



Global Infrastructure Financing: Emerging Opportunities in Nigeria

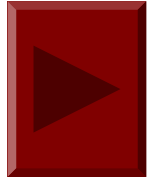
Presentation by

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**Managing Director & Chief Executive Officer
Fidelity Bank Plc, Nigeria**

Outline

OVERVIEW



Trends in Infrastructure Financing: Focus on Africa/Nigeria

Emerging Opportunities and Financing Solutions

Fidelity Bank Plc: A Story of Rapid Growth with Quality

Overview

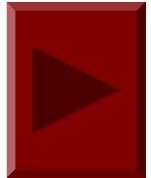
- ❑ Globally, infrastructure finance is taking a significant portion of Financial Institutions funding exposure particularly in Africa.
- ❑ This unfolding trend is fundamentally driven by the following:
 - ❑ Developing economies, including Africa, now produce 41 percent of the world's output, up from 36 percent in 2000 (World Bank Development Indicators (WDI) - 2008).
 - ❑ Increasing commodity prices and revenue: Oil, Gold, Diamond, Cocoa - all reaching all time high in 2008 with Africa taking the centre stage in global commodity supply .
 - ❑ Africa population is growing at an increasing rate thus driving demand for infrastructure
 - ❑ Positive Geo-Political trends in Africa is attracting high infrastructure financing in emerging markets; Year 2007 FDI inflow into Africa was in excess of US\$40bn.
 - ❑ Macro Economic Indices in sub-Saharan Africa are trending positively showing a commendable drive towards sustainable growth
 - ❑ Increase in Capitalization of Bank's in emerging markets and Africa is driving local capacity to finance long term projects.

Nigeria: Driving Force for Finance

- ❑ Nigeria averaged annual GDP growth rate of 10.6% from 2001 – 2007; from \$63bn (2001) to \$179bn (Q-3 2007); Q-4 nominal growth rate at 7.4%.
 - ❑ Achieved nominal GDP growth rate of 7% in 2006;
 - ❑ One of the fastest growing economies in the world
 - ❑ GDP growth rate is projected at 11% in 2008
- ❑ Favourable/stable exchange rate regime with Sovereign Reserve at \$60bn and record \$33bn FDI inflow between 1999 and 2007.
- ❑ Rapidly growing economy accessible to international investors; highly under-banked with loan penetration ratio at 8% by 2006.
- ❑ Equity base of Nigerian banks has increased from \$3bn in 2005 to c\$17bn (N2tr) by end of 2007 which has provided further capacity for infrastructure and long term finance.
- ❑ Federal Government of Nigeria estimates that at least \$100bn is needed to finance federal public infrastructure in next 5 years.

Overview

TRENDS IN INFRASTRUCTURE FINANCING: FOCUS ON AFRICA/NIGERIA



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Trends in Infrastructure Financing

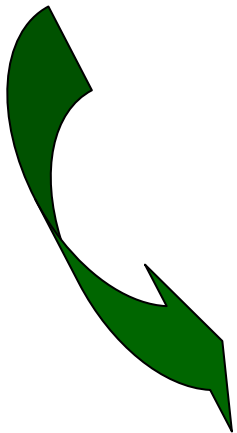
Focus on Africa

- ❑ There have been a stronger emergence of Infrastructure Funds focused on Africa
- ❑ Africa is rapidly becoming the premier destination for infrastructure investment
- ❑ Increasing use of Public Private Partnership (PPP) structures in financing infrastructure projects
- ❑ Focus on Oil & Gas, Power, Transport, Mines, Telecommunications, Agriculture
- ❑ Investment Grade Credit Ratings for African Countries have stimulated increased foreign capital in-flight
- ❑ Long pipeline of deal flow across the region

Trends in Infrastructure Financing

Focus on Africa

A plethora of financing instruments:



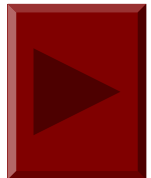
- ❑ Long Term Corporate Bond Issuance
- ❑ Project Finance
- ❑ Debt Syndications
- ❑ Multi Currency Local Bank Syndications
- ❑ Export Covers from Export Credit Agencies
- ❑ EX-IM Bank Guarantees
- ❑ Political Insurance

In Nigeria, more projects are being financed with a sizeable quantum of local capital

