



HY20 Results

INVESTORS & ANALYSTS PRESENTATION
4 AUGUST 2020



AGENDA

Introduction

HY 2020 Results Overview

Commercial & Retail Banking: Performance Review

Corporate & Investment Banking: Performance Review

Risk Management Review

Investment Management Review

Outlook

Introduction

**Mr. Ladi Balogun: Group Chief
Executive FCMB Group Plc**



Total Assets
N1.97 trillion

31%

HY19: N1.51 trillion

Profit before Tax
N11.1 billion

26.5%

HY19: N8.8 billion

Deposits
N1.1 trillion

35%

HY19: N823.0 billion

Loans
N794.6 billion

29%

HY19: N618.0 billion

Assets Under Management
N455.0 billion

28%

HY19: N356.5 billion

Gross Earnings
N98.2 billion

12.1%

HY19: N89.8 billion

Customers
7.7 million

29%

HY19: 5.9 million

Digital Customers
5.3 million

48%

HY19: 3.6 million

Capital Adequacy
17.3%

100bps

HY19: 16.3%

Return on Average Equity
9.4%

120bps

HY19: 8.2%

Non-Performing Loans
3.5%

-80bps

HY19: 4.3%

Building Resilience:

- ❖ At 17.3% at Group Level, Capital Adequacy Ratio (CAR), has increased 6% YoY, in spite of the 29% YoY loan growth.
- ❖ The liquidity ratio fell 11% QoQ to 32.2%. However, we have had CRR growth of over 100% YTD. Adjusting for that our liquidity is actually strengthened as a business.

Diversification:

- ❖ Customer strength, across our group of companies, has grown 29% YoY from 5.9 million¹ as at June 2019 to 7.7 million¹ as at June 2020.
- ❖ Personal and business banking account for 69%, 29% and 64% of total deposits, total risk assets and net revenue respectively.
- ❖ Our Investment Management business grew its PBT by 41% YoY and accounted for 9% of total PBT. The business also saw a 28% YoY growth in AUM from N356.5bn to N455.0bn, as we continued to leverage an effective distribution model on the banks growing customer base.

Innovation:

- ❖ **Mobile App & USSD Commissions:** Transaction volume growth was 9% QoQ and 41% YoY, despite 6 weeks of lockdown. Revenue in HY20 dropped 20% YoY from Ng70m (HY19) to N807m, due to CBN's revised guidelines on charges/tariffs - which are now in bands – reducing charges from N50 to as low as N10 per transfer.
- ❖ **Credit Direct Limited** launched its **Mobile App** this quarter and expects 60% of its loans to be disbursed by year-end by a combination of digital and assisted digital² i.e. USSD, and the mobile app.
- ❖ **Digital loans** sales of N48.7 billion YTD, represented 22% of total retail loans sales.
- ❖ **API Platform:** as at 2Q20, we have 37 FinTechs and other organisations connected to us via our API platform (13 as at 1Q20).

Notes:

1. This figure includes total customer numbers for the Bank; active Easy Account holders; Credit Direct Ltd customers and total no. of RSAs with FCMB Pensions Ltd.
2. Assisted digital means that customers still have access to tele-support to complete the loan application process.

COVID IMPACT

Positive Impact:

- ❖ Our Remote working processes (including lowered branch operations costs and travel expenses) had a softening impact on our OPEX – reducing it by 5% QoQ.
- ❖ Our interest expense and cost of funds came down partly because of an improved mix in CASA, as well as, a general low interest rate environment.
- ❖ Earnings were buoyed by growth in Trading and FX income and improved performances from FCMB-AM and CSLS.

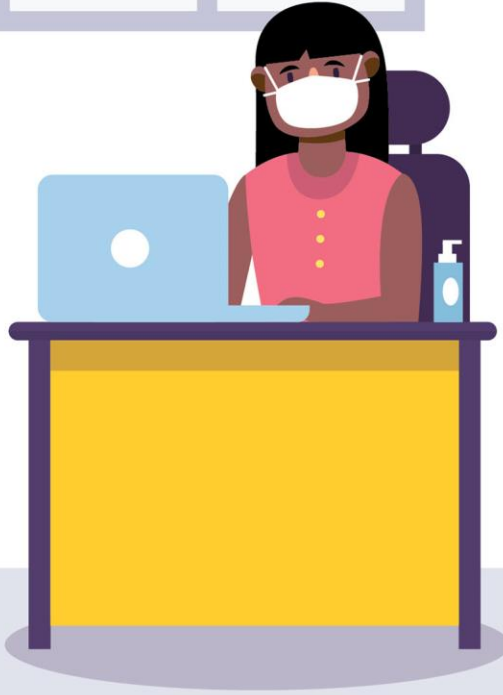
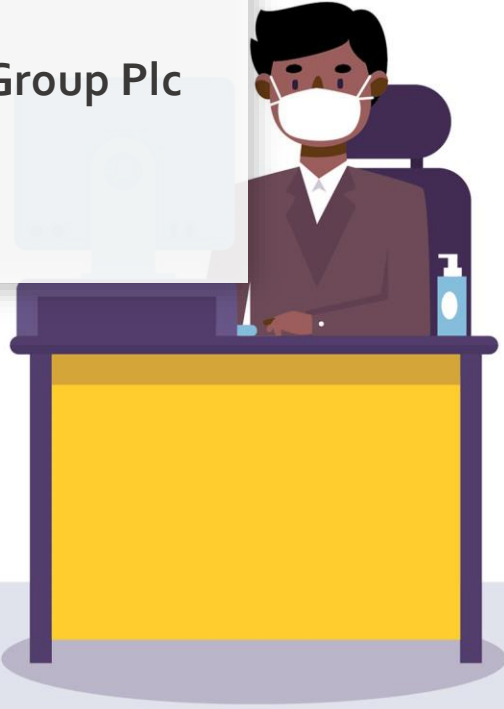
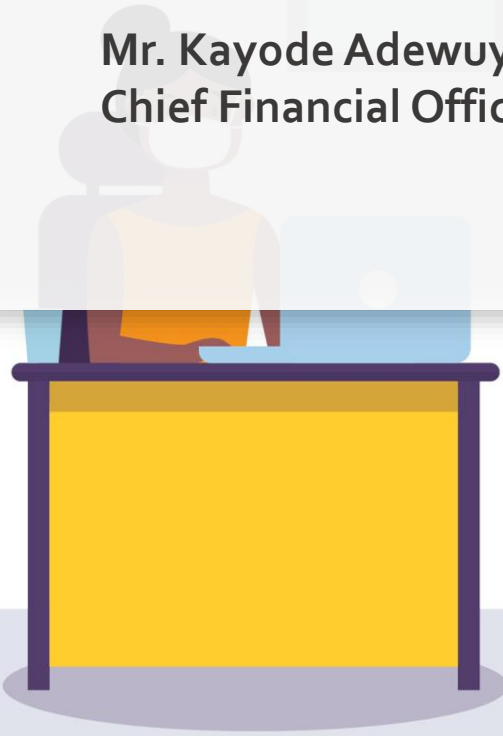
Negative Impact:

- ❖ Net interest income dropped 4% QoQ, driven primarily by reduced interest rate on loans.
- ❖ Transaction commissions dropped 7% QoQ, due to the decline in volume of transactions as a result of the Covid-19 lockdown.
- ❖ 4% reduction of interest rate on Central Bank of Nigeria (CBN)'s intervention portfolio with 1% negative impact on bank's revenue from the portfolio of N57.9bn.
- ❖ 40% of Group's risk assets undergoing restructure, 71% of this already approved by CBN. This represents 29% of Group's risk assets as at June 2020.
- ❖ On loan pricing, we've seen a drop in yields from 11.4% to 9.5% YoY.



HY20 Results Overview: FCMB Group Plc

Mr. Kayode Adewuyi –
Chief Financial Officer: FCMB Group Plc



Group Performance Highlights: ROaE and ROaA grew QoQ and YoY supported by increase in NIM and FX revaluation gains. NPL improved YoY due to loans write-off in 2H19 while cost of risk increased QoQ and YoY primarily due to impact of FX revaluation on impaired FCY loans

Performance Index		1Q20	2Q20	%Δ QoQ	HY19	HY20	%Δ YoY
Operating	Return on Average Equity	9.3%	9.6%	4.0%	8.2%	9.4%	15.6%
	Return on Average Assets	1.1%	1.1%	3.8%	1.0%	1.1%	4.1%
	Loan/Deposit Ratio	76.1%	71.6%	-6.0%	75.1%	71.6%	-4.6%
	Loan/Funding Ratio	56.2%	52.6%	-6.5%	51.7%	52.6%	1.6%
	Cost/Income Ratio	71.2%	68.8%	-3.3%	73.5%	70.3%	-4.3%
	Net Interest Margin	7.8%	7.8%	-0.4%	7.4%	8.0%	7.8%
	NPL/Total Loans	3.5%	3.5%	-0.4%	4.3%	3.5%	-18.3%
	Coverage Ratio ¹	167.0%	175.2%	4.9%	157.2%	175.2%	11.5%
	NII/Operating Income	17.4%	28.6%	63.7%	28.4%	27.8%	-2.1%
	Financial Leverage	8.8	8.8	0.1%	7.9	8.8	11.0%
	Cost of Risk	1.7%	2.05%	17.8%	1.4%	1.96%	39.7%
Capital & Liquidity	Capital Adequacy Ratio	17.0%	17.3%	1.6%	16.3%	17.3%	6.2%
	Liquidity Ratio	36.0%	32.2%	-10.5%	40.2%	32.2%	-19.9%
Investment	Share Price	1.55	1.93	24.5%	1.63	1.93	18.4%
	NAV(N'B)	205.49	214.5	4.4%	188.98	214.5	13.5%
	Dividend (Kobo)	0.0	0.0	n/a	0.0	0.0	n/a
	EPS (Kobo)	23.76	25.14	5.8%	37.9	49.0	29.4%
Others	Opex (N'B)	22.6	21.5	-5.0%	39.69	44.1	11.0%
	Risk Assets (net) (N'B)	764.3	794.6	4.0%	617.91	794.6	28.6%
	Customer Deposits (N'B)	1,003.9	1,109.8	10.5%	822.99	1,109.8	34.9%

Note:

1. Inclusive of regulatory risk reserve

FCMB's Operating Companies' Contribution to Profitability

N'm	PBT	PAT	Size of revenue	ROAE	NAV	% Contribution to Group PBT
<i>Commercial & Retail Banking¹</i>	11,798	10,778	65,388	16.3%	126,129	106.6%
<i>Corporate & Investment Banking²</i>	(1,932)	(1,992)	29,677	-5.4%	75,909	-17.5%
<i>Investment Management³</i>	989	699	2,213	31.2%	4,808	8.9%
<i>FCMB Group Plc (Separate)</i>	350	350	883	0.5%	129,517	3.2%
<i>Intercompany Adjustments</i>	(134)	(134)	18	n/a	(121,902)	-1.2%
FCMB Group Plc (consolidated)	11,071	9,700	98,179	9.4%	214,461	100%

Notes:

1. Includes FCMB Bank Ltd (and its subsidiary, FCMB (UK) Ltd); FCMB Microfinance Bank Ltd, Credit Direct Ltd.
2. Includes the Corporate Banking Division of the Bank, CSL Stockbrokers and FCMB Capital Markets Ltd.
3. Includes FCMB Pensions Ltd; FCMB Asset Management Ltd and FCMB Trustees Ltd.

