



FirstBank Acquisition of International Commercial Bank (ICB) Subsidiaries in West Africa

20 November 2013

Investor & Analyst Presentation

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Disclaimer

This presentation by FBN Holdings Plc. ('FBNH' or the 'Group' or 'HoldCo') on behalf of its commercial banking subsidiary, First Bank of Nigeria Limited ("FirstBank") with respect to its recent acquisition of International Commercial Bank ("ICB") West Africa operations comprising Ghana, the Gambia, Guinea and Sierra Leone. When we use the term "FirstBank" or "Bank", we refer only to the commercial banking business in Nigeria.

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Introduction/Background

Bisi Onasanya

Group Managing Director/CEO

First Bank of Nigeria Limited



Clear strategy for expansion...

- As Nigeria's largest bank and ranking amongst the top 20 banks in Africa, FirstBank previously identified as one its main aspirations, ambitions to significantly grow its franchise within and outside Nigeria
 - In 2010, and after a detailed and extensive review of potential new markets, the Board of Directors approved a shortlist of countries for international expansion consideration over the medium to long-term
 - Following the successful launch of the Bank's African international expansion plan with the 2011 acquisition of Banque Internationale de Crédit, a leading commercial bank in the Democratic Republic of Congo, the Bank has maintained its focus on expanding its footprint across sub-Saharan Africa (excluding South Africa)
- In December 2011, the Bank launched a diligent strategic process to acquire a licensed bank in a number of African countries with Ghana seen as a priority country due to its strong economic potentials, stable political landscape and available opportunities in the banking and oil & gas sectors

Leading to a value enhancing transaction

- Subsequently, FirstBank identified the ideal opportunity in the acquisition of 100% equity ownership of ICB West Africa (Ghana, the Gambia, Guinea and Sierra Leone), with Ghana being the flagship bank
 - Following completion of satisfactory due diligence, valuation and negotiations, a Share Sale and Purchase Agreement was signed in February 2013
 - The transaction is structured as the sale of all existing shares of ICB West Africa, payable by way of cash
 - The acquisition has been approved by the Central Bank of Nigeria and the relevant regulatory authorities in Ghana, Gambia, Guinea and Sierra Leone
- The proposed transaction presents an attractive opportunity for FirstBank to simultaneously enter multiple attractive markets in West Africa under one franchise



Overview of the transaction

Onche Ugbabe

Chief Strategy Officer

First Bank of Nigeria Limited



Overview of the transaction

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- The acquisition is for the purchase of 100% equity interest of the West African banking assets of ICB Financial Holdings Group in Gambia, Ghana, Guinea and Sierra Leone (termed 'ICB West Africa'). The specific banks include:
 - International Commercial Bank (Gambia) Limited
 - International Commercial Bank (Ghana) Limited
 - I.C. Bank Guinea International S.A. Limited
 - International Commercial Bank (Sierra Leone) Limited
- The acquisition of the aforementioned institutions is expected to increase FirstBank's total assets by c.\$258 million (1.32%)
- In determining the valuation of the assets, the Bank adopted a fairly conservative position aligned to the nature and scope of the acquisition opportunity and arrived at a 1.48x price-to-book

Overview of the transaction continued

- The acquisition was financed as a cash consideration from the Bank's free funds and this has had no significant impact on FirstBank's capital position
- The Bank's CAR and Tier 1 CAR will continue to remain healthy and above the minimum regulatory requirements, although will reduce marginally to 18.18% and 15.92% respectively post acquisition

Key Ratios	As at 30 June ¹	Post acquisition
Capital adequacy ratio (CAR)	18.97%	18.18%
Tier 1 CAR	16.71%	15.92%

¹Based on management accounts

Positioning for long-term value creation underpins strategic rationale

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Strategic fit and Diversification of earnings

- The acquisition fits into the Bank's international expansion strategy with Ghana being the next priority country given the burgeoning banking and oil & gas sectors. ICB Ghana accounts for ~60% of the total assets of ICB West Africa
- Full controlling interest will enable the Bank to consolidate the target subsidiaries' earnings
- The acquisition further diversifies the Bank's income and increases the percentage of subsidiaries' earnings to the Bank

