

Lagos, Nigeria – November 20, 2020

FBN HOLDINGS PLC. REPORTS 32% GROWTH IN PROFIT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 TO ₦68.2 BILLION

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

Income Statement

- Gross earnings of ₦439.3 billion, up 5.1% year-on-year (y-o-y) (Sept 2019: ₦417.9 billion¹)
- Net-interest income of ₦192.7 billion, down 5.3% y-o-y (Sept 2019: ₦203.5 billion¹)
- Non-interest income of ₦127.0 billion, up 50.0% y-o-y (Sept 2019: ₦84.7 billion¹)
- Operating income of ₦319.7 billion, up 10.9% y-o-y (Sept 2019: ₦288.2 billion¹)
- Impairment charge for credit losses of ₦46.7 billion, up 64.0% y-o-y (Sept 2019: ₦28.5 billion)
- Operating expenses of ₦209.8 billion, up 2.2% y-o-y (Sept 2019: ₦205.3 billion¹)
- Profit before tax of ₦63.3 billion, up 16.2% y-o-y (Sept 2019: ₦54.5 billion¹)
- Profit after tax² of ₦68.2 billion, up 31.7% y-o-y (Sept 2019: ₦51.7 billion¹)

Statement of Financial Position

- Total assets of ₦7.2 trillion, up 16.8% year-to-date (y-t-d) (Dec 2019: ₦6.2 trillion)
- Customer deposits of ₦4.6 trillion, up 15.2% y-t-d (Dec 2019: ₦4.0 trillion)
- Customer loans and advances (net) of ₦2.1 trillion, up 10.9% y-t-d (Dec 2019: ₦1.9 trillion)

Key Ratio

- Post-tax return on average equity 13.2% (Sept 2019: 12.2%)³
- Post-tax return on average assets 1.4% (Sept 2019: 1.2%)³
- Net-interest margin 6.6% (Sept 2019: 7.0%)³
- Cost to income ratio 65.6% (Sept 2019: 71.2%)¹
- NPL ratio 8.8% (Dec 2019: 9.9%)
- 15.7% Basel 2 Capital Adequacy Ratio (FirstBank Nigeria: Dec 2019: 15.5%)
- 17.2% 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 profit from 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

Notable Developments

- FirstBank successfully launched a US\$350 million 5 year Eurobond issuance – the first bank Eurobond transaction from Nigeria since 2017 as well as the first benchmark Eurobond issue from an African bank in 2020
- Firstmonie Agent banking network grown to about 76,000, further reaffirming FirstBank’s undisputed agent banking leadership, strong retail franchise and wide coverage

Financial Performance Highlights

Income statement

(N billion)	9 months 2020	9 months ⁴ 2019	Δ%
Gross earnings	439.3	417.9	5.1%
Interest income	297.7	319.6	-6.8%
Net-interest income	192.7	203.5	-5.3%
Non-interest income ⁹	127.0	84.7	50.0%
Operating Income ¹¹	319.7	288.2	10.9%
Impairment charge for losses	46.7	28.5	64.0%
Operating expenses	209.8	205.3	2.2%
Profit before tax	63.3	54.5	16.2%
Profit after tax ²	68.2	51.7	31.7%
Basic EPS (kobo) ¹⁵	2.49	1.84	35.1%

Statement of Financial Position

(N billion)	9 months 2020	FY 2019	Δ%
Total assets	7,243.2	6,203.5	16.8%
Customer loans & advances (Net)	2,054.3	1,852.4	10.9%
Customer deposits	4,630.1	4,019.8	15.2%

Key Ratios %	9 months 2020	9 months ⁵ 2019
Post-tax return on average equity (RoAE) ⁶	13.2	12.2
Post-tax return on average assets (RoAA) ⁷	1.4	1.2
Earnings yield ⁸	10.2	11.0
Net-interest margin ¹⁰	6.6	7.0
Cost of funds ¹²	2.5	3.3
Cost to income ¹³	65.6	71.2
Gross loans to deposits	46.3	52.8
Capital adequacy (FirstBank (Nigeria)) ¹⁴	15.7	15.1
Capital adequacy (FBN Merchant Bank) ¹⁴	17.2	15.2
NPL/Gross Loans	8.8	12.7
NPL coverage ¹⁶	52.7	61.7
PPOP ¹⁷ /impairment charge (times)	2.4	2.9
Cost of risk ¹⁸	3.1	1.9
Leverage (times) ¹⁹	10.2	9.5
BVPS ²⁰	19.8	16.9

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 9M 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 impairment charge for losses divided by the average opening and closing gross loans balances

¹⁹ Total assets divided by shareholders’ equity

²⁰ Book Value Per Share computed as total equity divided by number of outstanding shares

Commenting on the results, U.K. Eke, the Group Managing Director of FBNHoldings said:

"In the quarter under review, there was gradual relaxation of the lock down and measured resumption of economic activities. Our nine months financial results validate our investment to diversify revenue towards non capital consuming transactions and non-funding transactions. This has broadened our earnings base as we continue to innovate and extend our proposition to the customers through electronic banking offerings.

