FCMB GROUP PLC

FY 2016

Investors & Analysts Presentation

31 March 2017

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

FCMB

AGENDA

Group Performance Review

Commercial & Retail Banking Group:
Business Review

Risk Management Review

Investment Banking Group:
Business Review

FY 2017 Outlook

Group Performance Review -

Mr. Kayode Adewuyi (Chief Financial Officer: FCMB Group Plc)

FCMB

Operating performance improved YoY and QoQ due to significant FX revaluation gains during the year and strong cost management in spite of inflation. CAR and liquidity remained satisfactory.

FCMB: Key Performance Indicators (1Q16 - 4Q16 & FY15 vs. FY16)

Performance Index		1Q16	2Q16	3Q16	4Q16	%Δ QoQ	FY15	FY16	%Δ YoY
Operating	Return on Av. Equity	4.0%	33.1%	-6.4%	3.2%	149.1%	3.0%	8.4%	184.1%
	Return on Av. Assets	0.6%	4.6%	-0.9%	0.5%	152.0%	0.4%	1.2%	199.9%
	Loan/Funding Ratio	63.2%	68.7%	67.6%	74.5%	-10.2%	66.1%	74.5%	12.6%
	Loan/Deposit Ratio	85.5%	95.3%	98.9%	100.4%	1.5%	84.7%	100.4%	18.5%
	Cost/Income Ratio	74.2%	40.3%	46.8%	85.5%	82.8%	74.8%	56.1%	-25.0%
	Net Interest Margin	8.8%	9.2%	7.8%	7.8%	-0.2%	8.1%	8.4%	2.6%
	NPL/Total Loans	4.8%	4.7%	3.4%	3.7%	10.2%	4.2%	3.7%	-9.8%
	Coverage Ratio[1]	105.7%	101.4%	111.2%	105.3%	-5.3%	114.5%	105.3%	-8.0%
	NII/Operating Income	22.9%	51.8%	53.1%	15.1%	-71.5%	28.6%	40.7%	42.3%
	Financial Leverage	7.1	7.2	7.2	6.8	-5.5%	7.2	6.8	-5.3%
	Cost of Risk	2.2%	3.5%	13.8%	0.3%	-97.5%	1.3%	4.9%	272.5%
Capital & Liquidity	Capital Adequacy Ratio	18.5%	16.1%	17.6%	18.7%	6.4%	18.1%	18.7%	3.5%
	Liquidity Ratio	38.2%	35.9%	36.8%	31.2%	-15.2%	35.9%	31.2%	-13.0%
Others	Opex (N'B)	16.5	16.2	16.6	16.4	-0.9%	67.0	65.77	-1.8%
	Risk Assets (net) (N'B)	562	657	657	660	0.4%	593	660	11.3%
	Customer Deposits (N'B)	657	689	664	658	-1.0%	700	658	-6.1%

NOTE:

1. *Inclusive of regulatory risk reserve*

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PBT improved YoY and QoQ driven by lower cost of funds, FX revaluation gains and better cost management. Impairment charges on loans increased in 3Q16 due to deterioration of some loans

FCMB: Statements of Comprehensive Income (Extracts) - (1Q16 - 4Q16 & FY15 vs. FY16)

N'm	1Q16	2Q16	3Q16	4Q16	%Δ QoQ	FY15	FY16	%Δ YoY
Revenue	**34,362**	**53,920**	**52,444**	**35,625**	**-32.1%**	**152,508**	**176,352**	**15.6%**
Interest Income	28,505	32,045	32,686	31,873	-2.5%	123,584	125,109	1.2%
Interest Expense	(11,346)	(12,660)	(16,033)	(15,536)	-3.1%	(59,647)	(55,576)	-6.8%
Net Interest Income	**17,159**	**19,385**	**16,653**	**16,337**	**-1.9%**	**63,937**	**69,534**	**8.8%**
Non Interest Income	**5,093**	**20,895**	**18,826**	**2,905**	**-84.6%**	**25,610**	**47,719**	**86.3%**
- Net Fees & Commissions	3,380	3,671	3,632	3,498	-3.7%	15,834	14,181	-10.4%
- Securities Trading Income	48	286	248	252	1.6%	940	834	-11.4%
- FX Income	1,556	16,726	17,061	(1,179)	-106.9%	5,431	34,164	529.0%
- Others	109	212	(2,115)	334	115.8%	3,404	(1,459)	-142.9%
Operating Income	**22,252**	**40,280**	**35,479**	**19,242**	**-45.8%**	**89,547**	**117,253**	**30.9%**
Operating Expenses	(16,513)	(16,221)	(16,591)	(16,448)	-0.9%	(66,979)	(65,774)	-1.8%
Net impairment loss on loans	(3,304)	(5,616)	(22,334)	(556)	-97.5%	(8,205)	(31,809)	287.7%
Other impairment loss	(228)	(4,341)	1,326	(470)	-135.4%	(6,829)	(3,713)	-45.6%
Net gains/(losses) from fin. instruments at fair value	0	(21)	8	35	343.5%	150	22	-85.6%
Share of Post tax result of Associate	0	0	0	273	n/a	85	273	222.5%
PBT	**2,207**	**14,081**	**(2,113)**	**2,076**	**198.2%**	**7,769**	**16,251**	**109.2%**
PAT	**1,645**	**14,023**	**(2,687)**	**1,358**	**150.5%**	**4,761**	**14,339**	**201.2%**

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Loans grew 11% YoY due to FCY revaluation during the year. However, deposits declined YoY and QoQ but growth in on-lending and debt securities boosted liquidity

