



HY  
2018

INVESTORS AND ANALYSTS PRESENTATION  
31 JULY 2018



AUM	Assets Under Management
CAR	Capital Adequacy Ratio
CIR	Cost to Income Ratio
CRB	Commercial & Retail Banking
CRR	Cash Reserve Ratio
FCAM	First City Asset Management Ltd
FCMB CM	FCMB Capital Markets Ltd
FCY	Foreign Currency
FX	Foreign Exchange
LCY	Local Currency
N/A	Not Applicable/ Not Available
NII	Non Interest Income

NIM	Net Interest Margin
NPL	Non Performing Loan
OPEX	Operating Expenditure
PAT	Profit After Tax
PBT	Profit Before Tax
QoQ	Quarter-on-Quarter
ROA	Return on Average Assets
ROE	Return on Average Equity
SME	Small & Medium Enterprises
YoY	Year-on-Year
YTD	Year to Date

# AGENDA



## Introduction



## HY 2018 Results Overview



## Group Performance Review:

- Commercial & Retail Banking
  - Performance Review
  - Risk Management Review
- Asset & Wealth Management
- Investment Banking



## Looking Ahead



## Introduction:

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FCMB Group Plc

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



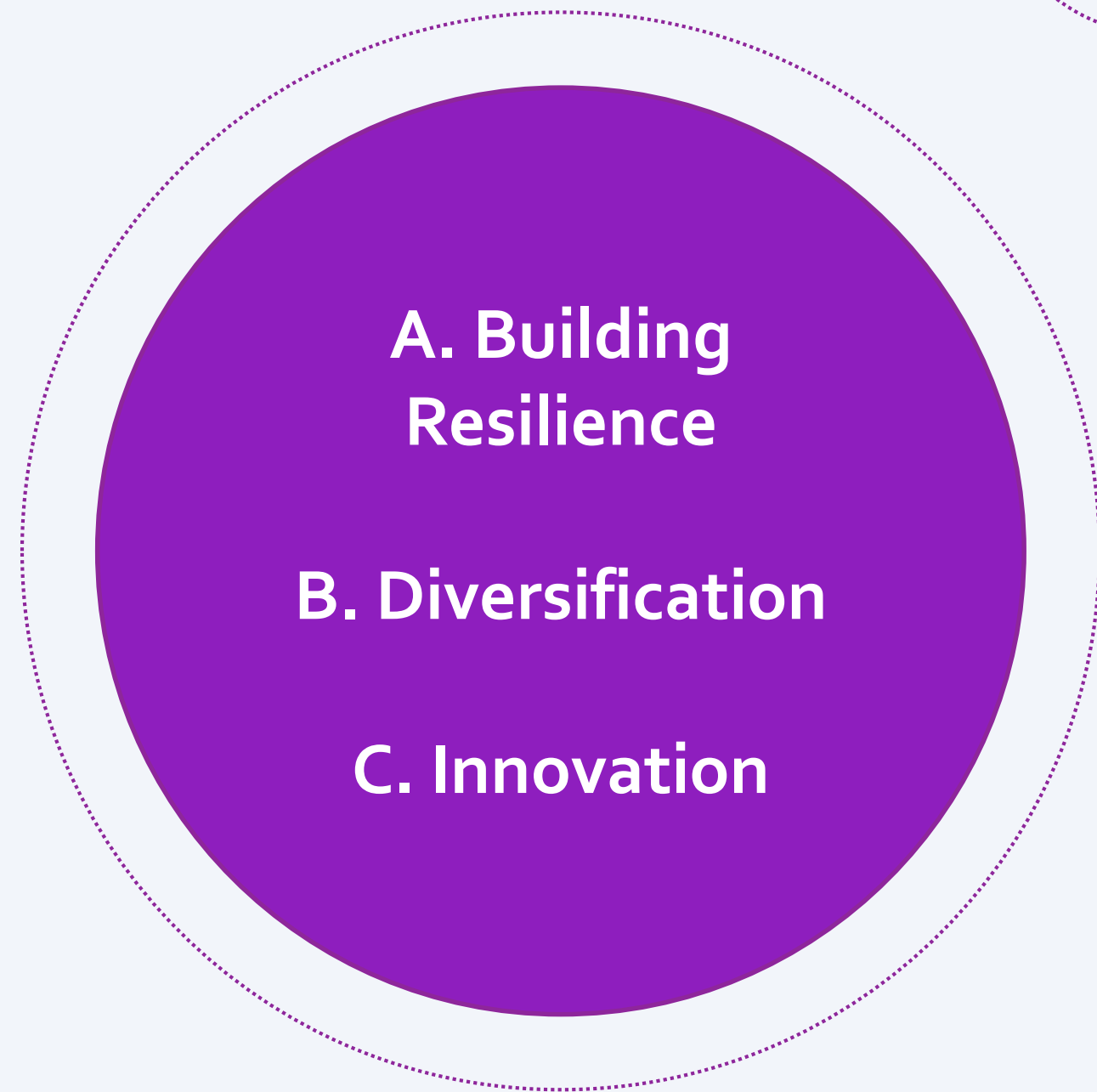
## Macro-Economy & Regulatory Environment

- **Macro-economy remains sluggish, but stable – especially around exchange rate and inflation**
- **Regulatory costs** - particularly CRR and a further rise in AMCON levy – **continue to weigh heavily on the performance of the bank.**

