

RESILIENT



Investor & Analyst Presentation

Nine months ended 30 September 2017

DISCLAIMER

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Outline

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FBN Holdings

9M 2017 Key Highlights

Modest improvements in macro economic indices with sustained foreign currency interventions

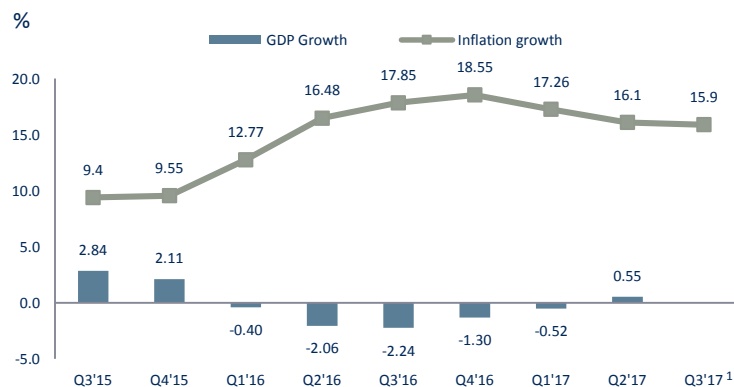
9M 2017 KEY HIGHLIGHTS

FINANCIAL REVIEW

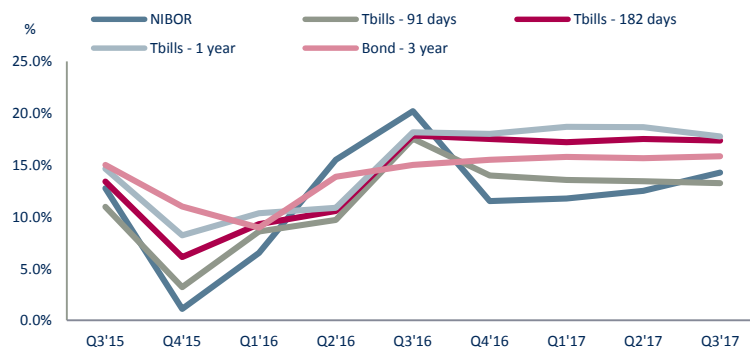
RISK MANAGEMENT

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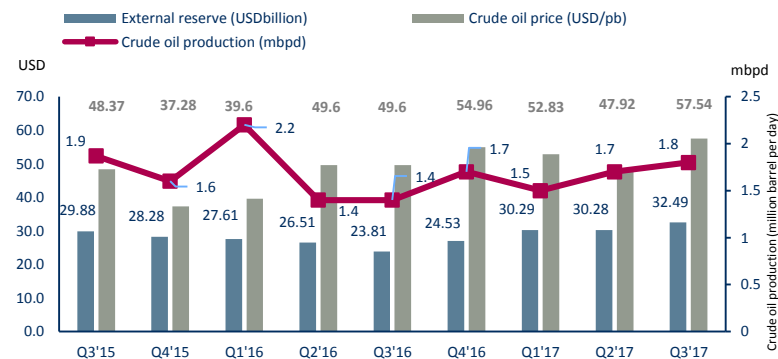
Marginal growth in Gross Domestic Product with reduced inflationary pressure



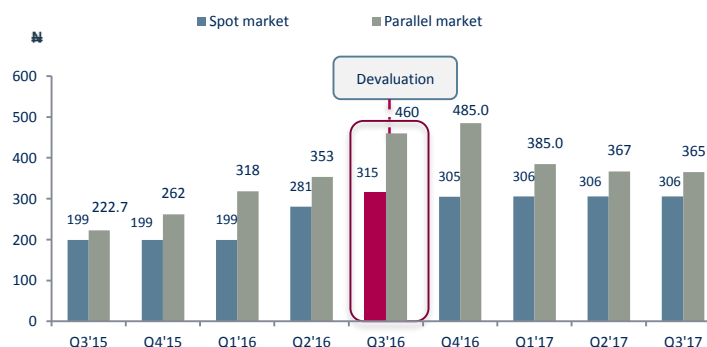
Moderating yields on investment securities



Accretion to foreign reserves following increased crude oil price and production volume



Narrowing spread in exchange rate as CBN sustains intervention



Monetary policy rate maintained for the fifth consecutive time in 2017

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KEY REGULATORY DEVELOPMENTS

AUGUST

PenCom and FRC¹ directs PFAs to adopt IFRS reporting standards in preparing financial statements

SEPTEMBER

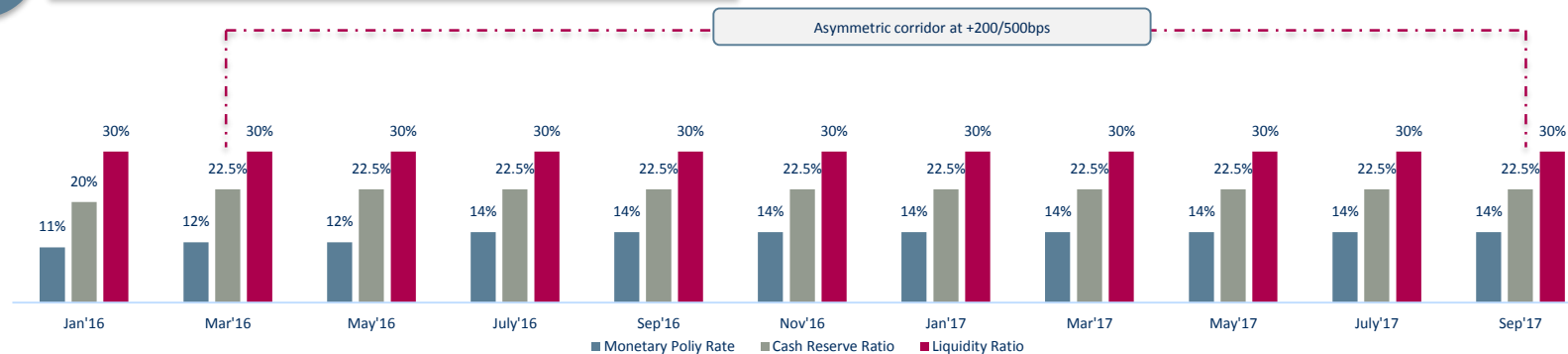
Central Bank issues exposure draft on USSD services with the aim to establish rules and mitigation considerations during implementation

CBN enforces compliance with the GIFMIS² revenue reference number to ensure ease of remittances and reconciliation in the Treasury Single Account (TSA)

Review of daily and balance limits as well as Bank Verification Number (BVN) requirement for mobile money

CBN guides banks to commence the parallel run of IAS 39 and IFRS 9 by October 1, 2017

MPC MEETING



¹Financial Reporting Council ² Government Integrated Financial Management System

Resilient revenue generating capacity is sustained from a stronger balance sheet

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INCOME STATEMENT

Gross earnings

9M17: ~~₦~~439.2bn
9M16: ~~₦~~417.4bn

Net interest income

9M17: ~~₦~~254.3bn
9M16: ~~₦~~202.9bn

Operating income¹

9M17: ~~₦~~328.1bn
9M16: ~~₦~~333.9bn

Profit before tax

9M17: ~~₦~~55.4bn
9M16: ~~₦~~57.5bn

Impairment charge for credit losses

9M17: ~~₦~~97.6bn
9M16: ~~₦~~114.7bn

Non-interest income

9M17: ~~₦~~74.0bn
9M16: ~~₦~~131.0bn

Operating expenses

9M17: ~~₦~~175.3bn
9M16: ~~₦~~161.8bn

Profit after tax²

9M17: ~~₦~~45.8bn
9M16: ~~₦~~42.5bn

STATEMENT OF FINANCIAL POSITION

Total assets

9M17: ~~₦~~4,863.9bn
FY16: ~~₦~~4,736.8bn

Loans & advances to customers (net)

