



Investor Presentation

June 2013



Outline



1	Fidelity overview	2
2	Nigerian Economy and Banking Sector overview	5
3	Business overview	11
4	Financials highlight	19
5	Looking into the Future	28

Fidelity: a leading financial institution in Nigeria



Fidelity Overview

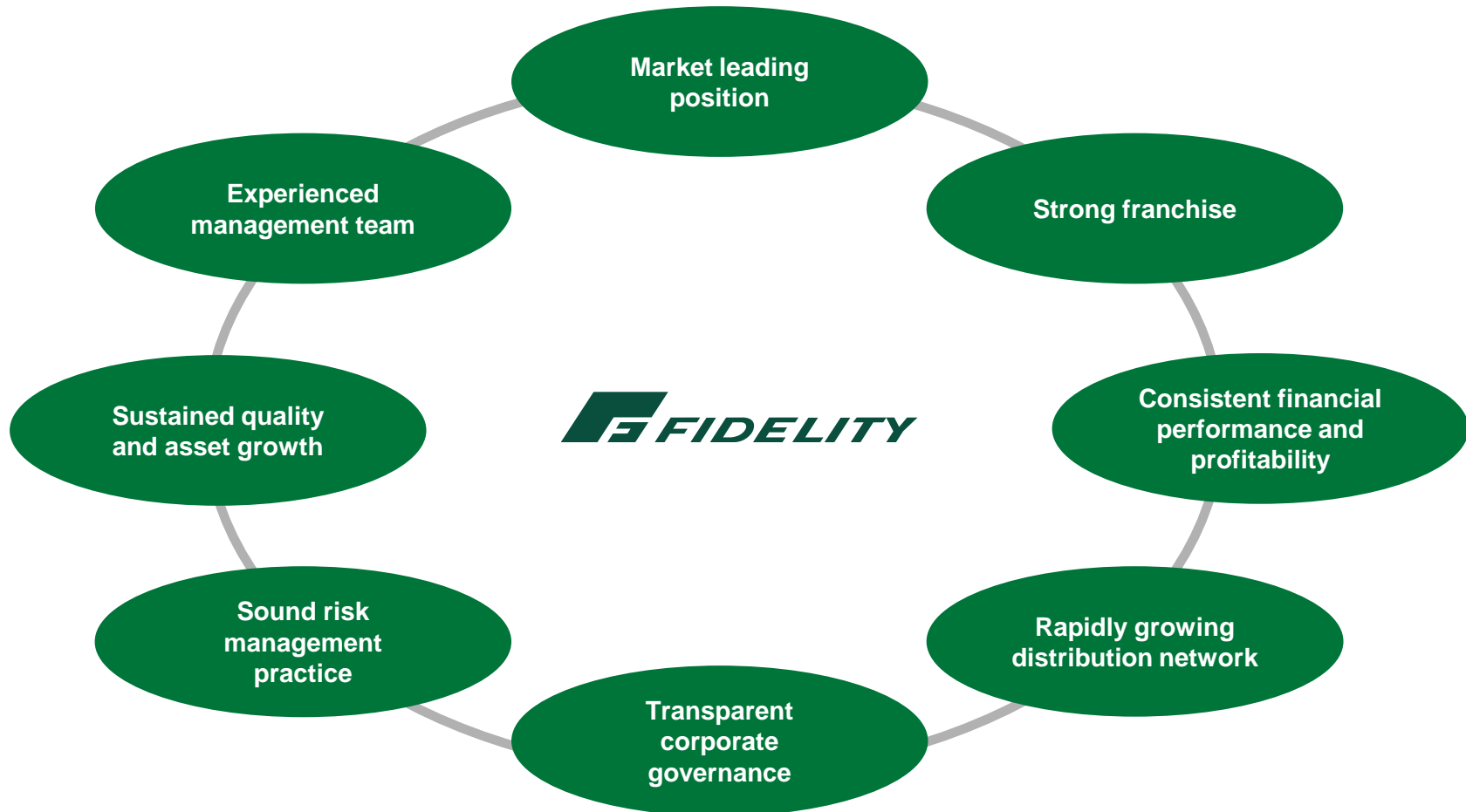
- ▶ Established in 1987 and received a universal banking licence by the Central Bank of Nigeria in 2001
- ▶ Solid balance sheet with diversified sources of funding
- ▶ The Bank currently has over 400,000 shareholders with the majority being Nigerian citizens and corporations. All shares are listed on NSE with no controlling interest.
- ▶ One of the highest CAR amongst Nigerian banks at 29%, well above the CBN requirement of 10%
- ▶ Over 85% of the branch network located in key business centres and the most economically viable regions of Nigeria
- ▶ A leading partner to the Nigerian power, oil and gas and telecom industries

Key Financials

Balance Sheet FY 2012	US\$	₦
Assets	5.88bn	914.4bn
Loans and advances to customers	2.31bn	345.5bn
Non-Performing Loans (ratio)	88.78mn	13.8bn (3.9%)
Deposits	4.61bn	716.7bn
Income Statement FY 2012		
Net Income	117.1mn	18.2bn
ROAE		11.8%
ROAA		2.8%
Capital		
CAR (Total and 100% Tier 1)		29%
Other Figures		
Employees		3,491
Total Customers		2,000,000
Branches		200
ATMs		388
Fidelity's Ratings (S&P / Fitch)		B / B
Senior Unsecured Ratings (S&P / Fitch)		B / B

Note: All figures are as of 31 December 2012 unless otherwise stated
 Figures are translated using an Average FX rate of USD/Naira of 155.44 as of December 2012

Key Investment Highlights



The Banker Magazine's 2012 Report ranks Fidelity as "The Soundest Bank" in Nigeria on a CAR basis

Outline

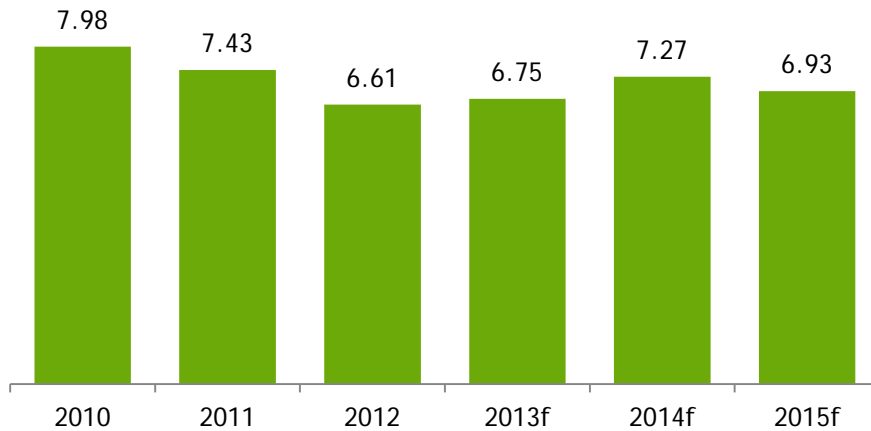


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Economy: Strong fundamentals, solid growth

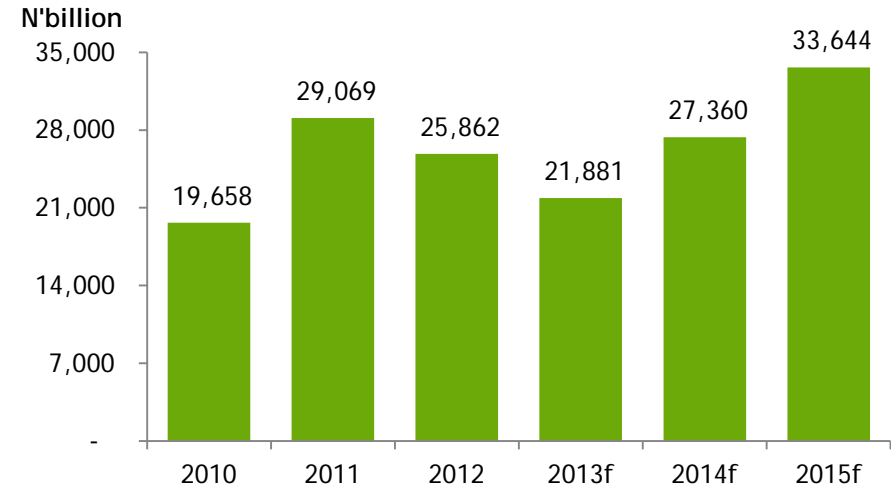


Annual GDP Growth Rate



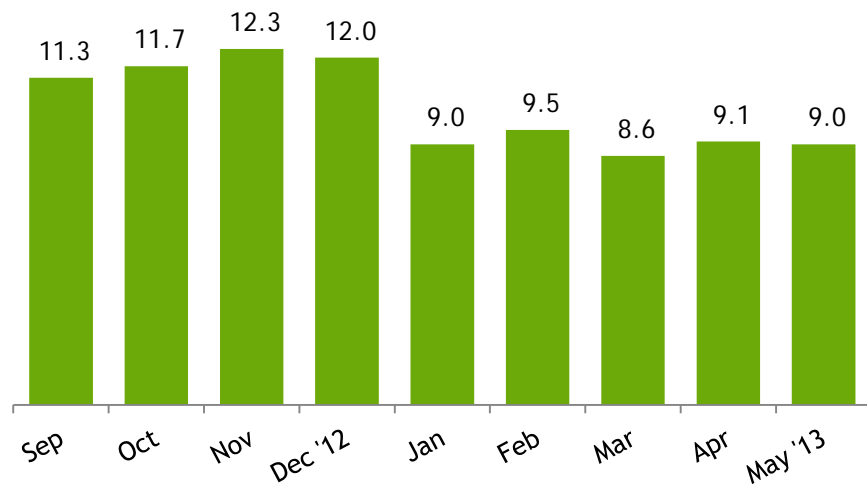
Source: Nigerian Bureau of Statistics (NBOS)