## Introduction

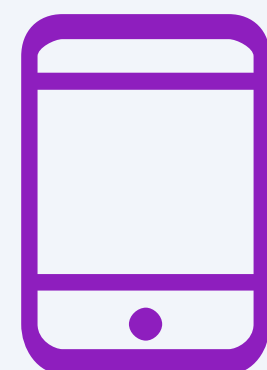
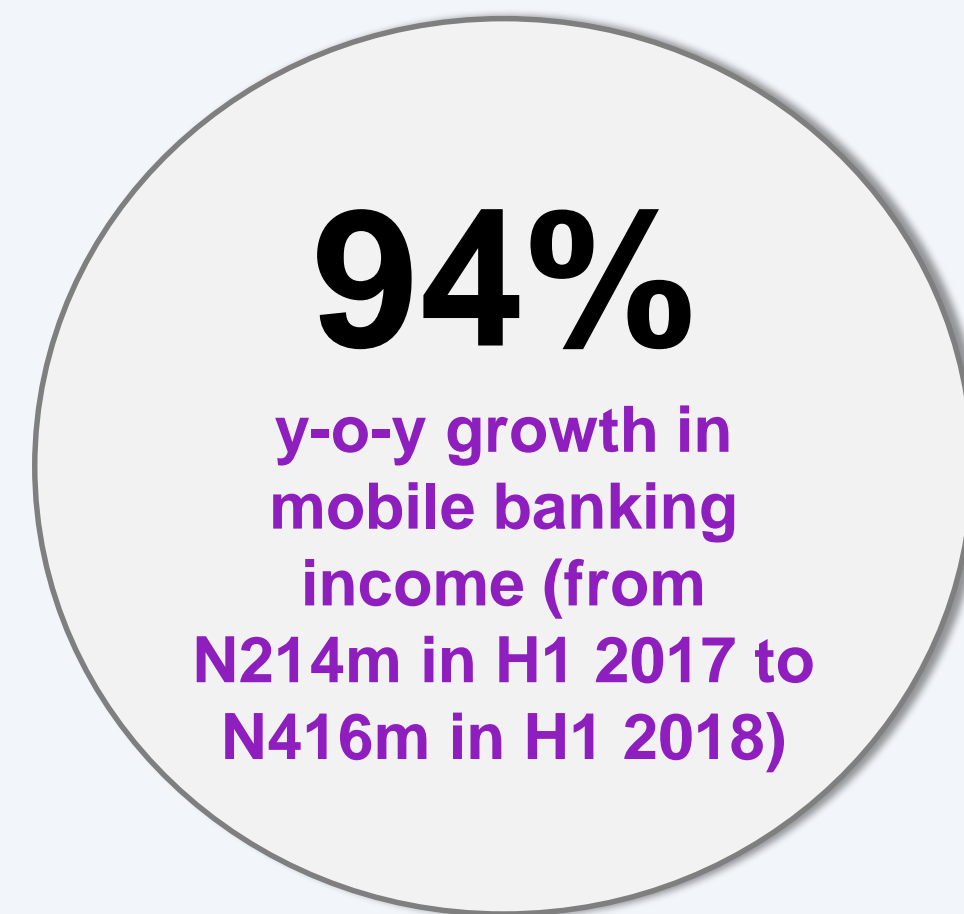
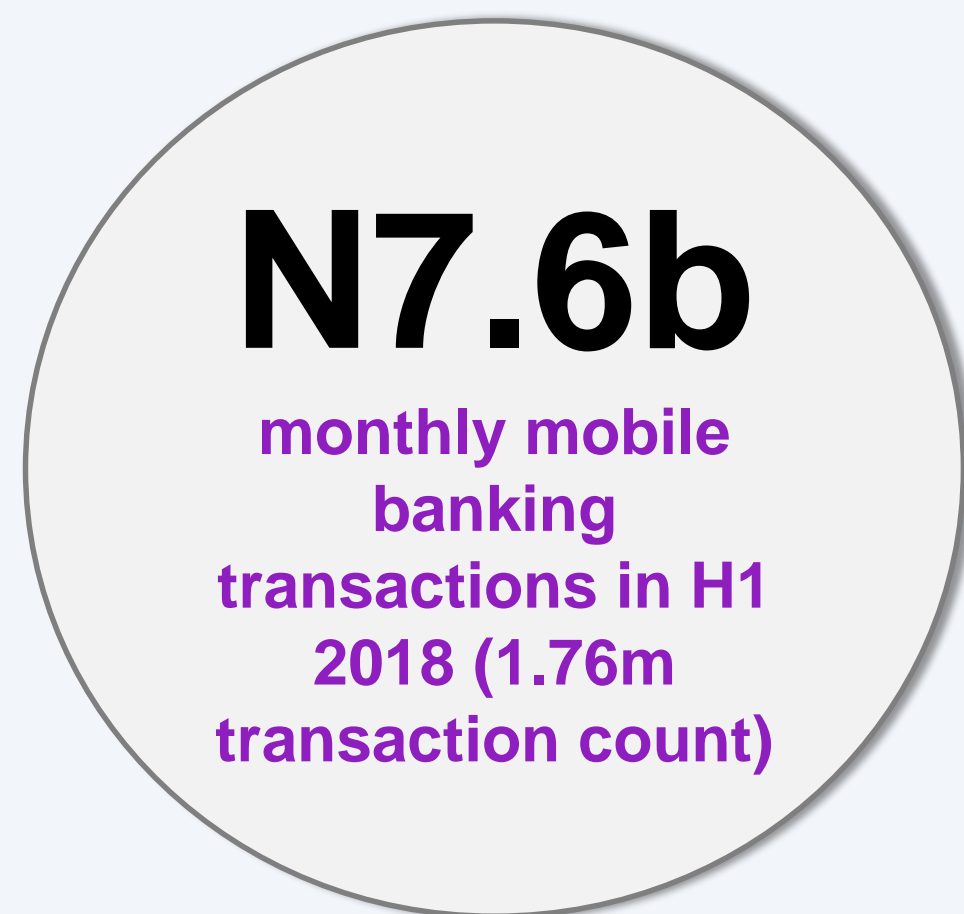
## HY 2018 Highlights

- **89.7% PAT growth year-on-year**
- Rising contribution from **non-banking operations**, particularly asset and wealth management, which is now 14% of group PBT
- **Moderating cost of risk**
- Steady **Net Interest Margin** at **8%** due to consumer finance, to be complemented by digital lending and microfinance.
- **Rise in transaction commissions** from a growing portfolio of **digital banking services**
- **Loan book declines** as a result of a more conservative asset creation approach particularly in Corporate space. However number of loans being originated is picking up as we continue to diversify our portfolio which portends well for the future, and will be further accelerated by digital.
- **Corporate Banking** being driven by a less capital intensive strategy, namely transaction banking, treasury and investment banking activities.
- Q2 saw the variation of **FCMB Bank UK's deposit taking** permission to include **retail deposits**. Impact of this will be accelerated growth in UK balance sheet and profitability, which stood at \$223 million and \$0.5 million respectively at the end of H1 2018 (34% YoY improvement).



## Strategic Themes

- 01** Portfolio is divided into 3 broad business groups: commercial & retail banking; investment banking and asset & wealth management.
- 02** Non-interest income growth will be driven by digital banking, corporate transaction banking and wealth management; should continue to witness significant YoY growth subject to regulatory tariff reductions.
- 03** Build foreign currency contribution to revenue and NAV, and reducing loan book concentration in order to weather commodity price cycles.
- 04** Capital light corporate and investment banking.
- 05** A diversified portfolio of consumer finance products, including FCMB's traditional salary loans; CDL's "sharp sharp" loans; microfinance in the MFB (where we have a state licence) and the bank, where we run the rest of the business; an emerging array of digital lending solutions.



## Digital Drive

The Digital Drive starting to impact business performance

### Expected Impact

- improve customer experience (Mobile Banking Net Promoter Score improved by 65% between 2017 & 2018)
- increase revenues
- Significantly improve unit economics
- Improve speed to Market, collaboration and innovation pipeline

### Focus Areas

- Near term will be felt most in Personal Banking, SME banking and Asset Management

### Key 2018 initiatives:

- Launched digital lending platform (for current FCMB customer) in Q2 2018
- Extending digital lending platform to capture new (non-FCMB) customers in Q3 2018
- Digital Savings & Investment Platform to be launched in Q3 2018



# HY18 Results Overview:

FCMB Group Plc

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







## Group Performance Highlights

KPIs improved QoQ and YoY, buoyed by growth in non-interest income and improved cost of risk. Increase in NPL is adequately covered under IFRS 9

Performance Index		1Q18	2Q18	%Δ QoQ	HY17	HY18	%Δ YoY
Operating	Return on Average Equity	5.7%	6.9%	21.6%	3.4%	6.3%	86.2%
	Return on Average Assets	0.8%	1.0%	23.2%	0.5%	1.0%	84.6%
	Loan/Deposit Ratio	79.7%	81.2%	1.9%	102.5%	81.2%	-20.7%
	Loan/Funding Ratio	61.1%	60.9%	-0.4%	69.5%	60.9%	-12.4%
	Cost/Income Ratio	68.6%	75.7%	10.3%	70.0%	72.1%	3.0%
	Net Interest Margin	7.5%	7.9%	5.2%	7.6%	8.0%	4.7%
	NPL/Total Loans	5.3%	5.7%	6.8%	4.7%	5.7%	20.6%
	Coverage Ratio <sup>1</sup>	135.7%	132.5%	-2.4%	132.2%	132.5%	0.2%
	NII/Operating Income	31.2%	32.6%	4.5%	28.3%	31.9%	13.0%
	Financial Leverage	6.7	6.6	-1.4%	6.5	6.6	0.9%
Cost of Risk	2.8%	0.8%	-72.4%	2.8%	1.8%	-35.5%	
Capital & Liquidity	Capital Adequacy Ratio	18.1%	18.0%	-0.5%	17.3%	18.0%	4.2%
	Liquidity Ratio	46.6%	40.6%	-12.9%	30.1%	40.6%	34.9%
Investment	Share Price	2.38	2.18	-8.4%	1.25	2.18	74.4%
	NAV	176.5	177.0	0.3%	180.4	177.0	-1.9%
	Dividend	0.0	0.0	n/a	0.0	0.0	n/a
	EPS	52.2	62.7	20.0%	30.5	57.1	87.4%
Others	Opex (N'B)	17.7	19.7	11.1%	31.7	37.4	17.9%
	Risk Assets (net) (N'B)	595.8	586.0	-1.7%	649.2	586.0	-9.7%
	Customer Deposits (N'B)	747.7	721.3	-3.5%	633.5	721.3	13.9%



## FCMB's Operating Companies' Contribution to Profitability:

Commercial & Retail Banking remains the dominant contributor, however, ROaE continued to improve in Asset & Wealth Management and Investment Banking divisions

N'm	PBT	PAT	Revenue	ROAE	NAV	% Contribution to Group PBT
Commercial & Retail Banking <sup>1</sup>	5,109	4,141	79,874	5.0%	160,996	72%
Asset & Wealth Management <sup>2</sup>	1,028	723	2,006	33.3%	4,378	14%
Investment Banking <sup>3</sup>	273	168	912	10.3%	3,383	4%
<b>FCMB Group Plc (Separate)</b>	694	694	1,232	n/a	128,479	10%

Notes:

1. Includes FCMB Microfinance Bank Ltd, Credit Direct Ltd and FCMB (UK) Ltd.
2. Includes Legacy Pension Managers; FCAM and CSL Trustees Ltd
3. Includes CSL Stockbrokers (ex FCAM) and FCMB Capital Markets Ltd.



