

FCMB Group Plc

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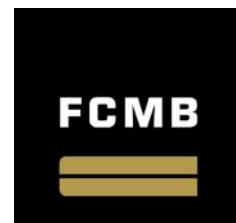
Investors & Analysts  
Presentation

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**1Q 2014**



8 May 2014



## Disclaimer

This document contains certain forward-looking statements, including statements regarding or related to events and business trends that may affect our future operating results, financial position and cash flows.

These statements are based on our assumptions and projections and are subject to risks and uncertainties, as they involve judgments with respect to, among other things, future economic, and industry/ market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. You can identify these forward looking statements by the use of the words "strategy," "plan," "goal," "target," "estimate", "project", "intend," "believe," "will" and "expect" and similar expressions. You can also identify these forward-looking statements by the fact that they do not relate strictly to historical or current facts.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.



# Glossary

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



# AGENDA

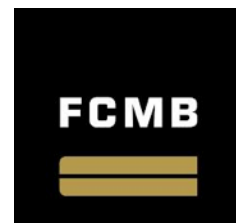
Group Performance Review

Commercial Banking Group: Business Review

Investment Banking Group: Business Review

Risk Management Review

Outlook to HY 2014



**Group Performance Review –**

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

# FCMB Group Plc:

## Key Performance Indices

Performance Index		1Q13	4Q13	1Q14	%Δ YoY	%Δ QoQ
<b>Operating</b>	Return on Av. Equity	12.4%	9.1%	13.2%	6.5%	45.1%
	Return on Av. Assets	2.2%	1.3%	1.9%	-12.3%	48.5%
	Loan/Deposit Ratio	52.4%	63.0%	71.8%	37.1%	14.0%
	Cost/Income Ratio	72.8%	64.3%	69.4%	-4.7%	7.9%
	Net Interest Margin	8.2%	8.4%	8.9%	8.5%	6.0%
	NPL/Total Loans	3.3%	3.9%	4.1%	24.7%	5.5%
	Coverage Ratio	94.6%	81.1%	76.8%	-18.8%	-5.3%
	NII/Operating Income	31.9%	32.8%	26.7%	-16.4%	-18.7%
	Financial Leverage	6.7	7.0	6.8	1.7%	-2.3%
	Cost of Risk	0.4%	0.9%	1.0%	136.0%	15.4%
<b>Capital &amp; Liquidity</b>	Capital Adequacy Ratio	27.2%	19.7%	19.1%	Minimum statutory requirement: 15% <sup>1</sup>	
	Liquidity Ratio	49.0%	47.0%	33.3%	Minimum regulatory requirement: 30%	
<b>Others</b>	Opex (N'B)	14.0	14.4	15.5	10.6%	7.6%
	Risk Assets (net) (N'B)	329.0	450.5	493.7	50.0%	9.6%
	Customer Deposits (N'B)	628.4	715.2	687.3	9.4%	-3.9%

### Notes:

1. The Central Bank of Nigeria requires each Bank, with international authorisation, to hold minimum regulatory capital of N50 billion and maintain Capital Adequacy Ratio of 15%

# FCMB Group Plc: Income Statement



N'm	1Q13	4Q13	1Q14	%Δ	
				YoY	QoQ
Revenue	31,415	33,475	33,321	6%	0%
Interest Income	25,090	26,150	27,371	9%	5%
Interest Expense	(11,979)	(11,141)	(11,008)	-8%	-1%
<b>Net Interest Income</b>	<b>13,111</b>	<b>15,009</b>	<b>16,363</b>	<b>25%</b>	<b>9%</b>
<b>Non Interest Income</b>	<b>6,157</b>	<b>7,325</b>	<b>5,950</b>	<b>-3%</b>	<b>-19%</b>
- Net Fees & Commissions	3,166	2,647	2,995	-5%	13%
- Securities Trading Income	88	242	161	83%	-33%
- FX Income	831	3,009	2,203	165%	-27%
- Others	2,072	1,428	590	-72%	-59%
<b>Operating Income</b>	<b>19,268</b>	<b>22,335</b>	<b>22,313</b>	<b>16%</b>	<b>0%</b>
<b>Operating Expenses</b>	<b>(14,006)</b>	<b>(14,355)</b>	<b>(15,494)</b>	<b>11%</b>	<b>8%</b>
Net impairment losses	(411)	(4,974)	(1,305)	217%	-74%
Net gains/(losses) from fin. instruments at fair value	(18)	395	55	-407%	-86%
<i>Share of Post tax result of Associate</i>	0	68	0	0%	-100%
<b>PBT</b>	<b>4,833</b>	<b>3,469</b>	<b>5,570</b>	<b>15%</b>	<b>61%</b>

