




FIDELITY BANK PLC

FY 2025

Earnings Report Update

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Fidelity Bank Plc is a leading Nigerian commercial bank providing retail, commercial, corporate, and investment banking services to individuals, SMEs, and large corporate clients across key sectors of the economy.

The Bank operates through three core business segments: Retail Banking, Corporate Banking, and Investment Banking, offering a wide range of services including deposits, lending, trade finance, treasury and foreign exchange solutions, asset management, digital banking, payments, and advisory services.

Founded in 1987 and headquartered in Lagos, Fidelity Bank has built a strong franchise around SME banking, digital financial services, and corporate banking, leveraging its expanding customer base, technology-driven platforms, and diversified funding structure to support financial inclusion and business growth in Nigeria.

Segments and Geographical Performance

Billion NGN	FY 2024	FY 2025	YOY
Retail banking	525.23	886.62	68.81%
Corporate banking	287.67	311.70	8.35%
Investment banking	208.13	290.17	39.42%
Nigeria	1,021.03	1,488.48	45.78%
United Kingdom	22.37	31.21	39.53%

Source: Company's Q1 Financial Statement

Fidelity Bank's revenue profile in 2025 remained heavily driven by its Retail Banking franchise, which contributed 59.57% of total revenue, reinforcing the segment's position as the Bank's core earnings engine. The strong contribution reflects increased customer deposits, stronger digital banking penetration, higher transaction volumes, and expanded retail lending activities. Corporate Banking accounted for 20.94% of total revenue, supported by trade finance activities, treasury services, and corporate lending relationships, while Investment Banking contributed 19.49%, benefiting from treasury operations, fixed-income activities, and investment-related income. Nigeria remained the dominant market, contributing 97.95% of total Group revenue

Income Analysis

Billion NGN	FY 2024	FY 2026	YOY
Gross Earnings	1,043.40	1,519.70	45.65%
Net interest income	629.77	831.35	32.01%
Net interest income after losses	573.33	809.74	41.24%
Pre-tax income	385.22	347.66	-9.75%
Profit for the year	278.11	242.44	-12.82%
EPS (Kobo)	652	580	-11.04%

Source: Company's Q1 Financial Statement

Fidelity Bank delivered strong income expansion in FY2025, with gross earnings rising by 45.65% YoY, supported by higher interest income and stronger fee-based income. Interest and similar income increased by 38.72% YoY to ₦1.11trn, driven mainly by interest on loans and advances to customers, which rose 29.85% YoY to ₦813.25bn, and stronger income from investment securities (on fair value basis), which increased sharply from ₦14.47bn to ₦85.56bn. Income from placements and short-term funds also rose materially, reflecting improved yield capture from liquid assets and treasury positioning.

Net interest income improved by 32.01% YoY to ₦831.35bn, despite interest expense rising 45.62% YoY to ₦467.17bn. Funding cost pressures were mainly driven by higher interest paid on term deposits, debt securities, savings deposits, and current accounts. However, the faster growth in interest income enabled the Bank to preserve positive spread expansion. Credit loss expense also improved significantly, declining by 61.71% YoY to ₦21.61bn, which lifted net interest income after credit loss expense by 41.23% YoY to ₦809.74bn, strengthening pre-operating profit quality.

Non-interest income showed mixed but broadly positive trends. Fee and commission income rose 44.67% YoY to ₦113.36bn, supported by higher ATM charges, letters of credit fees, account maintenance charges, foreign bills commissions, and off-balance-sheet transaction fees. Other operating income also expanded sharply to ₦8.24bn from ₦2.74bn, while foreign currency revaluation gains increased significantly to ₦99.58bn from ₦11.72bn, reflecting gains on foreign currency-denominated assets and liabilities in the non-trading book.

However, income performance was materially weakened by derivative losses of ₦223.79bn, compared with gains of ₦57.88bn in FY2024. This negative swing offset a large portion of the improvement in interest and fee income, contributing to the decline in profit before tax. As a result, profit before income and windfall taxes declined by 9.75% YoY to ₦347.66bn, while profit after tax fell 12.82% YoY to ₦242.44bn, despite stronger gross earnings. Earnings per share also declined to 580 kobo from 652 kobo.

Cost Analysis

Billion NGN	FY 2024	FY 2025	YOY
Interest expense	320.82	467.17	45.62%
Credit loss expense	56.44	21.61	-61.71%
Taxation	93.78	99.55	6.16%

Source: Company's Q1 Financial Statement

Fidelity Bank's cost profile remained under pressure in FY2025, with personnel expenses increasing 9.68% YoY to ₦80.56bn. The increase was mainly driven by wages and salaries, which rose to ₦77.91bn from ₦64.47bn, reflecting inflation-driven staff costs and business expansion. However, the increase was partly moderated by a sharp decline in end-of-year bonus expense from ₦7.46bn to ₦978mn, which helped contain overall personnel cost growth.

Depreciation, amortisation, and impairment increased significantly by 79.26% YoY to ₦27.49bn, driven by higher depreciation on property, plant and equipment and increased amortisation of computer software. Property and equipment depreciation rose to ₦16.43bn from ₦7.61bn, while software amortisation increased to ₦9.50bn from ₦4.56bn, reflecting continued investment in technology infrastructure, branch operations, and digital banking capabilities.

