



## Fidelity Bank Plc Announces 65.1% Growth In Profit Before Tax To N16.2bn For The 9 Months Ended September 30, 2017

LAGOS, NIGERIA – **23 OCTOBER 2017**: Fidelity Bank Plc (**Bloomberg: Fidelity**) announced its Unaudited Results, for the 9 months ended 30 September 2017.

### Financial Highlights

- Gross Earnings **increased** by **17.9%** to **N130.1bn** from **N110.3bn** in 9M 2016
- Net Interest Income **increased** by **6.5%** to **N53.8bn** from **N50.5bn** in 9M 2016
- Net Operating Income **increased** by **8.8%** to **N63.7bn** from **N58.6bn** in 9M 2016
- Total Expenses **declined** by **2.6%** to **N47.5bn** from **N48.7bn** in 9M 2016
- Impairment Charge **declined** by **8.0%** to **N7.3bn** from **N8.0bn** in 9M 2016
- Profit before Tax **increased** by **65.1%** to **N16.2bn** from **N9.8bn** in 9M 2016
- Net Loans **increased** by **4.9%** to **N753.8bn** from **N718.4bn** in 2016 FY
- Total Deposits **declined** by **2.3%** to **N774.4.1bn** from **N793.0bn** in 2016 FY
- Total Equity **increased** by **8.2%** to **N200.6bn** from **N185.4bn** in 2016 FY
- Total Assets **increased** by **2.3%** to **N1,327.8bn** from **N1,298.1bn** in 2016 FY

N 'million	9M 2016	9M 2017	VAR	% VAR
Gross Earnings	110,346	130,086	19,739	17.9%
Net Interest Income	50,520	53,805	3,285	6.5%
Impairment Charge	(7,960)	(7,323)	(637)	-8.0%
NRFF	42,560	46,481	3,922	9.2%
Net Fee Income	16,016	17,242	1,226	7.7%
Net Operating Income	58,575	63,723	5,148	8.8%
Total Expenses	(48,741)	(47,487)	(1,254)	-2.6%
Profit before Tax	9,835	16,236	6,402	65.1%
Profit after Tax	8,753	14,450	5,697	65.1%
	2016 FY	9M 2017	VAR	% VAR
Customer Deposits	792,971	774,381	(18,590)	-2.3%
Total Equity	185,402	200,600	15,198	8.2%
Net Loans	718,401	753,799	35,398	4.9%
Total Assets	1,298,141	1,327,827	29,686	2.3%

Key Ratios	2016 FY	9M 2017	VAR
Earning Assets Yield	12.7%	15.1%	2.4%
Cost of Funds	5.8%	7.1%	1.3%
Net Interest Margin	6.4%	7.4%	1.0%
NIR/Total Income	32.0%	27.1%	-4.9%
Cost Income Ratio	77.3%	66.8%	-10.5%
Cost of Risk	1.2%	1.3%	0.1%
Loan to Deposit	78.0%	82.8%	4.8%
Low Cost Deposit	76.7%	73.5%	-3.2%
Liquidity Ratio	33.2%	34.4%	1.2%
CAR	17.2%	17.3%	0.1%
NPL Ratio	6.6%	5.9%	-0.7%
RoE (pre-tax)	6.0%	10.8%	4.8%
BVPS (NGN)	6.4	6.9	0.5
EPS (NGN)	0.3	0.7	0.4

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

“We are delighted with our 9 months financial performance which showed strong growth in key revenue lines and a corresponding decline in our operating expenses despite the high inflationary environment. We have been able to sustain our performance trend this year through the following: disciplined balance sheet management, strategic cost reduction and driving our digital banking aspirations which are all in line with the execution of our medium term strategy.

Gross earnings increased y-o-y by 17.9% to N130.1 billion primarily driven by the following: increased yield on earning assets to 15.1% which led to a 20.7% increase in interest income to N110.4bn and a 7.7% increase in net fee and commission income to N17.2 billion driven primarily by the following products; Trade Finance (91.1% growth), FX Income (64.3% growth) and Account Maintenance Fees (48.9% growth).

NIM remained strong at 7.4% in 9M 2017 despite the reduction in yields on liquid assets towards the end of the quarter. Nonetheless, the growth in the yield on our earning assets has continued to outpace the increase in funding costs; our average yield on earnings assets stood at 15.1% compared to an average funding cost of 7.1%.

