

RESILIENT



Investor & Analyst Presentation

Half year ended 30 June 2017

DISCLAIMER

This presentation is based on FBN Holdings Plc's ('FBNH' or 'the company' or the 'Group') unaudited results for the six months ended 30 June, 2017. The Group's Financial statements have been prepared using the accounts of the subsidiaries and businesses within FBNHoldings.

The company has obtained some information from sources it believes to be credible. Although FBNH has taken all reasonable care to ensure that all information herein is accurate and correct, it makes no representation or warranty, express or implied, as to the accuracy, correctness or completeness of the information. In addition, some of the information in this presentation may be condensed or incomplete and this presentation may not contain all material information in respect of the Group.

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Outline

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FBN Holdings

H1 2017 Key Highlights

Gradual economic recovery in the first half of 2017 with increased foreign currency interventions

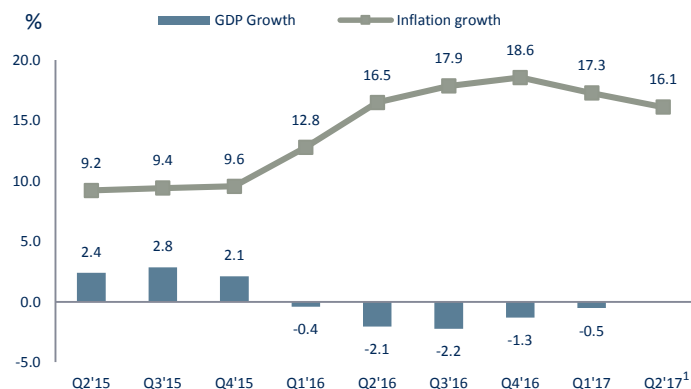
H1 2017 KEY HIGHLIGHTS

FINANCIAL REVIEW

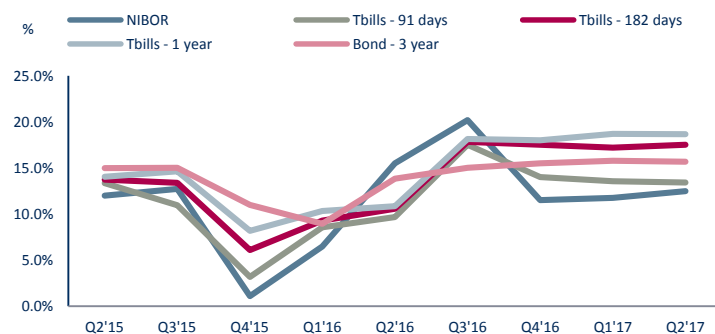
RISK MANAGEMENT

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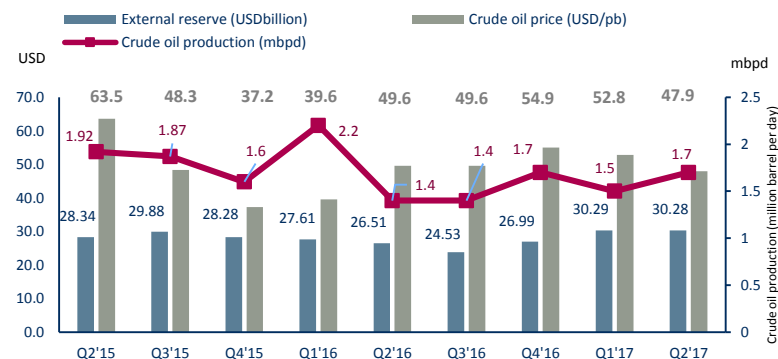
Slow economic recovery with declining inflation



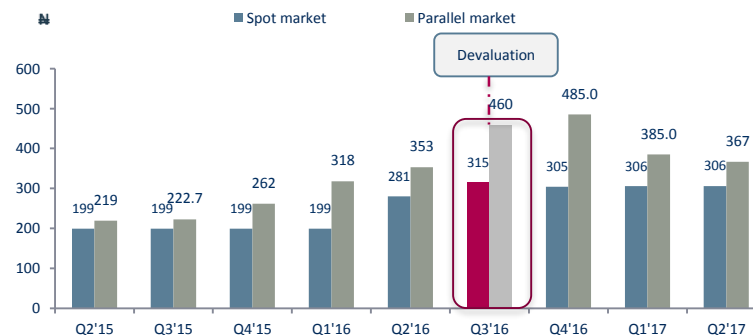
Yields on investment securities relatively stable at high levels



Year to date improvement in crude oil production capacity and accretion to foreign reserve



CBN currency interventions improve FX flows



Regulatory interventions with focus on improving FX liquidity to stabilise the macro economic environmentmonetary policy stance maintained through the first half of 2017

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KEY REGULATORY DEVELOPMENTS

January – March 2017

Central Bank of Nigeria (CBN) issued implementation guideline for IFRS 9 to all commercial banks

CBN issued a new policy on FX for PTA/BTA, Medical and School fees to enhance easy access to foreign exchange by private users and ease pressure on FX demand

Implementation of ISA 701 by external auditors which requires the communication of key audit matters in the audit opinion issued by public interest entities

April – June 2017

Bank's limit on foreign currency loan was raised to 125% from 75% of shareholders fund in view of the depreciation of the naira

Introduction of a special FX window for investors, exporters and end-users to deepen the FX market and improve dollar liquidity

CBN revised bank charges effective May 1, 2017

CBN released exposure draft for licensing Private Asset Management Companies to manage Non-performing loans (NPLs)

JAN

FEB

APR

MAY

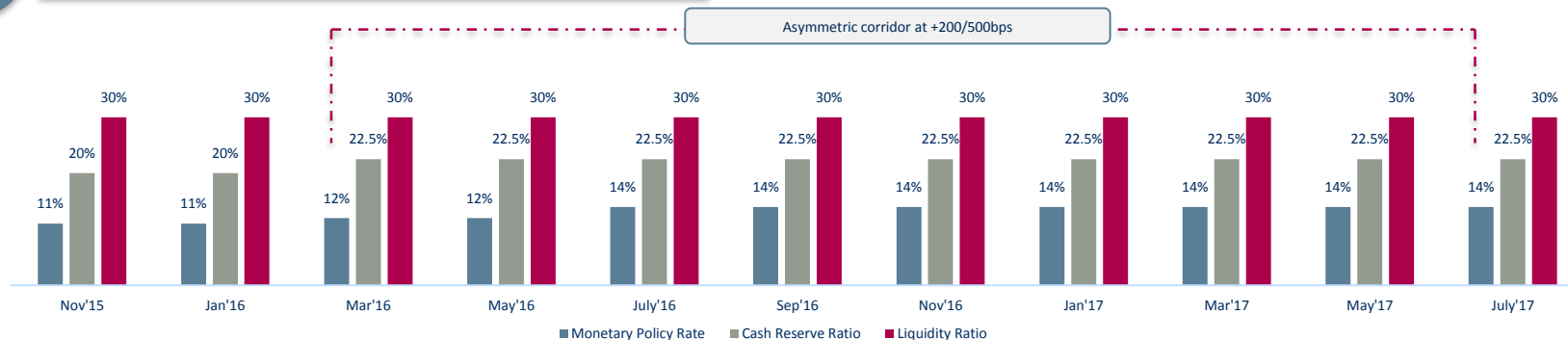
JUNE

Issuance of a revised guideline on investment for Pension Fund Assets allowing PFAs to invest in equities of Bank holding companies

CBN issued directive to set aside 5% of PAT for Agriculture/ SMEIS
Introduction of foreign exchange special window for SMEs to buy \$20,000 per quarter in a bid to reduce pressure on foreign currency demand

CBN clarified list of 36 items valid for FX in the Nigerian foreign exchange market

MPC MEETING



Sustained revenue generating capacity from core business operations with focus on stronger asset quality

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INCOME STATEMENT

Gross earnings

H117: ~~₦~~288.8bn
H116: ~~₦~~267.9bn

Net interest income

H117: ~~₦~~164.1bn
H116: ~~₦~~126.1bn

Operating income

H117: ~~₦~~214.4bn
H116: ~~₦~~220.1bn

Profit before tax

H117: ~~₦~~35.6bn
H116: ~~₦~~45.9bn

Impairment charge for credit losses

H117: ~~₦~~62.4bn
H116: ~~₦~~69.9bn

Non-interest income

H117: ~~₦~~50.5bn
H116: ~~₦~~94.1bn

Operating expenses

H117: ~~₦~~116.6bn
H116: ~~₦~~104.3bn

Profit after tax¹

H117: ~~₦~~29.5bn
H116: ~~₦~~35.9bn

STATEMENT OF FINANCIAL POSITION

Total assets

H117: ~~₦~~4,881.1bn
FY16: ~~₦~~4,736.8bn

Loans & advances (net)

