

FCMB Group Plc



**Investors & Analysts
Presentation**

1Q 2015

28 April 2015

**Say hello
to our
new look.**

FCMB



Welcome to the new look of opportunity

my bank and I

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
CASA	Current Accounts & Savings Accounts	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 to HY 2015



Group Performance Review –

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

Robust capital and liquidity, as NPL inches higher, and NIM remains at historically high levels

**FCMB: Key Performance Indicators
(1Q14 vs. 4Q14 vs. 1Q15)**

Performance Index		1Q14	4Q14	1Q15	%Δ QoQ	%Δ YoY
Operating	Return on Av. Equity	13.2%	20.64%	12.9%	-37.4%	-2.1%
	Return on Av. Assets	1.9%	2.9%	1.8%	-37.9%	-7.3%
	Loan/Deposit Ratio	71.8%	84.2%	76.6%	-9.0%	6.7%
	Cost/Income Ratio	69.4%	55.8%	68.1%	22.2%	-1.9%
	Net Interest Margin	8.9%	11.7%	8.8%	-25.2%	-1.2%
	NPL/Total Loans	4.1%	3.6%	4.5%	23.5%	8.8%
	Coverage Ratio	76.8%	78.9%	75.7%	-4.0%	-1.4%
	NII/Operating Income	26.7%	24.7%	25.4%	3.0%	-4.6%
	Financial Leverage	6.8	7.2	7.2	0.0	5.6%
	Cost of Risk	1.0%	4.4%	1.4%	-67.5%	38.7%
Capital & Liquidity	Capital Adequacy Ratio	19.1%	20.6%	21.7%	5%	13.6%
	Liquidity Ratio	33.3%	33.3%	41.0%	23%	23.1%
Others	Opex (N'B)	15.5	17.4	16.5	-5.3%	6.5%
	Risk Assets (net) (N'B)	494	618	582	-5.8%	17.9%
	Customer Deposits (N'B)	687	734	760	3.5%	10.5%

Marginal YoY growth in PBT, aided by improved interest and non-interest income, and opex growing below inflation

FCMB: Statements of Comprehensive Income (Extracts) - (1Q14 vs. 4Q14 vs. 1Q15)

N'm	1Q14	4Q14	1Q15	%Δ QoQ	%Δ YoY
Revenue	33,819	41,934	39,289	-6%	16%
Interest Income	27,689	33,483	32,277	-4%	17%
Interest Expense	(11,008)	(9,954)	(14,219)	43%	29%
Net Interest Income	16,682	23,529	18,058	-23%	8%
Non Interest Income	5,631	7,638	6,158	-19%	9%
- Net Fees & Commissions	3,257	2,387	3,036	27%	-7%
- Securities Trading Income	135	174	355	104%	164%
- FX Income	2,203	4,334	2,541	-41%	15%
- Others	36	743	226	-70%	529%
Operating Income	22,313	31,167	24,216	-22%	9%
Operating Expenses	(15,494)	(17,423)	(16,497)	-5%	6%
Net impairment losses	(1,305)	(6,727)	(2,105)	-69%	61%
Net gains/(losses) from fin. instruments at fair value	55	75	155	108%	181%
Share of Post tax result of Associate	0	68	0	-100%	0%
PBT	5,570	7,160	5,770	-19%	4%
PAT	4,827	7,909	5,278	-33%	9%

Deposits increased 4% and loans declined 6% YTD, generating funding, which more than compensated for CRR liquidity squeeze

FCMB: Statements of Financial Position (Extracts) - (Mar. 2014 – Mar. 2015)

N'm	1Q14	2Q14	3Q14	4Q14	1Q15	% Δ QoQ	% Δ YoY
Cash and cash equivalents	104,069	106,754	100,434	126,294	144,970	15%	39%
Restricted reserve deposits	117,924	144,929	120,763	146,106	163,141	12%	38%
Loans and advances	493,662	555,331	565,093	617,980	582,227	-6%	18%
Derivative assets held	1,471	865	484	4,503	3,609	-20%	145%
Non Pledged trading assets	4,019	13,423	2,830	742	4,253	473%	6%
Investments	150,262	126,110	136,309	148,287	156,910	6%	4%
Assets pledged as collateral	49,330	45,880	46,130	53,812	50,159	-7%	2%
Investment in associate	569	569	569	647	647	0%	14%
Intangible assets	7,654	7,929	8,125	8,348	8,700	4%	14%
Deferred tax assets	6,343	6,359	6,359	8,166	8,184	0%	29%
Other assets	30,418	32,381	27,061	26,088	38,571	48%	27%
Fixed assets	26,649	26,873	27,438	28,392	29,067	2%	9%
Total Assets	992,371	1,067,402	1,041,596	1,169,365	1,190,438	2%	20%
LIABILITIES:							
Derivative liabilities held	1,034	700	383	4,194	3,344	-20%	224%
Customer deposits	687,349	756,913	722,480	733,797	759,648	4%	11%
Deposits from banks	0	474	452	4,797	8,691	81%	n/a
Other liabilities	86,556	85,697	81,817	125,584	112,341	-11%	30%
Borrowings	68,675	76,165	84,423	99,540	94,544	-5%	38%
On-lending facilities	0	0	0	14,914	18,515	24%	n/a
Debt securities issued	0	0	0	26,174	27,060	3%	n/a
Shareholders' funds	148,758	147,453	152,040	160,365	166,295	4%	12%
Liabilities and Shareholder Equity	992,371	1,067,402	1,041,596	1,169,365	1,190,438	2%	20%
Acceptances & Guarantees	160,996	185,274	170,776	211,926	213,635	1%	33%

