FBN Holdings Plc
RC - 916455

Transforming into the Financial Institution of First Choice

Focused on Delivering Sustainable Long Term Returns

Nine months ended September 2013

Investor & Analyst Presentation

FBN Holdings Plc
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Agenda

Disclaimer

This presentation is based on FBN Holdings Plc's ('FBNH' or the 'Group' or 'HoldCo') interim IFRS results for nine months ended 30 September, 2013. The Group's accounts for the nine months ended 30 September 2013 have been prepared using the audited nine months accounts of the significant subsidiaries 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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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, FBN Bureau de Change Limited, Banque Internationale de Crédit (BIC), 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, 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

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Overview & Operating Environment

The expanded FBN Holdings Group reflects the ICB acquisition

- **FBN Holdings PLC**
  - **First Bank of Nigeria Limited**
    - First Pension Custodian Limited
    - FBN Bureau de Change Limited
    - FBN Mortgages Limited
    - FBN Bank (UK) Limited
    - Banque International De Credit (BIC)
    - ICB Ghana
    - ICB Gambia
    - ICB Guinea
    - ICB Sierra Leone
  - **FBN Capital Limited**
    - First Trustees Nigeria Limited
    - FBN Capital Asset Management Limited
    - First Funds Limited
    - FBN Securities Limited
  - **FBN Life Assurance Limited**
  - FBN Insurance Brokers Limited
  - **FBN Microfinance Bank Limited**

ICB West Africa

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

- ✓ The acquisition of ICB in Ghana, Gambia, Guinea, and Sierra Leone, countries is expected to increase FirstBank's total assets by c.$258 million (1.32%). Ghana being the flagship accounts for 60% of total contribution.
- ✓ This acquisition presents an attractive opportunity for FirstBank to simultaneously enter multiple attractive markets in West Africa under one franchise
- ✓ The increase in Nigerian businesses requiring support across these countries positions FirstBank to fully service customers' trade requirements
- ✓ Low banking penetration and underdeveloped financial systems in most of the target countries provides a viable addressable market for financial services products

Relatively stable macroeconomic fundamentals but tougher regulatory environment impacts earnings

	Macro Factors	Impact on FBN Holdings
GLOBAL	Â Global economy grew by 3.3% as at September 2013, still driven by emerging and developing markets Â Global oil prices averaged $105.8 during 9M 2013 (9M 2012: $113.4) and $106.9 in Q3 2013 (Q3 2012: $110.9), closing at $108.7 per barrel at end of Q3 2013 Â The US Federal Reserve announces plans to taper the quantitative easing program to bring the stimulus to an end in 2014	√ Improved gross earnings growth of +11% despite challenging regulatory and operating environment
NIGERIA	Â Real GDP growth estimated at 6.2% (9M 2012: 6.37%), as Non-oil sector continues to drive growth majorly through agriculture, manufacturing and building & construction while oil production declined to 1.88mbpd Â Inflation rate declined to 8.0% as at Sept 2013 (Q3 2013 av: 8.3%, Sept 2012: 11.3%) Â External reserves dipped by 5.3% q-o-q to $45.5bn as at end of Q3 2013 (Q2 2013: $48.0bn) and up 10.4% y-o-y. Â High interest rate environment sustained as liquidity further tightened Â Ongoing power reforms progressed with the Federal Government transferring assets to new owners	√ Rising real return on investments on improving inflation × Rising cost of funds × Reduction in loanable funds
BANKING	Â Increased CRR on public sector deposit from 12% to 50% implemented Â Withdrawal of an estimated ₦1tn from the banking system reflecting the increase in CRR on public sector Â Reintroduction of Retail Dutch Auction System to curb round tripping	× Increase in funding cost × Pressure on yields & NIMs × Pressure on earnings capacity and interest income

Maintained leadership position within Nigeria

Leader in Nigeria by total assets, gross loans and total deposits, with strong local franchise

- Total assets of ₦3,651bn(+16.8% vs.9M 2012, +14.6% y-t-d and 8.0% q-o-q) and gross loans of ₦1,661bn (+5.8% vs. 9M 2012, 5.1% y-t-d and 5.4% q-o-q)
- Growing deposit of ₦2,779.8bn (+21.4% vs. 9M 2012; +16.6% y-t-d and +9.6% q-o-q) providing stable low cost funding and liquidity
- Remains a leader best positioned to serve the retail market

Forerunner in the number of customer touch points

- Complimentary platform across our portfolio of businesses, leveraging deep customer relationships (8.2 million active customer accounts as at Sept 2013, +14.0% q-o-q and +31.7% y-o-y)
- FIRST in distribution network in Nigeria supported by international presence (831, +41 from FY 2012) with disciplined 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

Solid and sustainable momentum in operating performance

- FIRST by net revenue (₦224.1bn); resilient and stable profitability in spite of regulatory headwinds ROaE:[1] 17.9% from 21.9% in Sept 2012
- Stronger CAR at 20.0%, from 18.9% as at Sept 2012 resulting from improved retained earnings and Tier II capital raising
- Benefits from ongoing cost management, business positioning and transformation initiatives supported by sustained channel migration with cost growth at 5%, well below inflation
- Asset quality under control ; (NPL Ratio: 3.6% at 9M 2013, 3.8% at H1 2013, 3.0% at Q1 2013, 2.6% at FY 2012) and cost of risk of 1.3% (0.9% in 9M 2012, 1.3% at H1 2013)

Greater emphasis on business excellence and governance

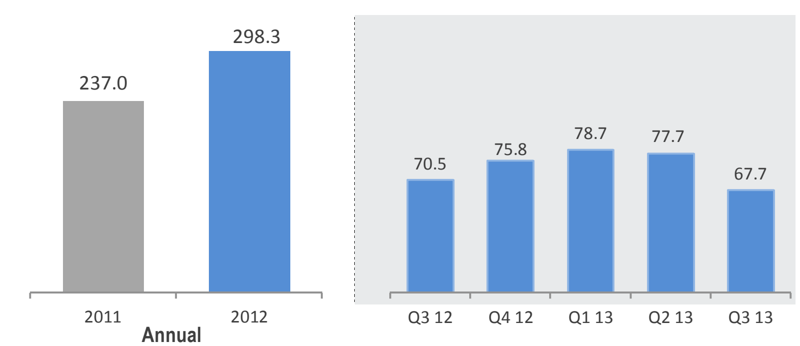
- Holding Company structure enabling clear management focus and ability to optimise cross-selling potential
- Highly experienced and reputably strong management team

[1] *annualised*

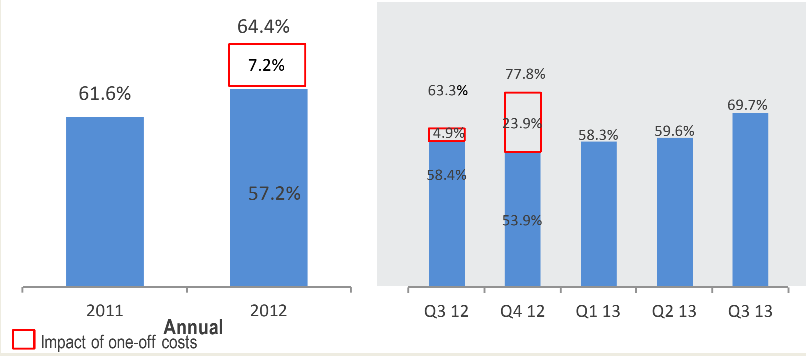
Financial performance impacted by tougher regulatory headwinds

Overview | Financial Review | Business Groups | Strategy | Summary/Outlook

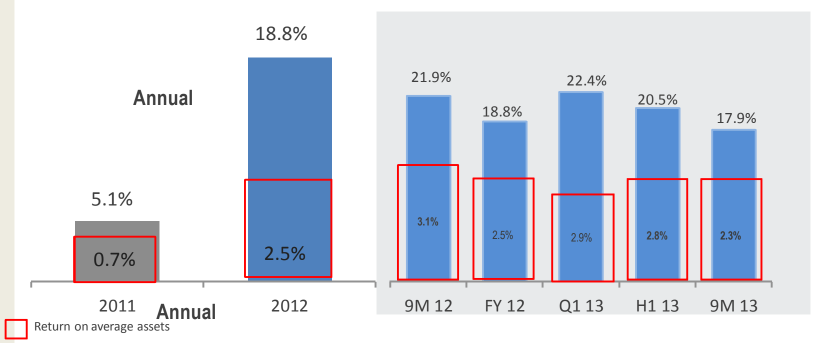
Net revenue (₦bn)



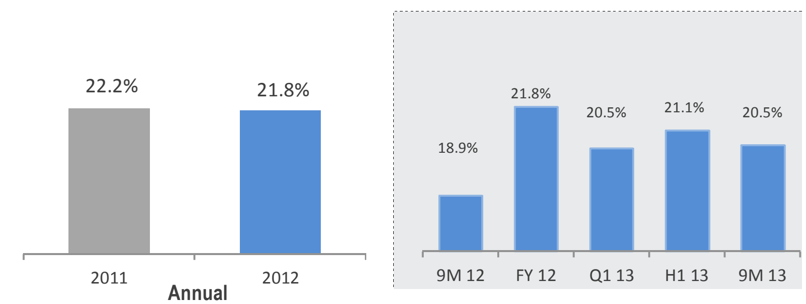
Cost to income ratio



Return[1] on average assets and equity



Capital adequacy ratio



[1]annualised; Net revenue (operating income) defined as gross earnings less interest expense; 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

Outlook

- Continue to push **top line growth** across our Group with emphasis on enhancing revenue streams and creating further value for shareholders:
  - disciplined approach to a broader and more diverse pan African footprint particularly from the Commercial Bank
  - customer acquisition (reflective of the very strong headroom for growth), high growth products and segments (such as Emerging Corporates, Bancassurance, mobile money, m-insurance, general insurance) and pricing
  - new growth options and broader geographical earnings profile
- Drive **cost efficiency** by:
  - leveraging shared distribution platforms across the group
  - accelerating the deployment and use of alternative delivery channels
  - maintaining a staffing structure that is appropriate for our business
  - optimising procurement and operational spend
- 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
  - Conscious and deliberate steps in growing RWA while maximising returns on shareholders
- Continue to deliberately mine and deliver **group-wide synergies,** towards extracting value contributions across the group as we seek to be the full financial services provider to our clients

On track to achieve 2013 financial targets

	2012 Results	9M 2013 Results	2013 Targets	2014 Targets
Deposit growth	23%	16.6% ytd	>15%	~15%
Net Loan growth	23%	4.5% ytd	6.5% - 8%[1]	~10%
Net interest margin	8.9%	8.4%	7.5% – 8.5%	7% – 9%
Revenue growth	31%	11.4%	10% – 15%	10% – 15%
NIR/Net Revenue	24.5%	23.0%	20% – 25%[2]	~25%
Operating expenses growth	31.6%	5.0%	5% – 8%	5% – 10%
Cost to income ratio	64.4%	62.2%	57% – 59%	59% - 61%
Cost of risk	0.9%	1.3%	1.3%[3]	1.3%
NPL Ratio	2.6%	3.6%	3% – 4%	3% – 4%
ROaE	18.8%	17.9%	18% - 20%[4]	18% - 20%
ROaA	2.5%	2.3%	2.5% - 3%[5]	~3%
Cost of funds	2.5%	3.2%	3% - 3.5%	3% - 3.5%
Effective tax rate	18.4%	15.7%	16% -18%	15% -18%
Yield on assets	11.3%	11.7%	11% -12%	11% -12%

Previous guidance now revised: [1] Net loan growth - ≥10%; [2]NIR/Net Revenue – 25% - 30%; [3]Cost of risk - ~1%; [4]ROaE - ~20%; [5] ROaA - ~3%

