

The logo for FCMB, consisting of the letters "FCMB" in white on a black square background, with two horizontal gold bars below the text.

FCMB

A photograph of a classical building facade with a pediment and columns. The text "FCMB GROUP PLC" is inscribed on the pediment. A sign with the FCMB logo is visible on the left side of the building.

FCMB GROUP PLC

FCMB Group Plc

HY 2013 Investors & Analysts Presentation – 2 August 2013

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



CAGR	Compound Annual Growth Rate	NSE	Nigerian Stock Exchange
CAPEX	Capital Expenditure	OH	Overheads
CAR	Capital Adequacy Ratio	OPEX	Operating Expenditure
CBN	Central Bank of Nigeria	P&L	Profit and Loss
CIR	Cost to Income Ratio	PAT	Profit After Tax
CRBG	Commercial and Retail Banking Group	PBT	Profit Before Tax
FX	Foreign Exchange	QoQ	Quarter-on-Quarter
GDP	Gross Domestic Product	ROaA	Return on average Assets
IFRS	International Financial Reporting Standards	ROaE	Return on average Equity
KPI	Key Performance Indicators	ROE	Return on Equity
LDR	Loan to Deposit Ratio	RWA	Risk Weighted Assets
N/A	Not Applicable/ Not Available	SEC	Securities and Exchange Commission
NIM	Net Interest Margin	SubCo	Subsidiary Company
NPL	Non Performing Loan	YoY	Year-on-Year
NPS	Net Promoter Score/ System	YTD	Year To Date
NRFF	Net Revenue from Funds		



Introduction to FCMB Group Plc

Group Performance

Commercial & Retail Banking Group: Business Review

Risk Management Review

Investment Banking Group: Business Review

2013 Outlook





Rationale for the Reorganisation

- ❖ Ensure regulatory compliance
- ❖ Enhance enterprise-wide risk management and governance
- ❖ Strengthen co-ordination and collaboration of operating entities
- ❖ Permanently segregate depositors funds from stock-broking and investment banking activities.
- ❖ Enhance engagement of shareholders and regulators

Our Values

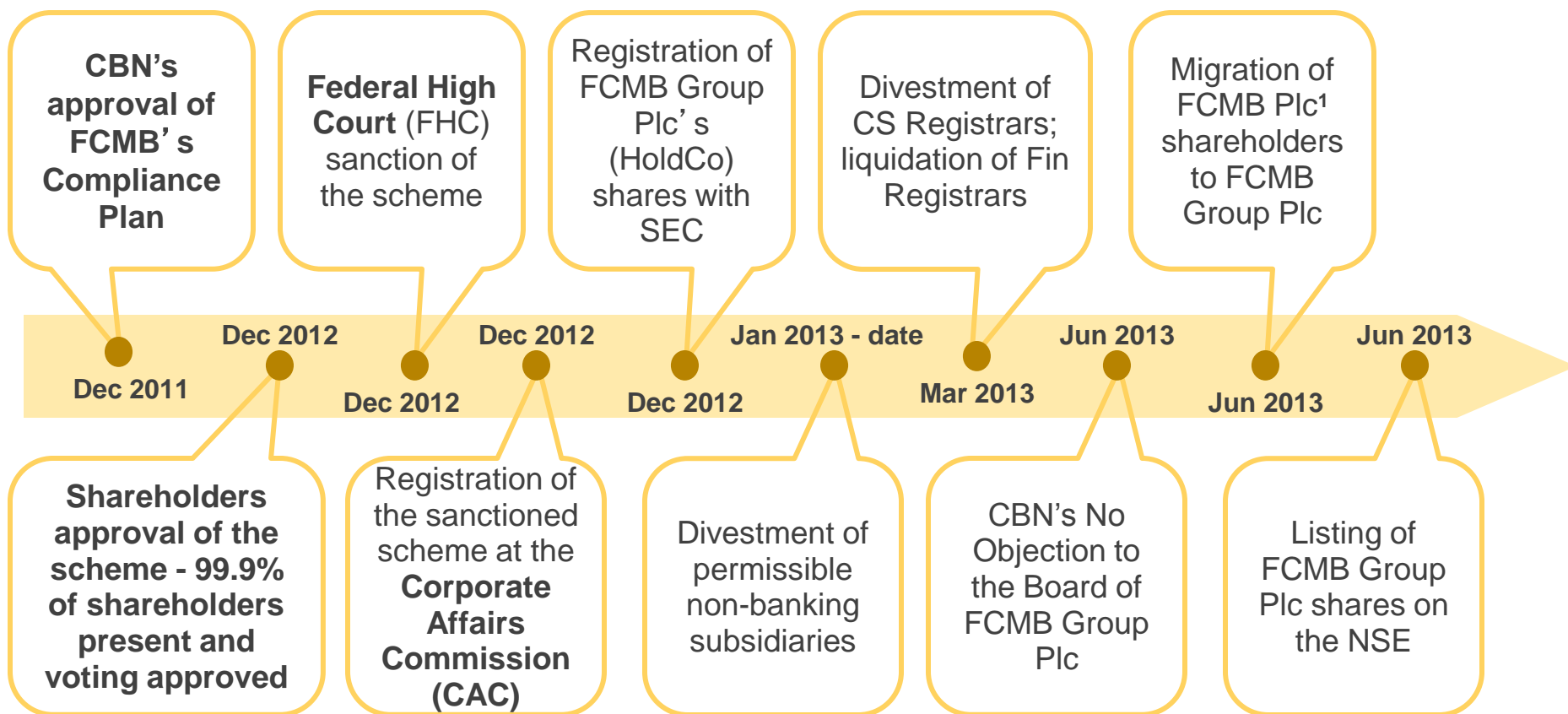
PSCE

EXCELLENCE

"We maintain the highest operating standards"

