FBN Holdings Plc
RC - 916455

Transforming into the Financial Institution of First Choice

Focused on Delivering Sustainable Long Term Returns

Half Year Ended June 2013

Investor & Analyst Presentation

FBN Holdings Plc
RC - 916455

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Disclaimer

This presentation is based on FBN Holdings Plc's ('FBNH' or the 'Group' or 'HoldCo') unaudited IFRS results for half year ended 30 June, 2013. 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

Holding company structure provides platform to tap growth potential across our portfolio of businesses

FBN Holdings Plc

	Commercial Banking	Investment Banking & Asset Management	Insurance	Other Financial Services [2]
Business Groups[1]	Core business providing both individual and corporate clients with financial intermediation services	Advisory, asset management and private equity services provided to a largely institutional (corporations and governments) client base	Brokerage and full underwriting life insurance business (in partnership with Sanlam in South Africa)	Early stage activity, currently serving our smaller non- commercial bank customers
Total Assets % of Group ₦3.38tn	96.9 Total: ₦3,276bn	1.3 Total: ₦42.8bn	0.3 Total: ₦9.1bn	1.6 Total: ₦52.5bn
Profit Before Tax % of Group ₦55.1bn	91.2 Total: ₦50.3bn	5.1 Total: ₦2.8bn	0.6 Total: ₦0.32bn	3.1 Total: ₦1.73bn
Business locations H1 2013	767	7	10	23
Business locations H1 2012	733	7	10	21
Personnel 9,146 H1 2013	8,645	130	115	256
Personnel 8,779 H1 2012	8,328 ↑3.8% y/y	108 ↑20.4% y/y	91 ↑26.4% y/y	252 ↑1.6% y/y

With a network of 2,220 ATMs, 18,510 POS terminals and 5.95million issued cards with card activity rate[3]of 89% , FBN Holdings has the most extensive platform to serve existing and reach new customers. In H1 2013, 17 outlets (11 branches - 9 in Nigeria, 2 in DRC and 6 QSPs) were added. Total business locations of 807; 774 in Nigeria, with total number of employees of 8,518.

[1].Not legal entities [2]. Other financial services: Currently serves as an incubator for our smaller nonbank financial services businesses. FBN Microfinance Bank provides microfinance services to the mass-market retail segment.3 card activity rate defined as percentage of cards used for transactions on all channels (ATM, POS terminals and web)

Rapidly changing regulatory environment with relatively stable macroeconomic fundamentals

	Macro Factors	Effect on FBN Holdings
GLOBAL	Å Global economy grew by 3.3% as at April 2013, 0.1% over 2012 year end growth, driven by emerging and developing markets Å Global oil prices averaged \$108.0 during H1 2013 (H1 2012: \$113.5) and \$103.5 in Q2 2013 (Q2 2012: \$108.5), closing at \$97.8 per barrel Å Global FDI flows slowly picking up with developing economies accounting for about 52% of global FDI inflows	√ Improved gross earnings at +8% y-o-y despite stringent regulatory environment
NIGERIA	Å Real GDP growth estimated at 6.64% (H1 2012: 6.37%), with non-oil sector as major contributor agriculture, manufacturing, building and construction Å Continued progress on power reforms Å Steady decline in inflation rate from 9.0% as at Jan 2013 to 8.4% recorded in June 2013 (Q2 2013 av: 8.83%, Jun 2012: 12.9%) Å High interest rate environment sustained in addition to exchange rate volatility Å Foreign reserves at \$48.0bn as at June 2013; up 30.8% y-o-y, lower by 1.23% q-o-q and a 7.9% increase y-t-d	√ Higher yield on assets with rising real return on investments √ Increased foreign exchange income × Rising cost of funds
BANKING	Å Commencement of the CBN's revised bank charges from April 2013. Å Status quo maintained on monetary policy in Q2 but tightened in Q3 with sterilisation of 50% of local currency public sector deposits. Å Commencement of cashless policy in 5 states of the Federation and FCT (Abia , Anambra, Kano, Ogun, Rivers and Abuja)	√ Higher yield on assets with rising real return on investments √ Higher asset pricing × Increase in funding cost × Pressure on fee income

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FBN Holdings remains FIRST among Nigeria's financial institutions

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

- Total assets of ₦3,381bn (+9.3% vs. H1 2012, +6.1% ytd and -2.3% q-o-q) and gross loans of ₦1,576bn (+8% vs. H1 2012, -0.3% ytd).
- Growing deposit base H1 2013 ₦2,555bn (+15.7% vs. H1 2012; +6.4% y-t-d and +0.9% q-o-q) providing stable low cost funding and liquidity
- Best positioned to serve the large retail market

FIRST in number of customer touch points and structured to tap into the fast growing Nigerian retail market

- Complimentary platform across our portfolio of businesses, leveraging deep customer relationships (>9.3mn accounts as at June 2013, +19.3% y-o-y and +2.9% in Q2 2013 and +7.8% y-t-d)
- FIRST in network of business locations in Nigeria supported by international presence (807, +17 from FY 2012) with disciplined approach to expansion and focus on optimising return on investments
- Aggressive mobilisation strategy via alternative distribution channels and innovative product development

Solid and sustainable momentum in operating performance

- FIRST by net revenue (₦156.9bn); Profitability remains very healthy, in spite of regulatory headwinds (ROaE:[1] 22.1%] up from 18.8% in Dec 2012
- CAR at 21.1%, up from 20.5% as at Q1 2013 resulting from internally generated profit
- Benefits from ongoing cost efficiency , business positioning and transformation initiatives supported by sustained channel migration with CIR at 58.7%
- Asset quality reflecting diversified nature of loan book across key sectors and customer segments; (NPL Ratio: 3.8% at H1 2013, 2.6% at FY 2012, 3.0% at Q1 2013) and cost of risk of 1.3% (0.9% in FY 2012, 0.5% at Q1 2013)

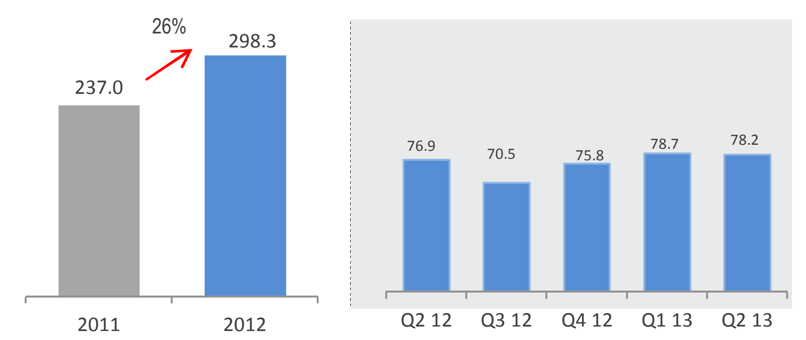
FIRST in business excellence and governance

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

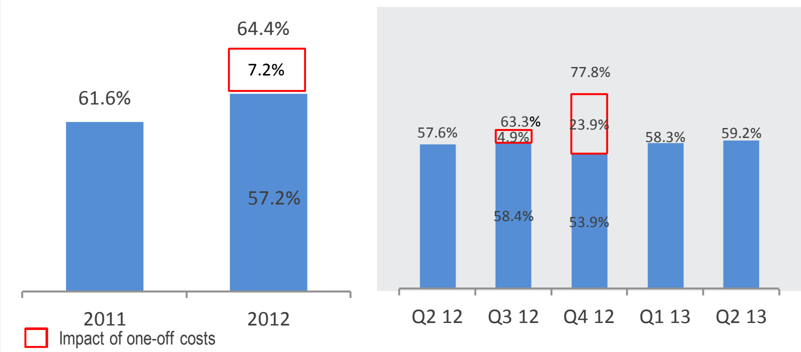
[1]*annualised*

Resilient financial performance in the face of rising headwinds

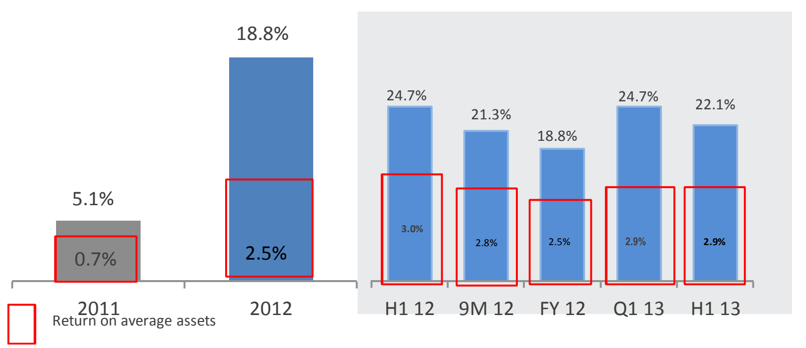
Net revenue (₦bn)



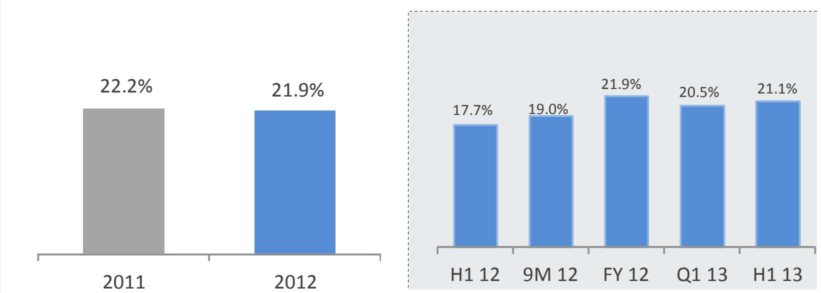
Cost to income ratio



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 FBNH operating expenses divided by operating income; return on average assets computed as FBNH's net profit divided by the average opening and closing balances of total assets; return on average equity computed as FBNH's net profit divided by the average opening and closing balances attributable to its equity holders*

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Outlook

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

- Continue to push **top line growth** across our Group with an emphasis on:

  - customer acquisition (reflective of the very strong headroom for growth in all our markets), high growth products and segments, and pricing

- Drive **cost efficiency** by:
  - continuing to leverage shared distribution platforms across the group
  - accelerating the deployment and usage of alternative delivery channels
  - maintaining a staffing structure that is appropriate for our business

- Increase focus on **capital efficiency** by:
  - optimising our portfolio risk weighted assets (RWAs) across groups and geographies
  - optimising our mix of other earning and non-earning assets
  - judiciously growing RWAs and deposits

- Continue to deliberately mine and deliver **group-wide synergies** in marketing, sales & distribution, and over time, select back office functions as we seek to be the 360º financial services provider to our clients

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Clear 2013 financial targets

	2012 Results	H1 2013 Results	2013 Targets
Deposit growth	23%	6.4%	>15%
Loan growth	23%	-1.2%	≥10%
Net interest margin	9.6%	8.2%	7.5% – 8.5%
Revenue growth	31%	7.7%	10% – 15%
NIR/Net Revenue	24.5%	28.1%	25% – 30%
Operating expenses growth	31.6%	3.1%	5% – 8%
Cost to income ratio	61.9%	58.7%	57% – 59%
Cost of risk	0.9%	1.3%	~1%
NPL Ratio	2.6%	3.8%	3% – 4%
ROAE	18.8%	22.1%	~20%
ROAA	2.5%	2.8%	~3%
Cost of funds	2.5%	3.0%	3% - 3.5%
Effective tax rate	18.4%	16.3%	16%-18%

