

TIMELESS



Investor & Analyst Presentation

For the nine months ended 30 September 2019

DISCLAIMER

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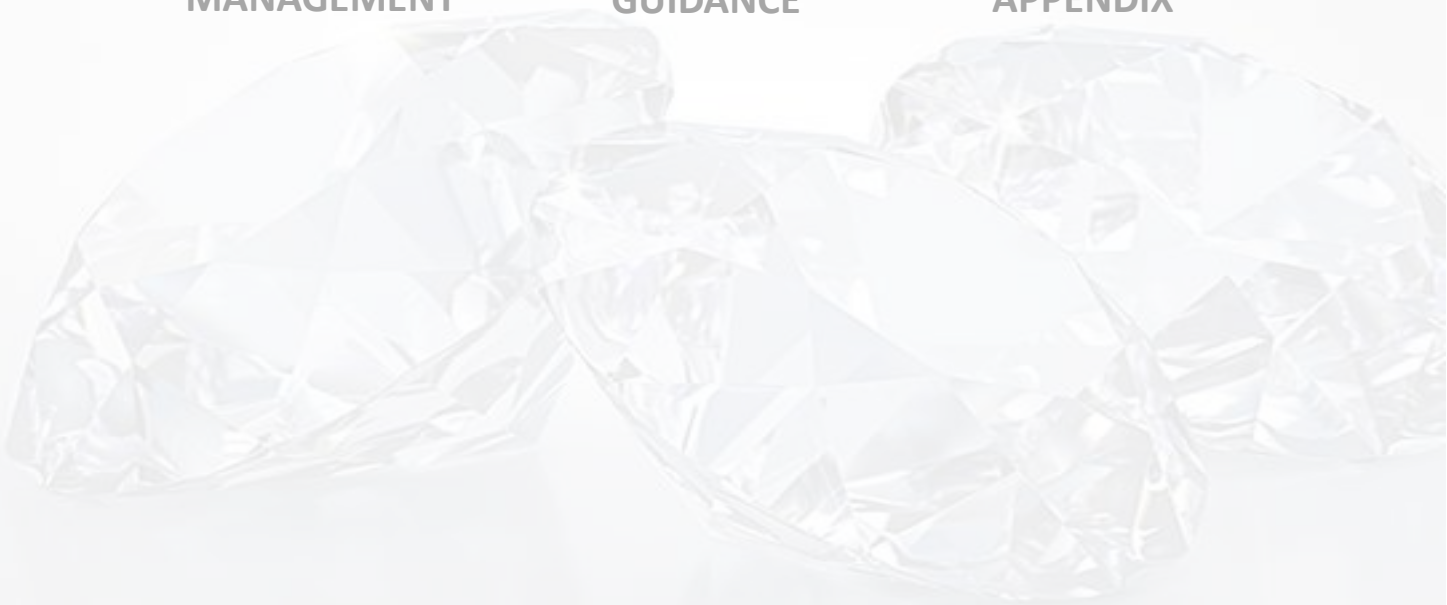


PRESENTATION OUTLINE

- 04 ● Performance Highlights
- 07 ● Macro and Regulatory Updates
- 10 ● Group Strategy Update
- 18 ● Risk Management
- 22 ● Outlook & Guidance
- 24 ● Appendix



04	07	10	18	22	24
					
PERFORMANCE HIGHLIGHTS	MACRO AND REGULATORY UPDATES	GROUP STRATEGY UPDATE	RISK MANAGEMENT	OUTLOOK & GUIDANCE	APPENDIX





On course to delivering sustainable long-term performance with progressive improvements in asset quality, profitability and diversified revenue

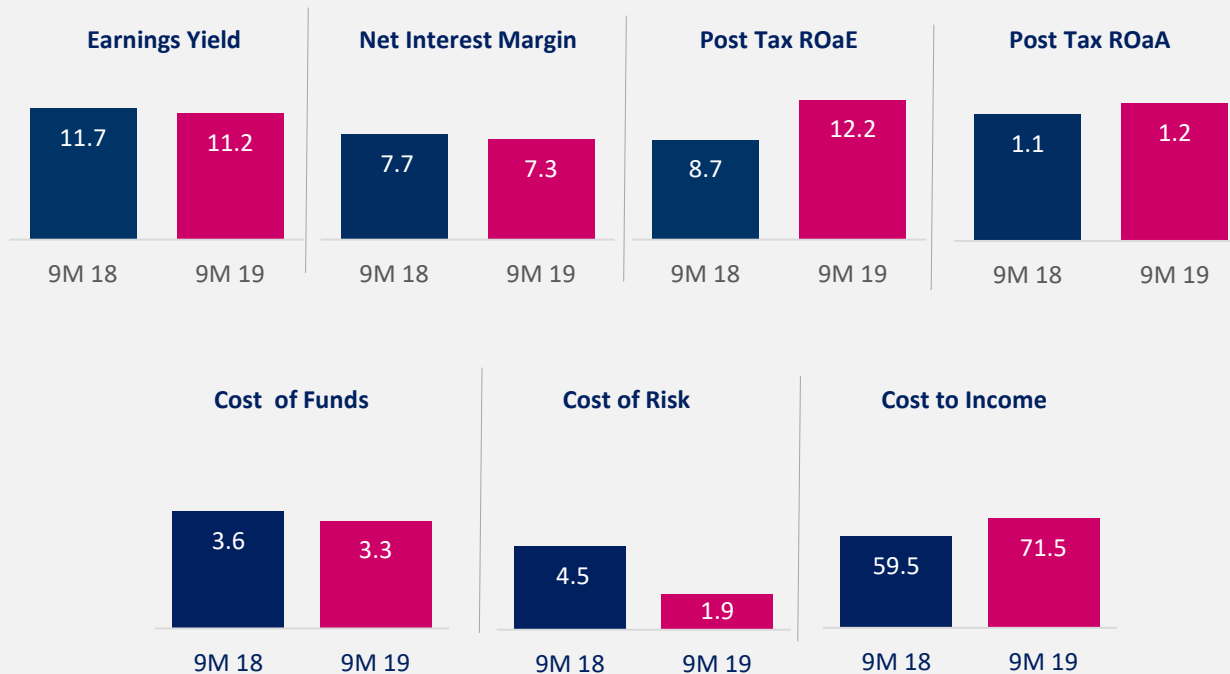
Key highlights

- Continuous improvement in asset quality in line with our commitment of achieving a single digit NPL ratio
 - Non-performing loans down to 12.6% as at September 2019 from 25.9% as at December 2018
 - Credit impairment charge improved by 62.6% y-o-y
 - Cost of risk below 2% (9M 2018: 4.5%)
- Progressive improvement in profitability
 - 17% y-o-y growth in profit before tax
 - Non-interest revenue up by 6.0% y-o-y, driven by enhanced transaction-led income (+22.6% y-o-y)
 - Further strengthened the growth of electronic banking fees (+45.9% y-o-y)
 - Increased the contribution of electronic banking to non-interest income to 34.8% (25.3% in September 2018)
- Headline y-o-y growth in operating expenses reflects ongoing strategic projects
- The Group is well positioned for the next phase of accelerated business growth

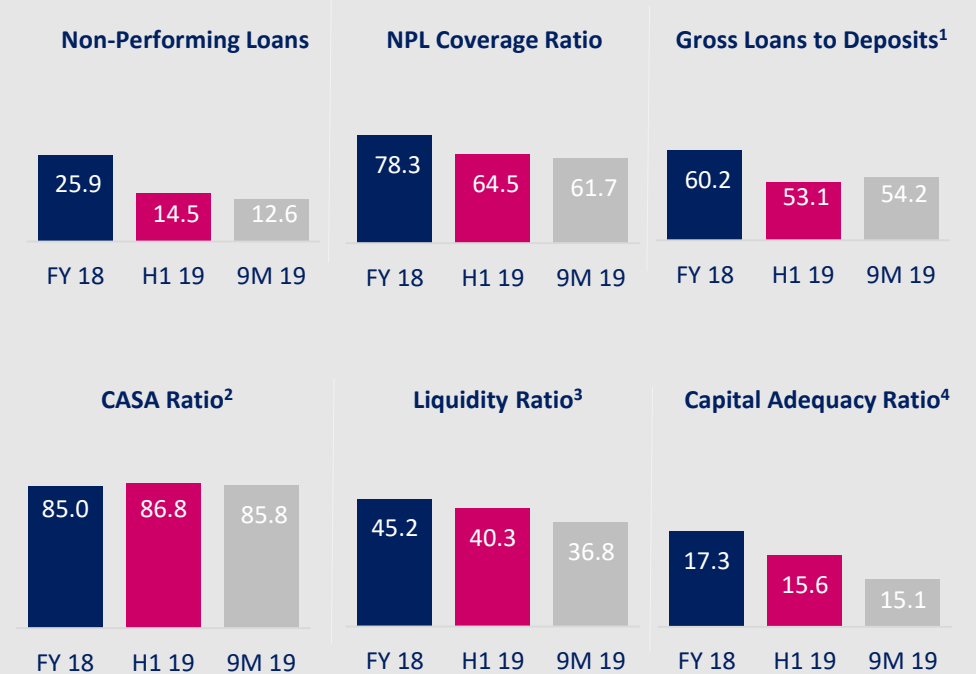


Profitability gains momentum as we focus on enhancing revenue generating capacity and improving operational efficiency

Key Income Statement Ratios (%)



Key Balance Sheet Ratios (%)

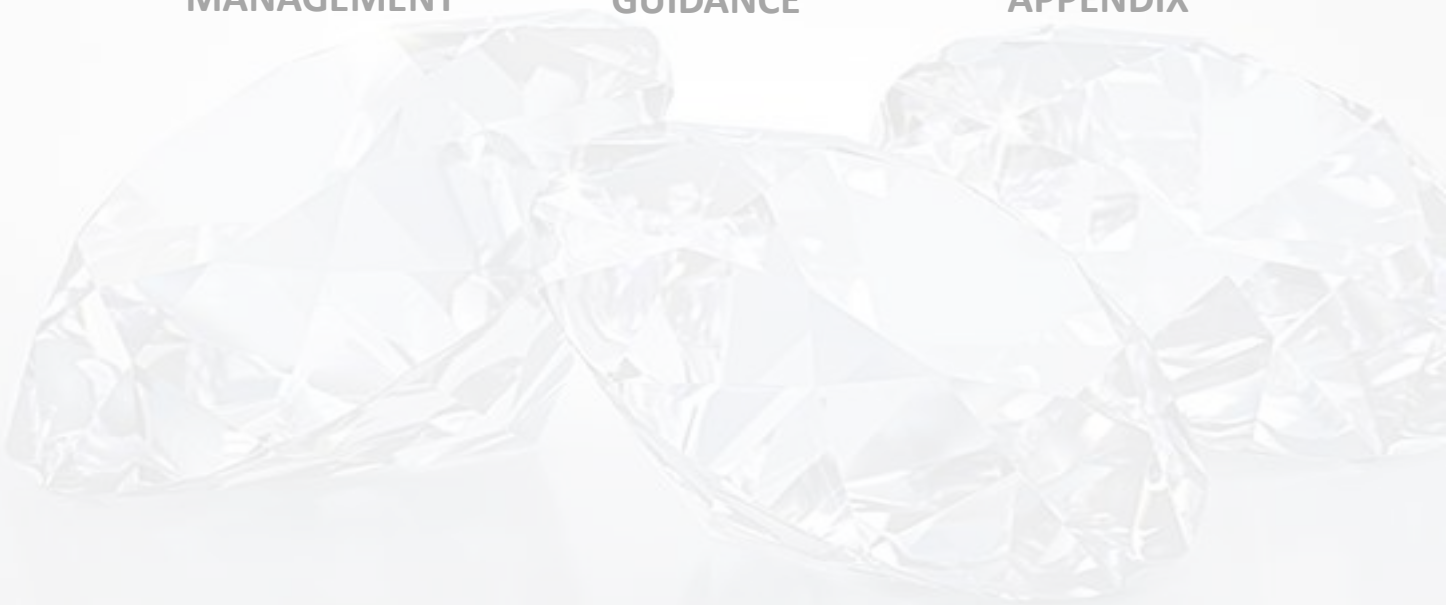


^{1,2,3,4}For FirstBank (Nigeria)