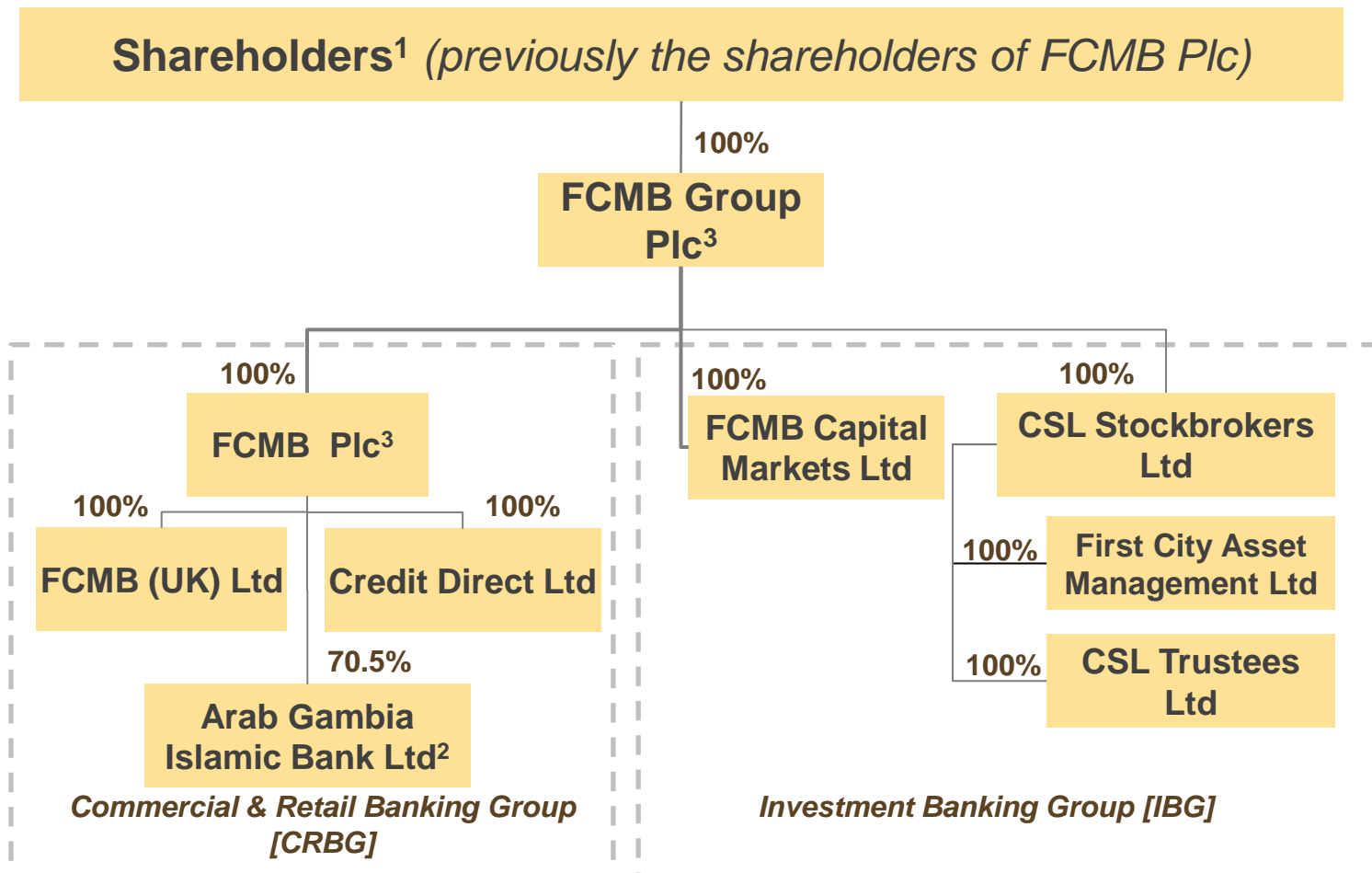
Reorganisation concluded in June 2013

The reorganisation was effected via a Scheme of Arrangement, pursuant to S106 to S111 and 539 of CAMA, Cap C20, LFN 2004. The mechanics are as follows:



Notes:
1. The transition from FCMB Plc to FCMB Limited company will be effective in 3Q13.

Shareholding Structure



Notes:

1. Reorganisation neither resulted in dilution nor redistribution of shareholders' interest
2. To be disposed-off
3. All fully paid ordinary shares of FCMB Plc ("the Bank") were exchanged for the ordinary shares of FCMB Group Plc ("Holdco"), effectively transferring all erstwhile shareholders of FCMB Plc to FCMB Group Plc

Status of subsidiary disposal

Subsidiary	Rationale for Divestment	Status of Disposal
Fin Registrars Ltd	Non Permissible	• Liquidation ongoing
City Securities (Registrars) Ltd		• Disposal completed
FinBank Homes Ltd	Permissible, but non strategic	• Disposal completed
FinBank Capital Ltd		• Share Purchase Agreement signed
FinBank Securities & Asset Management Ltd		• Awaiting regulatory approval
FinBank Insurance Brokers Ltd		
FinBank Insurance Company Ltd		
Arab-Gambian Islamic Bank Ltd		• Identification of buyer ongoing

Corporate Information

Name	FCMB Group Plc
Office address	44 Marina Street, Lagos
Ticker symbol	FCMB
No of shares	19,041,068,033
No of shareholders	529,632 ¹
Shareholders' funds	N130.89 billion ²
Board	<ul style="list-style-type: none"> • Chairman - Dr. Jonathan Long • Other Board members – Mr. Bismarck Rewane, Mr. Ladi Balogun, Mr. Segun Odubogun, Mr. Tola Mobolurin, Mr. Tope Lawani, Mr. Martin Dirks (Alternate), Alhaji Mustapha Damcida and Mr. Peter Obaseki (Managing Director)
Managing Director	Mr. Peter Obaseki
Chief Financial Officer	Mr. Patrick Iyamabo
Regulators	<ul style="list-style-type: none"> • Central Bank of Nigeria (CBN) • Securities and Exchange Commission (SEC) • Nigerian Stock Exchange (NSE)

1. Based on number of shareholders as at 21 June 2013

2. Based on shareholders' funds per 2012 audited accounts

The Reconstituted Board of the Bank

Names of Directors	Status
1. Otunba Olutola Senbore	Chairman
2. Mr. John Udofa	Non-Executive Director
3. Mrs. Tokunbo Ishmael	Non-Executive Director
4. Mr. Nigel Kenny	Non-Executive Director
5. Mr. Bismarck Rewane	Non-Executive Director (Independent)
6. Mrs. Mfon Usoro	Non-Executive Director (Independent)
7. Mr. Ladi Balogun	Group Managing Director/Chief Executive Officer (CEO)
8. Mr. Segun Odusanya	Deputy Managing Director
9. Mr. Femi Bakre	Executive Director (ED), Lagos & South West
10. Mr. Adam Nuru	ED, Abuja & North
11. Mr. Nath Ude	ED, Operations and Business Support

No change to management team of operating companies

First City Monument Bank

Name	Position
Ladi Balogun	Group Managing Director/ Chief Executive Officer (CEO)
Segun Odusanya	Deputy Managing Director
Femi Bakre	Executive Director (ED), Lagos & South West
Adam Nuru	ED, Abuja & North
Nath Ude	ED, Operations & Business Support
Okey Ezeala	Regional Head, South-South & South-East of Nigeria
Ola Olabinjo	Senior Vice-President (SVP) & Head, Corporate Banking
Olu Akanmu ¹	SVP & Head, Retail Banking
Gerald Ikem	Head, Treasury & Financial Markets
Yemisi Edun	Chief Financial Officer
Bayo Sanni	Chief Risk Officer

FCMB Capital Markets Ltd

Name	Position
Tolu Osinibi	Executive Director

Credit Direct Ltd

Name	Position
Akinwande Ademosu	Managing Director

Arab Gambia Islamic Bank Ltd

Name	Position
Sirajo Salisu	Managing Director
Kingsley Okolie	Executive Director

FCMB (UK) Ltd

Name	Position
Frank Le Roex	Chief Executive Officer
BC Achary	Executive Director

CSL Stockbrokers Ltd

Name	Position
Gboyega Balogun	Managing Director

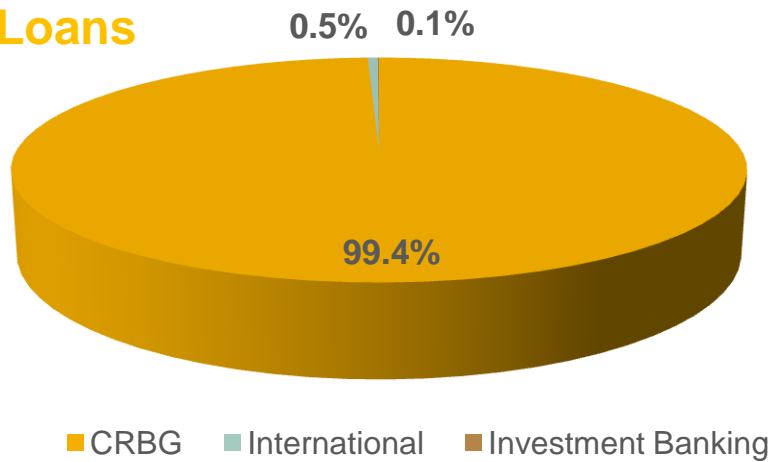
Notes:

1. Recently joined the bank to head the retail banking group. Key focus is to drive customer acquisition and liability growth