Annual Foreign Trade Volume



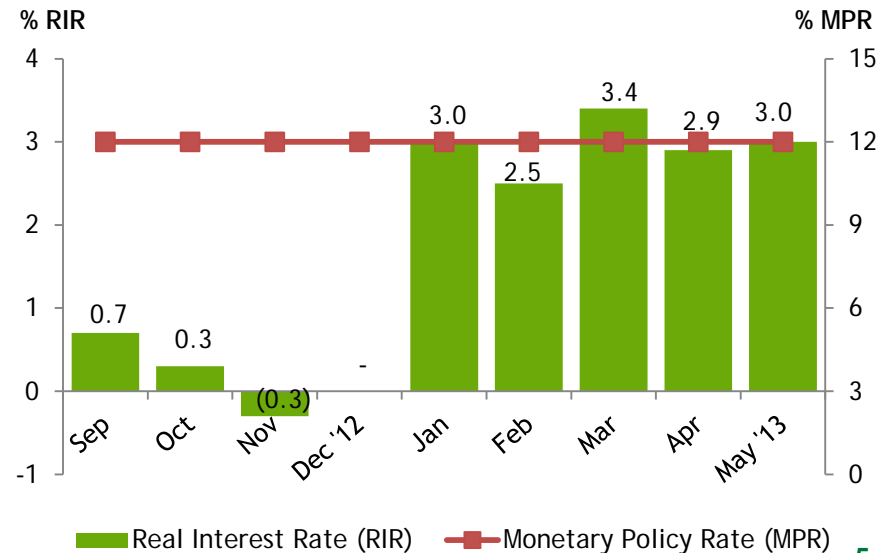
Source: Nigerian Bureau of Statistics (NBOS)

Annual Headline Inflation Rate



Source: Nigerian Bureau of Statistics (NBOS)

Monetary Policy Rate & Real Int. Rate

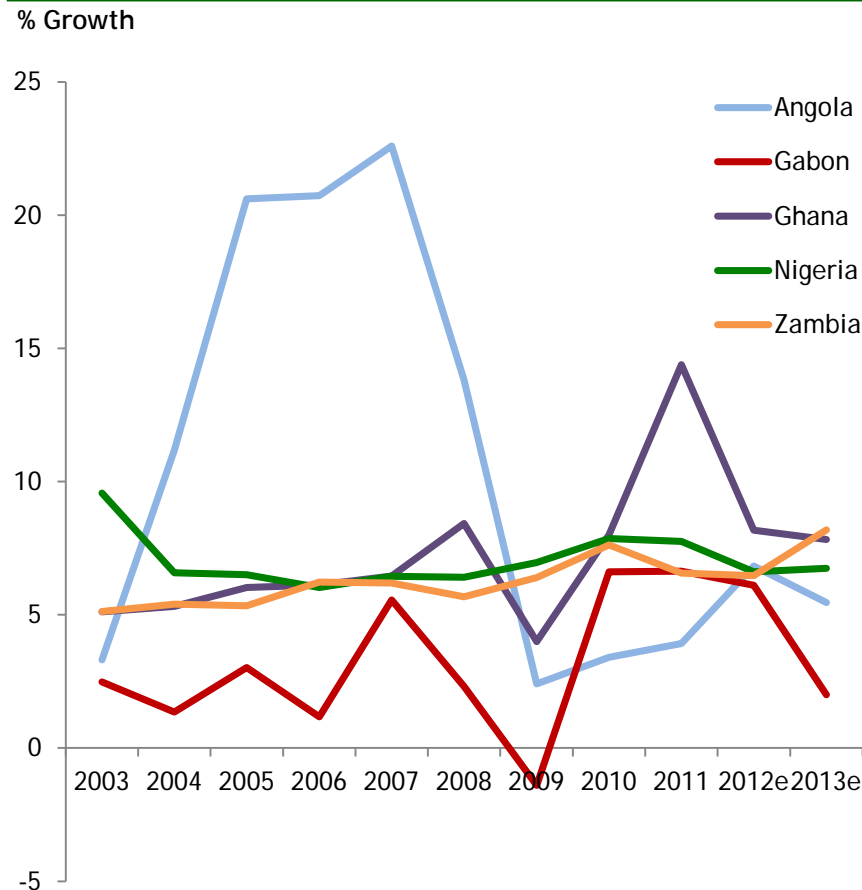


Source: Central Bank of Nigeria (CBN)

Stable growth pattern and moderate debt levels

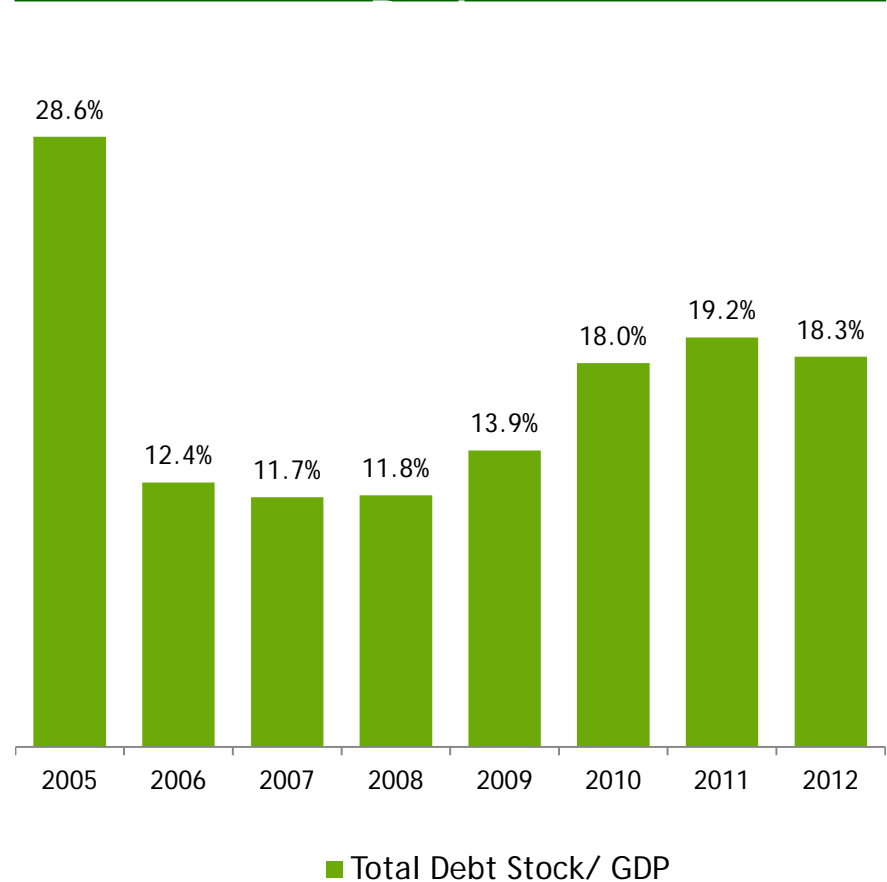


Comparative Growth



Source: IMF, WEO October 2012; Central Bank of Nigeria (CBN)

Total Debt Stock/Gross Domestic



- Nigeria's GDP growth has been remarkably stable since 2003, averaging 7.1% in the last 9 years.
- Debt burden is within manageable levels as government plans to progressively scale down both exiting and fresh borrowing.