⁴For FirstBank (Nigeria), 9M 2019 CAR excludes profit for the period. Including 9M 2019 profit, CAR will be 16.40%, CAR for the Merchant Banking business is 15.2%



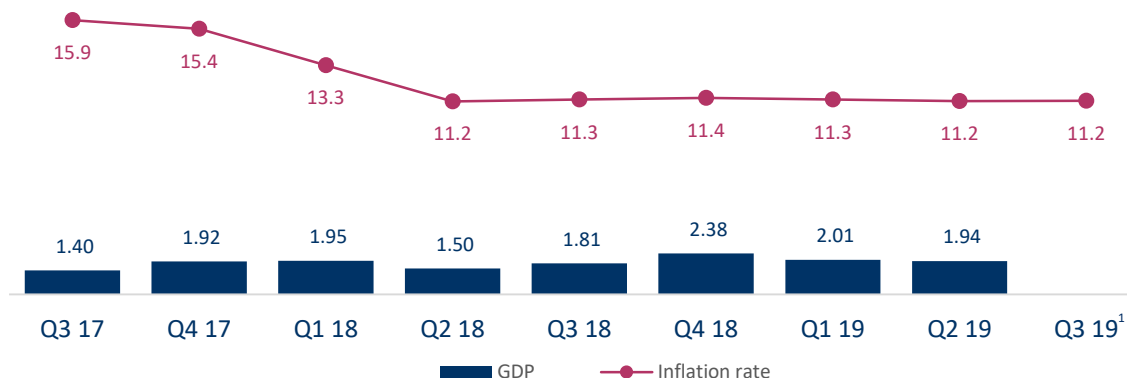
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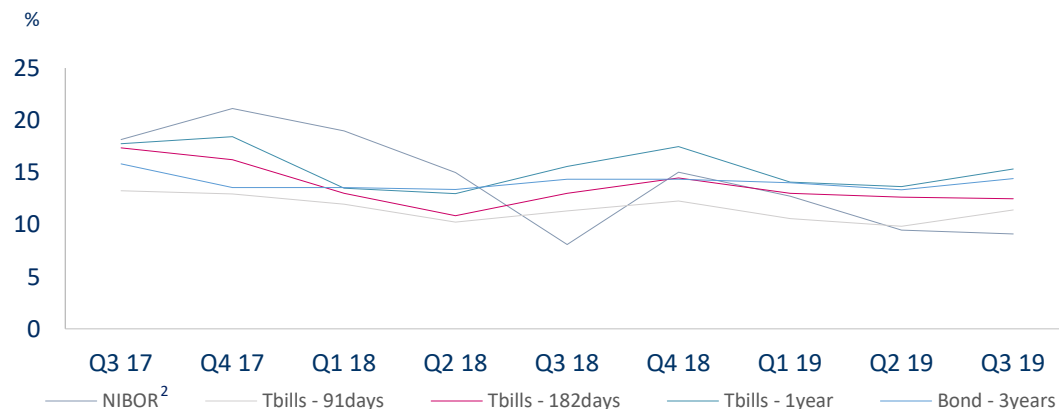


Operating environment remains challenging with macro factors influencing sentiment

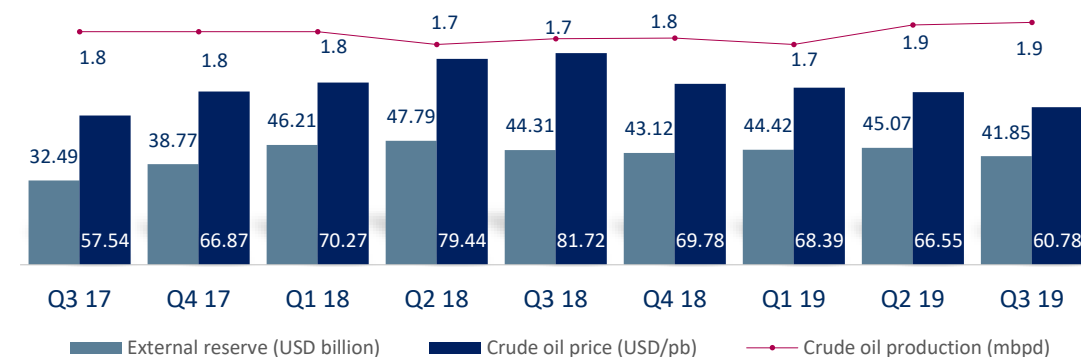
HEADLINE INFLATION REMAINS STABLE WITH DECLINING GDP



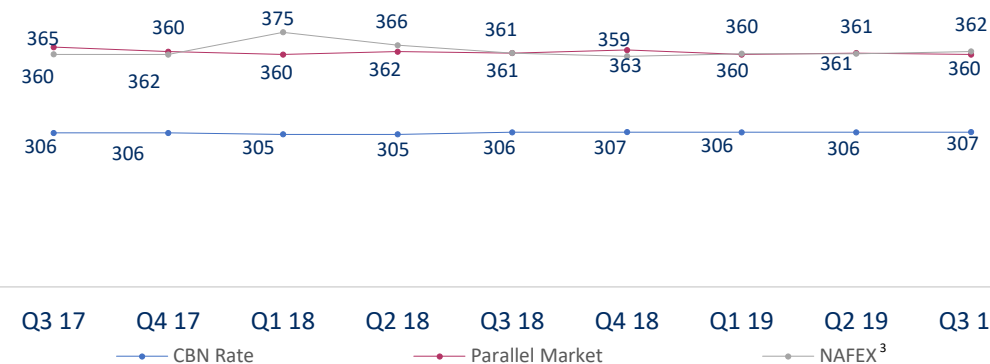
MILD UPTICK IN YIELDS ON INVESTMENT SECURITIES



