FBNHoldings

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PRESS RELEASE

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FBN HOLDINGS PLC REPORTS 7.0% RISE IN GROSS EARNINGS TO ₦395.9 BILLION FOR THE FULL YEAR ENDED 31 DECEMBER 2013[1]

FBN Holdings Plc ("FBNH" "FBN Holdings" or the "Group") today announces its audited IFRS results for the full year ended December 2013.

- Gross earnings of ₦395.9 billion, up 7.0% year-on-year (Dec 2012: ₦370.2 billion)
- Net interest income of ₦230.1 billion, up 1.5% year-on-year (Dec 2012: ₦226.6 billion)
- Non-interest income of ₦67.0 billion, down 9.3% year-on-year (Dec 2012: ₦73.9 billion)
- Operating income of ₦296.1 billion, down 1.7% year-on-year (Dec 2012: ₦301.1 billion)
- Impairment charge for credit losses of ₦20.3 billion (Dec 2012: ₦12.5 billion)
- Operating expenses of ₦185.0 billion, down 4.4% year-on-year (Dec 2012: ₦193.5 billion)
- Profit before tax of ₦91.3 billion, down 2.8% year-on-year (Dec 2012: ₦93.9 billion)
- Dividend per share of ₦1.10[2]

Balance Sheet Growth

- Total assets of ₦3.9 trillion, up 19.9% year-on-year (Dec 2012: ₦3.2trillion)
- Customer deposit of ₦2.9 trillion, increase of 22.3% (Dec 2012: ₦2.4trillion)
- Customer loans and advances (net) of ₦1.8 trillion, up 14.8% year-on-year (Dec 2012: ₦1.5 trillion)

Key Ratios

- Return on average equity of 15.5% (Dec 2012: 19.0%)
- Net interest margin of 8.0% (Dec 2012: 8.8%)
- Cost to income ratio of 62.5% (Dec 2012: 64.3%)
- NPL ratio of 3.0% (Dec 2012: 2.6%)
- 44.2% liquidity ratio (Banking group) (Dec 2012: 47.1%)

Operational Highlights

- Acquisition of ICB West Africa operations (Ghana, Gambia, Sierra Leone, Guinea)
- 77 new business locations added in 2013 (including 31 branches from the recently completed ICB acquisition), bringing the total to 867[3] (Dec 2012: 790)
- Acquisition of Oasis Insurance by FBN Life Assurance Limited, completed January 2014
- Awarded $12 million grant from the Bill and Melinda Gates Foundation for FirstMonie, FirstBank's mobile money business

[1] IFRS 10, which supercedes IAS 27 and SIC 12, establishes the principles for when the group controls another entity. As a result, the group re-assessed its control conclusions as at 1 January 2013 and consolidated certain entities that were not previously consolidated. The application of IFRS 10 requires a retrospective application, hence the restatement of the comparative information

[2] Subject to approval at the Annual General Meeting scheduled for 22 May 2013

[3] 627 FirstBank branches, 64 Quick Service Points, 69 cash centres/agencies, 107 subsidiary locations

Selected Financial Summary

(₦billion)	FY 2013	FY 2012	∆%
Gross earnings	395.9	370.2	7
Interest income	323.6	295.4	10
Net interest income	230.1	226.6	2
Non-interest income	67.0	73.9	(9)
Operating Income[8]	296.1	301.1	(2)
Impairment charge for credit losses	20.3	12.5	62
Operating expenses	185.0	193.5	(4)
Profit before tax	91.3	93.9	(3)
Profit after tax	70.6	76.8	(8)
Basic EPS (kobo)[10]	216	237	(9)
Total assets	3,871.0	3,228.4	20
Customer loans & advances (Net)	1,769.1	1,541.4	15
Customer deposits	2,929.1	2,395.1	22
Non-performing loans	54.3	41.4	31
Shareholders' Funds	471.8	441.3	7

Key Ratios %	FY 2013	FY 2012
Return on average equity[4]	15.5	19.0
Return on average assets[5]	2.0	2.5
Net interest margin[6]	8.0	8.8
Cost of funds[7]	3.3	2.9
Cost to income[9]	62.5	64.3
Gross loans to deposit	61.9	66.0
Liquidity (Banking Group)	44.2	47.1
Capital adequacy (Banking Group)	17.7	19.1
Tier 1 CAR (Banking Group)	15.0	17.5
NPL/Gross Loans	3.0	2.6
NPL coverage[11]	97.7	133.1
PPOP[12]/impairment charge (times)	5.4	8.5
Cost of risk[13]	1.2	0.9

Commenting on the results, Bello Maccido, Chief Executive officer of FBN Holdings said:
"The prevalent theme over the course of 2013 was one of moderate economic growth within the context of significant regulatory changes in our sector. Our financial performance was impacted largely due to revised banking charges, whilst the increase in the cash reserve ratio (CRR) impacted our overall performance as reflected through FirstBank, our flagship subsidiary. During 2013, whilst the Group delivered a year-on-year rise in gross earnings of 7.0% to ₦395.9 billion, profit before tax dipped marginally by 3% to ₦91.3 billion.

