

# RESILIENT



## Facts Behind the Figures

Nigerian Stock Exchange

---

June 15, 2017

## DISCLAIMER

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

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

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

FBNH 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.

---

## Outline

<b>The Operating Environment</b>	Pg 4 - 5
<b>Financial Profile</b>	Pg 6 - 9
<b>Strategy</b>	Pg 10 - 16
<b>Valuation &amp; Outlook</b>	Pg 17 - 20
<b>Appendix</b>	Pg 22 - 35



*FBN Holdings*

## The Operating Environment

# Recessionary environment through 2016 with a gradual economic recovery expected in 2017

THE OPERATING ENVIRONMENT

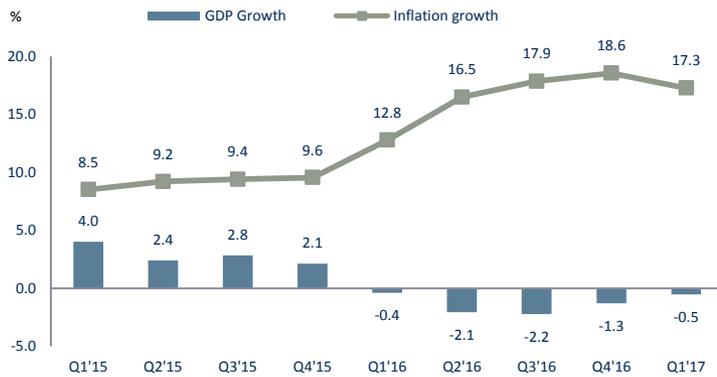
FINANCIAL PROFILE

STRATEGY

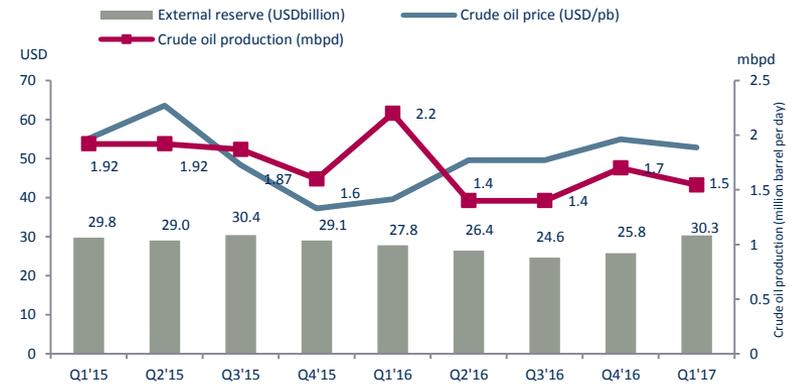
VALUATION & OUTLOOK

APPENDIX

## Recessionary trend with rising inflation



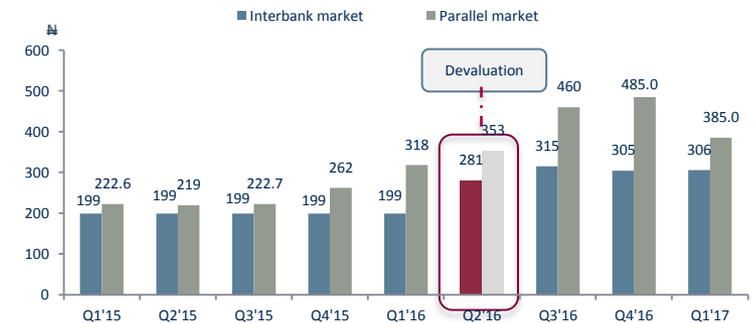
## Improvement in crude oil price in 2016



## Increase in yields on investment securities through 2016 and Q1 2017



## CBN currency interventions improve FX flows





*FBN Holdings*

## Financial Profile

# Strong earnings in a challenging operating environment as we address legacy asset quality

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## INCOME STATEMENT

### Gross earnings

FY16: ₺581.8bn  
Q117: ₺141.0bn

### Net interest income

FY16: ₺304.4bn  
Q117: ₺80.3bn

### Operating income

FY16: ₺469.9bn  
Q117: ₺104.5bn

### Profit before tax

FY16: ₺22.9bn  
Q117: ₺19.9bn

### Impairment charge for credit losses

FY16: ₺226.0bn  
Q117: ₺28.8bn

### Non-interest income

FY16: ₺165.5bn  
Q117: ₺24.2bn

### Operating expenses

FY16: ₺220.9bn  
Q117: ₺55.7bn

### Profit after tax<sup>1</sup>

FY16: ₺17.1bn  
Q117: ₺16.1bn

## STATEMENT OF FINANCIAL POSITION

### Total assets

FY16: ₺4,736.8bn  
Q117: ₺4,984.6bn

### Loans & advances (net)

FY16: ₺2,083.9bn  
Q117: ₺2,062.7bn

### Customer deposits

FY16: ₺3,104.2bn  
Q117: ₺3,093.4bn

### Total Equity

FY16: ₺582.5bn  
Q117: ₺601.3bn

## KEY HIGHLIGHTS

- Underlying business remains fundamentally strong with 15.7% y-o-y growth in gross earnings in FY 2016
- Pre-provision operating profit of ₺248.9billion in FY 2016 remains the highest in the industry
- 13.7% growth in total assets in FY 2016
- Increasingly stronger balance sheet as we deal with legacy assets and cautiously originate new loans
- Stable and diverse funding base

<sup>1</sup>Profit after tax relate to continued operations for FY 2016

# Improving performance at the core of building a solid foundation for the long term

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## KEY RATIOS

### Cost to income ratio

FY16: 47.0%<sup>1</sup>  
Q117: 53.3%

### Liquidity ratio<sup>2</sup>

FY16: 52.7%  
Q117: 53.5%

### Cost of funds

FY16: 2.8%  
Q117: 3.4%

### Post-tax ROAE<sup>3</sup>

FY16: 3.0%  
Q117: 10.9%

### CAR<sup>4</sup> (Basel 2)

FY16: 17.8%  
Q117: 18.1%

### Gross loans to deposits

FY16: 77.1%  
Q117: 77.8%

### Net interest margin

FY16: 8.8%  
Q117: 8.2%

### Post-tax ROAA<sup>3</sup>

FY16: 0.4%  
Q117: 1.3%

### NPL ratio

FY16: 24.4%  
Q117: 26.0%

### Cost of risk

FY16: 10.4%  
Q117: 4.8%

### NPL coverage

FY16: 57.3%  
Q117: 58.8%

### Earnings yield

FY16: 11.7%  
Q117: 11.7%

## KEY HIGHLIGHTS

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

<sup>1</sup>58.0% adjusting for revaluation gains (FY 2015; 65.3%) <sup>2</sup>FirstBank (Nigeria) <sup>3</sup>Profit after tax from continued operations: <sup>4</sup>For FirstBank (Nigeria), Q1 2017 CAR excludes profit, FBN Merchant Bank's CAR for FY 2016 (22.6%), Q1 2017 (26.4%)

# Strong business fundamentals and liquidity ratio .....while focusing on improving asset quality

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## FBN Ltd<sup>1</sup> : Ratio Analysis

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

## KEY HIGHLIGHTS

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

\* Loan Loss Expense <sup>1</sup> FBN refers to the Commercial Banking Group. i.e: First Bank of Nigeria Ltd (FBN) which contributes ~91% to FBNH's Gross revenue, while the Merchant and Asset Management Business and the Insurance Group contribute 9%. <sup>2</sup> Excluding foreign exchange revaluation gain, Cost to Income would be 55.8%



*FBN Holdings*

# Strategy

## FBN Holdings Plc.



**UK Eke, MFR**  
GMD, FBN Holdings Plc

UK Eke, MFR, has over 31 years professional experience as a seasoned banker with deep financial services experience spanning risk management, consulting, taxation, process engineering, capital market operations and business assurance.



