

Fidelity Bank Investor Presentation

Unaudited Financial Results for the 6 months ended

June 30, 2016



1. The Operating Environment

2. Overview of Fidelity Bank

3. Financial Highlights

4. Financial Review

5. 2016FY Guidance

1. The Operating Environment

2. Overview of Fidelity Bank

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General Business Environment

- ❑ Headline inflation rate remains high at 16.48% in June 2015 from 15.58% in May 2016.
- ❑ GDP figures for Q2, 2016 from the NBS will likely confirm that Nigeria is in a recession.
- ❑ Nigeria's external reserves dropped to \$26.21bn as at July 28th, 2016; crude oil production and prices remain low.
- ❑ Fitch Rating downgrades Nigeria's long term IDR to 'B+' from 'BB-' as well as the country's long-term local currency IDR to 'BB-' from 'BB'.
- ❑ Key government reforms initiated in Q2, 2016 (downstream deregulation and FX liberalisation) and the budget implementation will likely improve economic activities in H2 2016

Banking Industry Specifics

- ❑ The Monetary Policy Committee (MPC) retained all policy rates but increased the MPR by 200bpts to 14.0%.
- ❑ Following the increase in MPR, savings deposit rate increased to 4.2% from 3.6%; rate is tied to 30.0% of MPR.
- ❑ The CBN liberalised the foreign exchange rate resulting in a 50% devaluation of the naira (August 2016).
- ❑ The CBN launched Naira-Settled OTC FX Future product on June 27, 2016.
- ❑ Despite these measures, the demand pressure on naira has continued as liquidity still remains a challenge in the FX market, however market confidence is increasing.
- ❑ The currency devaluation and lower GDP projections poses increased risk on the credit portfolio of banks

Overview of Fidelity Bank



Background

- ▶ A full service bank with International Authorisation established in 1987 and licensed by the Central Bank of Nigeria
- ▶ The Bank currently has over 400,000 shareholders with the majority being Nigerian citizens and corporations.
- ▶ A Well capitalised bank with a CAR of 16.4%
- ▶ Our branch network is strategically located in key business centres across all the 36 states of the federation (including FCT Abuja).
- ▶ Strategic focus is on the SME, niche corporate banking and retail banking driven by electronic banking services and products.

Distribution Network

Business Offices		Electronic Banking	
Lagos	84	ATMs	781
South West	14	POS	4,414
South South	43	Debit Cards	1,381,587
South East	42	Instant Banking	410,033
North West	15	Online Banking	84,360
North East	7		
North Central	12		
FCT Abuja	18		

Key Highlight

Total Assets	N1,397.9 billion
Total Equity	N183.5 billion
Business Offices	235
No of Accounts	3.5 million
Professional Staff	3,456
Consumer Sales Agents	633
Ratings	B/B (S&P)/Fitch
Auditors	Ernst & Young / PKF

3. Financial Highlights



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Performance Highlights



Revenue and Efficiency Ratio

- ❑ Total Interest Income up by 2.0% to N57.2 billion in H1 2016 (H1 2015: N56.0 billion)
- ❑ Net Fee Income down by 21.4% to N11.9 billion in H1 2016 (H1 2015: N15.2 billion)
- ❑ Net Interest Margin at 6.5% in H1 2016 (H1 2015: 6.6% and 2015 FY: 6.9%)
- ❑ PBT down by 35.0% to N6.3 billion in H1 2016 (PAT came in at N5.6 billion)

Asset Quality

- ❑ Cost of Risk increased to 1.4% in H1 2016, compared to 1.0% in 2015 FY
- ❑ NPL Ratio declined to 3.4% in H1 2016 (H1 2015: 3.6% and 2015 FY: 4.4%)
- ❑ Coverage Ratio improved to 101.9% in H1 2016 from 79.5% in 2015 FY
- ❑ FCY Loans accounts for 43.7% of Total Loan Book from 40.4% in 2015 FY

Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 16.4%, based on Basel II computation
- ❑ Liquidity Ratio of 36.3% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits of 85.7% from 75.1% (2015 FY)
- ❑ Total Equity was flat at N183.5 billion compared to 2015 FY

Financial Highlights



- ❑ PBT was down by 35.0% YoY (43.9% QoQ), driven largely by N4.1 billion increased provision in Q2, 95.9% YoY decline in dividend income on equity investment and 10.0% YoY growth in operating expenses, however, operating expenses dropped by 2.3% in Q2.
- ❑ Interest expense declined by 12.5% YoY (5.1% QoQ) reflecting increased low cost deposits to total deposits which stood at 71.6% in H1 2016 from 58.2% in 2015FY and the lower interest rate environment; the improved low cost deposits mix and funding cost translated to a drop in funding cost to 4.6% from 6.2% in 2015 FY.
- ❑ NIM dropped to 6.5% despite improved funding cost. This was due to a 2.0% drop in the average yield on earnings assets driven by a combination of lower yield on liquid assets and reduced average lending rate.
- ❑ Total operating income (excluding net gains/losses from financial instruments) increased by 3.6% YoY growth to N43.6 billion, driven by strong e-banking income (279.4% YoY growth) and net interest income (17.8% YoY growth).
- ❑ Cost income ratio came in high at 74.1% in H1 2016, however it trended downward to 71.3% in Q2 from 77.1% in Q1, as the execution of cost reduction initiatives commenced.
- ❑ Business fundamentals remains strong despite the 40% currency devaluation in Q2, 2016 with our liquidity ratio (36.3%) and capital adequacy ratio (16.4%); well above the regulatory threshold of 30.0% and 15.0% respectively

Financial Highlights



Summary of Income Statement: H1 2015 Vs H1 2016

N'million	H1 2015	H1 2016	VAR	% VAR
Gross Earnings	72,291	70,415	(1,876)	-2.6%
Interest Income Loans	37,967	41,721	3,755	9.9%
Interest Income Liquid Assets	18,060	15,442	(2,618)	-14.5%
Total Interest Income	56,027	57,163	1,137	2.0%
Interest Expense Customer Deposits	(24,192)	(19,430)	4,762	-19.7%
Interest Expense Borrowings	(4,988)	(6,106)	(1,117)	22.4%
Total Interest Expense	(29,180)	(25,535)	3,645	-12.5%
Net Interest Income	26,846	31,628	4,782	17.8%
FX Income	5,935	1,727	(4,209)	-70.9%
E-banking Income	1,967	7,465	5,497	279.4%
Other Fee Income (Net)	7,278	2,739	(4,539)	-62.4%
Net Fee Income	15,180	11,930	(3,250)	-21.4%
Operating Income	42,027	43,558	1,531	3.6%
Total Expenses	(28,821)	(31,701)	(2,879)	10.0%
Net gains / (losses) from Fin. Inst	(401)	(776)	(375)	93.5%
Net Impairment Losses	(3,140)	(4,798)	(1,658)	52.8%
Profit Before Tax	9,664	6,284	(3,381)	-35.0%

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

Financial Highlights



Summary of Income Statement: Q1 2016 Vs Q2 2016

N'million	Q1 2016	Q2 2016	VAR	% VAR
Gross Earnings	34,356	36,059	1,704	5.0%
Interest Income Loans	20,798	20,923	125	0.6%
Interest Income Liquid Assets	8,406	7,036	(1,370)	-16.3%
Total Interest Income	29,204	27,959	(1,244)	-4.3%
Interest Expense Customer Deposits	(10,063)	(9,366)	697	-6.9%
Interest Expense Borrowings	(3,037)	(3,069)	(32)	1.1%
Total Interest Expense	(13,100)	(12,435)	664	-5.1%
Net Interest Income	16,104	15,524	(580)	-3.6%
FX Income	546	1,181	635	116.5%
E-banking Income	2,616	4,849	2,233	85.4%
Other Fee Income (Net)	1,495	1,244	(251)	-16.8%
Net Fee Income	4,656	7,274	2,617	56.2%
Operating Income	20,761	22,798	2,037	9.8%
Total Expenses	(16,031)	(15,669)	362	-2.3%
Net gains / (losses) from Fin. Inst	35	(811)	(846)	-2398.3%
Net Impairment Losses	(739)	(4,059)	(3,320)	449.1%
Profit Before Tax	4,025	2,258	(1,767)	-43.9%

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

Financial Highlights



Statement of Financial Position: 2015 FY Vs H1 2016

N'million	2015 FY	H1 2016	VAR	% VAR
Total Assets	1,231,722	1,397,867	166,145	13.5%
Earning Assets	879,855	971,521	91,666	10.4%
Bank Placements	7,482	-	(7,482)	-100.0%
Treasury Bills	167,231	143,771	(23,460)	-14.0%
Bonds	126,939	116,611	(10,328)	-8.1%
Customer Loans (Naira)	344,425	400,245	55,820	16.2%
Customer Loans (FCY)	233,778	310,894	77,116	33.0%
Non-Earning Assets	351,867	426,346	74,479	21.2%
Cash	20,335	22,150	1,815	8.9%
Cash Reserve	164,997	231,462	66,465	40.3%
Bal. with other Banks/Settlement Acct	72,460	63,285	(9,175)	-12.7%
Fixed Assets	39,985	42,823	2,838	7.1%
All Other Assets	54,090	66,625	12,535	23.2%
Interest Bearing Liabilities	977,875	1,116,848	138,973	14.2%
Demand	328,549	455,915	127,366	38.8%
Savings	119,140	138,104	18,964	15.9%
Time Deposits	321,947	235,908	(86,039)	-26.7%
Other Borrowings	51,854	71,943	20,089	38.7%
On-lending Facilities	66,264	102,393	36,129	54.5%
Debt Securities	90,121	112,584	22,463	24.9%
All Other Liabilities	70,331	97,554	27,223	38.7%
Equity	183,516	183,464	(52)	0.0%

Financial Highlights



Statement of Financial Position: Q1 2016 Vs Q2 2016

N'million	Q1 2016	Q2 2016	VAR	% VAR
Total Assets	1,281,240	1,397,867	116,626	9.1%
Earning Assets	887,688	971,521	83,833	9.4%
Bank Placements	0	0	-	0.0%
Treasury Bills	178,693	143,771	(34,922)	-19.5%
Bonds	118,862	116,611	(2,250)	-1.9%
Customer Loans (Naira)	365,561	400,245	34,683	9.5%
Customer Loans (FCY)	224,572	310,894	86,322	38.4%
Non-Earning Assets	393,552	426,346	32,793	8.3%
Cash	26,411	22,150	(4,260)	-16.1%
Cash Reserve	214,537	231,462	16,925	7.9%
Bal. with other Banks/Settlement Acct	53,173	63,285	10,112	19.0%
Fixed Assets	40,544	42,823	2,279	5.6%
All Other Assets	58,888	66,625	7,737	13.1%
Interest Bearing Liabilities	1,021,833	1,116,848	95,015	9.3%
Demand	376,054	455,915	79,861	21.2%
Savings	135,078	138,104	3,026	2.2%
Time Deposits	273,416	235,908	(37,508)	-13.7%
Other Borrowings	51,854	71,943	20,088	38.7%
On-lending Facilities	97,161	102,393	5,233	5.4%
Debt Securities	88,269	112,584	24,315	27.5%
All Other Liabilities	75,378	97,554	22,176	29.4%
Equity	184,029	183,464	(565)	-0.3%

