

Fidelity Bank Investor Presentation

Unaudited Financial Results for the 9 months ended

November 03, 2016



1. The Operating Environment

2. Overview of Fidelity Bank

3. Financial Highlights

4. Financial Review

5. Update on Board Retirement/Appointments

6. 2016FY Guidance

Welcome To The Banking That Suits Your

Lifestyle

Fidelity Online, perfectly

tailored for you.



Getting Started Is Easy



General Business Environment

- ❑ Nigeria is officially in recession; GDP figures dropped from -0.36% in Q1 to -2.06% in Q2, 2016.
- ❑ Headline inflation rate remains high at 17.85% in Sep 2016 from 16.48% in Jun 2016.
- ❑ Nigeria's external reserves dropped to \$23.95bn as at Oct 27th, 2016; crude oil production is gradually rising while price has remained above \$45 per barrel.
- ❑ ExxonMobil discovers a billion-barrel crude oil reserves of the coast of Nigeria, the companies second largest offshore discovery in many years.
- ❑ The African Development Bank (ADB) has approved a \$600m budget support package for Nigeria.
- ❑ The FG unveils plans to diversify and grow the economy through partnership with development capital firms.

Banking Industry Specifics

- ❑ The Monetary Policy Committee (MPC) kept all policy rates unchanged in its Sep 2016 meeting.
- ❑ It also retained the asymmetric corridor at +200 and -500 basis points around the MPR.
- ❑ The monetary tightening has led to an increase in funding costs and higher yields on government securities
- ❑ The CBN continues to intervene to ease FX pressures on selected sectors of the economy with 75% of inflows from licensed remittance companies now channelled to BDCs
- ❑ Despite these measures, the demand pressure on naira has continued and liquidity still remains a challenge in the FX market.
- ❑ The currency depreciation and lower GDP projections still pose increased risk on the credit portfolio of banks.

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.
- ▶ A Well capitalised bank with a CAR of 16.8%
- ▶ Our branch network is strategically located in key business centres across all the 36 states of the federation (including FCT Abuja).
- ▶ Strategic focus is on the SME, niche corporate banking and retail banking driven by electronic banking services and products.

Distribution Network

Business Offices		Electronic Banking	
Lagos	82	ATMs	751
South West	13	POS	3,861
South South	44	Debit Cards	1,539,671
South East	44	Instant Banking	502,538
North West	15	Online Banking	122,573
North East	8		
North Central	13		
FCT Abuja	20		

Key Highlight

Total Assets	N1,396.1 billion
Total Equity	N185.0 billion
Business Offices	239
No of Accounts	3.6 million
Professional Staff	3,368
Consumer Sales Agents	806
Ratings	B/B (S&P)/Fitch
Auditors	Ernst & Young / PKF

3. Financial Highlights

Instant Payment, Instant Banking

Make Swift Payment from
Your Phone With M-cash



Performance Highlights



Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 3.0% to N91.4 billion in 9M 2016 (9M 2015: N88.8 billion)
- ❑ Net Fee Income down by 3.0% to N16.8 billion in 9M 2016 (9M 2015: N17.3 billion)
- ❑ Net Interest Margin improved to 7.0% in 9M 2016 from 6.9% in 2015 FY.
- ❑ PBT down by 28.7% to N9.8 billion in 9M 2016 (PAT came in at N8.8 billion)

Asset Quality

- ❑ Cost of Risk increased to 1.5% in 9M 2016, compared to 1.0% in 2015 FY
- ❑ NPL Ratio at 4.5% in 9M 2016 (9M 2015: 3.7% and 2015 FY: 4.4%)
- ❑ Coverage Ratio improved to 84.2% in 9M 2016 from 79.5% in 2015 FY
- ❑ FCY Loans accounts for 45.3% of Total Loan Book from 40.4% in 2015 FY

Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 16.8%, based on Basel II computation
- ❑ Liquidity Ratio of 34.4% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits Ratio stood at 78.8% from 66.5% (2015 FY)
- ❑ Total Equity at N185.0 billion compared to N183.5 billion in 2015 FY

Financial Highlights



- ❑ PBT declined by 28.7% YoY largely due to an increase in impairment charge by N4.0bn and a decline in dividend income by N1.3bn. However, PBT increased QoQ driven by strong growth in net interest income riding on a higher NIM.
- ❑ Operating income increased by 8.6% YoY while operating expenses increased by 8.9% YoY driven by increased technology and advert costs (though cost growth is still significantly below the rate of inflation).
- ❑ NIM increased to 7.0% from 6.5% in H1 2016 (2015 FY: 6.9%) as the increase in our average yield on earning assets (0.8%) outpaced the growth in our funding cost (0.4%). The increased yields on earning assets was driven by the re-pricing of the loan book and higher yields on liquid assets.
- ❑ Risk assets grew by 26.1% (N150.8bn) from Dec 2015 with the devaluation of the naira accounting for 20.4% (N118.2bn) of our loan growth. The organic loan growth of 5.6% was principally driven by on-lending facilities to the public sector.
- ❑ Cost of risk increased to 1.5% in 9M 2016 due to the N7.2bn impairment charge taken in Q2 and Q3 2016. We have continued to take a very prudent view of the impact of the currency devaluation, tougher operating environment and declining consumer disposable income on selected sectors of our loan portfolio.

Financial Highlights



- ❑ NPL ratio increased to 4.5% largely due to the macro-economic weakness which has negatively impacted on our asset quality metrics. We are still focused on keeping our NPL ratio below 5.0% in this very challenging operating environment.
- ❑ Our other regulatory ratios (Liquidity Ratio / CAR) remained above the set thresholds with the Capital Adequacy Ratio improving from 16.4% in Q2 2016 to 16.8% in Q3, 2016. We expect CAR to revert to 18%+ once we adjust for the excess non-distributable reserves (N23bn) in our 2016FY audited accounts.
- ❑ Deposits grew by 3.4% (N26.0bn) from Dec 2015 with the devaluation of the naira accounting for N53.6bn of our deposit growth. Low cost deposits now account for 78.4% of total deposits.
- ❑ Savings deposits grew by 20.4% from Dec 2015 as we continued to push our retail banking strategy which is being driven by our electronic products and channels.
- ❑ We have crossed half a million customer base on subscribers to our flagship Instant Banking product:*770# (Mobile Phone USSD Technology) and we have launched a payment service in partnership with NIBSS for merchants using our Instant Banking product (*770#) called mCash.

Financial Highlights



Summary of Income Statement: 9M 2015 Vs 9M 2016

N'million	9M 2015	9M 2016	VAR	% VAR
Gross Earnings	107,140	110,346	3,206	3.0%
Interest Income Loans	62,919	68,002	5,083	8.1%
Interest Income Liquid Assets	25,853	23,426	(2,428)	-9.4%
Total Interest Income	88,772	91,428	2,656	3.0%
Interest Expense Customer Deposits	(36,097)	(29,717)	6,380	-17.7%
Interest Expense Borrowings	(7,988)	(11,191)	(3,203)	40.1%
Total Interest Expense	(44,085)	(40,908)	3,177	-7.2%
Net Interest Income	44,687	50,520	5,833	13.1%
FX Income	6,176	3,799	(2,377)	-38.5%
E-banking Income	4,138	8,968	4,829	116.7%
Other Fee Income (Net)	6,987	4,020	(2,967)	-42.5%
Net Fee Income	17,302	16,787	(515)	-3.0%
Operating Income	61,989	67,306	5,317	8.6%
Total Expenses	(44,757)	(48,741)	(3,983)	8.9%
Net gains / (losses) from Fin. Inst	497	(771)	(1,268)	-255.3%
Net Impairment Losses	(3,940)	(7,960)	(4,020)	102.0%
Profit Before Tax	13,789	9,835	(3,954)	-28.7%

Please note: Gross earnings was calculated based on total fees & commission income

Financial Highlights



Summary of Income Statement: QoQ Change					
N'million	Q1 2016	Q2 2016	Q3 2016	VAR	% VAR
Gross Earnings	34,356	36,059	39,931	3,872	10.7%
Interest Income Loans	20,798	20,923	26,281	5,357	25.6%
Interest Income Liquid Assets	8,406	7,036	7,984	948	13.5%
Total Interest Income	29,204	27,959	34,264	6,305	22.6%
Interest Expense Customer Deposits	(10,063)	(9,366)	(10,288)	(921)	9.8%
Interest Expense Borrowings	(3,037)	(3,069)	(5,085)	(2,016)	65.7%
Total Interest Expense	(13,100)	(12,435)	(15,373)	(2,937)	23.6%
Net Interest Income	16,104	15,524	18,892	3,368	21.7%
FX Income	546	1,181	2,073	892	75.5%
E-banking Income	2,616	4,849	1,503	(3,346)	-69.0%
Other Fee Income (Net)	1,495	1,244	1,281	37	3.0%
Net Fee Income	4,656	7,274	4,857	(2,417)	-33.2%
Operating Income	20,761	22,798	23,748	951	4.2%
Total Expenses	(16,031)	(15,669)	(17,040)	(1,371)	8.7%
Net gains / (losses) from Fin. Inst	35	(811)	5	816	-100.6%
Net Impairment Losses	(739)	(4,059)	(3,162)	897	-22.1%
Profit Before Tax	4,025	2,258	3,551	1,293	57.2%

Please note: Gross earnings was calculated based on total fees & commission income

Financial Highlights



Statement of Financial Position: 2015 FY Vs 9M 2016

N'million	2015 FY	9M 2016	VAR	% VAR
Total Assets	1,159,184	1,396,055	236,871	20.4%
Earning Assets	789,058	969,396	180,338	22.9%
Bank Placements	11,500	2,000	(9,500)	-82.6%
Treasury Bills	173,719	129,798	(43,921)	-25.3%
Bonds	56,135	108,574	52,439	93.4%
Customer Loans (Naira)	306,473	398,843	92,370	30.1%
Customer Loans (FCY)	241,230	330,181	88,950	36.9%
Non-Earning Assets	370,126	426,659	56,533	15.3%
Cash	19,324	21,952	2,629	13.6%
Cash Reserve	210,244	193,646	(16,597)	-7.9%
Bal. with other Banks/Settlement Acct	47,822	101,876	54,054	113.0%
Fixed Assets	40,735	41,278	543	1.3%
All Other Assets	52,002	67,907	15,905	30.6%
Interest Bearing Liabilities	907,637	1,096,539	188,901	20.8%
Demand	400,648	480,276	79,628	19.9%
Savings	105,925	143,385	37,461	35.4%
Time Deposits	259,213	171,931	(87,282)	-33.7%
Other Borrowings	53,719	76,901	23,181	43.2%
On-lending Facilities	0	102,393	102,393	100.0%
Debt Securities	88,133	121,652	33,519	38.0%
All Other Liabilities	71,207	114,532	43,325	60.8%
Equity	180,339	184,984	4,645	2.6%