Multiple licenses

- The acquisition provides the Bank with the opportunity to enter multiple markets within the West African region in an organised manner and under one franchise
- Presents a cost-effective strategy given the approach for a brownfield versus greenfield acquisition which would be more expensive, more time consuming and unavailable in some countries like Ghana

Growth opportunities in selected markets

- Low banking penetration and underdeveloped financial systems in most of the target countries provides a viable addressable market for financial services products
- Growing opportunities exist in the retail and corporate sectors of the respective markets given the rising income levels of the population
- Abundance of natural resources including gold, cocoa, bauxite, diamonds, oil & gas require significant funding which FirstBank can support

Close ties with Nigeria

- There is an increase in Nigerian businesses requiring support across these countries and FirstBank is now poised to fully service our customers' trade requirements
- In particular, Ghana's history of peaceful politics and large Anglophone population make the country an attractive entry point into the rest of West Africa
- The proposed transaction will in no way impair the Bank's ability to serve the domestic market



About ICB West Africa

Onche Ugbabe

Chief Strategy Officer

First Bank of Nigeria Limited



ICB West Africa – Exposure to high growth markets

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- The four (4) International Commercial Banks in Gambia, Ghana, Guinea and Sierra Leone (otherwise termed 'ICB West Africa') are subsidiaries of ICB Financial Group Holdings AG, an international financial services provider based in Schindellegi, Switzerland, with subsidiaries in Eastern Europe, Africa and Asia
- ICB Ghana is the largest of ICB West Africa's banking operations
- Key highlights of ICB West Africa as at 31 December 2012 are presented below

Key Highlights as at December 31, 2012	Ghana	Gambia	Guinea	Sierra Leone	Total
No. of Branches	17	4	5	2	28
No. of ATMs	17	-	-	-	17
Total Assets (US\$'000)	161,163	16,775	59,392	21,041	258,371
Deposit (US\$'000)	102,048	9,803	46,675	12,912	171,438
Loans & Advances (US\$'000)	64,359	6,254	10,250	7,271	88,134
Shareholders' Funds (US\$'000)	41,754	6,388	9,395	7,067	64,604
PBT (US\$'000)	553	712	1,778	1,438	4,481

Ghana – Macroeconomic growth underpins opportunity

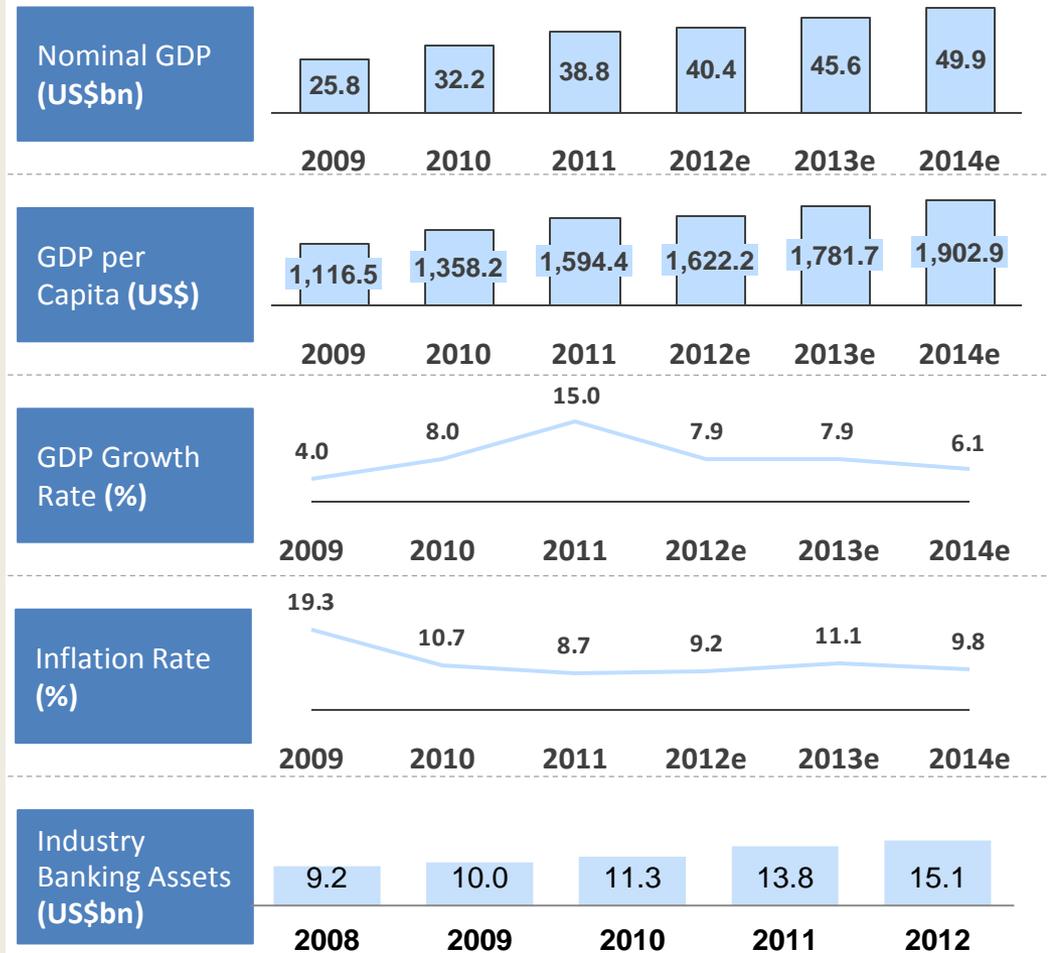
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Source: IMF World Economic Outlook October 2013

