

FCMB Group Plc

Investors & Analysts
Presentation

3Q 2014



31 October 2014

Glossary

BBG	Business Banking Group	LDR	Loan to Deposit Ratio
CAGR	Compound Annual Growth Rate	M&A	Mergers & Acquisitions
CAR	Capital Adequacy Ratio	N/A	Not Applicable/ Not Available
CDL	Credit Direct Limited	NIM	Net Interest Margin
CIR	Cost to Income Ratio	NPL	Non Performing Loan
COT	Commission on Turnover	NRFF	Net Revenue from Funds
CRBG	Commercial & Retail Banking Group	NSE	Nigerian Stock Exchange
CRR	Cash Reserve Ratio	OPEX	Operating Expenditure
E&P	Exploration & Production	PAT	Profit After Tax
FMCG	Fast-moving consumer goods	P&L	Profit and Loss
FY	Full Year	PBT	Profit Before Tax
IBG	Investment Banking Group	QoQ	Quarter-on-Quarter
IFRS	International Financial Reporting Standards	ROA	Return on Assets
ICT	Information & Communications Technology	ROE	Return on Equity
IOC	International Oil & Gas Company	SME	Small & Medium Enterprises
KPI	Key Performance Indicators	YE	Year End
LCDM	Low Cost Deposit Mix	YoY	Year-on-Year

AGENDA

Group Performance Review

Commercial & Retail Banking Group:
Business Review

Investment Banking Group:
Business Review

Risk Management Review

Outlook and Plan to Year-End 2014



Group Performance Review –

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

Improved NIM & ROaE (YoY), but ROaA declined due to CRR drag. RoAE however up (YoY) as group capital buffer remains robust

FCMB: Key Performance Indicators (30-09-2014)

Performance Index		2Q14	3Q14	%Δ QoQ	9M13	9M14	%Δ YoY
Operating	Return on Av. Equity	13.1%	12.5%	-4.7%	11.8%	12.9%	9.2%
	Return on Av. Assets	1.8%	1.8%	-2.0%	2.0%	1.9%	-7.5%
	Loan/Deposit Ratio	73.4%	78.2%	6.6%	63.6%	78.2%	22.9%
	Cost/Income Ratio	70.8%	70.6%	-0.3%	71.2%	70.3%	-1.3%
	Net Interest Margin	8.4%	8.7%	2.8%	7.8%	8.6%	10.5%
	NPL/Total Loans	2.4%	2.7%	11.4%	2.7%	2.7%	0.8%
	Coverage Ratio	76.0%	77.0%	1.3%	71.6%	77.0%	7.4%
	NII/Operating Income	31.5%	29.8%	-5.6%	33.2%	29.3%	-11.5%
	Financial Leverage	7.13	6.93	-2.8%	6.82	6.93	1.7%
	Cost of Risk	0.9%	1.0%	4.9%	0.6%	1.0%	60.6%
Capital & Liquidity	Capital Adequacy Ratio	17.6%*	17.5%*	Min requirement 15%	22.8%	17.5%*	Minimum requirement 15%
	Liquidity Ratio	32.6%	32.2%	Min requirement: 30%	60.9%	32.2%	Minimum requirement 30%
Others	Opex (N'B)	17	17	1.8%	44	49	11.6%
	Risk Assets (net) (N'B)	555	565	1.8%	439	565	28.6%
	Customer Deposits (N'B)	757	722	-4.5%	691	722	4.6%

Note:

* Excludes 2014 unaudited profits

Group Statements of Comprehensive Income

Strong growth across all annuity revenue lines, with fees & comm. remaining steady QoQ, and ahead of previous year (YoY). PBT up 14% YoY

FCMB

FCMB: Statements of Comprehensive Income (Extracts) (30-09-2014)

N'm	2Q14	3Q14	%Δ QoQ	9M13	9M14	%Δ YoY
Revenue	35,801	37,083	4%	96,628	106,703	10%
Interest Income	27,957	29,173	4%	75,490	84,501	12%
Interest Expense	-11,964	-12,424	4%	-34,365	-35,396	3%
Net Interest Income	15,993	16,749	5%	41,125	49,104	19%
Non Interest Income	7,366	7,099	-4%	20,368	20,415	0%
- Net Fees & Commissions	4,234	4,241	0%	11,872	12,051	2%
- Securities Trading Income	234	222.452	-5%	348	591.652	70%
- FX Income	1,476	1,756	19%	3,896	5,435	39%
- Others	1,422	880	-38%	4,252	2,338	-45%
Operating Income	23,359	23,848	2%	61,492	69,520	13%
Operating Expenses	-16,546	-16,841	2%	-43,797	-48,881	12%
Net impairment losses	-1,234	-1,374	11%	-3,009	-3,913	30%
Net gains/(losses) from fin. instruments at fair value	-9	10.338	-218%	29	57	98%
PBT	5,570	5,643	1%	14,715	16,783	14%

