

RICH HERITAGE BRIGHT FUTURE



Half year ended 30 June 2016

Investors & Analysts Presentation



FBNHoldings

DISCLAIMER

This presentation is based on FBN Holdings Plc's ('FBNH' or 'FBNHoldings' or the 'Group') unaudited IFRS results for the six months ended 30 June, 2016. The Group's financial statements have been prepared using the accounts of the subsidiaries and businesses within FBNHoldings.

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Outline



| | |
|--------------------------------|------------|
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| FBNHoldings at a Glance | Pg 7 - 10 |
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FBN Holdings

Operating environment

Operating & regulatory environment

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Operating Environment

- Fitch announced the downgrade of Nigeria's long-term foreign currency Issuer Default Rating (IDR) to 'B+' from 'BB-' and long-term local currency IDR to 'BB-' from 'BB' on the back of which FBNHoldings was downgraded
- Removal of subsidy on some petroleum products; average crude oil production down to 1.4mbpd in June 2016
- External reserves declined from \$29.07bn in December 2015 to \$26.36bn in June 2016
- Rise in inflation to 16.5% in H1 2016 (H1 2015: 9.2%) reflecting the impact of fuel price hike and scarcity as well as foreign exchange shortages on domestic prices
- IMF suggests that growth in the second half of the year may not be rapid enough to counter the impact of the macro-economic headwinds in Nigeria

Regulatory Environment

- Liberalisation of the foreign exchange market by the Central Bank of Nigeria (CBN) giving rise to a c.40% devaluation of the Naira
- Following the adoption of the new flexible exchange rate policy of the (CBN), the apex bank formally launched Nigeria's "Naira-Settled OTC FX Futures Market"
- All macroeconomic indicators were retained at the last MPC meeting in May 2016 (MPR: 12%, CRR: 22.5%, Liquidity ratio: 30% and asymmetric window at +200 and -500 basis points)
- CBN deadline for the implementation of higher capital requirements of 16% for systemically important banks (SIBs) has been extended to July 2017



FBNHoldings

FBNHoldings at a glance

Key highlights

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Total assets

FY15: ₦4,166.2bn
H116: ₦4,804.2bn

Customer deposits

FY15: ₦2,970.9bn
H116: ₦3,097.1bn

Loans & advances (net)

FY15: ₦1,817.3bn
H116: ₦2,111.8bn

Gross loans/deposits

FY15: 65.9%
H116: 75.2%

Gross earnings

H115: ₦271.3bn
H116: ₦267.9bn

Net interest income

H115: ₦132.7bn
H116: ₦126.1bn

Operating expenses

H115: ₦119.2bn
H116: ₦104.3bn

Profit after tax

H115: ₦40.1bn
H116: ₦35.9bn

NPL ratio

H115: 4.1%
H116: 22.8%

Net interest margin

H115: 7.8%
H116: 7.2%

CAR² (Basel 2)

H115: 15.8%
H116: 15.4%

ROAE

H115: 14.8%
H116: 12.0%

Active customer accounts¹

H115: 10.3mn
H116: 11.9mn

Business locations³

H115: 852
H116: 863

ATM¹

H115: 2,656
H116: 2,683

Employees

H115: 9,293
H116: 9,347

¹ For FirstBank (Nigeria) ² CAR For FirstBank (Nigeria), excludes H1 profits; Including H1 profits, CAR is 16.7% (H12015: 17.6%); FBN Merchant Bank's CAR for H12016: 27.9%; ³ Business locations includes 615 local branches, 64 QSPs, 67 agencies/cash centres for FirstBank (Nigeria) and 117 (local and international) subsidiary locations

Global footprint: building a stronger, well-diversified financial services group

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Nigeria



- **Name** FBN Holdings Plc.
- **Type** Licensed financial holding company
- **Established** 2012 (formerly First Bank of Nigeria Plc. Established 1894)
- **Products / Services** – Commercial Banking, Merchant Banking & Asset Management, Insurance

Ghana



- **Name** FBNBank Ghana
- **Type** Licensed Bank
- **Established** 1996
- **Products / Services** – Commercial Banking

Nigeria



- **Name** First Bank of Nigeria Ltd. (formerly First Bank of Nigeria Plc.)
- **Type** Licensed Bank
- **Established** 2012
- **Products / Services** – Commercial Banking

Guinea



- **Name** FBNBank Guinea
- **Type** Licensed Bank
- **Established** 1996
- **Products / Services** – Commercial Banking

UK



- **Name** FBNBank UK Ltd.
- **Type** Licensed Bank
- **Established** 2002
- **Products / Services** – International Banking and Trade Services

The Gambia



- **Name** FBNBank The Gambia
- **Type** Licensed Bank
- **Established** 2004
- **Products / Services** – Commercial Banking

France



- **Name** FBNBank UK Ltd.
- **Type** Bank branch
- **Established** 2008
- **Products / Services** – Commercial Banking, International Banking

Sierra Leone



- **Name** FBNBank Sierra Leone
- **Type** Licensed Bank
- **Established** 2004
- **Products / Services** – Commercial Banking

Democratic Republic of Congo



- **Name** FBNBank DR Congo
- **Type** Licensed Bank
- **Established** 1994
- **Products / Services** – Commercial Banking

Senegal



- **Name** FBNBank Senegal
- **Type** Licensed Bank
- **Established** 2014
- **Products / Services** – Commercial Banking



Representative Offices



- **Name** FBNBank South Africa (2004)
- **Name** FBNBank China (2009)
- **Name** FBNBank UAE (2011)
- **Products / Services** – Banking services

FBNHoldings – our main operating companies

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FBN Holdings Plc¹



¹Other Financial Services is not classified as one of the main operating companies ² Following the acquisition of a Merchant Banking License in the latter part of 2015, the Investment Banking and Asset Management business (IBAM) is now the Merchant Banking & Asset Management Business (MBAM) ³ In the process of being divested

FBNHoldings' contribution by business groups

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Commercial Banking

Gross Earnings

H1 15 [~~¥~~248.3bn]

H116 [~~¥~~243.9bn]

Δ -1.8%

Profit Before Tax

H115 [~~¥~~47.4bn]

H116 [~~¥~~36.0bn]

Δ -24.0%

Merchant Banking and Asset Management

Gross Earnings

H115 [~~¥~~18.2bn]

H116 [~~¥~~18.7bn]

Δ 2.4%

Profit Before Tax

H115 [~~¥~~5.8bn]

H116 [~~¥~~9.9bn]

Δ 69.5%

Insurance

Gross Earnings

H115 [~~¥~~4.0bn]

H116 [~~¥~~5.0bn]

Δ 24.3%

Profit Before Tax

H115 [~~¥~~1.1bn]

H116 [~~¥~~1.0bn]

Δ -8.5%

*Contribution of the three major business groups to FBNHoldings will not add up to 100% due to the other financial services, which constitutes 0.2% of Total Assets