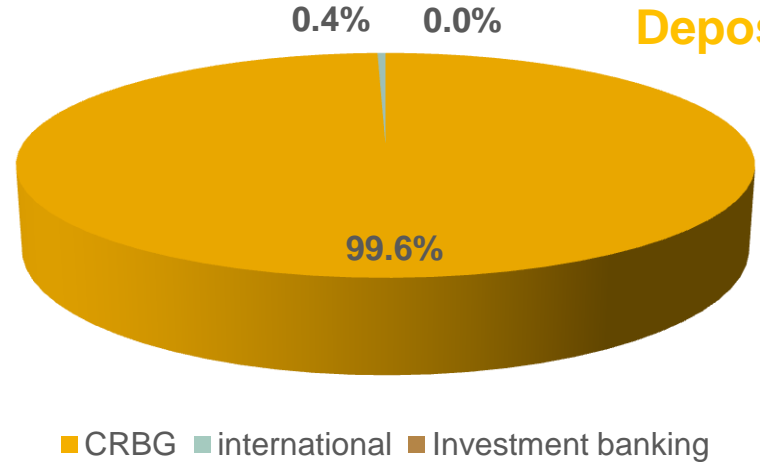
The Commercial & Retail Banking Group remains the largest contributor across key indices



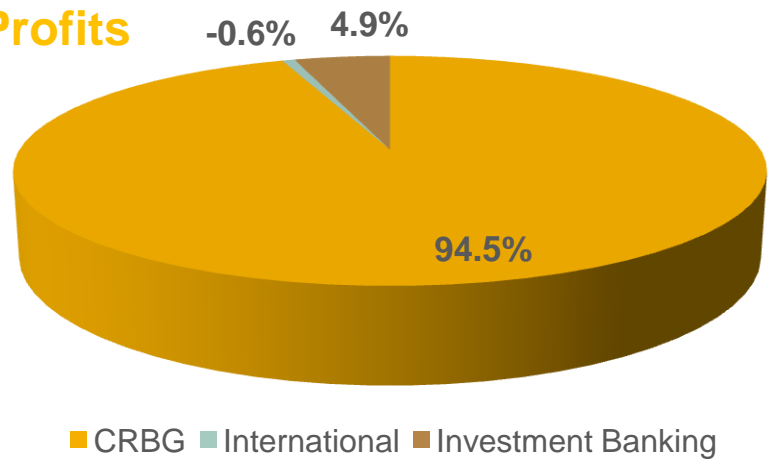
Loans



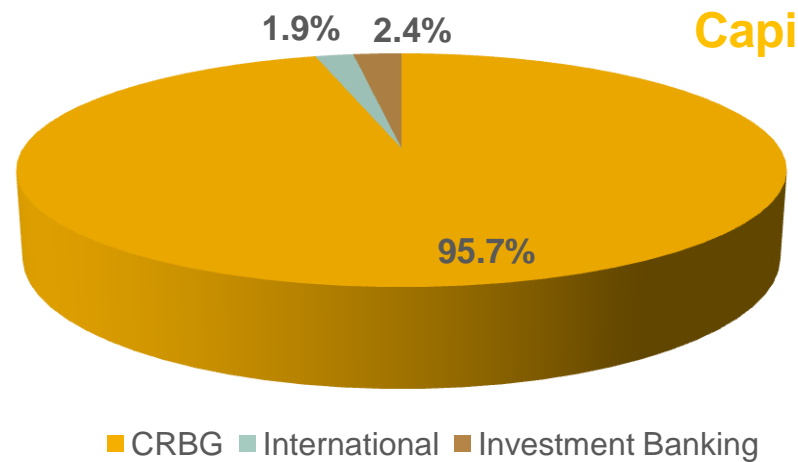
Deposits



Profits



Capital



CRBG – comprises FCMB (Bank) and CDL; International – AGIB & FCMB UK; Investment banking – FCMB Capital Markets & CSLS



Introduction to FCMB Group Plc

Group Performance

Commercial & Retail Banking Group: Business Review

Risk Management Review

Investment Banking Group: Business Review

2013 Outlook



Key Performance Indices: FCMB Group Plc

Performance Index		2Q12	1Q13	2Q13 ¹	%Δ YoY	%Δ QoQ	HY13	%Δ YoY
Operating	Return on Equity	8.3%	12.4%	14.4%	73.5%	16.1%	13.1%	29.0%
	Return on Assets	1.6%	2.2%	2.5%	56.3%	13.6%	2.3%	34.4%
	Loan/Deposit Ratio	53.7%	50.6%	57.2%	6.5%	13.0%	57.2%	6.6%
	Cost/Income Ratio	88.3%	72.8%	67.3%	-23.8%	-7.6%	69.9%	-11.0%
	Net Interest Margin	6.6%	8.2%	8.4% ²	27.3%	2.4%	8.3%	25.8%
	NPL/Total Loans	6.4%	3.3%	3.6%	-43.8%	9.1%	3.6%	-44.5%
	Coverage Ratio	101.4%	70.8%	65.8%	-35.1%	-7.1%	65.8%	-35.1%
NII/Operating Income	32.7%	31.9%	36.0%	10.1%	12.9%	34.1%	-0.5%	
Capital & Liquidity	Capital Adequacy Ratio	25.1%	27.2%	21.0%	Minimum statutory requirement: 15% ³		21.0%	Minimum statutory requirement: 15% ³
	Liquidity Ratio	58.7%	49.0%	49.3%	Minimum regulatory requirement: 30%		49.3%	Minimum regulatory requirement: 30%
Others	Opex (N'B)	14.4	14.0	14.5	0.7%	3.6%	28.5	7.8%
	Risk Assets (net) (N'B)	330.3	329.0	389.2	17.8%	18.3%	389.2	17.8%
	Customer and Other Deposits (N'B)	615.6	649.9	680.8	10.6%	4.8%	680.8	10.6%

Notes:

- 2Q13 Results are for FCMB Group Plc and its subsidiaries, while 2Q12 and 1Q13 represent figures for FCMB (Bank) and its subsidiaries as at those dates (i.e. prior to restructuring into FCMB Group Plc).
- The high NIM is driven by improved net interest income, resulting from (a) quality earning assets and (b) a decrease in interest expenses, which has arisen from matured highly-priced deposits which were not rolled over.
- The Central Bank of Nigeria requires each Bank, with international authorisation, to hold minimum regulatory capital of N50 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 15%.

Income Statement: Highlights

FCMB


N'm	2Q12	1Q13	2Q13 ¹	%Δ		HY13	%Δ
				YoY	QoQ		
Revenue	27,786	31,415	31,880	15%	1%	63,295	11%
Interest Income	22,550	25,090	23,892	6%	-5%	48,982	16%
Interest Expense	(10,590)	(11,979)	(10,129)	-4%	-15%	(22,108)	-10%
Net Interest Income	11,960	13,112	13,763	15%	5%	26,875	21%
Non Interest Income							
- Net Fees & Commissions	3,424	3,166	4,559	33%	44%	7,725	0%
- Trading Income	751	88	(9)	-101%	-110%	79	-90%
- Others	1,317	2,903	2,115	61%	-27%	5,018	55%
Operating Income	17,453	19,268	20,428	17%	6%	39,696	17%
Operating Expenses	(14,441)	(14,006)	(14,486)	0%	-3%	(28,492)	8%
Cost of Credit							
- Net credit losses	722	(411)	(1,219)	-269%	-197%	(1,630)	-383%
Net gains/(losses) from fin. instruments at fair value	(329)	(18)	1,093	432%	6050%	1,075	739%
PBT	3,405	4,832	5,815	71%	20%	10,647	37%

Notes:

- 2Q13 Results are for FCMB Group Plc and its subsidiaries, while 2Q12 and 1Q13 represent figures for FCMB (Bank) and its subsidiaries as at those dates (i.e. prior to restructuring into FCMB Group Plc).