Group Statements of Comprehensive Income: PBT grew by 4% and 26% QoQ and YoY respectively driven mainly by FX revaluation gains and increase in net interest income YoY. OPEX dropped in Q2 due to cost savings from Covid 19 lockdown, however cost grew YoY due to increase in regulatory cost and reversal of N1.6bn from litigation expense in prior year

N'm	1Q20	2Q20	%Δ QoQ	HY19	HY20	%Δ YoY
Revenue	49,195	48,984	-0.4%	89,786	98,179	9.3%
Interest Income	38,333	37,815	-1.4%	70,378	76,148	8.2%
Interest Expense	(15,217)	(15,552)	2.2%	(31,724)	(30,769)	-3.0%
Net Interest Income	23,116	22,263	-3.7%	38,654	45,379	17.4%
Non Interest Income	8,628	8,889	3.0%	15,351	17,517	14.1%
- Net Fees & Commissions	5,050	4,638	-8.2%	10,101	9,688	-4.1%
- Trading Income	1,885	2,040	8.2%	3,539	3,926	10.9%
- FX Income	1,424	1,876	31.7%	971	3,301	240.0%
- Others	268	334	24.4%	741	603	-18.7%
Operating Income	31,744	31,152	-1.9%	54,005	62,895	16.5%
Operating Expenses	(22,595)	(21,457)	-5.0%	(39,691)¹	(44,053)	11.0%
Net impairment loss on financial assets	(3,670)	(4,072)	11.0%	(5,498)	(7,742)	40.8%
Net gains/(losses) from fin. instruments at fair value	(45)	14	-132.2%	0	(30)	n/a
PBT	5,434	5,637	3.7%	8,816	11,071	25.6%
PAT	4,722	4,978	5.4%	7,530	9,701	28.8%

Note:

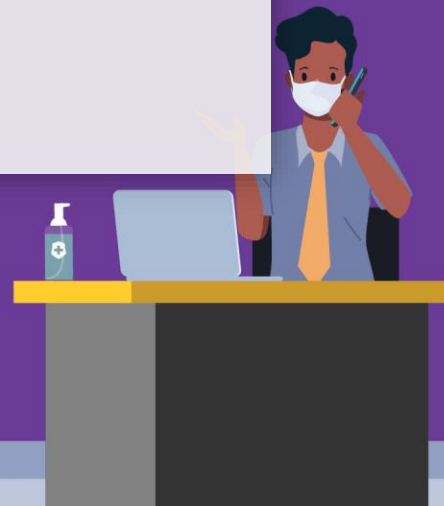
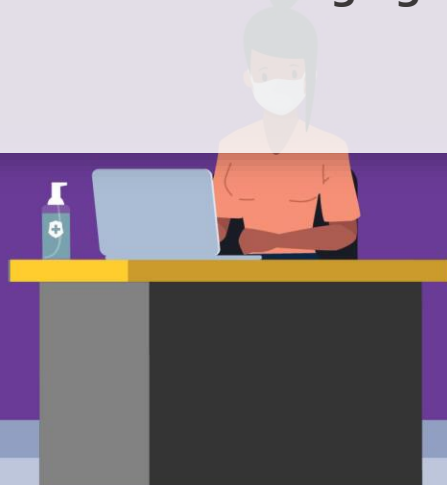
1. Litigation claim of N1.6bn was reversed from Operating Expenses to reduce provisions on litigation in HY19.



FCMB

Group Performance Review: Commercial & Retail Banking

Mr. Adam Nuru
Managing Director: FCMB Ltd



Personal Banking

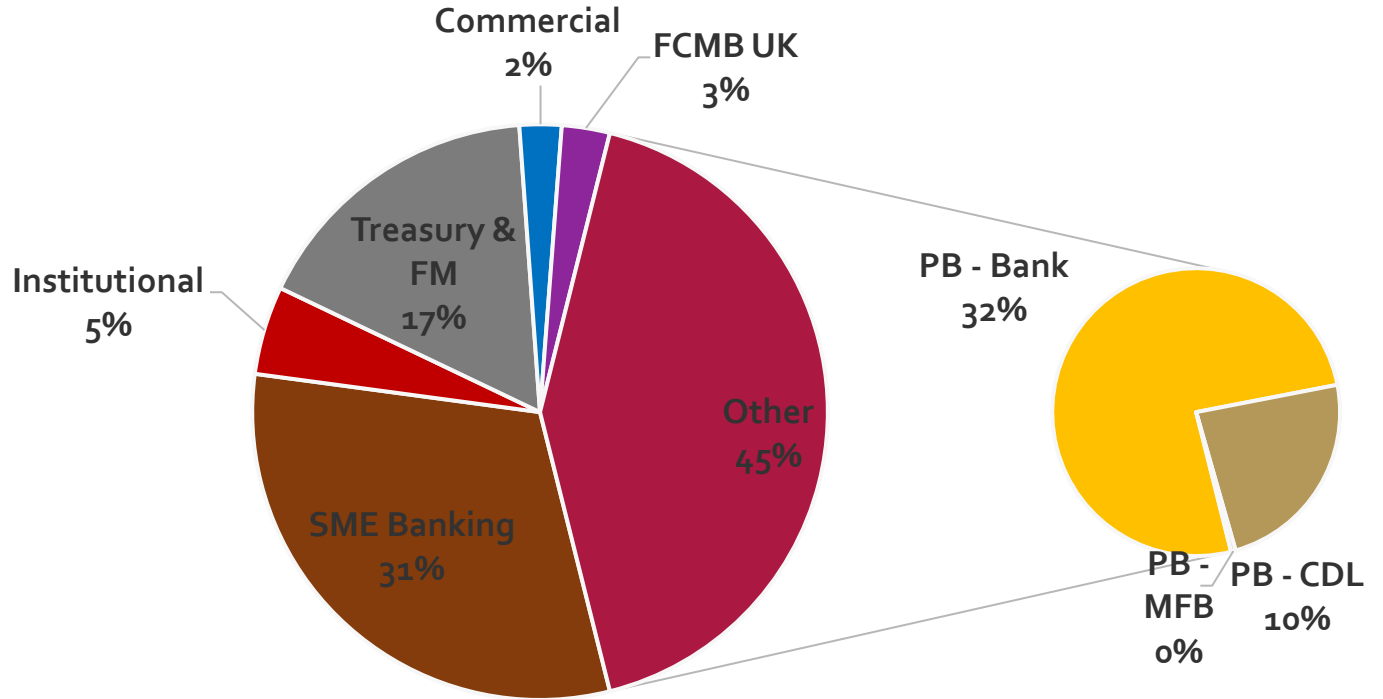
- With a 45% contribution, personal banking is a major contributor to net revenue. Retail strategy continues to yield positive results, complimented with increasing customer acceptance of our bouquet of digital products and services;
- Personal banking has a stable deposit base with the right low-cost mix, from new to bank customers and retention of deposits from existing clients;
- Upward trend in digital transformation initiatives as more retail transactions are consummated on our robust electronic banking platforms;
- The segment will continue to drive digital initiatives to optimise OPEX and reduce cost of funds.

SME Banking

- Contributed 31% to net revenue, driven majorly by growth in net interest income;
- Digitalised SME lending has improved loan origination and processing.

Commercial Banking

- Contributed 2% to net revenue.

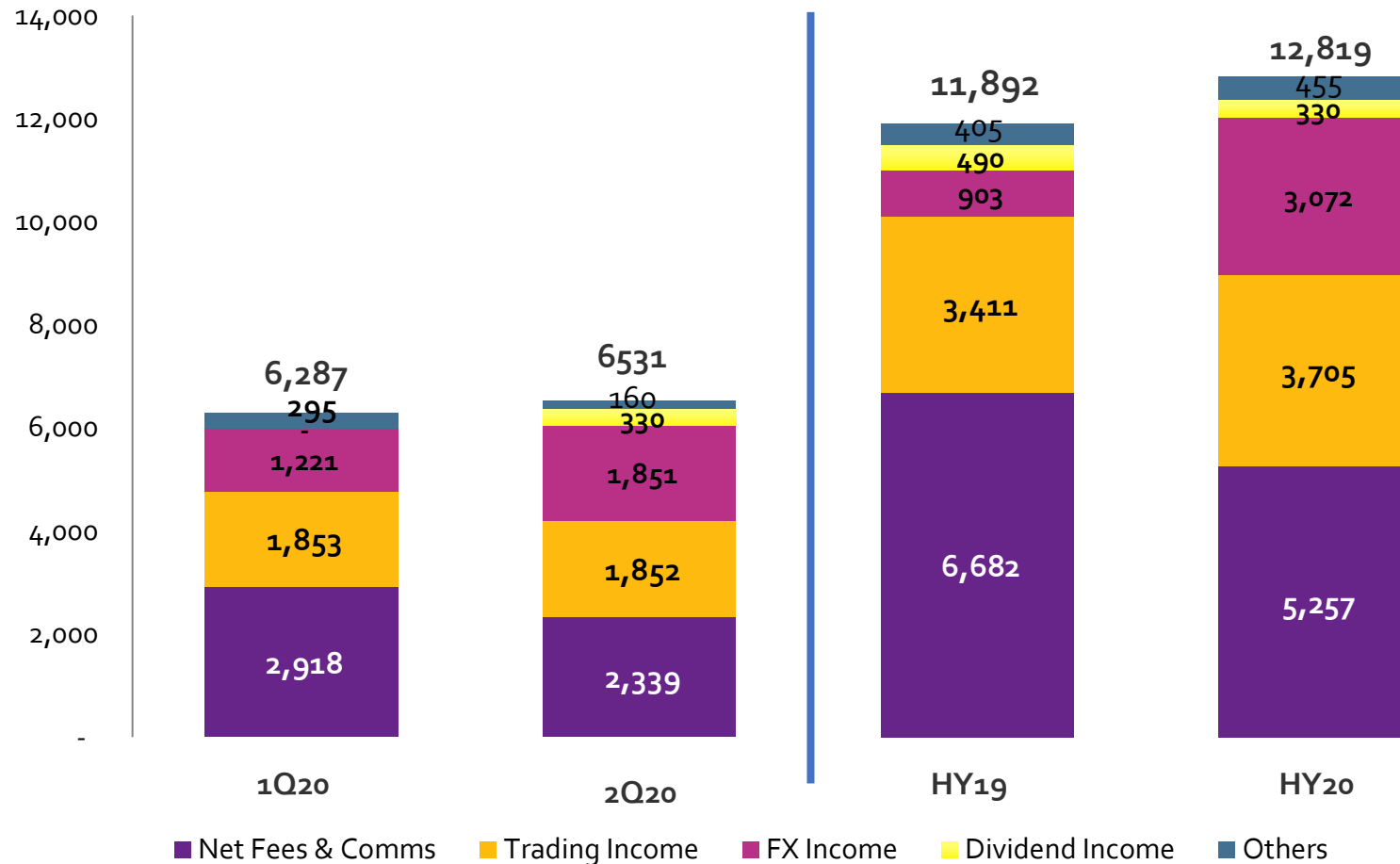


Institutional Banking

- Contributed 5% to net revenue.
- FCMB UK Limited contributed 3% to net revenue, despite the decline from N1.69billion in 1H19 to N1.38billion in 1H20.