Nigerian banking sector reform



- ▶ Post the turbulence witnessed by the sector in 2010, the CBN took decisive measures built on four pillars
- ▶ Banks report periodically to the CBN via the EFASS, meet with the CBN once a year for approval of the Year End audited financials and are subject to risk based audits carried out by the CBN

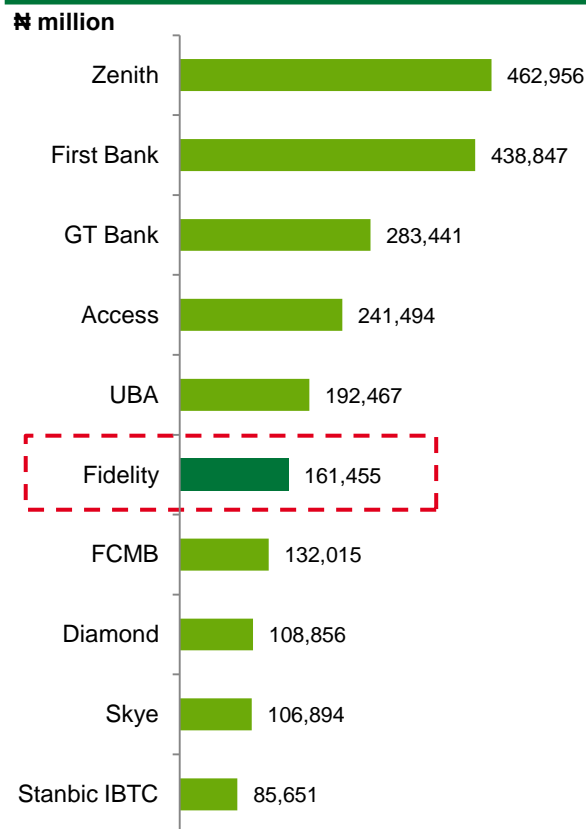


Key regulatory changes and impact	Mandatory ratios
<ul style="list-style-type: none">▶ New Code of Conduct for banks▶ Separation of executive and non-executive bodies▶ Risk-based supervision by CBN and full financial disclosure▶ Adoption of International Financial Reporting Standard (“IFRS”)▶ Graded capital structure banks: Regional, National or International Banks	<p>Key ratios</p> <ul style="list-style-type: none">▶ Capital adequacy ratio – 10%▶ Single borrower limit – 20% of Equity▶ Liquidity ratio – 30%▶ Cash Reserve – 12%

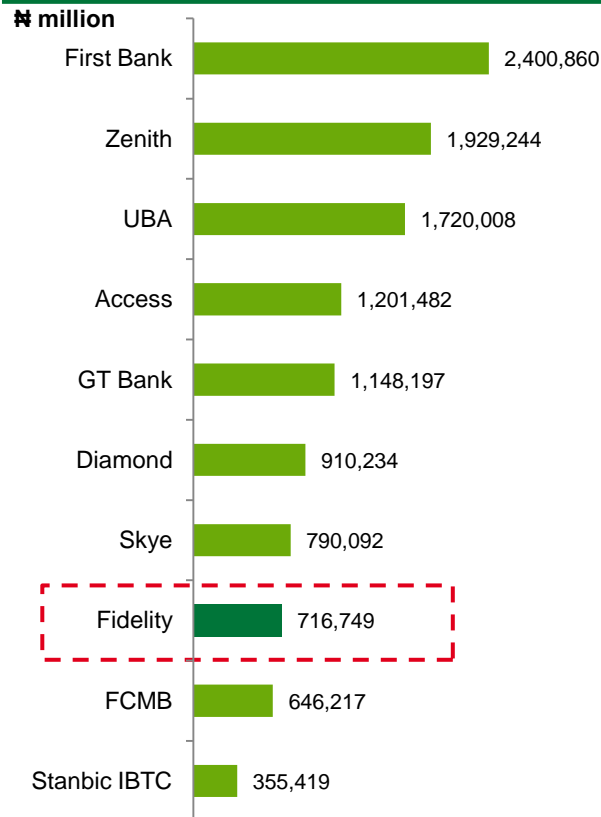
Overview of the top 10 Nigerian banks



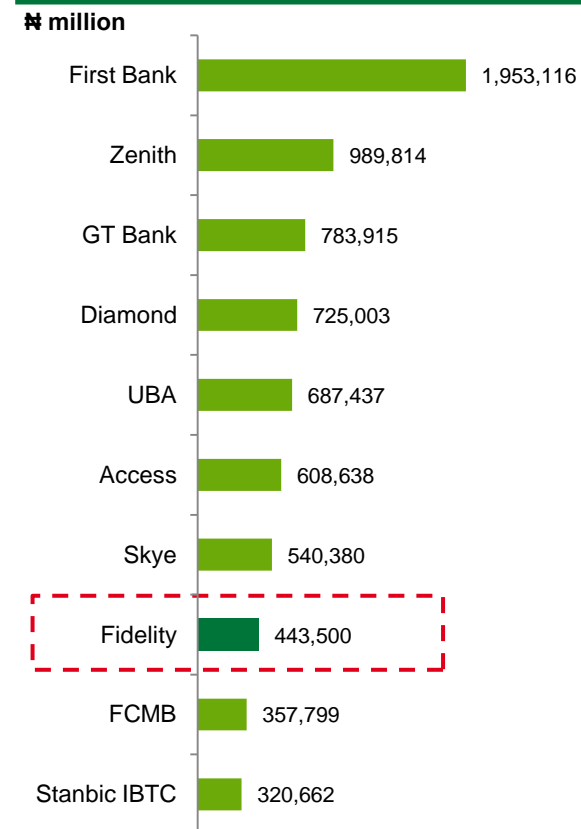
Total Equity



Bank Deposits



Loans and Advances



The Nigerian banking sector is composed of 20 banks following CBN's intervention in 2010

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25 years serving the Nigerian economy



Strategic alliances with international financial Institutions, award winning innovative products and a vision to become a market leader is the way forward for Fidelity

- ▶ Fidelity incorporated as a Private Limited Liability Company
- ▶ Commenced operations as a Merchant Bank
- ▶ Accepted by and quoted on the Nigeria Stock Exchange
- ▶ Raised equity through an IPO
- ▶ Finalised merger and integration
- ▶ Grew branch network to 82 from 19 in 2004
- ▶ Obtained ISO 27001 Certification by the British Standard Institute
- ▶ Grew branch network to 200

1987-1989

1999 - 2001

2005

2005 - 2006

2006

2007 - 2008

2010 - 2012

- ▶ Registered as a Public Limited Liability Company
- ▶ Converted to a Commercial Bank
- ▶ Licensed as a Universal Bank

- ▶ Acquired FSB Int'l Bank Plc and Manny Bank Plc
- ▶ Folded FSB and Manny Bank PLC into the Fidelity brand

- ▶ Raised US\$1bn in equity through GDR & Public Offer
- ▶ Appointed Primary Dealer in Treasury Bills and Money Market Instruments by CBN

Over 25 Years . . . and getting better



Some Recent Awards and Recognitions:

- Africa Oil & Gas Deal of the Year 2013 – Euromoney Project Finance, UK.
- Worldwide Award for Excellence in Transaction Processing– Deutsche Bank – 2013
- Telecoms Financing Bank of the Year 2012 – Nigeria Telecoms Awards
- Great Place to Work 2012 – Great Place to Work Institute, U.S.A
- Worldwide Award for Excellence in Transaction Processing– Deutsche Bank – 2012
- Project Finance Bank of the Year 2012 - Euromoney Project Finance, UK
- Most Efficient Bank in Clearing Data Transmission 2011 – Nigerian Interbank Settlement Scheme
- Most Socially Responsible Bank in Nigeria – SERA Awards – 2010, 2009, 2008, 2007
- Africa's Most Socially Responsible Bank – The Banker Magazine, Washington DC, 2008

Mandated by Debt Mgt Office (DMO) in 2006 as:

- Dealer in FGN Bonds
- Dealer in Pensioners Bond
- Dealer in Contractors Bond
- Best Bond Dealer and Market Maker in 2006, 2008

- **6th Biggest Bank in Nigeria in 2012.**
- **17th in Africa**
- **618th in the World in 2012.**
- **The Soundest Bank in Nigeria 2012**

The **Banker**

Today, Fidelity is one of the safest, soundest and most stable financial institutions in Nigeria.

