FBNHoldings

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FBN HOLDINGS PLC. REPORTS 28.0% RISE IN GROSS EARNINGS TO ₦271.3 BILLION FOR THE SIX MONTHS ENDED 30 JUNE 2015

FBN Holdings Plc. (“FBNH” “FBN Holdings” or the “Group”) today announces its unaudited results for the six months ended 30 June 2015.

- Gross earnings of ₦271.3 billion, up 28.0% year-on-year (Jun 2014: ₦212.0 billion)
- Net interest income of ₦132.7 billion, up 15.2% year-on-year (Jun 2014: ₦115.2 billion)
- Non-interest income of ₦61.2 billion, up 41.7% year-on-year (Jun 2014: ₦43.2 billion)
- Operating income of ₦193.9 billion, up 22.8% year-on-year (Jun 2014: ₦157.8 billion)
- Impairment charge for credit losses of ₦22.6 billion, up 239.1% year-on-year (Jun 2014: ₦6.7 billion)
- Operating expenses of ₦119.2 billion, up 15.2% year-on-year (Jun 2014: ₦103.4 billion)
- Profit before tax of ₦52.1 billion, up 7.9% year-on-year (Jun 2014: ₦48.3 billion)
- Profit after tax of ₦40.1 billion, up 7.7% year-on-year (Jun 2014: ₦37.2 billion)

Balance Sheet Growth

- Total assets of ₦4.4 trillion, up 1.7% year-to-date (Dec 2014: ₦4.3 trillion)
- Customer deposits of ₦3.05 trillion, up 2.5% year-to-date (Dec 2014: ₦3.12 trillion)
- Customer loans and advances (net) of ₦2.1 trillion, down 4.3% year-to-date (Dec 2014: ₦2.2 trillion)

Key Ratios

- Pre-tax return on average equity of 19.2% (Jun 2014: 20.4%)
- Post-tax return on average equity of 14.8% (Jun 2014: 15.7%)
- Net interest margin of 7.8% (Jun 2014: 7.4%)
- Cost to income ratio of 61.5% (Jun 2014: 65.5%[1])
- NPL ratio of 4.1% (Jun 2014: 3.0%)
- Cost of risk 2.1% (June 2014: 0.7%)
- 33.3% liquidity ratio (Banking group) (Jun 2014: 36.6%)
- 18.8% Basel 2 CAR (Banking group) (Jun 2014: 17.6%[2])

Notable Developments and Awards

- Announced the retirement of the Group Managing Director/CEO of FirstBank, effective December 31, 2015
- Obtained the final merchant banking license for Kakawa Discount House Limited
- Selected by the Nigerian Stock Exchange (NSE) as eligible for listing on its Premium Board
- Awarded:
    - The Best Retail Bank in Nigeria by The Asian Banker International Excellence in Retail Financial Services Awards 2015
    - Silver Award for “Best Impact by Corporate University on Implementation of Business Strategies” by Global Council of Corporate Universities
    - Global Reach Trade Finance Award Nigeria by Deutsche Bank Transaction Banking

[1] In arriving at the cost to income ratio, insurance claim has now been added to the operating expenses
[2] This is a Basel 1 CAR ratio for the Banking Group. Basel 2 CAR requirement commenced October 2014

Selected Financial Summary

(₦ billion)	H1 2015	H1 2014	Δ%
Gross earnings	271.3	212.0	28
Interest income	205.8	164.9	25
Net interest income	132.7	115.2	15
Non-interest income	61.2	43.2	42
Operating Income[7]	193.9	157.8	23
Impairment charge for credit losses	22.6	6.7	239
Operating expenses	119.2	103.4	15
Profit before tax	52.1	48.3	8
Profit after tax	40.1	37.2	8
EPS (kobo)[11]	240	229	5
Total assets	4,418.2	4,002.0	10
Customer loans & advances (Net)	2,086.0	1,839.1	13
Customer deposits	3,126.2	2,756.8	13
Non-performing loans	87.4	55.7	57
Shareholders' Funds	561.7	475.1	18

Key Ratios %	H1 2015	H1 2014
Pre-tax return on average equity[3]	19.2	20.4
Post-tax return on average equity[4]	14.8	15.7
Pre-tax return on average assets[5]	2.4	2.5
Post-tax return on average assets[6]	1.8	1.9
Net interest margin[8]	7.8	7.4
Cost of funds[9]	4.0	3.1
Cost to income[10]	61.5	65.5
Gross loans to deposit	68.8	68.1
Liquidity (Banking Group)	33.3	36.6
Basel 2 Capital adequacy (Banking Group)	18.8	17.6[12]
Basel 2 Tier 1 CAR (Banking Group)	14.0	15.0[12]
NPL/Gross Loans	4.1	3.0
NPL coverage[13]	127.0	85.0
PPOP[14]/impairment charge (times)	3.3	8.2
Cost of risk[15]	2.1	0.7
Leverage (times)[16]	7.9	8.4

Commenting on the results, Bello Maccido, the Group CEO said:

"The Group is continuing to perform strongly, with gross earnings and operating income respectively up 28.0% and 22.8% year-on-year, despite the challenging macroeconomic environment, but resulted in making conservative provisions on our loan book. These results are indicative of the fact that actions we have implemented to effectively utilise our investments and enhance profitability, while diversifying revenue streams have started to give the desired results".