The banking group continues to deliver the most group profits, while the Investment bank continues to grow profits fastest

**FCMB: Analysis of PBT Contribution by Entity
(1Q14 vs. 4Q14 vs. 1Q15)**

N'm	1Q14	4Q14	1Q15	% Δ QoQ	% Δ YoY
Commercial & Retail Banking Group	5,464	6,785	5,365	-21%	-2%
Investment Banking Group	198	(22)	269	1336%	36%
• FCMB CM,	174	(22)	137	735%	-21%
• CSL Stockbrokers	24	(0)	132	n/a	450%
CSL Trustees	0	13	23	80%	n/a
FCMB Group Plc (Separate)	(92)	317	112	-64%	222%
Share of Post tax result of Associate	0	68	0	-100%	n/a
FCMB Group Plc (consolidated)	5,570	7,160	5,770	-19%	4%



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

Improved capital protection and liquidity
**CRBG : Key Performance Indicators
(1Q14 vs. 4Q14 vs. 1Q15)**

Performance Index		1Q14	4Q14	1Q15	%Δ QoQ	%Δ YoY
Operating	Return on Av. Equity	14.9%	22.1%	12.9%	-41.7%	-13.5%
	Return on Av. Assets	2.2%	2.5%	1.9%	-25.8%	-14.7%
	Loan/Deposit Ratio	71.8%	83.5%	75.8%	-9.3%	5.6%
	Cost/Income Ratio	68.9%	54.7%	68.0%	24.4%	-1.2%
	Net Interest Margin	8.8%	11.7%	8.8%	-24.6%	0.3%
	NPL/Total Loans	4.1%	3.6%	4.3%	18.5%	4.9%
	Coverage Ratio	87.3%	85.2%	80.5%	-5.5%	-7.8%
	NII/Operating Income	25.2%	22.8%	23.8%	4.6%	-5.5%
	Financial Leverage	7.6	7.9	7.9	0.1%	4.1%
	Cost of Risk	1.1%	4.5%	1.4%	-68.7%	27.3%
Capital & Liquidity	Capital Adequacy Ratio	17.2%	19.0%	19.3%	Min. Req _ 15%	Min. Req _ 15%
	Liquidity Ratio	32.2%	31.0%	41.0%	Min. Req _ 30%	Min. Req _ 30%
Others	Opex (N'B)	15.0	16.2	15.8	-2.3%	5.6%
	Risk Assets (net) (N'B)	493.3	617.5	581.8	-5.8%	17.9%
	Customer Deposits (N'B)	687.3	739.2	767.6	3.8%	11.7%

Marginal decline in PBT YoY, largely due to reduced COT pricing and impairment charges not fully recovered from other bank rev sources

CRBG: Statements of Comprehensive Income (Extracts)
(1Q14 vs. 4Q14 vs. 1Q15)

	1Q14	4Q14	1Q15	%Δ QoQ	%Δ YoY
Revenue	32,768	40,496	37,595	-7.2%	14.7%
Interest Income	27,287	31,826	32,053	0.7%	17.5%
Interest Expense	(11,008)	(8,950)	(14,328)	60.1%	30.2%
Net Interest Income	16,279	22,876	17,725	-22.5%	8.9%
Non Interest Income	5,480	6,748	5,542	-17.9%	1.1%
- Net Fees & Commissions	3,081	2,297	2,590	12.8%	-15.9%
- Securities Trading Income	161	168	245	45.8%	52.1%
FX income & Other income	2,238	4,283	2,707	-36.8%	21.0%
Operating Income	21,760	29,624	23,267	-21.5%	6.9%
Operating Expenses	(14,991)	(16,201)	(15,833)	-2.3%	5.6%
Net impairment losses	(1,305)	(6,610)	(2,070)	-68.7%	58.6%
Net gains/(losses) from fin. instruments at fair value	-	(28)	0	-100.0%	
PBT	5,464	6,785	5,365	-20.9%	-1.8%
Tax	-678	723	-410	-156.7%	-39.5%
PAT	4,786	7,508	4,955	-34.0%	3.5%

