

PRESS RELEASE

Lagos, Nigeria – 29 July 2019

FBN HOLDINGS PLC. REPORTS GROSS EARNINGS OF ₦294.2 BILLION FOR THE SIX MONTHS ENDED 30 JUNE 2019

FBN Holdings Plc. (“FBNH” or “FBNHoldings” or the “Group”) today announces its unaudited results for the six months ended 30 June 2019.

Income Statement

- Gross earnings of ₦294.2 billion, up 0.3% year-on-year (y-o-y) (Jun 2018: ₦293.3 billion)
- Net-interest income of ₦146.7 billion, down 2.0% y-o-y (Jun 2018: ₦149.6 billion)
- Non-interest income of ₦63.6 billion, up 3.6% y-o-y (Jun 2018: ₦61.3 billion)
- Operating income of ₦210.3 billion, down 0.3% y-o-y (Jun 2018: ₦210.9 billion)
- Impairment charge for credit losses of ₦22.1 billion, down 58.1% y-o-y (Jun 2018: ₦52.8 billion)
- Operating expenses of ₦148.3 billion, up 24.3% y-o-y (Jun 2018: ₦119.3 billion)
- Profit before tax of ₦39.9 billion, up 2.6% y-o-y (Jun 2018: ₦38.9 billion)
- Profit after tax ₦31.7 billion, down 5.4% y-o-y (Jun 2018: ₦33.5 billion)

Statement of Financial Position

- Total assets of ₦5.7 trillion, up 1.8% year-to-date (y-t-d) (Dec 2018: ₦5.6 trillion)
- Customer deposits of ₦3.6 trillion, up 2.8% y-t-d (Dec 2018: ₦3.5 trillion)
- Customer loans and advances (net) of ₦1.74 trillion, up 3.5% y-t-d (Dec 2018: ₦1.68 trillion)

Key Ratios

- Post-tax return on average equity of 11.6% (Jun 2018: 10.0%)^{1,2}
- Post-tax return on average assets of 1.1% (Jun 2018: 1.3%)
- Net-interest margin of 7.7% (Jun 2018: 7.1%)
- Cost to income ratio of 70.5% (Jun 2018: 56.5%)
- NPL ratio of 14.5% (Dec 2018: 25.9%)
- 40.3% liquidity ratio (FirstBank (Nigeria)) (Dec 2018: 45.2%)
- 15.6% CAR³ (FirstBank (Nigeria)) (Dec 2018: 17.3%)
- 13.4% CAR (FBNQuest Merchant Bank) (Dec 2018: 12.2%)

Notable Developments

- Atlantic Energy fully written off, creating significant headroom for increased business opportunities and enhanced earnings
- FirstBank exercised its option to call the US\$450 million 8.0% Subordinated notes due in 2021, bringing total prepayments to US\$750 million in the last 12 months
- Firstmonie Agent banking network grown to over 27,000, deepening retail franchise and banking penetration
- FirstBank processed about ₦1.1 trillion transactions through its Firstmonie Agents and ₦1.2 trillion transactions through USSD banking year to date, demonstrating strong digital leadership footprint
- FirstBank upgrades core banking application to enhance customer service excellence across all banking channels

¹ Profit after tax from continuing operations

² Post tax return on average equity and assets as well as the net interest margin are annualised ratios

³ CAR defined as Capital adequacy ratio

Financial Performance Highlights

Income statement

(#billion)	H1 2019	H1 2018	Δ%
Gross earnings	294.2	293.3	0.3
Interest income	221.8	225.4	-1.6
Net-interest income	146.7	149.6	-2.0
Non-interest income ⁷	63.6	61.3	3.6
Operating Income ⁹	210.3	210.9	-0.3
Impairment charge for credit losses	22.1	52.8	-58.1
Operating expenses	148.3	119.3	24.3
Profit before tax	39.9	38.9	2.6
Profit after tax	31.7	33.5	-5.4
Basic EPS (kobo) ¹³	168	182	-7.7

Statement of Financial Position

(#billion)	H1 2019	FY 2018	Δ%
Total assets	5,670.2	5,568.3	1.8
Customer loans & advances (Net)	1,743.2	1,683.8	3.5
Customer deposits	3,582.6	3,486.7	2.8
Shareholders' funds	560.9	530.6	5.7

