

Fidelity Bank Investor Presentation

**Audited Financial Results for the 6 months ended
June 30, 2024**



Disclaimer

Please read the following before continuing:

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Is Your Wealth Secure?

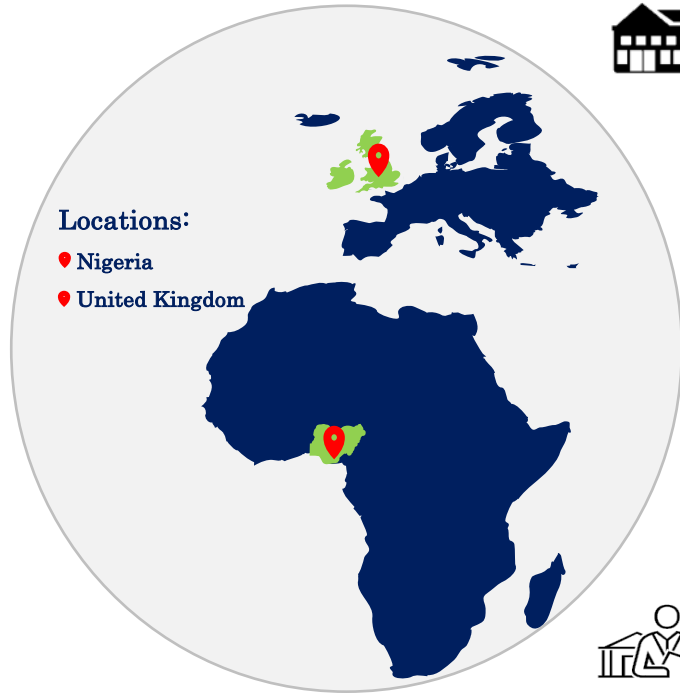
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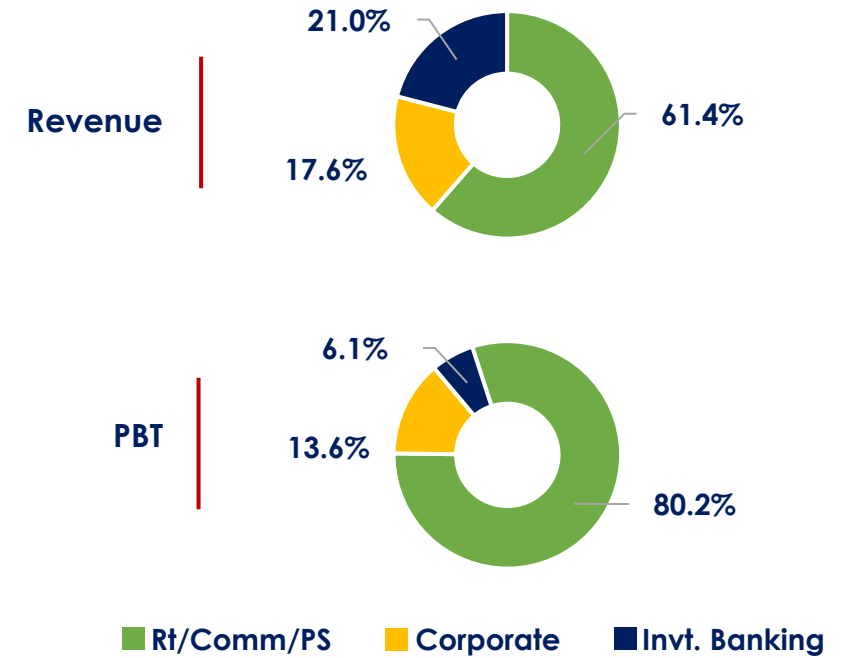
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...inclined to serve you naturally



-  **> 251**
Business Offices
-  **> 8.7m+**
Customer Accounts
-  **> 3,118**
Professional Staff
-  **> 160**
Call Centre Agents
-  **> 21k**
Banking Agents

Business Segment



Rated and In compliance with the NGX Corporate Governance Rating System (CGRS)



Agusto&Co. A/Stable
Research, Credit Ratings, Credit Risk Management

FitchRatings B-/Stable/B

GCR A/Stable
Global Credit Rating

S&P Global B-/Stable/B

Fidelity S&P stand-alone credit rating is "B".

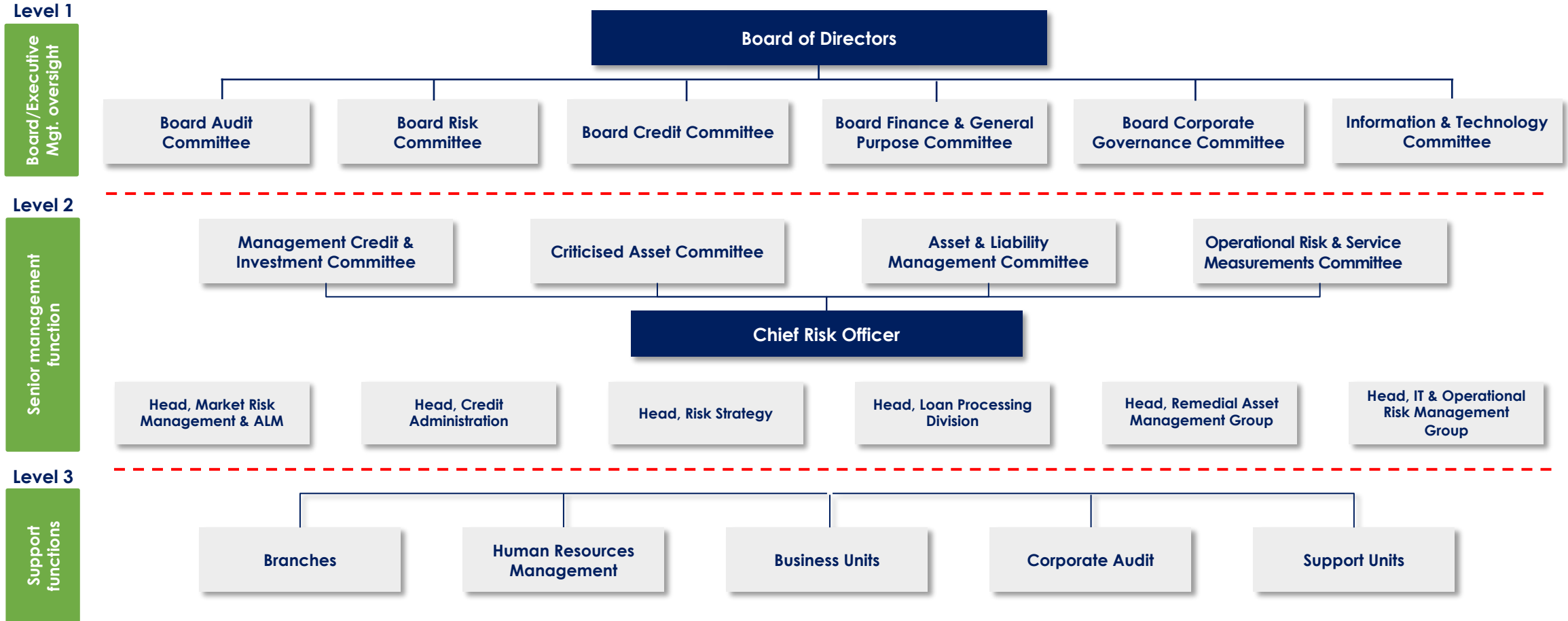
Listings:





Robust risk management is at the core of Fidelity Bank operations

Three-tiered approach for enterprise-wide risk management



- ❖ Fidelity Bank operates a best-in-class risk management and corporate governance framework that meets or exceeds all legal and regulatory requirements
- ❖ The framework provides comprehensive controls, continuous monitoring and management of the major risks inherent in the Bank's activities



Impressive performance across key income and balance sheet lines

Gross Earnings
▲107.6%
¥512.9bn

Customer Deposits
▲34.0%
¥5,379.8bn

CAR
▲772bps
23.9%

Operating Income
▲119.5%
¥396.8bn

Net Loans & Advances
▲21.3%
¥3,752.1bn

NPL
■ 0bps
3.5%

Operating Expenses
▲89.2%
¥160.0bn

Total Assets
▲27.2%
¥7,930.5bn

RoAE
▲3,380bps
60.3%

PBT: ▲163.1% to ¥200.9bn



Contribution to the Group's performance

Total Assets (₦'bn)			
	FCY	NGN	Total
Group	2,981	4,949	7,931
<i>% Share</i>	37.6%	62.4%	
Nigeria	2,825	4,949	7,774
<i>% Share</i>	36.3%	63.7%	98.0%
UK	156		156
<i>% Share</i>	100.0%	0.0%	2.0%

Net Loans (₦'bn)			
	FCY	NGN	Total
Group	1,982	1,770	3,752
<i>% Share</i>	52.8%	47.2%	
Nigeria	1,945	1,770	3,715
<i>% Share</i>	52.3%	47.7%	99.0%
UK	37	-	37
<i>% Share</i>	100.0%	0.0%	1.0%

Customer Deposits (₦'bn)			
	FCY	NGN	Total
Group	2,588	2,791	5,380
<i>% Share</i>	48.1%	51.9%	
Nigeria	2,444	2,791	5,235
<i>% Share</i>	46.7%	53.3%	97.3%
UK	144	-	144
<i>% Share</i>	100.0%	0.0%	2.7%

Profit before Tax (PBT) NPL Ratio			
	₦'bn	% Share	NPL Ratio
Group	200.87	100.0%	3.5%
Nigeria	202.64	100.9%	3.5%
UK	(1.77)	-0.9%	0.0%

- Group performance is currently skewed to Fidelity Nigeria with 100.0% and 98.0% contribution to the Group PBT and Total Assets, respectively.
- FidBank UK is gradually stemming its losses as it continues to optimize its balance sheet:
 - Achieved 56.1% YTD growth in USD customer deposits (net intra-group balances).
 - Over 35% m-o-m in customer onboarding in 2024.
 - Renewed interest in syndicated facilities with one deal already concluded.



