

FCMB Group Plc

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Investors and  
Analysts Presentation **FY 2014**

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27 March 2015

# Glossary

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

# AGENDA

**Group Performance Review**

**Commercial & Retail Banking Group:**  
*Business Review*

**Investment Banking Group:**  
*Business Review*

**Risk Management Review**

**Outlook and Plan to Year-End 2015**



## Group Performance Review –

*Mr. Patrick Iyamabo (Chief Financial Officer: FCMB Group Plc)*

# Highlights

**FCMB**



**N148.6bn**  
+13%  
Gross Earnings

**14.6%**  
+25.4%  
Return on average equity

**N22.1 bn**  
+38%  
Profit after tax

**N23.9bn**  
+32%  
Profit before tax

**N1.2tn**  
+16%  
Total assets

**N618.0bn**  
+37%  
Loans

**2.7m**  
+17%  
Number of customers  
(FCMB Ltd)

**N263.0bn**  
+92%  
Value of trades CSLS  
executed on the NSE

**N387.0bn**  
+2%  
Value of investment  
banking deals advised on  
and completed

*Improved performance across most key metrics*

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

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

## Strong PBT growth of 27% QoQ and 32% YoY

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

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

#### Notes:

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



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

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

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

**Notes:**

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





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

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

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



**Commercial & Retail Banking Group (CRBG): *Business Review –***  
***Mr. Ladi Balogun (Group Managing Director/ CEO: FCMB Ltd)***

*Improved performance across most key profitability and capital management metrics*

**CRBG : Key Performance Indicators  
(Sept. vs. Dec. 2014 and FY13 vs. FY 14)**

Performance Index		3Q14	4Q14	%Δ QoQ	FY13	FY14	%Δ YoY
<b>Operating</b>	Return on Av. Equity	12.57%	22.12%	76.01%	12.30%	15.55%	26.44%
	Return on Av. Assets	1.65%	2.53%	53.37%	1.90%	2.10%	10.33%
	Loan/Deposit Ratio	77.95%	83.54%	7.16%	62.80%	83.54%	33.02%
	Cost/Income Ratio	71.83%	54.69%	-23.86%	69.00%	65.65%	-4.85%
	Net Interest Margin	8.67%	11.70%	35.00%	7.80%	9.14%	17.19%
	NPL/Total Loans	2.72%	3.63%	33.38%	3.90%	3.63%	-6.97%
	Coverage Ratio	90.50%	85.21%	-5.85%	94.40%	85.21%	-9.74%
	NII/Operating Income	26.10%	22.78%	-12.71%	23.40%	25.62%	9.48%
	Financial Leverage	7.6	7.90	3.96%	7.30	7.90	8.23%
	Cost of Risk	1.00%	4.47%	347.16%	1.40%	1.81%	29.28%
<b>Capital &amp; Liquidity</b>	Capital Adequacy Ratio	15.85%	19.00%	Min. Req. - 15%	17.50%	19.00%	Min. Req. - 15%
	Liquidity Ratio	31.19%	31.00%	Min. Req. - 30%	44.60%	31.00%	Min. Req. - 30%
<b>Others</b>	Opex (N'B)	16.05	16.20	0.94%	56.5	63.1	11.64%
	Risk Assets (net) (N'B)	564.67	617.5	9.36%	450.2	617.5	37.17%
	Customer Deposits (N'B)	724.4	739.2	2.05%	717.4	739.2	3.04%



*Strong PBT growth enabled by improvement in Net Interest Income & Non-Interest Income albeit dragged down by OPEX growing faster than inflation*

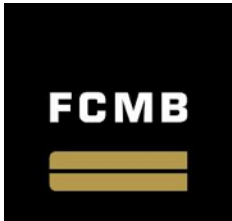
**CRBG: Statements of Comprehensive Income (Extracts)**  
(Jan. to Dec. 2014 and FY 13 vs. FY 14)

