

# Fidelity Bank Investor Presentation

Unaudited Financial Results for the 3 months ended

March 31, 2017



**1. Overview of Fidelity Bank**

**2. The Operating Environment**

**3. Financial Highlights**

**4. Financial Review**

**5. Q1 2017 Actual Vs 2017 FY Guidance**

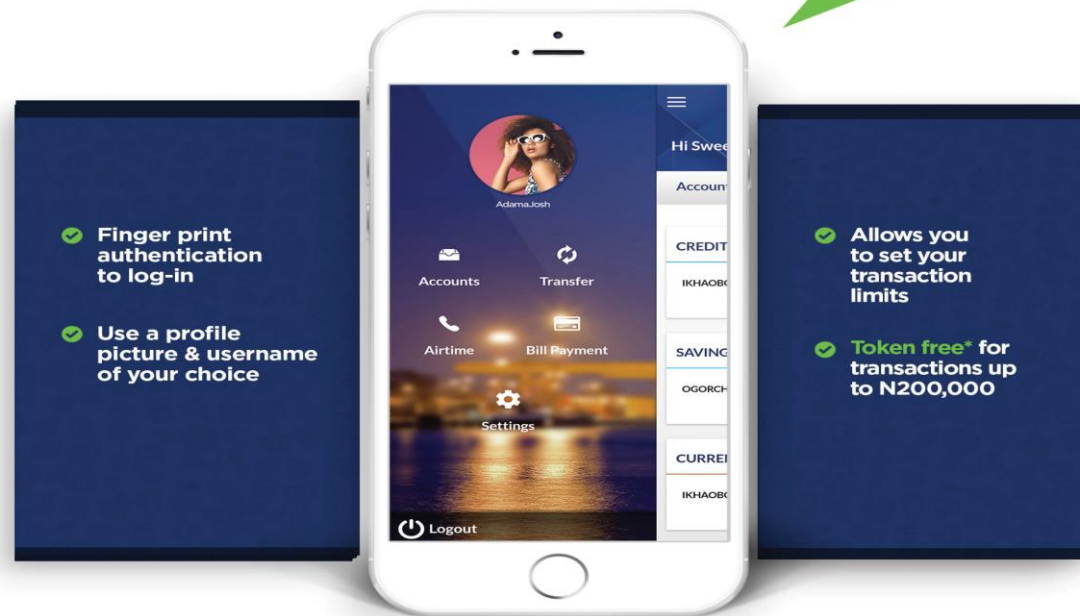
# 1. Overview of Fidelity Bank



## Banking That Suits Your *Lifestyle*

Download the new and upgraded **Fidelity Online App** for a pleasurable banking experience.

Download Now!



✓ Finger print authentication to log-in

✓ Use a profile picture & username of your choice

✓ Allows you to set your transaction limits

✓ **Token free\*** for transactions up to N200,000

**New look | Better Experience | Token Free\***

**We Are Fidelity, We Keep Our Word.**

# 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 16.7%
- ▶ 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	750
South West	13	POS	3,635
South South	44	Debit Cards	1,825,934
South East	44	Instant Banking	735,892
North West	15	Online Banking	233,758
North East	8		
North Central	13		
FCT Abuja	20		

## Key Highlight

Total Assets	N1,310.9 billion
Total Equity	N189.2 billion
Business Offices	239
No of Accounts	3.7 million
Professional Staff	3,169
Consumer Sales Agents	714
Ratings	B-/B- (S&P)/Fitch
Auditors	Ernst & Young / PKF

## 2. The Operating Environment



# Entrepreneurs Get Paid With Pay By link

Share the link with your customers on **social media, email and Whatsapp** to receive payment instantly



[merchant.fidelitybank.ng](https://merchant.fidelitybank.ng)



Pay By Link



## General Business Environment

- ❑ Nigeria's annual output growth contracted by 1.5% following a consecutive quarterly negative growth; this marks the first annual contraction since 1987
- ❑ However, International Monetary Fund (IMF) and others predicts Nigeria will be out of recession in 2017 with an estimated annual economic growth of 0.8%
- ❑ Headline inflation rate continued to edge down from its height of 18.72% in Jan to 17.26% in Mar 2017.
- ❑ Nigeria's external reserves improves to \$30.3bn on Mar 31<sup>st</sup>, 2017 from \$25.8bn as at Dec 31, 2016.
- ❑ Nigeria has continued to ramp up crude oil production as security improves in the oil rich Niger Delta Region; price has remained above \$50 per barrel lately
- ❑ Expectation for improved economy in 2017 remains high

## Banking Industry Specifics

- ❑ The Monetary Policy Committee (MPC) kept all policy rates unchanged in its Mar 2017 meeting.
- ❑ It also retained the asymmetric corridor at +200 and -500 basis points around the MPR.
- ❑ The Debt Management Office (DMO) raises minimum subscription for Treasury Bills and FGN Bonds to N50million following the launch of FGN Savings Bonds targeted at the retail market
- ❑ Minimum subscription for the Savings Bond is N5,000 with maximum subscription capped at N50 million
- ❑ CBN decreased the FX rate for invisibles such as PTA, BTA, medical bills, school fees etc. to N360/\$ as it continues to intervene to ease FX pressures on selected sectors of the economy

### 3. Financial Highlights



# You Don't Need A Token



*Wow!*  
Who Needs  
A **Token?**

For Transactions Up To N200,000.  
Just Dial \*770# To Get Started.  
It's That Easy!

You also don't need data  
to use this service



✔ Transfer Money ✔ Pay Bills ✔ Buy Airtime ✔ Dial4Cash & Lots More

# Performance Highlights



## Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 24.1% to N36.2 billion in Q1 2017 (Q1 2016: N29.2 billion)
- ❑ Operating Expenses down by 10.4% to N14.4 billion in Q1 2017 (Q1 2016: N16.0 billion)
- ❑ Cost-income Ratio down to 72.0% in Q1 2017 from 77.1% in Q1 2016.
- ❑ PBT up by 20.5% to N4.8 billion in Q1 2017 (PAT came in at N4.3 billion)

## Asset Quality

- ❑ Cost of Risk improved to 0.4% in Q1 2017, compared to 1.2% in 2016 FY
- ❑ NPL Ratio improved to 6.1% in Q1 2017 from 6.6% in 2016 FY
- ❑ Coverage Ratio increased to 90.9% in Q1 2017 from 83.5% in 2016 FY
- ❑ FCY Loans accounted for 43.7% of Total Loan Book from 44.4% in 2016 FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 16.7%, based on Basel II computation
- ❑ Liquidity Ratio of 33.7% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits Ratio stood at 78.7% from 78.0% (2016 FY)
- ❑ Total Equity at N189.2 billion compared to N185.4 billion in 2016 FY



# Financial Highlights



- ❑ Gross earnings increased by 18.8% YoY to N40.8 billion driven by a combination of increased yields on earning assets and an absolute growth in the volume of earning assets which led to a 24.1% YoY growth in interest income.
- ❑ However, net interest income increased by 2.8% YoY as interest expense also inched up in line with the higher interest rate environment in Q1 2017.
- ❑ Net fee income declined by 25.3% YoY to N3.5 billion largely due to a 21.2% drop in E-banking income arising from the stoppage of international card transactions which raked in N1.4 billion in Q1 2016.
- ❑ Nonetheless, income from other E-banking products grew by over N0.8 billion hence a net decline of N0.6 billion in Q1 2017.
- ❑ Total operating expenses dropped by 10.4% YoY, driven by the implementation of our cost optimization initiatives which led to a decline in over 60% of our operating expense lines in Q1 2017.
- ❑ PBT increased by 20.5% YoY to N4.8 billion compared to N4.0 billion reported in Q1 2016, this was driven by the N0.5 billion growth in net interest income and N1.7 billion decline in total operating expenses

# Financial Highlights



- ❑ NIM improved to 6.9% from 6.4% in 2016FY on account of increased yields on earning assets to 15.1% from 12.7% in the 2016FY
- ❑ Net loans and advances increased by 1.7% YTD to N730.4 billion with cost of risk dropping marginally to 0.4% YoY while our coverage ratio stood at 90.9% from 83.5% in 2016 FYE.
- ❑ Savings deposits grew by 5.6% to N163.7 billion from N155.0 billion in Dec 2015 as we continued to enhance our retail banking play driven by our electronic products and channels. Low cost deposits now accounts for 79.4% from 78.7% in 2016 FY.
- ❑ NPL improved to 6.1% from 6.6% in the 2016 FYE due to a 7.1% drop in absolute NPL figures and the growth in the loan book. The decline in absolute NPL volumes was primarily from General Commerce, Transport, Retail and Real Estate Sector which accounted for over 85% of the decline.

# Financial Highlights



## Summary of Income Statement: Q1 2016 Vs Q1 2017

N'million	Q1 2016	Q1 2017	VAR	% VAR
<b>Gross Earnings</b>	<b>34,365</b>	<b>40,842</b>	<b>6,477</b>	<b>18.8%</b>
Interest Income Loans	20,798	26,790	5,992	28.8%
Interest Income Liquid Assets	8,406	9,440	1,034	12.3%
<b>Total Interest Income</b>	<b>29,204</b>	<b>36,230</b>	<b>7,026</b>	<b>24.1%</b>
Interest Expense Customer Deposits	(10,063)	(15,900)	(5,836)	58.0%
Interest Expense Borrowings	(3,037)	(3,773)	(737)	24.3%
<b>Total Interest Expense</b>	<b>(13,100)</b>	<b>(19,673)</b>	<b>(6,573)</b>	<b>50.2%</b>
<b>Net Interest Income</b>	<b>16,104</b>	<b>16,557</b>	<b>453</b>	<b>2.8%</b>
FX Income	546	323	(223)	-40.8%
E-banking Income	2,616	2,061	(555)	-21.2%
Other Fee Income (Net)	1,504	1,101	(404)	-26.8%
<b>Net Fee Income</b>	<b>4,666</b>	<b>3,485</b>	<b>(1,181)</b>	<b>-25.3%</b>
<b>Operating Income</b>	<b>20,770</b>	<b>20,042</b>	<b>(728)</b>	<b>-3.5%</b>
<b>Total Expenses</b>	<b>(16,041)</b>	<b>(14,365)</b>	<b>1,675</b>	<b>-10.4%</b>
Net gains / (losses) from Fin. Inst	35	(77)	(112)	-318.4%
Net Impairment Losses	(739)	(750)	(11)	1.5%
<b>Profit Before Tax</b>	<b>4,025</b>	<b>4,849</b>	<b>824</b>	<b>20.5%</b>

