FBNHoldings

NSE: FBNH
12 April 2019

Bloomberg: FBNH NL
Reuters: FBNH.LG

PRESS RELEASE

Lagos, Nigeria – 12 April 2019

FBN HOLDINGS PLC. REPORTS 31.4% GROWTH IN PROFIT AFTER TAX FOR THE YEAR ENDED DECEMBER 31, 2018

FBN Holdings Plc. ("FBNH" or "FBNHoldings" or the "Group") today announces its audited results for the full year ended 31 December 2018.

Income Statement

- Gross earnings of ₦583.5 billion, down 2.0% year-on-year (y-o-y) (2017: ₦595.4 billion)
- Net-interest income of ₦284.2 billion, down 14.3% y-o-y (2017: ₦331.5 billion)
- Non-interest income of ₦131.7 billion, up 15.8 % y-o-y (2017: ₦113.7 billion)[1]
- Operating income of ₦415.9 billion, down 6.5% y-o-y (2017: ₦444.8 billion)
- Impairment charges of ₦86.9 billion, down by 42.2% y-o-y (2017: ₦150.4 billion)
- Operating expenses of ₦263.7 billion, up 9.7% y-o-y (2017: ₦240.3[2] billion)
- Profit before tax of ₦65.3 billion, up 19.7% y-o-y (2017: ₦54.5 billion)
- Profit after tax ₦59.7 billion, up 31.4% y-o-y (2017: ₦45.5 billion)
- Proposed dividend per share of ₦0.26 (2017: ₦0.25)

Statement of Financial Position

- Total assets of ₦5.6 trillion, up 6.3% y-o-y (Dec 2017: ₦5.2 trillion)
- Customer deposits of ₦3.5 trillion, up 10.9% y-o-y (Dec 2017: ₦3.1trillion)
- Customer loans and advances (net) of ₦1.7 trillion, down 15.9% y-o-y (Dec 2017: ₦2.0 trillion)

Key Ratios

- Pre-tax return on average equity of 10.8% (2017: 8.7%)
- Post-tax return on average equity of 9.9% (2017: 7.3%)
- Pre-tax return on average assets of 1.2% (2017: 1.1%)
- Post-tax return on average assets of 1.1% (2017: 0.9%)
- Net-interest margin of 7.5% (2017: 8.4%)
- Cost to income ratio of 63.4% (2017: 54.0%)
- NPL ratio of 25.9% (Dec 2017: 22.8%)
- 45.2% liquidity ratio (FirstBank (Nigeria)) (Dec 2017: 49.3%)
- 17.3% CAR[3] (FirstBank (Nigeria)) (Dec 2017: 17.7%)
- 12.2 % CAR (FBNQuest Merchant Bank) (Dec 2017: 13.5%)

[1] Includes FX revaluation gain of ₦19.1 billion (2017: ₦13.5 billion)

[2] 2017 numbers have been restated to recognise the additional AMCON resolution costs. Originally ₦238.0 billion

[3] CAR – Capital Adequacy Ratio (Total)

Notable Developments

- The credit rating outlook in the Group was revised from Negative to Positive by Fitch Ratings
- The Commercial banking business strengthened its competitive position with reorganisation and recapitalisation in key markets to increase the contribution of international subsidiaries
- Chuma Ezirim was appointed Group Executive, E-Business and Retail Products with a mandate to accelerate FirstBank's strategic execution of digital initiatives and E-Business product offerings
- The Commercial Bank reaffirmed its leadership in retail banking with effective coverage of the country via the agency banking initiative with about 15,000 agents, thereby deepening financial inclusion
- Received regulatory approval to commence the implementation of a Group Shared Service Initiative

