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# FBN HOLDINGS PLC REPORTS 12.5% RISE IN GROSS EARNINGS TO ₦333.2 BILLION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

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

- Gross earnings of ₦333.2 billion, up 12.5% year-on-year (Sept 2013: ₦296.3 billion)
- Net interest income of ₦176.5 billion, up 2.4% year-on-year (Sept 2013: ₦172.4 billion)
- Non-interest income of ₦71.4 billion, up 35.5% year-on-year (Sept 2013: ₦52.7 billion)
- Operating income of ₦247.3 billion, up 10.4% year-on-year (Sept 2013: ₦224.1 billion)
- Impairment charge for credit losses of ₦13.4 billion down 15.0% year-on-year (Sept 2013: ₦15.7 billion)
- Operating expenses of ₦160.8 billion, up 15.4% year-on-year (Sept 2013: ₦139.4 billion)
- Profit before tax of ₦73.7 billion, up 5.2% year-on-year (Sept 2013: ₦70.1 billion)

Balance Sheet Growth
- Total assets of ₦4.2 trillion, up 8.3% year-to-date (Dec 2013: ₦3.9 trillion)
- Customer deposits of ₦2.9 trillion, flat year-to-date (Dec 2013: ₦2.9 trillion)
- Customer loans and advances (net) of ₦2.0 trillion, up 14.6% year-to-date (Dec 2013: ₦1.8 trillion)

Key Ratios
- Pre-tax return on average equity[1] of 20.4% (Sept 2013: 21.2%)
- Post-tax return on average equity[1] of 15.4% (Sept 2013: 17.8%)
- Net interest margin[1] of 7.4% (Sept 2013: 8.3%)
- Cost to income ratio of 65.0% (Sept 2013: 62.2%)
- NPL ratio of 2.9% (Sept 2013: 3.6%)
- 41.0% liquidity ratio (Banking group) (Sept 2013: 41.2%)

[1] Annualised

Selected Financial Summary

| (₦billion) | 9M 2014 | 9M 2013 | Δ% |
|---|---|---|---|
| Gross earnings | 333.2 | 296.3 | 13 |
| Interest income | 255.7 | 239.2 | 7 |
| Net interest income | 176.5 | 172.4 | 2 |
| Non-interest income | 71.4 | 52.7 | 36 |
| Operating Income[6] | 247.3 | 224.1 | 10 |
| Impairment charge for credit losses | 13.4 | 15.7 | (15) |
| Operating expenses | 160.8 | 139.4 | 15 |
| Profit before tax | 73.7 | 70.1 | 5 |
| Profit after tax | 55.6 | 59.1 | (6) |
| Basic EPS (kobo)[10] | 227 | 243 | (6) |
| Total assets | 4,190 | 3,651.0 | 15 |
| Customer loans & advances (Net) | 2,028.2 | 1,611.9 | 26 |
| Customer deposits | 2,910.4 | 2,799.8 | 4 |
| Non-performing loans | 60.7 | 59.2 | (1) |
| Shareholders' Funds | 493.7 | 441.7 | 12 |

| Key Ratios % | 9M 2014 | 9M 2013 |
|---|---|---|
| Pre-tax return on average equity[2] | 20.4 | 21.2 |
| Post-tax return on average equity[3] | 15.4 | 17.8 |
| Pre-tax return on average assets[4] | 2.4 | 2.7 |
| Post-tax return on average assets[5] | 1.8 | 2.3 |
| Net interest margin[7] | 7.4 | 8.3 |
| Cost of funds[8] | 3.2 | 3.2 |
| Cost to income[9] | 65.0 | 62.2 |
| Gross loans to deposit | 71.2 | 59.3 |
| Liquidity (Banking Group) | 41.0 | 41.2 |
| Capital adequacy (Banking Group) | 20.3 | 20.4 |
| Tier 1 CAR (Banking Group) | 15.3 | 17.3 |
| NPL/Gross Loans | 2.9 | 3.6 |
| NPL coverage[11] | 94.0 | 96.7 |
| PPOP[12]/impairment charge (times) | 6.5 | 5.4 |
| Cost of risk[13] | 0.9 | 1.3 |
| Leverage (times)[14] | 8.5 | 8.3 |

Commenting on the results, Bello Maccido, Chief Executive Officer of FBN Holdings said: *"Despite the tough operating environment, FBN Holdings continues to deliver a resilient level of profitability, with profit before tax of ₦73.7 billion, which represents an increase of 5.2% year-on-year. Gross earnings also increased by 12.5% year-on-year to ₦333.2 billion.*