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Financial Review

H1 2013: Overview of income statement

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

Snapshot of Income Statement

₦bn	H1' 12	H1'13	y-o-y	Q1 13	Q2 13	q-o-q
Gross Earnings	180.9	**194.9**	8%	99.5	**95.4**	(4%)
Net Interest Income	108.9	**112.7**	4%	56.3	**56.4**	0%
Non Interest Revenue	43.1	**44.1**	2%	22.0	**22.1**	0.5%
Net Revenue/Operating income[1]	152.0	**156.9**	3%	78.7	**78.2**	(1%)
Operating Expenses	89.4	**92.2**	3%	45.8	**46.4**	1%
Pre-Provision Operating Profit[2]	63.9	**64.2**	0.5%	32.8	**31.4**	(4%)
Credit Impairments	9.1	**9.9**	9%	1.7	**8.2**	382%
Profit before Tax	53.5	**55.1**	1%	31.4	**23.4**	(26%)
Income Tax	8.1	**9.0**	11%	7.0	**2.0**	(71%)
Profit after Tax	45.3	**46.1**	0.4%	24.4	**21.4**	(12%)
Key Metrics						
Net Interest Margin[3]	8.3%	8.2%				
Non Int. Rev/Net Revenue	28.4%	28.1%				
PPoP/Credit Impairments	7.0x	6.5x				
Cost to Income[4]	58.8%	58.7%				
Cost of Risk[5]	1.3%	1.3%				
RoAE[6]	24.9%	22.1%				
RoAA[7]	3.0%	2.8%				

- Gross earnings grew 8% y-o-y to ₦194.9bn, largely from interest income on loans and advances (+17.8%)
  - y-o-y increase of 9.4% in interest income as well as a 2.4% rise in non-interest revenue y-o-y
  - 109% y-o-y growth in other operating income benefitted non-interest revenue; marginal growth in NIR was driven by a 16% y-o-y reduction in fees and commission income largely made up of credit related fees and COT
- Net revenue growth was impacted by moderate growth in interest expense, but mitigated by slower growth in interest expense in Q2
- Cost of risk of 1.3% (H1 2012: 1.3%; Q1 2013: 0.5%) reflective of increase in credit impairment charges from a few moderately sized accounts and slight decrease in loans and advances to customers
- Operating expense growth at 3.1% y-o-y and 1.3% q-o-q was well below inflation
- Cost to income ratio flat at 58.7% (H1 2012: 58.8%) in spite of downward pressure on net revenue; reflecting progress on consolidating the expense base.
- Profit before tax grew by 1.3% benefitting from moderate growth in interest income but tempered by higher interest expense and credit impairment charges.
- EPS[8] of ₦2.81 (FY 2012: ₦2.33; H1 2012: ₦2.78)
- Effective tax rate was 16% (H1 2012: 15%)

[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 FBNH's net interest income divided by the average opening and closing balances in its interest earning assets; [4]computed as FBNH operating expenses divided by net revenue plus credit impairment charges; [5] computed as FBNH credit impairment charges divided by the average opening and closing balances in its gross loans [6] computed as FBNH net profit attributable to shareholders divided by the average opening and closing balances attributable to its equity holders; [7] computed as FBNH's 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.

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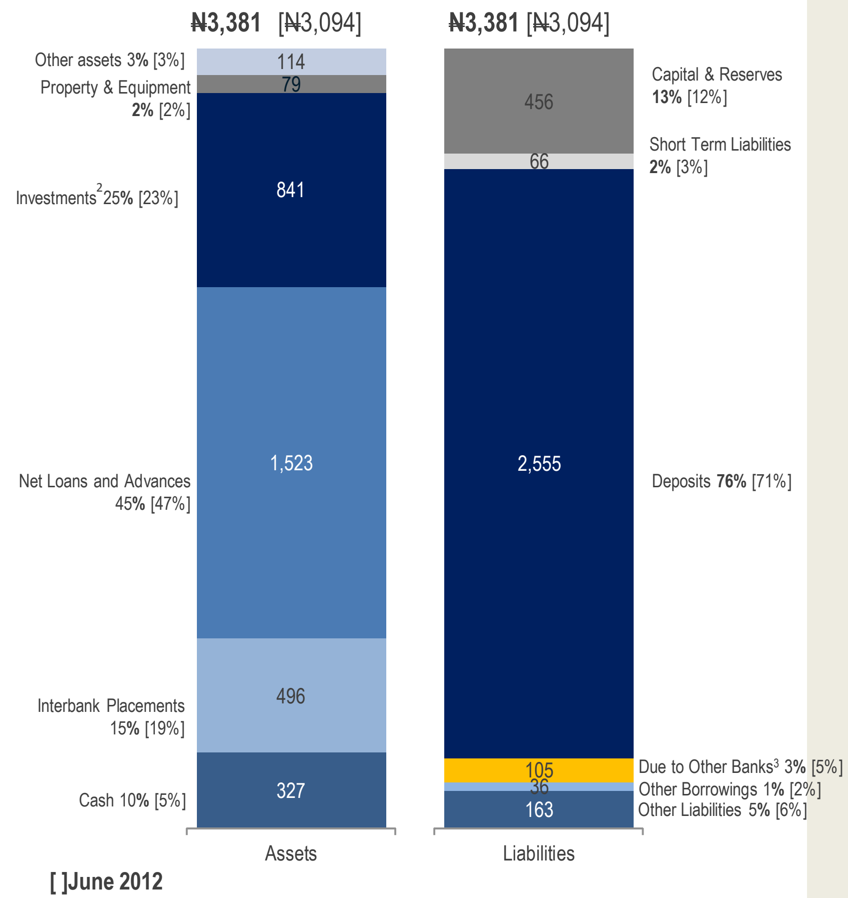
H1 2013: Overview statement of financial position

Snapshot: Statement of financial position

	H1' 12 (₦bn)	H1' 13 (₦bn)	y-o-y	Q1' 13	ytd	q-o-q
Total Assets	3,094	3,381	9%	3,459	6%	(2%)
Government Securities	647	779	19%	889	9%	(13%)
Interbank Placements	582	496	(15%)	411	21%	21%
Cash	163	327	101%	318	9%	3%
Net Loans & Advances	1,246	1,523	22%	1,546	(1%)	(1%)
Customer Deposits	2,209	2,555	16%	2,532	6%	1%
Shareholders' Equity	384	453	19%	435	4%	5%
Tier 1 Capital	331	405	22%	386	4%	5%

Key Ratios		
CAR	17.7%	21.3%
Tier 1	17.1%	18.9%
LTD	67.4%	61.7%
NPL	3.2%	3.8%
NPL Coverage[1]	106.6%	113.0%

Balance sheet structure - June 2013 (Nbn)



[1] Includes statutory credit reserves. Excluding statutory credit reserves , NPL coverage would have been 86.4% for H1 2013 (H1 2012:98.9%; FY 2012: 94.5%; Loan to deposits ratio computed as FBN Holdings' gross loans divided by FBN Holdings' total deposits ; NPL coverage computed as FBN Holdings loan loss provisions divided by FBN Holdings non- performing loans.

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

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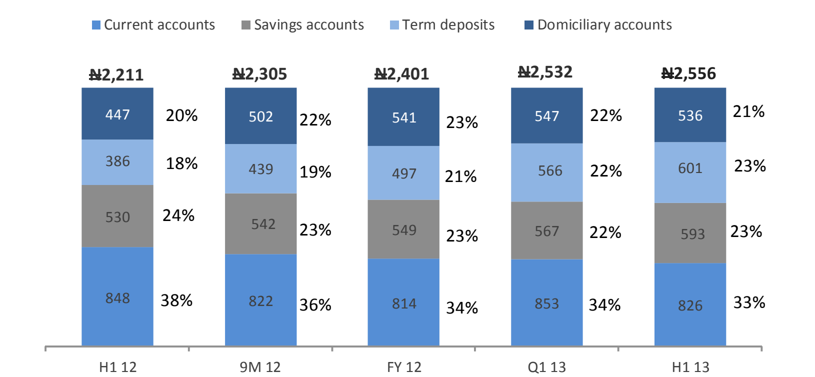
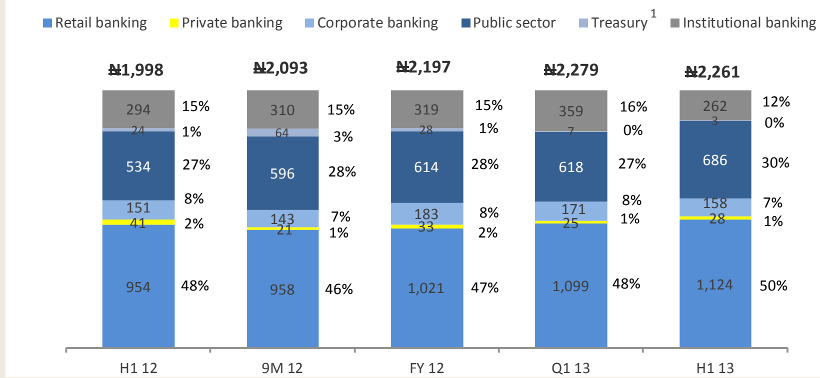
High quality deposit funding base sustained with expansion in contribution from retail

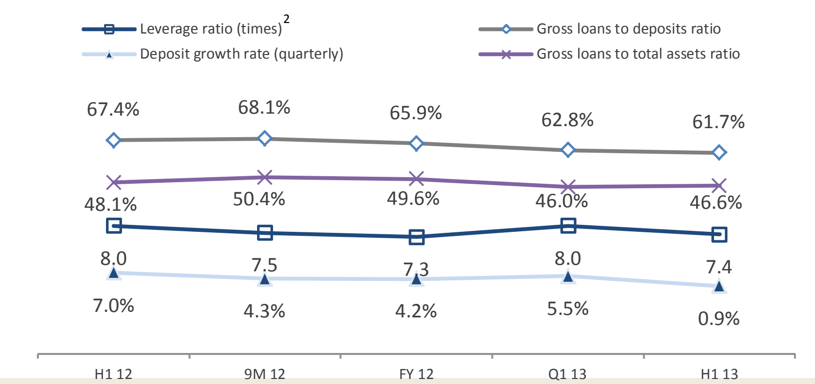
Deposits by type ₦bn



Deposits by SBU ₦bn (Bank only)



Balance sheet efficiency



- Deposits grew 16% y-o-y, 8% ytd and 2% q-o-q with healthy growth across most deposit buckets and account for 76% of total balance sheet funding
- CASA constitutes 77% of deposits with largest portion of deposits provided by retail customers; thereby generating a healthy, diverse and stable funding base with large core portion
- Sustained growth of retail deposits benefitting from healthy customer acquisition and launch of new products during the quarter; driven by mass market customers
- Increase in term deposits reflecting high interest rate environment, increased competition for deposits and deliberate strategy to contain funding costs
- ~45% of public sector deposits are FCY and not impacted by the new CBN regulation on sterilization; FirstBank was debited incremental ₦90billion on implementation
- ~16% of total deposits impacted by new CBN policy on public sector
- FirstBank is best placed to leverage Nigeria's retail market given its formidable retail platform. Key focus going forward is on increasing penetration in each of our customer segments, improving our service offerings to our customers
- New branches opened in past two years to further drive deposit generation