- Ghana ranked as the fastest growing economy in the world by the IMF in 2011
- Stable and peaceful political climate
- The country is, to an extent, still dependent on international financial and technical assistance
- Economy strengthened by sound economic management and continuous reduction in poverty levels
- Oil discovered in 2007 at Jubilee Oil Field and production is ongoing
- Fairly well-diversified economy: agriculture (15.3% of GDP), industry (22.7%), services (61.9%)
- Half of the country's workers are engaged in farming
- Main export markets are Netherlands (11.7%), UK (7%), France (5.7%), US (5.6%)
- Key export items are gold, timber, cocoa, diamond and bauxite

ICB Ghana – A platform for superior opportunities

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- ICB Ghana, incorporated in March 1996, is a foreign-owned commercial bank in Ghana
- It is wholly-owned by the ICB Financial Group Holdings AG based in Switzerland and listed on the AIM (London Stock Exchange)

	FY2011	FY2012	H12013
	US\$'000	US\$'000	US\$'000
Balance sheet			
Total assets	172,183	161,587	151,462
Total liabilities	120,343	119,723	110,337
Shareholders' Funds	51,839	41,864	41,125
Income statement			
Net interest income	14,010	11,927	7,104
Total operating income	18,228	13,175	8,902
Total expenses	(12,561)	(10,106)	(5,864)
Profit before tax	5,667	553	3,038
Profit after tax	3,533	415	2,278

- ICB Ghana has a balance sheet size of Ghs 313 million (\$161m) and is ranked in the 4th quartile of Ghanaian banks by asset size
- The bank has won a number of awards in the Ghanaian banking industry such as “Best Bank” and “Best Bank – Financial Performance”
- ICB Ghana has 17 branches across five (5) regions in addition to two cash agencies
 - Greater Accra – 11
 - Ashanti – 2
 - Central – 2
 - Western – 1
 - Brong Ahafo – 1
- All the bank’s branches are under lease and have ATMs installed

