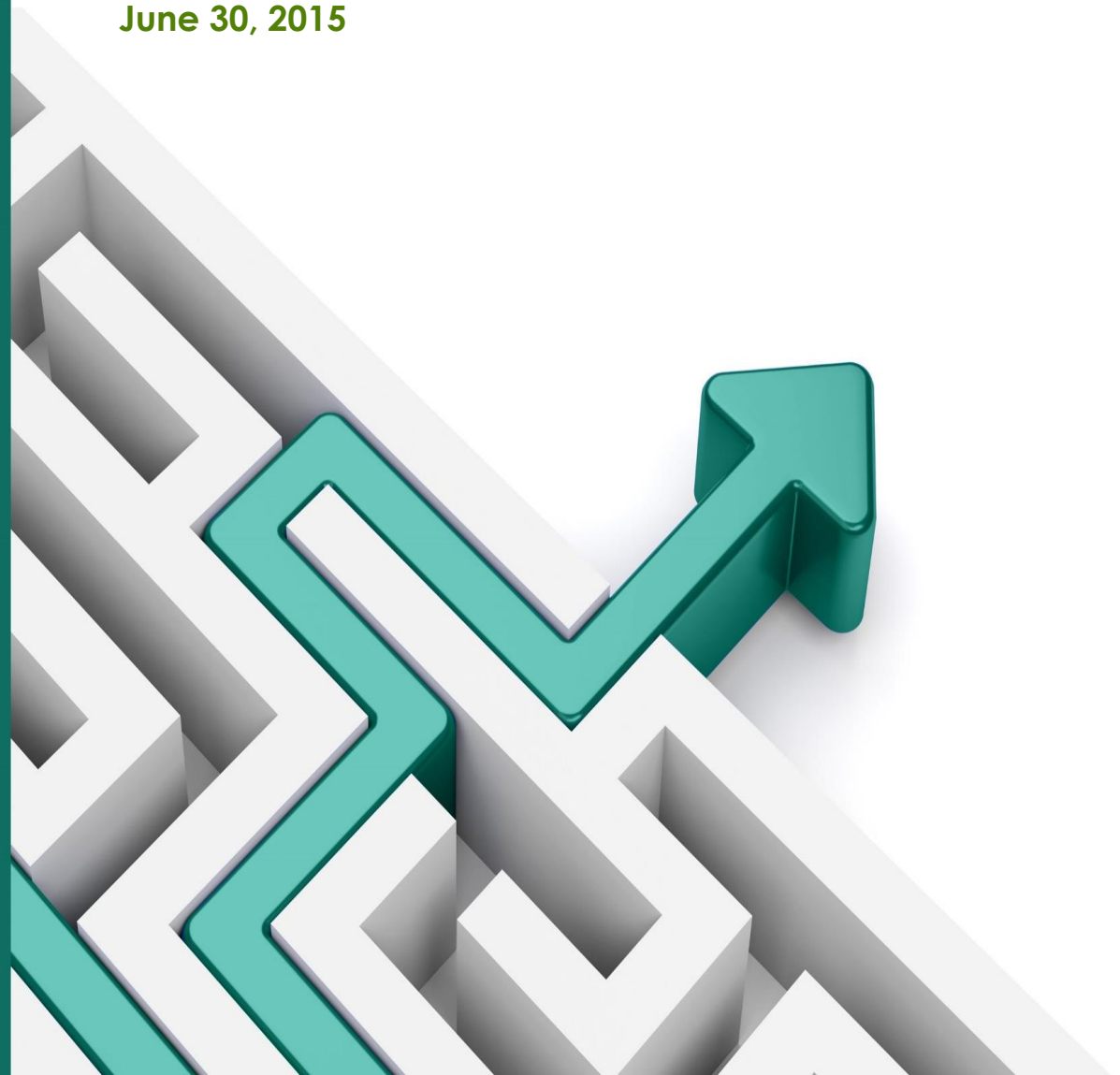


# Fidelity Bank Investor Presentation

Unaudited Financial Results for the 6 months ended

June 30, 2015



# Outline



- 1 The Operating Environment
- 2 Overview of Fidelity Bank
- 3 Financial Highlights
- 4 Financial Review
- 5 2015 Guidance

# The Operating Environment - Key Highlights



- ❑ GDP growth rate slows down to 3.86% due to the significant decline in government revenues driven by lower oil prices.
- ❑ Central Bank of Nigeria (CBN) restricts access to the official foreign exchange market for selected items to boost local production and conserve foreign reserves.
- ❑ CBN reduces the spending limits on individual naira denominated cards abroad and restricts corporate naira cards from international transactions.
- ❑ The spread between the official foreign exchange market and parallel market widens on currency devaluation concerns and negative sentiments by foreign investors.
- ❑ Foreign reserves rise above \$30bn though import cover remains below 6 months.
- ❑ Cash Reserve Requirement (CRR) is harmonised to 31% for both private and public sector deposits, with an estimated N140bn net liquidity impact on the market.
- ❑ Inflation rises above the target band (6% - 9%) to 9.2%, naira weakens and delayed salary payments in the Public Sector reduces consumers disposable income.
- ❑ Federal Government intervenes to assist states pay salary backlogs and restructure existing bank loans to 20years FGN Bonds to improve their cash flow.

# Outline



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# 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.
- ▶ One of the highest CAR amongst Nigerian banks at 22.7% (Basel II), well above the CBN requirement of 15%
- ▶ Over 85% of the branch network is located in key business centres and the most economically viable regions of Nigeria
- ▶ A leading partner to the Nigerian power, oil and gas ,telecoms and SME sectors

## Distribution Network

Business Offices	
Lagos	79
South West	13
South South	41
South East	42
North West	15
North East	7
North Central	11
FCT Abuja	16

Electronic Banking	
ATMs	714
POS	3,957

## Key Highlights

<b>Total Assets</b>	N1,192.7 billion
<b>Total Equity</b>	N178.6 billion
<b>Business Offices</b>	224
<b>No of Accounts</b>	3.0 million
<b>Professional Staff</b>	3,175
<b>Consumer Sales Agents</b>	984
<b>Ratings</b>	B/B (S&P)/Fitch
<b>Auditors</b>	Ernst & Young / PKF

# Outline



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# Performance Highlight



## Revenue and Efficiency Ratio

- ❑ Gross Earnings up by 13.6% to N71.9 billion in H1 2015 (H1 2014: N63,3 billion)
- ❑ Net Fee Income up by 25.9% to N15.2 billion in H1 2015 (H1 2014: N12.1 billion)
- ❑ Net Interest Margin at 6.6% in H1 2015 (Q1 2015: 6.2%; 2014FY: 6.0%)
- ❑ PBT increased by 2.5% to N9.7 billion in H1 2015 (PAT came in at N8.2 billion)

## Asset Quality

- ❑ Cost of Risk increased to 1.1% in H1 2015, compared to 0.8% in 2014 FY
- ❑ NPL Ratio: 3.7% as at Jun 30, 2015 from 4.4% in 2014 FY
- ❑ Coverage Ratio improved to 95.0% in H1 2015 from 71.6% in 2014 FY
- ❑ FCY Loans accounts for 42.9% of Total Loan Book from 41.9% in 2014 FY

## Capital Adequacy and Liquidity

- ❑ Capital Adequacy Ratio of 22.7%, based on Basel II computation
- ❑ Liquidity Ratio of 32.2% compared to regulatory minimum of 30.0%
- ❑ Net Loans to Customer Deposits of 71.9% from 66.1% (2014 FY)
- ❑ Total Equity of N178.6 billion from N173.1 billion (2014 FY)

# Financial Highlights



## Summary of Income Statement – H1 2015 Vs H1 2014

N'million	H1 2015	H1 2014	VAR	% VAR
<b>Gross Earnings</b>	<b>71,890</b>	<b>63,258</b>	<b>8,632</b>	<b>13.6%</b>
Interest Income Loans	37,967	33,487	4,480	13.4%
Interest Income Liquid Assets	18,060	18,041	19	0.1%
<b>Total Interest Income</b>	<b>56,027</b>	<b>51,528</b>	<b>4,499</b>	<b>8.7%</b>
Interest Expense Customer Deposits	(24,192)	(24,716)	524	-2.1%
Interest Expense Borrowings	(4,988)	(2,025)	(2,963)	146.3%
<b>Total Interest Expense</b>	<b>(29,180)</b>	<b>(26,741)</b>	<b>(2,439)</b>	<b>9.1%</b>
<b>Net Interest Income</b>	<b>26,846</b>	<b>24,787</b>	<b>2,059</b>	<b>8.3%</b>
FX Income	6,039	5,974	66	1.1%
COT	1,083	2,156	(1,073)	-49.8%
Other Fee Income (Net)	8,058	3,931	4,127	105.0%
<b>Net Fee Income</b>	<b>15,180</b>	<b>12,061</b>	<b>3,119</b>	<b>25.9%</b>
<b>Operating Income</b>	<b>42,026</b>	<b>36,848</b>	<b>5,179</b>	<b>14.1%</b>
<b>Total Expenses</b>	<b>(28,821)</b>	<b>(25,329)</b>	<b>(3,492)</b>	<b>13.8%</b>
Net gains / (losses) from Fin. Inst	(401)	(1,248)	847	-67.9%
Net Impairment Losses	(3,140)	(838)	(2,302)	274.9%
<b>Profit before Tax</b>	<b>9,664</b>	<b>9,432</b>	<b>232</b>	<b>2.5%</b>