	1Q14	2Q14	3Q14	4Q14	%Δ QoQ	FY13	FY14	%Δ YoY
<b>Revenue</b>	<b>32,768</b>	<b>34,897</b>	<b>34,912</b>	<b>40,496</b>	16.0%	<b>129,012</b>	<b>143,073</b>	10.9%
Interest Income	27,287	27,869	29,087	31,826	9.4%	101,354	116,069	14.5%
Interest Expense	(11,008)	(12,053)	(12,593)	(8,950)	-28.9%	(45,507)	(44,604)	-2.0%
<b>Net Interest Income</b>	<b>16,279</b>	<b>15,816</b>	<b>16,494</b>	<b>22,876</b>	38.7%	<b>55,847</b>	<b>71,465</b>	28.0%
<b>Non Interest Income</b>	<b>5,480</b>	<b>6,561</b>	<b>5,824</b>	<b>6,749</b>	15.9%	<b>26,045</b>	<b>24,614</b>	-5.5%
- Net Fees & Commissions	3,081	3,496	2,996	2,297	-23.3%	12,764	11,870	-7.0%
- Securities Trading Income	161	208	196	168	-14.1%	480	733	52.8%
- FX income & Other income	2,238	2,857	2,632	4,283	62.7%	12,801	12,010	-6.2%
<b>Operating Income</b>	<b>21,760</b>	<b>22,377</b>	<b>22,318</b>	<b>29,625</b>	32.7%	<b>81,892</b>	<b>96,079</b>	17.3%
<b>Operating Expenses</b>	<b>(14,991)</b>	<b>(15,832)</b>	<b>(16,052)</b>	<b>(16,201)</b>	0.9%	<b>(56,534)</b>	<b>(63,076)</b>	11.6%
Net impairment losses	(1,305)	(1,234)	(1,374)	(6,610)	381.1%	(7,980)	(10,523)	31.9%
Net gains/(losses) from fin. instruments at fair value	-	-	28	(28)	-200.0%	424	0	-100.0%
<b>PBT</b>	<b>5,464</b>	<b>5,311</b>	<b>4,920</b>	<b>6,785</b>	37.9%	<b>17,802</b>	<b>22,479</b>	26.3%

*Significant growth in loans, as CRR burden persisted during the year. Overall, total assets grew 15% to N1.1 trillion*