Gambia - Exposure to a growing economy and sectors

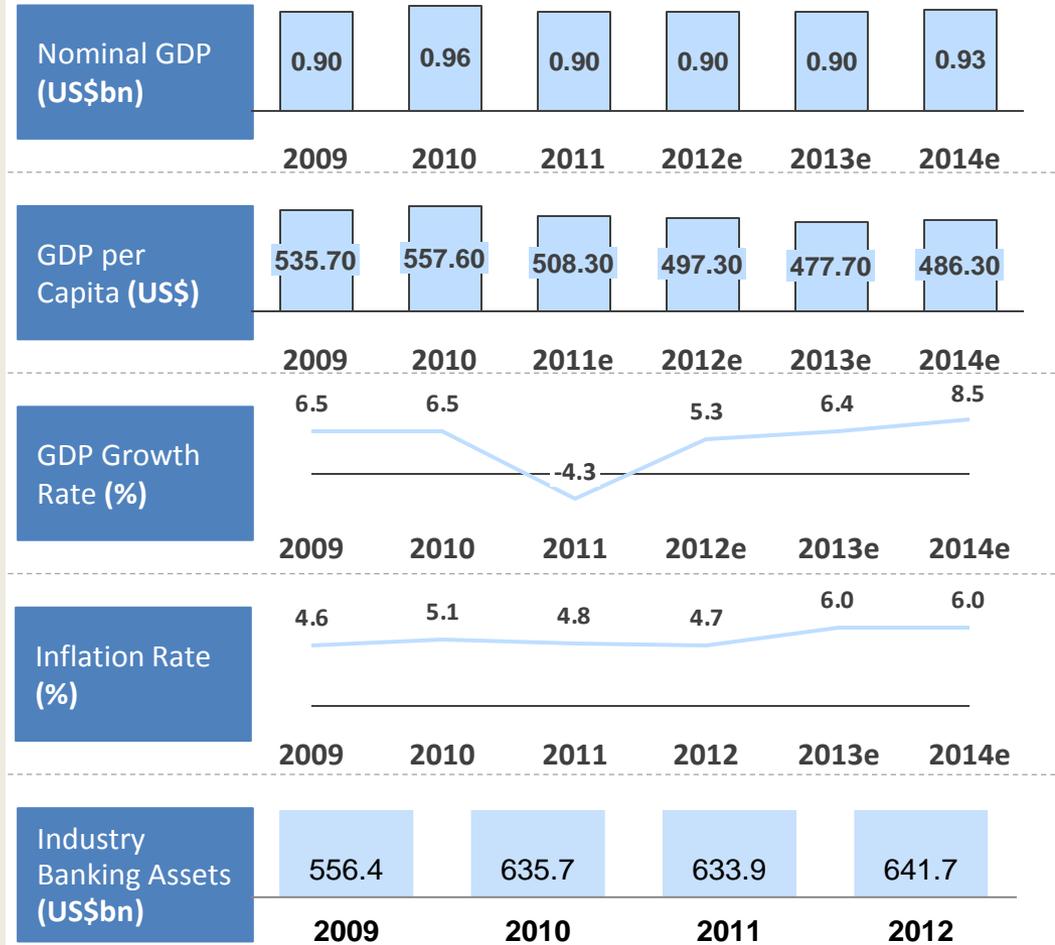
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Source: IMF World Economic Outlook October 2013

- Gambia is the smallest country in Africa
- Operates a liberal market based economy with tourism being the largest source of forex
- Over 70% of the workforce is engaged in agriculture which accounts for a third of GDP
- Steady improvement in infrastructure over the years
- Fairly well-diversified economy: agriculture (22.35% of GDP), industry (18.3%), services (59.5%)
- Untapped potential exists in the agricultural sector as less than half of arable land is cultivated
- Gambia's main export markets are China (41.8%), France (10.45), UK (6.3%)
- Key export items are peanuts, fish, palm kernel and hides

ICB Gambia – Offering strong prospects for growth

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Summary

- ICB Gambia, incorporated in July 2004, is a foreign-owned commercial bank in The Gambia
- It is wholly-owned by the ICB Financial Group Holdings AG based in Switzerland and listed on the AIM (London Stock Exchange)

	FY2011	FY2012	H12013
	US\$ '000	US\$ '000	US\$ '000
Balance sheet			
Total assets	21,472	16,775	17,648
Total liabilities	15,334	10,387	11,389
Shareholders' Funds	6,138	6,388	6,258
Income statement			
Net interest income	1,134	835	549
Total operating income	2,058	613	902
Total expenses	(1,485)	(1,037)	(510)
Profit before tax	573	712	367
Profit after tax	316	491	250