Financial Performance Highlights

Income statement

(₦ billion)	FY 2018	FY 2017	∆%
Gross earnings	583.5	595.4	-2.0%
Interest income	434.4	469.6	-7.5%
Net-interest income	284.2	331.5	-14.3%
Non-interest income[7]	131.7	113.7	15.8%
Operating Income[9]	415.9	444.8	-6.5%
Impairment charges for losses	86.9	150.4	-42.2%
Operating expenses	263.7	240.3	9.7%
Profit before tax	65.3	54.5	19.7%
Profit after tax	59.7	45.5	31.4%
Basic EPS (kobo)[12]	1.65	1.15[13]	43.5%

Statement of Financial Position

(₦ billion)	FY 2018	FY 2017	∆%
Total assets	5,568.32	5,236.54	6.3%
Customer loans & advances (Net)	1,683.81	2,001.22	-15.9%
Customer deposits	3,486.69	3,143.34	10.9%

Key Ratios %	FY 2018	FY 2017
Post-tax return on average equity[4]	9.9	7.3
Post-tax return on average assets[5]	1.1	0.9
Earnings yield[6]	11.4	11.9
Net-interest margin[8]	7.5	8.4
Cost of funds[10]	3.4	3.4
Cost to income[11]	63.4	54.0
Gross loans to deposits	59.3	72.5
Liquidity (FirstBank(Nigeria))	45.2	49.3
Capital adequacy (FirstBank (Nigeria))	17.3	17.7
Capital adequacy (FBNQuest Merchant Bank)	12.2	13.5
NPL/Gross Loans	25.9	22.8
NPL coverage[14]	78.3	61.9
PPOP[15]/impairment charge (times)	1.8	1.4
Cost of credit risk[16]	3.5	6.4
Leverage (times)[17]	10.5	7.8

[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 (Less financial assets at fair value through profit and loss plus unlisted debts).
[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 (Less financial assets at fair value through profit and loss plus unlisted debts).
[9] Operating income defined as Net interest income plus non-interest income, excluding share of profit of associate
[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 divided by weighted average number of shares in issue
[13] Previously 1.21
[14] Expected credit loss (EPL) coverage computed as total allowance for impairment plus statutory credit reserve divided by total stage 3 loans
[15] PPOP - Pre-provision operating profit computed as sum of operating profit and impairment charge
[16] Cost of risk computed as credit impairment charges divided by the average opening and closing gross loans balances. Only credit related losses are considered.
[17] Total assets divided by shareholders' equity

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

"Over the course of the 2017 – 2019 strategic cycle, the priority for management has been to strengthen the various businesses across the Group and position for sustainable growth over the long term. Our three-pronged approach has primarily been to drive long-term revenue generation capabilities, overhaul risk management processes and drive efficiency across our businesses.

We have seen significant results in our revenue diversification aspiration, with improving digital banking offerings which have enhanced our non-interest income from the commercial banking group. Similarly, there has been steady growth in contribution to the revenue pool of the Group from the insurance business and the merchant banking business, helping to further reinforce the revenue generation capacity of the Group.

The revamp of our risk management architecture, which is one of the key enablers to our shareholder value creation aspiration, will ensure our revenue generating capacity translates to stronger growth in profitability now that we have materially progressed in resolving the legacy issues as evidenced by the full provision for the largest NPL in our loan book.

Finally, we have also focused on driving operational efficiencies across the Group by leveraging technology, improving processes and increasing synergies across various entities.

In 2019, we expect growth in interest income to complement our growing non-interest revenue as we undertake guided expansion of the loan book which contracted in the last two financial years."

Group Financial Review

Income Statement

Gross earnings amounted to ₦583.5 billion (2017: ₦595.4 billion), representing a marginal drop of 2.0% y-o-y. This was due to a 7.5% decline in interest income on the back of a decrease in the loan book as well as the depressed yield environment which led to a decline in income from investment securities. However, the drop in gross earnings was partially offset by the 15.8%[18] y-o-y growth in non-interest income. Interest income and non-interest income contributed 74.5% and 22.6%[19] (2017: 78.9% and 19.1%) respectively to gross earnings.

