

9M20 Results

INVESTORS & ANALYSTS PRESENTATION
27 NOVEMBER 2020

AGENDA

Introduction

9M 2020 Results Overview

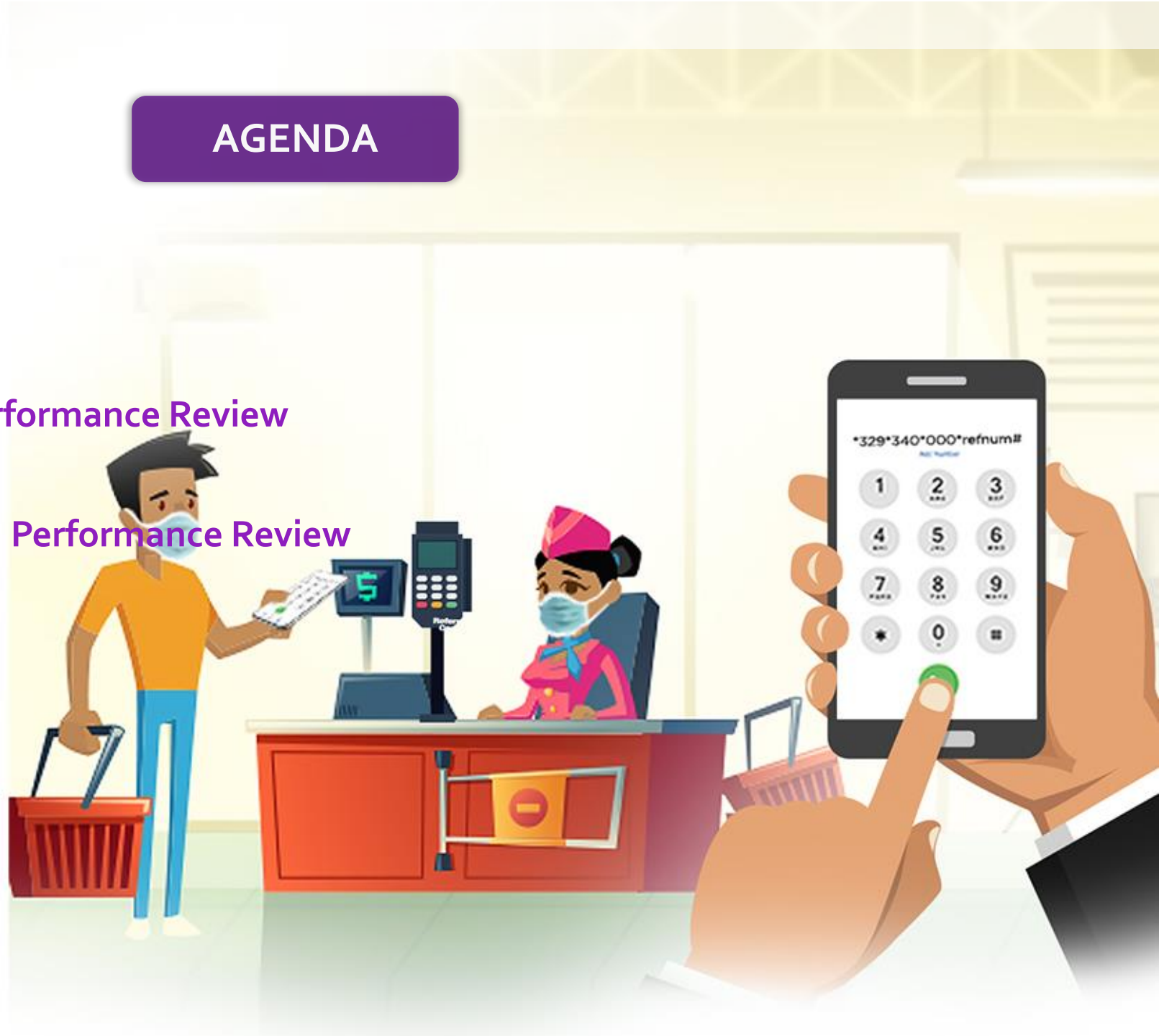
Commercial & Retail Banking: Performance Review

Corporate & Investment Banking: Performance Review

Risk Management Review

Investment Management Review

Outlook



Introduction

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



Total Assets
N2.0 trillion

34%

9M19: N1.5 trillion

Profit before Tax
N15.9 billion

24%

9M19: N12.8 billion

Deposits
N1.2 trillion

38%

9M19: N863.4 billion

Loans
N793.1 billion

24%

9M19: N638.1 billion

Assets Under Management
N462.1 billion

22%

9M19: N379.7 billion

Gross Earnings
N146.4 billion

8%

9M19: N135.8 billion

Customers
8.1 million

24%

9M19: 6.5 million

Digital Customers
6.4 million

56%

9M19: 4.1 million

Capital Adequacy
18.4%

43bps

9M19: 18.0%

Return on Average Equity
8.9%

110bps

9M19: 7.8%

Non-Performing Loans
4.4%

90bps

9M19: 3.5%

Building Resilience:

- ❖ Capital Adequacy Ratio (CAR) at Group level was 18.4%. This represents a growth of 6.5% and 2.7% QoQ and YoY respectively supported by capitalisation of the 9M audited figures of the banking subsidiary.
- ❖ The liquidity ratio fell 16% QoQ to 33.5%. We have witnessed a N257bn or 123% growth YTD in CRR, which had an adverse effect on liquidity.

Diversification:

- ❖ Customer strength, across our group of companies, has grown 24% YoY from 6.5 million¹ as at Sep. 2019 to 8.1 million¹ as at Sep. 2020.
- ❖ Personal and business banking account for 71%, 30% and 65% of total deposits, total risk assets and net revenue respectively.
- ❖ Our Investment Management business grew its PBT by 28% YoY and accounted for 9% of total PBT. The business saw a 22% YoY growth in AUM from N379.7bn to N462.1bn, as we continued to leverage an effective distribution model on the banks growing customer base.

Innovation:

- ❖ **Mobile App & USSD Commissions:** Transaction volume growth was 21% QoQ and 72% YoY. However, revenue in 9M20 dropped 13% YoY from N1.5bn (9M19) to N1.3bn, mainly due to the introduction of the USSD session charge by the Telcos in 2020.
- ❖ **Credit Direct Limited** launched its **Mobile App** in 2Q20 and expects 60% of its loans to be disbursed digitally by year-end i.e. USSD, and the mobile app.
- ❖ **Digital loans**, at the bank, of N67.2 billion YTD, represented 26% of total retail loans sales and 85% of total retail loans count.
- ❖ **API Platform:** as at 3Q20, we had 50 technology companies and other organisations connected to us via our API platform (37 as at 2Q20).

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.

FCMB



9M20 Results Overview: FCMB Group Plc

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



Group Performance Highlights: ROaE and ROaA grew YoY supported by an increase in NIM and improved cost to income ratio. Profitability indices dropped QoQ due to a 36% growth in cost of risk and a reduction in NIM in 3Q20. NPL grew YoY and QoQ due to deterioration of some FCY loans

Performance Index		1Q20	2Q20	3Q20	%Δ QoQ	9M19	9M20	%Δ YoY
Operating	Return on Average Equity	9.3%	9.6%	8.0%	-16%	7.8%	8.9%	15%
	Return on Average Assets	1.1%	1.1%	1.0%	-12.8%	1.0%	1.1%	8.4%
	Loan/Deposit Ratio	76.1%	71.6%	66.4%	-7.3%	73.9%	66.4%	-10.2%
	Loan/Funding Ratio	56.2%	52.6%	49.2%	-6.48%	57.4%	49.2%	-14.30%
	Cost/Income Ratio	71.2%	68.8%	67.8%	-1.6%	75.4%	69.3%	-8.1%
	Net Interest Margin	7.8%	7.8%	7.6%	-2.6%	7.5%	7.6%	1.6%
	NPL/Total Loans	3.5%	3.5%	4.4%	26.0%	3.5%	4.4%	27.3%
	Coverage Ratio ¹	167.0%	175.2%	149.8%	-14.5%	147.8%	149.8%	1.3%
	NII/Operating Income	17.4%	28.6%	29.6%	3.5%	32.9%	28.4%	-13.7%
	Financial Leverage	8.8	8.8	8.4	-4.2%	7.9	8.4	5.9%
	Cost of Risk	1.7%	2.05%	2.79%	35.8%	1.1%	2.23%	95.1%
Capital & Liquidity	Capital Adequacy Ratio	17.0%	17.3%	18.4%	6.5%	17.97%	18.4%	2.7%
	Liquidity Ratio	36.0%	32.2%	33.5%	4.0%	39.8%	33.5%	-15.9%
Investment	Share Price	1.55	1.93	2.19	13.5%	1.65	2.19	32.7%
	NAV(N'B)	205.49	214.5	214.8	0.2%	188.0	214.8	14.3%
	Dividend (Kobo)	0.0	0.0	0	0.0%	0.0	0	0.0%
	EPS (Kobo)	23.76	25.14	21.24	-15.5%	54.23	70.23	29.5%
Others	Opex (N'B)	22.6	21.5	21.8	1.7%	63.2	65.9	4.2%
	Risk Assets (net) (N'B)	764.3	794.6	793.1	-0.2%	638.1	793.1	24.3%
	Customer Deposits (N'B)	1,003.9	1,109.8	1,195.1	7.7%	863.4	1,195.1	38.4%

Note:

1. Inclusive of regulatory risk reserve

FCMB's Operating Companies' Contribution to Profitability

N'm	PBT	PAT	Revenue	ROAE ⁴	NAV	% Contribution to Group PBT
Commercial & Retail Banking¹	15,748	14,395	96,204	15.4%	125,608	99%
Corporate & Investment Banking²	(2,136)	(2,292)	44,665	-4.2%	75,814	-13%
Investment Management³	1,472	1,040	3,317	29.5%	5,156	9%
FCMB Group Plc (Separate)	899	899	1,778	0.9%	130,066	6%
Intercompany Adjustments	(134)	(134)	462	n/a	(121,804)	n/a
FCMB Group Plc (consolidated)	15,850	13,907	146,426	8.9%	214,836	100%

Notes:

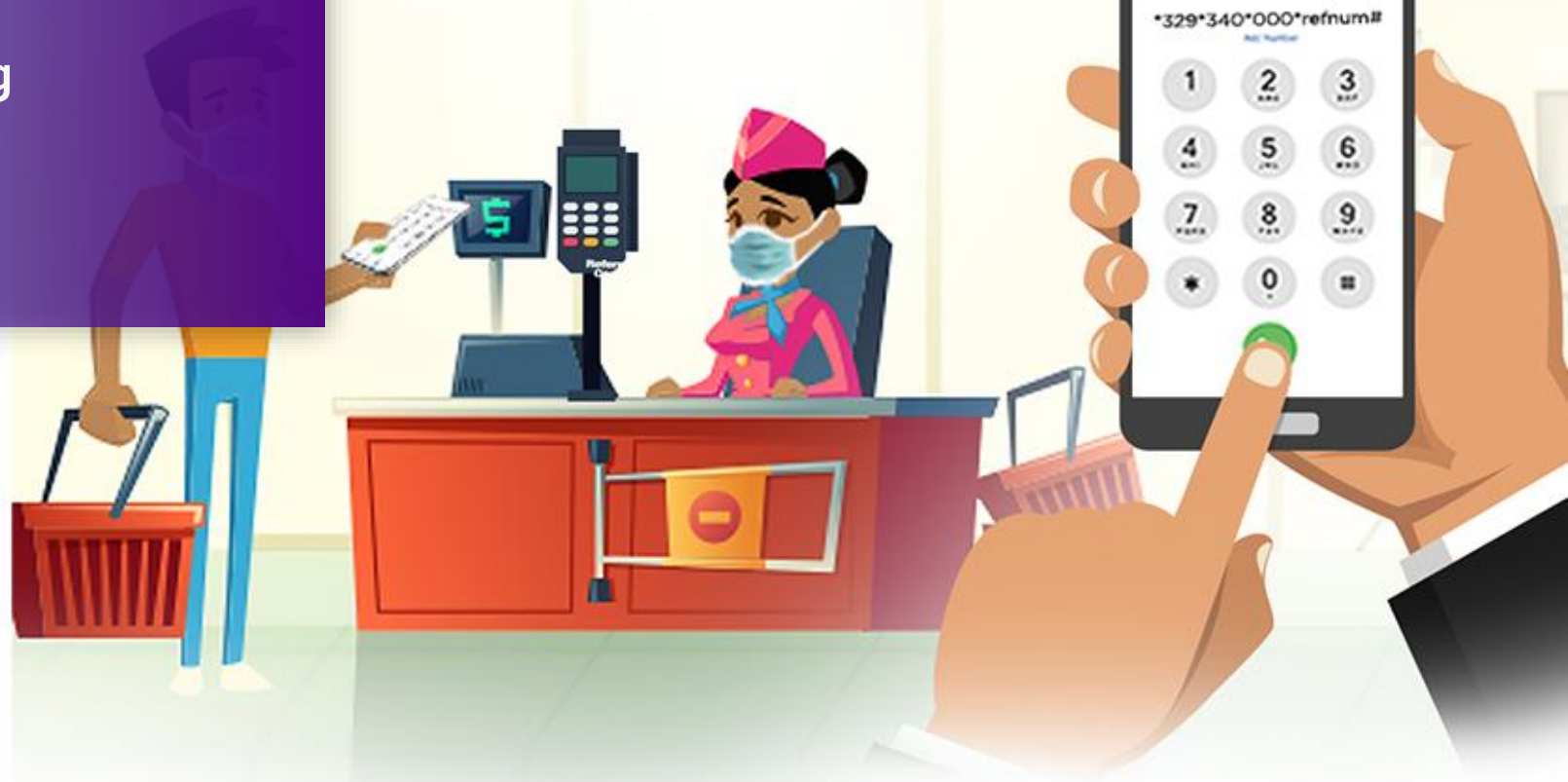
1. Includes FCMB Bank Ltd (and its subsidiary, FCMB (UK) Ltd); FCMB Microfinance Bank Ltd, Credit Direct Ltd.
2. Includes the Corporate Banking Division of the Bank, CSL Stockbrokers and FCMB Capital Markets Ltd.
3. Includes FCMB Pensions Ltd; FCMB Asset Management Ltd and FCMB Trustees Ltd.
4. ROAE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

Group Statements of Comprehensive Income: PBT grew 24% YoY due to a significant increase in net interest income and moderate increase in opex, which reduced the impact of increased impairment charges. However, PBT dropped by 15% QoQ despite a 7% growth in non-interest income due to increase in impairment charges. OPEX grew YoY due to increase in regulatory costs and inflationary pressure.

N'm	1Q20	2Q20	3Q20	%Δ QoQ	9M19	9M20	%Δ YoY
Revenue	49,195	48,984	48,246	-1.5%	135,824	146,426	7.8%
Interest Income	38,333	37,815	35,951	-4.9%	101,802	112,098	10.1%
Interest Expense	(15,217)	(15,552)	(13,277)	-14.6%	(45,570)	(44,046)	-3.3%
Net Interest Income	23,116	22,263	22,674	1.8%	56,231	68,053	21.0%
Non Interest Income	8,628	8,889	9,473	6.6%	27,593	26,990	-2.2%
- Net Fees & Commissions	5,050	4,638	5,222	12.6%	15,308	14,910	-2.6%
- Trading Income	1,885	2,040	1,816	-11.0%	4,842	5,742	18.6%
- FX Income	1,424	1,876	1,146	-38.9%	1,750	4,447	154.1%
- Others	268	334	1,289	285.8%	5,694	1,892	-66.8%
Operating Income	31,744	31,152	32,147	3.2%	83,824	95,042	13.4%
Operating Expenses	(22,595)	(21,457)	(21,817)	1.7%	(63,194)	(65,870)	4.2%
			0				
Net impairment loss on financial assets	(3,670)	(4,072)	(5,600)	37.5%	(7,852)	(13,342)	69.9%
Net gains/(losses) from fin. instruments at fair value	(45)	14	50	244.8%	25	19	-21.4%
PBT	5,434	5,637	4,779	-15.2%	12,803	15,850	23.8%
PAT	4,722	4,978	4,202	-15.6%	10,791	13,903	28.8%

Group Performance Review: Commercial & Retail Banking

Mr. Adam Nuru: Managing
Director - FCMB Ltd



Personal Banking

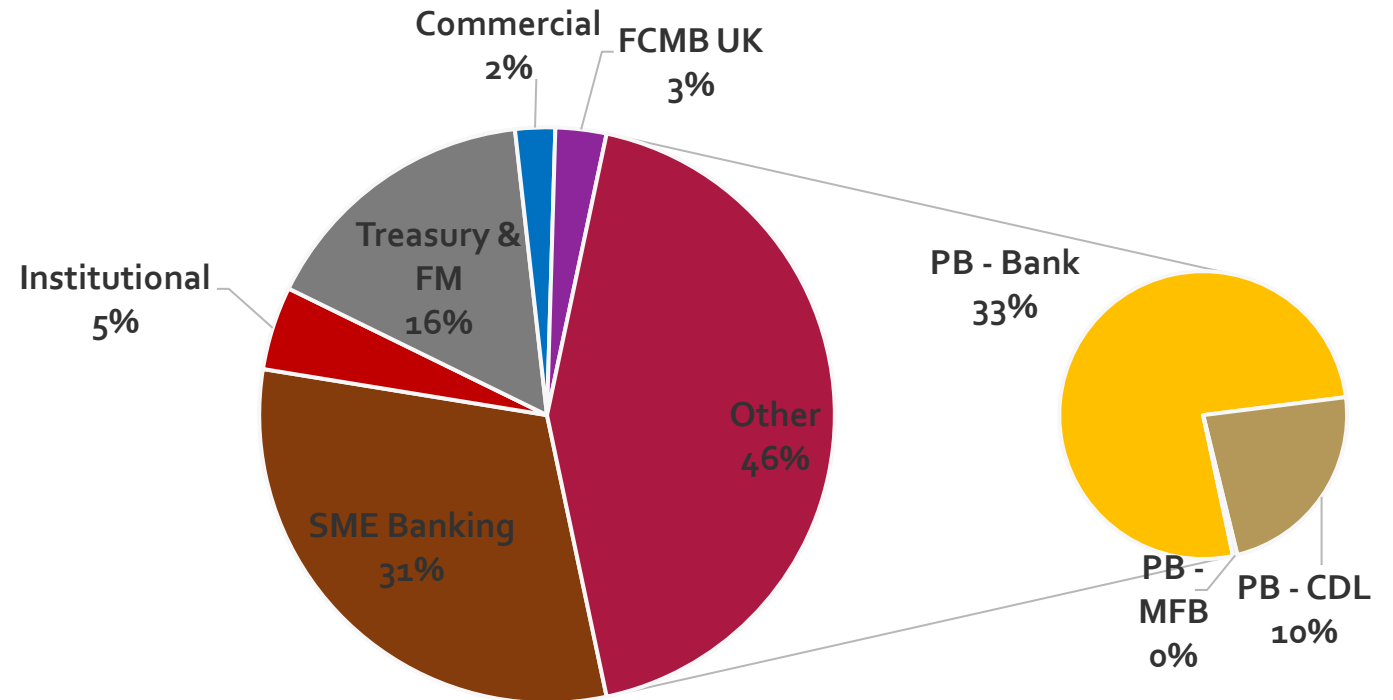
- Personal Banking contributed 46% to net revenue attesting to the sustainability of our retail-led strategy of using technology to drive scale and the acceptance of FCMB products and services.
- The segment has also consistently maintained a strong and stable deposit base with the right low-cost mix, from new-to-bank and existing customers.
- We have continued to see an upward trajectory on the digital transformation initiatives as more retail transactions are consummated through our electronic banking channels.
- We shall continue to use digital initiatives to drive OPEX improvements and reduce cost of funds in the segment.

SME Banking

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

Commercial Banking

- Contributed 2% to net revenue.



Institutional Banking

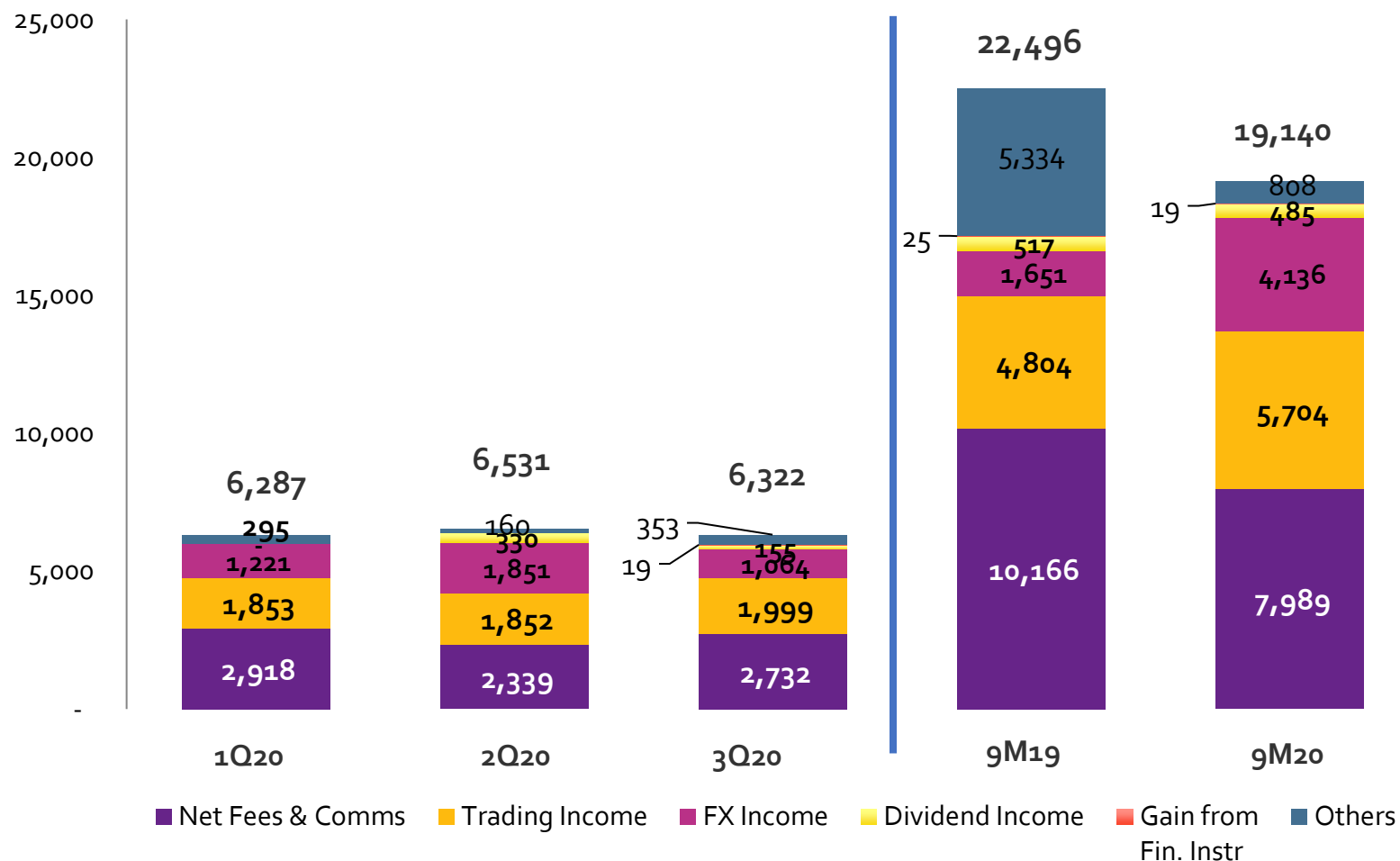
- Contributed 5% to net revenue.

