

FCMB



FCMB GROUP PLC

3Q 2016

Investors & Analysts Presentation

25 November 2016





Glossary

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



AGENDA

Group Performance Review

Commercial & Retail Banking Group:
Business Review

Risk Management Review

Investment Banking Group:
Business Review

Outlook to YE 2016

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**Group Performance Review -
*Mr. Kayode Adewuyi (Chief Financial Officer: FCMB Group Plc)***

Returns contracted in 3Q16 due to spike in cost of risk albeit, NPL improved QoQ driven by loans write-off during the quarter. Performance improved YoY due to significant FX revaluation gains during the year, while liquidity and CAR improved QoQ.

FCMB: Key Performance Indicators
(1Q16 vs. 2Q16 vs. 3Q16 & 9M15 vs. 9M16)

Performance Index		1Q16	2Q16	3Q16	%Δ QoQ	9M15	9M16	%Δ YoY
Operating	Return on Av. Equity	4.0%	33.1%	-6.4%	-119.4%	1.6%	10.4%	565.9%
	Return on Av. Assets	0.6%	4.6%	-0.9%	-119.3%	0.2%	1.4%	575.9%
	Loan/Deposit Ratio	85.5%	95.3%	98.9%	3.8%	80.8%	98.9%	22.4%
	Cost/Income Ratio	74.2%	40.3%	46.8%	16.1%	73.9%	50.3%	-31.9%
	Net Interest Margin	8.8%	9.2%	7.8%	-15.0%	8.3%	8.4%	0.5%
	NPL/Total Loans	4.8%	4.7%	3.4%	-27.6%	5.8%	3.4%	-41.2%
	Coverage Ratio ¹	105.7%	101.4%	111.2%	9.7%	102.6%	111.2%	8.5%
	NII/Operating Income	22.9%	51.8%	53.1%	2.3%	28.7%	45.7%	59.2%
	Financial Leverage	7.1	7.2	7.2	0.6%	7.3	7.2	-1.5%
	Cost of Risk	2.2%	3.5%	13.8%	293.8%	2.2%	6.5%	189.7%
Capital & Liquidity	Capital Adequacy Ratio	18.5%	16.1%	17.6%	9.3%	18.3%	17.6%	-4.1%
	Liquidity Ratio	38.2%	35.9%	36.8%	2.5%	35.8%	36.8%	2.8%
Others	Opex (N'B)	16.5	16.2	16.6	2.3%	50.5	49.3	-2.3%
	Risk Assets (net) (N'B)	562	657	657	0.0%	568	657	15.6%
	Customer Deposits (N'B)	657	689	664	-3.6%	703	664	-5.5%

NOTE:

1. Inclusive of regulatory risk reserve

PBT declined QoQ due to significant impairments, reduced non interest income and high cost of funds in 3Q16 but was cushioned by a Ngnbn from 2Q16 FX gains buffer, however, PBT grew YoY driven largely by revaluation gains during the year.

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

N'm	1Q16	2Q16	3Q16	%Δ QoQ	9M15	9M16	%Δ YoY
Revenue	34,362	53,920	52,444	-2.7%	109,294	140,727	28.8%
Interest Income	28,505	32,045	32,686	2.0%	87,396	93,236	6.7%
Interest Expense	(11,346)	(12,660)	(16,033)	26.6%	(38,687)	(40,039)	3.5%
Net Interest Income	17,159	19,385	16,653	-14.1%	48,710	53,197	9.2%
Non Interest Income	5,093	20,895	18,826	-9.9%	19,620	44,814	128.4%
- Net Fees & Commissions	3,380	3,671	3,632	-1.1%	9,244	10,683	15.6%
- Securities Trading Income	48	286	248	-13.2%	476	582	22.3%
- FX Income ¹	1,556	16,726	17,061	2.0%	4,963	35,343	612.1%
- Others	109	212	(2,115)	-1096.7%	4,937	(1,794)	-136.3%
Operating Income	22,252	40,280	35,479	-11.9%	68,329	98,011	43.4%
Operating Expenses	(16,513)	(16,221)	(16,591)	2.3%	(50,488)	(49,325)	-2.3%
Net impairment loss on loans	(3,304)	(5,616)	(22,334)	297.7%	(10,225)	(31,254)	205.7%
Other impairment loss	(228)	(4,341)	1,326	-130.5%	(5,062)	(3,243)	-35.9%
Net gains/(losses) from fin. instruments at fair value	0	(21)	8	-137.4%	9	(13)	-238.8%
PBT	2,207	14,081	(2,113)	-115.0%	2,563	14,176	453.1%
PAT	1,645	14,023	(2,687)	-119.2%	1,866	12,981	595.8%

Note:

1. Increase in 3Q16 due to release of Ng.05bn from the buffer of 2Q16 FX revaluation gains

Total Assets grew 6% YoY enabled by FCY revaluation during the year. However, loan growth was flat during the quarter as deposits declined 3.6% QoQ.

