



Fidelity Bank Plc Announces a 22% Growth in Profit Before Tax to N12.0bn For the 6 Months Ended 30 June 2020

LAGOS, NIGERIA – **3 SEPTEMBER 2020**: Fidelity Bank Plc (Bloomberg: **FIDELITY:NL**) announced its Audited Results, for the 6 months ended 30 June 2020.

Financial Highlights

- Gross Earnings **increased** by **2.0%** to **N105.8bn** from **N103.7bn** in H1 2019
- Net Interest Income **increased** by **31.0%** to **N48.3bn** from **N36.9bn** in H1 2019
- Impairment **increased** by **1,363%** to **N7.8bn** from a write-back of **N0.6bn** in H1 2019
- Net Operating Income **increased** by **10.8%** to **N58.8bn** from **N53.1bn** in H1 2019
- Total Expenses **increased** by **8.3%** to **N46.8bn** from **N43.3bn** in H1 2019
- Profit before Tax **increased** by **21.9%** to **N12.0bn** from **N9.8bn** in H1 2019
- Net Loans **increased** by **7.3%** to **N1,209.1bn** from **N1,127.0bn** in 2019FY
- Total Deposits **increased** by **14.8%** to **N1,405.9bn** from **N1,225.2bn** in 2019FY
- Total Equity **increased** by **7.1%** to **N250.7bn** from **N234.0bn** in 2019FY
- Total Assets **increased** by **13.7%** to **N2,403.2bn** from **N2,114.0bn** in 2019FY

| N 'million | H1 2019 | H1 2020 | VAR | % VAR |
|---------------------|-----------|-----------|---------|---------|
| Gross Earnings | 103,655 | 105,755 | 2,100 | 2.0% |
| Net Interest Income | 36,899 | 48,320 | 11,421 | 31.0% |
| Impairment Charge | 621 | (7,841) | 8,462 | 1362.6% |
| NRFF | 37,520 | 40,479 | 2,959 | 7.9% |
| Net Fee Income | 15,553 | 18,325 | 2,772 | 17.8% |
| Net Operating Inc. | 53,073 | 58,804 | 5,731 | 10.8% |
| Total Expenses | (43,261) | (46,841) | 3,580 | 8.3% |
| Profit before Tax | 9,812 | 11,963 | 2,151 | 21.9% |
| Profit after Tax | 8,498 | 11,303 | 2,805 | 33.0% |
| | 2019FY | H1 2020 | VAR | % VAR |
| Customer Deposits | 1,225,213 | 1,405,945 | 180,732 | 14.8% |
| Total Equity | 234,030 | 250,689 | 16,659 | 7.1% |
| Net Loans | 1,126,974 | 1,209,102 | 82,128 | 7.3% |
| Total Assets | 2,114,037 | 2,403,234 | 289,197 | 13.7% |

| Key Ratios | 2019FY | H1 2020 | VAR |
|-----------------------|--------|---------|-------|
| Earning Assets Yield | 13.6% | 11.5% | -2.1% |
| Cost of Funds | 6.3% | 4.3% | -2.0% |
| Net interest Margin | 6.2% | 6.4% | 0.2% |
| NIR/Total Income | 29.3% | 31.2% | 1.9% |
| Cost to Income Ratio | 73.4% | 70.3% | -3.1% |
| Cost of Risk | -0.1% | 1.3% | 1.4% |
| Loan to Funding Ratio | 68.2% | 65.9% | -2.4% |
| Low Cost Deposit | 78.9% | 76.1% | -2.8% |
| Liquidity Ratio | 35.0% | 32.1% | -2.9% |
| CAR | 18.3% | 18.8% | 0.5% |
| NPL Ratio | 3.3% | 4.8% | 1.6% |
| RoE (post-tax) | 13.3% | 9.4% | -3.9% |
| BVPS (N) | 8.1 | 8.7 | 0.6 |
| EPS (N) | 1.0 | 0.4 | -0.6 |

Nnamdi Okonkwo, MD/CEO of Fidelity Bank Plc commenting on the results, stated that:

“Our financial performance for the period reflects the resilience of our business model in a very challenging operating environment. Due to the global and domestic headwinds witnessed in H1 2020, we proactively increased our cost of risk as the impact of the pandemic slowed down economic activities whilst adapting our business model to the new risks and opportunities of the new normal.