- FCMB UK Limited contributed 3% to net revenue.

N'm	1Q20	2Q20	3Q20	%Δ QoQ	9M19	9M20	%Δ YoY
Revenue	33,052	32,336	30,944	-4.3%	89,619	96,332	7.5%
Net Interest Income	19,781	18,869	19,113	1.3%	44,683	57,763	29.3%
Non-Interest Income	6,287	6,532	6,321	-3.2%	22,496	19,140	-14.9%
Net impairment loss on financial assets	(1,738)	(2,089)	(3,329)	59.3%	(2,206)	(7,156)	224.4%
Operating Expenses	(18,550)	(17,294)	(18,156)	5.0%	(52,552)	(54,000)	2.8%
PBT	5,780	6,018	3,949	-34.4%	12,420	15,747	26.8%
Risk Assets (gross) (N'B)	300,633	314,116	318,296	1.3%	245,763	318,296	29.5%
Customer Deposits (N'B)	849,984	933,369	1,010,174	8.2%	765,210	1,010,174	32.0%

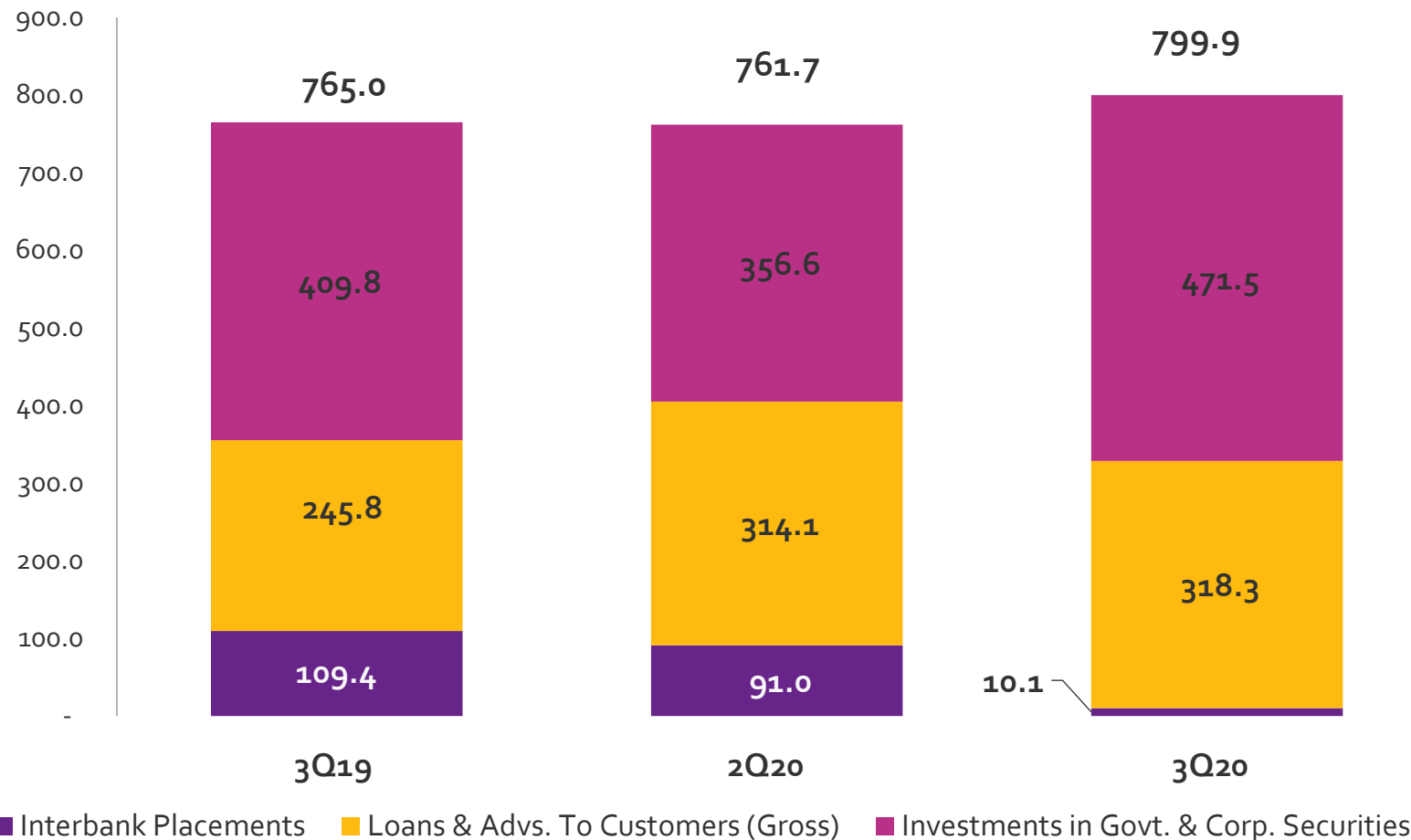
- 26.8% YoY increase in PBT due to increase in Net Interest Income, securities trading and FX Income. However, PBT declined 34.4% QoQ due to increase in impairment loss on financial assets and OPEX.
- Net Interest Income increased 29.3% YoY and 1.3% QoQ due to consolidated gains from low-cost deposit growth as a result of low interest regime.
- Non-Interest Income declined 14.9%YoY due to decline in fees and commissions and 3.2% QoQ respectively from decline in FX Income.
- Operating Expenses increased 2.8%YoY as a result of regulatory overheads and COVID-19 community support, while the 5.0% QoQ increase, was as a result of partial easing of the lockdown in 3Q20.
- Risk Assets grew 1.3% QoQ and 29.5%YoY, while Deposits, by 8.2% QoQ and 32.0%YoY respectively, mainly from low-cost deposit accumulation

Non-Interest Income Analysis: 1Q20 - 3Q20 & 9M19 vs. 9M20



N'm	%Δ QoQ	%Δ YoY
Non Interest Income	-3.2%	-14.9%
Net Fees & Commissions	16.8%	-21.4%
Trading Income	7.9%	18.7%
FX Income	-42.5%	150.5%
Dividend Income	-53.1%	-6.3%
Gain from Fin. Instr.	100.0%	-22.8%
Others	120.9%	-84.9%

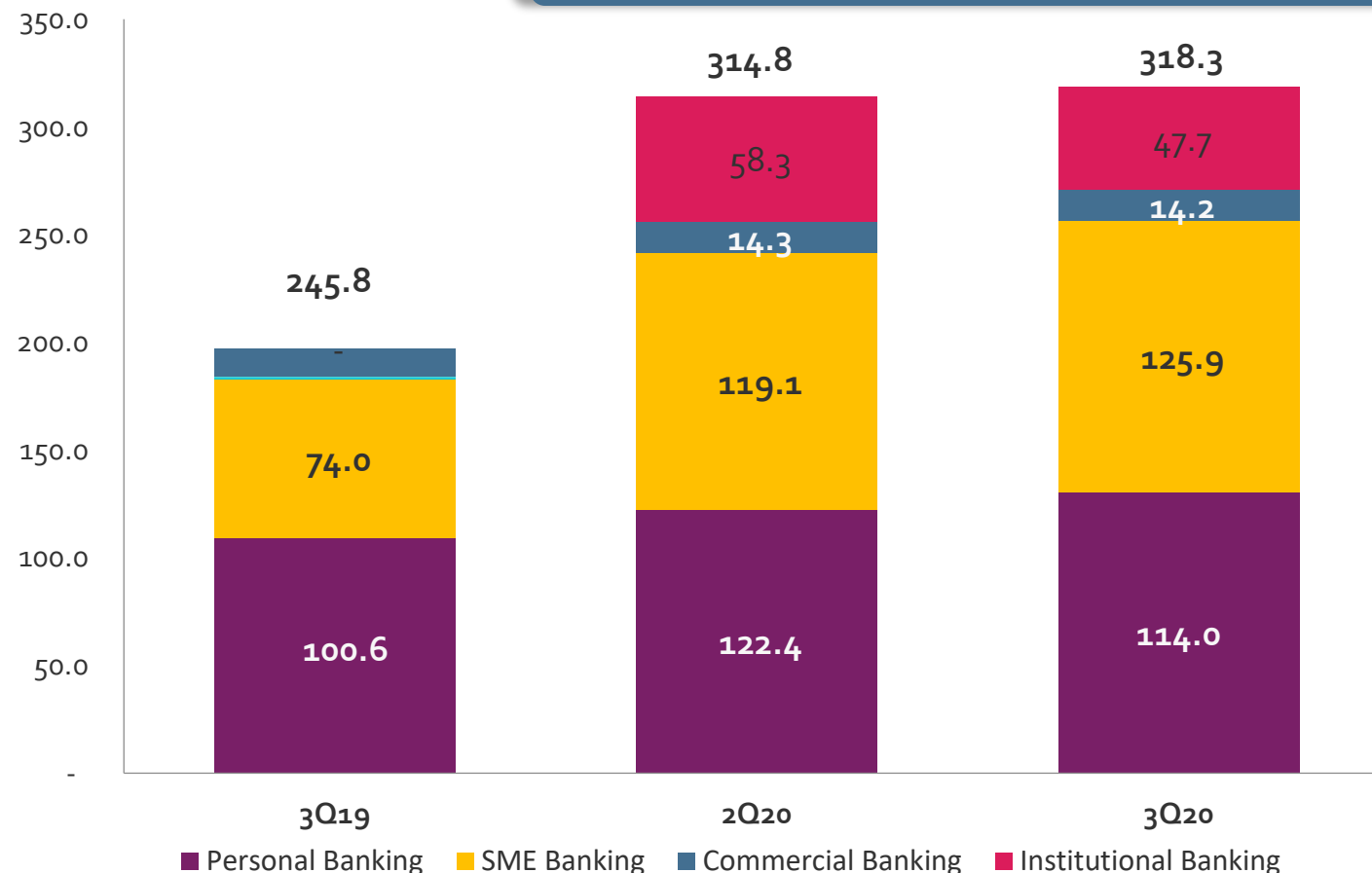
- Net fees and commissions improved 16.8% QoQ as businesses returned to normalcy in 3Q20, from the lockdown. However, declined 21.4% YoY as a result of regulatory-led reduction of tariffs and charges;
- Trading income increased 7.9% QoQ and 18.7% YoY due to high volume of trading activities in government-backed securities;
- FX income increased 150.5% YoY from revaluation gains. However, declined 42.5% concurrently in 3Q20



N'bn	% Δ QoQ	% Δ YoY
Interbank placements	-89.0%	-90.8%
Loans and advances to customers (gross)	1.3%	29.5%
Investments in government & corporate securities	32.2%	15.1%
Total Earning Assets	5.0%	4.6%

- Total earning assets increased by 5.0% QoQ, and 4.6% YoY;
- Interbank placements declined 89.0% QoQ and 90.8% YoY;
- Gross loans and advances grew 1.3% QoQ and 29.5% YoY. The gross loan book of N318.30bn represents 39.8% of total earning assets.

