FBNHoldings

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FBN HOLDINGS PLC REPORTS 7.9% RISE IN GROSS EARNINGS TO ₦212.0 BILLION FOR THE SIX MONTHS ENDED 30 JUNE 2014

FBN Holdings Plc ("FBNH", "FBN Holdings" or the "Group") today announces its unaudited results for the six months ended 30 June 2014.

- Gross earnings of ₦212.0 billion, up 7.9% year-on-year (Jun 2013: ₦196.4 billion)
- Net interest income of ₦115.2 billion, up 2.2% year-on-year (Jun 2013: ₦112.7 billion)
- Non-interest income of ₦43.2 billion, flat 0.3% year-on-year (Jun 2013: ₦43.3 billion)
- Operating income of ₦157.8 billion, up 1.5% year-on-year (Jun 2013: ₦155.5 billion)
- Impairment charge for credit losses of ₦6.7 billion down 32.9% year-on-year (Jun 2013: ₦9.9 billion)
- Operating expenses of ₦102.9 billion, up 14.3% year-on-year (Jun 2013: ₦90.0 billion)
- Profit before tax of ₦48.3 billion, down 12.0% year-on-year (Jun 2013: ₦54.8 billion)

Balance Sheet Growth

- Total assets of ₦4.0 trillion, up 3.4% year-to-date (Dec 2013: ₦3.9 trillion)
- Customer deposits of ₦2.8 trillion, down 5.9% year-to-date (Dec 2013: ₦2.9 trillion)
- Customer loans and advances (net) of ₦1.8 trillion, up 4.0% year-to-date (Dec 2013: ₦1.7 trillion)

Key Ratios

- Return on average equity[1] of 15.7% (Jun 2013: 20.6%)
- Net interest margin[1] of 7.4% (Jun 2013: 8.2%)
- Cost to income ratio of 65.2% (Jun 2013: 57.9%)
- NPL ratio of 3.0% (Jun 2013: 3.8%)
- 36.6% liquidity ratio (Banking group) (Jun 2013: 47.5%)

Key developments

- On 18 July 2014, FirstBank issued a US$450 million subordinated Tier 2 debt. The proceeds from the capital raising will be used for general banking purposes. This is the largest subordinated Eurobond ever issued by any Nigerian financial institution with the lowest coupon by any African financial institution at 8.0%.
- FirstBank appointed a new Executive Director/Chief Financial Officer (CFO) - Dr Adesola Adeduntan, effective 1 July 2014 following the exit of the previous CFO – Mr Bayo Adelabu who took up appointment as a Deputy Governor of the Central Bank of Nigeria.
- The Bank completed the acquisition of International Commercial Bank (ICB) West African operations through the acquisition of ICB Senegal.
- The integration of Oasis Insurance, a recently acquired general insurance business, is progressing and nearing completion.

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[1] Annualised

Selected Financial Summary

(₦billion)	H1 2014	H1 2013	∆%
Gross earnings	212.0	196.4	8
Interest income	164.9	150.7	9
Net interest income	115.2	112.7	2
Non-interest income	43.2	43.3	(0)
Operating Income[6]	157.8	155.5	2
Impairment charge for credit losses	6.7	9.9	(33)
Operating expenses	102.9	90.0	14
Profit before tax	48.3	54.8	(12)
Profit after tax	37.2	46.1	(19)
Basic EPS (kobo)[8]	229	284	(19)
Total assets	4,002.0	3,381.1	18
Customer loans & advances (Net)	1,839.1	1,523.5	21
Customer deposits	2,756.8	2,555.0	8
Non-performing loans	55.7	60.2	(8)
Shareholders' Funds	475.1	455.6	4

Key Ratios %	H1 2014	H1 2013
Return on average equity[2]	15.7	20.6
Return on average assets[3]	1.9	2.8
Net interest margin[4]	7.4	8.2
Cost of funds[5]	3.1	2.9
Cost to income[7]	65.2	57.9
Gross loans to deposit	68.1	61.7
Liquidity (Banking Group)	36.6	47.5
Capital adequacy (Banking Group)	17.6	19.1
Tier 1 CAR (Banking Group)	15.0	17.6
NPL/Gross Loans	3.0	3.8
NPL coverage[9]	85.0	113.0
PPOP[10]/impairment charge (times)	8.2	6.5
Cost of risk[11]	0.7	1.3
Leverage (times)	8.4	7.4

Commenting on the results, Bello Maccido, Chief Executive officer of FBN Holdings said: *"FBN Holdings has delivered a resilient performance in view of the tough operating environment and regulatory headwinds. Gross earnings closed at ₦212 billion, 7.9% higher than the previous year with profit before tax at ₦48.3 billion. We continue to implement measures to ensure improved performance with a review of the current business model of our Commercial Banking business group and the Investment Banking and Asset Management business in the coming period. This is geared towards harnessing our competitive advantage, delivering excellent service and consolidating our position as a well-diversified and leading financial services Group.*

"We remain confident in the future, building further traction from our non-banking subsidiaries, notably the Investment Banking and Asset Management as well as the Insurance business group. FBN Holdings is on course to deliver improved performance over 2013 year end PBT of ₦91.3 billion and we are focused on ensuring our sustained leadership position in the industry."