## Group Statements of Comprehensive Income

PBT improved QoQ and YoY driven by growth in non-interest income and reduction in impairment charge. However, Opex grew QoQ mainly due to increase in AMCON levy by N1bn and other expenses on alternate channels development

N'm	1Q18	2Q18	%Δ QoQ	HY17	HY18	%Δ YoY
<b>Revenue</b>	<b>42,171</b>	<b>41,753</b>	<b>-1.0%</b>	<b>77,508</b>	<b>83,925</b>	<b>8.3%</b>
Interest Income	32,649	31,661	-3.0%	62,354	64,310	3.1%
Interest Expense	(14,898)	(14,143)	-5.1%	(29,857)	(29,041)	-2.7%
<b>Net Interest Income</b>	<b>17,751</b>	<b>17,518</b>	<b>-1.3%</b>	<b>32,497</b>	<b>35,269</b>	<b>8.5%</b>
<b>Non Interest Income</b>	<b>8,058</b>	<b>8,479</b>	<b>5.2%</b>	<b>12,796</b>	<b>16,537</b>	<b>29.2%</b>
- Net Fees & Commissions	4,788	5,146	7.5%	7,210	9,934	37.8%
- Trading Income	1,754	2,158	23.0%	1,357	3,912	188.3%
- FX Income	941	408	-56.6%	604	1,349	123.4%
- Others	576	767	33.2%	3,625	1,343	-63.0%
<b>Operating Income</b>	<b>25,810</b>	<b>25,997</b>	<b>0.7%</b>	<b>45,292</b>	<b>51,806</b>	<b>14.4%</b>
<b>Operating Expenses</b>	<b>(17,700)</b>	<b>(19,668)</b>	<b>11.1%</b>	<b>(31,708)</b>	<b>(37,369)</b>	<b>17.9%</b>
Net impairment loss on loans	(4,598)	(1,277)	-72.2%	(9,484)	(5,875)	-38.1%
Other impairment loss	(255)	(1,203)	371.6%	(488)	(1,458)	198.9%
Net gains/(losses) from fin. instruments at fair value	0	0	0.0%	103	0	n/a
Share of Post tax result of Associate	0	0	n/a	108	0	n/a
<b>PBT</b>	<b>3,256</b>	<b>3,848</b>	<b>18.2%</b>	<b>3,824</b>	<b>7,105</b>	<b>85.8%</b>
<b>PAT</b>	<b>2,586</b>	<b>3,140</b>	<b>21.4%</b>	<b>3,019</b>	<b>5,726</b>	<b>89.7%</b>



## Group Statements of Financial Position

Total assets declined YoY and QoQ due to pay-down of high cost deposits and reduction in the loan book

N'm	June. 2017	Mar. 2018	June. 2018	% Δ QoQ	% Δ YoY
Cash and cash equivalents	104,643	172,785	136,340	-21.1%	30.3%
Restricted reserve deposits	155,517	118,710	128,096	7.9%	-17.6%
Loans and advances	649,199	595,823	585,982	-1.7%	-9.7%
Derivative assets held	0	0	0	n/a	n/a
Non Pledged trading assets	10,536	32,600	28,466	-12.7%	170.2%
Investments	127,390	190,340	201,526	5.9%	58.2%
Assets pledged as collateral	58,430	57,496	62,951	9.5%	7.7%
Investment in associate	776	0	0	n/a	n/a
Intangible assets	9,920	14,797	14,959	1.1%	50.8%
Deferred tax assets	7,974	8,234	8,234	0.0%	3.3%
Other assets	20,710	34,796	27,598	-20.7%	33.3%
Fixed assets	32,227	33,333	34,433	3.3%	6.8%
<b>Total Assets</b>	<b>1,177,322</b>	<b>1,258,914</b>	<b>1,228,584</b>	<b>-2.4%</b>	<b>4.4%</b>
<b>LIABILITIES:</b>					
Trading Liabilities	0	24,840	9,682	-61.0%	n/a
Derivative liabilities held	0	0	0	n/a	n/a
Customer deposits	633,477	747,694	721,286	-3.5%	13.9%
Deposits from banks	76,313	14,487	34,900	140.9%	-54.3%
Other liabilities	63,482	82,689	79,764	-3.5%	25.6%
Borrowings	112,729	109,830	97,595	-11.1%	-13.4%
On-lending facilities	51,361	46,054	53,561	16.3%	4.3%
Debt securities issued	59,558	56,788	54,781	-3.5%	-8.0%
Shareholders' funds	180,402	176,532	177,014	0.3%	-1.9%
<b>Liabilities and Shareholder Equity</b>	<b>1,177,322</b>	<b>1,258,914</b>	<b>1,228,584</b>	<b>-2.4%</b>	<b>4.4%</b>
<b>Acceptances &amp; Guarantees</b>	<b>135,106</b>	<b>174,340</b>	<b>209,786</b>	<b>20.3%</b>	<b>55.3%</b>



# Group Performance Review:

Commercial & Retail Banking

Mr. Adam Nuru  
(Managing Director: FCMB Ltd)





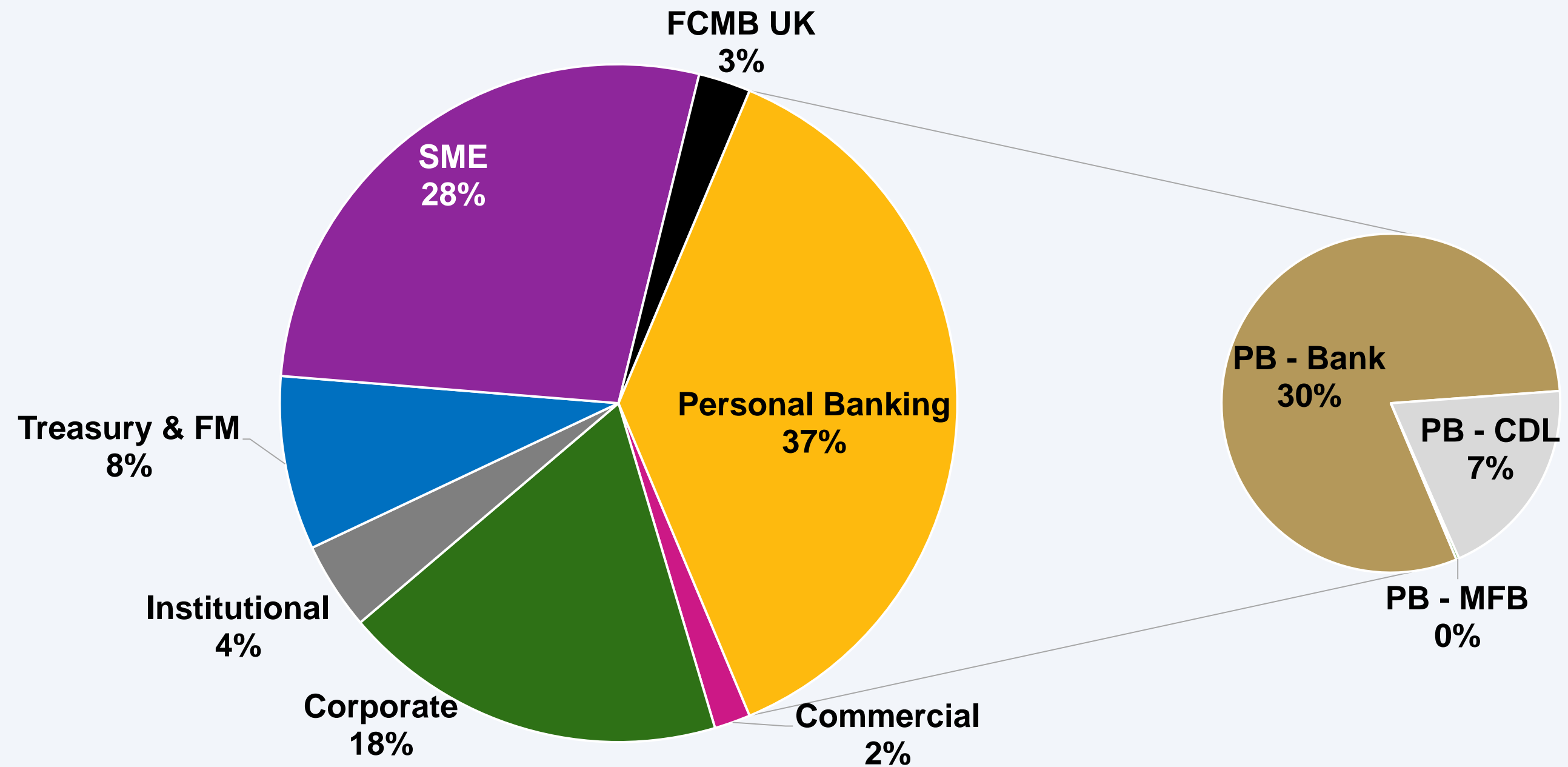
# Commercial & Retail Banking Performance Review