DECREASE IN FOREIGN RESERVES AS CRUDE OIL PRICES SLOWS DOWN

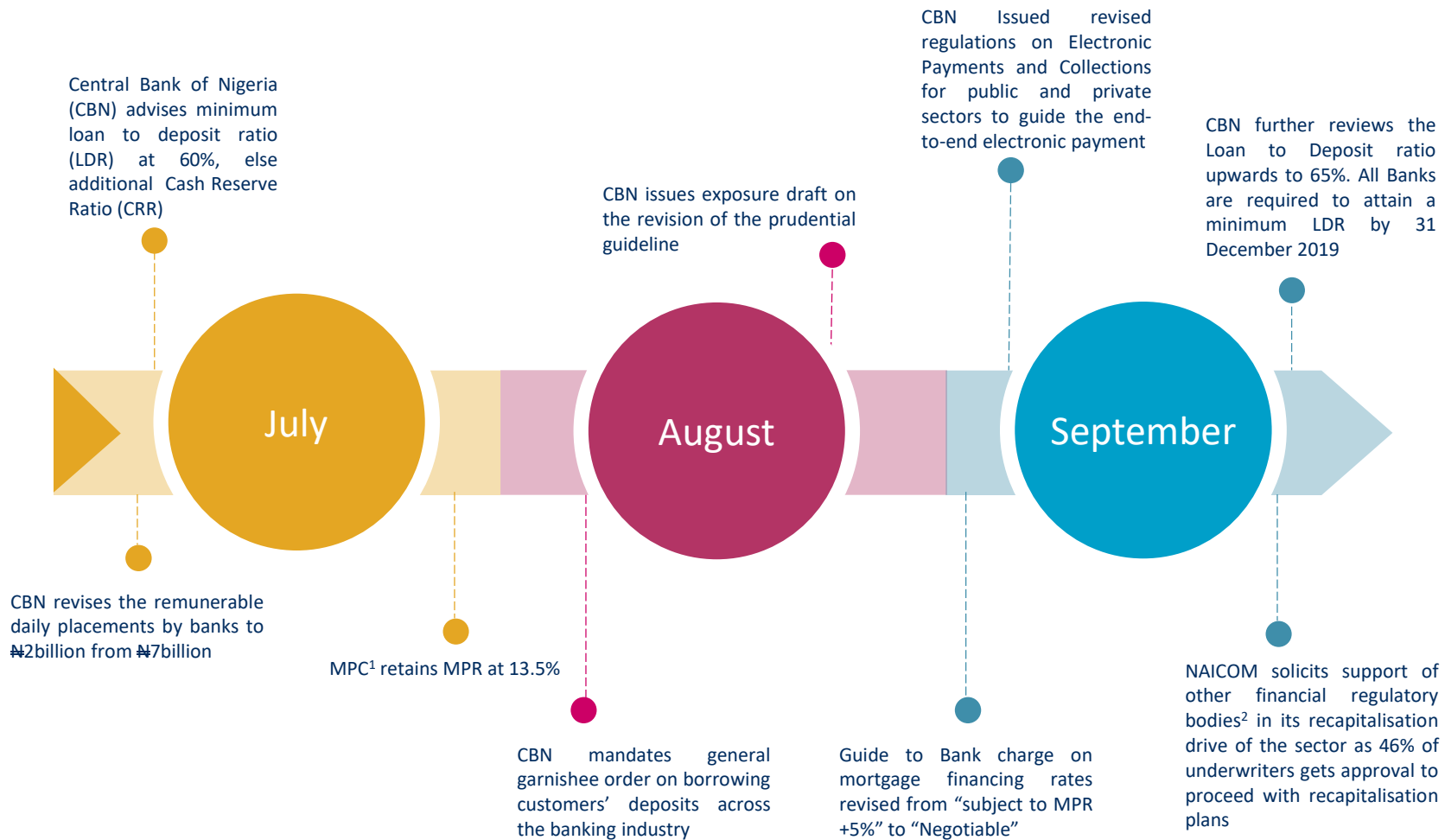


EXCHANGE RATES REMAIN STABLE AS CBN SUSTAINS POLICY STANCE





Key regulatory developments in the quarter

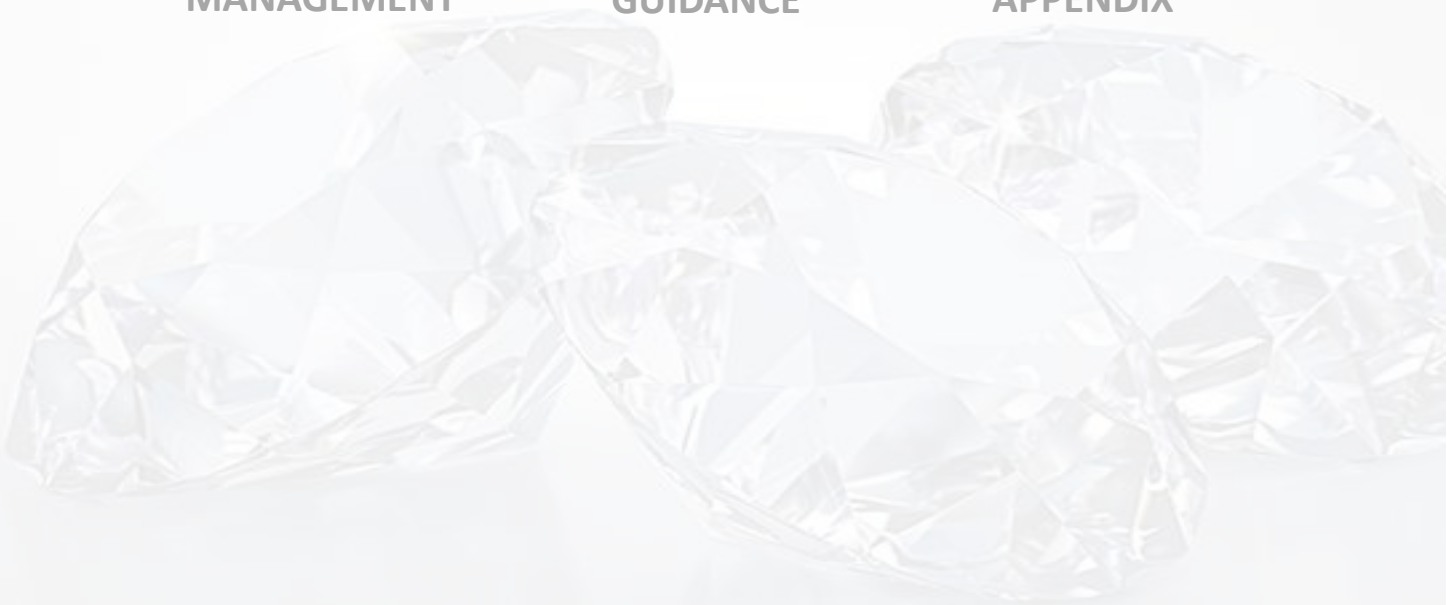


¹Monetary Policy Committee

²CBN, Nigerian Deposit Insurance Commission (NDIC), Securities and Exchange Commission (SEC)



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Delivering on our Commitments

Progressive improvement in asset quality

- ✓ On track to delivering a single digit NPL ratio
 - NPL ratio down to 12.6% from 25.9% in FY 2018
- ✓ Vintage NPL ratio remains < 1%
- ✓ Impairment charge improved by 62.6% y-o-y
- ✓ Cost of risk at 1.9% (9M 2018: 4.5%)
- ✓ Achievements demonstrate a firm resolve to significantly close challenged legacy exposures



Sustained growth in transaction-led income

- ✓ Ramped up revenue from digital channels
 - Electronic banking now represents 34.8% of non-interest income (9M 2018: 25.3%)
 - Transactions carried out via alternative channel sustained at >85%
- ✓ Consistently growing the Agent banking network
 - Firstmonie Agents now >35,500 (9M 2018: 10,184) with increasing customer adoptions
- ✓ ₦1.7trillion transactions now processed on the agent network year to date (H1 2019: ₦1.1trillion)
- ✓ Improving earnings contribution from subsidiaries across the Group

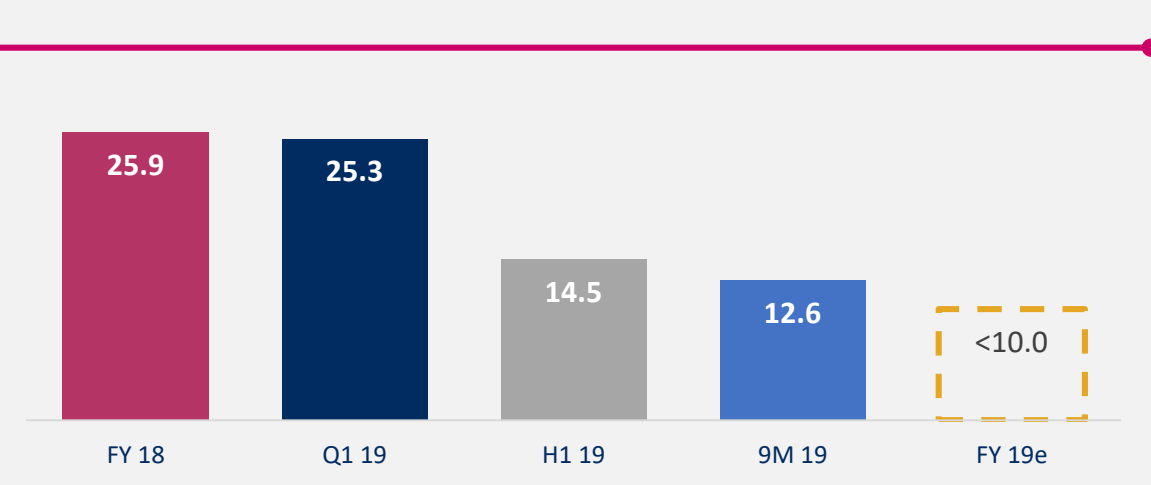
Balance sheet and cost optimisation remain focused on improved efficiency

- ✓ ROaE of 12.2% in 9M 2019 (9M 2018: 8.7%)
- ✓ Liquidity remains sound post early repayment of the cumulative US\$750 million subordinated notes in 12months
- ✓ Strong and robust balance sheet with excellent funding base
- ⊖ Cost optimisation drive muted by one-off transformational charge
 - Firmly focused on delivering on our commitments in the near term

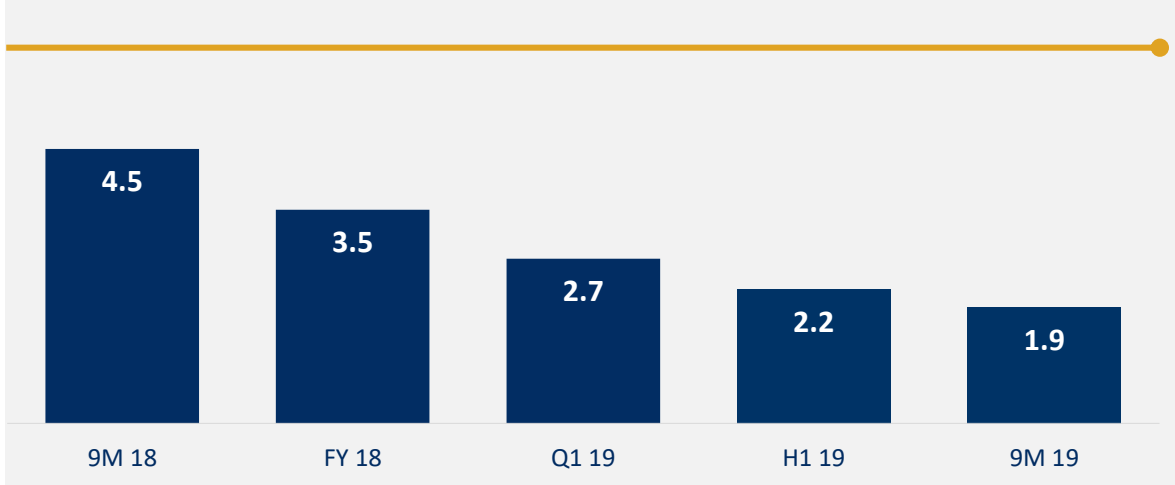


Single digit NPL in sight whilst cost of risk continues to decline

SINGLE DIGIT NPL RATIO (%) IN SIGHT | FBNHOLDINGS



COST OF RISK (%) | FBNHOLDINGS

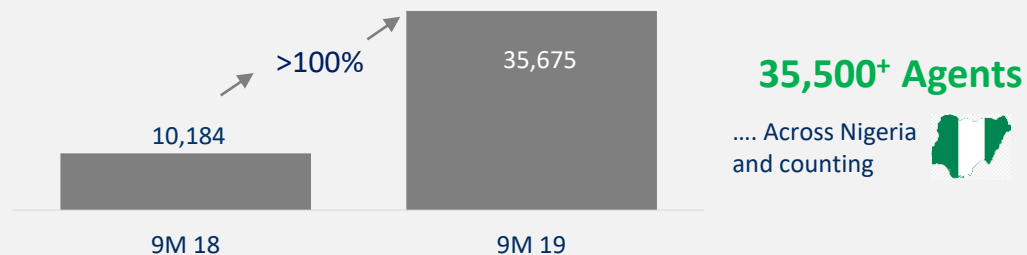


- Delivering a single digit NPL ratio remains on course
- NPL ratio down to 12.6%, demonstrates our firm resolve of strengthening the balance sheet
- Vintage NPL ratio sustained at <1% over the last 3 years reflecting the success of the revamped credit culture
- Credit impairment charge declined by 62.6%, as we continue to implement best-in-class risk management practices

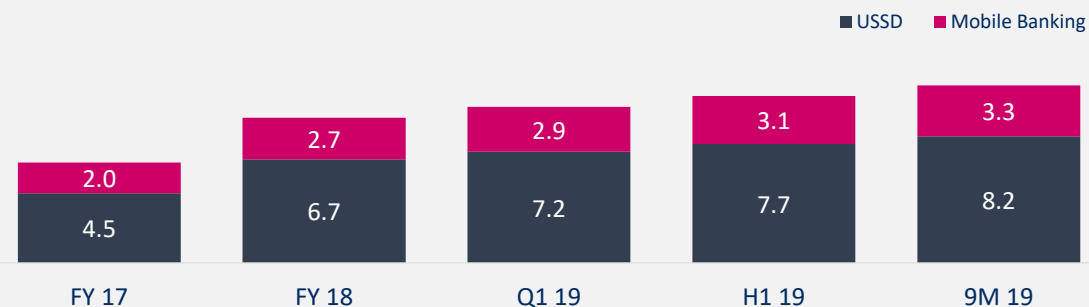


Maintained industry leadership in agency and digital banking with increasing customer adoption

