

FCMB Group Plc

FY 2015

Investors & Analysts Presentation

31 March 2016








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every challenge
is a new
OPPORTUNITY
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NIGERIA'S
MOST
CUSTOMER
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Glossary

CAGR	Compound Annual Growth Rate
CAR	Capital Adequacy Ratio
CIR	Cost to Income Ratio
COT	Commission on Turnover
CRBG	Commercial & Retail Banking Group
CRR	Cash Reserve Ratio
FCMB CM	FCMB Capital Markets Ltd
FX	Foreign Exchange
FY	Full Year
IBG	Investment Banking Group
LDR	Loan to Deposit Ratio
N/A	Not Applicable/ Not Available
NII	Non Interest Income
NIM	Net Interest Margin
NPL	Non Performing Loan
OPEX	Operating Expenditure
p.a.	Per annum
PAT	Profit After Tax
PBT	Profit Before Tax
QoQ	Quarter-on-Quarter
SME	Small & Medium Enterprises
TSA	Treasury Single Account
YE	Year End
YoY	Year-on-Year

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Purple is the new Black.

AGENDA

Group Performance Review

Commercial & Retail Banking Group:

Business Review

2016 Turnaround Plan Update

Risk Management Review

Investment Banking Group:

Business Review

2016 Outlook

Group Performance Review -

Mr. Patrick Iyamabo (Chief Financial Officer: FCMB Group Plc)

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Capital remained robust, liquidity and NIM healthy. Key profitability ratios however closed lower than prior year, largely skewed by 3Q'15 performance

FCMB: Key Performance Indicators (1Q15 - 4Q15 & FY14 vs. FY15)

Performance Index		1Q15	2Q15	3Q15	4Q15	%Δ QoQ	FY14	FY15	%Δ YoY
Operating	Return on Av. Equity	12.9%	7.5%	-16.0%	6.4%	140.1%	14.6%	3.0%	-79.7%
	Return on Av. Assets	1.8%	1.0%	-2.2%	0.9%	140.8%	2.0%	0.4%	-79.9%
	Loan/Deposit Ratio	76.6%	73.6%	80.8%	84.7%	4.8%	84.2%	84.7%	0.6%
	Cost/Income Ratio	68.1%	75.9%	78.2%	79.0%	1.0%	65.8%	74.8%	13.7%
	Net Interest Margin	8.8%	8.1%	7.3%	7.7%	6.1%	9.1%	8.1%	-10.8%
	NPL/Total Loans	4.5%	5.2%	5.8%	4.15%	-28.1%	3.6%	4.2%	14.5%
	Coverage Ratio[1]	75.7%	64.6%	102.6%	114.5%	11.6%	78.9%	114.5%	45.0%
	NII/Operating Income	25.4%	27.5%	33.7%	27.0%	-19.7%	28.0%	28.6%	2.3%
	Financial Leverage	7.2%	7.4%	7.3%	7.2%	-1.7%	7.2%	7.2%	0.8%
	Cost of Risk[2]	1.3%	1.6%	3.7%	-1.3%	-134.6%	1.8%	1.3%	-27.1%
Capital & Liquidity	Capital Adequacy Ratio	21.7%	19.8%	18.3%	18.1%	-1.4%	20.6%	18.1%	-12.4%
	Liquidity Ratio	41.0%	31.8%	35.8%	35.9%	0.2%	33.3%	35.9%	7.7%
Others	Opex (N'B)	16.5	17.2	16.84	16.49	-2.0%	66.3	67.0	1.0%
	Risk Assets (net) (N'B)	582	579	568	593	4.3%	618	593	-4.0%
	Customer Deposits (N'B)	760	786	703	700	-0.4%	734	700	-4.6%

NOTE:

1. *Inclusive of regulatory risk reserve*
2. *2.2% if inclusive of impairment on receivable*

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Revenue grew, but PBT fell YoY due to increased funding cost, lower fx income and impairments in other assets

FCMB: Statements of Comprehensive Income (Extracts) - (1Q15 - 4Q15 & FY14 vs. FY15)

N'm	1Q15	2Q15	3Q15	4Q15	%Δ QoQ	FY14	FY15	%Δ YoY
Revenue	**39,289**	**38,065**	**31,941**	**43,214**	**35.3%**	**148,637**	**152,508**	2.6%
Interest Income	32,277	31,302	23,817	36,187	51.9%	117,984	123,584	4.7%
Interest Expense	(14,219)	(14,924)	(9,543)	(20,960)	119.6%	(45,351)	(59,647)	31.5%
Net Interest Income	**18,058**	**16,378**	**14,274**	**15,227**	**6.7%**	**72,634**	**63,937**	**-12.0%**
Non Interest Income	**6,158**	**6,218**	**7,243**	**5,990**	**-17.3%**	**28,054**	**25,610**	**-8.7%**
- Net Fees & Commissions	3,036	3,084	5,777[1]	3,938	-31.8%	14,438	15,834	9.7%
- Securities Trading Income	355	33	87	465	435.2%	766	940	22.8%
- FX Income	2,541	1,377	1,046	468	-55.3%	9,769	5,431	-44.4%
- Others	226	1,724	334[1]	1,120	235.6%	3,081	3,404	10.5%
Operating Income	**24,216**	**22,596**	**21,517**	**21,217**	**-1.4%**	**100,687**	**89,547**	-11.1%
Operating Expenses	(16,497)	(17,156)	(16,835)	(16,491)	-2.0%	(66,304)	(66,979)	1.0%
Net impairment loss on loans	(2,045)	(2,429)	(5,752)	2,020	-135.1%	(9,909)	(8,205)	-17.2%
Other impairment loss	(60)	786	(5,788)	(1,766)	-69.5%	(731)	(6,829)	833.9%
Net gains/(losses) from fin. instruments at fair value	155	(1)	(145)	140	-197.1%	131	150	14.0%
Share of Post tax result of Associate	0	0	0	85	n/a	68	85	24.2%
PBT	**5,770**	**3,796**	**(7,003)**	**5,206**	**-174.3%**	**23,943**	**7,769**	**-67.6%**
TAX	(492)	(774)	568	(2,311)	-506.7%	(1,810)	(3,008)	66.2%
PAT	**5,278**	**3,023**	**(6,435)**	**2,895**	**-145.0%**	**22,133**	**4,761**	**-78.5%**

Note:
1. 3Q15 figure has been restated.