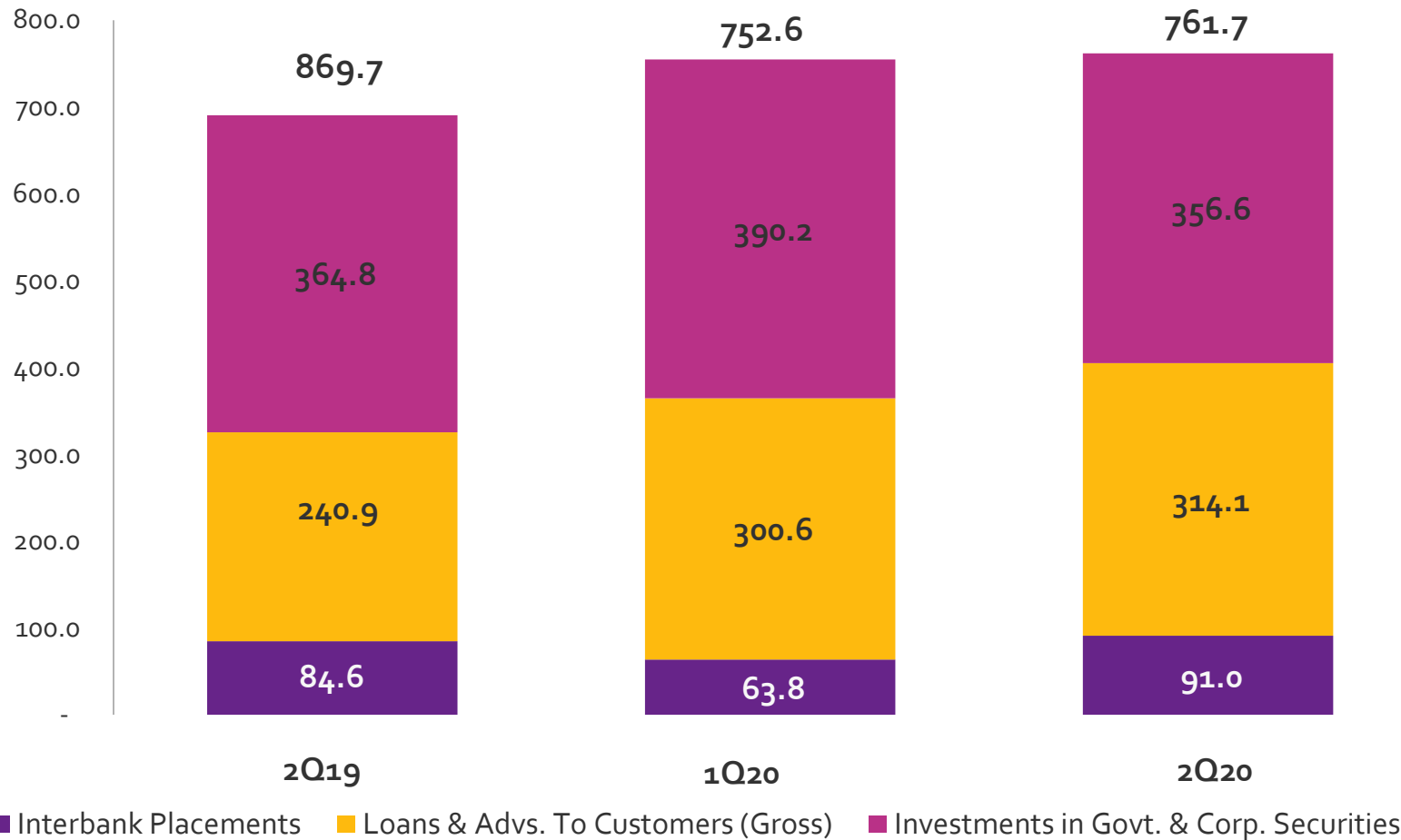
N'm	1Q20	2Q20	%Δ QoQ	HY19	HY20	%Δ YoY
Revenue	33,052	32,336	-2.2%	58,511	65,388	11.8%
Net Interest Income	19,782	18,869	-4.6%	31,001	38,650	24.7%
Non-Interest Income	6,287	6,531	3.9%	11,892	12,819	7.8%
Net impairment loss on financial assets	(1,738)	(2,089)	-20.2%	(2,776)	(3,827)	-37.9%
Operating Expenses	(18,550)	(17,294)	-6.8%	(31,862)	(35,844)	12.5%
PBT	5,781	6,017	4.1%	8,256	11,798	42.9%
Risk Assets (gross) (N'B)	300,633	314,116	4.5%	240,917	314,116	30.4%
Customer Deposits (N'B)	849,984	933,369	9.8%	719,509	933,369	29.7%

- 42.9% YoY increase in PBT due to increase in Net Interest Income, securities trading and FX Income. PBT also improved 4.1% QoQ due to an increase in fixed income instruments, trading and FX Income and OPEX reduction.
- Net Interest Income increased 24.7% YoY, due to consolidated gains from low-cost deposit growth. However, it declined 4.6% QoQ due to decline in interest income as a result of declining rates on money market instruments and Covid-19 induced forbearance on credit facilities.
- Non-Interest Income grew 3.9% QoQ and 7.8% YoY, from fixed income instruments, securities trading and FX income.
- Operating Expenses increased 12.5% YoY majorly due to litigation-related reversals in 1H19, regulatory costs, investments in renewable energy at branch locations, IT costs and COVID-19 community support. However, declined 6.8% QoQ, because of the lockdown in 2Q20.
- Risk Assets grew 4.5% QoQ and 30.4% YoY.
- Deposits grew 9.8% QoQ and 29.7% YoY, supported by growth in low cost deposits.



N'm	%Δ QoQ	%Δ YoY
Non Interest Income	3.9%	7.8%
Net Fees & Commissions	-19.9%	-21.3%
Trading Income	-0.1%	8.6%
FX Income	51.6%	240.3%
Dividend Income	100.0%	-32.7%
Others	-45.8%	12.3%

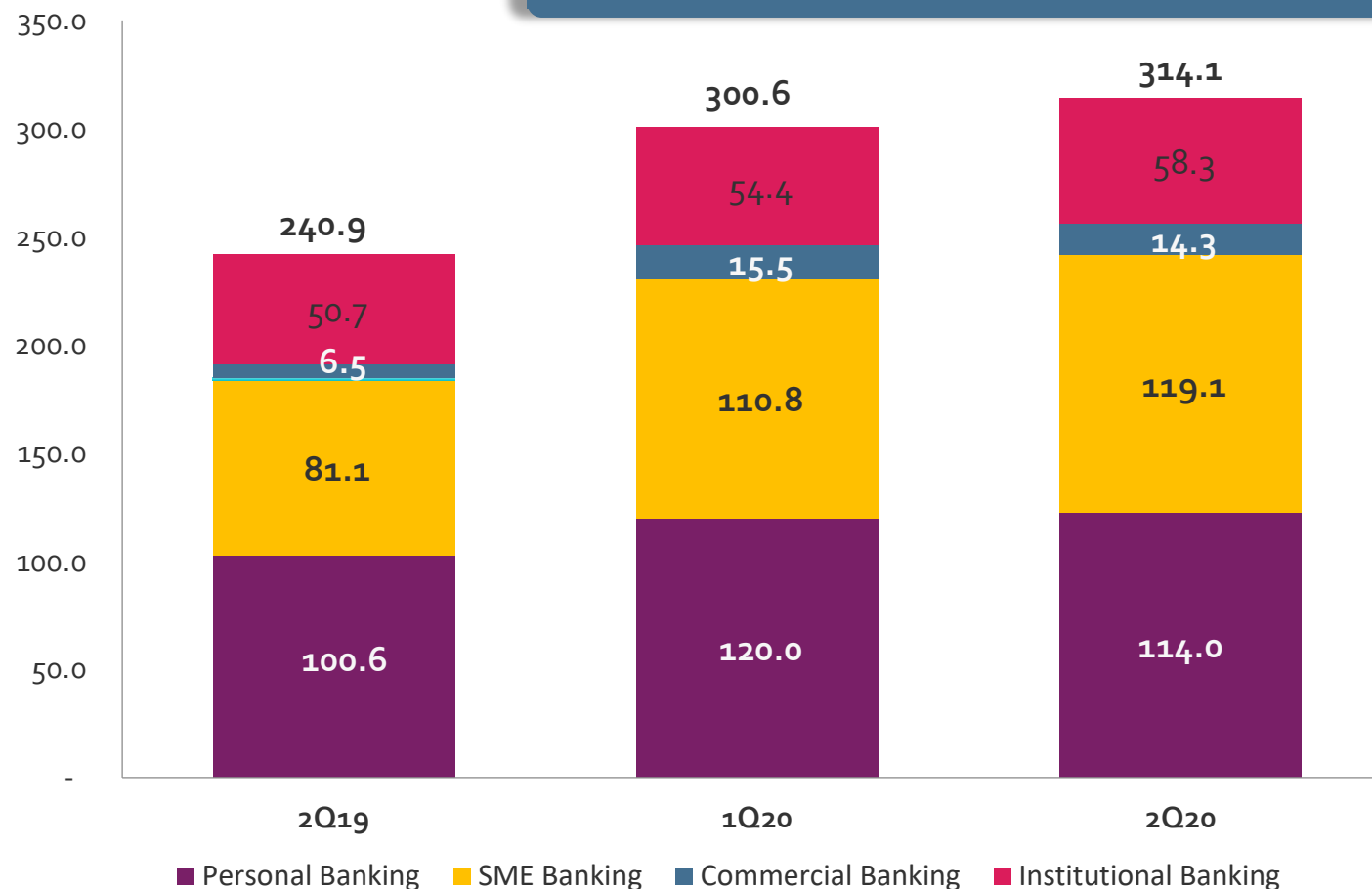
- Net fees and commissions declined 19.9% QoQ and 21.3% YoY, mostly due to Covid-19 induced lock down and regulatory-led reduction of tariffs and charges, respectively;
- Trading income increased 8.6% YoY due to high trading activities in government-backed securities;
- Revaluation gains increased 51.6% QoQ and 240.3% YoY from gains in FX income. c. 50% FX revaluation gain recognised for the H1 2020, accounted for on straight-line basis prior to audit.



N'bn	% Δ QoQ	% Δ YoY
Interbank placements	42.7%	7.6%
Loans and advances to customers (gross)	4.5%	30.4%
Investments in government & corporate securities	-8.6%	-2.2%
Total Earning Assets	0.9%	10.4%

- Total earning assets increased by 0.9% QoQ, and 10.4% YoY;
- Interbank placements grew 42.7% QoQ and 7.6% YoY;
- Gross loans and advances grew 4.5% QoQ and 30.4% YoY. The gross loan book of N314.1bn represents 41% of total earning assets.

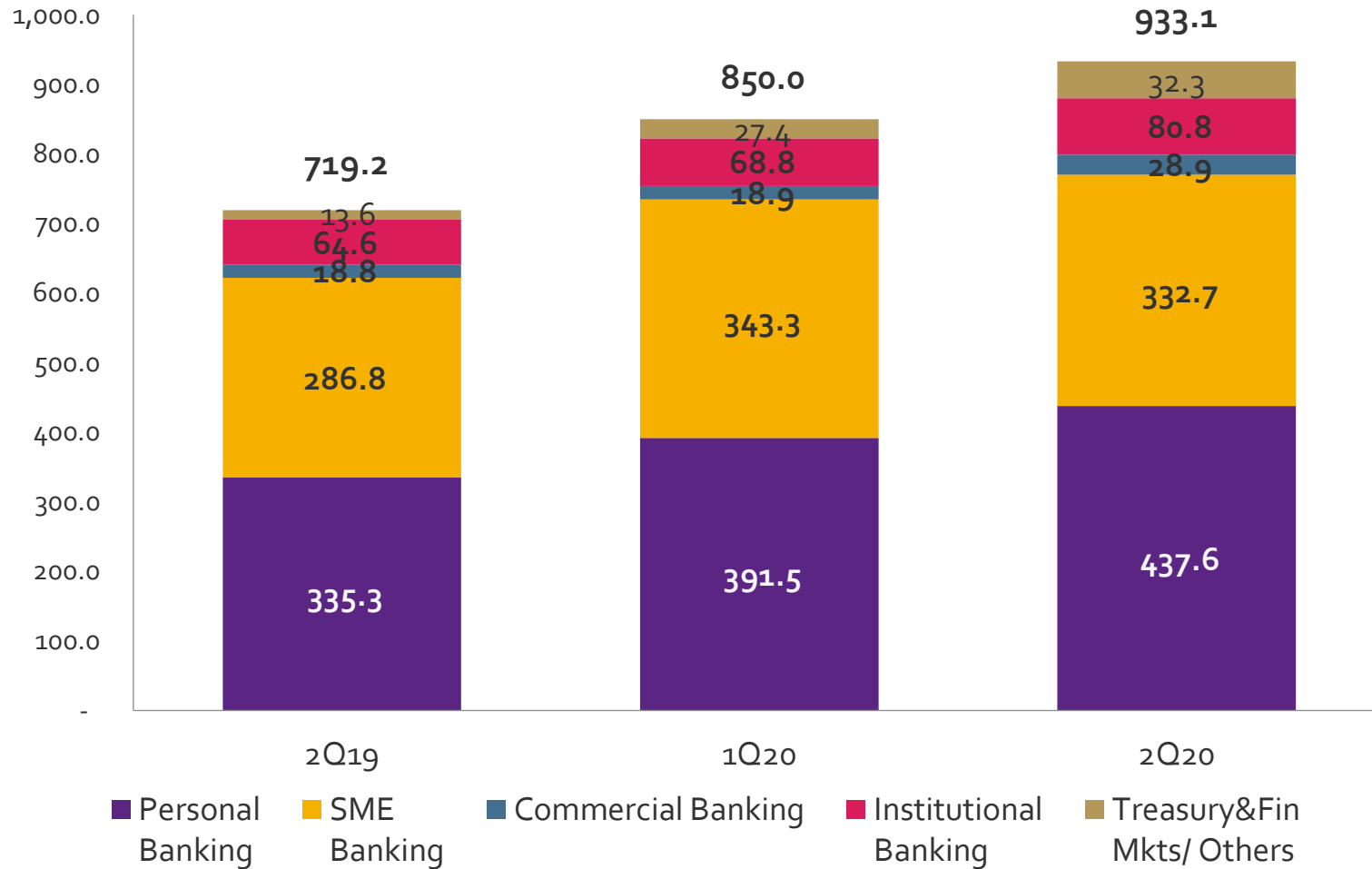
Gross Loans Distribution by Segment: 2Q19 vs. 1Q20 vs. 2Q20



Segment	% Δ QoQ	% Δ YoY
Personal Banking	2.1%	19.2%
SME Banking	7.5%	46.9%
Commercial Banking	-7.6%	121.8%
Institutional Banking	7.1%	15.0%
Total	4.5%	30.4%

- YoY and QoQ growth across most business segments, in line with plan to grow the loan book during the year. The drop in Commercial banking is from reduction in revolving trade lines during the lockdown period.
- Consistent growth in personal banking loans and SME loans as we continue to leverage on digital innovation and initiatives to drive the business.
- Growth in Institutional banking have been largely driven by our UK subsidiary.
- Quality loan growth is expected to continue across all segments through this year.