Financial Highlights



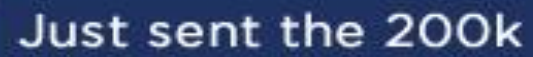
Statement of Financial Position: QoQ Change

N'million	Q1 2016	Q2 2016	Q3 2016	VAR	% VAR
Total Assets	1,281,240	1,397,867	1,396,055	(1,811)	-0.1%
Earning Assets	887,688	971,521	969,396	(2,125)	-0.2%
Bank Placements	-	-	2,000	2,000	100.0%
Treasury Bills	178,693	143,771	129,798	(13,972)	-9.7%
Bonds	118,862	116,611	108,574	(8,037)	-6.9%
Customer Loans (Naira)	365,561	400,245	398,843	(1,402)	-0.4%
Customer Loans (FCY)	224,572	310,894	330,181	19,287	6.2%
Non-Earning Assets	393,552	426,346	426,659	314	0.1%
Cash	26,411	22,150	21,952	(198)	-0.9%
Cash Reserve	214,537	231,462	193,646	(37,816)	-16.3%
Bal. with other Banks/Settlement Acct	53,173	63,285	101,876	38,591	61.0%
Fixed Assets	40,544	42,823	41,278	(1,546)	-3.6%
All Other Assets	58,888	66,625	67,907	1,283	1.9%
Interest Bearing Liabilities	1,021,833	1,116,848	1,096,539	(20,310)	-1.8%
Demand	376,054	455,915	480,276	24,360	5.3%
Savings	135,078	138,104	143,385	5,281	3.8%
Time Deposits	273,416	235,908	171,931	(63,977)	-27.1%
Other Borrowings	51,854	71,943	76,901	4,958	6.9%
On-lending Facilities	97,161	102,393	102,393	-	0.0%
Debt Securities	88,269	112,584	121,652	9,068	8.1%
All Other Liabilities	75,378	97,554	114,532	16,978	17.4%
Equity	184,029	183,464	184,984	1,521	0.8%

4. Financial Review – SCI

Dial *770# to get started.

www.fidelitybank.ng/770



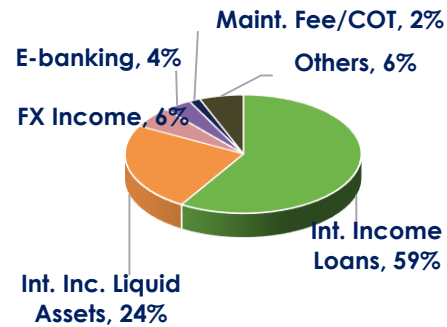
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Gross Earnings Analysis

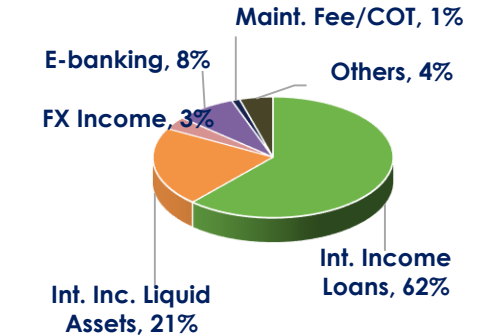


Key Highlights (N'm)	9M 2015	9M 2016	VAR	% VAR
Total Earnings	107,140	110,346	3,206	3.0%
Interest Income Loans	62,919	68,002	5,083	8.1%
Int. Income Liquid Assets	25,853	23,426	(2,428)	-9.4%
FX Income	6,176	3,799	(2,377)	-38.5%
E-banking Income	4,138	8,968	4,829	116.7%
Maintenance fee/COT	1,608	1,202	(406)	-25.3%
Other Income	6,445	4,950	(1,495)	-23.2%

Total Earnings: 9M 2015

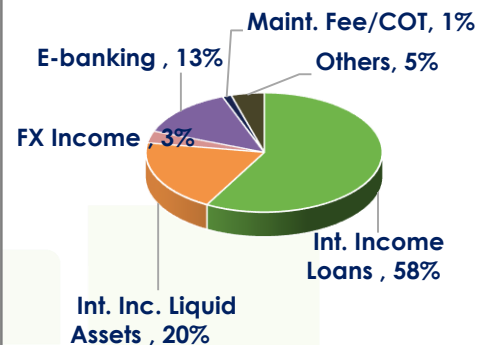


Total Earnings: 9M 2016

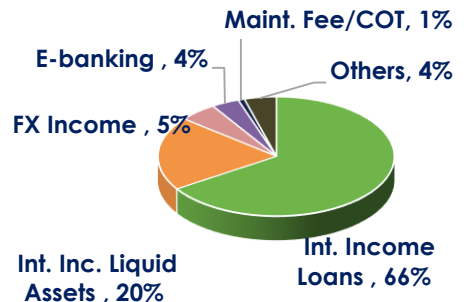


Key Highlights (N'm)	Q2 2016	Q3 2016	VAR	% VAR
Total Earnings	36,059	39,931	3,872	10.7%
Interest Income Loans	20,923	26,281	5,357	25.6%
Int. Income Liquid Assets	7,036	7,984	948	13.5%
FX Income	1,181	2,073	892	75.5%
E-banking Income	4,849	1,503	(3,346)	-69.0%
Maintenance fee/COT	442	346	(96)	-21.7%
Other Income	1,628	1,745	117	7.2%

Total Earnings: Q2 2016



Total Earnings: Q3 2016

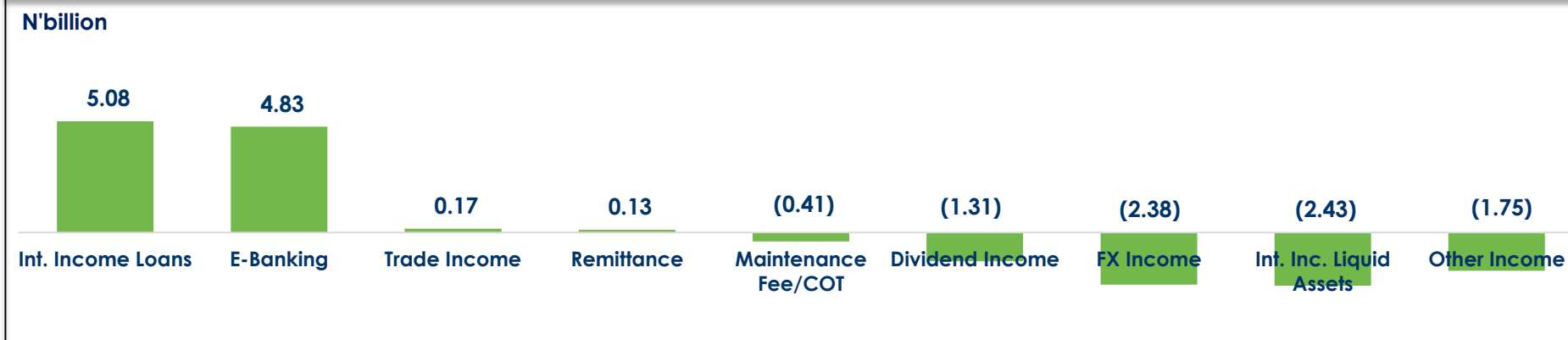


- Gross earnings was up by 3.0% YoY to N110.3bn, largely on account of 116.7% (N4.8bn) and 8.1% (N5.1bn) increase in e-banking income and interest income on loans respectively.
- Growth in interest income on loans in Q3 was a combination of increased lending rate and FX conversion effect of interest income on FCY loans.

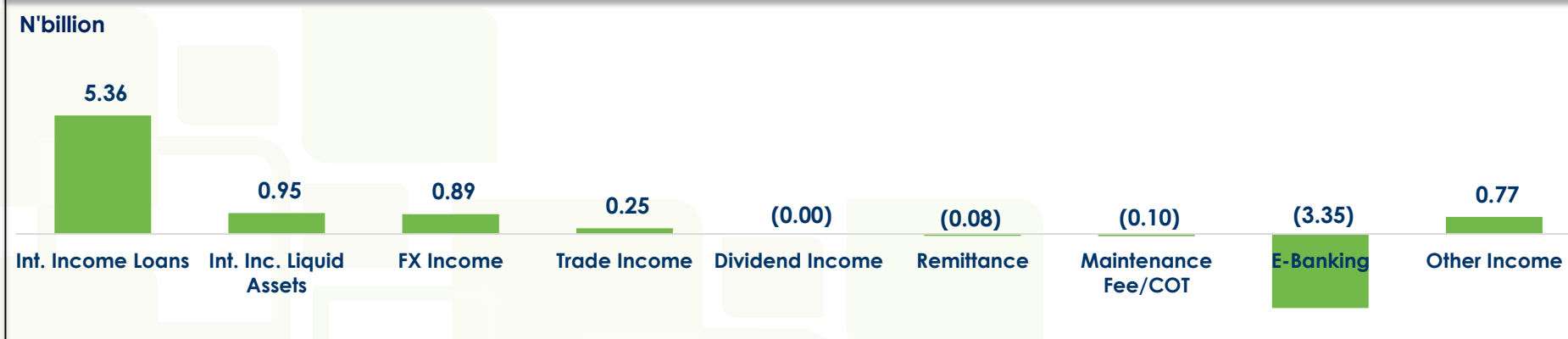
Change in Key Revenue Lines (YoY / QoQ)



Key Revenue Lines in 9M 2016: YoY Actual Increase / (Decrease)



Key Revenue Lines in Q3 2016: QoQ Actual Increase / (Decrease)



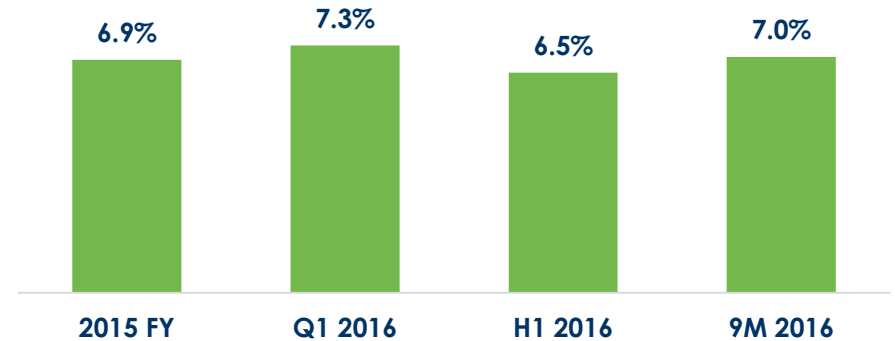
➤ Interest income on loans and electronic banking have been the key revenue growth lines, however in Q3, the impact of the restriction on international card usage led to a 69.0% (N3.3bn) drop in e-banking income.