Key Ratios %	H1 2019	H1 2018
Post-tax return on average equity ⁴	11.6	10.0
Post-tax return on average assets ⁵	1.1	1.3
Earnings yield ⁶	11.7	10.7
Net-interest margin ⁸	7.7	7.1
Cost of funds ¹⁰	3.2	3.5
Cost to income ¹¹	70.5	56.5
Gross loans to deposits	52.6	67.0
Liquidity (FirstBank(Nigeria))	40.3	55.0
Capital adequacy (FirstBank (Nigeria)) ¹²	15.6	18.1
Capital adequacy (FBNQuest Merchant Bank) ¹²	13.4	12.6
NPL/Gross Loans	14.5	20.8
NPL coverage ¹⁴	64.5	82.3
PPOP ¹⁵ /impairment charge (times)	2.8	1.7
Cost of risk ¹⁶	2.2	4.7
Leverage (times) ¹⁷	10.1	8.1
BVPS ¹⁸	15.6	18.4

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 Post-tax return on average assets computed as annualised profit after tax divided by the average opening and closing balances of its total assets

⁶ Earnings yield computed as annualised Interest income divided by the average opening and closing balances of interest earning assets

⁷ Non-interest income is net of fee and commission expenses

⁸ Net-interest margin computed as annualised net interest income divided by the average opening and closing balances of interest earning assets

⁹ Operating income defined as Net interest income plus non-interest income

¹⁰ Cost of funds computed as annualised interest expense divided by average interest-bearing liabilities

¹¹ Cost to income ratio computed as operating expenses divided by operating income

¹² Excluding H1 2019 profits

¹³ Basic EPS computed as annualised profit (from continuing operations attributable to owners of the parent) after tax divided by weighted average number of shares in issue

¹⁴ NPL coverage computed as loan loss provisions plus statutory credit reserve divided by gross NPLs

¹⁵ PPOP - Pre-provision operating profit computed as sum of operating profit and impairment charge

¹⁶ Cost of risk computed as annualised credit impairment charges divided by the average opening and closing gross loans balances

¹⁷ Total assets divided by shareholders' equity

¹⁸ BVPS - Book Value Per Share computed as total equity divided by number of outstanding shares

Commenting on the results, UK Eke, MFR, the Group Managing Director said:

“Despite the difficult operating environment, we remain resolute in delivering on our guidance across key metrics including our commitment towards a single digit NPL ratio by the end of year, as evidenced by the reduction in NPLs from the last quarter. Essentially, Atlantic Energy - our largest NPL, was written off, translating into a decline in the NPL ratio from 25.9% in December 2018 to 14.5% as at June 2019, a step that brings us closer to our FY 2019 target and creates more headroom for quality asset growth. This is paving the way for sustained improvement in asset quality and a further reduction in impairment charges that will allow us to take advantage of enhanced earnings opportunities when they arise. Furthermore, we have remained focused on deepening our transaction-led income and are uniquely positioning for stronger revenue growth and value creation.

We are confident in the Group’s ability to deliver stronger results sustainably as we execute our strategy and unlock earnings potential from recent investments in innovation and digital transformation. This will enhance our future earnings capacity and drive operational efficiencies that will enable the generation of superior returns to our shareholders.”

Business Groups^{19 20 21}:

Commercial Banking

- Gross earnings of ₦262.8 billion, down 0.7% y-o-y (Jun 2018: ₦264.7 billion)
- Net interest income of ₦137.4 billion, down 2.4% y-o-y (Jun 2018: ₦140.8 billion)
- Non-interest income of ₦49.0 billion, down 1.2% y-o-y (Jun 2018: ₦49.6 billion)
- Operating expenses of ₦131.2 billion, up 24.6% y-o-y (Jun 2018: ₦105.3 billion)
- Profit before tax of ₦33.3 billion, up 3.1% y-o-y (Jun 2018: ₦32.3 billion)
- Profit after tax of ₦26.7 billion, down 5.5% y-o-y (Jun 2018: ₦28.3 billion)
- Total assets of ₦5.31 trillion, up 0.2% y-t-d (Dec 2018: ₦5.30 trillion)
- Customers’ loans and advances (net) of ₦1.77 trillion, up 3.4% y-t-d (Dec 2018: ₦1.71 trillion)
- Customers’ deposits of ₦3.49 trillion, up 2.7% y-t-d (Dec 2018: ₦3.39 trillion)

The Commercial Banking business contributed 89.3% (Jun 2018: 90.2%) to the Group’s gross earnings and 84.6% (Jun 2018: 84.0%) to the Group’s profit before tax.