Firstmonie Agent Banking Scheme



INCREASE IN CUSTOMER ADOPTION OF PAYMENT PLATFORM SUSTAINED | MILLION

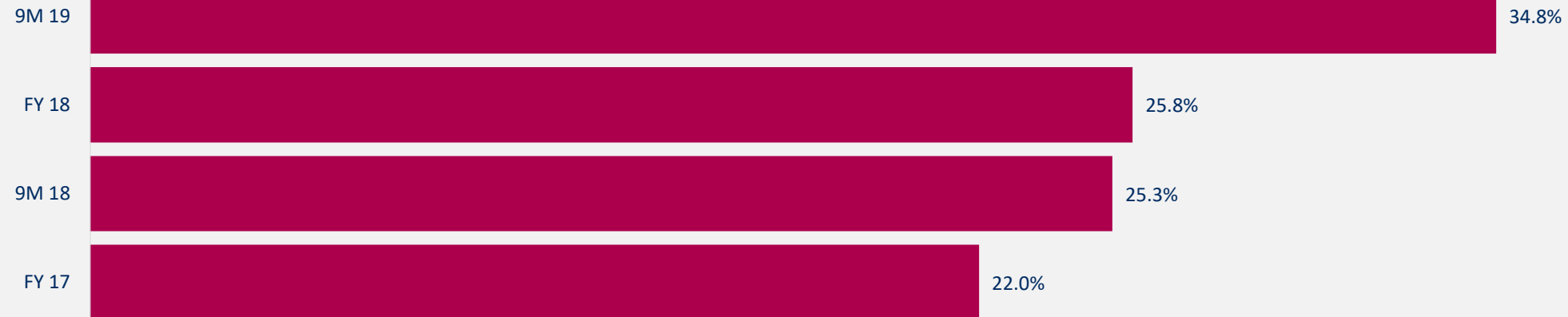


- Enhanced digital capacity with the implementation of a robust IT infrastructure – positioning the group for accelerated business growth
- Digital banking innovations supporting transaction intensity and enhanced revenue accretion across multiple channels
 - Deployment of **FirstDirect** to improve customer experience and acquisitions across wholesale segment
 - Deployed digital solutions to accelerate growth in consumer lending and enhance profitability
 - Revamped PLAS (Personal Loan Against Salary)
 - Rolled out **FirstAdvance** on USSD and FirstMobile
- ~~₦~~1.7 trillion transactions processed via Firstmonie Agents year to date (H1 2019: ~~₦~~1.1 trillion)
- ~~₦~~1.8 trillion USSD transactions processed year to date (H1 2019: ~~₦~~1.2 trillion)



Steady growth in revenue from alternative channels

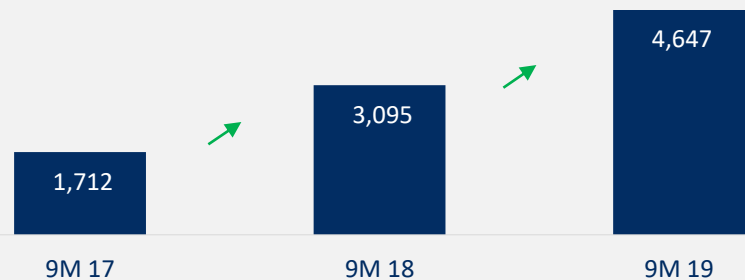
GROWING REVENUE FROM DIGITAL BANKING CHANNELS | (E- BUSINESS CONTRIBUTION TO NON INTEREST REVENUE)



USSD BANKING SCHEME | TRANSACTION VALUE (₦' BILLION)



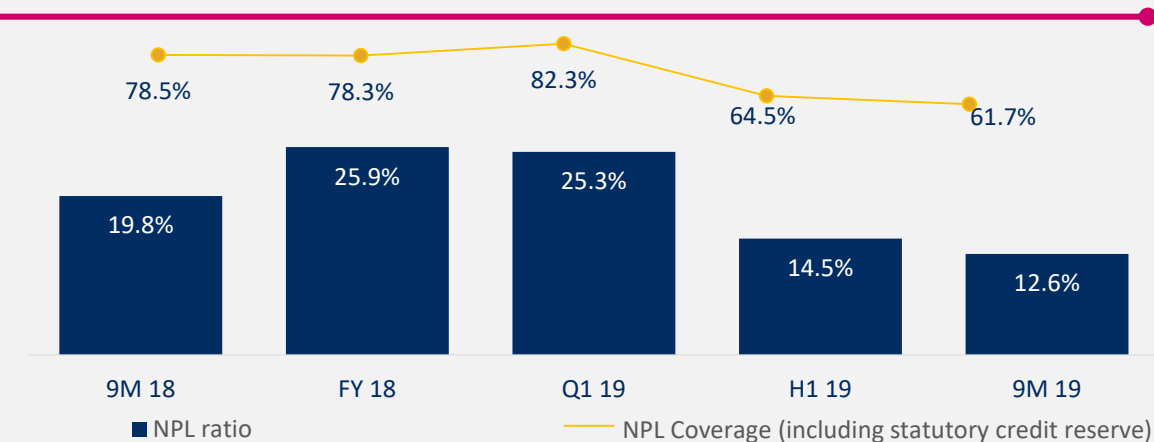
MOBILE BANKING SCHEME | TRANSACTION VALUE (₦' BILLION)



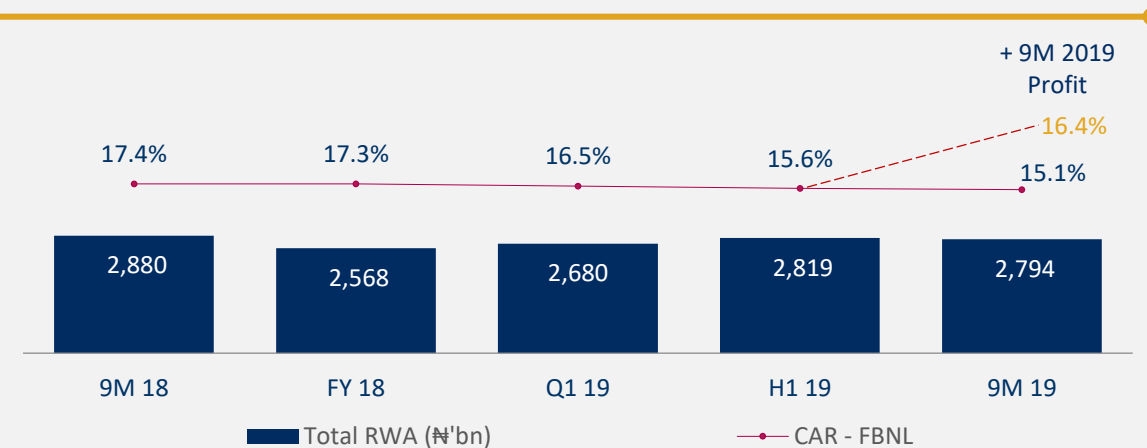


Improving NPL ratio as balance sheet optimisation and enhanced earnings provide support for growth

STEADY IMPROVEMENT IN ASSET QUALITY | FBNHOLDINGS



CAPITAL RATIOS SUPPORTS FUTURE GROWTH | FIRSTBANK (NIGERIA)

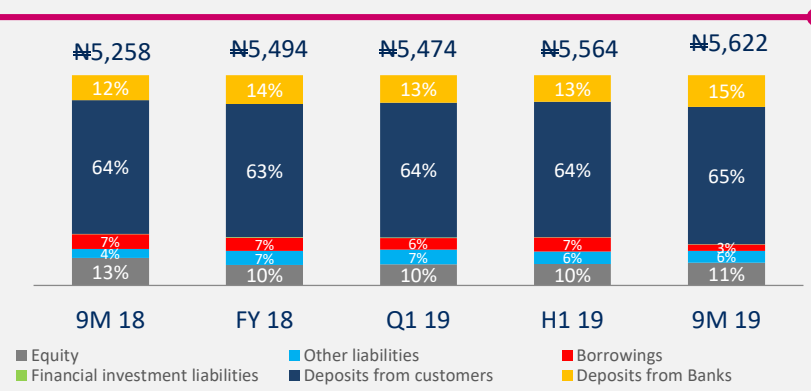


- Asset quality performance in line with group-wide commitment to de-risk the balance sheet while cautiously growing “high quality” risk asset at optimum yields
- Capital position remains above regulatory requirement
- Solid balance sheet structure

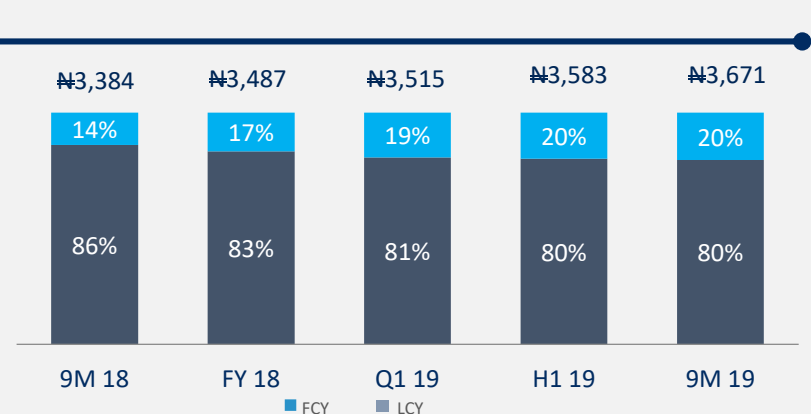


Strong liquidity, highly diversified and sustained growth in quality low cost funding, supported by the strength of the retail franchise

FUNDING BY TYPE (₦BN) | FBNHOLDINGS

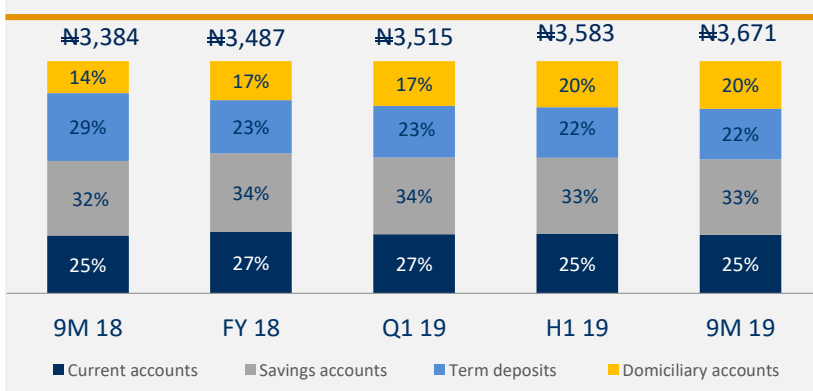


DEPOSITS BY CURRENCY (₦BN) | FBNHOLDINGS

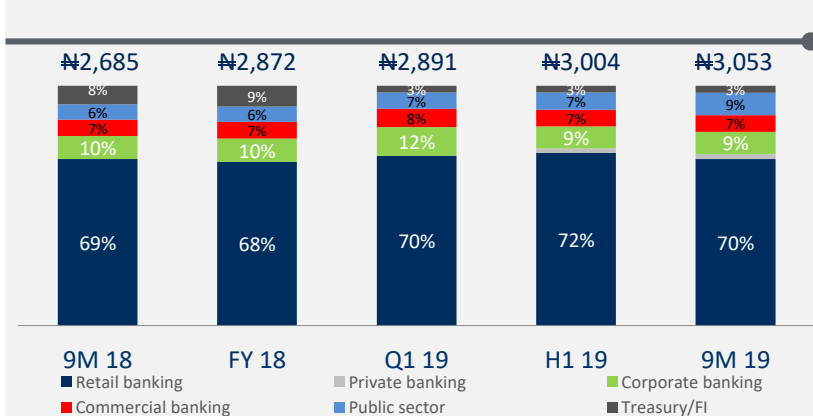


- Deposits from customers grew by 5.3% y- t-d
- Sustained strong retail franchise with deposits at ₦3.1 trillion and ₦3.7 trillion for FirstBank and FBNHoldings respectively
- FirstBank, low-cost deposits represent 86% of total deposits as at September 2019 (December 2018: 85%)
- Improved funding cost to 3.3% from 3.6% in the corresponding period
- Prepayment of a cumulative \$750 million subordinated notes in 12 months demonstrates the strength of the Bank's foreign currency liquidity

