

# Fidelity Bank Investor Presentation

Audited Financial Results for the 12 months ended

December 31, 2015



**1. The Operating Environment**

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1. The Operating Environment

2. Overview of Fidelity Bank



## Supporting The Economy In Tough Times?

**It's A Tough Job - But Somebody's Got To Do It**

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- one to which we are fully committed.

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# Key Policy Changes in 2015 Financial Year



The Central Bank of Nigeria (CBN) deferred the implementation of Oil & Gas Credit Risk Mitigation Policy that increased the risk weight of oil & gas loans to 125% for banks exposed to the sector in excess of 20% of total loan book.

- The CBN extended the deadline for the implementation of 16% CAR to Jun 2016 for Systematically Important Banks.
- Established N300bn Real Sector Support Facility for financing needs of large enterprises of N10bn maximum.

- Harmonised CRR to 31% for Private/Public Sector Deposits.
- The CBN pegged all-in interest rates on Commercial Agric. Credit Scheme (CACS) to 9.0% while funds would be released to participating banks at 2.0%.

- In addition to the 41 items, the CBN restricted the purchase of foreign currency for 6 items including school fees, utility bills, mortgage payment etc. to \$5,000 and classified the items as Not Valid for Wire Transfer.

- FG implements TSA on Sept 15<sup>th</sup>, resulting in an estimated N1.2trn withdrawal from the banking industry. However, the net liquidity impact after CRR refund was N900bn.
- The CRR was reduced to 25% from 31%.

- The CBN issued guidelines on International Mobile Money Remittance Services for outbound mobile fund transfers.
- Reduced CRR further to 20%, MPR to 11% from 13% and the asymmetric corridor at +200/-700 basis points.

- The CBN closed rDAS Window and devalued Naira to N199/\$.
- The CBN commenced FG independent Revenue e-Collection Scheme under the TSA Initiative.

- Prohibited the use of foreign currencies for the payment of goods and services in Nigeria.
- Reduced limit on usage of Naira cards for international transactions, from \$150,000 to \$50,000 per annum

- The CBN listed 41 imported goods and services as Not Valid for FX from the Nigerian Foreign Exchange Market.
- The CBN concludes the pilot test in selected states and extends Cash-less Policy to all states in Nigeria.

- The CBN prohibited the acceptance of foreign currency cash deposits into customers' Domiciliary Accounts.
- Introduced Personal Travelling Allowance (PTA) for Pilgrims, allowing them to buy a maximum of \$1,000 at N160/\$.

- The CBN restricts the Bureau De Change operators to transfer funds and make payments for only customers with confirmed Bank Verification Number (BVN).

- The CBN restricts foreign currency sale to BDCs that failed to render returns on the utilization of previously purchased foreign currency at the official window.

# Recent Events & Implications



- ❑ Monetary authorities shift focus from stimulating growth to tackling inflation as MPC raises MPR rate from 11% to 12%
- ❑ FX pressures will still persist though there has been a gradual increase in oil prices and the hiking of monetary policy rates
- ❑ Interest margins are still likely to come under pressure in 2016 with short term government instruments still at single digit yields
- ❑ With margins likely to come under pressure, cost management and control will be a key driver of the profitability of businesses in 2016
- ❑ Lower crude oil prices, rising inflation and lower consumer disposable income will lead to significant pressure points for corporates and individuals, proactive sector specific risk management will be very key.
- ❑ Technology Innovations in the payments and transaction banking space presents huge opportunities to lower retail banking costs and profitably increase market share

# Overview of Fidelity Bank



## Background

- ▶ A full service bank with International Authorisation established in 1987 and licensed by the Central Bank of Nigeria
- ▶ The Bank currently has over 400,000 shareholders with the majority being Nigerian citizens and corporations.
- ▶ A Well capitalised bank with a CAR of 19%
- ▶ Over 85% of the branch network is located in key business centres and the most economically viable regions of Nigeria.
- ▶ A leading partner to SMEs, retail, electronic channels and key sectors of the Nigerian economy

## Distribution Network

Business Offices		Electronic Banking	
Lagos	81	ATMs	734
South West	14	POS	3,471
South South	41	Debit Cards	937,379
South East	42	Instant Banking	246,727
North West	15		
North East	7		
North Central	11		
FCT Abuja	16		

## Key Highlight

<b>Total Assets</b>	N1,231.7 billion
<b>Total Equity</b>	N183.5 billion
<b>Business Offices</b>	227
<b>No of Accounts</b>	3.3 million
<b>Professional Staff</b>	3,511
<b>Consumer Sales Agents</b>	669
<b>Ratings</b>	B/B (S&P)/Fitch
<b>Auditors</b>	Ernst & Young / PKF



### 3. Financial Highlights



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How To Bank With \*770#

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Dstv & Gotv	*770*1099*123456789#
Check Balance	*770*0#
Recharge Others	*770*PhoneNumber*Amount#
Dial 4 Cash	*770*8*Amount#
Self Recharge	*770*Amount#

Available to ALL FIDELITY INDIVIDUALaccount holders via registered phone number(s) linked to their account(s)



# Performance Highlights



## Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 16.2% to N121.2 billion in 2015 FY (2014 FY: N104.3 billion)
- ❑ Net Fee Income down by 20.8% to N23.3 billion in 2015 FY (2014 FY: N29.4 billion)
- ❑ Net Interest Margin at 6.9% in 2015 FY (NIM for the 2014 FY: 6.0%)
- ❑ PBT down by 9.6% to N14.0 billion in 2015 FY (PAT came in at N13.9 billion)

## Asset Quality

- ❑ Cost of Risk increased to 1.0% in 2015 FY, compared to 0.8% in 2014 FY
- ❑ NPL Ratio remained unchanged at 4.4% in 2015 FY (2014 FY: 4.4%)
- ❑ Coverage Ratio improved to 79.5% in 2015 FY from 71.6% in 2014 FY
- ❑ FCY Loans accounts for 40.4% of Total Loan Book from 41.9% in 2014 FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 19%, based on Basel II computation
- ❑ Liquidity Ratio of 36.0% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits of 75.1% from 66.1% (2014 FY)
- ❑ Total Equity of N183.5 billion from N173.1 billion (2014 FY)



# Financial Highlights



## Summary of Income Statement: 2015 FY Vs 2014 FY

N'million	2015 FY	2014 FY	VAR	% VAR
<b>Gross Earnings</b>	<b>146,891</b>	<b>136,094</b>	<b>10,797</b>	<b>7.9%</b>
Interest Income Loans	84,833	70,981	13,852	19.5%
Interest Income Liquid Assets	36,325	33,326	2,999	9.0%
<b>Total Interest Income</b>	<b>121,158</b>	<b>104,307</b>	<b>16,851</b>	<b>16.2%</b>
Interest Expense Customer Deposits	(49,329)	(51,085)	1,756	-3.4%
Interest Expense Borrowings	(10,965)	(4,396)	(6,569)	149.4%
<b>Total Interest Expense</b>	<b>(60,294)</b>	<b>(55,481)</b>	<b>(4,813)</b>	<b>8.7%</b>
<b>Net Interest Income</b>	<b>60,864</b>	<b>48,826</b>	<b>12,038</b>	<b>24.7%</b>
FX Income	7,578	17,617	(10,039)	-57.0%
COT	2,143	4,330	2,187)	-50.5%
Other Fee Income (Net)	13,601	7,494	6,107	81.5%
<b>Net Fee Income</b>	<b>23,322</b>	<b>29,441</b>	<b>(6,119)</b>	<b>-20.8%</b>
<b>Operating Income</b>	<b>84,186</b>	<b>78,267</b>	<b>5,919</b>	<b>7.6%</b>
<b>Total Expenses</b>	<b>(64,107)</b>	<b>(54,753)</b>	<b>(9,354)</b>	<b>17.1%</b>
Net gains / (losses) from Fin. Inst	(291)	(3,693)	3,402	-92.1%
Net Impairment Losses	(5,764)	(4,306)	(1,458)	33.9%
<b>Profit Before Tax</b>	<b>14,024</b>	<b>15,515</b>	<b>(1,491)</b>	<b>-9.6%</b>

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

# Financial Highlights



## Summary of Income Statement: QoQ Change

N'million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	VAR	% VAR
<b>Gross Earnings</b>	<b>40,030</b>	<b>34,680</b>	<b>37,061</b>	<b>34,829</b>	<b>5,350</b>	<b>15.4%</b>
Interest Income Loans	25,997	20,870	19,396	18,570	5,127	24.6%
Interest Income Liquid Assets	10,471	7,794	9,512	8,548	2,678	34.4%
<b>Total Interest Income</b>	<b>36,468</b>	<b>28,664</b>	<b>28,908</b>	<b>27,118</b>	<b>7,804</b>	<b>27.2%</b>
Interest Expense Deposits	(13,232)	(11,905)	(11,671)	(12,521)	(1,328)	11.2%
Interest Expense Borrowings	(2,977)	(3,000)	(2,780)	(2,209)	24	-0.8%
<b>Total Interest Expense</b>	<b>(16,209)</b>	<b>(14,905)</b>	<b>(14,450)</b>	<b>(14,730)</b>	<b>(1,304)</b>	<b>8.7%</b>
<b>Net Interest Income</b>	<b>20,259</b>	<b>13,759</b>	<b>14,458</b>	<b>12,388</b>	<b>6,500</b>	<b>47.2%</b>
FX Income	1,262	277	1,259	4,780	985	356.0%
COT	535	525	503	580	10	1.9%
Other Fee Income (Net)	1,900	3,644	4,684	3,374	(1,744)	-47.9%
<b>Net Fee Income</b>	<b>3,697</b>	<b>4,445</b>	<b>6,446</b>	<b>8,734</b>	<b>(749)</b>	<b>-16.8%</b>
<b>Operating Income</b>	<b>23,956</b>	<b>18,204</b>	<b>20,904</b>	<b>21,122</b>	<b>5,751</b>	<b>31.6%</b>
<b>Total Expenses</b>	<b>(21,109)</b>	<b>(14,177)</b>	<b>(14,964)</b>	<b>(13,857)</b>	<b>(6,932)</b>	<b>48.9%</b>
Net gains / (losses) from Fin. Inst	(788)	898	1,134	(1,535)	(1,686)	-187.7%
Net Impairment Losses	(1,824)	(800)	(2,120)	(1,020)	(1,025)	128.1%
<b>Profit Before Tax</b>	<b>235</b>	<b>4,125</b>	<b>4,954</b>	<b>4,710</b>	<b>(3,890)</b>	<b>-94.3%</b>

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

# Financial Highlights



## Statement of Financial Position: 2015 FY Vs 2014 FY

N'million	2015 FY	2014 FY	VAR	% VAR
<b>Total Assets</b>	<b>1,231,722</b>	<b>1,187,025</b>	<b>44,697</b>	<b>3.8%</b>
<b>Earning Assets</b>	<b>879,855</b>	<b>818,994</b>	<b>60,861</b>	<b>7.4%</b>
Bank Placements	7,482	42,049	(34,567)	-82.2%
Treasury Bills	167,231	184,342	(17,111)	-9.3%
Bonds	126,939	50,917	76,022	149.3%
Customer Loans (Naira)	344,425	314,942	29,483	9.4%
Customer Loans (FCY)	233,778	226,744	7,034	3.1%
<b>Non-Earning Assets</b>	<b>351,867</b>	<b>368,031</b>	<b>(16,164)</b>	<b>-4.4%</b>
Cash	20,335	33,659	(13,324)	-39.6%
Cash Reserve	164,997	224,472	(59,475)	-26.5%
Bal. with other Banks/Settlement Acct	72,460	26,686	45,774	171.5%
Fixed Assets	39,985	37,958	2,027	5.3%
All Other Assets	54,090	45,256	8,834	19.5%
<b>Interest Bearing Liabilities</b>	<b>911,611</b>	<b>937,575</b>	<b>(25,964)</b>	<b>-2.8%</b>
Demand	328,549	424,397	(95,848)	-22.6%
Savings	119,140	97,996	21,144	21.6%
Time Deposits	321,947	297,641	24,306	8.2%
Borrowings	51,854	62,547	(10,693)	-17.1%
Debt Securities	90,121	54,994	35,127	63.9%
<b>All Other Liabilities</b>	<b>136,595</b>	<b>76,339</b>	<b>60,256</b>	<b>78.9%</b>
<b>Equity</b>	<b>183,516</b>	<b>173,111</b>	<b>10,405</b>	<b>6.0%</b>

