FCMB GROUP PLC

1Q 2016

Investors & Analysts Presentation

3 May 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)

Profitability dropped in 1q16, due to higher cost of risk, albeit NIM remained strong. Capital and liquidity exceeded regulatory requirements

FCMB: Key Performance Indicators (1Q15 vs. 4Q15 vs. 1Q16)

	Performance Index	1Q15	4Q15	1Q16	%Δ QoQ	%Δ YoY
Operating	Return on Av. Equity	12.9%	6.4%	4.0%	-37.0%	-68.7%
	Return on Av. Assets	1.8%	0.9%	0.6%	-35.7%	-68.0%
	Loan/Deposit Ratio	76.6%	84.7%	85.5%	0.9%	11.5%
	Cost/Income Ratio	68.1%	79.0%	74.2%	-6.1%	8.9%
	Net Interest Margin	8.8%	7.7%	8.8%	14.7%	0.6%
	NPL/Total Loans	4.5%	4.2%	4.8%	15.6%	7.2%
	Coverage Ratio[1]	75.7%	114.5%	105.7%	-7.7%	39.5%
	NII/Operating Income	25.4%	27.0%	22.9%	-15.3%	-10.0%
	Financial Leverage	7.2	7.2	7.1	-2.1%	-2.1%
	Cost of Risk	1.3%	-1.3%	2.2%	-272.9%	67.9%
Capital & Liquidity	Capital Adequacy Ratio	21.7%	18.1%	18.5%	2.7%	-14.6%
	Liquidity Ratio	41.0%	35.9%	38.2%	6.5%	-6.8%
Others	Opex (N'B)	16.5	16.5	16.5	0.1%	0.1%
	Risk Assets (net) (N'B)	582	593	562	-5.3%	-3.5%
	Customer Deposits (N'B)	760	700	657	-6.1%	-13.5%

NOTE:

1. *Inclusive of regulatory risk reserve*

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Operating profit was flat QoQ, but PBT was down, due to impairments

FCMB: Statements of Comprehensive Income (Extracts) - (1Q15 vs. 4Q15 1Q16)

N'm	1Q15	4Q15	1Q16	%Δ QoQ	%Δ YoY
Revenue	**39,289**	**43,214**	**34,362**	**-20.5%**	-12.5%
Interest Income	32,277	36,187	28,505	-21.2%	-11.7%
Interest Expense	(14,219)	(20,960)	(11,346)	-45.9%	-20.2%
Net Interest Income	**18,058**	**15,227**	**17,159**	**12.7%**	**-5.0%**
Non Interest Income	**6,158**	**5,990**	**5,093**	**-15.0%**	**-17.3%**
- Net Fees & Commissions	3,036	3,938	3,380	-14.2%	11.3%
- Securities Trading Income	355	465	48	-89.6%	-86.4%
- FX Income	2,541	468	1,556	232.4%	-38.8%
- Others	226	1,120	109	-90.3%	-51.7%
Operating Income	**24,216**	**21,217**	**22,252**	**4.9%**	-8.1%
Operating Expenses	(16,497)	(16,491)	(16,513)	0.1%	0.1%
Net impairment loss on loans	(2,045)	2,020	(3,304)	-263.5%	61.6%
Other impairment loss	(60)	(1,766)	(228)	-87.1%	278.8%
Net gains/(losses) from fin. instruments at fair value	155	140	0	-100.0%	-100.0%
Share of Post tax result of Associate	0	85	0	-100.0%	n/a
PBT	**5,770**	**5,206**	**2,207**	**-57.6%**	**-61.7%**
PAT	**5,278**	**2,895**	**1,645**	**-43.2%**	**-68.8%**

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Balance sheet size declined 2% QoQ and 4% YoY due to drop in loans and deposits.

FCMB: Statements of Financial Position (Extracts) - (1Q15 vs. 4Q15 vs. 1Q16)

N'm	1Q15	4Q15	1Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	144,970	180,922	147,083	-18.7%	1.5%
Restricted reserve deposits	163,141	125,552	145,810	16.1%	-10.6%
Loans and advances	582,227	592,957	561,576	-5.3%	-3.5%
Derivative assets held	3,609	1,480	1,377	-7.0%	-61.9%
Non Pledged trading assets	4,253	1,994	5,756	188.6%	35.3%
Investments	156,910	135,310	150,414	11.2%	-4.1%
Assets pledged as collateral	50,159	51,778	51,778	0.0%	3.2%
Investment in associate	647	732	732	0.0%	13.1%
Intangible assets	8,700	8,969	8,863	-1.2%	1.9%
Deferred tax assets	8,184	8,166	8,186	0.2%	0.0%
Other assets	38,571	21,703	28,913	33.2%	-25.0%
Fixed assets	29,067	29,971	29,979	0.0%	3.1%
Total Assets	**1,190,438**	**1,159,534**	**1,140,467**	**-1.6%**	**-4.2%**
LIABILITIES:					
Derivative liabilities held	3,344	1,317	1,228	-6.7%	-63.3%
Customer deposits	759,648	700,217	657,187	-6.1%	-13.5%
Deposits from banks	8,691	5,461	34,522	532.2%	297.2%
Other liabilities	112,341	93,292	87,464	-6.2%	-22.1%
Borrowings	94,544	113,700	112,833	-0.8%	19.3%
On-lending facilities	18,515	33,846	33,336	-1.5%	80.0%
Debt securities issued	27,060	49,309	51,085	3.6%	88.8%
Shareholders' funds	166,295	162,391	162,811	0.3%	-2.1%
Liabilities and Shareholder Equity	**1,190,438**	**1,159,534**	**1,140,467**	**-1.6%**	**-4.2%**
Acceptances & Guarantees	**213,635**	**142,062**	**138,892**	**-2.2%**	**-35.0%**

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PBT declined YoY across a number of the operating entities

FCMB: Analysis of PBT Contribution by Entity
(1Q15 vs. 4Q15 vs. 1Q16)

