FBNHoldings

TIMELESS

Investor & Analyst Presentation

For the six months ended 30 June 2019

DISCLAIMER

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PRESENTATION OUTLINE

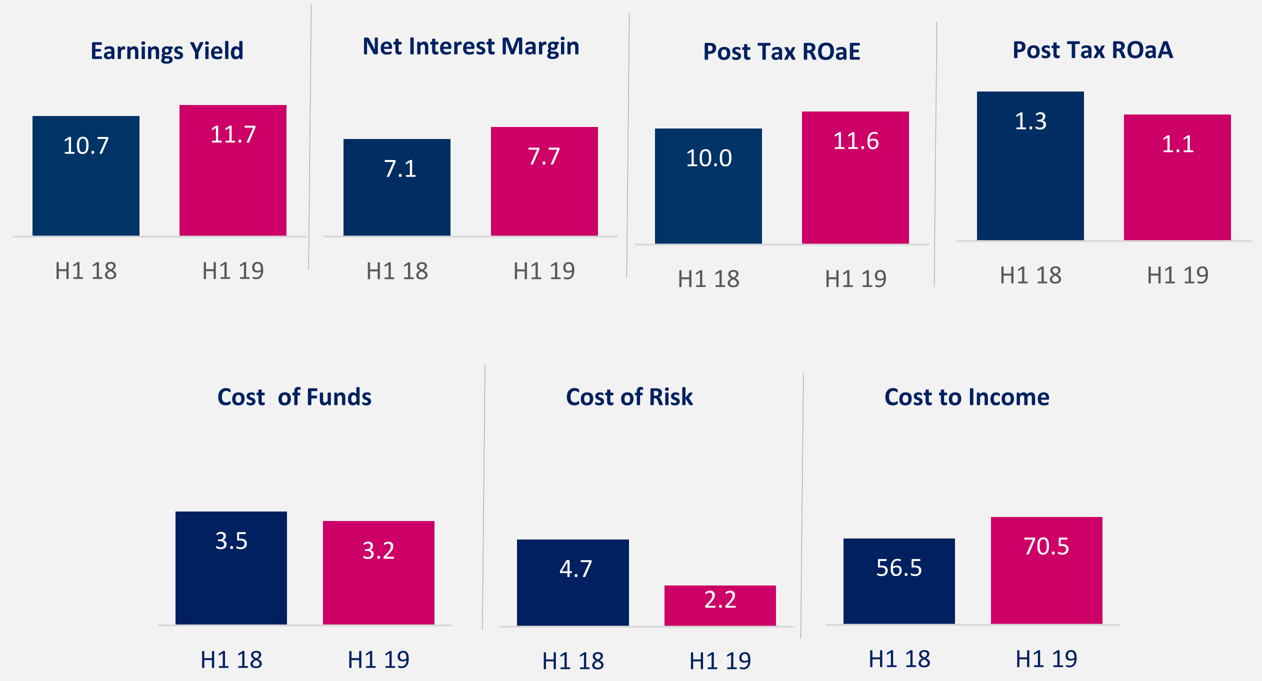
Focused on sustainable long-term performance

Key highlights

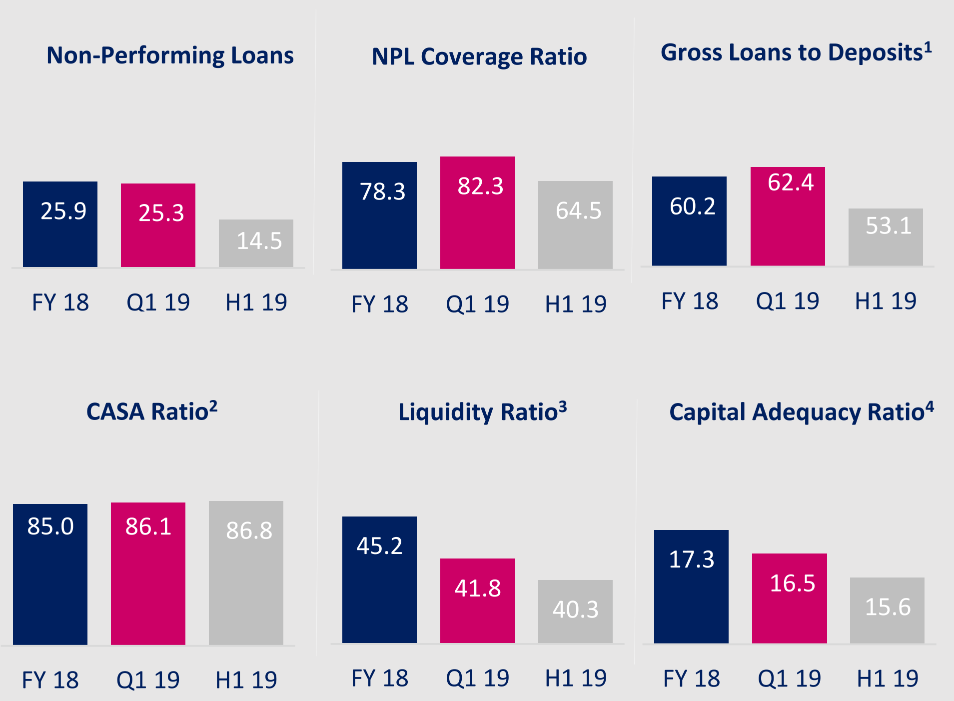
- Significant improvement in asset quality with Atlantic Energy fully written-off
  - Non-performing loans down to 14.5% as at June 2019 from 25.9% as at December 2018
  - Credit impairment charge down 58.1% y-o-y to ₦22.1billion, following stronger focus on legacy NPL resolutions
  - Write-off of Atlantic Energy creates significant headroom for increased business opportunities and enhanced earnings
- FirstBank successfully prepaid a cumulative $750 million ($450 million + $300 million) Subordinated notes in 12 months, demonstrating the strength of the Bank's foreign currency liquidity and funding capability, while further enhancing the efficiency of the balance sheet
- Stronger y-o-y profitability, with annualised ROAE before tax of 14.7% (H1 2018: 11.7%), trending upwards in line with expectation
  - Non-interest revenue up by 3.6% y-o-y to ₦63.6 billion, driven by an increase in transaction-led revenues
  - Electronic banking revenue further demonstrates stronger performance contributing 34.4% to non-interest revenue up from 24.3% in the prior year
- Headline growth in operating expense attributable to the ongoing strategic initiatives aimed at enhancing revenue and efficiencies over the mid to long- term

Improving performance resulting from recent strategic initiatives

Key Income Statement Ratios (%)



Key Balance Sheet Ratios (%)

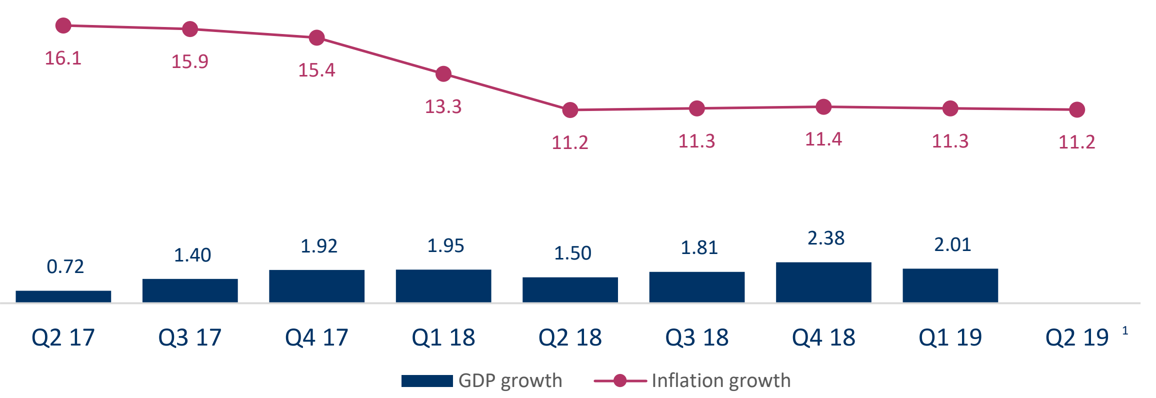


[1,2,3,4] For FirstBank (Nigeria)

