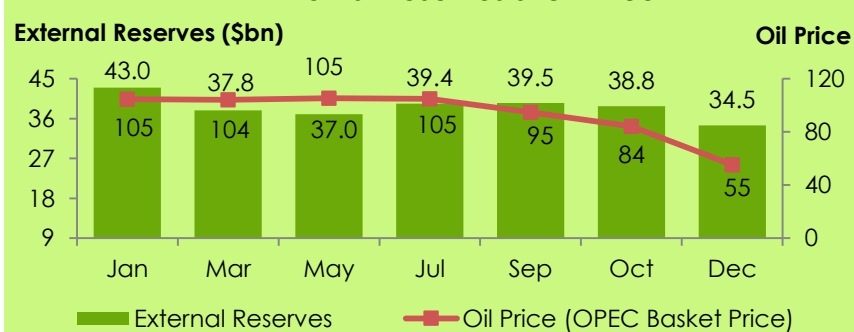
**Real GDP Growth Rate**



## Gross Domestic Product (GDP)

- At estimated GDP of \$514bn, Nigeria is the largest economy in Africa and the 21<sup>st</sup> biggest economy in the world.
- The economy has surpassed Sweden, Poland and Argentina and it is now almost at par with Switzerland.
- The economy grew by 6.2% in 2014 from 5.5% in 2013, with non-oil sector contributing 89.7% to the real GDP growth.

**External Reserves & Oil Price**



## External Reserves & Crude Oil Price

- External reserves has been on a downward trend since Sep 2014, dropping to \$34.4bn in Dec 2014 on account of low crude oil price.
- Speculation around the general election caused the biggest demand surge forcing the CBN to respond with several restrictive FX policies.
- Nigeria's external reserves remains solid and could cover up to 8 months of imports.

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# Performance Highlight



## Revenue and Efficiency Ratio

- ❑ Gross Earnings up by 4.3% to N132.4.0 billion in 2014FYE (2013FYE: N126.9 billion)
- ❑ Net Interest Income inched up by 58.5% to N48.8 billion (2013FYE: N30.8 billion)
- ❑ PBT increased by 71.9% to N15.5 billion in 2014FYE (PAT came in at N9.0 billion)
- ❑ ROE (pre-tax) at 9.0% in 2014FYE; ROA (pre-tax) at 1.3% in 2013FYE

## Asset Quality

- ❑ Cost of Risk normalized at 0.8% in 2014FYE from 1.8% (2013FYE)
- ❑ NPL Ratio: 4.4% as at Dec 31, 2014 from 3.7% (2013FYE)
- ❑ Earning Assets remained high at N819.0 billion from N751.7 billion (2013FYE)
- ❑ Earning assets to total assets came down marginally to 69.0% from 69.5%

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 23.2%, based on Basel II computation
- ❑ Sound Liquidity Ratio of 38.0% compared to regulatory minimum of 30.0%
- ❑ Improved Net Loans to Customer Deposits to 66.1% from 52.8%
- ❑ Total Equity of N173.1 billion from N163.5 billion

# Financial Highlights



## Summary of Income Statement – 2014 FYE Vs 2013 FYE

	2014 FYE	2013 FYE	VAR	% VAR
<b>Gross Earnings</b>	<b>132,401</b>	<b>126,918</b>	<b>5,483</b>	<b>4.3%</b>
Interest Income Loans	70,981	51,017	19,964	39.1%
Interest Income Liquid Assets	33,326	35,240	(1,914)	-5.4%
<b>Total Interest Income</b>	<b>104,307</b>	<b>86,257</b>	<b>18,050</b>	<b>20.9%</b>
Interest Expense Customer Deposits	(51,771)	(52,261)	490	-0.9%
Interest Expense Borrowings	(3,710)	(3,184)	(526)	16.5%
<b>Total Interest Expense</b>	<b>(55,481)</b>	<b>(55,445)</b>	<b>(36)</b>	<b>0.1%</b>
<b>Net Interest Income</b>	<b>48,826</b>	<b>30,812</b>	<b>18,014</b>	<b>58.5%</b>
FX Income	17,617	18,425	(808)	-4.4%
COT	4,330	4,578	(248)	-5.4%
Other Fee Income	9,840	9,869	(29)	-0.3%
<b>Total Fee Income</b>	<b>31,787</b>	<b>32,872</b>	<b>(1,085)</b>	<b>-3.3%</b>
<b>Operating Income</b>	<b>80,613</b>	<b>63,684</b>	<b>16,929</b>	<b>26.6%</b>
<b>Total Expenses</b>	<b>(57,099)</b>	<b>(54,305)</b>	<b>(2,794)</b>	<b>5.1%</b>
Net gains / (losses) from Fin. Inst	(3,693)	7,789	(11,482)	-147.4%
Net Impairment Losses	(4,306)	(8,140)	3,834	-47.1%
<b>Profit before Tax</b>	<b>15,515</b>	<b>9,028</b>	<b>6,487</b>	<b>71.9%</b>



# Financial Highlights



## Summary of Income Statement– Quarterly Trend

	Q4-2014	Q3-2014	Q2-2014	Q1-2014
<b>Gross Earnings</b>	<b>36,378</b>	<b>32,765</b>	<b>32,303</b>	<b>30,955</b>
Interest Income Loans	19,367	18,127	16,763	16,724
Interest Income Liquid Assets	8,122	7,163	8,497	9,544
<b>Total Interest Income</b>	<b>27,489</b>	<b>25,290</b>	<b>25,261</b>	<b>26,268</b>
Interest Expense Customer Deposits	(14,163)	(12,637)	(12,487)	(12,484)
Interest Expense Borrowings	(1,159)	(781)	(886)	(884)
<b>Total Interest Expense</b>	<b>(15,321)</b>	<b>(13,418)</b>	<b>(13,373)</b>	<b>(13,368)</b>
<b>Net Interest Income</b>	<b>12,168</b>	<b>11,871</b>	<b>11,888</b>	<b>12,899</b>
FX Income	8,383	3,261	3,056	2,918
COT	974	1,199	1,015	1,141
Other Fee Income	2,572	2,420	2,903	1,945
<b>Total Fee Income</b>	<b>11,928</b>	<b>6,880</b>	<b>6,974</b>	<b>6,004</b>
<b>Operating Income</b>	<b>24,096</b>	<b>18,752</b>	<b>18,862</b>	<b>18,903</b>
<b>Total Expenses</b>	<b>(16,522)</b>	<b>(14,330)</b>	<b>(13,518)</b>	<b>(12,728)</b>
Net gains / (losses) from Fin. Inst	(3,040)	595	68	(1,316)
Net Impairment Losses	(2,408)	(1,060)	(437)	(401)
<b>Profit before Tax</b>	<b>2,126</b>	<b>3,956</b>	<b>4,975</b>	<b>4,458</b>

