FCMB GROUP PLC

HY 2016

Investors & Analysts Presentation

3 August 2016


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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

AGENDA

Group Performance Review

Commercial & Retail Banking Group:
Business Review
2016 Imperatives Update

Risk Management Review

Investment Banking Group:
Business Review

Outlook to HY 2016

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Group Performance Review -

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

FCMB

Operating performance improved in 2Q16 and HY16, driven by currency revaluation, group-wide cost discipline and continued profit growth in retail banking. CAR at 16.1%.

FCMB: Key Performance Indicators (1Q16 vs. 2Q16 & HY15 vs. HY16)

Performance Index		1Q16	2Q16	%Δ QoQ	HY15	HY16	%Δ YoY
Operating	Return on Av. Equity	4.0%	33.1%	721.7%	10.3%	18.5%	78.8%
	Return on Av. Assets	0.6%	4.6%	707.7%	1.4%	2.6%	83.6%
	Loan/Deposit Ratio	85.5%	95.3%	11.5%	73.6%	95.3%	29.4%
	Loan/ Funding Ratio	65.7%	71.9%	9.3%	62.5%	71.9%	14.9%
	Cost/Income Ratio	74.2%	40.3%	-45.7%	71.9%	52.4%	-27.2%
	Net Interest Margin	8.8%	9.2%	4.3%	8.5%	8.7%	1.6%
	NPL/Total Loans	4.8%	4.7%	-2.2%	5.2%	4.7%	-9.8%
	Coverage Ratio[1]	105.7%	101.4%	-4.0%	64.6%	101.4%	57.0%
	NII/Operating Income	22.9%	51.9%	126.5%	26.4%	41.6%	57.2%
	Financial Leverage	7.1	7.2	1.7%	7.4	7.2	-2.6%
	Cost of Risk	2.2%	3.5%	56.9%	1.5%	2.8%	89.0%
Capital & Liquidity	Capital Adequacy Ratio	18.5%	16.1%	-13.3%	19.8%	16.1%	-18.7%
	Liquidity Ratio	38.2%	35.9%	-6.0%	31.8%	35.9%	13.0%
Others	Opex (N'B)	16.5	16.22	-1.8%	33.7	32.73	-2.7%
	Risk Assets (net) (N'B)	562	657	17.0%	579	657	13.6%
	Customer Deposits (N'B)	657	689	4.9%	786	689	-12.3%

NOTE:

1. *Inclusive of regulatory risk reserve*

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PBT grew 538% QoQ and 70% YoY

FCMB: Statements of Comprehensive Income (Extracts) - (1Q16 vs. 2Q16 & HY15 vs. HY16)

N'm	1Q16	2Q16	%Δ QoQ	HY15	HY16	%Δ YoY
Revenue	**34,362**	**53,920**	**56.9%**	**77,354**	**88,283**	**14.1%**
Interest Income	28,505	32,045	12.4%	63,579	60,550	-4.8%
Interest Expense	(11,346)	(12,660)	11.6%	(29,143)	(24,006)	-17.6%
Net Interest Income	17,159	19,385	13.0%	34,436	36,544	6.1%
Non Interest Income	**5,093**	**20,895**	**310.2%**	**12,376**	**25,988**	**110.0%**
- Net Fees & Commissions	3,380	3,671	8.6%	6,120	7,051	15.2%
- Securities Trading Income	48	286	491.1%	389	334	-14.1%
- FX Income	1,556	16,726	975.2%	3,917	18,282	366.7%
- Others	109	212	94.6%	1,950	321	-83.5%
Operating Income	**22,252**	**40,280**	**81.0%**	**46,812**	**62,532**	**33.6%**
Operating Expenses	(16,513)	(16,221)	-1.8%	(33,653)	(32,734)	-2.7%
Net impairment loss on loans	(3,304)	(5,616)	70.0%	(4,473)	(8,919)	99.4%
Other impairment loss	(228)	(4,341)	1804.8%	726	(4,569)	-729.4%
Net gains/(losses) from fin. instruments at fair value	0	(21)	0.0%	154	(21)	-113.6%
Share of Post tax result of Associate	0	0	0.0%	0	0	0.0%
PBT	**2,207**	**14,081**	**537.9%**	**9,566**	**16,289**	**70.3%**
PAT	**1,645**	**14,023**	**752.2%**	**8,300**	**15,668**	**88.8%**

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Balance sheet grew QoQ and YoY, enabled by revaluation of the FCY monetary items (loans/ deposits/ borrowings/etc) and spike in deposits for LCs

FCMB: Statements of Financial Position (Extracts) - (2Q15 vs. 1Q16 vs. 2Q16)

N'm	2Q15	1Q16	2Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	151,919	147,083	154,300	4.9%	1.6%
Restricted reserve deposits	195,824	145,810	151,761	4.1%	-22.5%
Loans and advances	578,570	561,576	657,021	17.0%	13.6%
Derivative assets held	3,387	1,377	1,982	44.0%	-41.5%
Non Pledged trading assets	3,987	5,756	11,242	95.3%	182.0%
Investments	149,416	150,414	170,782	13.5%	14.3%
Assets pledged as collateral	51,159	51,778	55,778	7.7%	9.0%
Investment in associate	647	732	732	0.0%	13.1%
Intangible assets	8,574	8,863	8,576	-3.2%	0.0%
Deferred tax assets	8,184	8,186	8,186	0.0%	0.0%
Other assets	41,681	28,913	36,090	24.8%	-13.4%
Fixed assets	29,525	29,979	30,097	0.4%	1.9%
Total Assets	**1,222,875**	**1,140,467**	**1,286,546**	**12.8%**	**5.2%**
LIABILITIES:					
Derivative liabilities held	3,165	1,228	1,773	44.3%	-44.0%
Customer deposits	785,754	657,187	689,345	4.9%	-12.3%
Deposits from banks	12,000	34,522	41,898	21.4%	249.2%
Other liabilities [1]	119,176	87,464	150,903	72.5%	26.6%
Borrowings	96,392	112,833	142,428	26.2%	47.8%
On-lending facilities	16,970	33,336	33,391	0.2%	96.8%
Debt securities issued	26,030	51,085	49,210	-3.7%	89.0%
Shareholders' funds	163,388	162,811	177,599	9.1%	8.7%
Liabilities and Shareholder Equity	**1,222,875**	**1,140,467**	**1,286,546**	**12.8%**	**5.2%**
Acceptances & Guarantees	**197,563**	**138,892**	**174,847**	**25.9%**	**-11.5%**

