

# Fidelity Bank Investor Presentation

Unaudited Financial Results for the 9 months ended  
September 30, 2018



**1. Overview of Fidelity Bank**

**2. The Operating Environment**

**3. Financial Highlights**

**4. Financial Review**

**5. 9M 2018 Actual Vs. 2018FY Guidance**

# 1. Overview of Fidelity Bank

## Bank While Chatting?

It's Possible with...

## Fidelity Flashkey

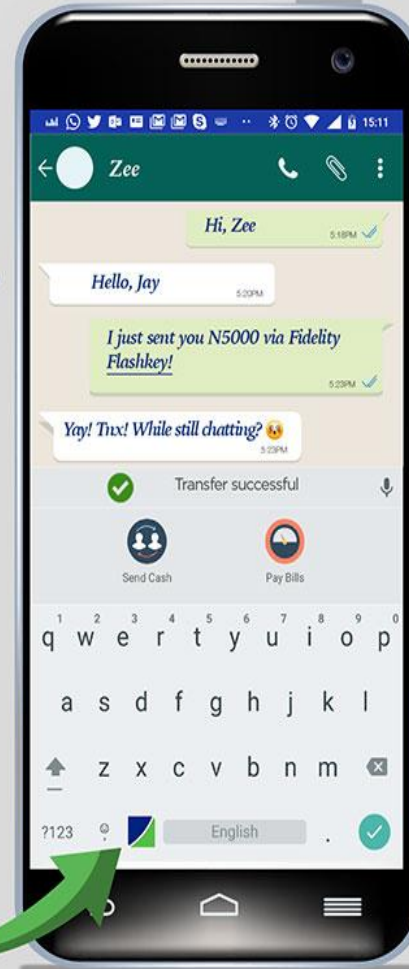
Works on all social media platforms

**Try it now!**



### One Time Set up/Activation

- 1 Download/update Fidelity Online Banking app
- 2 Log into Online Banking app with your Username and Password
- 3 Go to settings & select "Activate Flashkey"
- 4 Enable/set Flashkey as default keyboard
- 5 Enter/save Online Banking username
- 6 Flashkey setup is completed!



### How To Transact



- 1 Tap on the Fidelity Bank icon on your keyboard
- 2 Select "Send Cash" option
- 3 Input your Online Banking password
- 4 Select beneficiary bank and saved beneficiary
- 5 Input amount to transfer
- 6 Input your PIN or token
- 7 Send to beneficiary

# Overview of Fidelity Bank



**Ownership**

Total Assets: **N1,681bn**  
**\$5.0bn**

**32.0bn** Authorized Shares Issued And Fully Paid → **28.96bn**

**Listings:**

- 28.96bn** Shares
- THE Nigerian STOCK EXCHANGE** (RC: 2321)
- Irish Stock Exchange**
- \$400m Oct 2022 Eurobond**

**FMDO** OTC Securities Exchange  
7yr N30bn May 2022 NGN Bonds

**Operations & Contact Channels**

**Professional Staff 2,920**  
Male: 56%  
Female: 44%

**4.4 Million Accounts**

**800 ATMs**

**2m Cards**

**1.8m Mobile Customers**

**4,976 POS**

**240 Branches**

**Governance**

**12** Board Members  
Non-Executives: 7  
Executives: 5

**5 Board Committees**

**Executive Management Team** **9**

**FitchRatings B- (Stable)**

**S&P Global B- (Stable)**

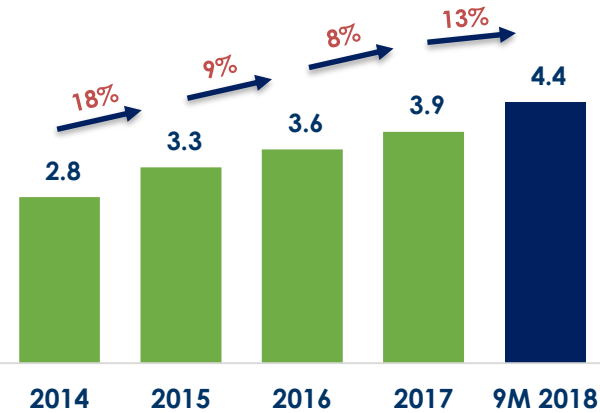
**GCR GLOBAL CREDIT RATING CO.** **A-NG (Stable)**  
Local Expertise • Global Presence

# Overview of Fidelity Bank

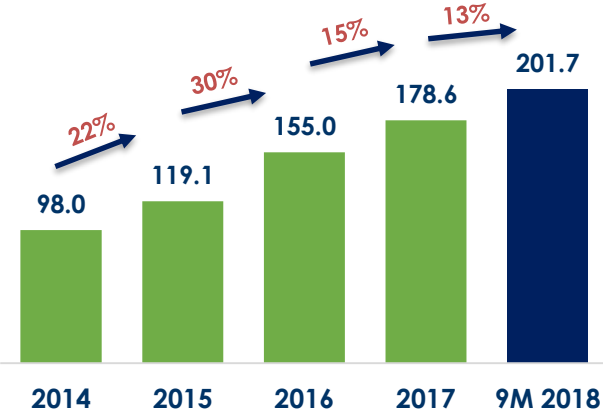


## Retail And Digital Banking Evolution / Progress Report

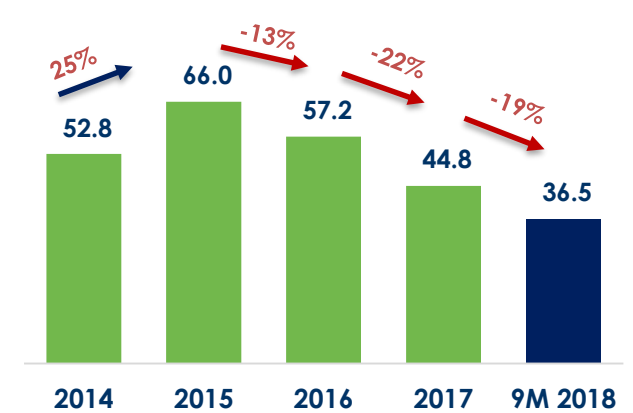
Number of Customer Accounts (#'m)



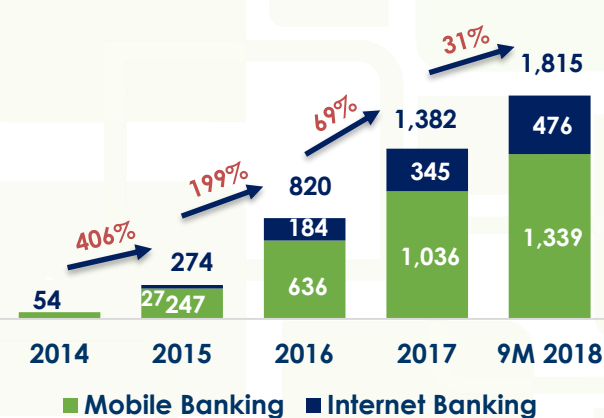
Savings deposits (N'bn)



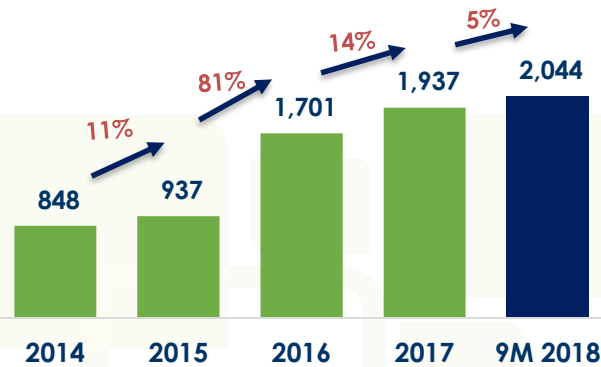
Retail Risk Assets (N'bn)



Mobile/Internet Banking Cust. (#'000)



Number of Debit Cardholders (#'000)



Commentary

- ▶ Savings deposits achieve the 5th consecutive year of double digit growth.
- ▶ Over 40% of customers now self enrolled on mobile/internet banking products.
- ▶ Over 80% of customers transactions are now done on electronic banking channels.



# You Don't Need A Token



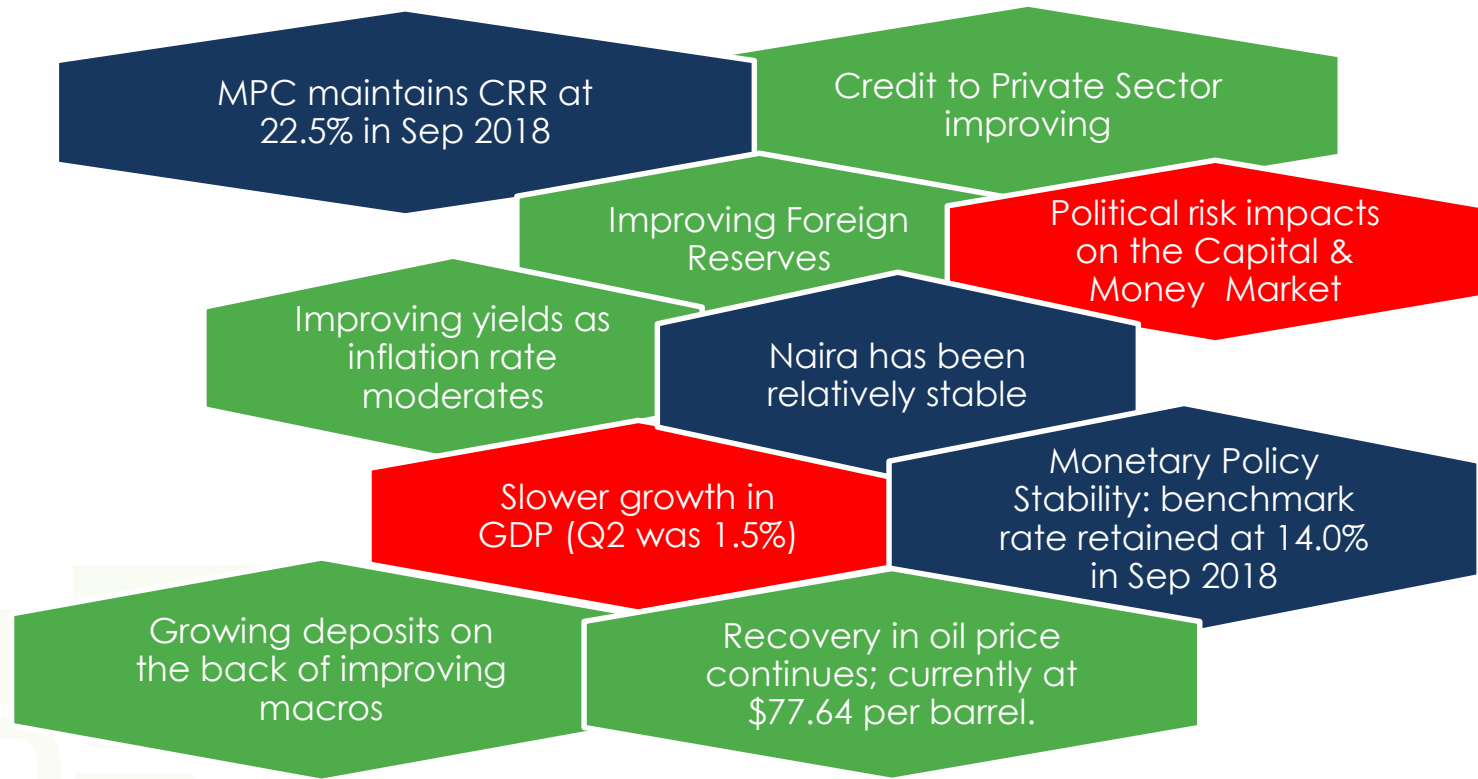
**For Transactions Up To N200,000.  
Just Dial \*770# To Get Started.  
It's That Easy!**

