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Fidelity Bank Plc N30bn Bonds

Nigeria Bond Analysis **November 2019**

Security class	Amount	Rating Scale	Rating	Rating outlook	Expiry date
Subordinated	N30bn	National	BBB(NG)	Stable	October 2020

Summary of transaction:

Issuer:
Fidelity Bank Plc
Issuer's long-term national scale credit rating: A-(NG), Stable Outlook

Joint Trustees:
FBNQuest Trustees Limited
United Capital Trustees Limited
Stanbic IBTC Trustees Limited

Lead Issuing House:
Planet Capital Limited

Summary of Transaction:

Offer size	N30bn
Issue size	N30bn
Issue date	13 May 2015
Maturity date	13 May 2022
Tenor	7 years
Ranking	Unsecured/subordinated
Coupon	16.48%

Rating History:
Initial rating (May 2015)
Long term: BBB(NG)
Rating outlook: Stable
Last rating (December 2018)
Long term: BBB(NG)
Rating outlook: Stable

Related Methodologies/Research:

Global Criteria for Rating Banks and Other Financial Institutions, updated March 2017
Fidelity Bank Plc rating report (2019)
Glossary of Terms/Ratios (February 2016)

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Transaction summary

Backed by an enabling resolution of its board of directors ("the board"), Fidelity Bank Plc ("Fidelity" or "the Issuer" or "the bank") undertook the bond issuance to raise an aggregate sum of N30bn. The Fixed Rate Subordinated and Unsecured Bonds ("Bonds") are direct, subordinated and unsecured obligations of the Issuer, and form part of its Tier 2 capital.

Rating panel highlights

- Given the direct correlation between the financial performance of the Issuer and its ability to punctually meet its obligations under the Issue (considering the unsecured nature of the debt), cognisance was taken of Fidelity's competitive strengths, historical and current financial profile and performance. Fidelity is a mid-sized player in the Nigerian banking sector, with a market share of 4.6% by total industry assets at FY18.
- Fidelity displayed a relatively low liquidity risk at FY18, given that a sizeable 42.7% of its assets were held in cash and highly liquid investment securities. Furthermore, the bank's statutory liquidity ratio ranged between 30.2% and 42.4% throughout FY18 (ending the year at 39.8%), against the regulatory minimum of 30%. In addition, the contractual matching of assets and liabilities reflects a sound liquidity buffer across most maturity bucket, with liquidity buffer amounting to N80.4bn within the critical less than one-month maturity bucket.
- Fidelity's key profitability indicators improved in FY18, with pre-tax profit increasing by 30.6% to N25.1bn, on account of a notable 62.7% decline in impairment charge. While total operating income ("TOI") grew by 4.3%, operating expenses rose by 8.0%, translating to a higher cost to income ratio of 71.1% (FY17: 68.6%). Overall, return on average equity and asset ("ROaE" and "ROaA") improved to 11.6% and 1.5% (FY17: 9.2% and 1.3%) respectively. As at 3Q FY19, the bank reported a pre-tax profit of N23bn, representing 13.3% growth over corresponding period in FY18 and in line with budget on annualised basis.
- According to the latest Trustees' report as at 25 October 2019, the Bonds have been performing in line with the covenants set by the Issuer so far.

Factors that could trigger a rating action may include

Positive change: Given the direct relationship between the performance of the Issuer and its ability to punctually meet its obligations under the Issue, the accorded rating would be sensitive to a positive rating action on the Issuer.

Negative change: Non-compliance with set covenants, and/or a downgrade of the Issuer's rating, could trigger a negative rating action on the Bonds.

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Details of the Bonds in issue

The Bond Issue was for an aggregate sum of N30bn and the basic features of the Bonds are set out in Table 1.

Table 1: Basic features of the Bonds	
Amount	N30bn
Maturity (legal)	7 years
Par value	N1,000
Coupon rate	16.48%
Method of offer	Public offer
Ranking	Unsecured and subordinated
Initial minimum subscription#	20,000 units

Thereafter, multiples of 5,000 units.
Source: Offer prospectus.