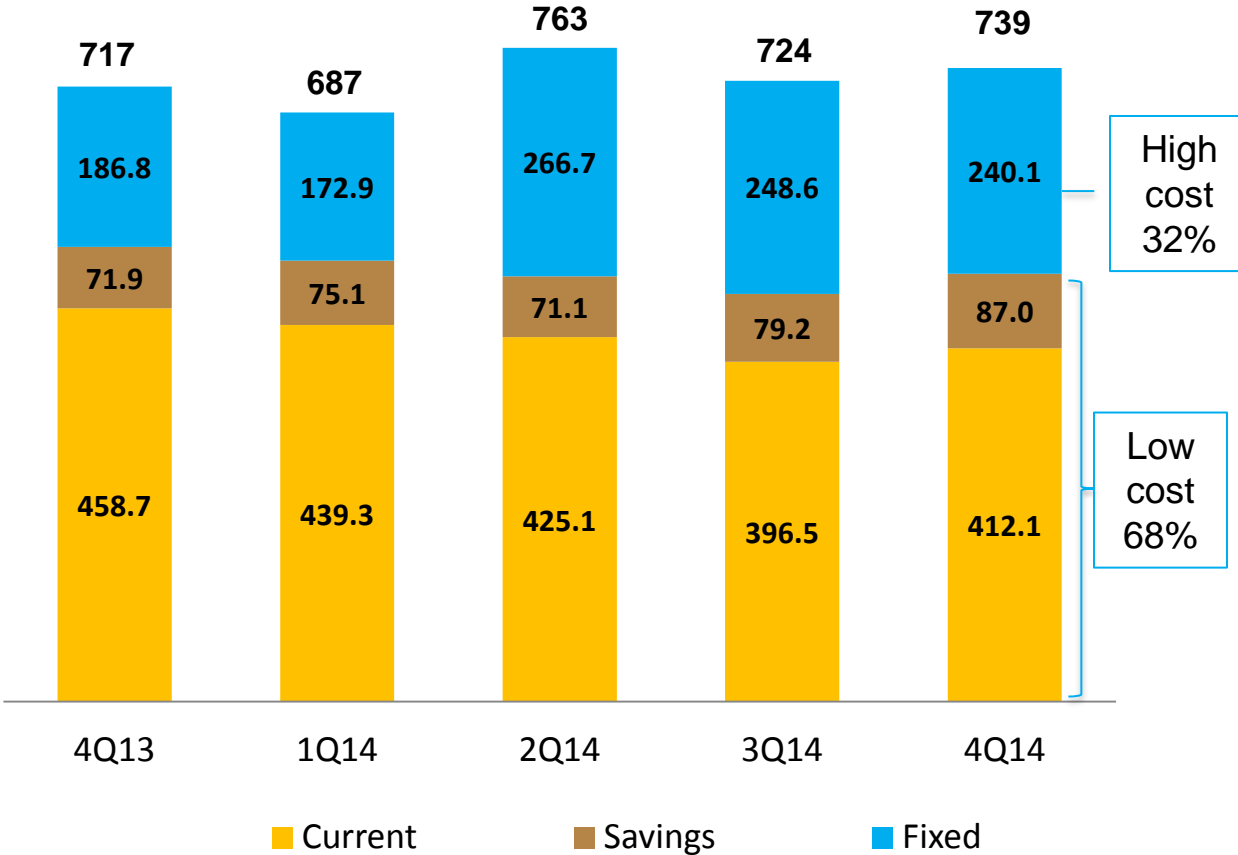


N'm	4Q13	1Q14	2Q14	3Q14	4Q14	% Δ QoQ	% Δ YoY
Liquid assets	198,182	102,075	105,869	99,053	119,672	20.8%	-39.6%
Restricted reserve deposits	73,473	117,924	144,929	120,763	146,106	21.0%	98.9%
Non-pledged trading assets	2,496	3,489	12,884	2,351	111	-95.3%	-95.6%
Derivative assets held	1,698	1,471	865	485	4,503	828.5%	165.2%
Loans and advances	450,167	493,255	554,931	564,671	617,523	9.4%	37.2%
Investments	159,949	143,704	122,687	132,622	134,038	1.1%	-16.2%
Assets classified as held for sale							
Assets pledged as collateral	50,517	49,330	45,880	46,130	53,812	16.7%	6.5%
Intangible assets	6,561	6,617	6,874	7,063	7,272	3.0%	10.8%
Deferred tax assets	6,310	6,310	6,324	6,324	8,166	29.1%	29.4%
Other assets	22,682	23,807	30,692	24,669	26,598	7.8%	17.3%
Fixed assets	26,682	26,521	26,711	27,270	28,212	3.5%	5.7%
<b>Total Assets</b>	<b>998,717</b>	<b>974,503</b>	<b>1,058,646</b>	<b>1,031,401</b>	<b>1,146,012</b>	<b>11.1%</b>	<b>14.7%</b>
<b>LIABILITIES:</b>							
Trading liabilities	-	-	-	1,205	-	-100.0%	0.0%
Derivative liabilities held	1,356	1,034	700	383	4,194	995.1%	209.3%
Customer deposits	717,364	687,349	763,015	724,400	739,239	2.0%	3.0%
Deposits from banks	0	0	474	452	4,797	961.2%	100.0%
Liabilities classified as held for sale							
Other liabilities	93,161	84,842	83,049	77,180	112,940	46.3%	21.2%
Borrowings	59,244	68,675	76,165	88,423	99,901	13.0%	68.6%
On-lending facilities	0	0	0	0	14,914	100.0%	100.0%
Debt securities issued	0	0	0	0	26,174	100.0%	100.0%
Shareholders' funds	127,592	132,603	135,243	139,358	143,853	3.2%	12.7%
<b>Liabilities and Shareholder Equity</b>	<b>998,717</b>	<b>974,503</b>	<b>1,058,646</b>	<b>1,031,401</b>	<b>1,146,012</b>	<b>11.1%</b>	<b>14.7%</b>
<b>Acceptances &amp; Guarantees</b>	<b>105,731</b>	<b>160,996</b>	<b>185,274</b>	<b>170,776</b>	<b>211,926</b>	<b>24.1%</b>	<b>100.4%</b>



*Tactical deposit management and changes in reporting, by the bank, as well as, trade customers' pre-emptive responses to anticipated currency devaluation held back deposit growth during the year*

