FCMB

FCMB GROUP PLC

4 February 2016









3Q 2015

Investors & Analysts Presentation

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every challenge is a new **OPPORTUNITY**

Let’s help you take it

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

Turnaround Plan

Risk Management Review

Investment Banking Group:

Business Review

Outlook for Year End 2015 & Beyond

Group Performance Review -

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

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Capital, liquidity and NIM still hold strong, however, high NPLs and impairment charges adversely impacted returns

FCMB: Key Performance Indicators (1Q15 to 3Q15 & 9M14 vs. 9M15)

	Performance Index	1Q15	2Q15	3Q15	%Δ QoQ	9M14	9M15	%Δ YoY
Operating	Return on Av. Equity	12.9%	7.5%	-16.0%	-313.9%	12.9%	1.6%	-87.8%
	Return on Av. Assets	1.8%	1.0%	-2.2%	-315.2%	1.9%	0.2%	-88.5%
	Loan/Deposit Ratio	76.6%	73.6%	80.8%	9.8%	78.2%	80.8%	3.4%
	Cost/Income Ratio	68.1%	75.9%	78.2%	3.1%	70.3%	73.9%	5.2%
	Net Interest Margin	8.8%	8.1%	7.3%	-10.1%	8.6%	8.3%	-2.6%
	NPL/Total Loans	4.5%	5.2%	5.8%	11.0%	2.7%	5.8%	112.3%
	Coverage Ratio[1]	75.7%	64.6%	102.6%	58.7%	77.0%	102.6%	33.3%
	NII/Operating Income	25.4%	27.5%	33.7%	22.3%	29.3%	28.7%	-2.1%
	Financial Leverage	7.2	7.4	7.3	(0.0)	6.9	7.3	6.0%
	Cost of Risk	1.3%	1.6%	3.7%	135.0%	1.0%	2.2%	128.4%
Capital & Liquidity	Capital Adequacy Ratio	21.7%	19.8%	18.3%	-8%	19.0%	18.3%	-3.6%
	Liquidity Ratio	41.0%	31.8%	35.8%	13%	32.2%	35.8%	11.3%
Others	Opex (N'B)	16.5	17.2	16.8	-1.9%	48.9	50.5	3.3%
	Risk Assets (net) (N'B)	582	579	568	-1.7%	565	568	0.6%
	Customer Deposits (N'B)	760	786	703	-10.5%	722	703	-2.7%

NOTE:

1. *Inclusive of regulatory risk reserve*

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Revenue grew 2% from prior year, however PBT declined 85% YoY largely due to significant impairments in the legacy oil & gas risk assets portfolio in 3Q15

FCMB: Statements of Comprehensive Income (Extracts) - (1Q15 to 3Q15 & 9M14 vs. 9M15)

N'm	1Q15	2Q15	3Q15	%Δ QoQ	9M14	9M15	%Δ YoY
Revenue	39,289	38,065	**31,941**	**-16%**	106,703	**109,294**	**2%**
Interest Income	32,277	31,302	23,817	-24%	84,501	87,396	3%
Interest Expense	(14,219)	(14,924)	(9,543)	-36%	(35,396)	(38,687)	9%
Net Interest Income	18,058	16,378	**14,274**	-13%	**49,104**	**48,710**	-1%
Non Interest Income	**6,158**	**6,218**	**7,243**	**16%**	**20,415**	**19,620**	**-4%**
- Net Fees & Commissions	3,036	3,084	3,124	1%	12,051	9,244	-23%
- Securities Trading Income	355	33	87	161%	592	476	-20%
- FX Income	2,541	1,377	1,046	-24%	5,435	4,963	-9%
- Others	226	1,724	2,987	73%	2,338	4,937	111%
Operating Income	24,216	22,596	**21,517**	**-5%**	**69,520**	**68,329**	**-2%**
Operating Expenses	(16,497)	(17,156)	(16,835)	-2%	(48,881)	(50,488)	3%
Net impairment loss on loans	(2,045)	(2,429)	(5,752)	137%	(3,789)	(10,225)	170%
Other impairment loss	(60)	786	(5,788)	-836%	(124)	(5,062)	3972%
Net gains/(losses) from fin. instruments at fair value	155	(1)	(145)	10929%	57	9	-83%
Share of Post tax result of Associate	0	0	0	n/a	0	0	n/a
PBT	**5,770**	**3,796**	**(7,003)**	**-284%**	**16,783**	**2,563**	**-85%**
PAT	**5,278**	**3,023**	**(6,435)**	**-313%**	**14,224**	**1,866**	**-87%**

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Loans grew marginally YoY as cash reserve requirements eased in 3Q15 strengthening liquidity

FCMB: Statements of Financial Position (Extracts) - (Sept. 2014 vs. June 2015 vs. Sept. 2015)

N'm	3Q14	1Q15	2Q15	3Q15	% Δ QoQ	% Δ YoY
Cash and cash equivalents	100,434	144,970	151,919	141,172	-7.1%	40.6%
Restricted reserve deposits	120,763	163,141	195,824	171,566	-12.4%	42.1%
Loans and advances	565,093	582,227	578,570	568,496	-1.7%	0.6%
Derivative assets held	484	3,609	3,387	1,117	-67.0%	130.7%
Non Pledged trading assets	2,830	4,253	3,987	9,783	145.4%	245.7%
Investments	136,309	156,910	149,416	147,809	-1.1%	8.4%
Assets pledged as collateral	46,130	50,159	51,159	51,778	1.2%	12.2%
Investment in associate	569	647	647	647	0.0%	13.9%
Intangible assets	8,125	8,700	8,574	8,480	-1.1%	4.4%
Deferred tax assets	6,359	8,184	8,184	9,810	19.9%	54.3%
Other assets	27,061	38,571	41,681	30,457	-26.9%	12.6%
Fixed assets	27,438	29,067	29,525	30,233	2.4%	10.2%
Total Assets	**1,041,596**	**1,190,438**	**1,222,875**	**1,171,349**	**-4.2%**	**12.5%**
LIABILITIES:						
Derivative liabilities held	383	3,344	3,165	924	-70.8%	141.4%
Customer deposits	722,480	759,648	785,754	703,227	-10.5%	-2.7%
Deposits from banks	452	8,691	12,000	26,998	125.0%	5868.7%
Other liabilities	81,817	112,341	119,176	138,983	16.6%	69.9%
Borrowings	84,423	94,544	96,392	96,758	0.4%	14.6%
On-lending facilities	0	18,515	16,970	19,162	12.9%	n/a
Debt securities issued	0	27,060	26,030	26,939	3.5%	n/a
Shareholders' funds	152,040	166,295	163,388	158,358	-3.1%	4.2%
Liabilities and Shareholder Equity	**1,041,596**	**1,190,438**	**1,222,875**	**1,171,349**	**-4.2%**	**12.5%**
Acceptances & Guarantees	**170,776**	**213,635**	**197,563**	**219,472**	**11.1%**	**28.5%**

