Facts Behind the Figures
Nigerian Stock Exchange
June 15, 2017
DISCLAIMER

This presentation is based on FBN Holdings Plc’s (‘FBNH’ or ‘the company’ or the ‘Group’) audited results for the twelve months ended 31 December, 2016 and the unaudited results for the three months ended 31 March, 2017. Following the decisions to divest from FBN Mortgages Limited and Rainbow Town Development Limited, the results of operations, assets and liabilities of the two companies for 2016 and corresponding balances for 2015 have been presented as Discontinued Operations in line with IFRS 5.

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.

This presentation contains forward-looking statements which reflect management’s expectations regarding the Group’s future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as “anticipate”, “believe”, “expect”, “intend”, “estimate”, “project”, “target”, “risk”, “goal” and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally.

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<table>
<thead>
<tr>
<th>Outline</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Operating Environment</td>
<td>Pg 4 - 5</td>
</tr>
<tr>
<td>Financial Profile</td>
<td>Pg 6 - 9</td>
</tr>
<tr>
<td>Strategy</td>
<td>Pg 10 - 16</td>
</tr>
<tr>
<td>Valuation &amp; Outlook</td>
<td>Pg 17 - 20</td>
</tr>
<tr>
<td>Appendix</td>
<td>Pg 22 - 35</td>
</tr>
</tbody>
</table>
The Operating Environment
Rcessionary environment through 2016 with a gradual economic recovery expected in 2017

Recessionary trend with rising inflation

Improvement in crude oil price in 2016

Increase in yields on investment securities through 2016 and Q1 2017

CBN currency interventions improve FX flows

Data source: CBN, NBS and FBNHoldings Investor relations
Financial Profile
Strong earnings in a challenging operating environment as we address legacy asset quality

INCOME STATEMENT

**Gross earnings**
- FY16: N581.8bn
- Q117: N141.0bn

**Net interest income**
- FY16: N304.4bn
- Q117: N80.3bn

**Operating income**
- FY16: N469.9bn
- Q117: N104.5bn

**Profit before tax**
- FY16: N22.9bn
- Q117: N19.9bn

**Profit after tax**
- FY16: N17.1bn
- Q117: N16.1bn

**Impairment charge for credit losses**
- FY16: N226.0bn
- Q117: N28.8bn

**Non-interest income**
- FY16: N165.5bn
- Q117: N24.2bn

**Operating expenses**
- FY16: N220.9bn
- Q117: N55.7bn

STATEMENT OF FINANCIAL POSITION

**Total assets**
- FY16: N4,736.8bn
- Q117: N4,984.6bn

**Loans & advances (net)**
- FY16: N2,083.9bn
- Q117: N2,062.7bn

**Customer deposits**
- FY16: N3,104.2bn
- Q117: N3,093.4bn

**Total Equity**
- FY16: N582.5bn
- Q117: N601.3bn

KEY HIGHLIGHTS

- Underlying business remains fundamentally strong with 15.7% y-o-y growth in gross earnings in FY 2016
- Pre-provision operating profit of N248.9billion in FY 2016 remains the highest in the industry
- 13.7% growth in total assets in FY 2016
- Increasingly stronger balance sheet as we deal with legacy assets and cautiously originate new loans
- Stable and diverse funding base

1 Profit after tax relate to continued operations for FY 2016
Improving performance at the core of building a solid foundation for the long term

**KEY RATIOS**

- **Cost to income ratio**
  - FY16: 47.0%
  - Q117: 53.3%

- **Liquidity ratio**
  - FY16: 52.7%
  - Q117: 53.5%

- **Cost of funds**
  - FY16: 2.8%
  - Q117: 3.4%

- **Post-tax ROAE**
  - FY16: 3.0%
  - Q117: 10.9%

- **CAR** (Basel 2)
  - FY16: 17.8%
  - Q117: 18.1%

- **Gross loans to deposits**
  - FY16: 77.1%
  - Q117: 77.8%

- **Net interest margin**
  - FY16: 8.8%
  - Q117: 8.2%

- **Post-tax ROAA**
  - FY16: 0.4%
  - Q117: 1.3%

- **NPL ratio**
  - FY16: 24.4%
  - Q117: 26.0%

- **Cost of risk**
  - FY16: 10.4%
  - Q117: 4.8%

- **NPL coverage**
  - FY16: 57.3%
  - Q117: 58.8%

- **Earnings yield**
  - FY16: 11.7%
  - Q117: 11.7%

**KEY HIGHLIGHTS**

- Improving cost efficiencies with scope for enhanced performance
- Y-o-y improvement in cost to income ratio and operating expenses despite the inflationary environment
- Liquidity ratio remains one of the strongest in the industry
- Further asset yields optimisation leads to stronger margins
- Stronger capital adequacy ratio providing support to growth initiatives
Strong business fundamentals and liquidity ratio ..........while focusing on improving asset quality