[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

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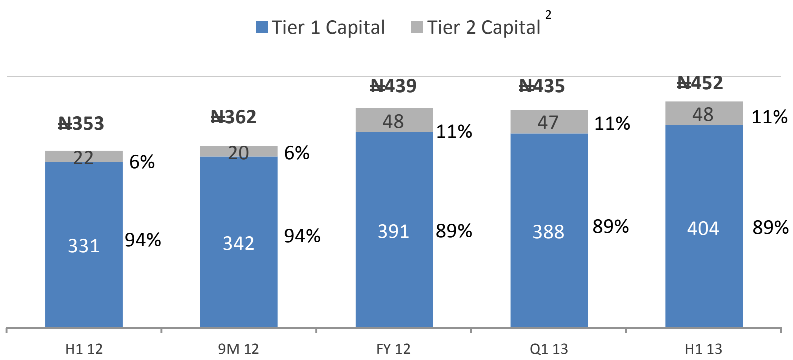
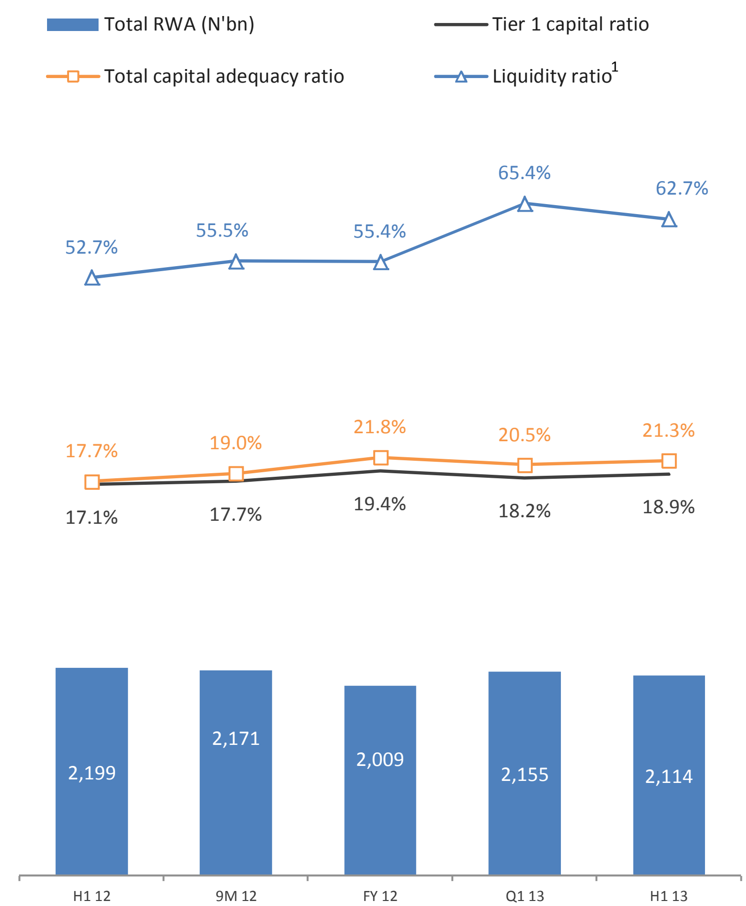
Capital and liquidity levels are adequate to sustain growth plans

Components of capital (₦bn)



- Healthy CAR at 21.1% relative to CBN minimum requirement of 15%, with Tier 1 ratio of 18.9%
- Liquidity ratio in excess of 62% well above the minimum 30% requirement
- Decline in Risk weighted assets (RWA) of 1.9% q-o-q reflect deliberate approach to optimising balance sheet
- RWA as a percentage of total assets at 63.4% (HY 2012: 71.1%), does not imply sub-optimal revenue generation as government securities which are 0% risk weighted yield on average 10%
- Focus on enhancing capital in coming periods via internally generated cash

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*

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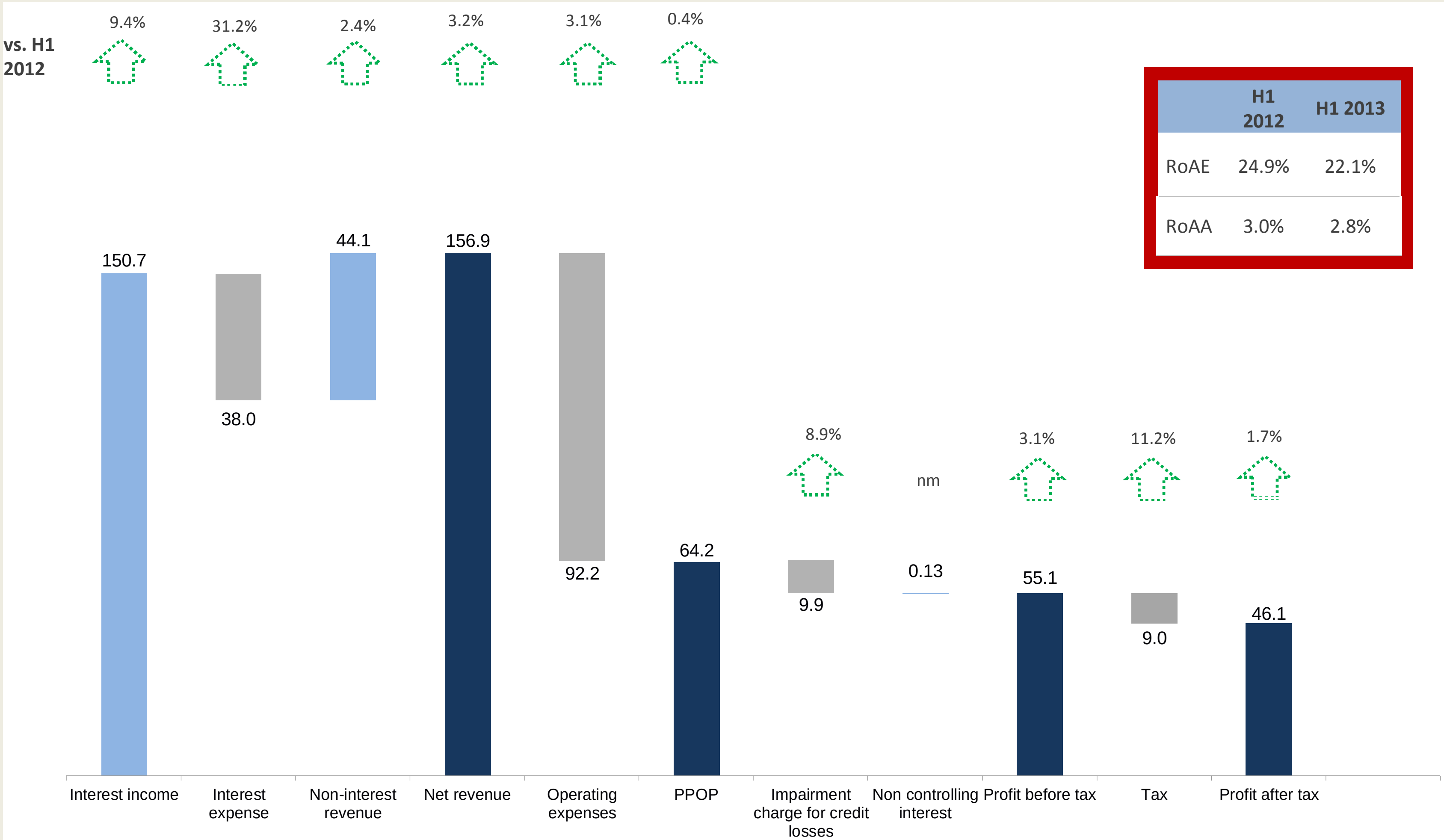
Evolution of H1 2013 profit after tax (₦bn)



	H1 2012	H1 2013
RoAE	24.9%	22.1%
RoAA	3.0%	2.8%

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

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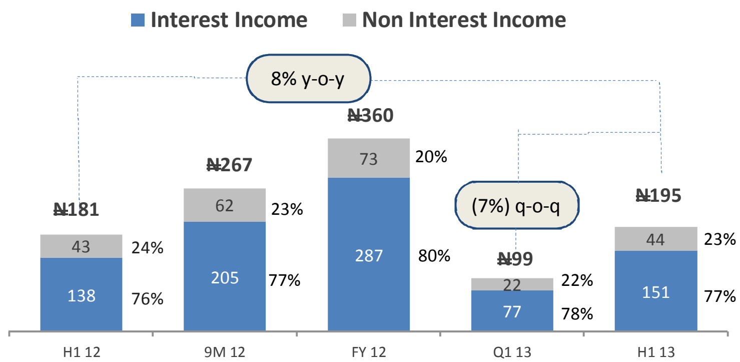
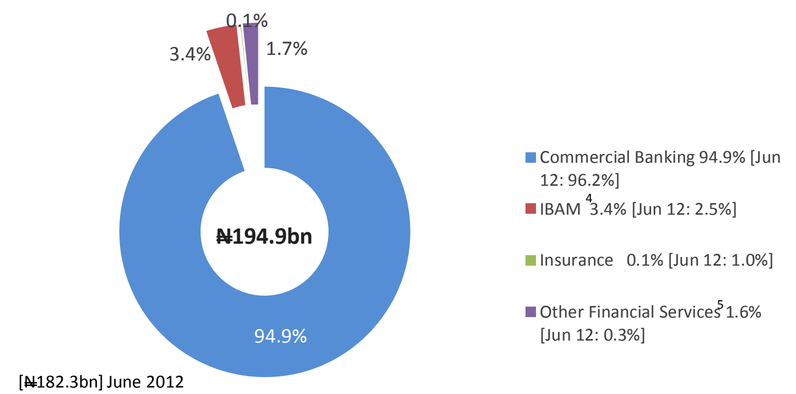
Increased activities from shorter tenored facilities supports gross earnings

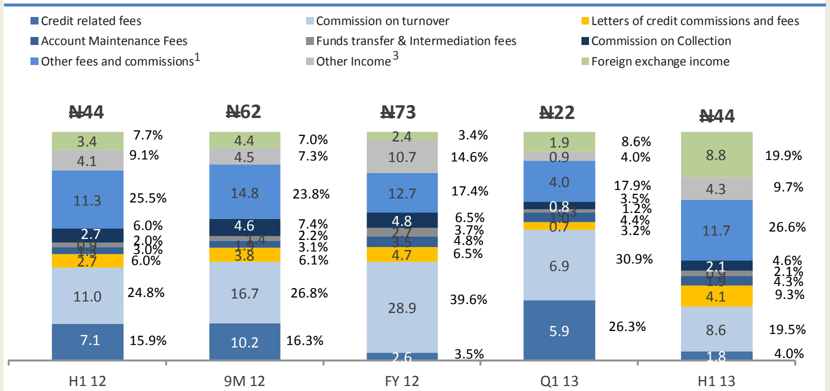
Gross earnings (₦bn)



Gross earnings split by business groups



Breakdown of non-interest revenue ₦bn

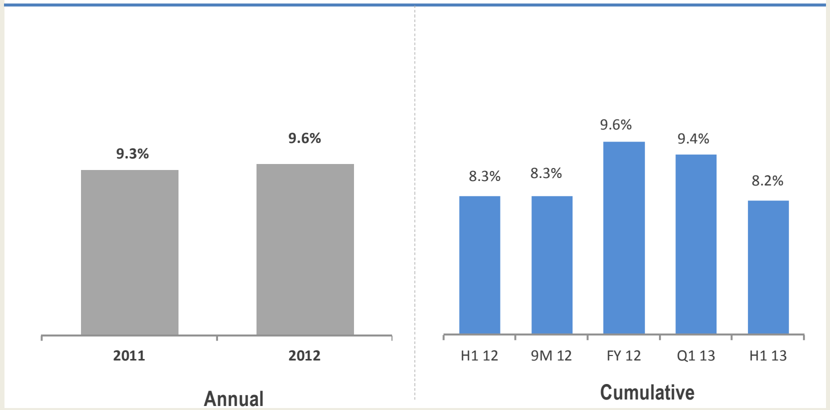


- Growth in gross earnings driven by increased interest income from loans & advances, increased foreign exchange income as well as other income; fx income benefitting from market volatility
- Healthy growth in LC income on increased focus on trade type transactions
- Marginal headline growth in NIR, negatively impacted by commencement of CBN revised tariffs; driven largely by reduction in credit related fees & COT; but masks encouraging underlying trends of replacing lost income, partly from non-banking subsidiaries
- 75% reduction in credit related fees due to the reclassification of certain credit related fees in the current period into other fees &commission as well as interest for purposes of computation of effective interest rate
- The pressure on NIR from the revised bank tariffs will be mitigated by:
  - monitoring 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 with rewards from loyalty programmes
- Focus on enhancing contribution from the subsidiaries to the overall earnings of FBN Holdings as we improve group synergies and cross selling
- We expect improved contribution from Bancassurance, recently launched mobile insurance as well as mobile money in coming periods

