

FCMB



FY 2017

Investors & Analysts Presentation

6 April 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

2017 Operating Environment

FY 2017 Results

Group Performance Review:

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

Looking Ahead At 2018



The Operating Environment in 2017

Currency depreciation less severe than 2016

- Revaluation gain was down year-on-year;
- Revaluation gain of N8.7 billion vs N29.3 billion in 2016.

Recovery from economic recession in Q2 2017

- Improved recovery efforts and less NPLs;
- Improved lending environment, though, we remain cautious;
- Supports our decision to invest more in resilient sectors such as agriculture.

Stability in oil price and production

- Better performance of oil & gas portfolio.

Introduction of I&E window to improve FX liquidity

- Recovery of trade finance related income;
- Increased investor confidence, leading to better performance in our stockbroking business.



Performance Overview

Group Performance Highlights

5.1%

-38.9% YoY

58.3% QoQ

Return on Equity

N189.0

+5.6% YoY

Net Asset Value

N1.48

+34.5% YoY

Share Price

10k (FY 2017)

Proposed Dividend

47.5k

-34.4% YoY

60.9% QoQ

Earnings Per Share

FCMB's Operating Companies Contribution to Profitability:
Commercial & Retail Banking is the dominant contributor, but there'll be growing contribution from Asset & Wealth Management from 2018.

N'm	PBT	PAT	Gross Earnings	ROE	Capital Allocation	% Contribution to Group PBT
Commercial & Retail Banking Group	9,536	7,576	165,973	4.52%	172,555	83%
FCMB Ltd ¹	9,552	7,592	165,929	4.53%	172,465	83%
FCMB Microfinance Bank Ltd	(16)	(16)	44	-17.40%	89	-0.1%
Asset & Wealth Management Group	483	426	968	31.92%	4,417	4%
Legacy Pension Managers Ltd ²	66	76	279	28.6% ³	3,076	1%
CSL Trustees Ltd	184	150	301	30.00%	523	2%
FCAM Ltd	233	200	388	28.60%	818	2%
Investment Banking Group	450	430	1699	14.63%	3,216	4%
CSL Stockbrokers Ltd	396	376	1,146	21.50%	2,001	3%
FCMB Capital Markets Ltd	54	54	553	3.00%	1,215	0.5%
FCMB Group Plc (Separate)	766	751	1,243	n/a	8,553	7%
Share of Post tax result of Associate	227	227	n/a	n/a	227	2%
FCMB Group Plc (consolidated)	11,463	9,410	169,883	5.10%	188,968	100%

Notes:

1. Includes Credit Direct Ltd and FCMB (UK) Ltd;
2. Legacy Pensions was one month's post acquisition income, full year PBT was N1.136bn and PAT N879m;
3. Legacy's ROE annualised.

Group Statements of Comprehensive Income

PBT at Group Level rose 53% QoQ due to revaluation gains during the period

FCMB: Statements of Comprehensive Income (Extracts) - (3Q17 vs. 4Q17 & FY16 vs. FY17)

N'm	3Q17	4Q17	%Δ QoQ	FY16	FY17	%Δ YoY
Revenue	41,308	51,066	23.6%	176,352	169,882	-3.7%
Interest Income	33,923	36,080	6.4%	125,109	132,357	5.8%
Interest Expense	(16,518)	(15,457)	-6.4%	(55,576)	(61,832)	11.3%
Net Interest Income	17,405	20,623	18.5%	69,534	70,525	1.4%
Non Interest Income	5,829	13,381	129.6%	47,719	32,006	-32.9%
- Net Fees & Commissions	4,528	4,485	-1.0%	14,181	16,222	14.4%
- Trading Income	369	673	82.6%	834	2,399	187.8%
- FX Income	428	7,691	1696.6%	34,164	8,723	-74.5%
- Others	504	532	5.6%	(1,459)	4,661	419.4%
Operating Income	23,234	34,004	46.4%	117,253	102,531	-12.6%
Operating Expenses	(17,596)	(19,436)	10.5%	(65,774)	(68,739)	4.5%
Net impairment loss on loans	(2,794)	(9,033)	223.3%	(31,809)	(21,311)	-33.0%
Other impairment loss	112	(982)	975.3%	(3,713)	(1,357)	-63.5%
Net gains/(losses) from fin. instruments at fair value	(0)	9	16782.4%	22	112	417.2%
<i>Share of Post tax result of Associate</i>	60	58	-3.3%	273	227	-16.8%
PBT	3,017	4,621	53.2%	16,251	11,462	-29.5%
TAX	-567	-680	19.9%	-1,913	-2,052	7.3%
PAT	2,450	3,941	60.9%	14,339	9,410	-34.4%

Group Statements of Financial Position

FCMB: Statements of Financial Position (Extracts) – (4Q16 vs. 3Q17 vs. 4Q17)

