



DataPro



CORPORATE RATING REPORT

FCMB GROUP PLC

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August, 2023

FCMB GROUP PLC

Long-Term Rating:

A

Short Term Rating: A2

Previous Rating: A

Rating Outlook: Positive

Trend: UP

Currency: Naira

Date Issued: 25 Aug., 2023

Valid Till: 24 Aug., 2024

Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

This report is provided by DataPro subject to the terms & conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	2022 ₦'M	2021 ₦'M	2020 ₦'M	2019 ₦'M	2018 ₦'M
Gross Earnings	282,982	212,012	198,371	181,250	177,249
Profit Before Tax	36,570	22,717	21,912	20,130	18,442
Shareholders' Funds	275,880	243,806	227,120	200,667	183,427
Deposit Liabilities	2,069,274	1,715,161	1,376,496	1,033,147	860,887
Net Loans & Advances	1,195,627	1,063,589	822,773	715,881	633,035
Total Assets	2,983,053	2,493,198	2,058,393	1,668,506	1,431,298

Rating Explanation

The Short-Term Rating of **A2** indicates *Fair Credit Quality* and adequate capacity for timely payment of financial commitments.

The Long-Term Rating of **A** indicates *Low Risk*. It shows very good Financial Strength, Operating Performance and Business Profile when compared to the standards established by *DataPro*. This Company, in our opinion, has a very strong ability to meet its ongoing obligation.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Group's Audited and Management Accounts.

The risk factors were assessed using the Group Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors

- Diversified Revenue Base
- Experienced Management
- Strong Operating Subsidiaries
- Good Asset Quality

Negative Rating Factors

- Concentration Risk
- Declining Capital Adequacy Ratio

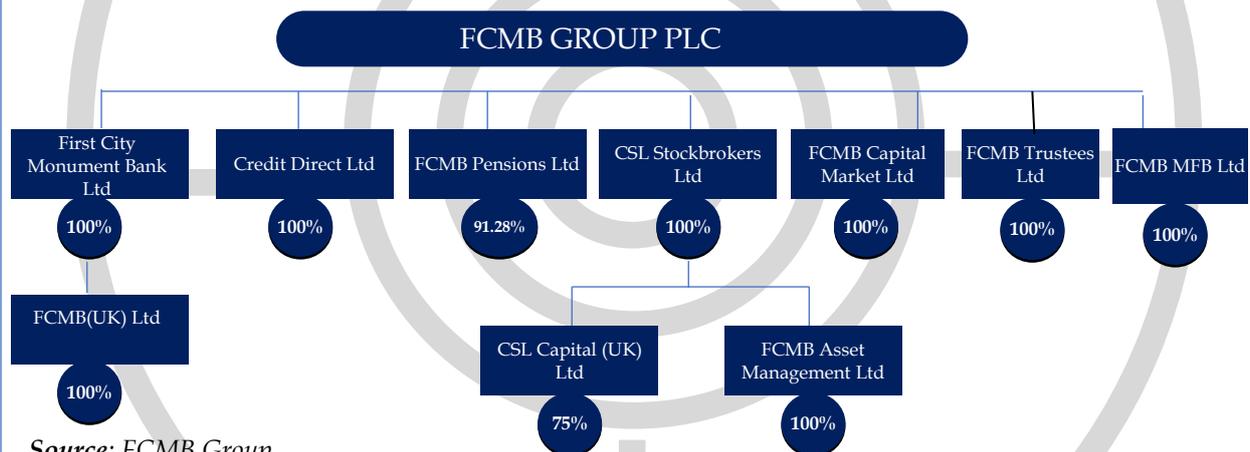
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BACKGROUND

FCMB Group Plc (*"The Group"*) operates as a financial holding institution in Nigeria. It began with a Stock-Broking firm called **First City Securities Limited** in the year 1977. Its banking operation was subsequently initiated in the year 1982.

The banking arm of the Group was previously known as **First City Merchant Bank Limited (FCMBL)**. It subsequently changed its name to **First City Monument Bank (FCMB) Plc** following its transformation to a Universal Bank. The Bank consolidated its banking business by merging with **Finbank Plc** by a court sanction scheme approved on 22nd October, 2012.

In response to the CBN regulation on the scope of banking activities, the Group restructured and became a holding company for **FCMB Plc** and its Subsidiaries. The operation of the Group can be divided into 4 Segments: The Banking Group, Consumer Finance, Investment Banking and Investment Management. These business focuses are driven by its ten (10) Subsidiaries.



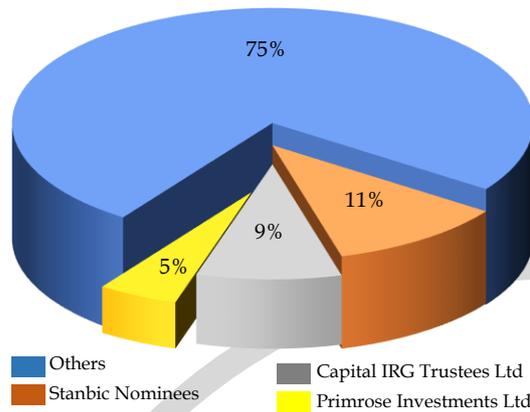
Source: FCMB Group

As at 31st December, 2022, the Group had over 513,225 Shareholders.