Financial review

Income statement and balance sheet snapshots

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Income statement

| Nbn | FY 14 | FY 15 | y-o-y | H1 15 | H1 16 | y-o-y |
|---|-------|-------|--------|-------|-------|--------|
| Gross earnings | 481.8 | 505.2 | 4.9% | 271.3 | 267.9 | -1.2% |
| Net interest income | 243.9 | 265.0 | 8.7% | 132.7 | 126.1 | -5.0% |
| Non-interest income | 113.0 | 99.4 | -12.0% | 61.9 | 94.1 | 52.0% |
| Operating income ¹ | 356.2 | 364.4 | 2.3% | 194.6 | 220.1 | 13.1% |
| Operating expenses | 236.8 | 223.6 | -5.6% | 119.9 | 104.3 | -13.0% |
| Pre-provision operating profit ¹ | 119.4 | 140.8 | 18.0% | 74.7 | 115.8 | 55.1% |
| Impairment charge | 25.9 | 119.3 | 360.0% | 22.6 | 69.9 | 209.6% |
| Profit before tax | 94.1 | 21.5 | -77.1% | 52.1 | 45.9 | -11.9% |
| Income tax | 10.0 | 6.4 | -36.6% | 12.0 | 10.0 | -16.6% |
| Profit after tax | 84.0 | 15.1 | -82.0% | 40.1 | 35.9 | -10.5% |

Statement of financial position

| Nbn | FY 14 | FY 15 | y-o-y | H1 15 | H1 16 | y-t-d |
|--|---------|---------|--------|---------|---------|-------|
| Total assets | 4,343.7 | 4,166.2 | -4.1% | 4,418.2 | 4,804.2 | 15.3% |
| Investment securities (interest earning) | 735.3 | 970.2 | 32.0% | 875.6 | 954.4 | -1.6% |
| Interbank placements | 460.9 | 385.8 | -16.3% | 428.5 | 724.4 | 87.8% |
| Cash and balances with Central Bank | 698.1 | 715.9 | 2.5% | 728.0 | 701.1 | -2.1% |
| Net loans & advances | 2,179.0 | 1,817.3 | -16.6% | 2,086.0 | 2,111.8 | 16.2% |
| Customer deposits | 3,050.9 | 2,970.9 | -2.6% | 3,126.2 | 3,097.1 | 4.2% |
| Total equity | 524.1 | 578.8 | 10.4% | 561.7 | 611.9 | 5.7% |

| Key ratios | FY 14 | FY 15 | H1 15 | H1 16 |
|--|--------|-------|--------|-------|
| Net interest margin ¹ | 7.6% | 8.1% | 7.8% | 7.2% |
| Cost to income ¹ | 66.5% | 61.4% | 61.6% | 47.4% |
| Cost of funds | 3.4% | 3.7% | 4.0% | 2.4% |
| NPL | 2.9% | 18.1% | 4.1% | 22.8% |
| NPL coverage ¹ | 137.9% | 40.2% | 127.0% | 41.5% |
| Cost of risk | 1.3% | 5.7% | 2.1% | 6.5% |
| ROaE ¹ | 16.9% | 2.7% | 14.8% | 12.0% |
| ROaA ¹ | 2.0% | 0.4% | 1.8% | 1.6% |
| CAR ² – FirstBank (Nigeria) - Basel 2 | 16.7% | 17.1% | 15.8% | 15.4% |
| Tier 1 CAR – FirstBank (Nigeria) - Basel 2 | 12.3% | 13.3% | 13.6% | 12.0% |
| CAR – FirstBank (Nigeria) & its Subsidiaries | 16.7% | 18.0% | 18.8% | 16.8% |
| CAR – FBN Merchant Bank - Basel 2 | 22.5% | 23.0% | 17.2% | 27.9% |
| Gross loans to deposits ¹ | 72.8% | 65.9% | 68.8% | 75.2% |

¹Definition provided in the appendix; ²CAR excludes H1 profits

Income statement evolution

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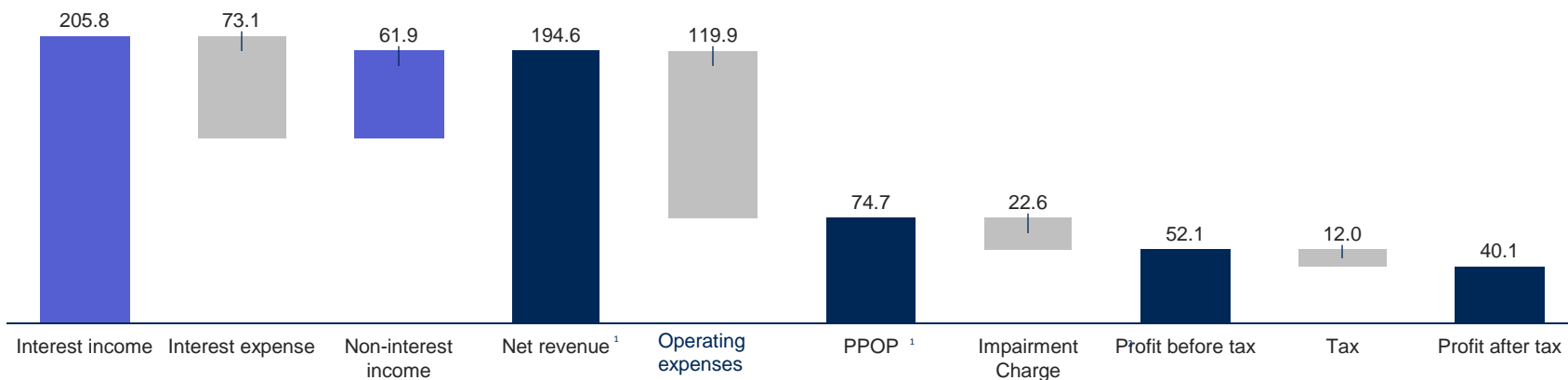
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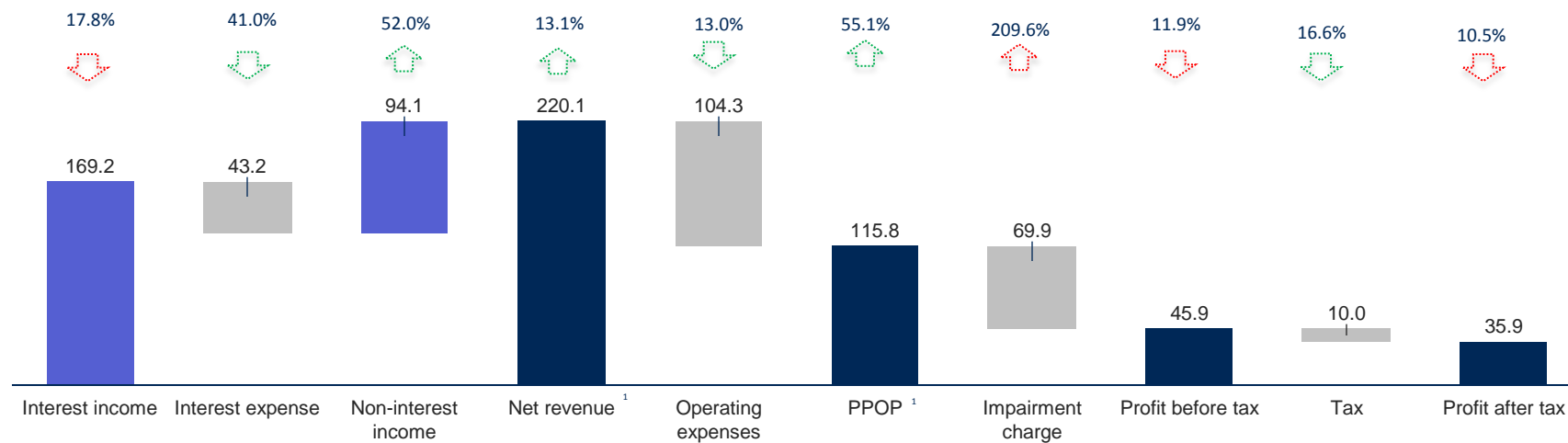
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H1 2015 (Abn)



