



FCMB

FCMB GROUP PLC

HY 2017

Investors & Analysts Presentation

1 August 2017



Glossary

| | | | |
|----------------|-----------------------------------|-------------|----------------------------|
| CAGR | Compound Annual Growth Rate | NII | Non Interest Income |
| CAR | Capital Adequacy Ratio | NIM | Net Interest Margin |
| CIR | Cost to Income Ratio | NPL | Non Performing Loan |
| COT | Commission on Turnover | OPEX | Operating Expenditure |
| CRBG | Commercial & Retail Banking Group | p.a. | Per annum |
| CRR | Cash Reserve Ratio | PAT | Profit After Tax |
| FCMB CM | FCMB Capital Markets Ltd | PBT | Profit Before Tax |
| FX | Foreign Exchange | QoQ | Quarter-on-Quarter |
| FY | Full Year | SME | Small & Medium Enterprises |
| IBG | Investment Banking Group | TSA | Treasury Single Account |
| LDR | Loan to Deposit Ratio | YE | Year End |
| N/A | Not Applicable/ Not Available | YoY | Year-on-Year |



AGENDA

Introduction

Commercial & Retail Banking Group:
Business Review

Risk Management Review

Investment Banking Group:
Business Review

Looking Ahead

Appendix

The logo for FCMB (First City Monument Bank) is located in the top left corner. It consists of the letters "FCMB" in white, bold, sans-serif font, positioned above two horizontal yellow bars. The entire logo is set against a dark purple square background.

FCMB

The background of the slide is a photograph of a man in a dark blue suit and tie, standing in a modern office environment. He is holding a tablet computer and looking at it. The office has large windows, a white desk, and a white chair. The overall lighting is bright and professional.

Introduction

Highlights

2017: Half Year

Revenue

| | |
|----------------|----------|
| 1Q17: N38.4 bn | ▲ 1.5% |
| 2Q17: N39.0 bn | |
| HY16: N88.3 bn | ▼ -12.2% |
| HY17: N77.5 bn | |

Profit Before Tax

| | |
|----------------|----------|
| 1Q17: N2.0 bn | ▼ -7.3% |
| 2Q17: N1.8 bn | |
| HY16: N16.3 bn | ▼ -76.5% |
| HY17: N3.8 bn | |

Return on Average Equity

| | |
|-------------|----------|
| 1Q17: 3.5% | ▼ -8.7% |
| 2Q17: 3.2% | |
| HY16: 18.5% | ▼ -81.7% |
| HY17: 3.4% | |

Return on Average Assets

| | |
|-------------|----------|
| 1Q17: 0.54% | ▼ -8.9% |
| 2Q17: 0.49% | |
| HY16: 2.6% | ▼ -79.8% |
| HY17: 0.5% | |

Capital Adequacy Ratio

| | |
|-------------|--------|
| 1Q17: 17.2% | ▲ 0.5% |
| 2Q17: 17.3% | |
| HY16: 16.1% | ▲ 7.3% |
| HY17: 17.3% | |

Total Assets

| | |
|----------------|---------|
| 1Q17: N1.18 bn | |
| 2Q17: N1.18 bn | |
| 2Q16 N1.29 bn | ▼ -8.5% |

Financial Performance

- ❖ Improvement in interest income and fees & commission dampened by high interest cost regime, high non-earning assets in CRR, drop in FX income as well as lower than expected recoveries.
- ❖ Increase in CRR despite reduction in deposits continues to reduce liquidity as well as earnings capacity
- ❖ On a positive note, continued automation investments and cost optimisation by the bank led to a 5% QoQ reduction in opex
- ❖ Improvement in investment banking (particularly brokerage) and asset management businesses as capital market activities picked up slightly during the quarter

Portfolio Strategy

1. Strengthen the core commercial and retail banking business, by:
 - i. strengthening the balance sheet;
 - ii. prudent loan loss provisioning;
 - iii. reducing cost of funds;
 - iv. continued cost optimisation and digitisation;
 - v. driving non interest income primarily through electronic banking
2. Optimise the potential of the bank's growing customer base by leveraging it with our IT infrastructure and distribution channels to:
 - i. invest in growing asset management activities (FCAM - division of CSL Stockbrokers, CSL Trustees and Legacy PFA);
 - ii. pursue financial inclusion and micro enterprise opportunities in a more focused manner through FCMB Microfinance.
3. Maintain presence in advisory and primary capital markets activities, pending renewed investor interest.

FCMB

All group entities were profitable in 2Q17, except, Microfinance bank which is expected to be profitable at full year. Banking group saw 77% PBT decline YoY

FCMB: Analysis of PBT Contribution by Entity
(1Q17 vs. 2Q17 & HY16 vs. HY17)

| N'm | 1Q17 | 2Q17 | % Δ QoQ | HY16 | HY17 | % Δ YoY | % Contribution |
|--|--------------|--------------|------------|---------------|--------------|-------------|----------------|
| <i>Commercial & Retail Banking Group</i> | 1,838 | 1,553 | -16% | 14,695 | 3,392 | -77% | 89% |
| <i>Investment Banking Group</i> | | | | | | | |
| • FCMB CM, | (62) | 1 | -102% | 86 | (61) | -171% | -2% |
| • CSL Stockbrokers | 41 | 136 | 236% | 12 | 177 | 1398% | 5% |
| <i>CSL Trustees</i> | 47 | 48 | 1% | 88 | 95 | 8% | 2% |
| <i>FCMB Microfinance Ltd¹</i> | (8) | (8) | 4% | 0 | (15) | n/a | 0% |
| <i>FCMB Group Plc (Separate)</i> | 52 | 77 | 47% | 1,408 | 129 | -91% | 3% |
| <i>Share of Post tax result of Associate²</i> | 75 | 33 | -57% | 0 | 108 | n/a | 3% |
| FCMB Group Plc (consolidated) | 1,984 | 1,840 | -7% | 16,289 | 3,824 | -77% | 100% |

Notes:

1. FCMB Microfinance commenced business in January 2017.
2. Share of unaudited HY17 profit from 28.3% investment in Legacy Pensions



**Commercial & Retail Banking Group (CRBG): Business Review -
*Mrs Yemisi Edun (Executive Director, Finance: FCMB Ltd)***

Capital improved marginally, cost of risk remained flat, however, profitability ratios declined while liquidity was tight, albeit above regulatory minimum

CRBG: Key Performance Indicators
(1Q17 vs. 2Q17 & HY16 vs. HY17)

| Performance Index | 1Q17 | 2Q17 | %Δ QoQ | HY16 | HY17 | %Δ YoY | |
|---------------------|-----------------------------|--------|--------|--------|--------|--------|--------|
| Operating | Return on Av. Equity | 3.6% | 3.0% | -18.8% | 18.3% | 3.3% | -82.0% |
| | Return on Av. Assets | 0.6% | 0.5% | -16.7% | 2.4% | 0.6% | -75.9% |
| | Loan/Deposit Ratio | 89.0% | 93.8% | 5.3% | 95.3% | 93.8% | -1.6% |
| | loan/Funding Ratio | 70.1% | 68.8% | -1.8% | 69.0% | 68.8% | -0.2% |
| | Cost/Income Ratio | 69.8% | 69.4% | -0.6% | 53.3% | 69.6% | 30.6% |
| | Net Interest Margin | 7.2% | 7.8% | 8.2% | 8.7% | 7.5% | -13.9% |
| | NPL/Total Loans | 4.3% | 4.7% | 8.5% | 4.6% | 4.7% | 1.8% |
| | Coverage Ratio ¹ | 122.1% | 132.2% | 8.2% | 109.2% | 132.2% | 21.0% |
| | NII/Operating Income | 32.4% | 22.5% | -30.7% | 39.0% | 27.6% | -29.3% |
| | Financial Leverage | 7.1% | 7.1% | -0.3% | 7.8% | 7.1% | -9.0% |
| | Cost of Risk | 2.8% | 2.8% | -1.4% | 2.8% | 2.8% | 1.7% |
| Capital & Liquidity | Capital Adequacy Ratio | 16.9% | 17.0% | 0.5% | 15.0% | 17.0% | 13.0% |
| | Liquidity Ratio | 31.9% | 30.1% | -5.6% | 35.9% | 30.1% | -16.2% |
| Others | Opex (N'B) | 15.71 | 14.85 | -5.5% | 31.55 | 30.56 | -3.1% |
| | Risk Assets (net) (N'B) | 655.90 | 648.96 | -1.1% | 666.08 | 648.96 | -2.6% |
| | Customer Deposits (N'B) | 693.32 | 640.58 | -7.6% | 699.03 | 640.58 | -8.4% |

NOTE:

1. Inclusive of regulatory risk reserve.

QoQ decline in earnings caused decline in other income. Higher yields on earning assets were doused by rising cost of funds

CRBG: Statements of Comprehensive Income (Extracts): (1Q17 vs. 2Q17 & HY16 vs. HY17)

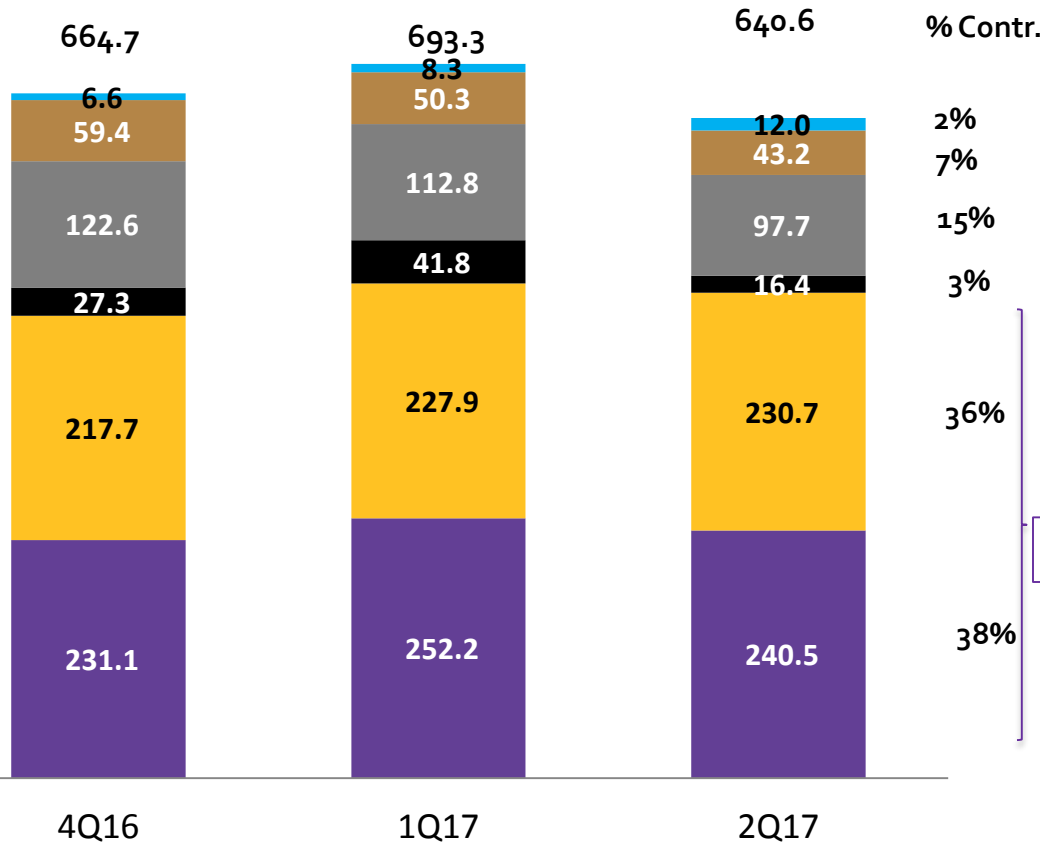
| N'm | 1Q17 | 2Q17 | %Δ QoQ | HY16 | Hy17 | %Δ YoY |
|------------------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Revenue | 36,953 | 37,086 | 0.4% | 83,157 | 74,039 | -11.0% |
| Interest Income | 29,656 | 32,275 | 8.8% | 60,076 | 61,931 | 3.1% |
| Interest Expense | (14,444) | (15,673) | 8.5% | (23,953) | (30,117) | 25.7% |
| Net Interest Income | 15,212 | 16,602 | 9.1% | 36,122 | 31,814 | -11.9% |
| Non Interest Income | 7,297 | 4,811 | -34.1% | 23,081 | 12,108 | -47.5% |
| - Net Fees & Commissions | 3,248 | 3,371 | 3.8% | 6,410 | 6,619 | 3.3% |
| - Trading Income | 640 | 686 | 7.2% | 334 | 1,326 | 296.8% |
| - FX Income | 551 | 47 | -91.5% | 16,067 | 598 | -96.3% |
| - Others | 2,858 | 708 | -75.2% | 270 | 3,566 | 1222.5% |
| Operating Income | 22,509 | 21,413 | -4.9% | 59,204 | 43,922 | -25.8% |
| Operating Expenses | (15,713) | (14,851) | -5.5% | (31,550) | (30,564) | -3.1% |
| Net impairment loss on loans | (4,751) | (4,733) | -0.4% | (8,919) | (9,484) | 6.3% |
| Other impairment loss | (207) | (276) | 33.4% | (4,040) | (483) | -88.0% |
| PBT | 1,838 | 1,554 | -15.5% | 14,695 | 3,392 | -76.9% |
| PAT | 1,467 | 1,209 | -17.6% | 14,180 | 2,676 | -81.1% |