Improving key indicators



(# billion)	Fidelity		Diamond Bank FYE Dec-12	GTBank FYE Dec-12	Access Bank FYE Dec-12
	FYE Dec-12	FYE Dec-11			
Asset quality					
Total assets	914.4	737.9	1,059.1	1,620.3	1,515.8
Loans and advances	443.5	378.2	636.8	604.1	557.6
NPL ratio	3.9%	7.8%	5.3%	3.4%	5.0%
Loans and advances /total assets	48.5%	51.2%	60.1%	46.7%	36.8%
Capital adequacy					
Equity	161.5	146.1	107.3	288.2	237.6
Total Capital Adequacy Ratio	29.0%	24.0%	17.3%	24.2%	22.0%
Equity/total assets	17.7%	19.8%	10.1%	17.8%	15.7%
Liquidity					
Deposits	716.7	563.7	831.3	1,061.3	1,118.5
Deposits/total assets	78.3%	76.4%	78.5%	65.5%	73.8%
Profitability					
Net Income	18.2	2.6	22.2	85.3	36.4
Market share					
Equity	6.5%	5.9%	4.7%	12.1%	10.3%
Deposits	4.9%	3.8%	6.0%	8.8%	8.3%

Fidelity's Strong Capital and Liquidity position is unrivalled among peers

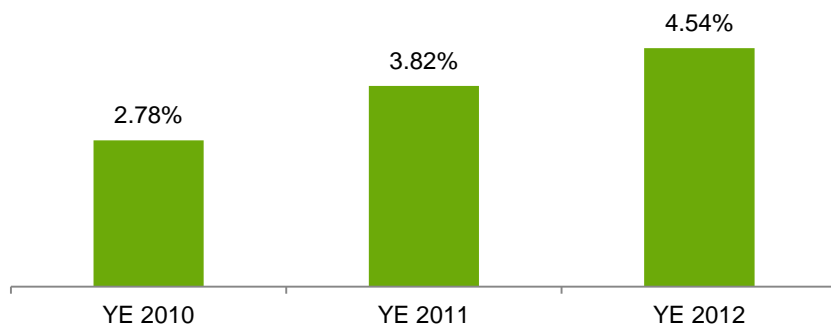
Note: Financial Statements are based on IFRS
Source: 2012 Respective Financial Statements

Growing market share

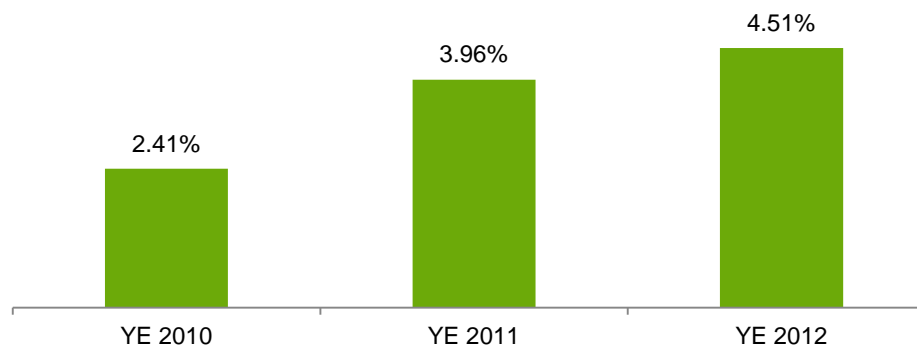


Market Share in Assets and Loans

Total Assets Market Share



Total Loans and Advances Market Share



Source: Bank Audited Accounts, CBN

“Downside risk is limited following Fidelity’s sale of significant problem loans to AMCON and the resulting strong liquidity.”

Fitch report
16 January 2013

“Telecoms Financing Bank of the Year”

Nigeria Telecom Awards 2012

“Development Funding for Mobil Nigeria and Nigerian National Petroleum Corporation”

Africa Oil & Gas Deal of the Year 2012 by Euromoney Project Finance magazine

Fidelity’s rapidly growing market share has made it become more systematically and increasingly important

Source: Bank Audited Accounts, CBN

Corporate banking and Treasury



37% Of Revenue

Corporate Banking

- ▶ Handles the bank's institutional clients with turnover in excess of ₦10.0bn.
- ▶ Accounted for 40.5 % of the bank's commercial assets and 37% of the bank's revenues for YE 2012
- ▶ Approximately 72% of the bank's gross loans to customers and 10.9% of its deposits are obtained through corporate clients as of YE 2012

- ▶ Divided into 10 Subgroups tailored to clients needs

Power and infrastructure	Oil and gas downstream
Oil and gas upstream	Telecommunication
Multinationals/fast-moving consumer goods	Construction and real estate
Cement and Allied	Food & beverage
Agriculture	Transport and shipping

Products offered

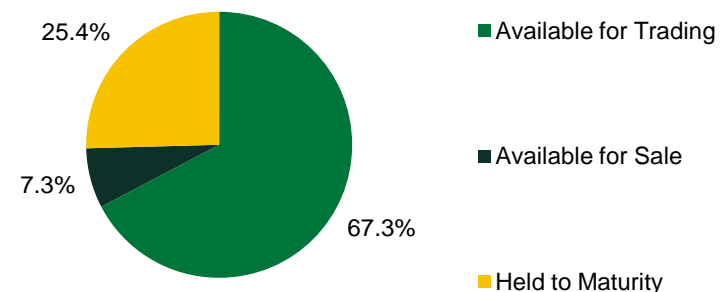
- ▶ Loan products
- ▶ Trade finance
- ▶ Project & structured finance
- ▶ Risk management products
- ▶ Cash management products

38% Of Revenue

Treasury

- ▶ Handles the bank's investments, brokerage activities and the bank's daily liquidity position
- ▶ Fidelity is a licensed primary dealer and market maker in Nigerian treasury bills and other money market instruments, a licensed wholesale foreign currency dealer and a licensed primary dealer and market maker in Federal Government of Nigeria ("FGN") Bonds.
- ▶ The Treasury department accounted for approximately 36.6% of the bank's interest income

Investment Securities by Tenor (2012)



Fidelity's aim is to increase its wallet across the entire basket of products under its commercial and corporate banking

Commercial and consumer banking



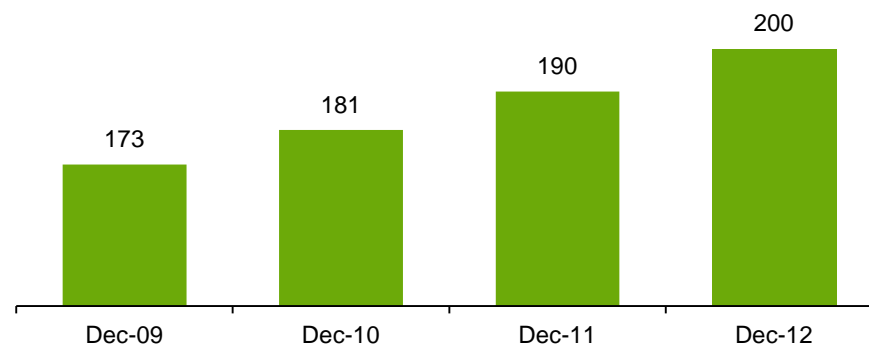
25 % Of Revenue

- ▶ Handles clients not matching the corporate banking criteria
- ▶ Presence in all 36 states in Nigeria
- ▶ Customers with net sales of less than ₦10.0 billion
- ▶ Supports commercial enterprises and SMEs
- ▶ Approximately 15.8% of the bank's commercial assets are derived from commercial and consumer clients as of YE 2012

Distribution Channels & Customer Base	FYE 2012
Branches	200
ATMs	388
POS Terminals	5,866
Outstanding Cards (Debit)	945,666
Total Customers	2.0 million

	2011	2012
Commercial Loans as % of Gross Loans	17.0%	20.0%
Loans to Individuals as % of Gross Loans	3.8%	8.0%
Commercial deposits as % of total deposits	84.2%	86.3%

Total Branch Network



Products offered

Lending

- ▶ Overdraft facilities
- ▶ Term loans
- ▶ Lease financing
- ▶ Invoice / Receivables discounting
- ▶ Revolving Credit facilities and letters of credit

Deposits

- ▶ Banker's Acceptance
- ▶ Term deposits
- ▶ Fixed rate deposits
- ▶ Current and Saving Accounts

Risk management



- ▶ Completed the implementation of an enterprise-wide risk management framework in 2011, with Deloitte of South Africa as consultants
- ▶ Board committees with executive and non executive members and subcommittees establish oversee the risk framework
- ▶ Three tier risk management defence model
- ▶ A Contingency Funding Plan is in place in the event of an adverse funding situation
- ▶ Minimum dependence on the interbank market with borrowings not expected to exceed 10% of the bank's total deposit base at any given point

Credit risk limits and Approval Authorities

	₹ million
Executive Director	50
Managing Director	100
Management Credit & Investment Committee	<500
Board Credit Committee	500 – 2,000
Full Board	>2,000

Source: Bank audited accounts

Portfolio concentration sector limits

	FYE 2012 (%)
Agribusiness	9
Finance and Insurance	1
General commerce and consumer	13
Government and public utilities	10
Manufacturing	11
Petroleum, energy, power and mining	19
Real estate and construction	8
Transport	4
Communication	18
Other	7

Methods for asset-liability risk measurement

- ▶ BIS-standard method
- ▶ Value at risk (Historical Simulation, Monte-Carlo)
- ▶ Market risk stress testing and scenario analysis
- ▶ Interest rate risk scenario analysis
- ▶ Re-pricing duration gap analysis
- ▶ Core deposit analysis
- ▶ Liquidity stress tests and mis-match analysis

