

FCMB



# BUILDING A SUPPORTIVE ECOSYSTEM

Investors & Analysts  
Presentation

# 1Q 2023



FCMB GROUP PLC  
WWW.FCMBGROUPPLC.COM

May 2023

# AGENDA

- 1 Results Highlights & Strategic Updates*
- 2 1Q 2023 Results Overview*
- 3 Digital Business Review*
- 4 The Banking Group: Performance Review*
- 5 Consumer Finance: Performance Review*
- 6 Investment Banking: Performance Review*
- 7 Investment Management: Performance Review*
- 8 Outlook*

## 1Q 2023 Results Highlights

Total Assets  
N3.1 trillion

25%

1Q 22: N2.5 trillion

Profit before Tax  
N10.7 billion

78%

1Q 22: N6.0 billion

Gross Earnings  
N87.4 billion

50%

1Q 22: N58.3 billion

Cost-to-Income  
68.6%

-410  
bps

1Q 22: 72.7%

Return on Average Equity  
12.9%

437bps

1Q 22: 8.5%

Capital Adequacy  
16.6%

80bps

1Q 22: 15.8%

Loans  
N1.2 trillion

9%

1Q 22: N1.1 trillion

Non-Performing Loans  
5.4%

70bps

1Q 22: 4.7%

Deposits  
N2.0 trillion

27%

1Q 22: N1.6 trillion

Assets Under Management  
N830.0 billion

16%

1Q 22: N712.6 billion

Customers  
11.4 million

17%

1Q 22: 9.8 million

1a

**Platforms:** Our 4 operational platforms are exhibiting strong profit growth. (Banking 109%, Consumer Finance 6%, Investment Banking 18% and Investment Management 47%).

1b

### Technology Platforms

**Borderless Banking:** A Diaspora focused digital banking is currently in private Beta. Commercial launch anticipated in H2 2023.

**Banking as a Service:** Our Banking As A Service (BaaS) platform recorded over 1.4m transactions during the quarter, ~50% of transactions recorded in 2022.

2

**Customers:** We acquired over 500,000 customers in 1Q 2023 taking our customer base to 11.4 million customers as at the end of 1Q 2023.

3

### Products

- I. **Payment:** Value of transactions via our Mobile/USSD platforms grew by 10% to 3.1trillion in 1Q 2023 from the same period prior year.
- II. **Lending:** Grew loan book by 9% YoY to N1.2 trillion with loans to Manufacturing, Agriculture and Individual sectors contributing the highest to loan book growth.
- III. **Treasury:** Generated over N3billion in Treasury Sales income in FY 2022 growing by 51% YoY (1Q 2023: N1.9billion).
- IV. **CASA:** Growth in low-cost deposits by over 27% YoY to N1.4trillion.
- V. **Wealth:** Recorded a 17% growth in Assets Under Management grew YoY, to N830.2billion.
- VI. **Financial advisory/Capital Raise:** Our investment banking business grew fees from investments raised and advised on by 143% YoY to N308.8 million.

4

### 3rd Party Products and Services

**Insurance:** Over N150million in revenues generated from Insurance in 1Q 2023. (1Q 2022: N244million).

**Airtime & Data:** N388million in revenues generated from Airtime & Data sales in 1Q 2023 up by 18% from 1Q 2022.

**Other Services:** 36% growth (to N74 million) in revenue for from in-app vending of services (gaming, utilities, travel etc)

5

### Capital

**N348billion** incremental capital deployed to support the growth of our customers, capital markets and the economy as follows:

- N281billion – Capital Raised by FCMB Capital Markets
- N46billion – Growth in AUM
- N20.7billion – Additional Tier 1 Capital raised by FCMB Group





## 1Q 2023 Results Overview: FCMB Group Plc

## Group Statements of Comprehensive Income

- Earnings grew by 5% and 50% QoQ and YoY respectively driven by YoY growth in both net-interest income and non-interest income.
- Net Interest Income grew by 10% and 13% QoQ and YoY respectively. Whilst YoY yield on earning assets grew from 11.8% to 13.8%, NIM declined from 7.1% to 6.6% driven by an 85% growth in interest expense.
- Non-interest income also grew by 108% YoY largely driven by growth in service fees and commissions, trading income and Foreign Exchange revenues.
- Operating expenses grew by 26% and 28% QoQ and YoY respectively. YoY growth was largely due to increased personnel costs, regulatory costs and general inflationary pressures. However, cost-to-income ratio improved to 68.6% compared to 72.7% recorded in 1Q 2022.
- Impairment charges declined by 10% QoQ however grew by 36% YoY on the back of increased provisions on risk assets.
- Overall, Group PBT grew by 78% YoY from N6.0b in 1Q 2022 to N10.7b in 1Q 2023.

N'm	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
<b>Gross Earnings</b>	<b>58,305</b>	<b>82,914</b>	<b>87,434</b>	<b>5%</b>	<b>50%</b>
Interest Income	46,690	65,468	66,043	1%	41%
Interest Expense	(18,542)	(36,526)	(34,312)	-6%	85%
<b>Net Interest Income</b>	<b>28,148</b>	<b>28,942</b>	<b>31,731</b>	<b>10%</b>	<b>13%</b>
<b>Non-Interest Income</b>	<b>9,002</b>	<b>14,836</b>	<b>18,764</b>	<b>26%</b>	<b>108%</b>
- Net Fees & Commissions	7,617	6,842	11,783	72%	55%
- Trading Income	2,509	4,308	4,392	2%	75%
- FX Income	(1,380)	2,949	1,835	-38%	233%
- Others	256	737	212	-71%	-17%
<b>Operating Income</b>	<b>37,150</b>	<b>43,779</b>	<b>50,496</b>	<b>15%</b>	<b>36%</b>
<b>Operating Expenses</b>	<b>(27,004)</b>	<b>(27,451)</b>	<b>(34,638)</b>	<b>26%</b>	<b>28%</b>
Net impairment loss on financial assets	(4,127)	(6,262)	(5,611)	-10%	36%
<b>PBT</b>	<b>6,019</b>	<b>10,066</b>	<b>10,711</b>	<b>6%</b>	<b>78%</b>
<b>PAT</b>	<b>5,166</b>	<b>8,208</b>	<b>9,292</b>	<b>13%</b>	<b>80%</b>

## Group Performance Highlights

- 1Q 2023 RoAE grew to 12.9% from 8.5% in prior year a YoY growth of 52% as a direct result of growth in profitability.
- NIM declined from 7.1% to 6.6% YoY driven by an 85% growth in interest expense.
- Cost to Income ratio also grew QoQ by 9% to 68.6% however, improved YoY by 6%.
- Both Capital Adequacy & Liquidity Ratios are above regulatory thresholds closing at 16.6% and 35.4% respectively.

	Performance Index	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
	Return on Average Equity	8.5%	12.7%	12.9%	2%	52%
	Return on Average Assets	0.8%	1.2%	1.2%	0%	50%
	Loan/Deposit Ratio	65.8%	60.3%	58.3%	-3%	-11%
	Loan/Funding Ratio	55.7%	50.0%	48.9%	-2%	-12%
	Cost/Income Ratio	72.7%	62.7%	68.6%	9%	-6%
<b>Operating</b>	Net Interest Margin	7.1%	6.7%	6.6%	-1%	-7%
	NPL/Total Loans	4.7%	6.6%	5.4%	-18%	15%
	Coverage Ratio	105.5%	75.0%	106.2%	42%	1%
	NII/Operating Income	24.2%	33.9%	37.2%	10%	54%
	Financial Leverage	90.0%	90.8%	90.2%	-1%	0%
	Cost of Risk*	1.1%	1.5%	1.3%	-13%	18%
<b>Capital &amp; Liquidity</b>	Capital Adequacy Ratio	15.8%	16.2%	16.6%	2%	5%
	Liquidity Ratio	32.1%	35.4%	35.4%	0%	10%
<b>Investment</b>	Share Price	3.40	3.85	4.15	8%	22%
	NAV(N'B)	249.1	275.9	303.4	10%	22%
	Dividend (Kobo)	0.0	25	0.0	-	-
	EPS (Kobo)**	104.0	164.0	187.7	14%	80%
<b>Others</b>	Opex (N'B)	27.0	27.5	34.6	26%	28%
	Risk Assets (net) (N'B)	1,100.7	1,195.6	1,194.8	0%	9%
	Customer Deposits (N'B)	1,571.5	1,944.9	2,002.3	3%	27%

\* Including recoveries

\*\* Annualized EPS

## Group Earnings Contribution – Profit before Tax

N'm	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY	% Contribution
<b>Banking Group</b>	<b>3,836</b>	<b>7,724</b>	<b>8,010</b>	<b>4%</b>	<b>109%</b>	<b>75%</b>
FCMB Ltd	3,649	7,611	6,459	-15%	77%	60%
FCMB UK Ltd	188	103	1,530	1385%	714%	14%
FCMB Microfinance Ltd	(1)	10	20	100%	2100%	0%
<b>Consumer Finance</b>	<b>1,048</b>	<b>834</b>	<b>1,112</b>	<b>33%</b>	<b>6%</b>	<b>10%</b>
Credit Direct Limited	1,048	834	1,112	33%	6%	10%
<b>Investment Banking</b>	<b>421</b>	<b>156</b>	<b>497</b>	<b>219%</b>	<b>18%</b>	<b>5%</b>
FCMB Capital Markets Ltd	131	185	216	17%	65%	2%
CSL Stockbrokers Ltd (ex FCMB-AM)	290	(28)	281	1104%	-3%	3%
<b>Investment Management</b>	<b>726</b>	<b>966</b>	<b>1,068</b>	<b>11%</b>	<b>47%</b>	<b>10%</b>
FCMB Pensions Ltd	532	706	811	15%	52%	8%
FCMB Asset Management Ltd	184	235	233	-1%	27%	2%
FCMB Trustees Ltd	10	25	24	-4%	140%	0%
<b>FCMB Group Plc (Separate)</b>	<b>804</b>	<b>4,998</b>	<b>1,331</b>	<b>-73%</b>	<b>66%</b>	<b>12%</b>
<b>Intercompany Adjustments</b>	<b>(810)</b>	<b>(4,621)</b>	<b>(1,306)</b>	<b>-72%</b>	<b>61%</b>	<b>-12%</b>
<b>FCMB Group Plc (consolidated)</b>	<b>6,019</b>	<b>10,066</b>	<b>10,711</b>	<b>6%</b>	<b>78%</b>	<b>100%</b>

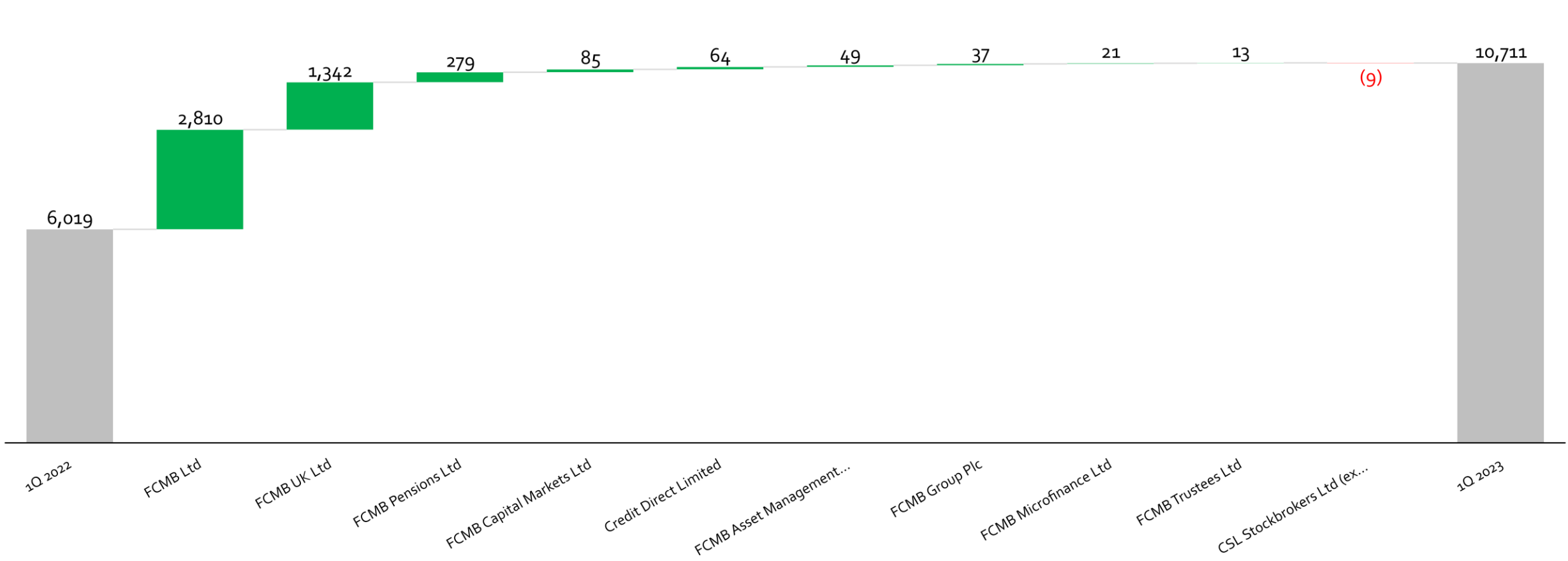
All our operating companies recorded YoY growth as follows; Banking Group 109%, Consumer Finance 6%, Investment Banking 18% and Investment Management 47%.

The Banking Group contributed 75% of Group profits, whilst our other non-banking subsidiaries contributed 25% (Consumer Finance 10%, Investment Management 10%, and Investment Banking 5%).



