FBNHoldings

Connected

Growth through connected solutions

Half year ended June 2014

Investor & Analyst Presentation

DISCLAIMER

This presentation is based on FBN Holdings Plc's ('FBNH' or the 'Group' or 'HoldCo') unaudited IFRS results for the six months ended 30 June, 2014. The Group's accounts have been prepared using the accounts of the subsidiaries and businesses within FBN Holdings. When we use the term "FirstBank" or "Bank", we refer only to the commercial banking business in Nigeria. See additional definitions at the bottom of this page.

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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", "expects", "intend", "estimate", "project", "target", "risks", "goals" 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 to the Group's management. 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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FBN Holdings Plc is structured under four business groups, namely: Commercial Banking, Investment Banking and Asset Management, Insurance, and Other Financial Services:

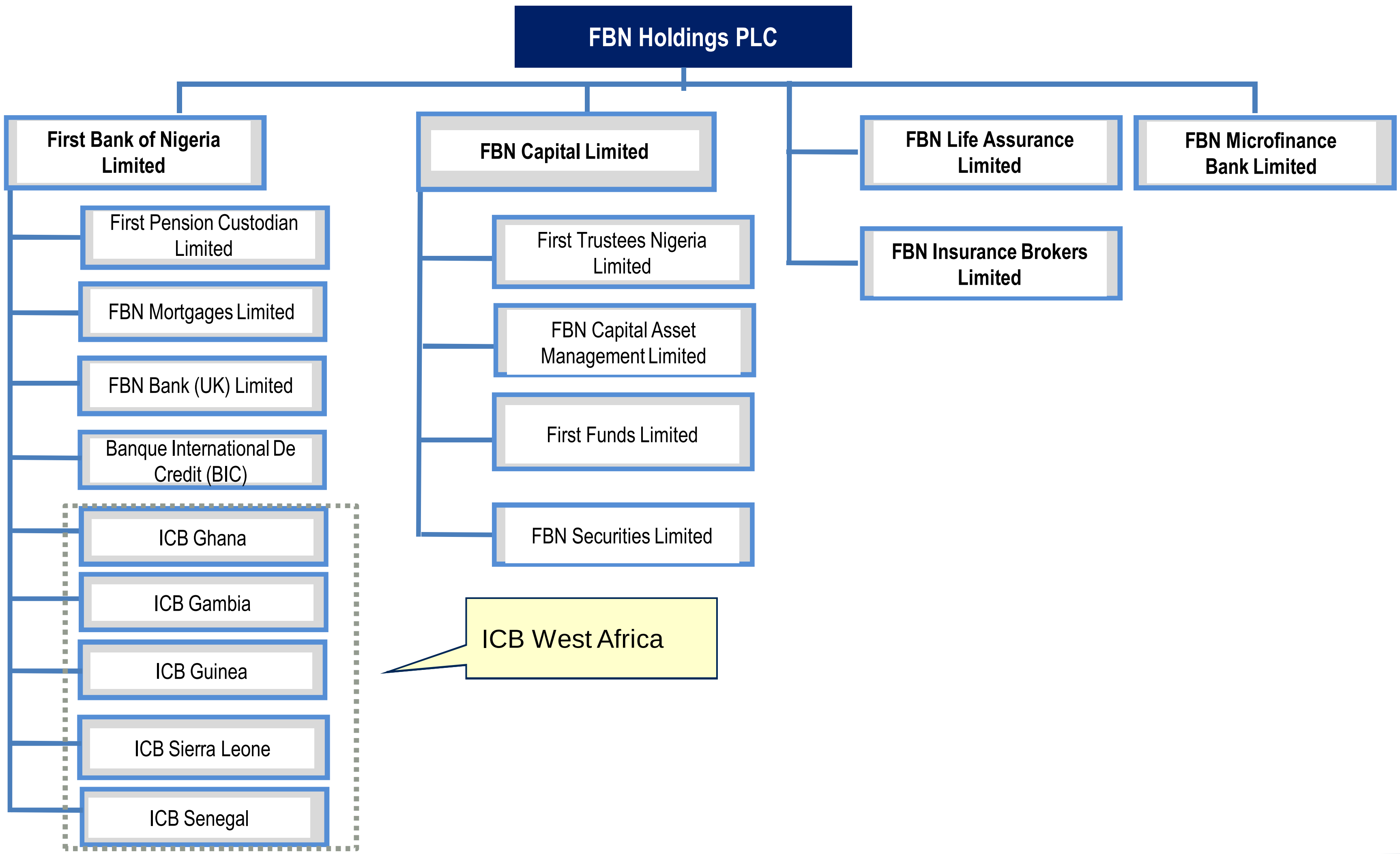
- The Commercial Banking business is composed of First Bank of Nigeria Limited, FBN Bank (UK) Limited, Banque Internationale de Crédit (BIC), ICB West Africa (Ghana, Guinea, Gambia, Sierra Leone and Senegal), First Pension Custodian Nigeria Limited and FBN Mortgages Limited. First Bank of Nigeria Limited is the lead entity of the Commercial Banking group;
- Investment Banking and Asset Management business consists of FBN Capital Limited, FBN Capital Asset Management Limited, First Trustees Nigeria Limited, First Funds Limited and FBN Securities Limited. FBN Capital Limited is the lead entity of the Investment Banking and Asset Management business group;
- The Insurance business houses FBN Life Assurance Limited and FBN Insurance Brokers Limited;
- Other Financial Services, predominantly FBN Microfinance Bank Limited, serves our small non-bank customers.

Overview & Operating Environment

Tough operating environment impacting earnings despite fairly stable macroeconomic backdrop

	Macro Factors	Impact on FBN Holdings
GLOBAL	Å Global GDP is expected to grow at 2.85% in 2014, emerging and developing markets remain key drivers with improvements in advanced economies Å Global oil prices reached a 16-month high at $117 per barrel in June 2014 (Dec 2013: $107.67 per barrel) Å The World Bank reported in one of its publications that, the informal sector accounts for between 25% and 40% of annual output in developing countries in Asia and Africa Å The US has continued tapering and reduced its growth forecasts	✓ Gross earnings growth of +7.9% in H1 2014 in spite of challenging regulatory and operating environment
NIGERIA	Å Real GDP growth estimated at 6.7% (FY 2013: 7.0%), as non-oil sector continued to drive growth Å Inflation rate in June 2014 increased to 8.2% y-o-y (8.0% in May 2014), attributable to food inflation. Increase in government spending remains a key concern in the run up to February 2015 elections. Å External reserves stood at $37.5bn at the end of H1 2014; declining 13.8% from the $43.5bn at the beginning of the year (H1 2013: $44.2bn) Å Ongoing reforms in the power sector and sale of marginal oil fields Å New pension act signed into law stating that PFAs can now invest in ordinary shares of public limited companies listed on a Stock Exchange registered under the Investments and Securities Act Å Increased lending to the oil & gas upstream and power sectors following reforms in these industries	× Marginal growth in cost of funds × Reduction in loanable funds ✓ Growth in loan book
BANKING	Å New CBN governor resumed office in the 2nd quarter with a pledge to maintain exchange rate stability and shore up the external reserves. Å CBN's cashless policy took effect nationwide effective July 1, 2014 Å Relative stability in the macro economy, impressive growth rates, stable consumer prices & exchange rate were reasons for retaining MPR at 12% with the interest rate corridor at +/- 200 basis points, public sector cash reserve at 75% and liquidity ratio at 30% in the MPC meeting held in July Å Biometric Identification Project by banks now at the pilot stage	× Increased funding cost × Pressure on yields and NIMs × Pressure on interest income and NIR × Reduction in investment securities × Decline in deposits ✓ Reduced NPLs

Diversified Group with growing international presence



Leading distribution network in Nigeria and increased international presence

High retail presence with innovative service offerings

- Total assets of ₦4,002bn (+18.4% vs. H1 2013, +3.4% ytd, +4% q-o-q). Net loans of ₦1,877bn (+20.7% vs. H1 2013, + 4.0% ytd)
- Customer deposit base of ₦2,756.8bn (+7.9% vs. H1 2013; -5.9% ytd); decline attributable to deliberate run off of public sector deposits
- The Group remains best positioned to serve the retail market with innovative product offerings through extensive touch points

Customer centricity

- Complementary platform across our portfolio of businesses, leveraging deep customer relationships (9.1mn active customer accounts as at Jun 2014, +8.4% ytd)
- Leading distribution network in Nigeria supported by increased international presence; recent acquisition of ICB Senegal completes ICB West Africa operations to further diversify the revenue base
- Gross earnings for H1 2014 up 7.9% to ₦212.0bn (H1 2013: ₦196.4bn)
- Asset quality remains within limits ; with NPL Ratio of 3.0% as at June 2014 down from 3.6% in March 2014 (Dec 2013: 3.0%; H1 2013: 3.8%); cost of risk at 0.7% vs H1 2013 at 1.3%

Harnessing synergy opportunities

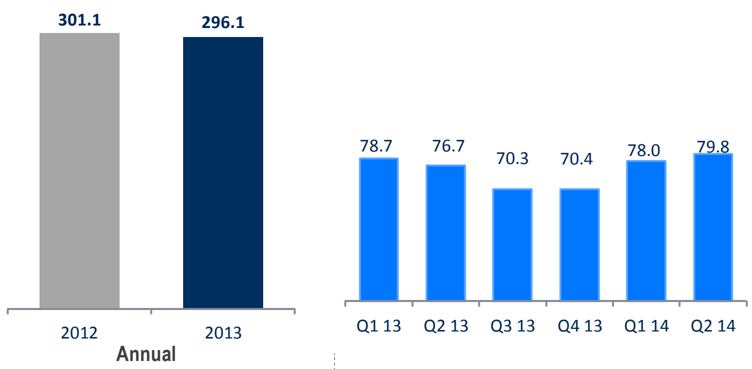
- Improving contribution from the investment banking and asset management (11.3% vs H1 2013: 7.6%) and insurance (0.85% vs H12013: 0.52%)
- The integration of Oasis Insurance, a recently acquired general insurance business, is progressing and nearing completion. This will further deepen market share in the insurance business

Capital

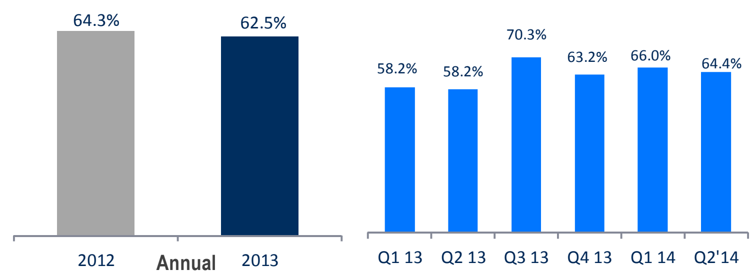
- Issued a US$450mn subordinated Tier 2 debt from the international market with proceeds to be used for general banking purposes