# Financial Highlights



## Statement of Financial Position: 2014 FYE Vs 2013 FYE

	2014 FYE	2013 FYE	VAR	% VAR
<b>Total Assets</b>	<b>1,187,025</b>	<b>1,081,217</b>	<b>105,808</b>	<b>9.8%</b>
<b>Earning Assets</b>	<b>818,993</b>	<b>751,747</b>	<b>67,246</b>	<b>8.9%</b>
Bank Placements	42,049	13,000	29,049	223.5%
Treasury Bills	184,342	239,885	-55,543	-23.2%
Bonds	50,917	72,787	-21,870	-30.0%
Customer Loans (Naira)	314,941	310,906	4,035	1.3%
Customer Loans (FCY)	226,744	115,170	111,574	96.9%
<b>Non-Earning Assets</b>	<b>368,032</b>	<b>329,470</b>	<b>38,562</b>	<b>11.7%</b>
Cash	33,659	31,889	1,770	5.6%
Balances with CBN/Settlement Acct.	224,472	175,945	48,527	27.6%
Balances with other Banks	26,686	67,875	-41,189	-60.7%
Fixed Assets	37,958	37,470	488	1.3%
All Other Assets	45,257	16,291	28,966	177.8%
<b>Interest Bearing Liabilities</b>	<b>937,575</b>	<b>876,648</b>	<b>60,927</b>	<b>6.9%</b>
Demand	424,397	453,845	-29,448	-6.5%
Savings	97,996	83,325	14,671	17.6%
Time Deposits	297,641	269,150	28,491	10.6%
Borrowings	62,547	22,484	40,063	178.2%
Eurobond	54,994	47,844	7,150	14.9%
<b>All Other Liabilities</b>	<b>76,339</b>	<b>41,114</b>	<b>35,225</b>	<b>85.7%</b>
<b>Equity</b>	<b>173,111</b>	<b>163,455</b>	<b>9,656</b>	<b>5.9%</b>

# Financial Highlights



## Statement of Financial Position: Quarterly Trend

	Q4 – 2014	Q3 – 2014	Q2 – 2014	Q1 – 2014
<b>Total Assets</b>	<b>1,187,025</b>	<b>1,115,922</b>	<b>1,058,235</b>	<b>1,042,962</b>
<b>Earning Assets</b>	<b>818,993</b>	<b>774,260</b>	<b>718,383</b>	<b>698,829</b>
Bank Placements	42,049	26,900	23,450	9,500
Treasury Bills	184,342	189,770	190,807	187,940
Bonds	50,917	68,084	65,997	74,888
Customer Loans (Naira)	314,941	319,382	316,283	306,917
Customer Loans (FCY)	226,744	170,124	121,846	119,584
<b>Non-Earning Assets</b>	<b>368,032</b>	<b>341,661</b>	<b>339,852</b>	<b>344,134</b>
Cash	33,659	22,900	22,157	24,518
Balances with CBN/Settlement Acct.	224,472	171,443	188,947	183,675
Balances with other Banks	26,686	80,785	56,100	73,417
Fixed Assets	37,958	37,142	37,025	36,945
All Other Assets	45,257	29,391	35,623	25,579
<b>Interest Bearing Liabilities</b>	<b>937,575</b>	<b>889,709</b>	<b>842,617</b>	<b>825,416</b>
Demand	424,397	417,975	368,597	373,935
Savings	97,996	86,314	82,301	82,842
Time Deposits	297,641	307,569	314,877	295,496
Borrowings	62,547	29,448	29,340	23,100
Eurobond	54,994	48,404	47,502	50,043
<b>All Other Liabilities</b>	<b>76,339</b>	<b>57,182</b>	<b>49,241</b>	<b>50,172</b>
<b>Equity</b>	<b>173,111</b>	<b>169,031</b>	<b>166,377</b>	<b>167,374</b>

# Financial Highlights



- ❑ Earnings came strong on the back of improved balance sheet optimization and upward adjustment in retail lending rate. PBT grew by 71.9% largely on account of 27.1% growth in loans and advances and reduced cost of funds regime.
- ❑ Steady quarterly growth in interest income which translated to a 58.5% growth in net interest income YTD and a 200bps growth in NIM to 6.0%.
- ❑ Marginal decline in total fees and commission income by 3.3% due to reduction in charges (bankers tariff and lower FX margins in Q1 – 2014 to Q3 – 2014).
- ❑ Strong FX income in Q4 – 2014 as our FX desk took advantage of foreign exchange rate volatility.
- ❑ Interest income on liquid assets declined by 5.4% due to a 14.9% drop in the volume of liquid assets, which was driven by the increased cash reserve requirement.
- ❑ Strong 17.6% growth was witnessed in retail deposits contributing significantly to the 17bps drop in cost of deposits and relatively flat total interest expense. Whilst customer deposits grew by 1.7% YoY, corresponding total interest expense inched up marginally by 0.1%.
- ❑ Cost of risk normalized at 0.8%, after a significant spike in 2013 due to an exceptional AMCON claw-back.
- ❑ FCY loans now constitute 41.9% of total loan book from 27.0% in 2013. However, the depreciation of local currency accounted for a 18.7% growth in the FCY loan book in 2014.

# Outline



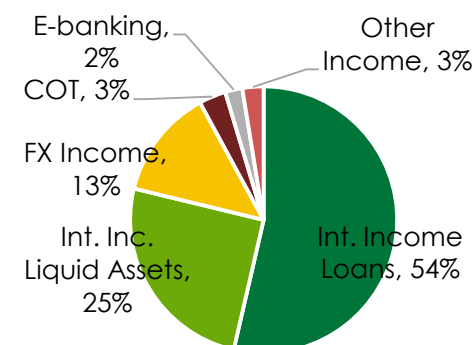
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# Gross Earnings Analysis

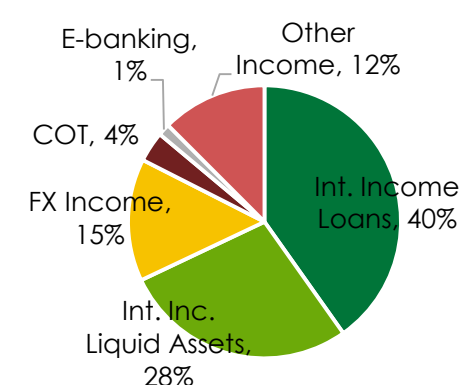


Key Highlight (N'million)	2014 FYE	2013 FYE
<b>Gross Earnings</b>	<b>132,401</b>	<b>126,918</b>
Interest Income Loans	70,981	51,017
Interest Income Liquid Assets	33,326	35,240
FX Income	17,617	18,425
Comm. on Turnover (COT)	4,330	4,578
E-banking Income	2,756	1,804
Other Income	7,084	8,065
Net Gains/Losses from Fin. Inst.	(3,693)	7,789

**Gross Earnings : 2014 FYE**

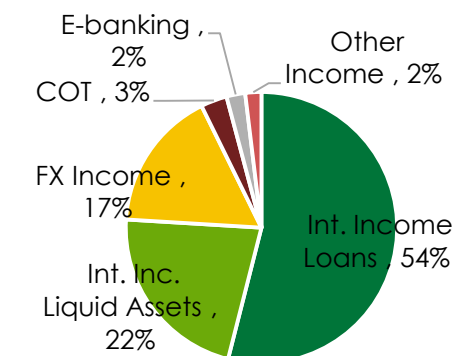


**Gross Earnings: 2013 FYE**

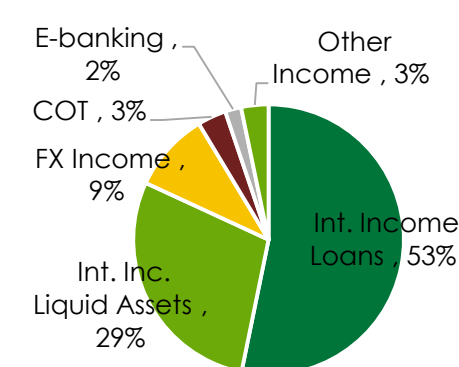


Key Highlight (N'million)	H2-2014	H1-2014
<b>Gross Earnings</b>	<b>69,477</b>	<b>62,924</b>
Interest Income Loans	37,494	33,487
Interest Income Liquid Assets	15,285	18,041
FX Income	11,643	5,974
Comm. on Turnover (COT)	2,174	2,156
E-banking Income	1,547	1,208
Other Income	3,778	3,306
Net Gains/Losses from Fin. Inst.	(2,445)	(1,248)

**Gross Earnings : H2-2014**



**Gross Earnings: H1-2014**



- Gross earnings growth driven mainly by interest income on loans and e-banking income.
- E-banking income grew by 52.8% YoY, on account of increased cross selling to the growing retail customer base.

