

PRESS RELEASE

Lagos, Nigeria – 21 October 2019

FBN HOLDINGS PLC. REPORTS GROSS EARNINGS OF ₦439.9 BILLION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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

Income Statement

- Gross earnings of ₦439.9 billion, flat year-on-year (y-o-y) (Sep 2018: ₦441.5 billion)
- Net-interest income of ₦211.4 billion, down 4.6% y-o-y (Sep 2018: ₦221.5 billion)
- Non-interest income of ₦98.8 billion, up 6.0% y-o-y (Sep 2018: ₦93.2 billion)
- Operating income of ₦310.2 billion, down 1.4% y-o-y (Sep 2018: ₦314.7 billion)
- Impairment charge for credit losses of ₦28.5 billion, improved by 62.6% y-o-y (Sep 2018: ₦76.2 billion)
- Operating expenses of ₦221.7 billion, up 18.4% y-o-y (Sep 2018: ₦187.2 billion)
- Profit before tax of ₦60.0 billion, up 16.9% y-o-y (Sep 2018: ₦51.3 billion)
- Profit after tax ₦51.8 billion, up 15.3% y-o-y (Sep 2018: ₦44.9 billion)

Statement of Financial Position

- Total assets of ₦5.7 trillion, up 3.0% year-to-date (y-t-d) (Dec 2018: ₦5.6 trillion)
- Customer deposits of ₦3.7 trillion, up 5.3% y-t-d (Dec 2018: ₦3.5 trillion)
- Customer loans and advances (net) of ₦1.8 trillion, up 8.1% y-t-d (Dec 2018: ₦1.7 trillion)

Key Ratios

- Post-tax return on average equity of 12.2% (Sep 2018: 8.7%)^{1,2}
- Post-tax return on average assets of 1.2% (Sep 2018: 1.1%)
- Net-interest margin of 7.3% (Sep 2018: 7.7%)
- Cost to income ratio of 71.5% (Sep 2018: 59.5%)
- NPL ratio of 12.6% (Dec 2018: 25.9%)
- 36.8% liquidity ratio (FirstBank (Nigeria)) (Dec 2018: 45.2%)
- 15.1% Basel 2 capital adequacy ratio (FirstBank (Nigeria)) (Dec 2018: 17.3%)
- 15.2% Basel 2 CAR (FBNQuest Merchant Bank) (Dec 2018: 12.2%)

Notable Developments

- Firstmonie Agent Banking network grown to over 35,500 with increasing agent capabilities and customer acquisition
- Over ₦2 trillion transactions now processed on the Firstmonie agent network, further deepening the retail franchise, banking penetration and financial inclusion
- FBNQuest Trustees Limited, now a direct subsidiary of FBN Holdings Plc, effective August 30, 2019

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

Selected Financial Summary

Income statement

(Nbillion)	9M 2019	9M 2018	Δ%
Gross earnings	439.9	441.5	-0.4
Interest income	327.5	337.6	-3.0
Net-interest income	211.4	221.5	-4.6
Non-interest income ⁶	98.8	93.2	6.0
Operating Income ⁸	310.2	314.7	-1.4
Impairment charge for credit losses	28.5	76.2	-62.6
Operating expenses	221.7	187.2	18.4
Profit before tax	60.0	51.3	16.9
Profit after tax	51.8	44.9	15.3
Basic EPS (kobo) ¹²	184	162	13.7

Key Ratios %	9M 2019	9M 2018
Post-tax return on average equity ³	12.2	8.7
Post-tax return on average assets ⁴	1.2	1.1
Earnings yield ⁵	11.2	11.7
Net-interest margin ⁷	7.3	7.7
Cost of funds ⁹	3.3	3.6
Cost to income ¹⁰	71.5	59.5
Gross loans to deposits	52.8	65.9
Liquidity (FirstBank(Nigeria))	36.8	42.2
Capital adequacy (FirstBank (Nigeria)) ¹¹	15.1	17.4
Capital adequacy (FBN Merchant Bank) ¹¹	15.2	12.1
NPL/Gross Loans	12.6	19.8
NPL coverage ¹³	61.7	78.5
PPOP ¹⁴ /impairment charge (times)	3.1	1.7
Cost of risk ¹⁵	1.9	4.5
Leverage (times) ¹⁶	9.5	7.7
BVPS ¹⁷	16.9	19.4