You also don't need data  
to use this service



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

# The Operating Environment



Stable -	
Improving -	
Declining -	

### 3. Financial Highlights



## Convenient Forex Transfers From Your Phone

One more reason NOT to visit the branch. Perform foreign currency transactions from your domiciliary account to anywhere in the world with your **Fidelity Online Banking App**.

Available for download via:



We Are Fidelity, We Keep Our Word.



# Performance Highlights



## Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 9.1% to N120.4 billion in 9M 2018 (9M 2017: N110.4 billion)
- ❑ Operating Expenses up by 6.5% to N50.6 billion in 9M 2018 (9M 2017: N47.5 billion)
- ❑ Cost to Income Ratio inched up to 68.4% in 9M 2018 from 66.8% in 9M 2017
- ❑ PBT up by 23.6% to N20.1 billion in 9M 2018 (PAT came in at N17.9 billion)

## Asset Quality

- ❑ Cost of Risk down to 0.5% in 9M 2018, compared to 1.5% in 2017FY
- ❑ NPL Ratio down to 6.0% in 9M 2018 from 6.4% in 2017FY
- ❑ Coverage Ratio improved to 109.9% in 9M 2018 from 109.4% in 2017FY
- ❑ FCY Loans accounted for 42.5% of Net Loans from 46.0% in 2017FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 17.0%, based on Basel II computation
- ❑ Liquidity Ratio of 38.3% compared to regulatory minimum of 30.0%
- ❑ Loans to interest bearing liabilities stood at 61.5% in 9M 2018 from 69.8% (2017FY)
- ❑ Total Equity at N192.4 billion compared to N203.3 billion in 2017FY

# Financial Highlights



- ❑ PBT increased by 23.6% YoY to N20.1 billion from N16.2 billion in 9M 2017 due to double digit revenue growth of 10.8% (N6.9 billion) and moderate increase in total expenses by 6.5% (N3.1 billion).
- ❑ Growth in operating expenses was driven by increased technology cost, depreciation and NDIC/AMCON charges. However, increase in operating expenses remains below average headline inflation rate.
- ❑ NIM dropped to 6.7% from 7.4% in 9M 2017 (2017FY: 7.3%) as the drop in our average yield on earning assets (1.3% YoY) outpaced the improved funding cost (0.97% YoY). NIM still within guidance for the year.
- ❑ Total deposits grew by 27.3% YTD (N211.6 billion) to N986.8 billion from N775.3 billion in December 2017 on account of double digit growth across ALL deposit products whilst funding costs declined.
- ❑ Savings deposits grew by 12.9% YTD to N201.7 billion from December 2017 which contributed to the drop in average funding cost in 9M 2018 as low cost deposits remain high at 73.6%.
- ❑ Risk assets increased by 8.0% YTD to N830.4 billion from N768.7 billion in December 2017 with cost of risk at about 0.5% and coverage ratio at 109.9%.
- ❑ Key regulatory ratios remain well above the minimum requirements as at September 30, 2018: CAR and liquidity ratio stood at 17.0% and 38.3% respectively.

# Financial Highlights



Summary of Income Statement: YoY Change				
N'million	9M 2017	9M 2018	VAR	% VAR
<b>Gross Earnings</b>	<b>130,086</b>	<b>139,001</b>	<b>8,916</b>	<b>6.9%</b>
Interest Income Loans	82,199	88,328	6,129	7.5%
Interest Income Liquid Assets	28,168	32,071	3,902	13.9%
<b>Total Interest Income</b>	<b>110,368</b>	<b>120,399</b>	<b>10,031</b>	<b>9.1%</b>
Interest Expense Customer Deposits	(44,882)	(45,448)	(566)	1.3%
Interest Expense Borrowings	(11,681)	(16,783)	(5,101)	43.7%
<b>Total Interest Expense</b>	<b>(56,563)</b>	<b>(62,231)</b>	<b>(5,668)</b>	<b>10.0%</b>
<b>Net Interest Income</b>	<b>53,805</b>	<b>58,168</b>	<b>4,363</b>	<b>8.1%</b>
FX Income	6,240	4,410	(1,830)	-29.3%
E-banking Income	5,072	4,968	(104)	-2.0%
Other Fee Income (Net)	5,929	6,358	428	7.2%
<b>Net Fee Income</b>	<b>17,241</b>	<b>15,736</b>	<b>(1,505)</b>	<b>-8.7%</b>
<b>Operating Income</b>	<b>71,046</b>	<b>73,904</b>	<b>2,858</b>	<b>4.0%</b>
<b>Total Expenses</b>	<b>(47,486)</b>	<b>(50,555)</b>	<b>(3,069)</b>	<b>6.5%</b>
Net Impairment Losses	(7,323)	(3,285)	4,038	-55.1%
<b>Profit Before Tax</b>	<b>16,236</b>	<b>20,064</b>	<b>3,827</b>	<b>23.6%</b>

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

Net fee income includes net gains/ (losses) from financial instruments

# Financial Highlights



Summary of Income Statement: QoQ Change					
N'million	Q1 2018	Q2 2018	Q3 2018	VAR	% VAR
<b>Gross Earnings</b>	<b>43,680</b>	<b>48,615</b>	<b>46,706</b>	<b>(1,909)</b>	<b>-3.9%</b>
Interest Income Loans	28,345	29,510	30,473	963	3.3%
Interest Income Liquid Assets	10,121	12,071	9,879	(2,192)	-18.2%
<b>Total Interest Income</b>	<b>38,466</b>	<b>41,581</b>	<b>40,352</b>	<b>(1,229)</b>	<b>-3.0%</b>
Interest Expense Customer Deposits	(15,911)	(14,800)	(14,737)	(63)	0.4%
Interest Expense Borrowings	(5,588)	(5,690)	(5,505)	(185)	3.3%
<b>Total Interest Expense</b>	<b>(21,499)</b>	<b>(20,490)</b>	<b>(20,242)</b>	<b>(248)</b>	<b>1.2%</b>
<b>Net Interest Income</b>	<b>16,967</b>	<b>21,091</b>	<b>20,110</b>	<b>(981)</b>	<b>-4.7%</b>
FX Income	696	2,068	1,646	(422)	-20.4%
E-banking Income	1,600	1,730	1,638	(92)	-5.3%
Other Fee Income (Net)	1,541	2,569	2,248	(321)	-12.5%
<b>Net Fee Income</b>	<b>3,836</b>	<b>6,368</b>	<b>5,532</b>	<b>(835)</b>	<b>-13.1%</b>
<b>Operating Income</b>	<b>20,803</b>	<b>27,459</b>	<b>25,642</b>	<b>(1,817)</b>	<b>-6.6%</b>
<b>Total Expenses</b>	<b>(15,119)</b>	<b>(17,540)</b>	<b>(17,896)</b>	<b>356</b>	<b>-2.0%</b>
Net Impairment Losses	(702)	(1,891)	(692)	(1,199)	63.4%
<b>Profit Before Tax</b>	<b>4,982</b>	<b>8,028</b>	<b>7,054</b>	<b>(974)</b>	<b>-12.1%</b>

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

Q2 Numbers restated with N7.2bn reclassified from fees to Int. Income

# Financial Highlights



## Statement of Financial Position: YTD Change

N'million	2017FY	9M 2018	VAR	% VAR
<b>Total Assets</b>	<b>1,379,214</b>	<b>1,680,804</b>	<b>301,590</b>	<b>21.9%</b>
<b>Earning Assets</b>	<b>977,076</b>	<b>1,166,046</b>	<b>188,970</b>	<b>19.3%</b>
Bank Placements	8,475	89,867	81,392	960.4%
Treasury Bills	90,223	152,230	62,007	68.7%
Bonds	109,641	93,573	(16,068)	-14.7%
Customer Loans (Naira)	414,948	477,354	62,405	15.0%
Customer Loans (FCY)	353,789	353,021	(767)	-0.2%
<b>Non-Earning Assets</b>	<b>402,138</b>	<b>514,759</b>	<b>112,621</b>	<b>28.0%</b>
Cash	27,534	24,711	(2,823)	-10.3%
Cash Reserve	181,017	267,620	86,603	47.8%
Bal. with other Banks/Settlement Acct	104,886	132,776	27,890	154.0%
Fixed Assets	38,504	36,257	(2,247)	-5.8%
All Other Assets	50,197	53,394	3,197	6.4%
<b>Interest Bearing Liabilities</b>	<b>1,100,803</b>	<b>1,350,884</b>	<b>250,081</b>	<b>22.7%</b>
Demand	418,472	525,003	106,531	25.5%
Savings	178,570	201,661	23,091	12.9%
Time Deposits	178,234	260,166	81,932	46.0%
Other Borrowings	35,529	67,034	31,505	88.7%
On-lending Facilities	112,294	136,988	24,694	22.0%
Debt Securities	177,704	160,032	(17,672)	-9.9%
<b>All Other Liabilities</b>	<b>75,096</b>	<b>137,535</b>	<b>62,439</b>	<b>83.1%</b>
<b>Equity</b>	<b>203,315</b>	<b>192,386</b>	<b>(10,929)</b>	<b>-5.4%</b>