Commenting on the results Dr. Adesola Adeduntan, the Chief Executive Officer of FirstBank and Subsidiaries said:

“In line with our commitment to address the legacy asset quality challenges, exposure to Atlantic Energy was written off in the quarter. This is a material progress in our legacy NPL resolutions and clearly reflects our resolve towards achieving a single digit NPL ratio by year end. In addition, this step creates significant headroom for increased business opportunities and enhanced earnings especially in the lucrative Oil & Gas sector of the

¹⁹ Please refer to the ‘Notes to Editors’ section on page 9 for the companies in each business group

²⁰ The pre-consolidation numbers of each of the business groups have been considered in discussing their performance

²¹ Post consolidation, the Commercial Banking, Merchant Bank & Asset Management, Insurance and Other Financial Services contributed 89.3%, 5.6%, 4.8% and 0.3% (Jun 2018: 90.2%, 6.3%, 3.2% and 0.26%) respectively to the Group’s gross earnings and 84.6%, 8.4%, 9.4% and -2.4% (Jun 2018: 84.0%, 11.1%, 7.4% and -2.5%) to the Group’s profit before tax.

economy. As of June 2019, the NPL ratio for the Commercial Banking Group was 14.2%, down from 25.5% in FY 2018. The reduction in NPLs also translates to a 58.6% year-on-year decline in impairment charges to ₦21.9 billion and provides a stronger platform for enhanced future profitability.

We reiterate our commitment to address all key structural and balance sheet repair programs. In view of this, we have fast tracked some key enterprise transformation programs towards enhancing revenue sustainably and improving overall efficiencies. Demonstrating the strength of the Bank's excellent funding capability and foreign currency liquidity, FirstBank recently prepaid US\$450 million Subordinated note, bringing total early redemptions to US\$750 million in the last 12 months, while further enhancing the efficiency of the balance sheet and positioning for stronger growth. Furthermore, we have continued to strengthen our hold on the retail market with the Agent banking model which has grown by about 7,000 in the quarter to over 27,000 agents at the end of H1 2019, positioning the retail business for a phenomenal future growth.

Looking ahead, we will build on the progress we have made by enhancing revenue generating capabilities and will continue to improve the quality of our credit portfolio, deployment of innovative technologies and enhancing market position towards optimising efficiencies and enhancing profitability."

Merchant Banking & Asset Management (MBAM) / FBNQuest

- Gross earnings of ₦16.9 billion, down 8.3% y-o-y (Jun 2018: ₦18.5 billion)
- Profit before tax of ₦2.9 billion, down 21.2% y-o-y (Jun 2018: ₦3.7 billion)
- Total assets of ₦277.9 billion, up 27.1% y-t-d (Dec 2018: ₦218.6 billion)

The Merchant Banking and Asset Management business contributed 5.6% (Jun 2018: 6.3%) to the Group's gross earnings and 8.4% (Jun 2018: 11.1%) to the Group's profit before tax.

Insurance

- Gross earnings of ₦14.8 billion, up 47.3% y-o-y (Jun 2018: ₦10.1 billion)
- Profit before tax of ₦4.3 billion, up 27.1% y-o-y (Jun 2018: ₦3.4 billion)
- Total assets of ₦94.4 billion, up 23.3% y-t-d (Dec 2018: ₦76.6 billion)

The insurance business contributed 4.8% (Jun 2018: 3.2%) to gross earnings of the Group and 9.4% (Jun 2018: 7.4%) to profit before tax.

– ENDS –

Conference call

FBNHoldings will host a question and answer teleconference call with analysts and investors on the unaudited results for the six months 30 June 2019 on **Tuesday 30 July 2019 at 3:00 pm UK / 3:00 pm Lagos / 10:00 am New York / 4:00 pm Johannesburg & Cape Town.**

The teleconference call facility can be accessed by dialing:

+234 1 277 6330 (Nigeria); **0800 279 7204** or **+44 (0) 330 336 9411** (United Kingdom); **+1 800 458 4121** or **+1 323 794 2597** (United States); and **0800 980 520** or **+27 11 844 6118** (South Africa).

and then entering the following confirmation code: **7028810#**

Participants are advised to register for the call at least five minutes before the start of the call. For those who are unable to listen to the live call, a recording will be posted on the Company's website. Replay facilities are also available for a week after the call by dialing:

0808 101 1153 or **+44 20 7660 0134** (United Kingdom); **+1 719 457 0820** or **+1 888 203 1112** (United States); **0800 980 995** or **+27 11 062 3065** (South Africa)

and then entering the following code: **7028810#**

An investor presentation will be available ahead of the call on the FBNHoldings website.

