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FBN HOLDINGS PLC. REPORTS 4.9% RISE IN GROSS EARNINGS TO ₦505.2 BILLION FOR THE FULL YEAR ENDED 31 DECEMBER 2015

FBN Holdings Plc. ("FBNH" or "FBNHoldings" or the "Group") today announces its audited results for the full year ended 31 December 2015.

Income Statement[1]

- Gross earnings of ₦505.2 billion, up 4.9% year-on-year (Dec 2014: ₦481.8 billion)
- Net interest income of ₦265.0 billion, up 8.7% year-on-year (Dec 2014: ₦243.9 billion)
- Non-interest income of ₦99.4 billion, down 12.0% year-on-year (Dec 2014: ₦112.99 billion)
- Operating income of ₦364.4 billion, up 2.3% year-on-year (Dec 2014: ₦356.2 billion)
- Impairment charge for credit losses of ₦119.3 billion (Dec 2014: ₦25.9 billion)
- Operating expenses[2] of ₦223.6 billion, down 5.6% year-on-year (Dec 2014: ₦236.8 billion)
- Profit before tax of ₦21.5 billion, down 77.1% year-on-year (Dec 2014: ₦94.1 billion)
- Profit after tax of ₦15.1 billion, down 82.0% year-on-year (Dec 2014: ₦84.0 billion)

Statement of Financial Position[1]

- Total assets of ₦4.2 trillion, down 4.1% year-on-year (Dec 2014: ₦4.3 trillion)
- Customer deposits of ₦2.97 trillion, down 2.6% year-on-year (Dec 2014: ₦3.1 trillion)
- Customer loans and advances (net) of ₦1.8 trillion, down 16.6% year-on-year (Dec 2014: ₦2.2 trillion)

Key Ratios

- Post-tax return on average equity of 2.7% (Dec 2014: 16.9%)
- Post-tax return on average assets of 0.4% (Dec 2014: 2.0%)
- Net interest margin of 8.1% (Dec 2014: 7.6%)
- Cost to income ratio of 61.4% (Dec 2014: 66.5%)
- NPL ratio of 18.1% (Dec 2014: 2.9%)
- 58.6% liquidity ratio (FirstBank (Nigeria)[3]) (Dec 2014: 44.0%)
- 17.1% Basel 2 CAR (FirstBank (Nigeria)) (Dec 2014: 15.8%)
- 24.9% Basel 2 CAR (FBN Merchant Bank) (Dec 2014: 22.5%)

Notable developments

- Key leadership changes across the Group
  - Mr UK Eke, MFR, previously the Executive Director, South of First Bank of Nigeria Ltd, assumed the position of Group Managing Director of FBNHoldings, effective 1 January 2016
  - Mallam Bello Maccido, pioneer Group CEO, FBNHoldings, now Chairman of the newly-licensed FBN Merchant Bank Ltd, effective 1 January 2016
  - Alhaji Abdullahi Mahmoud, a Non-Executive Director with FBNHoldings, retired effective 31 December 2015
  - Mr. Bisi Onasanya, the former GMD/CEO of First Bank of Nigeria Limited retired from the Bank and resigned from the Board of FBN Holdings Plc. with effect from December 31 2015

[1] "In 2015, final accounting for the acquisition of Kakawa Discount House Limited (now FBN Merchant Bank Limited) was concluded resulting in changes between the fair values of the identifiable assets and liabilities at acquisition date compared to those values adopted for provisional accounting in 2014. The impact of the changes have been retrospectively adjusted against 2014 numbers in line with IFRS 3"
[2] This includes insurance claims. Insurance claims had previously been included in operating income computation
[3] This refers to FirstBank in Nigeria. First Bank of Nigeria Ltd. refers to the Commercial Banking business

  - Mrs. Ibukun Awosika, previously a Non-Executive Director of First Bank of Nigeria Limited assumed the position of the Chairman of the Bank effective January 1, 2016, following the retirement of Prince Ajibola Afonja on December 31, 2015.
  - Dr. Adesola Adeduntan, previously the Executive Director/CFO, is now the Managing Director/CEO of FirstBank & its Subsidiaries effective 1 January 2016
  - Mr. Gbenga Shobo, previously the Executive Director, Lagos and West is now, the Deputy Managing Director of FirstBank & its Subsidiaries; effective 1 January 2016
- FBN Merchant Bank Limited commenced operations in November 2015
- FBNHoldings completed the divestment of FBN Microfinance Bank; having sold its entire Shares to Letshego Holdings Limited