- ICB Gambia has a balance sheet size of GMD 570 million (\$16.7m) and a stated capital of GMD 200 million (\$5.8m), as at December 2012
- ICB Gambia accounted for about 72% of industry profits in 2011 (as most banks recorded significant provisioning on the loan books in that year)
- ICB Gambia operates from four (4) branches located within one of six regions in The Gambia
- Relatively small bank with strong prospects for growth

Guinea – Mineral resources presents long-term opportunities

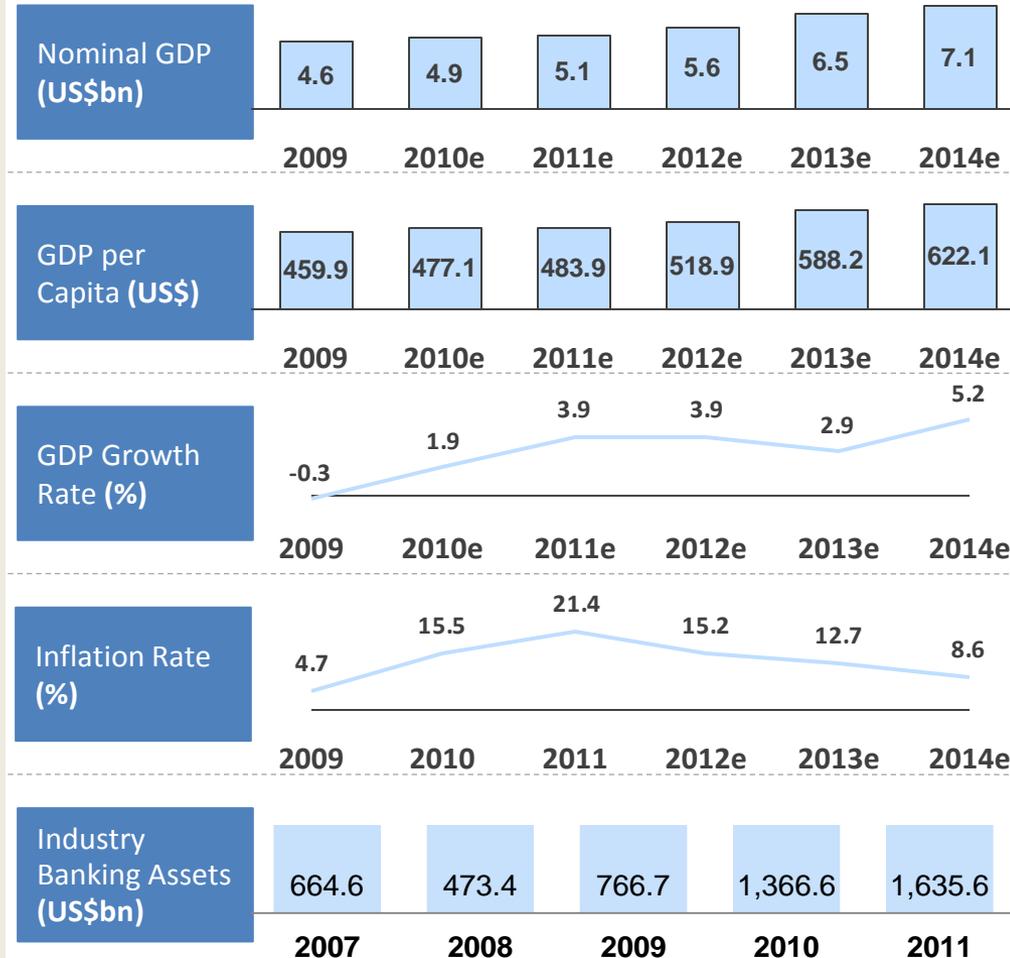
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Summary



Source: IMF World Economic Outlook October 2013

- Guinea is richly endowed with mineral resources
- Guinea's economy is mainly dependent on agriculture and mineral production
- It is the world's second largest producer of bauxite with rich deposits of diamond, iron ore and gold
- Agriculture employs about 80% of the labour force
- Fairly well-diversified economy: agriculture (12.8% of GDP), industry (48.5%), services (38.7%)
- There is enormous potential for growth in the agriculture and fishing sectors of the economy
- Key export items are bauxite, alumina, gold, diamond, fish and coffee