"The scale and scope of our business, brand portfolio, geographic reach coupled with the diversity of our business portfolio creates highly-valuable scale benefits that are difficult to replicate. The diversification and strong natural synergies, in turn, reduce risk and improve the quality of our earnings. With the recent acquisition of ICB banks across four West African countries, the acquisition of Oasis Insurance and our ongoing effort to strengthen the investment banking and asset management business through the acquisition of a merchant

[4] Return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders
[5] Return on average assets computed as profit after tax divided by the average opening and closing balances of its total assets
[6] Net interest margin computed as net interest income divided by the average opening and closing balances in interest earning assets
[7] Cost of funds computed as interest expense divided by average interest bearing liabilities
[8] operating income defined as gross earnings less (interest expense + share of profits from associates)
[9] Cost to income computed as operating expenses divided by operating income
[10]Basic EPS computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders
[11]NPL coverage computed as loan loss provisions plus statutory credit reserve divided by gross NPLs
[12] PPOP - Pre-provision operating profit computed as sum of operating profit and credit impairments
[13] Cost of risk computed as credit impairment charges divided by the average opening and closing gross loans balances

banking license, the Group is on track to deliver on its promises to its various stakeholders. As we look ahead to the future, we will continue to enhance the contribution of the non-bank subsidiaries to the Group through deepening market penetration in each of our business lines, investments in other growing sub-sectors of financial services and driving cross-sell and synergy realisation across the Group and consolidating our position as the leading commercial banking franchise in Sub Saharan Africa."

Group Financial Review

Profit & Loss Account

Gross earnings grew year-on-year (y-o-y) by 7.0% to ₦395.9 billion and was driven by interest income (+9.6%), primarily from loans and advances to customers (+9.9%). Negatively impacting interest income growth over the period was the sharp rise in reserve requirements on eligible public sector deposits within First Bank of Nigeria, from 12% to 50% by the Central bank of Nigeria (CBN), which over the course of the year[14], led to an additional ₦144 billion of loanable/investible funds being sterilised at zero return, with a negative impact of ₦5.7 billion to the interest income line. In coming periods, we will be focusing on growing our retail assets, expanding penetration in the commercial customer segment, building full-fledged transaction banking capabilities, expanding revenue lines within e-business, transforming the branches to being more sales oriented as well as improving productivity of the sales force; all of which will improve aggregate yields on customer assets and drive non-funded income growth.

Net interest income rose a marginal 1.5% to ₦230.1 billion (Dec 2012: ₦226.6 billion), due to the much faster rise in interest expense y-o-y (+36.0%) relative to interest income. The sharp rise in interest expense was driven by strong growth in interest on customers deposits (+30.5%) to ₦79.5 billion from ₦60.9 billion as well as interest on borrowings, which rose from ₦1.4 billion to ₦11.4 billion over the same period. The increase in interest on customer deposits was due to the regulatory induced increase in the minimum savings deposit rate from 1% to 3.6%[15] (₦5 billion increase in interest expense) as well as the generally higher interest rate environment, aggravated by the impact of the increased reserve requirements, which has increased funding costs across the sector, and higher deposit volumes. The sharp rise in borrowing costs primarily reflects interest expense on the $300 million Eurobond debt raised earlier in the year by First Bank of Nigeria Ltd, to enhance flexibility in taking advantage of lending opportunities in the emerging power, infrastructure as well as upstream oil & gas assets. This is reflected in the 75% growth in foreign currency lending to ₦505 billion (Dec 2012: ₦289 Billion)

Whilst asset yields remained relatively flat at 11.3% (Dec 2012: 11.4%), there was a rise in funding costs to 3.3% (Dec 2012: 2.9%). In addition, strong loan growth (+10% quarter-on-quarter) in Q4'13, not fully reflected in interest income, resulted in **net interest margins** of 8.0% (Dec 2012: 8.8%).

Non-interest income (NII) declined 9.3% to ₦67.0 billion, from ₦73.9 billion, driven largely by a 2.5% decline in fee & commission (F&C) income which constituted c. 90% of NII as at the end of the year. The decline in fee and commission income reflects the impact of various policy changes by the CBN, which took effect from April 2013. Key amongst these were:

[14] Policy came into effect in August 2013
[15] 30% of Monetary Policy Rate, currently 12%

- 40% reduction in rate of commission on turnover (COT) from ₦5/mille[16] to ₦3/mille on all generic current accounts, which led to an 16.2% reduction in COT income from ₦21.0 billion[17] as at FY 2012 to ₦17.6 billion in the current year. This reflects the benefit of various steps taken to mitigate the impact of the reduction in the rate of COT, such as increase in volumes of transactions and stricter enforcement of COT convenants.
- Removal of ₦100 charge to customers on ATM cash withdrawals by customers and 60% reduction in sms alert charge to ₦4, both of which drove an increase in fee & commission expense[18] to ₦5.3 billion from ₦941 million; thus eroding the income line. Given that FirstBank remains a market leader, with the highest number of cards in circulation (6.5 million), and responsible for over 33% of completed transactions on the verve platform, this had a negative impact of ₦1.5 billion on the income line. During the last quarter of 2013, FirstBank recorded a positive position between its not-on-us and remote-on-us transactions indicating that FirstBank ATMs enjoyed a preferred status as there were more transactions recorded of other banks' cards on FirstBank ATMs than FirstBank cards on other banks' ATMs. This underscored the success of the various strategies taken earlier in the year to minimise impact of the removal of the ₦100 charge.

Another factor that negatively impacted headline growth in NII was the 85% decline in other operating income to ₦834 million (Dec 2012: ₦5.6 billion), largely made up of income received by the Group on income from sale of unused properties, and to a much lesser extent, rental income. In 2013, there were no sales of any unused properties, thus leading to the unfavourable comparisons.