1. N51bn of the QoQ increase, is due to growth in Letters of Credit deposits.

Bank and HoldCo drove group-wide earnings during the quarter and YTD

FCMB: Analysis of PBT Contribution by Entity
(1Q16 vs. 2Q16 & HY15 vs. HY16)

N'm	1Q16	2Q16	% Δ QoQ	HY15	HY16	% Δ YoY	% Contribution
Commercial & Retail Banking Group	2,226	12,469	460%	8,003	14,695	84%	90.2%
Investment Banking Group	**62**	**36**	**-43%**	**534**	**98**	**-82%**	**0.6%**
• FCMB CM,	19	67	244%	290	86	-70%	0.5%
• CSL Stockbrokers	43	(31)	-173%	244	12	-95%	0.1%
CSL Trustees	44	44	-1%	52	88	68%	0.5%
FCMB Group Plc (Separate)	(125)	1,533	1326%	976	1,408	44%	8.7%
FCMB Group Plc (consolidated)	**2,207**	**14,081**	**538%**	**9,566**	**16,289**	**70%**	**100%**

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

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

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Operating indices have improved, bank's CAR at 15.03%, to be adjusted following 3Q16 audit and tier 2 capital raise.

CRBG : Key Performance Indicators
(1Q16 vs. 2Q16 & HY15 vs. HY16)

Performance Index		1Q16	2Q16	%Δ QoQ	HY15	HY16	%Δ YoY
Operating	Return on Av. Equity	4.6%	32.1%	598.8%	9.3%	18.3%	96.4%
	Return on Av. Assets	0.8%	4.1%	416.8%	1.4%	2.4%	74.0%
	Loan/Deposit Ratio	84.0%	90.9%	8.3%	72.8%	90.9%	24.9%
	Cost/Income Ratio	73.5%	41.6%	-43.4%	73.3%	53.3%	-27.3%
	Net Interest Margin	8.9%	9.1%	2.3%	8.4%	8.6%	2.3%
	NPL/Total Loans	4.8%	4.6%	-3.9%	5.2%	4.6%	-11.3%
	Coverage Ratio[1]	110.6%	109.2%	-1.3%	69.3%	109.2%	57.6%
	NII/Operating Income	21.8%	49.0%	124.6%	23.3%	39.0%	67.3%
	Financial Leverage	7.7%	7.8%	0.9%	8.0%	7.8%	-2.9%
	Cost of Risk	2.2%	3.5%	58.2%	1.4%	2.8%	97.4%
Capital & Liquidity	Capital Adequacy Ratio	17.1%	15.0%	-12.1%	18.6%	15.0%	-19.2%
	Liquidity Ratio	38.2%	35.9%	-5.9%	31.8%	35.9%	13.0%
Others	Opex (N'B)	15.95	15.60	-2.2%	32.30	31.55	-2.3%
	Risk Assets (net) (N'B)	561.31	666.08	18.7%	578.20	666.08	15.2%
	Customer Deposits (N'B)	668.13	699.03	4.6%	794.50	699.03	-12.0%

NOTE:

1. Inclusive of regulatory risk reserve .

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Earnings improved due to FCY revaluation gains, retail momentum and effective cost control. Dampened by increased impairment on loans and other losses (N9.4bn in Q2)

CRBG: Statements of Comprehensive Income (Extracts): (1Q16 vs. 2Q16 & HY15 vs. HY16)

N'm	1Q16	2Q16	%Δ QoQ	HY15	HY16	%Δ YoY
Revenue	**33,044**	**51,099**	**54.6%**	**73,458**	**84,897**	**15.6%**
Interest Income	28,318	31,758	12.1%	63,198	60,076	-4.9%
Interest Expense	(11,335)	(12,619)	11.3%	(29,455)	(23,953)	-18.7%
Net Interest Income	**16,983**	**19,139**	**12.7%**	**33,743**	**36,122**	**7.1%**
Non Interest Income	**4,726**	**18,355**	**288.4%**	**10,106**	**23,081**	**128.4%**
- Net Fees & Commissions	3,025	3,386	11.9%	5,094	6,410	25.8%
- Securities Trading Income	56	278	396.1%	356	334	-6.3%
- FX Income[1]	1,587	14,480	812.4%	3,713	16,067	332.8%
- Others	58	212	265.0%	942	270	-71.4%
Operating Income	**21,709**	**37,494**	**72.7%**	**43,849**	**59,204**	**35.0%**
Operating Expenses	(15,952)	(15,598)	-2.2%	(32,259)	(31,550)	-2.2%
Net impairment loss on loans	(3,304)	(5,616)	70.0%	(4,474)	(8,919)	99.4%
Other impairment loss	(228)	(3,812)	1571.9%	733	(4,040)	-651.3%
Net gains/(losses) from fin. instruments at fair value	-	-	0.0%	154	-	-100.0%
PBT	**2,226**	**12,469**	**460.3%**	**8,003**	**14,695**	**83.6%**
PAT	**1,699**	**12,481**	**634.6%**	**6,875**	**14,180**	**106.3%**

Note:

1. *This is inclusive of revaluation gain of N9.1bn,*

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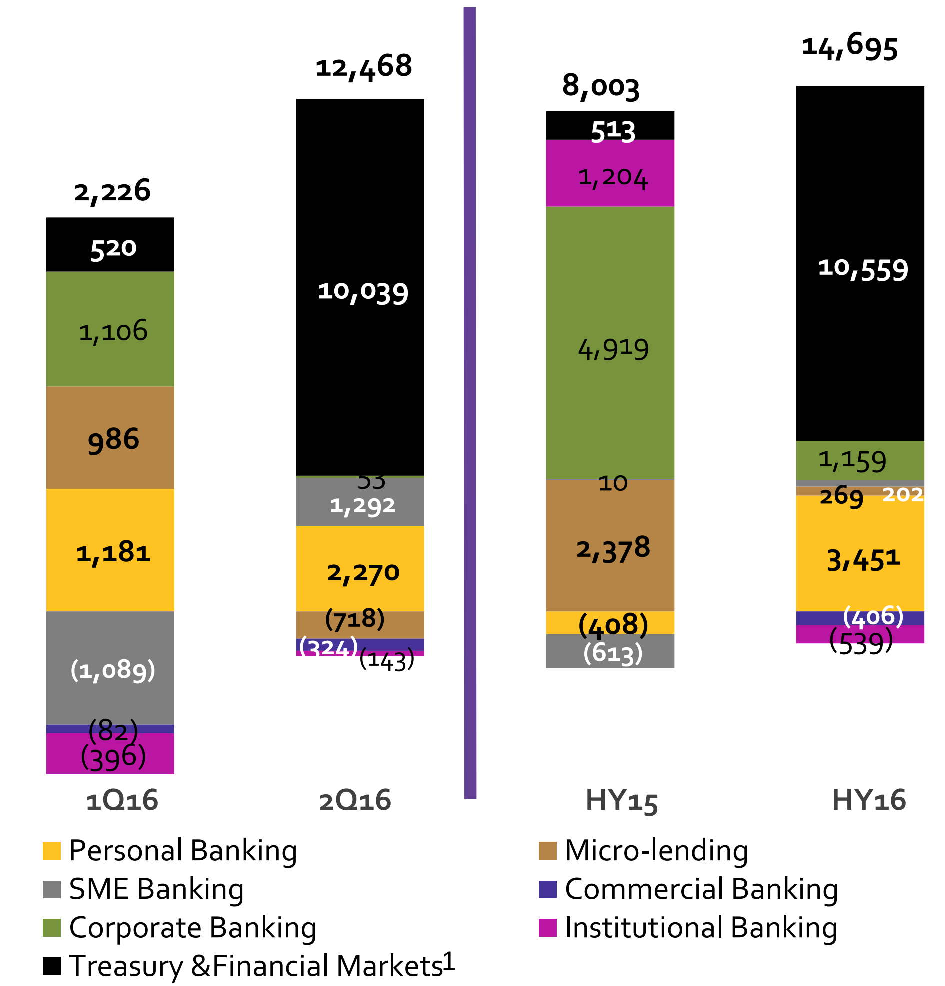
Deposits and loans grew QoQ, aided by appreciation in the value of the FCY components of these monetary items, following the recent devaluation of the naira. While the YoY decline in deposits was due to TSA.

N'm	2Q15	1Q16	2Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	141,276	143,069	150,655	5.3%	6.6%
Restricted reserve deposits	195,824	145,810	151,761	4.1%	-22.5%
Loans and advances	578,154	561,310	666,075	18.7%	15.2%
Derivative assets held	3,387	1,377	1,982	44.0%	-41.5%
Non Pledged trading assets	2,661	5,640	11,125	97.2%	318.1%
Investments	146,401	139,110	155,756	12.0%	6.4%
Assets pledged as collateral	51,159	51,778	55,778	7.7%	9.0%
Intangible assets	7,507	8,508	8,538	0.4%	13.7%
Deferred tax assets	8,166	8,166	8,166	0.0%	0.0%
Other assets	40,866	34,831	35,868	3.0%	-12.2%
Fixed assets	29,347	29,818	29,916	0.3%	1.9%
Total Assets	**1,204,748**	**1,129,415**	**1,275,619**	**12.9%**	**5.9%**
LIABILITIES:					
Trading liabilities	463				-100.0%
Derivative liabilities held	3,165	1,228	1,773	44.4%	-44.0%
Customer deposits	794,478	668,133	699,026	4.6%	-12.0%
Deposits from banks	12,000	34,522	41,898	21.4%	249.1%
Other liabilities	93,620	79,321	143,984	81.5%	53.8%
Borrowings	106,421	112,833	142,428	26.2%	33.8%
On-lending facilities	16,970	33,336	33,391	0.2%	96.8%
Debt securities issued	26,030	51,085	49,210	-3.7%	89.1%
Shareholders' funds	151,602	148,957	163,911	10.0%	8.1%
Liabilities and Shareholder Equity	**1,204,748**	**1,129,415**	**1,275,619**	**12.9%**	**5.9%**
Acceptances & Guarantees	**197,563**	**138,892**	**174,847**	**25.9%**	-11.5%

Growing 460% QoQ and 84% YoY, our retail banking division accounted for 27% of HY16's PBT.

CRBG: PBT Analysis by Segment
1Q16 vs. 2Q16 & HY15 vs. HY16



Segment	HY15 % DISTR.	HY16% DISTR.	% Δ QoQ	% Δ YoY
Personal Banking	-5.1%	23%	92.1%	945.3%
Micro-lending	29.7%	2%	-172.8%	-88.7%
SME Banking	-7.7%	1%	218.5%	133.0%
Commercial Banking	0.1%	-3%	-293.1%	-4284.0%
Corporate Banking	61.5%	8%	-95.2%	-76.4%
Institutional Banking	15.0%	-4%	63.8%	-144.7%
Treasury & Fin. Mkts.	6.4%	72%	1830.5%	1959.7%
Total	**100.0%**	**100.0%**	**460.1%**	**83.6%**

Note:
1. Inclusive of revaluation gain of N9.1bn.

