

# Fidelity Bank Investor Presentation

Audited Financial Results for the 6 months ended

June 30, 2020



1. Overview of Fidelity Bank
2. The Operating Environment
3. Financial Highlights
4. Financial Review
5. H1 2020 Actual Vs. 2020FY Guidance



# Overview of Fidelity Bank



## Ownership

Total Assets: **N2,403bn**

**\$6.2bn**

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



## Listings:

**28.96bn** Shares



**THE Nigerian STOCK EXCHANGE**  
RC: 2321



7yr N30bn May  
2022 NGN Bonds

**Irish Stock Exchange**

**\$400m Oct 2022 Eurobond**

## Operations & Contact Channels



Professional Staff

**2,869**

Male: 55%  
Female: 45%



**5.4 Million**  
Accounts



**834 ATMs**



**2.2m Cards**



**250 Branches**

**2.7m**  
**Mobile**  
**Customers**



**11,653 POS**

## Governance



**14**

Board Members  
Non-Executives: 7  
Executives: 7

**5 Board Committees**

Executive  
Management  
Team

**9**

**Fitch Ratings**

**B- (Watch)**

**S&P Global**

**B- (Stable)**



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

**A-NG (Watch)**

# Overview of Fidelity Bank

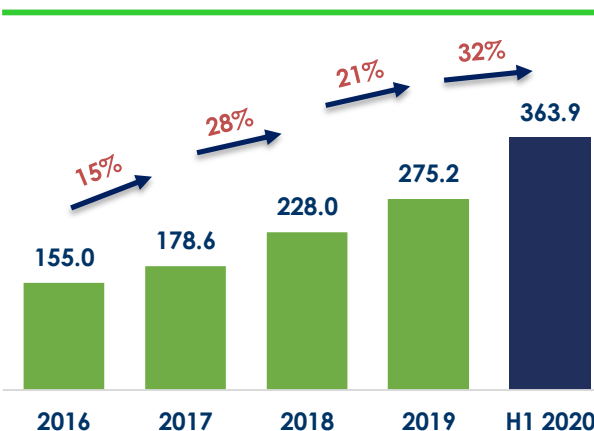


## Retail And Digital Banking Evolution / Progress Report

Number of Customer Accounts (#'m)



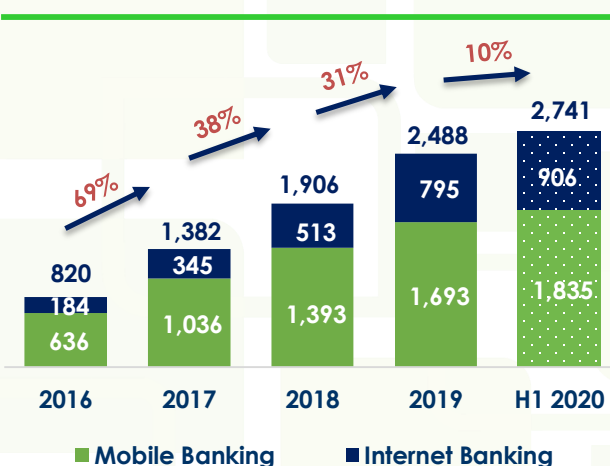
Savings deposits (N'bn)



Retail Risk Assets (N'bn)



Mobile/Internet Banking Cust. (#'000)



Number of Debit Cardholders (#'000)



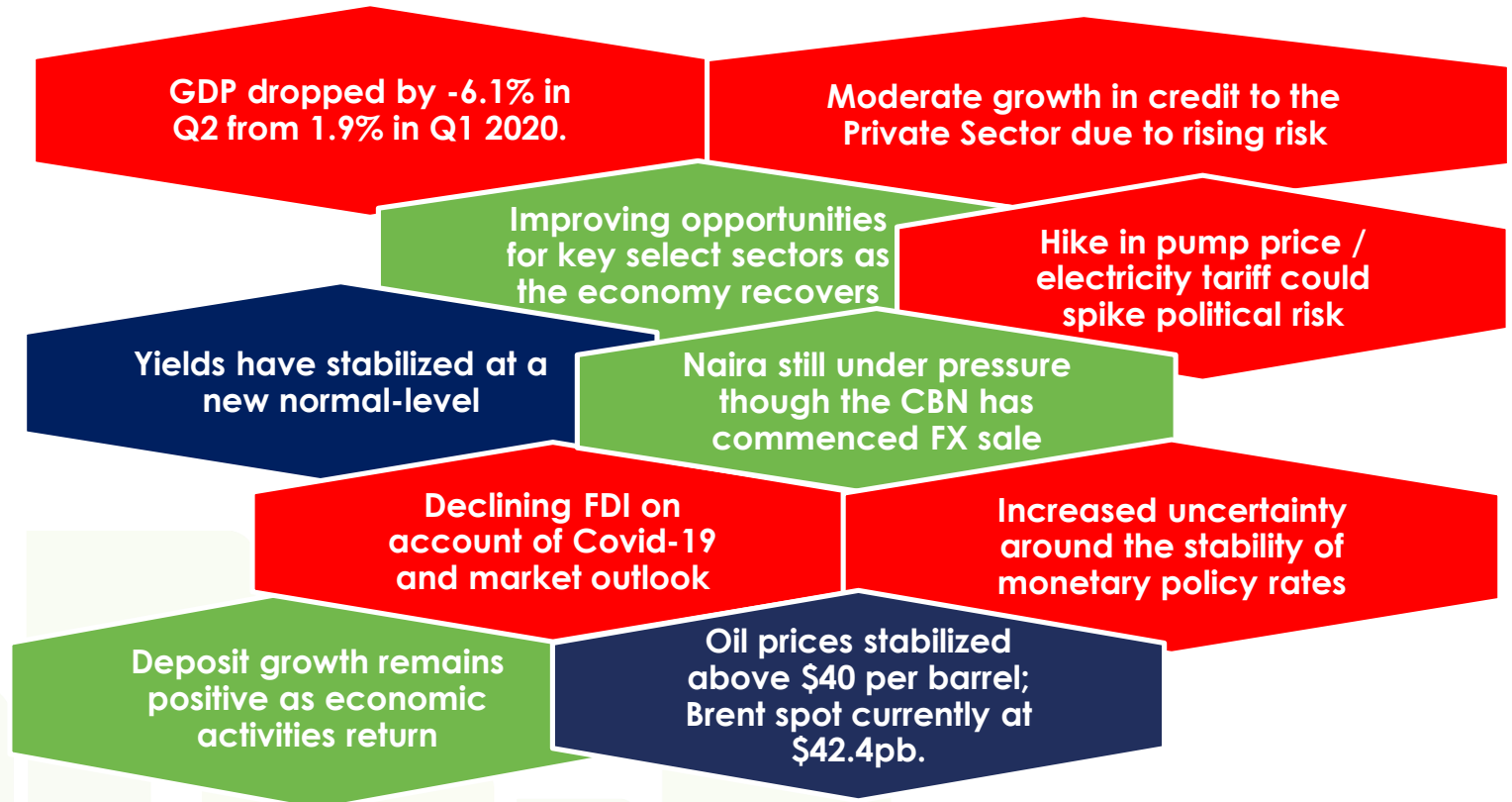
### Commentary

- Sustained annual double-digit growth in savings deposits and on course to achieve the 7<sup>th</sup> consecutive double-digit growth.
- 87.3% of customers transactions are now done on electronic banking channels.
- Fidelity chatbot, Ivy was rated as the clear leader amongst Nigerian banks in the 2020 KPMG Digital Channel Scorecard.
- Our flagship mobile banking product (\*770#) was also rated in the top tier category in the scorecard.

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



# The Operating Environment





# COVID – 19: Notable Measures Implemented



Two Committees headed by Executive Directors were setup to focus on the impact of the pandemic on our Business Strategy and Business Continuity

## Business Strategy

- ❖ Conducted early assessment of the pandemic based on 3 scenarios:
  - Base Case: the pandemic is contained within 3M and the economy reopens in July
  - Moderate Case: the pandemic is contained in 6M and the economy reopens in Oct.
  - Worst Case: the pandemic remains above 6M but the economy reopens in 2021.
- ❖ Stress test revealed a 15% - 30% negative impact on PBT from the Base Case to the Worst Case Scenario.
- ❖ Granted moratorium and reviewed lending rate downward for specific sector/customers.
- ❖ Obtained varying palliatives from DFIs on on-lending facilities granted to customers.



## Business Continuity

- ❖ Introduced new Covid-19 protocol that limited both staff and customers' footprint at our business locations.
- ❖ Implemented new health and safety measures for staff and customers.
- ❖ Commenced remote working with at least 50% of staff working from home.
  - Prior investment in technology enabled seamless remote working & collaboration.
- ❖ Migrated additional services to the cloud in line with the remote working protocol.
- ❖ Activated new IT Security protocols in view of the changing cyber-risk landscape.





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 increased by 2.0% YoY to ₦105.8bn driven largely by a combination of 17.8% growth in non-interest income to ₦18.3bn and 2.1% increase in interest and similar income to ₦87.6bn which accounted for 82.9% of total earnings.
- ❑ Net interest margin (NIM) improved to 6.4% from 6.2% in 2019FY (Q1 2020: 6.6%) on account of a 200bpts drop in average funding cost to 4.3% from 6.3% in 2019FY. This translated to a 19.7% drop in total interest expenses despite a 11.4% increase in interest bearing liabilities.
- ❑ Total operating income increased by 27.1% to ₦66.6bn while total operating expenses increased by 8.3% to ₦46.8bn largely due to increased regulatory costs. However, growth in operating expenses remains below headline inflation rate with cost-to-income ratio moderating to 70.3% from 73.4% in 2019FY.
- ❑ PBT increased by 21.9% to ₦12.0bn from ₦9.8bn in H1 2019, despite a ₦8.5bn increase in impairment charge from a write-back of ₦0.6bn in H1 2019 to ₦7.8bn.
- ❑ We restated our H1 2019 Numbers to reflect first-time adoption of IFRIC 21 – Levies which led to a reduction in H1 2019 PBT from ₦15.1bn to ₦9.8bn and the recognition of Full-Year 2020 AMCON Cost in H1 2020. PBT would have come in at ₦17.9bn in H1 2020 Vs. ₦15.1bn in H1 2019 without the adoption of IFRIC 21.