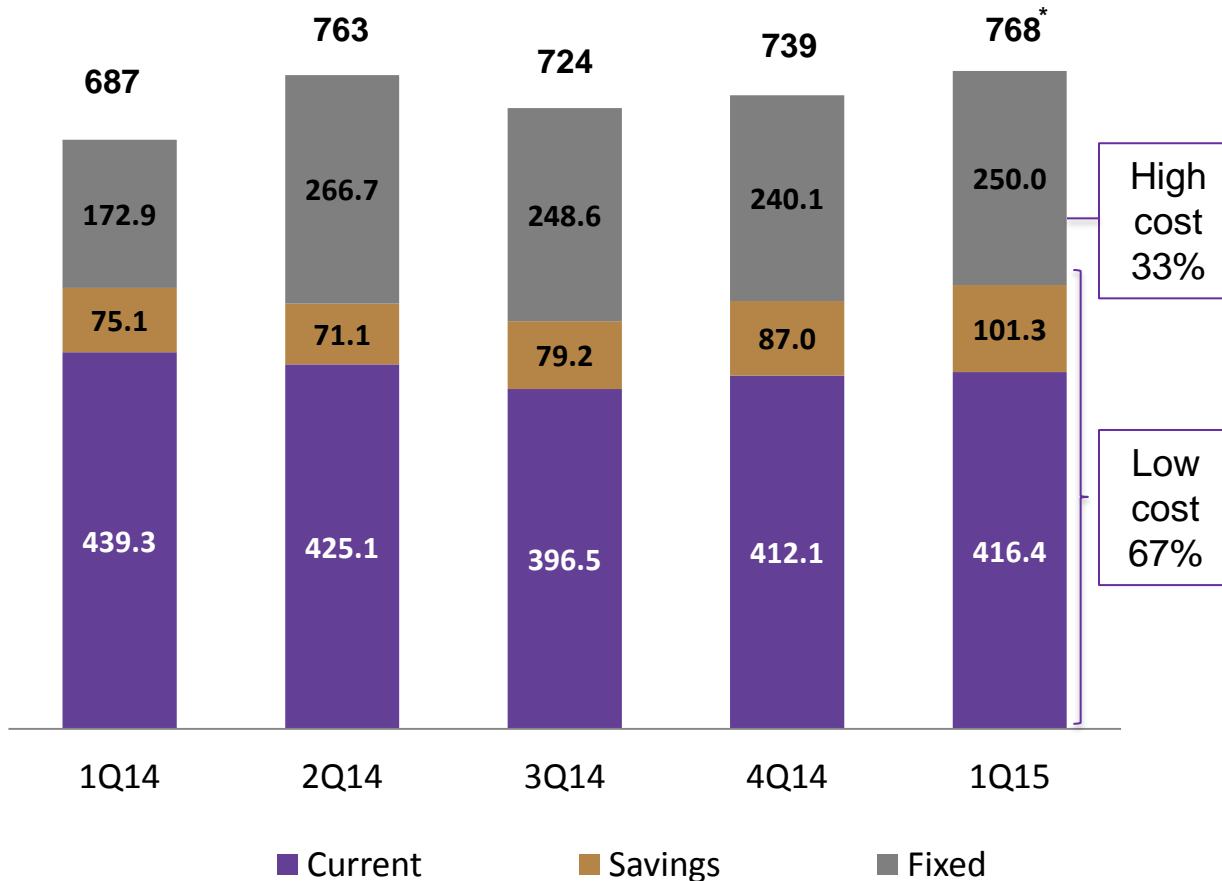
FCMB

Modest growth in total assets as deposits grew. However, loans reduced and 14% of total assets is now quarantined by CRR

N'm	1Q14	2Q14	3Q14	4Q14	1Q15	% Δ QoQ	% Δ YoY
Liquid assets	102,075	105,869	99,053	119,672	145,868	21.9%	42.9%
Restricted reserve deposits	117,924	144,929	120,763	146,106	163,141	11.7%	38.3%
Non-pledged trading assets	3,489	12,884	2,351	110	3,185	2795.4%	-8.7%
Derivative assets held	1,471	865	485	4,503	3,609	-19.9%	145.3%
Loans and advances	493,255	554,931	564,671	617,523	581,794	-5.8%	17.9%
Investments	143,704	122,687	132,622	134,038	140,897	5.1%	-2.0%
Assets pledged as collateral	49,330	45,880	46,130	53,812	50,159	-6.8%	1.7%
Intangible assets	6,617	6,874	7,063	7,272	7,627	4.9%	15.3%
Deferred tax assets	6,310	6,324	6,324	8,166	8,166	0.0%	29.4%
Other assets	23,807	30,692	24,669	26,598	38,613	45.2%	62.2%
Fixed assets	26,521	26,711	27,270	28,212	28,884	2.4%	8.9%
Total Assets	974,503	1,058,646	1,031,401	1,146,012	1,171,942	2.3%	20.3%
LIABILITIES:							
Trading liabilities	-	-	1,205	-	-	0.0%	0.0%
Derivative liabilities held	1,034	700	383	4,194	3,344	-20.3%	223.4%
Customer deposits	687,349	763,015	724,400	739,239	767,604	3.8%	11.7%
Deposits from banks	-	474	452	4,797	8,691	81.2%	100.0%
Other liabilities	84,842	83,049	77,180	112,940	93,256	-17.4%	9.9%
Borrowings	68,675	76,165	88,423	99,901	104,307	4.4%	51.9%
On-lending facilities	-	-	-	14,914	18,515	24.1%	100.0%
Debt securities issued	-	-	-	26,174	27,060	3.4%	100.0%
Shareholders' funds	132,603	135,243	139,358	143,853	149,165	3.7%	12.5%
Liabilities and Shareholder Equity	974,503	1,058,646	1,031,401	1,146,012	1,171,942	2.3%	20.3%
Acceptances & Guarantees	160,996	185,274	170,776	211,926	213,635	0.8%	32.7%

