

Fidelity Bank Plc Announces A 3.5% Growth In Gross Earnings To N152.0bn, Profit Before Tax (PBT) Of N11.1bn And A Proposed Dividend Of 14k Per Share

LAGOS, NIGERIA – 07 APRIL 2017: Fidelity Bank Plc (**Bloomberg: Fidelity**) announced its Audited Results, for the 12 months ended 31 December 2016.

Financial Highlights

- Gross Earnings increased by 3.5% to N152.0bn from N146.9bn in 2015 FY
- Net Interest Income increased by 1.7% to N61.9bn from N60.9bn in 2015 FY
- Operating Income increased by 4.0% to N87.6bn from N84.2bn in 2015 FY
- Total Expenses increased by 4.8% to N67.2bn from N64.1bn in 2015 FY
- Impairment Charge increased by 50.4% to N8.7bn from N5.8bn in 2015 FY
- Profit before Tax declined by 21.1% to N11.1bn from N14.0bn in 2015 FY
- Net Loans increased by 24.2% to N718.1bn from N578.2bn in 2015 FY
- Total Deposits increased by 3.0% to N793.0bn from N769.6bn in 2015 FY
- Total Equity increased by 1.0% to N185.4bn from N183.5bn in 2015 FY
- Total Assets increased by 5.4% to N1,298.1bn from N1,231.7bn in 2015 FY

N'million	2015 FY	2016 FY	VAR	% VAR
Gross Earnings	146,891	152,021	5,130	3.5%
Net Interest Income	60,864	61,928	1,064	1.7%
Net Fee Income	23,322	25,630	2,308	9.9%
Net Operating Income	84,186	87,558	3,372	4.0%
Total Expenses	(64,107)	(67,201)	(3,094)	4.8%
Impairment Charge	(5,764)	(8,671)	(2,907)	50.4%
Profit before Tax	14,024	11,061	(2,963)	-21.1%
Profit after Tax	13,904	9,734	(4,170)	-30.0%
	2015 FY	2016 FY	VAR	% VAR
Customer Deposits	769,636	792,971	23,335	3.0%
Total Equity	183,516	185,402	1,886	1.0%
Net Loans	578,203	718,113	139,910	24.2%
Total Assets	1,231,722	1,298,141	66,419	5.4%

Key Ratios	2015 FY	2016 FY	VAR
Earning Assets Yield	13.8%	12.7%	-1.1%
Net Interest Margin	6.9%	6.4%	-0.5%
Return on Equity	7.6%	6.0%	-1.6%
Return on Assets	1.1%	0.9%	-0.2%
Cost of Funds	6.2%	5.8%	-0.4%
Cost Income Ratio	76.4%	77.3%	0.9%
Cost of Risk	1.0%	1.2%	0.2%
Loan to Deposit	66.5%	78.0%	11.5%
Liquidity Ratio	36.0%	33.2%	-2.8%
CAR	18.7%	17.2%	-1.5%
NPL Ratio	4.4%	6.6%	2.2%
BVPS (NGN)	6.3	6.4	0.1
EPS (NGN)	0.5	0.3	-0.2

Nnamdi Okonkwo, Managing Director and CEO of Fidelity Bank Plc commenting on the results, stated that:

“Though the macro-economic and business environment was challenging in 2016, our financial performance reflects the sound fundamentals of our evolving business model as we continued with the disciplined execution of our medium term strategy which positions the business for improved and sustainable profitability.

We continued to improve the earnings capacity of the business as gross earnings increased by 3.5%, net interest income increased by 1.7% and fee based income increased by 9.9% while expense growth at 4.8% (including one-off costs explained below) was significantly below the average inflation rate of 15.7% in 2016.

Despite the growth in operational income by 4.0%, PBT declined by 21.1% due to a N4.8bn increase in Gratuity and Retirement costs in the 2016FY as the bank discontinued its legacy Gratuity and Retirement scheme. Excluding this one-off charge, PBT for the year would have been N15.8bn.

Our retail and electronic banking strategy continued to deliver impressive results as savings deposits grew by 30.1% to N155.0bn while customer enrollments on our flagship Instant Banking (*770#) and Online Banking products grew by over 200% leading to a 44.6% growth in net e-banking revenues to N7.5bn. This performance was driven by the upgrade of our core banking system which provides a superior architecture that enhanced our operational efficiency and deepened our electronic banking capabilities.

Total deposits grew by 3.0% to N793.0bn in December 2016. Demand deposits increased by 42.9% while low cost deposits now account for 78.7% of total deposits which reflected in the drop in our average cost of deposits to 5.7%.

Risk assets grew by 24.2% to N718.1bn in December 2016 with the devaluation of naira accounting for 19.2% (N110.9bn). Foreign currency loans now constitute 44.4% of the loan book up from 40.4% in 2015 due to the currency devaluation. Cost of risk inched up to 1.2% due to increased impairment charge especially in Q2 and Q3, 2016 as we took a very prudent view of the impact of the currency devaluation, tougher operating environment and declining business activities in selected sectors of our loan portfolio.

Though our non-performing loans (NPL) ratio increased to 6.6% largely due to a combination of naira devaluation and our conservative approach in appraising our risk assets portfolio, our other regulatory ratios (Liquidity Ratio & CAR) remained well above the set regulatory thresholds.”

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Senior Management would be hosting a conference call with investors/analysts on the 2016 Audited Financial Results on Thursday, April 13, 2017 at 15.00 hours Lagos / 15:00 London / 10:00 New York / 16.00 Johannesburg. There will also be an opportunity for management to respond to questions from investors and analysts.

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

Standard dial-in: +44 (0) 20 7043 4129
United Kingdom: 0800 327 7280
United States: +1 866 840 9752 / 213 375 0471
South Africa: 0800 982 759
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Follow the voice prompt and provide the Conference Call ID: 159 953#

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