H1 2016 (Abn)



¹ Definition provided in the appendix

Balance sheet efficiency and capital evolution

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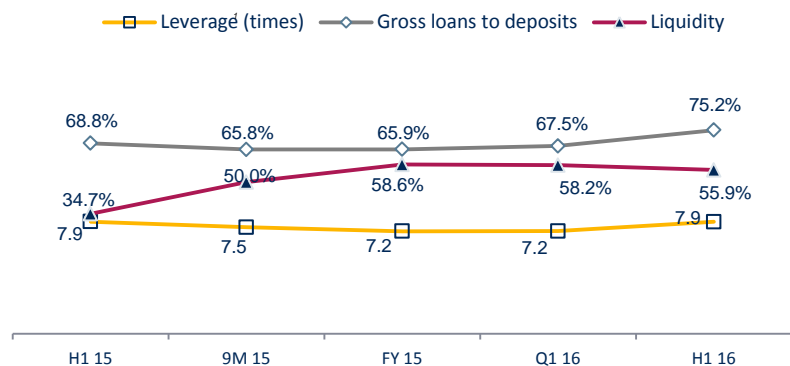
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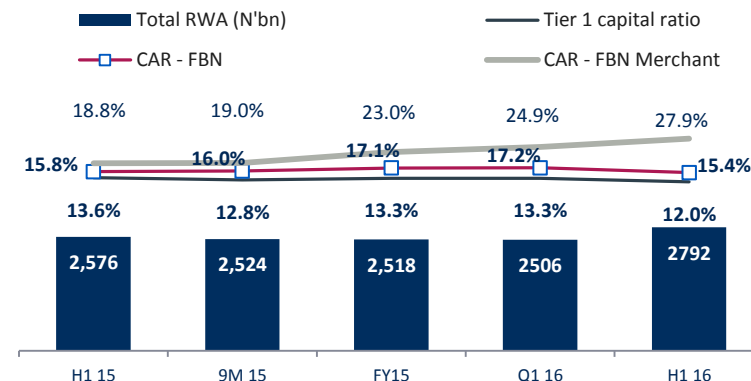
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Balance sheet efficiency

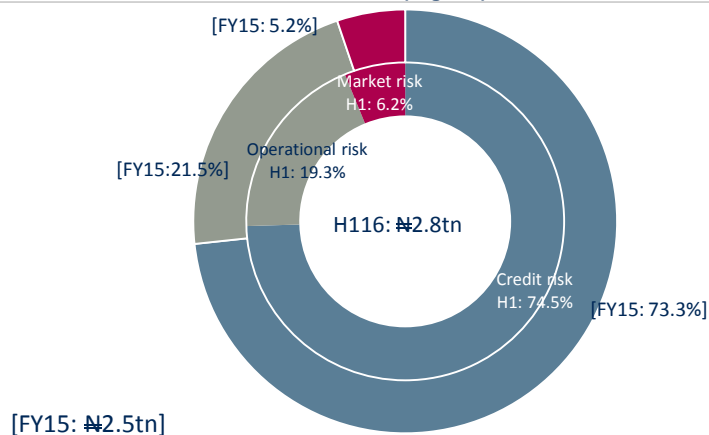


Capital ratios²

FirstBank (Nigeria) and FBN Merchant Bank

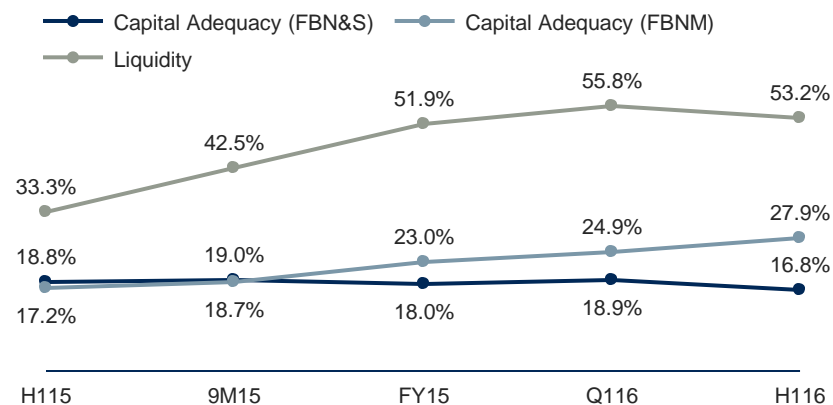


RWA components FirstBank (Nigeria)



CAR & Liquidity

FirstBank (Nigeria) & its Subsidiaries³



¹ Definition provided in the appendix ²CAR excludes H1 profits ³No regulatory CAR requirement for FirstBank (Nigeria) & its subsidiaries, this has been provided for information only