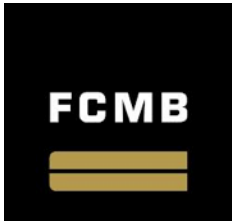
**CRBG: Deposit Distribution by Type  
(Dec. 2013 – Dec. 2014)**



**Comments**

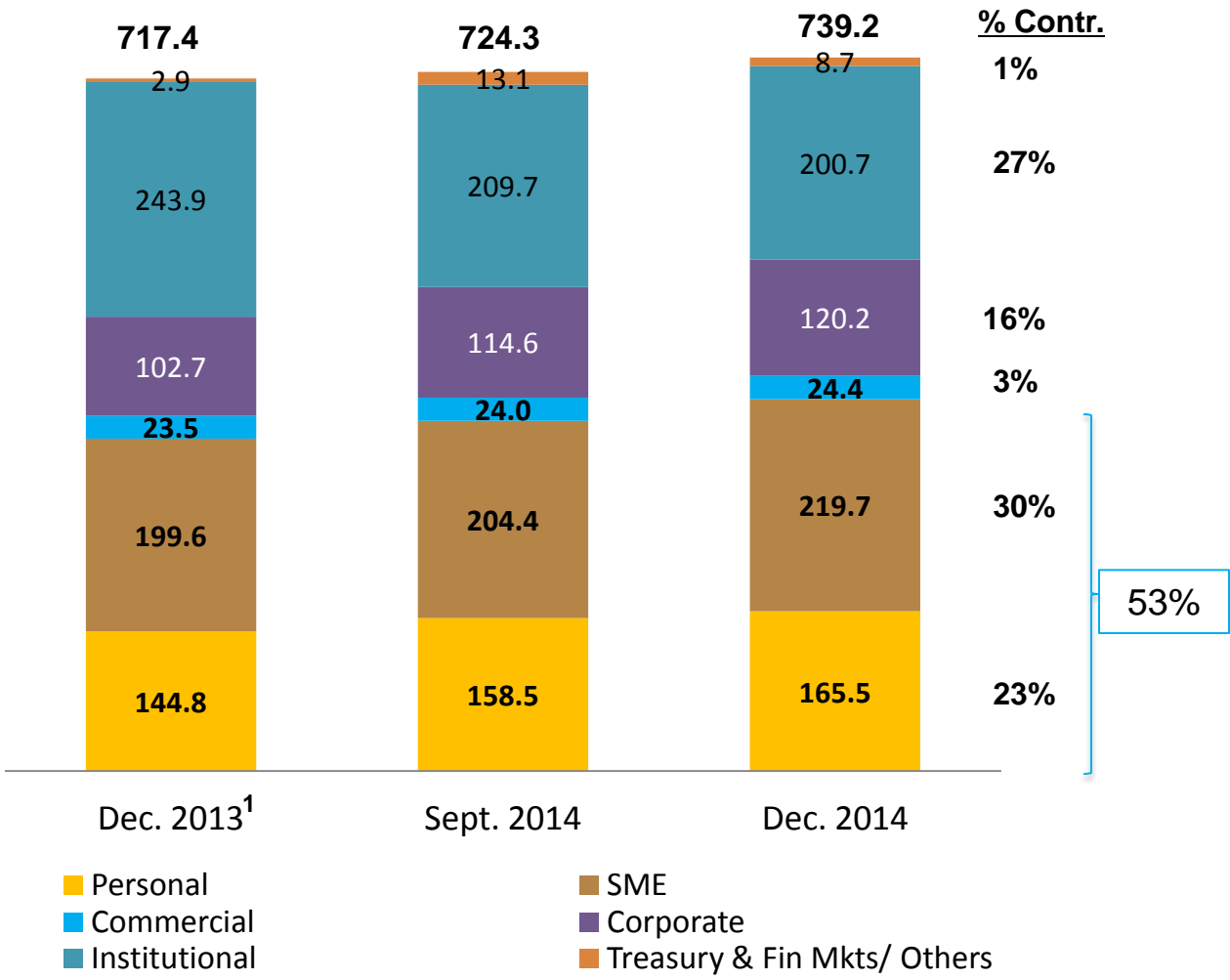
- ❖ The anticipated Naira devaluation made a number of corporate customers draw down on their transaction accounts to pay down on their FCY denominated liabilities. This partially depleted the volume of the bank's current account deposits.
- ❖ The bank also switched wholesale funding mix at the margin, from deposit to more affordable stable long-term borrowings.
- ❖ Additionally, measures taken to reduce CRR burden, eased off deposit growth during the year.
- ❖ Furthermore, approximately N15bn on-lending lines were classified out of deposits in 4Q14, reducing total deposits' liabilities accordingly.