"Given the current results, we remain confident about the rest of the year. Our focus remains on maintaining profitability and delivering sustainable returns to our shareholders. In order to achieve this, we will continue to work towards building a resilient business and driving efficiencies."

[3] Pre-tax return on average equity computed as annualised profit before tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders
[4] Post-tax return on average equity computed as annualised profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders
[5] Pre-tax return on average assets computed as annualised profit before tax divided by the average opening and closing balances of its total assets
[6] Post-tax return on average assets computed as annualised profit after tax divided by the average opening and closing balances of its total assets
[7] Operating income defined as gross earnings less (interest expense + share of profits from associates)
[8] Net interest margin computed as annualised net interest income divided by the average opening and closing balances in interest earning assets
[9] Cost of funds computed as annualised interest expense divided by average interest bearing liabilities
[10] Cost to income ratio computed as operating expenses divided by operating income
[11] Basic EPS computed as annualised profit after tax attributable to shareholders divided by weighted average number of shares in issue.
[12] This is a Basel 1 CAR ratio for the Banking Group. Basel 2 CAR requirement commenced October 2014
[13] NPL coverage computed as loan loss provisions plus statutory credit reserve divided by gross NPLs
[14] PPOP - Pre-provision operating profit computed as sum of operating profit and credit impairments
[15] Cost of risk computed as annualised credit impairment charges divided by the average opening and closing gross loans balances
[16] Total assets divided by shareholders' equity

Group Financial Review

Income Statement

Gross earnings increased by 28.0% y-o-y (+13.9% q-o-q[17]) to ₦271.3 billion, supported by a 24.8% y-o-y (+15.9% q-o-q) growth in interest income to ₦205.8 billion. Non-interest income increased by 41.7% y-o-y (+9.1% q-o-q) to ₦61.2 billion. Improvement in gross earnings has been supported by sustained growth in the interest from loans buoyed by non-interest revenue earned from investments and treasury activities.

Net interest income increased by 15.2% y-o-y (+22.8% q-o-q) to ₦132.7 billion (June 2014: ₦115.2 billion) despite a 47.1% y-o-y increase in interest expense. Net interest income amounted to ₦73.1 billion in Q2 2015 (Q1 2015: ₦59.6 billion) following a 15.9% increase in interest income and a marginal 5% increase in interest expense. Interest on loans to customers (68.4% of total interest income) grew by 15.8% y-o-y (6.1% q-o-q) closing at ₦140.8 billion due to a measured approach in portfolio alignment/rebalancing to higher yielding and shorter tenured assets. In line with our plan of improving earnings through enhanced treasury activities, interest from investment securities now contributes 25.9% to interest income (H1 2014: 21.7%), up 49.1% y-o-y (+40.7% q-o-q) to ₦53.4 billion. Interest on loans and advances to banks also grew to ₦11.6 billion (June 2014: ₦7.4 billion), a 56.1% y-o-y and 42.1% q-o-q growth as FirstBank continues to benefit from being a net placer in the interbank market.

Interest expenses grew by 47.1% y-o-y (+4.5% q-o-q) to ₦73.1 billion. The y-o-y increase in interest expenses is driven by the high interest rate environment following heightened competition for deposits among financial institutions and increased cash reserve requirements on public and private sector deposits. The current environment also impacted the quarterly growth of interest expenses but was moderated by deepening value added proposition to our customers, notably in the transaction banking space. Interest expenses on customers' deposit, constituting 85.5% of total interest and similar expense, grew by 42.3% y-o-y (+5.7% q-o-q) to ₦62.5 billion. In addition, interest on borrowings closed at ₦9.8 billion (+169.6% y-o-y, +7.7% q-o-q) driven y-o-y by interest on the $450 million subordinated Tier 2 debt issued in the international markets in July 2014.

Reflective of the increased interest expenses, cost of funds increased to 4.0% (Jun 2014: 3.1%). Yields on bank loans, customers' loans and investment securities were 5.2%, 13.2% and 13.3% respectively with an overall blended average yield on interest earning assets at 12.2% (Jun 2014: 10.6%). Consequently, net interest margins closed at 7.8%[18] (Jun 2014: 7.4%).

