

- Growth in Gross Earnings mainly due to growth in Other Operating Income
- Interest Income recorded some growth, while Interest Expenses were kept under control
- Foreign Exchange Gains drove the significant growth in Other Income, growing by 1,531% between July and September 2016
- Cost to Income ratio declined
- Net Impairment Loss on Financial Assets grew significantly by 125.65%
- Most of the impairment losses were recorded in Q3 2016
- PBT and PAT Margins increased significantly in Q3 2016, however, the Group recorded losses between July and September 2016
- The bank lost some market share in Q3 2016
- Trailing Return on Equity (ROE) rose to positive levels in 2016 from negative in 2015
- Price to Book value is lower than that of emerging market banks
- Increased interbank borrowings in Q3 2016
- **We maintain our BUY rating on the stock.**

N' million	Sep-16	Sep-15	Change
Gross Earnings	140,727	109,294	28.76%
Interest Income	93,236	87,396	6.68%
Interest Expenses	40,039	38,687	3.50%
Net Interest Income	53,197	48,710	9.21%
Fees and Commission Income	13,374	14,165	(5.59%)
Fees and Commission Expenses	2,690	2,269	18.57%
Net Fee and Commission Income	10,683	11,897	(10.20%)
Net Gain on Investment Securities	(13)	9	(238.77%)
Net FX Income/ (loss)	582	476	22.33%
Other Operating Income	33,549	7,247	362.91%
Total Net Non-Interest Income	44,801	19,629	128.24%
Operating Income	97,998	68,339	43.40%
Net Impairment Loss on Financial Assets	34,497	15,287	125.65%
Net Operating Income After Impairment	63,501	53,051	19.70%
Total Operating Expenses	49,325	50,488	(2.30%)
Profit Before Tax (PBT)	14,176	2,563	453.06%
Taxation Charge	1,194	697	71.24%
Profit After Tax (PAT)	12,981	1,866	595.81%

Key Performance Ratios

	Sep-16	Sep-15	Change
Interest Income to Gross Income	66.25%	79.96%	(13.71%)
Non-Interest Income to Gross Income	33.75%	20.04%	13.71%
Interest Expenses to Interest Income	42.94%	44.27%	(1.32%)
Non-Interest Expenses to Non-Interest Income	20.12%	16.02%	4.10%
Cost to Income Ratio	77.68%	95.17%	(17.49%)
Operating Income Margin	45.12%	48.54%	(3.42%)
PBT Margin	10.07%	2.35%	7.73%
PAT Margin	9.22%	1.71%	7.52%
Price to Book Ratio (Trailing)	0.12	0.23	(10.79%)
Return on Equity (Trailing)	9.08%	(6.73%)	15.81%

Financial Position

N' Million				Relative to Total Assets	
	Sep-16	Dec-15	Change	Sep-16	Dec-15
Cash and Bank Balances	143,168	180,922	(20.87%)	11.53%	15.60%
Non Pledged Trading Assets	10,755	1,994	439.27%	0.87%	0.17%
Loans to Customers & Banks	657,120	592,957	10.82%	52.93%	51.14%
Investment Securities	160,089	135,310	18.31%	12.90%	11.67%
Deferred Tax Assets	8189.096	8,166	0.28%	0.66%	0.70%
Other Assets	262,111	240,184	9.13%	21.11%	20.71%
Total Assets	1,241,432	1,159,534	7.06%	100.00%	100.00%
N' Million				Relative to TL*	
	Sep-16	Dec-15	Change	Sep-16	Dec-15
Deposit From Banks	47,516	5,461	770.09%	4.46%	0.55%
Deposit From Customers	664,310	700,217	(5.13%)	62.29%	70.22%
Borrowings	170,609	113,700	50.05%	16.00%	11.40%
Debt Securities Issued	51,161	49,309	3.75%	4.80%	4.95%
Other Liabilities	132,959	128,456	3.51%	12.47%	12.88%
Total Liabilities	1,066,554	997,143	6.96%	100.00%	100.00%
Total Equity	174,878	162,391	7.69%		
*Total Liabilities					