

RICH HERITAGE BRIGHT FUTURE



Nine months ended 30 September 2016

Investors & Analysts Presentation



FBNHoldings

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Outline



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FBN Holdings

9M 2016 Key Highlights

Challenging macroeconomic environment persists

9M 2016 KEY HIGHLIGHTS

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OPERATING ENVIROMENT

- Nigerian economy officially in **recession**
- Rise in **inflation** to 17.9% in 9M 2016 (9M 2015: 9.4%) essentially from higher prices for energy, reflected in transportation and food prices
- **External reserves** declined from \$29.13bn in December 2015 to \$24.59bn in September 2016 due to low oil revenue and unabating foreign exchange demand
- **Average oil output** down to 1.6m barrels/day (9M 2015: 1.8m bpd) as a result of the increased militant activities in the Niger Delta region

CURRENCY AND DEVALUATION

- Liberalisation of the **foreign exchange market** by the Central Bank of Nigeria (CBN) improve supply of foreign currency somewhat, albeit the pressure on Naira persisted
- The spread between the interbank market and the parallel market widens
- FirstBank was approved as the only banking institution to sell proceeds of International Money Transfer services to Bureaux De Change (BDCs)

MPC MEETING

- All **macroeconomic indicators** were retained at the last MPC meeting in September 2016:
 - MPR: 14%
 - CRR: 22.5%
 - Liquidity ratio: 30%
 - Asymmetric window at +200 and -500 basis points

Our underlying business remains fundamentally strong while dealing with portfolio challenges

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INCOME STATEMENT

Gross earnings

9M16: ~~¥~~417.4bn
9M15: ~~¥~~390.0bn

Net interest income

9M16: ~~¥~~202.9bn
9M15: ~~¥~~192.9bn

Operating income

9M16: ~~¥~~333.9bn
9M15: ~~¥~~276.6bn

Profit before taxes

9M16: ~~¥~~57.5n
9M15: ~~¥~~59.6bn

Impairment charge for credit losses ¹

9M16: ~~¥~~114.7bn
9M15: ~~¥~~46.6bn

Non-interest income

9M16: ~~¥~~131.0bn
9M15: ~~¥~~83.7bn

Operating expenses

9M16: ~~¥~~161.8bn
9M15: ~~¥~~170.4bn

Profit after tax

9M16: ~~¥~~42.5bn
9M15: ~~¥~~50.2bn

STATEMENT OF FINANCIAL POSITION

Total assets

9M16: ~~¥~~5,065.9bn
FY15: ~~¥~~4,166.2bn

Loans & advances (net)

9M16: ~~¥~~2,210.9bn
FY15: ~~¥~~1,817.3bn

Customer deposits

9M16: ~~¥~~3,296.2bn
FY15: ~~¥~~2,970.9bn

Total Equity

9M16: ~~¥~~624.6bn
FY15: ~~¥~~575.6bn

¹ FY 2015: ~~¥~~119.3bn

....as we sustained our commitment to improving our performance

9M 2016 KEY HIGHLIGHTS

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KEY RATIOS

Cost to income ratio

9M16: 48.4%
9M15: 61.6%

Liquidity ratio¹

9M16: 54.3%
9M15: 50.0%

Cost of funds

9M16: 2.7%
9M15: 4.0%

Post-tax ROAE

9M16: 9.4%
9M15: 12.2%

CAR² (Basel 2)

9M16: 15.4%
9M15: 16.0%

Gross loans to deposits

9M16: 75.1%
9M15: 65.8%

Net interest margin

9M16: 7.5%
9M15: 7.7%

Post-tax ROAA

9M16: 1.2%
9M15: 1.5%

NPL ratio

9M16: 24.9%
9M15: 4.8%

Cost of risk

9M16: 6.9%
9M15: 3.0%

NPL coverage

9M16: 43.6%
9M15: 116.5%

Earnings yield

9M16: 10.2%
9M15: 12.0%

¹ For FirstBank (Nigeria) ² CAR For FirstBank (Nigeria), excludes 9M profits; FBN Merchant Bank's CAR for 9M2016: 28.9%; ³ Business locations includes 615 local branches, 64 QSPs, 67 agencies/cash centres for FirstBank (Nigeria) and 117 (local and international) subsidiary locations

....with key developments.

9M 2016 KEY HIGHLIGHTS

- Strengthened governance across the Group and recruited competent personnel in strategic functions at FirstBank and its subsidiaries towards placing the Bank to its leadership position: The appointments are:
 - ✓ Patrick Iyamabo – Chief Financial Officer
 - ✓ Olusegun Alebiosu – Chief Risk Officer
 - ✓ Paul Cardoen – MD, FBNBank UK
- Commenced the implementation of the Enterprise Resource Planning (ERP) and Enterprise Risk Management (ERM) application to bolster the risk management and control environment
- Consistently processed over 100mn electronic banking transactions monthly on the digital banking platform on the back of the accelerated digital banking migration
- CBN approves FirstBank as the only bank to sell foreign currency directly to BDCs as we retain our No. 1 position across all the approved Money Transfer Operators (MTOs) in Nigeria
- FBN Capital won the 2016 Best Africa Investment Bank award by Africa Investor
- Fastest growing Life underwriting business in Nigeria

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Commercial Banking

Gross Earnings

9M15	9M16	Δ
[₦355.3bn]	[₦379.9bn]	6.9%

Profit Before Tax

9M15	9M16	Δ
[₦53.4bn]	[₦44.7bn]	-16.3%



Merchant Banking & Asset Management

Gross Earnings

9M15	9M16	Δ
[₦27.2bn]	[₦27.7bn]	1.6%

Profit Before Tax

9M15	9M16	Δ
[₦8.3bn]	[₦12.7bn]	52.4%



Insurance

Gross Earnings

9M15	9M16	Δ
[₦6.3bn]	[₦9.3bn]	46.7%

Profit Before Tax

9M15	9M16	Δ
[₦1.0bn]	[₦2.0bn]	103.3%

¹The post-consolidation numbers of each of the business groups have been considered in computing their performance

Revamping the risk management - update

9M 2016 KEY HIGHLIGHTS

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- 1) Completed a diagnostic review of the entire credit process
- 2) Strengthened governance across approval authorities with increased Board oversight
- 3) Changed the key personnel involved with credit origination and oversight
- 4) Hired a new Chief Risk Officer
- 5) Aggressive remediation and recovery efforts
- 6) Commenced implementation of a robust ERP/ERM¹ to strengthen controls and processes