Balance Sheet: Highlights

FCMB

N'm	2Q 12	3Q12	4Q12	1Q13	2Q13 ¹	% Δ YoY	% Δ QoQ
Liquid assets	63,537	73,649	89,976	88,332	81,486	28%	-8%
Loans and advances to banks	111,191	126,389	92,537	64,636	72,050	-35%	11%
Loans and advances	330,315	363,163	357,799	329,038	389,224	18%	18%
Investments	266,753	241,578	244,993	302,139	266,448	0%	-12%
Assets pledged as collateral	26,079	26,079	40,794	31,070	39,280	51%	26%
Intangible assets	18,875	18,833	11,895	11,848	12,031	-36%	2%
Deferred tax assets	4,102	4,102	4,938	4,938	4,938	20%	0%
Other assets	14,578	15,075	39,284	36,795	30,917	112%	-16%
Fixed assets	29,069	28,520	26,331	26,407	26,753	-8%	1%
Total Assets	864,499	897,389	908,546	895,203	923,128	7%	3%
LIABILITIES:							
Customer deposits	563,250	615,316	646,217	628,369	600,426	7%	-4%
Deposits from banks	52,371	-	52	21,521	80,361	53%	273%
Other liabilities	86,362	126,335	103,329	84,710	75,305	-13%	-11%
Borrowings	35,673	25,093	26,933	24,322	25,634	-28%	5%
Shareholders' funds	126,843	130,645	132,015	136,282	141,402	11%	4%
Liabilities and Shareholder Equity	864,499	897,389	908,546	895,203	923,128	7%	3%
Acceptances & Guarantees	205,886	164,406	121,081	144,042	144,892	-30%	1%

Notes:

- 2Q13 Results are for FCMB Group Plc and its subsidiaries, while 2Q12 to 1Q13 represent figures for FCMB (Bank) and its subsidiaries as at those dates (i.e. prior to restructuring into FCMB Group Plc).

Earnings Distribution

N'm	2Q12	1Q13	2Q13 ¹	HY 13	% Δ YoY	% Δ QoQ	Contribution (%)
Commercial Banking Group							
• FCMB Plc	2,383	3,451	4,353	7,804	83%	26%	75%
• CDL	827	1,291	1,212	2,503	47%	-6%	21%
• FCMB UK	(78)	(23)	(22)	(45)	-72%	-6%	0%
• Arab Gambia Islamic Bank ²	44	(15)	(16)	(31)	-136%	5%	0%
Investment Banking Group							
• FCMB CM	49	43	280	323	472%	554%	5%
• CSL Stockbrokers	10	43	51	94	412%	19%	1%
FCMB Group Plc	n/a	n/a	(1)	(1)	n/a	n/a	n/a
• City Securities Registrars ²	75	n/a	n/a	n/a			
• FinHomes ²	13	n/a	n/a	n/a	n/a	n/a	n/a
• FinBank Insurance Co. Ltd ²	32	n/a	n/a	n/a	n/a	n/a	n/a
• FinBank Insurance Brokers Ltd ²	5	n/a	n/a	n/a	n/a	n/a	n/a
• FinBank Registrars ²	3	n/a	n/a	n/a	n/a	n/a	n/a
• FinBank Sec. & Asset Mgmt ²	26	33	(33)	0	-228%	-201%	-1%
• FinBank Capital ²	16	9	(9)	0	-156%	-201%	0%
GROUP	3,405	4,832	5,815	10,647	71%	20%	100%

Notes:

- 2Q13 Results are for FCMB Group Plc and its subsidiaries, while 2Q12 and 1Q13 represent figures for FCMB (Bank) and its subsidiaries as at those dates (i.e. prior to restructuring into FCMB Group Plc).
- Sold/ liquidated/ Sales & Purchase Agreement (SPA)-executed (see slide 8 for status).



Introduction to FCMB Group Plc

Group Performance

Commercial & Retail Banking Group: Business Review

Risk Management Review

Investment Banking Group: Business Review

2013 Outlook



Key Performance Indices

BANK GROUP

Performance Index		2Q12	1Q13	2Q13	%Δ YoY	%Δ QoQ	HY13	%Δ YoY
Operating	Return on Equity	8.3%	12.4%	15.2%	83.0%	22.5%	14.2%	39.9%
	Return on Assets	1.6%	2.2%	2.4%	48.9%	8.3%	2.3%	31.5%
	Loan/Deposit Ratio	58.6%	52.4%	64.8%	10.6%	23.7%	64.8%	10.5%
	Cost/Income Ratio	88.3%	72.8%	67.7%	-23.3%	-7.0%	70.2%	-10.7%
	Net Interest Margin	6.6%	8.2%	8.3%	25.8%	1.2%	8.3%	25.8%
	NPL/Total Loans	6.4%	3.3%	3.6%	-44.5%	7.6%	3.6%	-44.5%
	Coverage Ratio	101.4%	70.8%	53.9%	-46.9%	-23.9%	65.8%	-35.1%
	NII/Operating Income	32.7%	31.9%	33.7%	2.9%	5.5%	32.8%	-4.2%
Capital & Liquidity	Capital Adequacy Ratio	25.1%	27.2%	21.0%	-16.4%	-22.9%	21.0%	-16.4%
	Liquidity Ratio	58.7%	49.0%	49.3%	-16.0%	0.7%	49.3%	-16.0%
Others	Opex (N'B)	14.4	14.0	14.5	0.6%	3.5%	27.9	5.6%
	Risk Assets (net) (N'B)	330.3	329.0	389.0	17.8%	18.2%	389.0	17.8%
	Deposit (N'B)	563.3	628.4	600.4	6.6%	-4.4%	600.4	6.6%

Income Statement: Highlights

FCMB



BANK GROUP

N'm	2Q12	1Q13	2Q13	%Δ		HY13	%Δ YoY
				YoY	QoQ		
Revenue	27,714	31,228	30,664	11%	-2%	61,892	15%
Interest Income	22,550	25,090	23,753	5%	-5%	48,843	15%
Interest Expense	(10,590)	(11,979)	(10,129)	-4%	-15%	(22,107)	10%
Net Interest Income	11,960	13,112	13,625	14%	4%	26,736	21%
Non Interest Income							
- Fees & Commissions	3,424	3,166	4,712	38%	49%	6,878	-11%
- Trading Income	751	88	(9)	-101%	-110%	79	-90%
- Others	1,317	2,903	1,115	-15%	-62%	5,018	55%
Operating Income	17,453	19,268	19,442	11%	1%	38,710	14%
Operating Expenses	(14,441)	(14,006)	(13,910)	-4%	-1%	(27,917)	6%
Cost of Credit							
- Net credit losses	722	(411)	(1,226)	-270%	198%	(1,636)	-384%
Net gains/(losses) from fin. instruments at fair value	(329)	(18)	1,093	-432%	-6050%	1,074	-739%
PBT	3,405	4,832	5,399	59%	12%	10,232	31%

