FBNHoldings

Connected

Growth through connected solutions

Full year ended December 2013 & First Quarter ended March 2014

Investor & Analyst Presentation

DISCLAIMER

This presentation is based on FBN Holdings Plc's ('FBNH' or the 'Group' or 'HoldCo') audited IFRS results for the twelve months ended 31 December, 2013 and unaudited results for the three months ended 31 March, 2014. The Group's accounts have been prepared using the accounts of the subsidiaries and businesses within FBN Holdings. When we use the term "FirstBank" or "Bank", we refer only to the commercial banking business in Nigeria. See additional definitions at the bottom of this page.

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This presentation 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.

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FBN Holdings Plc is structured under four business groups, namely: Commercial Banking, Investment Banking and Asset Management, Insurance, and Other Financial Services.

- The Commercial Banking business is composed of First Bank of Nigeria Limited, FBN Bank (UK) Limited, Banque Internationale de Crédit (BIC), ICB West Africa (Ghana, Guinea, Gambia and Sierra Leone), First Pension Custodian Nigeria Limited and FBN Mortgages Limited. First Bank of Nigeria Limited is the lead entity of the Commercial Banking group.
- Investment Banking and Asset Management business consists of FBN Capital Limited, FBN Capital Asset Management Limited, First Trustees Nigeria Limited, First Funds Limited and FBN Securities Limited. FBN Capital Limited is the lead entity of the Investment Banking and Asset Management business group.
- The Insurance business houses FBN Life Assurance Limited and FBN Insurance Brokers Limited.
- Other Financial Services, predominantly FBN Microfinance Bank Limited, serves our small non-bank customers

Overview & Operating Environment

Tougher regulatory environment impacting earnings despite fairly stable macroeconomic environment

	Macro Factors	Impact on FBN Holdings
GLOBAL	• Global economic growth was revised to 2.9% as at October 2013, dipping by 0.3% in comparison to 2012; emerging and developing markets remain key drivers with improvements in advanced economies • Global oil prices closed at $107.67 per barrel in 2013 (FY 2012: $109.28) averaging $105.94 per barrel in 2013 • The US Federal Reserve announced plans to taper the quantitative easing program to bring the stimulus to an end in 2014	√ Gross earnings growth of +7% in 2013 in spite of challenging regulatory and operating environment
NIGERIA	• Real GDP growth estimated at 6.2% (FY 2012: 6.6%), as non-oil sector continued to drive growth through agriculture, manufacturing , building & construction, while oil production declined to 1.88mbpd as at end of the year as a result of increased oil theft and pipeline vandalisation • Steady decline in inflation rate all through the year closing at 8.0% as at Dec 2013 (2013 av: 8.5%, Dec 2012: 12.0%) • External reserves dipped 1.3% y-o-y to close at $43.6bn at end of FY 2013 (FY 2012: $44.2bn) albeit reaching its peak of $48.9bn in April 2013 • High interest rate environment sustained as liquidity further tightened and exchange rate came under pressure • Progress with power reforms as the Federal Government transferred assets to new owners	√ Continuous improvement in inflation enhancing return on investments × Growth in cost of funds × Reduction in loanable funds × Reduction in government revenue × Increased government borrowing requirements
BANKING	• Commencement of the CBN's revised bank charges in April 2013 • Status quo maintained on monetary policy for first half of 2013 but tightened from Q3 with sterilisation of 50% (upward review to 75% in Q1 2014) of eligible local currency public sector deposits as CRR on public deposits (previously 12%), leading to a withdrawal of an estimated ₦1tn from the banking system as at Dec 2013 • Extension of CBN cashless policy to 5 states of the Federation and FCT (Abia , Anambra, Kano, Ogun, Rivers and Abuja) in Q3 2013 • Re-introduction of Retail Dutch Auction System to curb round tripping on the exchange rate	× Increased funding cost × Pressure on yields & NIMs × Pressure on interest income × Pressure on non funded income

Strong leadership position maintained

Strong local and growing international franchise underpin robust performance

- Total assets of ₦3,871bn (+19.9% vs. 2012) for 2013, Q1 2014 ₦3,862bn (+11.6% vs. Q1 2013). Gross loans of ₦1,814bn (+14.8% vs. 2012) as of 2013 and ₦1,891bn (+19.2% vs. Q1 2013)
- Customer deposit base (₦2,929.1bn,+22.3% vs. FY 2012 and ₦2,855.2bn ,+12.8% vs. Q1 2013) providing relatively stable low cost funding whilst sustaining liquidity
- Remains best positioned to serve the retail market with innovative product offerings through extensive touch points

Innovation and customer centricity key to maintaining leadership

- Complementary platform across our portfolio of businesses, leveraging deep customer relationships (8.8 million active customer accounts as at Mar 2014, +27% y-o-y)
- Leading distribution network in Nigeria supported by increased international presence (867, as at Mar 2014) maintaining controlled approach to expansion and focus on optimising return on investments
- Remains largest corporate and retail bank, consolidating this position through the acquisitions of ICB West Africa operations in Ghana, Sierra Leone, Guinea and Gambia

Maintained solid and sustainable momentum in operating performance

- Gross earnings for FY 2013 up 7.0% to ₦395.9bn and Q1 2014 up by 3.3% to ₦102.6bn
- Asset quality remains within limits ; with NPL Ratio of 3.6% as at Mar 2014 and 3.0% as at Dec 2013;cost of risk at 0.4% (Mar 2014) and 1.2% (Dec 2013)

Larger emphasis on business excellence and governance

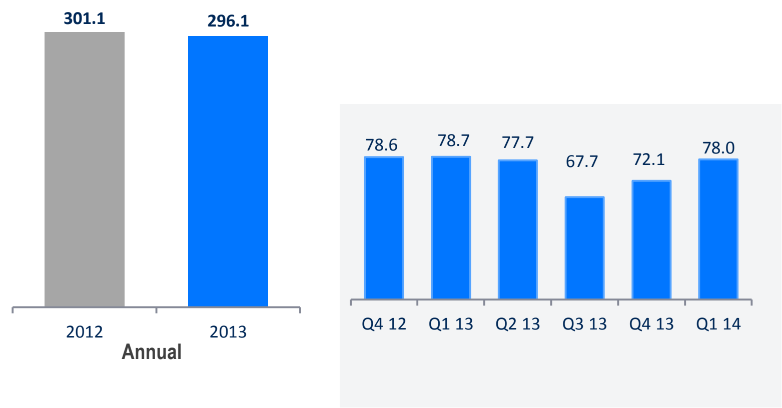
- Holding Company structure enabling clear management focus and ability to optimise cross-selling potential

[1] *annualised*

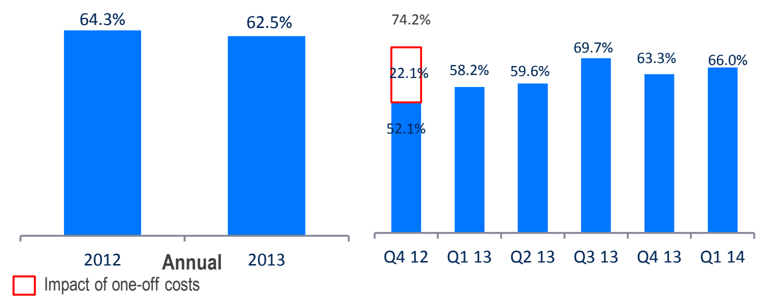
Tougher regulatory headwinds impact earnings

OVERVIEW	FINANCIAL REVIEW	BUSINESS GROUPS	STRATEGY	SUMMARY/ OUTLOOK	APPENDIX

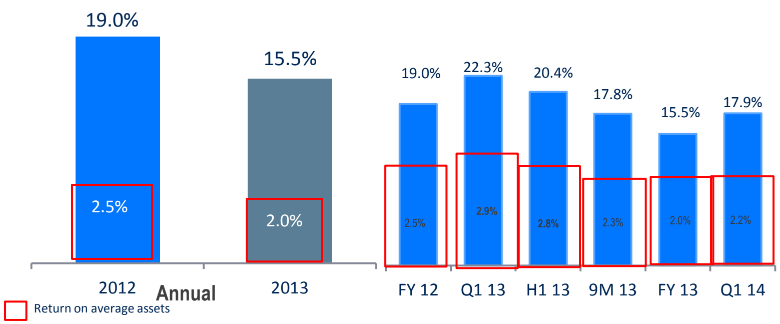
Operating income (₦bn)



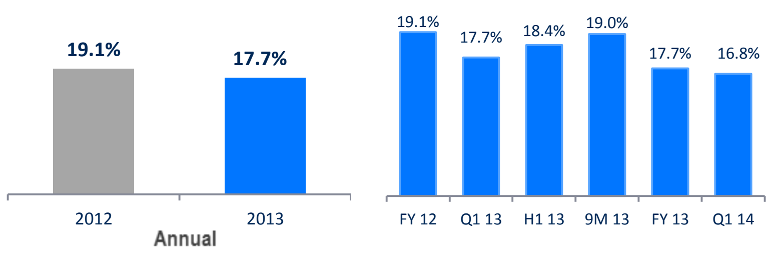
Cost to income ratio



Return[1] on average assets and equity



Capital adequacy ratio[2]



[1]annualised; operating income is defined as gross earnings less (interest expense and share of profit/loss from associates); cost to income ratio computed as operating expenses divided by operating income; return on average assets computed as net profit divided by the average opening and closing balances of total assets; return on average equity computed as net profit divided by the average opening and closing balances attributable to its equity holders [2] CAR for commercial banking group

Financial Review

FY 2013: Overview of income statement

Snapshot of Income Statement

₦bn	FY 12	FY 13	y-o-y	Q1 13	Q1 14	y-o-y
Gross Earnings	370.2	395.9	7%	99.4	102.6	3%
Net Interest Income	226.6	230.1	2%	56.3	58.8	4%
Non Interest Income	73.9	67.0	(9%)	22.7	19.3	(15%)
Operating income[1]	301.1	296.1	(2%)	78.7	78.0	(1%)
Operating Expenses	193.5	185.0	(4%)	45.8	51.5	12%
Pre-Provision Operating Profit[2]	107.1	110.6	3%	32.8	26.3	(20%)
Credit Impairments	12.5	20.3	62%	1.7	1.7	(1%)
Profit before Tax	93.9	91.3	(3%)	31.4	24.8	(21%)
Income Tax	17.1	20.7	21%	7.0	3.2	(54%)
Profit after Tax	76.8	70.6	(8%)	24.5	21.6	(12%)
Key Metrics						
Net Interest Margin[3]	8.8%	8.0%		8.1%	7.7%	
Non Int. Rev/Operating Income	24.5%	22.6%		28.8%	24.8%	
PPoP/Credit Impairments	8.5x	5.4x		18.9x	15.4x	
Cost to Income[4]	64.3%	62.5%		58.2%	66.0%	
Cost of Risk[5]	0.9%	1.2%		0.4%	0.4%	
RoAE[6]	19.0%	15.5%		22.3%	17.9%	
RoAA[7]	2.5%	2.0%		2.9%	2.2%	

- Gross earnings grew 7.0% y-o-y to ₦395.9bn in 2013, largely from interest income on loans & advances to banks (+231.0%) and to customers (+9.9%). 3.3% Gross earnings growth in Q1 2014 to ₦102.6bn in spite of regulatory headwinds
- Operating income growth was subdued by higher interest expense as well as the impact of lost income from increased CRR in FY 2013 and Q1 2014
- Interest expense growth in FY 2013 (+36.0%) and Q1 2014 (+12%), driven by continued high interest rate environment, increase in minimum savings deposit rate (1%-3.6%) and continued intense competition for deposits
- Cost of risk at 1.2% and 0.4% as at FY 2013 and Q1 2014 respectively (9M 2013: 1.3%, H1 2013: 1.3%, Q1 2013: 0.4% and FY 2012: 0.9%); reflecting increase in credit impairment charges from some small and medium sized loans during the financial year
- Non-interest Income (NII) for FY 2013 dipped 9.3% y-o-y to ₦67.0bn (FY 2012: ₦73.9bn) while Q1'14 declined 14.7% y-o-y to ₦19.3bn (Q1 2013: ₦22.7bn) , reflecting negative impact of regulatory changes on fees and commissions (F&C) which makes up the majority of NIR.
- Commission on turnover (COT), declined by ₦3.4bn as at FY 2013 to ₦17.6bn, reflecting the 40% reduction in the COT rate
- Operating expense declined by 4.4% y-o-y in 2013; reflecting benefits from cost containment initiatives that have been adopted. 12.3% increase in operating expense in Q1' 14 y-o-y to ₦51.5bn is due to increasing regulatory cost (AMCON charge now up from 0.3%- 0.5% of total assets plus a third of contingencies) as well as NDIC premium
- Improved cost-to-income ratio of 62.5% (FY 2012: 64.3%), reflects better control of operating expenses in spite of significant headwinds to revenue/costs, with spike to 66.0% in Q1 reflective of significantly unfavourable y-o-y comparisons on the top line and cost structure
- FY'13 PBT of ₦91.3bn (-2.8% y-o-y), impacted by higher interest expense, lower non-interest income and credit impairment charges; ₦24.8bn (-21.2% y-o-y) as at Q1 2014, impacted by higher interest expense and reduction in non interest income
- Effective tax rate increased to 22.7% (FY 2012: 18.5%) due to reduction in tax exempt income
- EPS[8] of ₦2.16 (FY 2012: ₦2.37) and ₦2.61 (Q1 2013: ₦3.01)

[1]Operating income computed as gross earnings less (interest expense+ share of profits from associates); [2]Pre-provision operating profit computed as sum of operating profit and credit impairments; [3] computed as net interest income divided by the average opening and closing balances in interest earning assets; [4]computed as operating expenses divided by operating income; [5] computed as credit impairment charges divided by the average opening and closing balances on gross loans [6] computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to its equity holders; [7] computed as profit after tax divided by the average opening and closing balances of its total assets; [8]annualised and computed as profit before tax divided by number of outstanding shares.