1Q18 vs. 2Q18 & HY17 vs. HY18

N'bn	1Q18	2Q18	%Δ QoQ	HY17	HY18	%Δ YoY
Revenue	40.1	38.1	-5.0%	74.0	76.8	3.7%
Net Interest Income	17.4	17.2	-0.9%	31.8	34.6	8.7%
Non Interest Income	6.3	6.7	6.3%	12.1	13.1	8.1%
Net impairment loss on loans	(4.6)	(1.3)	-72.2%	(9.5)	(5.9)	-38.0%
Operating Expenses	(16.7)	(18.5)	11.2%	(30.6)	(35.2)	15.1%
PBT	2.2	2.9	32.2%	3.4	5.1	51.3%
Risk Assets (net) (N'B)	610.19	585.43	-4.1%	648.96	585.43	-9.8%
Customer Deposits (N'B)	749.36	725.04	-3.2%	640.58	725.04	13.2%
CIR	70.3%	77.4%	10.1%	69.6%	73.8%	6.1%
NIM	7.6%	7.6%	0.8%	7.5%	7.7%	2.9%
Cost of funds	6.4%	6.1%	-5.7%	6.5%	6.3%	-4.0%
Loan/Funding Ratio	62.3%	60.5%	-3.0%	68.8%	60.5%	-12.1%
Loan/Deposit Ratio	76.7%	75.2%	-2.0%	93.8%	75.2%	-19.8%
Capital Adequacy Ratio	17.4%	17.3%	-0.8%	17.0%	17.3%	1.8%
Liquidity Ratio	46.6%	40.6%	-12.8%	37.8%	40.6%	7.5%
NPL/Total Loans	5.9%	5.7%	-2.9%	4.7%	5.7%	21.7%

- 32.2% increase in PBT from N2.2bn in 1Q18 to N2.9bn for 2Q18;
- Net interest income increased by 8.7% YoY, largely due to reduction in cost of funds from growth in low-cost deposits;
- Non interest income increased 6.3% QoQ to N6.7bn for 2Q18 from N6.3bn in 1Q18, driven by mobile banking income;
- Overhead costs increased by 15.1% YoY, largely attributable to additional AMCON charge;
- CAR and liquidity remain strong and above regulatory thresholds at 17.3% and 40.6% respectively;
- Risk assets declined by 9.8% YoY and 4.1% QoQ. With comfortable capital and liquidity, growth should resume in 2H18.

### Net Revenue by Business Segment



## Commercial & Retail Banking Performance Review

### HY18 Segment & Subsidiary Highlights

#### Personal Banking

Continues to be a major contributor to net revenue as 37%, as our retail-led strategy continues to yield positive results.

36% decline in impairment charge from N741m recorded in HY17 to N474m in HY18 as recovery and collections improved within the period.

#### SME

Contributed 28% to net revenue and also recorded 6.8% YoY improvement, driven majorly by improvements in non-Interest income.

19,850 new-to-bank SME customers were acquired by the end of HY18, with average deposit volume of N11.9bn.

#### Corporate Banking

Corporate banking contributed 18% to net revenue, a 2.3% YoY decrease. This business grew its low-cost deposit volume by 8% and total deposit by 9%.

#### Institutional banking

Contributed 4% to net revenue and also recorded a 12.6% decline YoY and a 1.2% increase QoQ. This business is being refocused around Federal and State governments, after the Treasury Single Account era.

#### Subsidiaries Performance

CDL recorded 95% growth YoY in PBT from N805m in HY17 to N1.57bn in HY18; showing improved operational efficiency.

FCMB UK had a 47% YoY growth in PBT from N131m in HY17 to N193m in HY18.

N'm	1Q18	2Q18	%Δ QoQ	HY17	HY18	%Δ YoY
<b>Non Interest Income</b>	<b>6,345</b>	<b>6,747</b>	<b>6.3%</b>	<b>12,112</b>	<b>13,092</b>	<b>8.1%</b>
Net Fees & Commissions	3,576	3,923	9.7%	6,622	7,499	13.2%
Trading Income	1,747	2,007	14.9%	1,326	3,754	183.1%
FX Revaluation Gain	899	330	-63.2%	597	1,229	105.8%
Dividend Income	77	344	348.1%	370	420	13.7%
Others	47	143	206.2%	3,196	190	-94.1%



## Commercial & Retail Banking Performance Review

Non-Interest Income Analysis:  
1Q18 vs. 2Q18 & HY17 vs. HY18

- Net fees and commissions grew 13.2% YoY and 9.7% QoQ , as we recorded increased throughput on our alternate channels, service touch points and mobile platform;
- Trading income recorded growth of 183.1% YoY and 14.9% QoQ, which was propelled by FX trading income and yields from government backed securities;
- There was a 105.8% YoY increase in FX revaluation gain, due to the adoption of NIFEX rate. However, FX revaluation gain in 1Q18 was substantially higher than that recorded in 2Q18.
- Other non-interest income declined by 94.1% YoY due to non-reoccurrence of AMCON recoveries and gains from asset disposal recorded in HY 2017.