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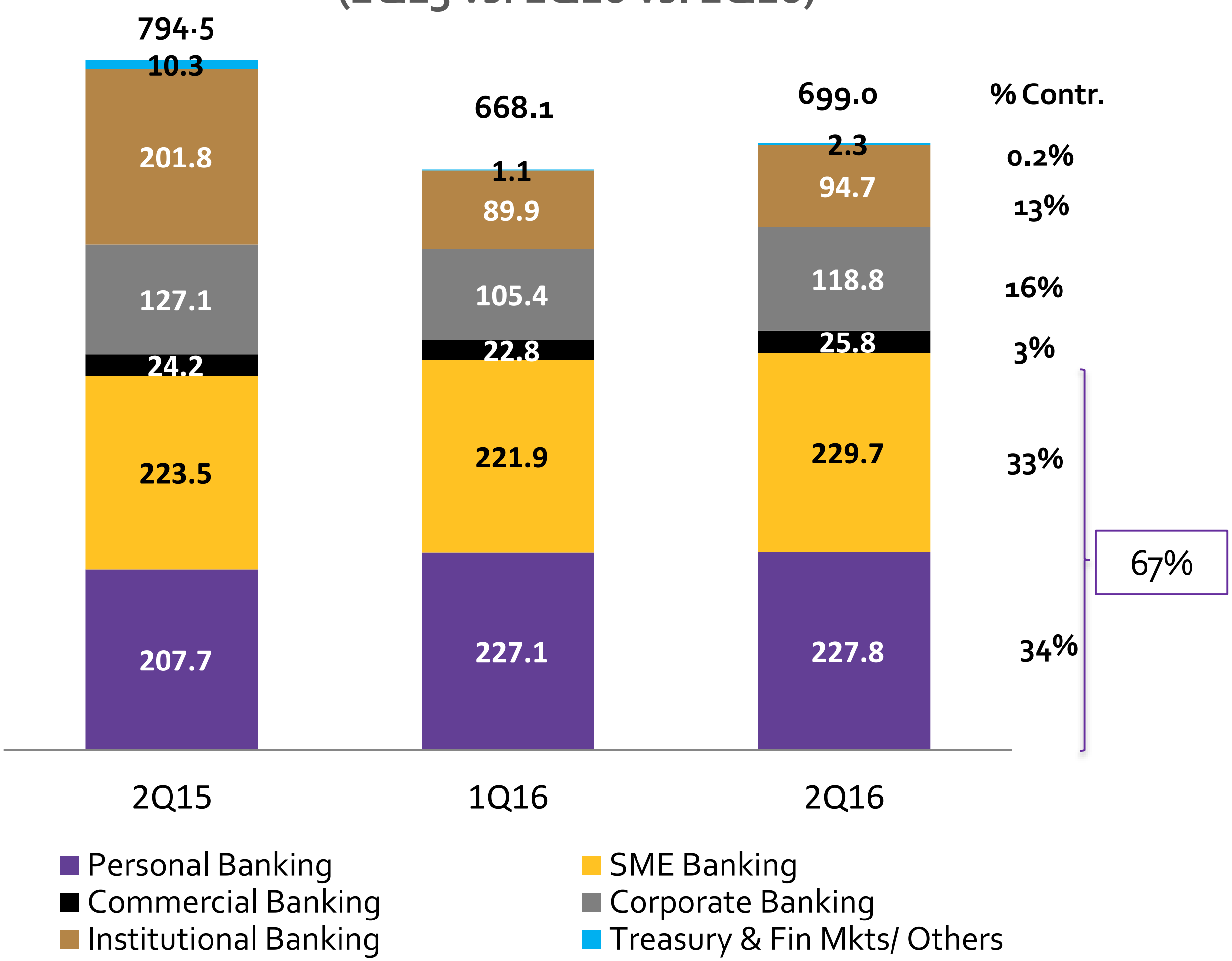
Retail deposits (Personal and SME) also accounted for 2/3 of total deposits, which grew 6% YoY…

CRBG: Deposit Distribution by Segment (2Q15 vs. 1Q16 vs. 2Q16)



	% Δ QoQ	% Δ YoY
Personal Banking	0.3%	8.8%
SME Banking	3.4%	2.7%
Commercial Banking	11.6%	6.2%
Corporate Banking	11.3%	-7.0%
Institutional Banking	5.1%	-113.1%
Treasury & Financial Markets/ Others	52.2%	-347.8%
Total	4.4%	-13.7%

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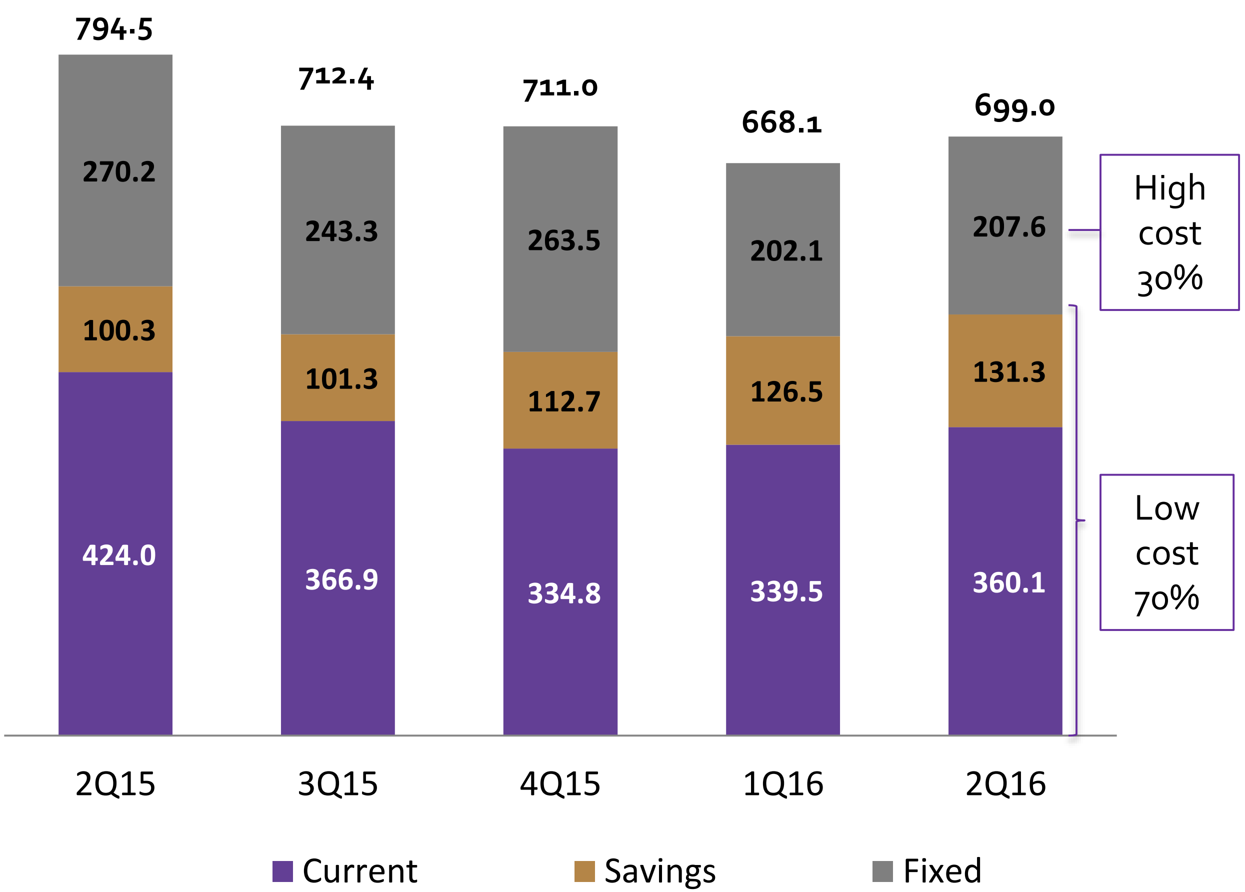
...enabling a 70% low cost deposit mix, and the flexibility to pay down some of our purchased funds