Financial Review

9M 2013: Overview of income statement

Overview | **Financial Review** | Business Groups | Strategy | Summary/Outlook

Snapshot of Income Statement

₦bn	9M 12	9M 13	y-o-y	Q2 13	Q3 13	q-o-q
Gross Earnings	261.0	290.8	11%	95.4	96.5	1%
Net Interest Income	171.8	172.4	0.4%	56.4	59.7	6%
Non Interest Revenue	47.2	51.6	9%	21.3	8.0	(62%)
Net Revenue (Operating income)[1]	219.0	224.1	2%	77.7	67.7	(13%)
Operating Expenses	132.7	139.4	5%	46.3	47.2	2%
Pre-Provision Operating Profit[2]	86.3	84.7	(2%)	31.4	20.5	(35%)
Credit Impairments	9.8	15.7	61%	8.2	5.8	(29%)
Profit before Tax	75.7	70.1	(7%)	23.4	15.3	(35%)
Income Tax	11.4	11.0	(4%)	2.1	2.0	(5%)
Profit after Tax	64.3	59.1	(8%)	21.3	13.3	(38%)
Key Metrics						
Net Interest Margin[3]	9.1%	8.4%				
Non Int. Rev/Net Revenue	21.6%	23.0%				
PPoP/Credit Impairments	8.8x	5.4x				
Cost to Income[4]	60.6%	62.2%				
Cost of Risk[5]	0.9%	1.3%				
RoAE[6]	21.9%	17.9%				
RoAA[7]	2.9%	2.3%				

- Gross earnings grew 11% y-o-y to ₦290.8bn, largely from interest income on loans and advances (+11.4%)
  - y-o-y increase of 11.9% in interest income as well as a 9.4% rise in non-interest revenue y-o-y
- Net revenue growth was muted by impact of an 11.9% growth in interest income, tempered by faster growth in interest expense in Q3 2013 due to the tightening of regulatory policies
- Growth in interest expense (+58.8%) is reflective of the sustained high interest rate environment, 1% to 3.6% increase in minimum savings deposit rate and continued intense competition for deposits
- Cost of risk of 1.3% (9M 2012: 0.9%; H1 2013: 1.3%) reflective of increase in credit impairment charges from some small and medium sized loans during the period
- Non-interest Revenue (NIR) rose 9.4% y-o-y to ₦51.6 bn (9M 2012: ₦47.2 billion), despite a 2.7% decline in fees and commissions (F&C) which makes up the bulk of NII.
- Commission on turnover (COT), making up 31.3% of F&C declined by ₦2.1bn (-13.0%) to ₦13.8bn, reflecting the impact of the 40% reduction in COT rate by the CBN. Also negatively impacting NIR was a cumulative ₦4.1bn impact (₦1.6bn income loss and ₦2.5bn net payout) from the removal of ATM withdrawal fees
- Operating expense growth at 5.0% y-o-y and 2.0% q-o-q was well below inflation; reflecting benefits from cost containment initiatives
- The higher cost-to-income ratio at 62.2% (9M 2012: 60.6%), reflects to a large extent, regulatory induced downward pressure on revenues from higher interest expense as well as lower fees and commissions
- Profit before tax closed at ₦70.1bn (-7.4% y-o-y). This was supported by growth in interest income but muted by higher interest expense, credit impairment charges and marginal growth in operating expenses .
- EPS[8] of ₦2.42 (FY 2012: ₦2.33; 9M 2012: ₦2.63)
- Effective tax rate was stable at 15.7% (9M 2012: 15.1%)

[1]Net revenue (operating income) defined as gross earnings less interest expense; [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 its interest earning assets; [4]computed as operating expenses divided by net revenue plus credit impairment charges; [5] computed as credit impairment charges divided by the average opening and closing balances in its gross loans [6] computed as net profit attributable to shareholders divided by the average opening and closing balances attributable to its equity holders; [7] computed as net profit 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.

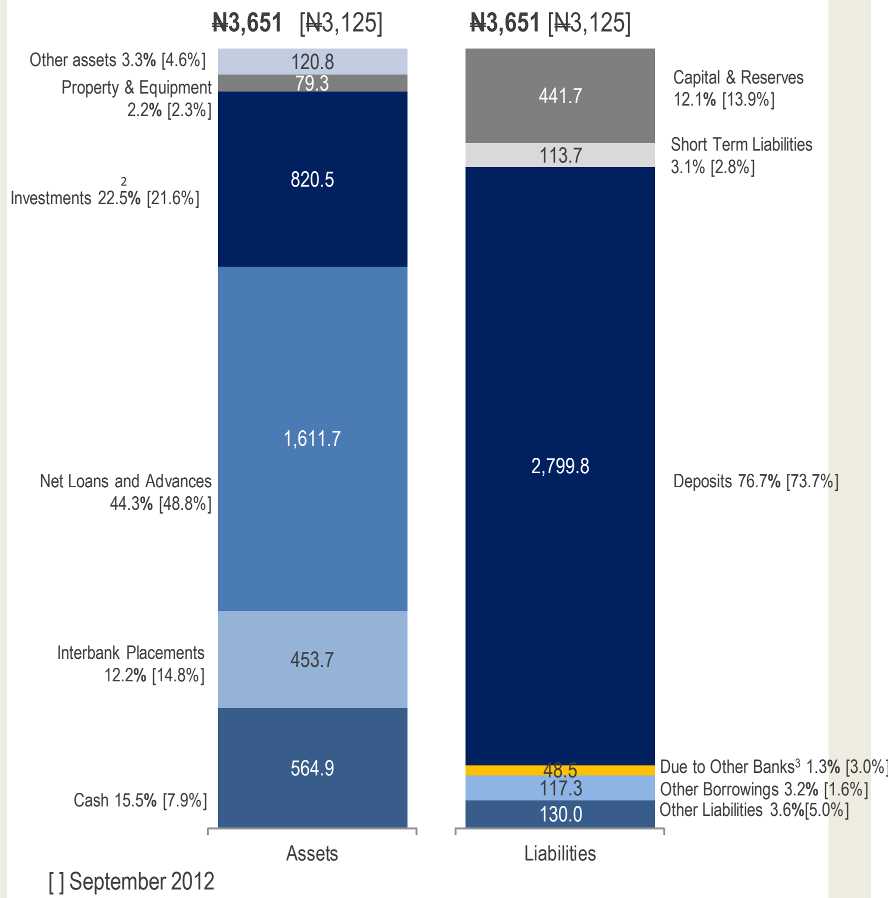
9M 2013: Overview statement of financial position

Snapshot: Statement of financial position

	9M 12 (₦bn)	9M 13 (₦bn)	y-o-y	Q2 13	Y-t-d	q-o-q
Total Assets	3,114.2	3,650.9	17%	3,381.1	15%	8%
Government Securities	601.3	752.2	25%	775.0	9%	(3%)
Interbank Placements	461.4	453.7	(2%)	496.5	10%	(9%)
Cash	246.6	564.9	129%	327.2	88%	73%
Net Loans & Advances	1,525.6	1,611.7	6%	1,523.5	5%	6%
Customer Deposits	2,305.1	2,799.8	21%	2,555.0	17%	10%
Shareholders' Equity	414.1	441.6	7%	455.6	1%	(3%)
Tier 1 Capital	383.3	426.7	11%	404.5	10%	7%

Key Ratios		
CAR	18.9%	20.0%
Tier 1	17.7%	17.5%
LTD	68.1%	59.3%
NPL	3.5%	3.6%
NPL Coverage[1]	82.9%	94.5%

Balance sheet structure - September 2013 (₦bn)

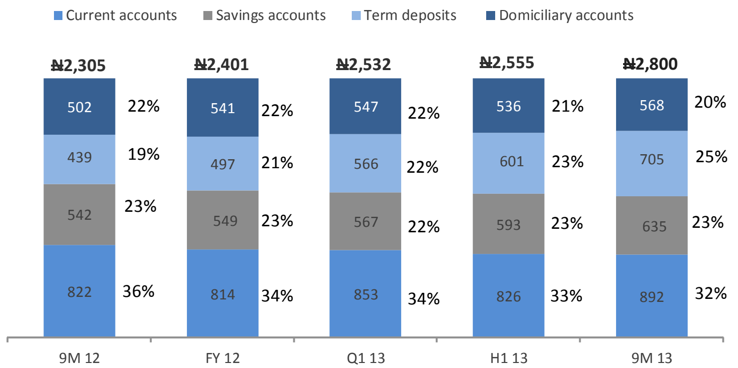


[1] *Includes statutory credit reserves. Excluding statutory credit reserves , NPL coverage would have been 83.2% for 9M 2013 (9M 2012:80.8%; FY 2012: 94.5%; Loan to deposits ratio computed as gross loans divided by total deposits ; NPL coverage computed as loan loss provisions divided by non- performing loans.*

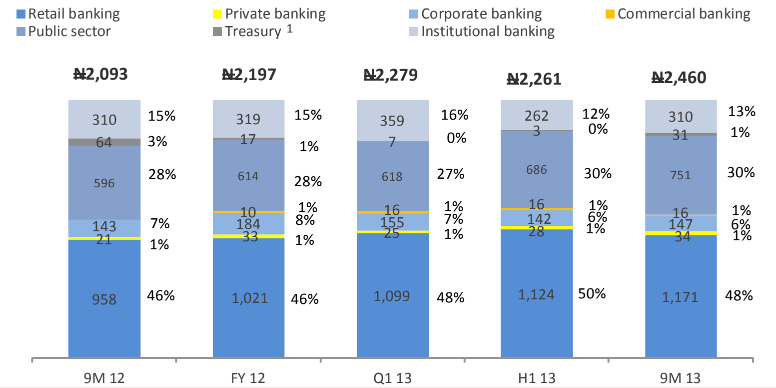
[2] *Investments include Government securities, listed and unlisted equities, investments in associates and properties*

Impact of increased public sector deposit withdrawal felt with increased competition for deposits

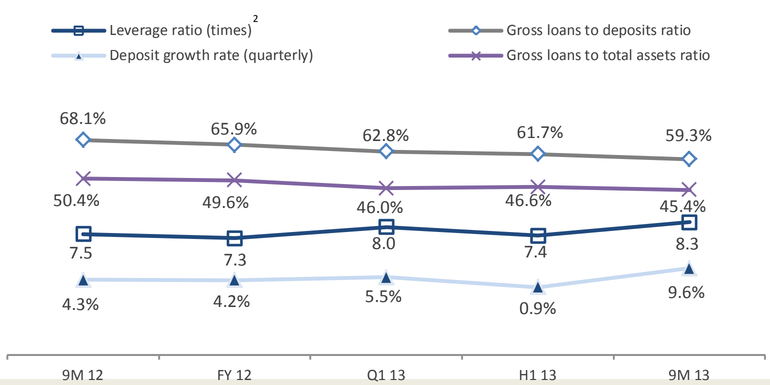
Deposits by type ₦bn



Deposits by SBU ₦bn (FirstBank Nigeria only)