Selected Financial Summary

(₦billion)	FY 2015	FY 2014	Δ%
Gross earnings	505.2	481.8	4.9
Interest income	396.2	362.6	9.3
Net interest income	265.0	243.9	8.7
Non-interest income[7]	99.4	112.99	-12.0
Operating Income[9]	364.4	356.2	2.3
Impairment charge	119.3	25.9	360.6
Operating expenses	223.6	236.8	-5.6
Profit before tax	21.5	94.1	-77.1
Profit after tax	15.1	84.0	-82.0
Basic EPS (kobo)[12]	43	235	-81.7
Total assets	4,166.2	4,343.7	-4.1
Customer loans & advances (Net)	1,817.3	2,179.0	-16.6
Customer deposits	2,970.9	3,050.9	-2.6
Non-performing loans	353.5	64.8	445.7
Shareholders' funds	578.8	524.1	10.4

Key Ratios %	FY 2015	FY 2014
Post-tax return on average equity[4]	2.7	16.9
Post-tax return on average assets[5]	0.4	2.0
Earnings yield[6]	12.1	11.3
Net interest margin[8]	8.1	7.6
Cost of funds[10]	3.7	3.5
Cost to income[11]	61.4	66.5
Gross loans to deposit	65.9	72.8
Liquidity (FirstBank(Nigeria))	58.6	39.2
Capital adequacy (FirstBank (Nigeria))	17.1	15.8
Capital adequacy (FBN Merchant Bank)	24.9	22.5
NPL/Gross Loans	18.1	2.9
NPL coverage[13]	40.2	137.9
PPOP[14]/provision (times)	1.0	2.8
Cost of risk[15]	5.7	1.3
Leverage (times)[16]	7.2	8.3
BVPS[17]	16.1	16.1

[4] Post-tax return on average equity computed as 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 profit after tax divided by the average opening and closing balances of its total assets
[6] Earnings yield computed as 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 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 interest expense divided by average interest bearing liabilities
[11] Cost to income ratio computed as operating expenses divided by operating income
[12] Basic EPS computed as profit after tax attributable to shareholders 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 NPL provision
[15] Cost of risk computed as 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 of FBNHoldings (35,895,292,792 units)

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

"This has been a very difficult time in the history of our institution. Despite the tough macroeconomic and regulatory backdrop during the year, our underlying business remains strong as reflected in the gross earnings growth of 4.9% to ₦505.2 billion - clearly a leading position in the industry. Furthermore, the Holding company platform has provided support in mitigating the impact of credit losses and the vulnerabilities experienced by our Commercial Banking business.

In coming periods, our primary focus is to drive efficiency and operational excellence across all operating companies. Key initiatives in achieving this, as we eliminate the value eroding factors and seek to reposition the Group towards a new growth path, include: enhanced focus on moderating risk appetite, risk management practices and culture; disciplined cost containment; asset optimisation; and, synergy realisation. We will be sustaining the drive to improve cross sell initiatives, improve performance and returns from our subsidiaries to provide diversified and sustainable revenue for the Group. Whilst acknowledging the challenges facing the Group, we are committed to achieving our set tasks. Amongst those, one priority stands out above all else – the need to restore shareholder value whilst building long-term sustainability into our businesses".

Group Financial Review

Income Statement[1]

Gross earnings increased by 4.9% y-o-y to ₦505.2 billion (Dec 2014: ₦481.8 billion), driven by a 9.3% y-o-y growth in interest income to ₦396.2 billion; supported by growth in increased interest income on loans to customers by 8.2% y-o-y as well as higher volumes in treasury activities. On the back of the changes in the regulatory and macroeconomic environment, non-interest income decreased by 12.0% to ₦99.4 billion. Interest income grew 9.3% y-o-y to ₦396.2 billion, due to an 8.2% y-o-y growth in interest on loans to customers; a 9.6% y-o-y growth in interest from investment securities and 22.1% growth in interest on loans to banks. This is despite the impact of the "bonds for loans" initiative during the year and the overall decline in loans at year end. In ensuring optimal risk-adjusted pricing, assets were re-priced resulting in higher yields on customer loans from 12.7% in the previous year to 13.6%.