# FCMB Group Plc: Balance Sheet



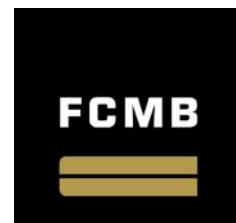

N'm	1Q13	2Q13	3Q13	4Q13	1Q14	% Δ YoY	% Δ QoQ
Cash and cash equivalents	88,332	98,879	134,139	199,700	104,070	18%	-48%
Restricted reserve deposits	64,636	56,637	94,287	73,473	117,924	82%	60%
Loans and advances	329,038	389,224	439,382	450,533	493,662	50%	10%
Derivative assets held	1,980	1,980	2,048	1,698	1,471	-26%	-13%
Non Pledged trading assets	7,732	5,068	6,576	2,921	4,019	-48%	38%
Investments	291,960	259,401	165,570	163,638	150,262	-49%	-8%
Assets classified as held for sale	13,076	785	785	0	-	-100%	n/a
Assets pledged as collateral	31,070	39,280	55,594	50,517	49,330	59%	-2%
Investment in associate	467	467	467	569	569	22%	0%
Intangible assets	11,848	12,031	12,035	7,581	7,654	-35%	1%
Deferred tax assets	4,938	4,938	4,886	6,346	6,343	28%	0%
Other assets	23,719	27,685	36,600	24,492	30,418	28%	24%
Fixed assets	26,408	26,753	26,280	26,812	26,649	1%	-1%
<b>Total Assets</b>	<b>895,204</b>	<b>923,128</b>	<b>978,649</b>	<b>1,008,280</b>	<b>992,371</b>	11%	-2%
<b>LIABILITIES:</b>							
Derivative liabilities held	1,980	1,980	2,048	1,356	1,034	-48%	-24%
Customer deposits	628,369	600,426	690,635	715,214	687,349	9%	-4%
Deposits from banks	21,521	80,361	3,286	0	-	-100%	n/a
Other liabilities	82,730	73,325	104,812	88,759	86,556	5%	-2%
Borrowings	24,322	25,634	33,103	59,244	68,675	182%	16%
Shareholders' funds	136,282	141,402	144,765	143,707	148,758	9%	4%
<b>Liabilities and Shareholder Equity</b>	<b>895,204</b>	<b>923,128</b>	<b>978,649</b>	<b>1,008,280</b>	<b>992,371</b>	11%	-2%
<b>Acceptances &amp; Guarantees</b>	<b>144,042</b>	<b>144,892</b>	<b>138,826</b>	<b>105,731</b>	<b>160,996</b>	12%	52%



## Earnings Distribution:

*The banking business remains the key driver of value in the group*

N'm	1Q13	4Q13	1Q14	% Δ YoY	% Δ QoQ
<b>Commercial Banking Group</b>	4,704	3,408	5,464	16%	60%
<b>Investment Banking Group</b>	86	164	198	131%	21%
• FCMB CM,	43	94	174	305%	85%
• CSL Stockbrokers	43	70	24	-44%	-66%
<b>FCMB Group Plc (Separate)</b>	n/a	(172)	(92)	100%	-46%
<b>Assets Held for Sale disposed during the year</b>	42	-	n/a	n/a	n/a
<b>Share of Post tax result of Associate</b>	0	68	0	n/a	n/a
<b>FCMB Group Plc</b>	4,832	3,469	5,570	15%	61%