Loan grew faster than our 25% YoY guidance, as deposits slipped QoQ, but still 5% ahead of previous years

FCMB: Statements of Financial Position (Extracts) (30-09-2014)

N'm	3Q13	2Q14	3Q14	% Δ QoQ	% Δ YoY
Cash and cash equivalents	134,139	106,754	100,434	-6%	-25%
Restricted reserve deposits	94,288	144,929	120,763	-17%	28%
Loans and advances	439,382	555,331	565,093	2%	29%
Derivative assets held	2,048	865	484	-44%	-76%
Non Pledged trading assets	6,576	13,423	2,830	-79%	-57%
Investments	168,403	126,110	136,309	8%	-19%
Assets classified as held for sale	1,258	0	0	0%	-100%
Assets pledged as collateral	55,594	45,880	46,130	1%	-17%
Investment in associate	467	569	569	0%	22%
Intangible assets	12,035	7,929	8,125	2%	-32%
Deferred tax assets	4,886	6,359	6,359	0%	30%
Other assets	33,293	32,381	27,061	-16%	-19%
Fixed assets	26,280	26,873	27,438	2%	4%
Total Assets	978,649	1,067,402	1,041,596	-2%	6%
LIABILITIES:					
Derivative liabilities held	2,048	700	383	-45%	-81%
Customer deposits	690,635	756,913	722,480	-5%	5%
Deposits from banks	3,286	474	452	-5%	-86%
Other liabilities	104,812	85,697	81,817	-5%	-22%
Borrowings	33,102	76,165	84,423	11%	155%
Shareholders' funds	144,765	147,453	152,040	3%	5%
Liabilities and SHF	978,649	1,067,402	1,041,596	-2%	6%
Acceptances & Guarantees	138,826	185,274	170,776	-8%	23%



Banking group remains the key driver of profits, but non-bank businesses contributions to profits has risen sharply

**FCMB: Analysis of PBT Contribution by Entity
(30-09-2014)**

N'm	2Q14	3Q14	% Δ QoQ	9M13	9M14	% Δ YoY
Commercial Banking Group	5,311	4,920	-7%	14,396	15,695	9%
Investment Banking Group	389	775	99%	429	1,362	218%
• FCMB Capital Markets	171	709	314%	333	1,054	216%
• CSL Stockbrokers	218	66	-70%	96	308	221%
CSL Trustees	0	41	n/a	0	41	n/a
FCMB Group Plc (Separate)	(129)	(94)	-27%	(110) ¹	(316)	188%
FCMB Group Plc (consolidated)	5,570	5,643	1%	14,715	16,783	14%

Note:

1. 9M13 represents three months operations of the company.



Commercial & Retail Banking Group (CRBG): *Business Review –*
Mr. Ladi Balogun (Group Managing Director/ CEO: FCMB Ltd)

Spreads and returns (ROE) improved YoY, as cost of risk was kept within guidance of 1.3%. Sufficient capital buffer exists

**CRBG : Key Performance Indicators
(30-09-2014)**

Performance Index		2Q14	3Q14	%Δ QoQ	9M13	9M14	%Δ YoY
Operating	Return on Av. Equity	14.06%	12.57%	-10.59%	12.80%	13.59%	6.14%
	Return on Av. Assets	1.80%	1.65%	-8.33%	1.80%	1.79%	-0.56%
	Loan/Deposit Ratio	72.73%	77.95%	7.18%	63.60%	77.95%	22.56%
	Cost/Income Ratio	70.75%	71.83%	1.53%	71.10%	70.51%	-0.83%
	Net Interest Margin	8.29%	8.67%	4.63%	7.80%	8.52%	9.19%
	NPL/Total Loans	2.40%	2.72%	13.33%	2.70%	2.72%	0.74%
	Coverage Ratio	93.80%	90.50%	-3.52%	74.96%	90.50%	20.72%
	NII/Operating Income	29.32%	26.10%	-10.99%	32.00%	26.88%	-15.99%
	Financial Leverage	7.83	7.60	-2.88%	7.14	7.60	6.47%
	Cost of Risk	0.95%	1.00%	5.68%	0.61%	0.98%	60.64%
Capital & Liquidity	Capital Adequacy Ratio	15.90%*	15.85%*	-0.32%	21.30%	15.85%*	-25.59%
	Liquidity Ratio	31.89%	31.19%	-2.20%	50.80%	31.19%	-38.60%
Others	Opex (N'B)	15.83	16.05	1.40%	42.7	46.88	9.78%
	Risk Assets (net) (N'B)	554.93	564.67	1.76%	439.2	564.67	28.57%
	Customer Deposits (N'B)	763.02	724.40	-5.06%	690.7	724.40	4.88%

Note:

* Excludes 2014 unaudited profits



Growth in key rev. lines, except for fees/comm., which was offset by growth in FX/ Other Income. OPEX increased YoY, but slowed QoQ. Accordingly, PBT surged ~20% YoY