H117: ~~₦~~1,998.5bn
FY16: ~~₦~~2,083.9bn

Customer deposits

H117: ~~₦~~2,996.7bn
FY16: ~~₦~~3,104.2bn

Total Equity

H117: ~~₦~~609.9bn
FY16: ~~₦~~582.5bn

KEY HIGHLIGHTS

- Earnings generating capacity remains strong with 7.8% y-o-y growth in gross earnings
- Sustained strong pre-provision operating profit of ~~₦~~97.8billion entirely from core business operations
- Reduction in impairment charge following improvement in asset quality
- 3% y-t-d growth in total assets as we continue to build a stronger balance sheet
- The structure of our funding base remains strong with stable deposits at competitive rates
- CASA ratio improved to 71.5% (H1 2016: 67.5%) at the Group and 83.7% (H1 2016: 82.9%) at First Bank of Nigeria

¹Profit after tax relate to continued operations

Robust liquidity, improving asset quality and operational efficiency with capital protection significantly enhanced over the prior period

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KEY RATIOS

NPL ratio¹

H117: 22.0%
H116: 22.8%

Cost of risk

H117: 5.4%
H116: 6.5%

NPL coverage

H117: 52.7%
H116: 41.5%

CAR² (Basel 2)

H117: 17.6%
H116: 15.4%

Earnings yield

H117: 12.1%
H116: 9.7%

Net interest margin

H117: 8.5%
H116: 7.2%

Cost to income ratio

H117: 54.4%
H116: 47.4%³

Gross loans to deposits

H117: 74.5%
FY16: 77.1%

Liquidity ratio⁴

H117: 50.4%
H116: 58.2%

Cost of funds

H117: 3.5%
H116: 2.4%

Post-tax ROAE⁵

H117: 9.9%
H116: 12.0%

Post-tax ROAA⁵

H117: 1.2%
H116: 1.6%

KEY HIGHLIGHTS

- Cost optimisation initiatives continue to gain traction but partly offset by the currency devaluation and high inflationary environment
- Cost to income ratio reflects a normalised performance from the one-off foreign exchange revaluation gains of the previous period
- Adjusting for FX revaluation gains, cost to income ratio closed at 54.7% (H1 2016; 59.7%)
- Sustained solid funding and liquidity position
- Further asset yield optimisation resulting in stronger margins
- Improving capital adequacy ratio reflects the enhanced fundamentals of our business to support growth initiatives

¹ NPL ratio in Q1 2017 was 26% ²For FirstBank (Nigeria), H1 2017 CAR excludes profit. Including H1 2017 profit, CAR will be 18.6%, FBN Merchant Bank's CAR for FY 2016 (22.6%), H1 2017 (26.7%) excluding H1 2017 profit ³ Adjusting for FX revaluation gains cost to income ratio will be 59.7% ⁴ FirstBank (Nigeria) ⁵ Profit after tax from continued operations:

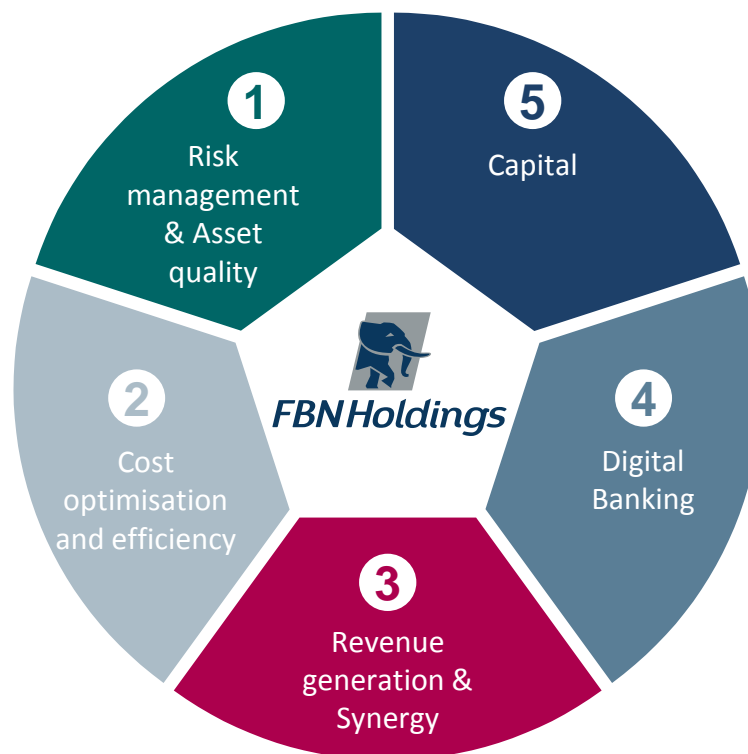
Key initiatives demonstrating commitment to execution with a strong focus on rebuilding the Group for enhanced shareholder value

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1

- Continuous reinforcement of the risk governance and architecture across the Group
- Improvement in risk management capacity and practices
- Significant progress on remediation and recovery actions

2

- Focus on enhancing discipline in OPEX/CAPEX
- Increasing process automation, integration and transformation
- Benefits of the ERP/ERM implementation to kick-in 2018

3

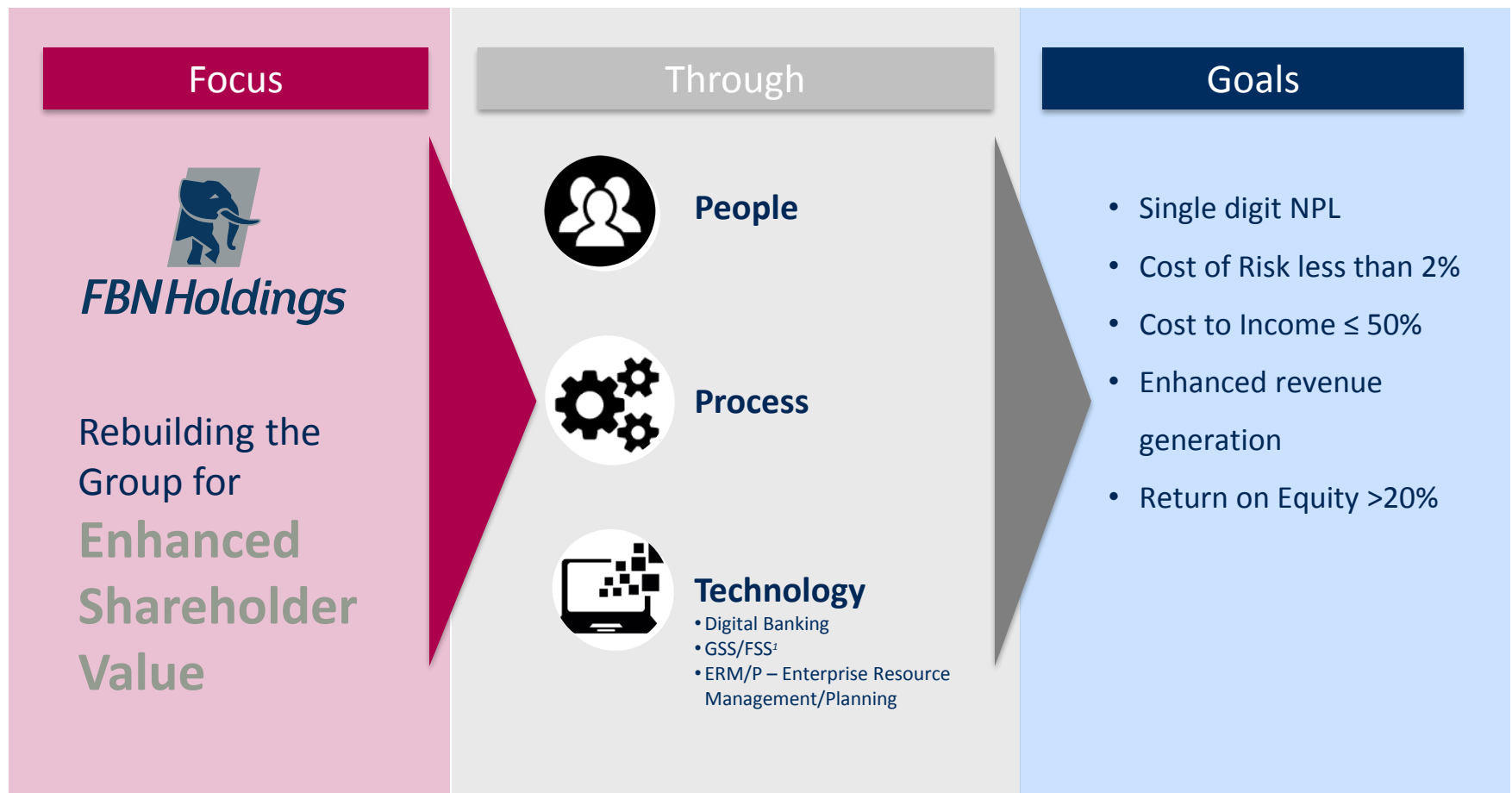
- Launched the Business Referral Application (BRA) to drive and track cross-sell across the Group
- Deployed a Global Account Management framework to deepen collaboration across the enterprise