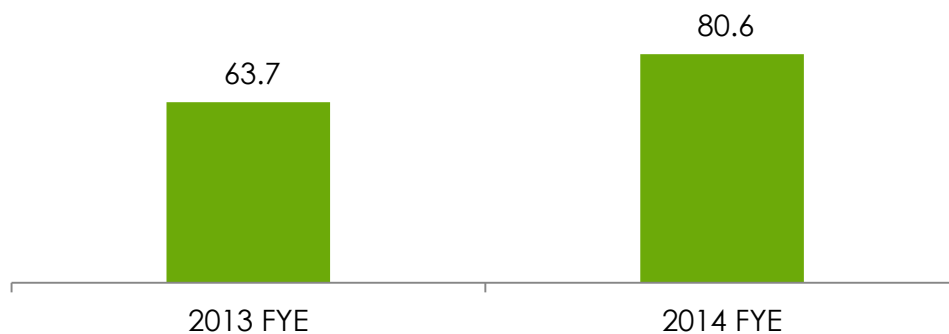
# Efficiency Ratio



- ▶ Net interest income grew by 58.5% on the back of improved balance sheet optimization driven by an increase in the yields on earning assets and a decline in funding cost.
- ▶ Operating income growth largely driven by fund based income.
- ▶ RoE trending towards double digits on the back of improved profitability.

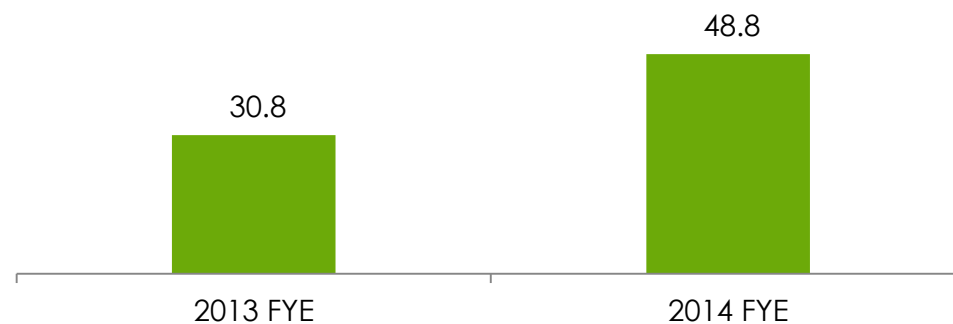
## Operating Income

N'billion

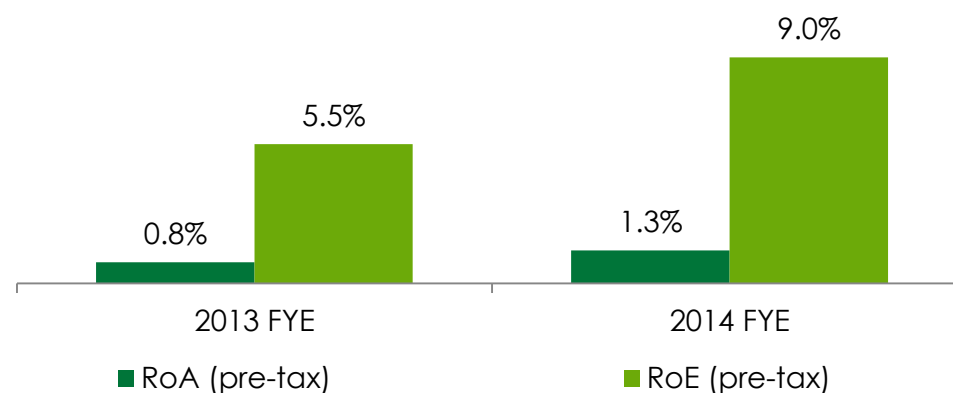


## Net Interest Income

N'billion



## Return on Assets / Return on Equity



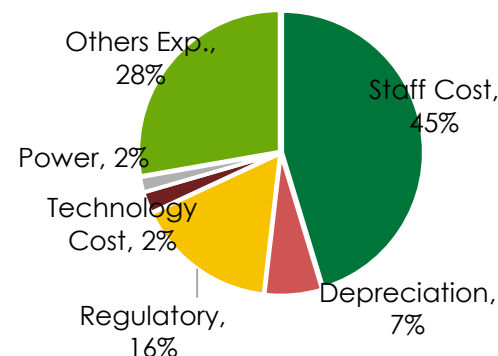
# Expense Analysis



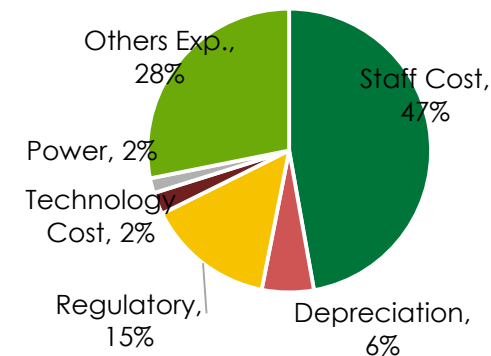
Key Highlight (N'million)	2014 FYE	2013 FYE
<b>Total Expenses</b>	<b>57,099</b>	<b>54,305</b>
Staff	25,874	25,629
Depreciation	3,733	3,211
Regulatory (NDIC/AMCON)	9,267	7,904
Technology Cost	1,389	1,354
Power	990	923
Security	978	977
Advert	1,029	1,067
Other Expenses	13,839	13,240

Key Highlight (N'million)	H2-2014	H1-2014
<b>Total Expenses</b>	<b>30,852</b>	<b>26,247</b>
Staff	13,930	11,944
Depreciation	1,829	1,904
Regulatory (NDIC/AMCON)	5,380	3,887
Technology Cost	762	627
Power	504	486
Security	400	578
Advert	594	435
Other Expenses	7,453	6,386

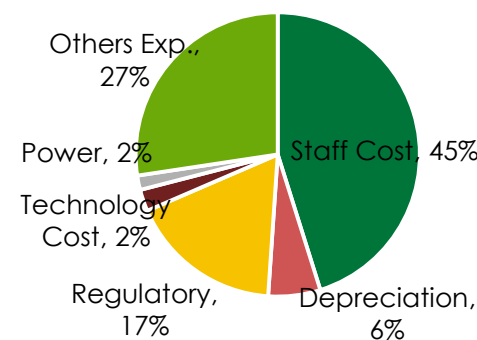
Operating Exp: 2014 FYE



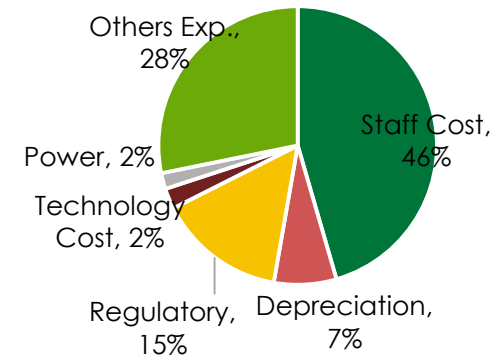
Operating Exp: 2013 FYE



Operating Exp: H2-2014



Operating Exp: H1-2014



- Total operating expenses grew by 5.1% from N54.3 billion to N57.1 billion largely due to increased staff remuneration and regulatory charges.
- Operating expenses growth significantly lags inflation rate.

