

# Fidelity Bank Investor Presentation

Unaudited Financial Results for the 9 months ended  
September 30, 2020



1. Overview of Fidelity Bank
2. The Operating Environment
3. Financial Highlights
4. Financial Review
5. 9M 2020 Actual Vs. 2020FY Guidance



# Overview of Fidelity Bank



## Ownership

Total Assets: **N2,575bn**

**\$6.7bn**

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



## Listings:

**28.96bn** Shares



**THE Nigerian STOCK EXCHANGE**  
RC: 2321



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

**Irish Stock Exchange**

**\$400m Oct 2022 Eurobond**

## Operations & Contact Channels



Professional Staff

**2,853**

Male: 55%  
Female: 45%



**5.5 Million**  
Accounts



**837** ATMs



**2.3m** Cards



**250** Branches

**2.9m**  
Mobile  
Customers



**11,196** POS

## Governance



**15**

Board Members  
Non-Executives: 8  
Executives: 7

**5 Board Committees**

Executive  
Management  
Team

**9**

**Fitch Ratings**

**B- (Stable)**

**S&P Global**

**B- (Stable)**



**GCR** GLOBAL CREDIT RATING CO.  
Local Expertise • Global Presence

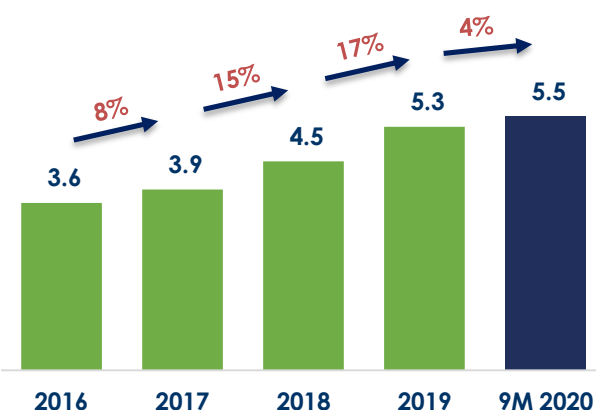
**A-NG (Stable)**

# Overview of Fidelity Bank



## Retail And Digital Banking Evolution / Progress Report

Number of Customer Accounts (#'m)



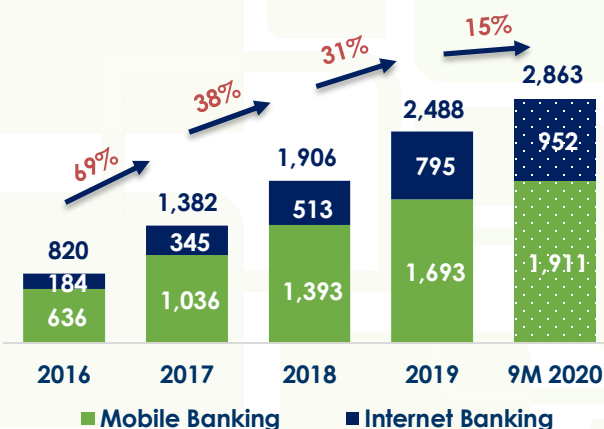
Savings deposits (N'bn)



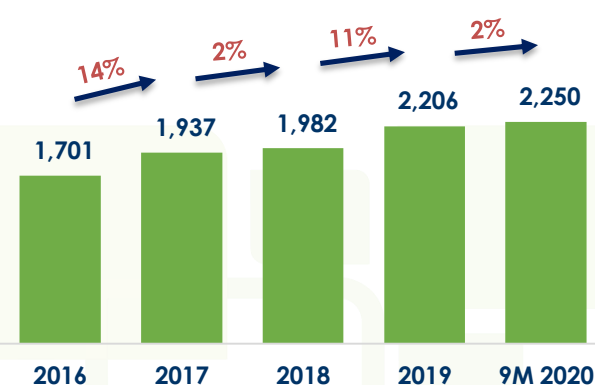
Retail Risk Assets (N'bn)



Mobile/Internet Banking Cust. (#'000)



Number of Debit Cardholders (#'000)



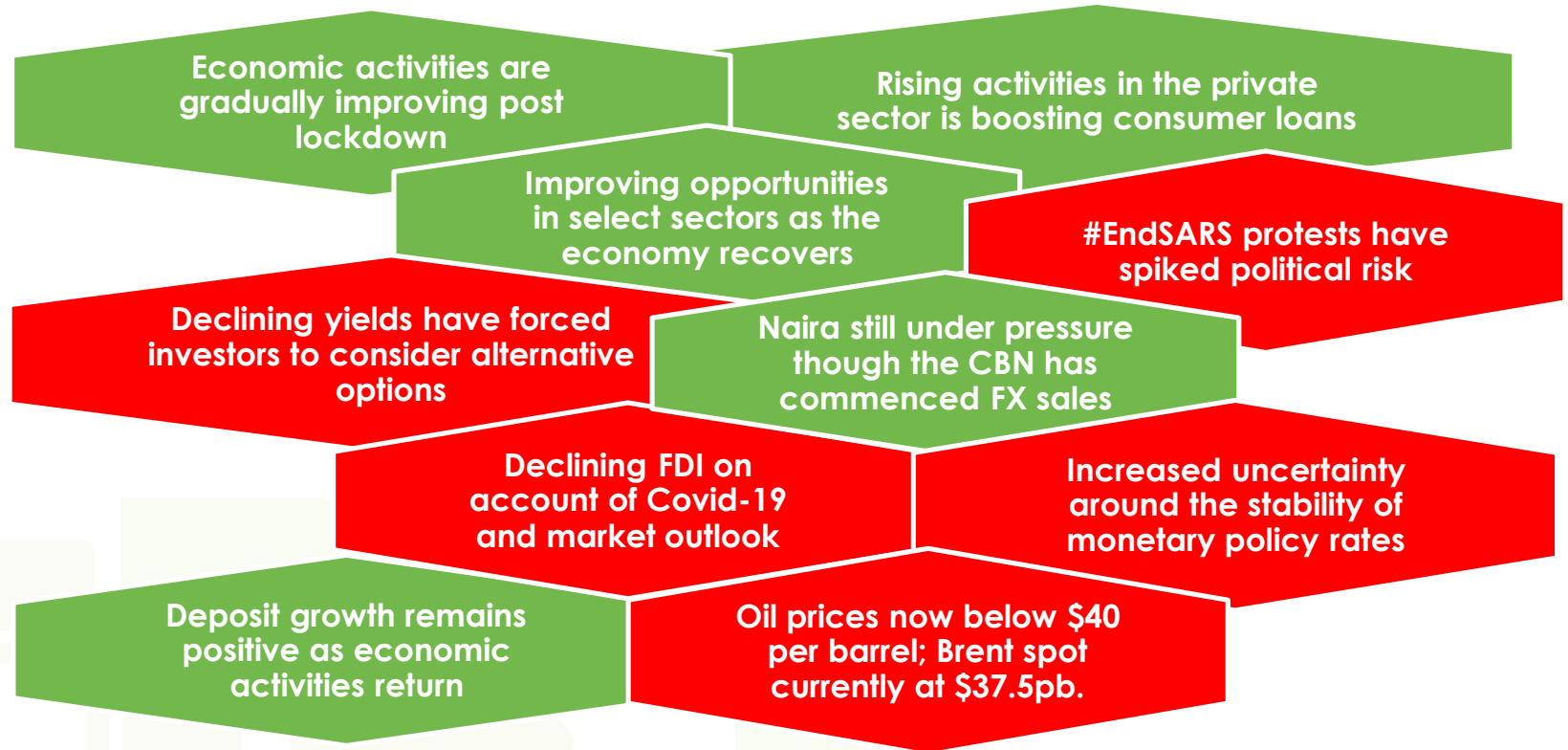
Commentary

- Sustained double-digit growth in savings deposits on the back of improved digital banking penetration currently above 52%.
- On course to achieve the 7<sup>th</sup> consecutive double-digit annual growth.
- Retail loans are gradually picking up QoQ as business activities improves.
- 88.2% of customers transactions are now done on electronic banking channels.
- Digital banking now accounts for 23.7% of net fee income.

Dial **\*770#**  
To Pay Bills



# The Operating Environment



Stable -



Improving -



Declining -







Sneezing



Sore Throat



Coughing

# Corona Virus Symptoms



Fever



Headache



If you have any of these symptoms, please do well to isolate yourself.  
Contact Nigerian Center for Disease Control on 0800 970000 (Toll-Free)



# Financial Highlights



- ❑ Gross Earnings dropped by 3.7% YoY to ₦155.0bn in 9M 2020 largely due to 2.0% YoY decline in interest income caused by lower yields in the market. However, the drop in average funding cost to 4.0% from 6.3% in 2019FY translated to ₦16.8bn (28.8%) increase in net interest income to ₦75.0bn.
- ❑ NIM came in at 6.3% compared to 6.2% in 2019FY, due to significantly lower average funding cost.
- ❑ Total operating income increased by 19.1% to ₦96.2bn while operating expenses increased by 5.8% to ₦63.8bn. However, operating expenses dropped by 32.8% QoQ resulting in a drop in cost-to-income ratio to 66.3%.
- ❑ We increased our loan loss buffer for the period, which led to a higher cost of risk of 1.2%. This resulted in an increase in total impairment charge to ₦11.0bn from a write-back of ₦0.1bn in 9M 2019.
- ❑ PBT increased by 3.6% to ₦21.3bn from ₦20.6bn in 9M 2019.
- ❑ Total deposits grew by 22.3% YTD to ₦1,498.4bn driven by strong growth across all deposit types. Local currency deposits increased by 26.0% to ₦1,180.6bn while foreign currency deposits increased by 10.1% to ₦317.8bn.
- ❑ Savings deposits grew by 39.9% YTD to ₦385.1bn from ₦275.2 in 2019FY. Savings deposits contribution to total deposits also improved to 25.7% from 22.5%, an attestation of our increasing market share in the retail segment.
- ❑ Risk Assets increased by 12.9% to ₦1,272.5bn from ₦1,127.0bn in 2019FY. However, the actual growth in risk assets was 10.2% while the impact of the currency adjustment accounted for 2.7% growth in the loan book.