### Commercial Banking Business Group



**Dr. Adesola Adeduntan**  
MD/CEO, First Bank of Nigeria  
Ltd & Subsidiaries

Dr Adesola Adeduntan over his sterling career of 23 years has garnered diverse expertise in Treasury and Financial Management, Risk Management, Accounting and Internal Controls, Corporate Governance, Corporate Strategy Development and Implementation.



### Merchant Banking & Asset Management Business Group



**Kayode Akinkugbe**  
MD, FBN Merchant  
Bank Ltd

Kayode Akinkugbe has over 24 years experience working in top-tier global investment banks in the UK and Nigeria, with focus on arranging finance and providing strategic advice to public and private sector organisations.



### Insurance Business Group



**Valentine Ojumah**  
MD, FBN Insurance Ltd

Valentine Ojumah is a resourceful management executive with more than 31 years experience in risk management, insurance broking, loss adjusting, consultancy and training within the insurance industry, academia and research.

### New Board appointments effective Jan 2016

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

**Key appointments** at the Bank include; Olusegun Alebiosu, Chief Risk Officer; Patrick Iyababo, Chief Financial Officer; Callistus Obetta, Group Executive, Technology and Services

# Transforming our risk management approach towards sustainable improvement in asset quality

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

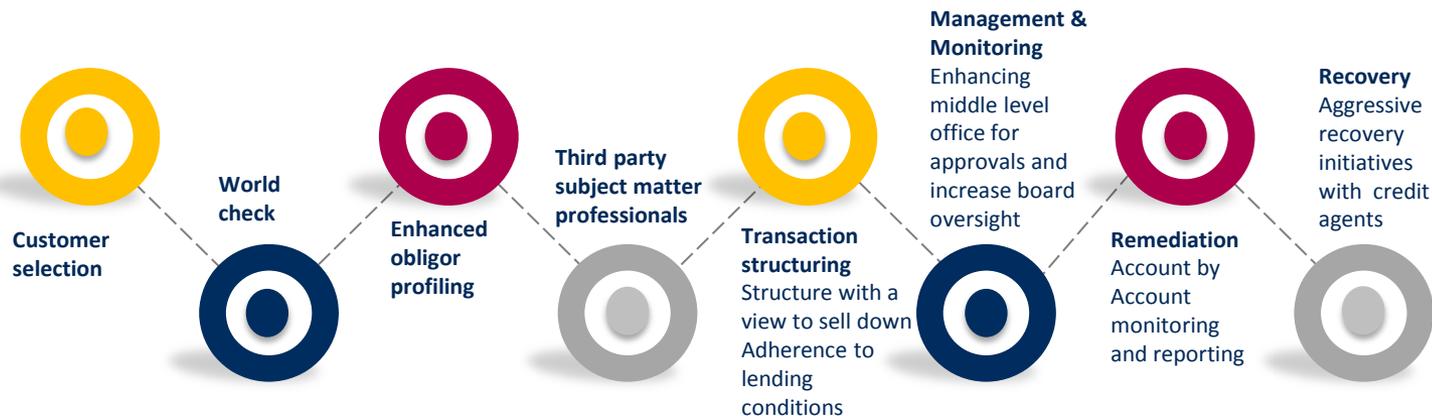
VALUATION & OUTLOOK

APPENDIX

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

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

### A clear resolution pathway



# Aligning strategy to meet customers' needs

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX



Addressing the needs of our customers and stakeholders by:

Improving risk governance

Driving operational efficiencies

Harnessing inherent revenue advantages

Leveraging technological tools

Through these strategic Initiatives

Deliver structural changes in the risk-taking culture, processes and oversight

Maintain sustained improvement of cost and capital efficiency

Enhance revenue growth across the Group

Create digital competency to enhance revenue and service delivery

# Simplified pathway to value creation

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

Deliver structural changes in the risk-taking culture

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

Maintain sustained improvement of cost and capital efficiency

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

Enhance revenue growth across the Group

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

Create digital competency to enhance revenue and service delivery

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

# Leveraging Digital Banking to drive growth

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## Impact of Our Digital Banking Strategy

Grow the Number and Quality of Customer Accounts

Grow Income

Improve Service delivery

Reduce Cost to Serve

Delight Customers

### FirstMobile/Online

#### Accomplishment

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

#### Priorities

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

#### Projected Outcome

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

### Agency Banking

#### Opportunities

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

#### Priorities

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

#### Projected Outcome

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

### USSD

#### Opportunities

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

#### Priorities

- Increase current available services
- Improve overall customer service experience

#### Projected Outcome

- Increase NIR contribution and overall revenue generation

## Focus



**FBN Holdings**

Rebuilding the Group for  
**Enhanced Shareholder Value**

## Through



**People**



**Process**



**Technology**

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

## Goals

- Single digit NPL
- Cost of Risk less than 2%
- Cost to Income  $\leq$  50%
- Enhanced revenue generation
- Return on Equity  $>$ 20%
- Improved dividend distribution



## Valuation & Outlook

# FBNH currently trading at 0.42x P/B and 17.45x P/E, provides a compelling investment opportunity

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

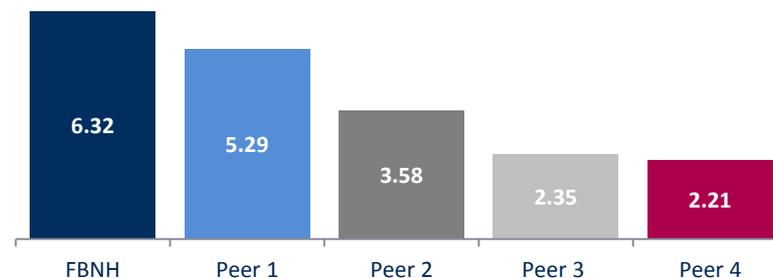
VALUATION & OUTLOOK

APPENDIX

## FY 2016 P/B



## FY 2016 P/E



## 14 June 2017 P/B



## 14 June 2017 P/E



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

# Outlook / Guidance <sup>1</sup>

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

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

<sup>1</sup>In a normalised business environment

# FBNH: Nigeria's premier financial institution with market leadership across diverse products and services

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## Rich Heritage

Nigeria's biggest and indigenous financial institution with over 123 years in commercial banking services



875

Business Locations



53.5%/73.0%

High Liquidity ratio\*  
FirstBank/FBNMerchant



2,779 ATMs  
7,048 POS

Largest distribution of alternative channels and touch points



Only Bank to have carried out 100million+ transaction per month on the main switch network

## Recognitions

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



6x in a row most valuable banking brand in Nigeria



Best Commercial Bank in Nigeria  
Most Innovative Bank in Nigeria  
Best Retail Bank in Nigeria  
*Awarded to First Bank Nigeria Ltd*



Fastest growing underwriting business  
Best Life Insurance company  
*Awarded to FBN Insurance*



Best Investment Bank  
Most Innovative Bank  
*Awarded to FBN Quest*

## Market Leader

Sustained market leader with increasing revenue momentum and rising customer base



₦582bn

Largest financial institution in Gross Earnings



13<sub>mn</sub>

Active customers accounts

19.0%

FY 2016

18.5%

FY 2015

Market share of active accounts

## Competitive Stance

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

3%<sub>CAGR</sub>

Improving cost efficiency with 3% Compounded Annual Growth Rate (CAGR) below peer average (11%) in the last 4 years

~18%

Market share in Deposits and Total assets [Market share on Loan and advances circa 13%]

