



FIDELITY BANK PLC

**UP TO NGN 75 BILLION BOND ISSUANCE
INVESTOR PRESENTATION**

Outline



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Executive Summary



Fidelity Bank Plc

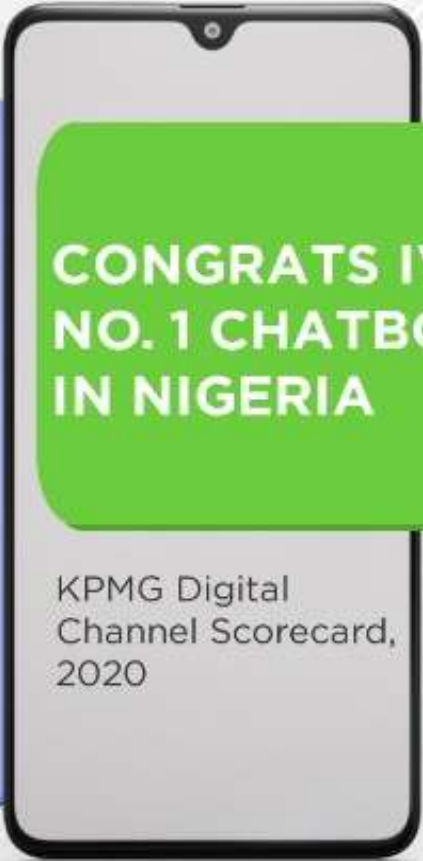
- Fidelity Bank Plc (“Fidelity Bank” or the Bank”) is a top tier-2 Bank contributing to the economic and social development of Nigeria, having carved a niche in financing the all-important small and medium scale enterprises (SMEs) space with the attendant positive impact on entrepreneurship, and employment amongst others.
- The Bank has evolved over the years to become a valuable brand with notable presence in the Nigeria banking industry, a good geographical spread across the Country, and reporting strong financial performance superior to its peers in the tier-2 category.
- Fidelity Bank began operations in 1988 as a Merchant Bank, converted to a Commercial Bank in 1999, became a Universal Bank in 2001 and merged with former FSB International Bank Plc and Manny Bank Plc in 20005.

The Transaction

- Fidelity Bank Plc is issuing Series 1, Ten Years Fixed Rate Unsecured Subordinated Bond of up to NGN 75,000,000,000.00 being issued under the Bank’s NGN 100,000,000,000.00 Bond Issuance Program registered in May 2020.
- Proceeds from the Series 1 Bonds will be utilized in supporting the Bank’s Small and Medium Scale Enterprises (SME) and the Retail Banking Businesses as well as its Information and Technology Infrastructure.

Cautionary Note

- This document presents the view of Fidelity Bank (the “Bank”) Directors and Top Management Team, about the prospect of the business of the Bank as well as the Bond Issue. Although, these forward looking statements are only an expectations of future performance, they are based on realistic assumptions and current economic views. These expectations have taking cognizance of relevant risks` actors some of which are outside the control of the Bank and may cause actual results to vary from the expectations.



**CONGRATS IVY,
NO. 1 CHATBOT
IN NIGERIA**

KPMG Digital
Channel Scorecard,
2020

Overview of Fidelity Bank



Ownership

Total Assets: **N2,575bn**
\$6.7bn

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



Listings:

28.96bn Shares

THE NIGERIAN STOCK EXCHANGE
INC. 2021
 **Irish Stock Exchange**
 \$400m Oct 2022 Eurobond

Operations & Contact Channels



Professional Staff
2,853
 Male: 55%
 Female: 45%



5.5 Million
Accounts



837 ATMs



2.3m Cards



250 Branches

2.9m
Mobile
Customers



11,196 POS

Governance



15
Board Members
 Non-Executives: 8
 Executives: 7

5 Board Committees

Executive
Management
Team



FT
Financial Times

Top 1000
World Banks
2020 Ranking

6th in Nigeria
32nd in African
929th in the World

Agusto&Co.
Agency Credit Rating, Credit Risk Management

A_{NG} (Stable)

Foreign Currency Rating:

FitchRatings
S&P Global

B-/Stable/B
B-/Stable/B

Our Guiding Philosophy



VISION

To be No. 1 in every market we serve and every branded product we offer.



MISSION

To make financial services easy and accessible to our customers.



SHARED VALUES

- C** - CUSTOMER FIRST
- R** - RESPECT
- E** - EXCELLENCE
- S** - SHARED AMBITION
- T** - TENACITY

Experienced Non-Executive Directors



Mustafa Chike-Obi
Chairman

- Nigeria's Special Envoy to the United States of America (USA)
- Chairman, Alpha African Advisory
- Former MD/CEO of Asset Management Corporation of Nigeria (AMCON)



Isa Inuwa
Independent Non-Executive Director

- Former COO/GED, Nigerian National Petroleum Corporation (NNPC)
- Former DMD, Nigerian Liquefied and Natural Gas Ltd (NLNG)
- Former MD/CEO, Intercity Bank Plc



Henry Ikem Obih
Independent Non-Executive Director

- Board member, Nigeria Liquefied Natural Gas Limited (NLNG)
- Former Group Executive Director / Chief Operating Officer (COO), of Nigerian National Petroleum Corporation (NNPC)



Chidozie Agbapu
Non-Executive Director

- Co-MD/CEO, Planet Capital Limited
- Council Member, Nigerian Stock Exchange (NSE)
- Former Non-Executive Director, Central Securities Clearing System (CSCS)



Charles Umolu
Non-Executive Director

- Managing Consultant/CEO, Corimol Consulting Limited
- Former Non-Executive Director, Keystone Bank
- Former MD/CEO, Comet Merchant Bank



Kings Akuma
Non-Executive Director

- Head, Non-Oil & Gas of ALCON Nigeria
- Former Managing Director, Hammakopp Consortium Limited
- Former Executive Director, Nestoil Group



Alex Ojukwu
Non-Executive Director

- Executive Director Mining & Special Projects, Chicason Group
- Former CEO, Afro Asia Automobile & Plastics Limited
- VP Remedial Asset Mgt., Keystone Bank



Michael Okeke
Non-Executive Director

- Managing Partner of Okeke, Oriala & Co Chartered Estate Surveyor & Values
- Previous experience at Multi-Shelters Nigeria Ltd
- Non-Executive Director, Tahila Shelters

Experienced Management Team



Nnamdi Okonkwo
MD/CEO
30+ years experience in banking



Nneka Chinwe Onyeali-Ikpe
MD/CEO Designate
30+ years experience in banking



Aku Odinkemelu
Executive Director, Commercial & Consumer Banking - South
28+ years experience in banking



Gbolahan Joshua
Executive Director, Chief Operations & Information Officer
21+ years experience in banking



Obaro Odegho
Executive Director, Corporate Banking
25+ years experience in banking



Hassan Imam
Executive Director, Commercial & Consumer Banking - North
26+ years experience in banking



Kevin Ugwuoke
Executive Director, Risk Management / Chief Risk Officer
27+ years experience in banking



Ken Opara
Executive Director (Effective January 01, 2021)
26+ years experience in banking



Victor Abejegah
Chief Financial Officer
27+ years experience in banking

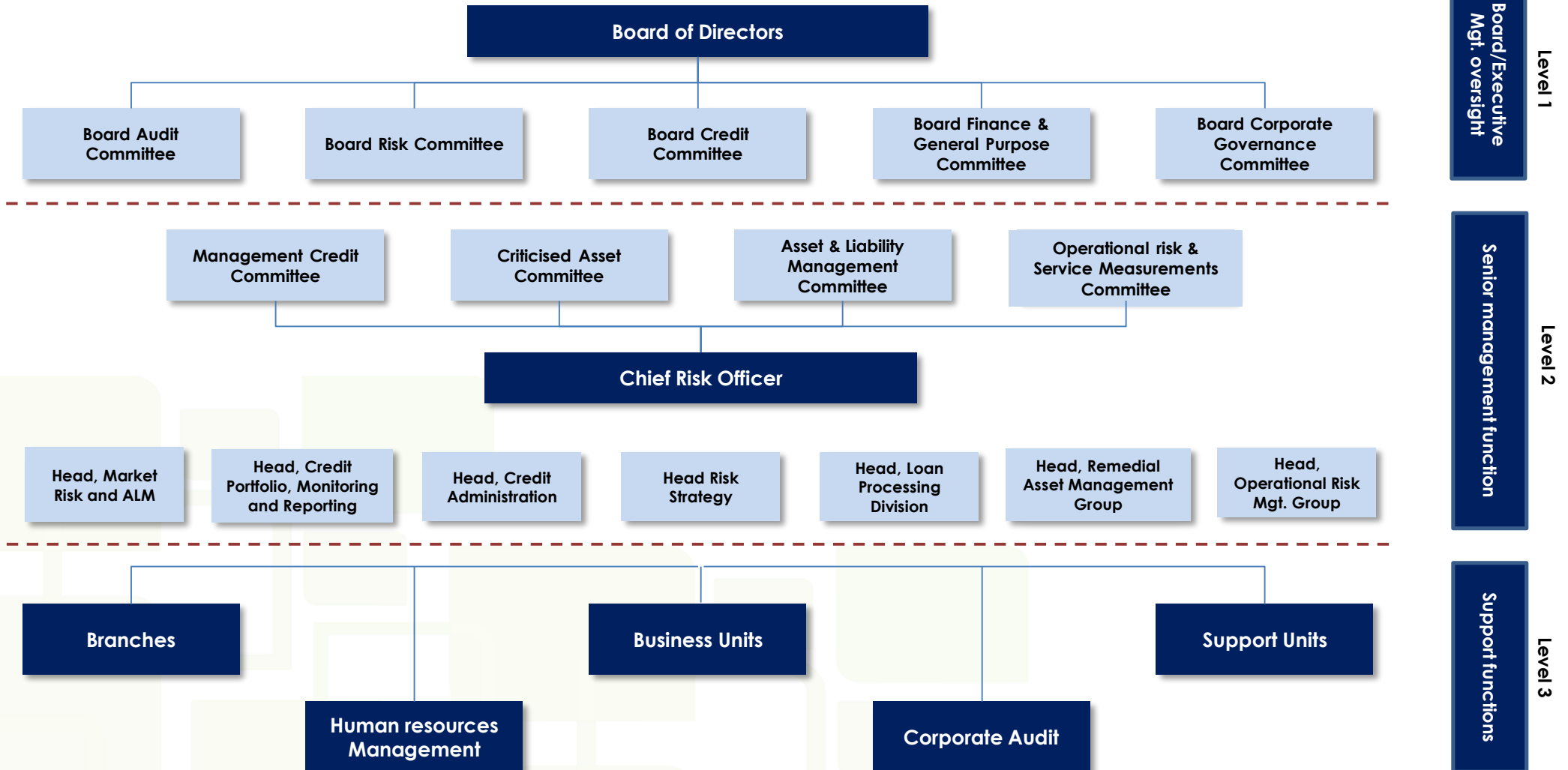


Adeboye Ogunmolade
Chief Compliance Officer
23+ years experience in banking

Robust Risk Management Framework In Place



Three-tiered approach for enterprise-wide risk management



The Fidelity Brand



1.

Management

- ▶ Fidelity is well respected in the financial services industry on the basis of its stable and competent management team – **3 CEOs in our 32 years of operations**

2.