Within F&C income, the following areas witnessed growth: credit related fees (+8.2%) to ₦2.9 billion as a result of loan book growth across the group money transfer commission which rose 109.9% to ₦3.6 billion as well as funds transfer & intermediation fees (+26.4%) to ₦3.4 billion.

The Group was able to mitigate the impact of some of these headwinds through:

- Healthy foreign exchange income growth (+173.4%) to ₦6.7 billion from ₦2.4 billion in the year ago period as well as benefitting from gains on investment securities (+36.5%) to ₦2.9 billion from ₦2.1 billion. This growth was primarily driven by fluctuations in foreign exchange rate as well as increase in foreign exchange transactions.
- a 76.3% growth in electronic banking fees within FirstBank to ₦7.6 billion (Dec 2012: ₦4.3 billion), reflecting growing benefits from our extensive customer base (8.5 million customer accounts), high card active rate and strategy to migrate an increasing number of transactions to alternative delivery channels, which is driving increasing usage and therefore providing a growing base of annuity income.
- 20.8% growth in insurance revenue to ₦2.0 billion from ₦1.7 billion in the year ago period, benefitting from rising business volumes and uptake of innovative solutions provided to customers.

Operating expenses declined by 4.4% to ₦185.0 billion y-o-y (Dec 2012: ₦193.5 billion). This was on the back of a 4.4% decline in personnel costs (inclusive of cost impact from first time consolidation of ICB), adverts and promotions (-20.3%), other operating expenses (-32.1%), donations & subscriptions (-49.0%) as well as

[16] Per thousand Naira
[17] ₦28.9 billion previously reported in December 2012 included service, as well as other fee & commission income, which have been reclassified due to materiality
[18] Fee and commission expense relates to charges raised by other banks on holders of First Bank of Nigeria Limited ATM cards, who make use of the other banks machines while transacting business, and SMS alert related expense.

stationary & printing (-52.7%), which represented 35.6%, 4.5%, 17.4%, 1.0% and 1.1% respectively of total operating expenses. This reflects benefits from the various transformation and business repositioning initiatives we have put in place over the course of the past year, a focus on optimising our expenditure, slower new branch deployment, coupled with the restructuring of the compensation structure for long term sustainability.

Negatively impacting operating expenses over the period was the 50.6% rise in regulatory costs to ₦24.9 billion (Dec 2012: ₦16.6 billion); driven largely by the increase in AMCON levy from 0.3% to 0.5% in the period under review, which drove the related cost higher by 87.4% to ₦13.9 billion (Dec 2012: ₦7.4 billion). NDIC premium rose 20.9% to ₦11.1 billion (Dec 2012: ₦9.2 billion). This led to incremental regulatory costs of ₦8.4 billion in 2013.

In 2013, the Group grew the distribution network by 77 locations (53 branches and 24 quick service points (QSPs)) to exploit gaps in client coverage; bringing distribution network across the Group to 867 business locations, with 827 locations devoted to commercial banking activities within (765) and outside Nigeria (62). 31 of the new locations resulted from the acquisition of the West African operations of ICB. Overall, headcount increased 5.19% while on a like-for-like basis, adjusting for the impact of the acquisition, underlying headcount increased 0.51% to 9,136.

The resultant impact of the regulatory headwinds was a slowdown in the run rate of the Group's revenue, which coupled with higher funding costs, culminated in marginally lower (-1.7%) operating income y-o-y. However, the much greater 4.4% decline in operating expenses, reflecting benefits of improved cost control measures, drove a 1.8 percentage-point improvement in the cost-to-income ratio to 62.5% (Dec 2012: 64.3%).

In the short term, as we implement the highlighted measures to address the headwinds to revenues, we expect to see some pressure on the cost to income ratio, but which will moderate later on in the year. We have made progress with respect to managing the cost base in a more prudent manner, underlying cost trends are positive and we remain focused on driving further efficiencies in the coming periods. We will focus on rationalising unprofitable branches, which should drive some reduction in maintenance and personnel costs, tightening the expenditure approval and procurement process further as well as exploring ways of optimising the balance sheet structure. .

Net impairment charge on credit losses grew 61.8% y-o-y to ₦20.3 billion (Dec 2012: ₦12.5 billion), bringing the cost of risk to 1.2% over the same period (Dec 2012: 0.9%). The Group recorded NPL ratio of 3.0% from the 2.6% the prior year with a coverage ratio of 97.7% (Dec 2012: 133.7%). The deterioration in asset quality was recorded across various sectors with major assets but escalated for Logistics, Telecommunication, Oil & gas downstream. While the asset quality numbers are within the guidance given for the year, we plan to deliberately work at improving overall asset quality by more rigorous selection of new assets within a carefully articulated risk appetite framework, proactive account management at appropriate levels and entrenchment of a sound risk management culture across board.

Profit before tax stood at ₦91.3 billion (Dec 2012: ₦93.9 billion), a reduction of 2.8% y-o-y.

Tax expense came in at ₦20.7 billion (Dec 2012: ₦17.1 billion), translating into an effective tax rate of 22.7% (Dec 2012: 18.2%).The increased tax rate was driven by a decline in tax exempt income.

Profit after tax declined by 8.0% y-o-y to ₦70.6 billion from ₦76.8 billion. The above performance translated into annualised **after tax return on average equity** of 15.5% (Dec 2012: 19.0%).

Earnings per share of ₦2.16 (Dec 2012: ₦2.37).

Balance Sheet

Total assets increased by 19.9% to ₦3.9 trillion from ₦3.2 trillion in 2012, largely on the back of growth in deposits and long-term borrowings.