\*894#



Fast growing USSD<sup>1</sup> banking service

<sup>1</sup> USSD – Unstructured Supplementary Service Data

\*As at March 2017

Source - Company filings, Competitor analysis, CBN statistical bulletin, National Bureau of Statistic (NBS), 2016 Financial Stability Report

### **Ag. Head, Investor Relations**

Tolulope Oluwole

Email: [Tolulope.O.Oluwole@fbnholdings.com](mailto:Tolulope.O.Oluwole@fbnholdings.com)

Phone: +234 (1) 9052720

### **Investor Relations Team**

[investor.relations@fbnholdings.com](mailto:investor.relations@fbnholdings.com)

Phone: +234 (1) 9051386

+234 (1) 9051086

+234 (1) 9051146



*FBN Holdings*

# Appendix

# FY 2016 & Q1 2017 results snapshot

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## Income statement

₦bn	FY 15	FY 16	y-o-y	Q1 16	Q1 17	y-o-y
Gross earnings	502.7	581.8	15.7%	107.5	141.0	31.2%
Net interest income	265.2	304.4	14.8%	63.9	80.3	25.7%
Non-interest income	97.9	165.5	68.9%	21.9	24.2	10.4%
Operating income <sup>1</sup>	363.1	469.9	29.4%	85.8	104.5	21.8%
Operating expenses	222.7	220.9	-0.8%	50.9	55.7	9.3%
Pre-provision operating profit <sup>1</sup>	140.4	248.9	77.4%	34.8	48.8	40.2%
Impairment charge	118.8	226.0	90.3%	12.8	28.8	126%
Profit before tax	21.6	22.9	6.3%	22.1	19.9	-9.5%
Income tax	6.0	5.8	-3.9%	1.3	3.8	187.3%
Profit after tax	15.5	17.1	10.3%	20.7	16.1	-22.1%

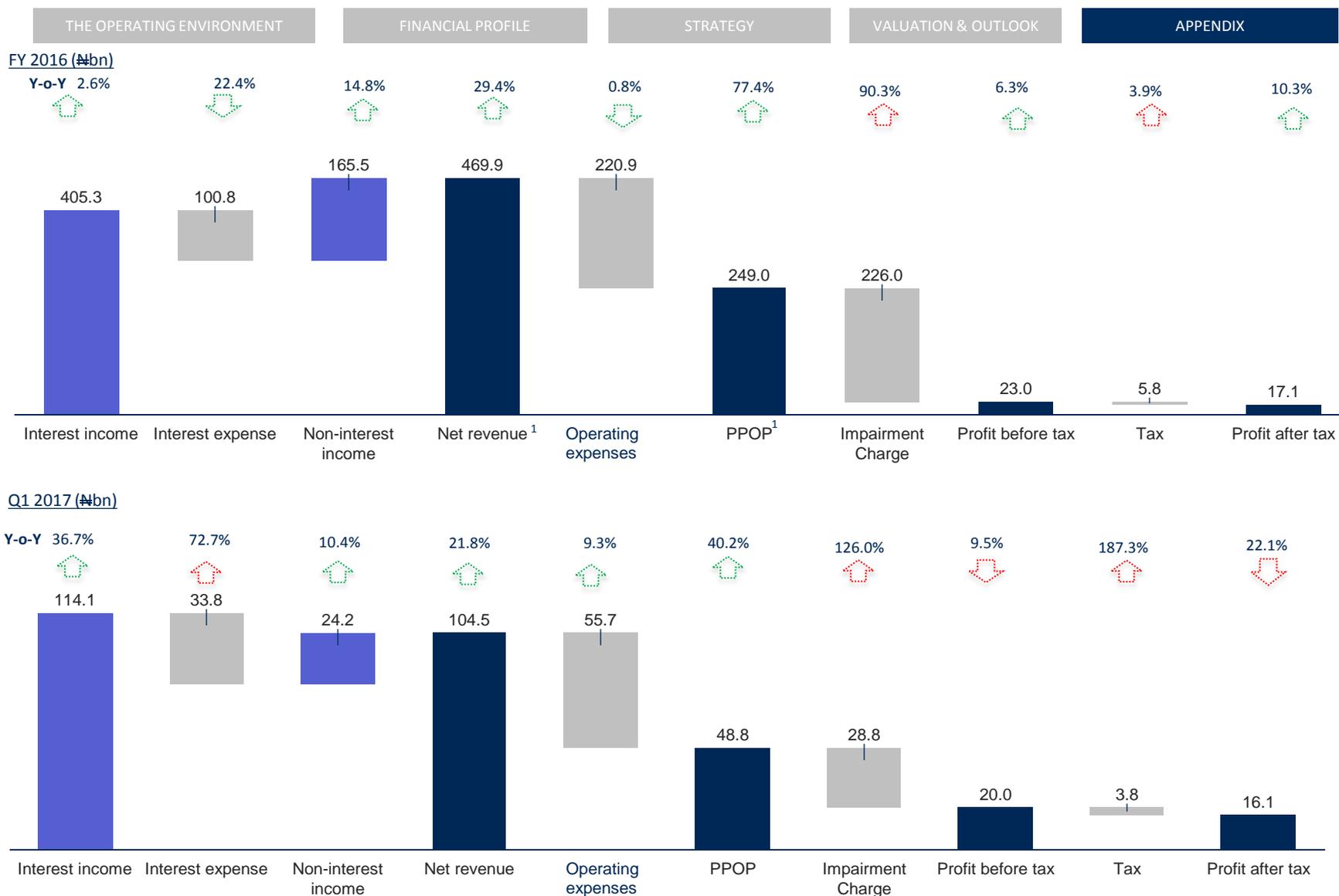
## Statement of financial position

₦bn	FY 15	FY 16	y-o-y	Q1 16	Q1 17	y-t-d
Total assets	4,166.2	4,736.8	13.7%	4,142.6	4,984.6	5.2%
Investment securities (interest earning)	970.2	1,193.9	23.1%	963.2	1,365.6	14.4%
Interbank placements	385.8	444.8	15.3%	390.6	596.0	34.0%
Cash and balances with Central Bank	715.9	690.1	-3.6%	733.5	621.1	-10.0%
Net loans & advances	1,817.3	2,083.9	14.7%	1,762.2	2,062.7	-1.0%
Customer deposits	2,970.9	3,104.2	4.5%	2,835.3	3,093.4	-0.3%
Total equity	578.8	582.6	0.7%	575.2	601.3	3.2%

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

<sup>1</sup>Definition provided in the appendix;