Non-interest income (NII) grew by 41.7% y-o-y (by 9.1% q-o-q) to ₦61.2 billion (Jun 2014: ₦43.2 billion); driven primarily by a 134.0% y-o-y growth in foreign exchange income to ₦16.9 billion. The growth in non-interest income, specifically in the quarter, was supported by a gain from the disposal of an equity investment (₦5.0 billion) and other income from investment securities. Adjusting for the growth in foreign exchange income and disposal in equity investment, non-interest income would have grown by 9.5% y-o-y (0.5% q-o-q). Fees and commission (F&C) income on the other hand decreased by 5.4% y-o-y to ₦33.2 billion (Jun 2014: ₦35.1 billion), but it was up 21.0% q-o-q.

Foreign exchange income increased y-o-y following enhanced treasury management activities, but it declined by 25.7% q-o-q, reflecting the muted market volatility and liquidity in Q2 2015. Driving the performance of

[17] Where q-o-q have been used, it refers to Q2 15 vs Q1 15
[18] Computed as annualised net interest income divided by average interest earning assets

the F&C income was electronic banking fees (+32.1% y-o-y and +15.3% q-o-q) at ₦7.5 billion. Electronic banking fees, last year contributed 16.3% to fees and commission income, now contributes 22.7%. Commission on turnover (COT) which was the highest contributor to F&C, last year contributed 22.6%, now contributes 19.4% following the implementation of the CBN directive on reduction in COT charges. As a result of the implementation of this directive, COT declined by 18.9% y-o-y (+32.6% q-o-q) to ₦6.4 billion despite the 50% regulatory reduction reflecting our sustained monitoring of covenants with customers tied to expected business volumes.

Overall, contribution of non-interest income to net revenue improved to 31.4% (June 2014: 27.3%) and we maintain our full year guidance of 25 – 30% even in this tough macro-economic conditions. We expect earnings to be sustained from increased treasury management activities, e-business transactions, focusing and deepening transaction banking services from trade and cash management and improve collections, while offering value driven e-Payment and liquidity management solutions. We will be sustaining awareness and drive to enhance cross sell initiatives, improve performance and returns from our subsidiaries to provide diversified and sustainable revenue for the Group.

Operating expenses increased by 15.2% y-o-y (+6.2% q-o-q) to ₦119.2 billion (Jun 2014: ₦103.4 billion) driven primarily by staff cost +22.5% y-o-y (+12.2% q-o-q) to ₦47.5 billion. Other drivers of cost include regulatory cost (+2.4% y-o-y and -5.1% q-o-q) to ₦15.4 billion, communication lights and power (+21.8% y-o-y, +75.5% q-o-q); insurance, rent and rate (+47.8% y-o-y, -25.3% q-o-q), outsourced cost[19] of (15.3% y-o-y, -2.3% q-o-q). Staff and regulatory costs now constitute 39.8% and 12.9% of the total operating expenses respectively. In addition to the alignment of compensation structure of the acquired subsidiaries in line with the FBN Group as well as promotions over the period, included in staff cost are the redundancy costs incurred as result of over 500 staff that have exited the Bank due to the re-evaluation of performance and manning levels.

Headcount across the Group is now 9,714 (Jun 2014: 10,190) with 92.4% of personnel allocated to the Banking Group. 87.5% of the global staff work from Nigeria, 5.8% from the DRC, 1.6% from Europe and the balance of 5.2% from the West African subsidiaries including the representative offices across the globe. We are positive that we are able to drive improvements in efficiencies through our on-going initiatives.

Cost-to-income ratio closed at 61.5% (Jun 2014: 65.5%) on the back of cost curtailment initiatives and benefiting from higher growth in operating income +22.8% y-o-y over operating expenses +15.2% y-o-y. Cost to income ratio during the quarter closed at 58.5% from 65.1% in Q1 2015 only.

We are committed to ensuring cost improvement in the Group, through the following on-going initiatives: reorganising the procurement process for greater focus, efficiency and monitoring which has begun the with establishing (from an existing department) a distinct procurement desk with clear governance structure and KPIs; ensuring appropriate manning levels for all functions; deploying IT solutions in the head office, middle and back offices to improve efficiency and effectiveness but ultimately to reduce the FTE[20] deployed to sections of the Bank; expanding the central processing centre to further improve automation and accelerate identified branches as sales and service centres; slowing down branch expansion - with about 30 branches approved for either downgrade or outright closure, while we continuously appraise branch performance

[19] This largely refers to the cost of FTEs
[20] Full-Time Equivalents

towards closing non-performing branches; and, migrating additional transactions to e-banking platforms and other touch points.

