



FBN Holdings Plc



A Performance Assessment Report
(for the period ended 31st March 2017)

August 2017

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Highlights of FBNH Performance Assessment Report

Capital Adequacy

- The capital adequacy ratio rose from 17.2% in Q4 2016 to 17.8% in Q1 2017
- The tier 1 capital ratio rose from 13.3% in 2015 to 14.7% in 2016
- The gearing ratio rose from 54.4% in Q4 2016 to 64.6% in Q1 2017

Risk Analysis

- The NPL ratio rose from 24.4% in Q4 2016 to 26.0% in Q1 2017
- The risk asset ratio rose from 53.3% in Q4 2016 to 53.3% in Q1 2017
- The cost of risk of the FBNHoldings fell from 10.4% in 2016 to 4.8% in Q1 2017
- Loans to Deposits Ratio rose from 77.1% in Q4 2016 to 77.8% in Q1 2017
- The debt to capital ratio rose from 35.2% in Q4 2016 to 39.3% in Q1 2017
- The Group's earning yield rose from 11.3% in Q4 2016 to 14.1% in Q1 2017

Income Statement Analysis

- Operating margin profit rose from 3.9% in Q4 2016 to 14.2% in Q1 2017
- Return on equity rose from 3.0% in Q4 2016 to 10.9% in Q1 2017
- The return on asset rose from 0.4% in Q4 2016 to 1.3% in Q1 2017
- The cost of funds rose from 2.8% in Q4 2016 to 3.4% in Q1 2017
- The net interest margin fell from 8.8% in Q4 2016 to 8.3% in Q1 2017
- The cost to income ratio rose from 47.0% in Q4 2016 to 53.3% in Q1 2017
- The average cost to deposit rose from 2.5% in Q4 2016 to 3.2% in Q1 2017

Market Positioning

- FBNH has a book value of N602billion, making it the 2nd largest bank
- FBNH has 3rd highest number of business locations in country, with 875 business locations
- The bank generated the 2nd largest total income (comprises of Net Interest Income, Net Fee and Commission, Trading Income, Other Income) in the banking industry
- FBNH has the 6th largest Market CAP in the banking industry
- FBNH has the second largest depositors' base in the industry (Mar-17)
- The bank's share price has fallen by 57% over the last three years

Measures taken by the management

- More aggressive loan recovery
- Enhanced asset optimization strategy
- Implementation of a robust ERM (Enterprise Risk Management) and ERP (Enterprise Resource Planning) solution to improve risk management and operational efficiency as well as enhance the fraud and control environment
- Restructure the risk management approach and has new management in place

Executive Summary

FBN-Holdings' (FBNH) rich history and the critical role it has played in both financial inclusion and intermediation precipitated the need for a performance assessment report. Moreover, the present blurred lines created by the Group's financial performance reinforced the need to critically analyse its numbers for the financial year 2016.

An Economic and Sectoral Overview

Nigeria in 2016 slipped into recession, largely as a result of reduced oil prices, oil production and foreign exchange earnings. The business community was however able to stimulate the economy, though at a slow pace. Following the contractionary monetary policy stance of the Central bank, the economy witnessed increase in interest rates and an introduction of a flexible exchange rate regime while inflationary pressures mounted.

The various macroeconomic challenges faced in this period weakened the stability of financial system. This combined with the dampened appetite for risky assets and the large exposure to the oil and gas sector put considerable stress on the banking system, as banks were forced to cut down on their operating expenses. In a bid contain the risks to financial stability; banking supervision tightened and dividend payments & bonuses was prohibited for banks with high level of non-performing loans.

FBNH stable through the tides

FBNH is second largest in terms of book value, customer deposits, total income and third largest in terms of loans & advances, branches network, employee base in Nigeria. However, primarily due to weak loan book and lower profitability, FBNH is currently positioned a bit lower in the overall banking sector.

Our analysis showed that the market position was largely retained given FBNH's deep customer deposit of N3.093trillion and a book value of N602billion. The amount of N2.063trillion in loans and advances justifies the inclusion of FirstBank among the tier 1 banks. Evidently, most of the banks risk parameters have tilted upwards which was reflective after the 2016 financial horizon. The Bank's capital adequacy ratio remained stabilised at 17.8%. It remained the bank with lowest capital adequacy ratio among the Tier 1 banks. Regardless, it is relatively higher than the banking sector's common equalization of 13.1% and higher than most tier 2 banks.

The jolt in FBNH's long term borrowing partly due to devaluation when compared to a tepid increase in equity triggered an outward cave in its gearing ratio. The report thus admits that the capacity to hewn revenue as a growth tool by the Holdco is not in doubt given the fact that it declared the highest pre-provision operating profit in the sector.

FBNH's consistent strong yield on its interest earning asset has contributed to its rate of revenue accretion and do share a positive correlation with its net interest margin. Post mortem carried out during our analysis further showed a crippling in FBNH's operating profit steaming from the increase in the bank's non-performing loans (NPLs), as the NPLs of the bank rose to 24.4% as at year end 2016. The crippling in operating profit margin from 19.4% (2014) to 3.9% (2016) portrays the weight of credit losses on the Group's revenue at the end of 2016.

FBN's 42.2% loan concentration in the oil sector made its loan portfolio have a relatively thin deviation while it appears more rent focused. The causation of a negative anti-clockwise movement in oil price on the quality of its asset was inevitable. This placed FBN as the bank with the highest quantum of non-performing loans among tier 1 banks. Thus, the fallout has been a relatively weak loan yield, erosion in asset quality and an escalation in risk. The presence of high cost of risk and the loan to deposit ratio of 77.1% has reduced FBN's headroom for counter cyclical lending. Although loan impairment is a concern, FBN still tempered down cost to income ratio in a cycle of rising inflation.

FBNH's financial performance in Q1 2017 recorded a growth in operating profit from 3.9% to 14%. The healthier performance is as a result of improved macro activity and a more aggressive approach towards loan recovery.

Finally, the report highlighted that the cost to income ratio and cost to deposit are on the up rise while it also carried out a recall on the macro environment and a comparative analysis of the banking sector.

While we understand that Financial Institutions are not immune to global and domestic economy shocks, as this tend to affect both the ability to operate as well as the asset quality of banks; we believe FBNH can do more by:

- Improving its Capital Adequacy (both Tier 1 and Overall)
- Focusing more on Non-interest Income than Interest Income in 2017
- Improving Asset Quality and Avoid High Specific Sector Concentration
- Rationalizing Operating Costs and
- Leveraging Technology More to Manage its Operations

Nigeria – An Economic Overview

In 2016, Nigeria's economy slipped into recession for the first time in more than two decades reflecting adverse economic shocks, inconsistent economic policies, and deepening security problems in the north east and Delta regions.

Two factors were largely responsible for the downward trend in 2016 - reduced oil production and the impact of reduced foreign exchange earnings on the economy.

The outlook for 2017 is for a moderate economic recovery with real GDP projected to grow at 2.2% spurred by increased infrastructure spending and restoration of oil production to previous levels.

1.1 Gross Domestic Product

- Gross domestic product (GDP) growth for 2016 is estimated at -1.5%, with a moderate recovery expected in 2017. This is attributed to a series of shocks, including the continued decline in oil prices, foreign exchange shortages, disruptions in fuel supply and sharp reduction in oil production, power shortages, and insecurity in some parts of the country, as well as low capital budget execution rate (51%)
- As per CBN- Financial Stability Report, the contribution of the oil sector to the real GDP in the first half of 2016 stood at 9.27%, reflecting an increase of 0.13 percentage point above the 9.14 recorded in the preceding half year

1.2 Business and Regulatory Environment

- Despite the economic challenges, the business community found a way to stimulate economic activities albeit at a rather slow pace relative to the previous year. In Comparison to 2015, the regulatory environment witnessed less regulatory fines and sanctions

1.3 Interest Rates

- Fixed income yields have risen significantly over the year as CBN tightened the monetary policy environment in its drive to maintain price stability and encourage much needed foreign currency portfolio investment flows

- The average prime and maximum lending rates declined by 0.44 and 0.15 percentage points below their levels to 26.83 per cent in the first half of 2016 - According to CBN- Financial Stability Report
- The developments in interest rates could be attributed to the tight monetary policy stance

1.4 Inflation

- The outlook for 2017 is one of moderate recovery. Projected Forecasts for inflation by the Economic recovery and growth plan (ERGP). Show that inflation will remain in double digits, declining from 18.56% in 2016 to 15.7% in 2017 and 12.42% in 2018. The government will continue efforts to expedite infrastructure development spending so as to boost economic recovery and will also step up efforts in diversifying the productive base of the economy.
- The monetary policies alone could not solve the inflationary pressure and the implementation of confidence-building fiscal policies will not only augment the monetary policies in place, but also spur productivity and encourage local production

1.5 Oil Output

- The impact of the oil price drop on the economy has led to downward adjustments of growth expectations for the country by the International monetary fund (IMF) who in June 2016 said Nigeria would grow at 0.8% this year, down from an estimate of 4.6 it made in January
- Oil production also dipped to 1.63 million barrels per day (mbpd) in Q3 2016 compared to 2.15 mbpd recorded in the comparative period in 2015 as per CBN- Financial Stability Report
- Smooth passage of the Petroleum Industry Bill (PIB) will provide legal and regulatory framework for the oil industry and is the only reason why the huge investment potentials in the refining, deregulation, deal financing etc. of the industry are yet to be harnessed and maximized

1.6 External Reserves and Capital Flows

- A drop in foreign exchange reserves to USD 25.8 billion at year-end 2016 from USD 28 billion a year earlier has weakened its external position. This has maintained pressure on the Nigerian naira, which authorities attempted to defend by resorting to a costly foreign exchange control to manage demand

- Against the backdrop of mounting pressure on the naira, the monetary authorities announced a more flexible exchange rate regime on 15-Jun-2016
- According to NBS' report, capital inflows into the country increased from USD 1.04 billion in Q2 2016 to USD 1.82billion in Q3 2016 which represented a 75% increase in Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI) and other investments between Q2 and Q3 2016. This validates the exit concerns of foreign portfolio investors which is premised on repatriation risk

1.7 Exchange Policy

- The Central Bank of Nigeria announced new foreign exchange policy actions on 21-Feb-2017 in a move towards creating a more flexible FX (forex) market and addressing the scarcity of foreign exchange
- With highly fragmented FX market, implementation of the terms of the flexible exchange rate policy will eliminate multiplicity of rates. The combination of such policies with an improvement in foreign exchange earnings will ultimately lead to a moderation of inflation, and narrowing of the gap between the official and parallel rates

Banking Sector Overview

Since the end of 2014, Nigeria has faced various macroeconomic challenges which has weakened the stability of financial system in Nigeria. The combined effect of dampening appetite for risk assets creation, slowdown in growth, the naira depreciation, and large exposure to the oil and gas sector have put considerable stress on the banking system.

The gross earnings growth is expected to slow down further as interest income growth will soften on account of credit tenor and obligation restructuring amidst rising NPLs and weaker risk asset growth. In contrast, non-interest income is expected to increase due to FX gains from naira devaluation.

Banks are also forced to cut down on operating expenses by cutting down on staff size and close branches in the face of low profit output. Ecobank, Zenith and Diamond are already downsizing following reports that approximately 1,040, 240 and 200 employees had been laid off, respectively, by the three banks in 2016.

As per CBN – Financial Stability Report, savings rate rose marginally by 0.57 percentage point from 3.61 per cent at end-June 2016 to 4.18 per cent at end-December 2016, while the maximum lending rate grew by 1.62 per cent to 28.55 per cent in the same period. The movement in rates reflected the contractionary monetary stance of the Bank.

There is a liquidity crunch in the country and it may lead to the merger of commercial banks, which are having a rough time. However, the capital adequacy ratios for the industry as a whole remain above prudential levels.

With deteriorating asset quality, non-performing loans for the banking sector are at high. This is mainly attributed to the economic recession and additional exchange rate depreciation. Some measures have been taken to contain risks to financial stability, including tightening of bank supervision and the prohibition of dividend payments and bonuses for banks with a high level of non-performing loans.

The equities segment of the capital market has declined as the All-Share Index (ASI) and market capitalisation have fallen. Relative to the end of December 2015, the indices decreased by 9.9%

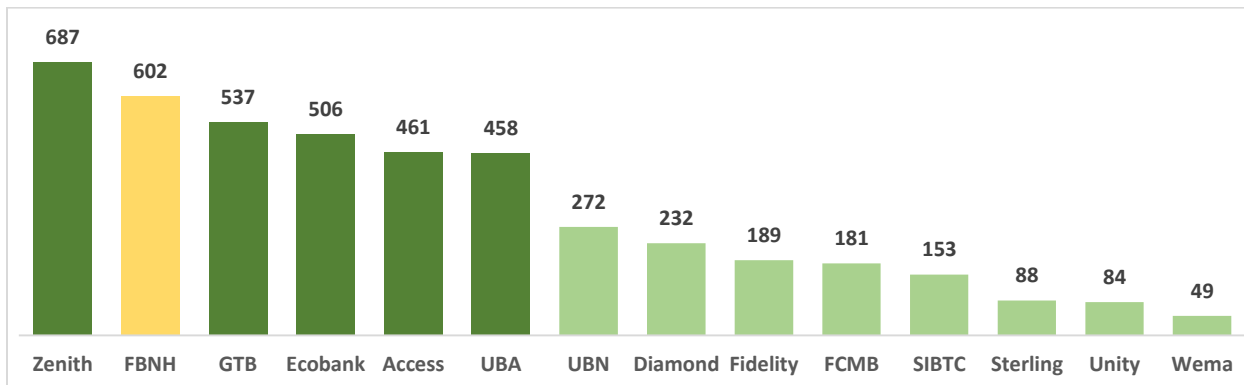
and 9.6% respectively, in 2016. The decline in share prices was largely due to subdued activity as foreign reserves continued to decline on the back of falling global oil prices. Foreign reserves have picked up since the end of 2016, with the external current account recording a surplus.

Financial infrastructure needs to be improved for greater financial penetration or inclusion. There are some more or less advanced ongoing initiatives by the Central Bank of Nigeria (CBN). They include a cashless policy, mapping access points for financial services, establishing the Micro Small and Medium Enterprise Development Fund (MSMEDF), a mobile money initiative and improving financial literacy to deepen financial inclusion.

2.1 Positioning of Key Banking Players in Nigeria

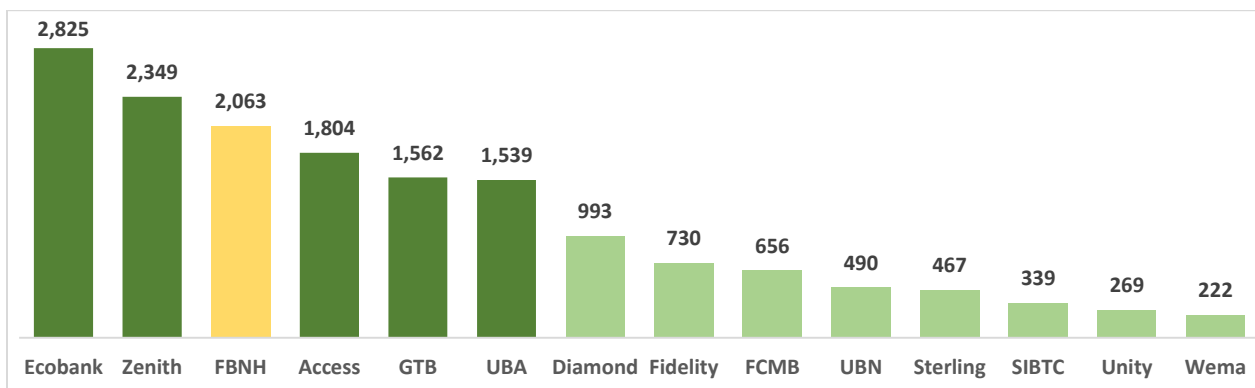
FBNH is second largest in terms of book value, customer deposits, total income and third largest in terms of loans & advances, branches network, employee base in Nigeria. However, primarily due to weak loan book and lower profitability, FBNH is currently positioned bit lower in the overall banking sector in Nigeria.