# Financial Highlights



## Summary of Income Statement – Q2 2015 Vs Q1 2015

N'million	Q2 2015	Q1 2015	VAR	% VAR
<b>Gross Earnings</b>	<b>37,061</b>	<b>34,829</b>	<b>2,232</b>	<b>6.4%</b>
Interest Income Loans	19,396	18,570	826	4.4%
Interest Income Liquid Assets	9,512	8,548	964	11.3%
<b>Total Interest Income</b>	<b>28,908</b>	<b>27,118</b>	<b>1,790</b>	<b>6.6%</b>
Interest Expense Customer Deposits	(11,671)	(12,521)	851	-6.8%
Interest Expense Borrowings	(2,780)	(2,209)	(571)	25.8%
<b>Total Interest Expense</b>	<b>(14,450)</b>	<b>(14,730)</b>	<b>280</b>	<b>-1.9%</b>
<b>Net Interest Income</b>	<b>14,458</b>	<b>12,388</b>	<b>2,070</b>	<b>16.7%</b>
FX Income	1,259	4,780	(3,520)	-73.6%
COT	503	580	(77)	-13.3%
Other Fee Income (Net)	4,713	3,345	1,369	40.9%
<b>Net Fee Income</b>	<b>6,476</b>	<b>8,704</b>	<b>(2,229)</b>	<b>-25.6%</b>
<b>Operating Income</b>	<b>20,934</b>	<b>21,093</b>	<b>(159)</b>	<b>-0.8%</b>
<b>Total Expenses</b>	<b>(14,994)</b>	<b>(13,827)</b>	<b>(1,166)</b>	<b>8.4%</b>
Net gains / (losses) from Fin. Inst	1,134	(1,535)	2,669	-173.9%
Net Impairment Losses	(2,120)	(1,020)	(1,100)	107.8%
<b>Profit before Tax</b>	<b>4,954</b>	<b>4,710</b>	<b>244</b>	<b>5.2%</b>

# Financial Highlights



Statement of Financial Position: Q2 2015 Vs Q1 2015 Vs 2014 FY					
N'million	Q2 2015	Q1 2015	2014 FY	VAR	% VAR
<b>Total Assets</b>	<b>1,192,684</b>	<b>1,196,228</b>	<b>1,187,025</b>	<b>5,659</b>	<b>0.5%</b>
<b>Earning Assets</b>	<b>825,327</b>	<b>804,752</b>	<b>818,993</b>	<b>6,334</b>	<b>0.8%</b>
Bank Placements	4,000	2,000	42,049	(38,049)	-90.5%
Treasury Bills	199,640	203,983	184,342	15,298	8.3%
Bonds	48,848	51,888	50,917	(2,069)	-4.1%
Customer Loans (Naira)	327,313	302,886	314,941	12,372	3.9%
Customer Loans (FCY)	245,526	243,995	226,744	18,782	8.3%
<b>Non-Earning Assets</b>	<b>367,356</b>	<b>391,476</b>	<b>368,032</b>	<b>(676)</b>	<b>-0.2%</b>
Cash	22,801	75,457	33,659	(10,858)	-32.3%
Cash Reserve	215,863	200,063	200,123	15,740	7.9%
Bal. with other Banks/Settlement Acct	29,647	18,127	51,035	(21,388)	-41.9%
Fixed Assets	40,028	38,221	37,958	2,070	5.5%
All Other Assets	59,017	59,608	45,257	13,760	30.4%
<b>Interest Bearing Liabilities</b>	<b>934,665</b>	<b>902,180</b>	<b>937,575</b>	<b>(2,910)</b>	<b>-0.3%</b>
Demand	389,250	429,472	424,397	(35,147)	-8.3%
Savings	105,214	105,581	97,996	7,218	7.4%
Time Deposits	302,086	262,487	297,641	4,445	1.5%
Borrowings	48,334	45,571	62,547	(14,213)	-22.7%
Debt Securities	89,780	59,070	54,994	34,786	63.3%
<b>All Other Liabilities</b>	<b>79,463</b>	<b>115,978</b>	<b>76,339</b>	<b>3,124</b>	<b>4.1%</b>
<b>Equity</b>	<b>178,557</b>	<b>178,070</b>	<b>173,111</b>	<b>5,446</b>	<b>3.1%</b>

# Financial Highlights



## Statement of Financial Position: H1 2015 Vs H1 2014

N'million	H1 2015	H1 2014	VAR	% VAR
<b>Total Assets</b>	<b>1,192,684</b>	<b>1,058,235</b>	<b>134,448</b>	<b>12.7%</b>
<b>Earning Assets</b>	<b>825,327</b>	<b>718,383</b>	<b>106,944</b>	<b>14.9%</b>
Bank Placements	4,000	23,450	(19,450)	-82.9%
Treasury Bills	199,640	190,807	8,833	4.6%
Bonds	48,848	65,997	(17,149)	-26.0%
Customer Loans (Naira)	327,313	316,283	11,029	3.5%
Customer Loans (FCY)	245,526	121,846	123,680	101.5%
<b>Non-Earning Assets</b>	<b>367,356</b>	<b>339,852</b>	<b>27,504</b>	<b>8.1%</b>
Cash	22,801	22,157	645	2.9%
Cash Reserve	215,863	184,043	31,820	17.3%
Bal. with other Banks/Settlement Acct	29,647	61,004	(31,357)	-51.4%
Fixed Assets	40,028	37,025	3,002	8.1%
All Other Assets	59,017	35,623	23,393	65.7%
<b>Interest Bearing Liabilities</b>	<b>934,665</b>	<b>842,617</b>	<b>92,047</b>	<b>10.9%</b>
Demand	389,250	368,597	20,653	5.6%
Savings	105,214	82,301	22,913	27.8%
Time Deposits	302,086	314,877	(12,791)	-4.1%
Borrowings	48,334	29,340	18,994	64.7%
Debt Securities	89,780	47,502	42,279	89.0%
<b>All Other Liabilities</b>	<b>79,463</b>	<b>49,241</b>	<b>30,222</b>	<b>61.4%</b>
<b>Equity</b>	<b>178,557</b>	<b>166,377</b>	<b>12,180</b>	<b>7.3%</b>

# Outline

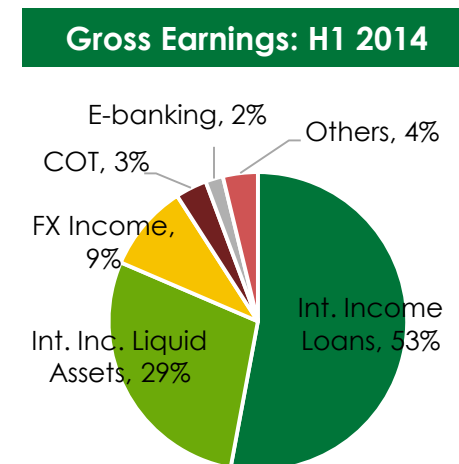
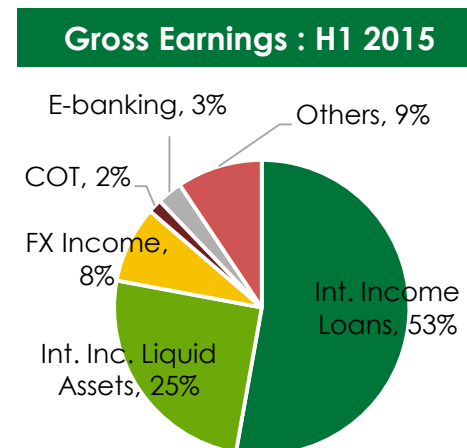


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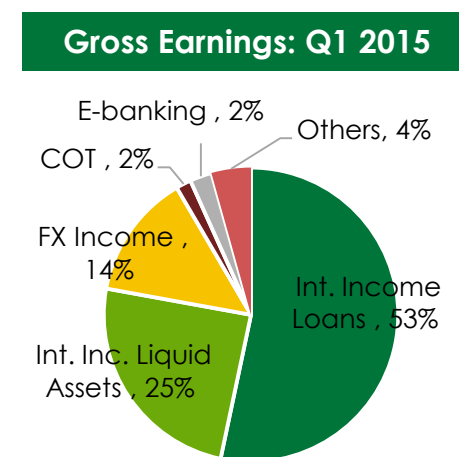
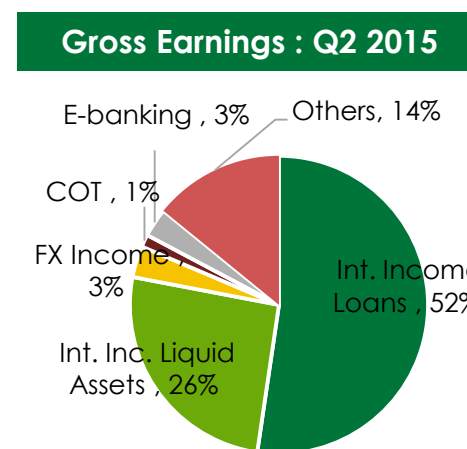
# Gross Earnings Analysis



Key Highlight (N'million)	H1 2015	H1 2014	2014 Avg.
<b>Gross Earnings</b>	<b>71,890</b>	<b>63,258</b>	<b>66,201</b>
Interest Income Loans	37,967	33,487	35,491
Interest Income Liquid Assets	18,060	18,041	16,663
FX Income	6,039	5,974	8,809
Comm. on Turnover (COT)	1,083	2,156	2,165
E-banking Income	1,997	1,208	1,378
Other Income	7,146	3,640	3,542
Net Gains/Losses frm Fin. Inst.	(401)	(1,248)	(1,847)



Key Highlight (N'million)	Q2 2015	Q1 2015	2014 Avg.
<b>Gross Earnings</b>	<b>37,061</b>	<b>34,829</b>	<b>33,100</b>
Interest Income Loans	19,396	18,570	17,745
Interest Income Liquid Assets	9,512	8,548	8,332
FX Income	1,259	4,780	4,404
Comm. on Turnover (COT)	503	580	1,083
E-banking Income	1,155	841	689
Other Income	4,101	3,045	1,771
Net Gains/Losses frm Fin. Inst.	1,134	(1,535)	(923)