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

N'm	4Q15	1Q16	2Q16	3Q16	4Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	180,922	147,083	154,300	143,168	108,105	-24.5%	-40.2%
Restricted reserve deposits	125,552	145,810	151,761	139,864	139,461	-0.3%	11.1%
Loans and advances	592,957	561,576	657,021	657,120	659,937	0.4%	11.3%
Derivative assets held	1,480	1,377	1,982	1,414	1,019	-27.9%	-31.1%
Non Pledged trading assets	1,994	5,756	11,242	10,755	9,154	-14.9%	359.0%
Investments	135,310	150,414	170,782	160,089	128,442	-19.8%	-5.1%
Assets pledged as collateral	51,778	51,778	55,778	53,287	59,107	10.9%	14.2%
Investment in associate	732	732	732	732	847	15.6%	15.6%
Intangible assets	8,969	8,863	8,576	8,976	9,673	7.8%	7.8%
Deferred tax assets	8,166	8,186	8,186	8,189	7,972	-2.7%	-2.4%
Other assets	21,703	28,913	36,090	26,487	16,779	-36.7%	-22.7%
Fixed assets	29,971	29,979	30,097	31,351	32,283	3.0%	7.7%
Total Assets	**1,159,534**	**1,140,467**	**1,286,546**	**1,241,432**	**1,172,778**	**-5.5%**	**1.1%**
LIABILITIES:							
Trading liabilities	0	0	0	2,781	6,256	124.9%	n/a
Derivative liabilities held	1,317	1,228	1,773	1,159	770	-33.5%	-41.5%
Customer deposits	700,217	657,187	689,345	664,310	657,610	-1.0%	-6.1%
Deposits from banks	5,461	34,522	41,898	47,516	24,798	-47.8%	354.1%
Other liabilities	93,292	87,464	150,903	90,254	75,695	-16.1%	-18.9%
Borrowings	113,700	112,833	142,428	170,609	132,094	-22.6%	16.2%
On-lending facilities	33,846	33,336	33,391	38,765	42,199	8.9%	24.7%
Debt securities issued	49,309	51,085	49,210	51,161	54,482	6.5%	10.5%
Shareholders' funds	162,391	162,811	177,599	174,878	178,873	2.3%	10.1%
Liabilities and Shareholder Equity	**1,159,534**	**1,140,467**	**1,286,546**	**1,241,432**	**1,172,778**	**-5.5%**	**1.1%**
Acceptances & Guarantees	**141,032**	**138,892**	**174,847**	**173,941**	**159,384**	**-8.4%**	**13.0%**

FCMB

Bank and Holdco dominate contributions to group performance while investment banking contribution is impacted by weak earnings as a result of lull in capital markets. CSL Trustees performance improved 59% YoY.

FCMB: Analysis of PBT Contribution by Entity (1Q16 - 4Q16 & FY15 vs. FY16)

N'm	1Q16	2Q16	3Q16	4Q16	% Δ QoQ	FY15	FY16	% Δ YoY	% Contri-bution
Commercial Banking Group	2,226	12,469	(2,361)	1,510	-164%	6,454	13,844	114%	**85%**
Investment Banking Group									
• FCMB CM	19	67	(38)	(4)	-88%	210	44	-79%	**0.3%**
• CSL Stockbrokers	43	(31)	(16)	226	1475%	(326)	222	168%	**1%**
CSL Trustees	44	44	43	57	34%	118	187	59%	**1%**
FCMB Group Plc (Separate)	(125)	1,533	260	14	-95%	1,228	1,682	37%	**10%**
Share of Post tax result of Associate	0	0	0	273	n/a	85	273	223%	**2%**
FCMB Group Plc (consolidated)	**2,207**	**14,081**	**(2,113)**	**2,076**	**198%**	**7,769**	**16,251**	**109%**	**100%**

Commercial & Retail Banking Group (CRBG): Business Review -
Mr. Adam Nuru (Managing Director: FCMB Ltd)

FCMB

Imperatives Update

- **OPEX:** We achieved 1.4% (N900m) OPEX savings in 2016. This is despite the severe impact of inflation rate conservatively states at 18.6% in 2016. Savings came through cost discipline, modest branch rationalization (20), increased automation and efficiencies therefrom. Further cost saving opportunities are already identified for implementation in 2017, largely through automation and moving more of our services to digital channels.

- **RETAIL BANKING**: Retail banking investment continued to pay-off with the personal banking sustaining its growth momentum in the year. Segment PBT increased 8% from N6.9billion in 2015 to N7.4billion in 2016, despite significant decline in card FX income .This performance is expected to be sustained on the back of the 16% increase in customer acquisition (2015-550,000) to 640,000 in 2016, with further projection to hit the 700,000 mark in 2017 at the current monthly average acquisition rate of 59,000 and 15% low cost deposit growth trend achieved in 2016.

- **TIGHTER SME LENDING:** Early impact of the newly implemented lending framework for SME are already visible with SME loans under the framework sustaining their less than 0.05% NPL ratio and the segment returning to profitability with a PBT of N1.3billion in 2016 from a loss position of N2.3billion in 2015.

  Net revenue improved 16% to N21.6billion from N18.6billion in 2015, supported by increase in fee and commission income from the segment and 17.5% growth in current and savings account volumes from N131billion in 2015 to N154billion in 2016. Momentum is expected to be sustained in 2017 as portfolio diversification is stepped up and asset book improvement continues.

Imperatives Update

- **IMPROVING CORPORATE BANKING CAPITAL EFFICIENCY**: The renewed transaction and liability focus (as opposed to risk asset) of the corporate banking segment is paying off, with current accounts from the segment growing 30% from N65.2billion in 2015 to N84.5billion in 2016. Plan to further reduce the corporate book will be intensified in 2017 in line with renewed plan to refocus the segment.

- **LOAN RECOVERY EFFORT:** Our recovery effort in 2016 yielded 78% of the planned full year recovery of N6b, due to market illiquidity for assets.