ICB Guinea – Renowned brand image and quality of service

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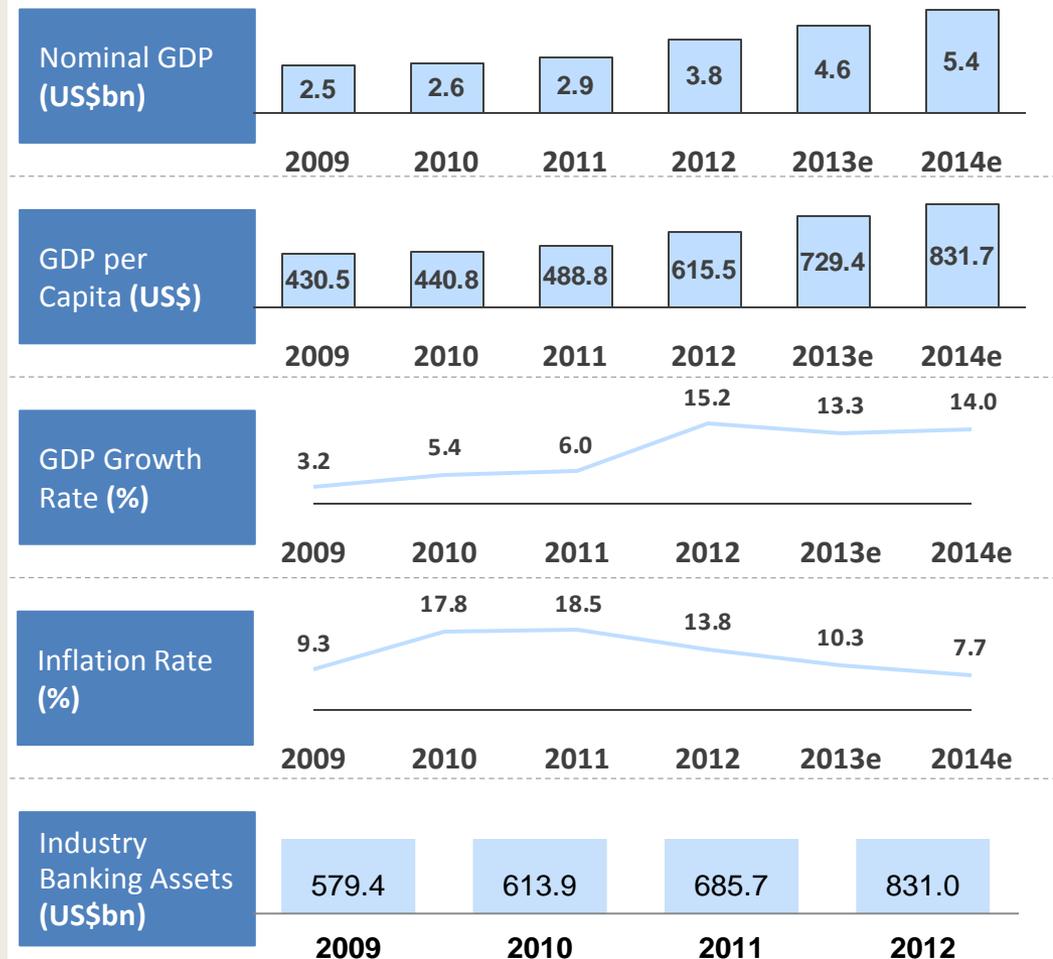
Summary

- ICB Guinea, incorporated in September 1996, is a foreign-owned commercial bank in Guinea
- It is wholly-owned by the ICB Financial Group Holdings AG based in Switzerland and listed on the AIM (London Stock Exchange)

	FY2011	FY2012	H12013
	US\$ '000	US\$ '000	US\$ '000
Balance sheet			
Total assets	47,217	59,392	57,709
Total liabilities	38,895	49,997	48,512
Shareholders' Funds	8,321	9,395	9,196
Income statement			
Net interest income	2,105	2,561	1,435
Total operating income	3,768	4,837	2,596
Total expenses	(2,718)	(3,069)	(1,674)
Profit before tax	1,051	1,778	901
Profit after tax	682	1,156	585