Tough operating environment still prevalent

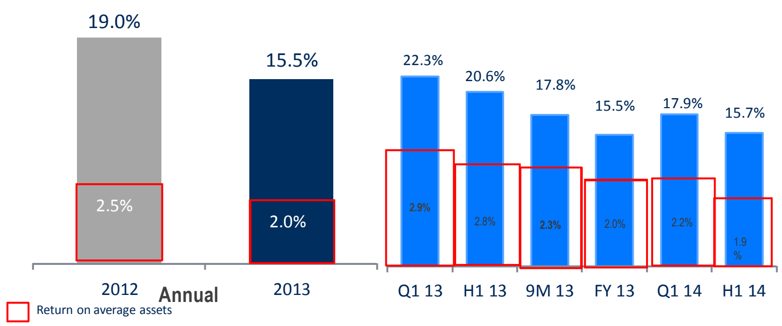
Operating income (Nbn)



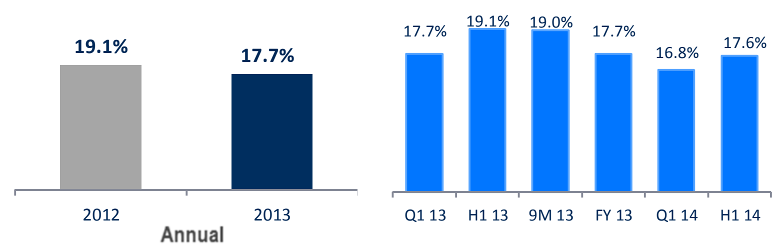
Cost to income ratio



Return[1] on average assets and equity



Capital adequacy ratio[2]
(Commercial banking group)



[1]annualised; operating income is defined as gross earnings less (interest expense and share of profit/loss from associates); cost to income ratio computed as operating expenses divided by operating income; return on average assets computed as net profit divided by the average opening and closing balances of total assets; return on average equity computed as net profit divided by the average opening and closing balances attributable to its equity holders [2] CAR for commercial banking group

Financial Review

H1 2014: Overview of income statement

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Snapshot of Income Statement

₦bn	H1 13	H1 14	y-o-y	Q1 14	Q2 14	q-o-q
Gross Earnings	196.4	211.9	7.9%	102.6	109.3	6.5%
Net Interest Income	112.7	115.2	2.2%	58.8	56.4	-4.1%
Non Interest Revenue	43.3	43.2	-0.3%	19.3	23.9	23.8%
Operating income[1]	155.5	157.8	1.5%	78.0	79.8	2.3%
Operating Expenses	89.9	102.9	14.3%	51.5	51.4	-0.2%
Pre-Provision Operating Profit[2]	64.2	54.4	-18.3%	26.3	26.1	-0.8%
Credit Impairments	9.9	6.7	-32.9%	1.7	4.9	191.8%
Profit before Tax	54.8	48.3	-12.0%	24.8	23.5	-5.2%
Income Tax	9.0	11.1	22.6%	3.2	7.9	146.9%
Profit after Tax	46.1	37.2	-19.4%	21.6	15.6	-27.8%

Key Metrics		
Net Interest Margin[3]	8.2%	7.4%
Non Int. Rev/Operating Income	27.8%	27.4%
PPoP/Credit Impairments	6.5x	8.2x
Cost to Income[4]	57.9%	65.2%
Cost of Risk[5]	1.3%	0.7%
ROaE[6]	20.6%	15.7%
ROaA[7]	2.8%	1.9%

- Gross earnings rose 7.9% y-o-y to ₦211.9bn from ₦196.4bn in H1 2013, largely due to interest income on loans and advances to customers (+14%) and to banks(+22%)
- Operating income grew by 1.5% y-o-y to ₦157.8bn from ₦155.5bn in the corresponding period as a result of an increase in other fees and commission(+22.8%)
- Interest expense growth in H1 2014 (+30.8% y-o-y) was driven by continued high interest rate environment, 260 basis points increase in minimum savings deposit rate (to 3.6%), interest on borrowings and continued intense competition for deposits
- Cost of risk at 0.7% H1 2014 (H1 2013: 1.3%, FY 2013: 1.2%; Q1 2014: 0.4%) reflects the recoveries in the period under review as well as a more effective remedial management process
- NIR flat at ₦43.2bn (June 2013: N43.3bn), with stable NIR/total income. 23.8% growth in NIR q-o-q reflects the positive impact of various initiatives taken to replace lost income from changes in banking tariffs by the CBN
- Fee & commission income increased 12.1% y-o-y to ₦35.1bn (H1 2013: ₦31.3bn) driven by enhanced contribution from the banking and non-banking subsidiaries; and underscoring the benefits of a diversified revenue stream as provided by the holding company structure
- Operating expense rose by 14.3% y-o-y to ₦102.9bn; largely reflecting the impact of increased regulatory costs as well as from corporate and advert promotions due to the rebranding exercise and 120-year anniversary celebrations
- Cost-to-income ratio of 65.2%, with a marginal reduction in operating expenses by 0.2% q-o-q. We expect to see more traction in our cost containment initiatives in coming periods.
- H1 2014 PBT of ₦48.3bn (-12% y-o-y), impacted by higher interest expense and operational expenses
- Effective tax rate increased to 22.9% (H1 2013: 16.5%)
- EPS[8] of ₦2.29 (FY 2013: ₦2.17 and H1 2013: ₦2.84)

[1]annualised; operating income is defined as gross earnings less (interest expense and share of profit/loss from associates); cost to income ratio computed as operating expenses divided by operating income; return on average assets computed as net profit divided by the average opening and closing balances of total assets; return on average equity computed as net profit divided by the average opening and closing balances attributable to its equity holders [2] CAR for commercial banking group

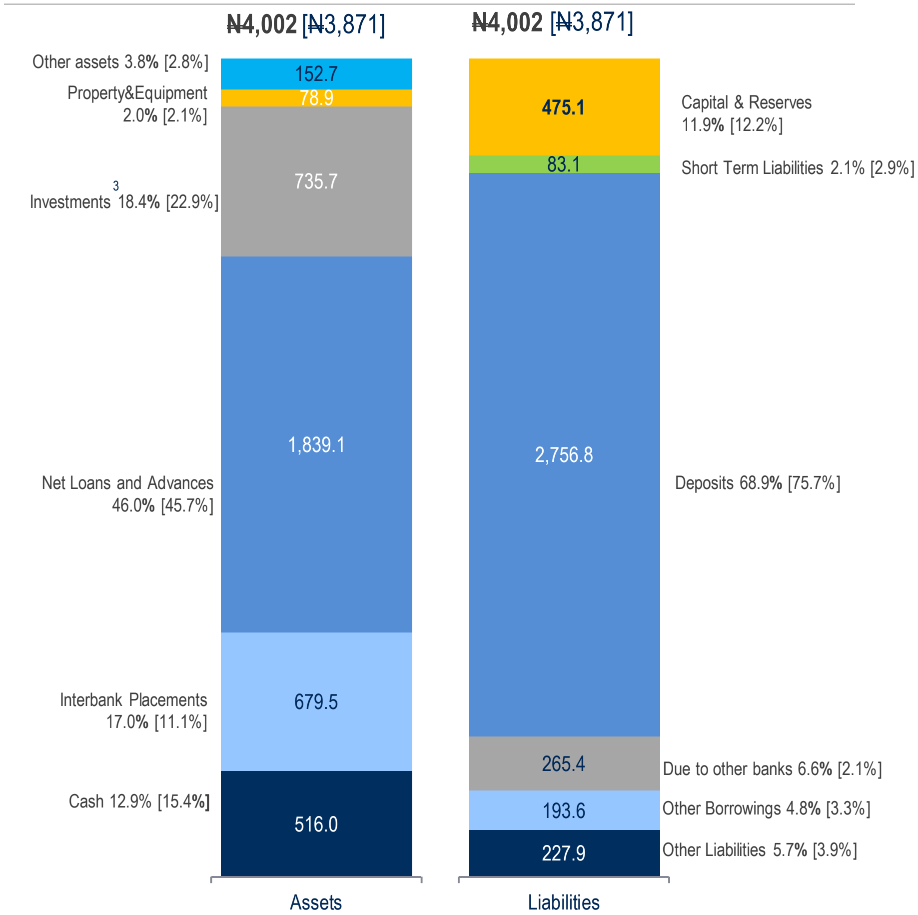
H1 2014: Overview statement of financial position

Snapshot: Statement of financial position

	H1 13 (₦bn)	FY 13 (₦bn)	H1 14 (₦bn)	y-o-y	ytd
Total Assets	3,381	3,871.0	4,001.9	18.4%	3.4%
Government Securities	779	771.5	613.0	-21.3%	-20.5%
Interbank Placements	496	430.6	679.5	37.0%	57.8%
Cash and balances with central banks	327	594.2	516.0	57.8%	-13.2%
Net Loans & Advances	1,523	1,769.1	1,839.0	20.7%	4.0%
Customer Deposits	2,555	2,929.1	2,756.8	7.9%	-5.9%
Total Equity	455.6	471.8	475.1	5.1%	0.7%
Tier 1 Capital[1]	331	352.0	388.8	17.5%	10.5%

Key Ratios			
CAR	19.1%	17.7%	17.6%
Tier 1	17.6%	15.0%	15.0%
LTD	61.7%	61.9%	68.1%
NPL	3.8%	3.0%	3.0%
NPL Coverage[2]	113.0%	97.7%	85.0%

Balance sheet structure - June 2014 (₦bn)