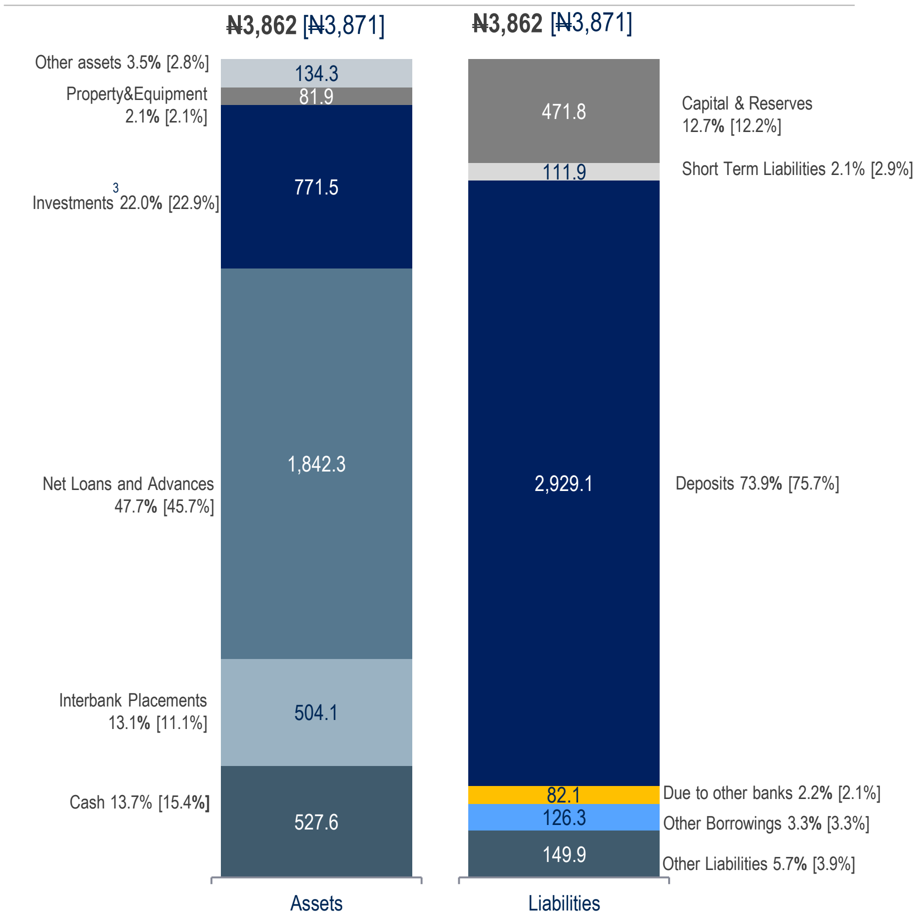
FY 2013: Overview statement of financial position

Snapshot: Statement of financial position

	FY 12 (₦bn)	FY 13 (₦bn)	y-o-y	Q1 13	Q1 14	y-o-y	q-o-q
Total Assets	3,228.4	3,871.0	20%	3,459.1	3,861.7	12%	0%
Government Securities	657.5	771.5	17%	882.3	646.1	(27%)	(16%)
Interbank Placements	439.9	430.6	(2%)	411.1	504.1	(23%)	17%
Cash and balances with central banks	300.5	594.2	98%	317.6	527.6	66%	(11%)
Net Loans & Advances	1,541.4	1,769.1	15%	1,545.8	1,842.3	19%	4%
Customer Deposits	2,395.1	2,929.1	22%	2,532.2	2,855.2	13%	(3%)
Total Equity	444.3	471.8	7%	434.7	491.3	13%	4%
Tier 1 Capital[1]	356.8	352.0	(1%)	354.5	372.0	5%	6%

Key Ratios							
CAR	19.1%	17.7%		17.7%	16.8%		
Tier 1	17.5%	15.0%		16.3%	14.4%		
LTD	66.0%	61.9%		62.7%	66.3%		
NPL	2.6%	3.0%		3.0%	3.6%		
NPL Coverage[2]	133.1%	97.7%		117.9%	84.2%		

Balance sheet structure - March 2014 (₦bn)

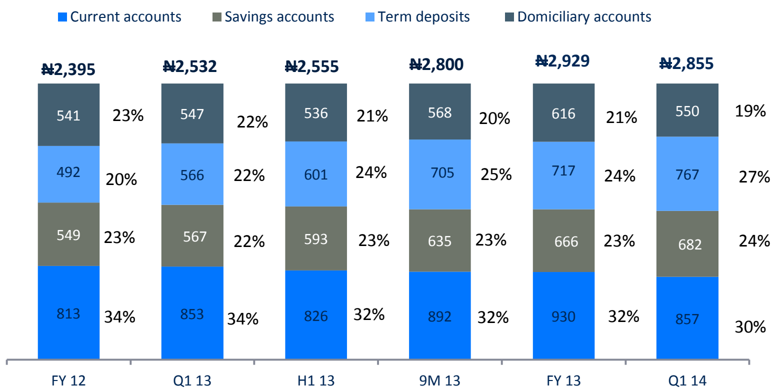


[ ] December 2013

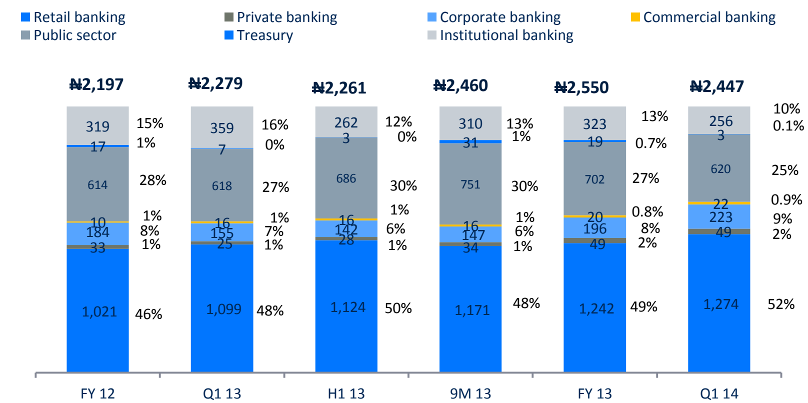
[1] Tier 1 capital for Banking group only [2] Includes statutory credit reserves. Excluding statutory credit reserves , NPL coverage would have been 94.5% for FY 2013 (FY 2012:72.4%; Loan to deposits ratio computed as gross loans divided by total deposits ; NPL coverage computed as loan loss provisions divided by non-performing loans.
[3] Investments include Government securities, listed and unlisted equities, assets pledged as collateral, investments in associates and properties

Increased competition for cheap deposits with increase in CRR on public sector deposits

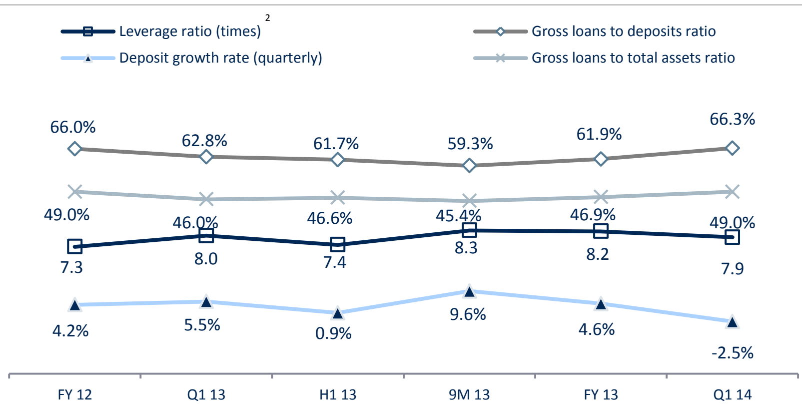
Deposits by type ₦bn



Deposits by SBU ₦bn (First Bank of Nigeria only)



Balance sheet efficiency

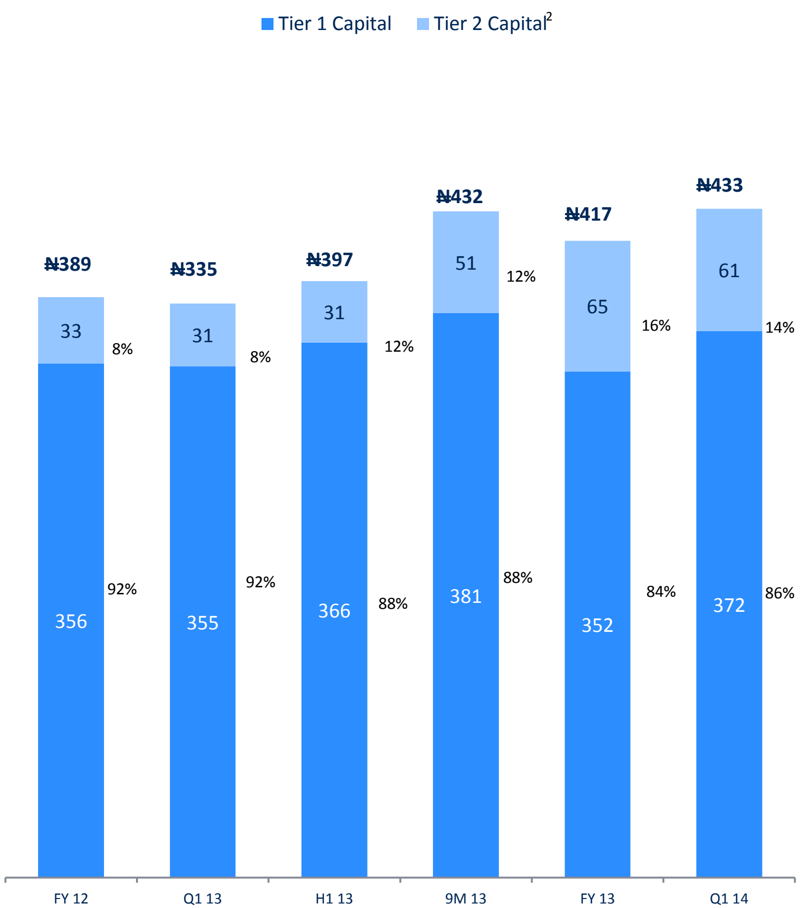


- Customer deposits increased by 22.3% y-o-y to ₦2.9 trillion with growth across all deposit buckets benefitting from healthy growth in existing and new accounts, launch of new products as well as extensive retail footprint
- CASA constitutes 73% of deposits with retail banking SBU contributing 52% providing a healthy, diverse and stable funding base with large core portion. FBN holds a 28% share of industry savings deposit
- Public sector deposits are c.25% of deposits, with 10.2% of overall deposit base impacted by the increased CRR requirements of eligible public sector deposits
- Increasing term deposits reflective of heightened competition for deposits, further aggravated by the sterilisation of eligible public sector deposits and high interest rate environment
- Ratio of Foreign currency to local deposit is 30% in the Commercial banking group
- Well positioned to leverage Nigeria's retail market given its widespread retail platform and complementary product offerings. We will focus on increasing penetration in each of our customer segments, improving service offerings to our customers thus diversifying the deposit base
- Begun implementation of the value chain banking framework in public sector and institutional banking to support increase in deposit retention as well as full scale deployment of transaction banking, which will support deposit mobilisation

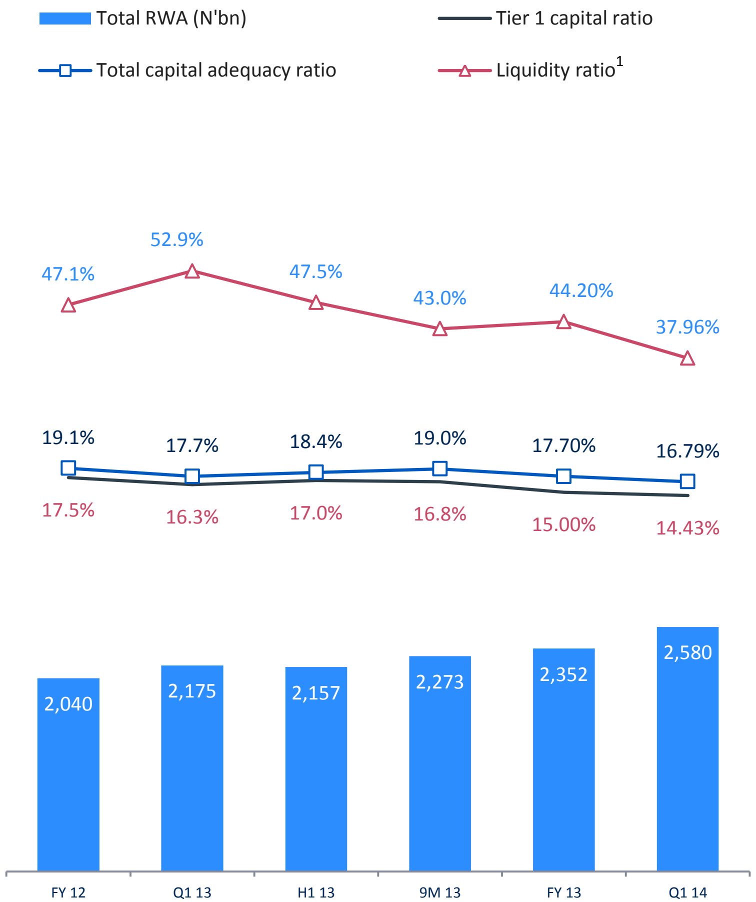
[1] Treasury is not a strategic business unit but contributes to the percentage of deposits [2] leverage ratio computed as total assets divided by total shareholders' funds