N'm	4Q16	3Q17	4Q17	% Δ QoQ	% Δ YoY
Cash and cash equivalents	108,105	120,031	103,888	-13.4%	-3.9%
Restricted reserve deposits	139,461	89,547	109,639	22.4%	-21.4%
Loans and advances	659,937	655,463	649,797	-0.9%	-1.5%
Derivative assets held	1,019	0	0	n/a	-100.0%
Non Pledged trading assets	9,154	14,228	23,936	68.2%	161.5%
Investments	128,442	109,031	153,429	40.7%	19.5%
Assets pledged as collateral	59,107	80,863	61,330	-24.2%	3.8%
Investment in associate	847	869	0	-100.0%	-100.0%
Intangible assets	9,673	9,769	14,921	52.7%	54.3%
Deferred tax assets	7,972	7,974	8,234	3.3%	3.3%
Other assets	16,779	18,469	27,604	49.5%	64.5%
Fixed assets	32,283	31,633	33,402	5.6%	3.5%
Total Assets	1,172,778	1,137,877	1,186,179	4.2%	1.1%
LIABILITIES:					
Trading Liabilities	6,256	7,712	21,617	180.3%	245.5%
Derivative liabilities held	770	0	0	n/a	-100.0%
Customer deposits	657,610	636,276	689,861	8.4%	4.9%
Deposits from banks	24,798	22,196	6,355	-71.4%	-74.4%
Other liabilities	75,695	58,264	72,718	24.8%	-3.9%
Borrowings	132,094	116,752	109,435	-6.3%	-17.2%
On-lending facilities	42,199	57,125	42,534	-25.5%	0.8%
Debt securities issued	54,482	56,470	54,692	-3.1%	0.4%
Shareholders' funds	178,873	183,082	188,968	3.2%	5.6%
Liabilities and Shareholder Equity	1,172,778	1,137,877	1,186,179	4.2%	1.1%
Acceptances & Guarantees	159,384	138,362	164,901	19.2%	3.5%

FCMB



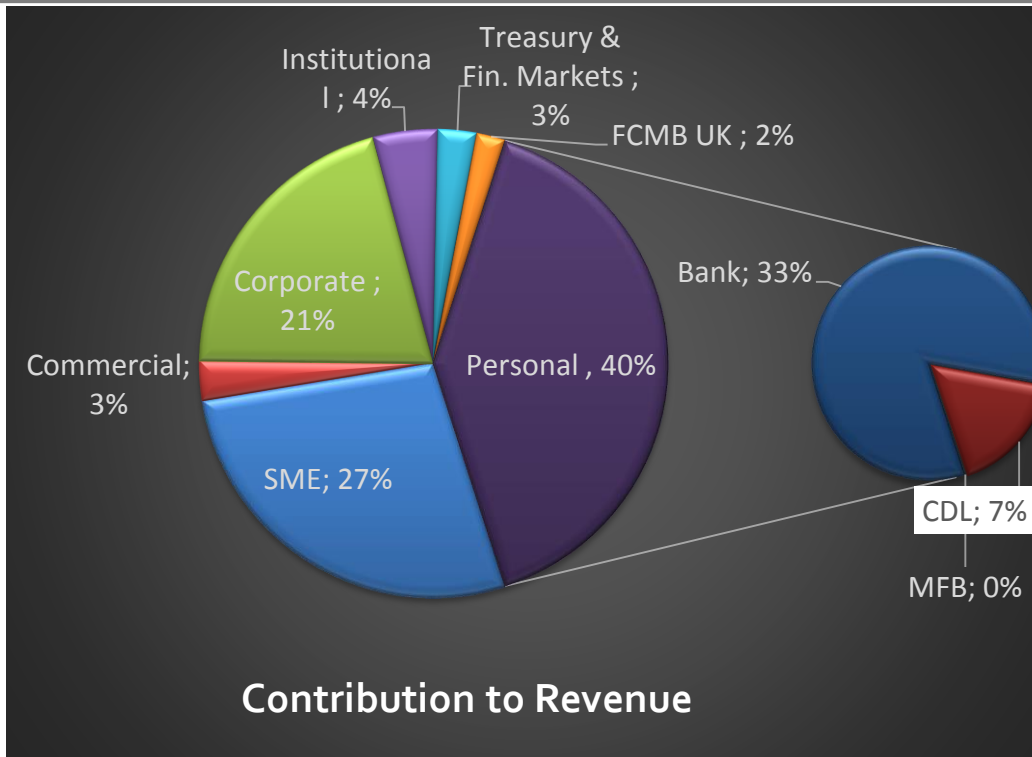
Group Performance Review:
Commercial & Retail Banking - *Mr. Adam Nuru (Managing Director: FCMB Ltd)*