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

# Financial Highlights







## Statement of Financial Position: 2016 FY Vs Q1 2017

N'million	2016 FY	Q1 2017	VAR	% VAR
<b>Total Assets</b>	<b>1,298,141</b>	<b>1,310,854</b>	<b>12,713</b>	<b>1.0%</b>
<b>Earning Assets</b>	<b>969,925</b>	<b>974,793</b>	<b>4,868</b>	<b>0.5%</b>
Bank Placements	13,011	10,000	(3,011)	-23.1%
Treasury Bills	126,823	114,338	(12,485)	-9.8%
Bonds	111,978	120,007	8,029	7.2%
Customer Loans (Naira)	399,106	411,290	12,184	3.1%
Customer Loans (FCY)	319,007	319,158	151	0.0%
<b>Non-Earning Assets</b>	<b>328,216</b>	<b>336,062</b>	<b>7,846</b>	<b>2.4%</b>
Cash	34,861	18,244	(16,617)	-47.7%
Cash Reserve	170,246	175,810	5,564	3.3%
Bal. with other Banks/Settlement Acct	38,143	59,642	21,499	56.4%
Fixed Assets	40,356	39,166	(1,190)	-2.9%
All Other Assets	44,610	43,200	(1,410)	-3.2%
<b>Interest Bearing Liabilities</b>	<b>1,051,997</b>	<b>1,065,850</b>	<b>13,853</b>	<b>1.3%</b>
Demand	469,353	471,284	1,931	0.4%
Savings	155,019	163,747	8,728	5.6%
Time Deposits	168,599	165,217	(3,382)	-2.0%
Other Borrowings	37,219	44,196	6,977	18.7%
On-lending Facilities	99,991	100,671	680	0.7%
Debt Securities	121,816	120,736	(1,080)	-0.9%
<b>All Other Liabilities</b>	<b>60,742</b>	<b>55,790</b>	<b>(4,952)</b>	<b>-8.2%</b>
<b>Equity</b>	<b>185,402</b>	<b>189,214</b>	<b>3,812</b>	<b>2.1%</b>

## 4. Financial Review – SCI

# Enjoy A Simpler Life With Fidelity Digital Banking Solutions

 <p><b>*770#</b> Instant Banking</p>	 <p>Online Banking</p>	 <p>Cards</p>
 <p>ATM</p>	 <p>POS</p>	 <p>Pay By Link</p>
 <p>MCash</p>		

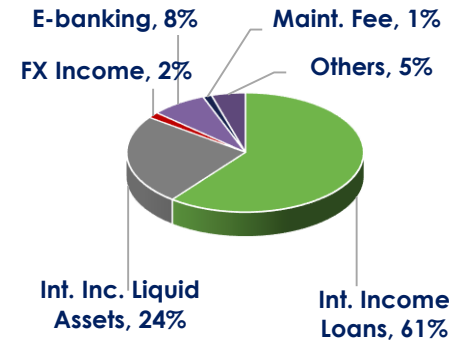


# Gross Earnings Analysis

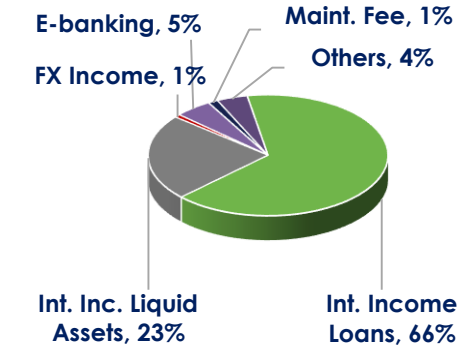


Key Highlights (N'm)	Q1 2016	Q1 2017	VAR	% VAR
<b>Total Earnings</b>	<b>34,365</b>	<b>40,842</b>	<b>6,477</b>	<b>18.8%</b>
Interest Income Loans	20,798	26,790	5,992	28.8%
Int. Income Liquid Assets	8,406	9,440	1,034	12.3%
FX Income	546	323	(223)	-40.8%
E-banking Income	2,616	2,061	(555)	-21.2%
A/C Maintenance fee	414	542	129	31.1%
Other Income	1,586	1,686	100	6.3%

**Total Earnings: Q1 2016**

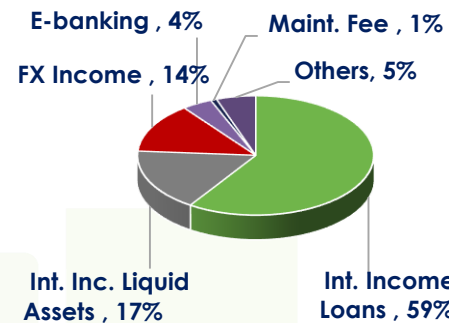


**Total Earnings: Q1 2017**

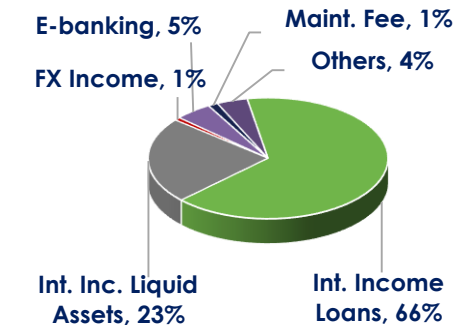


Key Highlights (N'm)	Q2 2016	Q3 2016	Q4 2016	Q1 2017
<b>Total Earnings</b>	<b>36,059</b>	<b>39,931</b>	<b>41,675</b>	<b>40,842</b>
Interest Income Loans	20,923	26,281	24,713	26,790
Int. Income Liquid Assets	7,036	7,984	7,012	9,440
FX Income	1,181	2,073	5,635	323
E-banking Income	4,849	1,503	1,722	2,061
A/C Maintenance fee	414	442	346	542
Other Income	1,657	1,649	2,246	1,686

**Total Earnings: Q4 2016**



**Total Earnings: Q1 2017**



- Gross earnings was up by 18.8% YoY to N40.8bn, largely on account of 24.1% (N7.0bn) and 31.1% growth in total interest income and maintenance fee respectively.
- Double-digit growth in interest income on loans and liquid assets reflects the higher interest rate environment witnessed in Q1 2017

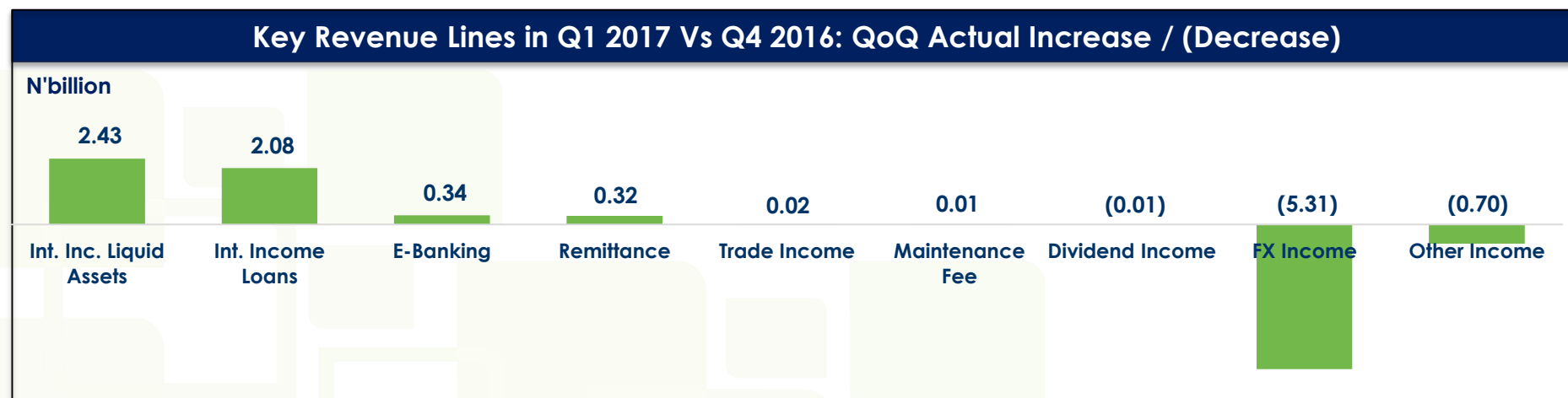
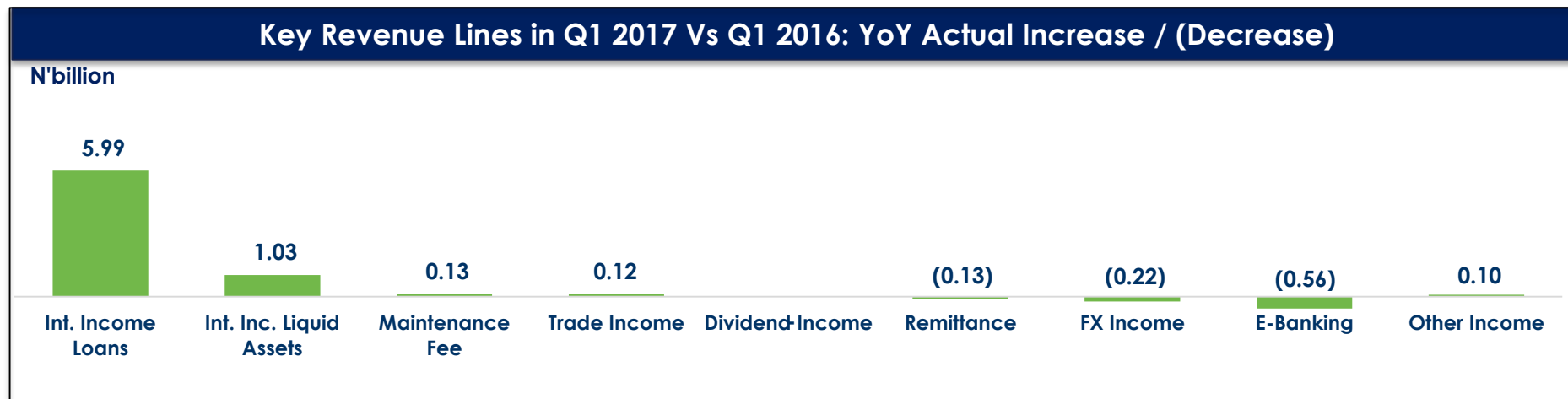
# Fee Income Breakdown – Q1 2016 Vs Q1 2017



## Breakdown of Fees & Commission: Q1 2016 Vs Q1 2017

N'million	Q1 2016	Q1 2017	VAR	% VAR
Int. Income Loans	20,798	26,790	5,992	28.8%
Int. Inc. Liquid Assets	8,406	9,440	1,034	12.3%
ATM Fees	356	853	496	139.3%
Commission On Fidelity Connect	200	502	301	150.3%
Comm. on Off-Bal. Sheet Transactions	99	291	192	193.2%
LC Commissions & Fees	104	239	135	129.0%
Other Fees & Commissions	135	265	130	96.7%
A/C Maintenance Fee	414	542	129	31.1%
Comm. & Fees on Banking Services	205	232	28	13.5%
Credit Related Fees	222	243	21	9.6%
FX Related Commission	366	373	7	1.9%
Cheque Issue Fees	55	51	(3)	-6.2%
Telex Fees	84	74	(10)	-11.8%
Collection Fees	155	130	(25)	-16.0%
Remittance Fees	196	69	(127)	-64.6%
Commission & Fees on NXP	207	29	(178)	-86.1%
Comm. on E-banking Activities	2,059	706	(1,353)	-65.7%
<b>Total</b>	<b>34,060</b>	<b>40,830</b>	<b>6,769</b>	<b>19.9%</b>

# Change in Key Revenue Lines ( YoY / QoQ)



- Interest income on loans remains the key revenue growth line, contributing the largest growth to total income in absolute terms.
- Though e-banking income dropped by N0.56bn YoY, it grew by N0.34 QoQ reflecting improved earnings base.