[Click here to access the presentation](#)

The document below is also available on our website <https://www.fbnholdings.com/investor-relations/>

- H1 2019 financial statements (unaudited) [Click here](#)

For further information please contact:

Tolulope Oluwole (Head, Investor Relations)

+234 1 905 2720

Tolulope.o.oluwole@fbnholdings.com

FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	N 'million	N 'million	N 'million	N 'million
ASSETS				
Cash and balances with central banks	740,362	653,335	-	-
Loans and advances to banks	957,875	863,435	2,301	16,639
Loans and advances to customers	1,743,232	1,683,813	99	110
Financial assets at fair value through profit or loss	129,687	109,162	3,427	3,427
Investment securities	1,357,946	1,663,821	10,894	7,079
Asset pledged as collateral	401,307	309,051	-	-
Other assets	161,251	112,362	696	292
Investment properties	515	515	-	-
Investments in associates accounted for using the equity method	641	625	-	-
Investment in subsidiaries	-	-	242,395	242,395
Property and equipment	94,727	91,515	204	382
Intangible assets	18,216	16,134	-	-
Deferred tax assets	25,573	25,558	-	-
	5,631,332	5,529,326	260,016	270,324
Asset held for sale	38,914	38,990	-	-
Total assets	5,670,246	5,568,316	260,016	270,324
LIABILITIES				
Deposits from banks	701,908	749,315	-	-
Deposits from customers	3,582,605	3,486,691	-	-
Financial liabilities at fair value through profit or loss	8,307	15,791	-	-
Current income tax liability	13,500	15,656	27	102
Other liabilities	337,095	373,345	7,244	8,034
Liability on investment contracts	40,362	19,766	-	-
Liability on insurance contracts	47,428	34,192	-	-
Borrowings	373,362	338,214	-	-
Retirement benefit obligations	2,267	1,940	-	-
Deferred tax liabilities	269	266	-	-
	5,107,103	5,035,176	7,271	8,136
Liabilities held for sale	2,226	2,493	-	-
Total liabilities	5,109,329	5,037,669	7,271	8,136
EQUITY				
Share capital	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392
Retained earnings	24,280	4,373	1,262	10,850
Statutory reserve	93,815	93,325	-	-
Capital reserve	1,223	1,223	10	10
Small scale investment reserve	6,076	6,076	-	-
Fair value reserve	88,529	77,276	133	(12)
Contingency reserve	2,505	2,022	-	-
Statutory credit reserve	33,625	33,599	-	-
Foreign currency translation reserve	45,642	48,995	-	-
	547,035	518,229	252,745	262,188
Non-controlling interest	13,882	12,418	-	-
Total equity	560,917	530,647	252,745	262,188
Total equity and liabilities	5,670,246	5,568,316	260,016	270,324

FBN Holdings Plc.

INCOME STATEMENT

	GROUP			
	Q2 ended	Year to date	Q2 ended	Year to date
	30 June	30 June	30 June	30 June
	2019	2019	2018	2018
	N 'million	N 'million	N 'million	N 'million
Continuing operations				
Interest income	109,732	221,780	114,505	225,404
Interest expense	(37,195)	(75,063)	(40,612)	(75,764)
Net interest income	72,537	146,717	73,893	149,640
Impairment charge for losses	(8,260)	(22,107)	(27,473)	(52,810)
Net interest income after impairment charge for losses	64,277	124,610	46,420	96,830
Insurance premium revenue	6,603	9,753	3,413	7,301
Insurance premium revenue ceded to reinsurers	(1,436)	(2,630)	(719)	(1,253)
Net insurance premium revenue	5,167	7,123	2,694	6,048
Fee and commission income	26,091	49,491	22,485	41,662
Fee and commission expense	(5,321)	(8,901)	(3,409)	(6,612)
Net gains on foreign exchange	1,760	4,697	8,315	12,943
Net gains on investment securities	657	3,752	4,300	5,137
Net gains/(losses) from financial instruments at FVTPL	3,867	3,562	(861)	(1,474)
Dividend income	94	2,075	2,231	2,243
Other operating income	1,060	1,737	788	1,351
Insurance claims	(2,685)	(3,672)	(652)	(1,777)
Personnel expenses	(24,614)	(48,396)	(23,748)	(45,064)
Depreciation, amortisation and impairment	(4,876)	(9,564)	(3,907)	(7,886)
Operating expenses	(44,928)	(86,660)	(34,606)	(64,547)
Operating profit	20,549	39,854	20,050	38,854
Share of profit of associates	17	17	11	22
Profit before tax	20,566	39,871	20,061	38,876
Income tax expense	(4,642)	(8,154)	(1,309)	(5,356)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	15,924	31,717	18,752	33,520
Discontinued operations				
Loss for the period from discontinued operations	(76)	(76)	(44)	(44)
PROFIT FOR THE PERIOD	15,848	31,641	18,708	33,476
Profit attributable to:				
Owners of the parent	15,062	30,240	18,214	32,506
Non-controlling interests	786	1,401	494	970
	15,848	31,641	18,708	33,476
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		0.84		0.91
From discontinued operations		(0.00)		(0.00)
From profit for the period		<u>0.84</u>		<u>0.91</u>

FBN Holdings Plc.