Balance sheet efficiency

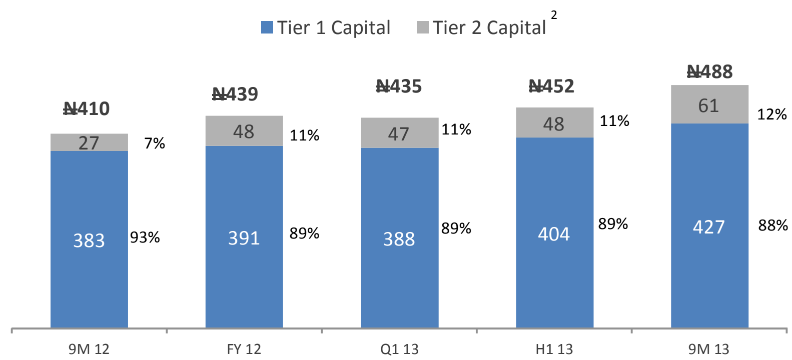


- 21% y-o-y, 17% ytd and 10% q-o-q increase in deposit with growth across all deposit buckets, deposits account for 77% of balance sheet. Deposit growth benefitting from healthy growth in new accounts acquisition of ~1.5mn; y-t-d as well as launch of new products during the quarter
- 75% of deposits made up by CASA with highest portion of deposits sustainably contributed by retail banking: thereby generating a healthy, diverse and stable funding base with large core portion.
- Commercial banking (previously Emerging Corporate) deposits make up 0.6% of total First Bank of Nigeria deposits
- Deposit generation boosted by expanded business locations; increase in term deposits reflecting increased competition for deposits on sterilisation of public sector deposits, high interest rate environment and challenging operating environment
- FirstBank remains best positioned to leverage Nigeria's retail market given its widespread retail platform. We will focus on increasing penetration in each of our customer segments and improving service offerings to our customers
- As at 30 September 2013, public sector deposits were approximately 30% of our total deposits, with 10.2% of our deposit base impacted by the increased CRR

[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*

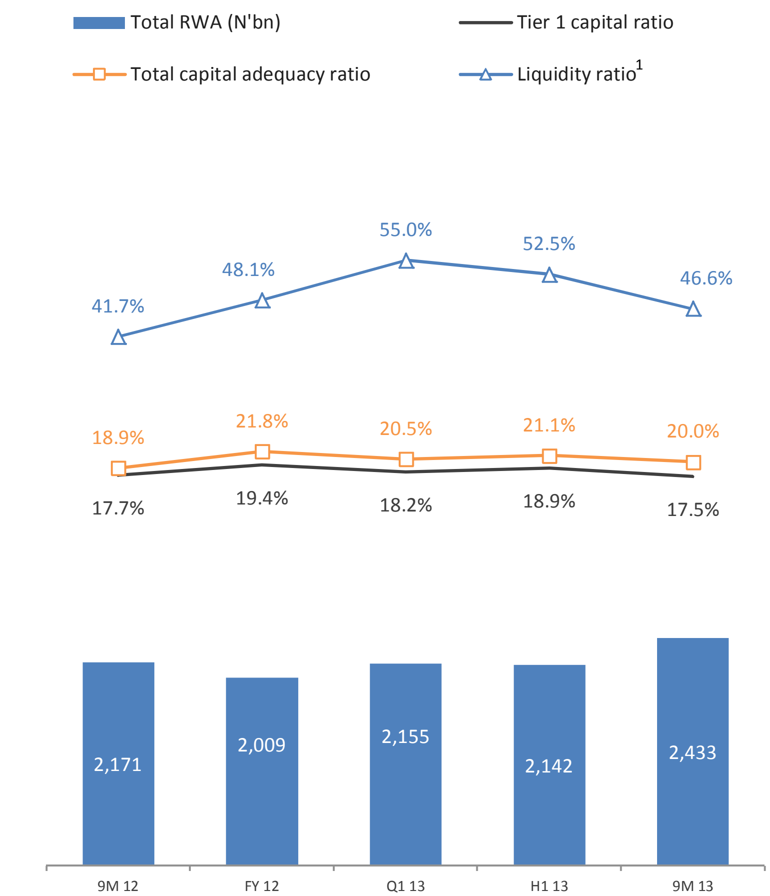
Capital and liquidity levels remain adequate to support growth plans

Components of capital (₦bn)



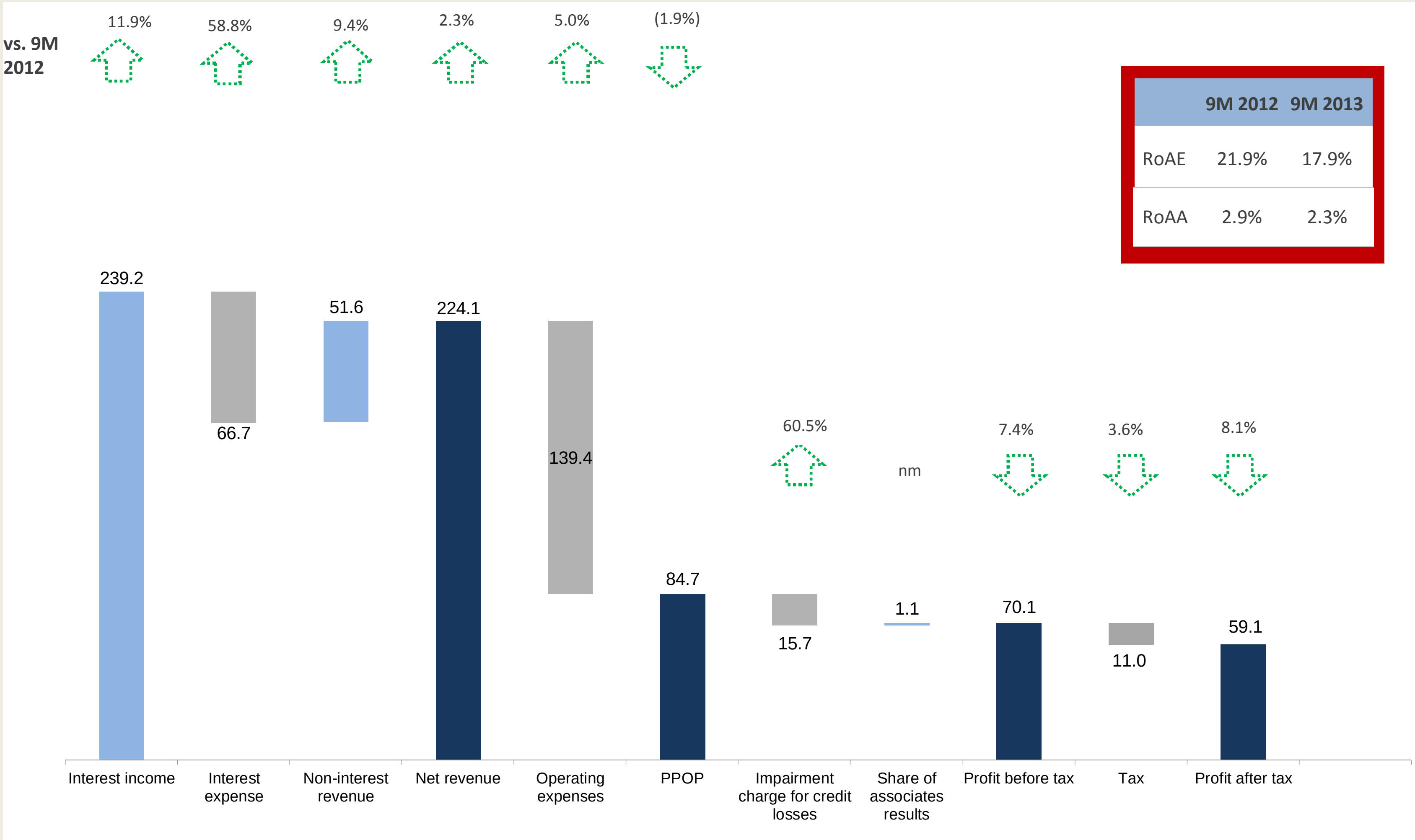
- CAR at 20.0% relative to CBN minimum requirement of 15%, with Tier 1 ratio of 17.5%. Liquidity remains strong at 46.6%. FirstBank is classified as one of the systemically important banks (SIB).
- Liquidity ratio impacted by increase in CRR on public sector deposits during the period
- Risk weighted assets (RWA) growth of 12.0% y-o-y reflect deliberate approach to optimising balance sheet
- RWA as a percentage of total assets at 66.6% (9M 2012: 69.4%), does not imply sub-optimal revenue generation as government securities are 0% risk weighted and yield on average 10%
- Focus on enhancing capital in coming periods via further balance sheet optimisation and retained earnings to enhance capital levels

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 9M 2013 profit after tax (₦bn)

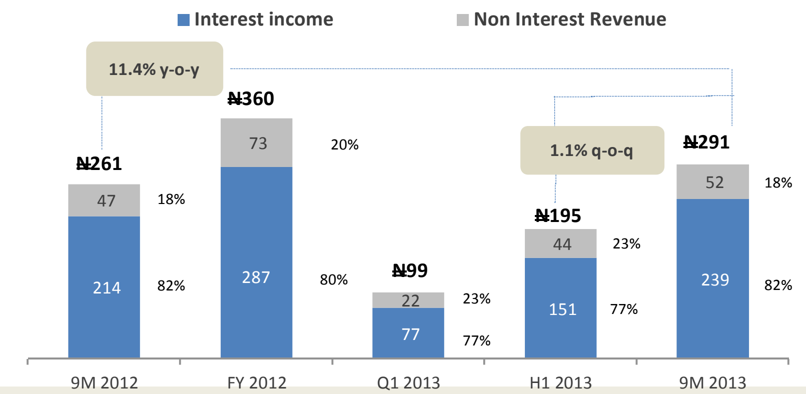


	9M 2012	9M 2013
RoAE	21.9%	17.9%
RoAA	2.9%	2.3%

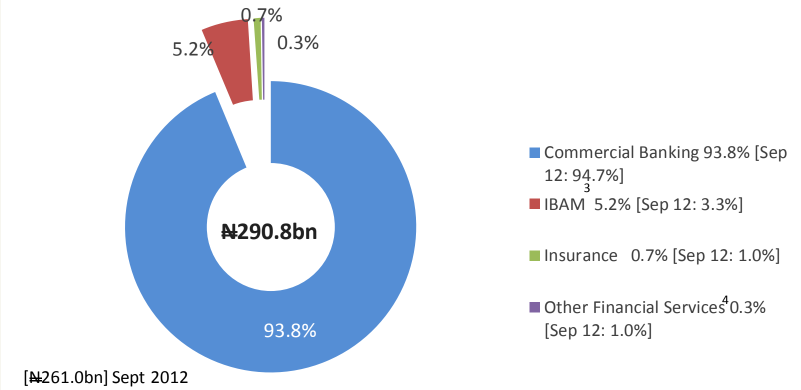
PPOP- pre-provision operating profit; computed as operating profit + credit impairments

Gross earnings growth supported by increased lending activities

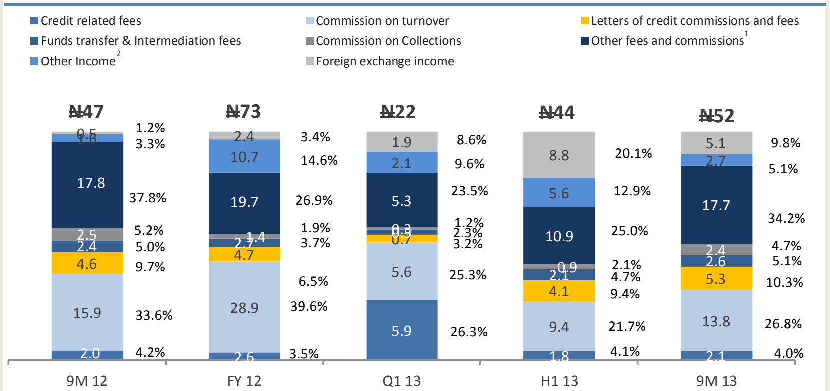
Gross earnings (₦bn)