# Financial Highlights



## Statement of Financial Position: QoQ Change

N'million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	VAR	% VAR
<b>Total Assets</b>	<b>1,231,722</b>	<b>1,159,184</b>	<b>1,192,684</b>	<b>1,196,228</b>	<b>72,538</b>	<b>6.3%</b>
<b>Earning Assets</b>	<b>879,855</b>	<b>789,058</b>	<b>825,327</b>	<b>804,752</b>	<b>90,797</b>	<b>11.5%</b>
Bank Placements	7,482	11,500	4,000	2,000	(4,018)	-34.9%
Treasury Bills	167,231	173,719	199,640	203,983	(6,488)	-3.7%
Bonds	126,939	56,135	48,848	51,888	70,804	126.1%
Customer Loans (Naira)	344,425	306,473	327,313	302,886	37,952	12.4%
Customer Loans (FCY)	233,778	241,230	245,526	243,995	(7,453)	-3.1%
<b>Non-Earning Assets</b>	<b>351,867</b>	<b>370,126</b>	<b>367,356</b>	<b>391,476</b>	<b>(18,259)</b>	<b>-4.9%</b>
Cash	20,335	19,324	22,801	75,457	1,011	5.2%
Cash Reserve	164,997	210,244	215,863	200,063	(45,247)	-21.5%
Bal. with other Banks/Settlement Acct	72,460	47,822	29,647	18,127	24,638	51.5%
Fixed Assets	39,985	40,735	40,028	38,221	(750)	-1.8%
All Other Assets	54,090	52,002	59,017	59,608	2,088	4.0%
<b>Interest Bearing Liabilities</b>	<b>911,611</b>	<b>907,637</b>	<b>934,665</b>	<b>902,180</b>	<b>3,974</b>	<b>0.4%</b>
Demand	328,549	400,648	389,250	429,472	(72,099)	-18.0%
Savings	119,140	105,925	105,214	105,581	13,215	12.5%
Time Deposits	321,947	259,213	302,086	262,487	62,734	24.2%
Borrowings	51,854	53,719	48,334	45,571	(1,865)	-3.5%
Debt Securities	90,121	88,133	89,780	59,070	1,988	2.3%
<b>All Other Liabilities</b>	<b>136,595</b>	<b>71,207</b>	<b>79,462</b>	<b>115,979</b>	<b>65,388</b>	<b>91.8%</b>
<b>Equity</b>	<b>183,516</b>	<b>180,339</b>	<b>178,557</b>	<b>178,070</b>	<b>3,177</b>	<b>1.8%</b>

# Financial Highlights – Key Notes



- ❑ Strong growth in net interest income by 24.7% on the back of improved balance sheet efficiency and rebalancing of the loan portfolio
- ❑ NIM improved from 6.0% to 6.9% Vs a guidance of 7%. In line with our medium term strategy we have been able to improve the NIM by about 290 basis points in 2 years from 4% in 2013FY to 6.9%
- ❑ Fee income declined by 20.8% largely due to the N10bn and N2bn reduction in FX and COT income, this was offset by strong growth in transactional banking income especially from our e-banking business.
- ❑ Net operating income growth of 12.5% lagged expense growth of 17.1% principally due to increased media cost to promote our new brand, digital banking products (Instant and Online Banking) and staff costs due to 5% compensation review in the 2015FY.
- ❑ Cost income ratio remains very high and is a key measure we have to focus on reducing in the 2016FY

# Financial Highlights – Key Notes



- ❑ We are commencing a Business Process Re-engineering project to redesign our processes, use automation to streamline our processes and ultimately reduce our cost to serve.
- ❑ Cost management is a pivotal focus for us in the 2016FY as we seek to fully benefit from the increased earnings capacity of the business. Target of 5% reduction in operating costs in 2016FY.
- ❑ Impairments increased by 33.9% in the 2015FY, this was due to increased provisions due to the weaker macro economic environment and the special 5% provision on an energy sector loan discussed in detailed in later slides
- ❑ Cost of risk at 1.0% was still within our guidance for the year while NPL remained constant at 4.4% and above our guidance of 4.0%, due to the sub 10% loan growth and increase in absolute NPLs
- ❑ PBT declined largely due to growth in expenses outpacing revenue growth and the prudent approach adopted to deal with the special 5% provision on an energy loan; we charged the provision of N1.1 directly to our P &L.

## 4. Financial Review – SCI



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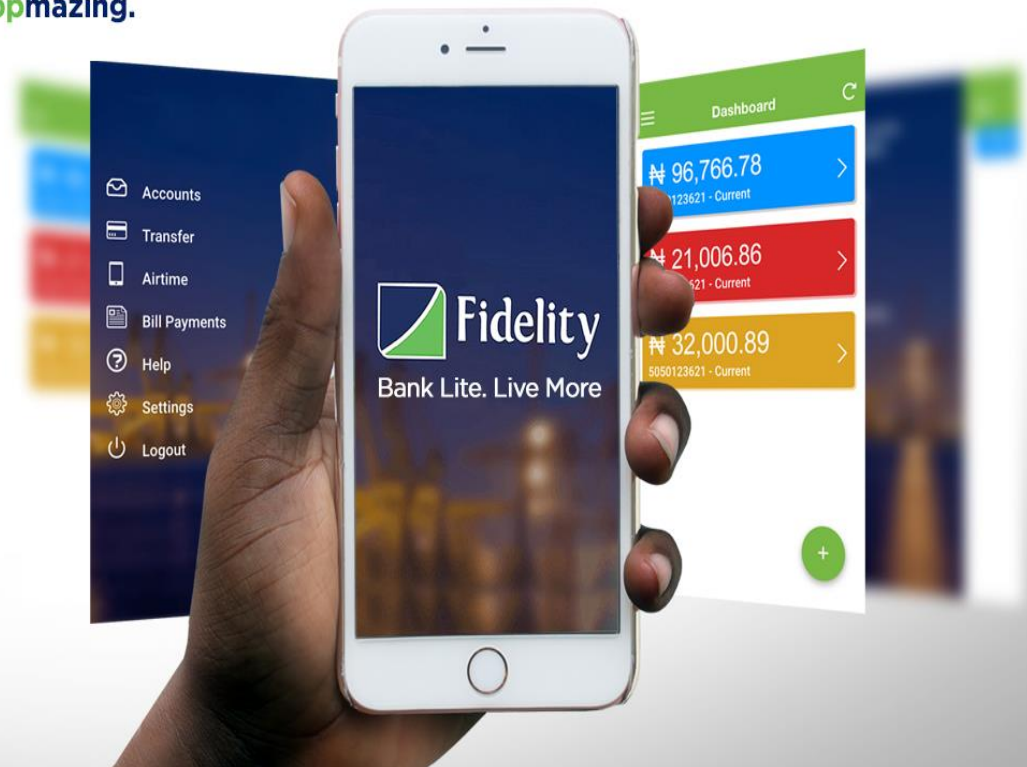
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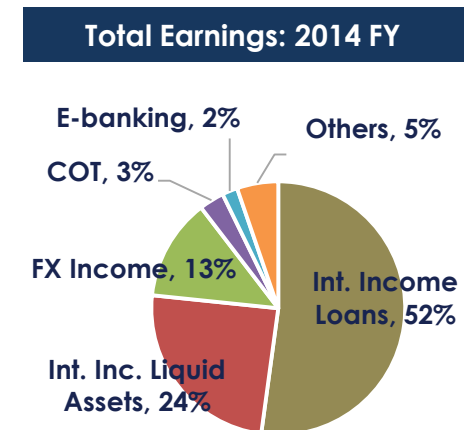
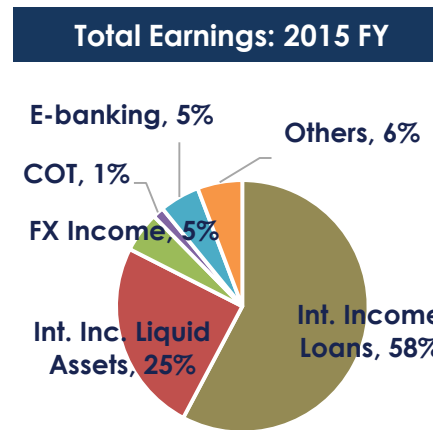




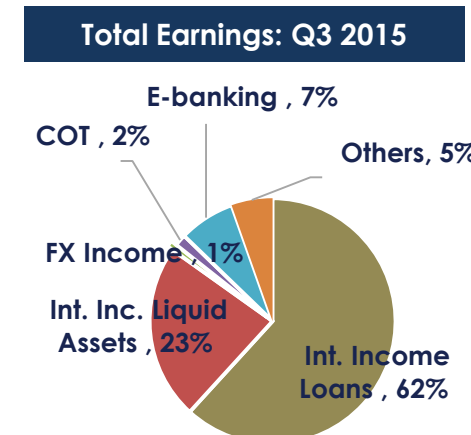
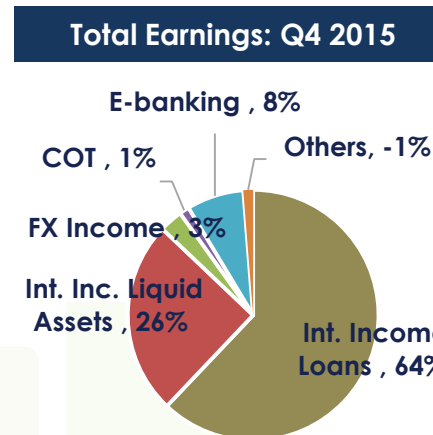
# Gross Earnings Analysis



Key Highlights (N'm)	2015FY	2014FY	VAR	% VAR
<b>Total Earnings</b>	<b>146,891</b>	<b>136,094</b>	<b>14,199</b>	<b>10.4%</b>
Interest Income Loans	84,833	70,981	13,852	19.5%
Int. Income Liquid Assets	36,325	33,326	2,999	9.0%
FX Income	7,578	17,617	(10,039)	-57.0%
Comm. on Turnover	2,143	4,330	(2,187)	-50.5%
E-banking Income	7,566	2,679	4,887	182.4%
Other Income	8,446	7,161	1,285	17.9%



Key Highlights (N'm)	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Total Earnings</b>	<b>40,817</b>	<b>33,782</b>	<b>35,927</b>	<b>36,364</b>
Interest Income Loans	25,997	20,870	19,396	18,570
Int. Income Liquid Assets	10,471	7,794	9,512	8,548
FX Income	1,262	277	1,259	4,780
Comm. on Turnover	535	525	503	580
E-banking Income	3,080	2,489	1,155	841
Other Income	(528)	1,828	4,101	3,045



