



FBN Holdings



Connected

Growth through connected solutions

Business Luncheon with Key Institutional Investors

5 May 2014

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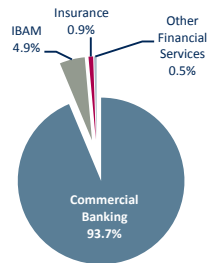
Introduction to FBN Holdings Plc

Business Description

- Established 120 years ago, FirstBank is the oldest bank in West Africa
- FirstBank is the #1 banking franchise in Nigeria by total assets, loans, deposits, and branches
- The Group employs about 9,849 staff, has over 8.5 million active customer accounts, through about 760 branches and over 2,437 ATMs
- Through its subsidiaries, the Group offers products and services across commercial banking in eleven countries. Other business groups include investment banking, insurance and microfinance businesses.
- During 2012, the Group underwent a restructuring to establish a holding company structure comprising four business groups
- FBN Holdings is listed on the Nigerian Stock Exchange with a market capitalisation of c. ₦1.6 trillion

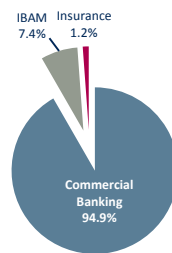
Business Split

Revenue by Business Group



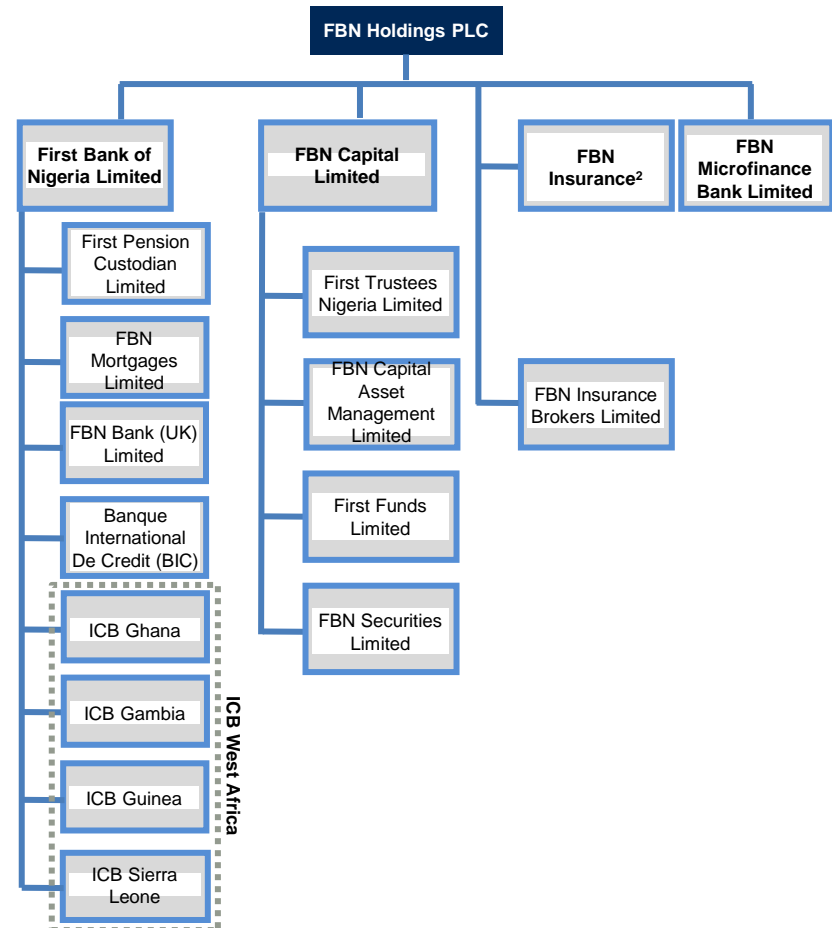
Total: ₦395bn

PBT by Business Group



Total: ₦91bn¹

Group Structure



Source: Company data, IFRS financial statements and Bloomberg

1 Includes ₦(3.2)bn attributable to Other Financial Services.

2 Includes the recently completed acquisition of Oasis Insurance



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Macroeconomic & Regulatory Environment Overview

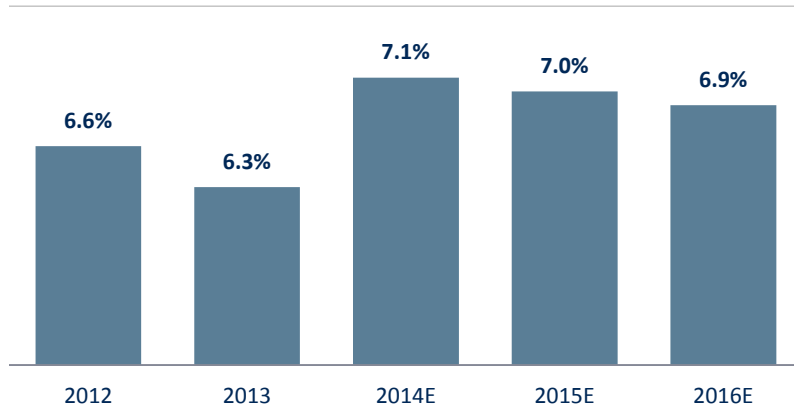
Stable macroeconomic environment buoyed by ongoing reforms.....