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

FBN Ltd\(^1\): Ratio Analysis

<table>
<thead>
<tr>
<th>Performance Index</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE%</td>
<td>2.1</td>
<td>2.1</td>
<td>12.4</td>
</tr>
<tr>
<td>ROE (ex-LLE*)%</td>
<td>29.2</td>
<td>46.1</td>
<td>35.7</td>
</tr>
<tr>
<td>ROA%</td>
<td>0.3</td>
<td>0.3</td>
<td>1.6</td>
</tr>
<tr>
<td>ROA (ex-LLE*) %</td>
<td>3.6</td>
<td>5.6</td>
<td>4.7</td>
</tr>
<tr>
<td>Loan to Deposit %</td>
<td>62.5</td>
<td>68.9</td>
<td></td>
</tr>
<tr>
<td>Cost to Income %</td>
<td>59.6</td>
<td>45.8(^2)</td>
<td>50.6</td>
</tr>
<tr>
<td>Net Interest Margin %</td>
<td>9.2</td>
<td>9.0</td>
<td>8.9</td>
</tr>
<tr>
<td>Cost of Fund %</td>
<td>3.8</td>
<td>2.5</td>
<td>3.7</td>
</tr>
<tr>
<td>NIR/Operating Income %</td>
<td>22.7</td>
<td>32.3</td>
<td>19.4</td>
</tr>
<tr>
<td>NPL ratio %</td>
<td>17.4</td>
<td>23.7</td>
<td>25.2</td>
</tr>
<tr>
<td>Cost of Risk %</td>
<td>5.9</td>
<td>10.1</td>
<td>5.4</td>
</tr>
<tr>
<td>Coverage Ratio%</td>
<td>42.6</td>
<td>58.5</td>
<td>59.9</td>
</tr>
<tr>
<td>Liquidity Ratio%</td>
<td>51.9</td>
<td>52.7</td>
<td>53.5</td>
</tr>
</tbody>
</table>

KEY HIGHLIGHTS

- Commercial banking franchise remains strong among peers with high earnings capacity
- Good handle on cost optimisation with decreasing cost to income ratio
- Opportunities exist to further save cost and grow non-interest income
- Liquidity remains strong relative to most peers
- Adequate and secure collaterals held against asset portfolio
- We expect stronger portfolio of risk assets as we progress on revamping the risk management architecture

\(^1\) FBN refers to the Commercial Banking Group. i.e: First Bank of Nigeria Ltd (FBN) which contributes ~91% to FBNH’s Gross revenue, while the Merchant and Asset Management Business and the Insurance Group contribute 9%. \(^2\) Excluding foreign exchange revaluation gain, Cost to Income would be 55.8%
Strategy
New Board appointments effective Jan 2016

- Oluwande Muoyo and Cecilia Akintomide appointed Independent Non-Executive Directors of FBN Holdings Plc
- Ibukun Awosika appointed as the Chairman of the Board of First Bank of Nigeria Ltd.
- Olusola Oworu and Lateef Bakare were appointed as Independent Non-Executive Directors on the Board of First Bank Nigeria Ltd
- Dr. Remi Oni, Executive Director Corporate Banking was appointed on the Board of First Bank Nigeria Ltd
- Paul Cardoen, appointed Managing Director of FBNBank UK.
- Messrs Akinlolu Osibajo and Folaranmi Odunayo were appointed as Non-Executive Directors on the Board of FBN Merchant Bank Ltd
- UK Eke, Group Managing Director of FBNHoldings, appointed as a Non-Executive Director of FBN Merchant Bank Ltd
- Gbenga Shobo, the Deputy Managing Director (DMD), First Bank of Nigeria Ltd appointed Chairman of the Board of FBN General Insurance Ltd.
- Bode Opadokun was appointed the Managing Director of FBN General Insurance Ltd

Key appointments at the Bank include: Olusegun Alebiosu, Chief Risk Officer; Patrick Iyamabo, Chief Financial Officer; Callistus Obetta, Group Executive, Technology and Services
Transforming our risk management approach towards sustainable improvement in asset quality

Further to our 2016 plan of revamping our risk management framework, key initiatives highlighted have been implemented as detailed below:

- Reviewed the credit process and strengthened the governance framework
- Recruited a new Chief Risk Officer to drive the new credit architecture and build a robust and sustainable credit underwriting practice
- Executive Director, Corporate Banking appointed to strengthen loan origination, structuring and distribution
- New Head, Remedial and Classified Asset Management recruited to drive aggressive recovery
- Appointed a Group Executive for Technology and Services with increased focus on technology to enhance efficiency and control environment
- Institutionalized a new credit culture with selection of quality customers and adherence to lending conditions and transaction structuring
- Restructured credit terms of obligor with compelling business case to match cash flows
- Aligned the level of exposures with the level of seniority of managers to ensure discussions and credit calls take place at right level
- Implementation of an Enterprise Risk Management (ERM) system to strengthen the risk and control environment