DEPOSITS BY TYPE (₦BN) | FBNHOLDINGS



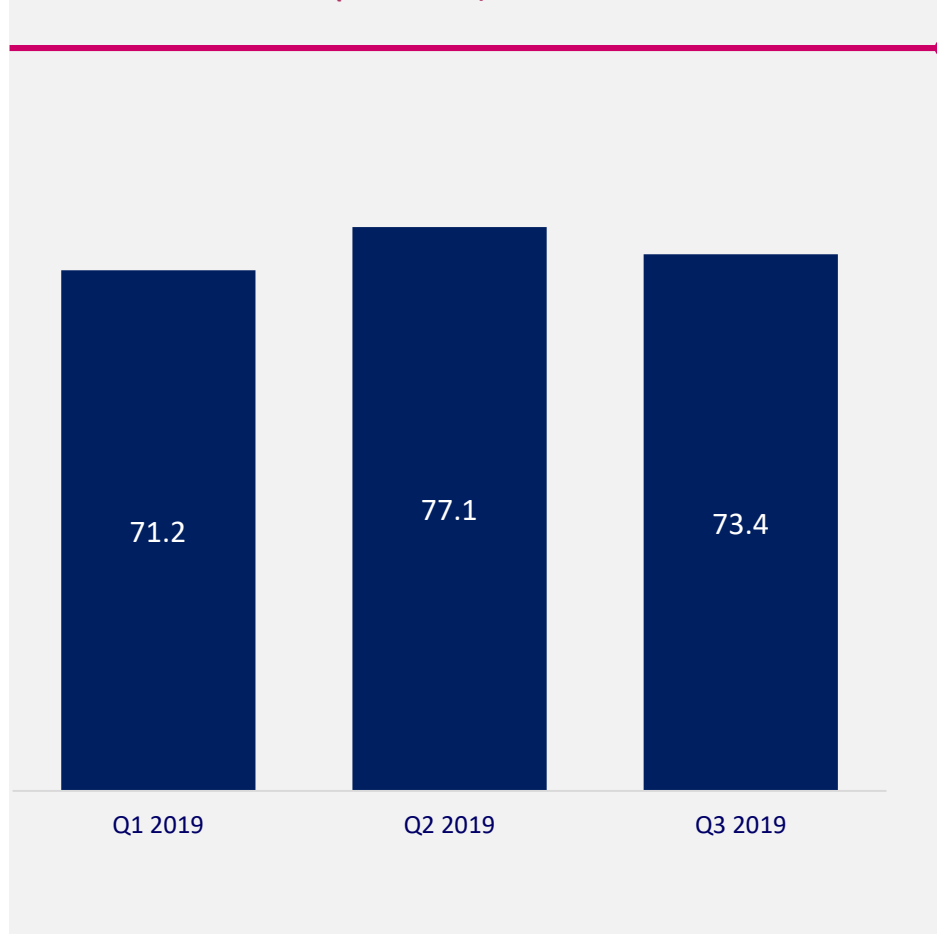
DEPOSITS BY SBU TREND (₦BN) | FIRSTBANK (NIGERIA)










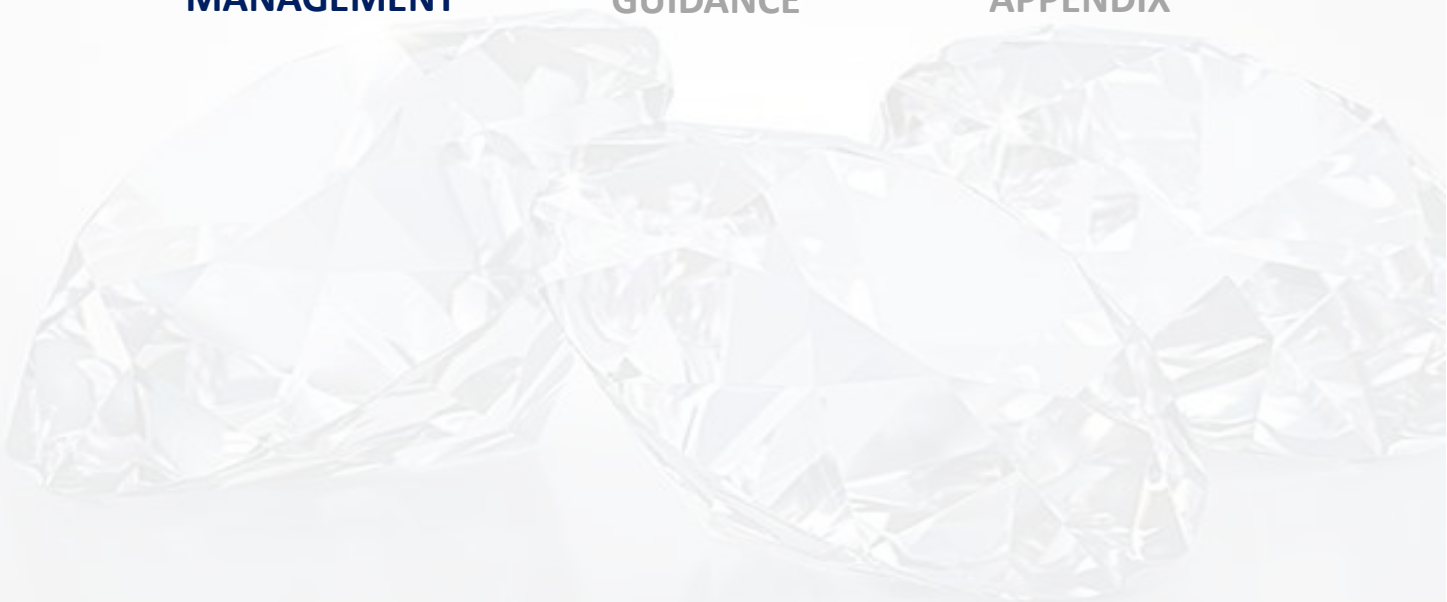
Operating expenses moderated during the quarter. Elevated CIR represents impact of one-off expenses and projects that will deliver operational efficiencies and enhance revenue accretion over the longer term

OPERATING EXPENSES (₹'BILLION)



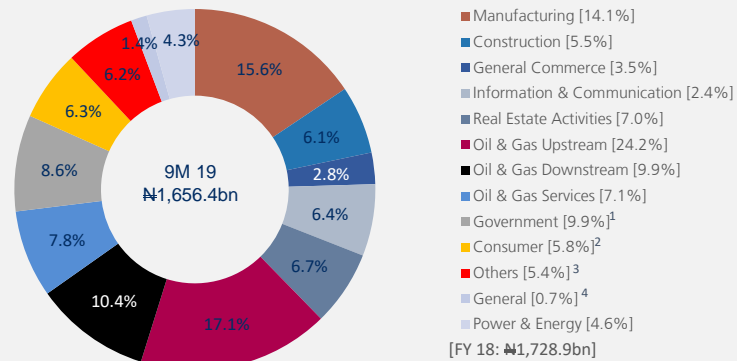
- Focus remains on operational efficiency while sustaining the growth in revenue momentum
- Y-o-y increase in **regulatory costs** was on the back of business growth and full adoption of revised AMCON charges
 - ✓ Regulatory cost constituted 13.2% of total operating cost in 9M 19; however, regulatory cost declined 30% q-o-q
- Notable **investments** in transformational projects impacted operating expense year to date. Some of these investments including:
 - ✓ e-business solutions (revenue accretive)
 - ✓ transactional banking solutions (revenue accretive)
 - ✓ enterprise architecture (business growth supportive)
 - ✓ productivity solutions (efficiency benefits)
- Excluding non – recurring costs, OPEX growth y-o-y is below headline inflation rate
- We expect these investments to support business efficiency and ramp up revenue accretive capabilities in subsequent periods

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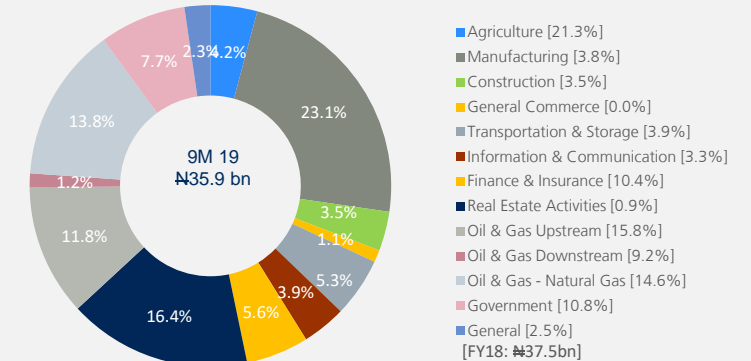
Diversified portfolio across lending businesses

9M 19 FIRSTBANK (NIGERIA) GROSS LOANS BY SECTOR

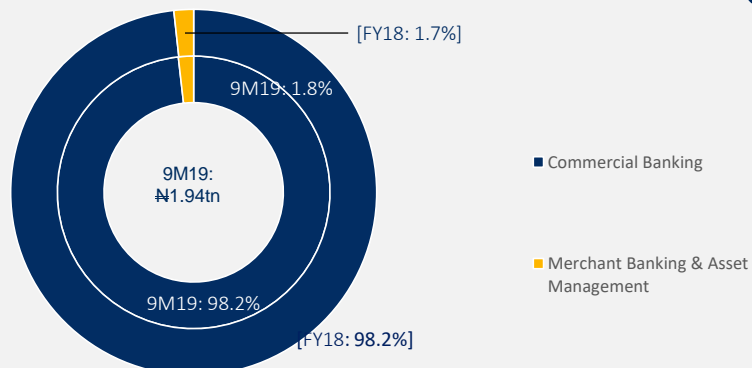


- Net loans to customer grew by 8.1% y-t-d
- Well diversified portfolio
- Focus on cautious risk asset creation to maintain a healthy balance sheet position
- Manufacturing, trade, retail/consumer and agric & agro-allied sectors including telecommunication remain key sectors to grow loans

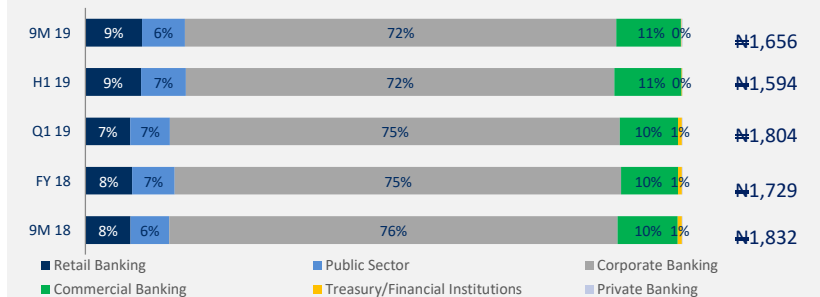
9M 19 FBNQUEST MERCHANT BANK GROSS LOANS BY SECTOR



FBNHOLDINGS GROSS LOANS BY BUSINESS GROUPS⁵



FIRSTBANK (NIGERIA) GROSS LOANS BY SBU (₦BN)



¹Government loans are loans to the public sector (federal and state)

²Represents loans in retail portfolio < ₦50mn

³Finance and Insurance, capital market, residential mortgage, agriculture

⁴General includes personal & professional, hotel & leisure, logistics and religious bodies