Loans declined marginally by 1% QoQ. Increase in CRR in spite of drop in customers deposits suggests technical “excess” in cash reserve of ~ N23B

| N'm | 2Q16 | 1Q17 | 2Q17 | % Δ QoQ | % Δ YoY |
|---|------------------|------------------|------------------|-------------|---------------|
| Cash and cash equivalents | 150,655 | 98,639 | 103,066 | 4.5% | -31.6% |
| Restricted reserve deposits | 151,761 | 148,449 | 155,517 | 4.8% | 2.5% |
| Loans and advances | 666,075 | 655,904 | 648,964 | -1.1% | -2.6% |
| Derivative assets held | 1,982 | 940 | 0 | -100.0% | -100.0% |
| Non Pledged trading assets | 11,125 | 5,030 | 9,699 | 92.8% | -12.8% |
| Investments | 155,756 | 131,726 | 121,573 | -7.7% | -21.9% |
| Assets pledged as collateral | 55,778 | 54,530 | 58,430 | 7.2% | 4.8% |
| Intangible assets | 8,538 | 9,880 | 9,676 | -2.1% | 13.3% |
| Deferred tax assets | 8,166 | 7,949 | 7,949 | 0.0% | -2.7% |
| Other assets | 35,868 | 20,742 | 20,430 | -1.5% | -43.0% |
| Fixed assets | 29,916 | 32,025 | 32,366 | 1.1% | 8.2% |
| Total Assets | 1,275,619 | 1,165,814 | 1,167,671 | 0.2% | -8.5% |
| LIABILITIES: | | | | | |
| Derivative liabilities held | 1,773 | 701 | 0 | -100.0% | -100.0% |
| Customer deposits | 699,026 | 693,318 | 640,581 | -7.6% | -8.4% |
| Deposits from banks | 41,898 | 6,205 | 76,313 | 1129.9% | 82.1% |
| Other liabilities | 143,984 | 65,443 | 58,817 | -10.1% | -59.2% |
| Borrowings | 142,428 | 128,067 | 112,729 | -12.0% | -20.9% |
| On-lending facilities | 33,391 | 43,388 | 51,361 | 18.4% | 53.8% |
| Debt securities issued | 49,210 | 64,077 | 62,124 | -3.0% | 26.2% |
| Shareholders' funds | 163,911 | 164,615 | 165,747 | 0.7% | 1.1% |
| Liabilities & Shareholder Equity | 1,275,619 | 1,165,814 | 1,167,671 | 0.2% | -8.5% |
| Acceptances & Guarantees | 174,847 | 134,646 | 136,813 | 1.6% | -21.8% |

7.6% decline in deposits due to (a) Personal Banking fixed deposits moving to treasury bills and (b) improved foreign exchange liquidity

CRBG: Deposit Distribution by Segment
(4Q16 vs. 1Q17 vs. 2Q17)