FCMB: Statements of Financial Position (Extracts) - (3Q15 vs. 1Q16 vs. 2Q16 vs. 3Q16)

N'm	3Q15	1Q16	2Q16	3Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	141,172	147,083	154,300	143,168	-7.2%	1.4%
Restricted reserve deposits	171,566	145,810	151,761	139,864	-7.8%	-18.5%
Loans and advances	568,496	561,576	657,021	657,120	0.0%	15.6%
Derivative assets held	1,117	1,377	1,982	1,414	-28.7%	26.6%
Non Pledged trading assets	9,783	5,756	11,242	10,755	-4.3%	9.9%
Investments	147,809	150,414	170,782	160,089	-6.3%	8.3%
Assets pledged as collateral	51,778	51,778	55,778	53,287	-4.5%	2.9%
Investment in associate	647	732	732	732	0.0%	13.1%
Intangible assets	8,480	8,863	8,576	8,976	4.7%	5.8%
Deferred tax assets	9,810	8,186	8,186	8,189	0.0%	-16.5%
Other assets	30,457	28,913	36,090	26,487	-26.6%	-13.0%
Fixed assets	30,233	29,979	30,097	31,351	4.2%	3.7%
Total Assets	1,171,349	1,140,467	1,286,546	1,241,432	-3.5%	6.0%
LIABILITIES:						
Trading liabilities	0	0	0	2,781	n/a	n/a
Derivative liabilities held	924	1,228	1,773	1,159	-34.6%	25.4%
Customer deposits	703,227	657,187	689,345	664,310	-3.6%	-5.5%
Deposits from banks	26,998	34,522	41,898	47,516	13.4%	76.0%
Other liabilities	138,983	87,464	150,903	90,254	-40.2%	-35.1%
Borrowings	96,758	112,833	142,428	170,609	19.8%	76.3%
On-lending facilities	19,162	33,336	33,391	38,765	16.1%	102.3%
Debt securities issued	26,939	51,085	49,210	51,161	4.0%	89.9%
Equity	158,358	162,811	177,599	174,878	-1.5%	10.4%
Liabilities and Shareholder Equity	1,171,349	1,140,467	1,286,546	1,241,432	-3.5%	6.0%
Acceptances & Guarantees	170,776	138,892	174,847	173,941	-0.5%	1.9%

Bank and investment banking 3Q16 losses driven by high impairment charges and weak earnings as a result of lull in capital markets however, earnings higher YoY supported by revaluation gains on FCY holdings.

FCMB: Analysis of PBT Contribution by Entity
(1Q16 vs. 2Q16 vs. 3Q16 & 9M15 vs. 9M16)

N'm	1Q16	2Q16	3Q16	% Δ QoQ	9M15	9M16	% Δ YoY	% Contribution
<i>Commercial & Retail Banking Group</i>	2,226	12,469	(2,361)	-119%	1,216	12,334	914%	87%
<i>Investment Banking Group</i>								
• FCMB CM	19	67	(38)	-156%	253	49	-81%	0.34%
• CSL Stockbrokers	43	(31)	(16)	-47%	(84)	(5)	-94%	-0.03%
<i>CSL Trustees</i>	44	44	43	-3%	83	130	58%	1%
<i>FCMB Group Plc (Separate)</i>	(125)	1,533	260	-83%	1,096	1,668	52%	12%
FCMB Group Plc (consolidated)	2,207	14,081	(2,113)	-115%	2,563	14,176	453%	100%



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

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

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- ❖ OPEX: reduced by 3% (N1.4b) compared to same period to 3Q15. Forecast to achieve N1.5b full year reduction. This will be materially below N5billion target for the year, due to foreign exchange related costs and inflation. 2017 review underway to identify further cost optimization opportunities.
- ❖ RETAIL BANKING: At 3Q16, YTD PBT was N5.3bn (3Q15 YTD – N2.1bn) and net revenue was N30.2bn (3Q15 YTD – N24.1bn). Momentum will slow down due to absence of cards related FX income, however we expect positive and double digit PBT growth trend to continue in spite of economic climate.
- ❖ TIGHTER SME LENDING: The full roll out of the new lending framework for SME bank-wide is significantly improving the quality of the loan book and our go to market strategy in the segment. With asset under the framework accounting for about 18% of total SME loan portfolio and reporting less than 0.05% NPL ratio, overall improvement in the total asset quality and diversification is gradually taking hold.
- ❖ IMPROVING CORPORATE BANKING CAPITAL EFFICIENCY: In the corporate space, a more capital efficient product focus (i.e. transaction banking as opposed to lending), shift away from structured finance to balance sheet lending has continued to yield dividends with low cost deposits growing by over 25% to N87.1b in the corporate bank space YTD. We expect further corporate banking loan reduction in 2017.
- ❖ LOAN RECOVERY: Intense loan recovery effort has been hampered by illiquid secondary market for collateral: hence we have only seen an achievement of about 47% (N2.8bn) of planned full year recovery as at 3Q16. Further write backs will occur as asset sales are concluded.

Profitability ratios fell in 3Q16, however, Capital and liquidity improved. We will continue to strengthen CAR with a Tier 2 raise in Q4.