2017 focus will be on maintaining momentum in these areas with particular emphasis on:-

- Sustain acquisition trend through digital play and agency banking roll-out;

- Intensify cost efficiency by leveraging technology;

- Prudent provisioning and more conservative underwriting standards;

- Focused lending with emphasis on portfolio diversification.

FCMB

Profitability ratios improved in 4Q16. Capital and liquidity remain adequate.

CRBG: Key Performance Indicators
(1Q16 - 4Q16 & FY15 vs. FY16)

Performance Index		1Q16	2Q16	3Q16	4Q16	%Δ QoQ	FY15	FY16	%Δ YoY
Operating	Return on Av. Equity	4.6%	32.1%	-7.5%	2.1%	-128.2%	2.4%	7.8%	220.4%
	Return on Av. Assets	0.8%	4.1%	-0.8%	0.5%	-165.8%	0.6%	1.2%	112.9%
	Loan/Funding Ratio	62.4%	69.0%	66.9%	71.7%	7.1%	64.9%	71.7%	10.4%
	Loan/Deposit Ratio	84.0%	90.9%	97.5%	99.3%	1.8%	79.6%	99.3%	24.7%
	Cost/Income Ratio	73.5%	41.6%	45.6%	84.9%	86.1%	75.9%	56.3%	-25.8%
	Net Interest Margin	8.9%	9.1%	7.7%	7.8%	0.6%	8.7%	8.3%	-4.2%
	NPL/Total Loans	4.8%	4.6%	3.4%	3.7%	11.6%	4.2%	3.7%	-9.8%
	Coverage Ratio[1]	110.6%	109.2%	111.2%	119.1%	7.1%	123.6%	119.1%	-3.7%
	NII/Operating Income	21.8%	49.0%	52.3%	15.9%	-69.6%	25.9%	39.1%	51.2%
	Financial Leverage	7.7%	7.8%	7.7%	7.4%	-3.2%	7.9%	7.4%	-5.3%
	Cost of Risk	2.2%	3.5%	13.8%	0.3%	-97.5%	1.3%	4.9%	273.5%
Capital & Liquidity	Capital Adequacy Ratio	17.1%	15.0%	16.9%	16.5%	-1.9%	16.9%	16.5%	-2.0%
	Liquidity Ratio	38.2%	35.9%	36.8%	31.2%	-15.2%	35.8%	31.2%	-12.8%
Others	Opex (N'B)	15.95	15.60	15.60	16.27	4.3%	64.34	63.43	-1.4%
	Risk Assets (net) (N'B)	561.31	666.08	656.85	659.70	0.4%	592.67	659.70	11.3%
	Customer Deposits (N'B)	668.13	699.03	673.88	664.65	-1.4%	711.02	664.65	-6.5%

NOTE:

1. Inclusive of regulatory risk reserve .

FCMB

Earnings improved due to FCY revaluation gains and effective cost control. Also, PBT improved QoQ due to decreased cost of funds and impairment charges on loans.

CRBG: Statements of Comprehensive Income (Extracts): (1Q16 - 4Q16 & FY15 vs. FY16)

N'm	1Q16	2Q16	3Q16	4Q16	%Δ QoQ	FY15	FY16	%Δ YoY
Revenue	**33,044**	**51,099**	**51,960**	**32,086**	**-38.2%**	**144,531**	**168,189**	**16.4%**
Interest Income	28,318	31,758	32,410	31,706	-2.2%	122,611	124,191	1.3%
Interest Expense	(11,335)	(12,619)	(16,092)	(15,584)	-3.2%	(59,780)	(55,630)	-6.9%
Net Interest Income	**16,983**	**19,139**	**16,317**	**16,121**	**-1.2%**	**62,830**	**68,561**	**9.1%**
Non Interest Income	**4,726**	**18,355**	**17,866**	**3,052**	**-82.9%**	**21,920**	**43,999**	**100.7%**
- Net Fees & Commissions	3,025	3,386	3,445	3,641	5.7%	14,332	13,497	-5.8%
- Securities Trading Income	56	278	244	263	8.1%	1,188	841	-29.2%
- FX Income	1,587	14,480	16,300	(1,022)	-106.3%	5,192	31,345	503.7%
- Others	58	212	(2,123)	170	-108.0%	1,208	(1,684)	-239.4%
Operating Income	**21,709**	**37,494**	**34,183**	**19,173**	**-43.9%**	**84,751**	**112,559**	**32.8%**
Operating Expenses	(15,952)	(15,598)	(15,604)	(16,273)	4.3%	(64,344)	(63,426)	-1.4%
Net impairment loss on loans	(3,304)	(5,616)	(22,334)	(556)	-97.5%	(8,205)	(31,809)	287.7%
Other impairment loss	(228)	(3,812)	1,372	(834)	-160.8%	(5,897)	(3,502)	-40.6%
Net gains/(losses) from fin. instruments at fair value	-	-	22	-	-100.0%	150	22	-85.6%
PBT	**2,226**	**12,469**	**(2,361)**	**1,510**	**164.0%**	**6,454**	**13,844**	**114.5%**
PAT	**1,699**	**12,481**	**(2,935)**	**831**	**128.3%**	**3,542**	**12,076**	**240.9%**