Net interest income increased by 8.7% y-o-y and 19.7% q-o-q[18] to ₦265.0 billion (Dec 2014: ₦243.9 billion) despite a 10.5% y-o-y increase in interest expense to ₦131.2 billion. Net interest income grew by ₦72.1 billion in the Q4'15, mainly due to the reduction in interest expense on customers' deposit following reduction in term and borrowings by 54.6% q-o-q and 16.2% q-o-q respectively. This is due to the low-interest environment in the last quarter; to our significant repricing maturing expensive deposits, and to reduced funding for letters of credits for international trade. Interest expenses grew by 10.5% y-o-y (-31.0% q-o-q) to ₦131.2 billion, reflecting a higher interest rate environment that characterised most part of the year but the last quarter. Until the September 21-22 MPC meeting, the Cash Reserve Ratio (CRR) was higher and applied separately to public (75%) and private sector (25%) deposits which resulted in heightened competition for deposits and higher funding costs. Subsequently, the CRR was harmonised to 31% and then revised initially to 25%, and then to 22.5% in March 2015. In addition, in November 2015, the MPC reviewed the monetary policy rate from 13% to 11% resulting in a reduction in the minimum savings deposit rate from 3.9% to 3.3%. Interest expense on customers' deposit, constituting 80.4% (Dec 2014: 82.6%) of total interest and similar expense, grew 7.5% y-o-y but dropped 54.6% q-o-q to ₦105.4 billion at year end.

[18] Where q-o-q is used, it refers to Q4 15 vs Q3 15

Interest on borrowings, which represents 11.6% (Dec 2014: 15.2%) of total interest expense, reduced by 15.1% y-o-y and 16.2% q-o-q to close at ₦15.3 billion (Dec 2014: ₦18.0 billion).

Cost of funds closed at 3.7% (Dec 2014: 3.5%) at year end from a peak of 4.0%, in H1 2015 and 9M 2015, as we re-priced maturing deposits lower as well as reflecting the trend in the interest rate environment. Yields on bank loans and customers' loans increased from 4.3% and 12.7% last year, to 5.5% and 13.6% respectively, while yields on investment securities remained stable at 11.8%. Overall, the blended yield on interest earning assets improved to 12.1% (Dec 2014: 11.3%). Given the higher proportionate increase in average yields on interest earning assets over average cost of funds, the **net interest margins** improved to 8.1% (Dec 2014: 7.6%).

Non-interest income (NII) declined by 12.0% y-o-y to ₦99.4 billion (Dec 2014: ₦112.99 billion) due to the decrease in earnings from foreign exchange revaluation gain and foreign exchange trading income in view of the relatively steady exchange rate environment. This was mitigated by the gains from the disposal of FBN Microfinance Ltd. (₦1.6 billion) and the disposal of an equity investment (₦5.0 billion) at FirstBank (Nigeria). Normalising for the gains on foreign exchange revaluation from the current and prior year, FBN Microfinance and the disposal of the equity investment, non-interest income would have been flat (-0.3 y-o-y) at ₦82.2 billion.

Fees and commission (F&C) income, representing 64.4% (Dec 2014: 59.3%) of total non-interest income, reduced by 4.4% to close at ₦64.1 billion (Dec 2014: ₦66.98 billion). This is as a result of the decline in commission on turnover (COT), from ₦15.3 billion to ₦12.7 billion, in spite of the 50% regulatory reduction in the rate, COT declined by 17.2% y-o-y.

Non-interest income to net revenue closed at 27.3% (Dec 2014: 31.7%), demonstrating the resilience of the Group in generating non-funded income. In line with our strategy of growing e-business transactions, electronic banking fees grew by 34.1% y-o-y to ₦15.4 billion (Dec 2014: ₦11.5 billion). Electronic banking makes up 24% of the fees and commission income (Dec 2014: 17.1%), and it is now its highest contributor. In addition, net revenue from insurance premiums also contributed strongly to non-interest income from sustained growth in our insurance business. Net premium revenue grew by +171.5% y-o-y to ₦7.3 billion (Dec 2014: ₦2.7 billion).

Operating expenses decreased by 5.6% y-o-y to ₦223.6 billion (Dec 2014: ₦236.8 billion), in a 9.6% inflation environment. This was driven primarily by a decrease in regulatory cost (-0.3%) to ₦30.1 billion; maintenance cost (-1.4%) to ₦19.3 billion; advert and corporate promotions (-33.7%) to ₦8.5 billion; and, donations and subscriptions (-23.7%) to ₦1.4 billion. Staff cost remained relatively flat (+0.7%) at ₦80.4 billion. The above achievements highlight our resolve in ensuring that sustainable operational efficiency permeates every aspect of our business. The bulk of these cost savings were achieved in FirstBank (Nigeria).

Cost-to-income ratio improved to 61.4% (Dec 2014: 66.5%) on the back of the 5.6% y-o-y decline in operating expenses and of the 2.3% increase in operating income. We have already implemented additional cost management and optimisation measures to continue to reduce operational expenses year-on-year, which, coupled with the focus to operate our business in a more efficient, should lead to improvements in our efficiency ratios.