Net impairment charge on credit losses grew by 239.1% y-o-y to ₦22.6 billion (Jun 2014: ₦6.7 billion). This was essentially driven by collective impairment recognised on small to medium sized exposures following reassessment of the loan book in light of the challenging operating environment.

The current economic and credit conditions have remained adverse with no likely respite in the short run. Reduced government revenues consequent upon the decline in crude oil prices has resulted in a backlog of salaries to government employees and delayed payments to government contractors thereby impacting the abilities of these obligors to meet loan repayment timely. The devaluation of the Naira has also adversely impacted the performance of corporates and smaller business in general and weakened their ability to service their loan obligations.

Based on our view that the current credit conditions of inherent impairment losses is likely to be greater than historical experience suggests, we have decided to proactively take a higher collective impairment charge.

Consequent to the level of impairment charge cost of risk moved up to 2.1% (Jun 2014: 0.7%). We remain focused on ensuring that asset quality is kept in check through the various initiatives mentioned above including being highly selective with tighter risk appetite and acceptance criteria to taper loan growth while driving efficiency within our portfolio.

Profit before tax stood at ₦52.1 billion (Jun 2014: ₦48.3 billion), up 7.9% y-o-y and (-6.7% q-o-q). Income tax expense for the period was ₦12.0 billion (Jun 2014: ₦11.1 billion). This indicates an effective tax rate of 23.1% (Jun 2014: 22.9%). This performance translates into pre-tax return on average equity of 19.2% (Jun 2014: 20.4%) and post-tax return on average equity of 14.8% (Jun 2014: 15.7%).

Earnings per share (annualised) closed at ₦2.40 (Jun 2014: ₦2.29).

Statement of Financial Position

Total assets increased by 1.7% year-to-date to ₦4.4 trillion driven by growth in available-for-sale investments reflecting our plans of further enhance treasury management activities in the current year. Interest earning assets remained flat at ₦3.4 billion. Given the increase in total assets, interest earning assets as a proportion of total assets, decreased to 76.7%. This was largely due to a 4.3% decline in net loan and advances to customers (Jun 2015: ₦2.1 trillion, Dec 2014: ₦2.2 trillion) due to a more selective risk management process.

Total customer deposits increased slightly by 2.5% year-to-date to ₦3.05 trillion (Dec 2014: ₦3.12 trillion). The Group continues to attract low-cost deposits, ensuring cheap and sustainable deposits to support the business. Low-cost deposits remain flat at 76.8% of total deposits for FirstBank and 65.7% for the Group as a result of increased competition (Dec 2014: 75.9% and 65.6% respectively).

At FirstBank level, retail deposits constitute 62.8% of total deposits (Dec 2014: 57.3%, Jun 2014: 54.1%) with public sector deposits now representing 17.0% (Dec 2014: 16.6%, Jun 2014: 22.3%). Savings deposits were up 7.3% year-to-date, constituting 29.7% (Dec 2014: 28.0%) of total deposits, closing at ₦767.4 billion with term deposits declining 2.3% to ₦600.0 billion. Foreign currency deposits declined by 2.7% and represent 16.0% (₦501.3 billion) of the Group's total deposits (Dec 2014: 16.9%, ₦515.5 billion) but 19.3%, ₦498.0 billion (Dec 2014: 20.1%, ₦513.2 billion) of the Bank's total deposits.

Following the harmonisation of the CRR at 31% for public and private sector deposits at the last MPC meeting, the Bank now has ₦641.5 billion of its deposits sterilised at the Central Bank earning no interest. We will remain focused in sourcing deposits only at appropriate prices and margins. We have been driving deposits by providing suitable products and services with focused promotions leveraging our wide distribution network. Our transaction banking services provides a good platform in ensuring we provide excellent trade and cash management services[21] to drive collections and liquidity management of our customers. The Bank remains the leader in the industry for collections with a 17% market share on all collections volumes processed via the interswitch platform.

Cost of funds, as expected in the current environment increased to 4.0% from 3.5% at December 2014 as a result of the increased competition for deposits and the decreased liquidity in our market resulting from the harmonisation of cash reserve requirements on public and private sector deposits and the implementation of the TSA (Treasury Singe Account).

Total loans & advances to customers (net) decreased by 4.3% year-to-date to ₦2.1 trillion (Dec 2014: ₦2.2 trillion). In line with the trend seen in the first quarter of the year, the net reduction in total loans and advances was driven by a decrease in loan exposure to manufacturing, oil & gas downstream and services customers including government. Our focus continues to be on diversifying our loan book, and on rebalancing the portfolio to higher yielding, short tenured assets to optimise yields. In order to achieve this, we have decided not to engage in further transactions in the upstream segment and to reduce the downstream sector exposure in a controlled manner, including reduction in credit lines for some operators; outright cancellation of lines for some marginal players; and, tightened RAC and a freeze on term exposures.