Despite the challenged operating environment, our results reaffirm our resilience, focus on enhancing shareholder value and capacity to deliver on long-term goals. The steady growth in our performance with profit after tax up 31.7% y-o-y reflects the strength of our organisation to continually navigate the tough operating market conditions.

We continue to keep a tight control on risk management, while we grow and diversify our loan book, ensuring that the non-performing loan ratio for our vintage book remains at single digit. Similarly and in line with our strategic objective, operational efficiency remains a key focus even within the high inflationary environment.

Going forward, our focus is to consolidate our leading position through our digital offerings and remain nimble to take advantage of emerging opportunities as we propel our performance for enhanced profitability."

Business Groups²¹ ²²:

Commercial Banking

- Gross earnings of ₦410.0 billion, up 5.0% y-o-y (Sept 2019: ₦390.6 billion)
- Net interest income of ₦185.2 billion, down 5.8% y-o-y (Sept 2019: ₦196.7 billion)
- Non-interest income of ₦113.7 billion, up 49.8% y-o-y (Sept 2019: ₦75.9 billion)
- Operating expenses of ₦197.7 billion, up 1.7% y-o-y (Sept 2019: ₦194.4 billion)
- Profit before tax of ₦54.8 billion, up 9.3% y-o-y (Sept 2019: ₦50.1 billion)
- Profit after tax of ₦48.8 billion, up 9.9% y-o-y (Sept 2019: ₦44.4 billion)
- Total assets of ₦6.9 trillion, up 18.0% y-t-d (Dec 2019: ₦5.9 trillion)
- Customers' loans and advances (net) of ₦2.1 trillion, up 10.5% y-t-d (Dec 2019: ₦1.9 trillion)
- Customers' deposits of ₦4.5 trillion, up 14.2% 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:

"The commercial banking group increased its y-o-y growth in gross earnings and profit before tax by 5.0% and 9.3% respectively despite varying degrees of challenges in the operating environment. As the premier and leading financial inclusion service provider, we 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). The number of FirstBank Agents now 75,996, an increase of 28.4% over the last quarter.

As we focus on strengthening our competitive position, we recently and successfully issued a US\$350 million 144A / RegS 5-year senior unsecured Eurobond. This represents the first bank Eurobond transaction from Nigeria since 2017 as well as the first benchmark Eurobond issue from an African bank in 2020. The issue was oversubscribed reaffirming our solid credit story and ability to leverage our strong market access, despite the current market volatility and challenged macroeconomic environment. This is a testament to our focus and the trust that investors have in our franchise.

²¹ Please refer to the 'Notes to Editors' section on page 8 for the companies in each business group

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

Finally, we will continue to execute on our strategy to lead a digital vision whilst supporting our customers and further grow our businesses across geographical footprints.”

Merchant Banking & Asset Management (MBAM) / FBNQuest

- Gross earnings of ~~N~~27.6 billion, up 5.5% y-o-y (Sept 2019: ~~N~~26.2 billion)
- Profit before tax of ~~N~~9.3 billion, up 84.7% y-o-y (Sept 2019: ~~N~~5.0 billion)
- Total assets of ~~N~~333.3 billion, up 34.1% y-t-d (Dec 2019: ~~N~~248.6 billion)

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The following related document is available:

- 9M 2020 financial statements (unaudited) [Click here](#)

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FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 September 2020 N 'million	31 December 2019 N 'million	30 September 2020 N 'million	31 December 2019 N 'million
ASSETS				
Cash and balances with central banks	1,751,965	1,025,325	-	-
Loans and advances to banks	815,603	754,910	9,693	5,706
Loans and advances to customers	2,054,265	1,852,411	84	94
Financial assets at fair value through profit or loss	299,732	282,660	2,410	3,057
Investment securities	1,271,127	1,414,530	10,149	11,393
Asset pledged as collateral	688,923	464,922	-	-
Other assets	168,926	212,092	2,114	15,922
Investment properties	-	100	-	-
Investment in associates accounted for using the equity method	744	711	-	-
Investment in subsidiaries	-	-	261,159	239,514
Property and equipment	113,232	112,939	342	490
Intangible assets	15,075	18,961	-	-
Deferred tax assets	24,653	25,009	-	-
	7,204,245	6,164,570	285,951	276,176
Assets held for sale	38,987	38,956	-	-
Total assets	7,243,232	6,203,526	285,951	276,176
LIABILITIES				
Deposits from banks	1,115,673	860,486	-	-
Deposits from customers	4,630,074	4,019,836	-	-
Derivative liabilities	10,516	6,046	-	-
Current income tax liabilities	11,744	13,778	6	12
Other liabilities	509,160	297,140	12,383	9,321
Liability on investment contracts	-	24,676	-	-
Liability on insurance contracts	-	63,748	-	-
Borrowings	248,197	250,596	-	-
Retirement benefit obligations	3,399	3,352	-	-
Deferred tax liabilities	32	250	-	-
	6,528,795	5,539,908	12,389	9,333
Liabilities held for sale	2,379	2,493	-	-
Total liabilities	6,531,174	5,542,401	12,389	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	127,851	73,197	21,951	15,379
Statutory reserve	102,741	101,378	-	-
Capital reserve	1,223	1,223	10	10
Small and medium enterprises (SME) investment reserve	6,076	6,076	-	-
Fair value reserve	148,263	147,070	261	114
Contingency reserve	-	3,013	-	-
Statutory credit reserve	14,928	14,576	-	-
Foreign currency translation reserve	51,037	47,736	-	-
	703,459	645,609	273,562	266,843
Non-controlling interests	8,599	15,516	-	-
Total equity	712,058	661,125	273,562	266,843
Total equity and liabilities	7,243,232	6,203,526	285,951	276,176