Stable growing deposits

CRBG: Deposit Distribution by Type
(Mar. 2014 – Mar. 2015)



Comments

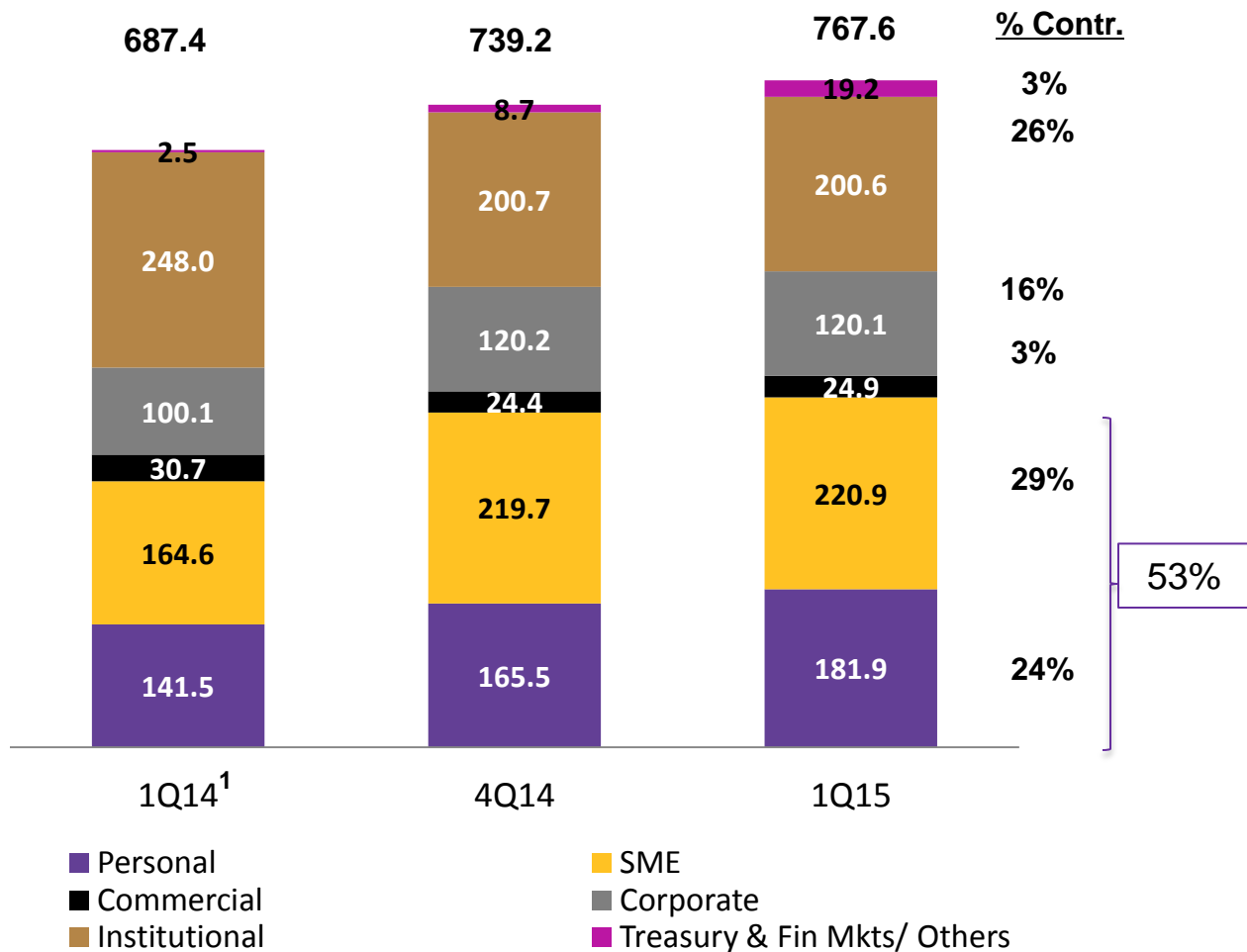
- ❖ Savings deposits grew by 35% and 16% YoY and QoQ, respectively.