# Financial Highlights



- ❑ Consistent with recent naira devaluations, we now mark our FCY books with an exchange rate of ₦386.75/\$ which had a 1.4% and a 2.8% growth impact on total deposits and net loan book respectively.
- ❑ Total deposits increased by 14.8% YTD to ₦1,405.9bn from ₦1,225.2bn in 2019FY as we recorded strong growth across all deposit products. LCY deposits came in at ₦1,105.2bn representing 76.1% of total deposits while FCY deposits increased by 4.2% to ₦300.8bn and now accounts for 21.4% of total deposits.
- ❑ Savings deposits increased by 32.2% YTD to ₦363.9bn from ₦275.2bn in 2019FY and now accounts for 25.9% of total deposits from 22.5% in 2019FY. Savings was responsible for 49.1% growth in total deposits.
- ❑ Net loan book increased by 7.3% YTD to ₦1,209.1bn from ₦1,127.0bn in 2019FY. However, actual growth in loans was 4.5% while the impact of naira devaluation resulted in 2.8% growth.
- ❑ Loan to funding ratio is now 65.9% (while the weighted position is 69.8%) from 68.2% in 2019FY which stood well above the new minimum LDR threshold of 65.0%.
- ❑ Capital adequacy ratio (CAR) improved to 18.8% from 18.3% in 2019FY with the capitalization of H1 2020 profit. CAR remains well above of our internal guidance of 16.0% and the regulatory minimum of 15.0%.

# Performance Highlights



## Revenue and Efficiency Ratio

- ❑ Net Interest Income up by 31.0% to ~~₦~~48.3 billion in H1 2020 (H1 2019: ~~₦~~36.9 billion)
- ❑ Operating Expenses up by 8.3% to ~~₦~~46.8 billion in H1 2020 (H1 2019: ~~₦~~43.3 billion)
- ❑ Cost to Income Ratio dropped to 70.3% in H1 2020 from 73.4% in 2019FY
- ❑ PBT up by 21.9% to ~~₦~~12.0 billion in H1 2020 (PAT came in at ~~₦~~11.3 billion)

## Asset Quality

- ❑ Cost of Risk was up to 1.3% in H1 2020 from -0.1% in 2019FY
- ❑ NPL Ratio up to 4.8% in H1 2020 from 3.3% in 2019FY
- ❑ Coverage Ratio was down to 112.7% in H1 2020 from 169.1% in 2019FY
- ❑ FCY Loans accounted for 45.7% of Net Loan Book from 41.2% in 2019FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio (IFRS 9 – Full Impact) improved to 18.8% from 18.3% in 2019FY
- ❑ Liquidity Ratio of 32.1% remains above the regulatory minimum of 30.0%
- ❑ Gross Loans to Funding Ratio stood at 65.9% (Weighted: 69.8%) from 68.2% in 2019FY
- ❑ Total Equity at ~~₦~~250.7 billion compared to ~~₦~~234.0 billion in 2019FY

# Financial Highlights



Summary of Income Statement: YoY Change				
N'million	H1 2019	H1 2020	VAR	% VAR
<b>Gross Earnings</b>	<b>103,655</b>	<b>105,755</b>	<b>2,100</b>	<b>2.0%</b>
Interest Income Loans	62,085	63,713	1,628	2.6%
Interest Income Liquid Assets	23,745	23,909	164	0.7%
<b>Total Interest Income</b>	<b>85,830</b>	<b>87,622</b>	<b>1,792</b>	<b>2.1%</b>
Interest Expense Customer Deposits	(35,672)	(26,268)	<b>(9,404)</b>	<b>-26.4%</b>
Interest Expense Borrowings	(13,259)	(13,034)	<b>(225)</b>	<b>-1.7%</b>
<b>Total Interest Expense</b>	<b>(48,931)</b>	<b>(39,302)</b>	<b>(9,629)</b>	<b>-19.7%</b>
<b>Net Interest Income</b>	<b>36,899</b>	<b>48,320</b>	<b>11,421</b>	<b>31.0%</b>
FX Income	4,501	8,319	3,818	84.8%
Digital Income	4,469	3,170	(1,299)	-29.1%
Other Fee Income (Net)	6,582	6,836	254	3.9%
<b>Net Fee Income</b>	<b>15,553</b>	<b>18,325</b>	<b>2,772</b>	<b>17.8%</b>
<b>Operating Income</b>	<b>52,452</b>	<b>66,645</b>	<b>14,193</b>	<b>27.1%</b>
<b>Total Expenses</b>	<b>(43,261)</b>	<b>(46,841)</b>	<b>3,580</b>	<b>8.3%</b>
Net Impairment Losses	621	(7,841)	8,462	1362.6%
<b>Profit Before Tax</b>	<b>9,812</b>	<b>11,963</b>	<b>2,151</b>	<b>21.9%</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	VAR	% VAR
<b>Gross Earnings</b>	<b>51,159</b>	<b>54,596</b>	<b>3,437</b>	<b>6.7%</b>
Interest Income Loans	32,340	31,373	(967)	-3.0%
Interest Income Liquid Assets	11,586	12,323	737	6.4%
<b>Total Interest Income</b>	<b>43,926</b>	<b>43,696</b>	<b>(230)</b>	<b>-0.5%</b>
Interest Expense Customer Deposits	(12,673)	(13,595)	922	7.3%
Interest Expense Borrowings	(6,653)	(6,381)	(272)	-4.1%
<b>Total Interest Expense</b>	<b>(19,326)</b>	<b>(19,976)</b>	<b>650</b>	<b>3.4%</b>
<b>Net Interest Income</b>	<b>24,600</b>	<b>23,720</b>	<b>(880)</b>	<b>-3.6%</b>
FX Income	1,965	6,354	4,389	223.4%
E-banking Income	1,624	1,546	(78)	-4.8%
Other Fee Income (Net)	2,126	4,710	2,584	121.5%
<b>Net Fee Income</b>	<b>5,715</b>	<b>12,610</b>	<b>6,895</b>	<b>120.6%</b>
<b>Operating Income</b>	<b>30,315</b>	<b>36,330</b>	<b>6,015</b>	<b>19.8%</b>
<b>Total Expenses</b>	<b>(21,628)</b>	<b>(25,213)</b>	<b>3,585</b>	<b>16.6%</b>
Net Impairment Losses	(2,103)	(5,738)	3,635	172.8%
<b>Profit Before Tax</b>	<b>6,583</b>	<b>5,380</b>	<b>(1,204)</b>	<b>-18.3%</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	H1 2020	VAR	% VAR
<b>Total Assets</b>	<b>2,114,037</b>	<b>2,403,234</b>	<b>289,197</b>	<b>13.7%</b>
<b>Earning Assets</b>	<b>1,474,252</b>	<b>1,578,092</b>	<b>103,840</b>	<b>7.0%</b>
Bank Placements	55,812	70,443	14,631	26.2%
Treasury Bills	183,363	206,816	23,453	12.8%
Bonds	108,103	91,731	(16,372)	-15.1%
Customer Loans (Naira)	662,214	656,165	(6,049)	-0.9%
Customer Loans (FCY)	464,760	552,937	88,177	19.0%
<b>Non-Earning Assets</b>	<b>639,785</b>	<b>825,142</b>	<b>185,357</b>	<b>29.0%</b>
Cash	31,658	30,430	(1,228)	-3.9%
Cash Reserve	343,346	487,861	144,515	42.1%
Bal. with other Banks/Settlement Acct	179,932	217,362	37,430	154.0%
Fixed Assets	38,392	38,275	(117)	-0.3%
All Other Assets	46,457	51,214	4,757	10.2%
<b>Interest Bearing Liabilities</b>	<b>1,726,938</b>	<b>1,923,814</b>	<b>196,876</b>	<b>11.4%</b>
Demand	691,610	706,356	14,746	2.1%
Savings	275,219	363,920	88,701	32.2%
Time Deposits	258,384	335,669	77,285	29.9%
Other Borrowings	76,308	75,788	(520)	-0.7%
On-lending Facilities	250,139	255,996	5,857	2.3%
Debt Securities	175,278	186,085	10,807	6.2%
<b>All Other Liabilities</b>	<b>153,069</b>	<b>228,731</b>	<b>75,662</b>	<b>49.4%</b>
<b>Equity</b>	<b>234,030</b>	<b>250,689</b>	<b>16,659</b>	<b>7.1%</b>

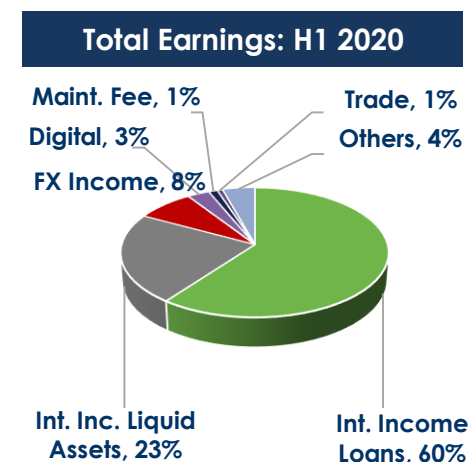
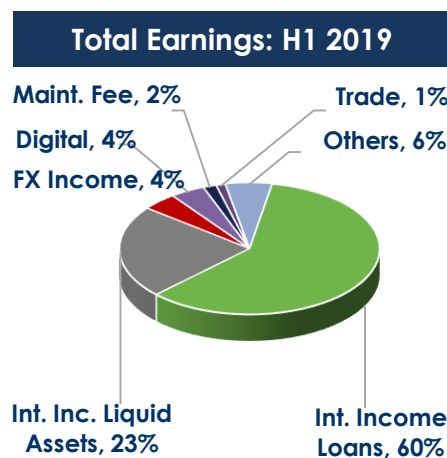
Please note: The Balance Sheet was converted at an exchange rate of ₦386.75/USD



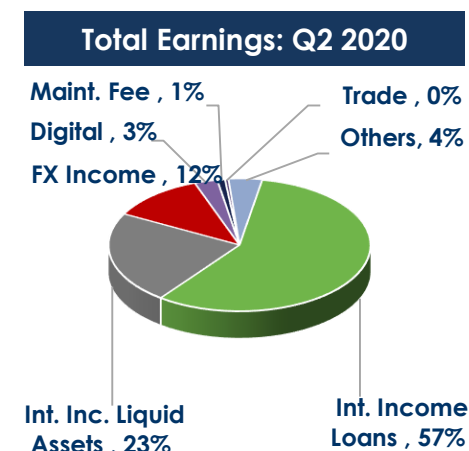
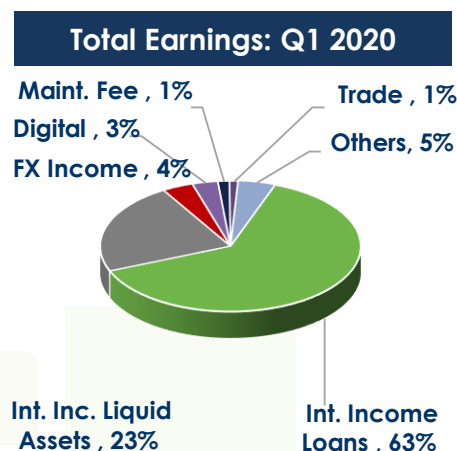
# Gross Earnings Analysis