## 1Q 2023 PBT Waterfall

■ Increase ■ Decrease ■ Total





## Digital Business Review: FCMB Group Plc



### Digital Revenue

- ✓ **N10.0bn** generated from digital payments, lending activities and wealth management in 1Q 2023, a 25% growth from 1Q 2022.
- ✓ Digital revenues accounted for **12%** of Gross Earnings for 1Q 2023 driven by lending and payments.



### Digital Loans

- ✓ Over **N53bn** disbursed to **331,835** customers as at 1Q 2023.
- ✓ Total portfolio size (**N72.3bn**) grew by **11%** from 1Q 2023.
- ✓ Digital lending now accounts for **60%** of digital revenues.

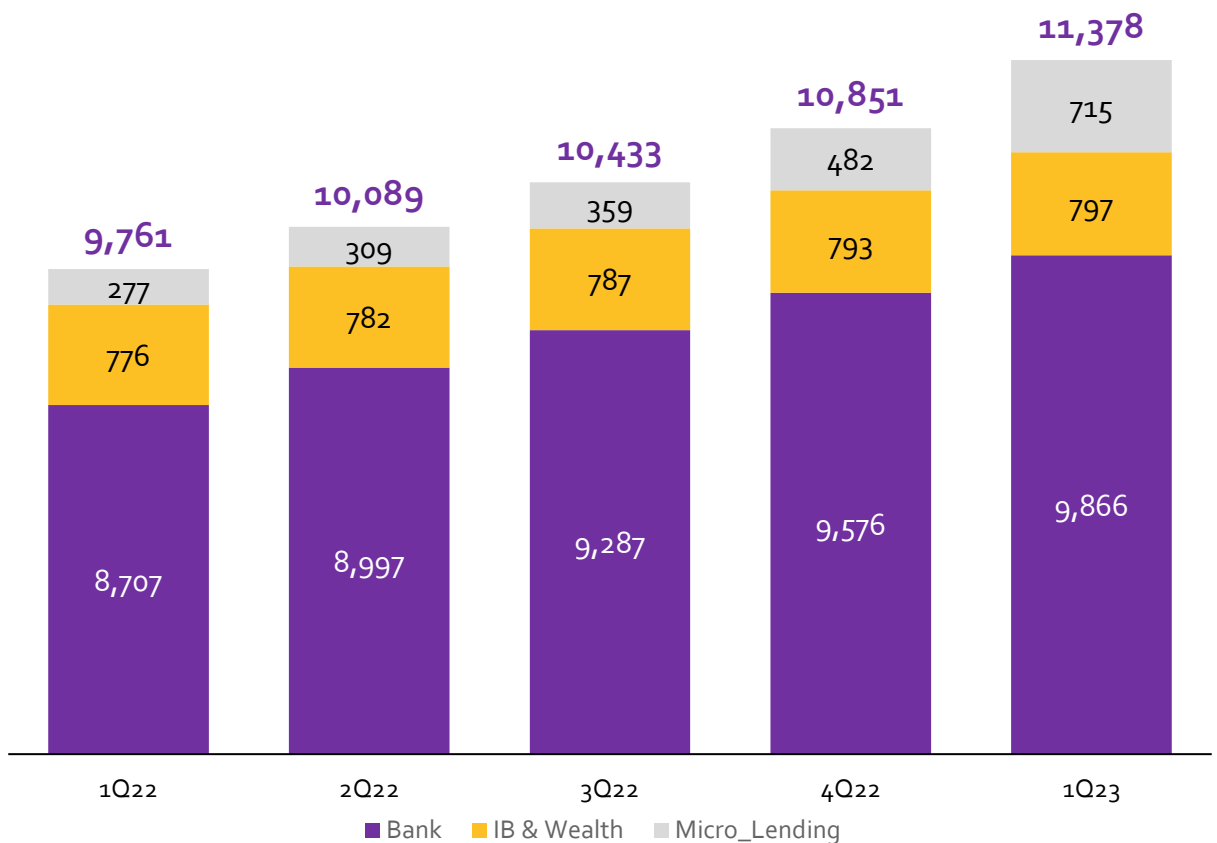


### Digital Customers

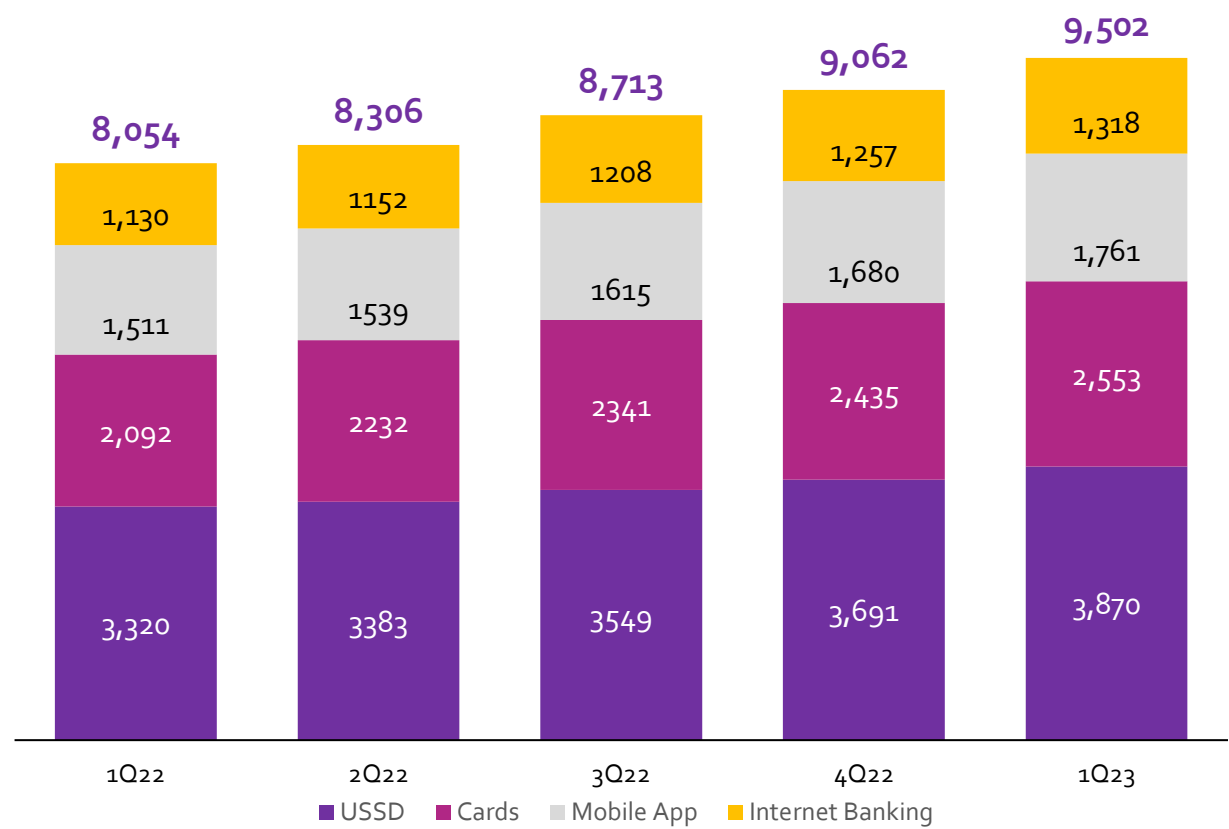
- ✓ **9.5 million** digital customers up **22%** from 8.1 million (March 2022).

# Customer Acquisition & Digital Adoption Trend 1Q 2023

### Customer Acquisition Trend ('000)

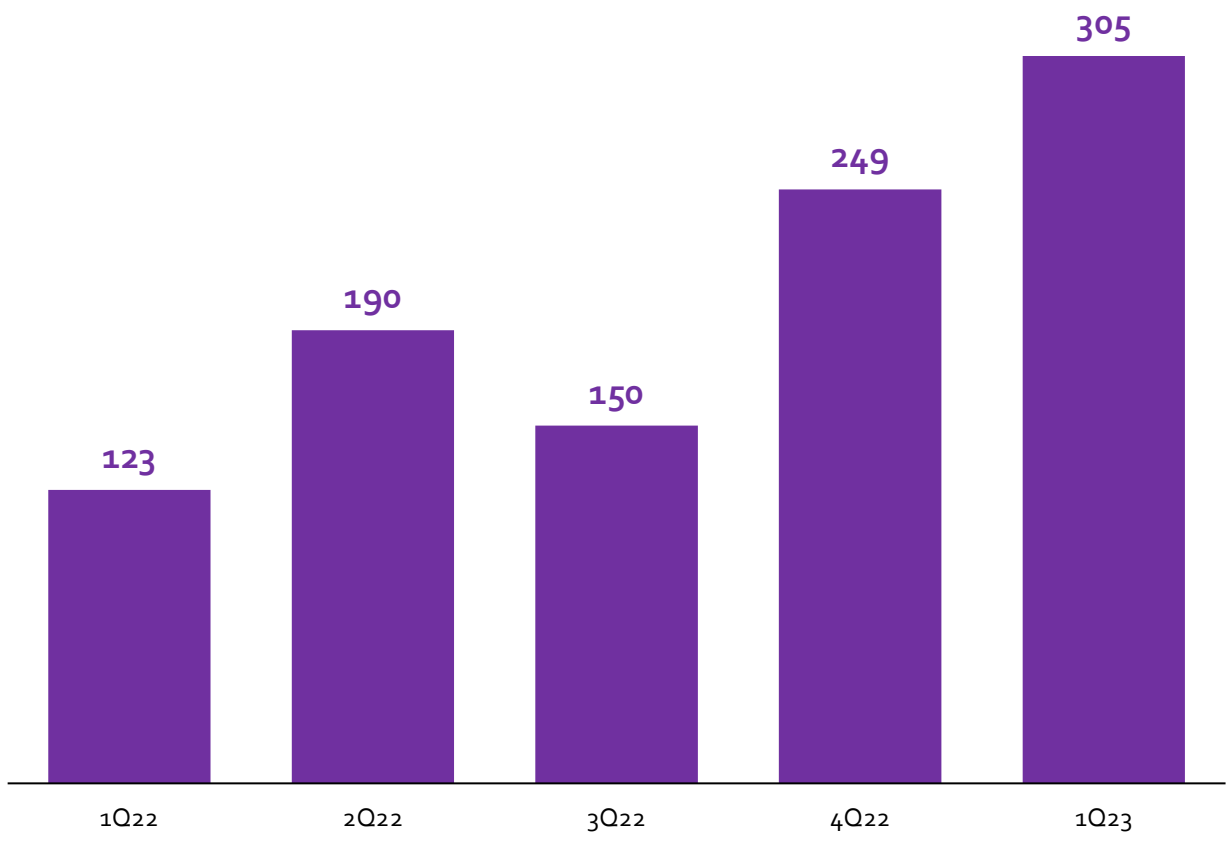


### Digital Adoption By Products Trend ('000)

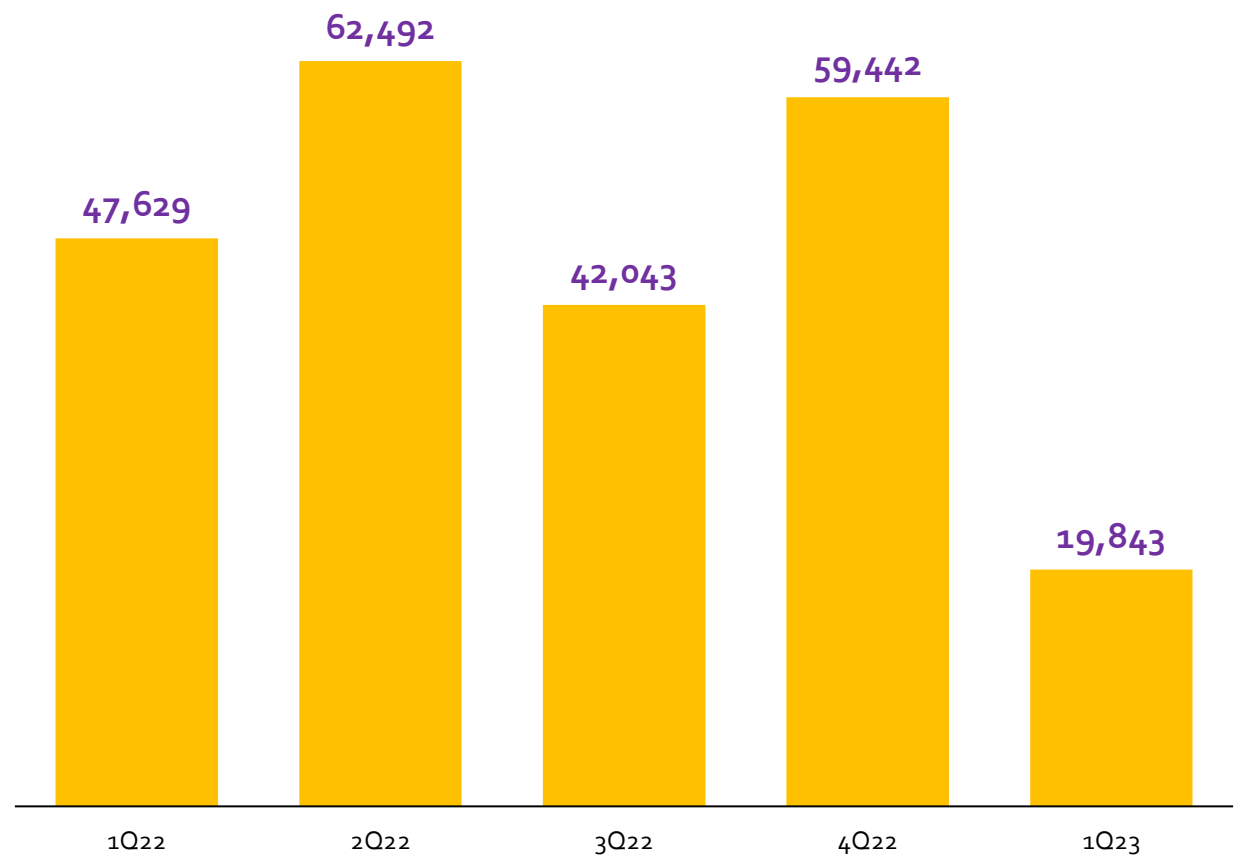


*Over 500k customers acquired during the quarters driven by increased cross-selling of digital our products across payments, lending and wealth management.*