Net Interest income decreased by 14.3% y-o-y to ₦284.2 billion (2017: ₦331.5 billion) largely on account of the contraction in the loan book and the decline in investment securities' income, which were in part mitigated by an increase in income from loans to banks. Income from customer loans declined by 9.1% y-o-y to ₦262.4 billion (2017: ₦288.6 billion). Investment securities' income declined by 13.0% y-o-y to ₦150.8 billion (2017: ₦173.3 billion). Income from loan to banks was up 174.4% y-o-y to ₦21.2 billion (2017: ₦7.7 billion). Income from customer loans and income from investment securities accounted for 60.4% and 34.7% of total interest income in 2018 respectively, compared to 61.5% and 36.9% in 2017. Interest expense however, increased by 8.8% y-o-y to ₦150.2 billion (2017: ₦138.1 billion) largely driven by 7.6% y-o-y increase in interest on customer deposits resulting from 10.9% y-o-y growth in deposits from customers.

[18] Growth is 12.4% excluding FX revaluation gains
[19] Net of fees and commission expense

Cost of funds remained flat at 3.4% (2017: 3.4%), primarily on the back of the improvement in the Group's funding mix evidenced by the 18.7% y-o-y growth in low-cost deposits which now account for 77% of total deposits (2017: 72%). We have remained focused on keeping our cost of funds low despite the tight liquidity and competition in the market.

On the other hand, yields declined during the year. Accordingly, average yields on customer loans closed at 13.2% (2017: 14.1%) while yields on investment securities declined to 10.1% (2017: 13.4%). Overall, the blended yield on interest earning assets declined to 11.4% from 11.9% in the previous year resulting in **net interest margin** declining to 7.5% (2017: 8.4%).

Non-interest income (NII) increased by 15.8% y-o-y to ₦131.7 billion from ₦113.7 billion in the prior year, driven by the 24.5% y-o-y growth in fees and commission income to ₦92.7 billion (2017: ₦74.5 billion) on the back of growing contribution from digital banking channels. Furthermore, as a result of increased foreign currency volatility, foreign exchange income increased by 55.0% to ₦32.6 billion (2017: ₦21.1 billion) representing 24.8% of non-interest income against 18.5% in the prior year. Excluding FX revaluation gains, NII increased by 12.4% demonstrating the sustainability of our non-interest revenue streams.

The contribution of fees and commission (F&C) income to total non-interest income further increased from 65.5% in the previous year to 70.4%. The key drivers of F&C remained electronic banking fees and account maintenance fees which grew by 36.2% y-o-y and 84.4% y-o-y to ₦34.0 billion (2017: ₦25.0 billion) and ₦12.3 billion (2017: ₦6.7 billion) respectively. In addition, brokerage and intermediation fees recorded a marked 665.9% y-o-y growth to ₦11.9 billion (2017: ₦1.6 billion). Other drivers include: 7.6% y-o-y growth in custodian fees to ₦6.4 billion (2017: ₦6.0 billion); 51.4% y-o-y increase in fund management fees to ₦3.0 billion (2017: ₦2.0 billion); as well as 48.8% y-o-y growth in other fees and commissions income to ₦3.9 billion (2017: ₦2.6 billion). The improvement in F&C was partly offset by the combined effect of a 28.9% y-o-y decline in letters of credit commission and fees to ₦4.3 billion (2017: ₦6.0 billion), 34.2% y-o-y decline in money transfer commission to ₦2.4 billion (2017: ₦3.6 billion) as well as 67.5% y-o-y decline in credit related fees to ₦2.4 billion (2017: ₦7.4 billion).

The Group remains focused on growing its non-interest income as shown in the improving contribution of the non-commercial banking business to the group revenue and profitability. This has been driven by increasing synergies and collaboration across our businesses. During the year net insurance premium increased by 51.9% to ₦15.5 billion (2017: ₦10.2 billion), representing 11.8% contribution to non-interest revenue from 9.0% in 2017. In addition, the commercial banking business continues to deepen the strategic push of increasing the transaction-based revenue through innovations and continuous digitalization of financial products and services to better serve the customers.