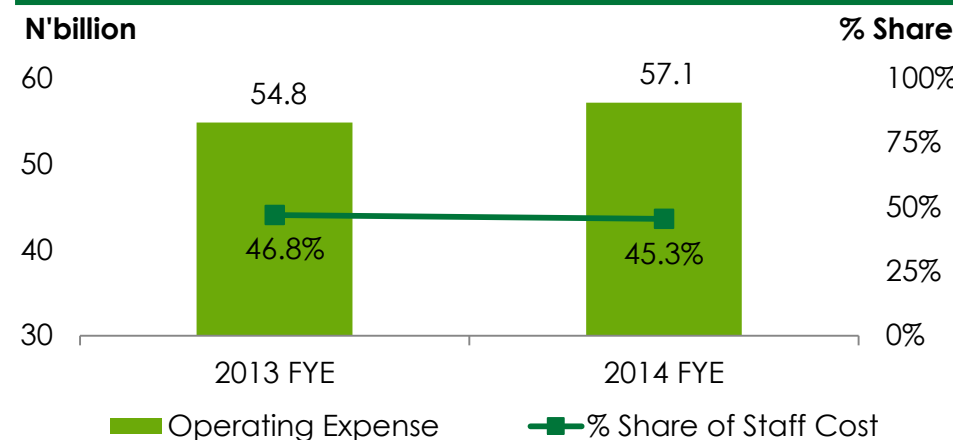


# Cost Dynamics

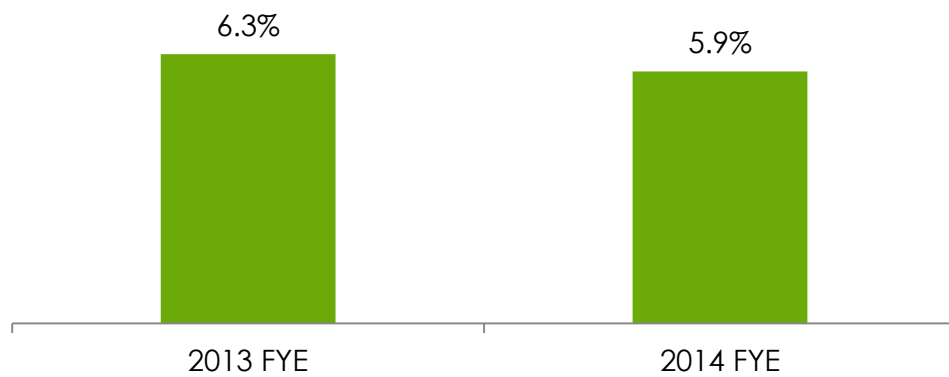


- ▶ Staff cost, depreciation and regulatory charges account for almost 70% of total expenses.
- ▶ With the current cost structure, CRR improvement will be largely driven by increase in the revenue base
- ▶ Increased momentum in the retail banking space led to improved customer acquisition (471,000 new retail customers), which positively impacted cost of funds.

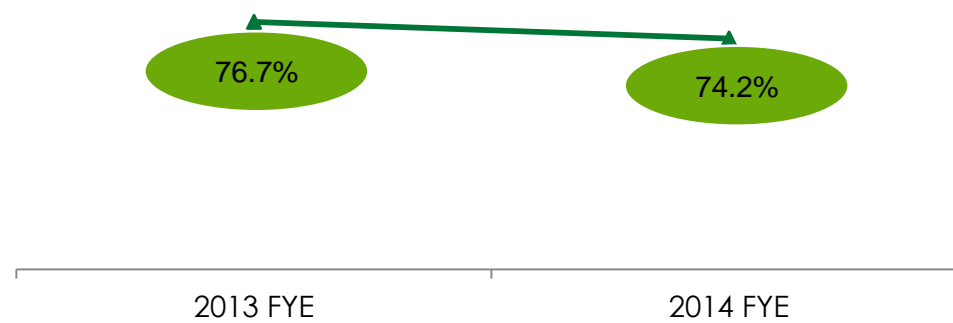
## Operating Expenses & Staff Cost



## Cost of Funds



## Cost – Income Ratio



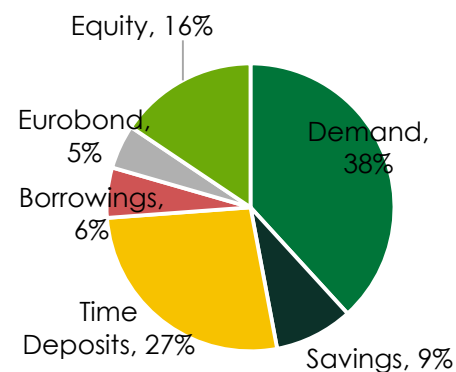
Cost of funds is total interest expenses / customer deposits plus borrowings

# Funding Structure

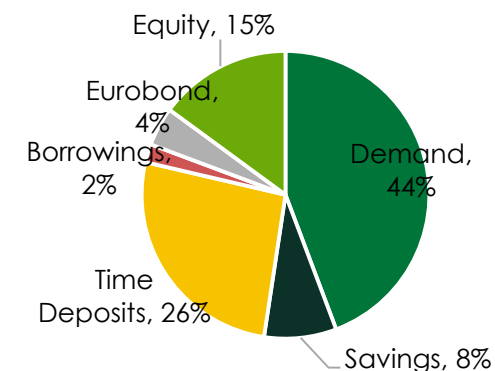


Key Highlights (N'm)	2014 FYE	2013 FYE
Demand Deposits	424,397	453,845
Savings Deposits	97,996	83,325
Time Deposits	297,641	269,150
Borrowings	62,547	22,484
Eurobonds	54,994	47,844
Equity	173,111	163,455
<b>Total</b>	<b>1,110,686</b>	<b>1,040,103</b>

Funding Structure: 2014FYE

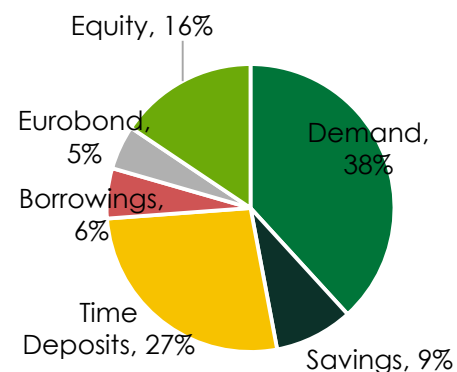


Funding Structure: 2013FYE

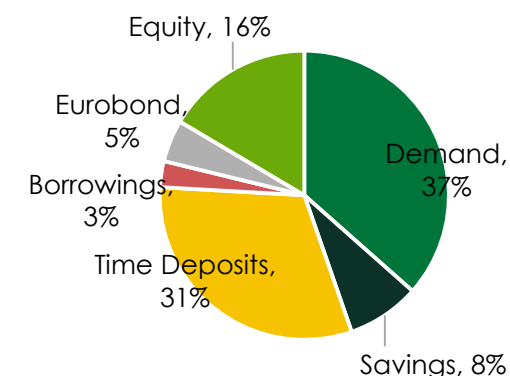


Key Highlights (N'm)	H2 - 2014	H1 - 2014
Demand Deposits	424,397	368,597
Savings Deposits	97,996	82,301
Time Deposits	297,641	314,877
Borrowings	62,547	29,340
Eurobonds	54,994	47,502
Equity	173,111	166,377
<b>Total</b>	<b>1,110,686</b>	<b>1,008,994</b>

Funding Structure: H2-2014



Funding Structure: H1-2014



- Customer deposits increased by N13.7 billion as savings and tenor deposits recorded 17.6% and 10.6% growth respectively
- Interest bearing liabilities grew by 6.9% from N876.6 billion from N937.6 billion.
- Customer deposits represents 69.1% of total funding base and 87.5% of interest bearing liabilities.