**Commercial & Retail Banking Group: Business Review –**

**Mr. Ladi Balogun (GMD/ CEO, FCMB Ltd)**

## Key Performance Indices (CRBG):

Performance Index		1Q13	4Q13	1Q14	%Δ YoY	%Δ QoQ
<b>Operating</b>	Return on Av. Equity	12.5%	7.8%	14.9%	19.4%	91.3%
	Return on Av. Assets	1.9%	1.1%	2.2%	18.2%	104.2%
	Loan/Deposit Ratio	50.6%	62.8%	71.8%	41.8%	14.3%
	Cost/Income Ratio	72.8%	63.4%	68.9%	-5.4%	8.7%
	Net Interest Margin	8.2%	8.4%	8.8%	7.9%	5.3%
	NPL/Total Loans	3.3%	3.9%	4.1%	24.2%	5.1%
	Coverage Ratio	87.0%	94.4%	87.3%	0.3%	-7.5%
	NII/Operating Income	31.9%	17.5%	25.2%	-21.0%	43.9%
	Financial Leverage	6.7	7.3	7.6	12.8%	3.9%
	Cost of Risk	0.4%	3.7%	1.1%	138.6%	-71.2%
<b>Capital &amp; Liquidity</b>	Capital Adequacy Ratio	27.2%	17.5%	17.2%	-36.8%	-1.7%
	Liquidity Ratio	49.0%	44.6%	32.2%	-34.3%	-27.8%
<b>Others</b>	Opex (N'B)	14.0	13.8	15.0	7%	8.6%
	Risk Assets (net) (N'B)	329.0	450.2	493.3	50%	9.6%
	Customer Deposits (N'B)	628.4	717.4	687.3	9%	-4.2%

# Income Statement (CRBG): Highlights

**FCMB**



	1Q13	4Q13	1Q14	YoY	QoQ
				%Δ	
<b>Revenue</b>	<b>31,414</b>	<b>33,719</b>	<b>33,209</b>	<b>6%</b>	<b>-2%</b>
Interest Income	25,090	26,031	27,287	9%	5%
Interest Expense	(11,979)	(11,106)	(11,008)	-8%	-1%
<b>Net Interest Income</b>	<b>13,112</b>	<b>14,925</b>	<b>16,279</b>	<b>24%</b>	<b>9%</b>
<b>Non Interest Income</b>					
- Net Fees & Commissions	3,461	2,450	2,545	-26%	4%
- Securities Trading Income	89	242	161	82%	-33%
- FX income	831	3,009	2,203	165%	-27%
- Others	1,759	1,118	571	<b>-68%</b>	<b>-49%</b>
<b>Operating Income</b>	<b>19,250</b>	<b>21,743</b>	<b>21,760</b>	13%	0%
<b>Operating Expenses</b>	<b>(14,006)</b>	<b>(13,789)</b>	<b>(14,991)</b>	7%	9%
Net impairment losses	(411)	(4,971)	(1,305)	217%	-74%
Net gains/(losses) from fin. instruments at fair value	<b>0</b>	<b>424</b>	<b>0</b>	<b>n/a</b>	<b>-100%</b>
<b>PBT</b>	<b>4,832</b>	<b>3,407</b>	<b>5,464</b>	13%	60%