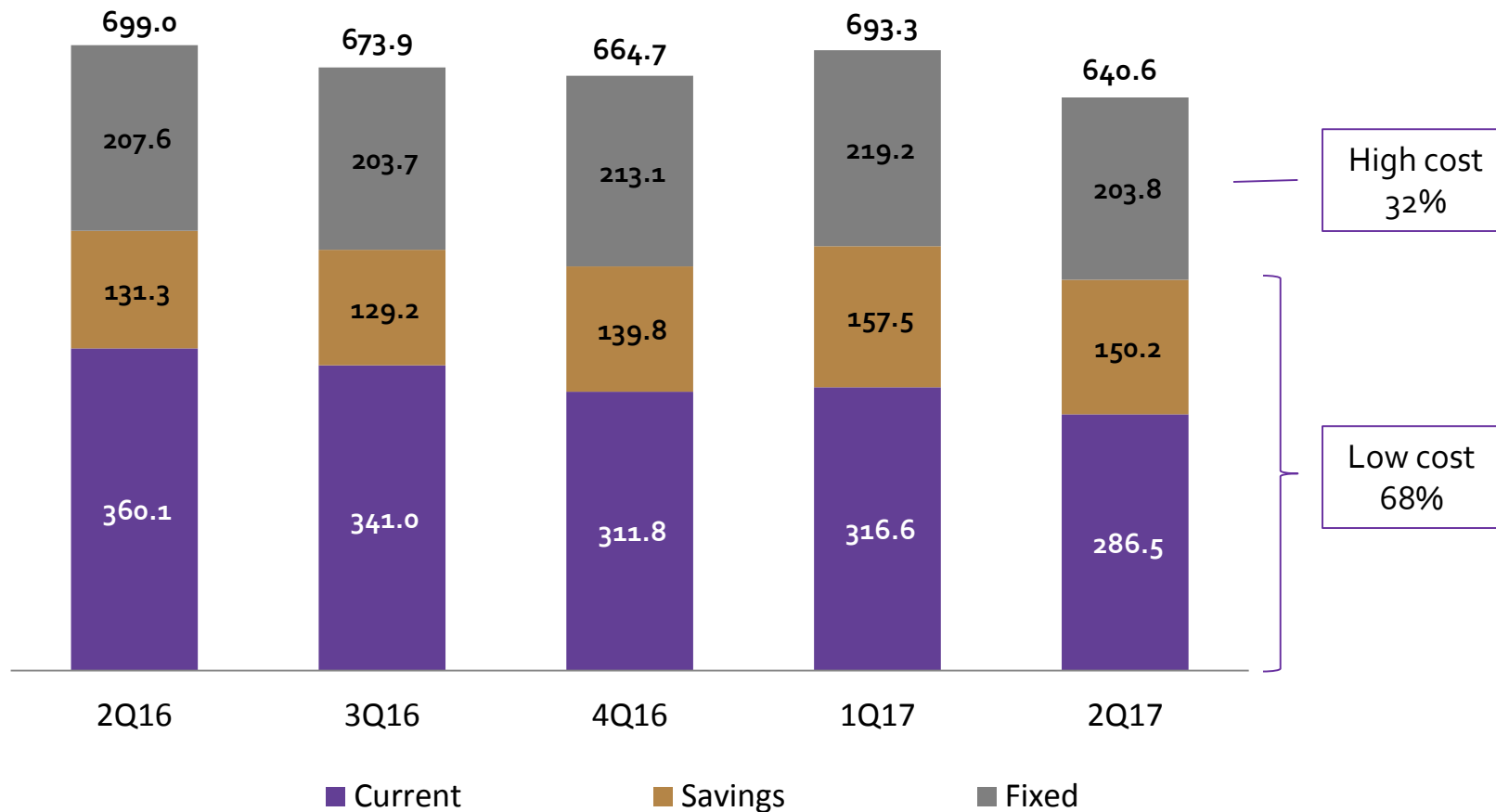


- Personal Banking
- Commercial Banking
- Institutional Banking
- SME Banking
- Corporate Banking
- Treasury & Fin Mkts/ Others

| | % Δ QoQ | % Δ YoY |
|--------------------------------------|--------------|--------------|
| Personal Banking | -4.6% | 5.6% |
| SME Banking | 1.2% | 0.4% |
| Commercial Banking | -60.7% | -36.2% |
| Corporate Banking | -13.3% | -17.7% |
| Institutional Banking | -14.1% | -54.3% |
| Treasury & Financial Markets/ Others | 44.4% | 412.6% |
| Total | -7.6% | -8.4% |

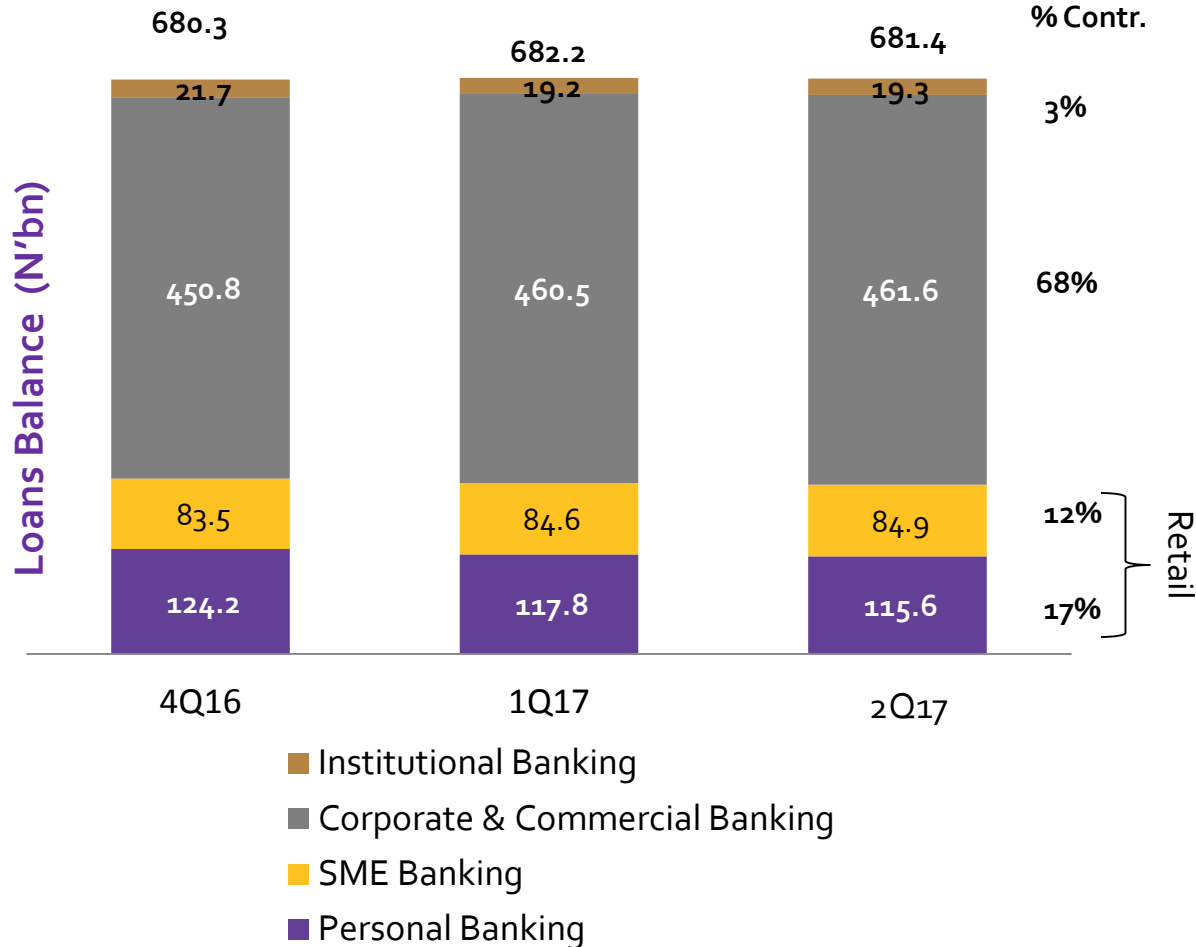
Deposits declined across all categories QoQ due to customers migration to high yield treasury bills and government savings bond