- ICB Guinea has a balance sheet size of GNF 414 billion (\$59.4m) and a stated capital of GNF 50 billion (\$7.2m) as at December 2012, which is in-line with minimum capital requirements
- Strong deposit mobilisation due to a good brand image
- Well renowned for quality services, transparent transactions, legal and regulatory compliance
- Relatively small player in the Guinean banking industry
- All five (5) branches of ICB Guinea are located in Conakry

Sierra Leone – Diversified economy and opportunities



- Sierra Leone is rich in mineral resources and has relied on the mining sector for its economic base
- Sierra Leone’s economy is predominantly agricultural based with about half of the workers engaged in subsistence farming
- It has an important mining industry producing diamonds, iron ore, gold, bauxite and titanium
- Diamond mining remains the principal source of foreign exchange earnings
- Fairly well diversified economy: agriculture (43.2% of GDP), industry (37.4%), services (19.3%)
- Freetown has excellent port facilities that aids international trade
- A number of off-shore oil discoveries including the Venus Field have been made since 2009

Source: IMF World Economic Outlook October 2013

ICB Sierra Leone – Profitable bank positioning for improved performance

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Summary

- ICB Sierra Leone, incorporated in August 2004, is one of ten foreign-owned commercial banks in Sierra Leone
- It is wholly-owned by the ICB Financial Group Holdings AG based in Switzerland and listed on the AIM (London Stock Exchange)

	FY2011	FY2012	H12013
	US\$ '000	US\$ '000	US\$ '000
Balance sheet			
Total assets	16,568	21,041	20,744
Total liabilities	10,692	13,974	13,036
Shareholders' Funds	5,876	7,067	7,707
Income statement			
Net interest income	1,742	2,022	1,091
Total operating income	2,036	2,407	1,369
Total expenses	(1,177)	(978)	(548)
Profit before tax	860	1,438	820
Profit after tax	536	1,007	574

- ICB Sierra Leone has a balance sheet size of \$21.0 million and a stated capital of \$7.1 million as at December 2012, which is in-line with minimum capital requirements
- Won notable awards in 2011 from EMEA Finance, Global Finance Award and The Banker
- One of seven profitable banks out of 13 in the industry for the 2011 financial year
- Relatively small player in the Sierra Leonean banking industry
- Beta Sierra Leone operates from two (2) branches located within the Western Region of Sierra Leone



Integration

Christi Fashogbon

Head, International Banking Group (ITBG)

First Bank of Nigeria Limited



Multi-phased high level integration plan



I. Autonomous

Independent subsidiary with 'parental' guidance

2013 - 2014

- Deal completion/ announcement
- Synergy realisation
- Functional capability assessment and best practice sharing
- FBN governance/mgt reps and performance management system
- Prep for Finacle

II. Associated

Unified brand and process/system harmonisation

2014 - 2016

- Unified 'FBN' or similar brand launched
- Rebranding via launch event activities
- Business process conformance/ standardisation
- Finacle migration
- Greater staff cross-pollination

III. Assimilated

Matrix reporting and regional shared services

2016+

- Matrix structure with global business unit heads and country MDs
- Standardised product offerings, customised to local environment
- Global shared services centres (e.g., data centre)
- Global staffing pool with coordinated int'l recruitment, training etc

Focus Areas

Transforming FirstBank into a 'Multi-local' Bank

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- The goal of integration is to see subsidiaries transition from independent and autonomous operations into an integral part of FirstBank
- FirstBank's only African subsidiary, BIC, currently operates as an independent business unit, developing its own strategic direction and decision, as well as policies and products, in relation to its local environments. However, the entity is in the 'Associated' Stage, operating under 'guidance' from FirstBank and through direct reporting under the Bank's International Banking Group (ITBG). There has also been secondment (cross-posting) of FirstBank staff to the subsidiary
- With the acquisition of four additional banks in Africa, FirstBank will gradually transform into a 'multi-local' bank positioned for a seamless integration of the new entities into the FirstBank structure
- Working with a reputable management consulting firm and supported by a cross functional steering committee, the Bank is currently in the process of developing a detailed integration plan including a diagnostic review of the four banks
- In the interim, the Bank has implemented its short-term plan for the management of the newly acquired subsidiaries with a focus on strengthening the Risk and Finance functions and monitoring of the subsidiaries in general