5

- Capital adequacy ratio above our internal threshold and over the regulatory requirement. This will be sustained at all times
- Capital position further enhanced by increasing balance sheet management and profit retention
- Comfortable capital position to support probable shocks

4

- Launched innovative features on our digital banking platform
- Grown USSD platform (*894#) to industry leading position
- Piloted agency banking platform to drive financial inclusion within mass market segment



¹Group Shared Services/ First Shared Services



FBN Holdings

Financial Review

H1 2017 results snapshot

H1 2017 KEY HIGHLIGHTS

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Income statement

₦bn	H1 16	H1 17	y-o-y
Gross earnings	267.9	288.8	7.8
Net interest income	126.1	164.1	30.2
Non-interest income	94.1	50.5	-46.3
Operating income ¹	220.1	214.4	-2.6
Operating expenses	104.3	116.6	11.8
Pre-provision operating profit ¹	115.8	97.8	-15.5
Impairment charge	69.9	62.4	-10.7
Profit before tax	45.9	35.6	-22.4
Income tax	10.0	6.1	-38.8
Profit after tax	35.9	29.5	-17.8

Statement of financial position

₦bn	FY 16	H1 17	y-t-d
Total assets	4,736.8	4,881.1	3.0
Investment securities (interest earning)	1,193.9	1,203.5	0.8
Interbank placements	444.9	731.2	64.4
Cash and balances with Central Bank	690.2	600.7	-13.0
Net loans & advances	2,083.9	1,998.5	-4.1
Customer deposits	3,104.2	2,996.7	-3.5
Total equity	582.6	609.9	4.7

Key ratios ¹	FY 16	H1 16	H1 17
Net interest margin ¹	8.8%	7.2%	8.5%
Cost to income ¹	47.0%	47.4%	54.4%
Cost of funds	2.8%	2.4%	3.5%
NPL	24.4%	22.8%	22.0%
NPL coverage ¹	57.3%	41.5%	52.7%
Cost of risk	10.4%	6.5%	5.4%
ROaE ¹	3.0%	12.0%	9.9%
ROaA ¹	0.4%	1.6%	1.2%
CAR – FirstBank (Nigeria) - Basel 2	17.8%	15.4%	17.6% ²
CAR – FBN Merchant Bank - Basel 2	22.6%	27.9%	26.7%
Gross loans to deposits ¹	77.1%	75.2%	74.5%

¹Definition provided in the appendix; ²Adjusting for H1 2017 profits, FirstBank (Nigeria) Capital Adequacy ratio will be 18.6%

Improving cost to income ratio in line with our commitment

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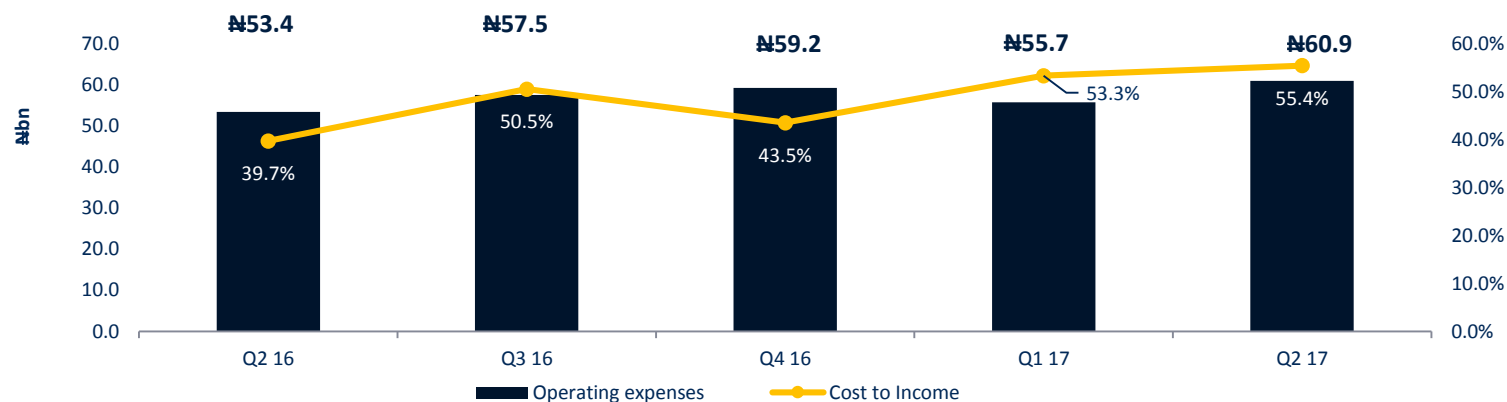
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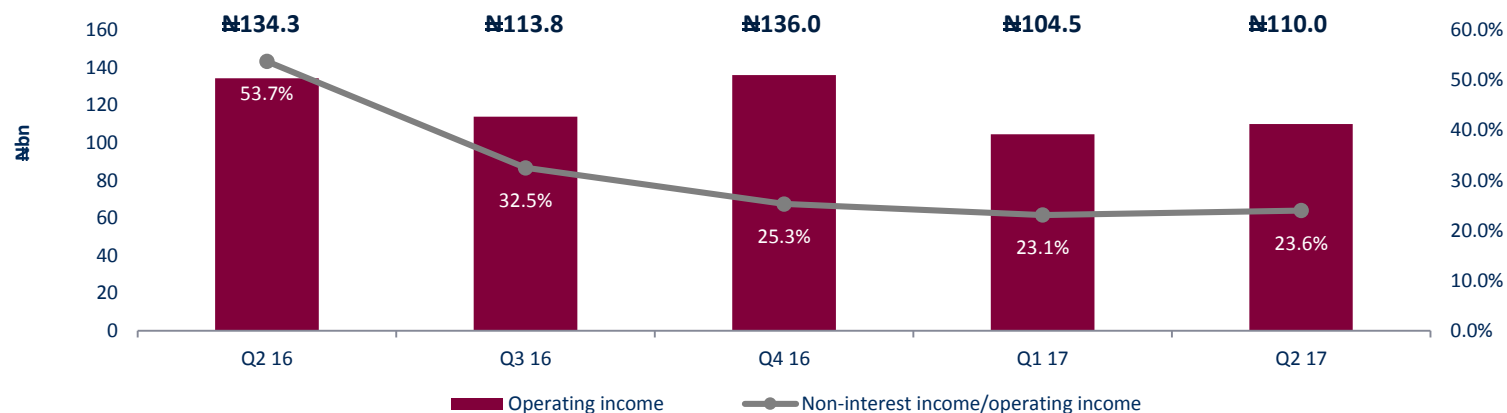
Operating expenses (Nbn)

Cost to Income - H1 2017:
54.4% [H1 2016: 47.4%]