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Loans and deposit declined YoY due to TSA policy and initiatives to conserve capital and optimise liquidity, given the unfavorable operating environment

FCMB: Statements of Financial Position (Extracts) - (Dec. 2014 to Dec. 2015)

N'm	4Q14	1Q15	2Q15	3Q15	4Q15	% Δ QoQ	% Δ YoY
Cash and cash equivalents	126,294	144,970	151,919	141,172	180,922	28.2%	43.3%
Restricted reserve deposits	146,106	163,141	195,824	171,566	125,552	-26.8%	-14.1%
Loans and advances	617,980	582,227	578,570	568,496	592,957	4.3%	-4.0%
Derivative assets held	4,503	3,609	3,387	1,117	1,480	32.5%	-67.1%
Non Pledged trading assets	742	4,253	3,987	9,783	1,994	-79.6%	168.8%
Investments	148,287	156,910	149,416	147,809	135,310	-8.5%	-8.8%
Assets pledged as collateral	53,812	50,159	51,159	51,778	51,778	0.0%	-3.8%
Investment in associate	647	647	647	647	732	13.1%	13.1%
Intangible assets	8,348	8,700	8,574	8,480	8,969	5.8%	7.4%
Deferred tax assets	8,166	8,184	8,184	9,810	8,166	-16.8%	0.0%
Other assets	26,088	38,571	41,681	30,457	21,703	-28.7%	-16.8%
Fixed assets	28,392	29,067	29,525	30,233	29,971	-0.9%	5.6%
Total Assets	**1,169,365**	**1,190,438**	**1,222,875**	**1,171,349**	**1,159,534**	**-1.0%**	**-0.8%**
<u>LIABILITIES:</u>							
Derivative liabilities held	4,194	3,344	3,165	924	1,317	42.6%	-68.6%
Customer deposits	733,797	759,648	785,754	703,227	700,217	-0.4%	-4.6%
Deposits from banks	4,797	8,691	12,000	26,998	5,461	-79.8%	13.8%
Other liabilities	125,584	112,341	119,176	138,983	93,292	-32.9%	-25.7%
Borrowings	99,540	94,544	96,392	96,758	113,700	17.5%	14.2%
On-lending facilities	14,914	18,515	16,970	19,162	33,846	76.6%	126.9%
Debt securities issued	26,174	27,060	26,030	26,939	49,309	83.0%	88.4%
Shareholders' funds	160,365	166,295	163,388	158,358	162,391	2.5%	1.3%
Liabilities and Shareholder Equity	**1,169,365**	**1,190,438**	**1,222,875**	**1,171,349**	**1,159,534**	**-1.0%**	**-0.8%**
Acceptances & Guarantees	**211,926**	**213,635**	**197,563**	**219,472**	**142,062**	**-35.3%**	**-33.0%**

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Operating profits from the banking group and gains from investments managed by the holding company largely drove FY 2015 earnings

FCMB: Analysis of PBT Contribution by Entity (1Q15 to 4Q15 & FY14 vs. FY15)

N'm	1Q15	2Q15	3Q15	4Q15	% Δ QoQ	FY14	FY15	% Δ YoY
Commercial Banking Group	5,365	2,638	(6,787)	5,238	177%	22,479	6,454	-71%
Investment Banking Group								
• FCMB CM,	137	153	(37)	(44)	-19%	1,033	210	-80%
• CSL Stockbrokers	132	113	(329)	(242)	26%	308	(326)	-206%
CSL Trustees	23	29	30	35	16%	54	118	118%
FCMB Group Plc (Separate) [1]	112	864	119	133	11%	1	1,228[2]	139897%
Share of Post tax result of Associate	0	0	0	85	n/a	68	85	24%
FCMB Group Plc (consolidated)	**5,770**	**3,796**	**(7,003)**	**5,206**	**174%**	**23,943**	**7,769**	**-68%**

Note:

1. Excludes dividend income from subsidiaries
2. Recognises FY 2015 impairment charge of N689M on goodwill from acquisition of CSLS

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Commercial & Retail Banking Group (CRBG): *Business Review –*

Mr. Ladi Balogun (Group Managing Director/ CEO): FCMB Ltd

FCMB

Profitability ratios fell in 3Q15, but improved in 4Q15. Capital and liquidity remain adequate

CRBG : Key Performance Indicators (1Q15 to 4Q15 & FY14 vs. FY15)

Performance Index		1Q15	2Q15	3Q15	4Q15	%Δ QoQ	FY14	FY15	%Δ YoY
Operating	Return on Av. Equity	12.9%	5.2%	-16.0%	7.9%	149.5%	15.6%	2.4%	-84.4%
	Return on Av. Assets	1.9%	0.9%	-0.7%	1.8%	358.6%	2.1%	0.6%	-73.2%
	Loan/Deposit Ratio	75.8%	72.8%	79.7%	79.6%	-0.2%	83.5%	79.6%	-4.8%
	Cost/Income Ratio	68.0%	79.2%	77.9%	79.6%	2.2%	65.7%	75.9%	15.6%
	Net Interest Margin	8.7%	8.0%	7.1%	7.5%	5.9%	9.1%	8.0%	-12.5%
	NPL/Total Loans	5.2%	5.2%	5.8%	4.2%	-28.4%	3.6%	4.2%	14.4%
	Coverage Ratio[1]	80.5%	69.3%	106.8%	123.6%	15.8%	84.5%	123.6%	46.4%
	NII/Operating Income	23.8%	22.8%	32.4%	24.7%	-23.8%	25.6%	25.9%	1.0%
	Financial Leverage	7.9%	8.0%	7.9%	7.9%	-1.0%	7.9%	7.9%	-0.5%
	Cost of Risk[2]	1.4%	1.6%	3.7%	-1.3%	-134.8%	1.8%	1.3%	-27.1%
Capital & Liquidity	Capital Adequacy Ratio	19.3%	18.6%	17.0%	16.9%	-0.7%	19.3%	16.9%	-12.3%
	Liquidity Ratio	41.0%	31.8%	35.8%	35.8%	-0.1%	31.0%	35.8%	15.4%
Others	Opex (N'B)	15.83	16.50	16.10	15.92	-1.1%	63.1	64.34	2.0%
	Risk Assets (net) (N'B)	581.79	578.15	568.07	592.67	4.3%	617.5	592.67	-4.0%
	Customer Deposits (N'B)	767.60	794.48	712.45	711.02	-0.2%	739.2	711.02	-3.8%

NOTE:

1. *Inclusive of regulatory risk reserve*
2. *2.2% if inclusive of impairment on receivable*

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Profitability was adversely affected by two significant defaulting obligors, higher cost of funds (CRR and TSA policy) and decline in trade and fx related income, in spite of surge in cards & service fees & comm