FBN Holdings Plc.

INCOME STATEMENT

	GROUP			
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million
Continuing operations				
Interest income	90,297	297,713	102,804	319,561
Interest expense	(28,834)	(104,976)	(40,968)	(116,031)
Net interest income	61,463	192,737	61,836	203,530
Impairment charge for losses	(16,017)	(46,675)	(6,353)	(28,460)
Net interest income after impairment charge for losses	45,446	146,062	55,483	175,070
Fee and commission income	31,810	87,592	26,988	76,050
Fee and commission expense	(5,574)	(14,604)	(4,715)	(13,616)
Foreign exchange income/(loss)	2,963	(624)	916	5,695
Net gains on sale investment securities	14,861	41,182	3,706	7,459
Net gains from financial instruments at FVTPL	413	7,719	1,392	3,474
Dividend income	1,601	3,634	251	2,326
Other operating income	807	2,083	1,541	3,271
Personnel expenses	(24,637)	(74,175)	(22,434)	(69,209)
Depreciation, amortisation and impairment	(6,926)	(18,562)	(5,293)	(14,651)
Operating expenses	(39,026)	(117,027)	(39,612)	(121,417)
Operating profit	21,738	63,280	18,223	54,452
Share of profit of associates	172	33	-	17
Profit before tax	21,910	63,313	18,223	54,469
Income tax expense	(3,187)	(8,958)	240	(7,223)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	18,723	54,355	18,463	47,246
Discontinued operations				
Profit for the period from discontinued operations	(18)	13,801	1,643	4,501
PROFIT FOR THE PERIOD	18,705	68,156	20,106	51,747
Profit attributable to:				
Owners of the parent	18,522	66,995	19,354	49,594
Non-controlling interests	183	1,161	752	2,153
	18,705	68,156	20,106	51,747
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		1.51		1.30
From discontinued operations		0.35		0.08
From profit for the period		1.87		1.39

FBN Holdings Plc.
INCOME STATEMENT

	COMPANY			
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million
Continuing operations				
Interest income	302	1,123	478	1,761
Interest expense	(2)	(10)	-	-
Net interest income	300	1,113	478	1,761
Impairment charge for losses	-	-	-	-
Net interest income after impairment charge for losses	300	1,113	478	1,761
Fee and commission income	-	-	-	-
Fee and commission expense	-	-	-	-
Foreign exchange income	(2)	20	2	3
Net gains on sale of investment securities	-	-	2	8
Net losses from financial instruments at FVTPL	(333)	(647)	-	-
Dividend income	1,474	2,273	-	177
Gain on disposal of subsidiary	-	19,901	-	-
Personnel expenses	(177)	(508)	(173)	(480)
Depreciation, amortisation and impairment	(55)	(167)	(26)	(211)
Operating expenses	(873)	(1,767)	(858)	(2,062)
Profit/(loss) before tax	334	20,218	(575)	(804)
Income tax expense	(1)	(6)	(23)	(50)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	333	20,212	(598)	(854)
Discontinued operations				
Profit for the year from discontinued operations		-		
PROFIT/(LOSS) FOR THE PERIOD	333	20,212	(598)	(854)
Profit/(loss) attributable to:				
Owners of the parent	333	20,212	(598)	(854)
Non-controlling interests	-	-	-	-
	333	20,212	(598)	(854)
Earnings per share attributable to owners of the parent				
Basic/diluted earnings per share (expressed in naira per share):				
From continuing operations		0.56		(0.02)
From discontinued operations		-		
From profit/(loss) for the period		0.56		(0.02)

- 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.

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 three business groups, namely: Commercial Banking, Merchant Banking & Asset Management and others.

Commercial Banking comprises First Bank of Nigeria Limited, FBNBank (UK), FBNBank DRC²³, bank subsidiaries in West Africa²⁴, 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 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.

Others comprises FBN Holdings Plc., the parent company, FBN Insurance Brokers Limited and Rainbow Town Development Limited.

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 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.