OVERVIEW	FINANCIAL REVIEW	BUSINESS GROUPS	STRATEGY	SUMMARY/ OUTLOOK	APPENDIX
	Macro Factors			Impact on FBN Holdings	
GLOBAL	<ul style="list-style-type: none"> Global economic growth was revised to 2.9% as at October 2013, dipping by 0.3% in comparison to 2012; emerging and developing markets remain key drivers with improvements in advanced economies Global oil prices closed at \$107.67 per barrel in 2013 (FY 2012: \$109.28) averaging \$105.94 per barrel in 2013 The US Federal Reserve announced plans to taper the quantitative easing program to bring the stimulus to an end in 2014 			<ul style="list-style-type: none"> ✓ Gross earnings growth of +7% in 2013 in spite of challenging regulatory and operating environment 	
NIGERIA	<ul style="list-style-type: none"> Real GDP growth estimated at 6.2% (FY 2012: 6.6%), as non-oil sector continued to drive growth through agriculture, manufacturing, building & construction while oil production declined to 1.88mbpd as at end of the year as a result of increased oil theft and pipeline vandalism Steady decline in inflation rate all through the year closing at 8.0% as at Dec 2013 (2013 av: 8.5%, Dec 2012: 12.0%) External reserves dipped by 1.3% y-o-y to close at \$43.6bn at end of FY 2013 (FY 2012: \$44.2bn) albeit reaching its peak of \$48.9bn in April 2013 High interest rate environment sustained as liquidity further tightened and exchange rate came under pressure Progress with power reforms as the Federal Government transferred assets to new owners 			<ul style="list-style-type: none"> ✓ Continuous improvement in inflation enhancing return on investments × Growth in cost of funds × Reduction in loanable funds × Reduction in government revenue × Increased government borrowing requirements 	
BANKING	<ul style="list-style-type: none"> Commencement of the CBN's revised bank charges in April 2013 Status quo maintained on monetary policy for first half of 2013 but tightened from Q3 with sterilisation of 50% (upward review to 75% in Q1 2014) of eligible local currency public sector deposits as CRR on public deposits (previously 12%), leading to a withdrawal of an estimated ₦1tn from the banking system as at Dec 2013 Extension of CBN cashless policy to 5 states of the Federation and FCT (Abia, Anambra, Kano, Ogun, Rivers and Abuja) in Q3 2013 Re-introduction of Retail Dutch Auction System to curb round tripping on the exchange rate 			<ul style="list-style-type: none"> × Increased funding cost × Pressure on yields & NIMs × Pressure on interest income × Pressure on non fixed income 	

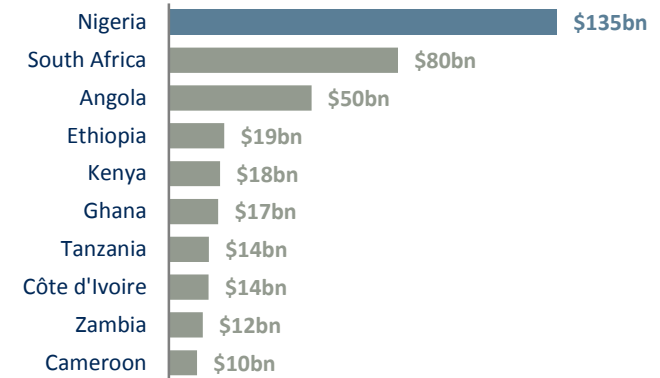
Macroeconomic trend supported by a growing population.....

The Largest and Most Diversified Economy in Sub-Saharan Africa

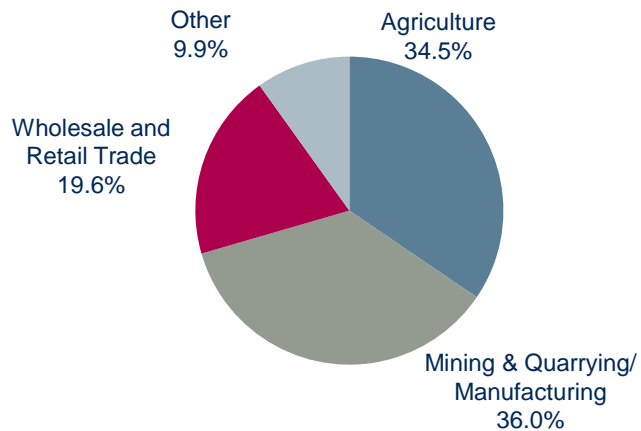
GDP Growth (%)



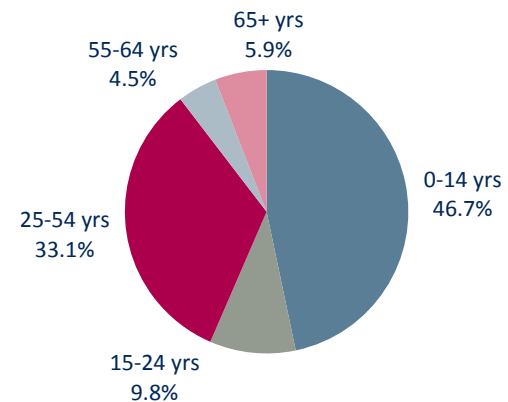
2013-18E Real GDP Growth (\$bn)



Nigerian Gross Value Added Breakdown by Industry (2013)



Population Age Structure (2013)



Source: IMF WEO database as of 8-Apr-2014

3

FBN Holdings Performance Review

The impressive growth trend in the last planning cycle hampered by regulatory challenges in 2013 FY.....