# Performance Highlights



## Revenue and Efficiency Ratio

- ❑ Net Interest Income up by 28.8% to ₦75.0 billion in 9M 2020 (9M 2019: ₦58.2 billion)
- ❑ Operating Expenses up by 5.8% to ₦63.8 billion in 9M 2020 (9M 2019: ₦60.3 billion)
- ❑ Cost to Income Ratio dropped to 66.3% in 9M 2020 from 73.4% in 2019FY
- ❑ PBT up by 3.6% to ₦21.3 billion in 9M 2020 (PAT came in at ₦20.4 billion)

## Asset Quality

- ❑ Cost of Risk was up to 1.2% in 9M 2020 from -0.1% in 2019FY
- ❑ NPL Ratio up to 4.7% in 9M 2020 from 3.3% in 2019FY
- ❑ Coverage Ratio was down to 115.8% in 9M 2020 from 169.1% in 2019FY
- ❑ FCY Loans accounted for 43.8% of Net Loan Book from 41.2% in 2019FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio (IFRS 9 – Full Impact) stood at 18.2%, well above regulatory minimum.
- ❑ Liquidity Ratio of 35.0% remains above the regulatory minimum of 30.0%
- ❑ Gross Loans to Funding Ratio came in at 64.5% (Weighted: 67.5%) from 68.2% in 2019FY
- ❑ Total Equity at ₦262.2 billion compared to ₦234.0 billion in 2019FY

# Financial Highlights



Summary of Income Statement: YoY Change				
N'million	9M 2019	9M 2020	VAR	% VAR
<b>Gross Earnings</b>	<b>161,055</b>	<b>155,030</b>	<b>(6,024)</b>	<b>-3.7%</b>
Interest Income Loans	98,560	96,921	(1,639)	-1.7%
Interest Income Liquid Assets	36,556	35,548	(1,008)	-2.8%
<b>Total Interest Income</b>	<b>135,116</b>	<b>132,469</b>	<b>(2,647)</b>	<b>-2.0%</b>
Interest Expense Customer Deposits	(55,551)	(37,398)	<b>(18,153)</b>	<b>-32.7%</b>
Interest Expense Borrowings	(21,320)	(20,071)	<b>(1,249)</b>	<b>-5.9%</b>
<b>Total Interest Expense</b>	<b>(76,870)</b>	<b>(57,469)</b>	<b>(19,401)</b>	<b>-25.2%</b>
<b>Net Interest Income</b>	<b>58,246</b>	<b>75,000</b>	<b>16,754</b>	<b>28.8%</b>
FX Income	4,685	7,957	3,272	69.8%
Digital Income	7,091	5,025	(2,067)	-29.1%
Other Fee Income (Net)	10,721	8,192	(2,528)	-23.6%
<b>Net Fee Income</b>	<b>22,497</b>	<b>21,174</b>	<b>(1,323)</b>	<b>-5.9%</b>
<b>Operating Income</b>	<b>80,743</b>	<b>96,174</b>	<b>15,431</b>	<b>19.1%</b>
<b>Total Expenses</b>	<b>(60,283)</b>	<b>(63,790)</b>	<b>3,507</b>	<b>5.8%</b>
Net Impairment Losses	139	(11,035)	11,174	8,043.3%
<b>Profit Before Tax</b>	<b>20,598</b>	<b>21,348</b>	<b>750</b>	<b>3.6%</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 2020	Q2 2020	Q3 2020	VAR	% VAR
<b>Gross Earnings</b>	<b>51,159</b>	<b>54,596</b>	<b>49,275</b>	<b>(5,321)</b>	<b>-9.7%</b>
Interest Income Loans	32,340	31,373	33,208	1,835	5.8%
Interest Income Liquid Assets	11,586	12,323	11,639	(684)	-5.6%
<b>Total Interest Income</b>	<b>43,926</b>	<b>43,696</b>	<b>44,847</b>	<b>1,151</b>	<b>2.6%</b>
Interest Expense Customer Deposits	(12,673)	(13,595)	(11,130)	(2,465)	-18.1%
Interest Expense Borrowings	(6,653)	(6,381)	(7,037)	656	10.3%
<b>Total Interest Expense</b>	<b>(19,326)</b>	<b>(19,976)</b>	<b>(18,167)</b>	<b>(1,809)</b>	<b>-9.1%</b>
<b>Net Interest Income</b>	<b>24,600</b>	<b>23,720</b>	<b>26,680</b>	<b>2,960</b>	<b>12.5%</b>
FX Income	1,965	6,354	(362)	(6,716)	-105.7%
E-banking Income	1,624	1,546	1,855	309	20.0%
Other Fee Income (Net)	2,126	4,710	1,356	(3,354)	-71.2%
<b>Net Fee Income</b>	<b>5,715</b>	<b>12,610</b>	<b>2,849</b>	<b>(9,761)</b>	<b>-77.4%</b>
<b>Operating Income</b>	<b>30,315</b>	<b>36,330</b>	<b>29,529</b>	<b>(6,801)</b>	<b>-18.7%</b>
<b>Total Expenses</b>	<b>(21,628)</b>	<b>(25,213)</b>	<b>(16,949)</b>	<b>(8,264)</b>	<b>-32.8%</b>
Net Impairment Losses	(2,103)	(5,738)	(3,194)	(2,543)	-44.3%
<b>Profit Before Tax</b>	<b>6,583</b>	<b>5,380</b>	<b>9,385</b>	<b>4,006</b>	<b>74.5%</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



Statement of Financial Position: YTD Change				
N'million	2019FY	9M 2020	VAR	% VAR
<b>Total Assets</b>	<b>2,114,037</b>	<b>2,575,198</b>	<b>461,161</b>	<b>21.8%</b>
<b>Earning Assets</b>	<b>1,474,252</b>	<b>1,703,347</b>	<b>229,095</b>	<b>15.5%</b>
Bank Placements	55,812	53,615	(2,197)	-3.9%
Treasury Bills	183,363	211,073	27,710	15.1%
Bonds	108,103	166,138	58,035	53.7%
Customer Loans (Naira)	662,214	715,219	53,005	8.0%
Customer Loans (FCY)	464,760	557,301	92,541	19.9%
<b>Non-Earning Assets</b>	<b>639,785</b>	<b>871,851</b>	<b>232,066</b>	<b>36.3%</b>
Cash	31,658	28,929	(2,729)	-8.6%
Cash Reserve	343,346	484,340	140,994	41.1%
Bal. with other Banks/Settlement Acct	179,932	251,254	71,322	154.0%
Fixed Assets	38,392	38,738	346	0.9%
All Other Assets	46,457	68,591	22,134	47.6%
<b>Interest Bearing Liabilities</b>	<b>1,726,938</b>	<b>2,070,115</b>	<b>343,177</b>	<b>19.9%</b>
Demand	691,610	763,743	72,133	10.4%
Savings	275,219	385,080	109,861	39.9%
Time Deposits	258,384	349,596	91,212	35.3%
Other Borrowings	76,308	73,295	(3,013)	-3.9%
On-lending Facilities	250,139	306,810	56,671	22.7%
Debt Securities	175,278	191,590	16,312	9.3%
<b>All Other Liabilities</b>	<b>153,069</b>	<b>242,909</b>	<b>89,840</b>	<b>58.7%</b>
<b>Equity</b>	<b>234,030</b>	<b>262,174</b>	<b>28,144</b>	<b>12.0%</b>

Please note: The Balance Sheet was converted at an exchange rate of ₦385.80/USD

# Financial Highlights



## Statement of Financial Position: QoQ Change

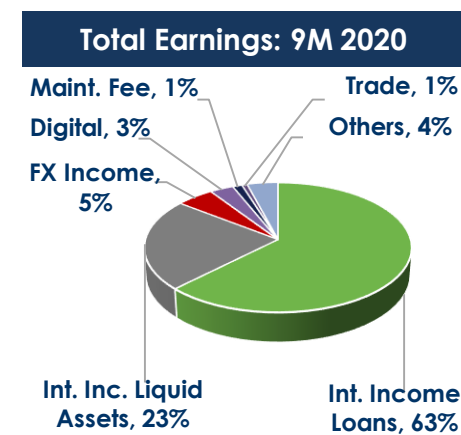
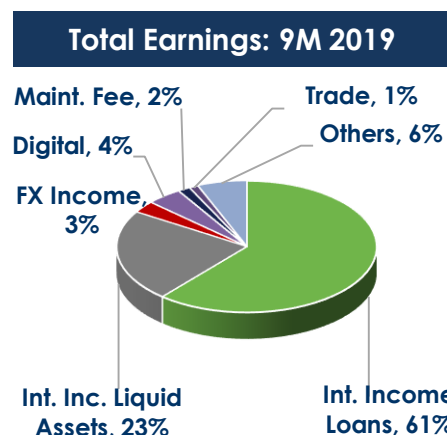
N' million	2019FY	Q1 2020	H1 2020	9M 2020	VAR	% VAR
<b>Total Assets</b>	<b>2,114,037</b>	<b>2,246,788</b>	<b>2,403,234</b>	<b>2,575,198</b>	<b>171,964</b>	<b>7.2%</b>
<b>Earning Assets</b>	<b>1,474,252</b>	<b>1,522,752</b>	<b>1,578,092</b>	<b>1,703,347</b>	<b>125,255</b>	<b>7.9%</b>
Bank Placements	55,812	57,133	70,443	53,615	(16,828)	-23.9%
Treasury Bills	183,363	210,342	206,816	211,073	4,257	2.1%
Bonds	108,103	89,450	91,731	166,138	74,407	81.1%
Customer Loans (Naira)	662,214	664,643	656,165	715,219	59,054	9.0%
Customer Loans (FCY)	464,760	501,183	552,937	557,301	4,364	0.8%
<b>Non-Earning Assets</b>	<b>639,785</b>	<b>724,036</b>	<b>825,142</b>	<b>871,851</b>	<b>46,709</b>	<b>5.7%</b>
Cash	31,658	35,735	30,430	28,929	(1,501)	-4.9%
Cash Reserve	343,346	408,889	487,861	484,340	(3,521)	-0.7%
Bal. with other Banks/Settlement	179,932	197,141	217,362	251,254	33,892	15.6%
Fixed Assets	38,392	38,430	38,275	38,738	463	1.2%
All Other Assets	46,457	43,841	51,214	68,591	17,377	33.9%
<b>Interest Bearing Liabilities</b>	<b>1,726,938</b>	<b>1,846,297</b>	<b>1,923,814</b>	<b>2,070,115</b>	<b>146,301</b>	<b>7.6%</b>
Demand	691,610	734,787	706,356	763,743	57,387	8.1%
Savings	275,219	312,109	363,920	385,080	21,160	5.8%
Time Deposits	258,384	305,366	335,669	349,596	13,927	4.1%
Other Borrowings	76,308	50,478	75,788	73,295	(2,493)	-3.3%
On-lending Facilities	250,139	252,174	255,996	306,810	50,814	19.8%
Debt Securities	175,278	191,383	186,085	191,590	5,505	3.0%
<b>All Other Liabilities</b>	<b>153,069</b>	<b>158,106</b>	<b>228,731</b>	<b>242,909</b>	<b>14,178</b>	<b>6.2%</b>
<b>Equity</b>	<b>234,030</b>	<b>242,384</b>	<b>250,689</b>	<b>262,174</b>	<b>11,485</b>	<b>4.6%</b>



