



Fidelity Bank Plc Announces A Profit Before Tax (PBT) Of N28.1bn And Proposes Dividend Of 22k Per Share For The 12 Months Ended 31 December 2020

LAGOS, NIGERIA – **31 MARCH 2021**: Fidelity Bank Plc (Bloomberg: **FIDELITY:NL** | Reuters: **FIDELIT:LG**) announced its Audited Financial Statements for the 12 months ended 31 December 2020.

Financial Highlights

- Gross Earnings **decreased** by **5.4%** to **N206.2bn** from **N218.0bn** in 2019FY
- Net Interest Income **increased** by **25.4%** to **N104.1bn** from **N83.1bn** in 2019FY
- Net Revenue **increased** by **15.0%** to **N128.5bn** from **N111.8bn** in 2019FY
- Total Expenses **increased** by **2.0%** to **N83.6bn** from **N82.0bn** in 2019FY
- Operating Profit **increased** by **50.9%** to **N44.9bn** from **N29.8bn** in 2019FY
- Impairment **increased** by **2,971.9%** to **N16.9bn** from a write-back of **N0.6bn** in 2019FY
- Profit before Tax **decreased** by **7.6%** to **N28.1bn** from **N30.4bn** in 2019FY
- Net Loans **increased** by **17.7%** to **N1,326.1bn** from **N1,127.0bn** in 2019FY
- Total Deposits **increased** by **38.7%** to **N1,699.0bn** from **N1,225.2bn** in 2019FY

N 'million	2019FY	2020FY	VAR	% VAR
Gross Earnings	218,011	206,204	(11,807)	-5.4%
Net Interest Income	83,055	104,123	21,068	25.4%
Net Fee Income	28,703	24,422	(4,281)	-14.9%
Net Revenue	111,758	128,545	16,787	15.0%
Total Expenses	(81,992)	(83,633)	1,641	2.0%
Operating Profit	29,766	44,912	15,146	50.9%
Impairment Charge	587	(16,858)	17,445	2,971.9%
Profit before Tax	30,353	28,054	(2,299)	-7.6%
Profit after Tax	28,425	26,650	(1,775)	-6.2%
	2019FY	2020FY	VAR	% VAR
Customer Deposits	1,225,213	1,699,026	473,813	38.7%
Total Equity	234,030	273,533	39,503	16.9%
Net Loans	1,126,974	1,326,106	199,132	17.7%
Total Assets	2,114,037	2,758,148	644,111	30.5%

Key Ratios	2019FY	2020FY	VAR
Earning Assets Yield	13.6%	10.7%	-2.9%
Cost of Funds	6.3%	3.6%	-2.7%
Net interest Margin	6.2%	6.3%	0.1%
Cost Income Ratio	73.4%	65.1%	-8.3%
Cost of Risk	-0.1%	1.4%	1.3%
Loans to Funding Ratio	68.2%	65.2%	-3.0%
Low Cost Deposit	78.9%	77.0%	-1.9%
Liquidity Ratio	35.0%	37.8%	2.8%
CAR	18.3%	18.2%	-0.1%
NPL Ratio	3.3%	3.8%	0.5%
RoE (post-tax)	13.3%	10.5%	-2.8%
BVPS (Kobo)	808	944	16.9%
EPS (Kobo)	98	92	-6.2%
Proposed DPS (Kobo)	20	22	10.0%

Nneka Onyeali-Ikpe, MD/CEO of Fidelity Bank Plc commenting on the results, stated that:

“We are pleased with our financial performance, which clearly showed the resilience of our business model as core operating profit increased by 50.9% to ₦44.9bn from ₦29.8bn in 2019FY. We also saw a significant improvement in our efficiency indices as cost-to-income ratio moderated downward to 65.1% from 73.4% in 2019FY. However, Profit before Tax (PBT) dropped by 7.6% to ₦28.1bn as we proactively increased our provisions on risk assets to ₦16.9bn from a net write-back of ₦0.6bn in 2019FY. We took a conservative stance in recognition of the impact of the global pandemic, which has redefined business risks and opportunities in the new normal.