Summary of industry policy changes

1 Upward Review of CRR

- 75% on Public Sector Deposits
- 12% on Private Sector Deposit

2 Upward Review of Interest of Savings Account

- Minimum of 30% of MPR – 3.6%

3 Gradual Phase out of COT

- From N5 to N3 in 2013 and N2 in 2014

4 Removal of Charges on ATM Transactions

5 Increase in AMCON Levy

- from 0.3% to 0.5% of Total Assets; plus
- 1/3 of Contingencies

2013 Financial Impact

- **N389b** of FBN deposit sterilized, earning **0%** (assets with yield of **13%**)
- Loss of **N7bn** in revenue
- Increased interest cost of **N9.2bn** as a result of increased interest from 1% to 3.6%
- Loss of **N3.4bn** in COT income in 2013
- Net Payout for On-US transactions of **N2bn** in 2013
- Increase in AMCON fee from **N7.4bn** in 2012 to **N13.9bn** in 2013

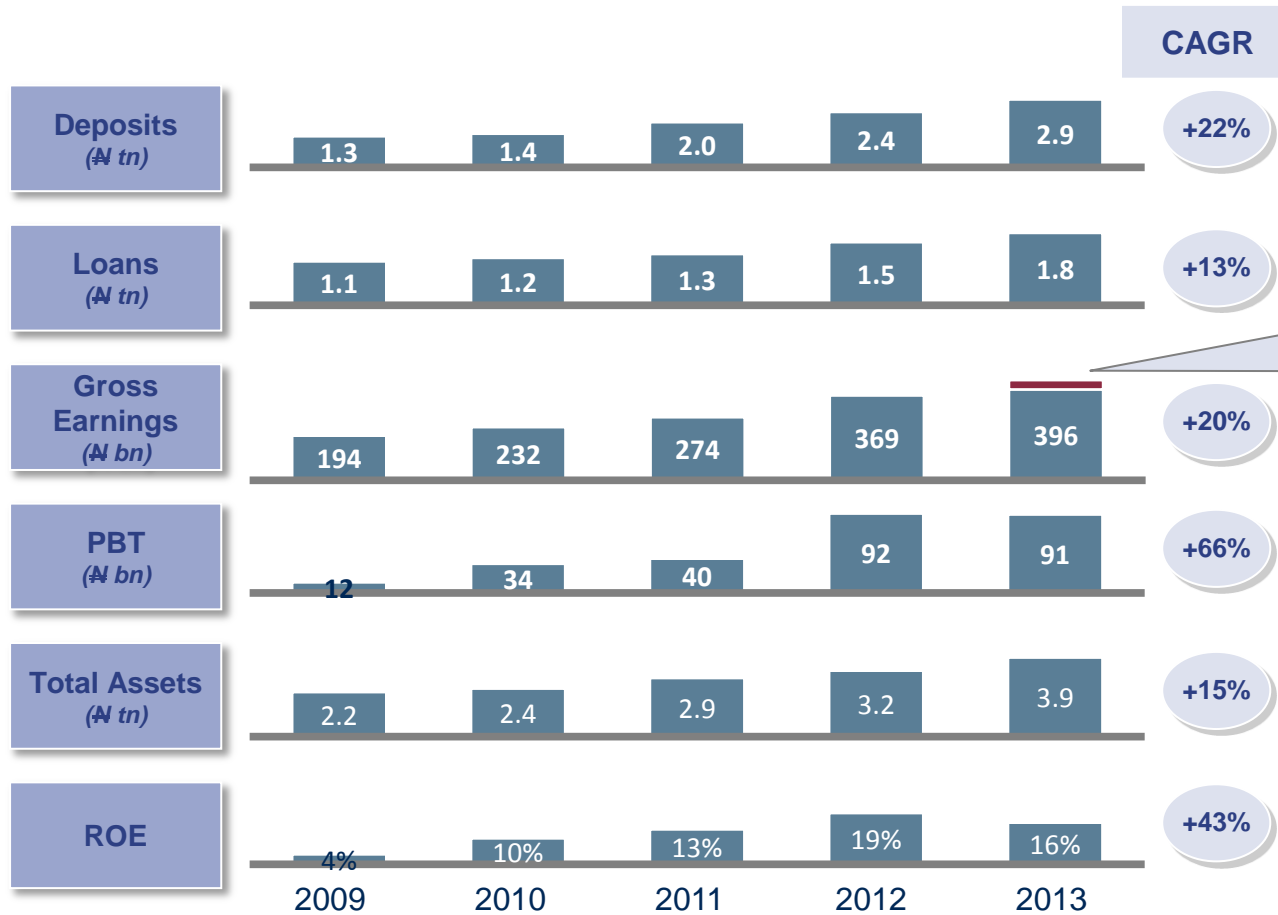
Remedial Steps

- Remodeling of the public sector business to include related businesses e.g. Contractors
- Aggressively driving value chain banking (Transaction Banking)
- Deepening and expanding the scope of commercial banking business to include greater focus on middle market
- Geographical diversification of earnings base by increasing contributions from regional banking subsidiaries and trade finance transaction through FBN Bank UK
- Improving workforce productivity/ Earnings per employee measurement
- Implementation of cost containment measures

An estimated **N32.5bn** revenue loss in 2013 as a result of regulatory headwinds

In spite of the regulatory headwinds, FBN Holdings recorded significant growth across all financial metrics.....