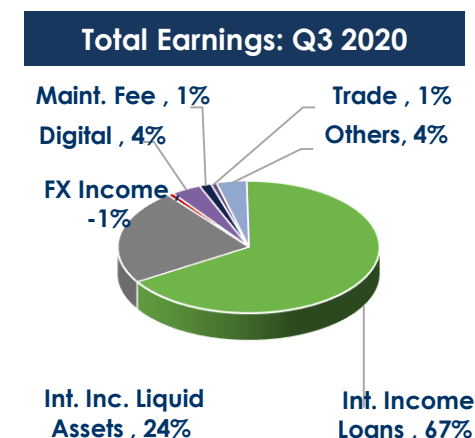
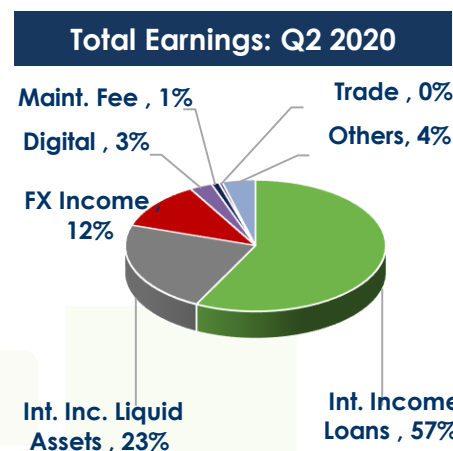
# Gross Earnings Analysis



N'million	9M 2019	9M 2020	VAR	% VAR
<b>Total Earnings</b>	<b>161,055</b>	<b>155,030</b>	<b>(6,024)</b>	<b>-3.7%</b>
Interest Income Loans	98,560	96,921	(1,639)	-1.7%
Int. Inc. Liquid Assets	36,556	35,548	(1,008)	-2.8%
FX Income	4,685	7,957	3,272	69.8%
Digital Income	7,091	5,289	(1,802)	-25.4%
A/C Maintenance fee	2,485	1,979	(506)	-20.4%
Trade Income	1,828	1,139	(689)	-37.7%
Other Income	9,849	6,198	(3,651)	-37.1%



N'million	Q2 2020	Q3 2020	VAR	% VAR
<b>Total Earnings</b>	<b>54,596</b>	<b>49,275</b>	<b>(5,321)</b>	<b>-9.7%</b>
Interest Income Loans	31,373	33,208	1,835	5.8%
Int. Inc. Liquid Assets	12,323	11,639	(684)	-5.6%
FX Income	6,354	(362)	(6,716)	-105.7%
Digital Income	1,546	1,855	309	20.0%
A/C Maintenance fee	513	731	218	42.4%
Trade Income	240	356	116	48.4%
Other Income	2,247	1,849	(398)	-17.7%



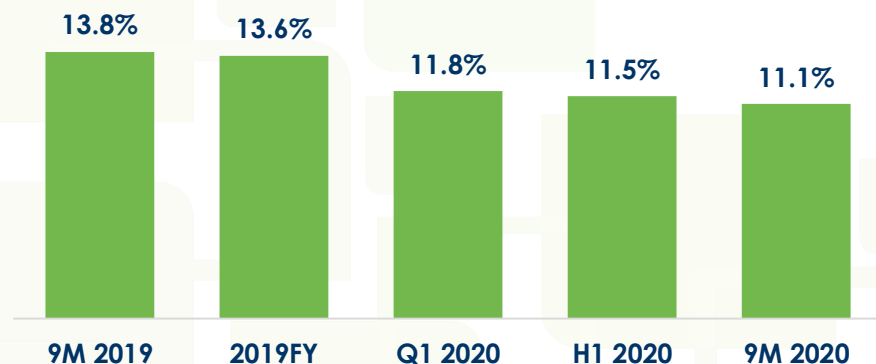
- Gross earnings dropped by 3.7% YoY due to the pass-through effect of Covid-19 pandemic on the economy in Q2 2020.
- QoQ increase in specific income lines (e.g. interest income, digital income, trade income & acct. maintenance) reflects the improving business activities post lock-down in most states.

# Net Interest Margin Analysis

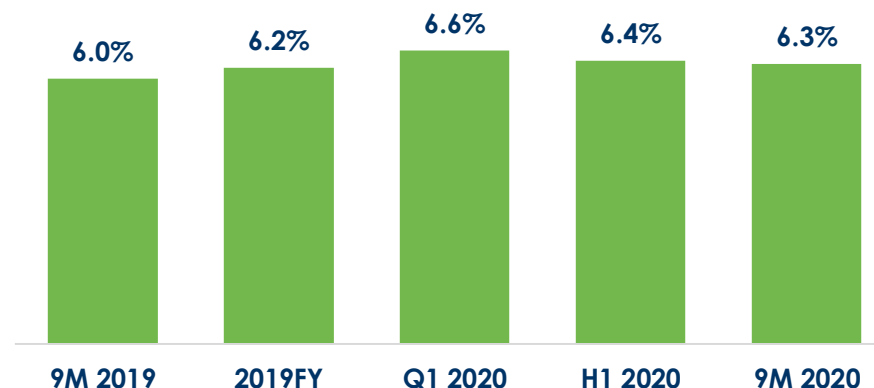


- ▶ NIM improved to 6.3% from 6.2% in 2019FY, largely due to 230bps drop in average funding cost despite a drop in yields on earnings assets.
- ▶ Drop in average funding cost was due to a combination of 300pbts decline in average cost of deposits to 3.7% and 50bps drop in average borrowing cost to 5.0%.
- ▶ Downward review of savings deposit rate and subsequent drop in MPR led to the drop in cost of deposits.
- ▶ Moderation in yields on earning assets was largely caused by a lower average lending rate which stood 10.8%.

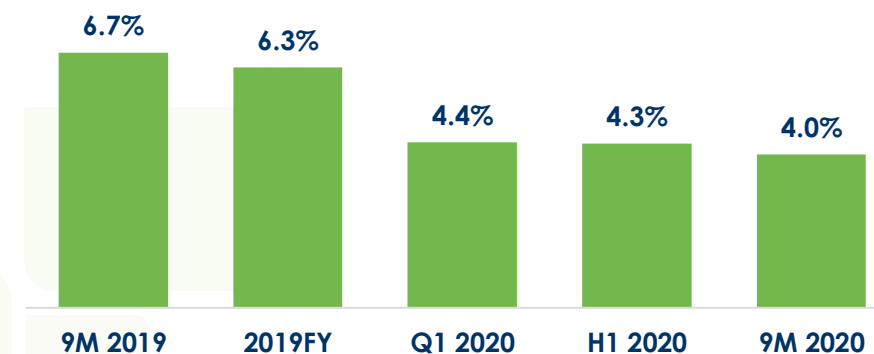
## Yield on Earning Assets



## NIM Trend



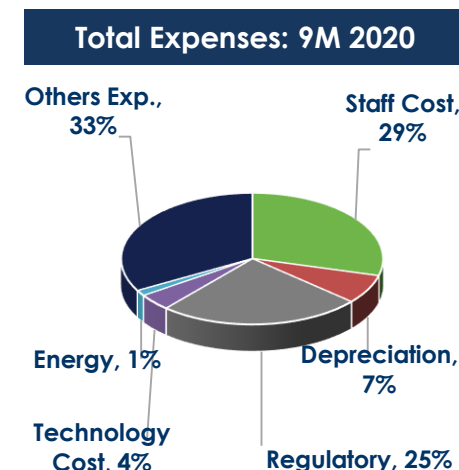
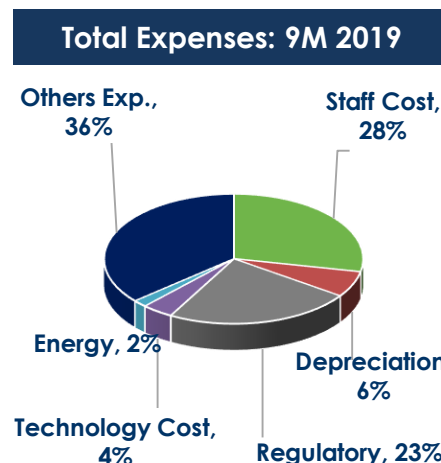
## Funding Cost



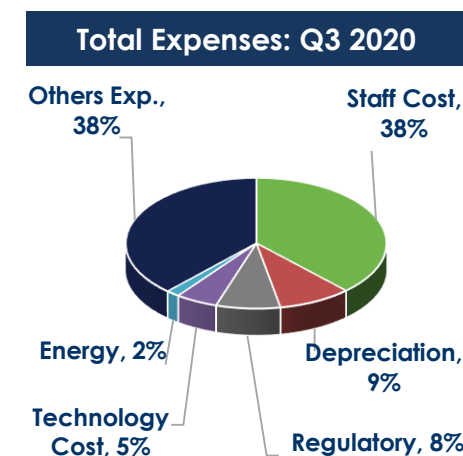
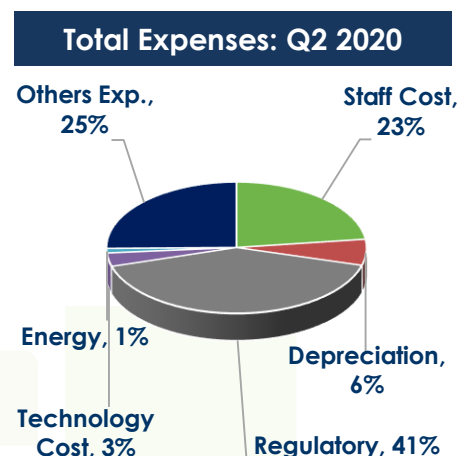
# Total Expense Analysis



N'million	9M 2019	9M 2020	VAR	% VAR
<b>Total Expenses</b>	<b>60,283</b>	<b>63,790</b>	<b>3,507</b>	<b>5.8%</b>
Staff Cost	17,013	18,620	1,607	9.4%
Depreciation	3,889	4,573	684	17.6%
NDIC/AMCON Cost	14,102	15,962	1,859	13.2%
Technology Cost	2,362	2,634	272	11.5%
Energy Cost	1,071	894	-176	-16.5%
Security	782	1,004	222	28.4%
Branding & Advert	7,103	6,825	-278	-3.9%
Other Expenses	13,962	13,278	-684	-4.9%



N'million	Q2 2020	Q3 2020	VAR	% VAR
<b>Total Expenses</b>	<b>25,213</b>	<b>16,949</b>	<b>-8,264</b>	<b>-32.8%</b>
Staff Cost	5,792	6,430	638	11.0%
Depreciation	1,615	1,543	-72	-4.5%
NDIC/AMCON Cost	10,330	1,347	-8,983	-87.0%
Technology Cost	835	879	44	5.3%
Energy Cost	282	282	1	0.3%
Security	331	338	7	2.1%
Branding & Advert	1,986	2,180	194	9.7%
Other Expenses	4,042	3,950	-92	-2.3%



- Though total expenses increased by 5.8% YoY, it came down by 32.8% QoQ which led to the drop in cost-to-income ratio to 66.3% from 73.4% in 2019FY.
- Most cost lines were relatively stable in Q3 due to cost savings from remote working and increased electronic banking penetration.