*Please note: The Balance Sheet was converted at an exchange rate of N335/USD, it will be converted at the NIFEX Rate in Dec 2018*

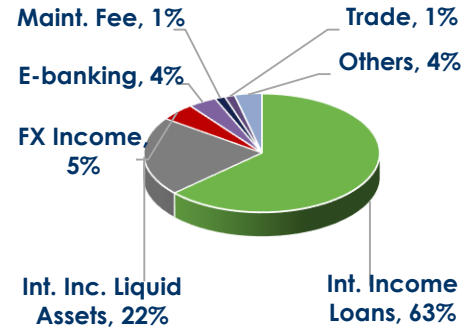


# Gross Earnings Analysis

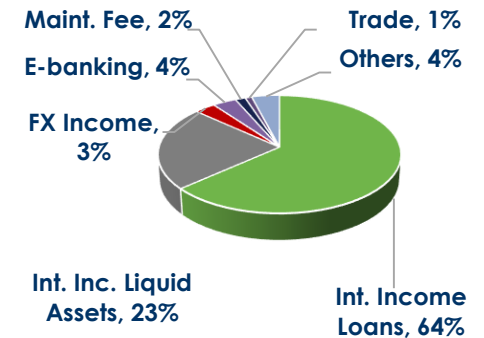


Key Highlights (N'm)	9M 2017	9M 2018	VAR	% VAR
<b>Total Earnings</b>	<b>130,086</b>	<b>139,001</b>	<b>8,916</b>	<b>6.9%</b>
Interest Income Loans	82,199	88,328	6,129	7.5%
Int. Inc. Liquid Assets	28,168	32,071	3,902	13.9%
FX Income	6,240	4,410	(1,830)	-29.3%
E-banking Income	5,072	4,968	(104)	-2.0%
A/C Maintenance fee	1,789	2,104	315	17.6%
Trade Income	1,794	1,387	(407)	-22.7%
Other Income	4,823	5,733	911	18.9%

**Total Earnings: 9M 2017**

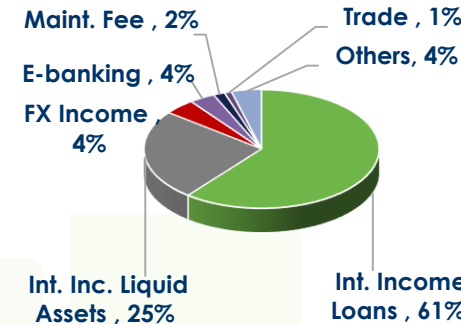


**Total Earnings: 9M 2018**

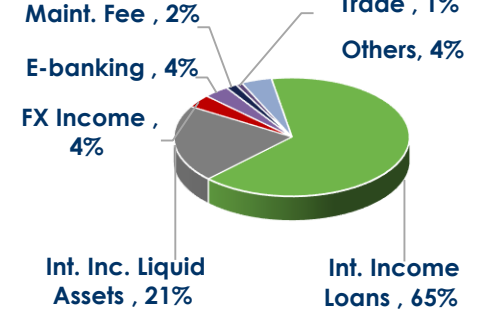


Key Highlights (N'm)	Q2 2018	Q3 2018	VAR	% VAR
<b>Total Earnings</b>	<b>48,615</b>	<b>46,706</b>	<b>(1,909)</b>	<b>-3.9%</b>
Interest Income Loans	29,510	30,473	963	3.3%
Int. Inc. Liquid Assets	12,071	9,879	(2,192)	-18.2%
FX Income	2,068	1,646	(422)	-20.4%
E-banking Income	1,730	1,638	(92)	-5.3%
A/C Maintenance fee	762	705	(57)	-7.5%
Trade Income	475	432	(43)	-9.0%
Other Income	1,998	1,933	(65)	-3.3%

**Total Earnings: Q2 2018**



**Total Earnings: Q3 2018**



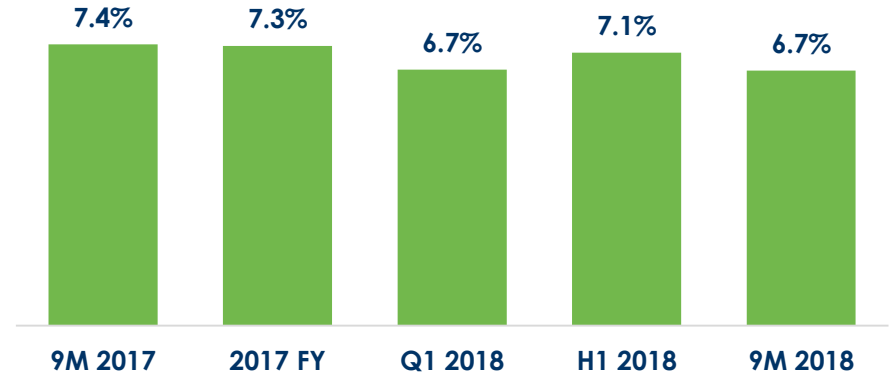
- Gross earnings up by 6.9% YoY primarily driven by the 9.1% growth (N10.0 billion) in interest income.
- Fee income expected to pick up in Q4 2018 on increased transaction volume/exchange gains

# Net Interest Margin Analysis

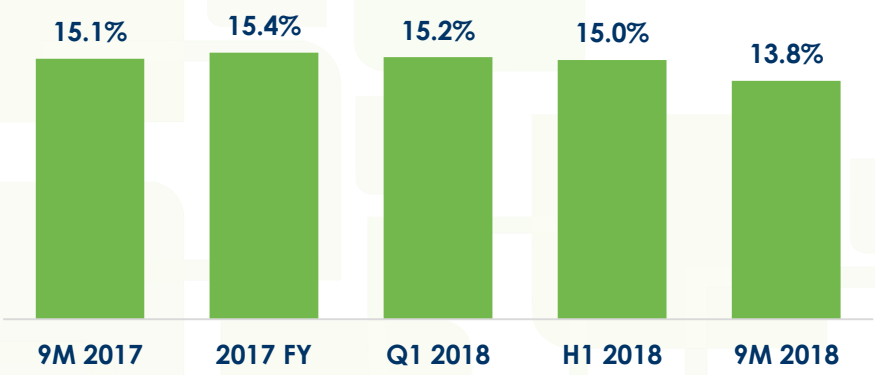


- ▶ NIM dropped to 6.7% from 7.3% in 2017FY as the decline in our average yield on earning assets outpaced the improved funding cost in 9M 2018.
- ▶ Average funding costs dropped to 6.2% on account of improved deposit pricing as average cost of deposits dropped to 6.2% from 7.9% in 2017FY.
- ▶ The moderation in the yield on earnings assets was largely due to lower yields on liquid assets from 17.6% in 2017FY to 12.8% in 9M 2018.

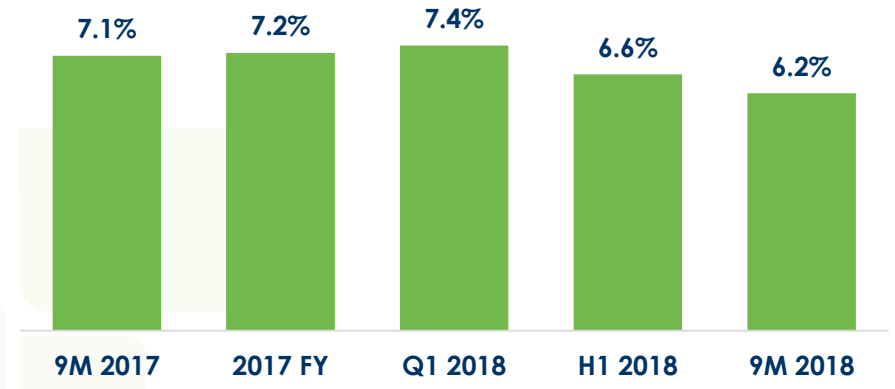
## NIM Trend



## Yield on Earning Assets



## Funding Cost

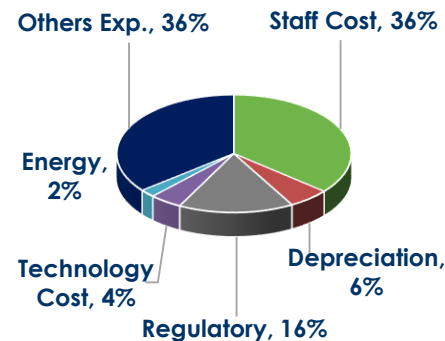


# Total Expense Analysis

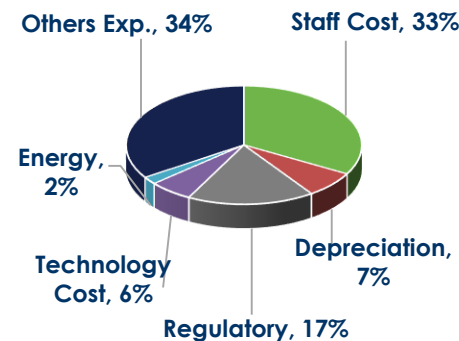


Key Highlights (N'm)	9M 2017	9M 2018	VAR	% VAR
<b>Total Expenses</b>	<b>47,486</b>	<b>50,555</b>	<b>3,069</b>	<b>6.5%</b>
Staff Cost	17,139	16,747	-392	-2.3%
Depreciation	2,696	3,632	936	34.7%
NDIC/AMCON Cost	7,527	8,800	1,273	16.9%
Technology Cost	2,127	3,036	910	42.8%
Energy Cost	1,021	1,042	20	2.0%
Security	923	932	9	1.0%
Branding & Advert	6,572	5,581	-990	-15.1%
Other Expenses	9,482	10,786	1,304	13.8%

**Total Expenses: 9M 2017**

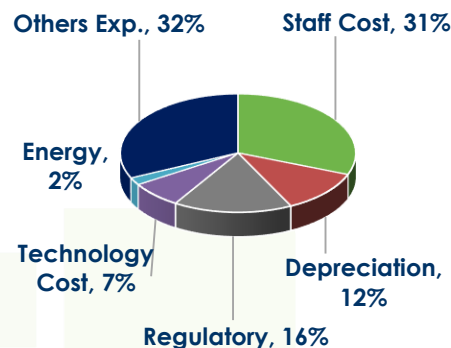


**Total Expenses: 9M 2018**

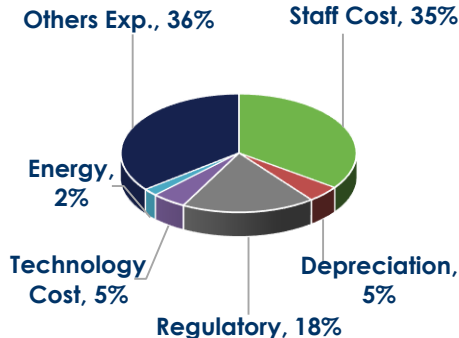


Key Highlights (N'm)	Q2 2018	Q3 2018	VAR	% VAR
<b>Total Expenses</b>	<b>17,540</b>	<b>17,896</b>	<b>356</b>	<b>2.0%</b>
Staff Cost	5,427	6,248	820	15.1%
Depreciation	2,047	816	-1,231	-60.2%
NDIC/AMCON Cost	2,853	3,274	421	14.8%
Technology Cost	1,252	840	-412	-32.9%
Energy Cost	357	360	3	0.8%
Security	314	312	-2	-0.6%
Branding & Advert	2,046	2,185	139	6.8%
Other Expenses	3,244	3,862	618	19.0%

**Total Expenses: Q2 2018**



**Total Expenses: Q3 2018**



- OPEX increased by 6.5% YoY (2.0% QoQ) on account of technology cost, depreciation and regulatory charges (NDIC/AMCON).
- The increase in depreciation cost was driven by digital banking and technology related assets
- Technology cost will continue to grow as we invest in digitization to increase market share and improve operational efficiency.