A review of the Group's performance indicates improvement across Key Financial Indicators. Pre-Tax Profits were up by 61% to ₦36.6 billion for the year 2022. The Loan Book grew by 12% from ₦1.1 trillion (Yr. 21) to ₦1.2 trillion (Yr. 22) while Customer Deposits increased by 25% to ₦1.9 trillion (Yr. 22) from ₦1.5 trillion (Yr. 21). Total Asset was enhanced by 20% to ₦2.9 trillion while Shareholders' Fund grew by 13% to ₦274.9 billion as at December, 2022. This performance was enhanced by its increased customer base from 9.2 million in 2021 to 10.9 million in 2022.

The Banking operation of the Group improved in the year under review as evidenced by the records of **FCMB Limited**. Pre-Tax Profits went up by 72% to ₦27.0 billion (Yr. 22) largely influenced by the growth in Interest Income arising from Loans and Advances. Non-Interest Income was also boosted by 18% and 37% growths in Fees and Commissions as well as Trading Income respectively.

SHAREHOLDING STRUCTURE



Source: FCMB Group Plc

The Group's Capital Market activities improved during the year. **CSL Stockbrokers and FCMB Capital Markets** recorded a combined Pre-Tax Profit of ₦2.3b. This reflected an increase of 16% in the year 2022.

The Investment Management business (FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited) collectively grew Asset under

Management by 49% to ₦783.6b at the end of the year. **FCMB Pensions** increased its Retirement Savings Account (RSAs) by 3% from the preceding year and Asset under Management (AUM) by 15% to ₦657.9b while its Pre-Tax Profits surged by 69%.

GROUP KEY FINANCIAL INDICATORS (2018-2022)

Item	Gross Earning ₦'M	PBT ₦'M	Equity ₦'M	Deposit Liabilities ₦'M	Net Loans & Advances ₦'M	Total Assets ₦'M
2022	282,982	36,570	275,880	2,069,274	1,195,627	2,983,053
2021	212,012	22,717	243,806	1,715,161	1,063,589	2,493,198
2020	198,371	21,912	227,120	1,376,496	822,773	2,058,393
2019	181,250	20,130	200,667	1,033,147	715,881	1,668,506
2018	177,249	18,442	183,427	860,887	633,035	1,431,298

Source: FCMB Group

DIRECTORS' PROFILE

The following served on the Board during the year 2022; **Mr. Oladipupo Jadesimi - Chairman; Mr. Ladi Balogun - Group CEO; Mr. Olufemi Badeji; Mr. Gbolahan Joshua; Alhaji Mustapha Damcida; Professor Oluwatoyin Ashiru; Dr. (Engr) Gregory Omosigbo Ero; Mrs. Olapeju Sofowora; Mrs. Tokunboh Ishmael and Ms. Muibat I. Ijaiya.**

The profile of the Bank Directors is as follows:

- Name:** Mr. Ladi Jadesimi
Position: Chairman
Experience (Years.) Over 50 years
Education: •M.A. (Honours) in Law- Oxford University
Year of Appointment: 2017

2. **Name:** Mr. Ladi Balogun
Position: Group CEO
Experience (Years.) Over 20 years
Education:
 - B. Sc (Economics)- University of East Anglia, UK
 - MBA – Harvard Business School, USA**Year of Appointment:** 2017

3. **Name:** Mr. Femi Badeji
Position: Executive Director, Coverage and Investment Banking
Years of Experience: Over 20 Years
Education:
 - B. Sc (Magna Cum Laude) –University of Hartford
 - MS.c – Worcester Polytechnic Institute
 - MBA –Wharton School, University of Pennsylvania**Year of Appointment:** 2019

4. **Name:** Mr. Gbolahan Joshua
Position: Executive Director/ Group Chief Operating Officer
Experience (Years.) Over 21 years
Education/Professional Qualification:
 - B. Sc – Olabisi Onabanjo University
 - Institute of Chartered Accountants of Nigeria (ICAN)
 - Chartered Institute of Bankers (CIBN)
 - Harvard, Stanford, IMD, INSEAD and IESE**Year of Appointment:** 2021

5. **Name:** Alhaji Mustapha Damcida
Position: Non-Executive Director
Education:
 - Diploma in Law – Ahmadu Bello University
 - B. Sc - Robert Morris College, Pittsburgh, USA**Year of Appointment:** 2013

6. **Name:** Professor Oluwatoyin Ashiru
Position: Non-Executive Director
Experience (Years.) Over 30 years
Education:
 - B.Sc- University of Sussex, Brighton UK
 - Ph.D- University of Birmingham, UK**Year of Appointment:** 2013

7. **Name:** Dr. (Engr) Gregory Omosigho Ero
Position: Non-Executive Director
Education:
 - B. Sc (Chemistry)- University of Ibadan
 - M.Sc. (Petroleum Engineering)- Imperial College, London
 - D.I.C. (Petroleum Engineering)- Imperial College, London
 - DMS- Templeton College, University of Oxford
 - Graduate School of Business, University of Columbia, NY**Year of Appointment:** 2013

8. **Name:** Mrs. Olapeju Sofowora
Position: Non-Executive Director
Education/Professional Qualification:
 - Chartered Institute of Taxation of Nigeria (CITN)
 - Institute of Chartered Accountants of Nigeria (ICAN)
 - Chartered Institute of Bankers (CIBN)**Year of Appointment:** 2017
9. **Name:** Mrs. Tokunboh Ishmael
Profession: Chartered Financial Analyst
Position: Non-Executive Director
Years of Experience: 20 Years
Education:
 - London Business School
 - University of London**Year of Appointment:** 2020
10. **Name:** Ms. Muibat I. Ijaiya
Years of Experience: 19 Years
Position: Independent Non-Executive Director
Education:
 - B.Sc – University of Surrey
 - MSc- Warwick Business School
 - MBA- University of Manchester**Year of Appointment:** 2021