Recognized Niche Corporate Banking Model

- ▶ Fidelity remains committed to the critical sectors of the economy which has earned it several accolades and awards from local and international jurists

3.

Rapidly Developing Retail Platform Driven By Electronic Channels

- ▶ Fidelity ranks well in the market based on excellent customer service, distribution channels, electronic banking platforms and mobile payments

4.

Solid Small and Medium Enterprises (SME) Platform

- ▶ Fidelity SME business model employs an aggressive cross-selling strategy that combines financial advisory services with business development leading to superior value creation for our clients

5.

Outstanding Financial Performance

- ▶ Fidelity remains a profitable institution and has consistently paid dividends in the last 10 years

6.

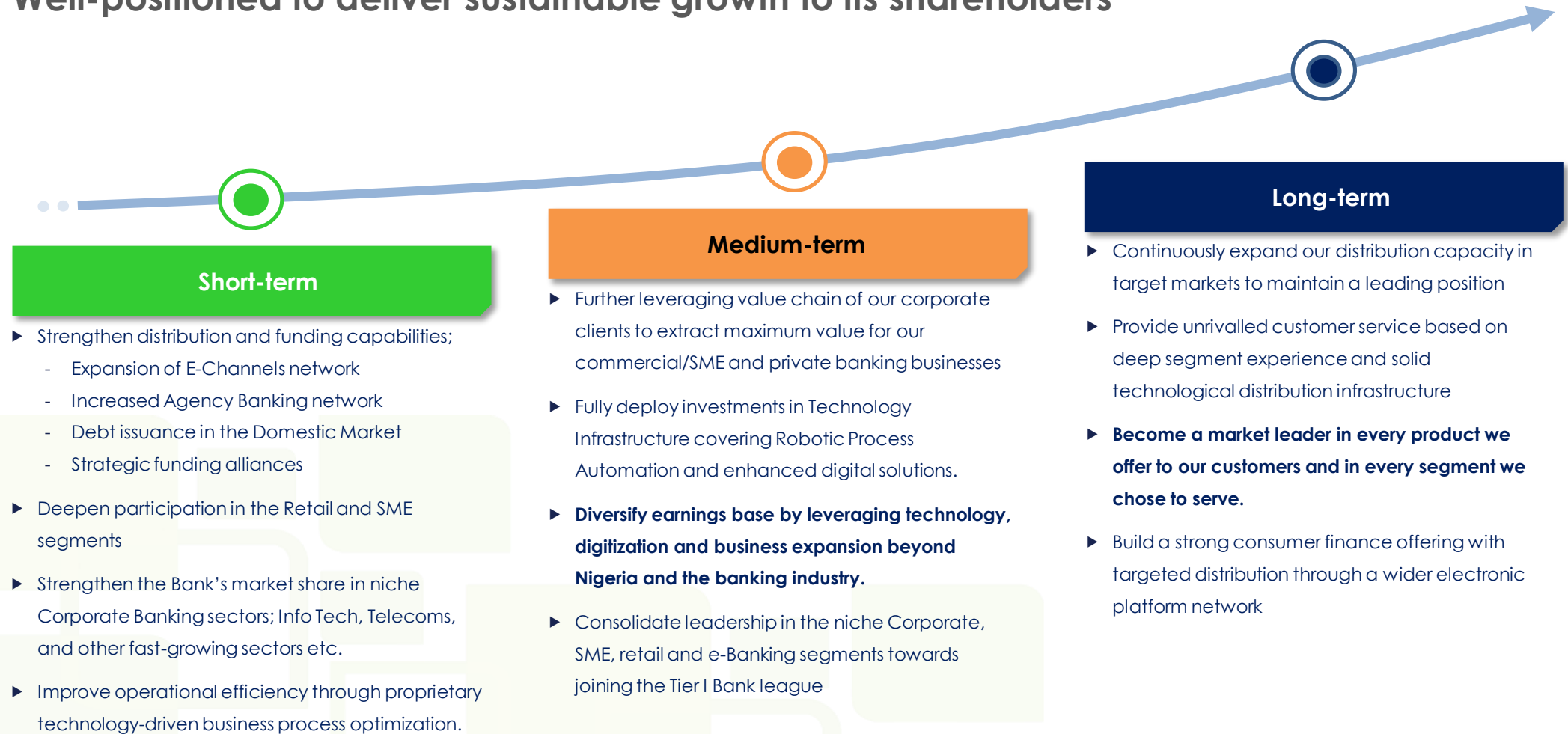
Superior Risk Management Practices

- ▶ Fidelity has a robust risk management infrastructure and continuously improves its risk processes in line with the business strategy

Our Strategic Intent



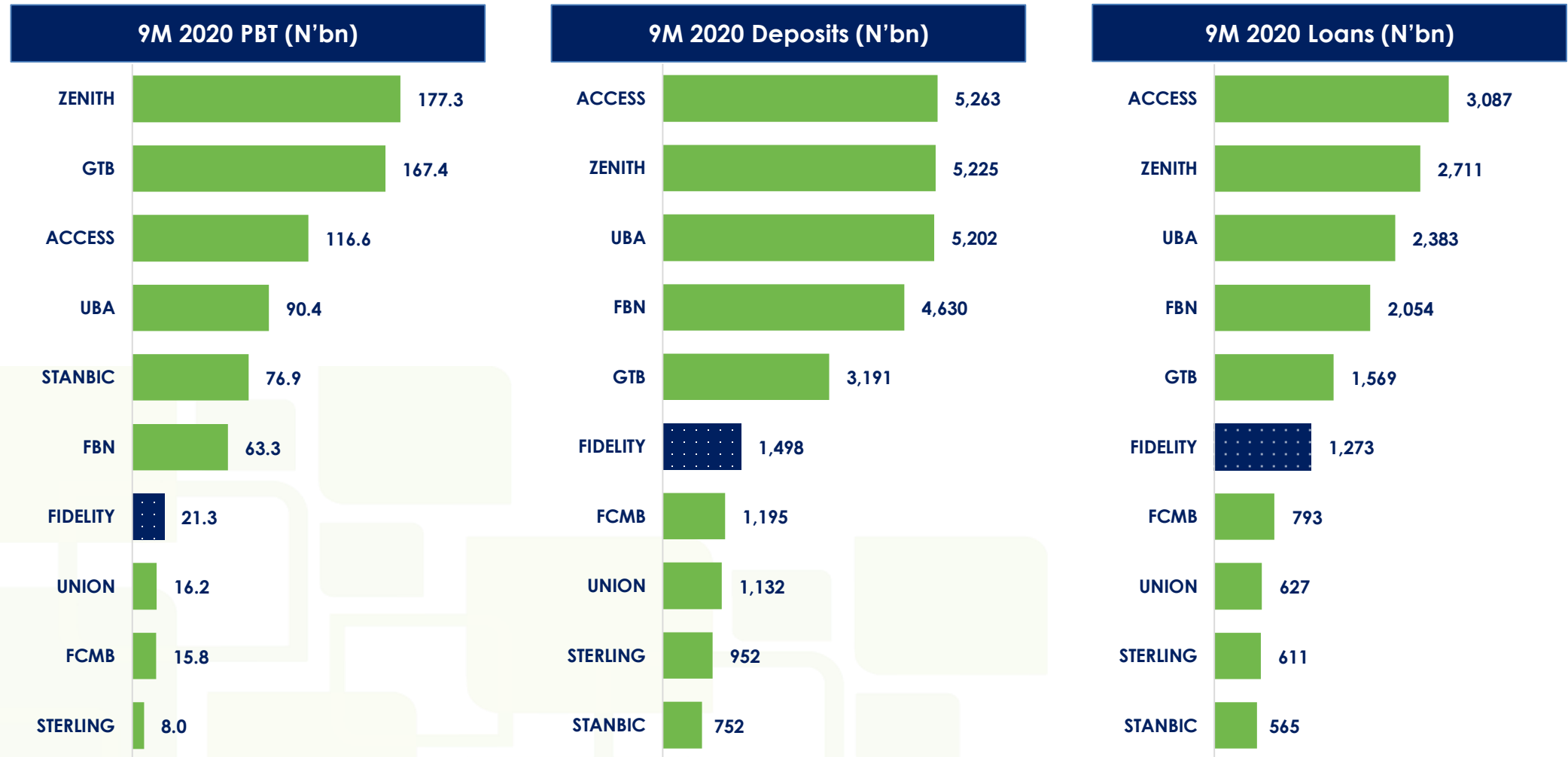
Well-positioned to deliver sustainable growth to its shareholders



Key Player in the Nigerian Banking Industry



Fidelity Bank consistently ranks amongst the top 10 Banks in Nigeria



Source: 9 Months Unaudited Financial Statements of the respective Banks.



Sneezing



Sore Throat



Coughing

Corona Virus Symptoms



Fever

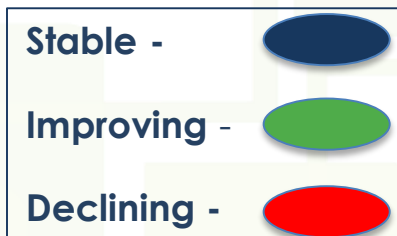
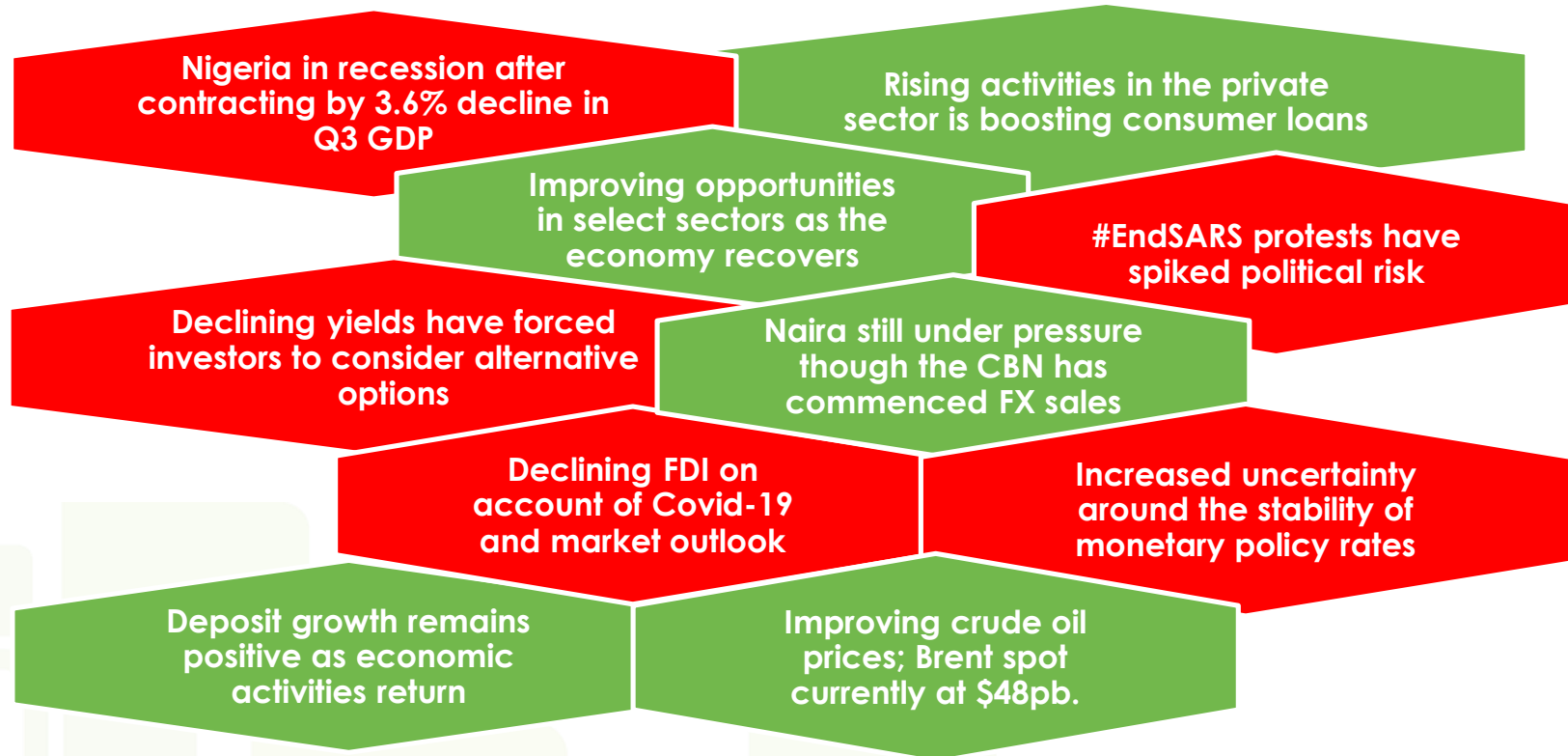