Operating expenses increased by 9.7% y-o-y to ₦263.7 billion (2017: ₦240.3 billion) but remained below the headline inflation rate of 11.4%. Staff related costs (35.4%) and regulatory cost (13.3%) jointly accounted for about half of operating expenses. While staff cost increased by 9.0% y-o-y following employee rejuvenation initiatives to drive increased productivity, regulatory costs grew by 3.9% y-o-y due to the 6.2% y-o-y increase in total asset of the commercial bank in 2017. Other cost drivers can be attributed to the inflationary pressures as well as the Group's ongoing transformation related expenses expected to enhance revenue generating capacity, improve operational efficiencies and enhance risk governance.

Cost-to-income ratio closed at 63.4% (Dec 2017: 54.0%) in FY 2018. The weakened ratio is essentially driven by the constrained operating income from the moderated lending and the declining yield environment even as operating expenses remain below inflation. Notwithstanding the current position, we remain optimistic on further enhancing our efficiencies in the near term, as we begin to derive the benefits of our investments in people, processes, innovation, technology and synergies.

Impairment charge for losses declined by 42.2% y-o-y to ₦86.9 billion (2017: ₦150.4 billion) as we continue to focus on remediation and recovery activities towards improving asset quality. Consequently, **cost of credit risk** decreased to 3.5% (2017: 6.4%). We remain committed to materially resolving legacy non-performing loans and achieving a single digit NPL ratio in the current financial year.

Profit before tax increased by 19.7% y-o-y to ₦65.3 billion (2017: ₦54.5 billion). Income tax expense for the year was ₦5.5 billion (2017: ₦9.0 billion). **Earnings per share** increased by 43.5% y-o-y to ₦1.65 (Dec 2017: ₦1.15).

Statement of Financial Position

Total assets increased by 6.3% y-o-y to ₦5.6 trillion (Dec 2017: ₦5.2 trillion) driven by 33.3% y-o-y increase in investment securities to ₦1.7 trillion (Dec 2017: ₦1.2 trillion). Loans to banks & customers and investment securities constitute 76% of total assets (Dec 2017: 76%).

Total customer deposits grew by 10.9% y-o-y to ₦3.49 trillion (Dec 2017: ₦3.14 trillion). The growth in deposits was driven by a 21.8% y-o-y and 15.9% y-o-y increase in current and savings accounts to ₦915.3 billion (Dec 2017: ₦751.3 billion) and ₦1.2 trillion (Dec 2017: ₦1.0 trillion) respectively. In addition, domiciliary deposits grew by 20.6% y-o-y to ₦583.5 billion (Dec 2017: ₦484.0 billion). The continued healthy growth in the face of heightened competition underscores the confidence reposed in the Group by the public, the strength of our franchise as a time-tested financial institution. As a result, the ratio of the low-cost deposit to total deposits has further improved from 72.0% in 2017 to 77.0% at the Group and from 82.9% to 85.0% at FirstBank Nigeria respectively. Furthermore, core current and savings deposits are now 77.8% and 88.8% from 68.2% and 80.7% respectively in 2017, indicating the relative stable nature of these deposits.

Benefiting from our strong franchise, we are increasing the number of customers across our businesses with customers' accounts at FirstBank currently at 15.7 million from 14.7 million in the prior year. We expect to continuously increase the number of customers leveraging on our agency banking network now located across the country. The retail business, with over 95% of total customer accounts in the books, generates approximately 67% of deposit base, and continues to provide very stable funding.

Total loans & advances to customers (net) declined by 15.9% y-o-y to ₦1.7 trillion (Dec 2017: ₦2.0 trillion). This is reflective of the weak macroeconomic environment that does not support aggressive risk asset creation. Nevertheless, the Group will fulfil its commitment on balance sheet growth and materially reduce its NPLs in the current financial year. As a testament to keeping the financial position of our business strong, we have made appreciable provisions with coverage ratio at 78.3% (Dec 2017: 61.9%). Moreover, at the end of the year, our biggest challenged exposure – Atlantic Energy, was fully provisioned.