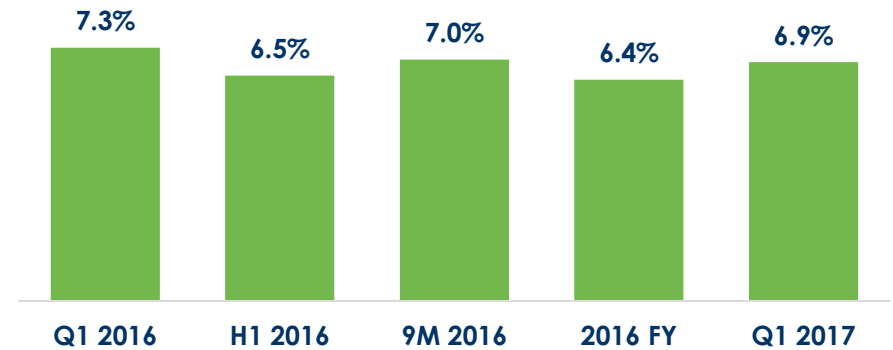


# Net Interest Margin Analysis

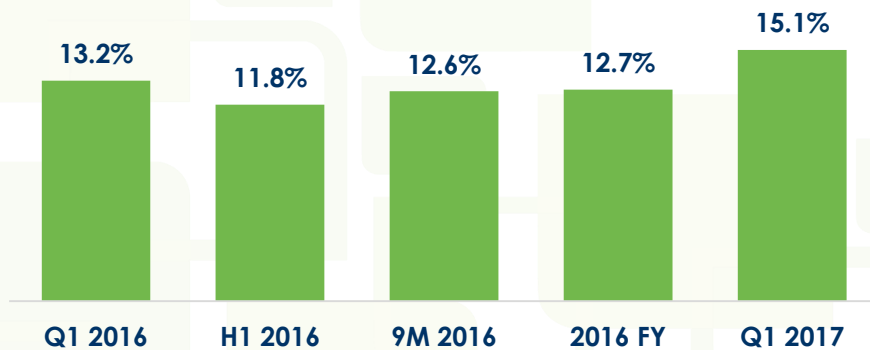


- ▶ NIM improved to 6.9% in Q1 2017 from 6.4% in 2016FY as the increase in our average yield on earning assets outpaced the increase in average funding cost.
- ▶ The yield on earning assets has consistently inched up since H1 2016, as it grew by 2.4% to 15.1% in Q1 2017.
- ▶ Average funding costs also grew but at a slower rate to 7.5% from 5.8% in line with the higher rate environment.
- ▶ Funding costs increased in Q1 2017 as the increased yields on government securities continue to spike deposit rates upwards.

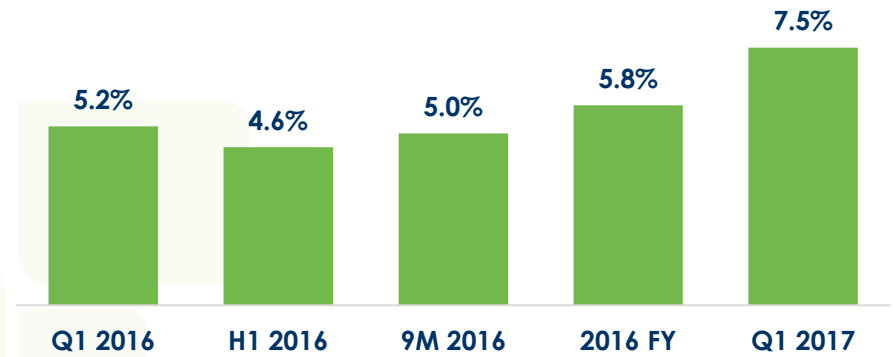
## NIM Trend



## Yield on Earning Assets



## Funding Cost

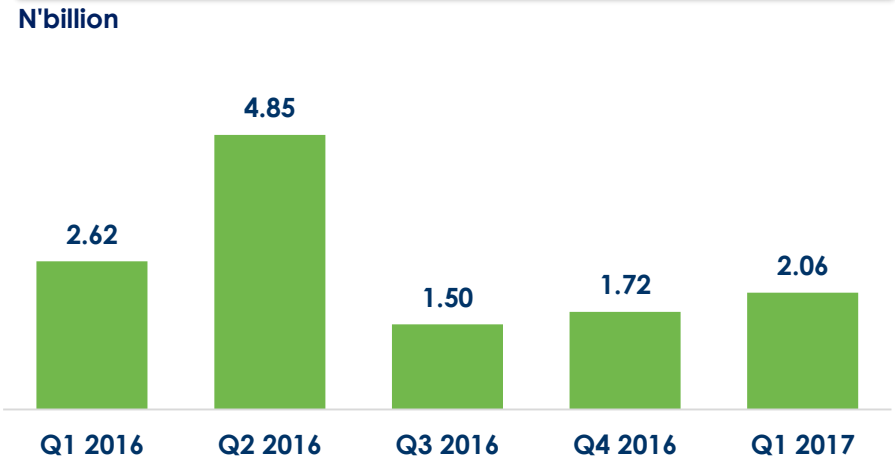


# E-Banking Income Analysis



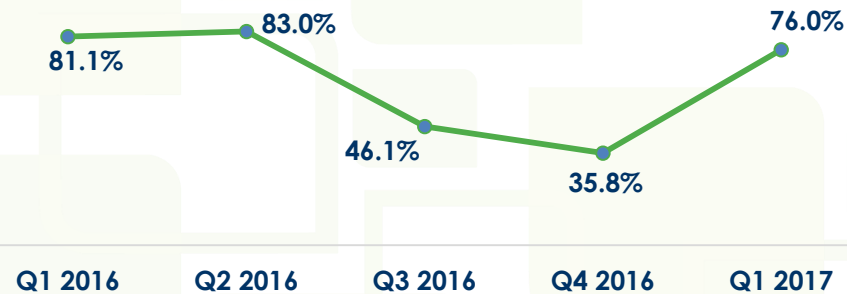
- ▶ E-banking income dropped by 21.2% YoY largely driven by the stoppage of international transactions on our naira denominated cards.
- ▶ Normalised E-banking income increased by 19.6% (N0.34bn) QoQ, resulting in a high profit margin of 76.0% from 35.8% in Q4 2016.
- ▶ We still see significant growth on our other E-banking products which grew by over N0.8 billion in Q1 2017.

## Quarterly Revenue Trend

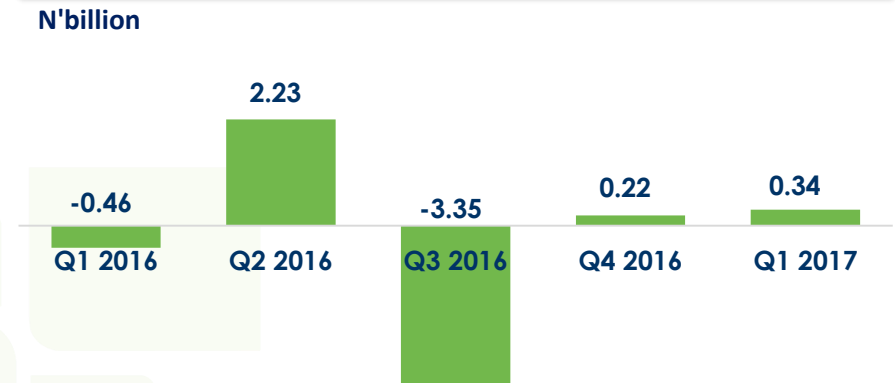


## E-Banking Profit Margin

Net Earnings to Total Revenue



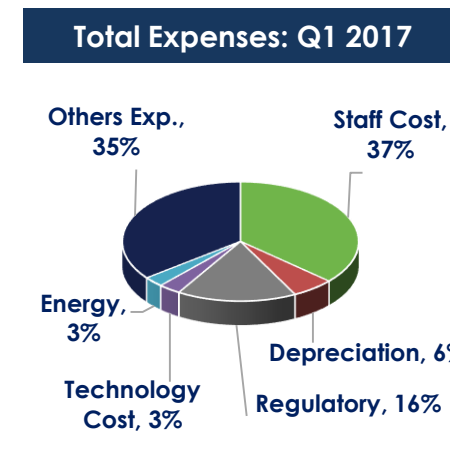
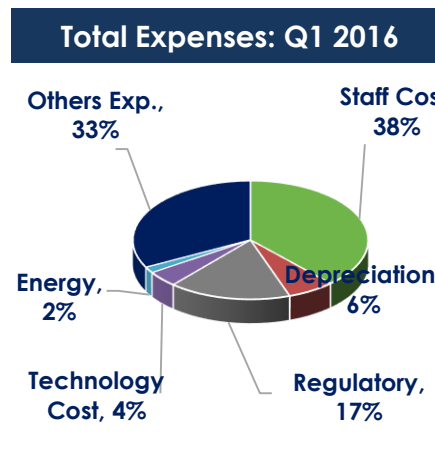
## Quarterly Revenue Growth



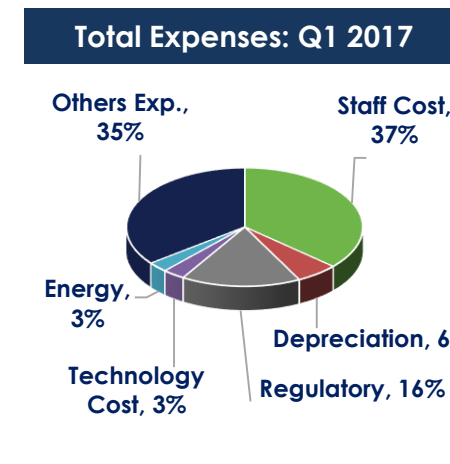
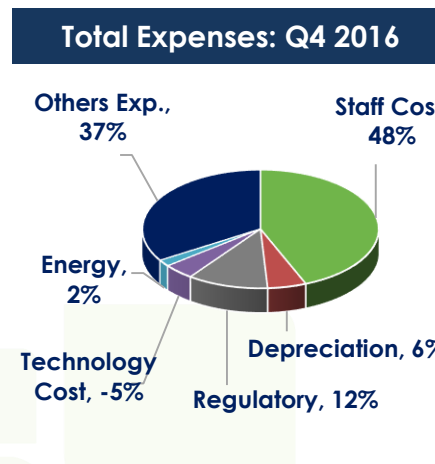
# Total Expense Analysis