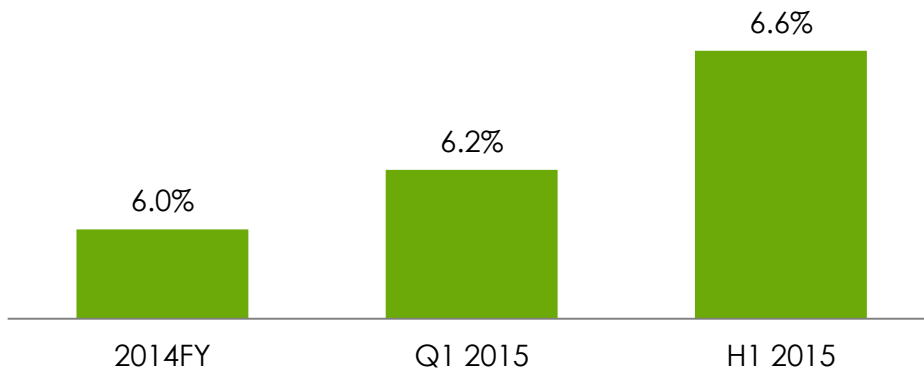


- Gross earnings inched up by 13.6%, driven by interest income on loans, E-Banking and other transactional fees.
- COT dropped by 49.8% due to the reduction in regulatory tariff by 50%
- FX income declined significantly in Q2, 2015 due to trading restrictions and reduced FX liquidity

# Earnings Analysis

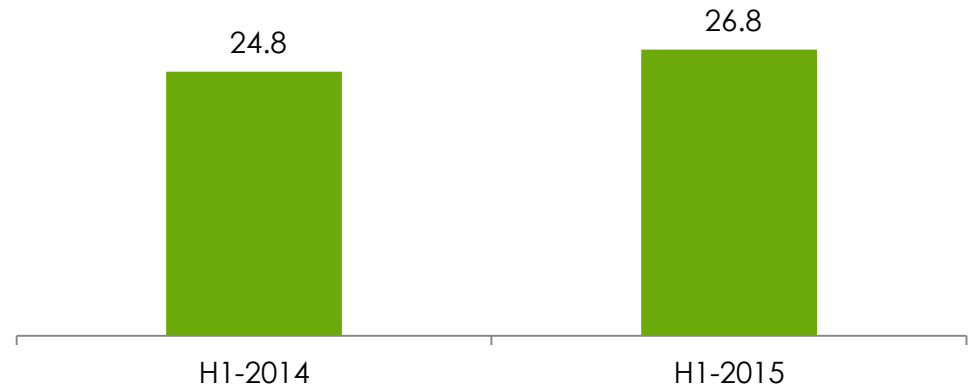
- ▶ Net interest income grew by 8.3% y-o-y due to the 14.9% growth in the volume of earning assets and a reduction in average funding costs
- ▶ Net interest income grew by 16.7% q-o-q on the back of the improvement in Yields on Earning assets from 13.7% (Q1) to 14.0% (Q2) and a decline in funding costs to 6.2% (Q2) from 6.6% (Q1)
- ▶ NIM has grown steadily from 6.0% in 2014FY to 6.6% H1 2015, earnings growth strategy for 2015FY is based on improved NIMs (7.0%) and earning assets

## NIM Trend



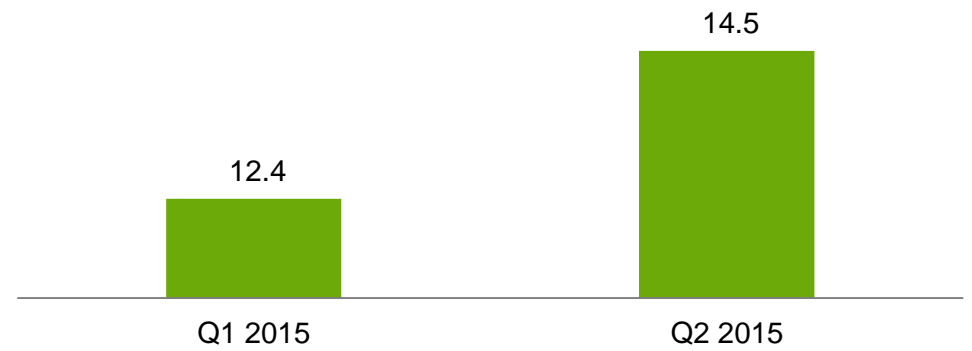
## Net Interest Income ( y-o-y)

N 'billion



## Net Interest Income ( q-o-q)

N'billion



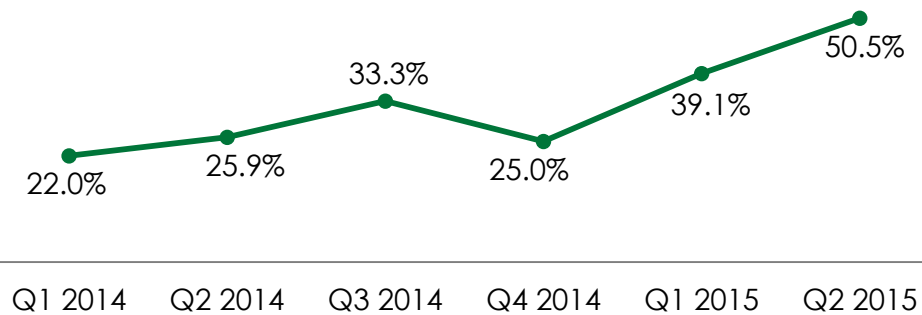
# E-Banking Income Analysis



- ▶ Disciplined execution of our retail strategy (despite pressure on consumers disposable income) continues to drive cross-selling of e-banking products and increased customer migration.
- ▶ Debit card transactions and internet banking transactions were up by 19.0% and 14.7% in Q2, contributing largely to the 37.4% q-o-q (65.2% y-o-y) growth in E-banking Revenue.
- ▶ Profit margin trends up as revenue growth outpaces direct cost of products and channels.

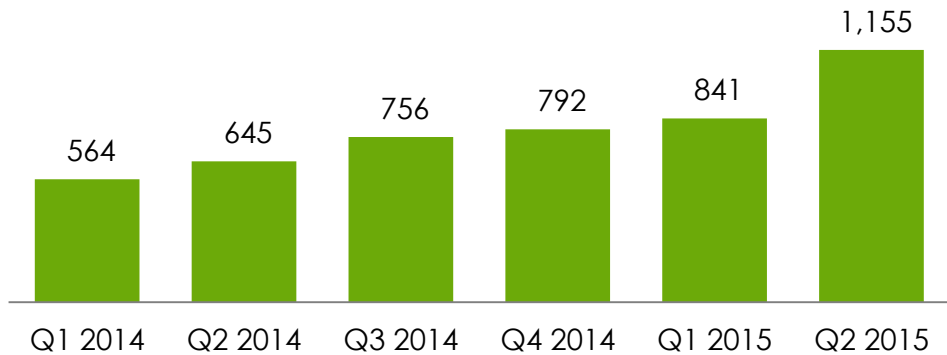
## E-Banking Profit Margin

% Net Earnings  
to Total Revenue



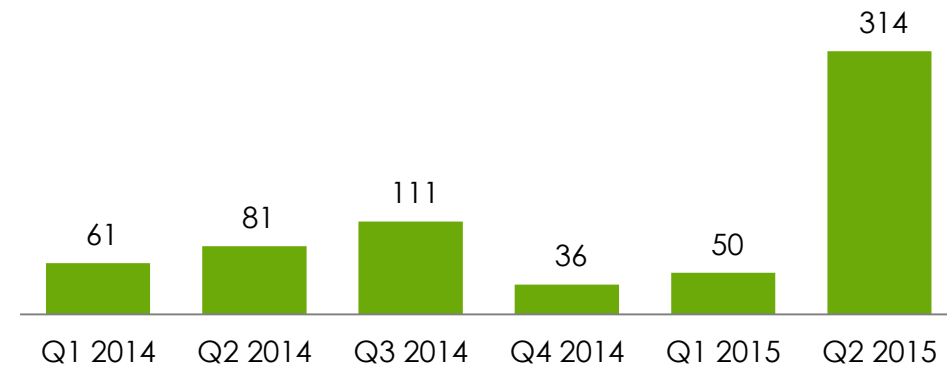
## Quarterly Revenue Trend

N 'million



## Quarterly Revenue Growth

N 'million

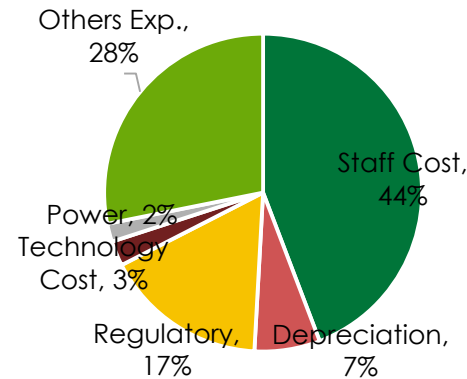


# Expense Analysis

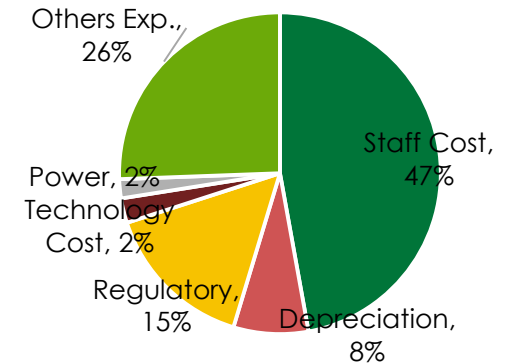


Key Highlight (N'm)	H1 2015	H1 2014	2014 Avg
<b>Total Expenses</b>	<b>28,821</b>	<b>25,329</b>	<b>27,542</b>
Staff	12,740	11,944	12,937
Depreciation	1,923	1,904	1,866
Regulatory Cost	4,782	3,887	4,634
Technology Cost	731	627	695
Power	534	486	495
Security	629	578	489
Advert	811	435	515
Other Expenses	6,671	5,469	5,912