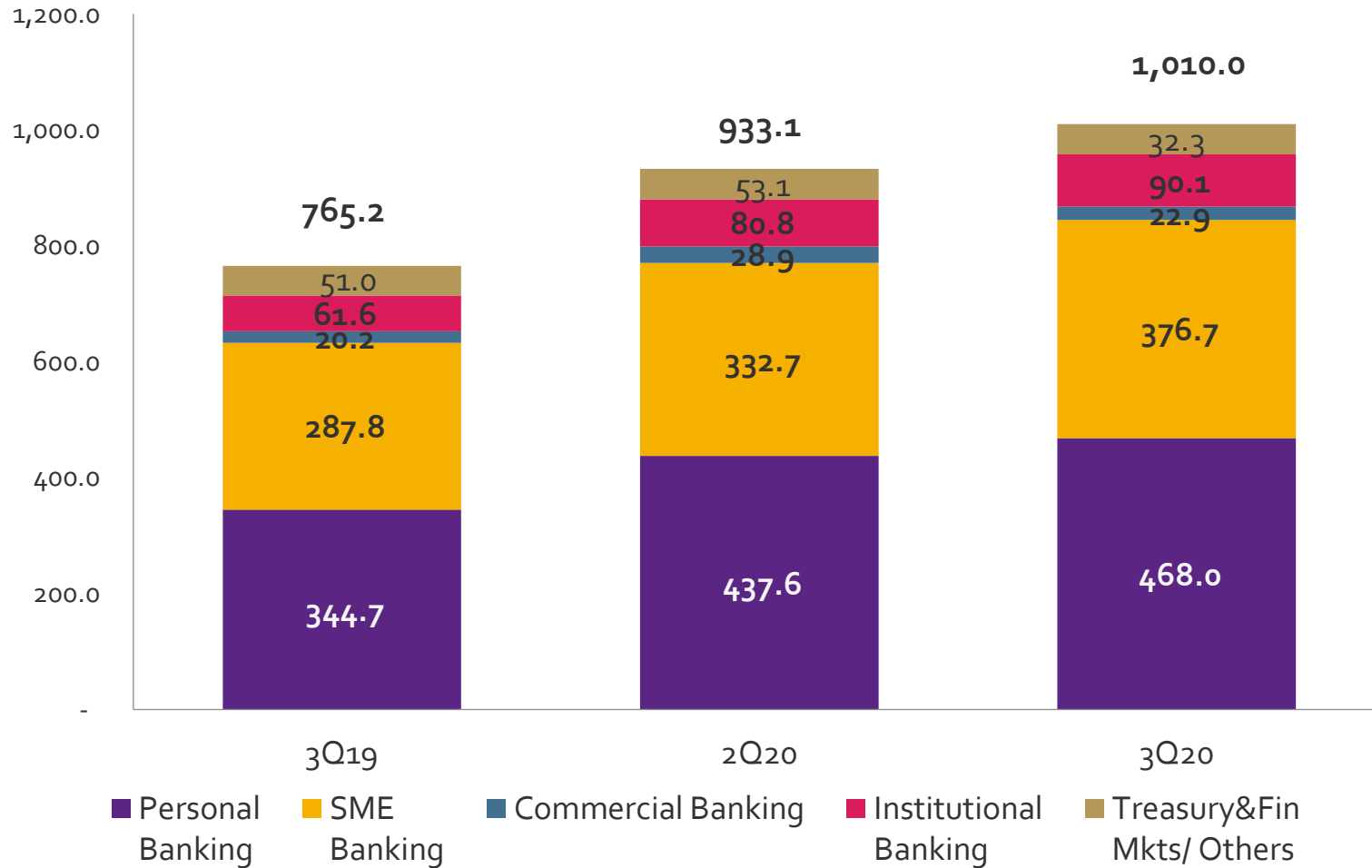
Gross Loans Distribution by Segment: 3Q19 vs. 2Q20 vs. 3Q20



Segment	% Δ QoQ	% Δ YoY
Personal Banking	6.7%	19.8%
SME Banking	5.7%	70.0%
Commercial Banking	-0.8%	10.1%
Institutional Banking	-18.3%	-4.4%
Total	1.3%	29.5%

- Accretion across the business segments resulted in 1.3% QoQ and 29.5% YoY increase in gross loans, in line with plan to grow the loan book in the year. The marginal drop in Commercial banking QoQ is from pay downs on revolving trade lines alongside a corresponding increase in drawdown post lockdown.
- 18.3% drop in Institutional Banking is largely from repayment on financial institutions secured lines with our UK subsidiary.
- Growth in Personal and SME banking has remained consistent and sustained through the year in line with plan despite the macro challenges.
- Quality loan growth is expected to continue across all segments in the last quarter.

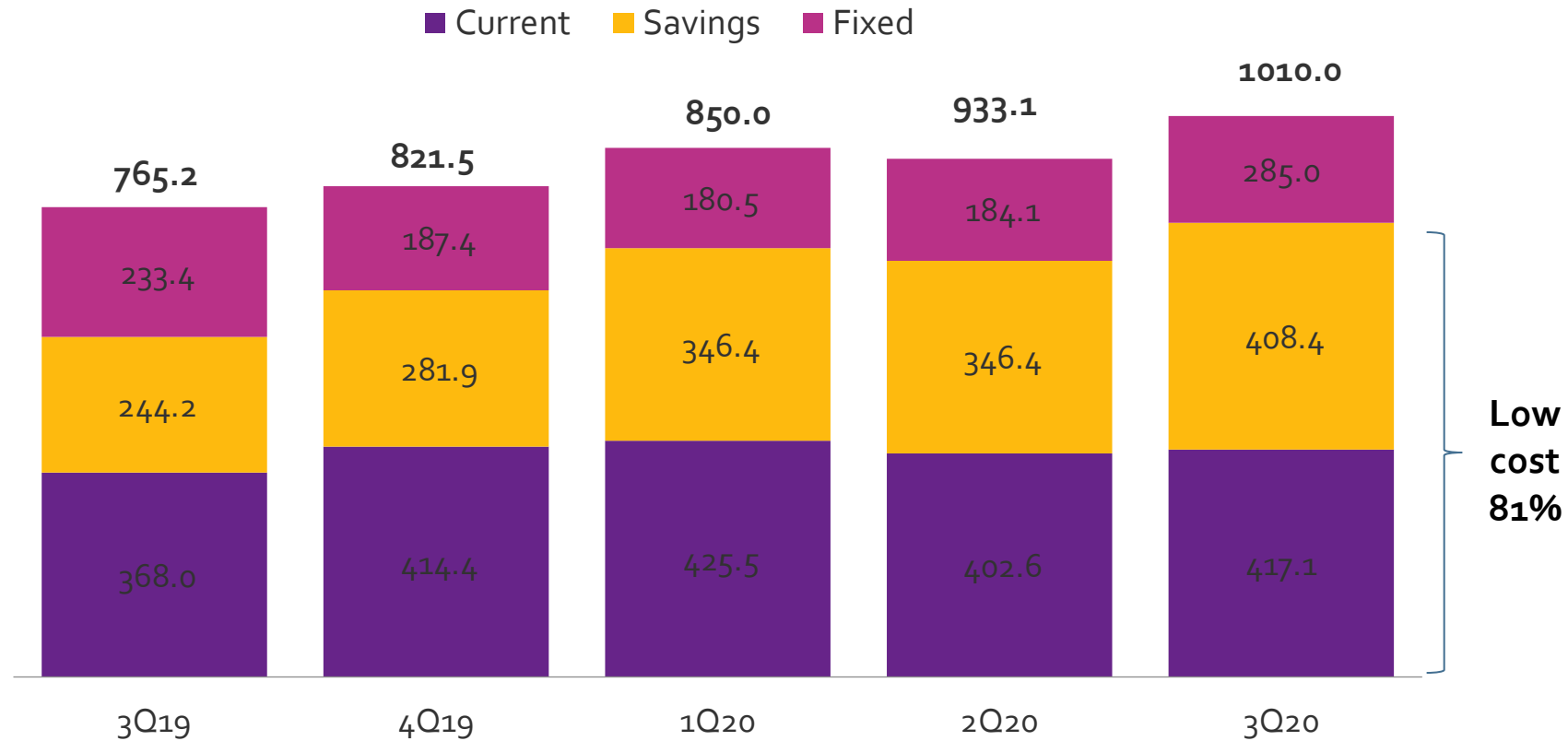
Deposits Distribution by Segment: 3Q19 vs. 2Q20 vs. 3Q20



Segment	% Δ QoQ	% Δ YoY
Personal Banking	7%	36%
SME Banking	13%	31%
Commercial Banking	-21%	14%
Institutional Banking	11%	46%
Treasury & Financial Markets	-2%	3%

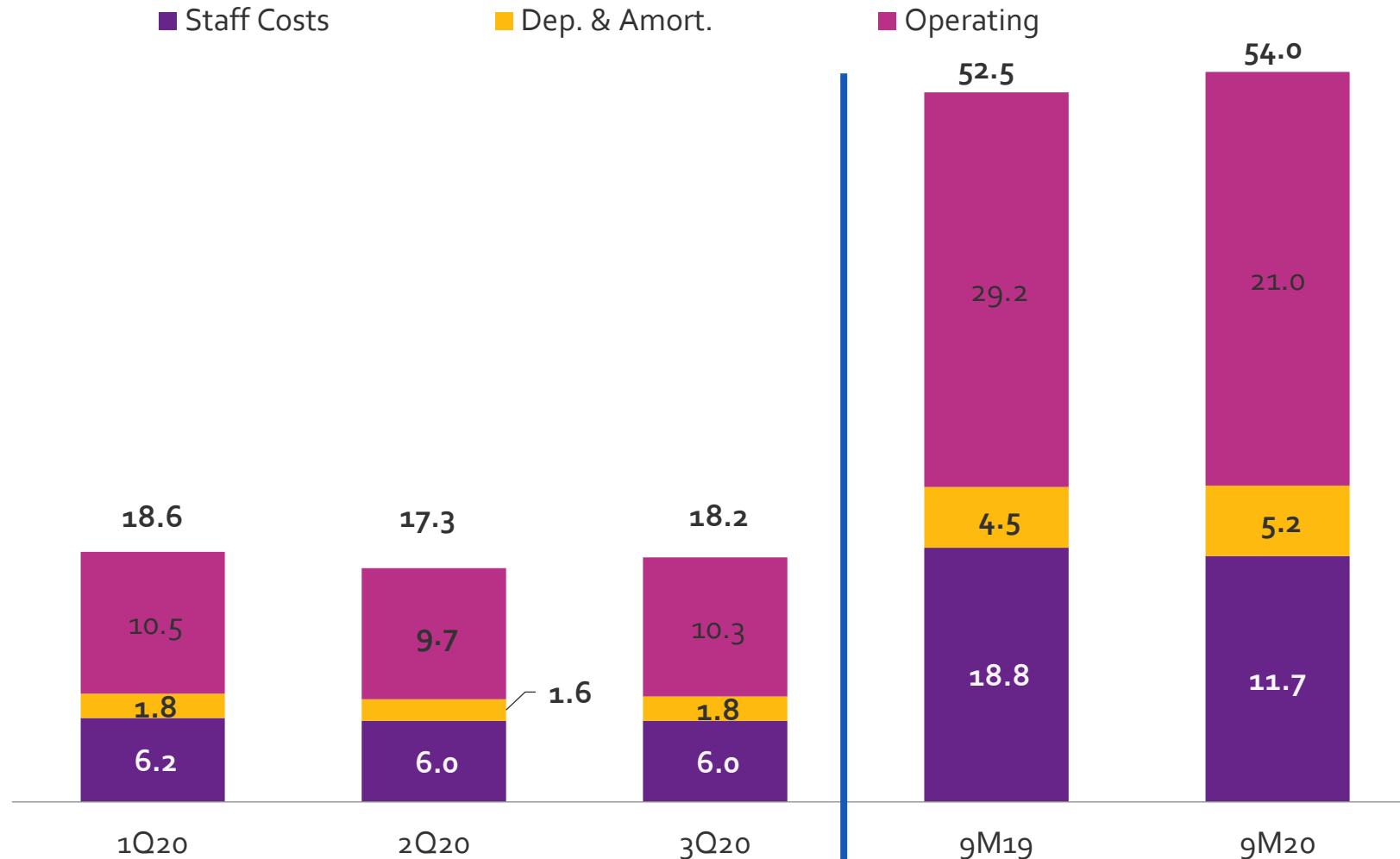
Retail (Personal and SME Banking) deposits now constitutes about 84% of total deposits and grew 10% QoQ and 34% YoY.