¹ Enterprise Resource Planning / Enterprise Risk Management



Outlook

On track towards FY 2016 financial guidance

9M 2016 KEY HIGHLIGHTS

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Key measures	FY2015 (actual)	9M2016 (actual)	FY2016 (guidance)
Deposit growth	-2.6%	10.9%	10% - 12%
Net loan growth	-16.6%	21.6%	25%
Net interest margin	8.1%	7.5%	7.5% – 8%
Cost to income ratio	61.4%	48.4%	49% - 50%
Cost of funds	3.7%	2.7%	3% - 4%
Cost of risk	5.7%	6.9%	6% - 7%
NPL ratio	18.1%	24.9%	≤25%
ROaA	0.4%	1.2%	1.0% – 1.2%
ROaE	2.7%	9.4%	9% - 10%



Appendix

Strong earnings capacity reflect the strength in the underlying business as cost efficiencies improve

9M 2016 KEY HIGHLIGHTS

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Income statement

Nbn	FY 14	FY 15	y-o-y	9M 15	9M 16	y-o-y
Gross earnings	481.8	505.2	4.9%	390.0	417.4	7.0%
Net interest income	243.9	265.0	8.7%	192.9	202.9	5.2%
Non-interest income	113.0	99.4	-12.0%	83.7	131.0	56.5%
Operating income ¹	356.2	364.4	2.3%	276.6	333.9	20.7%
Operating expenses	236.8	223.6	-5.6%	170.4	161.8	-5.1%
Pre-provision operating profit ¹	119.4	140.8	18.0%	106.2	172.2	62.1%
Impairment charge	25.9	119.3	360.0%	46.6	114.7	146.0%
Profit before tax	94.1	21.5	-77.1%	59.6	57.5	-3.5%
Income tax	10.0	6.4	-36.6%	9.3	14.9	59.8%
Profit after tax	84.0	15.1	-82.0%	50.2	42.5	-15.3%

Statement of financial position

Nbn	FY 14	FY 15	y-o-y	9M 15	9M 16	y-t-d
Total assets	4,343.7	4,166.2	-4.1%	4,303.4	5,065.9	14.7%
Investment securities (interest earning)	735.3	970.2	32.0%	936.2	1,221.2	39.5%
Interbank placements	460.9	385.8	-16.3%	433.1	652.0	52.1%
Cash and balances with Central Bank	698.1	715.9	2.5%	750.2	656.6	-9.8%
Net loans & advances	2,179.0	1,817.3	-16.6%	1,908.7	2,210.1	5.9%
Customer deposits	3,050.9	2,970.9	-2.6%	2,999.6	3,296.2	5.4%
Total equity	524.1	578.8	10.4%	575.6	624.6	11.2%

Key ratios	FY 14	FY 15	9M 15	9M 16
Net interest margin ¹	7.6%	8.1%	7.7%	7.5%
Cost to income ¹	66.5%	61.4%	61.6%	48.4%
Cost of funds	3.4%	3.7%	4.0%	2.7%
NPL	2.9%	18.1%	4.8%	24.9%
NPL coverage ¹	137.9%	40.2%	116.5%	43.6%
Cost of risk	1.3%	5.7%	3.0%	6.9%
ROaE ¹	16.9%	2.7%	12.2%	9.4%
ROaA ¹	2.0%	0.4%	1.5%	1.2%
CAR ² – FirstBank (Nigeria) - Basel 2	16.7%	17.1%	16.0%	15.4%
Tier 1 CAR – FirstBank (Nigeria) - Basel 2	12.3%	13.3%	12.8%	12.0%
CAR – FirstBank (Nigeria) & its Subsidiaries	16.7%	18.0%	19.0%	15.9%
CAR – FBN Merchant Bank - Basel 2	22.5%	23.0%	18.7%	28.9%
Gross loans to deposits ¹	72.8%	65.9%	65.8%	75.1%