**CRBG: Key Performance Indicators
(1Q16 vs. 2Q16 vs. 3Q16 & 9M15 vs. 9M16)**

Performance Index		1Q16	2Q16	3Q16	%Δ QoQ	9M15	9M16	%Δ YoY
Operating	Return on Av. Equity	4.6%	32.1%	-7.5%	-123.5%	0.9%	9.7%	978.5%
	Return on Av. Assets	0.8%	4.1%	-0.8%	-119.1%	0.1%	1.4%	1284.8%
	Loan/Deposit Ratio	84.0%	90.9%	97.5%	7.2%	79.7%	97.5%	22.3%
	Cost/Income Ratio	73.5%	41.6%	45.6%	9.7%	74.8%	50.5%	-32.5%
	Net Interest Margin	8.9%	9.1%	7.7%	-15.6%	8.0%	8.3%	3.7%
	NPL/Total Loans	4.8%	4.6%	3.4%	-26.3%	5.8%	3.4%	-41.4%
	Coverage Ratio ¹	110.6%	109.2%	111.2%	1.9%	106.8%	111.2%	4.2%
	NII/Operating Income	21.8%	49.0%	52.3%	6.8%	26.2%	43.9%	67.4%
	Financial Leverage	7.7%	7.8%	7.7%	-1.0%	7.9%	7.7%	-2.7%
	Cost of Risk	2.2%	3.5%	13.8%	296.6%	2.2%	6.5%	194.7%
Capital & Liquidity	Capital Adequacy Ratio	17.1%	15.0%	16.9%	12.1%	17.0%	16.9%	-0.9%
	Liquidity Ratio	38.2%	35.9%	36.8%	2.4%	35.8%	36.8%	2.8%
Others	Opex (N'B)	15.95	15.60	15.60	0.0%	48.43	47.15	-2.6%
	Risk Assets (net) (N'B)	561.31	666.08	656.85	-1.4%	568.07	656.85	15.6%
	Customer Deposits (N'B)	668.13	699.03	673.88	-3.6%	712.45	673.88	-5.4%

NOTE:

1. Inclusive of regulatory risk reserve .

Earnings improved due to FCY revaluation gains and effective cost control, but PBT fell QoQ due to high cost of funds, increased impairment charges on loans and reversal of (N2.2bn) from gains on assets disposal.

CRBG: Statements of Comprehensive Income (Extracts): (1Q16 vs. 2Q16 vs. 3Q16 & 9M15 vs. 9M16)

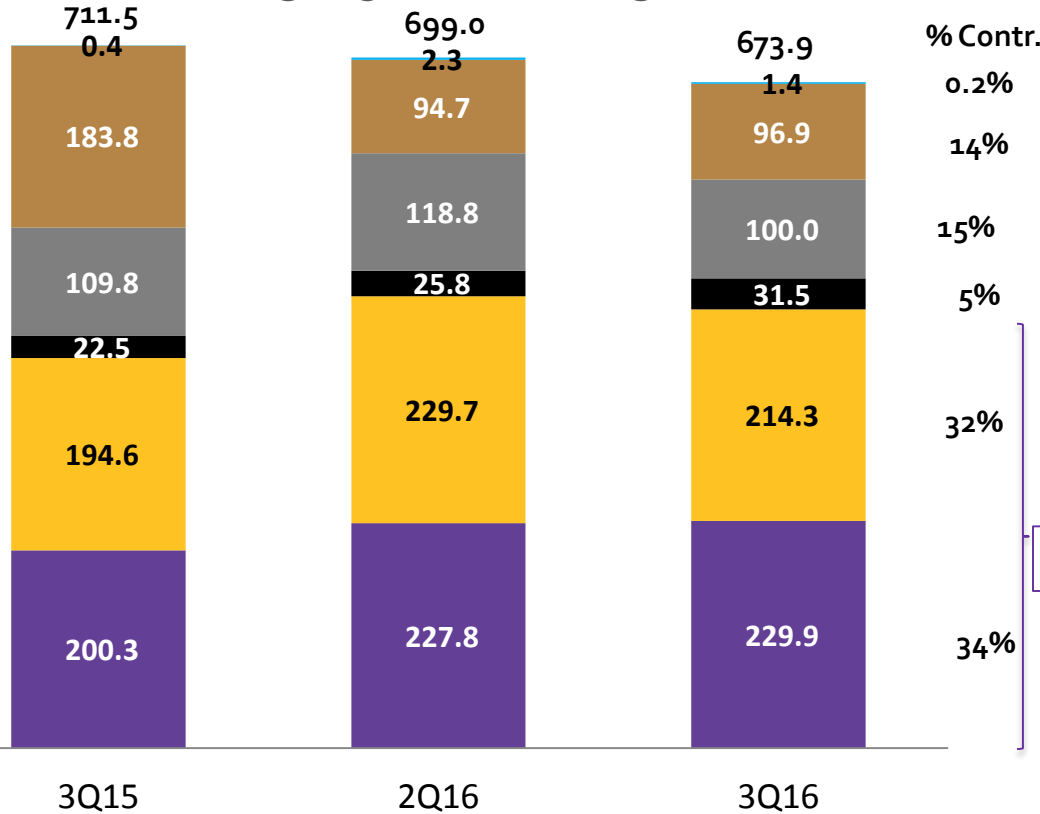
N'm	1Q16	2Q16	3Q16	%Δ QoQ	9M15	9M16	%Δ YoY
Revenue	33,044	51,099	51,960	1.7%	103,937	136,104	30.9%
Interest Income	28,318	31,758	32,410	2.1%	86,796	92,485	6.6%
Interest Expense	(11,335)	(12,619)	(16,092)	27.5%	(39,023)	(40,046)	2.6%
Net Interest Income	16,983	19,139	16,317	-14.7%	47,773	52,439	9.8%
Non Interest Income	4,726	18,355	17,866	-2.7%	16,986	40,947	141.1%
- Net Fees & Commissions	3,025	3,386	3,445	1.8%	8,106	9,856	21.6%
- Securities Trading Income	56	278	244	-12.3%	458	578	26.1%
- FX Income	1,587	14,480	16,300	12.6%	4,718	32,367	586.0%
- Others	58	212	(2,123)	-1102.7%	3,704	(1,853)	-150.0%
Operating Income	21,709	37,494	34,183	-8.8%	64,759	93,386	44.2%
Operating Expenses	(15,952)	(15,598)	(15,604)	0.0%	(48,425)	(47,153)	-2.6%
Net impairment loss on loans	(3,304)	(5,616)	(22,334)	297.7%	(10,225)	(31,254)	205.7%
Other impairment loss	(228)	(3,812)	1,372	-136.0%	(5,047)	(2,668)	-47.1%
Net gains/(losses) from fin. instruments at fair value	-	-	22	0.0%	155	22	-85.6%
PBT	2,226	12,469	(2,361)	-118.9%	1,217	12,334	913.4%
PAT	1,699	12,481	(2,935)	-123.5%	1,015	11,245	1007.9%