[21] Tailored trade services were offered to capture all segments of the trade market ranging from the high end to the low end customers, while Cash Management services were extended to SMEs and large corporates alike.

The composition of the loan book follows similar trend in the first quarter with institutional, corporate banking, public and retail banking constituting 38.3%, 30.1%, 9.0% and 15.0% of the loan book with the total the foreign currency loan book at 46.9%. Overall, we expect loan growth to be not more than 5%[22] in FY 2015.

Given the macro backdrop, NPLs moved up to 4.1% (Dec 2014: 2.9%), with the NPL in the FCY book closing at 2.0% (Dec 2014: 1.1%). NPLs are largely driven by the oil and gas (downstream and services), information and communication, manufacturing and personal and professional sector.

We will continue to strengthen our risk management processes through training, coaching and stricter sanctions for non-performance, intensifying credit monitoring and collections, portfolio tracking for prompt identification of early warning signs of deterioration including a more proactive remediation process as well as increased senior management involvement in the recovery process.

Shareholders' equity closed at ₦561.7 billion up 7.4% year-to-date (Dec 2014: ₦522.9 billion) essentially driven by retained earnings of +33.3% to ₦144.8 billion.

The Commercial Banking Group achieved a Basel 2 capital adequacy ratio of 18.8% (Mar 2015: 19.1%, Dec 2014: 16.7%), tier 1 ratio of 14.0% (Mar 2015: 14.3%, Dec 2014: 12.5%). Given a detailed model, factoring our business growth, expected loan growth of not more than 5% and the potential impact of an assumed devaluation, FBN Holdings Plc. has no immediate plans for any capital raising exercise and will continue to focus on optimising its balance sheet, as First Bank of Nigeria Limited will continue to retain a substantial portion of its profit to boost capital.

In addition to higher capital retention and optimisation of the balance sheet, some other initiatives in place include: commencement of half-year audit to capitalise half-year earnings, establishment of a capital management desk to appropriately monitor and plan out capital requirements across geographies within the banking group.

[22] Factoring an assumed devaluation

Business Groups[23]:

Commenting on the results for the Commercial Banking Group, GMD/CEO of First Bank of Nigeria Limited, Bisi Onasanya said*:*

"FirstBank continues to perform strongly posting a 7.1% increase in profit before tax to ₦50.3 billion (Jun 2014: ₦47.0 billion). This proves the resilience of our business as the macroeconomic situation has generally remained difficult, though we have seen the situation stabilising slightly after the elections. The current results and business generation opportunities confirm our confidence in the future."

"Our focus remains on continuous improvement of our business performance and to meet our clients' needs by reinforcing our risk management practice and increasing our operational efficiencies."

The Commercial Banking Group

- Gross earnings rose by 26.2% y-o-y to ₦251.5 billion (Jun 2014: ₦199.3[24] billion)
- Net interest income increased by 14.5% to ₦129.8 billion (Jun 2014: ₦113.4 billion)
- Non-interest income by increased by 44.3% to ₦57.2 billion (Jun 2014: ₦39.6 billion)
- Profit before tax increased by 7.1% to ₦50.3 billion (Jun 2014: ₦47.0 billion)
- Total assets was about flat (+0.4%) year-to-date at ₦4.1 trillion
- Customers' loans and advances (net) of ₦2.1 trillion, down by 4.6% year to date (Dec 2014: ₦2.2 trillion)
- Customers' deposits increased marginally (+2.2%) to ₦3.1 trillion (Dec 2014: ₦3.0 trillion)

First Bank of Nigeria Limited[25] ("FirstBank")

Gross earnings rose by 26.4% y-o-y to ₦223.3 billion (Jun 2014: ₦176.7 billion); net interest income increased by 12.8% to ₦115.3 billion (Jun 2014: ₦102.2 billion) and non-interest income increased by 45.5% to ₦48.7 billion following increased treasury management activities and gain from the disposal of an equity investment (₦5.0 billion) previously held and other income from investment securities. Profit before tax increased by 4.5% to ₦40.5 billion (Jun 2014: ₦38.7 billion). Total assets was flat at ₦3.5 trillion, with net customers' loans and advances closing at ₦1.7 trillion (-4.2% y-t-d). Customers' deposits growing marginally by 1.2% to close at ₦2.6 trillion (Dec 2014: ₦2.6 trillion).