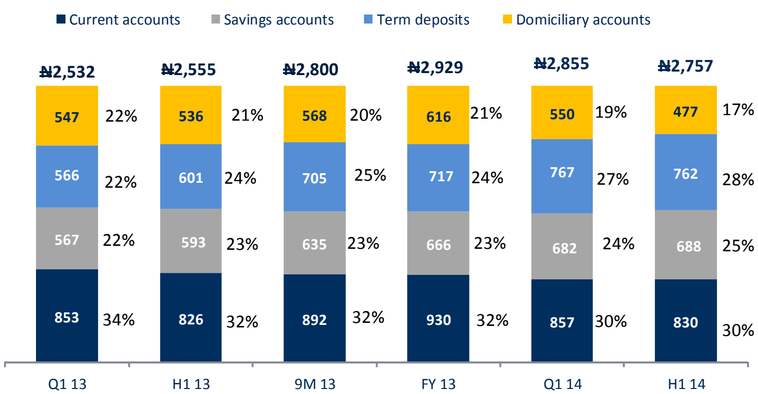


[ ] December 2013

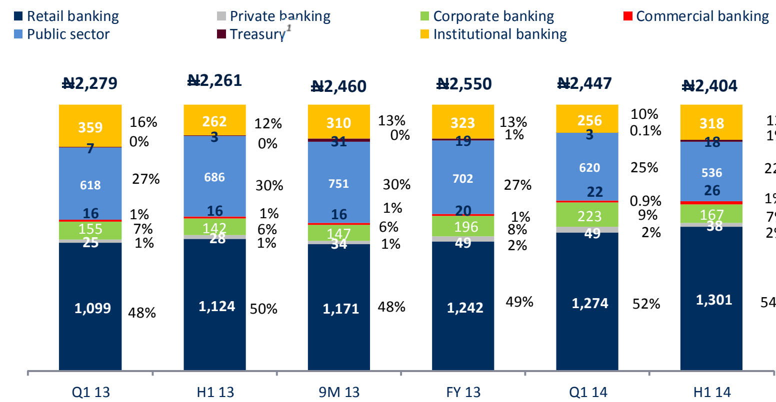
[1] Tier 1 capital for commercial banking group only; [2] Includes statutory credit reserves. Excluding statutory credit reserves , NPL coverage would have been 68.2% for H1 2014 (H1 2013:86.5%); Loan to deposits ratio computed as gross loans divided by total customer deposits; NPL coverage computed as loan loss provisions + statutory credit reserves divided by non-performing loans;
[3] Investments include Government securities, listed and unlisted equities, assets pledged as collateral, investments in associates and properties

Continued drive for low-cost funds with increase in CRR on public sector deposits

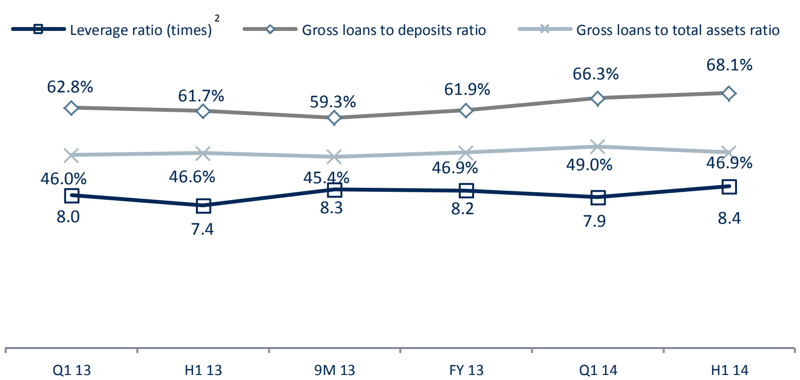
Deposits by type ₦bn



Deposits by SBU ₦bn (First Bank of Nigeria only)



Balance sheet efficiency

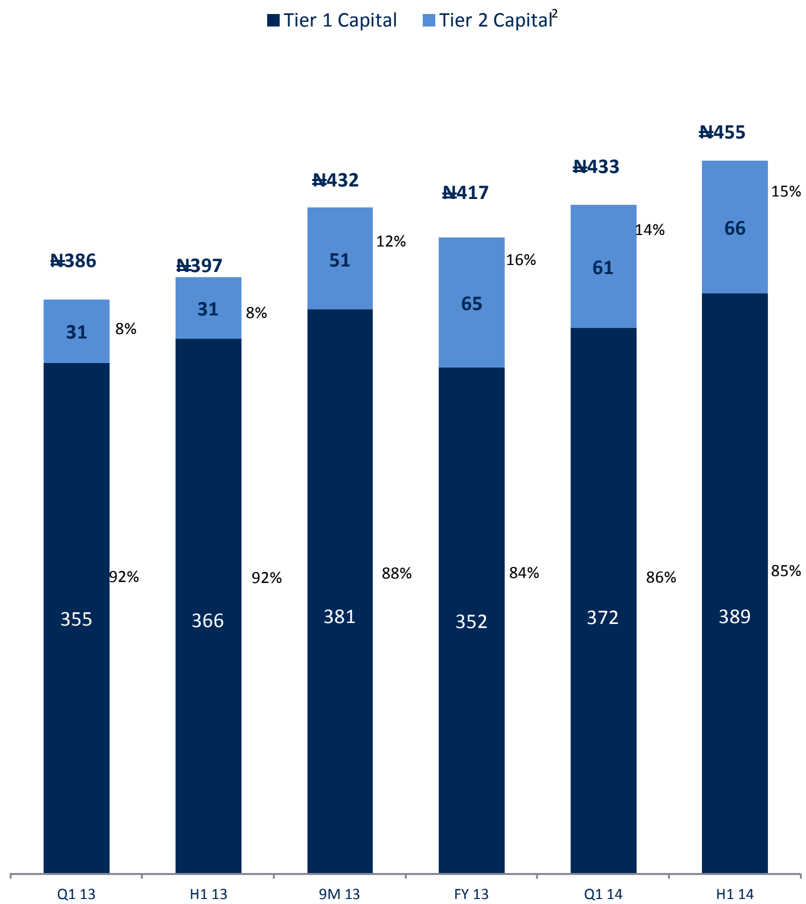


- Customer deposits increased by 7.9% y-o-y to ₦2.8 trillion but declined 5.9% ytd mainly due to reduction in public sector deposits as we strategically diversify away to private sector deposits. However, retail deposits continued to grow (+4% ytd), benefiting from extensive distribution network and products
- Public sector deposits now represents 22.3% of the customer deposits (FY13: 27.5%) within FirstBank with 59% (₦255.8bn) of public sector funds impacted by CRR
- CASA constitutes 72% of deposits with retail banking SBU contributing 54% providing a healthy, diverse and stable funding base with large core portion
- Term deposits decreased ytd by 10.8% while savings accounts increased 3.3% ytd. An average of ₦419.0bn is sterilised at the CBN
- Within the Nigerian business, the composition of foreign currency deposits to total deposits is 20% (or ₦476.9bn) representing 17.3% of total deposits at the holding company level
- Our focus is on increasing penetration in each of our customer segments, especially retail and commercial, further enhancing service delivery and offerings, and leveraging our extensive retail platform with the goal of diversifying our deposit base
- We expect that the deployment of transaction banking over the second half of the year, coupled with value chain banking, will drive growth in low-cost deposits

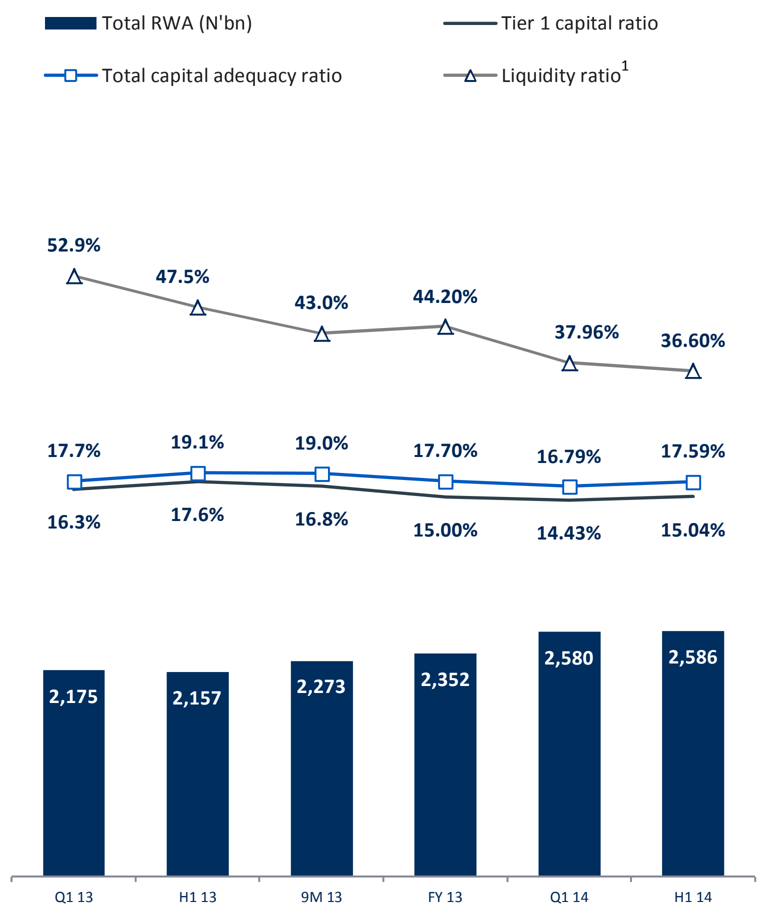
[1] Treasury is not a strategic business unit but contributes to the percentage of deposits [2] leverage ratio computed as total assets divided by total shareholders' funds

Capital and liquidity levels within regulatory requirements

Components of capital (₦bn)