Balance Sheet: Highlights

FCMB

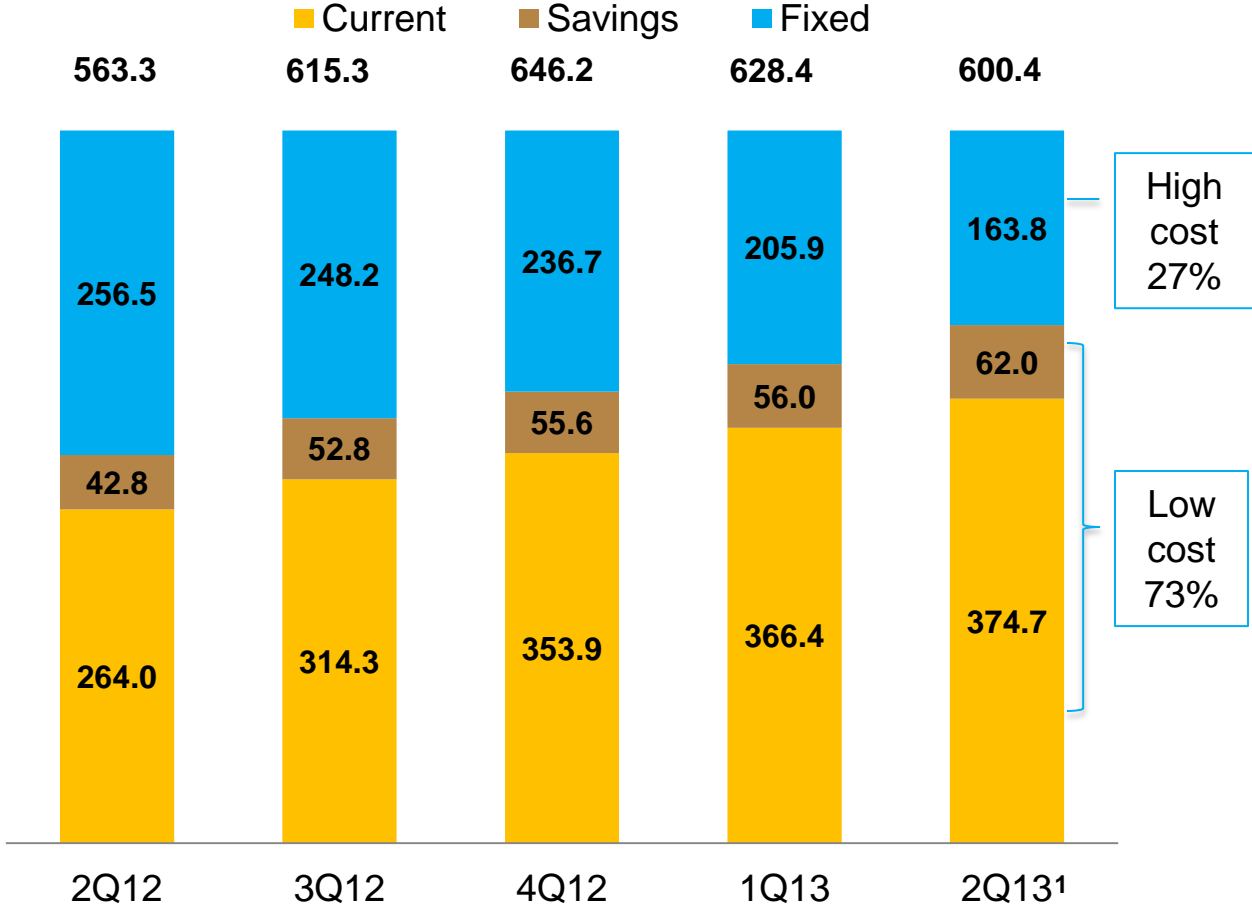


BANK GROUP

	2Q' 12	3Q'12	4Q'12	1Q' 13	2Q'13	% Δ YoY	% Δ QoQ
Liquid assets	63,537	73,649	89,976	88,332	81,176	28%	-8%
Loans and advances to banks	111,191	126,389	92,537	64,636	70,338	-37%	9%
Loans and advances	330,315	363,163	357,799	329,038	388,999	18%	18%
Investments	266,753	241,578	244,993	302,139	263,231	-1%	-13%
Assets pledged as collateral	26,079	26,079	40,794	31,070	39,280	51%	26%
Intangible assets	18,875	18,833	11,895	11,848	6,422	-66%	-46%
Deferred tax assets	4,102	4,102	4,938	4,938	4,758	16%	-4%
Other assets	14,578	15,075	39,284	36,795	25,729	76%	-30%
Fixed assets	29,069	28,520	26,331	26,407	26,686	-8%	1%
Total Assets	864,499	897,389	908,546	895,203	906,621	5%	1%
<u>LIABILITIES:</u>							
Customer deposits	563,250	615,316	646,217	628,369	600,426	7%	-4%
Deposits from banks	52,371	-	52	21,521	80,361	53%	273%
Other liabilities	86,362	126,335	103,329	84,710	73,730	-15%	-13%
Borrowings	35,673	25,093	26,933	24,322	25,634	-28%	5%
Shareholders' funds	126,843	130,645	132,015	136,282	126,469	0%	-7%
Liabilities and Shareholder Equity	864,499	897,389	908,546	895,203	906,621	5%	1%
Acceptances & Guarantees	205,886	164,406	121,081	144,042	144,892	-30%	1%

Current and Savings Account Growth: 44% YoY and 3.3% QoQ

Deposit Mix Analysis

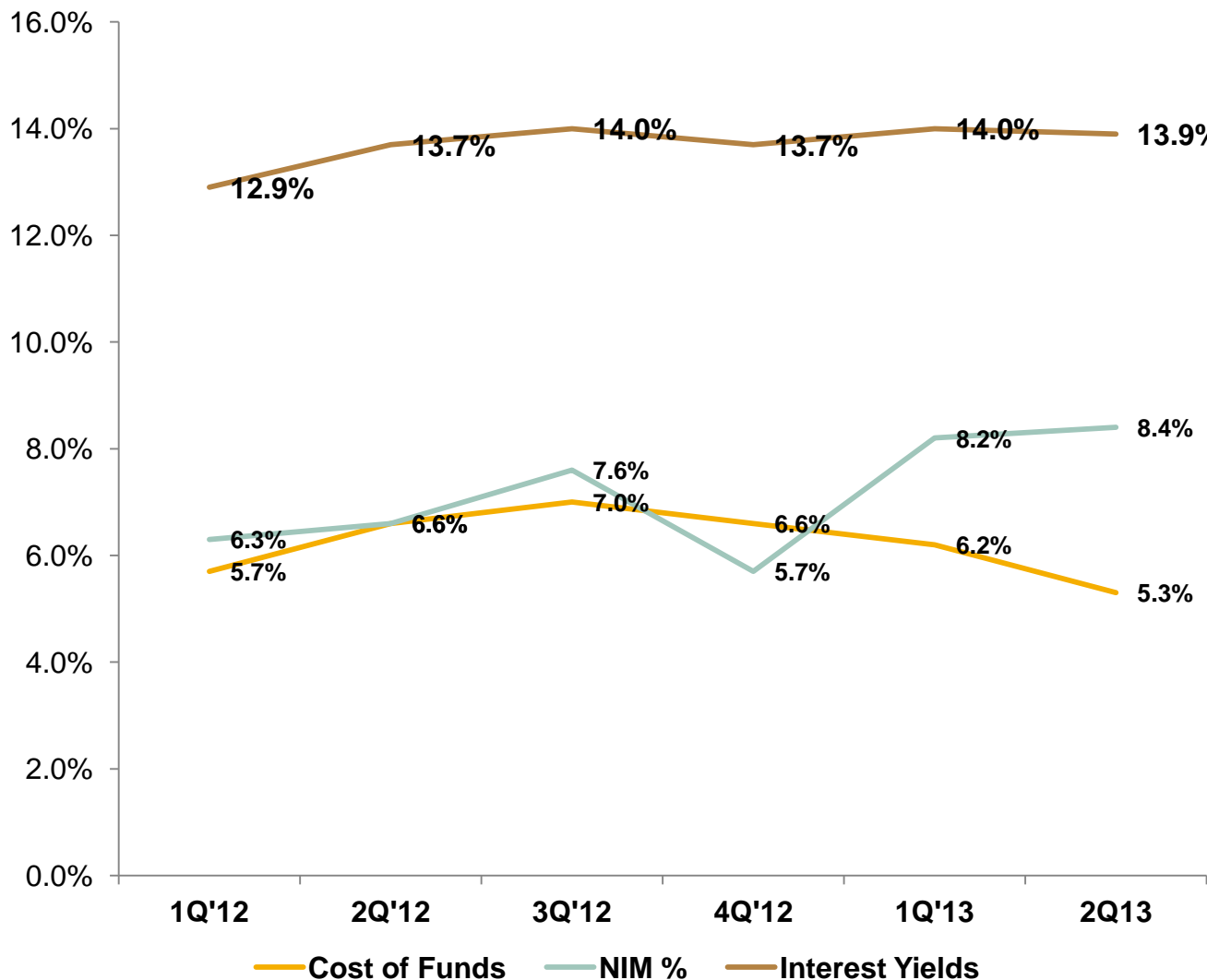


Comments

❖ There has been a deliberate strategy to improve NIM's and shed high priced fixed deposits

Notes:
1. 2Q13 Results are for FCMB Group Plc and its subsidiaries, while 2Q12 to 1Q13 represent figures for FCMB (Bank) and its subsidiaries as at those dates (i.e. prior to restructuring into FCMB Group Plc).