Balance sheet size contracted 3.6% QoQ due to deleveraging for better CRR and interest expense management. This was, however, compensated for by increased funding from Bank of Industry, FCY borrowings and other non-deposit sources.

N'm	3Q15	1Q16	2Q16	3Q16	% Δ QoQ	% Δ YoY
Cash and cash equivalents	135,234	143,069	150,655	138,457	-8.1%	2.4%
Restricted reserve deposits	171,566	145,810	151,761	139,864	-7.8%	-18.5%
Loans and advances	568,072	561,310	666,075	656,852	-1.4%	15.6%
Derivative assets held	1,117	1,377	1,982	1,414	-28.7%	26.6%
Non Pledged trading assets	9,292	5,640	11,125	9,876	-11.2%	6.3%
Investments	136,506	139,110	155,756	154,705	-0.7%	13.3%
Assets pledged as collateral	51,778	51,778	55,778	53,287	-4.5%	2.9%
Intangible assets	7,416	8,508	8,538	8,941	4.7%	20.6%
Deferred tax assets	9,792	8,166	8,166	8,166	0.0%	-16.6%
Other assets	30,125	34,829	35,867	26,486	-26.2%	-12.1%
Fixed assets	30,083	29,818	29,916	31,213	4.3%	3.8%
Total Assets	1,150,981	1,129,415	1,275,619	1,229,261	-3.6%	6.8%
LIABILITIES:	-	-	-	-	-	-
Trading liabilities	-	-	-	2,781	0.0%	0.0%
Derivative liabilities held	924	1,228	1,773	1,159	-34.6%	25.4%
Customer deposits	712,450	668,133	699,026	673,880	-3.6%	-5.4%
Deposits from banks	26,998	34,522	41,898	47,516	13.4%	76.0%
Other liabilities	115,307	79,321	143,982	82,291	-42.8%	-28.6%
Borrowings	103,165	112,833	142,428	170,609	19.8%	65.4%
On-lending facilities	19,162	33,336	33,391	38,765	16.1%	102.3%
Debt securities issued	26,939	51,085	49,210	51,161	4.0%	89.9%
Equity	146,037	148,957	163,911	161,099	-1.7%	10.3%
Liabilities and Shareholder Equity	1,150,981	1,129,415	1,275,619	1,229,261	-3.6%	6.8%
Acceptances & Guarantees	219,472	138,892	174,847	174,421	-0.2%	-20.5%

In line with our overall strategic thrust, retail deposits (Personal and SME) also accounted for 66% of total deposits, which grew 13% YoY.

CRBG: Deposit Distribution by Segment
(3Q15 vs. 2Q16 vs. 3Q16)