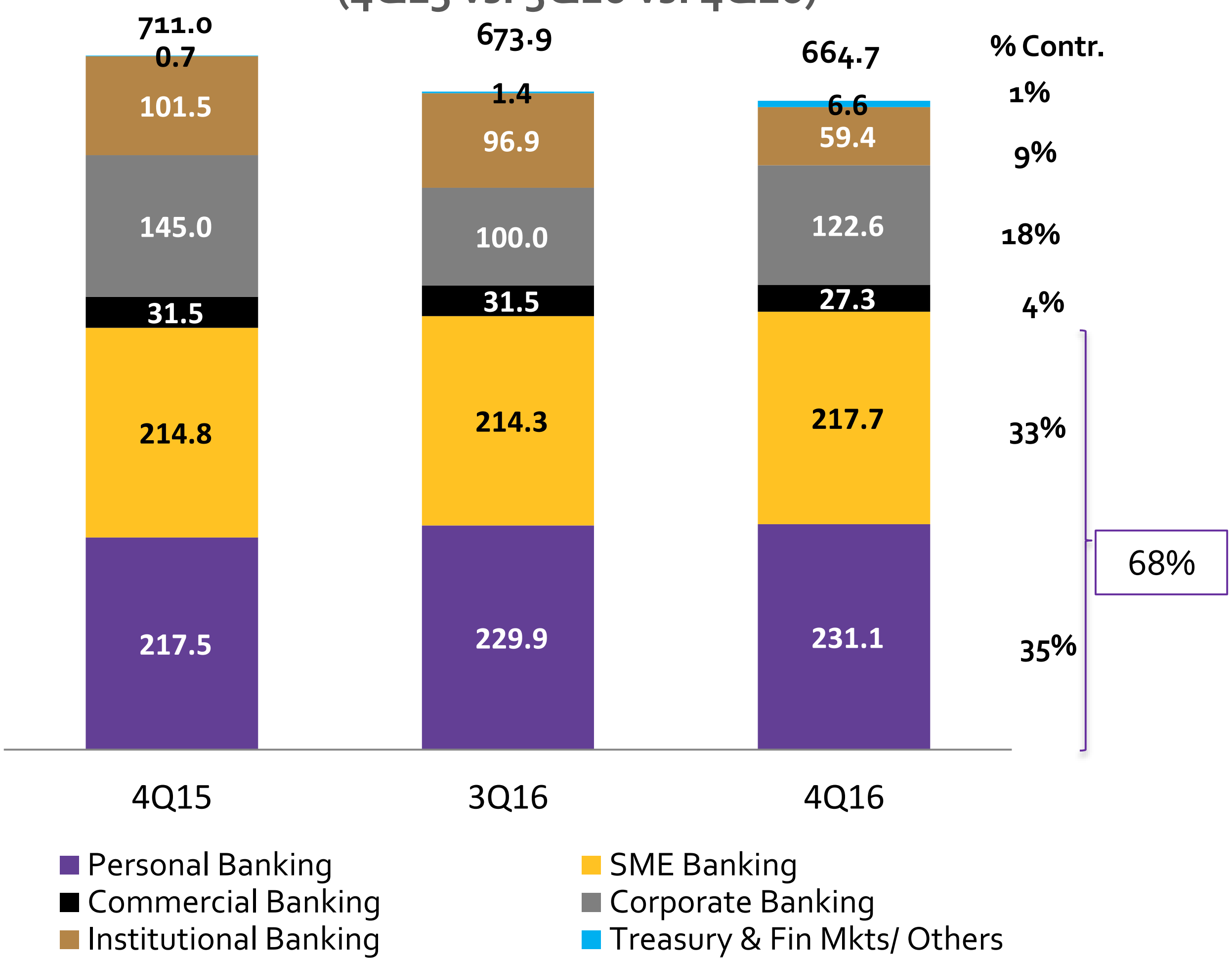
FCMB

Balance sheet size grew slightly 1.2% YoY, with increased funding from borrowings, on-lending facilities and debt securities issued to replace expensive deposits for lower CRR and interest expense management.

N'm	4Q15	1Q16	2Q16	3Q16	4Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	177,771	143,069	150,655	138,457	106,424	-23.1%	-40.1%
Restricted reserve deposits	125,552	145,810	151,761	139,864	139,461	-0.3%	11.1%
Loans and advances	592,672	561,310	666,075	656,852	659,700	0.4%	11.3%
Derivative assets held	1,480	1,377	1,982	1,414	1,019	-27.9%	-31.1%
Non Pledged trading assets	1,839	5,640	11,125	9,876	8,412	-14.8%	357.3%
Investments	124,465	139,110	155,756	154,705	123,258	-20.3%	-1.0%
Assets pledged as collateral	51,778	51,778	55,778	53,287	59,107	10.9%	14.2%
Intangible assets	8,609	8,508	8,538	8,941	9,426	5.4%	9.5%
Deferred tax assets	8,166	8,166	8,166	8,166	7,949	-2.7%	-2.7%
Other assets	28,005	34,831	35,868	26,486	16,531	-37.6%	-41.0%
Fixed assets	29,807	29,818	29,916	31,213	32,148	3.0%	7.9%
Total Assets	**1,150,144**	**1,129,415**	**1,275,619**	**1,229,261**	**1,163,435**	**-5.4%**	**1.2%**
<u>LIABILITIES:</u>	-						
Trading liabilities	-	-	-	2,781	6,256	124.9%	100.0%
Derivative liabilities held	1,317	1,228	1,773	1,159	770	-33.5%	-41.5%
Customer deposits	711,025	668,133	699,026	673,880	664,653	-1.4%	-6.5%
Deposits from banks	5,461	34,522	41,898	47,516	24,798	-47.8%	354.1%
Other liabilities	87,082	79,321	143,984	82,291	73,139	-11.1%	-16.0%
Borrowings	113,700	112,833	142,428	170,609	132,094	-22.6%	16.2%
On-lending facilities	33,846	33,336	33,391	38,765	42,199	8.9%	24.7%
Debt securities issued	49,309	51,085	49,210	51,161	56,924	11.3%	15.4%
Shareholders' funds	148,404	148,957	163,911	161,099	162,602	0.9%	9.6%
Liabilities and Shareholder Equity	**1,150,144**	**1,129,415**	**1,275,619**	**1,229,261**	**1,163,435**	**-5.4%**	**1.2%**
Acceptances & Guarantees	**142,062**	**138,892**	**174,847**	**174,421**	**159,476**	**-8.6%**	**12.3%**

In line with our overall strategic thrust, retail deposits (Personal and SME) - which accounted for 68% of total deposits – grew, while wholesale deposits came down.