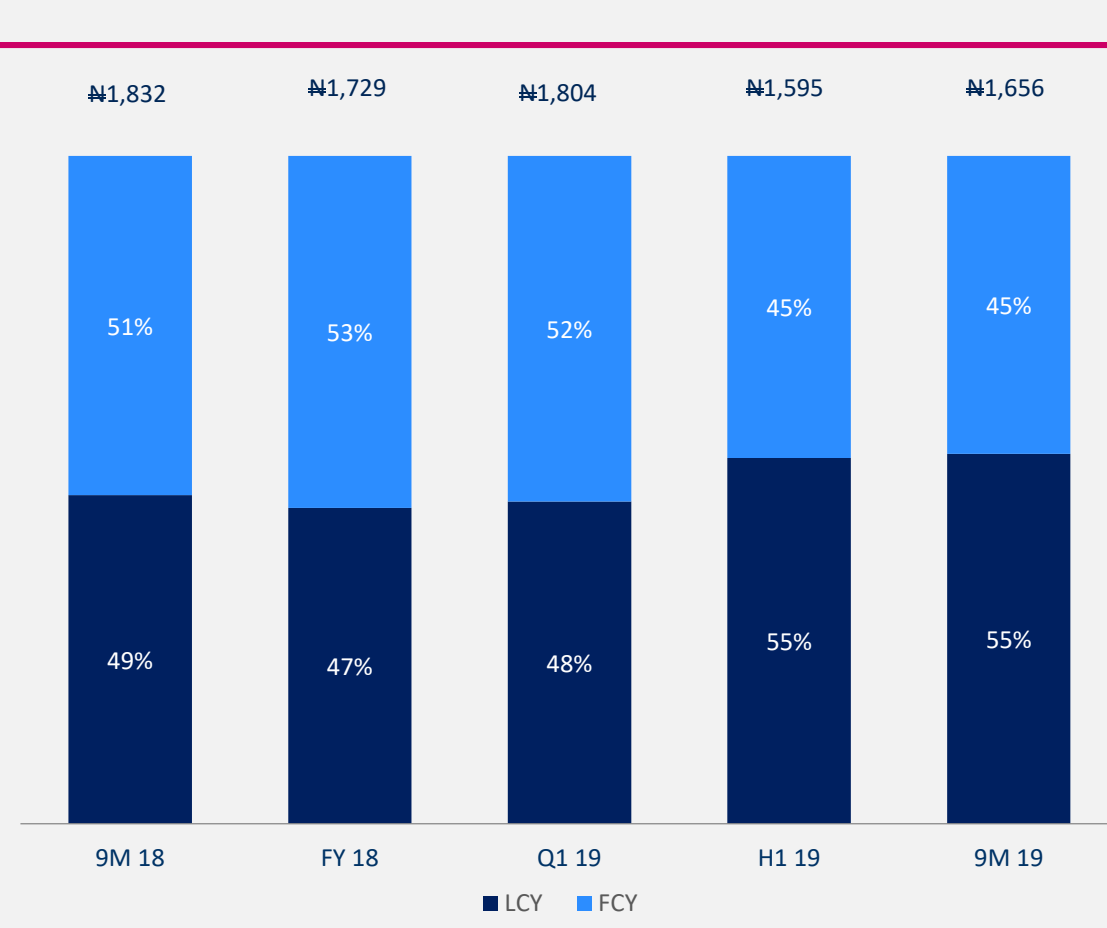
⁵Gross loans include intercompany adjustments



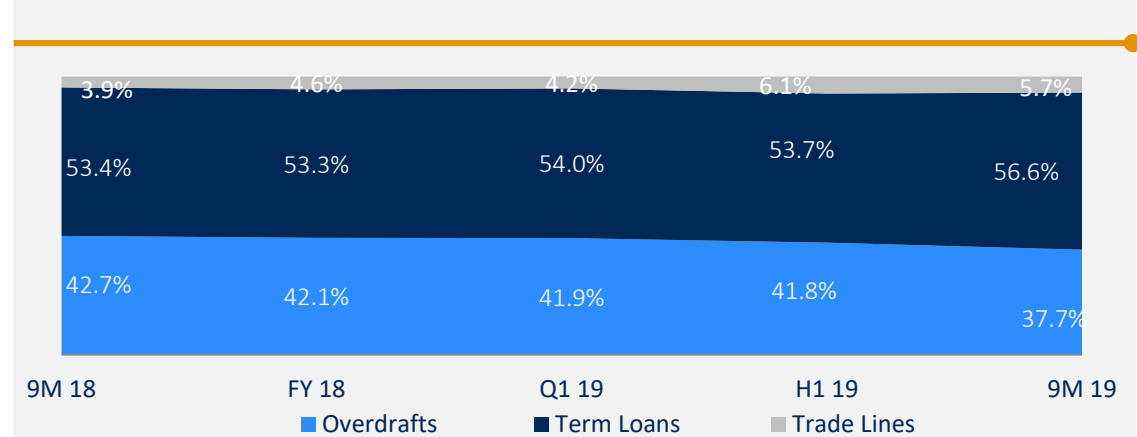


Rebalanced portfolio minimising vulnerability

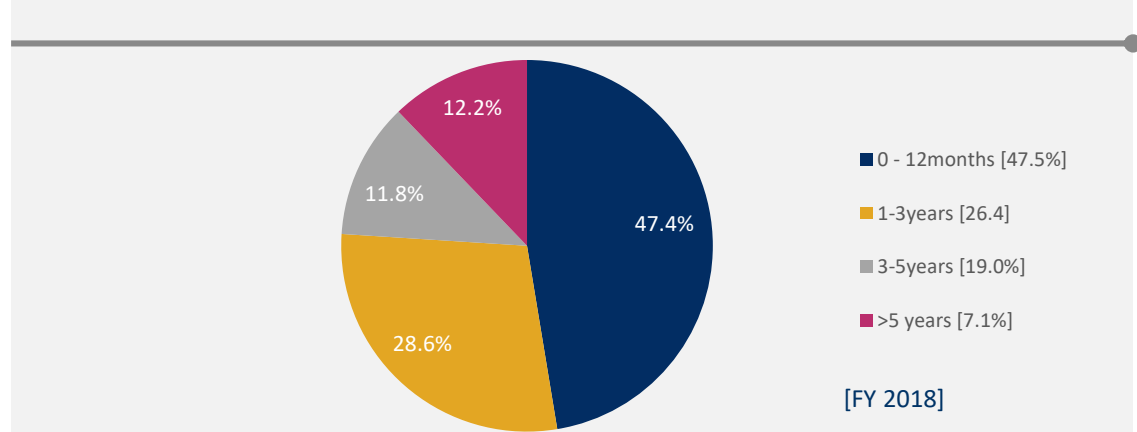
LOANS AND ADVANCES BY CURRENCY | FIRSTBANK (NIGERIA)



LOANS AND ADVANCES BY TYPE | FIRSTBANK (NIGERIA)

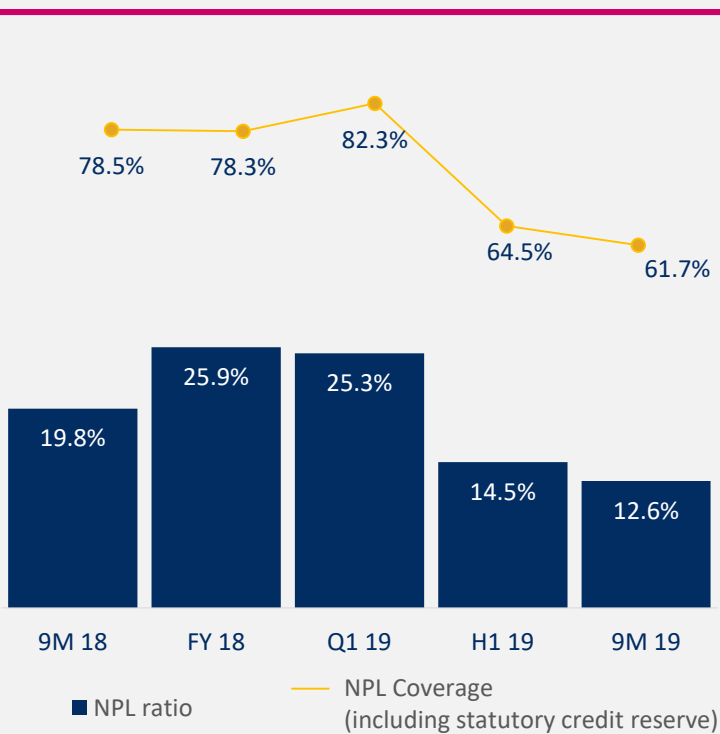


9M 2019 LOANS AND ADVANCES BY MATURITY | FIRSTBANK (NIGERIA)