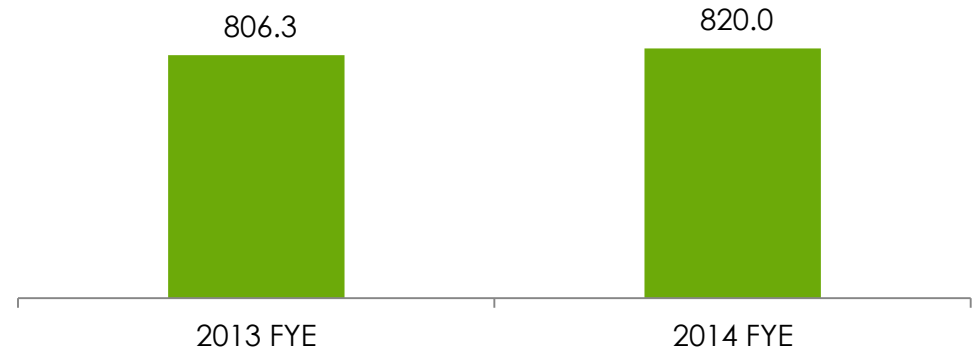
# Strong Funding Base



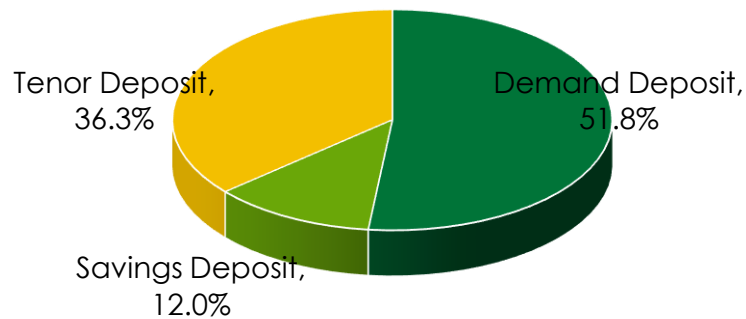
- ▶ There was a marginal growth of 1.7% in total deposits driven by savings and better priced tenor deposits.
- ▶ Increased migration by customers to tenor funds in view of tight monetary policies during the year.
- ▶ Though low cost deposits ratio declined from 66.7% to 63.8%, cost of customer deposits improved from 6.5% to 6.3%.

## Customer Deposits

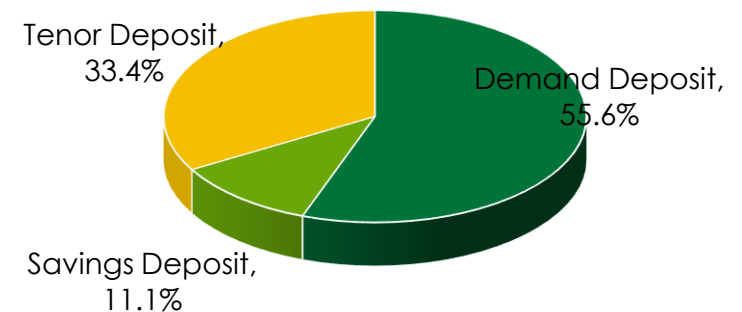
N'billion



## Customer Deposits by Type – 2014 FYE



## Customer Deposits by Type – 2013 FYE



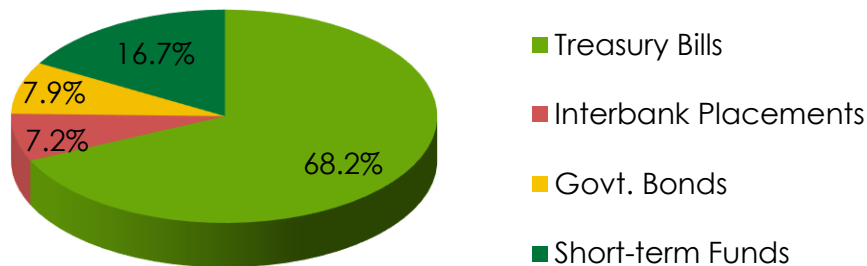
# Sound Liquidity Position

- ▶ Sustained adequate liquidity ratio which stood at 38.0%, well above the regulatory minimum of 30.0%.
- ▶ About 83.3% of liquid assets is invested in government bonds, treasury bills and interbank placement.
- ▶ Loan to deposit rate is ticking up as lending activities increase; currently at 66.1% from 52.8%.
- ▶ Efficient reallocation of liquid assets as we optimize the balance sheet would help to deliver improved earnings in 2015 FYE.

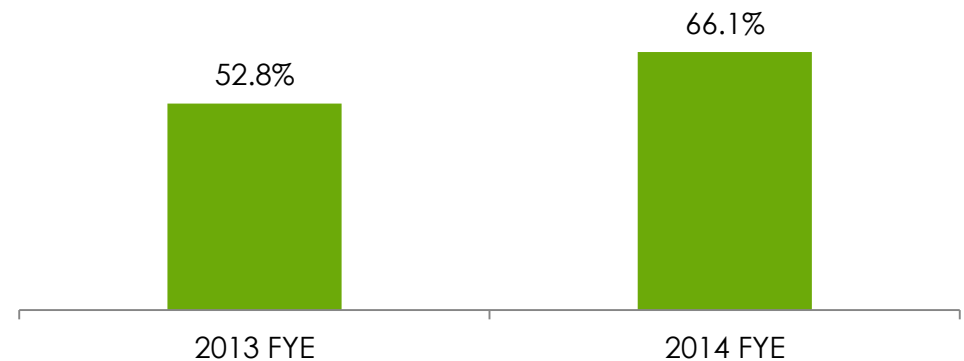
## Liquidity Ratio



## Composition Liquid Assets



## % Net Loans to Customer Deposits



# Portfolio Analysis



## Breakdown of Loans & Advances: 2014 FYE Vs 2013 FYE

	2014 FYE	2013 FYE	VAR	% VAR
Communication	76,480	88,171	(11,691)	-13.3%
Oil and gas	134,750	77,215	57,535	74.5%
Power	57,626	50,017	7,609	15.2%
Manufacturing	51,323	30,480	20,843	68.4%
General Commerce	47,502	26,200	21,302	81.3%
Transport	48,826	21,315	27,511	129.1%
Consumer (Individuals)	41,735	34,340	7,395	21.5%
Government	12,328	33,046	(20,718)	-62.7%
Construction	18,444	18,303	141	0.8%
Agriculture	14,456	9,390	5,066	53.9%
Real Estate	12,146	8,093	4,053	50.1%
Education	2,553	3,966	(1,413)	-35.6%
Finance and Insurance	836	388	448	115.7%
Others	40,131	41,725	(1,594)	-3.8%
<b>TOTAL</b>	<b>559,136</b>	<b>442,649</b>	<b>116,487</b>	<b>26.3%</b>