CRBG: Deposit Distribution by Segment (4Q15 vs. 3Q16 vs. 4Q16)



	% Δ QoQ	% Δ YoY
Personal Banking	0.5%	5.9%
SME Banking	1.6%	1.3%
Commercial Banking	-15.4%	-15.4%
Corporate Banking	18.4%	-18.3%
Institutional Banking	-63.1%	-70.9%
Treasury & Financial Markets/ Others	78.8%	89.4%
Total	-1.4%	-7.0%

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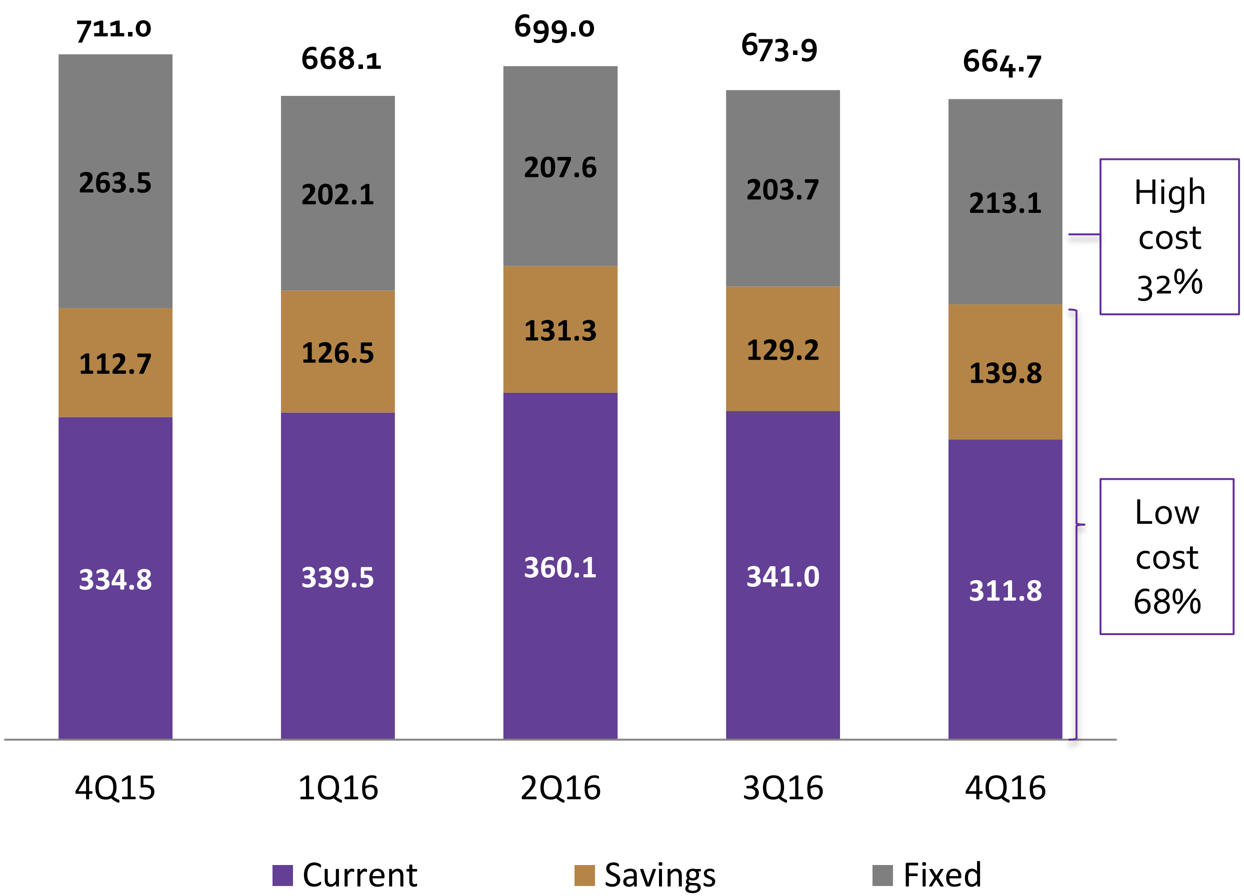
Deposits declined 1.4% QoQ largely due to $45 million of NNPC funds (fully repaid).

