

Highlights of the Unaudited Results of Fidelity Bank Plc for the Half Year Ended June 30, 2015

Fidelity Bank Plc announces a **13.6%** growth in Gross Earnings to **N71.9 billion** and a Profit before Tax (PBT) of **N9.7 billion**.

Financial Highlights

- Gross Earnings increased by **13.6%** to **N71.9bn** from **N63.3bn** in H1 2014
- Net Fee Income increased by **25.9%** to **N15.2bn** from **N12.1bn** in H1 2014
- Operating Income increased by **14.1%** to **N42.0bn** from **N36.8bn** in H1 2014
- Total Expenses increased by **13.8%** to **N28.8bn** from **N25.3bn** in H1 2014
- Profit before Tax increased by **2.5%** to **N9.7bn** from **N9.4bn** in H1 2014
- Profit after Tax increased by **2.5%** to **N8.2bn** from **N8.0bn** in H1 2014
- Net Loans increased by **5.8%** to **N572.8bn** from **N541.7bn** in Dec 2014
- Deposits declined by **2.9%** to **N796.6bn** from **N820.0bn** in Dec 2014
- Total Equity increased by **3.1%** to **N178.6bn** from **N173.1bn** in Dec 2014
- Total Assets increased by **0.5%** to **N1,192.7bn** from **N1,187.0bn** in Dec 2014

N 'million	H1 2015	H1 2014	VAR	% VAR
Gross Earnings	71,890	63,258	8,632	13.6%
Net Interest Inc.	26,846	24,787	2,059	8.3%
Net Fee Income	15,180	12,061	3,119	25.9%
Operating Income	42,026	36,848	5,179	14.1%
Total Expenses	(28,821)	(25,329)	(3,492)	13.8%
Impairment Losses	(3,140)	(838)	(2,302)	274.9%
Profit before Tax	9,664	9,432	232	2.5%
Profit after Tax	8,214	8,017	197	2.5%
	H1 2015	2014 FY	VAR	% VAR
Deposits	796,550	820,034	(23,484)	-2.9%
Total Equity	178,557	173,111	5,446	3.1%
Net Loans	572,839	541,685	31,154	5.8%
Total Assets	1,192,684	1,187,025	5,659	0.5%

Key Ratios	H1 2015	2014 FY	H1 2014
Earning Assets Yield	13.7%	12.7%	14.5%
Net interest Margin	6.6%	6.0%	7.0%
RoE (pre-tax)	10.9%	9.0%	11.4%
RoA (pre-tax)	1.6%	1.3%	1.8%
Cost of Funds	6.3%	5.9%	6.4%
Cost Income Ratio	69.2%	74.2%	71.2%
Cost of Risk	1.1%	0.8%	0.4%
Loan to Deposit	71.9%	66.1%	57.2%
Liquidity Ratio	32.2%	38.0%	35.3%
CAR	22.7%	23.2%	27.0%
NPL Ratio	3.7%	4.4%	3.8%
BVPS (NGN)	6.2	6.0	5.7
EPS (NGN)	0.6	0.5	0.6

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

“Business operations in H1 2015 were challenged by a difficult operating environment due to heightened political risks in Q1, weaker government revenues arising from lower crude oil prices, a tighter monetary policy environment and currency devaluation concerns which all translated to a significantly lower GDP growth rate.

Despite these challenges we continued with the disciplined execution of our medium term strategy (albeit taking into consideration the weaker macro-economic environment). Profit before Tax (PBT) increased to N9.7bn despite significantly increased loan provisions anchored on our conservative view of selected sectors. We are pleased with the year-on-year (y-o-y) and quarter on quarter (q-o-q) growth in our profitability given the reduced level of business activities in H1 2015.

Net Interest Income increased by 8.3% y-o-y to N26.8 billion and 16.7% q-o-q as we increased yields on earning assets faster than the growth in funding costs. This increased our NIM to 6.6% in H1 2015 placing us closer to our 2015 target of 7.0%. Net gains on financial instruments was N1.1bn in Q2 against a loss of N1.5bn in Q1 as we continued to optimize our balance sheet.

Net Fee Income increased by 25.9% y-o-y to N15.2 billion but declined by 25.6% q-o-q due to lower FX Income on the back of trading restrictions in the market. Our retail strategy continued to deliver increased revenues as electronic banking income increased by 65.2% y-o-y to N2.0 billion and 37.4% q-o-q driven by the increased migration of customers to our electronic channels and improved customer experience.

Operating Expense grew by 13.8% y-o-y to N28.8 billion and 8.4% q-o-q on the back of increased staff remuneration and promotions, regulatory costs (NDIC/AMCON) and advert costs. However, Cost-Income Ratio declined to 69.2% in H1 2015 from 74.2% in the 2014FY as revenue growth outpaced the increase in operating cost.

Loan growth picked up in Q2 (5.8% YTD growth) with the conclusion of our N30 billion bond. Cost of Risk increased to 1.1% (slightly above our guidance) as we improved our coverage ratio, NPL Ratio remained within our guidance at 3.7% due to the growth in the loan book.

Total Deposits declined by 2.9% YTD to N796.5 billion and 0.1% q-o-q as tighter monetary policy and the CRR harmonization increased effective funding costs. With Private Sector Depositors accounting for 87% of our deposits, we sterilized an additional N21 billion due to the CRR harmonization. Though Interest expense increased by 9.1% y-o-y, it declined by 1.9% q-o-q due to the diversification of our funding sources.

We remain focused on the execution of our medium term strategic objectives in the Retail/SME/E-Banking and Niche Corporate Banking segments and look forward to delivering another positive set of results in the next quarter”

ANALYSTS AND INVESTORS CONFERENCE CALL INVITATION

Fidelity Bank Plc Senior Management would be hosting a Conference Call with Investors/Analysts on the H1 2015 Unaudited Financials on **Monday, July 27, 2015 at 15.00 hours Lagos Time / 15:00 BST / 14:00 GMT**. There will also be an opportunity for management to take questions from Investors and Analysts.

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