Total customer deposits grew by 22.3% to ₦2.9 trillion (Dec 2012: ₦2.4 trillion) with approximately 75% of total deposits in the low-cost segment. Deposits continued to grow in the face of heightened competition; underscoring the confidence reposed in the Group by the public, the strength of the brand, continued broadening and deepening of the large customer base, multiple service channels, enhanced customer segmentation and innovative solutions to meeting our clients' needs. The growth in CASA[19] was across all buckets; savings accounts (+21.3%), current accounts (+14.8%) and domiciliary deposits (+13.9%). The retail business, with approximately 8.5 million active customer accounts in Nigeria, generates approximately 50% of our funding base, and continues to provide very stable funding.

Total loans & advances to customers (net) grew 14.8% y-o-y to ₦1.8 trillion (Dec 2012: ₦1.5 trillion), with strong growth (+10% quarter-on-quarter) recorded in the fourth quarter of the year. The commercial banking business in First Bank Nigeria recorded growth of 14.4%, with loans primarily made to corporate (Oil & Gas downstream, Oil & Gas services, Commercial Property and Hotel & Leisure) and retail customers. Aside from the significant growth recorded in First Bank Nigeria, FBN UK loan book grew to ₦291.0 billion (Dec 2012: ₦232.4 billion) representing a loan growth of (25.4%). Driving the growth in the UK was the expansion in the structured finance assets, mortgages, trade financing, short-term structured trade and commodity-related assets, as well as project finance segments.

Shareholders' equity of ₦471.8 billion recorded a growth of 6.9% y-o-y from ₦441.3 billion as at December 2012, principally reflecting a 51.7% rise in retained earnings and to a lesser extent, a 20.1% rise in in statutory reserves.

The Commercial Banking Group achieved a **capital adequacy ratio** of 17.7% (Dec 2012: 19.1%), tier 1 ratio of 15% and liquidity ratio of 44.2%. The increased cash reserve requirements, funded largely through the run off of treasury bills have negatively impacted the liquidity ratio. We will focus on enhancing capital in coming periods through balance sheet optimisation as well as retained earnings, amongst other options.

[19] Current accounts and savings accounts

Business Groups: Financial & Operational Review

	Commercial banking	IBAM	Insurance	Other financial services	Total
As at December 2013			N' million		
Total Assets	3,712,579	106,066	8,708	43,643	3,870,997
% of total	**96%**	**3%**	**0%**	**1%**	**100%**
Net operating income	278,679	12,263	3,509	1,682	296,133
% of total	**94%**	**4%**	**1%**	**1%**	**100%**
Profit/(loss) before tax	86,668	6,778	1,071	(3,180)	91,337
% of total	**95%**	**7%**	**1%**	**-3%**	**100%**
Profit after tax	65,658	7,306	908	(3,240)	70,632
% of total	**93%**	**10%**	**1%**	**-4%**	**100%**

The Commercial Banking Group offers banking services to both individual and corporate clients. The entities that fall under this Business Group are: First Bank of Nigeria Limited, FBN Bank (UK), Banque Internationale de Crédit (BIC), ICB West Africa, our representative offices in Abu Dhabi, Beijing, Johannesburg and Paris as well as First Pension Fund Custodian, FBN Bureau de Change and FBN Mortgages.

Commenting on the results for the commercial banking group, GMD/CEO of First Bank of Nigeria Limited, Bisi Onasanya said: "The commercial banking group recorded profit before tax of ₦87.5 billion (Dec 2012: ₦87.1 billion), in line with the performance from the previous year. This performance was all the more notable given the significantly negative impact on our business of the increased reserve requirements as well as changes in banking tariffs. This performance was underpinned by the disciplined and focused implementation of mitigating steps taken to limit the impact of the policy pronouncements, as well as expanded market reach and responsiveness to meeting our customers' needs. We sustained our predominantly (75%) low-cost deposit funding base, achieving a year-on-year deposit growth of 22%, as at year end in December 2013. The Retail Banking business continues to be the major driver of low cost deposits, while the recently implemented value chain management framework within the Institutional and public sector banking businesses ensures higher retention of deposits.

"The strategic drive for 2013 focused on improving the overall customer experience, expanding our service offerings to meet with the ever-growing needs of our customers and ensuring we remain the leading financial institution in Nigeria by embracing innovation and cutting-edge technology. Our priorities in 2014 include deployment of full scale transaction banking capabilities, productivity improvements, cost containment and capital management. We also aim to provide world-class international banking services to African-related businesses and individuals."

First Bank of Nigeria Ltd. ("FirstBank")

Gross earnings rose 8% y-o-y to ₦339.0 billion for 2013; net interest income increased by 0.6% to ₦206.7 billion (Dec 2012: ₦205.5 billion) while profit before tax stood at ₦76.9 billion in 2013 from ₦83.2 billion in

2012. Total assets increased by 17.2% to ₦3.2 trillion while the deposit growth of 18.4% compared very favourably against loan growth of 12.0%.