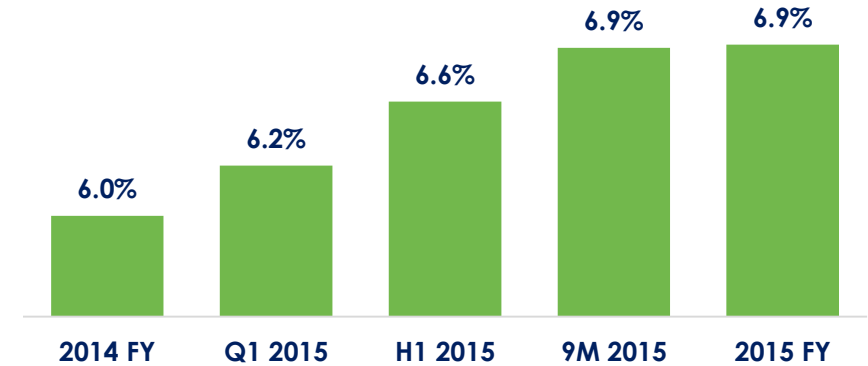
- Total earnings was up by 10.7% YoY, driven by interest income on loans, E-Banking and other transactional fees.
- Increased regulatory restrictions on FX transactions led to 57% drop in FX Income.
- COT decreased by 50.5% YoY due to the reduction in regulatory tariff by 50%

# Net Interest Margin Analysis

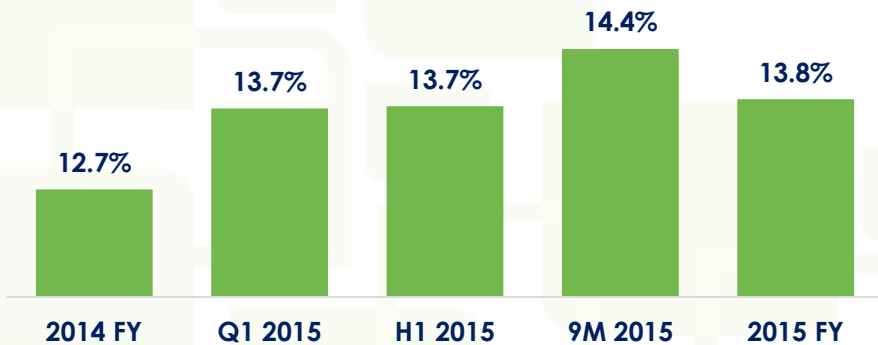


- ▶ NIM improved each quarter from 6.0% in 2014FY to 6.9% in 2015FY as increased yields on earnings assets surpassed the growth in funding cost.
- ▶ The growth in yields on earnings assets was 1.1% YoY, driven by a repricing of the loan book and the growth in higher yield segments e.g. consumer loans
- ▶ Funding costs increased by 0.7% YoY, however, it increased by 0.6% compared to Q3 2015 due to increased pressure from cost of deposits from 6.2% in Q3 to 6.4% in Q4 2015.

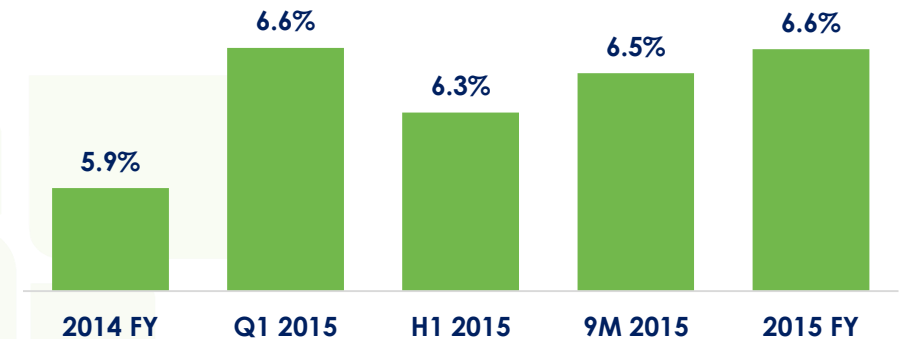
## NIM Trend



## Yield on Earnings Assets



## Funding Cost

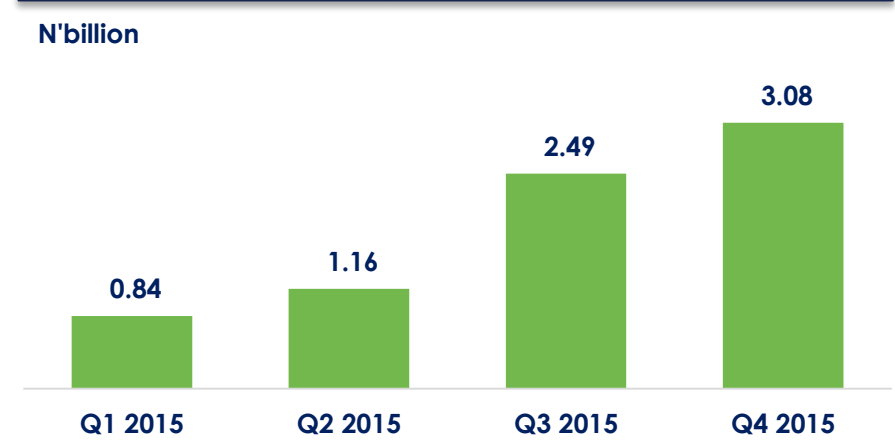


# E-Banking Income Analysis

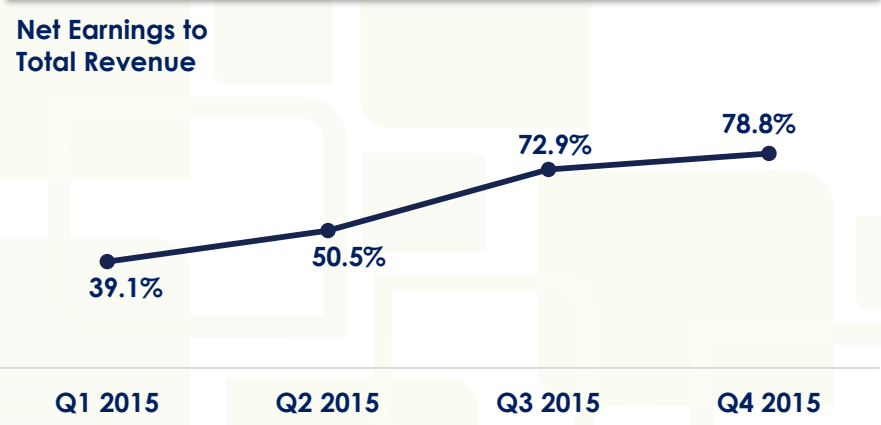


- ▶ Disciplined implementation of our retail strategy using technology as an enabler has continued to translate to improved earnings with income from e-banking increasing by 182.4% YoY to N7.6bn from N2.7bn.
- ▶ Profit margin trends up as revenue growth outpaces direct cost of products and channels.
- ▶ Though revenue improved every quarter we still see significant scope to improve the customer penetration ratio on our retail payment products and ultimately use this to drive down our operating cost profile in the 2016FY.

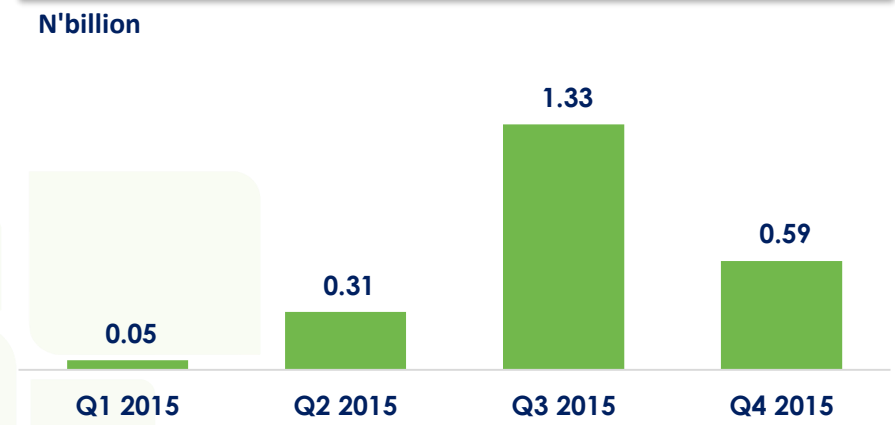
## Quarterly Revenue Trend



## E-Banking Profit Margin



## Quarterly Revenue Growth

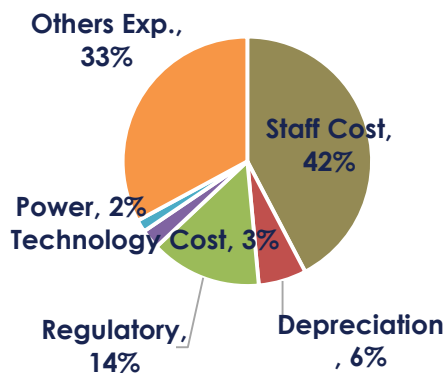


# Total Expense Analysis

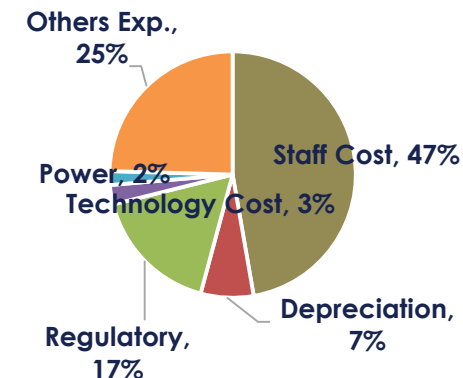


Key Highlights (N'm)	2015FY	2014FY	VAR	% VAR
<b>Total Expenses</b>	<b>64,107</b>	<b>54,753</b>	<b>9,354</b>	<b>17.1%</b>
Staff Cost	27,125	25,874	1,251	4.8%
Depreciation	3,985	3,792	193	5.1%
Regulatory Cost	9,267	9,267	0	0.0%
Technology Cost	1,627	1,389	238	17.1%
Power	1,015	990	26	2.6%
Security	1,295	978	317	32.4%
Branding & Advert	5,845	1,029	4,816	468.0%
Other Expenses	13,948	11,434	2,513	22.0%

**Total Expenses: 2015 FY**

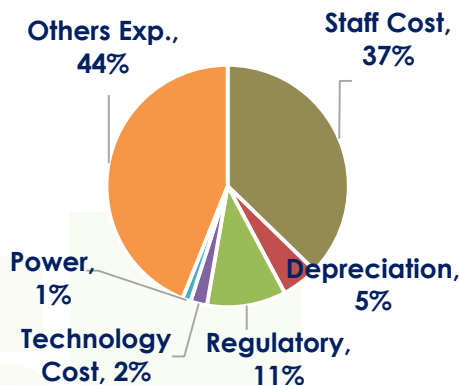


**Total Expenses: 2014 FY**

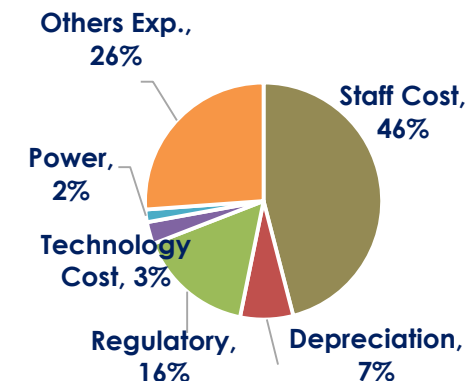


Key Highlights (N'm)	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Total Expenses</b>	<b>21,109</b>	<b>14,177</b>	<b>14,964</b>	<b>13,857</b>
Staff Cost	7,868	6,517	6,617	6,123
Depreciation	1,038	1,024	972	951
Regulatory Cost	2,228	2,257	2,229	2,553
Technology Cost	466	430	377	354
Power	238	243	279	255
Security	356	310	323	307
Branding & Advert	3,559	1,475	453	358
Other Expenses	5,356	1,921	3,715	2,956