N'm	June 2017	% DISTR.	Mar. 2018	% DISTR.	June 2018	% DISTR.	% Δ QoQ	% Δ YoY
Interbank placements	10,785	1.22%	28,069	3.06%	10,870	1.18%	-61.27%	0.79%
Loans and advances to customers (gross)	681,450	76.90%	641,322	69.86%	632,938	68.74%	-1.31%	-7.12%
Investments in government & corporate securities	193,955	21.89%	248,594	27.08%	276,991	30.08%	11.42%	42.81%
<b>Total Earning Assets</b>	<b>886,190</b>	<b>100%</b>	<b>917,985</b>	<b>100.00%</b>	<b>920,799</b>	<b>100.00%</b>	<b>0.31%</b>	<b>3.91%</b>



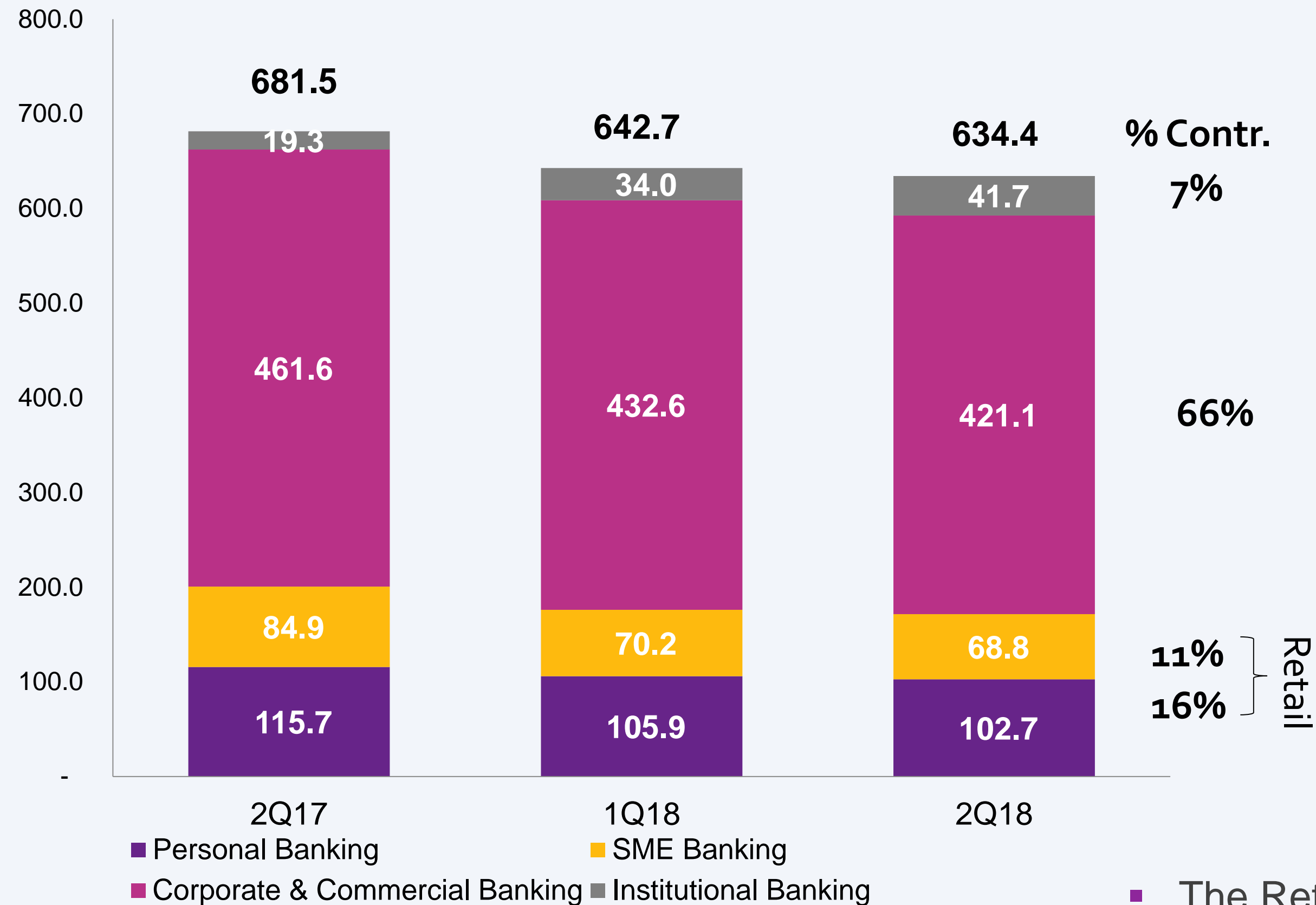
# Commercial & Retail Banking Performance Review

## Interest Income & Earnings Assets

- Overall, total earning assets increased by 0.31% and 3.91% QoQ and YoY, respectively;
- An improved liquidity profile saw 11.42% QoQ growth in government securities. However, there was a decline of 61.27% in interbank placements;
- Loans and advances were the highest contributor in 2Q18 with a book size of N633 billion, representing 68.74%. However, contribution declined 1.31% QoQ and 7.12% YoY, as the bank experienced significant pay-downs in oil & gas and real estate sectors.



## HY18 Results Overview



Segment	% Δ QoQ	% Δ YoY
Personal Banking	-3.0%	-11.2%
SME Banking	-2.0%	-18.9%
Corporate & Commercial Banking	-2.6%	-8.8%
Institutional Banking	22.6%	115.4%



## Loans & Advances

Gross Loan Distribution by Segment  
2Q17 vs. 1Q18 vs. 2Q18

- The Retail loan book dropped 11.2% YoY and 3% QoQ. Loan generation gained momentum in 2Q18 as we saw an improvement over 1Q18's drop of 9% QoQ. Loan growth is expected to improve in H2 2018;
- Corporate and Commercial banking declined from paydowns in the FCY loan book to reduce portfolio concentration;
- Growth in Institutional banking was from a short-termed public sector facility, which will circle out in 3Q18.

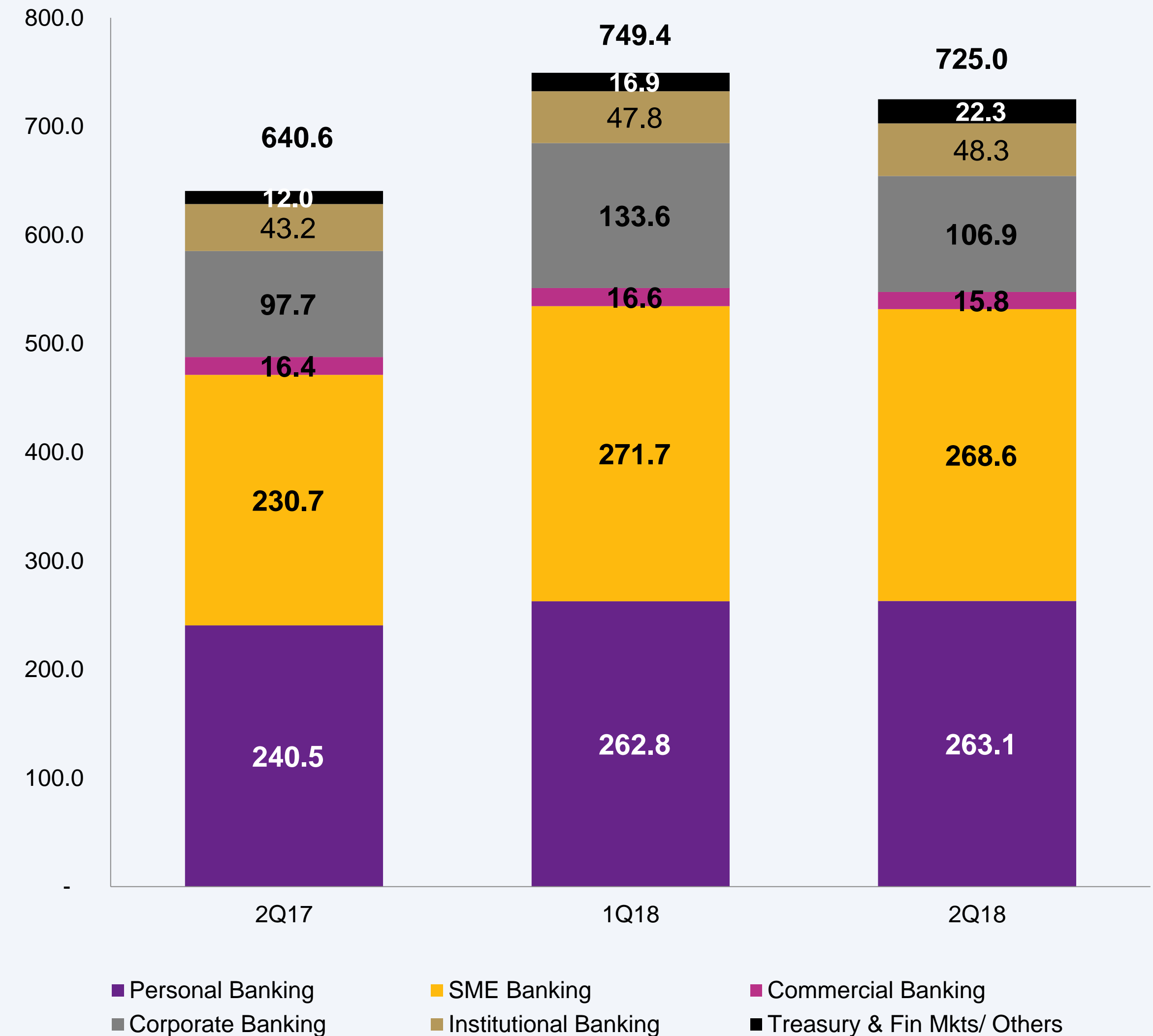
Segment	% Δ QoQ	% Δ YoY
Personal Banking	0.1%	9%
SME Banking	-1.1%	14%
Commercial Banking	-5.0%	-3%
Corporate Banking	-25%	9%
Institutional Banking	1.2%	11%
Treasury & Financial Mkts/ Others	24%	46%