2.1.1 Market Positioning - By Book Value (as at Mar-2017)



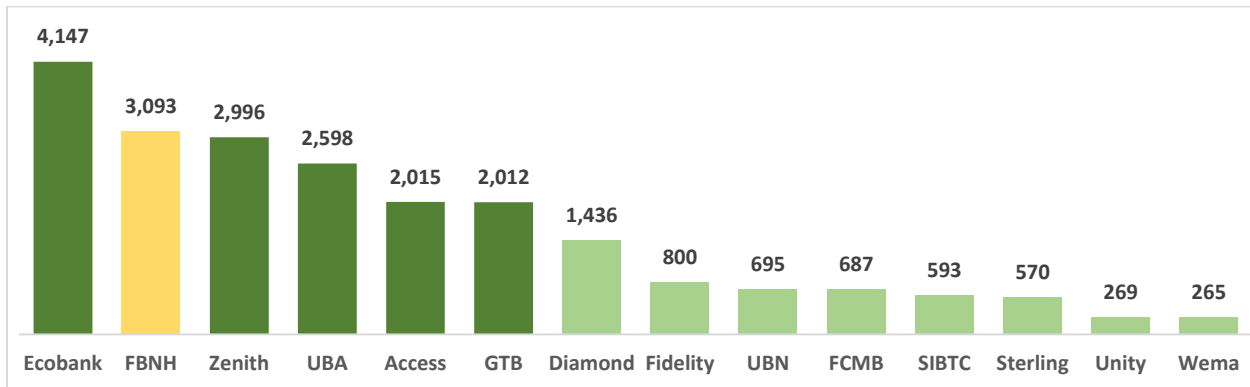
Note: Figures are in Naira billion

2.1.2 Market Positioning - By Loans and Advances to Customers (as at Mar-2017)



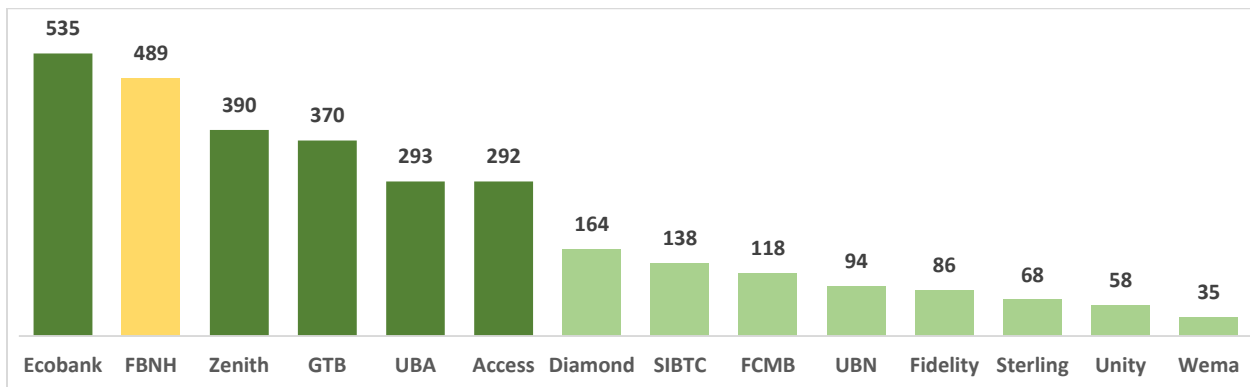
Note: Figures are in Naira billion

2.1.3 Market Positioning - By Customer Deposits (as at Mar-2017)



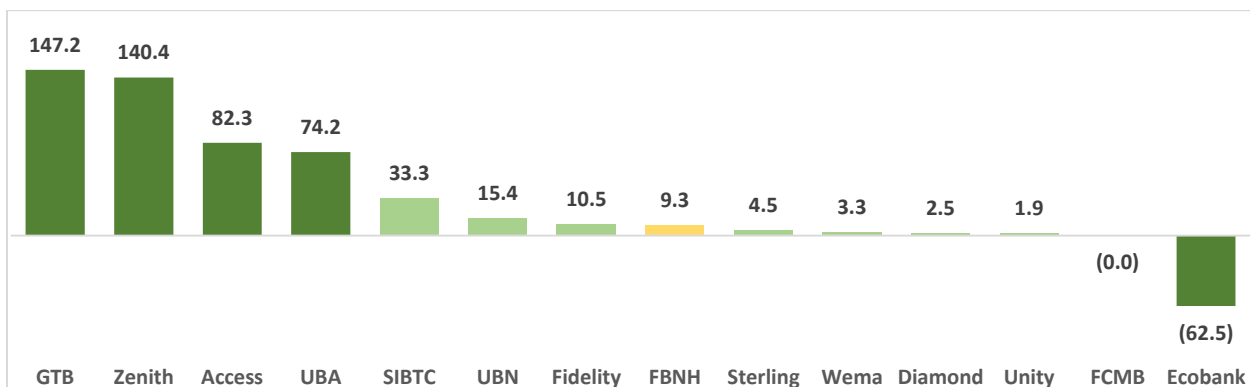
Note: Figures are in Naira billion

2.1.4 Market Positioning - By Total Income (LTM Mar-2017)



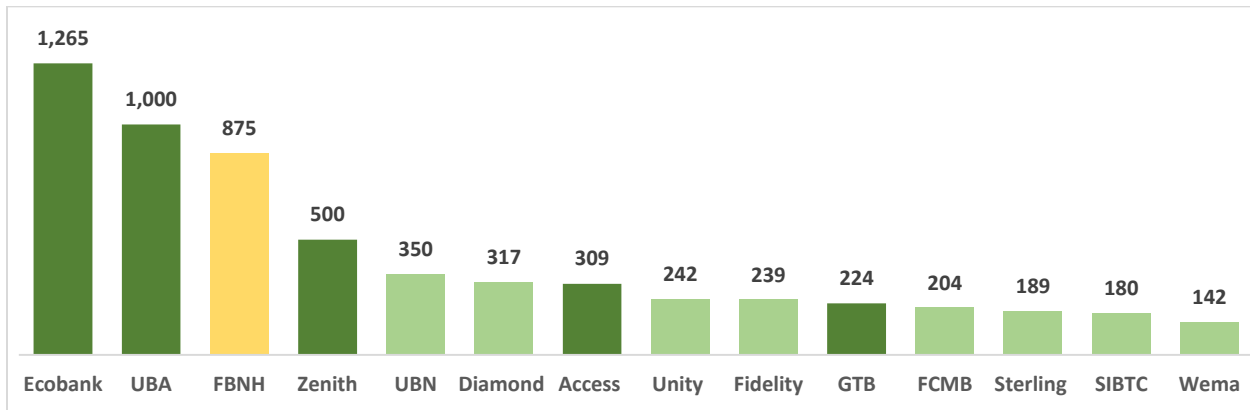
Note: Figures are in Naira billion

2.1.5 Market Positioning - By PAT (LTM Mar-2017)

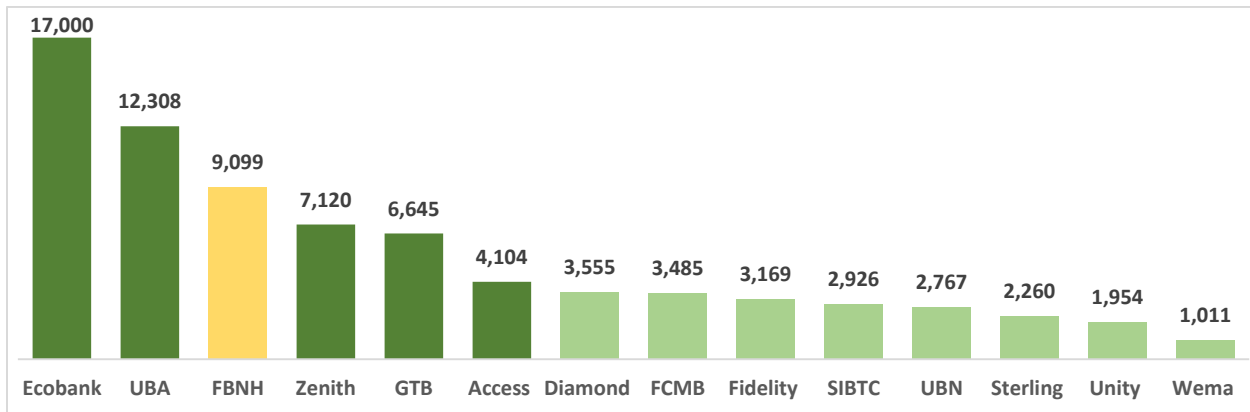


Note: Figures are in Naira billion

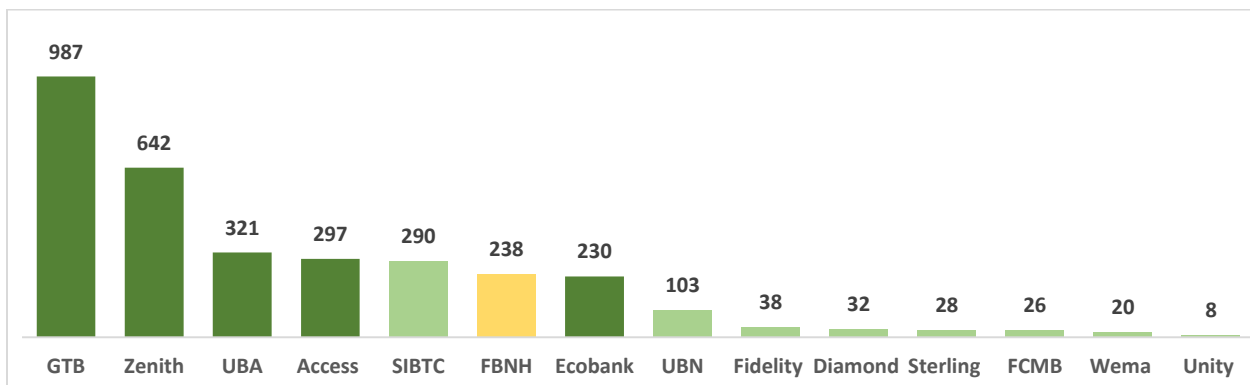
2.1.6 Market Positioning - By Branches (Latest Reported)



2.1.7 Market Positioning - By Employees (Latest Reported)

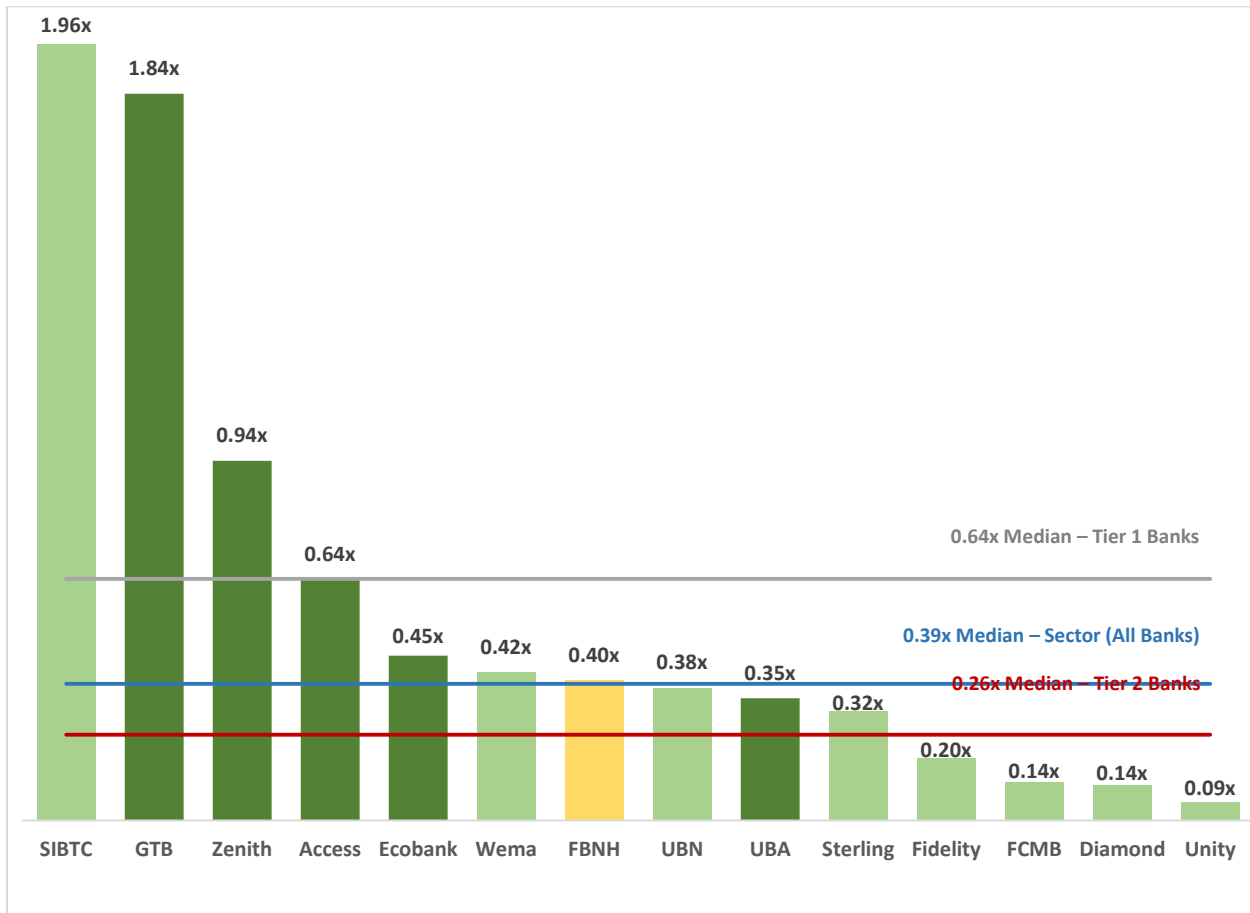


2.1.8 Most Valued Bank- By Market Cap (as at 8-Jun-2017)



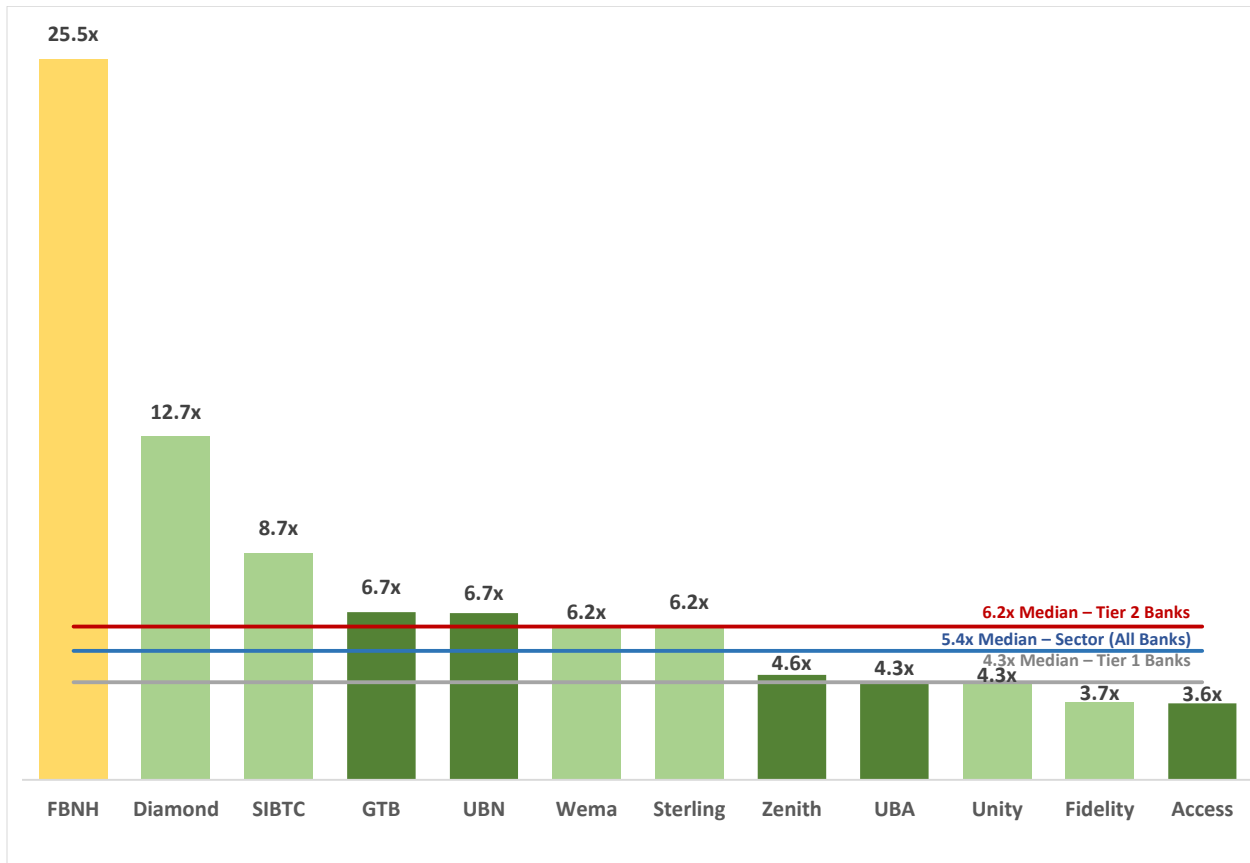
Note: Figures are in Naira billion

2.1.9 Most Valued Bank - By P/BV



Note: Price as at 8-Jun-2017 and BV as at 31-Mar-2017

2.1.10 Most Valued Bank –By Trailing P/E



Note: Price as at 8-Jun-2017 and Earnings for the period LTM Q1 2017

Typically, market values banks based on one year forward earnings multiple. However, FBNH is currently trading at the highest P/E multiple of 25.5x if we look at trailing earnings. This is due to very low profitability of the bank recently.

2.2 Share Price Performance – Last Three Years



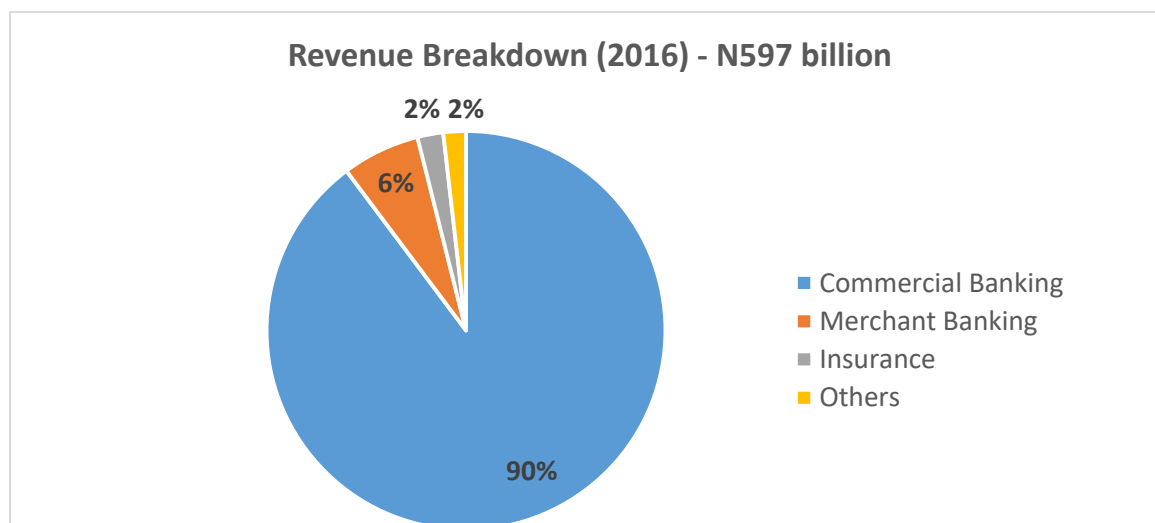
Figures for the period 9-Jun-2014 to 8-Jun-2017

FBNH’s share prices have drastically fallen in the last three years (eroded around 57% of market value). In contrast, NSE Index and Banking Index have fallen by 21% and 12%, respectively. Though there have been quite a few challenges for the economy and the banking sector, but FBNH’s stock market performance trailed the banking index and the overall market.

FBN Holdings PLC Overview

3.1 Business Description

- FBN Holdings Plc. is the financial holding company of First Bank of Nigeria Limited (FirstBank), one of the largest banking and financial services organisations in Africa
- First-Bank is a commercial bank with operations in 12 countries
- Subsequent to restructuring to a holding company, FBNH (previously listed as First Bank of Nigeria Plc) was listed on Nigeria Stock Exchange on 26-Nov-2012
- It offers a broad range of products and services, including commercial banking, merchant banking, asset management and insurance. It delivers innovative financial solutions to a large number of customers
- It has over 875 business locations, 2,779 ATMs 7,048 POS terminals with an employee base of 9,099



3.2 Market Stats/Analyst Views

- It has a market cap of N238 bn (as at 08-Jun-17) and currently trading at 0.40x P/BV (31-Mar-2017) and 25.5x Trailing P/E (LTM Q1 2017)
- Mixed performances as provisioning overshadows top line growth - deterioration in asset quality pressures earnings - FBNH released FY 16 and Q1'17 results showing mixed performances across both reporting periods. Whilst the Group recorded strong top line performances across both periods, bottom line was pressured by deteriorating asset quality with loan loss provision coming higher than expected. Top line was buoyed by a 69% y/y rise in Non-Interest Income. (Vetiva Research, Apr-2017)

- Overall, FBNH's Q4 2016 performance was reflective of the rise in inflation, the higher interest rate and yield environment and the depreciation of the local currency. Going forward, while we believe the bank will continue to benefit from the higher interest and yield environment, asset quality remains a concern as NPL coverage remains around 40% levels despite NPL ratio increasing towards 25%. As a result, we expect loan impairments to stay high, a potential drag on PBT performance in Q4 2016. (Investment One Research, Oct-2016)

3.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	230,115	243,854	265,165	304,442	320,869
Non-Interest Income	66,312	112,390	97,945	165,476	167,752
Total Income	296,427	356,244	363,110	469,918	488,621
Loan Loss Provision	(20,309)	(25,942)	(118,794)	(226,037)	(242,104)
Operating Costs	(174,591)	(224,086)	(209,102)	(206,025)	(210,579)
D&A	(11,196)	(12,759)	(13,633)	(14,908)	(15,078)
Share of Profit/(loss) of associates	1,006	599	-	-	(3)
PBT	91,337	94,056	21,581	22,948	20,857
Earnings to Shareholders	70,135	84,231	15,406	14,122	9,312
Loans and Advances to Customers	1,769,130	2,178,986	1,817,271	2,083,894	2,062,684
Customer Deposits	2,929,081	3,050,853	2,970,922	3,104,221	3,093,418
Total Assets	3,869,001	4,343,737	4,166,189	4,736,805	4,984,636
Book Value	467,272	520,029	575,125	583,123	601,513

3.4 FBNH Operations Management Analysis

There have been major changes in the management of FBNH in the last two-three years. Prima facie these changes are sounding positive for the betterment of the company in the near future.

FBNH has been going through with some challenges relating to economy, credit growth & quality, competition, etc. In order to overcome these challenges, the Group has to operate more efficiently and communicate well with all stakeholders (viz. Board, Shareholders, Customers, Employees, Regulatory Departments, etc).

We have evaluated few areas below based on limited information we have

- Performance disclosures:** FBNH's disclosures relating to performance or positioning of the bank has been improving continuously. Based on last 2-3 years disclosures, it is one of the best banks in terms of disclosures. Except few areas (for e.g. not effectively communicating with the shareholders about the high NPLs in the past) the bank is trying to give fair explanations relating to the performance of the bank. This effort needs to be continued strongly. However, the group needs to continue communicating effectively with the shareholders about the high NPLs.

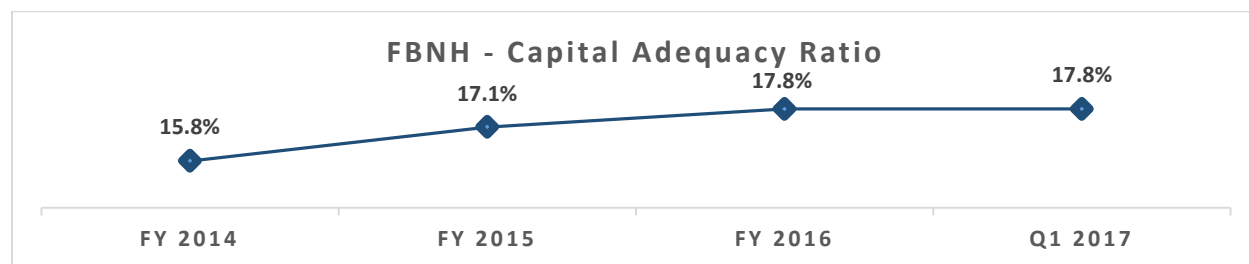
- **Income per Branch:** As per our preliminary analysis, it is observed that FirstBank's income per branch is a bit lower than its peers. As per 2016 data, total income (N 468bn) from 875 branches gives income per branch as N 535m. If we compare it with Tier 1 Banks then it is much lower than GTB, Access, Zenith but it is higher than Ecobank and UBA. In comparison to Tier 2 banks, it is lower than SIBTC and FCMB. Though we understand this inference is not fully accurate because some of the income is generated through online campaigns or corporate banking, but still, due to lack of information, we did this analysis with our base assumption for all banks
- **Cost per Branch:** FBNH's operating costs (excluding manpower cost) per branch can also be improved. As per 2016 data, operating costs were N 122bn against 875 branches. It is higher than UBA and Ecobank (Tier 1 banks) and higher than Unity, UBN and Wema (Tier 2 banks)
- **Employee Cost:** Again as per our preliminary analysis, it is observed that FBNH's salary cost per employee is a bit lower than few competitors (Zenith, Wema, SIBTC, UBN, Access). As per 2016 data, total personnel cost was N84 bn against 9,099 employees. Relatively, the cost per employee is much higher than GTB, UBA, Ecobank (Tier 1 banks) and Sterling, Unity, FCMB, Fidelity, Diamond (Tier 2 banks)

FBN Holdings – Performance Overview

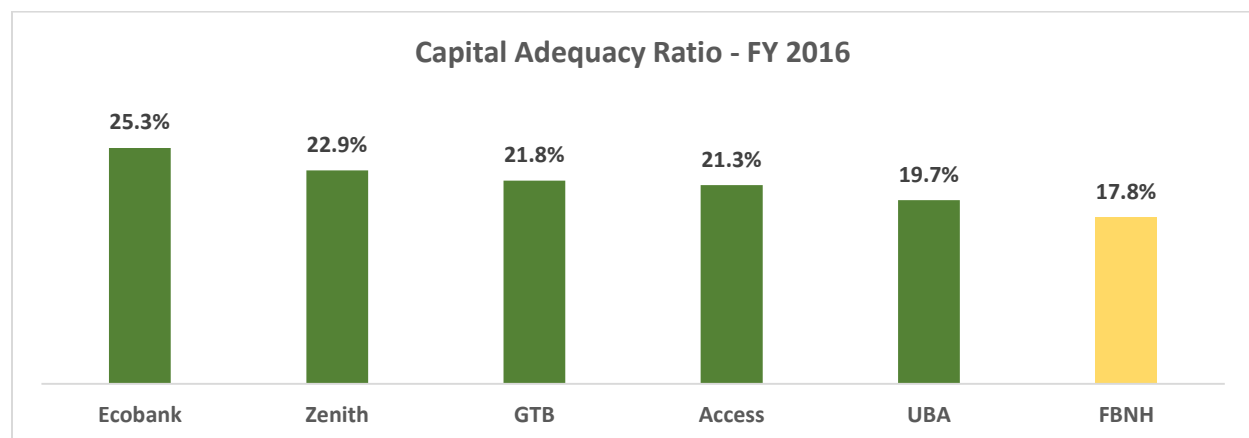
4.1 Capital Adequacy

4.1.1 Capital Adequacy Ratio

FirstBank's CAR has been continuously improving in the last three years or so. It is worth noting that the capitalized earnings for the full year provides enough buffer to help maintain the Bank's capital adequacy ratio above the 15% regulatory. With the general cautious credit growth appetite across the banking space, the common equalization capital has increased to 13.9% in FY 2016 from 8.5% in FY 2015 to provide a buffer for CAR. However, the naira devaluation remains a downside risk for CAR.