# Balance Sheet (CRBG): Highlights

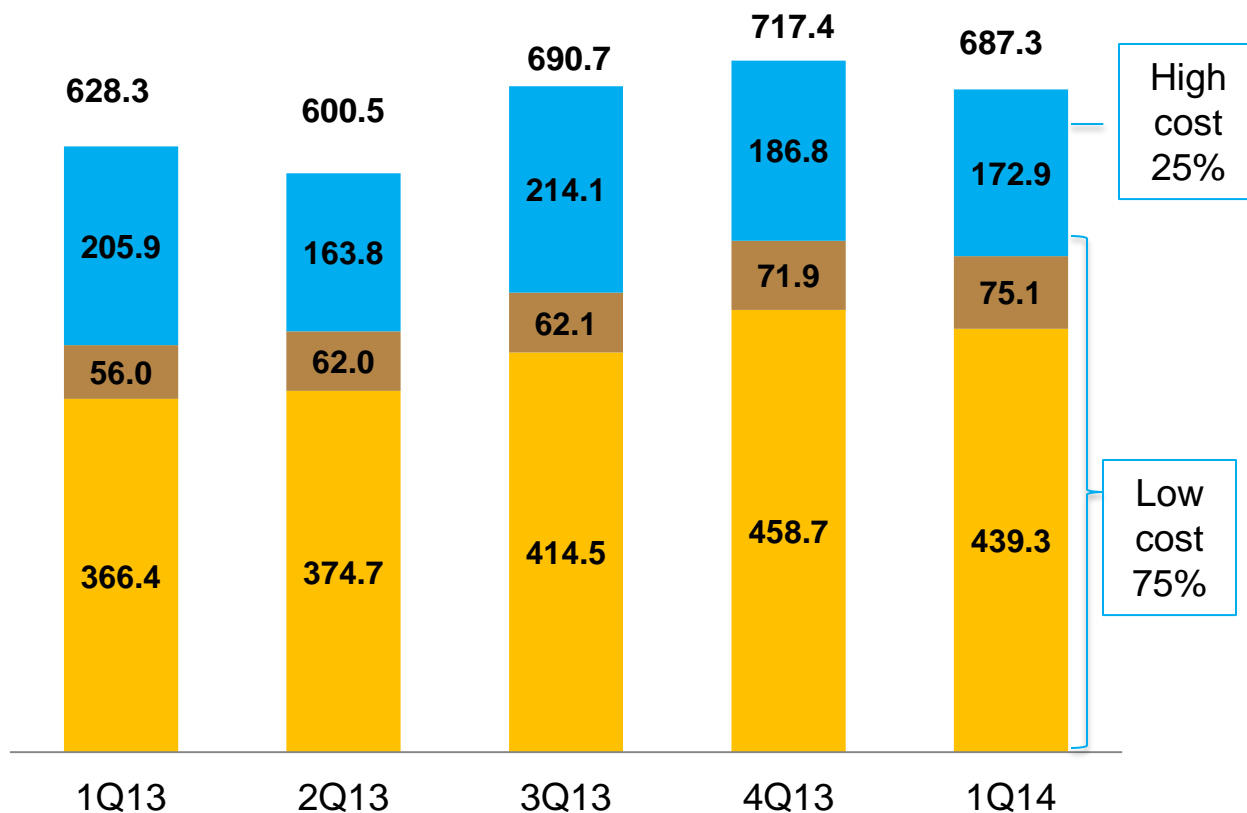
**FCMB**

N'm	1Q13	2Q13	3Q13	4Q13	1Q14	% Δ YoY	% Δ QoQ
Liquid assets	81,736	90,119	132,281	198,182	102,075	25%	-48%
Restricted reserve deposits	63,500	56,636	94,288	73,473	117,924	86%	61%
Non-pledged trading assets	7,732	4,759	6,161	2,496	3,489	-55%	40%
Derivative assets held	1,980	1,980	2,048	1,698	1,471	-26%	-13%
Loans and advances	329,038	388,999	439,156	450,167	493,253	50%	10%
Investments	301,672	263,231	165,092	159,949	143,704	-52%	-10%
Assets classified as held for sale	13,076	785	785	0	0	-100%	n/a
Assets pledged as collateral	31,070	39,280	55,594	50,517	49,330	59%	-2%
Investment in associate	467	0	0	0	0	-100%	n/a
Intangible assets	11,848	6,422	6,427	6,561	6,617	-44%	1%
Deferred tax assets	4,938	4,758	4,758	6,310	6,310	28%	0%
Other assets	21,739	22,964	29,499	22,682	23,807	10%	5%
Fixed assets	26,407	26,686	26,200	26,682	26,521	0%	-1%
<b>Total Assets</b>	<b>895,203</b>	<b>906,619</b>	<b>962,289</b>	<b>998,717</b>	<b>974,503</b>	<b>9%</b>	<b>-2%</b>
<b>LIABILITIES:</b>							
Derivative liabilities held	1980	1980	2048	1,356	1,034	-48%	-24%
Customer deposits	628,369	600,426	690,715	717,364	687,349	9%	-4%
Deposits from banks	21,521	80361	3286	0	0	-100%	n/a
Liabilities classified as held for sale	8,683	734	734	0	0	-100%	n/a
Other liabilities	74,047	71,016	102,493	93,161	84,842	15%	-9%
Borrowings	24,321	25,633	33,102	59,244	68,675	182%	16%
Shareholders' funds	136,282	126,469	129,911	127,593	132,603	-3%	4%
<b>Liabilities and Shareholder Equity</b>	<b>895,203</b>	<b>906,619</b>	<b>962,289</b>	<b>998,717</b>	<b>974,503</b>	<b>9%</b>	<b>-2%</b>
<b>Acceptances &amp; Guarantees</b>	<b>144,042</b>	<b>144,892</b>	<b>138,826</b>	<b>105,731</b>	<b>160,996</b>	<b>12%</b>	<b>52%</b>