9M17: ~~₦~~2,043.9bn
FY16: ~~₦~~2,083.9bn

Deposits from customer

9M17: ~~₦~~2,938.5bn
FY16: ~~₦~~3,104.2bn

Total Equity

9M17: ~~₦~~631.1bn
FY16: ~~₦~~582.6bn

KEY HIGHLIGHTS

- Resilient revenue generating capacity with a 5.2% y-o-y growth in gross earnings
- Strong net interest income at ~~₦~~254.3billion, following enhanced yields on interest earning assets and continuous optimisation of the loan book
- Improving loan book as legacy NPLs are charged off
- Funding remains stable and well diversified
- Low cost deposits remain healthy at 71.4% from 69.1% in 9M 2016 at the Group and 83.8% (9M 2016: 81.8%) at FirstBank (Nigeria)

¹ Adjusting for revaluation gain, operating income for 9M 2017 is ~~₦~~327.7billion (9M 2016: ~~₦~~274.8billion) ² Profit after tax relates to continued operations

Improvement in asset quality and operational efficiencies

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KEY RATIOS

NPL ratio¹

9M17: 20.1%
9M16: 24.9%

Cost of risk

9M17: 5.6%
9M16: 6.9%

NPL coverage

9M17: 57.6%
9M16: 43.6%

CAR² (Basel 2)

9M17: 17.2%
9M16: 15.4%

Earnings yield

9M17: 12.3%
9M16: 10.2%

Net interest margin

9M17: 8.8%
9M16: 7.5%

Cost to income ratio

9M17: 53.4%
9M16: 48.4%³

Gross loans to deposits

9M17: 77.7%
9M16: 75.1%

Liquidity ratio⁴

9M17: 47.4%
9M16: 54.3%

Cost of funds

9M17: 3.5%
9M16: 2.7%

Post-tax ROAE⁵

9M17: 10.1%
9M16: 9.4%

Post-tax ROAA⁵

9M17: 1.3%
9M16: 1.2%

KEY HIGHLIGHTS

- Persistent improvement in asset quality metrics
- Improving efficiency trends on a normalised basis
- Adjusting for FX revaluation gains, cost to income ratio closed at 53.5% (9M 2016; 58.9%)
- Efficient pricing mechanism resulting in stronger NIMs in a high interest rate environment
- Adequate capital protection sustained

¹ NPL ratio in H1 2017 was 22.0% ²For FirstBank (Nigeria), 9M 2017 CAR excludes profit. Including 9M 2017 profit, CAR will be 18.5%, FBN Merchant Bank's CAR for FY 2016 (22.6%), 9M 2017 (23.1%) excluding 9M 2017 profit ³ Adjusting for FX revaluation gains cost to income ratio will be 58.9% ⁴ FirstBank (Nigeria) ⁵ Profit after tax from continued operations

Steady progress in strengthening the fundamentals of the Group (Commercial Banking Group)

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Risk Management and Asset Quality

- Good progress in strengthening credit approval processes as well as improving asset quality, remediation and associated metrics across the group
- Ongoing automation of credit evaluation and approval workflow
- Continuous group-wide monitoring and evaluation of risk effectiveness



Cost Optimisation

- Concluded new branch operating structure to optimise core staff utilisation
- Increasing process automation, integration and transformation
- Deploying group-wide Oracle Enterprise Resource Planning platform to enhance analytics, visibility of spending and overall productivity



Revenue Collaboration and Synergy

- Deployed the Business Referral Application (BRA) across the group towards actively monitoring the cross sell initiatives
- Increased investment in priority international subsidiaries of FirstBank to increase contribution from subsidiaries



Digital Banking /Innovation

- Driving digital capabilities and growing digital banking sign-on
- Implementation of a robust integrated cash management solution to drive collections and fee income
- FirstBank achieved a milestone as the first financial institution to issue over 10 million cards in the Nigerian Banking industry and second in Africa
- Piloting Agent Banking for launch in 2018
- Improving number of subscribers on the USSD platform with appreciable growth in transaction value



Capital Efficiency

- Maintained capital position well above regulatory requirement with adequate protection against probable shocks
- Regular review of capital adequacy across subsidiaries
- Effective deployment of capital resources across subsidiaries
- Capitalising 9M 2017 profits, CAR would be 18.5%

Steady progress in strengthening the fundamentals of the Group (MBAM¹ and Insurance Group)

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Risk Management and Asset Quality

Merchant Banking and Asset Management

- Proactively manage all aspects of risk; credit, operational and market risk

Insurance Group

- Maintained cautious approach towards accepting profitable corporate insurance policies.



Cost Optimisation

- Established a "Quality Assurance Committee" to drive adoption of solutions from the technology transformation project
- Continuous implementation of enhanced budgetary control measures

- Shared services framework within the insurance group provides cost advantages.



Revenue Collaboration and Synergy

- Introduction of collaboration KPIs in the performance management metrics to foster collaboration within FBNQuest and FBNHoldings
- Group client service teams have been created to increase share of customer wallet.

- Collaboration with FBN Asset Management to embed life insurance in a new Asset Management product.
- Leveraging on the Group Business Referral Application for cross selling.



Digital Banking/Innovation

- Enhancement of digital capabilities across the business to optimise customer experience
- Ongoing product and process innovation initiatives to improve efficiency and customer experience

- Ongoing development of the FBNi Mobile App.
- Concluding the upgrade of the e-commerce platforms.
- Ongoing automation of payment platforms such as USSD.



Capital Efficiency

- Well capitalised business with strong capital adequacy ratio
- Continue to deploy strategies to optimize balance sheet and increase returns to shareholders

- Strong capital base in readiness for potential implementation of risk based capital regulatory regime.
- Growing shareholders' funds arising from strong profitability in the life business.

