

PRESS RELEASE

Lagos, Nigeria – 27 July 2018

FBN HOLDINGS PLC. REPORTS GROSS EARNINGS OF ₦293.3 BILLION FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

Income Statement

- Gross earnings of ₦293.3 billion, up 1.6% year-on-year (y-o-y) (Jun 2017: ₦288.8 billion)
- Net-interest income of ₦149.6 billion, down 8.8% y-o-y (Jun 2017: ₦164.1 billion)
- Non-interest income of ₦61.3 billion, up 21.4% y-o-y (Jun 2017: ₦50.5 billion)
- Operating income of ₦210.9 billion, down 1.6% y-o-y (Jun 2017: ₦214.4 billion)
- Impairment charge for credit losses of ₦52.8 billion, down 15.4% y-o-y (Jun 2017: ₦62.4 billion)
- Operating expenses of ₦119.3 billion, up 2.3% y-o-y (Jun 2017: ₦116.6 billion)
- Profit before tax of ₦38.9 billion, up 9.1% y-o-y (Jun 2017: ₦35.6 billion)
- Profit after tax ₦33.5 billion, up 13.7% y-o-y (Jun 2017: ₦29.5 billion)

Statement of Financial Position

- Total assets of ₦5.3 trillion, up 1.3% year-to-date (y-t-d) (Dec 2017: ₦5.2 trillion)
- Customer deposits of ₦3.3 trillion, up 4.1% y-t-d (Dec 2017: ₦3.1 trillion)
- Customer loans and advances (net) of ₦1.9 trillion, down 7.1% y-t-d (Dec 2017: ₦2.0 trillion)

Key Ratios

- Post-tax return on average equity of 10.0% (Jun 2017: 9.9%)^{1,2}
- Post-tax return on average assets of 1.3% (Jun 2017: 1.2%)
- Net-interest margin of 7.1% (Jun 2017: 8.5%)
- Cost to income ratio of 56.5% (Jun 2017: 54.4%)
- NPL ratio of 20.8% (Jun 2017: 22.0%)
- 55.0% liquidity ratio (FirstBank (Nigeria)) (Jun 2017: 50.4%; Dec 2017: 51.1%)
- 18.1% Basel 2 capital adequacy ratio (FirstBank (Nigeria)) (Jun 2017: 17.6%, Dec 2017: 17.7%)
- 12.6% Basel 2 CAR (FBNQuest Merchant Bank) (Jun 2017: 26.7%, Dec 2017: 15.7%)

Notable Developments

- FirstBank exercised its option to call the US\$300million 8.25% subordinated notes due in 2020
- FirstBank opened a digital laboratory as part of its strategy to drive innovation in the digital banking space
- FirstBank commissions a strong initiative to implement enterprise-wide Customer Relationship Management solution to drive service excellence and improve customer experience

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

(N' billion)	H1 2018	H1 2017	Δ%
Gross earnings	293.3	288.8	1.6
Interest income	225.4	232.4	-3.0
Net-interest income	149.6	164.1	-8.8
Non-interest income ⁶	61.3	50.5	21.4
Operating Income ⁸	210.9	214.4	-1.6
Impairment charge for credit losses	52.8	62.4	-15.4
Operating expenses	119.3	116.6	2.3
Profit before tax	38.9	35.6	9.1
Profit after tax	33.5	29.5	13.7
Basic EPS (kobo) ¹²	187	164	13.7

Statement of Financial Position

(N' billion)	H1 2018	FY 2017	Δ%
Total assets	5,306.5	5,236.5	1.3
Customer loans & advances (Net)	1,858.2	2,001.2	-7.1
Customer deposits	3,270.7	3,143.3	4.1
Non-performing loans	455.8	520.0	-12.4
Shareholders' funds	660.2	678.2	-2.7

Key Ratios %	H1 2018	H1 2017
Post-tax return on average equity ³	10.0	9.9
Post-tax return on average assets ⁴	1.3	1.2
Earnings yield ⁵	10.7	12.1
Net-interest margin ⁷	7.1	8.5
Cost of funds ⁹	3.5	3.5
Cost to income ¹⁰	56.5	54.4
Gross loans to deposits	67.0	74.5
Liquidity (FirstBank(Nigeria))	55.0	50.4
Capital adequacy (FirstBank (Nigeria)) ¹¹	18.1	17.6
Capital adequacy (FBNQuest Merchant Bank) ¹¹	12.6	26.7
NPL/Gross Loans	20.8	22.0
NPL coverage ¹³	82.3	52.7
PPOP ¹⁴ /impairment charge (times)	1.7	1.6
Cost of risk ¹⁵	4.7	5.4
Leverage (times) ¹⁶	8.1	8.0
BVPS ¹⁷	18.4	17.0

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

"FBNHoldings continues to make steady progress towards delivering on its strategic targets. This has been demonstrated with a 13.7% y-o-y increase in profit after tax, 21.4% y-o-y growth in non-interest and 15.4% y-o-y decline in impairment charge. Clearly, the Group is on its way to delivering its promises on asset quality, enhancing revenue generating capacity through non-interest income and driving further efficiencies."