4. Financial Review – SCI



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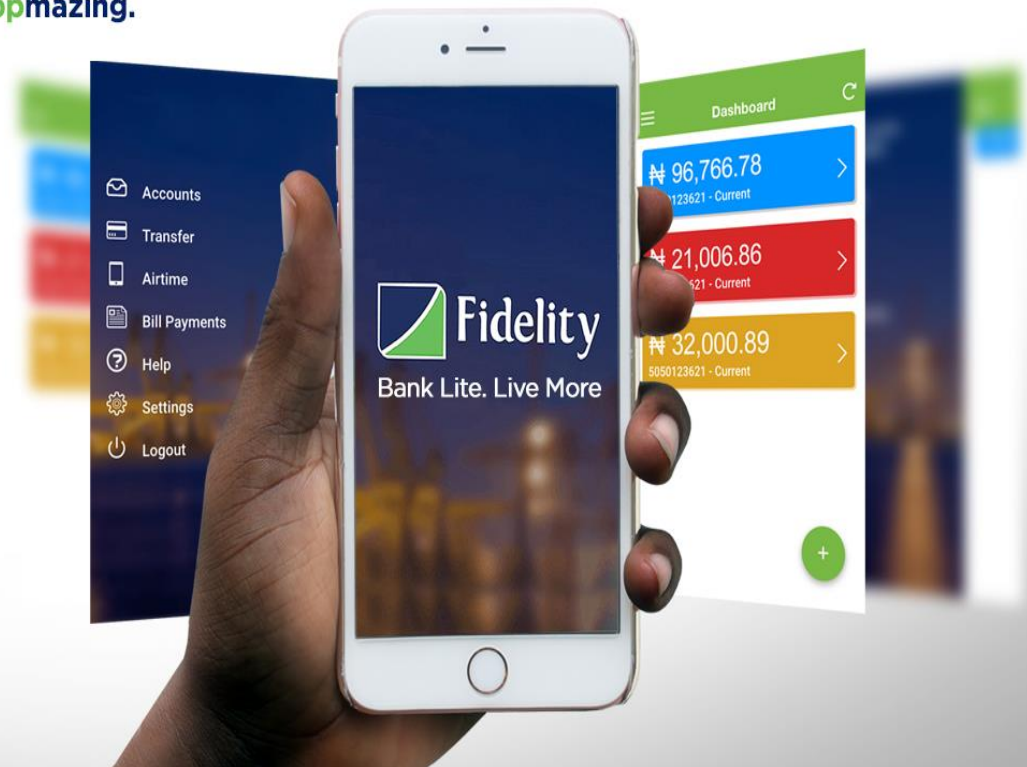
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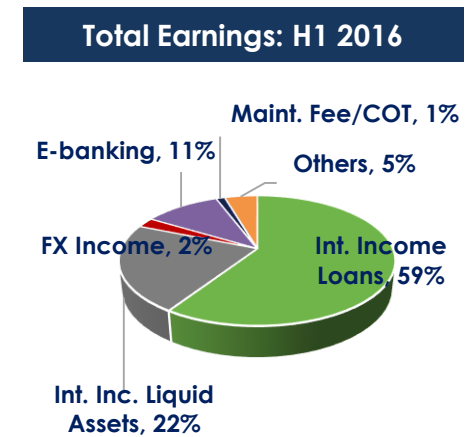
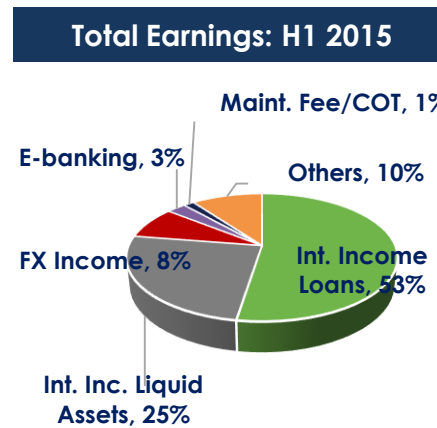
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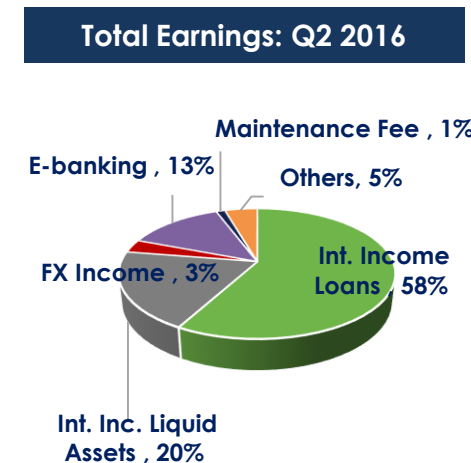
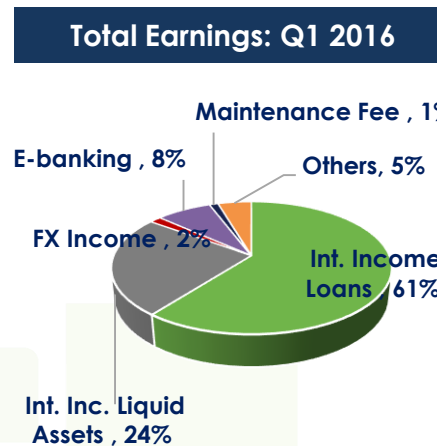
Gross Earnings Analysis



Key Highlights (N'm)	H1 2015	H1 2016	VAR	% VAR
Total Earnings	72,291	70,415	(1,876)	-2.6%
Interest Income Loans	37,967	41,721	3,755	9.9%
Int. Income Liquid Assets	18,060	15,442	(2,618)	-14.5%
FX Income	5,935	1,727	(4,209)	-70.9%
E-banking Income	1,967	7,465	5,497	279.4%
Maintenance fee/COT	1,083	856	(227)	-21.0%
Other Income	7,279	3,205	(4,074)	-56.0%

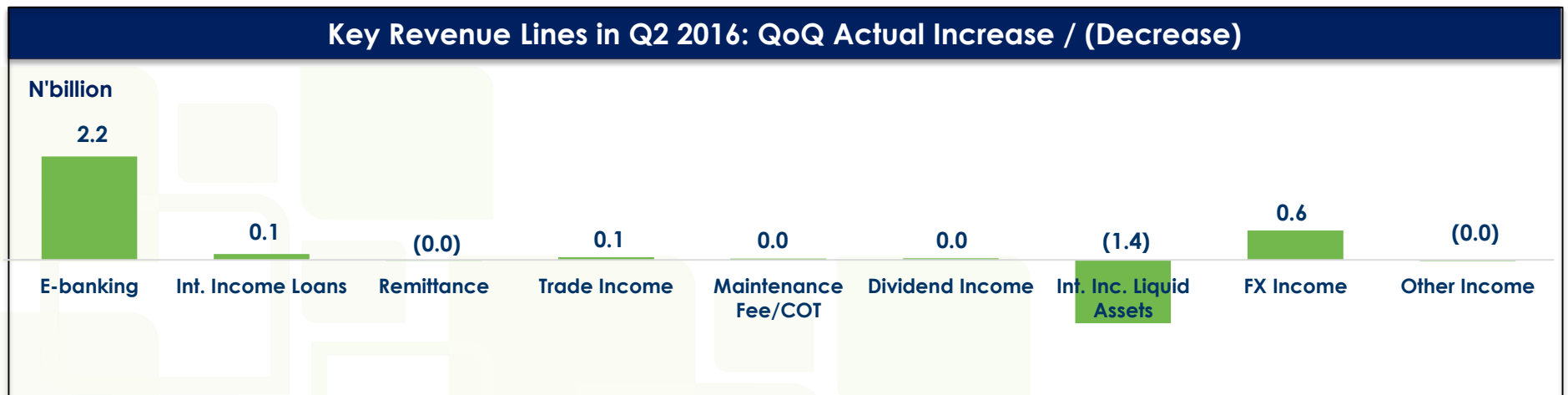
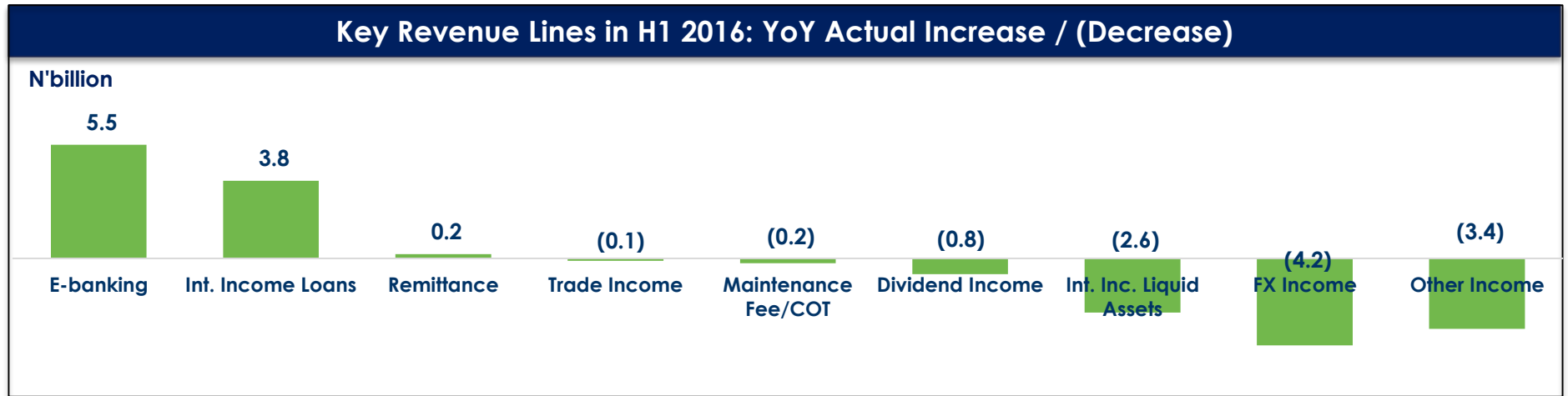