# CRBG: Deposit Analysis



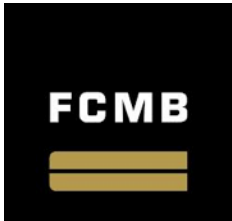
*Funding from individuals and small businesses (Retail) now account for more than 50% of total deposits and grew 12% YoY and 6% QoQ*

**CRBG: Deposit Distribution by Segment (Dec. 2013 – Dec. 2014)**



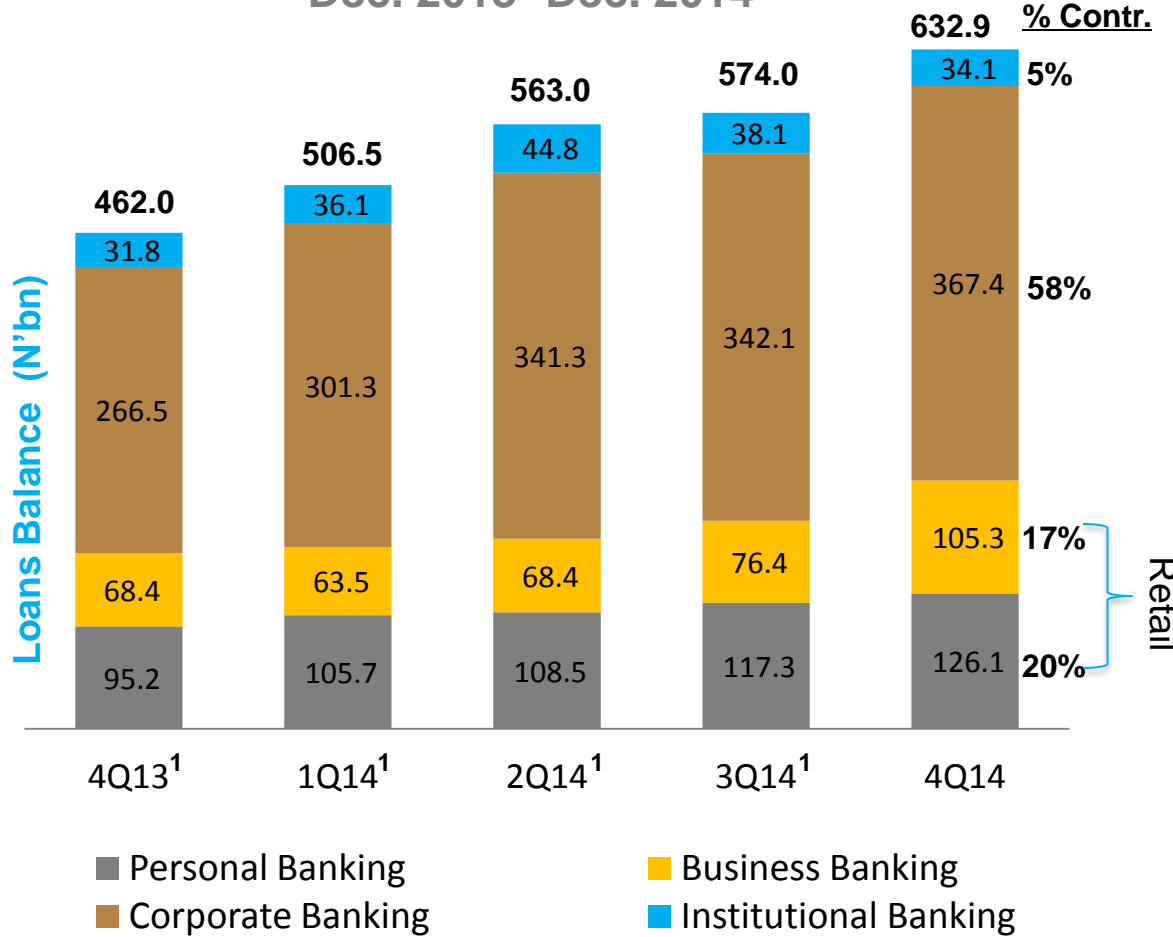
	% Δ QoQ	% Δ YoY
Personal	4.4%	14.3%
SME	7.5%	10.1%
Commercial	1.7%	3.8%
Corporate	4.9%	17.0%
Institutional	-4.3%	-17.7%
Treasury & Financial Markets/ Others	-33.6%	200.0%
<b>Total</b>	<b>2.1%</b>	<b>3.0%</b>