¹Merchant Banking and Asset Management



Steady progress in
performance

9M 2017 Actual

FY 2017 guidance

NPL: 20.1%

≤20%

Cost of Risk: 5.6%

6-7%

Cost to Income: 53.4%

≤55%

RoAE: 10.1%

≥10%

Net Interest Margin: 8.8%

8-8.5%

Cost of Fund: 3.5%

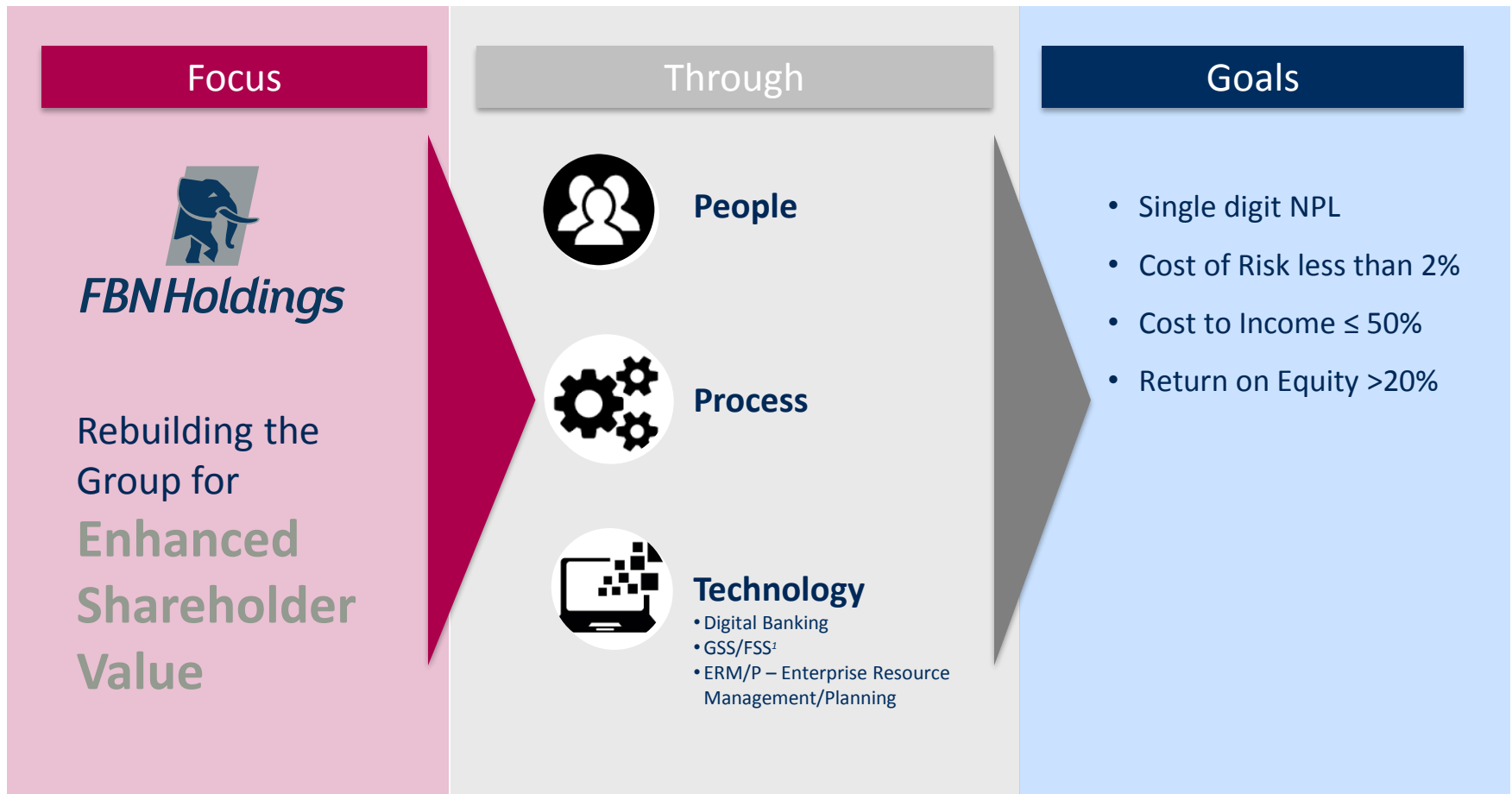
3-4%

Deposit growth: -5.3%

~10%

Net loan growth: -1.9%

5-10%





FBN Holdings

Financial Review

9M 2017 results snapshot

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Income statement

₦bn	9M 16	9M 17	y-o-y
Gross earnings	417.4	439.2	5.2
Net interest income	202.9	254.3	25.3
Non-interest income	131.0	74.0	-43.5
Operating income ¹	333.9	328.1	-1.7
Operating expenses	161.8	175.3	8.4
Pre-provision operating profit ¹	172.2	152.8	-11.3
Impairment charge	114.7	97.6	-14.9
Profit before tax	57.5	55.4	-3.5
Income tax	14.9	9.6	-35.8
Profit after tax	42.5	45.8	7.8

Statement of financial position

₦bn	FY 16	9M 17	y-t-d
Total assets	4,736.8	4,863.9	2.7
Investment securities (interest earning)	1,193.9	1,266.8	6.1
Interbank placements	444.9	631.5	41.9
Cash and balances with Central Bank	690.2	577.1	-16.4
Net loans & advances to customers	2,083.9	2,043.9	-1.9
Customer deposits	3,104.2	2,938.5	-5.3
Total equity	582.6	631.1	8.3

Key ratios ¹	FY 16	9M 16	9M 17
Net interest margin	8.8%	7.5%	8.8%
Cost to income	47.0%	48.4%	53.4%
Cost of funds	2.8%	2.7%	3.5%
NPL	24.4%	24.9%	20.1%
NPL coverage	57.3%	43.6%	57.6%
Cost of risk	10.4%	6.9%	5.6%
ROaE	3.0%	9.4%	10.1%
ROaA	0.4%	1.2%	1.3%
CAR – FirstBank (Nigeria) - Basel 2	17.8%	15.4%	17.2% ²
CAR – FBN Merchant Bank - Basel 2	22.6%	28.9%	23.1%
Gross loans to deposits	77.1%	75.1%	77.7%

¹Definition provided in the appendix; ²Adjusting for 9M 2017 profits, FirstBank (Nigeria) Capital Adequacy ratio will be 18.5%

Underlying improvement in cost efficiency moderated by the current operating environment

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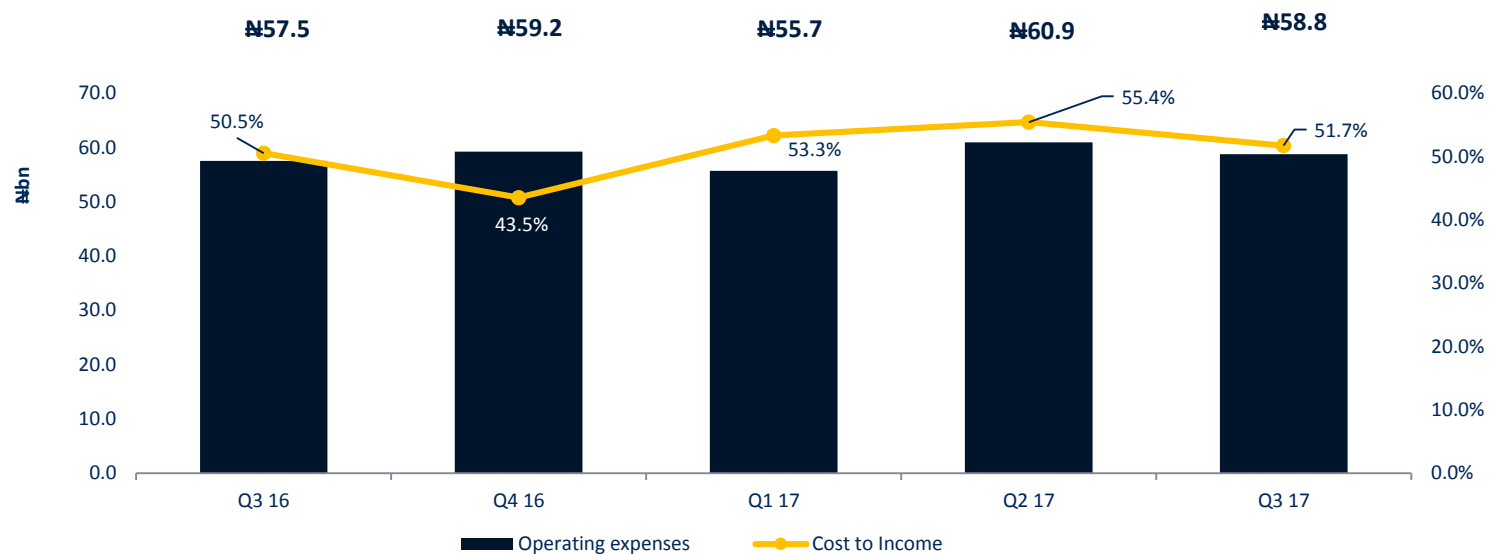
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Cost to Income – 9M 2017:
53.4% [9M 2016: 48.4%]

*Adjusting for Foreign exchange
revaluation gains, cost to income :
53.5% (Sept 2016:58.9%)*

Operating expenses (Nbn)



Improved yields on interest earning assets and continuous optimisation of the loan book