"As we ramp up initiatives to grow interest income, we remain focused on the implementation of key initiatives across our subsidiaries and further strengthen our businesses towards delivering sustainable performance as well as optimising returns to our shareholders."

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

⁹ Cost of funds computed as annualised interest expense divided by average interest-bearing liabilities

¹⁰ Cost to income ratio computed as operating expenses divided by operating income

¹¹ Excluding H1 2018 profits

¹² Basic EPS computed as annualised profit (from continuing operations attributable to owners of the parent) after tax divided by weighted average number of shares in issue.

¹³ NPL coverage computed as loan loss provisions plus statutory credit reserve divided by gross NPLs

¹⁴ PPOP - Pre-provision operating profit computed as sum of operating profit and impairment charge

¹⁵ Cost of risk computed as annualised credit impairment charges divided by the average opening and closing gross loans balances

¹⁶ Total assets divided by shareholders' equity

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

Business Groups^{18 19 20}:

Commercial Banking

- Gross earnings of ₦264.7 billion, up 1.4% y-o-y (Jun 2017: ₦261.0 billion)
- Net interest income of ₦140.8 billion, down 9.8% y-o-y (Jun 2017: ₦156.0 billion)
- Non-interest income of ₦49.6 billion, up 28.5% y-o-y (Jun 2017: ₦38.6 billion)
- Operating expenses of ₦105.3 billion, up 0.9% y-o-y (Jun 2017: ₦104.4 billion)
- Profit before tax of ₦32.3 billion, up 16.2% y-o-y (Jun 2017: ₦27.8 billion)
- Profit after tax of ₦28.3 billion, up 22.7% y-o-y (Jun 2017: ₦23.0 billion)
- Total assets of ₦5.1 trillion, up 0.9% y-t-d (Dec 2017: ₦5.0 trillion)
- Customers' loans and advances (net) of ₦1.9 trillion, down 7.2% y-t-d (Dec 2017: ₦2.0 trillion)
- Customers' deposits of ₦3.2 trillion, up 3.5% y-t-d (Dec 2017: ₦3.1 trillion)

The Commercial Banking business contributed 90.2% (Jun 2017: 90.3%) to the Group's gross earnings and 84.0% (Jun 2017: 78.3%) to the Group's profit before tax.

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

"The Commercial Banking Group reported a relatively strong set of results and I am pleased to report consistent improvement towards our strategic objectives. This is reflected in a strong 28.5% y-o-y increase in non-interest income, 15.5% y-o-y reduction in the impairment charge and a marginal increase of 0.9% y-o-y in operating expenses, despite the high inflationary environment. It is clear that our efforts to enhance our revenue generating capabilities, strengthen the risk management and control environment as well as to optimise efficiencies within our business are paying off."

"We remain focused on maximizing the potential of our business, innovating to expand access to new markets and increasing the contribution of our international subsidiaries, using technology as a key enabler. We expect further improvements in the coming periods, from growth in the quality and yields of the loan book to enhanced remediation efforts, service delivery excellence and the risk and control environment. I am confident in the capacity of our business to deliver the expected results."

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

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

²⁰ Post consolidation, the Commercial Banking, Merchant Bank & Asset Management, Insurance and Other Financial Services contributed 90.2%, 6.3%, 3.2% and 0.3% (Jun 2017: 90.3%, 6.6%, 2.8% and 0.3%) respectively to the Group's gross earnings and 84.0%, 11.1%, 7.4% and -2.5% (Jun 2017: 78.3%, 17.5%, 6.5% and -2.3%) to the Group's profit before tax.

Merchant Banking & Asset Management (MBAM) / FBNQuest

- Gross earnings of ₦18.5 billion, down 2.8% y-o-y (Jun 2017: ₦19.0 billion)
- Profit before tax of ₦3.7 billion, down 38.1% y-o-y (Jun 2017: ₦6.0 billion)
- Total assets of ₦220.8 billion, up 1.8% y-t-d (Dec 2017: ₦216.9 billion)

The Merchant Banking and Asset Management business contributed 6.3% (Jun 2017: 6.6%) to the Group's gross earnings and 11.1% (Jun 2017: 17.5%) to the Group's profit before tax.