Net Interest Margin Analysis

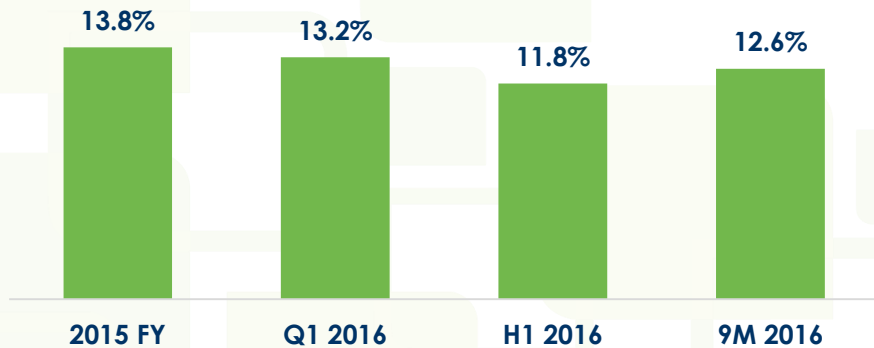


- ▶ NIM increased marginally to 7.0% from 6.9% in 2015FY as the decline in average funding cost outpaced the reduction in average yield on earning assets.
- ▶ Average funding costs dropped by 1.22% YTD, on account of improved deposit mix; low cost deposit ratio is now 78.4% from 58.2% in 2015 FY.
- ▶ The drop in the yield on earnings assets was 1.17% YTD, however it increased by 0.8% QoQ driven by a combination of increased average lending rate and yield on liquid assets.

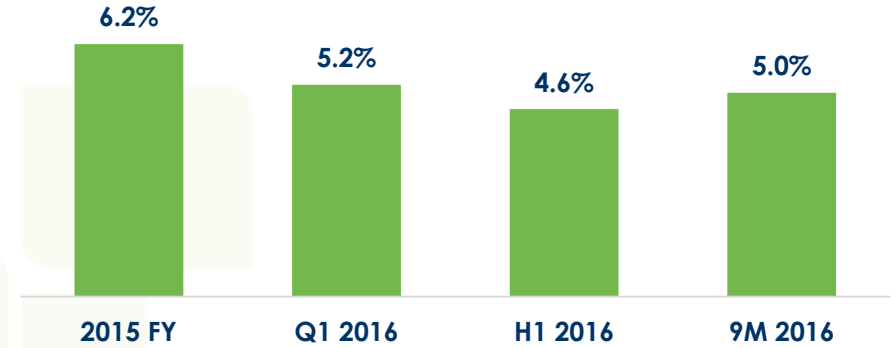
NIM Trend



Yield on Earnings Assets



Funding Cost



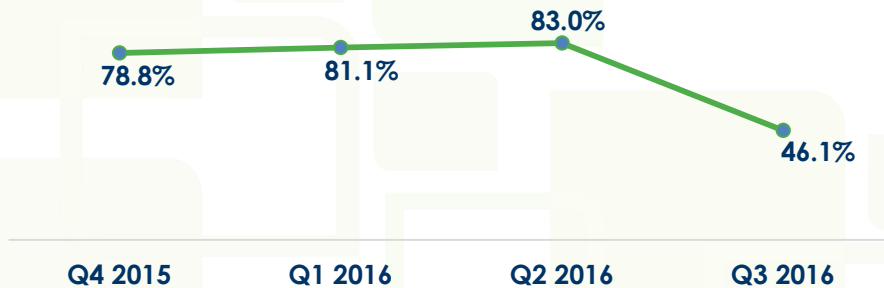
E-Banking Income Analysis



- ▶ E-banking income declined 69.0% QoQ (while it went up by 116.7% YoY) principally due to a significant drop in our international card transaction fees, however other ebanking income lines grew QoQ.
- ▶ The drop in revenue was largely caused by the suspension of international card transactions in June 2016 due to the increased volatility in the FX market.
- ▶ We still see significant scope for improving e-banking revenues from our emerging products e.g. *770# Instant Banking and new digital payment innovations .

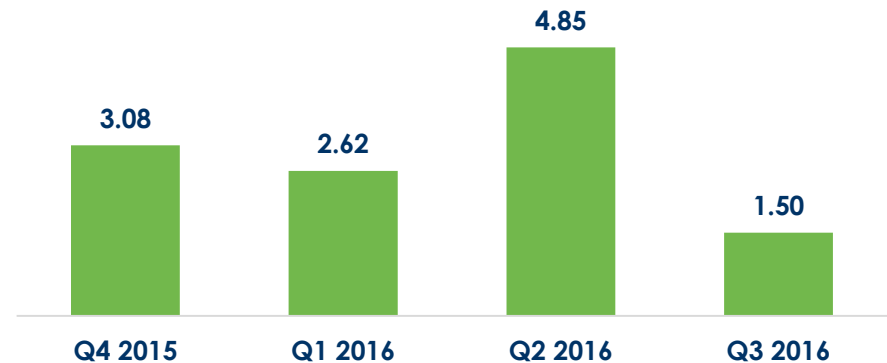
E-Banking Profit Margin

Net Earnings to Total Revenue



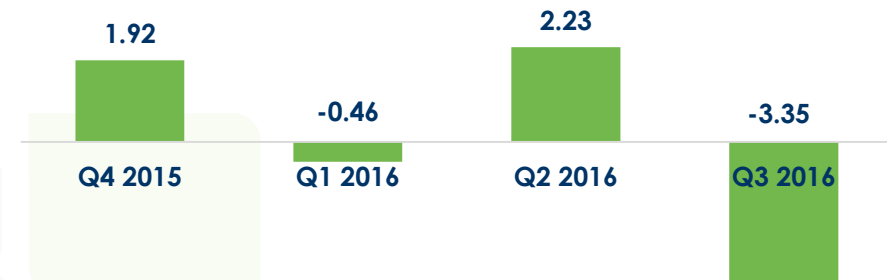
Quarterly Revenue Trend

N'billion



Quarterly Revenue Growth

N'billion

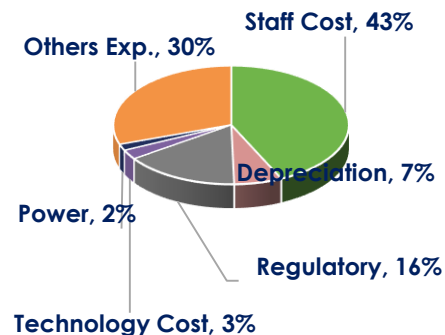


Total Expense Analysis

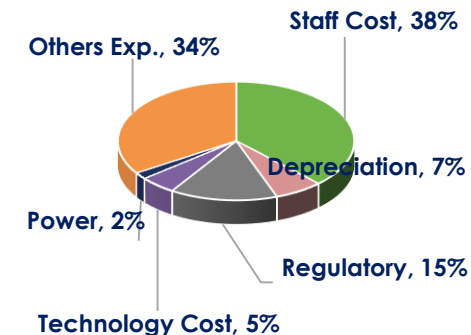


Key Highlights (N'm)	9M 2015	9M 2016	VAR	% VAR
Total Expenses	44,757	48,741	3,983	8.9%
Staff Cost	19,257	18,407	-850	-4.4%
Depreciation	2,947	3,241	294	10.0%
Regulatory Cost	7,039	7,152	113	1.6%
Technology Cost	1,161	2,420	1,259	108.4%
Power	777	888	111	14.3%
Security	939	996	57	6.1%
Branding & Advert	3,230	6,776	3,546	109.8%
Other Expenses	9,407	8,861	-546	-5.8%

Total Expenses: 9M 2015

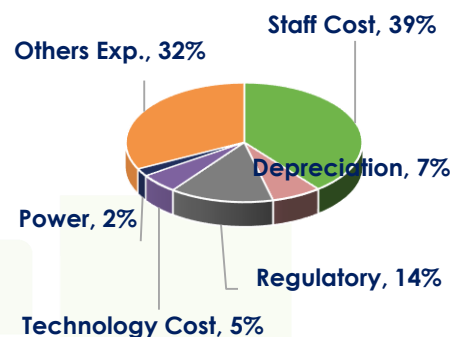


Total Expenses: 9M 2016

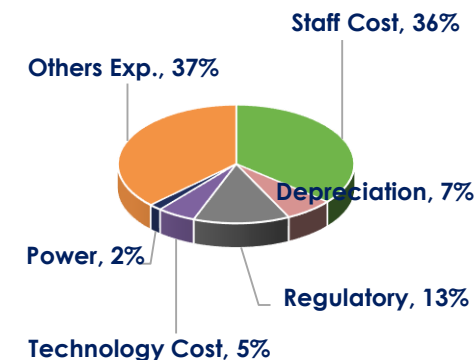


Key Highlights (N'm)	Q2 2016	Q3 2016	VAR	% VAR
Total Expenses	15,669	17,040	1,371	8.7%
Staff Cost	6,152	6,139	-13	-0.2%
Depreciation	1,069	1,134	64	6.0%
Regulatory Cost	2,220	2,243	23	1.0%
Technology Cost	830	893	62	7.5%
Power	327	296	-31	-9.5%
Security	378	301	-76	-20.2%
Branding & Advert	1,673	3,038	1,365	81.6%
Other Expenses	3,021	2,997	-24	-0.8%

Total Expenses: Q2 2016



Total Expenses: Q3 2016



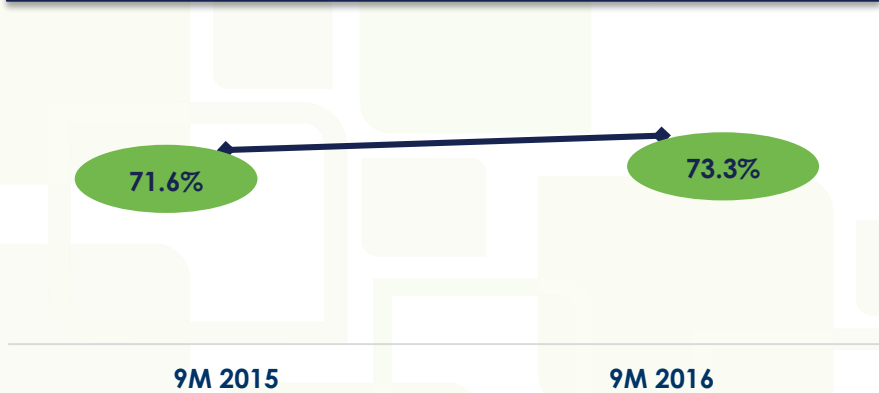
- Total operating expenses grew by 8.9% YoY on the back of increased advert cost, technology, power (electricity & diesel) and depreciation charge.
- Increased migration of customers' transactions to e-platforms is gradually moderating staff cost even as business offices increase.