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Earnings slumped in 3Q15, resulting in significant adverse 9mth YoY variance

FCMB: Analysis of PBT Contribution by Entity (1Q15 to 3Q15 & 9M14 vs. 9M15)

N'm	1Q15	2Q15	3Q15	% Δ QoQ	9M14	9M15	% Δ YoY
Commercial Banking Group	5,365	2,638	(6,787)	**-357%**	15,695	**1,216**	**-92%**
Investment Banking Group							
• FCMB CM,	137	153	(37)	-124%	1,054	253	-76%
• CSL Stockbrokers	132	113	(329)	-392%	308	(84)	-127%
CSL Trustees	23	29	30	5%	41	83	100%
FCMB Group Plc (Separate)	112	864	119	-86%	(316)	1,096	447%
Share of Post tax result of Associate							
FCMB Group Plc (consolidated)	**5,770**	**3,796**	**-7,003**	**-284%**	**16,783**	**2,563**	**-85%**

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

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

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Background

- A number of positive developments in spite of revenue pressures and specific impairments;
- Provision coverage stepped up to 106.8% (163.4% in corporate banking);
- Significant loan recovery prospects going forward (estimated at N6bn);
- Strong and sustainable retail revenue momentum (25% in FY 2015);
- Improved liquidity position due to CRR reduction and N23bn bond raising;
- CAR remains adequate for 2016 with further headroom for tier 2 in the event of Naira devaluation;
- Portfolio flash points of power sector exposure (22.8bn) and upstream oil and gas (98.8bn) will need to be proactively managed.

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Profitability ratios and cost of risk deteriorated in 3Q15, primarily due to impairment charges, but capital protection remains strong and liquidity has improved

CRBG : Key Performance Indicators
(1Q15 to 3Q15 & 9M14 vs. 9M15)

Performance Index		1Q15	2Q15	3Q15	%Δ QoQ	9M14	9M15	%Δ YoY
Operating	Return on Av. Equity	12.9%	5.2%	-16.0%	-408.1%	14.6%	0.9%	-93.5%
	Return on Av. Assets	1.9%	0.9%	-0.7%	-175.5%	2.4%	0.1%	-95.0%
	Loan/Deposit Ratio	75.8%	72.8%	79.7%	9.5%	69.6%	79.7%	14.6%
	Cost/Income Ratio	68.0%	79.2%	77.9%	-1.7%	67.6%	74.8%	10.6%
	Net Interest Margin	8.7%	8.0%	7.1%	-11.7%	9.7%	8.0%	-17.4%
	NPL/Total Loans	5.2%	5.2%	5.8%	11.2%	3.0%	5.8%	92.7%
	Coverage Ratio[1]	80.5%	69.3%	106.8%	54.1%	89.0%	106.8%	20.0%
	NII/Operating Income	23.8%	22.8%	32.4%	42.1%	25.2%	26.2%	4.1%
	Financial Leverage	7.9%	8.0%	7.9%	-1.0%	7.6%	7.9%	4.3%
	Cost of Risk	1.4%	1.6%	3.7%	133.0%	0.9%	2.2%	148.1%
Capital & Liquidity	Capital Adequacy Ratio	19.3%	18.6%	17.0%	-8.60%	20.5%	17.0%	-17.07%
	Liquidity Ratio	41.0%	31.8%	35.8%	12.58%	33.4%	35.8%	7.19%
Others	Opex (N'B)	15.83	16.50	16.10	-2.5%	49.92	48.43	-3.0%
	Risk Assets (net) (N'B)	581.79	578.15	568.07	-1.7%	573.53	568.07	-1.0%
	Customer Deposits (N'B)	767.60	794.48	712.45	-10.3%	724.40	712.45	-1.6%

NOTE:
1. *Inclusive of regulatory risk reserve*

Profit dipped YoY and QoQ, due to high impairment charges, decline in net interest income on the back of slower loan growth and decline in non-interest income because of lower COT, trade and FX-related income

CRBG: Statements of Comprehensive Income (Extracts)
(1Q15 to 3Q15 & 9M14 vs. 9M15)

	1Q15	2Q15	3Q15	%Δ QoQ	9M14	9M15	%Δ YoY
Revenue	**37,595**	**35,863**	**30,479**	-15.01%	**102,138**	**103,937**	1.76%
Interest Income	32,053	31,145	23,598	-24.23%	83,986	86,796	3.35%
Interest Expense	(14,328)	(15,127)	(9,569)	-36.74%	(35,654)	(39,023)	9.45%
Net Interest Income	**17,725**	**16,018**	**14,029**	-12.42%	**48,332**	**47,773**	-1.16%
Non Interest Income	**5,542**	**4,718**	**6,726**	42.58%	**18,152**	**16,986**	-6.42%
- Net Fees & Commissions	2,590	2,504	3,012	20.30%	11,244	8,106	-27.91%
- Securities Trading Income	245	111	101	-8.92%	594	458	-22.89%
- FX income	2,326	1,387	1,005	-27.51%	5,432	4,718	-13.14%
- Other income	381	715	2,607	264.49%	882	3,704	320.02%
Operating Income	**23,267**	**20,736**	**20,756**	0.10%	**66,484**	**64,759**	-2.59%
Operating Expenses	(15,833)	(16,426)	(16,166)	-1.59%	(46,876)	(48,425)	3.31%
Impairment losses - Receivables	(25)	758	(5,780)	-862.70%	(124)	(5,047)	3959.31%
Net impairment losses - Loans & Advances	(2,044)	(2,429)	(5,752)	136.8%	(3,789)	(10,225)	169.9%
Net gains/(losses) from fin. instruments at fair value	-	-	155		-	155	
PBT	**5,365**	**2,639**	**-6,787**	-357.2%	**15,696**	**1,216**	-92.3%

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Leverage improved into 3Q15, effectively growing the balance sheet 12% YoY despite the paydown of TSA-related deposits