CRBG: Statements of Comprehensive Income (Extracts): (1Q15 to 4Q15 & FY14 vs. FY15)

N'm	1Q15	2Q15	3Q15	4Q15	%Δ QoQ	FY14	FY15	%Δ YoY
Revenue	**37,595**	**35,863**	**30,479**	**43,793**	**43.7%**	**140,683**	**147,730**	**5.0%**
Interest Income	32,053	31,145	23,598	35,814	51.8%	116,069	122,611	5.6%
Interest Expense[1]	(14,328)	(15,127)	(9,569)	(20,757)	116.9%	(44,604)	(59,780)	34.0%
Net Interest Income	**17,725**	**16,018**	**14,029**	**15,058**	**7.3%**	**71,465**	**62,830**	**-12.1%**
Non Interest Income	**5,542**	**4,718**	**6,726**	**4,934**	**-26.6%**	**24,483**	**21,920**	**-10.5%**
- Net Fees & Commissions[2]	2,590	2,504	5,665[3]	3,573	-36.9%	11,870	14,332	20.7%
- Securities Trading Income	245	111	101	731	620.3%	733	1,188	62.0%
- FX Income	2,326	1,387	1,005	474	-52.9%	9,438	5,192	-45.0%
- Others	381	715	(46)[3]	157	-445.2%	2,441	1,208	-50.5%
Operating Income	**23,267**	**20,736**	**20,756**	**19,992**	**-3.7%**	**95,947**	**84,751**	**-11.7%**
Operating Expenses	(15,833)	(16,426)	(16,166)	(15,919)	-1.5%	(63,076)	(64,344)	2.0%
Net impairment loss on loans[4]	(2,044)	(2,429)	(5,752)	2,020	-135.1%	(9,909)	(8,205)	-17.2%
Other impairment loss[5]	(25)	758	(5,780)	(850)	-85.3%	(614)	(5,897)	860.2%
Net gains/(losses) from fin. instruments at fair value	-	-	155	(5)	-103.1%	131	150	14.0%
PBT	**5,365**	**2,639**	**(6,787)**	**5,238**	**-177.2%**	**22,479**	**6,454**	**-71.3%**
PAT	**4,955**	**1,920**	**(6,248)**	**2,915**	**-146.7%**	**21,107**	**3,542**	**-83.2%**

Notes:

1. YoY increase in interest expense was largely driven by rising cash reserve ratio (until 4Q15) as well as TSA.
2. Net Fees & Commissions remained flat YoY, in spite of 52% drop in LC income and 42% drop in COT, as this was compensated for by a YoY surge in Cards & Service Fees and Comm from N11.3 billion to N14.9 billion
3. 3Q15 figure has been restated.
4. Increase in impairment due to N6.2 billion charge on MRS in 3Q15.
5. YoY spike due to exceptional charge on Government Agency (N5.4 billion).

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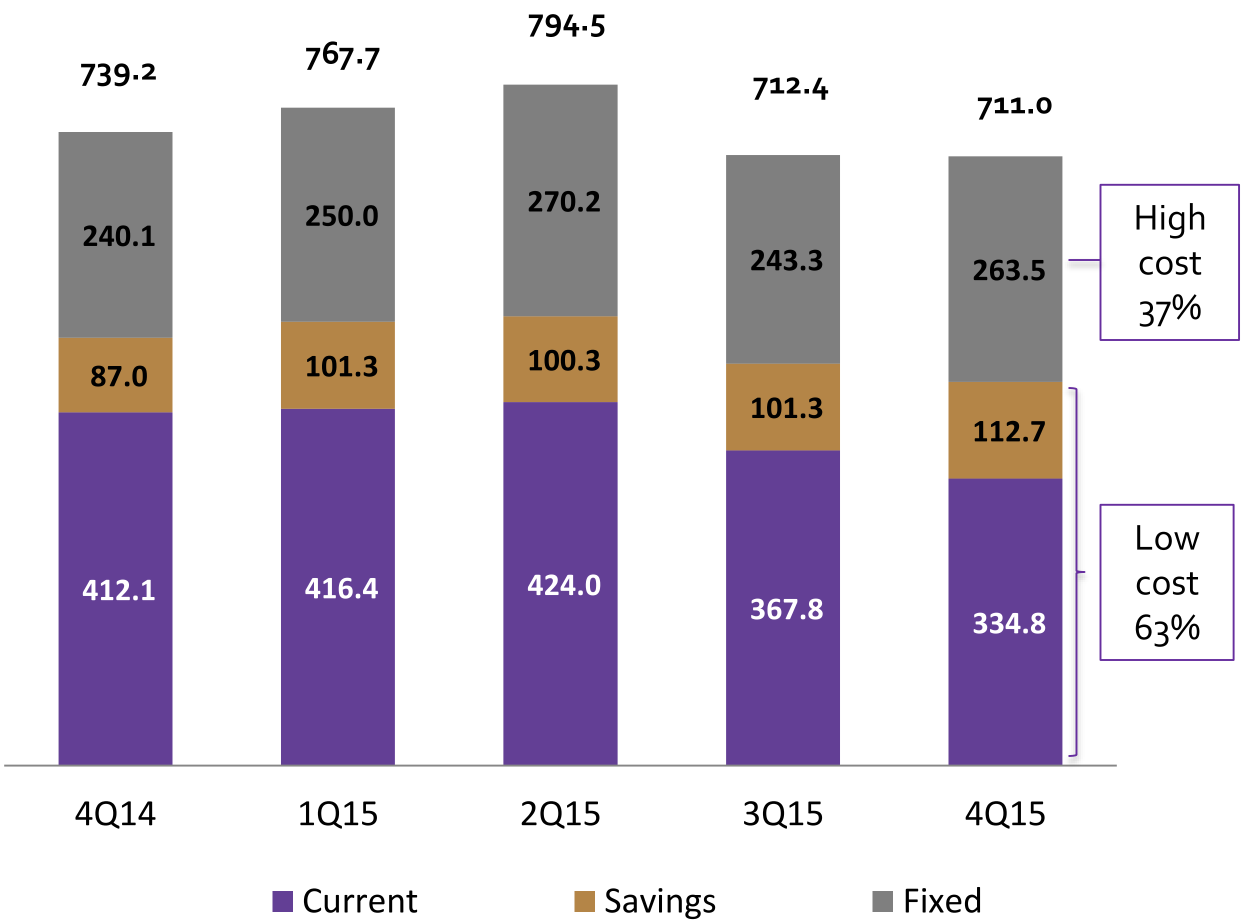
Rising cash reserve requirement until 4Q15. Overall, balance sheet size remained flat YoY, despite pay-down of TSA related deposits