Drop in POS transactions led to a moderation in electronic banking trend

Mobile/Online Customers #

↑ 13.6% YoY

> 5.3m+

Debit Cardholders #

↑ 3.2% YoY

> 3.2m+

ATM #

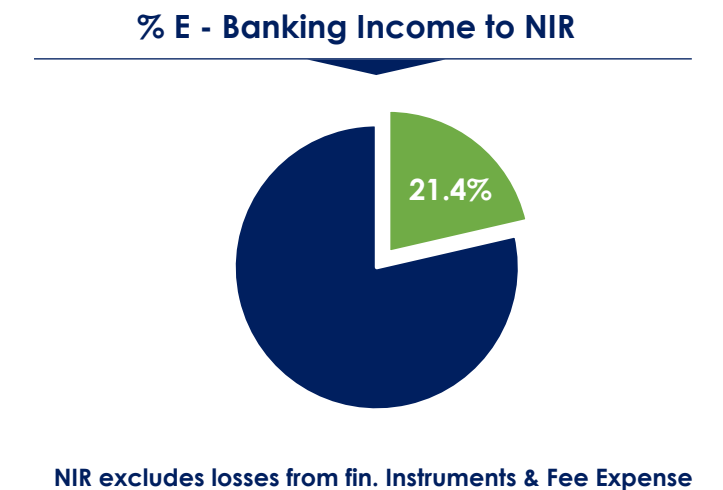
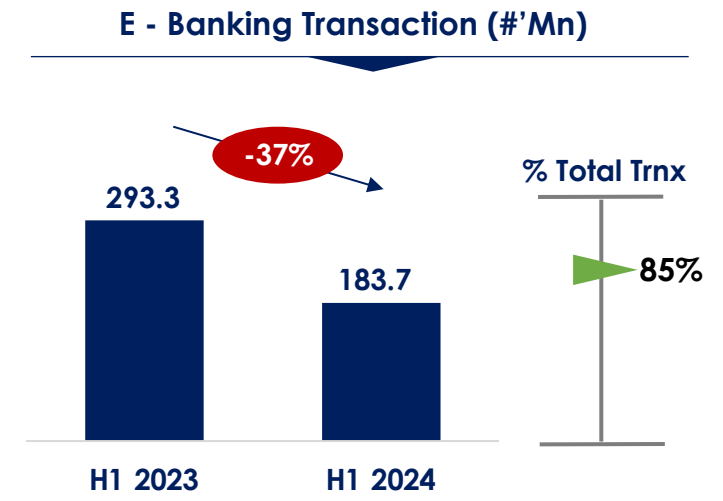
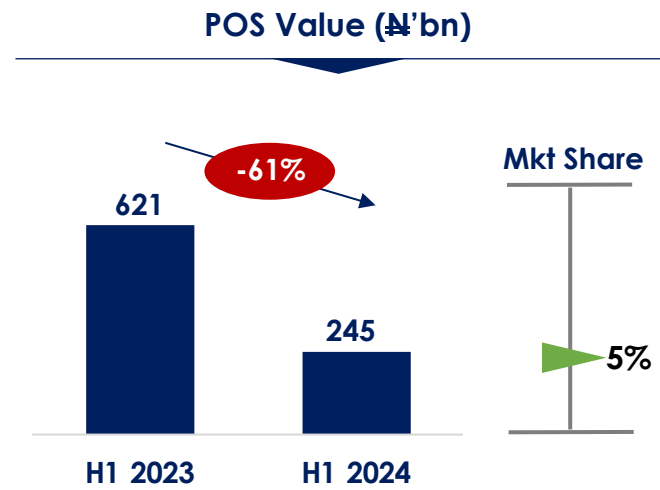
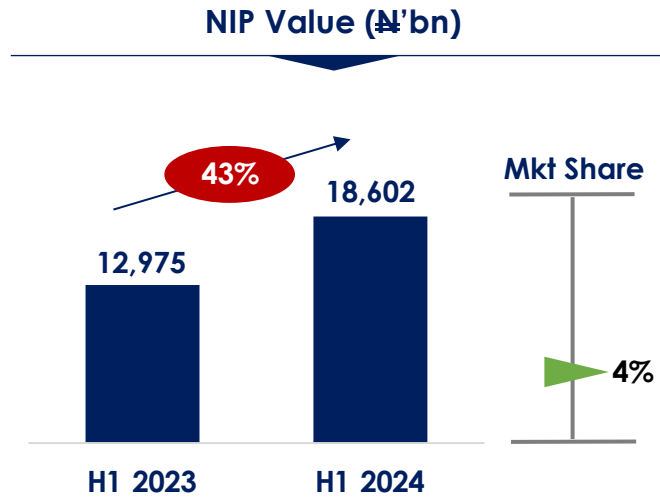
↑ 0.4% YoY

> 845

POS #

↑ 78.6% YoY

> 250k





Grow. Thrive. Prosper.

Now that's our word.

When you choose Fidelity Bank, you choose to partner with us; to build a genuine partnership that empowers your dreams, and helps you achieve prosperity, you can rest assured that your aspirations are in safe hands.

That's our word and it's our bond.

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- TRANSACTION BANKING ■ ADVISORY

We Are Fidelity, We Keep Our Word.



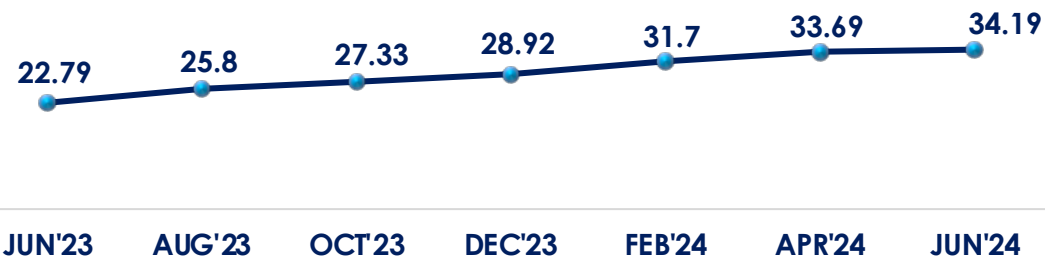


- ❖ Real GDP grew by 3.19% in Q2 2024, exceeding the growth rates of 2.51% in Q2 2023 and 2.98% in Q1 2024.
- ❖ The services sector, which accounted for 58.76% of Nigeria's GDP, drove growth in Q2 2024, expanding by 3.79%.
- ❖ Headline inflation sustained its steady rise m-o-m from Mar 2023, anchored on exchange rate volatility and fuel subsidy removal.
- ❖ It was reported at 34.19% in June 2024, a 50bps increase compared to the previous month, which printed at 33.69%..
- ❖ Rise in food inflation was driven by staple food including bread, cereal, soaring prices, disruptions in food supply chain, import charges etc.
- ❖ Bonny light crude was priced at \$83.6pb compared to \$77.0pb in June 2023 as daily crude oil production averaged 1.24mbp.
- ❖ Nigeria's external reserves reached a new high of \$34.19 billion in June, after dropping from its peak in March 2024, reflecting the positive impact of government policies.