### Agency Banking Revenue N' m



### Customer Acquisition Trend

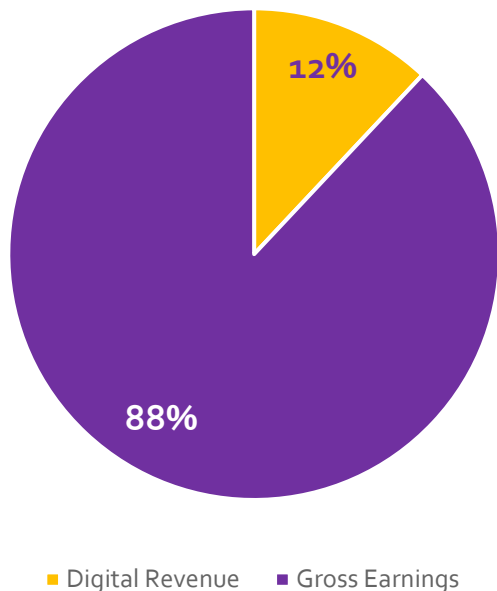


*Revenues for our agency banking business grew by 22% and 148% QoQ and YoY respectively. However, we witnessed a decline in customer acquisition during the quarter due to introduction of new operational measures on our technology platform. Upon successful completion, this would further support the anticipated growth of our agency banking business.*

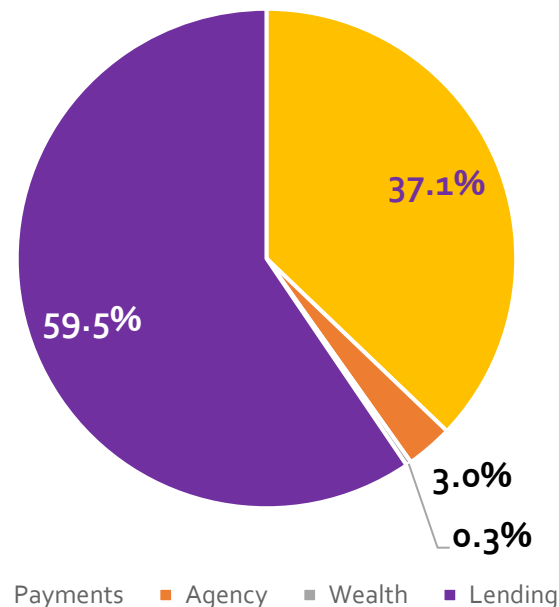


# Digital Revenue Analysis 1Q 2023

## Digital Contribution to Gross Earnings



## Digital Revenue Split



Digital revenue of **N10.0bn** accounts for **12%** of gross earnings with Lending at **N6.0bn** contributing the largest share of revenues as at 1Q 2023.

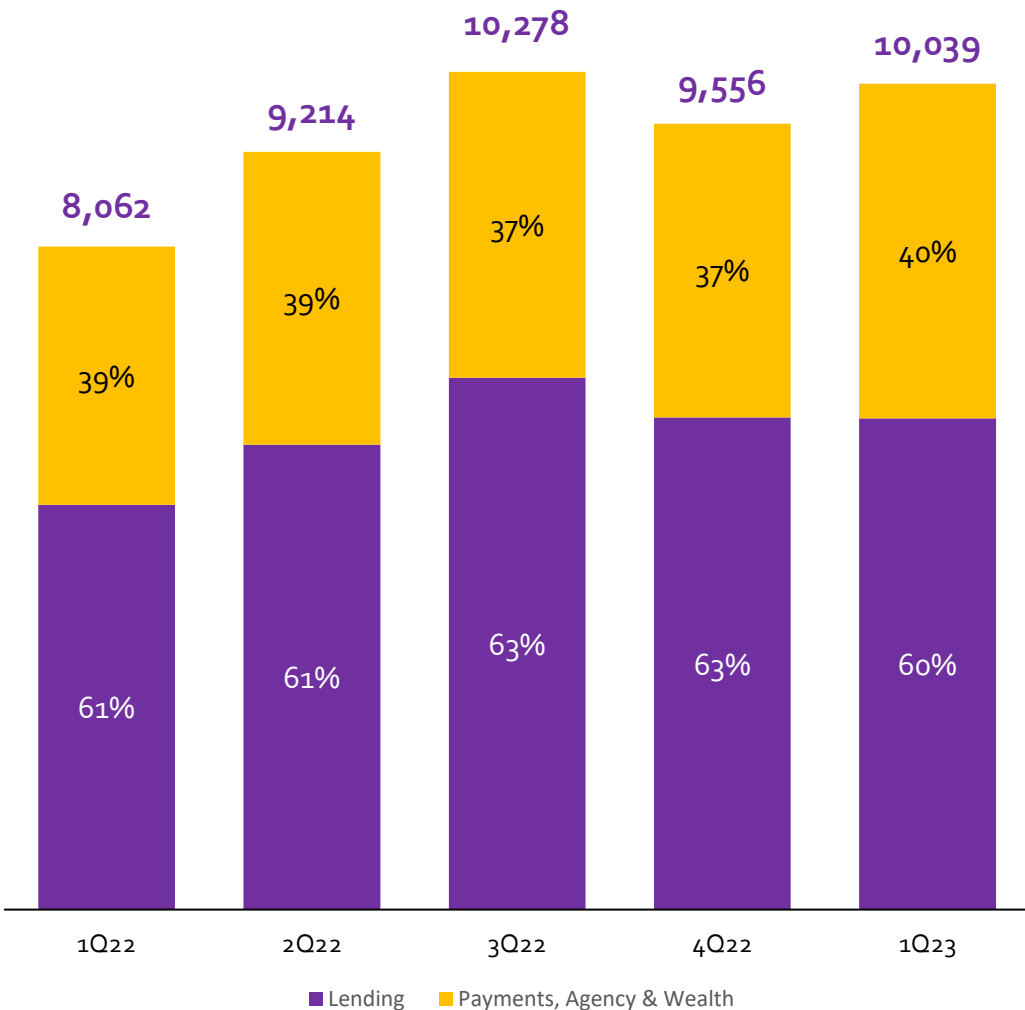


Digital lending and payments remain the key drivers of digital revenues of digital revenues (**96.6%**). We continue to see significant traction in digital wealth with AUM and revenues growing by **57%** and **77%** respectively from 1Q 2022.

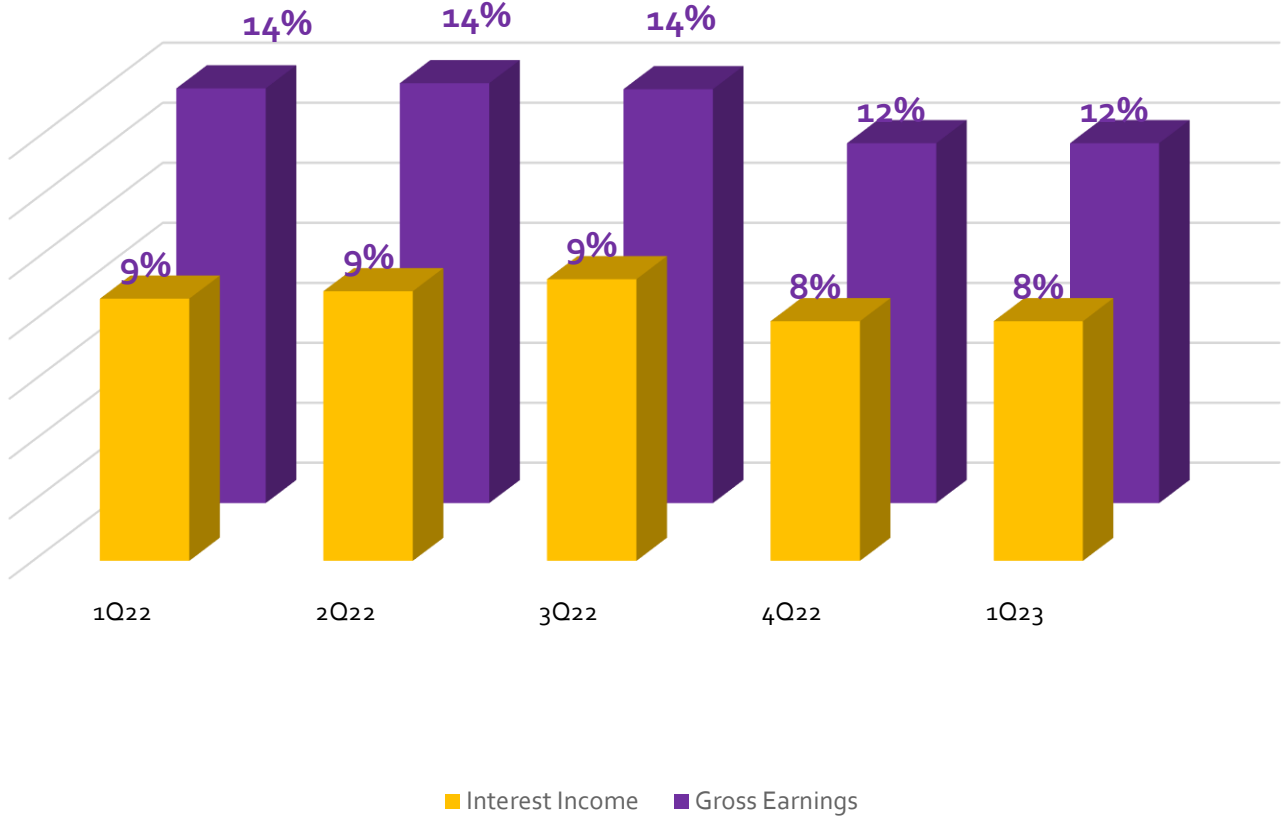


Digital loans to Retail have grown by **49%** while loans to SMEs grew by **8%** from the previous quarter.

# Digital Revenue Trend / Contribution To Gross Earnings & Interest Income



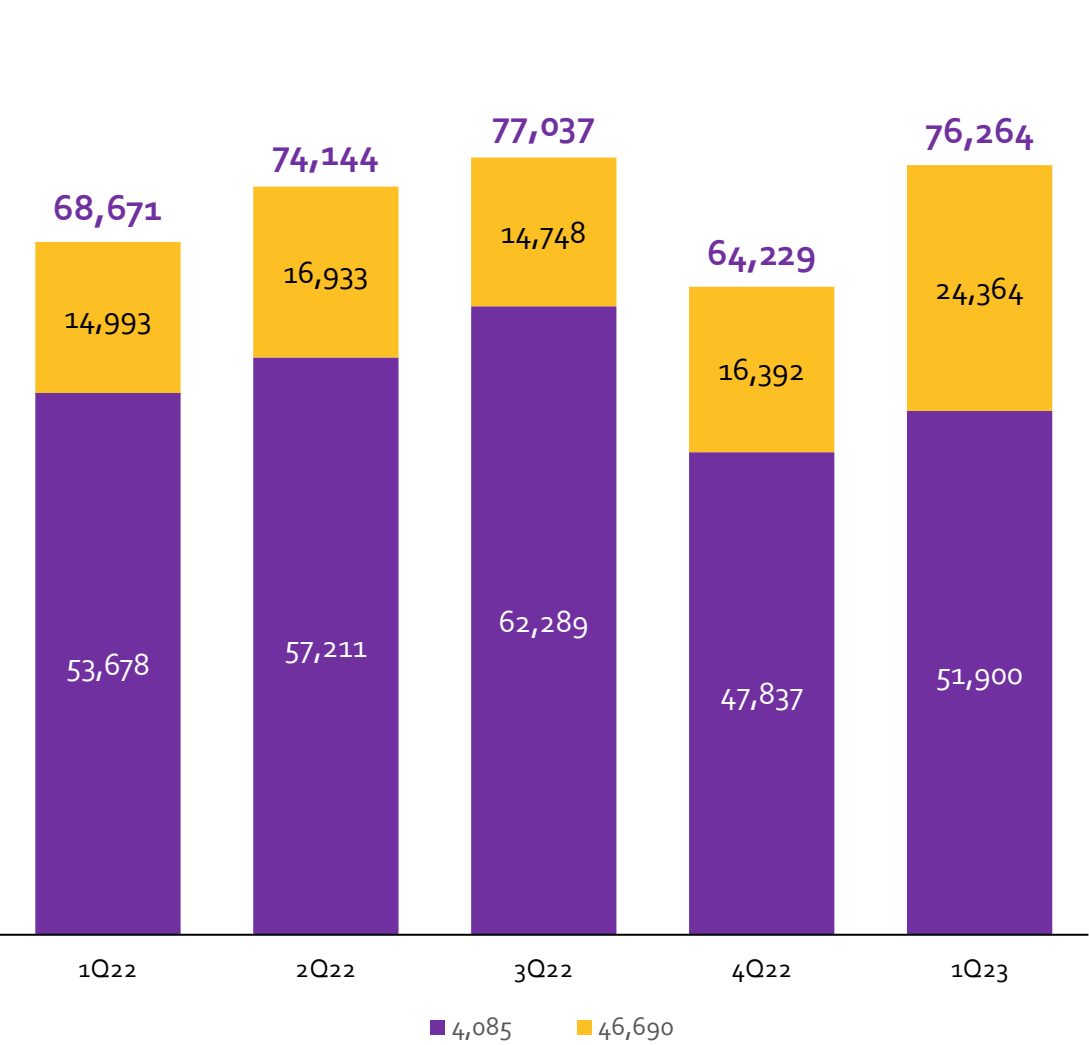
## Digital Contribution To Interest Income & Gross Earnings