N'million	H1 2019	H1 2020	VAR	% VAR
<b>Total Earnings</b>	<b>103,655</b>	<b>105,755</b>	<b>2,100</b>	<b>2.0%</b>
Interest Income Loans	62,085	63,713	1,628	2.6%
Int. Inc. Liquid Assets	23,745	23,909	164	0.7%
FX Income	4,501	8,319	3,818	84.8%
Digital Income	4,469	3,170	(1,299)	-29.1%
A/C Maintenance fee	1,683	1,248	(435)	-25.9%
Trade Income	1,204	783	(421)	-35.0%
Other Income	5,967	4,613	(1,354)	-22.7%



N'million	Q1 2020	Q2 2020	VAR	% VAR
<b>Total Earnings</b>	<b>51,159</b>	<b>54,596</b>	<b>3,437</b>	<b>6.7%</b>
Interest Income Loans	32,340	31,373	(967)	-3.0%
Int. Inc. Liquid Assets	11,586	12,323	737	6.4%
FX Income	1,965	6,354	4,389	223.4%
Digital Income	1,624	1,546	(78)	-4.8%
A/C Maintenance fee	735	513	(222)	-30.2%
Trade Income	543	240	(303)	-55.8%
Other Income	2,366	2,247	(119)	-5.0%



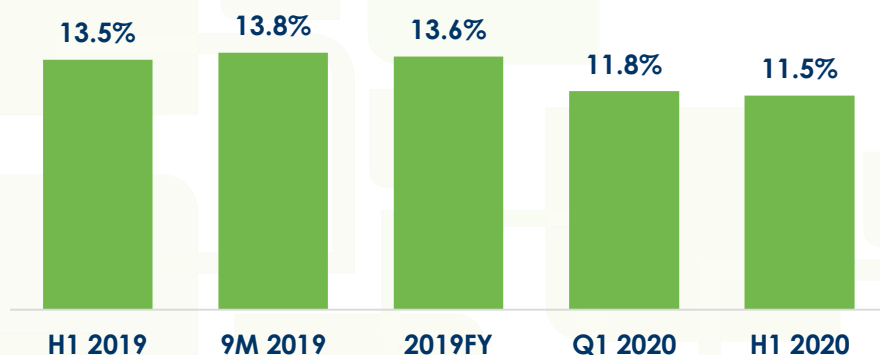
- Though interest income on loans grew by 2.6% YoY in H1 2022, it dropped by 3.0% QoQ in Q2 due to further downward review of our lending rates especially on loans backed by DFI funds.
- QoQ drop in specific non-interest income lines (e.g. trade income & acct. maintenance) reflects the slowdown in the economy in Q2.

# Net Interest Margin Analysis



- ▶ NIM improved to 6.4% from 6.2% in 2019FY, largely due a 200bps drop in average funding cost despite a drop in yields on earnings assets.
- ▶ Drop in average funding cost was due to a combination of 270pbts decline in average cost of deposits to 4.0% and 40bpts drop in average borrowing cost to 5.1%.
- ▶ Moderation in yields on earning assets was largely caused by a lower average lending rate which stood 11.0%.
- ▶ We expect the recent downward review of savings rate would have about 20bpts positive impact on NIM.

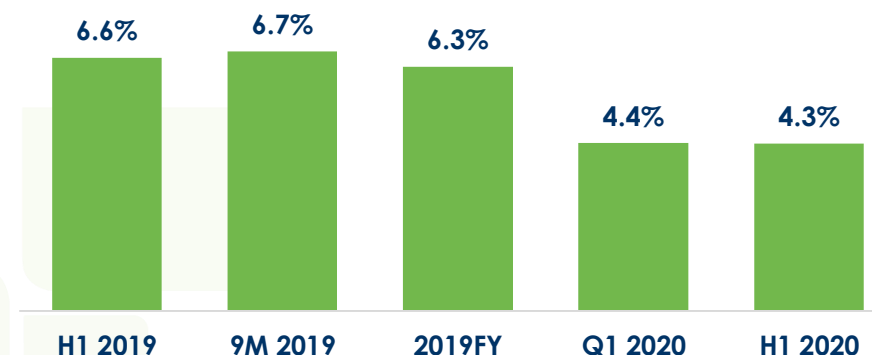
## Yield on Earning Assets



## NIM Trend



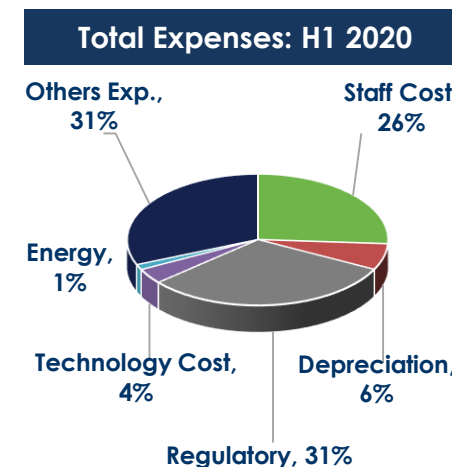
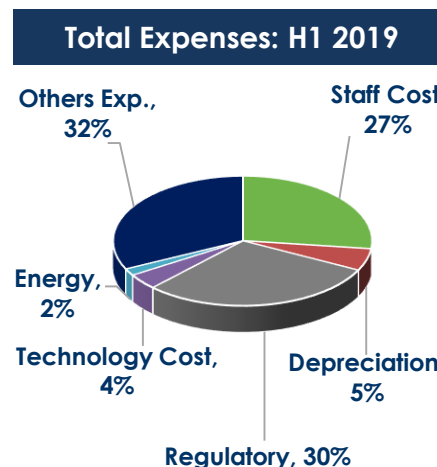
## Funding Cost



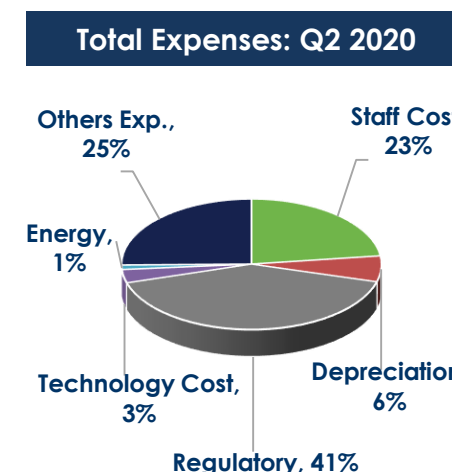
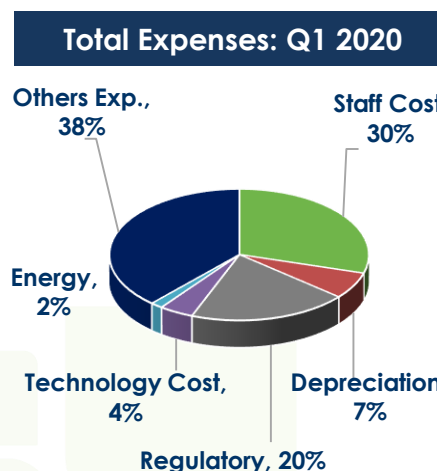
# Total Expense Analysis



N'million	H1 2019	H1 2020	VAR	% VAR
<b>Total Expenses</b>	<b>43,261</b>	<b>46,841</b>	<b>3,580</b>	<b>8.3%</b>
Staff Cost	11,675	12,190	515	4.4%
Depreciation	2,377	3,030	653	27.5%
NDIC/AMCON Cost	12,844	14,615	1,771	13.8%
Technology Cost	1,696	1,755	59	3.5%
Energy Cost	750	612	-138	-18.4%
Security	453	666	213	47.0%
Branding & Advert	4,430	4,645	215	4.9%
Other Expenses	9,036	9,328	292	3.2%



N'million	Q1 2020	Q2 2020	VAR	% VAR
<b>Total Expenses</b>	<b>21,628</b>	<b>25,213</b>	<b>3,585</b>	<b>16.6%</b>
Staff Cost	6,398	5,792	-606	-9.5%
Depreciation	1,415	1,615	200	14.1%
NDIC/AMCON Cost	4,285	10,330	6,045	141.1%
Technology Cost	920	835	-85	-9.2%
Energy Cost	330	282	-49	-14.8%
Security	335	331	-4	-1.2%
Branding & Advert	2,659	1,986	-673	-25.3%
Other Expenses	5,286	4,042	-1,244	-23.5%



- **Regulatory Costs (AMCON/NDIC)** was responsible for about 50.0% YoY growth in OPEX in H1 2020.
- **Most operating expense lines** dropped on QoQ due to cost savings from remote working as staff reliance on the banks physical infrastructure as well as maintenance moderated.

# FIDELITY WEEKLY

BY FIDELITY BANK

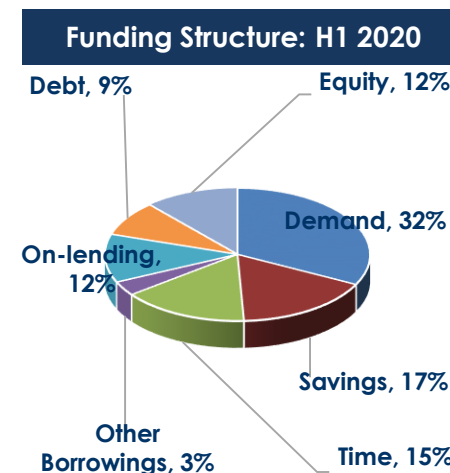
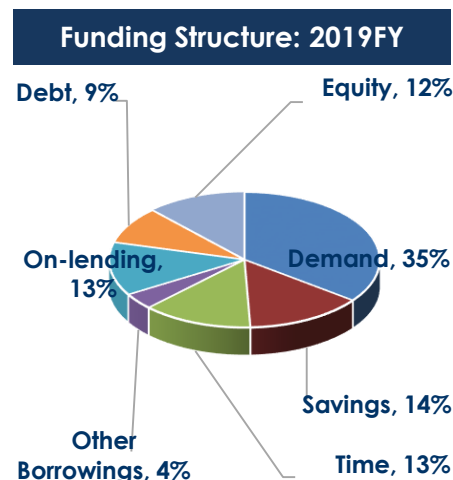