Cost Dynamics

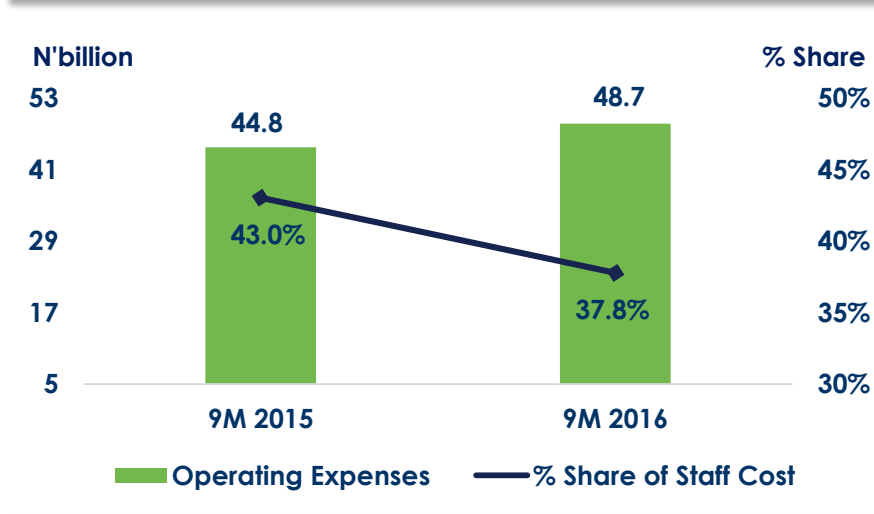


- ▶ Total operating expenses increased by 8.9% YoY (8.7% QoQ, with advert cost, technology expenses, electricity & diesel, deprecation etc. being the key cost drivers.
- ▶ Cost to income ratio remained high at 73.3% YoY from 71.6% recorded in 9M 2015 as the increase in operating cost outpaced the increase in operating income by 0.3%.
- ▶ Our planned reduction in cost to income ratio in 2016FY is challenged by high inflation environment and significant increase in FX denominated expenses e.g. technology costs.

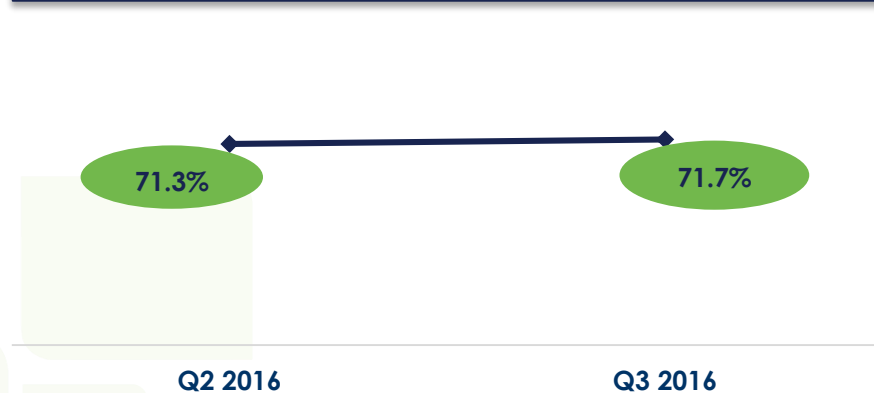
Cost – Income Ratio (YoY)



Operating Expenses & Staff Cost



Cost – Income Ratio (QoQ)



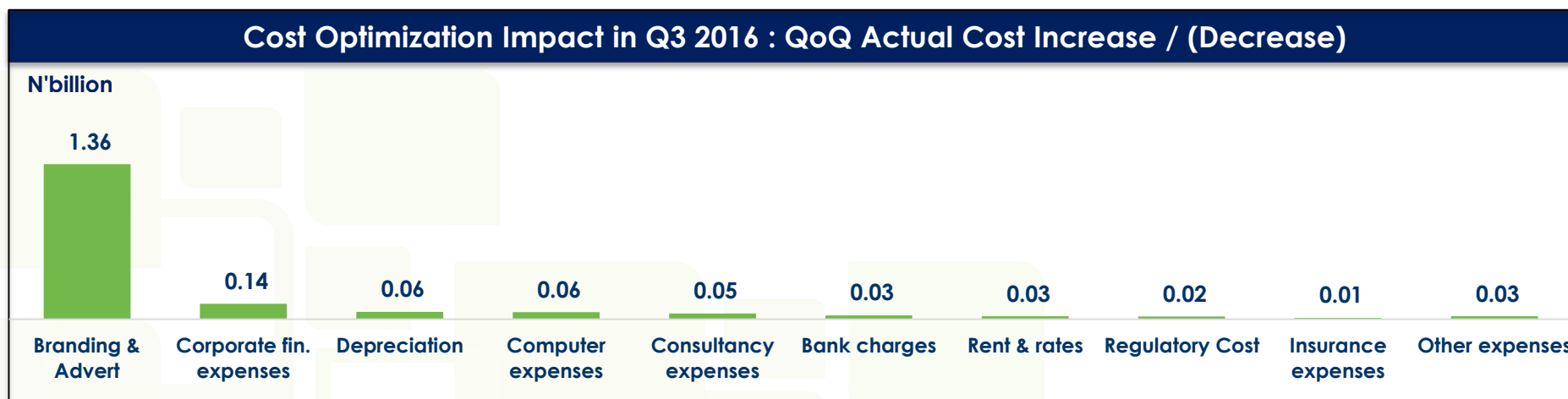
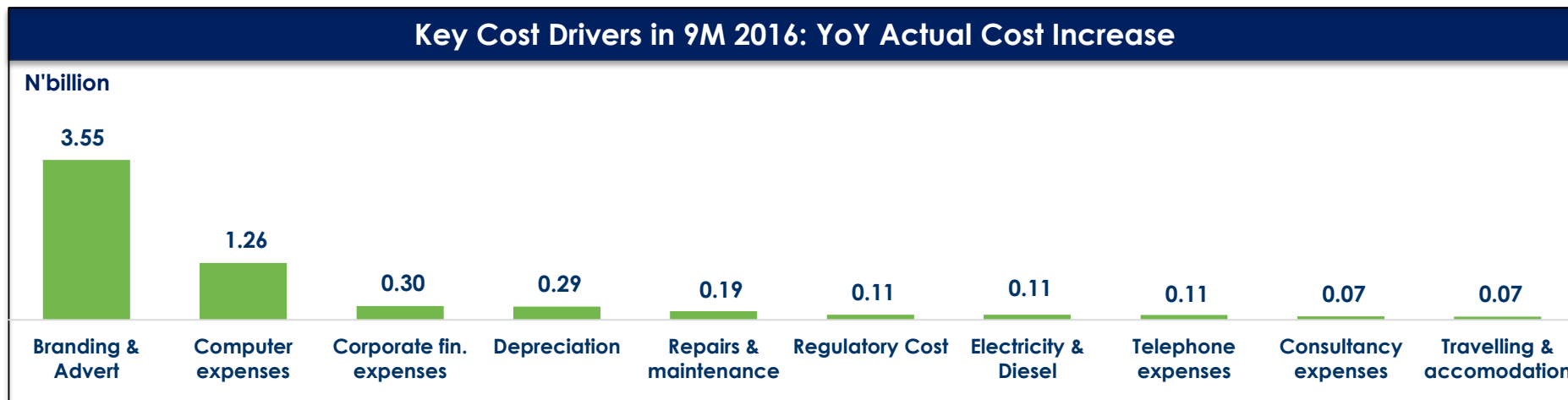
Cost Dynamics



Breakdown of Operating Expenses: 9M 2015 Vs 9M 2016

N'million	9M 2015	9M 2016	VAR	% VAR
Branding & Advert	3,230	6,776	3,546	109.8%
Computer Expenses	1,161	2,420	1,259	108.4%
Corporate Finance Expenses	237	539	302	127.5%
Depreciation	2,947	3,241	294	10.0%
Repairs & Maintenance	1,686	1,878	192	11.4%
Regulatory Cost	7,039	7,152	113	1.6%
Power (Electricity & Diesel)	777	888	111	14.3%
Telephone Expenses	174	282	108	61.9%
Consultancy Expenses	292	366	75	25.6%
Travelling & Accommodation	359	431	71	19.8%
Security Expenses	939	996	57	6.1%
Stationery Expenses	155	189	34	22.2%
Rent & Rates	172	201	29	16.8%
Insurance Expenses	219	247	28	12.7%
Office Expenses	279	292	13	4.5%
Auditors' Remuneration	142	141	(1)	-0.6%
Postage & Courier Expenses	84	77	(6)	-7.7%
Legal Expenses	230	214	(16)	-7.0%
Cash Movement Expenses	447	427	(19)	-4.3%
Contractor Compensation	2,627	2,599	(27)	-1.0%
Directors' Emoluments	246	164	(82)	-33.4%
Bank Charges	343	233	(110)	-32.1%
Training Expenses	437	243	(194)	-44.3%
Staff Cost	19,257	18,407	(850)	-4.4%
Other Expenses	1,278	337	(941)	-73.6%
	44,757	48,741	3,983	8.9%

Cost Optimization Impact in Q3 2016



Our targeted cost reduction of 2.5% YoY is challenged by the rising inflation rate and currency devaluation which have significant impact on some of our key cost lines.

4. Financial Review – SFP

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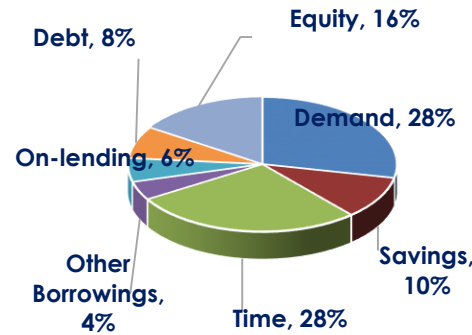


Funding Base Analysis

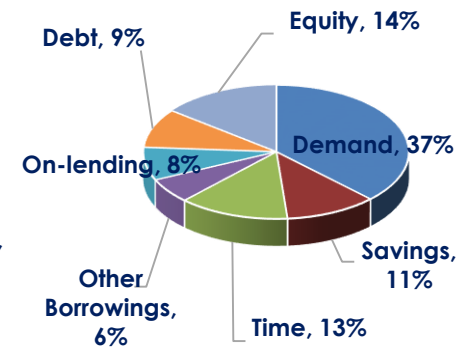


Key Highlights (N'm)	2015FY	9M 2016	VAR	% VAR
Demand Deposits	328,549	480,276	151,727	46.2%
Savings Deposits	119,140	143,385	24,245	20.4%
Tenor Deposits	321,947	171,931	(150,016)	-46.6%
Other Borrowings	51,854	76,901	25,047	48.3%
On-Lending	66,264	102,393	36,129	54.5%
Debt Securities	90,121	121,652	31,531	35.0%
Equity	183,516	184,984	1,468	0.8%
Total	1,161,391	1,281,523	120,132	10.3%

Funding Structure: 2015 FY

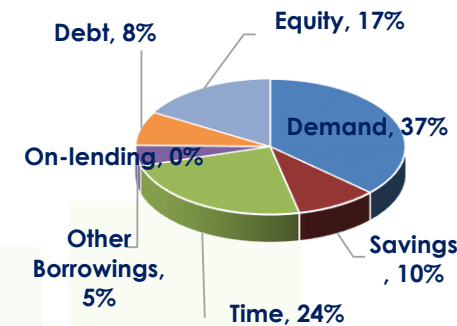


Funding Structure: 9M 2016

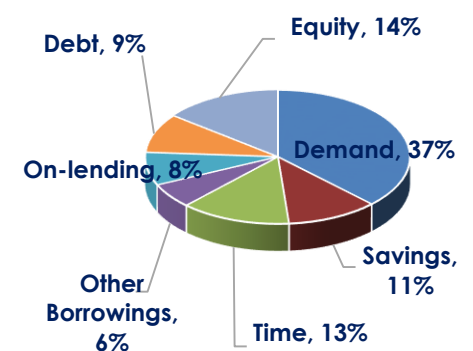


Key Highlights (N'm)	9M 2015	9M 2016	VAR	% VAR
Demand Deposits	400,648	480,276	79,628	19.9%
Savings Deposits	105,925	143,385	37,461	35.4%
Time Deposits	259,213	171,931	(87,282)	-33.7%
Other Borrowings	53,719	76,901	23,181	43.2%
On-Lending	-	102,393	102,393	100.0%
Debt Securities	88,133	121,652	33,519	38.0%
Equity	180,339	184,984	4,645	2.6%
Total	1,087,977	1,281,523	193,546	17.8%

Funding Structure: 9M 2015



Funding Structure: 9M 2016



- Total customer deposits increased by 3.4% YTD principally due to 46.2% and 20.4% increase in demand and savings deposits.
- With the inclusion of on-lending facilities, deposits now represent 62.1% of total funding base and 72.6% of interest bearing liabilities.