N'm	4Q14	1Q15	2Q15	3Q15	4Q15	% Δ QoQ	% Δ YoY
Cash and cash equivalents	119,672	145,868	141,276	135,234	177,771	31.5%	48.5%
Restricted reserve deposits	146,106	163,141	195,824	171,566	125,552	-26.8%	-14.1%
Loans and advances	617,523	581,794	578,154	568,072	592,672	4.3%	-4.0%
Derivative assets held	4,503	3,609	3,387	1,117	1,480	32.5%	-67.1%
Non Pledged trading assets	111	3,185	2,661	9,292	1,839	-80.2%	1557.6%
Investments	134,038	140,897	146,401	136,506	124,465	-8.8%	-7.1%
Assets pledged as collateral	53,812	50,159	51,159	51,778	51,778	0.0%	-3.8%
Investment in associate							
Intangible assets	7,272	7,627	7,507	7,416	8,609	16.1%	18.4%
Deferred tax assets	8,166	8,166	8,166	9,792	8,166	-16.6%	0.0%
Other assets	26,598	38,613	40,866	30,125	28,005	-7.0%	5.3%
Fixed assets	28,212	28,884	29,347	30,083	29,807	-0.9%	5.7%
Total Assets	**1,146,012**	**1,171,942**	**1,204,748**	**1,150,981**	**1,150,144**	**-0.1%**	**0.4%**
LIABILITIES:							
Trading liabilities	-	-	463	-	-	0.0%	0.0%
Derivative liabilities held	4,194	3,344	3,165	924	1,317	42.6%	-68.6%
Customer deposits	739,239	767,604	794,478	712,450	711,025	-0.2%	-3.8%
Deposits from banks	4,797	8,691	12,000	26,998	5,461	-79.8%	13.8%
Other liabilities	112,940	93,256	93,620	115,307	87,082	-24.5%	-22.9%
Borrowings	99,901	104,307	106,421	103,165	113,700	10.2%	13.8%
On-lending facilities	14,914	18,515	16,970	19,162	33,846	76.6%	126.9%
Debt securities issued	26,174	27,060	26,030	26,939	49,309	83.0%	88.4%
Shareholders' funds	143,853	149,165	151,602	146,037	148,404	1.6%	3.2%
Liabilities and Shareholder Equity	**1,146,012**	**1,171,942**	**1,204,748**	**1,150,981**	**1,150,144**	**-0.1%**	**0.4%**
Acceptances & Guarantees	**211,926**	**213,635**	**197,563**	**219,472**	**142,062**	**-35.3%**	-33.0%

Deposits declined 4% YoY due to TSA refunds and deposit optimisation initiatives, barring which low cost deposit growth would have been achieved

CRBG: Deposit Distribution by Type (Dec. 2014 – Dec. 2015)



Comments

- The TSA policy initiated by the federal government accounted for decline in deposits YoY.
- Continuous initiatives to further optimise the balance sheet necessitated shedding some CRR-linked deposits.