Status of the bonds
Per the legal documentation, the Bonds constitute direct, unsecured and subordinated obligations of the Issuer, ranking equally among themselves.

Use of proceeds
The net proceeds of the Issue were deployed towards supporting growth in the Issuer's risk assets, and capital.

Other key features

Maturity profile
The tenor of the Bonds is 7 years, commencing from the Issue date (13 May 2015).

Optional redemption
The Bonds are callable at the option of the Issuer after five years post issuance, subject to a notice period of 30-60 days.

Conversion
The Bonds are not convertible to equity.

Coupon payment
Interest on the Bonds accrues from 13 May 2015, payable on a semi-annual basis. According to the latest Trustees' report, the Bonds have been performing in line with the covenants set by the Issuer, with cumulative coupon payments totalling N19.8bn as at 13 May 2019 (Table 2).

Table 2: Performance to date	Coupon payment N'm
Payments	
13/11/2015	2,492.3
13/05/2016	2,465.2
14/11/2016	2,505.9
15/05/2017	2,465.2
13/11/2017	2,465.2
14/05/2018	2,465.2
13/11/2018	2,478.8
13/05/2019	2,438.1
Total	**19,776.0**

Source: Joint Trustees' report

Principal repayment
The principal component of the Bonds is to be repaid as a bullet payment on 13 May 2022 (provided that the call option has not been exercised by the Issuer).

Underwriting
The offer was fully underwritten by a consortium of underwriters namely: Planet Capital Limited, Dunn Loren Merrifield Advisory Partners Limited, Fidelity Securities Limited, FSDH Merchant Bank Limited, Pan African Capital Plc, ICMG Securities Limited, Stanbic IBTC Capital Limited, United Capital Plc, and Union Capital Markets Limited.

Payment account
A payment account is maintained in the name of, and under the control of, the Trustee, into which the issuer is required to pay (not later than 5 business days prior to each payment date) all monies due under the Bonds.

Covenants
As protective/restrictive covenants to protect the interest of the Bondholders, the Issuer is required to ensure that:

(i) It fulfills its covenants and obligations (as communicated through the offer Trust Deed) to the Bondholders;
(ii) Not later than four months after the end of each financial year, it provides the Trustees and the appointed rating agency with its audited annual financial statements, subject to the relevant regulatory approvals for publication of the financial statements having been obtained;
(iii) Payment obligations under the Bonds rank equal with the claims of its other subordinated and unsecured creditors;
(iv) Within ten business days of becoming aware of any litigation or any other legal action against it, make available to the Trustees details of such litigation or any other legal action, which if adversely determined may constrain its ability to honour its obligations under the Bonds;
(v) It preserves its going concern status and ensures compliance with all relevant laws and regulations, non-compliance with which could (in the opinion of the Trustees) be materially prejudicial to the interests of the Bondholders;
(vi) Payments in respect of the Bond obligations are made without deduction of any taxes;
(vii) As long as any Bonds remain outstanding, it will not secure any other indebtedness, in the form of bonds or other publicly issued debts securities which are capable of being traded or listed on any exchange or over-the-counter or similar securities, without securing the Bonds equally with such indebtedness;
(viii) It makes reasonable efforts to maintain the listing of the Bonds on The Nigerian Stock
(ix) Exchange ("NSE") or any other quotation system;

(x) The Bonds are to be backed by an undertaking, issued by it in favour of the Trustees (on behalf of the Bondholders), supporting its obligations under the Issue.

A breach of any of these covenants would result in an early redemption of the Bonds. So far, the Trustees have not reported any breach of any of the covenants. The Bonds are presently listed on the FMDQ OTC platform, a Security and Exchange Commission ("SEC") licensed over-the-counter ("OTC") market securities exchange.