Headache

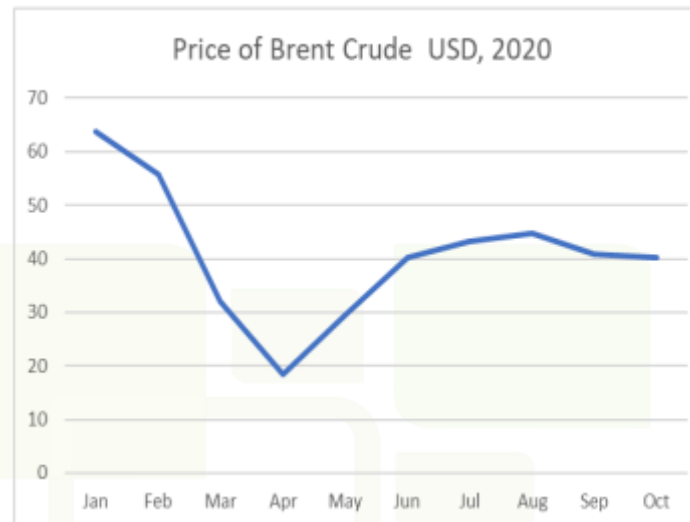
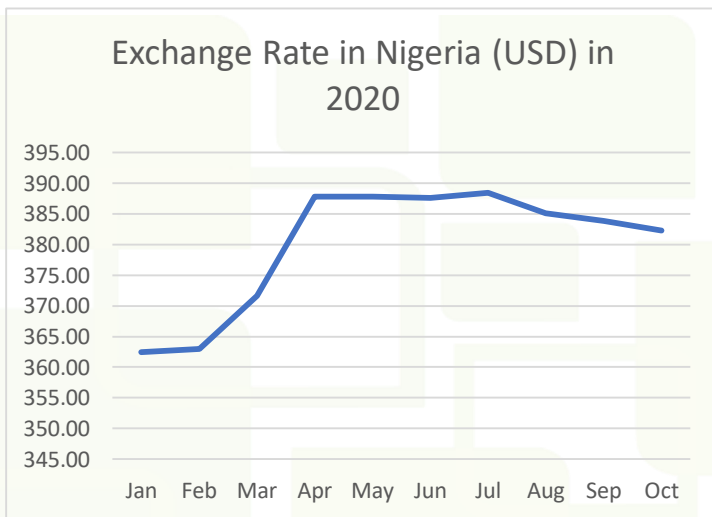
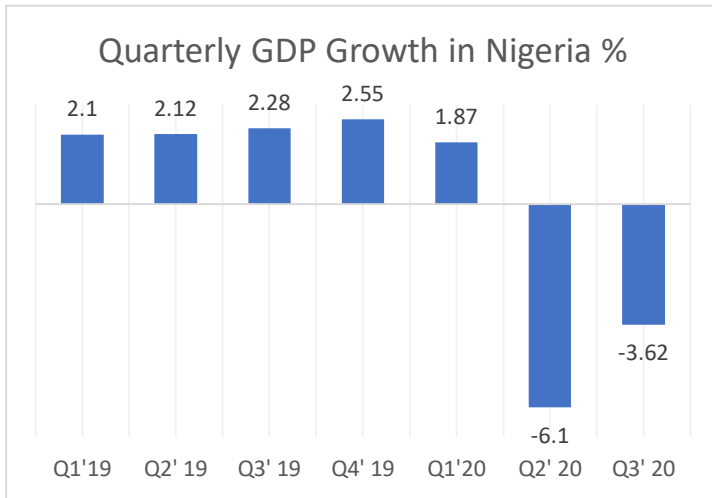


If you have any of these symptoms, please do well to isolate yourself.
Contact Nigerian Center for Disease Control on 0800 970000 (Toll-Free)

Operating Environment



Key Economic Indicators



- ❖ Having recovered from an economic recession in 2016, Nigeria recorded modest economic growth in 2017, 2018, and 2019.
- ❖ However, the Corona Virus pandemic has triggered another round of recession beginning from Q3'2020 when GDP contracted by 3.62%, having fallen to 6.1% in Q2'2020.
- ❖ Crude oil prices fell from a high of \$63.65 per barrel in January, 2020 to as low as \$18.38 in April, 2020. However, recovery in prices was recorded in subsequent months and currently moderating at \$48.18 (November 28th).
- ❖ Exchange Rate (Naira to USD) depreciated at the interbank market from NGN 362.4 to \$1, in January, 2020 to NGN 382.3 in October 2020.
- ❖ Inflation has been on an upward trend in 2020 rising to as high as 14.2% in October, 2020.



Need A *Quick* LOAN?

Dial *770*08# or
Download the App



Fidelity
FastLoan™

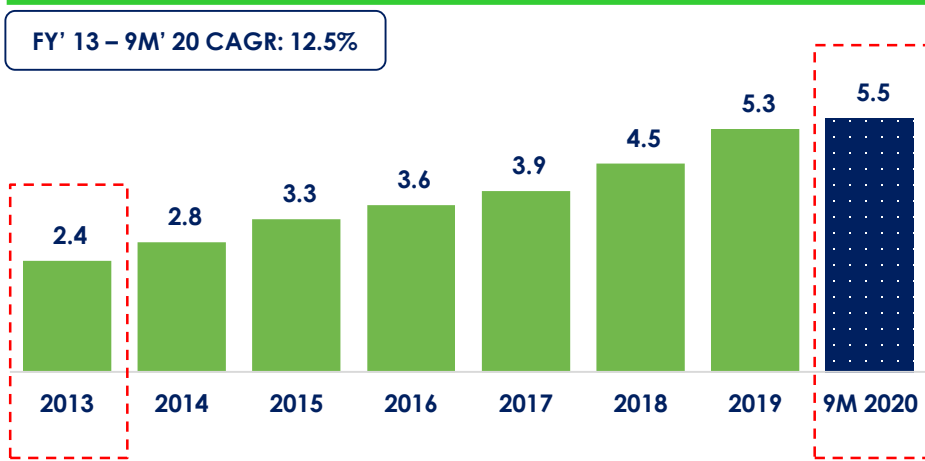


 From Request To Alert in 2 minutes.

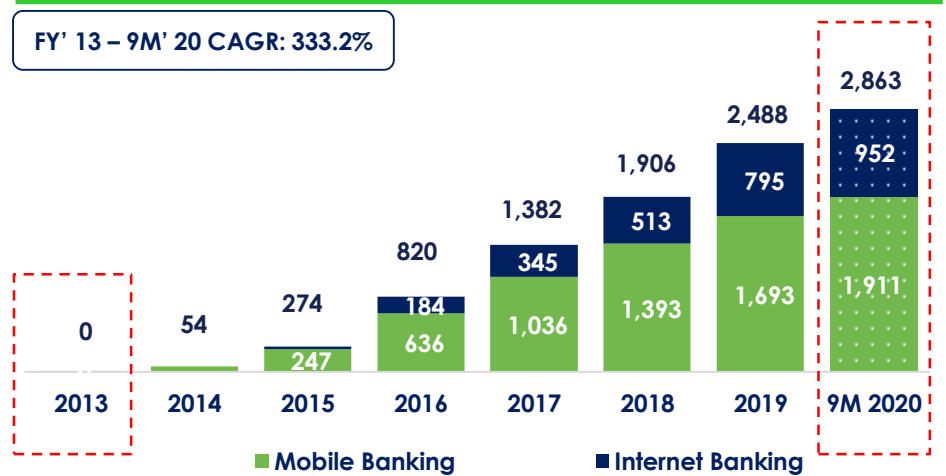
Retail & Digital Banking Evolution



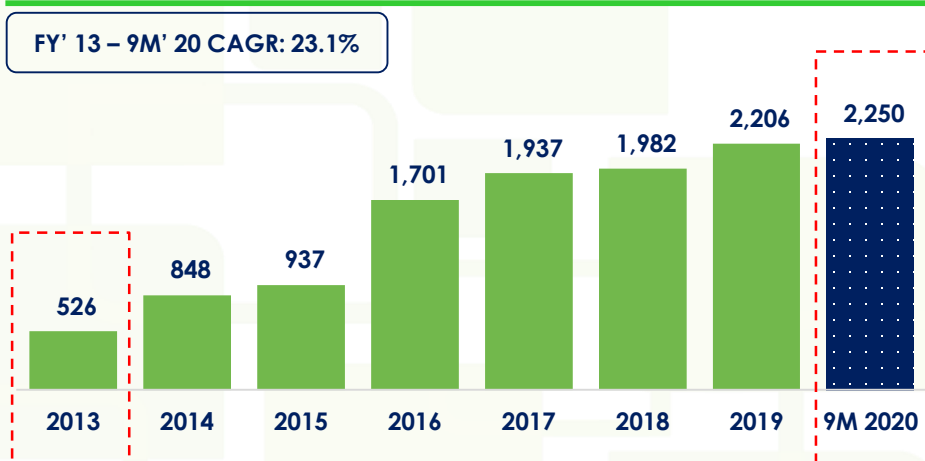
Number of Customer Account (#'m)



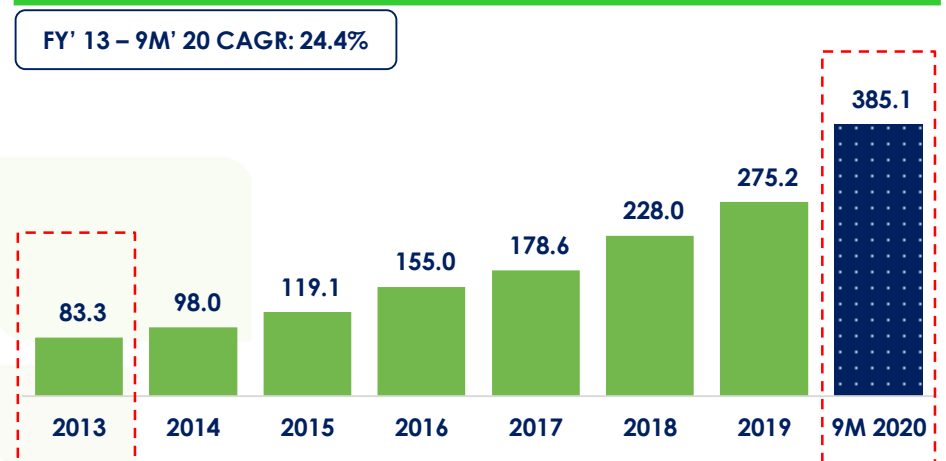
Mobile/Internet Banking Customers (#'000)