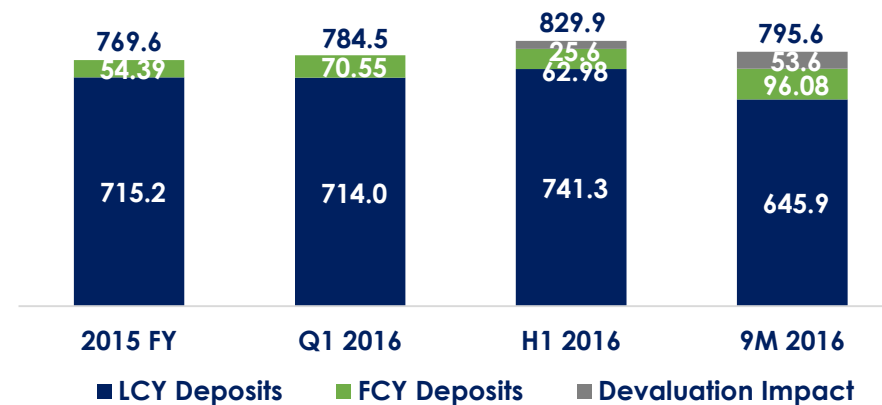
Deposits Analysis



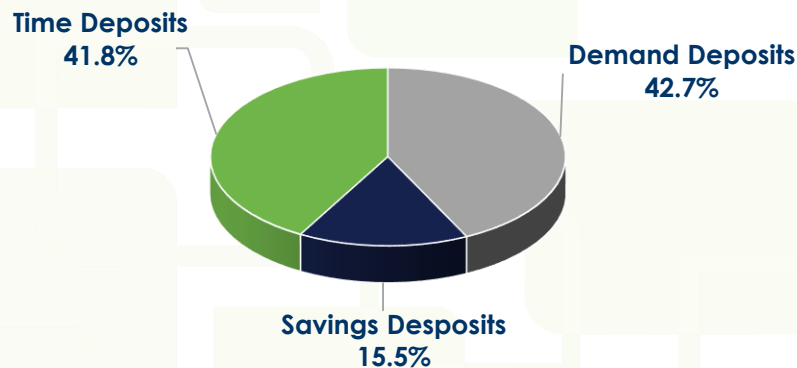
- ▶ Total deposits increased by 3.4% YTD to N795.6 billion due to 46.2% and 20.4% increase in demand and savings deposits respectively.
- ▶ On the basis of QoQ, deposits dropped by 4.1% on account of 27.1% drop in tenor deposits (while other deposit types increased) as deposit mobilization is focused on low cost deposits in line with our cost reduction initiatives.
- ▶ Low cost deposits now constitute 78.4% of total deposits from 58.2% in 2015FY, which explains the drop in cost of funds from 6.2% in 2015FY to 5.0% in 9M 2016.

Customer Deposits

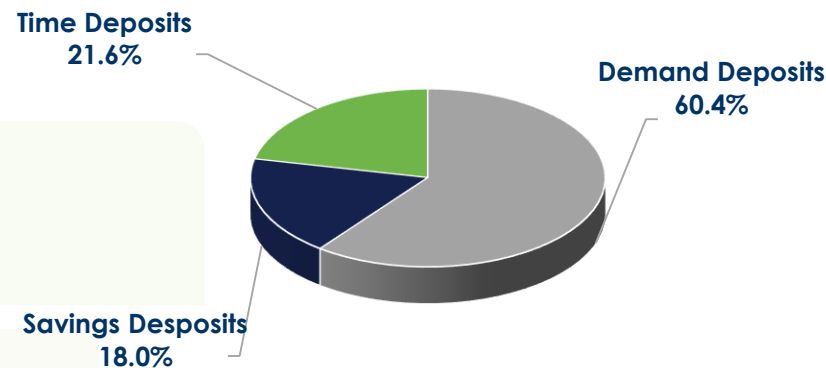
N'billion



Customer Deposits by Type – 2015 FY



Customer Deposits by Type – 9M 2016



Retail Banking Analysis (Personal Banking)



- ▶ Savings deposits grew by 20.4% YTD which contributed to the decline in our funding cost.
- ▶ Growth was as a result of the disciplined execution of our retail banking strategy and improved cross-selling of e-banking products.
- ▶ Retail low cost deposits grew by 12.0% YTD, while the 11.7% YTD drop in retail risk assets was particularly due to loan pay-downs in Q1 and Q3 2016 (N11.3bn) in line with the asset repayment cycle.

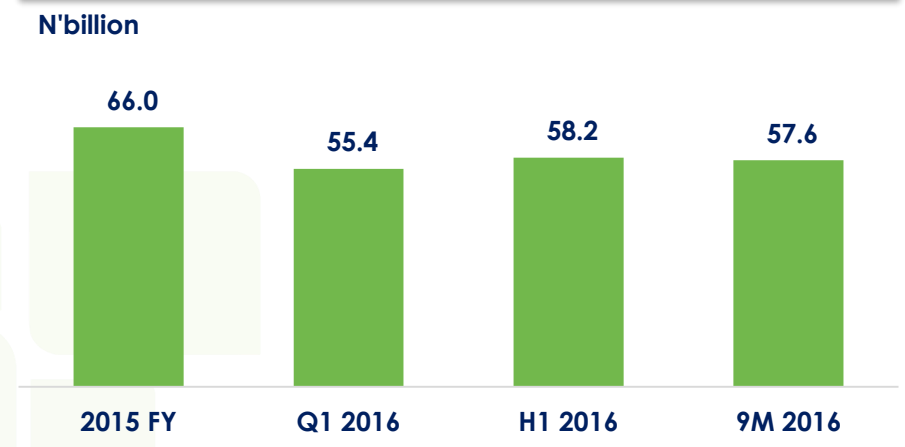
Savings Deposits Trend



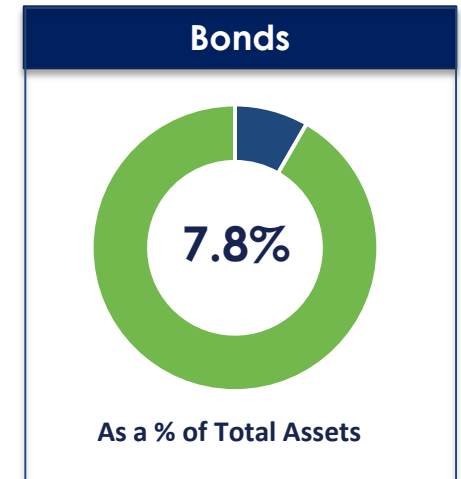
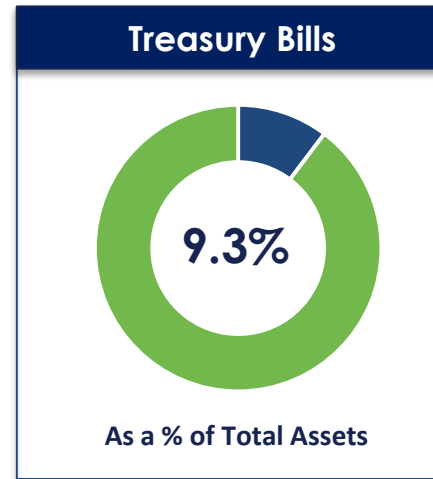
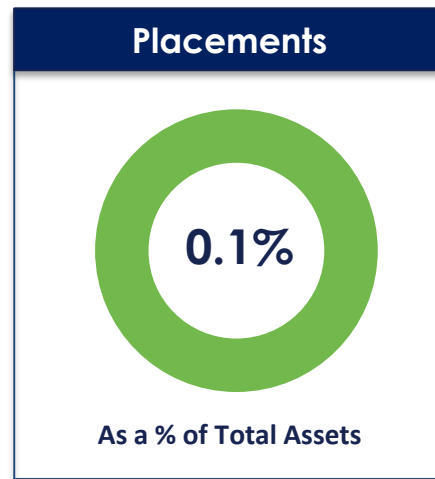
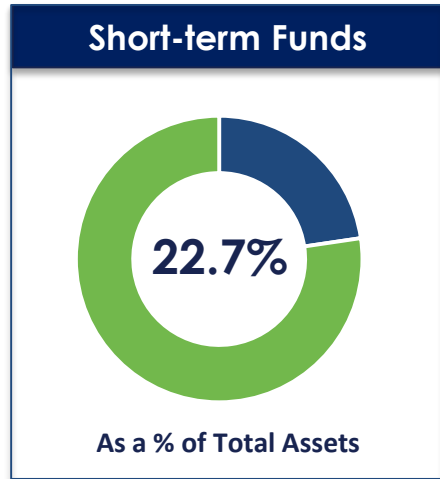
Retail Low Cost Deposits