Business Growth, 2009 - 2013

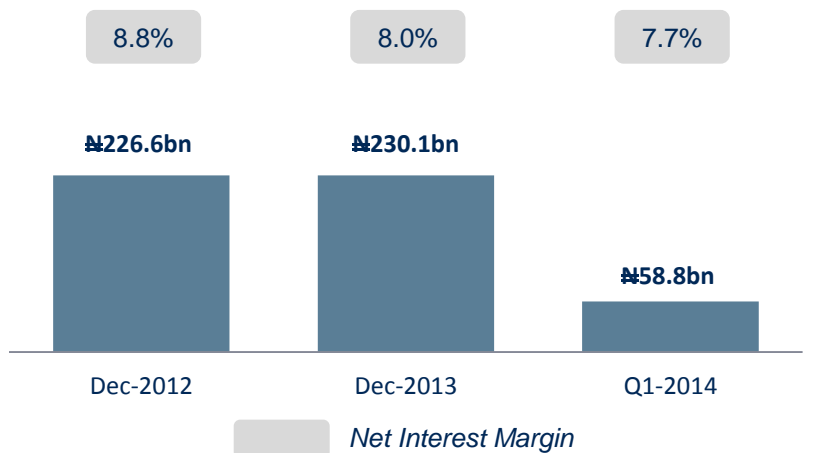


Significant revenue loss due to CBN policy changes (tariff / charges, CRR, etc.)

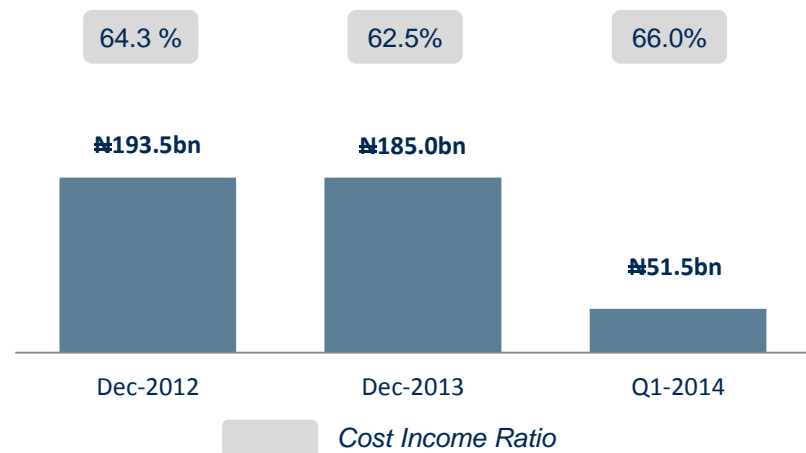
Solid Financial Performance and Growth Metrics

Low Operating Leverage and Strong, Resilient Performance

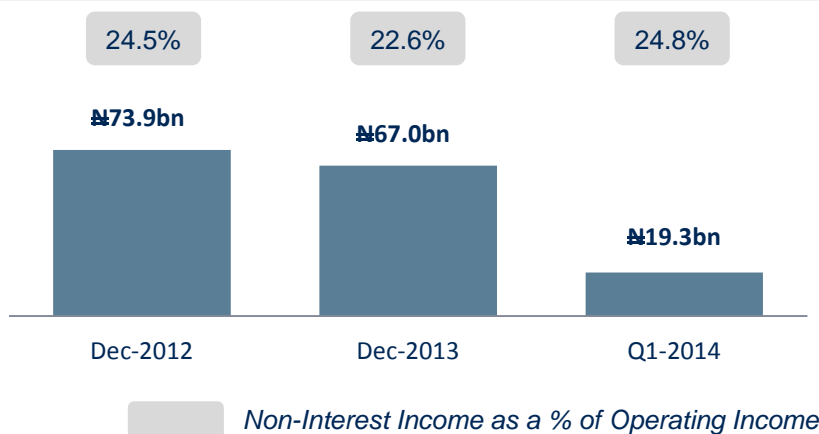
Net Interest Income and Margin



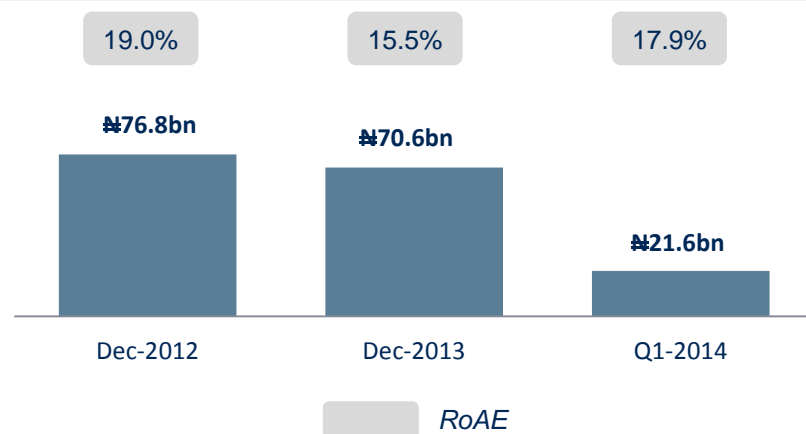
Operating Expenses and Cost Income Ratio



