FBNHoldings

ONE GROUP
MULTIPLE SOLUTIONS

Half year ended June 2015

Investors & Analysts 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, 2015. The Group's financial statements have been prepared using the accounts of the subsidiaries and businesses within FBNHoldings. 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.

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

This presentation contains forward-looking statements which reflect management's expectations regarding the Group's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "estimate", "project", "target", "risk", "goal" and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available 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.

FBNHoldings cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain risks or factors, reference should be made to the Group's continuous disclosure materials filed from time to time with the Nigerian Stock Exchange and other relevant regulatory authorities. The Group disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

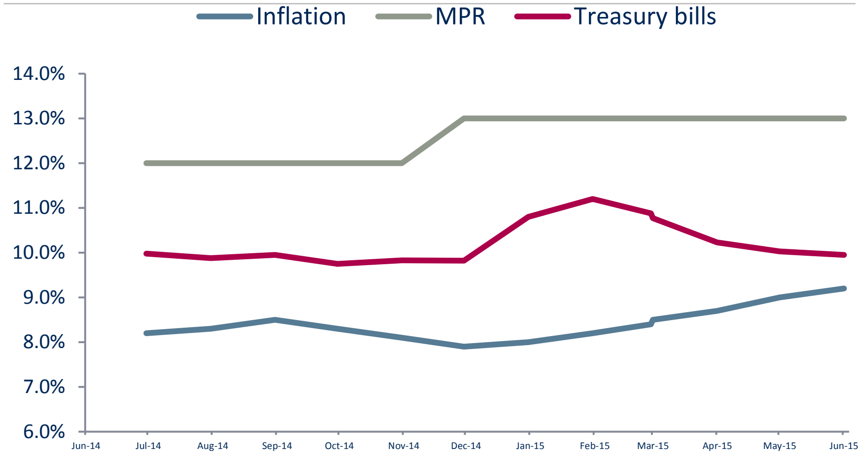
FBN Holdings Plc is structured under four business groups, namely: Commercial Banking, Investment Banking and Asset Management, Insurance, and Other Financial Services:

- The Commercial Banking business is composed of First Bank of Nigeria Limited, FBNBank (UK) Limited, FBNBank DRC, FBNBank Ghana, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra Leone, FBNBank 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 Kakawa Discount House Limited, FBN Capital Limited, FBN Capital Asset Management Limited, FBN Trustees, FBN Funds and FBN Securities Limited;
- The Insurance business houses FBN Insurance Limited, Oasis Insurance (now FBN General Insurance) and FBN Insurance Brokers Limited
- Other Financial Services, including FBN Microfinance Bank Limited which serves our small non-bank customers

Outline

Overview & Operating Environment

Macroeconomic environment



- Reduced purchasing power from increased inflation; Inflation rose to 9.2% in June 2015 from its 8.5% levels in March 2015
- Reduced oil prices and declining government revenues with the inability of some state governments to pay salaries weakens GDP growth rate, though the Federal Government has intervened in this regard
- The spread between the official foreign exchange and the parallel market widens given speculation of currency devaluation
- Monetary policy stance remains tight with MPR maintained at 13% and CRR at 31% in the July monetary policy committee meeting (MPC); resulting in reduced liquidity
- Cash reserve requirement rates harmonised to 31% for all Banks on average adjusted deposits resulting in a net debit of ₦142.0bn across the banking industry and ₦64.0bn specifically to FBN
- The additional capital charge of 1% to be maintained by Systemically Important Banks (SIBs) is scheduled to take effect from July 1, 2016

Timeline of key events

January
- External reserves were $34.5bn
- CBN suspends policy on oil & gas credit risk mitigation
- FGN slashes petrol price to ₦87/litre
- Global food prices decline

February
- INEC pushed back the presidential election by six weeks
- Closure of RDAS[1] window
- External reserves drop to $32.7bn

March
- CBN extends the implementation deadline for higher capital requirements at 16% for systemically important banks to June 2016
- Presidential elections
- GDP growth declines further to 3.86%

April
- Transition committee of the newly elected government inaugurated

May
- President Muhammadu Buhari was sworn in
- MPC's harmonisation of CRR to 31%

June
- CBN bans 41 items from accessing Forex
- CBN to extend cashless policy to other states
- Nigeria's active oil rigs fall by 26% from 35 to 28
- Nigeria displaces Saudi Arabia as India's top oil supplier

January | February | March | April | May | June

[1] RDAS- Retail Dutch Auction System
Source: NBS

Performance snapshot

OVERVIEW | FINANCIAL REVIEW | BUSINESS GROUPS | OUTLOOK | APPENDIX

Income statement

- Gross earnings of ₦271.3bn, up 28.0% y-o-y (H1 2014: ₦212.0bn)
- Net interest income of ₦132.7bn, up 15.2% y-o-y (H1 2014: ₦115.2bn)
- Non-interest income of ₦61.2bn, up 41.7% y-o-y (H1 2014: ₦43.2bn)
- Operating income[1] of ₦193.9bn, up 22.8% y-o-y (H1 2014: ₦157.8bn)
- Impairment charge for credit losses of ₦22.6bn, up 239.1% y-o-y (H1 2014: ₦6.7bn)
- Operating expenses[2] of ₦119.2bn, up 15.2% y-o-y (H1 2014: ₦103.4bn)
- Profit before tax of ₦52.1bn, up 7.9% y-o-y (H1 2014: ₦48.3bn)
- Profit after tax of ₦40.1bn, up 7.7% y-o-y (H1 2014: ₦37.2bn)

Statement of financial position

- Total assets of ₦4.4tn, up 1.7% y-t-d (FY 2014: ₦4.3tn)
- Customer deposits of ₦3.1tn, up 2.5% y-t-d (FY 2014: ₦3.1tn)
- Customer loans and advances (net) of ₦2.1tn, down 4.3% y-t-d (FY 2014: ₦2.2tn)

Key ratios

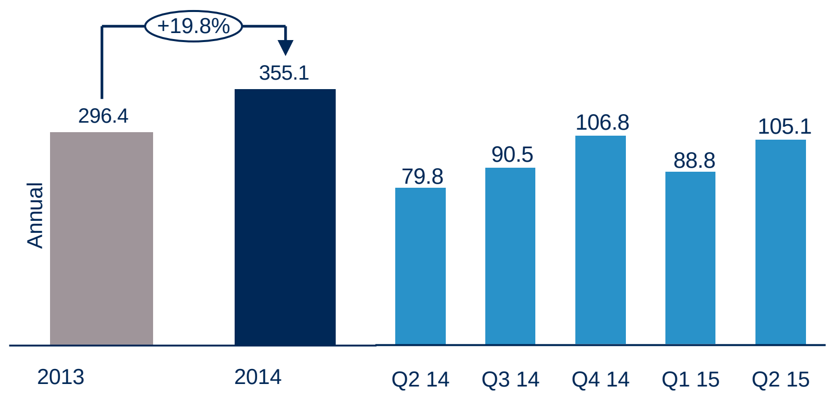
- Pre-tax return on average equity[3] of 19.2% (H1 2014: 20.4%)
- Post-tax return on average equity[4] of 14.8% (H1 2014: 15.7%)
- Net interest margin[5] of 7.8% (H1 2014: 7.4%)
- Cost to income[6] of 61.5% (H1 2014: 65.5%)
- NPL ratio of 4.1% (H1 2014: 3.0%)
- Cost of risk 2.1% (H1 2014: 0.7%)
- 33.3% liquidity ratio (Banking group) (H1 2014: 36.6%)
- 18.8% Basel 2 CAR (Banking group) (H1 2014: 17.6%[7])

[1] Operating income defined as net interest income plus non-interest income less share of profits from associates [2] Operating expense for H1 2014 & H1 2015 includes insurance claims [3] Pre-tax return on average equity computed as annualised profit before tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders [4] Post-tax return on average equity computed as annualised profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders [5] Net interest margin computed as annualised net interest income divided by the average opening and closing balances in interest earning assets [6] Cost to income ratio computed as operating expenses divided by operating income [7] This is a Basel 1 CAR ratio for the Banking Group. Basel 2 CAR requirement commenced October 2014

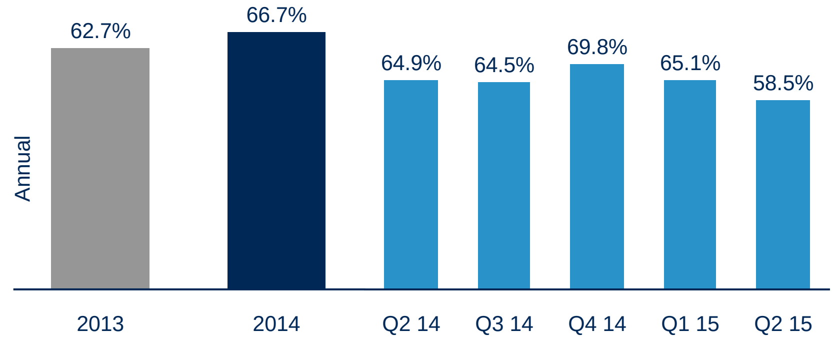
Economic fundamentals impact profitability as efficiency improves

OVERVIEW | FINANCIAL REVIEW | BUSINESS GROUPS | OUTLOOK | APPENDIX

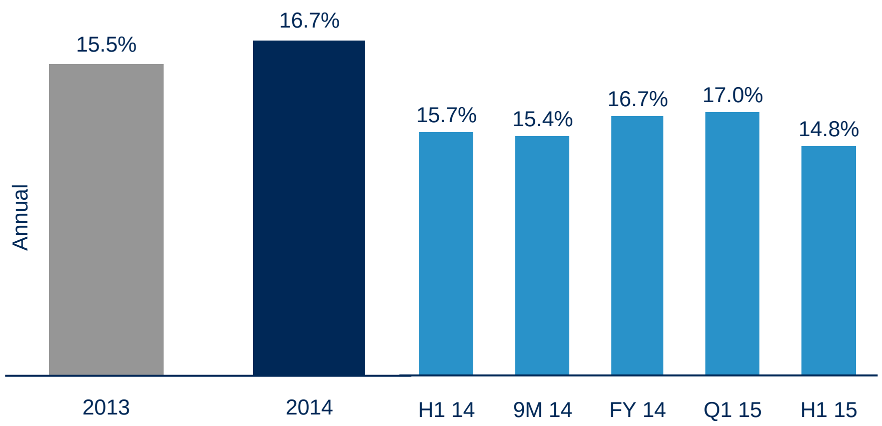
Operating income (₦bn)