N'm	3Q14	1Q15	2Q15	3Q15	% Δ QoQ	% Δ YoY
Liquid assets	99,053	145,868	141,276	135,234	-4.3%	36.5%
Restricted reserve deposits	120,763	163,141	195,824	171,566	-12.4%	42.1%
Non-pledged trading assets	2,351	3,185	2,661	9,292	249.2%	295.2%
Derivative assets held	485	3,609	3,387	1,117	-67.0%	130.3%
Loans and advances	564,671	581,794	578,154	568,072	-1.7%	0.6%
Investments	132,622	140,897	146,401	136,506	-6.8%	2.9%
Assets pledged as collateral	46,130	50,159	51,159	51,778	1.2%	12.2%
Intangible assets	7,063	7,627	7,507	7,416	-1.2%	5.0%
Deferred tax assets	6,324	8,166	8,166	9,792	19.9%	54.8%
Other assets	24,669	38,613	40,866	30,125	-26.3%	22.1%
Fixed assets	27,270	28,884	29,347	30,083	2.5%	10.3%
Total Assets	**1,031,401**	**1,171,942**	**1,204,748**	**1,150,981**	**-4.5%**	**11.6%**
LIABILITIES:						
Trading liabilities	1,205	-	463	-	-100.0%	-100.0%
Derivative liabilities held	383	3,344	3,165	924	-70.8%	141.3%
Customer deposits	724,400	767,604	794,478	712,450	-10.3%	-1.6%
Deposits from banks	452	8,691	12,000	26,998	125.0%	5873.0%
Other liabilities	77,180	93,256	93,620	115,307	23.2%	49.4%
Borrowings	88,423	104,307	106,421	103,165	-3.1%	16.7%
On-lending facilities	-	18,515	16,970	19,162	12.9%	100.0%
Debt securities issued	-	27,060	26,030	26,939	3.5%	100.0%
Shareholders' funds	139,358	149,165	151,602	146,037	-3.7%	4.8%
Liabilities and Shareholder Equity	**1,031,401**	**1,171,942**	**1,204,748**	**1,150,981**	**-4.5%**	**11.6%**
Acceptances & Guarantees	**170,776**	**213,635**	**197,563**	**219,472**	**11.1%**	**28.5%**

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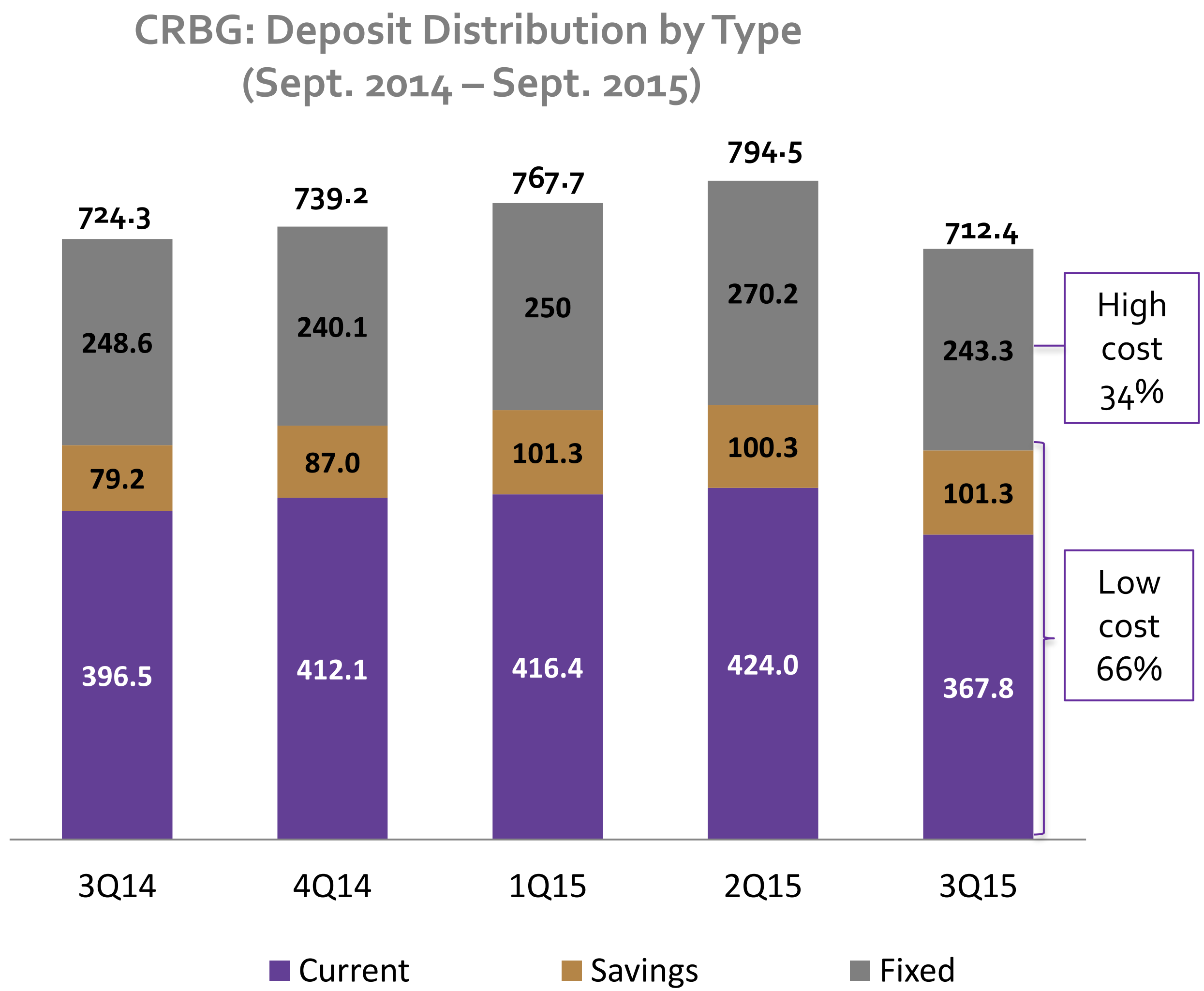
Total deposits declined 2% YoY and 12% QoQ, as a result of TSA refunds and deposit optimisation initiatives