Key Highlights (N'm)	Q1 2016	Q2 2016	VAR	% VAR
Total Earnings	34,356	36,059	1,704	5.0%
Interest Income Loans	20,798	20,923	125	0.6%
Int. Income Liquid Assets	8,406	7,036	(1,370)	-16.3%
FX Income	546	1,181	635	116.5%
E-banking Income	2,616	4,849	2,233	85.4%
Maintenance fee/COT	414	442	29	6.9%
Other Income	1,577	1,628	51	3.3%



- Gross earnings was down by 2.6% YoY to N70.4bn, largely due to 70.9% (N4.2bn) and 14.5% (N2.6bn) drop in FX income and interest income on liquid assets respectively.
- Strong growth in e-banking reflects both increased migration of customers to electronic platforms and impact of international card transactions

Change in Key Revenue Lines (YoY / QoQ)



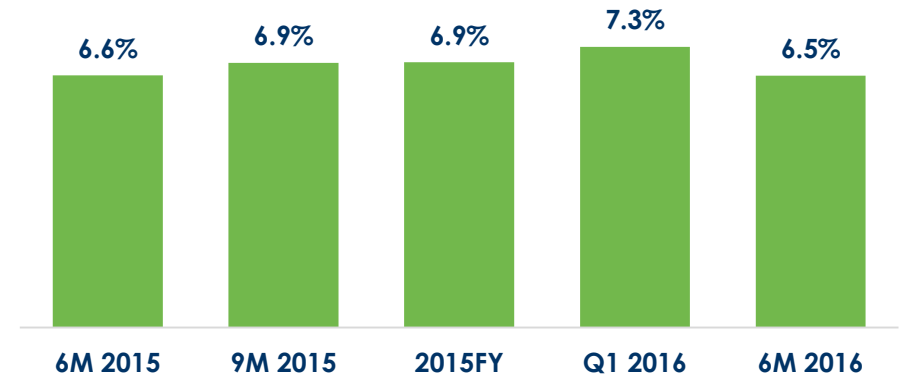
Electronic banking and interest income on loans have been the key revenue growth lines, however in Q2 the impact of the lower lending rates in Q1 impacted the growth in interest income despite the growth in the loan book

Net Interest Margin Analysis

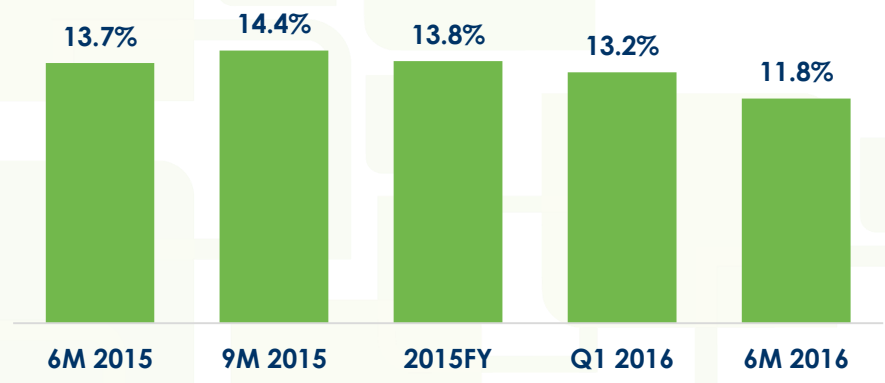


- ▶ NIM declined to 6.5% from 6.6% in H1 2015 as the reduction in yields on earning assets outpaced the decline in funding cost.
- ▶ The drop in yields on earnings assets was 1.9% YoY (1.7% QoQ), driven by a combined drop in average lending rate and decline in yields on liquid assets.
- ▶ Funding costs dropped by 1.7% YoY (0.7% QoQ), on account of increased low cost deposits which constitutes about 71.6% from 62.1% in H1 2015.

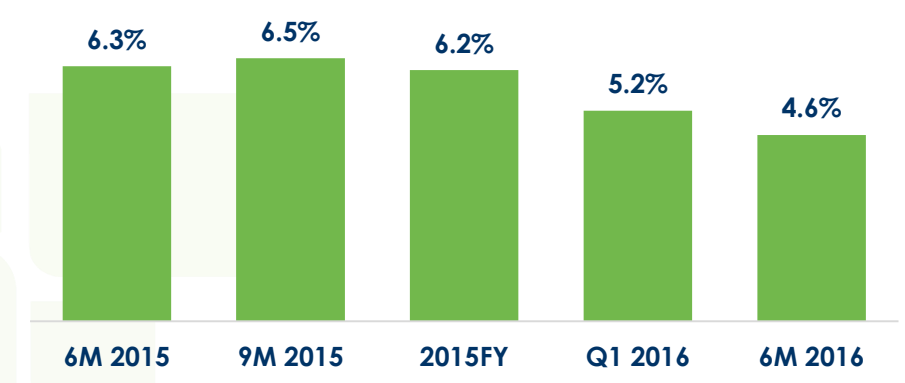
NIM Trend



Yield on Earnings Assets



Funding Cost



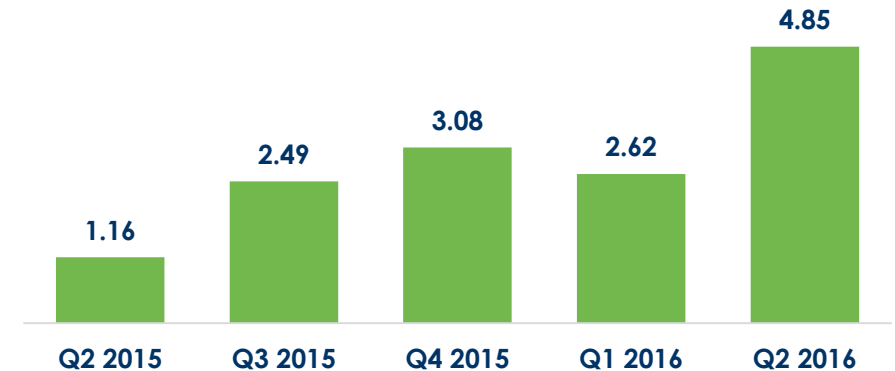
E-Banking Income Analysis



- ▶ E-banking income up by 279.4% YoY (85.4% QoQ) principally driven by international card transaction fees and transaction banking fees on our payment platforms.
- ▶ E-banking revenues are likely to decline in Q3 2016 due to the suspension of international card transactions in June 2016.
- ▶ We still see significant scope for improving e-banking revenues from our payment platforms after our core banking system and instant banking platforms upgrade.

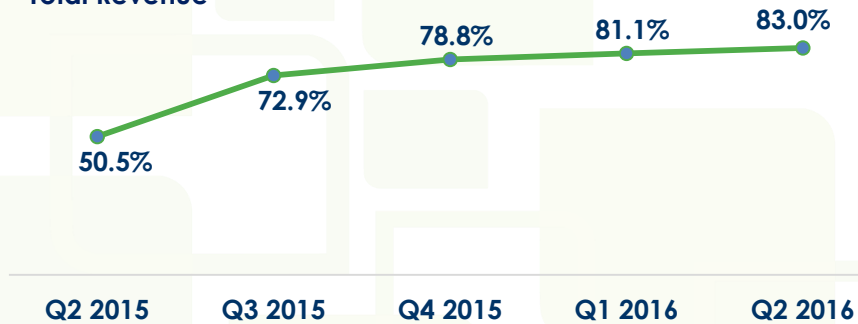
Quarterly Revenue Trend

N'billion



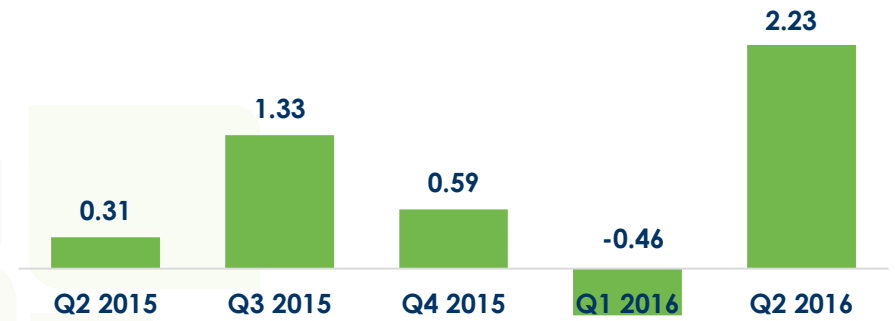
E-Banking Profit Margin

Net Earnings to Total Revenue



Quarterly Revenue Growth

N'billion

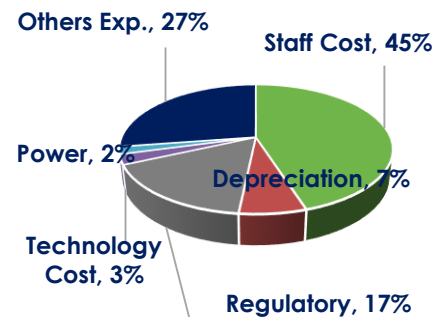


Total Expense Analysis

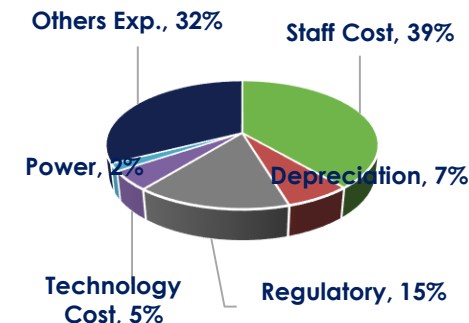


Key Highlights (N'm)	H1 2015	H1 2016	VAR	% VAR
Total Expenses	28,821	31,701	2,879	10.0%
Staff Cost	12,970	12,268	-702	-5.4%
Depreciation	1,923	2,107	185	9.6%
Regulatory Cost	4,782	4,909	127	2.7%
Technology Cost	731	1,527	796	108.8%
Power	534	592	58	10.9%
Security	629	694	65	10.4%
Branding & Advert	811	3,738	2,927	360.9%
Other Expenses	6,441	5,864	-577	-9.0%