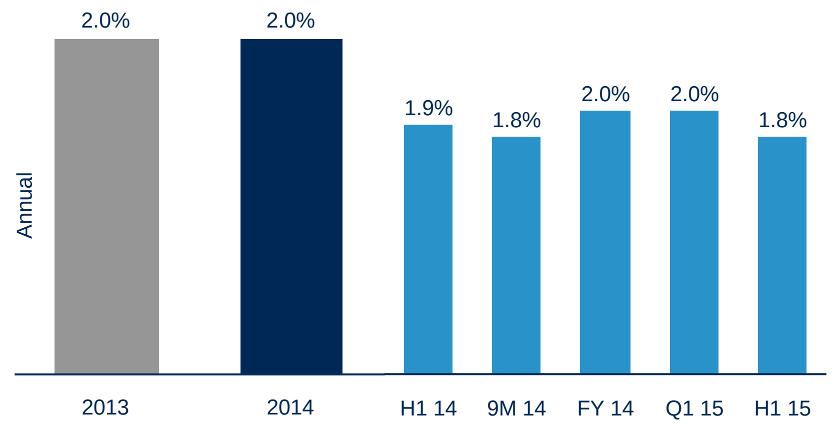
Cost-to-income



Return on average equity



Return on average assets



Key themes impacting our business

Capital Requirements

No plans by FBNHoldings to raise Tier 1 capital in the short term given:

- low market liquidity
- depressed valuation levels
- significant dilution risk for existing shareholders

Capital position is being enhanced through

- increased profit retention
- interim capitalisation of profits
- more efficient balance sheet management
- more conservative loan growth
- establishment of a capital management desk to appropriately monitor and plan out capital requirements across geographies within the banking group

Oil Price Decline

Hedge contracts in place for some accounts to protect the Bank against price risk

Restructured some upstream accounts to align repayments with realistic cash flows

Continuous performance monitoring of upstream transactions and proactive remediation strategies being pursued

Exposures in downstream sub-sector mainly short term/self-liquidating trade transactions to major players with wide distribution outlets and strong operating cashflows

Upstream oil companies slowing down on capital expenditure and increasing production to improve cashflows

Currency Devaluation

Foreign currency (FCY) loans backed by FCY cashflows providing natural hedge

Exposures in the manufacturing and general commerce sector mainly to top end players with capacity to absorb incremental operating costs arising from currency devaluation or pass through to customers

Targeted slow down in exposure to the oil & gas sector

Freeze on the creation of FCY assets to reduce the impact of naira devaluation on CAR

Efficiency

Rationalising unprofitable branches and minimal branch expansion

Restructuring the procurement processes and streamlining operations as well as cutting back on costs

Centralising processes across the Group to reduce transaction costs and processing cycles

Further penetration of the retail segment and optimally utilising low-cost funding as well as using branches as sales and service centres to optimise retail infrastructure

Optimising IT solutions in head office middle and back offices to improve efficiency and effectiveness, but ultimately to reduce the Full-Time Equivalent (FTE) deployed to those sections of the Bank

Leveraging transaction banking to increase share of wallet thereby optimising revenue

Realigning and rationalising the workforce in order to enhance overall manpower efficiency and productivity

Financial Review

H1 2015: Overview of income statement

₦bn	H1 14	H1 15	y-o-y
Gross Earnings	212.0	271.3	28.0%
Net Interest Income	115.2	132.7	15.2%
Non Interest Income	43.2	61.2	41.7%
Operating Income[1]	157.8	193.9	22.8%
Operating Expenses	103.4	119.2	15.3%
Pre-Provision Operating Profit[2]	54.4	74.7	37.3%
Impairment Charge	6.7	22.6	239.1%
Profit Before Tax	48.3	52.1	7.9%
Income Tax	11.1	12.0	8.6%
Profit After Tax	37.2	40.1	7.7%

Key Metrics	H1 14	H1 15
Net Interest Margin[3]	7.4%	7.8%
Non Int. Income/Operating Income	27.0%	31.6%
PPoP/Impairment charge	8.2x	3.3x
Cost to Income[4]	65.5%	61.5%
Cost of Risk	0.7%	2.1%
ROaE[5]	15.7%	14.8%
ROaA[6]	1.9%	1.8%

- Gross earnings grew by 28.0% y-o-y to ₦271.3bn (H1 2014: ₦212.0bn); attributable to growth in interest income from loans and advances to customers (+15.8% y-o-y), banks (+56.1% y-o-y) and investment securities (+49.1% y-o-y)
- Income from investment securities in the quarter increased 40.7% due to enhanced treasury activities
- NII grew by 41.7% to ₦61.2bn (H1 2014: ₦43.2bn) as a result of increased credit related fees (+44.5% y-o-y), increased electronic banking fees (+32.1% y-o-y) as well as foreign exchange income growth to ₦16.9bn (H1 2014: ₦7.2bn)
- Foreign exchange income declined 25.7% q-o-q in line with the slow down in velocity and liquidity of foreign exchange market activities in the country. NIR growth excluding FX income is 23.1%
- The decline in fee & commission income to ₦33.2bn (-5.4%) is largely attributable to reduction in commission on turnover (COT) by 18.9%, money transfer commission (-24.4%) as well as the y-o-y decline in LC fees (-25.6%)
- The 18.9% y-o-y decline in COT to ₦6.4bn (H1 2014: ₦7.9bn) reflects the decrease in COT charges following the CBN directive. Due to increased turnover and enhanced monitoring of transactions, COT increased in Q2 by 33% to ₦3.7bn (Q1 2014: ₦2.8bn)
- Interest expense rose 47.1% y-o-y to ₦73.1bn (H1 2014: ₦49.7bn) mainly due to increase in cost of customer deposits (+42.3% y-o-y) as well as interest payment on the Tier 2 $450mn subordinated debt issued resulting in increased interest payments on borrowings (+169% y-o-y)
- Operating expenses increased by 15.2% to ₦119.2bn (H1 2014: ₦103.4bn) Staff cost and regulatory costs account for 39.8% and 12.9% of total operating expenses respectively. The strategic cost containment initiatives that have been implemented so far resulted in a cost-to-income ratio of 58.5% in Q2 and 61.5% in H1 2015 (H1 2014: 65.5%)
- Profit before tax increased 7.9% y-o-y to ₦52.1bn, translating into a pre-tax return on equity of 19.2% and a post tax return on equity of 14.8%
- EPS[7] of ₦2.40 (H1 2014: ₦2.29)

[1] Operating income is defined as gross earnings less interest expense, fee and commission expense, insurance claims and share of profit/loss from associates; [2] Pre-provision operating profit computed as operating profit plus impairment charge [3] Net interest margin defined as net interest income (annualised) divided by average earning assets [4] Cost-to-income ratio computed as operating expenses divided by operating income; [5] Return on average equity computed as profit after tax (annualised) divided by the average opening and closing balances attributable to its equity holders [6] Return on average assets computed as profit after tax (annualised) divided by the average opening and closing balances of total assets; [7] EPS computed as profit attributable to owners divided by the number of outstanding shares

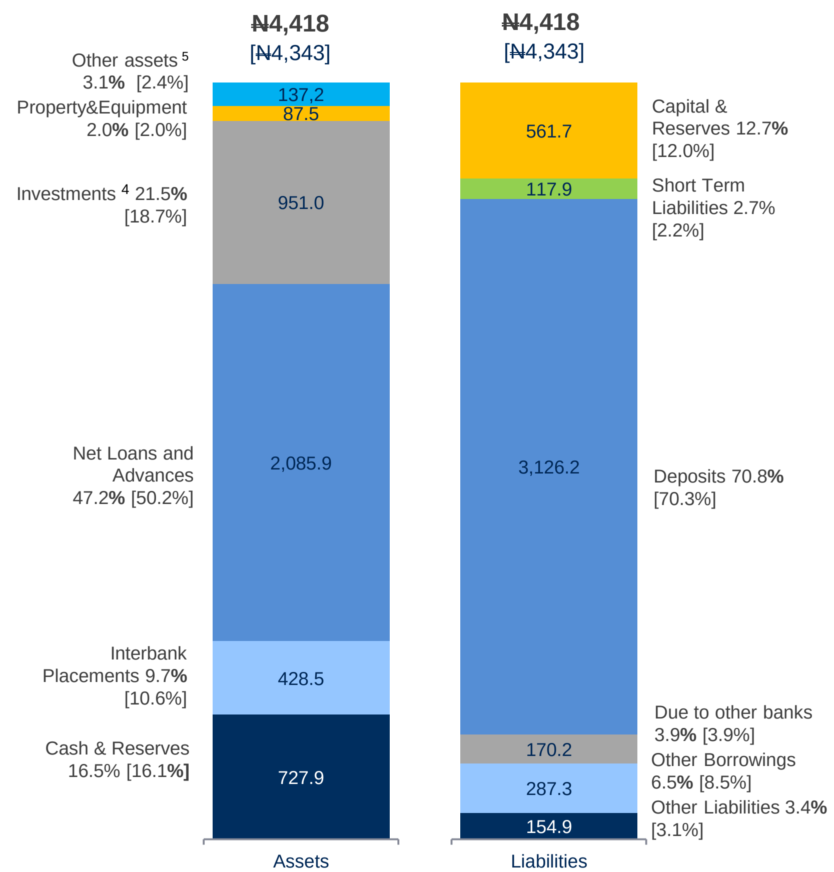
H1 2015: Overview of statement of financial position

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

₦bn	FY 14	H1 15	y-t-d
Total Assets	4,342.7	4,418.2	1.7%
Investment Securities (interest earning)	735.3	875.6	19.1%
Interbank Placements	460.9	428.5	-7.0%
Cash and Balances with Central Bank	698.1	728.0	4.3%
Net Loans & Advances	2,178.9	2,086.0	-4.3%
Customer Deposits	3,050.9	3,126.2	2.5%
Total Equity	522.9	561.7	7.4%
Tier 1 Capital[1]	389.7	429.8	10.3%
Tier 2 Capital[1]	132.1	145.4	10.1%
Risk Weighted Assets	3,126.4	3,063.2	-2.0%