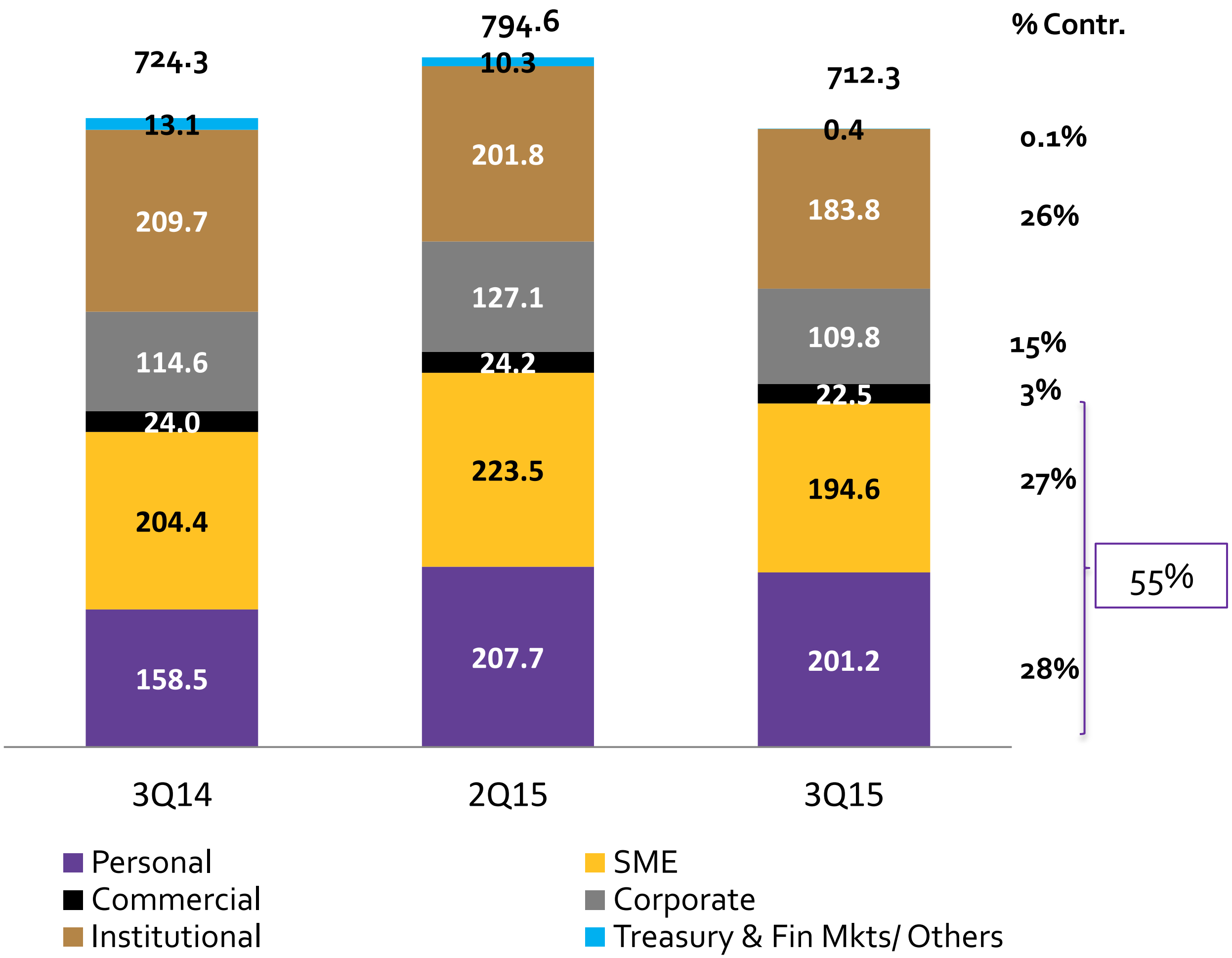


Comments

- The TSA policy initiated by the federal government accounted for the decline in deposit volume.
- Continuous initiatives to further optimise the balance sheet necessitated shedding some CRR-linked deposits.
- The aforementioned coupled with dwindling money market rates eliminated arbitrage placement opportunities erstwhile available on higher rate deposits, necessitating liquidation.

The funding from consumer accounts for 28% of total deposits and grew 21% YOY

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



	% Δ QoQ	% Δ YoY
Personal	-3.2%	21.2%
SME	-14.9%	-5.0%
Commercial	-7.6%	-6.7%
Corporate	-15.8%	-4.4%
Institutional	-9.8%	-14.1%
Treasury & Financial Markets/ Others	-2475.0%	-3175.0%
Total	-11.6%	-1.7%

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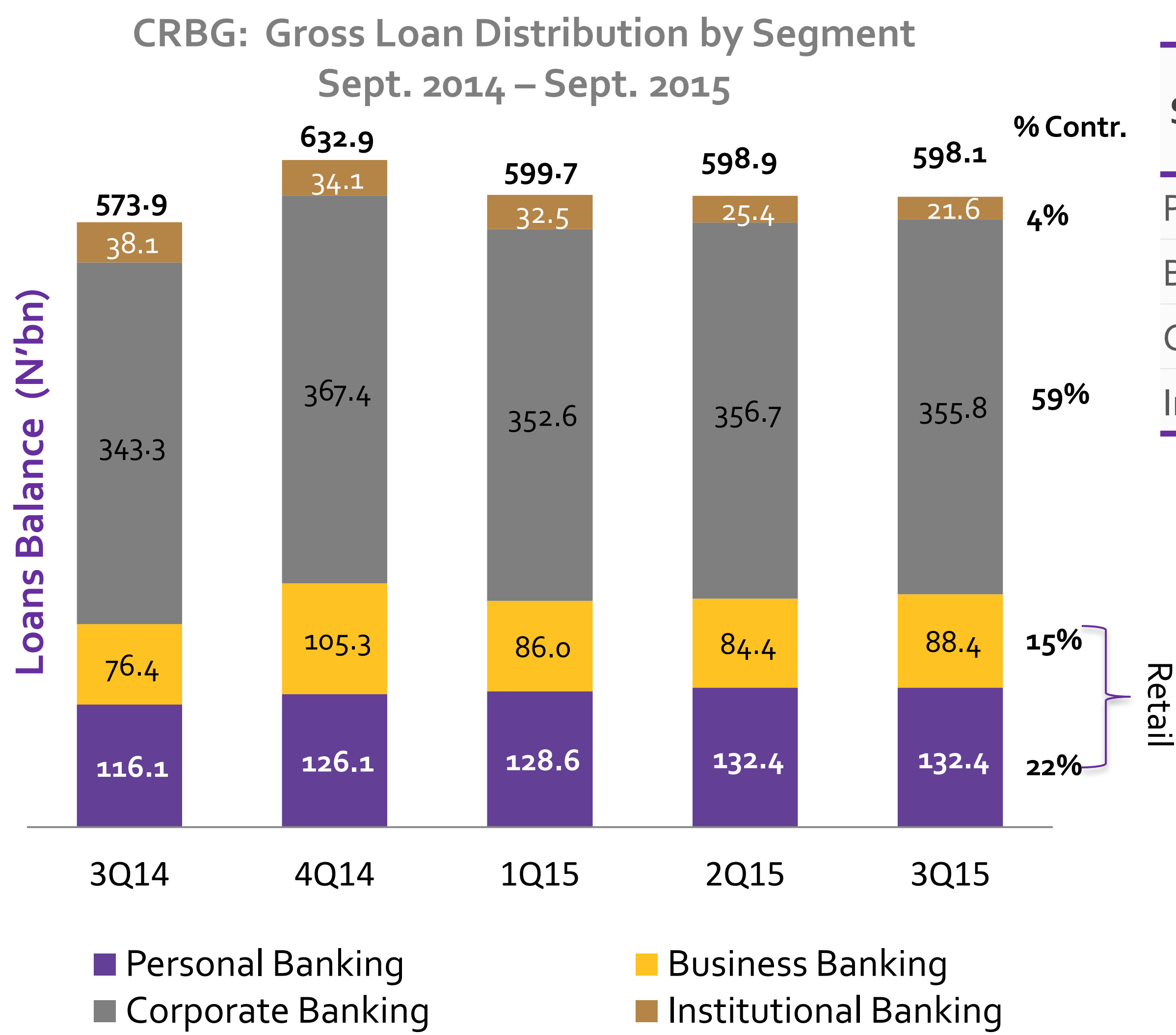
37% of all credits are still issued to individuals & SMEs (i.e. Retail). 4.2% growth in loan book YoY is skewed towards Retail (N28.3bn growth)