# Income statement evolution



<sup>1</sup> Definition provided in the appendix

# Revenue Generation

THE OPERATING ENVIRONMENT

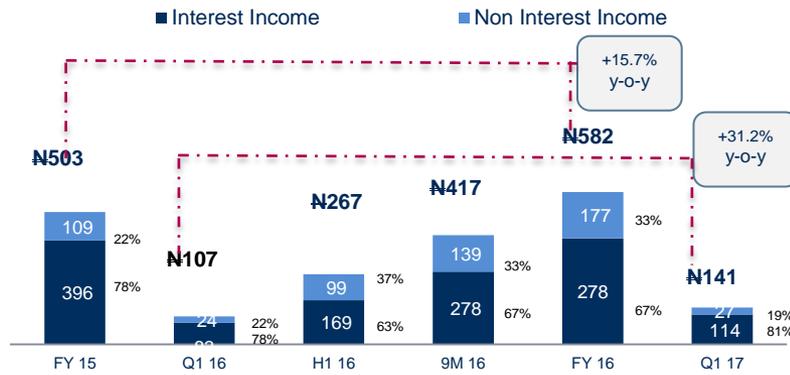
FINANCIAL PROFILE

STRATEGY

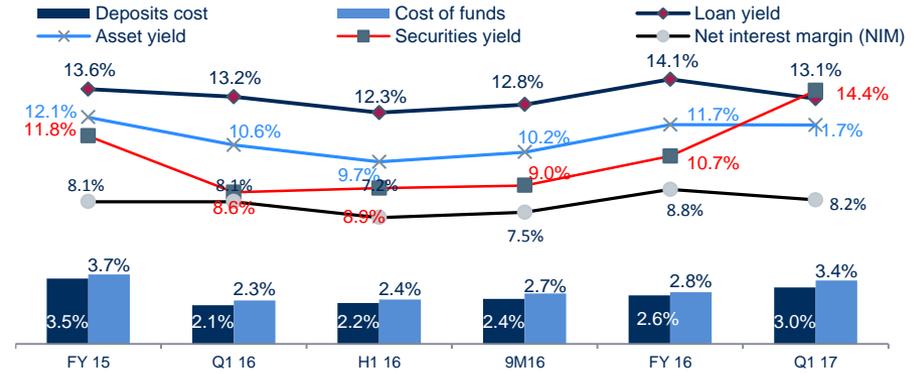
VALUATION & OUTLOOK

APPENDIX

## Gross earnings breakdown (Nbn) <sup>1</sup>

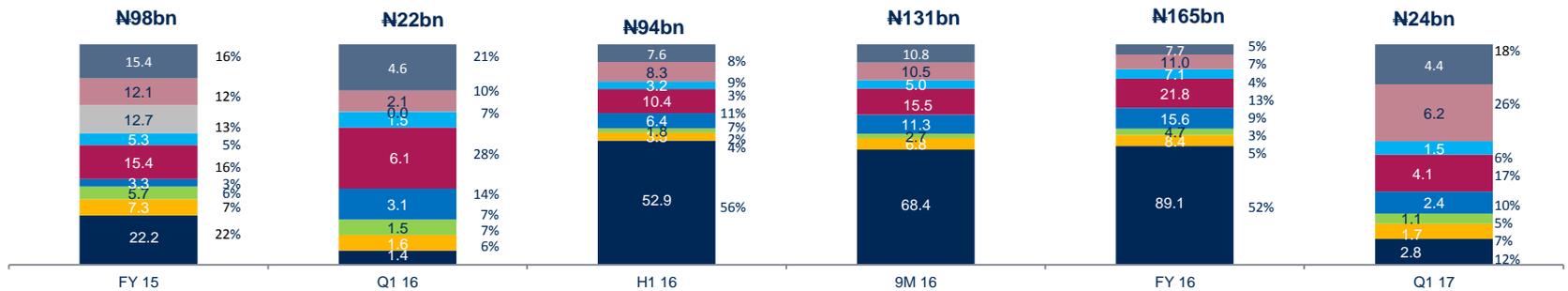


## Net interest margin drivers



## Non-interest income breakdown (Nbn)

■ Foreign exchange ■ Insurance premium ■ Credit related fees ■ Account maintenance ■ E-business ■ Financial advisory ■ Commision on turnover <sup>2</sup> ■ Other fees & commission ■ Other income <sup>3</sup>



<sup>1</sup>Non-interest income here is gross and does not account for fee and commission expense <sup>2</sup> Other fees and commission include commission on bonds and guarantees, fee and commission expense, remittance fees, LC commission, money transfer, custodian fees, fund management fees and brokerage & intermediation <sup>3</sup> Other income includes net (losses)/gains on investment securities, net (losses)/gains from financial assets at fair value, dividend income and share of profit/loss from associates

# Maintained cost management drive amidst inflationary pressure

THE OPERATING ENVIRONMENT

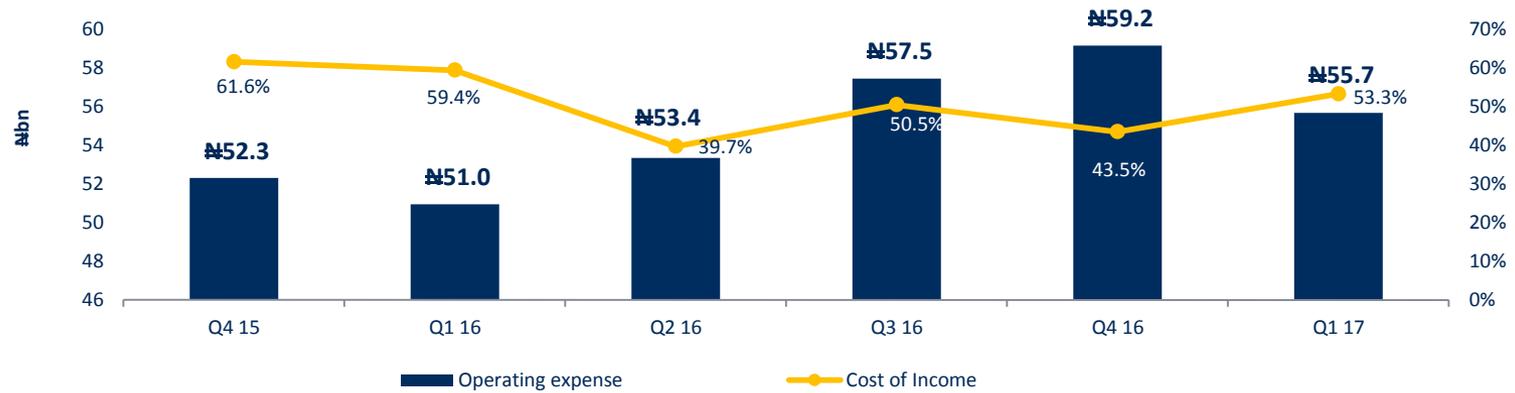
FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## Operating expenses (Nbn)



## Operating income (Nbn)



# Steady growth in assets through increased treasury activities as we enhance revenue generating platforms

THE OPERATING ENVIRONMENT

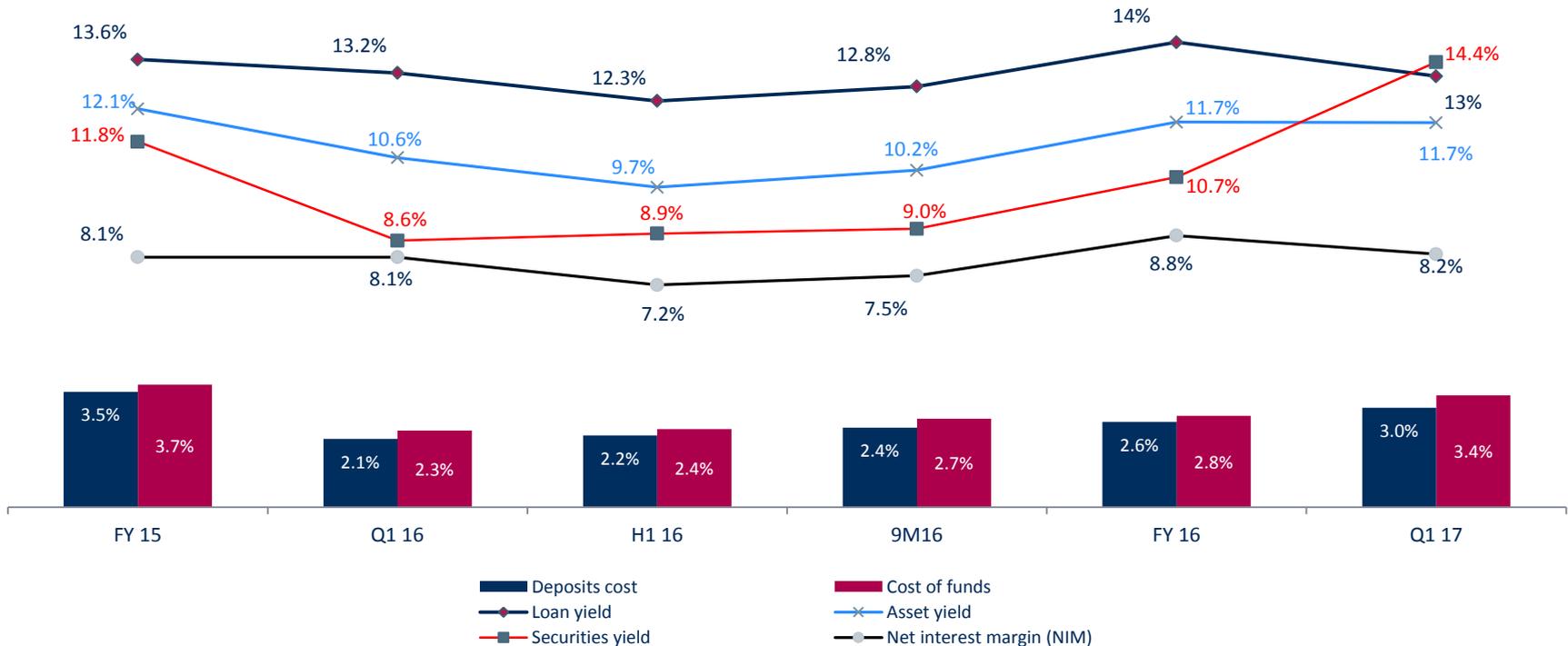
FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## Net Interest Margin Drivers