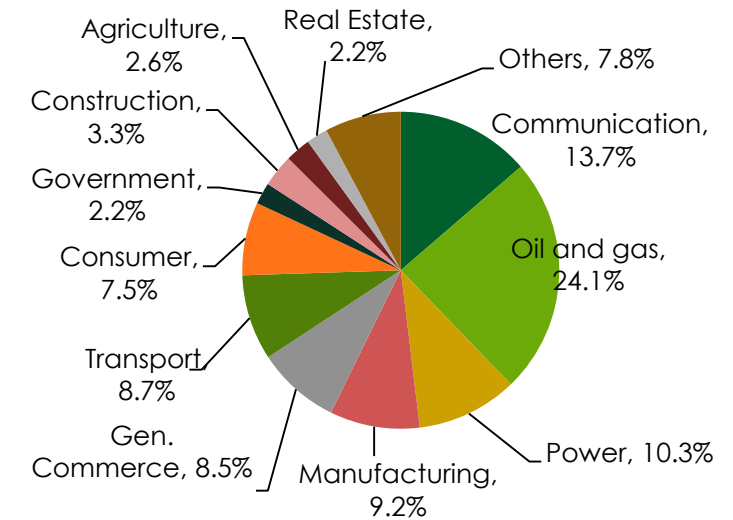
# Portfolio Analysis



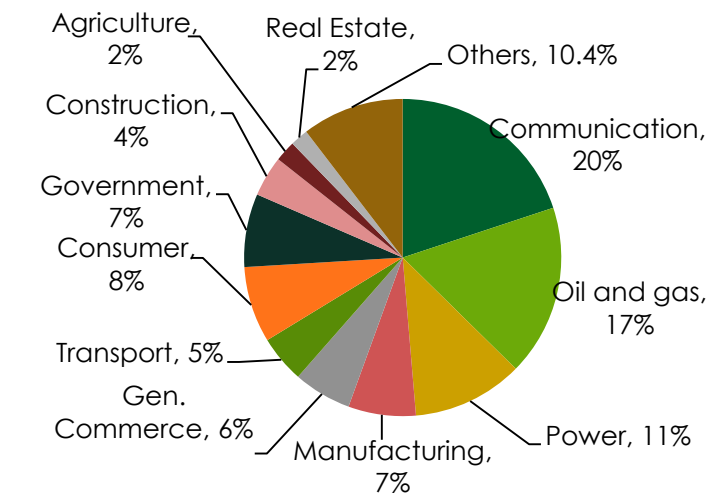
## Breakdown of Loans & Advances

	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Communication	76,480	86,204	87,229	87,973
Oil and gas	134,750	122,410	72,451	68,272
Power	57,626	46,652	50,306	48,645
Manufacturing	51,323	31,408	37,321	33,232
General Commerce	47,502	44,110	36,391	39,579
Transport	48,826	35,659	33,396	27,036
Consumer (Individuals)	41,735	36,482	31,604	29,471
Government	12,328	30,259	25,344	26,130
Construction	18,444	16,398	14,927	14,637
Agriculture	14,456	12,854	12,010	10,402
Real Estate	12,146	10,047	8,028	7,203
Education	2,553	189	1,631	2,045
Finance and Insurance	836	688	784	1,003
Others	40,131	36,953	43,932	47,847
<b>TOTAL</b>	<b>559,136</b>	<b>510,314</b>	<b>455,354</b>	<b>443,475</b>

## Portfolio Analysis – 2014 FYE



## Portfolio Analysis – 2013 FYE



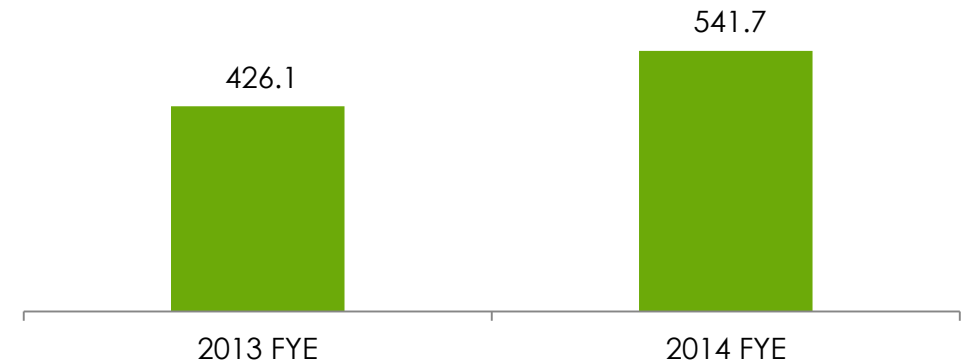
# Diversified Loan Book



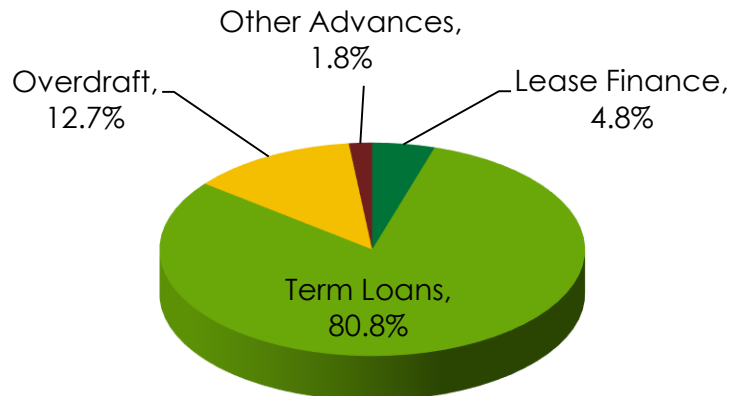
- ▶ Gross loan book grew by 26.0% basically driven by Oil & Gas, Manufacturing, General Commerce, Transportation and Consumer lending.
- ▶ Currency revaluation accounted for about 8.1% of the total growth in the total loan book, discounting this, the actual loan growth in 2014 was about 18%.
- ▶ Despite the increase contribution from the FCY loan book, the average yield on the loan book increased by over 100bps to 13.1% from 12.0%.

## Net Loans and Advances to Customers

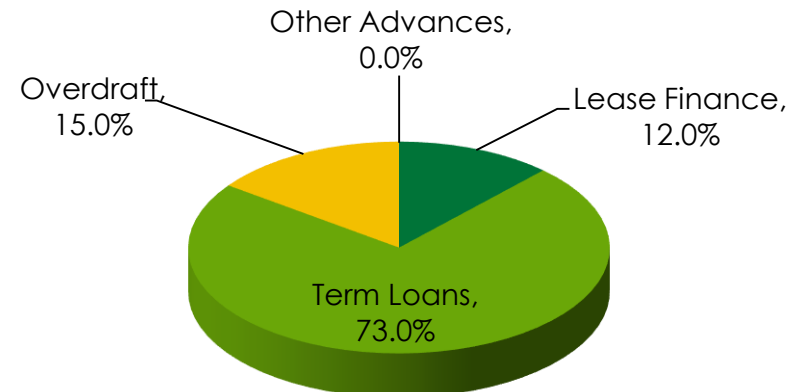
N'billion



## Total Loans by Type – 2014 FYE



## Total Loans by Type – 2013 FYE



# Portfolio Analysis



## Breakdown of Non-performing Loans: 2014 FYE Vs 2013 FYE

	2014 FYE			2013 FYE		
	N'million	% Contr.	% NPL	N'million	% Contr.	% NPL
Communication	3,628	14.9%	4.7%	3	0.0%	0.0%
Oil and gas	605	2.5%	0.4%	2,372	14.4%	3.1%
Power	0	0.0%	0.0%	0	0.0%	0.0%
Manufacturing	7,393	30.3%	14.4%	5,745	34.9%	18.9%
General Commerce	3,670	15.1%	7.7%	2,124	12.9%	8.1%
Transport	1,326	5.4%	2.7%	1,766	10.7%	8.3%
Consumer (Individuals)	1,569	6.4%	3.8%	39	0.2%	0.1%
Government	864	3.5%	7.0%	56	0.3%	0.2%
Construction	512	2.1%	2.8%	214	1.3%	1.2%
Agriculture	647	2.7%	4.5%	0	0.0%	0.0%
Real Estate	466	1.9%	3.8%	95	0.6%	1.2%
Education	355	1.5%	13.9%	65	0.4%	1.6%
Finance and Insurance	37	0.2%	4.5%	225	1.4%	58.1%
Others	3,297	13.5%	8.2%	3,776	22.9%	9.0%
<b>TOTAL</b>	<b>24,368</b>	<b>100%</b>	<b>4.4%</b>	<b>16,479</b>	<b>100%</b>	<b>3.72%</b>