Key Highlights (N'm)	Q1 2016	Q1 2017	VAR	% VAR
<b>Total Expenses</b>	<b>16,041</b>	<b>14,365</b>	<b>-1,675</b>	<b>-10.4%</b>
Staff Cost	6,116	5,256	-861	-14.1%
Depreciation	1,038	832	-206	-19.8%
Regulatory Cost	2,689	2,345	-344	-12.8%
Technology Cost	697	439	-258	-37.0%
Energy Cost	265	398	132	49.9%
Security	317	310	-7	-2.1%
Branding & Advert	2,065	1,928	-137	-6.7%
Other Expenses	2,853	2,858	5	0.2%



Key Highlights (N'm)	Q2 2016	Q3 2016	Q4 2016	Q1 2017
<b>Total Expenses</b>	<b>15,669</b>	<b>17,040</b>	<b>18,460</b>	<b>14,365</b>
Staff Cost	6,152	6,139	8,824	5,256
Depreciation	1,069	1,134	1,067	832
Regulatory Cost	2,220	2,243	2,227	2,345
Technology Cost	830	893	-855	439
Energy Cost	327	296	364	398
Security	378	301	349	310
Branding & Advert	1,673	3,038	2,803	1,928
Other Expenses	3,021	2,997	3,681	2,858



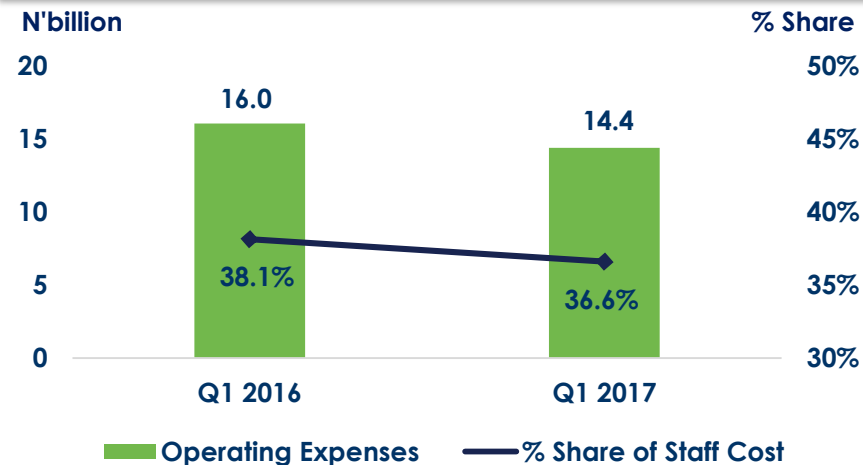
**Total operating expenses dropped by 10.4% YoY (22.2% QoQ) driven by a decline in over 60% of our operating expense lines in Q1 2017.**

# Cost Dynamics

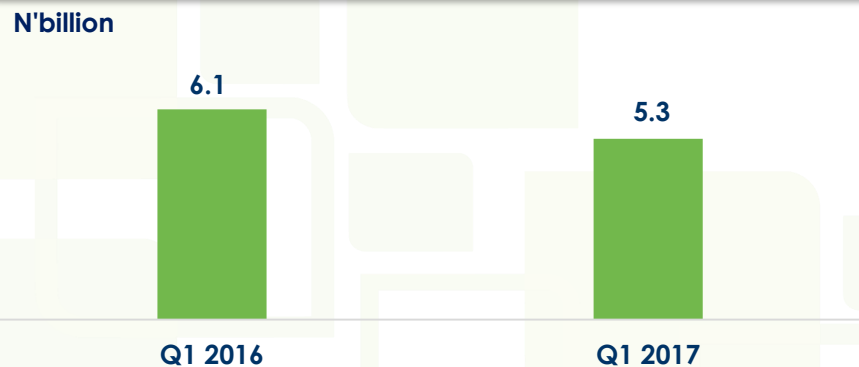


- ▶ Our cost optimization initiatives continued to deliver cost savings as total operating expenses declined by 10.4% YoY to N14.4 billion.
- ▶ Drop in operating cost was driven by a decline in over 60% of our operating expense lines in Q1 2017 with staff cost, depreciation, regulatory cost and technology accounting for about 80% of the decline.
- ▶ Cost to income ratio improved to 72.0% from 77.1% in Q1 2016 as the drop in operating expenses offset the impact of weak operating income in Q1 2017.

## Operating Expenses & Staff Cost



## Staff Cost



## Cost – Income Ratio (YoY)



# Cost Dynamics – Reduction On 60% Of Expense Lines



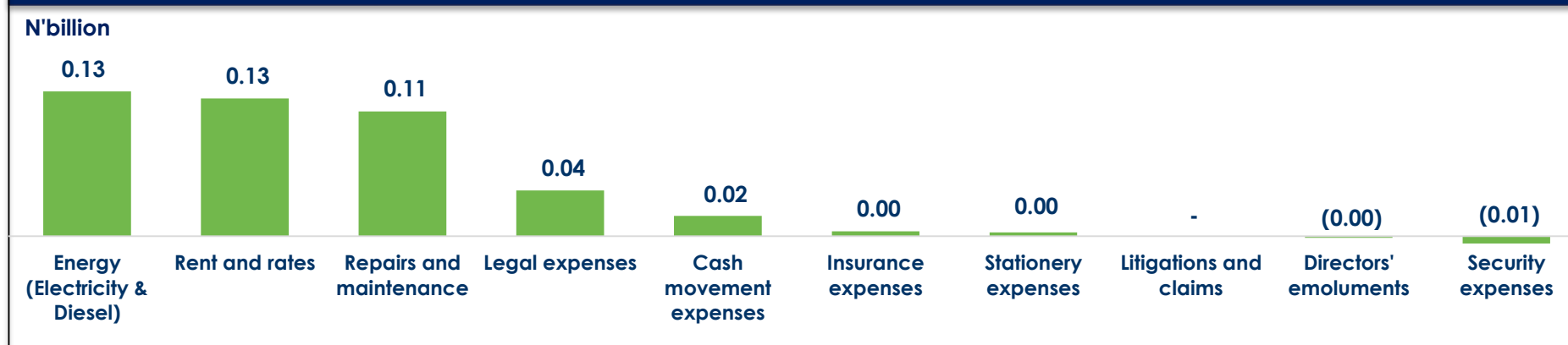
## Breakdown of Operating Expenses: Q1 2016 Vs Q1 2017

N'million	Q1 2016	Q1 2017	VAR	% VAR
Energy (Electricity & Diesel)	265	398	132	49.9%
Rent and rates	49	176	126	255.2%
Repairs and maintenance	576	691	114	19.8%
Legal expenses	29	71	42	144.1%
Cash movement expenses	116	135	19	16.0%
Insurance expenses	80	85	5	5.7%
Stationery expenses	61	65	4	6.0%
Litigations and claims	-	-	-	0.0%
Directors' emoluments	57	56	(1)	-2.4%
Security expenses	317	310	(7)	-2.1%
Office expenses	100	92	(8)	-7.9%
Auditors' remuneration	47	38	(10)	-20.6%
Postage and courier expenses	30	18	(12)	-38.7%
Bank charges	56	38	(17)	-30.9%
Travelling and accommodation	149	130	(19)	-12.6%
Training expenses	59	38	(21)	-36.0%
Consultancy expenses	136	110	(26)	-19.0%
Contractor compensation	881	827	(54)	-6.2%
Telephone expenses	82	27	(55)	-67.0%
Corporate finance expenses	177	108	(69)	-38.8%
Branding & Advert	2,065	1,928	(137)	-6.7%
Depreciation	1,038	832	(206)	-19.8%
Computer expenses	697	439	(258)	-37.0%
Regulatory Cost	2,689	2,345	(344)	-12.8%
Staff Cost	6,116	5,256	(861)	-14.1%
Other expenses	166	154	(12)	-7.5%
	16,041	14,365	(1,675)	-10.4%

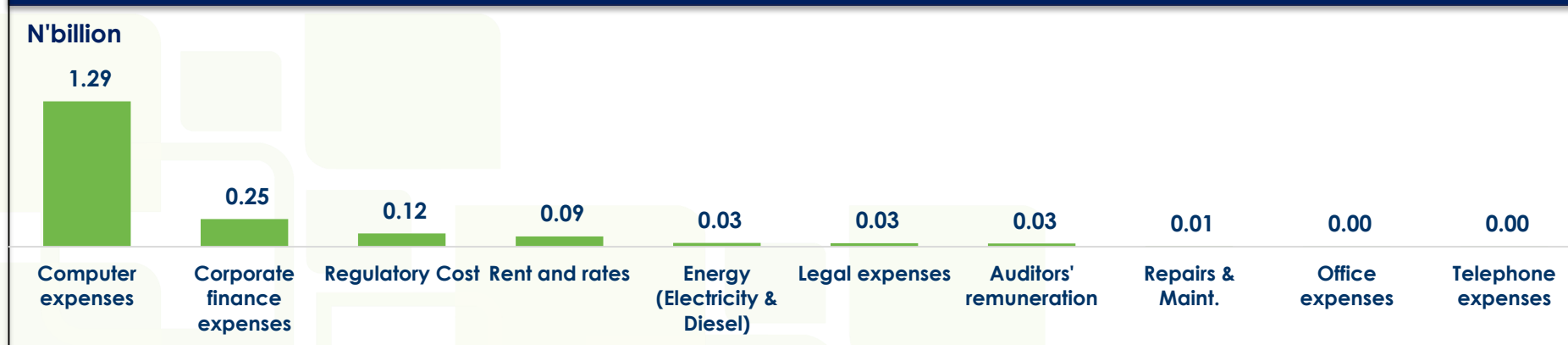
# Cost Optimization Impact in Q1 2017



## Key Cost Drivers in Q1 2017 Vs Q1 2016: YoY Actual Cost Increase



## Cost Optimization Impact in Q1 2017 Vs Q4 2016 : QoQ Actual Cost Increase / (Decrease)



- Our cost optimization initiatives have continued to deliver cost savings, however, high inflation rate remains a big challenge.
- As inflation rate trends down, we expect our cost lines to significantly decline.

## 4. Financial Review – SFP

For MTN subscribers only.



Fair usage applies.