Key Ratios	FY 14	H1 15
CAR (Basel 2)	16.7%	18.8%
Tier 1 (Basel 2)	12.5%	14.0%
Loans to Deposits[2]	72.8%	68.8%
NPL	2.9%	4.1%
NPL Coverage[3]	137.9%	127.0%

Structure – June 2015 (₦bn)

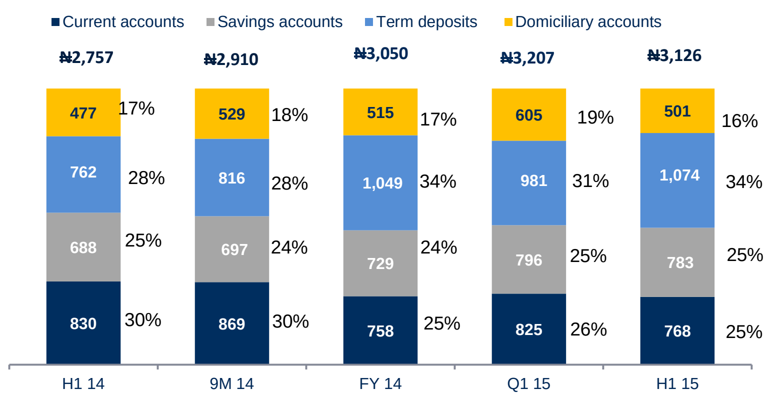


[ ]FY 2014

[1] Tier 1 & Tier 2 capital for commercial banking group under Basel 2, Tier 2 capital comprises foreign exchange revaluation reserves, hybrid capital instrument and minority interest for the commercial banking group; [2] Loans to deposits ratio computed as gross loans divided by total customer deposits; [3] Includes statutory credit reserves. Excluding statutory credit reserves, NPL coverage would be 73.6% for H1 2015 (H1 2014: 68.2%) NPL coverage computed as loan loss provisions + statutory credit reserves divided by non-performing loans; [4] Investments include Government securities, listed and unlisted equities, assets pledged as collateral, investments in associates, subsidiaries and properties; [5] Other assets also includes inventory, intangible assets, deferred tax and assets held for sale

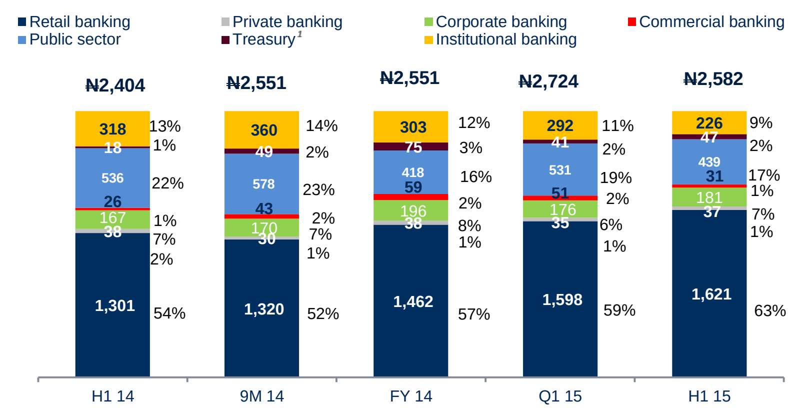
High quality deposit funding base sustained with contribution from retail

Deposits by type ₦bn



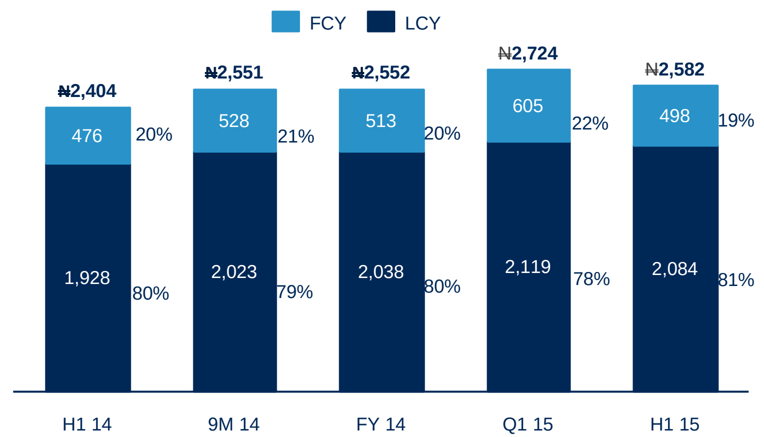
Deposits by SBU[2] ₦bn

(First Bank of Nigeria Only)



Deposits by currency

(First Bank of Nigeria Only)



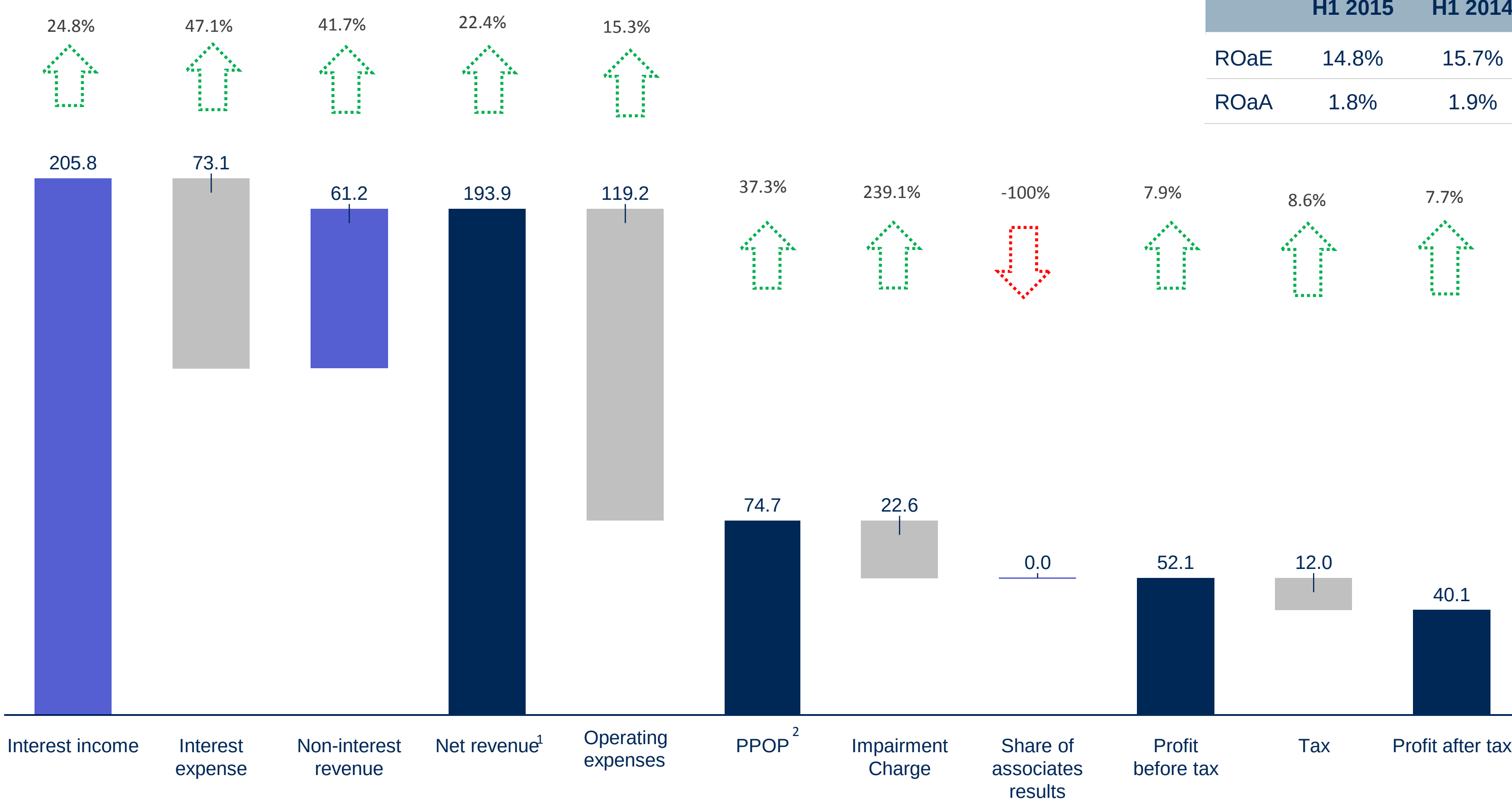
- Customer deposits increased 2.5% y-t-d across the Group mainly due to the 7.5% growth in savings deposits to ₦783.1bn (FY 2014: ₦728.7bn) as well as a 2.3% growth in term deposits
- CASA remains stable at 65.7% (FY 2014: 65.6%) of the Group's total deposits providing a healthy funding base as the retail business at the Bank grew 10.9% y-t-d contributing 62.8% (FY 2014: 57.3%) of the Bank's total deposits
- Public sector deposits represent 17.0% of customer deposits (FY 2014: 16.6%) within FirstBank. Following the 31% blended CRR requirement in Q2, these deposits dipped by 17.3% to ₦439bn (Q1 2015: ₦539bn)
- CRR constitutes 24.8% of FirstBank's customer deposits at ₦641.5bn (H1 2014: ₦560.1bn)
- FCY deposits within the Nigerian business declined 2.9% y-t-d to close at ₦497.9bn (FY 2014: ₦513.2bn); accounting for 19.3% of FirstBank deposits but representing 15.9% of total deposits across the Group
- FirstBank remains an attractive brand, growing retail deposits to 62.8% (FY 2014: 57.3%) of total deposits

[1] *Treasury is not a strategic business unit but contributes to the percentage of deposits* [2] ***SBUs:- 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*

Evolution of H1 2015 profit after tax (₦bn)