FirstBank maintained its leadership position in the number of ATMs (2,437), point-of-sale (POS) terminals deployed (>13,000) and number of branches, making it the financial institution with the widest retail footprint in the country and subsequently best placed to serve the retail, unbanked/under-banked segments of the Nigerian market. FirstBank ATMs dispensed over ₦1.6 trillion in 2013, an increase of 25% y-o-y (Dec 2012: ₦1.3 trillion), with over 82% of the transactions conducted by our customers. This increase is attributable to the 8.8% growth in the total number of cards to 6.45 million (Dec 2012: 5.93 million), as well as card active rate of 87% (industry average: 78%). FirstBank also accounted for over 33% of completed transactions and about 31% of total Verve cards issued on the InterSwitch network – the dominant switching and payment processing platform controlling about 75% of the electronic payment market in Nigeria. This gives FirstBank a large and increasing base from which it will continue to grow its service fees and commissions, especially as it migrates more services onto the ATM platform. The Bank's large customer base of over 8.5 million, coupled with the rapid expansion in the electronic banking business, market leadership position in number of issued cards, high card active rate and continued migration of additional services onto electronic platforms all provide a base for sustainable growth going forward. In addition, the bank is focused on growing its presence in the retail and SME segment as well as increasing the number of products/customer, which should drive improved revenue in coming periods. Reflecting the above dynamics, e-business revenues grew 76% y-o-y to ₦7.6 billion from ₦4.3 billion in 2012.

Our mobile financial services solution Firstmonie®, targeted at extending banking services to the unbanked and under-banked segments of the market, in addition to enabling existing customers of the Bank to conveniently perform banking transactions from their mobile phones, recorded significantly improved performance and closed the year with c.499,000 subscribers (Dec 2012: c.28,000). FirstMonie as at the end of the year had registered c.10,000 agents, presenting a viable, reliable and growing network to help grow its customer base, access low-cost deposits without the burden of huge capital investments, and drive float and fee income growth in the medium to long term. The $12 million grant by the Gates foundation is focused on agent network building, marketing consulting and other market studies aimed at ensuring FirstBank exploits the inherent opportunities presented by the mobile money business whilst at the same time driving financial inclusion for the unbanked and under-banked.

The Bank made progress in driving fee-based deposit products with high propensity for float income; this is reflected in over 40 new collections and 55 new e-payment mandates being won in 2013. Underscoring additional progress and success from the ongoing operational transformation, in the 2013 KPMG customer satisfaction survey, assessing 2012 performance, the Bank moved from 3rd to 2nd in the corporate customer segment and from 8th to 7th position in the retail customer segment survey.

To drive heightened focus and increased penetration of the larger SME space, FirstBank established and has scaled up the Commercial Banking strategic business unit[20] (formerly emerging corporate). This is expected to increase transaction velocity especially within the trade finance business, benefiting from the high import dependency of the Nigerian economy, as well as more attractive pricing dynamics. As the leading bank in Nigeria with the most diverse portfolio of small and medium enterprises (SMEs), we recognise that SMEs are the bedrock for the development of any economy. As a result, we are strengthening our SME offering to enable

[20] Commercial Banking SBU serves customers with turnover between ₦500 million and ₦3 billion

us to effectively meet their changing needs. We launched a robust and added-value engagement model for SMEs nationwide. This focuses on non-financial services in order to deepen our existing customer relationships while acquiring new SME customers that wish to start, grow and sustain their businesses with us.

In coming periods, leveraging our extensive alternative distribution channels, we will focus on deepening the usage of existing e-business products through incentives and strategic partnerships that create ecosystems to further increase our value proposition to the customer, increase visibility and revenue generation capabilities of our international cards and our ATMs and aggressively rollout Firstmonie to existing and new customers, as well as grow our share of the unbanked market (Firstmonie Wallet) through a pervasive and well-managed Agent Network.

The commercial banking group expanded geographical coverage across Africa in 2013 through acquisition of the West African operations of ICB. A dedicated integration team has been set up to extract the expected synergies from this transaction, and harness the full potential of the Group in delivering value to customers, staff and shareholders. The integration effort will span all five subsidiaries, and will focus on four key areas: Synergy realisation; Risk, Process & Governance; Human Resources Integration; and Back-end Systems integration. All subsidiaries will also be re-branded in line with the overall Group branding architecture. A number of quick-wins have been addressed including targeted staff exchange programmes, functional capability assessment and knowledge transfer, development of an interactive 'Africa' portal for staff engagement and knowledge exchange, attraction of new business leveraging on the Group's financing capacity and relationships, and introduction of new e-products.

Combined gross earnings of our international subsidiaries stood at ₦31.8 billion, a growth of 16.6% while profit before tax increased by 25.9% y-o-y to ₦9.4 billion. Total assets rose 7.8% to ₦627.2 billion (Dec 2012: ₦582.0 billion).

FBN UK grew gross earnings y-o-y by 17.2% to ₦22.4 billion while net interest income grew 41.1% to ₦12.6 billion and net fee income declined 24% to ₦1.6 billion. Profit before tax rose 15.7% to ₦7.6 billion (Dec 2012: ₦6.6 billion), while total assets rose 4.3% to ₦535.9 billion (Dec 2012: ₦514.0 billion). The regulatory environment, particularly in the UK, remained very challenging with respect to liquidity and capital requirements. Global regulators continued to put in place stringent rules in an effort to ensure banks are better prepared for any future financial crisis.

In the Democratic Republic of Congo, BIC's gross earnings increased by 1.8% y-o-y to ₦8.4 billion, while profit before tax rose 60.8% to ₦1.4 billion.

First Pension Custodian Nigeria Ltd. ("FPCNL")

First Pension Custodian Nigeria Limited (FPCNL), the pension fund custody business of First Bank of Nigeria Limited remains a market leader, with about 35% market share. Gross revenue rose by 28% y-o-y to ₦3.3 billion (Dec 2012: ₦2.6 billion), profit before tax rose by 54% to ₦2.0 billion (Dec 2012: ₦1.3 billion).