Shareholders' Funds closed at ₦530.6 billion (Dec 2017: ₦673.7 billion), this was on the back of the implementation of IFRS 9. However, while statutory reserve, foreign currency translation reserve and contingency reserve were up by 11.0%, 1.8% and 60.8% respectively to ₦93.3 billion (Dec 2017: ₦84.1 billion), ₦49.0 billion (Dec 2017: ₦48.1 billion) and ₦2.0billion (Dec 2017: ₦1.3 billion), statutory credit reserves was down to ₦33.6 billion from ₦42.8 billion in the prior year.

Capital adequacy ratio for FirstBank (Nigeria) remains strong at 17.3% (Dec 2017: 17.7%), 230bps above the regulatory minimum of 15%, while the capital adequacy ratio for FBN Merchant Bank closed at 12.2% (Dec 2017: 13.5%) above the 10% regulatory requirement for Merchant Banks.

Liquidity ratio for FirstBank (Nigeria) remains healthy at 45.2% (Dec 2017: 49.3%) above the 30% regulatory mark.

Business Groups[20 21 22]:

Commercial Banking

- Gross earnings of ₦514.8 billion, down 4.9% y-o-y (2017: ₦541.6 billion)
- Net interest income of ₦268. 0 billion, down 16.2% y-o-y (2017: ₦319.7 billion)
- Non-interest income of ₦ 95.7 billion, up 8.5% y-o-y (2017: ₦88.2 billion)[23]
- Operating expenses of ₦231.8 billion, up 9.4% y-o-y (2017: ₦211.8 billion)
- Profit before tax of ₦40.1 billion, down 26.9% y-o-y (2017: ₦54.8 billion)
- Profit after tax of ₦40.3 billion, down 18.1% y-o-y (2017: ₦49.2 billion)
- Total assets of ₦5.3 trillion, up 5.8% y-o-y (Dec 2017: ₦5.0 trillion)
- Customers' loans and advances (net) of ₦1.71 trillion, down 15.7% y-o-y (Dec 2017: ₦2.03 trillion)
- Customers' deposits of ₦ 3.4 trillion, up 10.7% y-o-y (Dec 2017: ₦3.1 trillion)

The Commercial Banking business contributed 88.2% (2017: 90.1%) to gross earnings of the Group and 68.1% (2017: 76.7%) to its profit before tax.

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

"The performance of the commercial banking group in 2018 reflects its strong franchise that helped navigate the tough operating market conditions.

We remain focused on enhancing our revenue generation capacity by leveraging new technologies and platforms, improving operational efficiencies and enhancing the Bank's risk management framework to deal with asset quality challenges. We have intensified efforts to grow our business by driving customer acquisition and promoting a full digital and transaction banking offering which has resulted in the steady increase in non-interest revenues. In addition, we have continued to rejuvenate our workforce to ensure the Bank is a hub of talents towards increasing overall productivity and remaining Nigeria's bank of first choice. Furthermore, we have implemented several initiatives across our businesses in line with our enterprise transformation program which will enable us to deepen our market penetration in the markets where we operate.

In 2019, we are focusing on optimising yields from our risk assets as we take advantage of growth opportunities in key sectors of the economy whilst resolving asset quality challenges. We are confident that the risk management structures which we have put in place will enable us to increase recoveries and reduce loan losses. Importantly and in line with our guidance, we have fully provisioned our largest NPL and on course to a logical conclusion. Consequently, we have enhanced our capital absorbing capacity and will continue to build strong capital buffers through earnings retention to meet any business risks across the banking group.

As we celebrate our 125th anniversary as the oldest and one of the most resilient banking groups in Africa, our aim is to regain our market leadership position by leveraging our robust and diversified business model whilst offering excellent service delivery and value to our stakeholders".