# Deposit Mix Analysis

## Deposit Mix Analysis

■ Current   ■ Savings   ■ Fixed



### Comments

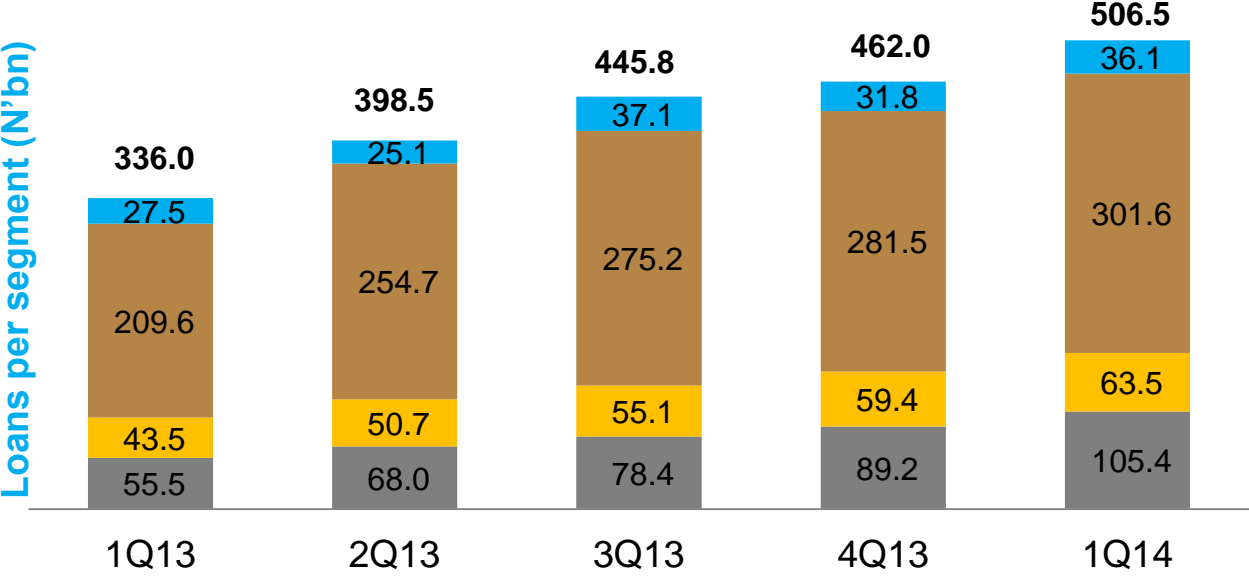
- ❖ Current and Savings Account (CASA) grew 22% YoY, but fell -3% QoQ.



# Loans & Advances:

*Risk asset growth momentum sustained, with retail (individuals and SMEs) gaining faster traction*

■ Personal Banking    ■ Business Banking  
■ Corporate Banking    ■ Institutional Banking