- Net interest margin improved to 8.8% and 8.2% in FY 2016 and Q1 2017 respectively (FY 2015: 8.1%; Q1 2016: 8.1%) on the back of a decrease in funding cost

- Funding cost declined to 2.8% on the back of a 13% reduction in expensive term deposits in FY 2016. CASA ratio improved to 72.9% in FY 2016 and 71.9% in Q1 2017 [FY 2015: 67.3%, Q1 2016: 69.2%]. Funding cost however increased to 3.4% in Q1 2017 (Q1 2016: 2.3%)

- Attractive yields on short-dated investment securities during the year impacted interest income from securities. Securities yield increased to 10.7% and 14.4% in FY 2016 and Q1 2017 respectively (FY 2016: 9.0%, Q1 2016: 8.6%)

- Growth in asset yield to 11.7% in FY 2016 (Q1 2017: 11.7%) reflects the group's drive to maximize investment in earning assets.

# Strong and well diversified funding base with robust retail franchise

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

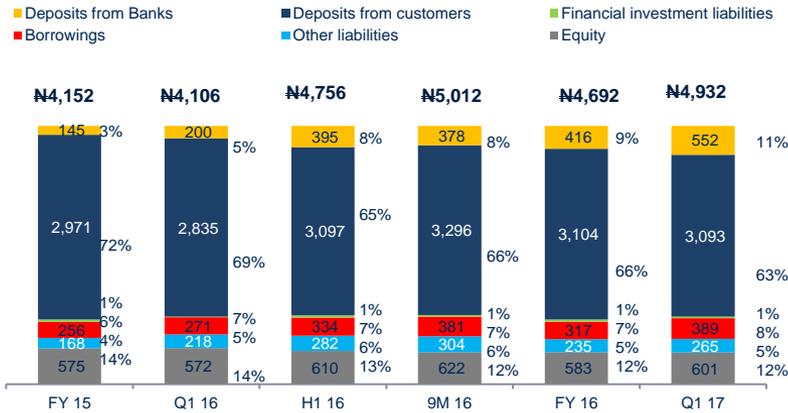
STRATEGY

VALUATION & OUTLOOK

APPENDIX

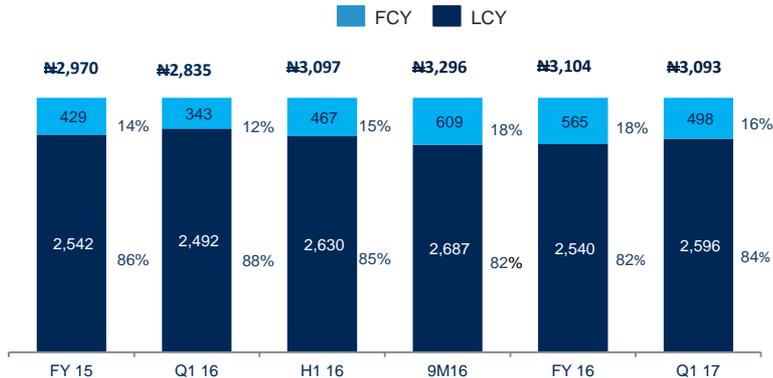
## Funding by type ₦bn

FBNHoldings



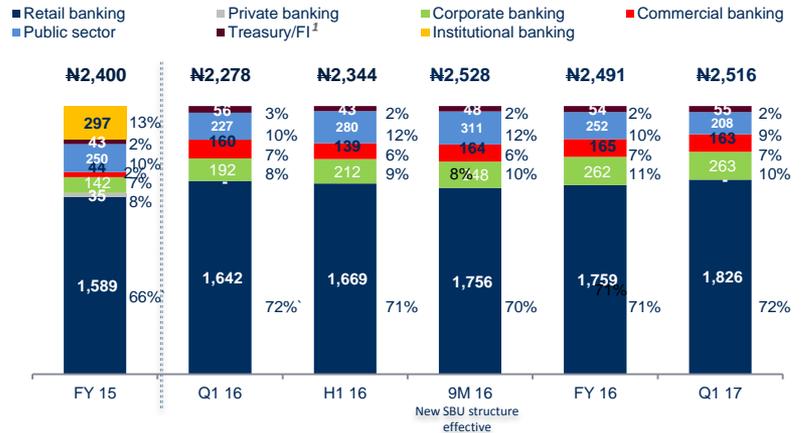
## Deposits by currency ₦bn

FBNHoldings



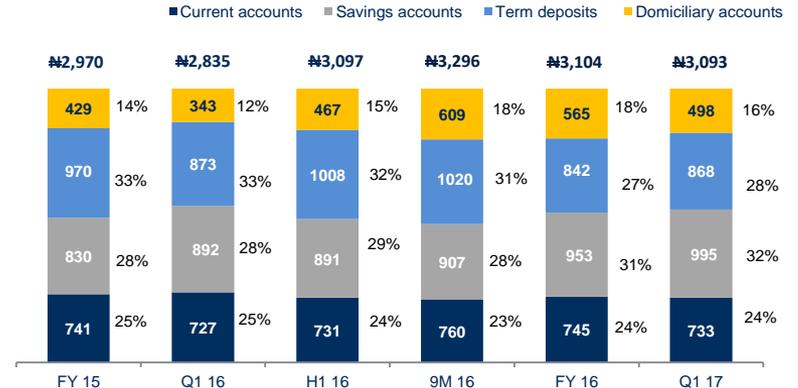
## Deposits by SBU<sup>2</sup> ₦bn

FirstBank (Nigeria)



## Deposits by type ₦bn

FBNHoldings



<sup>1</sup> Though it contributed to the deposits, Treasury was not a strategic business unit (SBU) until the new SBU structure took effect in January 2016 with Treasury & Financial Institutions being an SBU <sup>2</sup> 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 (now within Corporate Banking effective January 2016)**; multinationals and corporate clients with revenue > ₦10bn. **Private banking (now with retail effective January 2016)**; High net worth individuals and families. **Public sector**; Federal and state governments. **Retail banking**; mass retail, affluent with annual income < ₦50mn as well as small business and Local governments with annual turnover < ₦500mn