Non-interest Income



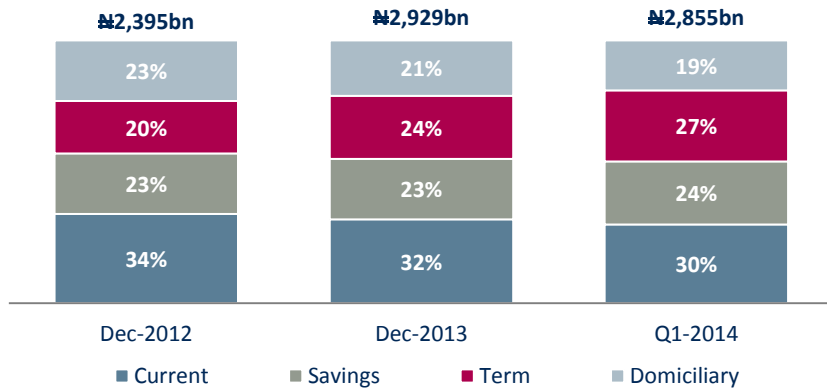
Profit after Tax and Return on Average Equity



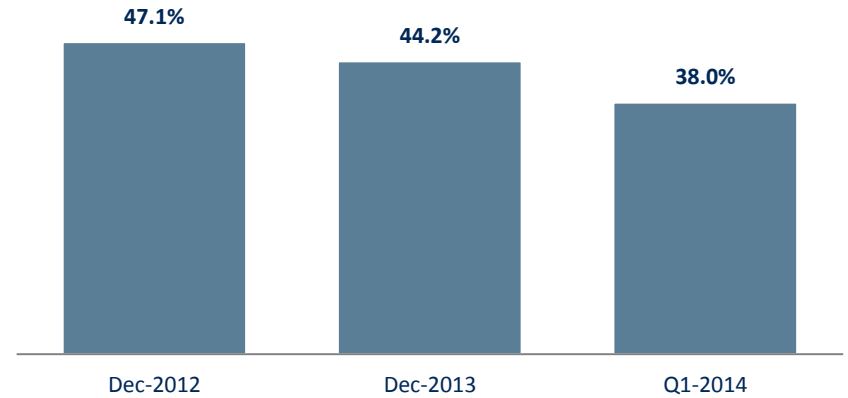
Source: Company data and IFRS financial statements