Cost of Funds, Interest Yields & NIM Trend



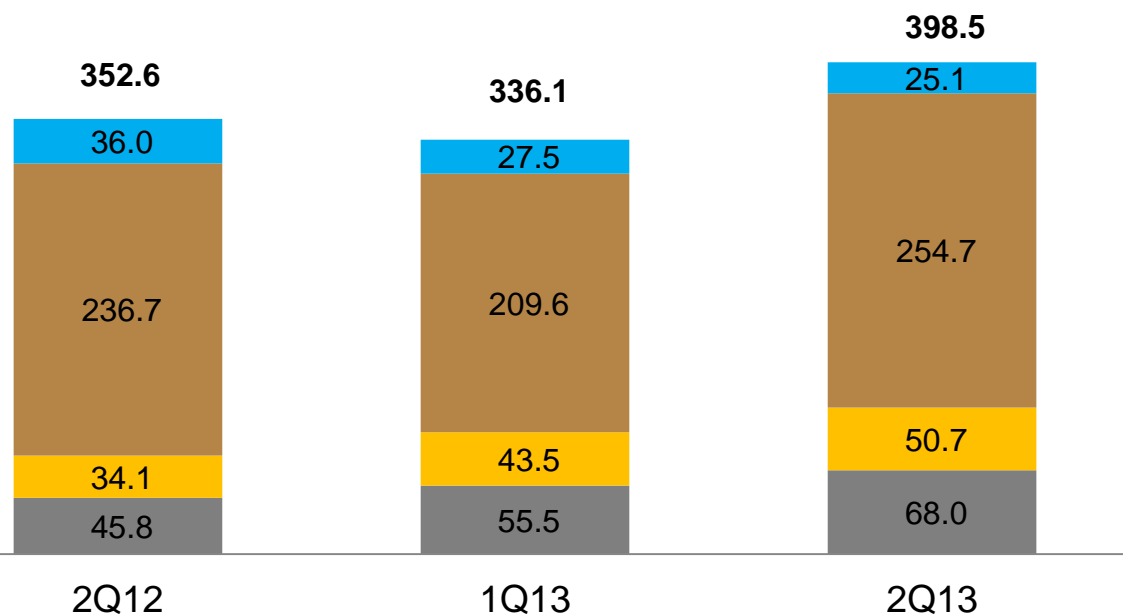
Comments

- ❖ The improvement in NIM was driven by:
 - Growth in retail risk assets;
 - Growth in low cost deposits and improved mix; and
 - Interbank arbitrage.

Loan Distribution by Business Segment

Personal Banking
 Business Banking
 Corporate Banking
 Institutional Banking

Loans per segment (N'bn)



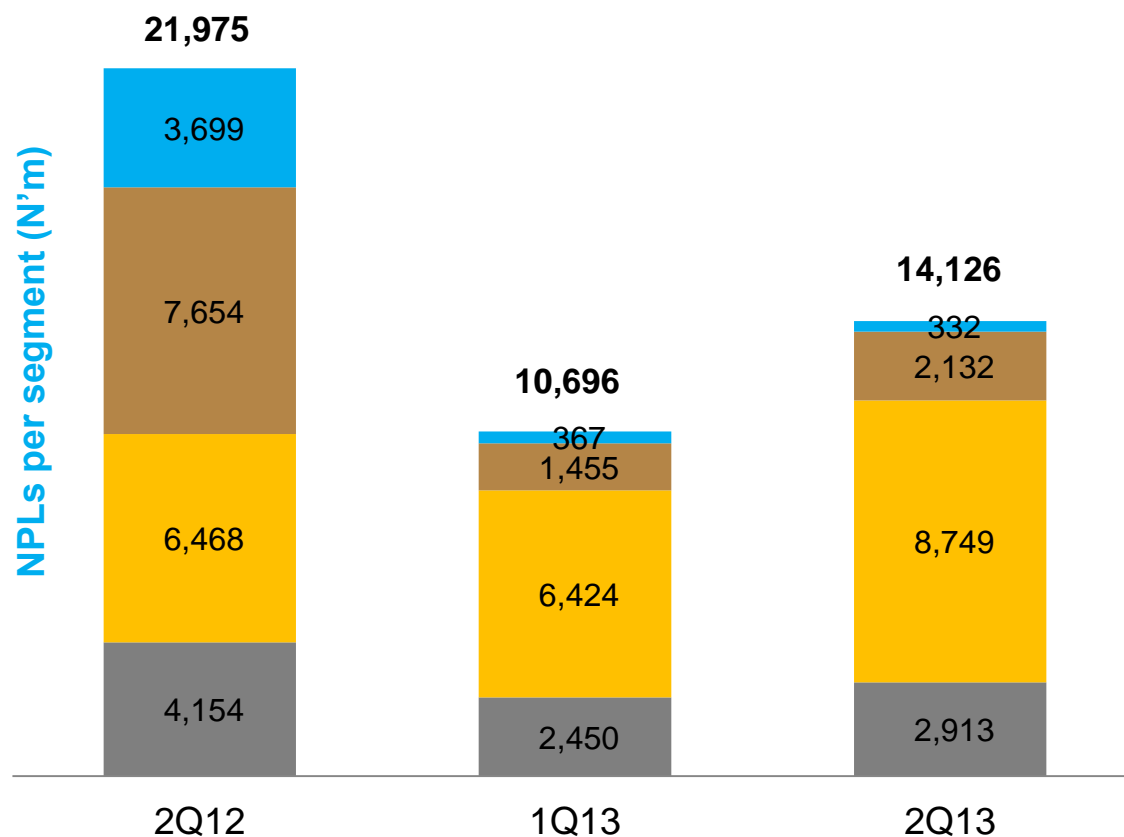
	% Δ YoY	% Δ QoQ	% Δ YTD
Personal	48.40%	22.62%	38.59%
Business	48.53%	16.66%	-7.18%
Corporate	7.64%	21.55%	10.95%
Institutional	-30.30%	-8.74%	-18.35%

Comments

- ❖ Recovery of corporate banking evident with 21% loan growth in the quarter, coming from the following sectors: Agriculture, Real Estate, Oil and Gas Upstream and Telecoms. Outlook for rest of year is strong but will not match 2Q13 performance.
- ❖ Personal banking loan growth rate of 23% for the quarter is sustainable for future quarters and will have a positive impact on asset yields and interest margins.
- ❖ Business banking growth of 16.7% for the quarter will reduce to approximately 10% per quarter.
- ❖ Decline in Institutional banking came from public sector loan repayments and caution in expanding credit to the sector.