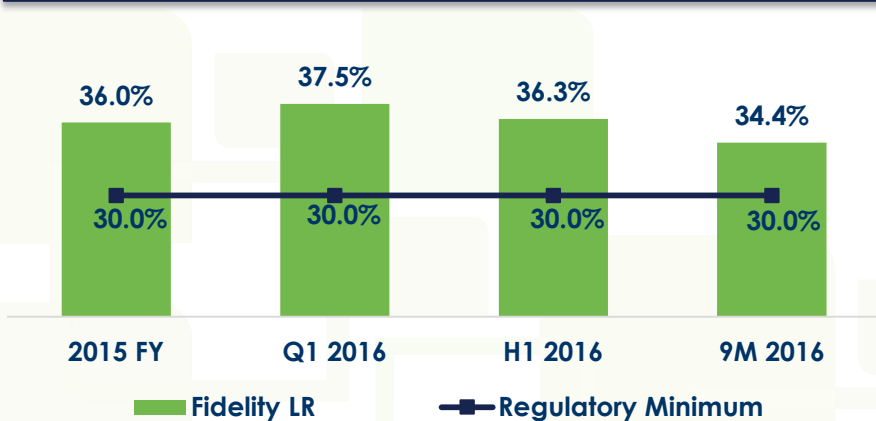
Retail Assets Trend



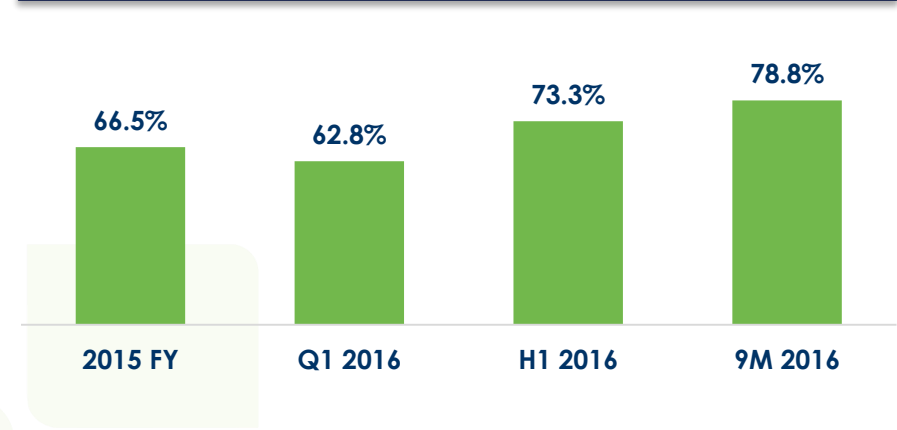
Liquid Assets Position



Liquidity Ratio



% Total Loans to Customer Deposits



While our loan book includes self funded public sector on-lending facilities, the corresponding liabilities used to fund these loans are not classified as customer deposits. LDR excluding self-funded public sector on-lending facilities is 78.4% as at end of 9M 2016.

Loan Portfolio Analysis



Breakdown of Loans & Advances to Customers: 2015FY Vs 9M 2016

N'million	2015 FY	9M 2016	VAR	% VAR
Communication	48,298	48,729	431	0.9%
Oil and Gas	147,407	210,159	62,752	42.6%
- Upstream	97,568	145,373	47,805	49.0%
- Downstream	23,430	32,791	9,361	40.0%
- Services	26,409	31,995	5,587	21.2%
Power	68,483	77,056	8,573	12.5%
Manufacturing	58,670	73,980	15,311	26.1%
General Commerce	34,521	36,731	2,210	6.4%
Transport	54,806	77,631	22,825	41.6%
Consumer (Individuals)	65,959	57,573	-8,386	-12.7%
Government	60,003	105,468	45,465	75.8%
Construction	20,462	23,177	2,715	13.3%
Agriculture	11,724	10,263	-1,461	-12.5%
Real Estate	17,157	23,952	6,795	39.6%
Education	3,358	3,979	621	18.5%
Finance and Insurance	552	1,685	1,133	205.2%
Others	7,577	7,375	-202	-2.7%
Total	598,978	757,760	158,782	26.5%

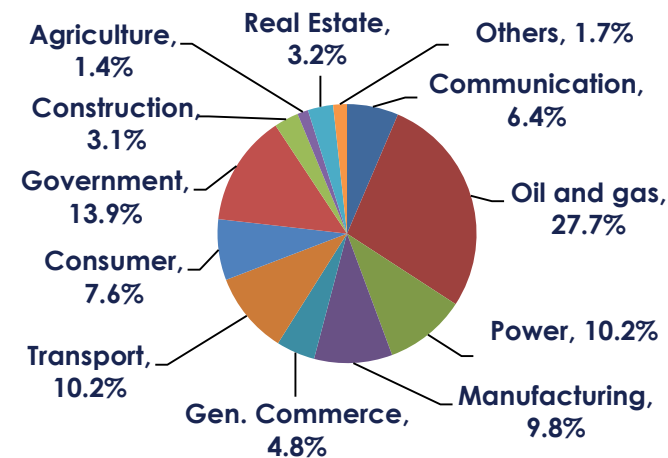
Loan Portfolio Analysis



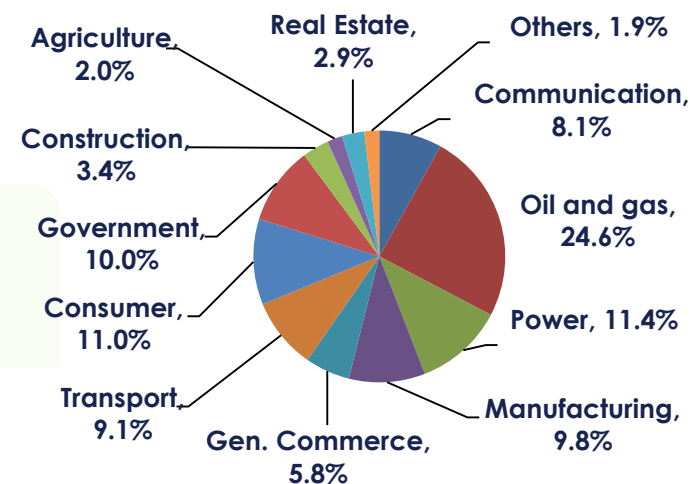
Breakdown of Loans & Advances to Customers

N'million	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Communication	48,298	50,388	52,501	48,729
Oil and Gas	147,407	147,077	189,896	210,159
- Upstream	97,568	94,831	133,077	145,373
- Downstream	23,430	24,128	24,289	32,791
- Services	26,409	28,118	32,530	31,995
Power	68,483	63,718	77,273	77,056
Manufacturing	58,670	55,161	78,971	73,980
Gen. Commerce	34,521	32,254	38,401	36,731
Transport	54,806	55,209	69,633	77,631
Consumer	65,959	55,353	58,223	57,573
Government	60,003	91,520	106,173	105,468
Construction	20,462	20,682	21,938	23,177
Agriculture	11,724	11,194	9,519	10,263
Real Estate	17,157	17,133	21,160	23,952
Education	3,358	3,408	4,090	3,979
Fin. & Insurance	552	857	1,431	1,685
Others	7,577	7,695	7,506	7,375
Total	598,978	611,649	736,713	757,760

Loan Analysis – Q3 2016



Loan Analysis – Q4 2015



Loan Portfolio Analysis



QoQ Change in Loans & Advances to Customers

N'million	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Oil & Gas Upstream	(2,401)	(7,143)	(2,737)	38,246	12,296
Oil & Gas Downstream	(8,685)	261	698	161	8,502
Transport	(1,088)	1,530	403	14,424	7,997
Real Estate	1,309	(112)	(25)	4,027	2,793
Construction	820	1,724	220	1,256	1,239
Agriculture	453	(849)	(531)	(1,675)	745
Finance and Insurance	(1,991)	(1,169)	305	574	255
Education	29	695	50	682	(110)
Others	412	(2,353)	117	(189)	(131)
Power	663	2,770	(4,765)	13,554	(217)
Oil & Gas Services	255	(1,337)	1,710	4,412	(535)
Consumer (Individuals)	7,610	(2,231)	(10,606)	2,870	(650)
Government	1,126	53,479	31,517	14,652	(705)
General Commerce	(5,077)	(1,621)	(2,268)	6,147	(1,670)
Communication	(20,090)	(6,286)	2,090	2,113	(3,772)
Manufacturing	2,341	(7,474)	(3,509)	23,811	(4,991)
Total	(24,316)	29,884	12,671	125,065	21,047

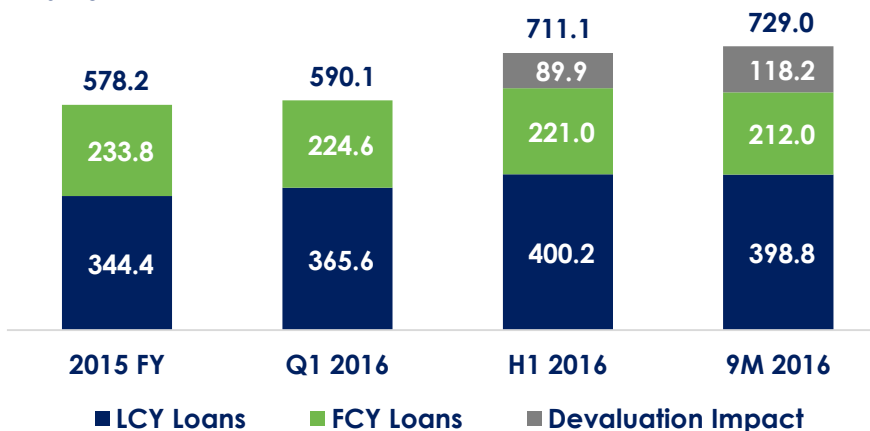
Loan Book Analysis



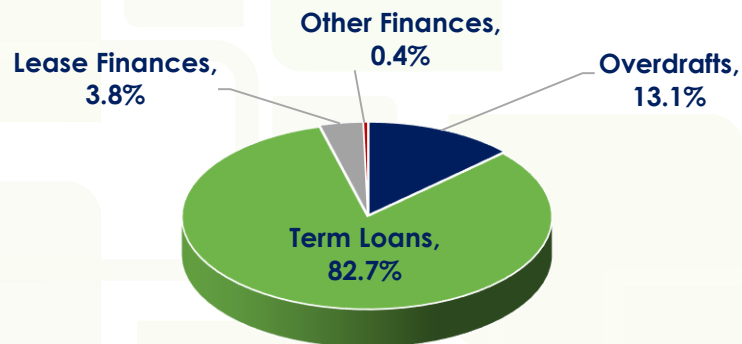
- ▶ Net loans and advances increased by 26.1% YTD (2.5% QoQ) to N729.0 billion with the devaluation of naira accounting for about 20.4% (N118.2bn) of the loan growth.
- ▶ Excluding devaluation, real loan growth was 5.6% YTD, while it declined by 1.7% QoQ as we remained conscious of increasing our risk assets exposure due to unfavourable operating environment and potential high risk of default in Q3 2016.
- ▶ FCY loans now constitute about 45.3% of loans from 40.4% in 2015 FY largely on account of naira devaluation.