Commercial & Retail Banking Performance Review: FY16 vs. FY17

N'billion	FY 2016	FY 2017	%Δ YoY
Net Interest Income	68.6	69.0	0.6%
Non-Int Income	44.0	29.2	-33.7%
Net impairment loss on loans	(31.8)	(21.3)	-33.0%
Operating Expenses	(63.4)	(66.0)	4.1%
PBT	13.8	9.5	-31.0%
Risk Assets	659.70	649.38	-1.6%
Deposits	664.65	692.39	4.2%
CIR	56.3%	67.2%	19.3%
NIM	8.3%	7.8%	-6.1%
Cost of Funds	6.1%	6.8%	12.4%
Loans to Deposits	99.3%	88.4%	-11.0%
Loan to Funding	71.7%	71.5%	-0.2%
Liquidity	31.2%	35.3%	13.1%
CAR	16.5%	16.88%	2.1%
NPL	3.7%	4.7%	25.6%

- 31% decrease in PBT to N9.5bn for FY17 from the N13.8bn in FY16;
- Revenue declined 4.5% through a 33.7% reduction in non-interest income, as a result minimal revaluation gains in 2017;
- Fees and commissions improved 7.7% YoY to N14.5bn in 2017, in spite of the regulatory cap on fees in 2017;
- Balance sheet size remained flat, growing marginally by 0.5% to N1.17 trillion in 2017 from N1.16 trillion in 2016;
- Loans and advances also declined by 2% in 2017;
- Deposits grew 4%, driven majorly by c. 10% growth in savings deposits from N139bn in 2016 to N153bn in 2017;
- Overhead costs increased marginally by 4%.

CRBG 2017 Segment & Subsidiary Highlights



Subsidiaries Performance

- All the subsidiaries within the banking group had improved performance:
 - CDL recorded 65% growth in PBT from N1.3bn in 2016 to N2.2bn in 2017;
 - FCMB UK had 250% growth in PBT from No.1bn in 2016 to No.3bn in 2017;
- We'll soon complete the variation process to make FCMB UK a retail deposit taker in line with our retail banking focus.

SME

- 27% contribution to net revenue and also recorded 24.7% improvement YoY, driven majorly by improvements in its interest income and about 30% growth in fees and commission.
- 5,000 point-of-sale (PoS) machines deployed during 2017. Active PoS machines are now c. 14,000.
- Launch of new SME mobile banking App to enhance alternate channels adoption for SME customers.

Corporate Banking

- Corporate Banking contributed 21% to net revenue with increase of 41.4% YoY, due to renewed liability and transaction driven approach;
- Grew its low cost deposit volume by c. 20%.

Personal Banking

- The segment continues to be the major contributor to revenue at 40%, as we continue to focus on our consumer finance strategy.
- 5.1% decline in net revenue, due to scale back of consumer loans to manage impact of delayed salary payments by state governments on our loan book. With improved economy, loan growth will be restored in 2018. The segment also grew its alternate income considerably.
- 22% growth in PBT from N7.4bn in 2016 to N9.1bn in 2017.

Non-Interest Income Analysis: 3Q17 vs. 4Q17 & FY16 vs. FY17

N'm	3Q17	4Q17	%Δ QoQ	FY16	FY17	%Δ YoY
Non Interest Income	5,441.23	11,719.24	115.38%	43,998.63	29,168.65	-33.7%
Net Fees & Commissions	4,209.43	3,702.01	-12.05%	13,496.78	14,533.42	7.7%
Trading Income	367.80	59.66	-83.78%	5,694.35	1,753.32	-69.2%
Dividend Income	-	26.67	100.00%	268.76	396.20	47.4%
FX Revaluation Gain	370.10	7,483.70	1922.07%	26,491.06	8,451.74	-68.1%
Others	493.91	447.21	-9.45%	(1,952.32)	4,033.99	306.6%

Net fees and commissions grew YoY by 7.7%, as we remain focused on improving our alternate channels. The reduction QoQ was as a result of reduced tariff by the regulator as well as one-off write-back in 3Q17. FX revaluation gain in 2017 was substantially lower than gain recorded in 2016.