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

	H1 2015	H1 2014
ROaE	14.8%	15.7%
ROaA	1.8%	1.9%

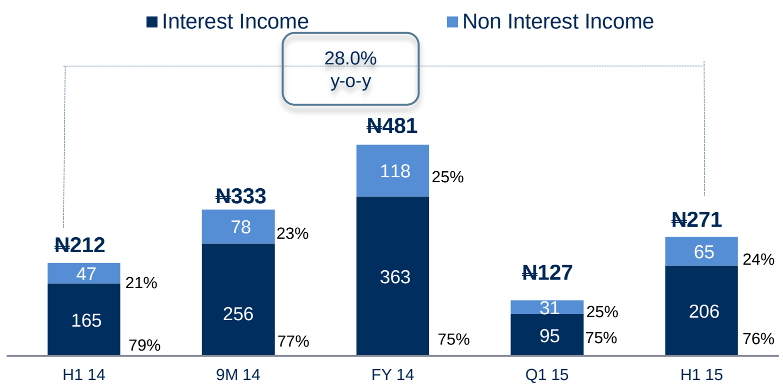


[1] Net revenue computed as operating income plus share of associate results [2] PPOP- pre-provision operating profit; computed as profit before tax –share of associate results+ credit impairment charge

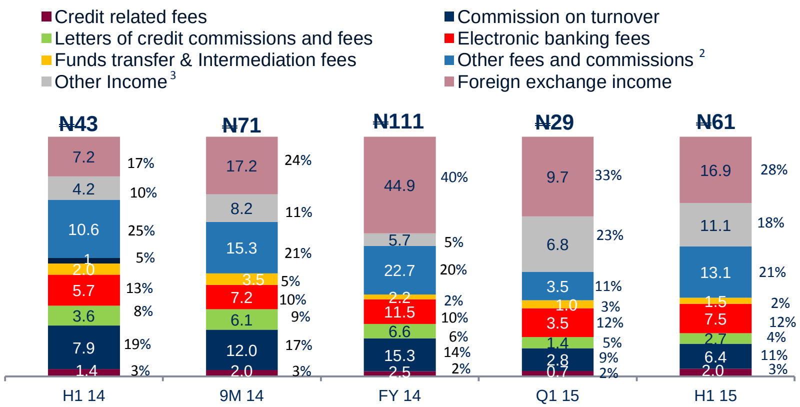
Strong revenue generation capabilities supported by enhanced treasury management

OVERVIEW | FINANCIAL REVIEW | BUSINESS GROUPS | OUTLOOK | APPENDIX

Gross earnings breakdown (₦bn)



Non-interest income[1] breakdown (₦bn)

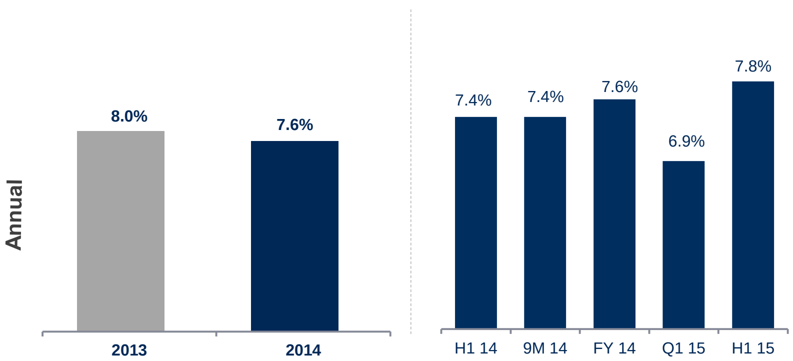


- Interest income, constituting 76% of the gross earnings, increased by 24.8% y-o-y thanks to the growth in investment securities (+49.1% y-o-y), income on loans and advances to customers (+15.8% y-o-y) and income on loans and advances to banks (+56.1% y-o-y)
- NII, representing the remaining 24% of gross earnings, grew 41.7% buoyed by the growth in foreign exchange income (+134.0% y-o-y) to ₦16.9bn (H1 2014: ₦7.2bn) as fee and commission (F&C) income declined 5.4% to ₦33.2bn (H1 2015: ₦35.1bn)
- The 5.4% y-o-y decline in F&C income was driven mainly by the reduction in COT charges in line with the CBN regulation of reducing COT charges. COT accounts for approximately 20% of F&C income
- Electronic banking fees remains the largest contributor to fee and commission income in the year at 22.7% (H1 2014: 16.3%)
- Enhanced value added service, increasing number of transactions over e-banking platform and growing acceptability of e-business solutions drives electronic banking performance
- High card activity rate (93% on 7.6mn cards) and growing number of ATMs (+7.1% at 2,656) supports the growth in electronic banking fees y-o-y by 32.1% to close at ₦7.5bn. FirstBank sustains its leadership position with 40% verve card market share
- NIR was also buoyed by the gain from the disposal of an equity investment (₦5.0 bn) previously held and other income from investment securities
- We are ensuring optimal use of available resources as the sterilisation of the loanable funds increases
- We are also, enhancing cross-sell initiatives and driving improved performance and returns from other subsidiaries to provide diversified and sustainable revenues
- We are focused on growing our key products volume, optimising the use of existing channels as well as introducing additional product/service offerings.

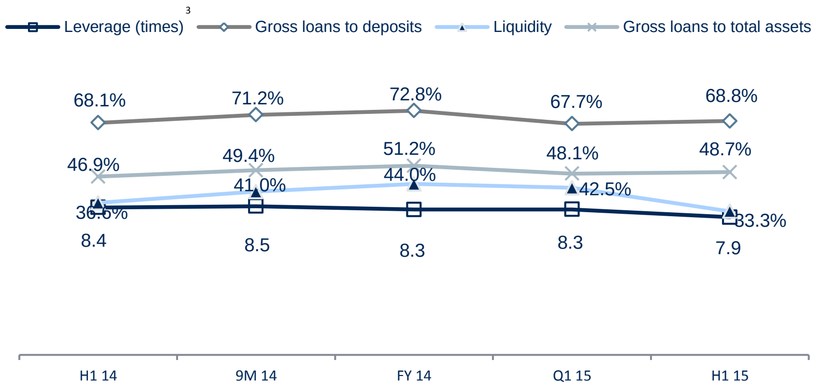
[1]Non Interest Income (or NII or non-interest revenue) calculated net of fee and commission expense also includes other fees and commission which includes commission on performance bond, bankers instruments issued, e-business fees, account maintenance ,structured & project finance fees; [2] Other fees and commission include remittance fees and commission on bonds and guarantees [3] Other income include insurance premiums, net (losses)/gains on investment securities, share of profit/loss from associates and dividend income; [4] NIR here is gross and does not account for fee and commission expense

Improvement in NIMs reflects enhanced portfolio mix and rising rate environment

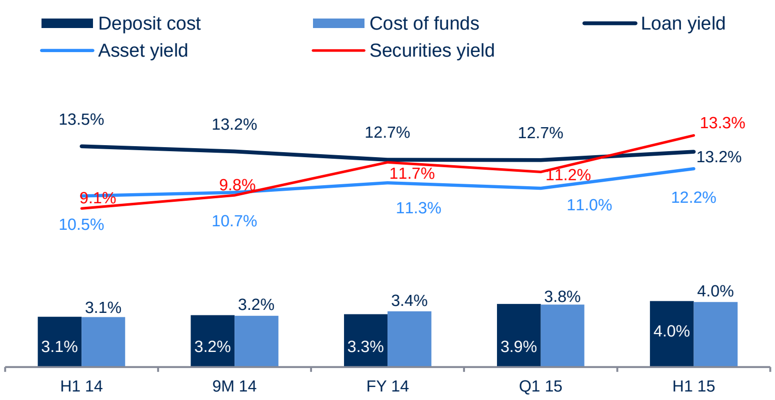
Net interest margin (NIM)[1]



Balance sheet efficiency



Yields and Cost of funds[2]

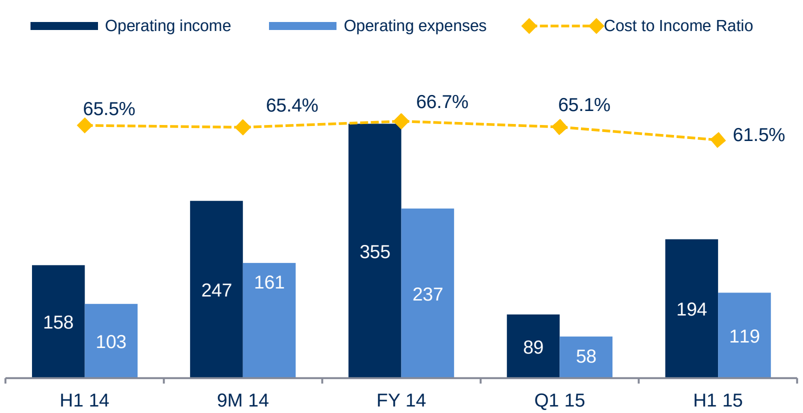


- The uptick in cost of funds to 4.0% (H1 2014: 3.1%) is as a result of the high interest rate environment following heightened competition for deposits
- NIM rose to 7.8% (H1 2014: 7.4%) reflecting benefits from a better portfolio mix supported by improved yields on investment securities
- Leveraging transaction banking initiatives for increased liquidity and improved cost of funds
- Within the current regulatory environment, our NIM guidance will remain at 7-7.5%
- Our focus remains on growing low-cost deposits and ensuring access to cheap and sustainable deposits to support the business
- Ensuring assets are optimised and appropriately priced as we reallocate assets and investments to the shorter end of the yield curve to optimise benefits from the high interest rate environment

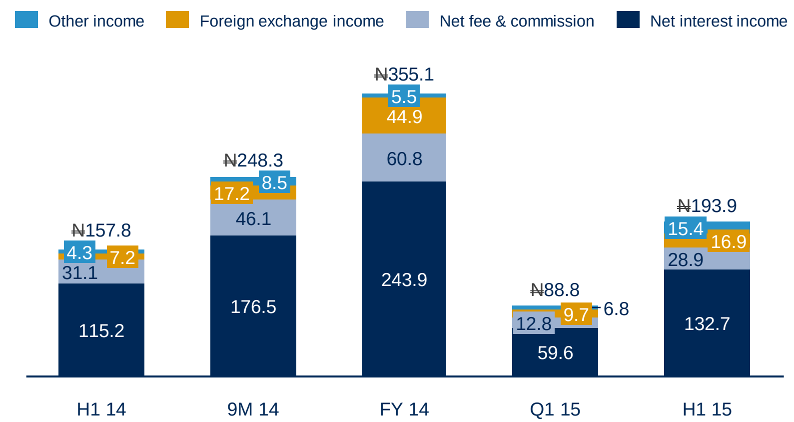
[1] Interest earning assets in computing NIM include loans to banks, loans to customers, financial assets and interest earning investment securities; [2] Average balances have been used to compute yield. [3] Leverage ratio computed as total assets divided by total shareholders' funds