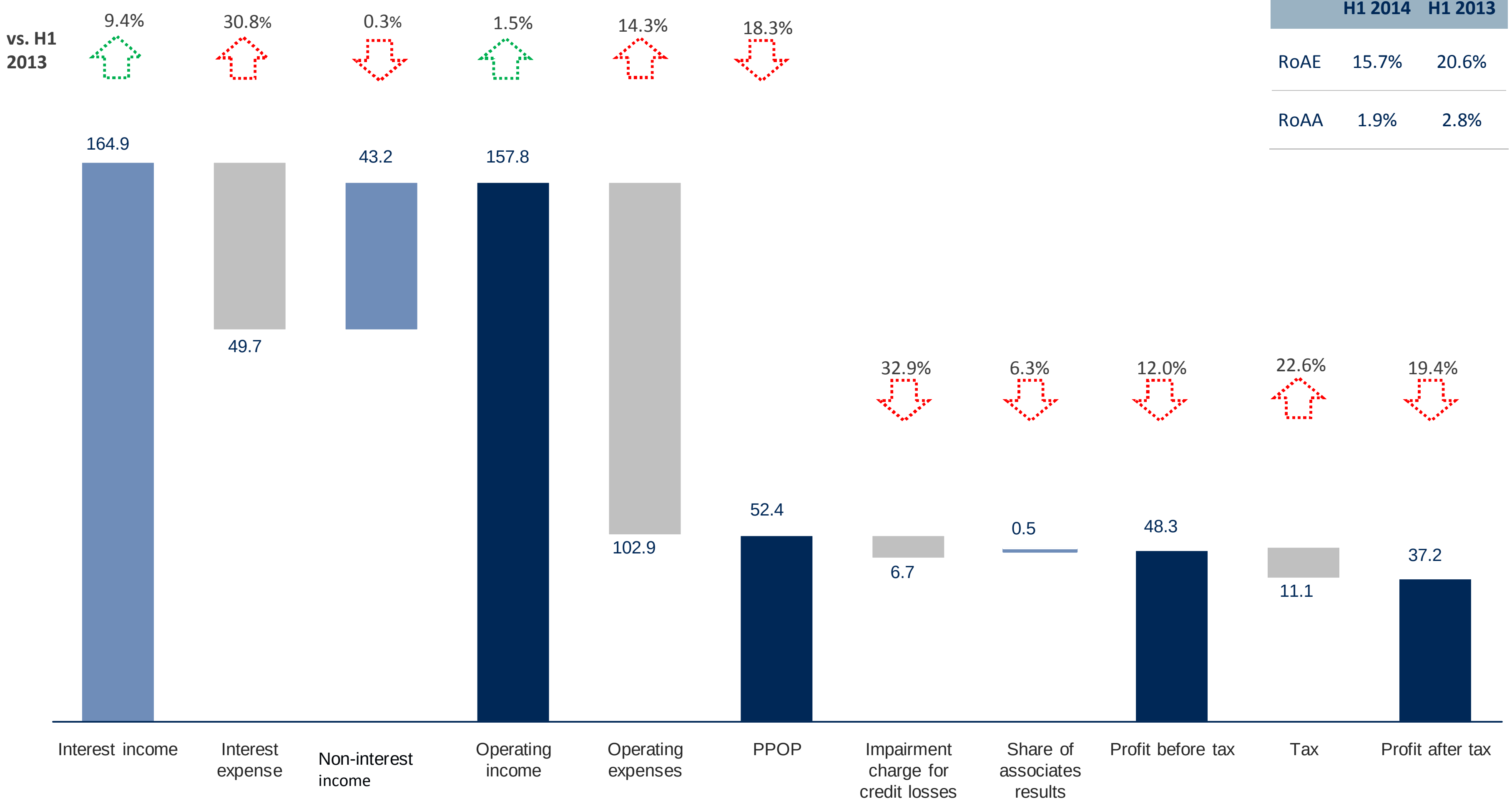


Evolution of capital and liquidity ratios



[1] Liquidity ratio is computed as total specified liquid assets/total deposits (less domiciliary deposits) for the commercial banking group;
[2] Tier 2 capital comprises foreign exchange revaluation reserves, minority interest for the commercial banking group

Evolution of H1 2014 profit after tax (₦bn)

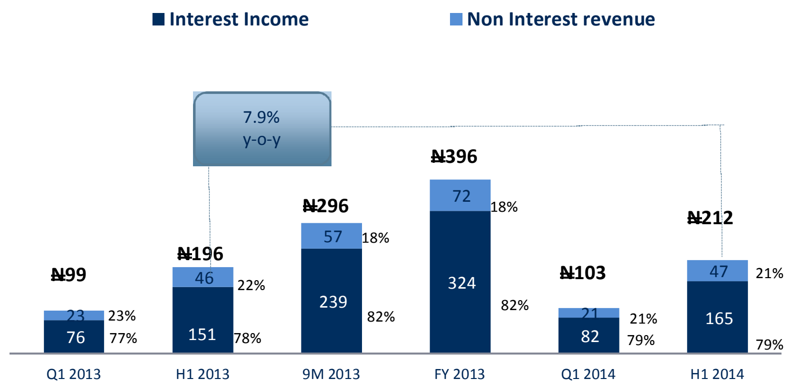


	H1 2014	H1 2013
RoAE	15.7%	20.6%
RoAA	1.9%	2.8%

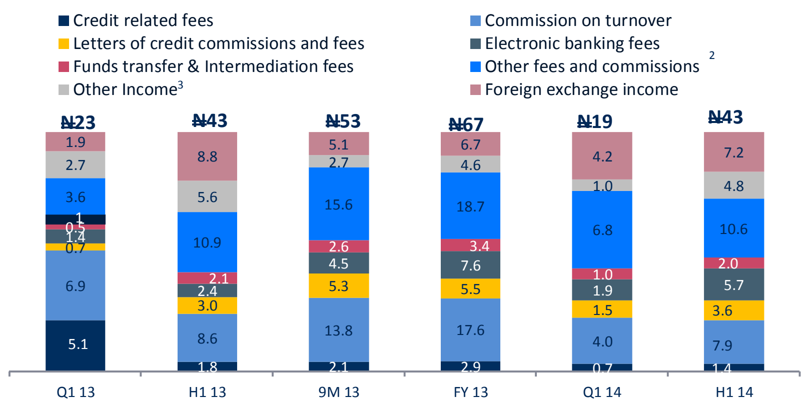
PPOP- pre-provision operating profit; computed as operating profit + credit impairments

Gross earnings growth despite increasing regulatory headwinds

Gross earnings (₦bn)



Breakdown of non-interest revenue[1] (₦bn)



- Gross earnings growth supported by higher interest income from loans & advances but tempered by increased CRR requirements
- Strong growth in q-o-q NIR (+23.8%) and y-o-y F&C income (+12.1%); benefitting from the various initiatives put in place to replace lost income
- Increase in LC commission & fees: +18.4%, commissions on bonds and guarantees: +117%; remittance fees: +63%
- The improvement in NIR was also driven by income from e-business transactions, alternative channels and enhanced contribution from our non-banking subsidiaries.
- Non-banking subsidiaries contributed 15% of F&C income
- Within e-business, growth in our alternative delivery channels, growing number of cards (+23% ytd), increasing variety of services on these alternative delivery channels, coupled with expanded customer base provides sustainable and growing annuity income
- Higher penetration of our mobile money solution, which grew ytd subscriber and transaction count by 150% and 97% respectively; contributing to float as well as fee income
- In coming periods, we will focus on aggressively driving value chain banking, growing contribution from the non-banking subsidiaries, driving synergies as well as cross selling opportunities
- Growing transaction banking business through trade finance, cash management and cash collection, will enhance NIR growth

[1]Non Interest Income (or non-interest revenue) calculated net of fee and commission expense also includes other fees and commission which includes commission on performance bond, bankers instruments issued , e-business fees, account maintenance ,structured & project finance fees; [2]Credit related fees includes commission on collections; [3]Other fees and commission include insurance premiums, net (losses)/gains on investment securities and dividend income

Stable interest regime but with pressure on cost of funds and yields impeding NIM

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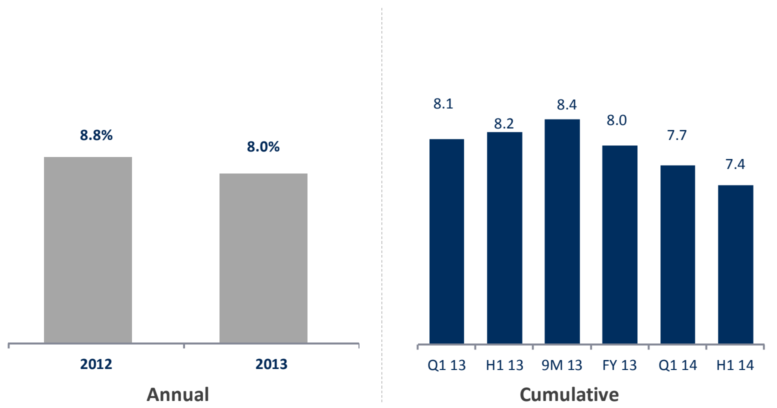
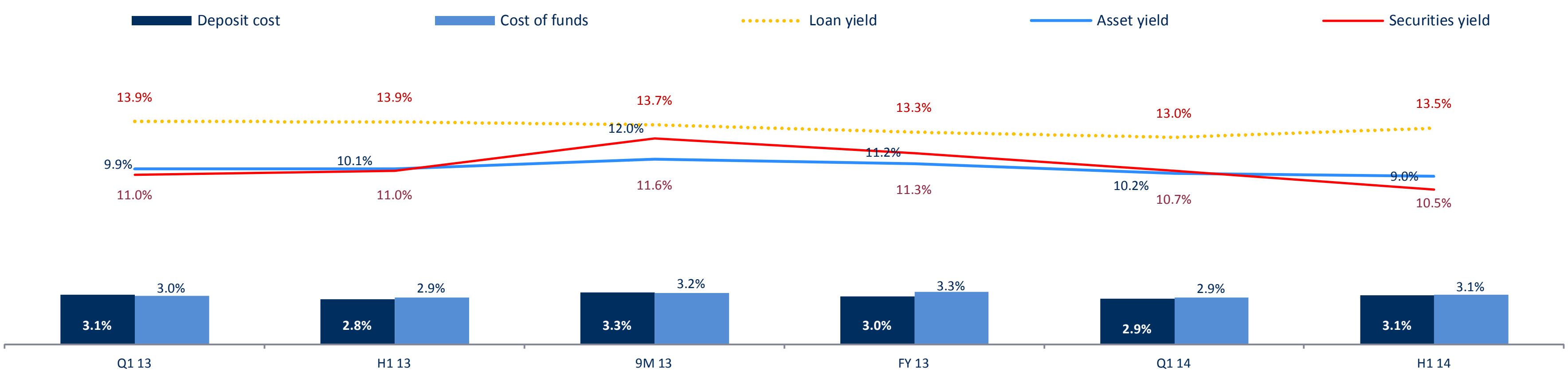
Net interest margin (NIM)[1]



- Despite the 9.4% growth in interest income, pressure from high growth in interest expense (+30.8%) resulted in net Interest income growth of 2.2% y-o-y
- Also impacting net interest income growth was the increased reserve requirement which led to the reduction in treasury bill investments
- Cost of funds rose marginally to 3.1% from 2.9% in Q1 2014, but improved from 3.3% as at FY 2013. This was driven by the high interest rate environment, increased competition for private sector deposits , increase in savings deposit rate and increased borrowings
- NIM at 7.4%, in line with FY2014 guidance of 7.0% - 8.0%
- NIM dipped 30 basis points in H1 2014 from Q1 2014 (7.7%); impacted by a marginal increase in cost of funds and a corresponding decline in asset yields
- Further increase in loan yield is expected as we reprice some assets andgrow assets in higher margin segments of mid corporates, retail and SME which should stabilise , which should improve NIM in the medium term