¹Definition provided in the appendix; ²CAR excludes 9M profits

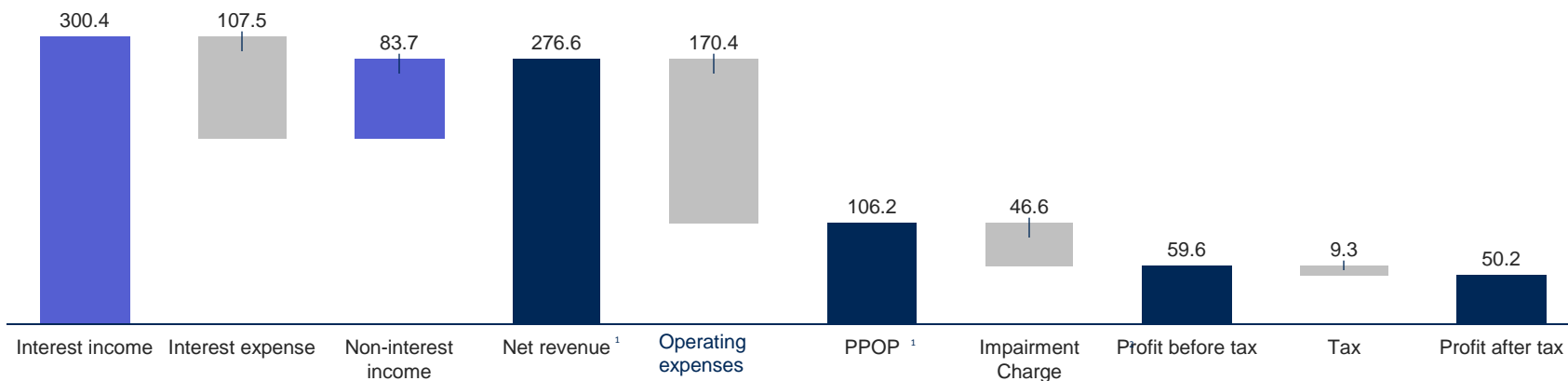
Evolution of 9M profit after tax

9M 2016 KEY HIGHLIGHTS

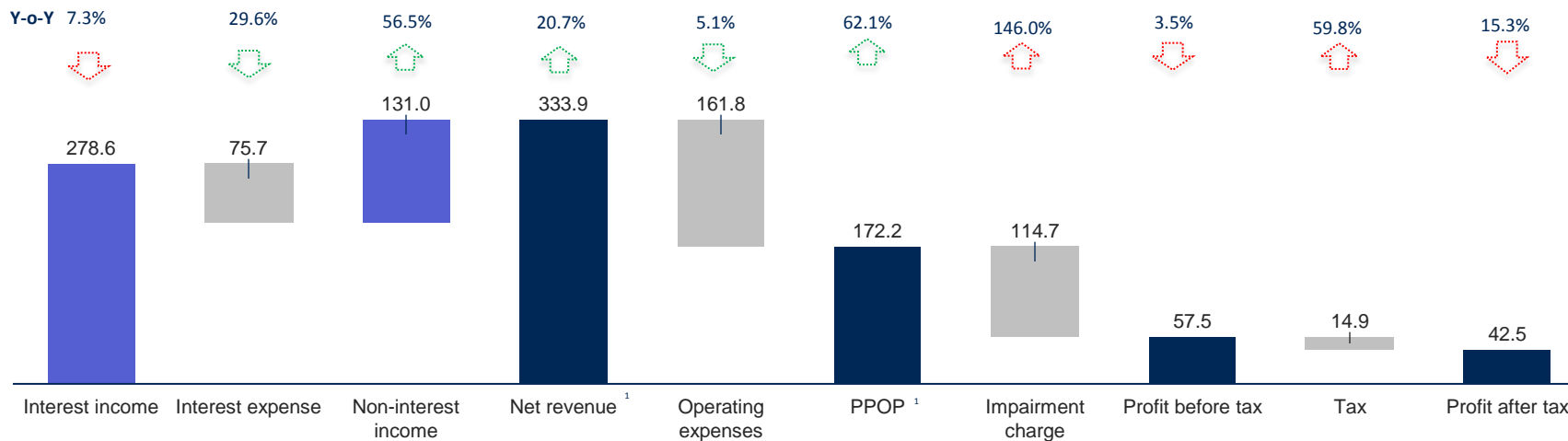
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9M 2015 (€bn)



9M 2016 (€bn)



¹ Definition provided in the appendix

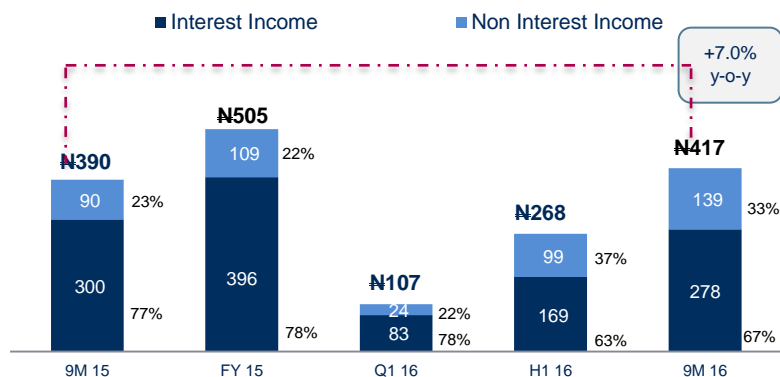
Optimising earning assets yields through increased treasury activities as we enhance our revenue generating platforms for improved performance

9M 2016 KEY HIGHLIGHTS

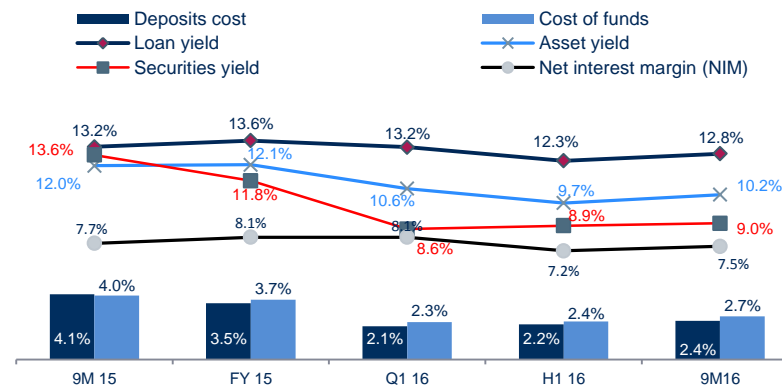
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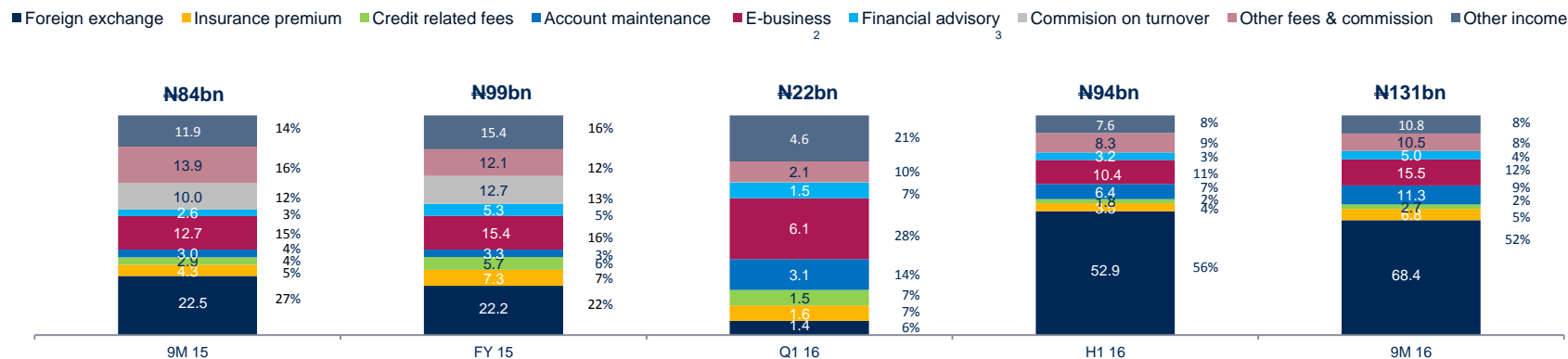
Gross earnings¹ breakdown (Nbn)



Net interest margin drivers



Non-interest income breakdown (Nbn)



¹Non-interest income here is gross and does not account for fee and commission expense ² Other fees and commission include commission on bonds and guarantees, fee and commission expense, remittance fees, LC commission, money transfer, custodian fees, fund management fees and brokerage & intermediation ³ Other income includes net (losses)/gains on investment securities, net (losses)/gains from financial assets at fair value, dividend income and share of profit/loss from associates

