

FCMB Group Plc



Facts Behind The
Figures Presentation

FY 2014

15 April 2015



Glossary

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



AGENDA

Group Structure & Factors Driving Business Growth

Group Performance Review

New Corporate Identity



Group Structure & Factors Driving Business Growth

FCMB Group Plc – group structure

FCMB is a full service banking group serving retail and wholesale customers with cash management, credit, trade, investment banking, trusteeship and wealth management services

Direct Operating Subsidiaries

FCMB Ltd (Bank) (100%)	<ul style="list-style-type: none"> • Top-10 bank by loans, deposits, and total assets • 2.7M customers, with ~500,000 acquired in 2014 • 248 branches nation-wide + UK office • 8,000 POS and ~ 600 ATMs nation-wide • Growing franchise acceptability: NPS at +35 • Differentiated through operational excellence • Proprietary owner of 'FlashMeCash, the oldest mobile payment solution of any bank • N618B credits to businesses, consumers , governments and institutions
FCMB Capital Markets Ltd (100%)	<ul style="list-style-type: none"> • Top-3 financial advisory firm in Nigeria • Advised on / completed deals worth N387B in 2014 • Winner 'Best Local Investment Bank in Nigeria in 2014' EMEA Finance magazine awards
CSL Stockbrokers Ltd (100%)	<ul style="list-style-type: none"> • 2nd largest equity broker by market share (9.8%) in Nigeria • Brokered 18% of foreign flows into Nigeria equity • Grew NSE executed trades 92% Y-o-Y, outperforming the market's 30% growth • Presence in Nigeria and UK with strategic partnership in the US • Winner best institutional brokerage in Nigeria in 2013
CSL Trustees Ltd (100%)	<ul style="list-style-type: none"> • One of the fastest-growing trustee businesses in Nigeria • Trustee on N22.5B state bond programs

Indirect Operating Subsidiaries

Credit Direct Ltd (CDL) (100%)	<ul style="list-style-type: none"> • No. 1 micro-lender in Nigeria • Disbursing ~15,000 (or N2B) loans monthly
FCMB UK (Bank) (100%)	<ul style="list-style-type: none"> • Authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority as a wholesale deposit taker in the United Kingdom • Customers primarily drawn from markets in and associated with Nigeria and the rest of Sub-Saharan Africa • Key activities <ul style="list-style-type: none"> • Wholesale deposit taking • Trade finance – primary and secondary • Commercial lending • Correspondent banking for select banks • Investment in bonds and fixed income securities • Treasury operations – money market and foreign exchange • Investment banking – receiving and transmitting client orders to buy/sell equities and fixed income securities • Corporate finance advisory.
FCMB Asset Management (100%)	<ul style="list-style-type: none"> • Provides wealth and investment management services to individual clients, globally; • Range of products include mutual funds and high-yield investment plan, in both naira and foreign currency

Factors Driving Business Growth

Established leadership position in consumer lending

- FCMB is Nigeria’s leading consumer lender (by count), disbursing 25,000 loans/month, making FCMB Nigeria’s largest consumer lender
- Our subsidiary, CDL, Nigeria’s leading micro-lender extends credits to government workers, while the bank lends to private sector employees
- High yields from our consumer loan book, have helped push NIMs to 9%,- one of the highest in the industry - as consumer loans now account for 20% of total credits
- Supported by strong service and risk management culture
- Combined gains in consumer credits and deposits (22% of total deposits) have propelled consumer segment to account for 25% of PBT; nil ~ 10 years ago

Strong sales force

- FCMB manages ~4,000+ direct sales agents (“DSA”) within a network considered one of the best in the country
- Combined DSA network + 1,500 FTE sales rep enable FCMB acquire ~50,000 new customers monthly, growing customer base to 2.7M from ~500,000, 5 years ago

Business momentum via alternate channels and Technology edge

- FCMB has deployed over 8,000 POS terminals (6.5% of industry) and is currently ranked no. 4 with 9.6% of POS market share (volume)
- Along with ~600 ATMs deployed throughout Nigeria (245 last year alone), FCMB’s cash management proposition is rapidly expanding
- FlashMeCash, FCMB’s proprietary mobile payment solution - a first for any bank, is being repositioned for the mass market segment and to advance financial inclusion
- Proprietary alternate channel solutions, effective on-boarding and culture of customer intimacy are propelling FCMB’s retail competitiveness into the future

Factors Driving Business Growth (cont'd)

Uniquely positioned in wealth management

- Wealth management (WM) is highly complementary to retail banking (through cross sell opportunities and distribution synergies)
- FCMB is one of the only 2 financial institutions in the country permitted to have a pension fund administrator (“PFA”) subsidiary by the Central Bank of Nigeria
- With 28% stake in a PFA, we are uniquely positioned to tap into the huge PFA opportunity, currently growing at 14% p.a., with total AUM of N4.6T
- FCMB is also strategically investing in non-PFA asset management, via FCMB AM
- WM as a key focus will enable us diversify and reduce revenue volatility

