

PRESS RELEASE

Lagos, Nigeria – 25 October 2018

FBN HOLDINGS PLC. REPORTS GROSS EARNINGS OF ₦441.5 BILLION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

FBN Holdings Plc. (“FBNH” or “FBNHoldings” or the “Group”) today announces its unaudited results for the nine months ended 30 September 2018.

Income Statement

- Gross earnings of ₦441.5 billion, up 0.5% year-on-year (y-o-y) (Sep 2017: ₦439.2 billion)
- Net-interest income of ₦221.5 billion, down 12.9% y-o-y (Sep 2017: ₦254.3 billion)
- Non-interest income of ₦93.2 billion, up 26.0% y-o-y (Sep 2017: ₦74.0 billion)
- Operating income of ₦314.7 billion, down 4.1% y-o-y (Sep 2017: ₦328.1 billion)
- Impairment charge for credit losses of ₦76.2 billion, down 21.9% y-o-y (Sep 2017: ₦97.6 billion)
- Operating expenses of ₦187.2 billion, up 6.8% y-o-y (Sep 2017: ₦175.3 billion)
- Profit before tax of ₦51.3 billion, down 7.4% y-o-y (Sep 2017: ₦55.4 billion)
- Profit after tax ₦44.9 billion, down 1.9% y-o-y (Sep 2017: ₦45.8 billion)

Statement of Financial Position

- Total assets of ₦5.3 trillion, up 2.1% year-to-date (y-t-d) (Dec 2017: ₦5.2 trillion)
- Customer deposits of ₦3.4 trillion, up 7.6% y-t-d (Dec 2017: ₦3.1 trillion)
- Customer loans and advances (net) of ₦1.9 trillion, down 3.8% y-t-d (Dec 2017: ₦2.0 trillion)

Key Ratios

- Post-tax return on average equity of 8.7% (Sep 2017: 10.1%)^{1, 2}
- Post-tax return on average assets of 1.1% (Sep 2017: 1.3%)
- Net-interest margin of 7.7% (Sep 2017: 8.8%)
- Cost to income ratio of 59.5% (Sep 2017: 53.4%)
- NPL ratio of 19.8% (Sep 2017: 20.1%, Dec 2017: 22.8%)
- 42.2% liquidity ratio (FirstBank (Nigeria)) (Sep 2017: 47.4%; Dec 2017: 51.1%)
- 17.4% Basel 2 capital adequacy ratio (FirstBank (Nigeria)) (Sep 2017: 17.2%, Dec 2017: 17.7%)
- 12.1% Basel 2 CAR (FBNQuest Merchant Bank) (Sep 2017: 23.1%, Dec 2017: 15.7%)

Notable Developments

- FBN Firstmonie agents (agent banking) now in virtually all local governments in Nigeria
- Moody’s revises FirstBank’s outlook to Stable to reflect the moderate capital, resilient pre-provision profitability and stable funding profile
- FBNInsurance appoints Festus Izevbizua as Executive Director, Finance and Administration following confirmation by National Insurance Commission (NAICOM)
- Augusto & Co assigns an “A” Rating to FBNQuest Merchant Bank in recognition of its strong capitalisation and profitability, supported by acceptable asset quality, investment banking expertise and trading activities

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

- Agosto & Co. assigns an “A+” rating to FBN Insurance Limited. This reflects its strong capitalisation, good profitability, moderate exposure to underwriting risk, good cash flow and liquidity as well as an experienced management team

Selected Financial Summary

Income statement

(Nbillion)	9M 2018	9M 2017	Δ%
Gross earnings	441.5	439.2	0.5
Interest income	337.6	356.1	-5.2
Net-interest income	221.5	254.3	-12.9
Non-interest income ⁶	93.2	74.0	26.0
Operating Income ⁸	314.7	328.1	-4.1
Impairment charge for credit losses	76.2	97.6	-21.9
Operating expenses	187.2	175.3	6.8
Profit before tax	51.3	55.4	-7.4
Profit after tax	44.9	45.8	-1.9
Basic EPS (kobo) ¹²	162	164	-1.2

Statement of Financial Position

(Nbillion)	9M 2018	FY 2017	Δ%
Total assets	5,348.0	5,236.5	2.1
Customer loans & advances (Net)	1,924.5	2,001.2	-3.8
Customer deposits	3,383.7	3,143.3	7.6
Non-performing loans	441.7	520.0	-15.1
Shareholders' funds	695.6	678.2	2.6