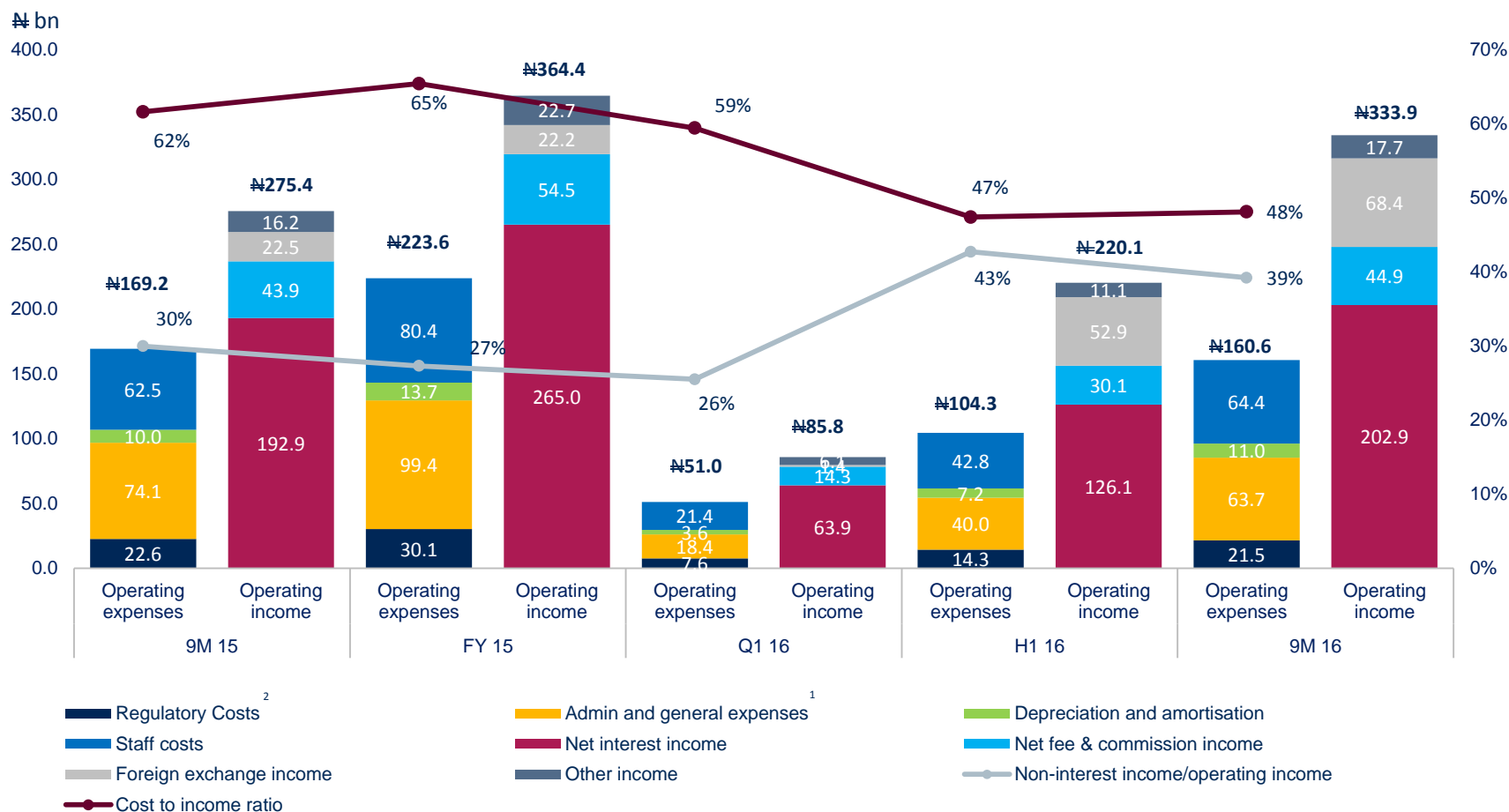
Strong revenue momentum with disciplined cost management in an inflationary environment

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Operating income and expenses breakdown (Nbn)



¹ Admin and general expenses include maintenance, advert & corporate promotion, legal and other professional fees, stationery and other operating expenses; ² Regulatory costs is made up by NDIC premium, AMCON resolution cost

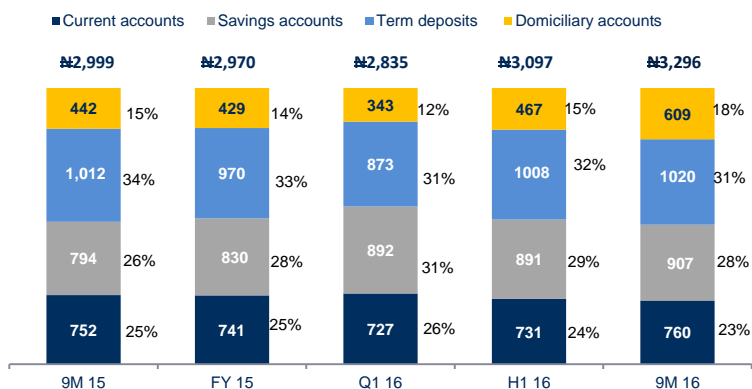
A well diversified and stable funding base demonstrating the strength of the franchise

9M 2016 KEY HIGHLIGHTS

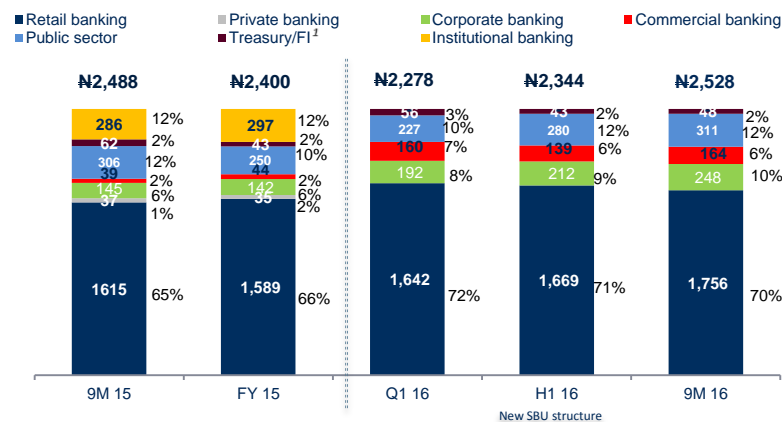
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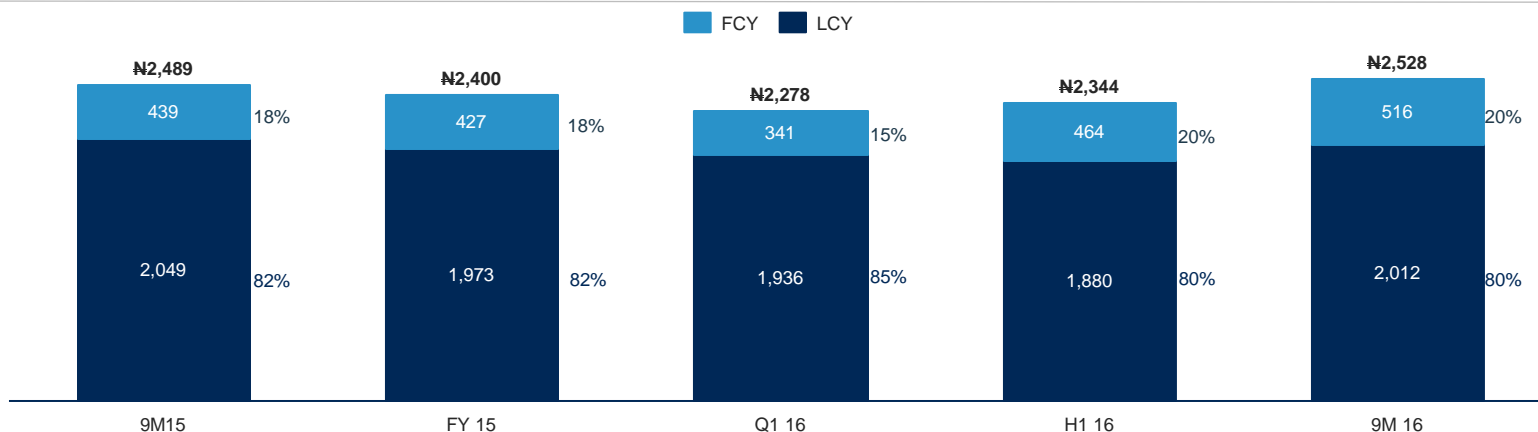
Deposits by type ₦bn