A Weekly Dose of Entertainment

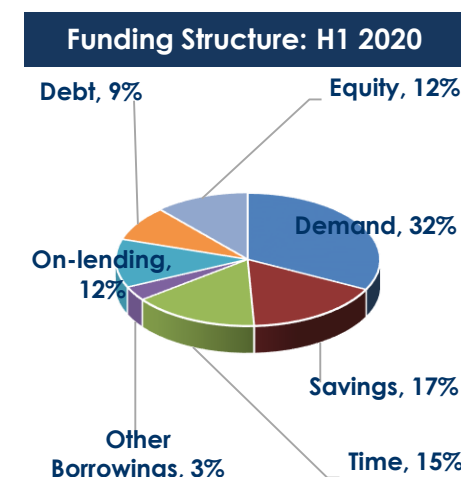
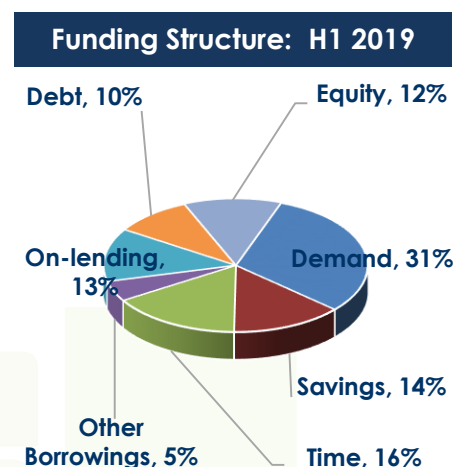
# Funding Base Analysis



N'million	2019FY	H1 2020	VAR	% VAR
Demand Deposits	691,610	706,356	14,746	2.1%
Savings Deposits	275,219	363,920	88,701	32.2%
Tenor Deposits	258,384	335,669	77,285	29.9%
Other Borrowings	76,308	75,788	(520)	-0.7%
On-Lending	250,139	255,996	5,857	2.3%
Debt Securities	175,278	186,085	10,807	6.2%
Equity	234,030	250,689	16,659	7.1%
<b>Total</b>	<b>1,960,968</b>	<b>2,174,503</b>	<b>213,535</b>	<b>10.9%</b>



N'million	H1 2019	H1 2020	VAR	% VAR
Demand Deposits	561,066	706,356	145,290	25.9%
Savings Deposits	247,672	363,920	116,248	46.9%
Tenor Deposits	288,273	335,669	47,396	16.4%
Other Borrowings	89,578	75,788	(13,790)	-15.4%
On-Lending	234,903	255,996	21,093	9.0%
Debt Securities	173,420	186,085	12,665	7.3%
Equity	215,566	250,689	35,123	16.3%
<b>Total</b>	<b>1,810,478</b>	<b>2,174,503</b>	<b>364,025</b>	<b>20.1%</b>

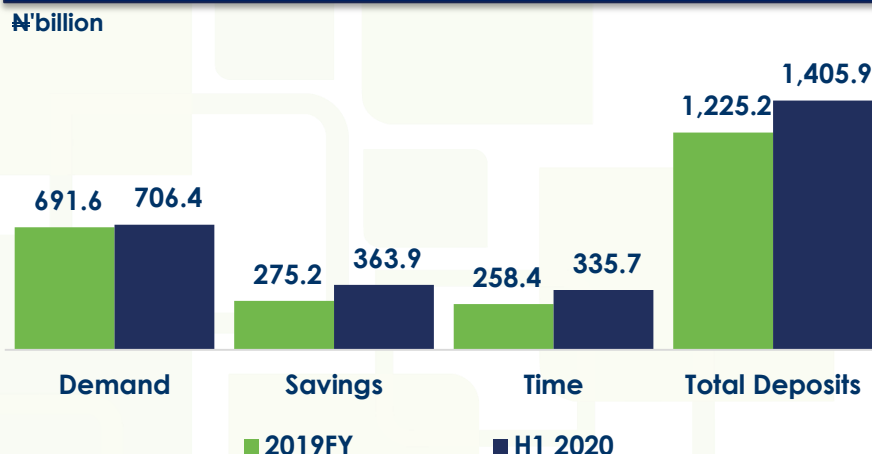


- Total funding base was boosted by 14.8% YTD growth in total deposits; low-cost deposits accounted for 57.2% of the growth in deposits.
- Total deposits now represents 64.7% of total funding base (2019FY: 62.5%) and 73.1% of interest-bearing liabilities (2019FY: 70.9%)

# Deposits Analysis

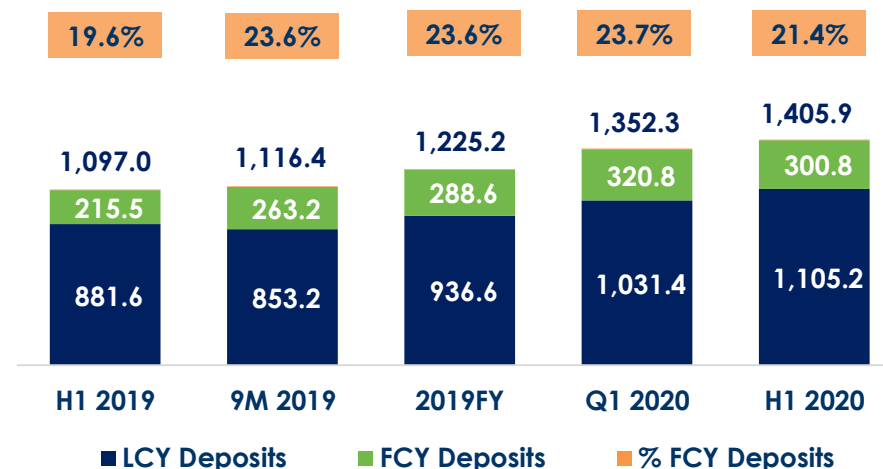
- ▶ Total customer deposits increased by 14.8% to ₦1,405.9bn from ₦1,225.2bn in 2019FY.
- ▶ However, actual growth was 13.4% while the impact of FX rate adjustment accounted for 1.4% growth in deposits.
- ▶ LCY deposits grew by 18.0% to ₦1,105.2bn and was responsible for 93.2% of the absolute growth in total deposits.
- ▶ FCY deposits increased by 4.2% and now accounts for 21.4% of total deposits.
- ▶ FCY deposits dropped by 6.2% QoQ due to late withdrawals from customers to bridge temporary liquidity strain for trade.

## Deposits by Products – 2019FY Vs. H1 2020

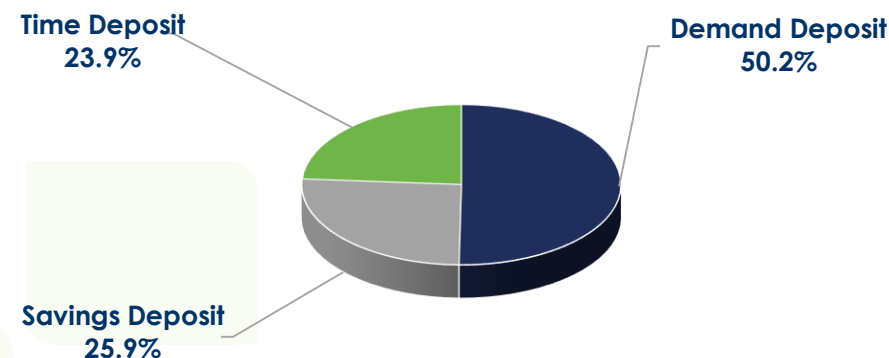


## Total Deposits

₦'billion



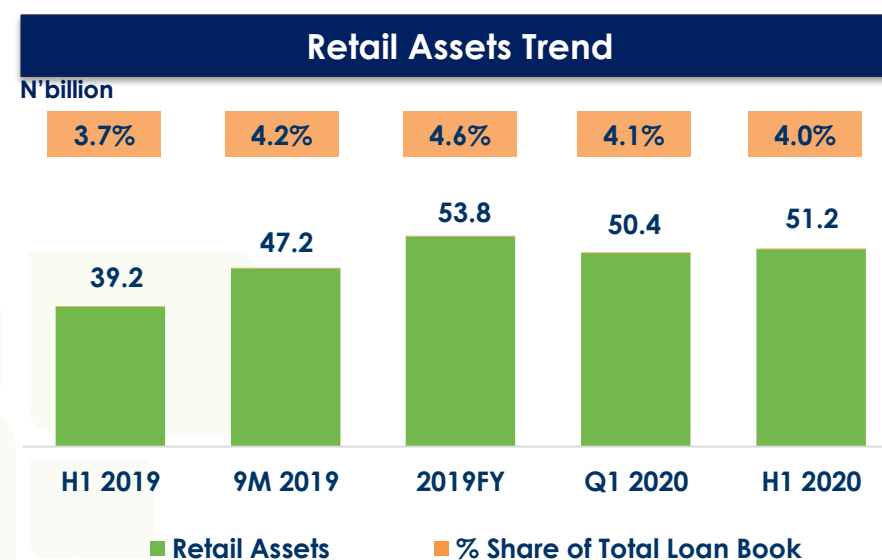
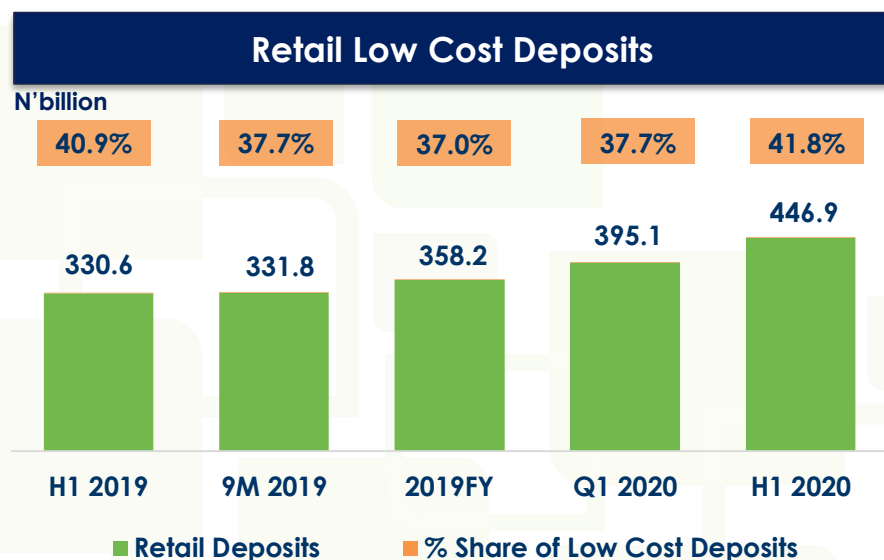
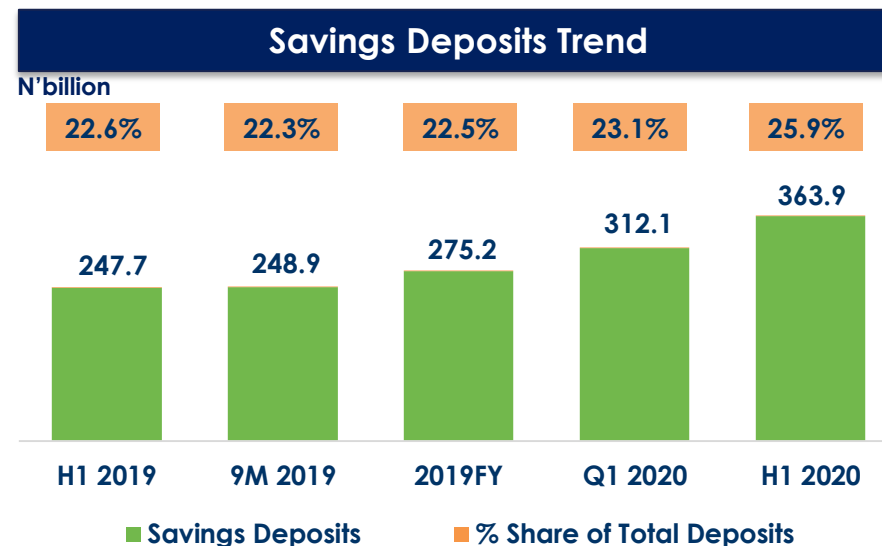
## Deposits by Products – H1 2020