Net impairment charge on credit losses amounted to ₦119.3 billion (Dec 2014: ₦25.9 billion). This was attributable to the recognition of impairment on some specific accounts as well as collective exposures following reassessment of the loan book in the commercial banking business due to the sharp decline in global oil prices, the volatile macro environment, and fiscal and monetary headwinds which have resulted in marked reduction in domestic output. Active remedial actions on the specific impaired accounts have commenced. The main sectors impacted are oil and gas, real estate and general commerce; contributing 59.7%, 12.3% and 10.2% to the impairment charge respectively.

Cost of risk closed at 5.7% (Dec 2014: 1.3%), exacerbated by the 11.6% decline y-o-y in gross loans while the **NPL ratio** increased to 18.1% as at 31 December 2015 (Dec 2014: 2.9%). 2015 was a very challenging year in our risk management performance, specifically within our principal subsidiary, FirstBank (Nigeria).

A critical review of the culture and practice of our risk management function has been undertaken. We are implementing structural initiatives as we retool and reshape the ethos of the underwriting practice towards building a resilient loan portfolio under a new leadership.

Profit before tax closed at ₦21.5 billion (Dec 2014: ₦94.1 billion) down 77.1% y-o-y. Income tax expense for the year was ₦6.4 billion (Dec 2014: ₦10.0 billion). Effective tax rate for the year was 29.6% driven by reduced earnings and increased non-deductible expenses. **Post-tax return on average equity** for the year was 2.7% (Dec 2014: 16.7%) **and post-tax return on average total assets** 0.4% (Dec 2014: 2.0%), while **Earnings per share** closed at ₦0.43 (Dec 2014: ₦2.35).

Statement of Financial Position[1]

Total assets decreased by 4.1% y-o-y to ₦4.2 trillion due to a decline in loans to customers, as well as the impact of the "bonds for loans" initiative of the CBN during the year. These led to a reduction in total interest earning assets by 6.0% to ₦3.2 trillion from ₦3.4 trillion. While customer loans reduced by 16.6%, balances on interest earning investment securities increased by 32.0%.

Total customer deposits declined by 2.6% y-o-y to ₦2.97 trillion (Dec 2014: ₦3.1 trillion). To ensure we keep our cost of funds at a competitive level, we re-priced some maturing expensive deposits whilst terming out other expensive deposits. At Group level, savings deposits now constitute 27.9% (Dec 2014: 23.9%) of total deposits, closing at ₦829.8 billion (+13.9% y-o-y).

During the year, the Federal Government ensured compliance with the Treasury Single account (TSA) by qualified Ministries, Departments and Agencies with the withdrawal of FGN deposits with Deposit Money Banks (DMB), further impacting deposit growth. Foreign currency deposits now represent 14.5% of the Group's total deposits (Dec 2014: 16.9%) but 17.8% (Dec 2014: 20.1%) of the Bank's deposits at ₦429.4 billion. Retail deposits grew from ₦1.5 trillion in 2014 to ₦1.58 trillion at the end of 2015; demonstrating the strength of our franchise and ability to continually attract a well-diversified and sustainable funding base. Retail deposits constitute 66.2%[19] of the Group's total deposit (Dec 2014: 57.3%) while Corporate banking deposits make up 18.3% (Dec 2014: 19.6%).

[19] This excludes Private banking deposits

The negative impact of cash reserve ratio at 31% on yields was moderated towards the end of 2015 with the reduction to 20%[18]. At year end, FirstBank (Nigeria) had ₦473.1 billion in CRR balances with the Central Bank of Nigeria (Dec 2014: ₦560.1 billion). This represents 19.9% of the Bank's customer deposits.

Total loans & advances to customers (net) declined by 16.6% y-o-y to ₦1.8 trillion (Dec 2014: ₦2.2 trillion) driven largely by an 18.8% decline in customer loans in FirstBank (Nigeria). The sectors driving this decline include oil and gas, manufacturing, government; and general commerce. Corporate banking customers constitute 72% (Dec 2014: 70%) of the loan book with retail loans now at 14% (Dec 2014: 16.1%).

At FirstBank (Nigeria), foreign currency on net loans decreased by 18.7% y-o-y to ₦672.2 billion as at FY 2015, but remained flat at 46.1% of total net loans to customers as a result of the reduction in net loans. The foreign currency exposures were to the oil and gas, power, short-cycle trade transactions and multinationals in manufacturing and consumer sectors. Oil and gas exposure comprise 38.1% of the loan portfolio (Dec 2014: 43.1%) and makes up about 60% of the total foreign currency loans.

Shareholders' funds closed at ₦578.8 billion, up 10.4% y-o-y (Dec 2014: ₦524.1 billion).