Efficiency ratios gaining traction from on-going initiatives

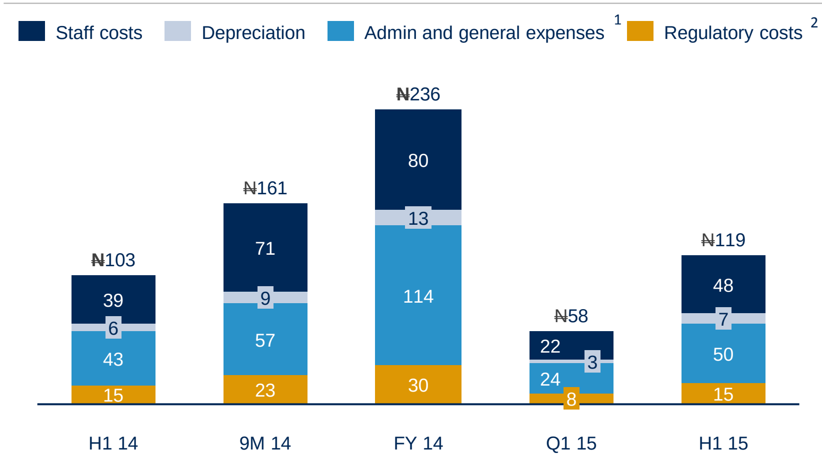
Operating income and expenses (₦bn)



Operating income breakdown (₦bn)



Operating expenses breakdown (₦bn)

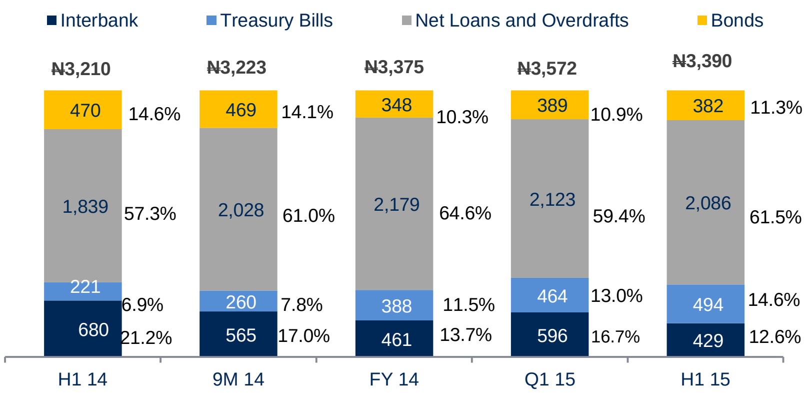


- Operating expenses (opex) increased 15.2% y-o-y to ₦119.2bn (H1 2014: ₦103.4bn) driven primarily by staff cost up 22.5% y-o-y to ₦47.5bn, and regulatory cost (+2.5% y-o-y) to ₦15.4bn
- Staff and regulatory costs now constitute 39.8% and 12.9% of the total operating expenses respectively. Included in staff costs are the redundancy costs incurred as result of over 500 staff that have exited the Bank
- Cost to income ratio improves on the back of cost curtailment initiatives and benefiting from higher growth in operating income
- The following on-going initiatives will result in cost improvement in the Group: reorganising the procurement process for greater focus, efficiency and monitoring, ensuring appropriate manning levels for all functions amongst others
- Enhancing efficiency and effectiveness by deploying IT solutions in head office middle and back offices

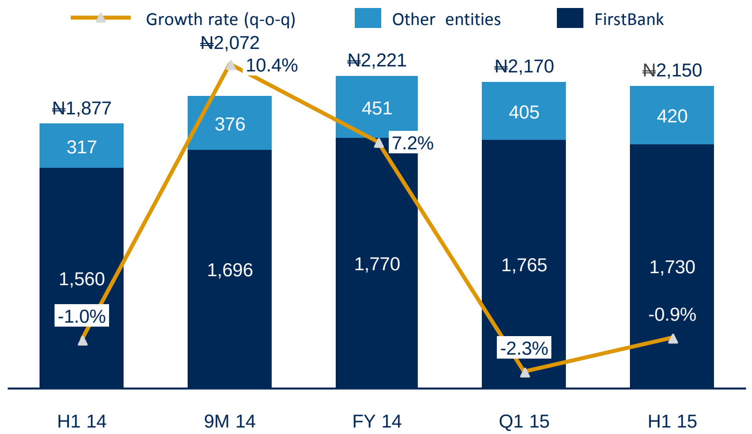
[1] Admin and general expenses include maintenance, advert & corporate promotion, legal and other professional fees, stationery and other operating expense; [2] Regulatory costs is made up by NDIC premium, AMCON resolution cost and others

Increasing efficiency and flexibility in earning assets

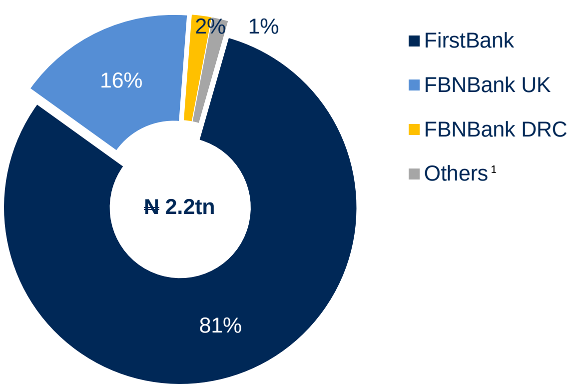
Interest earning assets mix (₦bn)



FBNHoldings gross loans[2] (₦bn)



FBNHoldings gross loans by business entities

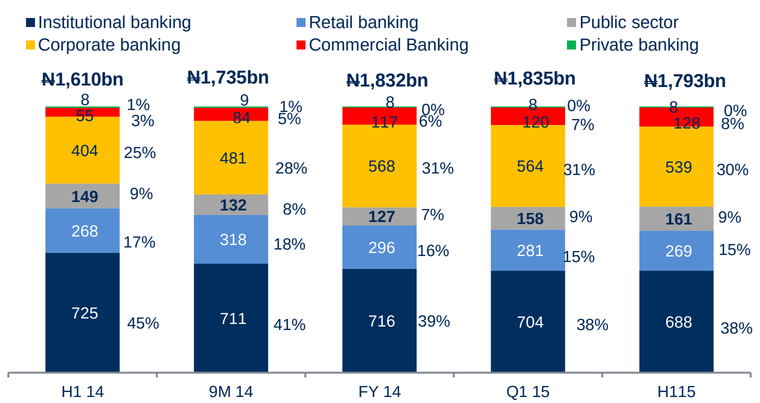


- FBNHoldings gross loans declined 3.2% y-t-d driven by a decrease in loan exposure to general[3], oil & gas downstream and manufacturing sectors
- The decline is attributable to pay downs, reduction and cancellation of credit lines to manage concentration risk
- Focus is on:
  - Diversifying the loan book and rebalancing the portfolio to higher yielding short tenured assets
  - Promoting a more conscious risk environment through an enhanced credit selection process and intensifying credit monitoring and collections, portfolio tracking for prompt identification of early warning signs of deterioration
- FY loan growth is forecast at 0-2% including the impact of currency devaluation

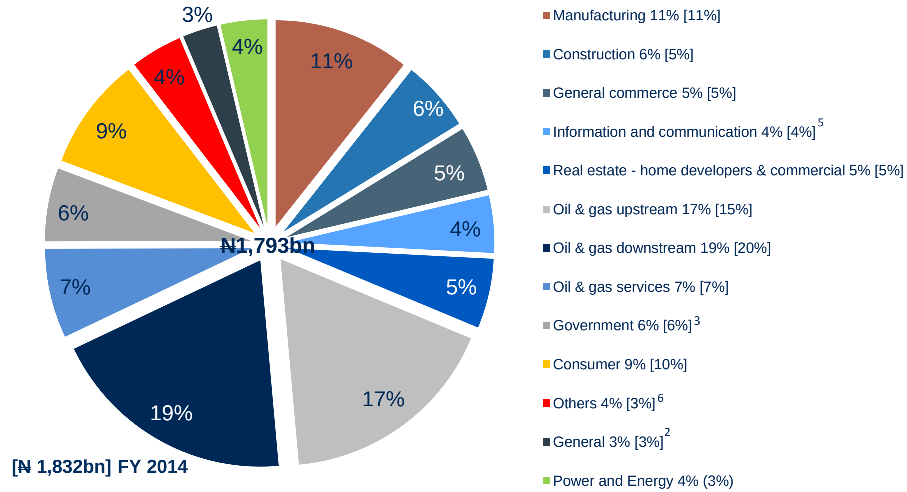
[1] Others include FBN Microfinance, FBN Mortgages, FBNBank Ghana, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra Leone, FBNBank Senegal, First Pension Custodian Limited, FBN Securities, First Funds, First trustees, FBN Capital and FBN Insurance brokers [2] FBNHolding's gross loans include intercompany adjustments [3] General includes personal & professional, hotel & leisure, logistics and religious bodies

FirstBank - Nigeria only (Loan book breakdown)

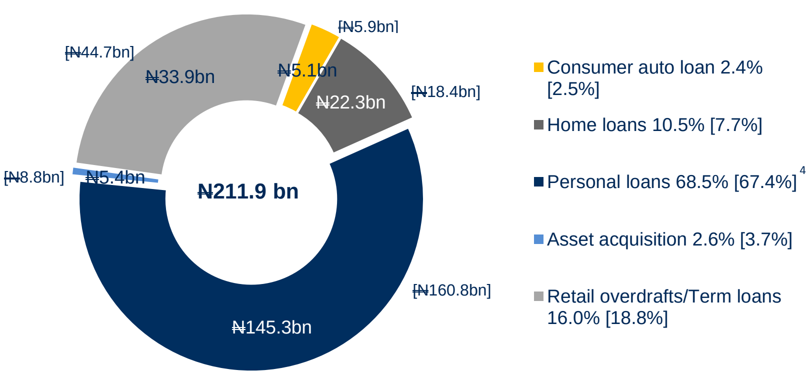
Breakdown of gross loans by SBU[7] (₦bn)