FCMB

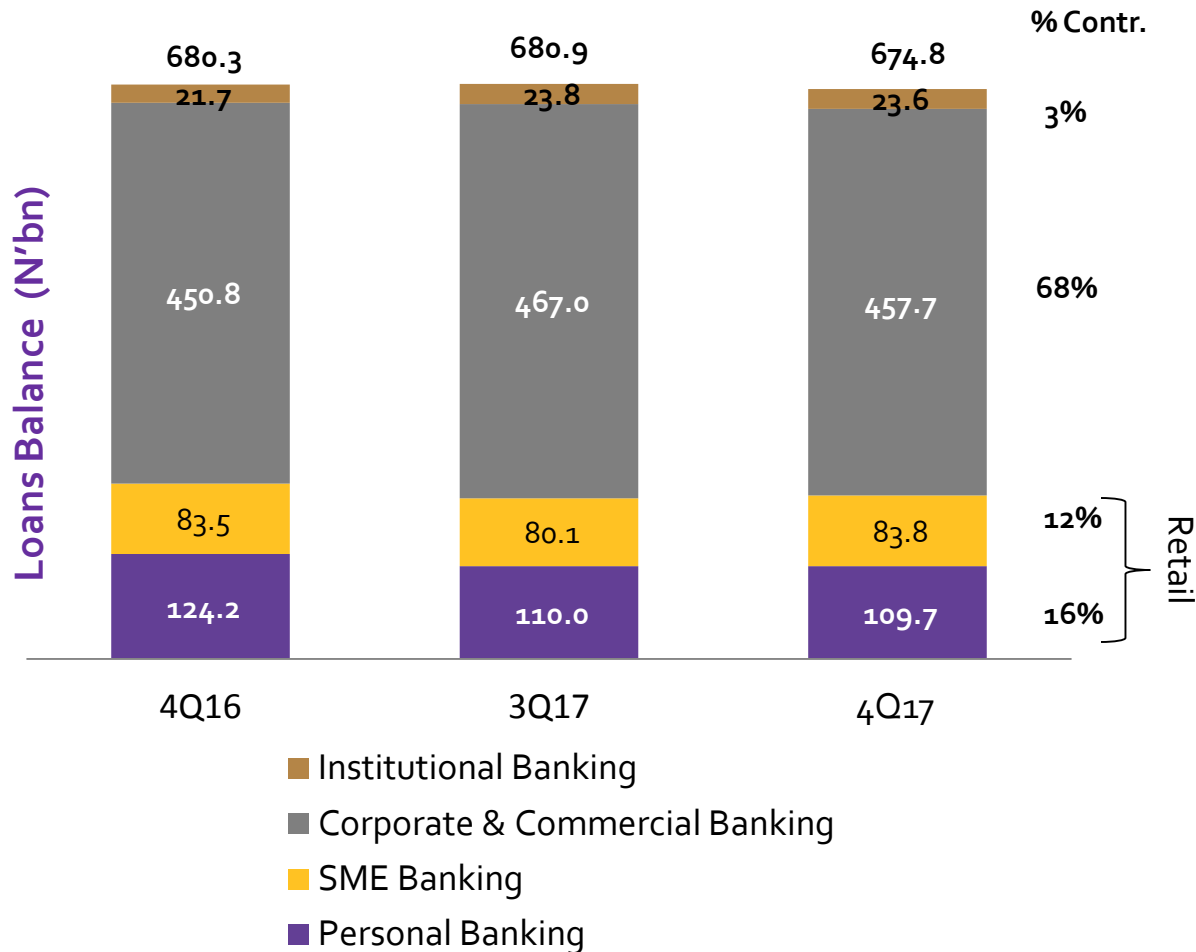
Interest Income & Earnings Assets

N'million	4Q16	% DISTR.	3Q17	% DISTR.	4Q17	% DISTR.	% Δ QoQ	% Δ YoY
Interbank placements	15,312	1.75%	8,573	0.98%	18,483	2.05%	115.58%	20.71%
Loans and advances to customers (gross)	680,246	77.62%	681,489	77.80%	674,684	75.01%	-1.00%	-0.82%
Investments in government & corporate securities	180,821	20.63%	185,850	21.22%	206,349	22.94%	11.03%	14.12%
Total Earning Assets	876,378	100.00%	875,912	100.00%	899,516	100.00%	2.69%	2.64%

N'million	3Q16	4Q16	FY16	3Q17	4Q17	FY17	% Δ QoQ	% Δ YoY
Interbank placements	265	42	729	101	440	899	335.57%	23.28%
Loans and advances to customers	24,759	26,587	101,358	27,375	28,582	106,798	4.41%	5.37%
Investments in government & corporate securities	7,386	5,077	22,126	6,175	6,702	23,629	8.54%	6.79%
Total Interest Income	32,409	31,706	124,213	33,650	35,724	131,325	6.16%	5.73%

Loans dropped 0.8% YoY due to high interest rate environment. Plan to resume cautious loan growth with focus on Agriculture, Manufacturing and Retail.