**CRBG: Statements of Comprehensive Income (Extracts)
(30-09-2014)**

	1Q14	2Q14	3Q14	%Δ QoQ	9M13	9M14	%Δ YoY
Revenue	32,768	34,897	34,912	0.0%	93,200	102,109	9.6%
Interest Income	27,287	27,869	29,087	4.4%	75,323	84,243	11.8%
Interest Expense	(11,008)	(12,053)	(12,593)	4.5%	(34,401)	(35,654)	3.6%
Net Interest Income	16,279	15,816	16,494	4.3%	40,922	48,589	18.7%
Non Interest Income	5,480	6,561	5,824	-11.2%	17,878	17,866	-0.1%
- Net Fees & Commissions	3,081	3,496	2,996	-14.3%	10,853	9,574	-11.8%
- Securities Trading Income	161	208	196	-5.7%	239	565	136.7%
- FX income & Other income	2,238	2,857	2,632	-7.9%	6,786	7,727	13.9%
Operating Income	21,760	22,377	22,319	-0.3%	58,799	66,456	13.0%
Operating Expenses	(14,991)	(15,832)	(16,052)	1.4%	(42,745)	(46,876)	9.7%
Net impairment losses	(1,305)	(1,234)	(1,374)	11.4%	(3,009)	(3,913)	30.1%
Net gains/(losses) from fin. instruments at fair value	-	-	28	100.0%	-	28	100.0%
PBT	5,464	5,311	4,920	-7.4%	13,046	15,695	20.3%

CRBG: Statements of Financial Position Analysis

Loan grew faster than guided. Deposits slipped QoQ, albeit grew 5% over previous year. CRR reserve quarantined 12% of total assets

