

PRESS RELEASE

Lagos, Nigeria – 20 April 2020

FBN HOLDINGS PLC. REPORTS GROSS EARNINGS OF ₦160 BILLION FOR THE THREE MONTHS ENDED 31 MARCH 2020

FBN Holdings Plc. (“FBNH” or “FBNHoldings” or the “Group”) today announces its unaudited results for the three months ended 31 March 2020.

Income Statement

- Gross earnings of ₦159.7 billion, up 14.5% year-on-year (y-o-y) (Mar 2019: ₦139.4 billion¹)
- Net-interest income of ₦60.3 billion, down 15.9% y-o-y (Mar 2019: ₦71.7 billion¹)
- Non-interest income of ₦49.7 billion, up 88.9% y-o-y (Mar 2019: ₦26.3 billion¹)
- Operating income of ₦110.0 billion, up 12.2% y-o-y (Mar 2019: ₦98.0 billion¹)
- Impairment charge for credit losses of ₦9.7 billion, down 29.9% y-o-y (Mar 2019: ₦13.8 billion)
- Operating expenses of ₦71.6 billion, up 7.9% y-o-y (Mar 2019: ₦66.4 billion¹)
- Profit before tax of ₦28.7 billion, up 61.5% y-o-y (Mar 2019: ₦17.8 billion¹)
- Profit after tax² of ₦25.7 billion, up 62.7% y-o-y (Mar 2019: ₦15.8 billion¹)

Statement of Financial Position

- Total assets of ₦7.0 trillion, up 13.2% year-to-date (y-t-d) (Dec 2019: ₦6.2 trillion)
- Customer deposits of ₦4.3 trillion, up 6.7% y-t-d (Dec 2019: ₦4.0 trillion)
- Customer loans and advances (net) of ₦2.1 trillion, up 10.7% y-t-d (Dec 2019: ₦1.9 trillion)

Key Ratio

- Post-tax return on average equity 15.3% (Mar 2019: 11.8%)³
- Post-tax return on average assets 1.6% (Mar 2019: 1.1%)³
- Net-interest margin 6.3% (Mar 2019: 7.7%)
- Cost to income ratio 65.1% (Mar 2019: 67.7%)¹
- NPL ratio 9.2% (Dec 2019: 9.9%)
- 30.1% liquidity ratio (FirstBank (Nigeria)) (Dec 2019: 38.2%)
- 15.3% Basel 2 Capital Adequacy Ratio (FirstBank Nigeria: Dec 2019: 15.5%)
- 17.1% Basel 2 CAR (FBNQuest Merchant Bank) (Dec 2019: 17.1%)

¹ Adjusted for Assets held for sale. Please see Note 26 of the financial statements

² Including discontinued operations

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

Financial Performance Highlights

Income statement

(N billion)	Q1 2020	Q1* 2019	Δ%
Gross earnings	159.7	139.4	14.5%
Interest income	104.9	109.5	-4.2%
Net-interest income	60.3	71.7	-15.9%
Non-interest income ⁹	49.7	26.3	88.9%
Operating Income ¹¹	110.0	98.0	12.2%
Impairment charge for credit losses	9.7	13.8	-29.9%
Operating expenses	71.6	63.4	7.9%
Profit before tax	28.7	17.8	61.5%
Profit after tax ²	25.7	15.8	62.7%
Basic EPS (kobo) ¹⁵	276	168	64.3%

Statement of Financial Position

(N billion)	Q1 2020	FY 2019	Δ%
Total assets	7,023.4	6,203.5	13.2%
Customer loans & advances (Net)	2,051.3	1,852.4	10.7%
Customer deposits	4,290.1	4,019.8	6.7%