Deposits Distribution by Type: 3Q19 – 3Q20



- Total deposits rose 8.2% QoQ and 32.0% YoY, driven by CASA deposits, as a result of our sustained focus on retail banking;
- Low-cost deposits now account for 81% of our total deposits, a 1% QoQ rise from 80% and 9% YoY rise from 72% previously .

OPEX Analysis by Expense Domain: 1Q20 - 3Q20 & 9M19 vs. 9M20

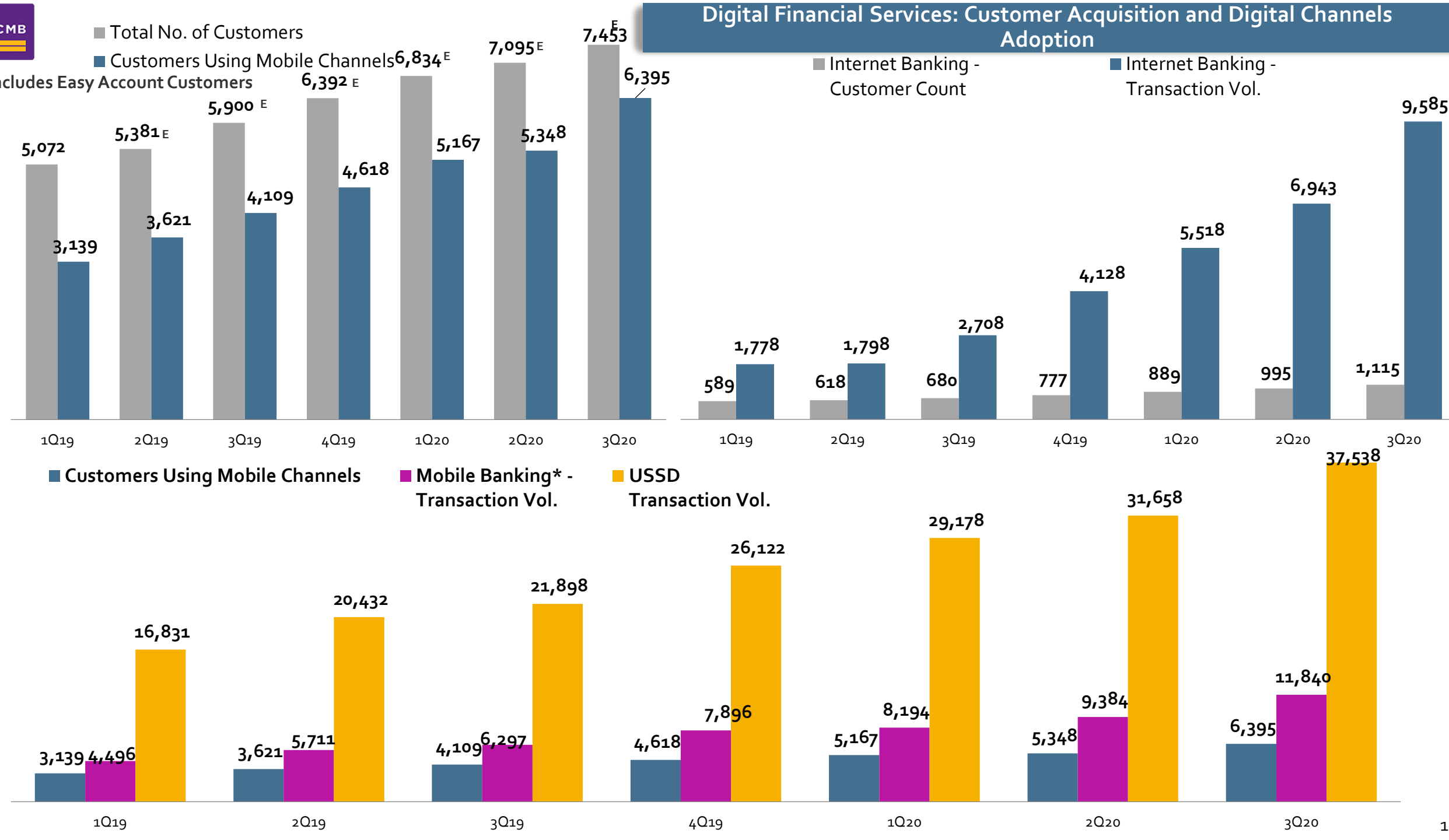


Segment	% Δ QoQ	% Δ YoY
Staff Costs	0.8%	-3.3%
Depreciation & Amortisation	11.8%	13.9%
Operating	6.4%	4.9%
Total	5.0%	2.8%

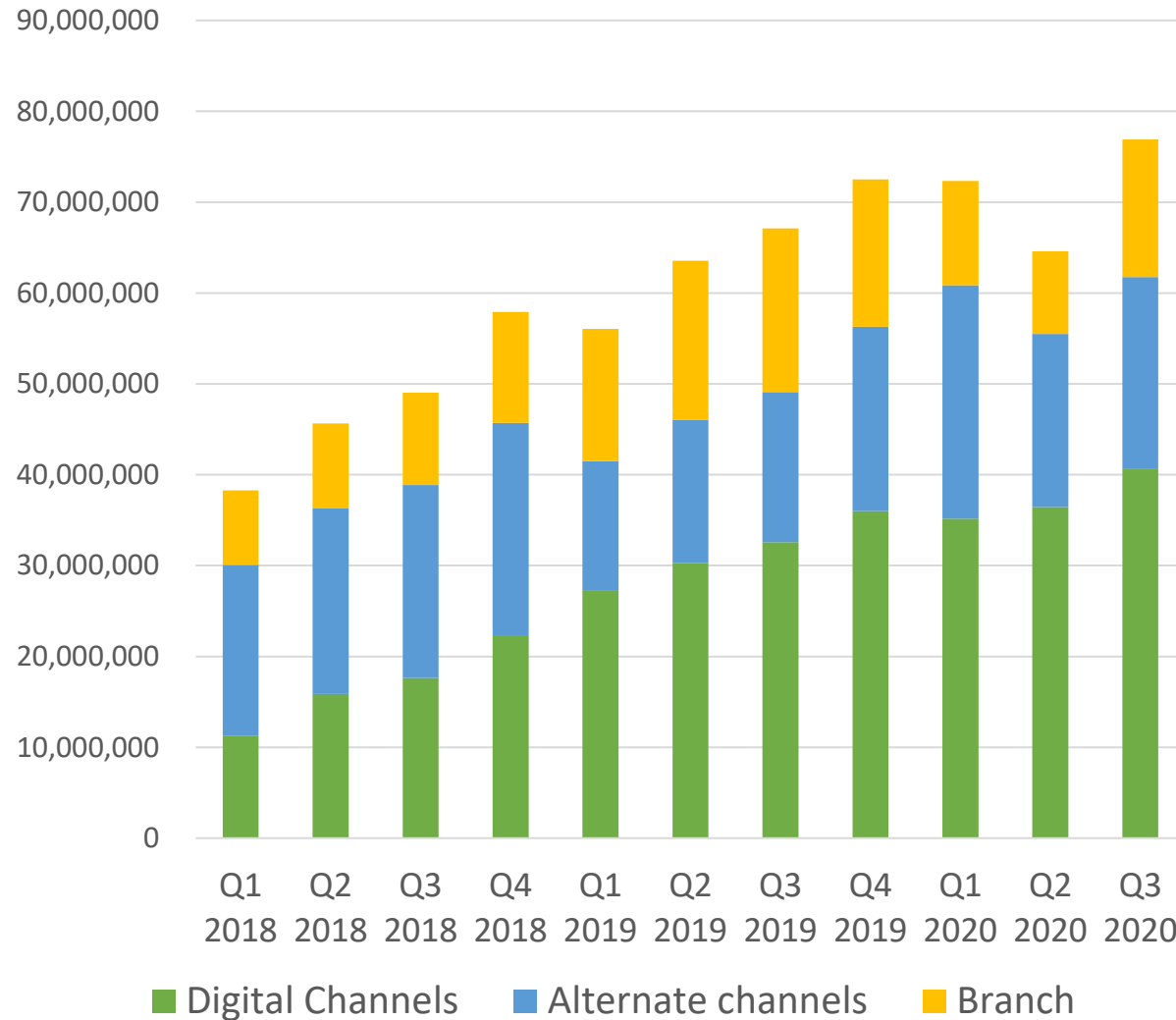
Operating expenses increased 5.0% QoQ as normalcy returned to businesses in 3Q20 from the lockdown. While the increase of 2.8% YoY is from regulatory costs, IT overheads and COVID-19 business and community support.



^E Includes Easy Account Customers

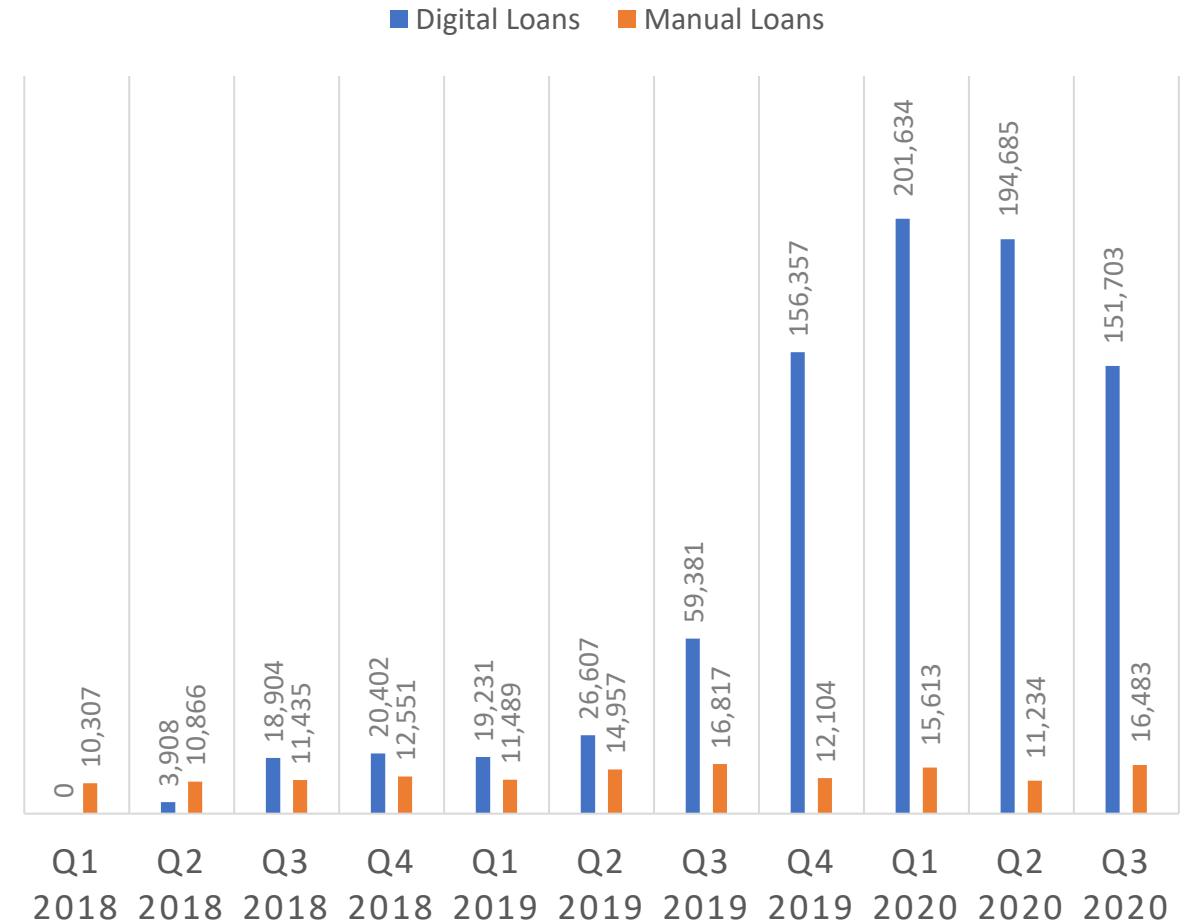


Channels Usage Volume (in millions)