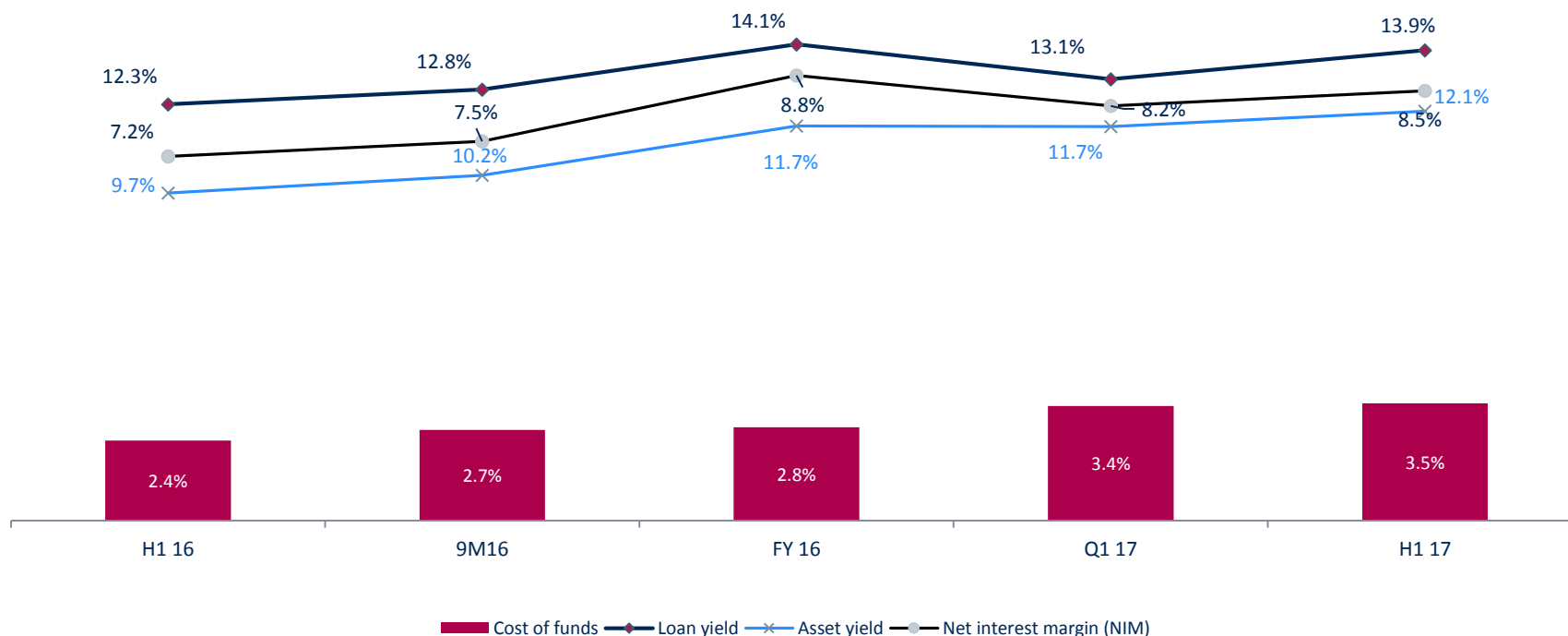
Adjusting for Foreign exchange revaluation gains, cost to income : 54.7% (June 2016:59.7%)



Operating income (Nbn)



Net Interest Margin Drivers



- Net interest margin improved to 8.5% (H1 2016: 7.2%) driven by yield optimisation on interest earning assets despite cost of fund increases
- Increase in cost of funds at 3.5% (June 2016: 2.4%) reflects the high interest rate environment
- Efficient balance sheet management reflected in asset yield. H1 2017: 12.1% (H1 2016: 9.7%)
- Improved funding mix
- CASA ratio improved to 71.5% (H1 2016: 67.5%) at the Group and 83.7% (H1 2016: 82.9%) at First Bank of Nigeria

Strong retail franchise provides stable and well diversified funding base

H1 2017 KEY HIGHLIGHTS

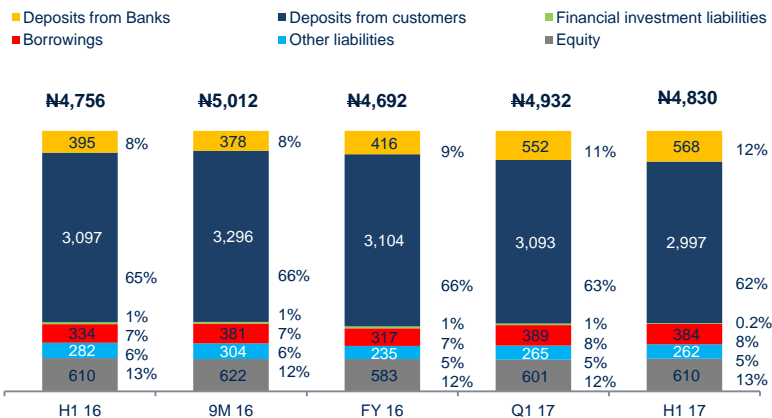
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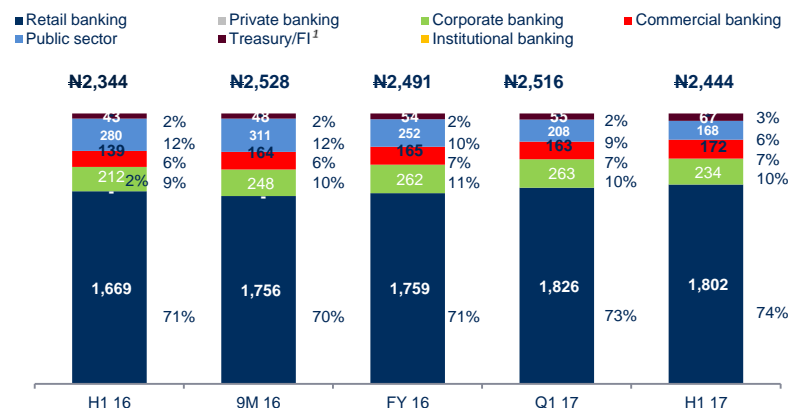
Funding by type ₦bn

FBNHoldings



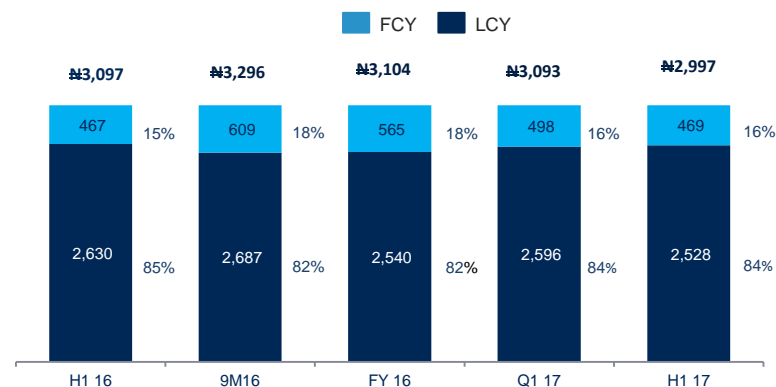
Deposits by SBU¹ ₦bn

FirstBank (Nigeria)



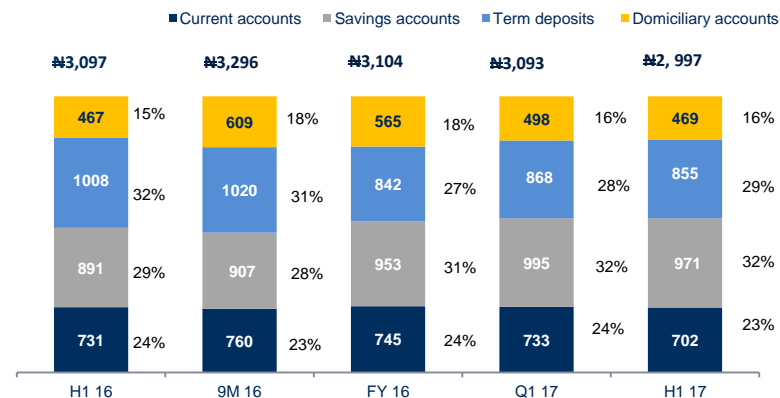
Deposits by currency ₦bn

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.

Strong liquidity supports efficient balance sheet management

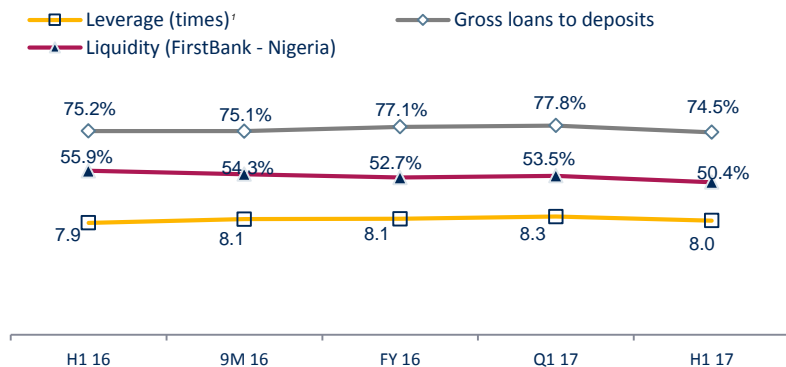
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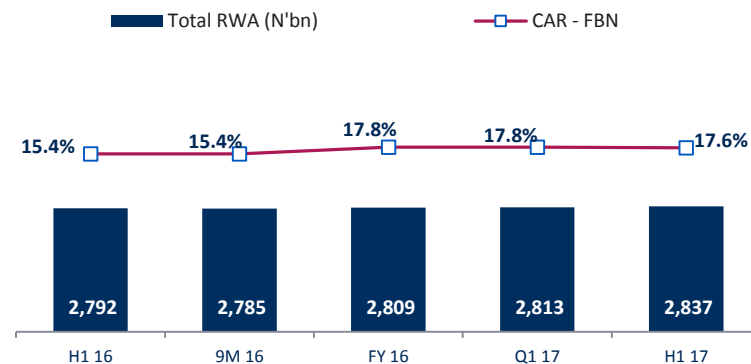
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Balance sheet efficiency