Gross loans - Breakdown by sectors



Core consumer / Retail product portfolio[1]



[₦238.6bn] FY 2014

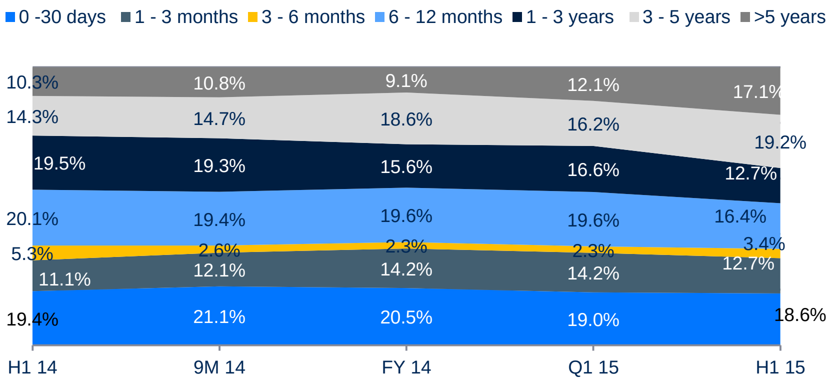
- FirstBank's gross loan book declined 2.2% y-t-d to close at ₦1.8tn with 46.9% (FY 2014: 45.7%) of the loan book denominated in foreign currency (FCY)
- To address concentration risk, deliberate strategy is being implemented to reduce exposure to the oil & gas sector as a whole in the medium term and re-allocate these assets
- In real terms, the oil & gas book declined 7.3% y-t-d with downstream and services recording 13.2% and 13.4% decline respectively
- Increased focus on trade finance transactions over project finance
- Deepening coverage and growth of our SME business to ensure strategic realignment and optimal use of retail infrastructure
- Deliberate efforts to limit the growth in our FCY exposure and grow the LCY risk assets

*[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] Telecoms comprise 93% of the loans in Information and communication sector; [6] Others includes finance and Insurance, capital market, residential mortgage; [7] **SBUs:- 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*

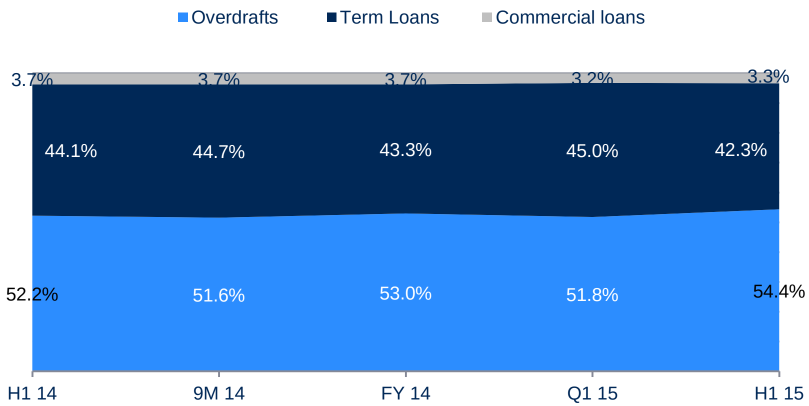
Portfolio analysis

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

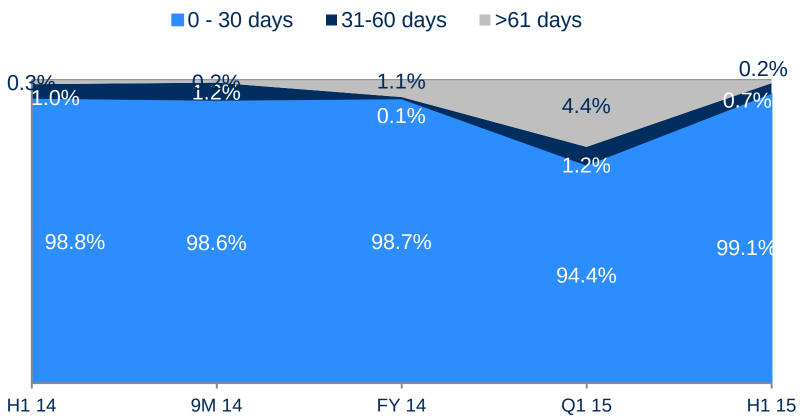
Loans and advances by maturity
(First Bank of Nigeria only)



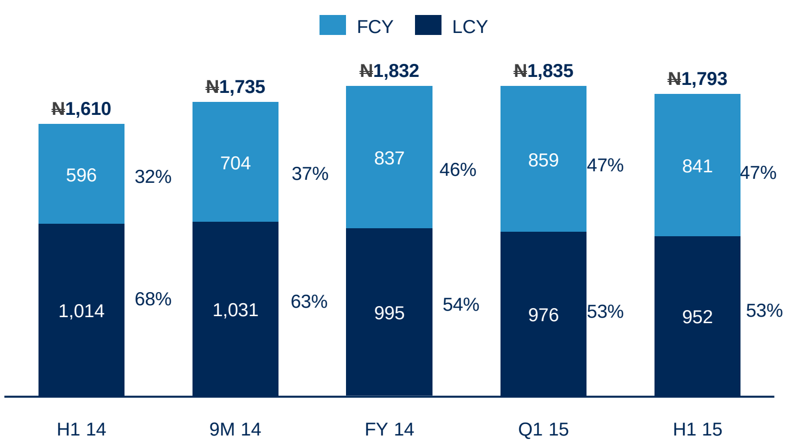
Loans and advances by type
(First Bank of Nigeria only)



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

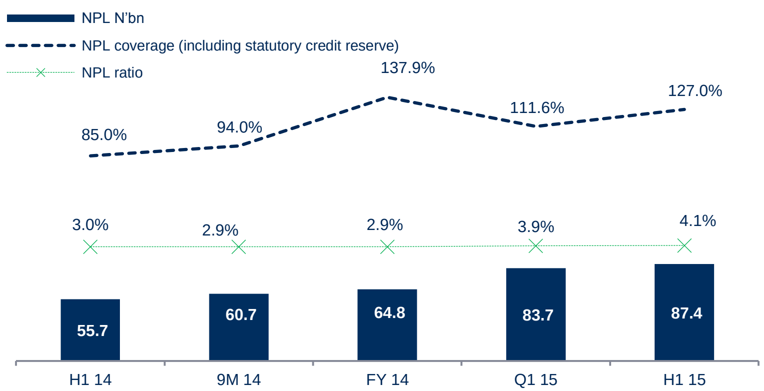


Loan book split by currency
(First Bank of Nigeria only)

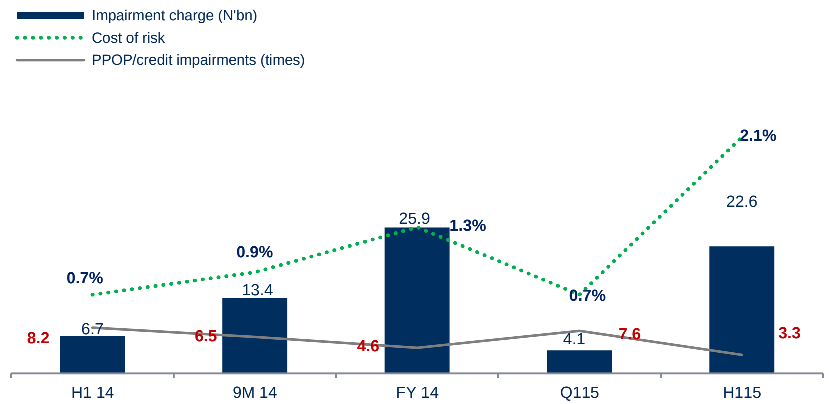


Enhanced proactive portfolio management is a strong priority in current environment

Asset quality trend (FBNHoldings)

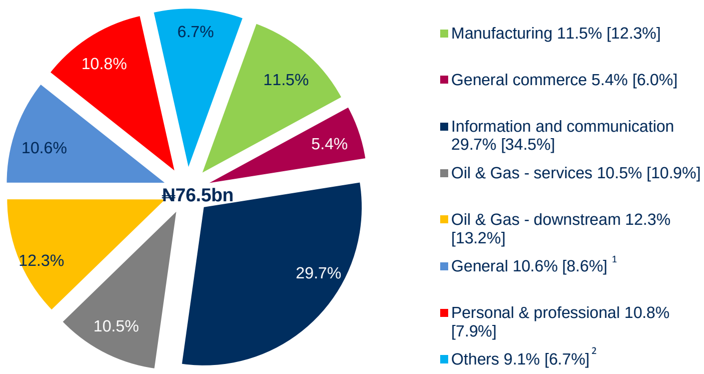


Evolution of credit impairments (FBNHoldings)



NPLs sector exposure

(FirstBank - Nigeria only)



[₦60.3bn] FY 2014

- NPL ratio closed at 4.1% (H1 2014: 3.0%) with adequate provisions made on the impaired assets. Coverage ratio of 127.0% (H1 2014: 85.0%), inclusive of statutory credit reserve
- Increase in NPLs driven by the information & communication, oil & gas and personal & professional sectors
- Cost of risk increased to 2.1% (H1 2014: 0.7%) due to reassessment of general provisions on the loan book in view of the challenging operating environment largely driven by reduced government revenues and decline in crude oil prices
- The macro issues have resulted in backlog of salaries to government employees and delays in payment to government contractors thereby resulting in high default rate in the personal & professional category
- The Bank will continue to drive the collections of maturing obligations on the portfolio and intensify remedial management in order to keep asset quality within acceptable thresholds in light of adverse economic backdrop

[1] *General includes: hotels & leisure, logistics, religious bodies;* [2] *Others include Finance, Transportation, Construction, Agriculture and Real estate activities*