- 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 & MANUAL LOAN VOLUMES (IN THOUSANDS)

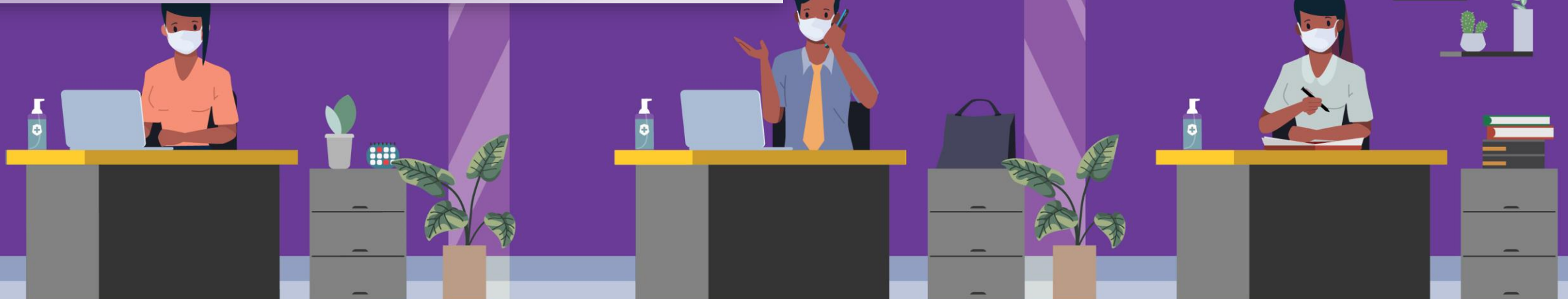


- Digital continues to lead with about 53% adoption and usage, while over 90% of count of retail loans were processed on digital channels during the quarter.

FCMB

Group Performance Review: Corporate & Investment Banking

Mr. Femi Badeji: Executive
Director - FCMB Group Plc



Corporate & Investment Banking: 9M20 Results Review

Our Corporate & Investment Banking Business comprises of the Corporate Banking Division of FCMB Ltd, FCMB Capital Markets Ltd and CSL Stockbrokers Ltd

Corporate & Investment Banking Group	1Q20	2Q20	3Q20	%Δ QoQ	9M19	9M20	%Δ YoY
N'm							
Gross earnings	14,612	15,065	14,983	-1%	43,258	44,660	3%
Interest Income	13,682	13,995	13,423	-4%	40,693	41,101	1%
Interest Expense	(10,509)	(10,748)	(9,997)	-7%	(29,691)	(31,254)	5%
Net Interest Income	3,173	3,247	3,426	6%	11,002	9,847	-11%
Non Interest Income	929	1,070	1,560	46%	2,564	3,560	39%
Net Fees & Commissions	836	958	1,534	60%	2,396	3,328	39%
Trading Income	30	16	(12)	-176%	37	34	-10%
FX Income	26	21	19	-7%	71	66	-7%
Other Income	38	76	19	-75%	60	132	121%
Operating Income	4,103	4,318	4,986	15%	13,567	13,407	-1%
Operating Expenses	(3,178)	3,165	(3,046)	-4%	(8,876)	(9,389)	6%
Operating Profit	925	1,153	1,940	68%	4,691	4,018	-14%
Net impairment loss on financial assets	(1,969)	(2,041)	(2,144)	5%	(5,632)	(6,154)	9%
PBT	(1,044)	(888)	(204)	-77%	(941)	(2,136)	127%
TAX	(42)	(17)	(97)	453%	(41)	(157)	285%
PAT	(1,086)	(906)	(300)	-67%	(982)	(2,292)	134%

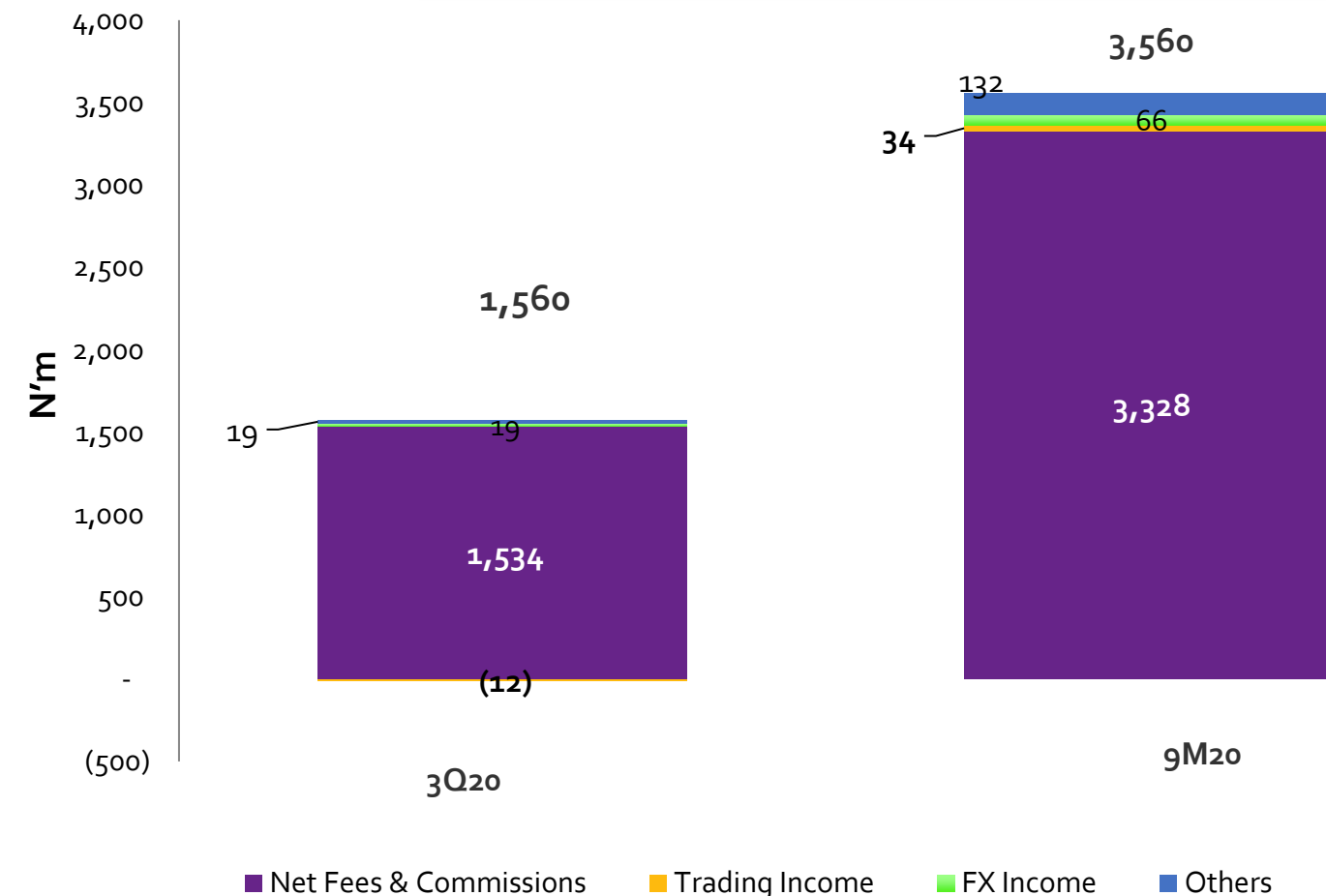
Comments
<ul style="list-style-type: none"> Performance continued to trend towards profitability with an improvement in PBT by 77% QoQ. Net Interest Income grew 6% QoQ driven by reduction in cost of funds, however, there was a 11% decline YoY due to a drop in risk asset yields from 11.3% to 9.2%. Non-Interest Income grew 46% and 39% QoQ and YoY respectively driven primarily by increase in commissions from the brokerage business. Operating income improved 15% QoQ but declined slightly by 1% YoY. Operating expenses dropped 4% QoQ but grew 6% YoY. The business is focused to return to profitability and 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	3Q20	%Δ QoQ	9M19	9M20	%Δ YoY
N'm							
Loans	470,382	528,168	514,761	-3%	411,119	504,855	23%
Deposits	160,325	179,424	189,201	5%	102,435	189,201	85%
Total Assets	754,617	538,933	542,949	1%	418,545	520,948	24%
Liabilities	676,440	246,576	466,982	89%	351,773	445,049	27%
Shareholders Funds	78,177	75,868	75,899	0%	66,772	75,899	14%
Return on Average Equity	-0.4%	-0.3%	-0.1%	-66%	-1.1%	-2.3%	120%
Return on Average Assets	-0.04%	-0.04%	-0.01%	-67%	-0.14%	-0.29%	114%
Return on Investment	-0.05%	-0.04%	-0.01%	-66%	-0.13%	-0.31%	134%
Net Interest Margin	2.7%	2.7%	2.9%	6%	3.4%	2.8%	-19%
CIR	77.5%	73.3%	61.1%	-17%	65.4%	70.0%	7%
NPL	6,797	6,784	6,570	-3%	24,016	6,597	-73%
NII/Operating Income	22.7%	24.8%	31.3%	26%	18.9%	26.6%	40%
Contribution to Group PBT	-19.2%	-15.8%	-4.3%	-73%	-7.4%	-13.5%	83%
Contribution to Group PAT	-23.0%	-18.2%	-7.1%	-61%	-9.1%	-16.5%	81%

Comments

- Loans and deposits grew YoY primarily due to increased customer activity as well as gains from FX revaluations.
- Increased in impairment on FX related assets is primarily responsible for the YoY decline in ROaE. However, the QoQ trend is towards the breakeven territory.
- NPLs dropped significantly by 73% YoY due to write-off of some delinquent loans in previous year but declined by 3% QoQ.
- CIR increased 7% YoY to 70% largely due to the reduction of yield on risk assets from 11.3% to 9.2%. While drop of 17% QoQ was driven by brokerage commissions that boosted revenue. We continue to work towards a CIR of 60%.
- Active work is being done to reduce the impairment cost related to the business, which should help restore profitability.