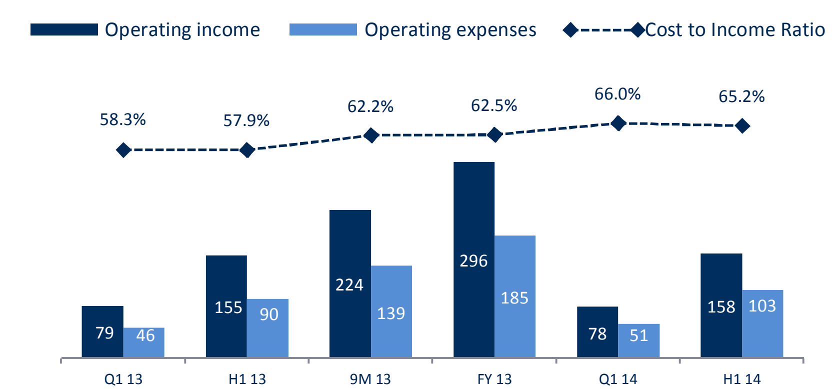
Yields and Cost of funds[2]



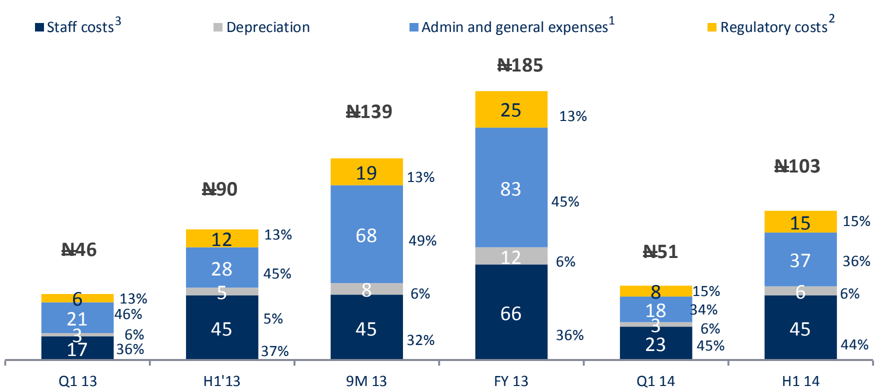
[1] Interest earning assets in computing NIM include loans to banks, loans to customers, financial assets and interest earning investment securities; [2] average balances have been used to compute yield.

Regulatory induced pressure on both top line and costs

Operating income and expenditure (₦bn)



Operating expense breakdown (₦bn)



Å 14.3% y-o-y increase in H1 2014 opex was driven by:

— rise in regulatory costs driven by increased AMCON charge (+23.5%) and NDIC premium (+23.0%)

— 76.4% growth in advert & promotion costs due to the rebranding exercise and 120-year anniversary celebrations

Å Costs are being contained by

— closure of non-profitable branches especially in rural locations while leveraging opportunities provided by our Mobile Monie service to reach the unbanked and banking populace

— expansion in Centralised Processing Centre capacity in addition to, expanded services through alternative channels

— automation of processes, ensuring suitable mix of our distribution channels, manning realignments to improve workforce productivity

— maintaining an appropriate staffing structure and work force alignment

— developed a change management campaign aimed at an enhanced cost control culture

Å Maintenance costs declined 13.6% y-o-y as a result of our slowing branch expansion and as a result of tighter approval & procurement processes

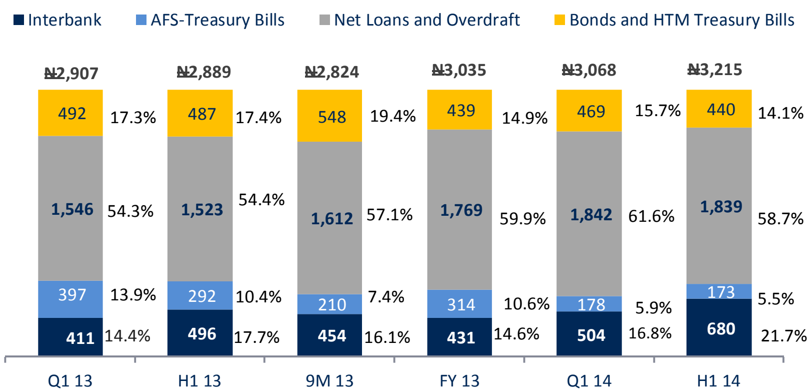
Å Personnel costs remained flat (+0.2%) at ₦45.0bn (Jun 2013: ₦44.9bn) in spite of the recent acquisition and consolidation of the ICB West Africa operations

Å Benefits of increasingly diversified revenue streams in coming periods, coupled with controlling cost growth, should result in sustainable improvement in efficiency ratios in the medium term

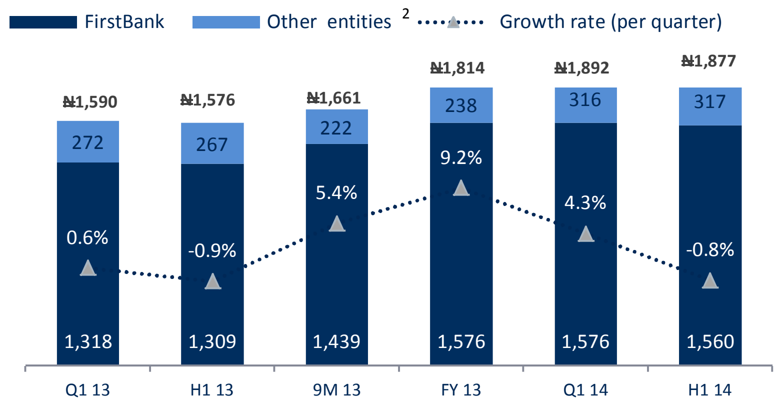
[1]Admin and general expenses include maintenance, advert & corporate promotion, legal and other professional fees, stationery and other operating expense; [2] regulatory costs is made up by NDIC premium ,AMCON resolution cost and others [3]some items in staff costs in Q1 2013 were reclassified to admin and general expenses based on the 9M 2013 audit to give a true reflection of prior periods

Growing loan book will support long term growth

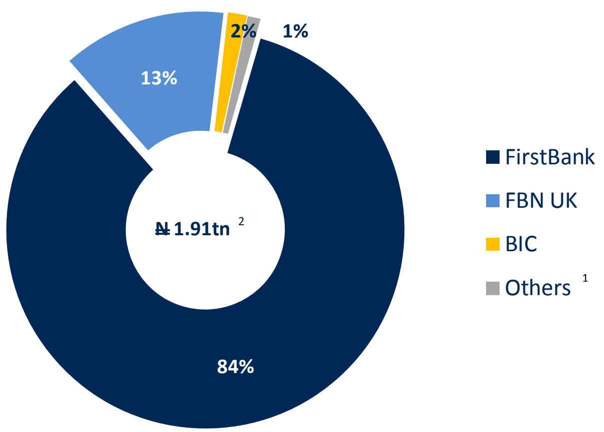
Interest earning assets mix (₦bn)



FBN Holdings gross loans (₦bn)



FBN Holdings gross loan book by business entities

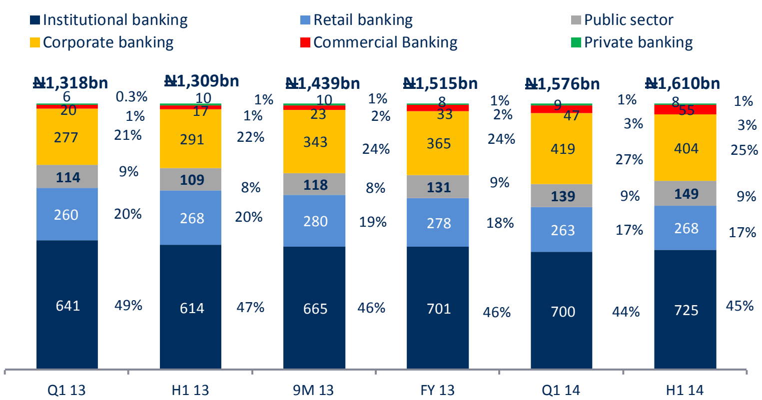


- 5.9% growth in interest earning assets (IEA) ytd driven by growth in loans and advances and placements
- FBNH Gross loans grew by 3.5% ytd to ₦1.88tn as at June 2014; Net loan growth of 4% y-t-d. This was mainly driven by growth in FirstBank (6.2%), FBN UK (1.2%) and BIC (15.3%).
- Broad based loan growth to various sectors spanning manufacturing, oil and gas, construction and finance
- Total foreign currency loans as at June 2014 stood at 37% (or ₦595.3bn)
- FY 2014 loan growth target of approximately 10 - 15%

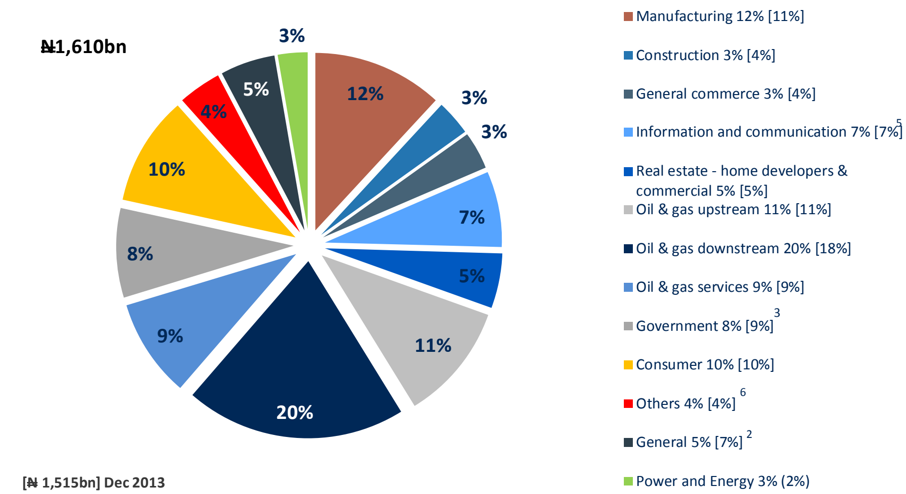
[1]*Others include FBN Microfinance, FBN Mortgages, ICB West Africa, First Pension Custodian Limited, FBN Securities, First Funds, First trustees, FBN Capital and FBN Insurance brokers* [2]*unadjusted for intercompany balances*

First Bank of Nigeria (Loan book breakdown)