[2] Return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders
[3] Return on average assets computed as profit after tax divided by the average opening and closing balances of its total assets
[4] Net interest margin computed as net interest income divided by the average opening and closing balances in interest earning assets
[5] Cost of funds computed as interest expense divided by average interest bearing liabilities
[6] Operating income defined as gross earnings less (interest expense + share of profits from associates)
[7] Cost to income computed as operating expenses divided by operating income
[8] Basic EPS computed as profit after tax attributable to shareholders (annualised) divided by weighted average number of shares in issue, excluding the average number of ordinary shares purchased by the members of the group and held as treasury shares.
[9] NPL coverage computed as loan loss provisions plus statutory credit reserve divided by gross NPLs
[10] PPOP - Pre-provision operating profit computed as sum of operating profit and credit impairments
[11] Cost of risk computed as credit impairment charges divided by the average opening and closing gross loans balances

Group Financial Review

Profit & Loss Account

Gross earnings increased by 7.9% (y-o-y) to ₦212.0 billion mainly driven by interest income (+9.4% to ₦164.9 billion), and to a lesser extent by fees and commission income (+12.1% to ₦35.1 billion). Interest income increased on the back of loans and advances to customers (+14.5%). Improved contribution from e-banking/transactions on alternative channels as well as income from other business groups resulted in an increase in other fees and commission (+22.8% to ₦17.8 billion). Overall, the Group has continued to unlock additional revenue streams to mitigate the impact of the increased reserve requirements, regulatory driven increase in interest rate on savings deposits as well as reduced charges relating to changes in banking tariffs.

Net interest income rose by 2.2% to ₦115.2 billion (Jun 2013: ₦112.7 billion), despite the faster growth in interest expense (+30.8% y-o-y) which was driven by an increase in interest on deposits from customers (+25.2% y-o-y to ₦43.9 billion) and interest on borrowings (+44.2% y-o-y to ₦3.6 billion). The rise in interest expense on deposits reflects heightened competition for private sector deposits, tighter monetary policies and the aforementioned regulatory increase in the minimum savings deposit rate from 1% to 3.6%.

Yields on interest earning asset yields dipped slightly to 10.6% (Jun 2013: 11.0%, Dec 2013; 11.3%) while cost of funds marginally increased to 3.1% (Jun 2013: 2.9%, Dec 2013: 3.3%). This resulted in **net interest margin** of 7.4% (Jun 2013: 8.2%, Dec 2013: 8.0%). Despite a 16.8% reduction in the volume of interest earning investment securities, driven by the fulfilment of increased regulatory requirements, interest income on investment securities only declined by 7.0% to ₦35.3 billion as the yield on the underlying assets improved from 9.1% to 10.2%. Likewise, yield on loans and advances improved to 13.3% from 12.1% in the same period in 2013, benefitting from a re-pricing of assets.

Non-interest income (NII) was flat at 0.3% to ₦43.2 billion (Jun 2013: ₦43.3 billion) reflecting the positive impact of the various initiatives we have put in place to replace lost income as a result of the effect of various policy changes by the CBN from April 2013. Fees and commission (F&C) income, representing 81.3% of non-interest revenue, increased by 12.1% y-o-y to ₦35.1 billion (Jun 2013: ₦31.3 billion). In Q2 2014, F&C income increased by 14.4% to ₦17.8 billion (Q1 2014: ₦8.3 billion). This performance was primarily driven by the enhanced contribution from the banking and non-banking subsidiaries, underscoring the benefits of the diversified revenue streams provided by the holding company structure.

Apart from the reduction in credit related fees by 24.2% to ₦1.4 billion (Jun 2013: ₦1.8 billion) and commission on turnover which dipped by 7.8% to ₦7.9 billion (Jun 2013: ₦8.6 billion), other non-interest income lines (such as commissions on bonds and guarantees: +117% to ₦0.9 billion; remittance fees: +63% to ₦1.5 billion) improved during the period. In addition, commissions on letters of credit grew by 18.4% to ₦3.6 billion (10.2% of F&C income) (Jun 2013: ₦3.0 billion) signifying benefits of our enhanced focus on trade finance transactions. Other fees and commissions[12] grew by 22.8% to ₦17.8 billion (Jun 2013: ₦14.5 billion). This improvement was driven by income from e-business transactions/income from alternative channels, and enhanced contribution from our non-banking subsidiaries.