Rapidly growing low-cost deposits

- FCMB’s aggressive customer acquisition drive has led to rapid accumulation of low-cost deposits (current and savings accounts) over recent years. Low-cost deposits now constitute 68% of the bank’s total deposits, up from 44% in 2011
- Low cost deposits are positively impacting the group’s Net Interest Margins, which now stand around 9%, up from 7% in 2012

Investment Banking edge

- FCMB CM and CSLS are market leaders in financial advisory and brokerage respectively, accounting for 5% of group PBT in 2014, as they benefited from interests in the domestic market by foreign portfolio investors, mergers & acquisition and debt raising transactions
- Effective collaboration between corporate and investment banking has been a competitive advantage in terms of deal origination and customer retention
- As Nigeria remains an attractive destination for foreign capital flows, our investment banking subsidiaries will remain key beneficiaries, with significant cross-sell opportunities to the bank

Factors Driving Business Growth (cont'd)

Group-wide Synergies

- FCMB is one of the only 3 banks permitted to have banking and non-banking capabilities within a banking group
- Significant scope for cross-selling across businesses in the operating companies
- Scope for cost optimisation by leveraging shared back office platforms
- Enterprise-wide risk management and performance culture

Superior Corporate Governance

- Corporate governance structures at the operating companies level are reinforced by the additional supervisory oversight of the holding company
- Accrued benefits that will continue to drive business growth include:
 - Better risk management environment
 - Ease of capital raising, and reduction in cost of capital
 - Ability to attract and retain talented workforce
 - Ease of attracting and retaining accomplished and respected directors
 - Meeting/exceeding the expectations of sophisticated shareholders;
 - A pipeline of "next phase" growth drivers



Group Performance Review



Highlights (FY 2014)

N148.6bn

+13%

Gross Earnings

14.6%

+25.4%

Return on average equity

N22.1 bn

+38%

Profit after tax

N23.9bn

+32%

Profit before tax

N1.2tn

+16%

Total assets

N618.0bn

+37%

Loans

2.7m

+17%

Number of customers (FCMB Ltd)

N263.0bn

+92%

Value of trades CSLS executed on the NSE

N387.0bn

+2%

Value of investment banking deals advised on and completed

Improved performance across most key metrics

FCMB: Key Performance Indicators (Sept. vs. Dec. 2014 and FY13 vs. FY14)

Performance Index		3Q14	4Q14	%Δ QoQ	FY13	FY14	%Δ YoY
Operating	Return on Av. Equity	12.47%	20.6%	65.5%	11.6%	14.6%	25.4%
	Return on Av. Assets	1.8%	2.9%	60.2%	1.7%	2.0%	21.3%
	Loan/Deposit Ratio	78.2%	84.2%	7.7%	63.0%	84.2%	33.7%
	Cost/Income Ratio	70.6%	55.8%	-21.0%	69.0%	65.8%	-4.7%
	Net Interest Margin	8.7%	11.7%	35.2%	7.9%	9.1%	16.0%
	NPL/Total Loans	2.7%	3.6%	33.3%	3.9%	3.6%	-6.7%
	Coverage Ratio	77.0%	78.9%	2.6%	81.1%	78.9%	-2.6%
	NII/Operating Income	29.8%	24.7%	-17.0%	33.4%	28.0%	-16.2%
	Financial Leverage	6.9	7.2	3.3%	6.9	7.2	3.4%
	Cost of Risk	1.0%	4.4%	345.4%	1.4%	1.8%	33.2%
Capital & Liquidity	Capital Adequacy Ratio	19.0%	20.6%	8%	19.7%	20.6%	4.6%
	Liquidity Ratio	32.2%	33.3%	4%	47.0%	33.3%	-29.1%
Others	Opex (N'B)	16.8	17.4	3.5%	58.2	66.3	14.0%
	Risk Assets (net) (N'B)	565.1	618.0	9.4%	450.5	618.0	37.2%
	Customer Deposits (N'B)	722.5	733.8	1.6%	715.2	733.8	2.6%

Strong PBT growth of 27% QoQ and 32% YoY

FCMB: Statements of Comprehensive Income (Extracts)(Sept. vs. Dec. 2014 and FY13 vs. FY14)

N'm	3Q14	4Q14	%Δ QoQ	FY13	FY14	%Δ YoY
Revenue	37,083	41,934	13%	130,995	148,637	13%
Interest Income ¹	29,173	33,483	15%	103,302	117,984	14%
Interest Expense ²	(12,424)	(9,954)	-20%	(45,507)	(45,351)	0%
Net Interest Income	16,749	23,529	40%	57,795	72,634	26%
Non Interest Income	7,099	7,638	8%	26,168	28,054	7%
- Net Fees & Commissions ¹	4,241	2,387	-44%	13,972	14,438	3%
- Securities Trading Income	222	174	-22%	618	766	24%
- FX Income	1,756	4,334	147%	6,905	9,769	41%
- Others	880	743	-16%	4,673	3,081	-34%
Operating Income	23,848	31,167	31%	83,963	100,687	20%
Operating Expenses	(16,841)	(17,423)	3%	(58,151)	(66,304)	14%
Net impairment losses	(1,374)	(6,727)	389%	(7,983)	(10,640)	33%
Net gains/(losses) from fin. instruments at fair value	10	75	621%	286	131	-54%
<i>Share of Post tax result of Associate</i>	0	68	n/a	68	68	0%
PBT	5,643	7,160	27%	18,184	23,943	32%
PAT	4,648	7,909	70%	16,001	22,133	38%

Notes:

- Confirmation lines income N1.584bn was reclassified from commission to Interest Income in 4Q14.
- IFRS fair valuation of on-lending facilities resulted in adjustments that depressed both Interest expense (N4.54bn) and interest income (N4.58bn) in 4Q14.