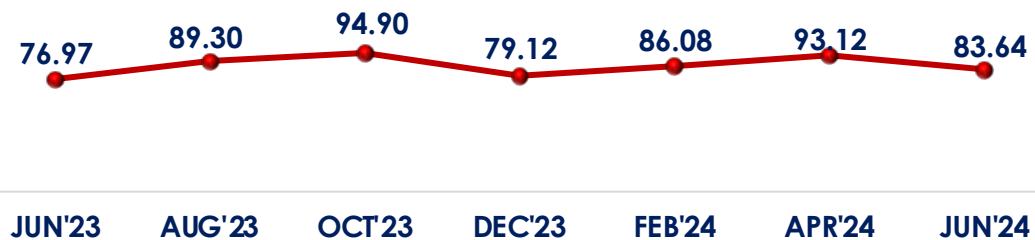
Real GDP Growth



Headline Inflation Rate

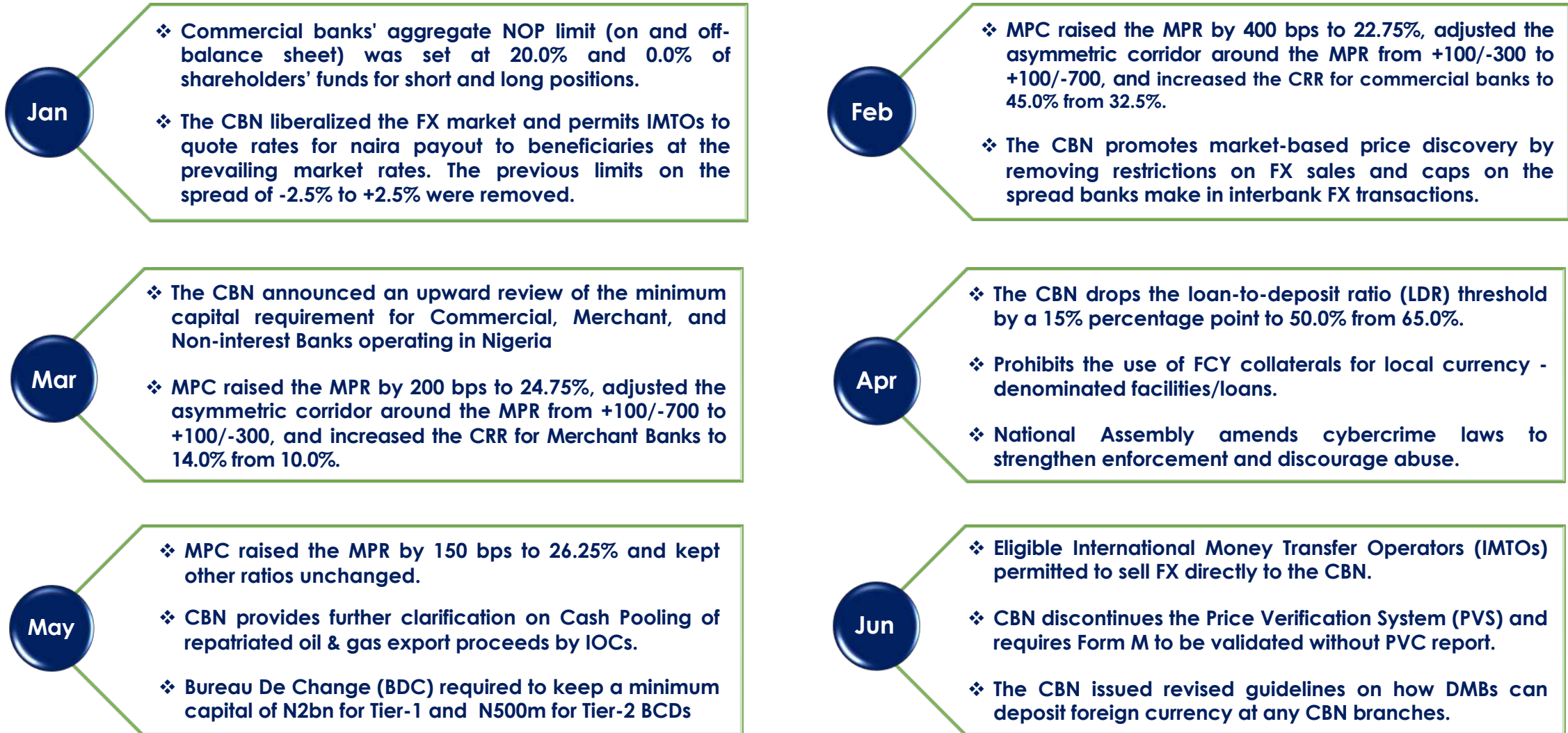


Bonny Light (\$ per barrel)





Key regulatory and policy changes





Grow. Thrive. Prosper.

When you choose Fidelity Bank, you have a genuine partnership that empowers your dreams, and helps you achieve prosperity.

That's our word and it's our bond.

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- MANAGED SMES
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Financial Performance Highlights - SCI

Summary of Income Statement				
¥'million	H1 2023	H1 2024		% VAR
Gross Earnings	247,100	512,864	▲	107.6%
Interest Income Loans	165,445	287,053	▲	73.5%
Interest Income Liquid Assets	24,460	186,183	▲	661.2%
Total Interest Income	189,905	473,236	▲	149.2%
Interest Expense Deposits	-62,310	-99,736	▲	60.1%
Interest Expense Borrowings	-19,767	-47,094	▲	138.2%
Total Interest Expense	-82,077	-146,830	▲	78.9%
Net Interest Income	107,828	326,406	▲	202.7%
FX Income	34,273	8,691	▼	-74.6%
Digital Income	9,968	8,480	▼	-14.9%
Other Fee Income	28,737	53,206	▲	85.1%
Net Fee Income	72,978	70,377	▼	-3.6%
Operating Income	180,806	396,783	▲	119.5%
Operating Expenses	-84,550	-159,982	▲	89.2%
Net Impairment Losses	-19,922	-35,929	▲	80.3%
Profit Before Tax	76,334	200,872	▲	163.1%

- The 107.6% yoy growth in gross earnings was led by 149.2% (¥283.3bn) increase in interest income to ¥473.2bn.
- Increased interest income was driven by improved yields on earnings assets and 34.8% expansion in earnings base:
 - Avg. yield on earning assets increased to 19.4% from 12.7% in H1 2023 (2023FY: 13.5%).
- 3.6% decline in net fee income was caused by 89.4% (¥28.7bn) drop in net FX income which dropped to ¥3.4bn from ¥32.2bn in H1 2023.

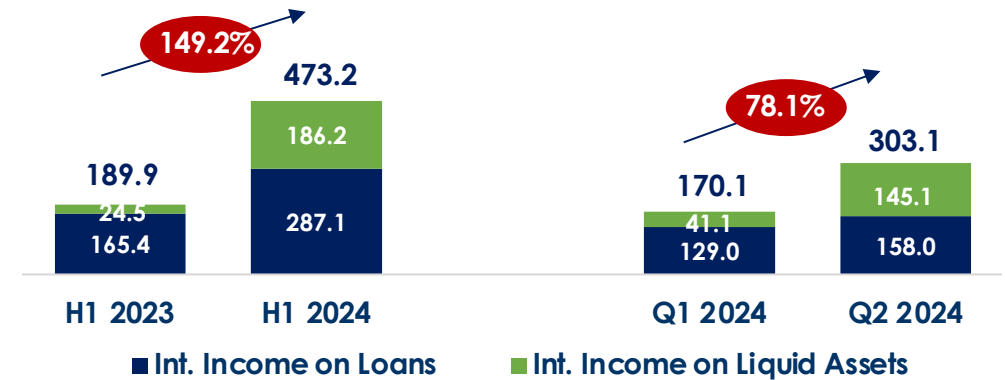


The combination of improved yield and earnings assets boosted revenue growth

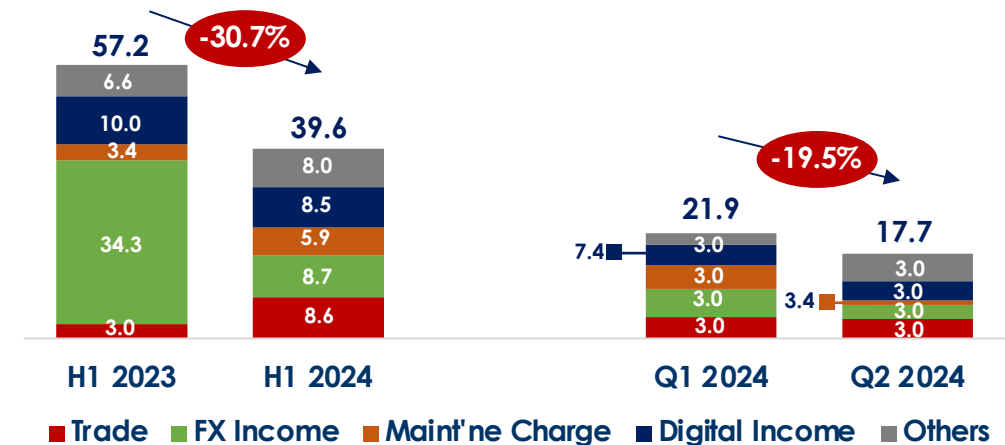
Breakdown of Gross Earnings

£'billion	H1 2023	H1 2024	VAR	% VAR
Int. Inc. on Loans	165.4	287.1	121.6	73.5%
Int. Inc. on Liquid Asset	24.5	186.2	161.7	661.2%
FX Income	34.3	8.7	-25.6	-74.6%
Digital Income	10.0	8.5	-1.5	-14.9%
Maintenance Charge	3.4	5.9	2.5	74.2%
Trade	3.0	8.6	5.6	190.8%
Credit Related Fee	2.7	3.1	0.4	15.7%
Others	4.0	4.9	0.9	23.6%
	247.1	512.9	265.8	107.6%