[12] Fee income from other business groups, commission from e-business, other fees and commission not previously classified

Overall income from foreign exchange decreased by 17.6% to ₦7.2 billion (Jun 2013: ₦8.8 billion). We have however begun to see improvements in our foreign exchange income from various initiatives.

Some of the initiatives implemented to enhance revenue include:

- Higher transaction volumes through alternative channels including mobile banking, ATM, internet banking etc., which resulted in increased e-business gross revenue (Jun 2014: ₦6.2 billion vs. Jun 2013: ₦3.3 billion);
- Increased focus on growing in the higher margin segments of retail and mid-corporate/commercial and SME space, as well as driving shorter tenured loans;
- Enhanced focus on Bancassurance, trade finance transactions and increased commission from letter of credit (LC), as evidenced from the growth of LC commission and other fees and commission;
- Improved and sustained contribution from the non-banking subsidiaries; for instance, 9.3% profitability contribution from IBAM to ₦4.5 billion (Jun 2013: 7.8%, ₦4.3 billion), 0.9% from Insurance to ₦0.4 billion (Jun 2013: 0.6% ₦0.3 billion);
- Renewed focus on banking the value chain within the public sector and institutional banking clients.

Operating expenses rose by 14.3% to ₦102.9 billion y-o-y (Jun 2013: ₦90.0 billion) and declined by 0.2% to ₦51.4 billion in the Q2 2014. The increase in operating expenses in the period under review was due to:

- Regulatory costs, following the increase in the computation of the AMCON levy from 0.3% to 0.5% of total assets, including a third of qualifying contingents;
- advert and corporate promotion; and,
- Other operating expenses.

Personnel costs remained flat (+0.2%) at ₦45.0 billion (Jun 2013: ₦44.9 billion) in spite of the recent acquisition and consolidation of the ICB West Africa operations. This was achieved by restructuring our compensation structures for long-term sustainability. Overall, headcount increased by 5.9% while on a like-for-like basis, adjusting for the impact of the acquisition, underlying global headcount increased by 0.05% to 9,151 but reduced by 0.6% in Nigeria to 8,466 as we improve overall productivity of staff.

These dynamics, coupled with the regulatory induced pressure on the top line, resulted in upward pressure on the cost to income ratio to reached 65.2% (Jun 2013: 57.9%, Dec 2013: 62.5%), in line with our guidance.

We expect to see some improvements in the cost to income ratio in the latter part of the year as we continue to implement the measures highlighted below to control costs and also to enhance the revenue streams in the wake of regulatory headwinds. We expect additional savings from the closure of eleven branches and our focus on rationalising unprofitable branches while significantly slowing branch expansion. This should result in: the reduction of some maintenance, light and power, as well as personnel costs and other operating expenses; improved workforce alignment; further tightening in the expenditure approval and procurement process; and expanded processes around the centralised processing centre to further reduce transaction and processing cycles.

Net impairment charge on credit losses declined by 32.9% y-o-y to ₦6.7 billion (Jun 2013: ₦9.9 billion), leading to an improvement in the cost of risk to 0.7% (Jun 2013: 1.3%). The reduction in impairment charge was driven by recoveries, extended due diligence in credit selection and risk acceptance criteria of products, proactive account monitoring and a more effective remedial management structure.

The Group recorded an NPL ratio of 3.0% (Jun 2013: 3.8%, Dec 2013: 3.0%) with a coverage ratio of 85.0%[13] (Jun 2013: 113.0%, Dec 2013: 97.7%). To further enhance asset quality, structures are being put in place to effectively monitor, control and protect risk assets, especially in the drive to grow retail business.

Profit before tax stood at ₦48.3 billion (Jun 2013: ₦54.8 billion), down 12.0% y-o-y. Nonetheless, we have put in place measures and are reviewing our business model to ensure sustainable improvement in the bottom line in the coming periods.

Tax expense came in at ₦11.1 billion (Jun 2013: ₦9.0 billion), translating into an effective tax rate of 22.9% in line with the December 2013 effective tax rate of 22.7%.

Profit after tax declined by 19.4% y-o-y to ₦37.2 billion from ₦46.1 billion. The above performance translated into an annualised after tax return on average equity of 15.7% (Jun 2013: 20.6%, Dec 2013: 15.5%).

Earnings per share[14] of ₦2.29 (Jun 2013: ₦2.84).

Balance Sheet

Total assets increased by 18.4% y-o-y (3.4% y-t-d) to ₦4.0 trillion (Jun 2013: ₦3.4 trillion, Dec 2013: ₦3.9 trillion), driven by growth in lending activities.