CRBG: Gross Loan Distribution by Segment
4Q16 vs. 3Q17 vs. 4Q17



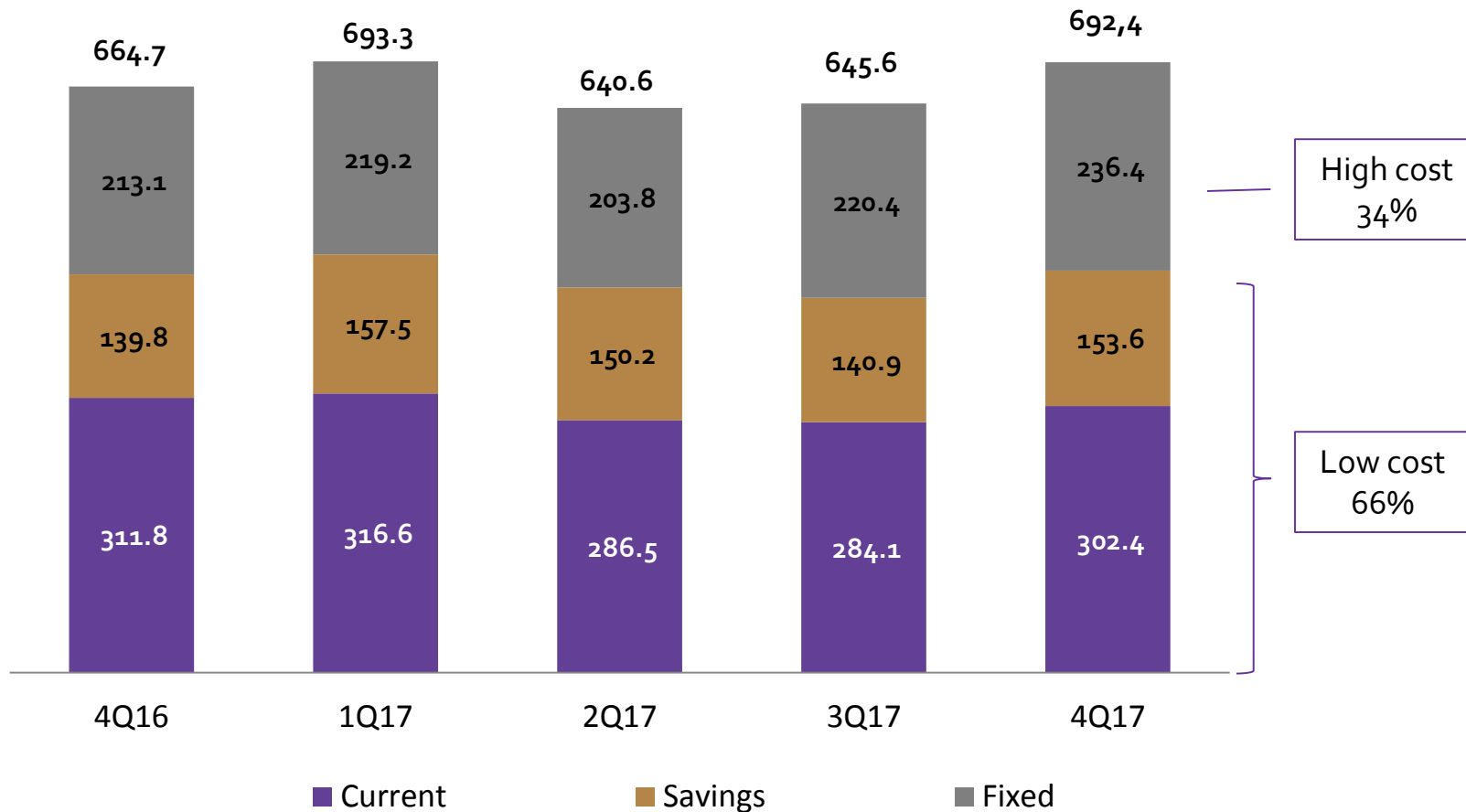
Segment	% Δ QoQ	% Δ YoY
Personal Banking	-0.3%	-11.7%
SME Banking	4.6%	0.3%
Corporate & Commercial Banking	-2.0%	1.5%
Institutional Banking	-1.0%	8.7%

Comments

- ❖ Retail loan book dropped 6.9% YoY but grew 1.8% QoQ. The QoQ growth was from the SME banking as lending activities grew in last quarter of the year though RAC remained tightened.
- ❖ Corporate and Commercial banking however grew YoY from Intervention funds.
- ❖ FCMB UK accounts largely for the YoY and QoQ movement in Institutional banking.