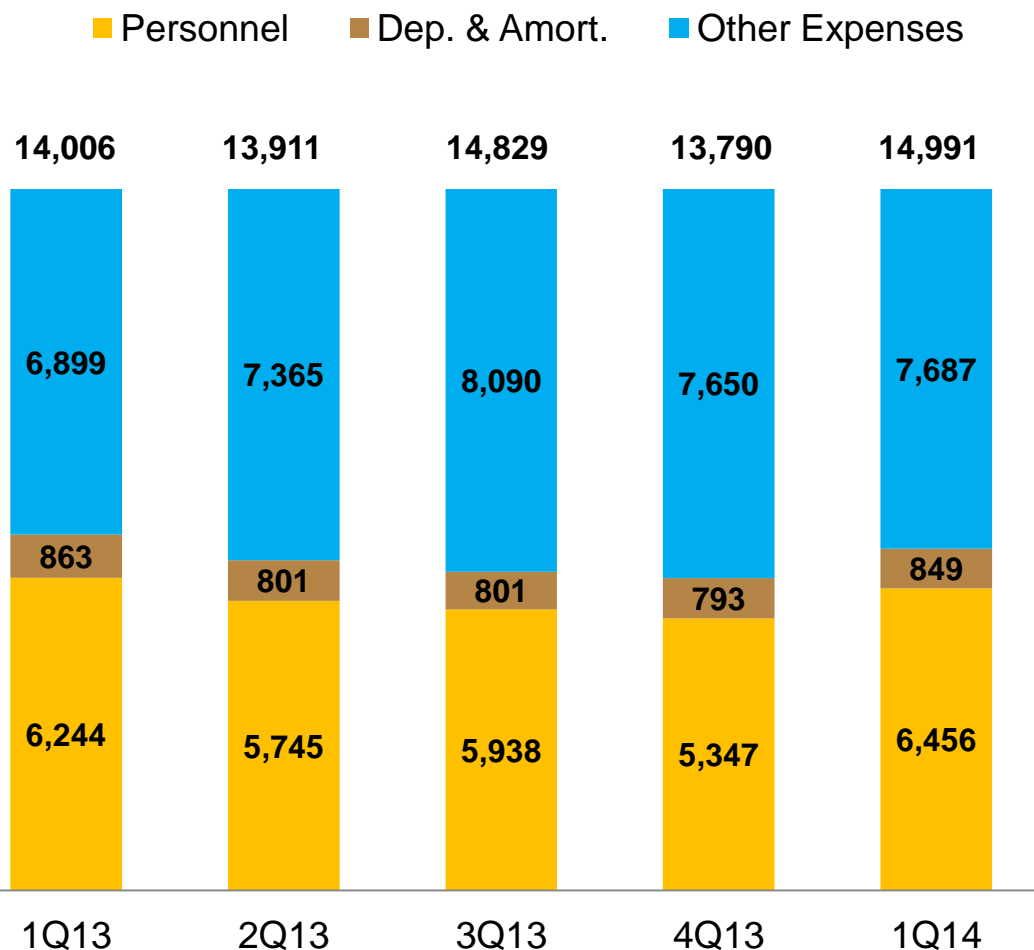
## Comments

- ❖ The loan book grew 51% YoY, driven mainly by the Oil & Gas Upstream, Power, Personal, Telecoms, Public Sector & Real Estate sectors.
- ❖ Personal banking's loan growth rate averaged at about 18% QoQ through the course of the quarter. This is sustainable with a resultant positive impact on the bank's risk assets' yields.

	% Δ QoQ	% Δ YoY
Personal	18%	90%
Business	7%	46%
Corporate	7%	44%
Institutional	13%	31%



# OPEX Analysis

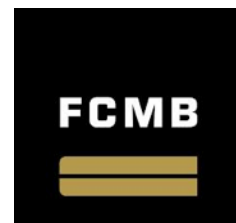


Expense Line	% Δ QoQ
Personnel expenses	20.7%
Depreciation & amortisation expenses	7.0%
Other expenses	0.5%
<b>Total</b>	<b>8.7%</b>

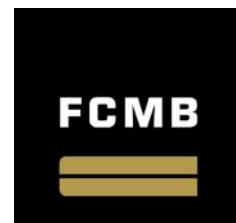
## Comments

- ❖ Personnel costs represents 43% of total 1Q14 OPEX.
- ❖ The rise in personnel costs was caused by staff accrual write-backs in 4Q13 in respect of a number of staff costs' lines, e.g. Accrued Medical Expenses, Accrued Bonus, Accrued Vacation Allowances and Accrued Subscription Expenses.





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



## Investment Banking Group Review:

Investment Banking Group (IBG) comprises of FCMB Capital Markets Ltd. and CSL Stockbrokers Ltd.