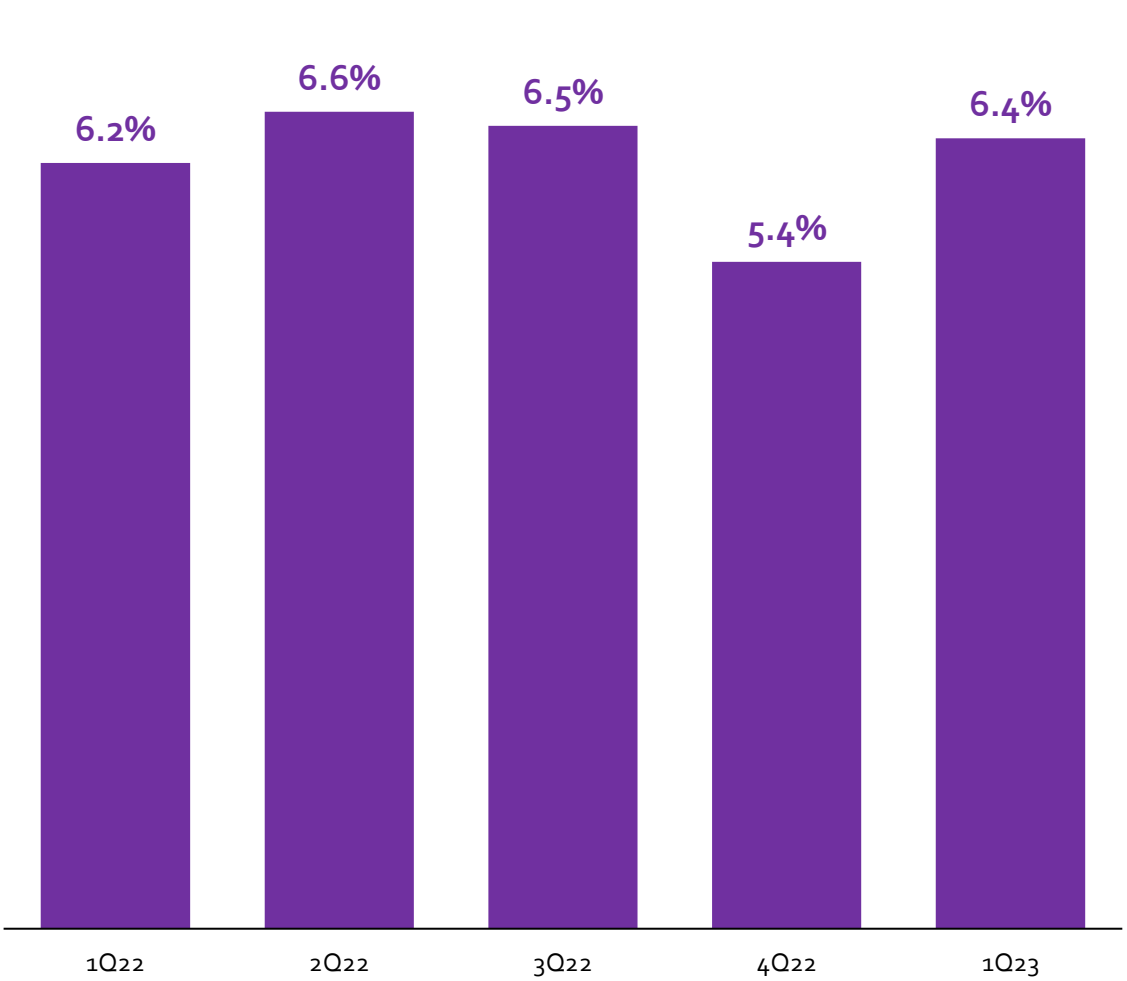
We continue to see traction in revenues from our digital channels driven by increased adoption, origination & repeat transactions on our digital lending products. On the back of this, we recorded a 5% and 25% growth in digital revenues QoQ and YoY respectively.

# Digital Loans Trend & Contribution To Total Loans 1Q 2023

### Digital Loans Trend (in billions)

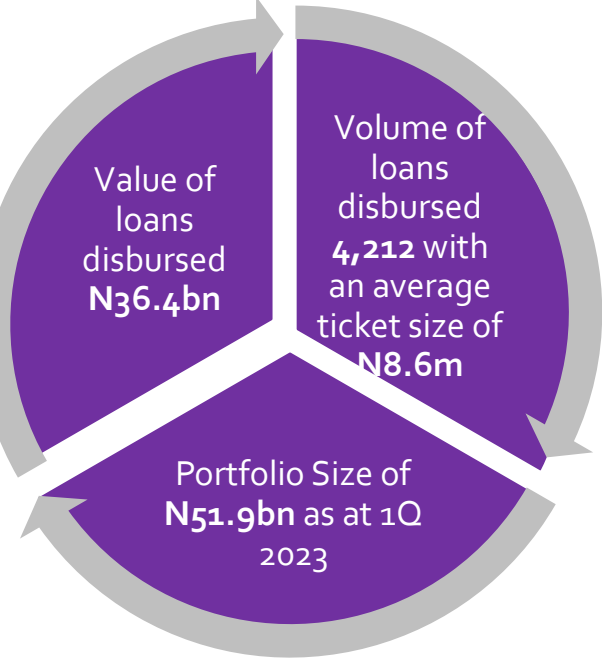


### Digital Loans Contribution To Total Loans Trend

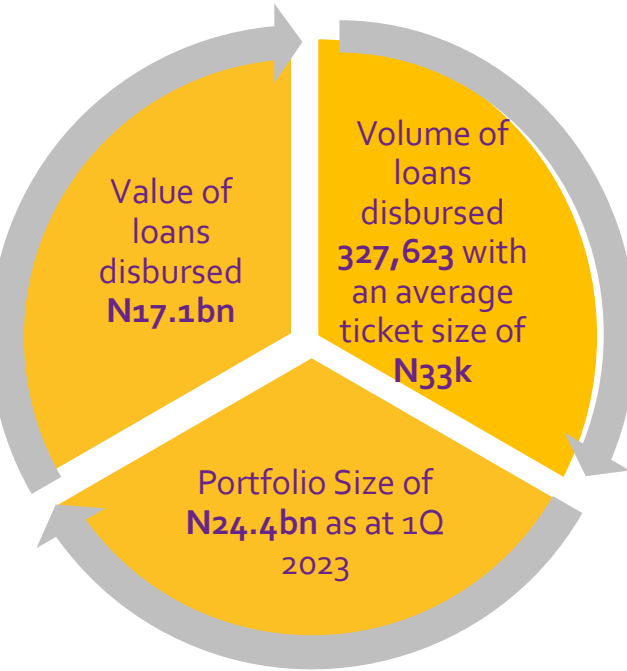


Digital loans grew by 11% from N68.7bn in 1Q22 to N76.3bn in 1Q23 accounting for 6.4% of the Total Loan Portfolio. Growth in retail digital lending portfolio was driven by increased adoption of digital lending platform in our CDL business. Retail digital lending portfolio is currently split 67%/33% between CDL and the Bank.

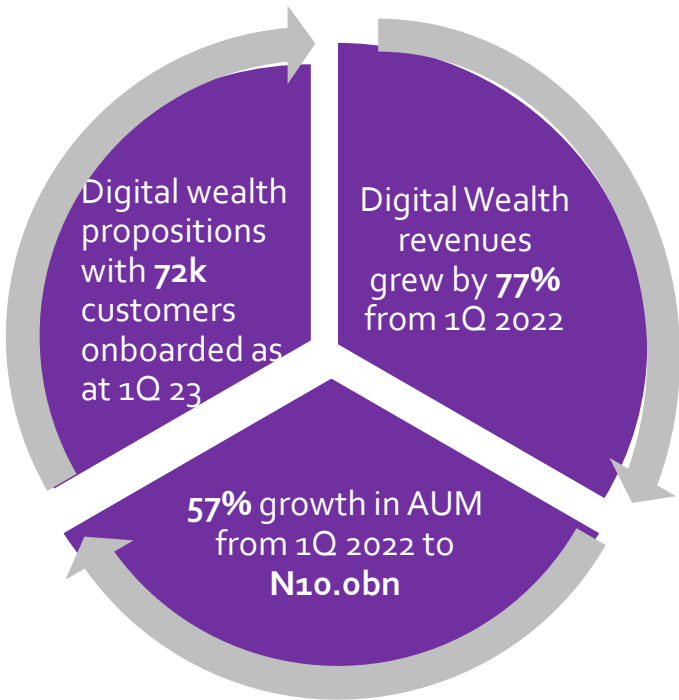
## SME Digital Loans 1Q 2023 Highlights



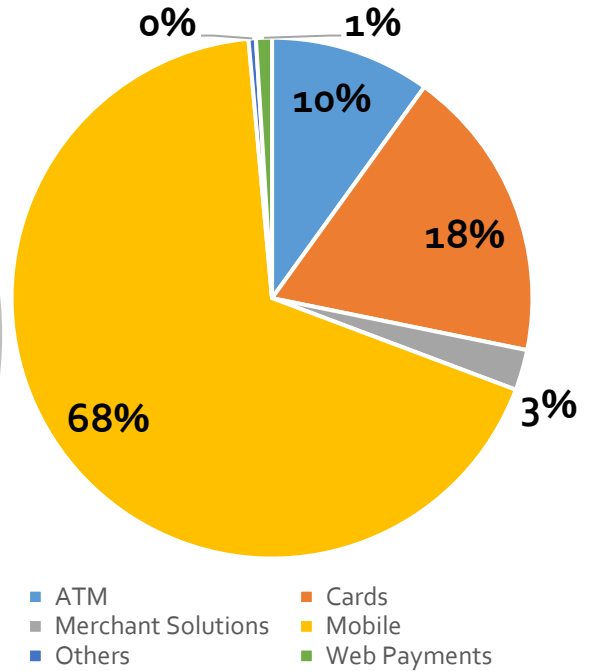
## Retail Digital Loans 1Q 2023 Highlights



## Digital Wealth 1Q 2023 Highlights



## Digital Payments 1Q 2023 Highlights





## **Group Performance Review: The Banking Group**



## 1Q 2023 Results Highlights

Gross Earnings  
N77.6 billion

56%

1Q 22: N49.7 billion

Cost-to-income  
70.7 %

7%

1Q 22: 75.8%

Return on Average Equity  
12.6%

580  
bps

1Q 22: 6.8%

Capital Adequacy  
17.2%

140  
bps

1Q 22: 15.8 %

Deposits  
N2.01trillion

28%

1Q 22: N1.57 trillion

Gross Loans  
N1.29 trillion

8%

1Q 22: N1.07 trillion

Cost of Risk  
1.3%

30bps

1Q 22: 1.0%

Profit before Tax  
N8.01 billion

109%

1Q 22: N3.84billion

Non-Performing Loans  
5.3%

90  
bps

1Q 22: 4.4%

Customers  
8.23 million

16%

1Q 22: 7.22 million

Total Assets  
N3.02 trillion

26%

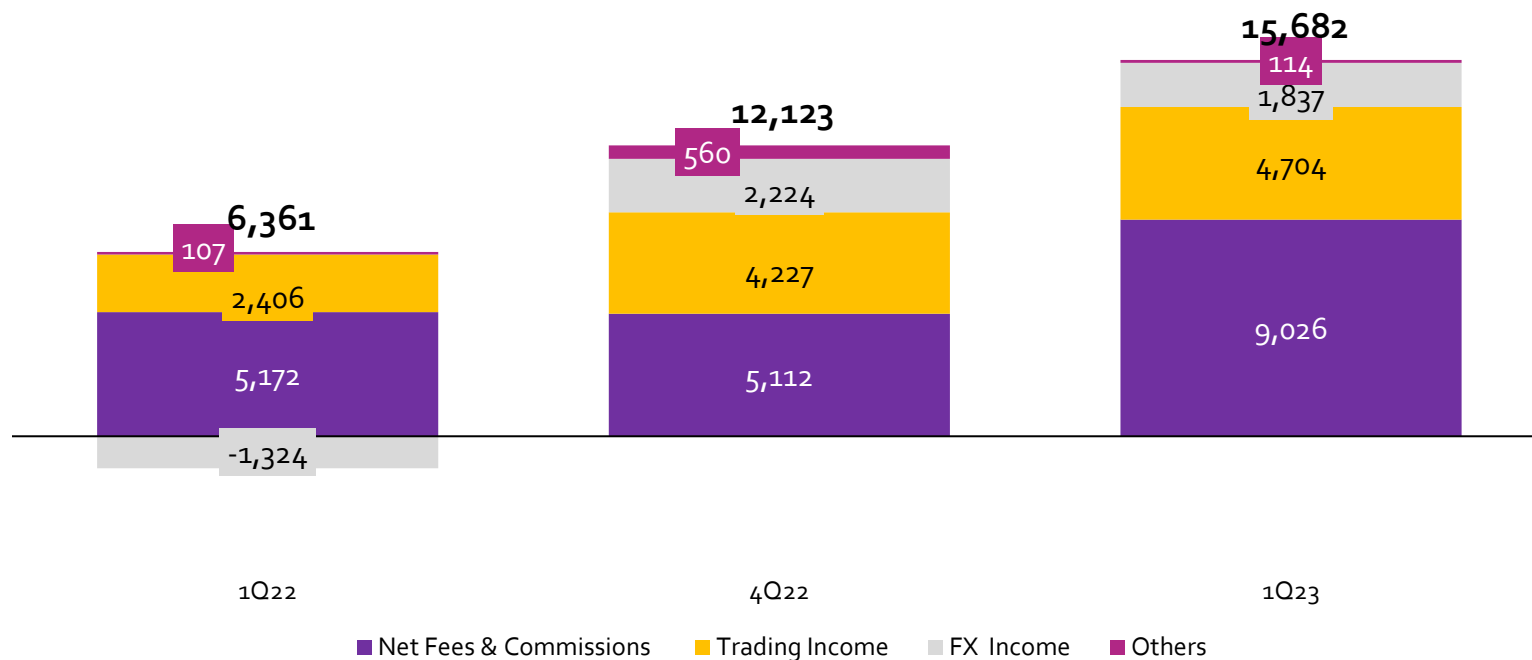
1Q 22: N2.40 trillion

## Banking Group: Financial Analysis: 4Q22 vs. 1Q23 and 1Q22 vs. 1Q23

- PBT grew 4% and 109% QoQ and YoY respectively largely due to a growth in Net interest income and Non-interest income.
- Net Interest Income increased 11% and 12% QoQ and YoY, due to a steady growth in loans and advances over the period.
- Non-Interest Income increased 29% QoQ and 147% YoY. YoY growth was driven by an increase in fees & commissions, trading and FX income.
- Operating expenses increased by 31% and 30% QoQ and YoY respectively due to technology enhancement costs and increased regulatory, coupled with the double-digit inflationary environment.
- Risk Assets (net) remained flat QoQ and however grew by 8% YoY, while Customer Deposits also increased 3% QoQ and 28% YoY respectively.