Gross Earnings dropped by 5.4% to ₦206.2bn due to a decline in interest & similar income as well as a drop in net fee income. Net fee income declined by ₦4.3bn largely due to the downward revision of fees in line with the new bankers' tariff. Digital Banking income dropped by 18.8% due to the revised bankers' tariff but it increased by 19.6% QoQ on account of increased customer adoption as more services are migrated to our digital channels. We now have 52.8% of our customers enrolled on the mobile/internet banking compared to 47.4% in 2019FY, while 88.4% of our customers' transactions were done on the digital platforms.

Net Interest Margin improved to 6.3% from 6.2% in 2019FY, largely due to 270bps drop in average funding cost to 3.6% from 6.3% in 2019FY. This resulted in a 28.6% drop in total interest expenses and 25.4% increase in net interest income to ₦104.1bn despite a 31.3% increase in interest bearing liabilities. Average yields on earnings assets dropped to 10.7% from 13.8% in 2019FY largely due to a combination of lower yields in the market and downward review of lending rates especially on loans funded with the intervention funds, which represents 40.0% of our local currency loan book.

Operating Expenses increased by ₦1.6bn (2.0%) to ₦83.6bn largely driven by ₦2.2bn growth in regulatory charges (NDIC and AMCON Charges). Over 50.0% of our cost lines declined in 2020FY as we harnessed the benefits of remote working which contributed to the drop in our cost-to-income ratio to 65.1%.

Total Deposits increased by 38.7% to ₦1,699.0bn from ₦1,225.2bn in 2019FY, which stood well-above our guidance for 2020FY. The increase was driven by double-digit growth across all product lines (Demand | Savings | Tenor). Local currency deposits grew by 49.6% and now accounts for 82.5% of total deposit while foreign currency deposits increased by 3.3% and accounts for 17.5% of total deposits. Also, low-cost deposits increased by 35.3% to close at ₦1,307.7bn from ₦966.8bn, which explains the 38.6% drop in interest expenses on customer deposits.

Retail Banking sustained its growth trajectory with 54.2% (N149.2bn absolute) growth in savings deposits to ₦424.4bn from ₦275.2bn in 2019FY, making it the 8th consecutive year of double-digit growth in savings deposits.

Net Risk Assets increased by 17.7% to ₦1,326.1bn from ₦1,127.0bn in 2019FY. However, the actual growth in risk assets was 13.3% while the impact of the currency adjustment (2019FY: ₦364.7/\$ - 2020FY: ₦400.3/\$) accounted for a 4.4% growth in the loan book. Cost of risk came in at 1.4% as we increased our loan provision buffers against possible headwinds.

Non-Performing Loans (NPL) ratio is now 3.8% from 3.3% in 2019FY.

Other Regulatory Ratios remained above the required thresholds with liquidity ratio at 37.8% and capital adequacy ratio (CAR) at 18.2%.

We successfully issued 10-year ₦41.2bn Tier II Local Bonds due 2031 at 8.5% coupon. The transaction was a landmark achievement in the Nigerian domestic debt market as the largest corporate bonds ever issued by any Nigerian Bank. It also validates the continued investors' confidence in our long-term aspirations and strong corporate governance. Our 2020FY CAR does not include the newly issued bonds.

The Board has proposed a dividend per share of 22 kobo subject to shareholders' approval at the Annual General Meeting (AGM). The proposed dividend translates to an increase of 10.0% from 20 kobo in 2019FY and a dividend yield of 9.4%".

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management will hold a conference call on **Wednesday, 7 April 2021 at 15.00 hours Lagos | 15:00 London | 10:00 New York | 16.00 Johannesburg** to discuss the Audited 2020 Results. There will be a question and answer session after the presentation of the **2020FY 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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