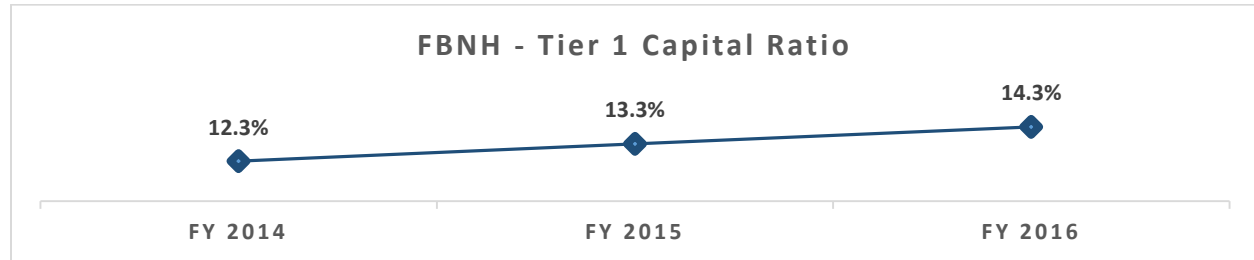


However, FBNH's CAR is the lowest amongst Tier 1 banks viz. Access bank, Ecobank, GTB, UBA and Zenith bank with relatively a better CAR with 21.3%, 25.3%, 21.8%, 19.7% and 22.9% respectively in FY 2016. FBNH needs to improve its CAR to protect depositors, promote the stability and efficiency of banks' financials.

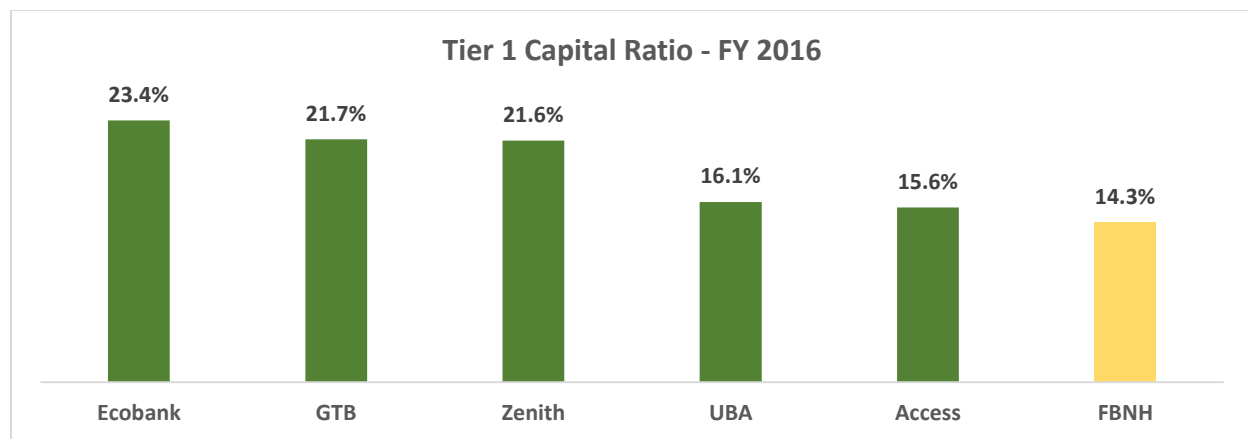


4.1.2 Tier 1 Capital Ratio

Similarly, FBNH has been improving its Tier 1 capital position – increased from 12.3% in FY 2014 to 14.7% in FY 2016.

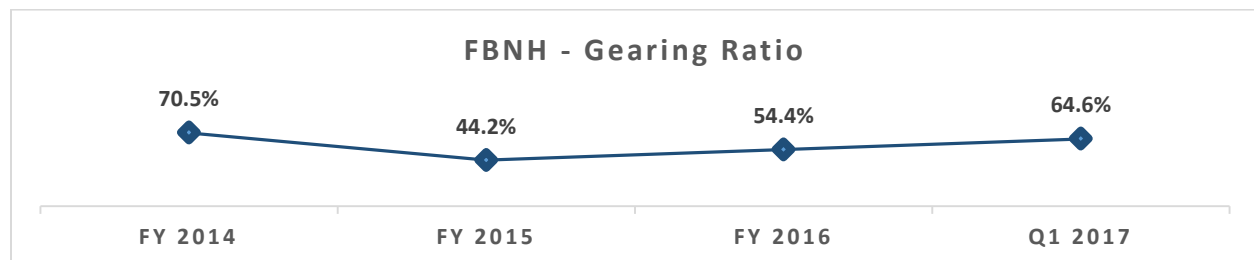


However, it is the lowest amongst Tier 1 banks with Ecobank (23.4%), Access Bank (15.6%), GTB (21.7%) Zenith Bank (21.6%) and UBA (16.1%). Interestingly most of the Tier 2 banks (viz. FCMB, Fidelity, UBN, Unity, Wema, Sterling) except SIBTC, also have very low Tier 1 Capital (in the range of 11% to 14%).

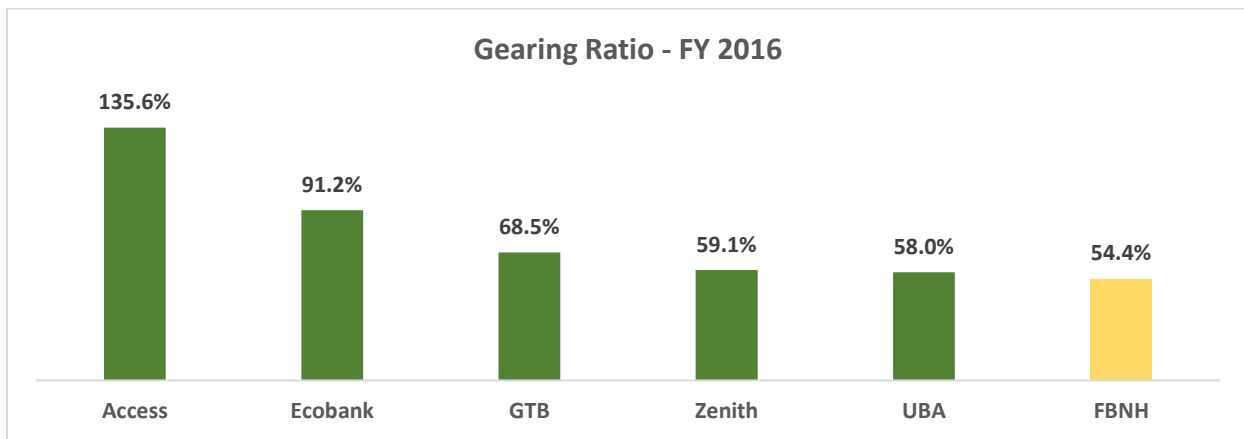


4.1.3 Gearing Ratio

FBNH’s gearing ratio increased to 54.4% and 64.6% in FY 2016 and Q1 2017 respectively from 44.2% in FY 2015. Upward trend in ratio was majorly because of increase in long-term debt of the company from N256,116 mln in FY 2015 to N388,712mn in Q1 2017 whereas increase in total equity was comparatively much lower.



Relatively, other Tier 1 banks viz. Access Bank (135.6%), EcoBank (91.2%), GTB (68.5%) have much higher gearing ratio. However, UBN has a lower ratio of 32.9%.

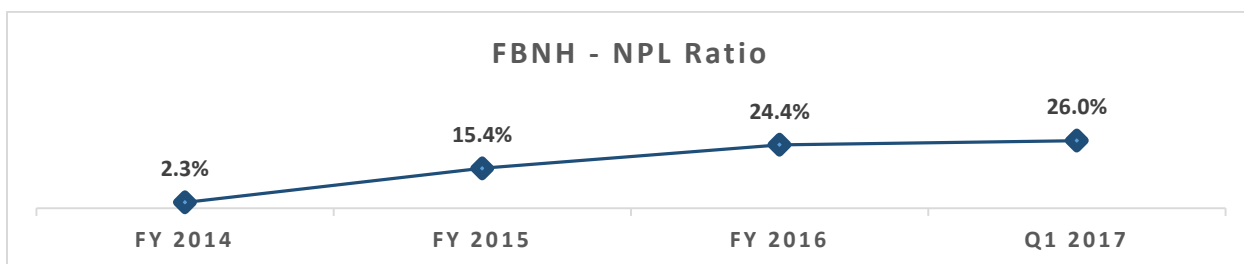


4.2 Risk Analysis – Assets

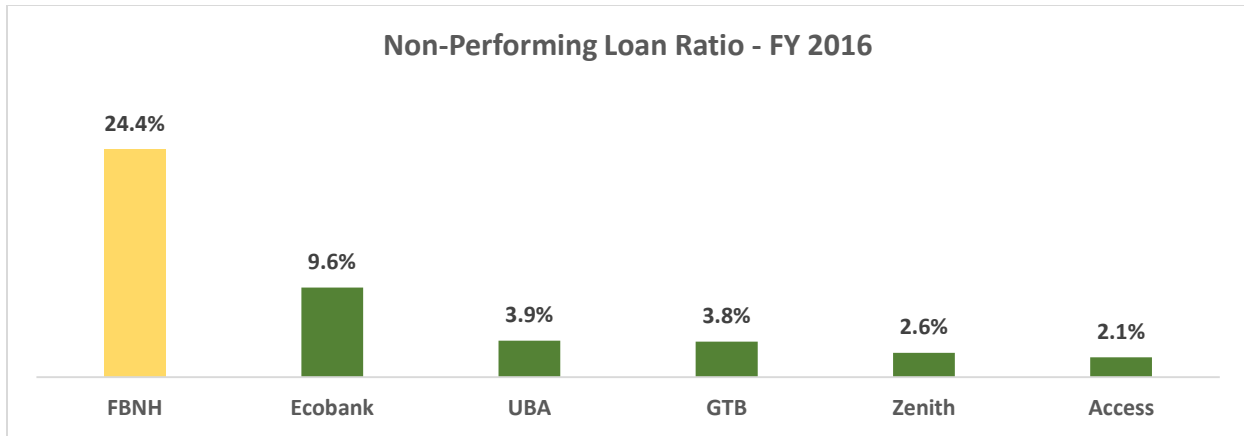
4.2.1 Non- Performing Loan Ratio

FBNH has a very high non-performing ratio of 24.4% and 26.0% in FY 2016 and Q1 2017 respectively. Non-performing loan (NPL) ratio over the past three years has trended from 2.9% in FY'14 to 24.4% in FY'16, with N418.5 billion worth of loans classified during this period. Further, the current ratio is well beyond the regulatory benchmark of 5.0% as per CBN's guidelines. It is observed that aggressive provisioning has been a deliberate and expedient decision by the management to clean FBNH's balance sheet and reposition the institution in the market.

As per management, NPL to the oil & gas sector constitute 75% of total NPL in FY 2016, while the general commerce and manufacturing sector constitute 3% each because of declining oil prices and naira devaluation in 2016 indicating the reason for default.

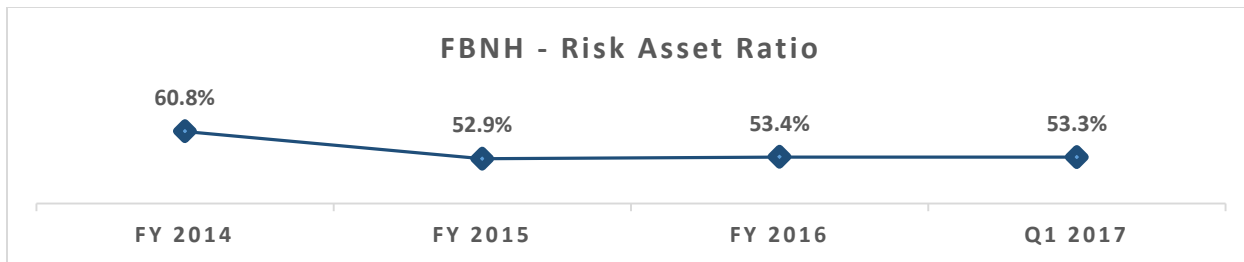


Relatively, the other Tier 1 banks are maintaining much lower ratios viz. Access Bank (2.10%), Zenith Bank (2.60%) and UBA (3.90%) in FY 2016 despite the fact that there is deteriorating asset quality and higher loan loss provision in the industry.

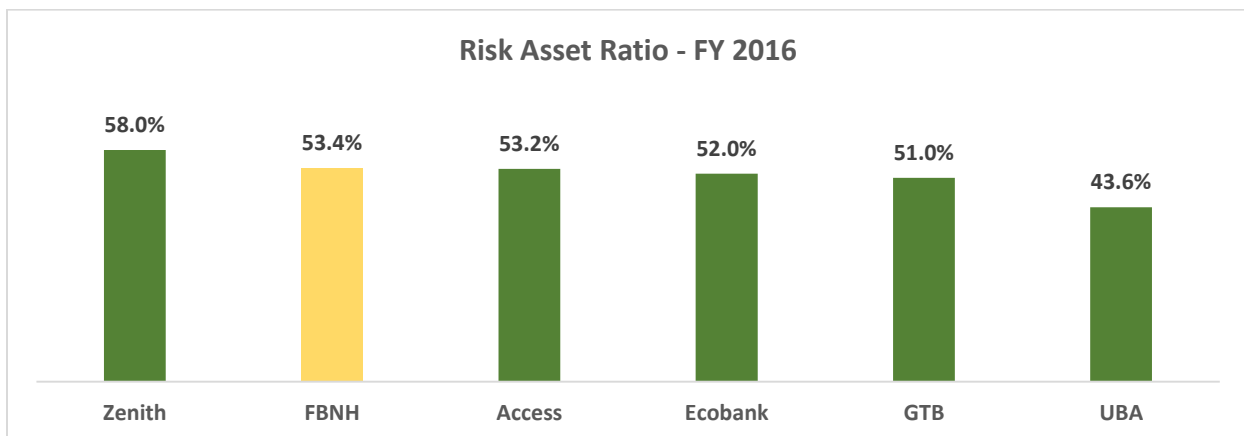


4.2.2 Risk Asset Ratio

FBNH’s risk asset ratio is averagely maintained at around 53% since 2015. This is broadly in line with the peers.



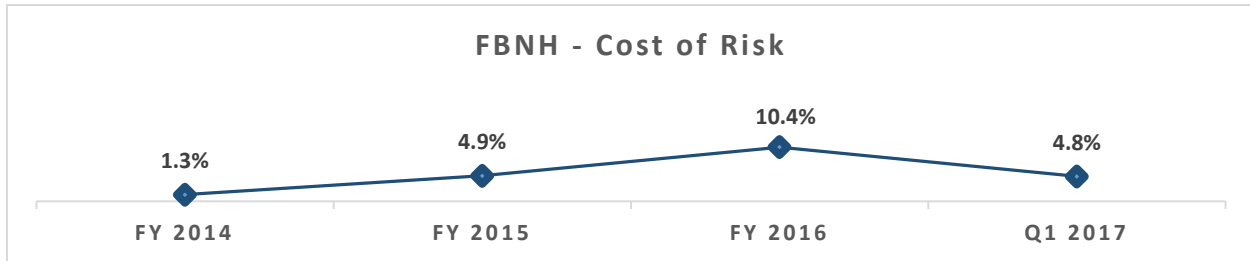
Risk asset ratio reported by other Tier 1 banks are broadly in the same range - Access Bank (53.2%), EcoBank (52%), and GTB (51%), Zenith Bank (58%), and UBA (43.6%). Further, almost all Tier 2 banks (except SIBTC and UBN) have risk asset ratio in the range of 52% to 58%. SIBTC and UBN has much lower ratio of 35.0% and 40.5%, respectively.



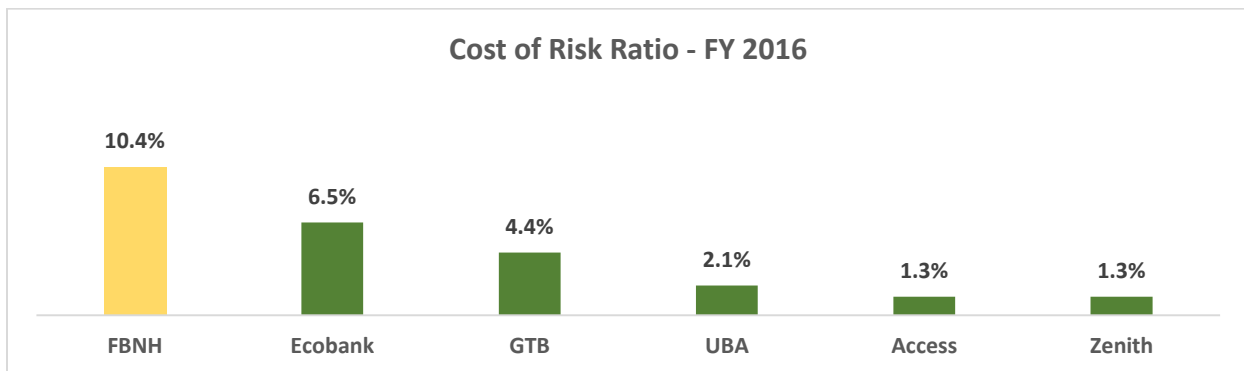
4.2.3 Cost of Risk

FBNH’s cost of risk has escalated to 10.4% in FY 2016 from 1.3% in FY 2014. The risk asset quality is driven by its exposure to higher risk sectors, particularly oil and gas sector. This is

largely as a result of the impairment charges for credit losses, which has drastically increased to N226bn in FY 2016 with NPL ratio increasing to 24.4% in FY 2016.



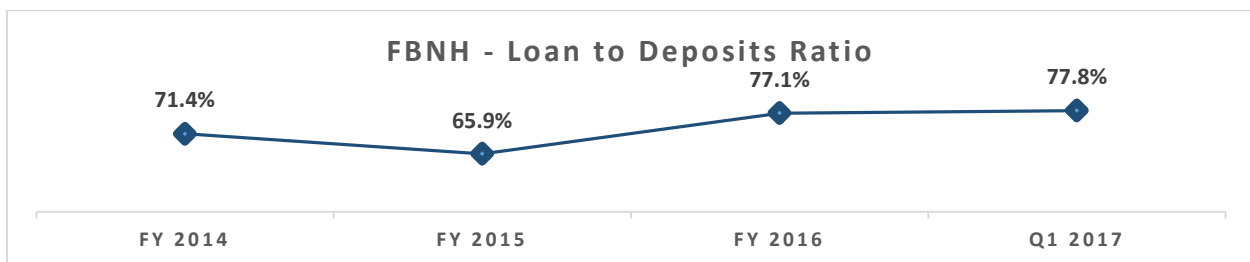
Tier 1 banks have relatively lower cost of risk –Ecobank (6.5%), GTB (4.4%), UBA (2.1%), Access Bank (1.3%), and Zenith Bank (1.3%). In fact, FBNH’s cost of risk is second highest (after Unity Bank) in the whole banking sector in Nigeria



4.3 Risk Analysis – Liabilities

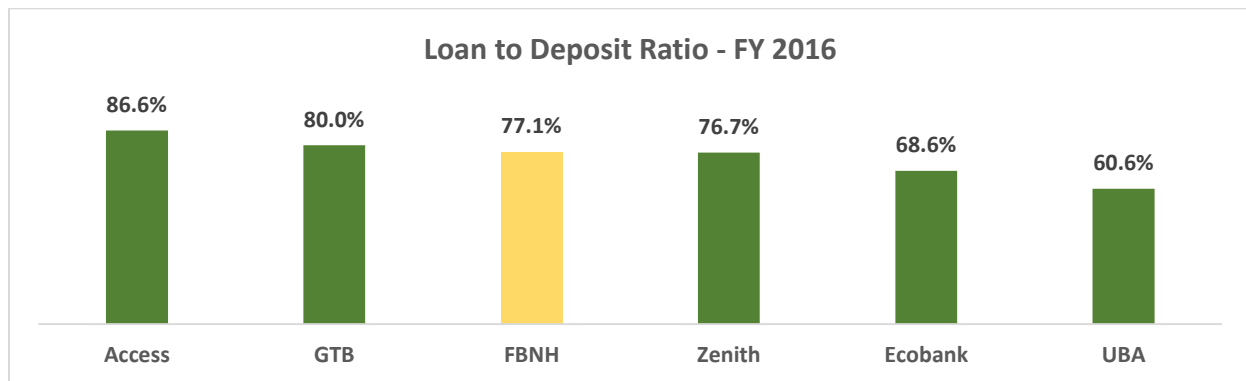
4.3.1 Loans to Deposits Ratio

FBNH’s Loans to Deposits Ratio has marginally increased to 77.1% and 77.8% in FY 2016 and Q1 2017 respectively from 65.9% in FY 2015. It is worth noting that the Loans to Deposits Ratio has mainly improved because of growth in loans and advances to customers.



