

## PRESS RELEASE

Lagos, Nigeria – July 29, 2020

### FBN HOLDINGS PLC. REPORTS 56% GROWTH IN PROFIT FOR THE SIX MONTHS ENDED JUNE 30, 2020 TO ₦49.5 BILLION

FBN Holdings Plc. (“FBNH” or “FBNHoldings” or the “Group”) today announces its unaudited results for the six months ended June 30, 2020.

#### Income Statement

- Gross earnings of ₦296.4 billion, up 5.8% year-on-year (y-o-y) (Jun 2019: ₦280.3 billion<sup>1</sup>)
- Net-interest income of ₦131.3 billion, down 7.4% y-o-y (Jun 2019: ₦141.7 billion<sup>1</sup>)
- Non-interest income of ₦80.1 billion, up 46.8% y-o-y (Jun 2019: ₦54.6 billion<sup>1</sup>)
- Operating income of ₦211.4 billion, up 7.7% y-o-y (Jun 2019: ₦196.3 billion<sup>1</sup>)
- Impairment charge for credit losses of ₦30.7 billion, up 38.6% y-o-y (Jun 2019: ₦22.1 billion)
- Operating expenses of ₦139.2 billion, up 0.9% y-o-y (Jun 2019: ₦137.9 billion<sup>1</sup>)
- Profit before tax of ₦41.4 billion, up 14.3% y-o-y (Jun 2019: ₦36.2 billion<sup>1</sup>)
- Profit after tax<sup>2</sup> of ₦49.5 billion, up 56.3% y-o-y (Jun 2019: ₦31.6 billion<sup>1</sup>)

#### Statement of Financial Position

- Total assets of ₦7.1 trillion, up 14.9% year-to-date (y-t-d) (Dec 2019: ₦6.2 trillion)
- Customer deposits of ₦4.4 trillion, up 8.8% y-t-d (Dec 2019: ₦4.0 trillion)
- Customer loans and advances (net) of ₦2.0 trillion, up 7.7% y-t-d (Dec 2019: ₦1.9 trillion)

#### Key Ratio

- Post-tax return on average equity 14.5% (Jun 2019: 11.6%)<sup>3</sup>
- Post-tax return on average assets 1.5% (Jun 2019: 1.1%)<sup>3</sup>
- Net-interest margin 6.8% (Jun 2019: 7.5%)
- Cost to income ratio 65.8% (Jun 2019: 70.3%)<sup>1</sup>
- NPL ratio 8.8% (Dec 2019: 9.9%)
- 16.5% Basel 2 Capital Adequacy Ratio (FirstBank Nigeria: Dec 2019: 15.5%)
- 17.2% Basel 2 CAR (FBNQuest Merchant Bank) (Dec 2019: 17.1%)

<sup>1</sup> Adjusted for Assets held for sale. Please see Note 26 of the financial statements

<sup>2</sup> Including profit from discontinued operations

<sup>3</sup> Post tax return (profit for the period) on average equity and assets as well as the net interest margin are annualised ratios

## Notable Developments

- Completed the sale of 65% FBN Holdings Plc ownership in FBN Insurance Limited to Sanlam Emerging Markets Limited; effective June 1, 2020
- FBNHoldings injected additional Tier 1 capital into FirstBank boosting Capital Adequacy Ratio to 16.5% (excluding profit for the year)
- Firstmonie Agent banking network grown to over 59,000, further reaffirming FirstBank's undisputed agent banking leadership, strong retail franchise and wide coverage

## Financial Performance Highlights

### Income statement

(N billion)	H1 2020	H1 <sup>4</sup> 2019	Δ%
Gross earnings	296.4	280.3	5.8%
Interest income	207.4	216.8	-4.3%
Net-interest income	131.3	141.7	-7.4%
Non-interest income <sup>9</sup>	80.1	54.6	46.8%
Operating Income <sup>11</sup>	211.4	196.3	7.7%
Impairment charge for losses	30.7	22.1	38.6%
Operating expenses	139.2	137.9	0.9%
Profit before tax	41.4	36.2	14.3%
Profit after tax <sup>2</sup>	49.5	31.6	56.3%
Basic EPS (kobo) <sup>15</sup>	272	168	61.5%