N'm	1Q15	4Q15	1Q16	% Δ QoQ	% Δ YoY
Commercial Banking Group	5,365	5,238	2,226	-58%	-59%
Investment Banking Group	**269**	**(285)**	**62**	122%	-77%
• FCMB CM,	137	(44)	19	144%	-86%
• CSL Stockbrokers	132	(242)	43	118%	-67%
CSL Trustees	23	35	44	25%	90%
FCMB Group Plc (Separate)	112	133	(125)	-194%	-211%
Share of Post tax result of Associate	0	85	0	-100%	n/a
FCMB Group Plc (consolidated)	**5,770**	**5,206**	**2,207**	**-58%**	**-62%**

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

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

Profitability ratios dropped, however capital and liquidity strengthened marginally

CRBG : Key Performance Indicators
(1Q15 vs. 4Q15 vs. 1Q16)

Performance Index		1Q15	4Q15	1Q16	%Δ QoQ	%Δ YoY
Operating	Return on Av. Equity	12.9%	7.9%	4.6%	-41.8%	-64.4%
	Return on Av. Assets	1.9%	1.8%	0.8%	-56.4%	-58.7%
	Loan/Deposit Ratio	75.8%	79.6%	84.0%	5.5%	10.8%
	Cost/Income Ratio	68.0%	79.6%	73.5%	-7.7%	8.1%
	Net Interest Margin	8.7%	7.5%	8.9%	18.8%	2.4%
	NPL/Total Loans	5.2%	4.2%	4.8%	14.2%	-7.8%
	Coverage Ratio[1]	81.1%	123.6%	110.6%	-10.5%	36.4%
	NII/Operating Income	23.8%	24.7%	21.8%	-11.9%	-8.5%
	Financial Leverage	7.9%	7.9%	7.7%	-3.0%	-3.0%
	Cost of Risk	1.4%	-1.3%	2.2%	-269.2%	57.1%
Capital & Liquidity	Capital Adequacy Ratio	19.3%	16.9%	17.1%	1.2%	-11.4%
	Liquidity Ratio	41.0%	35.8%	38.2%	6.7%	-6.8%
Others	Opex (N'B)	15.83	15.92	15.95	0.2%	0.8%
	Risk Assets (net) (N'B)	581.79	592.67	561.31	-5.3%	-3.5%
	Customer Deposits (N'B)	767.60	711.02	668.13	-6.0%	-13.0%

NOTE:
Inclusive of regulatory risk reserve – also, the Coverage ratio for 1Q15 was changed from 80.5% to 81.1% for CBG.

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PAT dipped 58% QoQ. Net interest income up 12.8% QoQ, Non Interest income fell 4.2% QoQ, impairments rose 61.6% YoY, opex flat QoQ in spite of non restructuring costs of N240 million.

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

N'm	1Q15	4Q15	1Q16	%Δ QoQ	%Δ YoY
Revenue	**37,595**	**43,793**	**33,044**	**-24.5%**	**-12.1%**
Interest Income	32,053	35,814	28,318	-20.9%	-11.7%
Interest Expense	(14,328)	(20,757)	(11,335)	45.4%	20.9%
Net Interest Income	**17,725**	**15,058**	**16,983**	**12.8%**	**-4.2%**
Non Interest Income	**5,542**	**4,934**	**4,726**	**-4.2%**	**-14.7%**
- Net Fees & Commissions	2,590	3,573	3,025	-15.3%	16.8%
- Securities Trading Income	245	731	56	-92.3%	-77.0%
- FX Income	2,326	474	1,587	234.9%	-31.8%
- Others	381	157	58	-63.1%	-84.8%
Operating Income	**23,267**	**19,992**	**21,709**	**8.6%**	**-6.7%**
Operating Expenses	(15,833)	(15,919)	(15,952)	-0.2%	-0.8%
Net impairment loss on loans	(2,044)	2,020	(3,304)	263.5%	-61.6%
Other impairment loss	(25)	(850)	(228)	73.2%	-811.7%
Net gains/(losses) from fin. instruments at fair value	-	(5)	-	100.0%	0.0%
PBT	**5,365**	**5,238**	**2,226**	**-57.5%**	**-58.5%**
PAT	**4,955**	**2,915**	**1,699**	**-41.7%**	**-65.7%**