.....driven by Stable Funding, Capital Base and Liquidity Position

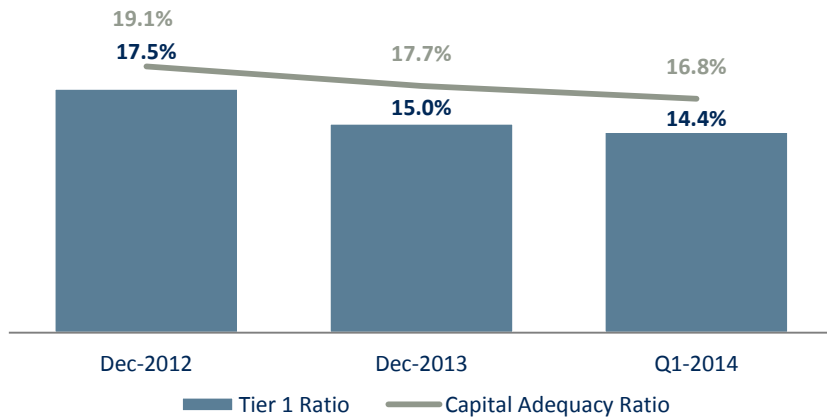
Deposit Evolution



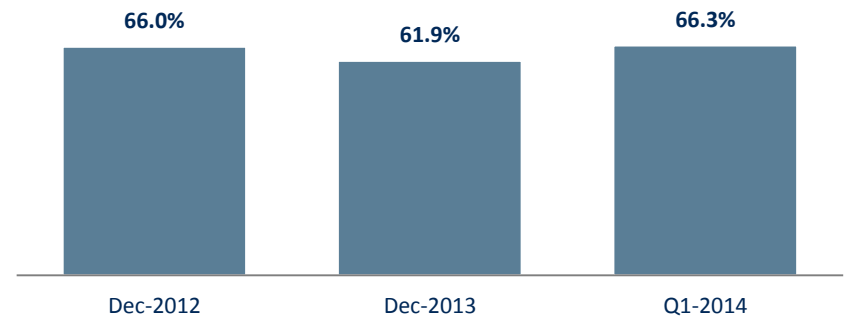
Liquidity Ratio



Capital Ratios¹



Loan / Deposit Ratio

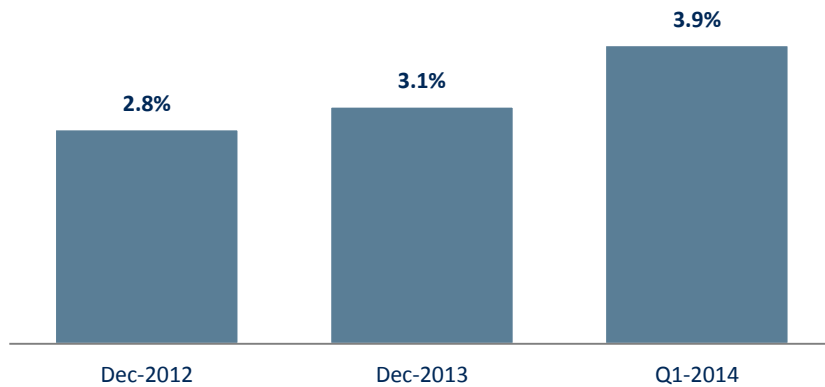


Source: Company data and IFRS financial statements

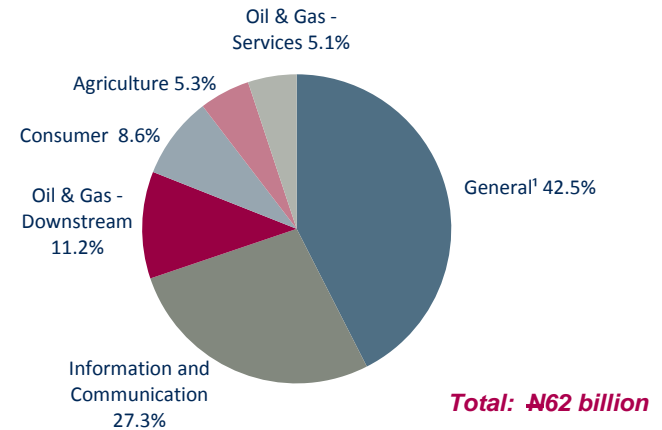
1 For Commercial Banking Group

.....and Prudent Asset, Liability and Risk Management Policies
 Robust Loan Book Quality Supported by Best-in-Class Control Environment and Strong Monitoring Process

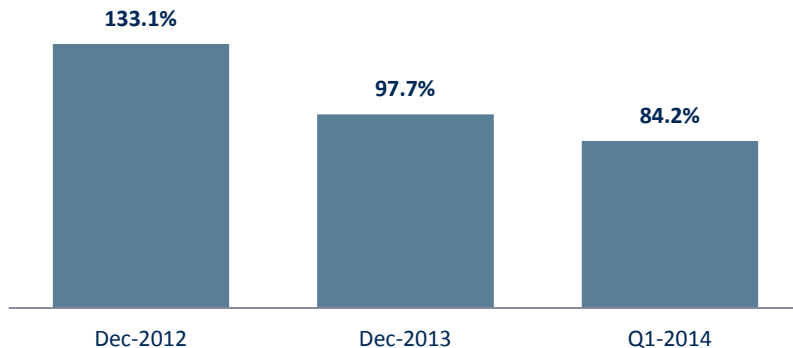
NPL Ratio (First Bank of Nigeria Only)



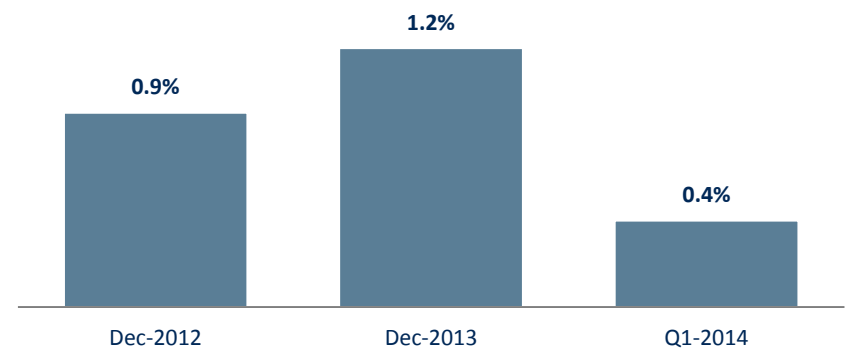
NPL Sector Exposure (First Bank of Nigeria Only)



Coverage Ratio²



Cost of Risk



¹ General Includes: capital market (3.3%), general commerce (2.6%), real estate (2.2%), manufacturing (0.9%), construction (0.5%), government (0.2%), transportation and storage (0.1%), finance and insurance (0.1%), hotels & leisure, logistics, religious bodies, retail others.

² Including Statutory Credit Reserve.

.....anchored on Cutting Edge Technology

Cutting Edge Mobile and Online Platforms with Advanced Security and Functionality

Key Facts and Recent Innovations

- First-to-market in Nigeria with the multi-factor authentication technology, which enhanced the security of online transactions
- Cutting edge mobile and online platforms with advanced security and functionality
 - FirstMobile (mobile banking service) and Firstmonie® (mobile payment product) enabling customers and non-customers to conduct a growing variety of banking transactions through mobile phones
 - Firstmonie® received an award of **Mobile Payment Product of the Year 2013 in Nigeria** from Cards and ePayment Africa Awards in March, 2014
 - Secured \$12mn grant from Bill & Melinda Gates Foundation
 - FirstContact is a 24-hour, interactive, multilingual customer service centre offering support to the Bank's customers
- Upgrade of the core banking application from Finacle 7 to Finacle 10 in 2013
- Implementation of Internal Control & Anti-Fraud Automated Solution ("ICAFAS"), a world-class enterprise fraud management system
- First institution in Nigeria to attain the ISO27001 Information Security Certification
- First organisation in Nigeria to be awarded the ISO/IEC 27001:2005 Information Security Management Systems certification by the British Standards Institution