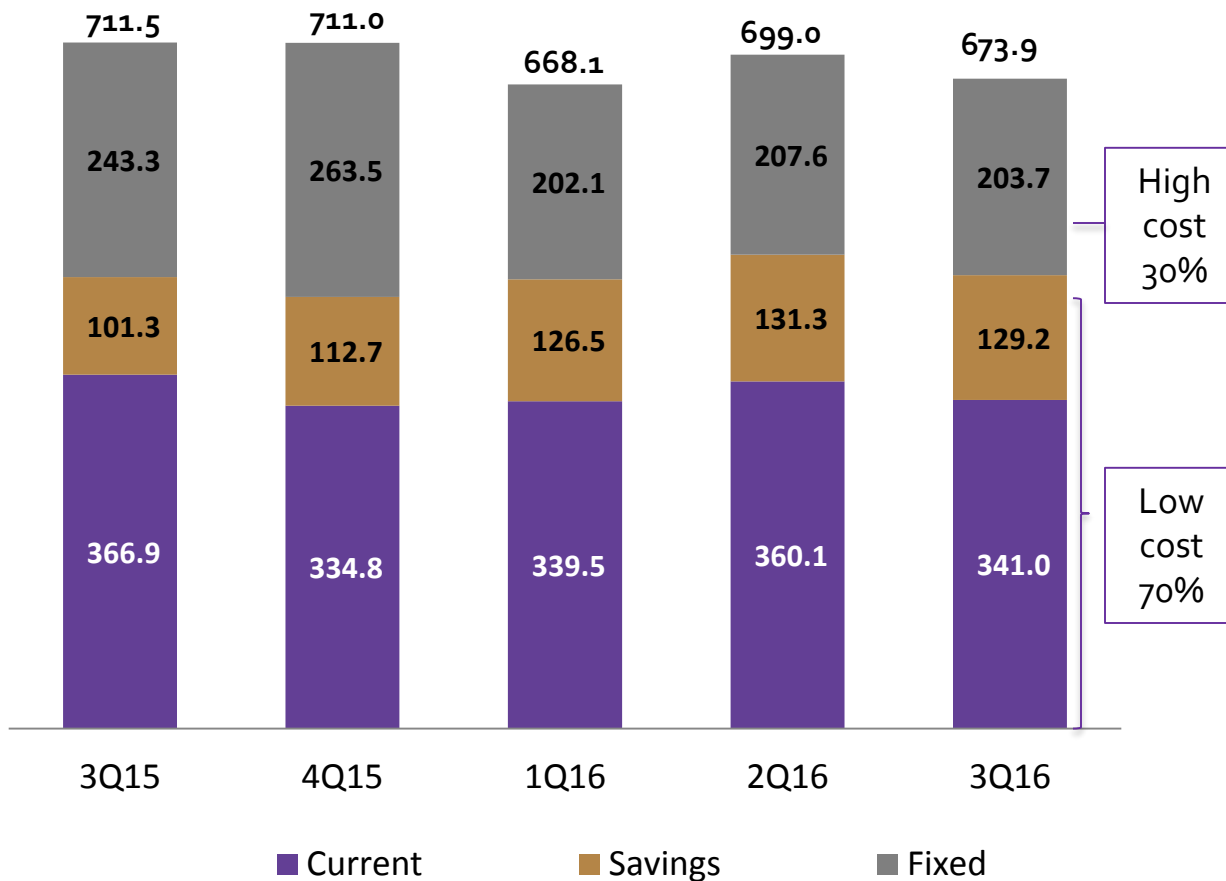


	% Δ QoQ	% Δ YoY
Personal Banking	0.9%	12.9%
SME Banking	-7.2%	9.2%
Commercial Banking	18.1%	28.6%
Corporate Banking	-18.8%	-9.8%
Institutional Banking	2.3%	-89.7%
Treasury & Financial Markets/ Others	-64.3%	71.4%
Total	-3.7%	-5.5%

- Personal Banking
- Commercial Banking
- Institutional Banking
- SME Banking
- Corporate Banking
- Treasury & Fin Mkts/ Others

Deposits declined 5.4% YoY largely due to \$75million of TSA refunds, without which low cost deposit growth would have been achieved.

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

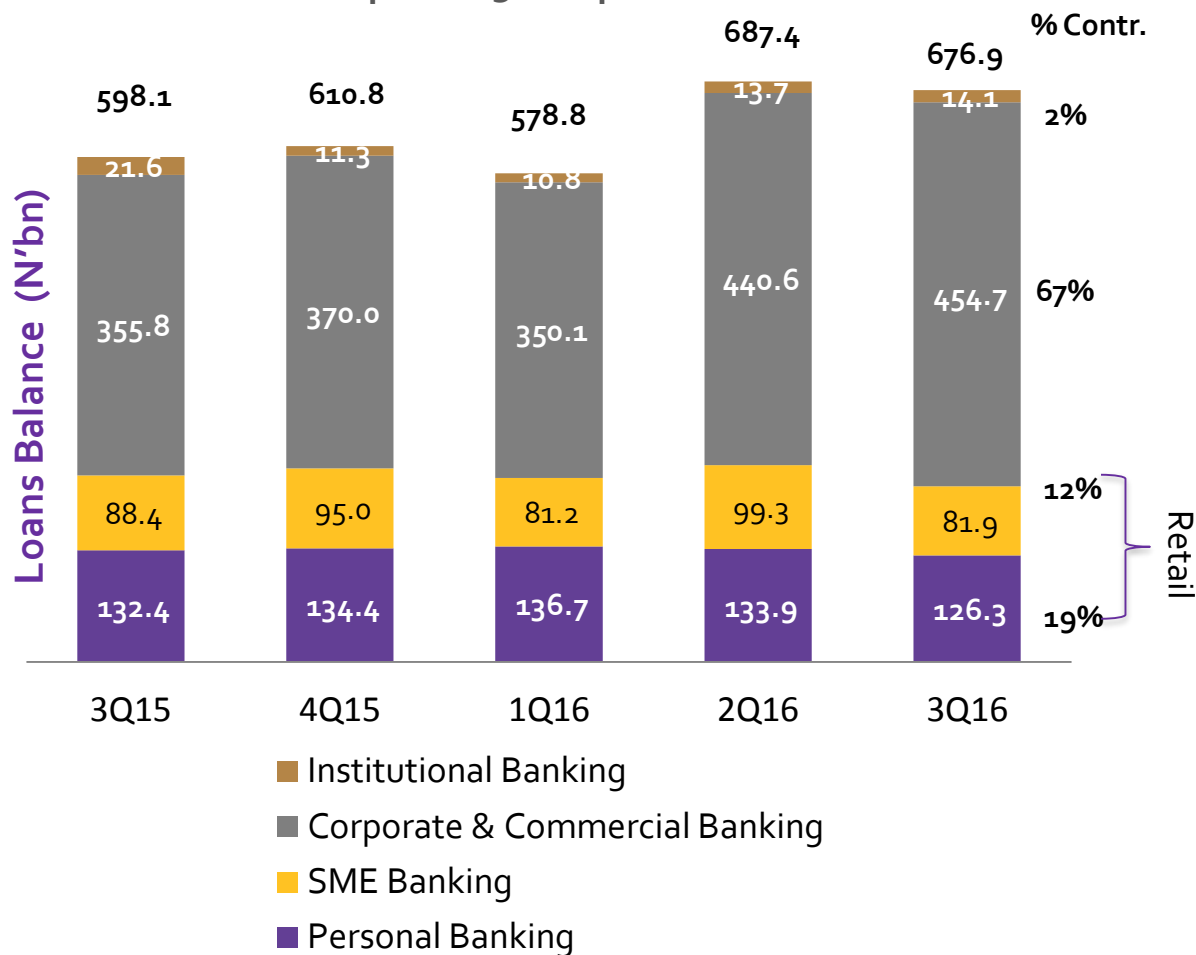


Comments

- ❖ 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.