Total customer deposits grew by 7.9% y-o-y and down by 5.9% y-t-d to ₦2.8 trillion (Jun 2013: ₦2.6 trillion, Dec 2013: ₦2.9 trillion). During the period under review, there was a 23.7% (₦166.2 billion) reduction in public sector deposits (current and domiciliary) due to a concerted effort to re-price these deposits to reflect the actual impact on our business as well as increased operational use of the funds by underlying beneficiaries. On balance, public sector deposits now represent 22.3% of total deposits, down from 30.4% in Jun 2013 and 27.5% in Dec 2013, reflecting our success in further diversifying the funding base of the Bank. The retail business within First Bank of Nigeria, with about 9.1 million active accounts, is the major driver of low-cost current and savings account deposits and represents 54% of total deposits as at 30 June 2014 (Jun 2013: 49.7%, Dec 2013: 48.7%). Savings deposits continued to grow, +3.3% y-t-d at ₦687 billion. The proportion of low-cost deposit, at 72% of total deposits, remains strong ensuring access to a cheap and sustainable deposit base to support the business, underscoring the confidence in the Bank by the public and the strength of its brand. Foreign currency deposits represent 20% (₦476.9 billion) of total deposits.

[13] Including statutory credit reserve
[14] Annualised

Notwithstanding, the revised rate on savings account and heightened competition for deposits following the regulatory headwinds and additional borrowings, the cost of funds was relatively stable at 3.1% (Jun 2013: 2.9%, Dec 2013: 3.3%).

A renewed retail and transaction banking focus will drive deposits from current and savings accounts and remain an important source of funding. Our extensive branch network (627 branches, 64 QSPs[15], 69 cash centres, 2,479 ATMs, as well as 10,964 POS terminals - including internet and mobile banking platforms) will not only serve as a base for growth for these low-cost deposits, but also as a platform to build a wide agency network for the Bank's mobile money business for fee generation and float income.

Total loans & advances to customers (net) grew by 20.7% y-o-y (4.0% y-t-d) to ₦1.8 trillion (Jun 2013 ₦1.5 trillion, Dec 2013: ₦1.8 trillion). First Bank of Nigeria only recorded y-t-d loan growth of 7.0% with loans primarily made to the following sectors - oil and gas, construction, manufacturing, public sector and general trade.

The proportion of foreign currency loans in the total loan book is 37% (₦595 billion), supporting transactions primarily in the power and oil and gas businesses. The asset quality improved during the period with the NPL ratio now at 3.0% (Jun 2013: 3.8%); benefitting from write-offs, recoveries, slower new NPL formation as well as loan growth.

Going forward, we expect loan growth for the year to be 10 - 15% and the sectors to drive this growth remain: oil and gas upstream, manufacturing, general commerce/trade and retail services.

Shareholders' equity amounted to ₦475.1 billion, up 0.7% y-t-d (Jun 2013: ₦455.6 billion, Dec 2013: ₦471.8 billion), positively impacted by additional reserves made to statutory reserve (+8.6%), AFS Fair value reserve (+27.5%) and statutory credit reserve (+16.7%). The recent conclusion of the $450 million Tier 2 debt issuance from the international market will further enhance the capital position.

The Commercial Banking Group achieved a **capital adequacy ratio** of 17.6% (Jun 2013: 19.1%), tier 1 ratio of 15.0% (Jun 2013: 17.6%) and liquidity ratio of 36.6% (Jun 2013: 47.5%).

[15] Quick Service Points

Business Groups[16]: Financial & Operational Review

	Commercial banking		IBAM		Insurance		Other financial services		Total	
	N' million									
	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14
Total Assets	3,268,809	3,830,076	51,910	94,810	10,307	16,291	50,097	60,782	3,381,122	4,001,959
% of total	**96.68%**	**95.71%**	**1.54%**	**2.37%**	**0.30%**	**0.41%**	**1.48%**	**1.52%**	**100.00%**	**100.00%**
Net operating income	147,184	146,891	6,550	7,039	804	2,039	371	1,841	154,909	157,810
% of total	**95.01%**	**93.08%**	**4.23%**	**4.46%**	**0.52%**	**1.29%**	**0.24%**	**1.17%**	**100.00%**	**100.00%**
Profit/(loss) before tax	49,911	44,350	4,295	4,475	319.25	446	287	(1,019)	54,813	48,252
% of total	**91.06%**	**91.91%**	**7.84%**	**9.27%**	**0.58%**	**0.92%**	**0.52%**	**-2.11%**	**100.00%**	**100.00%**
Profit after tax	42,116	33,739	3,507	4,203	238	318	241	(1,080)	46,102	37,180
% of total	**91.35%**	**90.74%**	**7.61%**	**11.31%**	**0.52%**	**0.85%**	**0.52%**	**-2.90%**	**100.00%**	**100.00%**

The **Commercial Banking Group** offers banking services to both individual and corporate clients. The entities that fall under this Business Group are: First Bank of Nigeria Limited, FBN Bank (UK), Banque Internationale de Crédit (BIC), ICB West Africa[17], our representative offices in Abu Dhabi, Beijing, Johannesburg and Paris as well as First Pension Fund Custodian and FBN Mortgages.