Operating Exp: H1 2015

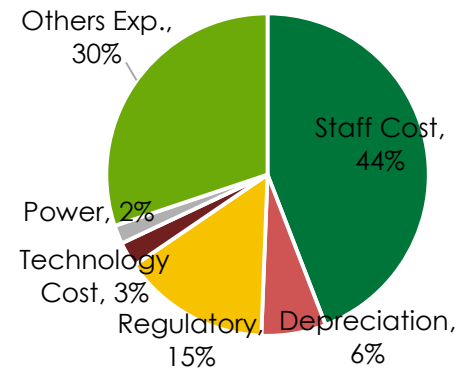


Operating Exp: H1 2014

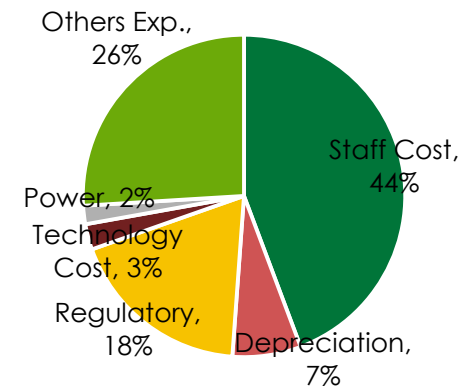


Key Highlight (N'm)	Q2 2015	Q1 2015	2014 Avg
<b>Total Expenses</b>	<b>14,994</b>	<b>13,827</b>	<b>13,771</b>
Staff	6,617	6,123	6,469
Depreciation	972	951	933
Regulatory Cost	2,229	2,553	2,317
Technology Cost	377	354	347
Power	279	255	247
Security	323	307	245
Advert	453	358	257
Other Expenses	3,744	2,926	2,956

Operating Exp: Q2 2015



Operating Exp: Q1 2015



- Total operating expenses increased by 13.8% to N28.8 billion on the back of increased staff expenses , regulatory charges, advert costs and other expenses driven by more aggressive accruals in H1 2015
- However costs are up by **4.6% (below the rate of inflation)** when 201FY costs are prorated for 6 months, cost growth for the 2015FY is likely to be below the rate of inflation

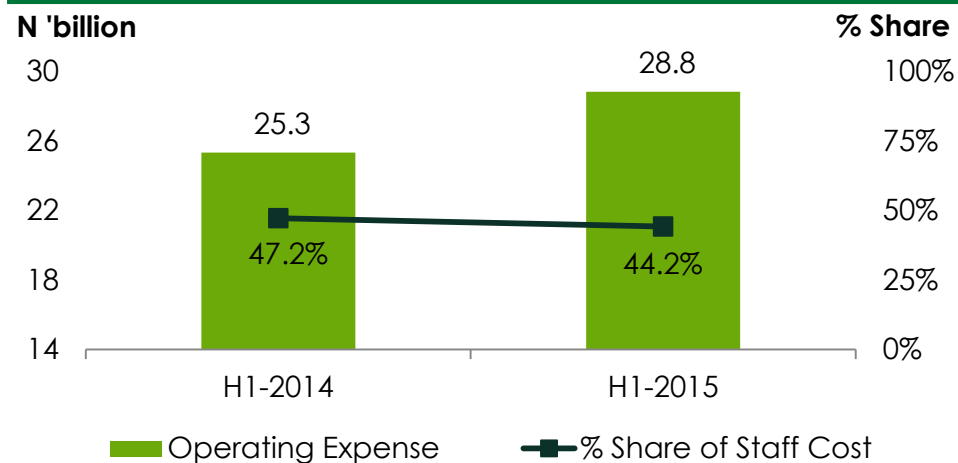


# Cost Dynamics

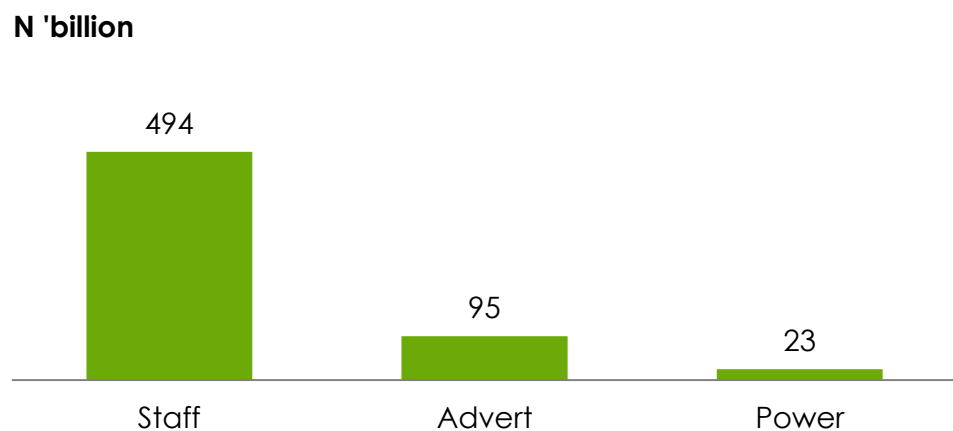


- ▶ Cost to income ratio improved y-o-y to 69.2% (H12015) from 71.2% (H1 2014) and q-o-q to 67.9% (Q2) from 70.7% (Q1)
- ▶ Some strategic initiatives planned for H2, 2015 are likely to increase our cost base, however we are still focused on achieving our CIR target for the year.
- ▶ Costs are up by **4.6% (below the rate of inflation)** when 201FY costs are prorated for 6 months, cost growth for the 2015FY is still likely to be below the rate of inflation

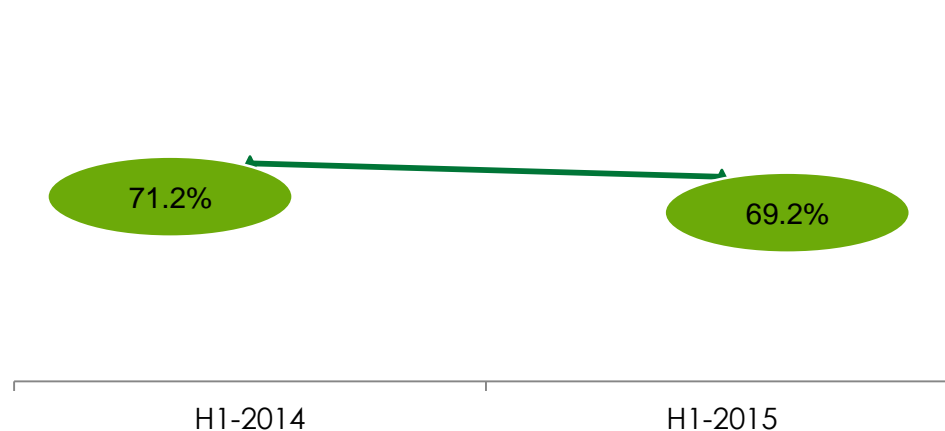
## Operating Expenses & Staff Cost



## Key Cost Drivers in Q2 2015



## Cost – Income Ratio

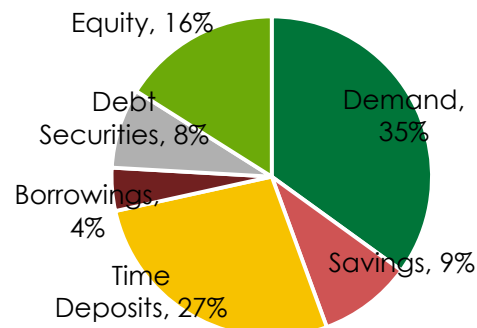


# Funding Structure

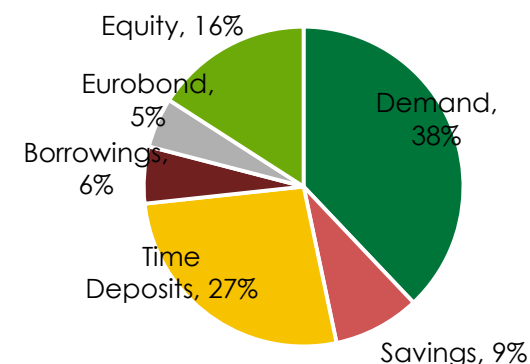


Key Highlights (N'm)	H1 2015	2014 FY
Demand Deposits	389,250	424,397
Savings Deposits	105,214	97,996
Time Deposits	302,086	297,641
Borrowings	48,334	62,547
Debt Securities	89,780	54,994
Equity	178,557	173,111
<b>Total</b>	<b>1,113,221</b>	<b>1,110,686</b>

Funding Structure: H1 2015

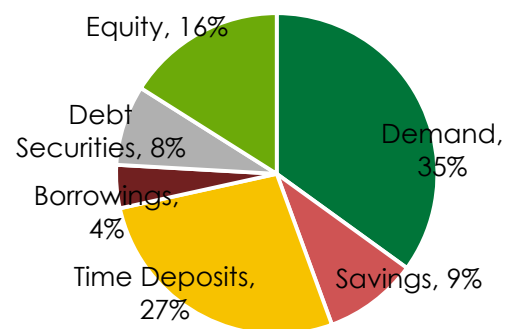


Funding Structure: 2014 FY

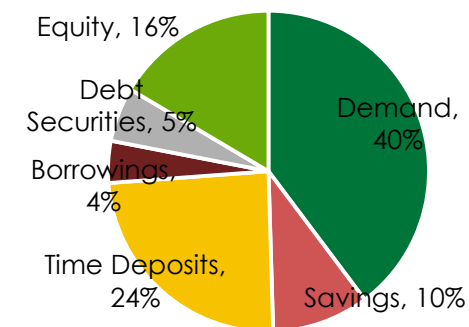


Key Highlights (N'm)	Q2 2015	Q1 2015
Demand Deposits	389,250	429,472
Savings Deposits	105,214	105,581
Time Deposits	302,086	262,487
Borrowings	48,334	45,571
Debt Securities	89,780	59,070
Equity	178,557	178,070
<b>Total</b>	<b>1,113,221</b>	<b>1,080,249</b>

Funding Structure: Q2 2015



Funding Structure: Q1 2015



- Total customer deposits was relatively stable q-o-q, however, it declined by 2.9% YTD to N796.6 billion from N820.0 billion
- Recognition of N30bn local debt issue caused a 52.0% increase in debt securities to N89.8 billion, reducing the share of customer deposits to total funding base 71.6% from 73.8% in 2014 FY.