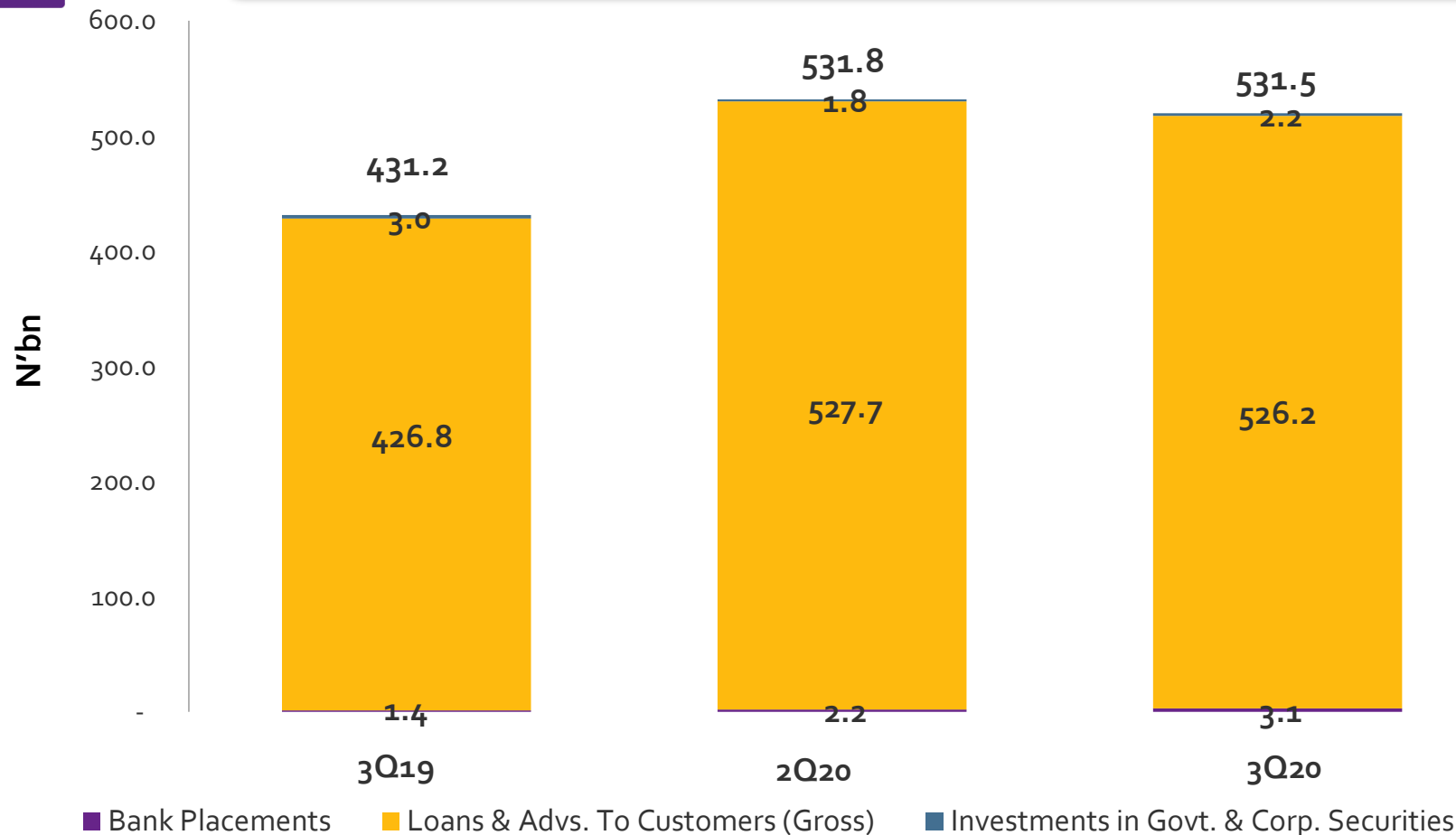
Corporate & Investment Banking: Non-Interest Income Contribution Analysis - 3Q20 vs. 9M20



	3Q20	Contri. 3Q20	9M20	Contri. 9M20
Net Fees & Commissions	1,534	98%	3,328	93%
Trading Income	(12)	-1%	34	1%
FX Income	19	1%	66	2%
Other Income	19	1%	132	4%
Non Interest Income	1,560	100%	3,560	100%

- Net fees & commissions' contribution to Non-Interest Income increased in 3Q20 to 98% against 93% YTD because of good growth in our brokerage business.
- Trading income contributed 1% YTD and declined in 3Q20 due to a drop in prices of some proprietary portfolio stocks.
- Contributions from FX income dropped in 3Q20 due to FX scarcity.
- Other income represents mainly dividend income received by our brokerage business which dropped in 3Q20 as dividend payment season wanes.

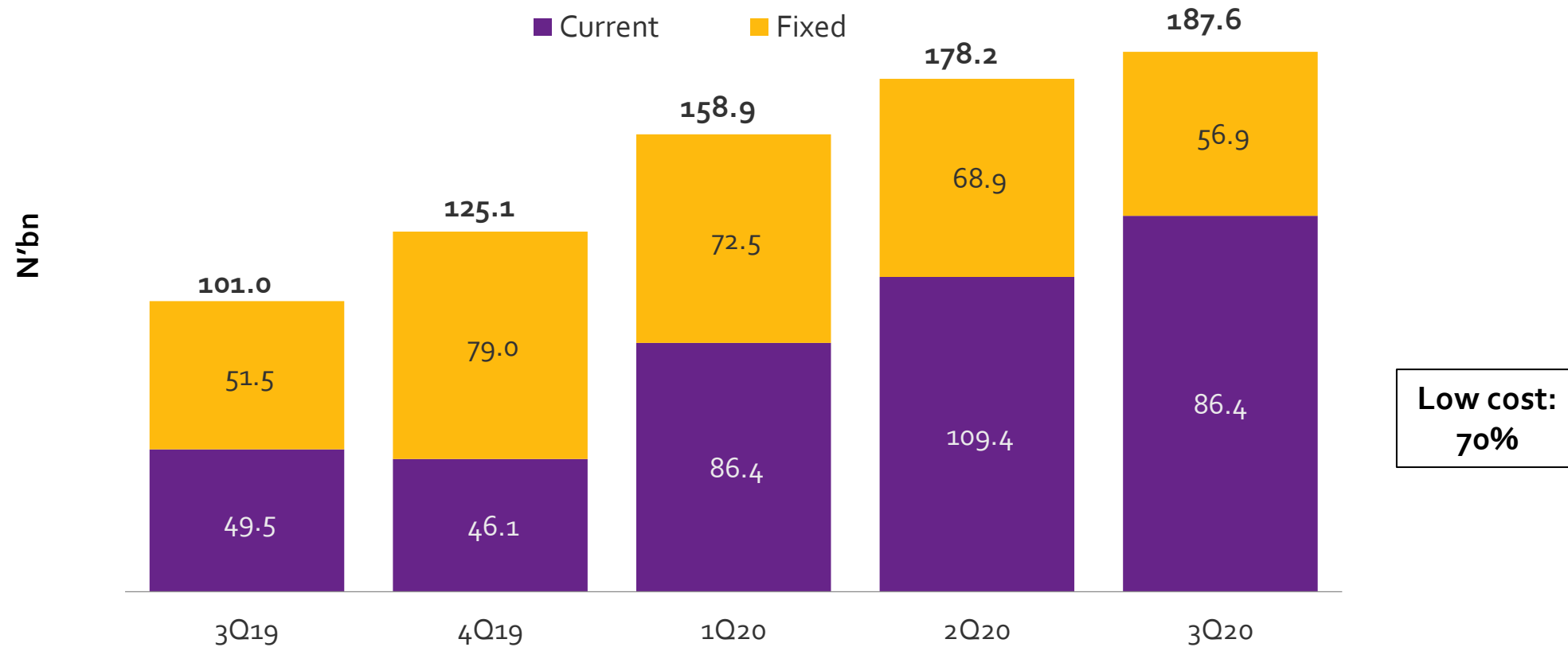
Corporate & Investment Banking: Interest Income & Earning Assets - 3Q19 vs. 2Q20 vs. 3Q20



	% Δ QoQ	% Δ YoY
Bank placements	37.0%	119.5%
Loans and advances to customers (gross)	-0.3%	28.1%
Investments in government & corporate securities	23.0%	-26.9%
Total Earning Assets	-0.1%	23.3%

- Total earning assets declined marginally by 0.1% QoQ and grew 23% YoY, with the latter largely being due to new loans to customers and FX revaluation gains;
- Bank placements grew 37% QoQ and 120% YoY driven by proceeds from equity disposals and income earned from deals;
- Gross loans and advances dropped 0.3% QoQ and grew 28% YoY. Grew primarily by an increase in new loans to customers and some FX revaluation gains on the loan book in Q2. The gross loan book of N526.2bn represents 99% of total earning assets;
- Investments in governments & corporate securities fell 27% YoY due to a sharp drop in market rates on T-Bills, Bonds and other corporate instruments.

Corporate Banking: Deposits Distribution by Type: 3Q19 – 3Q20



- The Corporate Banking segment, represents 16% of total deposits.
- Corporate Banking's deposits rose 5% QoQ and 86% YoY, driven by CASA deposits, as a result of an extensive re-engagement effort with quality corporate banking accounts.

FCMB

Risk Management Review

Mrs. Toyin Olaiya
Chief Risk Officer: FCMB Ltd



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

Industry Sector	Sep' 19	Dec' 19	Mar' 20	Jun' 20	Sept' 20	% DISTR.
Agriculture	37,022	51,352	44,704	45,372	47,450	5.6%
Commerce	35,644	46,637	58,172	67,850	73,237	8.7%
Construction	1,229	1,215	1,151	1,042	1,004	0.1%
Education	1,664	1,856	1,594	2,278	2,246	0.3%
Finance & Insurance	52,413	52,934	65,931	72,578	66,473	7.9%
General – Others	10,322	10,266	10,470	8,401	10,456	1.2%
Government	5,980	19,125	11,988	11,343	9,539	1.1%
Individual - Bank	84,825	87,856	93,529	96,660	105,058	12.4%
Individual - CDL	22,461	23,959	24,526	23,995	23,177	2.7%
Individual - Microfinance	1,949	2,245	1,898	1,773	2,364	0.3%
Information & Communications	23,322	26,538	26,894	27,509	22,474	2.7%
Manufacturing	62,570	76,381	83,758	83,037	78,508	9.3%
Oil & Gas- Downstream	50,459	48,411	56,652	62,950	62,389	7.4%
Oil & Gas – Upstream	116,317	129,184	138,711	140,829	137,715	16.3%
Oil & Gas Services	37,811	39,282	44,863	45,958	46,899	5.6%
Power & Energy	51,174	49,228	52,240	56,517	60,297	7.1%
Professional Services	53	729	642	608	523	0.1%
Real Estate	71,661	80,722	83,515	86,946	88,564	10.5%
Transportation & Logistics	5,700	6,256	6,239	6,206	6,137	0.7%
Total	672,577	754,178	807,477	841,852	844,510	100.0%

25.6% growth YoY was largely driven by growth in some focused sectors (Commerce, Individual, Manufacturing, Agriculture) and induced growth in some sectors caused by 6.5% YoY movement in exchange rate

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

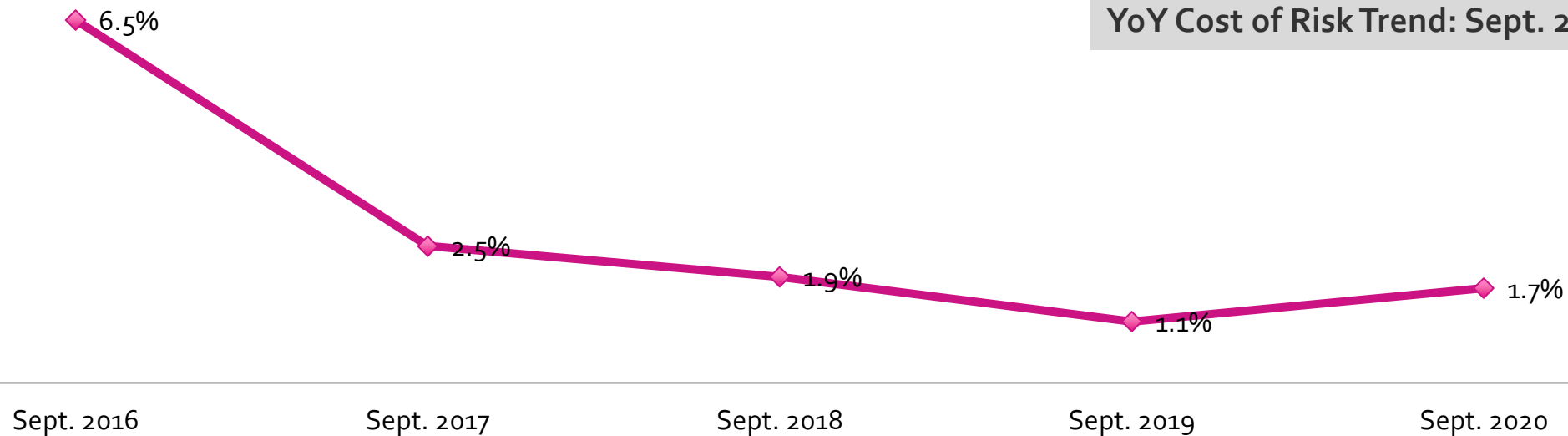
BUSINESS SEGMENT	Sept. 2019		June. 2020		Sept. 2020	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	597.89	1.6%	951.42	2.1%	931.38	2.0%
Commerce	2,940.70	8.3%	3,213.22	4.7%	3,979.39	5.4%
Construction	12.19	1.0%	8.54	0.8%	3.68	0.4%
Education	45.53	2.7%	66.33	2.9%	124.34	5.5%
Finance & Insurance	5.47	0.0%	1,212.92	1.7%	1,167.77	1.8%
General – Others	134.73	1.3%	412.29	4.9%	395.41	3.8%
Government	0.28	0.0%	0.94	0.0%	0.02	0.0%
Individual - Bank	5,770.13	6.8%	6,311.33	6.5%	7,711.29	7.3%
Individual - CDL	1,235.13	5.5%	2,545.64	10.6%	3,285.57	14.2%
Individual - Microfinance	50.80	2.6%	29.52	1.7%	94.48	4.0%
Information & Communications	4,042.01	17.3%	4,083.68	14.8%	3,914.35	17.4%
Manufacturing	1,372.77	2.2%	1,922.13	2.3%	2,017.94	2.6%
Oil & Gas- Downstream	276.10	0.5%	1,171.48	1.9%	6,046.36	9.7%
Oil & Gas – Upstream	993.16	0.9%	1,060.83	0.8%	1,014.01	0.7%
Oil & Gas Services	23.13	0.1%	0.28	0.0%	0.01	0.0%
Power & Energy	-	0.0%	0.00	0.0%	0.00	0.0%
Professional Services	0.16	0.3%	9.49	1.6%	0.64	0.1%
Real Estate	6,005.91	8.4%	6,727.96	7.7%	6,890.50	7.8%
Transportation & Logistics	41.27	0.7%	39.78	0.6%	38.30	0.6%
Total	23,547.36	3.5%	29,767.78	3.5%	37,615.42	4.5%