Key transaction parties

Joint Issuing Houses
The Issuing House's functions were jointly rendered by Planet Capital Limited, Cowry Asset Management Limited, Dunn Loren Merrifield Advisory Partners Limited, Fidelity Securities Limited, FSDH Merchant Bank Limited, Pan African Capital Plc, ICMG Securities Limited, Stanbic IBTC Capital Limited, United Capital Plc, and Union Capital Markets Limited, with Planet Capital Limited as the lead Issuing House.

Trustees
Trusteeship services are being rendered jointly by FBNQuest Trustees Limited ("FBNQTL"), United Capital Trustees Limited ("UCTL") and Stanbic IBTC Trustees Limited ("SITL"). FBNQTL is a wholly owned subsidiary of FBNQuest Capital Limited, which (in turn) is a wholly owned subsidiary of FBN Holdings Plc. UTL is a subsidiary of United Capital Plc, while SITL is a subsidiary of Stanbic IBTC Holdings Plc (a member of Standard Bank Group). The Trustees' experience in the local market averaged over three decades.

Issuer
Incorporated in 1987, Fidelity has evolved over the years from a merchant bank (through organic and inorganic initiatives) to become a fully-fledged commercial bank with an international focus (albeit, currently operating nationally). The bank provides a complete range of financial services including investment, commercial and retail banking. It ranks among the top 10 banks in Nigeria, with a market share of 4.6% based on the industry's total assets at FY18.

Ownership structure
Fidelity's shares are listed on The Nigerian Stock Exchange ("NSE"), with a well-diversified shareholder base of over 400,000 largely made up of Nigerian institutional and individual investors. At 31 December 2018, no single shareholder held more than 5% of the bank's shares.

Strategy and operations
Fidelity has been progressing well with the implementation of its medium-term (2018-2022) strategic intent of becoming a Tier 1 bank in Nigeria by 2022. This strategic initiative is anchored on organic growth with a strong focus on brand revitalisation, balance sheet optimisation and investment in technology and digital platforms to drive proprietary innovations and sustainable business growth. To this end, the bank expects to achieve improved customers' banking experience, operational efficiency and enhanced earnings generation capacity going forward.

As part of efforts to drive its digitisation initiatives, the bank during the period under review launched an artificial intelligence virtual banking chatbot ("IVY"). This platform is a self-service and interactive channel that provides customers with a convenient means of carrying out transactions through social media (Facebook and WhatsApp) chats. The bank also launched a digital lending platform called "Fidelity Fast Loan", which was aimed at simplifying lending process and make retail loans more accessible to customers within a short time upon meeting the stipulated requirements. The embedded products on this platform includes: Fidelity Kwik Money, Fidelity Payday Loan, Fidelity Personal Loan, and Fidelity Fast Lend (which is opened to both the bank's account holders and non-account holders).

As at 30 September 2019, Fidelity operates through 250 branch networks, 7,071 POS terminals, 814 ATMs and a staff complement of 2,981. The bank operates through Finacle 10 and Oracle 12c core banking platform and database respectively.

Corporate governance
Fidelity's corporate governance structure is to a large extent, in line with CBN's code of corporate governance for banks in Nigeria and the Securities and Exchange Commission's code for publicly quoted companies. As at 30 September 2019, the board of directors ("the board") comprised fourteen members up from twelve at FY18, made up of seven executive directors (including the Managing Director) and seven non-executive directors (which includes the Chairman and one independent director). Key board appointments in 2019 include the appointment of three executive directors, with full regulatory approval received for only two while the bank awaits approval for the other. Although cognisance is taken of the fact that the board composition of one independent director was in breach of the regulatory minimum requirement of two, management has indicated plans to appoint an additional independent director within the next six months. The board is considered to have satisfactory mix of knowledge and experience across banking and other business fields.

The board performs its oversight functions through five standing committees, namely: corporate governance committee, audit committee, risk committee, credit committee, and finance and general purpose committee. While these committees have authority to examine particular issues and report to the board with their decisions and/or recommendations, the ultimate responsibilities on all matters lies with the board.