Total Expenses: H1 2015

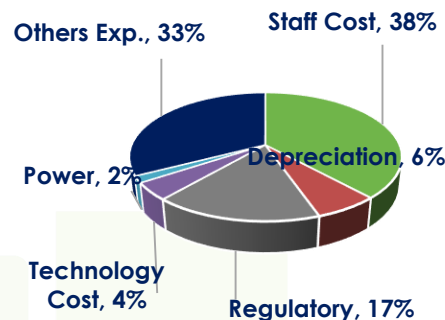


Total Expenses: H1 2016

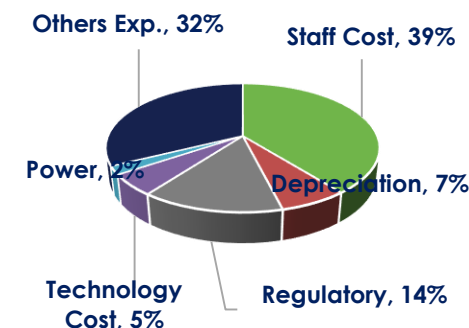


Key Highlights (N'm)	Q1 2016	Q2 2016	VAR	% VAR
Total Expenses	16,031	15,669	-362	-2.3%
Staff Cost	6,116	6,152	35	0.6%
Depreciation	1,038	1,069	31	3.0%
Regulatory Cost	2,689	2,220	-470	-17.5%
Technology Cost	697	830	134	19.2%
Power	265	327	62	23.2%
Security	317	378	61	19.2%
Branding & Advert	2,065	1,673	-392	-19.0%
Other Expenses	2,843	3,021	177	6.2%

Total Expenses: Q1 2016



Total Expenses: Q2 2016



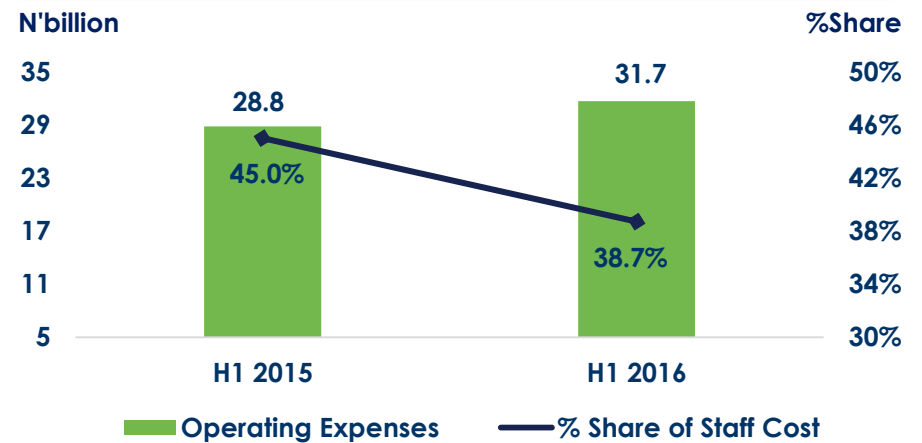
- Total operating expenses grew by 10.0% YoY on the back of increased advert cost, technology, depreciation charge and regulatory charges.
- Compared to Q1 2015, total operating expenses declined by 2.3% reflecting the implementation of our cost reduction initiatives.

Cost Dynamics

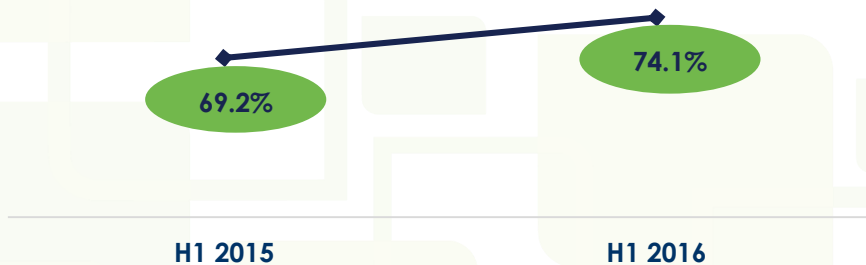


- ▶ Total operating expenses increased by 10.0% YoY while it dropped by 2.3% QoQ, with advert cost, technology expenses, regulatory cost, depreciation etc. been the key cost drivers.
- ▶ Cost to income ratio remained high at 74.1% YoY from 69.2% recorded in H1 2015 due to drop in revenue. However, it declined in Q2 as the execution of key cost reduction initiatives commenced.
- ▶ Reduction in cost to income ratio in 2016FY will come from the combination of increased revenue and cost reduction.

Operating Expenses & Staff Cost



Cost – Income Ratio (YoY)



Cost – Income Ratio (QoQ)



Cost Dynamics



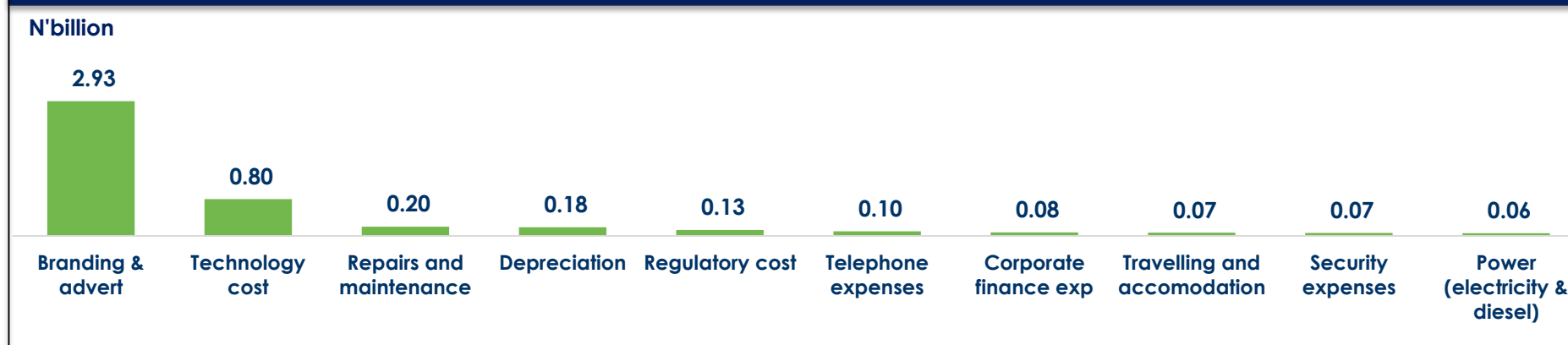
Breakdown of Operating Expenses: H1 2015 Vs H1 2016

N'million	H1 2015	H1 2016	VAR	% VAR
Staff cost	12,970	12,268	(702)	-5.4%
Regulatory cost	4,782	4,909	127	2.7%
Branding & advert	811	3,738	2,927	360.9%
Depreciation	1,923	2,107	185	9.6%
Contractor compensation	1,712	1,745	33	1.9%
Technology cost	731	1,527	796	108.8%
Repairs and maintenance	1,074	1,272	197	18.4%
Security expenses	629	694	65	10.4%
Power (electricity & diesel)	534	592	58	10.9%
Travelling and accommodation	226	294	68	30.1%
Corporate finance expenses	213	290	77	36.1%
Cash movement expenses	309	277	(32)	-10.4%
Consultancy expenses	211	226	15	7.3%
Telephone expenses	117	216	99	85.0%
Office expenses	186	207	21	11.0%
Training expenses	254	165	(88)	-34.7%
Insurance expenses	145	157	12	8.6%
Legal expenses	120	148	28	23.3%
Bank charges	248	127	(121)	-48.8%
Stationery expenses	100	127	27	27.5%
Directors' emoluments	134	114	(20)	-14.8%
Rent and rates	108	112	4	3.8%
Auditors' remuneration	94	94	0	0.4%
Postage and courier expenses	57	57	0	0.2%
Other expenses	1,133	234	(899)	-79.4%
	28,821	31,701	2,879	10.0%

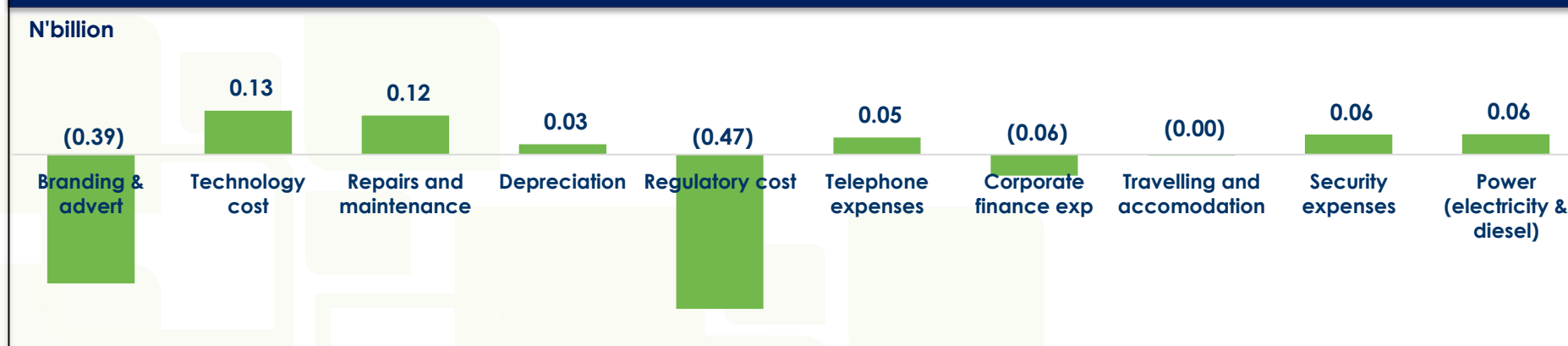
Cost Optimization Impact in Q2 2016



Key Cost Drivers in H1 2016: YoY Actual Cost Increase



Cost Optimization Impact in Q2 2016 : QoQ Actual Cost Increase / (Decrease)



- Cost reduction target of 5% has been lowered to 2.5% due to the rising inflation rate and currency devaluation which has a significant impact on some of our key cost lines.

Supporting The Economy In Tough Times?

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

Building an economically strong nation is a partnership
- one to which we are fully committed.

We Are Fidelity, We Keep Our Word.