**Notes:**  
1. Figures restated



*Over one-third of all credits are issued to individuals & small businesses (i.e. Retail customers), as Retail portfolio grew 41% or N68bn YoY. Corporate loans still, however, dominate the loan book*

**CRBG: Loan Distribution by Segment**  
Dec. 2013- Dec. 2014



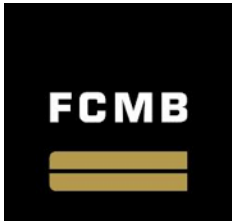
Segment	% Δ QoQ	% Δ YoY
Personal	7.5%	32.4%
Business	37.8%	53.8%
Corporate	7.4%	37.9%
Institutional	-10.5%	7.2%

**Comments**

The loan book grew 37% YoY and 10% QoQ. Key growth areas were Individual, manufacturing , Agriculture and Real Estate sectors, in line with strategy.

**Notes:**  
1. Figures restated

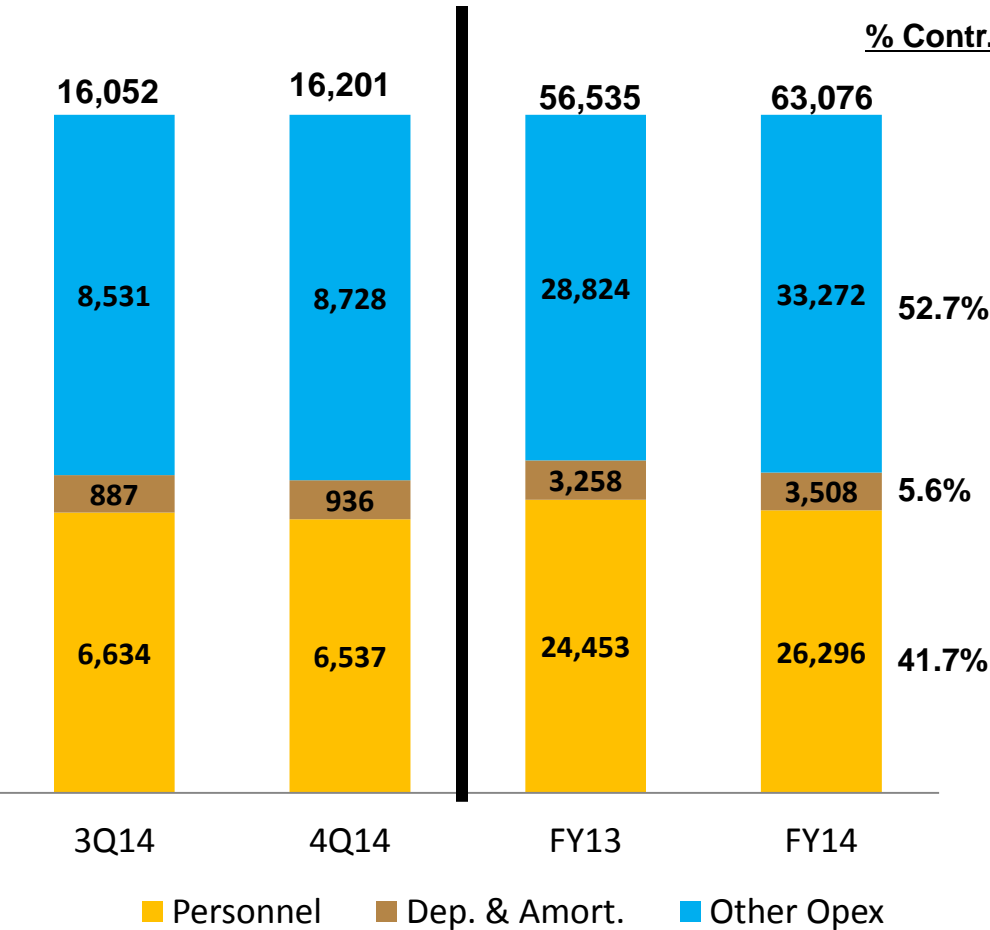




*OPEX outpaced inflation YoY on back of regulatory charges and increased investments in sales force and marketing.*