Gross earnings split by business groups



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

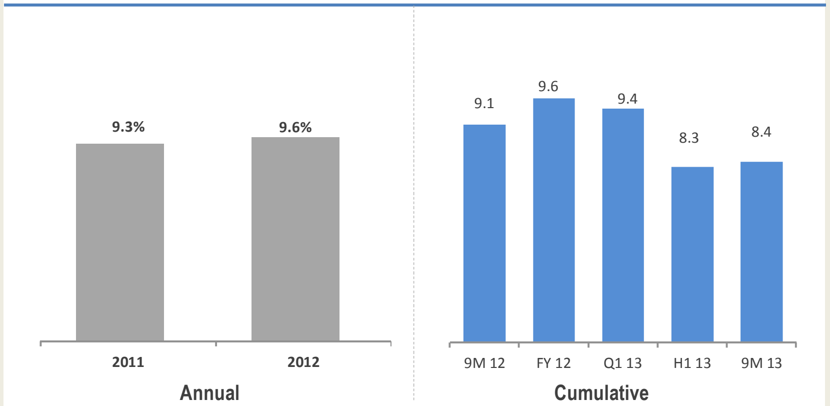


- Growth in gross earnings driven by increase in interest income from loans & advances and increased non interest revenue
- Gross earnings impacted by recent regulatory pronouncements; CRR increase to 50% for public sector deposits. Proportion of NIR / Net revenue resilient at 23% in spite of regulatory headwinds
- Headline growth in NIR y-o-y, supported by y-o-y increase in foreign exchange income, other operating income & dividend income but hampered by commencement of CBN revised tariffs ; driven largely by reduction in COT and other fees & commission income
- 13% y-o-y reduction in COT as COT rate was reduced from ₦5/mille to ₦3/mille in 2013 and will be phased out by 2016
- Q3 FX loss relates to revaluation losses on our foreign currency investments in our offshore subsidiaries. We are looking at accounting for these in naira going forward to mitigate the revaluation swings.
- The pressure on NIR from the revised bank tariffs will be moderated by:
  - monitoring and enforcing covenants on savings and current accounts; driving volumes on our alternative channels and expanding allowable transactions on alternative channels; drive behaviour change from cash payment to alternative payment; increased contribution from the other business groups via Bancassurance, mobile insurance as well as mobile money in coming periods
- Key drivers for revenue growth in coming periods include increased transaction volumes
- Focus on growing contribution from the non-banking subsidiaries to the overall earnings as we improve group synergies and cross selling

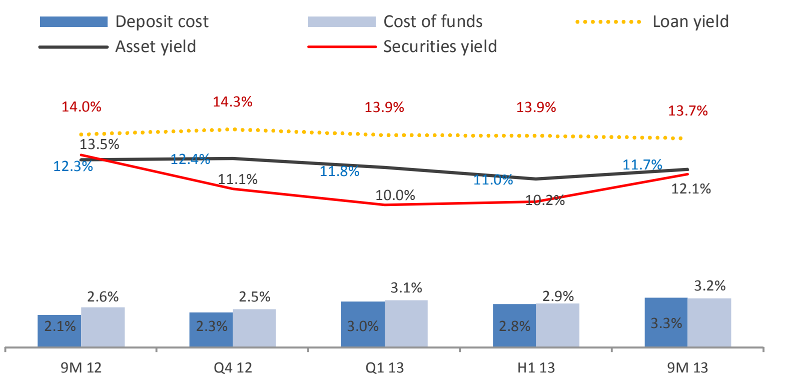
[1]Other fees and commission include commission on performance bond, bankers instruments issued , e-business fees, account maintenance ,structured& project finance fees; [2]Other income include insurance premiums, net (losses)/gains on investment securities and dividend income; [3]Investment Banking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

Maintained stability in Q-o-Q NIM despite regulatory headwinds

Net interest margin (NIM)[1]



Yields and Cost of funds

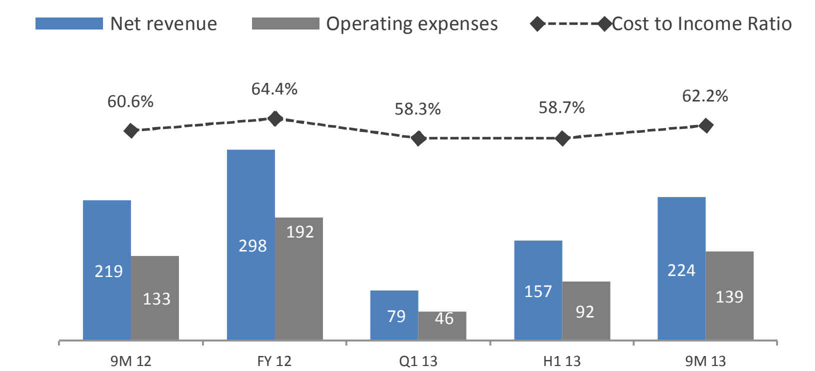


- NIMs within guidance of 7.5% - 8.5% as at 9M 2013
- NIMs tempered by increased COF at 3.2% (9M2012: 2.6%; H1 2013: 3.0%) increase in savings rate to 3.6% from 1% and higher interest paid on term deposits due to competitive environment
- Pressure on Interest income from increased cash holding with CBN via sterilisation of public sector deposit, cash with CBN has grown +88% y-t-d and +129% y-o-y
- We expect NIMS in 2014 to range within 7%-9%, on continued high interest rate environment and tight monetary policies.

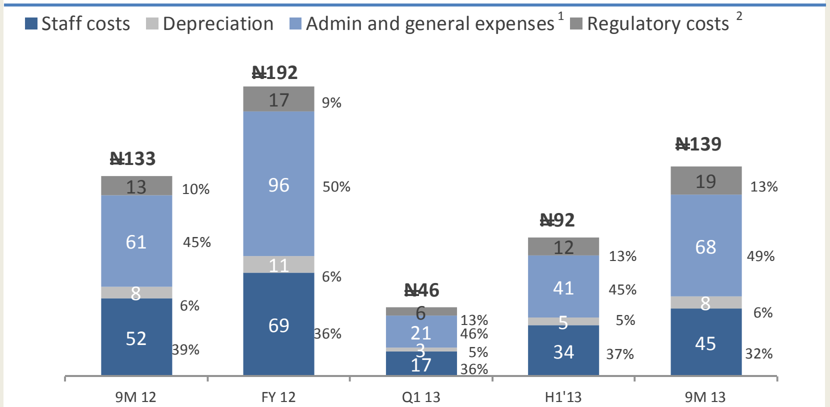
[1] *Interest earning assets in computing NIM include loans to banks, loans to customers, financial assets and interest earning investment securities.*

Efficiency ratio supported by better containment of operating expenses

Net revenue and expenditure (₦bn)



Operating expense breakdown (₦bn)[3]

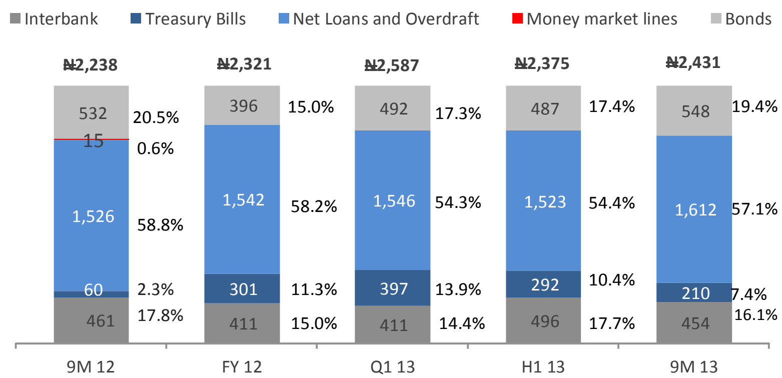


- Operating expenses rose by 5.0% y-o-y and 2.0% q-o-q.This was driven by:
  - Increase in regulatory costs (+45.9%) now constituting 13.3% of operating expenses relative to 9.6% as at Sept 2012; AMCON levy rose +78.4% while NDIC premium rose 18.9% y-o-y
  - Increase in regulatory cost driven by increase in AMCON levy to 0.5% from 0.3% of total asset as well as increased deposit insurance premium from increased deposit liabilities
- Stripping regulatory costs , OPEX growth would have been a 4.2% y-o-y decrease
- Cost to income ratio of 62.2% (9M 2012: 60.6%, H1 2013: 58.7%, Q1 2013: 58.3%) due to increased run rate in interest expense in Q3 relative to Q2
- Costs are being contained due to strong focus on optimising controllable cost which include admin and general expenses; 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 etc.
- Expansion of AMCON levy to include a third of off balance sheet engagements effective beginning of 2014. We expect an impact of about 1.7% on 9M 2013 expense base.
- We expect to reap benefits of our initiatives in enhancing revenue streams in coming periods and cost to income leading to improving efficiency
- Operating expense containment remains paramount as we continue to improve on automation of processes, ensuring suitable mix of our distribution channels to manning realignments levels etc.
- Standardisation of branch costs based on implementation of a branch peer review process should drive additional consolidation in cost base, as well as branch productivity enhancement
- Focus on revenue growth including customer acquisition, high growth products and segments (such as Emerging Corporates, Bancassurance, mobile money, m-insurance, general insurance) and pricing
- We will improve focus on transaction banking to boost non-interest income
- In the medium term, we expect to deliver a sustainable CIR of 55% by growing revenues faster than cost

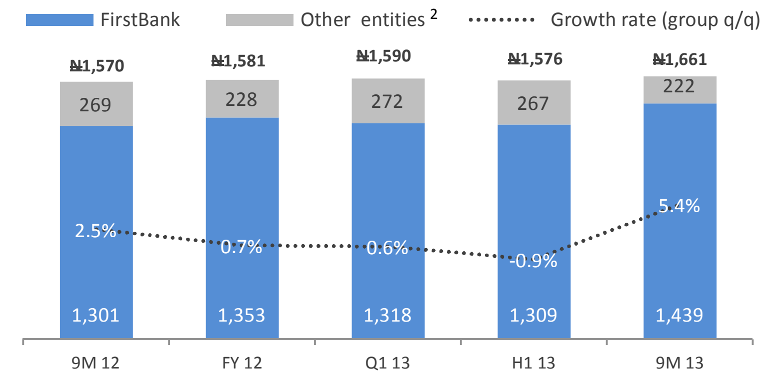
[1]Admin and general expenses include maintenance, advert & corporate promotion, legal and other professional fees and other operating expense; [2] regulatory costs is made up by NDIC premium ,AMCON resolution cost and others [3]some items in staff costs in Q1 2013 and H1 2013 were reclassified to admin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

Increasing efficiency and flexibility in earning assets

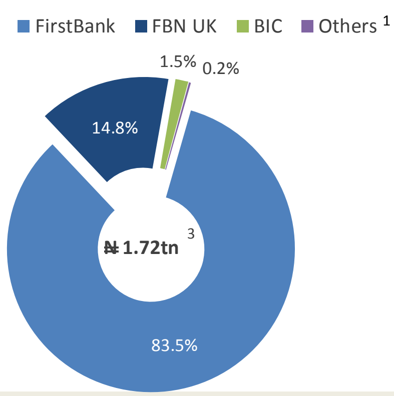
Interest earning assets mix (₦bn)



FBN Holdings gross loans (₦bn)



FBN Holdings gross loan book by business entities (Sept 2013)

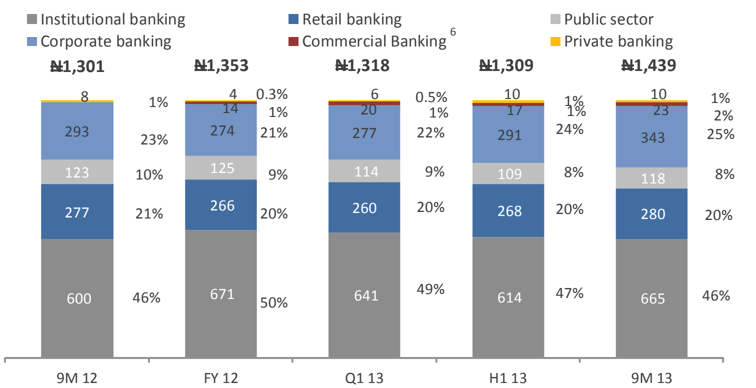


- Gross loans of FBN Holdings was ₦1.72tn as at September 2013
- Gross loan book of FBN Holdings grew by 5.1% y-t-d to ₦1.66tn (adjusted for intercompany balances) mainly attributable to growth in FirstBank's (6.3%) loan book
- Loan growth resulted from increased lending to various sectors spanning manufacturing, power and energy, oil and gas (upstream and services) with healthy pipeline of deals in coming periods
- FBN UK loan book closed at ₦254bn with growth of 9% y-t-d; primarily due to increase in the real estate activities, transportation & storage and manufacturing sectors
- Foreign currency loans as at September 2013 stood at 42.6% of which 60.5% were created onshore in Nigeria.

