



Fidelity Bank Plc Announces a 5.7% Growth In Gross Earnings and a Profit Before Tax of N6.6bn For the 3 Months Ended 31 March 2020

LAGOS, NIGERIA – **27 APRIL 2020**: Fidelity Bank Plc (**Bloomberg: Fidelity**) announced its Unaudited Results, for the 3 months ended 31 March 2020.

Financial Highlights

- Gross Earnings **increased** by **5.7%** to **N51.2bn** from **N48.4bn** in Q1 2019
- Net Interest Income **increased** by **48.8%** to **N24.6bn** from **N16.52bn** in Q1 2019
- Net Operating Income **increased** by **20.7%** to **N28.2bn** from **N23.4bn** in Q1 2019
- Total Expenses **increased** by **29.6%** to **N21.6bn** from **N16.7bn** in Q1 2019
- Impairment charge **increased** by **103.3%** to **N2.1bn** from **N1.0bn** in Q1 2019
- Profit before Tax **dropped** by **1.4%** to **N6.6bn** from **N6.7bn** in Q1 2019
- Net Loans **increased** by **3.4%** to **N1,165.8bn** from **N1,127.0bn** in 2019FY
- Total Deposits **increased** by **10.4%** to **N1,352.3bn** from **N1,225.2bn** in 2019FY
- Total Equity **increased** by **3.6%** to **N242.4bn** from **N234.0bn** in 2019FY
- Total Assets **increased** by **6.3%** to **N2,246.8bn** from **N2,114.0bn** in 2019FY

N 'million	Q1 2019	Q1 2020	VAR	% VAR
Gross Earnings	48,423	51,159	2,736	5.7%
Net Interest Income	16,530	24,600	8,070	48.8%
Impairment Charge	(1,035)	(2,103)	1,069	103.3%
NRFF	15,495	22,497	7,001	45.2%
Net Fee Income	7,870	5,715	(2,155)	-27.4%
Net Operating Inc.	23,366	28,212	4,846	20.7%
Total Expenses	(16,692)	(21,628)	4,936	29.6%
Profit before Tax	6,674	6,583	(90)	-1.4%
Profit after Tax	5,939	5,859	(80)	-1.4%
	2019FY	Q1 2020	VAR	% VAR
Customer Deposits	1,225,213	1,352,262	127,049	10.4%
Total Equity	234,030	242,384	8,354	3.6%
Net Loans	1,126,974	1,165,826	38,852	3.4%
Total Assets	2,114,037	2,246,788	132,751	6.3%

Key Ratios	2019FY	Q1 2020	VAR
Earning Assets Yield	13.6%	11.8%	-1.9%
Cost of Funds	6.3%	4.4%	-2.0%
Net interest Margin	6.2%	6.6%	0.4%
NIR/Total Income	33.7%	20.3%	-13.4%
Cost to Income Ratio	73.4%	71.3%	-2.0%
Cost of Risk	-0.1%	0.7%	0.8%
Loan to Funding Ratio	68.2%	66.0%	-2.2%
Low Cost Deposit	78.9%	77.4%	-1.5%
Liquidity Ratio	35.0%	31.6%	-3.4%
CAR	18.3%	17.7%	-0.6%
NPL Ratio	3.3%	4.8%	1.5%
RoE (post-tax)	13.3%	9.9%	-3.4%
BVPS (N)	8.1	8.4	0.3
EPS (N)	1.0	0.20	-0.8

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

“Our results for the quarter showed the resilience of our business model in an increasingly challenging operating environment. We have continued to show growth in key performance indices while increasing our cost of risk as we anticipate a tougher business environment.

Gross Earnings increased by 5.7% to ₦51.2bn driven largely by a 13.9% growth in interest income on loans and a 5.0% increase in interest income on liquid assets which resulted in ₦4.5bn growth in total interest income to ₦43.9bn.

Digital Banking continued to gain traction as we now have 50% of our customers enrolled on the mobile/internet banking products from 47.4% in 2019FY, 83% of total transactions now done on digital platforms and 28.6% of fee-based income now coming from digital banking. However, digital banking income for the quarter dropped by 24.6% due to the downward fee revisions for electronic transactions in line with the new bankers' tariff.

Net Interest Margin improved further to 6.6% from 6.2% in 2019FY as the drop in our average funding cost outpaced the compression in our average yields on earning assets. Average funding cost dropped to 4.4% from 6.3% in 2019FY resulting in a 15.6% (₦3.6bn) decline in total interest expense which translated to a 48.8% increase in net interest income to ₦24.6bn from ₦16.5bn in Q1 2019.

Operating Expenses increased by 29.6% to ₦21.6bn driven by the following cost lines NDIC | AMCON | Advert | Security | Staff which accounted for over 84.5% of the cost growth in Q1 2020. However, operating expenses declined by 10.3% QoQ compared to Q4 2019 which resulted in an improved cost-to-income ratio of 71.3% in Q1 2020 from 73.4% in 2019FY.

Total Deposits increased by 10.4% to ₦1,352.3bn from ₦1,225.2bn in 2019FY as we recorded strong growth across all deposit products which reduced our funding costs by 200bps. Local currency deposits increased by 10.1% to ₦1,031.4bn while foreign currency deposits increased by 11.2% to ₦320.8bn.

Retail Banking continued to deliver impressive results as savings deposits increased by 13.4% to ₦312.1bn and we are on course to achieving the 7th consecutive year of double-digit savings growth. Savings deposits now accounts for 23.1% of total deposits compared to 22.5% in 2019FY.

Net Risk Assets increased by 3.4% to ₦1,165.8bn from ₦1,127.0bn in the 2019FY. However, the actual growth in risk assets was 0.9% while the impact of the currency adjustment (Dec 2019: ₦364.7/\$ - Mar 2020: ₦386.5/\$) accounted for a 2.5% growth in the loan book. Cost of risk increased to 0.7% based on increased provisioning in select sectors which resulted in an additional ₦1.1bn impairment charge to ₦2.1bn from ₦1.0bn in Q1 2019.

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

Regulatory Ratios stood above the required thresholds with Capital Adequacy Ratio (CAR) at 17.7% and Liquidity Ratio at 31.6%.

We have activated our business continuity procedures in response to the Covid-19 pandemic with over 80% of staff working remotely and customers largely transacting using our digital banking channels. The business environment remains challenging due to the decline in economic activities and the attendant risks on various business sectors. We will continue to monitor and pro-actively manage the evolving risks, sustain our business continuity plan whilst ensuring the safety of our staff and customers".

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management will hold a conference call on **Monday, 04 May 2020 at 15.00 hours Lagos | 15:00 London | 10:00 New York | 16.00 Johannesburg** to discuss the Q1 2020 Results. There will be a question and answer session after the presentation of the **Q1 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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