Number of Debit Cardholders (#'000)



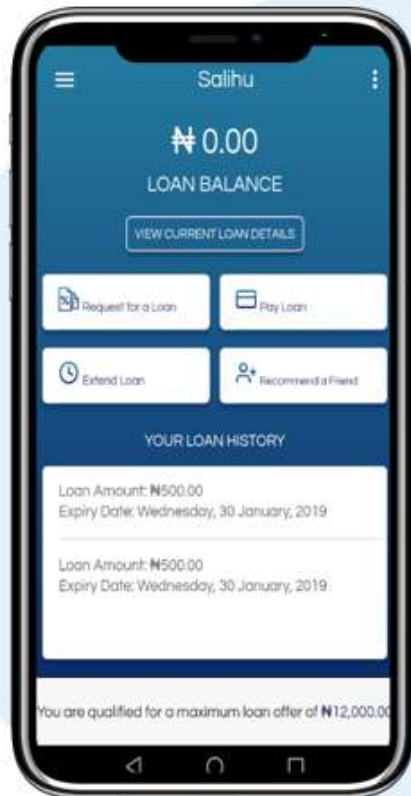
Savings Deposits (N'bn)



Digital Lab Flagship Products



Digital Lending Statistics



Loan Applications
▶ Over 250,000

Loans Disbursed
▶ Over 100,000

40% application
success rate

Product in partnership
with Migo

Virtual Banking



WhatsApp Banking
090-3000-0302



73,383 Followers

2nd Ranked Chatbot
by followers



**Innovation of the
Year Award – 2019**

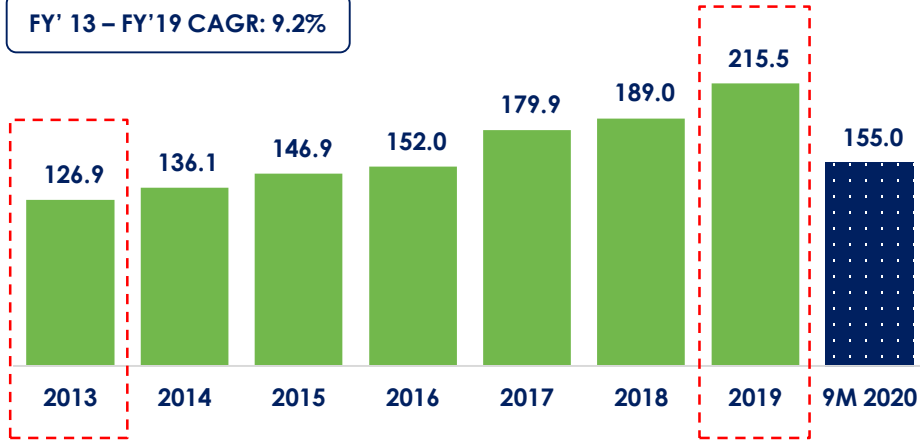
**QR Code for
Account Opening**

Income Trend



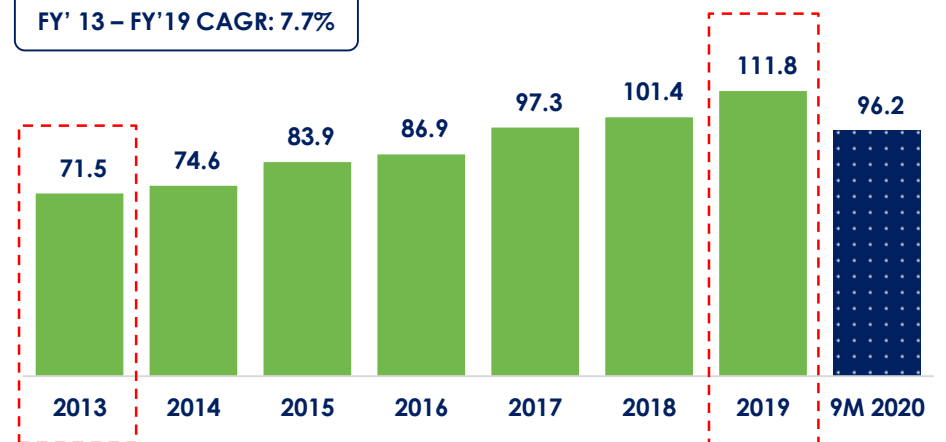
Gross Earnings (N'bn)

FY' 13 – FY'19 CAGR: 9.2%



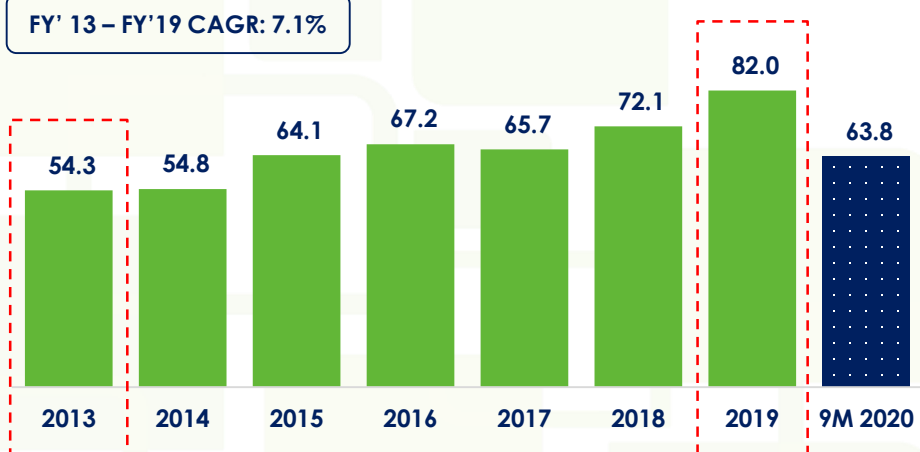
Operating Income (N'bn)

FY' 13 – FY'19 CAGR: 7.7%



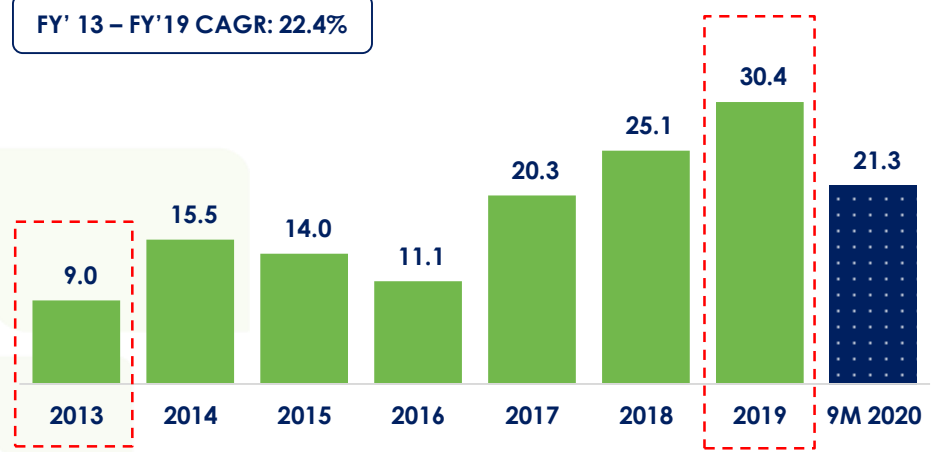
Operating Expenses (N'bn)

FY' 13 – FY'19 CAGR: 7.1%



Profit before Tax (N'bn)

FY' 13 – FY'19 CAGR: 22.4%

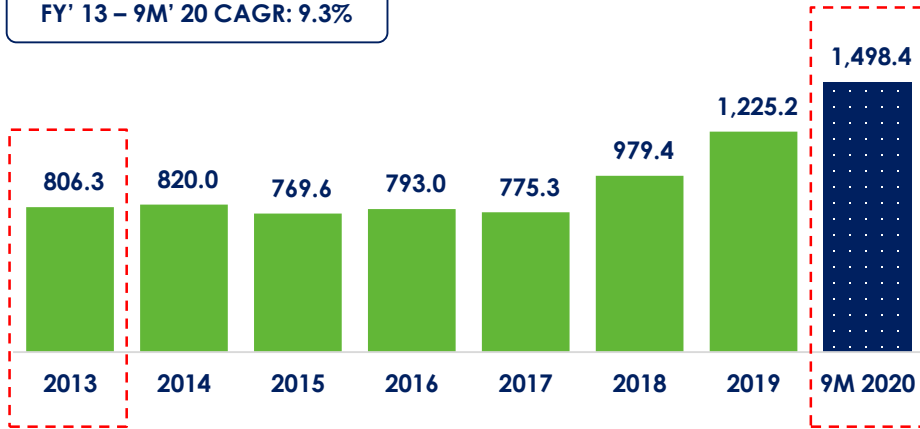


Balance Sheet Trend



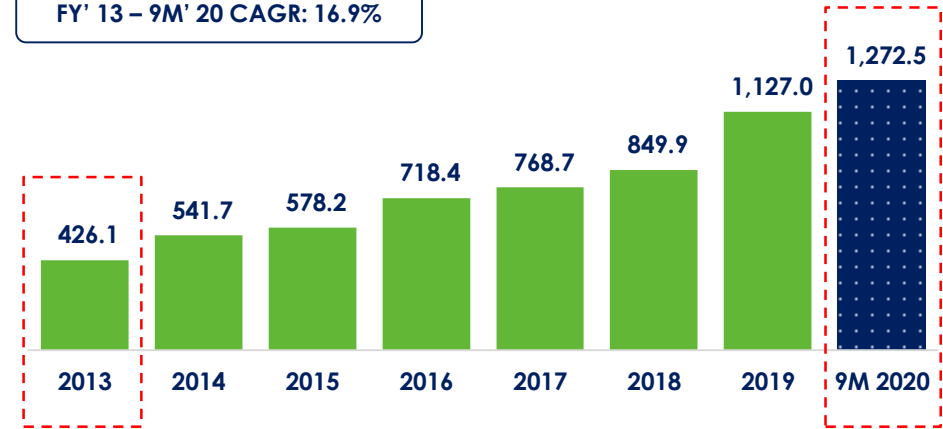
Customer Deposits (N'bn)

FY' 13 – 9M' 20 CAGR: 9.3%



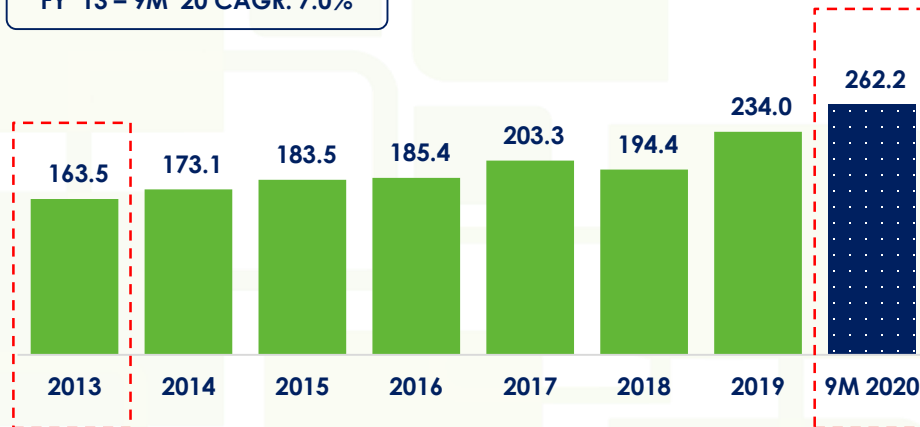
Loans to Customers (N'bn)