#ToughJob

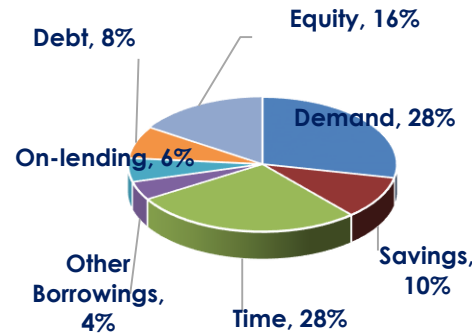


Funding Base Analysis

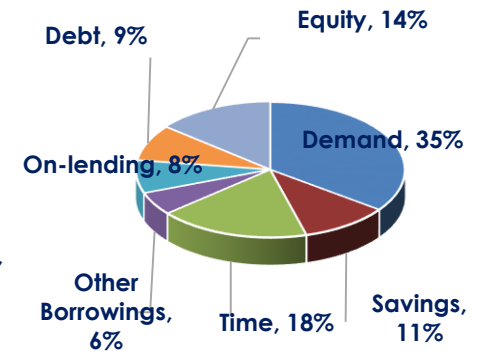


Key Highlights (N'm)	2015FY	H1 2016	VAR	% VAR
Demand Deposits	328,549	455,915	127,366	38.8%
Savings Deposits	119,140	138,104	18,964	15.9%
Tenor Deposits	321,947	235,908	(86,039)	-26.7%
Other Borrowings	51,854	71,943	20,089	38.7%
On-Lending	66,264	102,393	36,129	54.5%
Debt Securities	90,121	112,584	22,463	24.9%
Equity	183,516	183,464	(52)	0.0%
Total	1,161,391	1,300,312	138,921	12.0%

Funding Structure: 2015 FY

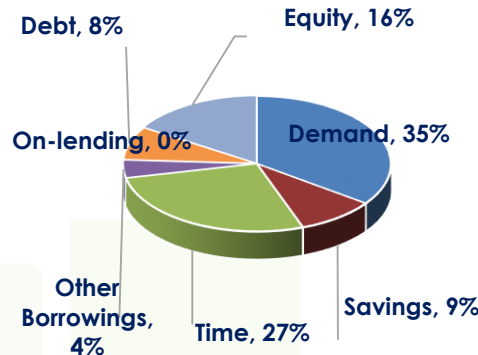


Funding Structure: H1 2016

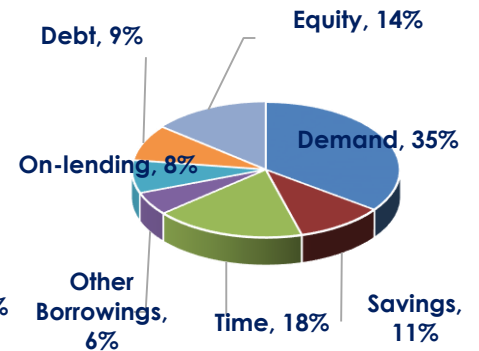


Key Highlights (N'm)	H1 2015	H1 2016	VAR	% VAR
Demand Deposits	389,250	455,915	66,665	17.1%
Savings Deposits	105,214	138,104	32,890	31.3%
Time Deposits	302,086	235,908	(66,177)	-21.9%
Other Borrowings	48,334	71,943	23,609	48.8%
On-Lending	0	102,393	102,393	100.0%
Debt Securities	89,780	112,584	22,804	25.4%
Equity	178,556	183,464	4,907	2.7%
Total	1,113,221	1,300,312	187,091	16.8%

Funding Structure: H1 2015



Funding Structure: H1 2016



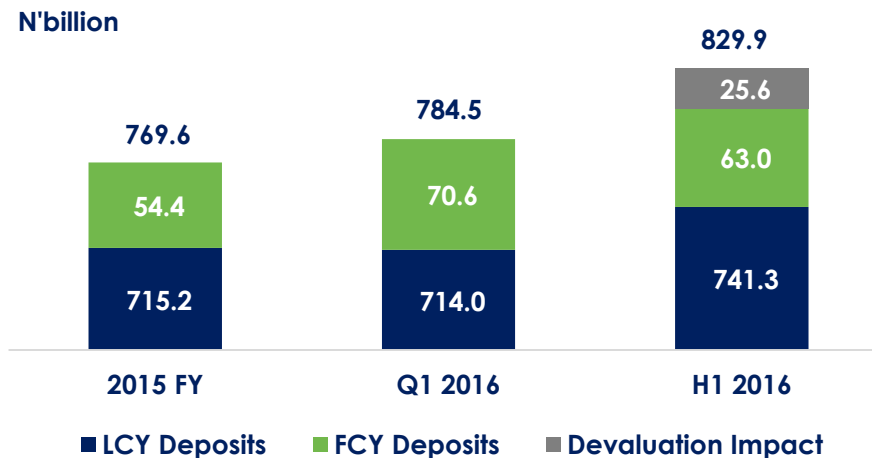
- Total customer deposits increased by 7.8% YTD due to a combination of naira devaluation impact and actual growth in demand and savings deposits.
- With the inclusion of on-lending facilities, deposits now represent 63.8% of total funding base and 74.3% of interest bearing liabilities.

Deposits Analysis

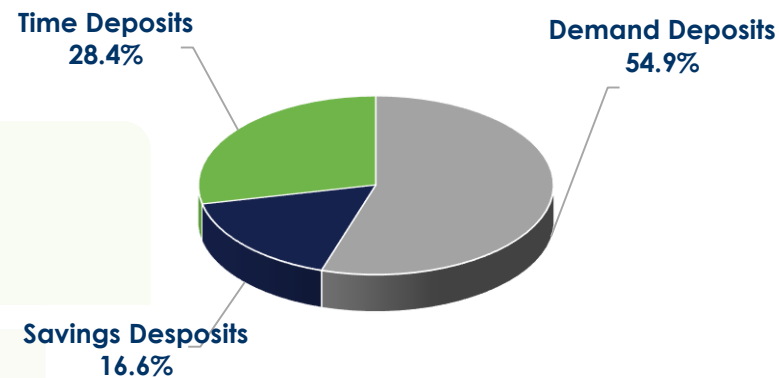


- ▶ Total deposits increased by 7.8% YTD (5.8% QoQ) to N829.9 billion with the 40% devaluation accounting for N25.6bn (3.3% YTD) of the growth.
- ▶ Excluding devaluation, organic/real growth was 4.5% YTD (2.5% QoQ); Demand and savings were responsible for organic growth in total deposits.
- ▶ Low cost deposits now constitute 71.6% of total deposits.
- ▶ Improved low cost deposits to total deposits caused a decline in cost of deposits to 4.7% in H1 2016 from 6.4% in 2015 FY.

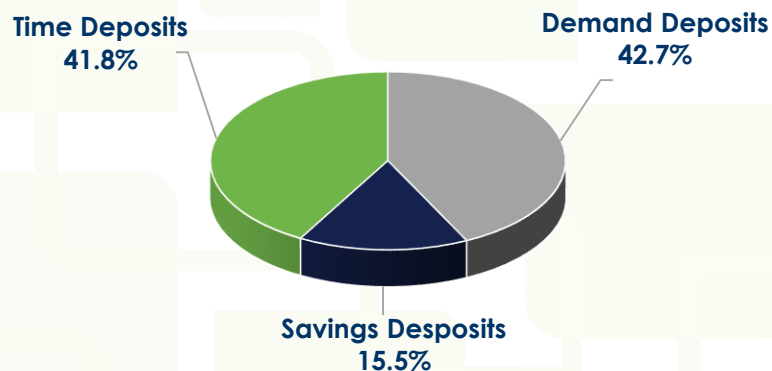
Customer Deposits



Customer Deposits by Type – H1 2016



Customer Deposits by Type – 2015 FY



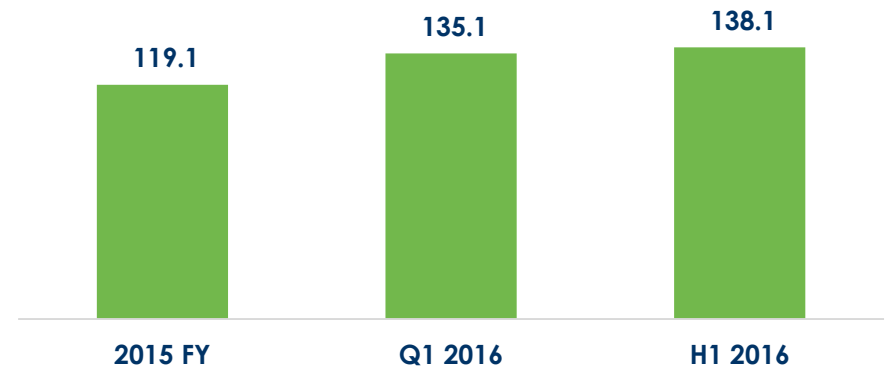
Retail Banking Analysis (Personal Banking)



- ▶ Savings deposits grew by 15.9% YTD which contributed to the decline in our funding cost.
- ▶ Growth was the combination of the disciplined execution of our retail banking strategy and improved cross-selling of e-banking products.
- ▶ Retail low cost deposits grew by 9.4% YTD, while the 11.7% YTD drop in retail risk assets was principally due to loan pay-downs in Q1 2016 (N10.6bn) in line with the asset repayment cycle