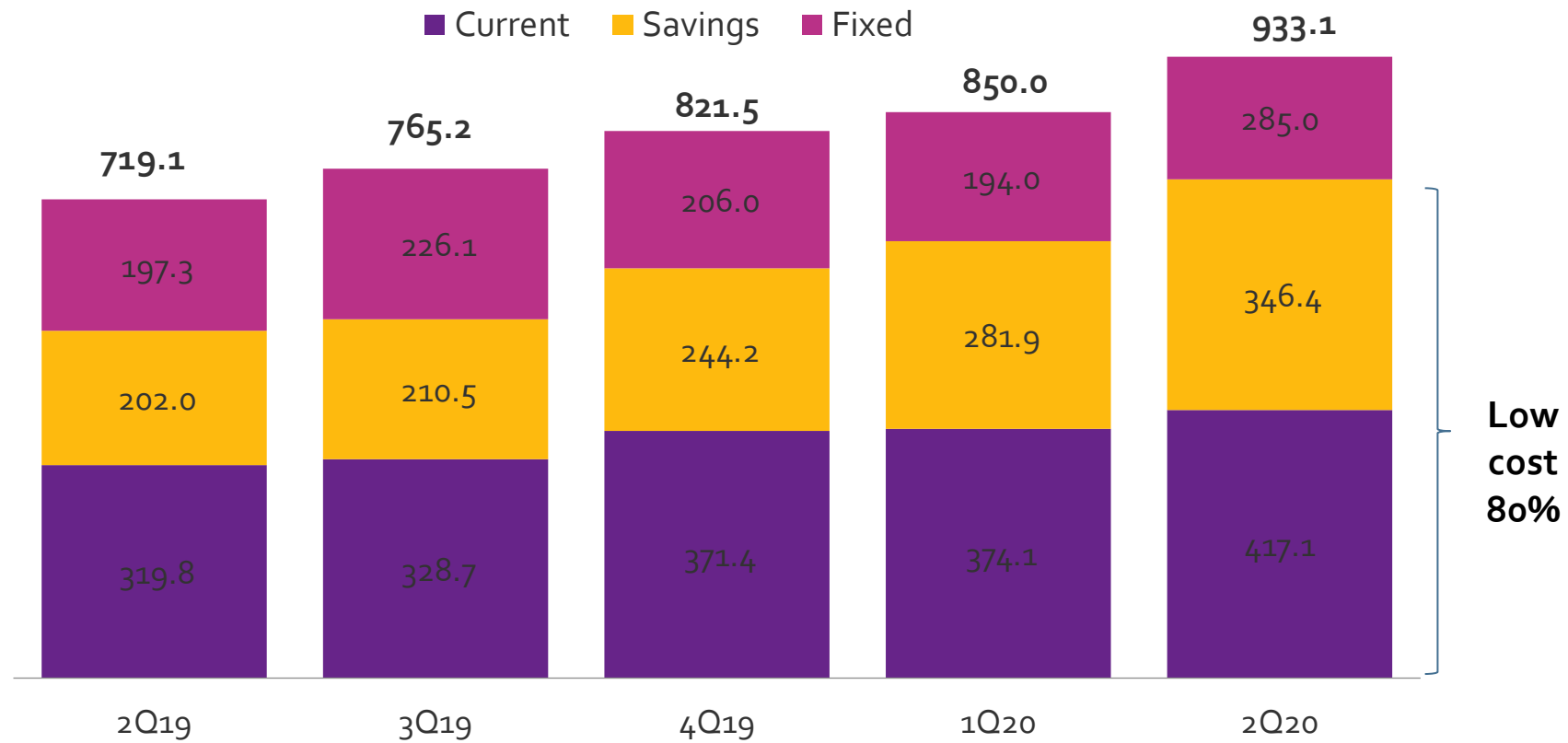
Deposits Distribution by Segment: 2Q19 vs. 1Q20 vs. 2Q20



Segment	% Δ QoQ	% Δ YoY
Personal Banking	12%	31%
SME Banking	-3%	16%
Commercial Banking	53%	54%
Institutional Banking	17%	25%
Treasury & Financial Markets	94%	289%

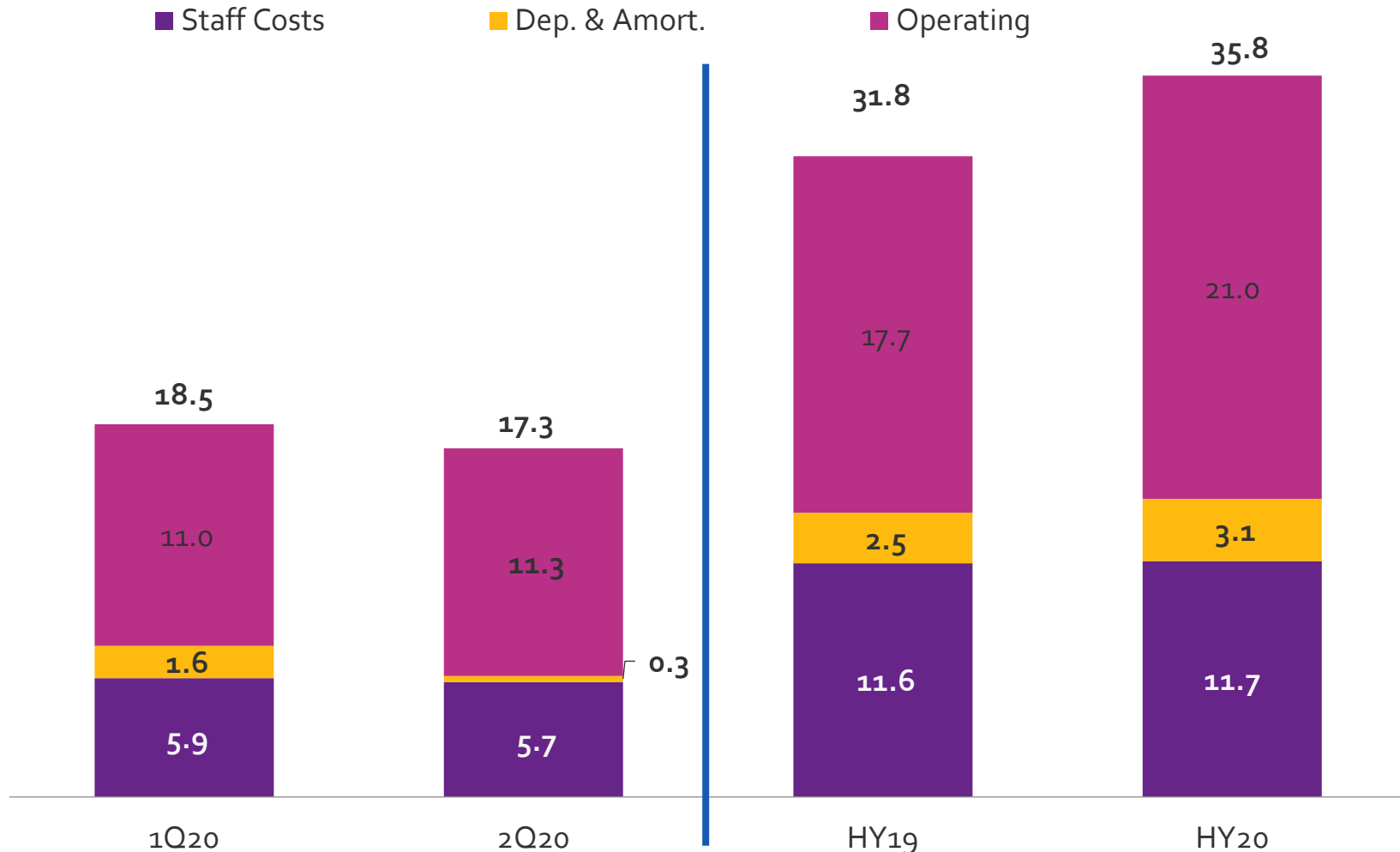
Retail (Personal and SME Banking) deposits now constitutes about 83% of total deposits and grew 5% QoQ and 24% YoY.

Deposits Distribution by Type: 2Q19 – 2Q20



- Total deposits rose 10% QoQ and 30% YoY, driven by CASA deposits, as a result of our sustained focus on retail banking;
- Low-cost deposits now account for 80% of our total deposits, a 3% QoQ rise from 77% and 7% YoY rise from 73%.

OPEX Analysis by Expense Domain: 1Q20 vs. 2Q20 & HY19 vs. HY20



Segment	% Δ QoQ	% Δ YoY
Staff Costs	-4.1%	0.2%
Depreciation & Amortisation	-82.1%	26.7%
Operating	3.1%	18.6%
Total	-6.8%	12.5%

Operating expenses decreased 6.8% QoQ due to COVID-19 lockdown. However, it increased 12.5% YoY majorly due to litigation-related reversals in 1H19; increased regulatory costs; investments in renewable energy at branch locations); IT costs and COVID-19 business and community support.