Insurance

- Gross earnings of ₦10.1 billion, up 24.6% y-o-y (Jun 2017: ₦8.1 billion)
- Profit before tax of ₦3.4 billion, up 43.6% y-o-y (Jun 2017: ₦2.4 billion)
- Total assets of ₦63.8 billion, up 25.0% y-t-d (Dec 2017: ₦51.1 billion)

The insurance business contributed 3.2% (Jun 2017: 2.8%) to gross earnings of the Group and 7.4% (Jun 2017: 6.5%) 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 six months 30 June 2018 on **Monday 30 July 2018 at 3:00pm UK / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town.**

The teleconference call facility can be accessed by dialing:

+234 1 277 2430 (Nigeria); **0800 358 6377** or **+44 (0)330 336 9128** (United Kingdom); **+1 888 599 8686** or **+1 323 994 2093** (United States); and **0800 998 654** or **+27 11 844 6054** (South Africa).

and then entering the following confirmation code: **8528539#**

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 20 7660 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: **8528539#**

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/>

- H1 2018 financial statements (unaudited) [Click here](#)

For further information please contact:

Tolulope Oluwole (Head, Investor Relations)

+234 1 905 2720

Tolulope.o.oluwole@fbnholdings.com

FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 Jun 2018 N 'million	31 Dec 2017 N 'million	30 Jun 2018 N 'million	31 Dec 2017 N 'million
ASSETS				
Cash and balances with central banks	592,799	641,881	-	-
Loans and advances to banks	857,516	742,929	5,709	7,585
Loans and advances to customers	1,858,194	2,001,223	116	108
Financial assets at fair value through profit or loss	58,762	83,713	-	-
Investment securities:				
-Fair value through other comprehensive income	717,991	-	9,962	-
-Available for sale	-	1,122,757	-	9,842
-Held at amortised cost	622,953	-	-	-
-Held to maturity	-	108,283	-	-
-Loans and receivables	-	17,568	-	-
Asset pledged as collateral	284,820	208,925	-	-
Other assets	142,151	132,731	444	9,011
Investment properties	1,993	1,993	-	-
Investments in associates accounted for using the equity method	1,379	1,357	-	-
Investment in subsidiaries	-	-	242,395	242,395
Property, plant and equipment	95,212	88,263	562	680
Intangible assets	13,587	16,211	-	-
Deferred tax assets	20,358	18,554	-	-
	5,267,715	5,186,388	259,188	269,621
Asset held for sale	38,804	50,149	-	-
Total assets	5,306,519	5,236,537	259,188	269,621
LIABILITIES				
Deposits from banks	686,727	665,366	-	-
Deposits from customers	3,270,661	3,143,338	-	-
Financial liabilities at fair value through profit or loss	13,536	9,404	-	-
Current income tax liability	10,223	10,194	29	104
Other liabilities	188,451	261,725	6,727	7,553
Liability on investment contracts	34,212	13,399	-	-
Liability on insurance contracts	29,964	21,734	-	-
Borrowings	407,468	420,919	-	-
Retirement benefit obligations	1,837	2,203	-	-
Deferred tax liabilities	1,082	606	-	-
	4,644,161	4,548,888	6,756	7,657
Liabilities held for sale	2,154	9,457	-	-
Total liabilities	4,646,315	4,558,345	6,756	7,657
EQUITY				
Share capital	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392
Retained earnings	151,331	170,774	677	10,104
Other reserves				
Statutory reserve	84,104	84,104	-	-
Capital reserve	1,223	1,223	10	10
Small scale investment reserve	10,927	6,076	-	-
Fair value reserve	72,956	77,981	405	510
Contingency reserve	1,649	1,257	-	-
Statutory credit reserve	41,705	42,816	-	-
Foreign currency translation reserve	49,481	48,115	-	-
	664,716	683,686	252,432	261,964
Non-controlling interest	(4,512)	(5,494)	-	-
Total equity	660,204	678,192	252,432	261,964
Total equity and liabilities	5,306,519	5,236,537	259,188	269,621

FBN Holdings Plc.