Capital and liquidity levels within regulatory requirements

Components of capital (₦bn)

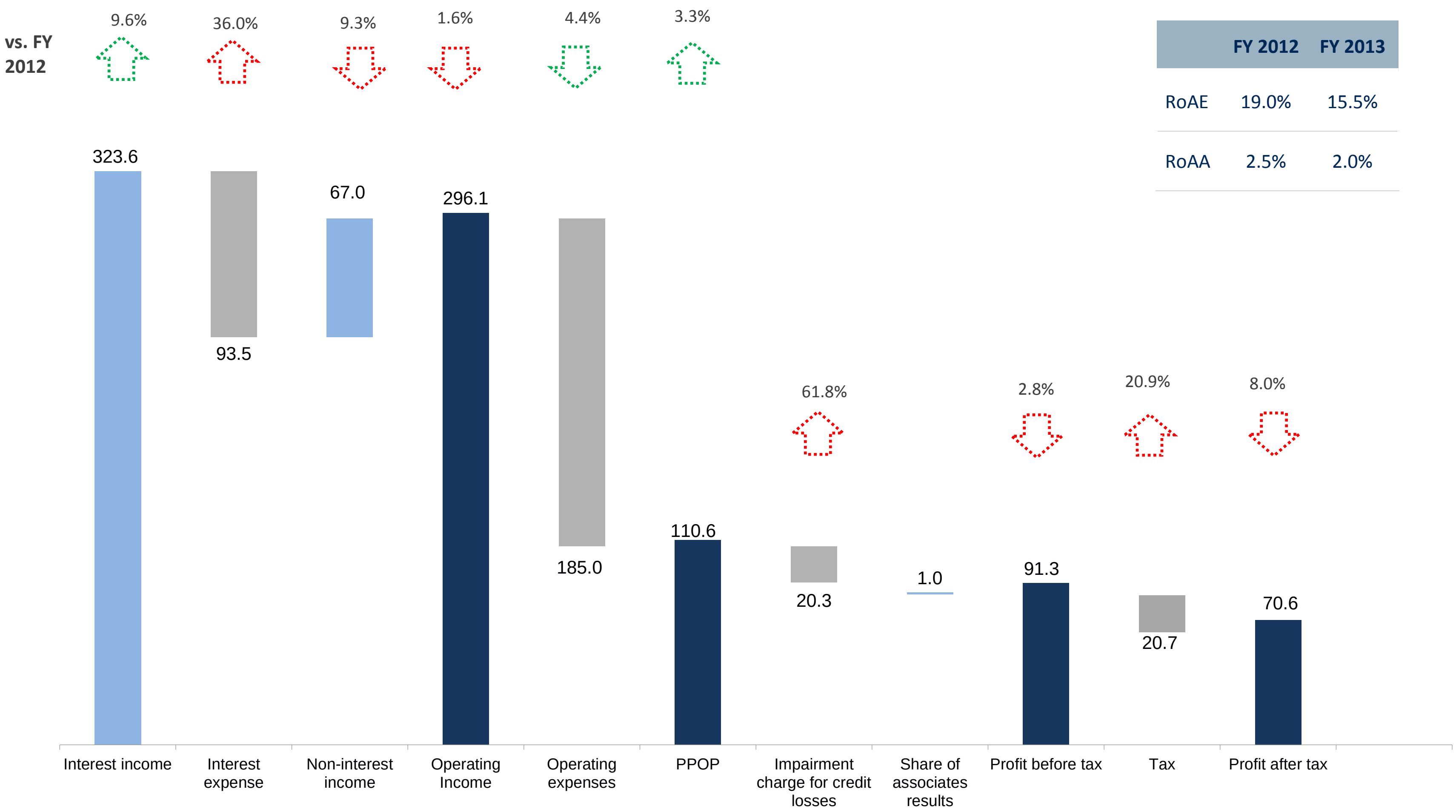


Evolution of capital and liquidity ratios



[1] Liquidity ratio is computed as total specified liquid assets/total deposits (less domiciliary deposits); [2] Tier 2 capital comprises foreign exchange revaluation reserves, minority interest

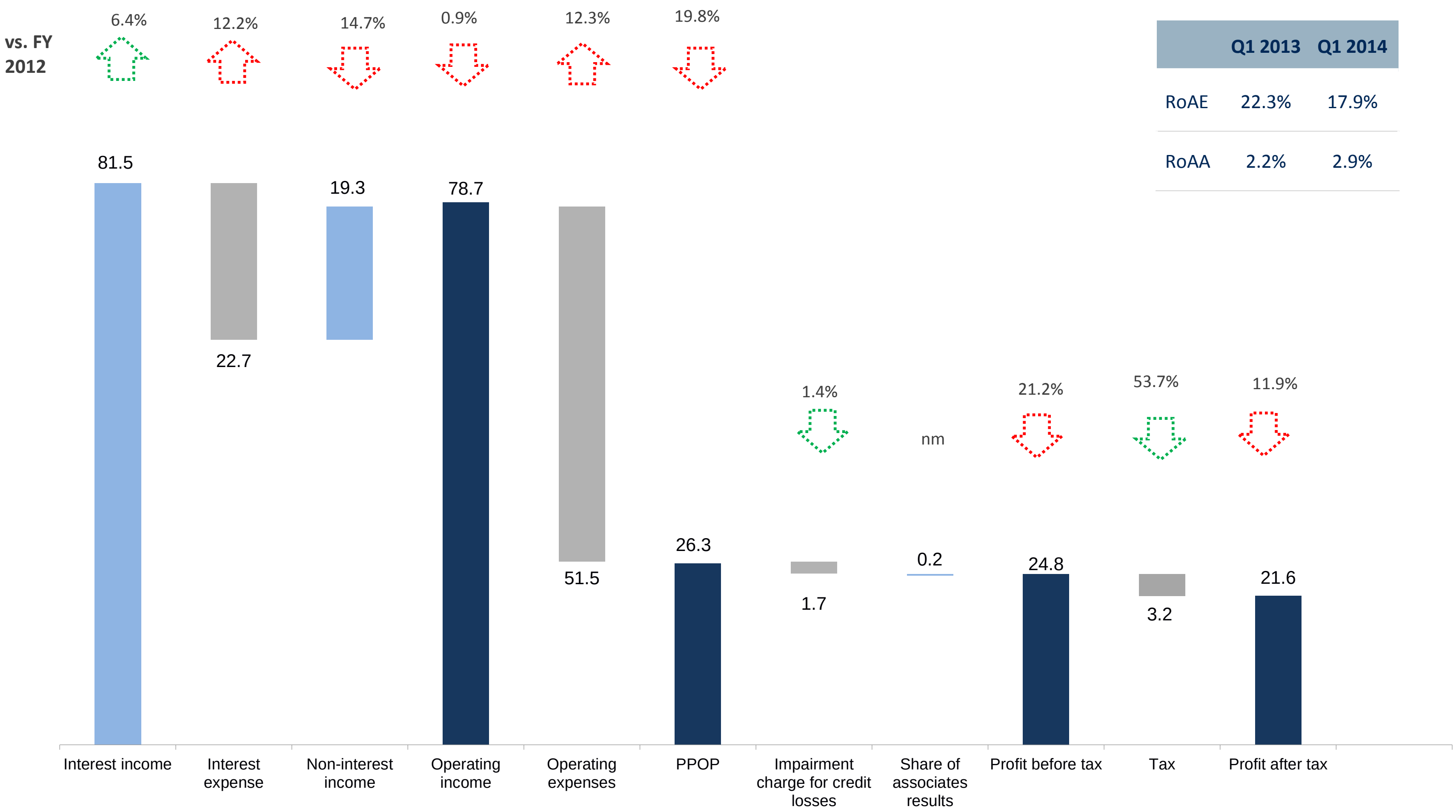
Evolution of FY 2013 profit after tax (₦bn)



	FY 2012	FY 2013
RoAE	19.0%	15.5%
RoAA	2.5%	2.0%

PPOP- pre-provision operating profit; computed as operating profit + credit impairments

Evolution of Q1 2014 profit after tax (₦bn)

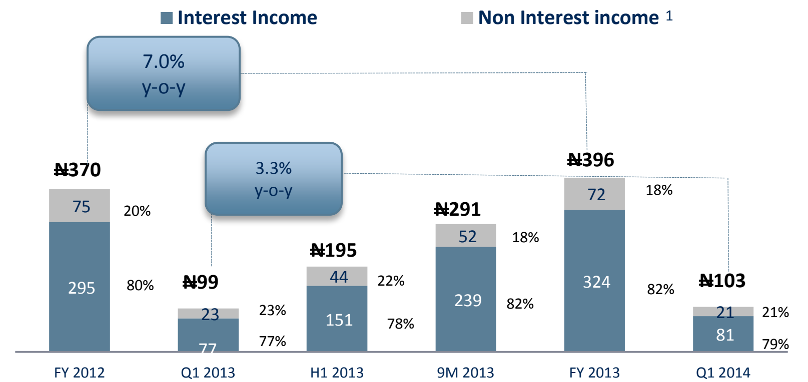


	Q1 2013	Q1 2014
RoAE	22.3%	17.9%
RoAA	2.2%	2.9%

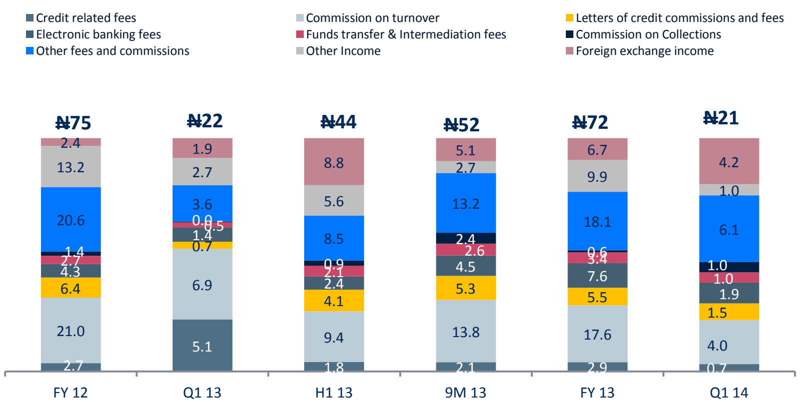
PPOP- pre-provision operating profit; computed as operating profit + credit impairments

Gross earnings growth despite increasing regulatory headwinds

Gross earnings (₦bn)



Breakdown of non-interest income (₦bn)[4]

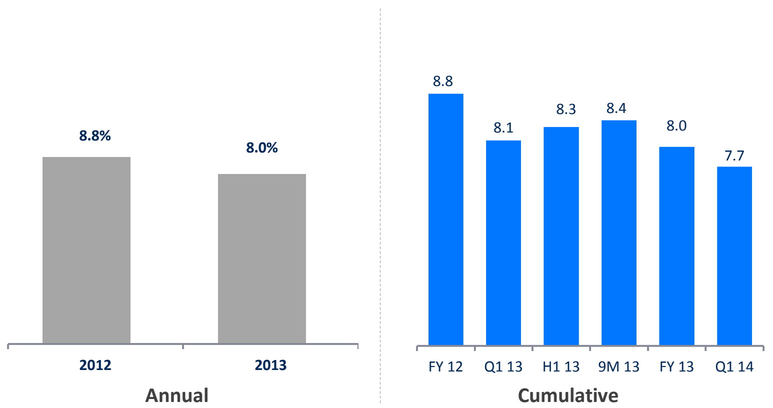


- Gross earnings growth supported by higher interest income from loans & advances to banks and customers but tempered by reduction in non interest revenue and increased CRR requirements
- 9.3% Reduction in NII y-o-y, driven by (+173%) y-o-y increase in FX income, (+76%) electronic banking & (+66%) dividend income but impeded by commencement of CBN revised tariffs
- Higher FX income y-o-y relates to income relates to margins earned from FX trading and customer transactions
- Strong growth in e-business revenues and FBN Capital structured finance fees
- Rising income from non bank subsidiaries with about ₦10bn contribution
- Focus on growing contribution from the non-banking subsidiaries to the Group earnings as we improve group synergies and cross selling
- Focus on revenue growth including aggressive customer acquisition, high growth products and segments (such as Commercial Banking SBU, Bancassurance, mobile money, general insurance)
- Focus on growing NIR through a tactical approach utilising the Group's wide footprint and innovation:
  - Stringent monitoring covenants on savings and current accounts; drive behaviour change from cash payment to alternative payment, strong growth in e-business revenues; increased transaction volumes, rising income from non-bank subsidiaries and other business groups via Bancassurance, mobile insurance as well as mobile money in coming periods

[1]Other fees and commission include commission on performance bond, bankers instruments issued , account maintenance ,structured& project finance fees; [2]Other income include insurance premiums, net (losses)/gains on investment securities and dividend income; [3]Investment Banking and Asset Management [4]Other financial services is predominantly FBN microfinance [5]9M 2012 figures are based on audited numbers for 9M 2013