CRBG: Deposit Distribution by Type
(2Q16 – 2Q17)



Loans dropped 0.1% QoQ as Bank maintained its cautious lending strategy

CRBG: Gross Loan Distribution by Segment
4Q16 vs. 1Q17 vs. 2Q17



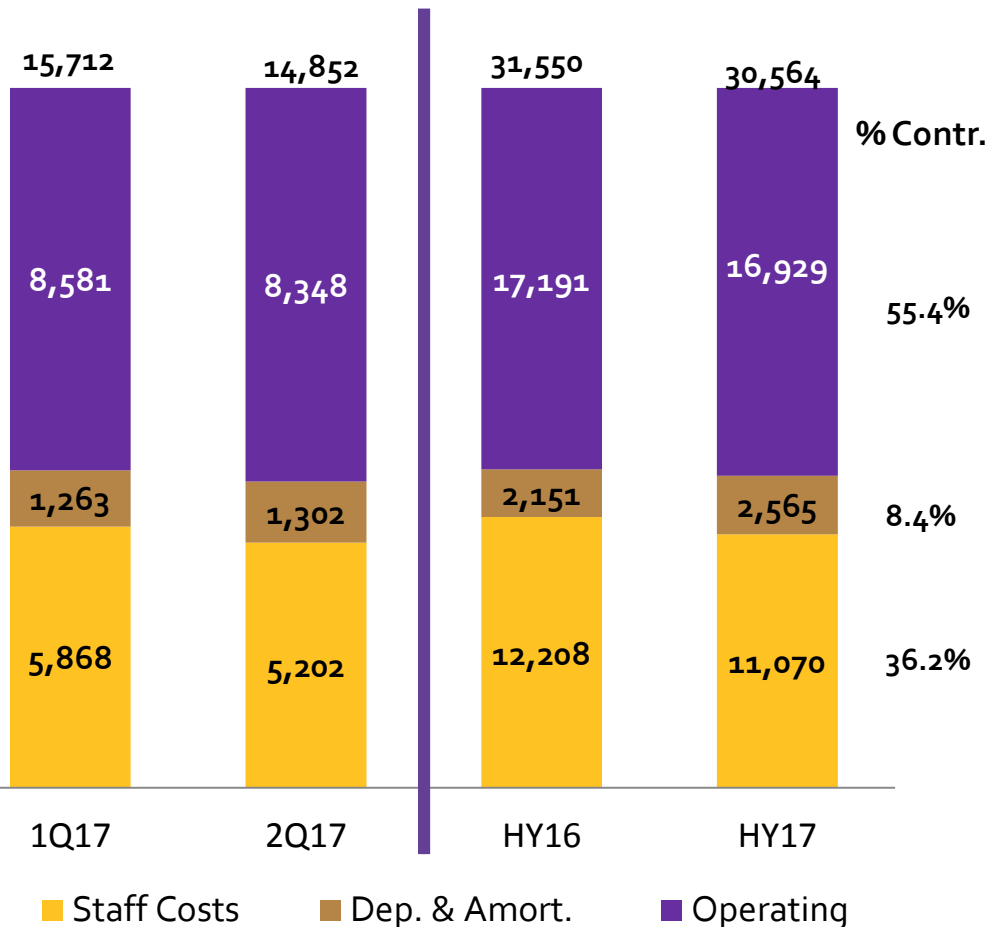
| Segment | % Δ QoQ | % Δ YoY |
|--------------------------------|---------|---------|
| Personal Banking | -1.9% | -13.6% |
| SME Banking | 0.3% | -14.5% |
| Corporate & Commercial Banking | 0.2% | 4.8% |
| Institutional Banking | 0.9% | 41.4% |

Comments

- ❖ Marginal growth was evident in SME and Corporate & Commercial banking QoQ largely from Intervention funds.
- ❖ Personal loan book however dropped on the back of streamlined eligibility.

OPEX declined 5.5% and 3.1% QoQ and YoY respectively

CRBG: OPEX Analysis by Expense Domain 1Q17 vs. 2Q17 & HY16 vs. HY17



| Expense Line | % Δ | % Δ |
|-----------------------------|--------------|--------------|
| | QoQ | YoY |
| Staff Costs | -11.4% | -9.3% |
| Depreciation & Amortisation | 3.1% | 19.3% |
| Operating | -2.7% | -1.5% |
| Total | -5.5% | -3.1% |

Comments

- ❖ YoY decline in staff and operating costs was mainly attributable to continued cost discipline, effects of automation and alternate channels migration and streamlined branch network.
- ❖ YoY and QoQ growth in depreciation & amortisation expenses was due to rising investments in technology.