SECTOR REVIEW

Nigeria is the leading economy in Africa. It has a population of over 200 million people. Nigeria's Annual Gross Domestic Product (GDP) growth rate slowed to 3.10% in 2022, compared to 3.40% in 2021. In the first quarter of 2023, the GDP growth slowed by 2.31% year on year. This represented a decline of 3.52% from the preceding quarter and 3.11% recorded in Q1 2022. The *Nigerian Bureau of Statistics (NBS)* blamed the slow growth to the adverse effect of the cash crunch experienced during the quarter. However, according to the *Central Bank of Nigeria (CBN)*, the Financial Services Sector contribution to GDP increased by 25% from ₦696.9b (Q4 2022) to ₦870.8b (Q1 2023)

The Oil benchmark for the year 2023 budget is \$70 per barrel and 1.69 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$81.07 as at August 23rd, 2023 according to *oilprice.com*). However, Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

In order to achieve a Unified Foreign Exchange regime, the CBN has collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the Naira against the US dollars. Consequently, the value of the Naira to the Dollar at the

official market depreciated to ₦766/\$1 as at 22nd August, 2023 while the parallel market value was ₦900/\$1.

The Monetary Policy Committee (MPC) of the CBN at its fourth meeting for the year raised the Monetary Policy Rate (MPR) further by 25bps from 18.50% to 18.75% in July, 2023. This was done to manage inflation which rose to 24.08% in July 2023, from 22.79% recorded in the previous month. The rise in MPR could have the effect of limiting borrowing from Financial Institutions due to the high costs and lead borrowers to find alternative sources of finance.

Therefore, deep understanding of the macro-economic trends and ability to creatively take advantage of market opportunities remain the critical success factors for operators.

CAPITAL ADEQUACY

Year	2022	2021	2020
Item	₦'M	₦'M	₦'M
Shareholders' Funds	275,879	243,806	227,120
Total Assets	2,983,052	2,493,198	2,058,393
Fixed Assets	89,029	80,216	70,469
Net Loans & Advances	1,195,626	1,063,589	822,773
Equity/Total Assets (%)	9	10	11
Equity/Loan & Adv. (%)	23	23	28
Fixed Assets/Equity (%)	32	33	31.1

Source: FCMB Group Audited Accounts

Total Equity recorded a 13% increase to ₦275.9b in the year 2022. This was due to the increase in Retained Earnings and Reserves.

As at 31st December 2022, the Group's Core (Tier1) Capital rose marginally by 2% from ₦170.9b to ₦174.9b. The increase in its Share Capital accounted for the growth.

COMPONENT OF TOTAL ASSETS

Year	2022	%	2021	%
Item	₦'M		₦'M	
Liquid Assets	867,534	29	717,065	28
Net Loans & Advances	1,195,626	40	1,063,589	43
Property, Plant & Equipment	50,967	2	47,085	2
Other Assets	868,925	29	665,459	27
TOTAL ASSETS	2,983,052	100	2,493,198	100

Source: FCMB Group Audited Accounts

Tier 2 Capital increased by 2% to ₦58.3b, on the back of accretions to Reserves. Consequently, Total Qualifying Capital increased from ₦228.0b (Yr. 21) to ₦233.3b (Yr. 22).

As at June, 2023 Total Equity had grown further by 25% on account of Additional Tier 1 Capital of ₦20.7b issued during the period.

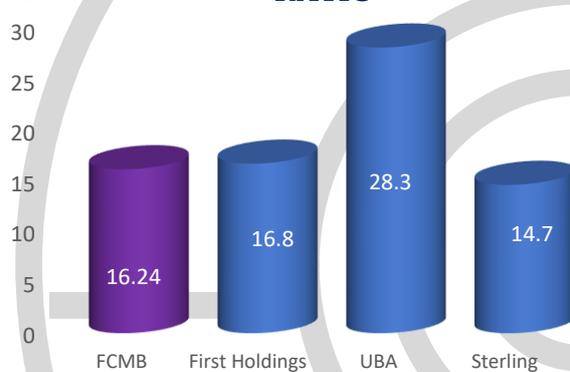
COMPARISON OF SHAREHOLDERS FUND


Source: FCMB Group Audited Accounts

Total Assets rose by 20% from ₦2.5t (Yr. 21) to ₦2.9t (Yr. 22). The increase related to growths in Loans, Investment Securities and Restricted Reserve Deposit.

The growth of the Total Assets outpaced that of Equity. Consequently, Equity to Total Assets was at its lowest in three years. It declined from 10% in the year 2021 to 9% in 2022.

The Group's Total Asset exposure to risk declined marginally during the year 2022. Net Loan and Advances as a proportion of Total Assets dropped from 43% (Yr. 21) to 40% (Yr. 22).

PEER COMPARISON: CAPITAL ADEQUACY RATIO


Source: DataPro Limited

Equity coverage for the riskiest Assets was 23% in the year 2021 and 2022. Similarly, the Capital Adequacy Ratio (CAR) of the Group remained at 16.24% in the year. This is above the regulatory demand of 15%. However, it fell below the 17.74%

recorded in the year 2020.