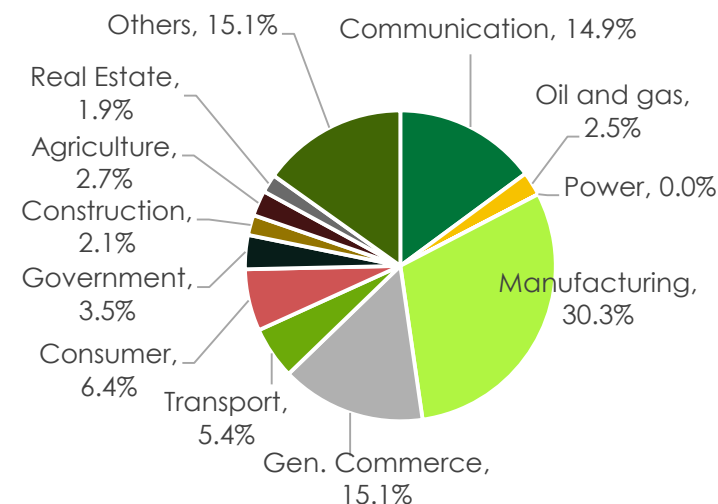
# Portfolio Analysis



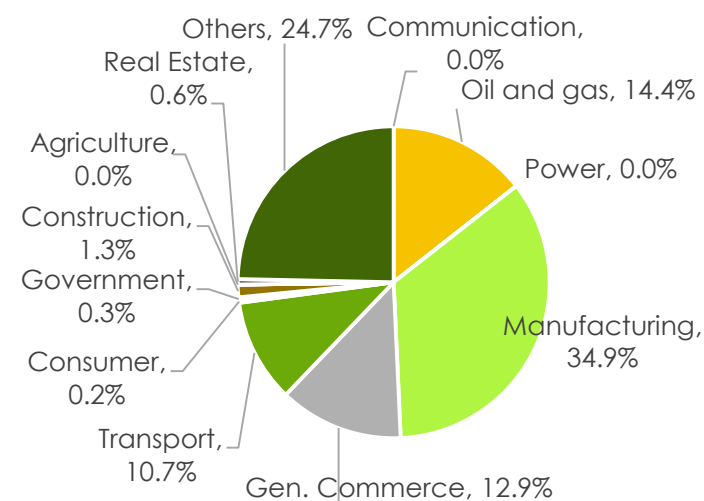
## Breakdown of Non-performing Loans

	Q4-2014	Q3-2014	Q2-2014	Q4-2013
Communication	3,628	4,458	3,089	3
Oil and gas	605	2,167	2,345	2,372
Power	0	0	0	0
Manufacturing	7,393	6,903	6,797	5,745
General Commerce	3,670	3,396	2,065	2,124
Transport	1,326	1,624	1,246	1,766
Consumer (Individuals)	1,569	277	58	39
Government	864	54	44	56
Construction	512	480	499	214
Agriculture	647	633	1	0
Real Estate	466	97	94	95
Education	355	177	56	65
Finance and Insurance	37	308	220	225
Others	3,297	1,919	1,512	3,776
<b>TOTAL</b>	<b>24,368</b>	<b>22,495</b>	<b>18,026</b>	<b>16,479</b>

## NPL Analysis – 2014 FYE



## NPL Analysis – 2013 FYE

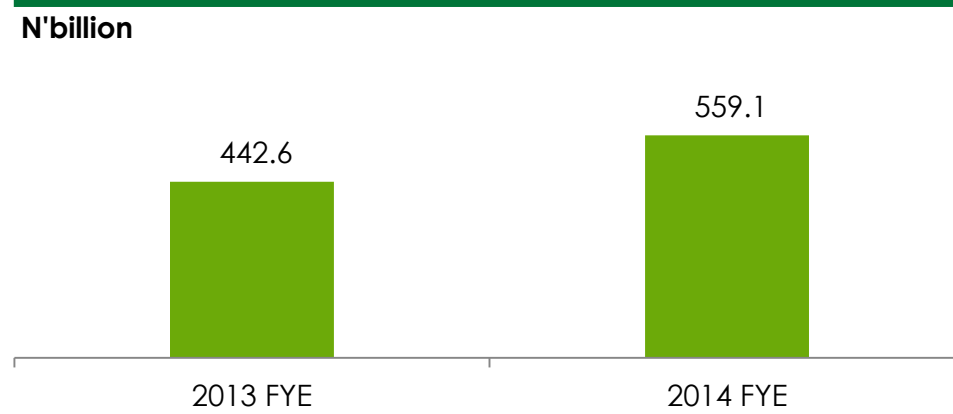


# Improving Loan Quality

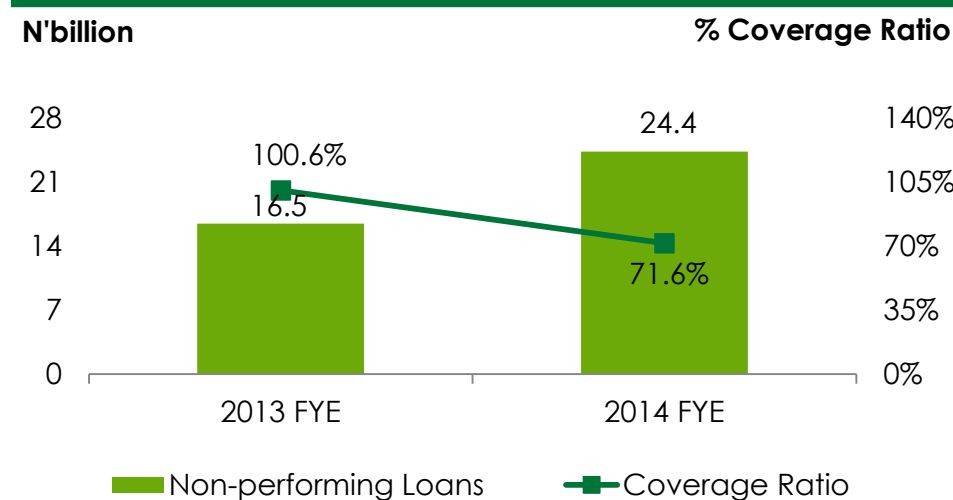


- ▶ NPL ratio has been kept below the CBN minimum requirement of 5.0% since Dec 2012, on account of improved loan quality and monitoring system.
- ▶ Increased NPL was caused by newly classified loans in the Communication, Manufacturing, and Consumer Sector etc.
- ▶ Retail NPL growth due to salary delays on reduced government revenues.