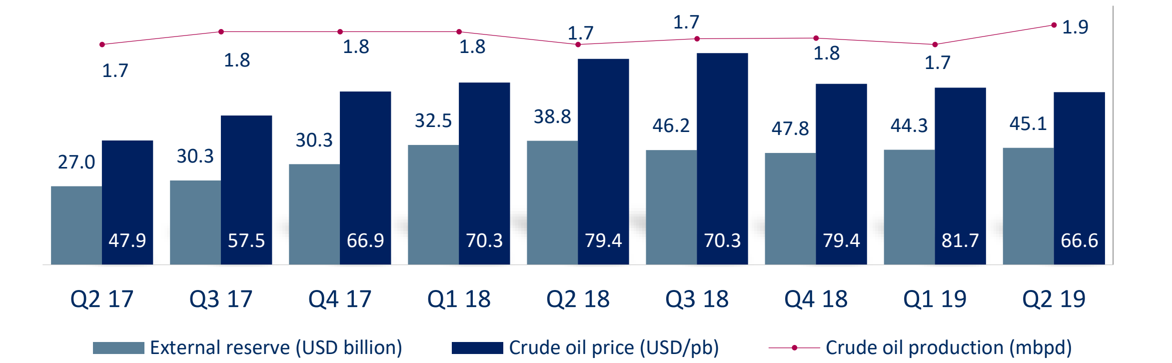
[4]For FirstBank (Nigeria), H1 2019 CAR excludes profit for the period. Including H1 2019 profit, CAR will be 16.82%, CAR for the Merchant Banking business is 13.4%

Macro-economic challenges remain with a decline in GDP but external reserve strengthens

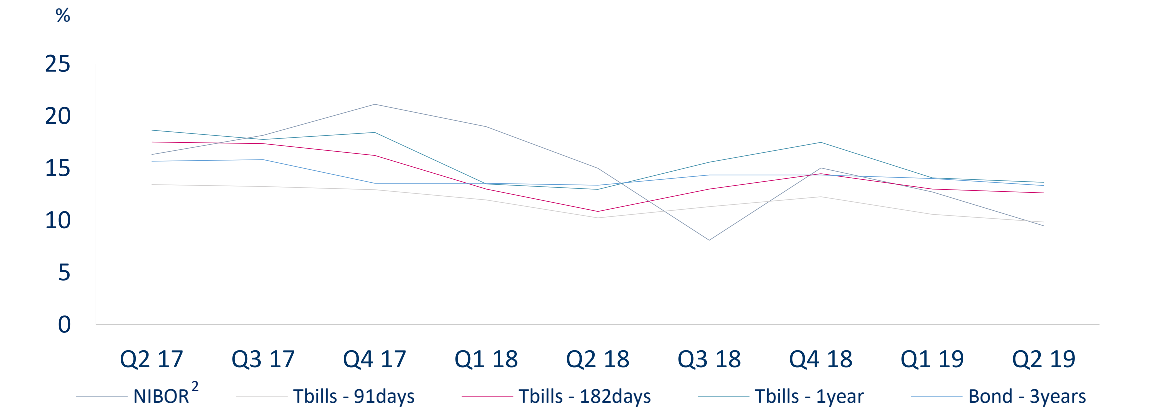
HEADLINE INFLATION MODERATES AS GDP GROWTH STAGNATES



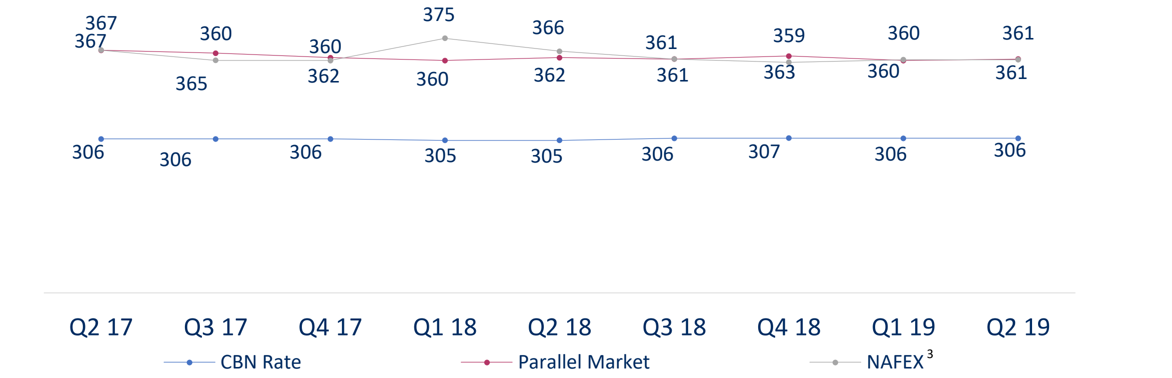
EXTERNAL RESERVES SUPPORTED BY THE INCREASE IN OIL PRODUCTION VOLUME



MODERATING YIELDS ON INVESTMENT SECURITIES



EXCHANGE RATES REMAIN STABLE AS CBN SUSTAINS POLICY STANCE



Data source: CBN NBS, Bloomberg, OPEC and FBNHoldings Investor Relations
[1] Gross Domestic Product for Q2' 19 yet to be published by National Bureau of Statistics

[2] NIBOR rate is average interbank call rate for each quarter

[3] NAFEX (Nigerian Autonomous Foreign Exchange) and I&E (Importers' and Exporters') rates converge in Q3 2018 ,Q1 2019 & Q2 2019 respectively

Recent regulatory developments

Feb-19

- CBN[1] issues guidelines on managing credit concentration, interest rate and reputational risk (Pillar 2 Risks)

Mar-19

- CBN issues guidance note to other financial institutions (OFIs) on the implementation of IFRS 9
- MPR[2] reduced to 13.5% from 14%

Apr-19

- CBN establishes the Shared Agent Network Expansion Facility to support financial inclusion drive
- CBN Approves DMBs deposit of excess US dollar notes with its Abuja office to reduce cost of currency management and boost FX liquidity and currency stability

May-19

- NAICOM increases minimum paid-up capital for insurance / re-insurance companies
- MPC retains MPR at 13.5%
- CBN Governor's term in office renewed

Jun-2019

- CBN unveils 2019 – 2024 strategic focus
- Commencement of the export facility initiative to support non-oil sector growth and enhance foreign earnings

Jul-2019

- CBN advises minimum Loan to deposit ratio (LDR) at 60%, else additional Cash Reserve Ratio (CRR)
- CBN revises the remunerable daily placements by banks to ₦2billion from ₦7billion
- MPC retains MPR at 13.5%

[1]Central Bank of Nigeria

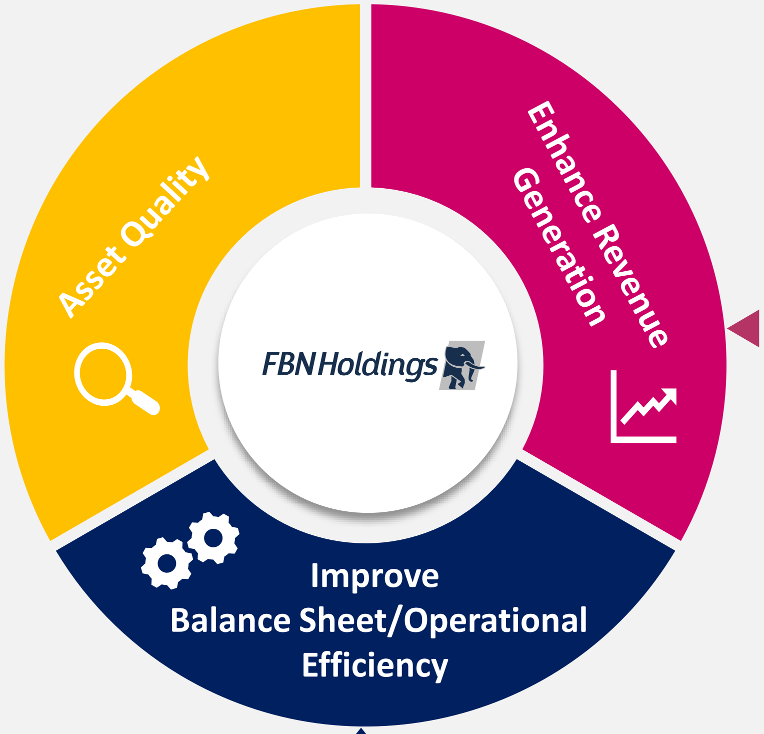
[2] Monetary Policy Rate

FBNHoldings

Successfully delivering on our commitments

Significant improvement in asset quality

- ✓ Fully written off Atlantic Energy (Largest legacy NPL)
- ✓ NPL ratio down to 14.5% (FY2018: 25.9%)
- ✓ Impairment charge down by 58.1% y-o-y; Cost of risk at 2.2% (H1 2018: 4.7%)
- ✓ Vintage NPL at <1%
- ✓ On course to delivering a single digit NPL ratio by FY 2019