**Total Expenses: Q4 2015**



**Total Expenses: Q3 2015**

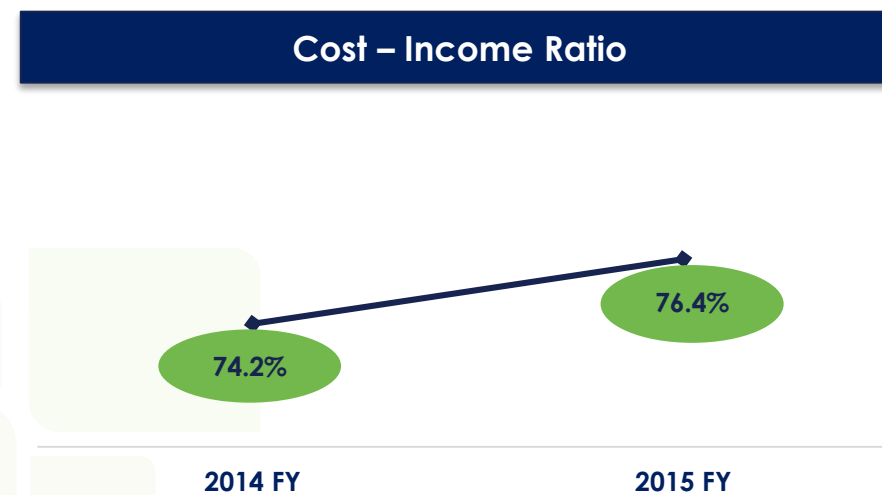
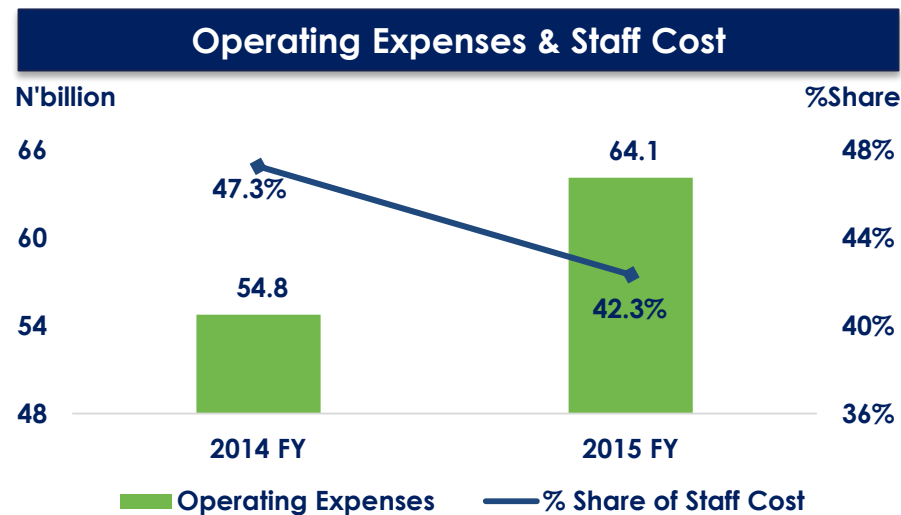


➤ Total operating expenses grew by 17.1% YoY on the back of increased advertisement cost, staff cost, security, technology costs, depreciation charge and one-off provisions on corporate finance charges and legal costs

# Cost Dynamics



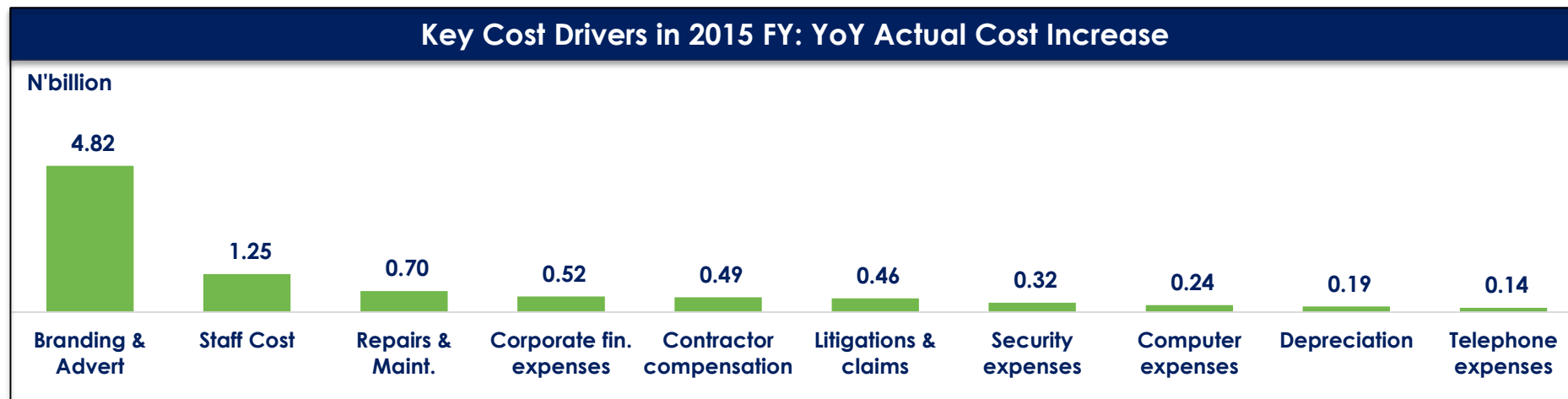
- ▶ Total expenses increased by 17.1% YoY (48.9% QoQ), with branding & advertisement, staff cost, repairs and maintenance, provisions for litigation and security been the key cost drivers.
- ▶ Cost to income ratio remained high at 76.4% YoY from 74.2% recorded in 2014FY. Reduction in cost to income ratio in 2016FY will come from the combination of increased revenue and cost reduction.
- ▶ While we still have some key enterprise transformation projects in 2016 e.g. Finacle 10 Upgrade, we are committed to ensuring a 5% decline in core operating expenses in 2016.



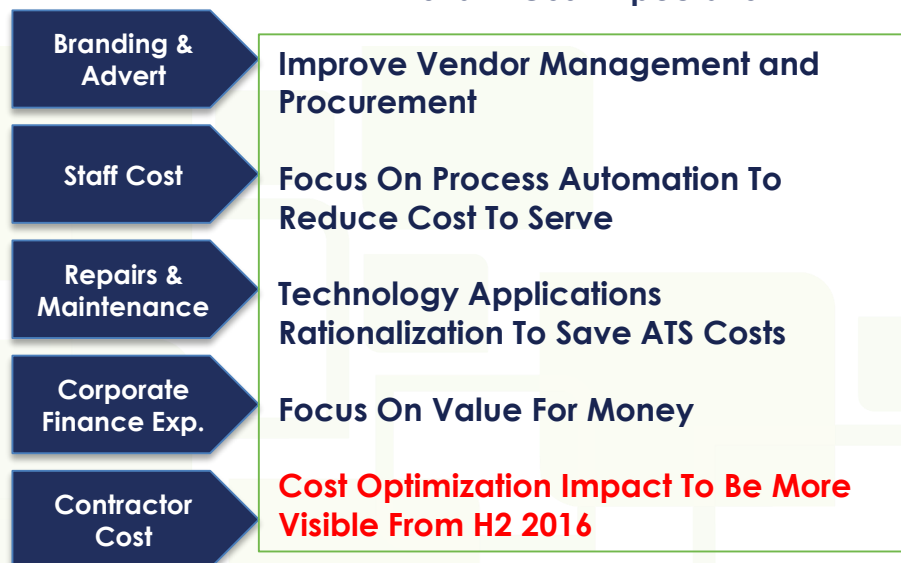
## Breakdown of Operating Expenses: 2015 FY Vs 2014 FY

N'million	2015 FY	2014 FY	VAR	% VAR
Branding & Advert	5,845	1,029	4,816	468.0%
Staff Cost	27,125	25,874	1,251	4.8%
Repairs & Maintenance	2,457	1,757	700	39.8%
Corporate Finance Expenses	606	90	516	573.3%
Contractor Compensation	3,533	3,045	488	16.0%
Litigations & Claims	545	89	456	512.4%
Security Expenses	1,295	978	317	32.4%
Computer Expenses	1,627	1,389	238	17.1%
Depreciation	3,985	3,792	193	5.1%
Telephone Expenses	251	108	143	132.4%
Training Expenses	650	510	140	27.5%
Legal Expenses	432	293	139	47.4%
Rent & Rates	315	249	66	26.5%
Cash Movement Expenses	591	537	54	10.1%
Consultancy Expenses	407	370	37	10.0%
Stationery Expenses	218	190	28	14.7%
Power (Electricity & Diesel)	1,015	990	26	2.6%
Postage & Courier Expenses	111	94	17	18.1%
Office Expenses	395	393	2	0.5%
Regulatory Cost	9,267	9,267	-	0.0%
Auditors' Remuneration	150	150	-	0.0%
Directors' Emoluments	346	355	(9)	-2.5%
Insurance Expenses	319	334	(15)	-4.5%
Bank Charges	434	468	(34)	-7.3%
Travelling & Accommodation	531	614	(83)	-13.5%
Other Expenses	1,657	1,788	(132)	-7.4%
<b>Total</b>	<b>64,107</b>	<b>54,753</b>	<b>9,354</b>	<b>17.1%</b>

# Key Cost Drivers & 2016FY Expectations



## 2016FY Cost Expectation



## 2016FY Cost Expectation





# At Last, The Complete Business Solution for SMEs

## Fidelity Business+ Account with Free Sage One Accounting Software

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### Features:

- ✓ Zero maintenance fee Current Account
- ✓ Free **Sage One** Accounting Software
- ✓ Free Business Advisory Services
- ✓ Access to Loans



Powered by Fidelity Bank and Sage Pastel



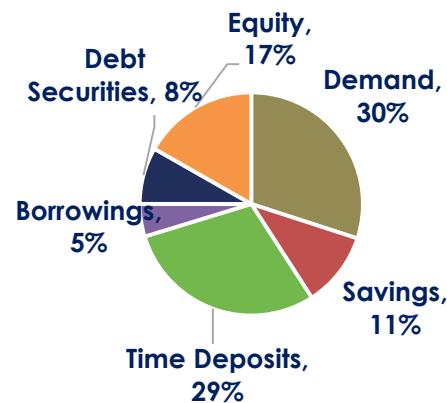
# Funding Base Analysis



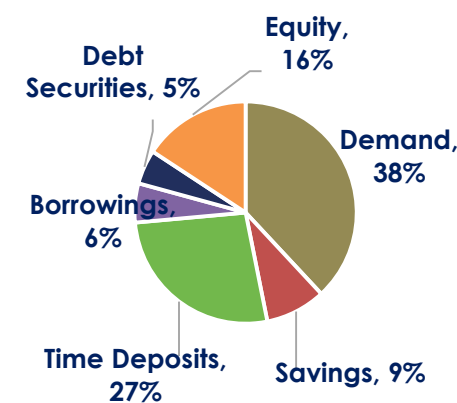
Key Highlights (N'm)	2015FY	2014FY	VAR	% VAR
Demand Deposits	328,549	424,397	(95,848)	-22.6%
Savings Deposits	119,140	97,996	21,144	21.6%
Time Deposits	321,947	297,641	24,306	8.2%
Borrowings	51,854	62,547	(10,693)	-17.1%
Debt Securities	90,121	54,994	35,127	63.9%
Equity	183,516	173,111	10,405	6.0%
<b>Total</b>	<b>1,095,127</b>	<b>1,110,686</b>	<b>(15,559)</b>	<b>-1.4%</b>