# Say Y'ello...

No need for data to transact on  
Fidelity Online & Mobile App

*It's not even the Festive Season yet but we just can't hold back all  
the freebies we have for you.*

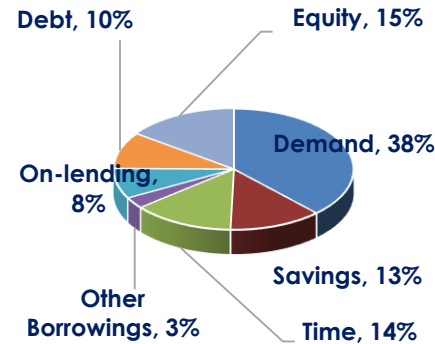


# Funding Base Analysis

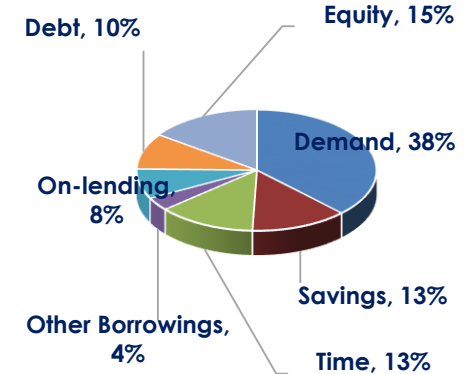


Key Highlights (N'm)	2016 FY	Q1 2017	VAR	% VAR
Demand Deposits	469,353	471,284	1,931	0.4%
Savings Deposits	155,019	163,747	8,728	5.6%
Tenor Deposits	168,599	165,217	(3,382)	-2.0%
Other Borrowings	37,219	44,196	6,977	18.7%
On-Lending	99,991	100,671	680	0.7%
Debt Securities	121,816	120,736	(1,080)	-0.9%
Equity	185,402	189,214	3,812	2.1%
<b>Total</b>	<b>1,237,399</b>	<b>1,255,064</b>	<b>17,665</b>	<b>1.4%</b>

Funding Structure: 2016 FY

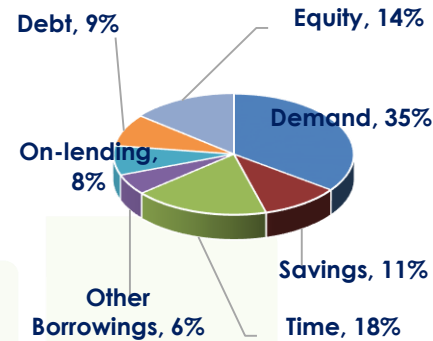


Funding Structure: Q1 2017

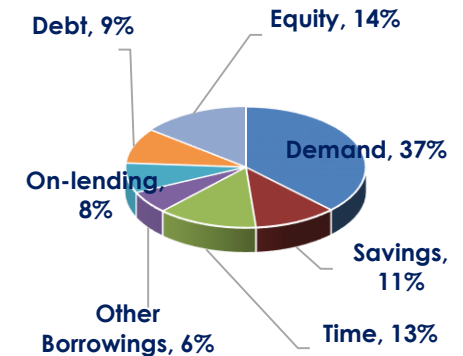


Key Highlights (N'm)	Q2 2016	Q3 2016	2016 FY	Q1 2017
Demand Deposits	455,915	480,276	469,353	471,284
Savings Deposits	138,104	143,385	155,019	163,747
Time Deposits	235,908	171,931	168,599	165,217
Other Borrowings	71,943	76,901	37,219	44,196
On-Lending	102,393	102,393	99,991	100,671
Debt Securities	112,584	121,652	121,816	120,736
Equity	183,464	184,984	185,402	189,214
<b>Total</b>	<b>1,300,312</b>	<b>1,281,523</b>	<b>1,237,399</b>	<b>1,255,064</b>

Funding Structure: Q2 2016



Funding Structure: Q3 2016



➤ Total deposits now represents 63.8% of total funding base (2016FY: 64.1%) and 75.1% of interest bearing liabilities.



# Deposits Analysis



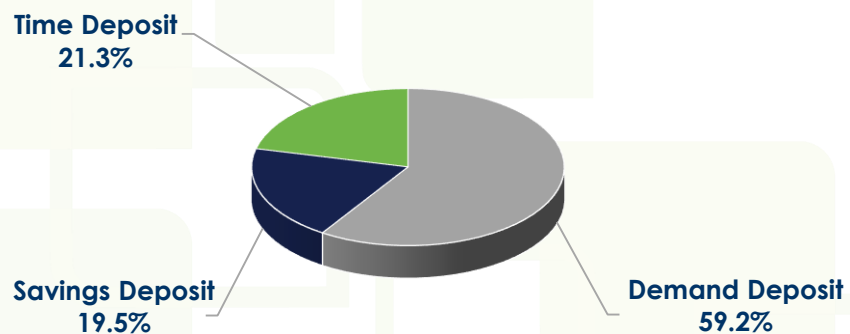
- ▶ Total deposits increased by 0.9% YTD to N800.2 billion due to 5.6% (N8.7 billion) and 0.4% increase in savings and demand deposits respectively.
- ▶ Low cost deposits now constitute 79.4% of total deposits from 78.7% in 2016FY, however the high interest rate environment has led to a higher average funding cost.

## Customer Deposits

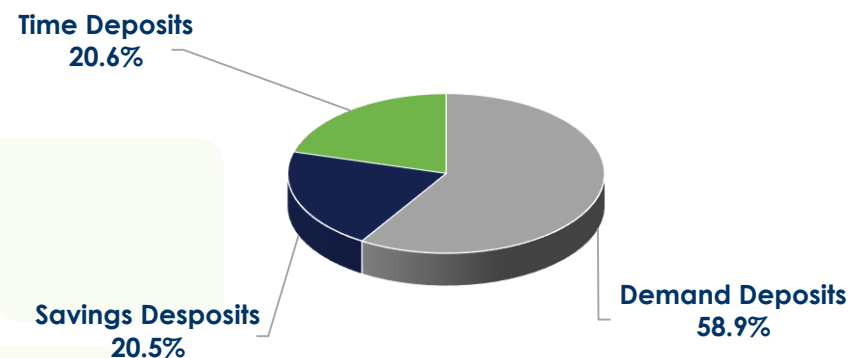
N'billion



## Customer Deposits by Type – 2016 FY



## Customer Deposits by Type – Q1 2017



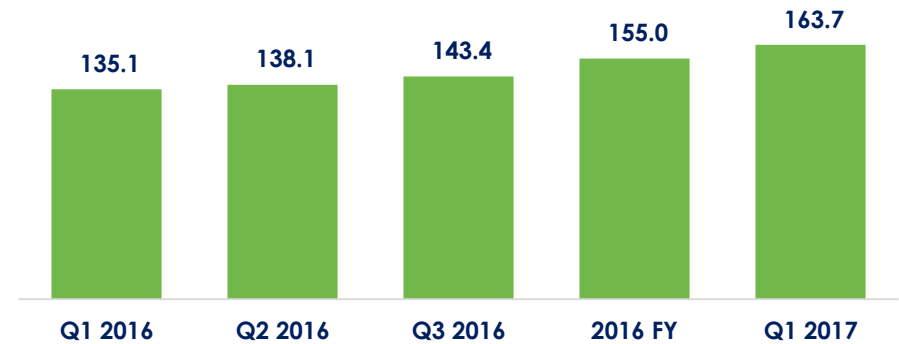
# Retail Banking Analysis (Personal Banking)



- ▶ Savings deposits grew by 5.6% YTD which contributed significantly to the growth in total deposits.
- ▶ The growth was as a result of the disciplined execution of our retail banking strategy and improved cross-selling of our e-banking products.
- ▶ Retail low cost deposits grew by 3.8% YTD, while the 16.7% YTD drop in retail risk assets was due to loan pay-downs in Q1 in line with the asset repayment cycle and recoveries on NPLs

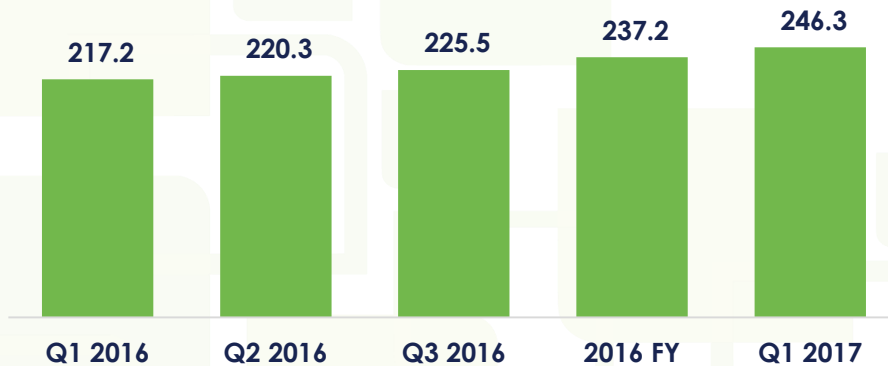
## Savings Deposits Trend

N'billion



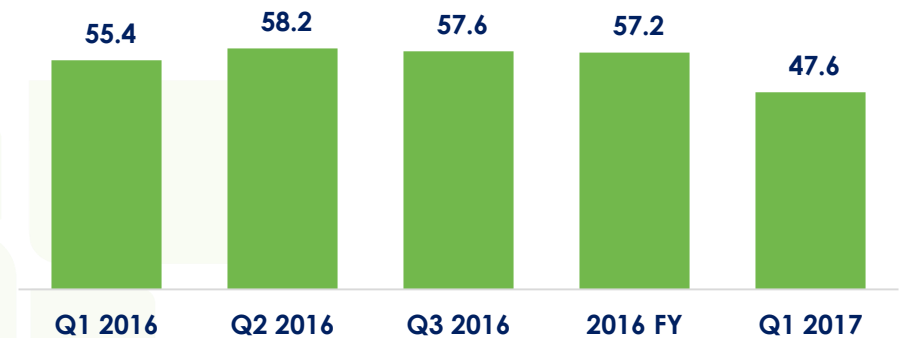
## Retail Low Cost Deposits

N'billion

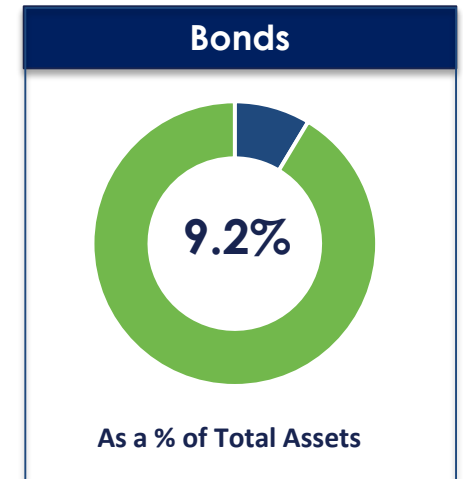
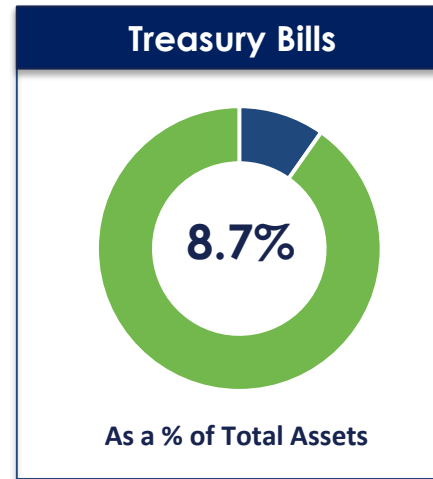
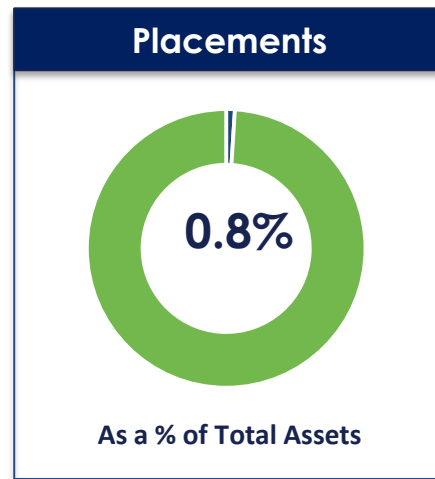
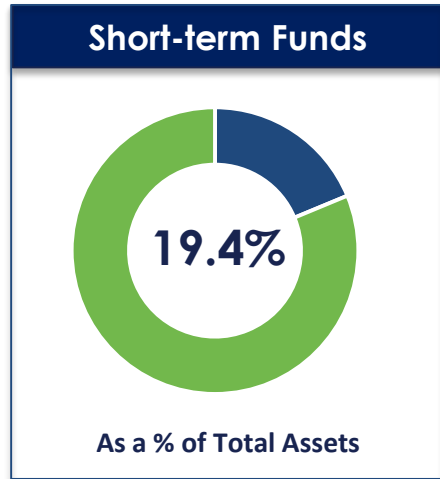