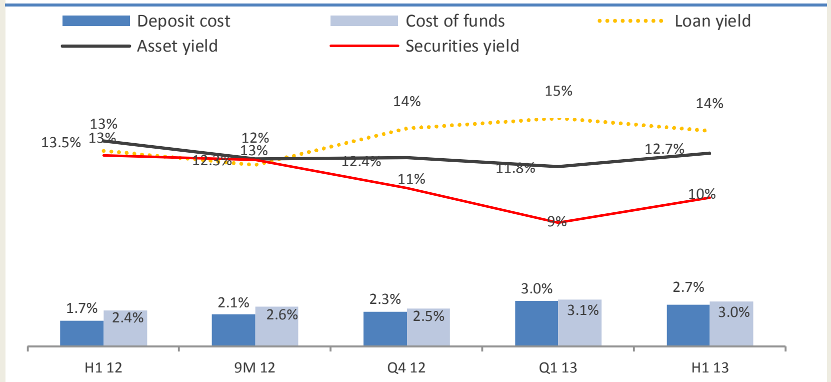
[1]Other fees and commission include commission on performance bond, bankers instruments issued , e-business fees and insurance premiums; [2]Other income include foreign exchange income as well as net (losses)/gains on investment securities; [4]Investment Banking and Asset Management [5]Other financial services is predominantly FBN microfinance

Net interest income increase driven by higher yields

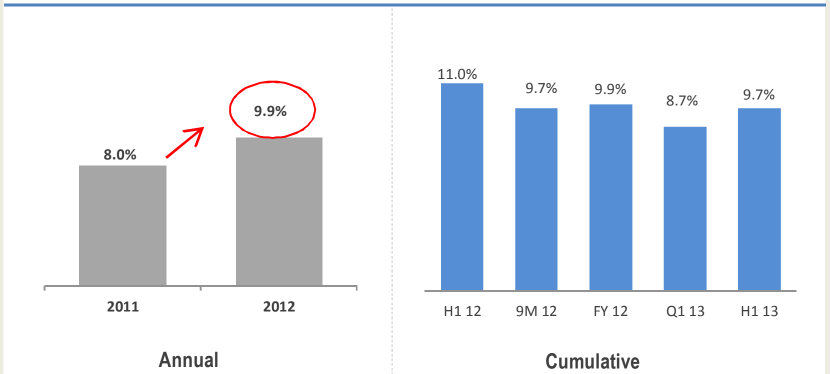
Net interest margin (NIM)



Yields and Cost of funds



Core banking spread[1] (Commercial banking)[2]



- Decline in NIMs in Q2 driven by reduction in loan yields further impacted by lower yielding foreign currency assets, higher funding costs at 3.0% (H1 2012: 2.4%; Q1 2013: 3.1%) as well as increase in minimum savings rate to 3.6% from 1%
- Loss of interest income from increased cash holding with CBN (+101%)
- Marginal reduction in cost of funds in Q2 due to reduced interest expense on other interest bearing liabilities as well as downward re-pricing of some term deposits
- Improving yields from the securities portfolio benefitting from earlier period positioning on the shorter end of the curve
- We will focus on defending our NIMs within guidance of 7.5% - 8.5% over the rest of the year, whilst ensuring assets are optimally priced
- Expected high rate environment should keep asset pricing relatively attractive in coming periods

[1] *Core banking spread equals asset yield less cost of funds (annualised);* [2] *Includes First Bank of Nigeria, FBN UK and BIC*

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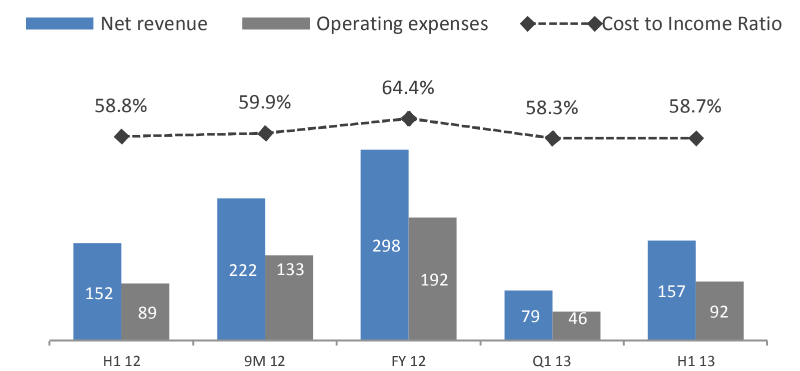
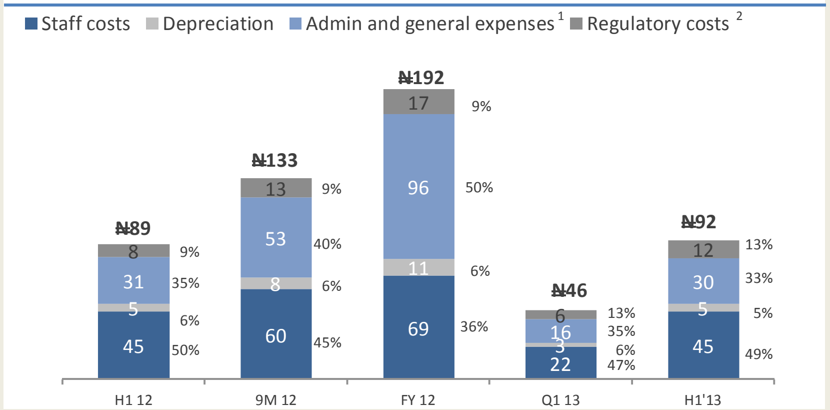
Continued to contain operating expenses with sustained improvement in efficiency ratios

Net revenue and expenditure (₦bn)



Operating expense breakdown (₦bn)

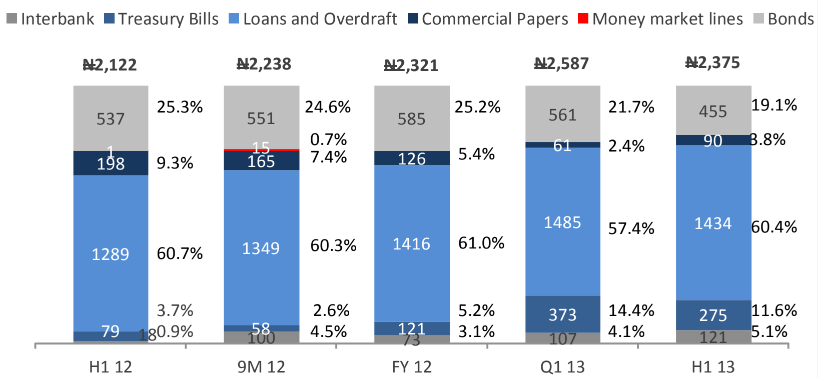


- Operating expenses rose by 3.1% y-o-y and 1.3% q-o-q.Cost growth driven by:
  - 1.2% reduction in other operating expenses to ₦36.1bn (H1 2012: ₦30.6bn)
  - Increase in regulatory costs (+44.5%) constituting 13.2% of operating expenses relative to 9.4% as at June 2012; AMCON levy rose +77.3% while NDIC premium rose 17.0%
  - 1.1% reduction in staff costs y-o-y and a 3.6% reduction in other operating expenses which constitute 48.8% and 31.8% of operating expenses respectively
- Excluding regulatory costs , costs growth would have seen a 1.2% reduction
- Cost to income ratio of 58.7% (H1 2012: 58.8%) due to reduced run rate in expense in Q2 relative to Q1
- Cost efficiency attributable to strong focus on controllable cost which include admin and general expenses; expansion in CPC capacity, fleet management, branch mix and print optimisation.
- Expansion of AMCON levy to include a third of off balance sheet engagements effective beginning of 2014
- One-off costs incurred in H2 2012 of ₦21.5bn dropping out of base and should drive further improvements in cost base
- We expect to reap benefits of investments over the past 2-3 years in coming periods, and expect to see an improved run rate relative to those observed in the immediate aftermath of the implementation of the revised CBN tariffs
- Operating expense containment remains a focus as we continue to improve on automation of processes, ensuring suitable mix of our distribution channels, to manning realignments levels, etc. We will continue to optimise gains from our fleet management and print optimisation initiatives.
- 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
- Overall, focus on enhancing revenue streams in conjunction with cost containment approach, should help drive CIR to 55% on a sustainable basis

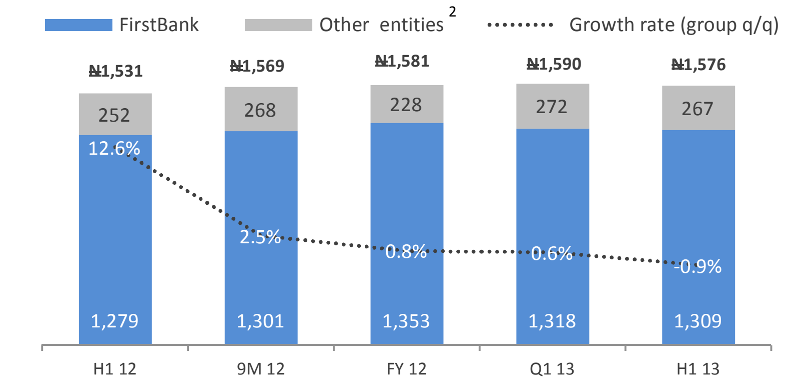
[1]Admin and general expenses include maintenance, advert & corporate promotion, legal and other professional fees and other operating expense; [2] regulatory costs is made up by NDIC premium and AMCON resolution cost

Increasing efficiency and flexibility in earning assets

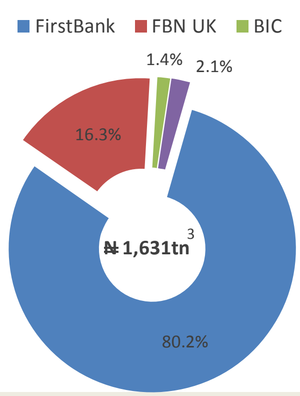
Earning assets mix (₦bn)



FBN Holdings gross loans (₦bn)



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

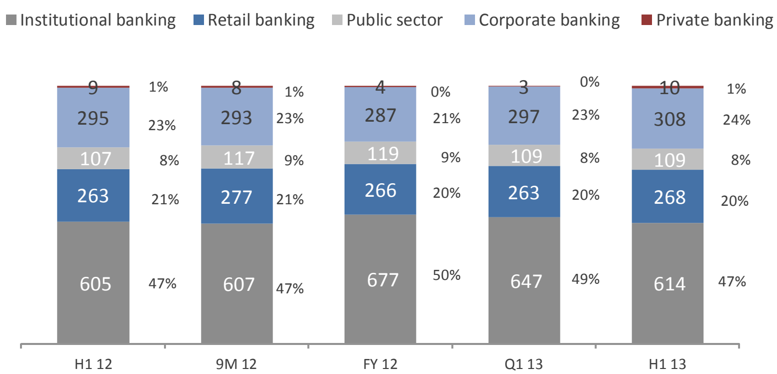


- Summation of gross loans in FBN Holdings was ₦1.63tn in June 2013 but ₦1.58tn net of intercompany balances
- Reduction in net loan book of FBN Holdings by 1.2% y-t-d to ₦1.52tn driven by FirstBank
- 3% decline recorded y-t-d in FirstBank's loan book is attributable to pay downs but with healthy pipeline of deals in coming periods
- 39.2% of loans as at June 2013 are in foreign currency, 53.2% of which are created onshore in Nigeria
- FBN UK loan book grew to ₦266bn; 6% growth q-o-q and 14% y-t-d; primarily due to growth in short-term structured trade and commodity related assets, as well as project finance