INCOME STATEMENT

	GROUP			
	Quarter to date	Year to date	Quarter to date	Year to date
	30 Jun	30 Jun	30 Jun	30 Jun
	2018	2018	2017	2017
	N 'million	N 'million	N 'million	N 'million
Continuing operations				
Interest income	114,505	225,404	117,598	232,378
Interest expense	(40,612)	(75,764)	(34,468)	(68,293)
Net interest income	73,893	149,640	83,130	164,085
Impairment charge for credit losses	(27,473)	(52,810)	(33,587)	(62,408)
Net interest income after impairment charge for credit losses	46,420	96,830	49,543	101,677
Insurance premium revenue	3,413	7,301	5,260	7,197
Insurance premium revenue ceded to reinsurers	(719)	(1,253)	(1,438)	(1,688)
Net insurance premium revenue	2,694	6,048	3,822	5,509
Fee and commission income	22,485	41,662	19,379	36,762
Fee and commission expense	(3,409)	(6,612)	(3,146)	(5,906)
Net gains on foreign exchange	8,315	12,943	2,189	5,008
Net gains/(losses) on investment securities	4,300	5,137	(630)	(168)
Net (losses)/gains from financial instruments at FVTPL	(861)	(1,474)	4,249	5,954
Dividend income	2,231	2,243	324	1,826
Other operating income	788	1,351	642	1,352
Insurance claims	(652)	(1,777)	(808)	(1,547)
Personnel expenses	(23,748)	(45,064)	(20,931)	(42,000)
Depreciation, amortisation and impairment	(3,907)	(7,886)	(3,930)	(7,686)
Operating expenses	(34,606)	(64,547)	(35,232)	(65,347)
Operating profit	20,050	38,854	15,474	35,434
Share of profit/(loss) of associates	11	22	197	194
Profit before tax	20,061	38,876	15,671	35,628
Income tax expense	(1,309)	(5,356)	(2,330)	(6,142)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	18,752	33,520	13,341	29,486
Discontinued operations				
Loss for the period from discontinued operations	(44)	(44)	(282)	(548)
PROFIT FOR THE PERIOD	18,708	33,476	13,059	28,938
Profit attributable to:				
Owners of the parent	18,214	32,506	13,039	28,693
Non-controlling interests	494	970	20	245
	18,708	33,476	13,059	28,938
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		0.91		0.81
From discontinued operations		(0.00)		(0.02)
From profit for the period		0.91		0.79

FBN Holdings Plc.

INCOME STATEMENT

COMPANY

	Quarter to date 30 Jun 2018 N 'million	Year to date 30 Jun 2018 N 'million	Quarter to date 30 Jun 2017 N 'million	Year to date 30 Jun 2017 N 'million
Continuing operations				
Interest income	590	1,317	638	1,146
Interest expense	-	-	-	-
Net interest income	590	1,317	638	1,146
Impairment charge for credit losses	-	-	-	-
Net interest income after impairment charge for credit losses	590	1,317	638	1,146
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	9	39	7	8
Net gains on investment securities	3	7	3	7
Other operating income	8	24	17	21
Personnel expenses	(130)	(280)	(116)	(262)
Depreciation, amortisation and impairment	(113)	(214)	(100)	(198)
Operating expenses	(846)	(1,321)	(699)	(1,140)
Profit/(loss) before tax	(479)	(428)	(250)	(418)
Income tax expense	-	(25)	(16)	(27)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIC	(479)	(453)	(266)	(445)
PROFIT/(LOSS) FOR THE PERIOD	(479)	(453)	(266)	(445)
Profit attributable to:				
Owners of the parent	(479)	(453)	(266)	(445)
Non-controlling interests	-	-	-	-
	(479)	(453)	(266)	(445)
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		(0.01)		(0.01)
From discontinued operations		-		-
From profit for the period		(0.01)		(0.01)

- 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 8,679 staff, has 889 business locations (615 local branches, 143 QSPs and agencies for FirstBank (Nigeria) and 131 (local and international) subsidiary locations). FBN Holdings Plc. is structured essentially under three business groups, namely: Commercial Banking, Merchant Banking and Asset Management as well as Insurance.

Commercial Banking comprises First Bank of Nigeria Limited, FBNBank (UK), FBNBank DRC²¹, bank subsidiaries in West Africa²², a representative office in Beijing, a branch office in Paris as well as First Pension Fund Custodian. This group provides both individual and corporate clients/ customers with financial intermediation services. This business segment includes the group's local, international and representative offices with operations in 10 countries offering commercial banking services.

Merchant Banking & Asset Management comprises FBNQuest Merchant Bank group and FBNQuest Capital group. Both FBNQuest Merchant Bank Limited and FBNQuest Capital Limited are wholly owned by the holding company. The FBNQuest Merchant Bank group comprises FBNQuest Merchant Bank and its subsidiaries FBNQuest Securities Limited and FBNQuest Capital Asset Management Limited. The FBNQuest Capital group comprises FBNQuest Capital Limited and its subsidiaries FBNQuest Trustees Limited, FBNQuest Funds Limited and FBNQuest Capital Partners Limited. The group creates value by providing advice, finance, trading, investing and securing services to large institutions (corporations and government agencies) and individuals.

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

²¹ Previously, Banque Internationale de Credit (BIC)

²² Comprising locations in Ghana, Gambia, Guinea, Sierra Leone 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.