Key Ratios %	Q1 2020	Q1* 2019
Post-tax return on average equity (RoAE) ⁶	15.3	11.8
Post-tax return on average assets (RoAA) ⁷	1.6	1.1
Earnings yield ⁸	11.1	11.8
Net-interest margin ¹⁰	6.3	7.7
Cost of funds ¹²	3.3	3.5
Cost to income ¹³	65.1	67.7
Gross loans to deposits	49.6	58.9
Liquidity (FirstBank (Nigeria))	30.1	41.8
Capital adequacy (FirstBank (Nigeria)) ¹⁴	15.3	16.5
Capital adequacy (FBN Merchant Bank) ¹¹	17.1	13.5
NPL/Gross Loans	9.2	25.3
NPL coverage ¹⁶	46.4	82.3
PPOP ¹⁷ /impairment charge (times)	4.0	2.3
Cost of risk ¹⁸	1.9	2.7
Leverage (times) ¹⁹	10.3	9.5

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

"The financial results of Q1 2020 is a further testament of the turnaround of our business which began to manifest in 2019. The Group posted a Q1 2020 PBT of ₦28.7 billion, representing a growth of 61.5% year-on-year. From an efficiency standpoint, return on average equity increased from 12.4% at year-end to 15.3% at the end of March 2020, while the cost-to-income ratio decreased to 65.1%, in line with our commitment on improving operational efficiency by leveraging technology.

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

⁵ 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

⁶ 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

⁷ 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

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

⁹ Non-interest income is net of fee and commission expenses

¹⁰ 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).

¹¹ Operating income defined as net interest income plus non-interest income

¹² Cost of funds computed as annualised interest expense divided by average interest-bearing liabilities

¹³ Cost to income ratio computed as operating expenses divided by operating income

¹⁴ Excluding Q1 2020 profits

¹⁵ Basic EPS computed as annualised profit (from profit for the period) after tax divided by weighted average number of shares in issue

¹⁶ Expected credit loss (ECL) coverage computed as total allowance for impairment plus statutory credit reserve divided by total stage 3 loans

¹⁷ PPOP - Pre-provision operating profit computed as sum of operating profit and impairment charge

¹⁸ Cost of risk computed as credit impairment charges divided by the average opening and closing gross loans balances. Only credit related losses are considered

¹⁹ Total assets divided by shareholders' equity

The current situation demonstrates the importance of the deployment of appropriate technology and effectively validates our recent investment in enhancing our capacity in technological innovation and digitisation of our products and services.

We are currently assessing the impact of the COVID-19 pandemic on our business and will update the market as soon as we are able to give guidance for the rest of the year. As a Group, we are progressing with our business continuity plans and all hands are on deck to ensure the safety of our employees and to continue to serve our customers with minimal disruption.

We are united with our government, industry and the wider society in our resolve to flatten the curve of COVID-19 and limit the damage caused by the pandemic.”

Business Groups^{20 21}:

Commercial Banking

- Gross earnings of ₦151.0 billion, up 15.6% y-o-y (Mar 2019: ₦130.5 billion)
- Net interest income of ₦57.4 billion, down 17.4% y-o-y (Mar 2019: ₦69.5 billion)
- Non-interest income of ₦46.3 billion, up 98.2% y-o-y (Mar 2019: ₦23.4 billion)
- Operating expenses of ₦68.3 billion, up 8.4% y-o-y (Mar 2019: ₦63.0 billion)
- Profit before tax of ₦25.6 billion, up 54.8% y-o-y (Mar 2019: ₦16.6 billion)
- Profit after tax of ₦21.0 billion, up 54.4% y-o-y (Mar 2019: ₦13.6 billion)
- Total assets of ₦6.67 trillion, up 13.7% y-t-d (Dec 2019: ₦5.87 trillion)
- Customers’ loans and advances (net) of ₦2.06 trillion, up 10.6% y-t-d (Dec 2019: ₦1.87 trillion)
- Customers’ deposits of ₦4.18 trillion, up 6.8% y-t-d (Dec 2019: ₦3.91 trillion)

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

“We are pleased with the performance of the commercial banking group in the first quarter of 2020, with gross earnings up 15.6% and PBT up 54.8% y-o-y respectively. We have also seen further improvements in our NPL and Cost-to-Income ratios and are now a stronger and more resilient institution, with a significantly enhanced risk management architecture.