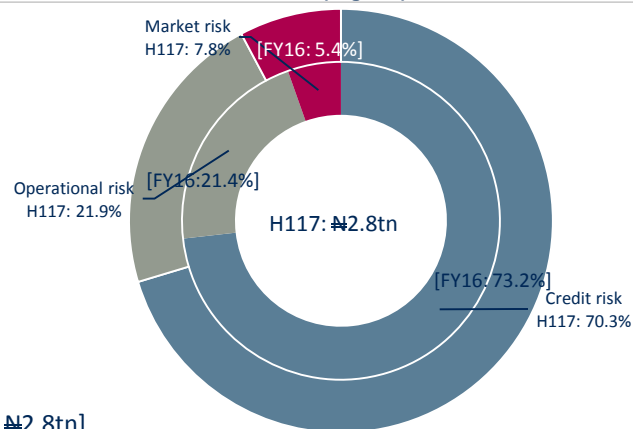
Capital ratios

FirstBank (Nigeria)



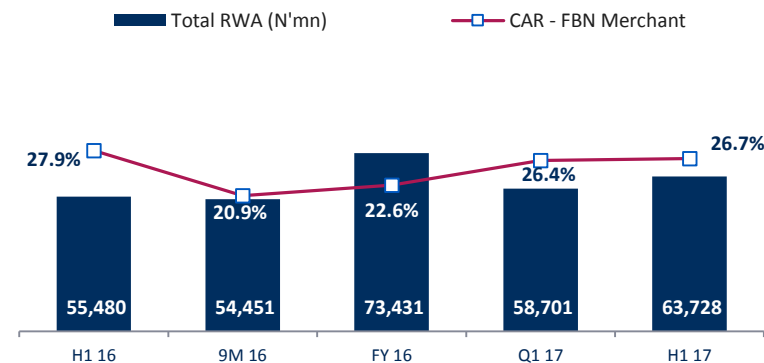
RWA components

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

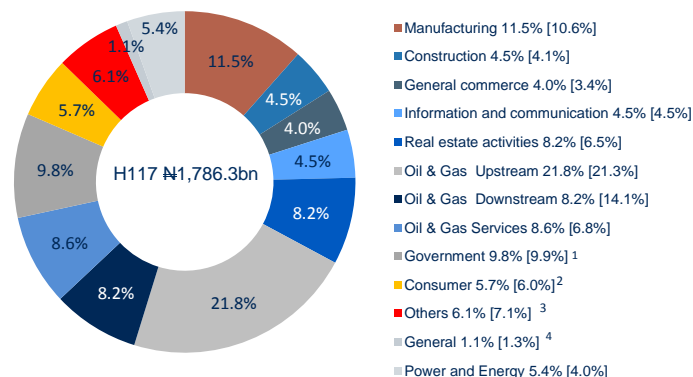
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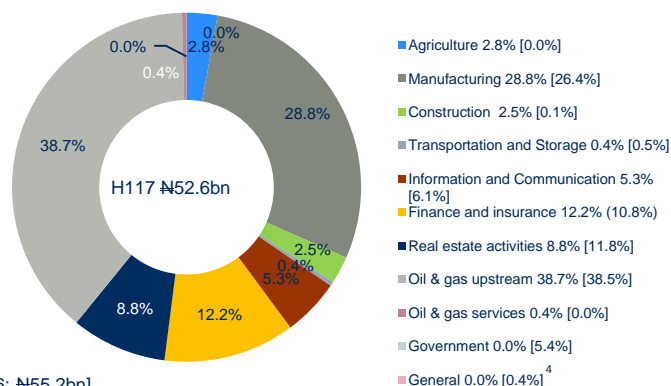
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H1 2017 FirstBank (Nigeria) gross loans by sectors



[FY2016: ₦1,933.4bn]

H1 2017 FBN-MBAM gross loans by sectors



[FY2016: ₦55.2bn]

- Gross loans and advances at the Group level declined by 6.7% y-t-d as we derisk the loan book and grow investment grade exposures
- Foreign currency portfolio in FirstBank (Nigeria) constitute 52.1% of total loans and advance to customer in H1 2017 (FY 2016: 51.1%)
- Oil & Gas portfolio now constitute 38.6% of gross loans and advances with upstream, downstream and services accounting for 21.8%, 8.2% and 8.6% respectively in H1 2017 (FY 2016: 21.3%, 14.1% and 6.8%). 74% of total Oil & Gas loans are in FCY
- 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.
- Areas of focus for loan growth are: investment grade corporates; trade and export oriented transactions; retail; and consumer segment

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

Profile of the loan book portfolio

H1 2017 KEY HIGHLIGHTS

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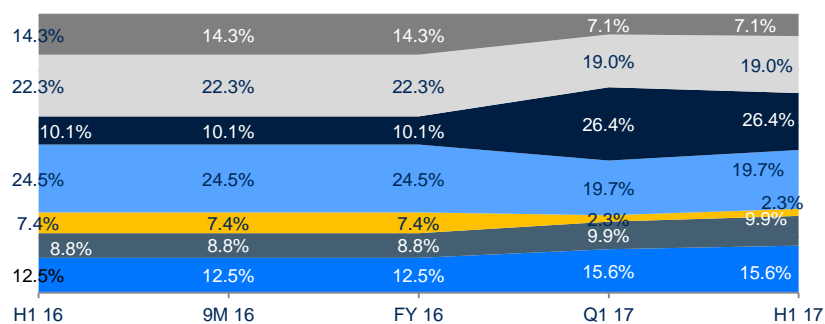
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Loans and advances by maturity

FirstBank (Nigeria)

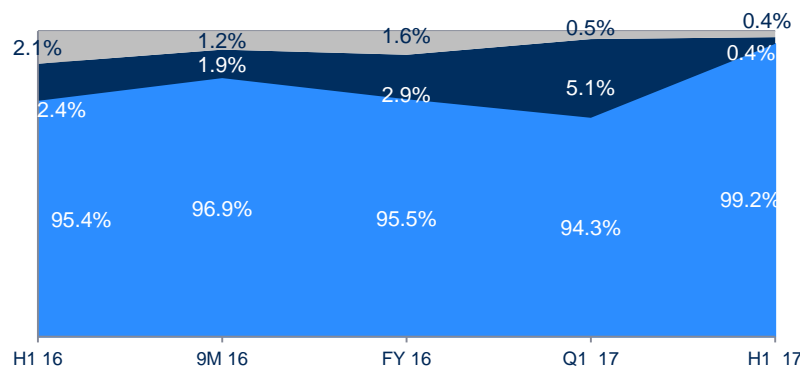
0 - 30 days 1 - 3 months 3 - 6 months 6 - 12 months 1 - 3 years 3 - 5 years >5 years



Ageing analysis of performing loans and advances

FirstBank (Nigeria)

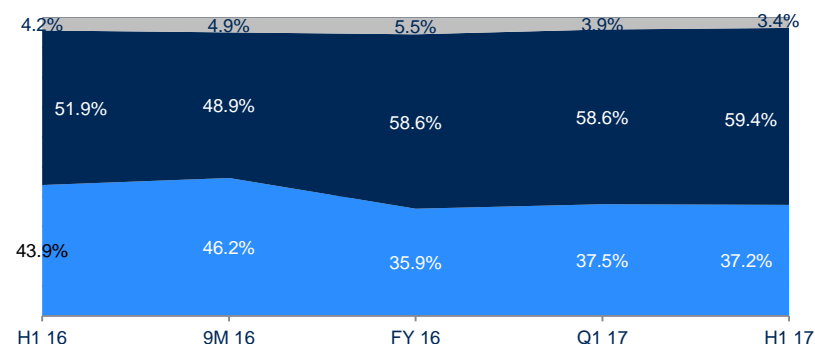
0 - 30 days 31-60 days >61 days



Loans and advances by type

FirstBank (Nigeria)