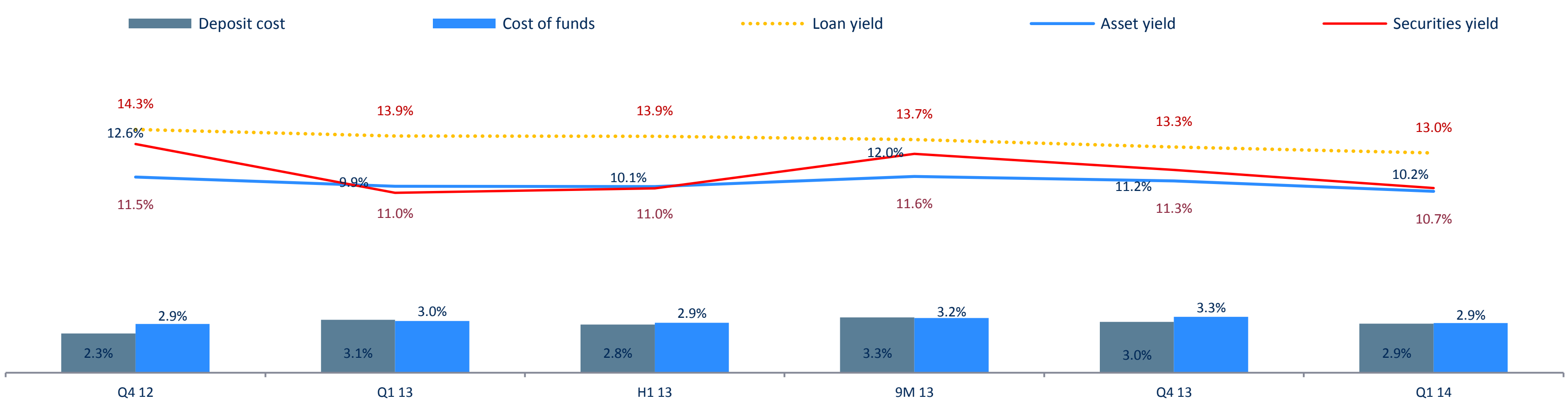
Increasing pressure on NIMs resulting from regulatory headwinds and compounded by the high interest environment

Net interest margin (NIM)[1]



- NIMs at 8%, within guidance figure of 7.5% - 8.5% for FY 2013
- NIMs have been negatively impacted in spite of reduction in COF to 2.9% as at Q1 2014(FY 2013: 3.3%; 9M 2013: 3.2%; H1 2013: 3.0%; Q1 2013: 3.0%; FY 2012: 2.5%)
  - Increase in savings rate to 3.6% from 1%, higher interest paid on term deposits due to increased competitive environment for deposits
  - Increasing FCY loan during the period having relatively lower yield
  - Interest expense on Eurobond
- Interest income pressured from increased cash holding with CBN (+98%) on eligible public sector deposits (12% to 75%); as well as on private sector deposits (12% to 15%), ultimately reducing investible funds
- Bulk of loan growth in Q4 2013 and Q1 2014 yet to reflect fully in interest income thus diluting overall FY 2013 and Q1 2014 NIMs

Yields and Cost of funds

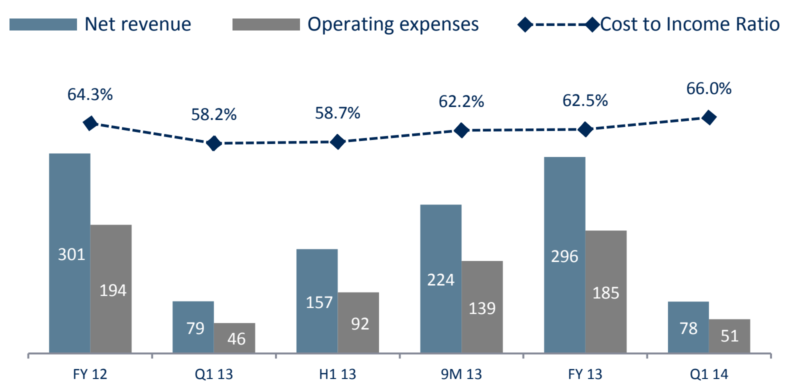


[1] *Interest earning assets in computing NIM include loans to banks, loans to customers, financial assets and interest earning investment securities.*

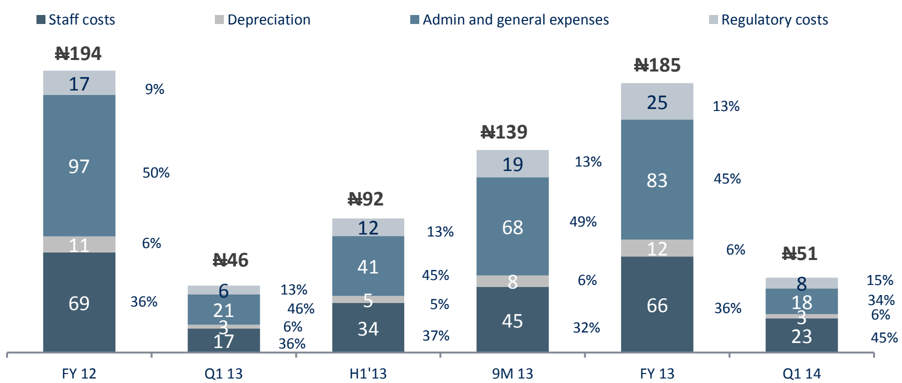
Regulatory costs impact operating expenses

OVERVIEW | **FINANCIAL REVIEW** | BUSINESS GROUPS | STRATEGY | SUMMARY/ OUTLOOK | APPENDIX

Net revenue and expenditure (₦bn)



Operating expense breakdown (₦bn)[3]

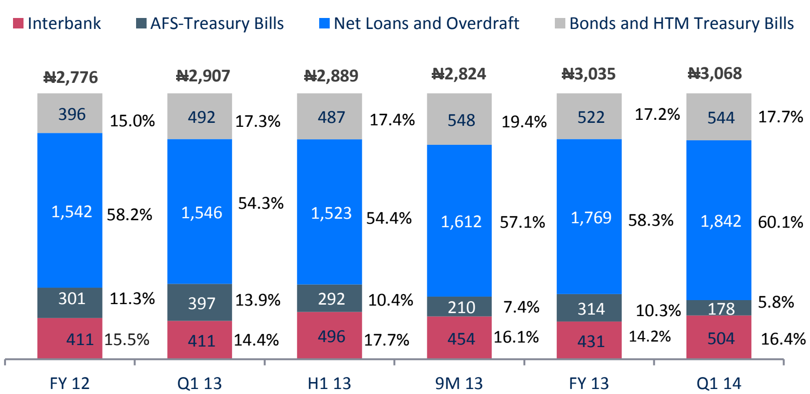


- 12.3% increase in Q1 2014 opex was driven by:
  - higher regulatory costs (+31%), staff cost (+8%), as well as other operating expenses (+9%)
  - rise in regulatory costs driven by increased AMCON cost y-o-y (+29%) following increase of AMCON charge to 0.5% from 0.3% of total asset and contingents deposits and NDIC cost y-o-y (+24%) due to increase in deposit base
- 4.4% decline in FY 2013 opex driven by:
  - reduction in staff cost by 4.4% y-o-y attributable to reduction in pension cost and termination of the gratuity scheme in 2013
  - better management of controllable cost led to 15.1% reduction in admin and general expenses; attributable to reduction in advert and corporate promotions cost (-20%), donations and subscriptions (-49%), stationary & printing (-53%) and other operating expenses (-32%)
  - regulatory costs increased by 51% driven by hike in AMCON levy to 0.5% from 0.3% of total asset as well as increased deposit insurance premium from increased volume of deposits
- Costs are being contained due to strong focus on optimising controllable cost which include admin and general expenses; branch rationalisation especially in rural locations, expansion in Centralised Processing Centre capacity, expanded services through alternative channels , automation of processes, ensuring suitable mix of our distribution channels to manning realignments levels to improve workforce productivity
- Benefits of increasingly diversified revenue streams in coming periods allied with controlling cost growth will result in improving efficiency in the medium term

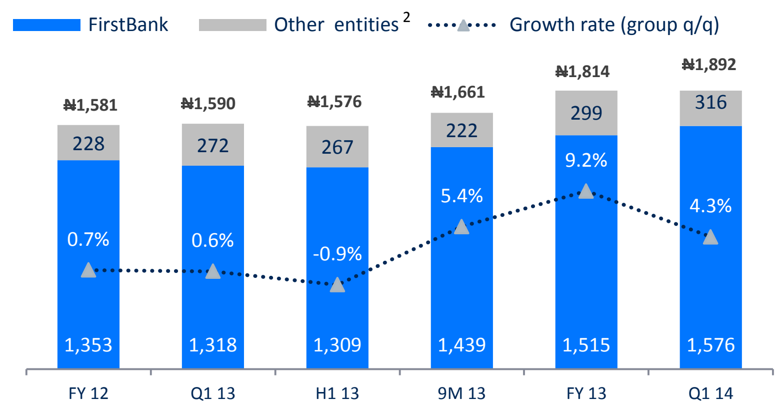
[1]Admin and general expenses include maintenance, advert & corporate promotion, legal and other professional fees and other operating expense; [2] regulatory costs is made up by NDIC premium ,AMCON resolution cost and others [3]some items in staff costs in Q1 2013 and H1 2013 were reclassified to admin and general expenses based on the 9M 2013 audit to give a true reflection of prior periods

Growing loan book will support long term growth agenda

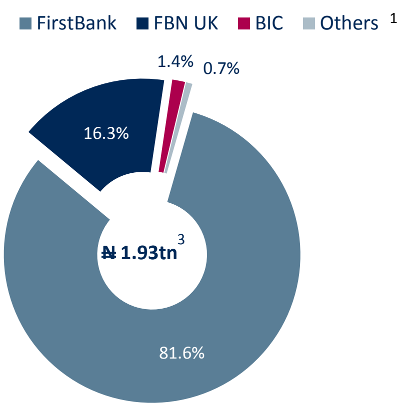
Interest earning assets mix (₦bn)



FBN Holdings gross loans (₦bn)



FBN Holdings gross loan book by business entities

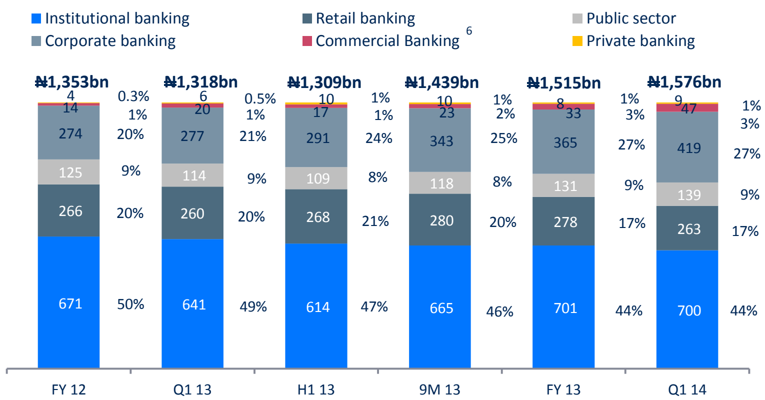


- 5.5% & 0.96% growth in interest earning assets (IEA) y-o-y and q-o-q repectively as at Mar 2014
- Gross loans of FBN Holdings grew by 14.8% to ₦1.81tn as at December 2013 (adjusting for intercompany balances); this was mainly driven by growth in FBN UK (23%) and FirstBank's (12%) loan book continued healthy growth in 2014
- Broad based loan growth to various sectors spanning manufacturing, power and energy, information & communication, oil and gas (upstream and services) with healthy pipeline of deals
- Total foreign currency loans as at December 2013 stood at 47.1% of which 60.6% were created onshore in Nigeria
- Reduction in t-bills holding on increased revenue requirements
- 31.8% & 10.6% growth in bonds & HTM t-bills for FY 2013 and Q1 2014 respectively

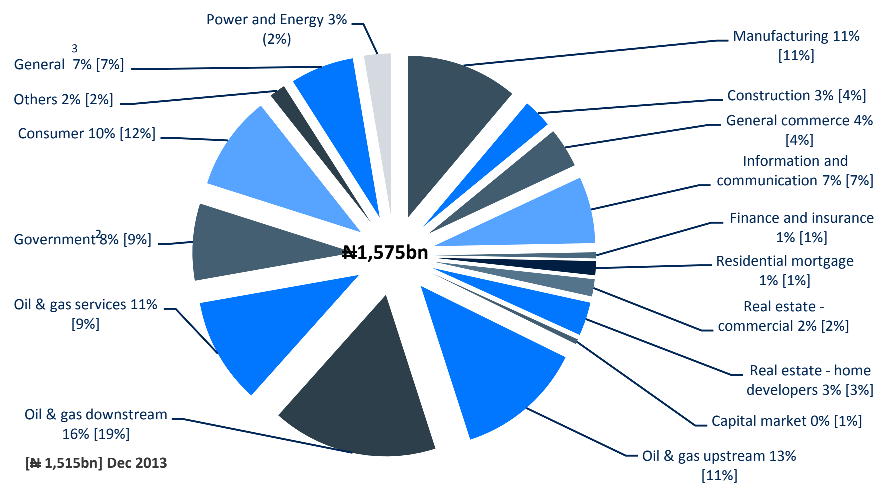
[1]Others include FBN Microfinance, FBN Mortgages, First Pension Custodian Limited, FBN Securities, First Funds, First trustees, FBN Capital , FBN Insurance brokers and FBN Bureau de change [2]other entities include FBN UK and BIC [3.] unadjusted for intercompany balances

First Bank of Nigeria (Loan book breakdown)

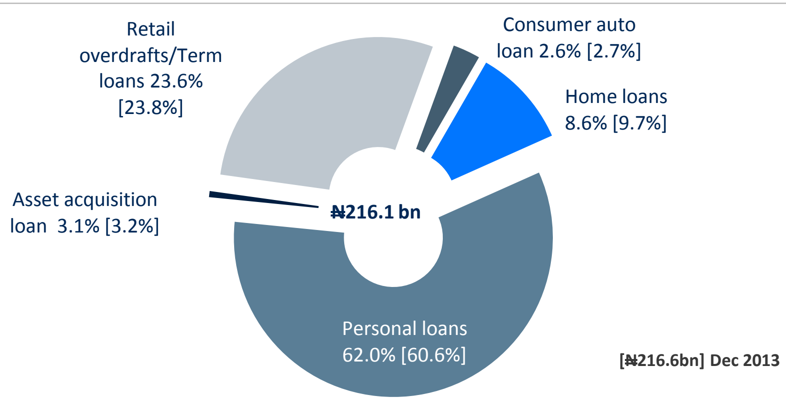
Breakdown of loans by SBU



Loan Breakdown by Sectors



Core consumer / Retail product portfolio[1]