Interest Income: Breakdown



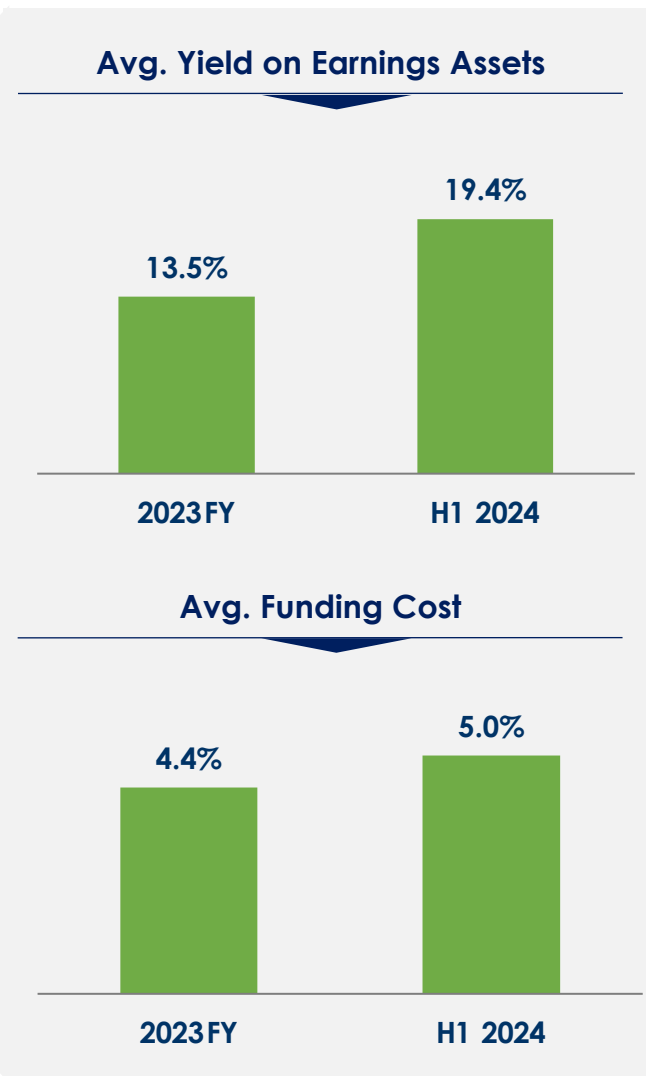
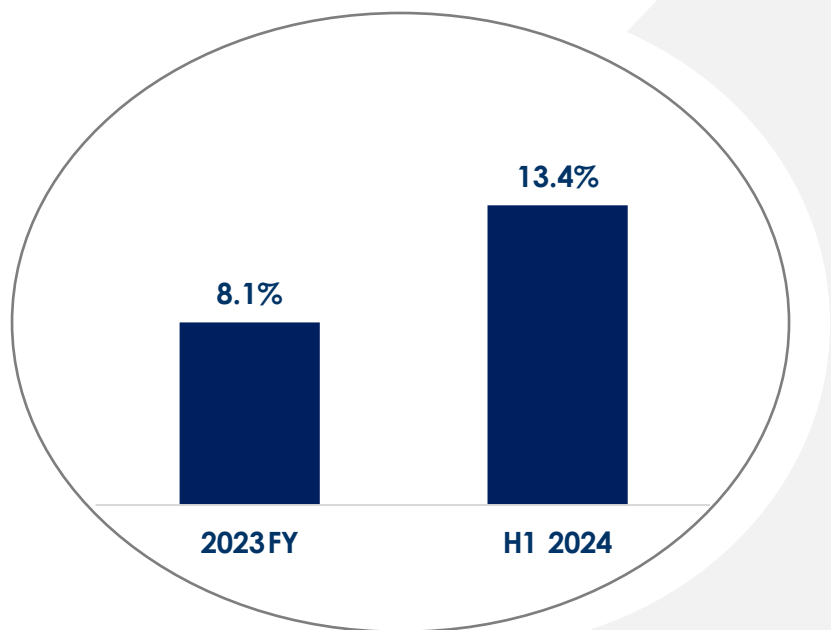
Non-Interest Income: Breakdown



- % of interest income on liquid assets (investment in securities) to total revenue improved to 36.3% from 9.9% in H1 2023.
 - The increase is attributable to improved interest rate environment.
- 74.6% drop in FX related income was responsible for the 3.6% decline in non-interest income (NII).
- We expect NII to tick up in H2 as income from increased customer transactions offset the moderation in fee rates.



A combination of improved yield and higher earnings base increased NIM



- NIM increased to 13.4% from 8.1% in 2023FY (H1 2023: 7.2%) owing to improved interest rate environment which impacted on both yields and funding cost.
 - Increase in avg. yield on earning assets surpassed the growth in avg. funding cost by 547bps, resulting in higher NIM.
- Higher returns on investment securities and avg. lending rate led to the increase in yields on earning assets;
 - Yield on investment securities came in at 25.2% from 11.6% while avg. lending rate increased to 16.9% from 14.0%.
- The increase in avg. funding cost was primarily caused by FCY borrowings.
 - Cost of deposit increased marginally by 20bps YTD.

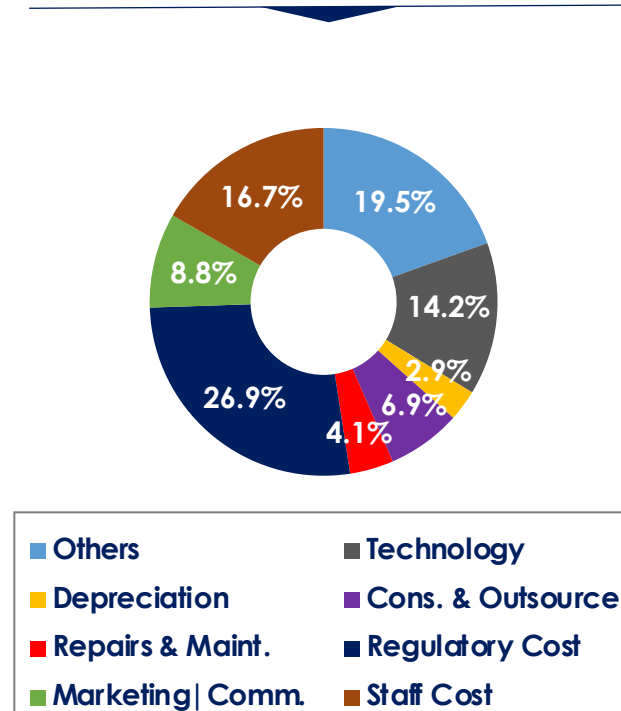


Dropped CIR to 40.3% despite increasing operating expenses and rising inflation

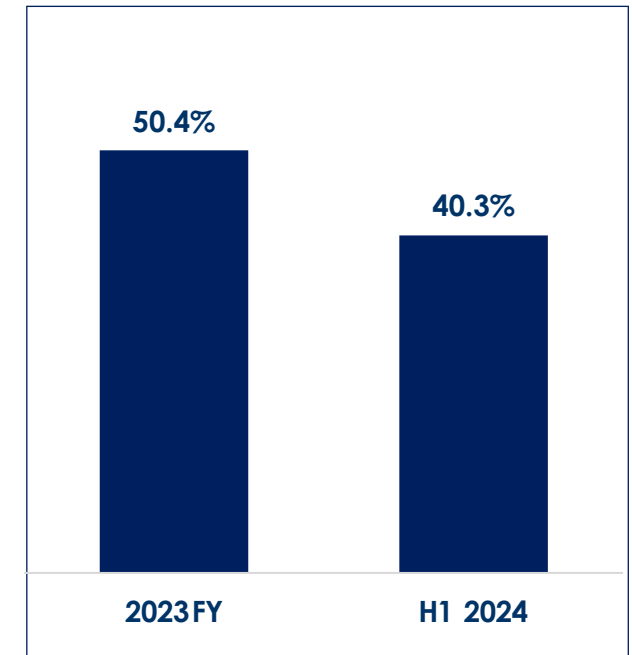
Breakdown of OPEX

₹'billion	H1 2023	H1 2024	% Growth
Regulatory Charges	28.5	43.1	50.8%
Staff Cost	17.3	26.8	54.8%
Marketing Comm Entr.	11.6	14.1	21.4%
Consulting & Outsourcing	3.8	11.0	186.2%
Depreciation	3.2	4.7	44.1%
Repairs & Maint.	3.9	6.5	67.1%
Energy	2.3	3.6	59.4%
Technology	3.3	22.7	580.3%
Secutity	0.8	1.4	70.6%
Others	9.7	26.2	169.3%
	84.6	160.0	89.2%

Key drivers of OPEX: % Contributions



CIR



- OPEX increased by 89.2% to ₹160.0bn, driven by regulatory charges (AMCON & NDIC), staff cost, and technology expenses etc.
 - The cost drivers were responsible for 58% of the absolute growth in OPEX.
- However, due to strong revenue growth, cost-to-income ratio declined to 40.3% from 50.4% in 2023FY (H1 2023: 46.8%). We expect OPEX to moderate in H2 because we have fully provided for AMCON Charges in H1 2024.