Notes:

* N53bn deposit pool with varied interest rates (max 2%) restated from fixed deposits to CASA.

Funding from individuals and small businesses (Retail) accounts for 53% of total deposits and grew 32% YoY and 5% QoQ

CRBG: Deposit Distribution by Segment (Mar. 2014 – Mar. 2015)



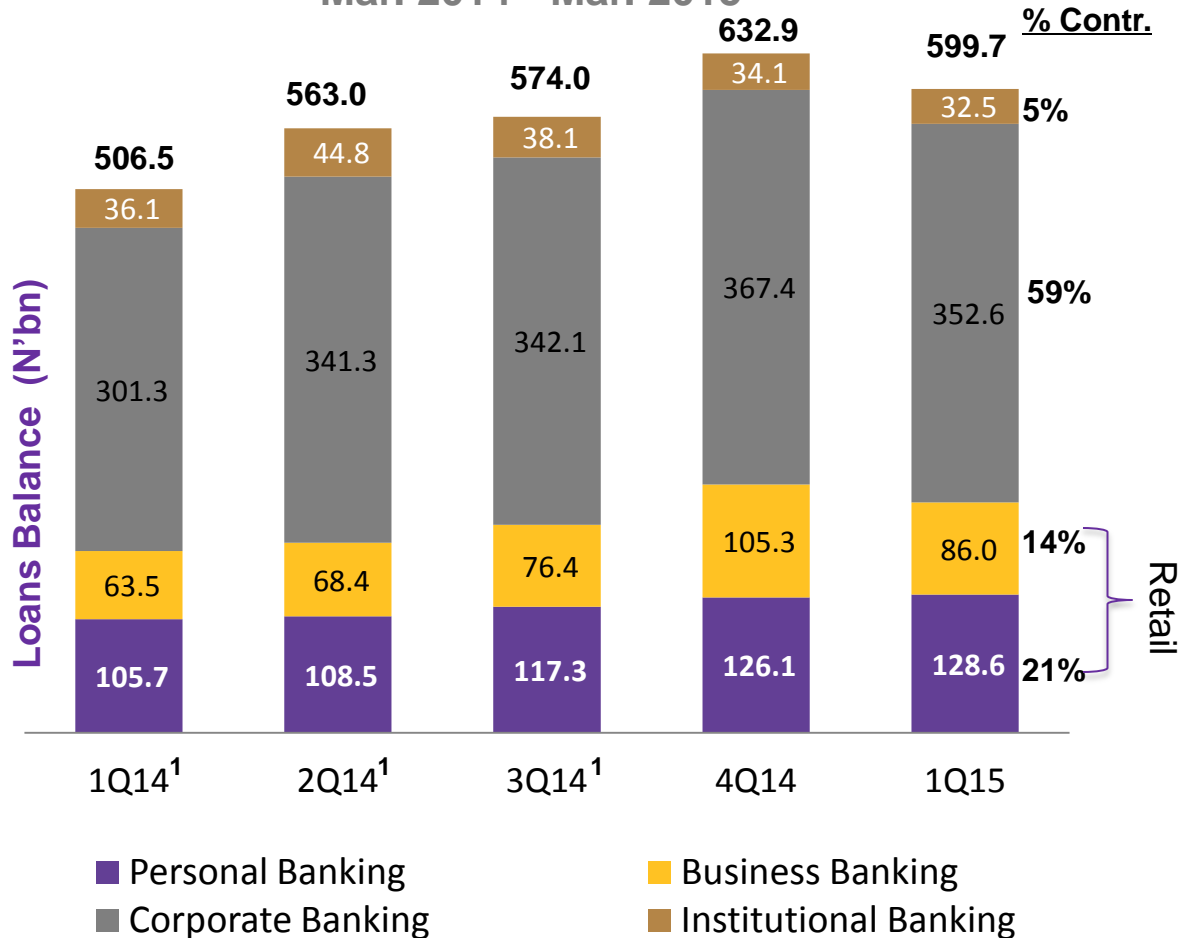
	% Δ QoQ	% Δ YoY
Personal	9.9%	28.6%
SME	0.5%	34.2%
Commercial	2.0%	-18.9%
Corporate	-0.1%	20.0%
Institutional	0.0%	-19.1%
Treasury & Financial Markets/ Others	120.7%	668.0%
Total	3.8%	11.7%

Notes:

1. Figure restated.

One-third of all credits were to individuals & SMEs (Retail customers). Retail credits grew 27% (N45bn) YoY, but corporate loans still dominate the loan book

CRBG: Loan Distribution by Segment
Mar. 2014 - Mar. 2015



Segment	% Δ QoQ	% Δ YoY
Personal	2.0%	22.0%
Business	-18.3%	35.5%
Corporate	-4.0%	16.9%
Institutional	-4.9%	-10.1%

Comments

❖ The loan book grew 18% YoY, but declined 5% QoQ. Key growth areas were personal loans, business banking (which grew largely from Commerce), Corporate banking (which grew from the Oil & Gas Upstream, Agriculture, Manufacturing and Real estate sectors).