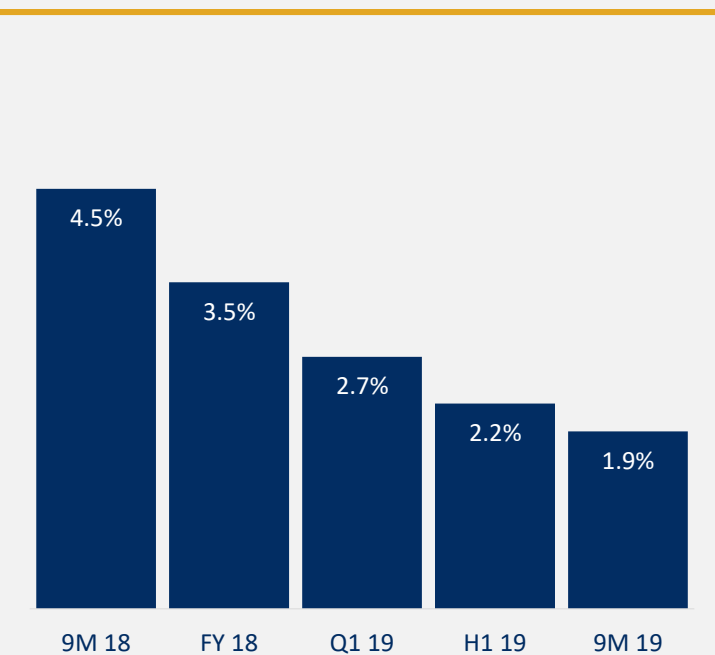


Balance sheet repositioned for enhanced earnings

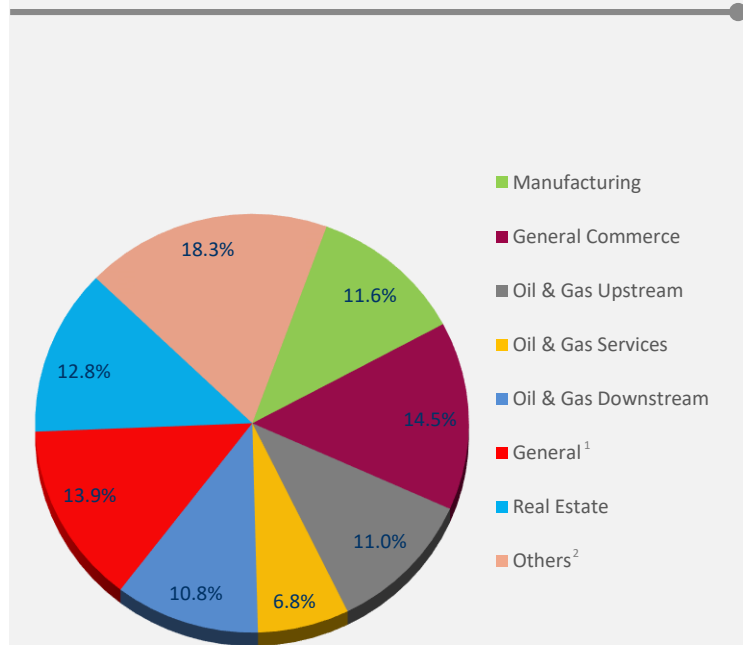
NPL RATIOS | FBNHOLDINGS



COST OF RISK RATIO | FBNHOLDINGS





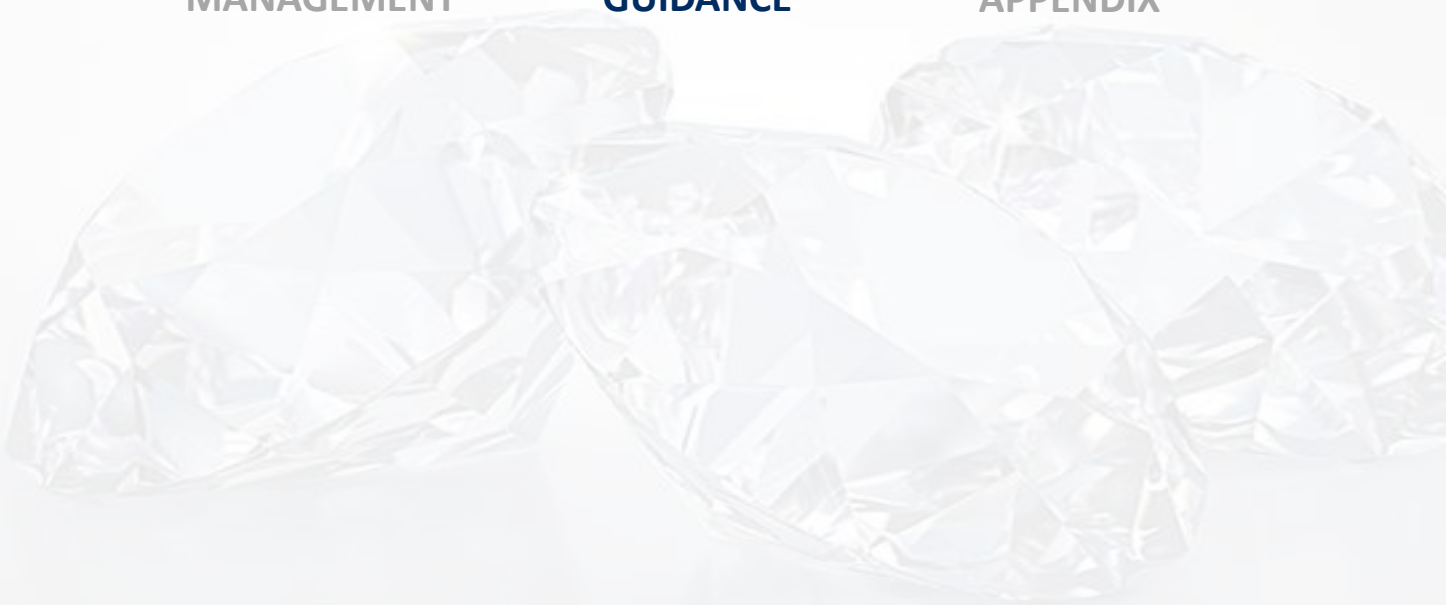
9M 19 NPL EXPOSURE BY SECTOR | FIRSTBANK (NIGERIA)



¹ General includes: hotels & leisure, logistics, religious bodies

² Others (NPL exposure by sector) include Finance, Transportation, Education, Construction, Agriculture

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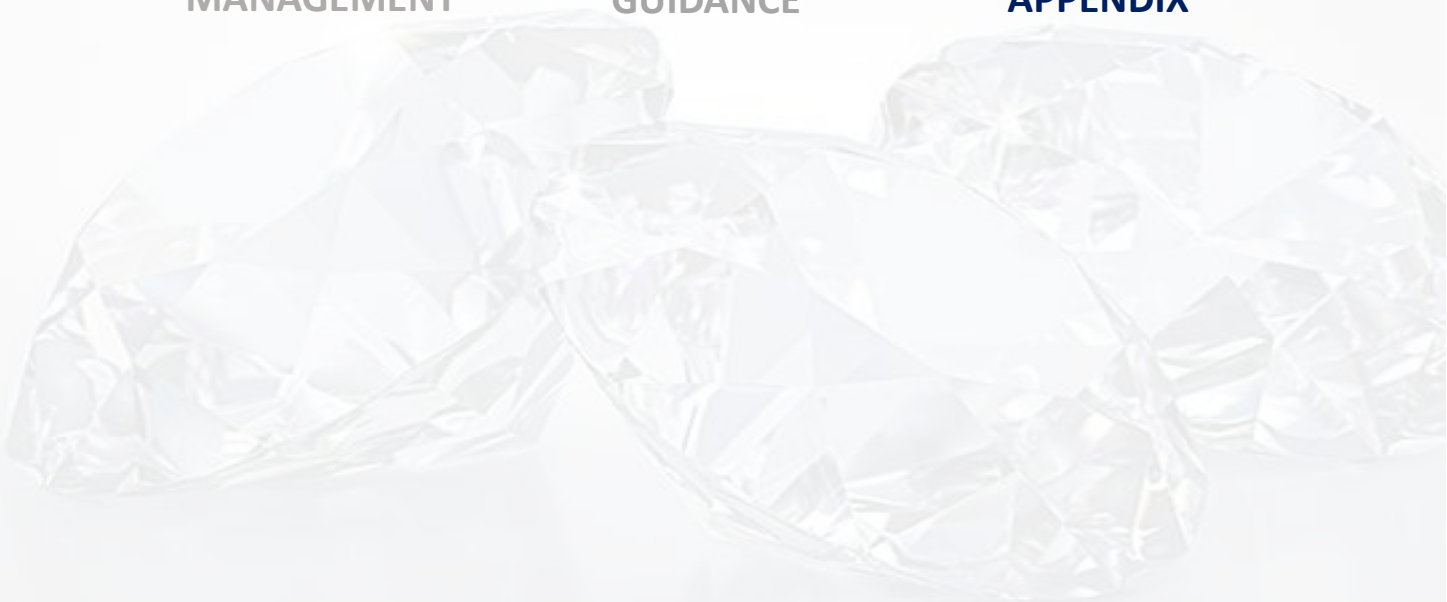
2019 Guidance

Profitability and efficiency metrics		FY 2019 (Guidance)	9M 2019 (Actual)	FY 2018 (Actual)
	ROaE	12 – 14%	12.2%	9.9%
	ROaA	1 – 1.5%	1.2%	1.1%
	Cost to Income	~71%*	71.5%	63.4%
	Cost of Risk	2 – 3%*	1.9%	3.5%
	Cost of Fund	3 – 4%	3.3%	3.4%
	NIM	7 - 8%	7.3%	7.5%
	Deposit growth	~5%*	5.3%	10.9%
	Net loan growth	<10%*	8.1%	-15.9%
	NPL ratio	<10%	12.6%	25.9%

**Revised*



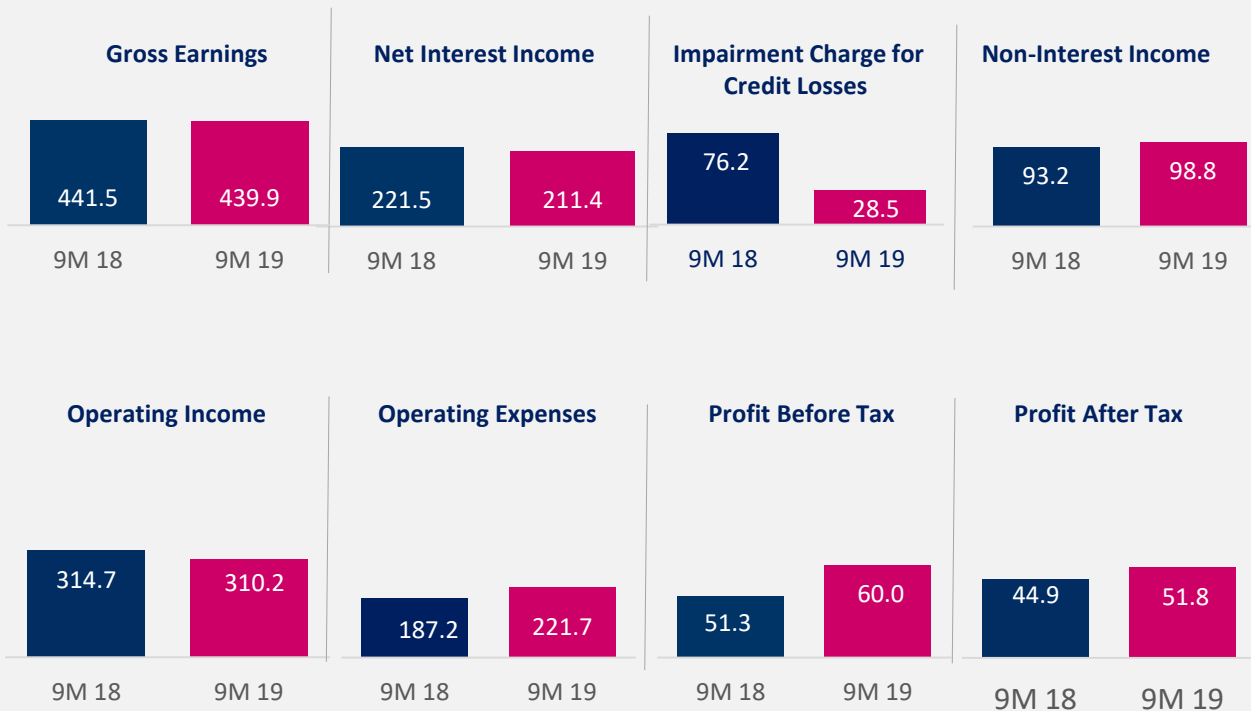
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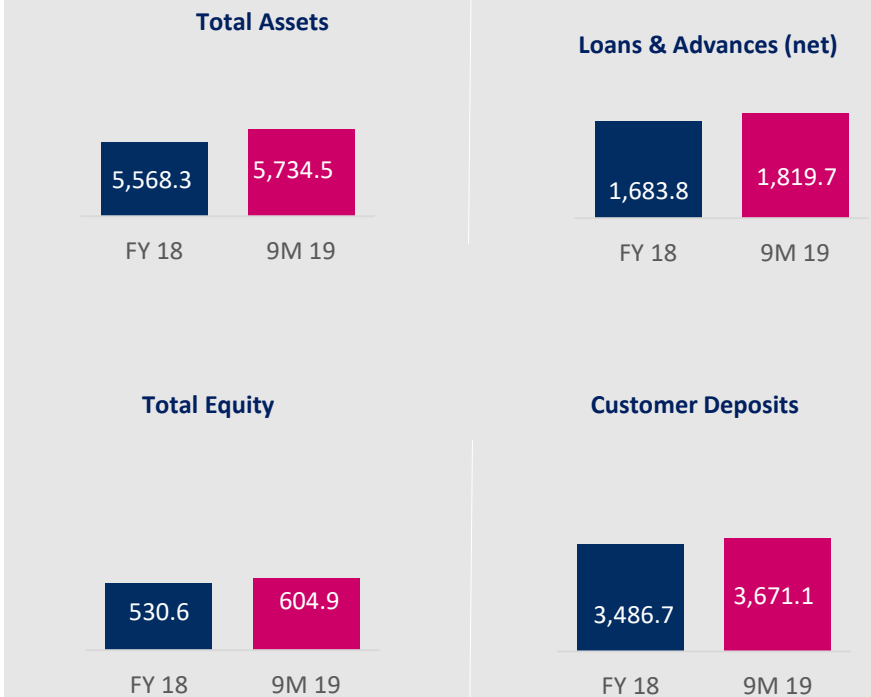