Financial Performance Highlights - SFP

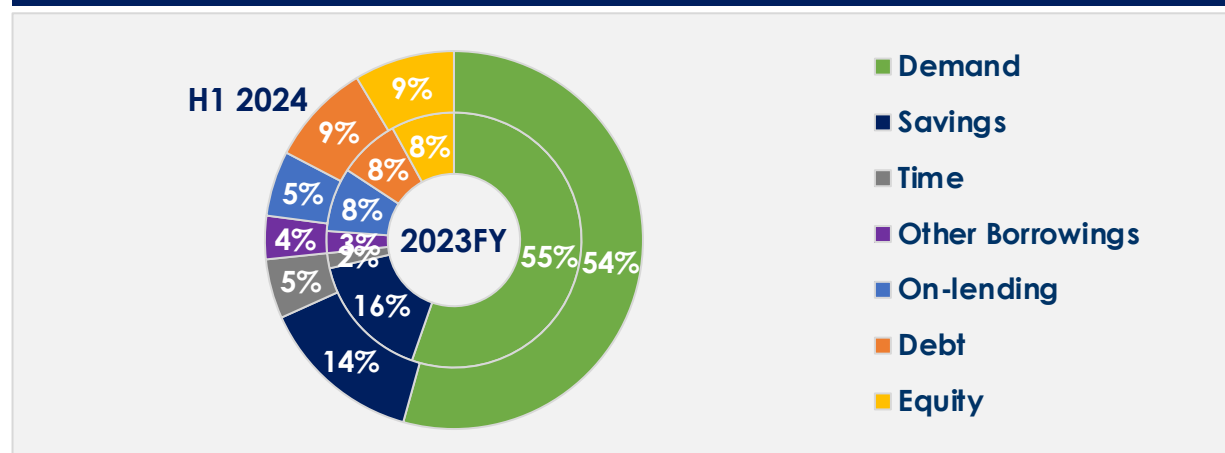
Statement of Financial Position				
₦'million	2023FY	H1 2024	VAR	% VAR
Total Assets	6,234,688	7,930,528	1,695,840	27.2%
Earning Assets	4,179,013	5,632,925	1,453,912	34.8%
Bank Placements	32,356	212,633	180,277	557.2%
Treasury Bills	605,415	1,151,708	546,293	90.2%
Bonds	448,823	516,478	67,655	15.1%
Net Loans	3,092,419	3,752,106	659,687	21.3%
Non-Earning Assets	2,055,675	2,297,603	241,928	11.8%
Cash	21,440	33,397	11,957	55.8%
Restricted Bal. with CBN	1,174,398	1,222,184	47,786	4.1%
Bal. with other Banks	310,381	555,681	245,300	79.0%
Fixed Assets	47,382	63,205	15,823	33.4%
All Other Assets	502,074	423,136	(78,937)	-15.7%
Interest Bearing Liabilities	5,035,575	6,703,346	1,667,771	33.1%
Customer Deposits	4,014,811	5,379,777	1,364,966	34.0%
Other Borrowings	152,432	271,643	119,212	78.2%
On-lending Facilities	443,736	409,360	(34,376)	-7.7%
Debt Securities	424,596	642,566	217,969	51.3%
All Other Liabilities	761,807	597,750	(164,056)	-21.5%
Equity	437,307	629,432	192,125	43.9%

- Total assets increased by 27.2% YTD to ₦7.9trn from ₦6.2trn in 2023FY.
 - 37.6% of the Group 's balance sheet is in foreign currency.
 - Fidelity Nigeria represents 98.0% of the Group's total assets.
 - While FidBank UK accounted for 2.0% of the total assets and 5.2% of the Group's FCY assets.
- Earning mix improved by 474 bps to 71.0%, led by 34.8% increase in total earnings base to ₦5.6trn from ₦3.4trn in 2023FY.
- The expansion in earnings assets supported the 149.2% increase in interest and similar income which resulted in improved NIM.



Building a resilient balance sheet with a well-structured funding base

₺'million	2023FY	H1 2024	VAR	% VAR
Demand Deposits	3,028,939	3,983,278	954,339	31.5%
Savings Deposits	880,905	1,023,265	142,360	16.2%
Tenor Deposits	104,967	373,233	268,266	255.6%
Other Borrowings	152,432	271,643	119,212	78.2%
On-Lending	443,736	409,360	(34,376)	-7.7%
Debt Securities	424,596	642,566	217,969	51.3%
Equity	437,307	629,432	192,125	43.9%
Total	5,472,881	7,332,778	1,859,897	34.0%

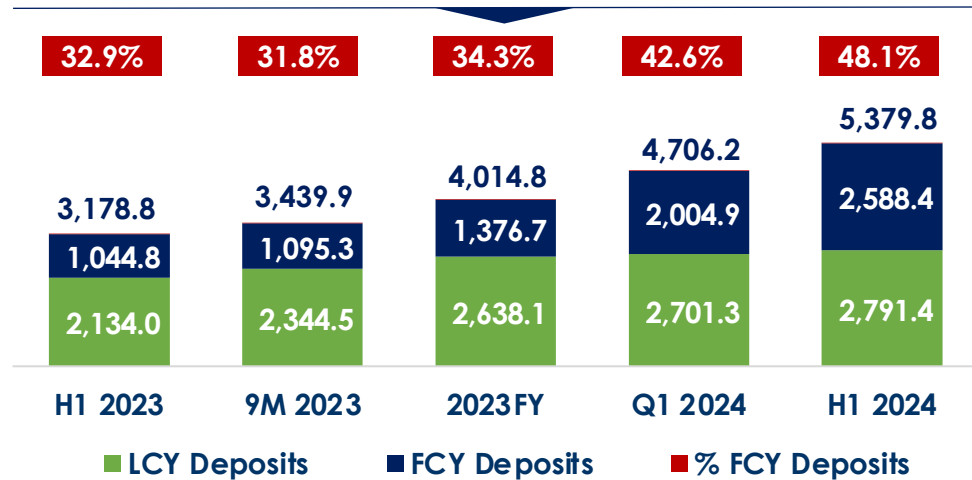


- Total customer deposits crossed the ₺5.0tn mark, which boosted the funding base.
- The increase in customer deposits was driven by strong double-digit growth across all deposit types (Demand | Savings | Tenor):
 - FCY deposit increased by \$293m (20.2% YTD) and now represents 48.1% of total deposits from 34.3% in 2023FY as we harness the benefits of our subsidiary in the UK while;
 - LCY deposits increased by 5.8% YTD to ₺2.8trn from ₺2.6trn in 2023FY
- Low-cost deposits increased by 28.0% to ₺5.0trn and now represent 93.1% of total deposits.
- Savings deposits crossed the ₺1.0trn mark as we record consistent double-digit growth in Savings in the last 10 years.

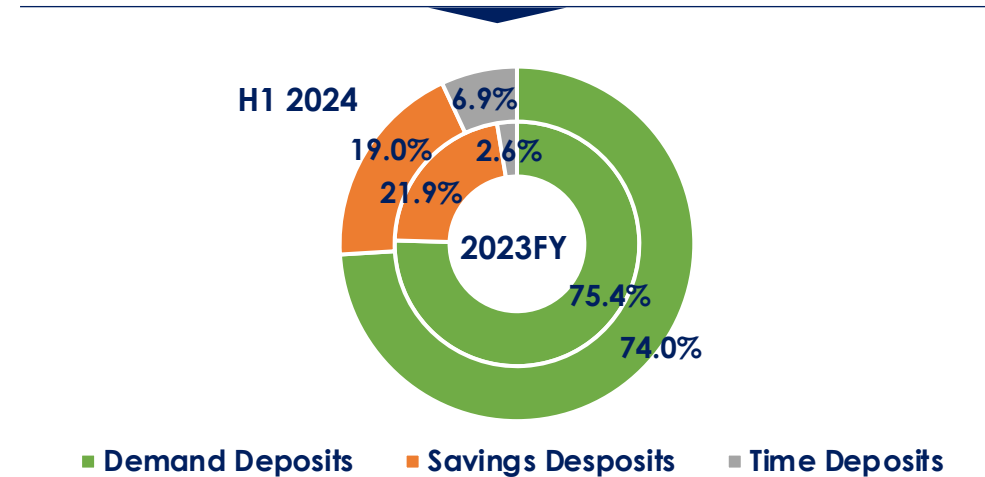


Sustained growth in low-cost deposits improves margins

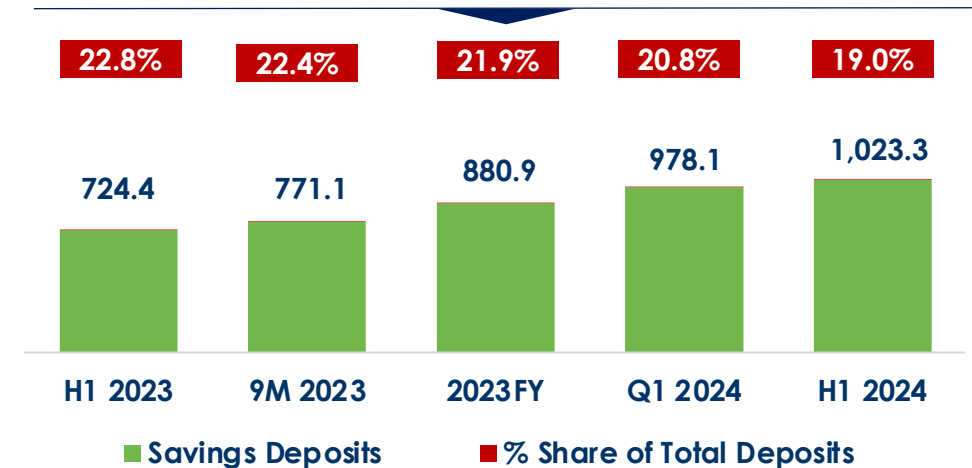
Customer Deposits (₹'bn)