## Deposits Analysis

Deposit Distribution by Segment  
2Q17 vs. 1Q18 vs. 2Q18

In line with our overall strategic thrust, retail deposits (Personal and SME) accounted for 73% of total deposits, which grew 13% YoY



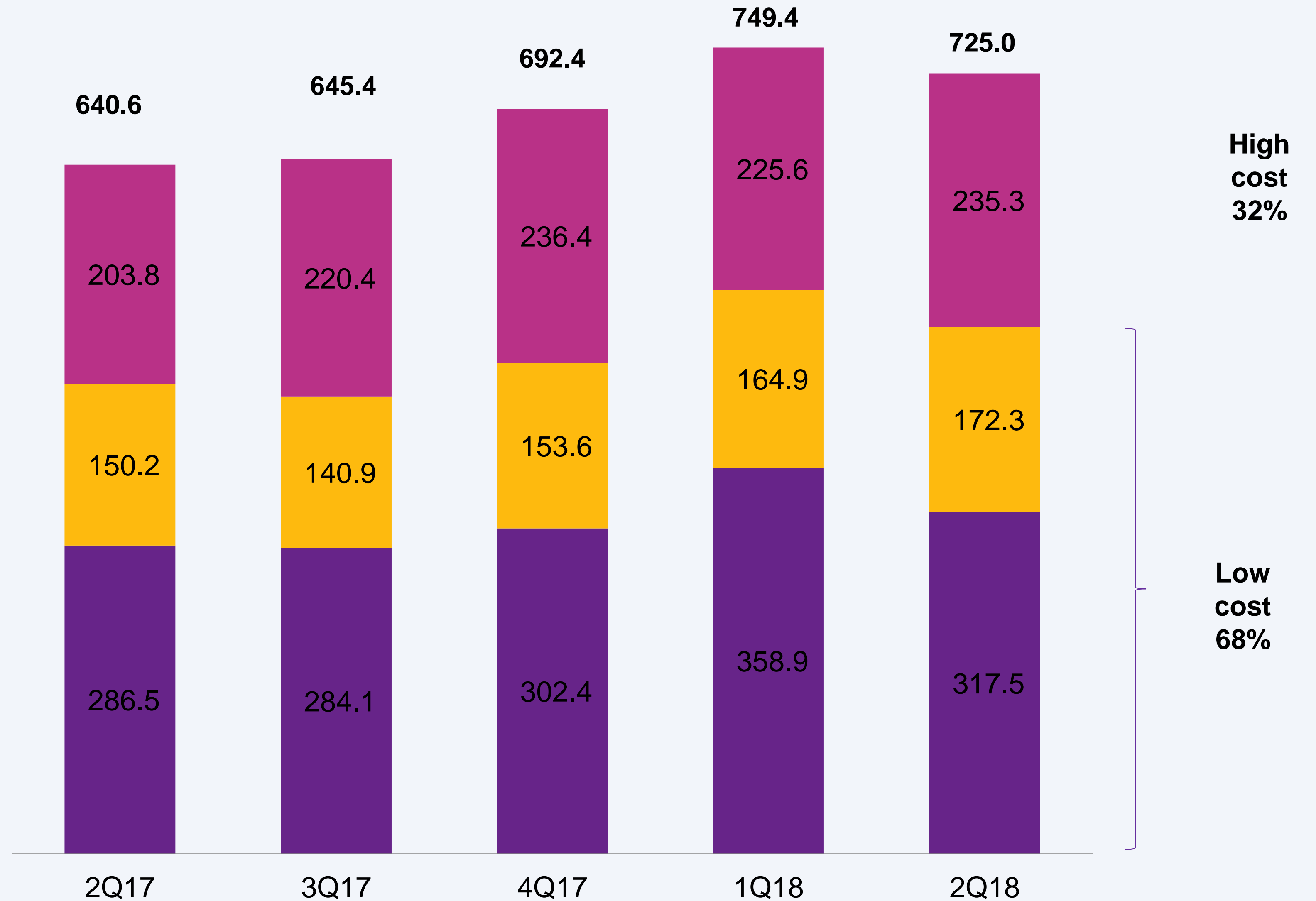


## Commercial & Retail Banking Performance Review

Total deposits grew 13% YoY driven by growth in CASA deposits, as a result of our continued focus on retail banking. Low-cost deposits contribute 68% to our total deposits

### Deposit Distribution by Type

■ Current ■ Savings ■ Fixed





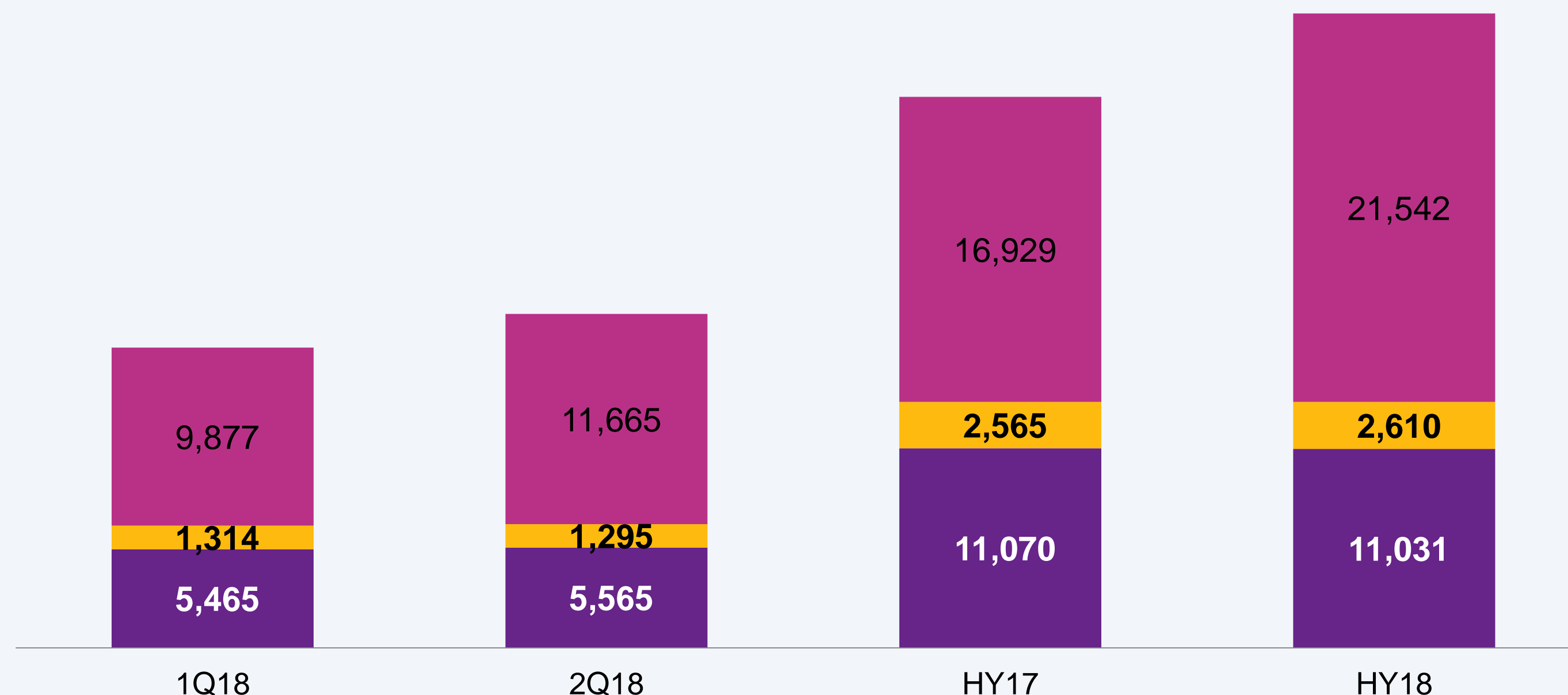
# Commercial & Retail Banking Performance Review