INCOME STATEMENT

COMPANY

	Q2 ended 30 June 2019 N 'million	Year to date 30 June 2019 N 'million	Q2 ended 30 June 2018 N 'million	Year to date 30 June 2018 N 'million
Continuing operations				
Interest income	547	1,283	590	1,317
Interest expense	-	-	-	-
Net interest income	547	1,283	590	1,317
Impairment charge for losses	-	-	-	-
Net interest income after impairment charge for losses	547	1,283	590	1,317
Insurance premium revenue	-	-	-	-
Insurance premium revenue ceded to reinsurers	-	-	-	-
Net insurance premium revenue	-	-	-	-
Fee and commission income	-	-	-	-
Fee and commission expense	-	-	-	-
Net gains on foreign exchange	-	1	9	39
Net gains on investment securities	-	6	3	7
Net gains from financial instruments at FVTPL	-	-	-	-
Dividend income	177	177	-	-
Other operating income	-	-	8	24
Personnel expenses	(156)	(307)	(130)	(280)
Depreciation, amortisation and impairment	(92)	(185)	(113)	(214)
Operating expenses	(730)	(1,204)	(846)	(1,321)
Loss before tax	(254)	(229)	(479)	(428)
Income tax expense	(27)	(27)	-	(25)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	(281)	(256)	(479)	(453)
LOSS FOR THE PERIOD	(281)	(256)	(479)	(453)
Loss attributable to:				
Owners of the parent	(281)	(256)	(479)	(453)
Non-controlling interests	-	-	-	-
	(281)	(256)	(479)	(453)
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		(0.01)		(0.01)
From discontinued operations		-		-
From profit for the period		(0.01)		(0.01)

- Notes to Editors -

FBN Holdings Plc. (ISIN: NGFBNH000009) is the most diversified financial services group in Nigeria. 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 in issue and fully paid-up share capital of 35,895,292,792 ordinary shares of 50 kobo each (₦17,947,646,396). More information can be found on our website www.fbnholdings.com.

The subsidiaries of FBNHoldings offer a broad range of products and services across commercial banking in 10 countries (Lagos, Nigeria; London, United Kingdom; Paris, France; Beijing, China; Kinshasa, Democratic Republic of Congo, Accra, Ghana; Banjul, Gambia, Conakry, Guinea, Freetown, Sierra Leone and Dakar, Senegal), merchant banking and asset management as well as insurance. The Group, with about 8,992 staff and over 16 million customers has 889 business locations (615 local branches, 144 QSPs and agencies for FirstBank (Nigeria) and 130 (local and international) subsidiary locations). FBN Holdings Plc. is structured essentially under three business groups, namely: Commercial Banking, Merchant Banking and Asset Management as well as Insurance.

Commercial Banking comprises First Bank of Nigeria Limited, FBNBank (UK), FBNBank DRC²², bank subsidiaries in West Africa²³, a representative office in Beijing, a branch office in Paris as well as First Pension Fund Custodian. This group provides both individual and corporate clients/ customers with financial intermediation services. This business segment includes the group's local, international and representative offices with operations in 10 countries offering commercial banking services.

Merchant Banking & Asset Management comprises FBNQuest Merchant Bank group and FBNQuest Capital group. Both FBNQuest Merchant Bank Limited and FBNQuest Capital Limited are wholly owned by the holding company. The FBNQuest Merchant Bank group comprises FBNQuest Merchant Bank and its subsidiaries FBNQuest Securities Limited and FBNQuest Capital Asset Management Limited. The FBNQuest Capital group comprises FBNQuest Capital Limited and its subsidiaries FBNQuest Trustees Limited, FBNQuest Funds Limited and FBNQuest Capital Partners Limited. The group creates value by providing advice, finance, trading, investing and securing services to large institutions (corporations and government agencies) and individuals.

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

²² Previously, Banque Internationale de Credit (BIC)

²³ 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 risks or factors, reference should be made to the Group's continuous disclosure materials filed from time to time with the Nigerian Stock Exchange. 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.