As we commence the execution of the earlier phase of the new 2020 – 2022 strategic plan, we are all aware that we are living through unprecedented times. However, I am confident that we are well equipped to handle the headwinds. We have invested heavily in the last three years to establish our digital banking footprint and with a network of over 53,000 agents across Nigeria as well as over thirteen million customers actively transacting on our digital platforms (FirstMobile and USSD), we have built capacity to continue to offer gold standard services to our customers while safeguarding our staff through the pandemic.”

²⁰ Please refer to the ‘Notes to Editors’ section on page 8 for the companies in each business group

²¹ The pre-consolidation numbers of each of the business groups have been considered in discussing their performance

Merchant Banking & Asset Management (MBAM) / FBNQuest

- Gross earnings of ₦8.2 billion, down 0.2% y-o-y (Mar 2019: ₦8.3billion)
- Profit before tax of ₦3.2 billion, up 183.8% y-o-y (Mar 2019: ₦1.1 billion)
- Total assets of ₦255.0 billion, up 2.6% y-t-d (Dec 2019: ₦248.6 billion)

Insurance

- Gross earnings of ₦11.0 billion, up 43.2% y-o-y (Mar 2019: ₦7.7billion)
- Profit before tax of ₦3.1 billion, up 92.3% y-o-y (Mar 2019: ₦1.6 billion)
- Total assets of ₦125.0 billion, up 6.8% y-t-d (Dec 2018: ₦117.0 billion)

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Related document:

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

- Q1 2020 financial statements (Unaudited) Click here

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FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31 March 2020 N 'million	31 December 2019 N 'million	31 March 2020 N 'million	31 December 2019 N 'million
ASSETS				
Cash and balances with central banks	1,281,530	1,025,325	-	-
Loans and advances to banks	886,303	754,910	16,504	5,706
Loans and advances to customers	2,051,316	1,852,411	97	94
Financial assets at fair value through profit or loss	468,778	282,660	3,057	3,057
Investment securities	1,161,257	1,414,530	12,557	11,393
Asset pledged as collateral	676,372	464,922	-	-
Other assets	179,973	212,092	3,509	15,922
Investment properties	-	100	-	-
Investment in associates accounted for using the equity method	711	711	-	-
Investment in subsidiaries	-	-	234,790	239,514
Property and equipment	111,894	112,939	449	490
Intangible assets	17,623	18,961	-	-
Deferred tax assets	24,672	25,009	-	-
	6,860,429	6,164,570	270,963	276,176
Assets held for sale	162,962	38,956	4,724	-
Total assets	7,023,391	6,203,526	275,687	276,176
LIABILITIES				
Deposits from banks	1,186,937	860,486	-	-
Deposits from customers	4,290,091	4,019,836	-	-
Derivative liabilities	38,999	6,046	-	-
Current income tax liabilities	15,337	13,778	12	12
Other liabilities	434,219	297,140	9,213	9,321
Liability on investment contracts	-	24,676	-	-
Liability on insurance contracts	-	63,748	-	-
Borrowings	269,278	250,596	-	-
Retirement benefit obligations	3,532	3,352	-	-
Deferred tax liabilities	1	250	-	-
	6,238,394	5,539,908	9,225	9,333
Liabilities held for sale	104,651	2,493	-	-
Total liabilities	6,343,045	5,542,401	9,225	9,333
EQUITY				
Share capital	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392
Retained earnings	96,978	73,197	15,202	15,379
Statutory reserve	101,826	101,378	-	-
Capital reserve	1,223	1,223	10	10
Small and medium enterprises (SME) investment reserve	6,076	6,076	-	-
Fair value reserve	137,960	147,070	(90)	114
Contingency reserve	3,391	3,013	-	-
Statutory credit reserve	14,540	14,576	-	-
Foreign currency translation reserve	50,516	47,736	-	-
	663,850	645,609	266,462	266,843
Non-controlling interests	16,496	15,516	-	-
Total equity	680,346	661,125	266,462	266,843
Total equity and liabilities	7,023,391	6,203,526	275,687	276,176