# Cost Dynamics – YoY Breakdown



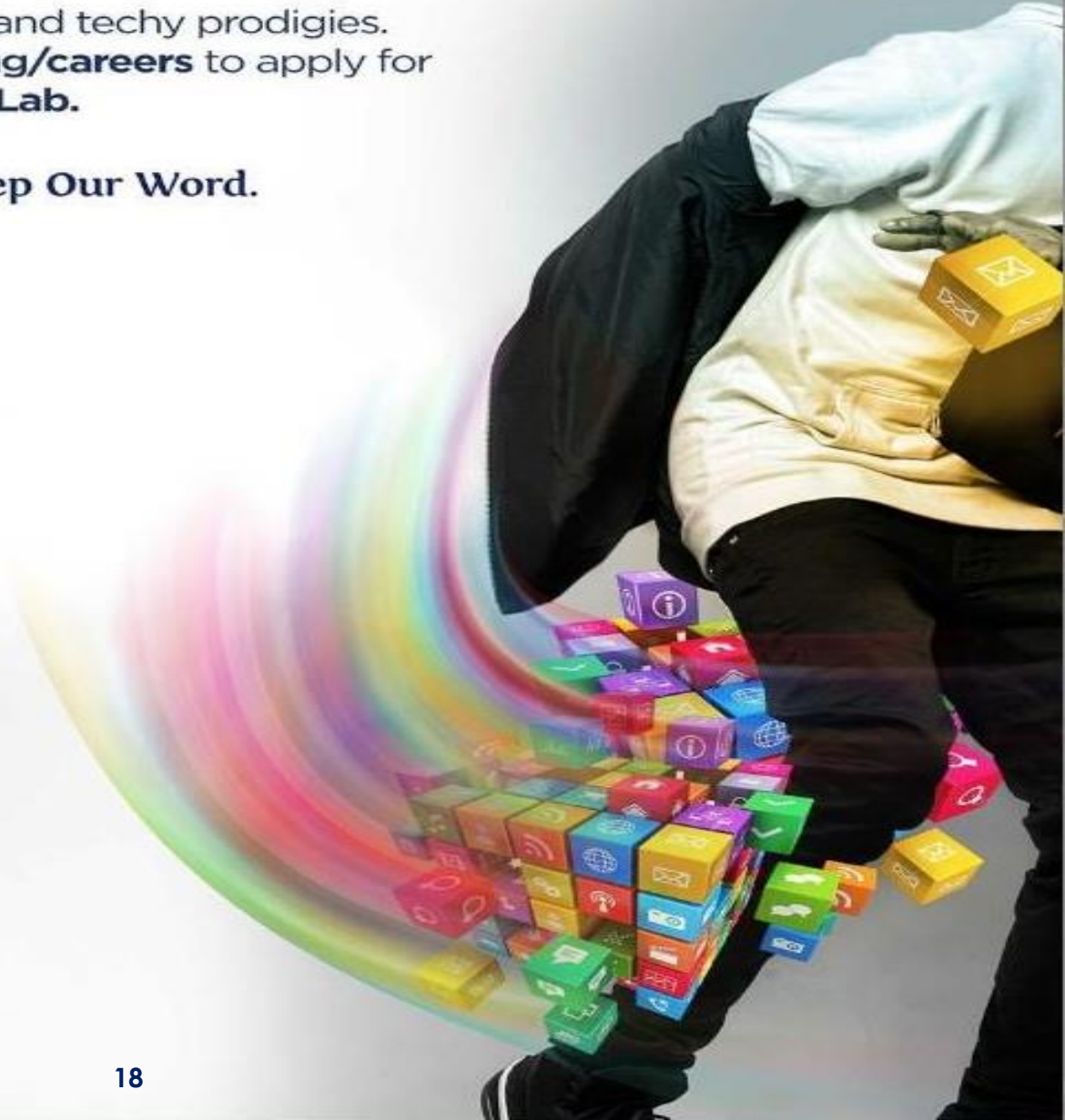
## Breakdown of Operating Expenses: 2017 AVG. Vs. 9M 2017 Vs. 9M 2018

N'million	2017 AVG.	9M 2017	9M 2018	VAR	% VAR
Branding & Advert	6,130	6,572	5,581	(990)	-15.1%
Staff Cost	18,401	17,139	16,747	(392)	-2.3%
Other expenses	1,384	1,126	743	(383)	-34.0%
Directors' emoluments	278	269	258	(11)	-4.1%
Stationery expenses	202	203	200	(4)	-1.8%
Telephone expenses	81	79	76	(4)	-4.5%
Litigations and claims	-	-	-	-	0.0%
Insurance expenses	297	279	287	8	2.8%
Auditors' remuneration	150	172	180	8	4.7%
Security expenses	942	923	932	9	1.0%
Consultancy expenses	521	515	535	20	3.9%
Energy (Electricity & Diesel)	1,038	1,021	1,042	20	2.0%
Postage and courier expenses	59	54	75	21	39.1%
Rent and rates	646	614	661	47	7.7%
Travelling and accommodation	521	467	574	107	22.8%
Repairs and maintenance	1,937	1,901	2,073	172	9.1%
Cash movement expenses	533	403	599	196	48.6%
Legal expenses	152	133	396	262	196.9%
Training expenses	166	250	529	279	111.4%
Bank charges	497	352	633	280	79.6%
Outsourced Cost	2,642	2,663	2,968	305	11.4%
Technology Cost	1,805	2,127	3,036	910	42.8%
Depreciation	3,280	2,696	3,632	936	34.7%
NDIC / AMCON Charges	7,597	7,527	8,800	1,273	16.9%
	49,256	47,486	50,555	3,069	6.5%

# Innovate. Disrupt. Deliver.

Join our team of digital and techy prodigies.  
Visit [www.fidelitybank.ng/careers](http://www.fidelitybank.ng/careers) to apply for  
a position in our **Digital Lab**.

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

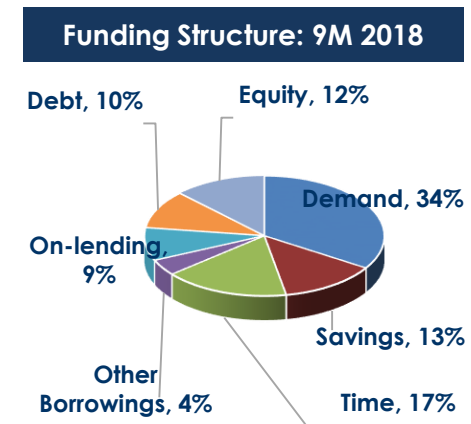
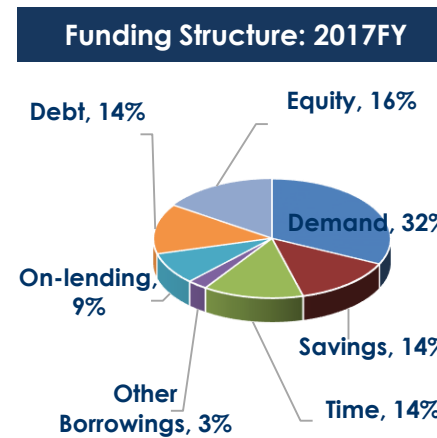




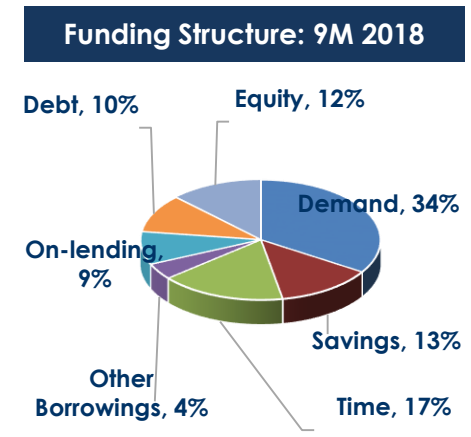
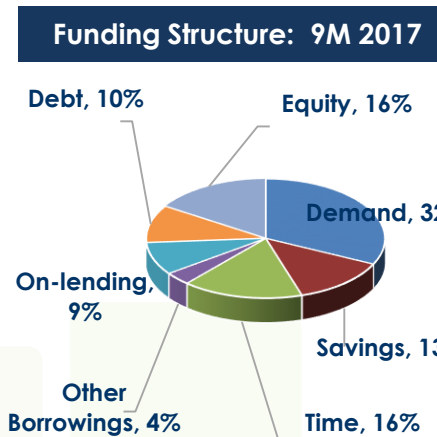
# Funding Base Analysis



Key Highlights (N'm)	2017FY	9M 2018	VAR	% VAR
Demand Deposits	418,472	525,003	106,531	25.5%
Savings Deposits	178,570	201,661	23,091	12.9%
Tenor Deposits	178,234	260,166	81,932	46.0%
Other Borrowings	35,529	67,034	31,505	88.7%
On-Lending	112,294	136,988	24,694	22.0%
Debt Securities	177,704	160,032	(17,672)	-9.9%
Equity	203,315	192,386	(10,929)	-5.4%
<b>Total</b>	<b>1,304,118</b>	<b>1,543,270</b>	<b>239,152</b>	<b>18.3%</b>