[20] Please refer to the 'Notes to Editors' section on page 13 for the companies in each business group
[21] The pre-consolidation numbers of each of the business groups have been considered in discussing their performance
[22] Post consolidation, the Commercial Banking, Merchant Bank & Asset Management, Insurance and Other services contributed 88.2%, 7.7%, 3.8% and 0.3% (2017: 90.1%, 6.5%, 3.1% and 0.3%) respectively to the Group's gross earnings and 68.1%, 26.3%, 9.4% and -3.9% (2017: 77.6%, 19.2%, 7.8% and -4.6%) to the Group's profit before tax.
[23] Includes FX revaluation gain in FY 2018: -₦19.1. billion (2017: ₦13.5 billion)

Merchant Banking & Asset Management (MBAM)

The operating environment in 2018 was particularly challenging for our business. The year was characterised by contracting spreads in the fixed income market, a sluggish equity/M&A market and a fairly stable FX environment. With fewer transactions the competitive landscape also became more intense.

Nonetheless, the MBAM business group maintained profitability and recorded steady growth in certain business lines. This again demonstrates the resilient and diversified nature of the business portfolio. The main contributors to the fairly strong financial performance were the Asset Management, Corporate Banking, Trustees and Fixed Income, Currencies and Trading (FICT) businesses.

Total revenue increased by 16.0% y-o-y to ₦45.3 billion from ₦39.0 billion in 2017, while profit before tax grew by 55.0% y-o-y to ₦16.3 billion from ₦10.5 billion in 2017. Assets under management (AuM) across the group (FBNQuest Asset Management and FBNQuest Trustees) increased by 5.0% to close at ₦261 billion (2017: ₦248.5 billion). The Asset Management business has remained strong in the competitive ranking amongst its peers, based on SEC[24] registered funds, maintaining the 2nd position in the industry, same as the prior year. Overall, total assets closed at ₦218.6 billion, representing a 0.8% y-o-y increase (2017: ₦216.9 billion). The businesses in the group remain well capitalised with total group equity of ₦44.0 billion, while the capital adequacy of the merchant bank stands at 12.2%, above the regulatory requirement of 10%.

In 2019, we will continue to look for ways of creating more value for our customers. In achieving this objective, we will focus on our strategic goals of increasing group collaboration and enhancing revenue generation across all businesses, improving efficiencies as well as deepening innovation and digitisation to enhance the client experience.

The Merchant Banking and Asset Management business contributed 7.7% (2017: 6.5%) to gross earnings of the Group and 26.3% (2017: 19.2%) to profit before tax.

Insurance

The insurance business sustained its steady growth trajectory across the different segments despite prevailing macroeconomic headwinds. The performance was driven by further deepening customer engagements, growing business activities and generating improved income from effective investment portfolio mix. The retail business continues to generate the highest contribution to revenue followed by the growing Annuity business and the non-life business. To further increase the insurance penetration and enhance revenue as well as profitability, the life business scaled up its direct distribution through the agency network.

Consequently, Gross Premium Written (GPW) increased by 32.5% y-o-y to close at ₦30.6 billion (2017: ₦23.1 billion). On the back of this, the Insurance business further reinforced its leadership position as one of the fastest growing underwriting businesses in Nigeria with a compounded annual growth rate (CAGR) of 26.1% in GPW over the last four years. Total revenue of the Insurance business group increased by 21.0% y-o-y to ₦22.7 billion (2017: ₦18.7 billion), while profit before tax rose by 44.4% y-o-y to ₦6.8 billion (2017: ₦4.7 billion). The business group's total assets increased by 49.8% y-o-y to ₦76.6 billion (2017: ₦51.1 billion).
During the period under review, we continued to deepen our underwriting capabilities working with our Partner – Sanlam Emerging Market. As a result, the Insurance Group witnessed significant improvement in underwriting results and achieved greater cost efficiency as well as impressive growth across product lines.