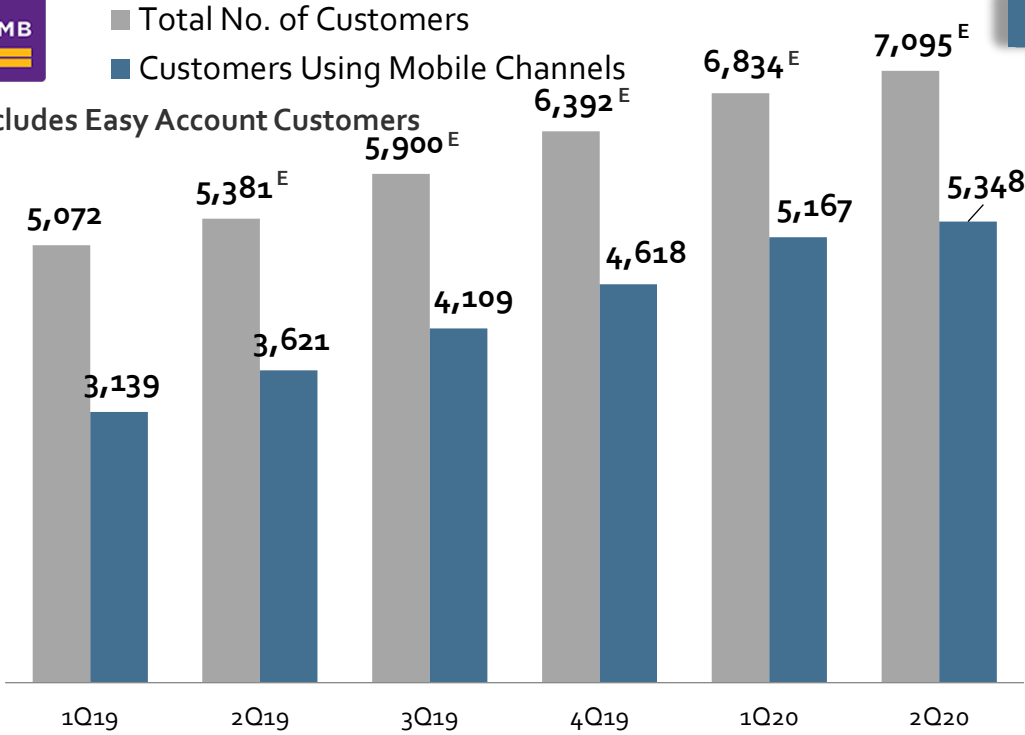


Digital Financial Services: Customer Acquisition and Digital Channels Adoption

■ Total No. of Customers

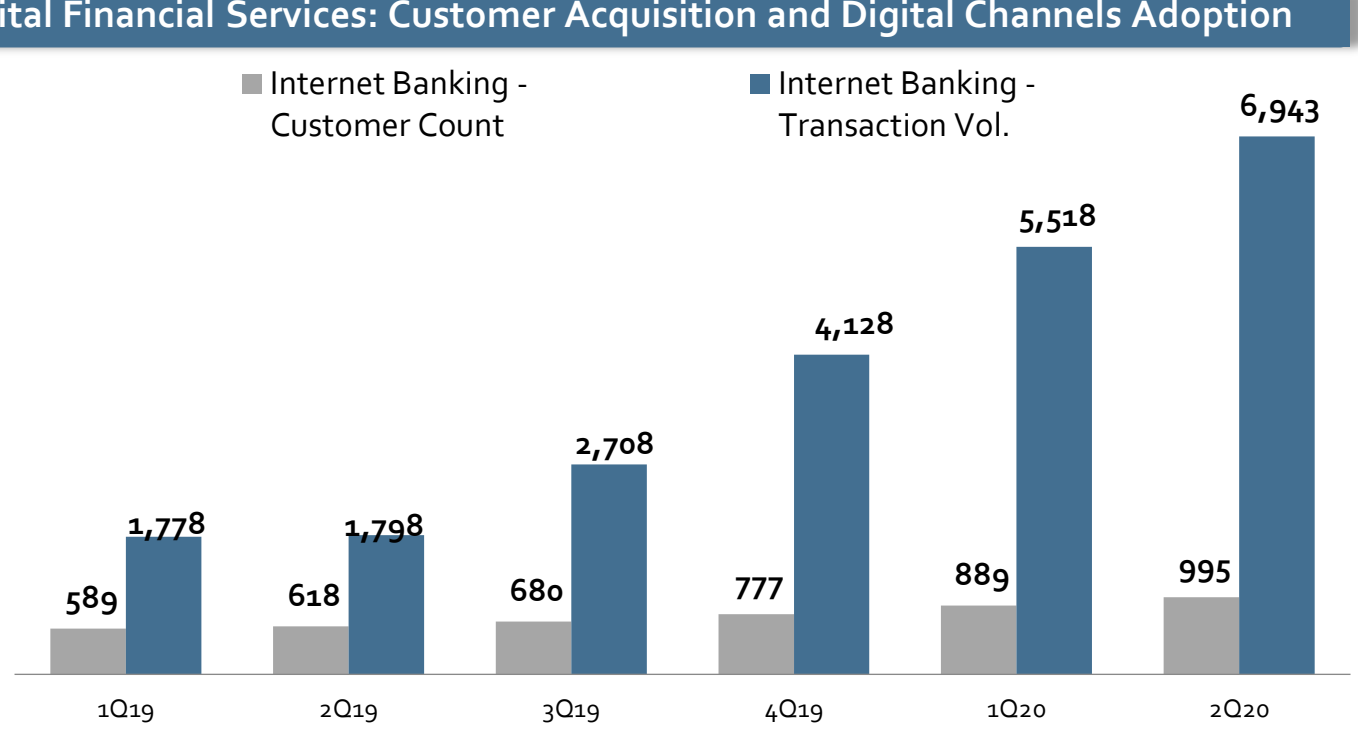
■ Customers Using Mobile Channels

^E Includes Easy Account Customers



■ Internet Banking - Customer Count

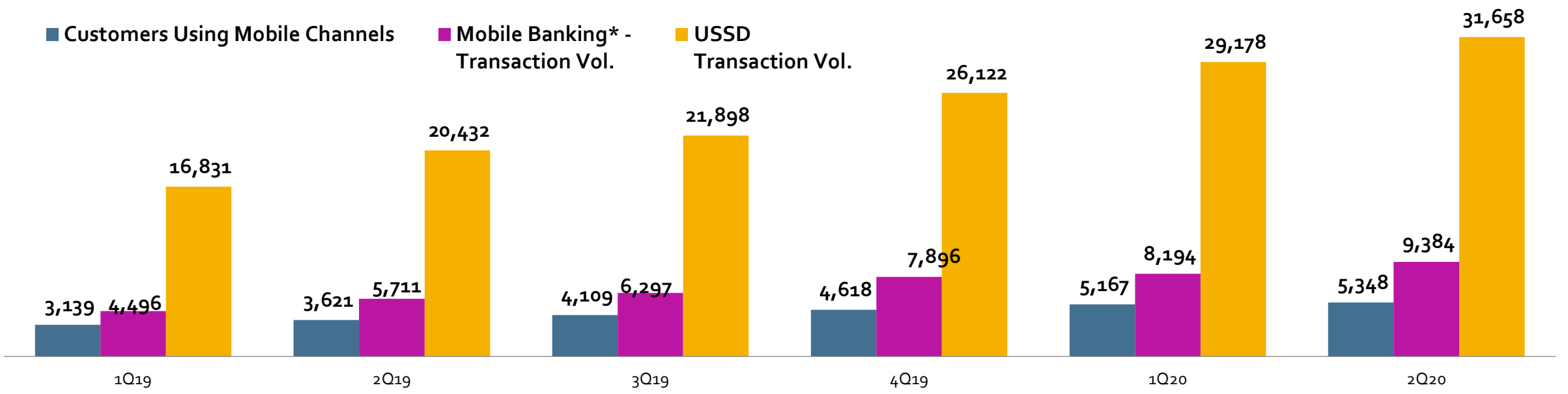
■ Internet Banking - Transaction Vol.



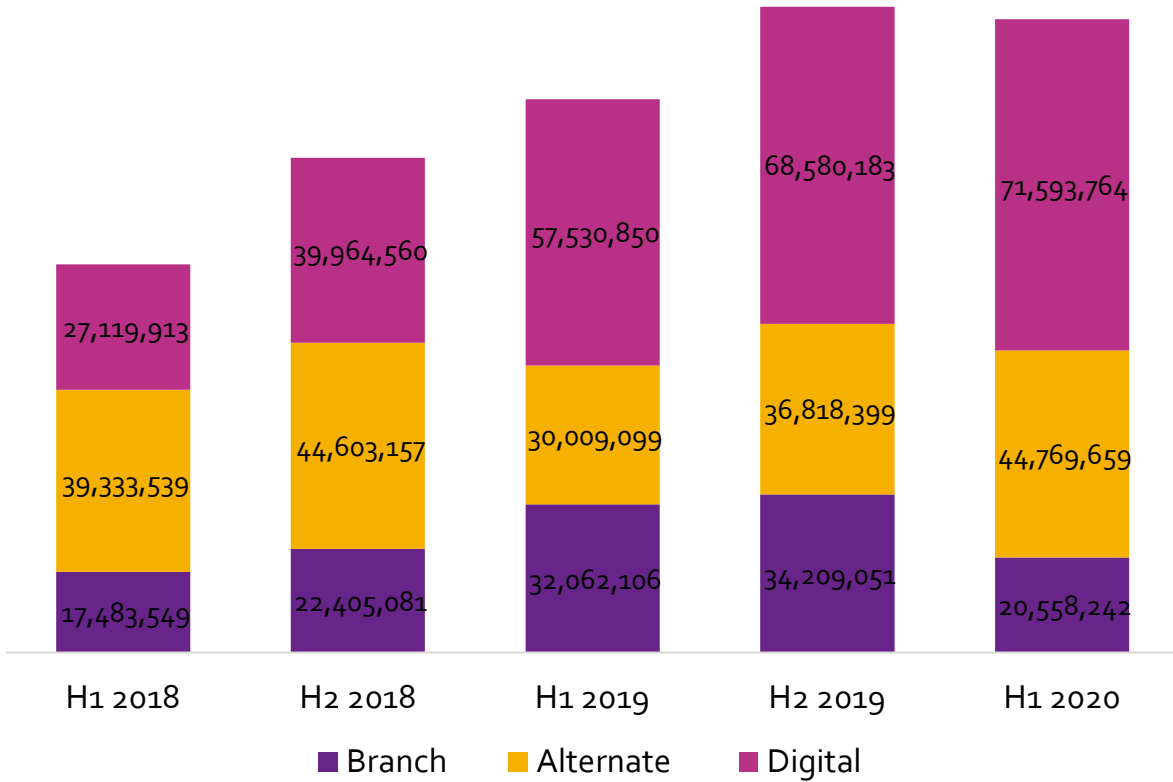
■ Customers Using Mobile Channels

■ Mobile Banking* - Transaction Vol.

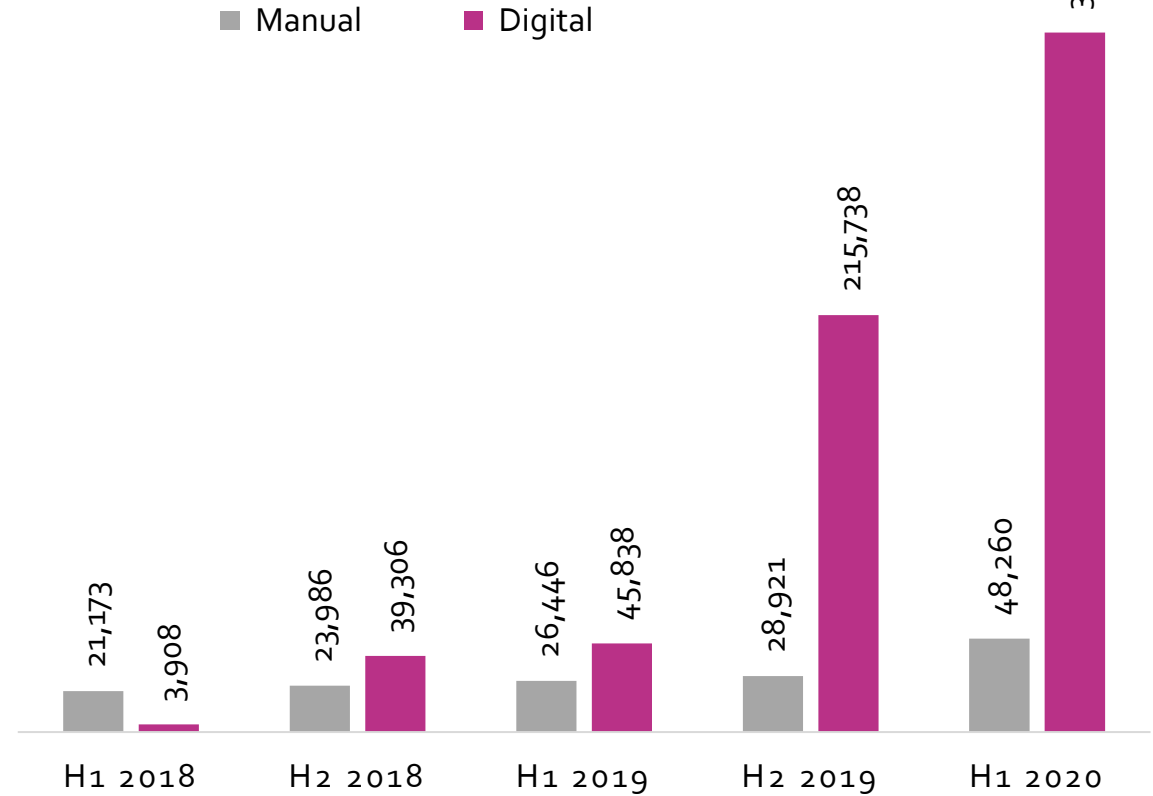
■ USSD Transaction Vol.