Overview

Trends in Global Infrastructure Financing: Focus on Africa

EMERGING OPPORTUNITIES AND FINANCING SOLUTIONS



Fidelity Bank Plc: A Story of Rapid Growth with Quality

Opportunities & Financing Solutions

Power Infrastructure

- ❑ Fed. Govt. estimates investment in Power Infrastructure to cost c\$1.3bn (N156bn) in 2008
- ❑ Project Financing for upgrade of transmission and distribution infrastructure
- ❑ 11 National Integrated Power Project Plants (IPP) concluded; 18 more IPP licenses issued at various stages of completion.
- ❑ Power Generation:
 - ❑ Independent/Integrated Power Projects
 - ❑ Thermal Plants
 - ❑ Wind and Renewable Energy Solutions in Northern Nigeria
 - ❑ Solar systems
- ❑ Financing for Installation and/or Rehabilitation of Power Plants

Opportunities & Financing Solutions

Telecommunication

- ❑ Nigerian Telecoms sector has the most desired telecoms investment outlets in Africa estimated at \$6.5bn (N781) - 2006
- ❑ Vast Tele-density spread across a relatively untapped market;
 - ❑ 46 million lines against over 140 million people by end of 2007
 - ❑ With average line ownership of one person to two lines.
- ❑ Financing Solutions in
 - ❑ Deployment of Telecommunications Infrastructure
 - ❑ Backbone for Broadband and Fibre Optic Telecoms
- ❑ Financing for Site Build-out and continuing Network Expansion

Opportunities & Financing Solutions

Oil & Gas

- ❑ Oil and Gas sector generated c\$34bn in 2007; down from c\$45bn in 2006
- ❑ Huge opportunities in Gas projects; gas flaring is still highly prevalent
- ❑ Exploration and development opportunities remain vast in the region
- ❑ Big pipeline production and laying within Nigeria and sub-Saharan Africa
- ❑ Growing Deep Water exploration with attendant Technology and Fabrication requirements.
- ❑ Major investments expected in Liquefied Natural Gas - Final Investment Decision – 2007/08: \$8.5 billion Olokola (OK) LNG, \$3.5 billion Brass LNG, \$3 billion NLNG Train 7
- ❑ Development of Financing Capacity for Local Content via \$350 million Nigerian Content Support Fund
- ❑ Financing for rehabilitation/building of Petroleum Refinery and construction of Oil tank farms

Opportunities & Financing Solutions

Agriculture

- ❑ Federal Govt. Expenditure Budget on Agriculture Infrastructure – c\$1.1bn (N134bn) in 2008
- ❑ Vast amount of available land for agricultural cultivation yet untapped
- ❑ Opportunities to introduce advance technology to existing agricultural processes to optimize production
- ❑ Access to vibrant Stock Exchange as medium of exiting capital investments for Private Equity groups

Tourism

- ❑ Hotels and Resorts are attractive investment opportunities to support increasing levels of business travels
- ❑ Cultural destination centers and Theme parks

Opportunities & Financing Solutions

Transport Infrastructure

- ❑ Federal Govt. estimates expenditure on construction/rehabilitation of transport infrastructure at c\$1.6bn (N189bn) in 2008
- ❑ Railways: Inter/Intra-city; development of Private Sector driven infrastructure development
 - ❑ Calabar Mono Rail - \$40 million
 - ❑ Lagos - Badagry Mono Rail
- ❑ Ferry services in major aquatic urban city locations such as Lagos
- ❑ Air transport infrastructure: navigational, equipments, support/logistics, cargo handling.
- ❑ Toll Roads: Lagos - Lekki Toll Road – c\$150m

Financing Solutions

Fidelity Bank Approach

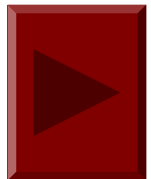
- ❑ Continuously building sustainable and long term relationships with foreign financial institutions on project financing
- ❑ Building institutional skills and knowledge at various infrastructure finance conferences
- ❑ Participation in medium – long term debt syndications with local banks to provide expansion capital for infrastructure and long term projects
- ❑ Fidelity has over \$1bn in Equity which gives the Bank capacity to underwrite large debt issues for infrastructure projects
- ❑ Appetite for establishing credit lines with foreign Export-Import Banks for on-lending and bank guarantees
- ❑ Developed capacity with a deep and robust best-in-class project finance team
- ❑ Creation of PPP specialized teams to focus on specialized infrastructure projects

Overview

Trends in Global Infrastructure Financing: Focus on Africa

Emerging Opportunities and Financing Solutions

FIDELITY BANK PLC: A STORY OF RAPID GROWTH WITH QUALITY



How We Started . . .