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



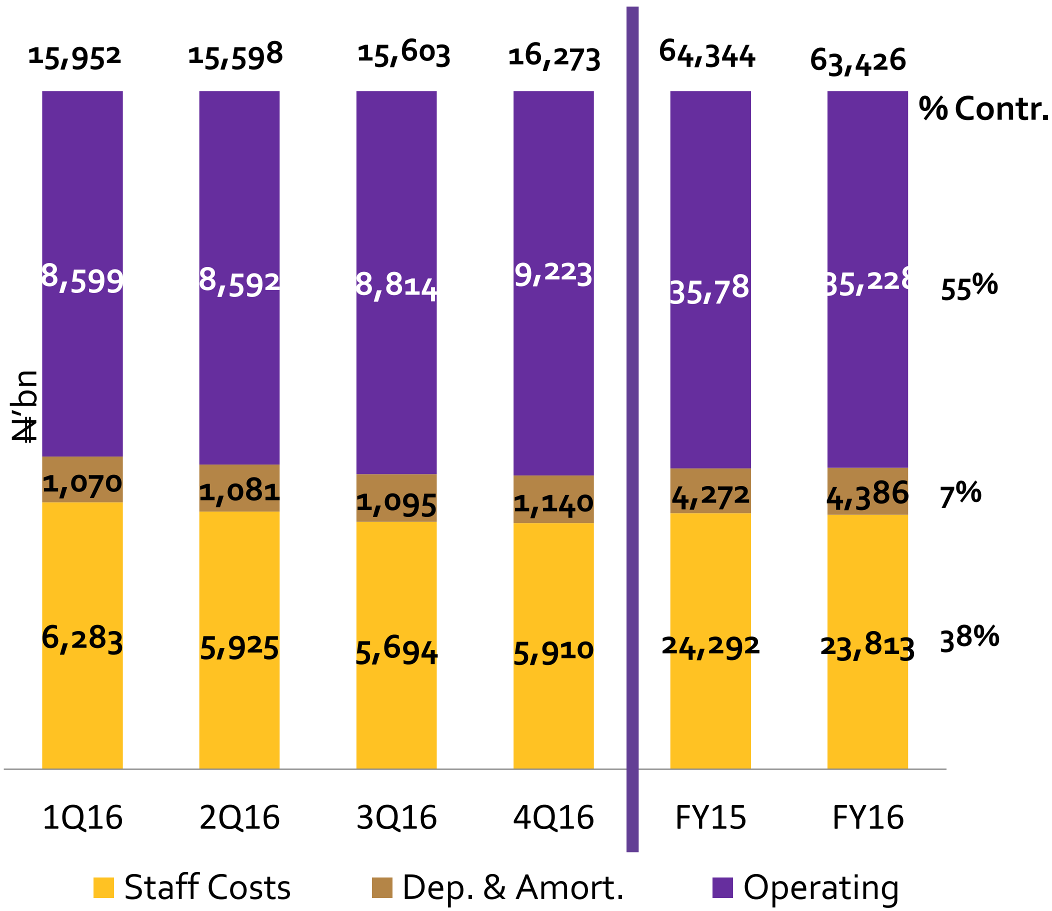
Comments

- Decline in customer deposit QoQ due to affinity for high yield money market funds.
- Continuous initiatives to further optimise the balance sheet necessitated shedding some CRR-linked deposits.

FCMB

Effective cost control measures delivered 1.4% YoY decline in OPEX in spite of spike in inflation rate and increased costs from currency devaluation

CRBG: OPEX Analysis by Expense Domain 1Q16 – 4Q16 & FY15 vs. FY16



Expense Line	% Δ QoQ	% Δ YoY
Staff Costs	3.8%	-2.0%
Depreciation & Amortisation	4.1%	2.7%
Operating	4.6%	-1.5%
Total	**4.3%**	**-1.4%**

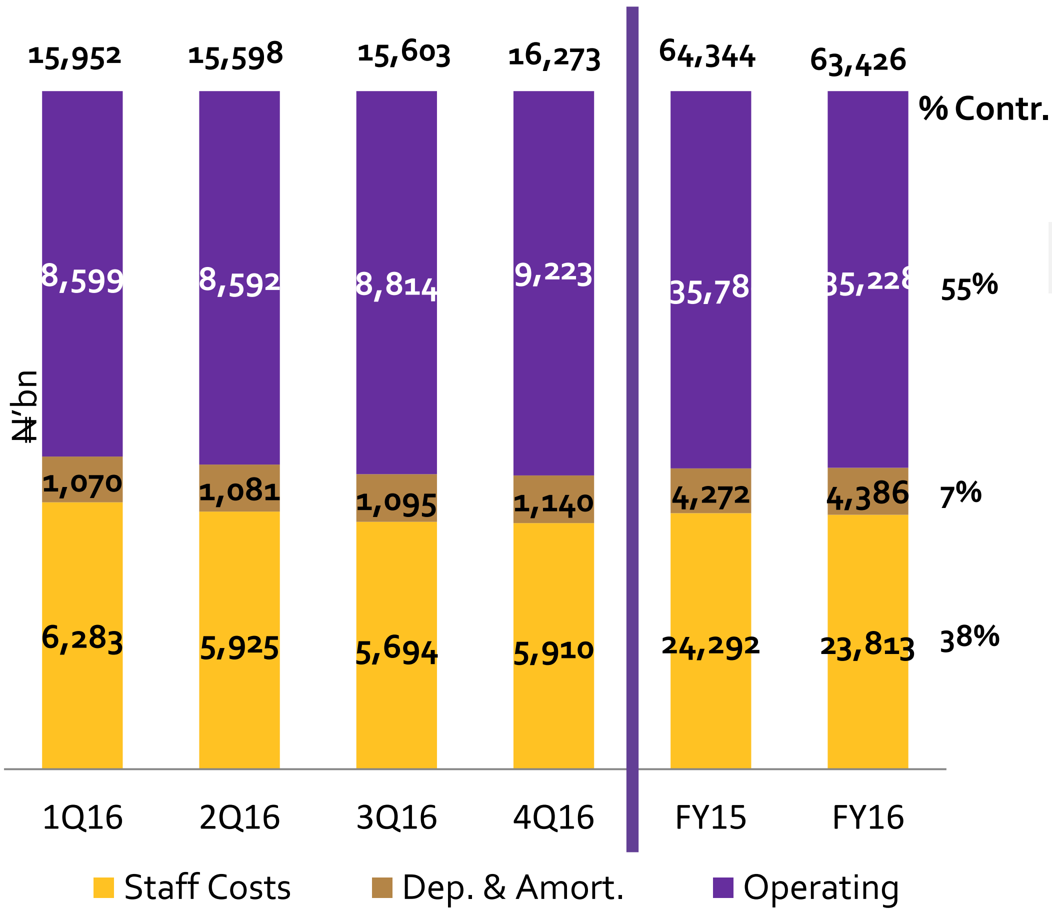
Comments

- YoY decline in FTE cost and Operating was due to the ongoing cost optimisation and branch rationalisation.
- YoY and QoQ growth in depreciation & amortisation expenses was due to continued investments in alternate channels / e-banking solutions as well as other process improvement solutions.
- QoQ growth in FTE and Operating cost was due to increased professional fees, penalty expenses and expense accrual reversals in Q3.