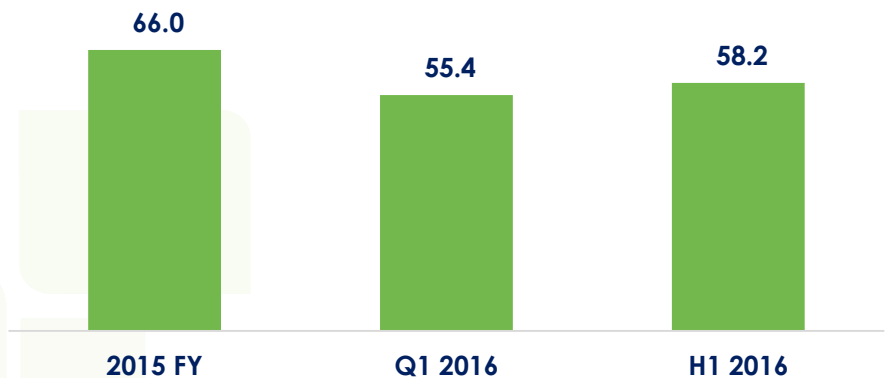
Savings Deposits Trend

N'billion



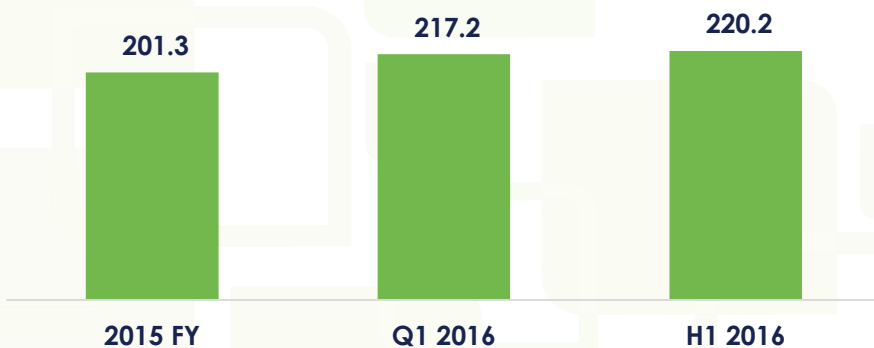
Retail Assets Trend

N'billion

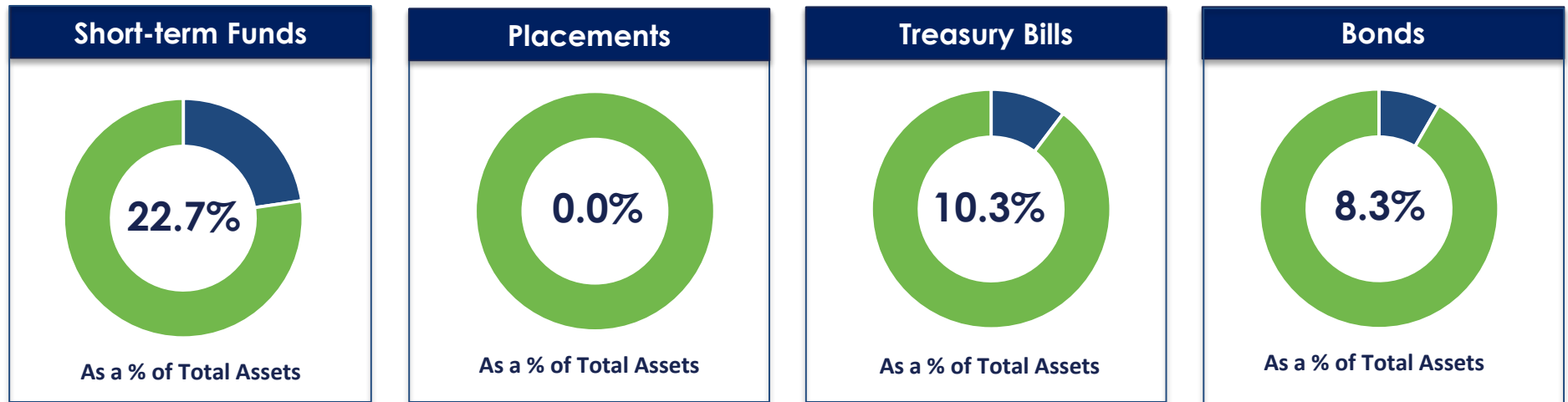


Retail Low Cost Deposits

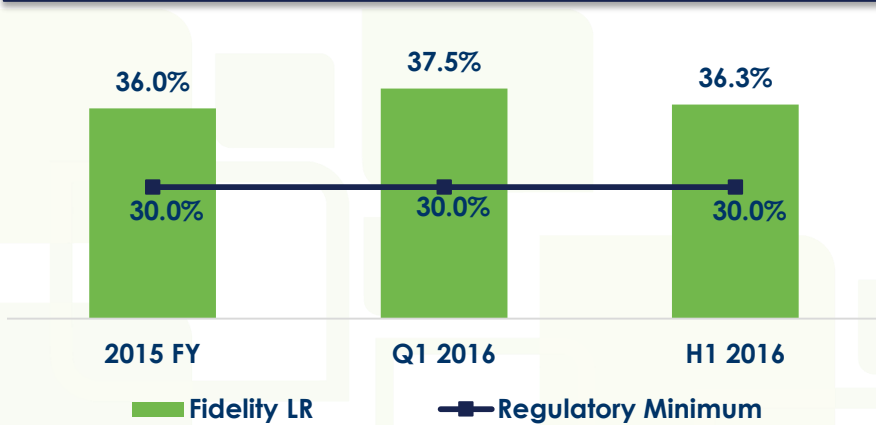
N'billion



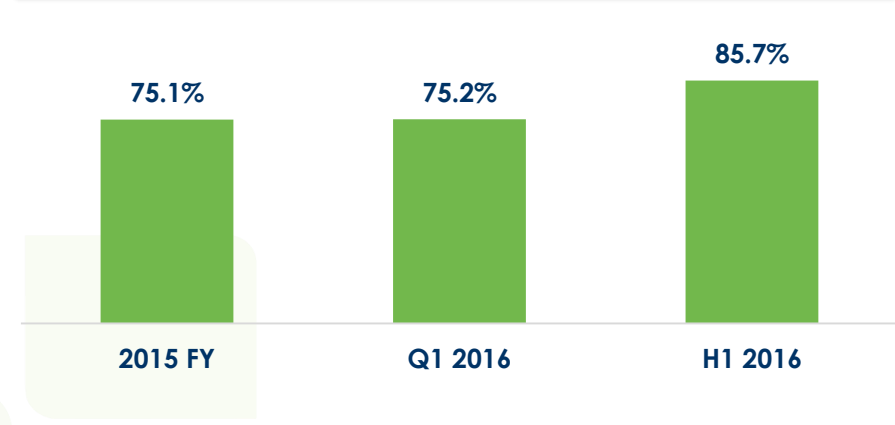
Liquid Assets Position



Liquidity Ratio



% Total Loans to Customer Deposits



While loans includes self funded public sector on-lending facilities, the corresponding liabilities used to fund these loans are not classified as customer deposits. LDR excluding self-funded public sector on-lending facilities is 73% as at end of H1 2016.

Loan Portfolio Analysis



Breakdown of Loans & Advances to Customers: 2015FY Vs H1 2016

N'million	2015 FY	H1 2016	VAR	% VAR
Communication	48,298	52,501	4,203	8.7%
Oil and Gas	147,407	189,896	42,489	28.8%
- Upstream	97,568	133,077	35,509	36.4%
- Downstream	23,430	24,289	858	3.7%
- Services	26,409	32,530	6,121	23.2%
Power	68,483	77,273	8,790	12.8%
Manufacturing	58,670	78,971	20,302	34.6%
General Commerce	34,521	38,401	3,880	11.2%
Transport	54,806	69,633	14,827	27.1%
Consumer (Individuals)	65,959	58,223	(7,736)	-11.7%
Government	60,003	106,173	46,170	76.9%
Construction	20,462	21,938	1,476	7.2%
Agriculture	11,724	9,519	(2,206)	-18.8%
Real Estate	17,157	21,160	4,002	23.3%
Education	3,358	4,090	731	21.8%
Finance and Insurance	552	1,431	879	159.1%
Others	7,577	7,506	(71)	-0.9%
Total	598,978	736,713	137,735	23.0%

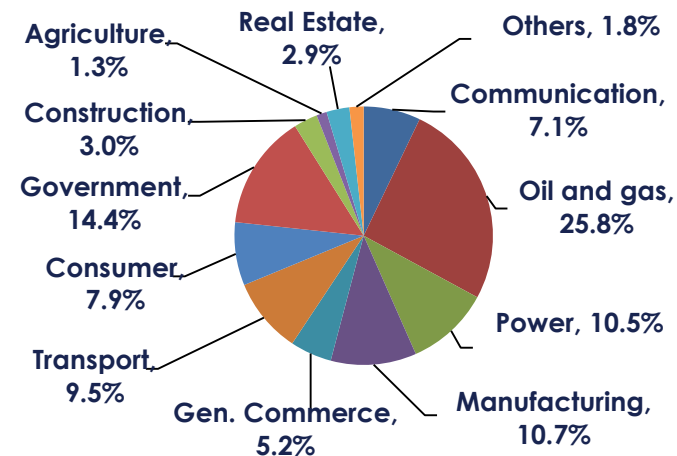
Loan Portfolio Analysis



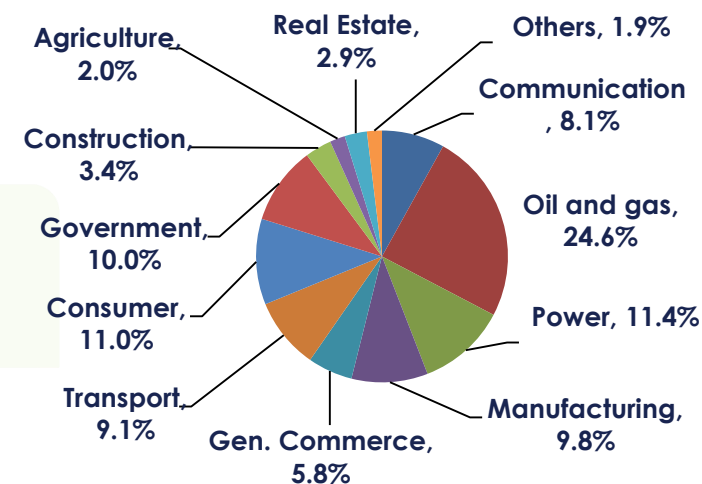
Breakdown of Loans & Advances to Customers

N'million	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Communication	74,675	54,584	48,298	50,388	52,501
Oil and Gas	166,457	155,626	147,407	147,077	189,896
- Upstream	107,112	104,711	97,568	94,831	133,077
- Downstream	31,854	23,169	23,430	24,128	24,289
- Services	27,491	27,746	26,409	28,118	32,530
Power	65,049	65,713	68,483	63,718	77,273
Manufacturing	63,803	66,143	58,670	55,161	78,971
Gen. Commerce	41,219	36,142	34,521	32,254	38,401
Transport	54,364	53,276	54,806	55,209	69,633
Consumer	60,580	68,190	65,959	55,353	58,223
Government	5,399	6,524	60,003	91,520	106,173
Construction	17,919	18,738	20,462	20,682	21,938
Agriculture	12,121	12,574	11,724	11,194	9,519
Real Estate	15,961	17,270	17,157	17,133	21,160
Education	2,634	2,664	3,358	3,408	4,090
Fin. & Insurance	3,712	1,721	552	857	1,431
Others	9,518	9,930	7,577	7,695	7,506
Total	593,410	569,094	598,978	611,649	736,713