FCMB

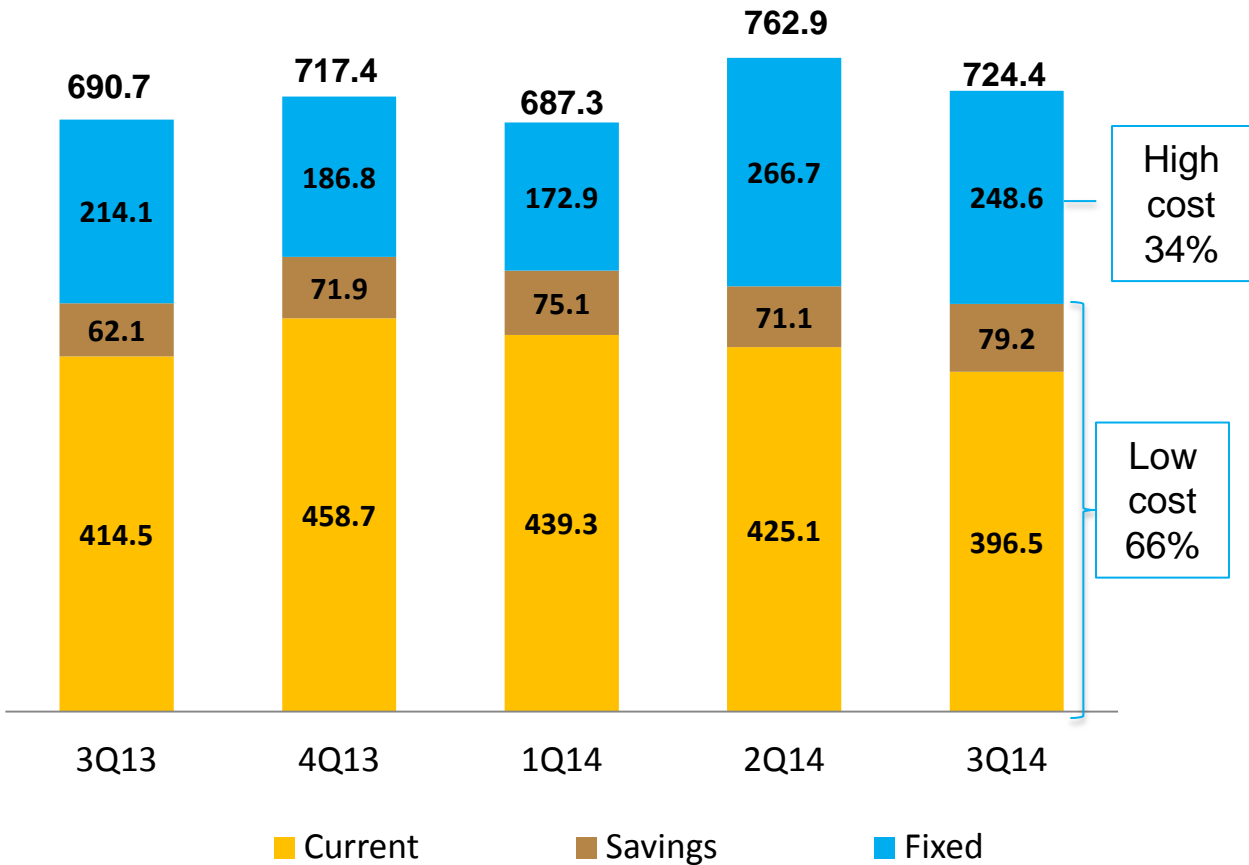


N'm	3Q13	4Q13	1Q14	2Q14	3Q14	% Δ QoQ	% Δ YoY
Liquid assets	132,281	198,182	102,075	105,869	99,053	-6.4%	-25.1%
Restricted reserve deposits	94,288	73,473	117,924	144,929	120,763	-16.7%	28.1%
Non-pledged trading assets	6,161	2,496	3,489	12,884	2,351	-81.8%	-61.8%
Derivative assets held	2,048	1,698	1,471	865	484	-44.0%	-76.4%
Loans and advances	439,156	450,167	493,255	554,931	564,671	1.8%	28.6%
Investments	165,092	159,949	143,704	122,687	132,622	8.1%	-19.7%
Assets classified as held for sale	785	-	-	-	-	-	-
Assets pledged as collateral	55,594	50,517	49,330	45,880	46,130	0.5%	-17.0%
Intangible assets	6,427	6,561	6,617	6,874	7,063	2.8%	9.9%
Deferred tax assets	4,758	6,310	6,310	6,324	6,324	0.0%	32.9%
Other assets	29,499	22,682	23,807	30,692	24,669	-19.6%	-16.4%
Fixed assets	26,200	26,682	26,521	26,711	27,270	2.1%	4.1%
Total Assets	962,289	998,717	974,503	1,058,646	1,031,401	-2.6%	7.2%
LIABILITIES:							
Trading liabilities	-	-	-	-	1,205	100.0%	100.0%
Derivative liabilities held	2,048	1,356	1,034	700	383	-45.3%	-81.3%
Customer deposits	690,715	717,364	687,349	763,015	724,400	-5.1%	4.9%
Deposits from banks	3,286	-	-	474	452	-4.6%	-86.2%
Liabilities classified as held for sale	734	-	-	-	-	-	-
Other liabilities	102,493	93,161	84,842	83,049	77,180	-7.1%	-24.7%
Borrowings	33,102	59,244	68,675	76,165	88,423	16.1%	167.1%
Shareholders' funds	129,911	127,592	132,603	135,243	139,358	3.0%	7.3%
Liabilities and Shareholder Equity	962,289	998,717	974,503	1,058,646	1,031,401	-2.6%	7.2%
Acceptances & Guarantees	138,826	105,731	160,996	185,274	170,776	-7.8%	23.0%



Deposits grew a modest 5% YoY, restrained by CRR containment initiatives and dwindling placement arbitrage opportunities. Low cost funds accounted for 2/3 of total deposits