Deposits by SBU trend ₦bn FirstBank (Nigeria)



Deposits by currency ₦bn FirstBank (Nigeria)



¹ Though it contributed to the deposits, Treasury was not a strategic business unit (SBU) until the new SBU structure took effect in January 2016 with Treasury & Financial Institutions being an SBU ² SBUs:- **Corporate banking**; private organisations with annual revenue > ₦5bn but < ₦10bn and midsize and large corporate clients with annual revenue in > ₦5bn but with a key man risk. **Commercial Banking** comprising clients with annual turnover of ₦500mn and ₦5bn. **Institutional banking** (now within Corporate Banking effective January 2016); multinationals and corporate clients with revenue > ₦10bn. **Private banking** (now with retail effective January 2016); High net worth individuals and families. **Public sector**; Federal and state governments. **Retail banking**; mass retail, affluent with annual income < ₦500mn as well as small business and Local governments with annual turnover < ₦500mn

Breakdown of loans and advances

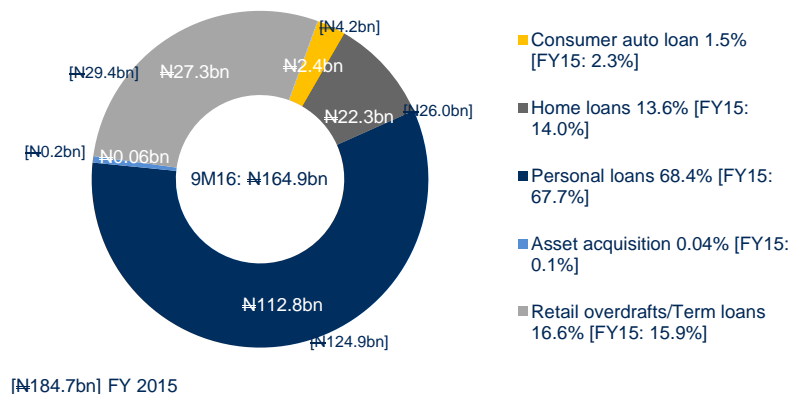
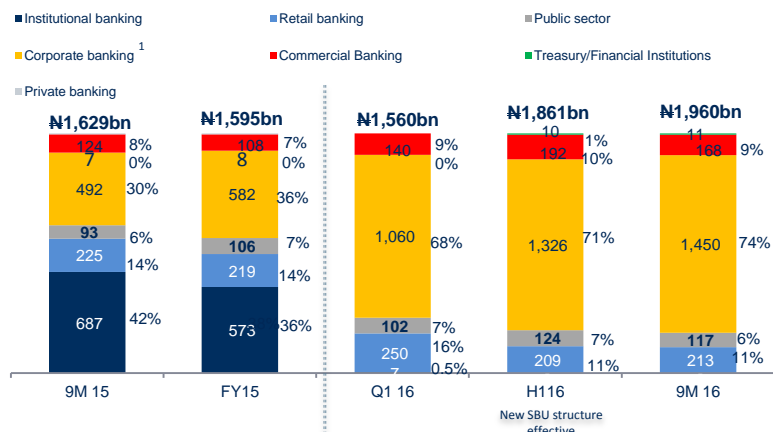
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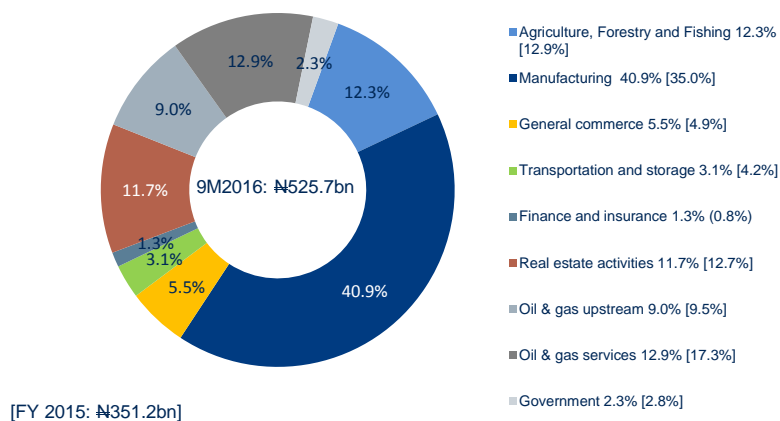
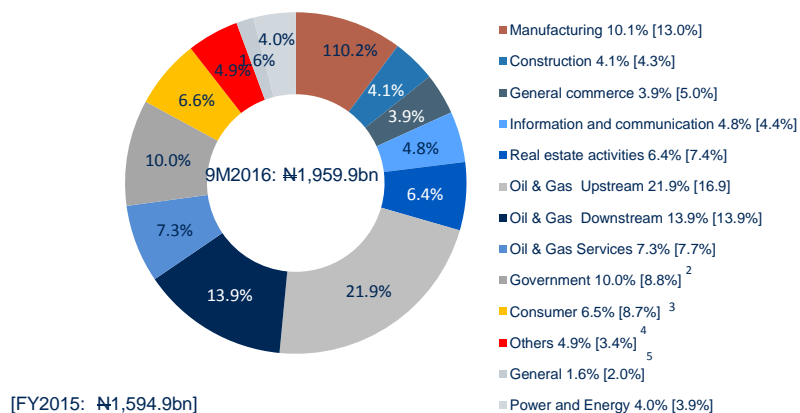
FirstBank (Nigeria) gross loans by SBU¹ (Nbn)

