

Nigerian banks Life after '40'

Some of the key factors that coloured our views in *Nigerian banks – Navigating stormy seas* (21 January 2016) have changed. The most significant are: 1) the 40%-plus naira depreciation and the liberalisation of FX markets; and 2) the rise in interest rates. While we believe these developments could improve sector earnings in the near term, global risk sentiment will be key to price performance and capital inflows. We have updated our forecasts and our top picks are now Guaranty Trust Bank (on fundamentals) and United Bank for Africa (UBA; on upside potential). We maintain our BUY ratings on Zenith and Access, and upgrade FBN Holdings and FCMB to HOLD (from Sell).

FX liberalisation and Brexit

The liberalisation of FX markets on 20 June led to positive sentiment in the equities market, with banks in our universe up by 9% since the Central Bank of Nigeria (CBN) governor announced his plan on 15 June. However, sentiment risks being dampened by concerns around Brexit and the implications for the naira, as capital inflows may not materialise as rapidly as the CBN may have expected. We have used a NGN285/\$ exchange rate in updating our models but the risk is to the downside, and our Sub-Saharan Africa (SSA) economist Yvonne Mhango forecasts NGN390/\$ by YE16. For the banks, we expect real loan growth to be minimal, but given that 46% of sector loans were in FX in FY15, we estimate nominal credit growth post depreciation could end the year at 23% on average, using FX of NGN300/\$.

Life after a 40%-plus devaluation

We expect rising interest rates to be net positive for the larger and more liquid banks. Naira depreciation is also positive for FX margins. A number of banks have varying FX long positions. Given the potential for the naira to weaken beyond NGN300/\$, we think these positions will be crucial in providing the banks with a capital and asset quality buffer. FBNH, GTBank, Access, UBA and Fidelity seem to have the most significant net long FX positions, based on our discussions with management teams. Where NPLs are in FX, this is negative for NPL ratios; and if the provisions on these are held in naira, it is even more worrisome. We have the most concerns on this front for FBNH, Diamond and Skye. Capital ratios could come under some pressure but we think investors should focus on the banks that are starting from a relatively strong base and have net long FX positions that provide ample buffers. Should a bank breach the minimum CAR requirements, we do not think – based on our discussions with the banks – that the CBN would do anything drastic beyond placing a freeze on credit growth, mandating the sell-down of some assets, capping or freezing dividends to help generate internal capital and requesting a capital improvement plan.

BUY GTBank, UBA, Zenith, Access

We have reviewed our sector forecasts and maintain BUY ratings on GTBank, Zenith and Access. Today (27 June), we upgraded UBA to BUY in *UBA – Africa rising*. We maintain HOLD ratings on Stanbic and Fidelity but upgrade FBNH and FCMB to HOLD (from Sell). We maintain SELL ratings on Diamond and Skye. Overall, our universe is trading at 0.5x FY16E P/B, on our estimates, ranging from 0.1x at Skye to 1.5x at GTBank. GTBank and UBA are our top picks.

Sector update

Equity Research
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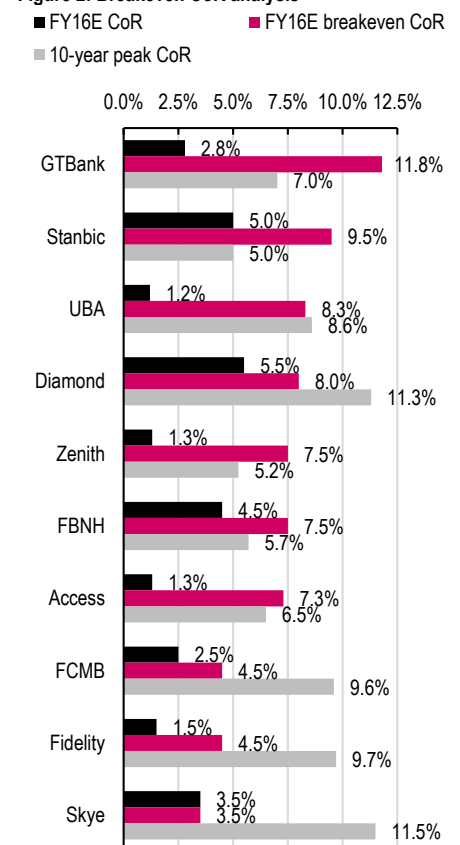
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Figure 1: Summary sector ratings and TPs, NGN

	CP	New TP	Previous TP	New rating	Old rating
UBA	4.9	9.4	9.4	BUY	Buy
Access	5.9	9.1	7.0	BUY	Buy
FCMB	1.7	2.1	0.9	HOLD	Sell
Zenith	17.0	20.9	14.9	BUY	Buy
GTBank	24.2	29.0	21.8	BUY	Buy
FBNH	4.1	4.6	3.0	HOLD	Sell
Diamond	2.4	2.5	2.3	SELL	Sell
Fidelity	1.3	1.4	1.2	HOLD	Hold
Stanbic	17.0	17.2	17.0	HOLD	Hold
Skye	1.1	1.1	1.1	SELL	Sell

Prices in this report are as at market close on 24 June 2016.
Source: Bloomberg, Renaissance Capital estimates

Figure 2: Breakeven CoR analysis



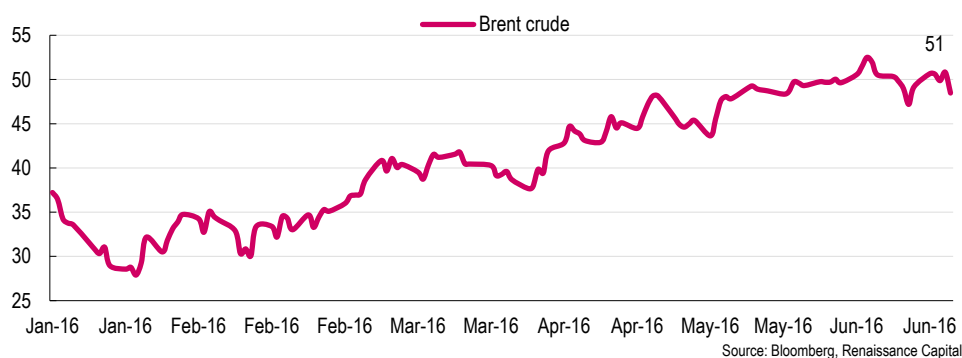
Source: Company data, Renaissance Capital estimates

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Since we released our 2016 sector outlook report, *Nigerian banks: Navigating stormy seas*, published on 21 January 2016, some key factors that coloured our views have changed. Of the three factors listed below, the most fundamental, we believe, is the liberalisation of the FX market, which has material implications for the sector's outlook.

1. Brent crude oil prices recovered by 74% from their January lows to \$50.86/bl, before the Brexit vote sparked a sell-off. However, Nigeria benefited little owing to the activities of the Niger Delta Avengers (NDA), which significantly affected crude oil production. Some estimates from our sector discussions suggest that oil production has declined by over 50% YtD to below 1mn b/d, and it may have been this that prompted the monetary authorities to liberalise the FX market on 20 June.

Figure 3: Brent oil price, YtD



2. The yield on 91-day T-bills has risen to 12% from its 2016 low of 3.5%, while the 10-year bond yield has risen to 15%, from 11% at the beginning of the year. Furthermore, interbank rates spiked following the CBN's debits to clear the backlog in FX demand, leading the CBN to open the discount window to banks, where they borrow from the CBN at 14%. The CBN also recently issued long-dated T-bills at 14-15%.

Figure 4: 91-day T-bill and 10-year bond rates

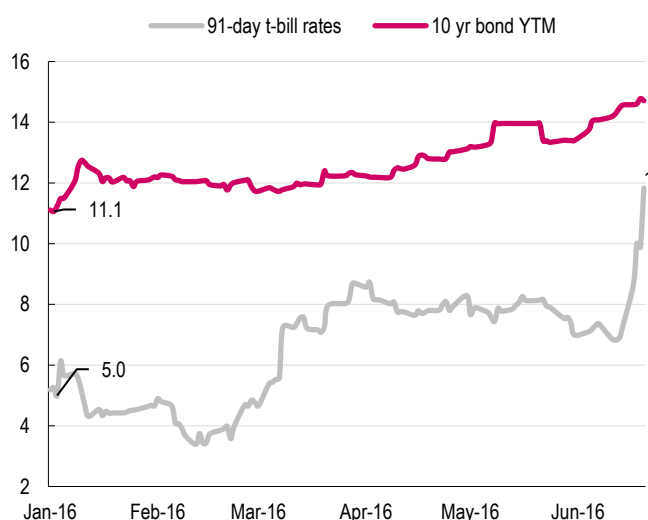
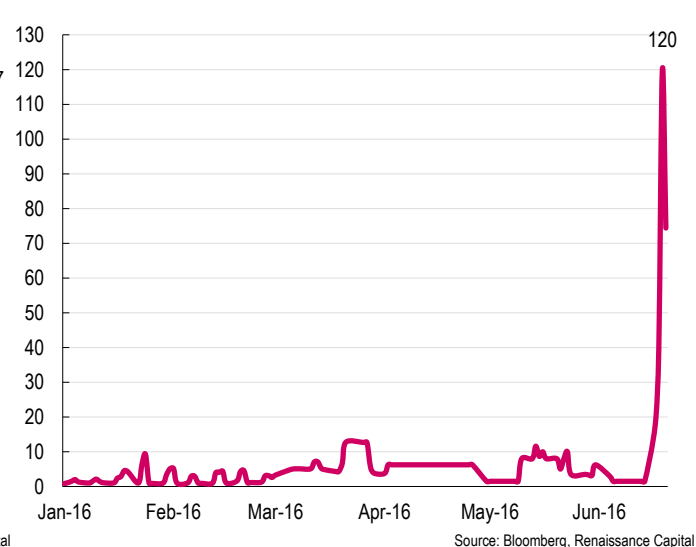
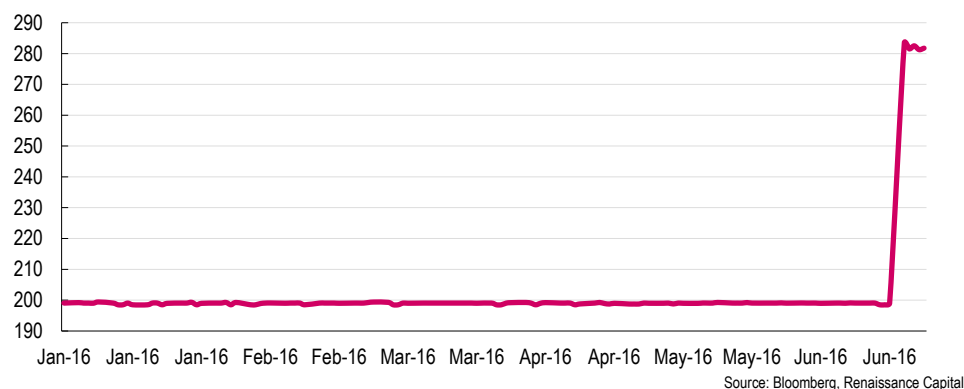


Figure 5: NIBOR rates



3. The naira was effectively devalued on 20 June 2016, with the CBN opting to move to a fully liberalised FX market, with the exchange rate determined by demand and supply dynamics.

Figure 6: NGN/\$ exchange rate



We spent the past week meeting with the management teams of the Nigerian banks for an update on the sector post the introduction of a flexible interbank market by the CBN. Overall, the general consensus was that recent developments have short-term positive implications for the Nigerian banks, although capital and asset quality could be negatively affected.

In this note, we summarise our revised views on the earnings drivers for the sector in 2016, and update our forecasts and ratings to reflect the implications of a liberalised FX market and changes in the interest rate environment.

Loan and deposit growth

Given the relatively weaker macro environment, many of the banks had guided for muted loan growth in 2016. Some banks had factored in the impact of naira depreciation in their forecasts, although most were not then working with a 40-50% depreciation scenario then. We expect core credit growth to remain subdued in 2016, and think the impact of depreciation will be the main driver of nominal credit growth.

Based on our estimates, FX loans accounted for c. 46% of sector loans in FY15. Using this as the basis of our analysis, we estimate that naira depreciation to NGN300/\$ could result in average nominal loan growth of 23% in 2016. We expect this to be highest at FBNH, GTBank, Diamond and UBA, given that they had the highest proportion of group loans in FX as at FY15, at 59%, 50%, 50% and 49%, respectively. In the light of this, we expect to see nominal loan growth of c. 29% at FBNH, and c. 25% at the other three banks. That said, GTBank mentioned that the loan book dipped in 2Q16 owing to some significant pay-downs, so nominal growth could come in lower than we estimate; UBA is expecting loan growth (including depreciation effects) in the mid-to-high teens. In our models, we assume an exchange rate of NGN285/\$ by year-end.

Figure 7: Nigerian banks – implied FY16 nominal loan growth from naira depreciation to NGN300/\$

	FX loans as % of total loans in FY15*	Implied loan growth
FBNH	59%	29%
GTBank	50%	25%
Diamond	50%	25%
UBA	49%	25%
Stanbic	43%	21%
Zenith	43%	21%
Access	42%	21%
Skye	41%	21%
Fidelity	40%	20%
FCMB	40%	20%
Average	46%	23%

*SIBTC and Skye are as at 9M15.

Source: Company data, Renaissance Capital estimates

We also expect a weaker currency to inflate deposit growth, although the impact would be lower than on the credit side, given that most banks have a relatively lower proportion of their deposits in FX vs loans. Based on our estimates, FX deposits represent c. 29% of total deposits, translating to an average nominal growth rate of 15% using an exchange rate of NGN300/\$. UBA, Access and Diamond should see their deposits grow the most, considering they had 46%, 36% and 32%, respectively, of their total deposits in FX as at FY15.

Figure 8: Nigerian banks – implied FY16 nominal deposit growth from naira depreciation to NGN300/\$

	FX deposits as % of total deposits in FY15*	Implied deposit growth
UBA	46%	23%
Access	36%	18%
Diamond	32%	16%
FBNH	31%	16%
GTBank	28%	14%
Skye	28%	14%
Stanbic	28%	14%
Zenith	26%	13%
FCMB	22%	11%
Fidelity	18%	9%
Average	29%	15%

*SIBTC and Skye are as at 9M15.

Source: Company data, Renaissance Capital estimates

We expect these changes to start being reflected in the 1H16 results, given that balance sheets will be revalued using the end-of-period interbank rate.

Margins

The CBN's decision to clear the NGN4.6bn backlog of FX demand (\$0.532bn settled at spot, with \$4.02bn settled using one- to three-month forward rates), at a rate of NGN280/\$, took approximately NGN1.3trn out of the system. The CBN's decision to sterilise the naira equivalent of the forward transactions was unexpected, and as such, a liquidity strain pushed the NIBOR overnight rate to as high as 120% during the week, although it has now moderated to sub-20%, aided by the opening of the CBN discount window. From our discussions with the banks, we understand that system liquidity is tight, with only a few net placers in the market. Given the nature of the Nigerian money markets, this could be short-lived, as monthly inflows from the Federal Accounts Allocation Committee (FAAC) should help. That said, liquidity ratios have come under some pressure and we broadly expect that interest rates should directionally trend higher in 2H16.

We believe the argument for tighter monetary policy is stronger in the current environment – greater upside risks to inflation following naira depreciation, coupled with the fact that the Monetary Policy Committee (MPC) has a greater incentive to increase yields to attract foreign portfolio inflows (FPI). Consequently, we expect to see some level of tightening at next month's MPC meeting. Should we see a movement in the monetary policy rate (MPR), we think the banks could struggle to pass this on fully to customers, given the weak macro environment, and any re-pricing of loans would likely be on a selective basis. On the back of this, we expect asset yield improvements to be driven more by rising yields on liquid assets. Funding costs will also creep higher, as rates on term deposits track yields on government securities, offsetting some of the asset yield improvements.

On the FX side of things, depreciation is positive for FX margins because banks receive higher interest income in naira terms, with no corresponding increase in funding costs, as interest liabilities on domiciliary accounts are negligible and the FX asset base tends to exceed the FX liability base.

Overall, the banks did not guide for aggressive margin improvements, with most aiming to at least maintain 1Q16 margin levels. We have adjusted our margin forecasts, increasing our NIM on average by 30 bpts and 60 bpts for FY16E and FY17E, respectively.

Figure 9: Nigerian banks – NIM forecasts

	FY15 NIM*	FY16E			FY17E		
		Old NIM forecast	New NIM forecast	Old forecast vs new forecast	Old NIM forecast	New NIM forecast	Old forecast vs new forecast
FBNH	7.9%	8.0%	8.2%	0.2 ppt	8.1%	8.7%	0.6 ppt
Zenith	7.5%	7.2%	7.5%	0.3 ppt	6.8%	7.8%	1.0 ppt
GTBank	8.1%	8.2%	8.1%	0.0 ppt	8.3%	8.9%	0.6 ppt
UBA	6.3%	5.8%	6.4%	0.6 ppt	5.9%	7.4%	1.5 ppt
Access	5.8%	6.7%	6.9%	0.2 ppt	6.4%	7.3%	0.9 ppt
Diamond	6.9%	7.4%	8.1%	0.7 ppt	7.6%	7.9%	0.2 ppt
Skye	7.7%	7.5%	7.5%	0.0 ppt	7.4%	7.4%	0.0 ppt
FCMB	6.7%	6.6%	7.1%	0.6 ppt	6.8%	7.0%	0.2 ppt
Fidelity	6.7%	6.5%	7.1%	0.6 ppt	6.7%	7.0%	0.3 ppt
Stanbic	6.0%	6.1%	6.0%	-0.1 ppt	6.1%	6.4%	0.3 ppt
Average	7.0%	7.0%	7.3%	0.3 ppt	7.0%	7.6%	0.6 ppt

*Skye and SIBTC FY15 numbers are estimates.

Source: Company data, Renaissance Capital estimates

Non-interest revenue

We think NIR should be a key earnings driver for the Nigerian banks in the future, and this is a key reason why we think investors should first look at the banks in preference to fast-moving consumer goods (FMCG) companies post depreciation, because the latter do not have this earnings optionality.

- 1) **Improvement in FX trading income:** Following the introduction of the flexible interbank market, we expect significant improvements on the FX trading income line, as since mid-February 2015, FX trading has been largely non-existent interbank. From our discussions with the banks, we understand that while there are currently no caps on margins the banks can make, banks are restricted to a NGN0.50 ask/bid spread. For example, a bank that sources dollars at NGN280/\$ can decide to sell it to a willing buyer at NGN300/\$, for example, but when making a quote, it can only do this at NGN299.50-300.00/\$. However, it appears there is asymmetry of information in the markets at this stage, in terms of the precise *modus operandi*, but we expect this to be resolved in the near term.
- 2) **Revaluation gains:** In our meetings with the banks, we tried to get a sense of how big their net FX positions are to understand the potential impact of revaluation gains on their FY16 earnings. Given the 1H16 balance sheet will have to be revalued using the end-of-period exchange rate, we expect

revaluation gains and their treatment to start being reflected from the 1H16 results. In Figure 10, we summarise feedback from management teams where available:

Figure 10: Nigerian banks – net long FX position

	Net long position, \$mn
GTBank	>600
UBA	200
Access	>200
Fidelity	120

Source: Management feedback

FBNH mentioned that it has a sizeable net FX position, and we expect significant revaluation gains from this to help offset some of the capital and asset quality pressures that should arise from the depreciation. Speaking to FCMB management, revaluation gains should be at least NGN10bn in FY16, leading us to deduce that its net long FX position is at least \$125mn. Most of the other banks did not have readily available information or mentioned that their positions were fairly small.

Furthermore, if we see improved liquidity in the FX interbank market, this should spur letter of credit transactions and should be positive for fee and commission income. Electronic banking fees might come under some pressure as the effective FX spreads in this business line should decline for the banks, given the narrower gap between the interbank and parallel market rates. We are also likely to see reduced card usage. The ongoing implementation of the budget should also be supportive of fee and commission income.

Following the previous two occasions on which we saw a significant depreciation, GTBank, Fidelity and Stanbic recorded the highest QoQ jumps in their FX incomes, while FBNH recorded the most significant nominal FX income during those quarters.