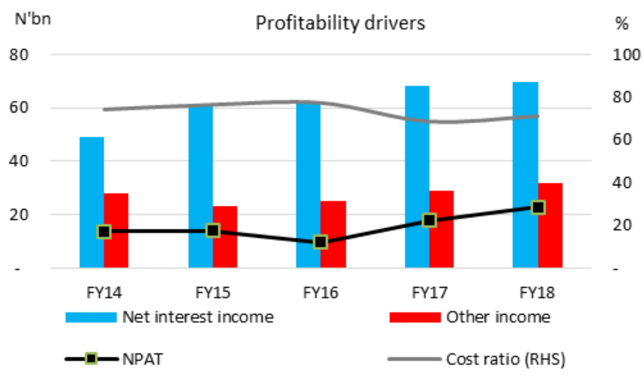
Financial reporting

Fidelity's 2018 financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), provisions of the Companies and Allied Matters Act, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria requirements. The bank's external auditor, Ernst & Young, issued an unqualified opinion on the FY18 financial statements.

Performance update

A five-year financial synopsis, together with nine months unaudited financial statement to 30 September 2019, is reflected on page 6 of this report, supplemented by the commentary below.

Although Fidelity recorded 4.2% growth in interest income in FY18, an outpacing growth (6.1%) in interest expense saw net interest income increase moderately by 2.1%. Similarly, non-interest income grew by 9.2% to N31.8bn largely driven by foreign exchange gains (up 6.7%) and net fee and commission income (up 17.2%). According to management, the sustained growth in fee and commission income reflects the expansion in transaction volume on digital platforms during year. Overall, TOI amounted to N101.4bn in FY18, representing 4.3% year-on-year growth.



Operating expenses rose by 8.0% to N72.1bn on the back of increased IT cost, regulatory charges and administrative expenses, translating to a higher cost to income ratio of 71.1% in FY18 (FY17: 67.5%). On the other hand, impairment charge declined by 62.7%, significantly supporting the profitability level. Consequently, the bank recorded a notable 30.6% growth in pre-tax profit to N25.1bn, albeit measures below the N30bn budgeted for the year. Overall, profitability indicator strengthened, with ROaE and ROaA improving to 11.6% (FY17: 9.2%) and 1.5% (FY17: 1.3%) respectively in FY18.

Fidelity projects a pre-tax profit of N32bn for FY19, representing a 27.5% growth over FY18. This is expected to be driven by improved earnings from lending activities, reduction in funding costs through low-cost retail deposits, balance sheet optimisation as well as expansion of transaction volume on digital banking platforms and other alternate channels. On the other hand, operating expenses is envisaged to remain elevated, as the bank continues to invest in technology to drive its digitalisation initiatives.

Table 3: Budget vs Interim result (N'bn)	Actual FY18	Budget FY19	Actual 3QFY19	% of * Budget
Income statement				
Net interest income	69.6	92.4	58.2	84.1
Other income	31.8	27.6	17.8	85.8
Operating income	**101.4**	**120.0**	**76.0**	**84.5**
Impairment charge	(4.2)	(8.0)	4.8	(60.9)
Operating expenses	(72.1)	(80.1)	(57.9)	96.4
Profit before tax	**25.1**	**32.0**	**23.0**	**95.8**
Statement of financial position				
Customer deposits	979.4	1,489.0	1,116.4	75.0
Net advances	849.9	1,262.1	1,074.1	85.1
Total assets‡	1,649.9	2163.3	1,970.6	91.1
Shareholders' funds	194.4	226.4	221.7	97.9

‡ Excludes balances held in respect of letter of credit *Annualised
Source: Fidelity

The unaudited result for the nine-month period ending 30 September 2019 reflects performance was in line with budget across most performance metrics on an annualised basis. While TOI lagged budget by annualised 15.5%, the recorded write-back augmented performance at pre-tax level to 95.8% of the full-year budget. Based on the current performance trend, FY19 budget appears achievable.