FBNBank UK – Continued improvement in performance

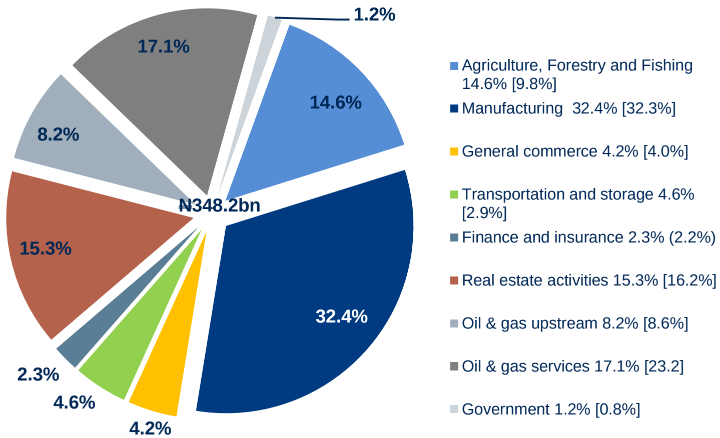
OVERVIEW | **FINANCIAL REVIEW** | BUSINESS GROUPS | OUTLOOK | APPENDIX

Selected financial summary[1]

₦bn	H1 14	FY 14	H1 15	y-o-y
Gross Earnings	14.4	29.9	16.0	11.4%
Interest Income	12.5	26.3	14.1	12.8%
Interest Expense	4.0	8.4	4.2	4.6%
Net Interest Income	8.5	17.8	9.9	16.7%
				y-t-d
Total Assets	770.9	705.5	675.0	-4.3%
Customer Deposits	403.1	442.7	431.5	-2.5%
Shareholders' Funds	67.6	67.2	71.3	6.2%
Loans and Advances (net)	345.3	395.4	348.2	-11.9%

Key Ratios	H1 14	FY 14	H1 15
Cost to Income	39.0%	38.2%	36.4%
Loans to Deposits	85.7%	89.3%	80.7%
Cost of Risk	0.6%	0.9%	1.2%
Net Interest Margin	2.6%	2.8%	3.0%
ROaA	1.2%	1.2%	1.3%
ROaE	13.3%	12.5%	12.8%
NPL	0.0%	0.1%	0.2%

Loan book by sector



[₦395.4bn] FY 2014

- Gross earnings rose y-o-y by 11.4% in H1 2015 supported by general business expansion, improved asset mix and enhanced yield
- Interest expense on deposits constitutes 87.4% of the total interest expense and is mainly responsible for the 4.6% y-o-y increase
- FBNBank UK's funding mix is 64% customer deposits and 36% a blend of borrowings, equity and other liabilities
- Maintained a head count of 157 with two branches and a low cost to income ratio of 36.4% (H1 214: 39.0%)
- Net interest margin (NIM) increased to 3.0% (H1 2014: 2.6%) on the back of enhanced assets yield at 4.3% (H1 2014: 3.8%). Cost of funds increased to 1.4% (H1 2014: 1.3%)
- Decline in total assets as a result of some of the termed out loans to oil & gas services
- PBT increased by 1.4% y-o-y to ₦5.4bn (H1 2014: ₦5.3bn) with a reported ROaE of 12.8%

[1] Average exchange rate for H1 2015 applied on all income statement items at £1/ ₦301.06 and closing exchange rate for all balance sheet items across all periods as at H1 2015 end £1/ ₦311.04

Performance Review - Business Groups

Commercial Banking

Investment Banking & Asset Management

Insurance

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

Commercial Banking – Focused on optimising assets, cost optimisation and profitability

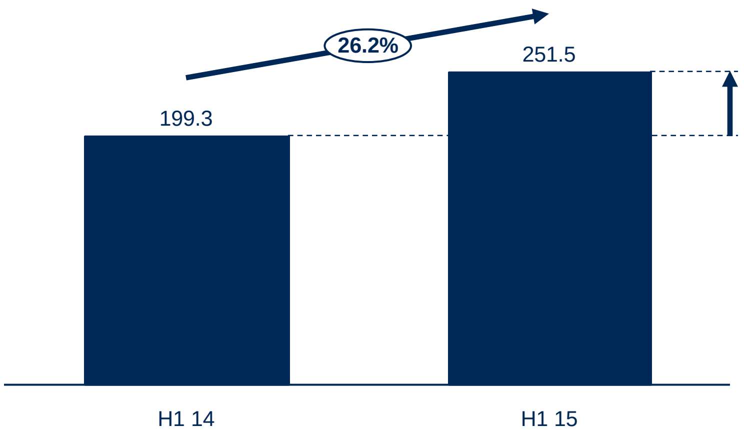
Six months 2015:

- The Commercial Banking group remains the largest contributor to FBNH's gross earnings with 92.7% H1 2015
- Gross earnings amounted to ₦251.5bn, up 26.2% y-o-y driven by Interest income (+22.0% y-o-y) to ₦194.3bn
- Operating expenses increased, +14.7% y-o-y to ₦110.4bn (H1 2014: ₦96.3bn) resulting in a 28.4% increase in PBT to ₦60.3bn (H1 2014: ₦50.3n)
- Headcount for the group decreased 5.7% y-t-d and 1.2% y-o-y to 8,976 (FY 2014: 9,515; H1 2014: 9,127) with the commercial bank in Nigeria primarily accounting for this decline
- The sustained growth in our electronic banking business underscores the importance of eBusiness as an important source of earnings diversification for the Bank. Gross revenue from electronic banking products and services increased 19.5% y-o-y to ₦3.9bn (₦3.3bn)
- Increased number of debit cards to 7.6mn and 40% verve market share (FY 2014: 7.4mn and 39% respectively). Extensive distribution platform – 2,656 ATMs;10.3mn active accounts across the Bank
- Firstmonie, is sustaining its leadership, with about 3mn customers representing a growth of 104.4% y-o-y and 35.6% y-t-d
- Integrating the African subsidiaries on the electronic banking platform with the completion of FBNBank Ghana and currently on FBNBank DRC this will in turn harness more cross border opportunities

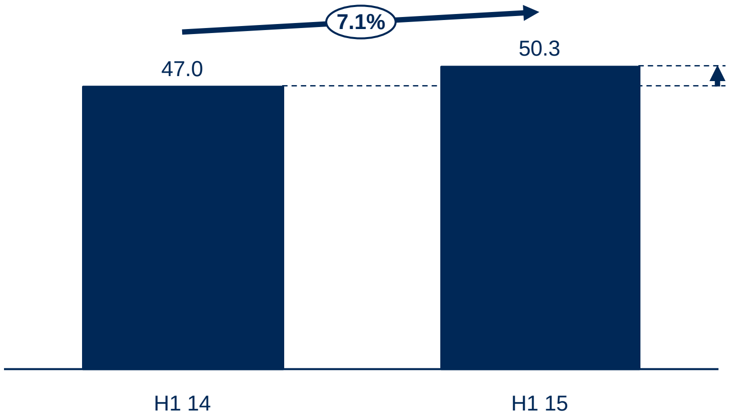
Outlook/Strategy :

- First shared services (FSS) for faster account opening and turn around time has been implemented in 8 branches and will go bank-wide by Q3 2015
- Efficient capital planning and management across geographies within the Banking group and enhanced treasury management activities to support earnings drive
- Leveraging on technology to enhance budget controls and processes
- Executing key initiatives to capture synergies along revenue, cost and knowledge exchange

Gross earnings – (₦bn)



Profit before tax – (₦bn)



IBAM* Group – Diversifying revenue streams and deepening customer relationships

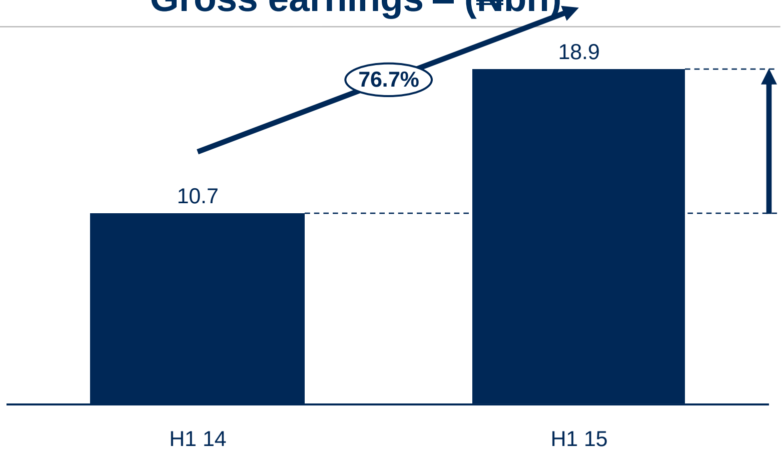
Six months 2015:

- The Investment Banking and Asset Management (IBAM) Group comprises of investment banking, securities sales & trading, trustee, asset management and private equity businesses
- Following the successful acquisition of a 100% stake in Kakawa Discount House (KDH) by FBNHoldings, the Kakawa business has now been built in to the IBAM group
- KDH recently secured a Merchant Banking license from CBN and is at an advanced stage in the process of commencing operations
- Despite the persistent currency weakness and market inertia experienced in Q2, gross Income grew by 76.7% y-o-y to ₦18.9bn, while PBT also increased by 25% y-o-y to ₦5.9bn
- Performance in H1 was driven by the IB (Investment Banking) and Trustees businesses of FBN Capital and the fixed income sales & trading business of Kakawa Discount House
- Progress in collaborating with other members of the group; our IB and Asset Management businesses worked closely with the corporate and retail banking businesses generating additional synergies for the group
- Notable awards received during the year include; Corporate deal of the year (M&A Atlas Award 2015) and Sub Saharan Africa Financing transaction of the year (Seplat Financing)

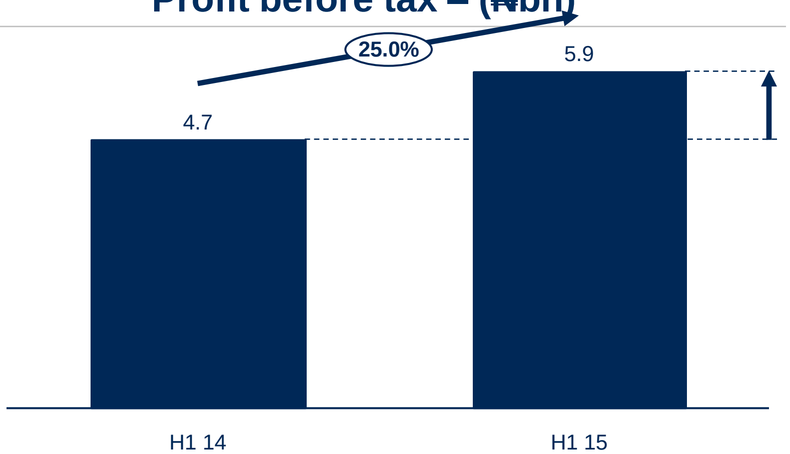
Outlook/Strategy :