NPL Distribution by Business Segment

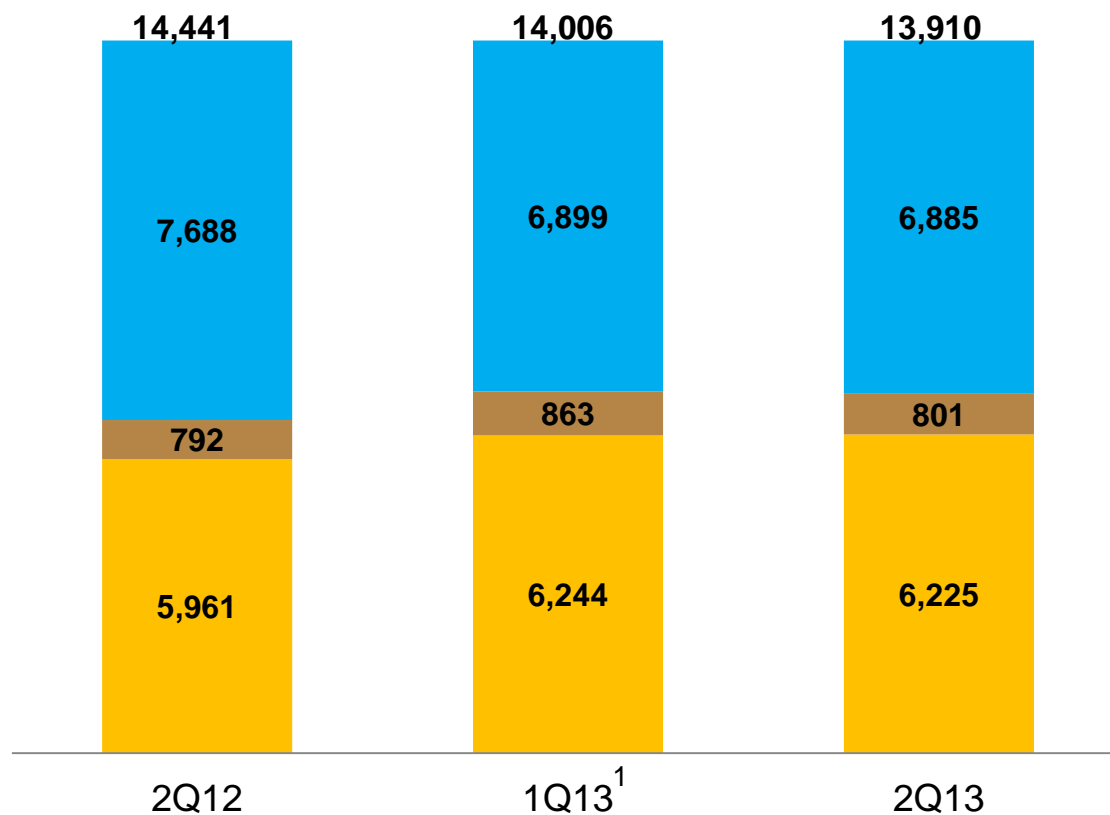
- Personal Banking
- Business Banking
- Corporate Banking
- Institutional Banking



	% Δ YoY	% Δ QoQ
Personal	-29.9%	18.9%
Business	35.3%	36.2%
Corporate	-72.1%	46.5%
Institutional	-91.0%	-9.4%
Total	-35.7%	32.1%

Opex Distribution by Expense Line

■ Personnel
 ■ Dep. & Amort.
 ■ Other Expenses

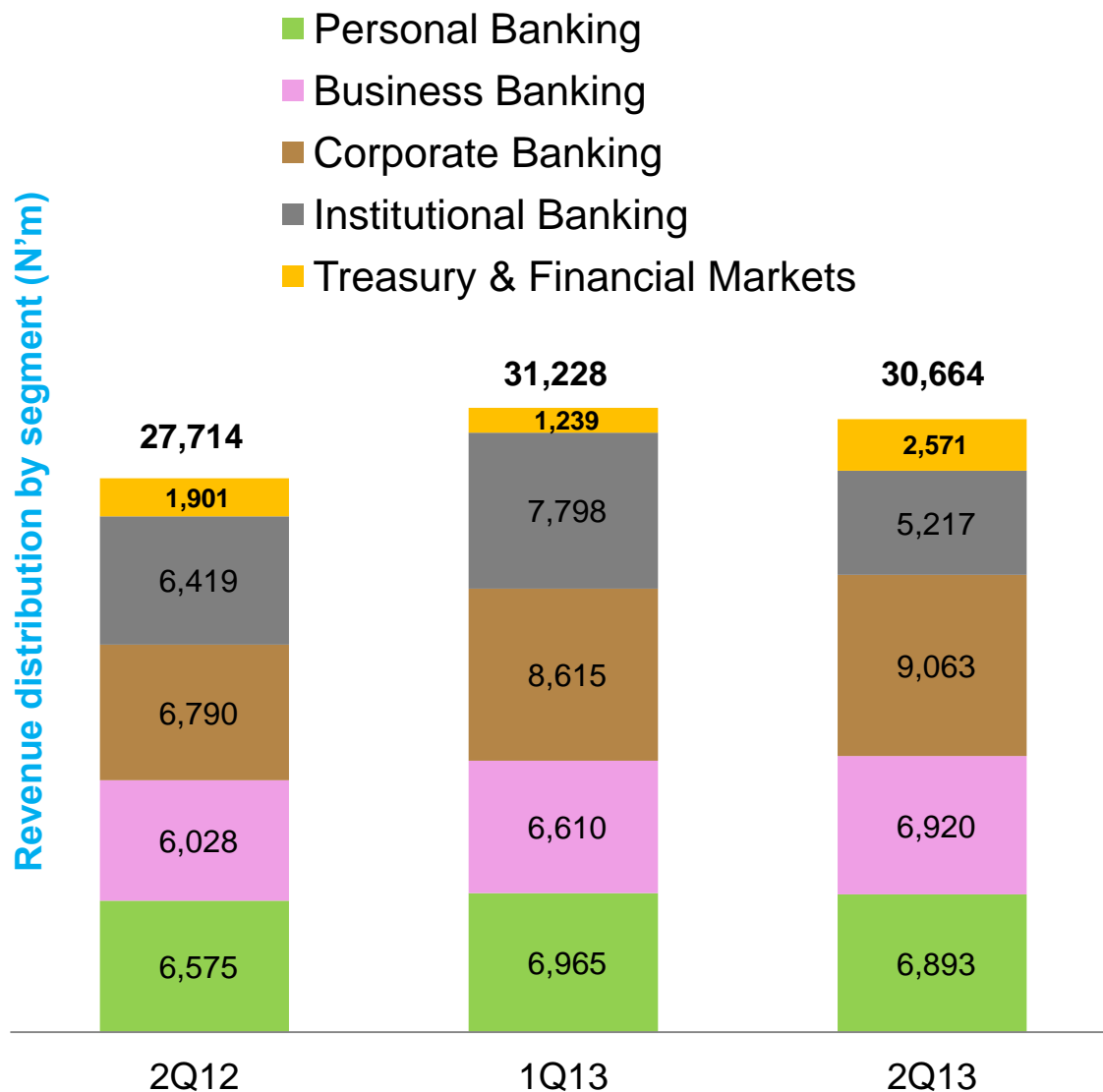


Expense Line	% Δ YoY	% Δ QoQ
Personnel expenses	-4%	0.3%
Depreciation & amortisation expenses	-1%	7.7%
Other expenses	10%	0.2%
Total	4%	0.7%

Notes:

1Q13 included CSL Stockbrokers Ltd. and FCMB Capital Markets Ltd, These were not included in the consolidated Bank Group as a result of restructuring that occurred in 2Q13. If these were to be isolated, staff costs and OPEX would have grown by N137m, 2.1% and N115m, 1.7% respectively, while total OPEX would have grown 1.8% QoQ.

Revenue Distribution by Business Segment



	% Δ YoY	% Δ QoQ	2Q13 % DISTR.
Personal	5%	-1%	22%
Business	15%	5%	23%
Corporate	33%	5%	30%
Institutional	-19%	-33%	17%
Treasury & Financial Markets	35%	107%	8%
Total Gross Revenue	11%	-2%	100%

Overview of Businesses

- ❖ Improving NIMs as a result of improved deposit mix and rising contribution of retail loans.
- ❖ Robust and diversified loan growth with strong contributions in growth from upstream oil and gas (12.7% of loan portfolio), agriculture (8.8%), individuals (14.6%)
- ❖ Non Interest Revenue defies COT impact due to strong retail fees and commissions and recovery of trading income.