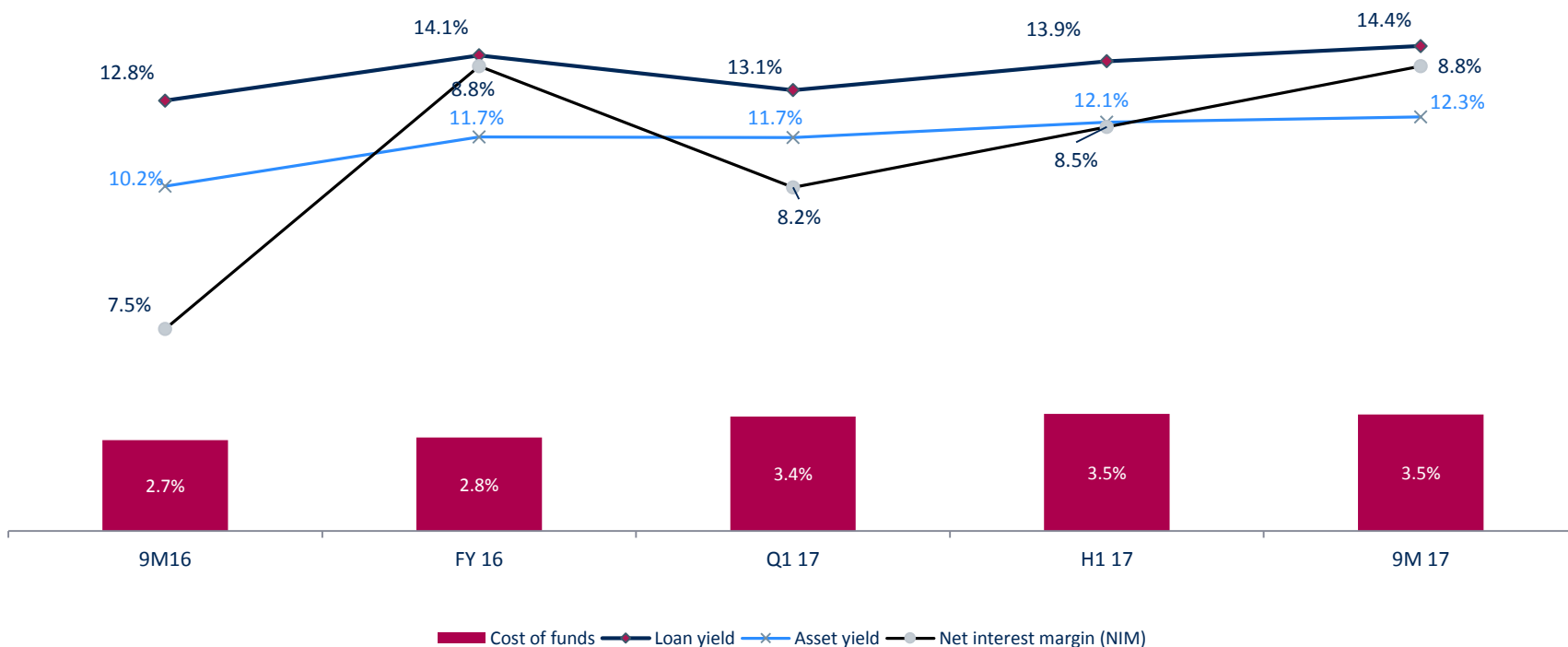
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Net Interest Margin Drivers



- Net interest margin improved to 8.8% (9M 2016: 7.5%) driven largely by improved yields on investment securities and interest earning loans and advances
- Cost of funds grew to 3.5% (9M 2016: 2.7%) as a result of the high interest rate environment but remains flat from last quarter
- Further efficient balance sheet management reflected in increased asset yield to 12.3% (9M 2016: 10.2%)
- Current and Savings account deposit (CASA) ratio improved to 71.4% (9M 2016: 69.1%) at the Group, while FirstBank Nigeria closed at 83.8% (9M 2016: 81.8%)

Sustained strong retail franchise continues to provide stable and well diversified funding base

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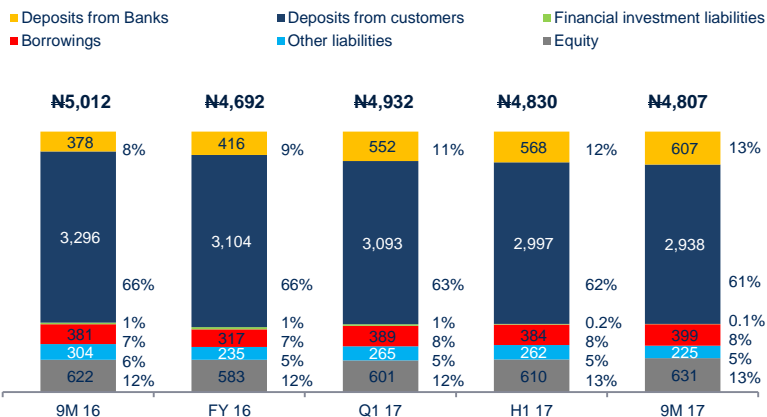
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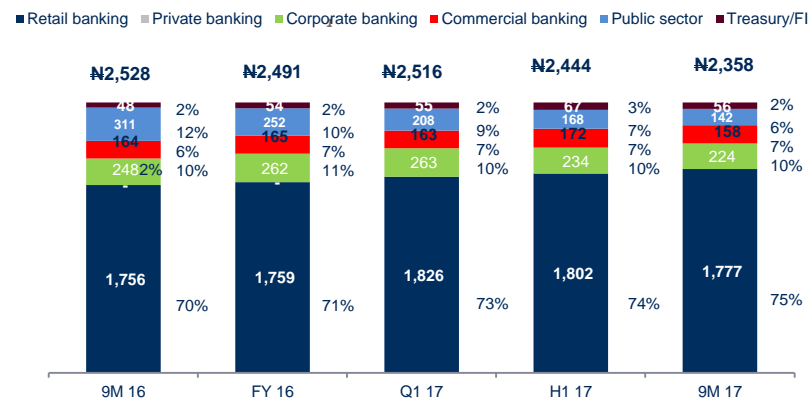
Funding by type (₦bn)

FBNHoldings



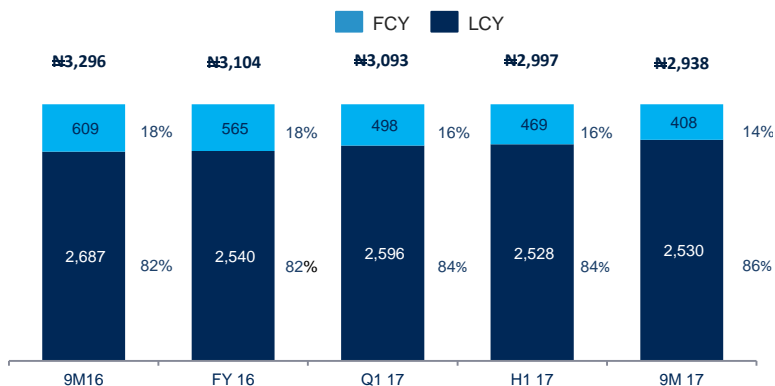
Deposits by SBU¹ (₦bn)

FirstBank (Nigeria)



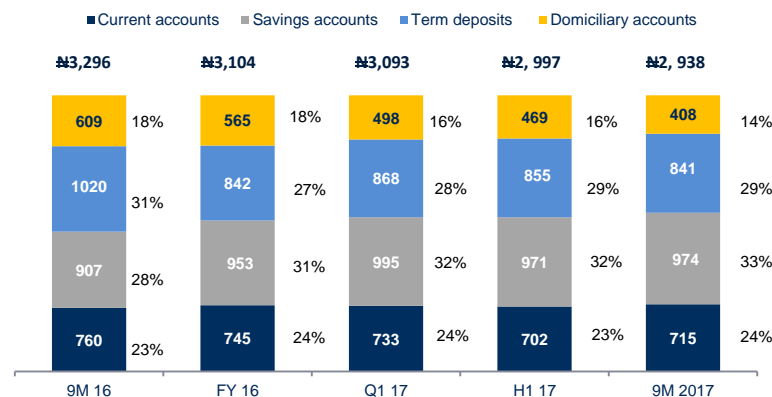
Deposits by currency (₦bn)

FBNHoldings



Deposits by type (₦bn)

FBNHoldings



¹SBU:- **Retail banking**; mass retail, affluent with annual income < ₦50mn as well as small business and Local governments with annual turnover < ₦500mn. **Commercial Banking** comprising clients with annual turnover of above ₦500mn but less than ₦5bn. **Corporate banking**; private organisations with annual revenue > ₦5bn but < ₦10bn and midsize and large corporate clients with annual revenue in > ₦5bn but with a key man risk. **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.