Segment	% Δ QoQ	% Δ YoY
Personal	0.0%	14.0%
Business	4.7%	15.7%
Corporate	-0.3%	3.6%
Institutional	-15.1%	-43.5%

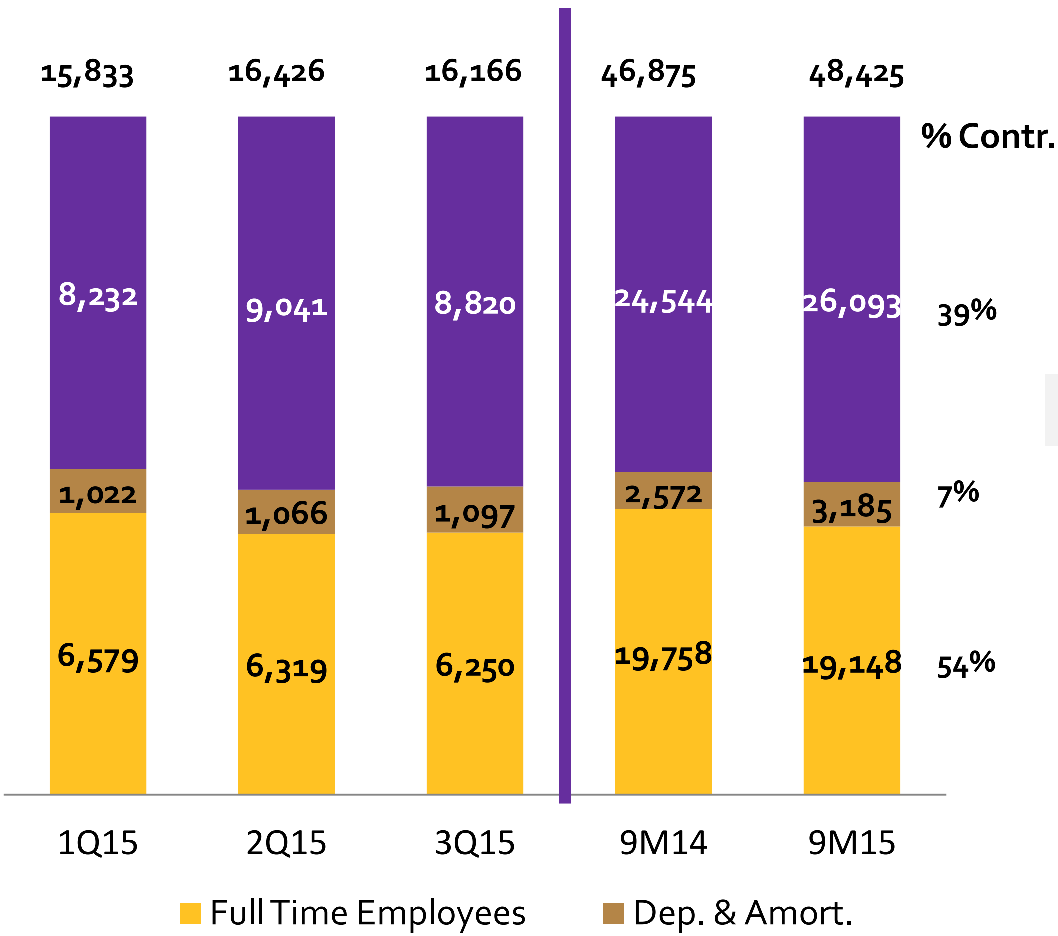
Comments

- Individual loans contributed 67.6% of total loan growth YoY, due to cautious lending in other segments.
- Individual segment remained flat QoQ as the bank managed risks in view of prevailing regulatory and macro-economic environment.
- Institutional dropped 43.5% YoY and 15.1% QoQ as a result of pay-down on some State Government loans and bond bailout. Government exposure further reduced to No.73bn in 4Q15 as a result of pay-down.

Marginal YoY increase in opex, in spite of a 9.4% YoY inflation and increased cost from currency devaluation

YoY inflation= 9.4%

CRBG: Opex Analysis by Expense Domain 2Q15 vs. 3Q15 and 9M14 vs. 9M15



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	-1.09%	-3.09%
Depreciation & amortisation	2.87%	23.80%
Operating	-2.45%	6.31%
Total	-1.58%	3.31%

Comments

- We were able to contain Opex growth to a modest 3.3% (YoY) as a result of our ongoing channel optimisation programme.
- The growth in depreciation & amortisation expenses was as a result of capitalised PPE particularly ATMs, POS, etc. and coupled with the one-time accelerated depreciation charge as a result of branch rationalisation.