OPEX Analysis by Expense Domain:  
1Q18 vs. 2Q18 & HY17 vs. HY18

**OPEX increased 11% QoQ  
and 15% YoY**

## OPEX Analysis by Expense Domain

■ Staff Costs ■ Dep. & Amort. ■ Operating



Segment	% Δ QoQ	% Δ YoY
Staff Costs	1.8%	-0.4%
Depreciation & Amortisation	-1.4%	1.7%
Operating	18.1%	27.2%
<b>Total</b>	<b>11.2%</b>	<b>15.1%</b>

Operating expenses increased by 15.1% YoY and 11% QoQ, respectively, due to additional AMCON charges and investments in technology and digital banking.



# Risk Management Review:

Commercial & Retail Banking

**Mrs. Toyin Olaiya**  
(Chief Risk Officer: First City Monument Bank Ltd)





## Risk Management Review

Analysis of Gross Loans by Sector (June 2017 to June 2018) – N'm

QoQ drop of 1.3% in Gross loans was largely from Real Estate. Growth experienced in some focus sectors (Agriculture and Manufacturing)

Industry Sector	June '17	Sept '17	Dec '17	Mar '18	Jun' 18	% DISTR.
AGRICULTURE	23,035	23,770	16,376	19,994	21,605	3.4%
COMMERCE	50,473	49,469	46,979	42,570	37,443	5.9%
CONSTRUCTION	2,673	2,776	2,818	1,862	1,406	0.2%
EDUCATION	9,175	8,964	8,974	9,371	8,755	1.4%
FINANCE & INSURANCE	39,768	41,761	32,211	42,629	45,330	7.1%
GENERAL – OTHERS	16,194	16,154	12,713	12,684	13,415	2.1%
GOVERNMENT	2,524	4,056	4,168	4,182	7,010	1.1%
INDIVIDUAL - BANK	95,770	94,819	94,736	89,176	85,268	13.4%
INDIVIDUAL - CDL	19,842	15,134	14,857	15,373	16,050	2.5%
INDIVIDUAL - MICROFINANCE	48	67	1,700	1,358	1,426	0.2%
INFORMATION & COMMUNICATIONS	22,824	22,525	21,194	22,252	22,227	3.5%
MANUFACTURING	50,651	46,268	43,953	40,373	42,565	6.7%
OIL&GAS-DOWNSTREAM	48,480	49,277	50,022	47,877	47,698	7.5%
OIL&GAS-UPSTREAM	116,439	121,649	132,468	105,983	111,147	17.5%
OIL&GAS SERVICES	32,156	32,951	35,600	36,317	38,167	6.0%
POWER & ENERGY	55,660	56,050	56,750	51,648	50,458	8.0%
PROFESSIONAL SERVICES	68	56	52	46	57	0.0%
REAL ESTATE	89,026	88,491	92,918	93,176	78,870	12.4%
TRANSPORTATION & LOGISTICS	6,692	6,692	6,288	5,811	5,467	0.9%
<b>TOTAL</b>	<b>681,498</b>	<b>680,929</b>	<b>674,776</b>	<b>642,679</b>	<b>634,364</b>	<b>100.0%</b>



## Risk Management Review

NPL Distribution by Sector (June 2017 to June 2018) – N'm

NPL grew 6% QoQ largely from Oil & Gas-Downstream. Improved recoveries dropped NPL across most Sectors.

BUSINESS SEGMENT	June 2017		March 2017		June 2018	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
AGRICULTURE	1,143.60	4.8%	1,551.00	7.8%	523.78	2.4%
COMMERCE	10,330.91	20.9%	6,946.79	16.3%	3,978.03	10.6%
CONSTRUCTION	301.46	10.9%	313.53	16.8%	25.89	1.8%
EDUCATION	2,261.43	25.2%	2,417.39	25.8%	2,222.18	25.4%
FINANCE & INSURANCE	7.34	0.0%	0.26	0.0%	22.89	0.1%
GENERAL – OTHERS	490.69	3.0%	533.04	4.2%	827.98	6.2%
GOVERNMENT	15.77	0.6%	98.09	2.3%	86.75	1.2%
INDIVIDUAL - BANK	5,562.89	5.8%	5,395.27	6.1%	4,924.07	5.8%
INDIVIDUAL - CDL	7,795.61	39.3%	2,017.36	13.1%	1,804.48	11.2%
INDIVIDUAL - MICROFINANCE	0.22	0.3%	60.01	4.4%	32.68	2.3%
INFORMATION & COMMUNICATIONS	544.98	2.4%	4,925.19	22.1%	5,148.50	23.2%
MANUFACTURING	2,196.75	4.9%	1,647.30	4.1%	2,537.41	6.0%
OIL&GAS-DOWNSTREAM	276.42	0.6%	1,357.10	2.8%	7,726.13	16.2%
OIL&GAS-UPSTREAM	-	0.0%	-	0.0%	-	0.0%
OIL&GAS SERVICES	244.57	1.3%	5,280.87	24.4%	5,157.76	13.5%
POWER & ENERGY	22.19	0.0%	-	0.0%	-	0.0%
PROFESSIONAL SERVICES	43.65	77.9%	3.78	8.2%	4.12	7.3%
REAL ESTATE	414.12	0.5%	903.33	1.0%	734.09	0.9%
TRANSPORTATION & LOGISTICS	336.75	5.0%	479.54	8.3%	219.78	4.0%
<b>TOTAL</b>	<b>31,989.35</b>	<b>4.7%</b>	<b>33,929.83</b>	<b>5.3%</b>	<b>35,976.50</b>	<b>5.7%</b>





# Risk Management Review

Cost of Risk improved QoQ and YoY due to improved Risk Asset quality, Recoveries and impact of IFRS 9 first adoption.