FY' 13 – 9M' 20 CAGR: 16.9%



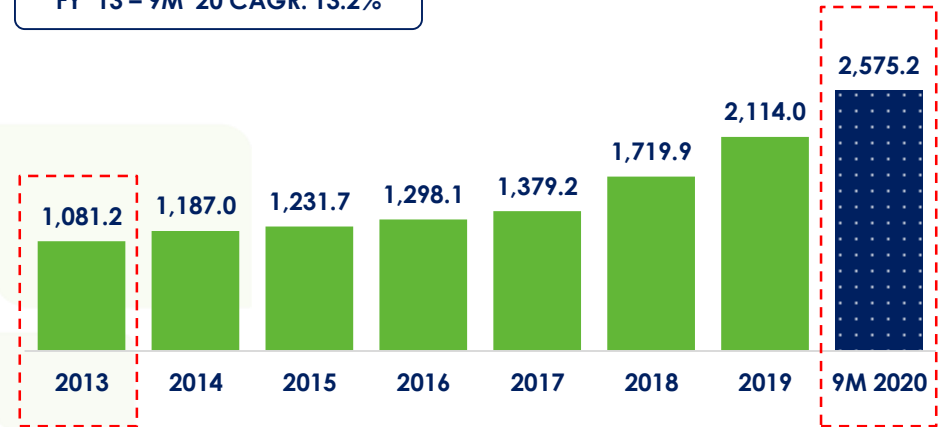
Total Equity (N'bn)

FY' 13 – 9M' 20 CAGR: 7.0%



Total Assets (N'bn)

FY' 13 – 9M' 20 CAGR: 13.2%



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

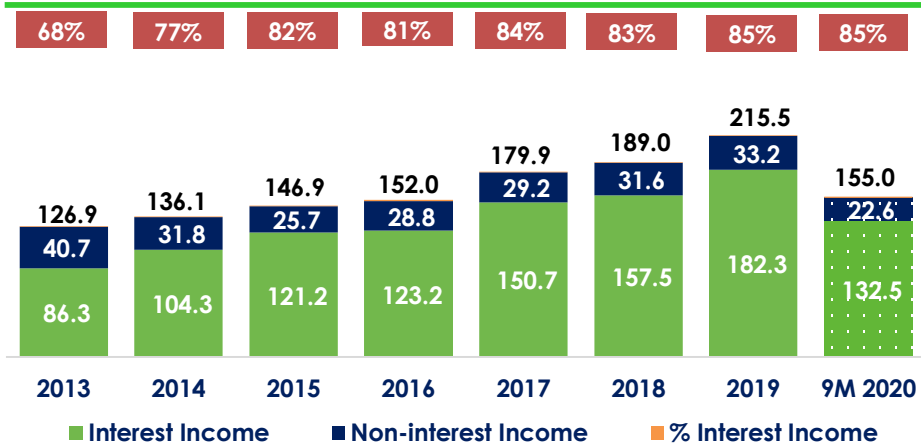
Add me up and get chatting with **IVY**.



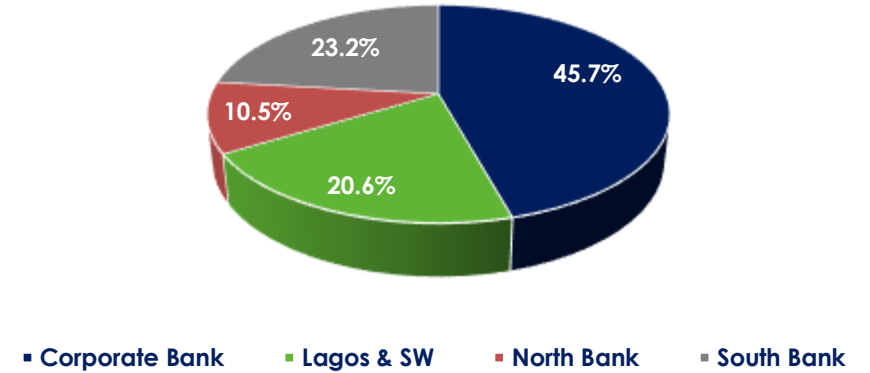
Gross Earning Analysis



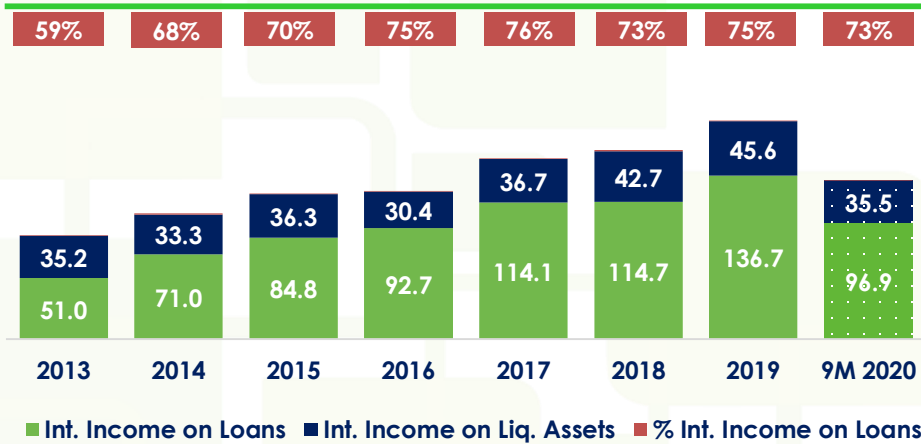
Breakdown of Gross Earnings (N'bn)



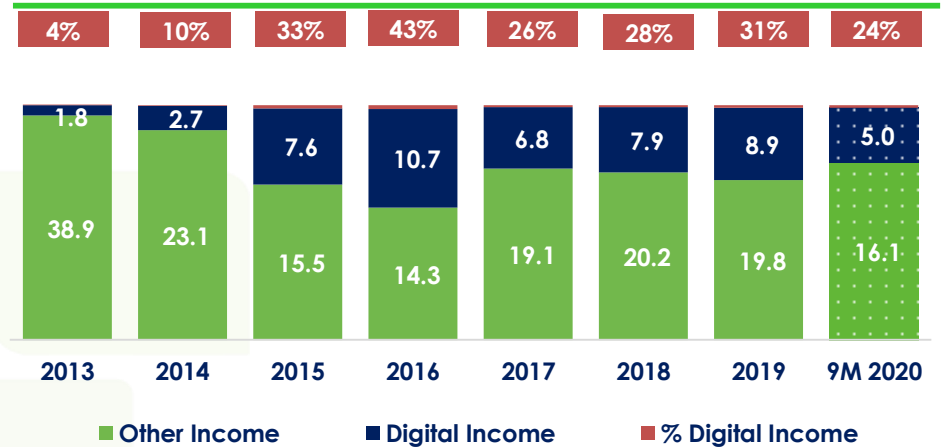
PBT by Business Segment (9M 2020)



Interest Income Driven by Interest Income on Loans



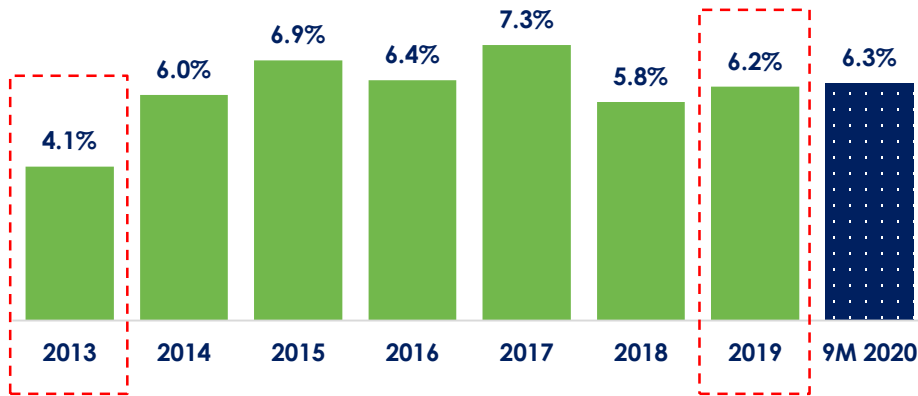
Net Fee Income Driven by Digital Income



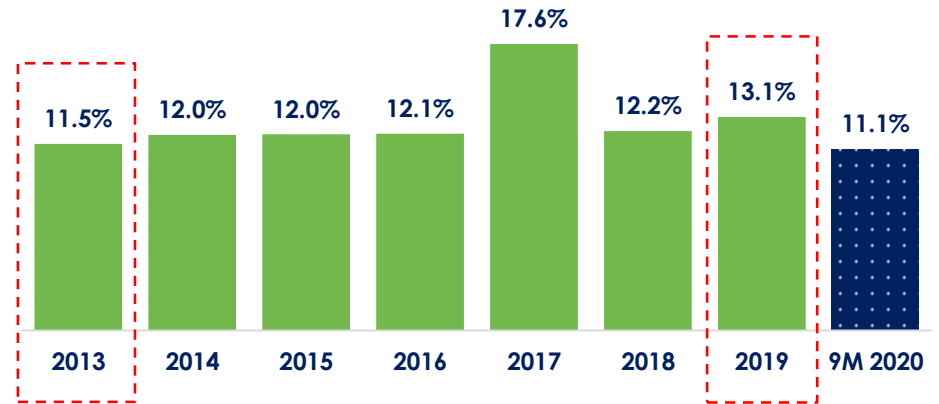
Net Interest Margin Analysis



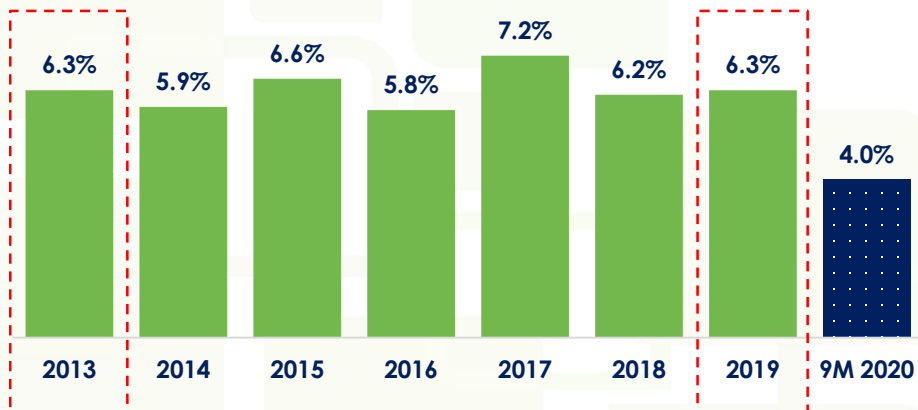
Net Interest Margin



Earnings Yields



Cost of Funds



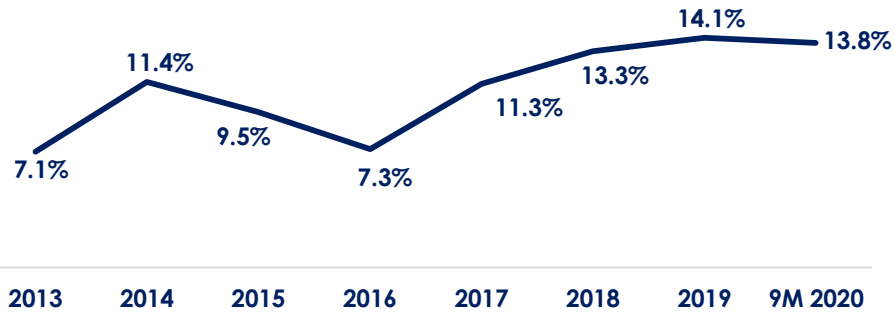
Comment

- ▶ NIM has consistently remained above the 4.1% recorded in 2013FY.
- ▶ NIM peaked at 7.3% in 2017FY due increased yields on average earnings assets which surpassed the growth in average funding cost.
- ▶ Yields have trended downward in 2020FY due to the pass-through effect of the Covid-19 pandemic which has also translated to lower average funding costs.
- ▶ Downward review of savings deposit rate and subsequent drop in MPR led to the drop in cost of deposits.