CRBG: Deposit Distribution by Type (Jun. 2015 – Jun. 2016)

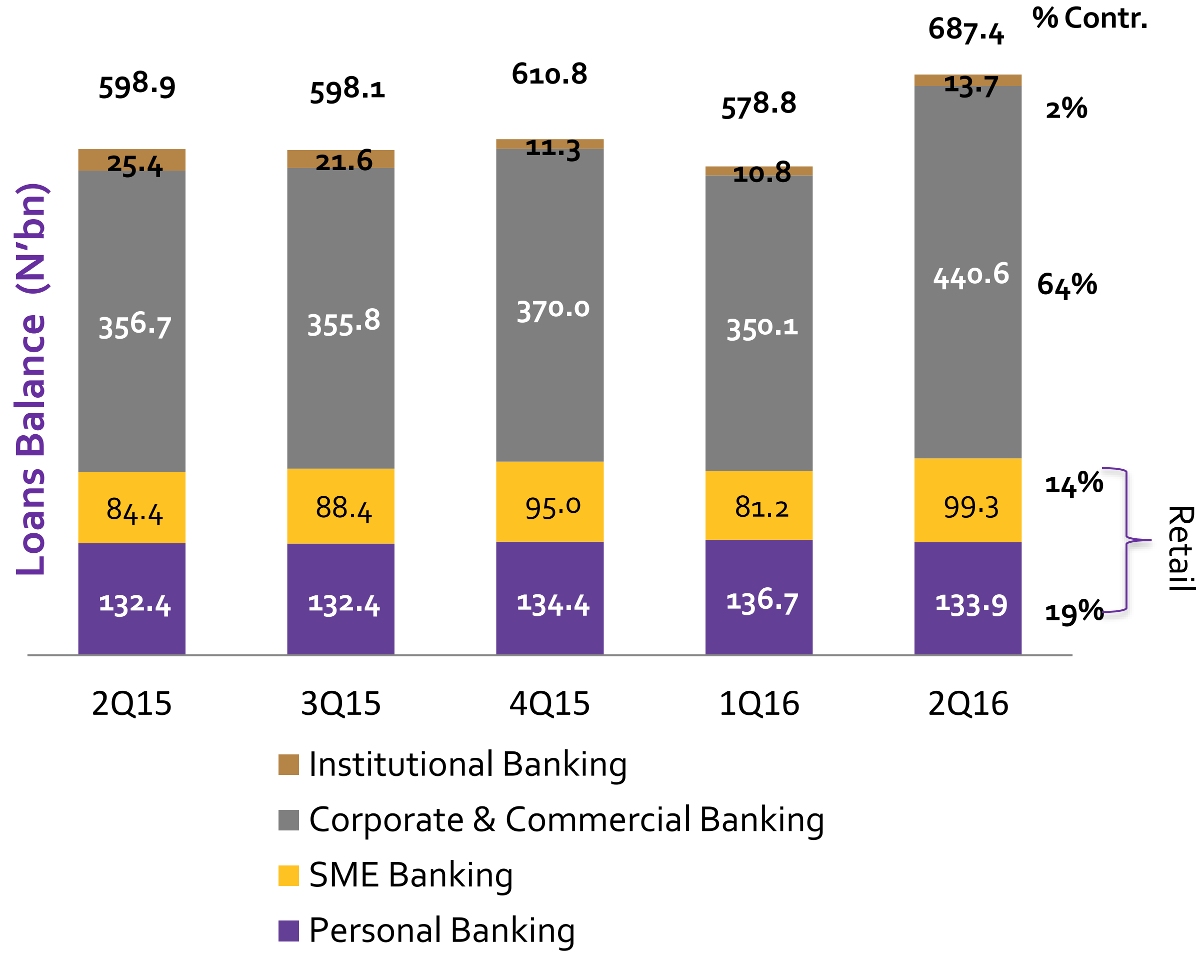


Comments

- Growth in customer deposit was enabled by revaluation of FCY deposits.
- Lower RWA necessitated reduced need for purchased funds

Loans grew 14.8% YoY and 18.8% QoQ, enabled by revaluation of Corporate & Commercial FCY loans, without which net loans would have declined 1.9% YoY

CRBG: Gross Loan Distribution by Segment
Jun. 2015 – Jun. 2016



Segment	% Δ QoQ	% Δ YoY
Personal Banking	-2.1%	1.1%
SME Banking	22.2%	17.6%
Corporate & Commercial Banking	25.9%	23.5%
Institutional Banking	26.9%	-46.1%