Investment Banking Group	1Q13	4Q13	1Q14	% Δ YoY	% Δ QoQ
N'm					
<b>Gross earnings</b>	<b>381</b>	<b>617</b>	<b>592</b>	<b>55%</b>	<b>-4%</b>
Net Interest Income	70	84	66	-6%	-22%
Non Interest Income	311	533	526	69%	-1%
Operating Income	381	617	592	55%	-4%
Expenses	(276)	(425)	(394)	43%	-7%
Impairment Charges	(18)	(29)	0	-100%	-100%
<b>PBT</b>	<b>87</b>	<b>163</b>	<b>198</b>	<b>128%</b>	<b>21%</b>
CIR	77%	74%	66%	-14%	-10%

### Key 1Q14 Highlights:

- ❖ Successfully advised and arranged two upstream oil and gas acquisition financing deals valued at US\$185mn;
- ❖ Provided advisory and arranging services on an N8 billion debt financing for the construction of 300m litre tank farm/terminal;
- ❖ Mandated as financial advisers on four M&A transactions across the FMCG, financial services and ICT sectors;
- ❖ Successfully raised \$100mm for a Nigerian E&P IPO;
- ❖ Maintained its position as 3<sup>rd</sup> largest broker but increased its market share;
- ❖ Increasing brokerage margins as CSLS moves towards direct client servicing;
- ❖ Improved trading technology that will allow for direct market access and straight-through processing.