# Retail Banking Analysis (Personal Banking)

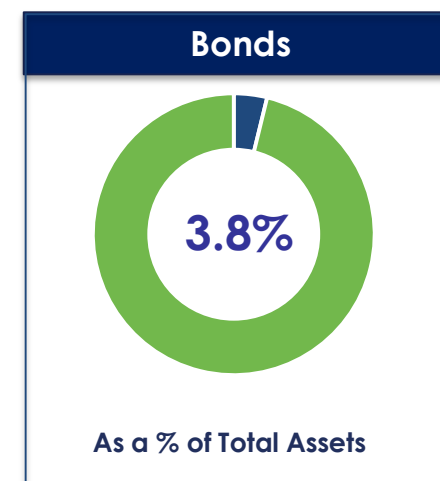
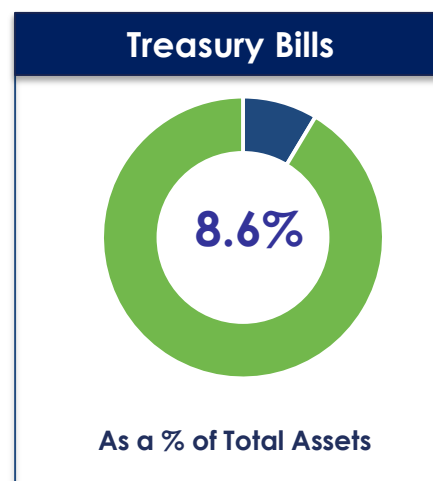
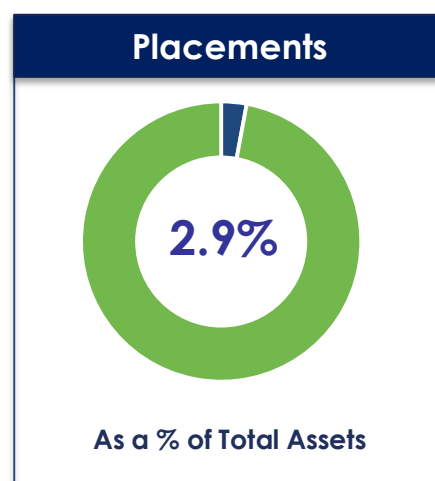
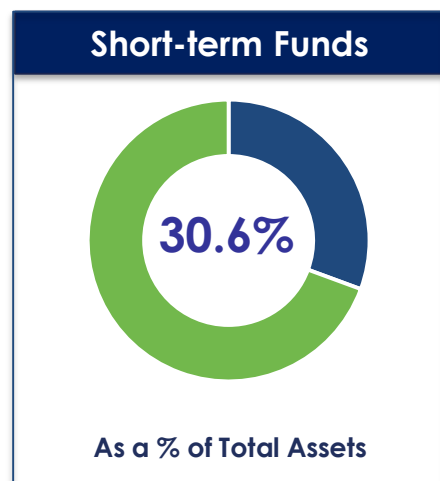


- ▶ Savings deposits grew by 32.2% YTD and now represent 25.9% of total deposits from 22.5% in 2019FY.
- ▶ Savings has continued to benefit from the current low yield environment especially in the fixed income market.
- ▶ Current growth in retail loans was largely through a combination of our proprietary online retail platform and partnership with FINTECHs.
- ▶ Retail assets will tick up further QoQ in H2 2020 as economic activities increase gradually.

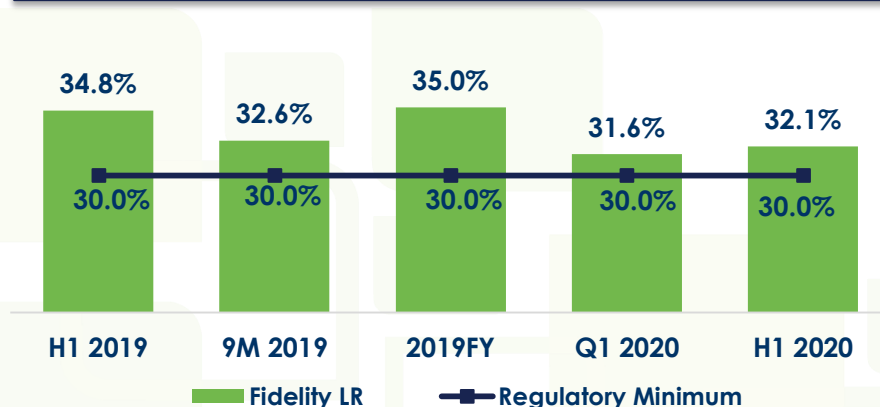




# Liquid Assets Position



## Liquidity Ratio



## Gross Loans to Funding Ratio



- Liquidity Ratio has been sustained above the regulatory minimum of 30.0% with 69.4% of eligible liquid assets invested in T-bills and FGN bonds from 60.0% in 2019FY.
- LDR stood at 65.9% from 68.2% in 2019FY but it improved to 69.8% after weighting all permissible loans: Mortgage | SME | Consumer loans.

# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers: 2019FY Vs. H1 2020

N'million	2019FY	H1 2020	VAR	% VAR
Communication	32,416	31,521	-895	- 2.8%
Oil and Gas	244,799	309,576	64,778	26.5%
- <b>Upstream</b>	<b>132,860</b>	<b>145,864</b>	<b>13,003</b>	<b>9.8%</b>
- <b>Downstream</b>	<b>52,203</b>	<b>88,587</b>	<b>36,383</b>	<b>69.7%</b>
- <b>Services</b>	<b>59,735</b>	<b>75,126</b>	<b>15,391</b>	<b>25.8%</b>
Power	118,413	127,925	9,512	8.0%
Manufacturing	215,707	209,632	-6,075	- 2.8%
General Commerce	98,976	115,244	16,268	16.4%
Transport	135,991	144,476	8,484	6.2%
Consumer (Individuals)	53,786	51,197	-2,589	- 4.8%
Government	150,086	137,442	-12,644	- 8.4%
Construction	35,594	37,000	1,406	4.0%
Agriculture	32,931	37,896	4,965	15.1%
Real Estate	26,495	26,508	13	0.1%
Education	5,159	5,644	485	9.4%
Finance and Insurance	4,508	1,743	-2,764	- 61.3%
Others	23,529	31,483	7,955	33.8%
<b>Total</b>	<b>1,178,389</b>	<b>1,267,289</b>	<b>88,900</b>	<b>7.5%</b>

# Loan Portfolio Analysis



## Breakdown of Loans & Advances to Customers by Currency

N'million	FCY	LCY	Total	% FCY	% LCY
Communication	1,561	29,961	31,521	0.3%	4.2%
Oil and Gas	235,255	74,321	309,576	42.9%	10.3%
- <b>Upstream</b>	<b>144,916</b>	<b>948</b>	<b>145,864</b>	<b>26.4%</b>	<b>0.1%</b>
- <b>Downstream</b>	<b>33,627</b>	<b>54,959</b>	<b>88,587</b>	<b>6.1%</b>	<b>7.6%</b>
- <b>Services</b>	<b>56,712</b>	<b>18,414</b>	<b>75,126</b>	<b>10.3%</b>	<b>2.6%</b>
Power	63,540	64,385	127,925	11.6%	9.0%
Manufacturing	97,192	112,439	209,632	17.7%	15.6%
General Commerce	21,056	94,188	115,244	3.8%	13.1%
Transport	123,813	20,663	144,476	22.6%	2.9%
Consumer (Individuals)	608	50,589	51,197	0.1%	7.0%
Government	0	137,442	137,442	0.0%	19.1%
Construction	2,237	34,764	37,000	0.4%	4.8%
Agriculture	795	37,101	37,896	0.1%	5.2%
Real Estate	0	26,508	26,508	0.0%	3.7%
Education	32	5,611	5,644	0.0%	0.8%
Finance and Insurance	0	1,743	1,743	0.0%	0.2%
Others	2,678	28,806	31,483	0.5%	4.0%
<b>Total</b>	<b>548,767</b>	<b>718,522</b>	<b>1,267,289</b>	<b>43.3%</b>	<b>56.7%</b>

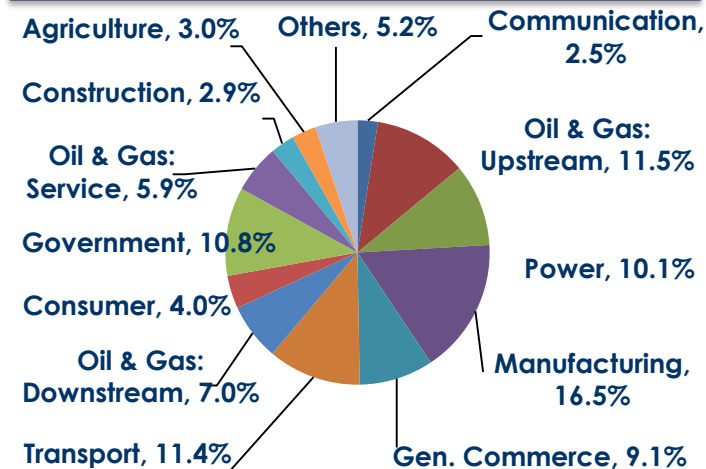
# Loan Portfolio Analysis



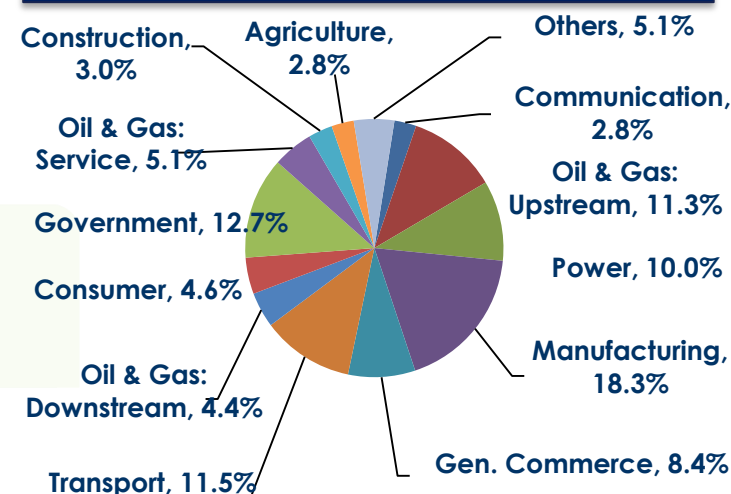
## Breakdown of Loans & Advances to Customers