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

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

Overview

- Revenue pressures and specific impairments in 2015 led to a disappointing financial performance
- However, our strategy of building a high net interest margin (NIM), retail led commercial bank remains on course
- This is Illustrated by our 25% growth in personal banking revenue in 2015
- Our turnaround plan is therefore to stay the course strategically and do the following:
  - Achieve 9% 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 efforts in loan recoveries
  - Build a more capital efficient corporate bank

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Turnaround Plan: Cost reduction

Improvements in operating efficiency will be a key lever in 2016

- Identified opportunities to achieve about 9% (N5bn) in cost savings will be implemented during the year

N2b net savings in Head office cost

- **Ongoing process reviews and automation has led to the identification of opportunities to reduce head office and central costs by N2bn**

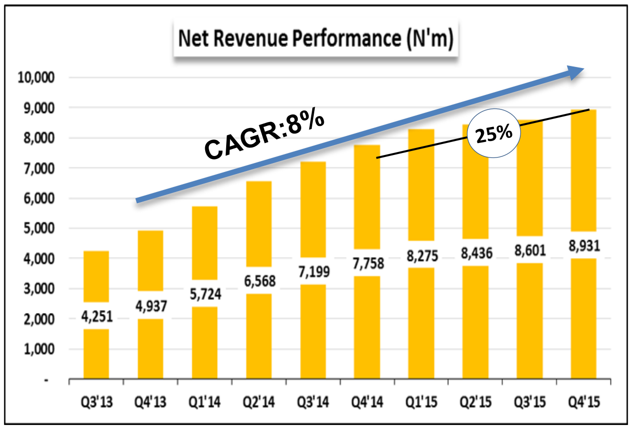
N3bn net savings through branch rationalisation

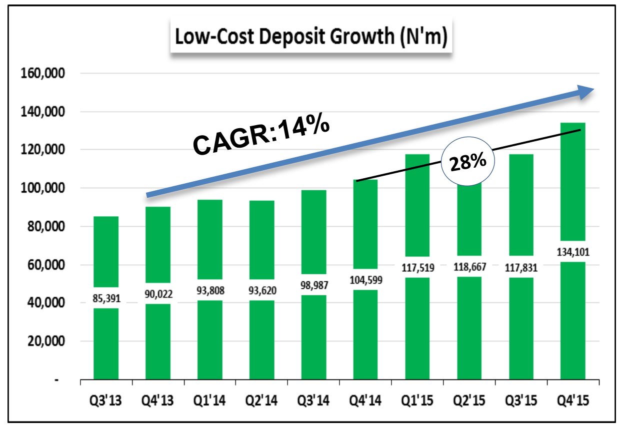
- **Successful migration of over 25% of customers to mobile and internet platform, coupled with 32,000 new registration monthly has paved way for a reduction of 25 branches in close proximity to one another**
- **Possibility to migrate some rural branches to lower cost microfinance bank (**Approval in principle obtained**)**

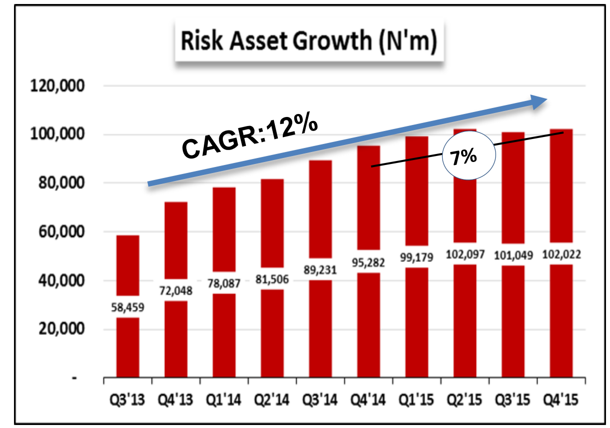
Turnaround Plan:

Double down on continued retail drive which has exhibited more resilient earnings

Intensify 2015 financial year growth of about 25% in the Personal banking space to grow annual revenue by N8.5bn in 2016







- Revenue momentum will be sustained by:
  - Strengthening customer experience, sales momentum and brand equity in existing segments- informal sector, premium and classic segments
  - Increase customer acquisition by 20% from 520,000p.a to 625,000p.a via expansion into previously unrepresented segments
    - Youth savings proposition and launch of youth banking Apps to drive fees and accelerate acquisition
    - Diaspora banking

N.B: Acquisition was responsible for over 60% of liability growth in 2015

Turnaround Plan:
Double down on continued retail drive which has exhibited more resilient earnings (cont'd)

- Consumer loan growth of 10% is also planned in 2016 to maintain momentum
- Reallocation of marketing budget increasingly tending towards digital and direct marketing, resulting in 25% (N500m) reduction in marketing spend and increased effectiveness through top of mind awareness (TOMA)

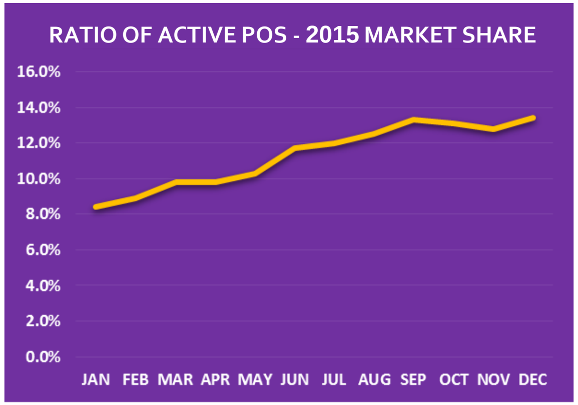
Turnaround Plan:
Continued alternate channel drive to grow fees and efficiency

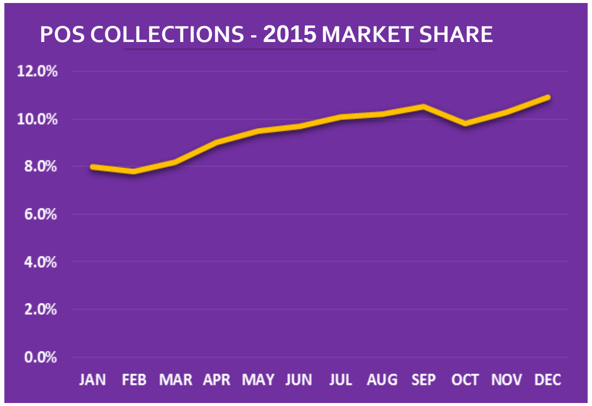
Increasing adoption of alternate service channels solutions to improve operating efficiency, reduce cost to serve and increase transaction income will be accorded priority focus in 2016

- We are intensifying card and alternate channel adoption/ utilisation on the back of new acquisitions i.e. over 700,000 new cards issue in 2016

- Additional investment in channels to sustain current momentum will see us deploy:

  - 6,000 new POS to reinforce our active and collections market share.





  - 100+ additional ATMs
  - 20 e-branches at selected locations to complement transaction banking focus
  - 64 Agency banking locations to-date as part of the overall plan to have 800 by year 2017

Turnaround Plan:
SME Lending framework

Roll out of a new robust SME lending framework to safeguard SME risk asset and related cost of risk

- Narrower target market;
- Dedicated loan officers for higher quality origination, monitoring and improved customer experience;
- Strictly cashflow based lending;
- Focus on SMEs with audited financials, 5 years operating history, accessible and marketable collateral;
- Risk portfolio in 2015 exhibited less than 0.2% NPL ratio.