FirstBank (Nigeria) core consumer / retail product portfolio



9M16 FirstBank (Nigeria) gross loans by sectors

9M16 FBNBank UK gross loans by sectors



¹Effective Jan 2016, the Institutional Banking & Private Banking SBUs ceased to exist while the former has been merged with Corporate Banking SBU the latter now resides within the retail banking SBU
²Government loans are loans to the public sector (federal and state); ³ Represents loans in our retail portfolio < N50mn; ⁴ Others includes finance and Insurance, capital market, residential mortgage; ⁵ General includes personal & professional, hotel & leisure, logistics and religious bodies

Profiling the loan book portfolio

9M 2016 KEY HIGHLIGHTS

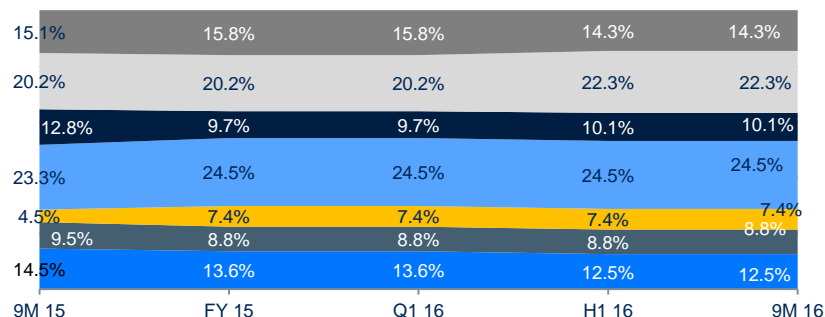
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Loans and advances by maturity

FirstBank (Nigeria)

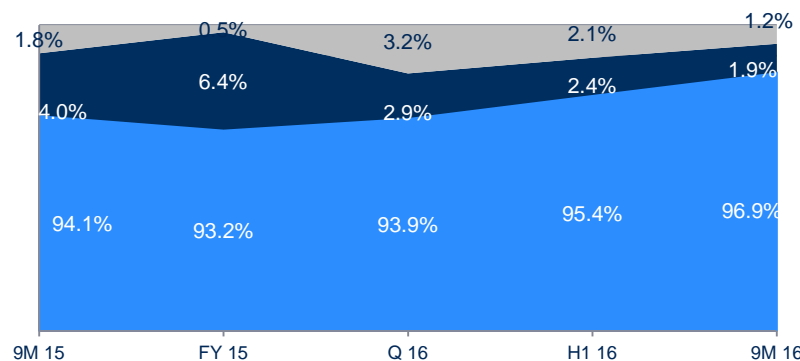
0 - 30 days ■ 1 - 3 months ■ 3 - 6 months ■ 6 - 12 months ■ 1 - 3 years ■ 3 - 5 years ■ > 5 years



Ageing analysis of performing loans and advances

FirstBank (Nigeria)

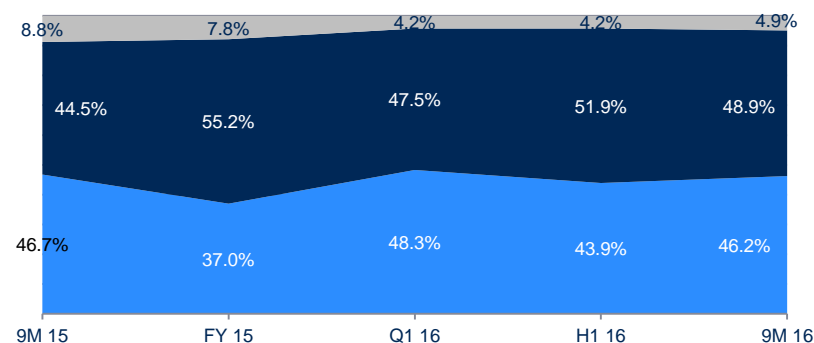
0 - 30 days ■ 31-60 days ■ > 61 days



Loans and advances by type

FirstBank (Nigeria)

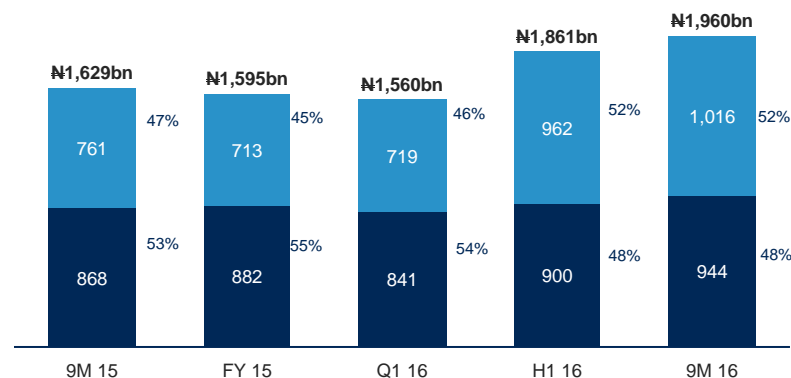
Overdrafts ■ Term Loans ■ Commercial loans



Loans and advances by currency

FirstBank (Nigeria)

FCY ■ LCY



Cautious monitoring of the loan portfolio

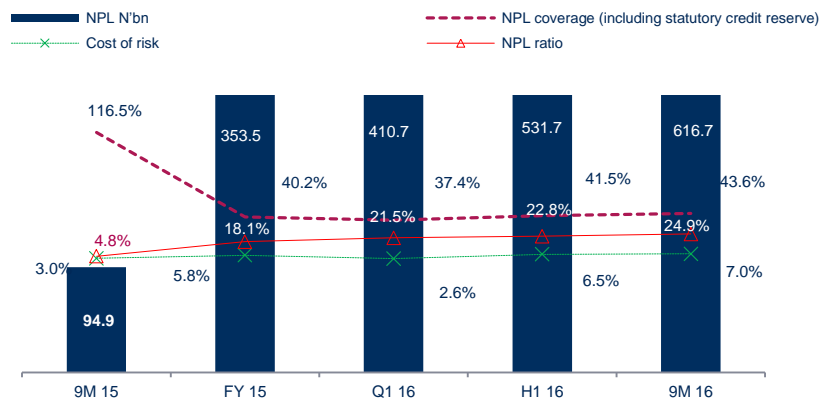
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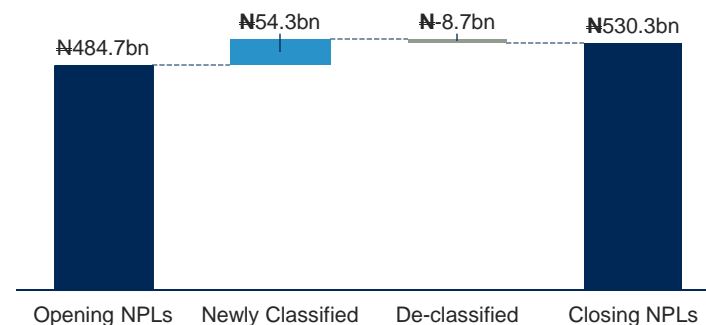
Asset quality ratios