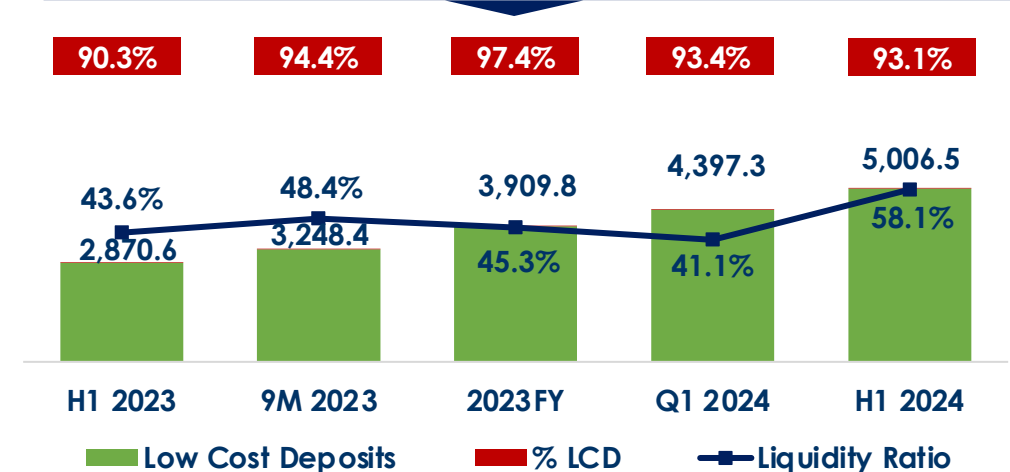
Customer Deposits by Type



Savings Deposits (₹'bn)



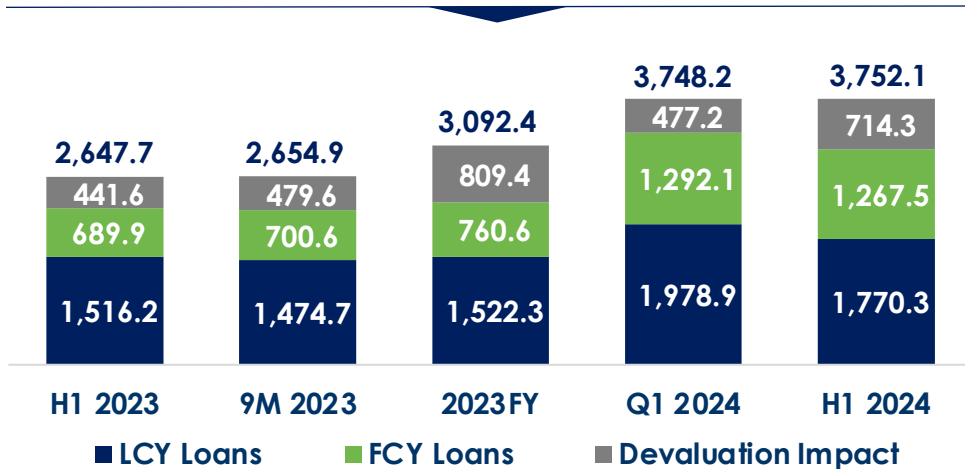
Low Cost Deposits Vs. Liquidity Ratio



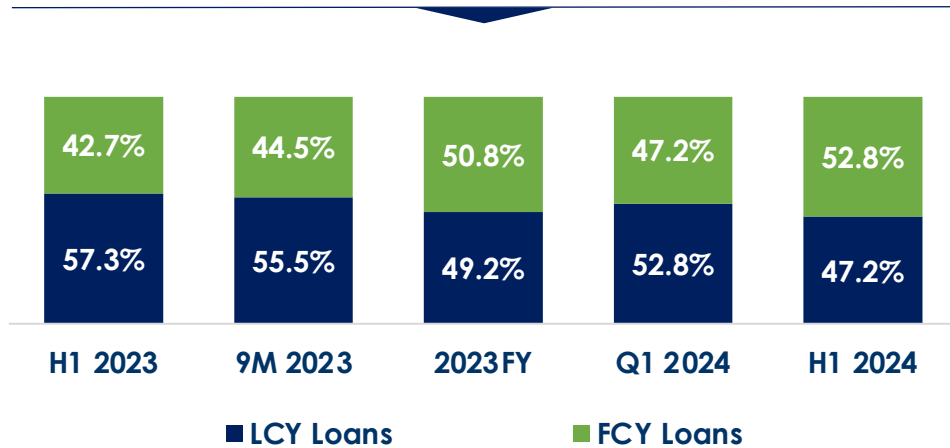


Net Loans and advances

Net Loans & Advance (₦'bn)



LCY Loans Vs. FCY Loans

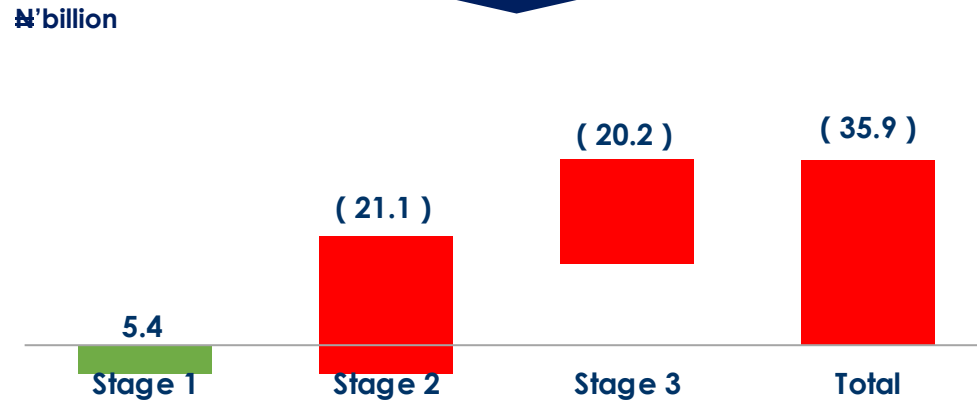


- Net loans & advances increased by 21.3% YTD to ₦3.8tn, with 47.2% of the loan book within the 12 months or less maturity portfolio.
- However, real loan book dropped by 1.8% YTD after adjusting for the impact of 56.4% depreciation of Naira during the period.
 - Conversely, Naira depreciation was responsible for 108.3% increase in the absolute loan book.
 - FCY loans now constitute about 52.8% of the loan book from 50.8% in 2023FY.
 - FidBank UK accounted for 1.9% of the Group FCY Loans and 1.0% of the Group loan book.
- Loans to funding ratio came in at 62.2% compared to 65.9% in 2023FY after weighting all permissible loans: Mortgage Loans | SME Loans | Consumer loans etc.