CRBG: Deposit Distribution by Type
Sept 2013 – Sept 2014



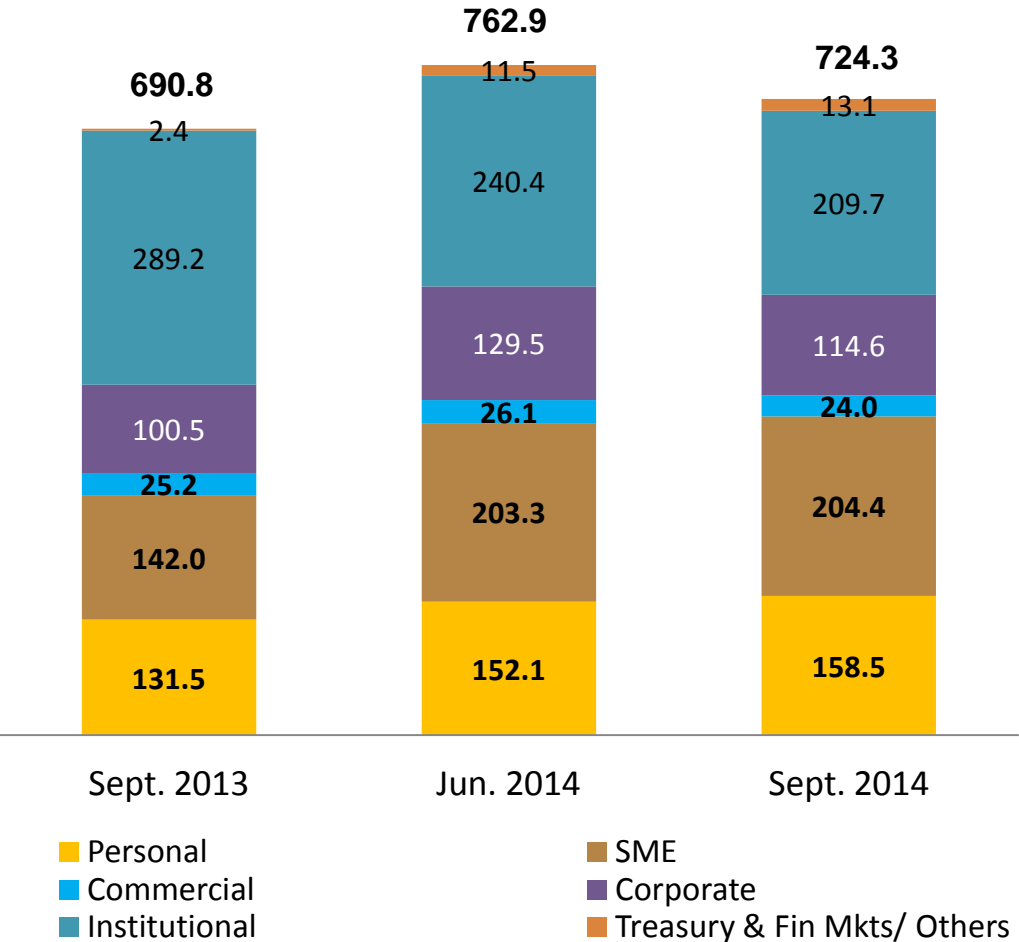
Comments

- ❖ Tactical initiatives to further optimise the balance sheet necessitated shredding some CRR-linked deposits.
- ❖ Also, dwindling money market rates eliminated arbitrage placement opportunities erstwhile available on higher rate deposits, necessitating liquidation.
- ❖ Additionally, some key corporate clients utilised deposits to meet maturing contingent obligations, occurring before the end of the period.



Retail deposits (Personal & Business Banking) continue to sustain funding momentum