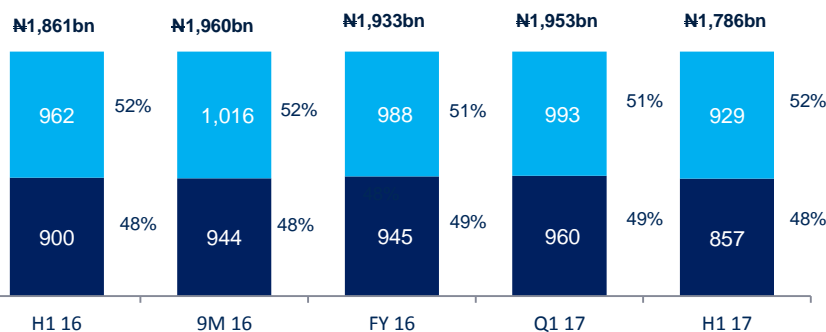
Overdrafts Term Loans Commercial loans



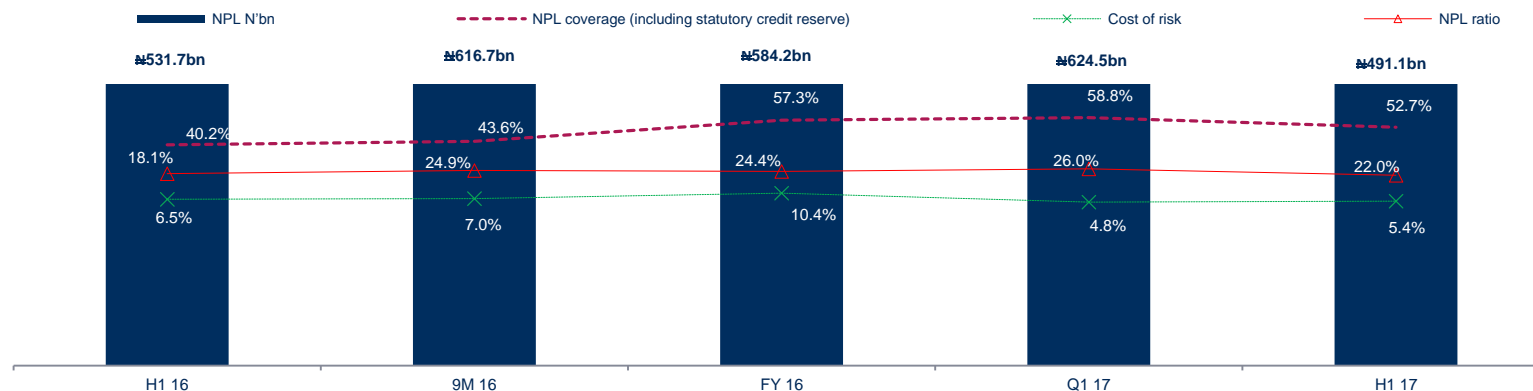
Loans and advances by currency

FirstBank (Nigeria)

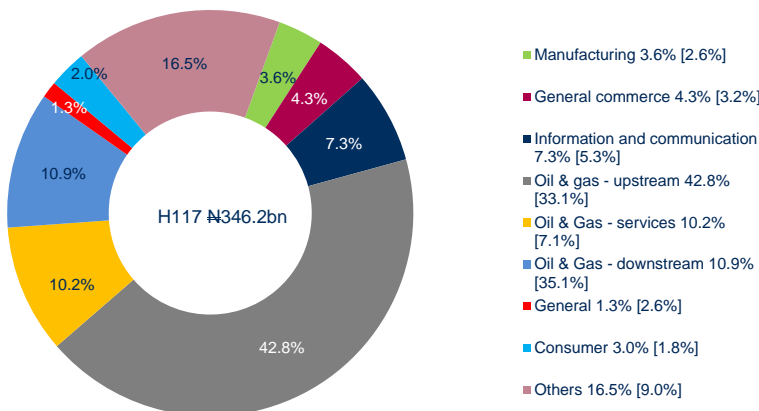
FCY LCY



Asset quality ratios - FBNHoldings



H1 2017 NPL exposure by sector - FirstBank (Nigeria)



[FY 2016: ₦478.8bn]

- NPL ratio declined to 22% from 26% in the last quarter with ongoing remediation and recovery efforts
- Net impairment charge on credit losses amounted to ₦62.4bn in H1 2017 (H1 2016: ₦69.9bn) following improved recoveries, remediation and restructuring activities
- NPL in the oil & gas sector constitute 64% of total NPL in H1 2017 (FY 2016: 73%) while the general commerce and manufacturing sector constitute 4% respectively [FY 2016: 3.0% respectively]
- On track to achieving year end NPL guidance and medium term strategic target

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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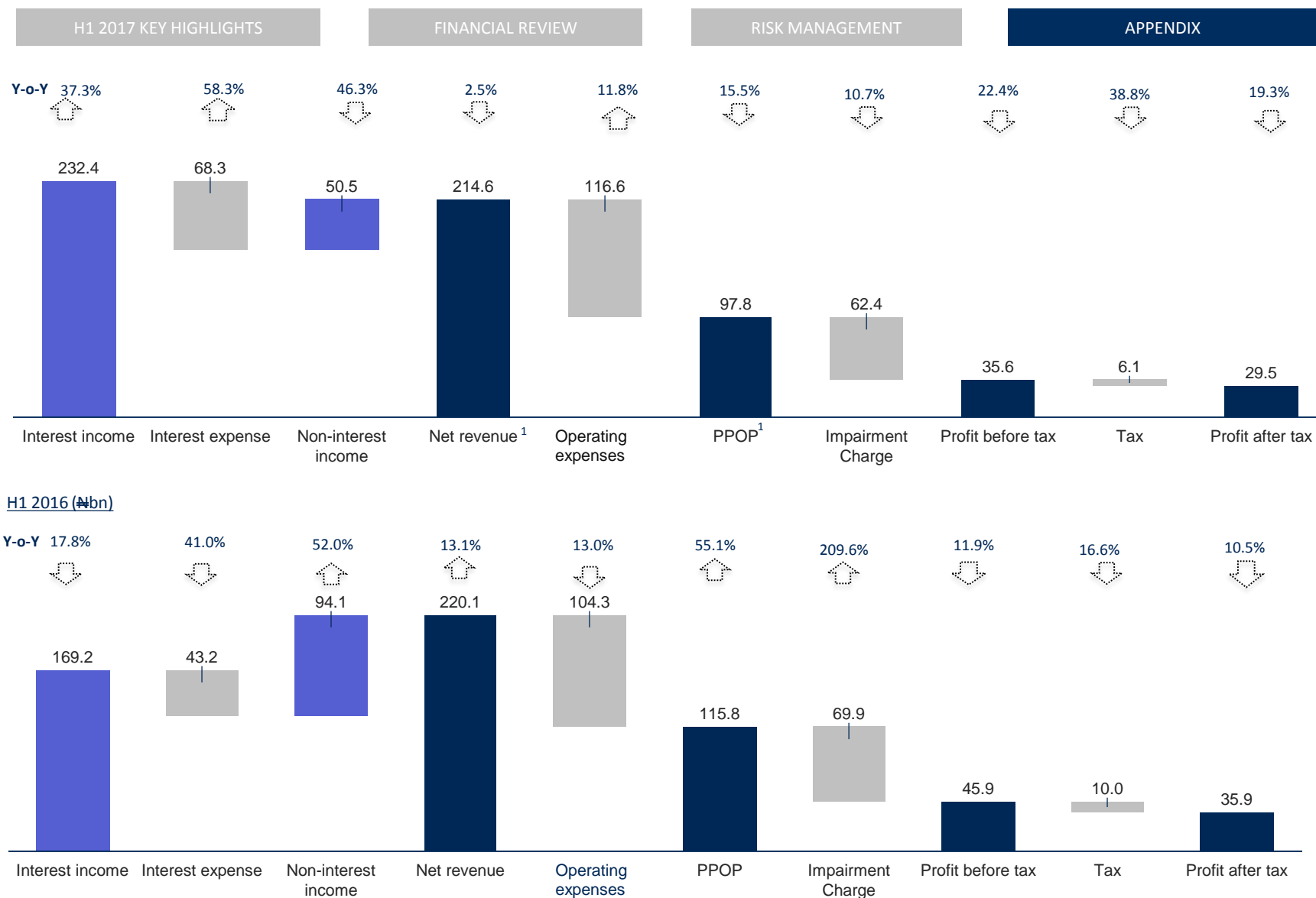
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Appendix