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Fidelity Bank IFRS Results



Financial Highlight

(Naira in million)	FYE 2012	FYE 2011	% Change
Gross Earnings	119,118	73,349	62.3%
Interest & Discount Income	78,996	49,534	59.5%
Net Interest Income	36,810	30,555	20.5%
Other Income	39,358	23,768	65.6%
Profit after Tax (PAT)	18,200	2,585	604.1%
Cost of Risk	1.3%	4.4%	
Cost of Funds	5.9%	4.3%	
Cost/Income Ratio	66.6%	68.9%	
Return on Avg. Equity (ROAE)	11.8%	1.8%	
Return on Avg. Assets (ROAA)	2.8%	1.4%	
	Dec 2012	Dec 2011	% Change
Equity	161,455	146,073	10.5%
Deposits	716,749	563,666	27.2%
Net Loans to Customers	345,500	279,211	23.7%
Total Assets	914,360	737,894	23.9%
NPL / Loans	3.9%	7.8%	
LLP / NPL	96.8%	62.8%	
Capital Adequacy Ratio	29.0%	24.0%	

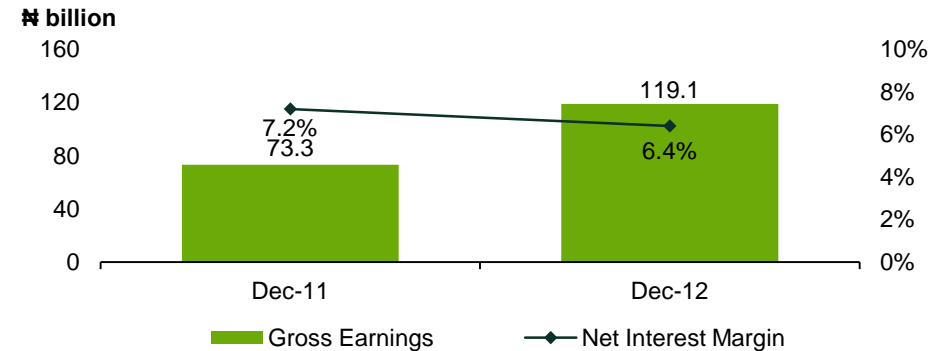
Fidelity is leading THREE other Banks that have been consistent in making profit and paying dividend in the last 8 years, even in the most turbulent times in Nigerian banking industry.

Profitability and cost dynamics



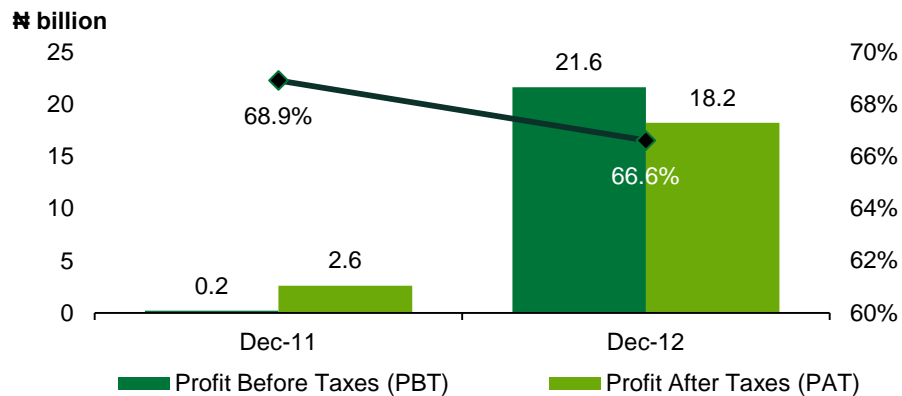
- ▶ Earnings have continued to recover on the back of improving market conditions, loan quality, prudent balance sheet management and cost management initiatives
- ▶ Operating expenses have grown significantly over the last few years as the bank pursues organic expansion
- ▶ Efficient cost management saw the cost-income ratio dropping to 66.6% YE 2012 from 68.9% in YE 2011
- ▶ Staff cost is being reduced through technological upgrades and increased efficiency

Net interest margin



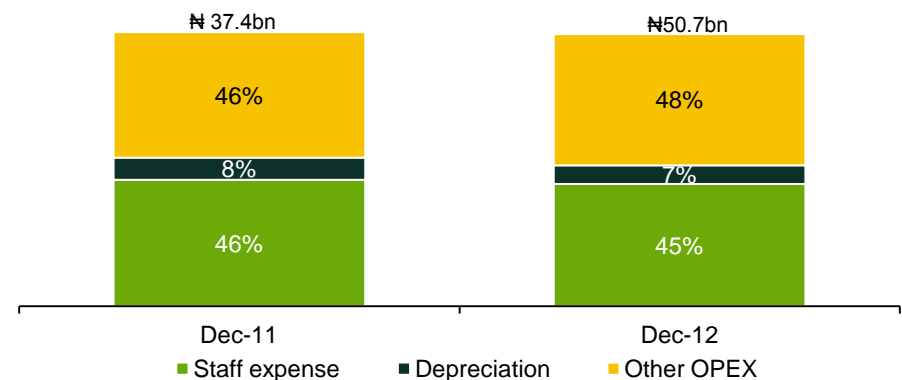
Source: Bank Audited Accounts

Profit before and after tax



Source: Bank Audited Accounts

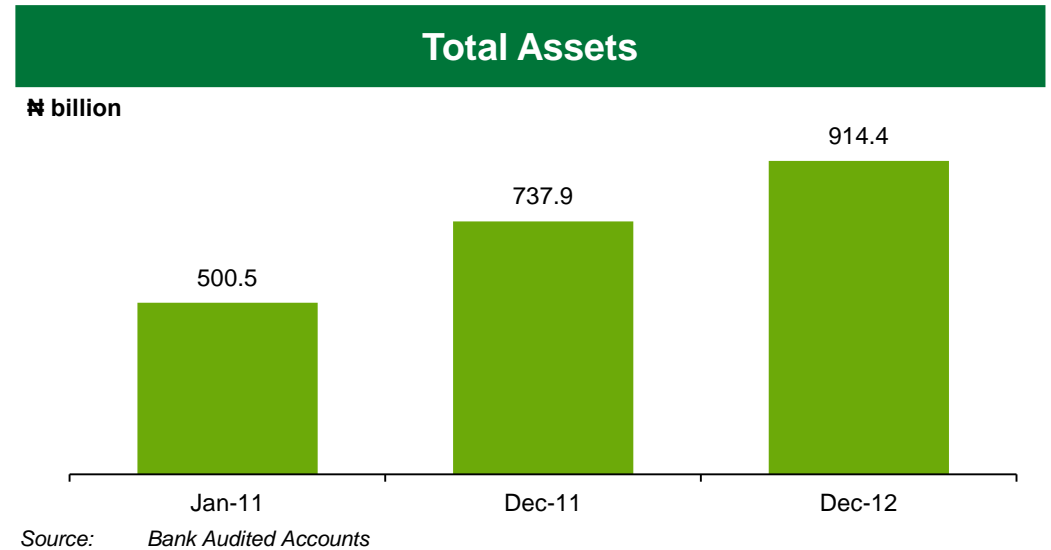
Operating expense



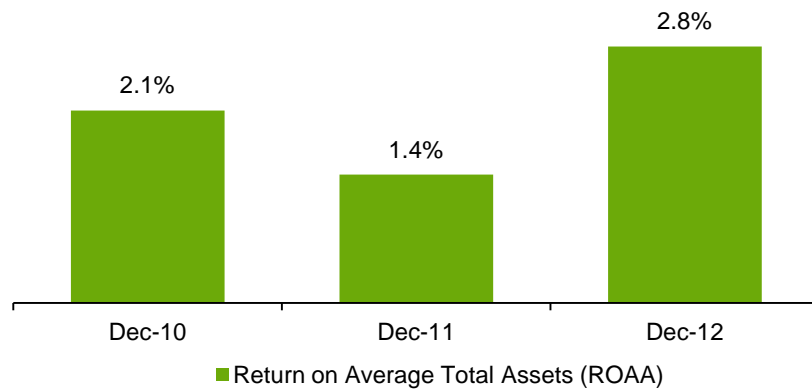
Source: Bank Audited Accounts

Assets dynamics

- ▶ Assets primarily increased on the back of larger loan volumes and investment portfolios
- ▶ FYE 2012, loans and investment portfolio constituted 48.5% and 32.8% of the total assets
- ▶ Loan expansion was driven by increased exposure to the telecommunication, oil and gas and agriculture sectors
- ▶ Increased investment in Nigerian T-bills and FGN bonds led to an increase in investment portfolios

