

FIDELITY BANK PLC

Weaker PAT print amidst cost pressures

Fidelity Bank Plc (NGX: FIDELITYBK; TP – UR) reported a 5.7% YoY decline in net profit to N211.7 billion in its unaudited 9M'25 results, reflecting higher funding and operating costs alongside weaker non-interest revenue. Despite a solid 38.8% YoY increase in interest income and a 69.8% YoY decline in credit impairment charges, earnings were weighed by a sharp 76.1% rise in interest expense, a 45.0% increase in OPEX, and a 36.0% contraction in non-interest income.

Interest expense rose to N414.2 billion, driven primarily by a 1.4x surge in interest on borrowings to N157.3 billion—largely stemming from a more robust borrowed funds base since FY'24—and a 52.9% YoY increase in interest on term deposits. However, Q3'25 recorded a notable N113.0 billion reduction in term deposit balances, suggesting potential easing of funding cost pressure into Q4'25. Supported by higher interest income on loans (+36.5% YoY) and Treasury bills and other investment securities at FVOCI (6.6x YoY), net interest income grew 20.1% YoY, although net interest margin compressed by 1.0ppt YoY.

Elsewhere, non-interest income fell to N61.8 billion (-36.0% YoY) following a N59.8 billion loss on derivative positions (vs nil in 9M'24) and a N2.3 billion loss on FVTPL assets (vs a N35.0 billion gain in 9M'24). Meanwhile, operating expenses accelerated to N344.3 billion (+45.0% YoY), pushing the cost-to-income ratio 13.0ppts higher to 54.9%.

FIDELITYBK's retained earnings returned to positive territory in 9M'25, recovering from the negative position recorded in H2'25 when c.N303.0 billion was transferred to regulatory risk reserves following the exit of c.N800.0 billion in forbearance loans. Non-performing loans moderated by 1.6% YoY to N112.6 billion, translating in a NPL ratio of 2.2% (9M'24: 2.6%). Consequently, credit loss expenses declined by 69.8% YoY to N14.6 billion, dragging the cost of risk (CoR) down by 1.0ppt to 0.3%.

Overall, the bank's performance translated into an EPS of N4.12 compared with N7.02 in 9M'24, reflecting the increased number of outstanding shares as the bank moves to meet the March 2026 recapitalisation deadline. Profitability ratios also weakened, with return on average assets (ROAA) moderating to 2.8% from 3.8% in 9M'24 and return on average equity (ROAE) falling to 27.8% from 53.2% in H1'24.

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9M'25 Earnings Breakdown

₦'billion	9M'25	9M'24	YoY
Gross Earnings	1,041.2	772.5	34.8%
Interest income	979.5	705.7	38.8%
Interest expense	(414.2)	(235.2)	76.1%
Net interest income	565.3	470.5	20.1%
Loan Loss Expenses	(14.6)	(48.3)	-69.8%
Non-interest income	61.8	96.6	-36.0%
Operating Expenses	(344.3)	(237.4)	45.0%
Profit before tax	268.2	281.4	-4.7%
Income tax expense	(56.5)	(56.8)	-0.6%
Profit for the period	211.7	224.6	-5.7%

Ratio Analysis

Net interest margin (NIM)	10.9%	11.9%
Cost-to-income (CIR)	54.9%	41.9%
Cost-of-risk (CoR)	0.3%	1.3%
Annualised ROAA	2.8%	3.8%
Annualised ROAE	27.8%	53.2%
EPS (Naira)	4.12	7.02
P/B (x)	0.91x	
5-yr average P/B (x)	0.57x	

Click [here](#) for the full results.

Disclosure

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Hold +0.00% to +14.99% expected share price performance

Sell < 0.00% expected share price performance with weak fundamentals

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% with investment banking relationships	0%	0%	0%	0%

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