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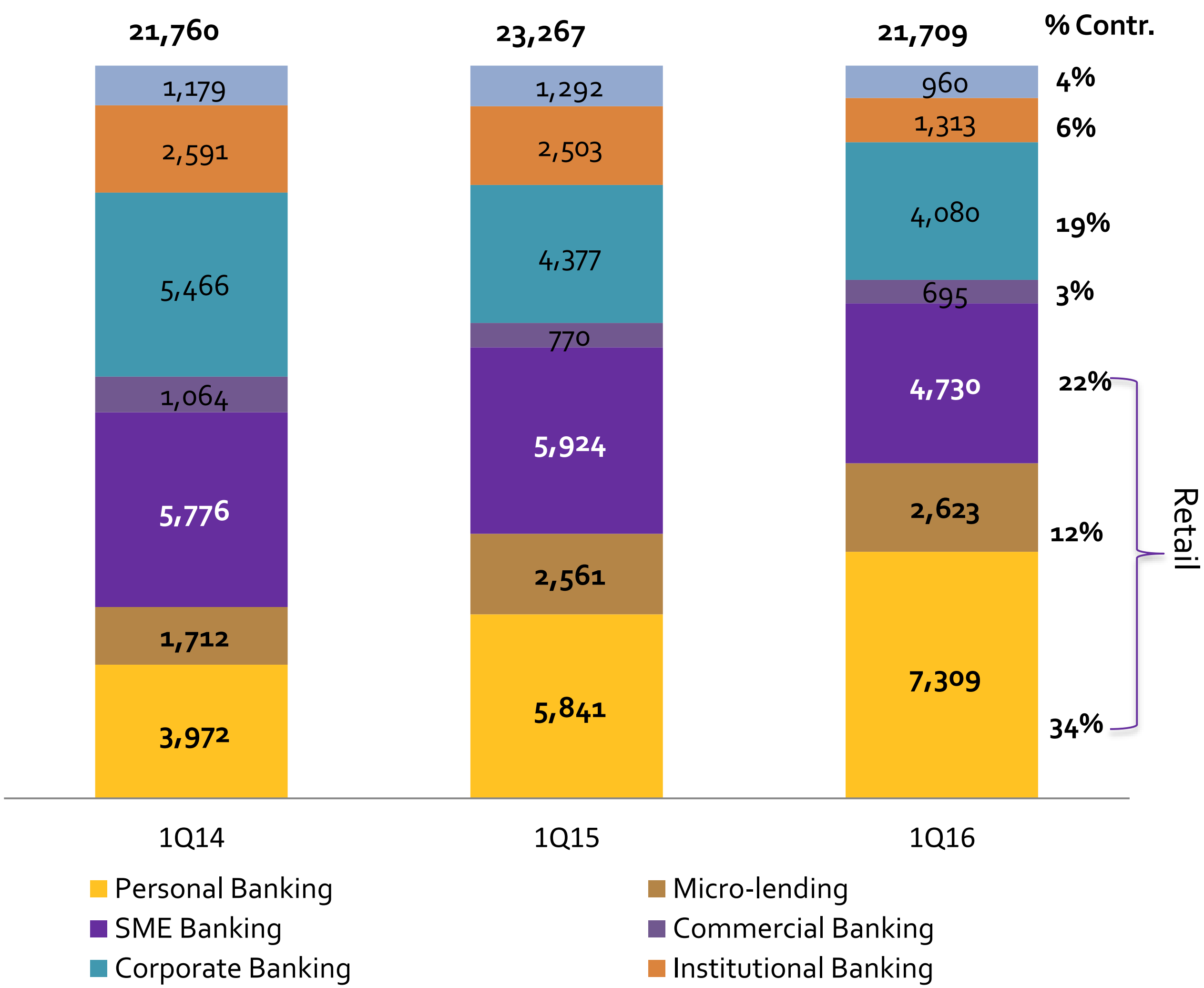
Tighter risk acceptance criteria resulting in 5.3% QoQ reduction in loan book, reduced funding requirements and % QoQ reduction in deposits.

N'm	1Q15	4Q15	1Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	145,868	177,771	143,069	-19.5%	-1.9%
Restricted reserve deposits	163,141	125,552	145,810	16.1%	-10.6%
Loans and advances	581,794	592,672	561,310	-5.3%	-3.5%
Derivative assets held	3,609	1,480	1,377	-7.0%	-61.9%
Non Pledged trading assets	3,185	1,839	5,640	206.7%	77.1%
Investments	140,897	124,465	139,110	11.8%	-1.3%
Assets pledged as collateral	50,159	51,778	51,778	0.0%	3.2%
Intangible assets	7,627	8,609	8,508	-1.2%	11.5%
Deferred tax assets	8,166	8,166	8,166	0.0%	0.0%
Other assets	38,613	28,005	34,831	24.4%	-9.8%
Fixed assets	28,884	29,807	29,818	0.0%	3.2%
Total Assets	**1,171,942**	**1,150,144**	**1,129,415**	**-1.8%**	**-3.6%**
LIABILITIES:					
Derivative liabilities held	3,344	1,317	1,228	-6.7%	-63.3%
Customer deposits	767,604	711,025	668,133	-6.0%	-13.0%
Deposits from banks	8,691	5,461	34,522	532.2%	297.2%
Other liabilities	93,256	87,082	79,321	-8.9%	-14.9%
Borrowings	104,307	113,700	112,833	-0.8%	8.2%
On-lending facilities	18,515	33,846	33,336	-1.5%	80.1%
Debt securities issued	27,060	49,309	51,085	3.6%	88.8%
Shareholders' funds	149,165	148,404	148,957	0.4%	-0.1%
Liabilities and Shareholder Equity	**1,171,942**	**1,150,144**	**1,129,415**	**-1.8%**	**-3.6%**
Acceptances & Guarantees	**213,635**	**142,062**	**138,892**	**-2.2%**	-35.0%

Retail Banking accounting for 68% of net revenue, up from 52.7% as at 1Q14, driven primarily by Personal Banking 36% net revenue CAGR