Increasingly a transaction-led Group

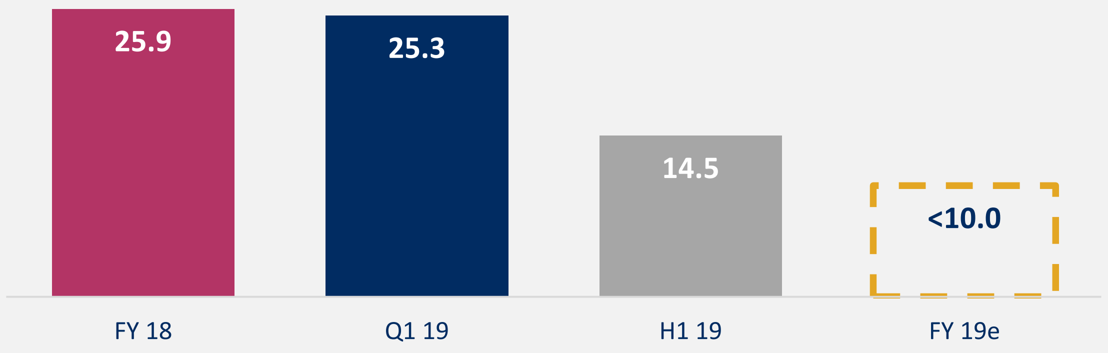
- ✓ Driving transaction led earnings growth
- ✓ Increased revenue from Electronic Banking income, now 34% of Non-Interest Revenue
- ✓ Aggressively growing the Agent Banking network with 27,000+ Firstmonie Agents
- ✓ ~ ₦1.1trillion transactions processed via Firstmonie Agents year to date
- ✓ ₦1.2 trillion USSD transactions processed year to date
- ✓ Launched competitive and future ready digital initiatives/platforms
- ✓ Improving revenue synergies across the Group

Balance sheet and cost optimisation focused on improved efficiency

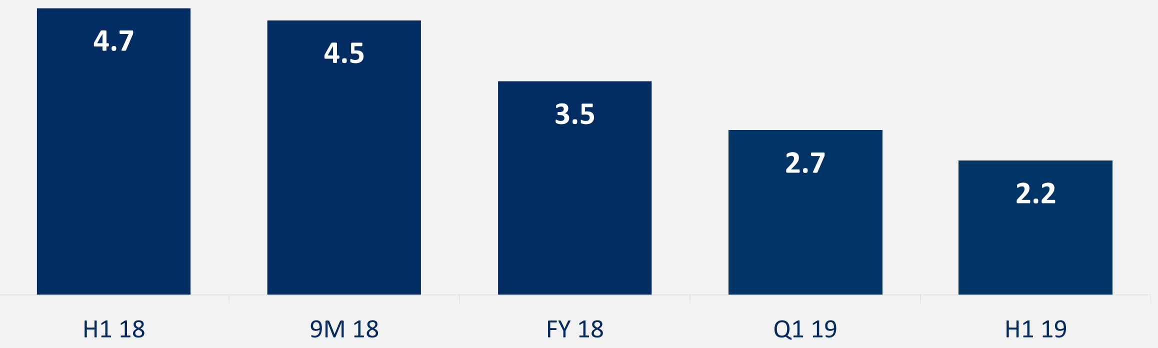
- ✓ ROaE before tax increased to 14.7% from 11.7% in H1 2018
- ✓ Sound liquidity ratio of 40.3%; early repayment of a cummulative US$750 million Subordinated notes in 12months
- ✓ Fortress balance sheet emerging
- ⊖ Cost optimisation albeit muted by business rationalisation costs and investments for the future

Significant asset quality improvement; NPL ratio down to 14.5%, Cost of risk at 2.2%

ON TRACK TO A SINGLE DIGIT NPL RATIO (%) | FBNHOLDINGS



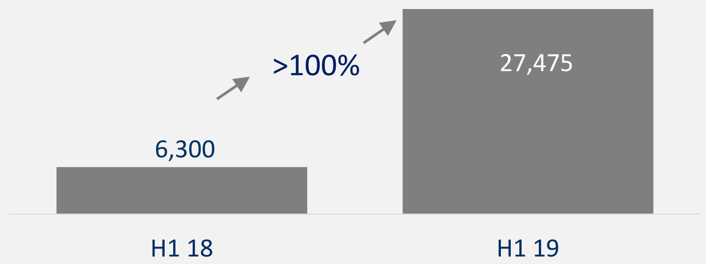
COST OF RISK (%) | FBNHOLDINGS



- On course to achieving a single digit non-performing loan ratio
- Atlantic Energy now written off, paving the way for sustained improvement in asset quality
- NPL ratio of 14.5% from 25.9% in December 2018, demonstrates the Group’s commitment to clean its balance sheet by the end of 2019
- Institutionalised a new credit culture across the entire banking value chain with vintage NPL sustained at <1%
- Impairment charge on credit losses declined 58.1%, as we continue to implement best-in-class risk management practices

Undisputed industry leader in agency and digital banking reinforced by increasing customer adoptions

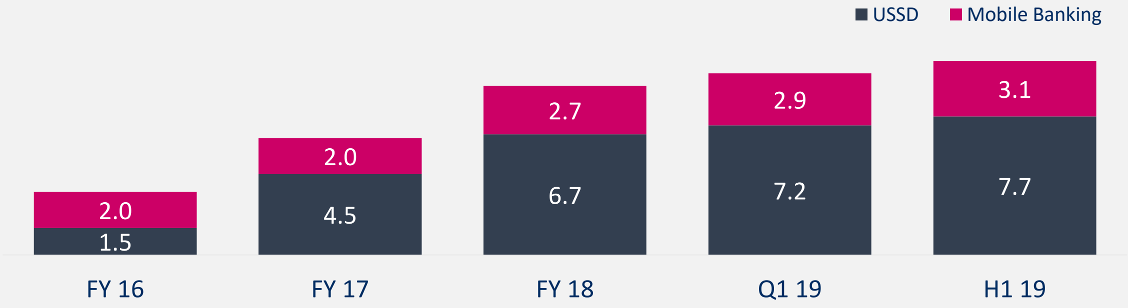
Firstmonie Agent Banking Scheme



27,000+ Agents

…. Across  Nigeria and counting

INCREASING CUSTOMER ADOPTION OF PAYMENT PLATFORM | MILLION

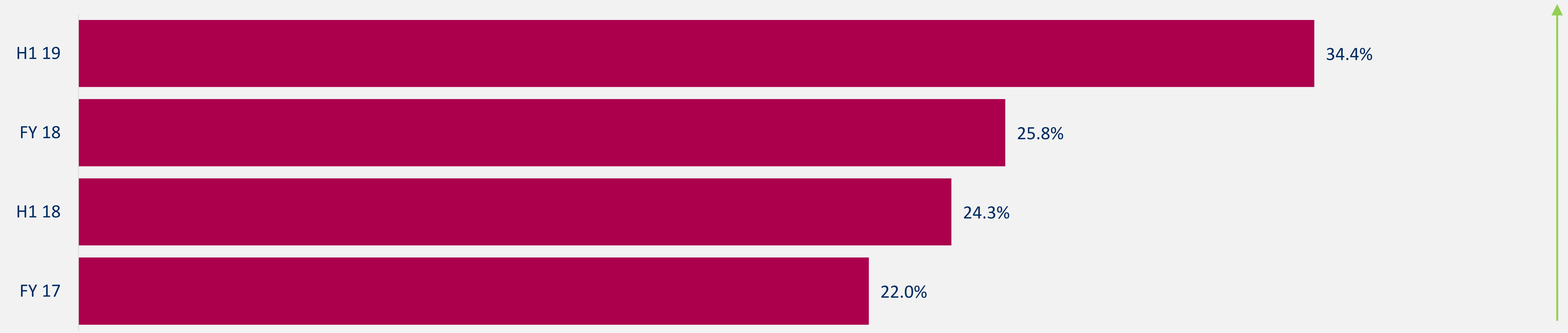


- Positioned for strong and sustainable non-interest revenue growth
- Driving enhanced customer acquisitions and experience, transaction intensity and revenue diversification opportunities, leveraging innovative capabilities and technologies
  - Upgraded core banking software – Finacle Future Ready (FFR)
  - Deployed bank enterprise credit solution **FINTRAK 360**
- >85% of customer-initiated transaction carried out via alternate channels
- Industry leader with 30% market share of transactions processed by the most dominant switching company; ~24% market share of interbank transfers on the NIBBS[1] platform
- ₦1.2 trillion USSD transactions processed year to date
- ~₦1.1 trillion transactions processed via Firstmonie Agents year to date
- Forging strategic partnerships and collaboration with other key players to uniquely position the Group in the emerging banking landscape

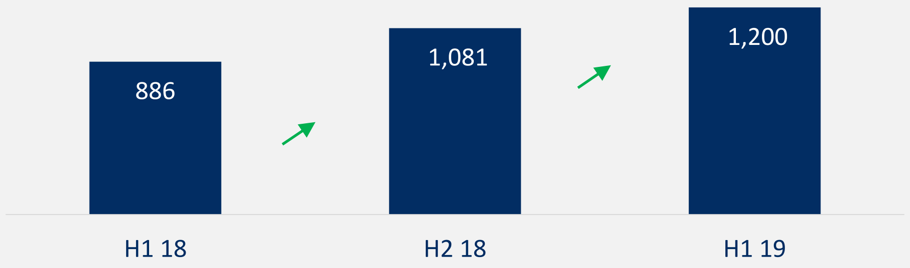
[1]*Nigeria Inter-bank Settlement System*

Increasingly a transaction-led Group, and uniquely positioned for growth and earnings accretion

