

FCMB Group Plc announces a Profit before Tax of N7.1 billion for the half-year ended 30 June 2018

LAGOS, NIGERIA – 27 JULY 2018: FCMB Group Plc (Bloomberg: **FCMB**) (“FCMB Group”) announced its Unaudited Group Results for the half-year ended 30 June 2018.

FINANCIAL PERFORMANCE HIGHLIGHTS:

Earnings Analysis:

- Gross revenue of N83.9 billion for the six-months ended June 2018, an 8.3% increase from N77.5 billion for the same period prior year.
- Net interest income rose by 9% Year-on-Year (YoY) from N32.5 billion to N35.3 billion.
- Non-interest income of N16.5 billion, for the first half of 2018, a 29% increase YoY, from N12.8 billion for the same period prior year, driven by a 38% YoY growth in Fees and Commissions and a N2.6 billion (188%) YoY increase in trading income.
- Net impairment on loans reduced by 38% YoY to N5.9 billion for the half-year ended June 2018, from N9.5 billion for the same period prior year.
- Operating expenses increased 18% YoY for the six-months ended June 2018 - to N37.4 billion YoY and increased 11% Quarter-on-Quarter (QoQ) - due to increase in AMCON charges by N1bn and expenses on alternate channels development.
- Profit before tax (PBT) of N7.1 billion, for the first half of 2018, rose 86% YoY.



Financial Position:

- Loans and advances dropped by 2% QoQ to N586.0 billion in June 2018 (N595.8 billion in March 2018), due to a cautious approach in growing the local currency loan book with focus on Agriculture, Manufacturing and Retail.
- Total assets decreased 2% QoQ to N1.23 trillion in June 2018 (N1.26 trillion in March 2018).
- Customer deposits also decreased by 4% QoQ to N721.3 billion in June 2018 (N747.7 billion in March 2018).

Key Ratios:

- Capital Adequacy Ratio – 18.01%.
- Liquidity Ratio – 40.6%.
- Loan to Funding Ratio – 60.9%.
- Non-Performing Loans (NPL) to Total Loans Ratio – 5.7%.
- Cost to Income Ratio – 72.1%.
- Net Interest Margin – 8.0%.
- Earnings per share – 57.1k.

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HY 2018 Results Overview:

The Group recorded profit before tax of N7.1 billion, an 86% increase from N3.8 billion achieved for the same period in 2017. The improved performance reflects the improving performance of the bank, as well as, the effects of diversification through our investments in asset and wealth management.



Our Asset & Wealth Management division (which comprises Legacy Pension Managers Limited, First City Asset Management Limited and CSL Trustees Limited) grew its AUM by 5% QoQ to N289bn, whilst also marginally increasing PBT by 2% QoQ, to N520 million, representing a 14% contribution to Group PBT. Our Pensions business line remained the primary driver of the division's performance. We expect AUM to grow by about 15% in the second half of the year, which should take the 2018 closing balance to N332.7bn. Contribution to AUM from Collective Investment Schemes and Wealth Management should account for 13% of total AUM by the end of 2018. We expect the launch of another Collective Investment Scheme in 4Q18, to aid the attainment of our AUM and income targets. We continue to target a PBT growth of 40% for our Pensions business line in 2018.

Our Commercial & Retail Banking group (which comprises First City Monument Bank Limited, Credit Direct Limited, FCMB (UK) Limited and FCMB Microfinance Bank Limited) generated a 32.2% increase in PBT to N2.9bn for 2Q18 from N2.2bn in 1Q18. Revenue increased 3.7% YoY, driven by an 8.1% YoY increase in non-interest income and an 8.7% YoY increase in net-interest income. The latter's increase was largely due to reduction in cost of funds from growth in Personal Banking and SME deposits. This increased net interest margin to 7.7% for HY18 from 7.5% (HY17). Non-interest income increased 6.3% QoQ to N6.7bn for 2Q18 from N6.3bn in 1Q18, due to mobile banking income earned in 2Q18. Overhead costs increased by 15.1% YoY due to additional AMCON charge and provisions for contingencies. The banking group's CAR and liquidity remain strong and above regulatory thresholds at 17.3% and 40.6%, respectively. Risk assets declined by 9.8% YoY and 4.1% QoQ, while deposits grew 13.2% YoY - driven by low cost deposits – but declined 3.2% QoQ to shed off high-cost funds.