Despite a very challenging regulatory and an increasingly uncertain economic environment, we have made good progress in revenue generation and assumed leadership position in electronic business from domestic and international card issuance to electronic transaction processing and ATM deployment. In response to changing technology landscape and customer preferences, we are leveraging on the capabilities of our digital channels to create compelling offerings aimed at acquiring, developing and retaining customers. We are focused on growing our key products volume, optimising the use of existing channels as well as introducing additional income earning product/service offerings.

The sustained growth in our electronic banking fees (+32.1% y-o-y, 15.3% q-o-q) closing at ₦7.5 billion, underscores the growing acceptance and importance of eBusiness as an increasingly viable source of income.

[23] The pre-consolidation numbers of each of the business groups have been considered in discussing the performance of each business.
[24] ₦198.9 billion reported last year excluding the share of profit of ₦452.4 million which is now included.
[25] This relates to FirstBank Nigeria Only

Given the continuous drive to provide banking services proximity to our customers and increasing acceptability of ebusiness, the Bank has deployed to date, a total of 2,656 ATMs and enhancing other value-added services such as bill payments, airtime purchases and funds transfers on these terminals, thereby increasing the non-interest income opportunities.

The total number of cards closed at 7.6 million with 5.6 million being Verve cards representing 40% market share with improving card activity rate at 93%. To further drive interest and fee income, we are growing the portfolio of our Naira Credit Cards, though, in a controlled manner.

Similarly, our mobile money solution, promoting financial inclusion – Firstmonie, is sustaining its leadership registering about 3 million customers representing a growth of 104.4% y-o-y and 35.6% y-t-d. The number of agents as well as the value of transactions signing up and processed on the platform also grew by 15.8% y-o-y and 80.0% y-o-y to 13,431 and ₦14 billion respectively. This performance is a reflection of our focus on leveraging digital technology to grow our business.

FirstBank is relentless in ensuring it provides an environment that offers excellent customer service experience and encourages repeat sales as we continue to focus on identifying innovative ways to serve our customers.

The Investment Banking and Asset Management (IBAM) Group

The second quarter was characterized by persistent currency weakness, dwindling government revenues and inertia in the equity markets as most investors remained on the sidelines awaiting policy direction from the new administration. Ultimately, the expected pick-up in business activity that was projected to come post the elections has yet to materialise.

Notwithstanding the challenging operating environment, gross income grew 76.7% y-o-y from ₦10.7 billion to ₦18.9 billion, while profit before tax grew by 25% y-o-y from ₦4.7 billion to ₦5.9billion. The key drivers of performance in H1 continued to be mainly the investment banking and trustee businesses of FBN Capital, and the fixed income sales & trading business of Kakawa Discount House. The Group's performance highlights the resilience and diversified nature of our business portfolio.

On 18 May 2015, Kakawa Discount House received approval from CBN for the grant of a merchant banking license, and plans are underway to commence merchant banking operations. We also received a numbers of awards during the quarter, including: Sub Saharan Africa Financing Transaction of the Year for SEPLAT financing organised by The Infrastructure Investor Banking Awards for Excellence 2014; Corporate Deal of the Year (Africa) for the acquisition of International Commercial Banks by FirstBank organised by M&A Atlas Awards 2015 in New York. These awards continue to underscore our leadership position in the market.

Looking ahead, we do not anticipate any significant market activity till Q4 2015 when key appointments to the new administration's cabinet have been completed and key policy direction are pronounced. Notwithstanding, we expect key funding gaps in the oil & gas, infrastructure and financial services sectors to drive market activity in the second half of the year.

The Insurance Business group

The composite insurance business (Life and General) remains the major contributor to the insurance business group delivering 90.6% of aggregate revenue and 88.7% of PBT. The brokerage business contributes the balance of 9.4% of aggregate revenue and 11.3% of the PBT. Within the composite insurance business, life insurance contributed 80.8% to the gross premium income with the non-life at 19.2%. The life business continues to grow, sustaining its contribution to the life business driven by the retail distribution channel. Our comparative strength remains in the retail space as we plan to replicate the same in the general insurance business to increase the penetration of insurance services. In addition, we will be maximising the synergy and cross selling opportunities within the Group with emphasis on bancassurance.

Aggregate revenue for the 'Insurance business group' increased by 51.9% y-o-y to ₦4.1 billion, from ₦2.7 billion, while profit before tax rose to ₦1.2 billion, up 133.2% y-o-y from ₦518.7 million in June 2014. Total assets of the business group closed at (+10.5% y-t-d) ₦20.7 billion (Dec 2014: ₦18.8 billion).

Given the general insurance business constitutes the larger proportion of the insurance market; there is huge potential in the near term for future growth as we integrate the newly acquired Oasis general insurance into our insurance business portfolio. The general insurance business however, has been successfully renamed FBN General Insurance Limited in line with the Group's naming convention.