FCMB

Effective cost control measures delivered 1.4% YoY decline in OPEX in spite of spike in inflation rate and increased costs from currency devaluation

CRBG: OPEX Analysis by Expense Domain 1Q16 – 4Q16 & FY15 vs. FY16



Expense Line	% Δ QoQ	% Δ YoY
Staff Costs	3.8%	-2.0%
Depreciation & Amortisation	4.1%	2.7%
Operating	4.6%	-1.5%
Total	4.3%	-1.4%

Comments

- YoY decline in staff and operating costs was due to the ongoing cost optimisation and branch rationalisation.
- YoY and QoQ growth in depreciation & amortisation expenses was due to continued investments in alternate channels / e-banking solutions as well as other process improvement solutions.
- QoQ growth in staff and operating costs was due penalty expenses, promotional expenses and expense accrual reversals in 3Q16.

Risk Management Review –

Mrs. Toyin Olaiya

FCMB

0.5% QoQ growth is largely from O&G Downstream and Finance & Insurance.

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

Industry Sector	Dec'15	Mar'16	June'16	Sept'16	Dec'16	% DISTR.
AGRICULTURE	36,131	31,119	29,386	24,778	26,150	3.8%
COMMERCE	62,435	49,815	67,899	58,359	58,600	8.6%
CONSTRUCTION	6,796	5,536	4,588	3,746	2,904	0.4%
EDUCATION	6,012	6,647	7,514	9,070	8,979	1.3%
FINANCE & INSURANCE	25,929	13,325	25,167	28,428	33,169	4.9%
GENERAL – OTHERS	10,858	10,394	13,059	14,393	14,063	2.1%
GOVERNMENT	829	3,088	4,365	4,568	4,317	0.6%
INDIVIDUAL	134,384	136,666	133,855	126,254	124,222	18.3%
INFORMATION & COMMUNICATIONS	27,081	27,378	28,333	27,857	27,085	4.0%
MANUFACTURING	53,827	53,726	57,165	50,393	52,357	7.7%
OIL&GAS-DOWNSTREAM	47,195	37,192	33,546	21,675	27,444	4.0%
OIL&GAS-UPSTREAM&SERVICES	98,262	100,710	153,387	169,410	162,301	23.9%
POWER & ENERGY	27,228	26,882	38,078	42,146	43,952	6.5%
PROFESSIONAL SERVICES	4,182	4,138	4,091	4,048	4,028	0.6%
REAL ESTATE	62,107	65,362	79,789	84,703	83,767	12.3%
TRANSPORTATION & LOGISTICS	7,519	6,775	7,214	7,103	6,907	1.0%
	610,774	**578,754**	**687,438**	**676,931**	**680,246**	**100.0%**

Comments

- O&G downstream grew by 26.6% due to drawdown on existing trade lines. 16.7% growth in F&I were Institutional banking (UK) transactions.
- Growth in Power & Energy is further disbursement for an on-going project, supported by FGN and World Bank guarantees. Otherwise lending in power sector has been suspended.
- Drop in O&G Upstream and other sectors were largely driven by contractual repayments.

FCMB

10.7% growth in NPL QoQ is largely from Individual Sector.

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

BUSINESS SEGMENT	Dec. 2015		Sept. 2016		Dec. 2016	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	693.92	1.9%	730.11	2.9%	989.73	3.8%
Commerce	4,697.51	7.5%	5,831.45	8.7%	5,938.29	10.1%
Construction	1,897.93	27.9%	41.54	1.1%	32.87	1.1%
Education	138.48	2.3%	1,954.62	21.6%	1,971.38	22.0%
Finance & Insurance	46.84	0.2%	162.51	1.0%	151.64	0.5%
General – Others	772.55	7.1%	891.41	6.2%	385.35	2.7%
Government	17.11	2.1%	65.44	1.4%	22.01	0.3%
Individual	6,875.94	5.1%	10,795.35	8.5%	12,912.74	10.4%
Information & Communications	757.78	2.8%	181.04	0.6%	67.78	0.3%
Manufacturing	2,725.92	5.1%	1,039.54	2.1%	592.18	1.1%
Oil&Gas- Downstream	6,611.23	14.0%	315.95	1.5%	256.21	0.9%
Oil & Gas – Upstream & Services	0.00	0.0%	197.36	0.1%	229.13	0.1%
Power & Energy	-	0.0%	-	0.0%	33.00	0.1%
Professional Services	67.25	1.6%	174.99	4.3%	1,407.78	34.9%
Real Estate	0.01	0.0%	428.43	0.5%	403.07	0.5%
Transportation & Logistics	67.70	0.9%	195.42	2.8%	81.39	1.2%
Total	**25,370.16**	**4.2%**	**23,005.17**	**3.4%**	**25,474.53**	**3.7%**

Comments

- Delay in salary from financially challenged states caused a further deterioration in the Consumer loan book with 19.6% growth in Individual NPL. These states have been classified as unsafe for business generation.
- NPL growth in Professional services was largely due to timing of cash-flow, restructure is on-going with prospect of recovery.
- Restructured loans in Power & Energy and Upstream O&G are performing in line with terms. Accounts are being closely monitored for performance.
- Drop in the NPL of other sectors are largely due to repayment and write off.