**Risk Management Review –**

**Mr. Bayo Sanni (Chief Risk Officer, FCMB Ltd)**

## Gross Loan Distribution by Sector (N'm)

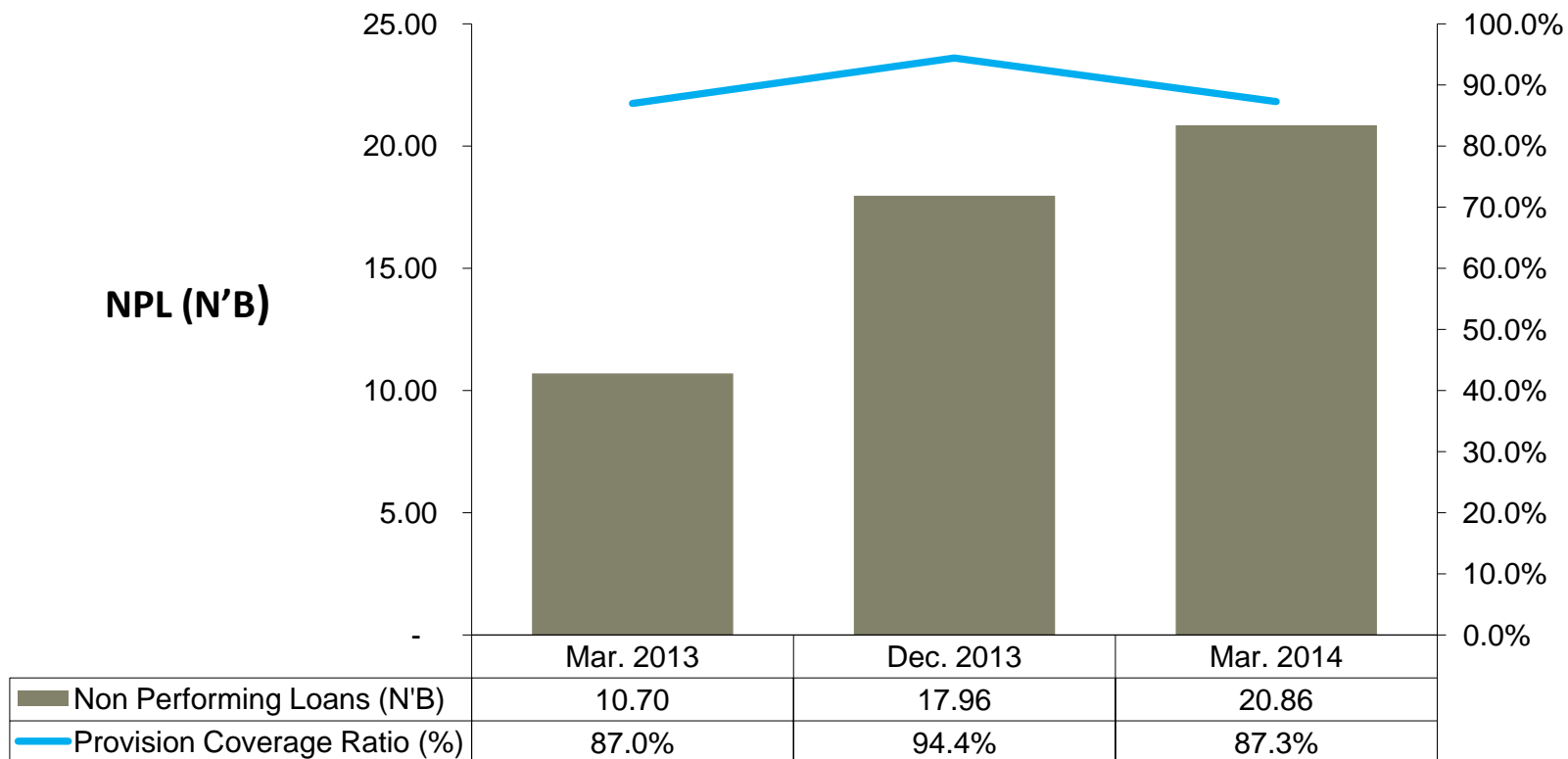
Industry Sector	Mar'13	Jun'13	Sept'13	Dec'13	Mar' 14	% DISTR.
Agriculture	12,826	34,106	17,931	11,406	10,491	2.1%
Commerce	52,461	55,602	45,880	52,888	53,880	10.6%
Construction	5,444	8,219	8,198	6,135	7,698	1.5%
Education	4,514	4,603	4,810	4,719	5,258	1.0%
Finance & Insurance	8,109	6,091	9,667	14,622	6,069	1.2%
General – Others	4,713	6,750	8,383	8,594	8,091	1.6%
Government	25,987	23,123	34,876	31,302	35,574	7.0%
Individual	55,478	68,274	78,769	95,242	105,646	20.9%
Information & Communications	21,765	25,165	32,596	34,223	38,840	7.7%
Manufacturing	28,436	27,329	32,418	28,025	39,478	7.8%
Oil & Gas – Downstream	41,761	45,401	40,671	43,343	42,178	8.3%
Oil & Gas – Upstream & Services	42,786	49,185	64,944	61,119	76,007	15.0%
Power	4,369	6,164	24,038	26,824	30,945	6.1%
Professional Services	592.16	1,822	2,101	1,841	1,871	0.4%
Real Estate	24,221	33,921	33,849	35,067	37,783	7.5%
Transportation & Logistics	2,496	2,775	6,670	6,655	6,735	1.3%
<b>Total</b>	<b>335,958</b>	<b>398,528</b>	<b>445,803</b>	<b>462,005</b>	<b>506,543</b>	<b>100.0%</b>

### Comments

- ❖ Key drivers of loan growth have been in Individual, Oil & Gas Upstream, Information & Communications, Manufacturing and Power sectors.

# NPL coverage remains good

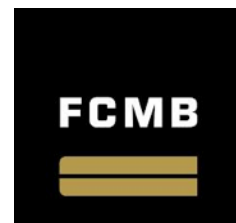
Coverage Ratio<sup>1</sup> Analysis:  
March 2013 vs. Dec. 2013 vs. March 2014



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

Notes:

1. Includes regulatory risk reserve.



**Outlook to HY 2014 –**

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



## Outlook to HY 2014

- ❖ Asset growth will remain strong, led by retail;
- ❖ Deposit growth restored;
- ❖ NIM will continue to improve, albeit marginally;
- ❖ Opex growth will pick up slightly due to increased staff costs, sales and marketing expenses;
- ❖ Cost to Income Ratio should continue to improve as net revenue growth will surpass opex growth;
- ❖ Continued growth in investment banking profitability, led by equity capital market transactions in 2Q14;
- ❖ Overall performance trend will continue to improve.