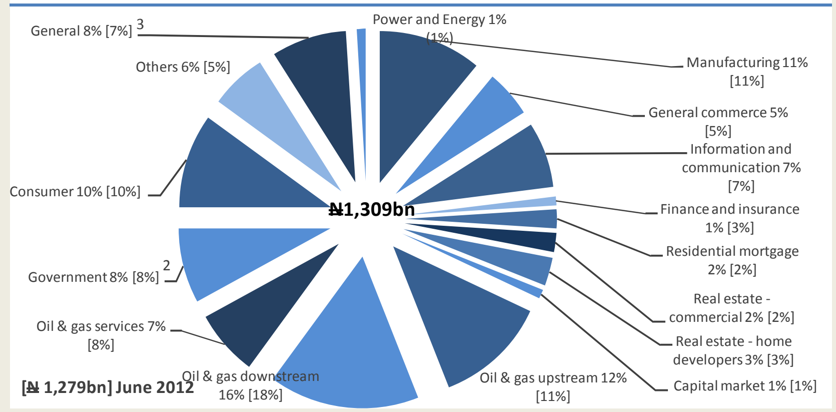
[1]*Others include FBN Microfinance, FBN Mortgages, First Pension Custodian Limited, FBN Securities, First Funds, First trustees, FBN Capital , FBN Insurance brokers and FBN Bureau de change* [2]*other entities include FBN UK and BIC* [3]*unadjusted for intercompany balances*

First Bank of Nigeria (loan book dynamics)

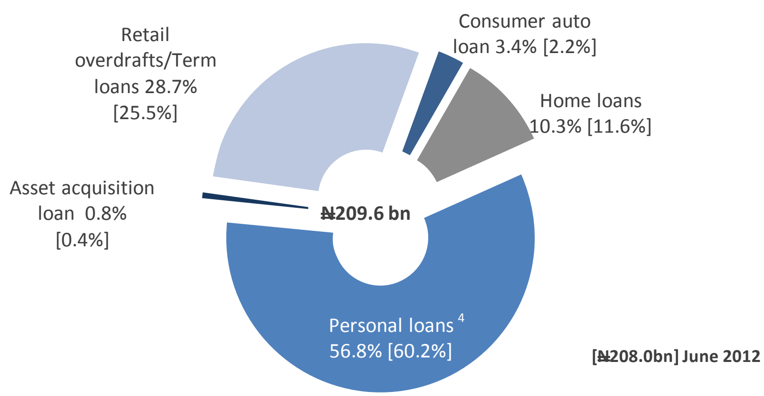
Breakdown of loans by SBU



Loan Breakdown by Sectors



Core consumer / Retail product portfolio[1]



- 3% and 1% reduction in loans y-t-d and q-o-q respectively.
- 1.8% growth in retail portfolio y-o-y to ₦268bn (H1 2012: ₦263bn) as well as 0.7% and 1.8% growth y-t-d and q-o-q respectively attributable to growth in salary-backed personal loans .
- Sectors that grew y-t-d include power & energy (+200%), construction (+32%) and commercial property (+30%) while decline was recorded in oil & gas, transportation & storage and government
- 7% and 20% decline in oil &gas and oil & gas downstream exposure on more rigorous selection
- Retail loan book by value is 69% individuals and 31% SME customers
- 7% y-t-d growth in corporate banking; emerging corporates makes up 5.5% of corporate banking portfolio and 1.3% of total loans
- Reduction in Institutional banking group loans is attributable to pay downs by some customers due to re-pricing of our assets
- Suspension/ slowdown in booking retail products
- Competitive pressure in consumer lending especially due to more relaxed terms by competitors as well as some observed asset quality deterioration
- Sectors to drive growth in coming periods are power, oil and gas, retail, telecommunications and general commerce
- All issues are being addressed with loan growth guidance still at ~10%

[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

***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. This also included Emerging Corporates comprising clients with annual turnover of ₦500mn and ₦2bn. **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*

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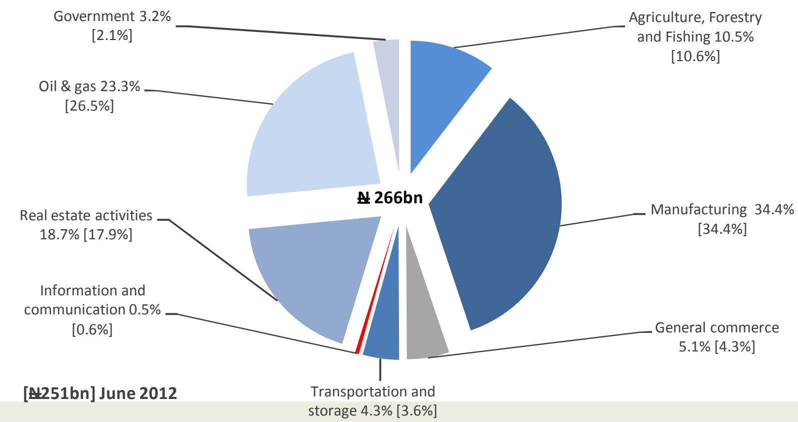
FBN UK records positive performance

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

Selected financial summary (June 2013)

£'mn	H1' 12	H1'13	y-o-y	Q1' 13	Q2' 13	q-o-q
Gross Earnings	35.0	44.9	28%	20.6	23.9	16%
Interest Income	29.5	40.3	37%	15.3	18.0	18%
Interest Expense	13.0	13.5	4.2%	7.6	7.2	4%
Net interest income	14.3	25.5	78%	7.7	10.8	40%
Profit before Tax	10.3	18.2	77%	7.7	10.5	37%
Net interest margin	1.4%	2.4%				
ROaA	0.7%	1.4%		1.1%	1.6%	
ROaE	10.2%	14.9%		14.1%	16.9%	
Total assets	1,875	2,119	13%	2,173	2,119	(3%)
Customer deposits	840	1,227	46%	1,120	1,227	10%
Shareholders' funds	175	196	13%	194	196	1%
Loans and advances (gross)	771	1,122	46%	1,070	1,122	5%
LTD	91.8%	91.5%				

Loan book by sector (June 2013)



- Despite continued uncertainties posed by the operating environment, FBN UK recorded a strong financial performance during the period under review
- Gross earnings and pre-tax profit growth of 28% and 77% y-o-y respectively. Gross earnings growth was boosted by increased lending activities, realised gain on sale of bonds and fee income
- Pre-tax profit increase was influenced by a combination of strong net interest margin and appreciable operating cost savings
- Key drivers for loan growth in coming periods are relative stability in both commodity and financial markets, continued demand for basic food (assumed) and relative stability in African producing countries
- No credit impairment charge during the period; non-performing loan ratio remained low and all criticised assets were fully provisioned net of collateral

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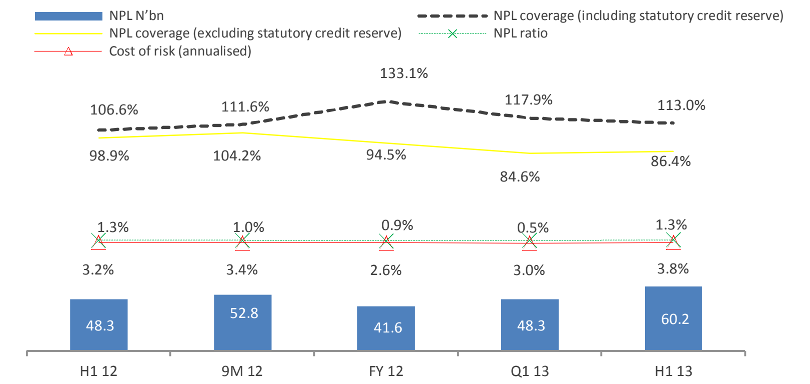
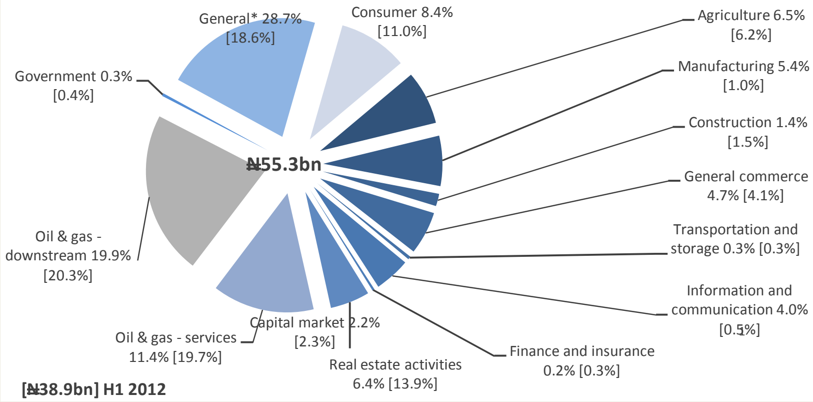
Proactive portfolio management remains a priority

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

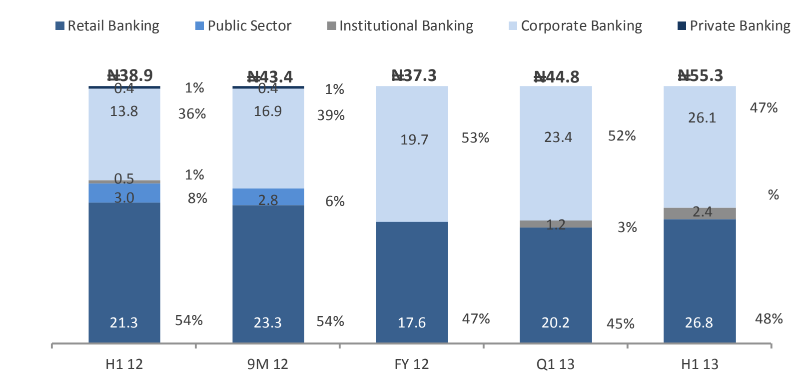
Asset quality



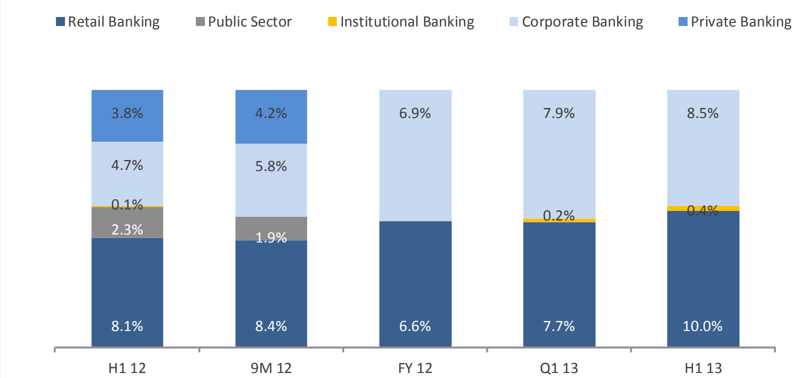
NPLs sector exposure H1 2013 (Bank only)



NPLs by SBU ₦bn (Bank only)



NPL ratio within each SBU (Bank only)



[1]This relates to other communications industries other than Telecommunications

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

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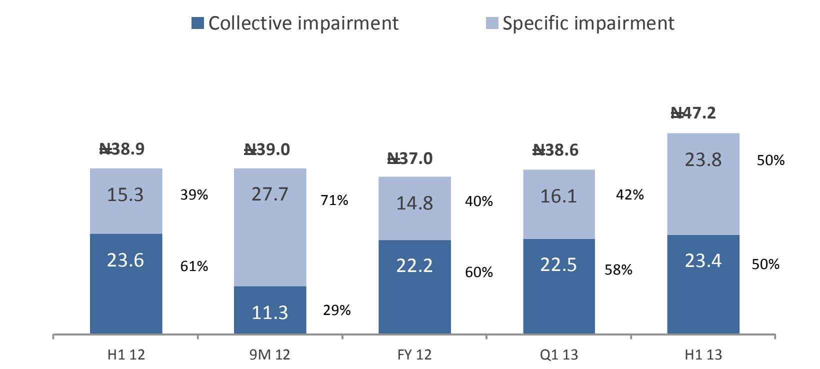
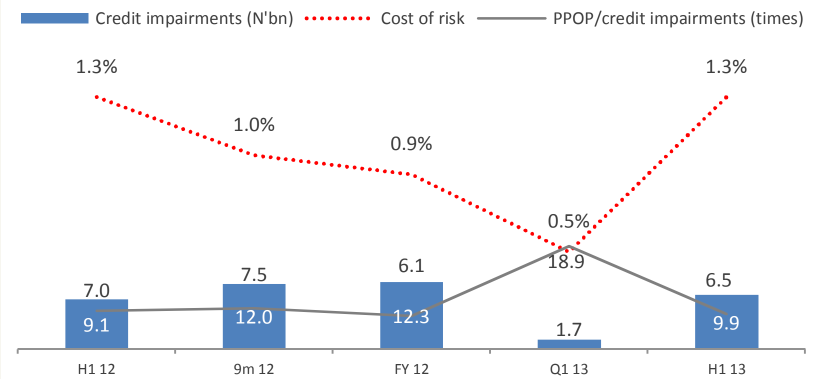
…….ensuring early recognition of impaired assets