Other considerations

Liquidity

Fidelity displayed a relatively low liquidity risk at FY18, given that a sizeable 42.7% of its assets were held in cash and highly liquid investment securities. Furthermore, the bank's statutory liquidity ratio ranged between 30.2% and 42.4% throughout FY18 (ending the year at 39.8%), against the regulatory minimum of 30%. In addition, the contractual matching of assets and liabilities reflects a sound liquidity buffer across most maturity bucket, with liquidity buffer amounting to N80.4bn within the critical less than one-month maturity bucket.

Capital adequacy

Total shareholders' funds declined by 3.4% to N194.4bn at FY18, following the loan loss provisions adjustment to retained earnings on the back of implementation of IFRS 9 accounting standard. This notwithstanding, the bank's CAR increased to 16.7% (FY17: 16%) and stood at 16.4% at 3Q FY19, exceeding the 15% statutory requirement.

Borrowings

Fidelity's total borrowings grew by 15.1% to N374.6bn at FY18, following additional facilities secured from Mashreq Bank. The facility represents USD55m short-term syndicated trade finance which was secured in August 2018 for one year, at an interest rate of LIBOR plus 3.9%, payable quarterly with a bullet payment of principal at maturity. However, outstanding Euro bonds ended down at N143.1bn at the balance sheet date (FY17: N147.8bn), on the back of the redemption of a five-year tenored USD300m Euro bonds facility, which matured in May 2018. Included in the FGN intervention fund was CBN's on-lending facilities (bailout fund) of N93.4bn to state governments with challenges in meeting domestic obligations (particularly salaries payment). This fund has a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum. Further analysis of total borrowings reveals 56.3% were denominated in foreign currency, elevating FX risk. At 3Q FY19, the borrowings book grew by 41.8% to N531bn, largely due to additional facilities secured from international financial institutions.

Table 4: Borrowings	FY17 N'bn	FY18 N'bn
Subordinated debt*	29.9	30.0
Other borrowings	**295.6**	**344.5**
Euro bonds	147.8	143.1
Proparco Paris	8.6	6.6
African Development Bank	18.0	13.8
Mashreq Bank	-	19.6
European Investment Bank	5.1	4.5
Repurchase transaction with Renaisance capital	3.8	23.1
FGN Intervention fund	112.3	133.8
Total	**325.5**	**374.5**

Source: Fidelity AFS

Rating considerations

Meaning of the Rating of the Bonds

The rating accorded to the Bonds is a final, public national scale rating. GCR has reviewed the final transaction documentation.

The final public rating accorded to the Bonds relates to ultimate payment of interest and principal, and exclude an assessment of the Issuer's ability to pay any (early repayment) penalties.

Should the rating of the Issuer change, the rating of the Bonds may also change, but not necessarily in the same quantum.

The suffix code identifies to which country the rating relates; 'NG' means Federal Republic of Nigeria. A rating outlook indicates the likely direction of a rating change over the medium term, typically a one or two year period. The final rating of the Bonds will be monitored, and thereafter GCR will perform regular surveillance on the transaction. Surveillance reports will be made available to subscribers to GCR's information services.

Rating Criteria application

The methodology used here is the "Criteria for Rating Banks and Other Financial Institutions", updated March 2017. This document and any amendments (which are made from time to time) is available on GCR's website at *globalratings.com.ng.*

Information provided

Below is a list of all relevant information required/ provided.

Table 5 : Fidelity Bank Plc - Bond Issuance general transaction documents	
Description of documents	**Data**
Audited accounts of the Issuer for FY18	Yes
Trust Deed	Yes
Prospectus	Yes
Issuer's unaudited YTD results to 30 September 2019	Yes
Trustees' performance reports, up to 13 May 2019	Yes
Final/signed transaction documents	Yes

Disclaimer

Note that GCR is not a legal, tax or financial adviser, and only provides a credit opinion of the rated securities. For example, a rating does not cover a potential change in laws nor can it be regarded as an audit. Moreover, GCR is not a party to the transaction documents. Users of our credit rating should familiarise themselves with the transaction (including the legal opinion), and should form their own views in this respect. They should not rely on GCR for legal, tax or financial advice, and are encouraged to contact the relevant advisers.