**CRBG: Deposit Distribution by Segment
Sept 2013 – Sept 2014**

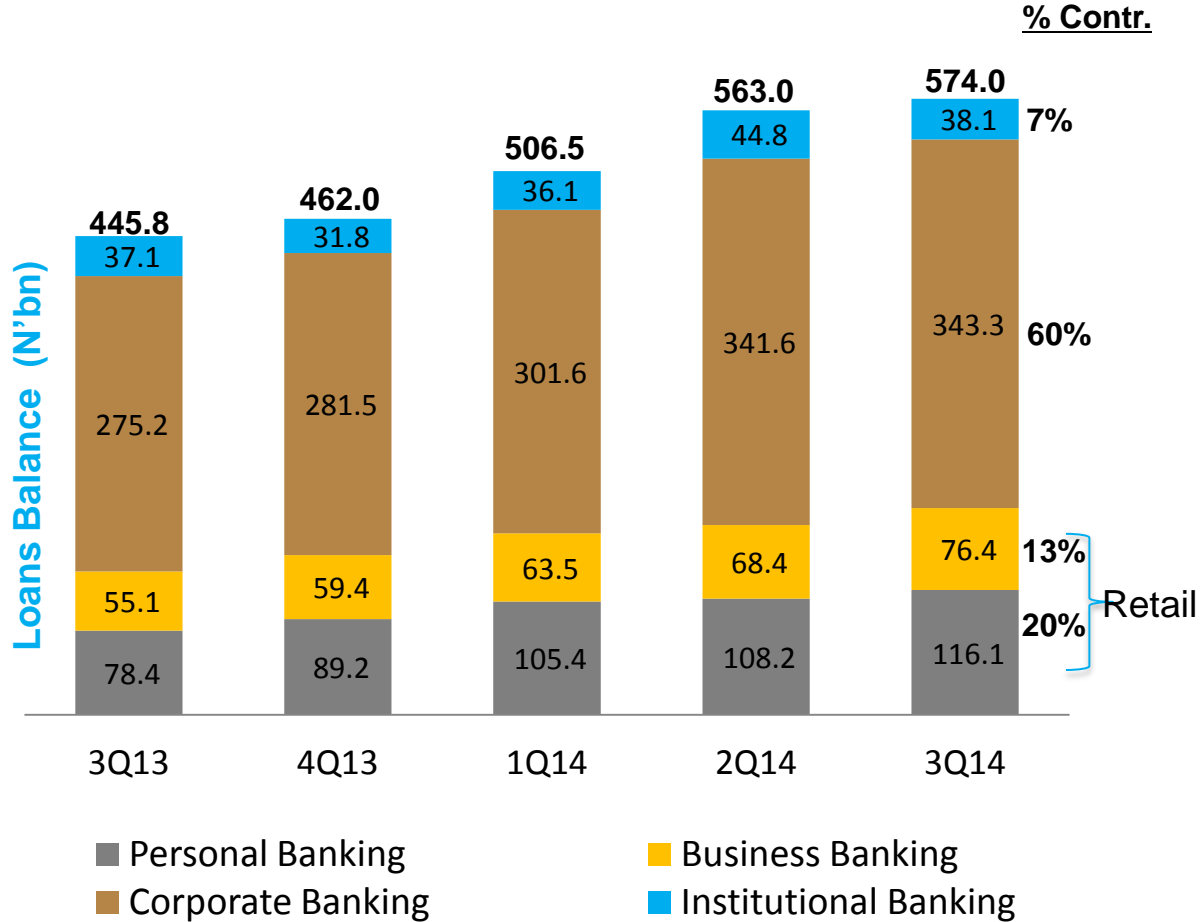


	% Δ QoQ	% Δ YoY	9M14% DISTR.
Personal	4.2%	20.5%	22%
Business Banking	0.5%	43.9%	28%
Commercial	-8.0%	-4.8%	3%
Corporate	-11.5%	14.0%	16%
Institutional	-12.8%	-27.5%	29%
Treasury & Financial Markets/ Others	13.9%	445.8%	2%
Total	-5.1%	4.8%	100%



Retail now accounts for 1/3 of total loan book. Strong loan growth (29% YoY), with even faster growth in retail (44% YoY)

CRBG: Loan Distribution by Segment
Sept 2013- Sept 2014



Segment	% Δ QoQ	% Δ YoY
Personal	7.3%	48.0%
Business	11.8%	38.7%
Corporate	0.5%	24.8%
Institutional	-14.9%	2.7%

Comments

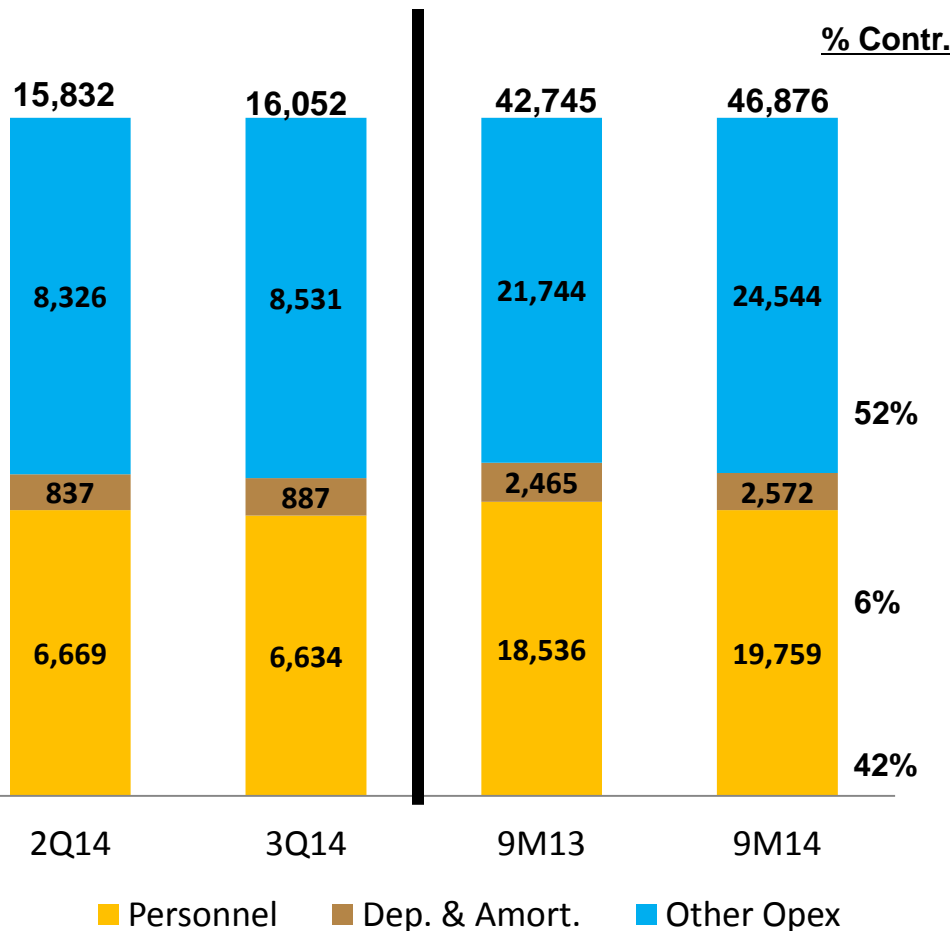
The loan book grew 29% YoY and 2% QoQ, driven mainly by the retail, manufacturing and oil & gas upstream sectors.



OPEX outpaced inflation YoY on back of regulatory charges and investments in distribution, branding, CRM and IT. OPEX growth slowed in Q3. FTE costs contained

YoY inflation= 8.3%

CRBG: Opex Analysis by Expense Domain
2Q/3Q 2014 and 9M 2013/2014



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	-0.5%	6.6%
Depreciation & amortisation	6.0%	4.4%
Other Opex	2.5%	12.9%
Total	1.4%	9.7%

Comments

- Other Opex increase largely driven by growth in:
- ❖ Regulatory charges (AMCON & NDIC) – increased ~ N430M;
 - ❖ Sales force (for deposit & loans mobilisation) - grew N1.4bn from DSA salary increases & hires (2,200 more DSAs in FY '14; 59% more YoY);
 - ❖ Promotional expenses and increase in sales agents;
 - ❖ CRM investments;
 - ❖ IT investments (bandwidth expansion and backups) to ensure more robust service platform.