Retail (Personal Banking):

- ❖ Retail lending continues to be a key driver of revenue growth. NPLs reducing and under control at 4.2% in the personal banking space.
- ❖ Currently disbursing 10,000 loans a month in the bank, and 10,000 in CDL. This represents 100% growth in consumer loan sales (by count), driven by improved processes, better management of customer experience and added distribution capacity from FinBank branches.
- ❖ Customer acquisition at c.40,000 a month.
- ❖ Bancassurance is also contributing materially to non-interest income (N80m monthly in risk- free commissions and rising).
- ❖ CDL continues its strong momentum with 46% growth in profit and 45% growth in sales on a Year-on-Year (YoY) basis for H1 2013.
- ❖ H2 focus will be to transfer this success to retail deposit growth and transaction commissions.

Overview of Businesses - Continued

Business Banking:

- ❖ Despite being 12.7% of loan book, business banking represents 60% of NPL's and the key driver of NPL growth, requiring a simplification and rationalisation of credit products.
- ❖ Greater focus on collections and transaction banking going forward.

Corporate Banking:

- ❖ After winding down on problematic downstream exposures, growth has resumed to corporate banking. Risk acceptance criteria is tightened towards higher quality borrowers, In addition, new opportunities are emerging in sectors, such as power, agriculture, upstream oil and gas.
- ❖ NPL ratio at 1.5% of total book.
- ❖ Corporate banking's profitability is also being driven increasingly by cash management float income and synergies with Investment banking. Strong prospects for the remainder of the year.

Institutional Banking¹:

- ❖ Deposits at risk, as a result of the CBN's new Cash Reserve Ratio (CRR) regime, relating to deposits from government and its parastatals, is approximately 16%; risen as a result of FinBank acquisition. Cost of cash reserve for remainder of the year will be approximately N2.5 billion. Aim is to offset through price and yield enhancements, volume growth in other areas and tighter cost management.



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Gross Loan Distribution by Sector (N'm)

Industry Sector	2Q'12	3Q'12	4Q'12	1Q'13	NPL %	2Q'13	% DISTR.	NPL %
AGRIC	7,155	16,720	13,655	12,826	0.3%	34,106	8.8%	0.4%
COMMERCE	51,163	50,903	52,382	52,461	9.6%	55,602	14.4%	11.8%
CONSTRUCTION	8,490	9,656	7,445	5,444	2.0%	8,219	2.1%	4.9%
EDUCATION	3,999	4,572	4,598	4,514	2.6%	4,603	1.2%	9.5%
FINANCE & INSURANCE	10,407	13,608	13,824	8,109	4.9%	6,091	1.6%	5.6%
GENERAL - OTHERS	5,181	5,190	5,014	4,713	2.2%	6,750	1.7%	3.0%
GOVERNMENT	34,126	36,511	28,702	25,987	0.1%	23,123	6.0%	0.2%
INDIVIDUAL	47,094	45,238	49,012	55,478	4.4%	68,274	17.1%	4.2%
MANUFACTURING	28,919	27,885	27,390	28,436	0.4%	27,329	7.1%	0.4%
OIL&GAS- DOWNSTREAM	52,791	67,814	67,339	41,761	3.2%	45,401	11.7%	3.6%
OIL&GAS- UPSTREAM&SVS	26,078	25,247	40,704	42,786	0.0%	49,185	12.7%	0.0%
POWER & ENERGY	4,957	4,840	4,609	4,369	0.3%	6,164	1.6%	0.1%
PROFESSIONAL SERVICES	1,002	1,586	774	592	18.7%	1,822	0.5%	6.2%
REAL ESTATE	28,630	30,621	25,323	24,221	3.4%	33,921	8.8%	3.5%
TELECOMMS	39,783	42,730	21,637	21,765	0.0%	25,165	6.5%	0.0%
TRANSPORTATION & LOGISTICS	2,819	1,193	1,566	2,496	0.7%	2,775	0.7%	3.1%
	352,594	384,314	363,974	335,958	3.3%	398,528	100.0%	3.6%

Comments

- ❖ Growth in the NPL ratio in some sectors was due to the following :
 - **Education** – due majorly to a single facility with a good prognosis of recovery.
 - **Commerce** – due largely to contractor and receivable financing to government contractors. A substantial reduction in exposure to government contractors is underway as a result of tightening of risk acceptance criteria. This will see commerce being gradually reduced to 10% of the loan book and kept within that limit.



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Investment Banking Group Review

Investment Banking ¹ Group	2Q12	1Q13	2Q13	% Δ YoY	% Δ QoQ
N'm					
Gross earnings	298	381	985	231%	159%
Net Interest Income	75	70	69	-9%	-2%
Non Interest Income	223	311	536	141%	73%
Operating Income	298	381	605	103%	59%
Expenses	(239)	(276)	(299)	25%	8%
Impairment Charges	(0)	(18)	25	n/a	237%
PBT	59	86	331	464%	286%
CIR	80%	73%	49%	-39%	-32%

Notes:

1. Investment Banking Group comprises of FCMB Capital Markets Ltd. and CSL Stockbrokers Ltd.



Overview of Investment Banking

Investment Banking Group:

- ❖ Joint Issuing House on a successful N55bn Rights Issue, the largest equity capital markets issuance transaction in Nigeria in 2 years;
- ❖ Technical Bank and Co-Mandated Lead Arranger on a US\$225 million Energy project finance debt facility;
- ❖ Financial adviser and overall transaction co-ordinator, on a Fast Moving Consumer Goods (FMCG) merger and acquisition (M&A) deal;
- ❖ Lead broker to the acquirer on the aforementioned FMCG M&A deal;
- ❖ Grew average market share in stock-broking on the NSE from 5% in 2012 to 7% in 1H13 and also maintained 3rd position in value traded, on the back of new institutional accounts and increasing our wallet share of existing accounts.

Outlook to Year-End:

- ❖ Expect to maintain brokerage market share and execute on a few substantial private equity capital raisings;
- ❖ Continue to grow Upstream Oil & Gas franchise by winning mandates across the advisory and capital raising (equity, mezzanine and debt) spectrum;
- ❖ Identify viable acquisition targets in the FMCG space for financial and strategic investors that have expressed strong buy-side interest;
- ❖ Successfully execute ongoing advisory and capital-raising mandates, towards meeting FY 2013 earnings target.



Overview of Investment Banking - *Continued*

2013 Transactions (Closed & Ongoing)

- ❖ Completed seven capital raising deals in H1 2013 with an aggregate value of N183 billion
 - Equity Capital Markets – N55 billion
 - Project & Structured Finance – N128 billion

- ❖ Project and Structured Finance deals completed in H1 have, and will, contribute N31 billion to the Banks' loan book.

- ❖ Capital Raising: In excess of 10 ongoing capital raising transactions with an aggregate value of N586 billion:
 - Equity Capital Markets – N55 billion;
 - Debt Capital Markets – N23 billion;
 - Project and Structured Finance – N508 billion,

Of the above, we anticipate that transactions, with an aggregate value of N285 billion, should close in H2 2013.



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- ❖ Loan growth momentum should be sustained and should grow by at least 15% from 30 June 2013 figure.
- ❖ Low cost deposit growth should accelerate in the second half of 2013.
- ❖ Cost of risk will remain within 1% to 1.5% guidance.
- ❖ Despite retail loan growth and improving deposit mix, NIM growth will be impeded or reverse slightly due to CRR effect.
- ❖ Non Interest income will remain strong in H2, driven by transaction commissions, risk asset related fees and investment banking group income.
- ❖ Barring any unforeseen circumstances, and in spite of the impact of the CBN's 50% Cash Reserve Ratio (CRR) on all public sector deposits, we expect H2 2013 to be stronger than than H1 2013 on a pre and post tax level.