- Overall loan book growth y-o-y of 11.9% for FY 2013 and 19.6% for Q1 2014
- 5.0% growth in consumer and retail business as at Dec 2013 is largely due to growth in personal loans secured against salary and terminal benefits to salaried staff and asset acquisition loans
- Growth in power& energy sector driven by the recent power reforms
- The Emerging Corporates sub-business unit has now been upgraded to a full-fledged Commercial Banking SBU to drive increased penetration within medium sized SMEs constitutes 2.2% of total First Bank of Nigeria loans
- Growth in coming periods will be driven by the following sectors: power, oil and gas, retail, manufacturing, telecommunications and general commerce

[1] Represents loans in our retail portfolio < ₦ 50mn
[2] Government loans are loans to the public sector (federal and state)
[3] General includes personal& professional, hotel& leisure, logistics and religious bodies
[4] Personal loans are loans backed by salaries
[5] Telecom comprise 93% of the loans in Information and communication sector

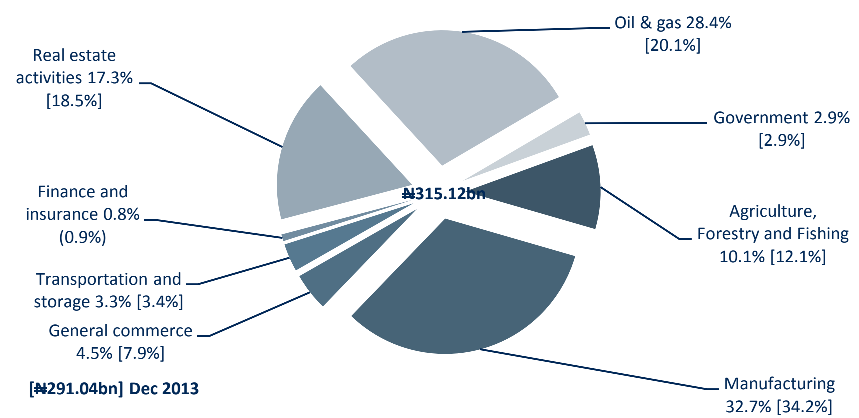
[6] Previously referred to as Emerging Corporate a subset of Corporate banking now an SBU
Corporate banking; *private organisations with annual revenue greater than ₦500mn and midsize and large corporate clients with annual revenue in excess of ₦5bn but with a key man risk.* ***Commercial Banking*** *comprising clients with annual turnover of ₦500mn and ₦3bn.* ***Institutional banking****; multinationals and corporate clients with revenue greater than ₦5bn.* ***Private banking;*** *High net worth individuals and families.* ***Public sector banking;*** *Federal and state governments.* ***Retail banking****; mass retail, affluent with annual income below ₦50mn as well as small business and Local governments with annual turnover below ₦500mn*

FBN UK records improved performance in spite of tough regulatory framework

Selected financial summary

N'bn	FY 12	FY 13	y-o-y	Q1 13	Q1 14	y-o-y
Gross Earnings	19,531.1	**23,663.1**	21.2%	**5,351.2**	**5,816.5**	8.7%
Interest Income	16,656.6	**20,788.7**	24.8%	**4,989.2**	**5,015.1**	0.5%
Interest Expense	7,519.9	**7,468.5**	(0.7%)	**1,964.7**	**1,654.5**	(15.8%)
Net interest income	9,136.7	**15,399.0**	68.5%	**3,050.4**	**3,360.6**	10.2%
Profit before Tax	6,698.6	**8,007.5**	19.5%	**1,990.5**	**2,533.4**	27.3%
Net interest margin	2.0%	**2.4%**		**2.2%**	**2.5%**	
ROaA	1.0%	**1.2%**		**1.1%**	**1.5%**	
ROaE	10.2%	**12.1%**		**12.4%**	**14.9%**	
Total assets	525,362.6	**535,885.2**	2.0%	**561,483.7**	**543,905.0**	(3.1%)
Customer deposits	280,518.5	**295,660.8**	5.4%	**289,531.2**	**346,144.9**	19.6%
Shareholders' funds	49,276.8	**52,356.6**	6.3%	**50,150.9**	**54,545.6**	8.8%
Loans and advances	237,401.3	**291,041.1**	22.6%	**276,605.7**	**315,123.7**	13.9%
Cost to income ratio	43.3%	**37.7%**		**41.6%**	**39.3%**	
LTD	84.6%	**98.4%**		**95.5%**	**91.0%**	
Cost of risk	-	**0.4%**		**-**	**-**	

Loan book by sector



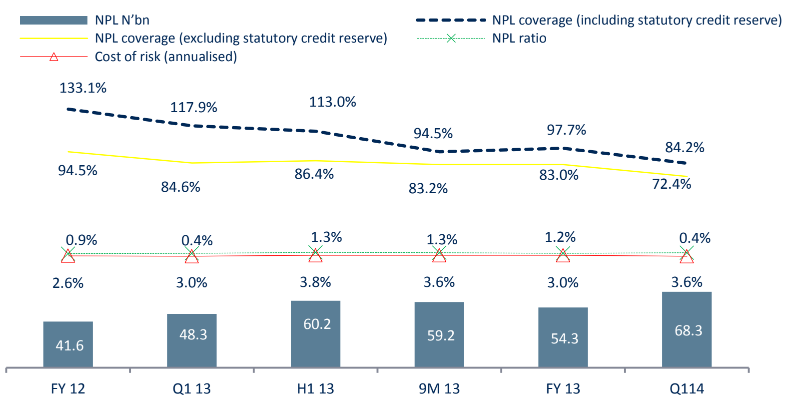
- Gross earnings and pre-tax profit grew by 21% and 20% y-o-y respectively in 2013. Gross earnings growth was driven by increased interest revenue attributable to higher interest income from loans & advances to customers (+68%) and available for sale financial assets (+37%). In addition there was a negative impact from fees & commission income (-15%) and dealing & exchange profits (16%) respectively
- Q1 2014 saw gross earnings and pre-tax profit grow by 9% and 27% y-o-y respectively. Gross earnings improved as a result of better interest mix while pre tax profit benefitted from reduced interest expense y-o-y to 15%
- Improved performance was as a result of increase in lending activities, business volume and revenue generation
- FY 2013 cost of risk was a result of a higher impairment charge y-o-y relating to the exposure to a liquidated gold mine with proven reserves. Payment arrangements are in place with the new owners. Notwithstanding, this exposure has been adequately provided
- Expect to grow loans by 10-15% over the next 12 months with drivers being in the commodity trade finance business, real estate, correspondent banking relationships and government finance primarily to African countries

Exchange rate ₦1/£: FY2013 – ₦256.65; Q12014 – ₦258.51

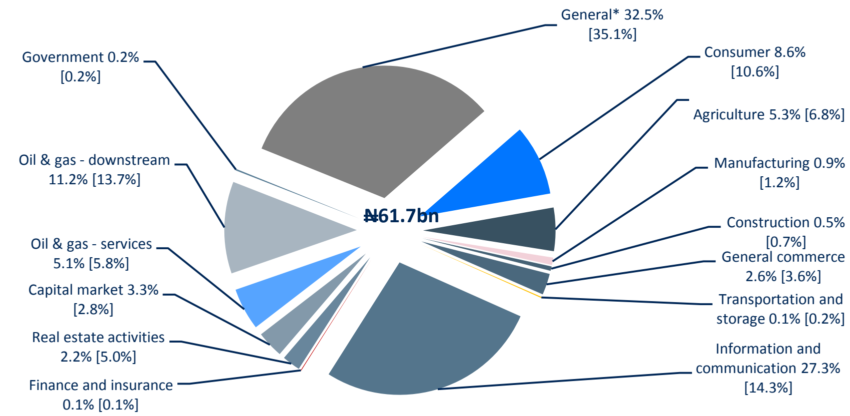
Proactive portfolio management provides downside protection

OVERVIEW | **FINANCIAL REVIEW** | BUSINESS GROUPS | STRATEGY | SUMMARY/ OUTLOOK | APPENDIX

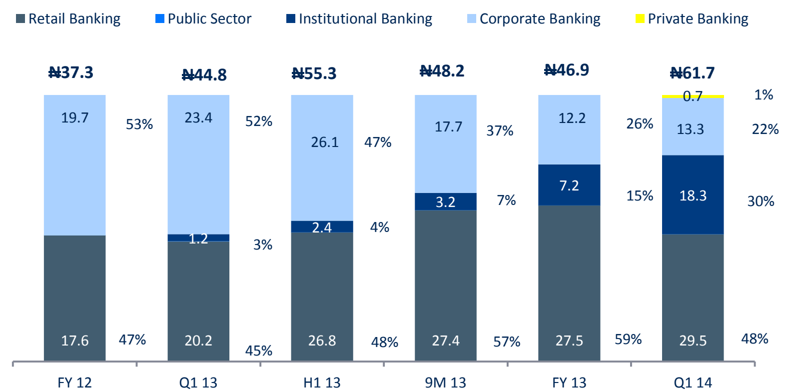
Asset quality



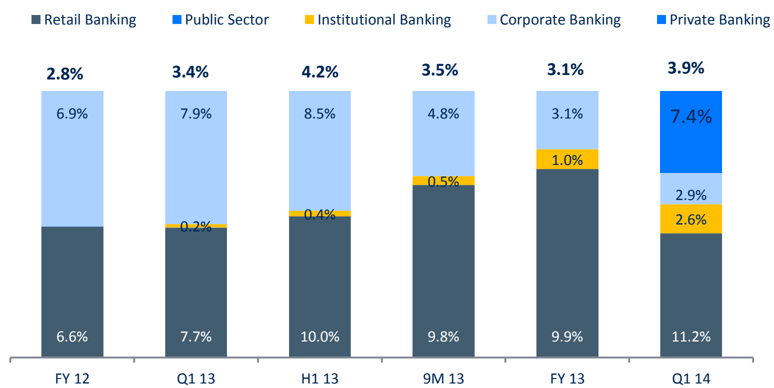
NPLs sector exposure (First Bank of Nigeria only)



NPLs by SBU ₦bn (First Bank of Nigeria only)



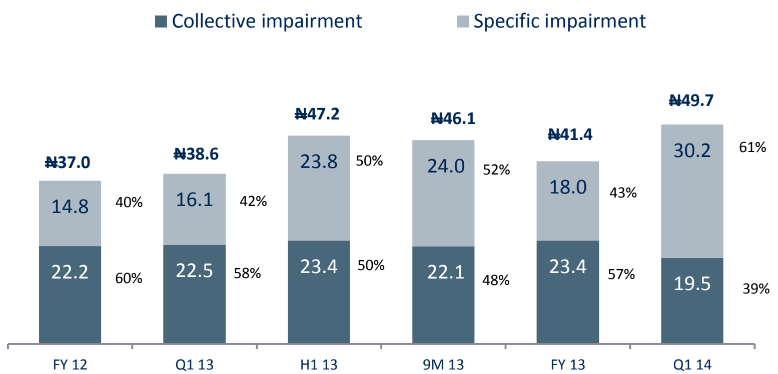
NPL ratio within each SBU (First Bank of Nigeria only)



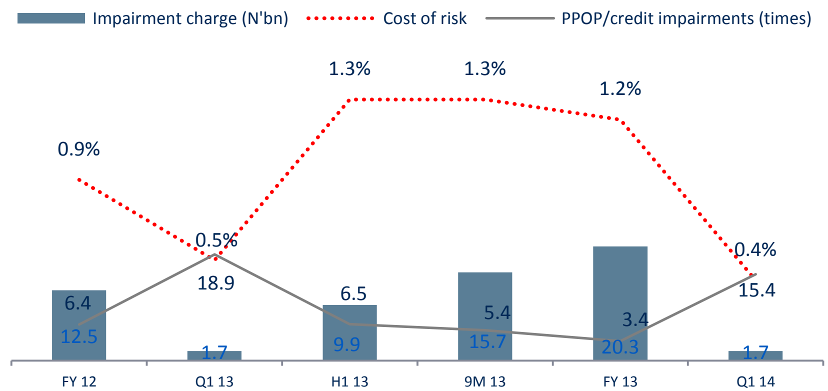
** General includes: hotels& leisure, logistics, religious bodies, retail others*

Early recognition of impaired assets resorts in earlier remedial action

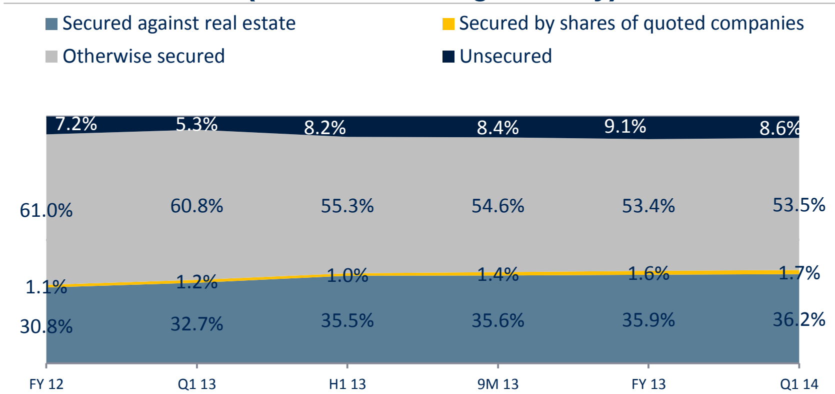
Allowance for impairments ₦bn (First Bank of Nigeria only)



Evolution of credit impairments



Breakout of loan book by type of collateral (First Bank of Nigeria only)