A clear resolution pathway

Customer selection
World check
Enhanced obligor profiling
Third party subject matter professionals
Transaction structuring
Structure with a view to sell down
Adherence to lending conditions
Management & Monitoring
Enhancing middle level office for approvals and increase board oversight
Remediation
Account by Account monitoring and reporting
Recovery
Aggressive recovery initiatives with credit agents
Aligning strategy to meet customers’ needs

Addressing the needs of our customers and stakeholders by:

- Improving risk governance
- Driving operational efficiencies
- Harnessing inherent revenue advantages
- Leveraging technological tools

Through these strategic initiatives:

- Deliver structural changes in the risk-taking culture, processes and oversight
- Maintain sustained improvement of cost and capital efficiency
- Enhance revenue growth across the Group
- Create digital competency to enhance revenue and service delivery
Simplified pathway to value creation

Deliver structural changes in the risk-taking culture:
1. Institutionalised a new credit culture with selection of quality customers and adherence to lending conditions and transaction structuring
2. Revamped the risk management governance and architecture
3. Strategic appointments across the risk management function and building internal capacity in product lines
4. Improving quality of obligors across the group
5. A stronger portfolio of risk assets with sustainable income streams

Maintain sustained improvement of cost and capital efficiency:
1. A wholesale change in People, Processes, Policies and Technology
2. Reduced operating expenses and improved cost to income ratio
3. Integrated and institutionalised shared services which is eliminating duplicated costs
4. Moderate balance sheet growth with enhanced high yielding treasury activities
5. Stronger capital position

Enhance revenue growth across the Group:
1. Execution of a group innovation project to identify new revenue streams
2. Increased market share with customer accounts at 13m (FY2015: 11.2m) across the group with a plan to grow to circa 20m-25m within the current strategic cycle
3. Improved revenue generation across the group; The Merchant Bank and Insurance businesses recorded 11.5% and 18.7% y-o-y growth in revenue respectively
4. Leveraged the commercial banking retail network to deepen market penetration across the group

Create digital competency to enhance revenue and service delivery:
1. Launched *894# USSD (Unstructured Supplementary Service Data) banking service and recorded over 1 million users; the fastest growing USSD service in the industry
2. The only Bank to record over 100m monthly ebanking transactions 5 times on the interswitch platform; currently at 110m+
3. Strengthened technology infrastructure to drive efficiency across all areas of the business
4. Increasing contribution from e-banking solutions
Leveraging Digital Banking to drive growth

**Impact of Our Digital Banking Strategy**

**FirstMobile/Online**

**Accomplishment**
- Over N1tn transaction value
- Fastest MobileApp adoption with 900,000 users enrolled since inception in September 2015
- 19.7m transactions in 2016
- 1m+ digital customers

**Priorities**
- Achieve 25% migration of the bank active customer base to digital channels by 2019
- Deploy FirstMobile for SMEs
- Deploy the digital experience centres (Digital Lab) and Digital Branches

**Projected Outcome**
- 3.5m users to be enrolled in 2019
- Further enhance NIR and overall revenue generation

**Agency Banking**

**Opportunities**
- Our large branch network, trust and goodwill in the market convey a distinctive competitive advantage for the business
- Reduction in cost to serve
- Leverage existing mobile wallet based Agency Payment Scheme – Firstmonie

**Priorities**
- Reach the unbanked and under-banked through the rollout of Agent Banking
- Grow NIR through *894# Banking
- Use data analytics to develop innovative models for offering micro savings, loans, insurance, and remittances

**Projected Outcome**
- 20,000 active agent locations by 2019
- Improve deposit liabilities, fee income further drive cost savings

**USSD**

**Opportunities**
- USSD Banking presents a strong opportunity for NIR growth
- Reduced account dormancy
- Profitably grow mass market customers

**Priorities**
- Increase current available services
- Improve overall customer service experience

**Projected Outcome**
- Increase NIR contribution and overall revenue generation
Our 2017 - 2019 Strategy outlook

Focus
Rebuilding the Group for Enhanced Shareholder Value

Through
People

Process

Technology
• Digital Banking
• FSS – First Shared Services
• ERM/P – Enterprise Resource Management/Planning
• GSS – Group Shared Services

Goals
• Single digit NPL
• Cost of Risk less than 2%
• Cost to Income ≤ 50%
• Enhanced revenue generation
• Return on Equity >20%
• Improved dividend distribution
Valuation & Outlook
FBNH currently trading at 0.42x P/B and 17.45x P/E, provides a compelling investment opportunity.