Key Highlights (N'm)	9M 2017	9M 2018	VAR	% VAR
Demand Deposits	405,063	525,003	119,940	29.6%
Savings Deposits	163,788	201,661	37,874	23.1%
Time Deposits	205,530	260,166	54,636	26.6%
Other Borrowings	44,870	67,034	22,164	49.4%
On-Lending	112,251	136,988	24,737	22.0%
Debt Securities	128,927	160,032	31,105	24.1%
Equity	200,600	192,386	(8,214)	-4.1%
<b>Total</b>	<b>1,261,029</b>	<b>1,543,270</b>	<b>282,241</b>	<b>22.4%</b>



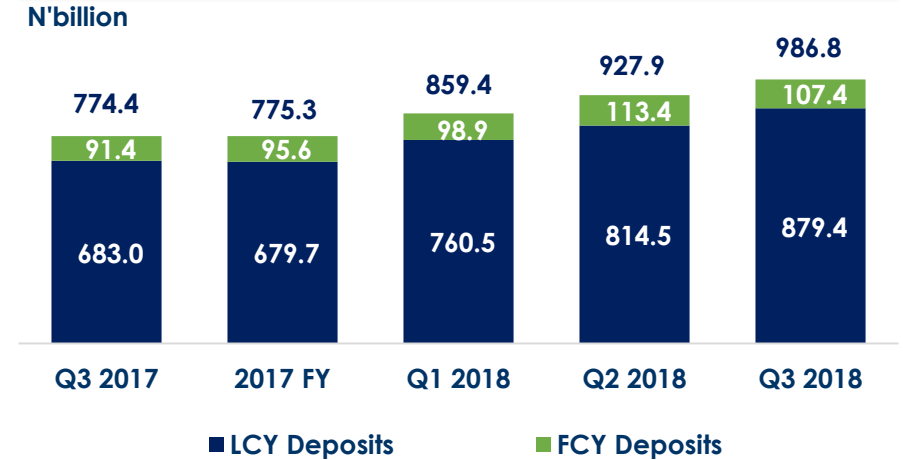
- Total deposits now account for 63.9% of total funding base (2017FY: 59.4%) and 73.1% of interest bearing liabilities.
- Drop in debt securities and total equity was due to the repayment of the outstanding \$44.5m Eurobond in May 2018 and the impact of IFRS 9 first time adoption charge on our total equity respectively.

# Deposits Analysis



- ▶ Total deposits increased by 27.3% YTD (27.4% QoQ) to N986.8 billion from N775.3 billion in 2017FY.
- ▶ Double digit growth across ALL deposit products (Demand | Savings | Tenor), and we have already achieved our guidance for the 2018FY.
- ▶ FCY deposits have increased by 12.4% in the 2018FY.
- ▶ Low cost deposits now constitute 73.6% of total deposits from 77.0% in 2017FY, however, absolute figures increased by 21.7% to N774.4 billion from N597.0 billion in 2017FY.

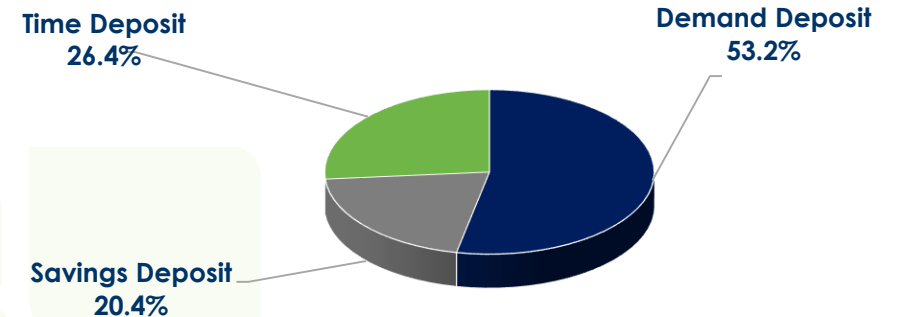
## Customer Deposits



## Customer Deposits by Products – 2017FY Vs. 9M 2018



## Customer Deposits by Products – 9M 2018

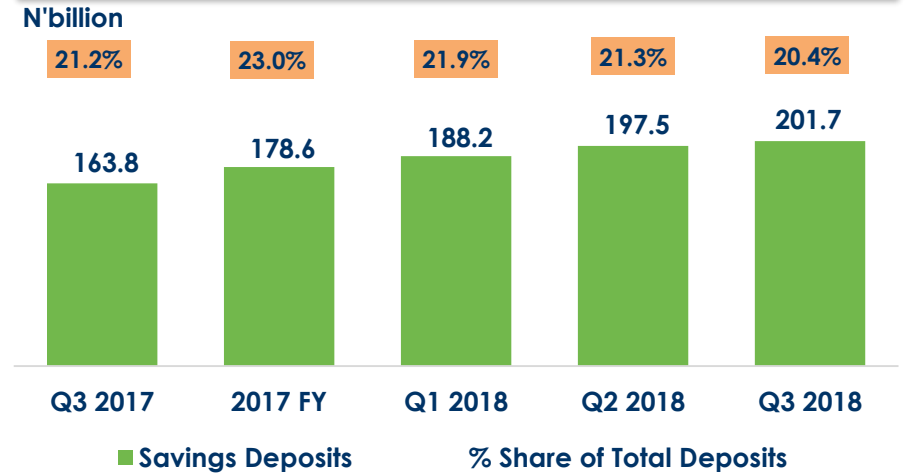


# Retail Banking Analysis (Personal Banking)

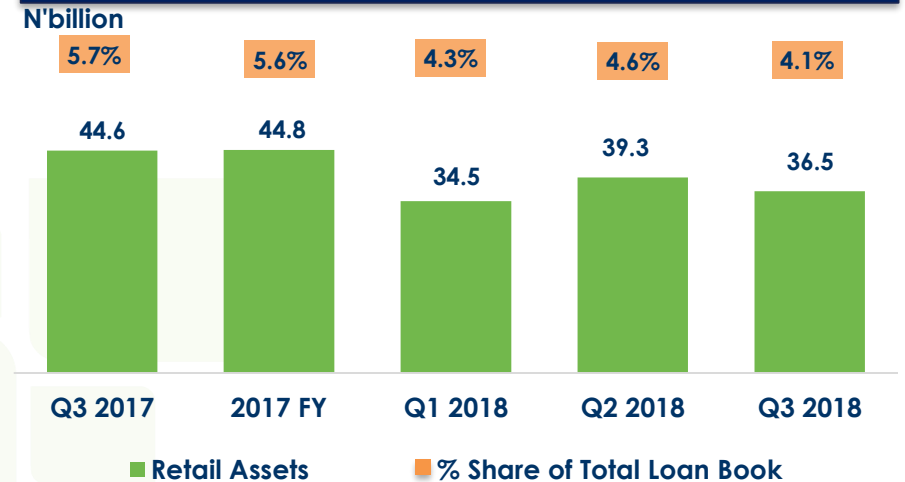


- ▶ Savings deposits grew by 12.9% YTD which contributed to the decline in our funding cost.
- ▶ Growth was as a result of the disciplined execution of our retail banking strategy and improved cross-selling of our digital products.
- ▶ We expect double digit growth in Savings and Retail low cost deposits in the 2018FY.
- ▶ We still expect retail assets to tick riding on our new mobile lending product targeted at salary earners with a maximum repayment cycle of 30 days.

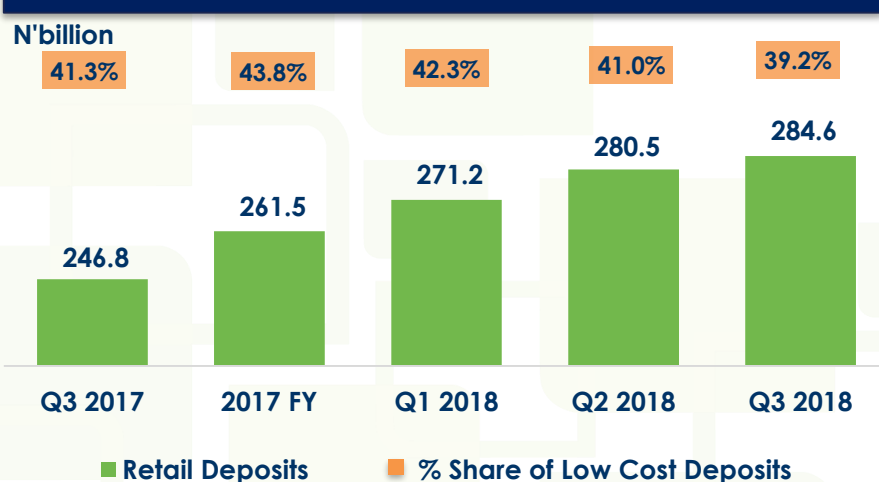
## Savings Deposits Trend



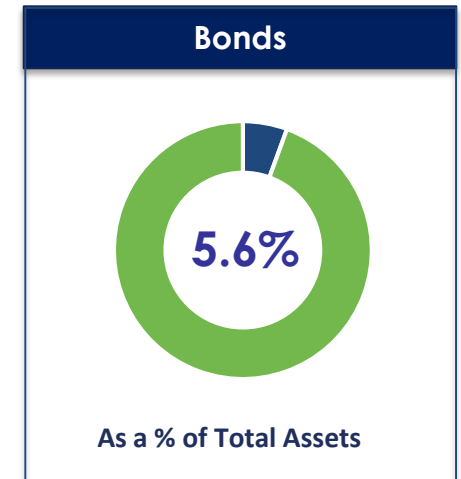
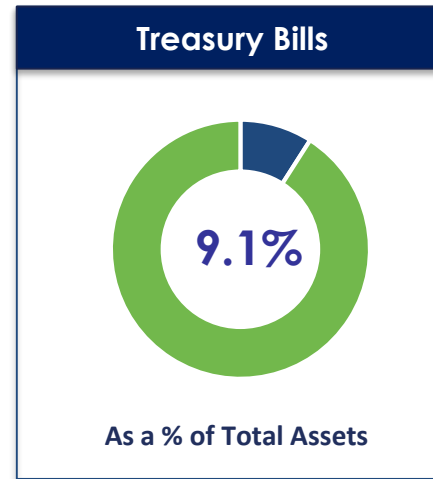
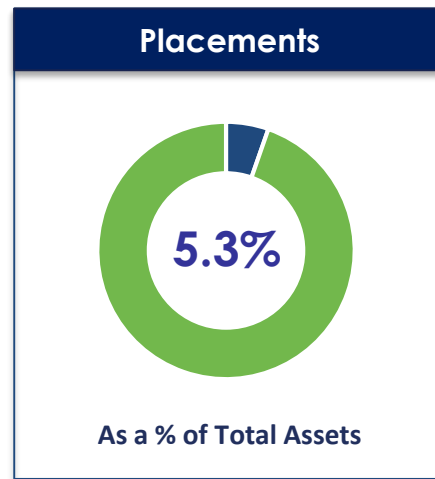
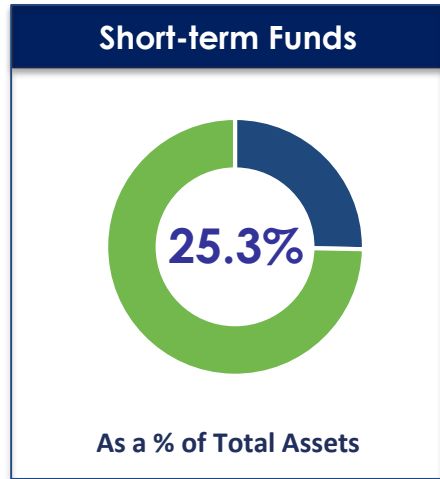
## Retail Assets Trend



