



Fidelity Bank Plc Announces 30.6% Growth In Profit For The 2018FY As Profit Before Tax (PBT) Hits N25.1bn; Proposes Dividend Of 11k Per Share

LAGOS, NIGERIA – **28 MARCH 2019**: Fidelity Bank Plc (**Bloomberg: Fidelity**) announced its Audited Results, for the 12 months ended 31 December 2018.

Financial Highlights

- Gross Earnings **increased** by **4.8%** to **N188.9bn** from **N180.2bn** in 2017 FY
- Net Interest Income **increased** by **2.1%** to **N69.6bn** from **N68.1bn** in 2017 FY
- Operating Income **increased** by **13.1%** to **N97.2bn** from **N86.0bn** in 2017 FY
- Total Expenses **increased** by **8.0%** to **N72.1bn** from **N66.8bn** in 2017 FY
- Impairment Charge **decreased** by **62.7%** to **N4.2bn** from **N11.3bn** in 2017 FY
- Profit before Tax **increased** by **30.6%** to **N25.1bn** from **N19.2bn** in 2017 FY
- Net Loans **increased** by **10.6%** to **N849.9bn** from **N768.7bn** in 2017 FY
- Total Deposits **increased** by **26.3%** to **N979.4bn** from **N775.3bn** in 2017 FY
- Total Equity **decreased** by **3.4%** to **N194.4bn** from **N201.4bn** in 2017 FY
- Total Assets **increased** by **24.7%** to **N1,719.9bn** from **N1,379.2bn** in 2017 FY

N 'million	2017FY	2018FY	VAR	% VAR
Gross Earnings	180,244	188,873	8,629	4.8%
Net Interest Income	68,141	69,587	1,446	2.1%
Impairment Charge	(11,315)	(4,215)	(7,100)	-62.7%
NRFF	56,826	65,372	8,546	15.0%
Net Fee Income	29,151	31,845	2,694	9.2%
Operating Income	85,977	97,217	11,240	13.1%
Total Expenses	(66,764)	(72,128)	5,364	8.0%
Profit before Tax	19,213	25,089	5,876	30.6%
Profit after Tax	17,768	22,926	5,158	29.0%
	2017FY	2018FY	VAR	% VAR
Customer Deposits	775,276	979,413	204,137	26.3%
Total Equity	201,361	194,416	(6,945)	-3.4%
Net Loans	768,737	849,880	81,143	10.6%
Total Assets	1,379,214	1,719,883	340,669	24.7%

Key Ratios	2017FY	2018FY	VAR
Earning Assets Yield	15.1%	12.8%	-2.3%
Cost of Funds	7.2%	6.2%	-1.0%
Net interest Margin	7.0%	5.8%	-1.2%
NIR/Total Income	33.9%	32.8%	-1.1%
Cost to Income Ratio	68.6%	71.1%	2.5%
Cost of Risk	1.5%	0.5%	-1.0%
Loan to Deposit	84.7%	73.1%	-11.6%
Low Cost Deposit	77.0%	81.6%	4.6%
Liquidity Ratio	35.9%	39.0%	3.1%
CAR	16.0%	16.7%	0.7%
NPL Ratio	6.4%	5.7%	-0.7%
RoE (post-tax)	8.8%	11.8%	3.0%
BVPS (N)	7.0	6.7	-0.3
EPS (N)	0.6	0.8	0.2

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

“We are delighted with our 2018FY numbers which clearly showed that we sustained our performance trajectory and continued to increase our market share driven by significant traction in our chosen business segments.

We restated our 2017FY income statement by reclassifying ₦3.3bn from interest & similar income to net gains from financial assets at fair value through profit/loss in compliance with IAS 1.82(a). We also recognized an additional ₦1.1bn previous year AMCON charges on the Income Statement resulting in a decline in 2017FY PBT to ₦19.2bn from an initial ₦20.3bn.

Gross Earnings increased by 4.8% to ₦188.9bn driven by growth in both fund and fee-based income. We recorded double digit growth across key income lines: interest income on liquid assets (16.9%), digital banking income (16.4%), FX Income (11.6%) and account maintenance charge (11.4%) etc.

Digital Banking continued to gain traction with over 42% of our customers now enrolled on the mobile/internet banking products, over 81% of total transactions now done on digital platforms and 25% of fee-based income now coming from digital banking.

Net Interest Margin came in at 5.8% on account of lower yields on earning assets despite the decline in funding costs. Our average yield on earning assets stood at 12.8% compared to an average funding cost of 6.2%.

Operating Expenses grew by 8.0% to ₦72.1bn driven by NDIC | AMCON | Depreciation charges which accounted for over 50% of the cost growth for 2018FY. Though the cost growth is still below the double-digit inflation rate, we expect a drop in the growth rate in the 2019FY as we accelerate our digital transformation initiatives.

Total Deposits increased by 26.3% to ₦979.4bn from ₦775.3bn as we recorded strong double-digit growth across all low-cost deposit products which reduced funding costs by over 100bps. Low cost deposits now accounts for over 81% of total deposits from 77% in the 2017FY.

Retail Banking continued to deliver impressive results as savings deposits increased by 27.7% to ₦228.0bn marking the 5th consecutive year of double-digit savings growth. Savings deposits now accounts for over 23% of total deposits, an attestation of our increasing market share in the retail segment.

Net Risk Assets increased by 10.6% to ₦849.9bn from ₦768.7bn in the 2017FY. The adoption of the NIFEX rate of ₦358/\$ for the 2018FY accounted for a 3.3% growth in our loans, write-offs impacted the loan book by -2.0% while core loan growth was 9.3%. The manufacturing and general commerce sectors accounted for over 65% of

our risk assets growth and this was largely driven by the various FGN intervention funds accessed for our customers in these segments. Cost of risk declined to 0.5% from 1.5% in the 2017FY due to impairment charges passed through equity on IFRS 9 adoption. Non-performing Loans (NPLs) Ratio improved to 5.7% from 6.4% in the 2017FY due to a combination of recoveries, loan write-offs and the absolute growth in the loan book.

Regulatory Ratios remained above the required thresholds with Capital Adequacy Ratio (CAR) at 16.7% and Liquidity Ratio at 39.0%.

We remain focused on the execution of our medium term strategic objectives and targets for the 2019FY while we look forward to sustaining the momentum and delivering another strong set of results for the 2019FY"

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Management would be hosting a conference call with investors/analysts on **Monday, 01 April 2019 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 **2018FY performance** of the Bank by the management team.

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

- (UK) +44 (0) 20 7043 4129
- (UK) 0844 873 8149
- (South Africa) 0800 982 759
- (USA) +1 213 325 3283
- (Nigeria) +234 (0) 1 888 9001

Follow the voice prompt and provide the Conference Call ID: **796 298#**

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