## Retail Assets Trend

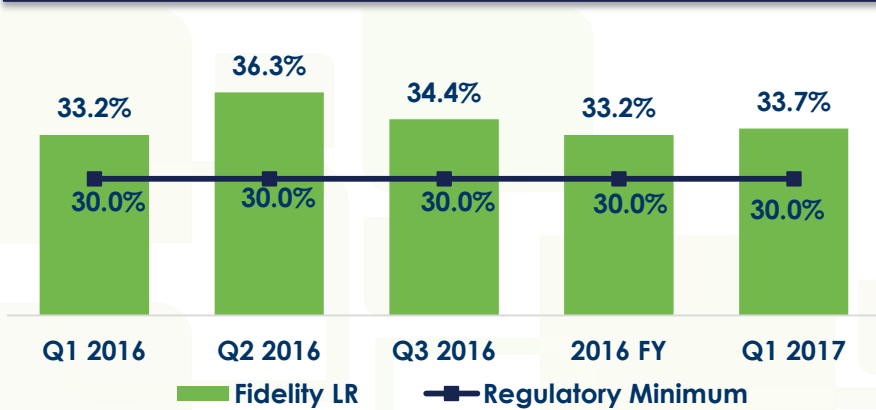
N'billion



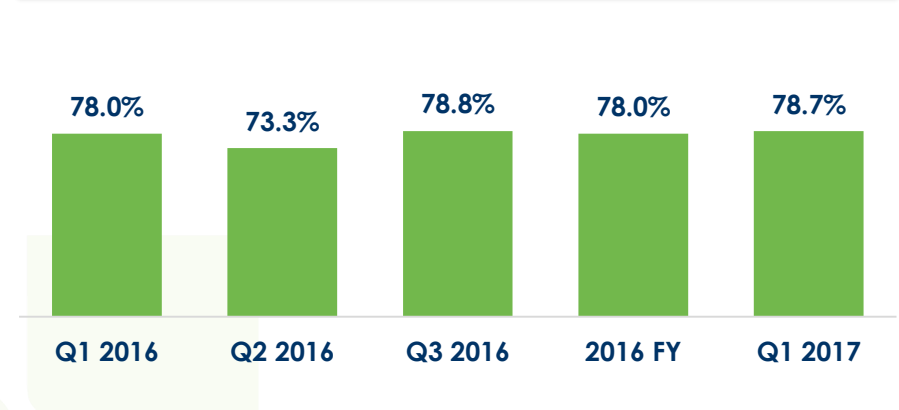
# Liquid Assets Position



## Liquidity Ratio



## % Total Loans to Customer Deposits



- Fidelity Bank liquidity ratio at 33.7%, remains well above the regulatory minimum of 30.0%.
- LDR excluding self-funded public sector on-lending facilities is now 78.7% from 78.0% recorded as at the end of 2016FY.

# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers: 2016 FY Vs Q1 2017

N'million	2016 FY	Q1 2017	VAR	% VAR
Communication	43,566	43,881	315	0.7%
Oil and Gas	188,217	206,402	18,185	9.7%
- <b>Upstream</b>	<b>136,161</b>	<b>135,143</b>	<b>-1,018</b>	<b>- 0.7%</b>
- <b>Downstream</b>	<b>18,591</b>	<b>35,551</b>	<b>16,960</b>	<b>91.2%</b>
- <b>Services</b>	<b>33,464</b>	<b>35,708</b>	<b>2,243</b>	<b>6.7%</b>
Power	87,845	87,784	-61	- 0.1%
Manufacturing	75,006	79,105	4,099	5.5%
General Commerce	45,378	46,015	637	1.4%
Transport	72,830	68,739	-4,091	- 5.6%
Consumer (Individuals)	57,214	47,648	-9,566	- 16.7%
Government	101,007	102,783	1,776	1.8%
Construction	22,873	24,088	1,216	5.3%
Agriculture	9,740	10,831	1,091	11.2%
Real Estate	23,000	20,766	-2,234	- 9.7%
Education	3,474	3,786	313	9.0%
Finance and Insurance	6,310	7,283	972	15.4%
Others	6,661	6,805	144	2.2%
<b>Total</b>	<b>743,120</b>	<b>755,917</b>	<b>12,796</b>	<b>1.7%</b>

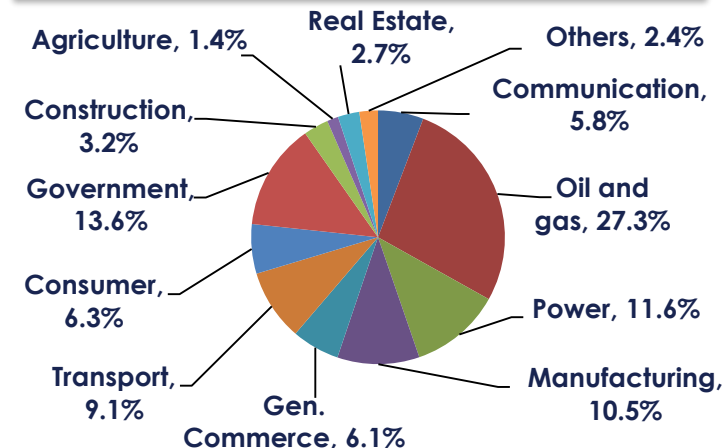
# Loan Portfolio Analysis



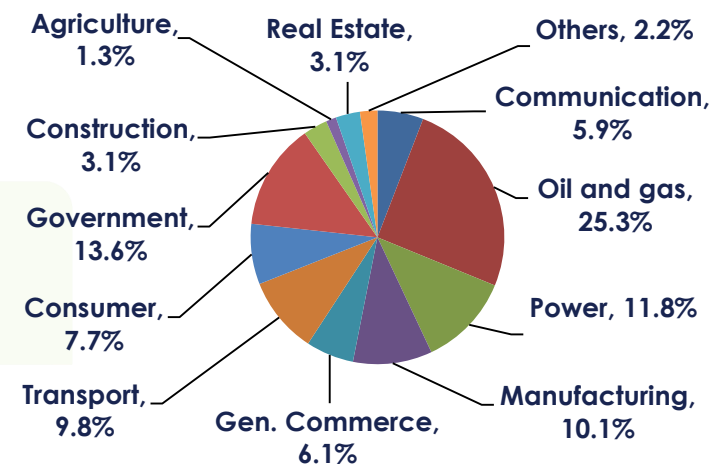
## Breakdown of Loans & Advances to Customers

N'million	Q1 2016	Q2 2016	Q3 2016	2016FY	Q1 2017
Communication	50,388	52,501	48,729	43,566	43,881
Oil and Gas	147,077	189,896	210,159	188,217	206,402
- <b>Upstream</b>	94,831	133,077	145,373	136,161	<b>135,143</b>
- <b>Downstream</b>	24,128	24,289	32,791	18,591	<b>35,551</b>
- <b>Services</b>	28,118	32,530	31,995	33,464	<b>35,708</b>
Power	63,718	77,273	77,056	87,845	87,784
Manufacturing	55,161	78,971	73,980	75,006	79,105
Gen. Commerce	32,254	38,401	36,731	45,378	46,015
Transport	55,209	69,633	77,631	72,830	68,739
Consumer	55,353	58,223	57,573	57,214	47,648
Government	91,520	106,173	105,468	101,007	102,783
Construction	20,682	21,938	23,177	22,873	24,088
Agriculture	11,194	9,519	10,263	9,740	10,831
Real Estate	17,133	21,160	23,952	23,000	20,766
Education	3,408	4,090	3,979	3,474	3,786
Fin. & Insurance	857	1,431	1,685	6,310	7,283
Others	7,695	7,506	7,375	6,661	6,805
<b>Total</b>	<b>611,649</b>	<b>736,713</b>	<b>757,760</b>	<b>743,120</b>	<b>755,917</b>

## Loan Analysis – Q1 2017



## Loan Analysis – 2016 FY



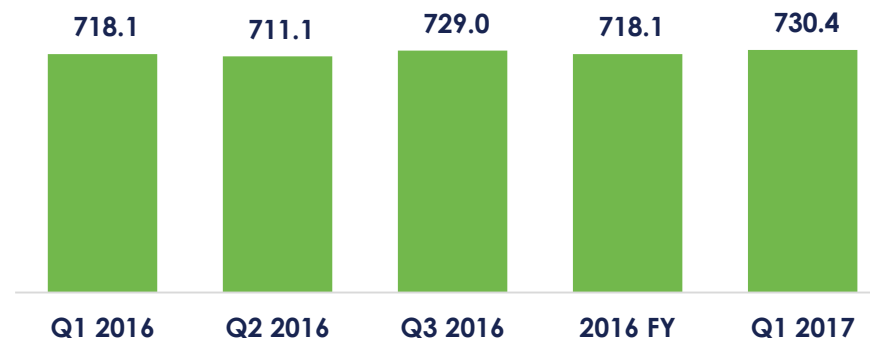
# Loan Book Analysis



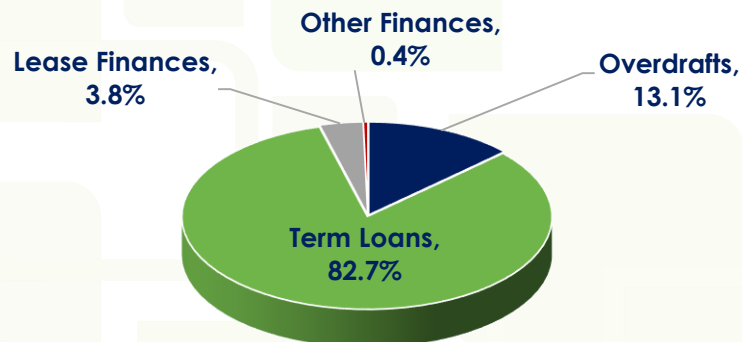
- ▶ Net loans and advances increased by 1.7% YTD to N730.4 billion as we remained cautious of increasing our exposure in selected sectors of the economy.
- ▶ In absolute terms, growth was driven principally by the Downstream Oil & Gas Sector, Manufacturing, Government and Construction Sector etc.
- ▶ Cost of risk improved marginally to 0.4% from 0.5% in Q1 2016 while it was 1.2% in 2016 FY.
- ▶ FCY loans now constitute about 43.7% of our total loans from 44.4% in 2016 FY.