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Turnaround Plan:
Refocus corporate bank for improved operational efficiency, capital efficiency and lower cost of risk

….. to be transaction banking and liability generation led

Corporate Banking in 2016

1. **Bring corporate loan to deposit ratio (LDR) to 1.5:1 from 3:1 over 24 months**
2. **Focus more on cashflow based lending as opposed to collateral or asset backed financing** (while still ensuring high collateral coverage)
3. **Re-aligning focus on low risk high quality borrowers pursuing export and import substitution opportunities** (due to FX scarcity)
4. **Lower interest rate environment and high yield on retail book will permit portfolio re-allocation towards high quality low risk borrowers**
5. **Ensure recoveries on classified loans/ receivables** (targeting N6bn in 2016 as against N3.4bn in 2015) **to moderate net cost of risk in otherwise heightened risk environment**

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Expected Outcome

- Capital preservation
- Declining cost of risk
- High retail and e-banking contribution, resulting in a more diversified and resilient revenue base
- Declining costs in 2016 and 2017
- Improved profitability

Risk Management Review –

Mrs. Valerie Akoni

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Loan book remained flat QoQ, but with more funding allocated to finance import substitution and exports, as well as top tier downstream Oil & Gas borrowers

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

Industry Sector	Sept'14	Dec' 14	Mar' 15	Jun'15	Sept'15	% DISTR.
Agriculture	28,622	38,153	28,910	25,678	20,002	3.3%
Commerce	60,928	75,761	71,433	70,201	66,676	11.1%
Construction	9,650	8,261	6,708	5,653	5,709	1.0%
Education	6,822	6,119	6,178	6,093	6,058	1.0%
Finance & Insurance	8,434	23,361	11,184	17,658	14,740	2.5%
General – Others	12,290	12,124	12,240	11,561	11,307	1.9%
Government	33,442	28,770	24,084	14,353	12,686	2.1%
Individual	117,344	126,142	128,637	132,367	132,370	22.1%
Information & Communications	30,467	29,589	28,100	28,181	28,586	4.8%
Manufacturing	55,452	50,032	52,885	54,060	56,596	9.5%
Oil & Gas-Downstream	46,336	55,982	41,615	50,814	57,370	9.6%
Oil& Gas - Upstream & Services	75,847	92,130	96,861	96,328	98,825	16.5%
Power & Energy	34,953	24,707	26,514	23,621	22,812	3.8%
Professional Services	1,485	2,708	2,568	3,668	3,721	0.6%
Real Estate	42,137	50,254	54,179	51,549	54,005	9.0%
Transportation & Logistics	9,739	8,825	7,564	7,072	6,592	1.1%
	573,948	**632,919**	**599,662**	**598,857**	**598,055**	100.0%

Comments

- Agriculture loans dropped due to seasonality of produce
- Manufacturing grew by 4.7% QoQ, as the bank continued to focus on import substitution opportunities.
- Downstream Oil & Gas grew 12.9% QoQ. Emphasis is on well secured and capitalised borrowers capable of funding receivables with equity
- Oil & Gas Upstream grew, primarily from an export proceeds refinancing transaction.
- Real Estate grew as a result of funding of existing projects, with confirmed off-takers.
- 4Q15 loan growth will be measured within 2%.

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NPL spike largely driven by a disputed legacy downstream oil & gas loan

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

BUSINESS SEGMENT	Sept. 2014		June. 2015		Sept. 2015	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	618.82	2.2%	2,307.74	9.0%	697.93	3.5%
Commerce	6,107.51	10.0%	8,107.49	11.5%	7,930.69	11.9%
Construction	696.44	7.2%	2,036.38	36.0%	2,422.91	42.4%
Education	352.30	5.2%	298.95	4.9%	359.44	5.9%
Finance & Insurance	28.79	0.3%	99.51	0.6%	101.20	0.7%
General – Others	1,081.03	8.8%	1,587.52	13.7%	923.13	8.2%
Government	19.91	0.1%	20.53	0.1%	96.00	0.8%
Individual	3,958.96	3.4%	10,013.88	7.6%	10,395.35	7.9%
Information & Communications	181.57	0.6%	636.19	2.3%	766.55	2.7%
Manufacturing	400.91	0.7%	2,995.91	5.5%	2,779.92	4.9%
Oil & Gas- Downstream	378.33	0.8%	644.48	1.3%	6,904.26	12.0%
Oil & Gas – Upstream & Services	37.28	0.0%	138.05	0.1%	3.31	0.0%
Power & Energy	-	0.0%	-	0.0%	47.84	0.2%
Professional Services	89.91	6.1%	140.48	3.8%	157.75	4.2%
Real Estate	1,491.89	3.5%	1,610.79	3.1%	333.06	0.6%
Transportation & Logistics	183.12	1.9%	365.37	5.2%	273.23	4.1%
Total	**15,626.77**	**2.7%**	**31,003.27**	**5.2%**	**34,192.57**	**5.8%**

Comments

- 10.8% growth in NPL% of Downstream Oil & Gas was due to classification of a disputed legacy downstream loan
- Individual NPL reduced in 4Q15 due to significant recoveries as a result of Government bailout.
- Growth in Construction NPL is due to delay in contract settlements. These are secured loans with prospects of recovery.
- Agriculture and Real Estate NPL dropped with recoveries on previously restructured facilities that are now performing.
- We're currently in the process of restructuring two additional Upstream Oil & Gas loans with aggregate value of $132m bringing total restructure to $252m.
- Power portfolio is performing, we are however considering a request for a restructure of a loan of $20m

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Provision spiked from Legacy Downstream Oil & Gas and Individual