### Statement of Financial Position

(N billion)	H1 2020	FY 2019	Δ%
Total assets	7,130.2	6,203.5	14.9%
Customer loans & advances (Net)	1,994.3	1,852.4	7.7%
Customer deposits	4,373.2	4,019.8	8.8%

Key Ratios %	H1 2020	H1 <sup>5</sup> 2019
Post-tax return on average equity (RoAE) <sup>6</sup>	14.5	11.6
Post-tax return on average assets (RoAA) <sup>7</sup>	1.5	1.1
Earnings yield <sup>8</sup>	10.8	11.4
Net-interest margin <sup>10</sup>	6.8	7.5
Cost of funds <sup>12</sup>	2.8	3.4
Cost to income <sup>13</sup>	65.8	70.3
Gross loans to deposits	47.4	52.6
Capital adequacy (FirstBank (Nigeria)) <sup>14</sup>	16.5	15.6
Capital adequacy (FBN Merchant Bank) <sup>15</sup>	17.2	13.8
NPL/Gross Loans	8.8	14.5
NPL coverage <sup>16</sup>	49.2	64.5
PPOP <sup>17</sup> /impairment charge (times)	2.4	2.6
Cost of risk <sup>18</sup>	3.1	2.2
Leverage (times) <sup>19</sup>	10.1	10.1
BVPS <sup>20</sup>	19.6	15.6

<sup>4</sup> All items except for profit after tax and EPS have been adjusted for assets classified as discontinued operations in the current period

<sup>5</sup> RoAE, RoAA, Earnings yield, Net interest margin, Cost to income, PPOP and Leverage were adjusted for assets classified as discontinued operations in the current period

<sup>6</sup> Post-tax return (profit for the period) on average equity computed as annualised profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders

<sup>7</sup> Post-tax return (profit for the period) on average assets computed as annualised profit after tax divided by the average opening and closing balances of its total assets

<sup>8</sup> Earnings yield computed as annualised Interest income divided by the average opening and closing balances of interest earning assets.

<sup>9</sup> Non-interest income is net of fee and commission expenses

<sup>10</sup> Net-interest margin computed as annualised net interest income divided by the average opening and closing balances of interest earning assets excluding - financial assets at fair value through profit & loss and unlisted debts).

<sup>11</sup> Operating income defined as net interest income plus non-interest income

<sup>12</sup> Cost of funds computed as annualised interest expense divided by average interest-bearing liabilities

<sup>13</sup> Cost to income ratio computed as operating expenses divided by operating income

<sup>15</sup> Excluding Q1 2020 profits

<sup>16</sup> Basic EPS computed as annualised profit (from profit for the period) after tax divided by weighted average number of shares in issue

<sup>17</sup> Expected credit loss (ECL) coverage computed as total allowance for impairment plus statutory credit reserve divided by total stage 3 loans

<sup>18</sup> PPOP - Pre-provision operating profit computed as sum of operating profit and impairment charge

<sup>19</sup> Cost of risk computed as credit impairment charges divided by the average opening and closing gross loans balances.

<sup>20</sup> Total assets divided by shareholders' equity

<sup>20</sup> Book Value Per Share computed as total equity divided by number of outstanding shares

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

*“The H1 2020 financial results are impressive and reconfirm our consistent focus on enhanced shareholder value. Despite the difficult operating environment, the H1 results demonstrate our resilience and capacity to deliver on long-term ambitions.*

*The 56.3% y-o-y growth in profit after tax for the period is a testament to the strength of our organisation to continually deliver exceptional services to our customers in these unprecedented times. We have been able to achieve this feat by leveraging our agent banking network, innovative e-banking capabilities, and operational efficiency utilizing technology.*

*During the quarter, we successfully divested from the underwriting (insurance) businesses to focus on our banking operations. We are confident this will enhance greater value to our stakeholders and strengthen the Group’s resolve to consolidate its leadership of the banking sector. Following the divestment, FBNHoldings injected Tier 1 capital into FirstBank, effectively increasing its CAR to 16.5%. This provides a comfortable buffer against regulatory requirements with the potential to support any emerging business opportunities.*

*Looking ahead, we remain cautious, but we are confident that our business is fundamentally strong to withstand any future challenge towards enhanced performance”.*