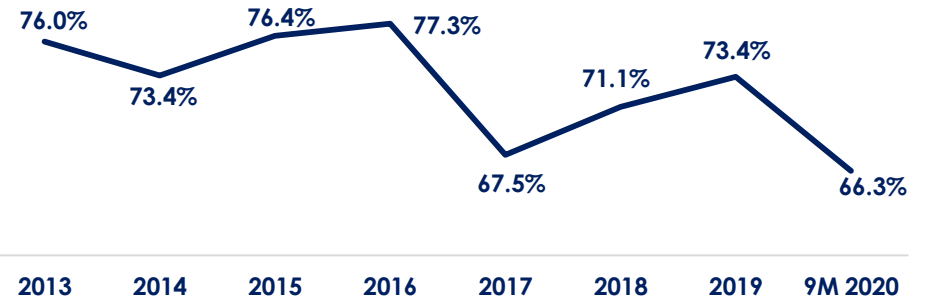
Profitability & Efficiency Ratio



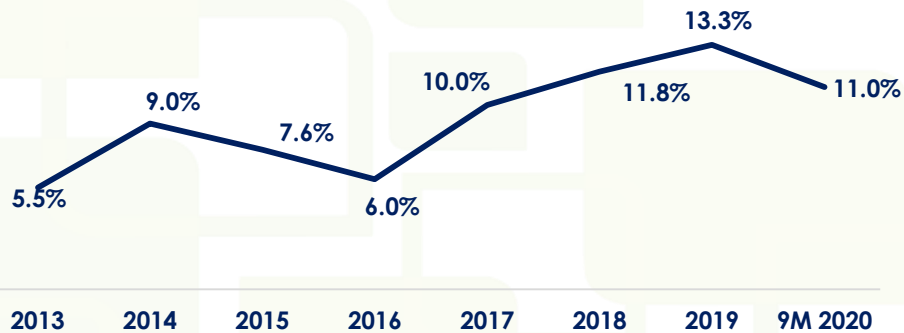
Profit Margin (%)



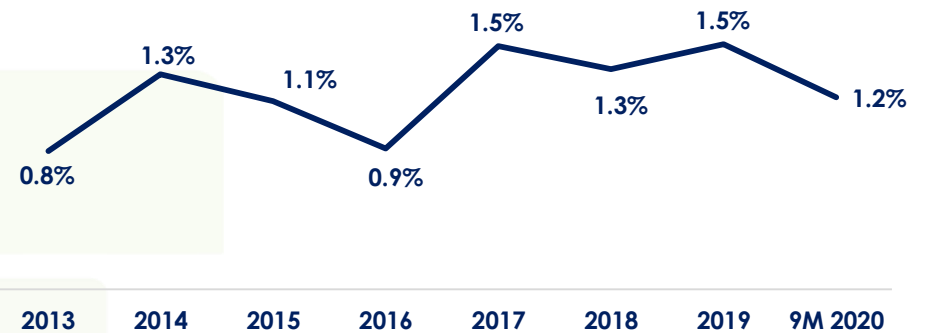
Cost to Income Ratio (%)



Return on Avg. Equity (%)



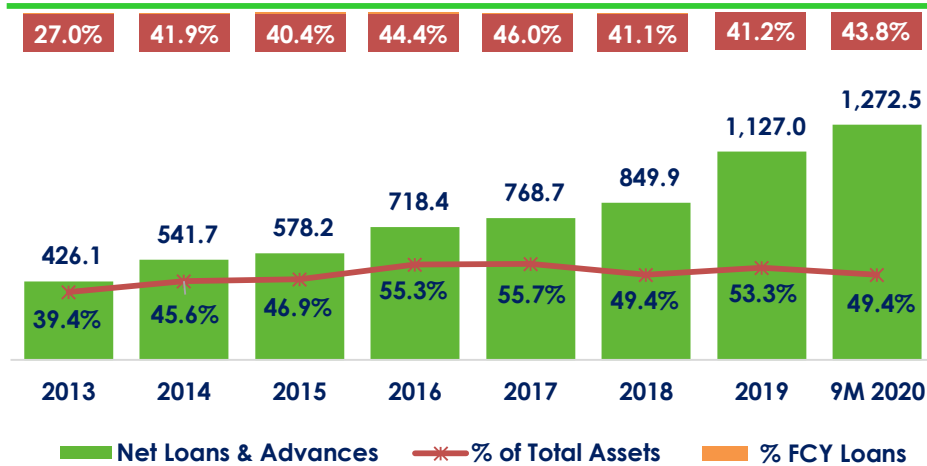
Return on Avg. Assets (%)



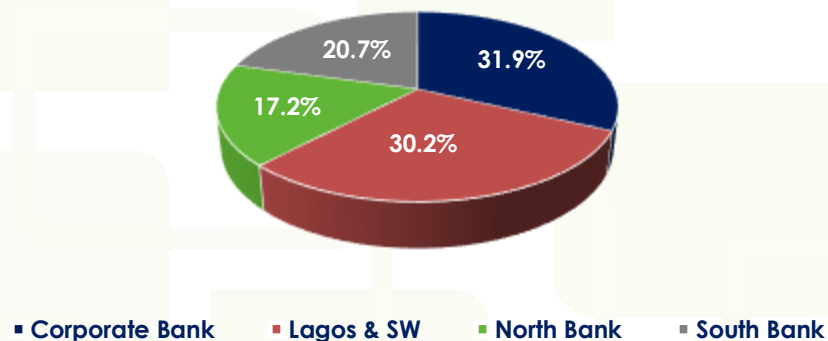
Loan Book Analysis



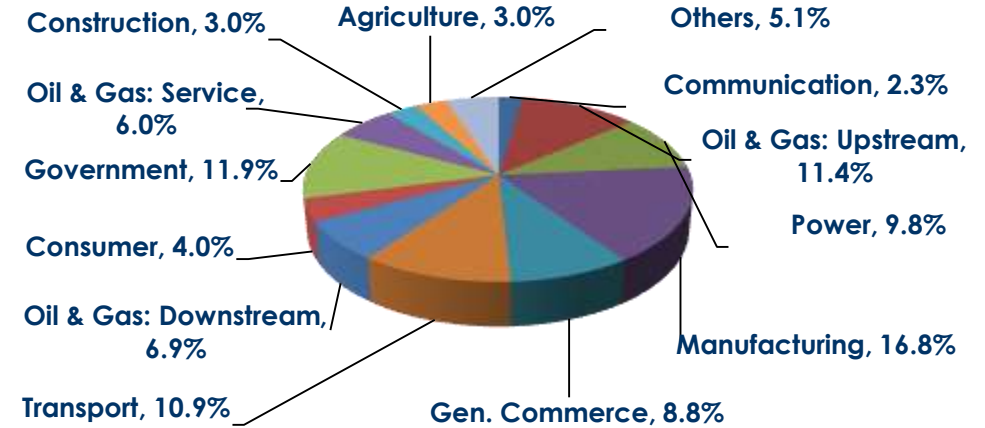
Net Loans & Advances to Customers (N'bn)



Loans & Advances by Business Segment (9M 2020)



Well Diversified Loan Book (9M 2020)



Comment

- ▶ % share of FCY Loan Book increased from 27.0% in 2013FY to 41.9% in 2014FY following the full deployment of Fidelity \$300m Eurobonds.
- ▶ Compared to 2013FY, Loan Book has grown by 198.7% from N426.1bn to N1,272.5bn in 9M 2020 (CAGR: 16.9%).
- ▶ However, it increased by 12.9% YTD with about 40% of the growth created with on-lending and intervention facilities.
- ▶ Actual real loan growth was 10.2% while the adjustment in exchange rate from ₦364.7/\$ to ₦385.8/\$ in 9M 2020 accounted for 2.7% (₦30.1bn).

Loan Book Analysis



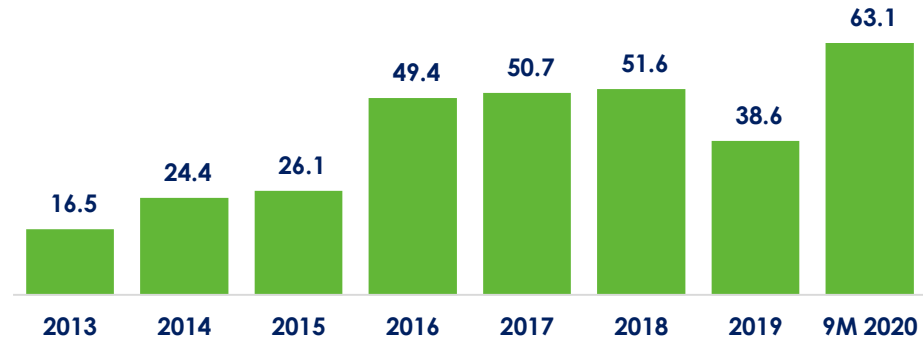
Breakdown of Loans & Advances to Customers (9M 2020)