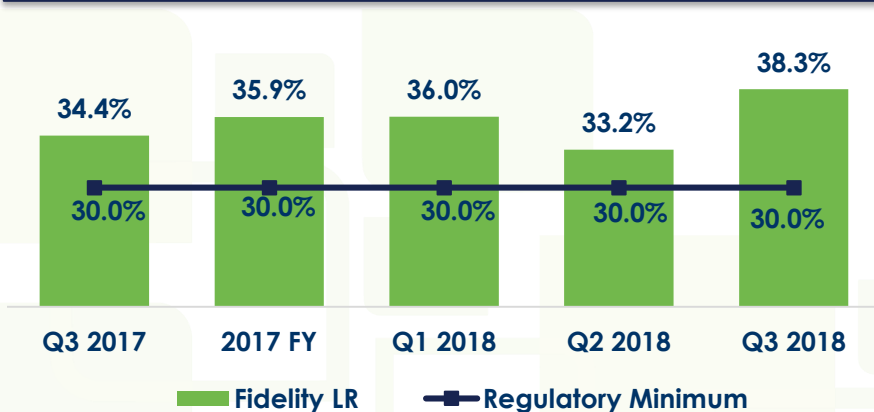
## Retail Low Cost Deposits



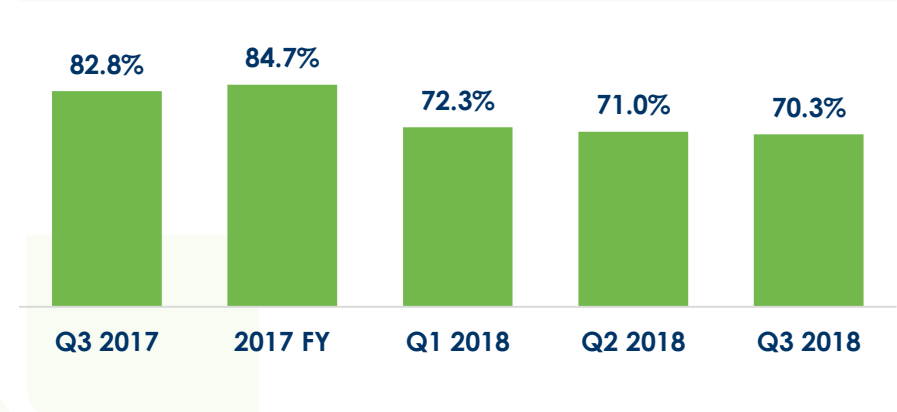
# Liquid Assets Position



## Liquidity Ratio



## % Total Loans to Customer Deposits



- Improved liquidity is changing the structure of our funding base: loans to deposits is now 70.3% from 84.7% in 2017FY *excluding other funding sources e.g. debts.*
- Loans to interest bearing liabilities improved to 61.5% in 9M 2018 from 69.8% reported in 2017FY.

# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers: 2017FY Vs. 9M 2018

N'million	2017FY	9M 2018	VAR	% VAR
Communication	37,874	36,685	-1,189	- 3.1%
Oil and Gas	204,695	219,935	15,240	7.4%
- <b>Upstream</b>	<b>148,544</b>	<b>138,524</b>	<b>-10,020</b>	<b>- 6.7%</b>
- <b>Downstream</b>	<b>27,362</b>	<b>32,919</b>	<b>5,556</b>	<b>20.3%</b>
- <b>Services</b>	<b>28,790</b>	<b>48,493</b>	<b>19,703</b>	<b>68.4%</b>
Power	102,727	110,155	7,428	7.2%
Manufacturing	77,368	107,462	30,094	38.9%
General Commerce	69,095	74,606	5,511	8.0%
Transport	72,301	91,788	19,486	27.0%
Consumer (Individuals)	44,751	36,479	-8,272	- 18.5%
Government	107,489	116,455	8,966	8.3%
Construction	27,979	30,938	2,958	10.6%
Agriculture	12,657	15,624	2,967	23.4%
Real Estate	24,506	31,190	6,684	27.3%
Education	3,548	4,035	486	13.7%
Finance and Insurance	3,915	3,671	-244	- 6.2%
Others	6,408	8,527	2,119	33.1%
<b>Total</b>	<b>795,315</b>	<b>887,549</b>	<b>92,234</b>	<b>11.6%</b>



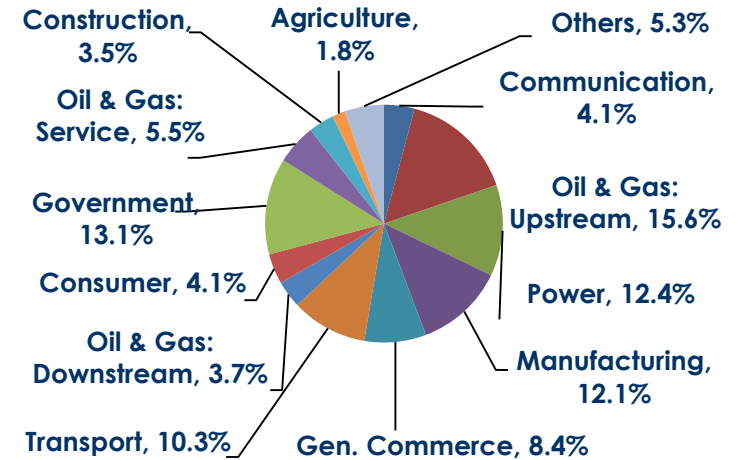
# Loan Portfolio Analysis



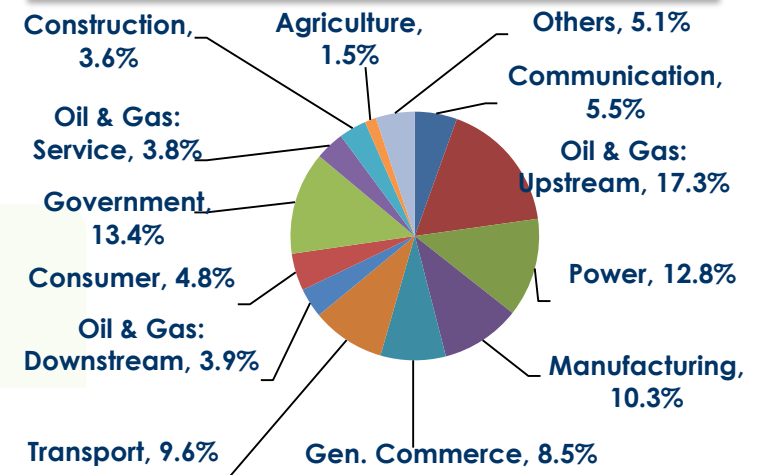
## Breakdown of Loans & Advances to Customers

N'million	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Communication	37,874	43,562	40,614	36,685
Oil and Gas	204,695	198,068	198,294	219,935
- <b>Upstream</b>	<b>148,544</b>	<b>137,401</b>	<b>134,478</b>	138,524
- <b>Downstream</b>	<b>27,362</b>	<b>30,598</b>	<b>30,848</b>	32,919
- <b>Services</b>	<b>28,790</b>	<b>30,068</b>	<b>32,968</b>	48,493
Power	102,727	102,019	107,672	110,155
Manufacturing	77,368	86,087	96,935	107,462
Gen. Commerce	69,095	67,419	86,487	74,606
Transport	72,301	75,980	86,272	91,788
Consumer	44,751	34,511	39,261	36,479
Government	107,489	106,202	116,290	116,455
Construction	27,979	28,318	29,081	30,938
Agriculture	12,657	11,805	9,704	15,624
Real Estate	24,506	26,462	26,528	31,190
Education	3,548	3,165	3,420	4,035
Fin. & Insurance	3,915	4,485	3,825	3,671
Others	6,408	6,231	7,689	8,527
<b>Total</b>	<b>795,315</b>	<b>794,314</b>	<b>852,072</b>	<b>887,549</b>

## Loan Analysis – 9M 2018



## Loan Analysis – 2017FY



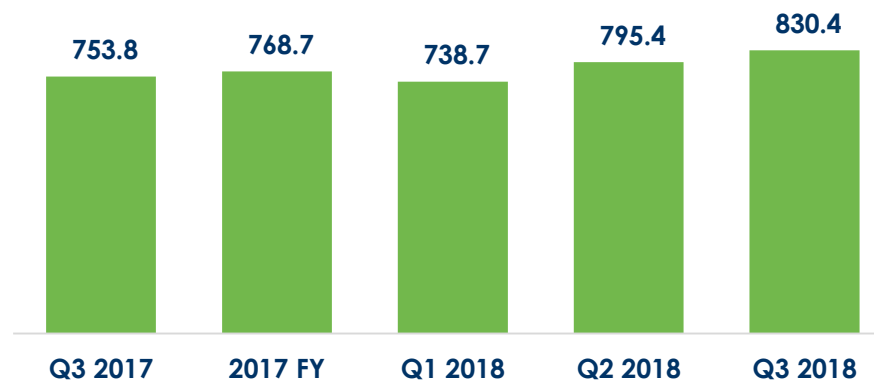
# Loan Book Analysis



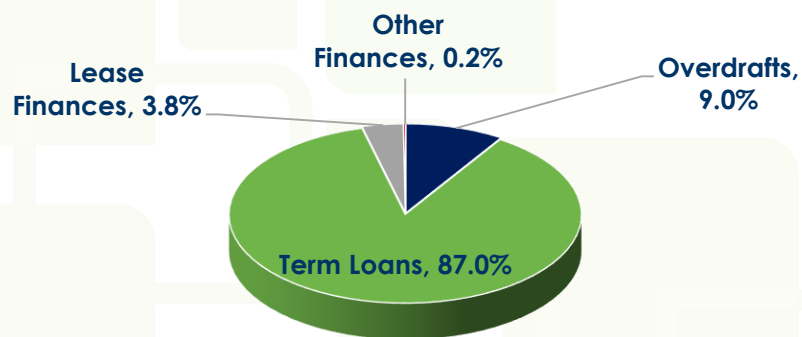
- ▶ Net loans increased by 8.0% YTD (4.4% QoQ) to N830.4 billion, with LCY loans growth at 15.0% YTD compared to a relatively stable FCY loan growth.
- ▶ Absolute loan growth was driven by 4 sectors: Oil & Gas Services, Manufacturing, Transport and Government.
- ▶ The 4 sectors represent 70% of the increase in net loans and advances.
- ▶ FCY loans now constitute about 42.5% in 9M 2018 from 46.0% in 2017FY.