# Our liquidity position remains strong with improving efficiency in balance sheet management

THE OPERATING ENVIRONMENT

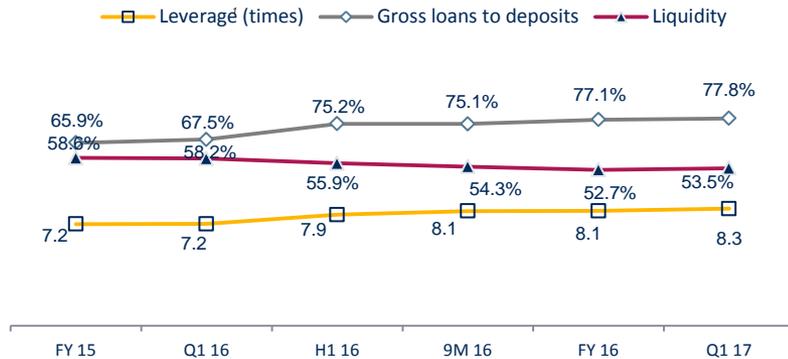
FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

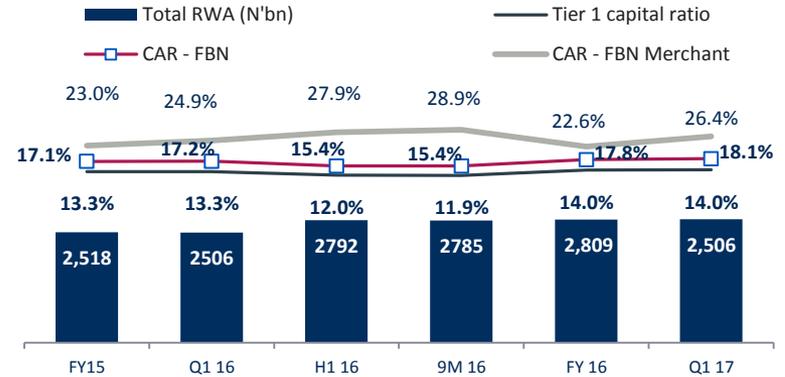
APPENDIX

## Balance sheet efficiency

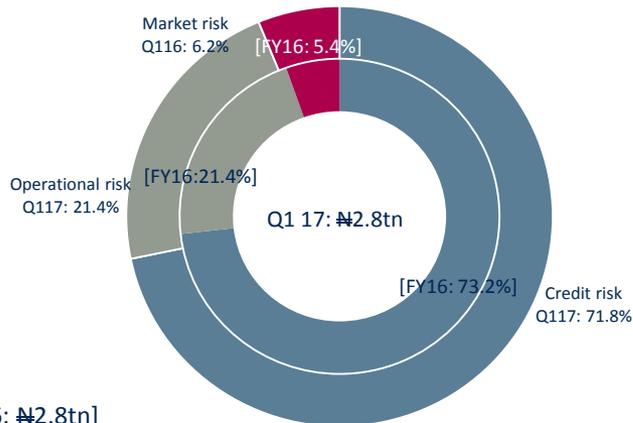


## Capital ratios

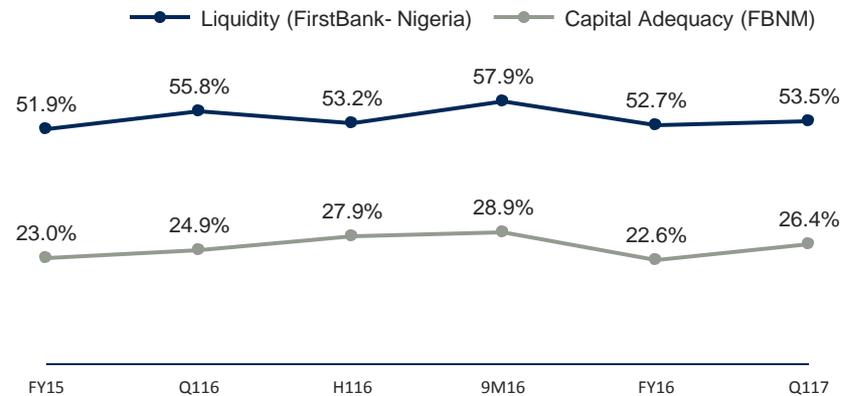
FirstBank (Nigeria) and FBN Merchant Bank



## RWA components FirstBank (Nigeria)



## CAR & Liquidity



<sup>1</sup> Definition provided in the appendix

# Sectoral breakdown of loans and advances to customers

THE OPERATING ENVIRONMENT

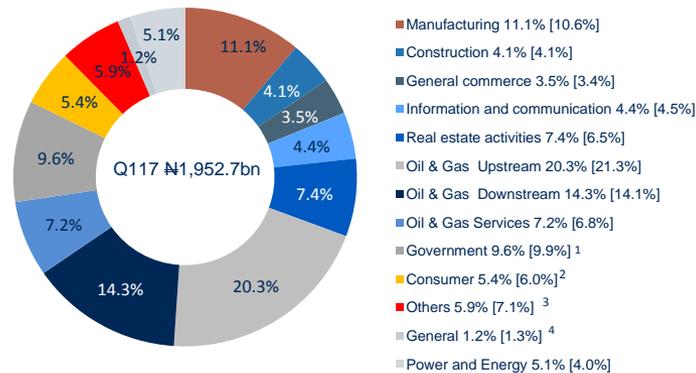
FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

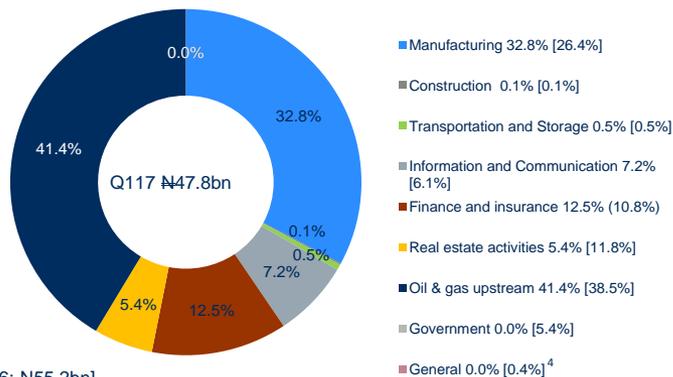
APPENDIX

## Q1 2017 FirstBank (Nigeria) gross loans by sectors



[FY2016: ₦1,933.4bn]

## Q1 2017 FBN-MBAM gross loans by sectors



[FY 2016: ₦55.2bn]

- Gross loans and advances at the Group level grew by 22.4% y-o-y in FY 2016 (Q1 2017: 31%) driven by the translation impact of devaluation on the FCY exposure
- Total FCY loans constitute 51% of loans as at FY 2016 [Q1 2017: 50.9%]
- The break down of the oil & gas portfolio in upstream, downstream and services as at FY 2016 was 21.3%, 14.1% and 6.8% respectively [Q1 2017 : 20.3%, 14.3% and 7.2%]. 56% of the oil & gas loans are in FCY
- About 5% of the loan book has been restructured with oil & gas loans constituting 70% of the restructured portfolio in FY 2016
- Average duration of loan book is up to 36 months in FY 2016
- NPL to revert to single digit region within the next 24months on the back of active remediation of top exposures

<sup>1</sup>Government loans are loans to the public sector (federal and state); <sup>2</sup> Represents loans in our retail portfolio < ₦ 50mn; <sup>3</sup> Finance and Insurance, capital market, residential mortgage; <sup>4</sup> General includes personal & professional, hotel & leisure, logistics and religious bodies <sup>5</sup> Merchant Bank and Asset Management business group