*"We remain committed to enhancing shareholder returns by ensuring improved contribution from our subsidiaries and leveraging on opportunities across the Group to drive revenue generation, particularly in non-interest income. We will continue to drive efficiencies across our businesses through a number of cost-containment programmes and expect improvement on this front in the short to medium term. Furthermore, we remain focused and confident on ensuring the businesses remain well-funded and adequately capitalised to support our growth initiatives."*

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

## Group Financial Review

### Profit & Loss Account

Gross earnings increased by 12.5% (y-o-y) to ₦333.2 billion largely driven by interest income (+6.9% to ₦255.7 billion), and to a lesser extent fees and commission income (+16.3% to ₦51.2 billion). The growth in interest income is supported by a 36.8% improvement in income from investment securities as well as income from loans and advances to customers; resulting in a 16.0% y-o-y increase. Gross earnings was enhanced by increased business volumes, specifically increased income from transaction banking services, electronic banking as well as an increase in foreign exchange income. Additional revenues from the non-banking subsidiaries further contributed to the Group's business generation.

Net interest income increased 2.4% (y-o-y) to ₦176.5 billion (Sept 2013: ₦172.4 billion), despite an 18.7% y-o-y increase in interest expense. Interest expense growth was due to increase in interest on deposits from customers (+12.6% q-o-q and +10.1% y-o-y to ₦69.9 billion; Sept 2013: ₦63.5 billion) as well as interest on borrowings (+284% y-o-y to ₦8.1 billion). Significant growth in interest expense on borrowing reflects the additional interest from the recently issued $450 million Eurobond. The rise in interest expense on deposits reflects heightened competition for private sector deposits following the increase in the cash reserve ratio (CRR) on public and private sector deposits. Based on the last CRR revision, the Bank has a ₦408.0 billion non-interest earning balance at the Central Bank.

2014 yields have been under pressure following the increased CRR. Yields on average loans and advances dipped to 13.2% from 13.7% in the same period in 2013. Yields on interest earning assets dipped to 10.6% (Sept 2013: 11.6%, Dec 2013; 11.3%) although cost of funds was contained at 3.2% (Sept 2013: 3.2%, Dec 2013: 3.3%) despite the increased competition for deposits. This resulted in net interest margin of 7.4% (Sept 2013: 8.3%, Dec 2013: 8.0%).

Non-interest income (NII) grew by 35.5% to ₦71.4 billion (Sept 2013: ₦52.7 billion) reflecting the growing effectiveness of the various strategic initiatives put in place to enhance non-funded income across the Group. Fees and commission (F&C) income, representing 71.7% of non-interest revenue, increased by 16.3% y-o-y to ₦51.2 billion (Sept 2013: ₦44.1 billion). The increase in F&C was driven by:

- improved transaction volumes from trade and transaction banking culminating in 48.2% y-o-y growth in letters of credit commission and fees as well as money transfer commission;
- other fees and commissions (+40.4% y-o-y) from e-banking products and fees as well as fees & commission from the non-banking subsidiaries.
- Commission on turnover, representing 23.4% of fees and commission and 16.8% of non-interest income, was down 13% y-o-y but increased 3% q-o-q to close at ₦12 billion y-t-d[15].

Foreign exchange income, contributing 24.0% to non-interest income, increased to ₦17.2 billion y-t-d. Other income lines supporting improvement in non-interest revenue include net insurance premium at ₦2.7 billion (+78% y-o-y; +29% q-o-q) as well as investment income which closed at ₦2.2 billion y-t-d (+53% y-o-y; 41% q-o-q).

[15] Y-t-d (Year-to-date) refers to end of September

The Group is driving increased business generation and enhancement of non-interest revenue. Some of the initiatives in this direction include:

- Reviewing the Bank's operating model in line with the evolving business environment to ensure strategic realignment and optimal use of available resources. Primarily, existing Public Sector South and Retail Banking South Groups are now split along regional lines, Lagos & West and South Region, to enhance penetration across those regions. Corporate & Commercial Banking Groups retain portfolio focus and continue to exploit latent opportunities in primary locations. There is no change to the Public Sector North and Retail Banking North Groups as well as Institutional & Private Banking Groups.
- Increasing focus on banking the value chain within the public sector and the institutional banking space.
- Increasing our focus on transaction banking services to stimulate improved collections; grow low-cost deposits; and, retain funds through offering effective e-Payment and liquidity management solutions.
- Driving the mobile banking business through focused financial inclusion/banking convenience awareness and increasing the number of customers, agents and transaction value.
- Enhancing cross sell initiatives and driving improved performance and returns from other subsidiaries to provide diversified and sustainable revenue for the Group.
- Creating an integrated middle office to boost the productivity of relationship managers through a sustainable engagement that engenders excellent customer service experience that drive repeat sales.