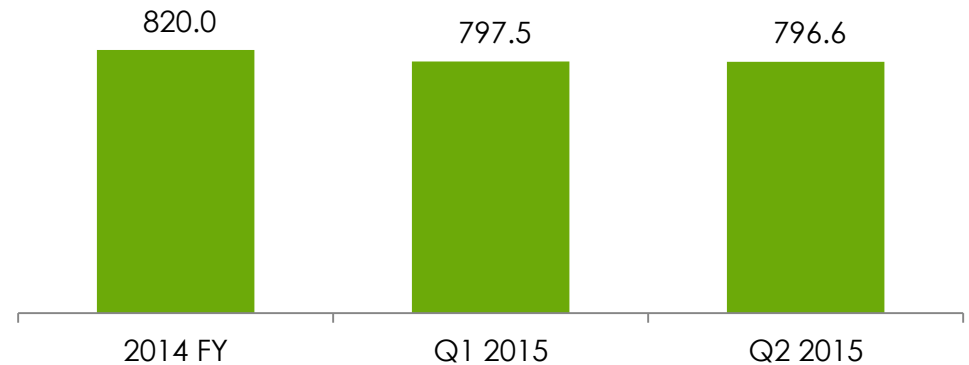
# Deposit Analysis



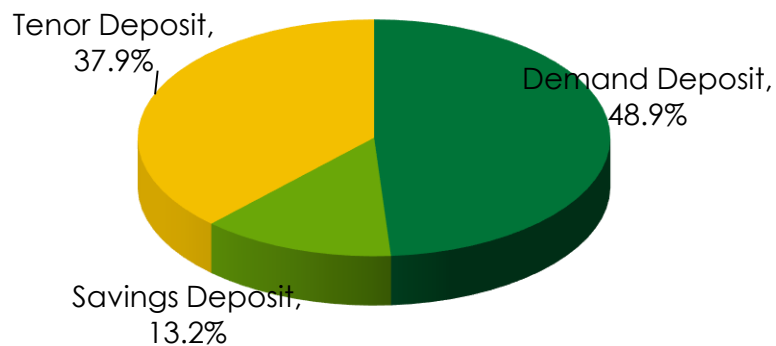
- ▶ Total deposits declined marginally by 0.1% q-o-q while demand deposit declined by 9.4% q-o-q as higher deposit rates, inflation and devaluation fears increased the migration of customers to tenor deposits.
- ▶ CRR harmonization increased the effective cost of Private Sector deposits (Fidelity was debited with N21bn) and the attractiveness of alternative funding sources.
- ▶ Low cost deposit ratio declined from 67.1% in Q1 to 62.1% in Q2, however funding costs declined due to improved efficiency and balance sheet management .

## Customer Deposits

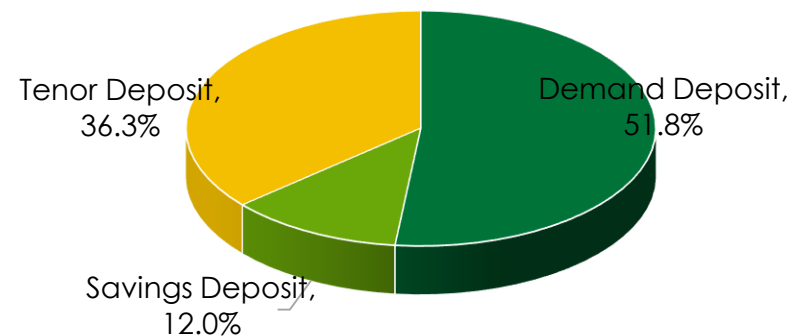
N 'billion



## Customer Deposits by Type – Q2 2015



## Customer Deposits by Type – 2014 FY

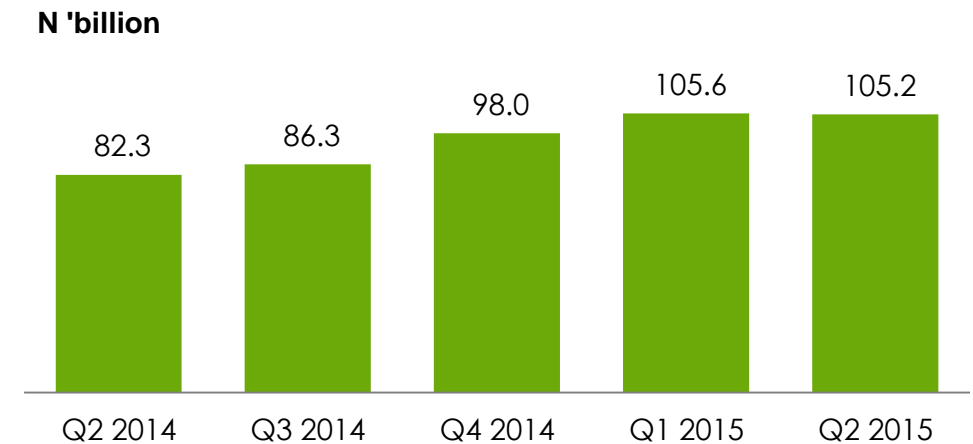


# Retail Deposit Analysis (Personal Banking)

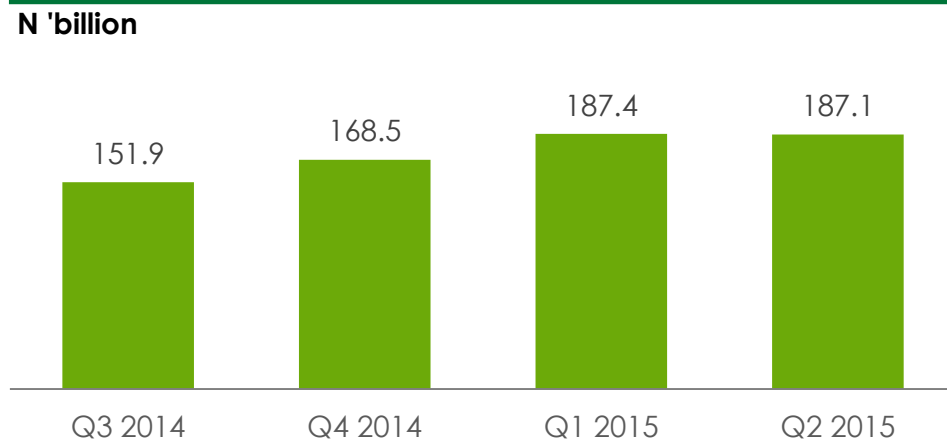


- ▶ Savings deposit grew by 7.4% YTD but declined marginally by 0.3% q-o-q, reflecting increased pressure on consumers disposable income
- ▶ Retail deposit growth was flat in Q2 as Public Sector salary delays and the weaker macro indices took a toll on consumers' disposable income and savings
- ▶ We expect the bailout funds and restructuring of Public Sector loans to improve the cash flow of states leading to improved disposable income and consumer savings in Q3, 2015

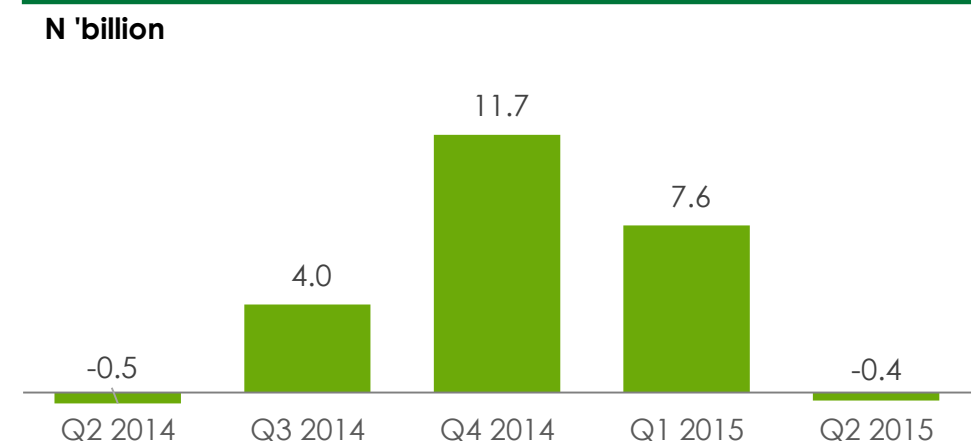
## Savings Deposits Trend



## Retail Low Cost Deposits



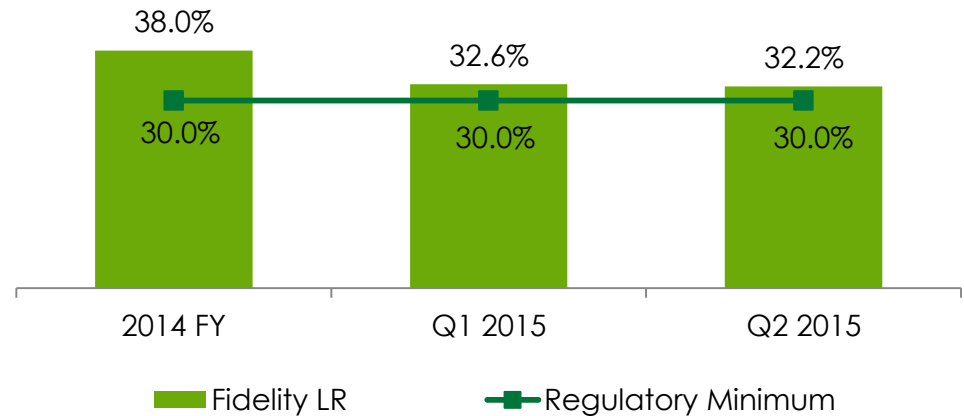
## Quarterly Savings Deposits Growth



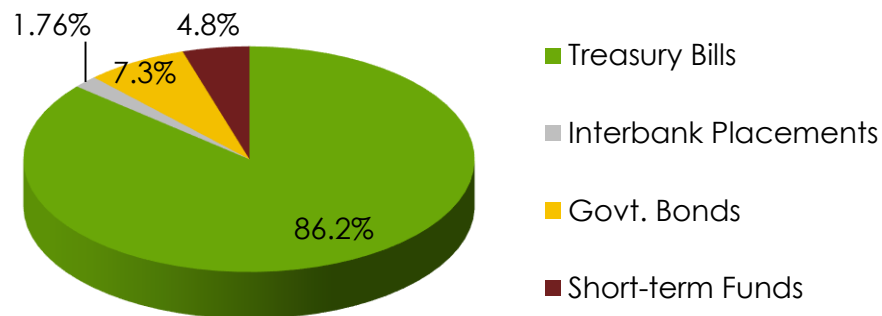
# Sound Liquidity Position

- ▶ Liquidity Ratio remains flat q-o-q despite the depletion of liquid assets by N21bn due to the CRR harmonisation
- ▶ Liquid assets skewed towards short-term high yielding instruments due to the current tight monetary policy environment.
- ▶ Loan to deposit ratio moves up due to the impact of currency devaluation on FCY Loans and the gradual deployment of proceeds from the local debt issuance