Recovery in Commerce, Downstream and Construction improved Net loan loss charge for the quarter.

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

	Loan Loss Charges/ Recoveries					Cost of
Business Segment	**4Q15**	**3Q16**	**4Q16**	**Δ QoQ**	**Δ YoY**	**Risk %**
AGRICULTURE	(34.37)	375.59	314.96	(60.63)	349.33	3.6%
COMMERCE	760.10	3,742.96	(2,079.62)	(5,822.58)	(538.41)	7.7%
CONSTRUCTION	(319.52)	1,084.79	(500.14)	(1,584.93)	(180.62)	24.6%
EDUCATION	70.82	431.99	376.23	(55.76)	305.41	10.8%
FINANCE & INSURANCE	80.50	59.33	103.39	44.06	22.89	0.6%
GENERAL – OTHERS	72.26	585.34	(219.92)	(805.26)	(292.17)	1.9%
GOVERNMENT	(87.10)	2.87	(7.60)	(10.48)	79.50	2.1%
INDIVIDUAL	(2,178.63)	(557.72)	988.77	1,546.49	3,167.40	3.8%
INFORMATION & COMMUNICATIONS	(5.94)	140.34	(4.22)	(144.55)	1.73	0.8%
MANUFACTURING	(45.97)	2,814.49	267.15	(2,547.34)	313.12	9.1%
OIL&GAS-DOWNSTREAM	(429.81)	1,666.61	(1,002.53)	(2,669.15)	(572.73)	1.3%
OIL&GAS-UPSTREAM&SERVICES	(155.03)	2,951.70	586.05	(2,365.66)	(1,162.16)	1.7%
POWER & ENERGY	15.08	255.62	1,493.31	1,237.69	1,478.23	5.1%
PROFESSIONAL SERVICES	(14.48)	135.72	440.90	305.17	455.38	16.0%
REAL ESTATE	170.05	6,667.80	(102.95)	(6,770.75)	(671.06)	8.7%
TRANSPORTATION & LOGISTICS	81.67	114.08	(1.03)	(115.11)	(82.70)	3.3%
Total	**(2,020.39)**	**20,471.53**	**652.74**	**(19,818.79)**	**2,673.13**	**4.7%**

Comments

- The bank proactively increased collective impairment charge on Power & Energy and O&G – Upstream in view of the macro issues affecting the sectors.
- The high COR in Construction is due to delay in payment of contract proceeds.

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- Recovery in Commerce was a reversal of impairment taken on trade transactions but no longer required.
- Recoveries in other sectors were in line with previous projections.

Credit Outlook

- We will continue to maintain our cautious loan origination with a gradual reduction in loan book as the year progresses.
- We will continue to maintain high provision levels to ensure adequate coverage ratio for non-performing loans as well as challenged sectors.
- More resources have been allocated to the recovery of non-performing loans and written off accounts.

Investment Banking Group: *Business Review –*

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

Earnings grew YoY and QoQ, driven by asset management fees, FX revaluation gains and savings from cost management

Investment Banking Group (IBG): Summary Financials (1Q16 - 4Q16 & FY15 vs. FY16)

Investment Banking Group	1Q16	2Q16	3Q16	4Q16	% Δ QoQ	FY15	FY16	% Δ YoY
N'm								
Gross earnings	**440**	**474**	**386**	**555**	**44%**	**2,088**	**1,855**	**-11%**
Net Interest Income	81	64	168	135	-20%	532	448	-16%
Non Interest Income	**360**	**410**	**218**	**420**	**93%**	**1,555**	**1,407**	**-10%**
–Debt Capital Raising	53	70	10	22	123%	439	154	-65%
–Other Financial Advisory Fees	89	24	15	44	191%	160	172	8%
–Equity Capital Raising	9	0	0	17	n/a	209	26	-87%
– Brokerage Commission	110	76	51	68	34%	594	306	-49%
–Asset Management Fees	38	63	63	56	-11%	33	220	570%
– Trading Income	(0)	0	4	(20)	-539%	(50)	(15)	-69%
– Dividend	51	0	7	(0)	-107%	20	58	195%
–Others [1]	10	176	67	233	248%	150	486	223%
Operating Income	**440**	**474**	**386**	**555**	**44%**	**2,088**	**1,855**	**-11%**
Operating Expenses	(370)	(425)	(426)	(377)	-12%	(2,006)	(1,598)	-20%
Net gains/(losses) from fin. instruments at fair value	(8)	(13)	(15)	43	-399%	(198)	8	104%
PBT	**62**	**36**	**(54)**	**222**	**509%**	**(116)**	**266**	**328%**
PAT	**42**	**3**	**(64)**	**213**	**435%**	**(154)**	**195**	**227%**
CIR	86%	92%	115%	63%	45%	106%	86%	19%

Note:

1. Includes FX revaluation income N207m in Q4 and N322m full year.

FY 2017 Outlook –

Mr. Ladi Balogun (Group Chief Executive, FCMB Group Plc)

FY 2017 Outlook

- Cost of risk will remain high, but should moderate and fall below 3% in 2017;
- Operating expenses will remain flat as cost optimisation initiatives continue;
- Deposit growth - particularly CASA - will resume, positively impacting cost of funds and net interest margin;
- Loan book will remain flat, resulting in marginal improvement in capital adequacy ratio;
- Non interest income should grow significantly as a result of technology investments and acquisition of another 700,000 transaction customers for the year;
- Bank profitability will remain subdued, barring revaluation gains;
- Microfinance Bank also set to begin contributing to earnings in 2017;
- Capital Market activities and earnings to remain low;
- Asset management earnings and AUM expected to grow substantially.