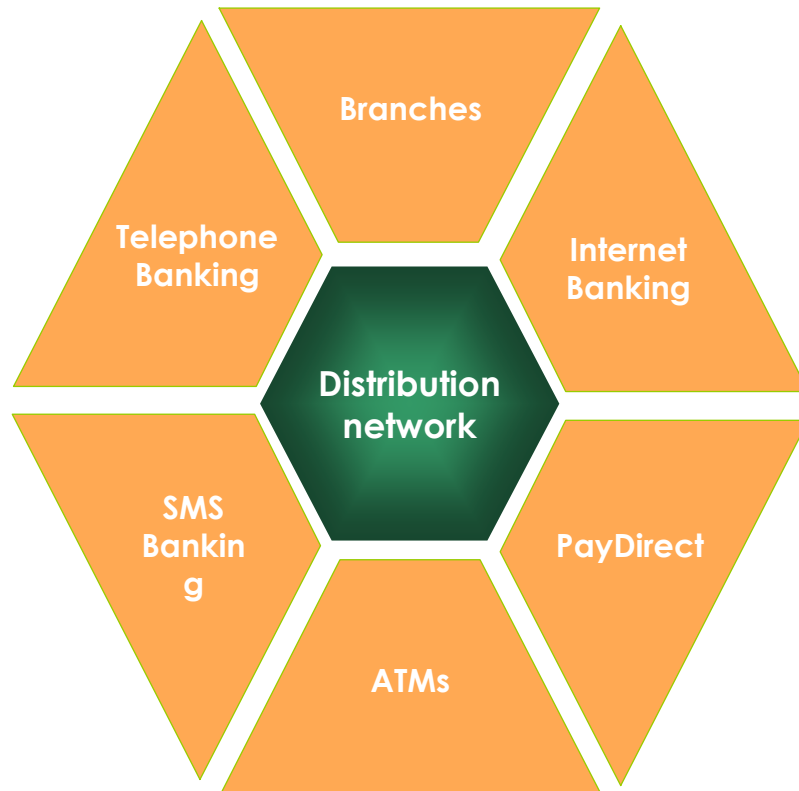
- ❑ Incorporated as private limited company and Merchant Bank in 1987; converted to a Commercial Bank in 1999.
- ❑ Re-registered as a public limited company in August 1999; and obtained Universal Banking license on 6th February 2001.
- ❑ Built a record of profitability over the years driven by team of customer-focused professionals and impeccable corporate governance culture.
- ❑ In 2005, acquired FSB Int'l Bank Plc and Manny Bank Plc to create a mega bank; 100% Nigerian owned, well diversified and powered by Shareholders in excess of 300,000.

Today: Over US\$1bn Equity Base

- ❑ Basking from a highly successful Multi-currency Equity Offering with 223% subscription.
- ❑ More than 300,000 added to FIDELITY Shareholders Register; powering the bank to succeed.
- ❑ Shareholders Fund of N129billion; in excess of US\$1.0 billion; Equity Offering included US\$250m Global Depository Receipts (GDR)
- ❑ Deep pocket for funding large ticket transactions and financing business expansion
- ❑ Fully set to roll out its international expansion strategy in Africa, Europe etc.
- ❑ Positions for independent management of External Reserve; currently manage External Reserve in alliance with Investec of South Africa
- ❑ Market value of N300bn by May 31, 2008 compared to N3.8bn in July 01, 2004; a massive creation of wealth for shareholders.

Rapidly Growing Multi distribution Network

Multi-channel distribution concept



Key distribution channels

- ❑ Branches: 106 operational by May 08, 50 new approvals from CBN; fully operate on Finacle.
- ❑ Internet Banking: 24/7 access to accounts for transactions via Internet; confirm/stop operations on cheques, etc
- ❑ Pay Direct: consolidation of customers' accounts across several banks; electronic funds transfers
- ❑ ATMs: 134 ATMs installed by May 2008 17 in the Works; online connection to over 3,500 ATMs on the ATM Consortium.
- ❑ SMS and Telephone Banking: funds transfers; transaction alerts; mini statements, account balance; e-ticket purchase etc.