Statement of Financial Position

(Nbillion)	9M 2019	FY 2018	Δ%
Total assets	5,734.5	5,568.3	3.0
Customer loans & advances (Net)	1,819.7	1,683.8	8.1
Customer deposits	3,671.1	3,486.7	5.3
Shareholders' funds	604.9	530.6	14.0

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

"Our performance in the third quarter reflects the growth trajectory over the first nine months of the year, with significant strides made in transforming the Group's asset quality and diversifying our revenue streams across the board.

During the third quarter, our NPL declined further to 12.6% as we approach the end of the curve in the resolution of our legacy portfolio and are confident of further reducing this to under 10% by the end of the current financial year. Critically, we have continued to focus on enhancing our risk framework processes enabling an improvement in the quality of our loan book. Concurrently, we have also continued our drive towards ensuing long-term operational efficiency, resulting in a one-off cost increase pushing our CIR for the first nine months. In terms of our revenue generation, we have delivered further increases in our non-

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

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 9M 2019 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

interest income, on the back of growth in electronic banking fees as well as improvements in transaction-led income.

Overall, we are pleased with the progress we are making on numerous fronts and remain committed to not only enhancing shareholder value but also adhering to the long-standing principles of this great financial institution.”

Business Groups^{18 19 20}:

Commercial Banking

- Gross earnings of ₦390.6 billion, down 2.0% y-o-y (Sep 2018: ₦398.7 billion)
- Net interest income of ₦196.7 billion, down 5.6% y-o-y (Sep 2018: ₦208.5 billion)
- Non-interest income of ₦75.9 billion, up 0.6% y-o-y (Sep 2018: ₦75.5 billion)
- Operating expenses of ₦194.4 billion, up 17.4% y-o-y (Sep 2018: ₦165.6 billion)
- Profit before tax of ₦50.1 billion, up 18.6% y-o-y (Sep 2018: ₦42.3 billion)
- Profit after tax of ₦44.4 billion, up 14.7% y-o-y (Sep 2018: ₦38.8 billion)
- Total assets of ₦5.42 trillion, up 2.1% y-t-d (Dec 2018: ₦5.30 trillion)
- Customers’ loans and advances (net) of ₦1.85 trillion, up 8.0% y-t-d (Dec 2018: ₦1.71 trillion)
- Customers’ deposits of ₦3.6 trillion, up 6.0% y-t-d (Dec 2018: ₦3.4 trillion)

The Commercial Banking business contributed 88.7% (Sep 2018: 90.3%) to the Group’s gross earnings and 84.2% (Sep 2018: 83.2%) to the Group’s profit before tax.

Commenting on the results Dr. Adesola Adeduntan, the Chief Executive Officer of First Bank of Nigeria Limited (FBNL) said:

“The Commercial Banking group further improved its performance delivering an 18.6% year-on-year (y-o-y) growth in profit before tax. In line with our commitment, we have continued to improve our asset quality while further enhancing the group risk management and controls. These deliberate steps continue to yield positive results with the NPL ratio further declining to 12.4% and impairment charges significantly decreasing by 63.0% y-o-y. As a result, cost of risk is down to 1.8% from 4.5% in the previous year, providing a stronger platform for enhanced future profitability. Clearly, we are in the final phase of addressing the legacy asset quality challenges and achieving our guidance of a single digit NPL ratio by the end of the year.

Equally important, we remain focused on transforming our business to a leading transaction-led institution, as highlighted by the 26.7% y-o-y growth in fees and commission driven by 45.9% y-o-y growth in electronic banking fees. This has positively impacted non-interest income even as we continue to ramp up customer acquisition and retention through improved offerings from agents, digital, trade and transaction banking products. We are also focussed on further enhancing overall revenue generation capabilities with the aim of increasing share of the customers’ wallets.”

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 88.7%, 5.9%, 5.1% and 0.3% (Sep 2018: 90.3%, 6.2%, 3.3% and 0.2%) respectively to the Group’s gross earnings and 84.2%, 9.0%, 9.4% and -2.6% (Sep 2018: 83.2%, 12.2%, 7.5% and -2.9%) to the Group’s profit before tax.