CRBG: Net Revenue Analysis by Segment 1Q14 vs. 1Q15 vs. 1Q16



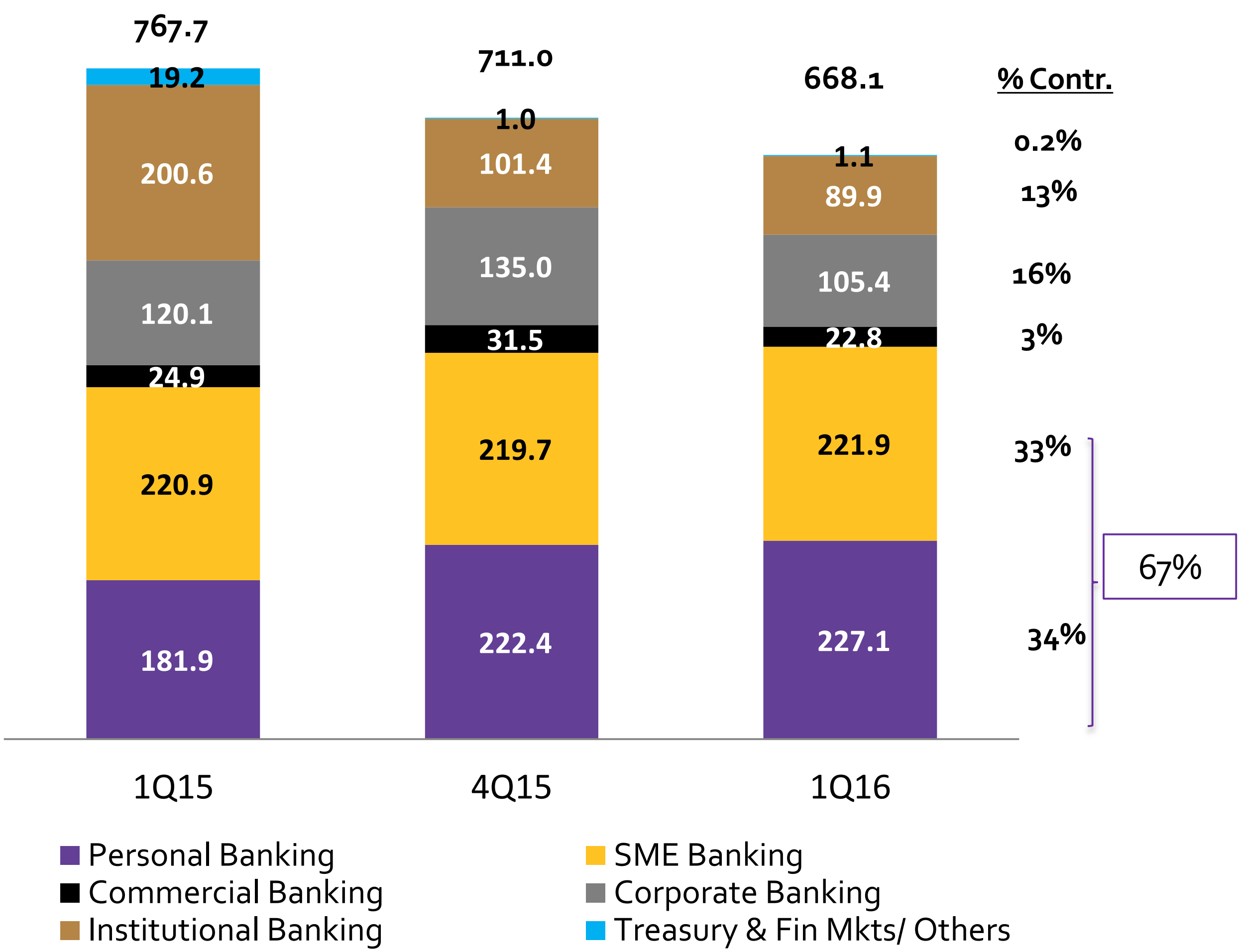
Segment	CAGR (1Q14-1Q16)
Personal Banking	36%
Micro-lending	24%
SME Banking	-10%
Commercial Banking	-19%
Corporate Banking	-14%
Institutional Banking	-29%
Treasury & Fin. Mkts.	-10%
Total	**-0.1%**

Comments

- All other segments experienced net revenue declines due to a combination of factors: TSA, cash reserve hikes, reduced loan origination and foreign exchange illiquidity.

Retail deposits (Personal and SME) continue to grow (10% YoY), and now account for 67% of total deposits

CRBG: Deposit Distribution by Segment (1Q15 vs. 4Q15 vs. 1Q16)



	% Δ QoQ	% Δ YoY
Personal Banking	2.1%	19.9%
SME Banking	1.0%	0.5%
Commercial Banking	-38.2%	-9.2%
Corporate Banking	-28.1%	-13.9%
Institutional Banking	-12.8%	-123.1%
Treasury & Financial Markets/ Others	9.1%	-1645.5%
Total	-6.4%	-14.9%