Summary

Bisi Onasanya

Group Managing Director/CEO

First Bank of Nigeria Limited



A disciplined approach to a broader and more diverse pan-African footprint

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Building on a platform of success

- ❑ Among the leading banks in sub-Saharan Africa, FirstBank has one of the largest and strongest balance sheet and is focused on delivering long-term sustainable returns while consolidating its position as a first choice financial institution
- ❑ FirstBank will continue to push topline growth across the Bank with emphasis on customer acquisition, high growth products and segments with appropriate pricing

Positioning for growth outside Nigeria

- ❑ While we remain focused on consolidating our position in Nigeria, this transaction provides an immediate and strong platform for regional market entry through a brownfield transaction on the back of a track record of successful expansion
- ❑ We are committed to taking a disciplined approach to establishing a broader pan-African footprint and building a multi – local business
- ❑ We believe international expansion can offer a range of benefits, including new growth options, wider customer benefits, broader geographic earnings profile, reduced country specific risk towards creating further value for shareholders

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Appendix



Further synergies and upside potentials

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Opportunity

Detail

<p>New product offerings</p>	<ul style="list-style-type: none"> High unbanked population and rising middle class in these markets 	<p>Products from FBN portfolio to be implemented quickly in ICB:</p> <ul style="list-style-type: none"> Advanced credit products and project financing, e.g. agricultural loans (Gambia, Guinea and Sierra Leone are predominantly agricultural based) Advanced saving products Customer loans and assets financing Card products (prepaid cards, salary cards) FX products (swaps, fwds) Derivative and hedging products due to the volatility of some of the currencies Internet banking products Automated Teller machines
<p>Diversified and broader geographical earnings profile</p>	<ul style="list-style-type: none"> Growth in business volumes 	<ul style="list-style-type: none"> Developing African Intra-Trade is one of the biggest growth opportunities for the Banking Group given the vast trade flows among the respective countries Assistance in setting new cross-country business activity
<p>Technology and process improvement</p>	<ul style="list-style-type: none"> Reduction in operational costs 	<ul style="list-style-type: none"> Deployment of best in class technology to upgrade services to world class standards Adoption of an Enterprise Risk Management framework in-line with best practices leading to revised risk and operational policies, establishment of limits and standards to limit erosion of earnings or capital due to fraud and operational inefficiencies

Further synergies and upside potentials continued

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Opportunity		Detail
Operational excellence and efficiency	<ul style="list-style-type: none"> Gradual decrease in operating expenses 	<ul style="list-style-type: none"> Drive transformation of the Banks processes to reduce operational costs Applying more advanced practices to improve operational efficiency Opportunity to leverage on economies of scale
Exposure to growing sectors in the sub-regions including existing strengths	<ul style="list-style-type: none"> Additional income sources including <ul style="list-style-type: none"> Interest margins Fees and commissions 	<ul style="list-style-type: none"> Leverage FirstBank's expertise in the oil and gas sector in Nigeria to increase market share in this area, especially in Ghana given the recent discovery of oil Introduction of innovative loan products in key sectors of the economy e.g. mining and quarrying and provision of infrastructure financing given the developing nature of these economies
Wider acceptance and improved business relationship with multilateral/international institutions	<ul style="list-style-type: none"> Additional income sources including <ul style="list-style-type: none"> Transfer commissions Interest margin 	<ul style="list-style-type: none"> Increasing number of multilateral/international institutions operate in a number of the respective countries and manage financial activity locally These institutions usually require certain diligence, ratings and accreditations before working with a local bank The presence of FirstBank will likely improve acceptance in the local market leading to improved funding/deposit attraction
Optimising correspondent banking relations	<ul style="list-style-type: none"> Savings benefits from corresponding banking fees possibly of up to 25% Deployment of cash collateral to higher yielding opportunities 	<ul style="list-style-type: none"> Reducing fees, increasing flexibility and lower cash collateral requirement in operations with correspondent banks Enhances returns on transactions e.g. LCs and LGs, FX operations, transfers, etc.