YoY Cost of Risk Trend: June 2014 – June 2018



QoQ Cost of Risk Trend: June 2017 – June 2018





# Group Performance Review:

Asset & Wealth Management

**Mr. James Ilori**  
(Chief Executive Officer: First City Asset Management Ltd)





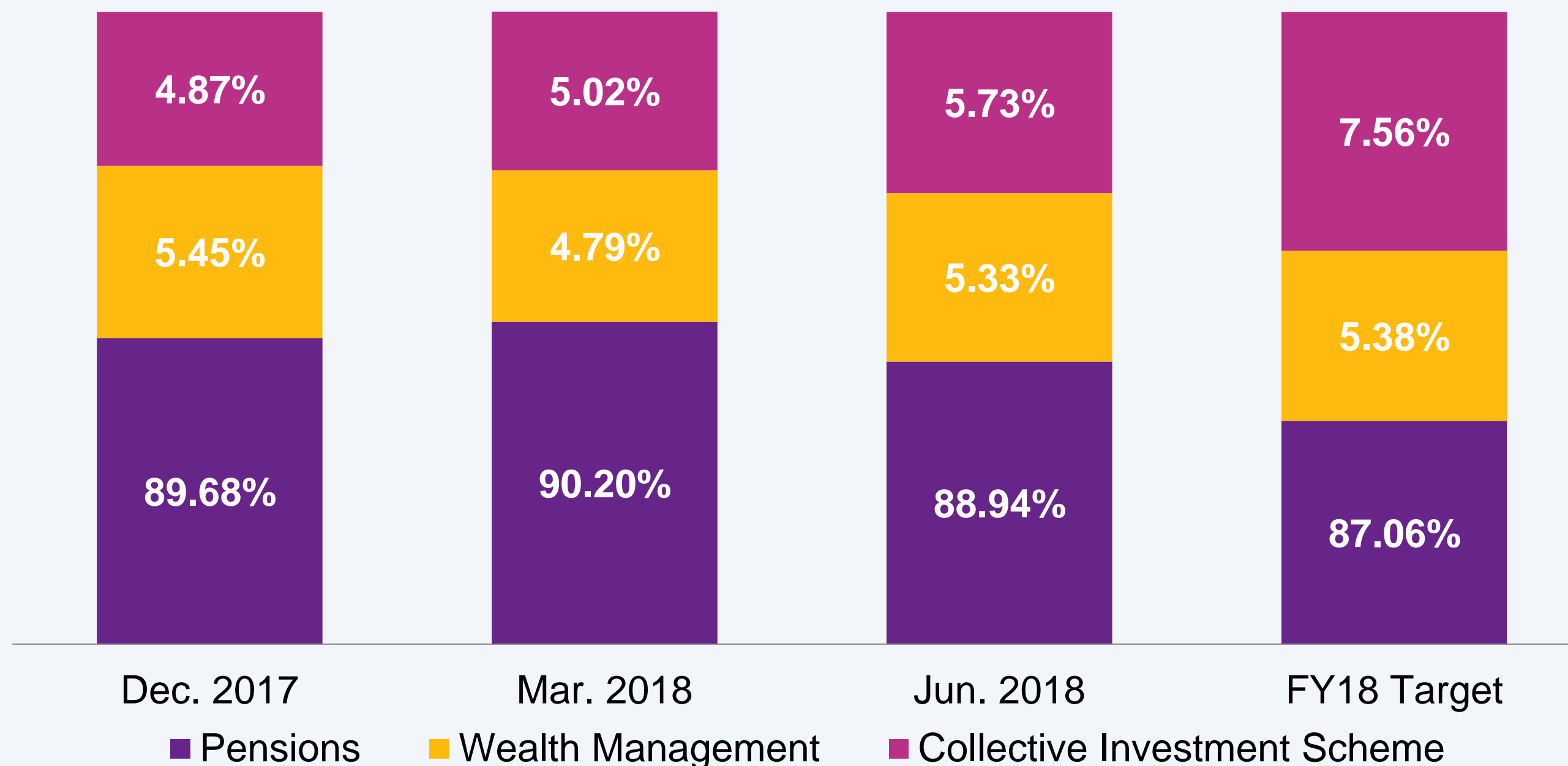
## Asset & Wealth Management Performance Review

Our Asset & Wealth Management Business is divided into Pensions, Wealth Management and Collective Investment Schemes

N'm	1Q18	2Q18	%Δ QoQ	HY17	HY18	%Δ YoY
<b>Gross earnings</b>	<b>982</b>	<b>1,025</b>	<b>4%</b>	<b>305</b>	<b>2,007</b>	<b>557%</b>
Net Interest Income	88	71	-19%	68	158	134%
<b>Non Interest Income</b>	<b>894</b>	<b>955</b>	<b>7%</b>	<b>238</b>	<b>1,849</b>	<b>678%</b>
Operating Expenses	(474)	(506)	7%	(118)	(980)	732%
<b>PBT</b>	<b>508</b>	<b>520</b>	<b>2%</b>	<b>203</b>	<b>1,028</b>	<b>406%</b>
AUM	274,871	288,974	5%	22,587	288,974	1179%
ROAE	33.5%	33.5%	0%	24.0%	33.3%	39%
CIR	48%	49%	2%	37%	49%	33%

- The Asset & Wealth Management Division grew AUM by 5% QoQ to **N289bn**;
- PBT increased by 2%, to N520 million QoQ. Contribution to Group PBT was 14%, versus 16% in 1Q18;
- CIR rose slightly to 49% QoQ;
- Our Pensions business line remained the primary driver of the Division's performance.

### Asset & Wealth Management Division - Contribution to AUM



# Asset & Wealth Management Performance Review

## Outlook

- We expect AUM to grow by about 15% in the second half of the year, which should take the 2018 closing balance to N332.7bn;
- Contribution to AUM from Collective Investment Schemes and Wealth Management should account for 13% of total AUM, by the end of 2018;
- We expect the launch of another Collective Investment Scheme in 4Q18, to aid the attainment of our AUM and Income targets;
- We continue to target a PBT growth of 40% for our Pensions business line in 2018.



# Group Performance Review:

## Investment Banking

**Mr. Tolu Osinibi**  
(Executive Director: FCMB Capital Markets Ltd)



N'm	1Q18	2Q18	%Δ QoQ	HY17	HY18	%Δ YoY
<b>Gross earnings</b>	<b>487</b>	<b>414</b>	<b>-15%</b>	<b>612</b>	<b>901</b>	<b>47%</b>
Net Interest Income	154	135	-12%	190	289	52%
<b>Non Interest Income</b>	<b>333</b>	<b>279</b>	<b>-16%</b>	<b>422</b>	<b>612</b>	<b>45%</b>
<b>Operating Income</b>	<b>487</b>	<b>414</b>	<b>-15%</b>	<b>612</b>	<b>901</b>	<b>47%</b>
Operating Expenses	(337)	(304)	-10%	(592)	(640)	8%
<b>PBT</b>	<b>148</b>	<b>125</b>	<b>-15%</b>	<b>7</b>	<b>273</b>	<b>3571%</b>
ROaE	10%	11%	4%	-1%	10%	-1018%
CIR	69%	71%	2%	99%	70%	-29%



## Investment Banking Performance Review

Our Investment Banking comprises FCMB Capital Markets Ltd and CSL Stockbrokers Ltd

- Investment Banking’s gross earnings and PBT grew significantly YoY but dropped 15% QoQ as the equities market halted its bullish streak with a 6.2% drop in NSE All Shares Index (ASI) in 2Q18. PBT was N125m from N148m in 1Q18, largely driven by CSL Stockbrokers Limited.
- Investment Banking accounted for 4% of Group profits in 2Q18 vs 5% in 1Q18.
- Market slowed down during the quarter as investors take caution in trading. CSLS’ 2Q18 value traded was N70bn vs N102bn in 1Q18 and it ended the quarter in forth-ranked position but third position year to date.
- CSLS’ local business (retail and institutional) recorded 35% growth in value traded QoQ and 86% YoY due to engagement of PFAs and HNIs for portfolio restructuring and increased trading on its online trading platform.
- FCMB Capital Markets Limited continues to identify opportunities for businesses to raise capital to pursue their growth and expansion plans, refinance debt etc Capital Markets recorded a marginal profit in 2Q18.



# Looking Ahead

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





## Looking Ahead

Economic growth to remain sluggish in the 1-2% range;

Inflation outlook c. 10% per annum;

MPR, CRR and overall monetary policy stance likely to remain constant;

Oil price and production outlook support a stable exchange rate for 2018;

Key sectors of the economy (agri-business, manufacturing, SMEs) will continue to enjoy access to affordable long-term stable funding from local development finance institutions, including CBN, Bank of Industry and Development Bank of Nigeria;

This on-lending, combined with growth in consumer loans, will be supportive of profitable loan growth by 4Q18 when corporate loan repayments bottom out;

Commercial and Retail Banking core operating performance should continue to improve, due to transactional activity growth, reducing cost of funds, and continued profit growth from CDL and FCMB Bank UK;

Cost of risk for the year expected to be c. 2 – 2.5% range;

Investment banking profitability will remain stable, but modest in contribution;

Asset and Wealth Management's profit growth will surpass initially expectations and be marginally enhanced with the further marginal increase in our stake in Legacy Pensions (awaiting SEC and CBN approval).