Operating expenses increased by 15.4% to ₦160.8 billion y-o-y (Sept 2013: ₦139.4 billion). The increase in operating expenses in the period under review was due to regulatory costs, staff cost, advert & corporate promotions, as well as other operating expenses. In addition, operating expenses increased following higher than expected investments on the initiatives highlighted above as well as on infrastructure to support our business. Regulatory costs represent 14.2% of operating expenses at ₦22.8 billion (Sept 2013: ₦18.4 billion). The AMCON resolution cost grew to ₦13.0 billion (+26.2% y-o-y) while deposit insurance premium increased +21.4% y-o-y to ₦9.8 billion.

Headcount across the Group increased by 3.6% resulting from the integration of the West African Subsidiaries, while personnel within Nigeria dipped by 2.0%. Global headcount is now 9,648 (Sept 2013: 9,312) with 88% operating from Nigeria.

Given regulatory-induced pressure on the top and bottom line, and the aforementioned dynamics, the cost to income ratio was pressured higher to 65.0% (June 2014: 65.2%, Sept 2013: 62.2%, Dec 2013: 62.4%).

The Group is focusing on cost management initiatives and we expect to see some traction in the efficiency ratios. Some of the initiatives being implemented include: rationalising unprofitable branches, restructuring of procurement processes as well as centralising processes across the Group to reduce transaction costs and processing cycles. In addition, we are also realigning the workforce by redeploying excess resources in the middle and back offices to the front office in order to strengthen sales and marketing and thus enhancing the overall efficiency and productivity of our manpower.

Net impairment charge on credit losses declined 14.9% y-o-y to ₦13.4 billion (Sept 2013: ₦15.7 billion) leading to a marginal q-o-q increase in cost of risk at 0.9% and an improvement y-o-y (Sept 2013: 1.3%).

The reduction in impairment charge was driven by recoveries, proactive account monitoring and a more effective remedial management process.

The Group recorded an NPL ratio of 2.9% (Sept 2013: 3.6%, Dec 2013: 3.0%) with a coverage ratio of 94.0%[16] (Sept 2013: 96.7%, Dec 2013: 97.7%). We will continue to reinforce loan growth within our preferred sectors and defined risk appetite as well as proactively manage and drive efficiency within our portfolio.

Profit before tax stood at ₦73.7 billion (Sept 2013: ₦70.1 billion), up 8.6% q-o-q and 5.2% y-o-y. Tax expense came in at ₦18.1 billion (Sept 2013: ₦11.0 billion), resulting in an effective tax rate of 24.6%. This performance translates into pre-tax return on average equity of 20.4% (Sept 2013: 21.2%). We expect improving profitability in coming periods as our current initiatives come to fruition.

## Balance Sheet

Total assets increased by 14.9% y-o-y (8.3% y-t-d) to ₦4.2 trillion (Sept 2013: ₦3.7 trillion, Dec 2013: ₦3.9 trillion), driven by growth in lending activities; with interest earning assets increasing by 9.6% y-t-d and 17.7% y-o-y. Interest earning assets constitute 79.3% of total assets (Sept 2013: 77.3%).

Total customer deposits grew by 3.9% y-o-y although was down by 0.6% y-t-d to ₦2.9 trillion (Sept 2013: ₦2.8 trillion, Dec 2013: ₦2.9 trillion). All deposit types grew during the quarter resulting in a 5.6% q-o-q increase. Low-cost deposits, at a very healthy 72% of total deposits, ensures access to cheap and sustainable deposits to support the business, underscores the confidence of the public as well as the strength of the brand. The retail business within FirstBank continues to be the major driver of low-cost deposits. With about 9.4 million active accounts served through innovative products and services, retail deposits constitute 52% of total deposit. The proportion of public sector deposits is down y-o-y to 22.7% (Sept 2013: 30.6%) and remains flat q-o-q. Savings deposits continue to grow steadily, constituting 24% of the total deposit closing at ₦697 billion (+4.7% y-t-d), while foreign currency deposits represent 18.2% (₦528.7 billion) of total deposits.

Despite the revised rate on savings account and heightened competition for deposits following the impact of the regulatory changes and additional borrowings, the cost of funds remained stable at 3.2% (Sept 2013: 3.2%, Dec 2013: 3.3%).

In order to drive continued growth in low-cost deposits, amongst other things, we recently established a transaction banking model to efficiently manage collections, liquidity and e-payment solutions. We have also realigned our front-back office workforce ratio in favour of the front office to enhance customer touch-points and deepen revenue generation. Our extensive distribution network, including internet and mobile banking platforms, provides a strong platform to build a wide agency network for fee generation and float income for the Bank's mobile money business.