Key Ratios %	9M 2018	9M 2017
Post-tax return on average equity ³	8.7	10.1
Post-tax return on average assets ⁴	1.1	1.3
Earnings yield ⁵	11.7	12.3
Net-interest margin ⁷	7.7	8.8
Cost of funds ⁹	3.6	3.5
Cost to income ¹⁰	59.5	53.4
Gross loans to deposits	65.9	77.7
Liquidity (FirstBank(Nigeria))	42.2	47.4
Capital adequacy (FirstBank (Nigeria)) ¹¹	17.4	17.2
Capital adequacy (FBNQuest Merchant Bank) ¹¹	12.1	23.1
NPL/Gross Loans	19.8	20.1
NPL coverage ¹³	78.5	57.6
PPOP ¹⁴ /impairment charge (times)	1.7	1.6
Cost of risk ¹⁵	4.5	5.6
Leverage (times) ¹⁶	7.7	7.7
BVPS ¹⁷	19.4	17.6

³ 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

⁴ Post-tax return on average assets computed as annualised profit after tax divided by the average opening and closing balances of its total assets

⁵ Earnings yield computed as annualised interest income divided by the average opening and closing balances of interest earning assets

⁶ Non-interest income is net of fee and commission expenses

⁷ Net-interest margin computed as annualised net interest income divided by the average opening and closing balances of interest earning assets

⁸ Operating income defined as Net interest income plus non-interest income, excluding share of profit of associate

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 Excluding H1 2018 profits

¹² 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.

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 impairment charge

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

¹⁷ BVPS – Book Value Per Share computed as total equity divided by number of outstanding shares

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

“Our third quarter results summarise the difficult environment in which we operated during the period. Despite the slow and volatile business environment, we have increasingly improved the contribution of our non-interest income, which was up 26.0% y-o-y. Impressively, impairment charges are continuing to decline, down by 21.9% y-o-y. This reflects the consistent improvement in asset quality following dynamic portfolio management and resulting in a healthier balance sheet. This is expected to support stronger future performance. Opex increased by only 6.8% y-o-y, significantly below the headline inflation rate of 11.3%, and we remain focused in our journey to improve cost efficiency including the implementation of Group Shared Service, expected to boost cost synergies across the Group.

“Overall, our aspiration of growing the business whilst reining in cost remains sacrosanct and on course. As a Group, we will continue to strengthen our businesses toward delivering sustainable performance as well as optimising returns to our shareholders.”

Business Groups^{18 19 20}:

Commercial Banking

- Gross earnings of ₦398.7 billion, up 0.2% y-o-y (Sep 2017: ₦398.0 billion)
- Net interest income of ₦208.5 billion, down 13.7% y-o-y (Sep 2017: ₦241.6 billion)
- Non-interest income of ₦75.5 billion, up 33.4% y-o-y (Sep 2017: ₦56.6 billion)
- Operating expenses of ₦165.6 billion, up 5.9% y-o-y (Sep 2017: ₦156.4 billion)
- Profit before tax of ₦42.3 billion, down 4.4% y-o-y (Sep 2017: ₦44.2 billion)
- Profit after tax of ₦38.8 billion, up 1.4% y-o-y (Sep 2017: ₦38.2 billion)
- Total assets of ₦5.1 trillion, up 1.2% y-t-d (Dec 2017: ₦5.0 trillion)
- Customers’ loans and advances (net) of ₦1.9 trillion, down 4.1% y-t-d (Dec 2017: ₦2.0 trillion)
- Customers’ deposits of ₦3.3 trillion, up 6.3% y-t-d (Dec 2017: ₦3.1 trillion)

The Commercial Banking business contributed 90.3% (Sep 2017: 90.6%) to the Group’s gross earnings and 83.2% (Sep 2017: 79.8%) to the Group’s profit before tax.

Commenting on the results Dr. Adesola Adeduntan, the MD/CEO of FirstBank and its Subsidiaries said:

“The Commercial Banking Group delivered a 1.4% y-o-y increase in profit after tax while gross earnings only increased by 0.2% y-o-y to ₦398.7 billion. In line with our focus of building a transaction-led institution, non-interest income grew by 33.4% y-o-y as we continued to improve the quality and sustainability of revenue through customer-led innovations. In all, we will continue our pursuit of profitable and sustainable growth of our business leveraging technology to drive innovation and customer acquisition as we position for improved performance.”