N'm	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
<b>Revenue</b>	<b>49,663</b>	<b>73,651</b>	<b>77,582</b>	<b>5%</b>	<b>56%</b>
Interest Income	43,305	61,529	61,900	1%	43%
Interest Expense	(17,906)	(36,004)	(33,367)	-7%	86%
<b>Net Interest Income</b>	<b>25,399</b>	<b>25,525</b>	<b>28,433</b>	<b>11%</b>	<b>12%</b>
<b>Non-Interest Income</b>	<b>6,361</b>	<b>12,122</b>	<b>15,682</b>	<b>29%</b>	<b>147%</b>
- Net Fees & Commissions	5,172	5,112	9,026	77%	75%
- Trading Income	2,406	4,227	4,704	11%	96%
- FX Income	(1,324)	2,224	1,837	-17%	-239%
- Others	104	560	114	-80%	10%
<b>Operating Income</b>	<b>31,757</b>	<b>37,647</b>	<b>44,115</b>	<b>17%</b>	<b>39%</b>
<b>Operating Expenses</b>	<b>(24,070)</b>	<b>(23,760)</b>	<b>(31,193)</b>	<b>31%</b>	<b>30%</b>
Net impairment loss on financial assets	(3,851)	(6,182)	(4,912)	-21%	28%
<b>PBT</b>	<b>3,836</b>	<b>7,704</b>	<b>8,010</b>	<b>4%</b>	<b>109%</b>
<b>PAT</b>	<b>3,614</b>	<b>6,010</b>	<b>7,419</b>	<b>23%</b>	<b>105%</b>
<b>Balance Sheet (N'B)</b>					
Customer Deposits	1,573	1,950	2,011	3%	28%
Risk Assets	1,074	1,167	1,163	0%	8%

## Non-Interest Income Analysis: 4Q22 vs. 1Q23 and 1Q22 vs. 1Q23



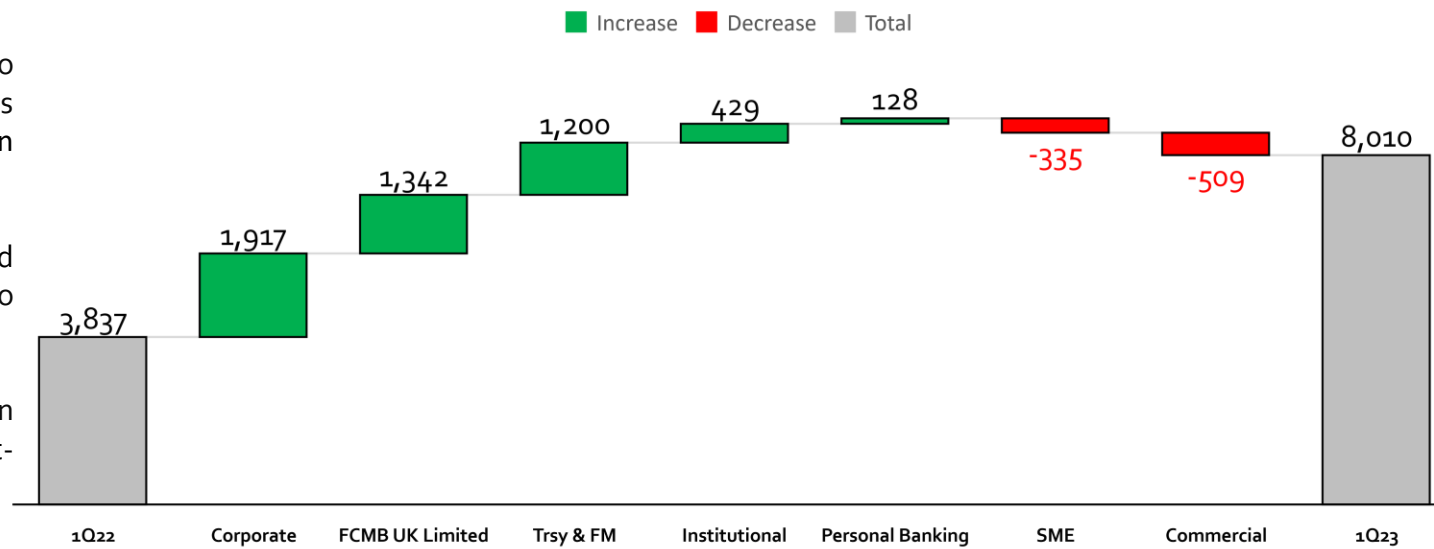
	%Δ QoQ	%Δ YoY
Net Fees & Commissions	76.6%	74.5%
Trading Income	11.3%	95.5%
FX Income	-17.4%	238.7%
Others	-79.6%	65%
<b>Non-Interest Income</b>	<b>29.4%</b>	<b>146.5%</b>

- Net fees and commissions grew by 77% QoQ and 75% YoY driven by growth in electronic and service fees & commissions;
- Trading income grew by 11% and 96% QoQ and YoY respectively due to higher trading activities in government-backed securities;
- FX income declined by 17% and 239% QoQ and YoY respectively due to minimal revaluation gain;
- Other income declined by 80% QoQ, however grew by 65% YoY due to dividend income received.

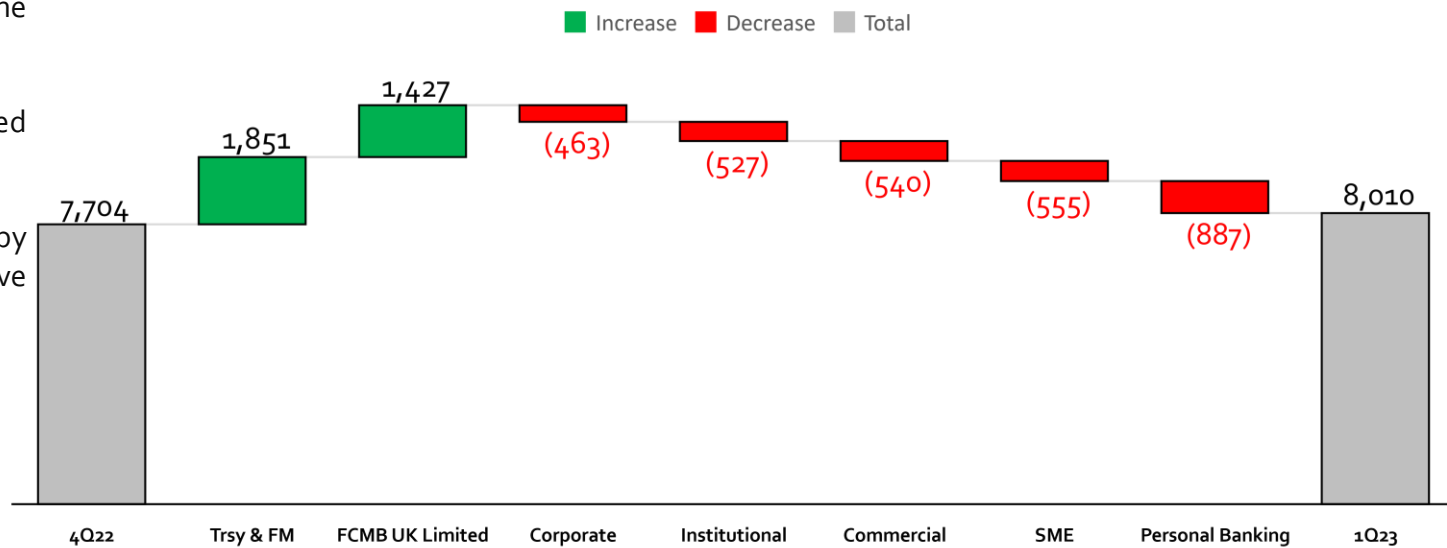
# Segment & Subsidiaries Highlights: 4Q22 vs. 1Q23 and 1Q22 vs. 1Q23

- Personal Banking | 1Q23: PBT N1.5bn** PBT grew YoY by No.13bn due to increase in transaction activities on Alternate channel as a result of cashless policy of CBN. However, declined by No.088bn QoQ largely by an increase in operating costs.
- SME Banking | 1Q23 PBT: N2.4bn** PBT declined YoY by No.34bn and No.56bn QoQ. The decline was largely due to slow growth of the portfolio to manage capital as well as asset quality.
- Treasury & Financial Markets | 1Q23 PBT: N3.2bn** PBT grew YoY by N1.2bn and N1.9bn QoQ largely due to higher trading activities in government-backed securities.
- Corporate Banking | 1Q23 PBT: No.28bn** the business recorded a profit of No.28bn with losses declining by N1.9bn YoY. PBT however declined by No.46bn QoQ as a result of increase in impairment and slow growth of the portfolio to manage capital as well as asset quality.
- Commercial Banking | 1Q23 PBT: (No.51bn)** PBT for the business declined by No.51bn YoY and No.54bn QoQ.
- Institutional Banking | 1Q23 PBT: (No.32bn)** PBT for the business grew by by No.43bn YoY as a result of increase in low-cost deposits, which improve the net revenue of the segment however declined by No.53bn QoQ.

### Banking Group: 1Q 23 PBT Waterfall

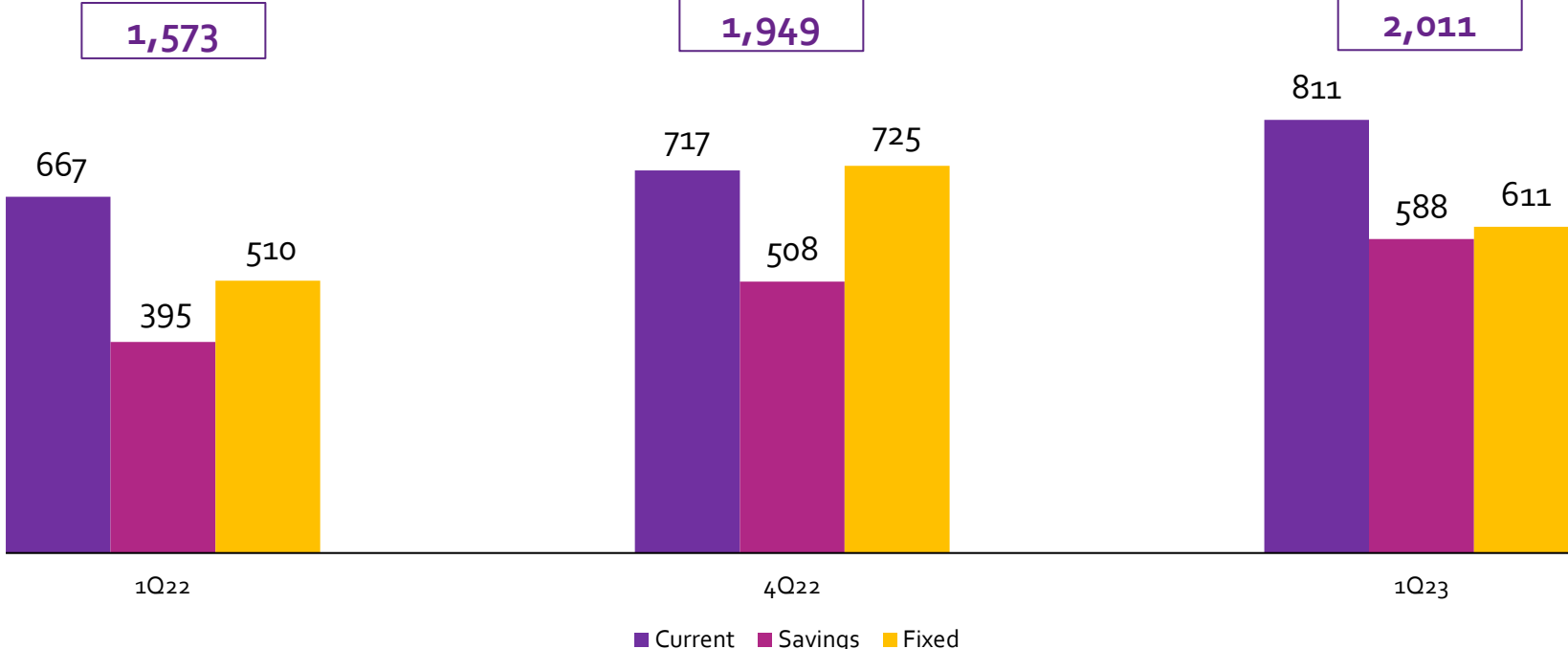


### Banking Group: 1Q 23 PBT Waterfall



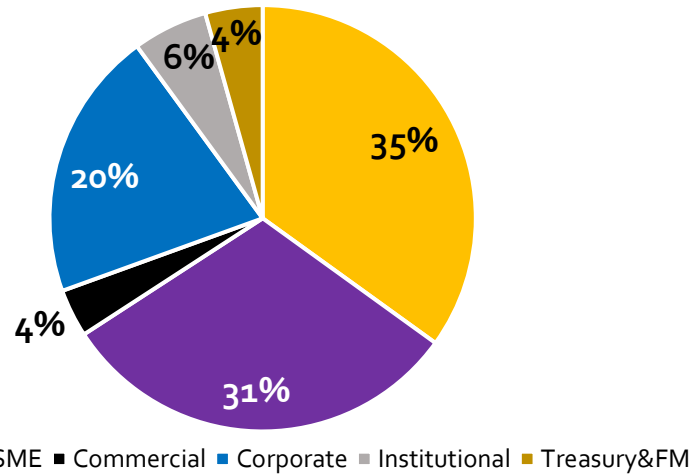
# Deposits Trend Analysis

Customer Deposits (N'bn)