# Profiling the loan book portfolio

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

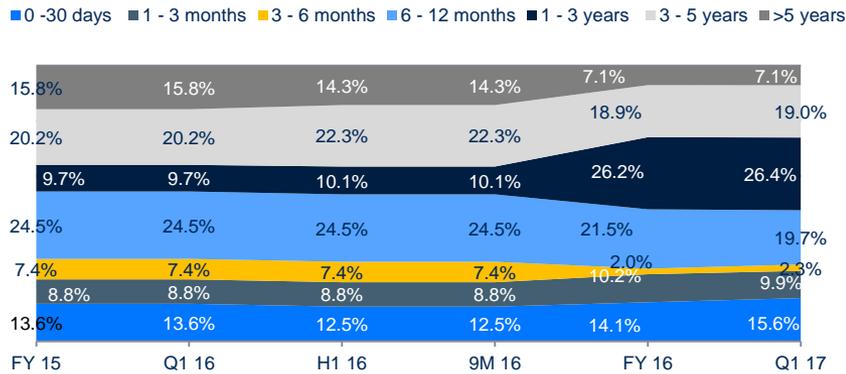
STRATEGY

VALUATION & OUTLOOK

APPENDIX

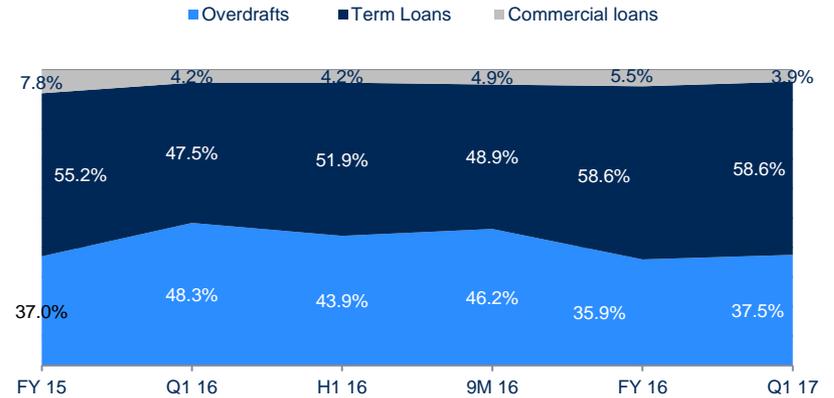
## Loans and advances by maturity

FirstBank (Nigeria)



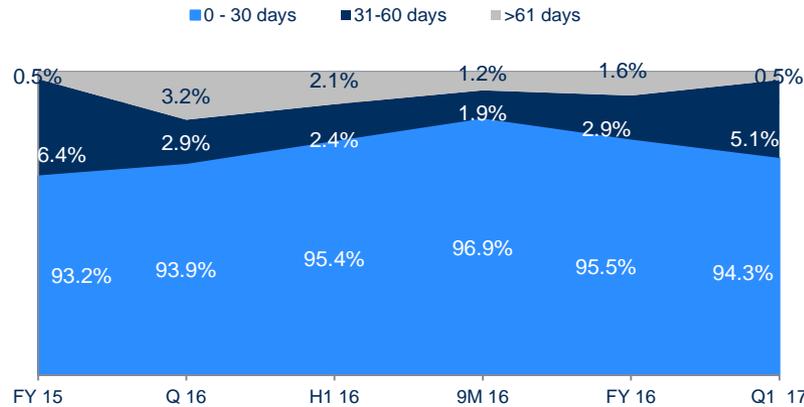
## Loans and advances by type

FirstBank (Nigeria)



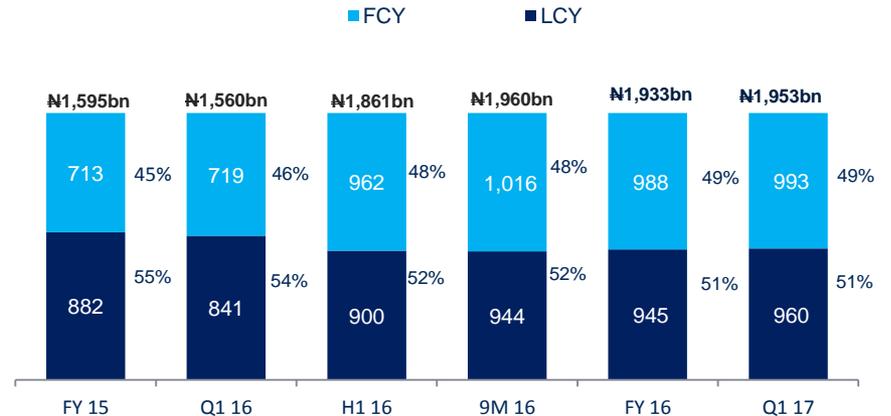
## Ageing analysis of performing loans and advances

FirstBank (Nigeria)



## Loans and advances by currency

FirstBank (Nigeria)



# Adequate provisioning on delinquent loans with revamped credit processes

THE OPERATING ENVIRONMENT

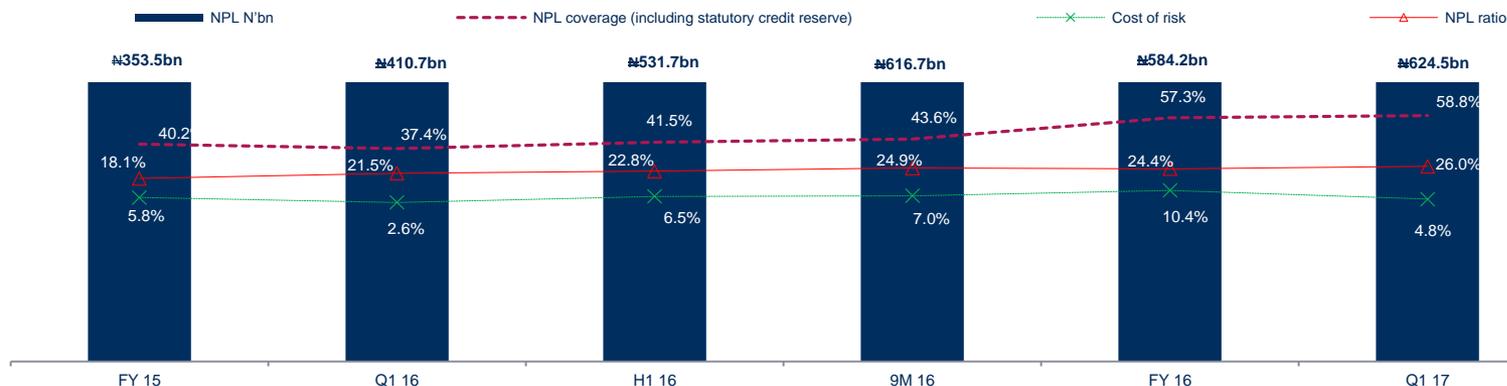
FINANCIAL PROFILE

STRATEGY

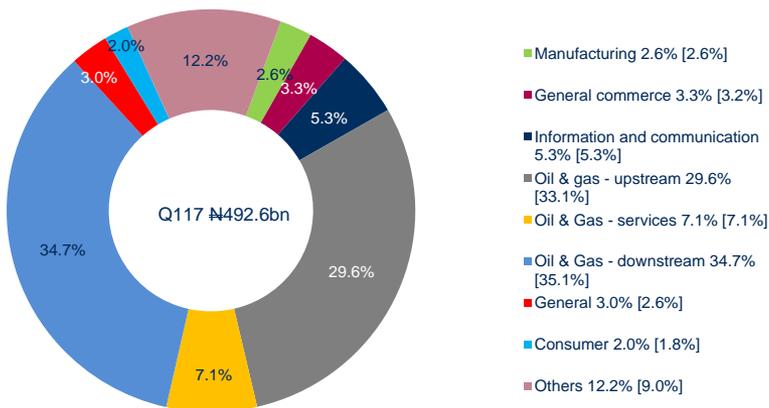
VALUATION & OUTLOOK

APPENDIX

## Asset quality ratios - FBNHoldings



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



[FY 2016: ₦478.8bn]