Channels Usage Volume (in millions)



Digital & Manual Loan Volumes (in thousands)



- Digital Channels include FCMB Mobile, Internet Banking and USSD;
- Alternate Channels include ATM and POS;
- Transactions in Branches include Over the Counter & Electronic transfers.

Digital loans disbursed on USSD, Internet Banking & FCMB New Mobile App:
 Total Volume in H1 2020: 361,922;
 Total Volume in FY 2019: 261,576;
 Total Volume in H2 2019: 215,738;
 % and Volume Growth (H1 2020-FY 2019): 38% ; 100,346;
 % and Volume Growth (H1 2020-H2 2019): 68% ; 146,184

Group Performance Review: Corporate & Investment Banking

Mr. Femi Badeji: Executive
Director FCMB Group Plc



Corporate & Investment Banking Group	1Q20	2Q20	%Δ QoQ	HY19	HY20	%Δ YoY
N'm						
Gross earnings	14,612	15,065	3%	29,408	29,677	1%
Interest Income	13,682	13,995	2%	27,641	27,677	0%
Interest Expense	(10,509)	(10,748)	2%	(20,366)	(21,257)	4%
Net Interest Income	3,173	3,247	2%	7,275	6,421	-12%
Non Interest Income	929	1,070	15%	1,767	2,000	13%
Capital Raising/Advisory Fees	190	80	-58%	299	270	-10%
Brokerage Commissions	99	285	188%	189	383	103%
Net Fees & Commissions	547	594	9%	1,169	1,141	-2%
Trading Income	30	16	-46%	33	46	41%
FX Income	26	21	-21%	52	47	-11%
Other Income	38	76	100%	24	113	368%
Operating Income	4,103	4,318	5%	9,042	8,420	-7%
Operating Expenses	(3,178)	(3,165)	0%	(6,573)	(6,343)	-4%
Net impairment loss on financial assets	(1,969)	(2,041)	4%	(2,715)	(4,009)	48%
PBT	(1,044)	(888)	-15%	(247)	(1,932)	684%
PAT	(1,086)	(906)	-17%	(288)	(1,992)	592%

Comments

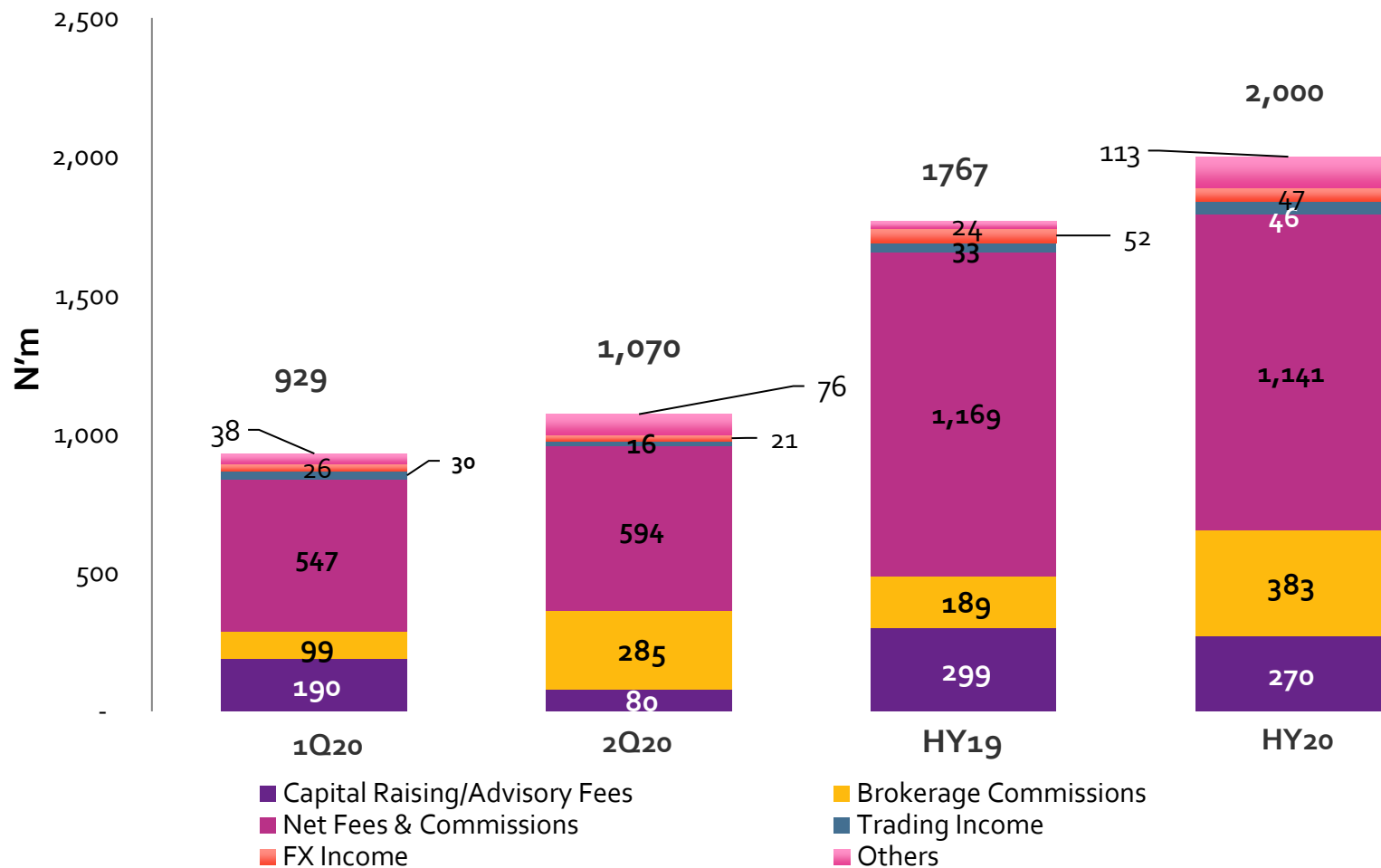
- The focus for this business remains the return to profitability with an improvement of 15% recorded QoQ.
- Whilst there was a slight improvement QoQ in Net Interest Income there was a 12% decline YoY due to a drop in risk asset yields from 11.4% to 9.5% and an increase in impairments.
- Non-Interest Income grew 15% QoQ and 13% YoY driven primarily by CSL as a result of increases in brokerage commissions and dividend income.
- Operating income improved 5% QoQ but declined 7% YoY. Operating expenses were largely flat QoQ but declined YoY by 4%.
- The business is boosting its effort to increase non-interest income to offset the decline in risk asset yields whilst also becoming more efficient with the usage of its balance sheet.

Corporate & Investment Banking Group	1Q20	2Q20	%Δ QoQ	HY19	HY20	%Δ YoY
N'm						
Loans	507,379	528,168	4%	422,080	528,168	25%
Deposits	160,325	179,424	12%	107,671	179,424	67%
Total Assets	525,813	538,933	2%	406,501	538,933	33%
Liabilities	447,636	463,065	3%	336,142	463,065	38%
Shareholders Funds	78,177	75,868	-3%	70,359	75,868	8%
Return on Average Equity	-0.4%	-0.3%	-13%	-0.2%	-1.4%	566%
Return on Average Assets	-0.05%	-0.04%	-23%	0.0%	-0.2%	675%
Return on Investment	-0.6%	-0.5%	-17%	-0.3%	-2.1%	592%
Net Interest Margin	2.7%	2.7%	0%	3.4%	2.7%	-22%
CIR	77%	73%	-5%	73%	75%	4%
NPL	6,797	6,784	0%	14,377	6,784	-53%
NII/Operating Income	23%	25%	9%	20%	24%	22%
Contribution to Group PBT	-19%	-16%	-18%	-3%	-17%	524%
Contribution to Group PAT	-23%	-18%	-21%	-4%	-21%	437%

Comments

- Loans and deposits grew QoQ and strongly YoY, due to increased customer activity, as well as, FX revaluations.
- Impairment on FX-related assets are primarily responsible for the YoY decline in ROaE which has now begun to trend back to breakeven territory QoQ.
- NPLs declined significantly by 53% YoY due to loans write-off in H2 of previous year and remained steady QoQ.
- CIR increased 4% YoY to 75% largely due to the reduction of yield on risk assets from 11.4% to 9.5%. General cost reductions during the COVID-19 related lock-down brought CIR down by 5% QoQ to 73%. We continue to work towards a CIR of 65%.
- Active work is being done to reduce the impairment cost related to the business, which should help restore profitability.

Corporate & Investment Banking: Non-Interest Income Analysis - 1Q20 vs. 2Q20 & HY19 vs. HY20



	%Δ QoQ	%Δ YoY
Non Interest Income	15%	13%
Capital Raising/Advisory Fees	-58%	-10%
Brokerage Commissions	188%	103%
Net Fees & Commissions	9%	-2%
Trading Income	-46%	41%
FX Income	-21%	-11%
Other Income	100%	368%

- Capital Raising & Advisory fees dropped 58% QoQ due to the postponement of some transactions targeted for completion in 2Q20.
- Brokerage commissions increased QoQ and YoY driven primarily by improved activity and contribution by the stock broking business.
- Net fees and commissions increased 9% QoQ driven by loan growth in Q1 but declined 2% YoY as a result of a decrease in transaction charges based on CBN's revised guidelines on charges and tariffs.
- Trading income dropped 46% QoQ due to declining prices of proprietary stock portfolio but grew 41% YoY driven by market gains in 1Q20.
- FX income declined QoQ and YoY due to the reduction of transactions by corporate customers during the lockdown as a result of FX scarcity.
- Other income represents mainly dividend income received by our brokerage business.

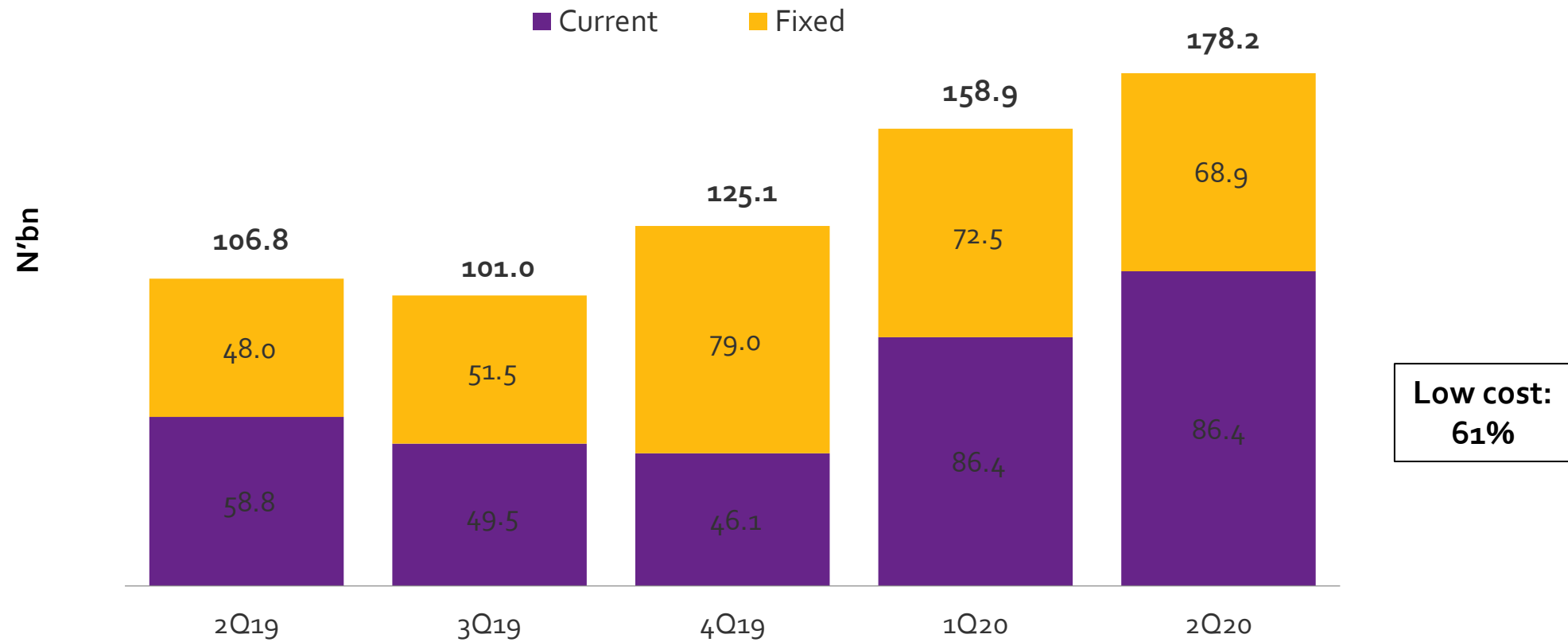
Corporate & Investment Banking: Interest Income & Earning Assets - 2Q19 vs. 1Q20 vs. 2Q20