The **Capital adequacy ratio** of FirstBank (Nigeria) closed at 17.1% (Dec 2014: 15.8%); above the regulatory requirement of 16% for systemically important banks due to be enforced by the end of June 2016, while tier 1 ratio was 13.3% (Dec 2014: 12.3%). Capital adequacy ratio (CAR) for the banking group closed at 18.0% (Dec 2014:16.7%), while the CAR for FBN Merchant Bank closed at 24.9% (Dec 2014: 22.5%) above the 10% required by regulation. Mindful of total returns to shareholders, FBNHoldings is proposing a **dividend** of ₦0.15 per share (150% of 2014 dividend payments), reflecting the increasing diversification of the Group's revenue stream as a Holding company.

Liquidity ratio closed at of 58.6% (Dec 2014: 44.0%) demonstrating the strong and stable funding profile.

Business Groups[20]**:**

The **Commercial Banking**

- Gross earnings rose by 2.3% y-o-y to ₦465.8 billion (Dec 2014: ₦455.1 billion)
- Net interest income increased by 8.0% to ₦258.8 billion (Dec 2014: ₦239.6 billion)
- Non-interest income declined by 22.7% to ₦77.4 billion (Dec 2014: ₦99.6 billion)
- Profit before tax of ₦10.2 billion (Dec 2014: ₦94.5 billion)
- Profit after tax of ₦2.9.1 billion (Dec 2014: ₦84.9 billion)
- Total assets decreased by 3.8% y-o-y to ₦3.97 trillion
- Customers' loans and advances (net) of ₦1.8 trillion, was down 17.2% y-o-y (Dec 2014: ₦2.2trillion)
- Customers' deposits decreased (-2.8% y-o-y) to ₦2.9 trillion (Dec 2014: ₦2.99 trillion)

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

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

"FirstBank and its Subsidiaries recorded a 2.3% y-o-y increase in gross earnings which however translated into an 89.2% decline in profit before tax. The soft performance was driven by the high impairment charges resulting from the adverse macro-economic environment.

Whilst we acknowledge the weaknesses that became apparent in our risk management processes and practices, our focus going forward is to strengthen our risk management processes and practices; to enhance the overall control environment within the bank to aggressively drive down the cost of operations while leveraging existing and future investments in technology to drive customers satisfaction by improving the ease of doing business with the Bank. We will also focus our attention on driving better performances from all our subsidiaries in the months ahead. We believe that this will take us in the right direction and help us to achieve sustainable success going forward"

FirstBank (Nigeria)[21] ("FirstBank")

Gross earnings rose by 3.6% y-o-y to ₦421.1 billion (Dec 2014: ₦406.5 billion); net-interest income increased by 5.8% to ₦227.9 billion (Dec 2014: ₦215.4 billion), while non-interest income declined by 16.0% to ₦73.8 billion. Profit before tax closed at ₦2.8 billion (Dec 2014: ₦81.4 billion). Total assets reduced by 4.5% y-o-y to ₦3.3 trillion (Dec 2014: ₦3.5 trillion), with customer loans and advances (net) closing at ₦1.5 trillion (-18.8% y-o-y). Customer deposits declined by 5.9% y-o-y to close at ₦2.4 trillion (Dec 2014: ₦2.6 trillion). Term deposits, at FirstBank (Nigeria) have reduced from 24.1% in the previous year to 21.2% of total deposits at the end of 2015. The Bank continues to attract sticky and good quality deposits, highlighted by the increasing duration of deposits as well as the contribution of the low-cost deposits to 78.8% of total deposits (Dec 2014: 75.9%). Savings deposits continue to grow steadily.

Operating expenses dropped by 11.1% y-o-y, this resulted in the marked decrease in the Bank's cost-to-income ratio to 59.3% from 66.3% in the prior year. Notwithstanding the progress made, we remain focused on ensuring improving efficiency metrics towards increasing profitability.

Given recent key management changes, we have restructured the composition of FirstBank (Nigeria) Management Committee (MANCO) and appointed new business units heads. To strengthen risk management, enhance and optimise productivity, appropriately deploy resources, deliver consistent product offerings and speed to market, as well as drive profitability, we have streamlined the FirstBank (Nigeria) operating model. The new business segments are Retail and Products, Corporate Banking, Commercial Banking, Public Sector, International Banking and Treasury and Financial Institutions.

The fundamentals of our business remains very strong; our underlying business continues to generate healthy of revenues as we deepen relationships and acquire new customers. At the end of 2015, the total number of active customer accounts increased by 12.5% y-o-y to over 10.9 million. Over 95% of the additional customers' accounts are from the retail segment which re-emphasises the strategic direction of the Bank going forward.