## **Business Groups<sup>21 22</sup>:**

### **Commercial Banking**

- Gross earnings of ₦278.7 billion, up 6.1% y-o-y (Jun 2019: ₦262.8 billion)
- Net interest income of ₦126.1 billion, down 8.2% y-o-y (Jun 2019: ₦137.4 billion)
- Non-interest income of ₦72.8 billion, up 48.7% y-o-y (Jun 2019: ₦49.0 billion)
- Operating expenses of ₦132.1 billion, up 0.7% y-o-y (Jun 2019: ₦131.2 billion)
- Profit before tax of ₦36.4 billion, up 9.2% y-o-y (Jun 2019: ₦33.3 billion)
- Profit after tax of ₦32.6 billion, up 21.9% y-o-y (Jun 2019: ₦26.7 billion)
- Total assets of ₦6.8 trillion, up 16.5% y-t-d (Dec 2019: ₦5.9 trillion)
- Customers’ loans and advances (net) of ₦2.0 trillion, up 7.2% y-t-d (Dec 2019: ₦1.9 trillion)
- Customers’ deposits of ₦4.2 trillion, up 8.2% y-t-d (Dec 2019: ₦3.9 trillion)

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

*“Over the period, the commercial banking group increased its y-o-y growth in gross earnings and profit before tax by 6.1% and 9.2% respectively, despite the economic shutdown during the quarter and varying degrees of challenges in the operating environment. Notwithstanding, we have continued to provide services to our customers with minimal disruption in a safe environment, supported by seamless transactions through our increasing agent banking network and digital platforms (FirstMobile and USSD). Furthermore, continuous focus on operational efficiency remains a priority, as improvement in non-performing loan ratio has further been sustained.*

<sup>21</sup> Please refer to the ‘Notes to Editors’ section on page 8 for the companies in each business group

<sup>22</sup> The pre-consolidation numbers of each of the business groups have been considered in discussing their performance

*As the economy reopens gradually, in Nigeria and other key markets as in the rest of the world, we are adopting a pragmatic approach with optimism on propelling our performance for enhanced profitability through customer led innovation and disciplined execution."*

#### **Merchant Banking & Asset Management (MBAM) / FBNQuest**

- Gross earnings of ~~₦~~17.5 billion, up 3.1% y-o-y (Jun 2019: ~~₦~~16.9 billion)
- Profit before tax of ~~₦~~6.1 billion, up 107.6% y-o-y (Jun 2019: ~~₦~~2.9 billion)
- Total assets of ~~₦~~330.8 billion, up 33.1% y-t-d (Dec 2019: ~~₦~~248.6 billion)

– ENDS –

#### **Conference call detail**

FBNHoldings will host a question and answer conference call with analysts and investors on the unaudited results for the six months June 30, 2020 on **Monday, August 3, 2020 at 2:00pm UK / 2:00pm Lagos / 09:00am New York / 3:00pm Johannesburg & Cape Town.**

The results conference call can be accessed by [clicking here to register](#):

Participants are advised to register for the call at least ten 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.

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

[Click here to access the presentation.](#)

The following related documents are also available on our website <https://www.fbnholdings.com/investor-relations/>

- H1 2020 financial statements (unaudited) [Click here](#)

**For further information please contact:**

Tolulope Oluwole (Head, Investor Relations)

+234 1 905 2720

[Tolulope.o.oluwole@fbnholdings.com](mailto:Tolulope.o.oluwole@fbnholdings.com)

FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 June 2020 N 'million	31 December 2019 N 'million	30 June 2020 N 'million	31 December 2019 N 'million
<b>ASSETS</b>				
Cash and balances with central banks	1,806,317	1,025,325	-	-
Loans and advances to banks	762,478	754,910	5,855	5,706
Loans and advances to customers	1,994,275	1,852,411	91	94
Financial assets at fair value through profit or loss	231,874	282,660	2,743	3,057
Investment securities	1,193,798	1,414,530	11,350	11,393
Asset pledged as collateral	745,304	464,922	-	-
Other assets	203,503	212,092	3,617	15,922
Investment properties	-	100	-	-
Investment in associates accounted for using the equity method	572	711	-	-
Investment in subsidiaries	-	-	259,790	239,514
Property and equipment	112,060	112,939	396	490
Intangible assets	16,425	18,961	-	-
Deferred tax assets	24,642	25,009	-	-
	7,091,248	6,164,570	283,842	276,176
Assets held for sale	38,974	38,956	-	-
<b>Total assets</b>	<b>7,130,222</b>	<b>6,203,526</b>	<b>283,842</b>	<b>276,176</b>
<b>LIABILITIES</b>				
Deposits from banks	1,192,745	860,486	-	-
Deposits from customers	4,373,216	4,019,836	-	-
Derivative liabilities	35,748	6,046	-	-
Current income tax liabilities	13,805	13,778	5	12
Other liabilities	559,614	297,140	10,641	9,321
Liability on investment contracts	-	24,676	-	-
Liability on insurance contracts	-	63,748	-	-
Borrowings	244,959	250,596	-	-
Retirement benefit obligations	3,659	3,352	-	-
Deferred tax liabilities	2	250	-	-
	6,423,748	5,539,908	10,646	9,333
Liabilities held for sale	2,379	2,493	-	-
<b>Total liabilities</b>	<b>6,426,127</b>	<b>5,542,401</b>	<b>10,646</b>	<b>9,333</b>
<b>EQUITY</b>				
Share capital	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392
Retained earnings	109,638	73,197	21,620	15,379
Statutory reserve	102,281	101,378	-	-
Capital reserve	1,223	1,223	10	10
Small and medium enterprises (SME) investment reserve	6,076	6,076	-	-
Fair value reserve	159,160	147,070	226	114
Contingency reserve	-	3,013	-	-
Statutory credit reserve	15,090	14,576	-	-
Foreign currency translation reserve	50,871	47,736	-	-
	695,679	645,609	273,196	266,843
Non-controlling interests	8,416	15,516	-	-
<b>Total equity</b>	<b>704,095</b>	<b>661,125</b>	<b>273,196</b>	<b>266,843</b>
<b>Total equity and liabilities</b>	<b>7,130,222</b>	<b>6,203,526</b>	<b>283,842</b>	<b>276,176</b>

FBN Holdings Plc.  
**INCOME STATEMENT**

	<b>GROUP</b>			
	<b>Q2 ended 30 June 2020 N 'million</b>	<b>Year to date 30 June 2020 N 'million</b>	<b>Q2 ended 30 June 2019 N 'million</b>	<b>Year to date 30 June 2019 N 'million</b>
<b>Continuing operations</b>				
Interest income	102,512	207,417	107,227	216,757
Interest expense	(31,491)	(76,142)	(37,195)	(75,063)
<b>Net interest income</b>	<b>71,021</b>	<b>131,275</b>	<b>70,032</b>	<b>141,694</b>
Impairment charge for losses	(20,947)	(30,651)	(8,260)	(22,107)
<b>Net interest income after impairment charge for losses</b>	<b>50,074</b>	<b>100,624</b>	<b>61,772</b>	<b>119,587</b>
Fee and commission income	29,973	55,782	26,035	49,062
Fee and commission expense	(3,993)	(9,030)	(5,321)	(8,901)
Foreign exchange income	(6,220)	(3,586)	1,837	4,779
Net gains on sale investment securities	12,820	26,321	2,160	3,753
Net (losses)/gains from financial instruments at FVTPL	(1,033)	7,308	2,389	2,082
Dividend income	(1,987)	2,033	94	2,075
Other operating income	804	1,275	1,059	1,730
Personnel expenses	(25,579)	(49,537)	(23,833)	(46,775)
Depreciation, amortisation and impairment	(5,909)	(11,636)	(4,770)	(9,358)
Operating expenses	(36,078)	(78,000)	(42,957)	(81,805)
<b>Operating profit</b>	<b>12,873</b>	<b>41,554</b>	<b>18,464</b>	<b>36,229</b>
Share of (loss)/profit of associates	(139)	(139)	17	17
<b>Profit before tax</b>	<b>12,734</b>	<b>41,415</b>	<b>18,481</b>	<b>36,246</b>
Income tax expense	(231)	(5,771)	(4,222)	(7,463)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>12,502</b>	<b>35,644</b>	<b>14,259</b>	<b>28,783</b>
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	11,260	13,819	1,589	2,858
<b>PROFIT FOR THE PERIOD</b>	<b>23,762</b>	<b>49,463</b>	<b>15,848</b>	<b>31,641</b>
<b>Profit attributable to:</b>				
Owners of the parent	23,914	48,485	15,061	30,240
Non-controlling interests	(151)	978	787	1,401
	<b>23,762</b>	<b>49,463</b>	<b>15,848</b>	<b>31,641</b>
<b>Earnings per share attributable to owners of the parent</b>				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		1.00		0.79
From discontinued operations		0.35		0.05
From profit for the period		1.36		0.84