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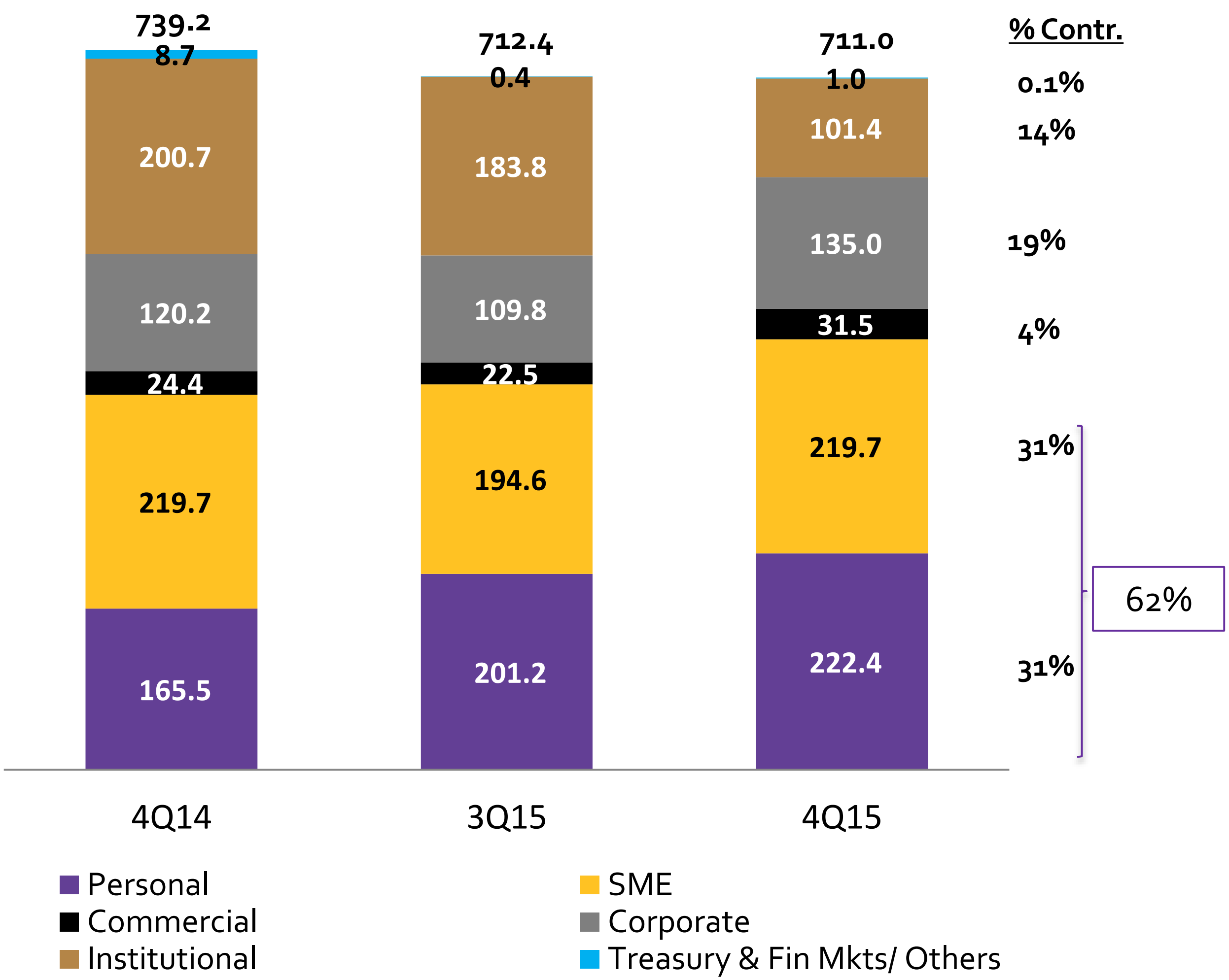
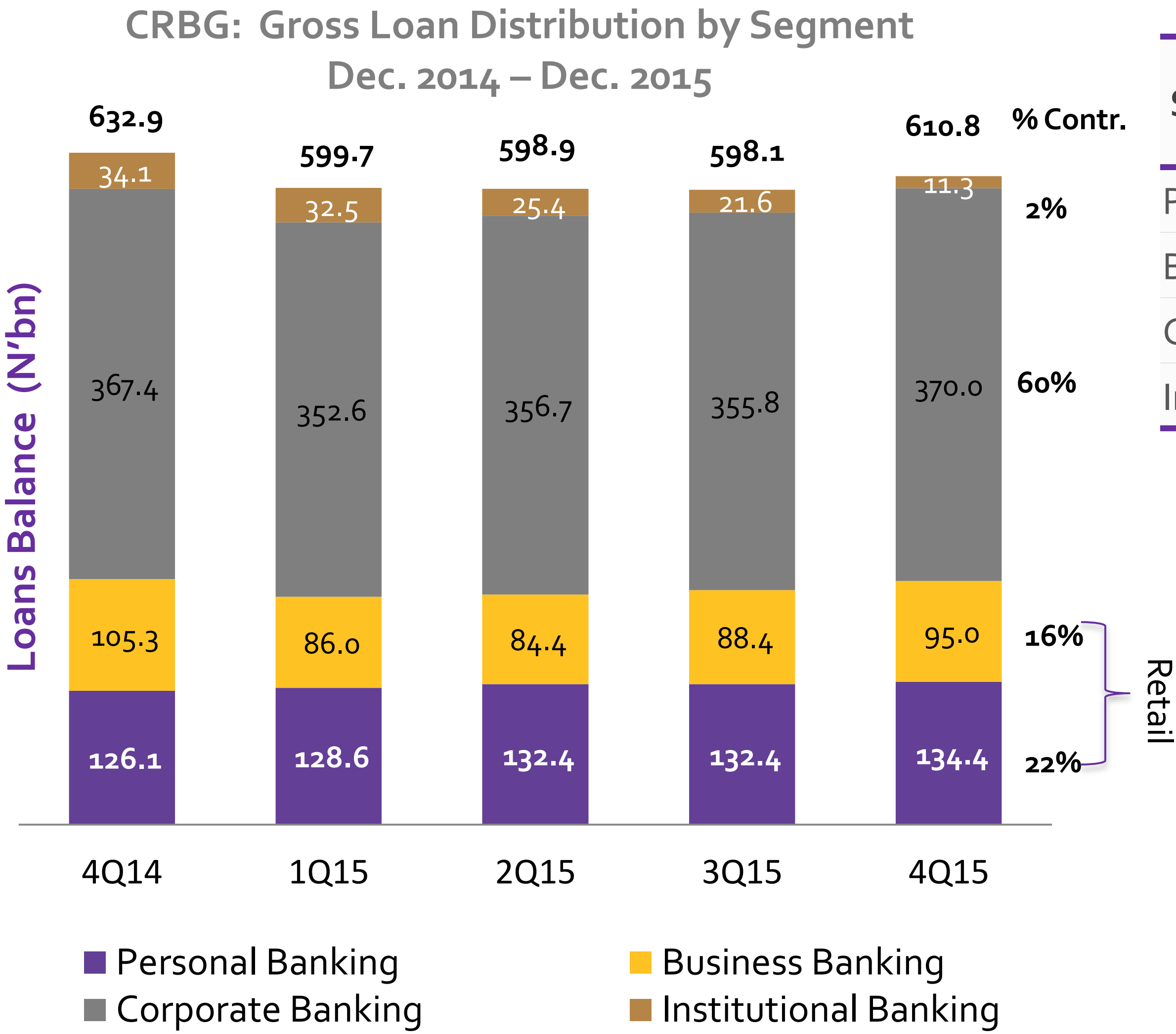
Retail banking funded 62% of total deposits and grew 13%YOY

CRBG: Deposit Distribution by Segment (Dec. 2014 vs. Sept. 2015 vs. Dec. 2015)



	% Δ QoQ	% Δ YoY
Personal	9.5%	25.6%
SME	11.4%	0.0%
Commercial	28.6%	22.5%
Corporate	18.7%	11.0%
Institutional	-81.3%	-97.9%
Treasury & Financial Markets/ Others	60.0%	-770.0%
Total	-0.2%	-4.0%

38% of all credits were issued to individuals & SMEs (i.e. Retail), as the Individual book remained a key driver of loan growth



Segment	% Δ QoQ	% Δ YoY
Personal	1.5%	6.5%
Business	7.5%	-9.7%
Corporate	4.0%	0.7%
Institutional	-47.4%	-66.8%