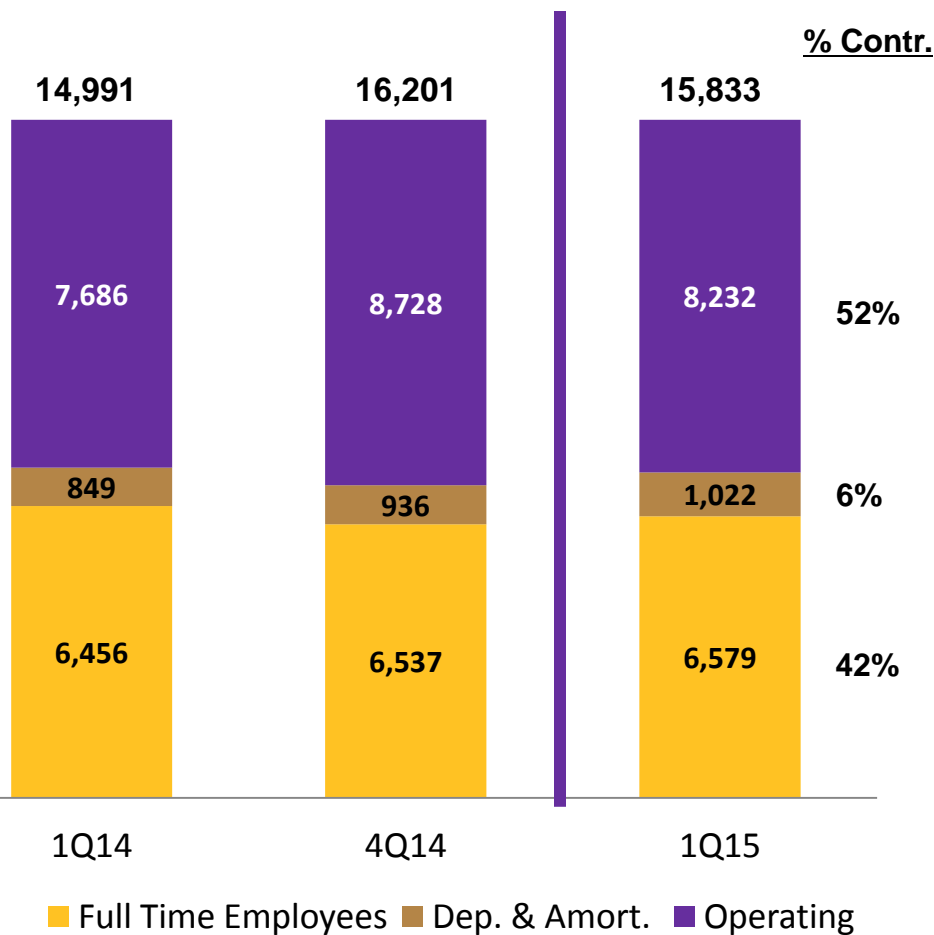
❖ 54% of the N93.2bn YoY growth, in the loan book, was due to currency devaluation.

Notes:
1. Figures restated.

OPEX grew YoY below inflation rate, but dropped QoQ

YoY inflation= 9%

CRBG: Opex Analysis by Expense Domain 1Q/4Q 2014 and 1Q15



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	0.6%	1.9%
Depreciation & amortisation	9.2%	20.4%
Operating	-5.7%	7.1%
Total	-2.3%	5.6%

Comments

YoY growth in OPEX was influenced by increased:

- ❖ Investments in IT to improve efficiency;
- ❖ Spending on direct sales agents ;
- ❖ Cost of launching new corporate brand.

QoQ drop in OPEX due to cost saving initiatives.



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

Strong earnings performance largely driven by financial advisory services, trading and equity brokerage income

Investment Banking Group (IBG): Summary Financials
(1Q14 vs. 4Q14 vs. 1Q15)

Investment Banking Group	1Q14	4Q14	1Q15	% Δ QoQ	% Δ YoY
N'm					
Gross earnings	592	731	734	0.4%	24%
Net Interest Income	66	131	179	36%	172%
Non Interest Income	471	600	556	-7%	18%
-Debt Capital Raising	301	26	64	149%	-79%
-Other Financial Advisory Fees	0	90	151	69%	n/a
-Equity Capital Raising	19	39	29	-26%	50%
- Brokerage Commission	134	196	157	-20%	17%
-Asset Management Fees	28	6	11	76%	-61%
- Trading Income	(26)	6	109	1716%	511%
- Dividend	0	160	0	-100%	0%
-Others	14	77	35	-55%	148%
Operating Income	537	731	734	0%	37%
Operating Expenses	(394)	(649)	(438)	-32%	11%
Net gains/(losses) from fin. instruments at fair value	55	(104)	(27)	-74%	-149%
PBT	198	(22)	269	1335%	36%
PAT	133	56	194	-247%	46%
CIR	73%	89%	60%	-33%	-19%