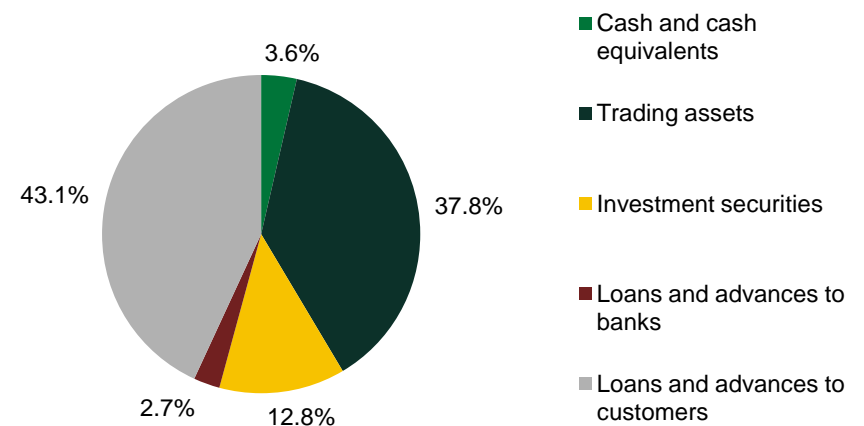


Return on Average Total Assets (ROAA)



Source: Bank Audited Accounts,

Components of interest earning assets (2012)

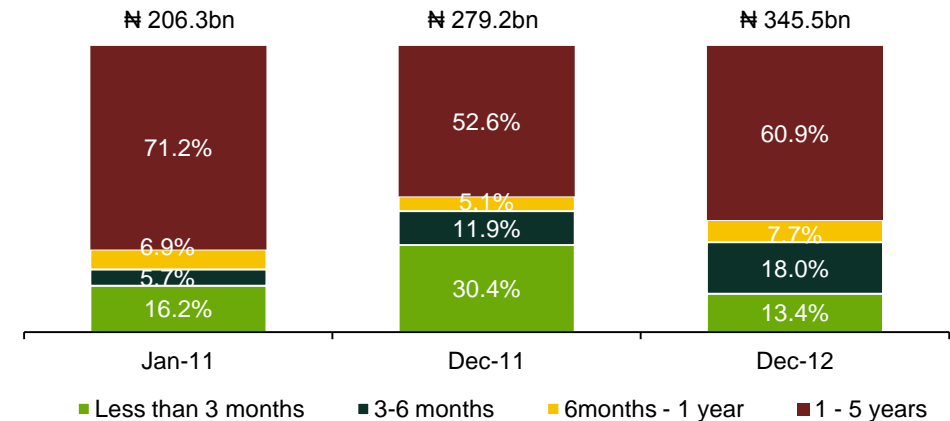


Source: Bank Audited Accounts

Diversified loan portfolio

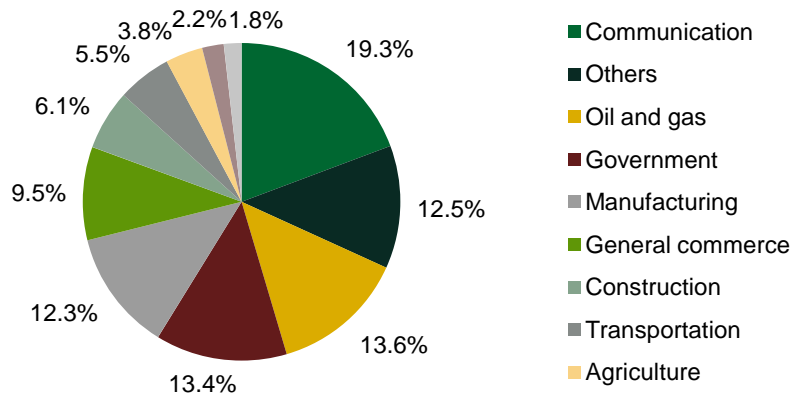
- ▶ Loan expansion in 2012 is in line with the bank's growth strategy to increase its wallet size of the market lending activities
- ▶ 57% of the total loan book is concentrated within 4 industries
- ▶ As at FY 2012 60.9% of Fidelity's loans and advances to customers had over 12 months maturity
- ▶ As at FY 2012 loans extend to Fidelity's 10 largest borrowers constituted 33.2% of total loans and advances

Loans and Advances to Customers



Source: Bank Audited Accounts

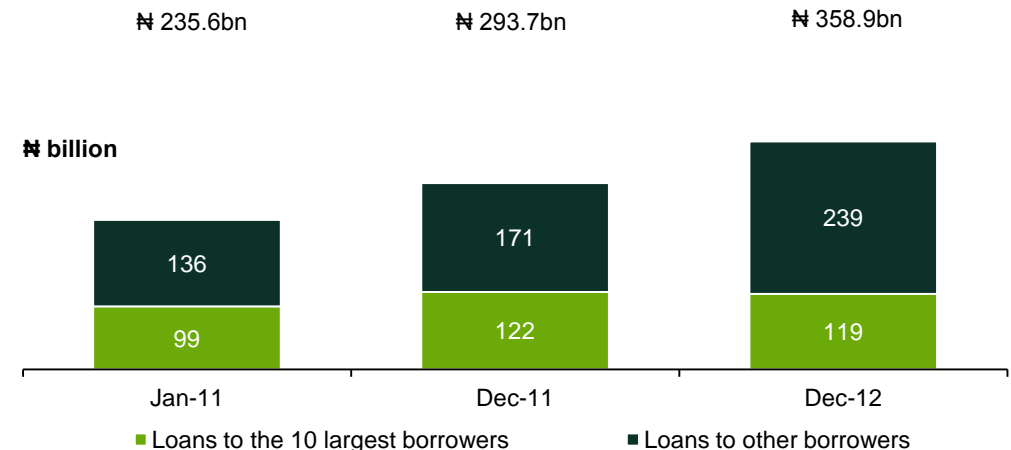
Gross Loans to Customers by Sector (2012)



Note: others include but not restricted to mortgage, finance and insurance, public utility, education and capital markets

Source: Bank Audited Accounts

Total Loans to Customer Concentration



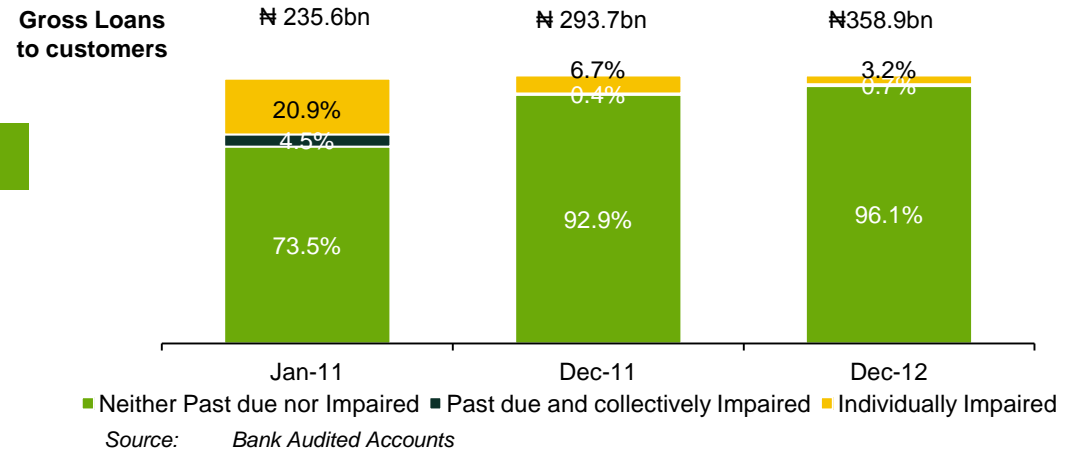
Source: Bank Audited Accounts

Improving loan quality

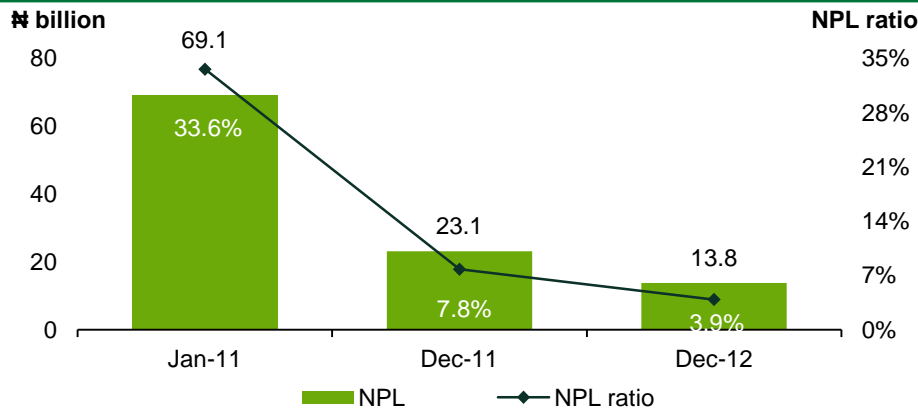
- ▶ Recoveries have resulted in increased liquidity and improvement in NPL ratio
- ▶ Details of loans sold to AMCON since its establishment are

(₦bn)	Loan Value	Proceeds	% Of Loan Value
YE 2012	5.25	2.23	42.5
YE 2011	61.22	42.76	69.8
YE 2010	1.6	0.86	53.8