Total loans & advances to customers (net) grew by 25.8% y-o-y (14.6% y-t-d) to ₦2.0 trillion (Sept 2013 ₦1.6 trillion, Dec 2013: ₦1.8 trillion). FirstBank (Nigeria only) drove the bulk of the loan growth (y-t-d loan

[16] Including statutory credit reserve

growth of 15.0% and 7.6% for the quarter). The sectors driving loan growth during the quarter include oil and gas (upstream and services), manufacturing, as well as personal & professional.

Asset quality improved further during the period, with the NPL ratio now at 2.9% (Sept 2013: 3.6%); benefitting from recoveries, proactive account monitoring and a more effective remedial management process.

For 2014 year-end, we expect loan growth to be between 10 – 15%, driven by the following sectors: oil and gas upstream, manufacturing, general commerce/trade and retail services.

Shareholders' equity amounted to ₦493.7 billion, up 4.6% y-t-d (Sept 2013: ₦441.7 billion, Dec 2013: ₦471.8 billion). Drivers for improved net asset year-to-date include: retained earnings (+3.9%), statutory reserve (+14.0%), AFS Fair value reserve (+8.0%) and statutory credit reserve (+63.7%).

The Commercial Banking Group achieved a capital adequacy ratio of 20.3% (Sept 2013: 20.4%), tier 1 ratio of 15.3% (Sept 2013: 17.3%) and liquidity ratio of 41.0% (Sept 2013: 41.2%). Following the conclusion of the $450 million Tier 2 debt issuance from the international market, this has now been reflected in our capital position.

FBNH will retain as much of its profits as possible to further enhance its capital position, in addition to other options centred around more effective balance sheet management. We have commenced the standard audit of the 9M 2014 financial results for the commercial banking and investment banking and asset management business groups.

Liquidity ratio[17] of 41.0% (Sept 2013: 41.2%, Dec 2013: 44.2%)

[17] Banking Group

Business Groups[18]: Financial & Operational Review

| | Commercial banking | | IBAM | | Insurance | | Other financial services | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | N' million | | | | | | | | | |
| | Sep-14 | Sep-13 | Sep-14 | Sep-13 | Sep-14 | Sep-13 | Sep-14 | Sep-13 | Sep-14 | Sep-13 |
| Total Assets | 4,024,980 | 3,489,799 | 87,195 | 101,806 | 17,130 | 8,926 | 61,507 | 50,446 | 4,190,812 | 3,650,978 |
| % of total | 96.04% | 95.59% | 2.08% | 2.79% | 0.41% | 0.24% | 1.47% | 1.38% | 100.00% | 100.00% |
| Net operating income | 233,116 | 211,641 | 8,621 | 10,151 | 2,508 | 2,130 | 3,092 | 147 | 247,337 | 224,069 |
| % of total | 94.25% | 94.45% | 3.49% | 4.53% | 1.01% | 0.95% | 1.25% | 0.07% | 100.00% | 100.00% |
| Profit/(loss) before tax | 70,489 | 65,213 | 3,759 | 5,899 | 983 | 535.48 | (1,483) | (1,576) | 73,748 | 70,071 |
| % of total | 95.58% | 93.07% | 5.10% | 8.42% | 1.33% | 0.76% | -2.01% | -2.25% | 100.00% | 100.00% |
| Profit after tax | 53,192 | 54,331 | 3,183 | 5,888 | 795 | 441.48 | (1,544) | (1,576) | 55,626 | 59,085 |
| % of total | 95.62% | 91.95% | 5.72% | 9.97% | 1.43% | 0.75% | -2.78% | -2.67% | 100.00% | 100.00% |

NOTE: The table above provides the post-consolidation numbers of each of the business groups. The pre-consolidation numbers of each of the business groups have been considered in discussing the performance of each business.

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[19], 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 ₦74.3 billion (Sept 2013: ₦67.7 billion), representing an increase of 9.7%. In response to the business environment, we have implemented a refined Bank operating model to take advantage of the increasing growth opportunities in retail banking, as well as, ensuring optimal utilisation of resources. This has led to the creation of Lagos & West and South Regions from the former Retail Banking South and Public Sector South Directorates effective August 1, 2014.*

*"We will continue to challenge ourselves in identifying innovative ways to serve our customers in an environment that provides commendable customer experience and encourages repeat sales. We have also realigned our front-back office workforce ratio in favour of front office to enhance customer' touch-points and deepen revenue generation capabilities."*

First Bank of Nigeria Ltd. ("FirstBank")

Gross earnings rose by 14.0% y-o-y to ₦316.4 billion (Sept 2013: ₦273.7 billion); net interest income increased by 3.6% to ₦173.7 billion (Sept 2013: ₦167.6 billion) while profit before tax increased by 9.8% to ₦74.3 billion (Sept 2013: ₦67.7 billion). Total assets increased by 8.5% y-t-d to ₦4.1 trillion (Dec 2013: ₦3.7

[18] 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.
[19] Comprising locations in Ghana, Gambia, Guinea, Sierra Leone, Ghana and Senegal

trillion), with deposit flat at ₦2.9 trillion (Dec 2013: ₦2.9 trillion). Customers' loans grew 14.6% to ₦2.1 trillion (Dec 2013: ₦1.8 trillion).