FCMB



Risk Management Review –

***Mrs. Toyin Olaiya
(Chief Risk Officer)***

Gross loans remained flat QoQ, though declined by 0.9% YoY

FCMB: Analysis of Gross Loans by Sector (June. 2016 – June. 2017) – N'm

| Industry Sector | June '16 | Sept'16 | Dec '16 | Mar '17 | June '17 | % DISTR. |
|------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|
| AGRICULTURE | 29,386 | 24,778 | 26,150 | 24,721 | 23,035 | 3.4% |
| COMMERCE | 69,815 | 60,221 | 54,431 | 50,809 | 50,473 | 7.4% |
| CONSTRUCTION | 4,588 | 3,746 | 2,904 | 2,764 | 2,673 | 0.4% |
| EDUCATION | 7,514 | 9,070 | 8,979 | 9,169 | 9,175 | 1.3% |
| FINANCE & INSURANCE | 25,167 | 28,428 | 39,268 | 38,782 | 39,768 | 5.8% |
| GENERAL – OTHERS | 13,059 | 14,393 | 14,063 | 11,895 | 16,194 | 2.4% |
| GOVERNMENT | 4,365 | 4,568 | 4,317 | 2,741 | 2,524 | 0.4% |
| INDIVIDUAL | 133,855 | 126,254 | 124,222 | 117,832 | 115,612 | 17.0% |
| INFORMATION & COMMUNICATIONS | 28,773 | 28,324 | 27,550 | 26,210 | 22,824 | 3.3% |
| MANUFACTURING | 58,265 | 51,493 | 53,560 | 53,249 | 50,651 | 7.4% |
| OIL&GAS-DOWNSTREAM | 46,840 | 36,393 | 43,596 | 49,014 | 48,480 | 7.1% |
| OIL&GAS-UPSTREAM&SERVICES | 140,092 | 154,692 | 146,149 | 147,241 | 148,595 | 21.8% |
| POWER & ENERGY | 38,078 | 42,146 | 43,952 | 53,518 | 55,660 | 8.2% |
| PROFESSIONAL SERVICES | 635 | 619 | 432 | 600 | 68 | 0.0% |
| REAL ESTATE | 79,789 | 84,703 | 83,767 | 86,668 | 89,026 | 13.1% |
| TRANSPORTATION & LOGISTICS | 7,214 | 7,103 | 6,907 | 6,957 | 6,692 | 1.0% |
| | 687,438 | 676,931 | 680,246 | 682,169 | 681,450 | 100.0% |

8.4% growth in NPL QoQ is due to deterioration in the Commerce segment portfolio. Other segments held steady

FCMB: NPL Distribution by Sector (June. 2016 vs. Mar. 2017 & June. 2017) – N'm

| BUSINESS SEGMENT | June. 2016 | | Mar. 2017 | | June. 2017 | |
|------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | NPL | NPL% | NPL | NPL% | NPL | NPL% |
| Agriculture | 1,087.80 | 3.7% | 1,009.52 | 4.1% | 1,143.60 | 5.0% |
| Commerce | 5,530.50 | 8.1% | 7,669.07 | 15.1% | 10,330.91 | 20.5% |
| Construction | 1,876.65 | 40.9% | 194.23 | 7.0% | 301.46 | 11.3% |
| Education | 200.98 | 2.7% | 2,171.75 | 23.7% | 2,261.43 | 24.6% |
| Finance & Insurance | 45.37 | 0.2% | 8.04 | 0.0% | 7.34 | 0.0% |
| General – Others | 751.27 | 5.8% | 451.20 | 3.8% | 490.69 | 3.0% |
| Government | 97.18 | 2.2% | 8.11 | 0.3% | 15.77 | 0.6% |
| Individual | 12,024.59 | 9.0% | 13,899.02 | 11.8% | 13,358.50 | 11.6% |
| Information & Communications | 311.16 | 1.1% | 540.27 | 2.1% | 544.98 | 2.4% |
| Manufacturing | 1,650.40 | 2.9% | 2,156.15 | 4.0% | 2,196.75 | 4.3% |
| Oil & Gas – Upstream & Svs | 224.84 | 0.1% | 245.45 | 0.1% | 244.57 | 0.2% |
| Oil & Gas- Downstream | 7,447.93 | 22.2% | 278.47 | 0.9% | 276.42 | 0.6% |
| Power & Energy | 50.90 | 0.1% | 32.24 | 0.1% | 22.19 | 0.0% |
| Professional Services | 102.25 | 2.5% | 121.89 | 20.3% | 43.65 | 64.3% |
| Real Estate | 45.87 | 0.1% | 407.72 | 0.5% | 414.12 | 0.5% |
| Transportation & Logistics | 260.62 | 3.6% | 329.98 | 4.7% | 336.75 | 5.0% |
| Total | 31,708.32 | 4.6% | 29,523.13 | 4.3% | 31,989.13 | 4.7% |

2Q17 Loan loss charge was largely from increase in collective impairment

FCMB: Loan Loss Charge/Recovery by Sector (June. '16 vs. Mar. '17 vs. June. '17) – N'm

| Business Segment | Loan Loss Charges/ Recoveries | | | | | Cost of Risk % |
|------------------------------|-------------------------------|-----------------|-----------------|---------------|-----------------|----------------|
| | 2Q16 | 1Q17 | 2Q17 | Δ QoQ | Δ YoY | |
| AGRICULTURE | 391.61 | (17.02) | (361.08) | (344.06) | (752.68) | -1.5% |
| COMMERCE | 670.23 | 986.78 | 456.05 | (530.73) | (214.18) | 2.8% |
| CONSTRUCTION | 156.16 | (99.10) | (231.05) | (131.95) | (387.22) | -11.8% |
| EDUCATION | (14.55) | (152.80) | 3.16 | 155.96 | 17.71 | -1.6% |
| FINANCE & INSURANCE | 60.16 | 1,271.55 | 3,615.33 | 2,343.78 | 3,555.17 | 12.4% |
| GENERAL – OTHERS | 190.94 | 11.31 | (29.22) | (40.53) | (220.16) | -0.1% |
| GOVERNMENT | 48.69 | (54.22) | (2.46) | 51.76 | (51.16) | -1.7% |
| INDIVIDUAL | 3,338.09 | 688.95 | 1,404.43 | 715.49 | (1,933.65) | 3.7% |
| INFORMATION & COMMUNICATIONS | (280.54) | 245.61 | (36.17) | (281.79) | 244.37 | 0.8% |
| MANUFACTURING | 1,405.55 | 117.06 | 22.39 | (94.67) | (1,383.16) | 0.3% |
| OIL&GAS-DOWNSTREAM | (821.66) | 883.78 | 39.04 | (844.74) | 860.71 | 0.5% |
| OIL&GAS-UPSTREAM&SERVICES | 322.96 | 119.46 | 44.40 | (75.06) | (278.56) | -0.4% |
| POWER & ENERGY | 52.91 | 861.09 | 28.26 | (832.83) | (24.65) | 0.1% |
| PROFESSIONAL SERVICES | 1.85 | (32.65) | (58.66) | (26.01) | (60.50) | -36.5% |
| REAL ESTATE | 70.30 | (195.51) | 13.85 | 209.35 | (56.45) | -0.2% |
| TRANSPORTATION & LOGISTICS | 12.95 | 116.78 | 1.61 | (115.17) | (11.34) | 1.7% |
| | 5,605.64 | 4,751.07 | 4,909.88 | 158.81 | (695.76) | 1.4% |