FBNHoldings



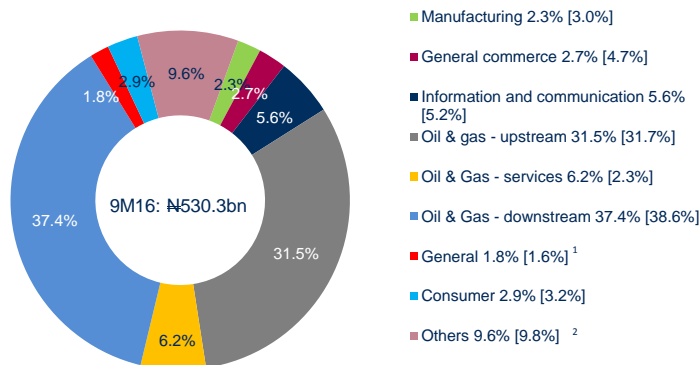
9M 16 NPL evolution

FirstBank (Nigeria)



9M 16 NPL exposure by sector

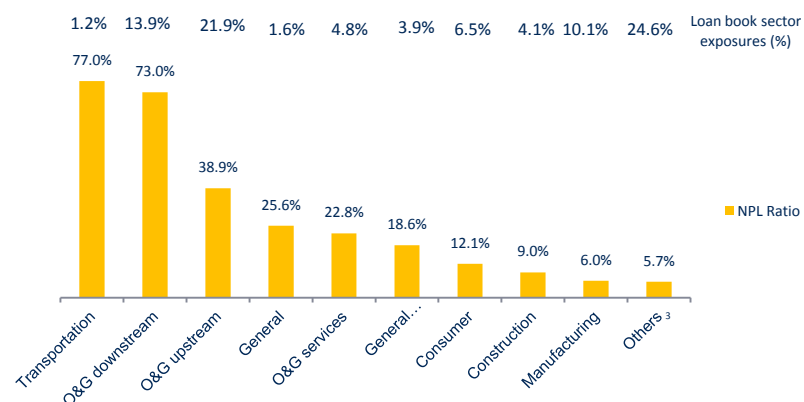
FirstBank (Nigeria)



[FY 2015: N338.7bn]

9M 16 NPL ratio by sector

FirstBank (Nigeria)



¹ General includes: hotels & leisure, logistics, religious bodies; ² Others (NPL exposure by sector) include Finance, Transportation, Construction, Agriculture and Real estate activities; ³ Others (NPL ratio by sector) include General, Transportation & storage, Finance & Insurance, Administration, Capital market, Education, Professional & Scientific, Human health and Arts & Entertainment all contributing between 0.1 - 1.6% to the loan book exposure

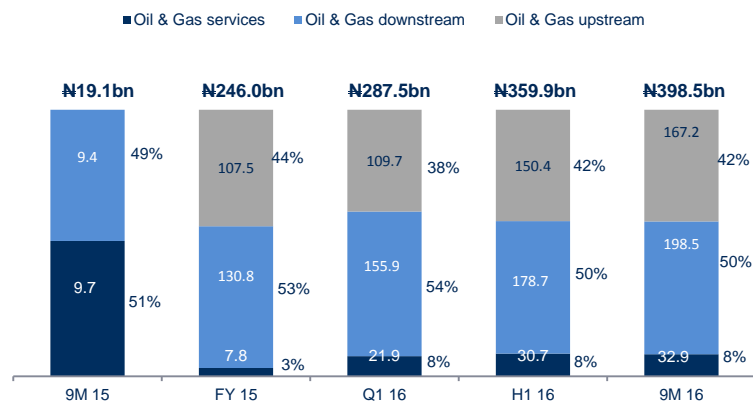
.....with a clear view of progress through sustained remediation and recovery efforts

9M 2016 KEY HIGHLIGHTS

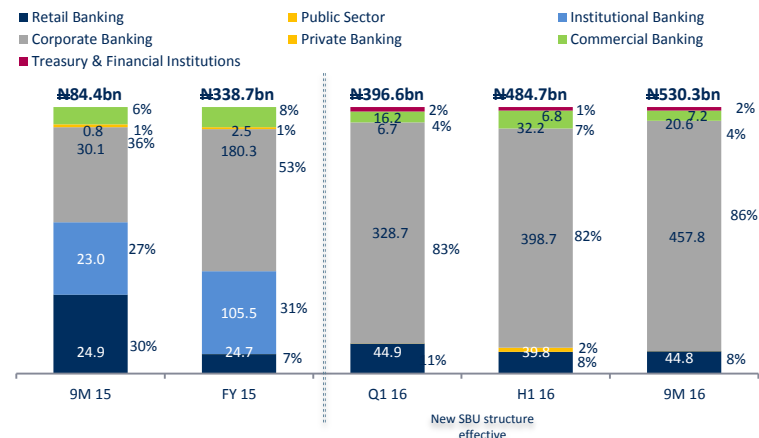
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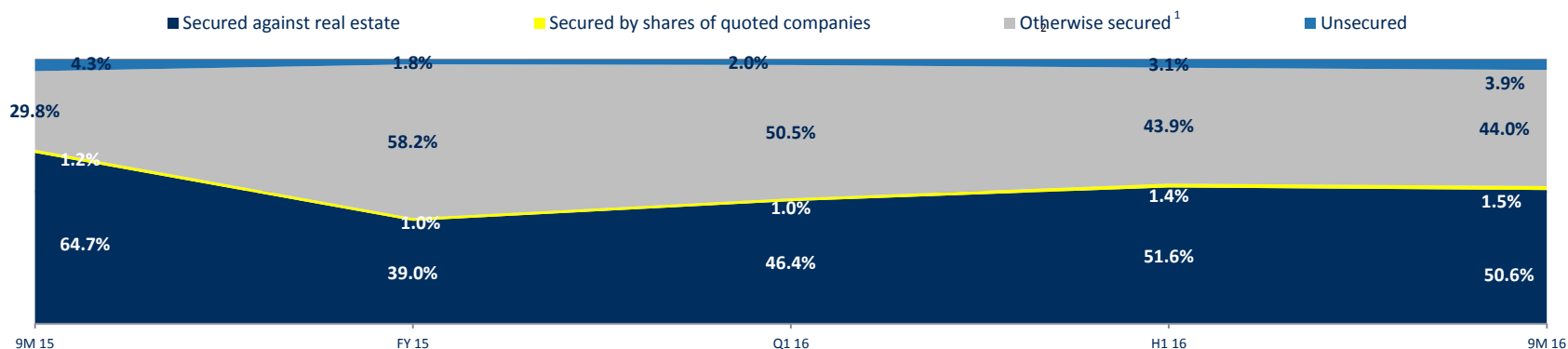
Oil & Gas NPLs FirstBank (Nigeria)