– ENDS –

Conference call

FBNHoldings will host a question and answer teleconference call with analysts and investors on the unaudited six months ended 30 June 2015 results on Wednesday, 29 July 2015 at 3:00pm UK / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town.

The teleconference call facility can be accessed by dialling:
0708 060 1884 (Nigeria)
0800 279 4992 (UK) or +44 20 3427 1911 (UK/Lagos); +1 212 444 0895 or +1877 280 2296 (US); or 0800 991 539 or +27 11 019 7015 (South Africa)
And then entering the following confirmation code: 3609995#

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 dialling:

UK/Europe: 0800 358 7735 or +44 20 3427 0598; US: +1 866 932 5017 or +1 347 366 9565

Passcode: 3609995#

An investor presentation will be available on the FBNHoldings website a few hours before the call on Wednesday, 29 July 2015.

Click here to access the presentation.

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

- H1 2015 Results Press release
- H1 2015 Financial Statements

For further information please contact:

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FBN Holding Company Plc.

STATEMENT OF FINANCIAL POSITION		GROUP		COMPANY	
	Note	30 June 2015 N 'millions	31 December 2014 N 'millions	30 June 2015 N 'millions	31 December 2014 N 'millions
ASSETS					
Cash and balances with central banks	14	727,993	698,104	-	-
Loans and advances to banks	15	428,511	460,911	4,430	3,261
Loans and advances to customers	16	2,085,993	2,178,980	90	80
Financial assets at fair value through profit or loss	17	50,229	27,601	-	-
Investment securities					
-Available-for-sale investments	18	675,250	553,154	7,256	2,806
-Held to maturity investments	18	119,976	158,485	-	1,466
-Loans and receivables		-	-	-	-
Asset pledged as collateral	19	102,812	68,483	-	-
Other assets	25	62,763	40,692	4,590	14,361
Inventory	26	40,624	37,805	-	-
Investment properties	27	2,777	2,826	-	-
Investments in associates accounted for using the equity method	22	-	-	1,500	1,500
Investment in subsidiaries	20	-	-	260,777	260,777
Property, plant and equipment	23	87,454	88,208	1,394	1,519
Intangible assets	24	11,805	10,094	-	-
Deferred tax assets		8,770	8,992	-	-
		4,404,957	4,334,335	280,037	285,770
Asset held for sale	21	13,232	8,331	2,000	2,000
Total assets		**4,418,189**	**4,342,666**	**282,037**	**287,770**
LIABILITIES					
Deposits from banks	28	170,177	171,151	-	-
Deposits from customers	29	3,126,159	3,050,853	-	-
Financial liabilities at fair value through profit or loss		2,850	10,917	-	-
Current income tax liability	13	8,240	11,829	-	-
Other liabilities	32	154,907	132,633	7,048	9,590
Liability on investment contracts	33	88,252	60,617	-	-
Liability on insurance contracts		10,267	8,260	-	-
Borrowings	30	287,259	369,707	-	-
Retirement benefit obligations	31	1,955	2,029	-	-
Deferred tax liabilities		4,401	188	-	-
		3,854,467	3,818,184	7,048	9,590
Liabilities held for sale	21	1,974	1,592	-	-
Total liabilities		**3,856,441**	**3,819,776**	**7,048**	**9,590**
EQUITY					
Share capital	34	17,948	16,316	17,948	16,316
Share premium	35	252,892	254,524	252,892	254,524
Retained earnings	35	144,786	108,637	3,788	6,968
Other reserves					
Statutory reserve	35	65,379	65,278	-	-
Capital reserve	35	1,223	1,223	10	10
SSI Reserve	35	6,093	6,076	-	-
AFS Fair value reserve	35	11,320	12,532	351	362
Contingency Reserve	35	339	217	-	-
Statutory credit reserve	35	46,637	46,673	-	-
Treasury shares	35	-	(18)	-	-
Foreign currency translation reserve	35	10,882	7,399	-	-
		557,499	518,857	274,989	278,180
Non-controlling interest		4,249	4,033	-	-
Total equity		**561,748**	**522,890**	**274,989**	**278,180**
Total equity and liabilities		**4,418,189**	**4,342,666**	**282,037**	**287,770**

FBN Holding Company Plc.