# FIDELITY WEEKLY

BY FIDELITY BANK

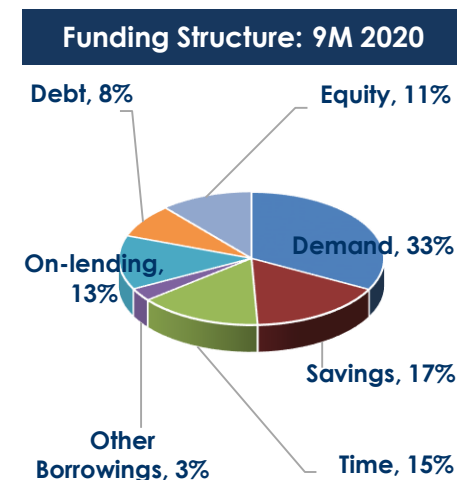
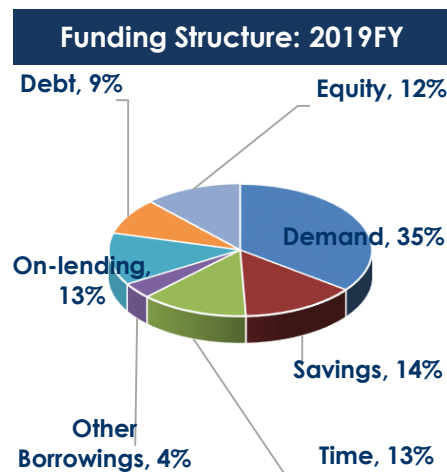


A Weekly Dose of Entertainment

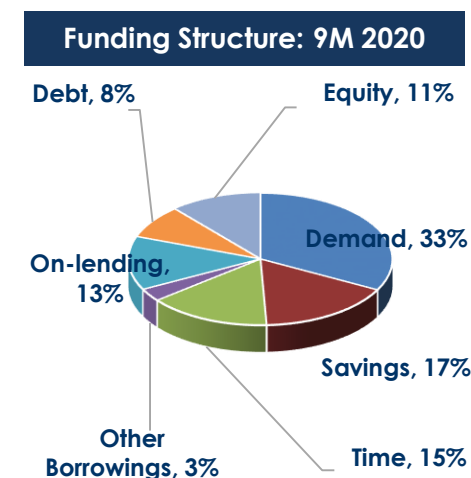
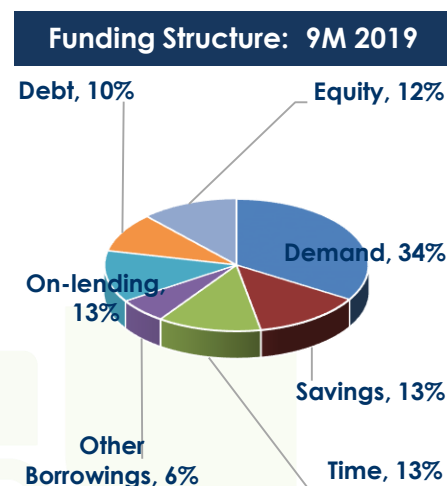
# Funding Base Analysis



N'million	2019FY	9M 2020	VAR	% VAR
Demand Deposits	691,610	763,743	72,133	10.4%
Savings Deposits	275,219	385,080	109,861	39.9%
Tenor Deposits	258,384	349,596	91,212	35.3%
Other Borrowings	76,308	73,295	(3,013)	-3.9%
On-Lending	250,139	306,810	56,671	22.7%
Debt Securities	175,278	191,590	16,312	9.3%
Equity	234,030	262,174	28,144	12.0%
<b>Total</b>	<b>1,960,968</b>	<b>2,332,289</b>	<b>371,321</b>	<b>18.9%</b>



N'million	9M 2019	9M 2020	VAR	% VAR
Demand Deposits	630,392	763,743	133,351	21.2%
Savings Deposits	248,881	385,080	136,200	54.7%
Tenor Deposits	237,144	349,596	112,452	47.4%
Other Borrowings	113,626	73,295	(40,332)	-35.5%
On-Lending	236,619	306,810	70,192	29.7%
Debt Securities	180,775	191,590	10,815	6.0%
Equity	221,728	262,174	40,446	18.2%
<b>Total</b>	<b>1,869,164</b>	<b>2,332,289</b>	<b>463,125</b>	<b>24.8%</b>



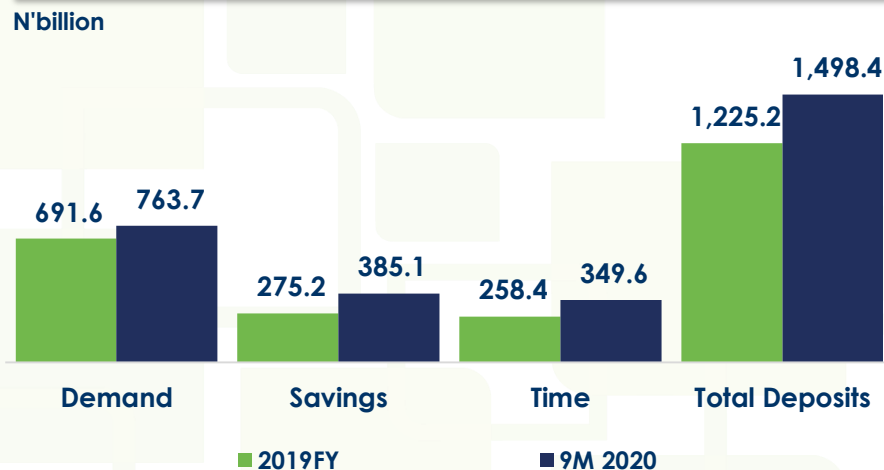
- Total funding base was boosted by 22.3% YTD growth in total deposits: low cost deposits accounted for 66.6% of the growth in deposits.
- Total deposits now represents 64.2% of total funding base (2019FY: 62.5%) and 72.4% of interest-bearing liabilities (2019FY: 70.9%).

# Deposits Analysis

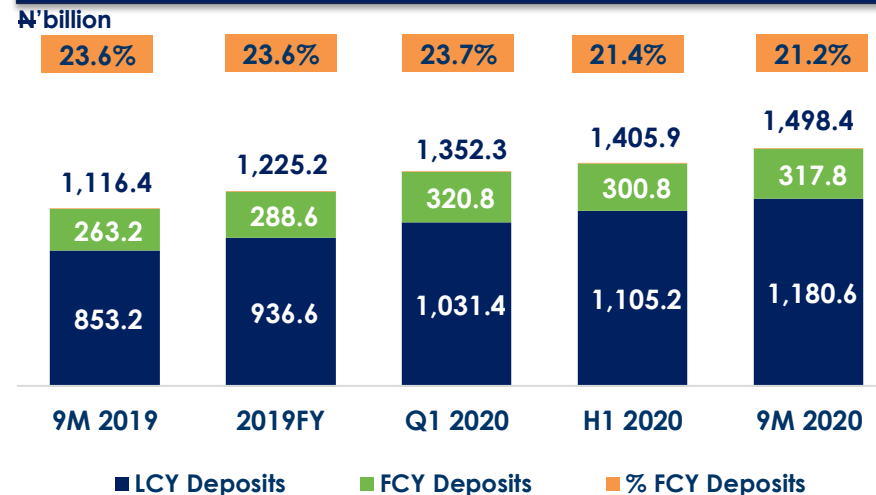


- ▶ Total customer deposits increased by 22.3% YTD to ₦1,498.4bn from ₦1,225.2bn in 2019FY.
- ▶ While actual growth was 20.9%, the impact of FX rate adjustment accounted for 1.4% growth in deposits.
- ▶ LCY deposits grew by 26.0% to ₦1,180.6bn and was responsible for 89.3% of the absolute growth in total deposits.
- ▶ FCY deposits increased by 10.1% and now accounts for 21.2% of total deposits.
- ▶ We recorded \$32.6m YTD increase in FCY deposits to \$823.9m.

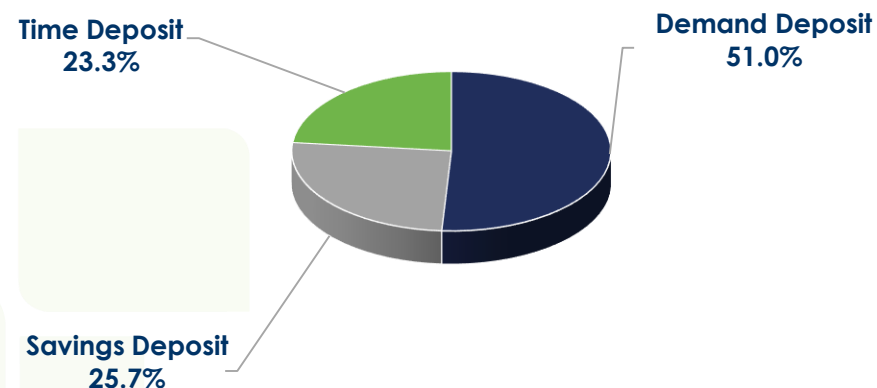
## Deposits by Products – 2019FY Vs. 9M 2020