Accounting for 4% of Group Profits in 2Q18 vs. 5% in 1Q18, our Investment Banking division's (comprised of FCMB Capital Markets Limited and CSL Stockbrokers Limited) saw its gross earnings and PBT grow significantly YoY, but drop 15% QoQ as the equities market halted its bullish streak with a 6.2% drop in NSE All Shares Index (ASI) in 2Q18. The division's PBT was N125m from N148m in 1Q18, largely driven by CSL Stockbrokers Limited. Though the market slowed down during the quarter, as investors took caution in trading, CSLS' 2Q18 trade value was N70bn (vs. N102bn in 1Q18), with it ending the second quarter as fourth-ranked broker - but third-ranked, year to date.

Barring any unforeseen circumstances, we see improved operating performance in the second half of 2018, based on the stabilising macro-economic and capital markets environment, declining cost of funds for the bank, and the growing contributions of our asset and wealth management division.

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Conference Call & Webcast for Results



FCMB Group Plc (Bloomberg: FCMB) will be hosting a teleconference call and webcast for analysts and investors on **Tuesday 31 July at 15.00 Lagos & London/ 10.00 New York/ 16.00 Johannesburg**, with its senior and divisional management to review these Results and respond to questions from investors and analysts.

The teleconference call facility can be accessed by dialling:

Lagos Access Number: +234 1 277 2430
UK Access Number: +44 (0) 330 336 9126
USA Access Number: +1 929 477 0324
South Africa Access Number: +27 11 844 6054

And then entering the following confirmation code: 7974201

Participants will have to quote the above code when dialling into the conference call.

Participants can log on to the link for the webcast by going to the 'Upcoming Events' or 'What's New' sections on FCMB's Investor Relations homepage, which can be accessed by clicking on www.fcmbgroup.com/investor-relations

Webcast access on mobile devices - QR code:

Access the live and on-demand versions of the webcast from mobile devices running iOS and Android.



Participants should please register for the call/ log-on to the webcast at least five minutes before the start of the conference call.



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The presentation and all other related documents, for the call, will be posted under the 'What's New' section on FCMB's Investor Relations homepage, which can be accessed by clicking on www.fcmbgroup.com/investor-relations from 13.00 (Lagos & London) on Tuesday 31 July.

For those who are unable to listen to the live call, the recording of the webcast will be available under 'Financial Results – 2018' by clicking on the 'Financial Information' tab on FCMB's Investor Relations website, which can be accessed by clicking on www.fcmbgroup.com/investor-relations The webcast recording will be done in real-time, so it will be available as soon as the conference call & webcast begins at 15.00 (Lagos & London) on Tuesday 31 July.

For further information, please contact:

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Notes to editors:

About FCMB Group Plc



FCMB Group Plc is a bank-led financial services group, headquartered in Lagos, Nigeria, with operating companies divided along three business groups – Commercial and Retail Banking (First City Monument Bank Limited, Credit Direct Limited, FCMB (UK) Limited and FCMB Microfinance Bank Limited); Investment Banking (FCMB Capital Markets Limited and CSL Stockbrokers Limited) and Asset & Wealth Management (Legacy Pension Management Limited, First City Asset Management Limited and CSL Trustees Limited). Listed on the Nigerian Stock Exchange (NSE) with the ticker symbol (FCMB), FCMB Group Plc has 19,802,710,781 ordinary shares held by over 521,000 shareholders.

First City Monument Bank Limited, the flagship company, has approximately 3.7 million customers and 204 branches in Nigeria and a banking subsidiary in the United Kingdom through FCMB Bank (UK) Limited (which is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA in the United Kingdom).

More information can be found at www.fcmbgroupplc.com
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