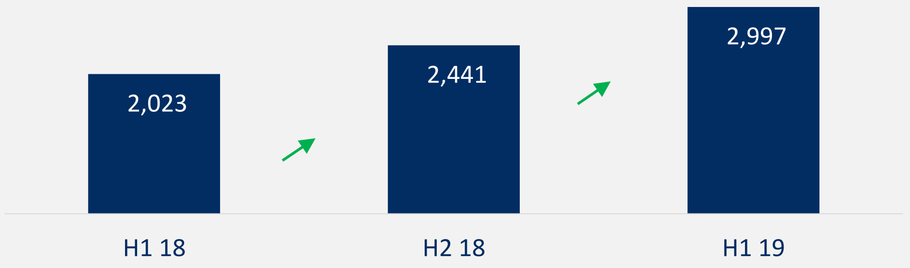
GROWING REVENUE FROM DIGITAL BANKING CHANNELS | (E- BUSINESS CONTRIBUTION TO NON INTEREST REVENUE)



USSD BANKING SCHEME | TRANSACTION VALUE (₦' BILLION)

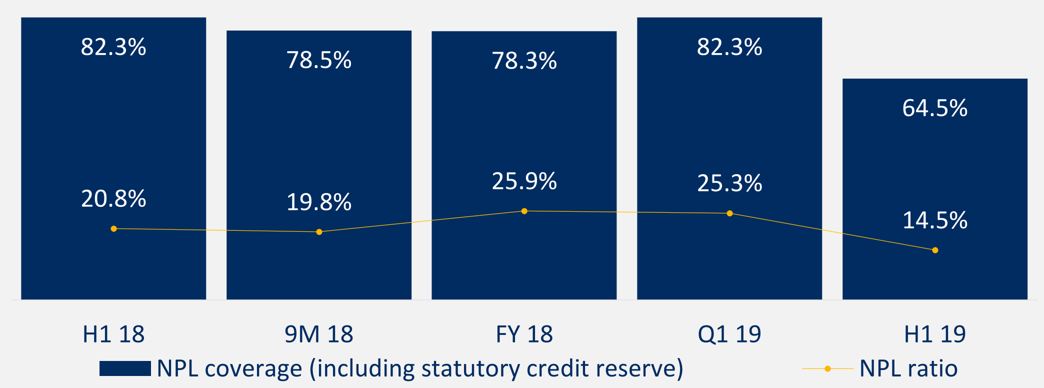


MOBILE BANKING SCHEME | TRANSACTION VALUE (₦' BILLION)

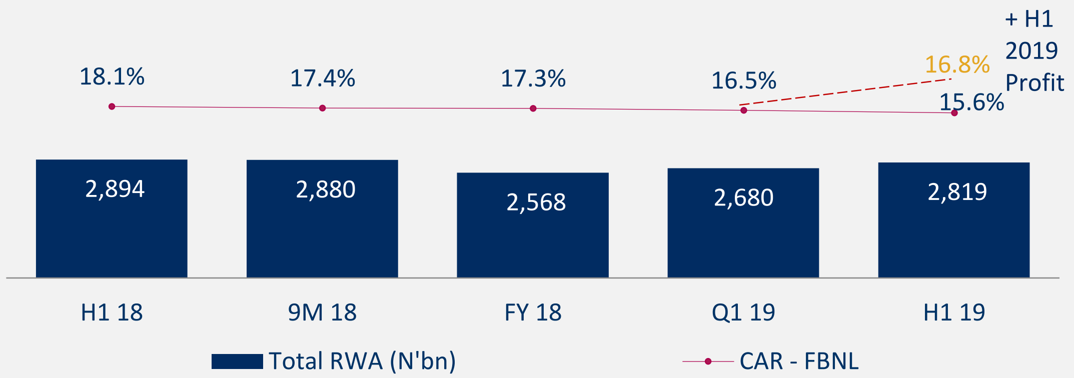


Marked improvement in asset quality, with NPL% sharply trending downwards. Capital cover, balance sheet optimisation and earnings support growth plans

DECENT NPL COVERAGE RATIO DESPITE LOAN WRITE OFF |FBNHOLDINGS



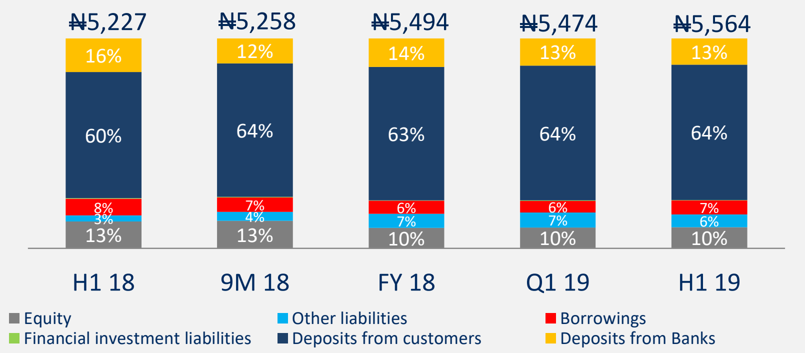
CAPITAL RATIOS REMAIN SUPPORTIVE OF GROWTH | FIRSTBANK (NIGERIA)



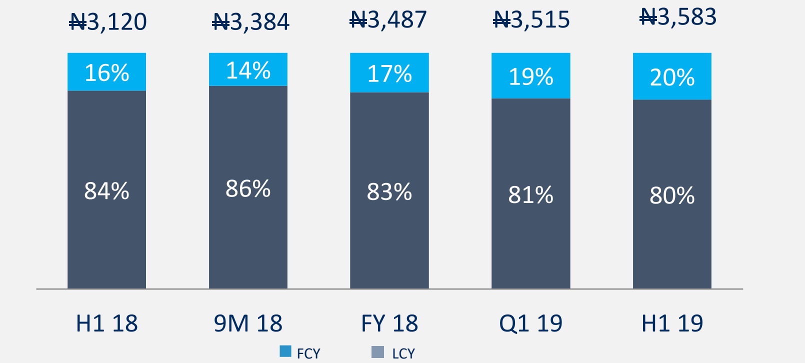
- Substantial progress in our balance sheet repair and repositioning program
- NPL trending sharply downwards, and on track to our target of single digit by year end
- Our commitment to organic capital accretion still supported by current capital cover, successful balance sheet restructuring program and planned capitalisation of profits
- Fortress balance sheet emerging to support sustainable accretive earnings growth

First-rate funding base - a highly diversified and growing low-cost funding base, enabled by the strongest retail franchise in the industry. Leveraging this, FirstBank has prepaid $750 million Eurobonds in the last 12 months

FUNDING BY TYPE (₦BN) | FBNHOLDINGS

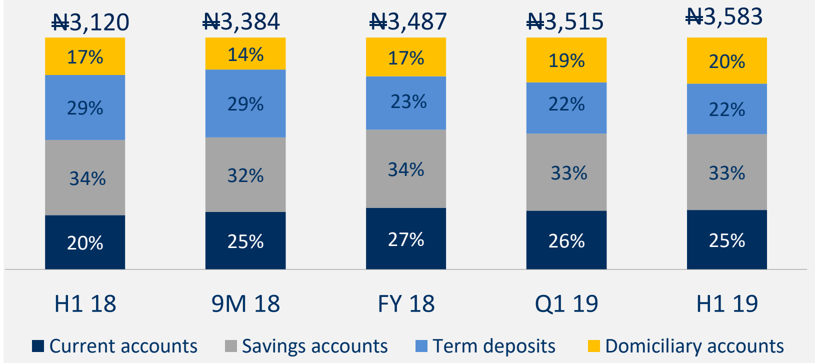


DEPOSITS BY CURRENCY (₦BN) | FBNHOLDINGS

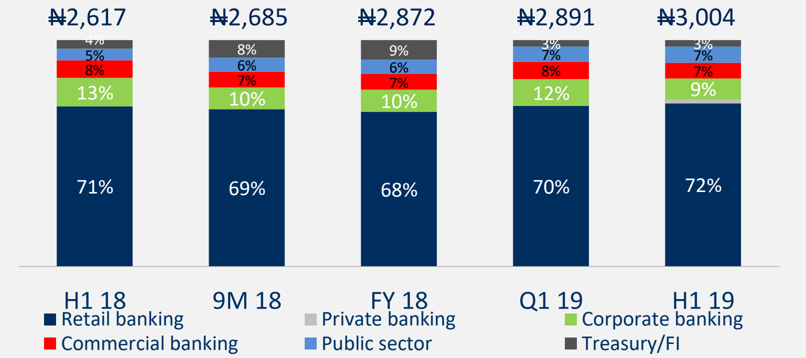


- Customers deposits grew by 2.8% ytd
- Sustained strong retail franchise with deposits at ₦3trillion and ₦3.6trillion for FirstBank and FBNHoldings respectively
- At FirstBank, low-cost deposits represent 86.8% of total deposits as at June 2019, up from 85% at the end of December 2018
- Cost of funds improved to 3.2% from 3.5% in the prior period
- FCY deposits continued to grow and closed at 20% of total deposits at the end of June 2019, up from 17% as at December 2018, signifying improving FCY liquidity
- Prepaid $750 million of eurobonds, reflecting the financial resilience of the balance sheet