ASSET QUALITY

The Group's Total Assets and Contingents have grown by a five-year Compound Annual Growth Rate (CAGR) of 16% to stand at ₦2.9t as at 31st December, 2022. The growth was underpinned by increased customer and capital base. Loans and

Item	2022 ₦'M	2021 ₦'M
Gross Loan & Advance	1,195,626	1,063,589
Classified Loan	45,933	45,933
Provisions	49,568	49,568
Classified Loans Prov./Classified Loans (%)	108	108
Classified Loans/Equity (%)	19	19
Classified Loans/Gross Loans (%)	4	4

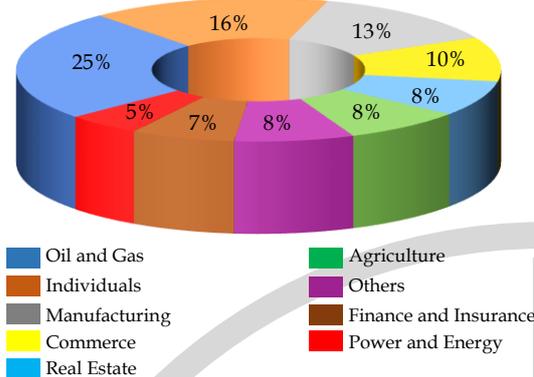
Source: FCMB Group Audited Accounts

Advances recorded a growth of 12% compared to the year 2021 and accounted for 40% of the Asset Base.

Non-Pledged Trading Assets rose significantly by 287%, enhancing the Group's liquidity in the year. Investment Securities and Restricted Reserve

Deposit also increased by 41% and 50% respectively. Restricted Reserve Deposits

COMPOSITION OF LOAN PORTFOLIO BY SECTOR (2022)



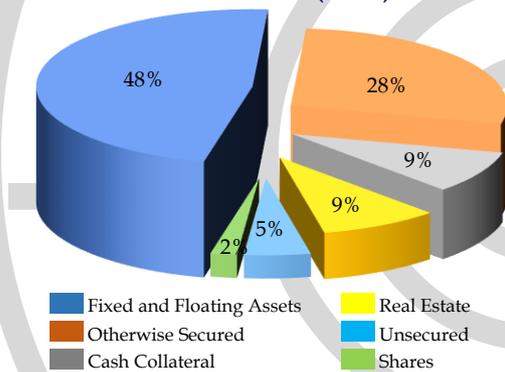
Source: FCMB Group Audited Accounts

which are sterile and not available for the banking subsidiary and Group's day-to-day operations accounted for 17% of the Total Assets.

However, Loan & Advances remained the dominant class of Total Assets, accounting for its 40% as at the year ended 2022. Gross Loans and Advances stood at ₦1.2t. The Group predominantly lends to Corporate which accounted for 87%

of Gross Loans as at 31st December, 2022, while Retail Customers accounted for the balance.

COMPOSITION OF LOANS PORTFOLIO BY SECURITY (2022)



Source: FCMB Group Audited Accounts

About 95% of Gross Loans and Advances were secured by Real Estate, Cash, Shares, and Fixed Assets amongst others.

The Group Largest exposure was to the Oil and Gas sector which increased by 10% and accounted for 25% of the Loan portfolio in the year 2021 and 2022. Similar to the previous year, the Services sector accounted for 13% of Gross Loans while the upstream and downstream segments represented 5% and 7% respectively.

Exposure to Individuals was equally significant accounting for 16% of the Loan portfolio.

PEER COMPARISON: NPL



Source: DataPro Limited

The Group's exposure to the manufacturing sector accounted for 13% of the Gross Loans. Compared to the previous year, the exposure rose by a margin of 42%.

Commerce Sector accounted for 10% of total exposure with a growth rate of 7%. Real Estate sector however, declined by 12% and accounted for 8% of total exposure. No other sector accounted for up to 10% of the Group's Loan Portfolio.

Non-Performing Loans (NPLs) grew during the year from ₦45.9b to ₦49.5b. This was due to the increase in impairments during the year. Non-Performing Ratio remained unchanged at 4% in the year 2021 and 2022. Provision made for delinquent Loans declined in coverage from 108% to 103% during the year 2022.

LIQUIDITY

Item \ Year	2022	2021
Loan & Advances/Total Assets (%)	40.08	42.66
Liquid Assets/Total Assets (%)	29.08	28.76
Liquid Assets/Total Deposits (%)	41.92	41.81
Loans & Advances/Total Deposits (%)	57.78	62.01

Source: FCMB Group Audited Accounts

As at 31 December 2022, The Group's Deposit from Banks and Customers stood at ₦2.1t (Yr. 22). This is a 21% increase over the amount recorded in the year 2021.

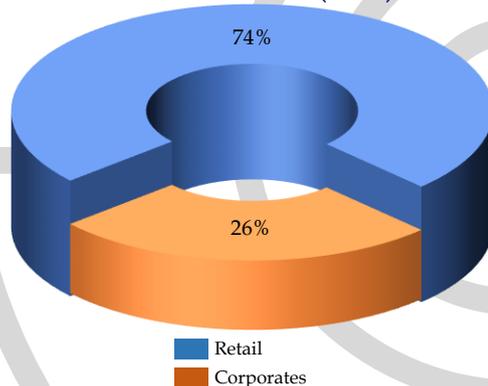
Deposits from Customers were ₦1.9t (Yr.22). These were mobilized from Individuals, Unregistered Small and Medium Scale Business Ventures. It represented 94% of Total Deposits and was largely dominated by Retail customers to the tune of 74%.