The regulatory focus during the year has been the review of the Pension Reform Act (PRA) 2004, the passage of which will address some of the challenges that have been encountered in the effective implementation of the PRA 2004. The principal thrusts of the PRA 2013 Bill are among other things, to enhance the powers of the Commission on its regulatory and enforcement activities, enhance the protection of pension fund assets, unlock opportunities for the deployment of pension assets for national development while guaranteeing safety of the pension assets, provide for the participation of the Informal sector and also provide a framework for the adoption of the Contributory Pension Scheme by states and local governments. If achieved, these objectives will increase coverage and by extension, pension fund flows.

Given the closed nature of the industry with limited customers, the business environment remains highly competitive. Competition is expected to intensify when the transfer window opens and contributors can transfer between PFAs. The opening of the transfer window will change the market share of each PFA and ultimately the pension fund custodians (PFCs). Hence, we continue to strive to deliver efficient services through the implementation of a one-solution custody application to retain our current clientele and attract new ones.

The **Investment Banking and Asset Management (IBAM) Group** arrange finance, provide advisory services, administer assets, manage funds and invests capital, for both institutional and individual clients. FBN Capital is the arrow-head for this business, with First Funds, First Trustees, FBN Securities and FBN Capital Asset Management as its subsidiaries.

IBAM grew gross revenues by 19% to ₦19.2 billion (Dec 2012: ₦16.2 billion) and recorded profit before tax of ₦6.8 billion (₦4.1 billion). Performance was driven by a strong rebound in the IB business; bolstered by the ongoing reforms in the Power sector and divestments of Oil & Gas assets by International Oil Companies as well as improved performance of the Nigerian Stock Exchange. FBN securities business ranked 4th position on the Nigerian Stock Exchange (NSE) Broker league table (2013).

Assets under Management grew by 64% to ₦148.0 billion as at year end.

Looking ahead, we will focus on originating and executing transactions; continue with the initiatives to strengthen the sales &trading platform and group collaboration.

The **Insurance Business Group** offers insurance brokerage and life assurance services to customers; includes the brokerage business, FBN Insurance Brokers, and the full underwriting business, FBN Life Assurance.

Revenue for the Insurance group reduced by 13.5% to ₦3.4 billion from ₦4.0 billion while pre-tax profit rose to ₦1.1 billion a 66.8% y-o-y increase from ₦642 million in 2012. Total assets closed at ₦8.7 billion, an increase of 30.9% (Dec 2012: ₦6.7 billion). This improvement in performance was driven by strong bottom line growth in the life assurance business benefiting from improvements in business volumes driving improved market penetration.

Insurance Business Group performance was negatively impacted by the "No premium, no cover rule" in 2013 this caused a reduction in policy covers as all policies were to be cash backed according to new regulations. 2013 saw the launch of new insurance products by the life business; Padi-4-Life, a mobile insurance product, was launched in conjunction with major telecommunications companies.

FBN Life uses cost-effective distribution channels that include a direct sales force, direct and focused marketing, independent intermediaries and Bancassurance multi-channel distribution, making use of FirstBank's extensive branch network.

The insurance market holds significant potential; a large population, significant under-penetration in the market and increasingly supportive regulation with emphasis on local risk retention and non-discretionary (compulsory) insurances, all aimed at deepening market penetration, make for an attractive industry. The industry continues to witness stiff competition with further consolidation deemed likely. The recent acquisition of Oasis insurance company, expanded the insurance portfolio to include the general insurance business, with FBN Insurance (previously FBN Life[21]) now a composite insurance company. In 2014, we intend to harness the growth opportunities in insurance sector, driving volumes via Bancassurance and leveraging on our extensive footprint in Nigeria.

The **Other Financial Services Business Group** currently serves as a quasi-incubator for our smaller non-bank financial services businesses.

FBN Microfinance

Gross earnings reduced by 7.1% to ₦1.1 billion (Dec 2012: ₦1.2 billion) due to reduced loan growth. In the current year, FBN Microfinance made a full year profit before tax of ₦64 million from ₦307 million in 2012; impacted by increased interest expense and higher credit impairment. The achieving return on average equity of 6% relative to 17.2% in 2012 as a result of additional capital injected and lower profits. Net loans to customers declined by 11.5% to ₦1.4 billion, from ₦1.3 billion in 2012 while deposit liabilities stood at ₦1 billion, 22.3% higher than ₦824 million achieved in the previous year. One new branch was opened within the year, bringing the branch network to a total of 23.

During the year, FBN Holdings injected additional capital of ₦1 billion into the Microfinance business which brought the paid-up capital to ₦2 billion in compliance with the revised regulatory minimum paid-up capital of ₦2 billion for microfinance banks with national licenses. The increased financial capacity of our Microfinance Bank will enhance its ability to compete for the largely untapped 'unbanked' informal sector of the Nigerian economy in line with the promoted financial inclusion project of the Central Bank of Nigeria, which recommends an increase in the share of microfinance credit as a percentage of total credit extended to the private sector.