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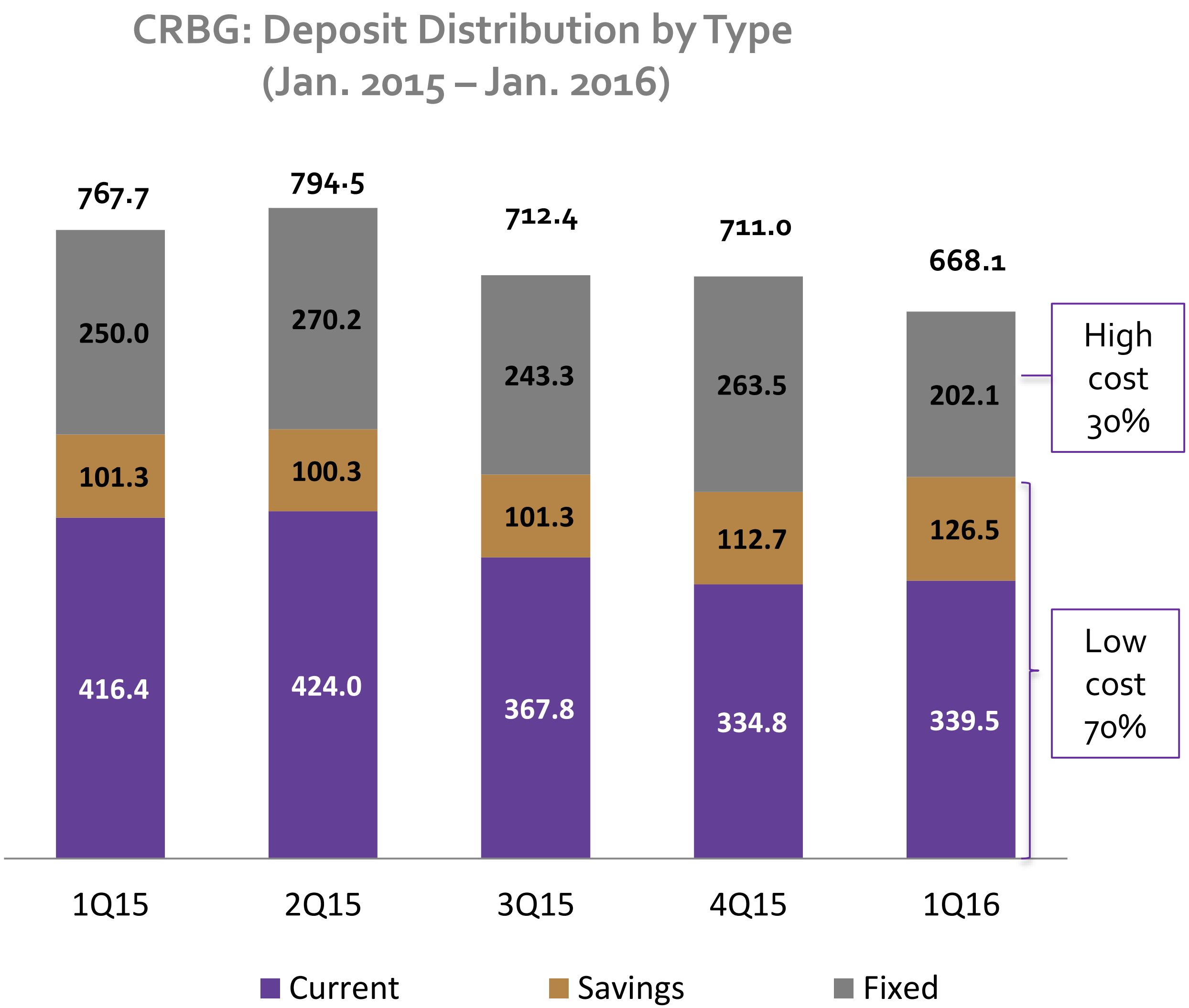
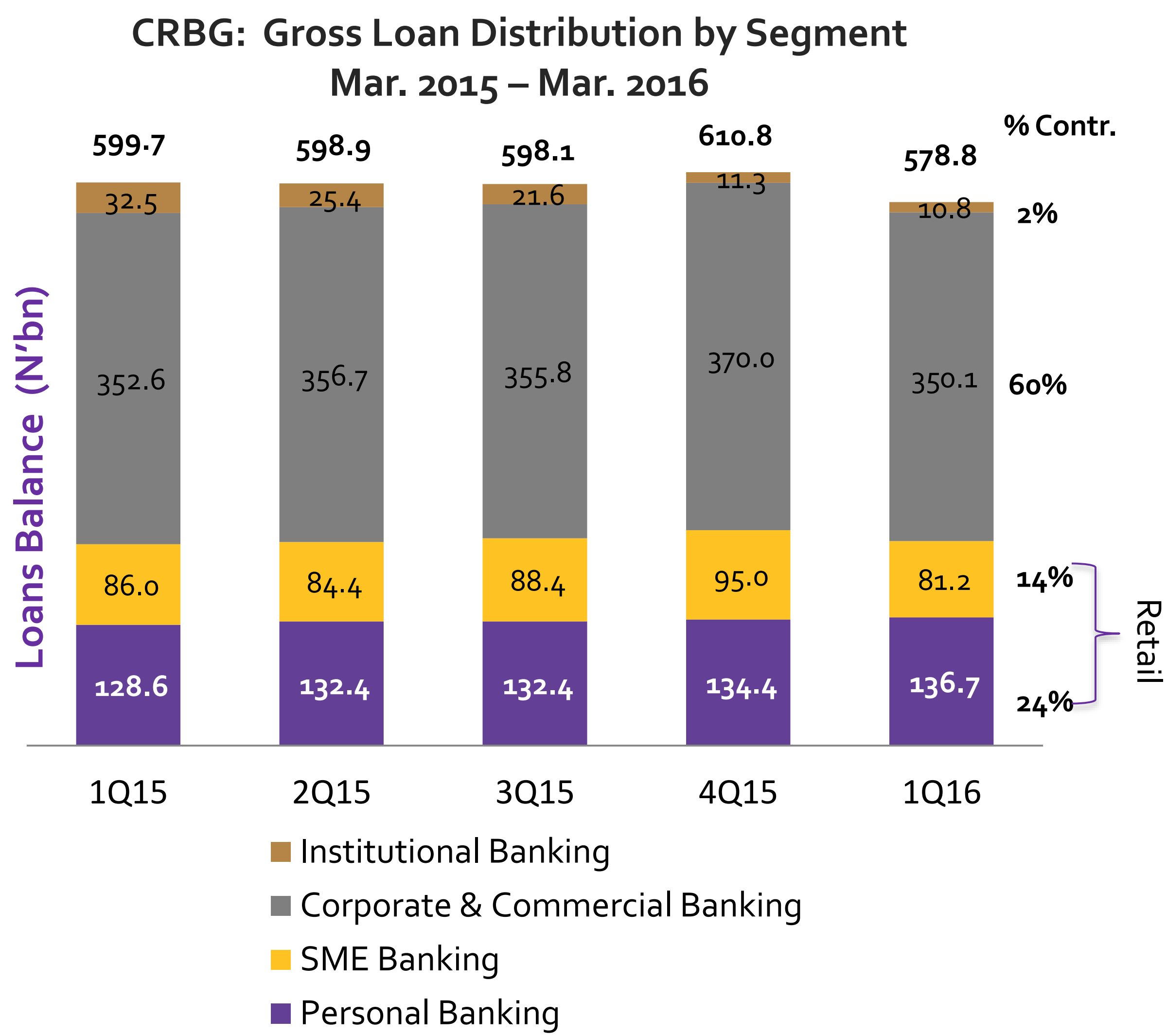
Increased mobilisation of low cost deposits, enabled us paydown some of our purchased funds. 70% of our deposits are now low cost



Comments

- Customer deposits declined QoQ entirely due to repayment of purchased funds.
- Reduced funding requirements (loan book decline) allowed initiatives to further optimise the balance sheet.