Key Highlights (N'm)	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Demand Deposits	328,549	400,648	389,250	429,472
Savings Deposits	119,140	105,925	105,214	105,581
Time Deposits	321,947	259,213	302,086	262,487
Borrowings	51,854	53,719	48,334	45,571
Debt Securities	90,121	88,133	89,780	59,070
Equity	183,516	180,339	178,557	178,070
<b>Total</b>	<b>1,095,127</b>	<b>1,087,977</b>	<b>1,113,221</b>	<b>1,080,249</b>

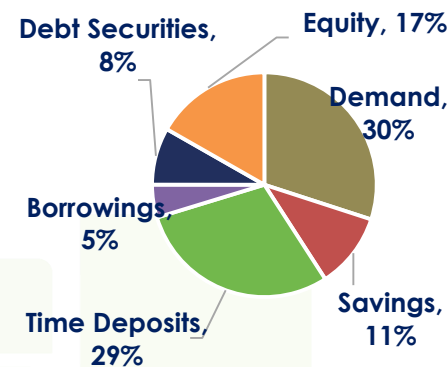
Funding Structure: 2015 FY



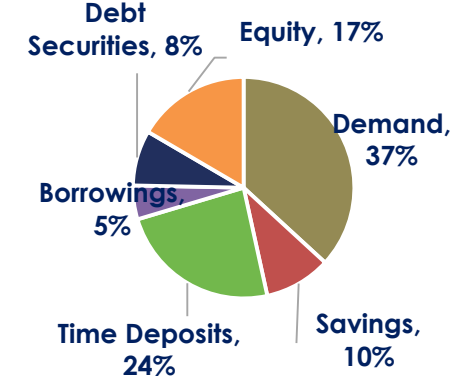
Funding Structure: 2014 FY



Funding Structure: Q4 2015



Funding Structure: Q3 2015



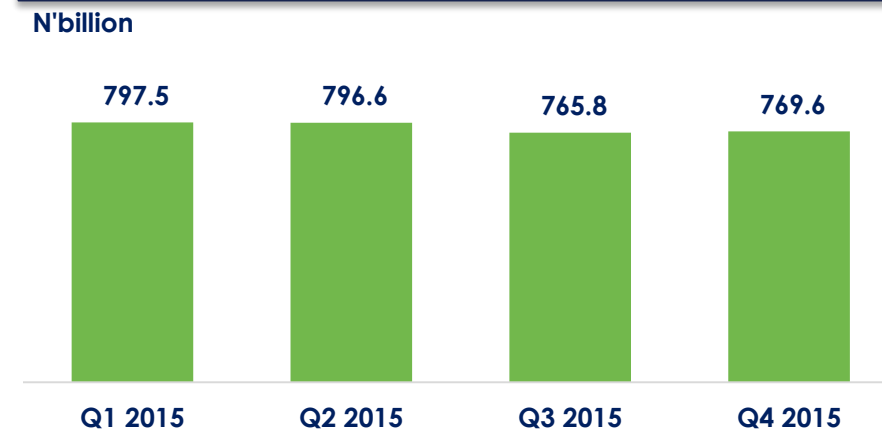
- Total customer deposits dropped by 6.1% YoY, while it increased by 0.5% QoQ to N769.6 billion from N765.8 billion. However, low cost deposits (demand and savings deposits) dropped by 14.3% YoY.
- Customer deposits represents 70.3% of total funding base and 84.4% of interest bearing liabilities.

# Deposits Analysis

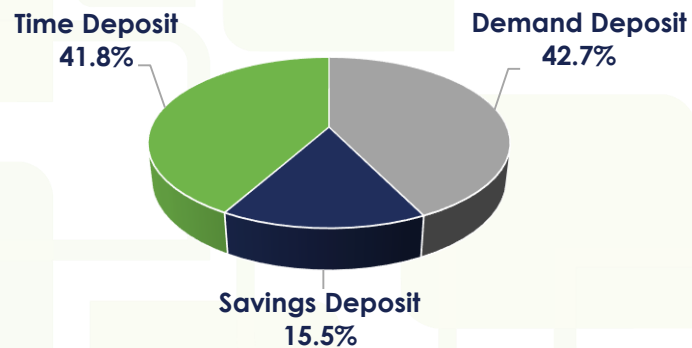


- ▶ Total deposits declined by 6.1% YoY to N769.6 billion on account of regulatory directives e.g. Treasury Single Account (TSA) and NLNG dividends which impacted our deposit base by about N175bn.
- ▶ However, total deposits grew by 0.5% QoQ due to 24.2% and 12.5% growth in time and savings deposits respectively.
- ▶ Low cost deposits constitute about 58.2% of total deposits, down from 63.7% in Dec 2014.
- ▶ Drop in low cost deposits caused an increase in average cost of deposits to 6.4% from 6.2% in 2014 FY.

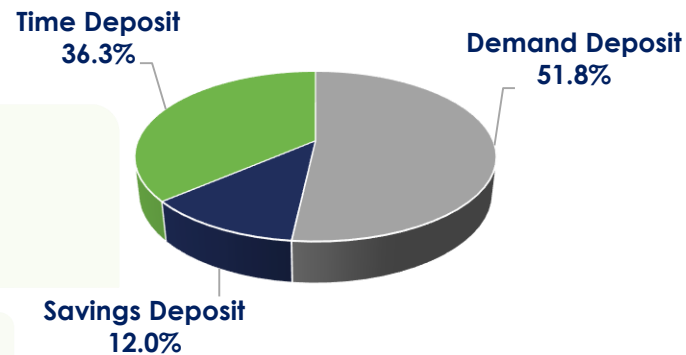
## Customer Deposits



## Customer Deposits by Type – 2015 FY



## Customer Deposits by Type – 2014 FY



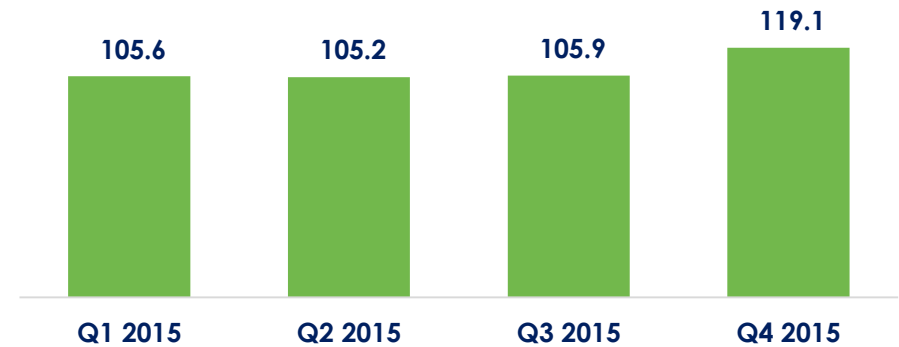
# Retail Banking Analysis (Personal Banking)



- ▶ Savings deposits grew by 21.6% YoY while it increased by 12.5% QoQ.
- ▶ Growth was the combination of the disbursed salary bailout funds and careful execution of our save-4-shelta savings promo targeted at the retail market.
- ▶ Retail low cost deposits grew by 7.0% QoQ.
- ▶ Retail assets growth picked up and this has improved the overall yield of the loan book.

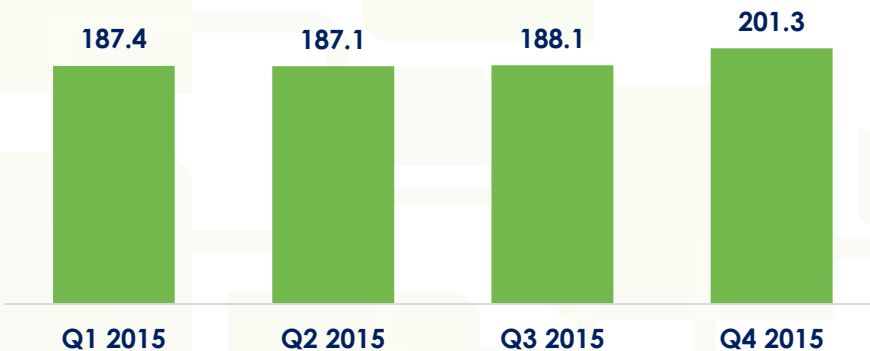
## Savings Deposits Trend

N'billion

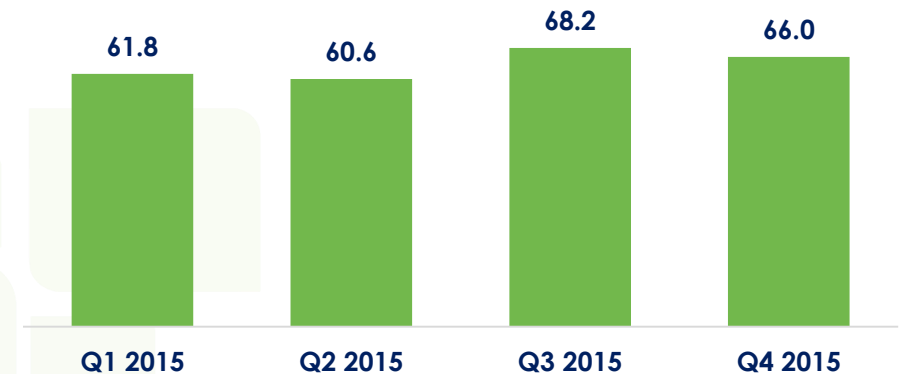


## Retail Low Cost Deposits

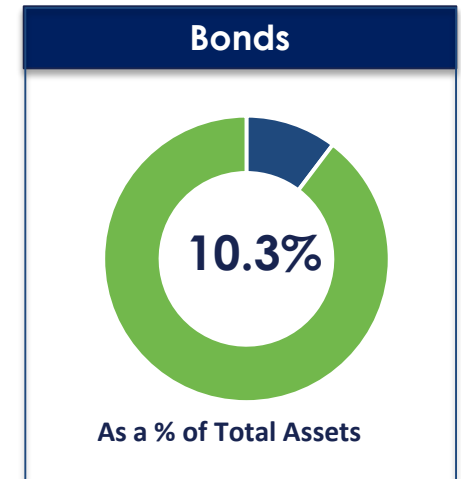
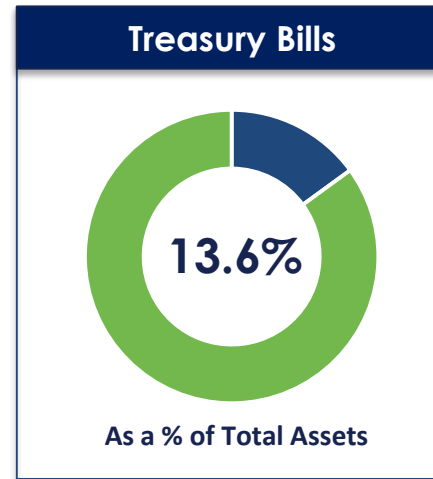
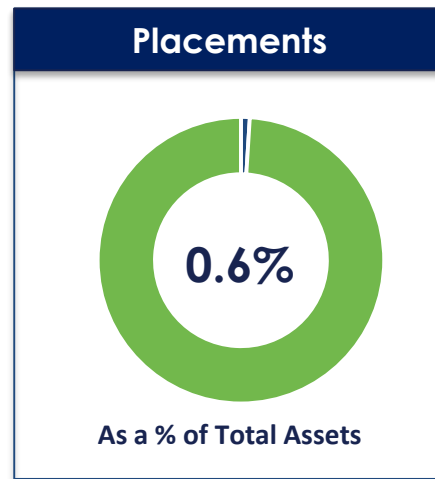
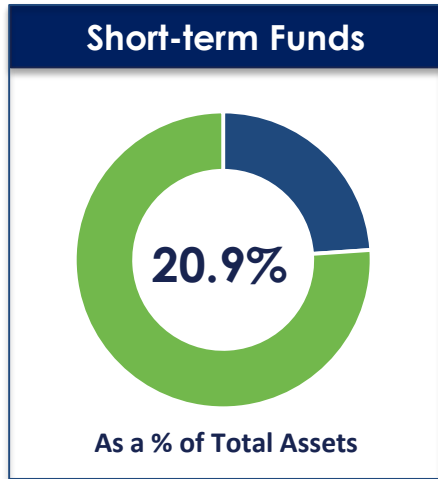
N'billion



