

# Fidelity Bank Plc Announces A Profit Before Tax (PBT) Of N4.0 Billion For The First Quarter Ended March 31, 2016

## Financial Highlights

- Gross Earnings decreased by 5.5% to N34.4bn from N36.4bn in Q1 2015
- Net Interest Income increased by 30.0% to N16.1bn from N12.4bn in Q1 2015
- Net Operating Income increased by 6.2% to N20.8bn from N19.6bn in Q1 2015
- Total Expenses increased by 15.7% to N16.0bn from N13.9bn in Q1 2015
- Profit before Tax declined by 14.6% to N4.0bn from N4.7bn in Q1 2015
- Profit after Tax declined by 10.5% to N3.6bn from N4.0bn in Q1 2015
- Net Loans increased by 2.1% to N590.1bn from N578.2bn in 2015 FY
- Deposits increased by 1.9% to N784.5bn from N769.6bn in 2015 FY
- Total Equity increased by 0.3% to N184.0bn from N183.5bn in 2015 FY
- Total Assets increased by 4.0% to N1,284.2bn from N1,231.7bn in 2015 FY

N 'million	Q1 2016	Q1 2015	VAR	% VAR
Gross Earnings	34,356	36,364	(2,009)	-5.5%
Net Interest Income	16,104	12,388	3,716	30.0%
Net Fee Income	4,656	8,734	(4,077)	-46.7%
Net Operating Income	20,796	19,587	1,209	6.2%
Total Expenses	(16,031)	(13,857)	(2,174)	15.7%
Impairment Charge	(739)	(1,020)	281	-27.5%
Profit before Tax	4,025	4,710	(685)	-14.6%
Profit after Tax	3,583	4,003	(421)	-10.5%
	Q1 2016	2015 FY	VAR	% VAR
Customer Deposits	784,549	769,636	14,913	1.9%
Total Equity	184,029	183,516	513	0.3%
Net Loans	590,133	578,203	11,930	2.1%
Total Assets	1,284,240	1,231,722	49,518	4.0%

Key Ratios	Q1 2016	2015FY	VAR
Earning Assets Yield	13.2%	13.8%	-0.5%
Net interest Margin	7.3%	6.9%	0.4%
Return on Equity	7.8%	7.6%	0.3%
Return on Assets	1.1%	1.1%	0.0%
Cost of Funds	5.2%	6.2%	-1.0%
Cost Income Ratio	77.1%	76.4%	0.7%
Cost of Risk	0.5%	1.0%	-0.5%
Loan to Deposit	75.2%	75.1%	0.1%
Liquidity Ratio	37.5%	36.0%	1.5%
CAR	19.3%	18.7%	0.6%
NPL Ratio	4.3%	4.4%	-0.1%
BVPS (NGN)	6.4	6.3	0.1
EPS (NGN)	0.5	0.5	0.0

Please note that the net operating income includes net gains/(losses) from financial instruments.

Our financial performance for the quarter is reflective of the continued slowdown in business activities; due to lower government revenues arising from depressed oil prices, lower interest rate regime and weaker macro-economic environment.

We continued to improve the earnings capacity of our balance sheet (fund based income) despite the decline in fee income. Though gross earnings declined by 5.5% (due to a N4.2 billion drop in our foreign exchange income), net interest income increased by 30.0%, e-banking income by 216.4% and net operating income by 6.2% respectively.

In line with our focus on balance sheet optimization, we ensured that the reduction in funding costs outpaced the decline on yields on earning assets. This improved our NIM to 7.3% from 6.9% in the 2015FY.

Though operating expenses increased by 15.7% YOY, expense growth was flat when compared with 2015FY quarterly annualized figures and actually declined by 24.1% from Q4 2015.

Our cost of risk remained within our guidance of 1.0% as we saw a decline of our risk asset portfolio in most sectors due to the weaker macro-economic indices, overall loan growth of 2.1% was basically driven by public sector on-lending facilities.

Our NPL ratio declined to 4.3% largely due to the growth in the loan book while our regulatory ratios remained well above the set thresholds, our capital adequacy ratio at 19.3% gives us ample leverage to take advantage of emerging business opportunities.

Total deposits increased by 1.9% and the disciplined execution of our retail strategy continued to deliver strong results as savings deposits grew by 13.4% in the quarter under review.

Our key objectives for the 2016FY remains; redesigning our systems and processes to enhance service delivery, cost optimization initiatives to reduce expenses by 5.0%, proactive risk management, increased customer adoption/migration to our digital platforms and increasing our retail banking market share.

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