DEPOSITS BY TYPE (₦BN) | FBNHOLDINGS

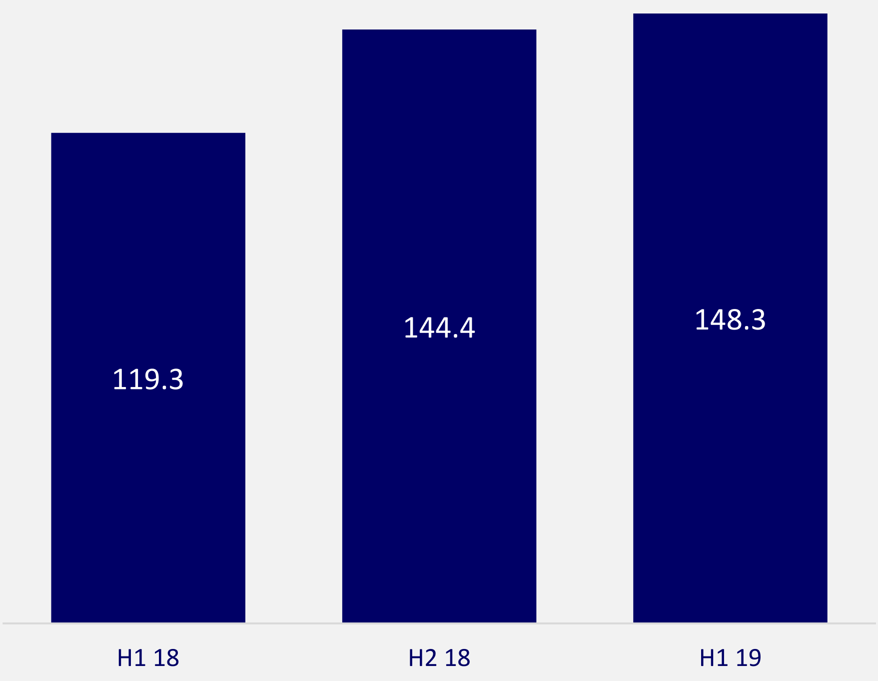


DEPOSITS BY SBU TREND (₦BN) | FIRSTBANK (NIGERIA)



Opex/CIR currently elevated due to some deliberate tactical actions and strategic initiatives. Expected to remain moderately elevated for the rest of the year, but with reducing impact into Q4 19 as associated revenue benefits gather momentum

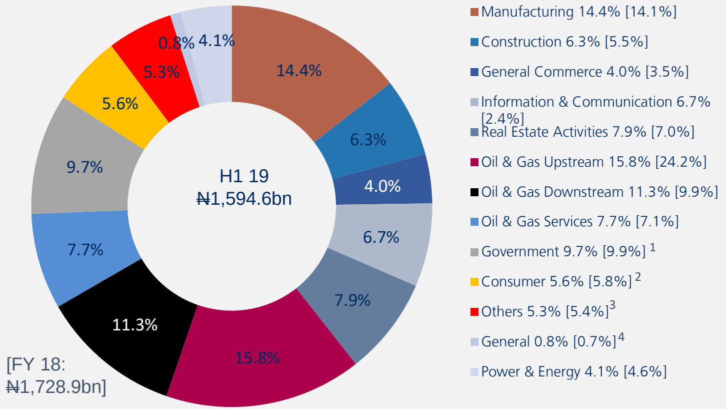
OPERATING EXPENSES (₦'BILLION)



- First wave of **workforce optimisation** oriented at improving employee productivity completed, in which the bank took significant one-time restructuring charges
- One-time charges also incurred in support of the **brand / franchise** for 125 year celebration, from which we are already seeing accretive retail benefits
- One-time operational losses in respect of **settlements to AMCON** for assets sold eight years ago
- Continued notable **investments** in security and e-business solutions (revenue accretive), enterprise architecture (business stability and growth supportive), productivity capabilities (efficiency benefits), etc, resulting in increased maintenance and depreciation costs YoY, albeit within normalised levels of peers
- Spike in **regulatory costs** YoY, following business growth and full adoption of revised AMCON charges
- Overall, opex expected to remain elevated (YoY) for the rest of the year, as we make a big final push in our business / balance sheet restructuring programs, investments in business and brand. However, this will be largely offset by increased operational earnings and recoveries in H2 19, with full upside benefits in subsequent years

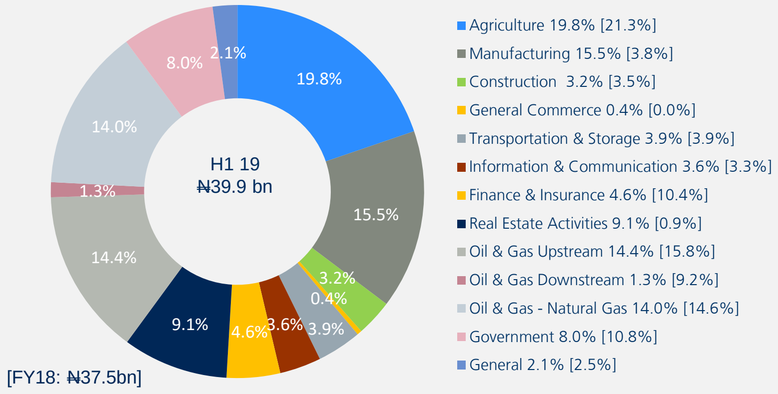
Sectoral breakdown of loans and advances to customers

H1 19 FIRSTBANK (NIGERIA) GROSS LOANS BY SECTOR

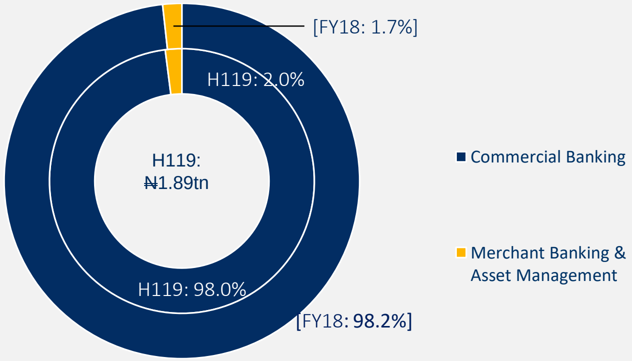


- Oil and gas upstream now <20%; exposure down to 15.8% of the loan book from 24.2% as at December 2018
- Selectively growing the loan book within key sectors, whilst resolving asset quality challenges
- Focus remains on optimising yields from our risk assets
- Net loans to customers grew efficiently by 3.5% ytd
- Sectors of focus for lending: Manufacturing, trade, retail/consumer and agric & agro-allied sectors, including telecommunication

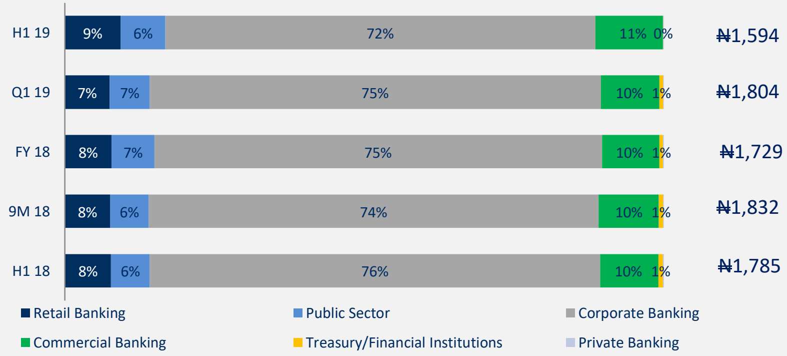
H1 19 FBNQUEST MERCHANT BANK GROSS LOANS BY SECTOR



FBNHOLDINGS GROSS LOANS BY BUSINESS GROUPS[5]