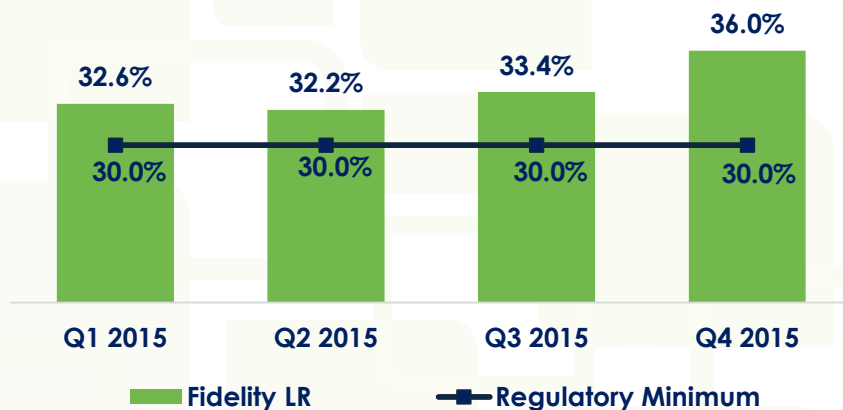
## Retail Assets Trend



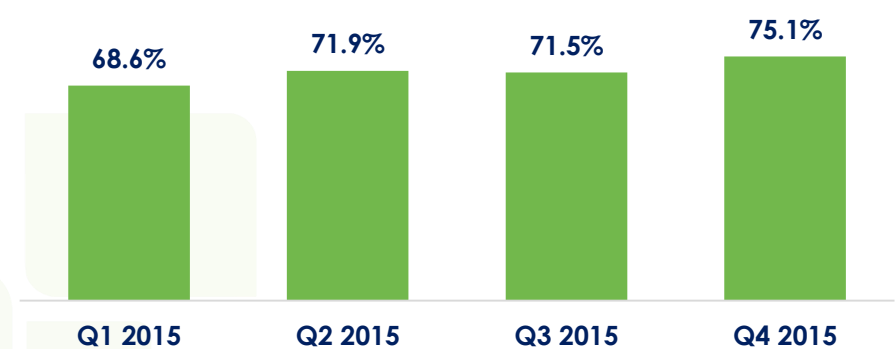
# Liquidity Assets Position



## Liquidity Ratio



## % Net Loans to Customer Deposits



# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers: 2015 FY Vs 2014 FY

N'million	2015 FY	2014 FY	VAR	% VAR
Communication	48,298	78,237	(29,939)	-38.3%
Oil and Gas	147,407	144,073	3,334	2.3%
- <b>Upstream</b>	97,568	103,451	(5,883)	-5.7%
- <b>Downstream</b>	23,430	20,822	2,608	12.5%
- <b>Services</b>	26,409	19,800	6,608	33.4%
Power	68,483	61,911	6,572	10.6%
Manufacturing	58,670	57,863	806	1.4%
General Commerce	34,521	42,338	(7,817)	-18.5%
Transport	54,806	52,147	2,659	5.1%
Consumer (Individuals)	65,959	52,810	13,149	24.9%
Government	60,003	12,641	47,362	374.7%
Construction	20,462	16,562	3,900	23.5%
Agriculture	11,724	14,786	(3,061)	-20.7%
Real Estate	17,157	13,470	3,687	27.4%
Education	3,358	2,810	548	19.5%
Finance and Insurance	552	773	(221)	-28.6%
Others	7,577	8,713	(1,136)	-13.0%
<b>Total</b>	<b>598,978</b>	<b>559,136</b>	<b>39,842</b>	<b>7.1%</b>

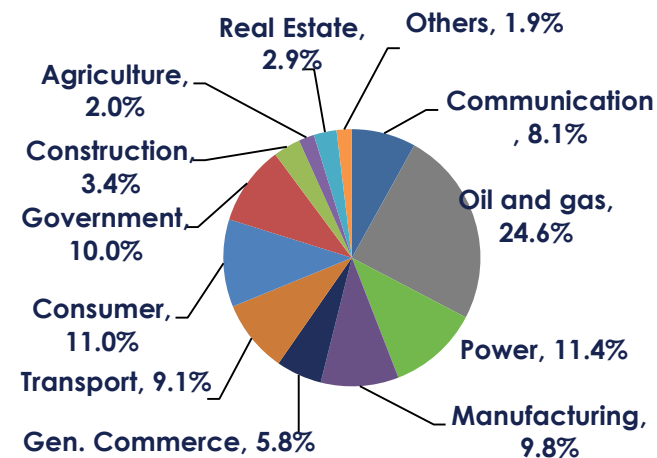
# Loan Portfolio Analysis



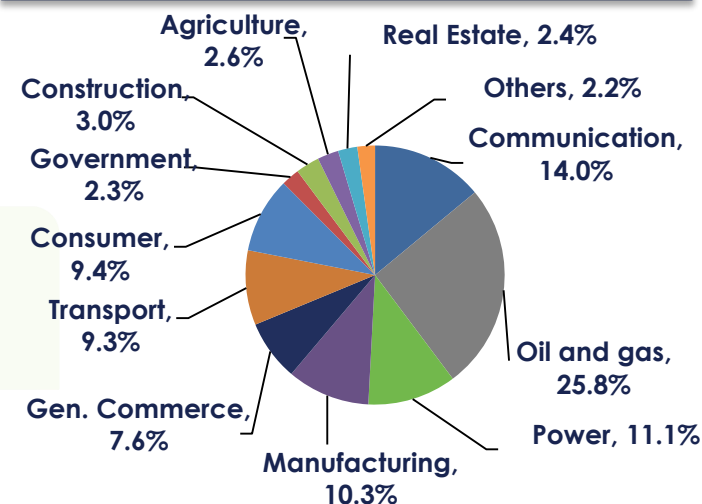
## Breakdown of Loans & Advances to Customers

N'million	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Communication	48,298	54,584	74,675	75,215
Oil and Gas	147,407	155,626	166,457	149,982
- <b>Upstream</b>	<b>97,568</b>	<b>104,711</b>	<b>107,112</b>	<b>106,010</b>
- <b>Downstream</b>	<b>23,430</b>	<b>23,169</b>	<b>31,854</b>	<b>25,428</b>
- <b>Services</b>	<b>26,409</b>	<b>27,746</b>	<b>27,491</b>	<b>18,544</b>
Power	68,483	65,713	65,049	59,775
Manufacturing	58,670	66,143	63,803	57,341
Gen. Commerce	34,521	36,142	41,219	46,098
Transport	54,806	53,276	54,364	52,303
Consumer	65,959	68,190	60,580	61,843
Government	60,003	6,524	5,399	6,065
Construction	20,462	18,738	17,919	16,705
Agriculture	11,724	12,574	12,121	15,139
Real Estate	17,157	17,270	15,961	13,461
Education	3,358	2,664	2,634	2,447
Fin. & Insurance	552	1,721	3,712	717
Others	7,577	9,930	9,518	7,649
<b>Total</b>	<b>598,978</b>	<b>569,094</b>	<b>593,410</b>	<b>564,738</b>

## Loan Analysis – 2015 FY



## Loan Analysis – 2014 FY





# Loan Portfolio Analysis



## QoQ/YoY Change in Loans & Advances to Customers

N'million	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015 FY
Government	(6,577)	(666)	1,126	53,479	47,362
Consumer (Individuals)	9,032	(1,263)	7,610	(2,231)	13,149
Oil & Gas Services	(1,256)	8,947	255	(1,337)	6,608
Power	(2,136)	5,274	663	2,770	6,572
Construction	142	1,214	820	1,724	3,900
Real Estate	(9)	2,500	1,309	(112)	3,687
Transport	155	2,061	(1,088)	1,530	2,659
Oil & Gas Downstream	4,606	6,426	(8,685)	261	2,608
Manufacturing	(523)	6,462	2,341	(7,474)	806
Education	(363)	188	29	695	548
Finance and Insurance	(56)	2,996	(1,991)	(1,169)	(221)
Others	(1,065)	1,870	412	(2,353)	(1,136)
Agriculture	354	(3,018)	453	(849)	(3,061)
Oil & Gas Upstream	2,559	1,102	(2,401)	(7,143)	(5,883)
General Commerce	3,759	(4,879)	(5,077)	(1,621)	(7,817)
Communication	(3,022)	(541)	(20,090)	(6,286)	(29,939)
<b>Total</b>	<b>5,602</b>	<b>28,672</b>	<b>(24,316)</b>	<b>29,884</b>	<b>39,842</b>

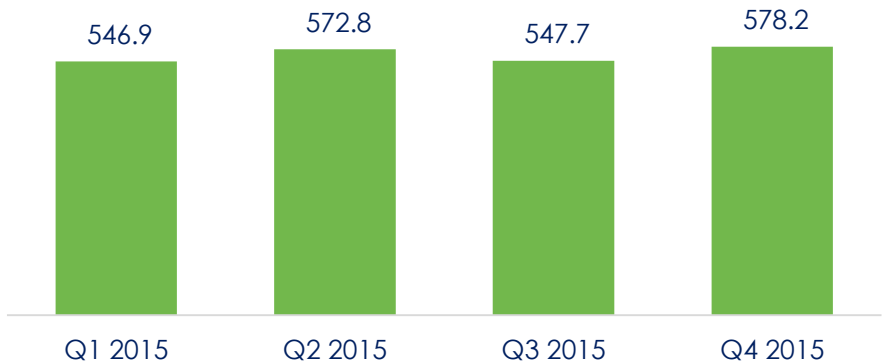
# Net Loan Book Analysis



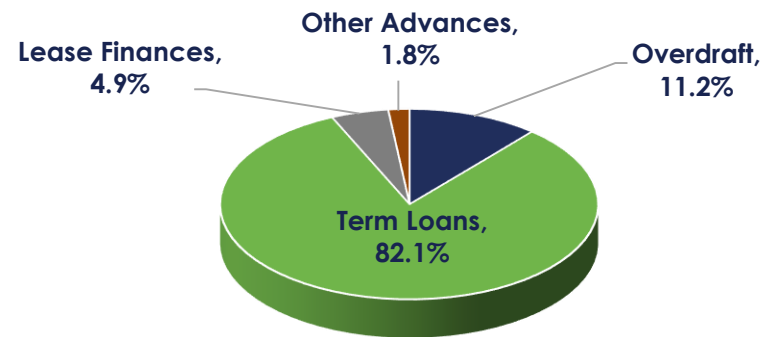
- ▶ Net loans increased by 6.7% YoY (5.6% QoQ) to N578.2 billion driven principally by the Public Sector, consumer loans (focus on high quality employees of federal parastatals and corporate institutions) and Oil Services.
- ▶ Public Sector loan growth is primarily driven by the on-lending of bailout funds to state governments.
- ▶ There were reclassifications from Others to better dimension the salient risks in the loan book
- ▶ FCY devaluation earlier in 2015 impacted the growth in the Oil Service sectors and muted the decline in Upstream