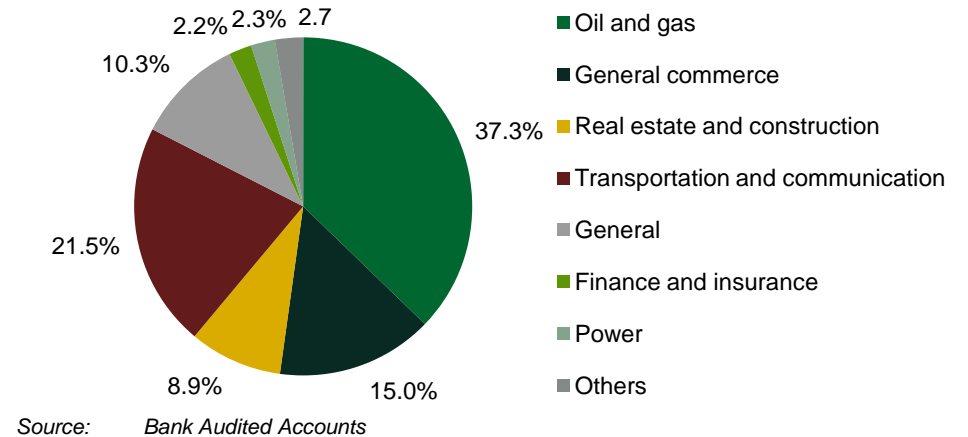
Impairment Breakdown



NPL Coverage



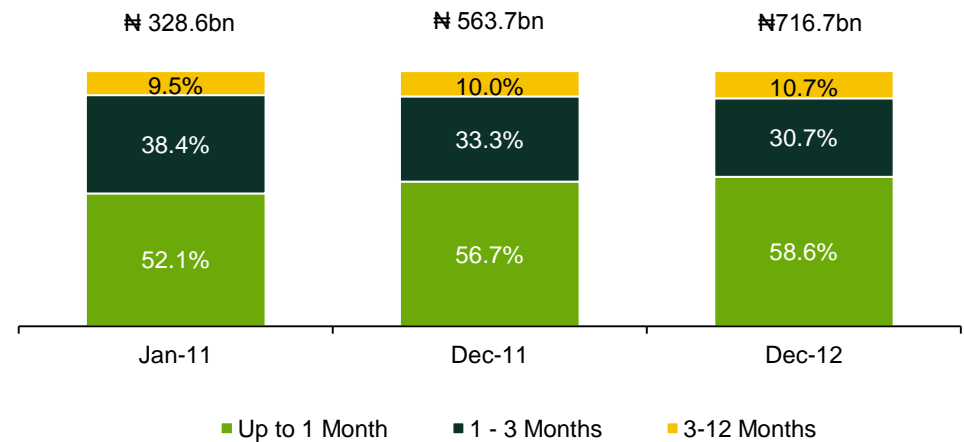
NPL by Sector



Strong funding capabilities

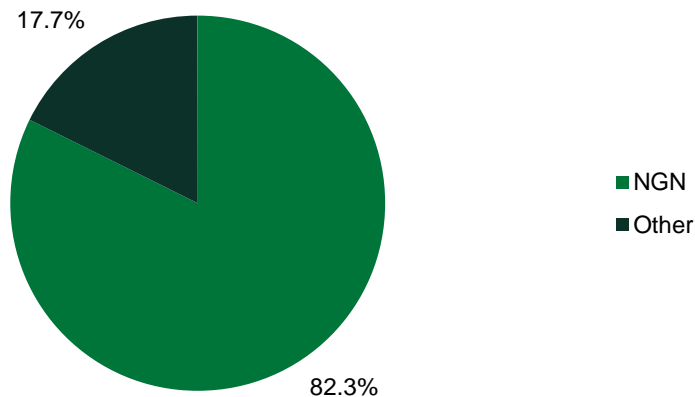
- ▶ Deposit expansion driven by increased exposure to buoyant sectors in the Nigerian economy such as telecommunications, agriculture and oil and gas
- ▶ The bank's continued branch expansion, focus on growth and brand awareness is reflected in the consistent growth in its deposit base
- ▶ Up to 89.3% of the bank's deposits are placed in up to 3 months maturity products as at FYE 2012
- ▶ Loan to deposit rate maintained at conservative levels of 63.8% as at FY2012

Customer Deposits Evolution



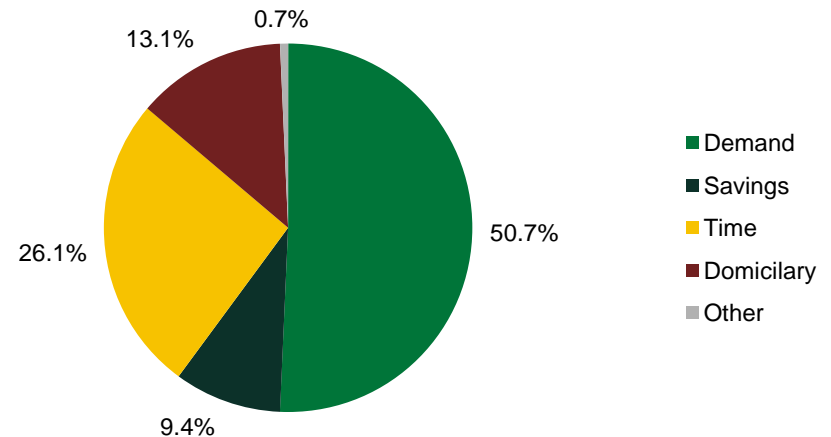
Source: Bank Audited Accounts

Strong Focus on Local Currency (2012)



Source: Bank Audited Accounts,

Customer Deposits by Type (2012)



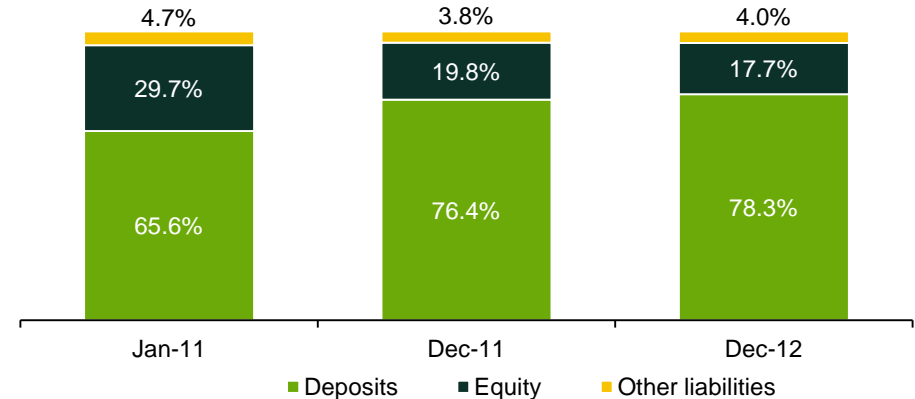
Source: Bank Audited Accounts

Sound liquidity position



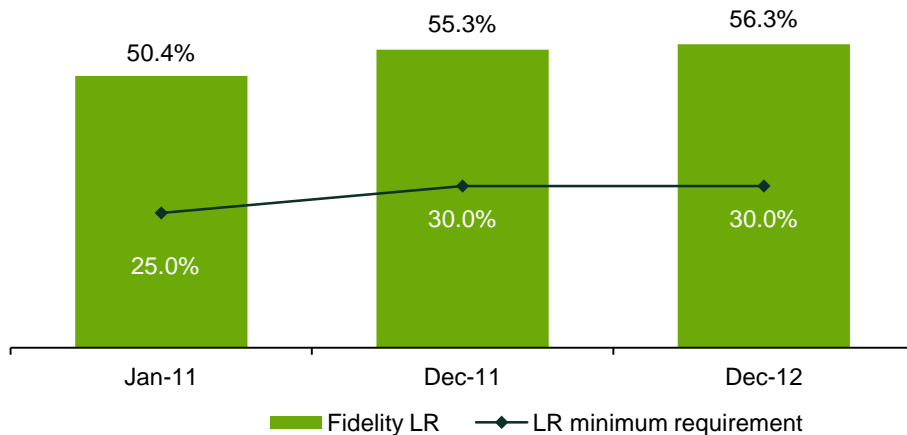
- ▶ Good quality and high earning safe assets in interbank and government securities
- ▶ The bank will continue to reallocate these as the economy and banking sector continue to evolve
- ▶ High interbank rates and good returns from tax-free government securities provide good and safe outlets for the Bank's funds
- ▶ Fidelity is a net-placer of funds in the Nigerian interbank Market