Deposits from Retail and Corporate Customers were further classified into Term Deposits (37%), Current Deposits (37%) and Savings (26%).

Deposits from Banks declined from ₦160.7b (Yr. 21) to ₦124.4b (Yr. 22). These were Money Market Deposit (9%) and Trade related obligations to foreign Banks (91%).

The Group's Borrowings increased from ₦80.7b in 2021 to ₦88.4b in 2022. Similar to the prior year, Borrowings funded about 3% of the Asset base.

COMPOSITION OF DEPOSITS BY CUSTOMERS (2022)



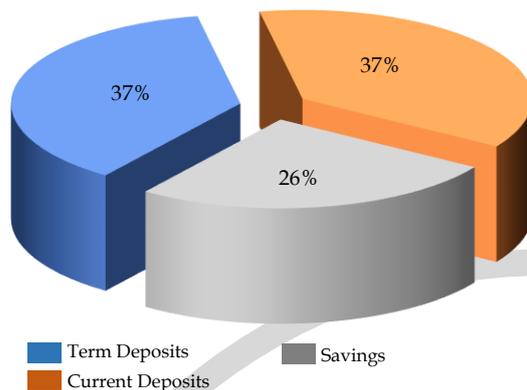
Source: FCMB Group Audited Accounts

ANALYSIS OF DEPOSITS BASED ON TYPE

Item \ Year	2022 ₦'000	%	2021 ₦'000	%
Current Account	714,793,755	37	671,058,399	43
Savings Account	508,279,930	26	414,087,477	27
Term Deposits	721,834,884	37	469,267,802	30
TOTAL	1,944,908,569	100	1,554,413,623	100

Source: FCMB Group Audited Accounts

COMPOSITION OF DEPOSITS BY TYPE



Source: FCMB Group Audited Accounts

The maturity profile of the Group's Loans and Advances shows that about 47% of the Customer's Deposits have maturity profile of less than 1 year.

There exists a short term liquidity gap of ₦611.8b in the year 2022. However, the gap is closed over a five-year period.

The Liquid Assets of the Group was 29% for the years 2021 and 2022.

The Group reported a Liquidity Ratio of 35.4% as at the year ended 2022 as against 34.8% (Yr.21).

ANALYSIS OF LOANS AND ADVANCES BASED ON MATURITY

Months	2022 ₦'000	%
Less than 3 months	379,951,259	31
3 - 6 months	60,401,955	5
6 - 12 months	138,282,186	11
1 - 5 years	444,067,061	36
Overs 5 years	218,377,691	17
Gross Total	1,241,080,152	100

Source: FCMB Group Audited Accounts

The Group's Loan to Deposit Ratio declined marginally in the year 2022 from 62% (Yr.21) to 61%. This is less than 65% minimum — Loan-To-Deposit benchmark of the CBN.

LIQUIDITY GAP ANALYSIS

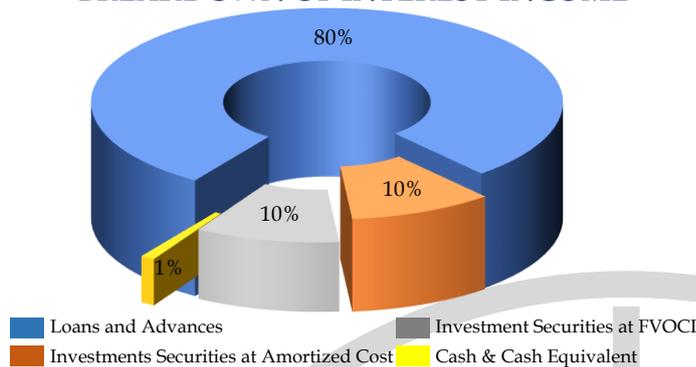
Year	2022 Loans and Advances ₦'000	2022 Total Deposit ₦'000	Net Liquidity Gap ₦'000
Liquid Assets			867,533,992
Less than 3 months	379,951,259	1,748,048,168	(500,562,917)
3 - 6 Months	60,401,955	182,202,252	(622,363,214)
6 - 12 Months	138,282,186	127,757,691	(611,838,719)
1 - 5 Years	444,067,061	11,265,917	(179,037,575)
More than 5 years	218,377,691	-	39,340,116

Source: FCMB Group Audited Accounts

PROFITABILITY

The Group generated Revenue from Interest, Fees & Commissions including Trading Income. Interest Earnings were derived from Cash and Cash Equivalents, Loans and

BREAKDOWN OF INTEREST INCOME



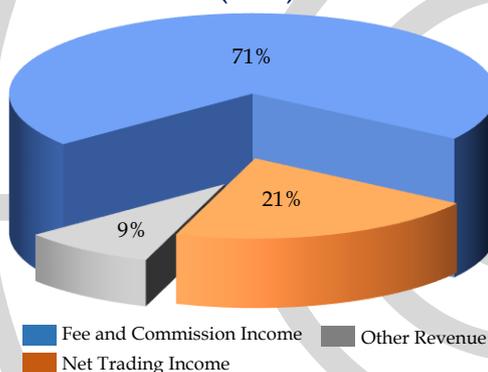
Source: FCMB Group Audited Accounts

Advances and Investment Securities. It grew by 35% from ₦162b (Yr.21) to ₦219.5b (Yr. 22) and contributed 79% to Gross Earnings.