Risk Management Review –

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

The loan book remains diversified

FCMB: Analysis of Gross Loans by Sector (Mar. 2014 – Mar. 2015)

Comments

Industry Sector	Mar'14	Jun'14	Sep' 14	Dec' 14	Mar' 15	% DISTR.
AGRICULTURE	10,491	35,944	28,622	38,153	28,910	4.8%
COMMERCE	53,880	60,341	60,928	75,761	71,433	11.9%
CONSTRUCTION	7,698	8,295	9,650	8,261	6,708	1.1%
EDUCATION	5,258	5,432	6,822	6,119	6,178	1.0%
FINANCE & INSURANCE	6,069	11,065	8,434	23,361	11,184	1.9%
GENERAL – OTHERS	8,091	9,335	12,290	12,124	12,240	2.0%
GOVERNMENT	35,574	40,512	33,442	28,770	24,084	4.0%
INDIVIDUAL	105,646	108,498	117,344	126,142	128,637	21.5%
INFORMATION & COMMUNICATIONS	38,840	33,824	30,467	29,589	28,100	4.7%
MANUFACTURING	39,478	47,782	55,452	50,032	52,885	8.8%
OIL&GAS - DOWNSTREAM	42,178	48,820	46,336	55,982	41,615	6.9%
OIL&GAS - UPSTREAM&SERVICES	76,007	69,605	75,847	92,130	96,861	16.2%
POWER & ENERGY	30,945	30,559	34,953	24,707	26,514	4.4%
PROFESSIONAL SERVICES	1,871	2,067	1,485	2,708	2,568	0.4%
REAL ESTATE	37,783	41,480	42,137	50,254	54,179	9.0%
TRANSPORTATION & LOGISTICS	6,735	9,446	9,739	8,825	7,564	1.3%
	506,543	563,004	573,948	632,919	599,662	100.0%

- ❖ 54% of the N93.2bn YoY growth in risk assets was as a result of currency devaluation.
- ❖ Individual loans contributed 24.7% of the total YoY growth.
- ❖ Opportunities in Manufacturing, Commerce, Agriculture, Real Estate and Oil & Gas upstream also contributed to the growth in the loan book.

NPL ratio has risen, albeit below regulatory limits; partly reflects our more prudent risk stance given prevailing macro environment

FCMB: NPL Distribution by Sector
(Mar. & Dec. 2014 vs. Mar. 2015)

BUSINESS SEGMENT	Mar. 2014		Dec. 2014		Mar. 2015	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agric	3,407.17	8.9%	2,436.42	6.4%	2,373.36	8.2%
Commerce	7,676.33	10.1%	6,711.19	8.9%	7,914.67	11.1%
Construction	1,195.76	14.5%	1,683.58	20.4%	1,860.48	27.7%
Education	241.83	4.0%	274.62	4.5%	212.65	3.4%
Finance & Insurance	0.65	0.0%	29.13	0.1%	53.31	0.5%
General – Others	472.63	3.9%	1,514.76	12.5%	1,996.67	16.3%
Government	126.13	0.4%	14.97	0.1%	20.33	0.1%
Individual	5,014.20	4.6%	6,068.34	4.8%	6,861.32	5.3%
Information & Communications	1.61	0.0%	470.18	1.6%	491.00	1.7%
Manufacturing	407.12	0.8%	1,529.04	3.1%	3,070.37	5.8%
Oil&Gas- Downstream	1,788.49	3.2%	444.67	0.8%	884.92	2.1%
Oil & Gas – Upstream & Svs	47.34	0.1%	0.06	0.0%	171.46	0.2%
Power & Energy	75.92	0.3%	-	0.0%	-	0.0%
Professional Services	66.45	2.5%	18.41	0.7%	226.65	8.8%
Real Estate	249.70	0.5%	1,392.11	2.8%	352.16	0.6%
Transportation & Logistics	84.99	1.0%	374.70	4.2%	362.17	4.8%
Total	20,856.31	3.4%	22,962.20	3.6%	26,851.52	4.5%