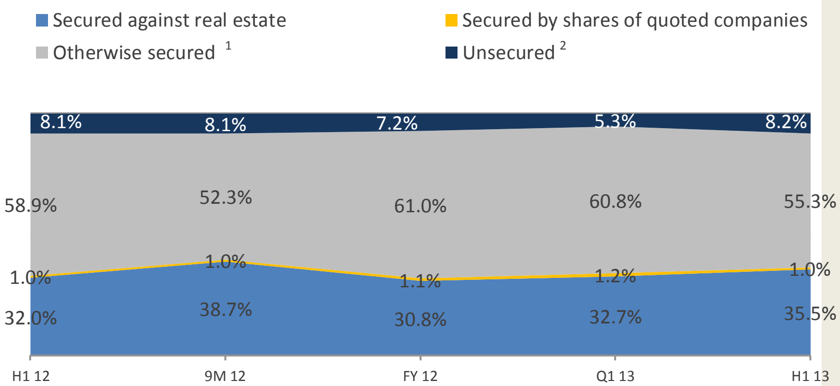
Allowance for impairments ₦bn (Bank only)



Evolution of credit impairments



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



- Increase in FirstBank's NPL portfolio attributable to deterioration in a few assets spanning oil & gas downstream, logistics provider and retail products
- Recognised impairment in respect of some retail products such as asset acquisition, secured overdraft/term loan product programs with most of them secured and aggressive recovery already being pursued
- Slight decrease in the loan book in addition to increase in impairment charges resulted in increased cost of risk
- Aggressive remedial management ongoing
- With projected loan growth, aggressive remedial management, loan recovery, we still maintain 1% guidance on cost of risk for the full year

[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

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Performance Review - Business Groups

Commercial Banking

Investment Banking & Asset Management

Insurance & Microfinance

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Commercial Banking- Overview

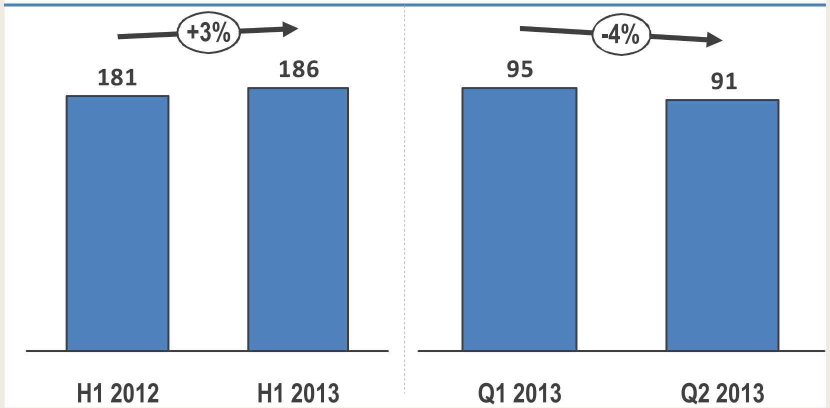
Half Year 2013:

- Gross earnings for first half of 2013 recorded a 2.8% increase y-o-y to ₦18.16bn (₦180.9bn: H1 2012) on the back of an 8% increase in interest income despite significant headwinds as the operating environment became tougher over the course of the second quarter of the year
- Half year profit before tax stood at ₦49.9bn (₦53.5bn) tempered by a 33% y-o-y rise in interest expense and shrinkage in fee and commission income.
- Sustained our predominantly low-cost deposit funding base to total deposit (77%), achieving a y-t-d deposit growth of 8.1%.
- Group-wide extension of product and service offerings to new frontiers:
  - Improved penetration into the Corporate Banking segment (UK) especially with the Structured Trade Commodity and Project Finance businesses
  - Service offerings expanded to include e-business service offerings targeting SME, Corporate and government agencies in the Democratic Republic of Congo (DRC)
- Operating expenses contained, decreasing by 1.3% y-o-y from ₦89.4 to ₦88.2bn

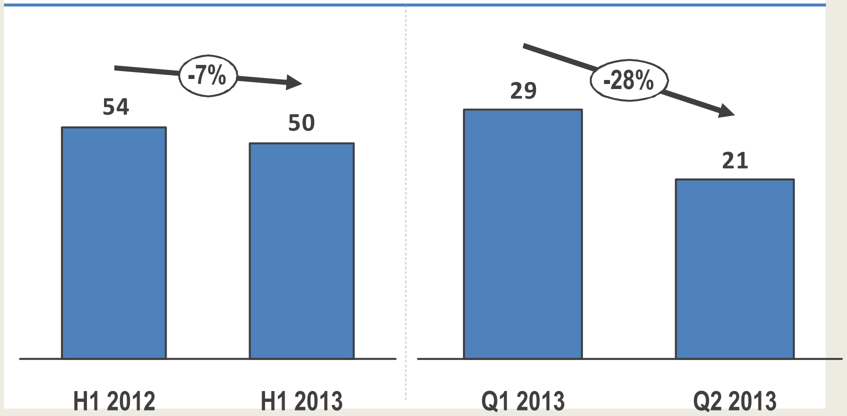
Outlook

- For the next six months, we will drive profitability through appropriate structuring of our business, operational efficiency,, growing the volume of our non interest revenue and optimising our balance sheet.
- We will explore opportunities cautiously in our retail market and our emerging corporates segment
- Monitor covenants with customers very closely and focus on managing cost base

Gross earnings – (₦bn)



Profit before tax – (₦bn)



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Investment Banking & Asset Management- Overview

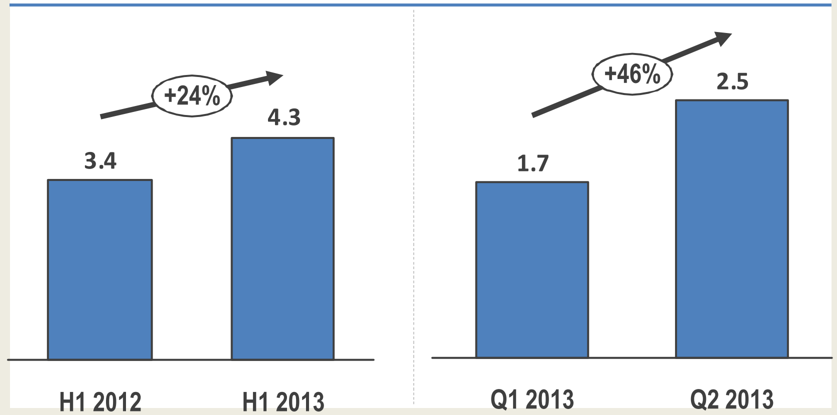
Half Year 2013:

- Overall better performance vs. Q1 2013 and H1 2012, with revenue growth of 24% y-o-y and 46% q-o-q; and PBT growth of 294% y-o-y and 129% q-o-q
- Driven by significant activity in the structured finance/syndicated loan markets, in which the IB & Trustee/Agency businesses were active, executing several transactions across the telecoms, power and oil & gas sectors; these businesses contributed c. 60% of revenues
- The primary debt and equity markets remain quiet while the secondary markets were fairly volatile; yields increased and there was profit taking
- The NSE All-Share Index rose to a peak of 40,012.66, before ending the quarter at 28% YTD
- We retained 4th position (by value) on NSE's top 10 stockbrokers league table
- The Asset management business continued to face challenges, particularly around fund mobilisation, which we are working hard to overcome; for e.g. establishing a dedicated sales team

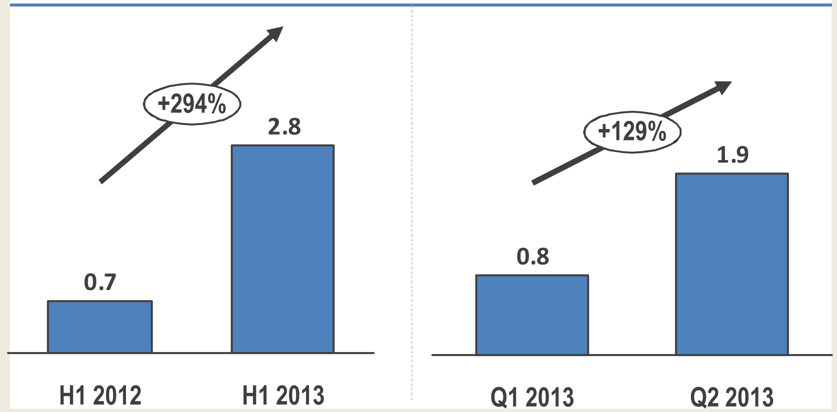
Outlook:

- Focus on closing existing mandates and begin to aggressively pursue new mandates for 2014
- We expect on going activities in the oil & gas, power and financial services sectors to continue to dominate market activity, and we shall continue to improve collaborations with the Corporate banking and Institutional banking business units of the Bank to drive origination activities
- We will continue with various initiatives to build our distribution platform to strengthen our financing capabilities and provide issuers/investors with more alternatives; for e.g. we launched the customer web portal to provide customers with online access to their investments.
- Closely monitor operating expenses

Gross earnings – (₦bn)



Profit before tax – (₦bn)



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Insurance - FBN Life Assurance- Overview

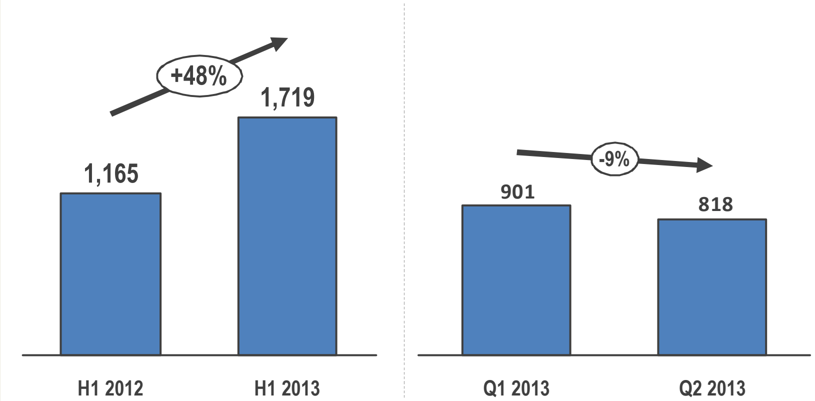
Half year 2013:

- FBN Life Assurance Limited, a joint venture with Sanlam (the 2nd largest life assurance company in South Africa) continued to promote Insurance culture in Nigeria with strong growth achieved in its business volumes, revenue and profitability in H1 2013
- Gross premium income grew by 48% y-o-y in H1 2013 to ₦1.72bn (H1 2012: ₦1.16bn), driven by innovative product offerings and increased market penetration
- Claims of ₦369mn paid out during the period under review, prompt claim settlement a major selling point for FBN life
- Operating expenses grew by 27% y-o-y due to business expansion costs.
- FBN Life Assurance Limited obtained NAICOM's approval to commence the sale of its mass retail product named 'Padi -4-Life', the first insurance product sold through a Telecommunication channel
- We reached completed and signed a distribution agreement with two Telecom companies with combined subscriber base of over 40million