Outlook

The outlook for the financial services sector in Sub-Saharan Africa remains promising. With a population count of over 1 billion across Sub-Saharan Africa (76% without access to formal financial services – Global Findex, 2013) and rapid growth in trade flows, the opportunities to deepen FBN Holdings' business across the sub region are very attractive. Nigeria remains the template and we shall leverage on the deep knowledge of the Nigerian market to drive our expansion strategies within the region, using our foray into the DRC as a case study. In Nigeria, we have continued to tailor our business model to tap existing and emerging growth segments. The Group's wide distribution network provides a strong platform for the mobile money business to grow while also improving service delivery and the accessibility of our banking services to the customers, and ultimately enhances customer acquisition. The demographic distribution of the Nigerian market, with its youthful, predominantly rural population, high rural-urban migration, the sustained expansion of the middle class and the emergence of new economic centres across the country, are all key dynamics that drive our positioning.

The size and structure of the Nigerian population ensures a continuous pipeline of new customers for the banking industry. The low level of banking penetration creates the opportunity for the commercial bank in Nigeria to capture a fair share of new bank customers and increase wallet size for current customers. The

[21] A joint venture with Sanlam Emerging Markets

various economic reforms of the government will provide significant opportunities for banks to take advantage of significant credit opportunities.

In addition to business-specific priorities, we will focus on Group-wide initiatives such as the enhancement of our pricing strategy, cost containment strategies and efficient capital management. Across all businesses, we will continue to put our customers first, delivering on our value proposition to our clients in the most cost-effective manner. Opportunities abound to us, not only from the current operational level but also from new product offerings and the gains that will be derived from effective cross selling across the Group.

– ENDS –

Conference call

FBN Holdings will host a teleconference call for analysts and investors on **Wednesday, 30 April 2014 at 3:00pm GMT / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town**, during which senior management will present the audited results for the full year ended 31 December 2013 and the unaudited results for the first quarter ended 31 March. There will be an opportunity at the end of the call for questions.

The teleconference call facility can be accessed by dialing:

0708 060 1819 (Nigeria)

0800 358 5256 (UK) or **+44 20 8515 2303** (UK/Lagos); **+1 877 941 8631 or +1 480 629 9644** (US); or **0800 991 276** or **+27 21 427 6556** (South Africa)

And then entering the following confirmation code: **4680033#**

Participants are advised to register for the call at least five minutes before the start of the presentation.

For those who are unable to listen to the live call, a recording will be posted on the Company's website as soon as possible. Replay facilities are also available for a week after the call by dialing:

UK/Europe: **0800 358 9369** or **+44 20 7959 6720;** US: **+1 800 406 7325** or **+1 303 590 3030**

Passcode: **4680033#**

An investor presentation will be available on the FBN Holdings website on the morning of Wednesday 30 April 2014.

Click here to access the presentation.

The following related documents are also available on our website http://www.fbnholdings.com/ir

- Full Year 2013 Results Press Release
- Full Year 2013 financial statements (detailed)

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FBN Holding Company Plc

STATEMENT OF FINANCIAL POSITION

		GROUP			COMPANY	
			Restated	Restated		
		31 December	31 December	1 January	31 December	31 December
	Note	2013	2012	2012	2013	2012
		N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
ASSETS						
Cash and balances with central banks	18	594,234	300,532	199,228	-	-
Loans and advances to banks	20	430,586	439,853	463,328	1,477	-
Loans and advances to customers	21	1,769,130	1,541,377	1,252,154	72	-
Financial assets at fair value through profit or loss	22	10,287	6,112	5,964	-	-
Investment securities						
-Available-for-sale investments	23	529,488	379,675	357,490	2,515	2,307
-Held to maturity investments	23	294,575	338,365	337,336	-	2,450
-Loans and receivables		-	-	-	7,332	11,014
Asset pledged as collateral	24	53,650	50,109	72,129	-	-
Other assets	32	41,405	40,252	63,061	43,285	236
Inventory	33	30,253	21,676	25,609	-	-
Investment properties		2,413	4,003	4,055	-	-
Investments in associates accounted for using the equity method	28	7,029	6,321	7,489	9,281	11,875
Investment in subsidiaries	25	-	-	-	246,777	243,065
Property, plant and equipment	29	81,299	75,407	65,889	1,072	30
Intangible assets	30	8,748	3,523	1,008	-	-
Deferred tax	31	7,120	8,201	6,954	-	-
		3,860,217	3,215,406	2,861,694	311,811	270,977
Asset held for sale	27	10,784	12,978	-	-	-
Total assets		**3,871,001**	**3,228,384**	**2,861,694**	**311,811**	**270,977**
LIABILITIES						
Deposits from banks	34	82,032	89,430	183,500	-	-
Deposits from customers	35	2,929,081	2,395,148	1,951,011	-	-
Financial liabilities held for trading	22	1,701	1,796	2,857	-	-
Current income tax liability	17	34,167	23,389	24,328	-	-
Other liabilities	38	149,859	122,202	159,325	3,710	1,084
Liability on investment contracts	39	68,723	54,995	49,440	-	-
Liability on insurance contracts	40	3,651	2,127	824	-	-
Borrowings	36	126,302	75,541	106,204	-	-
Retirement benefit obligations	37	1,924	19,380	15,081	-	-
Deferred tax	31	37	225	1,069	-	-
		3,397,477	2,784,233	2,493,639	3,710	1,084
Liabilities held for sale	27	1,747	2,836	-	-	-
Total liabilities		**3,399,224**	**2,787,069**	**2,493,639**	**3,710**	**1,084**
EQUITY						
Share capital	41	16,316	16,316	16,316	16,316	16,316
Share premium	42	254,524	254,524	254,524	254,524	254,524
Retained earnings	42	115,397	76,072	43,162	37,180	(819)
Other reserves						
Statutory reserve	42	52,074	43,347	32,144	-	-
Capital reserve			-		10	10
SSI Reserve	42	6,076	6,076	6,076	-	-
AFS Fair value reserve	42	14,969	26,991	8,809	71	(138)
Contingency Reserve	42	107	50	13	-	-
Statutory credit reserve	42	7,987	16,101	9,766	-	-
Treasury share reserve	42	(2,280)	(2,378)	(4,325)	-	-
Foreign currency translation reserve	42	2,102	1,668	606	-	-
		467,272	438,767	367,091	308,101	269,893
Non-controlling interest	43	4,505	2,548	964	-	-
Total equity		**471,777**	**441,315**	**368,055**	**308,101**	**269,893**
Total equity and liabilities		**3,871,001**	**3,228,384**	**2,861,694**	**311,811**	**270,977**