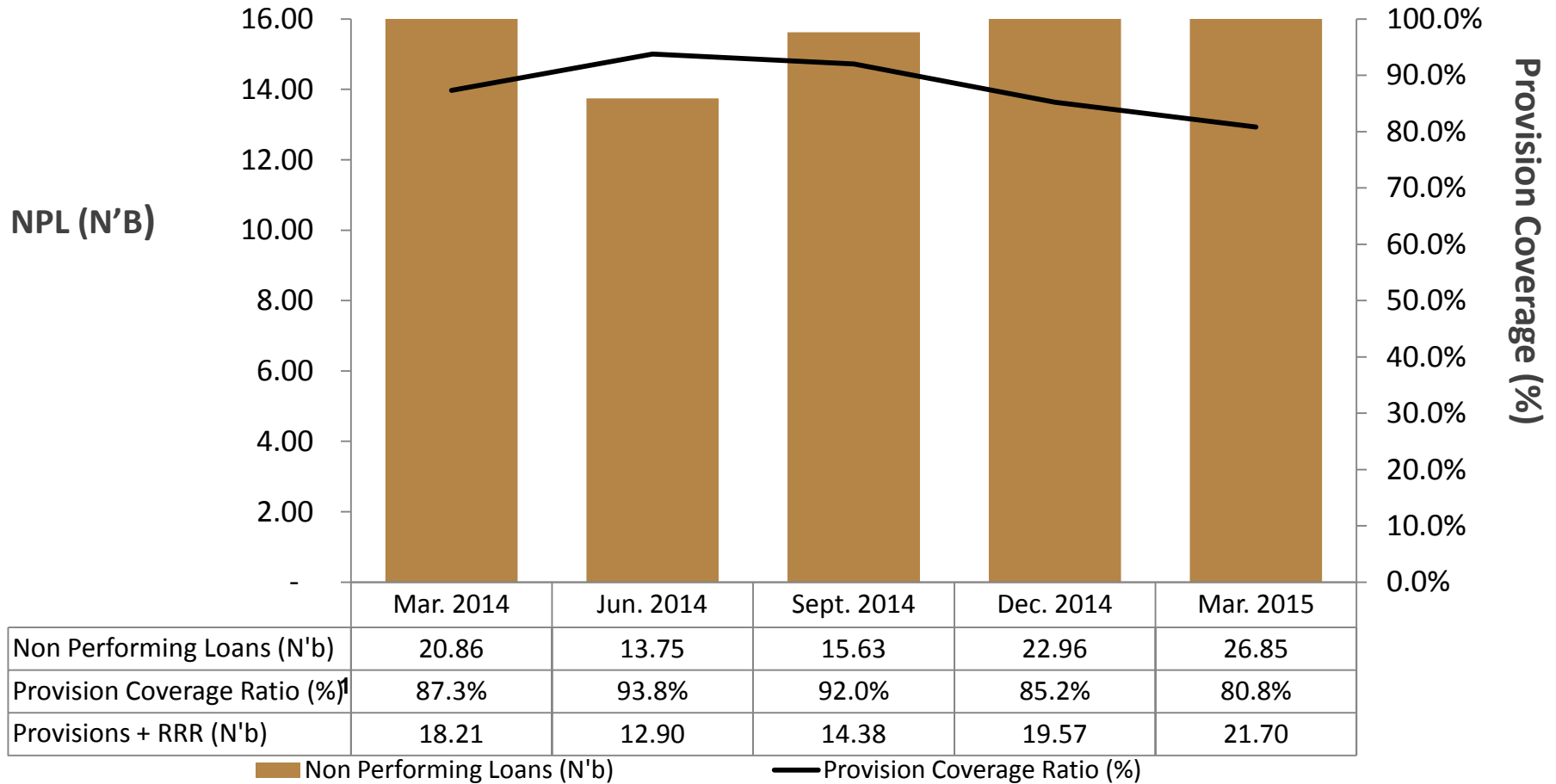
Comments

- ❖ 37% YOY increase in Individual NPLs caused by delay in Government employees' salaries.
- ❖ The spike in the Commerce and General-Others sectors was caused by delayed payments in Government-related contracts and transactions.
- ❖ The growth in the Manufacturing sector's NPL was caused by a single account, with good prospect of recovery.



NPLs remain substantially covered

**Coverage Ratio¹ Analysis:
Mar. 2014 – Mar. 2015**



Notes:

1. Includes regulatory risk reserve (RRR).



Outlook to Half Year 2015 –

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

Macro & Industry:

- ❖ The outlook for the domestic macro economic environment is challenging, as GDP is projected to slow down to 4.8%; money supply is also contracting to around 10.23% annualised, while external reserves have dropped by 13.7% to \$29.79 billion at the end of March. The monetary stance remains tight while foreign currency liquidity is stretched;
- ❖ However, there is improved confidence in the economy by both local and foreign investors following the successful elections, especially at the national level;
- ❖ Also, on a positive note, the crude oil price (brent) has rebounded to the \$60 per barrel range, although this is subject to a number of variables.

FCMB's business strategy will counteract some of the pressure, by:

- ❖ Sustaining focus on retail deposit growth through new accounts acquisition and increased share of wallet, from existing customers across business segments, in order to keep NIMs around current levels;
- ❖ Narrowing down or neutralising the impact of COT reduction by growing fees from alternate channels and ramping up of trade transactions;
- ❖ Proactively focusing on debt restructuring, refinancing, strategic mergers & acquisitions opportunities;
- ❖ Strongly pushing to convert prospects in the pipeline into firm mandates;
- ❖ Identifying viable investment opportunities in the FMCG sector, for specific private equity investors that have expressed interest;
- ❖ Resuming gradual growth of the loan book;
- ❖ Continuing with our cost optimisation programme and maintain tight control of operating expenses.