**Valuation & Outlook**

**FY 2016 P/B**

- Peer 1: 1.47
- Peer 2: 0.66
- Peer 4: 0.38
- Peer 3: 0.37
- FBNH: 0.21

**FY 2016 P/E**

- FBNH: 6.32
- Peer 1: 5.29
- Peer 2: 3.58
- Peer 3: 2.35
- Peer 4: 2.21

**14 June 2017 P/B**

- Peer 1: 1.94
- Peer 2: 1.00
- Peer 4: 0.70
- Peer 3: 0.62
- FBNH: 0.42

**14 June 2017 P/E**

- FBNH: 17.45
- Peer 1: 6.87
- Peer 2: 4.90
- Peer 4: 4.05
- Peer 3: 3.64

Numbers in [ ] represent the average for the period; The BVPS (Book value per share) is sourced from Bloomberg as of 9 June 2017.

Source: Bloomberg
### Outlook / Guidance

#### Profitability and efficiency metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017 guidance</th>
<th>FY2016 (guidance)</th>
<th>FY2016 (actual)</th>
<th>Q12017 (actual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROaE</td>
<td>≥10%</td>
<td>9-10%</td>
<td>3.0%</td>
<td>10.9%</td>
</tr>
<tr>
<td>ROaA</td>
<td>1-1.5%</td>
<td>1.0-1.2%</td>
<td>0.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Cost to Income</td>
<td>≤55%</td>
<td>49-50%</td>
<td>47.0%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Cost of Risk</td>
<td>6-7%</td>
<td>6-7%</td>
<td>10.4%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Cost of Fund</td>
<td>3-4%</td>
<td>3-4%</td>
<td>2.8%</td>
<td>3.4%</td>
</tr>
<tr>
<td>NIM</td>
<td>8-8.5%</td>
<td>7.5-7.8%</td>
<td>8.8%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Deposit growth</td>
<td>~10%</td>
<td>10-12%</td>
<td>4.5%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Net loan growth</td>
<td>5-10%</td>
<td>25%</td>
<td>14.7%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>NPL</td>
<td>&lt;20%</td>
<td>≤25%</td>
<td>24.4%</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

1 In a normalised business environment
FBNH: Nigeria’s premier financial institution with market leadership across diverse products and services

**Rich Heritage**
Nigeria’s biggest and indigenous financial institution with over 123 years in commercial banking services

- **875** Business Locations
- **53.5%*/73.0%** High Liquidity ratio*
- **2,779** ATMs
- **7,048** POS
- Only Bank to have carried out 100million+ transaction per month on the main switch network

**Recognitions**
Our Brand remains strong in the industry as we achieved several awards and global recognition across our operating entities

- 6x in a row most valuable banking brand in Nigeria
- Best Commercial Bank in Nigeria
- Best Life Insurance company
- Awarded to First Bank Nigeria Ltd
- Fastest growing underwriting business
- Best Investment Bank
- Awarded to FBN Quest

**Market Leader**
Sustained market leader with increasing revenue momentum and rising customer base

- **₦582bn** Largest financial institution in Gross Earnings
- **13mn** Active customers accounts
- **19.0%** Market share of active accounts (FY 2016)
- **18.5%** Market share of active accounts (FY 2015)

**Competitive Stance**
We have remained competitive across our business within the industry with strong performance among peers

- **3%** CAGR Improving cost efficiency with 3% Compounded Annual Growth Rate (CAGR) below peer average (11%) in the last 4 years
- **~18%** Market share in Deposits and Total assets [Market share on Loan and advances circa 13%]
- ***894#** Fast growing USSD¹ banking service

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¹ USSD – Unstructured Supplementary Service Data
*As at March 2017

Source - Company fillings, Competitor analysis, CBN statistical bulletin, National Bureau of Statistic (NBS), 2016 Financial Stability Report
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- +234 (1) 9051086
- +234 (1) 9051146
Appendix
## Income statement