Electronic banking remains a major focus of the Bank to grow its revenue in an increasingly cost-efficient manner. Electronic banking fees grew by 34.1% y-o-y for the Bank to close at ₦15.4 billion (Dec 2014: ₦11.5 billion). The Bank's cards and acceptance channels have continued to improve the Bank's service delivery

[21] This relates to FirstBank Nigeria Only

quality and diversify earnings stream, generating non-interest revenues, growing the quality of accounts and forging partnerships that will continue to strategically position the bank.

The total debit card base grew by 24% from 6.8 million in 2014 to 8.4 million cards in 2015. The Bank had a total of 2,749 ATMs as at year end (Dec 2014: 2,597), a growth of 5.9% y-o-y, as we continue to improve on customer proximity and convenience of banking with innovative banking solutions. We are changing customers' behaviour from using ATMs for only cash withdrawals to other value-added services such as bill payments, airtime purchases, and funds transfers, through increased awareness and signage. As at December 2015, 45% of bill payment services on the Automated Teller Machines in the Nation's banking industry were processed with FirstBank (Nigeria), demonstrating our strength in the e-payment space.

We have also continued to see growth in the value of transactions through our other alternative channels. Value of transactions through our internet banking and mobile banking increased by 12.2% and by 108.9% respectively to ₦945.0 billion and ₦65.8 billion. FirstBank (Nigeria) was awarded the "Best Mobile Technology Bank of the year 2015" and "Best Payment Bank of the year 2015" by Nigerian Banking Technology Award. Furthermore, we continue to be the leader in Bank collections volume in 2015 with an overall market share of 18%.

Merchant Banking & Asset Management (MBAM)[22]

The macroeconomic headwinds that prevailed for the most part of 2015 resulted in rising inflation and devaluation of the Naira in both the official (8.5%) and parallel markets (39%). The fixed income and equity markets recorded much lower trading activity (equity market capitalisation declined by 20%). Foreign investors continued to exit the market and adopt a "wait and see" approach.

During the year, MBAM continued to pursue a number of strategic initiatives including driving cross-selling and institutionalising collaboration with other members of the group, strengthening the distribution platform by developing new products and establishing the right partnerships to expand its local and offshore distribution capacity.

MBAM recorded a strong performance. Total revenue increased by 41.3% to ₦33.3 billion from ₦23.57 billion in Dec 2014, while profit before tax increased by 73.4% to ₦10.6 billion from ₦6.1 billion in Dec 2014. This performance was largely driven by the Fixed Income Trading, Trustee, Investment Banking and Corporate Banking businesses. Total assets under management (AuM) across the business also grew by 48% to close at ₦219 billion (FBN Capital Asset Management and FBN Trustees, as the asset management businesses, became the No.2 fund manager in Nigeria by AuM (SEC Registered funds) as at 31 December 2015).

Despite the Federal Government's expansionary plans in the 2016 budget proposals and the 2016 – 2018 expenditure framework, economic growth in Nigeria will be weighed down by foreign exchange controls, and policy uncertainty, all of which will serve to reduce investment in Africa's largest market. We expect the weak macroeconomic conditions to linger and anticipate gradual pickup in business activity in the second quarter when the government spending from budget implementation starts to boost economic activity.

[22] Following the acquisition of the Merchant Banking License in the latter part of 2015, the Investment Banking and Asset Management business (IBAM) is now the Merchant Banking & Asset Management Business (MBAM)

Insurance

The insurance sector witnessed a change in leadership with the appointment of the new Commissioner for Insurance, effective 31 July, 2015. Under the new leadership, the regulator has been more involved in upholding high standards and introducing new policies towards driving sustainable growth in the insurance sector. During the year, 108 insurance brokers were delisted for non-renewal of registration while the board of one insurance company was dissolved due to discovery of anomalies in the December 31, 2011 audited financial statements. In ensuring the best practice in the industry, the regulator directed all registered insurance companies to offset all outstanding claims as at September 30, 2015. The regulatory environment has been relatively stable and has attracted some foreign players into the industry through a few mergers and acquisitions. This will further promote healthy competition and raise products and service delivery standards in the industry.

Our insurance portfolio has continued to grow. Revenue for the Insurance group increased by 60.6% y-o-y to ₦10.5 billion in 2015 from ₦6.5 billion in 2014, while profit before tax rose to ₦2.3 billion, up 44.7% y-o-y for the year Dec 2015, from ₦1.6 billion in Dec 2014. Total assets of the business grew (+29.0%) ₦23.6 billion (Dec 2014: ₦18.3 billion). The performance during the year was driven through efficient product delivery channels, customer service delivery, prompt claims settlement and moderate policy retention as part of the risk management strategy. We continue to deepen our footprint in the retail space resulting in improved contribution to the premium earned despite the unresolved regulation on bancassurance.