Optimising capital utilisation with efficient balance sheet management

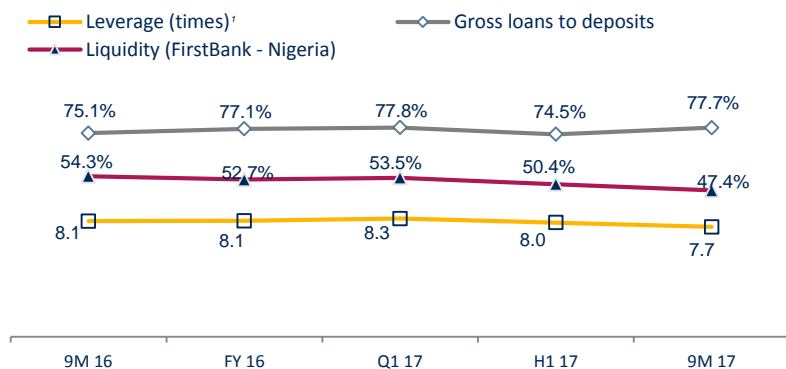
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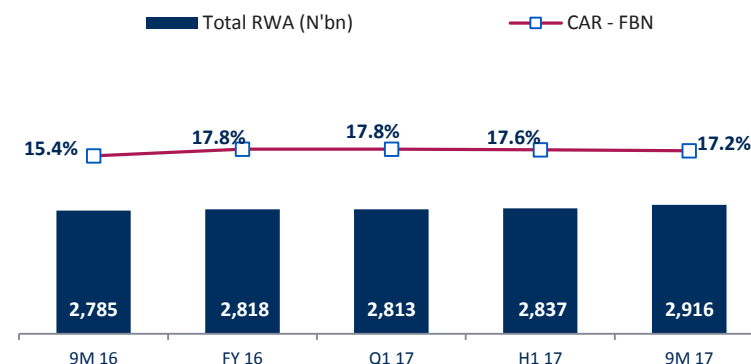
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Balance sheet efficiency



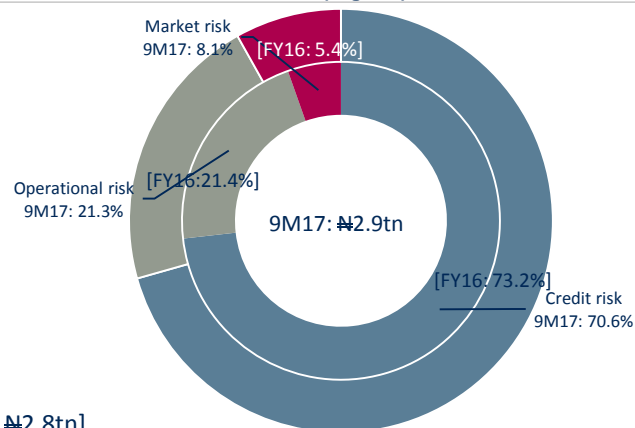
Capital ratios

FirstBank (Nigeria)



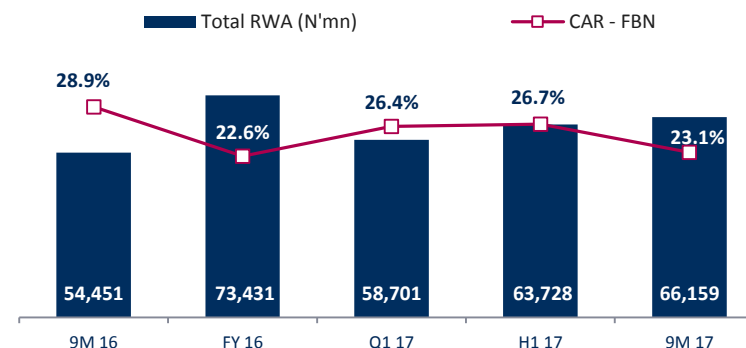
RWA components

FirstBank (Nigeria)



Capital ratios

FBN Merchant Bank



¹ Definition provided in the appendix



FBN Holdings

Risk Management

Sectoral breakdown of loans and advances to customers

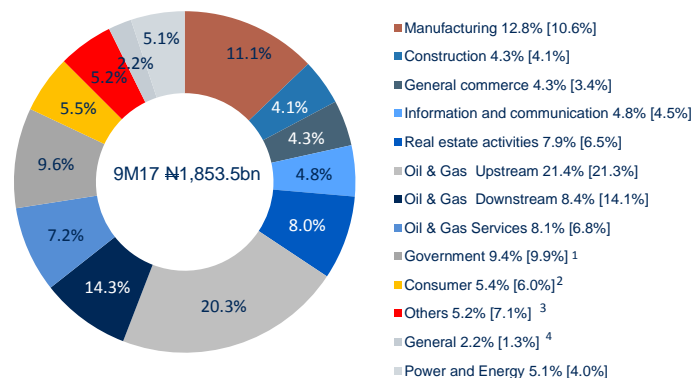
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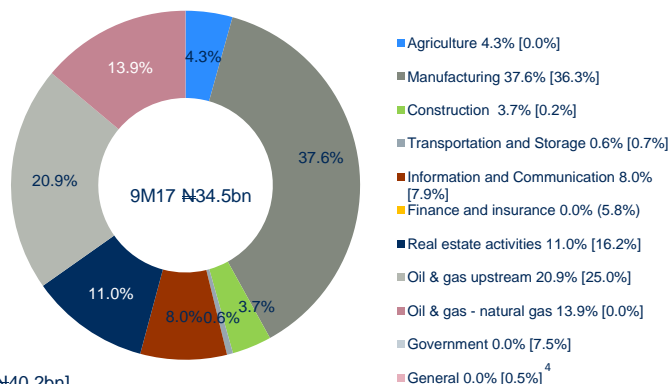
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9M 2017 FirstBank (Nigeria) gross loans by sectors



[FY16: ₦1,933.4bn]

9M 2017 FBN-MBAM⁵ gross loans by sectors



[FY16: ₦40.2bn]

- Net loans and advances declined by 1.9% y-t-d as we further de-risk the loan book while cautiously growing top rated exposures
- 98.3% of the Group loans and advances is accounted for by the commercial banking business, while the balance of 1.7% is from the Merchant Bank and Asset Management business
- Oil & Gas sectors exposures constitute 37.9% (FY 2016: 42.2%) of gross loans and advances with upstream, downstream and services accounting for 21.4%, 8.4% and 8.1% respectively (FY 2016: 21.3%, 14.1% and 6.8%). 74% of total Oil & Gas loans are in FCY
- Foreign currency portfolio in FirstBank (Nigeria) constitute 49.9% of total loans and advance to customer (FY 2016: 52%)
- 90% of existing FCY loans have FCY receivables, hence the FX risk in the portfolio is minimal
- About 8% of the loan book was restructured out of which 48% relates to oil & gas.

¹Government loans are loans to the public sector (federal and state); ² Represents loans in our retail portfolio < ₦50mn; ³ Finance and Insurance, capital market, residential mortgage; ⁴ General includes personal & professional, hotel & leisure, logistics and religious bodies ⁵ Merchant Bank and Asset Management business group – Loans and advances applies to the Merchant Banking business only

Profile of the loan book portfolio

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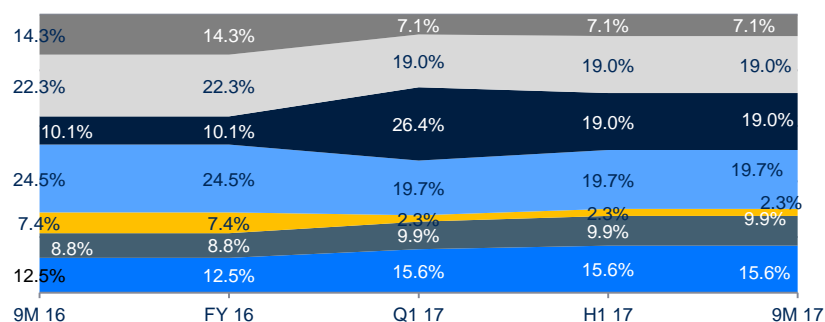
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Loans and advances by maturity

FirstBank (Nigeria)

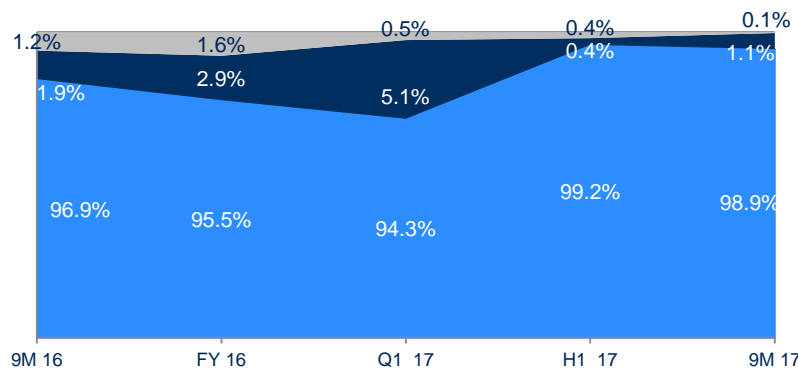
■ 0 - 30 days ■ 1 - 3 months ■ 3 - 6 months ■ 6 - 12 months ■ 1 - 3 years ■ 3 - 5 years ■ >5 years