26.4% QoQ growth in NPL is largely from the Oil & Gas Downstream and Individual sectors' loan book.

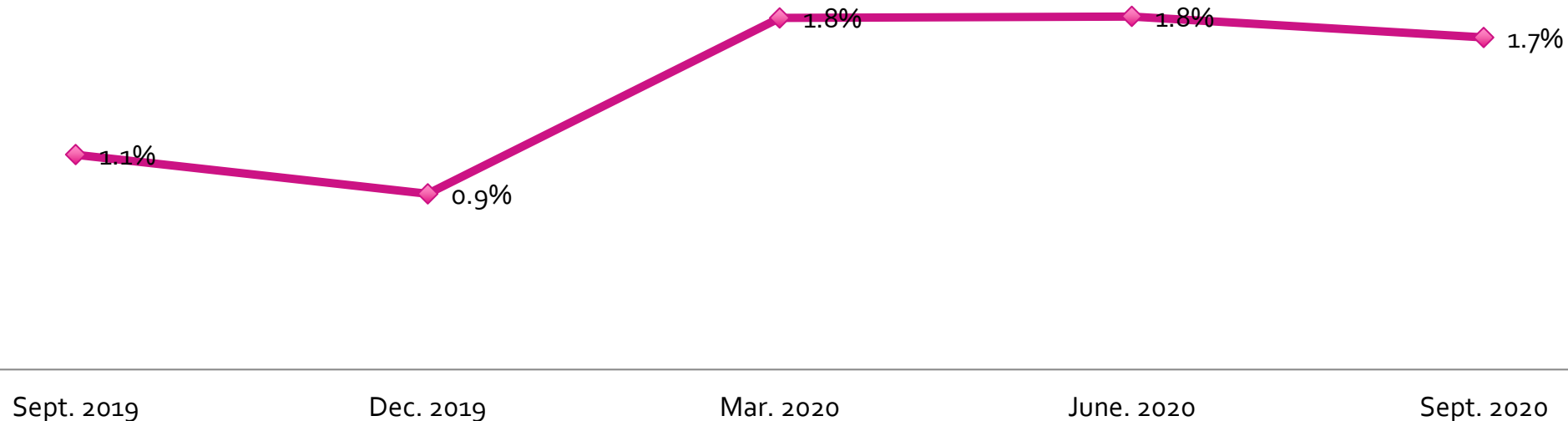
Risk Management Review: YoY & QoQ Cost of Risk Trend Analysis

Marginal drop QoQ on Cost of Risk and 0.6% growth YoY due largely to impact of COVID on Impairment charge.

YoY Cost of Risk Trend: Sept. 2016 – Sept. 2020



QoQ Cost of Risk Trend: Sept. 2019 – Sept. 2020





Group Performance Review: Investment Management

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

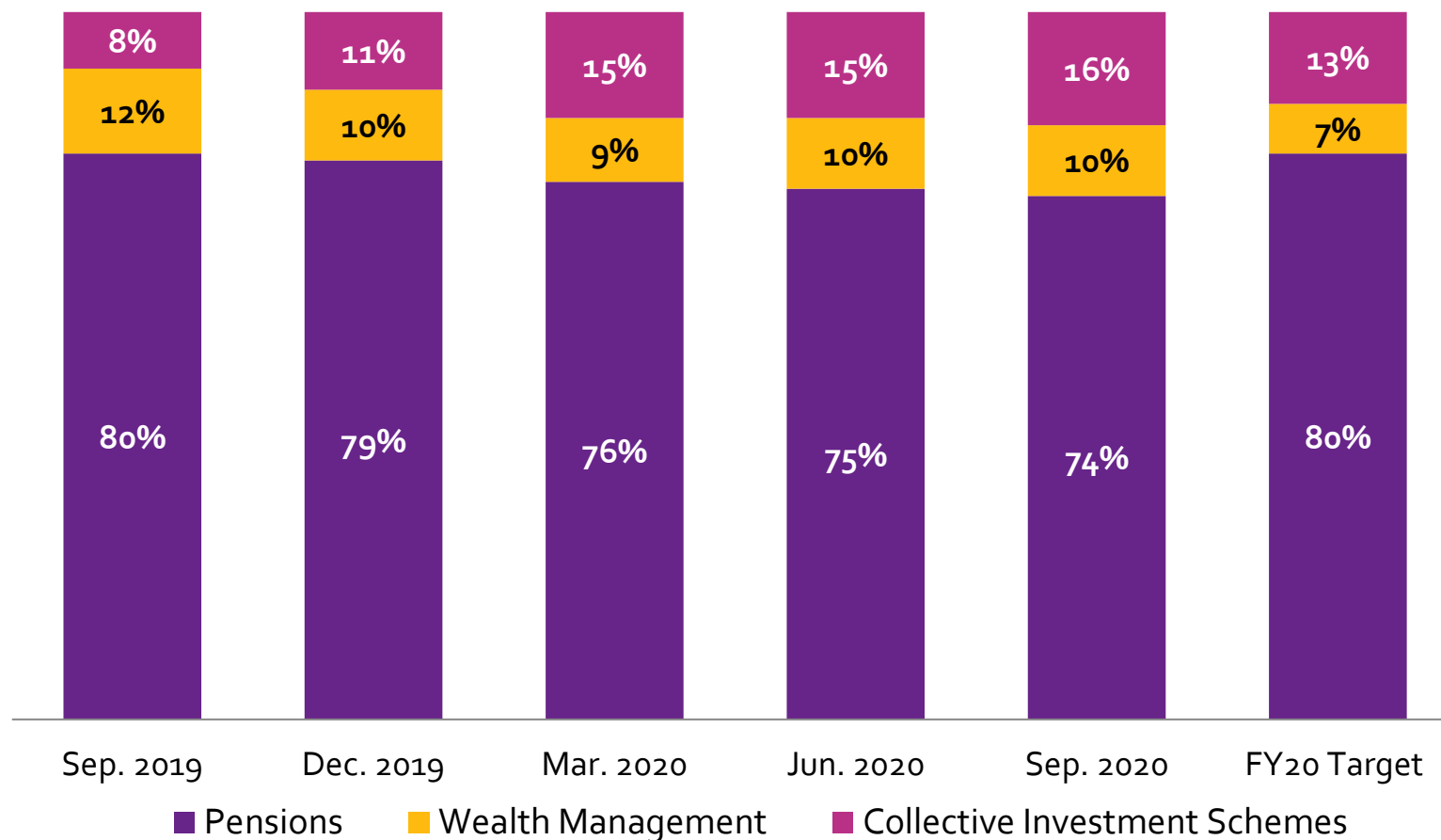


Asset & Wealth Management Group	1Q20	2Q20	3Q20	%Δ QoQ	9M19	9M20	%Δ YoY
N'm							
Gross earnings	1,106	1,107	1,103	0%	2,980	3,316	11%
Net Interest Income	51	32	37	13%	231	120	-48%
Non Interest Income	1,055	1,074	1,066	-1%	2,748	3,196	16%
– Advisory Fees	25	22	37	68%	52	85	65%
– Brokerage Commission	19	16	8	-51%	10	44	345%
– Asset Management Fees	998	1,025	1,009	-2%	2,633	3,033	15%
– Others	12	10	12	13%	54	34	-37%
Operating Income	1,106	1,107	1,103	0%	2,980	3,316	11%
Operating Expenses	(632)	(592)	(620)	5%	(1,830)	(1,845)	1%
Net gains/(losses) from fin. instruments at fair value	0	1	0	n/a	2	1	-65%
PBT	474	515	483	-6%	1,152	1,472	28%
TAX	(138)	(151)	(142)	-6%	(341)	(432)	27%
PAT	335	363	340	-6%	811	1,039	28%
AUM	427,117	454,991	462,059	2%	379,660	462,059	22%
ROAE	31%	32%	29%	-10.8%	25%	29%	20%
CIR	57%	54%	56%	5%	61%	56%	-9%

Comments

- The Group achieved a year-on-year AUM increase of 22%, to close at N462 billion. The growth in AUM reflects the impact of E-Learning Investment training sessions for Group Sales staff, continuous digital innovation and targeted direct sales;
- Our Pensions business contributed 74% of the N462 billion AUM achieved in the 3rd quarter, compared with 80% of AUM at the same period in 2019.
- Other business lines accounted for 51% of the N83 billion YoY growth in AUM;
- We recorded a 9% reduction in CIR, reflecting the benefits of better-than-budgeted revenue growth, the institutionalisation of cost efficiency controls, and cost savings from the Covid-19 restrictions;
- We expect to secure regulatory approval for the acquisition of a majority stake in AllCO Pension Managers Ltd, before the end of the year.

Investment Management Group - Contribution to AUM



Comments

- We expect the Group's full year AUM to grow by 52% YoY, to N614 billion. The figure reflects the expected AUM impact of the AllCO Pension Managers Ltd acquisition;
- Contribution to AUM from Collective Investment Schemes and Wealth Management should account for 20% of total AUM, by the end of the year;
- We expect full year PBT to grow by 15% year-on-year, to N2 billion, with our Pensions business accounting for 62% of the total. The AllCO acquisition will start to impact Income from 2021.

Outlook

Mr. Ladi Balogun: Group Chief Executive
FCMB Group Plc



Year End 2020 Outlook:

- ❖ Impairment charges will remain constant in 4Q20, relative to 3Q20;
- ❖ Barring further devaluation, annualised FY loan growth is expected to be c. 12%;
- ❖ Recognition of revaluation gains remains in line with forecast of c. N2.2 billion;
- ❖ Digital lending will experience moderate growth in 4Q20;
- ❖ The CIB division expected to sustain revenue growth in 4Q20, driven by investment banking fees and commissions;
- ❖ Decline in OPEX in 4Q20, because of non-recurrence of regulatory charges;
- ❖ Forecast AUM growth of 52% (with AllCO Pension Managers Ltd acquisition) and 20% (without the AllCO acquisition).

Overall outlook is that 4Q20 should be relatively strong on the back of reduced OPEX and continued growth in Non-Interest Income coming from CIB and digital banking.