Cautiously growing our consumer loan book. Overall, our loan book contracted in response to tighter risk acceptance criteria



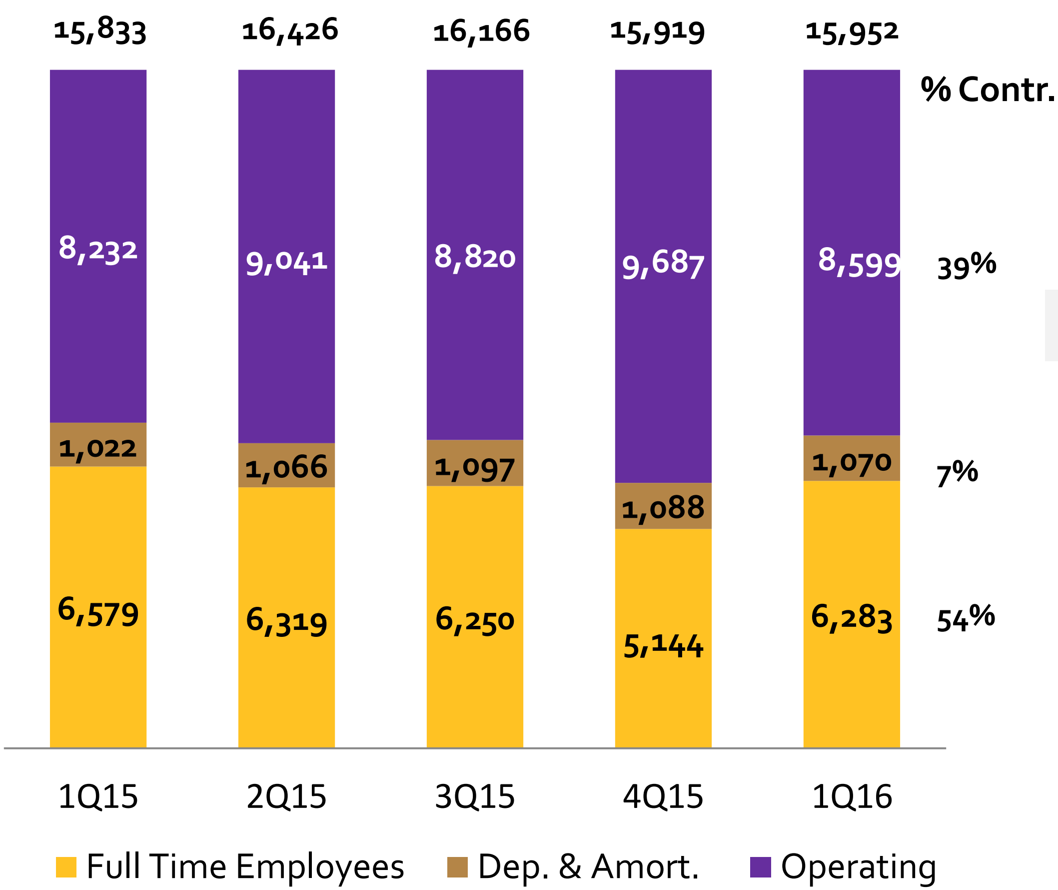
Segment	% Δ QoQ	% Δ YoY
Personal Banking	1.7%	6.2%
SME Banking	-14.5%	-5.5%
Corporate & Commercial Banking	-5.4%	-0.7%
Institutional Banking	-5.0%	-66.8%

Comments

- Drop in total loan book QoQ was largely driven by Corporate and SME banking as the bank remained selective in replacing loans that cycled out in some sectors.
- Growth in Personal loan book has been consistent despite streamlined eligibility.
- Modest growth to resume in 2Q16.

Opex nominally flat QoQ but reducing once we strip out N240m restructuring charges and effect of 4Q15 write backs

CRBG: Opex Analysis by Expense Domain 1Q15 - 1Q16



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	22.2%	-4.5%
Depreciation & Amortisation	-1.7%	4.7%
Operating	-11.2%	4.5%
Total	**0.21%**	**0.75%**

Comments

- QoQ increase in FTE cost was due to accruals write-back in 4Q15 of N1.29 billion.
- YoY growth in depreciation & amortisation expenses was due to continued investments in ATMs, POS and other alternate channel / e-banking solutions.
- Opex decline anticipated in subsequent quarters

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

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Overview

- Strategic discipline will be key to restoring performance levels towards shareholder expectation: namely, a greater retail business focus, and a low risk corporate bank. The key elements of our 2016 plan are as follows:

  - 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
    - Up a modest 8% from prior year, but with costs expected to remain flat, segment profit should rise by at least N4b (or 300%).
    - Representing 42% (47% bank only) of forecast bank group net revenue of N88.1b
    - Led by cards and alternate channel revenue (N5bn revenue target up 53% from 2015)
  - 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 … (continued)

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

- Non recurring restructuring charges in Q1 of N240m should result in savings of equivalent figure in Q2.
- We have successfully obtained required CBN approval to close our targeted 23 overlapping branches with estimated cost savings of about N1.9b.
- Other already implemented central cost reduction initiatives should also result in savings of about N691m from Q2.
- Q1 OPEX remained flat at N15.9b (Q4'15 – N15.9b), with subsequent quarters expected to run at an average of N14.6b to achieve desired target OPEX of N59.6b.

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Achievements so far … (continued)

Intensify investments in personal banking to achieve N37b net revenue

- Personal banking performance ahead of forecasts aided by lower cash reserve ratio (CRR), better than expected non interest income, and low cost deposit growth.
- We acquired 133,636 new customers in 1Q16 (4Q15- 141,974), which was below target due to disruptions caused by a major system upgrade.
- Technology enhancements, non-branch channel investments (mobile and agent banking) and launch of youth and diaspora proposition will enable acquisition rate to cross 65,000 per month by 4Q16.
- Low cost deposit grew 9% from N125b in 4Q15 to N137b in 1Q16.
- Net revenue from cards and alternate channel income increased 70% from N1b in 4Q15 to N1.7b in 1Q16, with possibility to increase to N6.5b for 2016, N1.5bn ahead of N5bn target for 2016.
- Overall, net revenue for Q1 grew 6% from N8.9b in 4Q15 to N9.4b, on course to hit N38b for the year (N1bn ahead of plan).

Achievement so far … (continued)

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

- Gradual roll out of the new framework across network to be concluded in 2Q16.
- Marginal decline(2%) in risk asset volume from N72.8b in 4Q15 to N71.7b in 1Q16.
- Total loans under new framework reporting less than 0.2% NPL ratio.
- Cost of risk (CoR) at 1.6% for Q1, however we anticipate significant impairment reduction in subsequent quarters, with segment CoR expected to be 3.1% or less for SME segment.
- We however acquired 7,300 new accounts in 1Q16, 3% growth compared to 4Q15. Aim to acquire 15,000 SME's per quarter by 4Q16.
- Low Cost Deposits volume grew 7% from N130b in 4Q15 to N139b in 1Q16.
- Non interest income also showed resilience and grew 4% to N1.1b in 1Q16.
- Overall, net revenue grew 18% to N4.7b compared to N4.0b in 4Q15.