Ageing analysis of performing loans and advances

FirstBank (Nigeria)

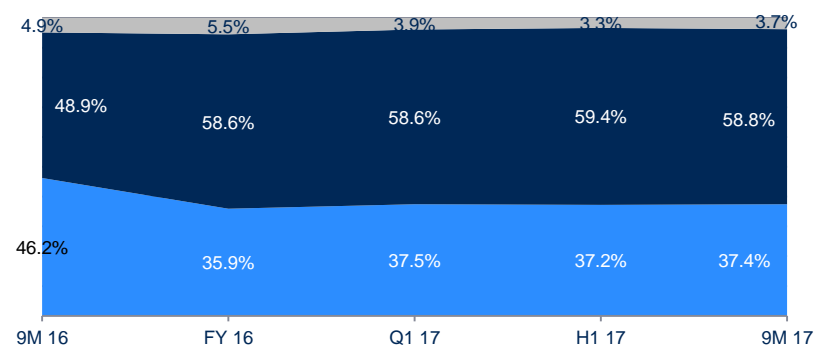
■ 0 - 30 days ■ 31-60 days ■ >61 days



Loans and advances by type

FirstBank (Nigeria)

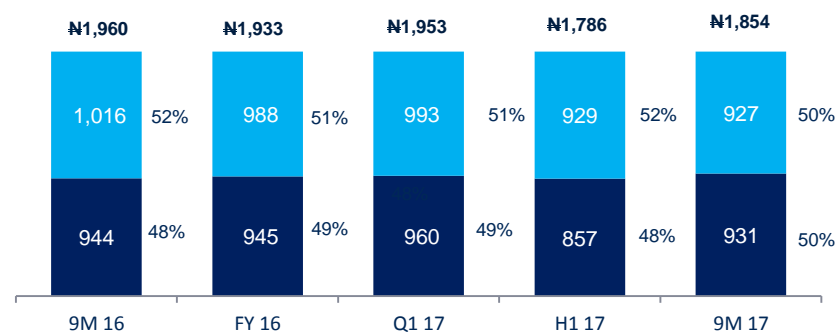
■ Overdrafts ■ Term Loans ■ Commercial loans



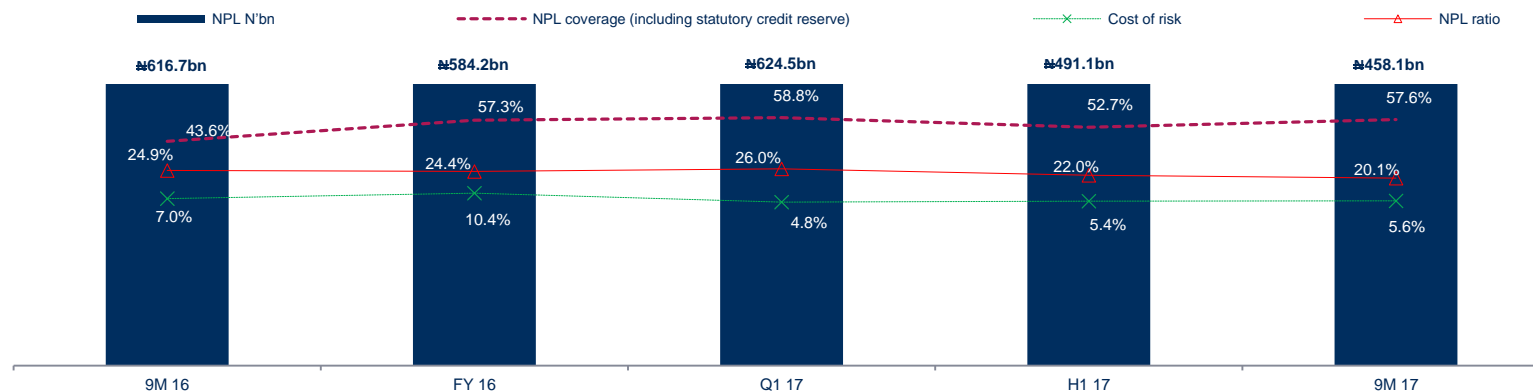
Loans and advances by currency (₦bn)

FirstBank (Nigeria)

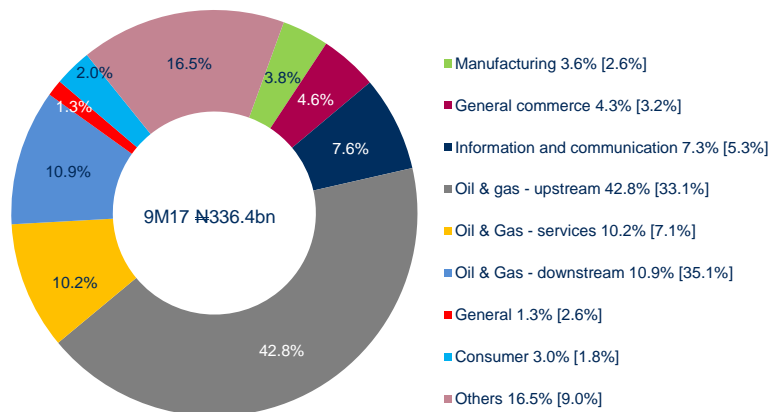
■ FCY ■ LCY



Asset quality ratios - FBNHoldings



9M 2017 NPL exposure by sector - FirstBank (Nigeria)



- Persistent decline in NPL ratio to 20.1% from 22.0% reflecting the progress in asset quality
- Impairment charge on credit losses declined 14.9% as we continue to progress on remediation, recoveries and asset quality strategies
- NPL in the Oil & Gas sector constitute 64% of total NPL (FY 2016: 73%) while the general commerce and manufacturing sector constitute 4% respectively [FY 2016: 3.0% respectively]
- Vintage NPL ratio is less than 1% which reflects our moderate risk appetite
- Coverage ratio improved to 57.2% as we continue to strengthen the balance sheet.

[FY16: ₦478.8bn]

¹ General includes: hotels & leisure, logistics, religious bodies; ² Others (NPL exposure by sector) include Finance, Transportation, Construction, Agriculture and Real estate activities