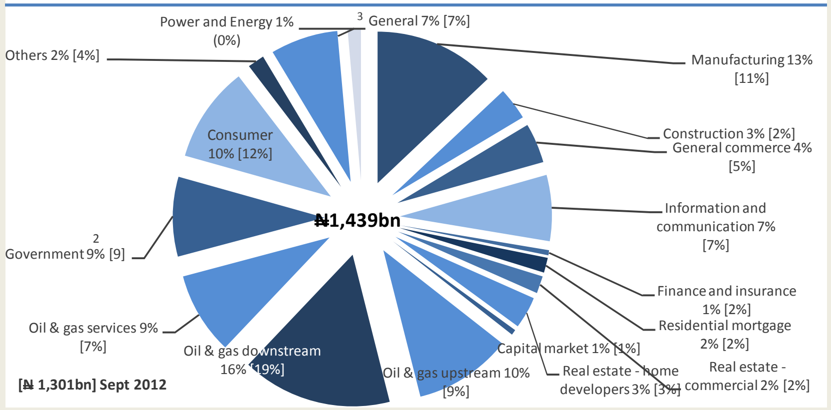
[1]Others include FBN Microfinance, FBN Mortgages, First Pension Custodian Limited, FBN Securities, First Funds, First trustees, FBN Capital , FBN Insurance brokers and FBN Bureau de change [2]other entities include FBN UK and BIC [3] unadjusted for intercompany balances

First Bank of Nigeria (Breakdown of loan book)

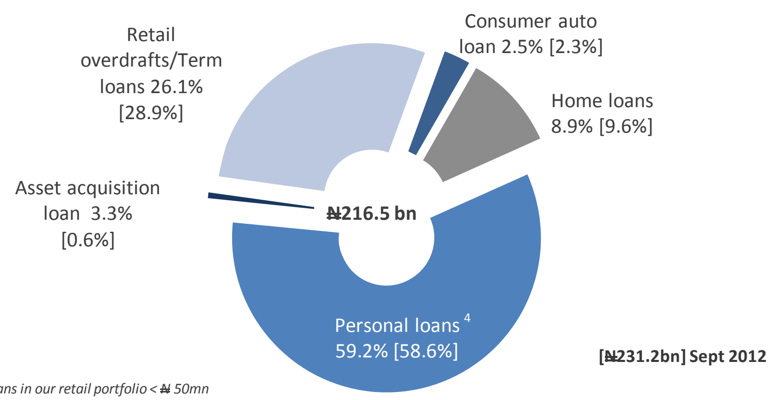
Breakdown of loans by SBU



Loan Breakdown by Sectors



Core consumer / Retail product portfolio[1]



- 6.3% increase in loans y-t-d . Growth in loans is attributable to growth in oil & gas (Services and upstream), General, Public Sector, Power and Energy and Manufacturing
- Consumer and retail business growth is largely due to growth in personal loan to salaried staff under the Personal Loan against Salary(PLAS) product program while increase in public sector businesses was driven by exposures to state governments for completion of various capital projects.
- The Emerging Corporates sub-business unit has been upgraded into a full-fledged Commercial Banking SBU in response to the changing requirements of our diverse customer base
- Commercial banking loans make up 1.3% of total First Bank of Nigeria loans
- Core consumer lending returns to normalised levels after revamping risk acceptance criteria. Currently ~15% of the loan book
- Loan diversification to upstream oil and gas sector are mainly to marginal fields and are fundamentally reserve based lending
- Growth in coming periods to be driven by power, oil and gas, retail, manufacturing, telecommunications and general commerce in coming periods

[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*

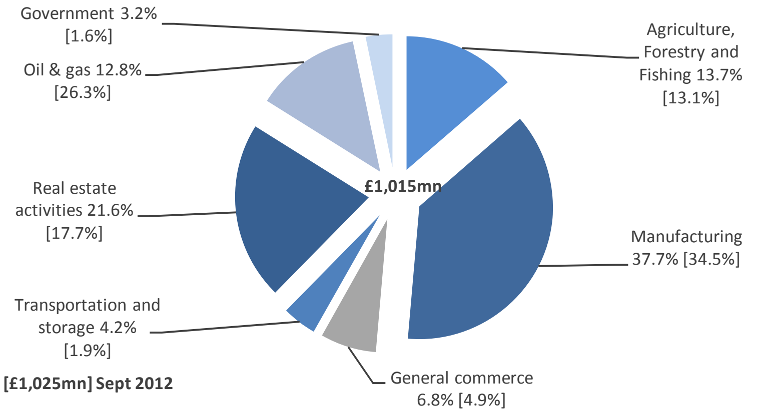
FBN UK records resilient performance despite tough regulatory environment

Overview | **Financial Review** | Business Groups | Strategy | Summary/Outlook

Selected financial summary (Sept 2013)

£'mn	9M 12	9M 13	y-o-y	Q2 13	Q3 13	q-o-q
Gross Earnings	56.0	68.1	22%	23.9	23.0	(4%)
Interest Income	60.3	60.3	28%	18.0	24.3	35%
Interest Expense	22.1	22.3	0.6%	7.3	7.4	3%
Net interest income	25.1	38.0	52%	10.8	19.5	81%
Profit before Tax	19.0	22.0	16%	10.5	3.8	(64%)
Net interest margin	0.9%	2.2%		2.4%	2.2%	
ROaA	1.0%	1.1%		1.6%	1.15	
ROaE	12.3%	11.4%		16.9%	11.4%	
Total assets	1,960	2,153	10%	2,119	2,153	2%
Customer deposits	800	1,205	51%	1,227	1,205	(1%)
Shareholders' funds	188	202	8%	196	202	3%
Loans and advances (gross)	1,025	1,015	(1%)	1,122	1,015	(10%)
Cost to income ratio	43.0%	51.4%		37.0%	75.4%	
LTD	128.2%	84.2%		91.3%	84.2%	
Cost of risk	-	0.8%		-	0.8%	

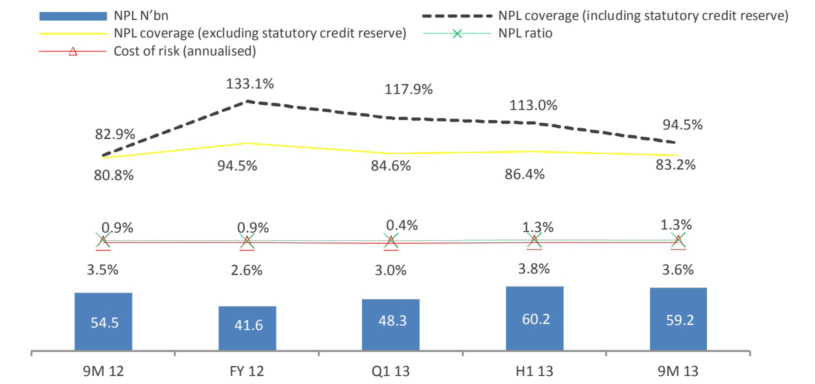
Loan book by sector (Sept 2013)



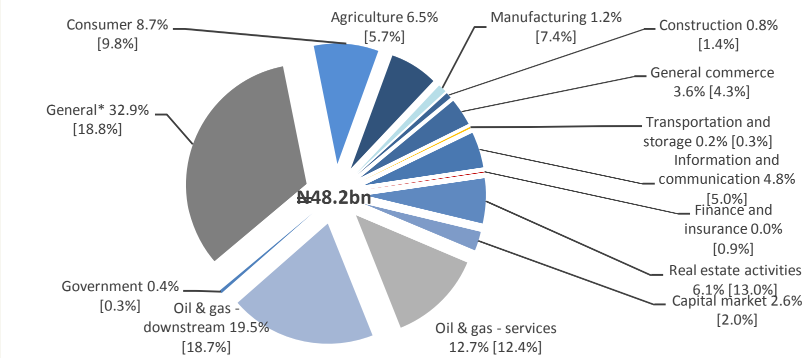
- Q3 2013 performance improved y-o-y as a result of increased business volume and revenue generation.
- Gross earnings and pre-tax profit grew by 22% and 16% y-o-y respectively. Gross earnings growth was driven by increased interest revenue and a stable interest expense y-o-y. Profit was however impacted by increased impairment charge during the period
- Impairment charge relate to an 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
- 10-15% loan growth over the next 12 months is expected with drivers being in the commodity trade finance business, real estate, correspondent banking relationships and government finance primarily to African countries

Proactive portfolio management continues to remain a priority

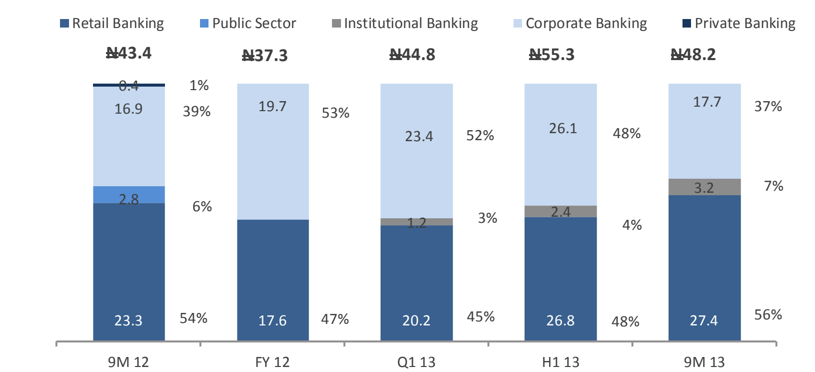
Asset quality



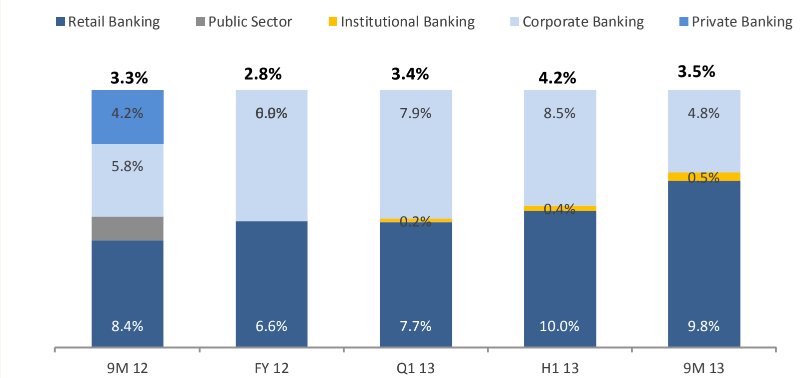
NPLs sector exposure 9M 2013 (FirstBank Nigeria only)



NPLs by SBU ₦bn (FirstBank Nigeria only)



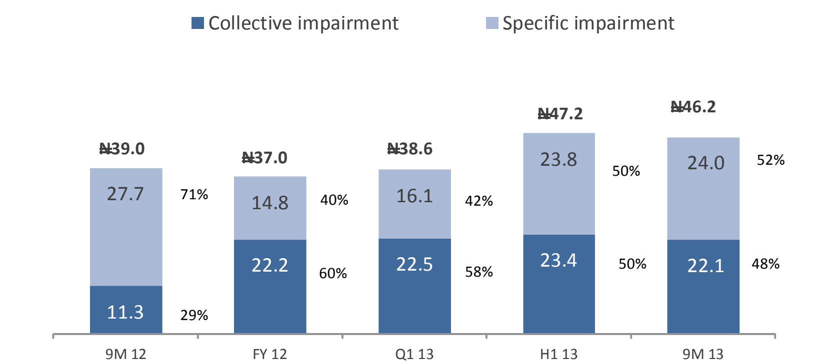
NPL ratio within each SBU (FirstBank Nigeria only)