NPLs by SBU Nbn FirstBank (Nigeria)



Breakout of loans and advances by type of collateral First Bank (Nigeria)



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

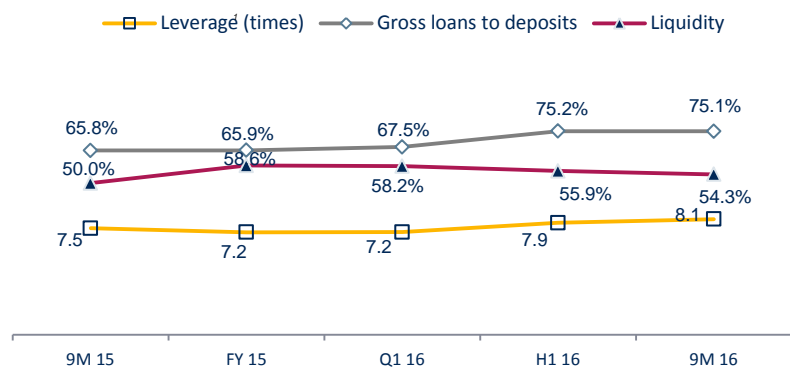
Liquidity position remains strong while improving the flexibility and efficiency of the balance sheet

9M 2016 KEY HIGHLIGHTS

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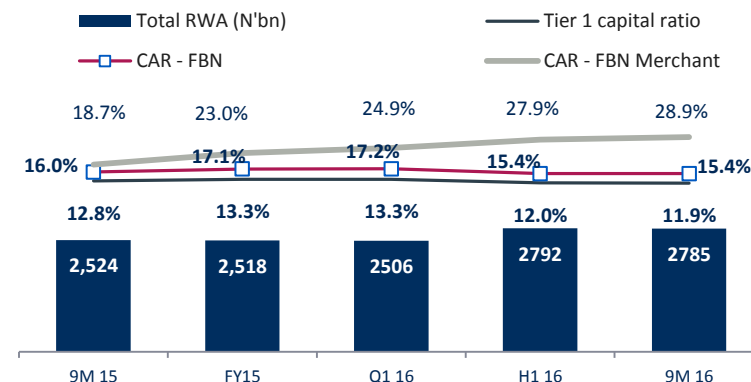
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Balance sheet efficiency

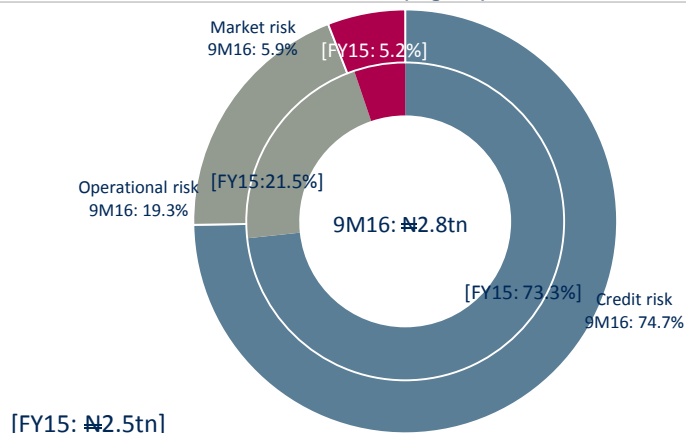


Capital ratios²

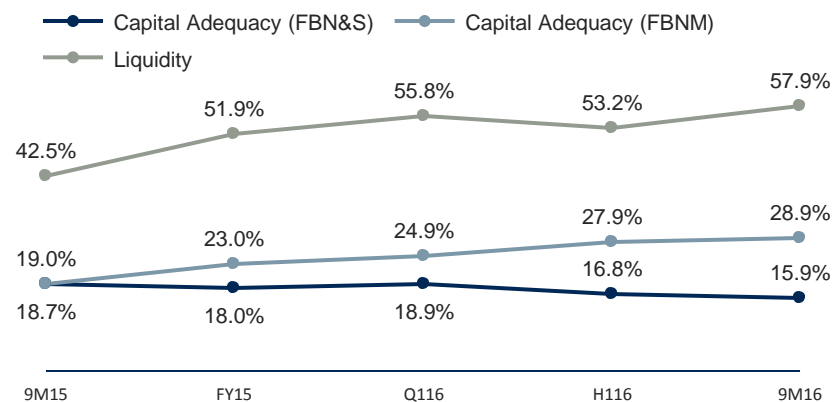
FirstBank (Nigeria) and FBN Merchant Bank



RWA components FirstBank (Nigeria)



CAR & Liquidity FirstBank (Nigeria) & its Subsidiaries³



¹ Definition provided in the appendix ²CAR excludes 9M profits (Including 9M 2016 profits, CAR is 17.1% [9M 2015: 16.0%]) ³No regulatory CAR requirement for FirstBank (Nigeria) & its subsidiaries, this has been provided for information only

- Cost-to-income ratio computed as operating expenses divided by operating income
- Leverage ratio computed as total assets divided by total shareholders' funds
- Loans to deposits ratio computed as gross loans divided by total customer deposits
- Net interest margin defined as net interest income (annualised) divided by average earning assets
- Net revenue computed as operating income plus share of profit/loss from associates
- NPL coverage computed as loan loss provisions plus statutory credit reserves divided by non-performing loans
- Operating income is defined as gross earnings less interest expense, fee and commission expense, Insurance claims and share of profit/loss from associates
- Pre-provision operating profit (PPOP) computed as operating profit plus impairment charge
- Return on average equity (ROaE) computed as profit after tax (annualised) divided by the average opening and closing balances attributable to its equity holders
- Return on average assets (ROaA) computed as profit after tax (annualised) divided by the average opening and closing balances of total assets
- Tier 2 capital comprises foreign exchange revaluation reserves, hybrid capital instrument and minority interest for the FirstBank (Nigeria)

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