- Continued macro headwinds of low oil prices and pressure on the currency suggest the rest of the year will be difficult; however we are cautiously optimistic that there could be a rebound in activities by Q4 2015
- Prioritisation of the expansion of product offering particularly around the corporate banking, FX trading, and fixed income activities following the newly issued Merchant Banking license
- IB & the Trust and agency businesses are expected to remain strong contributors, supported by a more active primary debt and equity capital market
- Continued monitoring of costs and enhanced operational efficiency

Gross earnings – (₦bn)



Profit before tax – (₦bn)



**IBAM – Investment Banking and Asset Management*

Insurance Group – Inorganic growth provides expanded market access

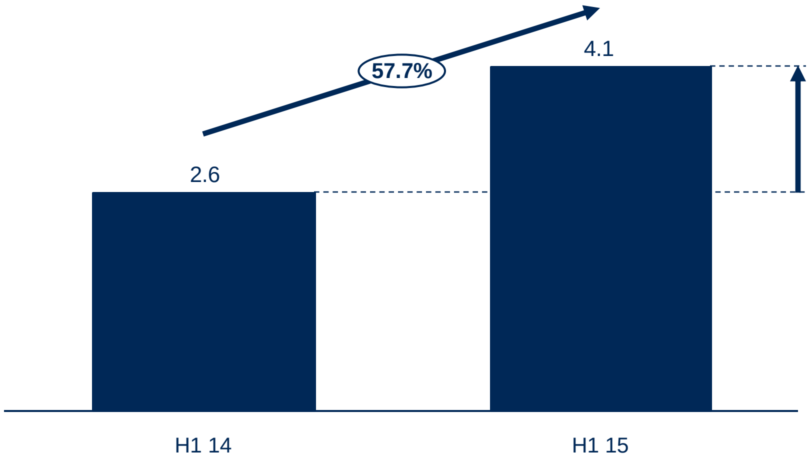
Six months 2015:

- The insurance business group offers insurance brokerage and composite underwriting services to customers
- FBN Insurance Brokers (100% owned subsidiary) provides the brokerage service, the full underwriting business is provided through FBN Insurance Limited (owned by FBNH 65% and Sanlam 35%)
- Insurance Group recorded 57.7% growth in gross earnings to ₦4.1bn in H1 2015 (H1 2014: ₦2.6bn) reflecting the impact of the expanded market access
- Noteworthy is the 45% y-o-y increase in gross premium[1] to ₦5.5bn (H1 2014: ₦3.8bn) within the composite insurance (General & Life) business
- The composite insurance business remains the major contributor to top line, delivering ₦3.7bn (90.6%) of total gross premium and ₦1.1bn (88.7%) of PBT while the brokerage business contributes the balance
- Over 92% (c.190,000) of policy holders are retail. FBN Insurance retail-focused strategy is geared towards the mass market where insurance penetration is at its lowest
- Profit before tax for the Group increased in excess of 100% y-o-y to ₦1.2bn

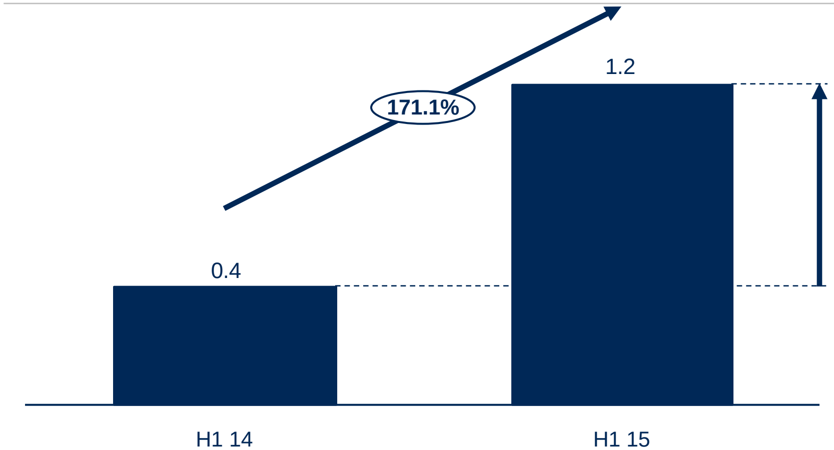
Outlook/Strategy:

- Expand collaboration with FirstBank on compulsory and permissible bancassurance transactions and establish similar bancassurance relationships with other banks
- Maintain our strategic focus of building excellent service delivery capabilities particularly with regards to utilising technology as a business enabler
- Deploy loyalty campaigns and targeted media engagement and product awareness to drive new business growth retention of existing customers
- Consolidate on unfolding and growing micro-insurance sector and sustain strategic focus on exploiting insurance potentials in the retail space

Gross earnings – (₦bn)



Profit before tax – (₦bn)



[1] Gross premium refers to the gross earnings plus insurance on contract liabilities and insurance ceded to reinsurers

Outlook

Outlook reflects the challenging environment

	FY 2014 Results	H1 2015 Results	2015 Targets
Deposit growth	4.2%	2.5%	5% - 10%
Net loan growth	23.2%	-4.3%	≤ 2%*
Net interest margin	7.6%	7.8%	7% – 7.5%
Cost to income	66.6%	61.5%	63%
Cost of risk	1.3%	2.1%	3.5%
NPL ratio	2.9%	4.1%	5%
ROAE	16.7%	14.8%	12% - 14%
ROAA	2.0%	1.8%	1.4% - 1.7%
Cost of funds	3.5%	4.0%	3.5% - 4%
Effective tax rate	10.8%	23.1%	18% - 20%

FBNHoldings remains an attractive and compelling investment proposition (PE ratio 3.3X, PB ratio 0.5X)

**Inclusive of devaluation impact*

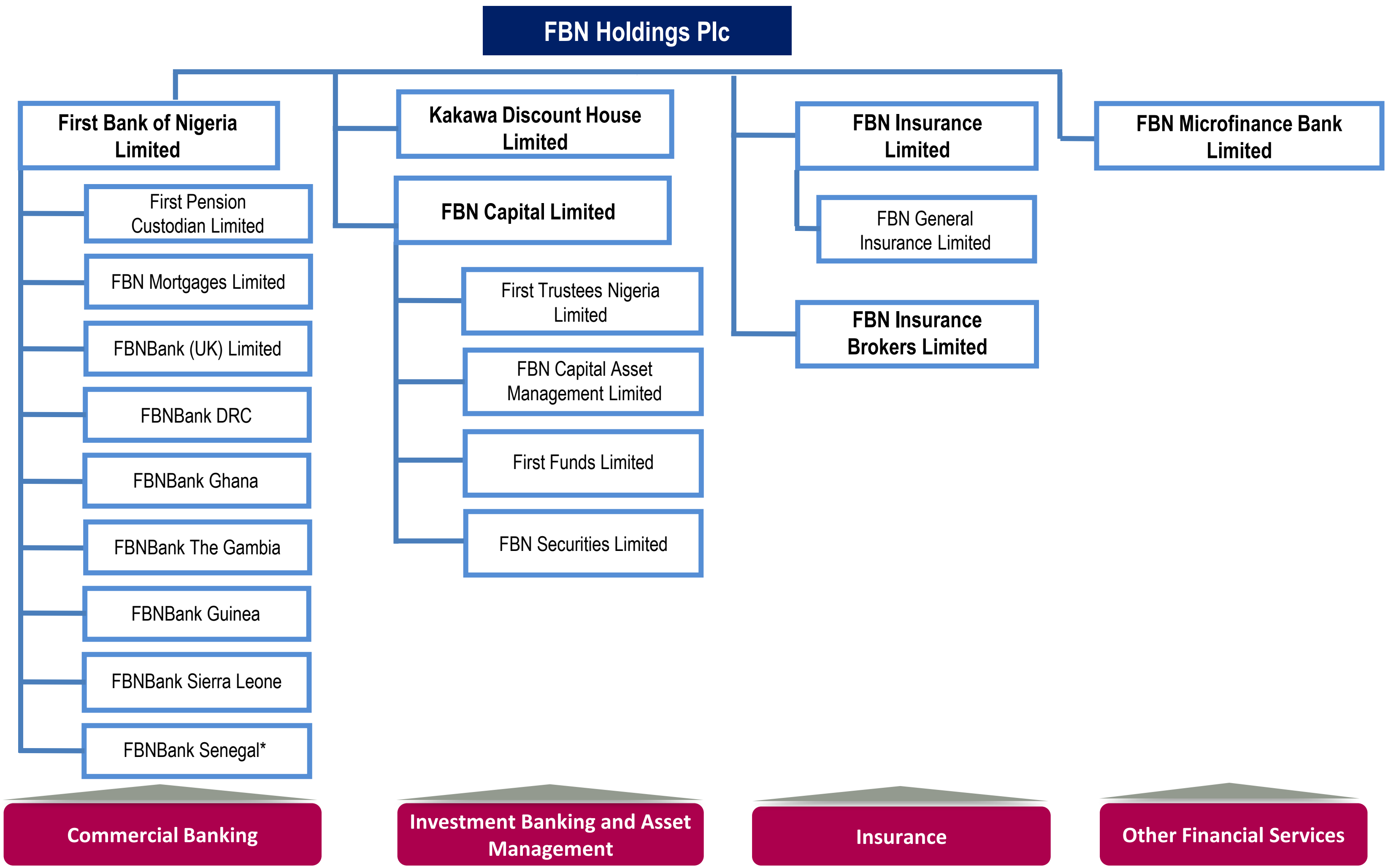
Contact Details

Head, Investor Relations
Oluyemisi Lanre-Phillips
Email: oluyemisi.lanre-phillips@fbnholdings.com
Phone: +234 (1) 9052720

Investor Relations Team
investor.relations@fbnholdings.com
Phone: +234 (1) 9051146
+234 (1) 9051386
+234 (1) 9051086

Appendix

Diversified Financial Holding Company



*Name change yet to be finalised

GDR Programme

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

- CUSIP: **30190K102**
- ISIN: **US30190K1025**
- 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