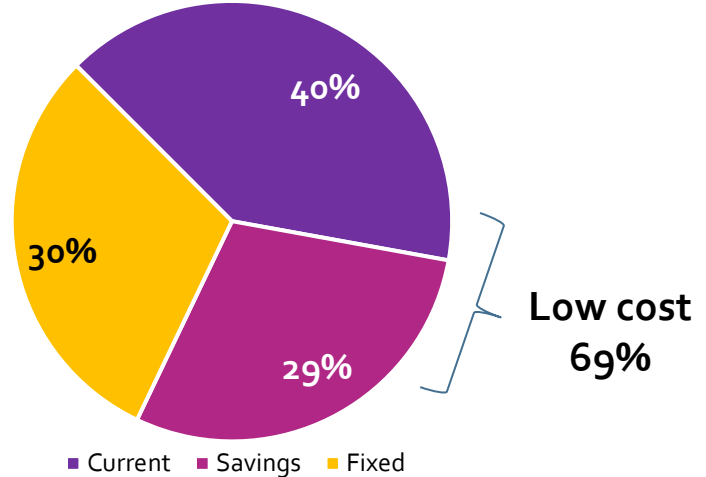


- Total deposits rose **3% QoQ** and **28% YoY**.
- Low-cost deposits now account for **69%** of total deposits. Low-cost deposits grew by **14% QoQ** and **32% YoY**.
- Retail (Personal and SME Banking) deposits which now constitutes about **66%** of total deposits and grew by **4% QoQ** and **27% YoY** respectively.

By Business Segment

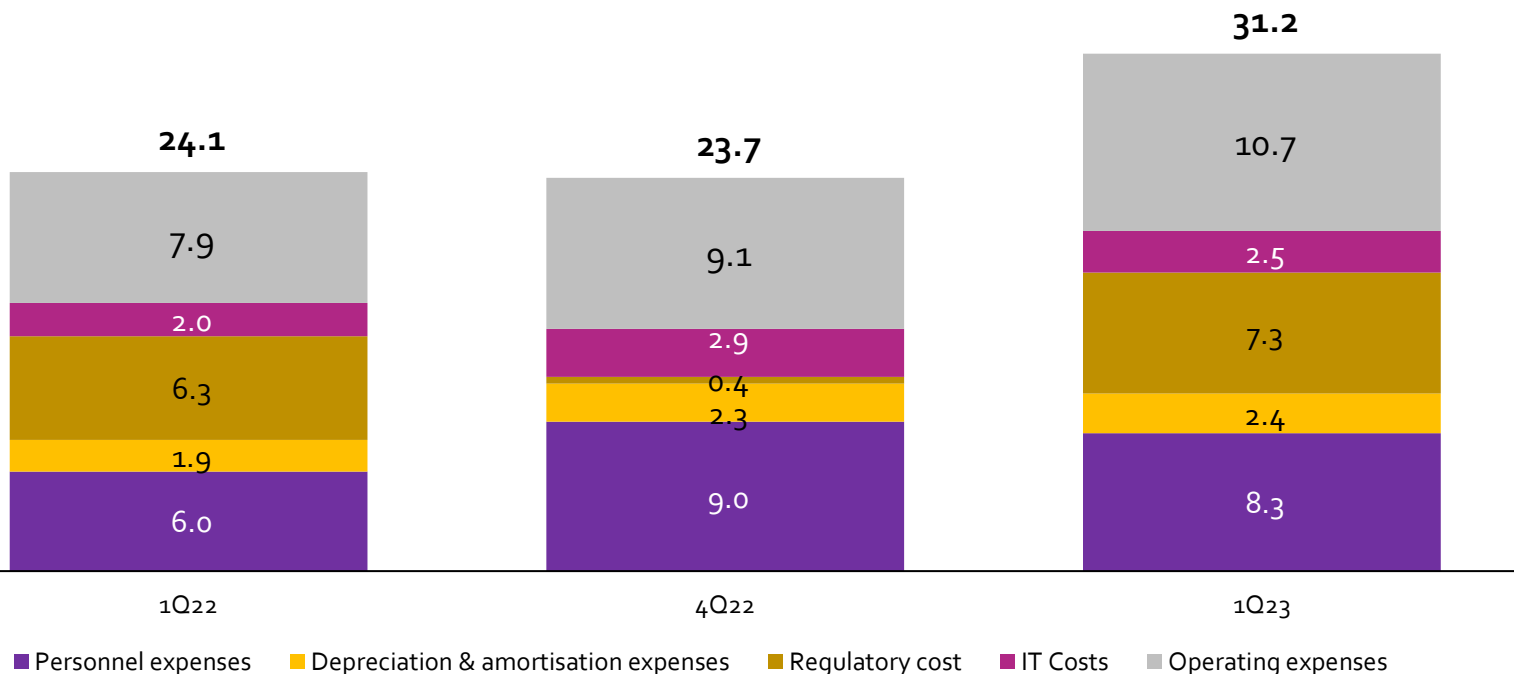
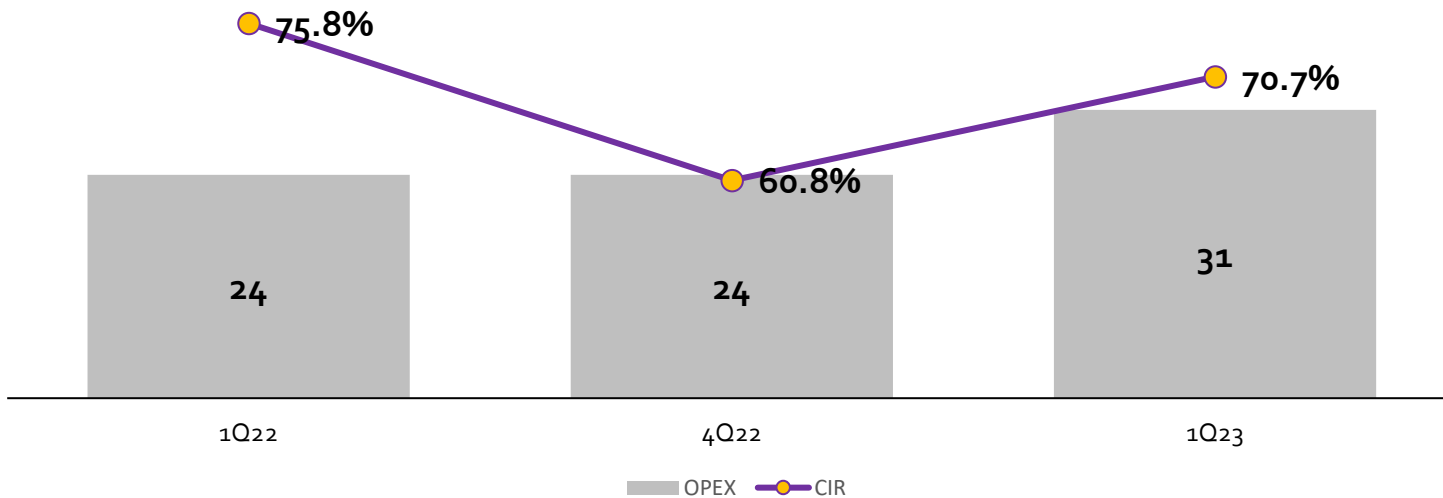


By Type





# Cost Analysis & Reduction Plans



## Analysis

- Operating expenses grew by 31% and 30% QoQ and YoY respectively. The YoY growth was largely due to an increase in regulatory and technology costs, coupled with the double-digit inflationary environment.
- Regulatory costs (NDIC & AMCON) grew by 1619% QoQ due to the accelerated amortization of the regulatory cost (AMCON levy) in line with IFRS.
- Technology costs decline by 16% QoQ however grew by 12% YoY, accounting for 8% of OPEX in 1Q23.

## Reduction Plans

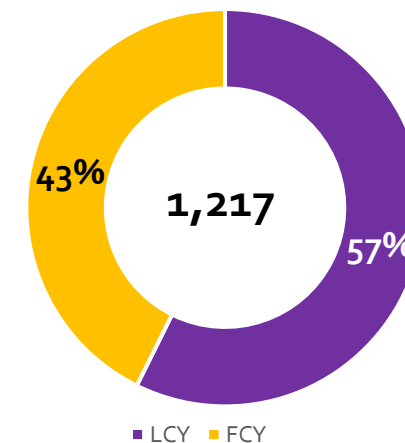
- Internal process realignment and automation for greater cost efficiency.
- Resources reallocation for optimization of performance.
- Focus remains on driving efficiencies and reducing cost-to-serve.

# Loan Portfolio Classification

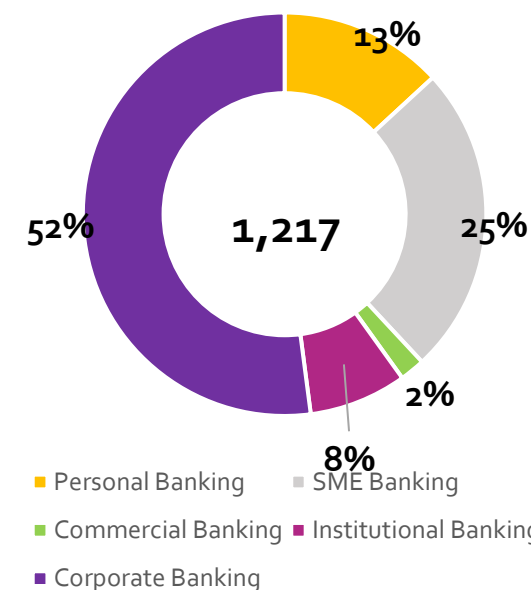
Diversified Loan Portfolio: *SME Banking segment gained 1% YoY share of total portfolio. 8% growth YoY in Loan Book was largely from Manufacturing and Agriculture Sectors.*

Industry Sector	Mar. 22	Jun. 22	Sep. 22	Dec. 22	Mar. 23	% Distr.
Agriculture	89,230	87,926	102,871	104,312	116,591	9.6%
Commerce	145,684	141,658	114,694	126,957	142,860	11.7%
Construction	2,309	1,788	1,671	2,766	2,895	0.2%
Education	5,626	6,113	6,389	8,351	7,077	0.6%
Finance & Insurance	83,870	84,502	90,124	89,973	97,697	8.0%
General – Others	18,038	16,572	29,258	26,658	30,840	2.5%
Government	16,315	25,019	24,881	22,973	21,598	1.8%
Individual – Bank	148,720	157,311	158,107	158,045	158,376	13.0%
Individual – Microfinance	2,757	3,135	3,837	4,559	1,574	0.1%
Information & Communications	11,582	15,446	16,318	15,461	15,171	1.2%
Manufacturing	123,605	123,884	160,428	162,207	163,245	13.4%
Oil & Gas-Downstream	86,640	81,213	82,195	90,744	88,499	7.3%
Oil & Gas-Upstream	144,684	159,477	155,044	161,230	148,440	12.2%
Oil & Gas Services	54,081	55,527	57,156	60,043	50,956	4.2%
Power & Energy	65,072	60,368	61,992	56,865	57,147	4.7%
Professional Services	7,318	6,495	23,365	9,183	2,501	0.2%
Real Estate	111,646	111,128	101,257	99,226	95,391	7.8%
Transportation & Logistics	9,352	13,469	15,366	14,441	15,677	1.3%
	<b>1,126,531</b>	<b>1,151,031</b>	<b>1,204,954</b>	<b>1,213,993</b>	<b>1,216,534</b>	<b>100%</b>

By Currency



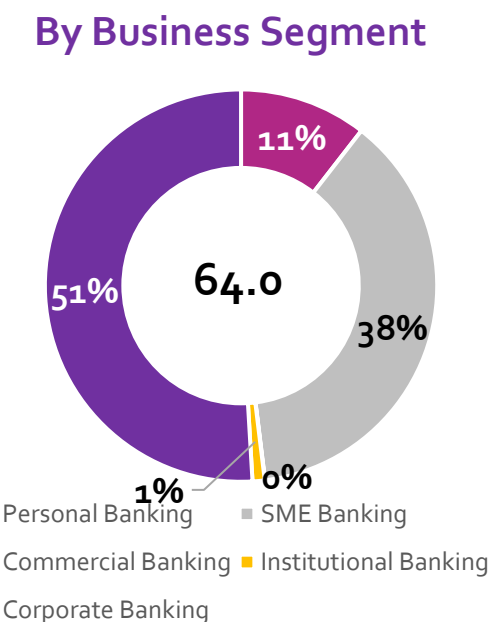
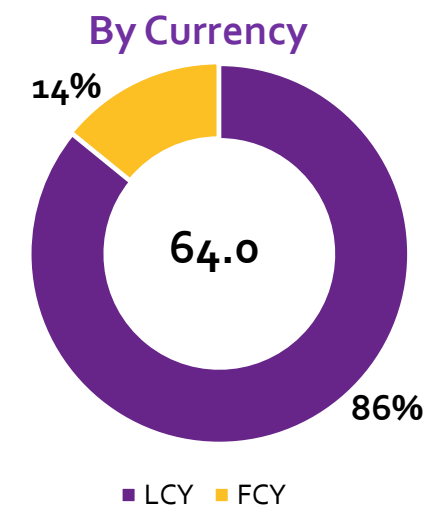
By Business Segment



