



# Fidelity Bank Plc.

## PRESS RELEASE

### AUDITED IFRS RESULTS FOR THE YEAR ENDED DECEMBER 31, 2013

April 2, 2014

Lagos, Nigeria

***Fidelity Bank Plc announces Profit Before Tax of N9.03 billion for the period ended December 31, 2013.***

In his remark on the result, the MD/CEO, Mr. Nnamdi Okonkwo, said that:

*“The financial year ended (FYE) December 31, 2013 was challenging as the business environment experienced increased volatility in response to the Central Bank of Nigeria’s (CBN) tightened monetary stance and its impact on overall liquidity. Despite this, we have continued to grow our balance sheet and income indicators including Deposits, Loans, Total Assets, Gross Earnings, Non-Interest Income, etc. This improvement is attributable to the Bank’s ongoing strategy to increase focus on retail and commercial opportunities particularly the Small and Medium-scale Enterprises (SMEs). We however note the impact of a one-off N4.4bn in loan loss expenses which resulted from Asset Management Corporation of Nigeria (AMCON) Clawback on loans earlier sold to them and the raise in AMCON Resolution Cost from 0.3% to 0.5% of total assets. Nevertheless, we are confident that an already expanding Customer range, a growing Loan book now focused on the retail segment will counter the impact of such costs in the future and provide strong momentum for wealth creation for all our Stakeholders while we pursue new strategies for propelling our share of the Nigerian Banking market”*

### **Income Highlights**

Profit Before Tax (PBT) was N9.03 billion for the Financial Year Ended (FYE) December 31, 2013, representing a 57.7% decline from the N21.35 billion recorded in December 31, 2012.

- ✓ Gross Earnings increased by 6.5% to N126.92 billion for FYE December 31, 2013 from N119.14 billion recorded in December 31, 2012.
- ✓ Net Interest Income dipped by 16.3% to N30.81 billion for the period ended December 31, 2013 from N36.81 billion recorded in December 31, 2012. This emanated from tightened monetary conditions which increased cost of funds.
- ✓ Non-interest Income recorded a modest growth of 4.0% to N40.66 billion from N39.10 billion recorded in December 31, 2012 due to the New Tariff Regime introduced by the CBN in Quarter Two of 2013.
- ✓ Operating Expenses rose by 8.1% to N54.82 billion in December 31, 2013 from N50.71 billion recorded in December 31, 2012, despite the impact from the increase in Industry

Resolution Cost (AMCON) from 0.3% to 0.5% of total assets and a one-off increased provision of N1.8bn in respect of Actuarial Valuation on staff pension and gratuity obligations.

### **Balance Sheet Items**

- ✓ Total Assets increased by 18.2% to N1,081.22 billion as at December 31, 2013 from N914.36 billion as at December 31, 2012.
- ✓ Total Customer Deposits increased by 12.5% from N716.75 billion as at December 31, 2012 to N806.32 billion as at December 31, 2013. The composition of low cost deposits to total deposits stood at 66.6% as at December 31, 2013.
- ✓ Net Loans and Leases grew by 23.3% to N426.08 billion as at December 31, 2013 from N345.50 billion as at December 31, 2012.
- ✓ Shareholders' Funds stood at N163.46 billion as at December 31, 2013.

### **Efficiency Ratios**

- ✓ Cost to Income ratio rose to 76.7% for FYE December 31, 2013 from 66.8% for FYE December 31, 2012 as the impact of the increase in cost of funds due to tightened monetary conditions, increase in AMCON Levy from 0.3% to 0.5% of total assets, one-off N1.8bn increased provision on gratuity and pension obligations, and the New Tariff Regime by CBN, which reduced commission and fee income, constrained profitability.
- ✓ Non Performing Loans (NPL) Ratio was 3.7% as at December 31 2013 from 3.9% as at December 2012.

### **Capital Adequacy & Liquidity**

- ✓ Capital Adequacy Ratio (CAR), which measures a bank's financial strength and capacity for future expansion, was 26%; well above the regulatory minimum of 10%. This provides sufficient strategic liquidity to implement our expansion strategy as well as build capacity to grow shareholders wealth.
- ✓ Liquidity Ratio, which measures a bank's solvency and ability to meet maturing obligations, was 46% as at December 31, 2013; well above the regulatory threshold of 30%. This provides liquidity and headroom for the Bank's plans for credit expansion, particularly in the commercial and retail segment, over the short to medium term.

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