Steady optimisation of the balance sheet allows for future growth

Income Statement Snapshot (₹ billion)



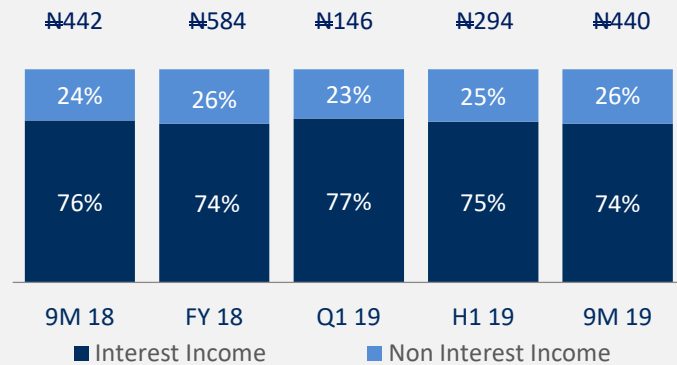
Statement of Financial Position (₹ billion)



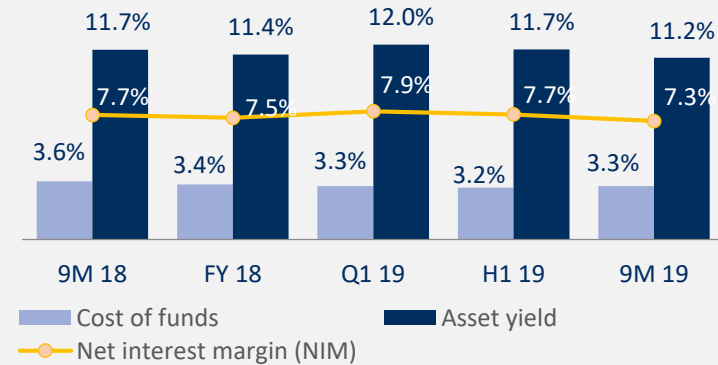


Strong non-interest income supports revenue growth

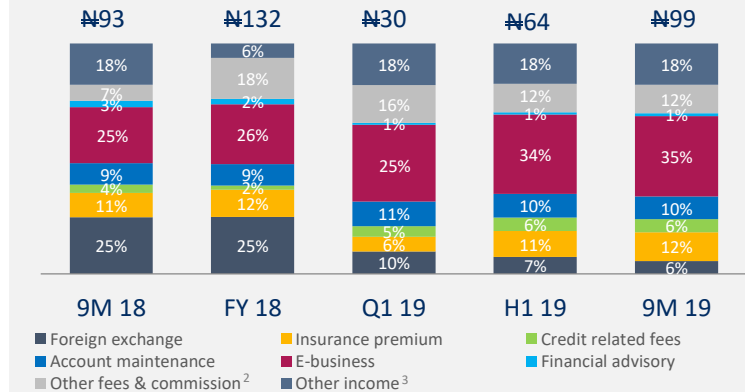
NET INTEREST MARGIN DRIVERS



NON-INTEREST INCOME (NII) BREAKDOWN (₦bn)



GROSS EARNINGS BREAKDOWN (₦bn)¹



- Gross earnings remained flat y-o-y at ₦439.9 billion, driven by improving non-interest revenue growth
- Gains in interest income was muted by low rate environment which depressed asset yields
- Sustained increasing contribution from digital banking and alternative channels with non-interest revenue contributing 34.8% from 25.3% in 9M 18
- Improved funding mix with cost of funds declining to 3.3% from 3.6% in the corresponding period
- NIM closed at 7.3% (9M 2018: 7.7%) in 9M 2019, on the back of reduced yields on interest earning assets. Focus remains on asset yields optimisation as we grow healthier risk assets

¹Non-interest income here is gross and does not account for fee and commission expense

²Other F&C include commission on bonds and guarantees, F&C expense, remittance fees, LC commission, money transfer, custodian fees, fund management fees and brokerage & intermediation and trust fee income

³Other 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





COMMERCIAL BANKING GROUP

Positioned for the next phase of business growth following substantial execution of the enterprise transformation program with a robust balance sheet and enhanced transactional capabilities

KEY FINANCIAL HIGHLIGHTS

Income statement

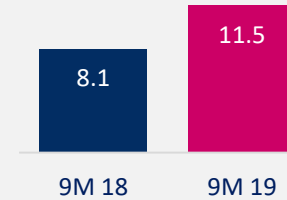
₹bn	9M 19	9M 18	y-o-y %
Gross earnings	390.6	398.7	-2.0
Operating income	272.6	283.9	-4.0
Impairment charge	28.1	76.0	-63.0
Operating expense	194.4	165.6	17.4
Profit before tax	50.1	42.3	18.6
Profit after tax	44.4	38.8	14.7

Statement of Financial Position

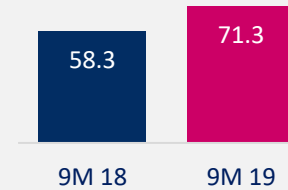
₹bn	9M 19	FY 18	y-t-d %
Loans and advances	1,845.3	1,708.2	8.0
Deposits from customers	3,595.0	3,392.6	6.0
Shareholders fund	553.9	478.2	15.8
Total assets	5,416.2	5,302.7	2.1

KEY PERFORMANCE RATIO

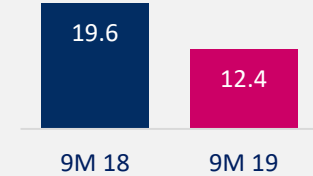
Return on Average Equity [%]



Cost to Income [%]



Non Performing Loan Ratio [%]



- Significant gains in transactional income moderated by low yields environment, resulting in marginal decline in gross revenue
- Successfully resolved our biggest legacy NPLs, resulting in lower NPL ratio and significant decline in Cost of Risk
- PBT growth of 18.6% y-o-y benefited from improving transactional income growth (+26.7% y-o-y) as we increasingly ramp up lending
- Operational efficiency remains in focus as we address the key structural issues in readiness for accelerated future growth



MERCHANT BANKING AND ASSET MANAGEMENT GROUP

Well diversified business model with an increased focus on optimising opportunities across the entire value chain

KEY FINANCIAL HIGHLIGHTS

Income statement

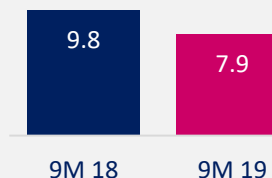
₦mn	9M 19	9M 18	y-o-y %
Gross earnings	25,313	27,368	-7.5
Operating income	12,608	14,661	-14.0
Impairment charge	339	172	97.4
Operating expense	8,213	8,893	-7.7
Profit before tax	4,073	5,629	-27.6
Profit after tax	2,638	3,492	-24.4

Statement of Financial Position

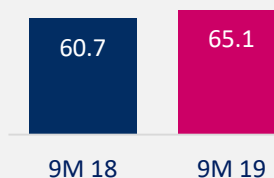
₦mn	9M 19	FY 18	y-t-d %
Loans and advances	34,404	35,557	-3.2
Deposits from customers	112,942	127,260	-11.3
Shareholders fund	44,474	44,022	1.0
Total assets	218,569	218,569	17.7

KEY PERFORMANCE RATIO

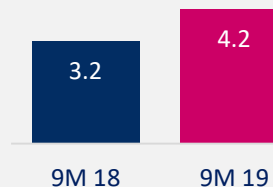
Return on Average Equity [%]



Cost to Income [%]



Non-Performing Loan¹ [%]



- The operating environment has remained challenging for the Quest business.
- Performance was largely driven by contributions from the Fixed income trading business, Corporate Banking & Investment management businesses (Asset Management, Trustees and Alternative Investments)
- FBNQuest Asset Management maintained its position as the 2nd largest asset manager of SEC registered funds in Nigeria, with total Assets under management (AUM) growing by 18% to c. ₦167 billion y-t-d²
- Cost Optimisation remains a priority for the group with operating expenses declining by 8% over the period

¹Non-performing loans applies to the Merchant Banking Business only

²Asset Management Business only





INSURANCE GROUP

Deepening market coverage and penetration resulting in diversified revenue and enhanced profitability

KEY FINANCIAL HIGHLIGHTS

Income statement

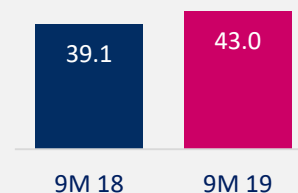
₱mn	9M 19	9M 18	y-o-y %
Gross premium written	33,349	23,258	43.4
Operating income	16,494	12,595	31.0
Operating expense	10,290	8,129	26.6
Profit before tax	6,204	4,466	38.9
Profit after tax	5,165	3,739	38.2

Statement of Financial Position

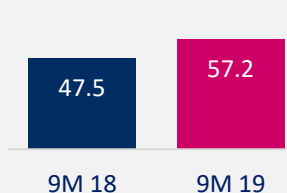
₱mn	9M 19	FY 18	y-t-d %
Liability on insurance & investment contract	76,475	53,958	41.7
Shareholders fund	18,700	13,330	40.3
Total assets	103,131	76,563	34.7

KEY PERFORMANCE RATIO

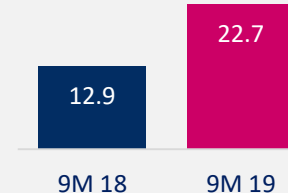
Return on Average Equity [%]



Combined Ratio¹ [%]



Claims Ratio² [%]



- Significant growth of 43.4% in gross premium written to ₱33.3 billion (9M 2018: ₱23.3 billion)
- Sustained strong profitability with ROaE of 43.0% in 9M 2019 against 39.1% in 9M 2018
- Contribution to the Group's profit before tax increased to 9.4% from 7.5% in 9M 2019
- Growth in claims ratio largely driven by annuity payment from maturing policies
- The insurance business is well positioned to meet the revised capital requirement of NAICOM by June 2020

¹Combined ratio is based on risk premium only (conventional) for FBNGeneral and FBNLife Insurance

² Claims ratio applies to FBNGeneral and FBNLife Insurance





Global Footprint





Definitions

- Cost-to-income ratio computed as operating expenses divided by operating income
- Cost of risk computed as annualised credit impairment charges divided by the average opening and closing gross loans balances
- Net-interest margin computed as annualised net interest income divided by the average opening and closing balances of interest earning assets excluding financial assets at fair value through profit & loss plus unlisted debts
- 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
- 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
- Loans to deposits ratio computed as gross loans divided by total customer deposits
- Leverage ratio computed as total assets divided by total shareholders' funds
- 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)

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