# Non-Performing Loans

*YoY NPL ratio grew by gobps, largely driven by deterioration in the Manufacturing, Commerce and Individual.*

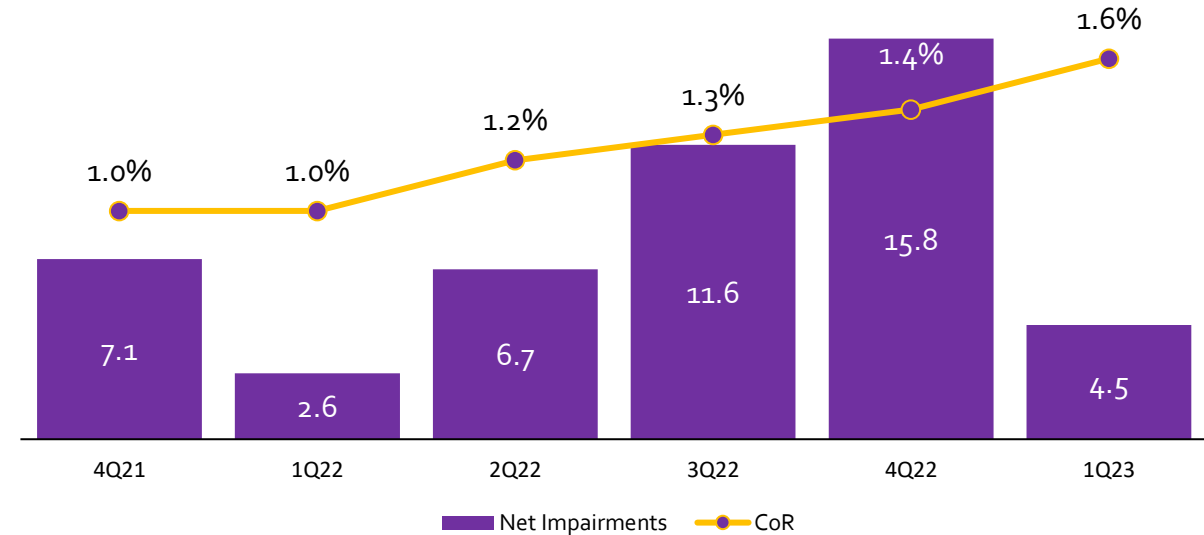
By Sector	Mar. 2022		Dec. 2022		Mar. 2023	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	809.04	0.8%	558.94	0.5%	559.72	0.5%
Commerce	5,287.50	3.9%	5,953.70	4.7%	7,580.20	5.3%
Construction	0.00	0.0%	98.11	3.5%	73.07	2.5%
Education	187.39	3.3%	359.63	4.3%	271.57	3.8%
Finance & Insurance	8.57	0.0%	32.79	0.0%	53.01	0.1%
General – Others	184.06	1.6%	553.36	2.1%	1,437.64	4.7%
Government	1.73	0.0%	666.50	2.9%	0.23	0.0%
Individual – Bank	6,532.26	2.9%	4,479.16	2.8%	6,687.55	4.2%
Individual – Microfinance	-	0.0%	-	0.0%	38.63	2.5%
Information & Communications	-	0.0%	13.85	0.1%	28.36	0.2%
Manufacturing	12,108.09	9.8%	10,937.74	6.7%	23,782.03	14.6%
Oil & Gas – Downstream	4,954.87	7.3%	19.85	0.0%	14.49	0.0%
Oil & Gas – Upstream	-	0.0%	0.01	0.0%	-	0.0%
Oil & Gas Services	11,241.87	20.8%	12,292.69	20.5%	13,256.21	26.0%
Power & Energy	-	0.0%	8,887.43	15.6%	8,915.07	15.6%
Professional Services	29.78	1.7%	84.00	0.9%	51.83	2.1%
Real Estate	7,711.27	7.1%	12.51	0.0%	1,142.83	1.2%
Transportation & Logistics	8.21	0.1%	62.48	0.4%	67.98	0.4%
<b>Total</b>	<b>49,064.7</b>	<b>4.4%</b>	<b>45,012.77</b>	<b>3.7%</b>	<b>63,960.42</b>	<b>5.3%</b>



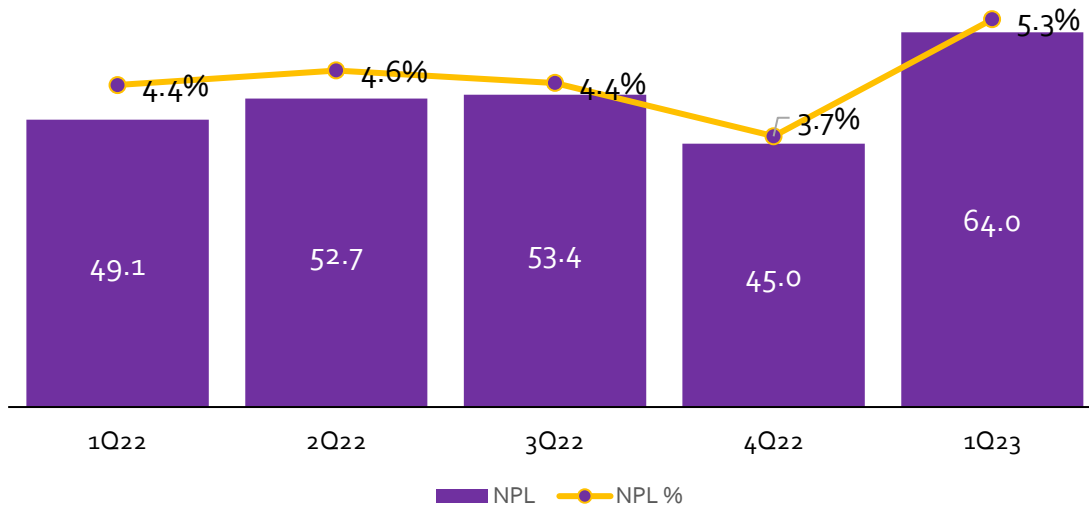
# Net impairment charge grew YoY while coverage improved QoQ

- CoR trended upwards by 20bps, reflecting growth in the Loan Book and NPL
- 42% QoQ increase in NPL was largely driven by Manufacturing, Commerce and Individual
- Accumulated Impairments increased by 12% QoQ while NPL coverage reduced to 83.7%. However, with consideration of the Regulatory Risk Reserve & Forbearance Reserve, coverage ratio is 110%

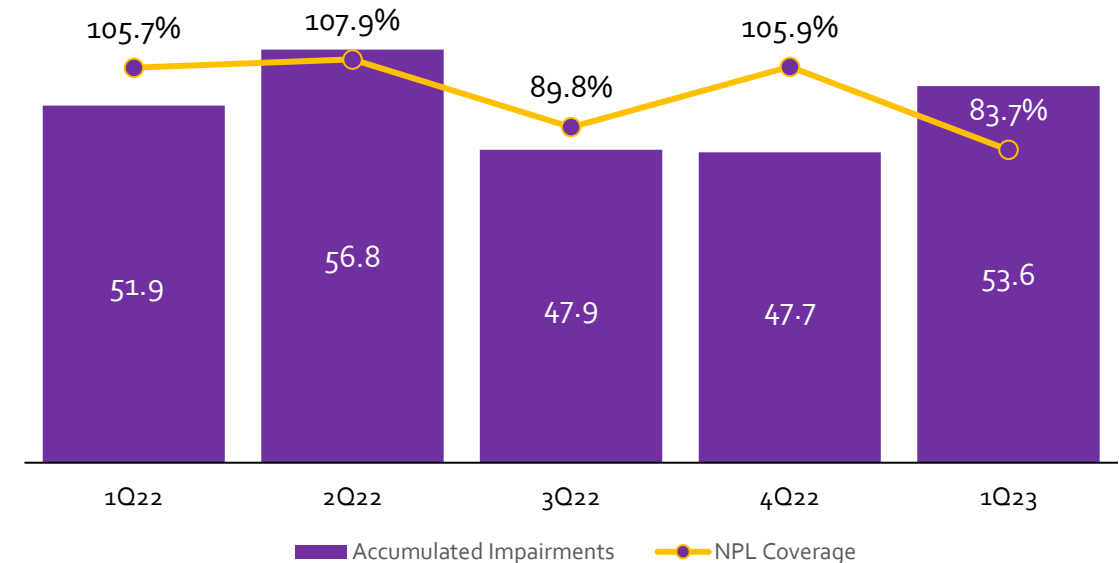
## Net impairment charges on loans (N'B) & Cost-of-risk



## NPL (N'B) & NPL Ratio



## Accumulated Impairments (N'B) & NPL Coverage



\*NPL coverage inclusive of regulatory risk reserves is 110.2% as at 1Q 2023



## Group Performance Review: Consumer Finance

Gross Earnings  
**N3.9 billion**

19%

1Q 22: N3.3 billion

Interest Income  
**N3.6 billion**

17%

1Q 22: N3.1 billion

Profit before Tax  
**N1.1 billion**

6%

1Q 22: N1.0 billion

Operating Expenses  
**N1.5 billion**

12%

1Q 22: N1.4 billion

NPL  
**9.6%**

170  
bps

1Q 22: 8%

Return on Average Equity

**33%**

100  
bps

1Q 22: 32%

- PBT for our consumer finance business (CDL) grew by 29% QoQ and 6% YoY to N1.1 billion. YoY growth was sustained by a growth in Interest and Non-Interest Income.
- Net Interest Income declined 9% QoQ as the market impact of multiple MPR hikes over the past year continues to push our borrowing cost higher. However, NII grew by 5% YoY.
- Non-Interest Income grew by 71% QoQ and 53% YoY attributed to a growth other income.
- Operating expenses declined by 23% QoQ. However, OPEX grew by 14% YoY largely due to a growth in personnel expense.
- In terms of asset quality, the business recorded a 62% QoQ increase in net impairment however this declined 10% YoY.
- Today our digital channels account for 100% of global sales supported by the introduction of new digital channels to improve customer experience

N'm	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
<b>Gross earnings</b>	3,316	3,935	3,955	1%	19%
Interest Income	3,110	3,751	3,640	-3%	17%
Interest Expense	(638)	(916)	(1,051)	15%	65%
<b>Net Interest Income</b>	<b>2,472</b>	<b>2,835</b>	<b>2,588</b>	<b>-9%</b>	<b>5%</b>
<b>Non-Interest Income</b>	<b>206</b>	<b>184</b>	<b>315</b>	<b>71%</b>	<b>53%</b>
- Net Fees & Commissions	90	92	83	-10%	-8%
- Others	116	92	232	152%	100%
<b>Operating Income</b>	<b>2,678</b>	<b>3,019</b>	<b>2,903</b>	<b>-4%</b>	<b>8%</b>
<b>Operating Expenses</b>	<b>(1,350)</b>	<b>(2,001)</b>	<b>(1,539)</b>	<b>-23%</b>	<b>14%</b>
Net impairment loss on financial assets	(280)	(156)	(252)	62%	-10%
<b>PBT</b>	<b>1,048</b>	<b>862</b>	<b>1,112</b>	<b>29%</b>	<b>6%</b>
<b>PAT</b>	<b>702</b>	<b>577</b>	<b>770</b>	<b>33%</b>	<b>10%</b>



## Consumer Finance: Financial Analysis - 4Q22 vs. 1Q23 and 1Q22 vs. 1Q23

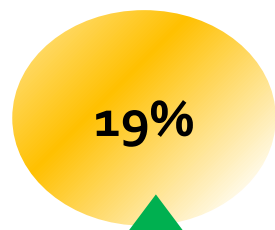
- Loan book expanded by 16% YoY to N31.0 billion in 1Q 2023.
- Maintained strong profitability ratios for the 1Q 2023 period as RoAE grew by 3% from 1Q 2022.
- In terms of asset quality, NPL/Total Loans ratio improve from 9.8% in 4Q 2022 to around 9.6% in 1Q 2023.
- The business continues to maintain good liquidity and capital buffers.