Fidelity Bank Plc

(Naira in millions except as noted)

Year end: 31 December				Restated		
Statement of Comprehensive Income Analysis	**2014**	**2015**	**2016**	**2017**	**2018**	**3Q 2019**
Interest income	104,307	121,158	123,153	147,419	153,682	135,116
Interest expense	(55,481)	(60,294)	(61,225)	(79,278)	(84,095)	(76,870)
Net interest income	**48,826**	**60,864**	**61,928**	**68,141**	**69,587**	**58,246**
Other income	28,094	23,088	25,005	29,151	31,845	17,792
Total operating income	**76,920**	**83,952**	**86,933**	**97,292**	**101,432**	**76,038**
Impairment charge	(4,306)	(5,764)	(8,671)	(11,315)	(4,215)	4,843
Operating expenditure	(57,099)	(64,164)	(67,201)	(66,764)	(72,128)	(57,878)
Net profit before tax	**15,515**	**14,024**	**11,061**	**19,213**	**25,089**	**23,003**
Tax	(1,719)	(120)	(1,327)	(1,445)	(2,163)	(1,542)
Net profit after tax	**13,796**	**13,904**	**9,734**	**17,768**	**22,926**	**21,461**
Other comprehensive income	(82)	1,713	(3,214)	3,110	(2,206)	7,024
Total Comprehensive Income	**13,714**	**15,617**	**6,520**	**20,878**	**20,720**	**28,485**
Statement of Financial Position Analysis						
Subscribed capital	115,753	115,753	115,753	115,753	115,753	115,753
Reserves (incl. net income for the year)	57,358	67,763	69,649	85,608	78,663	105,975
Hybrid capital (incl. eligible portion of subordinated term debt)	-	29,050	29,042	29,878	30,004	31,348
Total capital and reserves	**173,111**	**212,566**	**214,444**	**231,239**	**224,420**	**253,076**
Deposits	820,034	769,636	792,971	775,276	979,413	1,116,416
Short-term funding (< 1 year)	**820,034**	**769,636**	**792,971**	**775,276**	**979,413**	**1,116,416**
Other borrowings	117,541	179,189	229,984	295,650	344,603	499,672
Long-term funding (> 1 year)	**117,541**	**179,189**	**229,984**	**295,650**	**344,603**	**499,672**
Payables/Deferred liabilities	61,233	64,724	60,742	69,282	101,481	101,457
Other liabilities	**61,233**	**64,724**	**60,742**	**69,282**	**101,481**	**101,457**
Total capital and liabilities	**1,171,919**	**1,226,115**	**1,298,141**	**1,371,447**	**1,649,917**	**1,970,621**
Balances with central bank	200,123	151,139	170,246	181,017	249,614	311,281
Property, Plants and Equipments	37,958	39,985	40,356	38,504	36,909	37,639
Receivables/Deferred assets (incl. zero rate loans)	36,762	46,848	38,305	43,823	36,200	53,506
Non-earnings assets	**274,843**	**237,972**	**248,907**	**263,344**	**322,723**	**402,426**
Short-term deposits & cash	33,659	20,335	34,861	27,534	44,624	28,006
Loans & advances (net of provisions)	541,686	578,202	718,401	768,737	849,880	1,074,096
Bank placements	77,978	88,193	51,154	105,593	132,360	219,462
Marketable/Trading securities	83,363	120,677	106,684	97,455	171,691	115,357
Investments	160,390	180,736	138,134	108,784	128,639	131,274
Total earning assets	**897,076**	**988,143**	**1,049,234**	**1,108,103**	**1,327,194**	**1,568,195**
Total assets†	**1,171,919**	**1,226,115**	**1,298,141**	**1,371,447**	**1,649,917**	**1,970,621**
Contingencies	**135,910**	**172,947**	**220,039**	**373,680**	**427,093**	**354,590**
Ratio Analysis (%)						
Capitalisation						
Internal capital generation	7.9	8.5	3.5	10.4	10.7	12.8