Other operating expenses rose sharply by 38.15% YoY to ₦335.29bn, representing one of the major cost pressures during the year. The increase was driven by marketing, communication and entertainment expenses, banking sector resolution costs, deposit insurance premium, consultancy expenses, legal expenses, travel costs, security expenses, and outsourced costs. Banking sector resolution cost rose to ₦50.99bn from ₦35.81bn, while deposit insurance premium increased to ₦26.40bn from ₦15.92bn, highlighting rising regulatory-related costs linked to balance sheet expansion.

Several cost lines also recorded steep increases, reinforcing inflationary and operational cost pressure. Consultancy expenses rose to ₦35.32bn from ₦16.71bn, legal expenses surged to ₦18.87bn from ₦2.19bn, and marketing-related expenses increased to ₦51.72bn from ₦35.47bn. Although credit loss expense improved materially, the combined impact of higher operating expenses and large derivative losses weakened overall profitability, showing that cost discipline and risk management will be critical to sustaining future earnings growth.

Balance Sheet and Cash Flow Summary

Billion NGN	FY 2024	FY 2025	YOY
Total assets	8,821.74	10,463.82	18.61%
Total liabilities	7,923.86	9,376.23	18.33%
Total equities	897.87	1,087.59	21.13%
Net cash from operations	761.92	1,345.62	76.61%
Net cash from financing	181.73	117.46	-35.37%
Net cash from investing	-632.75	-759.48	-20.03%
Net change in cash	310.90	703.60	126.31%

Source: Company's Q1 Financial Statement

Fidelity Bank recorded strong balance sheet expansion in FY2025, with total assets rising 18.62% YoY, driven mainly by stronger liquidity and increased investment securities holdings. Cash and cash equivalents increased significantly by 87.03% YoY to ₦1.32trn, while restricted balances with the Central Bank rose modestly to ₦1.65trn. The Bank also increased its exposure to fixed-income securities, with debt instruments at amortised cost rising 27.20% YoY to ₦1.97trn and debt instruments surging 198.96% YoY to ₦557.78bn, reflecting stronger treasury positioning and liquidity management. However, loans and advances to customers declined 2.40% YoY to ₦4.28trn, indicating a more cautious lending stance and risk-sensitive asset allocation strategy.

Asset growth was further supported by increased investment in infrastructure and technology, as property, plant and equipment rose 161.60% YoY to ₦203.72bn, while intangible assets increased 147.50% YoY to ₦50.44bn. On the funding side, customer deposits remained the Bank's primary funding source, rising 16.07% YoY to ₦6.89trn, supporting overall balance sheet expansion. Other liabilities also increased 32.32% YoY to ₦1.24trn, while debt issued and other borrowed funds declined 4.37% YoY, suggesting moderate deleveraging from wholesale funding. Equity strengthened by 21.13% YoY to ₦1.09trn, supported by growth in statutory, regulatory, and fair value reserves, although retained earnings declined due to dividend payments and reserve transfers.

Cash flow performance remained strong, with net cash generated from operating activities rising 76.61% YoY, supported by stronger interest receipts and improved core banking cash generation. Interest received increased 57.17% YoY to ₦1.28trn despite higher funding costs, while investing activities recorded a larger cash outflow of ₦759.48bn due to increased purchases of debt securities and higher capital expenditure on technology and infrastructure. Financing activities generated a positive inflow of ₦117.46bn, supported by proceeds from share issuance and borrowings, despite dividend payments and debt repayments. Overall, the Bank ended the year with a significantly stronger liquidity position, reinforcing funding flexibility and balance sheet resilience.

Investor Concerns

A major concern from Fidelity Bank's FY2025 financials is the significant deterioration in profitability conversion despite strong revenue growth. Gross earnings increased by 45.65% YoY, yet profit before tax declined 9.75% YoY while profit after tax fell 12.82% YoY. This indicates that earnings growth was materially offset by rising operating costs, higher funding costs, derivative losses, and tax pressures. The sharp decline in earnings per share to 580 kobo from 652 kobo also reflects weaker shareholder return generation despite balance sheet expansion.

Another key concern is the substantial derivative loss recorded during the year. The Bank reported a derivative loss of ₦223.79bn compared with a gain of ₦57.88bn in FY2024, representing one of the largest negative swings within the income statement. This significantly weakened non-interest income performance and materially pressured overall profitability. Although foreign exchange revaluation gains remained strong at ₦99.58bn, they were insufficient to offset the scale of derivative-related losses, highlighting increased earnings volatility from market-sensitive exposures.

Cost pressures remained elevated, with operating expenses rising 38.15% YoY to ₦335.29bn, driven by higher regulatory, legal, marketing, and security costs. Resolution and deposit insurance charges also increased significantly, while a higher effective tax rate further pressured profitability and earnings retention.

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Fidelity Bank's FY2025 performance reflects strong balance sheet growth, improved liquidity, and solid revenue expansion, supported by higher deposits, stronger fee income, foreign exchange gains, and robust operating cash flow generation. The Bank also strengthened its treasury positioning through increased investment in fixed-income securities, reinforcing liquidity and funding flexibility.

However, the financials also point to rising profitability pressure from derivative losses, elevated operating costs, and growing regulatory expenses. The slower loan growth and increased allocation to investment securities suggest a more cautious risk posture amid macroeconomic uncertainty. Fidelity Bank remains financially stable with strong liquidity and funding capacity, but sustaining earnings growth will depend on tighter cost control and stronger risk management.

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