“Furthermore, operational efficiency remains a key focus as we address all structural issues. With this in focus, we remain confident in our abilities to improve this metric going forward. In addition, our international subsidiaries have continued to contribute positively to our overall performance as we keep optimising the capacity of the Group to support stronger future earnings”.

Merchant Banking & Asset Management (MBAM) / FBNQuest

- Gross earnings of ~~€~~25.3 billion, down 7.5% y-o-y (Sep 2018: ~~€~~27.4 billion)
- Profit before tax of ~~€~~4.1 billion, down 27.6% y-o-y (Sep 2018: ~~€~~5.6 billion)
- Total assets of ~~€~~257.2 billion, up 17.7% y-t-d (Dec 2018: ~~€~~218.6 billion)

The Merchant Banking and Asset Management business contributed 5.9% (Sep 2018: 6.2%) to the Group’s gross earnings and 9.0% (Sep 2018: 12.2%) to the Group’s profit before tax.

Insurance

- Gross earnings of ~~€~~23.1 billion, up 50.8% y-o-y (Sep 2018: ~~€~~15.3 billion)
- Profit before tax of ~~€~~6.2 billion, up 38.9% y-o-y (Sep 2018: ~~€~~4.5 billion)
- Total assets of ~~€~~102.9 billion, up 34.4% y-t-d (Dec 2018: ~~€~~76.6 billion)

The insurance business contributed 5.1% (Sep 2018: 3.3%) to gross earnings of the Group and 9.4% (Sep 2018: 7.5%) 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 ended 30 September 2019 on **Friday 25 October 2019 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); **+1 800 347 6311** or **+1 323 994 2131** (United States); and **0800 980 520** or **+27 11 844 6118** (South Africa)

and then entering the following confirmation code: **8375360#**

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: **8375360#**

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

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FBN Holdings Plc.
STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 September 2019 N 'million	31 December 2018 N 'million	30 September 2019 N 'million	31 December 2018 N 'million
ASSETS				
Cash and balances with central banks	697,446	653,335	-	-
Loans and advances to banks	765,550	863,435	3,577	16,639
Loans and advances to customers	1,819,654	1,683,813	101	110
Financial assets at fair value through profit or loss	129,494	109,162	3,427	3,427
Investment securities	1,503,182	1,663,821	10,361	7,079
Asset pledged as collateral	462,518	309,051	-	-
Other assets	179,010	112,362	3,477	292
Investment properties	515	515	-	-
Investments in associates accounted for using the equity method	642	625	-	-
Investment in subsidiaries	-	-	239,514	242,395
Property and equipment	99,884	91,515	214	382
Intangible assets	12,431	16,134	-	-
Deferred tax assets	25,249	25,558	-	-
	5,695,575	5,529,326	260,671	270,324
Asset held for sale	38,909	38,990	-	-
Total assets	5,734,484	5,568,316	260,671	270,324
LIABILITIES				
Deposits from banks	848,280	749,315	-	-
Deposits from customers	3,671,052	3,486,691	-	-
Financial liabilities at fair value through profit or loss	10,180	15,791	-	-
Current income tax liability	13,079	15,656	50	102
Other liabilities	318,236	373,345	8,520	8,034
Liability on investment contracts	41,351	19,766	-	-
Liability on insurance contracts	53,173	34,192	-	-
Borrowings	169,278	338,214	-	-
Retirement benefit obligations	2,348	1,940	-	-
Deferred tax liabilities	266	266	-	-
	5,127,243	5,035,176	8,570	8,136
Liabilities held for sale	2,314	2,493	-	-
Total liabilities	5,129,557	5,037,669	8,570	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	43,064	4,373	663	10,850
Statutory reserve	94,111	93,325	-	-
Capital reserve	1,223	1,223	10	10
Small scale investment reserve	6,076	6,076	-	-
Fair value reserve	114,398	77,276	88	(12)
Contingency reserve	2,732	2,022	-	-
Statutory credit reserve	33,673	33,599	-	-
Foreign currency translation reserve	43,750	48,995	-	-
	590,367	518,229	252,101	262,188
Non-controlling interest	14,560	12,418	-	-
Total equity	604,927	530,647	252,101	262,188
Total equity and liabilities	5,734,484	5,568,316	260,671	270,324