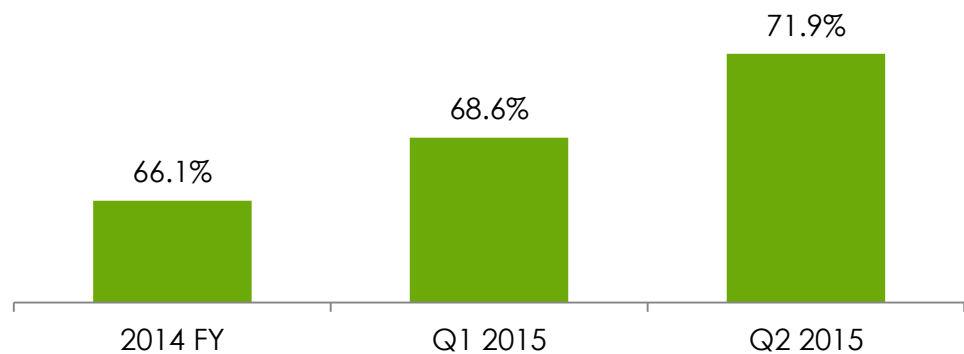
## Liquidity Ratio



## Composition Liquid Assets



## % Net Loans to Customer Deposits



# Portfolio Analysis



## Breakdown of Loans & Advances: Q2 2015 Vs Q1 2015 Vs 2014 FY

N'million	Q2 2015	Q1 2015	2014 FY	VAR	% VAR
Communication	72,887	73,200	76,480	(3,593)	-4.7%
Oil and gas	150,527	144,147	134,750	15,777	11.7%
Power	59,223	59,641	57,626	1,597	2.8%
Manufacturing	60,537	51,778	51,323	9,214	18.0%
General Commerce	45,994	47,436	47,502	(1,508)	-3.2%
Transport	51,671	49,484	48,826	2,845	5.8%
Consumer (Individuals)	47,825	38,832	41,735	6,090	14.6%
Government	5,295	5,922	12,328	(7,033)	-57.1%
Construction	17,606	19,069	18,444	(838)	-4.5%
Agriculture	11,409	15,206	14,456	(3,047)	-21.1%
Real Estate	16,509	13,197	12,146	4,363	35.9%
Education	3,145	2,157	2,553	592	23.2%
Finance and Insurance	3,166	710	836	2,330	278.7%
Others	47,616	43,960	40,131	7,485	18.7%
<b>TOTAL</b>	<b>593,410</b>	<b>564,738</b>	<b>559,136</b>	<b>34,274</b>	<b>6.1%</b>

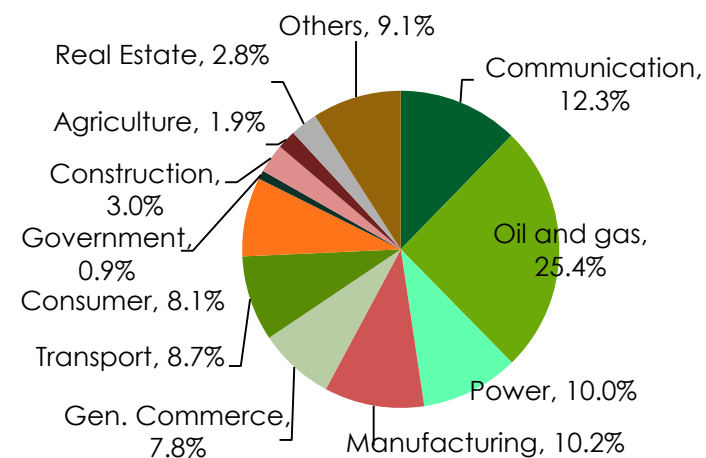
# Portfolio Analysis



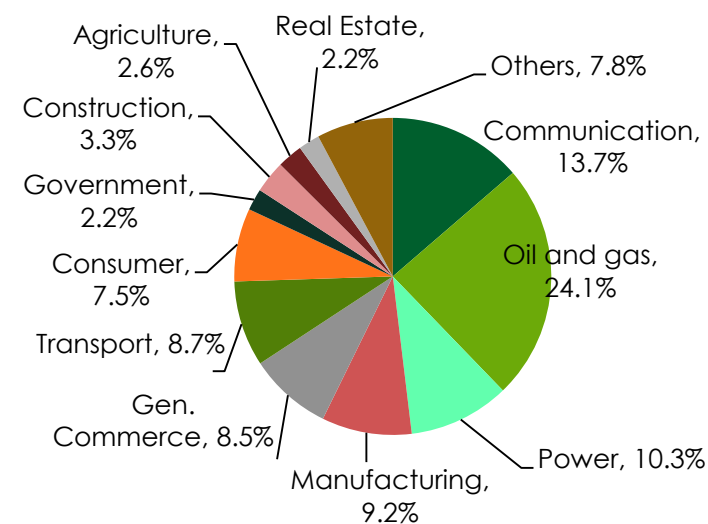
## Breakdown of Loans & Advances

N'million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Communication	72,887	73,200	76,480	86,204	87,229
Oil and gas	150,527	144,147	134,750	122,410	72,451
Power	59,223	59,641	57,626	46,652	50,306
Manufacturing	60,537	51,778	51,323	31,408	37,321
Gen. Commerce	45,994	47,436	47,502	44,110	36,391
Transport	51,671	49,484	48,826	35,659	33,396
Consumer	47,825	38,832	41,735	36,482	31,604
Government	5,295	5,922	12,328	30,259	25,344
Construction	17,606	19,069	18,444	16,398	14,927
Agriculture	11,409	15,206	14,456	12,854	12,010
Real Estate	16,509	13,197	12,146	10,047	8,028
Education	3,145	2,157	2,553	189	1,631
Fin. & Insurance	3,166	710	836	688	784
Others	47,616	43,960	40,131	36,953	43,932
<b>TOTAL</b>	<b>593,410</b>	<b>564,738</b>	<b>559,136</b>	<b>510,314</b>	<b>455,354</b>

## Portfolio Analysis – Q2 2015



## Portfolio Analysis – 2014 FY



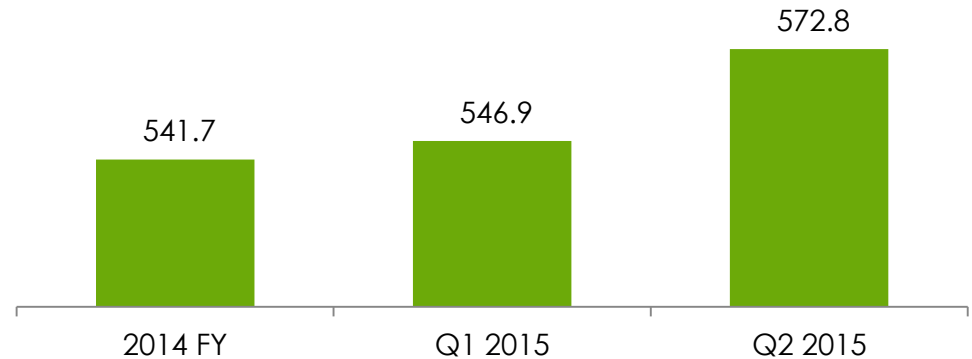
# Loan Book Analysis



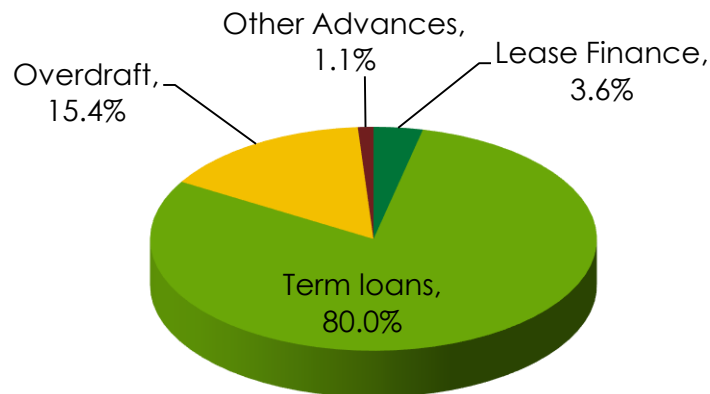
- ▶ Total loans grew by 5.8% YTD and 4.7% q-o-q, however actual loan growth is 3.2% after adjusting for currency devaluation driven growth of 2.6%.
- ▶ Major sectors driving organic loan growth include Manufacturing, Consumer and Real Estate etc.
- ▶ Due to the lower oil prices some syndicated loans in the Oil and Gas Upstream Sector have been restructured for additional tenors of 18 to 36 months