“We remain resolute in our commitment to our multidimensional transformation initiatives that are designed to restore the Bank to its eminent position in the industry on the back of strong and effective risk management system

¹⁸ Please refer to the ‘Notes to Editors’ section on page 9 for the companies in each business group

¹⁹ The pre-consolidation numbers of each of the business groups have been considered in discussing their performance

²⁰ Post consolidation, the Commercial Banking, Merchant Bank & Asset Management, Insurance and Other Financial Services contributed 90.3%, 6.2%, 3.3% and 0.2% (Sep 2017: 90.6%, 6.3%, 2.8% and 0.3%) respectively to the Group’s gross earnings and 83.2%, 12.2%, 7.5% and -2.9% (Sep 2017: 79.8%, 16.1%, 6.3% and -2.3%) to the Group’s profit before tax.

that allows for execution of transactions, strengthening of technology infrastructure to drive further efficiencies across all areas of our business whilst creating a culture of innovation. Furthermore, we are intensifying the ongoing repositioning of our international subsidiaries and optimising the capacity of the Group to support stronger future earnings.”

Merchant Banking & Asset Management (MBAM) / FBNQuest

- Gross earnings of ~~¥~~27.4 billion, down 2.2% y-o-y (Sep 2017: ~~¥~~28.0 billion)
- Profit before tax of ~~¥~~5.6 billion, down 38.3% y-o-y (Sep 2017: ~~¥~~9.1 billion)
- Total assets of ~~¥~~225.1 billion, up 3.8% y-t-d (Dec 2017: ~~¥~~216.9 billion)

The Merchant Banking and Asset Management business contributed 6.2% (Sep 2017: 6.3%) to the Group’s gross earnings and 12.2% (Sep 2017: 16.1%) to the Group’s profit before tax.

Insurance

- Gross earnings of ~~¥~~15.3 billion, up 22.7% y-o-y (Sep 2017: ~~¥~~12.5 billion)
- Profit before tax of ~~¥~~4.5 billion, up 26.1% y-o-y (Sep 2017: ~~¥~~3.5 billion)
- Total assets of ~~¥~~68.5 billion, up 34.0% y-t-d (Dec 2017: ~~¥~~51.1 billion)

The insurance business contributed 3.3% (Sep 2017: 2.8%) to gross earnings of the Group and 7.5% (Sep 2017: 6.3%) 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 nine months 30 September 2018 on **Friday 26 October 2018 at 3:00pm UK / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town.**

The teleconference call facility can be accessed by dialing:

+234 1 277 6330 (Nigeria); **0800 279 7204** or **+44 330 336 9411** (United Kingdom); **+1 800 458 4148** or **+1 323 794 2598** (United States); and **0800 980 520** or **+27 11 844 6118** (South Africa).

and then entering the following confirmation code: **5309291#**

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 **+44 207 660 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: **5309291#**

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/>

- 9M 2018 financial statements (unaudited) [Click here](#)

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FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 September 2018 N 'million	31 December 2017 N 'million	30 September 2018 N 'million	31 December 2017 N 'million
ASSETS				
Cash and balances with central banks	643,318	641,881	-	-
Loans and advances to banks	791,442	742,929	7,280	7,585
Loans and advances to customers	1,924,540	2,001,223	114	108
Financial assets at fair value through profit or loss	113,440	83,713	-	-
Investment securities:				
-Fair value through other comprehensive income	663,470	-	8,619	-
-Available for sale	-	1,122,757	-	9,842
-Held at amortised cost	669,275	-	-	-
-Held to maturity	-	108,283	-	-
-Loans and receivables	-	17,568	-	-
Asset pledged as collateral	234,960	208,925	-	-
Other assets	135,799	132,731	512	9,011
Investment properties	1,993	1,993	-	-
Investments in associates accounted for using the equity method	1,390	1,357	-	-
Investment in subsidiaries	-	-	242,395	242,395
Property, plant and equipment	93,015	88,263	476	680
Intangible assets	15,007	16,211	-	-
Deferred tax assets	21,529	18,554	-	-
	5,309,178	5,186,388	259,396	269,621
Asset held for sale	38,798	50,149	-	-
Total assets	5,347,976	5,236,537	259,396	269,621
LIABILITIES				
Deposits from banks	632,468	665,366	-	-
Deposits from customers	3,383,695	3,143,338	-	-
Financial liabilities at fair value through profit or loss	13,309	9,404	-	-
Current income tax liability	11,601	10,194	41	104
Other liabilities	226,052	261,725	7,365	7,553
Liability on investment contracts	36,440	13,399	-	-
Liability on insurance contracts	31,033	21,734	-	-
Borrowings	312,578	420,919	-	-
Retirement benefit obligations	1,889	2,203	-	-
Deferred tax liabilities	1,082	606	-	-
	4,650,147	4,548,888	7,406	7,657
Liabilities held for sale	2,216	9,457	-	-
Total liabilities	4,652,363	4,558,345	7,406	7,657
EQUITY				
Share capital	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392
Retained earnings	172,696	170,775	269	10,104
Other reserves				
Statutory reserve	84,103	84,103	-	-
Capital reserve	1,223	1,223	10	10
Small scale investment reserve	10,925	6,076	-	-
Fair value reserve	64,219	77,981	371	510
Contingency reserve	1,764	1,257	-	-
Statutory credit reserve	41,705	42,816	-	-
Foreign currency translation reserve	53,799	48,115	-	-
	681,774	683,686	251,990	261,964
Non-controlling interest	13,839	(5,494)	-	-
Total equity	695,613	678,192	251,990	261,964
Total equity and liabilities	5,347,976	5,236,537	259,396	269,621

FBN Holdings Plc.