FCMB: Loan Loss Charges/Recoveries by Sector (Sept. '14, June '15 & Sept. '15

BUSINESS SEGMENT	Loan Loss Charges / Recoveries					Cost of Risk (%)
	Sept '14 YTD	June '15 YTD	Sept. '15 YTD	Δ QoQ	Δ YoY	
Agriculture	46.74	(395.34)	(1,886.20)	(1,490.86)	(1,932.94)	-6.49%
Commerce	2,921.91	2,050.83	1,692.39	(358.44)	(1,229.52)	1.82%
Construction	340.57	317.60	403.98	86.38	63.41	5.78%
Education	196.11	(8.60)	39.39	47.99	(156.72)	0.54%
Finance & Insurance	(41.69)	(575.59)	(560.72)	14.87	(519.03)	-2.97%
General – Others	132.56	574.40	300.47	(273.92)	167.92	2.48%
Government	22.06	(118.17)	(72.77)	45.41	(94.83)	-0.35%
Individual	2,010.35	2,095.25	3,746.86	1,651.61	1,736.51	2.47%
Information & Communications	(3.09)	406.80	254.01	(152.78)	257.10	0.87%
Manufacturing	287.05	506.04	910.15	404.11	623.10	1.71%
Oil & Gas- Downstream	(526.38)	540.76	6,665.83	6,125.07	7,192.21	11.37%
Oil & Gas – Upstream & Services	(129.50)	9.29	178.46	169.17	307.96	0.19%
Power & Energy	133.48	(69.47)	(20.98)	48.49	(154.46)	-0.09%
Professional Services	29.84	74.90	56.18	(18.72)	26.34	1.72%
Real Estate	(157.52)	1.25	(257.09)	(258.33)	(99.57)	-0.49%
Transp. & Logistics	203.53	(95.34)	(26.94)	68.40	(230.48)	-0.35%
Total	**5,466.02**	**5,314.59**	**11,423.01**	**6,108.42**	**5,956.98**	**1.66%***

Note:
* *2.2% when annualised*

Comments

- Spike in overall loan loss charges came from the "Oil & Gas- Downstream" book, and was due to one customer.
- Additional provision taken for Individual sector, was due to delayed payment of government workers, and partially reversed in 4Q15.
- The reversal in Agriculture was from a restructured account disclosed on the 2q15 earnings call, that is now performing.
- The high CoR in Construction and General Others is due to delayed payment of Government contractors.
- Over 60% of the additional provision is targeted for recovery between 4Q15 and 2016.

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Provision coverage grew by 37.5% QoQ, with over 100% coverage. Low coverage in Retail masked high coverage in other business segments

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

Segments	Sept. 2014		June. 2015		Sept. 2015	
	NPL	Prov. Coverage	NPL	Prov. Coverage	NPL	Prov. Coverage
Personal	3.96	99.8%	10.42	65.0%	10.81	89.5%
Business Banking	8.14	55.0%	14.96	50.3%	13.20	76.7%
Corporate & Commercial	3.45	157.5%	5.52	124.4%	9.99	163.4%
Institutional	0.07	694.1%	0.10	296.1%	0.18	205.2%
Total	15.63	**92.0%**	31.00	**69.3%**	34.19	**106.8%**

Comments

- Low coverage in Business banking due to small ticket loans collectively impaired. These are largely secured loans with high recovery rates. 90% of the sector is currently secured.
- Similarly loans to Individuals are collectively impaired as they are payroll-linked and will usually correct themselves.
- Coverage for Corporate and Commercial is high because loans are individually impaired with adequate provisions for probable loss. The large pool of collective impairment also boosts coverage.

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2016 Recovery Prospects

- Recovery target of up to N10bn in 2016 with estimated realisation of 60%:
    - Realisation of collateral on some identified non-performing loans (NPL) – N3bn;
    - 40% target recovery on two large names classified in 3Q15 – N4.6bn;
    - Other business as usual recoveries – N2.4bn;
    - Conservative success rate of recovery – 60%.
- NPL for 2015 YE is estimated at 4.8%;
- With these recoveries and our usual run rate for loan losses, NPL ratio for 2016 is estimated at 4%.

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Credit Outlook

- We remain cautious in loan growth with about 1.5% growth QoQ. Loan book focus, from 3Q15 to YE 2015, was on retail (personal loans), import substitution and export promotion (agriculture and manufacturing).
- In spite of the numerous macro-economic challenges, the loan book is operating within tolerable boundaries;
- Challenged Sectors are being proactively managed and monitored.
- Strong recovery prospects due to early provisioning;
- Risk-adjusted yields to remain strong.

Investment Banking Group: *Business Review –*

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

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Traditional earnings drivers of investment banking were challenged as debt capital raising and brokerage commissions slipped

Investment Banking Group (IBG): Summary Financials
(1Q15 to 3Q15 & 9M14 vs. 9M15)

Investment Banking Group	1Q15	2Q15	3Q15	% Δ QoQ	9M14	9M15	% Δ YoY
N'm							
Gross earnings	734	682	**209**	**-69%**	2,725	**1,624**	-40%
Net Interest Income	179	213	**92**	**-57%**	230	484	110%
Non Interest Income	556	469	**117**	**-75%**	**2,466**	**1,141**	**-54%**
–Debt Capital Raising	64	239	**67**	**-72%**	1,457	370	-75%
–Other Financial Advisory Fees	151	2	**6**	**132%**	46	159	244%
–Equity Capital Raising	29	34	**4**	**-88%**	188	67	-64%
– Brokerage Commission	157	162	**112**	**-31%**	475	431	-9%
–Asset Management Fees	11	13	**6**	**-52%**	217	31	-86%
– Trading Income	109	17	**(98)**	**-692%**	26	27	2%
– Dividend	0	3	**16**	**469%**	13	19	45%
–Others	35	(0)	**3**	**-951%**	43	38	-13%
Operating Income	734	682	**209**	**-69%**	**2,696**	**1,624**	**-40%**
Operating Expenses	(438)	(448)	**(424)**	**-5%**	(1,362)	(1,310)	-4%
Net gains/(losses) from fin. instruments at fair value	(27)	31	**(150)**	**-579%**	28	(145)	-610%
PBT	**269**	**265**	**(365)**	**-238%**	**1,362**	**169**	**-88%**
PAT	**194**	**221**	**(363)**	**-264%**	**912**	**52**	**-94%**
CIR	60%	66%	203%	**210%**	51%	81%	60%

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Outlook for Year End 2015 & Beyond –

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

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Outlook for Year End 2015 & Beyond

- Revenue pressures persisted in Q4 2015;
- Return to modest profitability in 4Q15;
- Cost of risk moderated considerably in Q4, in spite of continued conservative provisioning stance;
- 2016 performance improvement expected and to be driven by the following:
  - Fewer headwinds anticipated against retail banking revenue momentum;
  - Corporate/Commercial banking focus on (i) financing high quality import substitution and exports; (ii) transaction banking and (iii) advisory cross-sell;
  - Targeted N5 billion cost reduction plan;
  - Special attention, with proactive management, being given to upstream oil & gas sector;
  - High coverage ratio, Loan recovery and resolution of specific impairment should mitigate provisioning spikes in above mentioned areas;
  - A number of existing and new non-banking businesses are being developed to provide a sustainable and diversified revenue platform. These include Wealth Management (PFA and non-PFA) Trustees (Corporate and Private) and Micro Finance. Collectively, over N500m is expected in PBT from these with strong growth momentum in the future.