The Group recorded a growth of 89% (YoY) in Gross Earnings for the first half of the year 2023 to ₦238.2b (Yr. 22). The growth can be attributed to the increase in Equity which in turn grew Loan Assets in the period.

Interest Expenses increased by 37% to ₦97.5b due to the expansion of Customers' Deposit in the year 2022. The Group also incurred expense on Borrowings, Debt Securities, On-lending facilities and lease liabilities.

BREAKDOWN OF NON-INTEREST INCOME (2022)



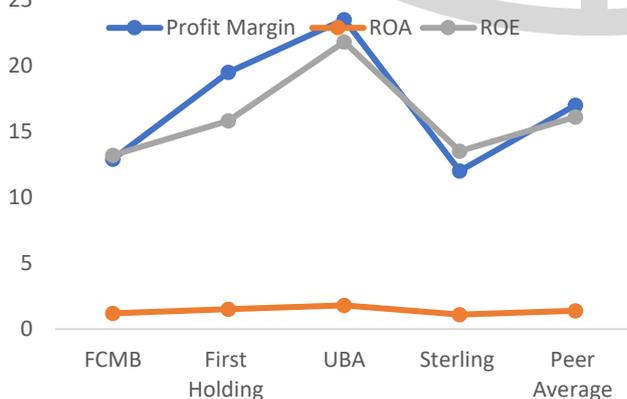
Source: FCMB Group Audited Accounts

The Group retained same cost efficiency in Interest Cost management. This was reflected in Net Interest Margin which remained same at 56% for the years 2021 and 2022.

Other sources of income include; Gain on Sale of Properties, Rental Income as well as Earnings from Fixed Income Securities and Currency Trading.

Fees and Commissions Income improved by 24% to ₦44.0b (Yr.22). These were Earnings from Service fees, Electronic Commission, Account Maintenance and Asset Management. The Group also grew its income from trading activities up to ₦12.9b.

PEER COMPARISON: PROFITABILITY INDICES



Source: FCMB Group Audited Accounts

Impairment Losses on Financial Instrument were up by 60% to ₦24.9b during the year. Also, the Group's Operating Expenses (OPEX) increased by 18% to ₦113.8b. This was due to increases in Depreciation, Administrative, Personnel and Other Operating Expenses.

Cost to Income ratio measured by OPEX to Net Earnings, declined to 65% in the year 2022 compared to 73% recorded in the previous year. The

Group recorded Pre-Tax Profit of ₦36.6b, an increase from ₦22.7b recorded in December, 2022. As a result of the decline in Cost-to-Income Ratio, Net Profit Margin improved from 11% (Yr. 21) to 13% in the year 2022.

FIRST CITY MONUMENT BANK LIMITED

First City Monument Bank Limited ("The Bank") is the flagship entity within the Group. The Bank commenced operation in 2001 as a Merchant Bank in Nigeria under the name *First City Merchant Bank Limited*. It obtained banking license in 1982. The Bank subsequently changed its name from *First City Merchant Bank* to *First City Monument Bank* following the Bank's transformation to a Universal Bank. The Bank now operates as a full-service Commercial Bank.

The Bank is a top 10 Lender in Nigeria and has over 9 million customers and 204 branches with over 3,000 employees across Nigeria. The Bank currently has two wholly owned subsidiaries, *FCMB UK Limited* and *FCMB SPV Financing Plc*. *FCMB SPV Financing Plc* is a non-operating Company.

The Bank is into the provision of banking and related financial services to Individuals and Corporate Customers. These products and services include, Commercial Banking, Corporate Banking, Personal Banking, SME Banking, Institutional Banking, Treasury and Financial Market.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	255,879,625	26,941,006	237,576,684	2,669,823,076	42,357,813	2,907,399,760
2021	190,576,656	15,681,546	210,305,168	2,153,793,904	42,357,813	2,434,972,537
2020	176,470,625	15,092,047	199,411,904	1,790,998,549	41,294,329	2,014,277,196
2019	163,414,030	14,818,344	175,069,198	1,411,513,164	38,645,841	1,621,453,629
2018	166,579,646	14,245,993	158,717,086	1,156,548,054	32,428,195	1,391,478,767

Source: FCMB Limited Audited Accounts

FCMB CAPITAL MARKETS LIMITED

FCMB Capital Markets Limited was incorporated in the year 2002. The Company is licensed, by the Nigerian *Securities & Exchange Commission (SEC)* as an Issuing House and Financial Advisor. The Company was established to support the Group's corporate finance activities and provide comprehensive services to large corporate organizations.