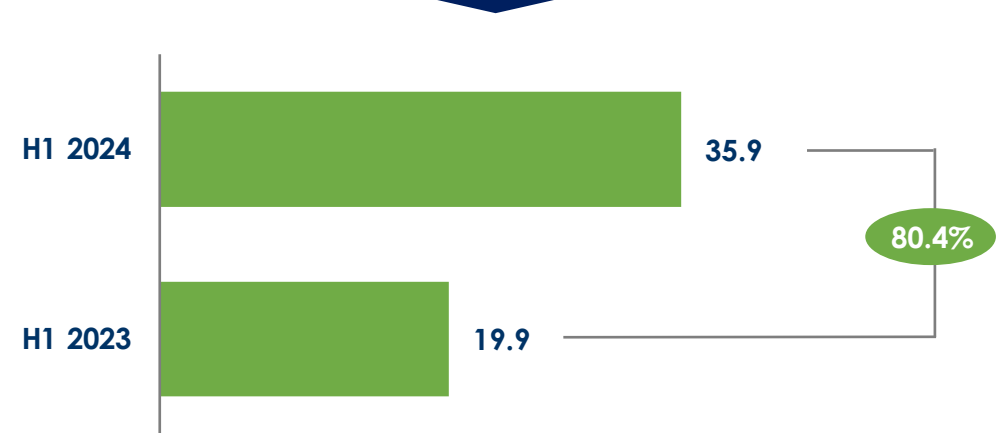


Impact of Naira devaluation leads to increased impairment charge

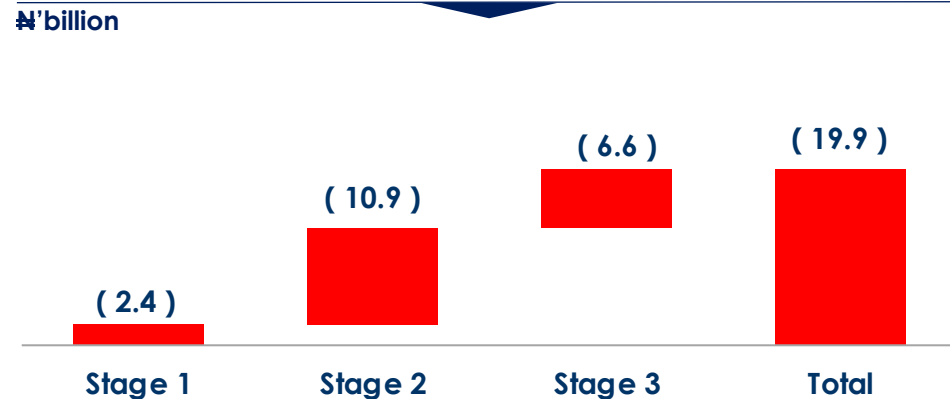
H1 2024 Impairment Charge



Impairment Charge



H1 2023 Impairment Charge



Total Impairment Allowance by Currency

	H1 2023	H1 2024	VAR	% VAR
FCY	36.9	93.6	56.7	153.9%
NGN	62.1	84.9	22.8	36.7%
TOTAL	98.9	178.4	79.5	80.4%



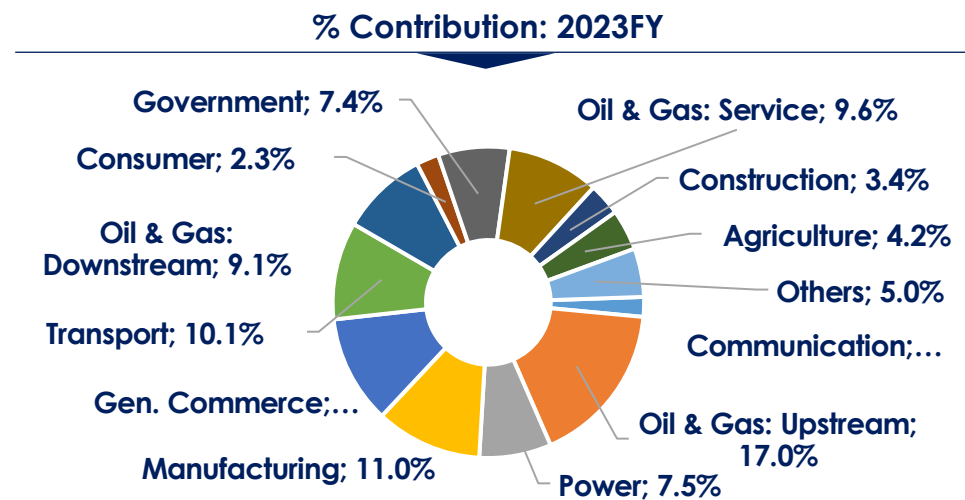
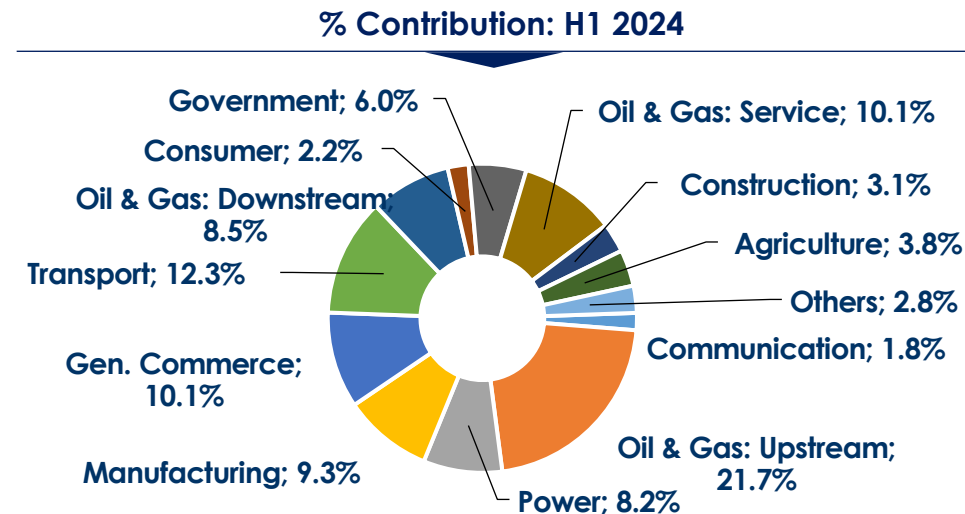
Diversified loan book with focus on asset quality

Gross Loans by Sector							
₹'million	H1 2023	9M 2023	2023FY	Q1 2024	H1 2024	VAR	% VAR
Communication	69,406	67,550	66,576	58,684	70,893	12,208	20.8%
Oil and Gas	877,774	895,251	1,152,616	1,459,325	1,583,068	123,743	8.5%
- Upstream	349,274	368,471	548,894	720,165	852,309	132,144	18.3%
- Downstream	228,001	248,479	293,035	350,275	333,009	(17,266)	-4.9%
- Services	300,499	278,301	310,687	388,885	397,749	8,864	2.3%
Power	206,869	205,438	241,954	288,947	324,242	35,295	12.2%
Manufacturing	353,376	352,258	357,545	370,066	367,311	(2,755)	-0.7%
General Commerce	265,782	274,401	364,227	468,661	395,546	(73,115)	-15.6%
Transport	301,128	302,315	328,058	471,122	484,391	13,269	2.8%
Consumer (Individuals)	62,233	71,074	76,008	73,512	86,563	13,052	17.8%
Government	233,696	231,523	240,183	235,602	236,506	904	0.4%
Construction	110,357	108,227	108,803	112,326	121,372	9,046	8.1%
Agriculture	114,889	108,665	137,161	184,807	149,360	(35,447)	-19.2%
Real Estate	45,350	45,883	52,848	57,506	46,630	(10,876)	-18.9%
Education	12,582	13,678	13,691	12,521	12,068	(453)	-3.6%
Finance & Insurance	5,694	4,501	4,728	4,255	7,266	3,011	70.8%
Others	87,497	84,025	91,947	105,448	45,335	(60,113)	-57.0%
Total	2,746,633	2,764,788	3,236,346	3,902,780	3,930,551	27,771	0.7%



Sectoral contributions remain below internal guidance and portfolio limit of 20.0%

Gross Loans by Sector				
₹'million	2023FY	H1 2024	VAR	% VAR
Communication	66,576	70,893	4,316	6.5%
Oil and Gas	1,152,616	1,583,068	430,452	37.3%
- Upstream	548,894	852,309	303,415	55.3%
- Downstream	293,035	333,009	39,974	13.6%
- Services	310,687	397,749	87,062	28.0%
Power	241,954	324,242	82,289	34.0%
Manufacturing	357,545	367,311	9,766	2.7%
General Commerce	364,227	395,546	31,320	8.6%
Transport	328,058	484,391	156,333	47.7%
Consumer (Individuals)	76,008	86,563	10,555	13.9%
Government	240,183	236,506	(3,677)	- 1.5%
Construction	108,803	121,372	12,569	11.6%
Agriculture	137,161	149,360	12,199	8.9%
Real Estate	52,848	46,630	(6,218)	- 11.8%
Education	13,691	12,068	(1,623)	- 11.9%
Finance & Insurance	4,728	7,266	2,537	53.7%
Others	91,947	45,335	(46,612)	- 50.7%
Total	3,236,346	3,930,551	694,205	21.5%





Adequate coverage across stages with NPL coverage at 129.8%

Gross Loan Book by Stage								
N'million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Communication	52,537	0	18,356	70,893	74.1%	0.0%	25.9%	1.8%
Oil and Gas	893,872	655,331	33,865	1,583,068	56.5%	41.4%	2.1%	40.3%
- Oil & Gas Upstream	328,561	523,748	0	852,309	38.5%	61.5%	0.0%	21.7%
- Oil & Gas Downstream	310,010	14,613	8,387	333,009	93.1%	4.4%	2.5%	8.5%
- Oil & Gas Services	255,301	116,970	25,478	397,749	64.2%	29.4%	6.4%	10.1%
Power	28,276	295,966	0	324,242	8.7%	91.3%	0.0%	8.2%
Manufacturing	352,618	3,781	10,911	367,311	96.0%	1.0%	3.0%	9.3%
General Commerce	349,762	30,350	15,434	395,546	88.4%	7.7%	3.9%	10.1%
Transport	144,409	334,657	5,325	484,391	29.8%	69.1%	1.1%	12.3%
Consumer (Individuals)	62,894	593	23,076	86,563	72.7%	0.7%	26.7%	2.2%
Government	234,892	1,195	419	236,506	99.3%	0.5%	0.2%	6.0%
Construction	59,533	51,855	9,985	121,372	49.0%	42.7%	8.2%	3.1%
Agriculture	141,360	4,944	3,056	149,360	94.6%	3.3%	2.0%	3.8%
Real Estate	9,969	35,571	1,090	46,630	21.4%	76.3%	2.3%	1.2%
Education	10,120	0	1,948	12,068	83.9%	0.0%	16.1%	0.3%
Finance and Insurance	6,254	0	1,012	7,266	86.1%	0.0%	13.9%	0.2%
Others	31,147	1,224	12,965	45,335	68.7%	2.7%	28.6%	1.2%
Total	2,377,643	1,415,468	137,441	3,930,551	60.5%	36.0%	3.5%	100.0%