## Net Loans and Advances to Customers

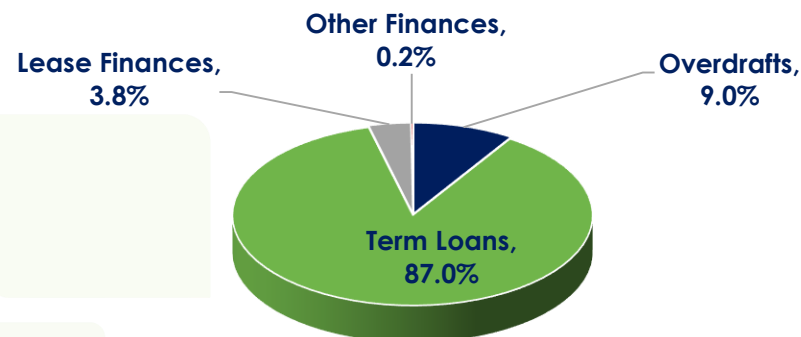
N'billion



## Total Loans by Type – 2016 FY



## Total Loans by Type – Q1 2017



# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2016 FY Vs Q1 2017

	2016 FY N'million	Q1 2017 N'million	VAR N'million	% VAR %	2016 FY % NPL	Q1 2017 % NPL
Communication	1,492	1,450	-43	-2.8%	3.4%	3.3%
Oil and gas	2,184	2,184	0	0.0%	1.2%	1.1%
- Oil & Gas Upstream	0	-	0	#DIV/0!	0.0%	0.0%
- Oil & Gas Downstream	345	359	14	4.1%	1.9%	1.0%
- Oil & Gas Services	1,839	1,825	-14	-0.8%	5.5%	5.1%
Power	158	5	-153	-96.9%	0.2%	0.0%
Manufacturing	10,161	10,061	-100	-1.0%	13.5%	12.7%
General Commerce	10,043	9,064	-979	-9.8%	22.1%	19.7%
Transport	14,868	14,056	-812	-5.5%	20.4%	20.4%
Consumer (Individuals)	4,826	4,010	-816	-16.9%	8.4%	8.4%
Government	50	42	-8	-15.8%	0.0%	0.0%
Construction	629	778	149	23.7%	2.7%	3.2%
Agriculture	926	813	-113	-12.2%	9.5%	7.5%
Real Estate	1,509	1,123	-386	-25.6%	6.6%	5.4%
Education	594	480	-114	-19.2%	17.1%	12.7%
Finance and Insurance	237	207	-29	-12.4%	3.8%	2.8%
Others	1,731	1,626	-105	-6.1%	26.0%	23.9%
<b>TOTAL</b>	<b>49,406</b>	<b>45,897</b>	<b>-3,509</b>	<b>-7.1%</b>	<b>6.6%</b>	<b>6.1%</b>

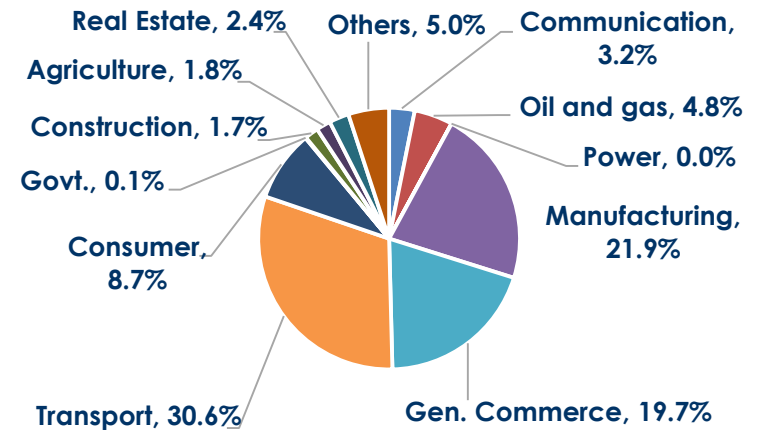
# NPL Portfolio Analysis



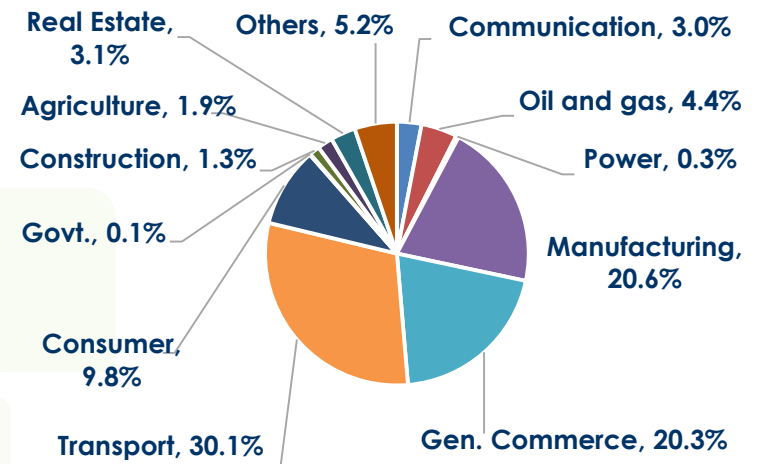
## Breakdown of Non-performing Loans

N'million	Q1 2016	Q2 2016	Q3 2016	2016FY	Q1 2017
Communication	1,944	1,001	1,928	1,492	1,450
Oil and Gas	2,350	3,528	4,537	2,184	2,184
- <b>Upstream</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- <b>Downstream</b>	<b>266</b>	<b>1,403</b>	<b>1,369</b>	<b>345</b>	<b>359</b>
- <b>Services</b>	<b>2,084</b>	<b>2,124</b>	<b>3,168</b>	<b>1,839</b>	<b>1,825</b>
Power	0	4	4	158	5
Manufacturing	7,825	7,624	9,149	10,161	10,061
Gen. Commerce	3,123	3,892	5,546	10,043	9,064
Transport	4,106	2,514	4,033	14,868	14,056
Consumer	1,188	1,404	2,275	4,826	4,010
Government	290	275	324	50	42
Construction	1,802	1,273	1,672	629	778
Agriculture	667	688	799	926	813
Real Estate	1,214	1,093	2,020	1,509	1,123
Education	357	347	339	594	480
Fin. & Insurance	193	186	186	237	207
Others	1,426	1,281	1,328	1,731	1,626
<b>Total</b>	<b>26,484</b>	<b>25,110</b>	<b>34,141</b>	<b>49,406</b>	<b>45,897</b>

## NPL Analysis – Q1 2017



## NPL Analysis – 2016 FY

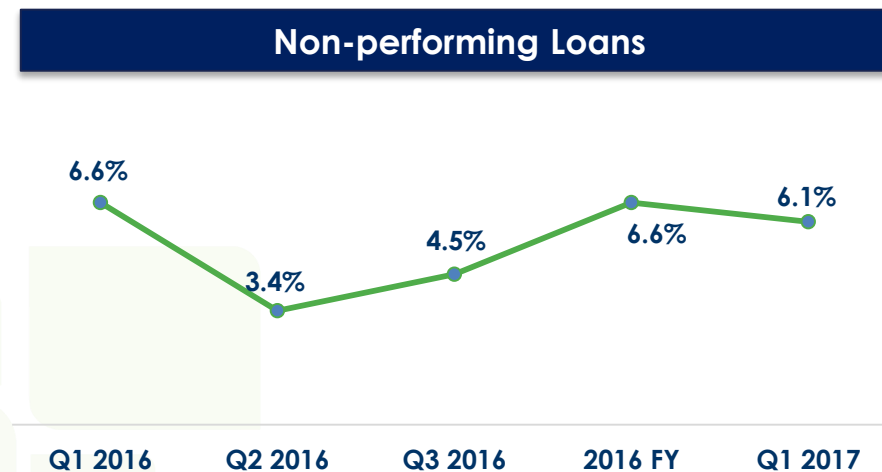
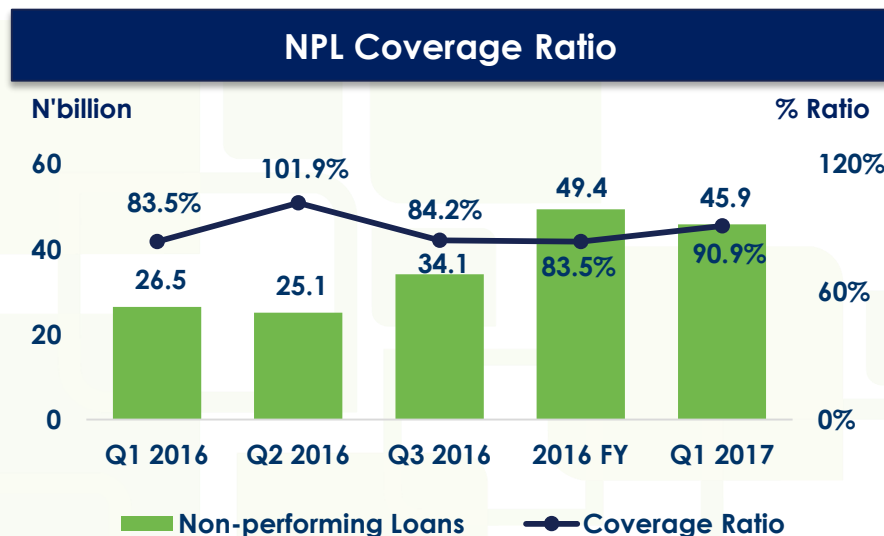
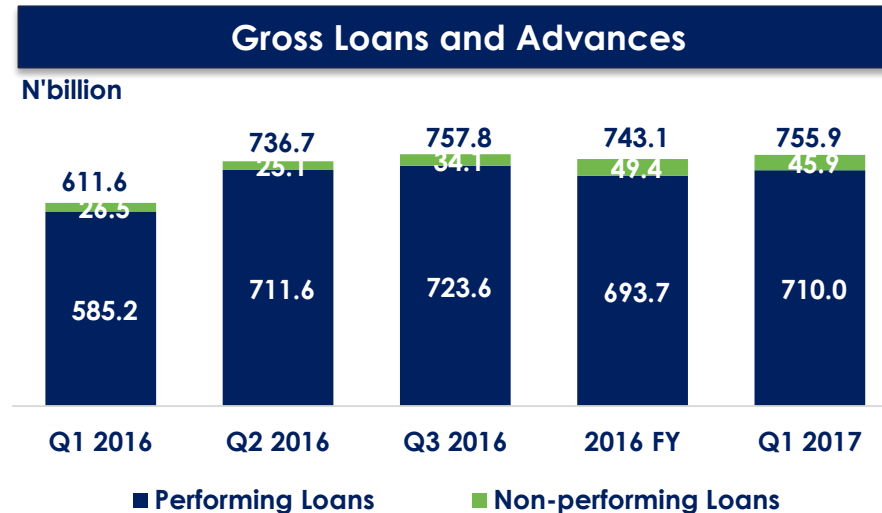