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

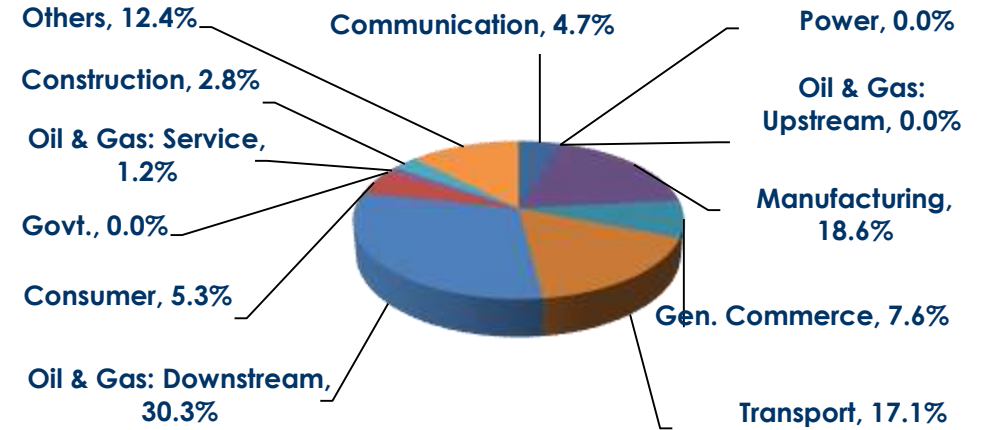
Asset Quality



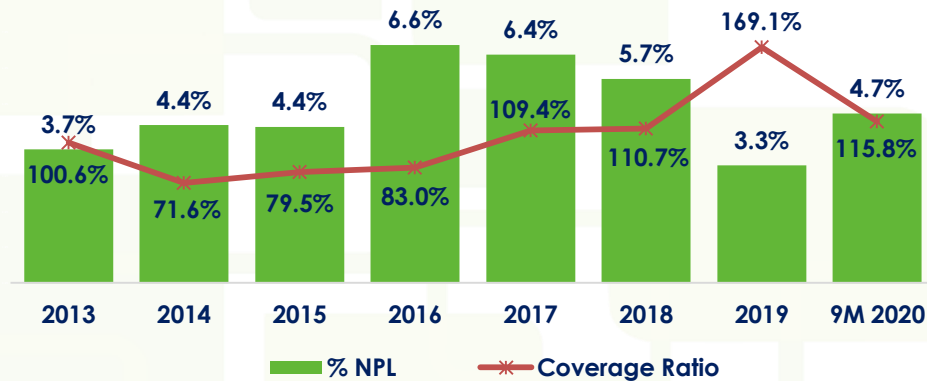
Non-Performing Loan Ratio (N'bn)



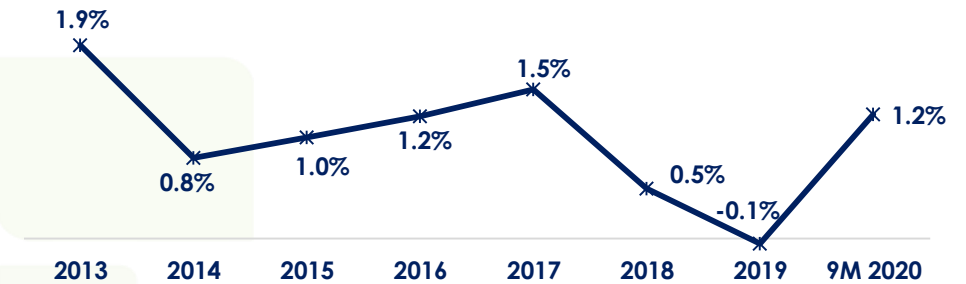
Non-Performing Loans by Sector (9M 2020)



NPL Coverage Ratio (%)



Cost of Risk (%)



Non-performing Loans Analysis



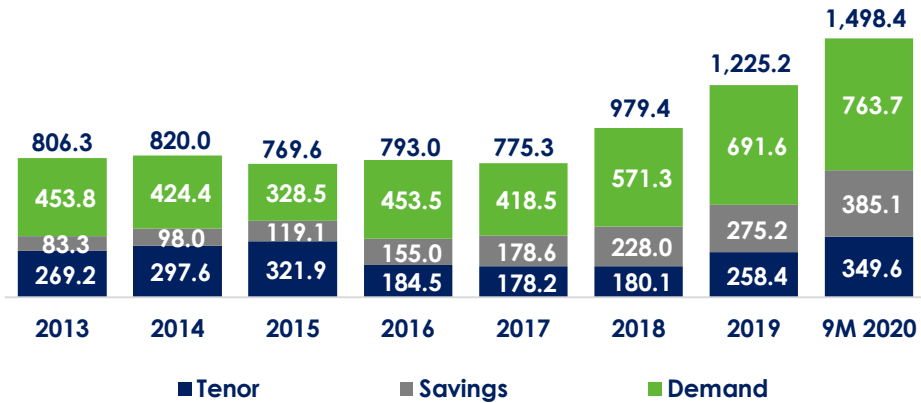
Breakdown of Non-performing Loans: 2019FY Vs. 9M 2020

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

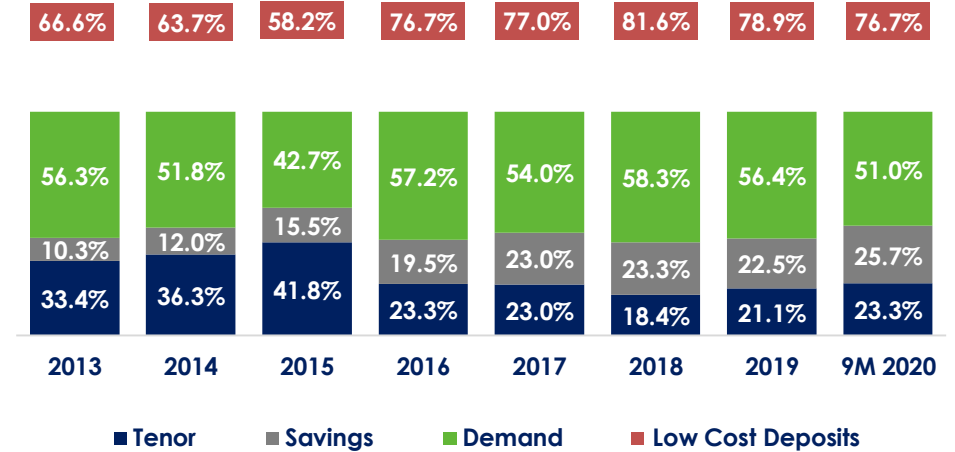
Customer Deposits Analysis



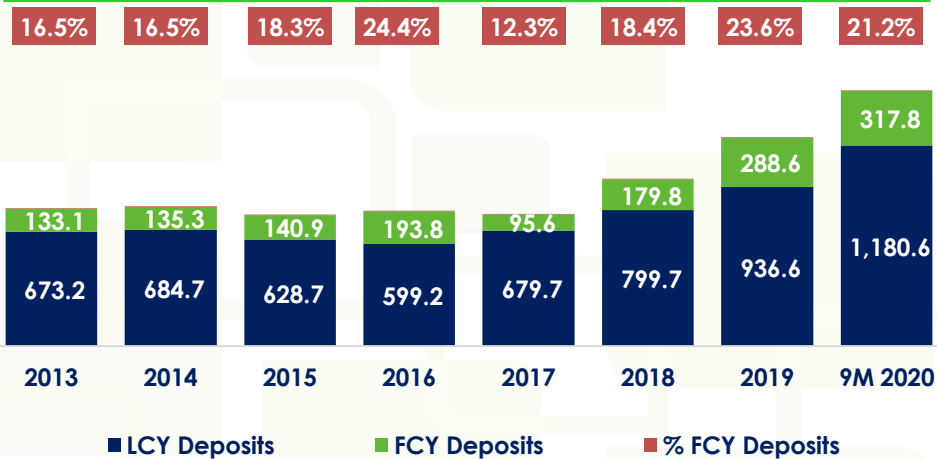
Customer Deposits (N'bn)



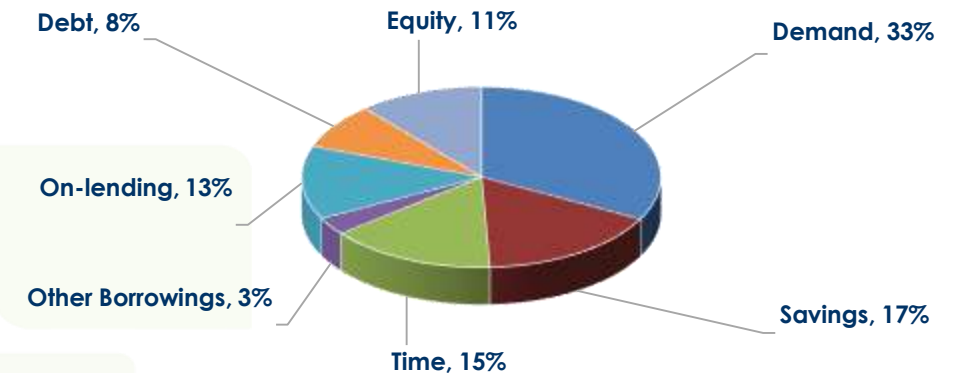
Low Cost Deposits driving Growth



Consistent Growth in % FCY Customer Deposits



Funding Structure (%)



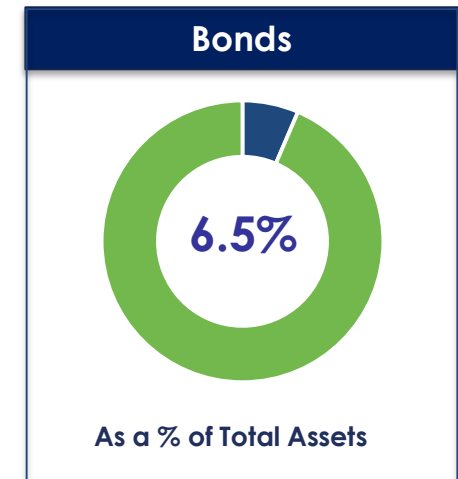
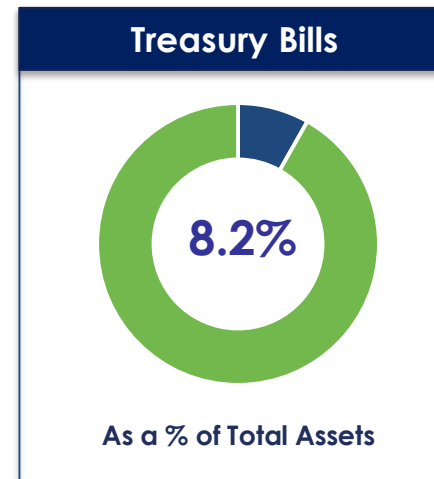
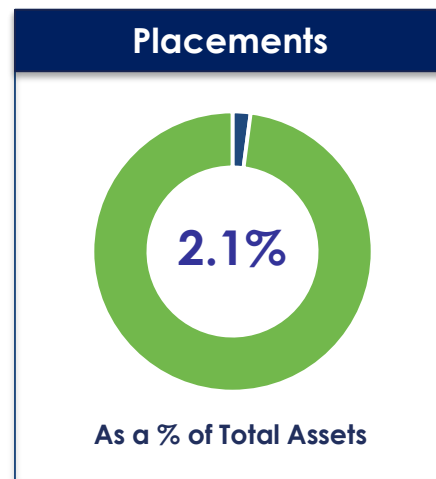
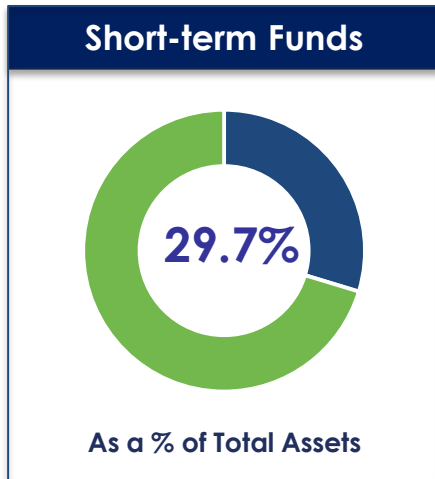
Strong Funding Base