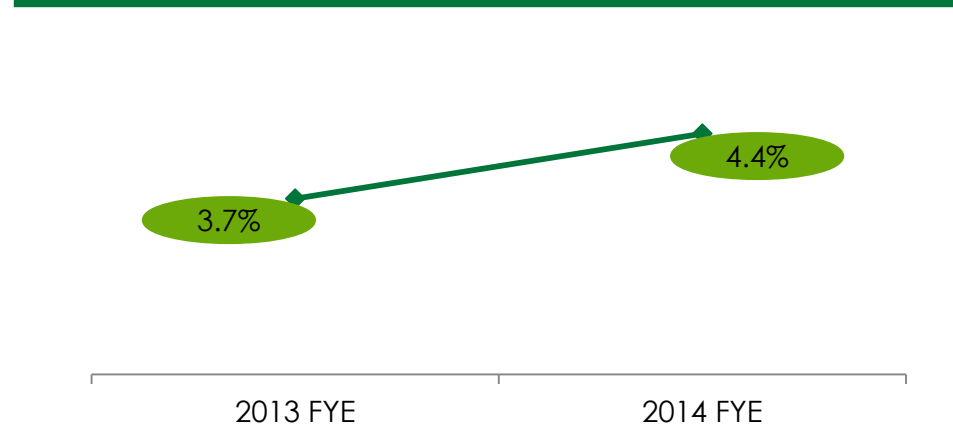
## Gross Loans & Advances



## NPL Coverage Ratio



## Non-performing Loans

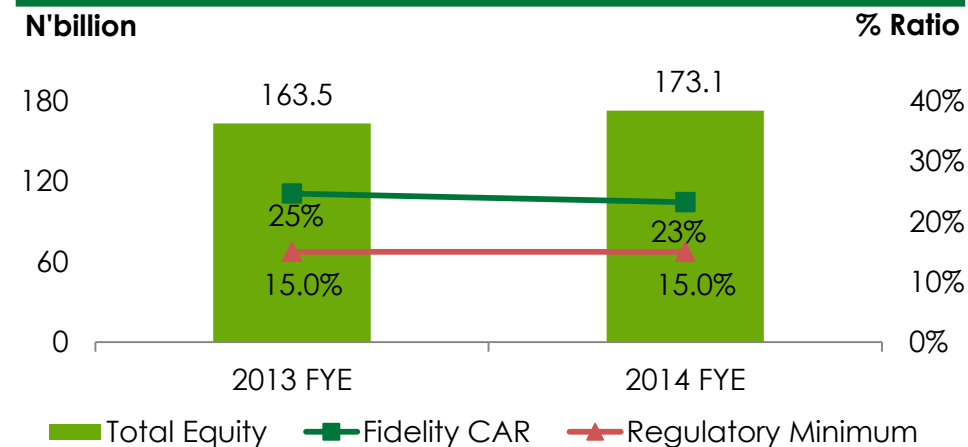


# Capital Adequacy

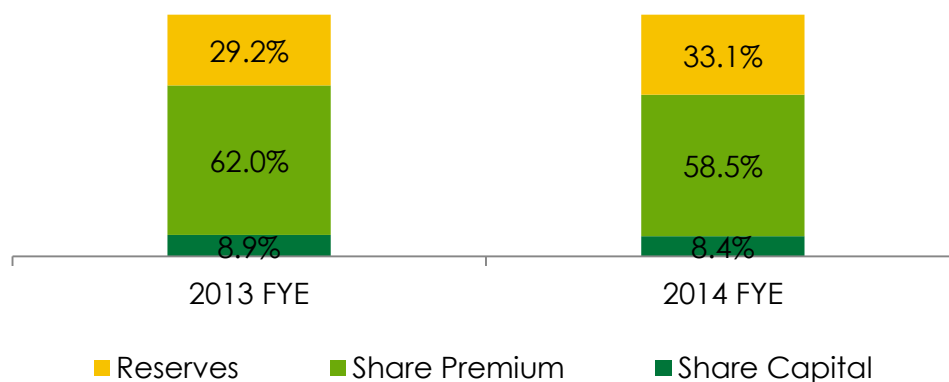


- ▶ Capital Adequacy Ratio (CAR) remains strong at 23.2% compared to the regulatory minimum requirement of 15.0%.
- ▶ The current CAR is adequate to support business risks and short to medium term growth objectives of the bank.
- ▶ Plan to raise N35 billion local currency debt to deepen our SME play in selected sector.

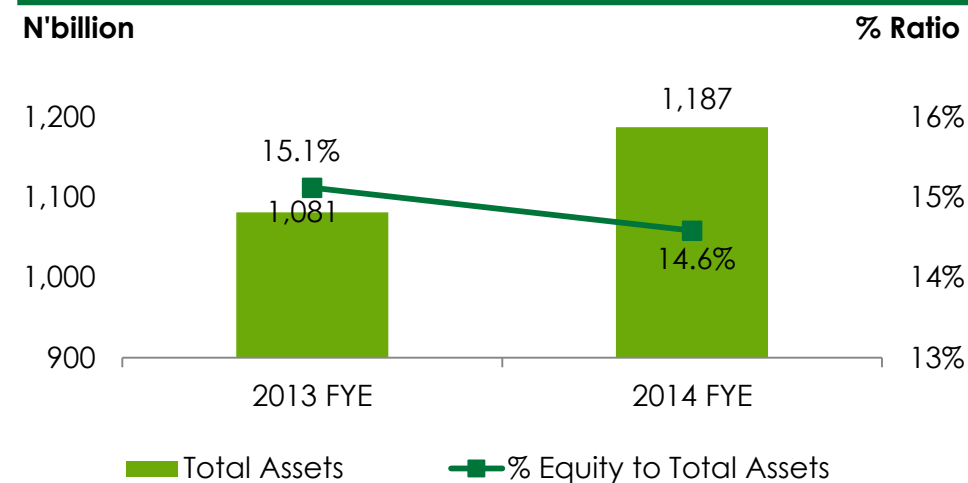
## Capital Adequacy Ratio



## Composition of Equity



## Equity to Total Assets



# Business Segment Analysis



	Business Description	Revenue	Deposits	Loans
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>➤ Handles the bank's institutional clients with turnover in excess of ₦10.0bn.</li> <li>➤ Key focus sectors include:                             <ul style="list-style-type: none"> <li>Oil &amp; gas upstream</li> <li>Oil &amp; gas downstream</li> <li>Power &amp; infrastructure</li> <li>Telecommunication</li> <li>FMCG</li> <li>Construction &amp; real est.</li> <li>Agriculture</li> <li>Transport &amp; shipping</li> </ul> </li> </ul>			
<b>Lagos &amp; SW Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 88 locations</li> </ul>			
<b>North Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 49 locations including FCT Abuja</li> </ul>			
<b>South Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 82 locations</li> </ul>			

# Outline



- 1 Fidelity Overview
- 2 Nigerian Economy Overview
- 3 Financial Highlights
- 4 Financial Review
- 5 2015 Guidance

# Growth Expectations



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	INDEX	2014 Actual	2015 TARGET	RATIONALE
1	Net Interest Margin	6.0%	7%	Based on low cost deposits and earning assets growth expectations
2	Tax Rate	11.1%	10% to 15%	Based on the impact of amended tax rebates on Govt. Securities and tax credits on syndicated loans
3	Loan Growth	27.1%	10%	Principally from existing, new and upcoming growth sectors in the SME and corporate banking business segment e.g. Manufacturing, Agriculture, Oil & Gas etc. and the corresponding value chain
4	Deposit Growth	1.7%	10%	The expectation of increased traction in the retail banking space anchored on low cost business expansion
5	Cost - Income Ratio	74.2%	70% band	Expected to be contained within the band as growth in income lines are expected to outstrip increases in operating costs.
6	Proposed Dividends	37.8%	30-50% (of PAT) band	Based on PAT growth trajectory and subject to Shareholders' and regulatory ratification
7	NPL Ratio	4.4%	4.0%	Expected loan growth, remedial actions and strengthened lending conditions.
8	ROE	9.0%	10%	Expected PBT and a reduction in the 2014FY effective tax rate.

**Thank You**