## Net Loans and Advances to Customers

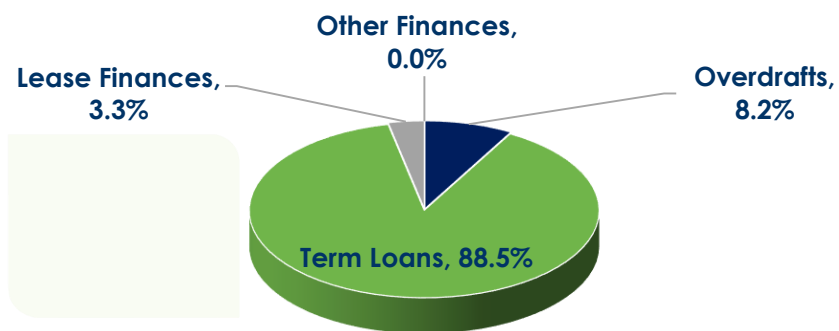
N'billion



## Total Loans by Type – 2017FY



## Total Loans by Type – 9M 2018



# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2017FY Vs. 9M 2018

	2017FY N'million	9M 2018 N'million	VAR N'million	% VAR	2017FY NPL Ratio	9M 2018 NPL Ratio
Communication	1,537	1,597	60	3.9%	4.1%	4.4%
Oil and gas	13,624	13,299	(325)	-2.4%	6.7%	6.0%
- Oil & Gas Upstream	-	-	-	0.0%	0.0%	0.0%
- Oil & Gas Downstream	11,191	10,864	(327)	-2.9%	40.9%	33.0%
- Oil & Gas Services	2,433	2,436	2	0.1%	8.5%	5.0%
Power	10	3	(8)	-72.3%	0.0%	0.0%
Manufacturing	7,346	8,985	1,638	22.3%	9.5%	8.4%
General Commerce	5,773	5,194	(579)	-10.0%	8.4%	7.0%
Transport	13,436	15,435	1,999	14.9%	18.6%	16.8%
Consumer (Individuals)	2,617	2,477	(140)	-5.4%	5.8%	6.8%
Government	25	25	(0)	-0.1%	0.0%	0.0%
Construction	908	383	(525)	-57.8%	3.2%	1.2%
Agriculture	1,263	1,826	563	44.6%	10.0%	11.7%
Real Estate	1,960	2,116	157	8.0%	8.0%	6.8%
Education	501	473	(27)	-5.5%	14.1%	11.7%
Finance and Insurance	94	67	(27)	-28.5%	2.4%	1.8%
Others	1,568	1,573	6	0.4%	24.5%	18.5%
<b>Total</b>	<b>50,662</b>	<b>53,454</b>	<b>2,792</b>	<b>5.5%</b>	<b>6.4%</b>	<b>6.0%</b>

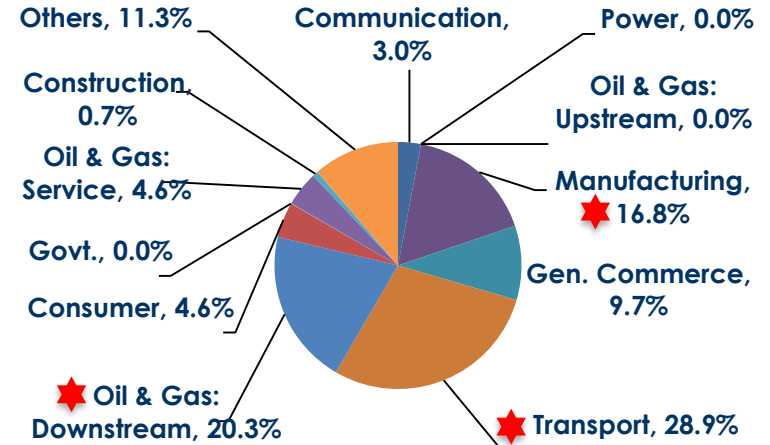
# NPL Portfolio Analysis



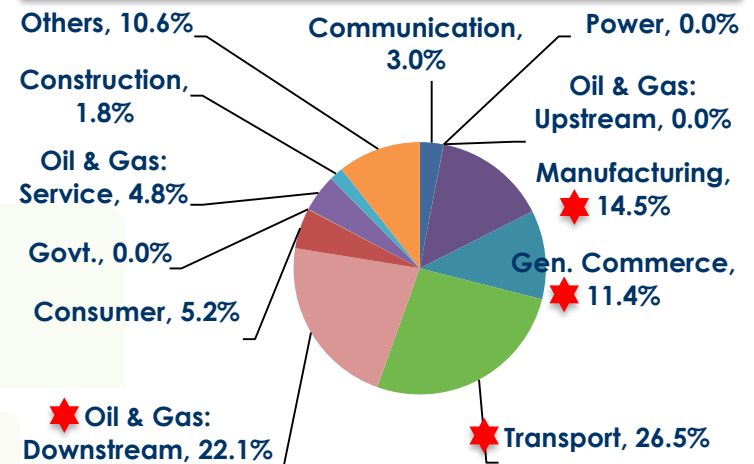
## Breakdown of Non-performing Loans

N'million	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Communication	1,537	1,557	1,609	1,597
Oil and Gas	13,624	12,891	13,148	13,299
- <b>Upstream</b>	-	-	-	-
- <b>Downstream</b>	<b>11,191</b>	<b>10,180</b>	<b>10,367</b>	<b>10,864</b>
- <b>Services</b>	<b>2,433</b>	<b>2,711</b>	<b>2,781</b>	<b>2,436</b>
Power	10	9	9	3
Manufacturing	7,346	7,821	7,354	8,985
Gen. Commerce	5,773	5,562	5,380	5,194
Transport	13,436	13,846	15,285	15,435
Consumer	2,617	2,557	2,561	2,477
Government	25	25	25	25
Construction	908	368	381	383
Agriculture	1,263	1,450	1,636	1,826
Real Estate	1,960	2,054	2,156	2,116
Education	501	489	481	473
Fin. & Insurance	94	117	75	67
Others	1,568	1,583	1,586	1,573
<b>Total</b>	<b>50,662</b>	<b>50,329</b>	<b>51,686</b>	<b>53,454</b>

## NPL Analysis – 9M 2018



## NPL Analysis – 2017FY



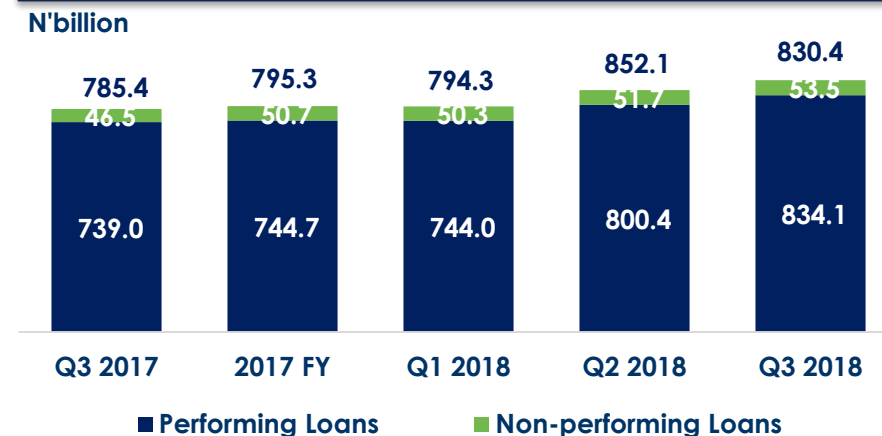
★ Pressure NPL Sectors

# NPL Analysis

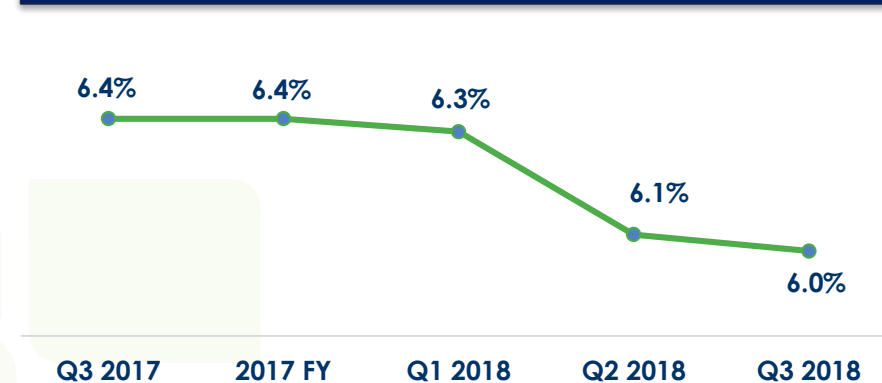


- ▶ NPL ratio declined to 6.0% from 6.4% in 2017FY principally due to the 11.6% YTD increase in gross loan book.
- ▶ Absolute NPLs increased by 5.5% due to N1.9 billion increase in the transport and N1.6 billion increase in the manufacturing sector.
- ▶ Coverage ratio improved to 109.9% but we are still focused on reducing the NPL concentration risk in the key pressure sectors