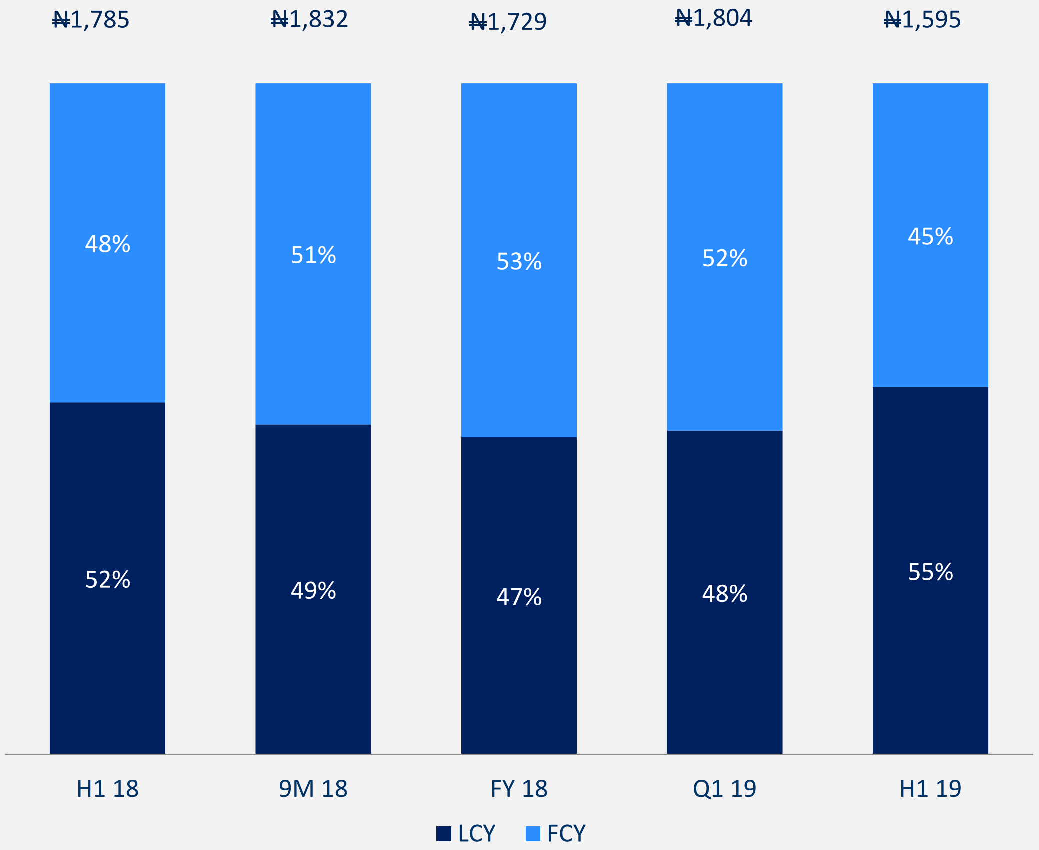
FIRSTBANK (NIGERIA) GROSS LOANS BY SBU (₦BN)



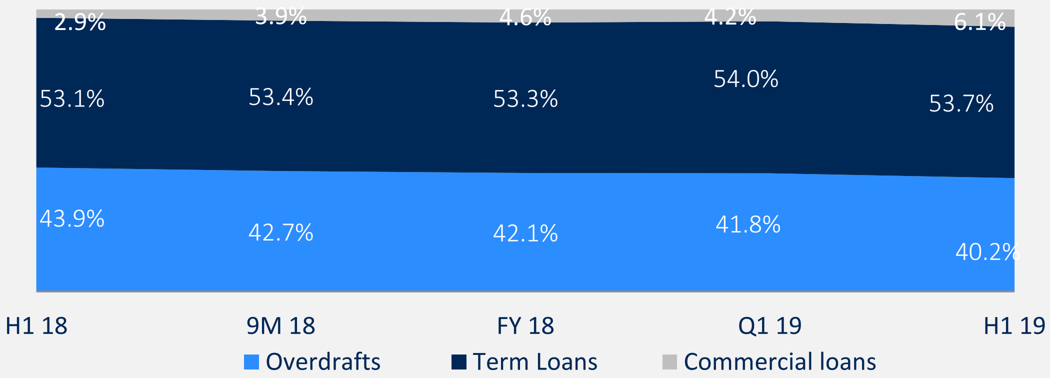
[1]Government loans are loans to the public sector (federal and state)
[2]Represents loans in retail portfolio < ₦ 50mn
[3]Finance and Insurance, capital market, residential mortgage, agriculture
[4]General includes personal & professional, hotel & leisure, logistics and religious bodies
[5]Gross loans include intercompany adjustments

Structured credit risk management further improves credit quality

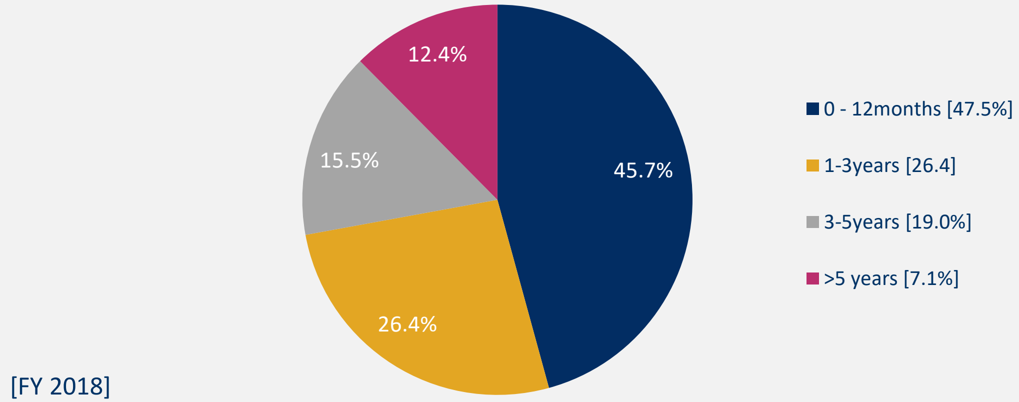
LOANS AND ADVANCES BY CURRENCY |FIRSTBANK (NIGERIA)



LOANS AND ADVANCES BY TYPE |FIRSTBANK (NIGERIA)

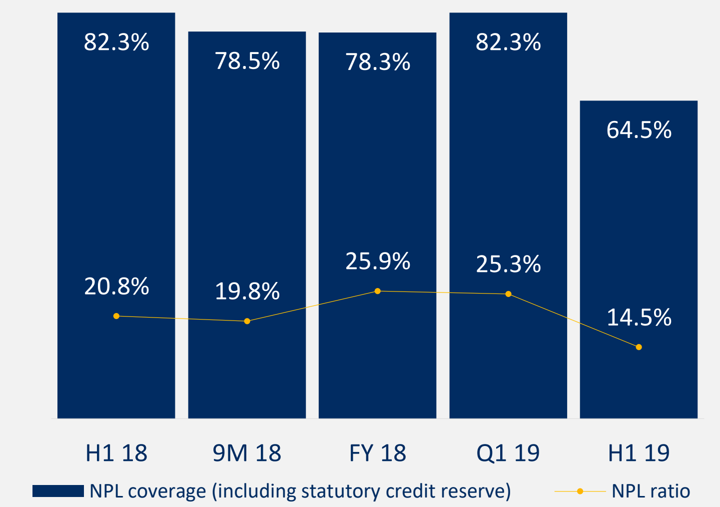


H1 2019 LOANS AND ADVANCES BY MATURITY |FIRSTBANK (NIGERIA)

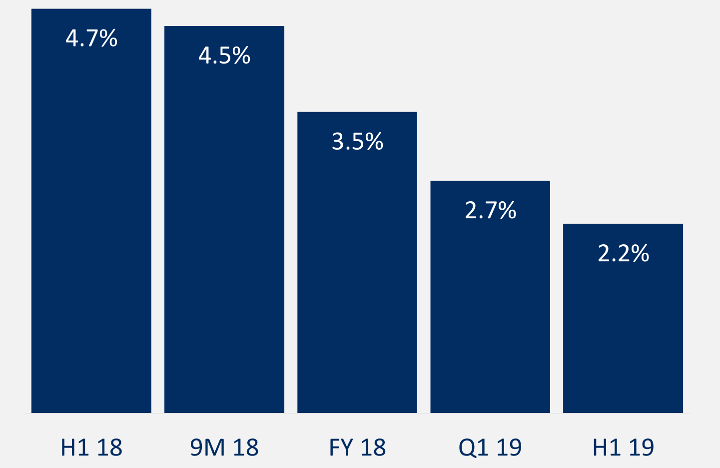


Significant improvement in asset quality towards FY 2019 NPL ratio objective

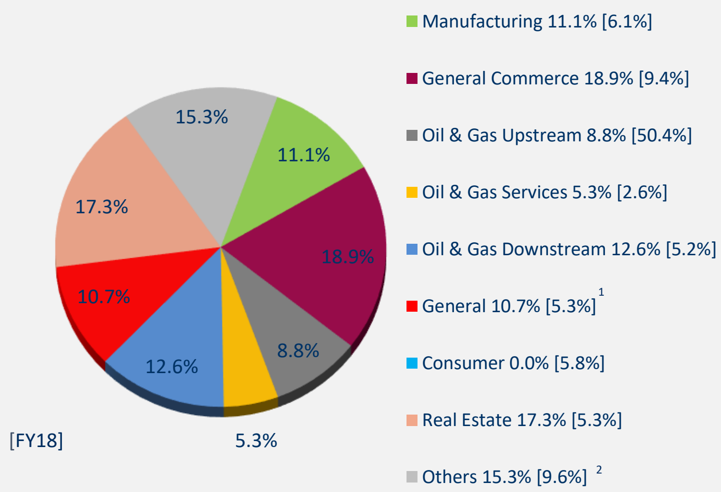
NPL RATIOS | FBNHOLDINGS



COST OF RISK RATIO | FBNHOLDINGS



H1 19 NPL EXPOSURE BY SECTOR | FIRSTBANK (NIGERIA)