Figure 11: Nigerian banks – quarterly FX income

NGNmn (Nigerian banking subsidiary only)	1Q14	2Q14	3Q14	4Q14	1Q15	Growth in 1Q15 FX income vs 1Q-3Q14 average
GTBank	5,304	-337	1,537	16,894	10,217	371%
Fidelity	1,042	2,397	2,248	7,272	4,075	115%
SIBTC	3,114	1,383	1,328	3,778	3,947	103%
FBNH*	4,229	3,003	9,925	27,748	9,706	70%
FCMB	2,203	1,476	1,756	4,334	2,541	40%
Zenith	2,255	3,167	2,492	6,148	4,825	83%
Skye	4,174	1,373	855	1,855	N/A	N/A
Diamond	1,808	864	1,204	2,296	1,297	0%
UBA*	5,454	4,952	7,665	11,914	9,033	50%
Access**	2,592	1,086	2,948	-10,025	2,592	17%

*FBN and UBA numbers are for group.

**Access numbers do not include its significant derivative gains.

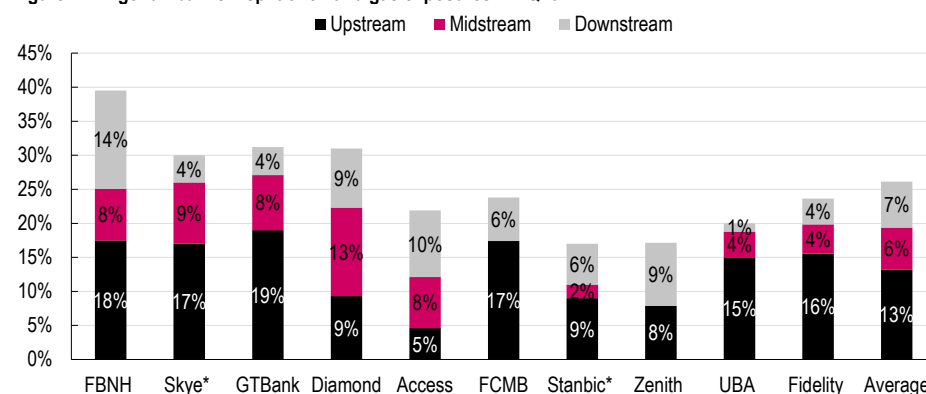
Source: Company data, Renaissance Capital

Asset quality

We would expect to see NPL pressure on the back of a weaker naira, but this tends to come with a lag. The sharp move to NGN280/\$, for example, implies FX differential losses for petroleum marketers, some of which, we understand from our discussions with the banks, declined to be locked into forward contracts. We understand the marketers intend to initiate discussions with the CBN on creating a special window to sell them FX at the previous official rate to cover their open trade positions, or including the Finance Ministry in the discussions to provide naira for them to buy FX at the prevailing rate. Prior to the depreciation, the backlog of petroleum marketers' FX demand was estimated by one of the banks at \$2bn; at a NGN285/\$ exchange rate, this implies an FX loss of NGN170bn/\$596mn. We think resolving this issue will be critical to help avoid another

round of fuel queues and sharp impairment growth for the banks. In some cases, particularly for the larger operators, we could see the banks restructure the repayment terms over a longer period of time to allow the marketers to trade out their losses. In Figure 12, we present the oil & gas loan book split in FY15 to show downstream exposures as a percentage of total loans.

Figure 12: Nigerian banks – split of oil and gas exposures in 1Q16



*Skye and Stanbic numbers are as at 9M15.

Source: Company data, Renaissance Capital

- For Zenith, its exposures are mainly to the large downstream operators, which typically have capacity to manage FX volatility.
- For Access, Oando was a significant portion of its downstream exposure and this loan was recently partly paid down, with the proceeds from the sale of Oando's holdings in its downstream business, and restructured into a five-year medium-term note with a three-year moratorium.
- UBA took the decision several years ago to significantly scale down its funding of downstream players, which is why its exposure is the lowest, at 1%.

For banks that have sizeable FX NPLs, depreciation could hurt their NPL ratios. Had they been holding the requisite provisions on these NPLs in naira, that would put significant pressure on their provisions and coverage ratios, as they need to set aside more naira to maintain coverage ratios at the pre-depreciation level. For the banks that held the provisions in dollars, these dollar provisions would naturally inflate at a weaker exchange rate, but the banks do not need to set aside real naira in order to maintain coverage ratios. Based on feedback from management, FBNH and Diamond have the highest proportion of their NPL book in foreign currency, at 56% and 45-50%, respectively, with Diamond mentioning that it holds its provisions in naira. Overall, these sizable FX NPLs are a concern for us, but, unlike Diamond, FBNH has significant FX long positions that should help it to partly offset the impact of some of these asset quality challenges. While banks with a larger naira NPL book face less of a problem in this regard, we expect prudence to lead to an increase in collective impairments, as weak macro conditions put a strain on the performance of their loans.

Figure 13: Nigerian banks – FX NPLs as % total NPLs

	FX NPLs as % total NPLs
FBNH	55-60%
GTBank	Nil
UBA	Less than 10%
Access	\$5mn
Diamond	45-50%
FCMB	Less than 5%
Stanbic	21%

Source: Management feedback

Figure 14: Nigerian banks – CoR forecasts

	FY15 CoR	FY16E		Change	FY17E		Change
		Old CoR forecast	New CoR forecast		Old CoR forecast	New CoR forecast	
FBNH	5.70%	4.50%	4.50%	0.0 ppt	4.00%	4.00%	0.0 ppt
Zenith	0.80%	1.30%	1.30%	0.0 ppt	1.50%	1.50%	0.0 ppt
GTBank	0.90%	1.00%	2.80%	1.8 ppt	1.10%	0.8%	-0.3 ppt
UBA	0.50%	1.30%	1.20%	-0.1 ppt	1.50%	1.30%	-0.2 ppt
Access	1.10%	1.30%	1.30%	0.0 ppt	1.30%	1.40%	0.1 ppt
Diamond	6.70%	3.50%	5.50%	2.0 ppt	3.50%	5.00%	1.5 ppt
Skye	4.00%	3.50%	3.50%	0.0 ppt	4.00%	4.00%	0.0 ppt
FCMB	2.40%	2.50%	2.50%	0.0 ppt	3.00%	2.50%	-0.5 ppt
Fidelity	1.00%	1.70%	1.50%	-0.2 ppt	1.50%	1.50%	0.0 ppt
Stanbic	5.00%	4.50%	5.00%	0.5 ppt	3.50%	4.50%	1.0 ppt
Average	2.8%	2.5%	2.9%	0.4 ppt	2.5%	2.7%	0.2 ppt

Note: FY15 numbers for SIBTC and Skye are as at 9M15.

Source: Company data, Renaissance Capital estimates

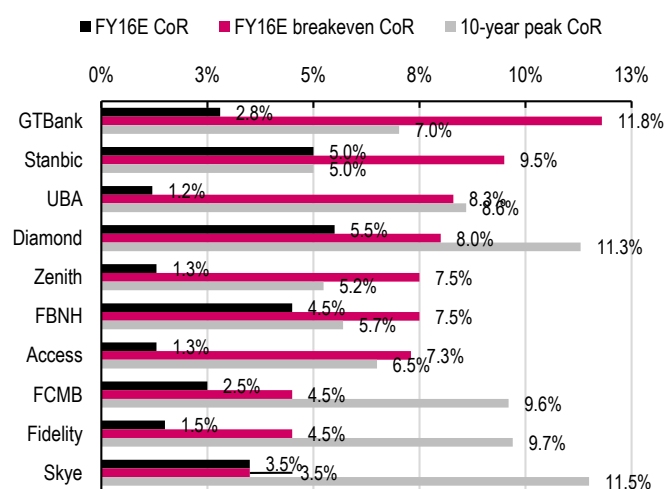
Figure 15: Nigerian banks – RoE sensitivity to CoR

	FY15 CoR	FY16E CoR	FY17E CoR	FY16E RoE	RoE with 1% increase in CoR	RoE with 2% increase in CoR	RoE with 3% increase in CoR	RoE with 4% increase in CoR	RoE with 5% increase in CoR	RoE with 6% increase in CoR	RoE with 7% increase in CoR	RoE with 8% increase in CoR	RoE with 9% increase in CoR	RoE with 10% increase in CoR
Skye	4.0%	3.5%	4.0%	-0.8%	-5.6%	-10.6%	-15.9%	-21.5%	-27.3%	-33.5%	-40.0%	-46.9%	-54.2%	-61.9%
FCMB	2.4%	2.5%	2.5%	7.9%	5.0%	2.1%	-0.9%	-4.0%	-7.2%	-10.5%	-13.9%	-17.5%	-21.1%	-24.8%
Fidelity	1.0%	1.5%	1.5%	8.6%	5.6%	2.6%	-0.5%	-3.6%	-6.8%	-10.1%	-13.4%	-16.8%	-20.2%	-23.8%
Diamond	6.7%	5.5%	5.0%	9.2%	5.7%	2.2%	-1.5%	-5.3%	-9.2%	-13.1%	-17.2%	-21.4%	-25.6%	-30.0%
FBNH	5.7%	4.5%	4.0%	10.6%	7.4%	4.1%	0.7%	-2.9%	-6.5%	-10.2%	-14.1%	-18.1%	-22.2%	-26.5%
Stanbic	5.0%	5.0%	4.5%	12.1%	9.5%	6.8%	4.0%	1.2%	-1.6%	-4.5%	-7.4%	-10.4%	-13.5%	-16.6%
Zenith	0.8%	1.3%	1.5%	18.8%	15.9%	13.0%	9.9%	6.9%	3.8%	0.6%	-2.6%	-5.9%	-9.2%	-12.6%
Access	1.1%	1.3%	1.4%	20.5%	17.3%	14.1%	10.7%	7.3%	3.7%	0.1%	-3.7%	-7.6%	-11.6%	-15.7%
UBA	0.5%	1.2%	1.3%	21.0%	18.4%	15.7%	12.9%	10.2%	7.3%	4.4%	1.5%	-1.5%	-4.6%	-7.7%
GTBank	0.9%	2.8%	0.8%	26.8%	24.0%	21.2%	18.4%	15.4%	12.5%	9.5%	6.4%	3.4%	0.2%	-3.0%
Average	2.8%	2.9%	2.7%	13.5%	10.3%	7.1%	3.8%	0.4%	-3.1%	-6.7%	-10.4%	-14.3%	-18.2%	-22.3%

Source: Company data, Renaissance Capital estimates

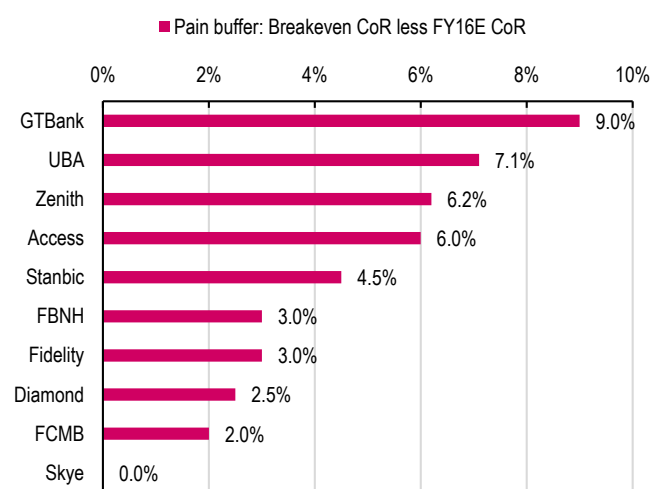
We note that there are some NPL threats that the sector has avoided via restructurings, and the use of equity to raise regulatory risk reserves. Specifically, we are referring to Aiteo and Oando, which we discussed extensively in *Aiteo – exploring scenarios*, published on 14 June 2016, and *Nigeria: 7th Annual Pan-Africa Conference – Nigerian banks feedback*, published on 19 May 2016. Had these two loans not been restructured, we think the sector NPL ratio could have reached 15-20%, from 10% in April 2016. On Aiteo, CBN approval for the proposed treatment is yet to come through, and we think it will be subsequent to this that the restructuring discussions commence. We do not think the restructuring cycle is quite over, as the economy and the banking sector remain in a fairly fluid state.

Figure 16: FY16E CoR, breakeven CoR and 10-year peak CoR



Source: Company data, Renaissance Capital estimates

Figure 17: Nigerian banks – pain buffer analysis



Source: Company data, Renaissance Capital estimates

Capital

We expect capital ratios to come under pressure, although some of this would be likely offset by revaluation gains and earnings improvements from FX trading. UBA management estimates a 100-bpt reduction in CAR using an exchange rate of NGN300/\$ (FY15: 20.0%), while GTBank now estimates CAR could decline to 18.1% (18.9% in 1Q16) owing to some conservative decisions that could reduce its full revaluation gains. FBNH estimates CAR could decline by 100-150 bpts (using NGN300/\$), while at a NGN280/\$ exchange rate, FCMB's CAR could drop to 16.5% (this does not factor in revaluation gains). CAR post depreciation for Access Bank was 17% but it expects it to improve to c. 18.5% following the capitalisation of 1H16 earnings. In a worst-case scenario, Fidelity's CAR could drop by 200 bpts from the 19.3% recorded in 1Q16, although this depends on where the naira settles.

Figure 18: CAR

	FX as % total loans	Bank CAR	CAR with 10% naira depreciation (NGN220/\$)	CAR with 20% naira depreciation (NGN240/\$)	CAR with 25% naira depreciation (NGN250/\$)	CAR with 50% naira depreciation (NGN300/\$)	Regulatory minimum CAR
GTBank (FY15)	46.10%	18.20%	17.40%	16.70%	16.30%	14.90%	15.00%
FCMB (FY15)	40.10%	16.90%	16.20%	15.60%	15.30%	14.10%	15.00%
Zenith Bank (FY15)	38.30%	20.30%	19.50%	18.80%	18.50%	17.00%	15.00%
UBA (FY15)	33.10%	20.00%	19.40%	18.80%	18.50%	17.20%	15.00%
Stanbic (FY14)	42.90%	15.30%	14.80%	14.30%	14.10%	13.00%	10.00%
Access Bank (FY15)	37.70%	18.00%	17.70%	17.50%	17.30%	16.70%	15.00%
Fidelity Bank (FY15)	40.40%	18.70%	18.40%	18.20%	18.00%	17.50%	15.00%
First Bank Nigeria (FY15)	46.10%	17.10%	16.70%	16.30%	16.20%	15.40%	15.00%
Skye Bank (FY14)	41.20%	16.10%	15.80%	15.50%	15.30%	14.70%	15.00%
Diamond Bank (FY15)	40.60%	16.40%	15.90%	15.50%	15.30%	14.40%	15.00%
Average	40.70%	17.70%	17.20%	16.70%	16.50%	15.50%	

Note: Minimum CAR for systemically important banks (SIBs) moves to 16% by July 2016. Skye Bank's numbers are group FY14.
If we factor in GTBank's \$600mn net long position, CAR declines are lower, at 18%, 17.9%, 17.8% and 17.5%, under the different scenarios above, respectively.
If we factor in UBA's \$200mn net long position, CAR declines are lower, at 19.7%, 19.4%, 19.2% and 18.6%, under the different scenarios above, respectively.
If we factor in Access' \$200mn net long position, CAR declines are lower, at 17.9%, 17.8%, 17.8% and 17.6%, under the different scenarios above, respectively.
If we factor in Fidelity's \$120mn net long position, CAR declines are lower, at 18.7%, 18.6%, 18.6% and 18.5%, under the different scenarios above, respectively.

Source: Company data, Renaissance Capital estimates

Costs

Finally, on opex, we expect some pressure as the banks have some FX-related contracts. However, some banks have been proactive in this regard and have renegotiated some of these FX contracts into naira.

Valuation and ratings

We have reviewed our forecasts, TPs and ratings across the sector and maintain **BUY** ratings on GTBank, Zenith and Access. Today, in *UBA – Africa rising*, we upgraded UBA to **BUY**. We maintain **HOLD** ratings on Stanbic and Fidelity but upgrade FBNH and FCMB to **HOLD**, from Sell. We maintain **SELL** ratings on Diamond and Skye. GTBank and UBA are our top picks, on fundamentals and upside potential, respectively.

Figure 19: Summary valuations and ratings, NGN (unless otherwise stated)

	Current price	Old TP	New TP	Change in TP	Potential up/downside	Old rating	New rating	FY16E RoE	FY17E RoE	FY16E P/B	FY17E P/B
UBA	4.9	9.4	9.4	na	91%	Buy	BUY	21%	24%	0.4x	0.3x
Access	5.9	7.0	9.1	30%	54%	Buy	BUY	19%	18%	0.4x	0.4x
FCMB	1.7	0.9	2.1	133%	24%	Sell	HOLD	8%	8%	0.2x	0.2x
Zenith	17.0	14.9	20.9	41%	23%	Buy	BUY	19%	19%	0.8x	0.7x
GTBank	24.2	21.8	29	33%	20%	Buy	BUY	27%	27%	1.5x	1.3x
FBNH	4.1	3.0	4.6	53%	11%	Sell	HOLD	11%	14%	0.2x	0.2x
Diamond	2.4	2.3	2.5	8%	5%	Sell	SELL	9%	11%	0.3x	0.2x
Fidelity	1.3	1.2	1.4	17%	5%	Hold	HOLD	9%	8%	0.2x	0.2x
Stanbic	17.0	17.0	17.2	1%	1%	Hold	HOLD	12%	15%	1.3x	1.2x
Skye	1.1	1.1	1.1	0%	0%	Sell	SELL	-1%	-2%	0.1x	0.1x
Average				44%	23%			13%	14%	0.54x	0.48x

Source: Company data, Renaissance Capital estimates

Figure 20: Valuation assumptions

	FBNH	Zenith	UBA	GTBank	Access	Diamond	Skye	FCMB	Fidelity	Stanbic
Risk-free rate	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Risk premium	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Beta	1.5	1.0	1.3	1.0	1.5	1.5	1.5	1.5	1.5	1.2
CoE	23%	20%	22%	20%	23%	23%	23%	23%	23%	21%
Sustainable RoE	13%	19%	19%	26%	18%	13%	13%	14%	12%	14%
g	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
FV P/B, x	0.2	0.9	0.8	1.6	0.6	0.2	0.2	0.3	0.2	0.4
12M TP per share, NGN	4.6	20.9	9.4	29.0	9.1	2.5	1.1	2.1	1.4	17.2
Current share price, NGN	4.1	17	4.9	24.2	5.9	2.4	1.1	1.7	1.3	17
Potential upside/downside	11%	23%	91%	20%	54%	5%	0%	24%	5%	1%
Rating	HOLD	BUY	BUY	BUY	BUY	SELL	SELL	HOLD	HOLD	HOLD

Source: Company data, Renaissance Capital estimates

GTBank – BUY, TP NGN29.0

We maintain our **BUY** rating on GTBank but increase our TP by 33% to NGN29.0. In a depreciation environment, we see the bank's \$600mn-plus net long FX position as a significant source of strength, which should help to provide ample asset quality and capital buffers. The impressive growth in its USSD-based mobile banking solution – management views it as a superior technology platform to that of M-Pesa, in a significantly larger economy with lower banking penetration – is also something we think investors should watch. Management sees this as a low-cost significant revenue earner going forward, which should help to offset the losses from the phasing out of commission on turnover (CoT).

Zenith – BUY, TP NGN20.9

We see room for trading income improvements in 2H16, as well as margin improvements, as the yield environment takes an upward bias. The bank's capital position is relatively strong, and while there could be some downward pressure, we think it generates sufficient internal earnings to be able to keep its ratios healthy.

UBA – BUY, TP NGN9.4

The impressive growth in contribution from Africa is core to our **BUY** rating, particularly as the group's numbers benefit in naira terms from translation effects from Africa owing to naira depreciation. See our *UBA – Africa rising* report for more information.

Access – BUY, TP NGN9.1

We raise our TP by 30% to NGN9.1 and maintain our **BUY** rating. Management estimated its net FX long position at at least \$200mn, which should provide some capital and asset quality buffers. Overall, management reiterated its confidence in delivering at least 22% RoE in FY16 and thinks the weaker exchange rate should be earnings-positive for its outstanding \$1bn FX swap positions.