## Total Deposits



## Deposits by Products – 9M 2020

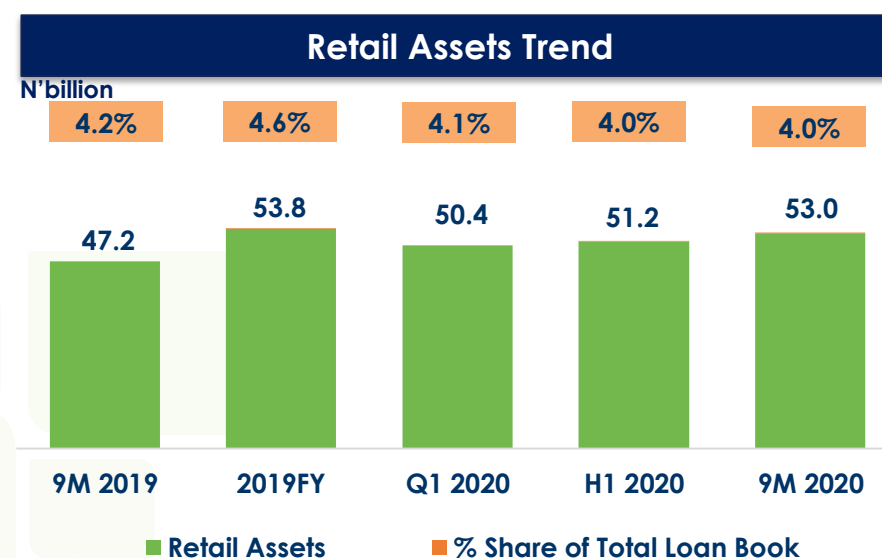
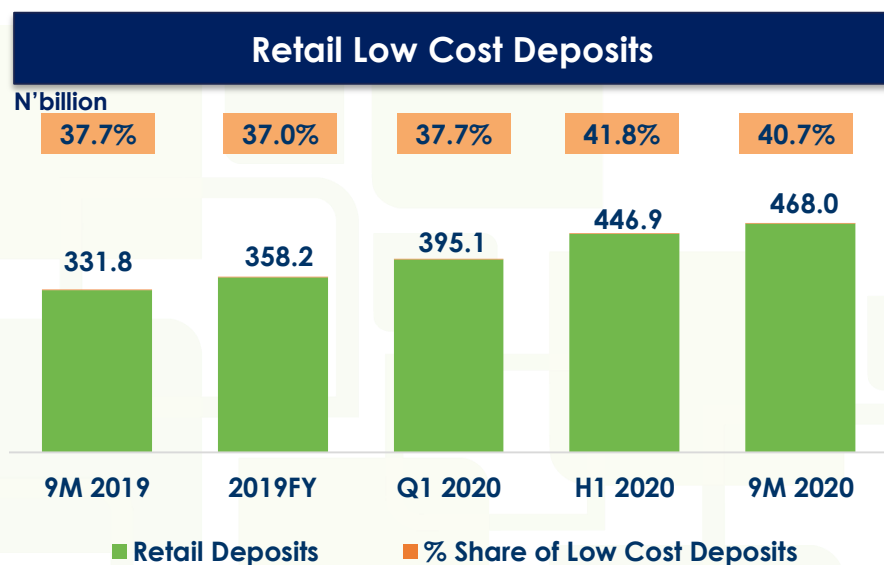
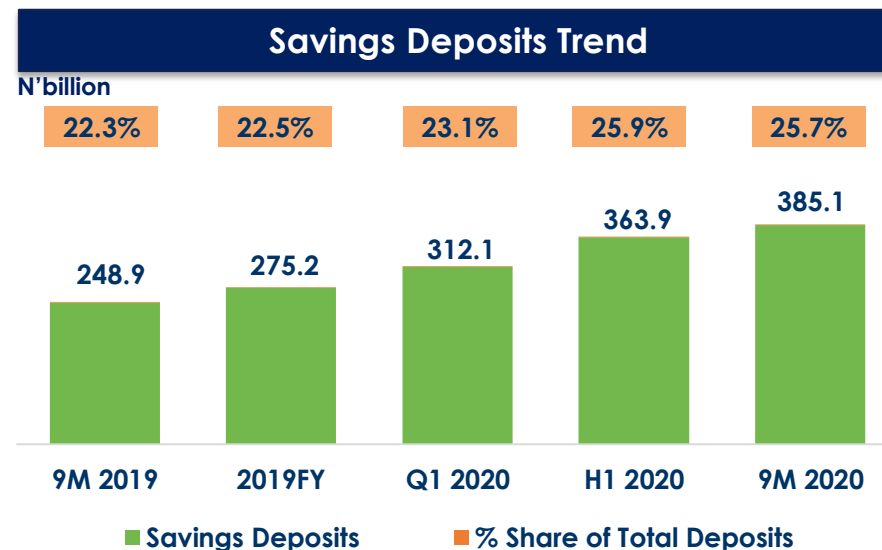




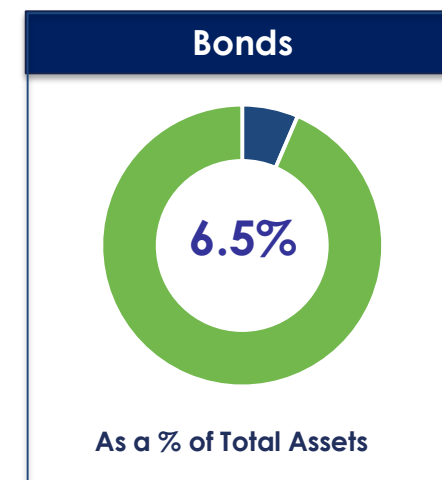
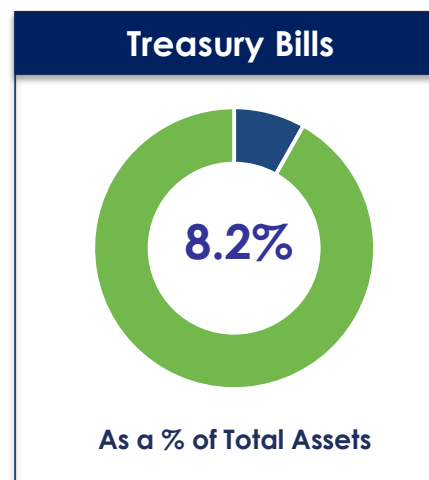
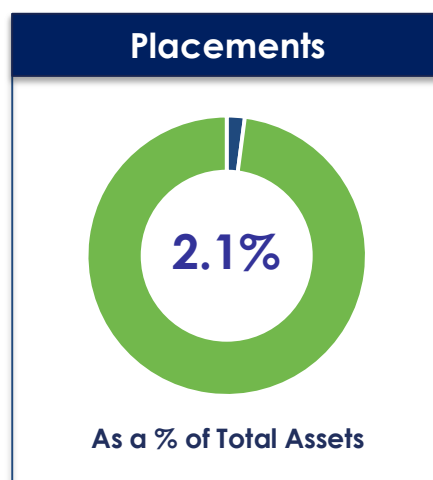
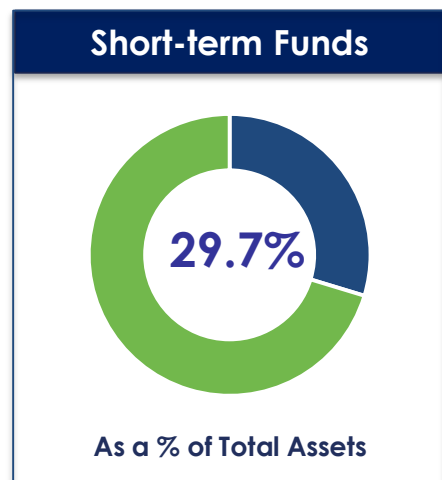
# Retail Banking Analysis (Personal Banking)



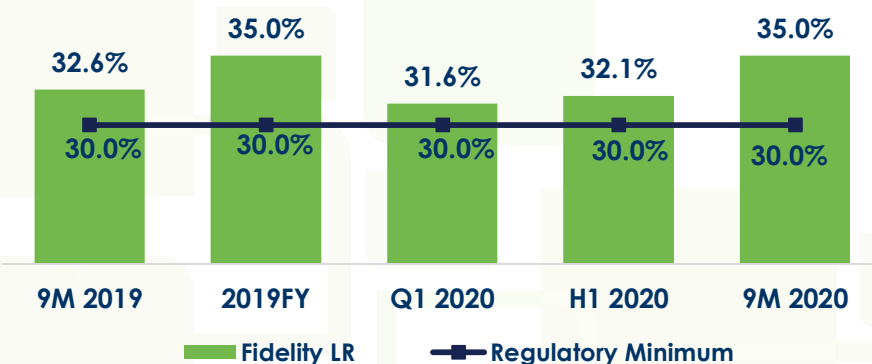
- ▶ Savings deposits grew by 39.9% YTD and now represent 25.7% of total deposits from 22.5% in 2019FY.
- ▶ Savings deposits accounted for 45.0% of the growth in the local currency deposits in 9M 2020.
- ▶ We expect slight moderation in savings growth especially with the downward review of saving deposits rate and increased activities in the domestic stock market.
- ▶ Retail assets will tick up further QoQ in Q4 2020 as economic activities increase gradually.



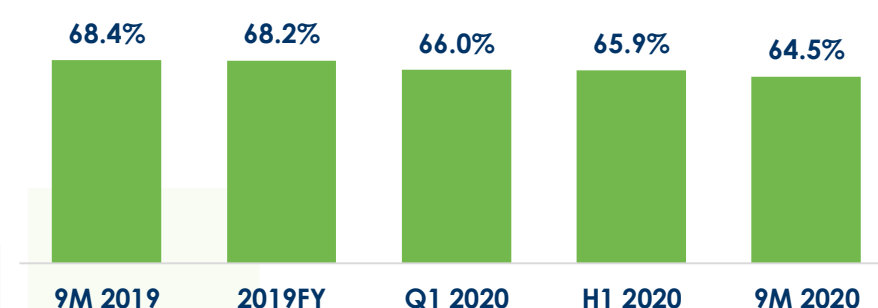
# Liquid Assets Position



## Liquidity Ratio



## Gross Loans to Funding Ratio



- Liquidity Ratio has been sustained above the regulatory minimum of 30.0% with 67.8% of eligible liquid assets invested in T-bills and FGN bonds from 60.0% in 2019FY.
- LDR was 64.5% from 68.2% in 2019FY but stood at 67.5% after weighting all permissible loans: Mortgage | SME | Consumer loans.

# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers: 2019FY Vs. 9M 2020

N'million	2019FY	9M 2020	VAR	% VAR
Communication	32,416	30,548	-1,868	- 5.8%
Oil and Gas	244,799	324,884	80,086	32.7%
- <b>Upstream</b>	<b>132,860</b>	<b>152,278</b>	<b>19,417</b>	<b>14.6%</b>
- <b>Downstream</b>	<b>52,203</b>	<b>92,736</b>	<b>40,533</b>	<b>77.6%</b>
- <b>Services</b>	<b>59,735</b>	<b>79,870</b>	<b>20,135</b>	<b>33.7%</b>
Power	118,413	131,139	12,726	10.7%
Manufacturing	215,707	224,732	9,025	4.2%
General Commerce	98,976	117,321	18,345	18.5%
Transport	135,991	145,436	9,445	6.9%
Consumer (Individuals)	53,786	52,961	-825	- 1.5%
Government	150,086	159,026	8,940	6.0%
Construction	35,594	40,290	4,696	13.2%
Agriculture	32,931	39,719	6,788	20.6%
Real Estate	26,495	26,747	252	1.0%
Education	5,159	5,752	593	11.5%
Finance and Insurance	4,508	1,123	-3,385	- 75.1%
Others	23,529	34,969	11,441	48.6%
<b>Total</b>	<b>1,178,389</b>	<b>1,334,648</b>	<b>156,260</b>	<b>13.3%</b>

# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers by Currency

N'million	FCY	LCY	Total	% FCY	% LCY
Communication	1,557	28,992	30,548	0.3%	3.7%
Oil and Gas	237,443	87,441	324,884	42.8%	11.2%
- <b>Upstream</b>	<b>151,285</b>	<b>993</b>	<b>152,278</b>	<b>27.3%</b>	<b>0.1%</b>
- <b>Downstream</b>	<b>31,910</b>	<b>60,826</b>	<b>92,736</b>	<b>5.8%</b>	<b>7.8%</b>
- <b>Services</b>	<b>54,248</b>	<b>25,622</b>	<b>79,870</b>	<b>9.8%</b>	<b>3.3%</b>
Power	64,927	66,212	131,139	11.7%	8.5%
Manufacturing	95,667	129,065	224,732	17.2%	16.5%
General Commerce	23,777	93,544	117,321	4.3%	12.0%
Transport	122,520	22,916	145,436	22.1%	2.9%
Consumer (Individuals)	570	52,391	52,961	0.1%	6.7%
Government	-	159,026	159,026	0.0%	20.4%
Construction	5,333	34,958	40,290	1.0%	4.5%
Agriculture	1,187	38,532	39,719	0.2%	4.9%
Real Estate	-	26,747	26,747	0.0%	3.4%
Education	33	5,719	5,752	0.0%	0.7%
Finance and Insurance	-	1,123	1,123	0.0%	0.1%
Others	1,692	33,277	34,969	0.3%	4.3%
<b>Total</b>	<b>554,706</b>	<b>779,942</b>	<b>1,334,648</b>	<b>41.6%</b>	<b>58.4%</b>

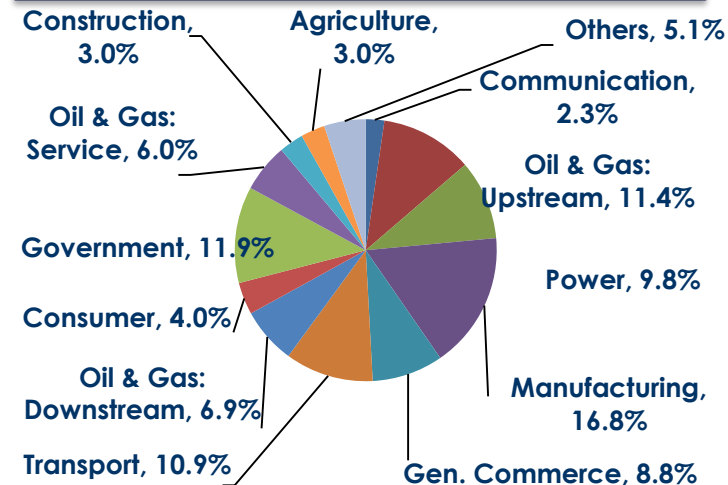
# Loan Portfolio Analysis



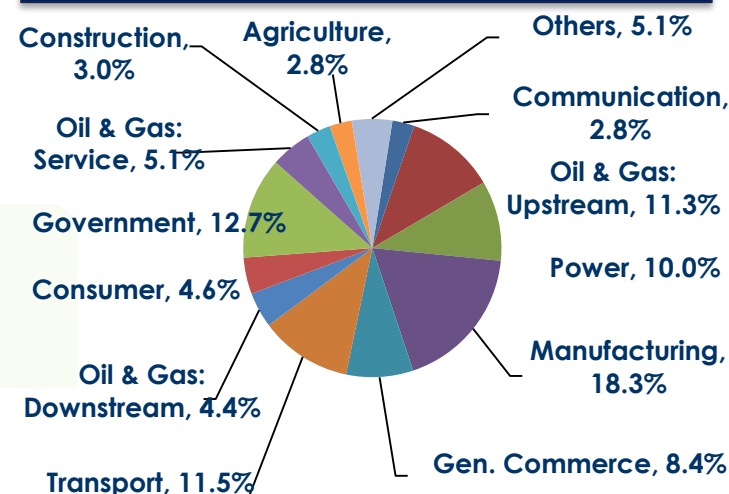
## Breakdown of Loans & Advances to Customers

N'million	2019FY	Q1 2020	H1 2020	9M 2020
Communication	32,416	30,121	31,521	30,548
Oil and Gas	244,799	281,720	309,576	324,884
- <b>Upstream</b>	<b>132,860</b>	<b>139,742</b>	<b>145,864</b>	<b>152,278</b>
- <b>Downstream</b>	<b>52,203</b>	<b>68,551</b>	<b>88,587</b>	<b>92,736</b>
- <b>Services</b>	<b>59,735</b>	<b>73,426</b>	<b>75,126</b>	<b>79,870</b>
Power	118,413	127,068	127,925	131,139
Manufacturing	215,707	210,770	209,632	224,732
Gen. Commerce	98,976	100,915	115,244	117,321
Transport	135,991	142,072	144,476	145,436
Consumer	53,786	50,375	51,197	52,961
Government	150,086	137,674	137,442	159,026
Construction	35,594	36,736	37,000	40,290
Agriculture	32,931	35,954	37,896	39,719
Real Estate	26,495	27,076	26,508	26,747
Education	5,159	5,029	5,644	5,752
Fin. & Insurance	4,508	1,471	1,743	1,123
Others	23,529	31,918	31,483	34,969
<b>Total</b>	<b>1,178,389</b>	<b>1,218,897</b>	<b>1,267,289</b>	<b>1,334,648</b>

## Loan Analysis – 9M 2020



## Loan Analysis – 2019FY

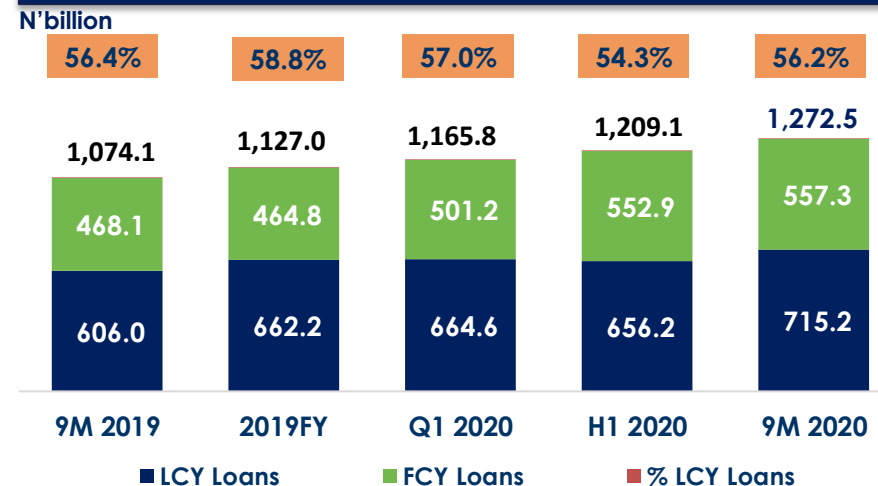


# Loan Book Analysis

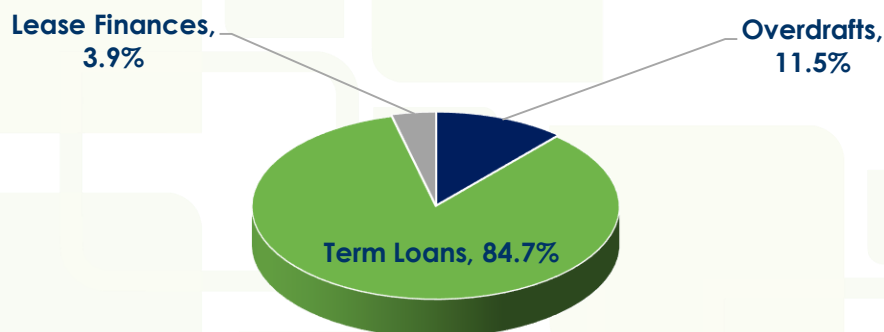


- ▶ Net loans & advances increased by 12.9% YTD to ₦1,272.5bn, with 84.1% of the loan book in term loans.
- ▶ Actual real loan growth was 10.2% while the adjustment in exchange rate from ₦364.7/\$ to ₦385.8/\$ accounted for 2.7% (₦30.1bn).
- ▶ FCY loans now constitute about 43.8% of the net loan book (total loan book: 41.6%) from 41.2% in 2019FY.
- ▶ About 40% of the growth in the loan book were created with on-lending and intervention facilities.