Our recent foray into the general insurance market, and an enhanced collaboration with Sanlam, particularly in the area of product development, will further strengthen our position. In coming periods, the implementation of cost-effective business models with operational excellence in deploying innovative products, superior services and channel distribution will be key to operate successfully in this challenging business environment.

– ENDS –

Conference call

FBNHoldings will host a question and answer teleconference call with analysts and investors on the audited results for the full year ending 31 December 2015 and unaudited results for the three months 31 March 2016 on **Wednesday 27 April 2016 at 3:00pm UK / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town**.

The teleconference call facility can be accessed by dialling:
0708 060 1884 (Nigeria) **0800 279 4977** (UK) or **+44 20 3427 1914** (UK/Lagos); **+1 212 444 0412** or **+1877 280 2342** (US); or **0800 991 539** or **+27 11 019 7076** (South Africa)

And then entering the following confirmation code: **8514643#**

Participants are advised to register for the call at least five minutes before the start of the presentation.

For those who are unable to listen to the live call, a recording will be posted on the Company's website as soon as possible. Replay facilities are also available for a week after the call by dialling:

UK/Europe: **0800 358 7735** or **+44 20 3427 0598**; US: **+1 866 932 5017** or **+1 347 366 9565**

Passcode: **8514643#**

An investor presentation will be available on the FBNHoldings website on the day of the call on Wednesday 27 April 2016.

Click here to access the presentation.

The following related documents are also available on our website http://ir.fbnholdings.com/

- FY 2015 financial statements (audited)

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FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	Note	GROUP 31 December 2015 N 'million	GROUP 31 December 2014 N 'million	COMPANY 31 December 2015 N 'million	COMPANY 31 December 2014 N 'million
ASSETS					
Cash and balances with central banks	20	715,871	698,104	-	-
Loans and advances to banks	22	385,769	460,911	4,792	3,261
Loans and advances to customers	23	1,817,271	2,178,986	63	80
Financial assets at fair value through profit or loss	24	26,426	27,601	-	-
Investment securities					
-Available-for-sale investments	25	799,850	553,154	7,019	2,806
-Held to maturity investments	25	106,623	158,485	-	1,466
-Loans and receivables	25	7,306	-	-	-
Asset pledged as collateral	26	105,646	68,483	-	-
Other assets	27	35,483	40,640	4,670	14,361
Inventory	28	49,649	37,805	-	-
Investment properties	29	3,025	2,826	-	-
Investments in associates accounted for using the equity method	30	-	-	1,500	1,500
Investment in subsidiaries	31	-	-	263,595	260,777
Property, plant and equipment	35	88,398	88,557	1,192	1,519
Intangible assets	36	9,687	8,569	-	-
Deferred tax assets	37	14,615	11,285	-	-
		4,165,619	4,335,406	282,831	285,770
Asset held for sale	33	570	8,331	-	2,000
Total assets		**4,166,189**	**4,343,737**	**282,831**	**287,770**
LIABILITIES					
Deposits from banks	38	144,652	171,151	-	-
Deposits from customers	39	2,970,922	3,050,853	-	-
Financial liabilities at fair value through profit or loss	24a	12,488	10,917	-	-
Current income tax liability	19b	8,773	11,829	-	-
Other liabilities	40	168,441	132,633	5,751	9,590
Liability on investment contracts	41	10,157	60,617	-	-
Liability on insurance contracts	42	11,837	8,260	-	-
Borrowings	43	256,116	369,707	-	-
Retirement benefit obligations	44	3,764	2,029	-	-
Deferred tax liabilities	37	239	87	-	-
		3,587,389	3,818,083	5,751	9,590
Liabilities held for sale	33	-	1,592	-	-
Total liabilities		**3,587,389**	**3,819,675**	**5,751**	**9,590**
EQUITY					
Share capital	45	17,948	16,316	17,948	16,316
Share premium	46	252,892	254,524	252,892	254,524
Retained earnings	46	163,198	109,809	5,885	6,968
Other reserves					
Statutory reserve	46	66,647	65,278	-	-
Capital reserve	46	1,223	1,223	10	10
SSI Reserve	46	6,076	6,076	-	-
AFS Fair value reserve	46	56,241	12,532	345	362
Contingency Reserve	46	438	217	-	-
Statutory credit reserve	46	2,433	46,673	-	-
Treasury shares	46	-	(18)	-	-
Foreign currency translation reserve	46	8,029	7,399	-	-
		575,125	520,029	277,080	278,180
Non-controlling interest		3,675	4,033	-	-
Total equity		**578,800**	**524,062**	**277,080**	**278,180**
Total equity and liabilities		**4,166,189**	**4,343,737**	**282,831**	**287,770**

FBN Holdings Plc.