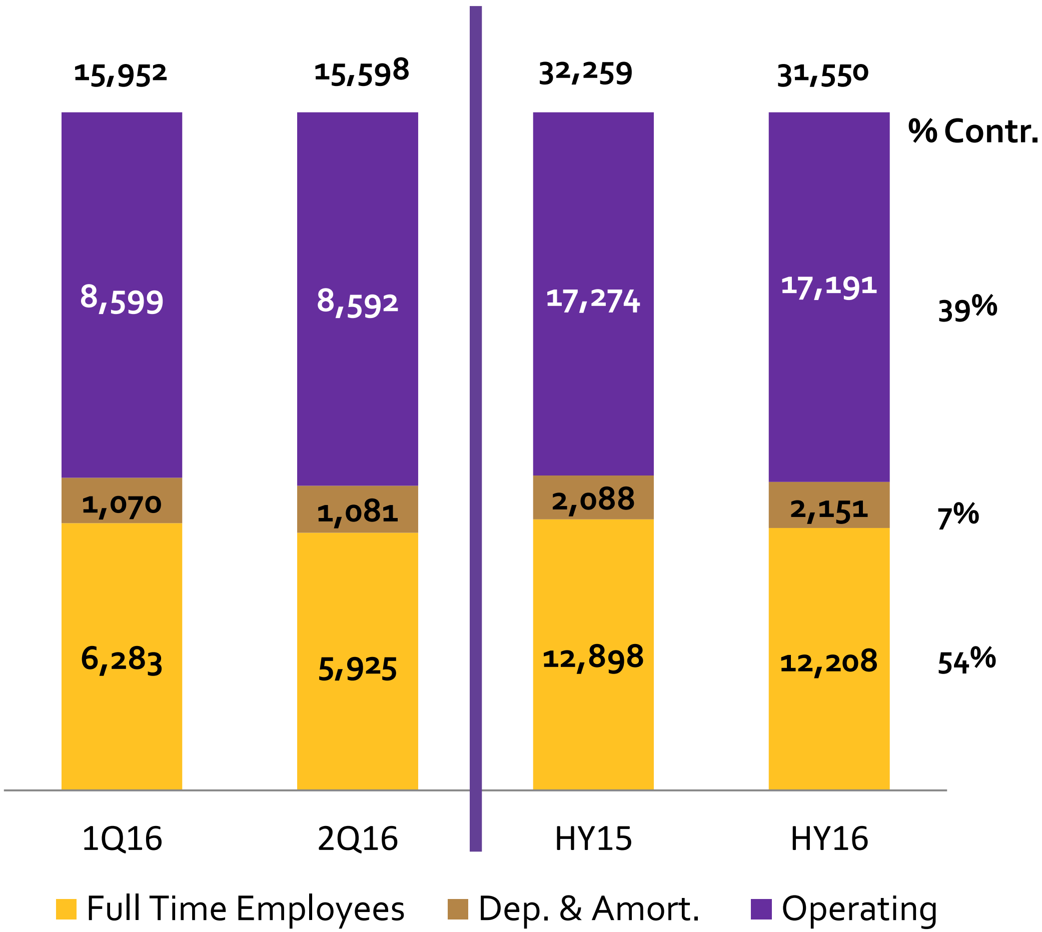
Comments

- QoQ growth in loan book was largely from the FCY portfolio and driven by 41% devaluation in Naira.
- The bank remained selective in replacing loans that cycled out in most sectors.
- Personal loan book dropped due to streamlined eligibility, growth is expected in H2.

OPEX declined 2.2% and 2.3% QoQ and YoY respectively, in spite of spike in inflation rate, as cost control measures begin to yield results.

Inflation Rate
2Q15: 9.2% | 2Q16: 16.5%

CRBG: OPEX Analysis by Expense Domain 1Q16 vs. 2Q16 & HY15 vs. HY16



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	-5.7%	-5.3%
Depreciation & Amortisation	1.0%	3.0%
Operating	-0.1%	-0.5%
Total	**-2.22%**	**-2.30%**

Comments

- QoQ and YoY decline in FTE cost was due to the ongoing cost optimisation and branch rationalisation.
- YoY growth in depreciation & amortisation expenses was due to continued investments in ATMs, POS and other alternate channel / e-banking solutions.

Commercial & Retail Banking (CRBG): 2016 Imperatives Update -
Mr. Ladi Balogun (Group Managing Director/ CEO): FCMB Ltd

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Overview

Leveraging early signals of improved performance levels in H1 through continuous implementation of our turnaround plans will be crucial to finishing strong in the second half

- The key elements of our 2016 plan:
    - Reduce total bank OPEX level by 8%(N5b) from N64.3b in 2015 to N59.6b in 2016
    - Intensify investment in personal banking to achieve N37b net revenue and N4bn profit
    - Roll out revised SME lending framework to profitably improve portfolio quality and reduce SME cost of risk to 3.1% in 2016.
    - Intensify loan recovery efforts to recover N6bn in 2016.
    - Build a lower risk, more capital efficient corporate bank with reduced risk weighted assets.

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Achievements so far ……

Reduce total OPEX level by 8%(N5b) from N64.3 in 2015 to N59.6 in 2016

- 19 of the 23 branches approved for closure by CBN were successfully closed in Q2;
- Delayed impact of implemented central cost savings initiative of about N691m earlier anticipated for Q2 is expected to kick in from Q3;
- Overall, Q2 OPEX reduced marginally by 3% (N360m)to N15.55b from N15.91b in Q1.(3% YoY);
- Revised annualised OPEX guidance of N3bn reduction to (N61bn), as opposed to N5bn due to devaluation and inflation.

Intensify investments in personal banking to achieve N37b net revenue and N4bn PBT

- New account acquisition rate also gained momentum, increasing 33% in 2Q16 to reach 177,662 (1Q16- 133,636), on the back of technology enhancement and other non-bank acquisition initiatives;
- Low cost deposit however grew marginally by 4% from N137b in 1Q16 to N143b in 2Q16;
- Net revenue from cards and alternate channel incomes on the other hand grew by 23% from N1.7b in 1Q16 to N2.1b for 2Q16, on track to exceed the N5bn target for full year 2016;
- Overall personal banking performance ahead of prior forecast (N2bn PBT for H1). H1 personal banking net revenue and PBT at N20.8bn and N4bn respectively, with a forecast of N41bn and N8bn respectively.