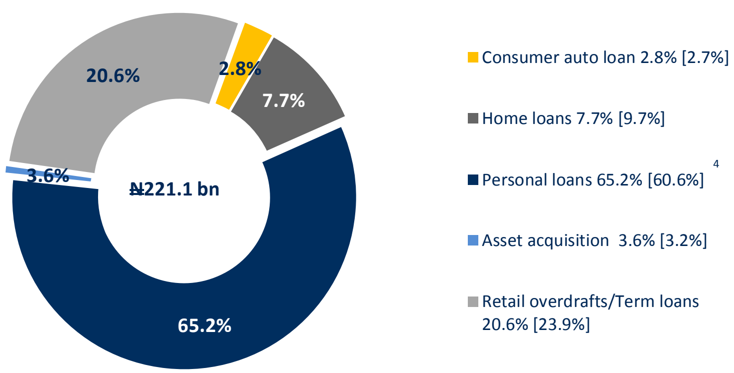
Breakdown of loans by SBU[7]



Gross Loans Breakdown by Sectors



Core consumer / Retail product portfolio[1]



[₦216.6bn] Dec 2013

- Overall gross loan book growth for H1 2014 (+6.2% ytd); well diversified across various sectors
- Q-o-Q growth in the retail segment (+2.8%) is attributable to the rise in personal loans against salaries
- Ytd growth in loans and advances largely from the corporate (+10.6%) and public sector(+14.0%) customers
- Sectors accounting for this growth are the oil & gas, manufacturing, construction and general business[2]
- Future growth in loans and advances to come from higher margin mid corporate, SME & retail customer segments as we rebalance the portfolio

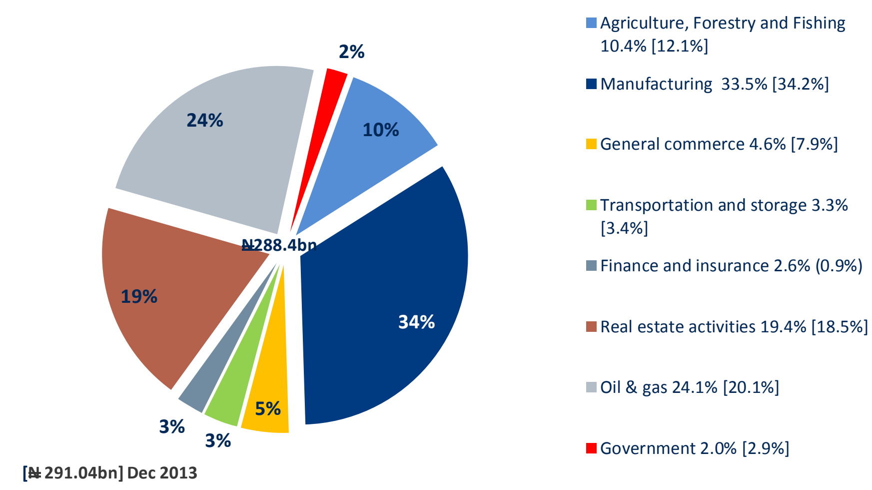
*[1] Represents loans in our retail portfolio < ₦ 50mn ; [2] General includes personal&professional, hotel& leisure, logistics and religious bodies; [3] Government loans are loans to the public sector (federal and state); [4] Personal loans are loans backed by salaries; [5] Telecom comprise 93% of the loans in Information and communication sector; [6] Others includes finance and Insurance, capital market, residential mortgage; [7]**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. **Commercial Banking** comprising clients with annual turnover of ₦500mn and ₦5bn. **Institutional banking**; multinationals and corporate clients with revenue > ₦10bn. **Private banking**; High net worth individuals and families. **Public sector banking;** Federal and state governments. **Retail banking**; mass retail, affluent with annual income < ₦50mn as well as small business and Local governments with annual turnover < ₦500mn*

FBN UK records improved performance in spite of tough regulatory framework

Selected financial summary

₦'bn	H1 13	H1 14	y-o-y	Q2 13	Q2 14	y-o-y
Gross Earnings	11,633.7	12,385.1	6.5%	6,192.6	6,555.4	5.9%
Interest Income	10,441.9	10,752.8	2.9%	4,663.9	5,726.2	22.8%
Interest Expense	3,834.7	3,420.2	-10.8%	1,865.5	1,761.9	-5.6%
Net interest income	6,607.1	7,332.6	10.9%	2,798.3	3,964.3	41.7%
Profit before Tax	4,715.7	4,612.0	-2.4%	2,720.6	2,072.9	-23.8%
Net interest margin	2.5%	2.5%				
ROaA	1.3%	1.2%				
ROaE	14.2%	13.3%				
Total assets	560,687.4	655,678.8	16.9%	560,687.4	655,678.8	
Customer deposits	324,664.2	342,921.6	5.6%	324,664.2	342,921.6	
Shareholders' funds	51,861.6	57,418.2	10.9%	51,861.6	57,418.2	
Loans and advances	296,881.2	294,499.8	-0.8%	296,881.2	294,499.8	
Cost to income ratio	39.5%	48.6%				
LTD	91.5%	85.9%				
Cost of risk	0.0%	0.6%		-	-	

Loan book by sector

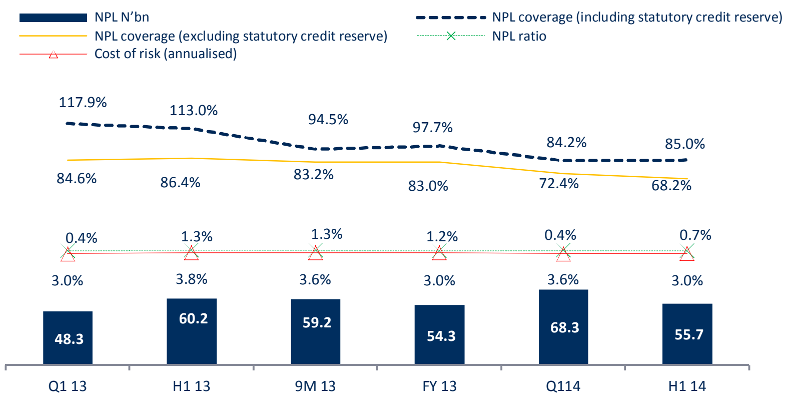


- Gross earnings increased y-o-y by 6.5% in H1 2014 as a result of general business expansion, improved asset mix and enhanced asset yields.
- Growth in gross earnings was driven by increased interest income (+2.9%) attributable to higher interest income from loans & advances to customers (+17%) and banks (+101.5%), as well as fees & commission income (+49%)
- Non-interest revenue performance was driven by increase in trade finance business and other fee related business.
- Profitability decreased by 2.4% to ₦4.6bn (Jun 2013: ₦4.7bn), impacted by a collective impairment charge on performing risk assets portfolio of ₦862.8mn bringing cost of risk to 0.6% as well as a proportional increase in operating cost. The collective impairment charge is a first-time adoption and a prudent measure as the volume of the loan book increases.

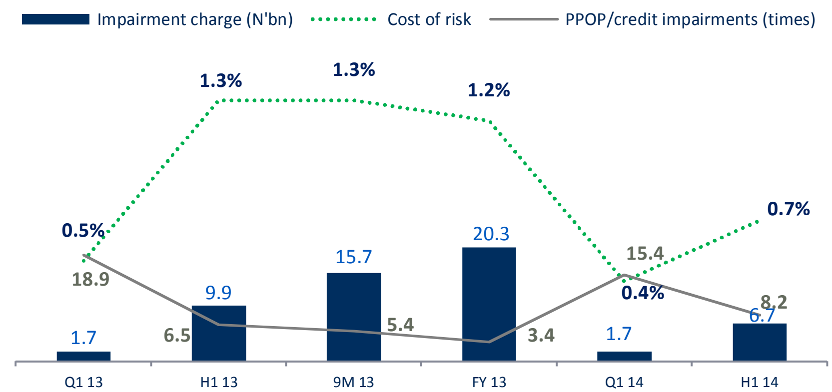
Average exchange rate on income statement: £1/₦259.1
Closing exchange rate for Balance sheet items : £1/₦264.6

Reduced impairments reflect improved loan structure

Asset quality (FBN Holdings)

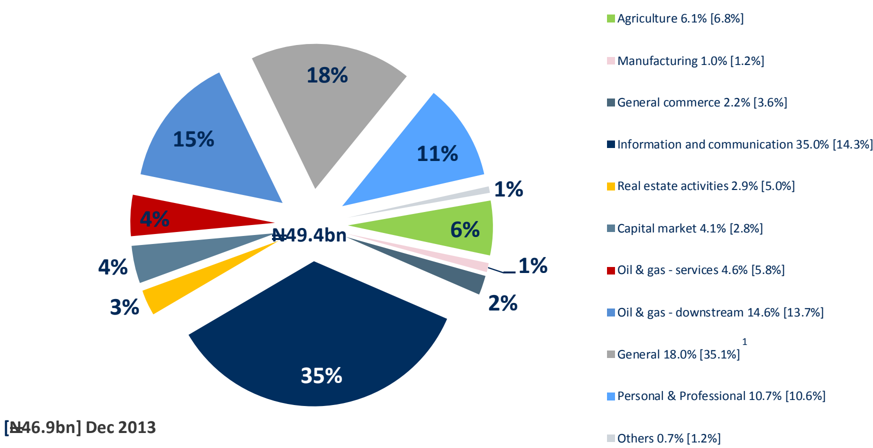


Evolution of credit impairments



NPLs sector exposure

(First Bank of Nigeria only)



- Significant reduction in cost of risk from 1.2% in Dec 2013 to 0.7% in June 2014 underscores improved risk asset quality; q-o-q increase driven by ₦2bn AMCON clawback which we do not expect to recur. Cost of risk guidance of 1 - 3%
- NPL ratio improved to 3.0% (Q1 2014: 3.6%) on recoveries, write offs, loan growth and remediation efforts
- Coverage ratio (including statutory reserve) improved over the quarter benefitting from the reduction in the NPL portfolio
- Sectors contributing to the decline in NPL include manufacturing, agriculture, construction, general commerce and real estate
- Write backs of ₦2.2bn recorded within the period
- Strengthened internal rating systems to further enhance obligor assessment and risk selection process.

[1] *General includes: hotels& leisure, logistics, religious bodies, retail others; reduced due to write offs*

Performance Review - Business Groups

Commercial Banking

Investment Banking & Asset Management

Insurance & Microfinance

NOTE: The pre-consolidation numbers of each of the business groups have been considered in discussing the performance of each business.

Commercial Banking - Resilient performance despite significant pressures

Six months 2014:

Å In H1 2014, despite the challenges in the business environment, the business delivered a strong performance.

