



Fidelity Bank Plc Announces a 3.6% Growth in Profit Before Tax to N21.3bn For the 9 Months Ended 30 September 2020

LAGOS, NIGERIA – **02 NOVEMBER 2020**: Fidelity Bank Plc (Bloomberg: **FIDELITY:NL**) announced its Unaudited Results, for the 9 months ended 30 September 2020.

Financial Highlights

- Gross Earnings **decreased** by **3.7%** to **N155.0bn** from **N161.1bn** in 9M 2019
- Net Interest Income **increased** by **28.8%** to **N75.0bn** from **N58.2bn** in 9M 2019
- Impairment **increased** by **8,043%** to **N11.0bn** from a write-back of **N0.1bn** in 9M 2019
- Net Operating Income **increased** by **5.3%** to **N85.1bn** from **N80.9bn** in 9M 2019
- Total Expenses **increased** by **5.8%** to **N63.8bn** from **N60.3bn** in 9M 2019
- Profit before Tax **increased** by **3.6%** to **N21.3bn** from **N20.6bn** in 9M 2019
- Net Loans **increased** by **12.9%** to **N1,272.5bn** from **N1,127.0bn** in 2019FY
- Total Deposits **increased** by **22.3%** to **N1,498.4bn** from **N1,225.2bn** in 2019FY
- Total Equity **increased** by **12.0%** to **N262.2bn** from **N234.0bn** in 2019FY
- Total Assets **increased** by **21.8%** to **N2,575.2bn** from **N2,114.0bn** in 2019FY

N 'million	9M 2019	9M 2020	VAR	% VAR
Gross Earnings	161,055	155,030	(6,024)	-3.7%
Net Interest Income	58,246	75,000	16,754	28.8%
Impairment Charge	139	(11,035)	11,174	8,043.3%
NRFF	58,385	63,964	5,580	9.6%
Net Fee Income	22,497	21,174	(1,323)	-5.9%
Net Operating Inc.	80,882	85,138	4,257	5.3%
Total Expenses	(60,283)	(63,790)	3,507	5.8%
Profit before Tax	20,598	21,348	750	3.6%
Profit after Tax	19,056	20,406	1,349	7.1%
	2019FY	9M 2020	VAR	% VAR
Customer Deposits	1,225,213	1,498,419	273,206	22.3%
Total Equity	234,030	262,174	28,144	12.0%
Net Loans	1,126,974	1,272,520	145,546	12.9%
Total Assets	2,114,037	2,575,198	461,161	21.8%

Key Ratios	2019FY	9M 2020	VAR
Earning Assets Yield	13.6%	11.1%	-2.5%
Cost of Funds	6.3%	4.0%	-2.3%
Net interest Margin	6.2%	6.3%	0.1%
NIR/Total Income	27.8%	24.9%	-2.9%
Cost to Income Ratio	73.4%	66.3%	-7.0%
Cost of Risk	-0.1%	1.2%	1.3%
Loan to Funding Ratio	68.2%	67.5%	-0.74%
Low Cost Deposit	78.9%	76.7%	-2.2%
Liquidity Ratio	35.0%	35.0%	0.0%
CAR	18.3%	18.2%	-0.1%
NPL Ratio	3.3%	4.7%	1.4%
RoE (post-tax)	13.3%	11.0%	-2.2%
BVPS (N)	8.1	9.1	1.0
EPS (N)	1.0	0.7	-0.3

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

“Our financial performance for the period continues to reflect the resilience of our business model in a very challenging operating environment as we worked closely with our customers to gradually recover from the economic impact of the Pandemic and the attendant effect of the lockdown. We have seen an increase in business activities after the easing of the lockdown and we disbursed over **N50bn+** in intervention funds to our customers in the last 3 months (July – Sept) in critical sectors to kick-start the economy after the lockdown.

We re-stated our 9M 2019 Numbers 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 previously done on our financials.

Gross Earnings dropped by 3.7% YoY to ₦155.0bn due to a decline in interest & similar income caused by lower yields in the market as well as a drop in fee income. Net fee income declined by ₦1.3bn largely due to a reduction in FX related income on account of the revaluation gains recorded in H1 2020.

Digital Banking continued to gain traction as we now have 52.3% of our customers enrolled on the mobile/internet banking products from 47.4% in 2019FY and 88.2% of customer-induced transactions are done on digital platforms. Digital banking income increased by 20.0% QoQ due to improved adoption by customers and new services migrated to our digital channels.

Net Interest Margin improved to 6.3% from 6.2% in 2019FY, largely due to 230bpts drop in average funding cost to 4.0% (H1 2020: 4.3%) from 6.3% in 2019FY. This resulted in a 25.2% drop in total interest expenses to ₦57.5bn and 28.8% increase in net interest income to ₦75.0bn despite a 19.9% YTD increase in interest bearing liabilities. Average yields on earnings assets dropped to 11.1% from 13.6% in 2019FY largely due to the downward review of lending rates given the lower interest rate environment and the reduction of lending rates on intervention funds.

Operating Expenses increased by 5.8% YoY to ₦63.8bn with over 50.0% of the cost growth coming from regulatory induced costs (AMCON/NDIC). The growth in operating expenses is below the headline inflation rate and Cost-to-income ratio improved to 66.3% in the reporting period from 73.4% in 2019FY. Operating expenses declined by 32.8% QoQ due to the recognition of full-year AMCON charge in H1 2020 in line with the requirements of IFRIC 21 Levies.

Total Deposits increased by 22.3% YTD to ₦1,498.4bn from ₦1,225.2bn in 2019FY. We recorded strong growth across all product lines (Demand | Savings | Tenor). The volume of low-cost funds increased by 18.8% YTD to close ₦1,148.8bn. Local currency deposits increased by 26.0% to ₦1,180.6bn while foreign currency deposits increased by 10.1% to ₦317.8bn.

Retail Banking continued to deliver impressive results as savings deposits increased by 39.9% to ₦385.1bn. We are on course to achieving the 7th consecutive year of double-digit growth in savings deposits.

The growth in Savings deposits accounted for 40.2% of total growth in customer deposits and Savings deposits now represents 25.7% of total deposits, up from 22.5% in 2019FY.

Net Risk Assets increased by 12.9% to ₦1,272.5bn from ₦1,127.0bn in 2019FY. However, the actual growth in risk assets was 10.2% while the impact of the currency adjustment (Dec 2019: ₦364.7/\$ - Sep 2020: ₦385.8/\$) accounted for a 2.7% growth in the loan book.

We continued to maintain a conservative stance from a credit risk perspective. In line with our guidance for the year, total impairment charge increased to ₦11.0bn from a write-back of ₦0.1bn in 9M 2019 with a cost of risk of 1.2%.

Non-Performing Loans (NPL) ratio increased to 4.7% from 3.3% in 2019FY.

Regulatory Ratios remain above the required thresholds with Capital Adequacy Ratio at 18.2% and we expect to be above 20.0% by the end of the financial year in line with our planned Q4 Bond issue and capitalization of H2 2020 profit. Liquidity Ratio improved to 35.0% from 32.1% in H1 2020.

We will continue to monitor and pro-actively manage evolving risks as business activities improve and look forward to delivering another set of resilient results in the remaining quarter of 2020FY.

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management will hold a conference call on **Tuesday, 3 November 2020 at 15.00 hours Lagos | 14:00 London | 10:00 New York | 16.00 Johannesburg** to discuss the Unaudited 9M 2020 Results. There will be a question and answer session after the presentation of the **9M 2020 performance** of the Bank by the management team.

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

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