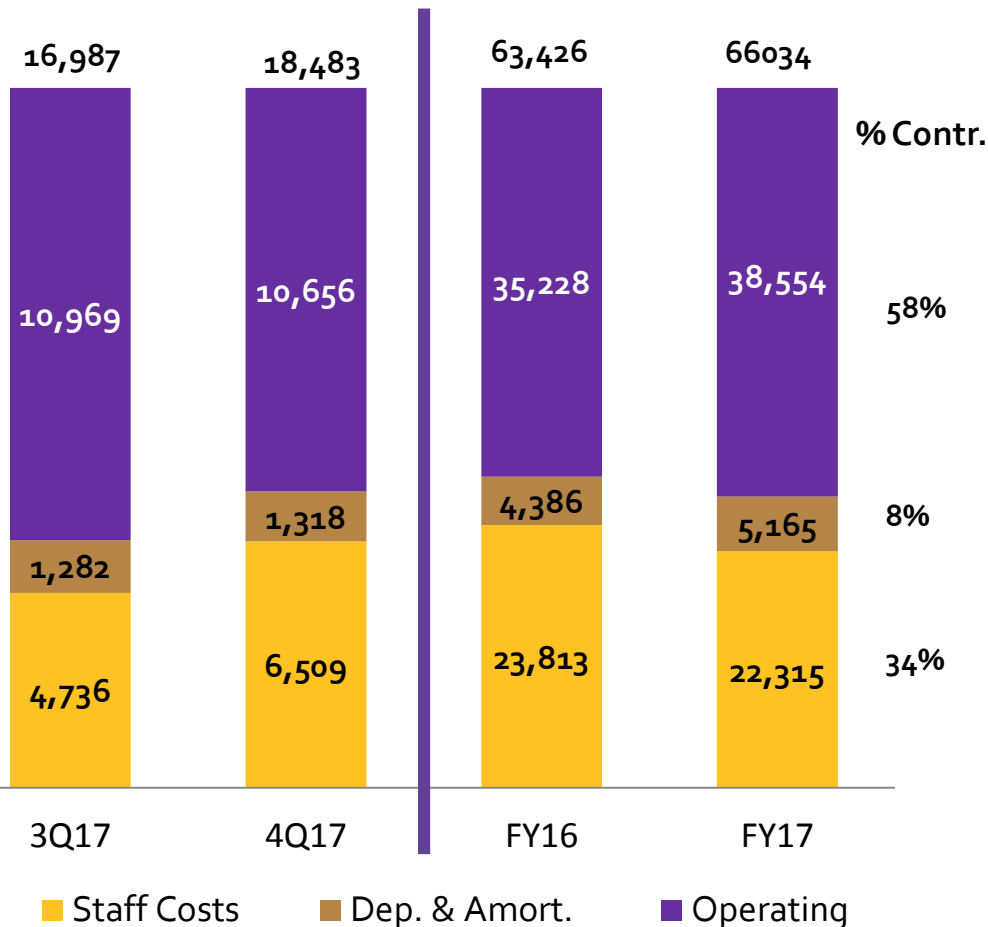
Total deposits grew 4% YoY, driven majorly by about 10% growth in savings deposits from N139bn in 2016 to N153bn in 2017, as a result of our continued focus on retail banking.

CRBG: Deposit Distribution by Type
(4Q16 – 4Q17)



OPEX increased 9% QoQ and 4% YoY

CRBG: OPEX Analysis by Expense Domain:
3Q17 vs. 4Q17 & FY16 vs. FY17



Expense Line	% Δ	% Δ
	QoQ	YoY
Staff Costs	37.4%	-6.3%
Depreciation & Amortisation	2.8%	17.8%
Operating	-2.9%	9.4%
Total	8.8%	4.1%

Comments

We continued to contain our overhead cost, which increased marginally by 4% from N63.4bn in 2016 to N66.0bn despite the double digit inflation rate that characterised 2017. We intend to maintain single digit cost growth in 2018.

Risk Management Review of Commercial & Retail Banking – *Mrs. Toyin Olaya (Chief Risk Officer)*

YoY drop of 0.8% in Gross loans was largely from Individual, Manufacturing and Commerce.

FCMB: Analysis of Gross Loans by Sector (Dec. 2016 – Dec. 2017) – N'm

Industry Sector	Dec'16	Mar '17	June '17	Sept '17	Dec '17	% DISTR.
Agriculture	26,150	24,721	23,035	23,770	16,376	2.4%
Commerce	54,431	50,809	50,473	49,469	46,979	7.0%
Construction	2,904	2,764	2,673	2,776	2,818	0.4%
Education	8,979	9,169	9,175	8,964	8,974	1.3%
Finance & Insurance	39,268	38,782	39,768	41,761	32,211	4.8%
General – Others	14,063	11,895	16,194	16,154	12,713	1.9%
Government	4,317	2,741	2,524	4,056	4,168	0.6%
Individual - Bank	100,530	97,215	95,770	94,819	94,736	14.0%
Individual - CDL	23,693	20,617	19,842	15,134	14,857	2.2%
Individual - Microfinance	-	12	48	67	1,700	0.3%
Information & Communications	27,550	26,210	22,824	22,525	21,194	3.1%
Manufacturing	53,560	53,249	50,651	46,268	43,953	6.5%
Oil&Gas - Downstream	43,596	49,014	48,480	49,277	50,022	7.4%
Oil&Gas - Upstream	127,746	128,593	129,486	135,021	146,953	21.8%
Oil&Gas - Services	18,402	18,648	19,109	19,578	21,115	3.1%
Power & Energy	43,952	53,518	55,660	56,050	56,750	8.4%
Professional Services	432	600	68	56	52	0.0%
Real Estate	83,767	86,668	89,026	88,491	92,918	13.8%
Transportation & Logistics	6,907	6,957	6,692	6,692	6,288	0.9%
	680,246	682,181	681,498	680,929	674,776	100.0%

NPL grew 30% YoY largely from Information & Communication and Oil & Gas-Services sectors. Improved recoveries in CDL dropped Individual NPL by 36.8%.