INCOME STATEMENT

GROUP

	Quarter to date 30 September 2018 N 'million	Year to date 30 September 2018 N 'million	Quarter to date 30 September 2017 N 'million	Year to date 30 September 2017 N 'million
Continuing operations				
Interest income	112,154	337,558	123,698	356,076
Interest expense	(40,268)	(116,032)	(33,438)	(101,731)
Net interest income	71,886	221,526	90,260	254,345
Impairment charge for credit losses	(23,375)	(76,185)	(35,180)	(97,588)
Net interest income after impairment charge for credit losses	48,511	145,341	55,080	156,757
Insurance premium revenue	5,049	12,350	3,326	10,523
Insurance premium revenue ceded to reinsurers	(653)	(1,906)	(782)	(2,470)
Net insurance premium revenue	4,396	10,444	2,544	8,053
Fee and commission income	21,007	62,669	17,521	54,283
Fee and commission expense	(4,083)	(10,695)	(3,181)	(9,087)
Net gains on foreign exchange	10,909	23,852	594	5,602
Net (losses)/gains on investment securities	(155)	4,982	1,004	835
Net (losses)/gains from financial instruments at FVTPL	(1,065)	(2,539)	2,644	8,598
Dividend income	22	2,265	160	1,986
Other operating income	872	2,223	2,142	3,495
Insurance claims	(927)	(2,704)	(984)	(2,531)
Personnel expenses	(24,669)	(69,733)	(21,059)	(63,059)
Depreciation, amortisation and impairment	(4,741)	(12,627)	(3,894)	(11,581)
Operating expenses	(37,625)	(102,171)	(32,827)	(98,174)
Operating profit	12,452	51,307	19,744	55,177
Share of profit of associates	11	33	62	256
Profit before tax	12,463	51,340	19,806	55,433
Income tax expense	(1,036)	(6,393)	(3,452)	(9,594)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	11,427	44,947	16,354	45,839
Discontinued operations				
Loss for the period from discontinued operations	(6)	(50)	(289)	(837)
PROFIT FOR THE PERIOD	11,421	44,897	16,065	45,002
Profit attributable to:				
Owners of the parent	11,121	43,627	15,465	44,157
Non-controlling interests	300	1,270	600	845
	11,421	44,897	16,065	45,002
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		1.22		1.25
From discontinued operations		(0.00)		(0.02)
From profit for the period		1.22		1.22

FBN Holdings Plc.

INCOME STATEMENT

COMPANY

	Quarter to date 30 September 2018 N 'million	Year to date 30 September 2018 N 'million	Quarter to date 30 September 2017 N 'million	Year to date 30 September 2017 N 'million
Continuing operations				
Interest income	366	1,683	535	1,681
Interest expense	-	-	-	-
Net interest income	366	1,683	535	1,681
Impairment charge for credit losses	-	-	-	-
Net interest income after impairment charge for credit losses	366	1,683	535	1,681
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	16	55	-	8
Net (losses)/gains on investment securities	(3)	4	8	15
Other operating income	9	33	8	29
Personnel expenses	(118)	(398)	(126)	(387)
Depreciation, amortisation and impairment	(89)	(303)	(99)	(297)
Operating expenses	(576)	(1,897)	(689)	(1,829)
Loss before tax	(395)	(823)	(363)	(780)
Income tax expense	(13)	(38)	(13)	(40)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	(408)	(861)	(376)	(820)
LOSS FOR THE PERIOD	(408)	(861)	(376)	(820)
Loss attributable to:				
Owners of the parent	(408)	(861)	(376)	(820)
Non-controlling interests	-	-	-	-
	(408)	(861)	(376)	(820)
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		(0.02)		(0.02)
From discontinued operations		-		-
From loss for the period		(0.02)		(0.02)

- 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 8,962 staff, has 888 business locations (615 local branches, 143 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 DRC²¹, bank subsidiaries in West Africa²², 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.

²¹ Previously, Banque Internationale de Credit (BIC)

²² 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.