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Achievements so far … (continued)

Intensify loan recovery efforts to recover N6bn in 2016:

- Modest N212m recovered made in 1Q16 with significant milestones achieved on recoveries for subsequent quarters.

- Net recovery of N800million recovery received from AMCON in April. Ongoing discussions regarding a further N2.6bn.

- Additional recoveries already finalised and expected to come in subsequent quarters totalling N1.90bn

- Potential N5.1bn of recoveries from sources identified above. Further efforts should enable N6bn target to be achieved.

Achievements so far … (continued)

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

- Significantly tightened risk assessment criteria impact loan growth.
- Risk asset volume decreased marginally by 5% to N350b in 1Q16.
- Net revenue of N4b reported in 1Q16, compared to N4.5b in 4Q15.
- Q2 loan growth hinged on pipeline of N24b well-secured agriculture and manufacturing loans awaiting disbursement from various intervention funds.

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Expected Outcomes

- Capital Preservation: 5% max loan growth should ensure CAR improves. Revaluation gains and tier 2 headroom will offset any impact of devaluation on $ loan book.

- More resilient and diversified income as retail banking contribution grows: expecting retail banking to account for over 44% of revenues in 2016. Personal banking revenue to grow more than 10% and ahead of 8% target. SME banking expected to contribute a further 36% of revenue in 2016 (representing 31% of total bank) with lower impairment charges as a result of tighter risk acceptance criteria resulting in improved profitability.

- Declining costs in 2016 and 2017: N4 billion reduction already identified for 2016. Target N5 billion reduction.

- Declining cost of risk: Expected to fall below 2% in 2016 after write-backs.

- Improved profitability: Q2 profitability will be materially stronger than Q1, on the back of sustained personal banking performance, growing acquisition momentum and reduced impairments in SME segment, >N1bn of realised recoveries, cost reduction impacts and stabilising corporate bank.

Risk Management Review –

Mrs. Toyin Olaiya

Loan book contracted QoQ due to seasonality (e.g. agric) and more cautious origination / renewals in some higher risk sectors

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

Industry Sector	Mar'15	Jun'15	Sept'15	Dec'15	Mar'16	% DISTR.
AGRICULTURE	28,910	25,678	20,002	36,131	31,119	5.4%
COMMERCE	71,433	70,201	66,676	62,435	49,815	8.6%
CONSTRUCTION	6,708	5,653	5,709	6,796	5,536	1.0%
EDUCATION	6,178	6,093	6,058	6,012	6,647	1.1%
FINANCE & INSURANCE	11,184	17,658	14,740	25,929	13,325	2.3%
GENERAL – OTHERS	12,240	11,561	11,307	10,858	10,394	1.8%
GOVERNMENT	24,084	14,353	12,686	829	3,088	0.5%
INDIVIDUAL	128,637	132,367	132,370	134,384	136,666	23.6%
INFORMATION & COMMUNICATIONS	28,100	28,181	28,586	27,081	27,378	4.7%
MANUFACTURING	52,885	54,060	56,596	53,827	53,726	9.3%
OIL&GAS- DOWNSTREAM	41,615	50,814	57,370	47,195	37,192	6.4%
OIL&GAS- UPSTREAM&SERVICES	96,861	96,328	98,825	98,262	100,710	17.4%
POWER & ENERGY	26,514	23,621	22,812	27,228	26,882	4.6%
PROFESSIONAL SERVICES	2,568	3,668	3,721	4,182	4,138	0.7%
REAL ESTATE	54,179	51,549	54,005	62,107	65,362	11.3%
TRANSPORTATION & LOGISTICS	7,564	7,072	6,592	7,519	6,775	1.2%
	599,662	**598,857**	**598,055**	**610,774**	**578,754**	**100.0%**

Comments

- The reduction in the loan book is due to selective lending.
- 48.6% drop in Finance and Insurance was due to a short tenured transaction that cycled out in 1Q'16 earlier communicated in FY 15 investor presentation.
- Growth in Government is from a State government transaction.
- Real estate grew as a result of funding of existing projects.
- Drop in Agriculture is from a seasonal transaction that cycled out, while drop in Commerce is largely due to unavailability of FX.
- Growth is expected from Individual and Real Estate in Q2, though total loan book will remain flat.

FCMB

NPL growth (QoQ & YoY) was largely due to delays in payment of salaries and contract sums, to our civil servant and O&G (one name) customers respectively

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

BUSINESS SEGMENT	Mar. 2015		Dec. 2015		Mar. 2016	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	2,373.36	8.2%	693.92	1.9%	630.60	2.0%
Commerce	7,914.67	11.1%	4,697.51	7.5%	4,759.66	9.6%
Construction	1,860.48	27.7%	1,897.93	27.9%	1,887.84	34.1%
Education	212.65	3.4%	138.48	2.3%	197.98	3.0%
Finance & Insurance	53.31	0.5%	46.84	0.2%	45.08	0.3%
General – Others	1,996.67	16.3%	772.55	7.1%	469.76	4.5%
Government	20.33	0.1%	17.11	2.1%	17.01	0.6%
Individual	6,861.32	5.3%	6,875.94	5.1%	10,123.86	7.4%
Information & Communications	491.00	1.7%	757.78	2.8%	295.66	1.1%
Manufacturing	3,070.37	5.8%	2,725.92	5.1%	1,243.55	2.3%
Oil&Gas- Downstream	884.92	2.1%	6,611.23	14.0%	7,505.35	20.2%
Oil & Gas – Upstream & Services	171.46	0.2%	0.00	0.0%	182.30	0.2%
Power & Energy	-	0.0%	-	0.0%	45.96	0.2%
Professional Services	226.65	8.8%	67.25	1.6%	101.93	2.5%
Real Estate	352.16	0.6%	0.01	0.0%	0.02	0.0%
Transportation & Logistics	362.17	4.8%	67.70	0.9%	247.83	3.7%
Total	**26,851.52**	**4.5%**	**25,370.16**	**4.1%**	**27,754.37**	**4.8%**