Loans grew 13.2% YoY, but contracted 1.5% QoQ

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



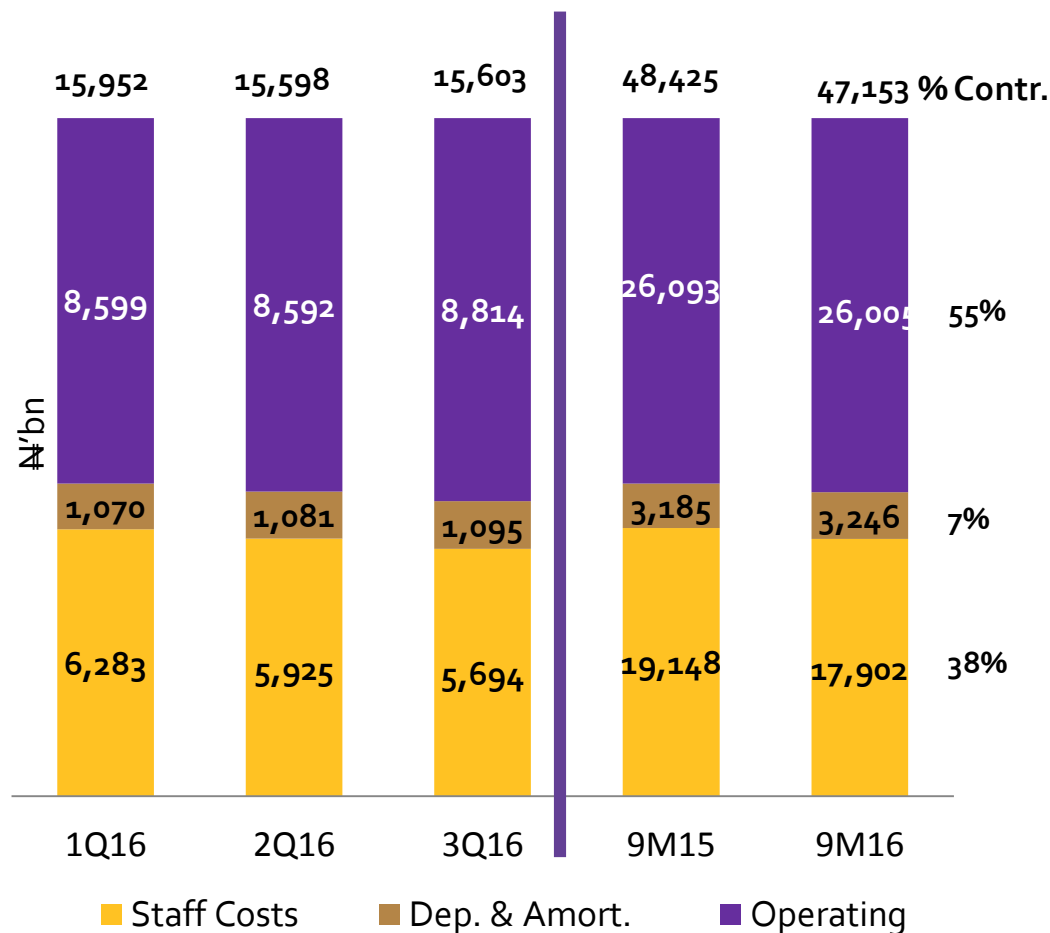
Segment	% Δ QoQ	% Δ YoY
Personal Banking	-5.7%	-4.6%
SME Banking	-17.5%	-7.3%
Corporate & Commercial Banking	3.2%	27.8%
Institutional Banking	3.3%	-34.4%

Comments

- ❖ QoQ drop in loan book was largely from the personal and SME banking portfolio, which dropped by 10.7%.
- ❖ Personal loan book dropped due to streamlined eligibility.
- ❖ The bank remained selective in replacing loans that cycled out in most sectors. Corporate & Commercial banking grew largely from exchange rate movement by 10%.

OPEX declined 2.6% YoY in spite of spike in inflation rate, but was slightly flat QoQ due to effective cost control.

CRBG: OPEX Analysis by Expense Domain 1Q16 vs. 2Q16 vs. 3Q16 & 9M15 vs. 9M16



Expense Line	% Δ	% Δ
	QoQ	YoY
Staff Costs	-3.9%	-6.5%
Depreciation & Amortisation	1.3%	1.9%
Operating	2.6%	-0.3%
Total	0.04%	-2.6%

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 alternate channels / e-banking solutions as well as other process improvement solutions..

The logo for FCMB (First City Monument Bank) is located in the top left corner. It consists of the letters "FCMB" in white, bold, sans-serif font, positioned above two horizontal orange bars. The entire logo is set against a purple square background.