Despite the regulatory-induced pricing pressure on our products and services, our e-business products and services have sustained revenue growth, generating gross revenue of ₦9.68 billion (Sept 2013: ₦5.75 billion). The number of debit cards in issuance continues to increase with the Bank's debit card base for 9M 2014 at 8.4 million, of which 7.1 million were Verve cards and 1.1 million Naira MasterCards. We have sustained the increase in our market share of Verve cards which is now at 39%, with an activity rate at 88%. Revenue from the card business continues to see improved growth, up 104% y-o-y to close at ₦4.5 billion (Sept 2013: ₦2.2 billion).

We have a total of 2,554 ATMs (+117 in 2014) deployed across the country to ensure proximity to serve our customers and encourage the use of alternative channels to deepen our service. The ATM migration rate remained at 90% indicating continued success in migrating to low cost channels. The volume of cash dispensed (to both FirstBank customers and other banks customers) at the ATM continues to grow at ₦540 billion (+27.8% y-o-y, 3.5% q-o-q) in 31.7 million transactions.

We have maintained 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. Though in its very early stages, we are beginning to witness a good number of customers enrol for this service thereby supporting revenue from internet banking solutions.

Growth in the number of online banking subscribers persisted (+68% y-o-y, +61% y-t-d, +24% q-o-q) to 393,659 subscribers as at Sept 2014. In addition, registered users on our mobile money platform, FirstMonie, also grew (+561% y-o-y, +287% y-t-d, +33% q-o-q) to about 1.9 million carrying out over ₦17.9 billion transactions. Agents' enrolment has also increased by 33% y-o-y, (+17% y-t-d) to 11,812, as at Sept 2014.

FBN UK

FBN UK gross earnings increased by 16.8% y-o-y to ₦19.9 billion (Sept 2013: ₦17.1 billion), while net interest income grew by 22.0% to ₦11.6 billion (Sept 2013: ₦9.5 billion) and non-interest income increased by 26.1% to ₦2.5 billion (Sept 2013: ₦2.0 billion). The increase in gross earnings compared to the corresponding period last year resulted from general business expansion, improved asset mix and enhanced asset yields. The portfolio of earning assets increased by 13% y-o-y to ₦652.5 billion and more profitable assets mix was achieved in the review period. Funding and liquidity positions have been strong throughout the period as the Bank continued to attract deposits from different sources, while the capital resource is adequate to support increased lending activities.

The regulatory environment remained challenging as regulatory rules were further tightened to promote stability and soundness of the financial system. Banks are being prompted and compelled to pay greater attention to issues relating to business conduct, financial crimes, sanctions and AML. The level of due diligence, among others, required to acquire new accounts and manage ongoing transactions has significantly increased. In spite of the challenges posed by the operating environment, we remain optimistic to continue to deliver business growth, high assets quality and profitability objectives.

Profit before tax increased by 15.9% to ₦6.4 billion (Sept 2013: ₦5.5 billion). Total assets grew by 19.9% y-t-d to ₦642.4 billion (Dec 2013: ₦535.9 billion); driven by customer deposits growth of 28.5% y-t-d to ₦380.1 billion (Dec 2013: ₦295.7 billion), across both retail and wholesale deposits which provides a well-diversified funding base. Loans and advances to customers closed y-t-d at ₦329.7 billion (Dec 2013: ₦291.1 billion) driven by oil and gas, general commerce sectors.

BIC

In the Democratic Republic of Congo, BIC's gross earnings increased by 28.0% y-o-y to ₦7.3 billion (Sept 2013: ₦5.7 billion) with profit before tax up by 19.0% to ₦1.5 billion (Sept 2013: ₦1.3 billion). BIC has sustained its position as one the top 3 bank in terms of pre-tax profit. Retail and corporate banking constitute 85% of the loan book and the Bank is primarily funded with equity and deposit at 89.1%. Risk assets are largely concentrated in the capital – Kinshasa considered safe from troubled locations. Total assets grew by 2.7% y-t-d to ₦55.1 billion (Dec 2013: ₦53.6 billion). Customer deposits increased by 7.3% y-t-d to ₦46.3 billion (Dec 2013: ₦43.2 billion). Growth in earnings is driven by non-funded income.