FBN Holding Company Plc

INCOME STATEMENT		GROUP		COMPANY	
			Restated		
	Note	31 December 2013 N 'millions	31 December 2012 N 'millions	31 December 2013 N 'millions	31 December 2012 N 'millions
Continuing operations					
Interest income	7	323,621	295,353	924	1
Interest expense	8	(93,506)	(68,746)	-	-
Net interest income		**230,115**	**226,607**	**924**	**1**
Impairment charge for credit losses	9	(20,309)	(12,549)	-	-
Net interest income after impairment charge for credit losses		**209,806**	**214,058**	**924**	**1**
Insurance premium revenue	10	2,011	1,664	-	-
Insurance premium revenue ceded to reinsurers		(226)	-120	-	-
Net insurance premium revenue		**1,785**	**1,544**	**-**	**-**
Fee and commission income	11	59,381	60,890	-	-
Fee and commission expense	11b	(5,296)	(941)	-	-
Net gains/(losses) on Foreign exchange income	12	6,693	2,448	-	-
Net gains/(losses) on investment securities	13	2,899	2,124	-	-
Net gains/(losses) from financial assets classified as held for trading	14	(1,504)	1,760	-	-
Gain from disposal of subsidiary		-	288	-	-
Dividend income		1,227	741	74,057	-
Other operating income	15	834	5,612	7	-
Insurance claims		(488)	(498)		
Personnel expenses	16a	(65,820)	(68,879)	(58)	(1)
Depreciation of Property, plant and equipment	29	(10,284)	(10,182)	(47)	-
Amortisation of intangibles	30	(1,464)	(676)	-	-
Impairment loss on investment	28	-	-	(2,594)	-
Operating expenses	16	(107,438)	(113,776)	(1,658)	(819)
Operating profit/(loss)		90,331	94,513	70,631	-819
Share of profit / (loss) of associates	28	1,006	(592)	-	-
Profit before tax		**91,337**	**93,921**	**70,631**	**(819)**
Income tax expense	17	(20,706)	(17,120)	-	-
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**70,631**	**76,801**	**70,631**	**(819)**
PROFIT/(LOSS) FOR THE YEAR		**70,631**	**76,801**	**70,631**	**(819)**
Profit/(loss) attributable to:					
Owners of the parent		70,135	77,021	70,631	(819)
Non-controlling interests		496	-220	-	-
		70,631	**76,801**	**70,631**	**(819)**
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings/ loss per share:	52				
From continuing operations		2.16	2.37	2.16	(0.03)
From discontinued operations		-	-	-	-
From profit for the year		2.16	2.37	2.16	(0.03)

- Notes to Editors -

FBN Holdings Plc (ISIN: NGFBNH000009) is the most diversified financial services group in Nigeria. The affiliates of FBN Holdings offer a broad range of products and services across commercial banking, investment banking, insurance and microfinance business in 11 countries (Lagos, Nigeria; London, United Kingdom; Paris, France; Johannesburg, South Africa; Beijing, China; Abu Dhabi, UAE and Democratic Republic of Congo; Accra, Ghana; Banjul, Gambia; Conakry, Guinea; Freetown, Sierra Leone). The Group, employing over 9,563 staff, serves over 8.5 million active customers' accounts, through about 867 business locations and over 2,437 ATMs. The group boasts an excellent corporate governance structure underpinned by strong institutional processes, systems and controls. FBN Holdings Plc is structured under four business groups, namely: Commercial Banking, Investment Banking and Asset Management, Insurance, and Other Financial Services.

FBN Holdings' principal bank subsidiary is First Bank of Nigeria Limited (FirstBank), a commercial bank with operations in 11 countries. We also have FBN Capital, a leading investment banking and asset management company; FBN Insurance, a life insurance business until March 2014, now a composite insurance company; FBN Insurance Brokers; and FBN Microfinance Bank, which offers microfinance services.

FBN Holdings Plc was incorporated in Nigeria on 14 October 2010, following the business reorganisation of the First Bank group into a holding company structure. The Company was listed on the Nigerian Stock Exchange under the 'Other Financial services' sector on 26 November 2013 and has issued and fully paid-up share capital as 32,632,084,345 ordinary shares of 50 kobo each (₦16,316,042,172.50). FBN Holdings is owned by about 1.3 million shareholders across the globe and has an unlisted Global Depositary Receipt (GDR) programme. More information can be found on our website www.fbnholdings.com

Cautionary note regarding forward looking statements

This release contains forward-looking statements which reflect management's expectations regarding the group's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend", "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to the Group's management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Forward-looking statements therefore speak only as of the date they are made.

FBN Holdings cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Group's continuous disclosure materials filed from time to time with the Nigerian banking regulatory authorities. The Group disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.