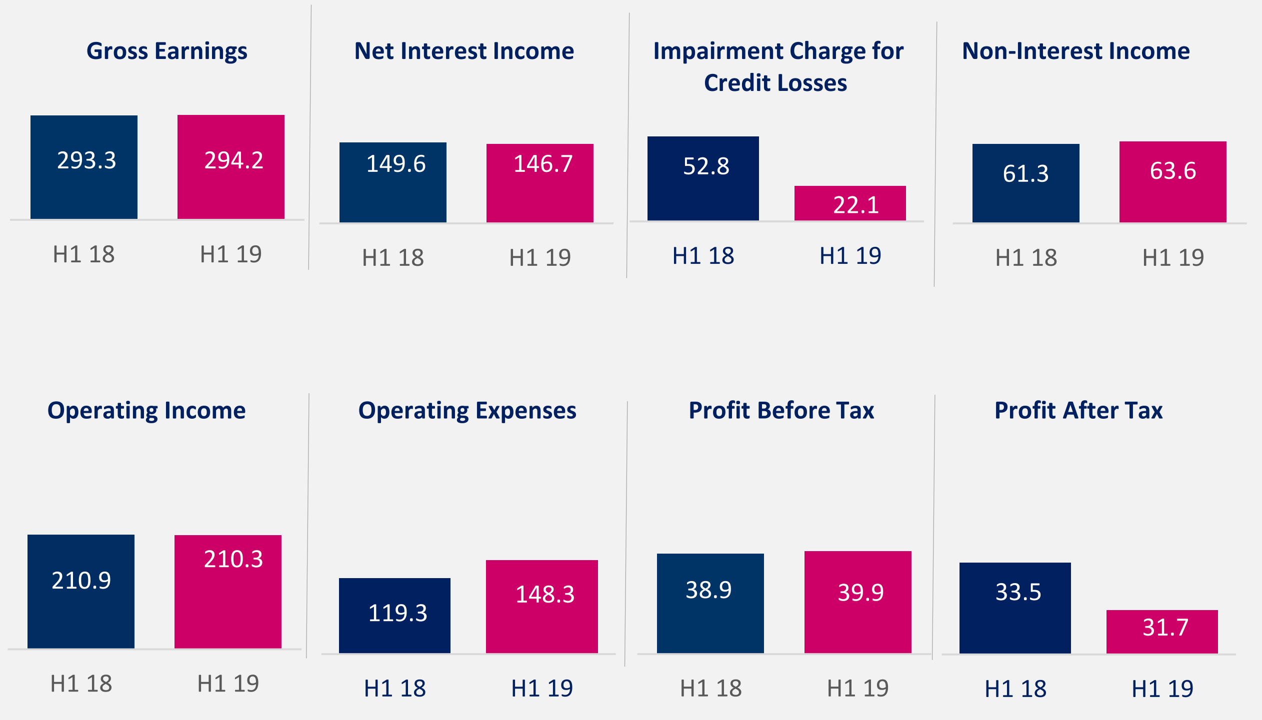


- Atlantic Energy (Largest NPL) fully written off
- Significant improvement in NPL ratio down to 14.5% as at June 2019 (Dec 2018: 25.9%), demonstrating a firm resolve in achieving asset quality objective
- Steady decline in credit impairment charge reflects progress in on-going NPL resolutions. Similarly, cost of risk declined to 2.2% from 4.7% in H1 2018
- Single digit NPL ratio to be achieved through a combination of loan growth, restructuring, recovery and write-off

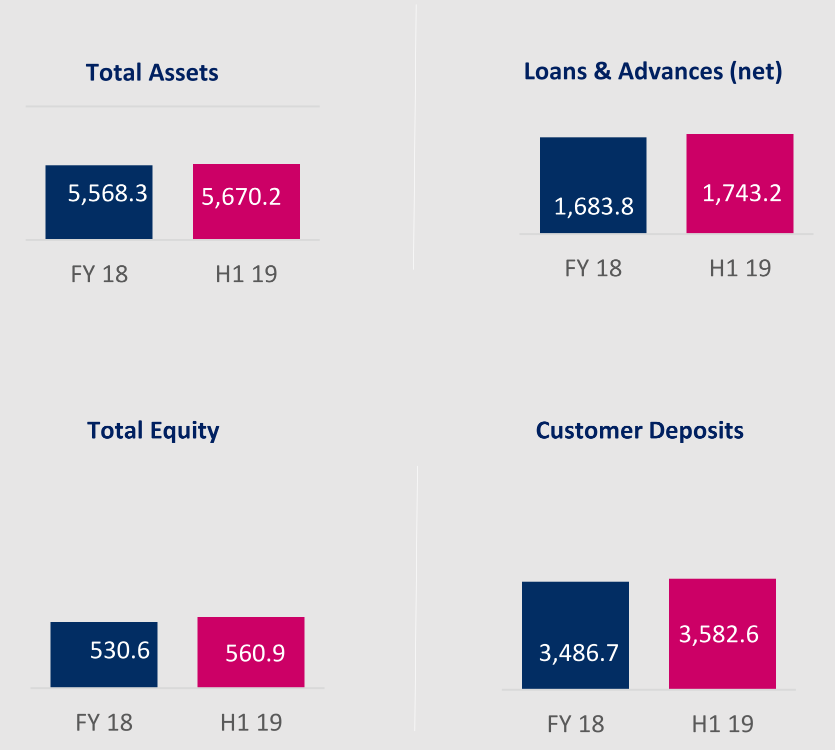
[1] *General includes: hotels & leisure, logistics, religious bodies*
[2] *Others (NPL exposure by sector) include Finance, Transportation, Construction, Agriculture*

Optimising the balance sheet for revenue and operational efficiency

Income Statement Snapshot (₦ billion)

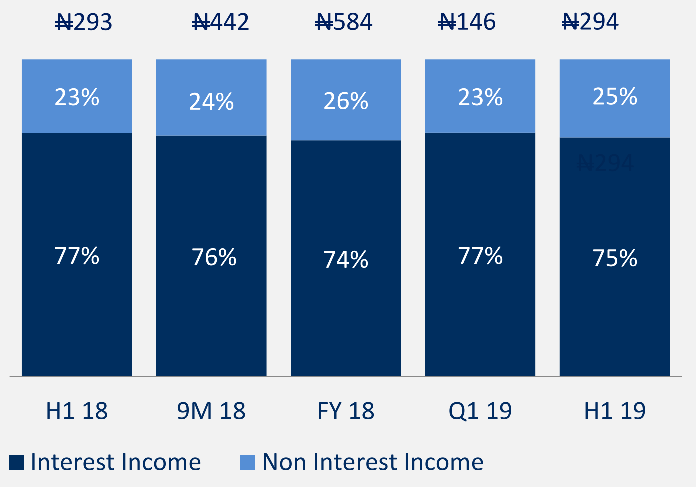


Statement of Financial Position (₦ billion)

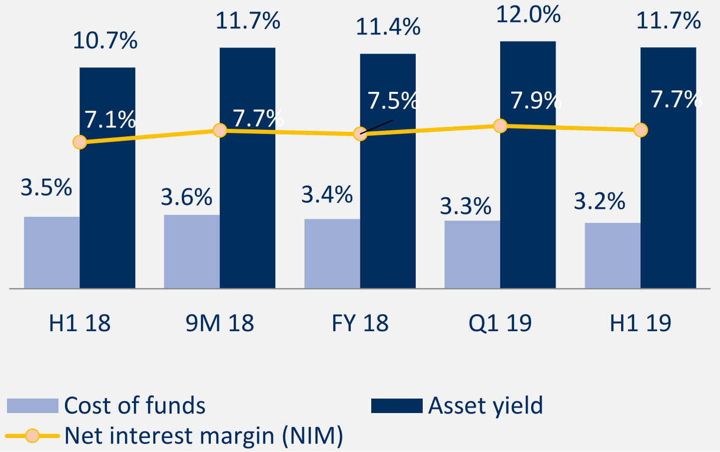


Transactional income momentum remains strong. Sources remain diversified as well. In H1 19, continued surge in revenue from digital channels fully compensated for the plunge in FX income