FirstMonie Key Figures

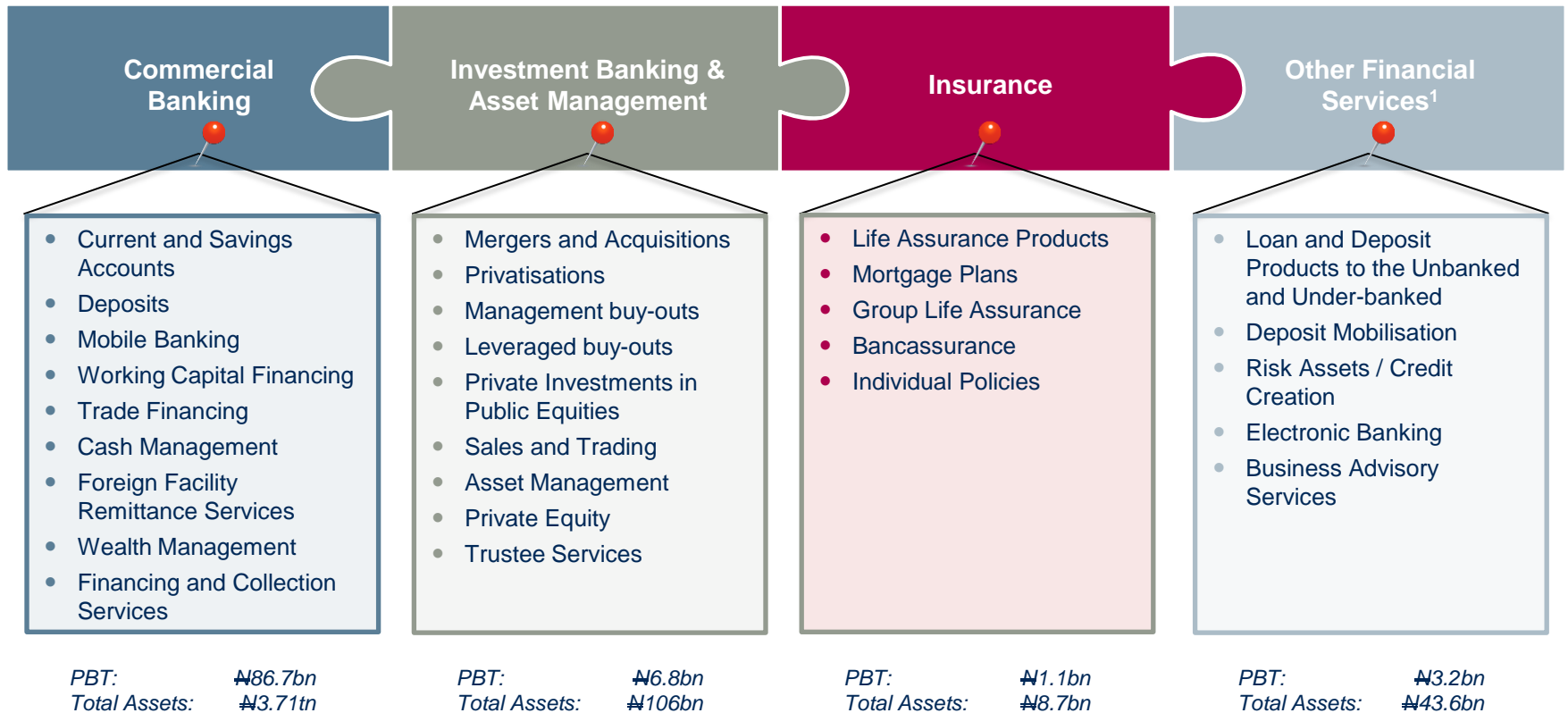
1 Million+ Subscribers

₦3.5 billion Transaction at 31 March 2014

11,529+ Registered Agents at 31 March 2014

Source: Company data

.....Buoyed by Contributions of Non-Bank Subsidiaries with FBN Capital leading the charge



.....Evidenced by our recent accolades
 FBN Holdings Adheres to the Highest Standards of Corporate Governance

Recent Accolades



Best Bank Brand in Nigeria 2013



Pearl Awards Sectoral Leadership Award 2013

Euromoney Project Finance Oil & Gas Deal of the Year Award: Accugas
 Role: Global Facility Coordinator, Financial Modeling Bank, and Financial Adviser

Euromoney Project Finance Telecoms Deal of the Year Award: Etisalat
 Role: Joint Financial Adviser

ProjectFinance Deals of the Year 2013



Best Bank in West Africa 2013



Most Innovative SR!50 Company 2013

Global Finance Best Investment Bank in Nigeria 2014




Best Retail Bank in Nigeria 2012



#1 Banking Brand in Nigeria 2012

Islamic Finance News Africa Deal of the Year: Osun State Sukuk
 Role - Joint Issuing House

Islamic Finance news Awards



Best Local Bank in Nigeria 2013



Bisi Onasanya CEO of the Year 2012

FBN Holdings in Figures

The Largest Retail Banking Network in Nigeria – Figures as at 31 March 2014

**Ranking among
Nigerian Banks¹**

#1

Total Assets

₦3,861 bn

**Net Interest
Income²**

₦225.2 bn

**Net Interest
Margin²**

7.7%

NPL Ratio³

3.6%

Loans/Deposits⁴

66.3%

CAR⁵

16.8%

RoAE⁶

17.9%

Branches in Nigeria

760

ATMs in Nigeria

2,437

**Active Customer
Accounts**

8.5 million+

Employees

9,849

Source: Company data and IFRS financial statements

1 FBN Holdings vs. other listed Nigerian banks; by total assets, total customer loans, total deposits, and number of branches as at latest published IFRS financial statements.