FBN Holdings Plc.
INCOME STATEMENT

	GROUP			
	Q1 ended	Year to date	Q1 ended	Year to date
	31 March	31 March	31 March	31 March
	2020	2020	2019	2019
N 'million	N 'million	N 'million	N 'million	
Continuing operations				
Interest income	104,905	104,905	109,530	109,530
Interest expense	(44,652)	(44,652)	(37,868)	(37,868)
Net interest income	60,253	60,253	71,662	71,662
Impairment charge for losses	(9,706)	(9,706)	(13,847)	(13,847)
Net interest income after impairment charge for losses	50,547	50,547	57,815	57,815
Fee and commission income	25,810	25,810	23,027	23,027
Fee and commission expense	(5,037)	(5,037)	(3,580)	(3,580)
Foreign exchange income	2,633	2,633	2,942	2,942
Net gains on sale investment securities	13,501	13,501	1,593	1,593
Net gains/(losses) from financial instruments at FVTPL	8,341	8,341	(307)	(307)
Dividend income	4,020	4,020	1,981	1,981
Other operating income	471	471	671	671
Personnel expenses	(23,958)	(23,958)	(22,942)	(22,942)
Depreciation, amortisation and impairment	(5,727)	(5,727)	(4,588)	(4,588)
Operating expenses	(41,921)	(41,921)	(38,848)	(38,848)
Operating profit	28,680	28,680	17,764	17,764
Share of profit of associates	-	-	-	-
Profit before tax	28,680	28,680	17,764	17,764
Income tax expense	(5,540)	(5,540)	(3,241)	(3,241)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	23,140	23,140	14,523	14,523
Discontinued operations				
Profit for the period from discontinued operations	2,560	2,560	1,269	1,269
PROFIT FOR THE PERIOD	25,700	25,700	15,792	15,792
Profit attributable to:				
Owners of the parent	24,571	24,571	15,178	15,178
Non-controlling interests	1,129	1,129	614	614
	25,700	25,700	15,792	15,792
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		0.64		0.40
From discontinued operations		0.05		0.02
From profit for the period		0.69		0.42

FBN Holdings Plc.
INCOME STATEMENT

	COMPANY			
	Q1 ended 31 March 2020 N 'million	Year to date 31 March 2020 N 'million	Q1 ended 31 March 2019 N 'million	Year to date 31 March 2019 N 'million
Continuing operations				
Interest income	479	479	736	736
Interest expense	-	-	-	-
Net interest income	479	479	736	736
Impairment charge for losses	-	-	-	-
Net interest income after impairment charge for losses	479	479	736	736
Fee and commission income	-	-	-	-
Fee and commission expense	-	-	-	-
Foreign exchange income	21	21	1	1
Net gains/(loss) on investment securities	-	-	6	6
Net loss from financial instruments at FVTPL	-	-	-	-
Dividend income	-	-	-	-
Other operating income	-	-	2	2
Personnel expenses	(160)	(160)	(151)	(151)
Depreciation, amortisation and impairment	(58)	(58)	(93)	(93)
Operating expenses	(459)	(459)	(476)	(476)
Profit before tax	(177)	(177)	25	25
Income tax expense	-	-	-	-
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	(177)	(177)	25	25
Discontinued operations				
Profit for the year from discontinued operations		-		
(LOSS)/PROFIT FOR THE PERIOD	(177)	(177)	25	25
(loss)/Profit attributable to:				
Owners of the parent	(177)	(177)	25	25
Non-controlling interests	-	-	-	-
	(177)	(177)	25	25
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		(0.00)		0.00
From discontinued operations		-		
From (loss)/profit for the period		(0.00)		0.00

- 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 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.

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 8,685 staff has 894 business locations (615 local branches, 144 QSPs and agencies for FirstBank (Nigeria) and 135 (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 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.

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.