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>FY 16</th>
<th>y-o-y</th>
<th>Q1 15</th>
<th>Q1 16</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earnings</td>
<td>502.7</td>
<td>581.8</td>
<td>15.7%</td>
<td>107.5</td>
<td>141.0</td>
<td>31.2%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>265.2</td>
<td>304.4</td>
<td>14.8%</td>
<td>63.9</td>
<td>80.3</td>
<td>25.7%</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>97.9</td>
<td>165.5</td>
<td>68.9%</td>
<td>21.9</td>
<td>24.2</td>
<td>10.4%</td>
</tr>
<tr>
<td>Operating income(^1)</td>
<td>363.1</td>
<td>469.9</td>
<td>29.4%</td>
<td>85.8</td>
<td>104.5</td>
<td>21.8%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>222.7</td>
<td>220.9</td>
<td>-0.8%</td>
<td>50.9</td>
<td>55.7</td>
<td>9.3%</td>
</tr>
<tr>
<td>Pre-provision operating profit(^1)</td>
<td>140.4</td>
<td>248.9</td>
<td>77.4%</td>
<td>34.8</td>
<td>48.8</td>
<td>40.2%</td>
</tr>
<tr>
<td>Impairment charge</td>
<td>118.8</td>
<td>226.0</td>
<td>90.3%</td>
<td>12.8</td>
<td>28.8</td>
<td>126%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>21.6</td>
<td>22.9</td>
<td>6.3%</td>
<td>22.1</td>
<td>19.9</td>
<td>-9.5%</td>
</tr>
<tr>
<td>Income tax</td>
<td>6.0</td>
<td>5.8</td>
<td>-3.9%</td>
<td>1.3</td>
<td>3.8</td>
<td>187.3%</td>
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<tr>
<td>Profit after tax</td>
<td>15.5</td>
<td>17.1</td>
<td>10.3%</td>
<td>20.7</td>
<td>16.1</td>
<td>-22.1%</td>
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## Statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>FY 16</th>
<th>y-o-y</th>
<th>Q1 15</th>
<th>Q1 16</th>
<th>y-t-d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>4,166.2</td>
<td>4,736.8</td>
<td>13.7%</td>
<td>4,142.6</td>
<td>4,984.6</td>
<td>5.2%</td>
</tr>
<tr>
<td>Investment securities (interest earning)</td>
<td>970.2</td>
<td>1,193.9</td>
<td>23.1%</td>
<td>963.2</td>
<td>1,365.6</td>
<td>44.2%</td>
</tr>
<tr>
<td>Interbank placements</td>
<td>385.8</td>
<td>444.8</td>
<td>15.3%</td>
<td>390.6</td>
<td>596.0</td>
<td>54.0%</td>
</tr>
<tr>
<td>Cash and balances with Central Bank</td>
<td>715.9</td>
<td>690.1</td>
<td>-3.6%</td>
<td>733.5</td>
<td>621.1</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Net loans &amp; advances</td>
<td>1,817.3</td>
<td>2,083.9</td>
<td>14.7%</td>
<td>1,762.2</td>
<td>2,062.7</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>2,970.9</td>
<td>3,104.2</td>
<td>4.5%</td>
<td>2,835.3</td>
<td>3,093.4</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Total equity</td>
<td>578.8</td>
<td>582.6</td>
<td>0.7%</td>
<td>575.2</td>
<td>601.3</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

#### Key ratios\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>FY 16</th>
<th>Q1 15</th>
<th>Q1 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest margin(^1)</td>
<td>8.1%</td>
<td>8.8%</td>
<td>8.1%</td>
<td>8.2%</td>
<td></td>
</tr>
<tr>
<td>Cost to income(^1)</td>
<td>61.3%</td>
<td>47.0%</td>
<td>59.4%</td>
<td>53.3%</td>
<td></td>
</tr>
<tr>
<td>Cost of funds</td>
<td>3.7%</td>
<td>2.8%</td>
<td>2.3%</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td>NPL</td>
<td>18.1%</td>
<td>24.4%</td>
<td>21.5%</td>
<td>26.0%</td>
<td></td>
</tr>
<tr>
<td>NPL coverage(^1)</td>
<td>40.2%</td>
<td>57.3%</td>
<td>37.4%</td>
<td>58.8%</td>
<td></td>
</tr>
<tr>
<td>Cost of risk</td>
<td>5.7%</td>
<td>10.4%</td>
<td>2.6%</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>ROaE(^1)</td>
<td>2.8%</td>
<td>3.0%</td>
<td>14.4%</td>
<td>10.9%</td>
<td></td>
</tr>
<tr>
<td>ROaA(^2)</td>
<td>0.4%</td>
<td>0.4%</td>
<td>2.0%</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>CAR – FirstBank (Nigeria) - Basel 2</td>
<td>17.1%</td>
<td>17.8%</td>
<td>17.2%</td>
<td>18.1%</td>
<td></td>
</tr>
<tr>
<td>Tier 1 CAR – FirstBank (Nigeria) - Basel 2</td>
<td>13.3%</td>
<td>13.9%</td>
<td>13.3%</td>
<td>14.0%</td>
<td></td>
</tr>
<tr>
<td>CAR – FBN Merchant Bank - Basel 2</td>
<td>23.0%</td>
<td>22.6%</td>
<td>23.6%</td>
<td>26.41%</td>
<td></td>
</tr>
<tr>
<td>Gross loans to deposits(^4)</td>
<td>65.9%</td>
<td>77.1%</td>
<td>67.5%</td>
<td>77.8%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)Definition provided in the appendix.