FCMB

The background of the slide is a blurred office desk. In the foreground, there is a white desk with a laptop, a black and white mug, a pair of glasses, and some papers. The background shows a bright, out-of-focus office environment with other people working.

Risk Management Review –

Mrs. Toyin Olaiya

Slowdown in asset creation, contractual repayments and loan write-off led to 1.5% drop in loan book QoQ

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

Industry Sector	Sept'15	Dec'15	Mar'16	June'16	Sept'16	% DISTR.
AGRICULTURE	20,002	36,131	31,119	29,386	24,778	3.7%
COMMERCE	66,676	62,435	49,815	67,899	70,018	10.3%
CONSTRUCTION	5,709	6,796	5,536	4,588	3,746	0.6%
EDUCATION	6,058	6,012	6,647	7,514	9,070	1.3%
FINANCE & INSURANCE	14,740	25,929	13,325	25,167	16,769	2.5%
GENERAL – OTHERS	11,307	10,858	10,394	13,059	14,393	2.1%
GOVERNMENT	12,686	829	3,088	4,365	4,568	0.7%
INDIVIDUAL	132,370	134,384	136,666	133,855	126,254	18.7%
INFORMATION & COMMUNICATIONS	28,586	27,081	27,378	28,333	27,857	4.1%
MANUFACTURING	56,596	53,827	53,726	57,165	50,393	7.4%
OIL&GAS-DOWNSTREAM	57,370	47,195	37,192	33,546	21,675	3.2%
OIL&GAS-UPSTREAM&SERVICES	98,825	98,262	100,710	153,387	169,410	25.0%
POWER & ENERGY	22,812	27,228	26,882	38,078	42,146	6.2%
PROFESSIONAL SERVICES	3,721	4,182	4,138	4,091	4,048	0.6%
REAL ESTATE	54,005	62,107	65,362	79,789	84,703	12.5%
TRANSPORTATION & LOGISTICS	6,592	7,519	6,775	7,214	7,103	1.0%
	598,055	610,774	578,754	687,438	676,931	100.0%

Comments

- ❖ Commerce, O&G upstream & Services, Power & Energy, Real Estate and Education growth were driven by 10% naira devaluation.
- ❖ Drop in Agriculture, O&G downstream, Manufacturing and Individual were largely due to contractual repayments.

27.4% Drop in NPL QoQ was due to loan write-off, however recovery efforts continue on these names.

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

BUSINESS SEGMENT	Sept. 2015		Jun. 2016		Sept. 2016	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	697.93	3.5%	1,087.80	3.7%	730.11	2.9%
Commerce	7,930.69	11.9%	5,530.50	8.1%	5,831.45	8.7%
Construction	2,422.91	42.4%	1,876.65	40.9%	41.54	1.1%
Education	359.44	5.9%	200.98	2.7%	1,954.62	21.6%
Finance & Insurance	101.20	0.7%	45.37	0.2%	162.51	1.0%
General – Others	923.13	8.2%	751.27	5.8%	891.41	6.2%
Government	96.00	0.8%	97.18	2.2%	65.44	1.4%
Individual	10,395.35	7.9%	12,024.59	9.0%	10,795.35	8.5%
Information & Communications	766.55	2.7%	311.16	1.1%	181.04	0.6%
Manufacturing	2,779.92	4.9%	1,650.40	2.9%	1,039.54	2.1%
Oil&Gas- Downstream	6,904.26	12.0%	7,447.93	22.2%	315.95	1.5%
Oil & Gas – Upstream & Services	3.31	0.0%	224.84	0.1%	197.36	0.1%
Power & Energy	47.84	0.2%	50.90	0.1%	-	0.0%
Professional Services	157.75	4.2%	102.25	2.5%	174.99	4.3%
Real Estate	333.06	0.6%	45.87	0.1%	428.43	0.5%
Transportation & Logistics	273.23	4.1%	260.62	3.6%	195.42	2.8%
Total	34,192.57	5.7%	31,708.32	4.6%	23,005.17	3.4%

Comments

- ❖ The bank took advantage of CBN's circular that allows for write off of loan balances which reduced NPL by 27.4%. The write-offs are with recourse to Customers for recovery.
- ❖ NPL ratio without write off will be 6.8%, this explains the increase in the charge for the year.
- ❖ QoQ growth in Education NPL was driven by a single account, whose model changed and impacted cash-flow. The account has been restructured based on current cash-flow.
- ❖ 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.

81.1% of Net loan loss expense for 3Q'16 was from Real Estate, Commerce, Manufacturing & Downstream O&G.