INCOME STATEMENT

		GROUP		COMPANY	
	Note	31 December 2015 N 'million	31 December 2014 N 'million	31 December 2015 N 'million	31 December 2014 N 'million
Continuing operations					
Interest income	7	396,190	362,579	614	2,886
Interest expense	8	(131,167)	(118,725)	-	-
Net interest income		**265,023**	**243,854**	**614**	**2,886**
Impairment charge for credit losses	9	(119,322)	(25,942)	-	-
Net interest income after impairment charge for credit losses		**145,701**	**217,912**	**614**	**2,886**
Insurance premium revenue	10	8,448	3,320	-	-
Insurance premium revenue ceded to reinsurers		(1,107)	(616)	-	-
Net insurance premium revenue		**7,341**	**2,704**	**-**	**-**
Fee and commission income	11	64,058	66,983	-	-
Fee and commission expense	11b	(9,583)	(6,205)	-	-
Net gains on foreign exchange	12	22,226	44,905	31	42
Net gains/ (losses) on sale of investment securities	13	6,666	(230)	35	-
Net gains/ (losses) from financial instruments at fair value through profit or loss	14	2,055	(1,262)	-	-
Gain from disposal of subsidiary	34	1,572	-	1,600	-
Dividend income	15	1,531	1,469	4,493	13,747
Other operating income	16	3,551	2,854	22	294
Gain on bargain purchase	32	-	1,172		
Insurance claims		(3,306)	(1,043)	-	-
Personnel expenses	17	(80,416)	(79,843)	(685)	(1,159)
Depreciation of property, plant and equipment	35	(11,516)	(11,375)	(384)	(229)
Amortisation of intangible assets	36	(2,157)	(1,384)	-	-
Impairment loss on investment		-	-	(850)	(7,781)
Operating expenses	18	(126,211)	(143,200)	(2,696)	(2,117)
Operating profit		21,512	93,457	2,180	5,683
Share of profit of associates	30	-	599	-	-
Profit before tax		**21,512**	**94,056**	**2,180**	**5,683**
Income tax expense	19a	(6,364)	(10,045)	-	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**15,148**	**84,011**	**2,180**	**5,683**
Discontinued operations					
Profit for the year from discontinued operations	33	-	-	-	-
PROFIT FOR THE YEAR		**15,148**	**84,011**	**2,180**	**5,683**
Profit/(loss) attributable to:					
Owners of the parent		15,406	84,231	2,180	5,683
Non-controlling interests		(258)	(220)	-	-
		15,148	**84,011**	**2,180**	**5,683**
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings/ loss per share (in Naira):	55				
From continuing operations		0.43	2.35	0.06	0.16
From discontinued operations		-	-	-	-
From profit for the year		0.43	2.35	0.06	0.16

- 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 issued and fully paid-up share capital of 35,895,292,792 ordinary shares of 50 kobo each (₦17,947,646,396). FBNHoldings has an unlisted Global Depositary Receipt (GDR) programme. 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 12 countries (Lagos, Nigeria; London, United Kingdom; Paris, France; Johannesburg, South Africa; Beijing, China; Abu Dhabi, UAE; 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, employing about 9,300 staff, has about 10.9 million active customer accounts (in the principal subsidiary – FirstBank (Nigeria)), through about 860 business locations (615 local branches, 62 QSP, 68 agencies/cash centres for FirstBank (Nigeria) and 114 (local and international) subsidiary locations). The Group boasts an excellent corporate governance structure underpinned by strong institutional processes, systems and controls. 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 DRC[23], West Africa[24] subsidiaries, representative offices in Abu Dhabi, Beijing, Johannesburg and Paris as well as First Pension Fund Custodian and FBN Mortgages. FBNHoldings' principal subsidiary is First Bank of Nigeria Limited (FirstBank), a commercial bank with operations in 12 countries offering banking services to both individual and corporate clients.

Merchant Banking & Asset Management[22] comprises FBN Merchant Bank Limited and FBN Capital Group. Both entities are wholly owned by the holding company. The FBN Capital group comprises FBN Capital Ltd and its subsidiaries; FBN Securities Limited, FBN Capital Asset Management Limited, FBN Trustees Limited, FBN Funds Limited and FBN Capital Partners Limited. The group creates value by advising, financing, trading, investing and securing for our clients.

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

[23] Previously, Banque Internationale de Credit (BIC)
[24] 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 banking regulatory authorities. 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.