Commenting on the results for the Commercial Banking Group, GMD/CEO of First Bank of Nigeria Limited, Bisi Onasanya said: "The Commercial Banking Business group recorded profit before tax of ₦46.9 billion (Jun 2013: ₦50.1 billion), with performance impacted by the tough operating environment. The Bank's operating model continues to evolve in line with recent regulatory changes and the business environment. In addition to the initial measures undertaken to mitigate the impact of these changes, we have also reviewed and refined the Bank's operating model to ensure strategic realignment and optimal use of available resources. Our priorities include: the deployment of full-scale transaction banking capabilities (trade finance, cash management – payments and collections and liquidity management), a scaled-up and integrated cost-containment program; robust capital management; and further enhancement of our service. These initiatives are expected to: drive our non-interest income; stimulate improved collections; grow low-cost deposits; and, retain funds by executing (trade) transactions through the offering of e-Payment and liquidity management solutions, while earning applicable revenues.

"Our focus to consolidate our leadership in the retail and mid-cap/commercial segment in a measured and controlled manner will further enhance yields and revenue, while developing a robust middle office within existing resources. Our e-business solutions remain one of the best in the industry, evidenced by our recent exclusive partnership with PayPal which offers customers a seamless e-commerce payment option to shop anywhere in the world. We will consolidate our leadership position while driving targeted improvements to improve our financial performance and reinforce our appeal as the Bank of first choice."

[16] Table projects the financial reporting of each of the business groups post-consolidation. The pre-consolidation performance of each of the business group is described below this table.
[17] Comprising locations in Ghana, Gambia, Guinea, Sierra Leone and Ghana

First Bank of Nigeria Ltd. ("FirstBank")

Gross earnings rose by 7.1% y-o-y to ₦199.3 billion (Jun 2013: ₦186.1 billion); net interest income increased by 3.0% to ₦113.4 billion (Jun 2013: ₦110.0 billion) while profit before tax declined by 6.2% to ₦47.0 billion (Jun 2013: ₦50.1 billion). Total assets increased by 3.3% y-t-d to ₦3.9 trillion (Dec 2013: ₦3.7 trillion), with deposit declining by 5.8% to ₦2.8 trillion (Dec 2013: ₦2.9 trillion) but with growth in customer loans of 4.2% to ₦1.9 trillion (Dec 2013: ₦1.8 trillion).

E-business revenues have continued to grow, leveraging on our distribution network serving about 9.1 million active customer accounts while growing the number of cards. At the end of June 2014, we had over 7.5 million cards in issue of which about 6.5 million were Verve cards, sustaining our market share leadership of 33% and a card activity rate of 86%. The revenues from our card business improved by 23% to ₦2.29 billion as at June 2014.

We have continued to see impressive growth in the usage of our internet banking as well as mobile banking platforms. Online Banking in FirstBank has now been integrated with PayPal servers to enable customers to open PayPal accounts within their Online Banking profile, to link their MasterCard/Visa Card(s) to the account and to enable payments online without necessarily opening and verifying PayPal accounts directly on the PayPal domain.

With respect to mobile banking, the number of Firstmonie registered users grew (+716% y-o-y, +191% y-t-d) to about 1.5 million. The platform processed over 1.5 million transactions worth ₦10.1 billion in Q2 2014, respectively a 43% and 59% increase over Q1 2014 transactions and value. Agents' enrollment has also increased by 33% y-o-y, +14% y-t-d to 11,602, as at June 2014.

FBN UK

FBN UK gross earnings increased by 6.5% y-o-y to ₦12.4 billion (Jun 2013: ₦11.6 billion), while net interest income grew by 10.9% to ₦7.3billion (Jun 2013: ₦6.6 billion) and non-interest income increased by 38.3% to ₦1.6 billion (Jun 2013: ₦1.2 billion).

Gross earnings growth was driven by interest income from loans and advances as well as an increase of 16.6% in earning assets. Net interest income increased to ₦7.3 billion (+10.9% y-o-y) due to the containment of deposit costs, better asset yields and mix; while non-interest income performance was driven by an increase in trade finance business and other fee-related business. Profitability decreased by 2.4% to ₦4.6 billion (Jun 2013: ₦4.7 billion), impacted by a collective impairment charge on performing risk assets portfolio of ₦862.8 million bringing cost of risk to 0.4% as well as a proportional increase in operating cost. The collective impairment charge is a first-time adoption and a prudent measure as the volume of the loan book increases.

Total assets grew by 18.7% y-t-d to ₦655.7 billion (Dec 2013: ₦552.4 billion); driven by customer deposits growth of 12.5% y-t-d to ₦342.8 billion (Dec 2013: ₦304.8 billion), across both retail and wholesale deposits which provides a well-diversified funding base.