FCMB: NPL Distribution by Sector (Dec. 2016 vs. Sept. 2017 vs. Dec. 2017) – N'm

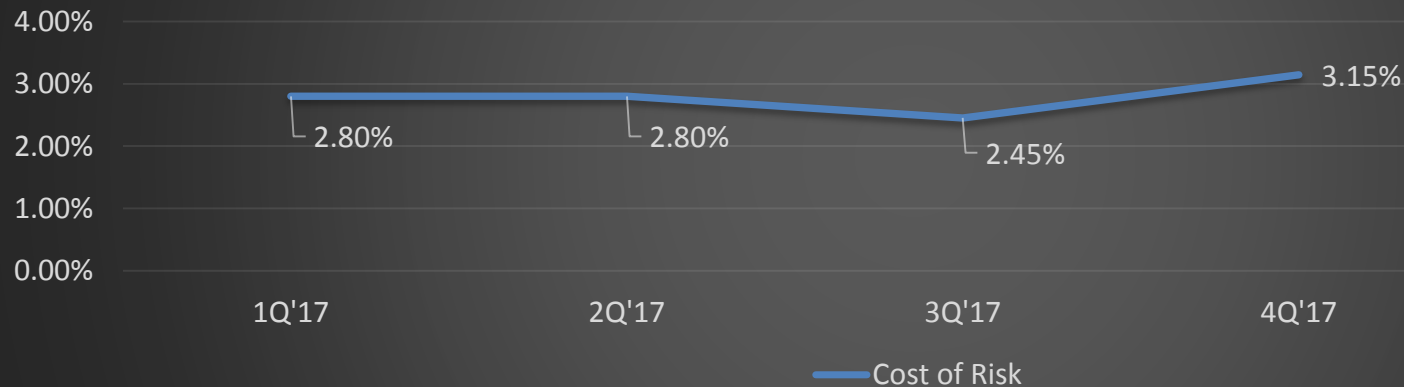
Industry Sector	Dec. 2016		Sept. 2017		Dec. 2017	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	989.73	4.0%	994.56	4.2%	1,441.00	8.8%
Commerce	6,799.81	13.4%	8,795.70	17.8%	6,464.16	13.8%
Construction	32.87	1.2%	300.23	10.8%	295.82	10.5%
Education	1,971.38	21.5%	1,985.36	22.1%	2,239.67	25.0%
Finance & Insurance	151.64	0.4%	0.42	0.0%	0.26	0.0%
General – Others	385.35	3.2%	480.35	3.0%	359.38	2.8%
Government	22.01	0.8%	29.37	0.7%	28.81	0.7%
Individual - Bank	5,236.15	5.2%	6,344.59	6.7%	5,405.76	5.7%
Individual - CDL	7,676.59	32.4%	3,012.61	19.9%	2,754.39	18.5%
Individual - Microfinance	-	0.0%	0.06	0.1%	53.04	3.1%
Information & Communications	532.66	2.0%	-	0.0%	4,669.96	22.0%
Manufacturing	592.18	1.1%	1,340.43	2.9%	1,680.68	3.8%
Oil&Gas- Downstream	256.21	0.8%	1,759.16	3.6%	1,293.69	2.6%
Oil & Gas – Upstream	-	0.0%	-	0.0%	-	0.0%
Oil & Gas Services	229.13	1.2%	5,228.41	26.7%	5,134.87	24.3%
Power & Energy	33.00	0.1%	-	0.0%	-	0.0%
Professional Services	81.38	13.6%	50.93	90.9%	42.92	82.0%
Real Estate	403.07	0.5%	916.71	1.0%	894.94	1.0%
Transportation & Logistics	81.39	1.2%	501.40	7.5%	515.06	8.2%
Total	25,474.53	3.7%	31,740.30	4.7%	33,274.40	4.9%

Spike in Cost of Risk in 2016 was caused by macro issues and high collective impairment. Spike in 4Q'17 was largely from Telecoms and Oil & Gas Services.

Cost of Risk Trend: FY13 – FY17



Cost of Risk Trend: 1Q17 – 4Q17



The logo for FCMB (First City Monobank) is located in the top left corner. It consists of the letters "FCMB" in white, bold, sans-serif font, positioned above two horizontal yellow bars. The entire logo is set against a dark purple square background.