Loan Analysis – Q2 2016



Loan Analysis – Q4 2015



Loan Portfolio Analysis



QoQ Change in Loans & Advances to Customers

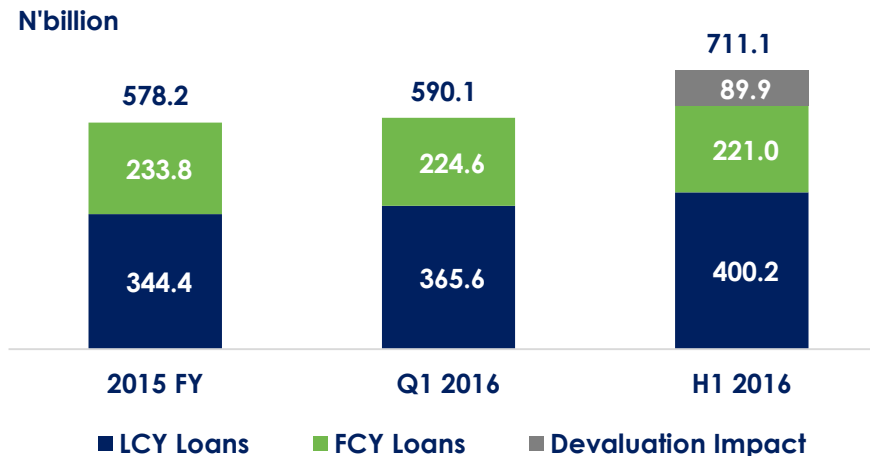
N'million	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Oil & Gas Upstream	1,102	(2,401)	(7,143)	(2,737)	38,246
Manufacturing	6,462	2,341	(7,474)	(3,509)	23,811
Government	(666)	1,126	53,479	31,517	14,652
Transport	2,061	(1,088)	1,530	403	14,424
Power	5,274	663	2,770	(4,765)	13,554
General Commerce	(4,879)	(5,077)	(1,621)	(2,268)	6,147
Oil & Gas Services	8,947	255	(1,337)	1,710	4,412
Real Estate	2,500	1,309	(112)	(25)	4,027
Consumer (Individuals)	(1,263)	7,610	(2,231)	(10,606)	2,870
Communication	(541)	(20,090)	(6,286)	2,090	2,113
Construction	1,214	820	1,724	220	1,256
Education	188	29	695	50	682
Finance and Insurance	2,996	(1,991)	(1,169)	305	574
Oil & Gas Downstream	6,426	(8,685)	261	698	161
Agriculture	(3,018)	453	(849)	(531)	(1,675)
Others	1,870	412	(2,353)	117	(189)
Total	28,672	(24,316)	29,884	12,671	125,065

Loan Book Analysis

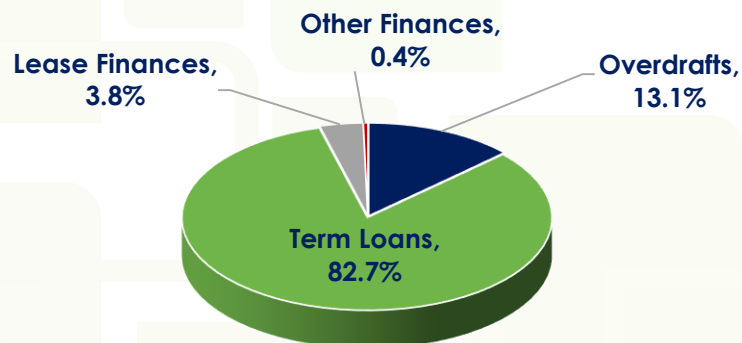


- ▶ Net loans and advances increased by 23.0% YTD (20.5% QoQ) to N711.1 billion with the devaluation of naira accounting for about 15.6% (N89.9bn) of the loan growth.
- ▶ Excluding devaluation, real loan growth was 7.4% YTD (5.3% QoQ); which was principally driven by on-lending facilities to the public sector.
- ▶ FCY loans now constitute about 43.7% of total loans in H1 2016 from 40.4% in 2015FY.

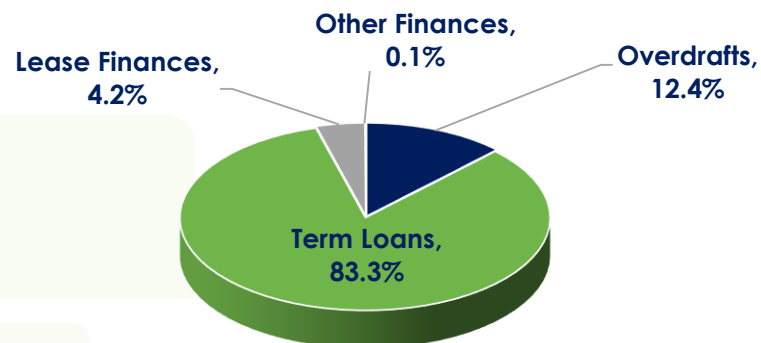
Net Loans and Advances to Customers



Total Loans by Type – 2015 FY



Total Loans by Type – H1 2016



NPL Portfolio Analysis



Breakdown of Non-performing Loans: 2015 FY Vs H1 2016

	2015 FY			H1 2016		
	N'million	% Contr.	% NPL	N'million	% Contr.	% NPL
Communication	1,919	7.3%	4.0%	1,001	4.0%	1.9%
Oil and gas	2,319	8.9%	1.6%	3,528	14.0%	1.9%
- <i>Upstream</i>	-	0.0%	0.0%	-	0.0%	0.0%
- <i>Downstream</i>	262	1.0%	1.1%	1,403	5.6%	5.8%
- <i>Services</i>	2,056	7.9%	7.8%	2,124	8.5%	6.5%
Power	-	0.0%	0.0%	4	0.0%	0.0%
Manufacturing	7,805	29.9%	13.3%	7,624	30.4%	9.7%
General Commerce	3,032	11.6%	8.8%	3,892	15.5%	10.1%
Transport	4,056	15.5%	7.4%	2,514	10.0%	3.6%
Consumer (Individuals)	1,173	4.5%	1.8%	1,404	5.6%	2.4%
Government	310	1.2%	0.5%	275	1.1%	0.3%
Construction	1,779	6.8%	8.7%	1,273	5.1%	5.8%
Agriculture	667	2.6%	5.7%	688	2.7%	7.2%
Real Estate	1,198	4.6%	7.0%	1,093	4.4%	5.2%
Education	352	1.3%	10.5%	347	1.4%	8.5%
Finance and Insurance	190	0.7%	34.5%	186	0.7%	13.0%
Others	1,338	5.1%	17.7%	1,281	5.1%	17.1%
Total	26,138	100.0%	4.4%	25,110	100.0%	3.4%

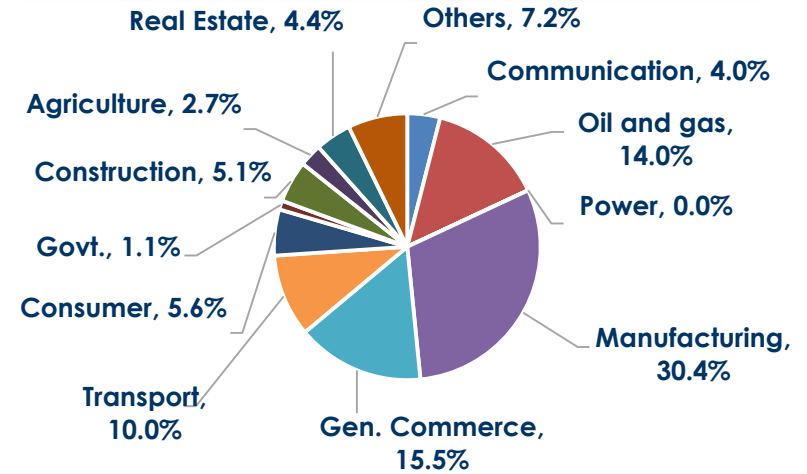
NPL Portfolio Analysis



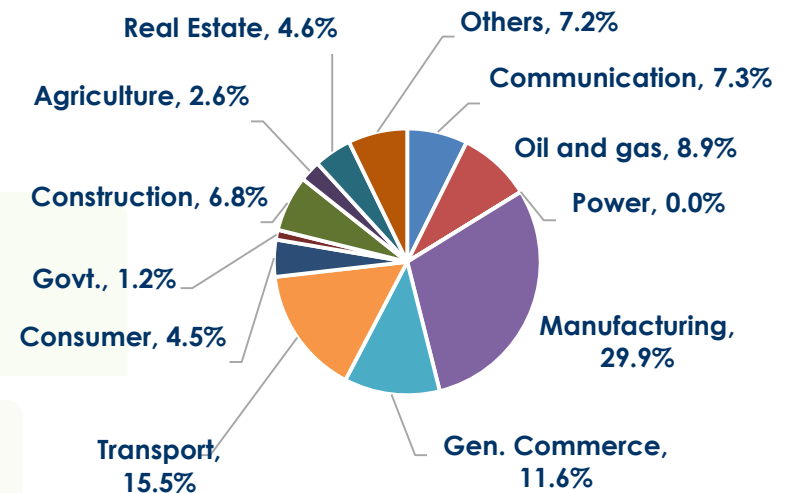
Breakdown of Non-performing Loans

N'million	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Communication	4,202	4,168	1,919	1,944	1,001
Oil and Gas	1,206	1,259	2,319	2,350	3,528
- Upstream	0	0	0	0	0
- Downstream	157	230	262	266	1,403
- Services	1,050	1,029	2,056	2,084	2,124
Power	0	0	0	0	4
Manufacturing	7,205	7,159	7,805	7,825	7,624
Gen. Commerce	2,626	2,190	3,032	3,123	3,892
Transport	1,642	1,794	4,056	4,106	2,514
Consumer	1,279	1,230	1,173	1,188	1,404
Government	191	189	310	290	275
Construction	245	234	1,779	1,802	1,273
Agriculture	659	662	667	667	688
Real Estate	318	328	1,198	1,214	1,093
Education	326	318	352	357	347
Fin. & Insurance	187	186	190	193	186
Others	1,249	1,259	1,338	1,426	1,281
Total	21,334	20,976	26,138	26,484	25,110

NPL Analysis – Q2 2016



NPL Analysis – Q4 2015

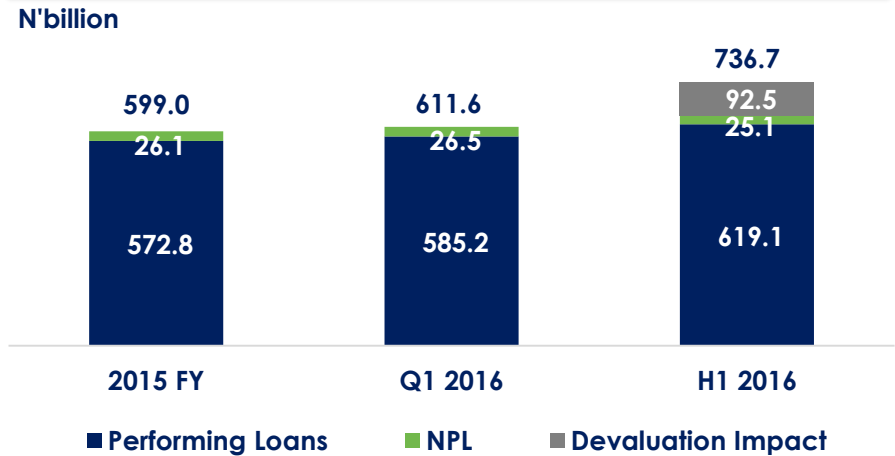


NPL Analysis

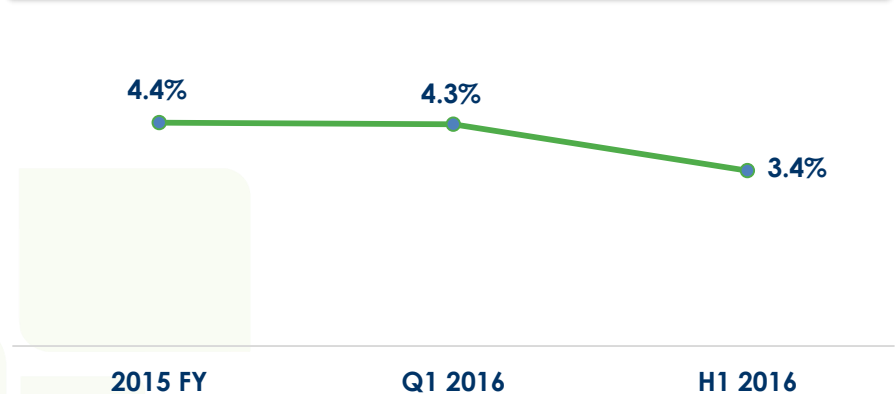


- ▶ NPL dropped to 3.4% from 4.4% in 2015FY, largely due to 23.0% YTD growth in total loan book.
- ▶ Coverage ratio increased to 101.9% from 79.5% in 2015FY; due to increased impairments taken in H1 2016.
- ▶ Pressure points still exist especially on the oil & gas, general commerce, consumer and trade finance portfolios which necessitated increased provisioning of over N4bn in Q2, 2016
- ▶ We expect cost of risk to be below 1.5% by year-end, while NPLs will likely increase but should still remain below 5%.