Comments

- QoQ growth in NPL was primarily from CDL, which grew as a result of delay in salary payment to some state Government employees. We expect, that this will reverse as delays are cyclical and often reverse.
- The NPL ratio in Individual sector, though high is within tolerable boundary given the high yield from this sector
- The NPL in Oil &Gas – Upstream & Services is due to proactive classification of a service company's account, experiencing delay in contract payment. We don't envisage deterioration in the Upstream Oil & Gas loan book, as restructured terms are being met.
- Power portfolio remains performing as obligations are being met. Major challenge for the sector is delays in sourcing for FX

FCMB

Cost of risk also grew on the back of delayed payment of salaries to civil servants and one O&G services customer experiencing delays in contract payment

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

	Loan Loss Charges/ Recoveries					Cost of Risk %
Business Segment	**1Q'15**	**4Q'15**	**1Q'16**	**Δ QoQ**	**Δ YoY**	
AGRICULTURE	(242.09)	(34.37)	38.37	72.73	280.45	0.1%
COMMERCE	(55.38)	760.10	6.29	(753.80)	61.67	0.0%
CONSTRUCTION	442.78	(319.52)	452.69	772.21	9.91	7.3%
EDUCATION	(52.74)	70.82	18.85	(51.97)	71.58	0.3%
FINANCE & INSURANCE	(576.48)	80.50	(48.32)	(128.82)	528.16	-0.2%
GENERAL – OTHERS	734.85	72.26	(319.10)	(391.36)	(1,053.95)	-3.0%
GOVERNMENT	(74.56)	(87.10)	35.78	122.88	110.34	1.8%
INDIVIDUAL	530.68	(2,178.63)	1,205.48	3,384.11	674.80	0.9%
INFORMATION & COMMUNICATIONS	329.87	(5.94)	370.00	375.94	40.13	1.4%
MANUFACTURING	1,193.89	(45.97)	340.53	386.50	(853.36)	0.6%
OIL&GAS-DOWNSTREAM	136.11	(429.81)	629.56	1,059.36	493.45	1.5%
OIL&GAS-UPSTREAM&SERVICES	5.77	(155.03)	286.75	441.78	280.98	0.3%
POWER & ENERGY	(62.08)	15.08	11.96	(3.12)	74.05	0.0%
PROFESSIONAL SERVICES	128.78	(14.48)	79.26	93.74	(49.53)	1.9%
REAL ESTATE	(408.48)	170.05	83.55	(86.50)	492.03	0.1%
TRANSPORTATION & LOGISTICS	(47.66)	81.67	111.98	30.31	159.64	1.6%
Total	**1,983.26**	**(2,020.39)**	**3,303.62**	**5,324.01**	**1,320.36**	**0.6%**

Comments

- 66.6% growth in loan loss charge for 1Q'16 compared with similar period in 2015 was largely from charge on the Individual portfolio, which is expected to reverse.
- Expected recoveries in 1Q'16 were delayed, these will be realised in Q2
- The high CoR in Construction is due to delay in Government payment to Contractors and the shrinking portfolio.

FCMB

Provision cover for NPLs still exceeds 100%, with good coverage across all segments

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

Segments	Mar. 2015		Dec. 2015		Mar. 2016	
	NPL	Prov. Coverage	NPL	Prov. Coverage	NPL	Prov. Coverage
Personal Banking	7.31	88.0%	7.61	102.6%	10.12	81.6%
SME Banking	12.76	51.2%	7.35	95.5%	8.25	86.1%
Corporate & Commercial Banking	6.62	126.2%	10.35	159.4%	9.37	143.7%
Institutional Banking	0.16	227.9%	0.06	467.1%	0.02	1139.8%
Total	26.85	**80.8%**	25.37	**124.6%**	27.75	**104.5%**

Comments

- Coverage in Personal and Business banking is below 100% because loans are low valued, hence impaired at collective level with an average LGD of 31.1%
- 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.

FCMB

Credit Outlook

- We will maintain cautious loan growth strategy with continued focus on asset quality in view of the challenging macroeconomic condition

- We will maintain high provision level 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 remain optimistic regarding our estimated N6bn recovery target

Investment Banking Group: *Business Review –*

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

FCMB

Earnings improved QoQ, but dropped YoY, as investors continued to shun the capital markets and businesses await clarity on direction of the economy.

Investment Banking Group (IBG): Summary Financials
(1Q15 to 4Q15 vs. 1Q16)

Investment Banking Group	1Q15	4Q15	1Q16	% Δ QoQ	% Δ YoY
N'm					
Gross earnings	734	463	440	-5%	-40%
Net Interest Income	179	49	81	65%	-55%
Non Interest Income	556	415	360	-13%	-35%
–Debt Capital Raising	64	69	53	-23%	-18%
–Other Financial Advisory Fees	151	1	89	7296%	-41%
–Equity Capital Raising	29	142	9	-93%	-67%
– Brokerage Commission	157	163	110	-32%	-30%
–Asset Management Fees	11	2	38	1505%	234%
– Trading Income	109	(77)	(0)	-100%	-100%
– Dividend	0	1	51	5821%	n/a
–Others	35	113	10	-91%	-70%
Operating Income	734	463	440	-5%	-40%
Operating Expenses	(438)	(696)	(370)	-47%	-15%
Net gains/(losses) from fin. instruments at fair value	(27)	(53)	(8)	-85%	-71%
PBT	269	(285)	62	122%	-77%
PAT	194	(205)	42	-120%	-78%
CIR	60%	150%	84%	-44%	41%

Outlook to HY 2016 –

Mr. Peter Obaseki (MD, FCMB Group Plc)

Outlook to HY 2016 remains within previous guidance

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.