FCMB

**Group Performance Review:
Asset & Wealth Management – Mr. James Ilori (Chief Executive Officer: FCAM Ltd)**

Asset & Wealth Management Performance Review

Our Asset & Wealth Management Business comprises Legacy Pension Managers Ltd, FCAM Ltd & CSL Trustees Ltd

N'millions	FY 2016	FY 2017	%Δ YoY
Gross Earnings	877	967	10%
Net Interest Income	243	194	-20%
Non-Int Income	634	773	22%
Operating Expenses	-363	-484	33%
PBT	522	483	-7%
CIR	41%	50%	22%
AUM	21,400	260,200	1116%
ROE	50.2%	31.9%	-36.4%

- The Asset & Wealth Management business lines had a combined AUM of N260 billion and contributed 4% of Group profits, in 2017;
- AUM from FCAM Ltd and CSL Trustees Ltd was N26.6bn, in 2017. The consolidation of our increased stake in Legacy Pension Managers Ltd added N233bn to AUM.
 - ❖ The impact of this growth in AUM on profitability, will be more pronounced in 2018.
- PBT dropped 7% due to non-repeat of exceptional revaluation gains in 2017.



Asset & Wealth Management's 2018 Outlook

- Our Business is divided into three areas: Pensions, Wealth Management and Collective Investment Schemes;
- In 2017, of total AUM, Pensions contributed 90%; Wealth Management, 5.5%, and Collective Investment Schemes, 4.5%. Our Pensions Business line will remain the largest contributor to AUM, in 2018;
- In 2018, in addition to growing Wealth Management and Collective Investment Schemes lines of the Business, we will be optimising our investment in Legacy Pension Managers Ltd. We expect material growth in profitability and are targeting an increase of c. 40% in PAT.

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FCMB

Group Performance Review:

Investment Banking –

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

Investment Banking Performance Review

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

N' million	FY 2016	FY 2017	%Δ YoY
Gross Earnings	1270	1700	34%
Net Interest Income	250	440	74%
Non-Int Income	1020	1260	24%
Operating Expenses	-1,340	-1,250	-7%
PBT	-69	450	757%
PAT	-84	430	-612%
CIR	105%	73%	-30%
ROE	-2.8%	14.6%	630%

- Investment Banking exhibited improved performance, from a loss position in 2016 of N84 million after tax to a profit position of N430 million after tax in 2017, largely driven by CSL Stockbrokers Limited.
- CSL, our stockbroking business, is a top-player by both value and volume;
- Investment Banking accounted for 4% of FY17 Group profits.



Investment Banking's 2017 Performance Highlights

- Restoration of Nigerian equities market activity in 2Q17 following the introduction of the I&E FX Window:
 - Resultant liquidity for investors at market-determined prices;
 - Value of CSLS' 2017 trades was N312 billion and it ended the year as third-ranked broker by transaction size.
- CSLS facilitated purchase of 550 million Dangote Cement Plc's shares for a foreign institutional client, being the NSE's single largest deal ever.
- CSLS' local (retail and institutional) business saw significant growth in 2017, due to the acquisition of new pension fund clients and increased trading by retail clients on its online trading platform.
- CSLS' corporate brokerage and fixed-income activities contributed a bigger share to overall revenues than in previous years.
- FCMB Capital Markets Ltd (FCMB-CM) was financial adviser on a few noteworthy transactions including:
 - ❖ corporate restructuring for one of Nigeria's leading fast-moving consumer goods companies;
 - ❖ a merger that resulted in the creation of the second-largest brewing company in Nigeria; and
 - ❖ the first public bond issuance by a microfinance bank in Nigeria.

FCMB



Looking Ahead at 2018 –

Mr. Ladi Balogun (Group Chief Executive, FCMB Group Plc)

Looking Ahead at 2018

- Economic activities and growth should continue to improve in 2018.
- Inflation expected to trend downwards.
- Monetary easing will be moderated by exchange rate and inflation concerns.
- Oil price and production outlook support a stable exchange rate for 2018.
- Key sectors of the economy (agribusiness and manufacturing) will continue to enjoy access to long term stable funding from local development finance institutions, including CBN and Bank of Industry.
- Commercial and Retail Banking core operating performance should continue to improve, due to balance sheet and transactional activity growth, reducing cost of funds, and improving subsidiaries' performance.
- Cost of risk will remain elevated due as a result of IFRS 9 conversion.
- Investment banking profitability will be sustained at modest levels.
- Asset and Wealth Management is expected to contribute approximately over N2 billion additional PBT, with FCAM witnessing material profit growth, and the division benefitting from the consolidation of Legacy Pensions and estimated 40% per annum profit growth as a standalone business.