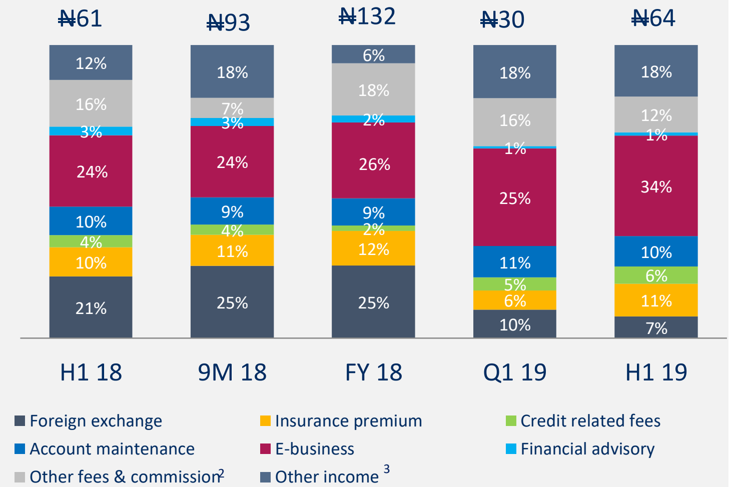
GROSS EARNINGS BREAKDOWN (₦bn)[1]



NET INTEREST MARGIN DRIVERS



NON-INTEREST INCOME (NII) BREAKDOWN (₦bn)



- Gross earnings at ₦294 billion (+0.3% y-o-y), supported by improving non-interest revenue growth
- Sustained increasing contribution from digital banking and alternative channels
- Improved funding mix with cost of funds declining to 3.2% from 3.5% in the prior period
- NIM improved to 7.7% (2018: 7.1%) in H1 2019, due to the improved cost of funds and asset yield optimisation
- Demonstrated stronger performance in electronic banking revenue; contributed 34.4% to non-interest revenue from 24.3% in the prior year

[1] Non-interest income here is gross and does not account for fee and commission expense

[2] Other F&C include commission on bonds and guarantees, F&C expense, remittance fees, LC commission, money transfer, custodian fees, fund management fees and brokerage & intermediation and trust fee income

[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

COMMERCIAL BANKING GROUP

Substantially delivered a complex balance sheet restructuring program. Successfully optimised capital without shareholder dilutive impacts. Made bold investments in differentiated capabilities for the future, with positive results. Ready for the next phase of business growth

KEY FINANCIAL HIGHLIGHTS

Income statement

₦bn	H1 19	H1 18	y-o-y %
Gross earnings	262.8	264.7	-0.7
Operating income	186.4	190.3	-2.1
Impairment charge	21.9	52.7	-58.6
Operating expense	131.2	105.3	24.6
Profit before tax	33.3	32.3	3.1
Profit after tax	26.7	28.3	-5.5

Statement of Financial Position

₦bn	H1 19	FY 18	y-t-d %
Loans and advances	1,765.6	1,708.2	3.4
Deposits from customers	3,485.2	3,392.6	2.7
Shareholders fund	512.3	478.2	7.1
Total assets	5,315.8	5,302.7	0.2

KEY PERFORMANCE RATIO

Return on Average Equity [%] **Cost to Income [%]** **Non Performing Loan Ratio [%]**

- Balance sheet restructuring about complete as NPL% sharply trends downwards and would be single digit by year end
- Capital optimised and supportive of modest growth with full protection of shareholders
- Successfully transforming into a transaction led bank, with income streams increasingly diversified towards scalable and efficient e-business and agency offerings
- Continue to make significant investments in IT and human capital capabilities in readiness for accelerated future growth, with attendant exceptional /one-time charges

MERCHANT BANKING AND ASSET MANAGEMENT GROUP
Optimising a diversified business model

KEY FINANCIAL HIGHLIGHTS

Income statement

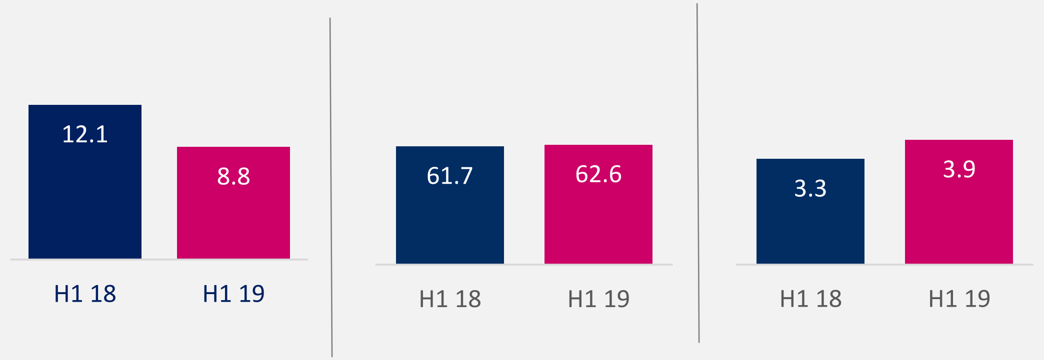
₦mn	H1 19	H1 18	y-o-y %
Gross earnings	16,947	18,482	-8.3
Operating income	8,507	9,863	-13.7
Impairment charge	249	65	>100.0
Operating expense	5,328	6,081	-12.4
Profit before tax	2,947	3,739	-21.2
Profit after tax	2,143	2,975	-28.0

Statement of Financial Position

₦mn	H1 19	FY 18	y-t-d %
Loans and advances	37,683	35,557	6.0
Deposits from customers	109,353	127,260	-14.1
Shareholders fund	53,468	44,022	21.5
Total assets	277,890	218,569	27.1

KEY PERFORMANCE RATIO

Return on Average Equity [%] | **Cost to Income [%]** | **Non-Performing Loan[1] [%]**



- Notwithstanding the challenging operating environment, the Fixed income trading business, Corporate Banking and Investment management (Asset management, Alternative Investments and Trustees) businesses drive performance
- Total Assets under management (AUM) grew by 10.5% to ₦336 billion maintaining the 2nd position in the industry ranking
- Cost minimisation measures contain operating expenses to ₦5.3 billion; down 12.4% y-o-y
- Looking ahead to H2, lending and AuM are expected to grow further, while optimising costs and operational efficiency

[3]Non-performing loans applies to the Merchant Banking Business only

INSURANCE GROUP

Growing market penetration rate with diversified revenue base and annuity drive

KEY FINANCIAL HIGHLIGHTS

Income statement

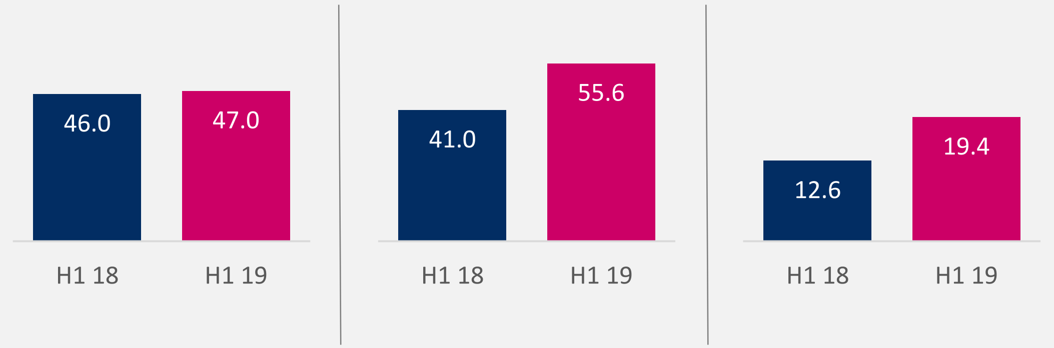
₦mn	H1 19	H1 18	y-o-y %
Gross premium written	23,199	16,462	40.9
Operating income	11,172	8,296	34.8
Operating expense	6,868	4,910	39.9
Profit before tax	4,303	3,386	27.1
Profit after tax	3,569	2,843	25.5

Statement of Financial Position

₦mn	H1 19	FY 18	y-t-d %
Liability on insurance & investment contract	69,741	53,958	29.3
Shareholders fund	17,063	13,330	28.0
Total assets	94,365	76,563	23.3

KEY PERFORMANCE RATIO

Return on Average Equity [%] | Combined Ratio[1] [%] | Claims Ratio[2] [%]



- Gross premium written increased by 40.9% to ₦23.2 billion (H1 2018: ₦16.5 billion)
- Performance driven largely by the retail life insurance business, annuity business and the corporate segment of the general insurance business
- Maintained strong profitability with ROaE of 47.0% in H1 2019 against 46.0% in H1 2018
- Increasing contribution of 9.4% to the Group's profit before tax from 7.4% in corresponding period
- Business will be comfortable to meet the revised capital requirement of NAICOM by June 2020

[1]Combined ratio is based on risk premium only (conventional) for FBNGeneral and FBNLife Insurance

[2] Claims ratio applies to FBNGeneral and FBNLife Insurance

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

UK

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

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

Senegal

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

Nigeria

Name
First Bank of Nigeria Ltd. (formerly First Bank of Nigeria Plc.)
Type
Licensed bank
Established
2012
Products / Services
Commercial Banking

Democratic Republic of Congo

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

The Gambia

Name
FBNBank The Gambia
Type
Licensed Bank
Established
2004
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

Definitions

- 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 computed as annualised net interest income divided by the average opening and closing balances of interest earning assets excluding financial assets at fair value through profit & loss plus unlisted debts
- 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)

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