Å Gross earnings growth of 6.9% y-o-y to ₦198.9bn (₦186.1bn: H1 2013) and 8.9% q-o-q on the back of increased interest income (+7.2%)

Å Profit before tax of ₦47.0bn for H1 2014 (₦50.0bn: H1 2013) attributable to an increase in operating expenses

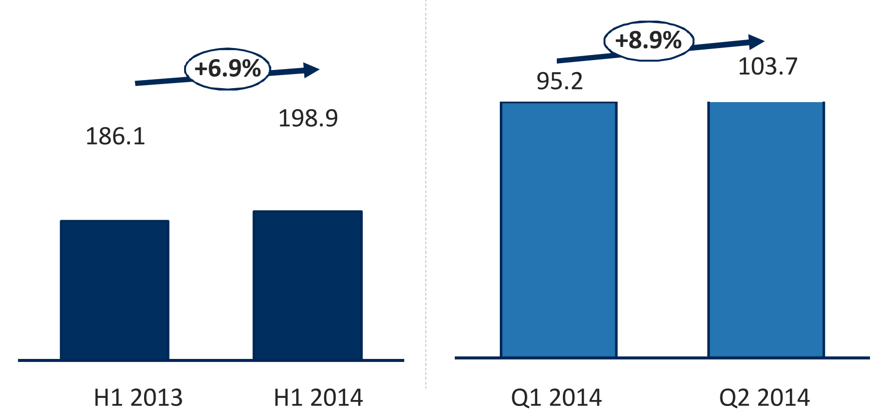
Å Operating expenses increased by 9.6% y-o-y to ₦96.3bn (H1 2013: ₦87.9bn); driven by regulatory costs (+71%)

Å Reviewed and refined the operating model of the Nigerian business to ensure strategic realignment and optimal use of available resources

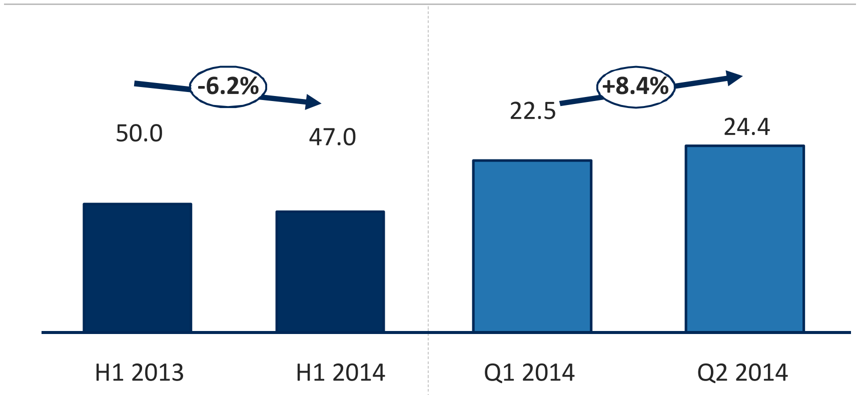
Å Focus is on deeper specialisation in the retail and mid-cap/commercial segment in a measured and controlled manner to further enhance yields and revenue, while developing a robust middle office

Å A renewed retail and transaction banking focus towards driving deposits from current and savings accounts

Gross earnings – (₦bn)



Profit before tax – (₦bn)



Commercial Banking group ï contdô

OVERVIEW | FINANCIAL REVIEW | BUSINESS GROUPS | OUTLOOK | APPENDIX

- Strong multi-channel expansion with a current distribution network of :
  - 760 branches, quick service points and cash centres
  - 10,964 POS; 2,479 ATMs (2437 in Dec 2013); 9.1mn active accounts
  - 7.9mn total cards; 33% Verve card market share
- Improved and sustainable traction in Mobile money
  - Increased growth in the number of Firstmonie registered users (+716% y-o-y, +191% y-td) to about 1.5mn
  - Strong improvement in Firstmonie transaction value from ₦396.6mn in June 2013 to ₦7.6bn as at June 2014
  - Over 11,000 registered agents as at June 2014
- Focus on driving improved specialisation and deeper capabilities in electronic banking to build growing annuity income
  - Moving an increasing number of transactions to alternative channels to generate additional fees (internet, ATMs, POS, mobile banking etc)
  - FirstBank now has an exclusive partnership with PayPal, offering customers a seamless e-commerce payment solution. This provides a fundamental competitive advantage in payment innovation and significant brand enhancement
- Deployed a "follow-the-cash" business model with the creation of Transaction Banking to drive non-interest revenue, product profitability, as well as cash and liquidity management
- Expanding the centralised processing centre to further reduce transaction TAT and cost to serve.
- Executed structured Sub-Saharan Africa expansion strategy with objective of creating long-term growth options while harnessing benefits of diversification and the increasingly international footprint of our major corporate customers; International banking now 11% of Banking Group revenue
  - Broaden revenue base from international operation while supporting our customers' trade requirements
- In consolidating our leadership position while driving targeted improvement in our financial performance, some of our priorities include, scaling up integrated cost containment program and driving service delivery excellence

IBAM - Improving product mix, enhancing performance

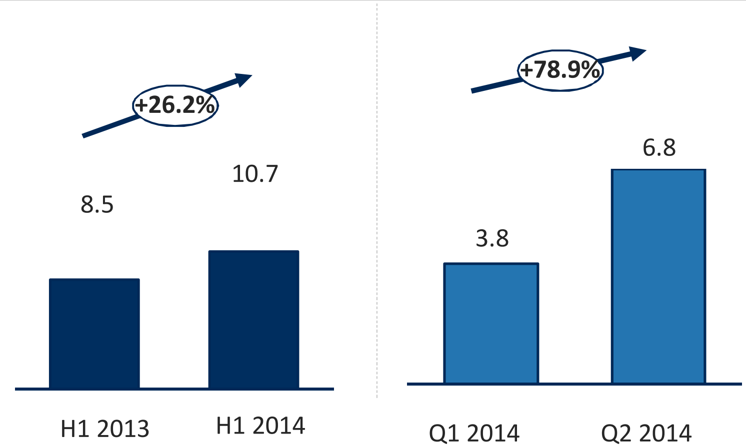
Six months 2014 :

- H1 2014 gross earnings and PBT grew by 26.2% and 12.2% y-o-y respectively with a corresponding q-o-q growth in gross earnings and PBT of 78.9% and 135.7% respectively
- Performance was primarily driven by the Investment banking (IB), Asset management (AM) & Trust businesses, collectively contributing 74% of net revenues
- IB's revenues were driven by the strong performance in debt financing
- The Trustee business has grown steadily and has made good progress in reducing the reliance on spread income, with core Trust fees accounted for 41% of revenues at the end of Q2 (contribution was 15% at the end of Q1)
- Markets performance was driven by fixed income sales & trading and equity brokerage units, with FBN securities having increased market share
- Successful repositioning of Asset Management business driven by collaboration with FirstBank. The AM business now ranks second on SEC mutual funds league table, moving up from 3rd position in Q1; largely driven by strong growth c.19% in the money market fund

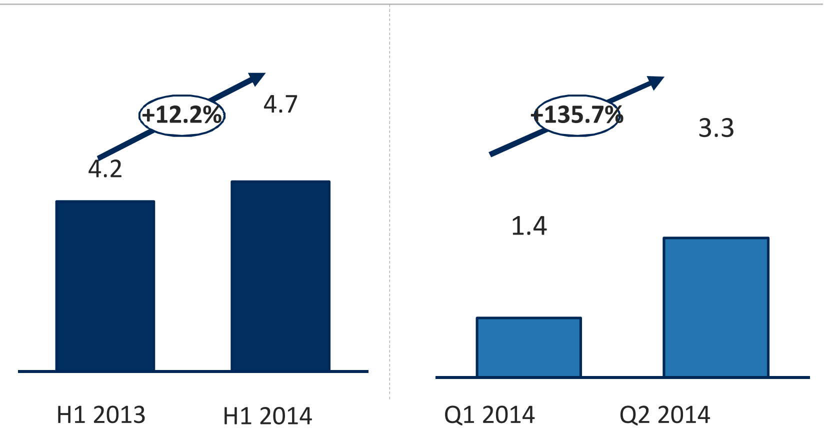
Outlook:

- Favorable macro economic indices; low inflation & stable exchange rates, indicate a benign outlook for the rest of the year
- The H2 pipeline for the IB business remains strong, particularly for capital market transactions and syndicated loans
- With the AM business, we expect our distribution, product development and group collaboration efforts to yield positive results for AuM growth
- We will continue to monitor operating expenses to ensure PBT targets are achieved

Gross earnings – (₦bn)



Profit before tax – (₦bn)



IBAM – Investment Banking and Asset Management

Insurance Group ï Repositioning to capture greater market share underpins strong growth

Six months 2014:

Å Gross income improved 60.3% y-o-y in H1 2014 to ₦2.7bn (H1 2013: ₦1.7bn) as a result of the growth in retail-risk based products as well as other revenue generation strategies put in place

Å Profit before tax for the group increased 62.5% y-o-y to ₦518.7mn hampered by higher than expected claims paid in Q2

Å Sustained growth in Gross Premium as increased focus on retail strategy, geared towards the mass market with the lowest insurance penetration, yields positive inflows

Å FBN Insurance continued to drive the opening up of new channels as sale of an embedded mobile insurance product with one of the mobile networks commenced. This will be an add-on to the innovative mobile insurance product

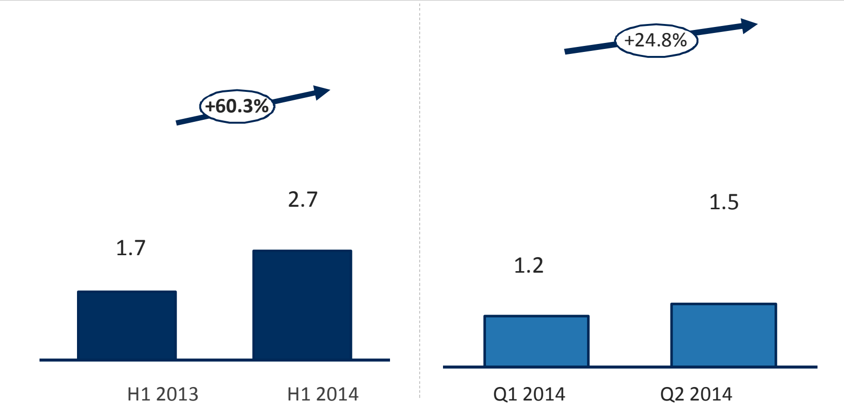
Outlook:

Å The acquisition of 100% stake in Oasis insurance company, a general insurance company, will further increase product offerings to the market and ensure increased exploitation of group synergies

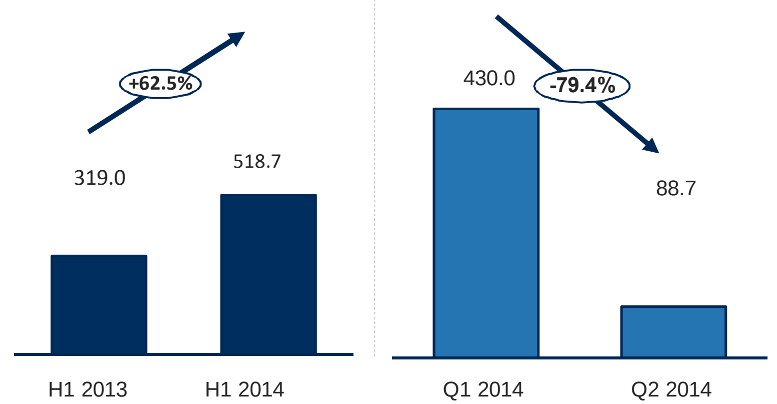
Å Focus on enhancing new business opportunities in both government and private sectors

Å Taking advantage of the existing opportunities to provide service to the power sector companies following key reforms in the sector

Gross income – (₦bn)



Profit before tax – (₦mn)



Microfinance ï increased customer deposits with focus on quality assets and fee income in coming period

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Six months 2014:

Å FBN Microfinance (FBNM) recorded gross earnings and PBT of ₦556.7mn and ₦154.1mn respectively (H1 2013: ₦520mn and ₦127mn) driven by increased fee income and an increased number of accounts in the first half of the year.