Breakdown of customer deposits

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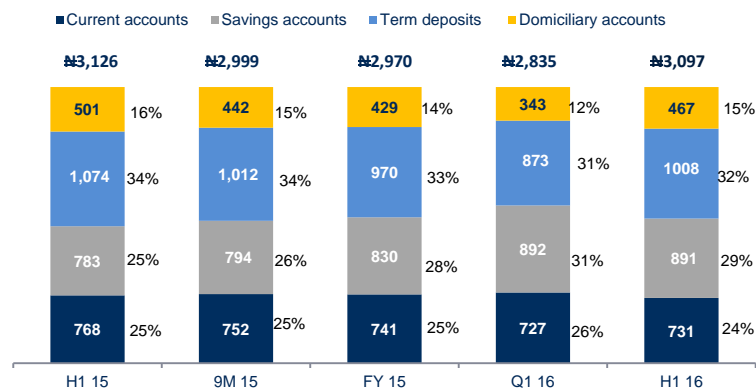
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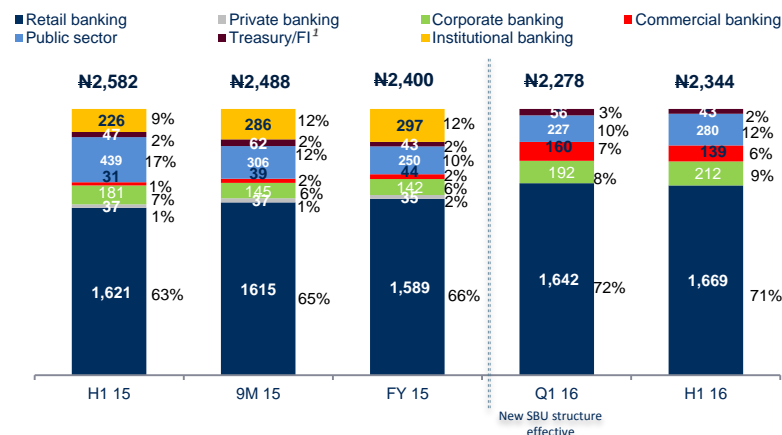
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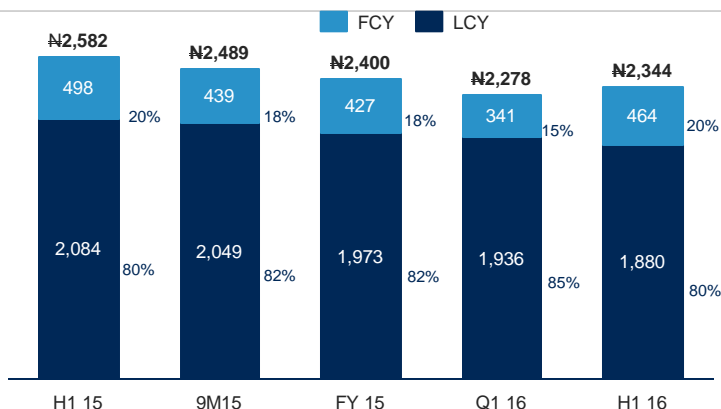
Deposits by type ₦bn



Deposits by SBU trend ₦bn FirstBank (Nigeria)



Deposits by currency ₦bn FirstBank (Nigeria)



- Customer deposits increased by 4.2% y-t-d to ₦3.1tn in H12016 (FY 2015: ₦2.97tn)
- Excluding the currency impact, actual deposit growth at the Group level was -0.3% y-t-d and 4.4% within the second quarter
- FCY deposits increased in Q2 mainly as a result of the devaluation of the naira impacting the deposit book by 4.6%
- CASA (current, savings & domiciliary accounts) increased marginally to 67.5% in H12016 from 67.3% in FY2015 buoyed by the y-t-d growth in savings (+7.3%) and domiciliary (+8.9%) deposits and sustained efforts in achieving the right deposit mix
- The deposit book remains well diversified providing high quality funding with retail deposits accounting for 71% of total deposits as at H12016

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 > ₦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 < ₦50mn as well as small business and Local governments with annual turnover < ₦500mn

Gross earnings and margin analysis

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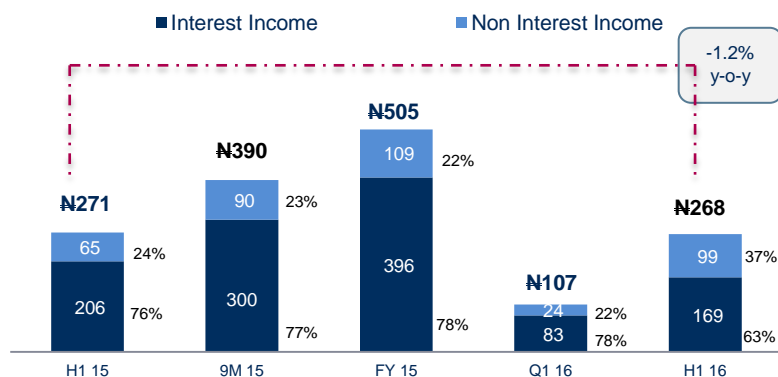
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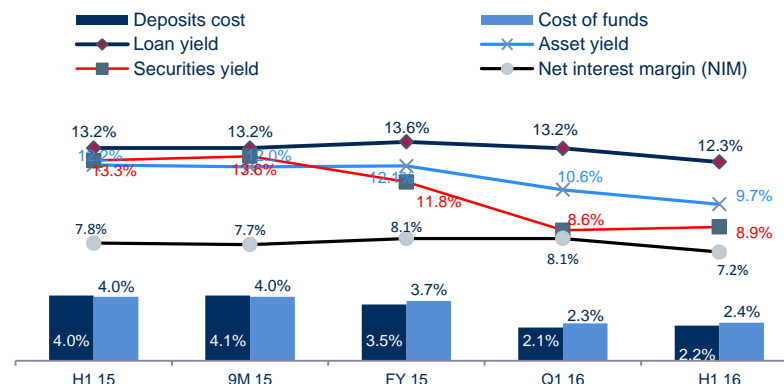
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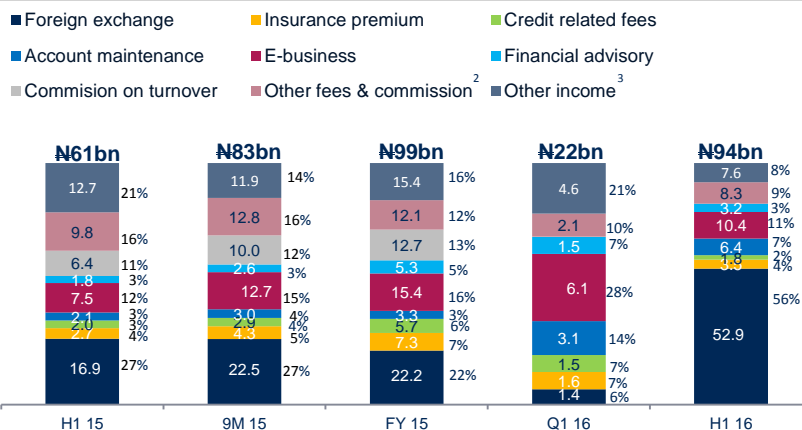
Gross earnings breakdown (Nbn)



Net interest margin drivers



Non-interest income breakdown (Nbn)



- Despite the y-o-y decline in gross earnings, Merchant Banking & Asset Management (MBAM) increased its contribution to gross earnings from 8.1% in H12015 to 8.6% in H12016
- The key drivers of MBAM's performance were the Fixed Income Trading, Investment Banking, Corporate Banking and Trustee businesses
- Net interest margins declined y-o-y to 7.2% (H12015: 7.8%) mainly due to the reduction in investment securities yield as a result of the prevailing low rate environment
- The sustained re-pricing and deliberate run off on expensive deposits kept funding costs stable at 2.4% (2.3% in Q12016 and 4.0% in H12015). We expect funding costs to increase given a rising interest rate environment
- Non-interest income was up 52.0% y-o-y to ₦94.1bn; adjusting FX income for devaluation, non-interest income would have been up 22.7% y-o-y to ₦75.9bn
- Electronic banking fees increased 37.5% y-o-y to ₦10.4bn in H12016 due to increased revenue from the various e-business products
- Planned deployment of c.400 ATMs in 2016 to drive non-interest income