- Significant reduction in cost of risk q-o-q from 1.2% in Dec 2013 to 0.4% in Mar 2014
- Sectors contributing to NPL include information & communication, oil & gas downstream/services, general, real estate and agriculture
- Continued to mitigate the increase in non performing loans by sustained remedial management which includes restructuring of assets and asset realisation
- Expect reasonable write backs of provision in subsequent periods from successful remedial actions

[1] *Otherwise secured refers to credits secured through cash/ treasury bills, guarantees/receivable of investment grade banks and corporates, enforceable lien on fast moving inventory in bonded warehouses/tripartite warehousing agreement, all asset debentures, charge on asset financed, insurance policy, postdated cheques, domiciliation*
[2] *Unsecured credits represent clean lending to top tier corporates*

Performance Review - Business Groups

Commercial Banking

Investment Banking & Asset Management

Insurance & Microfinance

Commercial Banking- Resilient performance despite significant pressures

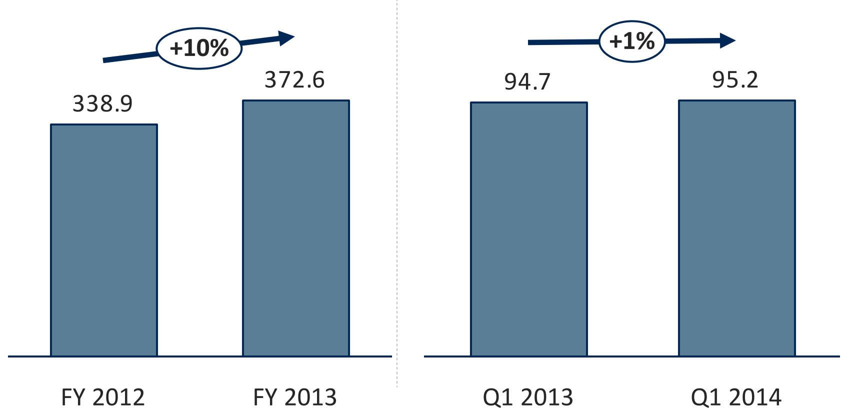
Twelve months 2013:

- Gross earnings growth of 9.9% y-o-y ₦372.6bn (₦338.9bn: FY 2012) recorded on the back of a 12% increase in interest income
- Profit before tax of ₦87.5bn for FY2013 (₦87.1bn: FY2012) attributable to a 10% increase in interest income from loans and advances to customers in addition to a 437% increased in interest income from loans and advances to banks. Foreign exchange income grew by 170% while fees and commission reduced by 5% driven by increase in; (+54%) other fees &commission, (+110%) money transfer commission as well as (+38%) credit related fees and negatively impacted by 39% and 49% reduction in commission on turnover and commission on bonds & guarantees respectively
- Operating expenses reduced by 5.2% y-o-y to ₦172.7bn (FY 2012:₦182.2 bn) as cost curtailment initiatives continue to yield positive results
- Gross loans and deposit growth of 15% and 22% y-o-y respectively. Loan growth in the period contributed by Oil and gas, Power & Energy, Public Sector, General and Manufacturing. Deposits are majorly made up of low cost deposits at 75%
- FirstBank expanded international presence to four West African countries (Ghana, Gambia, Guinea and Sierra Leone) adopting a disciplined approach to a broader and more diverse pan African footprint.

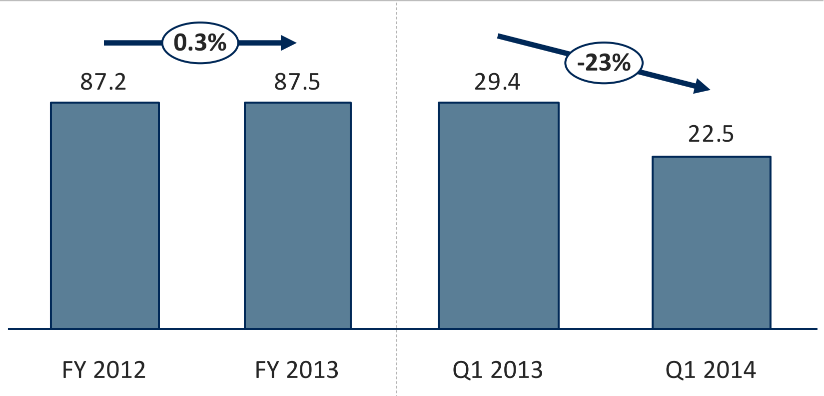
Three months 2014

- Gross earnings growth of 0.5% y-o-y ₦95.2bn (₦94.7bn: Q1 2013) recorded on the back of a 4.4% increase in interest income and subdued by reduction in non interest income
- Profit before tax of ₦22.5bn (₦29.4bn: Q1 2013) attributable to a 9% increase in interest income from loans and advances to customers in addition to a 87% increase in interest income from loans and advances to banks. Foreign exchange income grew by 119% while fees and commission reduced by 28% driven by increase in; (+8%) other fees &commission, (+53%) funds transfer and intermediation fees as well as (+119%) foreign exchange income negatively impacted by 28% reduction in commission on turnover

Gross earnings – (₦bn)



Profit before tax – (₦bn)



Commercial Banking group – contd'

- The commercial banking business witnessed significant regulatory headwinds during the period, challenging the business model
- In spite of the challenging year, the business delivered notable performance underpinned by the disciplined and focused implementation of mitigating steps taken to limit the impact of the policy pronouncements, as well as expanded market reach and responsiveness to meeting our customers' needs.
- We have redefined our public sector pricing and business focus. Public sector deposits now priced at zero, while providing financial services to the value chain
- Other measures taken to mitigate the headwinds include:
  - acquiring new customers along priority segments (emerging corporates and Retail) whilst focusing on further improving customer experience
  - Increased focus within commercial banking as well as expanding retail assets in the SME space for greater transaction velocity especially within the trade finance business
  - Sweating existing assets and leveraging on our extensive alternative distribution channels to provide superior services to our customers whilst unlocking additional revenue streams
- We have continued to drive cost efficiency through
  - reduced deployment of new branches
  - maintaining an appropriate staffing structure and work force alignment
  - optimising procurement and operational spend
  - rationalisation of rural branches
- While we remain focused on consolidating our position in Nigeria, West African expansion provides an immediate and strong platform to diversify our revenue stream and reduce country specific risks
- We will continue to push for greater efficiency of our operations while further identifying mitigating measures as we create additional/alternative revenue streams

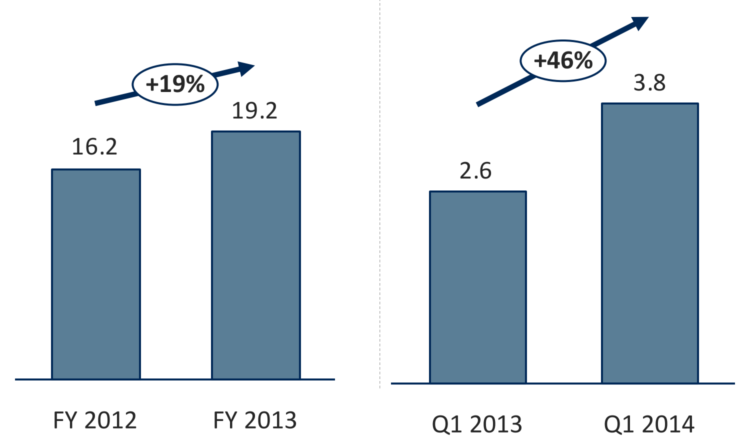
Twelve months 2013 :

- FY Gross earnings and PBT have grown by 19% and 65% respectively y-o-y
- Performance was driven by a strong rebound in the IB business, and the Trustee & Agency business
- Within IB, the Debt Solutions & Financial Advisory units were the most active, particularly in the Financial Services, Oil & Gas and Power sectors; in the Trustees business the Public and Corporate Trust units were the major contributors
- The Asset Management and Markets businesses continue to generate increased revenues: we have made steady progress with efforts to reposition the Asset Management Division, and AuM grew by 40% as FBNCAM rose to No. 5 in terms of AuM for SEC registered funds; in the Markets Division the Equity Brokerage, Fixed Income Sales & Trading units performed strongly, and FBN Securities ranked #4 (by value) on the NSE's top 10 stockbrokers league table with a market share of 3.82% as at year end
- The Alternative Investments business has maintained a steady performance
- Targeted investments to enhance our processes

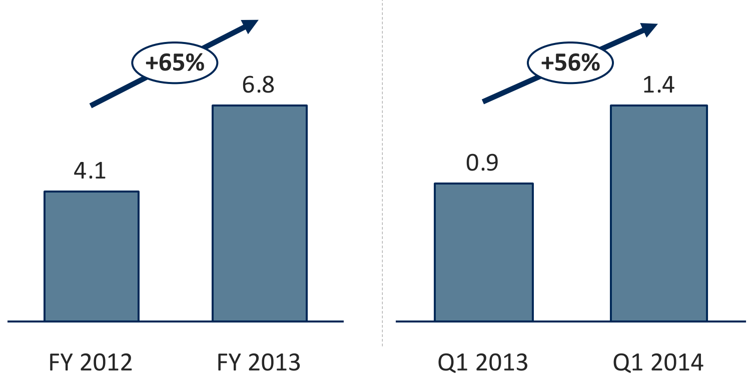
Outlook:

- Strong pipeline particularly in the Debt Solutions and Capital Markets (both public and private) businesses and therefore expect IB to continue to be the major revenue contributor to the IBAM business
- The positive momentum in the Asset Management business should continue as we progress with the initiatives to enhance collaboration and build a strong distribution platform
- Revenue in the Corporate and Public trust units is expected to grow steadily with more syndicated / capital market transactions closing
- Revenues in the Markets business to also rise, particularly contribution from the equity brokerage business, and the fixed income units
- The AI business is expected to maintain a steady performance

Gross earnings – (₦bn)



Profit before tax – (₦bn)



Insurance Group – Repositioning to capture greater market share underpins strong growth

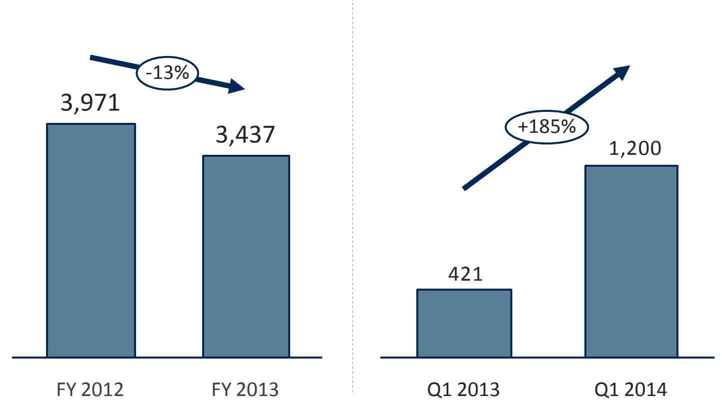
Twelve months 2013:

- Gross income declined 13% y-o-y in 2013 to ₦3.4bn (FY 2012: ₦4.0bn)
- Claims of ₦778mn were paid out during the period under review. Prompt claim settlement remains a major selling point for FBN life
- Ongoing implementation of the "no premium, no cover" policy by the National Insurance Commission (NAICOM) at the beginning of the year continued to impact revenue across the industry negatively as income is now recognized only by cash basis as against accrual basis in prior years
- Premium inflow from "Padi-4-Life", the first insurance product sold through a Telecommunication channel, has been slow. Intense product review to boost sales is in the pipeline.
- Negotiation concluded to commence the sale of an embedded mobile insurance product with another mobile network provider (MNO).

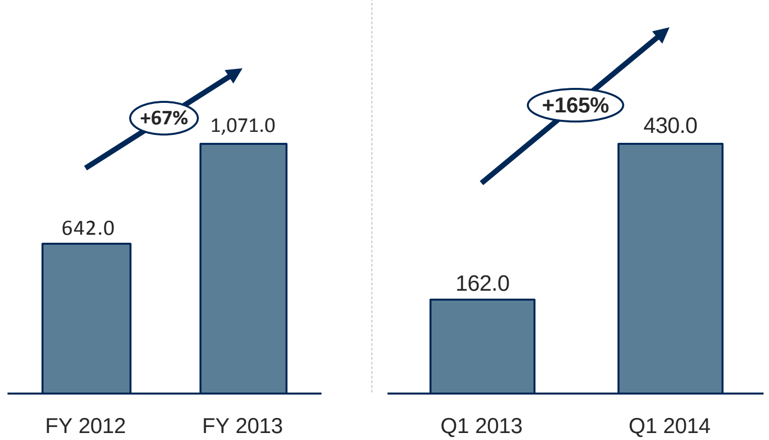
Outlook

- Growth in income from retail distribution of the insurance products and public sector group life assurance is expected via leveraging of the FBN Holdings structure and continuous marketing.
- To increase market share and grow revenue base and profitability from innovative products including expansion of credit to other financial institutions
- Imminent acquisition of a general insurance license will drive increased penetration across different customer segments and increase market share

Gross income – (₦mn)



Profit before tax – (₦mn)



Microfinance - Overview

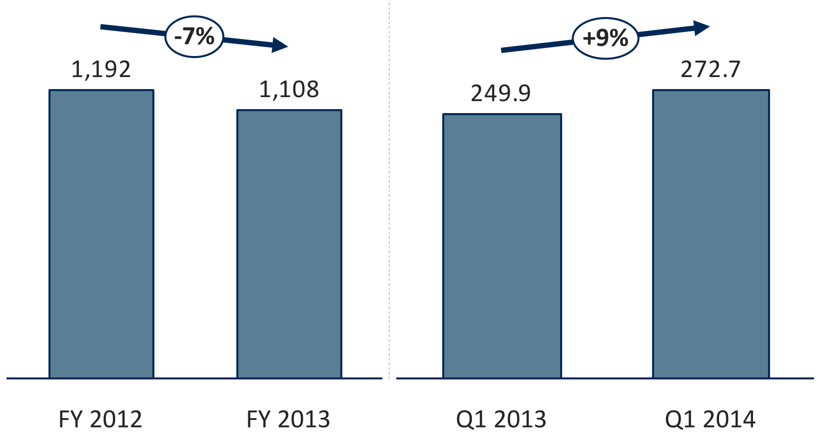
Twelve months 2013:

- FBN Microfinance (FBNM) recorded Gross earnings and PBT of ₦1,108mn and ₦64mn respectively (FY 2012: ₦1,192mn and ₦317mn) driven by suspension of lending activities in first half of the year.
- Net interest income declined to ₦820mn in FY 2013(FY 2012: ₦820mn) (+13.3% q-o-q)
- Customer deposits grew by 44.9% y-t-d to ₦1.2bn (Dec 2012: ₦824mn. This growth is attributable to a savings initiative (My Daily Savings) launched in 2012.
- Commenced disbursement of LASMI (Lagos State Microfinance Institution) Agric Yes funds to recommended cooperatives/beneficiaries.
- Commenced Funds transfer on FirstPay platform in conjunction from First Bank to improve efficiency and service delivery
- Upgraded operating license from “State License” to a “National License”

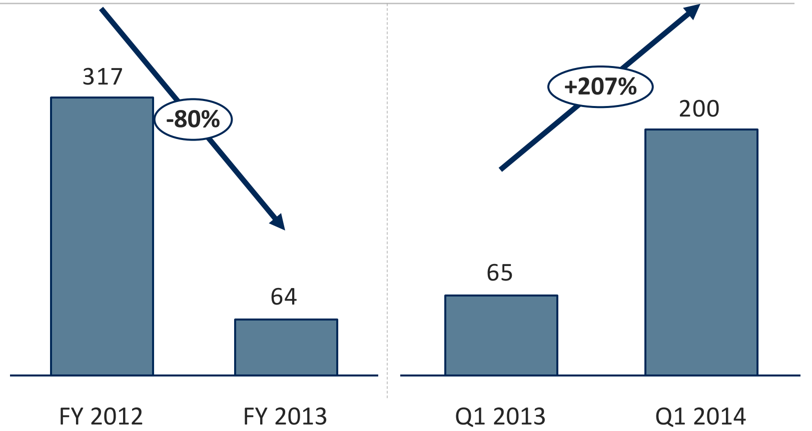
Outlook:

- Focus on increasing business development efforts and deepening relationships across the states for management of sponsored projects and loans to micro enterprises
- Target groups due to the comparatively lower cost and risk

Gross earnings – (₦mn)



Profit before tax – (₦mn)



Strategy

2013 strategy focused on embedding new structures to drive longer term growth & profitability

1 Business Line Expansion

- Improved specialization and deeper capabilities across the business groups; Specific emphasis on IBAM and Insurance (Life / General); Within Bank, focus on Middle market corporates and driving electronic banking
- Strong multi-channel expansion with a current distribution network of :
  - 750+ branches including 61 quick service points (650+ in Dec 2010)
  - 12,000 POS; 2,400+ ATMs (1,500+ in Dec 2011); 8.5M accounts
- Launched FirstMonie, Mobile money business in Q3 2012
  - Recently crossed the 1M subscriber mark
  - ~ N1.6B in 2013 transaction value
  - Over 13,000 registered agents by December 2013
  - Secured $12M grant from Gates Foundation in 11/2013

3 International Expansion

- Executed structured Sub-Saharan Africa expansion strategy with objective of creating long term growth options while harnessing benefits of diversification and the increasingly international footprint of our major corporate customers
- Acquired 75% of Congo-based Banque Internationale De Credit in October 2011
- Acquired 100% of ICB West Africa (Ghana, Gambia, Guinea, Sierra Leone) in 2013
- Opened UAE representative office in 2012
- International banking now 7% of Banking Group revenue with expanded Africa footprint from 2 locations (Nigeria and SA) in 2010 to 7 in 2013

2 Re-structuring for Growth

- Established holding company, FBN Holdings, with specialized subsidiaries – Commercial Banking, Investment Banking/Asset Management, Insurance, and Other Financial Services
- Re-structured operating model of Banking business along customer segments vs geography resulting in deeper specialization
- Created strong IBAM platform by grouping 4 related, but disparate subsidiaries and aligning operating structure
- Added focus on high growth areas such as Retail resulting in industry leading retail banking franchise with largest distribution network and largest retail client base; Retail ~50% of Banking Group revenues
- Grew Insurance franchise from lone brokerage business to Non-life and now composite insurance

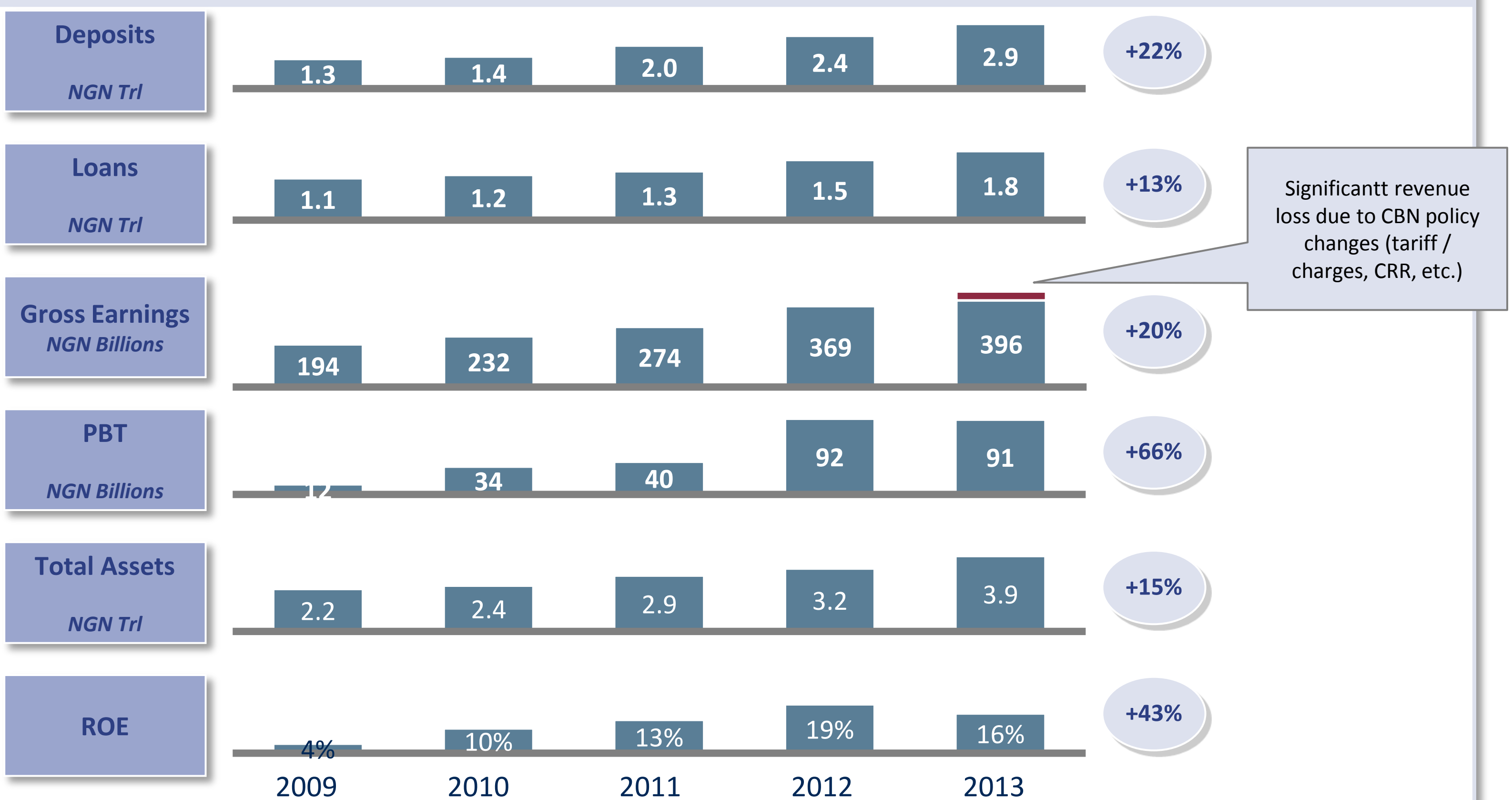
4 Synergies and Cross-selling

- Harness strong natural synergies and cross-selling opportunities between banking and other financial services sectors
- Designed enablers and formalized cross-sell agreements across Business Groups and within Strategic Business Units (SBUs). These include:
  - Investment Banking / Asset Management and Institutional/Corporate & Public Sector SBUs
  - Insurance Group and Retail Banking SBU (Banc assurance)
  - FBN Bank UK and Private Banking SBU

Impressive 5 – year performance

Business Growth, 2009 - 2013

CAGR



Recorded significant growth during the last cycle but unexpected policy changes presented challenges in meeting 2013 targets

Summary of industry policy changes

- Balance Sheet-related
  - **Upward review of savings interest rate** to a min of 30% of MPR resulting in ~260% increase in savings interest expense
  - **AMCON levy increase** from 0.3% to 0.5% of Total assets
  - **Modified capital requirements for Systematically Important Banks** (SIBs) including min. CAR of 15%; additional Higher Loss Absorbency charge of 1% of capital; liquidity ratio of 5% above min requirement
  - **75% Cash Reserve Ratio** on public sector deposits and **12% CRR** on private sector deposits

- Non-interest Revenue
  - Estimated **9.3% loss in NIR** due to policy changes on fees and commissions
  - **Gradual phase out of COT** from N3 (2013) to N2 (2014) to N1 (2015) and No COT (2016); Loss of N10.8b in COT income in 2013
  - **No charge on ATM transactions** by cardholders on other bank ATMS. Net payout for On-Us transactions is over N2b
  - **Reduction in SMS charges**

Significant financial impact of policies given large retail and public sector banking franchise. Notwithstanding, Bank implementing remediation initiatives integrated in 2014-2016 strategic plan

The 2014-2016 Group strategic framework features three key themes

To become the pre-eminent financial services group in Middle Africa, providing value to our customers and distinctive returns to our shareholders

	1	2	3
Themes	**Invest to drive tangible growth in each SubCo**	**Increase relative contributions of Non-Bank SubCos**	**Foster collaboration across and within SubCos**
Example Strategic priorities	• Obtain a merchant banking license • Build a distinctive transaction banking platform • Build a credible broad based sales and trading platform for IBAM • Diversify Brokerage to serve new segments and increase footprint • Expand the scale of micro finance while optimizing cost structure by leveraging technology	• Drive step change improvement in sales force productivity – Refocus Asset Management sales effort – Increase sales force effectiveness in Life Assurance and Brokerage	• Institutionalize collaboration e.g. between IBAM and CBG; IBG and PSG; etc. • Enhance banc assurance, to drive sales of more insurance products via the Bank's extensive retail network • Enhance co-operation with Asset management using more targeted messaging; focusing efforts on most valuable customers; and more actively measuring cross-sell

Build of Group's wide network and focus on driving greater diversity to the revenue stream

* ~18% from Banking Group; Higher growth expected from non-bank Subcos

2014-2016 Bank Strategic Initiatives

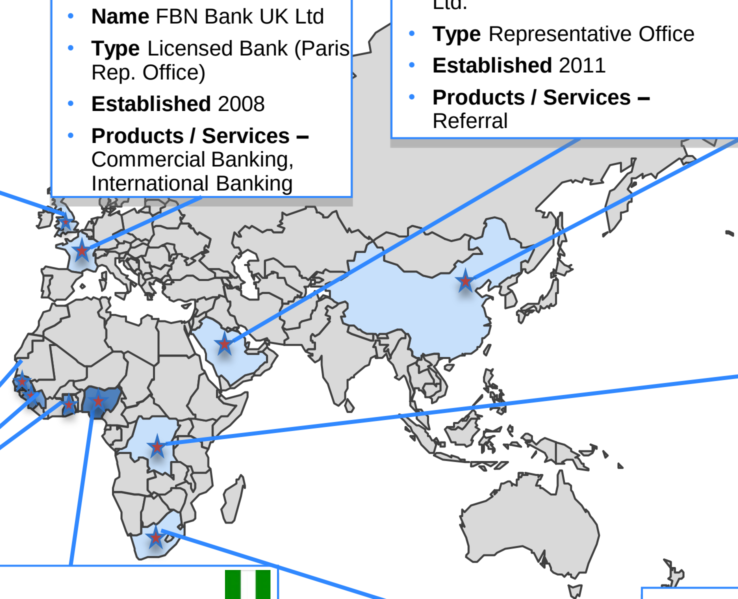
#	Initiative	Description	Expected areas of impact
1	Branch Transformation	▪ Decrease branch congestion and increase cross-sell leads; Focus on transaction migration, shorter TAT, and improved sales capabilities ▪ Drive improvements across targeted range of cost drivers and lever(e.g. unprofitable branch closures, procurement synergies etc.)	• Self-service rate • Customer TAT • Sales per RM
2	RM Sales Excellence	▪ Improve RM productivity through account planning and performance management tools ▪ Develop structured approach to sales process with focus on Wholesale banking ▪ Key success factors include entrenching performance mgmt dialogues and implementing operational efficiency levers to create additional RM capacity	• RM Productivity • Customer concentration ratio • Customer conversion ratio
3	Cost Containment	▪ Significantly contain cost growth and drive efficiency by maximizing the use of the Bank's assets ▪ Focus on managing non-people cost and staff productivity	• Cost-to-income ratio • Growth rate in costs by category
4	Transaction Banking	▪ Enhance transaction banking (revenue from cash collections, liquidity management, payments, trade, etc.), which holds a significant revenue and client-franchise upside opportunity for FirstBank; Opportunity to regain lost income from recent policy ▪ Design and implement new operating model to build distinctive transaction banking capability; New roles include Technical Sales, Product design, and Implementation specialists	• Non-interest revenue • Cross-sell ratio • Product profitability
5	Commercial Banking	▪ Commercial banking an attractive, fast growing segment within wholesale banking ▪ Drive growth through tailored value proposition and strong operational excellence	• Total revenue from Commercial SBU • Commercial Banking trade volume
6	NPL Management	▪ Strengthen RM capabilities; improve early warning signals ▪ Review processes, systems, organizational set-up currently supporting collection management ▪ Trigger management process to augment ongoing NPL management	• NPL ratio • Recoveries/Bank's PBT
7	Service Excellence	▪ Continue to deliver outstanding customer experience for every customer segment ▪ Focus on ensuring clear service proposition, managing customer expectations, and creating a culture that empowers employees to own customer experience	• Industry customer satisfaction ratings