\(^2\)FirstBank (Nigeria)

\(^3\)Basel 2

\(^4\)FBN Merchant Bank
### Income statement evolution

<table>
<thead>
<tr>
<th>FY 2016 (Mbn)</th>
<th>Y-o-Y</th>
<th>2.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>405.3</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>100.8</td>
<td></td>
</tr>
<tr>
<td>Non-interest income</td>
<td>165.5</td>
<td></td>
</tr>
<tr>
<td>Net revenue</td>
<td>469.9</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>220.9</td>
<td></td>
</tr>
<tr>
<td>PPOP</td>
<td>249.0</td>
<td></td>
</tr>
<tr>
<td>Impairment Charge</td>
<td>226.0</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>23.0</td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>17.1</td>
<td></td>
</tr>
</tbody>
</table>

### Q1 2017 (Mbn)

<table>
<thead>
<tr>
<th>Y-o-Y</th>
<th>36.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>114.1</td>
</tr>
<tr>
<td>Interest expense</td>
<td>33.8</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>24.2</td>
</tr>
<tr>
<td>Net revenue</td>
<td>104.5</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>55.7</td>
</tr>
<tr>
<td>PPOP</td>
<td>48.8</td>
</tr>
<tr>
<td>Impairment Charge</td>
<td>28.8</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>20.0</td>
</tr>
<tr>
<td>Tax</td>
<td>3.8</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>16.1</td>
</tr>
</tbody>
</table>

---

1. Definition provided in the appendix
Gross earnings breakdown (₦bn) 1

Net interest margin drivers

Non-interest income breakdown (₦bn)

1 Non-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.
Maintained cost management drive amidst inflationary pressure

**Operating expenses (Nbn)**

- Q4 15: N52.3, 61.6%
- Q1 16: N51.0, 59.4%
- Q2 16: N53.4, 39.7%
- Q3 16: N57.5, 50.5%
- Q4 16: N59.2, 43.5%
- Q1 17: N55.7, 53.3%

**Operating income (Nbn)**

- Q4 15: N84.9, 14.9%
- Q1 16: N85.8, 25.5%
- Q2 16: N134.3, 53.7%
- Q3 16: N113.8, 32.5%
- Q4 16: N136.0, 25.3%
- Q1 17: N104.5, 23.1%
Steady growth in assets through increased treasury activities as we enhance revenue generating platforms

**Net Interest Margin Drivers**

- Net interest margin improved to 8.8% and 8.2% in FY 2016 and Q1 2017 respectively (FY 2015: 8.1%; Q1 2016: 8.1%) on the back of a decrease in funding cost.
- Funding cost declined to 2.8% on the back of a 13% reduction in expensive term deposits in FY 2016. CASA ratio improved to 72.9% in FY 2016 and 71.9% in Q1 2017 (FY 2015: 67.3%, Q1 2016: 69.2%). Funding cost however increased to 3.4% in Q1 2017 (Q1 2016: 2.3%).
- Attractive yields on short-dated investment securities during the year impacted interest income from securities. Securities yield increased to 10.7% and 14.4% in FY 2016 and Q1 2017 respectively (FY 2016: 9.0%, Q1 2016: 8.6%).
- Growth in asset yield to 11.7% in FY 2016 (Q1 2017: 11.7%) reflects the group’s drive to maximize investment in earning assets.
Strong and well diversified funding base with robust retail franchise

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

Funding by type Nbn

FBNHoldings

<table>
<thead>
<tr>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits from Banks</td>
<td>3%</td>
<td>6%</td>
<td>8%</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>72%</td>
<td>65%</td>
<td>66%</td>
<td>66%</td>
<td>63%</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>5%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>7%</td>
<td>6%</td>
<td>7%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Financial investment liabilities</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Equity</td>
<td>1%</td>
<td>8%</td>
<td>12%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Total Nbn</td>
<td>1,589</td>
<td>1,642</td>
<td>1,669</td>
<td>1,756</td>
<td>1,759</td>
</tr>
</tbody>
</table>

Deposits by currency Nbn

FBNHoldings

<table>
<thead>
<tr>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCY</td>
<td>14%</td>
<td>12%</td>
<td>15%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>LCY</td>
<td>86%</td>
<td>88%</td>
<td>85%</td>
<td>82%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Deposits by SBU Nbn

FirstBank (Nigeria)

<table>
<thead>
<tr>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail banking</td>
<td>13%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Private banking</td>
<td>4%</td>
<td>7%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Corporate banking</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Commercial banking</td>
<td>1%</td>
<td>8%</td>
<td>7%</td>
<td>10%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Deposits by type Nbn