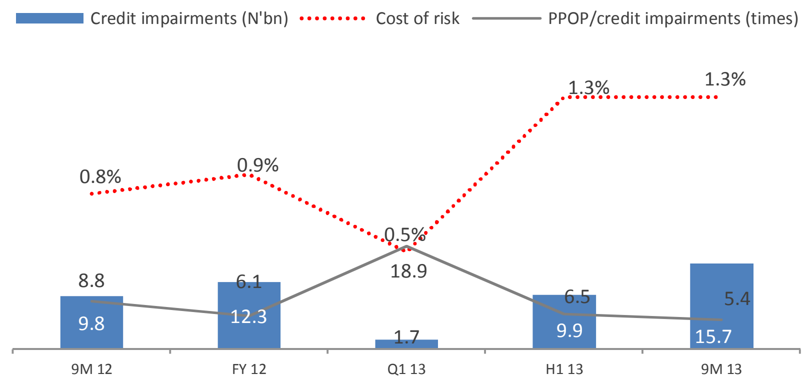
** General includes: hotels& leisure, logistics, religious bodies, retail others*

…….while ensuring early recognition of impaired assets

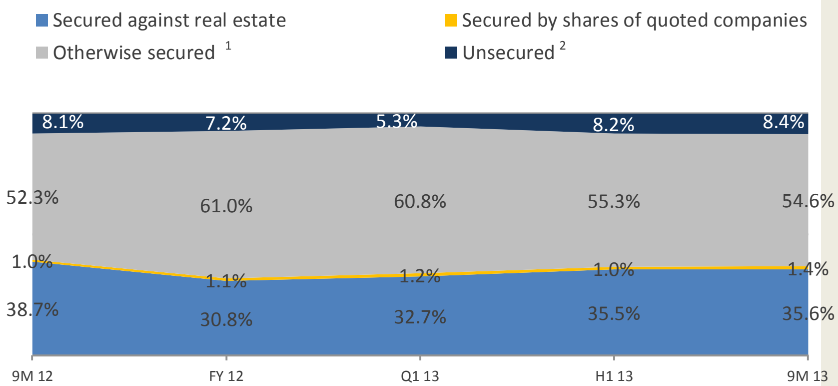
Allowance for impairments ₦bn (FirstBank Nigeria only)



Evolution of credit impairments



Breakout of loan book by type of collateral (FirstBank Nigeria only)



- Q/Q improvement in NPL ratio with cost of risk remaining stable
- Increased impairment charge was driven by deterioration in some small and medium sized loans during the period
- Sector affected include logistics, Oil and gas downstream/services, real estate, agriculture and transportation
- Remedial management including restructuring and asset realisation have begun to mitigate the increase in non performing assets
- We 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

FBN Holdings Plc
RC - 916455

Performance Review - Business Groups

Commercial Banking

Investment Banking & Asset Management

Insurance & Microfinance

Commercial Banking- Overview

Overview | Financial Review | **Business Groups** | Strategy | Summary/Outlook

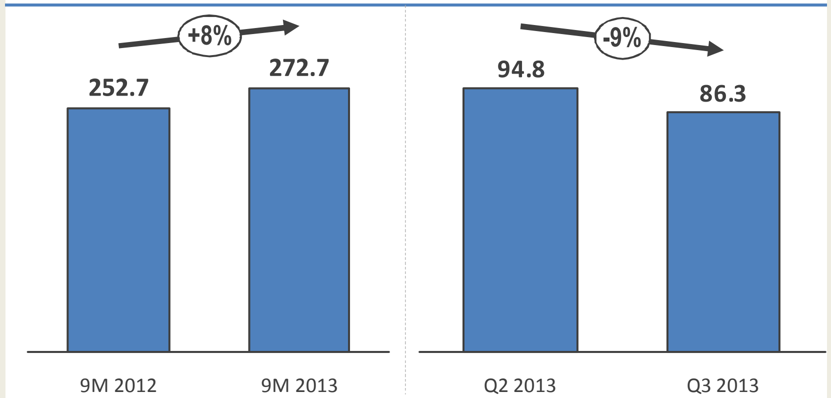
Nine months 2013:

- A 7.9% y-o-y increase in Gross earnings to ₦272.7bn (₦252.7bn: 9M 2012) was recorded; driven on the back of a 7% increase in interest income.
- Pre-tax profit of ₦67.7.8bn (₦75.7bn: 9M2012) due to an 11% growth in interest income from loans and advances to customers. Foreign exchange income as well as other operating income grew by 832% and 30% respectively. Fees and commission however dipped by 22% driven by 14% and 27% reduction in COT and other fees and commissions to ₦13.6bn and ₦13.1bn respectively
- Cost containment drive yielding positive results as operating expenses decreased by 2.8% y-o-y from ₦133.0 to ₦129.2bn
- Deposit and gross loans grew by 17% and 6% y-t-d. 74% of deposit are low cost bucket major sectors with loan growth in the period are Oil and gas, Power and Energy, Public Sector, General and Manufacturing
- FirstBank expanded to four West African countries (Ghana, Gambia, Guinea and Sierra Leone) adopting a disciplined approach to a broader and more diverse pan African footprint.

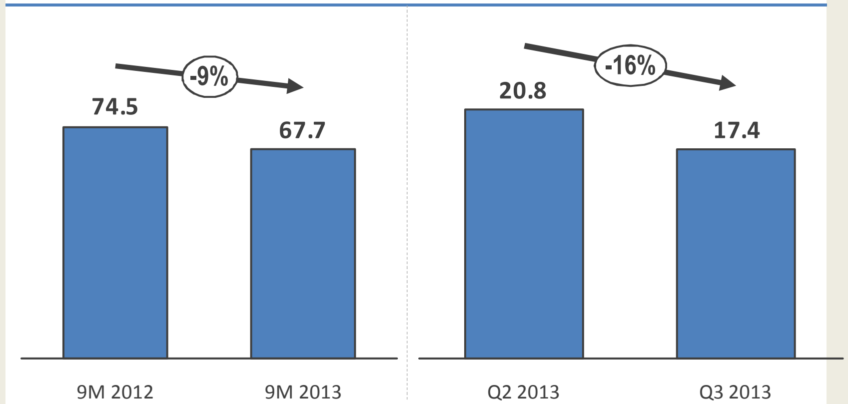
Outlook

- Increased focus on the high growth customers segments through enhanced product offering and strong relationship management including superior services in trade transactions in improving yield on assets from increased velocity of these transactions.
- While we remain focused on consolidating our position in Nigeria, West African expansion provides an immediate and strong platform for regional market entry through a brownfield transaction
- We will drive profitability through operational efficiency, growing the volume of our non interest revenue and optimising our balance sheet.

Gross earnings – (₦bn)



Profit before tax – (₦bn)



Investment Banking & Asset Management- Overview

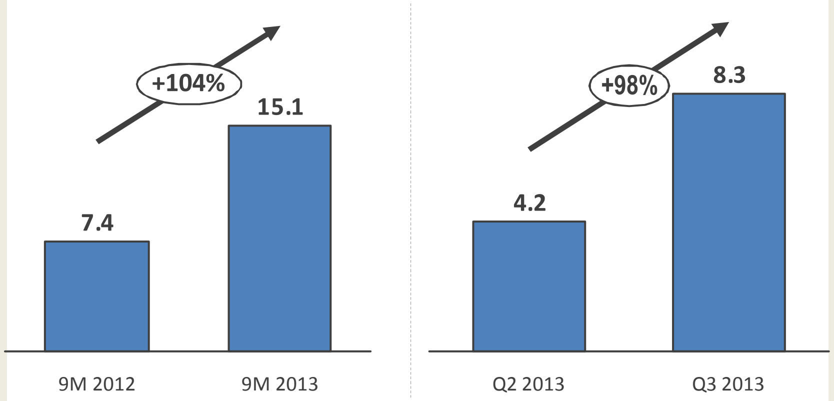
Nine months 2013:

- Strong growth in q-o-q and y-o-y gross earnings and PBT
- This performance was driven by significant activity in the structured finance/syndicated loan markets, in which the IB & Trustee/Agency businesses were active, executing a number of transactions across the telecoms, power and oil & gas sectors; these businesses contributed c. 67% of IBAM gross earnings
- The primary debt and equity capital markets remained fairly quiet with a modest number of bond and equity issues
- Revenues in the Markets business continues to grow as secondary equity and debt markets continue to be fairly active; FBN Securities retained the 5th position (by value) on the NSE's top 10 stockbrokers league table
- The Alternative Investments business has maintained a steady performance while slow growth in AuM has adversely impacted the Asset Management business

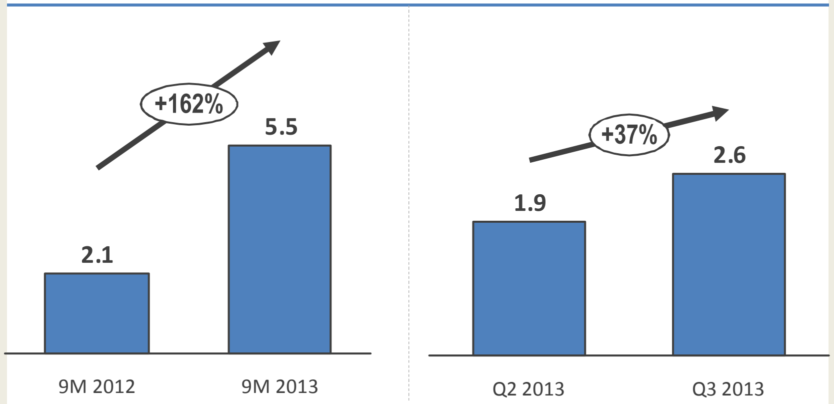
Outlook

- We expect the positive earnings trend to continue through the rest of the year
- The IB business will continue to drive performance, with debt transactions in the oil & gas and power sectors continuing to dominate market activity; the Trustee business will also benefit from this activity
- The Markets business is also expected to continue to grow with investors remaining active in the secondary debt and equity markets
- The Asset management business is being repositioned in order to drive AuM growth, and we do not expect any surprises in the Alternative investment business
- We will keep a close watch on operating expenses to ensure we can achieve our PBT target

Gross earnings – (₦bn)



Profit before tax – (₦bn)



Insurance - FBN Life Assurance- Overview

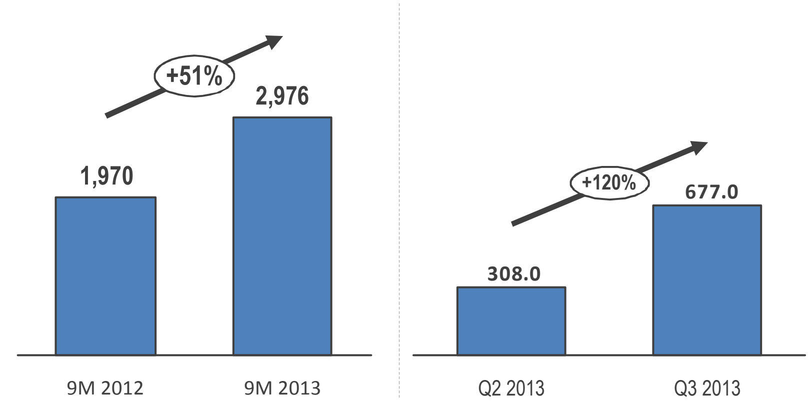
Nine months 2013:

- Strong growth recorded in its business volumes, revenue and profitability due to focus on retail strategy geared towards the mass market with the lowest insurance penetration
- Gross income grew by 51% y-o-y in 9M 2013 to ₦2.98bn (H1 2013: ₦1.72bn, 9M 2012: ₦1.75bn), driven by increased product offerings and market penetration
- Claims of ₦599mn were paid out during the period under review. Prompt claim settlement remains a major selling point for FBN life
- Operating expenses grew by 60% y-o-y attributable to business expansion and marketing costs
- FBN Life Assurance Limited has commenced sales of its mass retail product named ‘Padi -4-Life’, the first insurance product sold through a Telecommunication channel
- Negotiation concluded for the commencement of sale of an embedded mobile insurance product with one of the mobile networks.