First Pension Custodian Nigeria Ltd. ("FPCNL")

Gross revenue grew by 27.2% to ₦3.0 trillion (Sept 2013: ₦2.3 trillion). This was mainly driven by a 27.9% y-o-y increase in custody fee income (Sept 2014: ₦2.6 billion) due to the increase in underlying assets. Custody fee income contributed 87.4% of total earnings, a slight improvement from 86.9% contributed in the prior year with investment income and other income contributed 12.1% and 0.14% respectively. PBT of ₦1.95bn was recorded for the nine months ended September 2014, which amounted to a comparative increase of 34.7% above the prior year position of ₦1.45bn.

The Company now has ₦2 trillion in assets under custody in July 2014. This was achieved by the addition of about ₦0.51 trillion non-proprietary assets to the Company's portfolio, driven by the CBN directive that all Deposit Money Banks and Discount Houses should appoint a licensed custodian and outsource their non-proprietary assets. FPCNL's balance sheet size grew 8.6% y-t-d to ₦6.9 billion (Dec 2013: ₦6.3 billion). The growth is attributable to improved operational performance resulting in increase in earning assets for the year under review.

On July 1, 2014, the Pension Reform Act 2014 was signed into law, which repealed the Pension Reform Act 2004. The new law introduced provisions which are bound to deepen the pension industry and positively impact FPCNL's performance. Among others, some of the new initiatives in the new Pension Reform Act 2014 include:

- Upward review of the minimum rate of pension contribution from 15% (with employee and employer contributing 7.5% apiece) to a minimum of 18% (with contributions from employee and employer increasing to 8% and 10% respectively.
- Any interests, profits, dividends, investments and other income accruable to pension funds or assets are not taxable

Overall, the implication is that more workers would be brought under the contributory pension scheme and lead to a potential increase in the global assets resulting in increased assets under custody. Based on current retirement savings account (RSA) registrations, it is estimated that the provisions of the new Act will increase registrations by about 9.8% to 6.5 million pension contributors by end of 2014, and 9.9% by end of 2015.

ICB West Africa

The five West African subsidiaries i.e. ICB Ghana, ICB Gambia, ICB Guinea, ICB Sierra Leone and ICB Senegal are undergoing integration into the FirstBank structure. We are progressing on the integration of the name change and rebranding of the subsidiaries. In Ghana, branch upgrades and the rebranding event have been completed. Sierra Leone has finalised the name change and is now known as FBNBank (Sierra Leone) Ltd. Other locations are at different stages of progress with name change and branch upgrades. These subsidiaries offer a number of financial services and products to customers comprising retail, corporate, SMEs and the public sector

The total assets of the ICB West Africa banking operations was ₦44.6 billion (1.0% of the banking group) an 18.3% growth from ₦37.7 billion in Dec 2013. These assets generated gross earnings of ₦4.3 billion and returning a profit before tax of ₦1.1 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 total earnings increased by 9.2% to ₦17.4 billion (Sept 2013: ₦15.9 billion) and its profit before tax increased by 26.2% to ₦7.2 billion (Sept 2013: ₦5.7 billion).

Performance at the end of the third quarter was primarily driven by the Investment banking, Asset management & Trust businesses, collectively contributing 67% of net revenues. Transactions in oil and gas drove the investment banking performance across structured finance and syndicated loan market activities.

The Asset management business, which closed the period with Assets under Management (AUM) of ₦107.8 billion, up 26% from 2013 at ₦85.5 billion, is now ranked the second largest Securities and Exchange Commission registered Fund Manager in Nigeria Funds (ranked by total Assets under Management of mutual funds and exchange traded funds).

The Insurance Business Group offers insurance brokerage and composite underwriting services to customers; while FBN Insurance Brokers (100% owned subsidiary) provides the brokerage service, the full underwriting business is provided through FBN Insurance (65% owned by FBNH and 35% by Sanlam). Revenue for the Insurance group increased by 67.7% y-o-y to ₦4.6 billion from ₦2.7 billion, while profit before tax rose to ₦902.3 million, up 68.5% y-o-y from ₦535.5 million in Sept 2013.

Performance of the insurance business was driven by increased business volumes following the inclusion of the acquired general insurance business (Oasis Insurance). This underscores the increased drive to capture more market share while ensuring that good insurance businesses are underwritten in generating sustainable profitability. In addition, a retail focused strategy has been adopted towards the mass market where insurance penetration is at its lowest supported by increased distribution channels. We expect improved contribution and market share as we fully integrate the general insurance business. Total assets of the business increased by 37.2% y-t-d to ₦17.8 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 segment.