## Net Loans and Advances to Customers

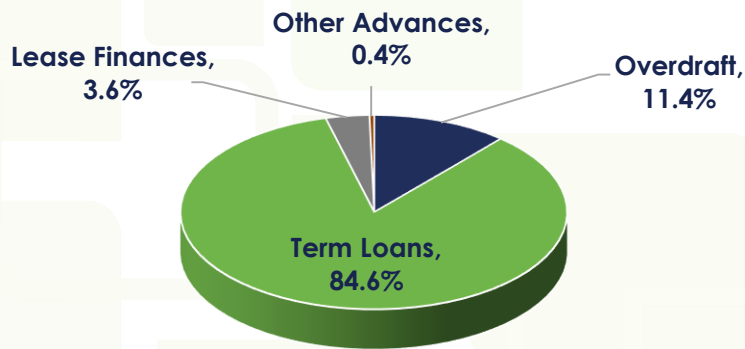
N'billion



## Net Loans by Type – 2014 FY



## Net Loans by Type – 2015 FY



# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2015 FY Vs 2014 FY

N'million	2015 FY	2014 FY	VAR	YoY Growth: Loans
Communication	1,919	4,186	(2,267)	(29,939)
Oil and gas	2,319	1,310	1,009	3,334
- <b>Upstream</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,883)</b>
- <b>Downstream</b>	<b>262</b>	<b>519</b>	<b>(256)</b>	<b>2,608</b>
- <b>Services</b>	<b>2,056</b>	<b>791</b>	<b>1,265</b>	<b>6,608</b>
Power	0	0	0	6,572
Manufacturing	7,805	8,255	(450)	806
General Commerce	3,032	3,739	(706)	(7,817)
Transport	4,056	1,428	2,628	2,659
Consumer (Individuals)	1,173	1,493	(320)	13,149
Government	310	864	(553)	47,362
Construction	1,779	303	1,476	3,900
Agriculture	667	646	20	(3,061)
Real Estate	1,198	532	666	3,687
Education	352	310	42	548
Finance and Insurance	190	272	(82)	(221)
Others	1,338	1,031	307	(1,136)
<b>Total</b>	<b>26,138</b>	<b>24,368</b>	<b>1,770</b>	<b>39,842</b>

# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2015 FY Vs 2014 FY

	2015 FY			2014 FY		
	N'million	% Contr.	% NPL	N'million	% Contr.	% NPL
Communication	1,919	7.3%	4.0%	4,186	17.2%	5.4%
Oil and gas	2,319	8.9%	1.6%	1,310	5.4%	0.9%
- <i>Upstream</i>	-	0.0%	0.0%	0	0.0%	0.0%
- <i>Downstream</i>	262	1.0%	1.1%	519	2.1%	2.5%
- <i>Services</i>	2,056	7.9%	7.8%	791	3.2%	4.0%
Power	0	0.0%	0.0%	0	0.0%	0.0%
Manufacturing	7,805	29.9%	13.3%	8,255	33.9%	14.3%
General Commerce	3,032	11.6%	8.8%	3,739	15.3%	8.8%
Transport	4,056	15.5%	7.4%	1,428	5.9%	2.7%
Consumer (Individuals)	1,173	4.5%	1.8%	1,493	6.1%	2.8%
Government	310	1.2%	0.5%	864	3.5%	6.8%
Construction	1,779	6.8%	8.7%	303	1.2%	1.8%
Agriculture	667	2.6%	5.7%	646	2.7%	4.4%
Real Estate	1,198	4.6%	7.0%	532	2.2%	4.0%
Education	352	1.3%	10.5%	310	1.3%	11.0%
Finance and Insurance	190	0.7%	34.5%	272	1.1%	35.2%
Others	1,338	5.1%	17.7%	1,031	4.2%	11.8%
<b>Total</b>	<b>26,138</b>	<b>100%</b>	<b>4.4%</b>	<b>24,368</b>	<b>100%</b>	<b>4.4%</b>

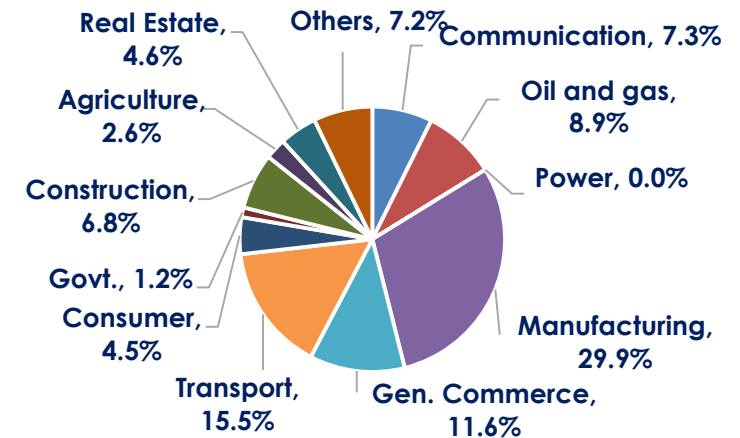
# NPL Portfolio Analysis



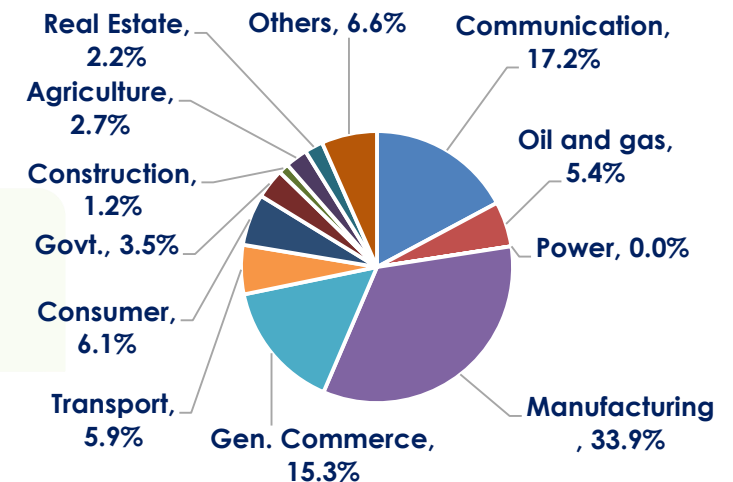
## Breakdown of Non-performing Loans

N'million	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Communication	1,919	4,168	4,202	3,883
Oil and gas	2,319	1,259	1,206	1,165
- Upstream	0	0	0	0
- Downstream	262	230	157	357
- Services	2,056	1,029	1,050	808
Power	0	0	0	0
Manufacturing	7,805	7,159	7,205	8,082
Gen. Commerce	3,032	2,190	2,626	2,881
Transport	4,056	1,794	1,642	1,510
Consumer	1,173	1,230	1,279	1,482
Government	310	189	191	267
Construction	1,779	234	245	263
Agriculture	667	662	659	659
Real Estate	1,198	328	318	419
Education	352	318	326	312
Fin. & Insurance	190	186	187	274
Others	1,338	1,259	1,249	1,161
<b>Total</b>	<b>26,138</b>	<b>20,976</b>	<b>21,334</b>	<b>22,357</b>

## NPL Analysis – 2015 FY



## NPL Analysis – 2014 FY



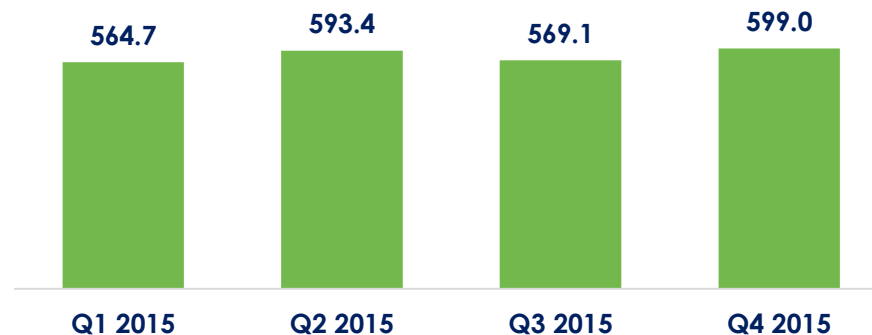
# NPL Analysis



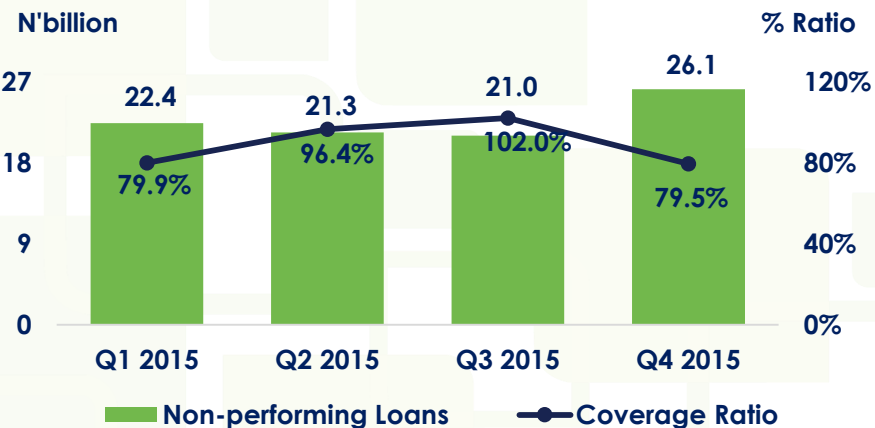
- ▶ NPL remained unchanged at 4.4% as at Dec 31, 2015, however absolute NPL increased by 7.3% YoY (24.6% QoQ) due to weaker macro economic environment.
- ▶ The major sectors that caused YoY increase in absolute NPL were Transport, Oil & Gas Services, Construction, Manufacturing and Real Estate.
- ▶ Coverage ratio is now 79.5% from 71.6% in 2014FY; while it increases to 115.9% after adjusting for Non-distributable reserves.