	% Δ QoQ	% Δ YoY
Bank placements	1%	85%
Loans and advances to customers (gross)	4%	25%
Investments in government & corporate securities	-2%	-28%
Total Earning Assets	4%	25%

- Total earning assets increased by 4% QoQ and 25% YoY due to significant growth in loans driven partially by FX revaluation and increase in loans to clients;
- Bank placements grew 1% QoQ and 85% YoY driven by proceeds from equity disposals and income earned from deals;
- Gross loans and advances grew 4% QoQ and 25% YoY driven by FX revaluation gains on loan book and increase from new loans to customers. The gross loan book of N527.7bn represents 99% of total earning assets;
- Investments in governments & corporate securities fell 2% QoQ and 28% YoY due to a sharp drop in rates on T-Bills and other government instruments.

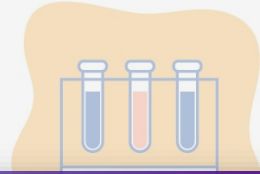
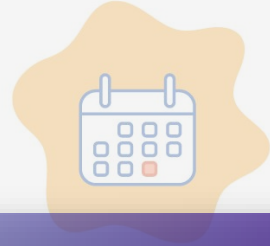
Corporate Banking: Deposits Distribution by Type - 2Q19 – 2Q20



- The Corporate Banking segment, represents 16% of total deposits.
- Corporate Banking’s deposits rose 12% QoQ and 67% YoY, driven by CASA deposits, as a result of an extensive re-engagement effort with quality corporate banking accounts.

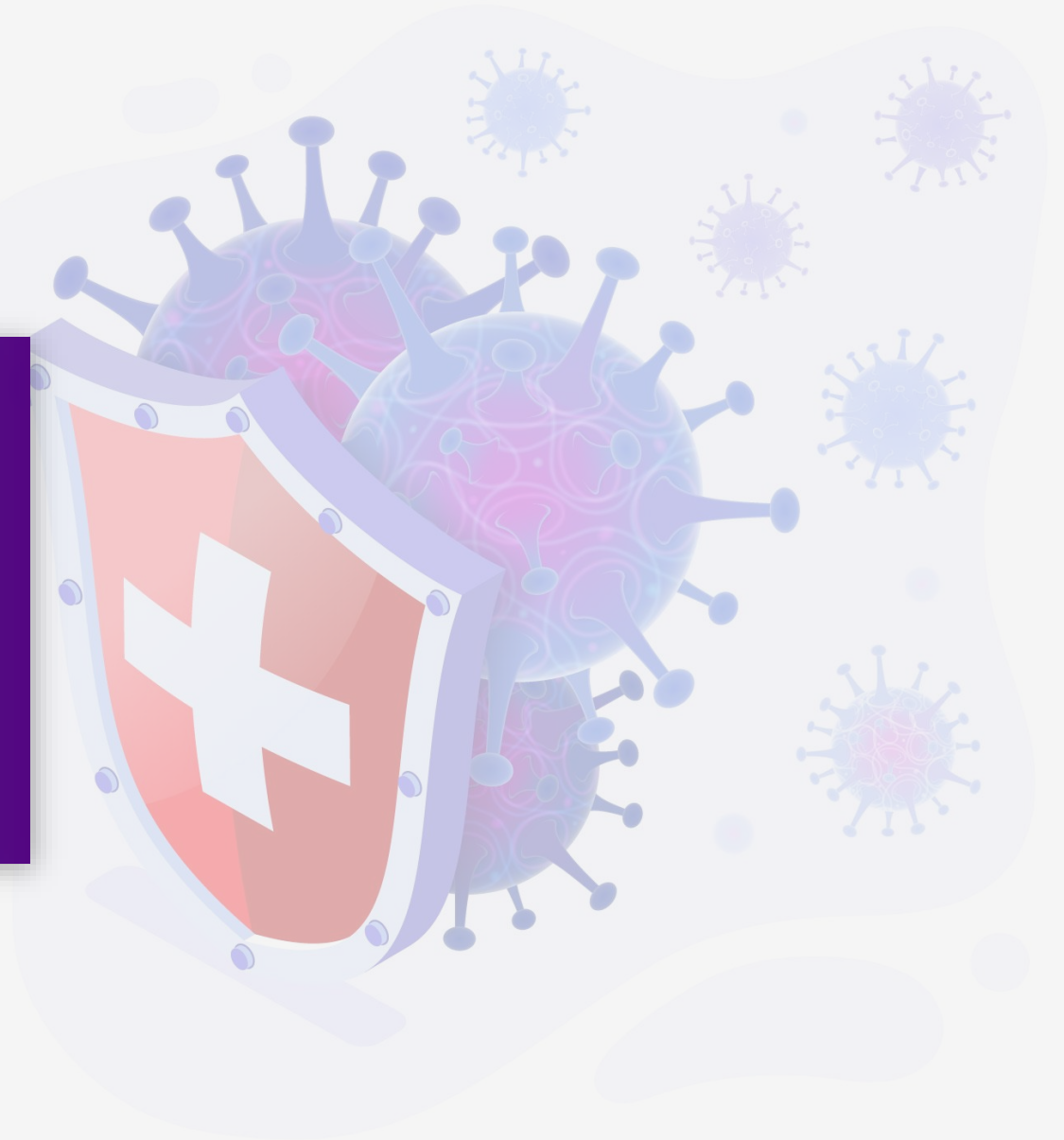
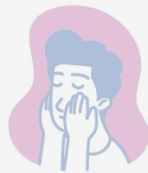
COVID-19

CORONA VIRUS



Risk Management Review: Commercial & Retail Banking

Mrs. Toyin Olaiya
Chief Risk Officer: FCMB Ltd



Risk Management Review: Analysis of Gross Loans by Sector (Jun. 2019 to Jun. 2020) – N'm

Industry Sector	Jun' 19	Sep' 19	Dec' 19	Mar' 20	Jun' 20	% DISTR.
AGRICULTURE	31,966	37,022	51,352	44,704	45,372	5.4%
COMMERCE	32,781	35,644	46,637	58,172	67,850	8.1%
CONSTRUCTION	1,651	1,229	1,215	1,151	1,042	0.1%
EDUCATION	1,643	1,664	1,856	1,594	2,278	0.3%
FINANCE & INSURANCE	50,184	52,413	52,934	65,931	72,578	8.6%
GENERAL – OTHERS	11,090	10,322	10,266	10,470	8,401	1.0%
GOVERNMENT	6,043	5,980	19,125	11,988	11,343	1.3%
INDIVIDUAL - BANK	80,759	84,825	87,856	93,529	96,660	11.5%
INDIVIDUAL - CDL	20,020	22,461	23,959	24,526	23,995	2.9%
INDIVIDUAL - MICROFINANCE	2,019	1,949	2,245	1,898	1,773	0.2%
INFORMATION & COMMUNICATIONS	22,885	23,322	26,538	26,894	27,509	3.3%
MANUFACTURING	57,985	62,570	76,381	83,758	83,037	9.9%
OIL&GAS-DOWNSTREAM	57,393	50,459	48,411	56,652	62,950	7.5%
OIL&GAS-UPSTREAM	115,043	116,317	129,184	138,711	140,829	16.7%
OIL&GAS SERVICES	42,846	37,811	39,282	44,863	45,958	5.5%
POWER & ENERGY	50,691	51,174	49,228	52,240	56,517	6.7%
PROFESSIONAL SERVICES	58	53	729	642	608	0.1%
REAL ESTATE	71,652	71,661	80,722	83,515	86,946	10.3%
TRANSPORTATION & LOGISTICS	5,643	5,700	6,256	6,239	6,206	0.7%
	662,352	672,577	754,178	807,477	841,852	100.0%

4.3% growth QoQ was largely driven by Commerce, Finance & Insurance and Oil & Gas. 27.1% YoY growth was partly driven by 7.3% movement in exchange rate and growth in some focused sectors.

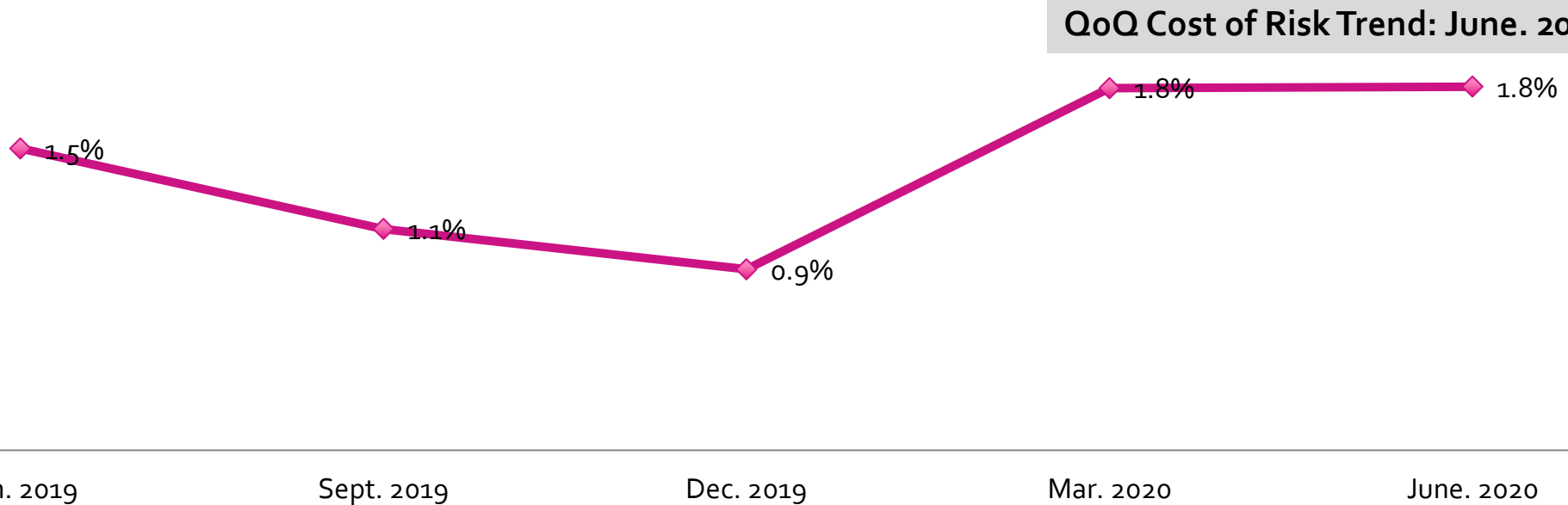
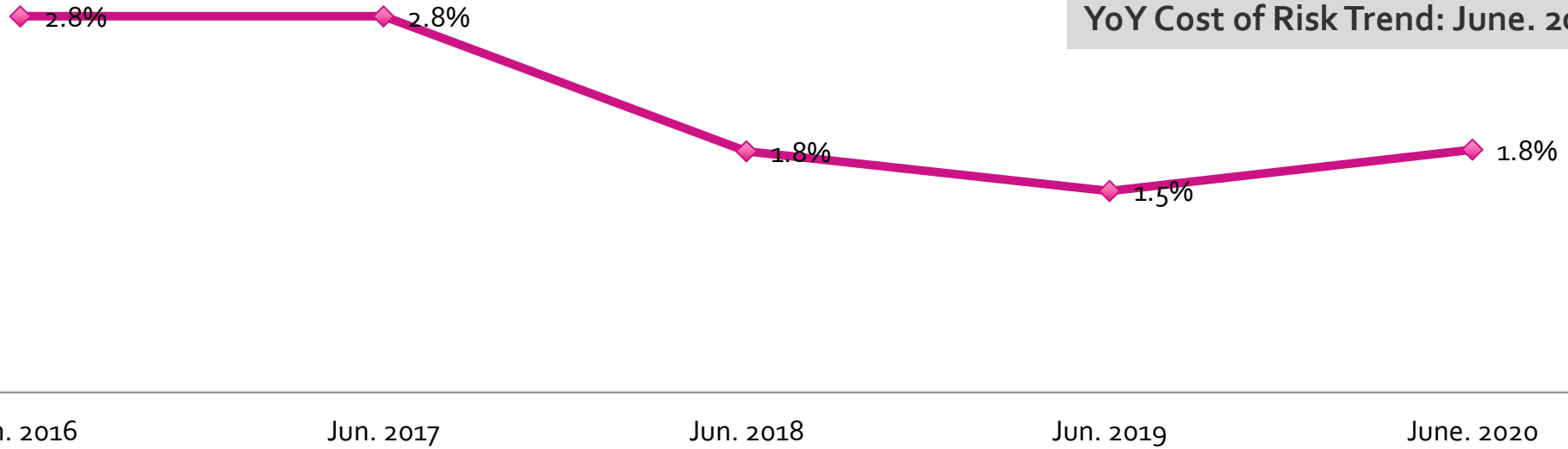
Risk Management Review: NPL Distribution by Sector (Jun. 2019 vs. Mar. 2020 vs. Jun. 2020) – N'm

