

Fidelity Bank Plc Announces 34% Growth In Profit Before Tax To N6.7bn for the 3 Months Ended 31 March 2019

LAGOS, NIGERIA – **25 APRIL 2019**: Fidelity Bank Plc (**Bloomberg: Fidelity**) announced its Unaudited Results, for the 3 months ended 31 March 2019.

Financial Highlights

- Gross Earnings **increased** by **11.8%** to **N48.4bn** from **N43.3bn** in Q1 2018
- Net Interest Income **decreased** by **2.5%** to **N15.8bn** from **N16.2bn** in Q1 2018
- Operating Income **increased** by **16.2%** to **N23.4bn** from **N20.1bn** in Q1 2018
- Total Expenses **increased** by **10.4%** to **N16.7bn** from **N15.1bn** in Q1 2018
- Impairment Charge **increased** by **47.4%** to **N1.0bn** from **N0.7bn** in Q1 2018
- Profit before Tax **increased** by **34.0%** to **N6.7bn** from **N5.0bn** in Q1 2018
- Net Loans **increased** by **13.7%** to **N966.3bn** from **N849.9bn** in 2018 FY
- Total Deposits **increased** by **3.8%** to **N1,017.0bn** from **N979.4bn** in 2018 FY
- Total Equity **increased** by **3.9%** to **N202.0bn** from **N194.4bn** in 2018 FY
- Total Assets **increased** by **8.7%** to **N1,870.1bn** from **N1,719.9bn** in 2018 FY

N 'million	Q1 2018	Q1 2019	VAR	% VAR
Gross Earnings	43,328	48,443	5,115	11.8%
Net Interest Income	16,181	15,774	(407)	-2.5%
Impairment Charge	(702)	(1,035)	333	47.4%
NRFF	15,479	14,739	(740)	-4.8%
Net Fee Income	4,623	8,627	4,004	86.6%
Operating Income	20,102	23,366	3,264	16.2%
Total Expenses	(15,120)	(16,692)	1,572	10.4%
Profit before Tax	4,982	6,674	1,692	34.0%
Profit after Tax	4,627	5,939	1,312	28.4%
	2018FY	Q1 2019	VAR	% VAR
Customer Deposits	979,413	1,016,999	37,586	3.8%
Total Equity	194,416	202,030	7,614	3.9%
Net Loans	849,880	966,254	116,374	13.7%
Total Assets	1,719,883	1,870,124	150,241	8.7%

Key Ratios	2018FY	Q1 2019	VAR
Earning Assets Yield	12.8%	12.6%	-0.2%
Cost of Funds	6.2%	6.6%	0.4%
Net interest Margin	5.8%	5.1%	-0.7%
NIR/Total Income	23.0%	36.9%	13.9%
Cost to Income Ratio	71.1%	68.4%	-2.7%
Cost of Risk	0.5%	0.5%	-0.0%
Loan to Deposit	73.1%	79.4%	6.3%
Low Cost Deposit	81.6%	79.8%	-1.8%
Liquidity Ratio	39.0%	37.2%	-1.8%
CAR	16.7%	16.5%	-0.2%
NPL Ratio	5.7%	4.9%	-0.8%
RoAE (post-tax)	11.8%	12.2%	0.4%
BVPS (N)	6.7	7.0	0.3
EPS (N)	0.8	0.8	0.0

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

“Our Q1 2019 numbers showed a very positive start for the financial year as we continued to sustain our performance trajectory in line with our medium-term strategic aspirations.

Gross Earnings increased by 11.8% to ₦48.4bn driven by growth in both fund and fee-based income. We recorded double digit growth across key income lines: FX Income (334.4%), digital banking income (34.6%), account maintenance charge (25.5%) and interest income on liquid assets (10.1%) etc.

Digital Banking has continued to gain traction driven by our new initiatives. We did a soft-launch of our virtual assistant (**Ivy**) and also introduced a new digital lending product (**Fidelity FastLoan**), customer engagements and insights have been very positive. We now have over 43% of our customers enrolled on the mobile/internet banking products, over 81% of total transactions now done on digital platforms and 25% of fee-based income now coming from digital banking.

Net Interest Margin came in at 5.1% on account of lower yields on earning assets and an increase in funding costs. Our average yield on earning assets stood at 12.6% compared to an average funding cost of 6.6%.

Operating Expenses grew by 10.4% to ₦16.7bn driven by Staff | NDIC | AMCON | Depreciation Costs which accounted for over 60% of the cost growth for Q1 2019. However, cost-to-income ratio declined to 68.4% and we expect a drop in the expense growth rate in subsequent quarters as we accelerate our digital transformation initiatives.

Total Deposits increased by 3.8% to ₦1,017.0bn from ₦979.4bn driven by savings, domiciliary and time deposit products. Foreign currency deposits grew by 8.6% to ₦195.2bn which represents 19.2% of total deposits and low-cost deposits now constitute over 80% of total deposits.

Retail Banking continued to deliver impressive results as savings deposits increased by 6.2% to ₦242.1bn and we are on course to achieving the 6th consecutive year of double-digit savings growth. Savings deposits now accounts for over 24% of total deposits, an attestation of our increasing market share in the retail segment.

Net Risk Assets increased by 13.7% to ₦966.3bn from ₦849.9bn in the 2018FY. Foreign currency loans increased by 16.0% and now accounts for 41.9% of the loan book while local currency loans increased by 12.1%. Cost of risk remained unchanged at 0.5% despite the growth in impairment charges due to the increase in our total loan book.

Non-performing Loans (NPLs) Ratio improved to 4.9% from 5.7% in the 2018FY due to a combination of an absolute decline in the NPL book (2.1%) and growth in the total loan book.

Regulatory Ratios remained above the required thresholds with capital adequacy ratio (CAR) at 16.5% and liquidity ratio at 37.2%.

We remain focused on the execution of our medium-term strategic objectives and targets for the 2019FY while we look forward to sustaining the momentum and delivering another strong set of audited results for the H1 2019FY”

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management would be hosting a conference call with investors/analysts on **Monday, 29 April 2019 at 14.00 hours Lagos & London | 09:00 New York | 15.00 Johannesburg**. There will be a question and answer session after the presentation of the **Q1 2019 performance** of the Bank by the management team.

To participate in the call, please dial one of the following numbers:

- **+44 (0) 20 7043 4129 (Standard International Access)**
- **0844 873 8149 (UK Toll Free)**
- **0800 982 759 (South African Toll Free)**
- **+1 213 325 3283 (USA)**
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Follow the voice prompt and provide the Conference Call ID: **238 186#**

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