The implementation of the initiatives from our Business Process Review Project anchored by one of the Big 4 audit firms continued to impact positively on our operational efficiency as total operating expenses declined by 2.6% to N47.5 billion leading to our cost-income ratio dropping to 66.8% from 77.3% in 2016 FYE. The combination of the strong net revenue growth of N5.1 billion (8.8% growth) and the decline in total expenses by N1.3 billion (2.6%) translated to a N6.4 billion (65.1%) increase in Profit before Tax (PBT) to N16.2 billion from N9.8 billion in 9M 2016. The 9M 2017 PBT of N16.2 billion is higher than the annual profit numbers in any of the last 4 financial years (2013 to 2016).

In line with best market risk practices, our currency conversion rate has been changed to reflect a hybrid of the CBN official rate and the Investors and Exporters rate. This resulted in the Bank's currency conversion rate moving from N306/\$ to N333/\$, representing an 8.8% increase in the NGN/USD cross rate which translated to a 0.9% growth in total deposits and a 3.8% growth in risk assets.

Total deposits declined by 2.3% to N774.4 billion from N793.0 billion, this decline was principally due to the pay-off of ALL our outstanding FCY TSA deposits of N53 billion. However, savings deposits increased YTD by 5.7% to N163.8 billion driven by our retail banking strategy while low cost deposits now account for 73.5% of total deposits.

Risk assets increased YTD by 4.9% to N753.8 billion from N718.4 billion in 2016 FYE. However, actual real growth in risk assets was 1.1% while the impact of the change in currency conversion rate was 3.8%. Cost of risk increased marginally to 1.3% from 1.2% while non-performing loans ratio improved to 5.9% from 6.6% in the 2016 FYE due to a 5.9% drop in absolute NPL figures and the growth in the loan book with our coverage ratio at 97.3% compared to 83.0% in 2016 FYE.

Other regulatory ratios remained above the required thresholds with Capital Adequacy Ratio (CAR) at 17.3% and Liquidity Ratio at 34.4%.

In line with our promise to notify the investor community of the decision of the Bank in respect of its US\$300 million May 2018 Eurobond by the end of Q3 2017, on September 28, 2017, Fidelity Bank Plc returned to the international capital markets with a **Strategic Liability Management and New Issue Transaction** managed by Citigroup Incorporated, Renaissance Capital and Standard Bank Group Limited.

The Any and All Cash Tender Offer targeted the outstanding 6.875% US\$300 million Notes due May 2018 and the purpose of the Tender Offer alongside the New Issue was to extend the maturity profile of the Bank by pro-actively refinancing the outstanding 2018 notes.

On October 11th 2017, Fidelity Bank Plc successfully priced a US\$400 million 10.500% 5-year 144A/RegS Eurobond with the following transaction highlights for the Strategic Liability Management and New Issue Transaction:

- The Bank received and accepted for purchase ~US\$256 million in nominal amount of its 2018 Notes, representing a strong participation rate of 85%.
- A large proportion of the take-up was from accounts wishing to participate in the new issue.
- The Eurobond issue was 2.0x oversubscribed (Order Book of \$630 million), with the final coupon ultimately set at 10.50%.
- Due to the strong order book, the deal was upsized from the original aspiration of US\$300 million and the Bank raised a benchmark size of US\$400 million.
- The transaction achieved a wide market distribution with over 100 investors from the UK, US, Continental Europe, Asia and Africa subscribing to the new issue.
- Proceeds from the new US\$400 million issue due 2022 was used to finance the tender offer of US\$256 million and the balance (net issuance cost) will be used to support the trade finance business of the Bank.

- The transaction is the largest combined new issue and liability management offering ever by a Nigerian issuer and the highly successful offering effectively reopens the international bond markets for Nigerian Tier II banks.

We remain focused on the execution of our medium term strategic objectives and targets while we look forward to sustaining the momentum and delivering a strong set of results for the 2017FY”.

## ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management would be hosting a conference call with investors/analysts on **Wednesday, October 25, 2017 at 15.00 hours Lagos / London / 10:00 New York / 16.00 Johannesburg**. There will be a question and answer session after the presentation of the 9M 2017 financial performance of the Bank by the Fidelity Bank Management.

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

- (UK) +44 (0)20 7043 4129
- (UK) 0800 327 7280
- (South Africa) 0800 982 759
- (USA) 1-866-840-9752
- (USA) +1-213-375-0471
- (Nigeria) +234 (0)18889001
- (Nigeria) +234 (0)18889090

Follow the voice prompt and provide the Conference Call ID: **996 031#**

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