## Net Loans and Advances to Customers

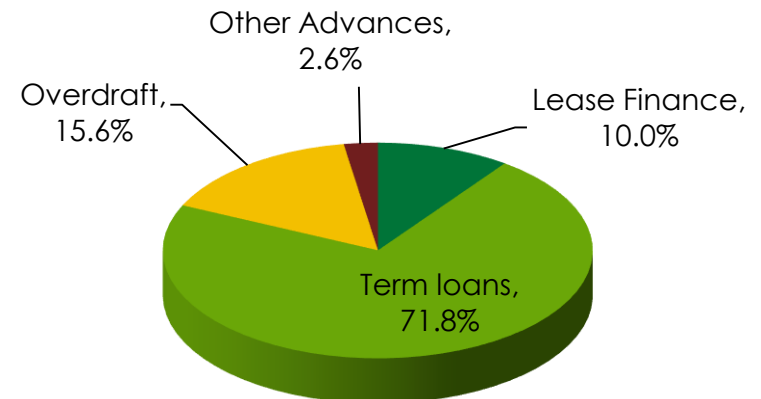
N 'billion



## Total Loans by Type – Q2 2015



## Total Loans by Type – 2014 FY





# Portfolio Analysis



## Breakdown of Non-performing Loans: H1 2015 Vs 2014 FY

	H1 2015			2014 FY		
	N'million	% Contr.	% NPL	N'million	% Contr.	% NPL
Communication	3,405	15.7%	4.7%	3,628	14.9%	4.7%
Oil and gas	1,022	4.7%	0.7%	605	2.5%	0.4%
Power	0	0.0%	0.0%	0	0.0%	0.0%
Manufacturing	7,177	33.2%	11.9%	7,393	30.3%	14.4%
General Commerce	4,006	18.5%	8.7%	3,670	15.1%	7.7%
Transport	1,466	6.8%	2.8%	1,326	5.4%	2.7%
Consumer (Individuals)	1,178	5.4%	2.5%	1,569	6.4%	3.8%
Government	109	0.5%	2.1%	864	3.5%	7.0%
Construction	137	0.6%	0.8%	512	2.1%	2.8%
Agriculture	659	3.0%	5.8%	647	2.7%	4.5%
Real Estate	347	1.6%	2.1%	466	1.9%	3.8%
Education	327	1.5%	10.4%	355	1.5%	13.9%
Finance and Insurance	165	0.8%	5.2%	295	1.2%	35.3%
Others	1,646	7.6%	3.5%	3,039	12.5%	7.6%
<b>TOTAL</b>	<b>21,645</b>	<b>100%</b>	<b>3.7%</b>	<b>24,368</b>	<b>100%</b>	<b>4.4%</b>

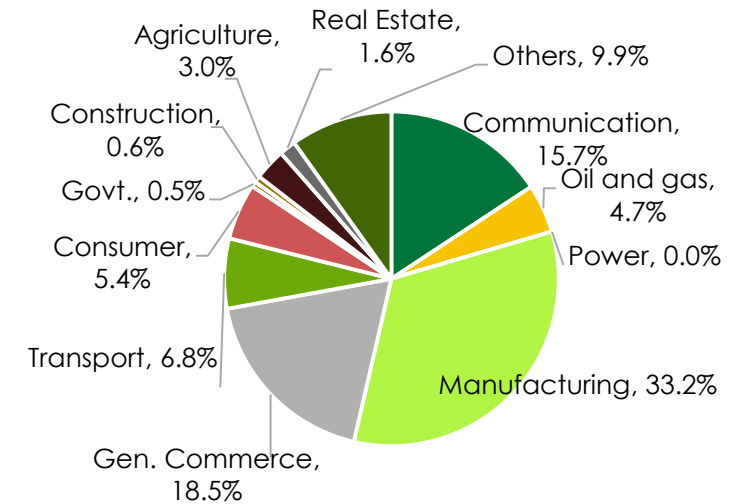
# Portfolio Analysis



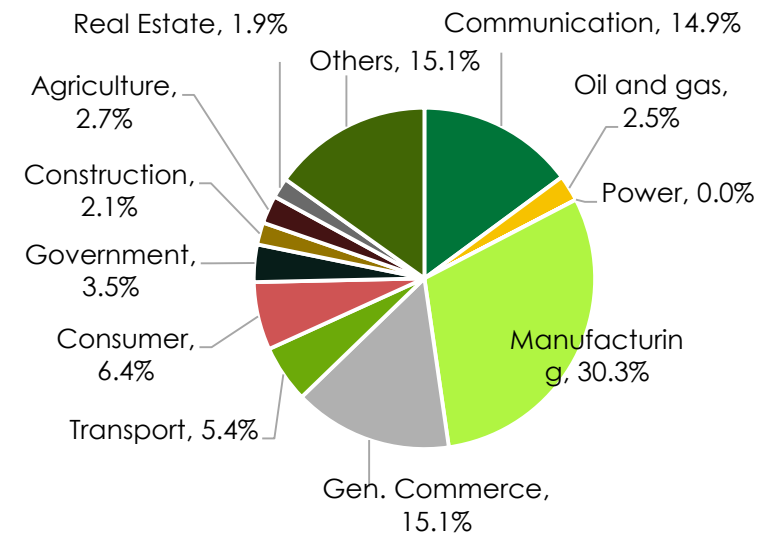
## Breakdown of Non-performing Loans

N'million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Communication	3,405	3,431	3,628	4,458	3,089
Oil and gas	1,022	622	605	2,167	2,345
Power	0	0	0	0	0
Manufacturing	7,177	7,197	7,393	6,903	6,797
Gen. Commerce	4,006	3,669	3,670	3,396	2,065
Transport	1,466	1,366	1,326	1,624	1,246
Consumer	1,178	1,477	1,569	277	58
Government	109	267	864	54	44
Construction	137	520	512	480	499
Agriculture	659	659	647	633	1
Real Estate	347	342	466	97	94
Education	327	343	355	177	56
Fin. & Insurance	165	297	295	308	220
Others	1,646	1,506	3,039	1,919	1,512
<b>TOTAL</b>	<b>21,645</b>	<b>21,695</b>	<b>24,368</b>	<b>22,495</b>	<b>18,026</b>

## NPL Analysis – Q2 2015



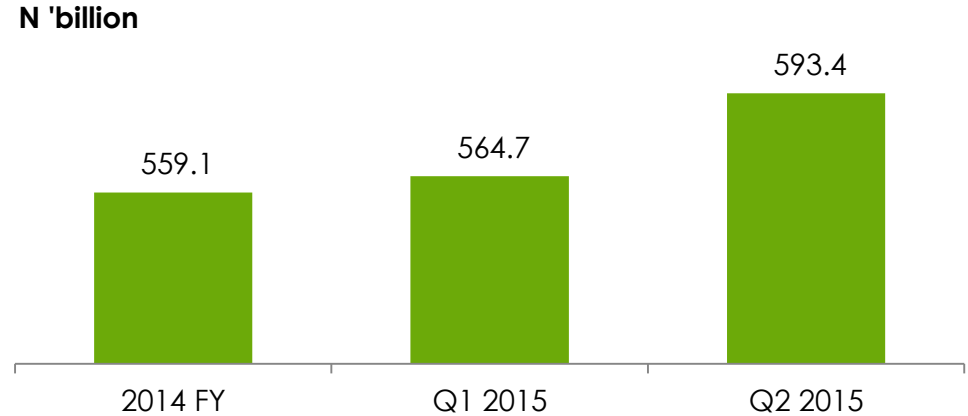
## NPL Analysis – 2014 FY



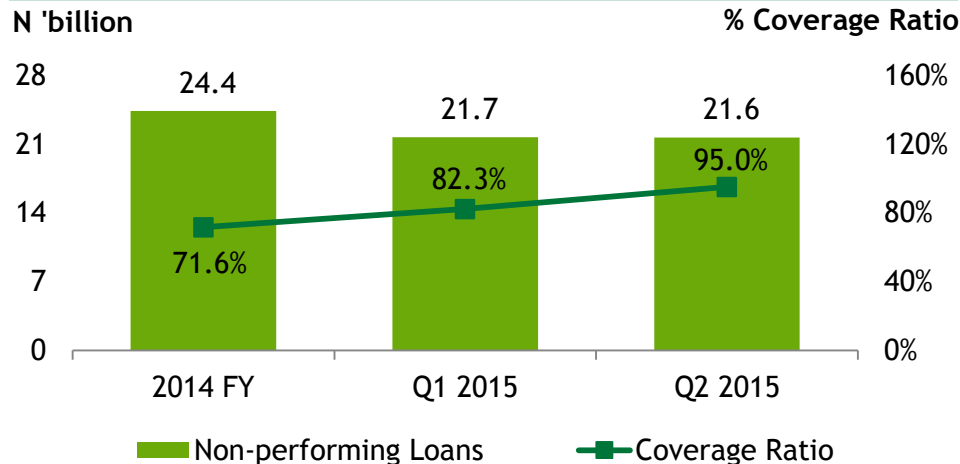
# NPL Analysis

- ▶ The growth in the loan book and recoveries resulted in lower NPL of 3.7% compared to 4.4% recorded in 2014 FY.
- ▶ Though absolute NPLs declined in some sectors, additional classifications were made in General Commerce, Oil & Gas, and Transport Sectors
- ▶ Our conservative view on the likely impact of any currency devaluation has necessitated increased equity contribution especially for trade customers