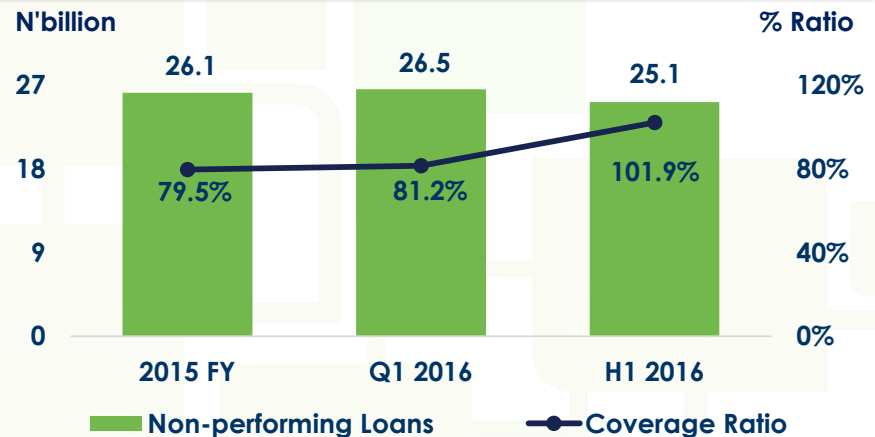
Gross Loans and Advances



Non-performing Loans



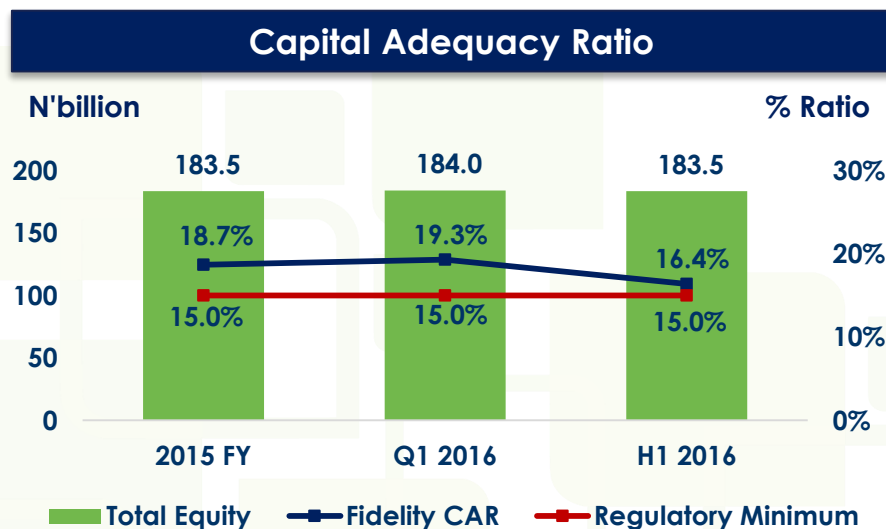
NPL Coverage Ratio



Capital Adequacy



- ▶ Fidelity CAR declined to 16.4% from 18.7% in 2015FY, primarily due to a 18.3% increase in credit risk buoyed by the 40% devaluation of naira.
- ▶ However, Fidelity CAR still remains above the regulatory minimum requirement of 15.0%.
- ▶ Total equity now constitutes about 14.1% of total funding base in H1 2016.



Capital Adequacy Ratio Computation – Basel II

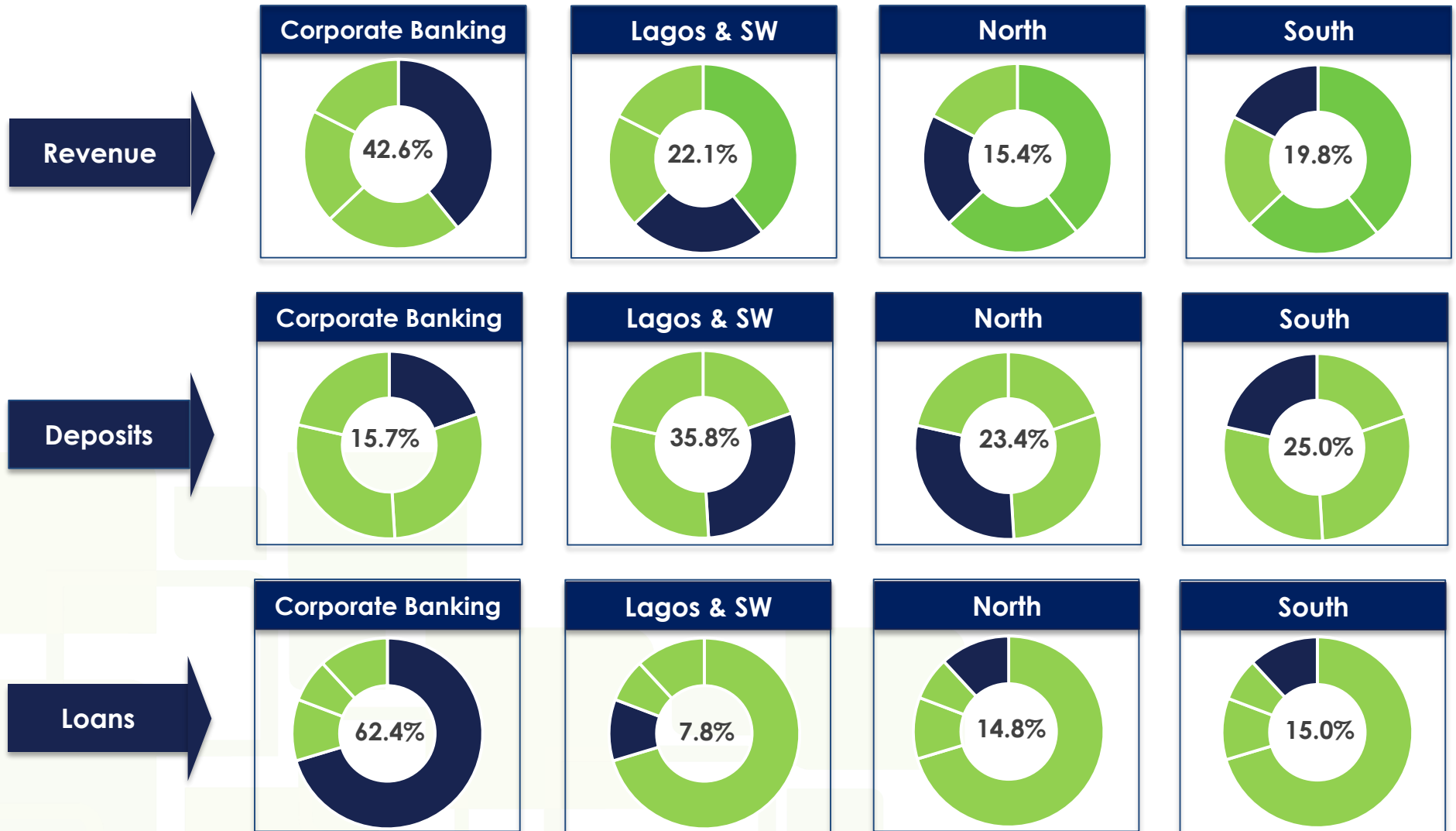
N'million	2015 FY	H1 2016	VAR
Tier 1 Capital	143,696	143,696	0
Tier 2 Capital	47,420	47,420	0
Total Qualified Capital	191,116	191,116	0
Credit Risk	779,267	921,951	142,684
Market Risk	89,766	90,705	939
Operational Risk	152,561	150,189	-2,372
Risk Weighted Assets	1,021,594	1,162,845	141,251
Capital Adequacy Ratio			
Tier 1	14.1%	12.4%	
Tier 2	4.6%	4.1%	
Overall CAR	18.7%	16.4%	

Business Segment Analysis



	Business Description	Revenue	Deposits	Loans
Corporate & Investment Banking	<ul style="list-style-type: none"> Handles the bank's institutional clients with turnover in excess of ₦10.0bn. Key focus sectors include: <ul style="list-style-type: none"> Oil & gas upstream Oil & gas downstream Power & infrastructure Telecommunication FMCG Construction & real est. Agriculture Transport & shipping 			
Lagos & SW Bank	<ul style="list-style-type: none"> Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. Drives retail deposits, lending, payroll and e-products etc. Operates at 98 locations 			
North Bank	<ul style="list-style-type: none"> Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. Drives retail deposits, lending, payroll and e-products etc. Operates at 52 locations including FCT. 			
South Bank	<ul style="list-style-type: none"> Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc. Drives retail deposits, lending, payroll and e-products etc. Operates at 85 locations 			

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.

5. 2016FY Guidance

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4. Create a new security PIN



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	H1 2016 Actual	2016FY Target	Comment
1	Net Interest Margin	6.5%	6.75% -7.0%	Behind Target
2	Tax Rate	11.0%	15% to 20%	On Track
3	Loan Growth (YTD)	23.0%	5.0% to 7.5%	On Track
4	Deposit Growth (YTD)	7.8%	5.0% to 7.5%	On Track
5	Cost - Income Ratio	74.1%	70% band	Behind Target
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	3.4%	Below 5%	On Track
8	ROE – Post Tax	6.1%	Below 10%	Behind Target

Thank You

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