FBN Holdings Plc.

INCOME STATEMENT

	COMPANY			
	Q2 ended 30 June 2020 N 'million	Year to date 30 June 2020 N 'million	Q2 ended 30 June 2019 N 'million	Year to date 30 June 2019 N 'million
<b>Continuing operations</b>				
Interest income	344	821	547	1,283
Interest expense	(4)	(8)	-	-
<b>Net interest income</b>	<b>340</b>	<b>813</b>	<b>547</b>	<b>1,283</b>
Impairment charge for losses	-	-	-	-
<b>Net interest income after impairment charge for losses</b>	<b>340</b>	<b>813</b>	<b>547</b>	<b>1,283</b>
Fee and commission income	-	-	-	-
Fee and commission expense	-	-	-	-
Foreign exchange income	1	22	-	1
Net gains on sale of investment securities	-	-	-	6
Net losses from financial instruments at FVTPL	(314)	(314)	-	-
Dividend income	799	799	177	177
Gain on disposal of subsidiary	19,901	19,901	-	-
Personnel expenses	(166)	(331)	(156)	(307)
Depreciation, amortisation and impairment	(54)	(112)	(92)	(185)
Operating expenses	(434)	(893)	(730)	(1,204)
<b>Profit/(loss) before tax</b>	<b>20,073</b>	<b>19,885</b>	<b>(254)</b>	<b>(229)</b>
Income tax expense	(4)	(4)	(27)	(27)
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>20,069</b>	<b>19,881</b>	<b>(281)</b>	<b>(256)</b>
<b>Discontinued operations</b>				
Profit for the year from discontinued operations	-	-	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>20,069</b>	<b>19,881</b>	<b>(281)</b>	<b>(256)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the parent	20,069	19,881	(281)	(256)
Non-controlling interests	-	-	-	-
	<b>20,069</b>	<b>19,881</b>	<b>(281)</b>	<b>(256)</b>
<b>Earnings per share attributable to owners of the parent</b>				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		0.55		(0.01)
From discontinued operations		-		
From profit/(loss) for the period		0.55		(0.01)

## - Notes to Editors -

FBN Holdings Plc. (ISIN: NGFBNH000009) is a diversified financial services group in Nigeria. FBN Holdings Plc. was incorporated in Nigeria on 14 October 2010, following the business re-organisation 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](http://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) and merchant banking & asset management.

Prior to June 1, 2020, FBN Insurance Limited and FBN General Insurance Limited were subsidiaries of FBNHoldings (both owned by FBNHoldings 65% and Sanlam 35%). However, FBN Insurance Brokers Limited remains a subsidiary of the FBN Holdings Plc offering broking and advisory services to the Group's captive businesses and other clients.

FBN Holdings Plc. is now structured essentially under two business groups, namely: Commercial Banking and Merchant Banking & Asset Management.

**Commercial Banking** comprises First Bank of Nigeria Limited, FBNBank (UK), FBNBank DRC<sup>23</sup>, bank subsidiaries in West Africa<sup>24</sup>, 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** FBNQuest Merchant Bank group, FBNQuest Capital group and FBNQuest Trustees Limited. These are wholly owned by the holding company. The FBNQuest Merchant Bank group comprises FBNQuest Merchant Bank and its subsidiaries, FBNQuest Securities Limited and FBNQuest Asset Management Limited. The FBNQuest Capital group comprises FBNQuest Capital Limited and its subsidiaries 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.

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<sup>23</sup> Previously, Banque Internationale de Credit (BIC)

<sup>24</sup> 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.*