**YoY inflation= 8.0%**

**CRBG: Opex Analysis by Expense Domain**  
3Q/4Q 2014 and FY 2013/2014



Expense Line	% Δ QoQ	% Δ YoY
Full Time Employee (FTE)	-1.5%	7.5%
Depreciation & amortisation	5.5%	7.7%
Other Opex	2.3%	15.4%
<b>Total</b>	<b>0.9%</b>	<b>11.6%</b>

**Comments**

The growth in OPEX was influenced by the following:

- ❖ Significant increase in Regulatory cost of NDIC and AMCON levy;
- ❖ increased spending on full-time employees, direct sales agents and communication and premises costs.



**Investment Banking Group: *Business Review –***  
***Mr. Tolu Osinibi (ED, FCMB Capital Markets Ltd)***

*Strong earnings performance driven by debt advisory, cash management & equity brokerage*

**Investment Banking Group (IBG): Summary of Financials  
(Sept. vs. Dec. 2014 and FY13 vs. FY14)**

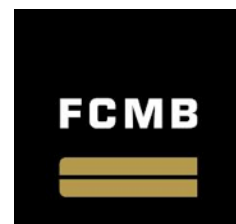
Investment Banking Group	3Q14	4Q14	% Δ QoQ	FY13	FY14	% Δ YoY
<b>N'm</b>						
<b>Gross earnings</b>	1,303	<b>731</b>	<b>-44%</b>	1,928	<b>3,427</b>	78%
Net Interest Income	204	131	<b>-35%</b>	287	556	94%
<b>Non Interest Income</b>	<b>1,099</b>	<b>600</b>	<b>-45%</b>	<b>1,641</b>	<b>2,871</b>	<b>75%</b>
–Debt Capital Raising	866	26	<b>-97%</b>	308	1,483	381%
–Other Financial Advisory Fees	22	90	<b>303%</b>	340	136	-60%
–Equity Capital Raising <sup>1</sup>	54	39	<b>-28%</b>	206	227	10%
– Brokerage Commission	110	196	<b>79%</b>	438	670	53%
–Asset Management Fees	6	6	<b>10%</b>	18	26	46%
– Trading Income	18	6	<b>-67%</b>	188	32	-83%
– Dividend	0	160	<b>73426%</b>	19	173	812%
–Others	23	77	<b>231%</b>	124	124	0%
<b>Operating Income</b>	<b>1,303</b>	<b>731</b>	<b>-44%</b>	<b>1,928</b>	<b>3,427</b>	<b>78%</b>
Operating Expenses	(510)	(649)	<b>27%</b>	(1,367)	<b>(2,011)</b>	47%
Net gains/(losses) from fin. instruments at fair value	(18)	(104)	<b>475%</b>	32	(75)	-335%
<b>PBT</b>	<b>775</b>	<b>(22)</b>	<b>-103%</b>	<b>593</b>	<b>1,340</b>	<b>126%</b>
CIR	39%	89%	<b>127%</b>	71%	59%	-17%

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**Risk Management Review –**