BIC

In the Democratic Republic of Congo, BIC's gross earnings increased by 31% y-o-y to ₦4.7 billion (Jun 2013: ₦3.6 billion) with profit before tax up by 59% to ₦1.2 billion (Jun 2013: ₦0.7 billion). Retail and corporate banking remain the key focus in this location with most of the risk assets generated in the capital – Kinshasa. Total assets grew by 0.6% y-t-d to ₦54.9 billion (Dec 2013: ₦54.6 billion). Customer deposits increased by 4.6% y-t-d to ₦45.1 billion (Dec 2013: ₦43.1 billion). Growth in earnings is driven by non-funded income and re-priced assets.

First Pension Custodian Nigeria Ltd. ("FPCNL")

Gross revenue grew by 25% to ₦1.9 trillion (Jun 2013: ₦1.5 trillion) driven by a combined 25% increase in fee and investment income. Fee income increased by 24% to ₦1.7 billion (Jun 2013: ₦1.3 billion) and investment income by 32% to ₦256 million (Jun 2013: ₦194 million). Profit for the period was up 42% for the half year to ₦1.3 billion above the prior-year position of ₦0.90 billion.

Total assets dipped by 4.7% y-t-d to ₦6.02 billion in June 2014 (Dec 2013: ₦6.3 billion) attributable to payment of 2013 dividend and company income tax. The total market value of assets under custody as at June 2014 was ₦1.54 trillion, a growth of ₦0.30 trillion (+24.2%) from the year prior (Jun 13: ₦1.24 trillion). The assets under custody comprise pension assets of ₦1.46 trillion and AMCON assets of ₦0.08 trillion. A new custody solution was implemented during the period to effectively meet customers' demands and increase sophistication in an evolving operating environment.

We expect the new Pension Reform Act 2014 (PRA 2014) which repeals the Pension Act 2004 to address some of the challenges that have been encountered in the effective implementation of PRA 2004. Among others, the PRA 2014 approved the upward review of rate of pension contribution from 15% to 18%, enhanced the coverage of the contributory pension scheme in the private sector, and increased the powers of the Commission on regulatory and enforcement activities and protection of pension fund assets. It also unlocks opportunities for the deployment of pension assets for national development whilst guaranteeing their safety and provides for the participation of the informal sector and framework for the adoption of the Contributory Pension Scheme by States and Local Governments.

The National Pension Commission is currently working on the inclusion of the informal sector of the Nigerian economy, estimated at over 70% of the working population. This will consequently increase the value of pension assets and drive confidence to the sustainability of the pension industry in Nigeria.

ICB West Africa

Following receipt of regulatory approvals from the respective regulators and fulfillment of all conditions precedent, the acquisitions of ICB Ghana, ICB Gambia, ICB Guinea and ICB Sierra Leone were completed on 8 November 2013, while ICB Senegal's acquisition was finalised on 27 May 2014 resulting in FirstBank gaining control of the operations of all five entities. These five subsidiaries are Tier 3 banks in their respective markets, offering a number of financial services and products to their customers comprising retail, corporate, SMEs and the public sector, with their operations classified into business and consumer banking.

The total assets of the five ICB West Africa banking operations was ₦39.6 billion (1% of banking group) generating gross earnings of ₦2.8 billion and returning a profit before tax of ₦0.9 billion.

The **Investment Banking and Asset Management (IBAM) Group** arranges finance, provides advisory services, administers assets, manages funds and invests capital, for both institutional and individual clients. FBN Capital is the arrow-head for this business, with First Funds, First Trustees, FBN Securities and FBN Capital Asset Management as its subsidiaries. IBAM gross earnings increased by 26.2% to ₦10.7 billion (Jun 2013: ₦8.5 billion) and its profit before tax increased by 12.2% amounted to ₦4.7 billion (Jun 2013: ₦4.2 billion).

Performance for the first half of the year was primarily driven by the Investment banking, Asset management & Trust businesses collectively contributing 74% of net revenues. Key oil and gas transactions drove the investment banking performance across structured finance and syndicated loan market activities. The Asset management business likewise performed well and is now ranked 2nd on the Securities and Exchange Mutual Funds league table, moving up from 3rd position, as at the end of the Q1 2014. This performance was largely driven by strong growth of c.19% in the Money market fund.

Total assets of the business decreased by 3.7% y-t-d to ₦144.2 billion (Dec 2013: ₦149.7 billion), as a result of the payments of dividends during the period as well as taxes.