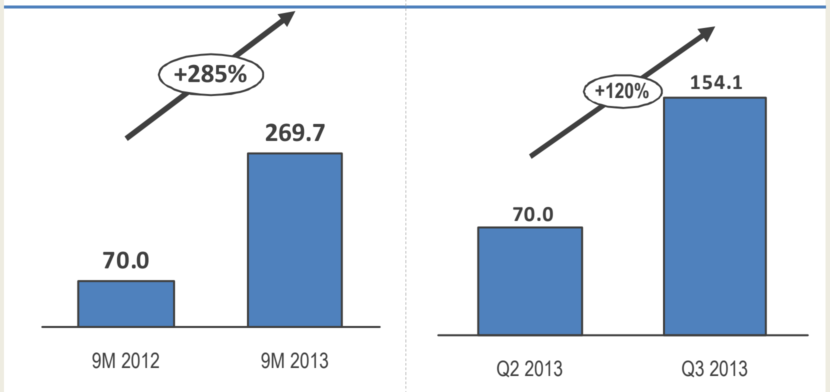
Outlook

- We expect to grow retail distribution of insurance products and public sector group life assurance by leveraging the FBN Holdings structure .
- Focus on driving growth in recently launched Bancassurance and mobile-insurance products
- 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

Gross income – (Nmn)



Profit before tax – (₦mn)



Insurance – FBN Insurance Brokers- Overview

Nine months 2013:

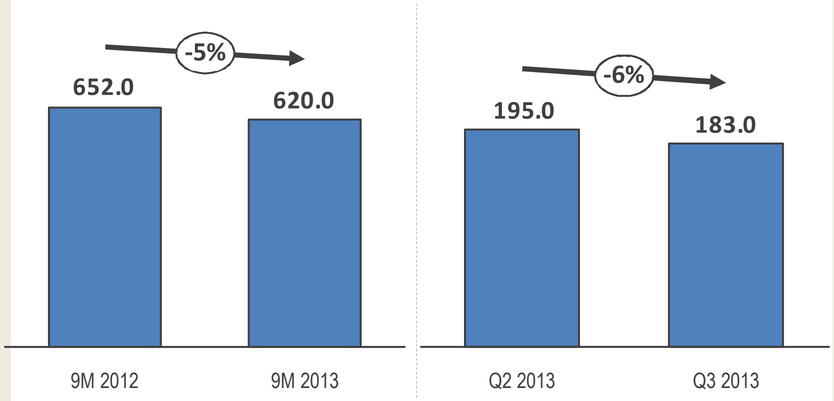
- Ongoing implementation of the 'no premium, no cover policy by the National Insurance Commission (NAICOM) at the beginning of the year continued to impact revenue across the industry negatively
- Gross income at ₦620mn (9M 2012: ₦652mn), while a profit before tax of ₦266mn was recorded, a 26% reduction y-o-y. Impacted by provision for bad debt made in the current year

Outlook:

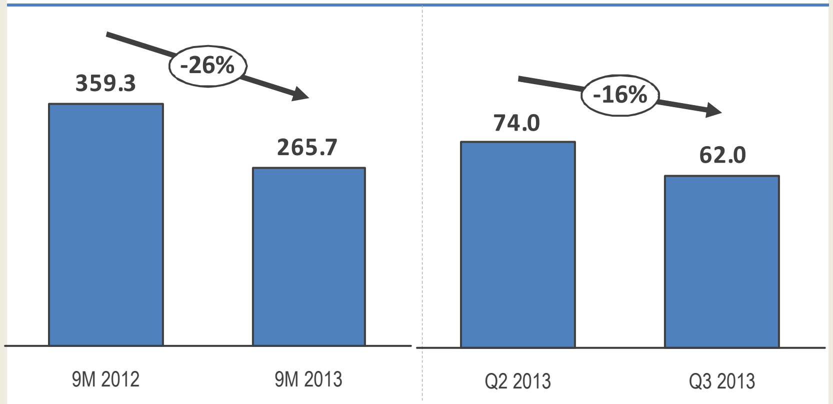
To improve performance, the company is:

- Focusing on deepening market penetration, diversifying customer base especially in the multinationals and energy (oil & gas) sectors, as well as ensuring retention of our existing clients across the retail and corporate segments
- Working with policy holders on the impact of the new regulation and with clients to define strategies to comply with insurance needs
- Collaborating closely with other subsidiaries within the Group to improve cross selling

Gross income – (₦mn)



Profit before tax – (₦mn)



Microfinance- Overview

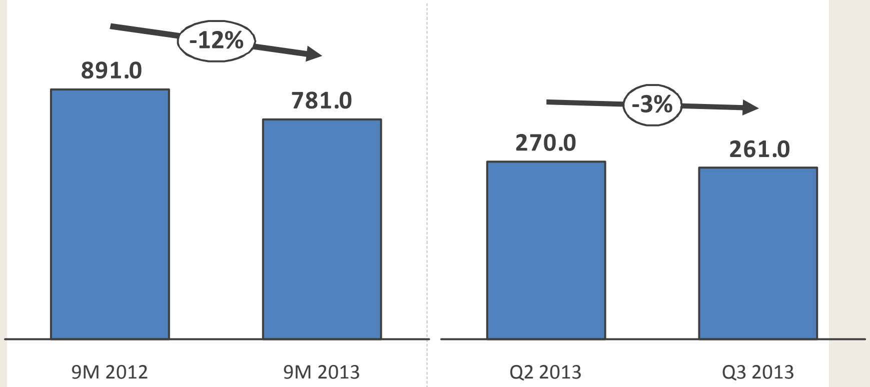
Nine months 2013:

- FBN Microfinance (FBNM) recorded Gross earnings and PBT of ₦781mn and ₦160mn respectively (9M 2012: ₦891mn and ₦245mn)
- Interest income grew to ₦615mn in 9M 2013(9M 2012: ₦705mn) (+53.8% q-o-q) while fees and commission grew to ₦91mn from ₦64m in H1 2013 (42.2% q-o-q)
- 20% q-o-q growth in risk assets to ₦1.2bn supported by resumption of lending activities following an earlier suspension due to deteriorating asset quality
- 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. CASA made up 97% of customer deposits during the period
- Operating expenses at ₦565mn (H1 2013: ₦353mn)
- Commenced disbursement of LASMI (Lagos State Microfinance Institution) Agric Yes funds to recommended cooperatives/beneficiaries.
- Commenced Funds transfer on Firstpay platform from FBN Microfinance to improve efficiency and service delivery

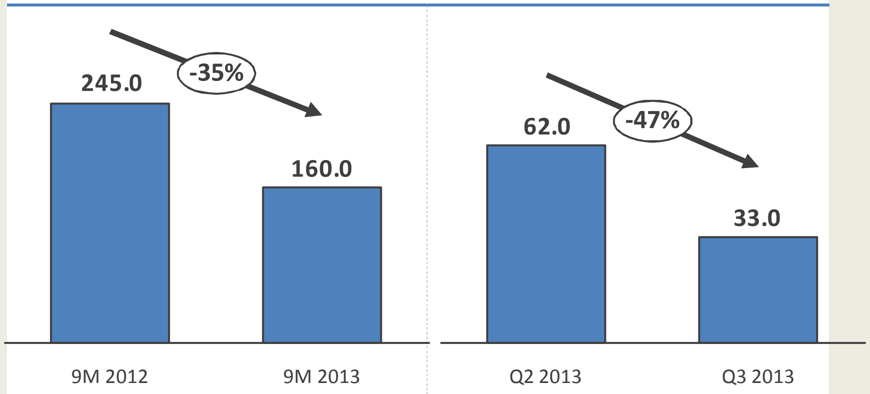
Outlook:

- Pending upgrade of the “State License” to a “National license” to enable expansion of coverage
- 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

Commercial Banking Group – Business Updates

Strategic Business Unit	9M 2013 Performance Update
1 Retail Banking	▪ Refocused on the SME Segment through SME capacity development & bundled product offering. Aggressively driving short cycle transactions based on contract finance, invoice discounting, LPO etc ▪ Expanded Affluent premium lounges in additional 15 locations ▪ Implemented new initiatives as part of Youth Engagement program
2 Institutional Banking	▪ Ring fencing the value chain of IBG customers I.e. created value chain monitoring/facilitator team ▪ Enhanced internet banking platform and seamless interface with the Banking platform ▪ Rigorous plans to migrate to transaction based banking
3 Corporate Banking	▪ Recalibrated business model and resource around broadening customer breadth and width ▪ Value chain and transaction banking ▪ Building intelligence to ensure a proper mesh of products offering and customer needs
4 Commercial Banking	▪ Upgraded Emerging Corporates business within Corporate Banking to a full Business Unit now to be referred to as Commercial Banking BU to serve customers between N500m to N3bn in revenue ▪ Enhanced RM model ▪ Initiatives to drive capacity building for our commercial banking
5 Public Sector	▪ Reviewed engagement model to provide required focus on FG account/transactions ▪ Providing back bone for infrastructure development with various levels of Government ▪ Reactivated dormant accounts/relationships which include SGF committee accounts, INEC accounts, Nigerian Customs personnel account, National Automotive council, FCTA CACs Ops Funds, etc.
6 Private Banking	▪ Continued developing partnership model with IBAM and FBN UK to streamline cross-sell and maximize opportunities ▪ Instituted the Global Private Banking framework ▪ Continued broadening of AUM offerings in partnership with IBAM and other value creators across major markets.

Commercial Banking Group (Cont'd)

Initiatives	9M 2013 Performance Update
1 Banking Operations / Services	▪ Upgrade of the bank's enterprise banking platform from Finacle 7 to 10 as well as the successful management of post-deployment implementation issues after go-live. ▪ Priority processes selected for deployment based on relevance to Bank's strategic priorities of Cost optimization / Process efficiency; Deployment of Agilepoint BPMS platform with a focus on automating Cash management, Form M/LC processing, and procurement services ▪ Launched the CPC Optimisation project which will review the current infrastructure of the centre to improve workflow performance issues; Review of branch wide bandwidth to ensure all applications run optimally and service is delivered efficiently.
2 Electronic Banking	▪ Improved accessibility and visibility of ATM network in response to removal of ATM usage fees; Overall response strategy to increase transaction volumes across channels, drive operational efficiency, and improve economics of existing agreements with third-party vendors. ▪ Launched of our new Retail Online banking platform, a more user friendly platform with several new features ▪ Increased issuance of Naira credit card to drive up revenue
3 Service Delivery	▪ Recorded higher rankings in annual KPMG Banking Industry Customer Satisfaction Survey, moving from third to second in the Corporate segment, sixth to fifth in the SME segment, and eighth to seventh in the Retail segment ▪ Expanding internal service measurement activities, to aid in identifying areas where service improvements are required, across all channels ▪ Strengthened complaints handling – communicated revised complaints handling process Bank-wide.