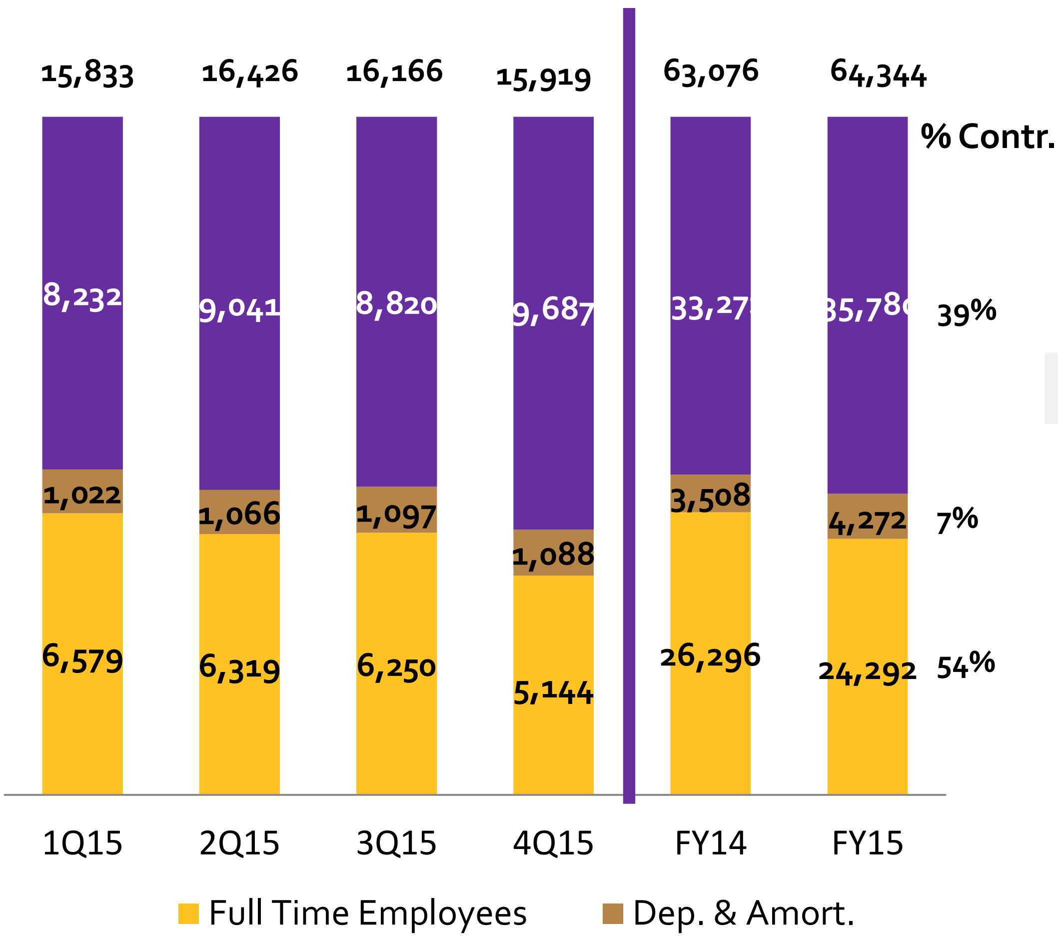
Comments

- Drop in size of Institutional loan book, was as a result of pay-downs on some state government loans.
- Growth in personal and corporate YoY reduced the impact of reduction in the loan book caused by the drop in institutional and SME loans.
- 2016 loan growth outlook of 5% or less, assuming no devaluation.

Opex growth was reigned-in to 2% YoY, despite inflation at 9.5% YoY and increased costs from currency devaluation

YoY inflation= 9.5%

CRBG: Opex Analysis by Expense Domain 1Q15 - 4Q15 and FY14 vs. FY15



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	-17.70%	-7.62%
Depreciation & amortisation	-0.77%	21.79%
Operating	9.84%	7.54%
Total	-1.53%	2.01%

Comments

- Full time employee cost reduction YoY and QoQ were due to H/O and branch rationalisation.
- YoY opex growth containment at 2%, was enabled by channel optimisation programmes.
- YoY growth in depreciation & amortisation expenses was due to continued investments in ATMs, POS and other alternate channel / e-banking solutions.

Commercial & Retail Banking Group (CRBG): 2016 *Turnaround Plan Update –*

Mr. Ladi Balogun (Group Managing Director/ CEO): FCMB Ltd

FCMB

Overview

- During our 3Q15 presentation, the key thrust of our turnaround plan was highlighted:
  - 9% (N5bn) cost reduction in 2016
  - Intensify retail investment for sustained profitable growth
  - Roll out revised SME lending framework to manage cost of risk
  - Drive alternate channel growth for efficiency and non-interest income
  - Intensify loan recovery efforts
  - Build a more capital efficient corporate bank
- There are early signs, directionally in 4Q15, that execution has begun (e.g. improved NIMs, opex reduction, rising fees and commissions, loan write-backs)

Achievements so far … (continued)

9% cost reduction in 2016

- We achieved a reduction in OPEX budget for the 2nd quarter running in Q4 2015 of N650m (Q3:N190m).
- For 2016, at least N4billion annual savings already identified and further cost containment measures currently being developed to attain N5billion reduction target

Intensify retail investments for sustained profitable growth:

- Q4 witnessed 500% growth in retail banking profitability, with N4.7bn growth in personal banking and No.56b in business banking,
- Above is driven mostly by improving NIMs (12% growth in savings accounts) and cards and e-banking fees and commissions.
- We acquired 149,009 customers in Q4 2015. Momentum is expected to rise in 2016, as diaspora, youth banking and agent banking initiatives pick up.

Achievement so far … (continued)

Revised SME lending framework with tighter underwriting standards rollout,

- Dedicated SME loan officers and more effective monitoring and collection systems already being implemented;
- SME cost of risk in Q4 reduced from 3.6% in Q3 to 3.4% with loans under new framework reporting 0.2% NPL ratio;
- Roll out to be extended in 2016 with target loan growth of N10 billion;
- SME portfolio cost of risk estimated to reduce to 3.1% for full year 2016, from a peak of 5.4% in 2014(2015- 3.4%).

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Achievements so far … (continued)

Drive alternate channel growth for efficiency and non-interest income.

- In Q4, non-interest income from alternate channels grew by 18.6% QoQ from N3.01b in Q3 to N3.6b in Q4.

Intensify efforts in loan recovery:

- 4Q15 witnessed significant loan write-backs;
- N3.6billion additional recoveries negotiated and expecting payment within 90 days;
- On target to attain N6b in total loan recovery;
- Recoveries and conservative provisioning should help mitigate surprises from remaining concerns in corporate loan book.

Achievements so far … (continued)

Build a more capital efficient corporate bank

- 2016 focus will be on managing upstream oil and gas and power sector loans to ensure continued performance.
- N3.6billion out of N6bn target recovery negotiation concluded in Q1.
- Corporate Banking risk asset portfolio volume is expect to remain flat into 2016, on the assumption that there will be no devaluation.
- Additional loans during the year will be to replace write offs and recoveries, focusing on low risk high quality borrowers pursuing export and import substitution opportunities
- Revenue focus will be on fee income and modest upward price reviews, as opposed to balance sheet growth
- Loan to deposit ratio remains high at 3:1. Reduction towards 2018 target of 1.5:1 to begin in H2.

Expected Outcomes

- Capital Preservation: 5% max loan growth (without devaluation) should ensure CAR improves. Revaluation gains and tier 2 headroom will offset impact of devaluation on $ loan book.

- More resilient and diversified income as retail banking contribution grows: expecting retail banking to account over 50% of revenues in 2016. Personal banking revenue to grow by a further 25%.

- Declining costs in 2016 and 2017: N4billion reduction already identified for 2016. Target N5billion reduction.