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

Operating income vs. operating expenses

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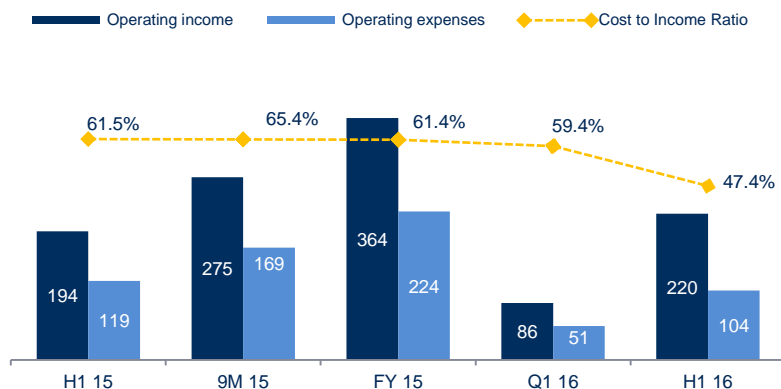
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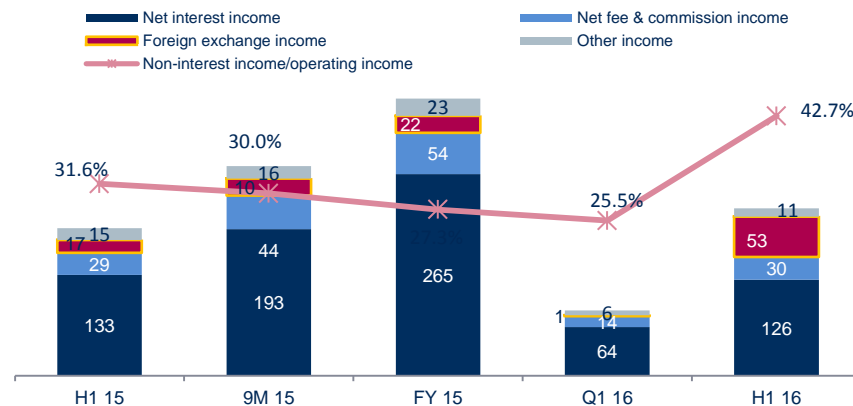
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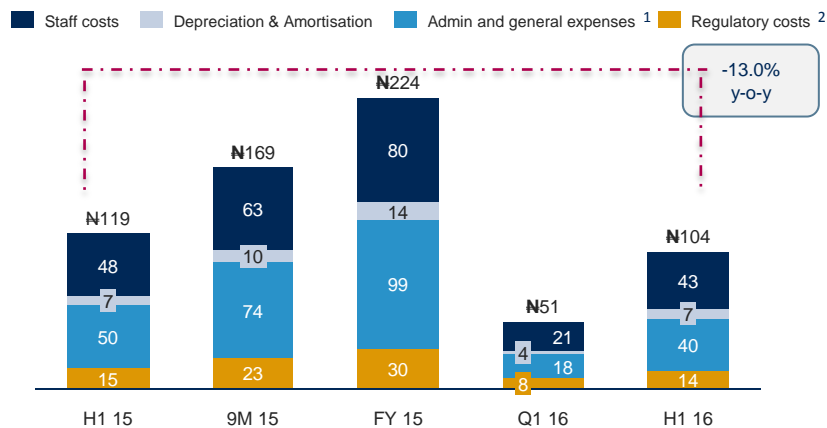
Operating income and expenses (Nbn)



Operating income breakdown (Nbn)



Operating expenses breakdown (Nbn)



- The 13.0% y-o-y decline in operating expenses was attributable to broad-based reduction in costs across all buckets particularly adverts and corporate promotions (-56.4%), cash handling charges (-38.9%) and passage & travels (-31.3%)
- Cost to income ratio (CIR) down to 47.4% (H12015: 61.5%) reflecting cost management initiatives
- Further reduction in operating expenses as a result of the implementation of shared services and automation of the middle office is anticipated for 2017
- Improving efficiency through rapid process migration to the Central Processing Centre (CPC)

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 and others

Breakdown of loans and advances across the Group

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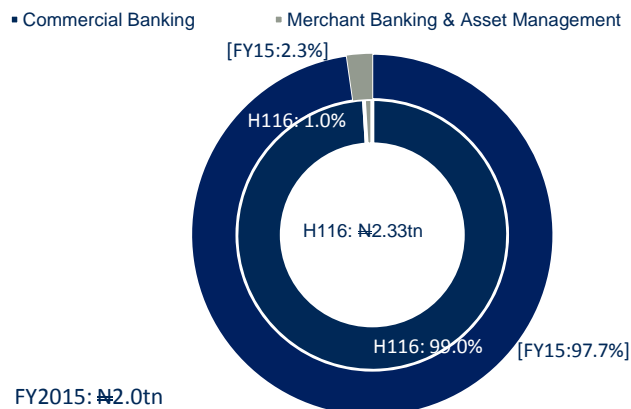
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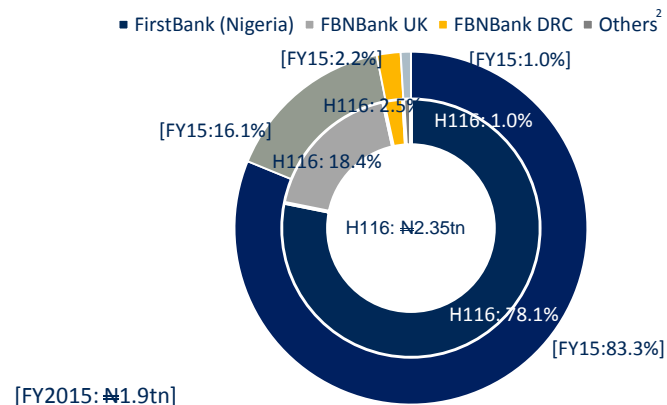
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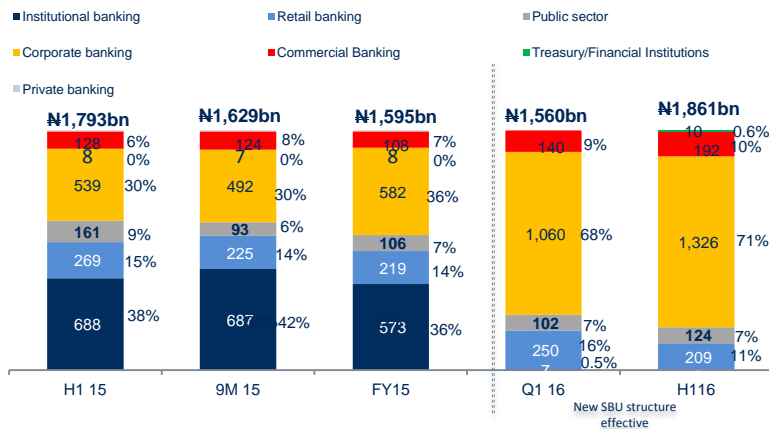
FBNHoldings gross loans¹ by business groups