Total capital / Net advances + net equity invest. + guarantees	20.7	22.8	19.9	18.5	16.0	16.2
Total capital / Total assets	14.8	17.3	16.5	16.9	13.6	12.8
Liquidity ‡						
Net advances / Deposits + other short-term funding	66.1	75.1	90.6	99.2	86.8	96.2
Net advances / Total funding (excl. equity portion)	57.8	60.9	70.2	71.8	64.2	66.5
Liquid & trading assets / Total assets	16.6	18.7	14.8	16.8	21.1	18.4
Liquid & trading assets / Total short-term funding	23.8	29.8	24.3	29.7	35.6	32.5
Liquid & trading assets / Total funding (excl. equity portion)	20.8	24.2	18.8	21.5	26.3	22.5
Asset quality						
Impaired loans / Gross advances	4.4	4.6	6.6	6.4	5.7	4.8
Total loan loss reserves / Gross advances	1.9	1.7	1.4	1.3	1.1	0.9
Bad debt charge (income statement) / Gross advances (avg.)	0.9	1.0	1.3	1.5	0.5	(0.5)
Bad debt charge (income statement) / Total operating income	5.6	6.9	10.0	11.6	4.2	(6.4)
Profitability						
Net income / Total capital (avg.)	8.1	8.1	3.1	9.4	9.1	15.9
Net income / Total assets (avg.)	1.2	1.3	0.5	1.6	1.4	1.6
Net interest margin	6.4	8.0	7.2	7.2	6.3	5.8
Interest income + com. fees / Earning assets + guarantees (a/avg.)	4.4	5.5	5.1	4.8	4.0	2.9
Non-interest income / Total operating income	36.5	27.5	28.8	30.0	31.4	23.4
Non-interest income / Total operating expenses (or burden ratio)	49.2	36.0	37.2	43.7	44.2	30.7
Cost ratio	74.2	76.4	77.3	68.6	71.1	76.1
OEaA (or overhead ratio)	5.1	5.4	5.3	5.0	4.8	3.2
ROaE	8.2	7.8	5.3	9.2	11.6	13.8
ROaA	1.2	1.2	0.8	1.3	1.5	1.6
Nominal growth indicators						
Total assets	9.4	4.6	5.9	5.6	20.3	19.4
Net advances	27.1	6.7	24.2	7.0	10.6	26.4
Shareholders funds	5.9	6.0	1.0	8.6	(3.4)	14.0
Total capital and reserves	5.9	22.8	0.9	7.8	(2.9)	12.8
Deposits (wholesale)	1.7	(6.1)	3.0	(2.2)	26.3	14.0
Total funding (excl. equity portion)	6.9	1.2	7.8	4.7	23.6	22.1
Net income	69.6	13.9	(58.3)	220.2	(0.8)	83.3

† Excludes balance held in respect of letters of credit.

‡ Please note that for these ratios, liquid assets exclude the statutory reserve balance.

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SALIENT FEATURES OF ACCORDED RATINGS

GCR affirms that a.) no part of the rating was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument; c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the rating is for a maximum of 12 months, or as indicated by the applicable credit rating document.

The rating was solicited by, or on behalf of, Fidelity Bank Plc, and therefore, GCR has been compensated for the provision of the rating.

Fidelity Bank Plc participated in the rating process via face-to-face management meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The credit rating above was disclosed to Fidelity Bank Plc with no contestation of/changes to the rating.

The information received from Fidelity Bank Plc to accord the credit rating included the Issuer's 31 December 2018 audited annual financial statements (plus four years of comparative numbers), management accounts for the nine-month period to 30 September 2019, the Trust Deed for the Bond Issuance, the offer prospectus, the Trustees' performance report, up to 13 May 2019, as well as the Prospectus.