N'million	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Communication	29,203	32,416	30,121	31,521
Oil and Gas	254,790	244,799	281,720	309,576
- <b>Upstream</b>	<b>131,307</b>	<b>132,860</b>	<b>139,742</b>	<b>145,864</b>
- <b>Downstream</b>	<b>62,358</b>	<b>52,203</b>	<b>68,551</b>	<b>88,587</b>
- <b>Services</b>	<b>61,125</b>	<b>59,735</b>	<b>73,426</b>	<b>75,126</b>
Power	117,900	118,413	127,068	127,925
Manufacturing	216,710	215,707	210,770	209,632
Gen. Commerce	94,314	98,976	100,915	115,244
Transport	131,777	135,991	142,072	144,476
Consumer	47,185	53,786	50,375	51,197
Government	108,690	150,086	137,674	137,442
Construction	34,995	35,594	36,736	37,000
Agriculture	29,773	32,931	35,954	37,896
Real Estate	28,347	26,495	27,076	26,508
Education	5,082	5,159	5,029	5,644
Fin. & Insurance	4,634	4,508	1,471	1,743
Others	23,061	23,529	31,918	31,483
<b>Total</b>	<b>1,126,460</b>	<b>1,178,389</b>	<b>1,218,897</b>	<b>1,267,289</b>

## Loan Analysis – H1 2020



## Loan Analysis – 2019FY



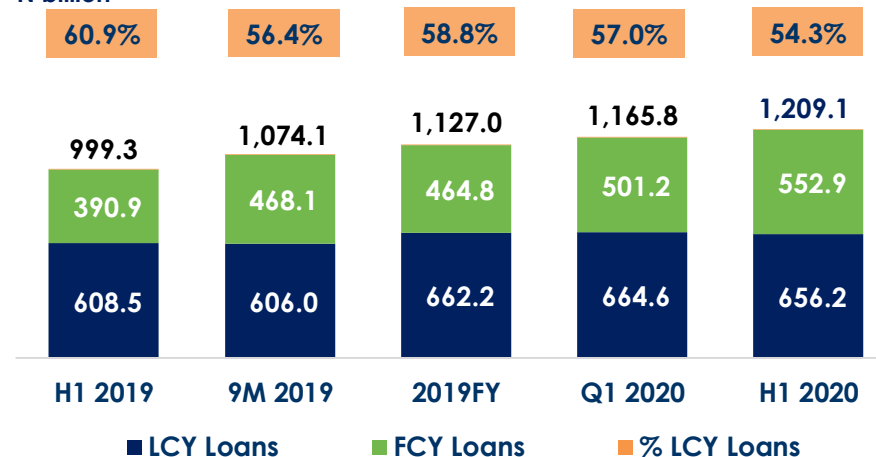
# Loan Book Analysis



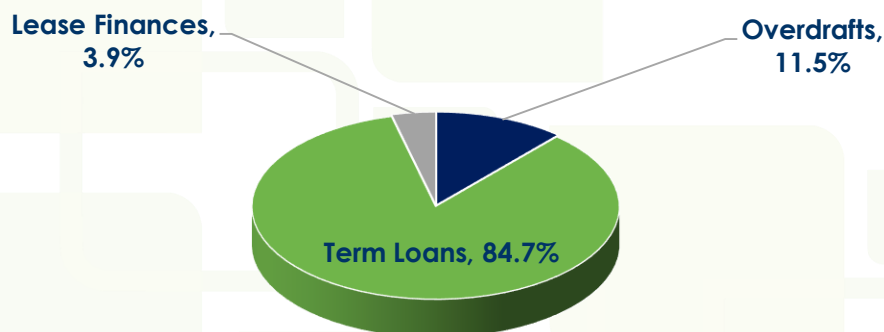
- ▶ Net loans & advances increased by 7.3% YTD to ₦1,209.1bn, with 84.1% of the loan book in term loans.
- ▶ Adjustment of the exchange rate from ₦364.7 to ₦386.8 accounted for 38.4% (₦31.5bn) of the loan growth.
- ▶ FCY loans now constitute about 45.7% of the net loan book (total loan book: 43.3%) from 41.2% in 2019FY.
- ▶ Drop in LCY loans by 0.9% YTD came from 4 key sectors: Manufacturing, Consumer, Finance and Insurance, and Public Sector.

## Net Loans and Advances to Customers

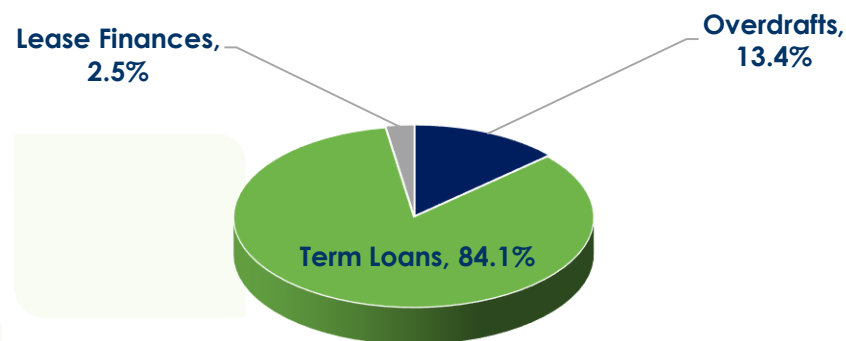
N'billion



## Total Loans by Type – 2019FY



## Total Loans by Type – H1 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	25,936	1,571	4,014	31,521	82.3%	5.0%	12.7%	2.5%
Oil and Gas	177,433	112,834	19,309	309,576	57.3%	36.4%	6.2%	24.4%
- Upstream	70,937	74,926	0	145,864	48.6%	51.4%	0.0%	11.5%
- Downstream	58,835	10,909	18,843	88,587	66.4%	12.3%	21.3%	7.0%
- Services	47,661	26,998	467	75,126	63.4%	35.9%	0.6%	5.9%
Power	2,631	125,294	0	127,925	2.1%	97.9%	0.0%	10.1%
Manufacturing	184,759	15,267	9,606	209,632	88.1%	7.3%	4.6%	16.5%
General Commerce	106,789	4,277	4,178	115,244	92.7%	3.7%	3.6%	9.1%
Transport	108,175	26,352	9,949	144,476	74.9%	18.2%	6.9%	11.4%
Consumer	46,853	332	4,012	51,197	91.5%	0.6%	7.8%	4.0%
Government	136,178	1,100	164	137,442	99.1%	0.8%	0.1%	10.8%
Construction	33,138	0	3,863	37,000	89.6%	0.0%	10.4%	2.9%
Agriculture	34,027	685	3,184	37,896	89.8%	1.8%	8.4%	3.0%
Real Estate	25,811	314	383	26,508	97.4%	1.2%	1.4%	2.1%
Education	4,741	435	468	5,644	84.0%	7.7%	8.3%	0.4%
Finance & Insurance	1,739	0	4	1,743	99.7%	0.0%	0.3%	0.1%
Others	25,379	3,906	2,198	31,483	80.6%	12.4%	7.0%	2.5%
<b>Total</b>	<b>913,588</b>	<b>292,367</b>	<b>61,334</b>	<b>1,267,289</b>	<b>72.1%</b>	<b>23.1%</b>	<b>4.8%</b>	<b>100.0%</b>
<b>% Share of Total</b>	<b>72.1%</b>	<b>23.1%</b>	<b>4.8%</b>	<b>100.0%</b>				
<b>Coverage Ratio</b>	<b>0.9%</b>	<b>5.1%</b>	<b>57.2%</b>	<b>4.6%</b>				

# CBN Forbearance: Scenario Analysis



## Breakdown of CBN Forbearance

N'million	Total Loans	Base	Moderate	Worst	Base	Moderate	Worst
Communication	31,521	2,287	4,573	6,860	7.3%	14.5%	21.8%
Oil and Gas	309,576	73,428	146,855	220,283	23.7%	47.4%	71.2%
- <b>Upstream</b>	<b>145,864</b>	<b>46,581</b>	<b>93,162</b>	<b>139,742</b>	<b>31.9%</b>	<b>63.9%</b>	<b>95.8%</b>
- <b>Downstream</b>	<b>88,587</b>	<b>10,638</b>	<b>21,276</b>	<b>31,914</b>	<b>12.0%</b>	<b>24.0%</b>	<b>36.0%</b>
- <b>Services</b>	<b>75,126</b>	<b>16,209</b>	<b>32,417</b>	<b>48,626</b>	<b>21.6%</b>	<b>43.2%</b>	<b>64.7%</b>
Power	127,925	42,110	84,219	126,329	32.9%	65.8%	98.8%
Manufacturing	209,632	46,699	93,399	140,098	22.3%	44.6%	66.8%
General Commerce	115,244	22,718	45,436	68,154	19.7%	39.4%	59.1%
Transport	144,476	46,447	92,895	139,342	32.1%	64.3%	96.4%
Consumer	51,197	476	951	1,427	0.9%	1.9%	2.8%
Government	137,442	45,542	91,084	136,626	33.1%	66.3%	99.4%
Construction	37,000	12,261	24,523	36,784	33.1%	66.3%	99.4%
Agriculture	37,896	9,774	19,549	29,323	25.8%	51.6%	77.4%
Real Estate	26,508	8,634	17,267	25,901	32.6%	65.1%	97.7%
Education	5,644	604	1,208	1,812	10.7%	21.4%	32.1%
Finance & Insurance	1,743	109	218	327	6.3%	12.5%	18.8%
Others	31,483	8,881	17,761	26,642	28.2%	56.4%	84.6%
<b>Total</b>	<b>1,267,289</b>	<b>319,969</b>	<b>639,938</b>	<b>959,907</b>	<b>25.2%</b>	<b>50.5%</b>	<b>75.7%</b>

We modelled for the scenarios above by considering any change in the 4 parameters below for each obligor in the Loan book: Interest Rate Review | Tenor Extension | Principal Moratorium | Interest Moratorium