Net Loans and Advances to Customers

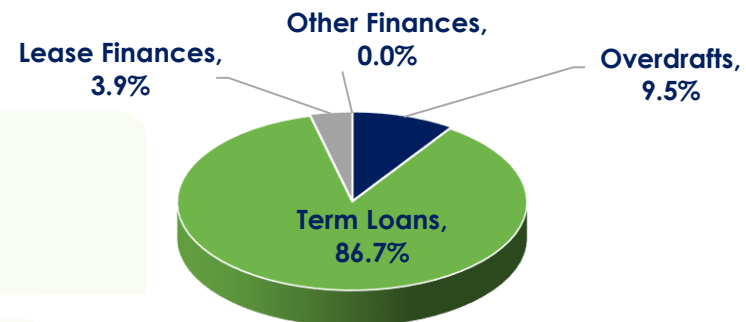
N'billion



Total Loans by Type – 2015 FY



Total Loans by Type – 9M 2016



NPL Portfolio Analysis



Breakdown of Non-performing Loans: 2015 FY Vs 9M 2016

	2015 FY			9M 2016		
	N'million	% Contr.	% NPL	N'million	% Contr.	% NPL
Communication	1,919	7.3%	4.0%	1,928	5.6%	4.0%
Oil and gas	2,319	8.9%	1.6%	4,537	13.3%	2.2%
- <i>Upstream</i>	0	0.0%	0.0%	-	0.0%	0.0%
- <i>Downstream</i>	262	1.0%	1.1%	1,369	4.0%	4.2%
- <i>Services</i>	2,056	7.9%	7.8%	3,168	9.3%	9.9%
Power	0	0.0%	0.0%	4	0.0%	0.0%
Manufacturing	7,805	29.9%	13.3%	9,149	26.8%	12.4%
General Commerce	3,032	11.6%	8.8%	5,546	16.2%	15.1%
Transport	4,056	15.5%	7.4%	4,033	11.8%	5.2%
Consumer (Individuals)	1,173	4.5%	1.8%	2,275	6.7%	4.0%
Government	310	1.2%	0.5%	324	0.9%	0.3%
Construction	1,779	6.8%	8.7%	1,672	4.9%	7.2%
Agriculture	667	2.6%	5.7%	799	2.3%	7.8%
Real Estate	1,198	4.6%	7.0%	2,020	5.9%	8.4%
Education	352	1.3%	10.5%	339	1.0%	8.5%
Finance and Insurance	190	0.7%	34.5%	186	0.5%	11.1%
Others	1,338	5.1%	17.7%	1,328	3.9%	18.0%
Total	26,138	100.0%	4.4%	34,141	100.0%	4.5%

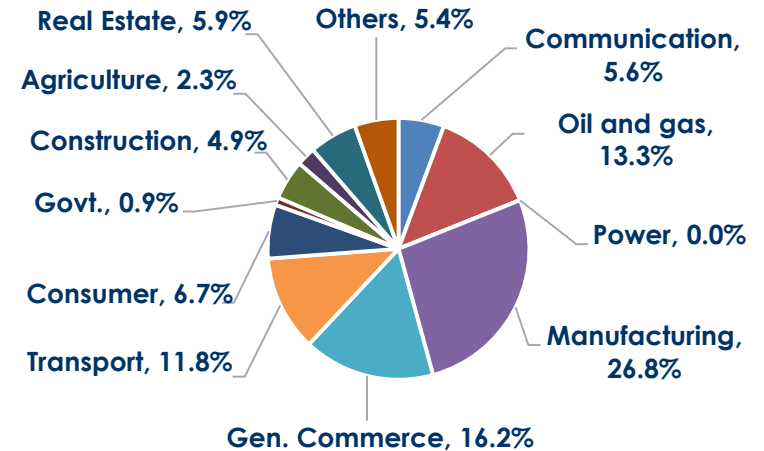
NPL Portfolio Analysis



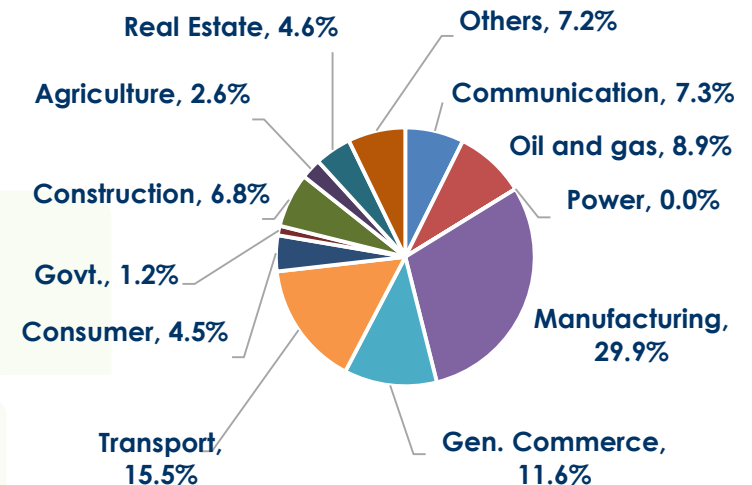
Breakdown of Non-performing Loans

N'million	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Communication	1,919	1,944	1,001	1,928
Oil and Gas	2,319	2,350	3,528	4,537
- Upstream	0	0	0	0
- Downstream	262	266	1,403	1,369
- Services	2,056	2,084	2,124	3,168
Power	0	0	4	4
Manufacturing	7,805	7,825	7,624	9,149
Gen. Commerce	3,032	3,123	3,892	5,546
Transport	4,056	4,106	2,514	4,033
Consumer	1,173	1,188	1,404	2,275
Government	310	290	275	324
Construction	1,779	1,802	1,273	1,672
Agriculture	667	667	688	799
Real Estate	1,198	1,214	1,093	2,020
Education	352	357	347	339
Fin. & Insurance	190	193	186	186
Others	1,338	1,426	1,281	1,328
Total	26,138	26,484	25,110	34,141

NPL Analysis – Q3 2016



NPL Analysis – Q4 2015

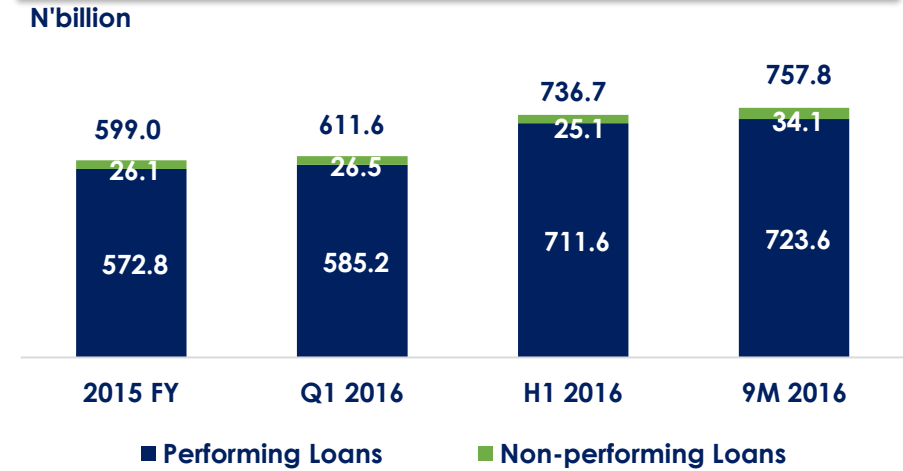


NPL Analysis

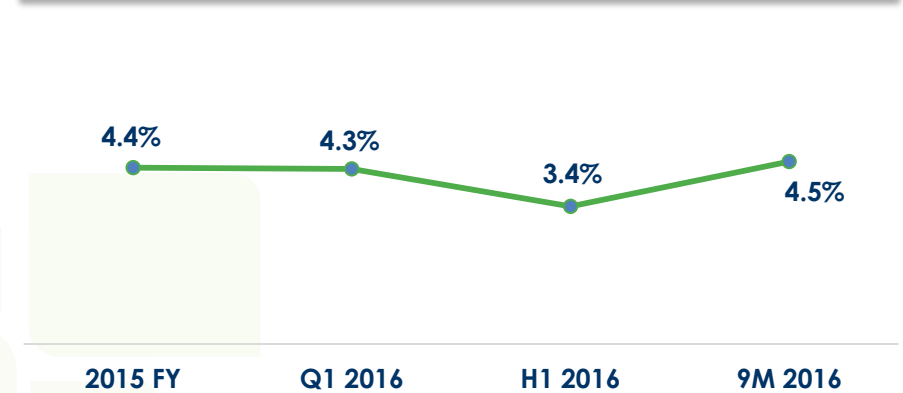


- ▶ NPL increased to 4.5% from 4.4% in 2015FY as we take a conservative approach to risk assets classification due to the relatively unstable macro environment.
- ▶ Coverage ratio increased to 84.2% from 79.5% in 2015FY due to increased impairments taken in Q3 2016.
- ▶ Pressure points still exist especially in the oil & gas, general commerce, transport, consumer and trade finance portfolios.
- ▶ We expect cost of risk to remain at 1.5% by year-end with NPL Ratio below 5%.

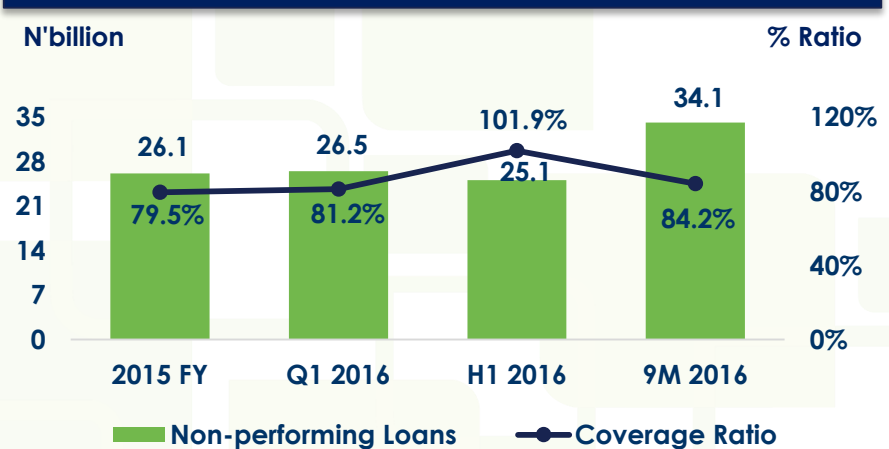
Gross Loans and Advances



Non-performing Loans



NPL Coverage Ratio

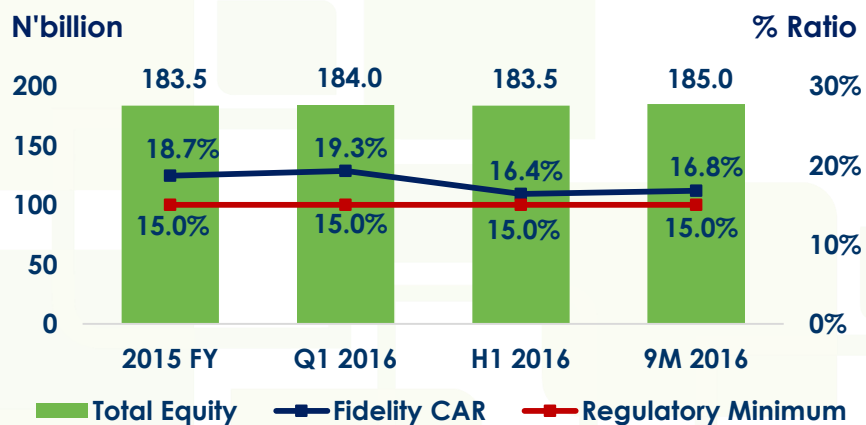


Capital Adequacy



- ▶ Fidelity CAR declined to 16.8% from 18.7% in 2015FY, primarily due to an 21.7% increase in credit risk driven by the currency devaluation.
- ▶ We already have regulatory approval to adjust for excess non-distributable reserves (NDR); this would increase our CAR to 18%+ at the end of the 2016FY.
- ▶ Fidelity CAR still remains above the regulatory minimum requirement of 15.0% while total equity now constitutes about 14.4% of total funding base in 9M 2016.