Today

**Capitalised at US\$1.0bn by Tier 1
above regulatory threshold of
\$190m (N25bn)**

**Appointed 1 of 15 banks as
Primary Dealers in FGN Bonds**

**Appointed 1 of 14 Banks to
manage Nigeria's Sovereign
Reserve**

**106 branches powered by Finacle
– World class, robust, reliable
core banking application;**

**Appointed 1 of 17 banks as
Primary Dealers in CBN Money
Market Instruments**

**Best FGN Bonds Primary Dealer
and Market Maker of the Year
2006**

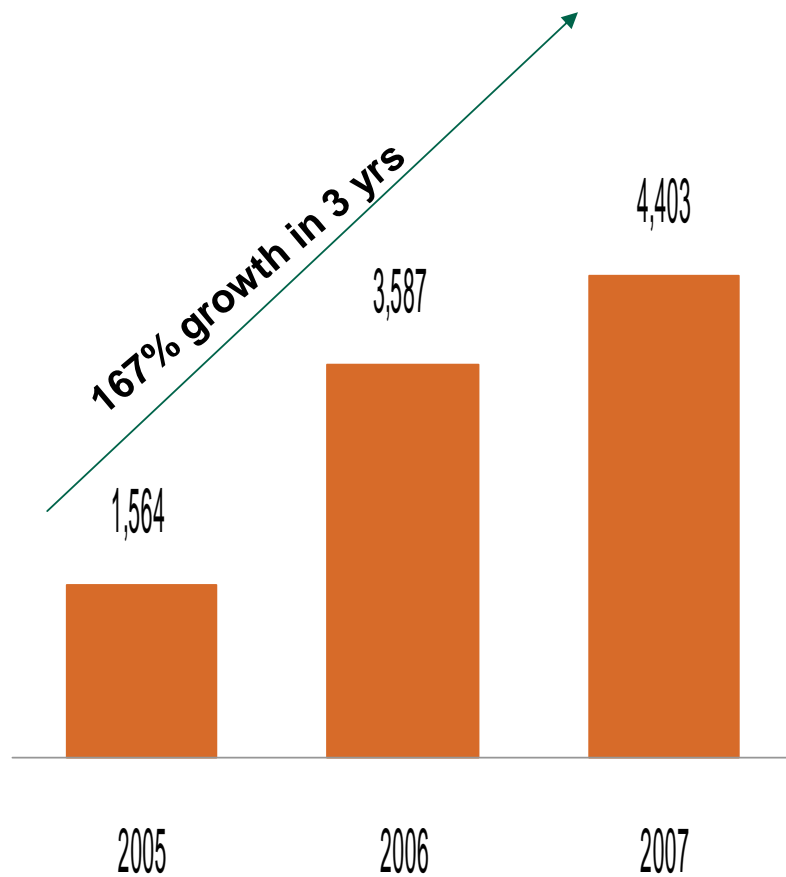
International Rating

□ Fidelity is rated by the leading international credit rating agency, Global Credit Rating Co. Ltd. in its highest rating bracket

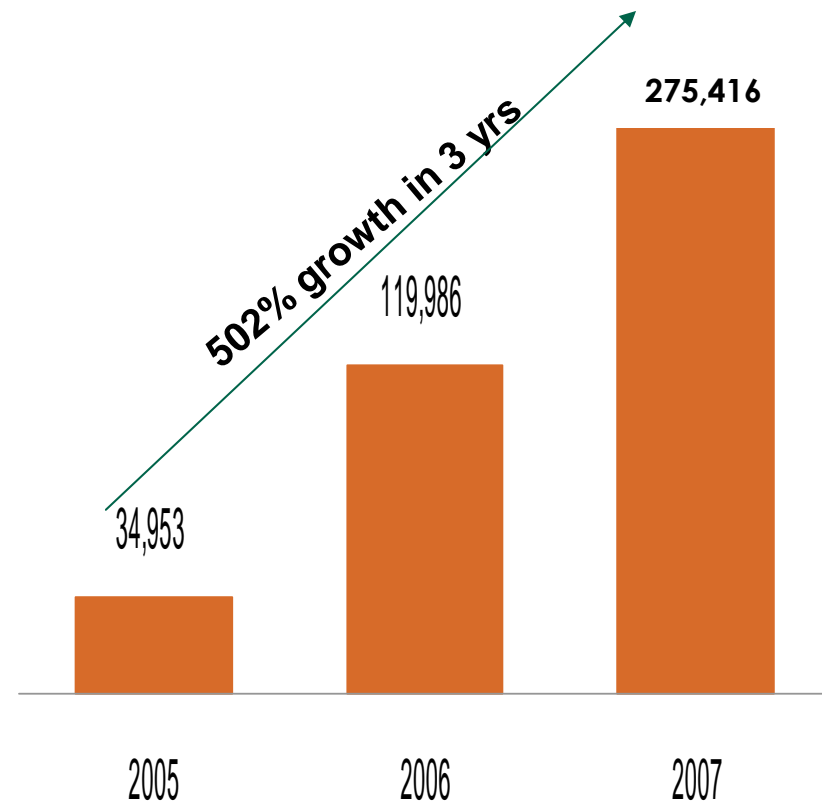
SECURITY CLASS	NOV. 2004 RATING	NOV. 2005 RATING	NOV. 2006 RATING	NOV. 2007 RATING
Short Term	A1	A1	A1	A1
Long Term	A	A+	A+	A+

Superior Financial Performance

Profit before tax, N mn



Total assets N mn



Thank You for Listening