Income statement evolution



¹ Definition provided in the appendix

Revenue Generation

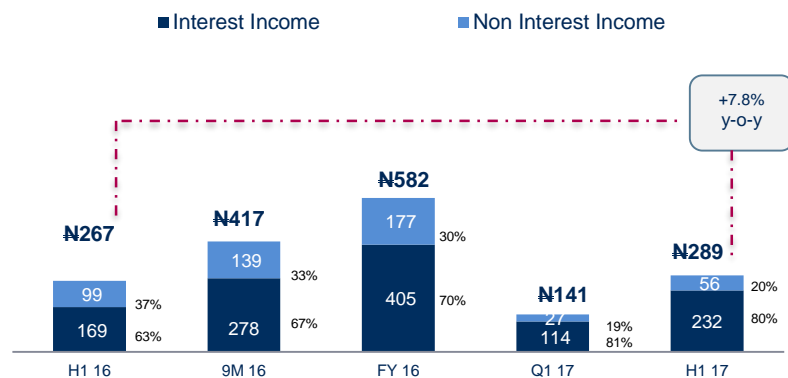
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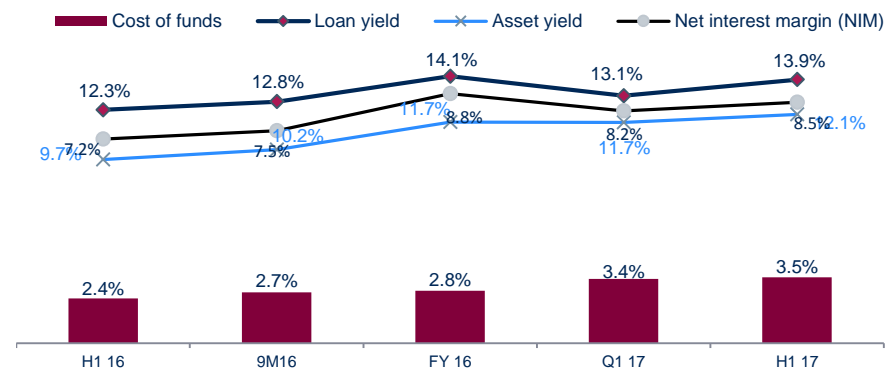
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Gross earnings breakdown (Nbn)¹

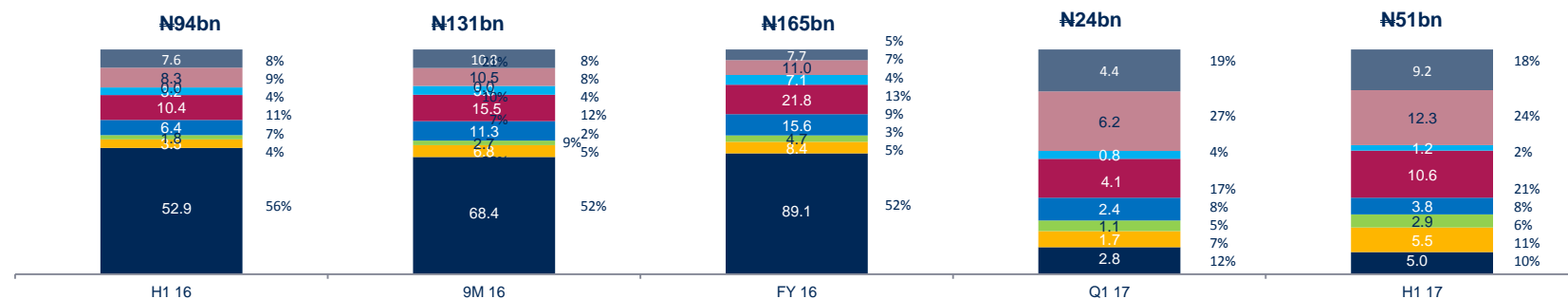


Net interest margin drivers



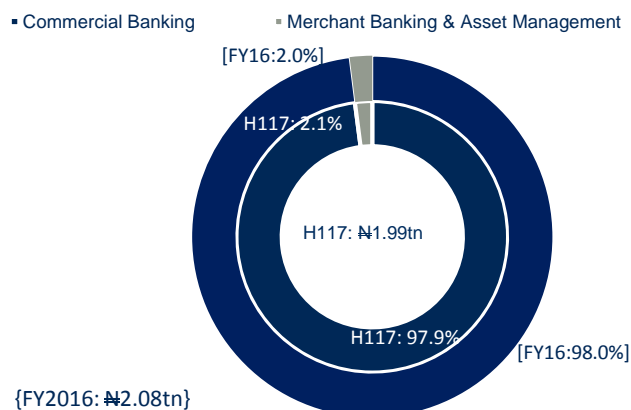
Non-interest income breakdown (Nbn)

Foreign exchange Insurance premium Credit related fees Account maintenance E-business Financial advisory Commission on turnover Other fees & commission Other income³

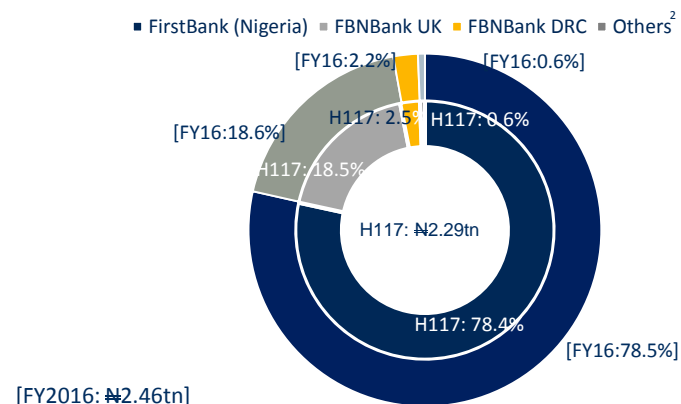


¹Non-interest income here is gross and does not account for fee and commission expense ² Other fees and commission include commission on bonds and guarantees, fee and commission expense, remittance fees, LC commission, money transfer, custodian fees, fund management fees and brokerage & intermediation ³ Other income includes net (losses)/gains on investment securities, net (losses)/gains from financial assets at fair value, dividend income and share of profit/loss from associates

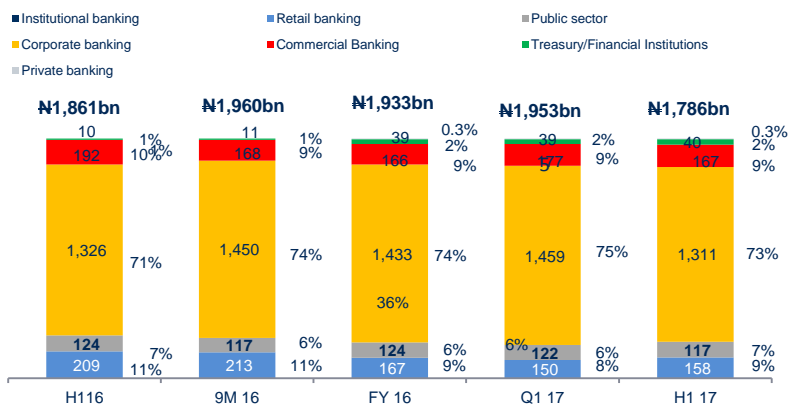
FBNHoldings gross loans by business groups ¹



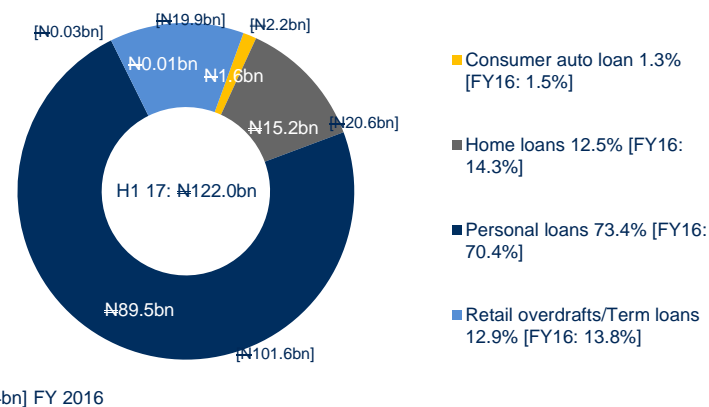
FirstBank (Nigeria) & Subsidiaries gross loans



FirstBank (Nigeria) gross loans by SBU (Nbn)