# NPL Analysis



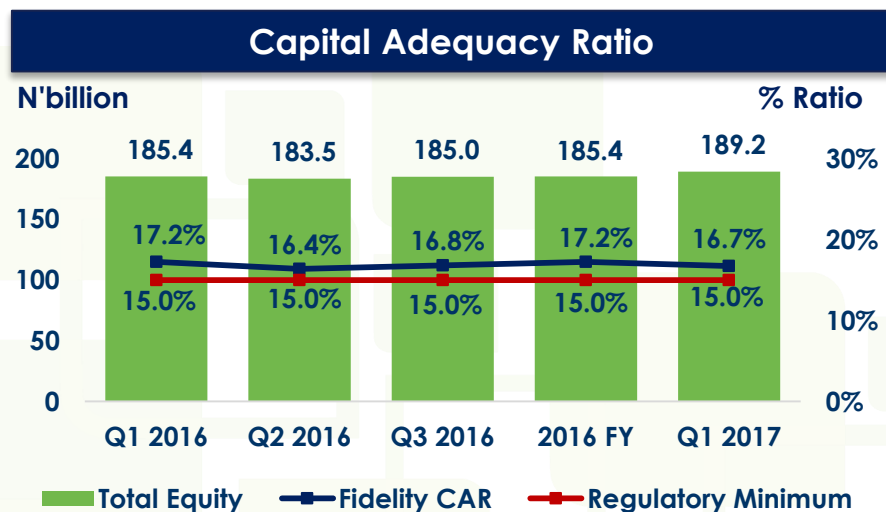
- ▶ NPL ratio improved to 6.1% from 6.6% in 2016 FY due to a 7.1% drop in absolute NPL figures and the growth in the loan book.
- ▶ The decline in absolute NPL volumes was primarily from General Commerce, Transport, Retail and Real Estate sector which accounted for over 85% of the decline.
- ▶ Coverage ratio improved to 90.9% in Q1 2017 compared to 83.5% reported in 2016 FY.
- ▶ Performing risk assets grew by N16.3bn in absolute terms.



# Capital Adequacy



- ▶ Fidelity CAR declined to 16.7% Q1 2017 from 17.2% in 2016FY, however, it still remains well above the regulatory minimum requirement of 15.0%.
- ▶ Excluding the N19.1bn charge on our Tier 1 capital being the excess charge for exceeding our single obligor limit, our CAR would have been 18.3% as at the end of Q1 2017.
- ▶ Based on the principal and interest repayment schedule, the loan would be below our single obligor limit before the end of this financial year.



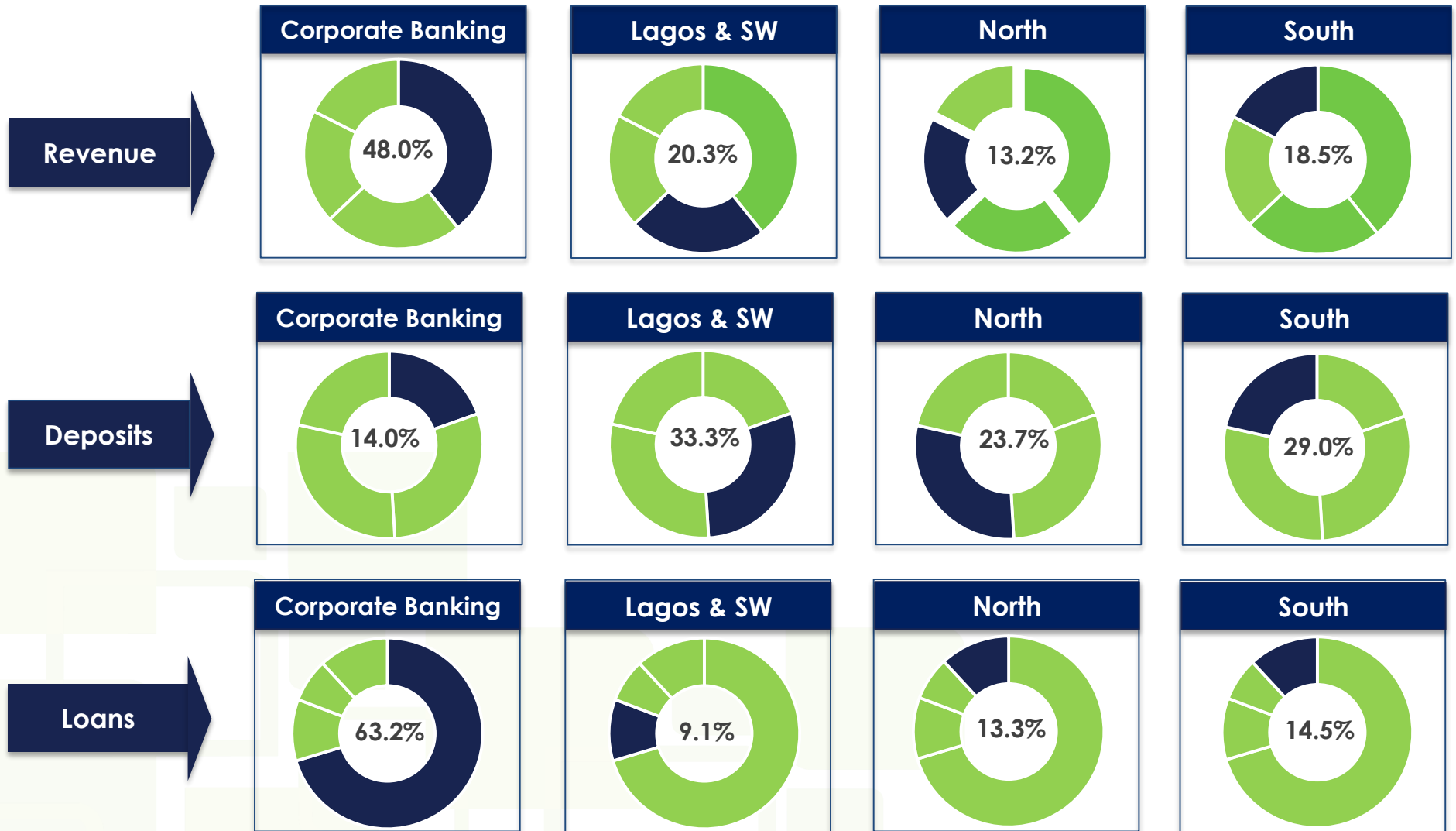
Capital Adequacy Ratio Computation – Basel II			
N'million	2016 FY	Q1 2017	VAR
Tier 1 Capital	166.1	166.1	0.0
<b>Regulatory Adjustment</b>	<b>(19.02)</b>	<b>(19.02)</b>	<b>0.0</b>
<b>Adjusted Tier 1 Capital</b>	<b>147.1</b>	<b>147.1</b>	0.0
Tier 2 Capital	49.0	49.0	0.0
<b>Total Qualified Capital</b>	<b>196.1</b>	<b>196.1</b>	<b>0.0</b>
Credit Risk	914.8	921.8	6.9
Market Risk	62.5	90.6	28.1
Operational Risk	160.9	160.9	0.0
<b>Risk Weighted Assets</b>	<b>1,138.3</b>	<b>1,173.3</b>	<b>35.1</b>
<b>Capital Adequacy Ratio</b>			
Tier 1	14.6%	14.2%	
Tier 2	4.3%	4.2%	
<b>Overall CAR</b>	<b>17.2%</b>	<b>16.7%</b>	

# 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 95 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 56 locations including FCT.</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 88 locations</li> </ul>			

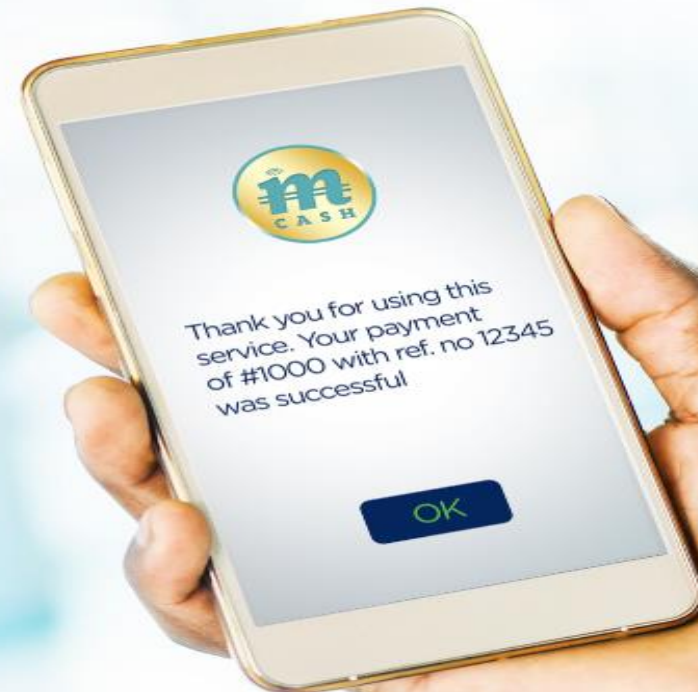
# Business Segment Analysis



# Make Payment Easier And Faster At Your Convenience

**Make Swift payment from your phone with mCash**

- Dial \*770\*amount\*merchantcode#
- Confirm merchant name
- Authenticate transactions using their Instant Banking PIN



# Q1 2017 Actual Vs 2017FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	Q1 2017 Actual	2017FY Target	Comment
1	Net Interest Margin	6.9%	6.5% -7.0%	On Track
2	Tax Rate	11.0%	15% to 20%	On Track
3	Loan Growth (YTD)	1.7%	7.5%	Behind Target
4	Deposit Growth (YTD)	0.9%	10.0%	Behind Target
5	Cost - Income Ratio	72.0%	70% Band	On Track
6	Proposed Dividends	N/A	30-50% (of PAT) band	On Track
7	NPL Ratio	6.1%	Below 5%	On Track
8	ROE – Post Tax	9.3%	10%	On Track

# Thank You

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

[www.fidelitybank.ng](http://www.fidelitybank.ng)