The **Insurance Business Group** offers insurance brokerage and composite underwriting services to customers; while FBN Insurance Brokers (100% owned subsidiary) provides the brokerage business, the full underwriting business is provided through FBN Insurance (65% owned by FBNH and 35% by Sanlam). Revenue for the Insurance group increased by 60.3% to ₦2.7 billion from ₦1.7 billion, while profit before tax rose to ₦0.52 billion, up 62.5% y-o-y from ₦0.32 billion in the same period the year prior. FBN Insurance business contributed 57% to the insurance group's profit with ₦297 million split between life business (₦153.7 million) and the general business (₦143 million).

This performance was driven by increased business volume following the inclusion of the General insurance business, the increase in sale of retail risk products as well as the deployment of distribution channels such as bancassurance, credit life and mobile insurance products. We expect to improve contributions, widen the product offerings and increase our market share as we fully integrate the General insurance business in the coming periods.

Total assets of the business increased by 28.9% y-t-d to ₦16.7 billion (Dec 2013: ₦13.0 billion).

The **Other Financial Services Business Group** includes the Group's non-operating holding company and other non-banking financial services businesses including FBN Microfinance bank, which provides microfinance services to the mass-market retail segment.

FBN Microfinance

Gross earnings increased by 7.1% to ₦557 million (Jun 2013: ₦520 million), with profit before tax of ₦154 million, up 20.9% from ₦127 million as at June 2013, this was driven primarily from interest income from investments securities +25% y-o-y, followed by income from loans and advances. We expect improved performance in the next half of the year from meeting loan disbursement projections and from increased participation in the financial inclusion programme of the government. For instance, we have commenced loan disbursement to market men and women under the Lagos State Micro Finance Institution programme.

Total assets increased by 9.3% y-t-d to ₦8.9 billion (Dec 2013: ₦8.2 billion).

– ENDS –

Conference call

FBN Holdings will host a teleconference call for analysts and investors on, **Tuesday, 5 August 2014 at 3:00pm UK / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town**, during which senior management will present the unaudited results for the first half ended 30 June 2014. There will be an opportunity at the end of the call for questions.

The teleconference call facility can be accessed by dialing:

0708 060 1819 (Nigeria)

0800 279 4992 (UK) or **+44 20 3427 1919** (UK/Lagos); **+1 877 280 1254** or **+1 212 444 0481** (US); or **0800 984 127** or **+27 11 019 7075** (South Africa)

And then entering the following confirmation code: **3938089#**

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 dialing:

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

Passcode: **3938089#**

An investor presentation will be available on the FBN Holdings website a few hours before the call on Tuesday 5 August 2014.

Click here to access the presentation.

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

- H1 2014 Results Press release
- H1 2014 Financial Statements (Abridged)

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FBN Holding Company Plc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		GROUP		COMPANY	
AS AT:	Notes	30 June 2014 N' million	31 December 2013 N' million	30 June 2014 N' million	31 December 2013 N' million
ASSETS					
Cash and balances with central banks	1	**516,002**	594,234	**-**	-
Loans and advances to banks	2	**679,521**	430,586	**978**	1,477
Loans and advances to customers	3	**1,839,056**	1,769,130	**65**	72
Financial assets at fair value through profit or loss	4	**19,428**	10,287	**-**	-
Investment securities					
- Available for sale	5	**383,398**	529,488	**2,515**	2,515
-Held to maturity	5	**280,581**	294,575	**6,426**	-
-Loans and receivables		**-**	-	**7,816**	7,332
Asset pledged as collateral	6	**64,215**	53,650	**-**	-
Inventory	7	**32,926**	30,253	**-**	-
Investments in Subsidiaries	8	**-**	-	**246,777**	246,777
Investments in associates accounted for using the equity method	9	**7,549**	7,029	**6,428**	9,281
Property, plant and equipment	10	**78,982**	81,299	**1,291**	1,072
Intangible assets	11	**8,179**	8,748	**-**	-
Deferred tax asset		**6,144**	7,120	**-**	-
Other assets	12	**72,067**	41,405	**2,980**	43,285
Investment properties	13	**2,756**	2,413	**-**	-
Assets classified as held for sale	14	**11,155**	10,784	**-**	-
Total assets		**4,001,960**	3,871,001	**275,276**	311,811
LIABILITIES					
Deposits from banks		**265,366**	82,032	**-**	-
Deposits from customers	15	**2,756,842**	2,929,081	**-**	-
Financial liabilities held for trading		**1,763**	1,701	**-**	-
Liability on investment contracts	16	**53,316**	68,723	**-**	-
Liability on insurance contracts	16	**6,230**	3,651	**-**	-
Borrowings		**193,608**	126,302	**-**	-
Retirement benefit obligations	17	**3,110**	1,924	**-**	-
Current income tax liability		**15,464**	34,167	**-**	-
Deferred income tax liability		**936**	37	**-**	-
Other liabilities	18	**227,883**	149,859	**4,132**	3,710
Liabilities included in assets classified as held for sale	19	**2,322**	1,747	**-**	-
Total liabilities		**3,526,841**	3,399,224	**4,132**	3,710
EQUITY					
Share capital		**16,316**	16,316	**16,316**	16,316
Share premium		**254,524**	254,524	**254,524**	254,524
Retained earnings		**109,981**	115,397	**224**	37,180
Other reserves					
-Statutory reserve		**56,533**	52,074	**-**	-
-SSI Reserve		**6,076**	6,076	**-**	-
-AFS Fair Value Reserve		**19,082**	14,969	**71**	71
-Contigency reserve		**170**	107	**-**	-
-Statutory credit reserve		**9,320**	7,987	**-**	-
-Treasury share reserve		**(2,280)**	(2,280)	**-**	-
-Capital reserve		**-**	-	**10**	10
-Foreign currency translation reserve		**18**	2,102	**-**	-
		469,740	467,272	**271,145**	308,101
Non-controlling interest (NCI)		**5,379**	4,505	**-**	-
Total equity		**475,119**	471,777	**271,145**	308,101
Total equity and liabilities		**4,001,960**	3,871,001	**275,276**	311,811