**FBN Holdings Plc.
INCOME STATEMENT**

	GROUP			
	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2018 N 'million	Year to date 30 September 2018 N 'million
Continuing operations				
Interest income	105,688	327,469	112,154	337,558
Interest expense	(40,967)	(116,031)	(40,268)	(116,032)
Net interest income	64,721	211,438	71,886	221,526
Impairment charge for losses	(6,352)	(28,460)	(23,375)	(76,185)
Net interest income after impairment charge for losses	58,369	182,978	48,511	145,341
Insurance premium revenue	5,797	15,549	5,049	12,350
Insurance premium revenue ceded to reinsurers	(615)	(3,245)	(653)	(1,906)
Net insurance premium revenue	5,182	12,304	4,396	10,444
Fee and commission income	27,328	76,818	21,007	62,669
Fee and commission expense	(4,715)	(13,616)	(4,083)	(10,695)
Net gains on foreign exchange	890	5,587	10,909	23,852
Net gains on investment securities	3,699	7,452	(155)	4,982
Net gains/(losses) from financial instruments at FVTPL	1,058	4,619	(1,065)	(2,539)
Dividend income	250	2,326	22	2,265
Other operating income	1,542	3,279	872	2,223
Insurance claims	(2,902)	(6,574)	(927)	(2,704)
Personnel expenses	(23,218)	(71,614)	(24,669)	(69,733)
Depreciation, amortisation and impairment	(5,402)	(14,967)	(4,741)	(12,627)
Operating expenses	(41,922)	(128,580)	(37,624)	(102,171)
Operating profit	20,159	60,012	12,453	51,307
Share of profit of associates	-	17	11	33
Profit before tax	20,159	60,029	12,464	51,340
Income tax expense	(38)	(8,193)	(1,037)	(6,393)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	20,121	51,836	11,427	44,947
Discontinued operations				
Loss for the period from discontinued operations	(13)	(89)	(6)	(50)
PROFIT FOR THE PERIOD	20,108	51,747	11,421	44,897
Profit attributable to:				
Owners of the parent	19,355	49,594	11,121	43,627
Non-controlling interests	753	2,153	300	1,270
	20,108	51,747	11,421	44,897
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		1.38		1.22
From discontinued operations		(0.00)		(0.00)
From profit for the period		1.38		1.22

FBN Holdings Plc.
INCOME STATEMENT

	COMPANY			
	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2018 N 'million	Year to date 30 September 2018 N 'million
Continuing operations				
Interest income	478	1,761	366	1,683
Interest expense	-	-	-	-
Net interest income	478	1,761	366	1,683
Impairment charge for losses	-	-	-	-
Net interest income after impairment charge for losses	478	1,761	366	1,683
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	2	3	16	55
Net gains on investment securities	2	8	(3)	4
Net gains from financial instruments at FVTPL	-	-	-	-
Dividend income	-	177	-	-
Other operating income	-	-	9	33
Personnel expenses	(173)	(480)	(118)	(398)
Depreciation, amortisation and impairment	(26)	(211)	(89)	(303)
Operating expenses	(858)	(2,062)	(576)	(1,897)
Loss before tax	(575)	(804)	(395)	(823)
Income tax expense	(24)	(50)	(13)	(38)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	(599)	(854)	(408)	(861)
LOSS FOR THE PERIOD	(599)	(854)	(408)	(861)
Loss attributable to:				
Owners of the parent	(599)	(854)	(408)	(861)
Non-controlling interests	-	-	-	-
	(599)	(854)	(408)	(861)
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 profit 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 8,905 staff and 16.5million customers, has 892 business locations (615 local branches, 144 QSPs and agencies for FirstBank (Nigeria) and 133 (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 FBN Merchant Bank group comprises FBN Merchant Bank and its subsidiaries FBN Securities Limited and FBN Capital Asset Management Limited. The FBN Capital group comprises FBN Capital Limited and its subsidiaries FBN Trustees Limited, FBN Funds Limited and FBN 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.