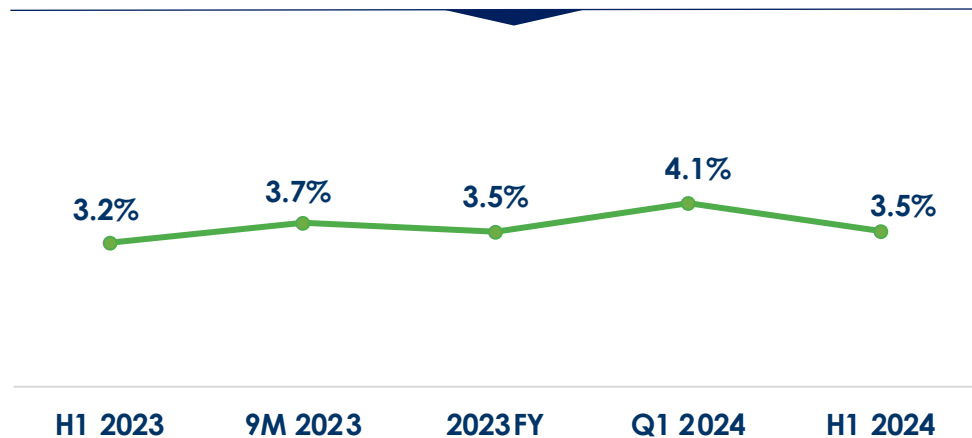
Non-performing loans (NPL) analysis

NPL Analysis						
	2023FY	H1 2024	VAR	% VAR	2023FY	H1 2024
	₺'million	₺'million	₺'million	%	NPL Ratio	NPL Ratio
Communication	15,641	18,356	2,715	17.4%	23.5%	25.9%
Oil and Gas	23,184	33,865	10,680	46.1%	2.0%	2.1%
- Oil & Gas Upstream	0	0	-	0	0.0%	0.0%
- Oil & Gas Downstream	6,116	8,387	2,271	37.1%	2.1%	2.5%
- Oil & Gas Services	17,068	25,478	8,409	49.3%	5.5%	6.4%
Power	0	0	-	0	0.0%	0.0%
Manufacturing	3,410	10,911	7,501	219.9%	1.0%	3.0%
General Commerce	9,816	15,434	5,618	57.2%	2.7%	3.9%
Transport	4,552	5,325	773	17.0%	1.4%	1.1%
Consumer (Individuals)	26,936	23,076	(3,860)	-14.3%	35.4%	26.7%
Government	2	419	416	17072.2%	0.0%	0.2%
Construction	7,630	9,985	2,355	30.9%	7.0%	8.2%
Agriculture	3,005	3,056	51	1.7%	2.2%	2.0%
Real Estate	966	1,090	124	12.9%	1.8%	2.3%
Education	1,864	1,948	83	4.5%	13.6%	16.1%
Finance and Insurance	695	1,012	317	45.6%	14.7%	13.9%
Others	15,081	12,965	(2,117)	-14.0%	16.4%	28.6%
Total	112,783	137,441	24,657	21.9%	3.5%	3.5%

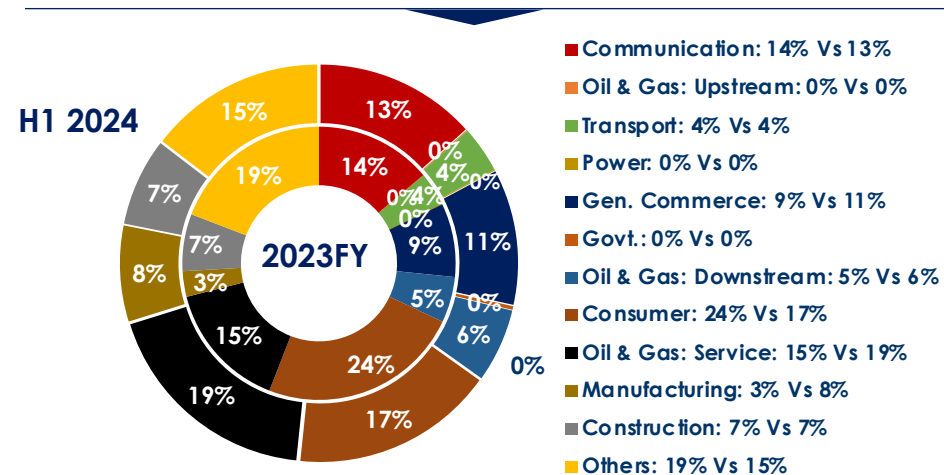


Focus remains on asset quality as the loan book increases

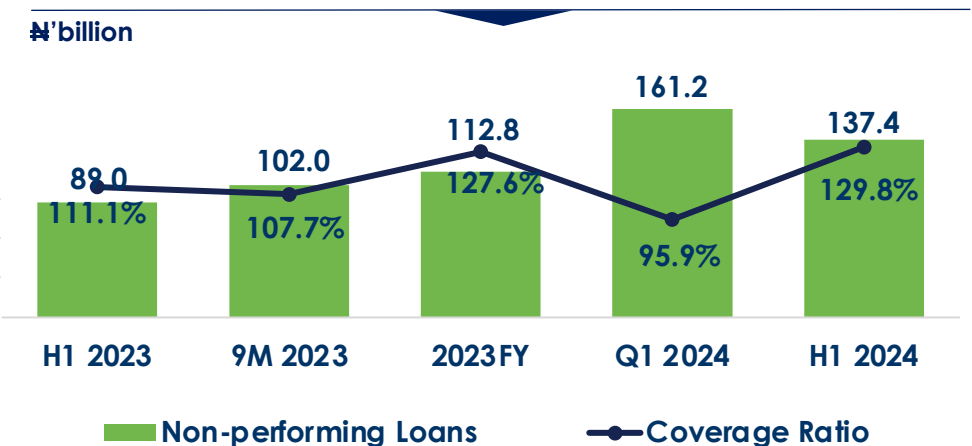
Non-performing Loan (NPL) Ratio



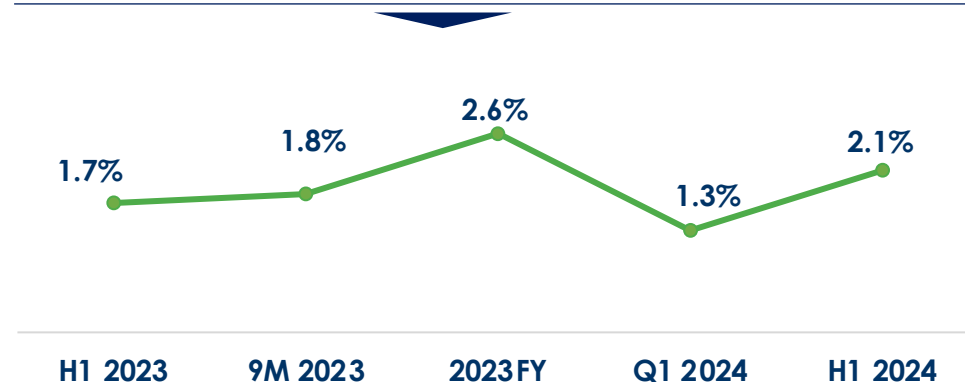
NPL Contribution by Sector (2023FY Vs. H1 2024)



NPL Coverage Ratio



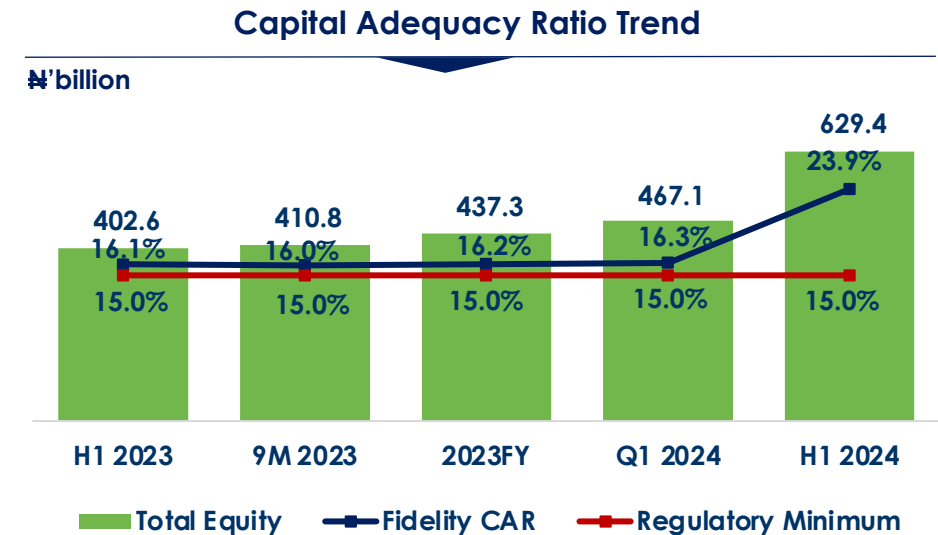
Cost of Risk





CAR remains above regulatory minimum, despite the impact of Naira devaluation

Capital Adequacy Ratio Computation – Basel II			
₦'billion	2023FY	H1 2024	VAR
Tier 1 Capital	208.2	322.8	114.6
Tier 2 Capital	90.5	114.3	23.8
Total Qualified Capital	298.8	437.2	138.4
Credit Risk	1,459.5	1,438.8	(20.7)
Market Risk	12.1	14.9	2.8
Operational Risk	376.4	376.4	0.0
Risk Weighted Assets	1,848.0	1,830.1	(17.9)
Capital Adequacy Ratio			
Tier 1	11.3%	17.6%	
Tier 2	4.9%	6.2%	
Overall CAR	16.2%	23.9%	



- Fidelity CAR improved significantly to 23.9% with Tier 1 Ratio at 17.6%
- The increase in CAR is largely due to the capitalization of our half-year audited profit.
- Our recent capitalisation exercise is expected to add 400 - 600bps to CAR.

Let's Help You Grow Your Business

with the **Fidelity Small
Business Account.**



**ZERO
COLLATERAL**



Actual Vs. Target

	H1 2024	2024FY Target	Comment
PBT	₦200.9bn	₦170.0bn	Achieved
Loan Growth	21.3%	10.0% - 15.0%	On Track
Deposit Growth	34.0%	15.0% - 20.0%	On Track
Net Interest Margin	13.4%	8.0% - 8.5%	On Track
Cost to Income Ratio	40.3%	Below 60.0%	On Track
RoAE – Post Tax	60.3%	20.0% - 25.0%	On Track
Cost of Risk	2.1%	2.0%	On Track
NPL Ratio	3.5%	Below 5.0%	On Track
Tax Rate	20.4%	20.0%	On Track
Proposed Dividends	85K/Share (17.0%)	25% - 40% (of PAT)	Below Target

In 2023FY, Fidelity Bank paid an interim dividend of 25kobo per share and a final dividend of 60kobo per share.



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