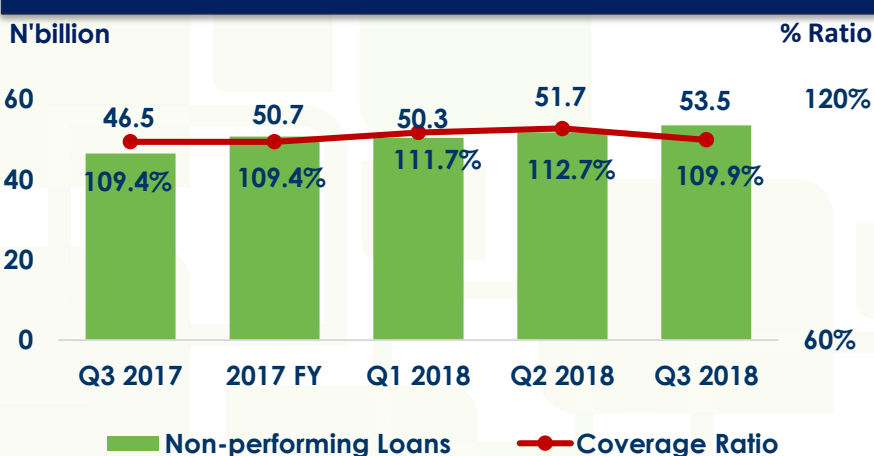
## Gross Loans and Advances



## Non-performing Loans



## NPL Coverage Ratio

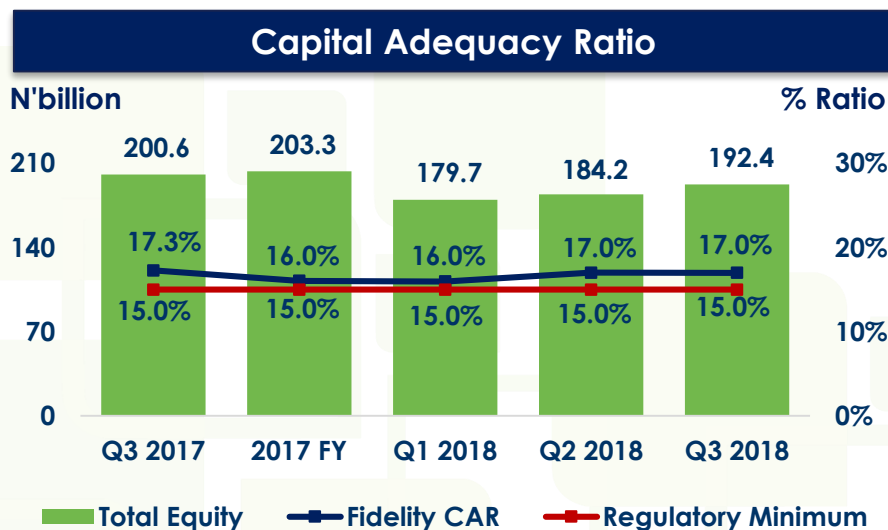




# Capital Adequacy



- ▶ CAR improved to 17.0% from 16.0% in 2017FY as capitalized H1 profit increased Tier 1 Capital by N10 billion.
- ▶ Credit risk dropped by N47.9 billion to N821.4 billion due to increased collaterals on risk assets and contingents.
- ▶ The increase in Regulatory Adjustment resulted from the drop in our Single Obligor Limit which is 20% of Total Equity.
- ▶ Total Equity declined due to the one-time adoption charge of over N28bn from the implementation of IFRS 9.
- ▶ Excluding the Regulatory Adjustment, Fidelity CAR would have been 18.6% in 9M 2018.



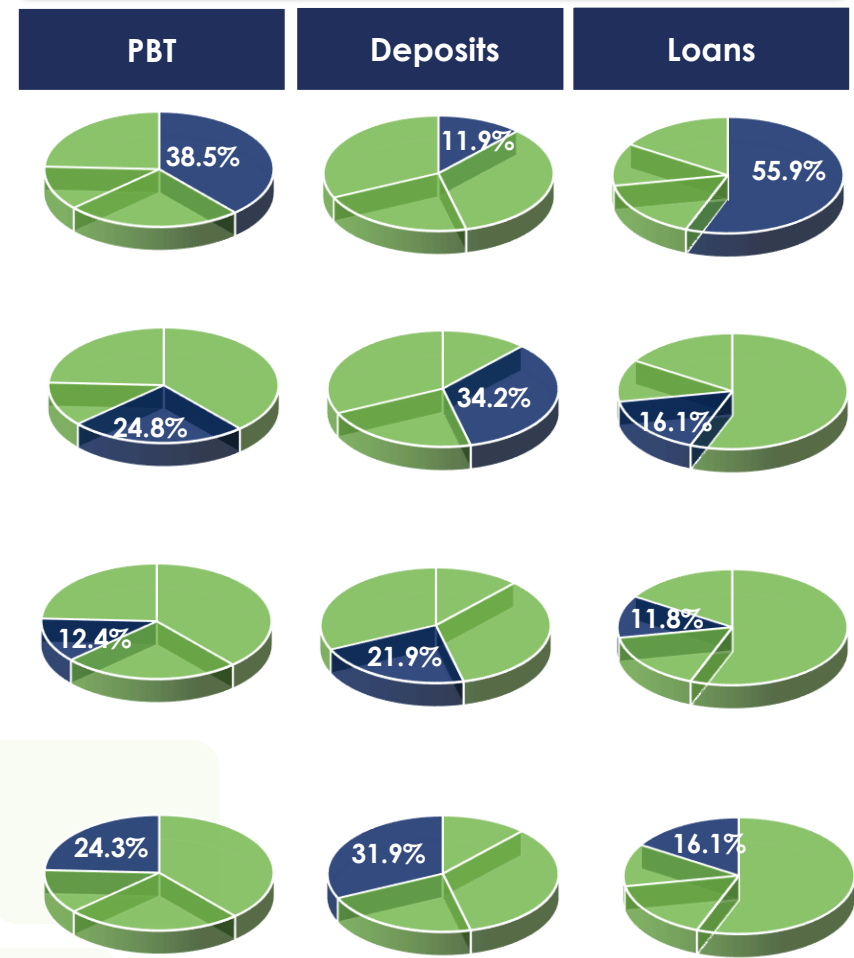
Capital Adequacy Ratio Computation – Basel II			
N'billion	2017FY	9M 2018	VAR
Tier 1 Capital	165.3	175.5	10.1
<b>Regulatory Adjustment</b>	(15.2)	(17.4)	-2.2
<b>Adjusted Tier 1 Capital</b>	<b>150.1</b>	<b>158.1</b>	7.9
Tier 2 Capital	29.2	23.8	-5.4
<b>Total Qualified Capital</b>	<b>179.3</b>	<b>181.9</b>	<b>2.6</b>
Credit Risk	869.3	821.4	-47.9
Market Risk	77.8	77.8	0.0
Operational Risk	171.7	171.7	0.0
<b>Risk Weighted Assets</b>	<b>1,118.8</b>	<b>1,070.9</b>	<b>-47.9</b>
<b>Capital Adequacy Ratio</b>			
Tier 1	13.4%	14.8%	
Tier 2	2.6%	2.2%	
<b>Overall CAR</b>	<b>16.0%</b>	<b>17.0%</b>	

# Strategic Business Units Analysis



	Business Description
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>➤ Handles the bank's institutional clients with turnover in excess of ₦5.0bn.</li> <li>➤ Key focus sectors include:                             <ul style="list-style-type: none"> <li>❑ Oil &amp; gas upstream      ❑ Oil &amp; gas downstream</li> <li>❑ Power &amp; infrastructure      ❑ Telecom &amp; fintech.</li> <li>❑ FMCG                              ❑ Construction &amp; real est.</li> <li>❑ Agriculture                      ❑ 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 97 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 87 locations</li> </ul>

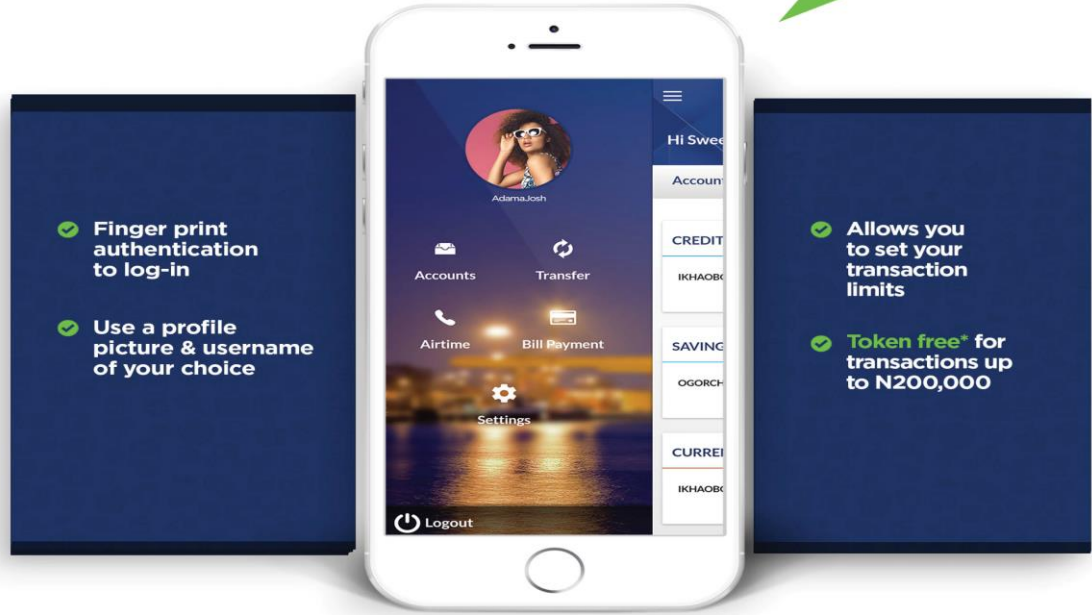
## Location Based Analysis





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# 9M 2018 Vs. 2018FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	9M 2018 Actual	2018FY Target	Comment
1	Net Interest Margin	6.7%	6.5% - 7.0%	On Track
2	Tax Rate	11.0%	10.0% - 12.0%	On Track
3	Loan Growth (YTD)	8.0%	7.5% - 10.0%	On Track
4	Deposit Growth (YTD)	27.3%	10.0% - 15.0%	On Track
5	Cost to Income Ratio	68.4%	Below 70%	On Track
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	6.0%	6.0% - 6.5%	On Track
8	Cost of Risk	0.5%	1.25%	On Track
9	ROE – Post Tax	12.4%	12.5%	On Track

# Thank You

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