- Declining cost of risk: net cost of 2.2% in 2015 inclusive of receivable, expected to fall below 2% in 2016 after write-backs.

- Improved profitability: RoE likely to remain single digit from core earnings (primarily retail driven) but marked improvement from 2015 for above reasons, returning to double digit by 2017.

Risk Management Review –

Mrs. Toyin Olaiya

FCMB

Diversified loan book, shrunk slightly during the year mainly from paydown and selective origination, as macroeconomic environment remained challenging

FCMB: Analysis of Gross Loans by Sector Dec. 2014 – Dec. 2015)

Industry Sector	Dec'14	Mar' 15	Jun' 15	Sept'15	Dec'15	% DISTR.
AGRICULTURE	38,153	28,910	25,678	20,002	36,131	5.9%
COMMERCE	75,761	71,433	70,201	66,676	62,435	10.2%
CONSTRUCTION	8,261	6,708	5,653	5,709	6,796	1.1%
EDUCATION	6,119	6,178	6,093	6,058	6,012	1.0%
FINANCE & INSURANCE	23,361	11,184	17,658	14,740	25,929	4.2%
GENERAL – OTHERS	12,124	12,240	11,561	11,307	10,858	1.8%
GOVERNMENT	28,770	24,084	14,353	12,686	829	0.1%
INDIVIDUAL	126,142	128,637	132,367	132,370	134,384	22.0%
INFORMATION & COMMUNICATIONS	29,589	28,100	28,181	28,586	27,081	4.4%
MANUFACTURING	50,032	52,885	54,060	56,596	53,827	8.8%
OIL&GAS-DOWNSTREAM	55,982	41,615	50,814	57,370	47,195	7.7%
OIL&GAS-UPSTREAM&SERVICES	92,130	96,861	96,328	98,825	98,262	16.1%
POWER & ENERGY	24,707	26,514	23,621	22,812	27,228	4.5%
PROFESSIONAL SERVICES	2,708	2,568	3,668	3,721	4,182	0.7%
REAL ESTATE	50,254	54,179	51,549	54,005	62,107	10.2%
TRANSPORTATION & LOGISTICS	8,825	7,564	7,072	6,592	7,519	1.2%
	632,919	**599,662**	**598,857**	**598,055**	**610,774**	100.0%

Comments

- The bank was cautious in loan growth for the year hence the reduction in the loan book
- 76% QoQ growth in Finance and Insurance sector came from short tenured, self liquidating transaction expected to circle out in 1Q'16.
- Power Sector loan growth of 19% primarily due to an on-lending opportunity to specific customer; additional funding expected in 2016 with project progress.
- Real estate grew as a result of funding of existing projects with confirmed off-takers.
- A slight drop is expected in the loan book in 1Q'16 as we remain cautious in loan growth.

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NPL grew YoY primarily due to a specific O&G downstream obligor

FCMB: NPL Distribution by Sector (Dec. 2014 vs. Sept. 2015 & Dec. 2015)

BUSINESS SEGMENT	Dec. 2014		Sept. 2015		Dec. 2015	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	2,436.42	6.4%	697.93	3.5%	693.92	1.9%
Commerce	6,711.19	8.9%	7,930.69	11.9%	4,697.51	7.5%
Construction	1,683.58	20.4%	2,422.91	42.4%	1,897.93	27.9%
Education	274.62	4.5%	359.44	5.9%	138.48	2.3%
Finance & Insurance	29.13	0.1%	101.20	0.7%	46.84	0.2%
General – Others	1,514.76	12.5%	923.13	8.2%	772.55	7.1%
Government	14.97	0.1%	96.00	0.8%	17.11	2.1%
Individual	6,068.34	4.8%	10,395.35	7.9%	6,875.94	5.1%
Information & Communications	470.18	1.6%	766.55	2.7%	757.78	2.8%
Manufacturing	1,529.04	3.1%	2,779.92	4.9%	2,725.92	5.1%
Oil&Gas- Downstream	444.67	0.8%	6,904.26	12.0%	6,611.23	14.0%
Oil & Gas – Upstream & Services	0.06	0.0%	3.31	0.0%	0.00	0.0%
Power & Energy	-	0.0%	47.84	0.2%	-	0.0%
Professional Services	18.41	0.7%	157.75	4.2%	67.25	1.6%
Real Estate	1,392.11	2.8%	333.06	0.6%	0.01	0.0%
Transportation & Logistics	374.70	4.2%	273.23	4.1%	67.70	0.9%
Total	**22,962.20**	**3.6%**	**34,192.57**	**5.7%**	**25,370.16**	**4.2%**

Comments

- YoY drop in Agriculture's NPL is from a previously restructured facility which is now performing.
- Individual Sector NPL dropped QoQ by 33.9% due to salary bail out from Federal government.
- The YoY NPL growth in the Oil and Gas (Downstream) sector is due to a legacy loan of N6.2bn, whose restructure failed. There is a good prognosis of recovery on this.
- Power portfolio remain performing as obligations are being met. Major challenge for the sector is delay experienced in sourcing for FX.
- We don't envisage deterioration in the Upstream oil and gas sector with the proactive restructure of over 50% of the portfolio.
- Recovery in 1Q and 2Q 2016 is expected from Manufacturing, Commerce and Real Estate Sectors.

FCMB

Full year net loan loss charge of N8.205bn shows improvement on 2014. This excludes N5.4 billion AMCON receivable charge.

FCMB: Loan Loss Charge/Recovery by Sector (Dec. '14 vs. Sept. & Dec. '15)