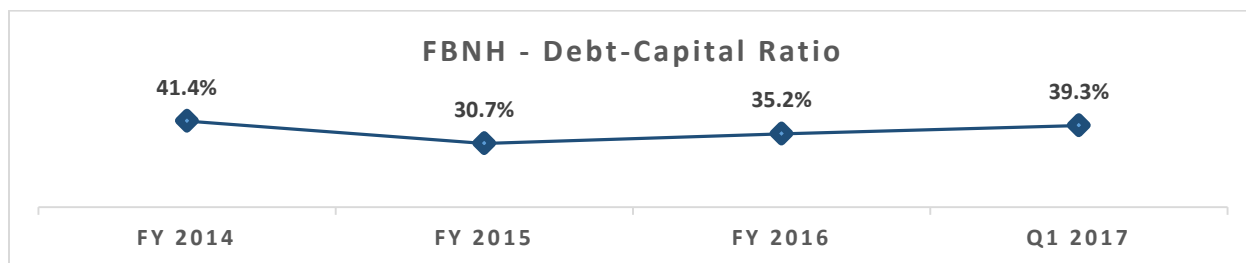
In comparison to FBNH, other Tier 1 banks viz. Access Bank, GTB, have maintained slightly higher Loans to Deposits Ratio of 86.6%, 80%, respectively, whereas Zenith, Ecobank, UBA have maintained a lower ratio of 76.7%, 68.6% and 60.6%, respectively in FY 2016. Most of the Tier 2 banks (FCMB, Fidelity, Sterling, UBN, Unity, Wema) are maintaining much higher Loans

to Deposits Ratio in the range of 75% to 105%. FBNH has a fairly balanced Loans to Deposits Ratio and has good scope to increase its loans book.

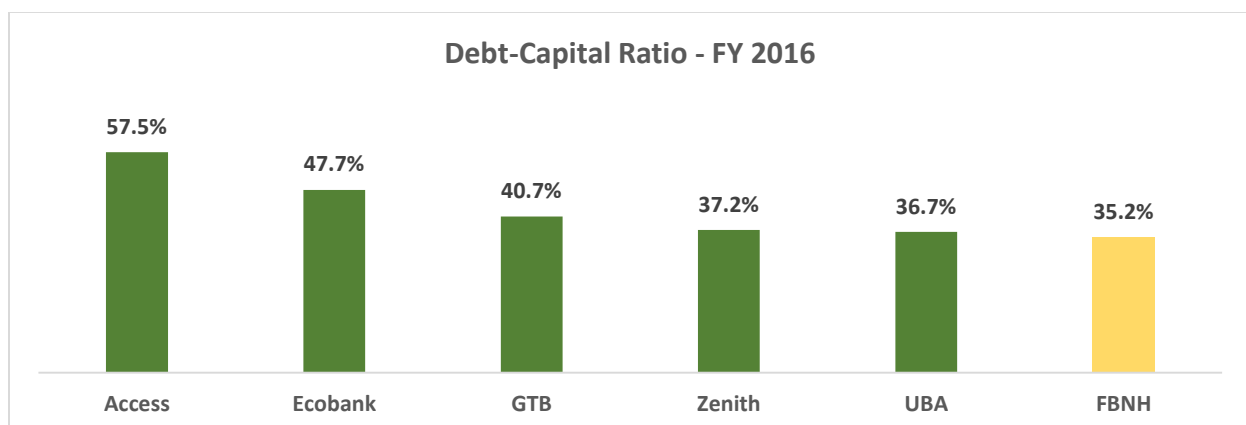


4.3.2 Debt-Capital Ratio

The debt-capital ratio for FBNH has increased to 35.2% and 39.3% in FY 2016 and Q1 2017 respectively from 30.7% in FY 2015. The long-term debt of the company is continuously increasing from FY 2015 mainly because of increase in FBN Eurobonds.



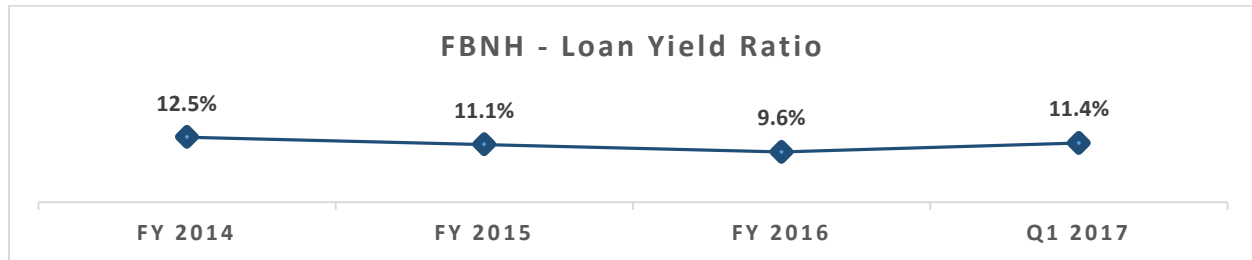
However, FBNH has a lowest debt-capital ratio in comparison to other Tier 1 banks such as Access Bank (57.5%), EcoBank (47.7%) and GTB (40.7%), Zenith Bank (37.2%), and UBA (36.7%). Further, FBNH’s debt-capital ratio is the second lowest amongst all Tier 1 and Tier 2 banks (UBN has the lowest at 24.8%).



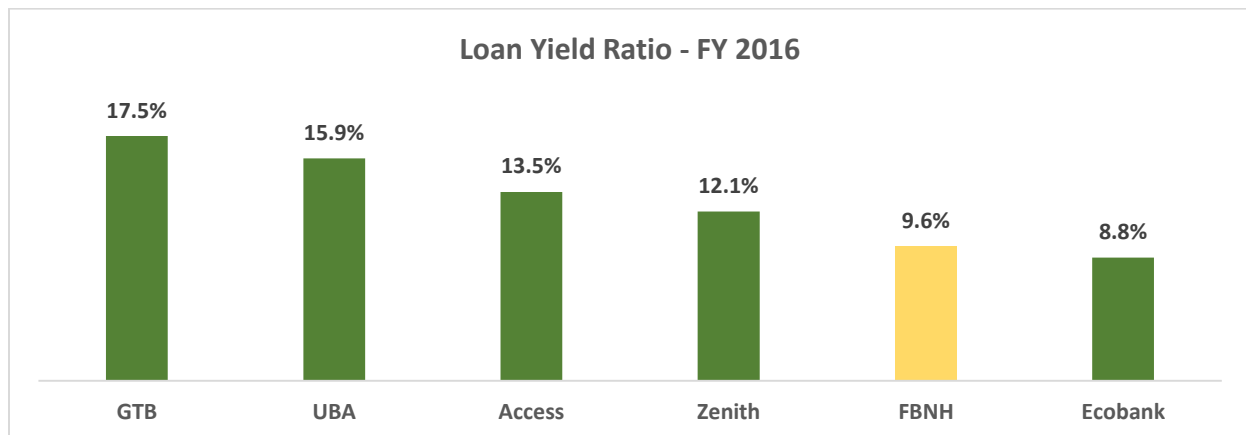
4.4 Income Statement Analysis

4.4.1 Loan Yield

FBNH's loan yield ratio has declined from 12.5% in FY 2014 to 9.6% in FY 2016 but has improved in Q1 2017 to 11.4% (on annualized basis). The loan yield is a common metric to compare risk relative to other loans across the different banks. The reason for the decline in loan yield was due to nominal growth in loans and advances in comparison to negligible growth in net operating income.

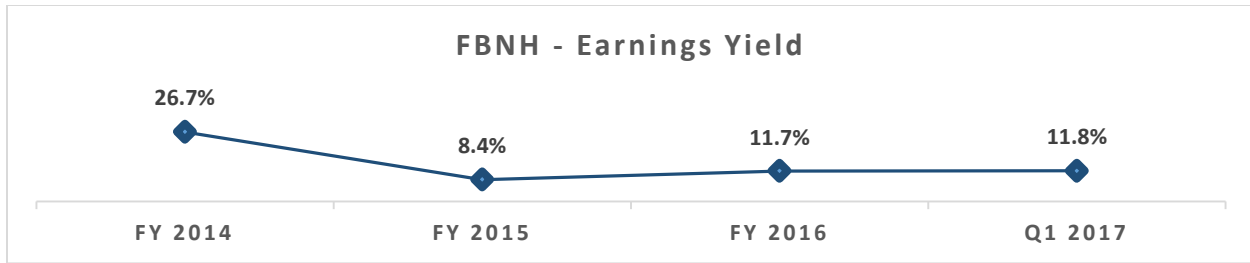


FBNH's loan yield ratio is bit lower than Tier 1 Banks (except Ecobank with 8.8%) -Access Bank (13.5%), Zenith bank (12.1%), GTB (17.5%) and UBA (15.9%). Further, FBN is the only bank among Tier 1 banks which has negative net operating income growth (between FY 2013 to LTM Q1 2017) and has the lowest growth in loans and advances.

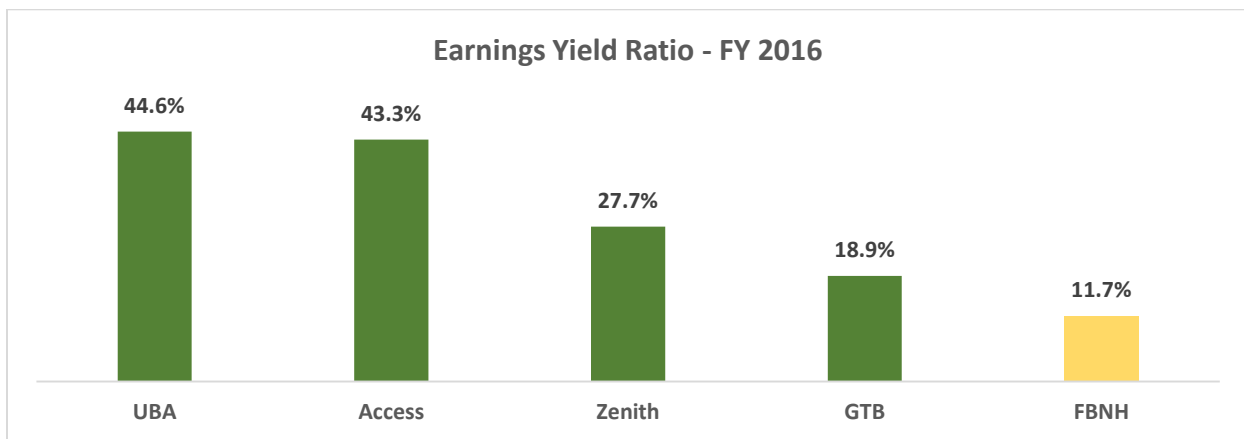


4.4.2 Earnings Yield

FBNH's earnings yield ratio has slightly increased to 11.7% in FY 2016 and 11.8% in Q1 2017 from 8.4% in FY 2015. The earnings yield increased in FY 2016 mainly because of decline in market price of its share and the low growth in EPS as a result of increase in impairment charges on credit losses.

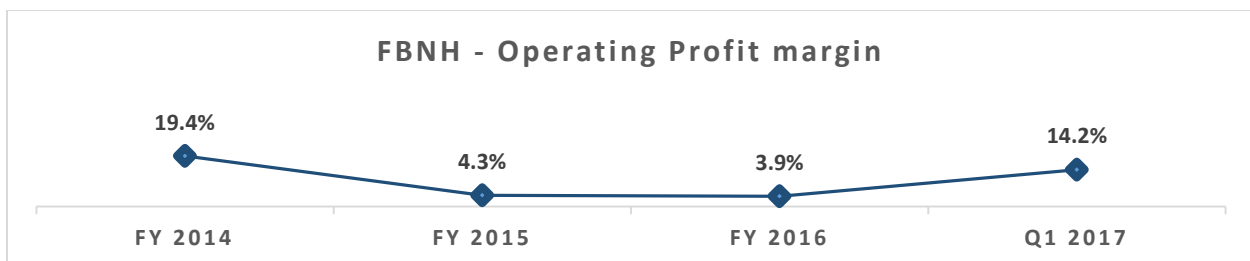


FBNH has lower earnings yield in comparison with other Tier 1 banks namely UBA (44.6%), Access Bank (43.3%), Zenith Bank (27.7%), GTB (18.9%) in FY 2016. Ecobank has a negative Earnings. FBNH's share price is much lower than compared to its Peers but still earnings yield is much lower than the Peers. This implies that FBNH's earnings are also much lower.

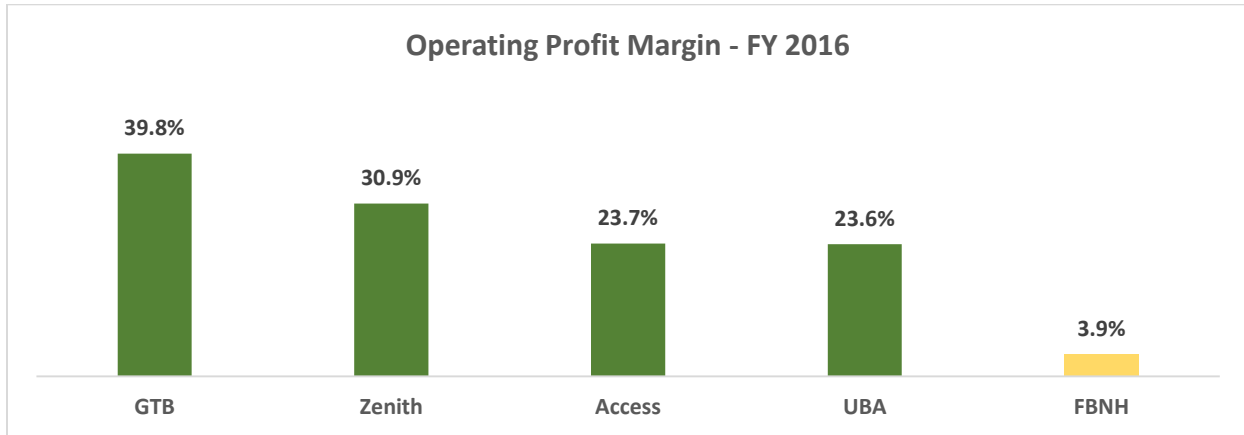


4.4.3 Operating Profit Margin

FBNH's operating profit margin has drastically fell from 19.4% in FY 2014 to 3.9% in FY 2016 but has increased to 14.2% in Q1 2017 (on annualised basis). This is primarily attributed due to exceptionally high impairment charges on credit losses. Pre-provision operating profit of N248.9bn in FY 2016 is the highest in the Banking sector in Nigeria. Further, there is y-o-y improvement in operating expenses despite the inflationary environment in Nigeria.

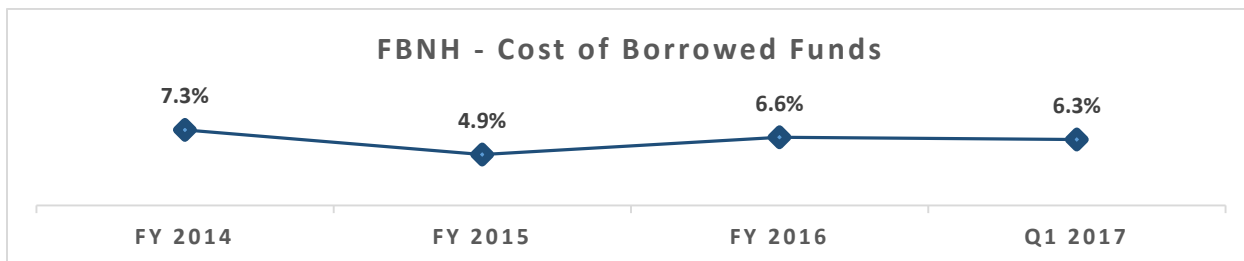


However, FBNH has the lower operating margin with regards to other Tier 1 banks viz. Zenith Bank, Access Bank, GTB, UBA with 30.9% 23.7%, 39.8%, 23.6% respectively in FY 2016. Ecobank has a negative operating profit margin.

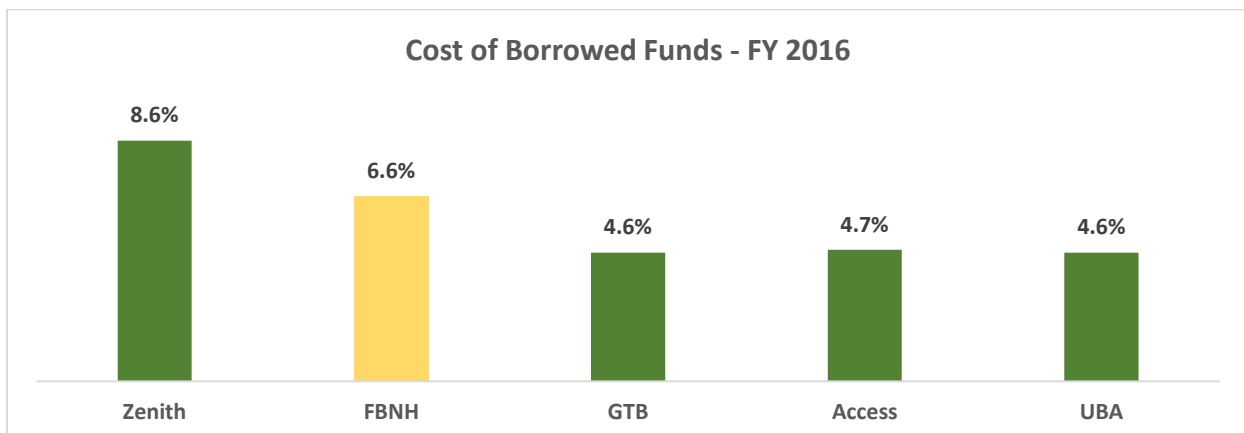


4.4.4 Cost of Borrowed Funds

FBNH’s cost of borrowed funds has increased to 6.6% and 6.3% in FY 2016 and Q1 2017 from 4.9% in FY 2015. This is primarily because the company has purchased the FBN Eurobonds to increase its CAR (Tier 2 capital).

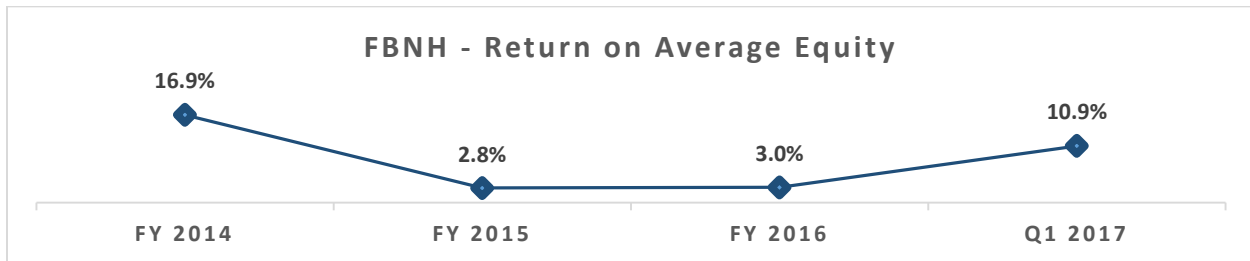


FBNH has second highest cost of borrowings with regards to Tier 1 banks viz. Zenith Bank, GTB, Access Bank and UBA have 8.6%, 4.6%, 4.7% and 4.6% respectively in FY 2016.

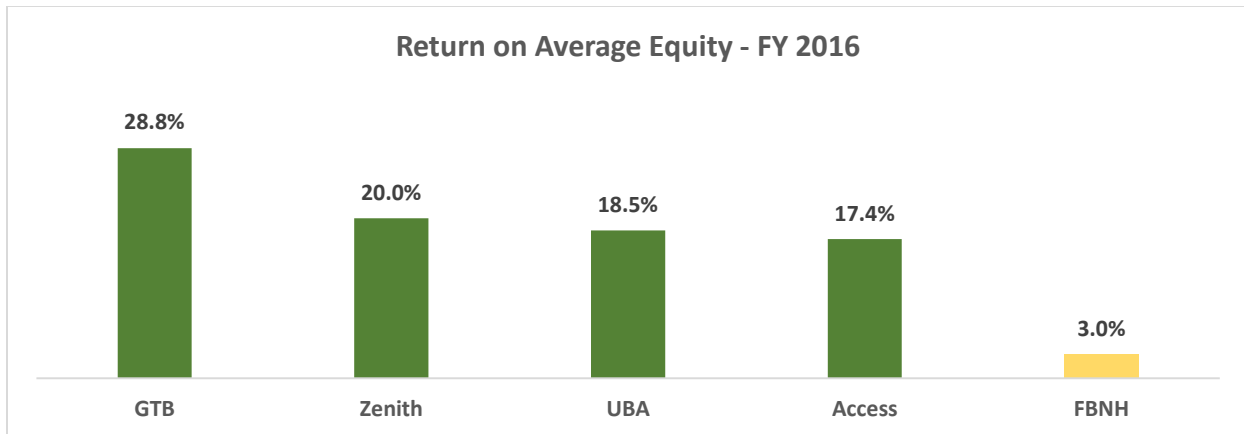


4.4.5 Return on Average Equity (ROAE)

FBNH's ROAE has been much lower in FY 2015 and FY 2016. It has started increasing in Q1 2017 (on an annualized basis). ROAE has been lower mainly due to lower earnings because of higher loan loss provisions.

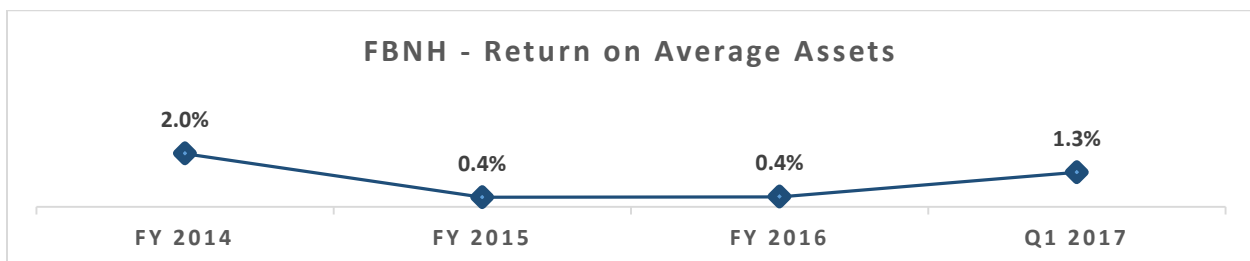


Tier 1 banks are maintaining relatively higher ROAE viz. Access Bank (22.6%), GTB (28.8%) Zenith Bank (20%) and UBA (18.5%). However, Ecobank has a negative ROAE in FY 2016.