Four additional Bank initiatives have been prioritized for 2014

2014 Priority Bank Strategic Initiatives		Expected areas of impact
1 Drive Retail Banking	▪ Leverage enhanced retail banking platform to increase sales volumes of electronic products (FirstTrade, Naira Credit Cards, e-Payment/Collections, etc.) ▪ Deepen Consumer Lending (e.g., first-time mortgage, salaried lending) with credit scoring model	• Interest Income • Non-interest income • Cross sell ratio
2 Value Chain Management	▪ Develop structured Value Chain Management (VCM) model to bank downstream wholesale clients ▪ Enterprise approach to VCM expected to unlock revenue pools and improve market share across SBUs through Cross Selling.	• Demand Deposits • Non-interest income • Asset yield
3 Mid Office Transformation	▪ Establish a middle office to improve RM client interaction ▪ Develop enhanced structures to improve loan origination, processing, and collections.	• Loan processing TAT • Loan covenant tracking
4 Workforce Realignment	▪ Drive staff productivity with a focus on earnings per staff and optimal sales to mid/back office mix ▪ Optimal structure (particularly at branches) eliminating redundancies /role overlaps and drive higher revenue per staff	• Staff Productivity • Earnings per staff

Expanded our portfolio to cover strategic geographies and will increasingly shift our emphasis to integration and synergy capture

Global Footprint



UK

- **Name** FBN Bank UK Ltd
- **Type** Licensed Bank
- **Established** 2002
- **Products / Services –** International Banking and Trade Services
- **Total Assets** - N540 Billion
- **Total Deposits** – N308 Billion
- **Loan Book –** N283 Billion
- **Profit Before Tax –** N8 Billion
- **Gross Earnings** – N24 Billion

France

- **Name** FBN Bank UK Ltd
- **Type** Licensed Bank (Paris Rep. Office)
- **Established** 2008
- **Products / Services –** Commercial Banking, International Banking

United Arab Emirates

- **Name** First Bank of Nigeria Ltd.
- **Type** Representative Office
- **Established** 2011
- **Products / Services –** Referral

China

- **Name** First Bank of Nigeria Ltd.
- **Type** Representative Office
- **Established** 2009
- **Products / Services –** Referral

Democratic Republic of Congo

- **Name** Banque Internationale De Credit
- **Type** Licensed Bank
- **Established** 1994
- **Products / Services –** Commercial Banking, Transfers and other Banking Services
- **Total Assets** - N53 Billion
- **Total Deposits** – N42 Billion
- **Loan Book** – N23 Billion
- **Profit Before Tax** – N1.4 Billion
- **2013 Gross Earnings** – N8.2 Billion

W. Africa

- **Name** International Commercial Bank (ICB)
- **Type** Licensed Bank
- **Products / Services –** Commercial Banking

Nigeria

- **Name** FBN Holdings Ltd.
- **Type** Licensed Bank holding company
- **Established** 1894
- **Products / Services –** Commercial Banking, Investment Banking, Insurance
- **Total Assets** - N3.8 Trillion
- **Total Deposits** - N2.9 Trillion
- **Loan Book** - N2.2 Trillion
- **2013 Gross Earnings** – N396 Billion

South Africa

- **Name** First Bank of Nigeria Ltd.
- **Type** Representative Office
- **Established** 2004
- **Products / Services –** Referral

Outlook

- **Enhancing revenue streams through:**
  - diversification of earnings from broader jurisdictions reducing country specific risk towards creating further value to shareholders
  - driving cross-sell and synergy realisation across the Group
  - Increase contribution of the non –banking subsidiaries to the Group through enhanced market penetration across business lines.
  - implementation of value chain banking within the Institutional and public sector banking businesses to drive increased productivity of workers and ensure higher retention of deposits and extend financial services to new customers.
  - Deployment of full fledge transaction capabilities
- **Targeting high – growth customer segment:**
  - acquiring new customers along priority segments (emerging corporates and Retail) whilst focusing on further improving customer experience
  - Increased focus within commercial banking as well as expanding retail assets in the SME space for greater transaction velocity especially within the trade finance business
  - Sweating existing assets and leveraging on our extensive alternative distribution channels to provide superior services to our customers whilst unlocking additional revenue streams
- **Increase focus on capital efficiency by:**
  - optimising our portfolio risk weighted assets (RWAs) across groups and geographies
  - optimising our mix of earning and non-earning assets
- **Driving cost efficiency:**
  - leveraging shared distribution platform across the Group
  - reduced deployment of new branches
  - maintaining an appropriate staffing structure and work force alignment
  - optimising procurement and operational spend
  - rationalisation of rural branches
- **FBN Holdings currently trading at a discount remains an attractive and compelling investment proposition (DY 8.3%, PE ratio 6X, PB ratio 0.9X)**

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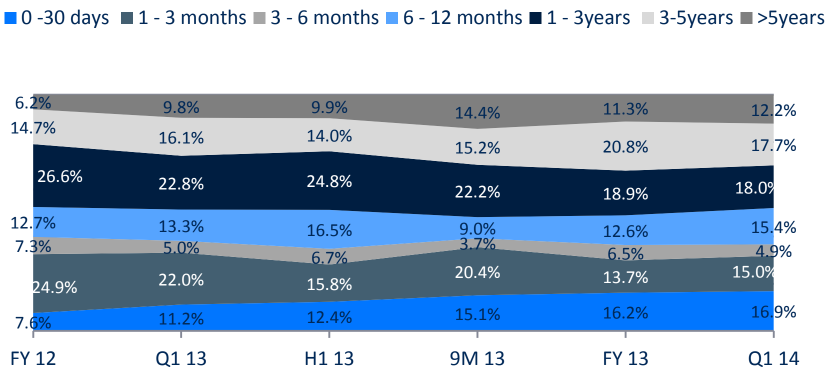
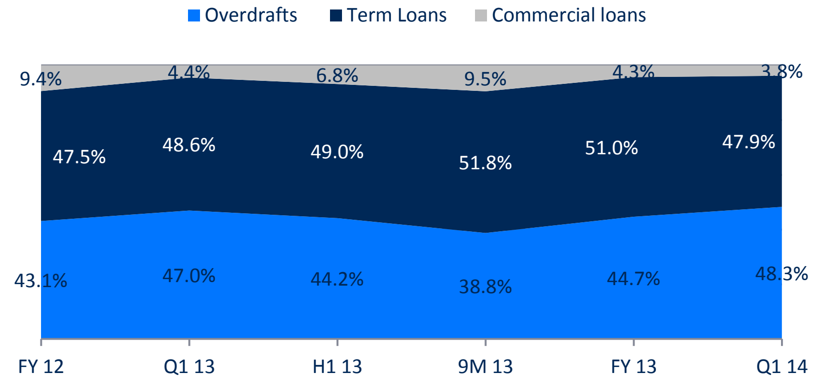
Appendix

Deliberate and measured loan growth as asset quality remains a priority…..

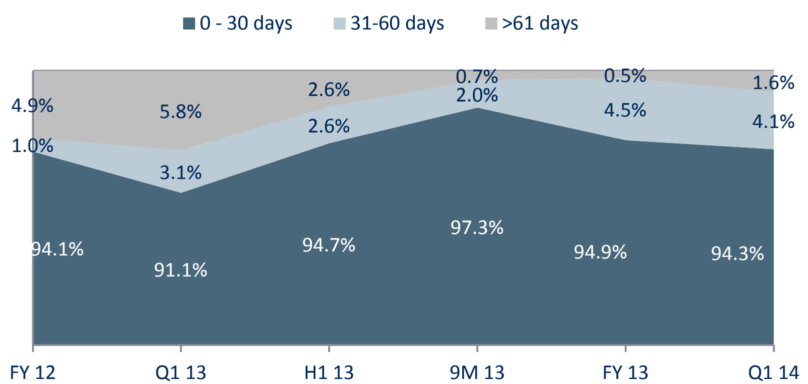
Loans and advances by maturity (First Bank of Nigeria only)



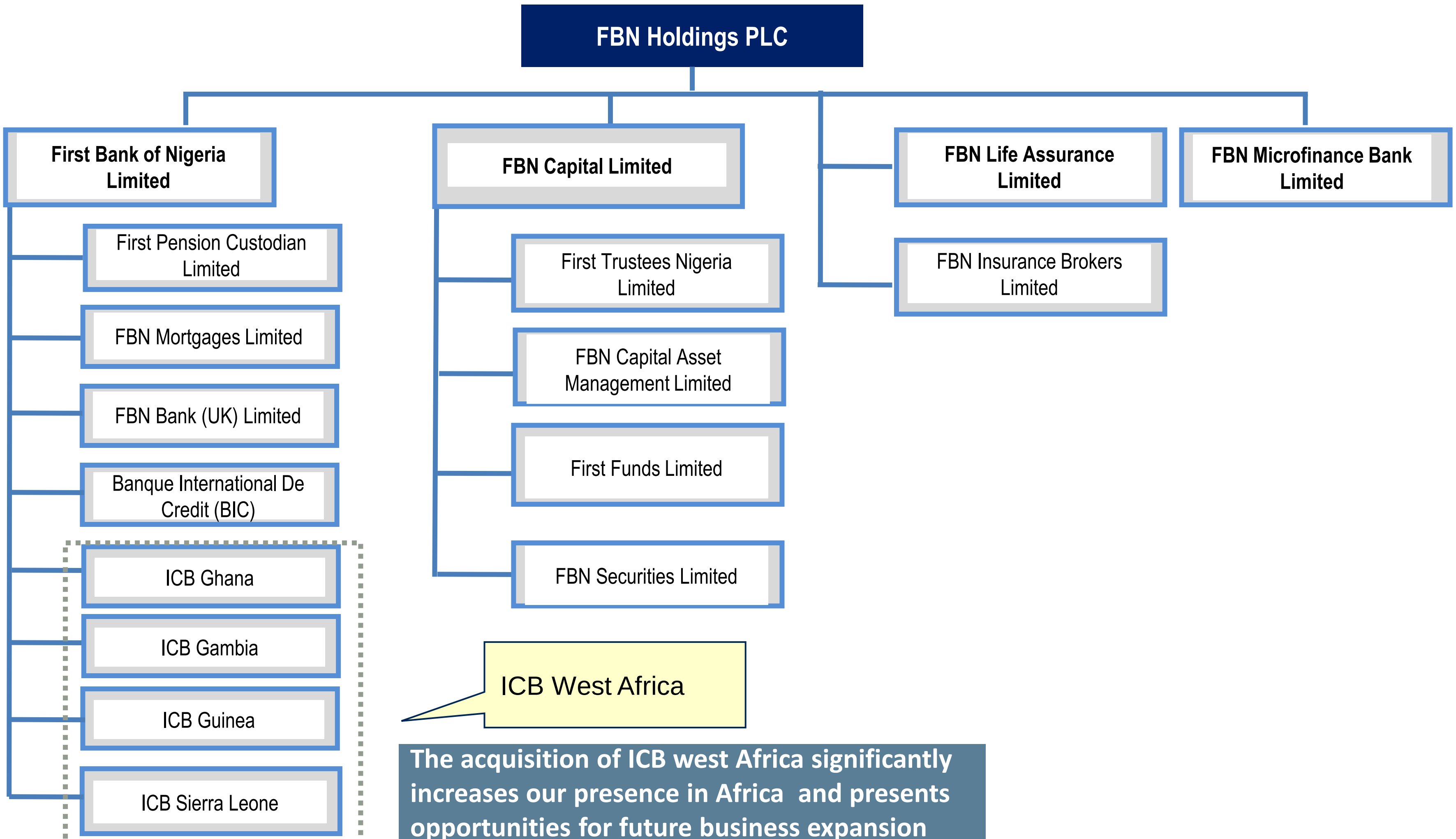
Loans and advances by type (First Bank of Nigeria only)



Ageing analysis of performing loan book (First Bank of Nigeria only)



Diversified Group with growing international presence



The acquisition of ICB west Africa significantly increases our presence in Africa and presents opportunities for future business expansion

GDR Programme

First Bank of Nigeria has a Sponsored Regulation S Global Depositary Receipt (RegS GDR) program

- Ticker symbol: 999112Z LI
- CUSIP: 31925X302
- ISIN: US31925X3026
- Ratio: 1 GDR : 50 Ordinary Shares

- Depositary bank: Deutsche Bank Trust Company Americas
- Depositary bank contact: Stanley Jones
- ADR broker helpline: +1 212 250 9100 (New York)
+44 207 547 6500 (London)

- e-mail: adr@db.com
- ADR website: www.adr.db.com
- Depositary bank's local custodian: Standard Chartered Bank, Mauritius