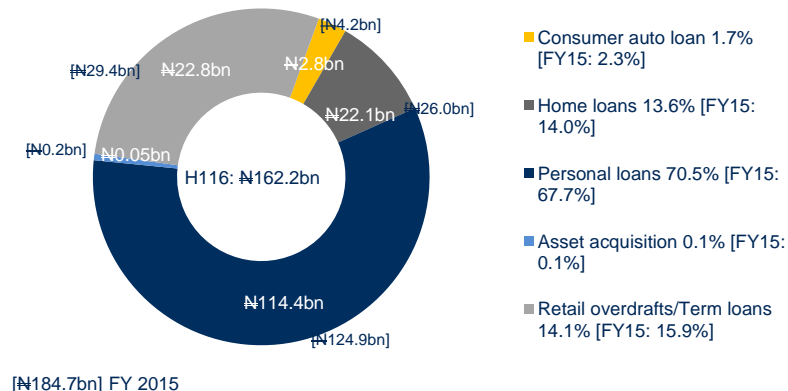
FirstBank (Nigeria) & its Subsidiaries gross loans



FirstBank (Nigeria) gross loans by SBU³ (₦bn)



FirstBank (Nigeria) core consumer / retail product portfolio



¹ FBNHolding's gross loans include intercompany adjustments ² Others include FBN Mortgages, FBNBank Ghana, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra Leone, FBNBank Senegal ³ Effective 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

FirstBank (Nigeria) & FBNBank UK - loans and advances by sector

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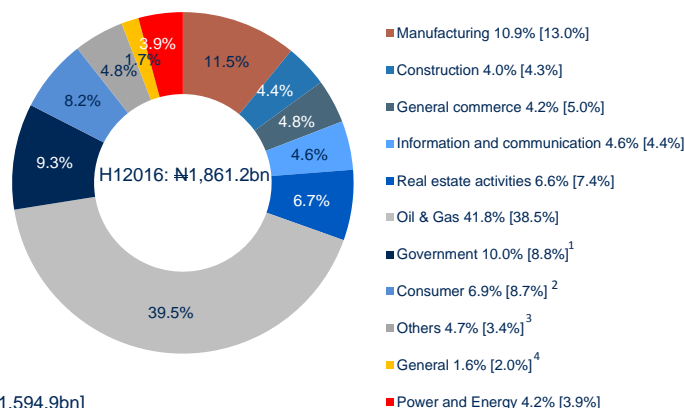
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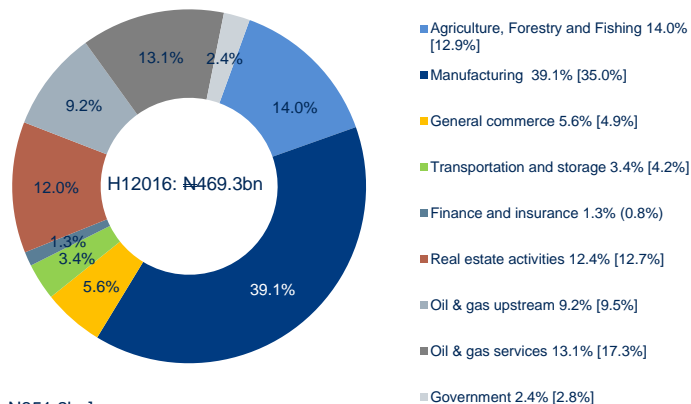
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H116 FirstBank (Nigeria) gross loans by sectors



[FY2015: ₦1,594.9bn]

H116 FBNBank UK gross loans by sectors



[FY 2015: £351.2bn]

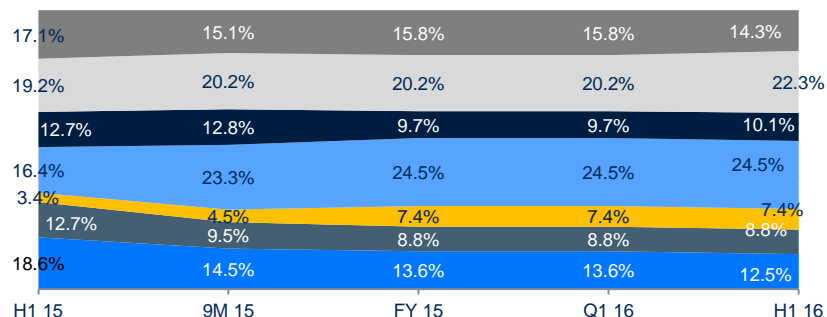
- Gross loans at the Group level increased 18.9% y-t-d driven by the c.40% devaluation of the Naira
- For FirstBank (Nigeria) gross loans grew by 16.7%; adjusting for devaluation the loan book declined y-t-d by 1.3% implying an 18.3% devaluation impact on the entire loan book
- In dollar terms, y-t-d, our foreign currency net loans portfolio in FirstBank (Nigeria) declined by about \$200 million
- Breakdown of the Oil & Gas (O&G) portfolio in upstream, downstream and services as at H12016 is 20.7%, 14.2% and 6.9% respectively (FY 2015: 16.6%, 13.9%, 7.7%)
- FCY loans are split between the Oil & Gas, Manufacturing, Power and General Commerce with O&G accounting for 58% in H12016
- Average duration of the loan book remains unchanged at 32 months as at H12016 (FY2015: 32months)
- Focus still remains on reducing the oil & gas sector exposure
- 2.7% of the loan book was restructured by H12016 with the manufacturing and oil and gas sector accounting for 52% and 31% respectively. The balance of 16% is mainly to, power, General commerce and retail
- We aim to give priority to non-oil trades, short cycle and self liquidating transactions
- Decline in Personal Loans Against Salaries (PLAS) by 28.6% y-o-y following the suspension of the product
- Muted growth in lending to be driven predominantly by corporate banking, and to a much smaller extent, credit cards and retail assets
- NPL ratio increased to 26.04% (FY2015: 21.24%) in FirstBank (Nigeria) largely driven by translation effect of the Naira devaluation; Intense remediation and recovery activities are ongoing for prompt declassification of the non-performing accounts
- NPL ratio at FBNBank UK closed at 6.5% in H12016 (H12015: 0.2%) driven by the new NPL of £29.4bn in the quarter

¹ Government loans are loans to the public sector (federal and state); ² Represents loans in our retail portfolio < £50mn; ³ Others includes finance and Insurance, capital market, residential mortgage; ⁴ General includes personal & professional, hotel & leisure, logistics and religious bodies

Loans and advances by maturity

FirstBank (Nigeria)