FBNH – HOLD, TP NGN4.6

We acknowledge the challenges with FBNH's high FX NPLs, weak coverage and capital ratios. We have had extensive discussions with the regulator and other banks to gauge room for systemic support for this institution should things deteriorate, and our sense is that the system will support the bank through this difficult patch. Should events cause it to breach the minimum CAR requirements, we do not expect the CBN to do anything more drastic than place a freeze on credit growth, mandate the sell-down of some assets and prevent the banking business from paying dividends to help generate internal capital. We think cost improvements are in progress; while asset quality and capital challenges could take more time to fix, the bank's sizeable net long FX position should provide ample buffers. In our recent meeting with the CEO, management reiterated confidence in the bank's ability to service its eurobond obligations, following our questions around the

distressed yields at which these instruments are trading. On the back of the above, particularly the net long FX position, on which we previously had little clarity, we upgrade the stock to **HOLD**, from Sell, with a revised TP of NGN4.6, flagging that while a capital raise may be off the agenda in 2016, until management delivers on its key targets, this could happen in 2017, should market conditions improve, in our view.

Stanbic – HOLD, TP NGN17.2

The challenges with the Financial Reporting Council (FRC) make it difficult to formulate a constructive view on the earnings outlook for Stanbic. However, the fundamentals appear intact, although we have asset quality concerns. We expect the bank's trading income to receive a boost over time from the liberalisation of FX markets. Furthermore, while we await a resolution of the issues with the FRC, we expect the technical treatment of the accruals to be such that they are written back, ultimately boosting earnings in previous years, as a restatement could need to happen. Management thinks AuM and PBT growth in the wealth business should be c. 10% in 2016 as a base case.

FCMB – HOLD, TP NGN2.1

We increase our TP on FCMB to NGN2.1, but maintain our **HOLD** rating. With naira depreciation, we should see some improvements in state government revenue, and this should be positive for FCMB, given that a sizeable portion of its NPLs are a result of delayed payments to government employees. However, we are concerned about the reduction in oil production and what this could mean for state government revenue. Management also mentioned that NPLs trended upwards in 2Q16. We estimate the bank's net long FX position at \$125mn and see this as providing material asset quality and capital buffers in the weaker currency environment.

Fidelity – HOLD, TP NGN1.4

Relative to other tier 2 banks, we think asset quality trends at Fidelity have been the most impressive. The bank made a conservative decision to charge the required NGN1.1bn general provision on its Oando exposure to its P&L in 4Q15, and we could potentially see some write-backs in 2H16, following a pay-down and restructuring of the loan. One of our key concerns for Fidelity is its exposure to Aiteo – should the CBN force a classification of its \$172mn portion, the NPL ratio could spike to as high as 13% (using NGN300/\$). However, the bank has a net long FX position of \$120mn, which should help to ease the pain from such an event.

Diamond – SELL, TP NGN2.5

We still have material concerns on the earnings outlook at Diamond. In a depreciation environment, we expect its capital ratios to come under significant pressure, partly owing to its relatively low FX long positions and high CoR numbers (with guidance for at least 5%). Furthermore, 45-50% of the bank's FY15 NPLs were in FX and provisions are mostly held in naira, which is clearly negative for coverage ratios. FX liquidity challenges are prevalent with its letter-of-credit positions (a sector-wide risk), partly because the bank has used its internal liquidity to settle obligations on behalf of clients who have not been able to source FX from the CBN. We see significant challenges here and we maintain our cautious view on the stock.

Skye – SELL, TP NGN1.1

The fact that Skye is yet to release its FY15 results is a major concern to us, supporting our **SELL** rating on the stock.

Summary financials

Access Bank summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 21: Access Bank summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	42.8	52.8	52.7	53.1	57.0	57.6
Interbank	203,219	103,023	137,817	165,381	165,381	165,381	Deposits/liabilities	83.7	79.6	75.7	77.0	76.7	76.8
Securities	421,201	410,562	530,546	664,108	697,313	767,045	Loans/deposits	59.0	76.4	81.1	79.5	86.5	87.6
Net loans	786,170	1,110,464	1,365,831	1,740,630	2,081,139	2,383,502	Equity/assets	13.2	13.0	14.0	13.1	13.9	14.3
Gross loans	800,664	1,129,446	1,394,522	1,784,988	2,141,985	2,463,283							
Interest-earning assets	1,410,590	1,624,050	2,034,194	2,570,119	2,943,833	3,315,928	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	1,835,466	2,104,361	2,591,330	3,275,421	3,649,235	4,137,699	Tier 1	17.9	13.6	14.4	14.1	14.6	15.1
							Tier 2	-1.2	3.6	3.7	3.6	3.2	2.8
							Total	16.7	17.2	18.0	17.7	17.8	17.9
Liabilities							Asset quality	2013	2014	2015	2016E	2017E	2018E
Interbank	72,148	119,045	72,914	76,560	80,388	84,408	NPLs	22,589	25,262	24,417	44,625	64,260	86,215
Securities	120,167	218,297	381,321	487,556	557,291	638,195	NPL reserves	14,495	18,982	28,691	44,358	60,846	79,781
Deposits	1,331,419	1,454,419	1,683,244	2,188,218	2,407,039	2,719,954	NPLs/gross loans (%)	2.82	2.24	1.75	2.50	3.00	3.50
Interest-bearing liabilities	1,523,734	1,791,762	2,137,480	2,752,333	3,044,718	3,442,557	Reserves/NPLs (x) - ex-reg reserves	0.64	0.75	1.18	0.99	0.95	0.93
Total liabilities	1,590,984	1,826,950	2,223,529	2,841,902	3,138,020	3,539,815	Credit charge (%)	-0.85	1.21	1.13	1.30	1.40	1.30
Shareholders' equity	242,714	273,880	363,902	428,922	505,794	591,544							
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	10.5	11.7	11.4	11.0	11.8	11.6
Interest income	145,961	176,918	207,803	254,254	326,383	364,177	Liability margin	4.7	4.6	5.2	3.9	4.3	4.3
Interest expense	-68,237	-76,901	-102,421	-95,420	-124,403	-139,084	NIM	5.6	6.6	5.8	6.9	7.3	7.2
Net interest income	77,724	100,017	105,382	158,835	201,980	225,093	Spread	5.9	7.0	6.1	7.1	7.5	7.3
Net fee income	31,548	30,760	33,313	56,722	63,529	71,153							
Trading income	7,538	564	26,502	42,403	29,682	32,056	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	21,739	36,939	69,636	6,832	7,174	7,532	Cost/income	73.0	62.2	62.0	54.9	53.4	53.4
Total revenue	138,548	168,280	234,832	264,792	302,364	335,835	Cost/avg assets	5.65	5.31	6.20	4.96	4.66	4.61
Staff costs	-31,082	-31,294	-42,347	-39,719	-45,355	-50,375	Effective tax rate	17.1	17.3	12.2	16.0	17.0	17.0
Other costs	-70,099	-73,312	-103,222	-105,675	-116,113	-129,019							
Total costs	-101,181	-104,605	-145,569	-145,394	-161,467	-179,394	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	37,367	63,675	89,263	119,398	140,897	156,441	RoAE	15.1	16.5	20.5	20.5	19.7	18.8
Provisioning charge	6,164	-11,652	-14,225	-20,667	-27,489	-29,934	RoAA	2.0	2.2	2.8	2.8	2.7	2.6
Other pre-tax items	266	-87	0	0	0	0							
Pre-tax profit	43,796	51,935	75,038	98,731	113,408	126,507	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	-7,499	-8,959	-9,169	-15,797	-19,279	-21,506	Interest income/revenue	56.1	59.4	44.9	60.0	66.8	67.0
Minorities	-196	-561	-536	-1659	-1883	-2100	Fees/revenue	22.8	18.3	14.2	21.4	21.0	21.2
Other post-tax gains/losses	0	0	0	0	0	0	Trading income/revenue	5.4	0.3	11.3	16.0	9.8	9.5
Net profit	36,102	42,415	65,333	81,275	92,246	102,901	Fees/staff costs	101.5	98.3	78.7	142.8	140.1	141.2
Dividend on comm shares	-13,733	-13,733	-15,910	-16,255	-15,374	-17,150	Fees/total costs	31.2	29.4	22.9	39.0	39.3	39.7
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	38.0	32.4	24.4	20.0	16.7	16.7
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	No. of:	2010	2011	2012	2013	2014	2015
Loans	24.7	41.1	23.5	28.0	20.0	15.0	Employees	1,754	3,152	3,837	4,001	3,502	3,876
Interest-earning assets	3.7	15.1	25.3	26.3	14.5	12.6	Branches	131	348	349	366	366	371
Deposits	10.8	9.2	15.7	30.0	10.0	13.0	PoS	310	3,800	5,454	11,615	14,602	9,098
Interest-bearing liabilities	8.7	17.6	19.3	28.8	10.6	13.1	ATMs	161	1,600	1,552	1,043	1,066	1,437
Assets	5.2	14.6	23.1	26.4	11.4	13.4							
Fee income	12.2	-2.5	8.3	70.3	12.0	12.0							
Revenue	-4.8	21.5	39.5	12.8	14.2	11.1							
Costs	10.0	3.4	39.2	-0.1	11.1	11.1							
Operating profit	-30.2	70.4	40.2	33.8	18.0	11.0							
Net profit	-12.1	17.5	54.0	24.4	13.5	11.5							
EPS	-12.1	17.5	21.9	24.4	13.5	11.5							
Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E							
No. of comm shares (mn)	22,888	22,888	28,928	28,928	28,928	28,928							
EPS	1.58	1.85	2.26	2.81	3.19	3.56							
DPS	0.60	0.60	0.55	0.56	0.53	0.59							
BVPS	10.6	12.0	12.6	14.8	17.5	20.4							

Source: Company data, Renaissance Capital estimates

Figure 22: Access Bank summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	1,270	563	693	424	475	475
Securities	2,633	2,244	2,666	1,703	2,004	2,204
Net loans	4,914	6,068	6,863	4,463	5,980	6,849
Gross loans	5,004	6,172	7,008	4,577	6,155	7,078
Interest-earning assets	8,816	8,875	10,222	6,590	8,459	9,529
Total assets	11,472	11,499	13,022	8,399	10,486	11,890
Liabilities						
Interbank	451	651	366	196	231	243
Securities	751	1,193	1,916	1,250	1,601	1,834
Deposits	8,321	7,948	8,459	5,611	6,917	7,816
Interest-bearing liabilities	9,523	9,791	10,741	7,057	8,749	9,892
Total liabilities	9,944	9,983	11,174	7,287	9,017	10,172
Shareholders' equity	1,517	1,497	1,829	1,100	1,453	1,700
Income statement						
Interest income	918	1,072	1,044	942	885	987
Interest expense	-429	-466	-515	-353	-337	-377
Net interest income	489	606	530	588	547	610
Net fee income	198	186	167	210	172	193
Trading income	47	3	133	157	80	87
Other income	137	224	350	25	19	20
Total revenue	871	1,020	1,180	981	819	910
Staff costs	-195	-190	-213	-147	-123	-137
Other costs	-441	-444	-519	-391	-315	-350
Total costs	-636	-634	-732	-538	-438	-486
Operating profit	235	386	449	442	382	424
Provisioning charge	39	-71	-71	-77	-74	-81
Other pre-tax items	2	-1	0	0	0	0
Pre-tax profit	275	315	377	366	307	343
Tax	-47	-54	-46	-59	-52	-58
Minorities	-1	-3	-3	-6	-5	-6
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	227	257	328	301	250	279
Dividend on common shares	-86	-83	-80	-60	-42	-46
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a
Key YoY growth rates (%)						
Loans	21.6	23.3	13.5	-34.7	34.5	15.0
Interest-earning assets	1.1	0.7	15.2	-35.5	28.4	12.6
Deposits	8.0	-4.5	6.4	-33.7	23.3	13.0
Interest-bearing liabilities	6.0	2.8	9.7	-34.3	24.0	13.1
Assets	2.5	0.2	13.2	-35.5	24.9	13.4
Fee income	10.7	-6.0	-10.2	25.5	-18.0	12.0
Revenue	-6.0	17.0	15.7	-16.9	-16.4	11.1
Costs	8.6	-0.4	15.4	-26.4	-18.7	11.1
Operating profit	-31.0	64.2	16.2	-1.4	-13.7	11.0
Net profit	-13.2	13.2	27.7	-8.3	-17.0	11.5
EPS	-13.2	13.2	1.0	-8.3	-17.0	11.5
Per-share data (\$)						
No. of common shares (mn)	22,888	22,888	28,928	28,928	28,928	28,928
EPS	0.01	0.01	0.01	0.01	0.01	0.01
DPS	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	0.1	0.1	0.1	0.0	0.1	0.1
Balance-sheet ratios (%)						
Loans/assets	42.8	52.8	52.7	53.1	57.0	57.6
Deposits/liabilities	83.7	79.6	75.7	77.0	76.7	76.8
Loans/deposits	59.0	76.4	81.1	79.5	86.5	87.6
Equity/assets	13.2	13.0	14.0	13.1	13.9	14.3
Capital ratios (%)						
Tier 1	17.9	13.6	14.4	14.1	14.6	15.1
Tier 2	-1.2	3.6	3.7	3.6	3.2	2.8
Total	16.7	17.2	18.0	17.7	17.8	17.9
Asset quality						
NPLs	141	138	123	114	185	248
NPL reserves	91	104	144	114	175	229
NPLs/gross loans (%)	2.82	2.24	1.75	2.50	3.00	3.50
Reserves/NPLs (x)	0.64	0.75	1.18	0.99	0.95	0.93
Credit charge (%)	-0.85	1.21	1.13	1.30	1.40	1.30
Margins (%)						
Asset margin	10.5	11.7	11.4	11.0	11.8	11.6
Liability margin	4.7	4.6	5.2	3.9	4.3	4.3
NIM	5.6	6.6	5.8	6.9	7.3	7.2
Spread	5.9	7.0	6.1	7.1	7.5	7.3
Costs (%)						
Cost/income	73.0	62.2	62.0	54.9	53.4	53.4
Cost/avg assets	5.65	5.31	6.20	4.96	4.66	4.61
Effective tax rate	17.1	17.3	12.2	16.0	17.0	17.0
Profitability ratios (%)						
RoAE	15.1	16.5	20.5	20.5	19.7	18.8
RoAA	2.0	2.2	2.8	2.8	2.7	2.6
Other P&L ratios (%)						
Interest income/revenue	56.1	59.4	44.9	60.0	66.8	67.0
Fees/revenue	22.8	18.3	14.2	21.4	21.0	21.2
Trading income/revenue	5.4	0.3	11.3	16.0	9.8	9.5
Fees/staff costs	101.5	98.3	78.7	142.8	140.1	141.2
Fees/total costs	31.2	29.4	22.9	39.0	39.3	39.7
Payout ratio	38.0	32.4	24.4	20.0	16.7	16.7
No. of:						
Employees	1,754	3,152	3,837	4,001	3,502	3,876
Branches	131	348	349	366	366	371
Mini/Sub branches	310	3,800	5,454	11,615	14,602	9,098
ATMs	161	1,600	1,552	1,043	1,066	1,437

Source: Company data, Renaissance Capital estimates

Diamond Bank summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 23: Diamond Bank summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	45.4	40.9	43.6	45.7	46.4	46.9
Interbank	129,362	296,099	60,103	63,109	66,264	72,890	Deposits/liabilities	79.4	77.2	70.4	70.7	71.0	72.2
Securities	383,210	449,764	452,716	497,988	547,787	602,566	Loans/deposits	57.1	53.0	61.9	64.6	65.3	64.9
Net loans	689,168	791,095	763,635	912,457	1,029,382	1,176,215	Equity/assets	9.1	10.8	12.2	11.4	11.0	10.6
Gross loans	718,658	830,715	820,530	998,886	1,118,753	1,285,674							
Interest-earning assets	1,201,741	1,536,957	1,276,455	1,473,554	1,643,433	1,851,671	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	1,518,856	1,933,123	1,753,232	1,997,399	2,217,399	2,508,872	Tier 1	13.4	14.2	14.3	12.7	12.4	12.4
							Tier 2	3.9	3.2	2.0	2.5	2.2	2.0
							Total	17.3	17.5	16.4	15.2	14.7	14.4
Liabilities							Asset quality	2013	2014	2015	2016E	2017E	2018E
Interbank	54,579	68,760	115,820	127,402	140,142	154,156	NPLs	25,445	42,456	56,684	69,922	50,344	57,855
Securities	47,514	74,637	102,720	123,263	135,590	135,590	NPL Reserves	29,490	39,621	56,895	86,429	89,370	109,459
Deposits	1,206,044	1,493,081	1,233,591	1,411,518	1,575,275	1,811,566	NPLs/gross loans (%)	3.54	5.11	6.91	7.00	4.50	4.50
Interest-bearing liabilities	1,343,677	1,680,946	1,492,057	1,718,081	1,918,084	2,181,805	Reserves/NPLs (x)	1.16	0.93	1.00	1.24	1.78	1.89
Total liabilities	1,518,856	1,933,123	1,753,232	1,997,399	2,217,399	2,508,872	Credit charge (%)	3.50	3.40	6.68	5.50	5.00	4.00
Shareholders' equity	138,700	208,807	214,345	227,973	242,951	265,182							
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	13.2	11.8	11.2	11.6	11.6	12.0
Interest income	143,128	161,130	157,860	158,945	180,721	209,179	Liability margin	3.3	3.4	3.1	3.0	3.2	3.3
Interest expense	-38,500	-51,553	-48,454	-48,147	-57,788	-67,487	NIM	9.6	8.0	7.8	8.1	7.9	8.1
Net interest income	104,628	109,576	109,406	110,798	122,933	141,692	Spread	9.9	8.4	8.2	8.6	8.4	8.7
Net fee income	27,755	33,495	30,812	37,857	41,642	45,807							
Trading income	4,195	6,728	6,013	21,047	22,099	23,204	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	2,988	3,954	13,579	11,815	11,936	12,068	Cost/income	60.3	64.6	61.0	59.1	58.3	58.2
Total revenue	139,565	153,754	159,810	181,517	198,610	222,770	Cost/avg assets	6.24	5.75	5.29	5.72	5.49	5.49
Staff costs	-29,429	-33,340	-31,904	-34,488	-37,736	-42,326	Effective tax rate	11.0	9.3	20.2	15.0	16.0	17.0
Other costs	-54,754	-65,942	-65,641	-72,752	-77,974	-87,356							
Total costs	-84,184	-99,282	-97,546	-107,240	-115,710	-129,682	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	55,382	54,472	62,265	74,277	82,900	93,088	RoAE	23.1	14.6	2.7	9.2	10.6	14.6
Provisioning charge	-23,297	-26,371	-55,172	-50,034	-52,941	-48,089	RoAA	2.1	1.5	0.3	1.1	1.2	1.6
Other pre-tax items	-5	0	0	0	0	0							
Pre-tax profit	32,080	28,101	7,093	24,243	29,959	45,000	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	-3,535	-2,616	-1,436	-3,636	-4,793	-7,650	Interest income/revenue	75.0	71.3	68.5	61.0	61.9	63.6
Minorities	31	-77	-41	-165	-201	-299	Fees/revenue	19.9	21.8	19.3	20.9	21.0	20.6
Other post-tax gains/losses	0	0	1	1	1	1	Trading income/revenue	3.0	4.4	3.8	11.6	11.1	10.4
Net profit	28,576	25,409	5,617	20,443	24,965	37,052	Fees/staff costs	94.3	100.5	96.6	109.8	110.4	108.2
Dividend on common shares	-4,343	-1,531	-1,531	-6,814	-9,986	-14,820	Fees/total costs	33.0	33.7	31.6	35.3	36.0	35.3
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	15.2	6.0	27.3	33.3	40.0	40.0
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	No. of:	2010	2011	2012	2013	2014	2015
Loans	17.7	15.6	-1.2	21.7	12.0	14.9	Employees	2,986	2,785	3,324	4,366	5,233	4,954
Interest-earning assets	23.8	27.9	-16.9	15.4	11.5	12.7	Branches	215	233	230	286	na	317
Deposits	32.5	23.8	-17.4	14.4	11.6	15.0	Mini/Sub branches	na	na	na	na	na	na
Interest-bearing liabilities	31.2	25.1	-11.2	15.1	11.6	13.7	ATMs	na	240	408	671	na	967
Assets	28.9	27.3	-9.3	13.9	11.0	13.1							
Fee income	10.2	20.7	-8.0	22.9	10.0	10.0							
Revenue	23.4	10.2	3.9	13.6	9.4	12.2							
Costs	22.8	17.9	-1.7	9.9	7.9	12.1							
Operating profit	24.4	-1.6	14.3	19.3	11.6	12.3							
Net profit	29.1	-11.1	-77.9	264.0	22.1	48.4							
EPS	29.1	-12.9	-77.9	206.2	22.1	48.4							
Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E							
No. of common shares (mn)	14,475	15,308	15,308	23,160	23,160	23,160							
EPS (fully diluted)	1.40	1.22	0.27	0.83	1.01	1.50							
DPS	0.30	0.10	0.10	0.29	0.43	0.64							
BVPS (fully diluted)	5.8	8.5	8.2	9.2	9.8	10.1							