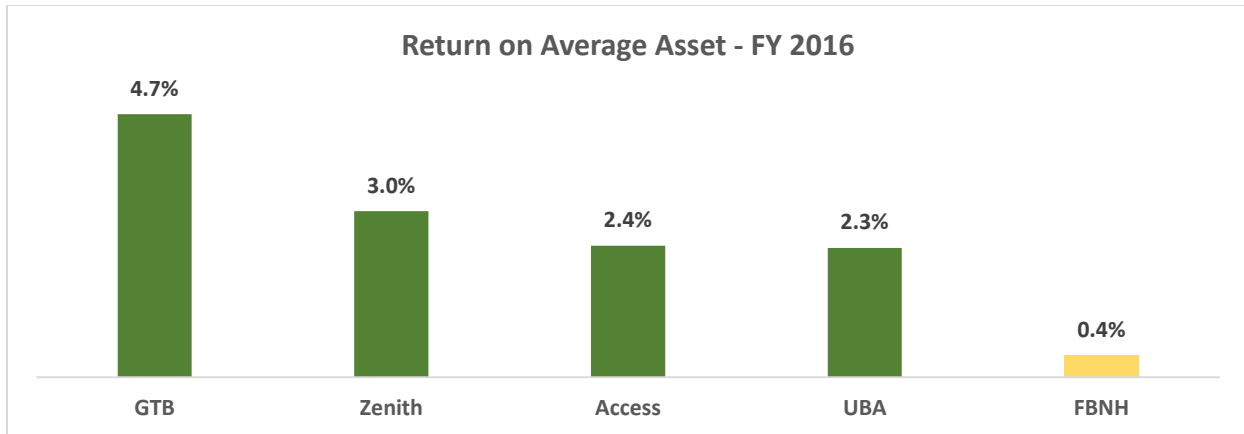


4.4.6 Return on Average Assets

FBNH has maintained ROAA of approx. 0.4% in FY 2015 and FY 2016. ROAA has slightly increased in Q1 2017 (on an annualized basis). Though the investment in average assets has increased by almost 4.5% in FY 2016 but due to fall in PAT attributed by high impairment charges has triggered the negative effect.

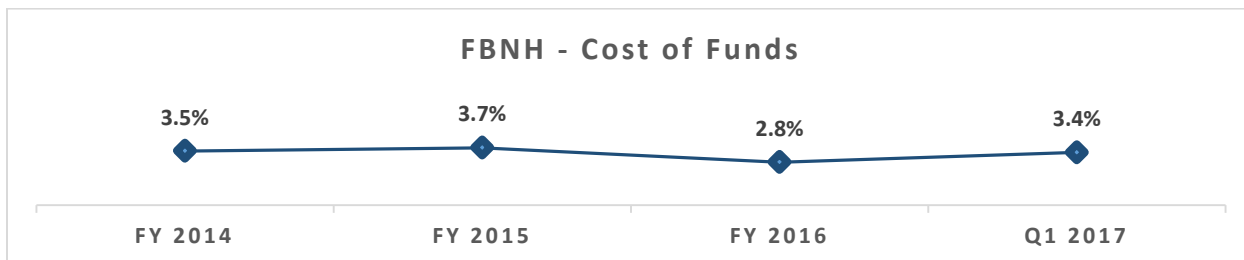


Relatively, tier 1 banks are maintaining slightly higher ratios like Access Bank (2.4%), Zenith Bank (3.0%), GTB (4.7%) and UBA (2.3%) in FY 2016. However, Ecobank has a negative ROAA in FY 2016.

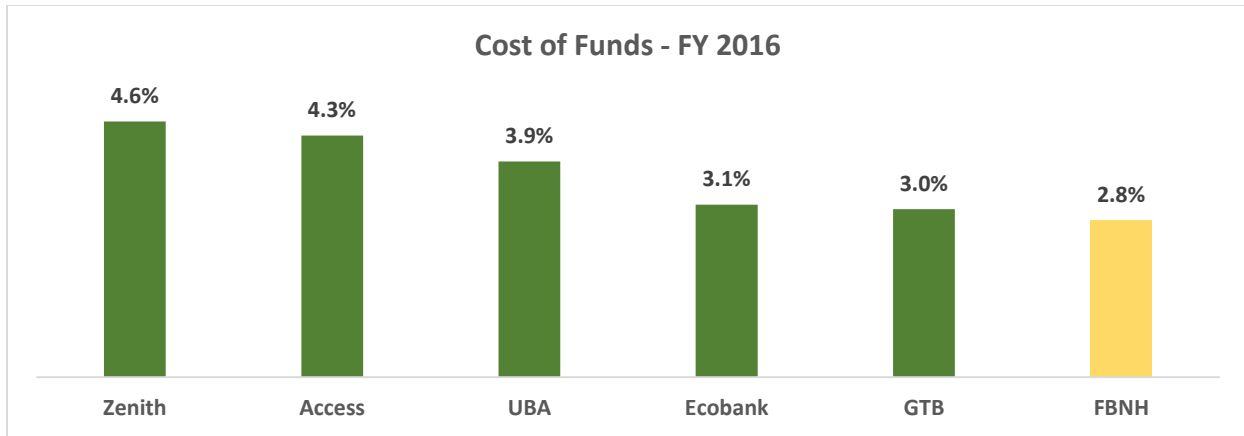


4.4.7 Cost of Funds

FBNH's has been maintaining on an average 3.4% cost of funds in the last three years. Cost of funds fell to 2.8% in FY 2016 resulted in slight expansion in NIM. The increase in cost of funds in Q1 2017 is reflective of the relatively higher interest rate environment and hike in the cash reserve ratio from 20% to 22.5% by MPC to curtail excess liquidity in the banking sector. The lower cost of funds will generate better returns when the funds are lent to customers.

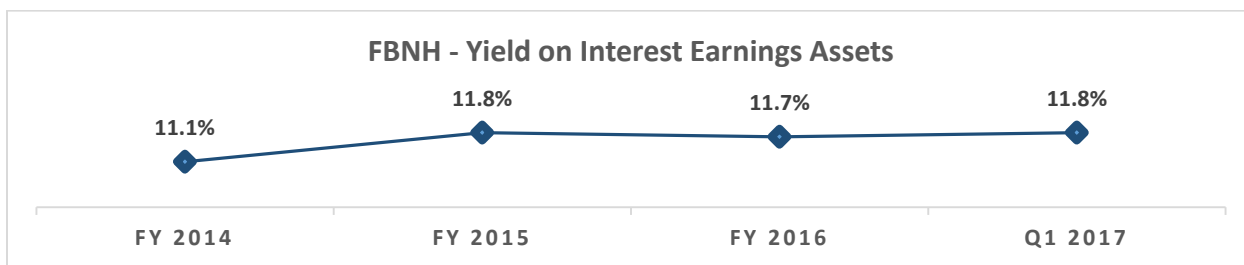


FBNH has relatively lower cost of funds against Tier 1 banks viz. Zenith, Access Bank, UBA, Ecobank and GTB with 4.6%, 4.3%, 3.9%, 3.1 and 3% respectively in FY 2016.

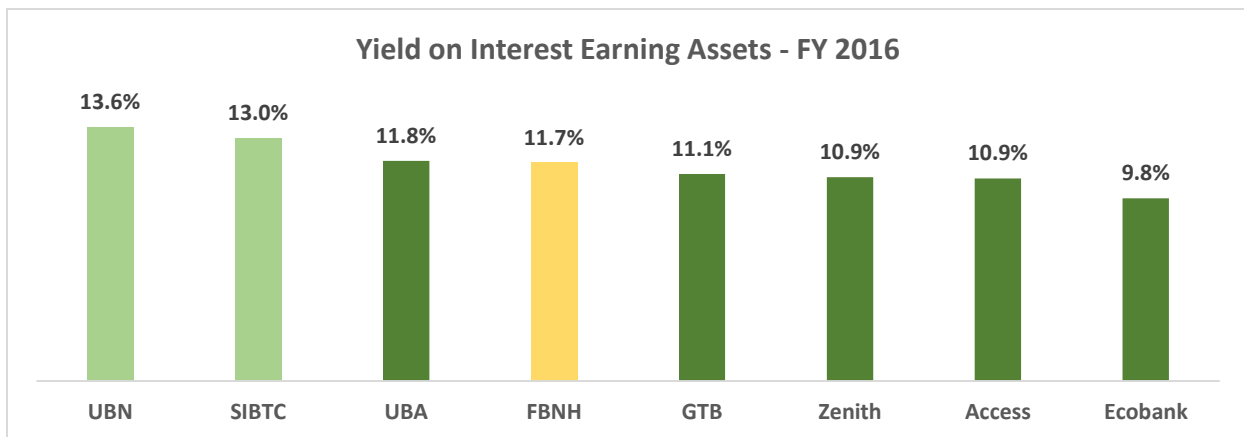


4.4.8 Yield on Interest Earning Assets

FBNH has maintained its yield on interest earnings asset of 11.7% on an average over the last two years. FBNH has a better yield on interest earning assets vis-à-vis its risk profile and the only bank ahead of FBNH is UBA with a yield of 11.8% vis-à-vis risk profile lower than FBNH.

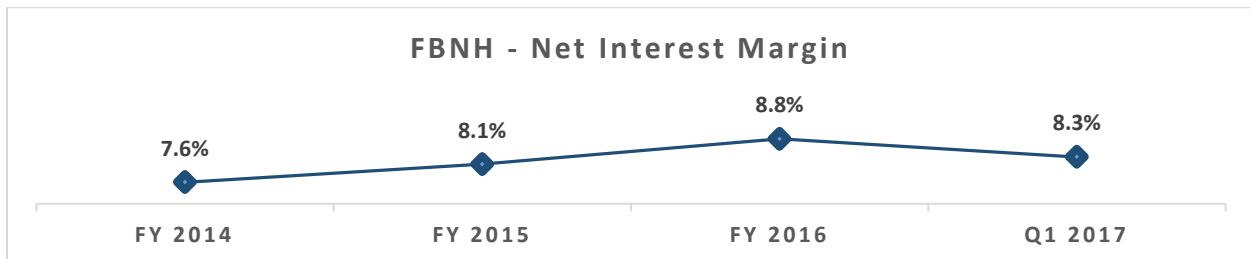


Further, UBN is the leader with 13.6% yield followed by SIBTC (13.0%), UBA (11.8%), GTB (11.1%), Zenith (10.9%), Access Bank (10.9%) and Ecobank (9.8%) in FY 2016 in terms of yield on interest earning assets without considering their risk profile.

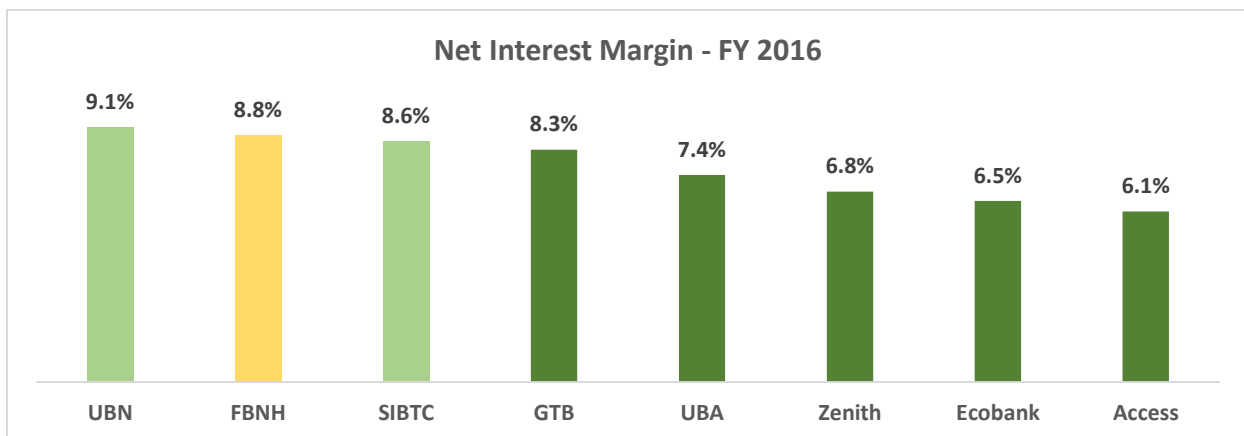


4.4.9 Net Interest Margin

FBNH's net interest margin has continued to inch up year-on-year, closing FY 2016 at 8.8%, up from 7.6% and 8.1% in FY 2014 and FY 2015 respectively. The NIM expansion in FY 2016 was driven by the faster increase in yield on assets and reduction in cost of funds. This was largely due to the 28.5% drop in interest expense on deposits, reflecting the impact of lower interest rates and a cutback of expensive deposits in 2016.

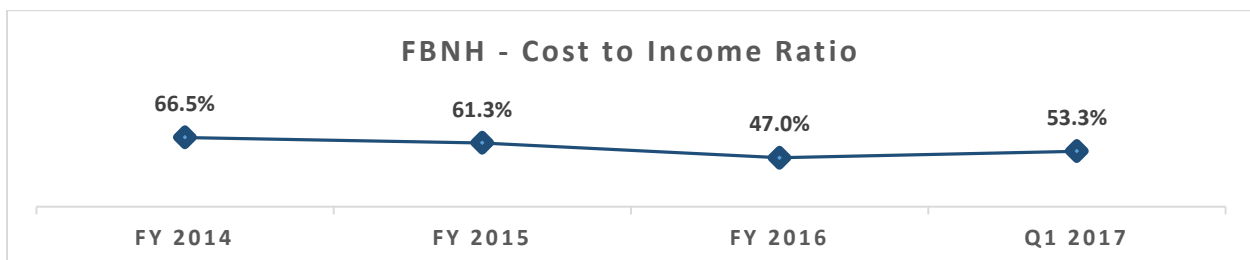


Net interest margin reported by other Tier 1 and Tier 2 banks are broadly in the same range viz. GTB (8.3%), UBN (9.1%), SIBTC (8.6%), whereas UBA (7.4%), Zenith (6.8%), Ecobank (6.5%) and Access (6.1%) have relatively lower NIM.

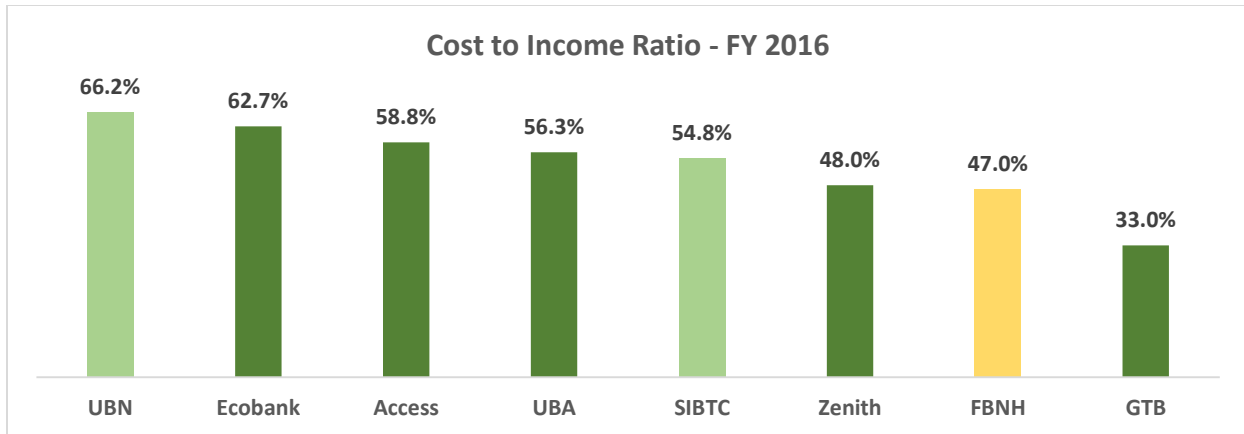


4.4.10 Cost to Income Ratio

FBNH's cost-to-income ratio has improved substantially over the last two years, trending downwards, from 61.3% in FY 2015 to 47.0% in FY 2016 despite the strong inflationary pressures experienced in 2016.



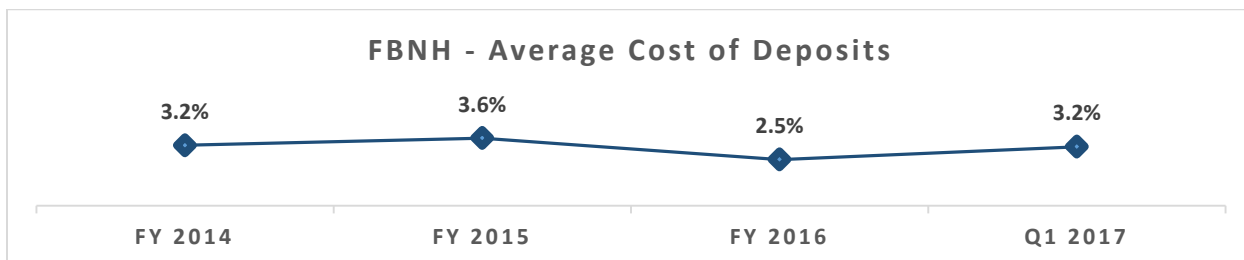
FBNH has maintained a healthy cost-to-income ratio in comparison to Tier 1 and Tier 2 Banks namely UBN, Ecobank, Access, UBA, SIBTC, Zenith with the ratio of 66.2%, 62.7%, 58.8%, 56.3%, 54.8%, 48.0%, 47.0%, 33.0% respectively. Only bank which has a better ratio is GTB with 33.0%.



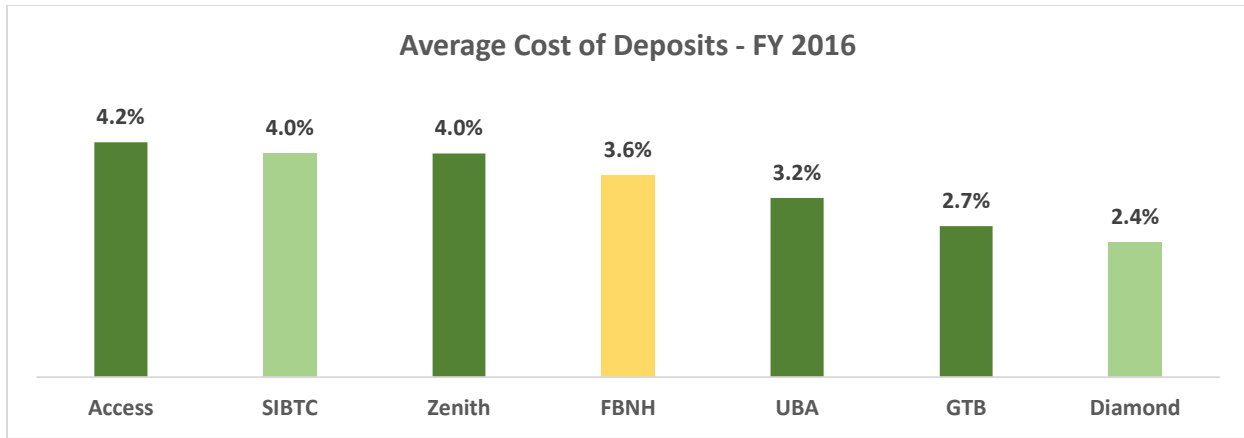
4.4.11 Cost to Deposits

FBNH’s cost to deposits has improved from 3.6% in FY 2015 to 2.5% in FY 2016 as it has continued to focus on ensuring an appropriate deposit mix at preferred price ranges.

Devaluation of currency caused customer deposits to expand to 12.7% in FY 2016 and decline in interest expenses on deposits by 22.5% helping to curtail expense on deposits and thus reducing the cost.



FBNH has maintained a healthy cost of deposits ratio in comparison to Access Bank (4.2%), SIBTC (4.0%), Zenith (4.0%) and has a slightly higher cost against UBA (3.2%), GTB (2.7%) and Diamond (2.4%).