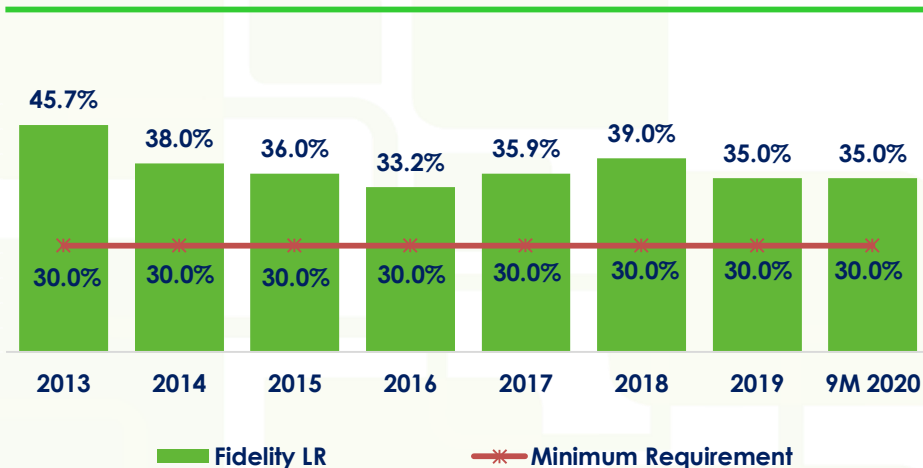
	2013	2014	2015	2016	2017	2018	2019	9M 2020	CAGR
Demand	453.8	424.4	328.5	453.5	418.5	571.3	691.6	763.7	7.7%
Savings	83.3	98.0	119.1	155.0	178.6	228.0	275.2	385.1	24.4%
Time Deposits	269.2	297.6	321.9	184.5	178.2	180.1	258.4	349.6	3.8%
Borrowings	22.5	62.5	51.9	37.2	35.5	67.7	76.3	73.3	18.4%
On-lending Facilities	-	-	66.3	100.0	112.3	191.5	250.1	306.8	35.9%
Debt Securities	47.8	55.0	90.1	121.8	177.7	173.1	175.3	191.6	21.9%
Equity	163.5	173.1	183.5	185.4	203.3	194.4	234.0	262.2	7.0%
Total	1,040.1	1,110.7	1,161.4	1,237.4	1,304.1	1,606.1	1,961.0	2,332.3	12.2%

- ▶ Liability strategy remains the replacement of expensive wholesale deposits with the growing retail deposit base, especially savings deposits.
- ▶ Muted growth in Time deposits at CAGR of 3.8% since 2013FY as cheaper retail deposits are mobilized to replace expensive whole sale funds. Low cost deposits now constitute over 77% of total deposits from 67% in 2013FY.
- ▶ The 7th consecutive year of double-digit growth in savings deposit since 2013FY, growing at CAGR 24.4% compared to 7.7% and 3.8% in Demand and Tenor Deposits respectively.
- ▶ Despite the implementation of TSA, Customer Deposits have remained stable notwithstanding returning over N285bn in TSA funds between 2015 and 2017, consisting of N165bn and \$600m (N200/\$1).
- ▶ Funding base has been optimized by using cheaper liquidity sources (No CRR and LR requirements); debt securities, long term borrowings and Intervention Funds to fund asset growth since 2015FY.

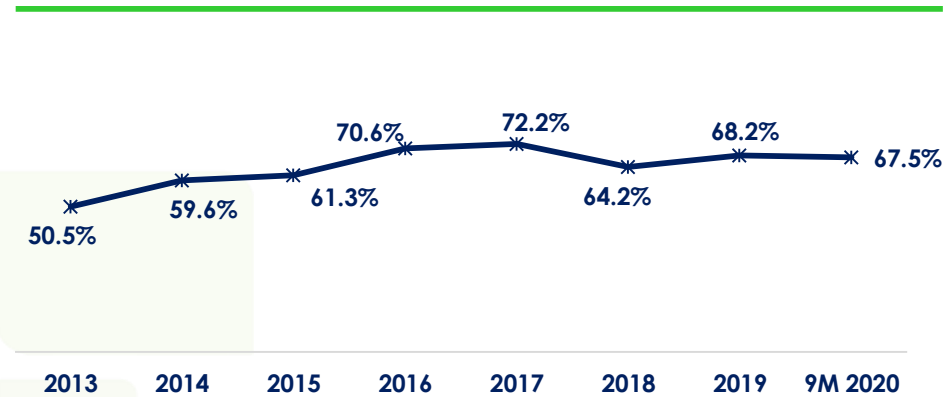
Liquid Assets Position



Liquidity Ratio (%)



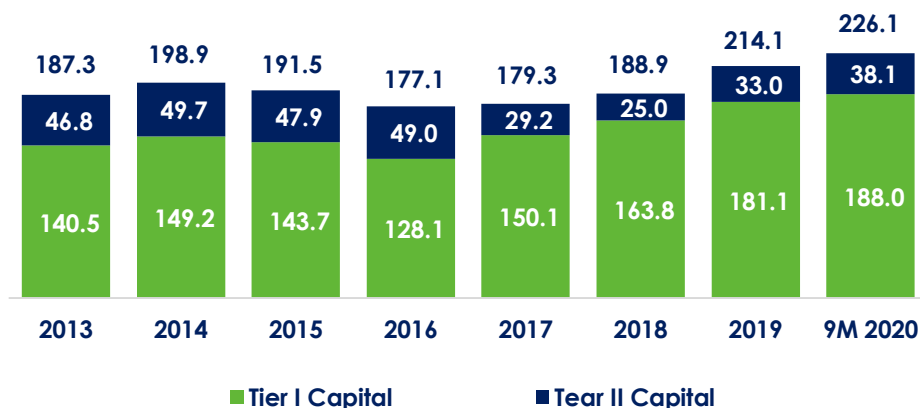
Gross Loans to Funding Ratio (%)



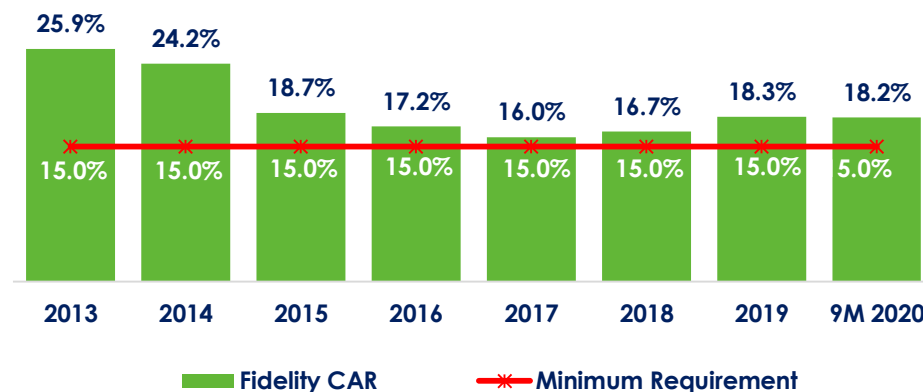
Capital Adequacy Ratio



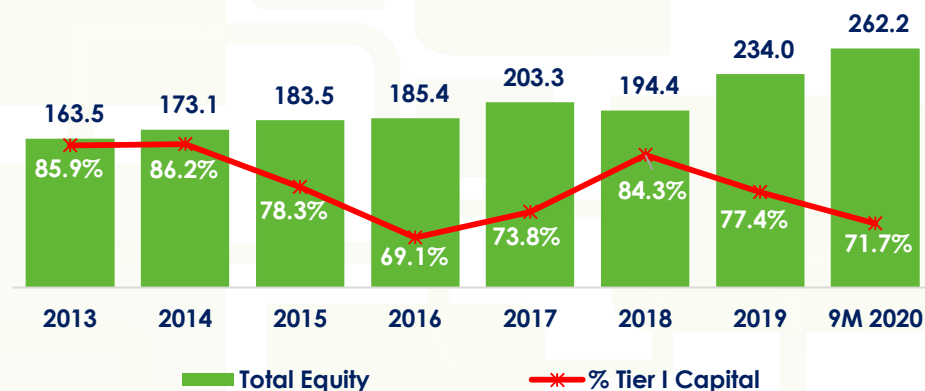
Total Qualified Capital (N'bn)



Capital Adequacy Ratio (%)



Total Equity (N'bn)



Comment

- ▶ Fidelity Bank's CAR increased to 18.2% in 9M 2020 and remains well above the minimum regulatory requirement of 15.0%.
- ▶ A regulatory charge of N19.1bn was recognized in 2016FY which caused the 10.9% drop in Tier I Capital to N128.1bn as the Bank exceeded its single obligor limit due to Naira devaluation from N150 to N305/\$.
- ▶ The regulatory charge is now N16.4bn. Excluding the charge, CAR would have come in at 19.5% in 9M 2020.
- ▶ With our planned Tier II Bond issue and the capitalization of H2 2020 profit, we expect CAR to be well above 20.0% by year end.

2020FY Guidance



GROWTH EXPECTATIONS ON KEY INDICATORS

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



The Transaction



Indicative Term Sheet



Issuer	Fidelity Bank PLC (“The Bank”)
Programme/Offer Size	N100,000,000,000 / N75,000,000,000.00
Lead Issuing House/Book Runner	Planet Capital Limited
Joint Issuing Houses/Book Runners	ABSA Capital Market Nigeria Ltd, Afrinvest West Africa Ltd, Cordros Capital Ltd, Cowry Asset Management Ltd, FCMB Capital Markets Ltd, Fidelity Securities Ltd, Futureview Financial Services Ltd, Kairos Capital Ltd, Renaissance Securities Ltd, Stanbic IBTC Capital Ltd, UCML Capital Ltd, United Capital Plc., and Vetiva Capital Management Ltd.
Description of the Bond	10-year, fixed rate, unsecured, subordinated bonds due in 2030
Price Guidance	% - %
Issue Price:	At par ₦1,000 per unit of the Bond
Denominations	Minimum of N10,000,000.00 (i.e 10,000 units at N1,000.00 per unit) and multiples of 1,000 units thereafter
Indicative Offer Period	December 7 th – 11 th , subject to the approval of SEC. All Expression of Interest (“EoI”) would be appreciated to be received before that date.

Indicative Term Sheet



Distribution/Pricing	To be determined through book building																
Coupon Payment	Fixed, semi-annual																
Redemption/Payment Basis	Bullet repayment at maturity or on call, at par																
Use of Proceeds	<table border="1"> <thead> <tr> <th>Utilization</th> <th>Amount (=N=)</th> <th>Percent (%)</th> </tr> </thead> <tbody> <tr> <td>SME Lending</td> <td>40.00</td> <td>53.33</td> </tr> <tr> <td>Retail Lending</td> <td>16.25</td> <td>21.67</td> </tr> <tr> <td>Retail Infrastructure</td> <td>3.85</td> <td>5.13</td> </tr> <tr> <td>Technology Infrastructure</td> <td>13.47</td> <td>17.97</td> </tr> </tbody> </table>		Utilization	Amount (=N=)	Percent (%)	SME Lending	40.00	53.33	Retail Lending	16.25	21.67	Retail Infrastructure	3.85	5.13	Technology Infrastructure	13.47	17.97
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Rating: Issuer	A (Agusto & Co)																
Rating: Issue	A / A- (Datapro / Agusto & Co)																
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	0809318898 eakhigbe@planetcapitaltd.com	0809318889 tanonyai@planetcapitaltd.com															

Thank You

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