Funding structure



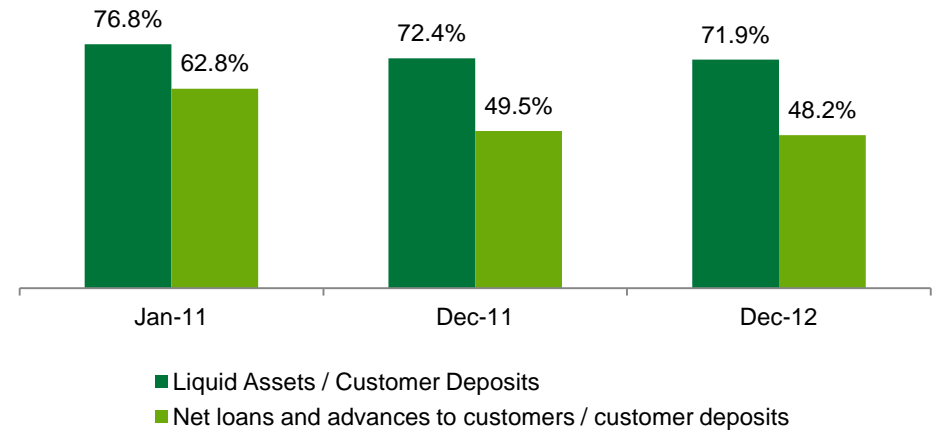
Source: Bank Audited Accounts

Liquidity Ratio



Source: Bank Audited Accounts

Composition of Liquid Assets



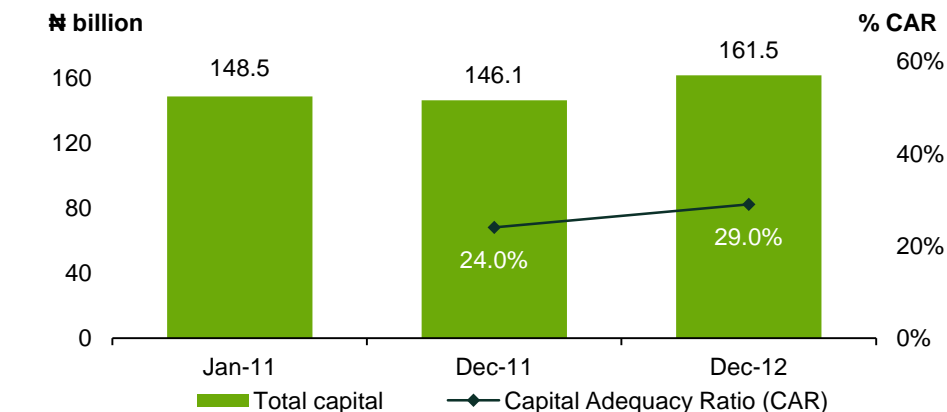
Source: Bank Audited Accounts

Capital adequacy



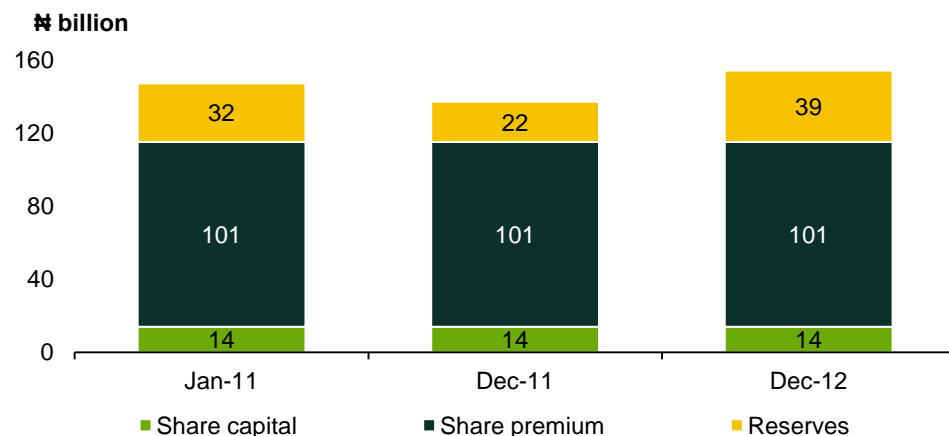
- ▶ Fidelity is well capitalized and has maintained a strong Capital Adequacy Ratio (CAR) even during periods of strong loan provisioning
- ▶ In 2007, Fidelity did a multi-currency equity offering, which added ~~¥~~ \$100 billion in new money and raised its capital adequacy levels
- ▶ At the current CAR level, capital is sufficient to support business risks and growth objectives as well as provide cushioning to withstand any unexpected business environment shock

Capital Adequacy Ratio



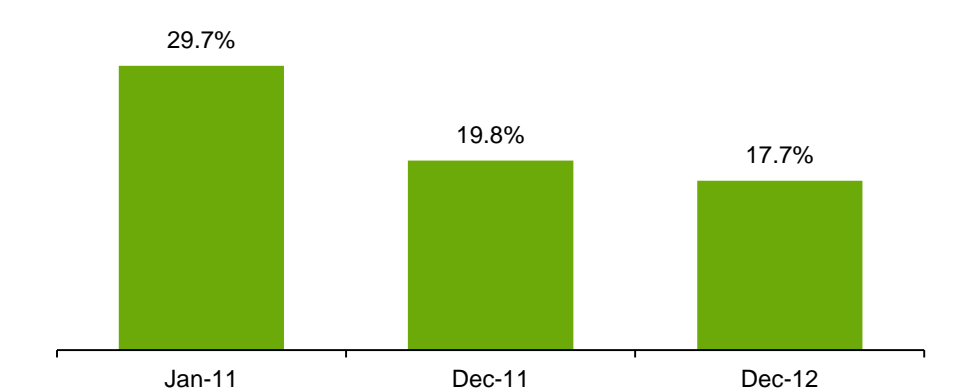
Source: Bank Audited Accounts

Breakdown of Equity



Source: Bank Audited Accounts

Equity to Total Assets



Source: Bank Audited Accounts

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Fidelity Bank Q1-2013 Unaudited IFRS Results



FINANCIAL HIGHLIGHT

(Naira in million)	Q1-2013	Q1-2012	% Change
Gross Earnings	31,432	22,429	40.1%
Interest & Discount Income	20,745	17,588	17.9%
Net Interest Income	6,584	9,943	-33.8%
Other Income	10,687	4,841	120.8%
Profit before Tax (PBT)	5,945	4,276	39.0%
Profit after Tax (PAT)	4,750	3,402	39.6%
Cost of Funds	7.6%	5.9%	
Cost/Income Ratio	64.2%	66.5%	
Return on Avg. Equity (ROAE)	12.4%	9.8%	
Return on Avg. Assets (ROAA)	2.3%	2.1%	
	Mar-2013	Mar-2012	% Change
Equity	166,212	139,580	19.1%
Deposits	749,754	521,520	43.8%
Net Loans to Customers	329,503	232,889	41.5%
Total Assets	945,456	714,169	32.4%
NPL / Loans	4.0%	6.8%	
LLP / NPL	99.4%	74.4%	
Capital Adequacy Ratio	27.3%	31.0%	

Strategic outlook



Become one of the top five banks by profitability by 2015

- ▶ Enhanced physical and electronic distribution capabilities
- ▶ Improve customer experience by streamlining business operations
- ▶ Focus on capturing SME and retail market share
- ▶ Focus on fast growing economic sectors to enhance the bank's standing
- ▶ New products to diversify earnings base
- ▶ Expand all forms of distribution channels
- ▶ Maintain a leading position through organic growth and opportunistic acquisition
- ▶ Leverage market and technological experience to enhance customer service
- ▶ Expand consumer finance franchise through wider traditional electronic platform on the back of approved risk structures

2013

By 2015

After 2015

Fidelity has significant growth potential and is well-positioned to deliver safe growth to its shareholders

Growth expectations



EXPECTATIONS OF PERFORMANCE IMPROVEMENT & KEY DRIVERS

S/N	INDEX	TARGET 2013 - 2015	RATIONALE
1	Net Interest Margin	Targeting between 7-8%	Based on low cost deposit and earning assets growth expectations
2	Tax Rate	Targeting an effective tax rate between 20% and 25%	Based on the impact of amended tax laws on Govt. Securities and Agriculture Financing
3	Loan Growth	20% average growth per annum	Principally from existing, new and upcoming growth sectors in the corporate banking business segment e.g. Power, Agriculture, Energy, etc and the corresponding value chain
4	Fees & Commission Income	35% - 40% average growth per annum	Based on expected growth in customer base, earning assets, deposits and service delivery channels
5	Other Non-interest Income	35% average growth per annum	Based on expected growth in customer base, earning assets, deposits and service delivery channels
6	Cost - Income Ratio	50-60% band	Expected to be contained within the band as growth in income lines are expected to outstrip increases in operating costs.
7	Proposed Dividends	30-50% (of PAT) band	Based on PAT growth trajectory and subject to Shareholders' and regulatory ratification
8	NPL Ratio	Target Maximum of 4% by 2015	On the back of improving market conditions, asset quality, loan growth and strengthened lending conditions.
9	ROE	2013 Target of 14%	Aligns with the Bank's profit performance outlook and capital policy, and guided by liquidity expectations and capital adequacy.



Thank You