2 Annualised based on Q1 2014 results. Net interest margin calculated net interest income divided by the average balance of interest bearing assets during the period, in accordance with IFRS

3 Calculated as FBN Holdings NPLs divided by its gross loans to customers.

4 Calculated as FBN Holdings gross loans to customers divided by customer deposits.

5 For Commercial Banking Group

6 Return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders.

4

FBN Holdings Strategic Initiatives

Our strategic initiatives derive from our quest to remain dominant in our four business groups.....

FBN Holdings Plc

- Drive greater group coordination
- Institutionalize cross-sell and synergy extraction across the Group
- Implement structured shared services – HR, IT, Risk Management, Corporate Communication and General Services

Commercial Banking

1

Strengthen the pre-eminence of our Commercial Banking Group

- Minimize country-specific risks through diversification
 - Acquisition of 4 banks in West African Countries
 - Enhancing contribution of BIC, Congo
- Refocus the public sector business of the Bank and drive Transaction Banking proposition
- Extract maximum value from the Trade Finance capabilities of FBN Bank UK
- Improve workforce productivity and implement cost containment measures

IBAM

2

Enhance the competitiveness of IBAM

- Obtain a merchant banking licence
 - Enhance our project finance capabilities/ underwriting
 - Access to the fixed income and FX trading segment of the investment banking market
- Leverage the retail banking platform of FirstBank for sale of Asset Management products
- Diversify brokerage business to include penetrate retail market

Insurance

3

Increase our share of the insurance market

- Gain access to the general insurance segment of the market through the acquisition of Oasis
- Drive Bancassurance products through the retail platform of the FirstBank Group
- Leverage on-going collaboration with Telcos to drive deeper penetration of the insurance market through mobile insurance products

Microfinance

4

Enhance penetration of our Microfinance Business

- Enhance the financial base of the Microfinance business through additional capital injection of N1b
- Enhance penetration of the market through the upgrade of our microfinance business to a National Licensed Microfinance Bank
 - This will enable roll-out in all the states of the Federation

2014 – 2016 Bank Strategic Initiatives

Expected areas of impact

1	Transaction Banking	<ul style="list-style-type: none"> Enhance value chain banking (revenue from cash collections, liquidity management, payments, trade, etc.), which holds a significant revenue and client-franchise upside opportunity for FirstBank 	<ul style="list-style-type: none"> Non-interest revenue Cross-sell ratio Product profitability
2	Commercial Banking	<ul style="list-style-type: none"> Banking the fast growing middle segment of the commercial banking market within the wholesale banking arena Drive growth through tailored value proposition and strong operational excellence 	<ul style="list-style-type: none"> Total revenue from Commercial SBU Commercial Banking trade volume
3	Public Sector Business	<ul style="list-style-type: none"> Remodeling the public sector business to bank contractors to government and government agencies 	<ul style="list-style-type: none"> Mix of public sector portfolio Share public sector related business
4	Branch Transformation	<ul style="list-style-type: none"> Slow down branch expansion and continuous appraisal of branch performance Closure of non-performing branches and migration of transactions to e-banking platforms and other touch points 	<ul style="list-style-type: none"> Self-service rate Customer TAT Sales per RM
5	Cost Containment	<ul style="list-style-type: none"> Significantly contain cost growth and drive efficiency by maximizing the use of the Bank's assets through shared services Focus on managing non-people cost and staff productivity 	<ul style="list-style-type: none"> Cost-to-income ratio Growth rate in costs by category
6	NPL Management	<ul style="list-style-type: none"> Review processes, systems, organizational set-up currently supporting collection management Trigger management process to augment ongoing NPL management 	<ul style="list-style-type: none"> NPL ratio Recoveries/Bank's PBT
7	Service Excellence	<ul style="list-style-type: none"> Continue to deliver outstanding customer experience for every customer segment Focus on ensuring clear service proposition, managing customer expectations, and creating a culture that empowers employees to own customer experience 	<ul style="list-style-type: none"> Industry customer satisfaction ratings
8	RM Sales Excellence	<ul style="list-style-type: none"> Improve RM productivity through account planning and performance management tools/ Earnings per staff Increase market facing staff as a percentage of total staff 	<ul style="list-style-type: none"> RM Productivity Customer concentration ratio Customer conversion ratio

The FBN Holdings proposition is hinged on.....

- Our growing Pan African footprints which diversifies our earnings streams thereby hedging country-specific risks
 - Recent acquisition in 4 West African Countries
 - Growing performance of our Congo operation increasing contribution to the Banking Group PBT from 1.03% in 2012 to 1.64% in 2013
 - Leveraging the trade finance capabilities of FBN Bank (UK) which has driven its contribution to the Banking Group PBT from 7.5% in 2012 to 8.7% in 2013
 - Implementation of cost containment measures which saw OPEX drop by N5b in 2013
 - Implementing other initiatives to drive the performance of the Banking Group in the short to medium term
- Enhancing the IBAM Performance through acquisition of Merchant Banking
 - IBAM Contribution to the Group grew from 5% in 2012 to 7.3% in 2013
 - Reinforcing our project finance leadership
- Expanding the business focus of our insurance business to include general services, leveraging the technical expertise of Sanlam
- Operationalizing MoUs among subsidiaries and SBUs for cross-sell across the Group in an effort to surpass the target incremental PBT of N12.3b in 2016
- Driving group coordination and shared services across the FBN Holdings Group

FBN Holdings currently trading at a discount remains an attractive and compelling investment proposition (DY 8.3%, PE ratio 6X, PB ratio 0.9X)

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