FBN Holding Company Plc.

CONSOLIDATED INCOME STATEMENT		GROUP		COMPANY	
FOR THE PERIOD ENDED:	Note	30 June 2014 N'million	30 June 2013 N'million	30 June 2014 N'million	30 June 2013 N'million
Interest income	20	164,859	150,730	2,167	254
Interest expense	21	(49,696)	(37,992)	-	-
Net interest income		115,163	112,738	2,167	254
Impairment charge for losses	22	(6,660)	(9,919)	-	-
Net interest income after impairment charge for credit losses		108,505	102,819	2,167	254
Fee and commission income	23	35,076	31,286	-	-
Fee and commission expense		(3,952)	(2,399)	-	-
Foreign Exchange income		7,232	8,778	-	-
Net gains/(losses) on investment securities	24	433	(167)	-	-
Net gains/(losses) from financial assets at fair value through profit or loss	25	147	-	-	-
Net insurance premium		1,585	1,589	-	-
Net insurance benefits and claims		(562)	(1,329)	-	-
Dividend income		1,027	1,919	1,173	33,540
Other operating income		1,100	1,715	3	-
Operating expenses	26	(102,858)	(89,956)	(4,403)	(523)
Operating profit/ (loss)		47,732	54,255	(1,060)	33,271
Share of profit / (loss) of associates		520	555	-	-
Profit before tax		48,252	54,810	(1,060)	33,271
Income tax expense		(11,072)	(9,031)	-	(28)
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		37,180	45,779	(1,060)	33,243
Discontinued operations					
Profit for the year from discontinued operations (attributable to owners of the parent)		-	322	-	-
PROFIT/ (LOSS) FOR THE PERIOD		37,180	46,101	(1,060)	33,243
Profit/ (loss) attributable to:					
Owners of the parent		37,146	45,975	(1,060)	33,243
Non-controlling interests		34	126	-	-
		37,180	46,101	(1,060)	33,243

- Notes to Editors -

FBN Holdings Plc (ISIN: NGFBNH000009) is the most diversified financial services group in Nigeria. The affiliates of FBN Holdings offer a broad range of products and services across commercial banking, investment banking, insurance and microfinance business in 11 countries[18] (Lagos, Nigeria; London, United Kingdom; Paris, France; Johannesburg, South Africa; Beijing, China; Abu Dhabi, UAE and Democratic Republic of Congo; Accra, Ghana; Banjul, Gambia, Conakry, Guinea, Freetown, Sierra Leone). The Group, employing over 9,682 staff, serves over 9.1 million active customers' accounts, through about 866 business locations and over 2,479 ATMs. The group boasts an excellent corporate governance structure underpinned by strong institutional processes, systems and controls. FBN Holdings Plc is structured under four business groups, namely: Commercial Banking, Investment Banking and Asset Management, Insurance, and Other Financial Services.

FBN Holdings' principal bank subsidiary is First Bank of Nigeria Limited (FirstBank), a commercial bank with operations in 11 countries. We also have FBN Capital, a leading investment banking and asset management company; FBN Insurance a composite insurance company; FBN Insurance Brokers; and FBN Microfinance Bank, which offers microfinance services.

FBN Holdings Plc was incorporated in Nigeria on 14 October 2010, following the business reorganisation of the First Bank group into a holding company structure. The Company was listed on the Nigerian Stock Exchange under the 'Other Financial services' sector on 26 November 2013 and has issued and fully paid-up share capital as 32,632,084,345 ordinary shares of 50 kobo each (₦16,316,042,172.50). FBN Holdings is owned by about 1.3 million shareholders across the globe and has an unlisted Global Depositary Receipt (GDR) programme. More information can be found on our website www.fbnholdings.com

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.

FBN Holdings 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 of these 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.

[18] Including representative offices