Investment Banking Group: *Business Review –*
Mr. Robert Grant (SVP, FCMB Capital Markets Ltd)

Strong earnings performance with PBT growth of 99% QoQ and 218% YoY

Investment Banking Group1 (IBG): Summary of Financials (Sept 2013 - Sept 2014)

	2Q14	3Q14	% Δ QoQ	9M13	9M14	% Δ YoY
N'm						
Gross earnings	848	1,285	52%	1,372	2,725	99%
Net Interest Income	71	93	31%	203	230	14%
Non Interest Income	785	1,210	54%	1,140	2,466	116%
–Debt Capital Raising	289	866	200%	301	1,457	384%
–Other Financial Advisory Fees	24	22	-7%	252	46	-82%
–Equity Capital Raising	115	54	-53%	106	188	77%
– Brokerage Commission	231	110	-52%	325	475	46%
–Asset Management Fees	72	116	61%	13	217	1568%
– Trading Income	35	18	-48%	109	26	-76%
–Others	19	24	25%	34	56	68%
Operating Income	856	1,303	52%	1,343	2,696	101%
Operating Expenses	(459)	(510)	11%	(942)	(1,362)	45%
Net gains/(losses) from fin. instruments at fair value	(9)	(18)	106%	29	28	-1%
PBT	389	775	99%	429	1,362	218%
CIR	54%	39%	-27%	70%	51%	-28%

FCMB



Risk Management Review –

Mr. Bayo Sanni: (Chief Risk Officer - FCMB Ltd)



Diversified loan book. Growth driven by Individual, commerce and manufacturing books. Growth in Oil & gas (upstream) has tapered

**FCMB: Analysis of Gross Loans by Sector
(Sept 2013 - Sept 2014)**

Industry Sector (N'M)	Sept. 13	Dec. 13	Mar. 14	Jun. 14	Sept. 14	% DISTR.	Comments
Agriculture	17,931	11,406	10,491	35,944	28,622	5.0%	❖ Key growth areas were Individual and manufacturing sectors, in line with strategy. ❖ The seasonal growth in the Agricultural sector was termed out, reducing the sector's exposure by 20% QoQ.
Commerce	45,880	52,888	53,880	53,823	60,928	10.6%	
Construction	8,198	6,135	7,698	8,295	9,650	1.7%	
Education	4,810	4,719	5,258	5,432	6,822	1.2%	
Finance & Insurance	9,667	14,622	6,069	11,065	8,434	1.5%	
General - Others	8,383	8,594	8,091	9,335	12,290	2.1%	
Government	34,876	31,302	35,574	40,512	33,442	5.8%	
Individual	78,769	95,242	105,646	108,498	117,344	20.4%	
Information & Communications	32,596	34,223	38,840	33,824	30,467	5.3%	
Manufacturing	32,418	28,025	39,478	47,782	55,452	9.7%	
Oil & Gas – Downstream	40,671	43,343	42,178	48,820	46,336	8.1%	
Oil & Gas - Upstream & Svs	64,944	61,119	76,007	76,122	75,847	13.2%	
Power	24,038	26,824	30,945	30,559	34,953	6.1%	
Professional Services	2,101	1,841	1,871	2,067	1,485	0.3%	
Real Estate	33,849	35,067	37,783	41,480	42,137	7.3%	
Transportation & Logistics	6,670	6,655	6,735	9,446	9,739	1.7%	
	445,803	462,005	506,543	563,004	573,948	100.0%	

NPL ratio below regulatory and industry averages

FCMB: NPL Distribution by Sector (Sept 2013 - Sept 2014)

**Industry NPL
Average = 3.5%**

BUSINESS SEGMENT (N'M)	Sept. 2013		Jun. 2014		Sept. 2014	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	113	0.6%	1,629	4.5%	619	2.2%
Commerce	5,502	12.0%	4,825	9.0%	6,108	10.0%
Construction	573	7.0%	1,562	18.8%	696	7.2%
Education	205	4.3%	137	2.5%	352	5.2%
Finance & Insurance	100	1.0%	0	0.0%	29	0.3%
General – Others	336	4.0%	1,220	13.1%	1,081	8.8%
Government	134	0.4%	0	0.0%	20	0.1%
Individual	2,838	3.6%	3,285	3.0%	3,959	3.4%
Information & Communications	2	0.0%	9	0.0%	182	0.6%
Manufacturing	149	0.5%	227	0.5%	401	0.7%
Oil & Gas - Downstream	1,564	3.8%	215	0.4%	378	0.8%
Oil & Gas – Upstream & Svs	3	0.0%	49	0.1%	37	0.0%
Power & Energy	9	0.0%	-	0.0%	-	0.0%
Professional Services	129	6.1%	67	3.2%	90	6.1%
Real Estate	352	1.0%	343	0.8%	1,492	3.5%
Transportation & Logistics	38	0.6%	180	1.9%	183	1.9%
Total	12,045	2.7%	13,749	2.4%	15,627	2.7%