[24] Securities and Exchange Commission

The key sectors driving the growth of the Insurance Group remain the retail, corporate and annuity businesses. We are confident of our ability to sustain this growth in 2019 as we continue to enhance revenue generation across all segments, deepen customer engagement, improve operational efficiency and build a competent workforce.

The insurance business contributed 3.8% (2017: 3.1%) to the Group's gross earnings and 9.4% (2017: 7.9%) to its profit before tax.

– ENDS –

Conference call

FBNHoldings will host a question and answer teleconference call with analysts and investors on the audited results for the full year 31 December 2018 and unaudited results for the three months 31 March 2019 on **Friday 26 April 2019 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:

+ 234 1 277 6330 (Nigeria); **0800 279 7204** or **+44 330 336 9411** (United Kingdom); **888 208 1711** or **+1 323 994 2082** (United States); and **0800 980 520** or **+27 11 844 6118** (South Africa).

and then entering the following confirmation code: **7189128#**

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 dialling:

0808 101 1153 or **+44 20 7660 0134** (United Kingdom); **+1 719 457 0820** or **888 203 1112** (United States); **0800 980 995** or **+27 11 062 3065** (South Africa)

and then entering the following code: **7189128#**

An investor presentation will be available ahead of the call on the FBNHoldings website.

Click here to access the presentation.

The following related documents are also available on our website https://www.fbnholdings.com/investor-relations/

- FY 2018 financial statements (audited) 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	
	31 December 2018 N 'million	Restated 31 December 2017 N 'million	Restated 1 January 2017 N 'million	31 December 2018 N 'million	31 December 2017 N 'million
ASSETS					
Cash and balances with central banks	653,335	641,881	690,165	-	-
Loans and advances to banks	863,435	742,929	444,871	16,639	7,585
Loans and advances to customers	1,683,813	2,001,223	2,083,894	110	108
Financial assets at fair value through profit or loss	109,162	83,713	46,711	3,427	-
Investment securities	1,663,821	1,248,608	1,050,588	7,079	9,842
Asset pledged as collateral	309,051	208,925	197,420	-	-
Other assets	112,362	132,731	47,786	292	9,011
Investment properties	515	1,993	3,003	-	-
Investments in associates accounted for using the equity method	625	1,357	1,114	-	-
Investment in subsidiaries	-	-	-	242,395	242,395
Property and equipment	91,515	88,263	88,315	382	680
Intangible assets	16,134	16,211	15,328	-	-
Deferred tax assets	25,558	18,554	17,278	-	-
	5,529,326	5,186,388	4,686,473	270,324	269,621
Assets held for sale	38,990	50,149	50,332	-	-
Total assets	**5,568,316**	**5,236,537**	**4,736,805**	**270,324**	**269,621**
LIABILITIES					
Deposits from banks	749,315	665,366	416,078	-	-
Deposits from customers	3,486,691	3,143,338	3,104,221	-	-
Derivative liabilities	15,791	9,404	37,137	-	-
Current income tax liability	15,656	10,194	8,897	102	104
Other liabilities	373,345	266,198	237,557	8,034	7,553
Liability on investment contracts	19,766	13,399	9,440	-	-
Liability on insurance contracts	34,192	21,734	10,287	-	-
Borrowings	338,214	420,919	316,792	-	-
Retirement benefit obligations	1,940	2,203	2,662	-	-
Deferred tax liabilities	266	606	813	-	-
	5,035,176	4,553,361	4,143,884	8,136	7,657
Liabilities held for sale	2,493	9,457	12,515	-	-
Total liabilities	**5,037,669**	**4,562,818**	**4,156,399**	**8,136**	**7,657**
EQUITY					
Share capital	17,948	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392	233,392
Retained earnings	4,373	166,303	159,462	10,850	10,104
Statutory reserve	93,325	84,103	76,226	-	-
Capital reserve	1,223	1,223	1,223	10	10
Small scale investment reserve	6,076	6,076	6,076	-	-
Fair value reserve	77,276	77,981	27,507	(12)	510
Contingency reserve	2,022	1,257	727	-	-
Statutory credit reserve	33,599	42,816	23,640	-	-
Foreign currency translation reserve	48,995	48,115	34,753	-	-
	518,229	679,214	580,954	262,188	261,964
Non-controlling interest	12,418	(5,494)	(548)	-	-
Total equity	**530,647**	**673,719**	**580,406**	**262,188**	**261,964**
Total equity and liabilities	**5,568,316**	**5,236,537**	**4,736,805**	**270,324**	**269,621**