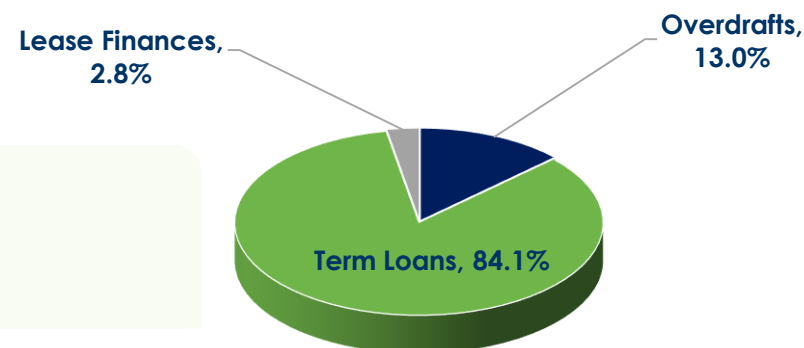
## Net Loans and Advances to Customers



## Total Loans by Type – 2019FY



## Total Loans by Type – 9M 2020





# Loan Book Breakdown – Stage 1 | 2 | 3



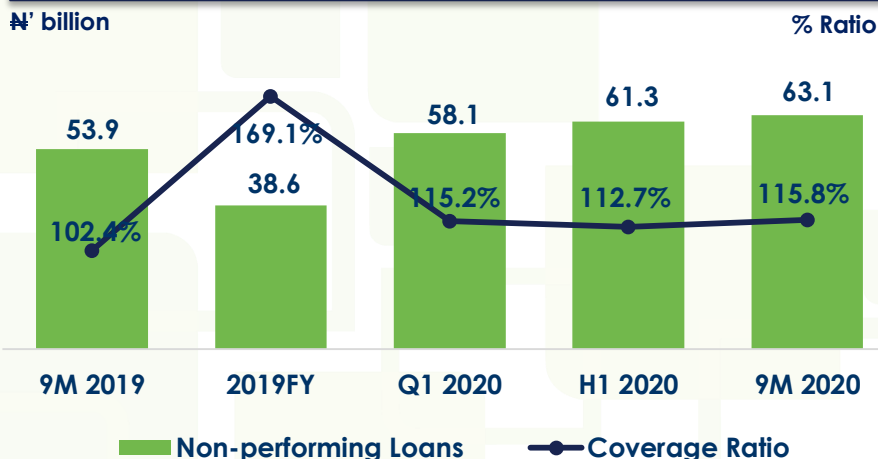
Breakdown of Loans & Advances to Customers								
N'million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Communication	24,428	3,138	2,982	30,548	80.0%	10.3%	9.8%	2.3%
Oil and Gas	199,496	105,536	19,852	324,884	61.4%	32.5%	6.1%	24.3%
- Upstream	85,722	66,556	-	152,278	56.3%	43.7%	0.0%	11.4%
- Downstream	61,896	11,724	19,116	92,736	66.7%	12.6%	20.6%	6.9%
- Services	51,879	27,256	736	79,870	65.0%	34.1%	0.9%	6.0%
Power	2,440	128,699	-	131,139	1.9%	98.1%	0.0%	9.8%
Manufacturing	201,818	11,200	11,715	224,732	89.8%	5.0%	5.2%	16.8%
General Commerce	110,857	1,695	4,769	117,321	94.5%	1.4%	4.1%	8.8%
Transport	112,443	22,214	10,779	145,436	77.3%	15.3%	7.4%	10.9%
Consumer	48,370	1,254	3,338	52,961	91.3%	2.4%	6.3%	4.0%
Government	158,997	3	26	159,026	100.0%	0.0%	0.0%	11.9%
Construction	11,111	27,416	1,763	40,290	27.6%	68.0%	4.4%	3.0%
Agriculture	36,234	80	3,404	39,719	91.2%	0.2%	8.6%	3.0%
Real Estate	26,182	184	381	26,747	97.9%	0.7%	1.4%	2.0%
Education	4,647	408	697	5,752	80.8%	7.1%	12.1%	0.4%
Finance & Insurance	1,119	0	4	1,123	99.6%	0.0%	0.4%	0.1%
Others	27,692	3,926	3,351	34,969	79.2%	11.2%	9.6%	2.6%
<b>Total</b>	<b>965,834</b>	<b>305,753</b>	<b>63,062</b>	<b>1,334,648</b>	<b>72.4%</b>	<b>22.9%</b>	<b>4.7%</b>	<b>100.0%</b>
<b>% Share of Total</b>	<b>72.4%</b>	<b>22.9%</b>	<b>4.7%</b>	<b>100.0%</b>				
<b>Coverage Ratio</b>	<b>0.7%</b>	<b>6.4%</b>	<b>55.9%</b>	<b>4.7%</b>				

# NPL Analysis



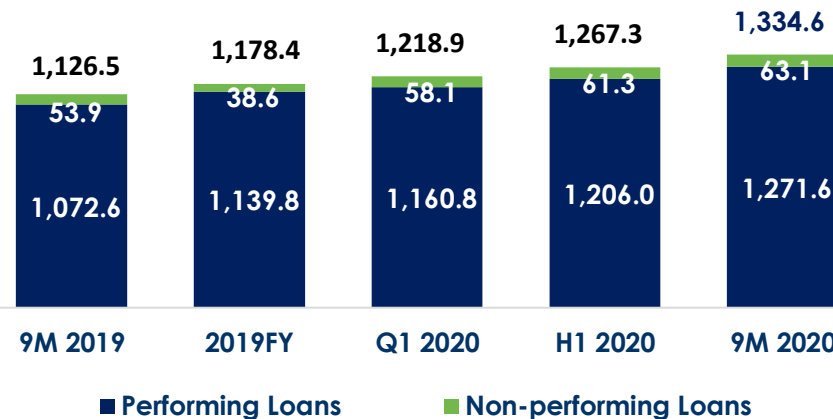
- ▶ NPL ratio (Stage 3 Loans) increased to 4.7% in 9M 2020 from 3.3% in 2019FY due to 63.2% increase in absolute NPL book to ₦63.1bn.
- ▶ NPL growth is primarily due to the early identification of sectors likely to be impacted by the pandemic and economic lockdown.
- ▶ FCY NPL accounts for 11.7% of total NPL and largely in the Oil & Gas Downstream, Manufacturing and Transport sector.
- ▶ Coverage remains high at 115.7% with specific provisions on Stage 3 Loans currently at 55.9%.

## NPL Coverage Ratio



## Gross Loans and Advances

N' billion



## Non-performing Loans



# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2019FY Vs. 9M 2020

	2019FY N'million	9M 2020 N'million	VAR N'million	% VAR %	2019FY NPL Ratio	9M 2020 NPL Ratio
Communication	1,198	2,982	1,784	148.8%	3.7%	9.8%
Oil and gas	15,336	19,852	4,516	29.4%	6.3%	6.1%
- Oil & Gas Upstream	175	-	(175)	-100.0%	0.1%	0.0%
- Oil & Gas Downstream	13,624	19,116	5,493	40.3%	26.1%	20.6%
- Oil & Gas Services	1,538	736	(802)	-52.1%	2.6%	0.9%
Power	-	-	0	0.0%	0.0%	0.0%
Manufacturing	3,020	11,715	8,695	287.9%	1.4%	5.2%
General Commerce	2,391	4,769	2,378	99.5%	2.4%	4.1%
Transport	6,973	10,779	3,807	54.6%	5.1%	7.4%
Consumer (Individuals)	2,663	3,338	675	25.3%	5.0%	6.3%
Government	-	26	26	100.0%	0.0%	0.0%
Construction	3,087	1,763	(1,324)	-42.9%	8.7%	4.4%
Agriculture	2,647	3,404	758	28.6%	8.0%	8.6%
Real Estate	-	381	380	100.0%	0.0%	1.4%
Education	435	697	262	60.2%	8.4%	12.1%
Finance and Insurance	9	4	(4)	-49.2%	0.2%	0.4%
Others	874	3,351	2,477	283.5%	3.7%	9.6%
<b>Total</b>	<b>38,633</b>	<b>63,062</b>	<b>24,429</b>	<b>63.2%</b>	<b>3.3%</b>	<b>4.7%</b>

# NPL Portfolio Analysis



## Breakdown of Non-performing Loans by Currency

N'million	FCY	LCY	Total	% FCY	% LCY
Communication	-	2,982	2,982	0.0%	5.4%
Oil and Gas	3,974	15,878	19,852	54.0%	28.5%
- <b>Upstream</b>	-	-	-	<b>0.0%</b>	<b>0.0%</b>
- <b>Downstream</b>	<b>3,896</b>	<b>15,220</b>	<b>19,116</b>	<b>52.9%</b>	<b>27.3%</b>
- <b>Services</b>	<b>78</b>	<b>658</b>	<b>736</b>	<b>1.1%</b>	<b>1.2%</b>
Power	-	-	-	0.0%	0.0%
Manufacturing	-	11,715	11,715	0.0%	21.0%
General Commerce	-	4,769	4,769	0.0%	8.6%
Transport	3,041	7,738	10,779	41.3%	13.9%
Consumer (Individuals)	350	2,988	3,338	4.7%	5.4%
Government	-	26	26	0.0%	0.0%
Construction	-	1,763	1,763	0.0%	3.2%
Agriculture	-	3,404	3,404	0.0%	6.1%
Real Estate	-	381	381	0.0%	0.7%
Education	-	697	697	0.0%	1.3%
Finance and Insurance	-	4	4	0.0%	0.0%
Others	-	3,351	3,351	0.0%	6.0%
<b>Total</b>	<b>7,365</b>	<b>55,697</b>	<b>63,062</b>	<b>11.7%</b>	<b>88.3%</b>

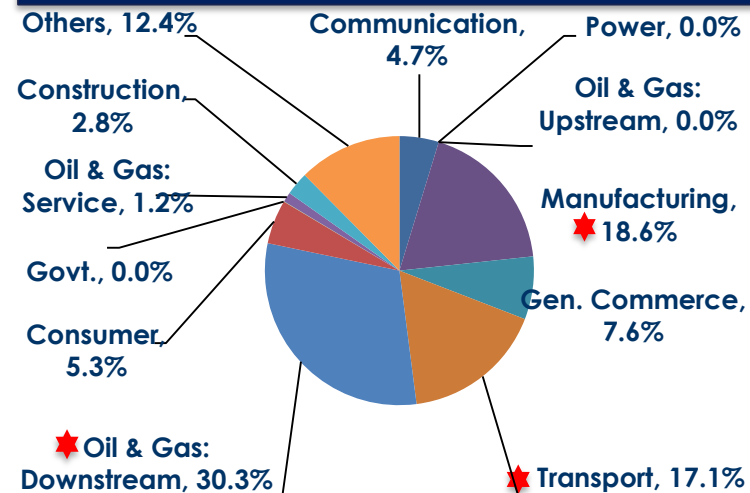
# NPL Portfolio Analysis



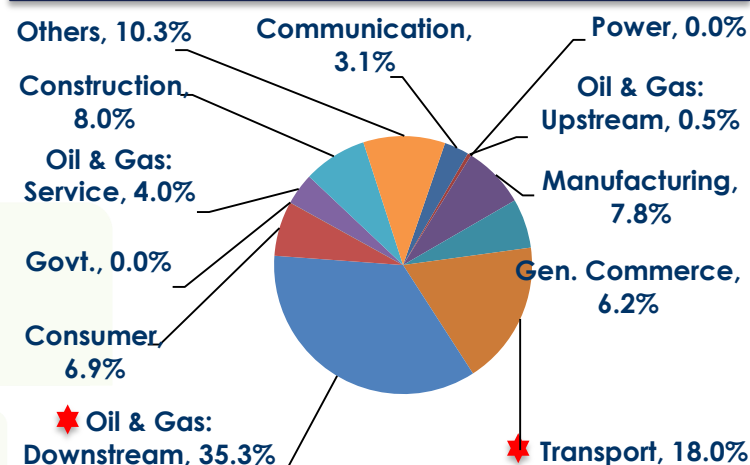
## Breakdown of Non-performing Loans

N'million	2019FY	Q1 2020	H1 2020	9M 2020
Communication	1,198	3,291	4,014	2,982
Oil and Gas	15,336	16,161	19,309	19,852
- <b>Upstream</b>	<b>175</b>	<b>347</b>	-	-
- <b>Downstream</b>	<b>13,624</b>	<b>15,301</b>	<b>18,843</b>	<b>19,116</b>
- <b>Services</b>	<b>1,538</b>	<b>514</b>	<b>467</b>	<b>736</b>
Power	-	-	-	-
Manufacturing	3,020	10,029	9,606	11,715
Gen. Commerce	2,391	4,849	4,178	4,769
Transport	6,973	14,317	9,949	10,779
Consumer	2,663	2,792	4,012	3,338
Government	0	0	164	26
Construction	3,087	856	3,863	1,763
Agriculture	2,647	3,553	3,184	3,404
Real Estate	0	251	383	381
Education	435	454	468	697
Fin. & Insurance	9	6	4	4
Others	874	1,556	2,198	3,351
<b>Total</b>	<b>38,633</b>	<b>58,116</b>	<b>61,334</b>	<b>63,062</b>