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Appendix

Income statement evolution

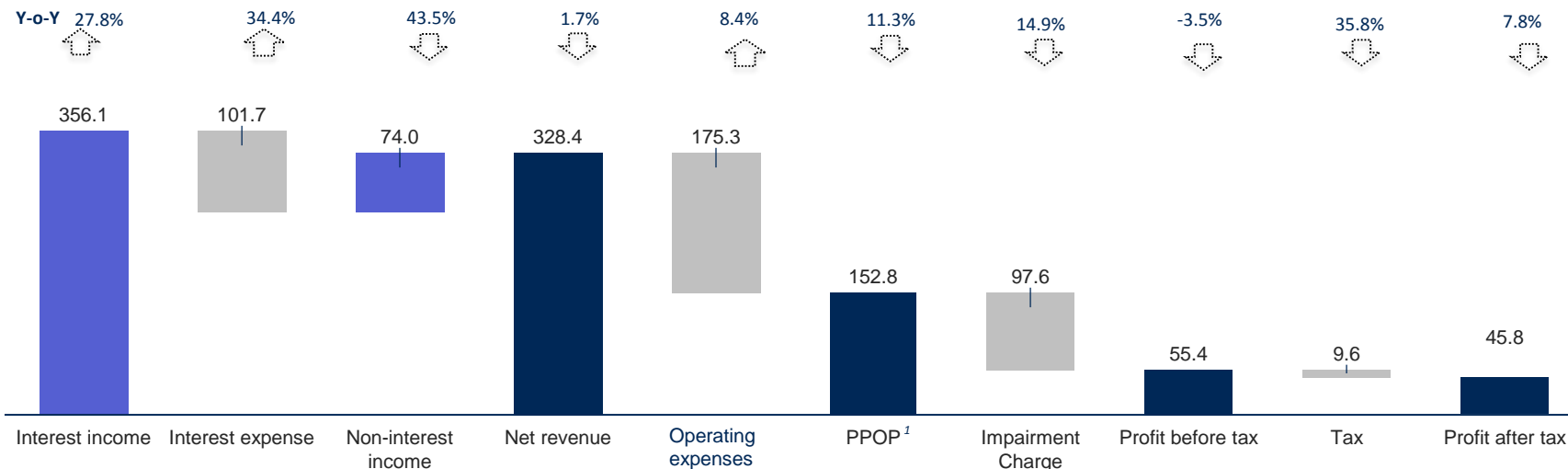
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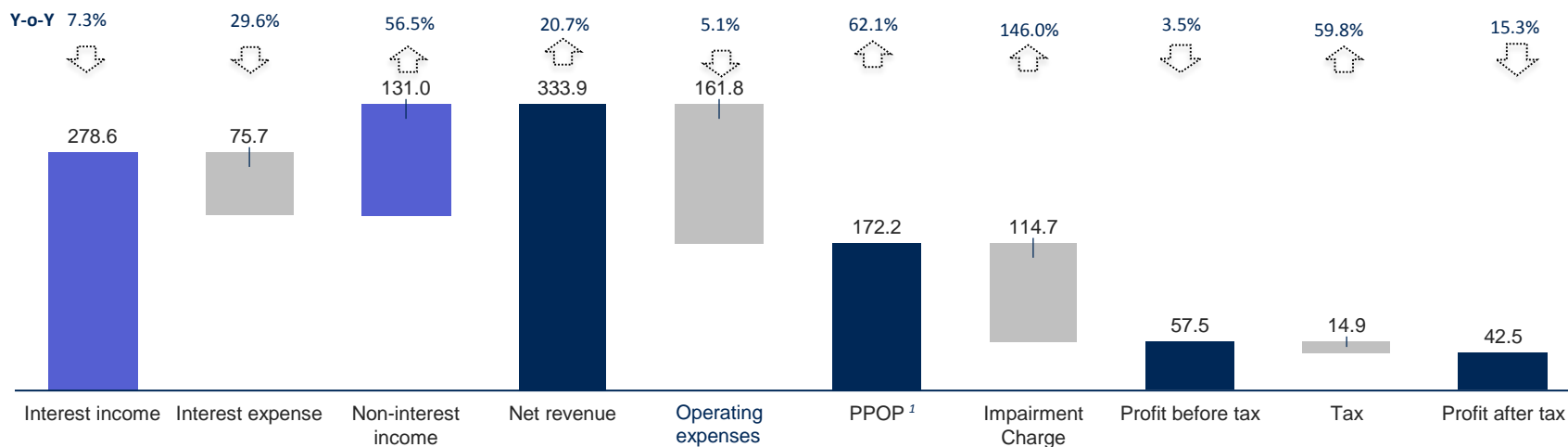
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9M 2017 (Abn)



9M 2016 (Abn)



¹ Definition provided in the appendix

Revenue Generation

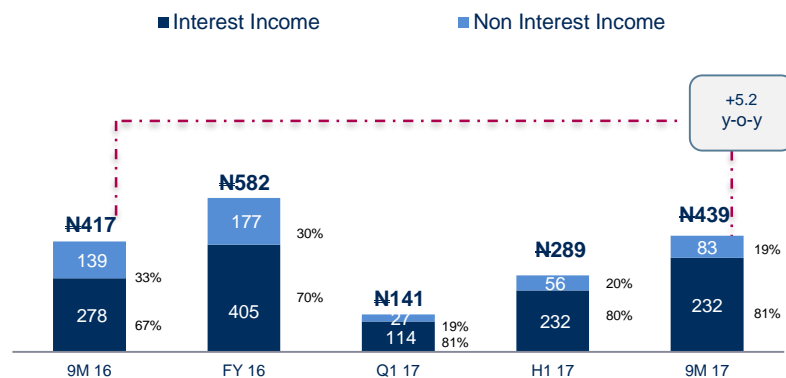
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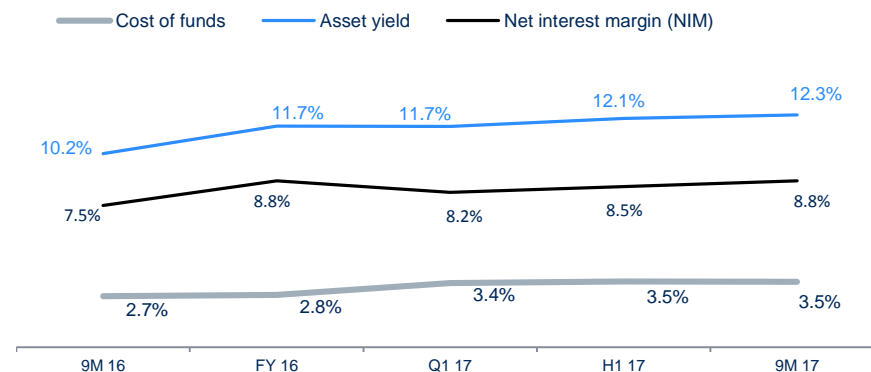
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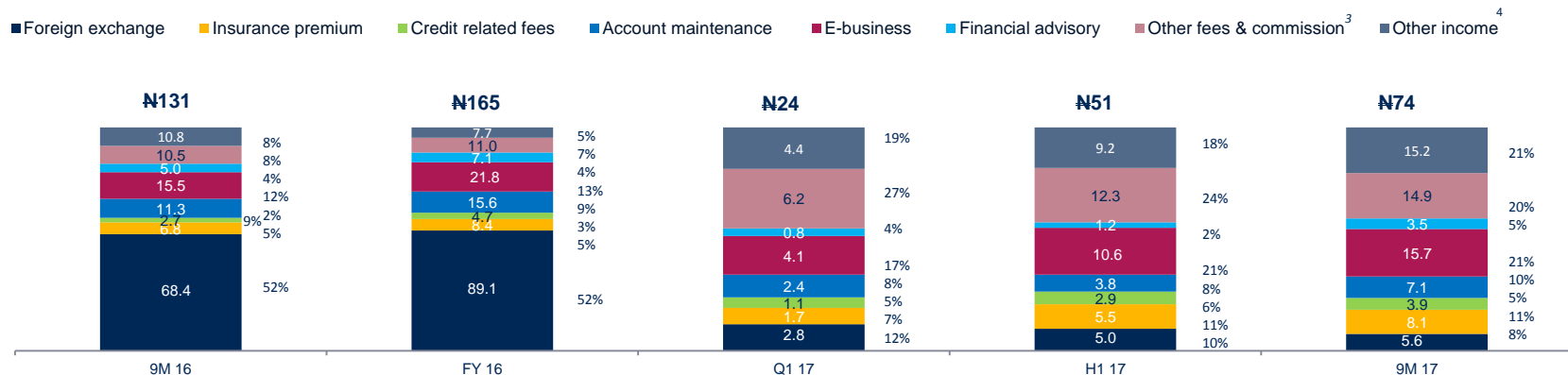
Gross earnings breakdown (Nbn) ¹



Net interest margin drivers ²

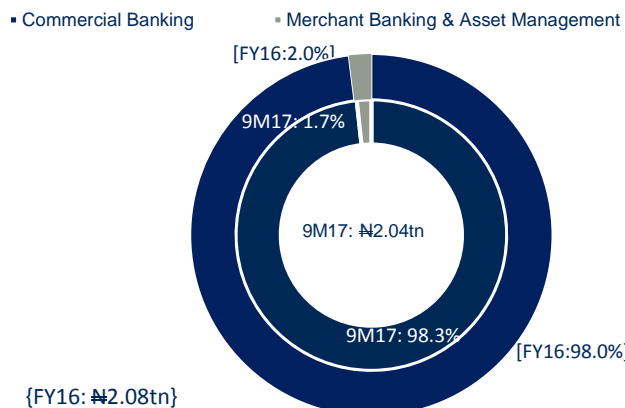


Non-interest income breakdown (Nbn) ³

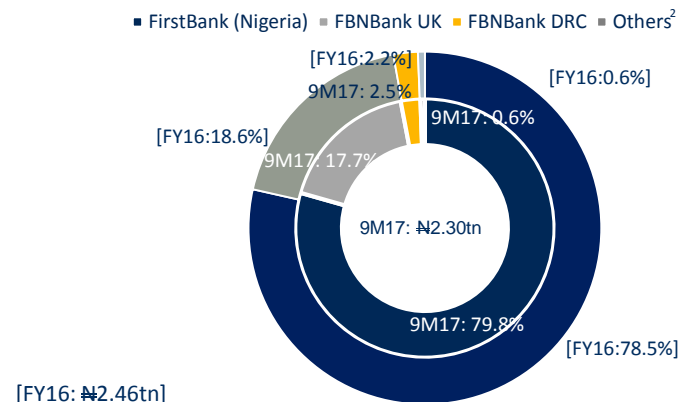


¹Non-interest income here is gross and does not account for fee and commission expense ² Numbers may not add up due to rounding up ³ Other fees and commission include commission on bonds and guarantees, fee and commission expense, remittance fees, LC commission, money transfer, custodian fees, fund management fees and brokerage & intermediation ⁴ 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