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Achievement so far … (continued)

Roll out revised SME lending framework to profitably improve portfolio quality and cost of risk

- Full roll out of the new lending framework across network gradually driving traction in loan growth. Risk asset volume increased marginally 4% to N74.7b in 2Q16 (1Q16-N71.7b).
- Total loans under new framework are still reporting less than 0.2% NPL ratio.
- Cost of risk (CoR) reduced 13% to 1.4% in Q2 from 1.6% in Q1, with expectation for significant impairment reduction in subsequent quarters on the back of improved recovery and loan monitoring, to meet target CoR of 3.1% or less for the segment.

Intensify loan recovery efforts to recover N6bn in 2016:

- Total recoveries at N2.6bn with
  - N1.8bn recovered and booked in H1;
  - Further N800m received from AMCON to be recognised in Q3.
- 43% achievement rate year to date. Good prospects for further recoveries in H2.

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Achievements so far … (continued)

Build a lower risk, more capital efficient corporate bank with reduced risk weighted assets

- Risk assets volume remained flat at 1Q16 levels (N316b) with 21% increase to N385bn (for the corporate banking segment) attributable mainly to revaluation gains on foreign currency based assets.

- Low cost deposit volume however increased 22% from N70.1b in 1Q16 to N85.6bn in 2Q16 on account of changing mindset to a cash management and transaction banking focused corporate bank.

- Cost of Risk will spike due to watch-listed upstream oil and gas impairments, revaluation gain should offset impairment losses.

- Tighter underwriting standards with shift away from structured finance to purely cash-flow and balance sheet lending.

Risk Management Review –

Mrs. Toyin Olaiya

FCMB

18.8% growth in loan book was largely driven by currency devaluation. Actual loan growth was modest at 1.67%

FCMB: Analysis of Gross Loans by Sector (Jun. 2015 – Jun. 2016)

Industry Sector	June'15	Sept'15	Dec'15	Mar'16	June'16	% DISTR.
AGRICULTURE	25,678	20,002	36,131	31,119	29,386	4.3%
COMMERCE	70,201	66,676	62,435	49,815	67,899	9.9%
CONSTRUCTION	5,653	5,709	6,796	5,536	4,588	0.7%
EDUCATION	6,093	6,058	6,012	6,647	7,514	1.1%
FINANCE & INSURANCE	17,658	14,740	25,929	13,325	25,167	3.7%
GENERAL – OTHERS	11,561	11,307	10,858	10,394	13,059	1.9%
GOVERNMENT	14,353	12,686	829	3,088	4,365	0.6%
INDIVIDUAL	132,367	132,370	134,384	136,666	133,855	19.5%
INFORMATION & COMMUNICATIONS	28,181	28,586	27,081	27,378	28,333	4.1%
MANUFACTURING	54,060	56,596	53,827	53,726	57,165	8.3%
OIL&GAS-DOWNSTREAM	50,814	57,370	47,195	37,192	33,546	4.9%
OIL&GAS-UPSTREAM&SERVICES	96,328	98,825	98,262	100,710	153,387	22.3%
POWER & ENERGY	23,621	22,812	27,228	26,882	38,078	5.5%
PROFESSIONAL SERVICES	3,668	3,721	4,182	4,138	4,091	0.6%
REAL ESTATE	51,549	54,005	62,107	65,362	79,789	11.6%
TRANSPORTATION & LOGISTICS	7,072	6,592	7,519	6,775	7,214	1.0%
	598,857	**598,055**	**610,774**	**578,754**	**687,438**	**100.0%**

Comments

- 88.9% QoQ growth in Finance & Insurance resulted mainly from foreign currency transactions.
- Commerce, O&G upstream &Services, Power & Energy, Real Estate and General – Others (Hospitality) growth were driven by naira devaluation.
- Drop in Agriculture, O&G downstream, Construction were due to contractual repayments.

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NPL growth (QoQ) was largely due to delays in payment of salaries and contract sums, to civil servants and contractors

FCMB: NPL Distribution by Sector (Jun. 2015 vs. Mar. 2016 & Jun. 2016)

BUSINESS SEGMENT	Jun. 2015		Mar. 2016		Jun. 2016	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	2,307.74	9.0%	630.60	2.0%	1,087.80	3.7%
Commerce	8,107.49	11.5%	4,759.66	9.6%	5,530.50	8.1%
Construction	2,036.38	36.0%	1,887.84	34.1%	1,876.65	40.9%
Education	298.95	4.9%	197.98	3.0%	200.98	2.7%
Finance & Insurance	99.51	0.6%	45.08	0.3%	45.37	0.2%
General – Others	1,587.52	13.7%	469.76	4.5%	751.27	5.8%
Government	20.53	0.1%	17.01	0.6%	97.18	2.2%
Individual	10,013.88	7.6%	10,123.86	7.4%	12,024.59	9.0%
Information & Communications	636.19	2.3%	295.66	1.1%	311.16	1.1%
Manufacturing	2,995.91	5.5%	1,243.55	2.3%	1,650.40	2.9%
Oil&Gas- Downstream	644.48	1.3%	7,505.35	20.2%	7,447.93	22.2%
Oil & Gas – Upstream & Services	138.05	0.1%	182.30	0.2%	224.84	0.1%
Power & Energy	-	0.0%	45.96	0.2%	50.90	0.1%
Professional Services	140.48	3.8%	101.93	2.5%	102.25	2.5%
Real Estate	1,610.79	3.1%	0.02	0.0%	45.87	0.1%
Transportation & Logistics	365.37	5.2%	247.83	3.7%	260.62	3.6%
Total	**31,003.27**	**5.2%**	**27,754.37**	**4.8%**	**31,708.32**	**4.6%**

Comments

- QoQ growth in NPL was largely from Consumer loan book, as a result of delay in salary payment to some state Government employees.
- The growth in Agriculture's NPL is from currency devaluation on an existing NPL and deterioration in a single account, which has been restructured for improved performance.
- Growth in Commerce NPL came from delayed contract payments from Government agencies.
- NPL is currently low in Oil & Gas Upstream & Services sector due to restructuring of a significant portion of the portfolio. We, however, expect possible increase in NPLs if restructure terms break down.