FCMB Capital Markets Limited provides advice and arranges finance for public institutions and top-tier companies across various sectors. The specific services provided include corporate finance and strategic advice; project and structured

finance; mergers and acquisitions including divestments. Others include spin-offs and leveraged buy-outs, corporate restructuring including delisting.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	1,070,439	592,825	1,824,050	536,551	63,295	2,360,601
2021	707,633	286,134	1,552,922	438,233	33,042	1,991,155
2020	634,377	168,783	1,373,874	359,907	32,869	1,733,781
2019	586,269	50,610	1,317,419	250,462	61,069	1,567,881
2018	761,660	103,154	1,261,042	285,010	10,520	1,546,052

Source: FCMB Capital Markets Limited Audited Accounts

CSL STOCKBROKERS LIMITED

CSL Stockbrokers Limited is a stockbroking and investment management firm in Nigeria. It was incorporated on 24 January, 1977. The Company is the oldest Subsidiary within the Group. The firm had been involved in the execution of significant share of international portfolio trades on the *Nigerian Exchange (NGX)*.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	3,832,690	1,694,876	4,945,099	3,467,475	512,940	8,412,574
2021	3,791,839	1,693,464	4,607,884	3,575,719	426,651	8,183,603
2020	4,004,342	1,625,654	3,915,827	4,410,167	468,038	8,325,994
2019	1,122,546	376,245	3,297,365	2,455,013	185,084	5,752,378
2018	1,033,230	559,856	3,155,161	1,610,881	209,196	4,766,042

Source: CSL Stockbrokers Limited Audited Accounts

FCMB PENSIONS LIMITED

FCMB Pensions Limited is a private limited liability company incorporated on 7th April 2005, duly licensed by the *National Pensions Commission (PENCOM)* to carry on business as a Pension Fund Administrator, as defined under the Pension Reform Act 2014.

In 2021, *FCMB Pensions Limited* acquired a 93.6% stake in *AIICO Pensions Manger Limited*.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	6,274,621	2,703,916	10,272,207	8,607,184	2,049,871	18,879,392
2021	3,859,864	1,579,564	4,425,565	7,800,207	1,752,237	12,225,772
2020	3,256,795	1,226,560	3,478,834	1,293,347	1,748,674	4,772,181
2019	3,324,414	1,305,625	2,778,608	1,885,620	1,846,381	4,664,228
2018	3,272,499	1,459,093	2,636,298	1,815,726	1,872,226	4,452,024

Source: FCMB Pensions Limited Audited Accounts

FCMB TRUSTEES LIMITED

FCMB Trustees Limited, previously known as *CSL Trustees Ltd*, is a SEC-licensed company. It partners with clients to ensure fund assets are kept securely and serviced properly, in the interest of beneficiaries.

The Services of the Company include Debenture Trustee, Security Trustee, Facility agent, Escrow agent, Management of private trusts, Employee stock ownership plans and Employee welfare trustee.

The Company is able to render its services by relying on the wide distribution network provided by the Group.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	137,212	81,380	488,607	1,168,749	8,855	1,657,356
2021	100,850	54,631	474,424	693,148	16,720	1,167,572
2020	116,018	81,576	490,652	887,170	24,637	1,377,822
2019	69,936	56,261	451,112	1,159,880	31,271	1,610,992
2018	92,667	136,651	483,134	2,930,338	23,194	3,413,472

Source: FCMB Trustees Limited Audited Accounts

CREDIT DIRECT LIMITED (CDL)

Credit Direct Limited (CDL) is a micro-lending Institution based in Lagos, Nigeria with branches spread across the Country. *CDL* pioneered the unsecured micro-lending space in Nigeria.

CDL's services are hinged on a partnership with employers and customers to provide friendly innovative loan with flexible repayment options.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	14,358,391	4,005,907	8,901,163	29,400,662	2,560,574	38,301,824
2021	12,416,601	3,189,432	8,131,756	21,291,624	2,969,469	29,423,380
2020	12,008,604	2,666,446	7,914,809	18,385,586	3,276,099	26,300,395
2019	12,723,086	3,588,913	7,456,912	23,547,883	3,097,765	31,004,795
2018	10,676,227	4,435,722	6,955,807	16,150,453	2,970,405	23,106,260

Source: Credit Direct Limited Audited Accounts

FCMB MICROFINANCE BANK LIMITED

FCMB Microfinance Bank Limited provides financial services to the unbanked low-income segment, especially women in the rural areas.

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000	Total Assets ₦'000
2022	26,637	4,779	1,086,890	33,702	5,787	1,120,592
2021	32,407	11,093	228,807	34,684	9,409	263,491
2020	199,780	15,552	232,676	171,704	16,839	404,380

Source: FCMB MFB Limited Audited Accounts

The Group invested additional ₦850m in FCMB Microfinance Bank Limited in December, 2022 in order to recapitalize the business in line with the CBN's directive to recapitalize Microfinance Banks with State license to ₦1billion.

CORPORATE GOVERNANCE RISK AND MANAGEMENT

The affairs of the Group are directed by the Board of Directors which consists of Seven (7) Non-Executive Directors (including the Chairman) and three (3) Executive Directors. There were no changes made to the Board composition during the year.

The Board continues to conduct the affairs of the Group through the use of relevant Committees. These Committees include: *Board Risk, Audit and Finance, Board Governance and Remuneration and Statutory Audit.*

RISK FACTORS

Based on our review, the Group demonstrated understanding of the risks to its operations. Document reviewed by us also indicated how the Group addresses and mitigates the identified risks.

Our review of the risks is as follows:

- **REGULATORY RISK**

Regulatory Risk is the Risk that the Group or its Subsidiaries may cease to operate due to inability to meet regulatory requirements such as the *Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC)*.

The Group paid penalties totaling ₦723.3m and ₦70.3m in the years 2021 and 2022 respectively, through its Banking, Capital and Pension operations. However, the Group maintains appropriate level of statutory capitalizations for all its regulated Subsidiaries during the year under review.

- **LEGAL RISK**

This is the risk that the Group will be exposed to legal actions that may lead to paying of significant fees.