INCOME STATEMENT		GROUP		COMPANY	
	Note	30 June 2015 N 'million	30 June 2014 N 'million	30 June 2015 N 'million	30 June 2014 N 'million
Continuing operations					
Interest income	5	205,798	164,859	239	2,167
Interest expense	6	(73,102)	(49,696)	-	-
Net interest income		**132,696**	**115,163**	**239**	**2,167**
Impairment charge for credit losses	7	(22,583)	(6,660)	-	-
Net interest income after impairment charge for credit losses		**110,113**	**108,503**	**239**	**2,167**
Insurance premium revenue	8	3,241	1,936	-	-
Insurance premium revenue ceded to reinsurers		(551)	(351)	-	-
Net insurance premium revenue		**2,690**	**1,585**	**-**	**-**
Fee and commission income	9	33,171	35,076	-	-
Fee and commission expense	9b	(4,304)	(3,952)	-	-
Net gains on foreign exchange		16,919	7,232	18	-
Net gains/(losses) on investment securities	10	5,371	433	(1)	-
Net gains from financial instruments at fair value through profit or loss	11	3,740	147	-	-
Dividend income		1,543	1,027	1,032	1,173
Other operating income		2,033	1,101	25	3
Insurance claims		(788)	(562)	-	-
Personnel expenses		(47,461)	(38,739)	(176)	(140)
Depreciation, amortisation and impairment		(6,657)	(6,041)	(188)	(2,899)
Operating expenses	12	(64,285)	(58,078)	(866)	(1,364)
Operating profit/ (loss)		52,086	47,732	83	(1,060)
Share of profit of associates		-	520	-	-
Profit/ (loss) before tax		**52,086**	**48,252**	**83**	**(1,060)**
Income tax expense	13	(12,025)	(11,072)	-	-
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**40,061**	**37,180**	**83**	**(1,060)**
Discontinued operations					
Profit for the year from discontinued operations	21	-	-	-	-
PROFIT/ (LOSS) FOR THE PERIOD		**40,061**	**37,180**	**83**	**(1,060)**
Profit/(loss) attributable to:					
Owners of the parent		39,616	37,146	83	(1,060)
Non-controlling interests		445	34	-	-
		40,061	**37,180**	**83**	**(1,060)**

- Notes to Editors -

FBN Holdings Plc. (ISIN: NGFBNH000009) is the most diversified financial services group in Nigeria. The subsidiaries of FBNHoldings offer a broad range of products and services across commercial banking, investment banking and asset management, insurance and microfinance business in 12 countries (Lagos, Nigeria; London, United Kingdom; Paris, France; Johannesburg, South Africa; Beijing, China; Abu Dhabi, UAE; Kinshasa, Democratic Republic of Congo, Accra, Ghana; Banjul, Gambia, Conakry, Guinea, Freetown, Sierra Leone and Dakar, Senegal). The Group, employing about 10,000 staff, has about 10.3 million active customers, through about 850 business locations (608 local branches, 61 QSP, 51 agencies/cash centres and 129 (local and international) subsidiary locations[26]) and about 2,600 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.

Commercial Banking business group comprises First Bank of Nigeria Limited, FBNBank (UK), FBNBank DRC[27], West Africa[28] subsidiaries, representative offices in Abu Dhabi, Beijing, Johannesburg and Paris as well as First Pension Fund Custodian and FBN Mortgages. FBNHoldings' principal subsidiary is First Bank of Nigeria Limited (FirstBank), a commercial bank with operations in 12 countries offering banking services to both individual and corporate clients.

Investment Banking and Asset Management (IBAM) group comprises FBN Capital, FBN Funds, FBN Trustees, FBN Securities, FBN Capital Asset Management and Kakawa Discount House Limited. The business group arrange finance, provide advisory services, trade securities, administer assets, manage funds and invest capital, for both institutional and individual clients. Kakawa Discount House Limited's acquisition by FBNHoldings will strengthen IBAM's universe of products and services as well as the client base as it transitions to a Merchant Bank.

Insurance Business group comprises FBN Insurance Limited (owned by FBNH 65% and Sanlam 35%) and FBN Insurance Brokers (100% owned subsidiary). The business group offers Life and General insurance services and insurance brokerage services.

Other Financial Services Business group comprises the Group's non-operating holding company and other non-banking financial services businesses including FBN Microfinance bank, which provides microfinance services to the mass-market segment.

FBN Holdings Plc. was incorporated in Nigeria on 14 October 2010, following the business reorganisation of the FirstBank Group into a holding company structure. The Company was listed on the Nigerian Stock Exchange under the 'Other Financial services' sector on 26 November 2012 and now has issued and fully paid-up share capital as 35,895,292,792 ordinary shares of 50 kobo each (₦17,947,646,396). FBNHoldings 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

[26] Local and international
[27] Previously, Banque Internationale de Credit (BIC)
[28] Comprising locations in Ghana, Gambia, Guinea, Sierra Leone, Ghana and Senegal

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.

FBNHoldings 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.