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Cost of risk growth was caused by delay in salary payment and currency devaluation

FCMB: Loan Loss Charge/Recovery by Sector (Jun. 15 vs. Mar. 16 vs. Jun. 16)

	Loan Loss Charges/ Recoveries					Cost of Risk %
Business Segment	**2Q15**	**1Q16**	**2Q16**	**Δ QoQ**	**Δ YoY**	
AGRICULTURE	(153.25)	38.37	391.61	353.24	544.86	**2.6%**
COMMERCE	2,106.21	6.29	670.23	663.94	(1,435.98)	**2.1%**
CONSTRUCTION	(125.18)	452.69	156.16	(296.53)	281.34	**21.4%**
EDUCATION	44.13	18.85	(14.55)	(33.40)	(58.69)	**0.1%**
FINANCE & INSURANCE	0.89	(48.32)	60.16	108.48	59.27	**0.1%**
GENERAL – OTHERS	(160.45)	(319.10)	190.94	510.04	351.39	**-2.1%**
GOVERNMENT	(43.61)	35.78	48.69	12.91	92.30	**6.5%**
INDIVIDUAL	1,564.57	1,205.48	3,338.09	2,132.60	1,773.52	**6.8%**
INFORMATION & COMMUNICATIONS	76.93	370.00	(280.54)	(650.54)	(357.47)	**0.6%**
MANUFACTURING	(687.85)	340.53	1,405.55	1,065.02	2,093.40	**6.3%**
OIL & GAS-DOWNSTREAM	404.65	629.56	(821.66)	(1,451.22)	(1,226.31)	**-1.0%**
OIL & GAS-UPSTREAM&SERVICES	3.52	286.75	322.96	36.21	319.44	**1.0%**
POWER & ENERGY	(7.39)	11.96	52.91	40.95	60.30	**0.4%**
PROFESSIONAL SERVICES	(53.88)	79.26	1.85	(77.41)	55.73	**3.9%**
REAL ESTATE	409.73	83.55	70.30	(13.25)	(339.43)	**0.4%**
TRANSPORTATION & LOGISTICS	(47.68)	111.98	12.95	(99.03)	60.64	**3.4%**
Total	**3,331.32**	**3,303.62**	**5,605.64**	**2,302.02**	**2,274.31**	**2.8%**

Comments

- Growth in loan loss charge for 2Q16 was largely from the Individual portfolio, which is being managed for recovery/ pay down.
- Growth in loan loss charge for Manufacturing is largely due to growth in NPL from currency devaluation.
- Cost of risk for Upstream Oil & Gas is likely to rise in H2 if restructure terms breakdown. The bank has however set aside adequate buffer to address this impact.

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Credit Outlook

- Our focus will continue to be on asset quality, whilst de-emphasising loan growth.
- We will maintain high provision levels to ensure adequate coverage ratio
- Exposures in challenged sectors will continue to be proactively managed and monitored to ensure performance and efficiency.
- Focus on recovery will continue throughout the year as we are confident that at least 70% of our estimated recovery target will be achieved.
- We expect cost of risk to range between 3.5% and 4% for the year in view of potential deterioration in the oil & gas Upstream portfolio.

Investment Banking Group: *Business Review –*

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

FCMB

Earnings dropped QoQ and YoY, driven by weak revenue due to low activity in capital markets

Investment Banking Group (IBG): Summary Financials (1Q16 vs. 2Q16 & HY15 vs. HY16)

Investment Banking Group	1Q16	2Q16	% Δ QoQ	HY15	HY16	% Δ YoY
N'm						
Gross earnings	440	474	8%	1,416	914	-35%
Net Interest Income	81	64	-20%	391	145	-63%
Non Interest Income	360	410	14%	1,024	770	-25%
–Debt Capital Raising	53	70	32%	303	122	-60%
–Other Financial Advisory Fees	89	24	-73%	153	113	-26%
–Equity Capital Raising	9	0	-100%	55	9	-83%
– Brokerage Commission	110	76	-31%	319	187	-41%
–Asset Management Fees	38	63	69%	32	101	213%
– Trading Income	(0)	0	-101%	125	(0)	-100%
– Dividend	51	0	-100%	3	51	1725%
–Others	10	176	1608%	34	186	441%
Operating Income	440	474	8%	1,416	914	-35%
Operating Expenses	(370)	(425)	15%	(886)	(795)	-10%
Net gains/(losses) from fin. instruments at fair value	(8)	(13)	69%	4	(21)	-578%
PBT	62	36	-43%	534	98	-82%
PAT	42	3	-92%	414	45	-89%
CIR	86%	92%	8%	62%	89%	43%

Outlook for H2 2016 –

Mr. Peter Obaseki (MD, FCMB Group Plc)

Outlook for H2 2016

There are macro economic headwinds into H2 2016, including a high inflation and interest rate environment and further disruption to crude oil production; against this background:

- Our earlier guidance on cost of risk is revised upward to a range of 3.5% to 4%, before recoveries.
- Revaluation gains will largely offset these impairments
- We revise downwards our opex reduction estimate to N3bn due to inflation
- The underlying momentum in the commercial and retail banking group will be sustained
- Wealth management and microfinance investments to provide growing diversification from traditional banking earnings in 2H16 and beyond.
- The investment banking businesses continue to be challenged by low-ebb activities in both the equity and debt capital markets while focus has remained on restructuring mandates.
- Capital adequacy will be strengthened by capitalisation of profits, execution of our bond programme and if required, tapping into the buffers at the holding company.
- Overall, H2 results are likely to be weaker than H1 in view of operating environment challenges and our decision to step up impairment charges.