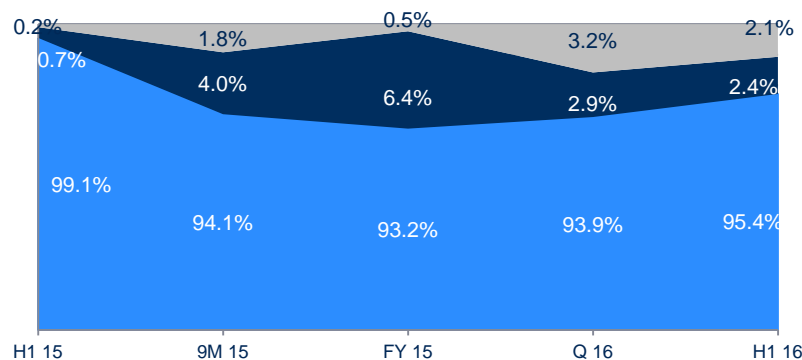
0 - 30 days ■ 1 - 3 months ■ 3 - 6 months ■ 6 - 12 months ■ 1 - 3 years ■ 3 - 5 years ■ > 5 years



Ageing analysis of performing loans and advances

FirstBank (Nigeria)

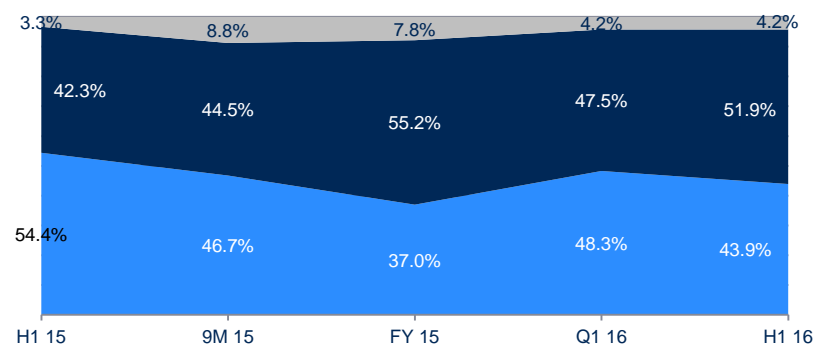
0 - 30 days ■ 31-60 days ■ >61 days



Loans and advances by type

FirstBank (Nigeria)

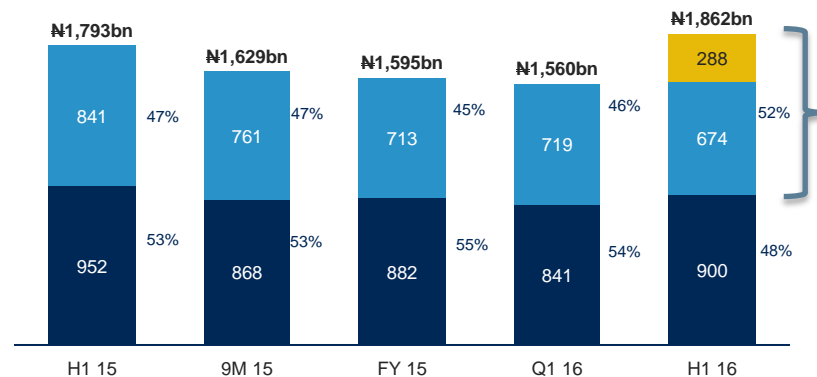
Overdrafts ■ Term Loans ■ Commercial loans



Loans and advances by currency

FirstBank (Nigeria)

Deval. Impact ■ FCY ■ LCY



Asset quality (2)

OPERATING ENVIRONMENT

FBNH AT A GLANCE

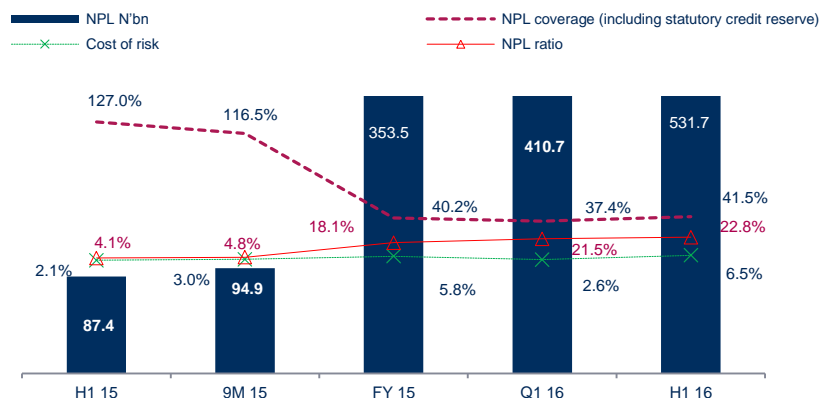
FINANCIAL REVIEW

STRATEGIC REVIEW

APPENDIX

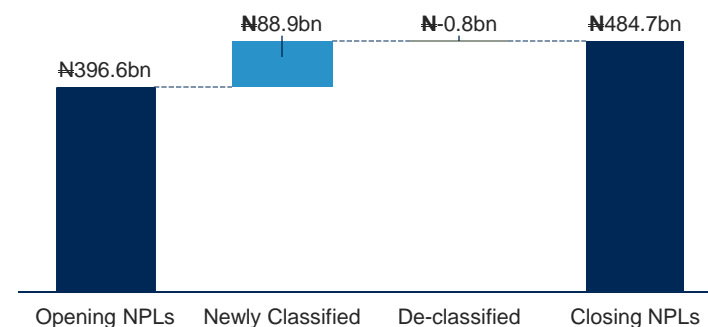
Asset quality ratios

FBNHoldings



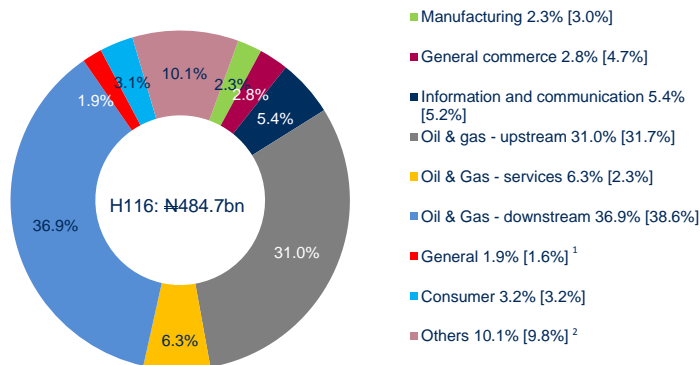
H1 16 NPL evolution

FirstBank (Nigeria)