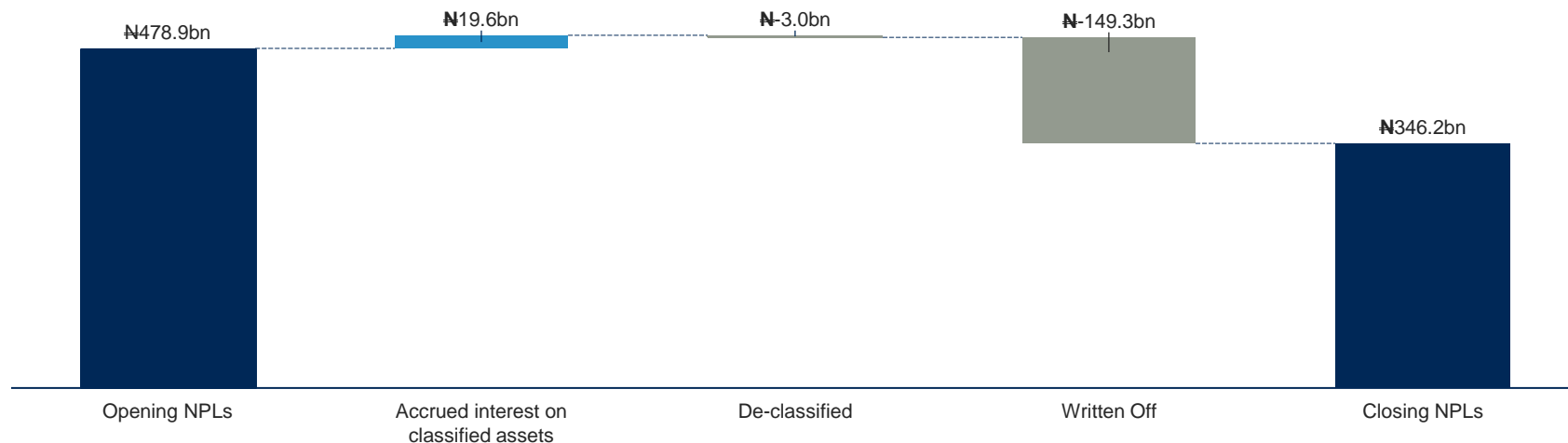


FirstBank (Nigeria) core consumer / retail product portfolio

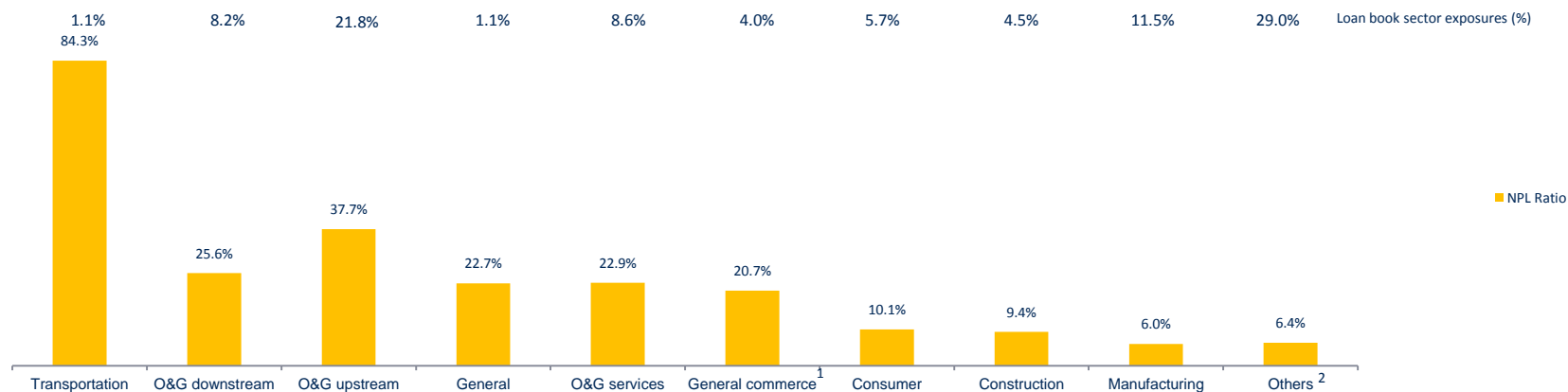


¹ FBNHolding's gross loans include intercompany adjustments ² Others include FBN Mortgages, FBNBank Ghana, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra Leone, FBNBank Senegal

H1 2017 NPL evolution - FirstBank (Nigeria)



H1 2017 NPL ratio by sector - FirstBank (Nigeria)



¹ General includes: hotels & leisure, logistics, religious bodies; ² Others (NPL ratio by sector) include General, Transportation & storage, Finance & Insurance, Administration, Capital market, Education, Professional & Scientific, Human health and Arts & Entertainment all contributing between 0.1 – 4.0% to the loan book exposure

Asset quality (2)

H1 2017 KEY HIGHLIGHTS

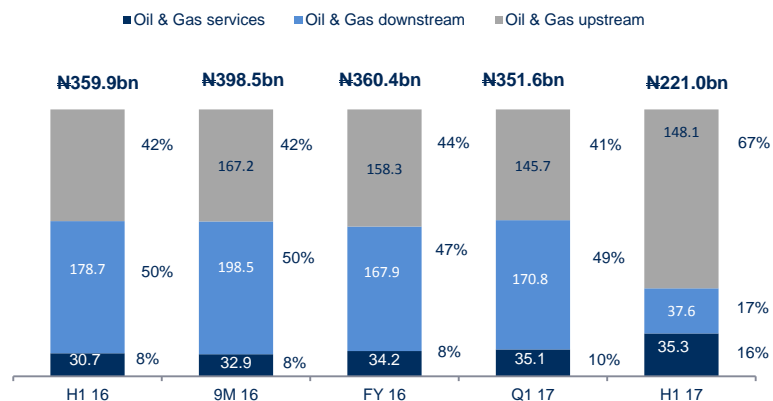
FINANCIAL REVIEW

RISK MANAGEMENT

APPENDIX

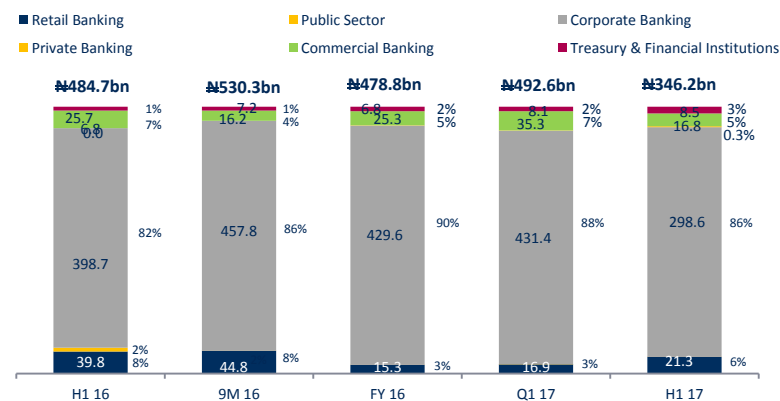
Oil & Gas NPLs

FirstBank (Nigeria)



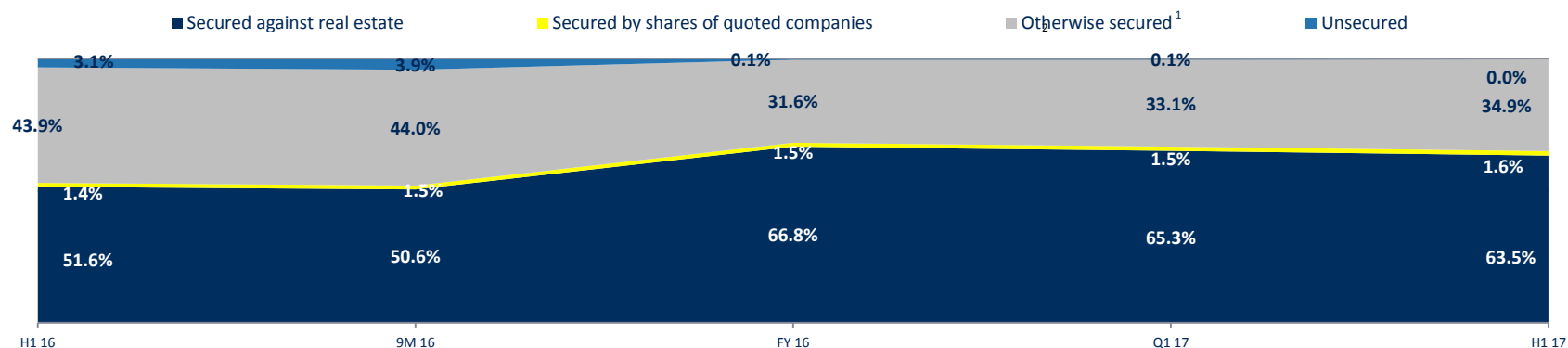
NPLs by SBU Nbn

FirstBank (Nigeria)



Breakout of loans and advances by type of collateral

First Bank (Nigeria)



¹ Otherwise secured refers to credits secured through cash/ treasury bills, guarantees/receivable of investment grade banks and corporates, enforceable lien on fast moving inventory in bonded warehouses/tripartite warehousing agreement, all asset debentures, charge on asset financed, insurance policy, postdated cheques, domiciliation ² Unsecured credits represent clean lending to top tier corporates

FBNHoldings' global footprint

H1 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
- 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)