Performance Index		1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
Operating	Return on Average Equity	32%	29%	33%	14%	3%
	Return on Average Assets	8%	7%	9%	29%	13%
	Loan/Deposit Ratio	132%	116%	117%	1%	-11%
	Loan/Funding Ratio	132%	116%	117%	1%	-11%
	Cost/Income Ratio	47%	59%	49%	-17%	4%
	Net Interest Margin	40%	43%	38%	-12%	-5%
	NPL/Total Loans	8%	9.8%	9.6%	-2%	20%
	Coverage Ratio	101%	92%	102%	11%	1%
	NII/Operating Income	8%	6%	9%	50%	13%
	Financial Leverage	1.4%	1.3%	1.3%	0%	-7%
	Cost of Risk	4%	2%	3.3%	65%	-18%
	Cost of funds	14%	18%	18%	0%	29%
Capital & Liquidity	Capital Adequacy Ratio	30%	27%	27%	0%	-10%
	Liquidity Ratio	123%	126%	119%	-6%	-3%
Others	Opex (N'B)	1,350	2,001	1,517	-24%	12%
	Risk Assets (net) (N'B)	26,838	28,449	31,047	9%	16%



## Group Performance Review: Investment Banking

Gross Earnings  
**N1.0 billion**



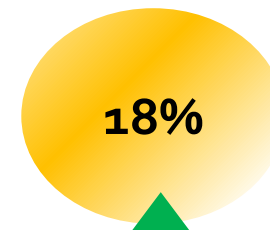
1Q 22: N878.0 million

Non-Interest Income  
**N892.0 billion**



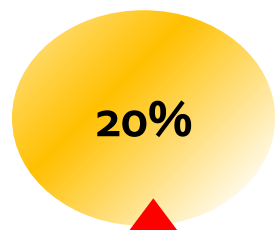
1Q 22: N815.8 million

Profit before Tax  
**N497.1 million**



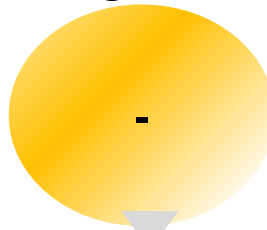
1Q 22: N420.7 million

Operating Expenses  
**N547.6 million**



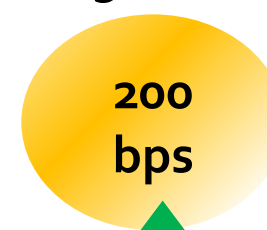
1Q 22: N457.3 million

CIR  
**52%**



1Q 22: 52%

Return on Average Equity  
**32%**



1Q 22: 30%

## Investment Banking: 1Q 2023 Financial Analysis

- PBT for the investment banking business grew by 219% QoQ and 18% YoY. The YoY growth was driven by increased capital markets activity during the period as companies continued to explore capital markets offerings, which led to an increase in Capital Raising and Financial Advisory Fees as well as improvements in Trading Income.
- Our Capital Markets business recorded a 65% PBT growth YoY maintaining its Group PBT contribution at 2%.
- The value of stockbroking trades declined 41% YoY from N20.7bn in 1Q 2022 to N12.2bn in 1Q 2023 contributing to a 24% YoY decline in brokerage commissions. Trading income however grew by 185% and 44% QoQ and YoY respectively, driven by an increase in proprietary trading activity on the back of value mismatch opportunities.
- CIR for the business remained flat YoY at 52% as at 1Q 2023 however improved significantly from the 79% recorded in the previous quarter on the back of improved earnings.
- Overall, contribution of the Investment Banking business to Group PBT improved to 5% as at 1Q 2023.
- For 2023 we remain steadfast in our support to our clients by offering appropriate capital markets solutions and providing exceptional client service with the aim of retaining existing clients and acquiring new ones.

N'm	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
<b>Gross earnings</b>	<b>878</b>	<b>722</b>	<b>1,045</b>	<b>45%</b>	<b>19%</b>
<b>Net Interest Income</b>	<b>62</b>	<b>163</b>	<b>153</b>	<b>-6%</b>	<b>147%</b>
<b>Non-Interest Income</b>	<b>816</b>	<b>558</b>	<b>892</b>	<b>60%</b>	<b>9%</b>
Capital Raising/Advisory Fees	203	222	308	39%	52%
Brokerage Commissions	497	219	380	74%	-24%
Trading Income	123	62	177	185%	44%
Other Income	(8)	54	27	-50%	438%
<b>Operating Income</b>	<b>878</b>	<b>722</b>	<b>1,045</b>	<b>45%</b>	<b>19%</b>
<b>Operating Expenses</b>	<b>(457)</b>	<b>(574)</b>	<b>(548)</b>	<b>-5%</b>	<b>20%</b>
<b>PBT</b>	<b>421</b>	<b>156</b>	<b>497</b>	<b>219%</b>	<b>18%</b>
<b>PAT</b>	<b>309</b>	<b>28</b>	<b>347</b>	<b>1139%</b>	<b>12%</b>
<b>Key Ratios</b>					
CIR	52%	79%	52%	-34%	0%
Return on Average Equity	30%	2%	32%	1500%	7%
Return on Average Assets	21%	2%	18%	800%	-14%

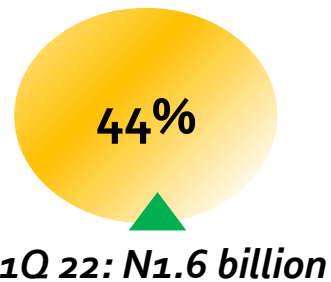


## Group Performance Review: Investment Management

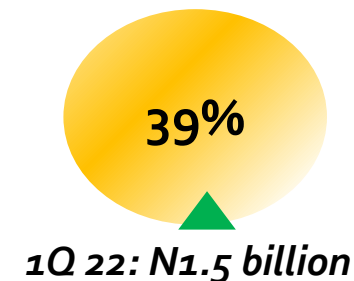


# Investment Management: 1Q 2023 Performance Highlights

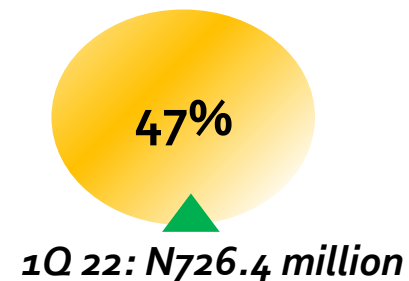
Gross Earnings  
**N2.3 billion**



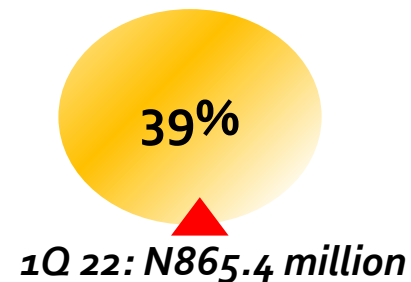
Non-Interest Income  
**N2.1 billion**



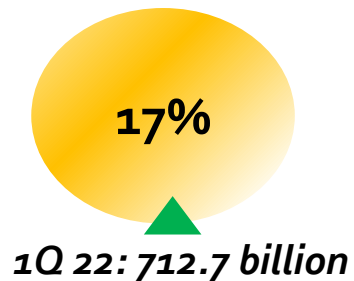
Profit before Tax  
**N1.1 billion**



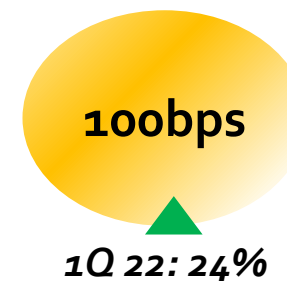
Operating Expenses  
**N1.2 billion**



AUM  
**N830.2 billion**



Return on Average Equity  
**25%**



## Investment Management: 1Q 2023 Results Review

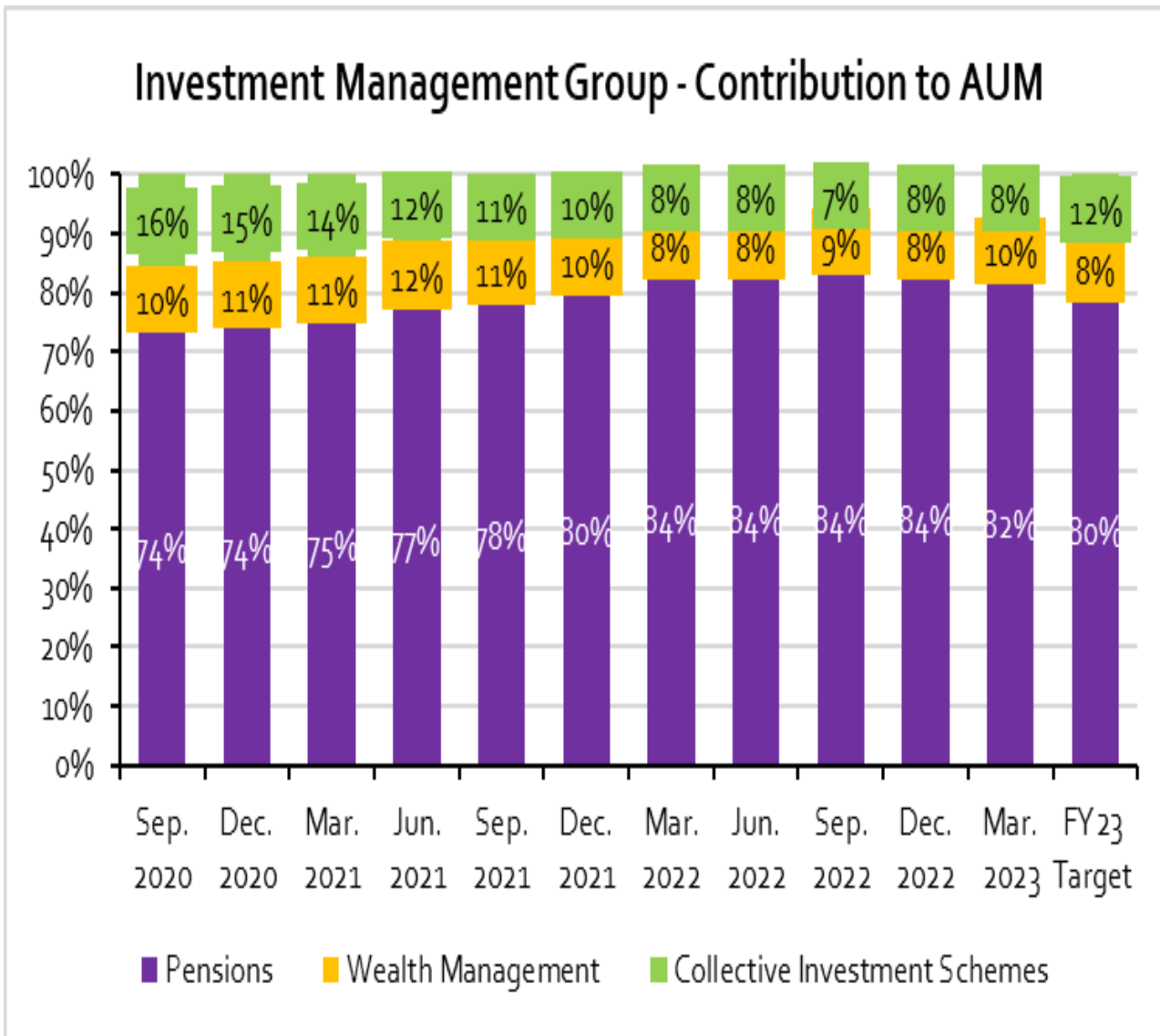
- Assets Under Management rose by 6% quarter-on-quarter and 16% year-on-year, to N830 billion. Net Contribution from customers accounted for 61% of the quarter-on-quarter increase, whilst Investment Income contributed 39% of the growth in AUM;
- Our Pensions business contributed 82% of AUM in 1Q 2023, compared with 84% contribution in the previous quarter;
- AUM and Management fee from digital products grew by 60% and 169%, year-on-year;
- The number of Retirement Savings Accounts increased by 0.70% q/q and 2.86% y/y, to 739,242, with Registrations via our digital Platform contributing 67% of the increase;
- We were net recipients of funds from the transfer window in 1Q 2023, with a net inflow of N1.35 billion;
- PBT rose by 47% year-on-year, with our Pensions business contributing 76% of PBT.

N'm	1Q22	4Q22	1Q23	%Δ QoQ	%Δ YoY
<b>Gross earnings</b>	<b>1,592</b>	<b>2,210</b>	<b>2,297</b>	<b>4%</b>	<b>44%</b>
Net Interest Income	77	193	190	-2%	147%
<b>Non-Interest Income</b>	<b>1,515</b>	<b>2,017</b>	<b>2,107</b>	<b>4%</b>	<b>39%</b>
-Advisory Fees	20	28	31	11%	55%
-Brokerage Commission	5	20	1	-95%	-80%
-Asset Management Fees	1,485	1,865	2,001	7%	35%
-Others	4	104	74	-29%	1750%
<b>Operating Income</b>	<b>1,592</b>	<b>2,210</b>	<b>2,297</b>	<b>4%</b>	<b>44%</b>
Operating Expenses	(865)	(1,242)	(1,229)	-1%	42%
Net gains/(losses) from fin. instruments at fair value	-	-	-	-	
<b>PBT</b>	<b>726</b>	<b>966</b>	<b>1,068</b>	<b>11%</b>	<b>47%</b>
<b>PAT</b>	<b>512</b>	<b>618</b>	<b>751</b>	<b>22%</b>	<b>47%</b>
AUM	712,669	783,689	830,164	6%	16%
ROAE	24%	26%	25%	-4%	4%
CIR	54%	56%	54%	-4%	0%



Update on primary goals in FY 2023:

- AIICO Pension impact:** The AIICO transaction’s impact on PBT in 1Q 2023 was N392 million, representing 48% of total PBT contribution from our Pensions business. We remain on track to achieve our AIICO PBT contribution target of N1.5bn for FY 2023;
- Digital distribution:** AUM from our digital investment products is expected to remain on an upward trajectory. We expect the launch of the web-version of our GRO digital investment products in 2Q 2023 to increase access to the investment products. AUM and Management fee are projected to rise by 58% and 83%, in FY 2023;
- Alternative Assets:** We have submitted a Fund registration request to the SEC, to raise at least N10 billion under Series 1 of our upcoming Alternative Assets Fund. We expect to receive final approval to launch the Fund in 1H 2023.





**Outlook**

We are on track to exceed our Target PBT Growth of 25% for the 2023FY driven by:

Loan growth momentum to be supported with high earnings retention and Issuance local currency AT-1 Capital

Acquisition of additional 1.5 million+ transacting customers across the group will support growth in transaction fees, CASA and AUM at projected 35%, 15% and 20% YoY growth respectively

Increase in digital revenues by over >25% from lending, payments and wealth

Accelerating earnings growth in Wholesale banking (i.e. corporate and commercial banking) as we deepen wallet share with top customers

Investment Banking – Sustained performance from our Capital Markets business as we continue to strengthen our Debt Capital Markets position and a growing pipeline of Equity Capital Market and M&A deal flow.

Cost income Ratio Target of ~64% driven by (i) marketing synergies from ecosystem strategy, and (ii) “efficient” profit growth in wholesale banking and (iii) cost efficient nature of digital revenues