FBN Microfinance

Gross earnings increased by 9.4% to ₦854.2 million (Sept 2013: ₦780.8 million), with profit before tax of ₦236.3 million. The key drivers of performance in the period under review include; improved deposit mobilisation resulting in enhanced investment income from increased investment, write backs from recovery as well as increased fee income.

Deposit liabilities grew 29.2% y-t-d to ₦1.3 billion (Dec 2013: ₦1.0 billion) with disbursed loans amounting to ₦1.9 billion (Dec 2013: ₦1.4 billion). Total Asset grew by 8.5% to ₦8.9 billion (Dec 2013: ₦8.2 billion).

– ENDS –

Conference call

FBN Holdings will host a teleconference call for analysts and investors on, Thursday, 30 October 2014 at 2:00pm UK / 3:00pm Lagos / 10:00am New York / 4:00pm Johannesburg & Cape Town, during which senior management will present the unaudited results for the nine months ended 30 September 2014. There will be an opportunity at the end of the call for questions.

The teleconference call facility can be accessed by dialling:
0708 060 1884 (Nigeria)
0800 279 4843 (UK) or +44 20 3364 5729 (UK/Lagos); +1 646 254 3375 or +1 855 217 7942 (US); or 0800 984 135 or +27 11 019 7078 (South Africa)
And then entering the following confirmation code: 2697838#

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

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

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

Passcode: 2697838#

An investor presentation will be available on the FBN Holdings website a few hours before the call on Thursday 30 October 2014.

Click here to access the presentation.

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

- 9M 2014 Results Press release
- 9M 2014 Financial Statements (Abridged)

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FBN Holding Company Plc.

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| AS AT: | Notes | 30 September 2014 N' million | 31 December 2013 N' million | 30 September 2014 N' million | 31 December 2013 N' million |
| **ASSETS** | | | | | |
| Cash and balances with central banks | 1 | **584,342** | 594,234 | **-** | - |
| Loans and advances to banks | 2 | **565,407** | 430,586 | **717** | 1,477 |
| Loans and advances to customers | 3 | **2,028,171** | 1,769,130 | **72** | 72 |
| Financial assets at fair value through profit or loss | 4 | **25,631** | 10,287 | **-** | - |
| **Investment securities** | | | | | |
| -Available for sale | 5 | **412,840** | 529,488 | **2,515** | 2,515 |
| -Held to maturity | 5 | **283,275** | 294,575 | **1,425** | - |
| -Loans and receivables | | **-** | - | **8,059** | 7,332 |
| Asset pledged as collateral | 6 | **65,357** | 53,650 | **-** | - |
| Inventory | 7 | **34,530** | 30,253 | **-** | - |
| Investments in Subsidiaries | 8 | **-** | - | **246,777** | 246,777 |
| Investments in associates accounted for using the equity method | 9 | **7,628** | 7,029 | **3,964** | 9,281 |
| Property, plant and equipment | 10 | **86,451** | 81,299 | **1,494** | 1,072 |
| Intangible assets | 11 | **8,271** | 8,748 | **-** | - |
| Deferred tax asset | | **6,062** | 7,120 | **-** | - |
| Other assets | 12 | **69,591** | 41,405 | **6,116** | 43,285 |
| Investment properties | 13 | **2,756** | 2,413 | **-** | - |
| Assets classified as held for sale | 14 | **10,500** | 10,784 | **-** | - |
| **Total assets** | | **4,190,812** | 3,871,001 | **271,138** | 311,811 |
| **LIABILITIES** | | | | | |
| Deposits from banks | | **215,827** | 82,032 | **-** | - |
| Deposits from customers | 15 | **2,910,397** | 2,929,081 | **-** | - |
| Financial liabilities held for trading | | **2,948** | 1,701 | **-** | - |
| Liability on investment contracts | 16 | **38,729** | 68,723 | **-** | - |
| Liability on insurance contracts | 16 | **7,080** | 3,651 | **-** | - |
| Borrowings | | **320,103** | 126,302 | **-** | - |
| Retirement benefit obligations | 17 | **3,447** | 1,924 | **-** | - |
| Current income tax liability | | **21,449** | 34,167 | **-** | - |
| Deferred income tax liability | | **625** | 37 | **-** | - |
| Other liabilities | 18 | **174,623** | 149,859 | **3,280** | 3,710 |
| Liabilities included in assets classified as held for sale | 19 | **1,919** | 1,747 | **-** | - |
| **Total liabilities** | | **3,697,147** | 3,399,224 | **3,280** | 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 | | **119,924** | 115,397 | **(3,063)** | 37,180 |
| Other reserves | | | | | |
| -Statutory reserve | | **59,386** | 52,074 | **-** | - |
| -SSI Reserve | | **6,076** | 6,076 | **-** | - |
| -AFS Fair Value Reserve | | **16,162** | 14,969 | **71** | 71 |
| -Contigency reserve | | **170** | 107 | **-** | - |
| -Statutory credit reserve | | **13,072** | 7,987 | **-** | - |
| -Treasury share reserve | | **(32)** | (2,280) | **-** | - |
| -Capital reserve | | **1,223** | - | **10** | 10 |
| -Foreign currency translation reserve | | **1,145** | 2,102 | **-** | - |
| | | **487,966** | 467,272 | **267,858** | 308,101 |
| Non-controlling interest (NCI) | | **5,699** | 4,505 | **-** | - |
| **Total equity** | | **493,665** | 471,777 | **267,858** | 308,101 |
| **Total equity and liabilities** | | **4,190,812** | 3,871,001 | **271,138** | 311,811 |