FBNHoldings

<table>
<thead>
<tr>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>14%</td>
<td>12%</td>
<td>15%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>86%</td>
<td>88%</td>
<td>85%</td>
<td>82%</td>
<td>84%</td>
</tr>
<tr>
<td>Term deposits</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Domiciliary accounts</td>
<td>1%</td>
<td>8%</td>
<td>12%</td>
<td>5%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Though it contributed to the deposits, Treasury was not a strategic business unit (SBU) until the new SBU structure took effect in January 2016 with Treasury & Financial Institutions being a SBU. SBUs: Corporate banking; private organisations with annual revenue > N5bn but < N10bn and midsize and large corporate clients with annual revenue in > N5bn but with a key man risk. Commercial Banking comprising clients with annual turnover of > N500mn and N5bn. Institutional banking (now within Corporate Banking effective January 2016): multinationals and corporate clients with revenue > N10bn. Private banking (now with retail effective January 2016): High net worth individuals and families. Public sector: Federal and state governments. Retail banking: mass retail, affluent with annual income < N50mn as well as small business and Local governments with annual turnover < N500mn.
Our liquidity position remains strong with improving efficiency in balance sheet management.

**Balance sheet efficiency**

- Leverage (times)
- Gross loans to deposits
- Liquidity

**RWA components**

- Market risk Q116: 6.2%
- Operational risk Q11: 21.4%
- Credit risk Q117: 71.8%

**Capital ratios**

FirstBank (Nigeria) and FBN Merchant Bank

- Total RWA (N’bn)
- Tier 1 capital ratio
- CAR - FBN
- CAR - FBN Merchant

**CAR & Liquidity**

- Liquidity (FirstBank- Nigeria)
- Capital Adequacy (FBNM)

- Definition provided in the appendix
Gross loans and advances at the Group level grew by 22.4% y-o-y in FY 2016 (Q1 2017: 31%) driven by the translation impact of devaluation on the FCY exposure

Total FCY loans constitute 51% of loans as at FY 2016 [Q1 2017: 50.9%]

The break down of the oil & gas portfolio in upstream, downstream and services as at FY 2016 was 21.3%, 14.1% and 6.8% respectively [Q1 2017: 20.3%, 14.3% and 7.2%]. 56% of the oil & gas loans are in FCY

About 5% of the loan book has been restructured with oil & gas loans constituting 70% of the restructured portfolio in FY 2016

Average duration of loan book is up to 36 months in FY 2016

NPL to revert to single digit region within the next 24 months on the back of active remediation of top exposures
Profiling the loan book portfolio

### Loans and advances by maturity
**FirstBank (Nigeria)**

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 30 days</td>
<td>15.8%</td>
<td>15.8%</td>
<td>14.3%</td>
<td>14.3%</td>
<td>7.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>1 - 3 months</td>
<td>20.2%</td>
<td>20.2%</td>
<td>22.3%</td>
<td>22.3%</td>
<td>18.9%</td>
<td>19.0%</td>
</tr>
<tr>
<td>3 - 6 months</td>
<td>24.5%</td>
<td>24.5%</td>
<td>24.5%</td>
<td>24.5%</td>
<td>21.5%</td>
<td>21.5%</td>
</tr>
<tr>
<td>6 - 12 months</td>
<td>7.4%</td>
<td>7.4%</td>
<td>7.4%</td>
<td>7.4%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>1 - 3 years</td>
<td>8.8%</td>
<td>8.8%</td>
<td>8.8%</td>
<td>8.8%</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>&gt;5 years</td>
<td>13.8%</td>
<td>13.6%</td>
<td>12.5%</td>
<td>12.5%</td>
<td>14.1%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

### Loans and advances by type
**FirstBank (Nigeria)**

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loans and advances by currency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCY</td>
<td>713</td>
<td>719</td>
<td>841</td>
<td>900</td>
<td>944</td>
<td>945</td>
</tr>
<tr>
<td>LCY</td>
<td>882</td>
<td>841</td>
<td>900</td>
<td>944</td>
<td>945</td>
<td>960</td>
</tr>
</tbody>
</table>

### Ageing analysis of performing loans and advances
**FirstBank (Nigeria)**

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 30 days</td>
<td>6.4%</td>
<td>2.9%</td>
<td>2.4%</td>
<td>1.9%</td>
<td>2.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td>31-60 days</td>
<td>93.2%</td>
<td>93.9%</td>
<td>95.4%</td>
<td>96.9%</td>
<td>95.5%</td>
<td>94.3%</td>
</tr>
<tr>
<td>&gt;61 days</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

### Loans and advances by currency
**FirstBank (Nigeria)**

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>Q1 16</th>
<th>H1 16</th>
<th>9M 16</th>
<th>FY 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCY</td>
<td>1,595bn</td>
<td>1,560bn</td>
<td>1,861bn</td>
<td>1,960bn</td>
<td>1,933bn</td>
<td>1,953bn</td>
</tr>
<tr>
<td>LCY</td>
<td>1,595bn</td>
<td>1,560bn</td>
<td>1,861bn</td>
<td>1,960bn</td>
<td>1,933bn</td>
<td>1,953bn</td>
</tr>
</tbody>
</table>
Adequate provisioning on delinquent loans with revamped credit processes