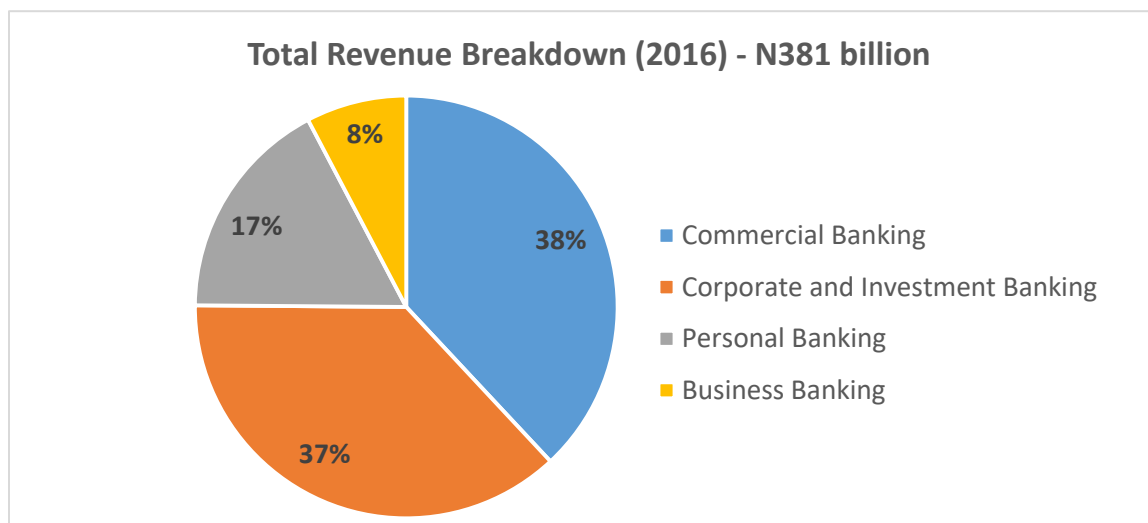


Banking Sector - Peers Overview

5.1 Access Bank

5.1.1 Business Overview

- Established in 1988, it is headquartered in Lagos, Nigeria and is operating seven subsidiaries within West Africa, East Africa and the United Kingdom. It also has a business office in the Republic of China, as well as Beirut, UAE, and Mumbai
- It got listed on Nigeria Stock Exchange on 05-Feb-2001
- It provides international banking services and is renowned for its comprehensive range of financial product offerings like- project and structured finance, trade finance, cash management investments, treasury services, investment services
- It has over 309 branches 1,600 ATM machines with an employee base of 4,104
- It is fifth largest bank in Nigeria in terms of book value and fourth largest in terms of loans and advances



5.1.2 Market Stats / Analysts Views

- It has a market cap of N297bn(as at 08-Jun-17) and current trading at 0.64x P/BV (LTM 2017 Q1) and 3.6x P/E (LTM 2017 Q1)
- “The strong top line performance was spurred by notable growth in both Interest and Non-Interest Income lines, up 43% and 47% respectively. However, with Interest Expense up a significant 76% y/y and 26% ahead of our estimate, the y/y rise in Net Interest Income growth was constrained to a 23% y/y increase - 5% ahead of our forecast”.(Vetiva Research, Apr-2017)

- “The result is consistent with our expectation that ACCESS is poised to outperform in 2017F, supported by its sizeable fixed income portfolio, cost containment, and contraction in loan loss provisions”. (*Cordros, Apr-2017*)
- “Whilst we note the strong contribution of E-channels and E-business income to top line (FY 16: N21.3bn vs. FY 15: N3.9bn), we highlight that the strong Q4'16 performance was supported by the gains from the disposal of available-for-sale security (N16.2bn). We believe the gains must have been from Access' 17.65% divestment from Stanbic IBTC Pension Managers Limited”. (*Vetiva Research, Mar-2017*)

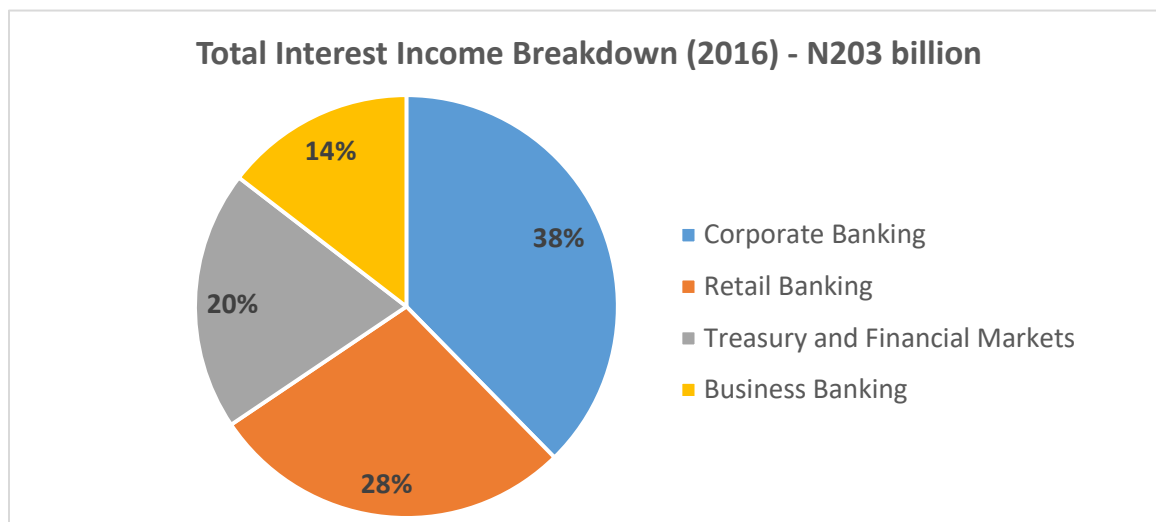
5.1.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	77,724	100,017	105,382	139,148	147,262
Non-Interest Income	60,825	68,429	129,450	133,457	145,202
Total Income	138,548	168,446	234,832	272,605	292,464
Loan Loss Provision	6,164	(11,652)	(14,225)	(21,953)	(22,752)
Operating Costs	(92,467)	(95,533)	(135,471)	(149,019)	(158,819)
D&A	(8,715)	(9,238)	(10,098)	(11,294)	(11,928)
Share of Profit/(loss) of associates	1,466	-	-	-	-
PBT	44,996	52,022	75,038	90,339	98,965
Earnings to Shareholders	36,102	42,415	65,333	71,117	82,276
Loans and Advances to Customers	786,170	1,110,464	1,365,831	1,809,459	1,804,457
Customer Deposits	1,331,419	1,454,419	1,683,244	2,089,197	2,014,698
Total Assets	1,835,466	2,104,361	2,591,330	3,483,866	3,545,063
Book Value	242,714	273,880	363,902	448,248	461,275

5.2 Diamond Bank

5.2.1 Business Overview

- Established in Dec-1990, it is headquartered in Lagos, Nigeria and maintains its subsidiary in Benin, Senegal, Togo and United Kingdom and has listed on Nigeria Stock Exchange on May-2005
- It is strategically focused on growing the retail segment of market by providing a wide range of convenience in retail products and services and catering for the banking needs of corporate by providing Diamond Business Xpress Account, RTGS, Diamond Collect and Diamond NEFT
- It has 317 branches 1,059 ATMs with an employee base of 3,555
- It is eighth largest bank in Nigeria in terms of book value and seventh largest in terms of loans and advances



5.2.2 Market Stats / Analysts Views

- It has a market cap of N32 bn (as at 08-Jun-17) and current trading at 0.14x P/BV (LTM 2017 Q1) and 12.7x P/E (LTM 2017 Q1)
- “We highlight that the moderation in top line reported by Diamond Bank deviates from the trend observed across our other coverage names where Gross Earnings grew by an average 15% following the sizeable FX revaluation gains recorded post H1'16”. (*Vetiva Research, Apr-2017*)
- “Although we are impressed by the cost containment strategy of the bank, we expect top line growth to remain sticky and forecast a mild 2% growth in Gross Earnings”. (*Vetiva Research, Apr-2017*)

- “Huge provisions in the last two years and amidst improving macroeconomic outlook, we expect the asset quality pressure to ease mildly in 2017”.(Vetiva Research, Apr-2017)
- “We highlight that the moderation in top line reported by Diamond Bank deviates from the trend observed across our other coverage names where Gross Earnings grew by an average 15% following the sizeable FX revaluation gains recorded post H1'16.Loan loss provision remained the major pressure point for earnings, up 7% y/y. Consequently, PBT moderated 29%”.(Vetiva Research, Apr-2017)
- “Diamond released its Q1'17 results, quickly erasing the memories of the dismal FY16 performance. The top line growth was supported by a strong 25% y/y rise in Interest Income amidst a notable 23% y/y moderation in Non-Interest Income. We believe the strong Interest Income growth must have been driven by higher yield on assets, a trend we observed across other banks in Q1'17”. (Vetiva Research, Apr-2017)

5.2.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	104,628	109,576	109,406	107,225	113,417
Non-Interest Income	34,938	44,178	50,404	53,887	50,588
Total Income	139,565	153,754	159,810	161,112	164,005
Loan Loss Provision	(23,297)	(26,371)	(55,172)	(59,025)	(60,793)
Operating Costs	(77,403)	(92,869)	(90,023)	(87,911)	(89,922)
D&A	(6,780)	(6,413)	(7,523)	(9,142)	(9,366)
Share of Profit/(loss) of associates	(5)	-	-	-	-
PBT	32,080	28,101	7,093	5,034	3,924
Earnings to Shareholders	28,576	25,409	5,616	3,471	2,521
Loans and Advances to Customers	689,168	791,095	763,635	995,334	992,945
Customer Deposits	1,206,044	1,493,081	1,233,591	1,424,690	1,435,735
Total Assets	1,518,856	1,933,123	1,753,232	2,049,799	2,075,269
Book Value	138,700	208,807	214,345	226,283	231,913

5.3 Ecobank Group

5.3.1 Business Overview

- Established in 1985 with presence in 35 African countries and international offices in Paris, London, Dubai and Beijing
- It got listed on Nigerian Stock Exchange in Sep-2005
- It provides a full range of retail, wholesale, investment and transactional banking services. It also provides financial solutions to global, regional and public corporates, financial institutions and international organizations. Products and services include pan-African lending, trade services, cash management, internet banking and value-chain finance
- It has 1,265 branches with 2,829 ATM machines and 9,126 POS machines with an employee base of over 17,000
- It is fourth largest bank in Nigeria in terms of book value and first largest in terms of loans and advances

5.3.2 Market Stats

- It has a market cap of N230bn (as at 08-Jun-17) and current trading at 0.45x P/BV (LTM 2017 Q1)

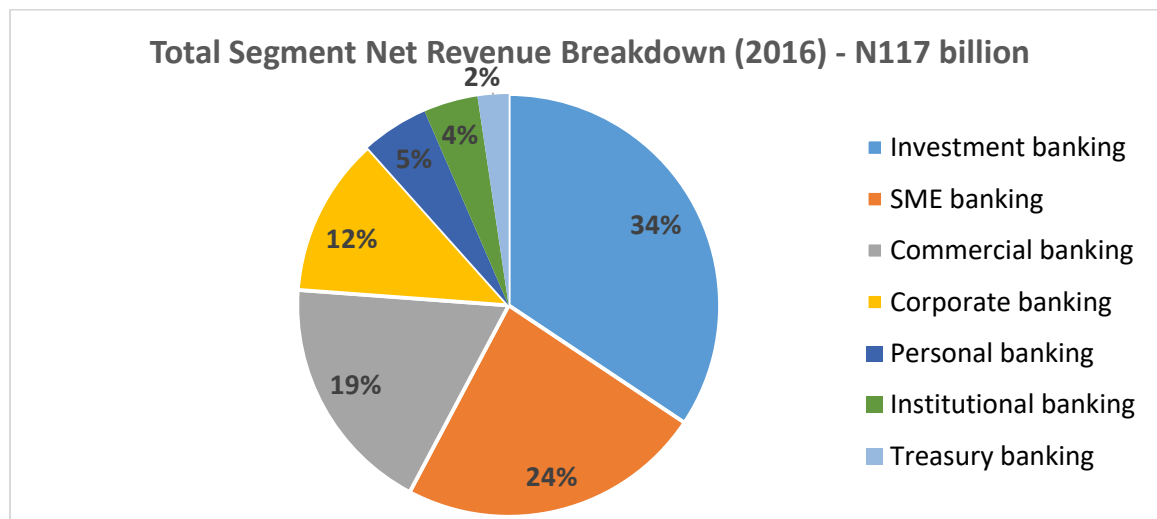
5.3.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	166,020	181,943	224,530	283,250	298,151
Non-Interest Income	150,526	191,958	188,241	221,649	237,088
Total Income	316,546	373,900	412,771	504,899	535,238
Loan Loss Provision	(57,295)	(37,607)	(83,708)	(197,189)	(207,759)
Impairment losses on other assets	(2,228)	(6,174)	(20,573)	(23,957)	(23,474)
Operating Costs	(200,670)	(223,769)	(245,980)	(291,332)	(307,452)
D&A	(21,314)	(20,776)	(22,054)	(25,394)	(27,267)
Share of Profit/(loss) of associates	3	(367)	(230)	(651)	(644)
PBT	35,041	85,206	40,227	(33,623)	(31,358)
Earnings to Shareholders	15,095	55,410	12,846	(63,974)	(62,548)
Loans and Advances to Customers	1,827,457	2,228,407	2,206,469	2,805,590	2,825,295
Customer Deposits	2,638,385	3,156,092	3,236,228	4,089,506	4,146,500
Total Assets	3,605,352	4,388,085	4,640,122	6,214,825	6,262,250
Book Value	309,830	443,599	462,164	478,111	505,764

5.4 First City Monument Bank (FCMB)

5.4.1 Business Overview

- Established in 1982, it is headquartered in Lagos, Nigeria and is operating its subsidiaries in London and Abuja which got listed in Dec-2004 on Nigeria Stock Exchange
- It provides specialization in project and structured finance, equity and debt capital raising, M&A advice, and other financial advisory services to top-tier corporate entities and services include cash management, trade, loans and advances, corporate finance, investment banking, securities brokerage, money market activities and foreign exchange operations
- It has 204 branches 755 ATMs with an employee base of 3,485
- It is tenth largest bank in Nigeria in terms of book value and ninth largest in terms of loans and advances



5.4.2 Market Stats / Analysts Views

- It has a market cap of N26 bn (as at 08-Jun-17) and current trading at 0.14x P/BV (LTM 2017 Q1)
- “Q1'17 result reported weaker than expected top and bottom line performances”. (*Vetiva research, May-2017*)
- “Whilst we highlight the cost burden on the Interest Expense line - as elevated interest rate environment pressures Cost of Funds (CoF) - we note that the earnings miss was largely driven by weaker than expected Interest and Non- Interest Income - an occurrence that deviated from the trend observed across other banking names”. (*Vetiva Research, May-2017*)

- “Modest loan growth, but weak asset quality - We expect gross loans to customers to grow by 8.4% yoy in FY 16E, which we think will be largely driven by NGN devaluation as the bank is cautious on risk asset creation”. (*Chapel Hill, Jan-2017*)
- “NIM to be lifted by lower cost of funds in FY-16E - The increasing shift to low cost deposits amid an expected decline in customer deposits could aid our forecast fall in interest expense”. (*Chapel Hill, Jan-2017*)

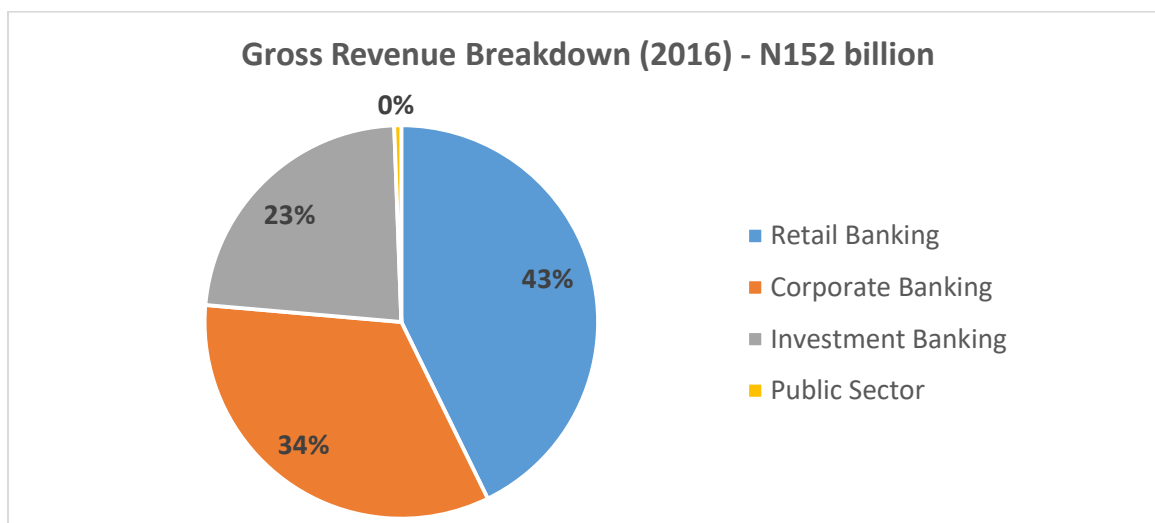
5.4.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	57,795	72,634	63,937	69,534	67,913
Non-Interest Income	26,454	28,185	25,760	47,741	50,227
Total Income	84,250	100,819	89,697	117,274	118,140
Loan Loss Provision	(7,983)	(10,640)	(15,033)	(35,522)	(36,949)
Operating Costs	(54,844)	(62,713)	(62,616)	(61,300)	(60,845)
D&A	(3,307)	(3,591)	(4,363)	(4,474)	(4,666)
Share of Profit/(loss) of associates	68	68	85	273	348
PBT	18,184	23,943	7,769	16,251	16,028
Earnings to Shareholders	16,001	22,133	4,761	28	(36)
Loans and Advances to Customers	450,533	617,980	592,957	659,937	656,138
Customer Deposits	715,214	733,797	700,217	657,610	687,219
Total Assets	1,008,280	1,169,365	1,159,534	1,172,778	1,172,231
Book Value	143,707	160,365	162,391	178,873	180,991

5.5 Fidelity Bank

5.5.1 Business Overview

- Established in 1988 as a Merchant bank headquartered in Lagos, Nigeria and is wholly concentrated in Ghana
- It provides a wide range of spectrum of commercial, consumer and corporate, investment banking services such as- current, savings, consumer loans and money transfers
- It has 239 branches 750 ATMs with an employee base of 3,169
- It is ninth largest bank in Nigeria in terms of book value and eighth largest in terms of loans and advances



Note: Gross revenue is inclusive of revenue derived from external customers and from other segments

5.5.2 Market Stats / Analysts Views

- It has a market cap of N38bn (as at 08-Jun-17) and current trading at 0.20x P/BV (LTM 2017 Q1) and 3.7x P/E (LTM 2017 Q1)
- “The power and oil & gas sectors were the key drivers of loan impairment given the bank's exposure to these sectors”.(Chapel Hill, Aug-2016)
- “Fidelity's risk asset quality could fall further on persistent FX risks, which will likely to dampen profitability”.(Chapel Hill, Aug-2016)

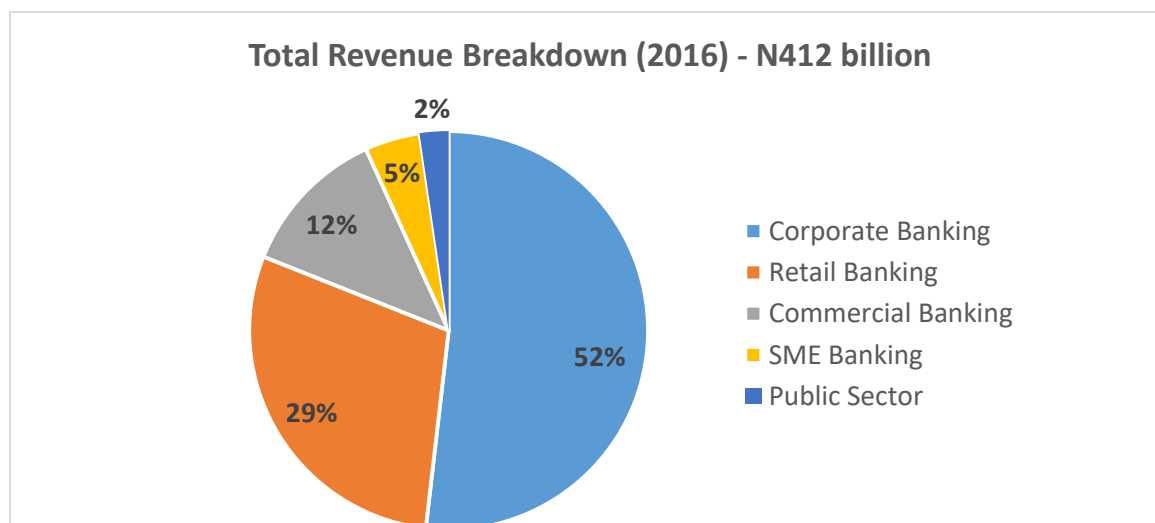
5.5.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	30,812	48,826	60,864	61,928	62,381
Non-Interest Income	32,872	29,441	23,088	25,005	23,711
Total Income	63,684	78,267	83,952	86,933	86,092
Loan Loss Provision	(8,140)	(4,306)	(5,764)	(8,671)	(8,682)
Operating Costs	(42,835)	(54,654)	(60,179)	(62,893)	(61,217)
D&A	(3,681)	(3,792)	(3,985)	(4,308)	(4,308)
PBT	9,028	15,515	14,024	11,061	11,885
Earnings to Shareholders	7,721	13,796	13,904	9,734	10,467
Loans and Advances to Customers	426,076	541,686	578,203	718,401	730,448
Customer Deposits	806,320	820,034	769,636	792,971	800,247
Total Assets	1,081,217	1,187,025	1,231,722	1,298,141	1,310,855
Book Value	163,455	173,111	183,516	185,402	189,214

5.6 Guaranty Trust Bank (GTB)

5.6.1 Business Overview

- Established in 1990, it is headquartered in Lagos, Nigeria with presence in Gambia, Ghana, Liberia, Sierra Leone, Cote d'Ivoire, Uganda, Kenya, United Kingdom which got listed in Sep- 1996 on Nigerian Stock exchange
- It offers a wide range of services such as Transfer Services, Loans & Advances, Deposit Products, Guarantees, trade services, cash Management, International funds settlements to its customers
- It has 224 Branches, 17 cash centers and 46 e-Branches in 35 GT Express Location and over 1,165 ATMs within Nigeria with an employee base of 6,445
- It is third largest bank in Nigeria in terms of book value and fifth largest in terms of loans and advances