Growth in overall business with balance sheet now at N1.2 trillion, as restricted reserve rose double digits

FCMB: Statements of Financial Position (Extracts) - (Dec. 2013 – Dec. 2014)

N'm	4Q13	1Q14	2Q14	3Q14	4Q14	% Δ QoQ	% Δ YoY
Cash and cash equivalents	199,700	104,069	106,754	100,434	126,294	26%	-37%
Restricted reserve deposits	73,473	117,924	144,929	120,763	146,106	21%	99%
Loans and advances	450,533	493,662	555,331	565,093	617,980	9%	37%
Derivative assets held	1,698	1,471	865	484	4,503	830%	165%
Non Pledged trading assets	2,921	4,019	13,423	2,830	742	-74%	-75%
Investments	163,638	150,262	126,110	136,309	148,287	9%	-9%
Assets pledged as collateral	50,517	49,330	45,880	46,130	53,812	17%	7%
Investment in associate	569	569	569	569	647	14%	14%
Intangible assets	7,581	7,654	7,929	8,125	8,348	3%	10%
Deferred tax assets	6,346	6,343	6,359	6,359	8,166	28%	29%
Other assets	24,492	30,418	32,381	27,061	26,088	-4%	7%
Fixed assets	26,812	26,649	26,873	27,438	28,392	3%	6%
Total Assets	1,008,280	992,371	1,067,402	1,041,596	1,169,365	12%	16%
LIABILITIES:							
Derivative liabilities held	1,356	1,034	700	383	4,194	996%	209%
Customer deposits	715,214	687,349	756,913	722,480	733,797	2%	3%
Deposits from banks	0	0	474	452	4,797	960%	n/a
Other liabilities	88,759	86,556	85,697	81,817	125,584	53%	41%
Borrowings	59,244	68,675	76,165	84,423	99,540	18%	68%
On-lending facilities ¹	0	0	0	0	14,914	n/a	n/a
Debt securities issued	0	0	0	0	26,174	n/a	n/a
Shareholders' funds	143,707	148,758	147,453	152,040	160,365	5%	12%
Liabilities and Shareholder Equity	1,008,280	992,371	1,067,402	1,041,596	1,169,365	12%	16%
Acceptances & Guarantees	105,731	160,996	185,274	170,776	211,926	24%	100%

Notes:

1. N14.9bn was reclassified from customers deposit to on-lending facilities funds in 2014 in response to IFRS 13.

Banking group remains the key driver of profits, but non-bank businesses contribution to profits has significantly risen YoY

**FCMB: Analysis of PBT Contribution by Entity
(Sept. vs. Dec. 2014 and FY13 vs. FY14)**

N'm	3Q14	4Q14	% Δ QoQ	FY13	FY14	% Δ YoY
Commercial Banking Group (CRBG)	4,920	6,785	38%	17,803	22,480	26%
Investment Banking Group	775	(22)	-103%	593	1,340	126%
• FCMB CM	709	(22)	-103%	427	1,033	142%
• CSL Stockbrokers	66	(0)	-100%	166	308	85%
CSL Trustees	41	13	-69%	n/a	54	n/a
FCMB Group Plc (Separate)	(94)	317	-436%	(281)	1	-100%
Share of Post tax result of Associate	0	68	n/a	68	68	0%
FCMB Group Plc (consolidated)	5,643	7,160	27%	18,184	23,943	32%



New Corporate Identity

A (not so) quiet
revolution...

**Say hello
to our
new look.**

FCMB



Welcome to the new look of opportunity

my bank and I

so
why
the
colours

?



why the brand refresh



- ✓ Acquiring **50,000** new customers a month
- ✓ Dispensing **20,000** new loans every month; **2,000** to women-owned micro-businesses
- ✓ Enrolling over **70,000** new users onto our Mobile Banking platform
- ✓ Over **50%** of our loans are retail
- ✓ Over **30%** of our deposits are retail

A **Vibrant** Retail Bank has emerged

where are we going



- One of the most **relevant** financial service brands in Nigeria
- Unquestionably delivering the **Best Customer Experience** in Nigeria



**a world of
opportunity**

Diversification = Resilience

FCMB



FIRST CITY MONUMENT BANK LIMITED

FCMB



FCMB CAPITAL MARKETS LIMITED

FCAM



FIRST CITY ASSET MANAGEMENT LIMITED

CSL



CSL TRUSTEES LIMITED

CSL



CSL STOCKBROKERS LIMITED

FCMB



FCMB GROUP PLC

FCMB