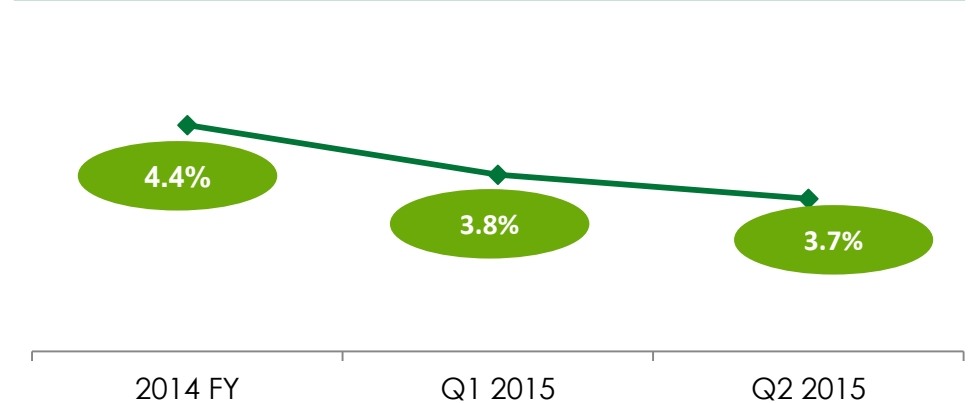
## Gross Loans & Advances



## NPL Coverage Ratio



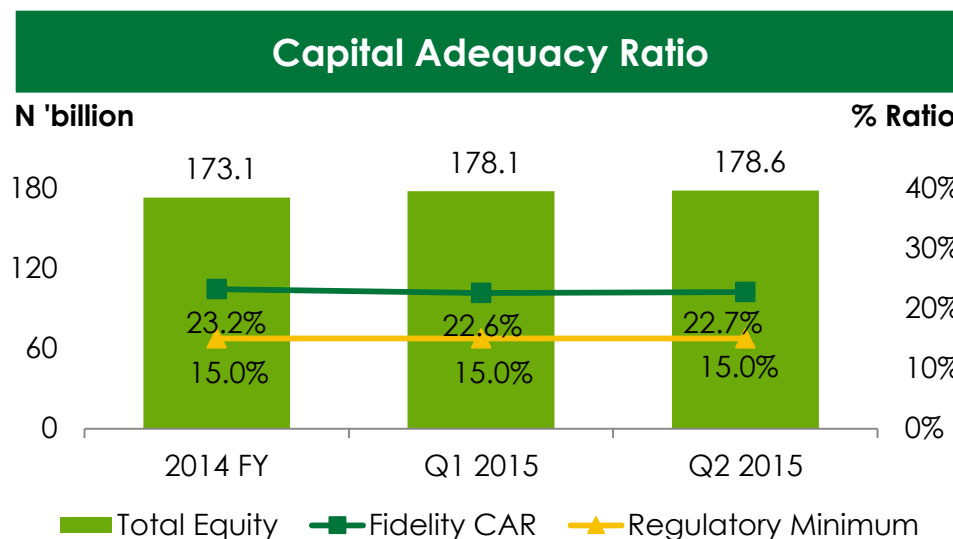
## Non-performing Loans



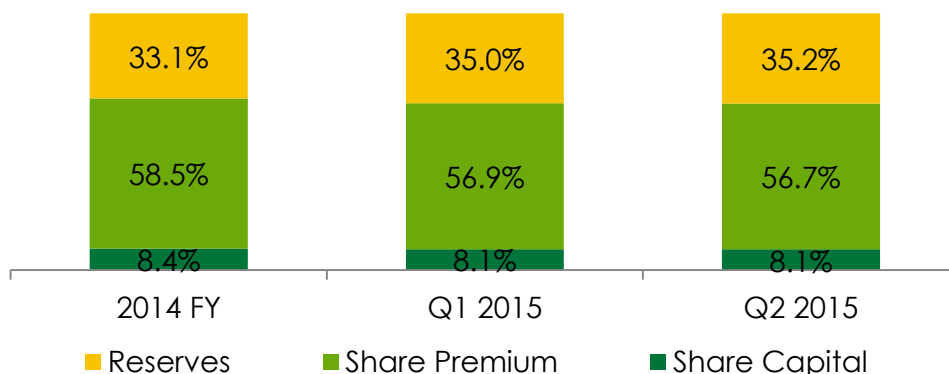
# Capital Adequacy



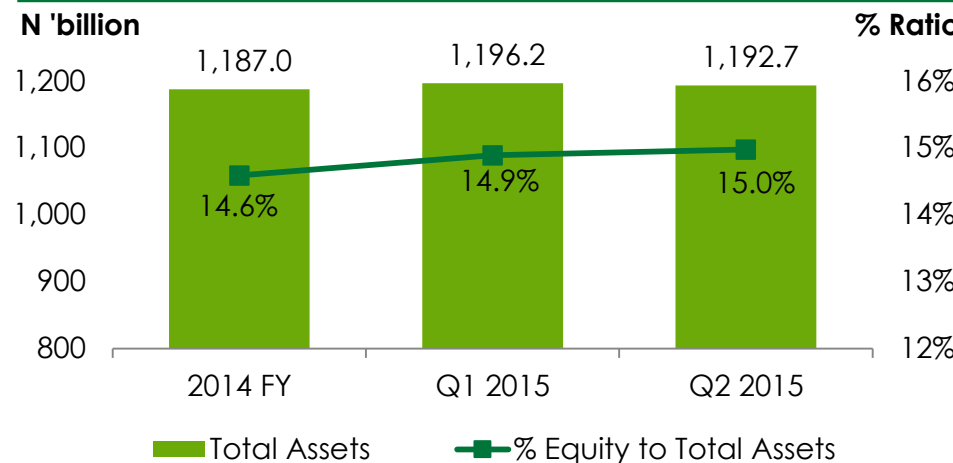
- ▶ Fidelity remains well capitalized with strong Capital Adequacy Ratio (CAR) of 22.7% compared to the regulatory minimum requirement of 15.0%.
- ▶ We concluded the issuance of our 7 year subordinated bond in Q2, 2015, our medium term focus is now on improving ROE to respectable double digits.
- ▶ We have no plans in the short-term to raise additional capital either via debt or equity



### Composition of Equity



### Equity to Total Assets



# Business Segment Analysis



	Business Description	Revenue	Deposits	Loans
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>➤ Handles the bank's institutional clients with turnover in excess of ₦10.0bn.</li> <li>➤ Key focus sectors include:                             <ul style="list-style-type: none"> <li>Oil &amp; gas upstream</li> <li>Oil &amp; gas downstream</li> <li>Power &amp; infrastructure</li> <li>Telecommunication</li> <li>FMCG</li> <li>Construction &amp; real est.</li> <li>Agriculture</li> <li>Transport &amp; shipping</li> </ul> </li> </ul>			
<b>Lagos &amp; SW Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 92 locations</li> </ul>			
<b>North Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 49 locations including FCT Abuja</li> </ul>			
<b>South Bank</b>	<ul style="list-style-type: none"> <li>➤ Handles retail, commercial, SME customers, and clients not matching the corporate banking criteria etc.</li> <li>➤ Drives retail deposits, lending, payroll and e-products etc.</li> <li>➤ Operates at 83 locations</li> </ul>			

## Update on Our Retiring Directors



- ❑ Three of our Executive Directors – IK Mbagwu, Executive Director, Lagos & West Directorate, Onome Olaolu, Executive Director, Risk Management and John Obi Executive Director, Corporate Banking are retiring from the Board after they attained the bank’s retirement age.
- ❑ The retirement of Onome Olaolu, Executive Director, Risk Management and John Obi Executive Director, Corporate Banking took effect from June 30, 2015.
- ❑ IK Mbagwu, Executive Director, Lagos & West Directorate shall proceed on pre-retirement vacation from August 1, 2015.
- ❑ With regard to their successors, we have since recruited (March 2015) a new Chief Risk Officer, Kevin Ugwuoke, who has been understudying the outgoing Executive Director, Risk Management in the last 3 months.
- ❑ The bank has concluded the recruitment of the successors of the other 2 Executive Directors and will be making announcements very soon subject to final regulatory approvals.

## Profile of Our Retiring Directors



- ❑ Mr. IK Mbagwu rejoined Fidelity Bank as the Executive Director Operations, Technology & Shared Services in 2006. IK started his career as a Tax Senior in Arthur Andersen, moved on to Nigerian American Bank Limited (Bank Of Boston) before joining the then Fidelity Union Merchant Bank Limited in 1993, rising to the position of General Manager. In 2001 he moved on to Citizens International Bank as an Executive Director from where he later returned.
- ❑ Mrs. Onome Olaolu was appointed to the Board as the Executive Director, Risk Management in July 2009. She had worked at Texaco Nigeria Plc. from where she moved to the then Nigerian Intercontinental Merchant Bank Limited (1990). In 1994, she moved to Metropolitan Merchant Bank Limited before joining Fidelity Bank in 1997 as a Senior Manager, rising to the position of General Manager, Risk Management Sector in 2006.
- ❑ Mr. John Obi was appointed to the Board as the Executive Director Corporate Banking in April 2012. He joined the Bank in 2000 and has over 28 years industry experience having served in various capacities in Corporate Banking, Investment Banking and the Public Sector. He was the General Manager, Corporate Banking and the pioneer Managing Director of Fidelity Pension Managers Limited (FPML), a former subsidiary of Fidelity Bank.

# Outline



- 1 The Operating Environment
- 2 Overview of Fidelity Bank
- 3 Financial Highlights
- 4 Financial Review
- 5 2015 Guidance



# Growth Expectations



## GROWTH EXPECTATIONS ON KEY INDICATORS

S/N	INDEX	2014 Actual	6M 2015 Actual	2015 TARGET	COMMENT
1	Net Interest Margin	6.0%	6.6%	7%	On Track
2	Tax Rate	11.1%	15%	10% to 15%	On Track
3	Loan Growth	27.1%	5.8%	10%	On Track
4	Deposit Growth	1.7%	-2.9%	10%	Behind Target
5	Cost - Income Ratio	74.2%	69.2%	70% band	On Track
6	Proposed Dividends	37.8%	–	30-50% (of PAT) band	On Track
7	NPL Ratio	4.4%	3.7%	4.0%	On Track.
8	ROE – Post Tax	8.0%	9.3%	10%	Behind Target



**Thank You**