FBN Holding Company Plc.

| **CONSOLIDATED INCOME STATEMENT** | | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|---|
| **FOR THE PERIOD ENDED:** | **Note** | **30 September 2014 N'million** | **30 September 2013 N'million** | **30 September 2014 N'million** | **30 September 2013 N'million** |
| Interest income | **20** | **255,722** | 239,164 | **2,584** | 2 |
| Interest expense | **21** | **(79,231)** | (66,731) | **-** | - |
| **Net interest income** | | **176,491** | 172,433 | **2,584** | 2 |
| Impairment charge for losses | **22** | **(13,364)** | (15,698) | **-** | - |
| **Net interest income after impairment charge for credit losses** | | **163,127** | 156,735 | **2,584** | 2 |
| Fee and commission income | **23** | **51,221** | 44,054 | **-** | - |
| Fee and commission expense | | **(5,125)** | (3,804) | **-** | - |
| Foreign Exchange income | | **17,157** | 5,052 | **-** | - |
| Net gains/(losses) on investment securities | **24** | **833** | 573 | **-** | - |
| Net gains/(losses) from financial assets at fair value through profit or loss | **25** | **1,531** | 42 | **-** | - |
| Net insurance premium | | **2,735** | 1,540 | **-** | - |
| Net insurance benefits and claims | | **(939)** | (599) | **-** | - |
| Dividend income | | **2,190** | 1,428 | **1,173** | 33,816 |
| Other operating income | | **1,243** | 3,351 | **5** | 1 |
| Operating expenses | **26** | **(160,824)** | (139,391) | **(8,110)** | (4,539) |
| **Operating profit/ (loss)** | | **73,148** | 68,981 | **(4,348)** | 29,280 |
| Share of profit/ (loss) of associates | | **599** | 1,090 | **-** | - |
| **Profit/ (loss) before tax** | | **73,748** | 70,071 | **(4,348)** | 29,280 |
| Income tax expense | | **(18,122)** | (10,986) | **-** | - |
| **PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS** | | **55,626** | 59,085 | **(4,348)** | 29,280 |
| **Discontinued operations** | | | | | |
| Profit for the year from discontinued operations (attributable to owners of the parent) | | **-** | - | **-** | - |
| **PROFIT/ (LOSS) FOR THE PERIOD** | | **55,626** | 59,085 | **(4,348)** | 29,280 |
| **Profit/ (loss) attributable to:** | | | | | |
| Owners of the parent | | **55,281** | 58,660 | **(4,348)** | 29,280 |
| Non-controlling interests | | **345** | 425 | **-** | - |
| | | **55,626** | 59,085 | **(4,348)** | 29,280 |

- Notes to Editors -

FBN Holdings Plc. (ISIN: NGFBNH000009) is the most diversified financial services group in Nigeria. The subsidiaries of FBN Holdings offer a broad range of products and services across commercial banking, investment banking and asset management, insurance and microfinance business in 12 countries (Lagos, Nigeria; London, United Kingdom; Paris, France; Johannesburg, South Africa; Beijing, China; Abu Dhabi, UAE; Kinshasa, Democratic Republic of Congo, Accra, Ghana; Banjul, Gambia, Conakry, Guinea, Freetown, Sierra Leone and Dakar, Senegal). The Group, employing over 9,600 staff, has about 9.4 million active customers, through more than 850 business locations and about 2,500 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 subsidiary is First Bank of Nigeria Limited (FirstBank), a commercial bank with operations in 12 countries. Other subsidiaries are FBN Capital, a leading investment banking and asset management company; FBN Insurance Limited, a risk underwriter 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 2012 and has issued and fully paid-up share capital as 32,632,084,356 ordinary shares of 50 kobo each (₦16,316,042,178). 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.*