We re-stated our H1 2019 Numbers from ₦15.1bn to ₦9.8bn to reflect the impact of IFRIC 21- Levies, which was adopted for the first time on our H1 2020 Financials. The key impact of IFRIC 21 was that our 2020FY AMCON Cost was recognized 100% in our H1 2020 Accounts rather than been amortized over 12 months as was done previously on our financials. The PBT for H1 2020 would have come in at **₦17.9bn** Vs **₦15.1bn** for H1 2019 without the adoption of IFRIC 21.

Gross Earnings increased by 2.0% to ₦105.8bn driven by a combination of 17.8% growth in non-interest income to ₦18.3bn and 2.1% increase in interest income to ₦87.6bn. The growth in non-interest income was largely due to ₦3.8bn increase in FX related income as well as net gains from financial instruments.

Digital Banking gained more traction during the period with 87.3% of customers' transactions now done on our digital platforms up from 82.0% in 2019FY while 51.2% of customers are now enrolled on our mobile/internet banking products. However, digital banking income dropped by 29.1% due to the downward fee revisions for electronic transactions in line with the new bankers' tariff. We continue to receive positive reviews on our digital channels with our chatbot, IVY rated as the clear leader and our flagship instant banking product (*770#) also rated in the top tier category in the recently released 2020 KPMG Digital Channels Scorecard.

Net Interest Margin improved to 6.4% from 6.2% in 2019FY (Q1 2020: 6.6%), largely due to 200bpts drop in average funding cost to 4.3% from 6.3% in 2019FY. This resulted in a 19.7% drop in total interest expenses to ₦39.3bn which translated to ₦11.4bn (31.0%) increase in net interest income. Yields on earnings assets dropped to 11.5% from 13.6% in 2019FY largely due to the downward review of lending rates given the lower interest rate environment and the downward review of rates on intervention funds.

Operating Expenses increased by 8.3% to ₦46.8bn with about 50% of the cost growth coming from regulatory induced costs (AMCON/NDIC). However, growth in operating expenses remains below the headline inflation rate with cost-to-income ratio moderating to 70.3% from 73.4% in 2019FY while on a quarterly basis, operating expenses declined by 9.4% QoQ after adjusting for IFRIC 21 Levies requirement.

Total Deposits increased by 14.8% to ₦1,405.9bn from ₦1,225.2bn in 2019FY as we recorded strong growth across all deposit products and 10.7% growth in low cost deposits which reduced our average funding costs by 200bpts. Local currency deposits increased by 18.0% to ₦1,105.2bn while foreign currency deposits increased by 4.2% to ₦300.8bn.

Retail Banking continued to deliver impressive results as savings deposits increased by 32.2% to ₦363.9bn and we are clearly on course to achieving the 7th consecutive year of double-digit growth in savings deposits. Savings deposits accounted for 49.1% of the total growth in customer deposits and now represents 25.9% of total deposits compared to 22.5% in 2019FY.

Net Risk Assets increased by 7.3% to ₦1,209.1bn from ₦1,127.0bn in the 2019FY. However, the actual growth in risk assets was 4.5% while the impact of the currency adjustment (Dec 2019: ₦364.70/\$ - Jun 2020: ₦386.75/\$) accounted for a 2.8% growth in the loan book. Cost of risk increased to 1.3% based on our conservative stance, which led to a significant increase in impairments for the sectors affected by the Covid-19 pandemic. This resulted in an increase in total impairment charge to ₦7.8bn from a write-back of ₦0.6bn in H1 2019.

Non-Performing Loans (NPL) ratio increased to 4.8% from 3.3% in 2019FY (Q1 2020: 4.8%) reflecting our early conservative assessment of sectors that were affected by the Covid-19 pandemic.

Regulatory Ratios remain above the required thresholds with Capital Adequacy Ratio increasing to 18.8% from 18.3% due to the capitalization of H1 2020 Audited Profits while Liquidity Ratio stood at 32.1%.

We believe most of the affected sectors have seen the worst of the pandemic and the new phase of normalcy will unveil some growth opportunities. We will continue to monitor and pro-actively manage any evolving risks as the Nigerian economy gradually reopens and economic activities pick-up in key sectors”.

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management will hold a conference call on **Tuesday, 8 Sep 2020 at 15.00 hours Lagos | 15:00 London | 10:00 New York | 16.00 Johannesburg** to discuss the Audited H1 2020 Results. There will be a question and answer session after the presentation of the **H1 2020 performance** of the Bank by the management team.

To obtain the dial-in details, kindly pre-register for the call [HERE](#).

For further information, please contact:

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