- ❖ We will maintain our cautious loan growth strategy with modest reduction in loan book as the year progresses.
- ❖ We will maintain prudent provision levels to ensure adequate coverage ratio for non-performing loans as well as challenged sectors.
- ❖ Cost of Risk is estimated at about 3% for the year.

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FCMB

A man in a blue suit and tie is standing next to a car with its door open, looking at a smartphone. In the background, a white private jet is visible on an airfield.

Investment Banking Group: *Business Review* –

Mr. Robert Grant
(Head, Project & Structured Finance, FCMB Capital Markets Ltd)

Earnings improved QoQ and YoY driven primarily by sharp increase in brokerage commissions and improvements in Opex

Investment Banking Group (IBG): Summary Financials (1Q17 vs. 2Q17 & HY16 vs. HY17)

| Investment Banking Group | 1Q17 | 2Q17 | % Δ QoQ | HY16 | HY17 | % Δ YoY |
|--|-------------|------------|--------------|------------|------------|-------------|
| N'm | | | | | | |
| Gross earnings | 298 | 476 | 60% | 914 | 774 | -15% |
| Net Interest Income | 94 | 124 | 33% | 145 | 218 | 51% |
| Non Interest Income | 204 | 352 | 72% | 770 | 556 | -28% |
| – Advisory fees | 33 | 78 | 137% | 245 | 111 | -55% |
| – Brokerage Commission | 58 | 153 | 162% | 187 | 211 | 13% |
| – Asset Management Fees | 60 | 66 | 10% | 101 | 126 | 25% |
| – Trading Income | 0 | 28 | n/a | (0) | 28 | n/a |
| – Dividend | 40 | 1 | -97% | 51 | 42 | -19% |
| – Others | 13 | 26 | 99% | 186 | 38 | -79% |
| Operating Income | 298 | 476 | 60% | 914 | 774 | -15% |
| Operating Expenses | (338) | (323) | -4% | (795) | (661) | -17% |
| Net gains/(losses) from fin. instruments at fair value | 18 | (15) | -183% | (21) | 3 | -115% |
| PBT | (22) | 138 | -730% | 98 | 116 | 18% |
| TAX | (16) | (43) | 173% | (53) | (58) | 10% |
| PAT | (37) | 95 | -353% | 45 | 57 | 27% |
| CIR | 107% | 70% | -34% | 89% | 85% | -4% |

FCMB



Looking Ahead –

Mr. Ladi Balogun (Group Chief Executive, FCMB Group Plc)

- ❖ Commercial and Retail Banking activities will remain key determinant of group performance;
- ❖ Loan book will reduce, due to high risk and high interest rate environment ;
- ❖ Resumption of growth in deposits expected in H2;
- ❖ Net Interest Margin will remain stable at current levels;
- ❖ Non interest income should continue to rise as a result of growth in customer base, digital migration and pick up of economic activities;
- ❖ Cost of risk will remain at similar levels for subsequent quarters;
- ❖ OPEX expected to reduce marginally in subsequent quarters;
- ❖ Opportunities for earnings improvement hinged on non-interest income momentum in H2, reducing cost of funds and recoveries in the consumer book/CDL;
- ❖ Improved performance expected from non-bank subsidiaries as economy/ capital markets activities pick up, and microfinance and asset management initiatives unfold.

The logo for FCMB (First City Monument Bank) is located in the top left corner. It consists of the letters "FCMB" in white, bold, sans-serif font, positioned above two horizontal yellow bars of equal length, all contained within a purple square background.

FCMB

A man in a blue suit and tie is standing next to a car with its door open. He is holding a smartphone in his right hand and a folder in his left hand, looking at the phone with a slight smile. In the background, a white private jet is visible on an airfield.

Appendix

Group Performance Ratios

FCMB: Key Performance Indicators (1Q17 vs. 2Q17 & HY16 vs. HY17)

| Performance Index | | 1Q17 | 2Q17 | %Δ QoQ | HY16 | HY17 | %Δ YoY |
|---------------------|-----------------------------|--------|--------|--------|--------|--------|--------|
| Operating | Return on Av. Equity | 3.5% | 3.2% | -8.7% | 18.5% | 3.4% | -81.7% |
| | Return on Av. Assets | 0.5% | 0.5% | -8.9% | 2.6% | 0.5% | -79.8% |
| | Loan/Deposit Ratio | 95.5% | 102.5% | 7.3% | 95.3% | 102.5% | 7.5% |
| | Loan/Funding Ratio | 70.8% | 69.5% | -1.8% | 71.9% | 69.5% | -3.2% |
| | Cost/Income Ratio | 70.3% | 69.7% | -0.8% | 52.4% | 70.0% | 33.7% |
| | Net Interest Margin | 7.3% | 7.9% | 8.6% | 8.7% | 7.6% | -12.1% |
| | NPL/Total Loans | 4.3% | 4.7% | 8.5% | 4.7% | 4.7% | 0.0% |
| | Coverage Ratio ¹ | 110.2% | 132.2% | 19.9% | 101.4% | 132.2% | 30.3% |
| | NII/Operating Income | 32.8% | 23.5% | -28.3% | 41.6% | 28.3% | -32.0% |
| | Financial Leverage | 6.5 | 6.5 | 0.2% | 7.2 | 6.5 | -9.1% |
| Cost of Risk | 2.8% | 2.8% | -1.4% | 2.8% | 2.8% | 1.2% | |
| Capital & Liquidity | Capital Adequacy Ratio | 17.2% | 17.3% | 0.5% | 16.1% | 17.3% | 7.3% |
| | Liquidity Ratio | 31.9% | 30.1% | -5.6% | 35.9% | 30.1% | -16.2% |
| Investment | EPS | 31.9 | 29.0 | -9.1% | 158.2 | 30.5 | -80.7% |
| Others | Opex (N'B) | 16.3 | 15.5 | -4.9% | 32.7 | 31.7 | -3.1% |
| | Risk Assets (net) (N'B) | 656 | 649.2 | -1.1% | 657.0 | 649.2 | -1.2% |
| | Customer Deposits (N'B) | 687 | 633.5 | -7.8% | 689.3 | 633.5 | -8.1% |