## NPL Analysis – 9M 2020



## NPL Analysis – 2019FY

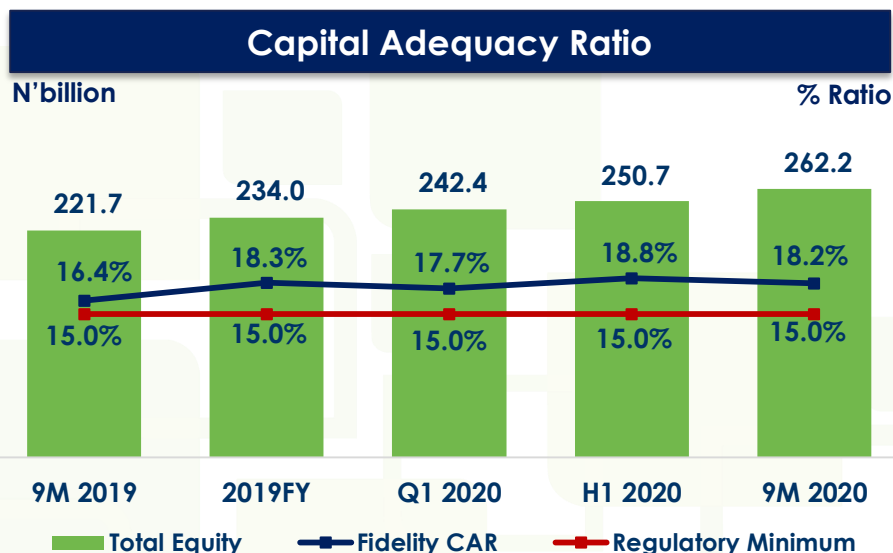


★ Pressure NPL Sectors

# Capital Adequacy



- ▶ Fidelity CAR is currently at 18.2% which is well above the regulatory minimum requirement of 15.0%.
- ▶ Excluding the regulatory adjustment, CAR would have come in at 19.5%.
- ▶ Tier 1 CAR is now 15.1% and only 20.0% (₦6.0bn) of our ₦30.0bn local bond is recognized in Tier II Capital.
- ▶ With our planned Tier II Bond issue in Q4 and the capitalization of H2 2020 profit, we expect CAR to be above 20.0% by year end.

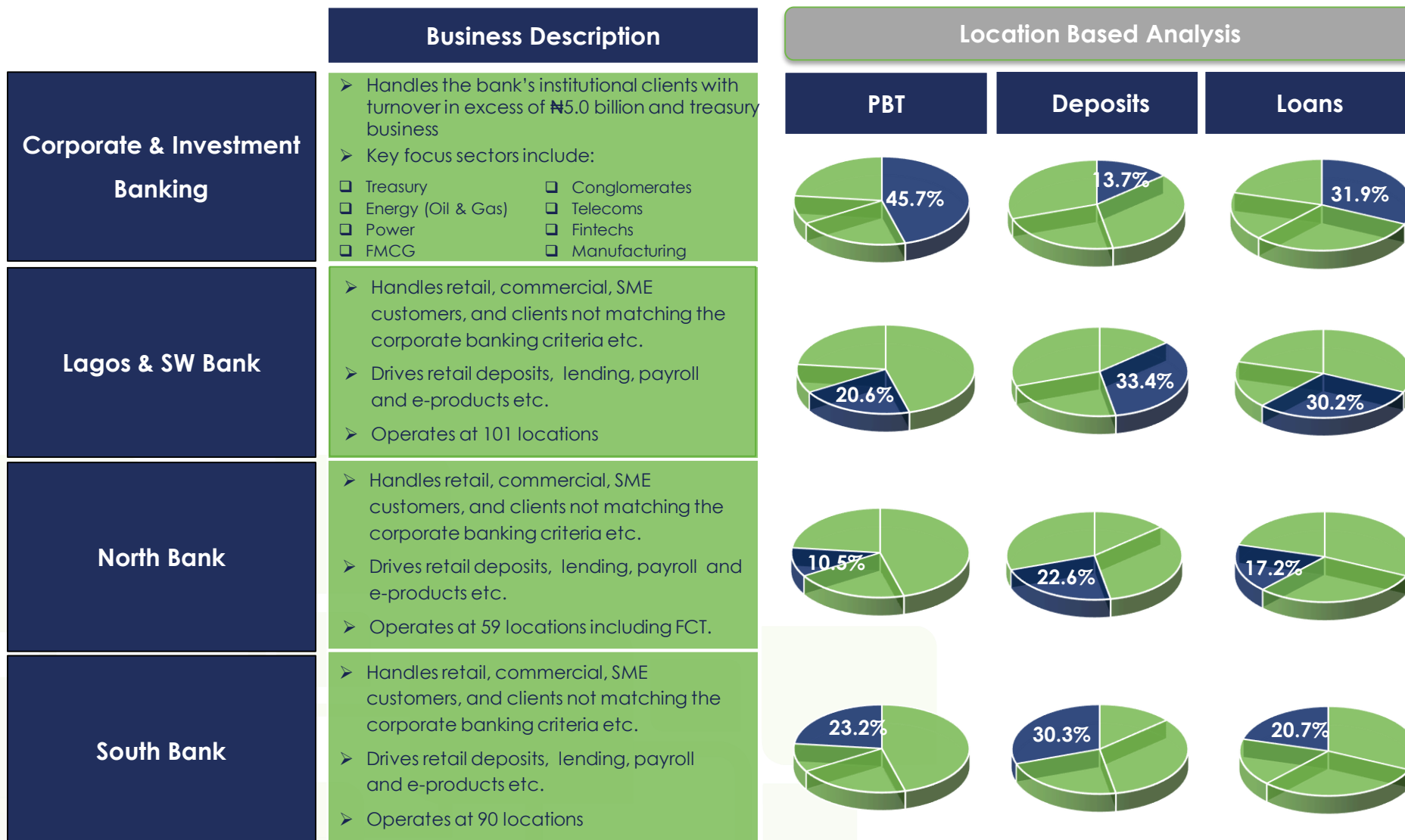


## Capital Adequacy Ratio Computation – Basel II

N'billion	2019FY	9M 2020	VAR
Tier 1 Capital	191.7	204.4	12.7
Regulatory Adjustment	(10.6)	(16.4)	5.7
<b>Adjusted Tier 1 Capital</b>	<b>181.1</b>	<b>188.0</b>	6.9
Tier 2 Capital	33.0	38.1	5.1
<b>Total Qualified Capital</b>	<b>214.1</b>	<b>226.1</b>	<b>12.1</b>
Credit Risk	920.6	982.9	62.3
Market Risk	64.2	74.0	9.8
Operational Risk	185.8	185.8	0.0
<b>Risk Weighted Assets</b>	<b>1,170.7</b>	<b>1,242.7</b>	<b>72.1</b>
<b>Capital Adequacy Ratio</b>			
Tier 1	15.5%	15.1%	
Tier 2	2.8%	3.1%	
<b>Overall CAR</b>	<b>18.3%</b>	<b>18.2%</b>	



# Strategic Business Units Analysis



# Hey It's IVY

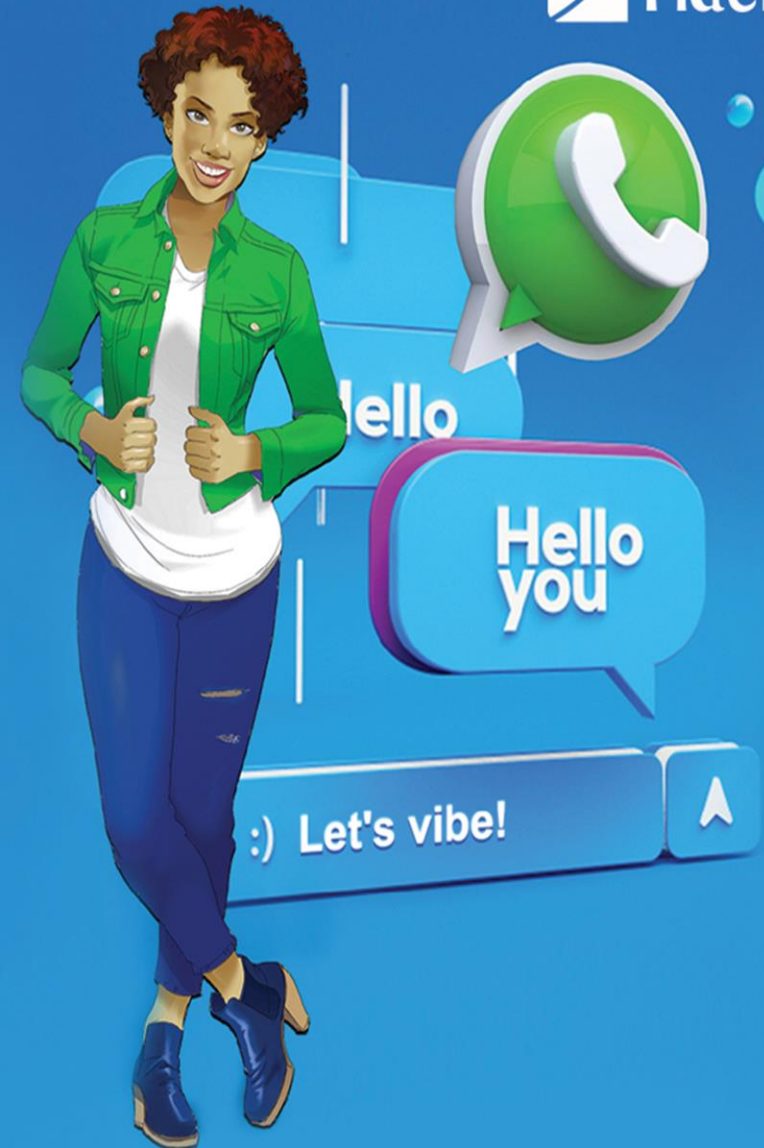
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to get your banking needs sorted instantly

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- My Balance
- Send Money
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Add me up and get chatting with **IVY**.



# 9M 2020 Actual Vs. 2020FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	9M 2020 Actual	2020FY Target	Comment
1	Net Interest Margin	6.3%	5.5% - 6.0%	On Track
2	Tax Rate	4.4%	10.0% – 15.0%	On Track
3	Loan Growth (YTD)	12.9%	5.0% - 7.5%	On Track
4	Deposit Growth (YTD)	22.3%	5.0% - 10.0%	On Track
5	Cost to Income Ratio	66.3%	70.0%	On Track
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	4.7%	Below 5.0%	On Track
8	Cost of Risk	1.2%	1.5%	On Track
9	ROAE – Post Tax	11.0%	11.3%	Behind Target

# Thank You

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