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

<sup>1</sup> General includes: hotels & leisure, logistics, religious bodies; <sup>2</sup> Others (NPL exposure by sector) include Finance, Transportation, Construction, Agriculture and Real estate activities; <sup>3</sup> Others (NPL ratio by sector) include General, Transportation & storage, Finance & Insurance, Administration, Capital market, Education, Professional & Scientific, Human health and Arts & Entertainment all contributing between 0.1 – 4.0% to the loan book exposure

# Asset Diversification

THE OPERATING ENVIRONMENT

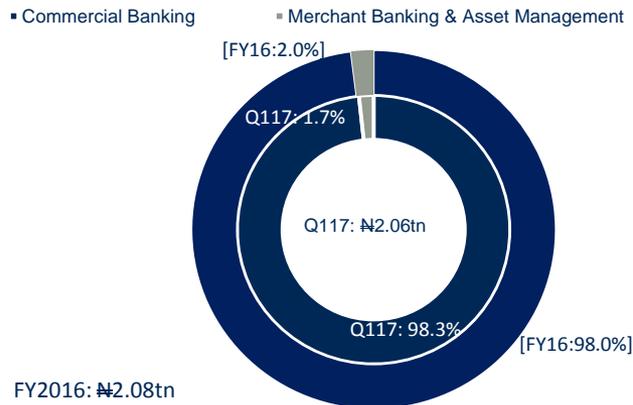
FINANCIAL PROFILE

STRATEGY

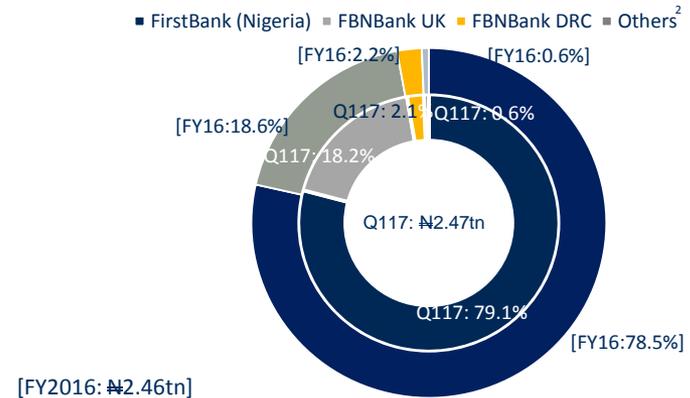
VALUATION & OUTLOOK

APPENDIX

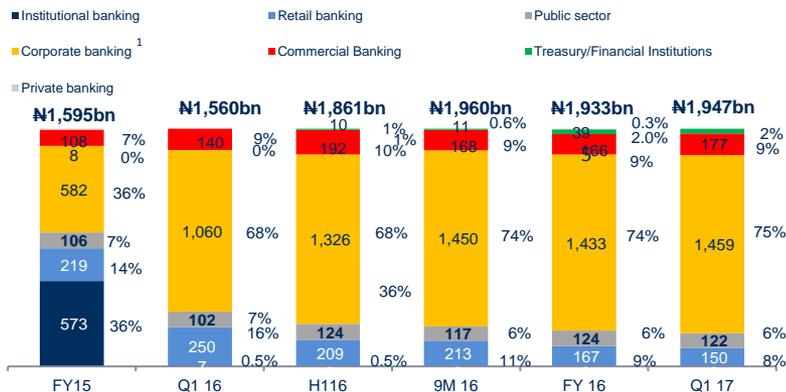
## FBNHoldings gross loans by business groups



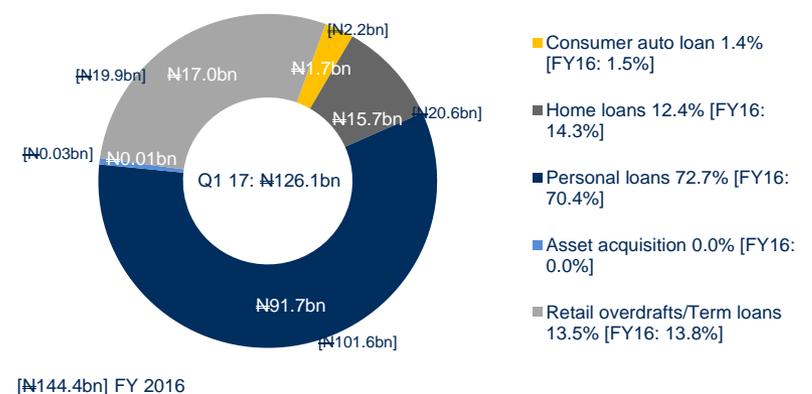
## FirstBank (Nigeria) & Subsidiaries gross loans



## FirstBank (Nigeria) gross loans by SBU (₦bn)



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



<sup>1</sup> FBNHolding's gross loans include intercompany adjustments <sup>2</sup> Others include FBN Mortgages, FBNBank Ghana, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra Leone, FBNBank Senegal <sup>3</sup> Effective Jan 2016, the Institutional Banking & Private Banking SBUs ceased to exist while the former has been merged with Corporate Banking SBU the latter now resides within the retail banking SBU

# FBNHoldings' global footprint

THE OPERATING ENVIRONMENT

FINANCIAL PROFILE

STRATEGY

VALUATION & OUTLOOK

APPENDIX

## Nigeria



**Name**  
FBN Holdings Plc.  
**Type**  
Licensed financial holding company  
**Established**  
2012 (formerly First Bank of Nigeria Plc. Established 1894)  
**Products / Services**  
Commercial Banking, Merchant Banking & Asset Management, Insurance

## France



**Name**  
FBNBank UK Ltd.  
**Type**  
Bank branch  
**Established**  
2008  
**Products / Services**  
Commercial Banking, International Banking

## Ghana



**Name**  
FBNBank Ghana  
**Type**  
Licensed Bank  
**Established**  
1996  
**Products / Services**  
Commercial Banking

## Guinea



**Name**  
FBNBank Guinea  
**Type**  
Licensed Bank  
**Established**  
1996  
**Products / Services**  
Commercial Banking

## 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

## UK



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

## The Gambia



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

## Senegal



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

## Sierra Leone



**Name**  
FBNBank Sierra Leone  
**Type**  
Licensed Bank  
**Established**  
2004  
**Products / Services**  
Commercial Banking

## Representative Offices



**Name**  
FBNBank China (2009)  
**Products / Services**  
Banking Services



- Cost-to-income ratio computed as operating expenses divided by operating income
- Leverage ratio computed as total assets divided by total shareholders' funds
- Loans to deposits ratio computed as gross loans divided by total customer deposits
- Net interest margin defined as net interest income (annualised) divided by average earning assets
- Net revenue computed as operating income plus share of profit/loss from associates
- NPL coverage computed as loan loss provisions plus statutory credit reserves divided by non-performing loans
- Operating income is defined as gross earnings less interest expense, fee and commission expense, Insurance claims and share of profit/loss from associates
- Pre-provision operating profit computed as operating profit plus impairment charge
- Return on average equity computed as profit after tax (annualised) divided by the average opening and closing balances attributable to its equity holders
- Return on average assets computed as profit after tax (annualised) divided by the average opening and closing balances of total assets
- Tier 2 capital comprises foreign exchange revaluation reserves, hybrid capital instrument and minority interest for the FirstBank (Nigeria)