FBN Holdings Plc.

INCOME STATEMENT

	GROUP		COMPANY	
	31 December 2018 N 'million	Restated 31 December 2017 N 'million	31 December 2018 N 'million	31 December 2017 N 'million
Continuing operations				
Interest income	434,410	469,586	2,163	2,215
Interest expense	(150,242)	(138,064)	-	-
Net interest income	**284,168**	**331,522**	**2,163**	**2,215**
Impairment charge for losses	(86,911)	(150,424)	-	-
Net interest income after impairment charge for credit losses	**197,257**	**181,098**	**2,163**	**2,215**
Insurance premium revenue	18,035	12,973	-	-
Insurance premium revenue ceded to reinsurers	(2,494)	(2,739)	-	-
Net insurance premium revenue	**15,541**	**10,234**	**-**	**-**
Fee and commission income	92,724	74,453	-	-
Fee and commission expense	(17,330)	(12,117)	-	-
Net gains on foreign exchange	32,636	21,062	52	8
Net gains/(losses) on investment securities	5,733	2,610	(21)	16
Net losses/gains from financial instruments at fair value through profit or loss	(3,135)	11,117	575	-
Dividend income	2,312	2,053	10,840	11,437
Other operating income	3,233	3,901	40	38
Insurance claims	(4,717)	(4,041)	-	-
Personnel expenses	(93,395)	(85,678)	(904)	(982)
Depreciation of property, plant and equipment	(12,282)	(11,600)	(397)	(398)
Amortisation of intangible assets	(5,336)	(4,201)	-	-
Other operating expenses	(147,976)	(134,799)	(2,908)	(2,952)
Operating profit	**65,265**	**54,092**	**9,440**	**9,382**
Share of profit of associates	23	430	-	-
Profit before tax	**65,288**	**54,522**	**9,440**	**9,382**
Income tax expense	(5,544)	(9,040)	(98)	(107)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**59,744**	**45,482**	**9,342**	**9,275**
Discontinued operations				
Loss for the year from discontinued operations	(77)	(7,774)	-	-
PROFIT FOR THE YEAR	**59,667**	**37,708**	**9,342**	**9,275**
Profit/(loss) attributable to:				
Owners of the parent	58,999	41,328	9,342	9,275
Non-controlling interests	668	(3,620)	-	-
	59,667	**37,708**	**9,342**	**9,275**
Earnings per share for profit attributable to owners of the parent				
Basic/diluted earnings/ loss per share (in Naira):				
From continuing operations	1.65	1.37	0.26	0.26
From discontinued operations	(0.00)	(0.22)	-	-
From profit for the year	1.65	1.15	0.26	0.26

- 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 8,921 staff and over 15 million customers has 888 business locations (615 local branches, 143 QSPs and agencies for FirstBank (Nigeria) and 130 (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 DRC[25], bank subsidiaries in West Africa[26], 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 FBN Merchant Bank group comprises FBN Merchant Bank and its subsidiaries FBN Securities Limited and FBN Capital Asset Management Limited. The FBN Capital group comprises FBN Capital Limited and its subsidiaries FBN Trustees Limited, FBN Funds Limited and FBN Capital Partners Limited. The group creates value by providing advice, finance, trading, investing and securing services to large institutions (corporations and government agencies) and individuals.

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

[25] Previously, Banque Internationale de Credit (BIC)
[26] 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.