In the year 2022, the Group in its ordinary course of business was involved in 566 cases as a defendant and in 26 cases as a plaintiff. The total amount claimed in the 566 cases against the Group is estimated at ₦27.3b while the total amount claimed in the 26 cases instituted by the Banking Subsidiary is ₦12.6b. Therefore, the Group may be exposed to legal risk arising from this action.

- **CONCENTRATION RISK**

Concentration Risk is the Risk of loss to income as a result of significant exposure to an individual, connected entity or a particular sector.

Based on our review, the Group through its Banking operation is significantly exposed to Oil & Gas and Manufacturing sectors. Therefore, adverse changes in the highlighted sectors may have negative impact on its Earnings.

- **FOREIGN CURRENCY RISK**

Foreign Currency Risk is the Risk arising from adverse movements in Exchange Rates.

Based on our review, the foreign currency exposure of the group amounted to ₦171.33b (Yr. 21) and ₦201.1b (Yr. 22). Consequently, the Group may be affected in the event of adverse movement in Exchange Rates. However, our review showed that the Group maintained some of its Assets in foreign currencies.

CONCLUSION

The Rating of the *Group* is supported by its diversified Revenue Base, Experienced Management team, Good Profitability, Good Asset Quality and Strong Operating Subsidiaries.

Consequently, we assigned a Rating of "A".

FINANCES

Financial Position as at

	Dec, 2022		Dec, 2021		Dec, 2020
	₦'000	Δ%	₦'000	Δ%	₦'000
ASSETS					
Cash and cash equivalent	247,485,623	(31.77)	362,700,083	64.06	221,078,644
Non-pledged trading assets	160,730,775	286.95	41,538,274	346.56	9,301,789
Derivative assets held for risk management	853,709	-	-	-	1,884,398
Investment securities	524,573,025	40.81	372,548,333	(8.39)	406,665,569
Assets Pledged as Collateral	79,009,207	(31.57)	115,456,683	(38.98)	189,216,506
Loans and advances to customers	1,195,626,586	12.41	1,063,589,192	29.27	822,772,612
Other assets	192,385,077	51.00	127,410,850	404.42	25,258,857
Restricted Reserve Deposits	493,359,709	49.62	329,739,147	5.77	311,746,155
Investment in Subsidiaries	-	-	-	-	-
Investment in associates	-	-	6,810,651	-	-
Property and equipment	50,967,522	8.25	47,084,551	1.91	46,202,464
Intangible assets	29,637,593	72.75	17,155,970	5.11	16,321,660
Deferred tax assets	8,423,731	(8.08)	9,163,896	15.34	7,944,839
	2,983,052,557	21.12	2,493,197,630	21.12	2,058,393,493
EQUITY & LIABILITIES					
Share Capital	9,901,355	-	9,901,355	-	9,901,355
Share premium	115,392,414	-	115,392,414	-	115,392,414
Retained Earnings	74,561,490	18.59	62,872,102	32.63	47,402,430
Reserves	75,045,929	36.30	55,058,784	2.03	53,964,438
Non-Controlling Interest	978,422	68.39	581,059	53.09	379,555
Trading Liabilities	1,883,937	(63.59)	5,174,902	(38.11)	8,361,951
Derivative Liabilities held for risk	1,699,900	-	-	(100.00)	1,871,869
Deposits from Banks	124,365,459	(22.63)	160,746,916	34.67	119,365,158
Deposits from customers	1,944,908,569	25.12	1,554,413,623	23.65	1,257,130,907
Retirement benefit obligations	23,384	57.42	14,855	(95.44)	325,557
Current income tax liability	7,180,286	31.77	5,449,065	21.02	4,502,688
Deferred tax liabilities	391,897	26.94	308,729	(2.33)	316,090
Other liabilities	196,902,171	(1.28)	199,465,224	78.96	111,457,615
Provision	7,514,884	11.38	6,747,270	6.67	6,325,375
Onlending facilities	249,191,651	57.84	157,873,774	161.52	60,366,840
Debt Securities Issued	84,745,841	7.97	78,493,492	(22.69)	101,531,205
Borrowings	88,364,968	9.49	80,704,066	(49.47)	159,718,037
	2,983,052,557	21.13	2,493,197,630	21.13	2,058,313,484
PROFIT OR LOSS ACCOUNT					
Gross Earnings	282,981,556	33.47	212,012,446	6.88	198,371,140
Profit Before Tax	36,570,063	60.98	22,716,659	3.67	21,911,716
Tax	(5,441,372)	202.31	(1,799,934)	(21.78)	(2,301,262)
Profit after Tax	31,128,691	6.66	20,916,725	6.66	19,610,454
Transfer to reserve	25,687,319	6.66	20,916,725	6.66	19,610,454

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 25th August, 2023

For and on behalf of:
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long -term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	<i>(Superior)</i> Assigned to banks which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	<i>(Excellent)</i> Assigned to banks which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	<i>(Very Good)</i> Assigned to banks which have very good financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	<i>(Fair)</i> Assigned to banks which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro</i>

Limited. These banks, in our opinion, have an ability to meet their current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator Meaning Explanation

BB	Moderate Risk	<i>(Marginal)</i> Assigned to banks which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	<i>(Weak)</i> Assigned to banks which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These banks, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	<i>(Poor)</i> Assigned to banks, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These banks, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	<i>(Very Poor)</i> Assigned to banks, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added “+” to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment. Indicates an entity that has defaulted on all its financial obligations.