Business Segment	Loan Loss Charges/ Recoveries					Cost of Risk %
	Dec'14 YTD	Sept'15 YTD	Dec'15 YTD	Δ QoQ	Δ YoY	
AGRICULTURE	1,994.46	(1,888.10)	(1,922.47)	(34.37)	(3,916.92)	-5.2%
COMMERCE	2,978.87	1,315.17	2,075.26	760.10	(903.60)	3.0%
CONSTRUCTION	626.54	394.11	74.59	(319.52)	(551.95)	1.0%
EDUCATION	24.23	1.89	72.71	70.82	48.48	1.2%
FINANCE & INSURANCE	522.63	(560.88)	(480.38)	80.50	(1,003.01)	-1.9%
GENERAL – OTHERS	942.15	290.47	362.73	72.26	(579.42)	3.2%
GOVERNMENT	(39.03)	(72.77)	(159.88)	(87.10)	(120.85)	-1.1%
INDIVIDUAL	3,021.94	3,057.88	879.25	(2,178.63)	(2,142.69)	0.7%
INFORMATION & COMMUNICATIONS	(65.48)	254.01	248.07	(5.94)	313.55	0.9%
MANUFACTURING	445.68	910.15	864.17	(45.97)	418.49	1.7%
OIL&GAS-DOWNSTREAM	(525.85)	6,594.76	6,164.95	(429.81)	6,690.80	12.0%
OIL&GAS-UPSTREAM&SERVICES	49.84	178.34	23.31	(155.03)	(26.53)	0.0%
POWER & ENERGY	(14.85)	(20.98)	(5.90)	15.08	8.95	0.0%
PROFESSIONAL SERVICES	(28.43)	55.23	40.74	(14.48)	69.18	1.2%
REAL ESTATE	(69.94)	(257.29)	(87.24)	170.05	(17.30)	-0.2%
TRANSPORTATION & LOGISTICS	45.94	(26.95)	54.72	81.67	8.78	0.7%
Total	**9,908.70**	**10,225.03**	**8,204.65**	**(2,020.39)**	**(1,704.05)**	**1.3%**

Comments

- 19.8% drop in loan loss expense in 4Q15 came mainly from Individual sector (following bail-out to state governments), which also contributed largely to the YoY 17.2% drop in loan loss expense
- Recovery in agric sector largely due to refinancing of a large loan via bank of industry, which is now performing.
- The high CoR in Commerce (Contracting) and General-other, resulted mainly from Government delay in paying contractors and employees under Association Lending.
- The high CoR in Downstream Oil & Gas is from a legacy loan, whose restructure failed and provision made in the year.
- Further recovery is targeted for 2Q16.

Provision cover for NPLs exceeded 100%, with solid coverage across all segments as at Y/E

FCMB CRBG: Coverage Ratio (inclusive of Regulatory Risk Reserve) Analysis by Segment

Segments	Dec. 2014		Sept. 2015		Dec. 2015	
	NPL	Prov. Coverage	NPL	Prov. Coverage	NPL	Prov. Coverage
Personal	6.51	76.5%	10.81	89.5%	7.61	102.6%
Business Banking	8.66	77.3%	13.20	76.7%	7.35	95.5%
Corporate & Commercial	7.68	97.4%	9.99	163.4%	10.35	159.4%
Institutional	0.11	378.8%	0.18	205.2%	0.06	467.1%
Total	22.96	**85.2%**	34.19	**106.8%**	25.37	**124.6%**

Comments

- Business Banking loans are largely secured, with high recovery rates. 90% of the sector is currently secured.
- Coverage for Corporate and Commercial Banking is high because loans are individually impaired with adequate provision for probable loss. The large pool of collective impairment also boosts coverage.

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Credit Outlook

- Corporate Loan growth will be strategic with focus on investment grade industries, whilst opportunities within the Manufacturing and Agriculture sectors will be explored within the bank's risk tolerance limits.
- Retail lending opportunities also limited as eligible employers have been restricted to largely federal government and a handful of states
- Risk acceptance criteria has been tightened in all business lending: corporate, commercial and SME. This will affect loan growth in the short term but have a positive effect on asset quality and cost of risk in the medium term.
- Loan growth will range from 0 to 5% in dollar terms. Devaluation, therefore, likely to be the major source of growth. Positive for liquidity and capital adequacy. High churn of retail and SME loans will support lending fees.
- Economic conditions suggest asset quality will remain a key challenge, hence the bank will keep provision levels high.
- Exposures in challenged sectors will continue to be proactively managed and monitored to ensure performance and efficiency.
- Rescheduling of FCY loans will continue due to the current delay in accessing FX prevalent in the country.
- Prospects for recoveries are good, with an estimate of at least N6bn for the year (including AMCON receivable).

Investment Banking Group: *Business Review –*

Mr. Tolu Osinibi (ED, FCMB Capital Markets Ltd)

FCMB

Gross earnings dropped 39% YoY due to adverse microeconomic environment in the capital market albeit, opex remained flat

Investment Banking Group (IBG): Summary Financials (1Q15 to 4Q15 & FY14 vs. FY15)

Investment Banking Group	1Q15	2Q15	3Q15	4Q15	% Δ QoQ	FY14	FY15	% Δ YoY
N'm								
Gross earnings	734	682	209	463	122%	3,427	2,088	-39%
Net Interest Income	179	213	92	49	-47%	556	532	-4%
Non Interest Income	556	469	117	415	256%	2,871	1,555	-46%
–Debt Capital Raising	64	239	67	69	2%	1,483	439	-70%
–Other Financial Advisory Fees	151	2	6	1	-78%	136	160	18%
–Equity Capital Raising	29	34	4	142	3277%	227	209	-8%
– Brokerage Commission	157	162	112	163	45%	670	594	-11%
–Asset Management Fees	11	13	6	2	-63%	26	33	28%
– Trading Income	109	17	(98)	(77)	-22%	32	(50)	-254%
– Dividend	0	3	16	1	-95%	173	20	-89%
–Others	35	(0)	3	113	3257%	124	150	22%
Operating Income	734	682	209	463	122%	3,427	2,088	-39%
Operating Expenses	(438)	(448)	(424)	(696)	64%	(2,011)	(2,006)	0%
Net gains/(losses) from fin. instruments at fair value	(27)	31	(150)	(53)	-65%	(75)	(198)	163%
PBT	269	265	(365)	(285)	-22%	1,340	(116)	-109%
TAX	(75)	(45)	3	80	2905%	(372)	(37)	-90%
PAT	194	221	(363)	(205)	-43%	968	(154)	-116%
CIR	60%	66%	203%	150%	-26%	59%	96%	64%

2016 Outlook –

Mr. Peter Obaseki (Managing Director, FCMB Group Plc):

2016 Outlook

The macroeconomic challenges that adversely impacted business activities in 2015 will persist in 2016

- This could have an adverse impact on asset quality, hence cost of risk is likely to remain as high as 2% before recoveries.

- Commercial and retail banking profitability to improve due cost optimisation (minimum N4 billion target reduction for 2016) and continued momentum in retail, cards mobile and electronic banking.

- Investment banking and capital markets to have a challenging year as policy environment remains unclear for foreign portfolio and direct investors. Focus to be on restructuring and local currency bond issues.

- Microfinance subsidiary to be carved out from bank and begin making a positive contribution to Group Profit. Potentially a high growth business, with strong synergies with the bank's retail business.

- Wealth management income and contribution also expected to grow.

- Significant improvements expected in 2016, albeit challenges remain.