NOTE:

1. Inclusive of regulatory risk reserve

Group Statements of Comprehensive Income

FCMB: Statements of Comprehensive Income (Extracts) - (1Q17 vs. 2Q17 & HY16 vs. HY17)

| N'm | 1Q17 | 2Q17 | %Δ QoQ | HY16 | HY17 | %Δ YoY |
|---|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Revenue | 38,462 | 39,046 | 1.5% | 88,283 | 77,508 | -12.2% |
| Interest Income | 29,861 | 32,493 | 8.8% | 60,550 | 62,354 | 3.0% |
| Interest Expense | (14,323) | (15,534) | 8.5% | (24,006) | (29,857) | 24.4% |
| Net Interest Income | 15,538 | 16,959 | 9.1% | 36,544 | 32,497 | -11.1% |
| Non Interest Income | 7,580 | 5,216 | -31.2% | 25,988 | 12,796 | -50.8% |
| - Net Fees & Commissions | 3,453 | 3,756 | 8.8% | 7,051 | 7,210 | 2.2% |
| - Trading Income | 658 | 699 | 6.2% | 334 | 1,357 | 306.4% |
| - FX Income | 571 | 33 | -94.2% | 18,282 | 604 | -96.7% |
| - Others | 2,898 | 728 | -74.9% | 321 | 3,625 | 1028.7% |
| Operating Income | 23,118 | 22,175 | -4.1% | 62,532 | 45,292 | -27.6% |
| Operating Expenses | (16,251) | (15,457) | -4.9% | (32,734) | (31,708) | -3.1% |
| Net impairment loss on loans | (4,751) | (4,733) | -0.4% | (8,919) | (9,484) | 6.3% |
| Other impairment loss | (207) | (281) | 35.7% | (4,569) | (488) | -89.3% |
| Net gains/(losses) from fin. instruments at fair value | 0 | 103 | n/a | (21) | 103 | -593.2% |
| <i>Share of Post tax result of Associate</i> | 75 | 33 | -56.7% | 0 | 108 | n/a |
| PBT | 1,984 | 1,840 | -7.3% | 16,289 | 3,824 | -76.5% |
| PAT | 1,581 | 1,438 | -9.1% | 15,668 | 3,019 | -80.7% |

Group Statements of Financial Position

FCMB: Statements of Financial Position (Extracts) – (1Q17 vs. 2Q17 & HY16 vs. HY17)

| N'm | 2Q16 | 1Q17 | 2Q17 | % Δ QoQ | % Δ YoY |
|---|------------------|------------------|------------------|--------------|---------------|
| Cash and cash equivalents | 154,300 | 101,630 | 104,643 | 3.0% | -32.2% |
| Restricted reserve deposits | 151,761 | 148,449 | 155,517 | 4.8% | 2.5% |
| Loans and advances | 657,021 | 656,138 | 649,199 | -1.1% | -1.2% |
| Derivative assets held | 1,982 | 940 | 0 | -100.0% | -100.0% |
| Non Pledged trading assets | 11,242 | 5,979 | 10,536 | 76.2% | -6.3% |
| Investments | 170,782 | 137,326 | 127,390 | -7.2% | -25.4% |
| Assets pledged as collateral | 55,778 | 54,530 | 58,430 | 7.2% | 4.8% |
| Investment in associate | 732 | 922 | 776 | -15.9% | 6.0% |
| Intangible assets | 8,576 | 10,121 | 9,920 | -2.0% | 15.7% |
| Deferred tax assets | 8,186 | 7,972 | 7,974 | 0.0% | -2.6% |
| Other assets | 36,090 | 21,179 | 20,710 | -2.2% | -42.6% |
| Fixed assets | 30,097 | 32,150 | 32,227 | 0.2% | 7.1% |
| Total Assets | 1,286,546 | 1,177,335 | 1,177,322 | 0.0% | -8.5% |
| LIABILITIES: | | | | | |
| Derivative liabilities held | 1,773 | 701 | 0 | -100.0% | -100.0% |
| Customer deposits | 689,345 | 687,219 | 633,477 | -7.8% | -8.1% |
| Deposits from banks | 41,898 | 6,205 | 76,313 | 1129.9% | 82.1% |
| Other liabilities | 150,903 | 69,130 | 63,482 | -8.2% | -57.9% |
| Borrowings | 142,428 | 128,067 | 112,729 | -12.0% | -20.9% |
| On-lending facilities | 33,391 | 43,388 | 51,361 | 18.4% | 53.8% |
| Debt securities issued | 49,210 | 61,634 | 59,558 | -3.4% | 21.0% |
| Shareholders' funds | 177,599 | 180,991 | 180,402 | -0.3% | 1.6% |
| Liabilities and Shareholder Equity | 1,286,546 | 1,177,335 | 1,177,322 | 0.0% | -8.5% |
| Acceptances & Guarantees | 174,847 | 136,813 | 135,106 | -1.2% | -22.7% |