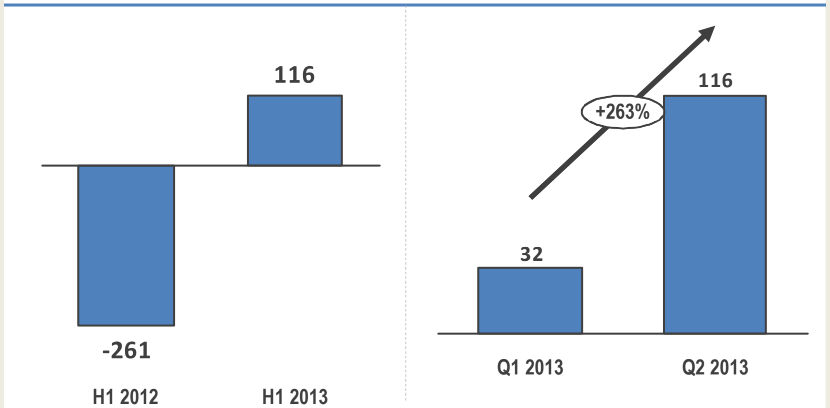
Outlook

- 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 Bancassurance products
- To further increase market share and grow revenues base and profitability, innovative products including mobile-insurance and expansion of credit to other financial institutions are being developed
- Imminent acquisition of a general insurance license thereby increasing penetration across different customer segments eg. public sector

Gross premium income – (₦mn)



Profit before tax – (₦mn)



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Insurance – FBN Insurance Brokers- Overview

Half year 2013:

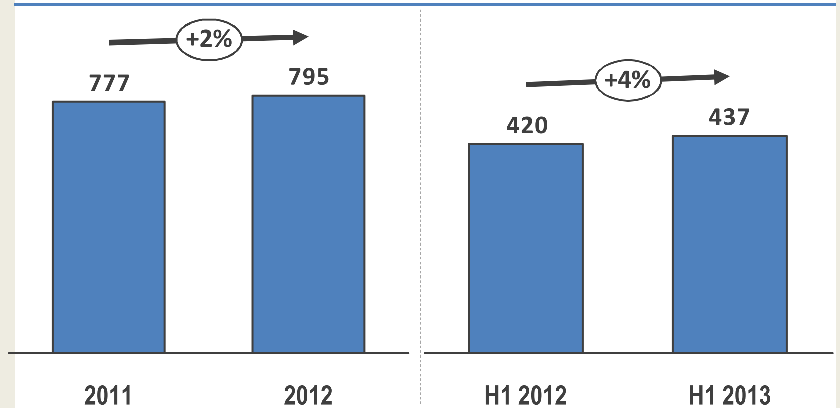
- Gross income increased by 4% when compared with the same period of last year, while a profit before tax of ₦204mn was recorded, a 12% reduction year on year.
- The commencement of the 'no premium, no cover policy by the National Insurance Commission (NAICOM) at the beginning of the year continued to impact revenue across the industry.
- Investment income growth driven by diversification of the investment portfolio
- Commission income grew benefitting from synergy opportunities with businesses within the group and deepening market penetration

Outlook:

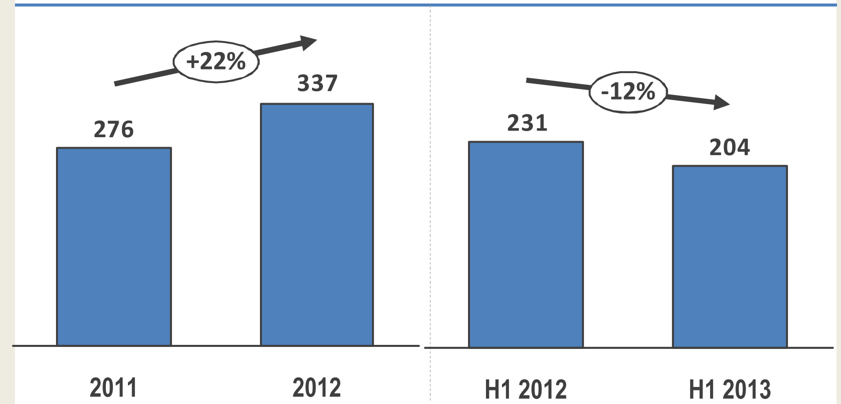
To improve performance, the company will:

- Focus 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.
- Proactively work with policy holders on the impact of the new regulation and with clients to define strategies to comply with insurance needs.
- Collaborate closely with other subsidiaries within the Group to improve cross selling

Gross income – (₦mn)



Profit before tax – (₦mn)



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Microfinance- Overview

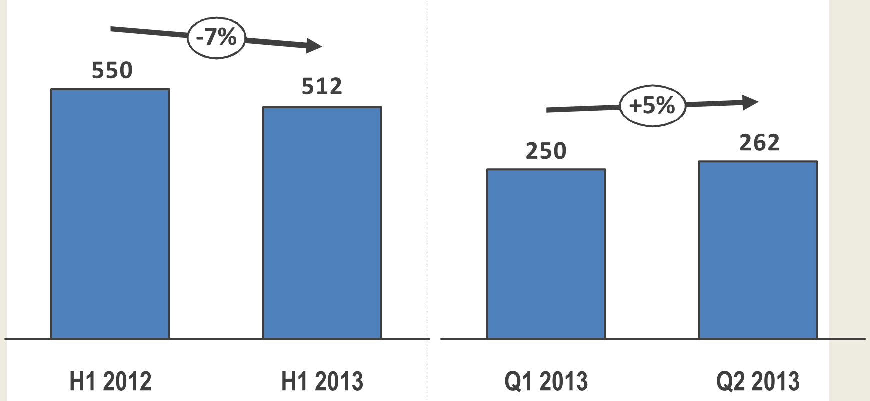
Half Year 2013:

- FBN Microfinance (FBNM) recorded a PBT of ₦127mn (HY 2012: ₦160mn)
- Risk asset growth impacted by cautious lending activities
- Deposits grew to ₦2.3bn (+155%) attributable to savings initiative (My Daily Savings)
- Interest income grew from ₦206mn in Q1 2013 to ₦400mn, (+94.2% q-o-q). Similarly fees and commission also grew from ₦34m in Q1 2013 to ₦64mn, (88.2% q-o-q)
- Operating expenses declined 5% y-o-y to ₦352mn y-o-y (HY 2012: ₦371mn)

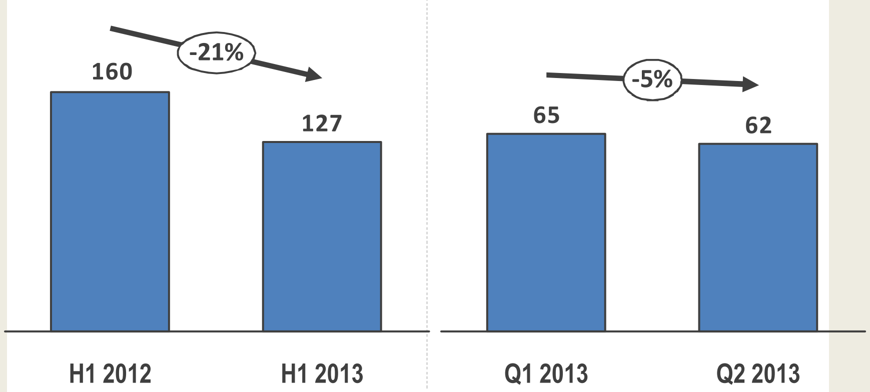
Outlook:

- Commencement of disbursement to nominees of the various cooperatives/beneficiaries of the Lagos State (LASG), YES Agric project fund through FBN Microfinance Bank Epe branch.
- We will be deepening relationship across the states for management of sponsored projects and loans to micro enterprises
- We look to extend out reach further in Lagos and establish upcountry branches.

Gross earnings – (₦mn)



Profit before tax – (₦mn)



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Strategy

Our business model is designed to create a stronger growth platform for a multi-geography financial services group

How we deliver and grow value…

FBN Holdings aspires to become the dominant financial services group across Sub-Saharan Africa (SSA excluding South Africa)

The Group intends to consolidate its position in banking in Nigeria while pursuing profitable growth in the non-bank financial services space and in commercial banking internationally.

Our business strategy prioritizes key themes which will continue to drive implementation over the second half of the year…

… restructuring for growth

We have clustered similar businesses to improve coordination and specialization while ensuring an optimal legal, compliance, and tax framework.

Within the Commercial Banking Group, we wanted to drive increased segment specialization across the organization in line with the demands of an increasingly discerning customer base, evolving competitive environment and international best practices.

Consequently, we developed a framework that would see the re-organisation of the operating and legal structures of our Group, including the implementation of a holding company

… targeting high growth markets and segments

We are seeing tangible benefits of a modified (Bank) operating model, with the development of segment and functional specialists. We will be focused on the customer – acquiring new customers along priority segments (i.e. Emerging Corporates and Retail)

Over the medium term, we intend to raise our profile beyond its current borders, establishing presence in select SSA countries which are of interest. This expansion is expected to result in number of benefits, including greater earnings diversification and increased shareholder value through higher returns on equity

… extracting natural synergies among Business Groups

Insurance

- Life insurance underwriting
- General insurance underwriting
- Insurance brokerage

\+

Commercial Banking

- Institutional banking
- Corporate banking
- Retail banking
- Public sector banking

\+

Investment Banking

- Advisory
- Capital markets
- Principal investing & private equity
- Asset management
- Securities services

\+

Micro Finance

Strong natural synergies and cross-selling opportunities exist between banking and other financial services sectors, and we have intensified efforts to leverage our unique offering to forge deeper relationships with our customers

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Our results are driven by focused implementation along five strategic themes

Strategic Priority	H1 2013 Performance Update	Outlook over 6-12 months
1 Re-structuring for Growth	▪ Successfully re-organised and transformed the bank; Moving performance up substantially across several key metrics (capital efficiency, profits, service levels) ▪ Revising FBN Mortgages model, in partnership with foreign experts, to capture opportunity in retail mortgage financing segment	▪ Commenced strategic planning process aimed at crafting our 2014-2016 enterprise and subsidiary level strategies within the context of our rapidly evolving industry and national/international operating environment`
2 Business Line Expansion	▪ Growth in FBN Life driven by retail segment; Executed distribution agreement with Airtel and Etisalat ▪ Reorganised investment banking business, refreshed and upskilled talent and seen it come out of a shaky market to a strong position	▪ Complete acquisition of a general insurance player to strengthen the FBN Life platform ▪ Drive mobile insurance product
3 International Expansion	▪ Strengthened BIC executive management ï recruited new CEO and Corporate Banking head ▪ Leverage Beijing rep office to close $100mn on-lending facility with China Development Bank; Single digit rates offered to SMEs	▪ Strengthen strategy for international subsidiaries to capture value of ïone-bankò model
4 Synergies & Cross-Selling	▪ FBN UK partnership with First Bank to finalise integrated private bank spanning multiple geographies; London / Paris operations also working with Bank, BIC, and IBAM on structured/project finance, LCs ▪ Generating income from Banc assurance (CreditLife, GroupLife)	▪ Synergy potential continues to be a large opportunity area; Ensure brand seen as a one-stop ôfinancial supermarketô- increases efficiency, deepen share of wallet, sweat overall investments, improve profitability and return
5 Sequencing Growth	▪ Renewed focus on balance sheet optimisation given recent pressures on Nigeria business i.e. Regulatory costs, higher cost of funds and cost of risk	▪ Driving towards final phase of strategy framework ï finalising bank transformation, growing economies of scale/scope across international network and business portfolio

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Commercial Banking Group – Non-Financial Strategic Initiatives

Subsidiary	H1 2013 Performance Update
1 Business Development	▪ Recorded increased patronage of new premium lounges for Affluent Retail Banking customers, driving higher transaction volumes on premium cards ▪ Concluded design of model campus branch and validating appeal to Youth segment via focus groups ▪ Strengthened SME value proposition through partnership with the Entrepreneurship Development Centre at Lagos Business School
2 Banking Services	▪ Priority processes selected for deployment based on relevance to Bankȇs strategic priorities of Cost optimisation / Process efficiency. Process automation deployments to be concluded H2 2013 ▪ Commenced review of CPC infrastructure to improve workflow; Review of branch wide bandwidth to ensure Finacle 10 and other applications run optimally.
3 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. ▪ Finalising launch plan for new Retail Online banking platform ▪ Concluded readiness for expansion of the CBN Cashless policy to six new states / Federal Capital Territory (FCT). Locations include Ogun, FCT, Abia, Rivers, Kano and Anambra States.
4 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 requiring service improvements are required, across all channels ▪ Strengthened complaints handling ï communicated revised complaints handling process Bank-wide.