**Asset quality ratios - FBNHoldings**

<table>
<thead>
<tr>
<th>NPL N'bn</th>
<th>NPL coverage (including statutory credit reserve)</th>
<th>Cost of risk</th>
<th>NPL ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>₦353.5bn</td>
<td>₦410.7bn</td>
<td>₦531.7bn</td>
<td>₦616.7bn</td>
</tr>
<tr>
<td>18.1%</td>
<td>21.5%</td>
<td>22.8%</td>
<td>24.9%</td>
</tr>
<tr>
<td>5.8%</td>
<td>2.6%</td>
<td>6.3%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

**Q1 2017 NPL exposure by sector - FirstBank (Nigeria)**

- NPL ratio increased to 24.4% in FY 2016 with the increased provision on delinquent asset. (Q1 2017: 26.0%)
- Net impairment charge on credit losses amounted to ₦226bn in FY 2016 for the group (Q1 2017: ₦28.8bn) due to translation effect of devaluation and charge on legacy exposure in a subsidiary
- NPL coverage improved to 57.3% in FY 2016 (FY 2015: 40.2%, Q1 2017: 58.8%). NPL coverage is expected to move above 70% in 2017 given the strength of the collaterals which adequately cover the value of the loans
- NPLs in FCY constitute 37% of total NPL with adequate coverage
- NPL loans to the oil & gas sector constitute 75% of total NPL in FY 2016, while the general commerce and manufacturing sector constitute 3% each in FY 2016. (Q1 2017: 71.4%, 3.3% and 3.0% respectively)

Note: General includes: hotels & leisure, logistics, religious bodies; Others (NPL exposure by sector) include Finance, Transportation, Construction, Agriculture and Real estate activities; 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.
### FBNHoldings gross loans by business groups

- Commercial Banking
- Merchant Banking & Asset Management

<table>
<thead>
<tr>
<th>Business Group</th>
<th>FY2016</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>[FY16:2.0%]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[FY16:98.0%]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FirstBank (Nigeria) gross loans by SBU (Nbn)

<table>
<thead>
<tr>
<th>SBU</th>
<th>FY2016</th>
<th>Q1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional banking</td>
<td>1,595bn</td>
<td>1,560bn</td>
</tr>
<tr>
<td>Corporate banking</td>
<td></td>
<td>0.0bn</td>
</tr>
<tr>
<td>Private banking</td>
<td>582bn</td>
<td>7.0bn</td>
</tr>
<tr>
<td>Retail banking</td>
<td>140bn</td>
<td>10.0bn</td>
</tr>
<tr>
<td>Public sector</td>
<td>688bn</td>
<td>10.0bn</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>1,960bn</td>
<td>1,990bn</td>
</tr>
<tr>
<td>Treasury/Financial Institutions</td>
<td>0.0bn</td>
<td>0.0bn</td>
</tr>
</tbody>
</table>

### FirstBank (Nigeria) & Subsidiaries gross loans

<table>
<thead>
<tr>
<th>Business Group</th>
<th>FY2016</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FirstBank (Nigeria)</td>
<td>2.08tn</td>
<td>2.08tn</td>
</tr>
<tr>
<td>FBNBank UK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FBNBank DRC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>2.47tn</td>
<td>2.47tn</td>
</tr>
</tbody>
</table>

### FirstBank (Nigeria) core consumer / retail product portfolio

- Consumer auto loan 1.4% [FY16: 1.5%]
- Home loans 12.4% [FY16: 14.3%]
- Personal loans 72.7% [FY16: 70.4%]
- Asset acquisition 0.0% [FY16: 0.0%]
- Retail overdrafts/Term loans 13.5% [FY16: 13.8%]

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1. FBNHoldings’ gross loans include intercompany adjustments 2. Others include FBN Mortgages, FBNBank Ghana, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra Leone, FBNBank Senegal 3. Effective Jan 2016, the Institutional Banking & Private Banking SBUs ceased to exist while the former has been merged with Corporate Banking SBU the latter now resides within the retail banking SBU
FBNHoldings’ global footprint

**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

**Democratic Republic of Congo**
- **Name**: FBNBank DRC
- **Type**: Licensed Bank
- **Established**: 1994
- **Products / Services**: Commercial Banking

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

**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

**Representative Offices**
- **Name**: FBNBank China (2009)
- **Products / Services**: Banking Services

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**THE OPERATING ENVIRONMENT**

**FINANCIAL PROFILE**

**STRATEGY**

**VALUATION & OUTLOOK**

**APPENDIX**

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- 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)