BUSINESS SEGMENT	Jun. 2019		Mar. 2020		Jun. 2020	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	591.29	1.8%	923.47	2.1%	951.42	2.1%
Commerce	8,685.96	26.5%	3,371.21	5.8%	3,213.22	4.7%
Construction	123.26	7.5%	7.88	0.7%	8.54	0.8%
Education	80.16	4.9%	76.80	4.8%	66.33	2.9%
Finance & Insurance	16.93	0.0%	1,204.98	1.8%	1,212.92	1.7%
General – Others	887.34	8.0%	389.59	3.7%	412.29	4.9%
Government	73.54	1.2%	0.93	0.0%	0.94	0.0%
Individual - Bank	5,814.95	7.1%	6,227.17	6.7%	6,311.33	6.5%
Individual - CDL	1,105.78	5.5%	1,692.46	6.9%	2,545.64	10.6%
Individual - Microfinance	52.12	2.5%	59.36	3.1%	29.52	1.7%
Information & Communications	4,151.58	18.1%	4,083.67	15.2%	4,083.68	14.8%
Manufacturing	183.29	0.3%	1,729.29	2.1%	1,922.13	2.3%
Oil & Gas- Downstream	196.63	0.3%	1,056.08	1.9%	1,171.48	1.9%
Oil & Gas – Upstream	-	0.0%	1,060.17	0.8%	1,060.83	0.8%
Oil & Gas Services	5,188.72	12.1%	0.01	0.0%	0.28	0.0%
Power & Energy	-	0.0%	-	0.0%	0.00	0.0%
Professional Services	1.01	1.7%	25.35	3.9%	9.49	1.6%
Real Estate	1,134.75	1.6%	6,652.26	8.0%	6,727.96	7.7%
Transportation & Logistics	379.56	6.7%	44.79	0.7%	39.78	0.6%
Total	28,666.86	4.3%	28,605.46	3.5%	29,767.78	3.5%

4% QoQ growth in NPL is largely from Individual sector' loan book and largely from the CDL subsidiary.

Risk Management Review: YoY & QoQ Cost of Risk Trend Analysis

Cost of Risk was flat QoQ, 0.3% YoY growth was due to low recovery YTD .





Group Performance Review: Investment Management

Mr. James Ilori - Chief Executive Officer: FCMB Asset Management Ltd

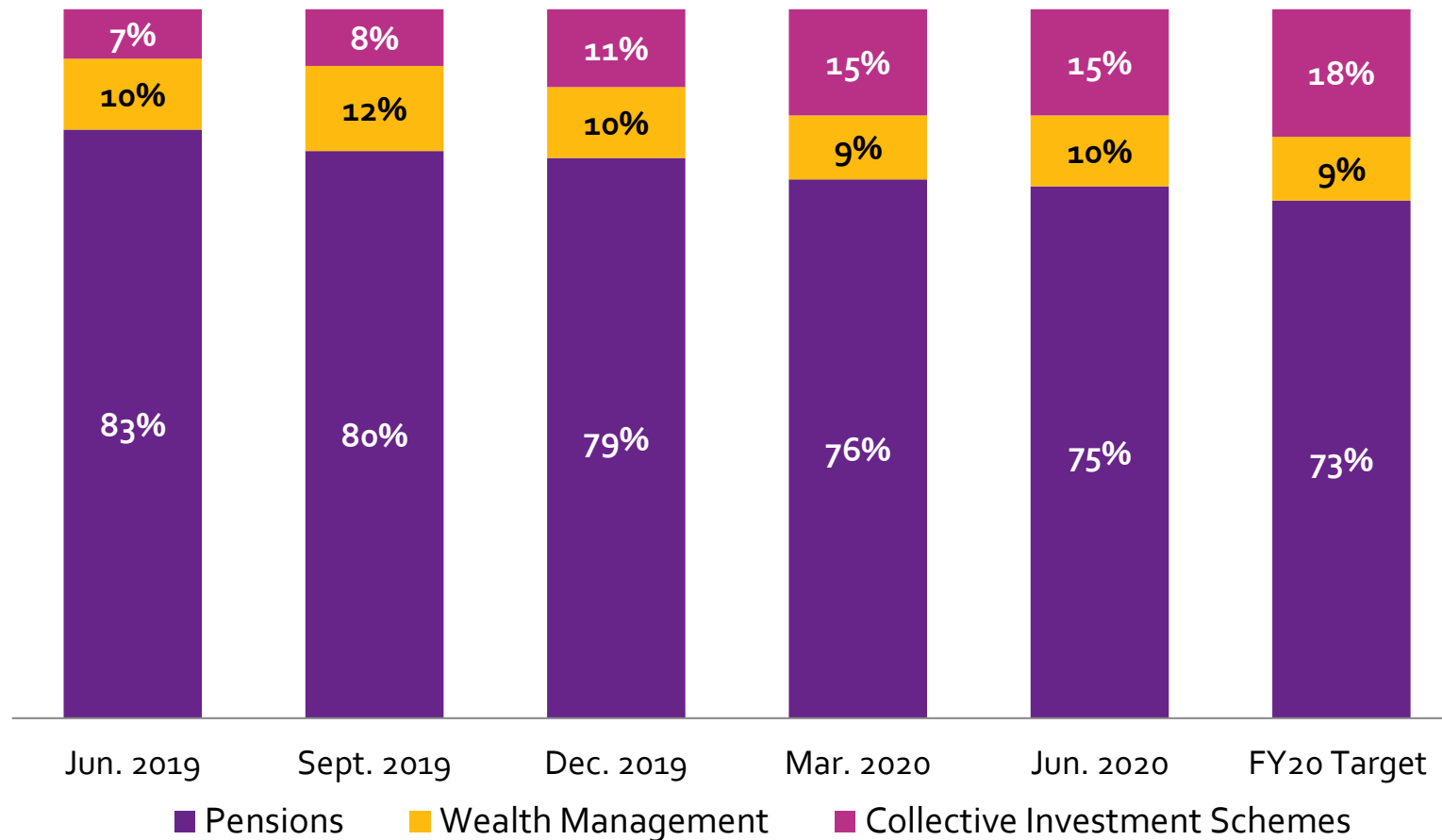


Investment Management Group	1Q20	2Q20	%Δ QoQ	HY19	HY20	%Δ YoY
N'm						
Gross earnings	1,106	1,107	0%	1,914	2,213	16%
Net Interest Income	51	32	-37%	155	84	-46%
Non-Interest Income	1,055	1,074	2%	1,759	2,130	21%
- Advisory Fees	25	22	-13%	36	48	34%
- Brokerage Commission	19	16	-15%	5	36	609%
- Asset Management Fees	998	1,025	3%	1,687	2,024	20%
- Others	12	10	-12%	32	22	-30%
Operating Income	1,106	1,107	0%	1,914	2,213	16%
Operating Expenses	(632)	(592)	-6%	(1,214)	(1,225)	1%
Net gains/(losses) from fin. instruments at fair value	0	1	n/a	0	1	n/a
PBT	474	515	9%	700	989	41%
PAT	335	363	8%	492	699	42%
AUM	427,117	454,991	7%	356,516	454,991	28%
ROAE	31%	32%	1.6%	23%	31%	37%
CIR	57%	54%	-6%	63%	55%	-13%

Comments

- The Investment Management Group grew its AUM by 7% QoQ and by 28% YoY, to N455 billion. The growth in AUM reflects the increasing effectiveness of our product sales strategy, which leverages the FCMB Group distribution strength, digital innovation, and large-scale direct sale;
- Our Pensions business contributed 75% of HY20 AUM, compared with 83% at HY19. Our other business lines accounted for 53% of the N99 billion YoY growth in AUM;
- Despite the relatively more difficult environment, PBT grew by 41% YoY, to N989 million. The Group's contribution to overall PBT was 9%;
- We have agreed terms, subject to regulatory approval, to acquire a majority stake in AllCO Pension Managers Ltd.

Investment Management Group - Contribution to AUM



Comments

- We expect the Group's full year AUM to grow by 23% YoY, to N496 billion. Our projection does not include the expected impact of the AllCO Pension Managers Ltd acquisition;
- Contribution to AUM from Collective Investment Schemes and Wealth Management should account for 27% of total AUM, by the end of the year, versus 21% at the end of 2019;
- We expect full year PBT to close at N2.03 billion, with our Pensions business accounting for 62% of PBT.

Outlook

Mr. Ladi Balogun: Group Chief Executive
FCMB Group Plc



In 1Q20, we expected:

- ❖ Reduced Fees and Commissions and Non-Interest Income due to lower customer activity;
- ❖ Rising Impairment charges;
- ❖ Regulatory risk and CRR debits;
- ❖ Loan growth of 10-14% for the year;
- ❖ Revaluation gains
- ❖ Low CIR revenue growth coming from digital lending and Corporate and Investment Banking;
- ❖ Downward cost pressure as a result of Covid response strategy;
- ❖ AUM growth >15% for the year.

What we experienced

- ❖ Fees and commissions declined 8.2% QoQ; Non interest income was up 3% QoQ;
- ❖ Impairment charges was up 11% QoQ;
- ❖ CRR up YTD from N209bn to N421bn;
- ❖ Loan growth was up YTD 11%;
- ❖ Revaluation gain was up from N1.03bn to N1.35bn QoQ;
- ❖ Digital lending revenue up 25% to N1.9bn; Corporate & Investment Banking revenue up 3% QoQ - to N15.1bn - made up of 2% growth in interest income and 15% growth in non-interest income;
- ❖ OPEX down 5% QoQ;
- ❖ AUM grew YTD 13%.

Revised H2 Outlook:

Impairment charges may accelerate in H2 as we seek to build buffers for 2022 and take a conservative stance:

- ❖ Barring further devaluation, loan growth is expected to be slower in H2 2020, but we're still expecting a FY of c. 15%;
- ❖ Further recognition of c N2.2 billion of revaluation gains;
- ❖ Digital lending and CIB revenue will continue to grow;
- ❖ H2 opex to be flat on H1;
- ❖ AUM growth maintained at 23% .

Outlook is that earnings will be stable in H2, but more diversified and less reliant on volatile trading income.