H1 16 NPL exposure by sector

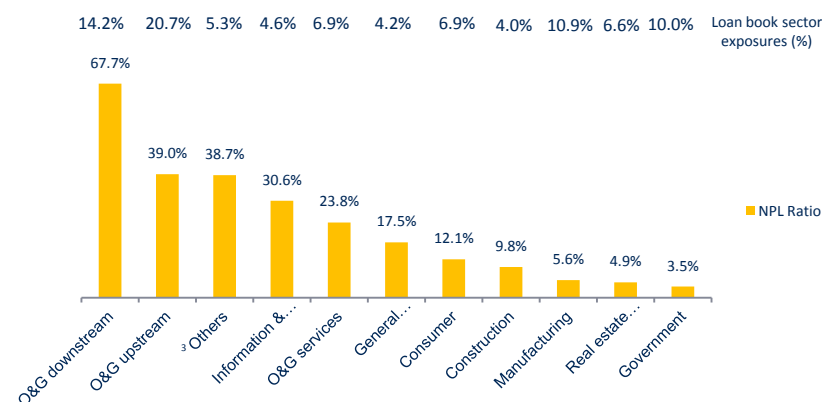
FirstBank (Nigeria)



[FY 2015: N338.7bn]

H1 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

Asset quality (3)

OPERATING ENVIRONMENT

FBNH AT A GLANCE

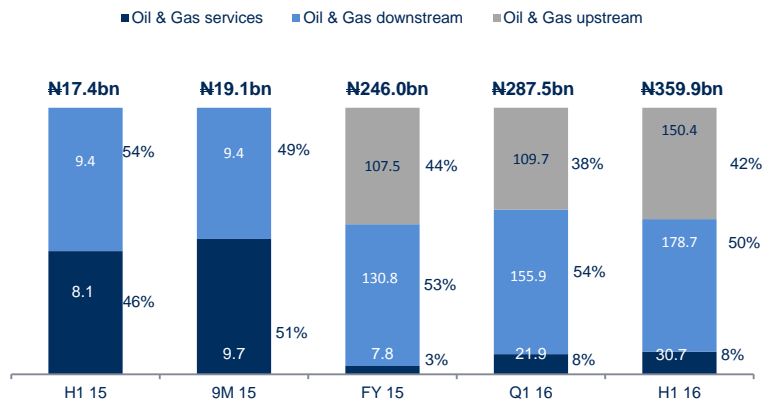
FINANCIAL REVIEW

STRATEGIC REVIEW

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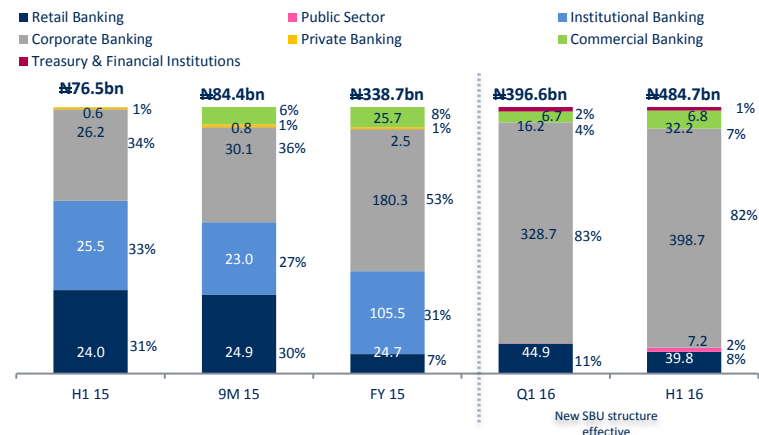
Oil & Gas NPLs

FirstBank (Nigeria)



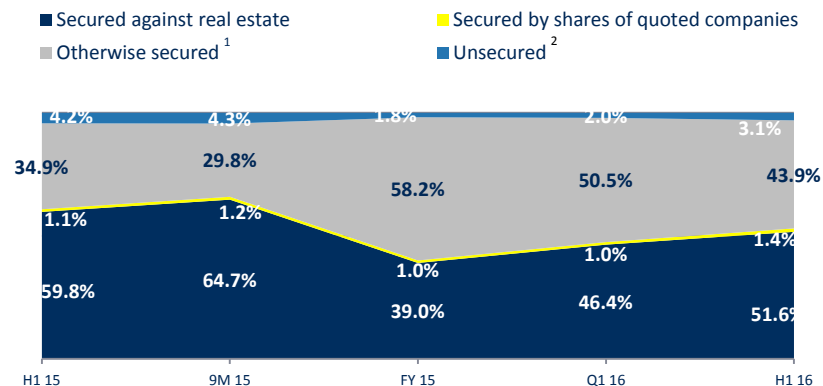
NPLs by SBU Nbn

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



Strategic review

Group strategic framework

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STRATEGY

1

Structural changes in the risk-taking culture, processes and oversight

2

Improve cost and capital efficiency

3

Enhance revenue growth

ENABLERS

- Customer selection
- Transaction structuring
- Management & monitoring
- Remediation
- Recovery

- Increased control on procurement and budget
- Actively monitoring the cut off spend with respect to the budget on a monthly basis
- Eliminating duplication of costs and institutionalising shared services
- Ongoing capital enhancement
- Optimisation of yields on the investment of shareholders' and policy holders' funds

- Leverage the retail network
- Increase contribution from e-banking
- Diversify revenue streams
- Increase digital banking products
- Enhance cross sell through group synergies
- Develop Private Wealth Management platform
- Grow annuity income
- Increase transaction churn and grow non-interest income

2016 TARGETS

- Reduction in rate of new NPL formation
- Reduced limits by 20% to 100% across the approval grid
- Further diversification of the loan portfolio
- Planned reduction in the O&G exposure
- NPL ratio target of $\leq 25\%$ and CoR of 6% - 7%
- Net loan growth of 25%

- Capital Adequacy is targeted at 150bps above the regulatory minimum for SIBs
- Cost of funds between 3% - 4%
- Cost to income ratio is targeted at 49% - 50%

- Deposit growth of 10% - 12%
- NIM targeted at 7.5% - 8%
- ROaE of 11% - 13%
- ROaA at 1.6% - 1.8%

Building a stronger, well-diversified financial services group

Goal: to return value to shareholders

OPERATING ENVIRONMENT

FBNH AT A GLANCE

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| Key measures | FY2015 (actual) | H12016 (actual) | FY2016 (guidance) |
|----------------------|--------------------|--------------------|----------------------|
| Deposit growth | -2.6% | 4.2% | 10% - 12% |
| Net loan growth | -16.6% | 16.2% | 25% |
| Net interest margin | 8.1% | 7.2% | 7.5% – 8% |
| Cost to income ratio | 61.4% | 47.4% | 49% - 50% |
| Cost of funds | 3.7% | 2.4% | 3% - 4% |
| Cost of risk | 5.7% | 6.5% | 6% - 7% |
| NPL ratio | 18.1% | 22.8% | ≤25% |
| ROaA | 0.4% | 1.6% | 1.6%-1.8% |
| ROaE | 2.7% | 12.0% | 11% - 13% |

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Appendix

- 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 computed as operating profit plus impairment charge
- Return on average equity computed as profit after tax (annualised) divided by the average opening and closing balances attributable to its equity holders
- Return on average assets 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)