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FirstBank continues to leverage its competitive advantage even as the operating environment poses new challenges and opportunities to tap

Maintaining peace and security

A culture of peace enables visible growth and development

Success of the ongoing military operations in the North-eastern states is critical.

Tackling unemployment

Further privatisation and economic liberalisation will stimulate dormant sectors and private sector growth

Current levels of unemployment (23.9%) contribute to socio-demographic pressure

CBN Governor succession

The tenure of the current CBN Governor ends next year, throwing up a number of possible succession scenarios

The profile of the successor will determine the shape of policy direction to a large extent

Institutional Reform

Improving efficiency in the delivery of public services has been a major focus for this present administration

The imminent 2015 election portends direction-shaping in delivering efficient public service

Oil & Gas Sector

Underinvestment, production dips due to vandalisation; major trading partners diversifying away as shale oil/gas become a substitute longer term

Vulnerability to oil price shocks as a result of over-dependence on crude oil export

Provision of critical infrastructure

On-going progress with power sector reforms and an additional 10 generating plants up for privatisation

Bridging significant infrastructural gaps will unleash vast economic potential in the economy

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Over the next 6 months, we will continue to drive profitability notwithstanding the challenging operating environment

Profitability

- Review concession policy
- Higher yields - Increase our market share in emerging corporates segment
- Explore Retail opportunities in Trade Finance and increase PLAS limits
- Continue optimisation of Treasury portfolio
- Explore interest expense reduction strategies

Operating Efficiency

- Deployment of business automation process platform
- Stimulate the entrenchment of continuous improvement culture in the Bank
- Implement CBN recommendations on loss making branches and further enhance framework for assessing and benchmarking profitability across the entire branch network

Non-interest Income

- Improve the process of bonds and guarantees to support growth of fees and commissions
- Grow fee income through stronger focus on FX
- Better management of interest rate concessions, blocking of revenue leakages and product standardisation
- Aggressive roll out of POS terminals and card products to increase non-interest income
- Aggressively cross-selling existing customer base into mobile money "Firstmonie" to drive fee income

Balance Sheet Optimization

- Unlock value in new relationships via a formal referral ("cross-sell") mechanism
- Drive deposit mobilisation via the POS and Firstmonie channels
- Strengthening marketing drive via direct marketing
- Improve market intelligence, capabilities, and value proposition for large corporations
- Improve effectiveness and consistency of product advertising

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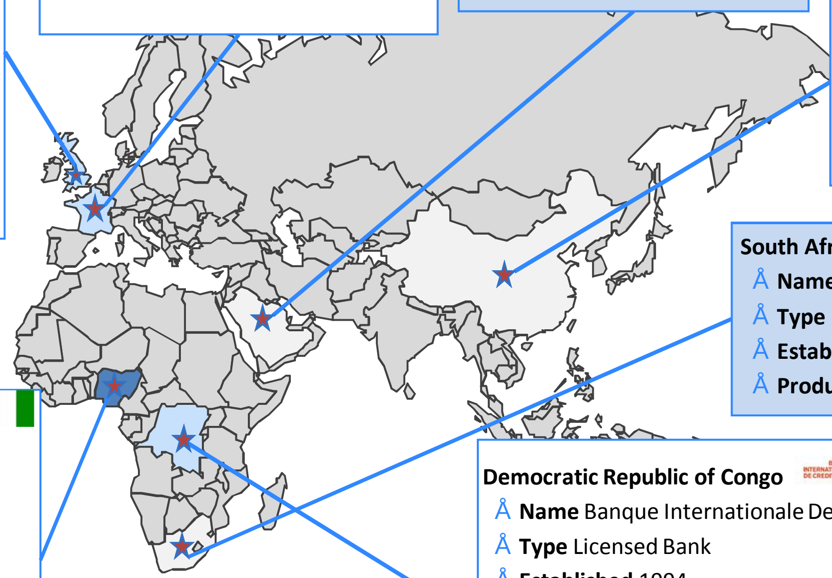
International Expansion Focused on Core Banking Business

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

Global Footprint

Rep. offices explore business opportunities in various geographies via referrals to the Commercial Banking Group



UK
- **Name** FBN Bank UK Ltd
- **Type** Licensed Bank
- **Established** 2002
- **Products / Services –** International Banking and Trade Services
- **Key Value Proposition**- Provide a platform to service our trade and global banking functions.

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

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

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

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

FirstBank

Nigeria
- **Name** First Bank of Nigeria Ltd.
- **Type** Licensed Bank
- **Established** 1894
- **Products / Services –** Commercial Banking, Investment Banking, Insurance
- **Key Value Proposition** – FIRST become the financial institution of choice across all financial services business segments

Democratic Republic of Congo BIC
- **Name** Banque Internationale De Credit
- **Type** Licensed Bank
- **Established** 1994
- **Products / Services –** Commercial Banking, Transfers and other Banking Services
- **Key Value Proposition :** Harness opportunities in trans border trade line between Nigeria and DRC whilst exploring opportunities in the economic zone

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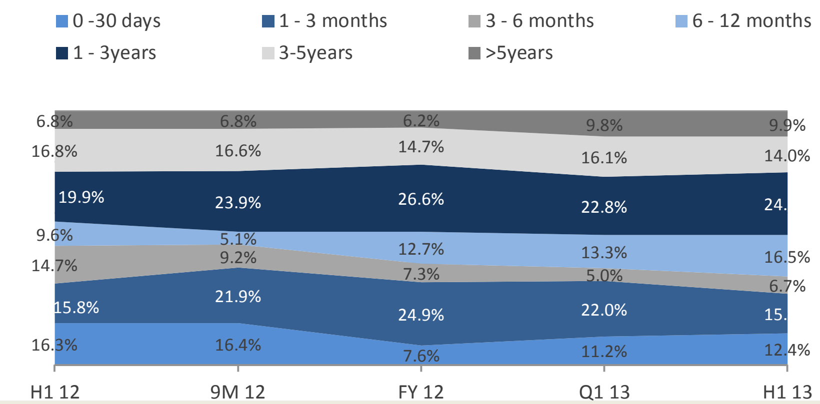
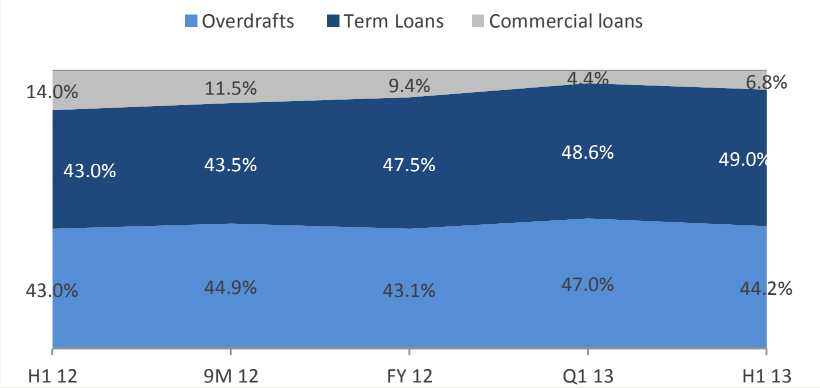
Appendix

Steady growth in risk assets with focus on improving overall portfolio quality

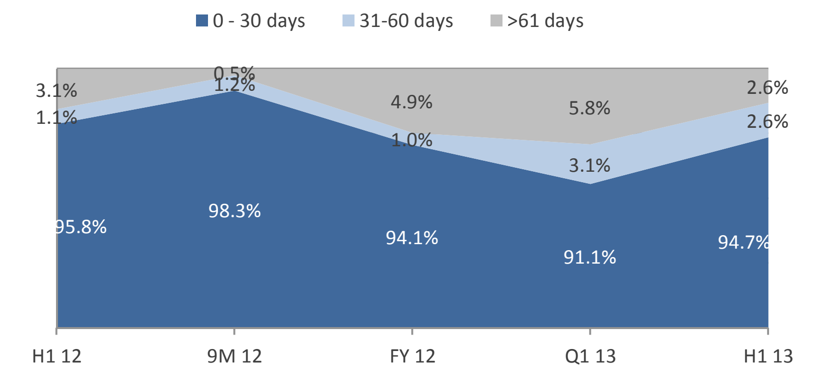
Loans and advances by maturity (Bank only)



Loans and advances by type (Bank only)



Ageing analysis of performing loan book (Bank only)



- Observed improvement in the 61-89 day bucket in H1 2013 due to result of improvement in remediation of watch-listed accounts (especially in the 61-89 day bucket) to prevent same from becoming Non Performing Loans.

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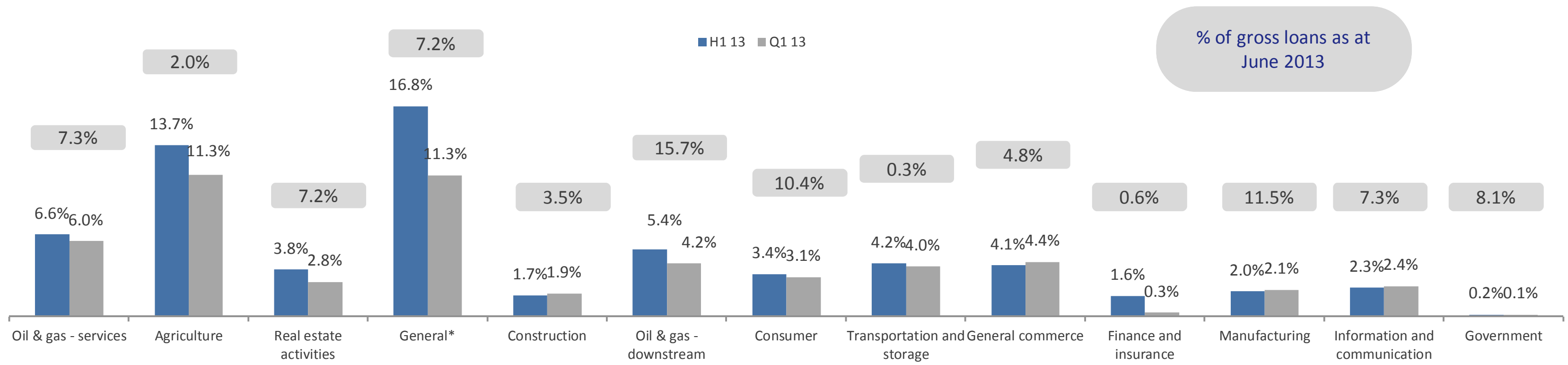
Remedial action intensified across the board to improve asset quality

Sector NPL ratios (Bank only)



- No material adverse change in NPLs across sectors in the quarter except in general and agriculture which is being addressed
- Proactive management of accounts
- Tightened risk selection criteria, improved controls and remedial management to enhance asset quality

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

GDR Programme

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

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 banḱs local custodian: Standard Chartered Bank, Mauritius

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