Source: Company data, Renaissance Capital estimates

Figure 24: Diamond Bank summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	45.4	40.9	43.6	45.7	46.4	46.9
Interbank	809	1,618	302	162	190	209	Deposits/liabilities	79.4	77.2	70.4	70.7	71.0	72.2
Securities	2,395	2,458	2,275	1,277	1,574	1,732	Loans/deposits	57.1	53.0	61.9	64.6	65.3	64.9
Net loans	4,307	4,323	3,837	2,340	2,958	3,380	Equity/assets	9.1	10.8	12.2	11.4	11.0	10.6
Gross loans	4,492	4,539	4,123	2,561	3,215	3,694	Capital ratios (%)						
Interest-earning assets	7,511	8,399	6,414	3,778	4,723	5,321	Tier 1	13.4	14.2	14.3	12.7	12.4	12.4
Total Assets	9,493	10,564	8,810	5,122	6,372	7,209	Tier 2	3.9	3.2	2.0	2.5	2.2	2.0
							Total	17.3	17.5	16.4	15.2	14.7	14.4
Liabilities							Asset quality						
Interbank	341	376	582	327	403	443	NPLs	159	232	285	179	145	166
Securities	297	408	516	316	390	390	NPL reserves	184	217	286	222	257	315
Deposits	7,538	8,159	6,199	3,619	4,527	5,206	NPLs/gross loans (%)	3.54	5.11	6.91	7.00	4.50	4.50
Interest-bearing liabilities	8,398	9,185	7,498	4,405	5,512	6,270	Reserves/NPLs (x)	1.16	0.93	1.00	1.24	1.78	1.89
Total liabilities	9,493	10,564	8,810	5,122	6,372	7,209	Credit charge (%)	3.50	3.40	6.68	5.50	5.00	4.00
Shareholders' equity	867	1,141	1,077	585	698	762	Margins (%)						
							Asset margin	13.2	11.8	11.2	11.6	11.6	12.0
Income statement							Liability margin	3.3	3.4	3.1	3.0	3.2	3.3
Interest income	900	977	793	589	490	567	NIM	9.6	8.0	7.8	8.1	7.9	8.1
Interest expense	-242	-312	-243	-178	-157	-183	Spread	9.9	8.4	8.2	8.6	8.4	8.7
Net interest income	658	664	550	410	333	384	Costs (%)						
Net fee income	175	203	155	140	113	124	Cost/income	60.3	64.6	61.0	59.1	58.3	58.2
Trading income	26	41	30	78	60	63	Cost/avg assets	6.24	5.75	5.29	5.72	5.49	5.49
Other income	19	24	68	44	32	33	Effective tax rate	11.0	9.3	20.2	15.0	16.0	17.0
Total revenue	878	932	803	672	538	604	Profitability ratios (%)						
Staff costs	-185	-202	-160	-128	-102	-115	RoAE	23.1	14.6	2.7	9.2	10.6	14.6
Other costs	-344	-400	-330	-269	-211	-237	RoAA	2.1	1.5	0.3	1.1	1.2	1.6
Total costs	-529	-602	-490	-397	-314	-351	Other P&L ratios (%)						
Operating profit	348	330	313	275	225	252	Interest income/revenue	75.0	71.3	68.5	61.0	61.9	63.6
Provisioning charge	-147	-160	-277	-185	-143	-130	Fees/revenue	19.9	21.8	19.3	20.9	21.0	20.6
Other pre-tax items	0	0	0	0	0	0	Trading income/revenue	3.0	4.4	3.8	11.6	11.1	10.4
Pre-tax profit	202	170	36	90	81	122	Fees/staff costs	94.3	100.5	96.6	109.8	110.4	108.2
Tax	-22	-16	-7	-13	-13	-21	Fees/total costs	33.0	33.7	31.6	35.3	36.0	35.3
Minorities	0	0	0	-1	-1	-1	Payout ratio	15.2	6.0	27.3	33.3	40.0	40.0
Other post-tax gains/losses	0	0	0	0	0	0	No. of:						
Net profit	180	154	28	76	68	100	Employees	2,986	2,785	3,324	4,366	5,233	4,954
Dividend on common shares	-27	-9	-8	-25	-27	-40	Branches	215	233	230	286	na	317
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Mini/Sub branches	na	na	na	na	na	na
							ATMs	na	240	408	671	na	967
Key YoY growth rates (%)													
Loans	14.7	1.1	-9.2	-37.9	25.5	14.9							
Interest-earning assets	20.7	11.8	-23.6	-41.1	25.0	12.7							
Deposits	29.2	8.2	-24.0	-41.6	25.1	15.0							
Interest-bearing liabilities	27.9	9.4	-18.4	-41.2	25.1	13.7							
Assets	25.7	11.3	-16.6	-41.9	24.4	13.1							
Fee income	8.8	16.3	-23.7	-9.4	-19.5	10.0							
Revenue	21.9	6.2	-13.8	-16.3	-19.9	12.2							
Costs	21.3	13.6	-18.5	-19.0	-21.0	12.1							
Operating profit	22.9	-5.2	-5.2	-12.1	-18.3	12.3							
Net profit	27.4	-14.3	-81.7	168.3	-10.6	48.4							
EPS	27.4	-16.0	-81.7	125.7	-10.6	48.4							
Per-share data (\$)													
No. of common shares (mn)	14,475	15,308	15,308	23,160	23,160	23,160							
EPS (fully diluted)	0.01	0.01	0.00	0.00	0.00	0.00							
DPS	0.00	0.00	0.00	0.00	0.00	0.00							
BVPS (fully diluted)	0.0	0.0	0.0	0.0	0.0	0.0							

Source: Company data, Renaissance Capital estimates

FCMB summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 25: FCMB summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015E	2016E	2017E	2018E
Assets						
Interbank	199,700	126,294	180,922	199,014	208,965	208,965
Securities	218,774	207,344	190,562	209,618	209,618	188,656
Net loans	450,533	617,980	592,957	683,263	776,290	887,521
Gross loans	462,371	633,375	611,060	714,940	822,181	945,508
Interest-earning assets	869,007	951,618	964,441	1,091,894	1,194,872	1,285,141
Total assets	1,008,280	1,169,365	1,159,534	1,294,315	1,353,250	1,434,457
Liabilities						
Interbank	0	4,797	5,461	5,461	5,461	5,461
Securities	0	26,174	49,309	49,309	49,309	49,309
Deposits	715,214	733,797	700,217	803,723	884,737	980,340
Interest-bearing liabilities	774,458	879,222	902,533	1,050,303	1,111,317	1,186,921
Total liabilities	1,008,280	1,169,365	1,159,534	1,294,315	1,353,250	1,434,457
Shareholders' equity	143,707	160,365	162,391	175,013	191,581	210,768

Income statement	2013	2014	2015E	2016E	2017E	2018E
Interest income	103,302	117,984	123,584	133,009	140,911	163,009
Interest expense	-45,507	-45,351	-59,647	-59,561	-61,029	-69,672
Net interest income	57,795	72,634	63,937	73,448	79,882	93,338
Net fee income	13,972	14,438	15,834	14,251	14,755	15,196
Trading income	618	766	940	1,598	1,918	2,206
Other income	11,864	12,981	8,985	14,309	15,024	16,527
Total revenue	84,250	100,819	89,697	103,606	111,580	127,266
Staff costs	-24,155	-27,805	-25,488	-27,974	-30,127	-33,089
Other costs	-33,996	-38,499	-41,491	-40,694	-41,814	-47,098
Total costs	-58,151	-66,304	-66,979	-68,668	-71,941	-80,187
Operating profit	26,099	34,515	22,718	34,939	39,639	47,079
Provisioning charge	-7,983	-10,640	-15,033	-16,575	-19,214	-22,096
Other pre-tax items	68	68	85	89	93	98
Pre-tax profit	18,184	23,943	7,769	18,453	20,518	25,081
Tax	-2,183	-1,810	-3,008	-5,167	-3,078	-3,762
Minorities	0	0	0	0	0	0
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	16,001	22,133	4,761	13,286	17,440	21,319
Dividend on common shares	-5,827	-4,951	-1,980	-664	-872	-2,132
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015E	2016E	2017E	2018E
Loans	26.7	37.0	-3.5	17.0	15.0	15.0
Interest-earning assets	13.2	9.5	1.3	13.2	9.4	7.6
Deposits	10.7	2.6	-4.6	14.8	10.1	10.8
Interest-bearing liabilities	15.0	13.5	2.7	16.4	5.8	6.8
Assets	11.0	16.0	-0.8	11.6	4.6	6.0
Fee income	-2.4	3.3	9.7	-10.0	3.5	3.0
Revenue	16.1	19.7	-11.0	15.5	7.7	14.1
Costs	32.9	14.0	1.0	2.5	4.8	11.5
Operating profit	-9.3	32.2	-34.2	53.8	13.5	18.8
Net profit	4.6	38.3	-78.5	179.1	31.3	22.2
EPS	-3.8	35.7	-78.5	179.1	31.3	22.2

Per-share data (NGN)	2013	2014	2015E	2016E	2017E	2018E
No. of common shares (mn)	19,422	19,803	19,803	19,803	19,803	19,803
EPS	0.82	1.12	0.24	0.67	0.88	1.08
DPS	0.30	0.25	0.10	0.03	0.04	0.11
BVPS	7.3	8.1	8.2	8.8	9.7	10.6

Balance-sheet ratios (%)	2013	2014	2015E	2016E	2017E	2018E
Loans/assets	44.7	52.8	51.1	52.8	57.4	61.9
Deposits/liabilities	70.9	62.8	60.4	62.1	65.4	68.3
Loans/deposits	63.0	84.2	84.7	85.0	87.7	90.5
Equity/assets	14.3	13.7	14.0	13.5	14.2	14.7

Capital ratios (%)	2013	2014	2015E	2016E	2017E	2018E
Tier 1	17.5	15.8	13.7	13.9	14.3	14.8
Tier 2	0.0	3.4	3.2	2.8	2.6	2.4
Total	17.5	19.3	16.9	16.7	16.9	17.2

Asset quality	2013E	2014	2015E	2016E	2017E	2018E
NPLs	17,962	22,962	25,370	39,322	49,331	52,003
NPL reserves	11,838	15,395	18,102	31,677	45,891	57,987
NPLs/gross loans (%)	3.88	3.63	4.15	5.50	6.00	5.50
Reserves/NPLs (x)	0.66	0.67	0.71	0.81	0.93	1.12
Credit charge (%)	1.93	1.94	2.42	2.50	2.50	2.50

Margins (%)	2013	2014	2015E	2016E	2017E	2018E
Asset margin	12.6	13.0	12.9	12.9	12.3	13.1
Liability margin	6.3	5.5	6.7	6.1	5.6	6.1
NIM	7.1	8.0	6.7	7.1	7.0	7.5
Spread	6.3	7.5	6.2	6.8	6.7	7.1

Costs (%)	2013	2014	2015E	2016E	2017E	2018E
Cost/income	69.0	65.8	74.7	66.3	64.5	63.0
Cost/avg assets	6.07	6.09	5.75	5.60	5.43	5.75
Effective tax rate	12.0	7.6	38.7	28.0	15.0	15.0

Profitability ratios (%)	2013	2014	2015E	2016E	2017E	2018E
RoAE	11.6	14.6	3.0	7.9	9.5	10.6
RoAA	1.7	2.0	0.4	1.1	1.3	1.5

Other P&L ratios (%)	2013	2014	2015E	2016E	2017E	2018E
Interest income/revenue	68.6	72.0	71.3	70.9	71.6	73.3
Fees/revenue	16.6	14.3	17.7	13.8	13.2	11.9
Trading income/revenue	0.7	0.8	1.0	1.5	1.7	1.7
Fees/staff costs	57.8	51.9	62.1	50.9	49.0	45.9
Fees/total costs	24.0	21.8	23.6	20.8	20.5	19.0
Payout ratio	36.4	22.4	41.6	5.0	5.0	10.0

No. of:	2010	2011	2012	2013	2014	2015
Employees	2,570	2,443	3,023	4,202	4,430	4,143
Branches	133	139	278	275	248	225
Mini/Sub branches	na	na	na	na	na	na
ATMs	371	380	289	375	549	

Source: Company data, Renaissance Capital estimates

Figure 26: FCMB summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015E	2016E	2017E	2018E
Assets						
Interbank	1,248	690	909	510	600	600
Securities	1,367	1,133	958	537	602	542
Net loans	2,816	3,377	2,980	1,752	2,231	2,550
Gross loans	2,890	3,461	3,071	1,833	2,363	2,717
Interest-earning assets	5,431	5,200	4,846	2,800	3,434	3,693
Total Assets	6,302	6,390	5,827	3,319	3,889	4,122
Liabilities						
Interbank	0	26	27	14	16	16
Securities	0	143	248	126	142	142
Deposits	4,470	4,010	3,519	2,061	2,542	2,817
Interest-bearing liabilities	4,840	4,804	4,535	2,693	3,193	3,411
Total liabilities	6,302	6,390	5,827	3,319	3,889	4,122
Shareholders' equity	898	876	816	449	551	606

Income statement	2013	2014	2015E	2016E	2017E	2018E
Interest income	650	715	621	493	382	442
Interest expense	-286	-275	-300	-221	-165	-189
Net interest income	363	440	321	272	216	253
Net fee income	88	88	80	53	40	41
Trading income	4	5	5	6	5	6
Other income	75	79	45	53	41	45
Total revenue	530	611	451	384	302	345
Staff costs	-152	-169	-128	-104	-82	-90
Other costs	-214	-233	-208	-151	-113	-128
Total costs	-366	-402	-337	-254	-195	-217
Operating profit	164	209	114	129	107	128
Provisioning charge	-50	-64	-76	-61	-52	-60
Other pre-tax items	0	0	0	0	0	0
Pre-tax profit	114	145	39	68	56	68
Tax	-14	-11	-15	-19	-8	-10
Minorities	0	0	0	0	0	0
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	101	134	24	49	47	58
Dividend on common shares	-37	-30	-10	-2	-2	-6
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015E	2016E	2017E	2018E
Loans	23.6	19.8	-11.3	-40.3	28.9	15.0
Interest-earning assets	10.4	-4.3	-6.8	-42.2	22.6	7.6
Deposits	7.9	-10.3	-12.2	-41.4	23.4	10.8
Interest-bearing liabilities	12.2	-0.7	-5.6	-40.6	18.6	6.8
Assets	8.2	1.4	-8.8	-43.0	17.2	6.0
Fee income	-3.6	-0.4	-9.1	-33.7	-24.2	3.0
Revenue	14.7	15.3	-26.2	-14.9	-21.2	14.1
Costs	31.2	9.9	-16.2	-24.4	-23.3	11.5
Operating profit	-10.5	27.4	-45.4	13.4	-17.0	18.8
Net profit	3.3	33.3	-82.2	105.7	-3.9	22.2
EPS	-5.0	30.7	-82.2	105.7	-3.9	22.2

Per-share data (\$)	2013	2014	2015E	2016E	2017E	2018E
No. of common shares (mn)	19,422	19,803	19,803	19,803	19,803	19,803
EPS	0.01	0.01	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	0.0	0.0	0.0	0.0	0.0	0.0

Balance-sheet ratios (%)	2013	2014	2015E	2016E	2017E	2018E
Loans/assets	44.7	52.8	51.1	52.8	57.4	61.9
Deposits/liabilities	70.9	62.8	60.4	62.1	65.4	68.3
Loans/deposits	63.0	84.2	84.7	85.0	87.7	90.5
Equity/assets	14.3	13.7	14.0	13.5	14.2	14.7

Capital ratios (%)	2013	2014	2015E	2016E	2017E	2018E
Tier 1	17.5	15.8	13.7	13.9	14.3	14.8
Tier 2	0.0	3.4	3.2	2.8	2.6	2.4
Total	17.5	19.3	16.9	16.7	16.9	17.2

Asset quality	2013	2014	2015E	2016E	2017E	2018E
NPLs	112	125	127	101	142	149
NPL reserves	74	84	91	81	132	167
NPLs/gross loans (%)	3.88	3.63	4.15	5.50	6.00	5.50
Reserves/NPLs (x)	0.66	0.67	0.71	0.81	0.93	1.12
Credit charge (%)	1.93	1.94	2.42	2.50	2.50	2.50

Margins (%)	2013	2014	2015E	2016E	2017E	2018E
Asset margin	12.6	13.0	12.9	12.9	12.3	13.1
Liability margin	6.3	5.5	6.7	6.1	5.6	6.1
NIM	7.1	8.0	6.7	7.1	7.0	7.5
Spread	6.3	7.5	6.2	6.8	6.7	7.1

Costs (%)	2013	2014	2015E	2016E	2017E	2018E
Cost/income	69.0	65.8	74.7	66.3	64.5	63.0
Cost/avg assets	6.07	6.09	5.75	5.60	5.43	5.75
Effective tax rate	12.0	7.6	38.7	28.0	15.0	15.0

Profitability ratios (%)	2013	2014	2015E	2016E	2017E	2018E
RoAE	11.6	14.6	3.0	7.9	9.5	10.6
RoAA	1.7	2.0	0.4	1.1	1.3	1.5

Other P&L ratios (%)	2013	2014	2015E	2016E	2017E	2018E
Interest income/revenue	68.6	72.0	71.3	70.9	71.6	73.3
Fees/revenue	16.6	14.3	17.7	13.8	13.2	11.9
Trading income/revenue	0.7	0.8	1.0	1.5	1.7	1.7
Fees/staff costs	57.8	51.9	62.1	50.9	49.0	45.9
Fees/total costs	24.0	21.8	23.6	20.8	20.5	19.0
Payout ratio	36.4	22.4	41.6	5.0	5.0	10.0

No. of:	2010	2011	2012	2013	2014	2014
Employees	2,570	2,443	3,023	4,202	4,430	4,430
Branches	133	139	278	275	248	248
Mini/Sub branches	na	na	na	na	na	na
ATMs	371	380	289	375	549	549

Source: Company data, Renaissance Capital estimates

Fidelity Bank summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 27: Fidelity Bank summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	80,875	68,735	79,942	87,936	79,143	91,014
Securities	321,056	243,753	301,413	346,625	381,287	400,352
Net loans	426,076	541,686	578,203	666,335	746,165	838,325
Gross loans	442,649	559,137	598,978	694,814	778,192	871,575
Interest-earning assets	828,007	854,174	959,558	1,100,896	1,206,595	1,329,691
Total assets	1,081,219	1,187,025	1,231,722	1,348,094	1,489,121	1,612,721
Liabilities						
Interbank	0	0	0	0	0	0
Securities	70,328	117,541	141,975	198,765	218,642	229,574
Deposits	806,320	820,034	769,636	826,749	922,172	1,029,687
Interest-bearing liabilities	876,648	937,575	911,611	1,025,514	1,140,814	1,259,261
Total liabilities	1,081,219	1,187,025	1,231,722	1,348,094	1,489,121	1,612,721
Shareholders' equity	163,457	173,111	183,516	181,281	201,769	201,022

Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	86,257	104,307	121,158	130,790	148,706	167,384
Interest expense	-55,445	-55,481	-60,294	-56,972	-68,213	-76,526
Net interest income	30,812	48,826	60,864	73,818	80,494	90,857
Net fee income	18,166	14,843	14,826	16,550	17,877	19,703
Trading income	7,789	-3,693	-291	-582	-611	-642
Other income	14,706	14,598	8,496	11,470	6,882	7,570
Total revenue	71,473	74,574	83,895	101,255	104,641	117,489
Staff costs	-25,629	-25,874	-27,125	-31,389	-31,392	-35,247
Other costs	-28,676	-28,879	-36,982	-41,345	-44,150	-49,448
Total costs	-54,305	-54,753	-64,107	-72,734	-75,542	-84,694
Operating profit	17,168	19,821	19,788	28,522	29,099	32,794
Provisioning charge	-8,140	-4,306	-5,764	-9,703	-11,048	-10,723
Other pre-tax items	0	0	0	0	0	0
Pre-tax profit	9,028	15,515	14,024	18,818	18,052	22,071
Tax	-1,307	-1,719	-120	-3,199	-3,249	-3,973
Minorities	0	0	0	0	0	0
Other post-tax gains/losses	0	1	1	1	1	1
Net profit	7,721	13,797	13,905	15,620	14,803	18,099
Dividend on common shares	-4,055	-5,213	-4,634	-6,248	-5,921	-7,239
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	23.3	26.3	7.1	16.0	12.0	12.0
Interest-earning assets	11.4	3.2	12.3	14.7	9.6	10.2
Deposits	12.5	1.7	-6.1	7.4	11.5	11.7
Interest-bearing liabilities	22.3	6.9	-2.8	12.5	11.2	10.4
Assets	18.2	9.8	3.8	9.4	10.5	8.3
Fee income	-15.2	-18.3	-0.1	11.6	8.0	10.2
Revenue	-5.8	4.3	12.5	20.7	3.3	12.3
Costs	7.1	0.8	17.1	13.5	3.9	12.1
Operating profit	-31.9	15.5	-0.2	44.1	2.0	12.7
Net profit	-56.9	78.7	0.8	12.3	-5.2	22.3
EPS	-55.0	78.7	0.8	12.3	-5.2	22.3

Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E
No. of common shares (mn)	28,962	28,962	28,962	28,962	28,962	28,962
EPS	0.27	0.48	0.48	0.54	0.51	0.62
DPS	0.14	0.18	0.16	0.22	0.20	0.25
BVPS	5.6	6.0	6.3	6.3	7.0	6.9

Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	39.4	45.6	46.9	49.4	50.1	52.0
Deposits/liabilities	74.6	69.1	62.5	61.3	61.9	63.8
Loans/deposits	52.8	66.1	75.1	80.6	80.9	81.4
Equity/assets	15.1	14.6	14.9	13.4	13.5	12.5

Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	25.8	17.9	14.1	13.0	13.6	12.3
Tier 2	0.0	5.9	4.6	4.0	3.7	3.4
Total	25.9	23.7	18.7	17.0	17.3	15.6

Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	16,480	24,602	26,355	33,351	38,910	43,579
NPL Reserves	16,573	17,451	20,776	28,479	32,027	33,250
NPLs/gross loans (%)	3.72	4.40	4.40	4.80	5.00	5.00
Reserves/NPLs (x)	1.01	0.71	0.79	0.85	0.82	0.76
Credit charge (%)	2.03	0.86	1.00	1.50	1.50	1.30

Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	11.0	12.4	13.4	12.7	12.9	13.2
Liability margin	7.0	6.1	6.5	5.9	6.3	6.4
NIM	3.9	5.8	6.7	7.2	7.0	7.2
Spread	4.0	6.3	6.8	6.8	6.6	6.8

Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	76.0	73.4	76.4	71.8	72.2	72.1
Cost/avg assets	5.44	4.83	5.30	5.64	5.33	5.46
Effective tax rate	14.5	11.1	0.9	17.0	18.0	18.0

Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	4.8	8.2	7.8	8.6	7.7	9.0
RoAA	0.8	1.2	1.1	1.2	1.0	1.2

Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	43.1	65.5	72.5	72.9	76.9	77.3
Fees/revenue	25.4	19.9	17.7	16.3	17.1	16.8
Trading income/revenue	10.9	-5.0	-0.3	-0.6	-0.6	-0.5
Fees/staff costs	70.9	57.4	54.7	52.7	56.9	55.9
Fees/total costs	33.5	27.1	23.1	22.8	23.7	23.3
Payout ratio	52.5	37.8	33.3	40.0	40.0	40.0

No. of:	2010	2011	2012	2013	2014	2015
Employees	3,815	3,815	3,498	3,484	3,397	3,511
Branches	180	180	200	213	219	227
Mini/Sub branches	na	na	na	na	na	na
ATMs	0	0	388	574	685	734

Source: Company data, Renaissance Capital estimates

Figure 28: Fidelity Bank summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	505	376	402	225	227	262
Securities	2,007	1,332	1,515	889	1,096	1,150
Net loans	2,663	2,960	2,906	1,709	2,144	2,409
Gross loans	2,767	3,055	3,010	1,782	2,236	2,505
Interest-earning assets	5,175	4,668	4,822	2,823	3,467	3,821
Total assets	6,758	6,486	6,190	3,457	4,279	4,634
Liabilities						
Interbank	0	0	0	0	0	0
Securities	440	642	713	510	628	660
Deposits	5,040	4,481	3,868	2,120	2,650	2,959
Interest-bearing liabilities	5,479	5,123	4,581	2,630	3,278	3,619
Total liabilities	6,758	6,486	6,190	3,457	4,279	4,634
Shareholders' equity	1,022	946	922	465	580	578
Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	542	632	609	484	403	454
Interest expense	-349	-336	-303	-211	-185	-207
Net interest income	194	296	306	273	218	246
Net fee income	114	90	75	61	48	53
Trading income	49	-22	-1	-2	-2	-2
Other income	92	88	43	42	19	21
Total revenue	450	452	422	375	284	318
Staff costs	-161	-157	-136	-116	-85	-96
Other costs	-180	-175	-186	-153	-120	-134
Total costs	-342	-332	-322	-269	-205	-230
Operating profit	108	120	99	106	79	89
Provisioning charge	-51	-26	-29	-36	-30	-29
Other pre-tax items	0	0	0	0	0	0
Pre-tax profit	57	94	70	70	49	60
Tax	-8	-10	-1	-12	-9	-11
Minorities	0	0	0	0	0	0
Other post-tax gains/losses	0	0.0	0.0	0.0	0.0	0.0
Net profit	49	84	70	58	40	49
Dividend on common shares	-26	-32	-23	-23	-16	-20
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a
Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	39.4	45.6	46.9	49.4	50.1	52.0
Deposits/liabilities	74.6	69.1	62.5	61.3	61.9	63.8
Loans/deposits	52.8	66.1	75.1	80.6	80.9	81.4
Equity/assets	15.1	14.6	14.9	13.4	13.5	12.5
Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	25.8	17.9	14.1	13.0	13.6	12.3
Tier 2	0.0	5.9	4.6	4.0	3.7	3.4
Total	25.9	23.7	18.7	17.0	17.3	15.6
Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	103	134	132	86	112	125
NPL reserves	104	95	104	73	92	96
NPLs/gross loans (%)	3.72	4.40	4.40	4.80	5.00	5.00
Reserves/NPLs (x)	1.01	0.71	0.79	0.85	0.82	0.76
Credit charge (%)	2.03	0.86	1.00	1.50	1.50	1.30
Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	11.0	12.4	13.4	12.7	12.9	13.2
Liability margin	7.0	6.1	6.5	5.9	6.3	6.4
NIM	3.9	5.8	6.7	7.2	7.0	7.2
Spread	4.0	6.3	6.8	6.8	6.6	6.8
Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	76.0	73.4	76.4	71.8	72.2	72.1
Cost/avg assets	5.44	4.83	5.30	5.64	5.33	5.46
Effective Tax rate	14.5	11.1	0.9	17.0	18.0	18.0
Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	4.8	8.2	7.8	8.6	7.7	9.0
RoAA	0.8	1.2	1.1	1.2	1.0	1.2
Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	43.1	65.5	72.5	72.9	76.9	77.3
Fees/revenue	25.4	19.9	17.7	16.3	17.1	16.8
Trading income/revenue	10.9	-5.0	-0.3	-0.6	-0.6	-0.5
Fees/staff costs	70.9	57.4	54.7	52.7	56.9	55.9
Fees/total costs	33.5	27.1	23.1	22.8	23.7	23.3
Payout ratio	52.5	37.8	33.3	40.0	40.0	40.0
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	20.3	10.4	-1.5	-40.8	25.5	12.0
Interest-earning assets	8.6	-9.8	3.3	-41.5	22.8	10.2
Deposits	9.7	-11.1	-13.7	-45.2	25.0	11.7
Interest-bearing liabilities	19.3	-6.5	-10.6	-42.6	24.7	10.4
Assets	15.3	-4.0	-4.6	-44.2	23.8	8.3
Fee income	-16.3	-21.3	-17.2	-17.7	-21.0	10.2
Revenue	-7.0	0.5	-6.7	-11.0	-24.4	12.3
Costs	5.7	-2.8	-2.9	-16.4	-24.0	12.1
Operating profit	-32.7	11.3	-17.2	6.2	-25.3	12.7
Net profit	-57.5	72.2	-16.4	-17.2	-30.7	22.3
EPS	-55.6	72.2	-16.4	-17.2	-30.7	22.3
Per-share data (\$)	2013	2014	2015	2016E	2017E	2018E
No. of common shares (mn)	28,962	28,962	28,962	28,962	28,962	28,962
EPS	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	0.04	0.03	0.03	0.02	0.02	0.02
No. of:	2010	2011	2012	2013	2014	2015
Employees	3,815	3,815	3,498	3,484	3,397	3,511
Branches	180	180	200	213	219	227
Mini/Sub branches	na	na	na	na	na	na
ATMs	0	0	388	574	685	734

Source: Company data, Renaissance Capital estimates

FBNH summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 29: FBNH summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	430,586	460,911	385,769	405,057	425,310	467,841
Securities	888,000	807,723	1,045,851	1,201,262	1,351,883	1,487,071
Net loans	1,769,130	2,178,986	1,817,271	2,105,844	2,184,334	2,329,431
Gross loans	1,814,177	2,221,627	1,956,993	2,348,392	2,516,348	2,707,564
Interest-earning assets	3,087,716	3,447,620	3,248,891	3,712,163	3,961,527	4,284,343
Total assets	3,869,001	4,343,737	4,166,189	4,710,675	5,220,318	5,700,214
Liabilities						
Interbank	82,032	171,151	144,652	188,048	197,450	207,322
Securities	126,302	369,707	256,116	358,562	394,419	414,140
Deposits	2,929,081	3,050,853	2,970,922	3,266,682	3,641,065	3,993,643
Interest-bearing liabilities	3,137,415	3,591,711	3,371,690	3,813,292	4,232,933	4,615,105
Total liabilities	3,869,001	4,343,737	4,166,189	4,710,675	5,220,318	5,700,214
Shareholders' equity	467,272	520,029	575,125	665,935	745,225	829,608

Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	323,621	362,579	396,190	381,747	450,907	490,296
Interest expense	-93,506	-118,725	-131,167	-94,737	-118,349	-133,615
Net interest income	230,115	243,854	265,023	287,009	332,559	356,681
Net fee income	54,085	60,778	54,475	59,923	65,915	72,506
Trading income	6,693	44,905	22,226	40,007	44,007	48,408
Other income	5,046	4,492	19,410	20,654	22,719	24,991
Total revenue	295,939	354,029	361,134	407,593	465,201	502,587
Staff costs	-65,820	-79,843	-80,416	-97,822	-106,996	-110,569
Other costs	-119,479	-155,959	-139,884	-131,702	-148,338	-162,765
Total costs	-185,299	-235,802	-220,300	-229,524	-255,334	-273,334
Operating profit	110,640	118,227	140,834	178,068	209,866	229,253
Provisioning charge	-20,309	-25,942	-119,322	-102,825	-89,467	-101,119
Other pre-tax items	1,006	599	0	0	0	0
Pre-tax profit	91,337	92,884	21,512	75,243	120,399	128,133
Tax	-20,706	-10,045	-6,364	-11,286	-19,264	-20,501
Minorities	-496	220	258	-1279	-2023	-2153
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	70,135	83,059	15,406	62,677	99,113	105,479
Dividend on common shares	-35,897	-3,264	-5,384	-6,268	-19,823	-21,096
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	14.7	22.5	-11.9	20.0	7.2	7.6
Interest-earning assets	12.1	11.7	-5.8	14.3	6.7	8.1
Deposits	22.3	4.2	-2.6	10.0	11.5	9.7
Interest-bearing liabilities	22.5	14.5	-6.1	13.1	11.0	9.0
Assets	19.8	12.3	-4.1	13.1	10.8	9.2
Fee income	-9.8	12.4	-10.4	10.0	10.0	10.0
Revenue	-1.5	19.6	2.0	12.9	14.1	8.0
Costs	-4.2	27.3	-6.6	4.2	11.2	7.0
Operating profit	3.3	6.9	19.1	26.4	17.9	9.2
Net profit	-8.9	18.4	-81.5	306.8	58.1	6.4
EPS	-8.9	18.4	-83.1	306.8	58.1	6.4

Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E
No. of ordinary shares (mn)	32,634	32,636	35,895	35,895	35,895	35,895
EPS	2.15	2.55	0.43	1.75	2.76	2.94
DPS	1.10	0.10	0.15	0.17	0.55	0.59
BVPS	14.3	15.9	16.0	18.6	20.8	23.1

Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	45.7	50.2	43.6	44.7	41.8	40.9
Deposits/liabilities	75.7	70.2	71.3	69.3	69.7	70.1
Loans/deposits	60.4	71.4	61.2	64.5	60.0	58.3
Equity/assets	12.1	12.0	13.8	14.1	14.3	14.6

Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	12.6	12.2	13.3	12.6	12.8	12.9
Tier 2	1.3	3.5	3.8	3.5	3.1	2.8
Total	14.0	15.8	17.1	16.1	15.9	15.7

Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	54,291	64,784	353,526	587,098	578,760	487,362
NPL reserves	45,047	42,641	139,722	242,547	332,014	378,133
NPLs/gross loans (%)	2.99	2.92	18.06	25.00	23.00	18.00
Reserves/NPLs (x)	0.83	0.66	0.40	0.41	0.57	0.78
Credit charge (%)	1.20	1.29	5.71	4.78	3.68	3.87

Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	11.1	11.1	11.8	11.0	11.8	11.9
Liability margin	3.3	3.5	3.8	2.6	2.9	3.0
NIM	7.9	7.5	7.9	8.2	8.7	8.7
Spread	7.8	7.6	8.1	8.3	8.8	8.9

Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	62.6	66.6	61.0	56.3	54.9	54.4
Cost/avg assets	5.22	5.74	5.18	5.17	5.14	5.01
Effective tax rate	22.7	10.8	29.6	15.0	16.0	16.0

Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	15.5	16.8	2.8	10.6	14.0	13.4
RoAA	2.0	2.0	0.4	1.4	2.0	1.9

Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	77.8	68.9	73.4	70.4	71.5	71.0
Fees/revenue	18.3	17.2	15.1	14.7	14.2	14.4
Trading income/revenue	2.3	12.7	6.2	9.8	9.5	9.6
Fees/staff costs	82.2	76.1	67.7	61.3	61.6	65.6
Fees/total costs	29.2	25.8	24.7	26.1	25.8	26.5
Payout ratio	51.2	3.9	34.9	10.0	20.0	20.0

No. of:	2010	2011	2012	2013	2014	2015
Employees	8,154	8,426	8,837	9,563	10,464	9,327
Branches	611	630	790	867	835	859
Mini/Sub branches	na	na	na	na	na	na
ATMs	1,204	1,538	2,157	2,437	2,597	2,749

Source: Company data, Renaissance Capital estimates

Figure 30: FBNH summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	2,691	2,519	1,939	1,039	1,222	1,344
Securities	5,550	4,414	5,256	3,080	3,885	4,273
Net loans	11,057	11,907	9,132	5,400	6,277	6,694
Gross loans	11,339	12,140	9,834	6,022	7,231	7,780
Interest-earning assets	19,298	18,839	16,326	9,518	11,384	12,311
Total assets	24,181	23,736	20,936	12,079	15,001	16,380
Liabilities						
Interbank	513	935	727	482	567	596
Securities	789	2,020	1,287	919	1,133	1,190
Deposits	18,307	16,671	14,929	8,376	10,463	11,476
Interest-bearing liabilities	19,609	19,627	16,943	9,778	12,164	13,262
Total liabilities	24,181	23,736	20,936	12,079	15,001	16,380
Shareholders' equity	2,920	2,842	2,890	1,708	2,141	2,384

Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	2,035	2,197	1,991	1,414	1,222	1,329
Interest expense	-588	-720	-659	-351	-321	-362
Net interest income	1,447	1,478	1,332	1,063	901	967
Net fee income	340	368	274	222	179	196
Trading income	42	272	112	148	119	131
Other income	32	27	98	76	62	68
Total revenue	1,861	2,146	1,815	1,510	1,261	1,362
Staff costs	-414	-484	-404	-362	-290	-300
Other costs	-751	-945	-703	-488	-402	-441
Total costs	-1,165	-1,429	-1,107	-850	-692	-741
Operating profit	696	717	708	660	569	621
Provisioning charge	-128	-157	-600	-381	-242	-274
Other pre-tax items	6	4	0	0	0	0
Pre-tax profit	574	563	108	279	326	347
Tax	-130	-61	-32	-42	-52	-56
Minorities	-3	1	1	-5	-5	-6
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	441	503	77	232	269	286
Dividend on common shares	-226	-20	-27	-23	-54	-57
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	11.9	7.1	-19.0	-38.8	20.1	7.6
Interest-earning assets	9.3	-2.4	-13.3	-41.7	19.6	8.1
Deposits	19.2	-8.9	-10.4	-43.9	24.9	9.7
Interest-bearing liabilities	19.5	0.1	-13.7	-42.3	24.4	9.0
Assets	16.8	-1.8	-11.8	-42.3	24.2	9.2
Fee income	-10.9	8.3	-25.7	-18.9	-19.5	10.0
Revenue	-2.8	15.3	-15.4	-16.8	-16.5	8.0
Costs	-5.4	22.6	-22.5	-23.2	-18.6	7.0
Operating profit	2.0	3.0	-1.2	-6.8	-13.8	9.2
Net profit	-10.1	14.1	-84.6	199.9	15.7	6.4
EPS	-10.1	14.1	-86.0	199.9	15.7	6.4

Per-share data (\$)	2013	2014	2015	2016E	2017E	2018E
No. of common shares (mn)	32,634	32,636	35,895	35,895	35,895	35,895
EPS	0.01	0.02	0.00	0.01	0.01	0.01
DPS	0.01	0.00	0.00	0.00	0.00	0.00
BVPS	0.1	0.1	0.1	0.0	0.1	0.1

Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	45.7	50.2	43.6	44.7	41.8	40.9
Deposits/liabilities	75.7	70.2	71.3	69.3	69.7	70.1
Loans/deposits	60.4	71.4	61.2	64.5	60.0	58.3
Equity/assets	12.1	12.0	13.8	14.1	14.3	14.6

Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	12.6	12.2	13.3	12.6	12.8	12.9
Tier 2	1.3	3.5	3.8	3.5	3.1	2.8
Total	14.0	15.8	17.1	16.1	15.9	15.7

Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	339	354	1,777	1,505	1,663	1,400
NPL reserves	282	233	702	622	954	1,087
NPLs/gross loans (%)	2.99	2.92	18.06	25.00	23.00	18.00
Reserves/NPLs (x)	0.83	0.66	0.40	0.41	0.57	0.78
Credit charge (%)	1.20	1.29	5.71	4.78	3.68	3.87

Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	11.1	11.1	11.8	11.0	11.8	11.9
Liability margin	3.3	3.5	3.8	2.6	2.9	3.0
NIM	7.9	7.5	7.9	8.2	8.7	8.7
Spread	7.8	7.6	8.1	8.3	8.8	8.9

Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	62.6	66.6	61.0	56.3	54.9	54.4
Cost/avg assets	5.22	5.74	5.18	5.17	5.14	5.01
Effective tax rate	22.7	10.8	29.6	15.0	16.0	16.0

Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	15.5	16.8	2.8	10.6	14.0	13.4
RoAA	2.0	2.0	0.4	1.4	2.0	1.9

Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	77.8	68.9	73.4	70.4	71.5	71.0
Fees/revenue	18.3	17.2	15.1	14.7	14.2	14.4
Trading income/revenue	2.3	12.7	6.2	9.8	9.5	9.6
Fees/staff costs	82.2	76.1	67.7	61.3	61.6	65.6
Fees/total costs	29.2	25.8	24.7	26.1	25.8	26.5
Payout ratio	51.2	3.9	34.9	10.0	20.0	20.0

No. of:	2010	2011	2012	2013	2014	2015
Employees	8,154	8,426	8,837	9,563	10,464	9,327
Branches	611	630	790	867	835	859
Mini/Sub branches	na	na	na	na	na	na
ATMs	1204	1538	2157	2437	2597	2749

Source: Company data, Renaissance Capital estimates

GTBank summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 31: GTBank summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	47.7	54.1	54.3	52.5	51.2	49.1
Interbank	5,596	5,696	1,052	1,209	1,572	2,044	Deposits/liabilities	67.9	68.7	63.8	67.0	68.2	69.3
Securities	749,938	609,466	671,224	704,785	714,290	779,946	Loans/deposits	70.2	78.8	85.2	78.4	75.1	70.9
Net loans	1,002,371	1,275,681	1,371,926	1,541,580	1,699,158	1,842,791	Equity/assets	15.6	15.2	16.1	15.9	16.1	16.2
Gross loans	1,026,187	1,306,301	1,402,275	1,611,116	1,772,228	1,917,620							
Interest-earning assets	1,757,905	1,890,842	2,044,201	2,247,574	2,415,020	2,624,781	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	2,102,846	2,355,877	2,524,594	2,933,779	3,316,789	3,750,411	Tier 1	23.7	21.4	18.0	17.8	18.7	19.1
							Tier 2	0.3	0.0	0.2	0.2	0.2	0.1
							Total	23.9	21.4	18.2	18.0	18.9	19.2
Liabilities							Asset quality	2013	2014	2015	2016E	2017E	2018E
Interbank	15,208	31,662	26,257	27,570	28,948	30,396	NPLs	36,989	41,540	45,013	56,389	67,345	67,117
Securities	156,498	167,321	180,117	108,070	108,070	108,070	NPL reserves	23,817	30,620	30,349	69,536	73,070	74,829
Deposits	1,427,494	1,618,208	1,610,350	1,966,583	2,261,571	2,600,806	NPLs/gross loans (%)	3.60	3.18	3.21	3.50	3.80	3.50
Interest-bearing liabilities	1,599,200	1,817,191	1,816,724	2,102,223	2,398,589	2,739,272	Reserves/NPLs (x)	0.64	0.74	0.67	1.23	1.09	1.11
Total liabilities	2,102,846	2,355,877	2,524,594	2,933,779	3,316,789	3,750,411	Credit charge (%)	0.32	0.61	0.92	2.80	0.80	0.80
Shareholders' equity	327,269	359,035	407,173	465,689	533,343	606,313							
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	11.38	11.00	11.65	11.20	12.18	12.62
Interest income	185,383	200,603	229,237	240,367	283,928	317,962	Liability margin	3.39	3.41	3.81	3.39	3.47	3.71
Interest expense	(48,444)	(58,211)	(69,290)	(66,467)	(78,015)	(95,335)	NIM	8.41	7.80	8.13	8.10	8.83	8.83
Net interest income	136,939	142,392	159,947	173,901	205,913	222,627	Spread	7.99	7.59	7.84	7.81	8.71	8.91
Net fee income	44,808	45,856	48,786	50,764	55,655	61,221							
Trading income	8,784	27,342	16,686	58,400	29,200	32,120	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	1,866	2,606	4,062	9,625	7,000	7,999	Cost/income	42.8	43.4	42.0	36.9	39.5	40.0
Total revenue	192,396	218,196	229,481	292,689	297,768	323,967	Cost/avg assets	4.30	4.25	3.95	3.96	3.76	3.66
Staff costs	(23,761)	(27,442)	(27,722)	(32,196)	(32,754)	(36,608)	Effective tax rate	15.9	18.9	17.6	17.0	18.0	18.0
Other costs	(58,658)	(67,270)	(68,656)	(75,881)	(84,802)	(92,827)							
Total costs	(82,419)	(94,712)	(96,378)	(108,077)	(117,556)	(129,435)	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	109,977	123,484	133,103	184,613	180,212	194,532	RoAE	29.4	27.3	25.8	26.8	27.1	25.6
Provisioning charge	(2,886)	(7,098)	(12,408)	(42,187)	(13,533)	(14,759)	RoAA	4.7	4.2	4.0	4.3	4.3	4.1
Other pre-tax items	0	0	0	0	0	0							
Pre-tax profit	107,091	116,386	120,695	142,425	166,678	179,772	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	(17,067)	(21,952)	(21,258)	(24,212)	(30,002)	(32,359)	Interest income/revenue	71.2	65.3	69.7	59.4	69.2	68.7
Minorities	(425)	(698)	(758)	(1,182)	(1,367)	(1,474)	Fees/revenue	23.3	21.0	21.3	17.3	18.7	18.9
Other post-tax gains/losses	0	0	0	0	0	0	Trading income/revenue	4.6	12.5	7.3	20.0	9.8	9.9
Net profit	89,599	93,736	98,678	117,031	135,309	145,939	Fees/staff costs	188.6	167.1	176.0	157.7	169.9	167.2
Dividend on common shares	(50,033)	(51,505)	(52,093)	(58,515)	(67,655)	(72,970)	Fees/total costs	54.4	48.4	50.6	47.0	47.3	47.3
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	55.8	54.9	52.8	50.0	50.0	50.0
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	No. of:	2010	2011	2012	2013	2014	2015
Loans	28.5	27.3	7.3	14.9	10.0	8.2	Employees	3,711	3,559	3,741	3,155	3,340	3,343
Interest-earning assets	17.2	7.6	8.1	9.9	7.5	8.7	Branches	186	194	240	289	269	259
Deposits	24.3	13.4	(0.5)	22.1	15.0	15.0	Mini/Sub branches	na	na	na	na	na	na
Interest-bearing liabilities	27.0	13.6	(0.0)	15.7	14.1	14.2	ATMs	506	627	896	1,051	1,141	1,165
Assets	21.2	12.0	7.2	16.2	13.1	13.1							
Fee income	4.9	2.3	6.4	4.1	9.6	10.0							
Revenue	6.5	13.4	5.2	27.5	1.7	8.8							
Costs	7.2	14.9	1.8	12.1	8.8	10.1							
Operating profit	6.0	12.3	7.8	38.7	(2.4)	7.9							
Net profit	3.7	4.6	5.3	18.6	15.6	7.9							
EPS	3.7	4.6	5.3	18.6	15.6	7.9							
Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E							
No. of common shares (mn)	29,431	29,431	29,431	29,431	29,431	29,431							
EPS	3.04	3.18	3.35	3.98	4.60	4.96							
DPS	1.70	1.75	1.77	1.99	2.30	2.48							
BVPS	11.1	12.2	13.8	15.8	18.1	20.6							

Source: Company data, Renaissance Capital estimates

Figure 32: GTBank summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	47.7	54.1	54.3	52.5	51.2	49.1
Interbank	35	31	5	3	5	6	Deposits/liabilities	67.9	68.7	63.8	67.0	68.2	69.3
Securities	4,687	3,330	3,373	1,807	2,053	2,241	Loans/deposits	70.2	78.8	85.2	78.4	75.1	70.9
Net loans	6,265	6,971	6,894	3,953	4,883	5,295	Equity/assets	15.6	15.2	16.1	15.9	16.1	16.2
Gross loans	6,414	7,138	7,047	4,131	5,093	5,510	Capital ratios (%)						
Interest-earning assets	10,987	10,332	10,272	5,763	6,940	7,542	Tier 1	23.7	21.4	18.0	17.8	18.7	19.1
Total assets	13,143	12,874	12,686	7,523	9,531	10,777	Tier 2	0.3	0.0	0.2	0.2	0.2	0.1
Liabilities							Total	23.9	21.4	18.2	18.0	18.9	19.2
Interbank	95	173	132	71	83	87	Asset quality						
Securities	978	914	905	277	311	311	NPLs	231	227	226	145	194	193
Deposits	8,922	8,843	8,092	5,043	6,499	7,474	NPL reserves	149	167	153	178	210	215
Interest-bearing liabilities	9,995	9,930	9,129	5,390	6,892	7,871	NPLs/gross loans (%)	3.60	3.18	3.21	3.50	3.80	3.50
Total liabilities	13,143	12,874	12,686	7,523	9,531	10,777	Reserves/NPLs (x)	0.64	0.74	0.67	1.23	1.09	1.11
Shareholders' equity	2,045	1,962	2,046	1,194	1,533	1,742	Credit charge (%)	0.32	0.61	0.92	2.80	0.80	0.80
Income statement							Margins (%)						
Interest income	1,166	1,216	1,152	890	769	862	Asset margin	11.38	11.00	11.65	11.20	12.18	12.62
Interest expense	(305)	(353)	(348)	(246)	(211)	(258)	Liability margin	3.39	3.41	3.81	3.39	3.47	3.71
Net interest income	861	863	804	644	558	603	NIM	8.41	7.80	8.13	8.10	8.83	8.83
Net fee income	282	278	245	188	151	166	Spread	7.99	7.59	7.84	7.81	8.71	8.91
Trading income	55	166	84	216	79	87	Costs (%)						
Other income	12	16	20	36	19	22	Cost/income	42.8	43.4	42.0	36.9	39.5	40.0
Total revenue	1,210	1,322	1,153	1,084	807	878	Cost/avg assets	4.30	4.25	3.95	3.96	3.76	3.66
Staff costs	(149)	(166)	(139)	(119)	(89)	(99)	Effective tax rate	15.9	18.9	17.6	17.0	18.0	18.0
Other costs	(369)	(408)	(345)	(281)	(230)	(252)	Profitability ratios (%)						
Total costs	(518)	(574)	(484)	(400)	(319)	(351)	RoAE	29.4	27.3	25.8	26.8	27.1	25.6
Operating profit	692	748	669	684	488	527	RoAA	4.7	4.2	4.0	4.3	4.3	4.1
Provisioning charge	(18)	(43)	(62)	(156)	(37)	(40)	Other P&L ratios (%)						
Other pre-tax items	0	0	0	0	0	0	Interest income/revenue	71.2	65.3	69.7	59.4	69.2	68.7
Pre-tax profit	674	705	607	528	452	487	Fees/revenue	23.3	21.0	21.3	17.3	18.7	18.9
Tax	(107)	(133)	(107)	(90)	(81)	(88)	Trading income/revenue	4.6	12.5	7.3	20.0	9.8	9.9
Minorities	(3)	(4)	(4)	(4)	(4)	(4)	Fees/staff costs	188.6	167.1	176.0	157.7	169.9	167.2
Other post-tax gains/losses	0	0	0	0	0	0	Fees/total costs	54.4	48.4	50.6	47.0	47.3	47.3
Net profit	564	568	496	433	367	395	Payout ratio	55.8	54.9	52.8	50.0	50.0	50.0
Dividend on common shares	(315)	(312)	(262)	(217)	(183)	(198)	No. of:						
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Employees	3,711	3,559	3,741	3,155	3,340	3,343
Key YoY growth rates (%)							Branches	186	194	240	289	269	259
Loans	25.3	11.3	(1.3)	(41.4)	23.3	8.2	Mini/Sub branches	na	na	na	na	na	na
Interest-earning assets	14.3	(6.0)	(0.6)	(43.9)	20.4	8.7	ATMs	506	627	896	1,051	1,141	1,165
Deposits	21.2	(0.9)	(8.5)	(37.7)	28.9	15.0	Per-share data (\$)						
Interest-bearing liabilities	23.8	(0.7)	(8.1)	(41.0)	27.9	14.2	No. of common shares (mn)	29,431	29,431	29,431	29,431	29,431	29,431
Assets	18.2	(2.0)	(1.5)	(40.7)	26.7	13.1	EPS	0.02	0.02	0.02	0.01	0.01	0.01
Fee income	3.5	(1.4)	(11.8)	(23.3)	(19.8)	10.0	DPS	0.01	0.01	0.01	0.01	0.01	0.01
Revenue	5.2	9.3	(12.8)	(6.0)	(25.6)	8.8	BVPS	0.1	0.1	0.1	0.0	0.1	0.1
Costs	5.9	10.7	(15.6)	(17.3)	(20.4)	10.1	Source: Company data, Renaissance Capital estimates						
Operating profit	4.7	8.2	(10.6)	2.2	(28.6)	7.9							
Net profit	2.4	0.8	(12.7)	(12.6)	(15.4)	7.9							
EPS	2.4	0.8	(12.7)	(12.6)	(15.4)	7.9							

SIBTC summary financials

Renaissance Capital
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Figure 33: SIBTC summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	38.0	42.2	38.0	40.4	38.2	37.4
Interbank	131,993	35,569	58,689	67,492	77,616	85,378	Deposits/liabilities	54.6	52.4	53.4	54.0	55.2	56.5
Securities	206,274	339,879	342,421	359,542	416,683	468,260	Loans/deposits	69.6	80.5	71.2	74.8	69.3	66.3
Net loans	289,747	398,604	385,025	457,272	488,428	538,269	Equity/assets	12.4	11.7	11.7	11.2	10.9	10.7
Gross loans	303,306	413,440	425,843	511,012	562,113	629,567							
Interest-earning assets	628,014	774,052	786,135	884,307	982,728	1,091,907	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	763,046	944,542	1,013,217	1,132,137	1,277,928	1,438,950	Tier 1	18.5	15.8	16.9	16.4	16.1	16.0
							Tier 2	1.4	3.3	3.3	3.1	2.9	2.8
							Total	19.9	19.1	20.2	19.5	19.0	18.8
Liabilities							Asset quality	2013	2014	2015	2016E	2017E	2018E
Interbank	118,646	144,404	151,624	159,205	167,166	175,524	NPLs	13,407	17,951	31,938	38,326	39,348	40,922
Securities	6,399	22,973	23,432	24,604	25,834	27,126	NPL reserves	13,559	14,836	40,818	53,739	73,685	91,298
Deposits	416,352	494,935	540,695	611,575	704,855	812,437	NPLs/gross loans (%)	4.42	4.34	7.50	7.50	7.00	6.50
Interest-bearing liabilities	590,161	732,463	782,395	882,021	993,156	1,119,917	Reserves/NPLs (x)	1.01	0.83	1.28	1.40	1.87	2.23
Total liabilities	763,046	944,542	1,013,217	1,132,137	1,277,928	1,438,950	Credit charge (%)	0.92	0.90	5.00	5.00	4.50	4.50
Shareholders' equity	94,313	110,052	118,312	127,260	139,413	153,384							
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	10.65	10.29	10.97	10.92	11.64	11.70
Interest income	62,585	72,156	85,615	91,211	108,694	121,397	Liability margin	4.54	3.86	5.16	4.97	5.22	5.43
Interest expense	(25,572)	(25,498)	(39,098)	(41,338)	(48,911)	(57,324)	NIM	6.30	6.66	5.96	5.97	6.40	6.18
Net interest income	37,013	46,658	46,517	49,874	59,783	64,073	Spread	6.11	6.44	5.81	5.95	6.43	6.28
Net fee income	32,900	39,267	40,435	42,457	46,730	53,799							
Trading income	14,895	17,540	15,786	17,365	19,101	21,011	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	424	1,137	910	1,001	1,101	1,211	Cost/income	68.0	58.6	60.0	59.5	58.0	57.0
Total revenue	85,232	104,602	103,647	110,695	126,715	140,094	Cost/avg assets	8.05	7.18	6.35	6.14	6.10	5.88
Staff costs	(23,851)	(25,779)	(27,985)	(29,334)	(32,946)	(35,023)	Effective tax rate	15.6	20.0	19.0	19.0	19.0	19.0
Other costs	(34,097)	(35,536)	(34,204)	(36,529)	(40,549)	(44,830)							
Total costs	(57,948)	(61,315)	(62,188)	(65,864)	(73,495)	(79,854)	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	27,284	43,287	41,459	44,832	53,220	60,240	RoAE	21.0	28.7	12.1	12.1	15.2	15.9
Provisioning charge	(2,667)	(3,217)	(20,982)	(23,421)	(24,145)	(26,813)	RoAA	2.6	3.4	1.4	1.4	1.7	1.7
Other pre-tax items	0	0	0	0	0	0							
Pre-tax profit	24,617	40,070	20,477	21,410	29,075	33,428	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	(3,844)	(8,005)	(3,891)	(4,068)	(5,524)	(6,351)	Interest income/revenue	43.4	44.6	44.9	45.1	47.2	45.7
Minorities	(2,163)	(2,772)	(2,820)	(2,428)	(3,297)	(3,791)	Fees/revenue	38.6	37.5	39.0	38.4	36.9	38.4
Other post-tax gains/losses	0	0	0	0	0	0	Trading income/revenue	17.5	16.8	15.2	15.7	15.1	15.0
Net profit	18,610	29,293	13,766	14,914	20,254	23,286	Fees/staff costs	137.9	152.3	144.5	144.7	141.8	153.6
Dividend on common shares	(8,000)	(12,500)	(5,507)	(5,966)	(8,101)	(9,314)	Fees/total costs	56.8	64.0	65.0	64.5	63.6	67.4
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	43.0	42.7	40.0	40.0	40.0	40.0
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	No. of:	2010	2011	2012	2013	2014	2015
Loans	8.5	36.3	3.0	20.0	10.0	12.0	Employees	2,248	2,246	2,153	2,077	2,181	2,248
Interest-earning assets	14.7	23.3	1.6	12.5	11.1	11.1	Branches	141	171	177	180	180	141
Deposits	17.1	18.9	9.2	13.1	15.3	15.3	Mini/Sub branches	na	na	na	na	na	na
Interest-bearing liabilities	9.8	24.1	6.8	12.7	12.6	12.8	ATMs	200	185	249	359	415	200
Assets	12.7	23.8	7.3	11.7	12.9	12.6							
Fee income	28.7	19.4	3.0	5.0	10.1	15.1							
Revenue	26.4	22.7	(0.9)	6.8	14.5	10.6							
Costs	18.0	5.8	1.4	5.9	11.6	8.7							
Operating profit	49.0	58.7	(4.2)	8.1	18.7	13.2							
Net profit	109.9	57.4	(53.0)	8.3	35.8	15.0							
EPS	201.7	57.4	(53.0)	8.3	35.8	15.0							
Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E							
No. of common shares (mn)	10,000	10,000	10,000	10,000	10,000	10,000							
EPS	1.86	2.93	1.38	1.49	2.03	2.33							
DPS	0.80	1.25	0.55	0.60	0.81	0.93							
BVPS	9.4	11.0	11.8	12.7	13.9	15.3							