Å 6% growth in number of accounts in the second quarter with a resultant growth in customer deposits brought about a higher interest expense which impacted the bottom line.

Outlook:

Å Upcountry expansion in four additional states

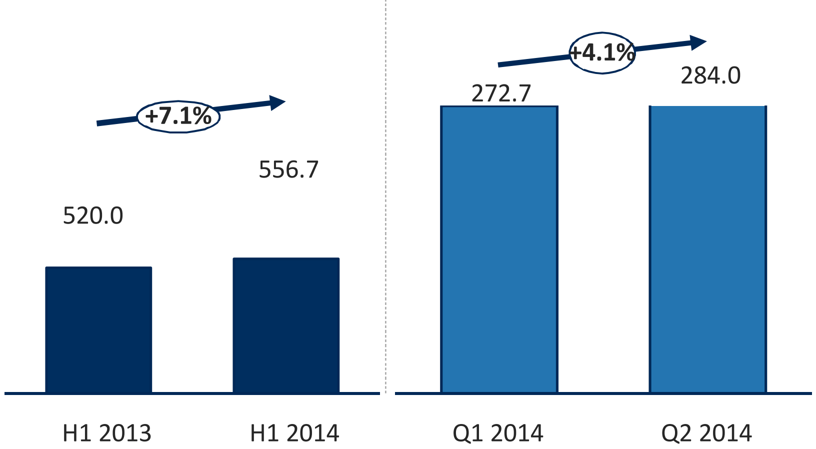
Å Implementation of a cost -effective distribution model

Å Improve staff capabilities and processes in order to develop and execute on targeted offerings for different customer segment

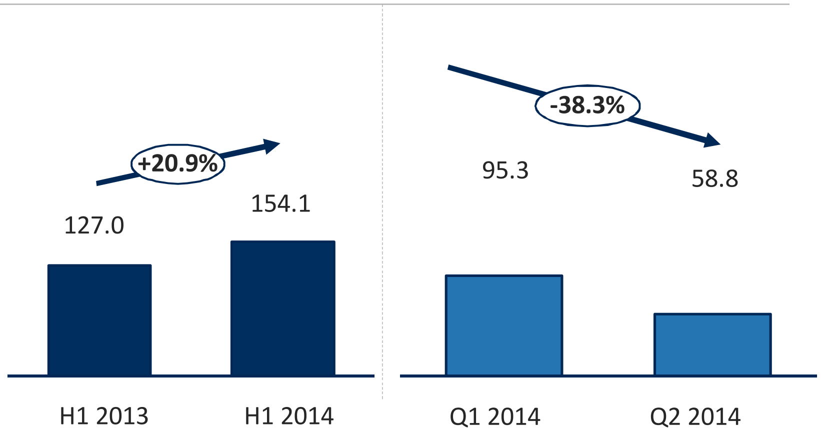
Å Access to the MSME fund (₦220bn) to improve liquidity

Å Focus on growing quality risk assets, fee income and enhanced profitability

Gross earnings – (₦mn)



Profit before tax – (₦mn)



Outlook

Outlook

OVERVIEW | FINANCIAL REVIEW | BUSINESS GROUPS | **OUTLOOK** | APPENDIX

Å **Enhancing revenue streams through:**

- Maintaining our e-business leadership position
- Consolidating our leadership position while driving targeted improvements on our financial performance and reinforcing our appeal as the financial institution of first choice
- Leveraging cross-selling opportunities that exist between banking and other financial services sectors and intensifying efforts to forge deeper relationships with our customers
- Expanding the scope of public sector business to include non–public sector but with public sector related businesses leveraging on the value chain
- Diversifying revenue streams and growing the subsidiary businesses towards improving our non–interest revenue
- Deploying full-scale transaction banking capabilities (trade finance, cash management – payments and collections and liquidity management)

Å **Targeting high – growth customer segments:**

- Enhancing customer service experience
- Increased focus on growing higher-margin segments of retail, mid-cap/commercial as well as SME space in a measured and controlled manner, while developing a robust middle office within existing resources
- Greater transaction velocity, especially within the trade finance business

Å **Driving cost efficiency:**

- Implementing a scaled-up and integrated cost-containment program
- Leveraging our shared distribution platform across the Group
- Focus on significant reduction of new branches and closure of non-profitable branches in rural locations
- Maintaining an appropriate staffing structure and work force alignment
- Optimising procurement and operational spend

Å **Increase focus on capital efficiency by:**

- Optimising our portfolio risk weighted assets (RWAs) across groups and geographies
- Enhancing our mix of earning and non-earning assets

FBN Holdings remains an attractive and compelling investment proposition (PE ratio 6.8X, PB ratio 1.1X)

Outlook ï 2014 financial targets

	FY 2013 Results	H1 2014 Results	2014 Targets
Deposit growth	6.4%	-5.9%	5 -10%*
Net loan growth	-1.2%	4.0%	10*%
Net interest margin	8.0%	7.4%	7 - 8%
Cost to income ratio	62.5%	65.2%	60 - 65%
Cost of risk	1.2%	0.7%	1 - 1.3%
NPL Ratio	3.0%	3.0%	3 - 4%
ROAE *(Post tax)*	16.0%	16.0%	17 - 18%*
ROAA *(Post tax)*	2.0%	1.9%	2 - 2.5%*
Cost of funds	3.3%	3.1%	3 - 3.5%
Effective tax rate	22.7%	22.9%	20 - 25%*

** Revised*

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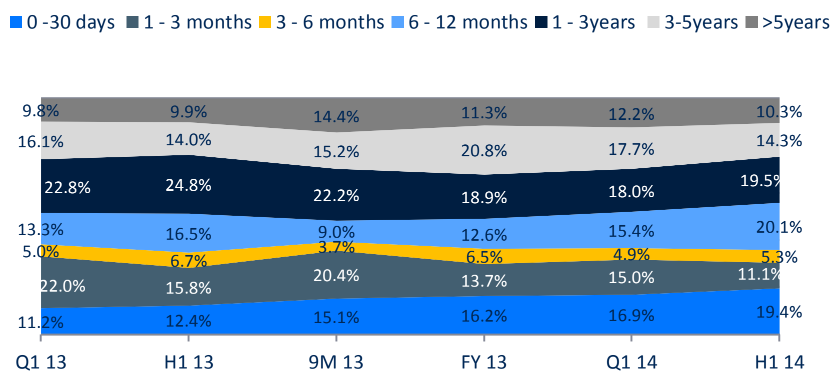
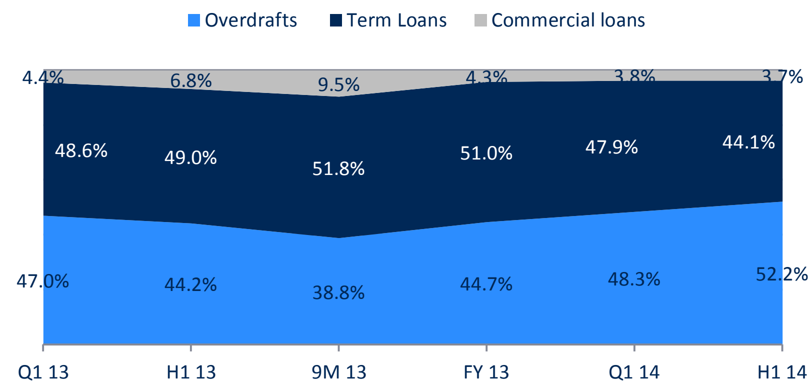
Appendix

Improving contribution from shorter tenored loans

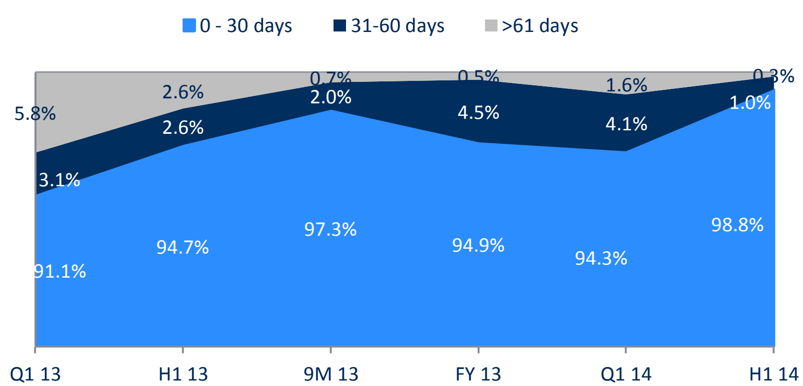
Loans and advances by maturity (First Bank of Nigeria only)



Loans and advances by type (First Bank of Nigeria only)



Ageing analysis of performing loan book (First Bank of Nigeria only)



GDR Programme

FBN Holdings has a Sponsored Regulation S Global Depositary Receipt (RegS GDR) program

- Ticker symbol: 999112Z LI
- CUSIP: 31925X302
- ISIN: US31925X3026
- Ratio: 1 GDR : 50 Ordinary Shares

- Depositary bank: Deutsche Bank Trust Company Americas
- Depositary bank contact: Stanley Jones
- ADR broker helpline: +1 212 250 9100 (New York)
  +44 207 547 6500 (London)

- e-mail: adr@db.com
- ADR website: www.adr.db.com
- Depositary bank's local custodian: Standard Chartered Bank, Mauritius