Capital Adequacy Ratio



Capital Adequacy Ratio Computation – Basel II

N' billion	2015 FY	9M 2016	VAR	9M 2016**
Tier 1 Capital	143.7	143.7	-	166.7
Tier 2 Capital	47.4	47.4	-	47.4
Total Capital	191.1	191.1	-	214.1
Credit Risk	779.3	948.2	169	971.2
Market Risk	89.8	34.7	(55)	34.7
Operational Risk	152.6	150.2	(2)	150.2
RWA	1,022.6	1,133.2	112	1,156.1
CAR				
Tier 1	14.1%	12.6%		14.4%
Tier 2	4.6%	4.2%		4.1%
Overall CAR	18.7%	16.8%		18.5%

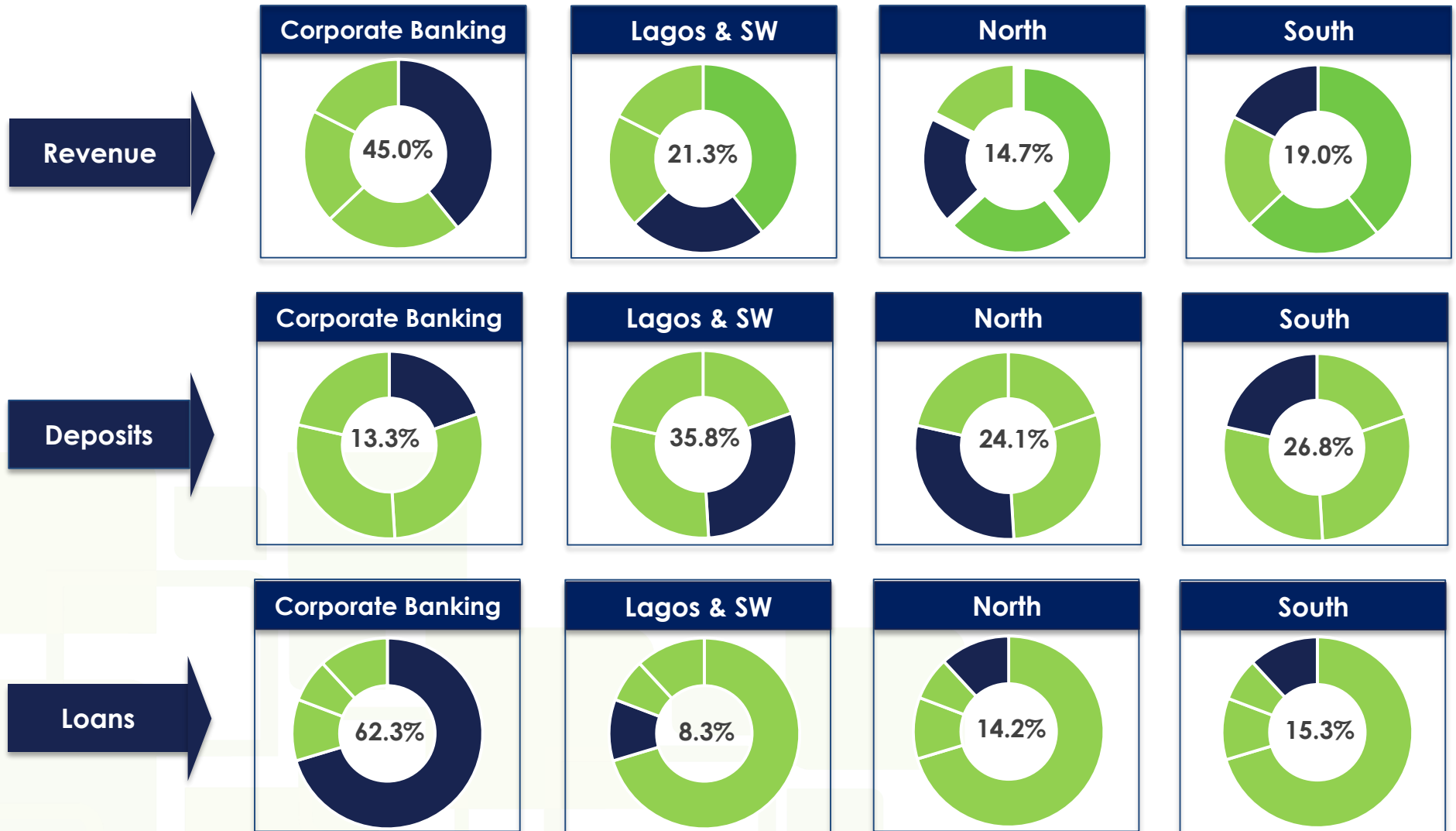
**** 9M 2016 CAR adjusted for excess Non-distributable Reserves (NDR)**

Business Segment Analysis



	Business Description	Revenue	Deposits	Loans
Corporate & Investment Banking	<ul style="list-style-type: none"> Handles the bank's institutional clients with turnover in excess of ₦10.0bn. Key focus sectors include: <ul style="list-style-type: none"> Oil & gas upstream Oil & gas downstream Power & infrastructure Telecommunication FMCG Construction & real est. Agriculture Transport & shipping 			
Lagos & SW Bank	<ul style="list-style-type: none"> Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. Drives retail deposits, lending, payroll and e-products etc. Operates at 95 locations 			
North Bank	<ul style="list-style-type: none"> Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. Drives retail deposits, lending, payroll and e-products etc. Operates at 56 locations including FCT. 			
South Bank	<ul style="list-style-type: none"> Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. Drives retail deposits, lending, payroll and e-products etc. Operates at 88 locations 			

Business Segment Analysis



5. Update on Board Retirement/Appointments

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Lifestyle

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Update On Board Retirement/Appointments



Chief Christopher Ezeh (MFR) has retired as the Chairman of the Board of Directors, having served as the Chairman of Fidelity Bank Plc for over 11 years and attained the retirement age for non-executive Directors in line with the Bank's policy.



Chief Christopher Ezeh (MFR)

Profile Of The Retired Chairman

CHIEF(DR) CHRISTOPHER EZEH is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN); Institute of Directors (IOD); Institute of Cost and Management Accountants (CMA) and a member of the British Institute of Management.

He holds a Doctor of Business Administration (DBA) Honoris Causa, from Enugu State University of Technology and a Doctor of Business Administration (DBA) Honoris Causa from Anambra State University, Uli, Anambra State.

He started his career with Chrysler (UK) Limited in 1968. He then joined Shell BP, Zambia, before leaving for John Holt (Nig) Plc in 1976, becoming Group Managing Director (in 1986) and later, Chairman, a position he has held from 2001 to date.

Update On Board Retirement/Appointments



Mr. Ernest Ebi was appointed Non-executive Director and Chairman Designate of Fidelity Bank Plc effective November 01, 2016 subject to regulatory approval.



Mr. Ernest Ebi (MFR)

Profile Of The Chairman Designate

MR. ERNEST EBI was a Deputy Governor of Central Bank of Nigeria for 10 year (1999 to 2009). He is a fellow of the Chartered Institute of Bankers of Nigeria and holds a Bachelor of Business degree in Marketing and a Master's Degree in Business Administration from Howard University, Washington DC. He was also the Deputy Managing Director/Chief Operating Officer of Diamond Bank Plc in 1998, having served as Managing Director/Chief Executive Officer of New Nigeria Bank Plc, and an Executive Director of African Continental Bank.

He served as the Chairman of Deputies of the Group of Twenty-four countries (G24 countries) and as Director of Afromedia PLC until July 28, 2015. He is currently a Member of the Governing Board of Venture Garden Nigeria and has been an Independent Non-Executive Director of Dangote Cement Plc since Jan 30, 2014.

Update On Board Retirement/Appointments



The Board of Fidelity Bank Plc also approved the appointment of Mr. Kings C. Akuma and Mr. Charles Chidebe Umolu as Non- Executive Directors of the Bank effective November 01, 2016 subject to regulatory approval.



Mr. Kings C. Akuma

MR. KINGS AKUMA is the Managing Director of Hammakopp Consortium Limited (an Affiliate of Nestoil Group Plc). He holds a Bachelor's degree in Accounting from the University of Nigeria, Nsukka and an MBA from the University of Lagos.

He is a fellow of the Chartered Institute of Taxation of Nigeria and he has hands-on extensive managerial experience in the oil & gas services operations, security and community management spanning over 10 years.



Mr. Charles C. Umolu

MR. CHARLES UMOLU is the former MD/CEO of Comet Merchant Bank Ltd. Presently a Managing Consultant of Corimol Nigeria Ltd and the Chief Executive of Corimol Consulting Ltd. He holds a Bachelor's degree and an MBA from the University of Ife, and was trained as a banker by Morgan Guaranty Trust Company of NY, USA.

Mr. Umolu has over 18 years cognate experience in the financial service industry. He has served on the board of various organizations as an Executive and a Non-executive Director. He is currently on the board of Profound Securities Ltd.



LAGOS
BUSINESS
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Export Management Programme 3

Overview

For over three decades, oil exports have remained the main foreign exchange earner for Nigeria. However, recent developments in the global market and local oil sector have heightened the need for Nigeria to diversify its economy away from oil. Boosting non-oil exports and building strong and sustainable export capability is now at the heart of Nigeria's diversification strategy. Exporting not only improves foreign exchange revenue, but countries most successful in export have stronger link to wealth creation, employment generation and sustainable poverty reduction.

In partnership with





GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	9M 2016 Actual	2016FY Target	Comment
1	Net Interest Margin	7.0%	6.75% -7.0%	On Track
2	Tax Rate	11.0%	15% to 20%	On Track
3	Loan Growth (YTD)	26.1%	5.0% to 7.5%	On Track
4	Deposit Growth (YTD)	3.4%	5.0% to 7.5%	Behind Target
5	Cost - Income Ratio	73.3%	70% band	Behind Target
6	Proposed Dividends	N/A	30-50% (of PAT) band	On Track
7	NPL Ratio	4.5%	Below 5%	On Track
8	ROE – Post Tax	6.3%	Below 10%	Behind Target

Thank You

Fidelity Bank Plc
2 Kofo Abayomi Street,
Victoria Island, Lagos, Nigeria
+234 (01) 4480853
info.investor@fidelitybank.ng

www.fidelitybank.ng