5.6.2 Market Stats / Analysts Views

- It has a market cap of N987 bn(as at 08-Jun-17) and current trading at 1.84x P/BV (LTM 2017 Q1) and 6.7x P/E (LTM 2017 Q1)
- “Strong top line performance drives earnings beat-Q1'17 results, posting strong y/y growth across major line items as earnings came in significantly better than expected”. *(Vetiva Research, Apr-2017)*
- “Strong top line performance drives earnings beat, maintaining last year's impressive performance, posting strong y/y growth across major line items. We highlight the significant jump in income from Investment. We believe this must have been driven by income from high-teens tax-free returns from treasury bills and expect this to support earnings across other banks”. *(Vetiva Research, Apr-2017)*
- “Cost efficiency to remain strong- transaction volume increases due to improve festive season, increasing competition from peers and FX limit on card transactions are key downsized”. *(Chapel Hill, Nov-2016)*
- “Guaranty continues to report record high loan loss provision as the impact of weak oil prices and currency devaluation takes its toll on the bank's credit portfolio”.*(Vetiva Research, Oct-2016)*
- “Overall, GTB's performance in Q3'16 was reflective of rising inflation, depreciation of the local currency, the higher interest rate environment and attractive yields in the fixed income space. Given our expectation that CBN will keep its monetary policy tight till year end, we believe GTB will continue to benefit from the higher interest rate and yield environment. However we highlight that rising inflation, and the likelihood that loan impairment charges will remain high, may be a drag on PBT in Q4 2016”. *(Investment One Research 2016)*
- “Asset quality weakened, despite lower gross loans”.*(Chapel Hill, Apr-2016)*
- “Turbulent operating environment in 2015 and achieved impressive growth in all key financial indices”.*(Greenwich, Mar-2016)*
- “To mitigate against a rise in delinquent assets, the bank reduced its exposure to the middle market and SME sectors of the economy that were most vulnerable to the Fx shortages”.*(Greenwich, Mar-2016)*
- “Bank has a robust "risk management framework" to guard against the accumulation of toxic assets, hence it was no surprise that total loans and advances increased modestly”.*(Greenwich, Mar-2016)*

- “GT Bank, however, appears determined to maintain its position as one of the most profitable banks in Nigeria; in Q1 2016”.(Greenwich, Mar-2016)
- “Earnings beat consensus despite spike in loan loss”.(Vetiva Research, Mar-2016)

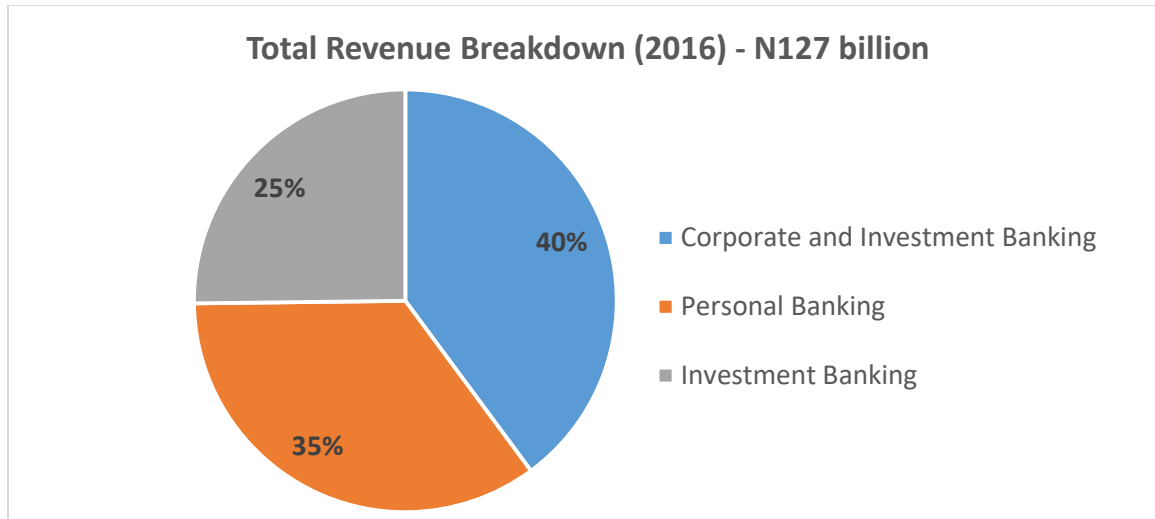
5.6.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	136,939	142,392	159,947	195,400	220,736
Non-Interest Income	55,576	75,530	69,534	148,665	149,634
Total Income	192,515	217,922	229,481	344,065	370,370
Loan Loss Provision	(2,886)	(7,098)	(12,408)	(65,290)	(65,718)
Operating Costs	(72,423)	(82,286)	(83,784)	(98,389)	(103,728)
D&A	(10,116)	(12,152)	(12,595)	(15,249)	(16,071)
PBT	107,090	116,386	120,695	165,136	184,853
Earnings to Shareholders	89,599	93,736	98,678	131,342	147,154
Loans and Advances to Customers	1,002,371	1,275,681	1,371,926	1,589,430	1,562,257
Customer Deposits	1,427,494	1,618,208	1,610,350	1,986,246	2,011,591
Total Assets	2,102,846	2,355,876	2,524,594	3,116,393	3,164,817
Book Value	327,269	368,653	407,173	496,060	537,085

5.7 StanbicIBTC Holdings

5.7.1 Business Overview

- Established in 1989, headquartered in Lagos, Nigeria with its shares listed on 23-Nov-2012 on The Nigerian Stock Exchange
- It primarily provides banking and other financial services to corporate, small-to-medium-sized enterprises and individual customers which includes - investment management, portfolio management, unit trust/funds management, trusteeship, distributorship and inventory finance
- It has 180 branches and employees mostly engaged in Personal Banking segment with a total employee base of 2,926
- It is eleventh largest bank in Nigeria in terms of book value and twelfth largest in terms of loans and advances



5.7.2 Market Stats / Analysts Views

- It has a market cap of N290 bn (as at 08-Jun-17) and current trading at 1.96x P/BV (LTM 2017 Q1) and 8.7x P/E (LTM 2017 Q1)
- “PAT doubles, dwarfs estimates - The strong top line performance was spurred by striking y/y growth in both Interest and Non-Interest Income line - beating our expectations by 14% and 17% respectively”. (*Vetiva Research, Apr-2017*)
- “Bank's focus on expanding its retail business”. (*Chapel Hill, Jan-2017*)
- “Investments in enhancing the retail infrastructure and improving service delivery to the retail segment could drive opex higher in FY 17E”. (*Chapel Hill, Jan-2017*)
- “We believe that the banks low risk appetite is due to the weak macro, but we expect risk asset growth in FY 17E, as the bank possibly takes advantage of low risk opportunities in the economy”. (*Chapel Hill, Jan-2017*)
- “Robust earnings, on retail focus and transaction fees”. (*Chapel Hill, Jan-2017*)
- “Bank's low risk appetite is due to the weak macro, but we expect risk asset growth in FY 17”. (*Chapel Hill, Jan-2017*)
- “Earnings beat estimates, buoyed by strong top line growth”. (*Vetiva Research, Jan-2017*)

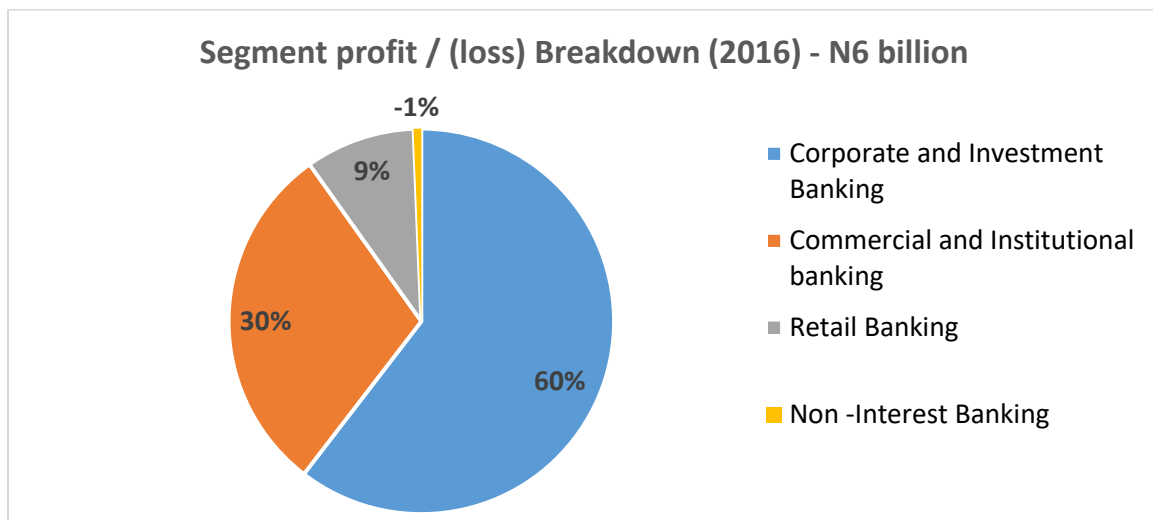
5.7.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	37,013	46,658	43,860	57,859	66,189
Non-Interest Income	48,219	57,987	56,788	68,194	71,362
Total Income	85,232	104,645	100,648	126,053	137,551
Loan Loss Provision	(2,667)	(3,217)	(14,931)	(19,803)	(20,861)
Operating Costs	(57,725)	(57,901)	(62,066)	(69,041)	(71,098)
PBT	24,840	43,527	23,651	37,209	45,592
Earnings to Shareholders	18,610	31,687	15,498	24,642	33,326
Loans and Advances to Customers	289,747	398,604	353,513	352,965	339,259
Customer Deposits	416,352	494,935	493,513	560,969	593,287
Total Assets	763,046	941,919	937,564	1,053,523	1,165,427
Book Value	94,313	116,021	123,726	137,102	152,986

5.8 Sterling Bank Plc

5.8.1 Business Overview

- Established on 25-Nov-1960, it is headquartered in Lagos, Nigeria with its shares quoted on 3-Jan-2006 on The Nigerian Stock Exchange
- It is engaged in commercial banking with emphasis on retail and consumer banking, trade services, corporate, investment and non-interest banking activities. It also provides whole sale banking services including the granting of loans and advances, letter of credit transactions, money market operations, electronic and mobile banking products
- It has 189 branches / cash centers 776 ATMs, 1,871 POS terminals with an employee base of 2,260
- It is twelfth largest bank in Nigeria in terms of book value and eleventh largest in terms of loans and advances



Note: Segment profit/(loss) breakdown is exclusive of SPV segment

5.8.2 Market Stats

- It has a market cap of N28 bn (as at 08-Jun-17) and current trading at 0.32x P/BV (LTM 2017 Q1) and 6.2x P/E (LTM 2017 Q1)

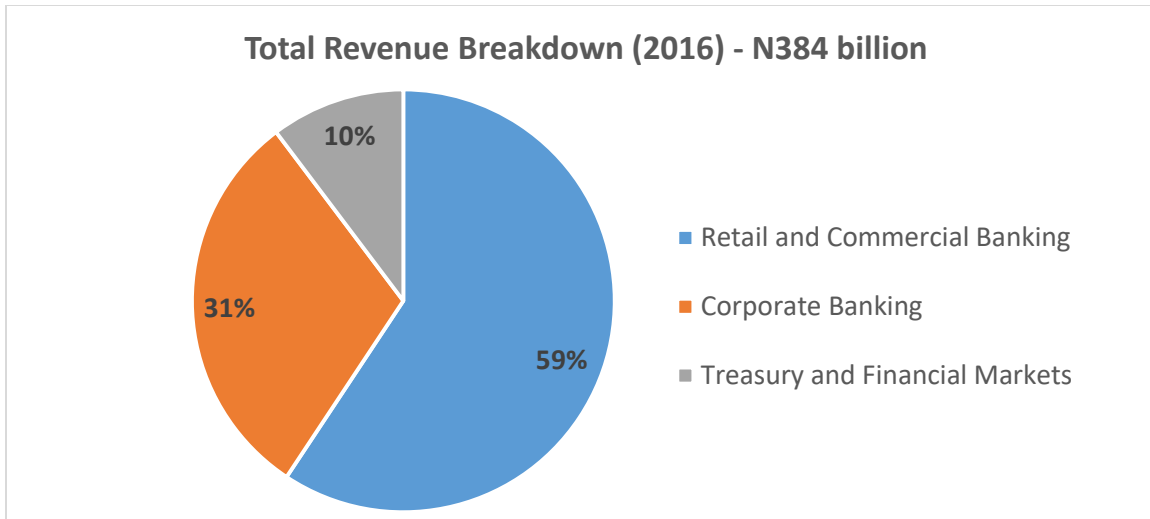
5.8.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	35,813	43,017	39,542	55,989	58,083
Non-Interest Income	21,770	25,745	29,285	12,336	10,117
Total Income	57,583	68,762	68,827	68,325	68,199
Loan Loss Provision	(8,259)	(7,389)	(8,151)	(11,714)	(12,784)
Operating Costs	(37,319)	(47,485)	(45,795)	(46,416)	(45,943)
D&A	(2,694)	(3,140)	(3,865)	(4,196)	(4,249)
PBT	9,310	10,748	11,016	6,000	5,224
Earnings to Shareholders	8,275	9,005	10,293	5,162	4,495
Loans and Advances to Customers	321,744	371,246	338,726	468,250	467,377
Customer Deposits	570,511	655,944	590,889	584,734	570,192
Total Assets	707,797	824,539	799,451	834,190	891,275
Book Value	63,458	84,715	95,566	85,660	87,531

5.9 United Bank for Africa Plc (UBA)

5.9.1 Business Overview

- Established in 1948, it is headquartered in Lagos, Nigeria and is one of the leading pan-African financial services group with presence in 19 African countries, as well as in the United Kingdom, the United States of America and France
- It offers a range of banking and other financial and pension fund custody services, distributorship financing, cash management, foreign exchange services
- With one of the largest distribution networks in Africa, it has 1,000 branches and 1,750 ATMs, 13,500 POS machines fully deployed with an employee base of 12,308 direct and support staff
- It is the sixth largest bank in Nigeria in terms of book value and sixth largest in terms of loans and advances



5.9.2 Market Stats / Analysts Views

- It has a market cap of N321bn (as at 08-Jun-17) and current trading at 0.35x P/BV (LTM 2017 Q1) and 4.3x P/E (LTM 2017 Q1)
- “Fee incomes were up due to improved commission on transactional services, pension custody fees, remittance fee income, credit-related and account maintenance fees”. (*Cordros Research, Apr-17*)
- “Management efficiency deviated with opex rising due to banking sector resolution cost, occupancy cost, advertising and promotion, communication related expenses, security and cash handling expenses, and maintenance related expenses”. (*Cordros Research, Apr-17*)
- “Infrastructure funding to partly lift gross loans amid weaker asset quality”. (*Chapel Hill, Nov-2016*)
- “UBA's performance was reflective of a reduction in loan impairment charges, depreciation of the local currency at the interbank market, rising inflation, the higher interest rate environment and the attractive yields in the fixed income space. The bank was been able to exploit the rise in yields on T-bills given its relatively liquid balance sheet with a liquidity ratio of 45% as at June 2016, above the 30% regulatory level”. (*Investment One Research 2016*)

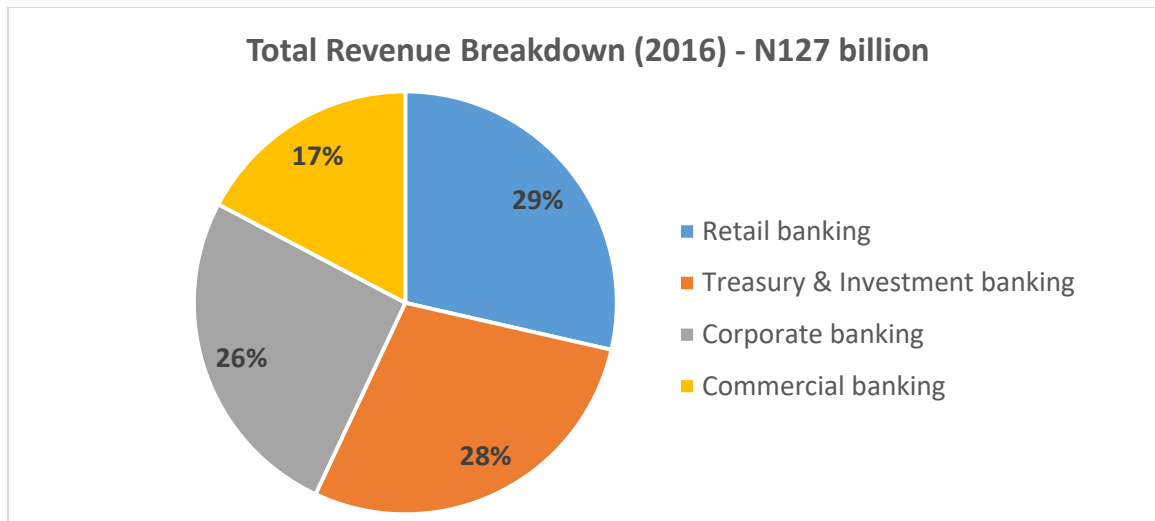
5.9.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17	2017 Q1
Net Interest Income	103,231	106,133	137,939	165,200	183,493	51,589
Non-Interest Income	73,762	86,322	72,304	105,689	109,201	20,978
Total Income	176,993	192,455	210,243	270,889	292,694	72,567
Loan Loss Provision	(13,078)	(6,578)	(5,053)	(27,683)	(30,259)	(3,103)
Operating Costs	(101,682)	(123,950)	(128,658)	(143,851)	(155,392)	(41,678)
D&A	(6,169)	(5,736)	(7,968)	(8,650)	(8,989)	(2,345)
Share of Profit/(loss) of associates	(6)	9	(110)	(63)	(25)	29
PBT	56,058	56,200	68,454	90,642	98,029	25,470
Earnings to Shareholders	45,917	47,021	58,604	69,404	74,204	21,483
Loans and Advances to Customers	937,620	1,071,859	1,036,637	1,505,319	1,538,992	1,538,992
Customer Deposits	2,161,182	2,169,663	2,081,704	2,485,610	2,598,460	2,598,460
Total Assets	2,642,296	2,762,573	2,752,622	3,504,470	3,655,293	3,655,293
Book Value	227,649	259,930	325,827	434,851	457,638	457,638

5.10 Union Bank of Nigeria (UBN)

5.10.1 Business Overview

- Established in 1917, it is headquartered in Lagos, Nigeria and has two wholly owned subsidiaries one in Cotonou, Benin and another in London, in the United Kingdom. It also maintains a Representative Office in Johannesburg, South Africa
- It got listed on Nigerian Stock Exchange in 1971
- It is primarily serving to individual, SME, commercial and corporate clients offering current, savings and deposit account services, funds transfer, foreign currency domiciliation, loans, overdrafts, equipment leasing and trade finance
- An extensive network of over 350 sales and service centres with over 800 ATMs spread widely and employee base of 2,767
- It is seventh largest bank in Nigeria in terms of book value and tenth largest in terms of loans and advances



5.10.2 Market Stats

- It has a market cap of N103 bn (as at 08-Jun-17) and current trading at 0.38x P/BV (LTM 2017 Q1) and 6.7x P/E (LTM 2017 Q1)

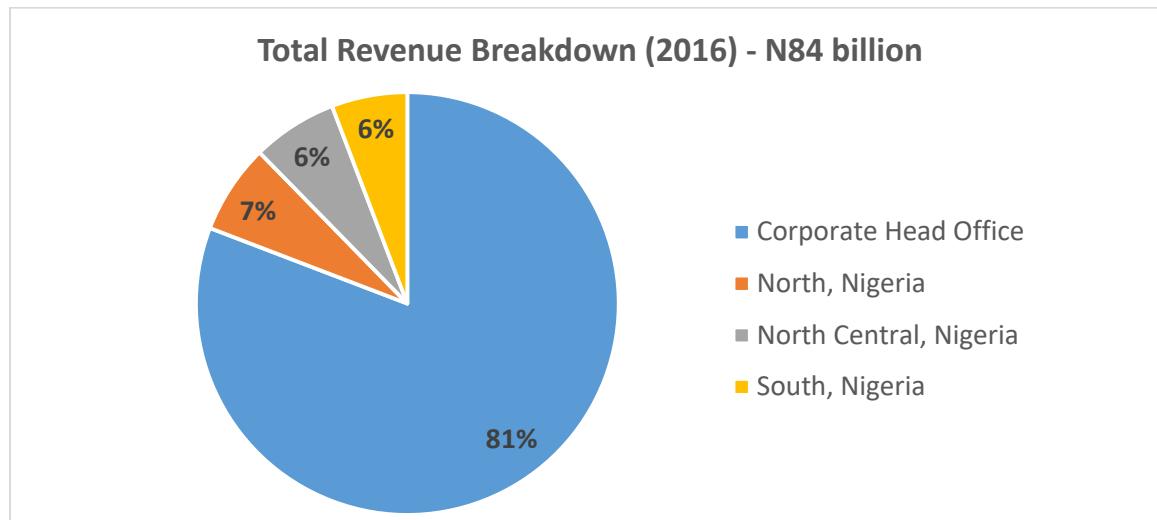
5.10.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	57,293	52,056	55,683	65,039	64,779
Non-Interest Income	22,369	44,139	26,167	28,588	29,412
Total Income	79,662	96,195	81,850	93,627	94,191
Loan Loss Provision	(12,066)	(4,828)	(9,948)	(16,582)	(15,762)
Impairment losses on other assets	(3,670)	(4,823)	704	693	693
Operating Costs	(55,480)	(56,099)	(53,864)	(57,094)	(58,443)
D&A	(3,113)	(3,320)	(3,986)	(4,906)	(5,075)
Share of Profit/(loss) of associates	(4)	(6)	-	-	-
PBT	5,329	27,119	14,756	15,738	15,604
Earnings to Shareholders	6,276	25,629	14,302	15,617	15,381
Loans and Advances to Customers	229,542	312,797	366,721	507,190	489,947
Customer Deposits	482,706	527,617	570,639	658,444	695,187
Total Assets	1,002,756	1,008,451	1,049,731	1,252,682	1,297,984
Book Value	192,181	216,190	241,423	266,559	272,313