# NPL Analysis

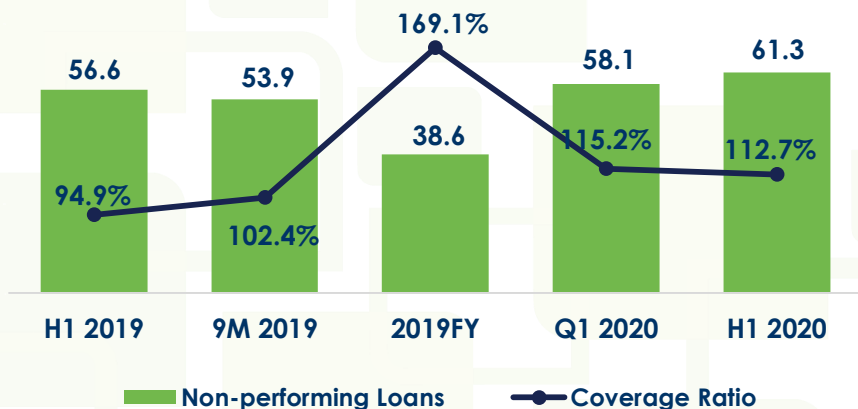


- ▶ NPL ratio (Stage 3 Loans) increased to 4.8% in H1 2020 from 3.3% in 2019FY due to 58.8% increase in absolute NPL book to ₦61.3bn.
- ▶ NPL growth is primarily due to the early identification of sectors likely to be impacted by the pandemic and economic lockdown.
- ▶ FCY NPL accounts for 11.5% of total NPL and largely in the Oil & Gas Downstream and the Transport Sector.
- ▶ Coverage remains high at 112.7% with specific provisions on Stage 3 Loans currently at 57.2% from 52.8% in Q1.

## NPL Coverage Ratio

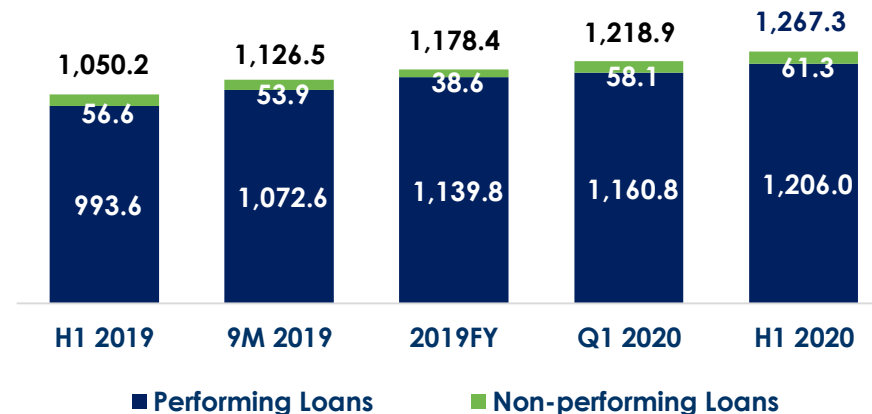
₦' billion

% Ratio

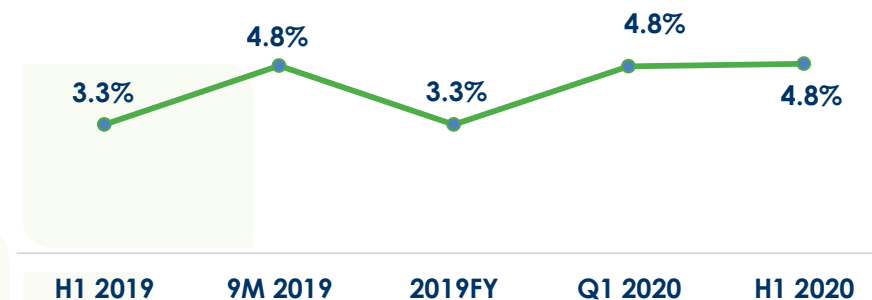


## Gross Loans and Advances

₦'billion



## Non-performing Loans



# NPL Portfolio Analysis



## Breakdown of Non-performing Loans: 2019FY Vs. H1 2020

	2019FY N'million	H1 2020 N'million	VAR N'million	% VAR %	2019FY NPL Ratio	H1 2020 NPL Ratio
Communication	1,198	4,014	2,816	235.0%	3.7%	12.7%
Oil and gas	15,336	19,309	3,973	25.9%	6.3%	6.2%
- Oil & Gas Upstream	175	-	(175)	-100.0%	0.1%	0.0%
- Oil & Gas Downstream	13,624	18,843	5,219	38.3%	26.1%	21.3%
- Oil & Gas Services	1,538	467	(1,071)	-69.7%	2.6%	0.6%
Power	-	0	0	0.0%	0.0%	0.0%
Manufacturing	3,020	9,606	6,586	218.1%	1.4%	4.6%
General Commerce	2,391	4,178	1,787	74.8%	2.4%	3.6%
Transport	6,973	9,949	2,976	42.7%	5.1%	6.9%
Consumer (Individuals)	2,663	4,012	1,349	50.7%	5.0%	7.8%
Government	0	164	164	100.0%	0.0%	0.1%
Construction	3,087	3,863	775	25.1%	8.7%	10.4%
Agriculture	2,647	3,184	537	20.3%	8.0%	8.4%
Real Estate	0	383	382	100.0%	0.0%	1.4%
Education	435	468	34	7.8%	8.4%	8.3%
Finance and Insurance	9	4	(4)	-49.4%	0.2%	0.3%
Others	874	2,198	1,324	151.5%	3.7%	7.0%
<b>Total</b>	<b>38,633</b>	<b>61,334</b>	<b>22,700</b>	<b>58.8%</b>	<b>3.3%</b>	<b>4.8%</b>

# NPL Portfolio Analysis



## Breakdown of Non-performing Loans by Currency

N'million	FCY	LCY	Total	% FCY	% LCY
Communication	-	4,014	4,014	0.0%	7.4%
Oil and Gas	3,881	15,429	19,309	54.9%	28.4%
- <b>Upstream</b>	-	-	-	<b>0.0%</b>	<b>0.0%</b>
- <b>Downstream</b>	<b>3,803</b>	<b>15,040</b>	<b>18,843</b>	<b>53.8%</b>	<b>27.7%</b>
- <b>Services</b>	<b>78</b>	<b>388</b>	<b>467</b>	<b>1.1%</b>	<b>0.7%</b>
Power	-	-	-	0.0%	0.0%
Manufacturing	-	9,606	9,606	0.0%	17.7%
General Commerce	23	4,155	4,178	0.3%	7.7%
Transport	3,026	6,923	9,949	42.8%	12.8%
Consumer (Individuals)	135	3,876	4,012	1.9%	7.1%
Government	-	164	164	0.0%	0.3%
Construction	-	3,863	3,863	0.0%	7.1%
Agriculture	-	3,184	3,184	0.0%	5.9%
Real Estate	-	383	383	0.0%	0.7%
Education	-	468	468	0.0%	0.9%
Finance and Insurance	-	4	4	0.0%	0.0%
Others	-	2,198	2,198	0.0%	4.1%
<b>Total</b>	<b>7,065</b>	<b>54,268</b>	<b>61,334</b>	<b>11.5%</b>	<b>88.5%</b>

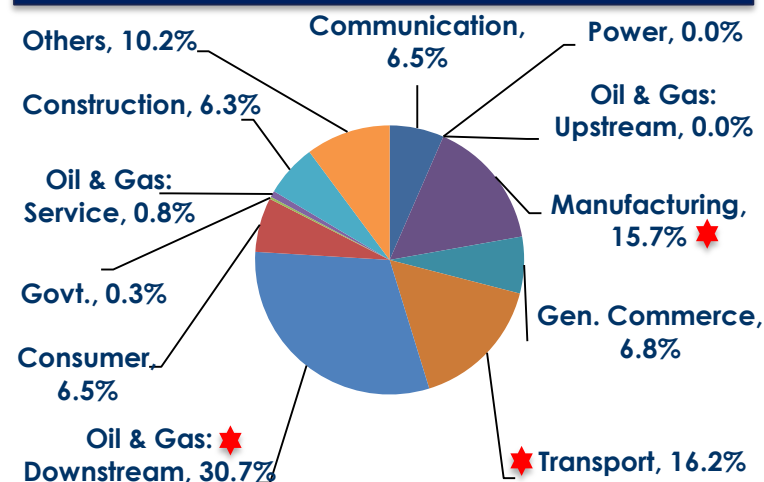
# NPL Portfolio Analysis



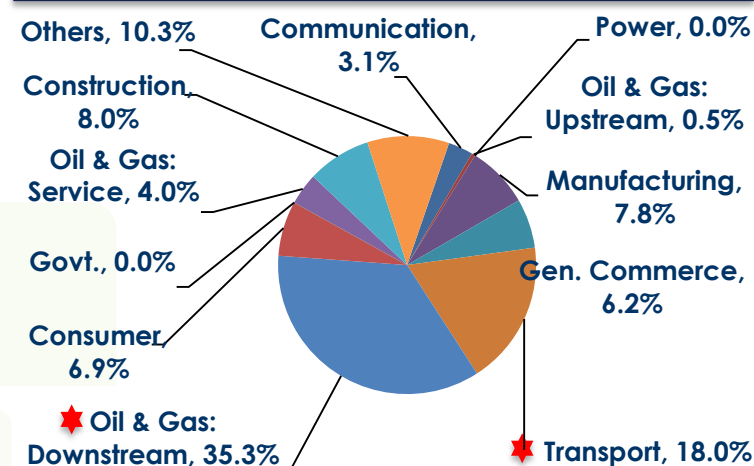
## Breakdown of Non-performing Loans

N'million	9M 2019	2019FY	Q1 2020	H1 2020
Communication	2,417	1,198	3,291	4,014
Oil and Gas	15,621	15,336	16,161	19,309
- Upstream	-	175	347	-
- Downstream	14,525	13,624	15,301	18,843
- Services	1,096	1,538	514	467
Power	-	-	-	-
Manufacturing	7,784	3,020	10,029	9,606
Gen. Commerce	7,698	2,391	4,849	4,178
Transport	9,419	6,973	14,317	9,949
Consumer	3,083	2,663	2,792	4,012
Government	25	0	0	164
Construction	1,087	3,087	856	3,863
Agriculture	2,557	2,647	3,553	3,184
Real Estate	1,970	0	251	383
Education	960	435	454	468
Fin. & Insurance	9	9	6	4
Others	1,223	874	1,556	2,198
<b>Total</b>	<b>53,852</b>	<b>38,633</b>	<b>58,116</b>	<b>61,334</b>