Commercial Banking Group – International Subsidiaries Strategic Outlook for 2014

Overview | Financial Review | Business Groups | **Strategy** | Summary/Outlook

FBN Bank UK Ltd

- Expand Market share: Expand captive market share by building relationships with new clients and also retain existing clients by increasing share of wallet
- Deliver better shareholders returns: Deliver better shareholders returns via continued cost containment and increased drive for fee based businesses
- Customer Service Excellence: Ensure customers experience world class services by providing superior service delivery system
- Foster high performance: Foster a high performance culture with knowledgeable and skilled staff

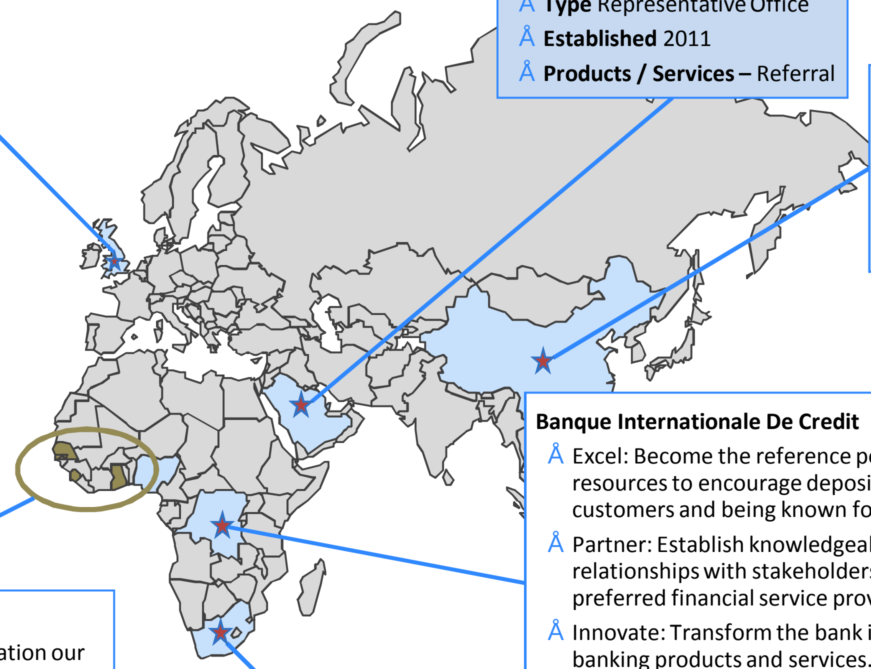
United Arab Emirates

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

Rep. offices explore business opportunities in various geographies via referrals to the commercial banking group

China

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



Banque Internationale De Credit

BANQUE INTERNATIONALE DE CREDIT S.A.R.L. BIC

- Excel: Become the reference point in banking in the DRC by deploying resources to encourage deposit mobilization, increase product offerings to customers and being known for thought leadership
- Partner: Establish knowledgeable, collaborative and consultative relationships with stakeholders to help expand the bank's reach as a preferred financial service provider.
- Innovate: Transform the bank into an industry leader in delivering novel banking products and services.
- Operate: Ensure all strategic decisions are based on customer information and that each customer is offered the right product & services using the appropriate channels.

ICB West Africa

- Initiate a seamless and phased integration our W/African subsidiaries into the FirstBank structure
- Strengthen management and core resource functions in each countries by seconding management staff from FirstBank
- Restructure each of the businesses to take advantage of economic opportunities
- Upgrade and increase service delivery channels

South Africa

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

We have commenced planning for the 2016 Strategy Cycle building on the momentum of our recent transformation

Strategic Planning Cycles

2003 - 2008	2008 - 2010	2011 - 2013

Major Industry Events

2003 - 2008

- Modernisation & expansion *("Online real-time" banking, Early e-channel deployment, Strong branch expansion, e.t.c.)*
- Universal banking commences in earnest (Foray into other financial institutions)
- Regulatory induced consolidation (increase in bank capitalization from ₦2bn to ₦25 bn in December 2005)
- Code of best practice in corporate governance published

2008 - 2010

- Global Financial Crisis *(Equity market bubble bursts, oil price shocks, e.t.c.)*
- Banking landscape changes (*rapid growth of assets and expansion of branch networks , Increased Anti-Money Laundering, Risk and Corporate Governance Controls*)
- Major regulatory interventions (Deep capital inadequacy and/or liquidity constraints in 10 distressed banks with major actions taken against 8)

2011 - 2013

- Increased competition *(Stiff price competition in IBG, flight to safety ends, increasing segment focus in industry)*
- *Draconian regulatory reforms stifling revenue generation*
- Customer sophistication *(shift from safety of funds to customer service, rapid increase in banked population, etc.)*
- Rising insecurity (Niger Delta insurrection, *menace of Boko haram and kidnapping, rising sectarianism, etc)*

Key FBN Actions

2003 - 2008

- Continuous **Execution of "Century II: The New Frontier"** project to grow/modernise
- Raised **₦250bn in hybrid offer** ï largest in Nigerian history in 2007
- Strengthened **corporate governance framework**

2008 - 2010

- Restructured in 2010 to **market-based segments with centralised Operations**
- Capitalised on **performance management** & flight to safety to re-gain industry leadership position across key metrics
- Renewed **focus on key functional elements of the Bank's strategy** including risk management and marketing communications/branding

2011 - 2013

- Strong multi-channel expansion (e.g., 18k POS, 1k+ATM, 170 branches)
- Commenced **Sub-Saharan African expansion**
- Transitioned to Group/**Holdco structure**

Our revised strategy will be consistent with our vision of building a leading financial services Group within SSA

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**
Strategic priorities	Å Obtain a merchant banking licence Å Build a credible broad based sales and trading platform for IBAM Å Expand the distribution network for microfinance Å Diversify Brokerage to serve new segments and increase footprint	Å Drive step change improvement in salesforce productivity ï Refocus Asset Management sales effort ï Increase salesforce effectiveness in Life Assurance and Brokerage ï Improve staff capabilities in microfinance	Å Drive cross-sell between bancassurance and the Bankâs retail network

Contact Details

Head, Investor Relations

Oluyemisi Lanre-Phillips

Email: oluyemisi.lanre-phillips@firstbanknigeria.com

Phone: +234 (1) 9052720

Investor Relations Team

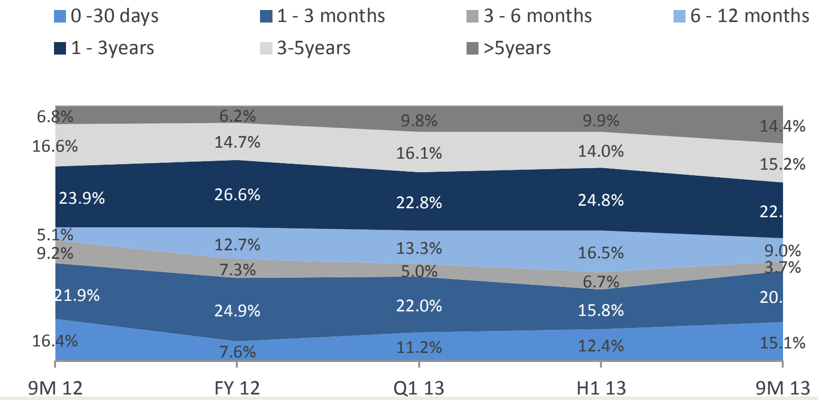
investor.relations@firstbanknigeria.com

Phone: +234 (1) 9051146-7

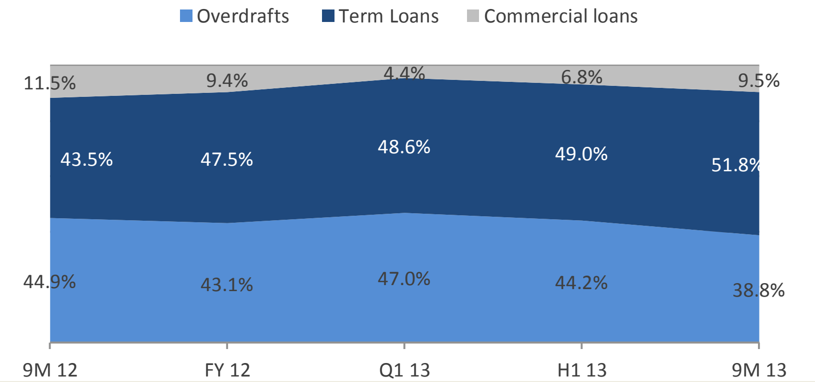
Appendix

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

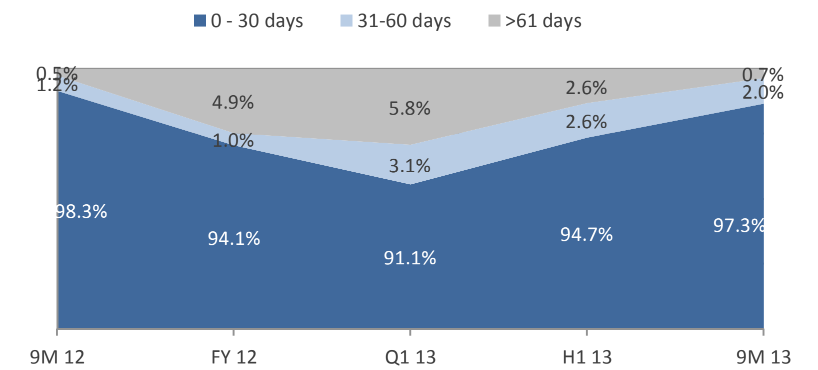
Loans and advances by maturity (FirstBank Nigeria only)



Loans and advances by type (FirstBank Nigeria only)

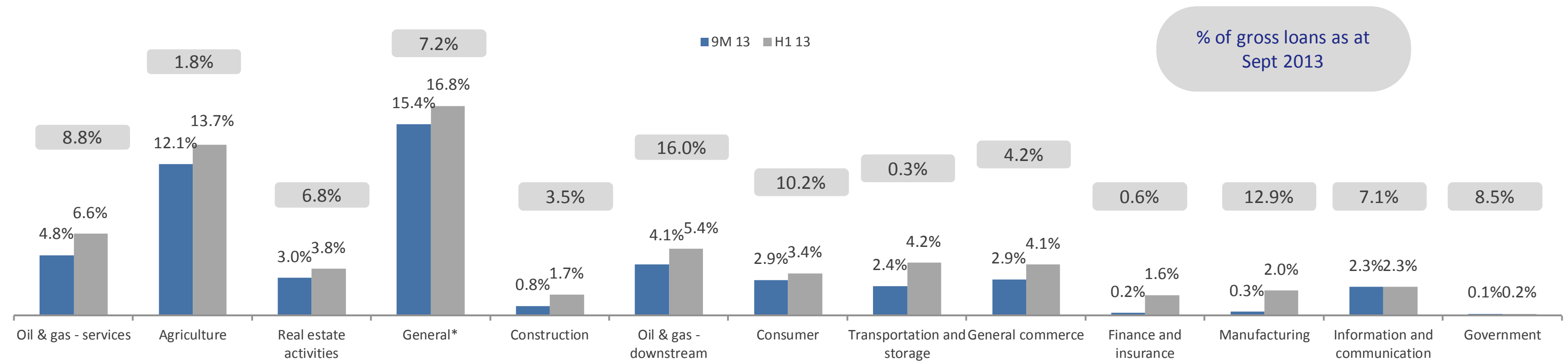


Ageing analysis of performing loan book (FirstBank Nigeria only)



…..with prompt attention and proactive account management in focus to avert significant deteriorations

Sector NPL ratios (FirstBank Nigeria only)



- Reduction in NPLs in most sectors across the quarter
- Improved risk selection criteria, controls and remedial management to enhance asset quality
- To ensure improvement in asset quality is institutionalised by driving behaviour, credit quality is built into relationship managers performance measurement.
- We expect to see sustained trend in NPLs as shown above.

*General includes: hotels & leisure, logistics and religious bodies

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