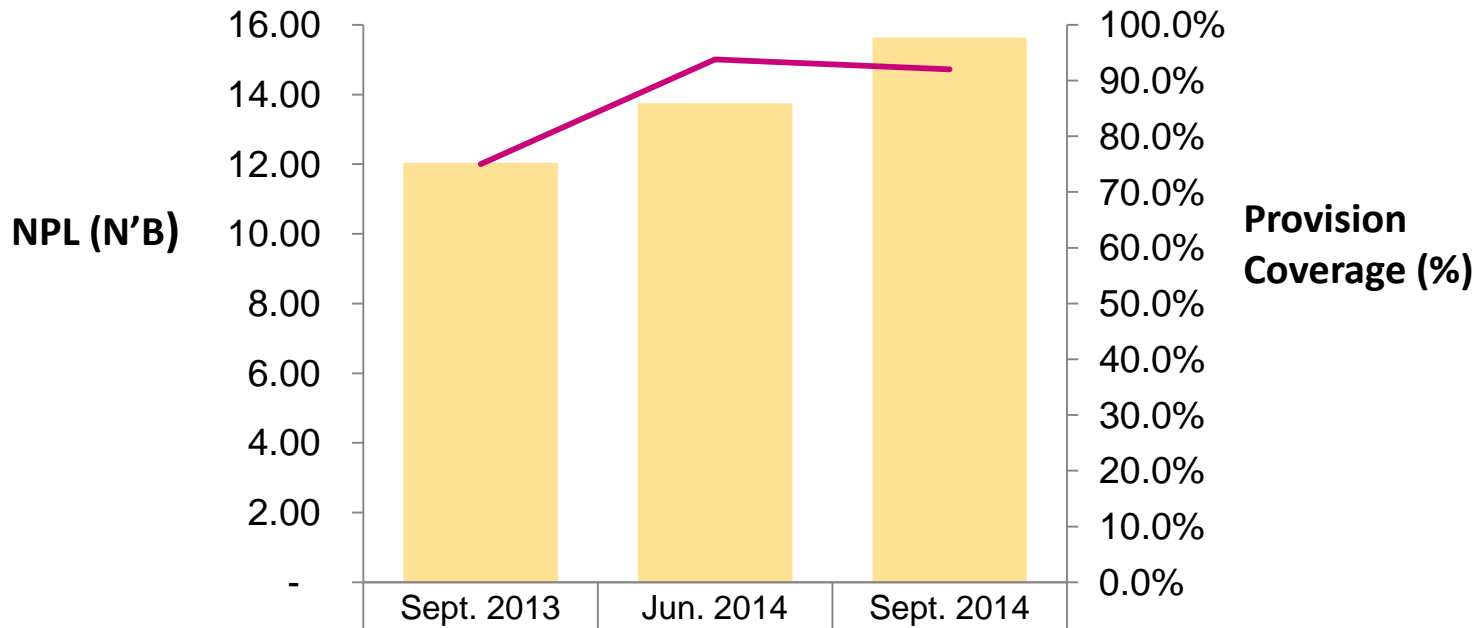
Comments

- ❖ Growth in NPLs was largely from SME (majorly commerce) and individual loans.
- ❖ The Individual segment's NPL is within tolerable limits, albeit made worse by legacy transactions/products, some of which have been discontinued.



NPLs remain substantially covered

**Coverage Ratio¹ Analysis:
Sept. 2013 vs. June 2014 vs. Sept. 2014**



	Sept. 2013	Jun. 2014	Sept. 2014
Non Performing Loans (N'b)	12.04	13.75	15.63
Provision Coverage Ratio (%) ¹	75.0%	93.8%	92.0%
Provisions + RRR (N'b)	9.03	12.90	14.38

■ Non Performing Loans (N'b) — Provision Coverage Ratio (%)

Notes:
1. Includes regulatory risk reserve (RRR).



Outlook and Plan to Year End 2014 –

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

Outlook & Plan to Year End 2014

- ❖ Tier 2 capital raising through Naira Bonds of N20 billion in 4Q14 out of the N100 billion 2-year bond programme. Regulatory approval in respect of this already obtained.
- ❖ Maintain the current level of net interest margin.
- ❖ Risk assets growth to be limited to retail to further diversify the portfolio.
- ❖ Deposit growth largely to be in low-cost in order to stabilise cost of funds.
- ❖ Some measure of growth in non-interest income in 4Q14 to be driven by transaction commissions from alternate channels.
- ❖ Further containment of operating expenses growth.
- ❖ Investment banking's performance will remain positive in 4Q14.