## NPL Analysis – H1 2020



## NPL Analysis – 2019FY

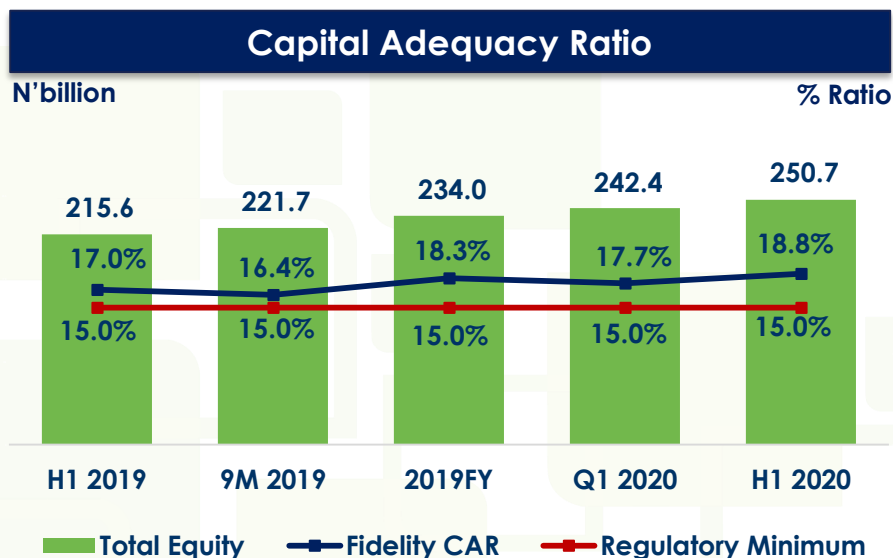


★ Pressure NPL Sectors

# Capital Adequacy



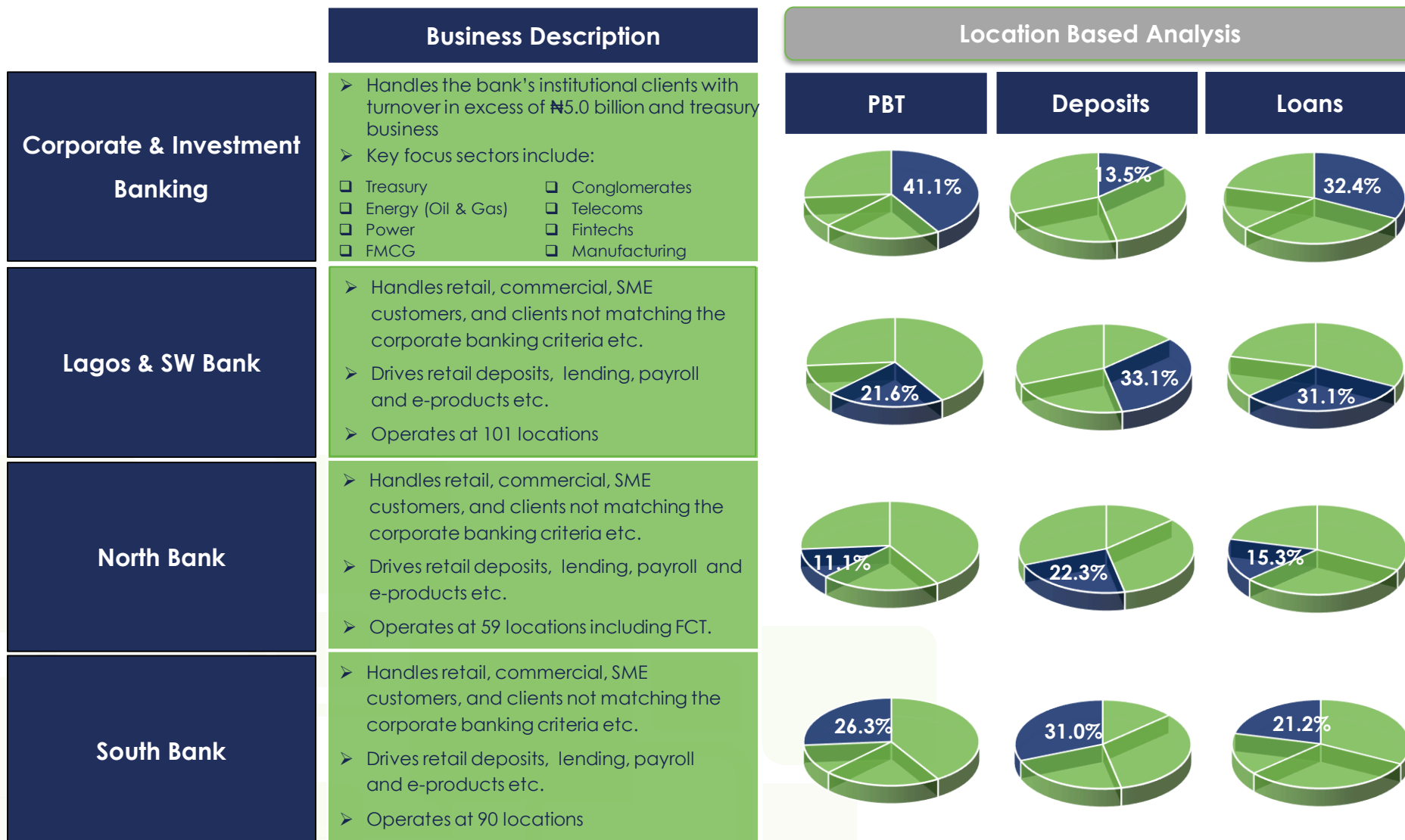
- ▶ Fidelity CAR is currently at 18.8% which is well above the regulatory minimum requirement of 15.0%.
- ▶ Regulatory adjustment increased to ₦14.6bn due to the impact of currency adjustments, though it dropped by 4.7% QoQ.
- ▶ Excluding the regulatory adjustment, CAR would have come in at 20.0%.
- ▶ Tier 1 CAR is now 15.6% and only 20.0% (₦6.0bn) of our ₦30.0bn local bond is recognized in Tier II Capital.



## Capital Adequacy Ratio Computation – Basel II

N'billion	2019FY	H1 2020	VAR
Tier 1 Capital	191.7	204.4	12.7
<b>Regulatory Adjustment</b>	(10.6)	(14.6)	4.0
<b>Adjusted Tier 1 Capital</b>	<b>181.1</b>	<b>189.8</b>	8.7
Tier 2 Capital	33.0	38.1	5.1
<b>Total Qualified Capital</b>	<b>214.1</b>	<b>227.9</b>	<b>13.8</b>
Credit Risk	920.6	959.4	38.8
Market Risk	64.2	69.4	5.2
Operational Risk	185.8	185.8	0.0
<b>Risk Weighted Assets</b>	<b>1,170.7</b>	<b>1,214.6</b>	<b>43.9</b>
<b>Capital Adequacy Ratio</b>			
Tier 1	15.5%	15.6%	
Tier 2	2.8%	3.1%	
<b>Overall CAR</b>	<b>18.3%</b>	<b>18.8%</b>	

# Strategic Business Units Analysis



# Hey It's IVY

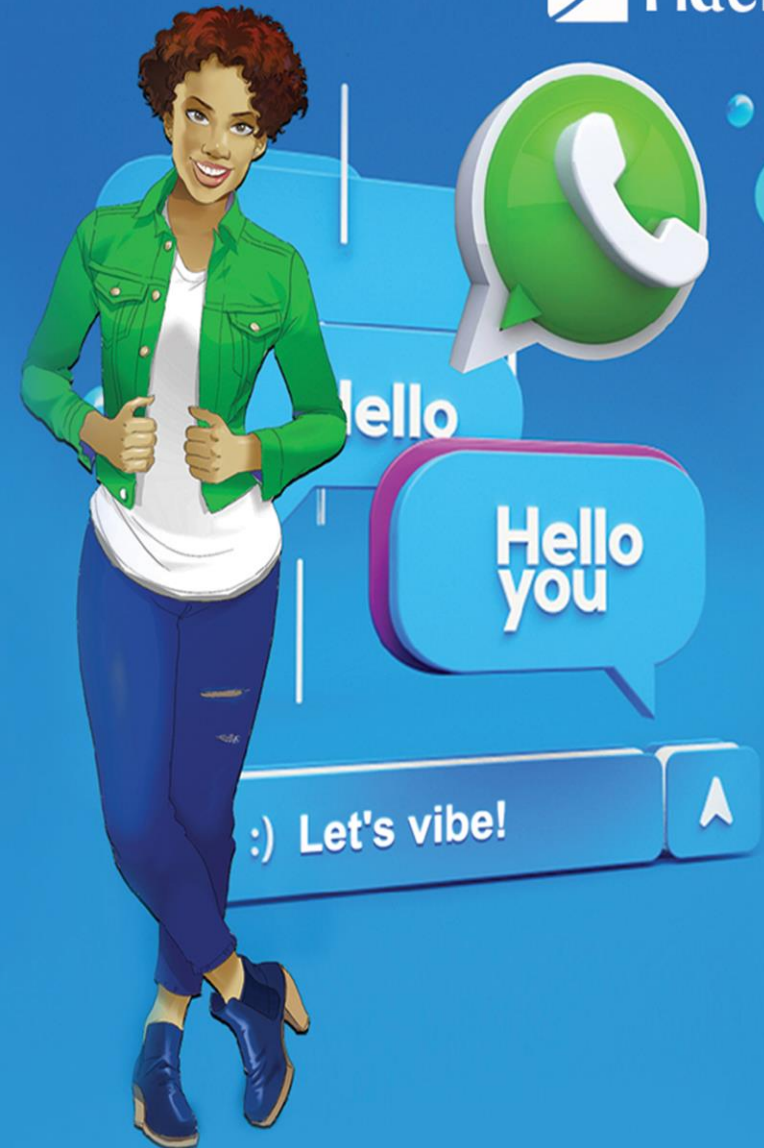
## Let's Vibe On WhatsApp

Chat with IVY today on **090-3000-0302**  
to get your banking needs sorted instantly

### Holla at me for:

- Bill Payments
- Complaints
- My Balance
- Send Money
- ATM/Branch Locator
- & so much more

Add me up and get chatting with **IVY**.





# H1 2020 Actual Vs. 2020FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS				
S/N	Index	H1 2020 Actual	2020FY Target	Comment
1	Net Interest Margin	6.4%	5.5% - 6.0%	On Track
2	Tax Rate	5.5%	10.0% – 15.0%	On Track
3	Loan Growth (YTD)	7.3%	5.0% - 7.5%	On Track
4	Deposit Growth (YTD)	14.8%	5.0% - 10.0%	On Track
5	Cost to Income Ratio	70.3%	70.0%	On Track
6	Proposed Dividends	N/A	30-50% (of PAT) band	N/A
7	NPL Ratio	4.8%	Below 5.0%	On Track
8	Cost of Risk	1.3%	1.5%	On Track
9	ROAE – Post Tax	9.4%	11.3%	Behind Target

# Thank You

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