Source: Company data, Renaissance Capital estimates

Figure 34: SIBTC summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	38.0	42.2	38.0	40.4	38.2	37.4
Interbank	825	194	295	173	223	245	Deposits/liabilities	54.6	52.4	53.4	54.0	55.2	56.5
Securities	1,289	1,857	1,721	922	1,197	1,346	Loans/deposits	69.6	80.5	71.2	74.8	69.3	66.3
Net loans	1,811	2,178	1,935	1,172	1,404	1,547	Equity/assets	12.4	11.7	11.7	11.2	10.9	10.7
Gross loans	1,896	2,259	2,140	1,310	1,615	1,809							
Interest-earning assets	3,925	4,230	3,950	2,267	2,824	3,138	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	4,769	5,161	5,092	2,903	3,672	4,135	Tier 1	18.5	15.8	16.9	16.4	16.1	16.0
							Tier 2	1.4	3.3	3.3	3.1	2.9	2.8
							Total	19.9	19.1	20.2	19.5	19.0	18.8
Liabilities													
Interbank	742	789	762	408	480	504	Asset quality	2013	2014	2015	2016E	2017E	2018E
Securities	40	126	118	63	74	78	NPLs	84	98	160	98	113	118
Deposits	2,602	2,705	2,717	1,568	2,025	2,335	NPL reserves	85	81	205	138	212	262
Interest-bearing liabilities	3,689	4,003	3,932	2,262	2,854	3,218	NPLs/gross loans (%)	4.42	4.34	7.50	7.50	7.00	6.50
Total liabilities	4,769	5,161	5,092	2,903	3,672	4,135	Reserves/NPLs (x)	1.01	0.83	1.28	1.40	1.87	2.23
Shareholders' equity	589	601	595	326	401	441	Credit charge (%)	0.92	0.90	5.00	5.00	4.50	4.50
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	10.65	10.29	10.97	10.92	11.64	11.70
Interest income	394	437	430	338	295	329	Liability margin	4.54	3.86	5.16	4.97	5.22	5.43
Interest expense	(161)	(155)	(196)	(153)	(133)	(155)	NIM	6.30	6.66	5.96	5.97	6.40	6.18
Net interest income	233	283	234	185	162	174	Spread	6.11	6.44	5.81	5.95	6.43	6.28
Net fee income	207	238	203	157	127	146							
Trading income	94	106	79	64	52	57	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	3	7	5	4	3	3	Cost/income	68.0	58.6	60.0	59.5	58.0	57.0
Total revenue	536	634	521	410	343	380	Cost/avg assets	8.05	7.18	6.35	6.14	6.10	5.88
Staff costs	(150)	(156)	(141)	(109)	(89)	(95)	Effective tax rate	15.6	20.0	19.0	19.0	19.0	19.0
Other costs	(214)	(215)	(172)	(135)	(110)	(121)							
Total costs	(364)	(372)	(313)	(244)	(199)	(216)	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	172	262	208	166	144	163	RoAE	21.0	28.7	12.1	12.1	15.2	15.9
Provisioning charge	(17)	(19)	(105)	(87)	(65)	(73)	RoAA	2.6	3.4	1.4	1.4	1.7	1.7
Other pre-tax items	0	0	0	0	0	0							
Pre-tax profit	155	243	103	79	79	91	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	(24)	(49)	(20)	(15)	(15)	(17)	Interest income/revenue	43.4	44.6	44.9	45.1	47.2	45.7
Minorities	(14)	(17)	(14)	(9)	(9)	(10)	Fees/revenue	38.6	37.5	39.0	38.4	36.9	38.4
Other post-tax gains/losses	0	0	0	0	0	0	Trading income/revenue	17.5	16.8	15.2	15.7	15.1	15.0
Net profit	117	178	69	55	55	63	Fees/staff costs	137.9	152.3	144.5	144.7	141.8	153.6
Dividend on common shares	(50)	(76)	(28)	(22)	(22)	(25)	Fees/total costs	56.8	64.0	65.0	64.5	63.6	67.4
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	43.0	42.7	40.0	40.0	40.0	40.0
							No. of:	2010	2011	2012	2013	2014	2015
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	Employees	2,248	2,246	2,153	2,077	2,181	2,248
Loans	5.8	19.2	(5.3)	(38.8)	23.3	12.0	Branches	141	171	177	180	180	141
Interest-earning assets	11.8	7.8	(6.6)	(42.6)	24.5	11.1	Mini/Sub branches	na	na	na	na	na	na
Deposits	14.2	3.9	0.5	(42.3)	29.2	15.3	ATMs	200	185	249	359	415	200
Interest-bearing liabilities	7.1	8.5	(1.8)	(42.5)	26.2	12.8							
Assets	9.9	8.2	(1.4)	(43.0)	26.5	12.6							
Fee income	27.1	15.0	(14.6)	(22.6)	(19.5)	15.1							
Revenue	24.8	18.3	(17.8)	(21.3)	(16.2)	10.6							
Costs	16.5	2.0	(15.9)	(21.9)	(18.4)	8.7							
Operating profit	47.2	52.9	(20.6)	(20.3)	(13.1)	13.2							
Net profit	107.2	51.7	(61.0)	(20.2)	(0.6)	15.0							
EPS	197.9	51.7	(61.0)	(20.2)	(0.6)	15.0							
Per-share data (\$)	2013	2014	2015	2016E	2017E	2018E							
No. of common shares (mn)	10,000	10,000	10,000	10,000	10,000	10,000							
EPS	0.01	0.02	0.01	0.01	0.01	0.01							
DPS	0.01	0.01	0.00	0.00	0.00	0.00							
BVPS	0.1	0.1	0.1	0.0	0.0	0.0							

Source: Company data, Renaissance Capital estimates

Skye summary financials

Renaissance Capital
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Figure 35: Skye summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	149,323	72,978	72,978	87,574	105,088	126,106
Securities	224,445	280,535	224,428	235,649	235,649	259,214
Net loans	549,858	651,261	672,343	702,366	734,571	772,621
Gross loans	572,844	675,773	709,562	745,040	782,292	821,406
Interest-earning assets	923,626	1,004,774	969,749	1,025,589	1,075,309	1,157,941
Total assets	1,116,637	1,421,112	1,317,371	1,371,166	1,450,887	1,542,047
Liabilities						
Interbank	143	51,816	72,542	79,797	87,776	96,554
Securities	121,341	114,576	138,052	138,052	138,052	138,052
Deposits	823,325	952,303	832,265	873,878	941,275	1,014,011
Interest-bearing liabilities	960,153	1,135,398	1,059,563	1,108,430	1,183,806	1,265,320
Total liabilities	1,116,637	1,421,112	1,317,371	1,371,166	1,450,887	1,542,047
Shareholders' equity	120,553	131,492	126,898	125,877	123,981	127,045

Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	105,314	107,847	131,422	120,198	132,344	144,718
Interest expense	(43,616)	(44,572)	(55,169)	(44,935)	(54,107)	(60,251)
Net interest income	61,698	63,275	76,253	75,263	78,238	84,467
Net fee income	13,675	13,030	29,247	32,172	35,389	38,928
Trading income	5,472	9,252	925	971	1,069	1,175
Other income	412	4,729	5,202	5,462	6,008	6,609
Total revenue	81,257	90,286	111,627	113,868	120,703	131,180
Staff costs	(16,857)	(19,676)	(35,721)	(36,438)	(38,625)	(41,977)
Other costs	(32,076)	(39,185)	(53,972)	(53,257)	(53,914)	(57,086)
Total costs	(48,933)	(58,861)	(89,693)	(89,695)	(92,539)	(99,063)
Operating profit	32,324	31,425	21,934	24,173	28,164	32,117
Provisioning charge	(12,677)	(20,951)	(27,707)	(25,456)	(30,547)	(28,065)
Other pre-tax items	0	0	0	0	0	0
Pre-tax profit	19,647	10,474	(5,772)	(1,282)	(2,382)	4,052
Tax	(1,113)	(733)	1,154	256	476	(810)
Minorities	(10)	(49)	23	5	10	(16)
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	18,524	9,692	(4,595)	(1,021)	(1,896)	3,225
Dividend on common shares	(3,966)	0	0	0	0	(161)
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	1.1	18.0	5.0	5.0	5.0	5.0
Interest-earning assets	3.9	8.8	(3.5)	5.8	4.8	7.7
Deposits	4.2	15.7	(12.6)	5.0	7.7	7.7
Interest-bearing liabilities	4.0	18.3	(6.7)	4.6	6.8	6.9
Assets	4.0	27.3	(7.3)	4.1	5.8	6.3
Fee income	(39.5)	(4.7)	124.5	10.0	10.0	10.0
Revenue	16.3	11.1	23.6	2.0	6.0	8.7
Costs	19.4	20.3	52.4	0.0	3.2	7.1
Operating profit	11.9	(2.8)	(30.2)	10.2	16.5	14.0
Net profit	46.5	(47.7)	(147.4)	(77.8)	85.8	(270.1)
EPS	46.5	(47.7)	(145.2)	(77.8)	85.8	(270.1)

Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E
No. of common shares (mn)	13,220	13,220	13,879	13,879	13,879	13,879
EPS	1.40	0.73	-0.33	-0.07	-0.14	0.23
DPS	0.30	-	0.00	0.00	0.00	0.01
BVPS	9.1	9.9	9.1	9.1	8.9	9.2

Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	49.2	45.8	51.0	51.2	50.6	50.1
Deposits/liabilities	73.7	67.0	63.2	63.7	64.9	65.8
Loans/deposits	66.8	68.4	80.8	80.4	78.0	76.2
Equity/assets	10.8	9.3	9.6	9.2	8.5	8.2

Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	16.9	12.9	12.7	11.9	11.1	10.6
Tier 2	2.3	3.2	3.3	3.1	2.9	2.7
Total	19.2	16.1	15.9	14.9	14.0	13.4

Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	18,002	33,430	39,026	44,702	50,849	49,284
NPL reserves	22,986	24,512	37,219	42,674	47,721	48,786
NPLs/gross loans (%)	3.14	4.95	5.50	6.00	6.50	6.00
Reserves/NPLs (x)	1.28	0.73	0.95	0.95	0.94	0.99
Credit charge (%)	2.22	3.36	4.00	3.50	4.00	3.50

Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	11.62	11.19	13.31	12.05	12.60	12.96
Liability margin	4.63	4.25	5.03	4.15	4.72	4.92
NIM	6.81	6.56	7.72	7.54	7.45	7.56
Spread	6.99	6.93	8.28	7.90	7.88	8.04

Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	60.2	65.2	80.4	78.8	76.7	75.5
Cost/avg assets	4.47	4.64	6.55	6.67	6.56	6.62
Effective tax rate	5.7	7.0	20.0	20.0	20.0	20.0

Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	16.3	7.7	-3.6	-0.8	-1.5	2.6
RoAA	1.7	0.8	-0.3	-0.1	-0.1	0.2

Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	75.9	70.1	68.3	66.1	64.8	64.4
Fees/revenue	16.8	14.4	26.2	28.3	29.3	29.7
Trading income/revenue	6.7	10.2	0.8	0.9	0.9	0.9
Fees/staff costs	81.1	66.2	81.9	88.3	91.6	92.7
Fees/total costs	27.9	22.1	32.6	35.9	38.2	39.3
Payout ratio	21.4	-	0.0	0.0	0.0	5.0

No. of:	2010	2011	2012	2013	2014	2015
Employees	2,674	2,662	2,762	2,847	4,596	4,596
Branches	249	249	247	244	469	469
Mini/Sub branches	na	na	na	na		
ATMs	664	461	576	593	887	887

Source: Company data, Renaissance Capital estimates

Figure 36: Skye summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	49.2	45.8	51.0	51.2	50.6	50.1
Interbank	933	399	367	225	302	362	Deposits/liabilities	73.7	67.0	63.2	63.7	64.9	65.8
Securities	1,403	1,533	1,128	604	677	745	Loans/deposits	66.8	68.4	80.8	80.4	78.0	76.2
Net loans	3,437	3,559	3,379	1,801	2,111	2,220	Equity/assets	10.8	9.3	9.6	9.2	8.5	8.2
Gross loans	3,580	3,693	3,566	1,910	2,248	2,360							
Interest-earning assets	5,773	5,491	4,873	2,630	3,090	3,327	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	6,979	7,766	6,620	3,516	4,169	4,431	Tier 1	16.9	12.9	12.7	11.9	11.1	10.6
							Tier 2	2.3	3.2	3.3	3.1	2.9	2.7
							Total	19.2	16.1	15.9	14.9	14.0	13.4
Liabilities													
Interbank	1	283	365	205	252	277	Asset quality	2013	2014	2015	2016E	2017E	2018E
Securities	758	626	694	354	397	397	NPLs	113	183	196	115	146	142
Deposits	5,146	5,204	4,182	2,241	2,705	2,914	NPL reserves	144	134	187	109	137	140
Interest-bearing liabilities	6,001	6,204	5,324	2,842	3,402	3,636	NPLs/gross loans (%)	3.14	4.95	5.50	6.00	6.50	6.00
Total liabilities	6,979	7,766	6,620	3,516	4,169	4,431	Reserves/NPLs (x)	1.28	0.73	0.95	0.95	0.94	0.99
Shareholders' equity	753	719	638	323	356	365	Credit charge (%)	2.22	3.36	4.00	3.50	4.00	3.50
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	11.62	11.19	13.31	12.05	12.60	12.96
Interest income	662	654	660	445	359	392	Liability margin	4.63	4.25	5.03	4.15	4.72	4.92
Interest expense	(274)	(270)	(277)	(166)	(147)	(163)	NIM	6.81	6.56	7.72	7.54	7.45	7.56
Net interest income	388	383	383	279	212	229	Spread	6.99	6.93	8.28	7.90	7.88	8.04
Net fee income	86	79	147	119	96	105							
Trading income	34	56	5	4	3	3	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	3	29	26	20	16	18	Cost/income	60.2	65.2	80.4	78.8	76.7	75.5
Total revenue	511	547	561	422	327	356	Cost/avg assets	4.47	4.64	6.55	6.67	6.56	6.62
Staff costs	(106)	(119)	(180)	(135)	(105)	(114)	Effective tax rate	5.7	7.0	20.0	20.0	20.0	20.0
Other costs	(202)	(237)	(271)	(197)	(146)	(155)							
Total costs	(308)	(357)	(451)	(332)	(251)	(268)	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	203	190	110	90	76	87	RoAE	16.3	7.7	-3.6	-0.8	-1.5	2.6
Provisioning charge	(80)	(127)	(139)	(94)	(83)	(76)	RoAA	1.7	0.8	-0.3	-0.1	-0.1	0.2
Other pre-tax items	0	0	0	0	0	0							
Pre-tax profit	124	63	(29)	(5)	(6)	11	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	(7)	(4)	6	1	1	(2)	Interest income/revenue	75.9	70.1	68.3	66.1	64.8	64.4
Minorities	(0)	(0)	0	0	0	(0)	Fees/revenue	16.8	14.4	26.2	28.3	29.3	29.7
Other post-tax gains/losses	0	0	0	0	0	0	Trading income/revenue	6.7	10.2	0.8	0.9	0.9	0.9
Net profit	117	59	(23)	(4)	(5)	9	Fees/staff costs	81.1	66.2	81.9	88.3	91.6	92.7
Dividend on common shares	(25)	0	0	0	0	(0)	Fees/total costs	27.9	22.1	32.6	35.9	38.2	39.3
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	21.4	-	0.0	0.0	0.0	5.0
							No. of:	2010	2011	2012	2013	2014	2015
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	Employees	2,674	2,662	2,762	2,847	4,596	4,596
Loans	(1.5)	3.1	(3.4)	(46.4)	17.7	5.0	Branches	249	249	247	244	469	469
Interest-earning assets	1.3	(4.9)	(11.2)	(46.0)	17.5	7.7	Mini/Sub branches	na	na	na	na		
Deposits	1.6	1.1	(19.6)	(46.4)	20.7	7.7	ATMs	664	461	576	593	887	887
Interest-bearing liabilities	1.4	3.4	(14.2)	(46.6)	19.7	6.9							
Assets	1.4	11.3	(14.8)	(46.9)	18.6	6.3							
Fee income	(40.2)	(8.2)	86.1	(18.9)	(19.5)	10.0							
Revenue	14.9	7.1	2.5	(24.8)	(22.4)	8.7							
Costs	17.9	15.9	26.3	(26.3)	(24.5)	7.1							
Operating profit	10.5	(6.3)	(42.1)	(18.8)	(14.7)	14.0							
Net profit	44.6	(49.6)	(139.3)	(83.6)	35.9	(270.1)							
EPS	44.6	(49.6)	(137.4)	(83.6)	35.9	(270.1)							
Per-share data (\$)	2013	2014	2015	2016E	2017E	2018E							
No. of common shares (mn)	13,220	13,220	13,879	13,879	13,879	13,879							
EPS	0.01	0.00	0.00	0.00	0.00	0.00							
DPS	0.00	-	0.00	0.00	0.00	0.00							
BVPS	0.1	0.1	0.0	0.0	0.0	0.0							

Source: Company data, Renaissance Capital estimates

UBA summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 37: UBA summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	416,337	418,741	331,070	364,177	400,595	440,654
Securities	691,007	665,156	869,928	999,855	1,199,826	1,439,791
Net loans	937,620	1,071,859	1,036,637	1,245,657	1,366,663	1,498,768
Gross loans	956,947	1,095,372	1,062,419	1,285,527	1,414,080	1,555,488
Interest-earning assets	2,169,212	2,155,756	2,237,635	2,609,689	2,967,083	3,379,213
Total assets	2,642,296	2,762,573	2,752,622	3,256,117	3,727,173	4,272,937
Liabilities						
Interbank	60,582	59,228	61,066	51,906	54,501	57,226
Securities	55,653	85,315	85,620	89,901	94,396	99,116
Deposits	2,161,182	2,169,663	2,081,704	2,489,665	2,868,764	3,313,265
Interest-bearing liabilities	2,277,417	2,314,206	2,228,390	2,631,472	3,017,661	3,469,607
Total liabilities	2,642,296	2,762,573	2,752,622	3,256,117	3,727,173	4,272,937
Shareholders' equity	227,649	259,930	325,827	377,906	440,751	510,492

Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	185,700	196,680	233,969	252,267	319,140	362,584
Interest expense	(82,469)	(90,547)	(96,030)	(96,892)	(113,475)	(129,939)
Net interest income	103,231	106,133	137,939	155,375	205,666	232,645
Net fee income	44,874	47,966	53,335	54,718	59,163	60,273
Trading income	17,650	32,411	16,026	28,847	30,289	34,833
Other income	11,238	2,550	2,943	3,237	4,047	4,856
Total revenue	176,993	189,060	210,243	242,177	299,165	332,607
Staff costs	(50,655)	(55,461)	(57,446)	(64,177)	(71,799)	(79,826)
Other costs	(57,196)	(74,225)	(79,180)	(83,796)	(90,937)	(101,556)
Total costs	(107,851)	(129,686)	(136,626)	(147,973)	(162,737)	(181,382)
Operating profit	69,142	59,374	73,617	94,204	136,428	151,225
Provisioning charge	(13,078)	(3,183)	(5,053)	(14,088)	(17,547)	(19,302)
Other pre-tax items	(6)	9	(110)	(132)	(145)	(160)
Pre-tax profit	56,058	56,200	68,454	79,984	118,735	131,763
Tax	(9,457)	(8,293)	(8,800)	(13,597)	(20,185)	(22,400)
Minorities	(684)	(886)	(1,050)	(1,169)	(1,735)	(1,925)
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	45,917	47,021	58,604	65,219	96,815	107,438
Dividend on common shares	(16,491)	(3,298)	(20,778)	(21,740)	(33,970)	(37,698)
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	41.8	14.5	(3.0)	21.0	10.0	10.0
Interest-earning assets	15.2	(0.6)	3.8	16.6	13.7	13.9
Deposits	25.6	0.4	(4.1)	19.6	15.2	15.5
Interest-bearing liabilities	24.3	1.6	(3.7)	18.1	14.7	15.0
Assets	16.3	4.6	(0.4)	18.3	14.5	14.6
Fee income	(0.5)	6.9	11.2	2.6	8.1	1.9
Revenue	11.2	6.8	11.2	15.2	23.5	11.2
Costs	5.1	20.2	5.4	8.3	10.0	11.5
Operating profit	22.1	(14.1)	24.0	28.0	44.8	10.8
Net profit	(10.6)	2.4	24.6	11.3	48.4	11.0
EPS	(10.6)	2.4	18.7	6.2	48.4	11.0

Per-share data (NGN)	2013	2014	2015	2016E	2017E	2018E
No. of common shares (mn)	32,982	32,982	34,631	36,280	36,280	36,280
EPS	1.39	1.43	1.69	1.80	2.67	2.96
DPS	0.50	0.10	0.60	0.60	0.94	1.04
BVPS	6.9	7.9	9.4	10.4	12.1	14.1

Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	35.5	38.8	37.7	38.3	36.7	35.1
Deposits/liabilities	81.8	78.5	75.6	76.5	77.0	77.5
Loans/deposits	43.4	49.4	49.8	50.0	47.6	45.2
Equity/assets	8.6	9.4	11.8	11.6	11.8	11.9

Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	16.0	12.9	16.4	15.2	15.0	14.8
Tier 2	3.5	2.6	3.6	3.8	3.6	3.4
Total	19.6	15.5	20.0	19.0	18.5	18.2

Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	11,697	17,711	18,060	32,138	45,251	54,442
NPL reserves	19,327	23,513	25,782	39,870	47,417	56,719
NPLs/gross loans (%)	1.22	1.62	1.70	2.50	3.20	3.50
Reserves/NPLs (x)	1.65	1.33	1.43	1.24	1.05	1.04
Credit charge (%)	1.60	0.31	0.47	1.20	1.30	1.30

Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	9.2	9.1	10.7	10.4	11.4	11.4
Liability margin	4.0	3.9	4.2	4.0	4.0	4.0
NIM	5.1	4.9	6.3	6.4	7.4	7.3
Spread	5.2	5.2	6.4	6.4	7.4	7.4

Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	60.9	68.6	65.0	61.1	54.4	54.5
Cost/avg assets	4.39	4.80	4.95	4.93	4.66	4.53
Effective tax rate	16.9	14.8	12.9	17.0	17.0	17.0

Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	22.0	19.3	20.0	21.0	23.7	22.6
RoAA	1.9	1.7	2.1	2.5	2.8	2.7

Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	58.3	56.1	65.6	64.2	68.7	69.9
Fees/revenue	25.4	25.4	25.4	22.6	19.8	18.1
Trading income/revenue	10.0	17.1	7.6	11.9	10.1	10.5
Fees/staff costs	88.6	86.5	92.8	85.3	82.4	75.5
Fees/total costs	41.6	37.0	39.0	37.0	36.4	33.2
Payout ratio	35.9	7.0	35.5	33.3	35.1	35.1

No. of:	2010	2011	2012	2013	2014	2015
Employees	12,891	12,978	11,529	12,815	12,699	12,776
Branches	726	634	603	605	605	615
Mini/Sub branches	2,917	na	na	na	na	na
ATMs	1,223	1,352	1,500	1,590	1,738	1,738

Source: Company data, Renaissance Capital estimates

Figure 38: UBA summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E	Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Assets							Loans/assets	35.5	38.8	37.7	38.3	36.7	35.1
Interbank	2,602	2,288	1,664	934	1,151	1,266	Deposits/liabilities	81.8	78.5	75.6	76.5	77.0	77.5
Securities	4,319	3,635	4,371	2,564	3,448	4,137	Loans/deposits	43.4	49.4	49.8	50.0	47.6	45.2
Net loans	5,860	5,857	5,209	3,194	3,927	4,307	Equity/assets	8.6	9.4	11.8	11.6	11.8	11.9
Gross loans	5,981	5,986	5,339	3,296	4,063	4,470							
Interest-earning assets	13,558	11,780	11,244	6,692	8,526	9,710	Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Total assets	16,514	15,096	13,832	8,349	10,710	12,279	Tier 1	16.0	12.9	16.4	15.2	15.0	14.8
							Tier 2	3.5	2.6	3.6	3.8	3.6	3.4
							Total	19.6	15.5	20.0	19.0	18.5	18.2
Liabilities													
Interbank	379	324	307	133	157	164	Asset quality	2013	2014	2015	2016E	2017E	2018E
Securities	348	466	430	231	271	285	NPLs	73	97	91	82	130	156
Deposits	13,507	11,856	10,461	6,384	8,244	9,521	NPL reserves	121	128	130	102	136	163
Interest-bearing liabilities	14,234	12,646	11,198	6,747	8,671	9,970	NPLs/gross loans (%)	1.22	1.62	1.70	2.50	3.20	3.50
Total liabilities	16,514	15,096	13,832	8,349	10,710	12,279	Reserves/NPLs (x)	1.65	1.33	1.43	1.24	1.05	1.04
Shareholders' equity	1,423	1,420	1,637	969	1,267	1,467	Credit charge (%)	1.60	0.31	0.47	1.20	1.30	1.30
							Margins (%)	2013	2014	2015	2016E	2017E	2018E
Income statement	2013	2014	2015	2016E	2017E	2018E	Asset margin	9.2	9.1	10.7	10.4	11.4	11.4
Interest income	1,168	1,192	1,176	934	865	983	Liability margin	4.0	3.9	4.2	4.0	4.0	4.0
Interest expense	(519)	(549)	(483)	(359)	(308)	(352)	NIM	5.1	4.9	6.3	6.4	7.4	7.3
Net interest income	649	643	693	575	557	630	Spread	5.2	5.2	6.4	6.4	7.4	7.4
Net fee income	282	291	268	203	160	163							
Trading income	111	196	81	107	82	94	Costs (%)	2013	2014	2015	2016E	2017E	2018E
Other income	71	15	15	12	11	13	Cost/income	60.9	68.6	65.0	61.1	54.4	54.5
Total revenue	1,113	1,146	1,056	897	811	901	Cost/avg assets	4.39	4.80	4.95	4.93	4.66	4.53
Staff costs	(319)	(336)	(289)	(238)	(195)	(216)	Effective tax rate	16.9	14.8	12.9	17.0	17.0	17.0
Other costs	(360)	(450)	(398)	(310)	(246)	(275)							
Total costs	(678)	(786)	(687)	(548)	(441)	(492)	Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
Operating profit	435	360	370	349	370	410	RoAE	22.0	19.3	20.0	21.0	23.7	22.6
Provisioning charge	(82)	(19)	(25)	(52)	(48)	(52)	RoAA	1.9	1.7	2.1	2.5	2.8	2.7
Other pre-tax items	(0)	0	(1)	(0)	(0)	(0)							
Pre-tax profit	353	341	344	296	322	357	Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tax	(59)	(50)	(44)	(50)	(55)	(61)	Interest income/revenue	58.3	56.1	65.6	64.2	68.7	69.9
Minorities	(4)	(5)	(5)	(4)	(5)	(5)	Fees/revenue	25.4	25.4	25.4	22.6	19.8	18.1
Other post-tax gains/losses	0	0	0	0	0	0	Trading income/revenue	10.0	17.1	7.6	11.9	10.1	10.5
Net profit	289	285	294	242	262	291	Fees/staff costs	88.6	86.5	92.8	85.3	82.4	75.5
Dividend on common shares	(104)	(20)	(104)	(81)	(92)	(102)	Fees/total costs	41.6	37.0	39.0	37.0	36.4	33.2
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a	Payout ratio	35.9	7.0	35.5	33.3	35.1	35.1
							No. of:	2010	2011	2012	2013	2014	2015
Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E	Employees	12,891	12,978	11,529	12,815	12,699	12,776
Loans	38.3	0.1	(10.8)	(38.3)	23.3	10.0	Branches	726	634	603	605	605	615
Interest-earning assets	12.4	(13.1)	(4.5)	(40.5)	27.4	13.9	Mini/Sub branches	2,917	na	na	na	na	na
Deposits	22.5	(12.2)	(11.8)	(39.0)	29.1	15.5	ATMs	1,223	1,352	1,500	1,590	1,738	1,738
Interest-bearing liabilities	21.2	(11.2)	(11.5)	(39.7)	28.5	15.0							
Assets	13.3	(8.6)	(8.4)	(39.6)	28.3	14.6							
Fee income	(1.8)	3.0	(7.8)	(24.4)	(20.9)	1.9							
Revenue	9.8	2.9	(7.8)	(15.1)	(9.6)	11.2							
Costs	3.8	15.9	(12.6)	(20.2)	(19.5)	11.5							
Operating profit	20.6	(17.3)	2.8	(5.7)	6.0	10.8							
Net profit	(11.7)	(1.3)	3.3	(18.0)	8.6	11.0							
EPS	(11.7)	(1.3)	(1.6)	(21.7)	8.6	11.0							
Per-share data (\$)	2013	2014	2015	2016E	2017E	2018E							
No. of common shares (mn)	32,982	32,982	34,631	36,280	36,280	36,280							
EPS	0.01	0.01	0.01	0.01	0.01	0.01							
DPS	0.00	0.00	0.00	0.00	0.00	0.00							
BVPS	0.0	0.0	0.0	0.0	0.0	0.0							

Source: Company data, Renaissance Capital estimates

Zenith Bank summary financials

Renaissance Capital
27 June 2016

African Banks

Figure 39: Zenith Bank summary financials, NGNm (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	256,729	506,568	272,194	299,413	314,384	330,103
Securities	892,247	664,630	864,601	995,386	1,045,155	1,134,545
Net loans	1,251,355	1,729,507	1,989,313	2,344,431	2,735,353	3,169,147
Gross loans	1,276,122	1,758,335	2,032,256	2,401,191	2,821,282	3,285,880
Interest-earning assets	2,400,331	2,900,705	3,126,108	3,639,230	4,094,892	4,633,795
Total assets	3,143,133	3,755,264	4,006,842	4,433,430	4,972,517	5,628,748
Liabilities						
Interbank	0	0	0	0	0	0
Securities	0	92,932	99,818	139,745	153,720	169,092
Deposits	2,276,755	2,537,311	2,557,884	2,833,687	3,218,163	3,705,651
Interest-bearing liabilities	2,276,755	2,630,243	2,657,702	2,973,433	3,371,883	3,874,743
Total liabilities	2,633,882	3,202,626	3,412,489	3,780,303	4,248,466	4,827,461
Shareholders' equity	505,236	552,086	593,760	652,475	723,329	800,487
Income statement						
Interest income	270,538	313,422	348,179	376,016	447,633	498,256
Interest expense	(70,796)	(106,919)	(123,597)	(121,696)	(145,669)	(162,243)
Net interest income	199,742	206,503	224,582	254,321	301,964	336,012
Net fee income	55,008	70,512	60,904	76,130	85,266	93,792
Trading income	5,105	15,877	18,150	15,428	16,970	18,667
Other income	4,617	3,670	5,530	5,807	6,387	7,026
Total revenue	264,472	296,562	309,166	351,685	410,587	455,498
Staff costs	(59,952)	(72,320)	(67,522)	(70,337)	(90,329)	(100,209)
Other costs	(87,244)	(91,382)	(100,355)	(110,793)	(124,387)	(137,953)
Total costs	(147,196)	(163,702)	(167,877)	(181,130)	(214,716)	(238,162)
Operating profit	117,276	132,860	141,289	170,555	195,870	217,335
Provisioning charge	(11,067)	(13,064)	(15,673)	(28,817)	(39,169)	(45,804)
Other pre-tax items	4,388	0	0	0	0	0
Pre-tax profit	110,597	119,796	125,616	141,738	156,702	171,532
Tax	(15,279)	(20,341)	(19,953)	(24,095)	(26,639)	(30,876)
Minorities	(742)	(180)	(132)	(213)	(162)	(255)
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	94,576	99,275	105,531	117,429	129,900	140,401
Dividend on common shares	(54,943)	(54,943)	(56,513)	(58,715)	(59,045)	(63,244)
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a
Balance-sheet ratios (%)						
Loans/assets	39.8	46.1	49.6	52.9	55.0	56.3
Deposits/liabilities	86.4	79.2	75.0	75.0	75.7	76.8
Loans/deposits	55.0	68.2	77.8	82.7	85.0	85.5
Equity/assets	16.1	14.7	14.8	14.7	14.5	14.2
Capital ratios (%)						
Tier 1	26.0	19.0	20.3	19.1	18.3	18.4
Tier 2	0.2	0.2	0.2	0.2	0.1	0.1
Total	26.2	19.3	20.4	19.2	18.4	18.5
Asset quality						
NPLs	37,135	30,770	44,896	67,233	84,638	98,576
NPL reserves	24,767	28,828	42,943	56,760	85,929	116,733
NPLs/gross loans (%)	2.91	1.75	2.21	2.80	3.00	3.00
Reserves/NPLs (x)	0.67	0.94	0.96	0.84	1.02	1.18
Credit charge (%)	0.97	0.86	0.83	1.30	1.50	1.50
Margins (%)						
Asset margin	11.83	11.82	11.55	11.12	11.58	11.42
Liability margin	3.37	4.36	4.67	4.32	4.59	4.48
NIM	8.74	7.79	7.45	7.52	7.81	7.70
Spread	8.47	7.47	6.88	6.79	6.98	6.94
Costs (%)						
Cost/income	55.7	55.2	54.3	51.5	52.3	52.3
Cost/avg assets	5.12	4.75	4.33	4.29	4.57	4.49
Effective tax rate	13.8	17.0	15.9	17.0	17.0	18.0
Profitability ratios (%)						
RoAE	19.6	18.8	18.4	18.8	18.9	18.4
RoAA	3.3	2.9	2.7	2.8	2.8	2.6
Other P&L ratios (%)						
Interest income/revenue	75.5	69.6	72.6	72.3	73.5	73.8
Fees/revenue	20.8	23.8	19.7	21.6	20.8	20.6
Trading income/revenue	1.9	5.4	5.9	4.4	4.1	4.1
Fees/staff costs	91.8	97.5	90.2	108.2	94.4	93.6
Fees/total costs	37.4	43.1	36.3	42.0	39.7	39.4
Payout ratio	58.1	55.3	53.6	50.0	45.5	45.0
Key YoY growth rates (%)						
Loans	25.8	37.8	15.6	18.2	17.5	16.5
Interest-earning assets	10.5	20.8	7.8	16.4	12.5	13.2
Deposits	18.0	11.4	0.8	10.8	13.6	15.1
Interest-bearing liabilities	18.0	15.5	1.0	11.9	13.4	14.9
Assets	20.7	19.5	6.7	10.6	12.2	13.2
Fee income	9.0	28.2	(13.6)	25.0	12.0	10.0
Revenue	16.3	12.1	4.3	13.8	16.7	10.9
Costs	23.1	11.2	2.6	7.9	18.5	10.9
Operating profit	8.9	13.3	6.3	20.7	14.8	11.0
Net profit	(5.6)	5.0	6.3	11.3	10.6	8.1
EPS	(3.5)	6.4	6.2	10.0	10.6	8.1
Per-share data (NGN)						
No. of common shares (mn)	31,396	31,396	31,396	31,396	31,396	31,396
EPS	3.01	3.20	3.40	3.74	4.14	4.47
DPS	1.75	1.75	1.80	1.87	1.88	2.01
BVPS	16.1	17.6	18.9	20.8	23.0	25.5
No. of:						
Employees	8,028	8,812	7,164	7,301	7,278	7,416
Branches	315	340	340	340	360	360
Mini/Sub branches	na	na	na	na		
ATMs	0	0	0	0		

Source: Company data, Renaissance Capital estimates

Figure 40: Zenith Bank summary financials, \$mn (unless otherwise stated)

Balance sheet	2013	2014	2015	2016E	2017E	2018E
Assets						
Interbank	1,605	2,768	1,368	768	903	949
Securities	5,577	3,632	4,345	2,552	3,003	3,260
Net loans	7,821	9,451	9,997	6,011	7,860	9,107
Gross loans	7,976	9,608	10,212	6,157	8,107	9,442
Interest-earning assets	15,002	15,851	15,709	9,331	11,767	13,316
Total assets	19,645	20,521	20,135	11,368	14,289	16,175
Liabilities						
Interbank	0	0	0	0	0	0
Securities	0	508	502	358	442	486
Deposits	14,230	13,865	12,854	7,266	9,248	10,648
Interest-bearing liabilities	14,230	14,373	13,355	7,624	9,689	11,134
Total liabilities	16,462	17,501	17,148	9,693	12,208	13,872
Shareholders' equity	3,158	3,017	2,984	1,673	2,079	2,300

Income statement	2013	2014	2015	2016E	2017E	2018E
Interest income	1,701	1,900	1,750	1,393	1,213	1,350
Interest expense	(445)	(648)	(621)	(451)	(395)	(440)
Net interest income	1,256	1,252	1,129	942	818	911
Net fee income	346	427	306	282	231	254
Trading income	32	96	91	57	46	51
Other income	29	22	28	22	17	19
Total revenue	1,663	1,797	1,554	1,303	1,113	1,234
Staff costs	(377)	(438)	(339)	(261)	(245)	(272)
Other costs	(549)	(554)	(504)	(410)	(337)	(374)
Total costs	(926)	(992)	(844)	(671)	(582)	(645)
Operating profit	738	805	710	632	531	589
Provisioning charge	(70)	(79)	(79)	(107)	(106)	(124)
Other pre-tax items	28	0	0	0	0	0
Pre-tax profit	696	726	631	525	425	465
Tax	(96)	(123)	(100)	(89)	(72)	(84)
Minorities	(5)	(1)	(1)	(1)	(0)	(1)
Other post-tax gains/losses	0	0	0	0	0	0
Net profit	595	602	530	435	352	380
Dividend on common shares	(346)	(333)	(284)	(217)	(160)	(171)
Dividend on pref shares	n/a	n/a	n/a	n/a	n/a	n/a

Key YoY growth rates (%)	2013	2014	2015	2016E	2017E	2018E
Loans	22.6	20.5	6.3	(39.7)	31.7	16.5
Interest-earning assets	7.7	5.7	(0.9)	(40.6)	26.1	13.2
Deposits	15.1	(2.6)	(7.3)	(43.5)	27.3	15.1
Interest-bearing liabilities	15.1	1.0	(7.1)	(42.9)	27.1	14.9
Assets	17.7	4.5	(1.9)	(43.5)	25.7	13.2
Fee income	7.6	23.5	(28.4)	(7.9)	(18.0)	10.0
Revenue	14.9	8.1	(13.6)	(16.2)	(14.6)	10.9
Costs	21.5	7.2	(15.0)	(20.5)	(13.3)	10.9
Operating profit	7.5	9.2	(11.8)	(11.0)	(16.0)	11.0
Net profit	(6.8)	1.2	(11.9)	(18.0)	(19.1)	8.1
EPS	(4.7)	2.5	(11.9)	(19.0)	(19.1)	8.1

Per-share data (\$)	2013	2014	2015	2016E	2017E	2018E
No. of common shares (mn)	31,396	31,396	31,396	31,396	31,396	31,396
EPS	0.02	0.02	0.02	0.01	0.01	0.01
DPS	0.01	0.01	0.01	0.01	0.01	0.01
BVPS	0.1	0.1	0.1	0.1	0.1	0.1

Balance-sheet ratios (%)	2013	2014	2015	2016E	2017E	2018E
Loans/assets	39.8	46.1	49.6	52.9	55.0	56.3
Deposits/liabilities	86.4	79.2	75.0	75.0	75.7	76.8
Loans/deposits	55.0	68.2	77.8	82.7	85.0	85.5
Equity/assets	16.1	14.7	14.8	14.7	14.5	14.2

Capital ratios (%)	2013	2014	2015	2016E	2017E	2018E
Tier 1	26.0	19.0	20.3	19.1	18.3	18.4
Tier 2	0.2	0.2	0.2	0.2	0.1	0.1
Total	26.2	19.3	20.4	19.2	18.4	18.5

Asset quality	2013	2014	2015	2016E	2017E	2018E
NPLs	232	168	226	172	243	283
NPL reserves	155	158	216	146	247	335
NPLs/gross loans (%)	2.91	1.75	2.21	2.80	3.00	3.00
Reserves/NPLs (x)	0.67	0.94	0.96	0.84	1.02	1.18
Credit charge (%)	0.97	0.86	0.83	1.30	1.50	1.50

Margins (%)	2013	2014	2015	2016E	2017E	2018E
Asset margin	11.83	11.82	11.55	11.12	11.58	11.42
Liability margin	3.37	4.36	4.67	4.32	4.59	4.48
NIM	8.74	7.79	7.45	7.52	7.81	7.70
Spread	8.47	7.47	6.88	6.79	6.98	6.94

Costs (%)	2013	2014	2015	2016E	2017E	2018E
Cost/income	55.7	55.2	54.3	51.5	52.3	52.3
Cost/avg assets	5.12	4.75	4.33	4.29	4.57	4.49
Effective tax rate	13.8	17.0	15.9	17.0	17.0	18.0

Profitability ratios (%)	2013	2014	2015	2016E	2017E	2018E
RoAE	19.6	18.8	18.4	18.8	18.9	18.4
RoAA	3.3	2.9	2.7	2.8	2.8	2.6

Other P&L ratios (%)	2013	2014	2015	2016E	2017E	2018E
Interest income/revenue	75.5	69.6	72.6	72.3	73.5	73.8
Fees/revenue	20.8	23.8	19.7	21.6	20.8	20.6
Trading income/revenue	1.9	5.4	5.9	4.4	4.1	4.1
Fees/staff costs	91.8	97.5	90.2	108.2	94.4	93.6
Fees/total costs	37.4	43.1	36.3	42.0	39.7	39.4
Payout ratio	58.1	55.3	53.6	50.0	45.5	45.0

No. of:	2010	2011	2012	2013	2014	2015
Employees	8,028	8,812	7,164	7,301	7,278	7,416
Branches	315	340	340	340	360	360
Mini/Sub branches	na	na	na	na		
ATMs	0	0	0	0		

Source: Company data, Renaissance Capital estimates

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