5.11 Unity Bank

5.11.1 Business Overview

- Established in 1987, it is headquartered in Abuja, Nigeria with its shares quoted on the Nigerian Stock Exchange on 30-Dec-2005
- It provides banking and other financial services to corporate and individual customers. Such services include but not limited to granting of loans and advances, corporate banking, retail banking, consumer and trade finance, international banking, cash management, electronic banking services and money market activities
- It has 242 branches approximately 277 ATMs with an employee base of 1,954
- It is thirteenth largest bank in Nigeria in terms of book value and thirteenth largest in terms of loans and advances



5.11.2 Market Stats

- It has a market cap of N8 bn (as at 08-Jun-17) and current trading at 0.10x P/BV (LTM 2017 Q1) and 3.6x P/E (LTM 2016 Q1)

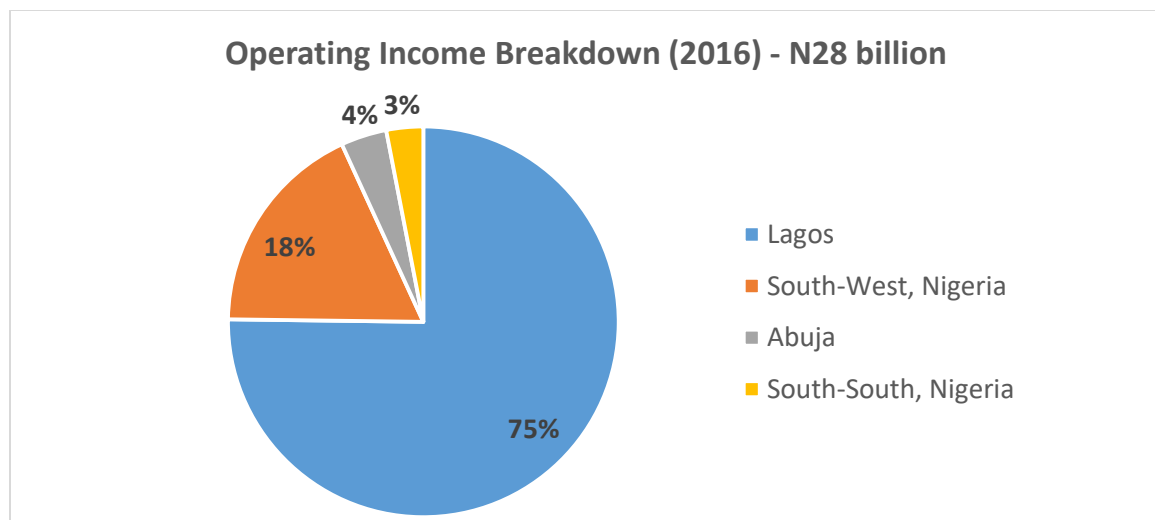
5.11.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	30,143	45,451	43,092	49,476	46,647
Non-Interest Income	10,632	14,433	16,095	14,636	10,937
Total Income	40,775	59,884	59,187	64,111	57,584
Loan Loss Provision	(21,593)	-	-	-	-
Impairment losses on other assets	(936)	(17,370)	(27,122)	(35,949)	(30,028)
Operating Costs	(48,987)	(26,261)	(27,472)	(24,427)	(24,206)
D&A	(2,899)	(2,614)	(2,250)	(1,920)	(1,860)
PBT	(33,639)	13,639	2,343	1,816	1,490
Earnings to Shareholders	(22,582)	10,692	4,689	2,184	1,869
Loans and Advances to Customers	195,230	219,335	246,143	277,215	269,482
Customer Deposits	303,271	273,935	231,441	264,196	269,482
Total Assets	403,629	413,305	443,321	492,682	509,933
Book Value	28,212	76,264	82,575	83,107	83,972

5.12 Wema Bank

5.12.1 Business Overview

- Established in 1945, it is headquartered in Lagos, Nigeria and got listed on the Nigerian Stock Exchange in 1990
- It offers a range of retail and SME banking, corporate banking, treasury, trade services and financial advisory to its numerous customers
- It has 142 branches and service stations 270 ATMs with an employee base of 1,011
- It is fourteenth largest bank in Nigeria in terms of book value and thirteenth largest in terms of loans and advances



5.12.2 Market Stats

- It has a market cap of N20bn (as at 08-Jun-17) and current trading at 0.42x P/BV (LTM 2017 Q1) and 8.0x P/E (LTM 2016 Q1)

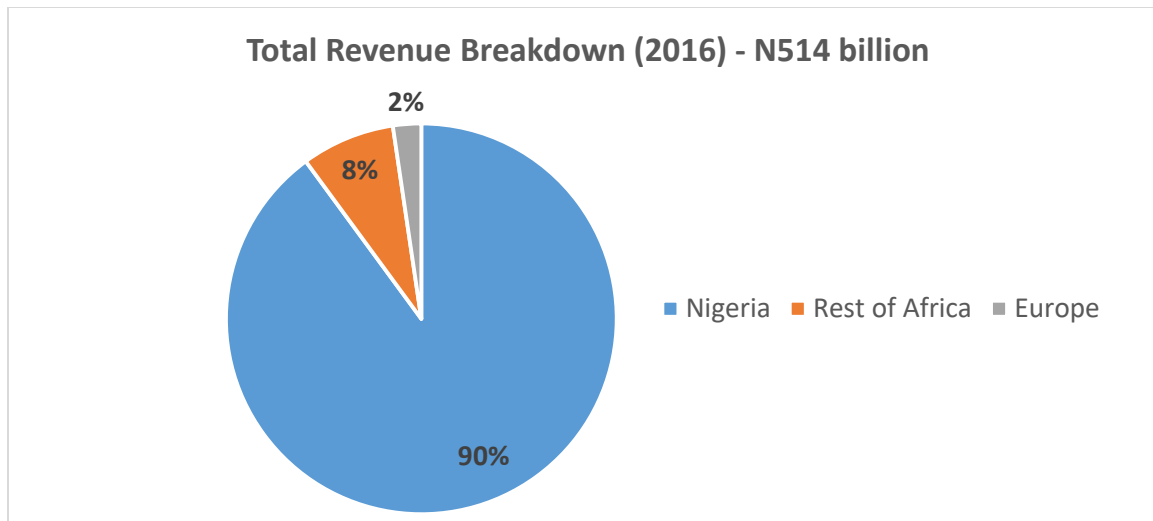
5.12.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	12,524	18,552	17,720	18,650	22,626
Non-Interest Income	7,103	6,734	8,664	9,801	12,632
Total Income	19,628	25,286	26,383	28,451	35,259
Loan Loss Provision	1,330	(88)	78	(412)	(424)
Operating Costs	(18,550)	(19,923)	(21,165)	(22,485)	(27,866)
D&A	(1,391)	(2,181)	(2,250)	(2,308)	(2,874)
Share of Profit/(loss) of associates	930	-	-	-	-
PBT	1,947	3,094	3,046	3,245	4,095
Earnings to Shareholders	1,597	2,372	2,327	2,561	3,283
Loans and Advances to Customers	98,632	149,294	185,597	227,009	222,174
Customer Deposits	217,735	258,956	284,978	283,303	265,414
Total Assets	330,872	382,562	396,743	424,044	414,424
Book Value	41,395	43,769	46,064	48,471	49,193

5.13 Zenith Bank

5.13.1 Business Overview

- Established in 1990, it is headquartered in Lagos, Nigeria with operations in United Kingdom, United Arab Emirates, Sierra Leone, Gambia, South Africa, China
- It primarily provides banking and other financial services like granting of loans and advances, corporate finance and money market activities to corporate and individual customers
- It has over 500 branches and an employee base of 7,120
- It is first largest bank in Nigeria in terms of book value and second largest in terms of loans and advances



5.13.2 Market Stats / Analysts Views

- It has a market cap of N642bn (as at 08-Jun-17) and current trading at 0.94x P/BV (LTM 2017 Q1) and 4.6x P/E (LTM 2017 Q1)
- “Asset quality deterioration persists, with NPL ratio rising - the largest chunk of the continuous deterioration in asset quality, in our view, stemmed from the power sector”.(Cordros Research, May-2017)
- “Higher than expected surge in operating expenses stemmed from higher regulatory fees (AMCON), IT expenditures, and fuel and maintenance expense”.(Cordros Research, May-2017)
- “Zenith Bank's interest income to remain driven by yields on investment securities and FX interest income, as organic loan growth will remain subdued in the course of the year”. (Cordros Research, May-2017)
- “Zenith Bank Earnings beat, supported by strong top line growth. Zenith Bank's result posted impressive performances across major line items. In line with sector trend, Gross Earnings topped our estimate, up 49% y/y - 13% ahead of our estimate. The strong top line performance was spurred by impressive growth in both Interest and Non-Interest Income”. (Vetiva Research, May-2017)
- “We highlight that the q/q spike in loan impairment charges may have been due to management's aim to maintain adequate non-performing loan (NPL) coverage as asset quality deteriorated. Capital adequacy ratio (at bank level) remained strong at 22% as at Q4 2016, against the 15% regulatory standard. In dissecting the numbers further, we point out that the q/q decline in non-interest income was the result of N5.4bn FX revaluation loss, against the N28.2bn FX revaluation gain in Q3 2016”.

5.13.3 Key Financials

Naira Millions	2013	2014	2015	2016	LTM Q1-17
Net Interest Income	199,742	206,503	224,582	240,179	252,626
Non-Interest Income	64,612	89,921	84,356	123,440	137,826
Total Income	264,354	296,424	308,938	363,619	390,452
Loan Loss Provision	(11,067)	(13,064)	(15,673)	(32,350)	(37,659)
Operating Costs	(136,479)	(153,887)	(157,450)	(163,407)	(172,392)
D&A	(10,717)	(9,815)	(10,427)	(11,114)	(11,526)
Share of Profit/(loss) of associates	118	138	228	-	(48)
PBT	106,209	119,796	125,616	156,748	168,827
Earnings to Shareholders	94,576	99,275	105,531	129,434	140,355
Loans and Advances to Customers	1,251,355	1,729,507	1,989,313	2,289,365	2,349,470
Customer Deposits	2,276,755	2,537,311	2,557,884	2,983,621	2,996,262
Total Assets	3,143,133	3,755,264	4,006,842	4,739,825	4,739,828
Book Value	505,236	552,086	593,760	703,482	686,836

5.14 Skye Bank

We have not been able to analyse Skye Bank due to lack of its latest financials, market commentary, and business update by its management. Last information disclosed by the bank was in 2015.

Key Recommendations for FBNH

- 1. Improve Capital Adequacy (both Tier 1 and Overall):** Though FBNH has been continuously improving its capital adequacy ratio in the last few years, but the current levels are still the lowest amongst Tier 1 banks in Nigeria. Further, it is close to the regulatory limit of 15%. If there would be any major increase in risk weighted assets without much increase in capital, then FBNH may face some serious challenges – both from the regulator as well as from the investors community.
- 2. Focus more on Non-Interest Income than Interest Income in 2017:** Due to tough economic environment in Nigeria with rising NPLs and lower risk asset growth, interest income growth is going to be low. In contrast, non-interest income is expected to increase due to forex gains from Naira devaluation. FBNH is getting approx. 34% contribution from non-interest income (in LTM Q1 2017). Increasing contribution from non-interest income would be beneficial for FBNH.
- 3. Improving Asset Quality and Avoiding High Specific Sector Concentration:** FBNH's NPLs have been the highest amongst Tier 1 banks in Nigeria. Further, these are way above the regulatory guidance of 5%. Key reasons for poor performance were mainly higher concentration (over 75%) towards Oil & Gas Sector. FBNH needs to strengthen its credit appraisal system and avoid taking large exposure towards any specific sector and it also needs to evaluate credit worthiness of the borrowers more efficiently in order to reduce NPLs in future. Further, necessary steps must be taken to recover money from NPLs as much as possible.
- 4. Rationalize Operating Costs:** Though FBNH has substantially improved its Cost to Income ratio in the last two years, but still there is a good scope to rationalize costs. Employee costs and branch operating costs are a bit higher than the competitors. Further, income per branch is also relatively lower thus, FBNH needs to re-evaluate the productivity of its branch network.
- 5. Leverage Technology More to Manage Operations:** It is noted that FBNH is keen to adopt various technology tools to improve the efficiency of its operations. This is a right strategy as it will not just help in widening the reach to the customers but will also eliminate certain gaps in managing internal affairs. We recommend FBNH to take required efforts to adopt certain effective tech tools viz. Decision Support System (DSS) – provides lot of analytical tools to manage key credit decisions; Effective real time CRM; Robust mobile payment solutions; Hassle free mobile banking platform for customers; Remote Account Opening / Management Solution etc.
- 6. Effective and Timely Communication with Investors Community:** While FBNH has recorded strong top line in the recent period and is efficiently managing the operating costs as well, but high provisioning and deteriorating asset quality has badly affected the

valuation of the bank. Though each bank in Nigeria is facing similar headwinds but FBNH suffered the most due to weaker investor sentiments towards the bank. FBNH needs to communicate effectively with the investors community and also update them about key strategic decisions appropriately in order to maintain a healthy valuation and future capital raising prospects.

Glossary

Capital Adequacy Ratio	(Tier1 +Tier2)
	Risk Weighted Assets – Page 21
Average Cost of Deposits	Interest Expense(on Deposits)
	Average Deposits – Page 33
Average Deposits	Deposits From Customers + Deposits From Banks – Page 13
Cost to Income Ratio	Operating Expenses (Before loan Expense) – Page 29
	Operating Income – Page 27
Operating Income	Total Income (Before Impairment Charges) Net Interest Income + Net Fee and Commission Income + Net Trading Income + Other Operating Income + Other Gains /Income
Operating Expenses	Personnel Expenses + Depreciation + Amortisation + Other Operating Expenses - Page 29
Net Interest Margin	Net Interest Income
	Average Interest Earning Asset – Page 36
Net Interest Income	Interest Income Net of Interest Expense (Before Impairment Charges) – Page 36
Average Interest Earning Asset	Loans and Advances to Banks + Loans and Advances to Customers
Yield on Interest Earnings Assets	Interest Income
	Average Interest Earning Asset
Interest Income	Interest Income Before Adjustment for Expenses
Cost of Funds	Interest Expense

	Average Interest Bearing liabilities – Page 31
Average Interest Bearing liabilities	Deposits From Customers + Deposits From Banks + Borrowings + Debt Securities Issued
Post Tax ROAE	Profit after Tax
	Average Total Equity
Post Tax ROAA	Profit after Tax
	Average Total Asset
Loans to Deposits Ratio	Loans and Advances to customers
	Customer Deposits – Page 25
Cost of Risk	Loan loss Expense
	Average Loans – Page 25
Cost of borrowed Funds	Expense in Borrowed Funds
	Average Borrowed Funds – Page 29
Debt/Capital	Long Term Debt
	Long Term Debt + Equity – Page 41
Debt-EBITDA	Long Term Debt
	Operating Income
Gearing Ratio	Long Term Debt
	Shareholders’ Fund – Page 22
Leverage	Total Assets
	Shareholders’ Fund – Page 58
Operating Profit Margin	Operating Profit
	Gross Earnings – Page 29
Operating Profit	Operating Income – Operating Expenses
Risk Asset Ratio	Total Loans
	Total Assets – Page 24

Non-Performing Loan Ratio	Non-Performing Loans
	Total Outstanding Loans – Page 24
Earnings Yield	Earnings Per Share
	Current Market Price Per Share – Page 28
Loan Yield	Net Operating Income
	Loan Amount – Page 27
Net Operating Income	Operating Income after Impairment Expenses – Page 27

Our Team

Olufemi AWOYEMI, Founder and CEO of Proshare Nigeria Limited holds a B.Sc. (Hons.) degree in accounting (1988).

He is a **Fellow** of The Institute of Chartered Accountants of Nigeria, Association of Investment Advisers and Portfolio Managers (AIPM), Institute of Credit Administration, and Institute of Information Management. He is an **Associate member** of the Institute(s) of Chartered Taxation of Nigeria, Institute of Management Consultants, Nigerian Institute of Management and the Institute of Directors. He has over 30 years of hands-on cognate strategic management experience with reputable professional and multinational firms.

He has a distinguished career of involvement in many initiatives, associations, academia and commercial activities including serving in committees of the **Nigerian-British Chamber of Commerce**; the **West African Bankers Association**, **Institute of Directors**, the **Nigeria Economic Summit Group** (NESG), the Strategy, Research & Advocacy Committee of the **Chartered Institute of Bankers of Nigeria** (CIBN), Council Member of **AIAPM**, Independent member of the Investment Committee of **Alternative Capital Partners Ltd** (ACAP) President, Board of Trustees of the **Online Publishers Association**, Nigeria (OPAN); and served as the technical consultant to the National Assembly House Committee on Capital Markets, amongst others.

Olufemi's visionary leadership has inspired Proshare's rapid and unprecedented growth over the past ten years, which has seen the firm Proshare become the CFI.co 2014 award winner for the “*Best Capital Markets Solutions Team – Nigeria 2014*”, the Nigeria-British Chamber of Commerce (NBCC) *Rising Star Award for 2014* and the International Finance Magazine (IFM) “*Most Innovative Capital Market Service Team, Nigeria 2015*”.

Olufemi is a multi-award winner including the 2015 Nigerian Rising Award (*Hallmark Newspapers*), the 2015 African Financial Analyst of the Year award by the *Global Change for Africa, Brussels*; the 2014 ICA Honours Award (*Institute of Credit Management*), and the 2013 Most Outstanding Business Executive of the Year (*African Council of Chief Executives under the African CEO Council*), amongst others.

His interests include financial markets – education, empowerment and enlightenment; scenario planning, strategy articulation & execution, market intelligence, future trends, fintech, knowledge management, documentaries and sports to which he remains an active enthusiast in five sports – basketball, football, athletics, table tennis and cricket.

Abhishek VAISH, Investment Researcher

Over twelve years of rich experience in managing M&As, IPOs, and Capital raisings from PE or VC Funds in India, UK, and Europe. He has worked on transactions worth over USD 125 billion so far.

Previously worked with Goldman Sachs, both as an Investment Banker (M&A) and a Private Equity Investor for over five years, and worked with companies across various sectors in the UK, Europe and India. With Goldman, he worked on seven successful transactions - one private equity investment in India, three mergers in the UK/Europe, two sell-sides in the UK/Europe, and one IPO in the UK.

His Specialities include M&A, PE/VC Investments, Business Valuations, Strategic Advisory, Corporate Finance. He is currently focused on PE/VC syndication and M&A for highly growing SMEs (including start-ups) across various sectors in India.

His current sector focus includes Big Data & Analytics, VR/AR, Consumer Internet, Mobile, Education, Cleantech, Financial Services, Food, and Healthcare (including wellness).

Reshu BAGGA, Chief Operating Officer/Technical Director is a skilled Computer Engineer with a Masters Degree in Business administration (Finance and Information Technology) from Amity Business School, Delhi, India who plays a key role in executing the company strategy using technology and innovation continuously to ensure the service provides and maintains a leadership position in the industry.

Reshu has the overall responsibility for the Analyst Services, Information Technology and Business Service Excellence functions that deliver on the services execution mandates. In the last six years of covering the Nigerian Market, she has sustained an uncommon focus on stock research, fundamental and technical analysis, revenue assurance, financial and feasibility reports; investor relations and share support services - all geared to delivering a quality business solution, much more important than the technology used to achieve it. She provides support in the areas of technology based reviews and overall operational efficiency.

Harish SHAHI, is a **Technical/Research Analyst** and holds an MBA in Energy Trading from University of Petroleum and Energy Studies. She is currently pursuing a CFTe Course in IFTA, UK. Prior to now, she has worked for Dynamic commodities, which is creating 15% volume of MCX and no 1 volume of NCDEX as Research Analyst. She also worked for William Albert Research House, a UK based advisory firm while performing the responsibilities of making reports for investors and Traders. Presently, she works with Traders Factory.

Saheed KIARIBE, Head, Research

Saheed holds a B.Sc degree in Political Science from Olabisi Onabanjo University Ago-Iwoye (2005), MBA Marketing Management from Ladoke Akintola University of Technology, Ogbomosho and also an associate member of the Institute of Capital Market Registrars (2010). Saheed started his career with Intercontinental Registrars Ltd in May 2007 where he worked in the Verification Unit. He was later transferred to the Stock broking Unit of the firm. He joined Proshare Nigeria Ltd in March 2010 after almost three years of service at the Registrars. He has attended professional training on times series and forecasting models.

Temitope BABALOLA, Economic Analyst holds a B.Sc. in Accounting from the Obafemi Awolowo University Ile-Ife (2013) and a Post Graduate Diploma in Financial Management from same university. He is a student member of the Chartered Institute of Stockbrokers (presently on the last stage) and also a member of the Elliot wave Institute. Temitope started his career as a freelance researcher with Coffee Post before joining Proshare Nigeria Limited in March 2017. He has been privileged to attend a number of economic, finance and business related conferences.

Grace ADEJARE-AJUWON, Head, Business & Markets. Grace was with Proshare Consult where she creditably discharged herself with cutting edge tasks. Grace is also a Research Analyst and Consulting Manager, holds a B.Sc degree in Actuarial Science with Second Class Upper Division from the University of Lagos, Akoka, holds a Professional Certificate from the Chartered Insurance Institute of Nigeria (CIIN) and is currently running her Masters degree programme in Economics at the University of Lagos. Prior to joining Proshare in 2013, she worked with Index Investment Advisors Limited as a Research Analyst where she was responsible for Data Mining and Analytics as well as Economic and Capital Market Reporting. She has also worked with Pingworld Systems Limited as an Administrator. Her key areas of interest have been Investment Management and Analysis, Financial Consulting, as well as Economic and Business Research. Professional trainings attended include Financial Ratio Analysis, Fundamental analysis /modelling and Advance statistics forecasting, Advance Excel Operations, Project Management & Business Analysis.

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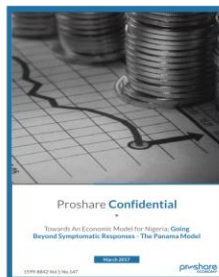
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