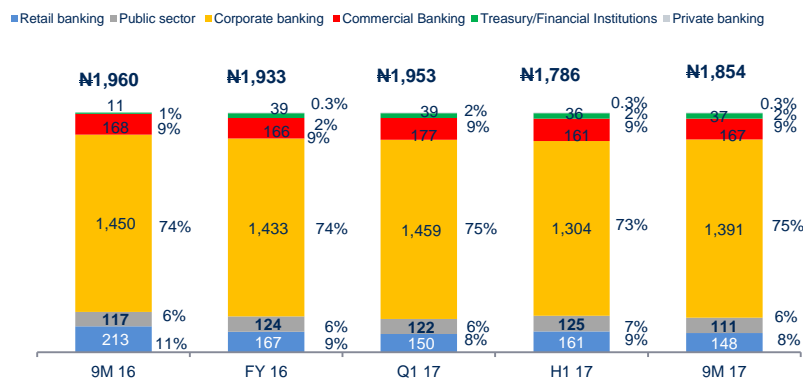
FBNHoldings gross loans¹ by business groups ¹



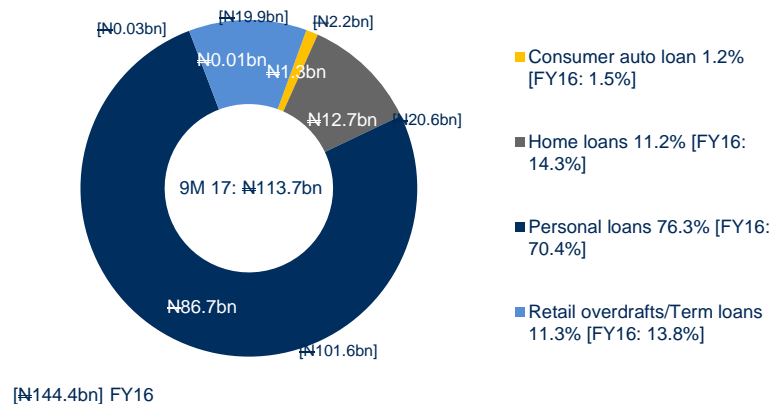
FirstBank (Nigeria) & Subsidiaries gross loans



FirstBank (Nigeria) gross loans by SBU (Nbn)



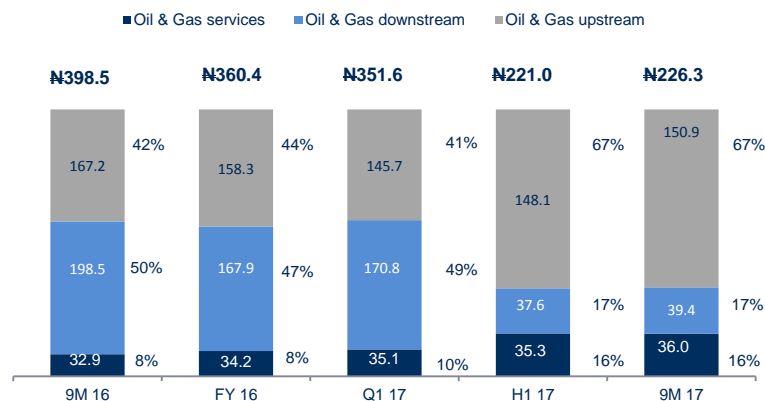
FirstBank (Nigeria) core consumer / retail product portfolio



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

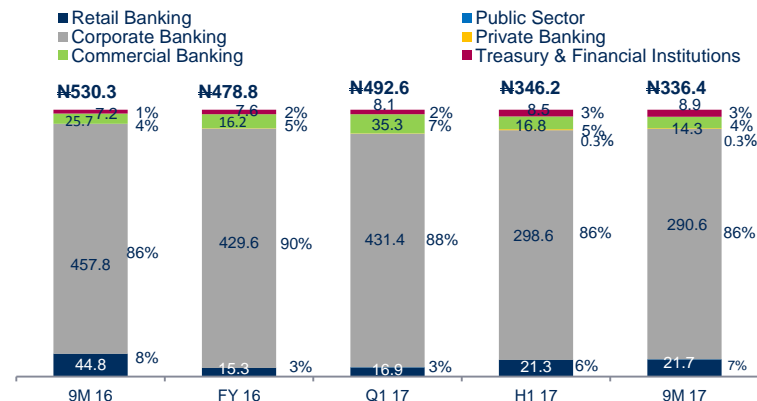
Oil & Gas NPLs (Abn)

FirstBank (Nigeria)



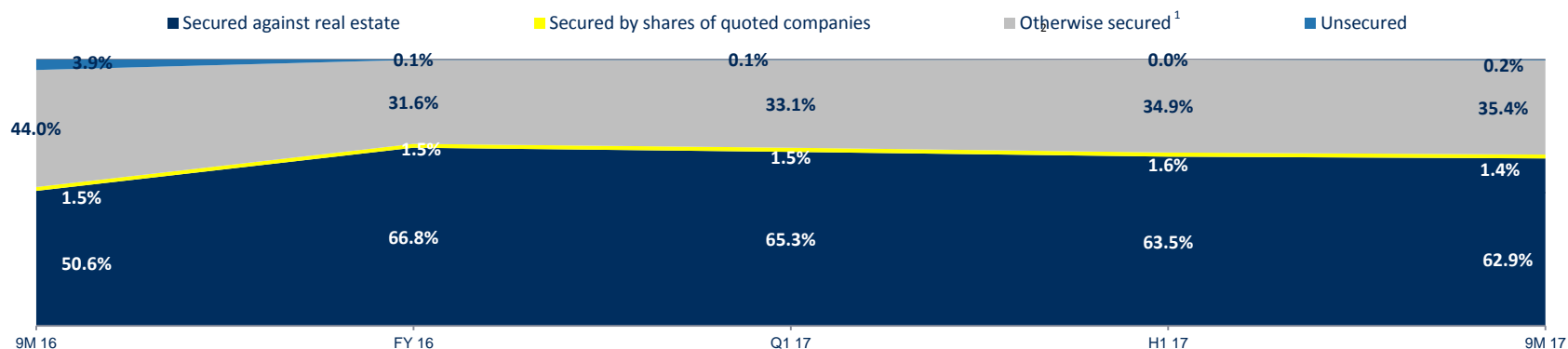
NPLs by SBU (Abn)

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

FBNHoldings' global footprint

9M 2017 KEY HIGHLIGHTS

FINANCIAL REVIEW

RISK MANAGEMENT

APPENDIX

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

France



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

Ghana



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

Guinea



Name
FBNBank Guinea
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

Democratic Republic of Congo



Name
FBNBank DRC
Type
Licensed Bank
Established
1994
Products / Services
Commercial Banking

UK



Name
FBNBank UK Ltd.
Type
Licensed bank
Established
2002
Products / Services
International Banking and Trade Services

Representative Office



Name
FBNBank China (2009)
Products / Services
Banking Services

Senegal



Name
FBNBank Senegal
Type
Licensed Bank
Established
2006
Products / Services
Commercial Banking

Sierra Leone



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

The Gambia



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

- Cost-to-income ratio computed as operating expenses divided by operating income
- Cost of funds computed as annualised interest expense divided by average interest bearing liabilities
- 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)