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

Business Segment	Loan Loss Charges/ Recoveries					Cost of Risk %
	Sept'15	Jun'16	Sept'16	Δ QoQ	Δ YoY	
AGRICULTURE	(1,492.76)	391.61	375.59	(16.02)	1,868.35	2.6%
COMMERCE	(735.66)	670.23	3,742.96	3,072.73	4,478.62	6.7%
CONSTRUCTION	76.51	156.16	1,084.79	928.63	1,008.28	32.1%
EDUCATION	10.49	(14.55)	431.99	446.54	421.50	5.8%
FINANCE & INSURANCE	14.71	60.16	59.33	(0.83)	44.62	0.3%
GENERAL – OTHERS	(283.92)	190.94	585.34	394.40	869.26	3.6%
GOVERNMENT	45.40	48.69	2.87	(45.82)	(42.53)	3.2%
INDIVIDUAL	962.63	3,338.09	(557.72)	(3,895.80)	(1,520.34)	3.1%
INFORMATION & COMMUNICATIONS	(152.78)	(280.54)	140.34	420.88	293.12	0.8%
MANUFACTURING	404.11	1,405.55	2,814.49	1,408.94	2,410.39	8.8%
OIL&GAS-DOWNSTREAM	6,054.00	(821.66)	1,666.61	2,488.28	(4,387.39)	4.3%
OIL&GAS-UPSTREAM&SERVICES	169.05	322.96	2,951.70	2,628.75	2,782.66	2.7%
POWER & ENERGY	48.49	52.91	255.62	202.71	207.14	0.9%
PROFESSIONAL SERVICES	(19.67)	1.85	135.72	133.88	155.39	5.3%
REAL ESTATE	(258.53)	70.30	6,667.80	6,597.50	6,926.33	9.3%
TRANSPORTATION & LOGISTICS	68.39	12.95	114.08	101.12	45.68	3.3%
Total	4,910.44	5,605.64	20,471.53	14,865.89	15,561.08	4.6%

Comments

- ❖ 317% growth in loan loss charge for 3Q'16 compared with similar period in 2015 was largely due to additional charge taken on some challenged loans for full coverage and write off. 65% of these loans are secured, while most of them are recoverable. This also explains the 265% growth QoQ.
- ❖ The high CoR in Construction is due to delay in Government payment to Contractors and the shrinking portfolio.
- ❖ The high COR in Real Estate is due to 100% provision on two accounts. Similarly the high COR in Manufacturing is largely from a single account that has discontinued business but the loan is well secured. These accounts are currently under recovery.

- ❖ We will maintain our cautious loan growth strategy with specific focus on lower ticket loans in Agriculture, Retail and high quality SMEs.
- ❖ Risk Asset volume is estimated to decline in Q4 with tightened risk acceptance criteria, as pay-downs surpass fresh origination.
- ❖ Asset quality is a top priority and we will maintain high provision level to ensure adequate coverage ratio for non-performing loans.
- ❖ Exposures in challenged sectors will continue to be proactively managed and monitored to ensure performance and efficiency.

The logo for FCMB (First City Monument Bank) is located in the top left corner. It consists of the letters "FCMB" in white, bold, sans-serif font, positioned above two horizontal orange bars. The entire logo is set against a dark purple square background.

FCMB

The background of the slide is a blurred photograph of a desk. On the left, there is a white ceramic mug. In the center, a silver laptop is partially visible. To the right, there is a spiral-bound notebook with a pencil resting on it, and some papers are scattered on top of the notebook. A paperclip is also visible on one of the papers.

**Investment Banking Group: *Business Review* –
Mr. Tolu Osinibi (ED, FCMB Capital Markets Ltd)**

Earnings dropped QoQ and YoY, driven by weak revenues, due to lull in the capital markets.

Investment Banking Group (IBG): Summary Financials
(1Q16 vs. 2Q16 vs. 3Q16 & 9M15 vs. 9M16)

Investment Banking Group	1Q16	2Q16	3Q16	% Δ QoQ	9M15	9M16	% Δ YoY
N'm							
Gross earnings	440	474	386	-19%	1,624	1,300	-20%
Net Interest Income	81	64	168	163%	484	313	-35%
Non Interest Income	360	410	218	-47%	1,141	987	-13%
-Debt Capital Raising	53	70	10	-86%	370	132	-64%
-Other Financial Advisory Fees	89	24	15	-37%	159	128	-19%
-Equity Capital Raising	9	0	0	0%	67	9	-86%
- Brokerage Commission	110	76	51	-34%	431	238	-45%
-Asset Management Fees	38	63	63	0%	31	164	437%
- Trading Income	(0)	0	4	192436%	27	4	-84%
- Dividend	51	0	7	4890%	19	58	211%
-Others	10	176	67	-62%	38	253	571%
Operating Income	440	474	386	-19%	1,624	1,300	-20%
Operating Expenses	(370)	(425)	(426)	0%	(1,310)	(1,221)	-7%
Net gains/(losses) from fin. instruments at fair value	(8)	(13)	(15)	10%	(145)	(35)	-76%
PBT	62	36	(54)	-252%	169	44	-74%
PAT	42	3	(64)	-2056%	52	(19)	-136%
CIR	86%	92%	115%	24%	89%	97%	9%

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FCMB

The background of the slide is a photograph of a woman with braided hair and glasses, wearing a pink sweater, looking intently at a laptop. The laptop screen displays various data visualizations, including a bar chart, a line graph, and a pie chart. The scene is dimly lit, with bokeh light effects in the background, suggesting an office or home workspace at night.

Outlook to YE 2016 –

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

The macro economic headwinds remain challenging and constraining, the outlook for Q4 is therefore conservative and subdued.

- ❖ We revise our earlier guidance on cost of risk upward by 300 basis points as a result of significant increase in provisions under collective impairment;
- ❖ The underlying momentum in Retail and Transaction banking will be intensified, as these growth areas are relatively immune from the headwinds;
- ❖ In order to strengthen capital adequacy ratio, we will continue with balance sheet deleverage and complete tier 2 bond raising of at least N7.5 billion;
- ❖ We will continue with our cost optimisation programme;
- ❖ Intensify the growth trajectory around our wealth management business.