## Gross Loans and Advances

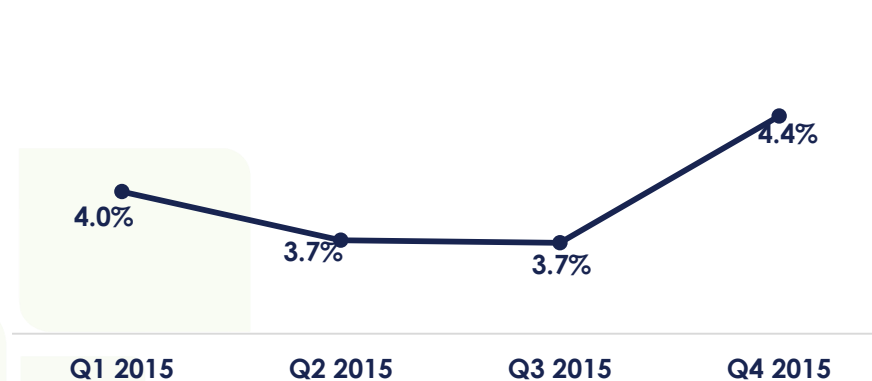
N'billion



## NPL Coverage Ratio



## Non-performing Loans

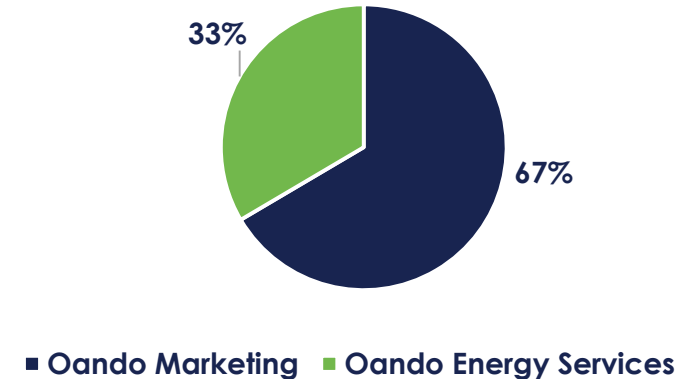


# Update On Oando Group Plc Exposure



General Description	Amount	
	N'bn	\$'mm
Total exposure to Oando Group	22.4	-
- Oando Marketing (Downstream)	14.9	-
- Oando Energy Services Ltd (Upstream)	7.5	-
	% Contribution	
% of Total Loan Book	3.7%	
% of the Energy Loan Book	15.2%	

## Loan Breakdown



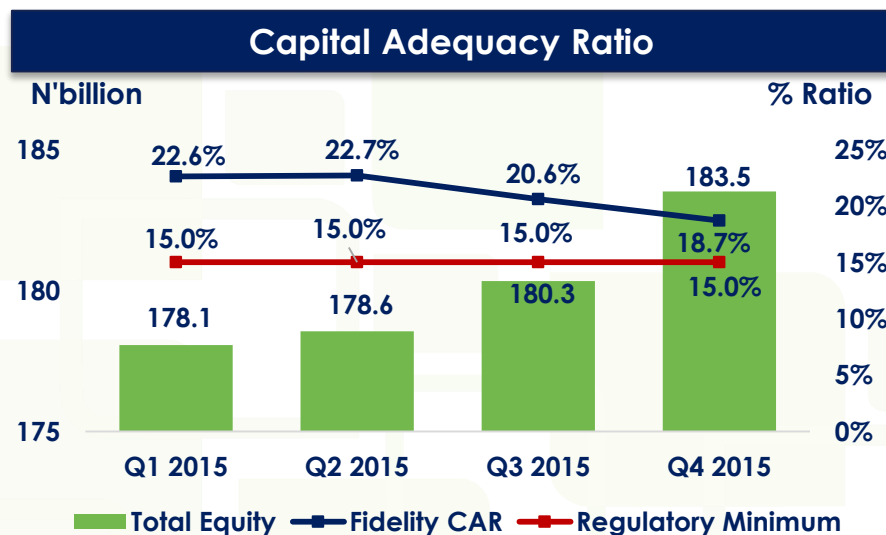
- ❑ In line with a regulatory directive we were expected to take a special provision of 5.0% (N1.1bn) on our exposure to the Oando Group and pass this directly to equity.
- ❑ However in view of the significant size of this loan to our portfolio we decided to be more prudent and reflected the provision of N1.1bn on our P & L and not only through equity.
- ❑ The Oando loans are classified as watch-listed and do not form part of the NPL numbers or ratio on our audited accounts. If the loans were classified total NPLs would be N48.5bn and our NPL Ratio would be 8.1%.



# Capital Adequacy



- ▶ Fidelity remains well capitalized with strong capital adequacy ratio (CAR) of 18.7% compared to the regulatory minimum requirement of 15.0%.
- ▶ Total equity increased by 6.0% YoY (1.8% QoQ) to N183.5 billion as earnings improved; constitutes about 16.8% of total funding base.
- ▶ We have no immediate plans to raise Tier 1 capital but are rather focused on sweating the existing capital to improve our ROE



### Capital Adequacy Ratio Computation – Basel II

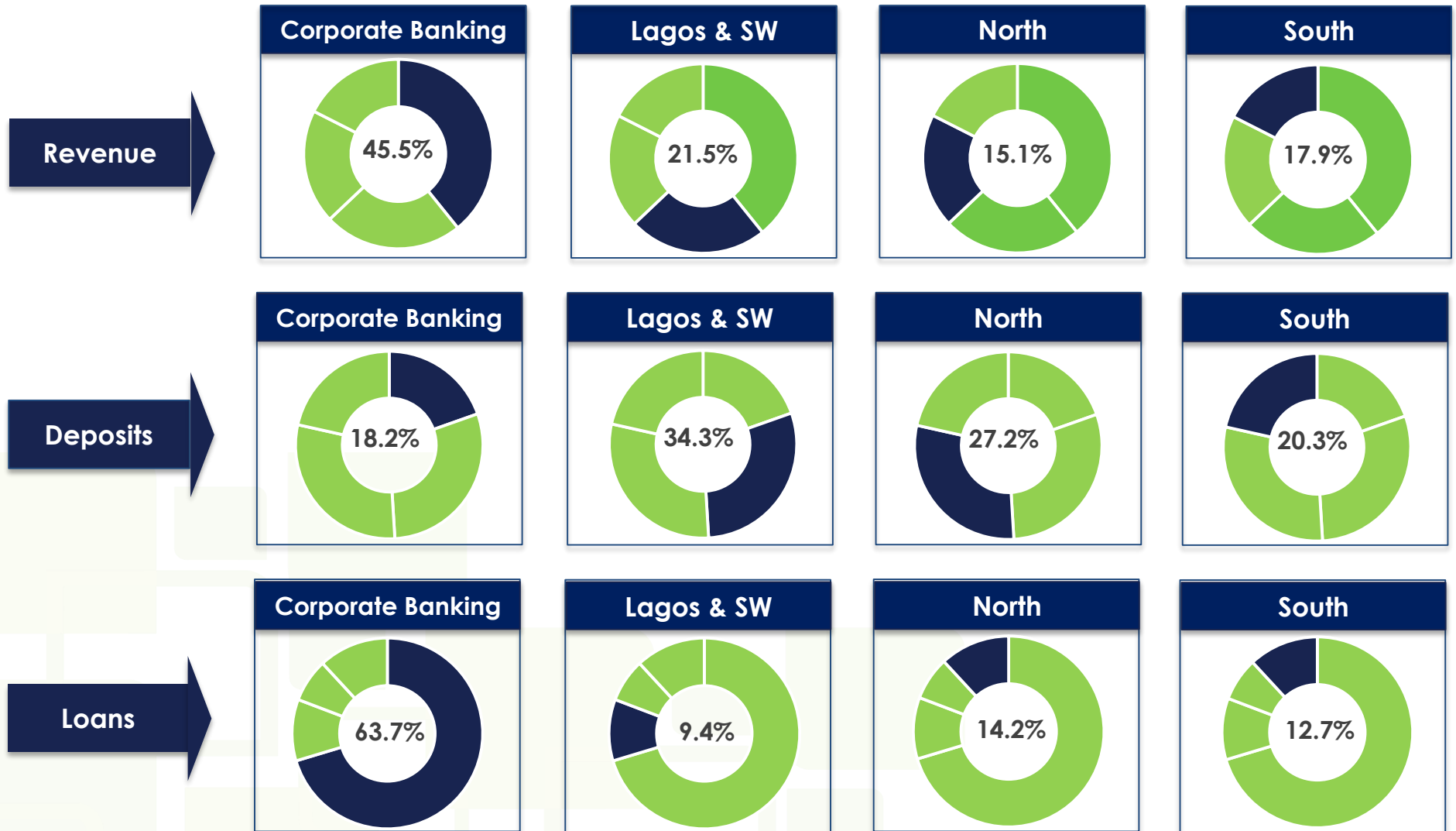
N'million	2015 FY	2014 FY	VAR
Tier 1 Capital	143,696	143,955	(259)
Tier 2 Capital	47,420	47,505	(85)
<b>Total Qualified Capital</b>	<b>191,116</b>	<b>191,460</b>	<b>(344)</b>
Credit Risk	779,267	574,899	204,368
Market Risk	89,766	91,914	(2,148)
Operational Risk	152,561	139,419	13,142
<b>Risk Weighted Assets</b>	<b>1,021,594</b>	<b>806,232</b>	<b>215,362</b>
<b>Capital Adequacy Ratio</b>			
Tier 1	14.1%	17.9%	-3.8%
Tier 2	4.6%	5.9%	-1.3%
<b>Overall CAR</b>	<b>18.7%</b>	<b>23.7%</b>	<b>-5.0%</b>

# Business Segment Analysis



	Business Description	Revenue	Deposits	Loans
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>Handles the bank's institutional clients with turnover in excess of ₦10.0bn.</li> <li>Key focus sectors include:                             <ul style="list-style-type: none"> <li>Oil &amp; gas upstream</li> <li>Oil &amp; gas downstream</li> <li>Power &amp; infrastructure</li> <li>Telecommunication</li> <li>FMCG</li> <li>Construction &amp; real est.</li> <li>Agriculture</li> <li>Transport &amp; shipping</li> </ul> </li> </ul>			
<b>Lagos &amp; SW Bank</b>	<ul style="list-style-type: none"> <li>Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>Drives retail deposits, lending, payroll and e-products etc.</li> <li>Operates at 95 locations</li> </ul>			
<b>North Bank</b>	<ul style="list-style-type: none"> <li>Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>Drives retail deposits, lending, payroll and e-products etc.</li> <li>Operates at 49 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 83 locations</li> </ul>			

# Business Segment Analysis



The Loan mix between Corporate Vs Others is now 64 : 36 and is moving closer to our medium term target of 60 : 40. This has been a key driver of our NIM Growth to 6.9%

## 5. 2015 Guidance Vs 2016 Guidance

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# Review of 2015 Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS					
S/N	Index	2014 FY Actual	2015 FY Actual	Revised 2015FY Target	Comment
1	Net Interest Margin	6.0%	6.9%	7%	Achieved
2	Tax Rate	11.1%	0.9%	15% to 20%	Achieved
3	Loan Growth	27.1%	6.7%	10%	Not Achieved
4	Deposit Growth	1.7%	-6.1%	Decline (10% to 15%)	Achieved
5	Cost - Income Ratio	74.2%	73.4%	70% band	Not Achieved
6	Proposed Dividends	37.8%	33.0%	30-50% (of PAT) band	Achieved
7	NPL Ratio	4.4%	4.4%	4.0%	Not Achieved
8	ROE – Post Tax	8.0%	7.6%	8.5%	Not Achieved



<b>GROWTH EXPECTATIONS ON KEY INDICATORS</b>				
<b>S/N</b>	<b>Index</b>	<b>2015 FY Actual</b>	<b>2016FY Target</b>	<b>Comment</b>
1	Net Interest Margin	6.9%	6.75% -7.0%	Lower Yields On Liquid Assets and NIBOR Linked Loans
2	Tax Rate	0.9%	15% to 20%	Efficient Tax Management
3	Loan Growth	6.7%	5.0% to 7.5%	Controlled Loan Growth In Select Sectors
4	Deposit Growth	-6.1%	5.0% to 7.5%	Retail Focused Deposit Growth
5	Cost - Income Ratio	73.4%	70% band	To Be Driven By a 5% Cost Reduction and a Marginal Growth In Revenue
6	Proposed Dividends	33.0%	30-50% (of PAT) band	In Line With Our Dividend Policy
7	NPL Ratio	4.4%	Below 5%	Increased Risk In Some Key Sectors
8	ROE – Post Tax	7.6%	Below 10%	Exceed 2015FY PBT By 15% To 20%

# Thank You

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