***Mr. Bayo Sanni: (Chief Risk Officer - FCMB Ltd)***

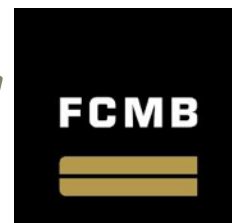


The loan book remains diversified

### FCMB: Analysis of Gross Loans by Sector (Dec. 2013 – Dec. 2014)

Industry Sector	Dec'13	Mar'14	Jun' 14	Sept' 14	Dec' 14	% DISTR.	Comments
AGRICULTURE	11,406	10,491	35,944	28,622	38,153	6.0%	<ul style="list-style-type: none"> <li>❖ Key growth areas were Individual, manufacturing , Agriculture and Real Estate sectors, in line with our strategy.</li> <li>❖ The growth in Finance &amp; Insurance was short tenured and was termed out in 1Q15.</li> <li>❖ The growth in Oil &amp; Gas Upstream was partially induced by 16% currency devaluation.</li> </ul>
COMMERCE	52,888	53,880	60,341	60,928	75,761	12.0%	
CONSTRUCTION	6,135	7,698	8,295	9,650	8,261	1.3%	
EDUCATION	4,719	5,258	5,432	6,822	6,119	1.0%	
FINANCE & INSURANCE	14,622	6,069	11,065	8,434	23,361	3.7%	
GENERAL – OTHERS	8,594	8,091	9,335	12,290	12,124	1.9%	
GOVERNMENT	31,302	35,574	40,512	33,442	28,770	4.5%	
INDIVIDUAL	95,242	105,646	108,498	117,344	126,142	19.9%	
INFORMATION & COMMUNICATIONS	34,223	38,840	33,824	30,467	29,589	4.7%	
MANUFACTURING	28,025	39,478	47,782	55,452	50,032	7.9%	
OIL&GAS-DOWNSTREAM	43,343	42,178	48,820	46,336	55,982	8.8%	
OIL&GAS-UPSTREAM&SERVICES	61,119	76,007	69,605	75,847	92,130	14.6%	
POWER & ENERGY	26,824	30,945	30,559	34,953	24,707	3.9%	
PROFESSIONAL SERVICES	1,841	1,871	2,067	1,485	2,708	0.4%	
REAL ESTATE	35,067	37,783	41,480	42,137	50,254	7.9%	
TRANSPORTATION & LOGISTICS	6,655	6,735	9,446	9,739	8,825	1.4%	
	<b>462,005</b>	<b>506,543</b>	<b>563,004</b>	<b>573,948</b>	<b>632,919</b>	<b>100.0%</b>	

Industry NPL  
Average = 3.5%<sup>1</sup>



## NPL ratio below regulatory and industry averages

### FCMB: NPL Distribution by Sector (Dec. 2013 vs. Sept. & Dec. 2014)

BUSINESS SEGMENT (N'M)	Dec. 2013		Sept. 2014		Dec. 2014	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	1,266.49	11.1%	618.82	2.2%	2,436.42	6.4%
Commerce	5,924.51	11.2%	6,107.51	10.0%	6,711.19	8.9%
Construction	1,216.13	19.8%	696.44	7.2%	1,683.58	20.4%
Education	254.72	5.4%	352.30	5.2%	274.62	4.5%
Finance & Insurance	22.39	0.2%	28.79	0.3%	29.13	0.1%
General – Others	499.50	5.8%	1,081.03	8.8%	1,514.76	12.5%
Government	141.09	0.5%	19.91	0.1%	14.97	0.1%
Individual	4,822.67	5.1%	3,958.96	3.4%	6,068.34	4.8%
Information & Communications	1.63	0.0%	181.57	0.6%	470.18	1.6%
Manufacturing	61.94	0.2%	400.91	0.7%	1,529.04	3.1%
Oil & Gas - Downstream	1,759.82	4.1%	378.33	0.8%	444.67	0.8%
Oil & Gas – Upstream & Svs	62.16	0.1%	37.28	0.0%	0.06	0.0%
Power & Energy	9.54	0.0%	-	0.0%	-	0.0%
Professional Services	176.87	9.6%	89.91	6.1%	18.41	0.7%
Real Estate	1,540.76	4.4%	1,491.89	3.5%	1,392.11	2.8%
Transportation & Logistics	202.09	3.0%	183.12	1.9%	374.70	4.2%
<b>Total</b>	<b>17,962.32</b>	<b>3.9%</b>	<b>15,626.77</b>	<b>2.7%</b>	<b>22,962.20</b>	<b>3.6%</b>

### Comments

- ❖ Growth in NPLs was largely from Manufacturing, Agriculture, SME (majorly Construction and Hotels under General Others) and individual loans.
- ❖ The growth in Agriculture NPL QoQ is largely from a syndicated account classified within the year, now restructured. Growth in Manufacturing was also from a single account under workout.
- ❖ Growth in Individual NPL is largely from delayed salaries as a result of shrinking Government revenue.

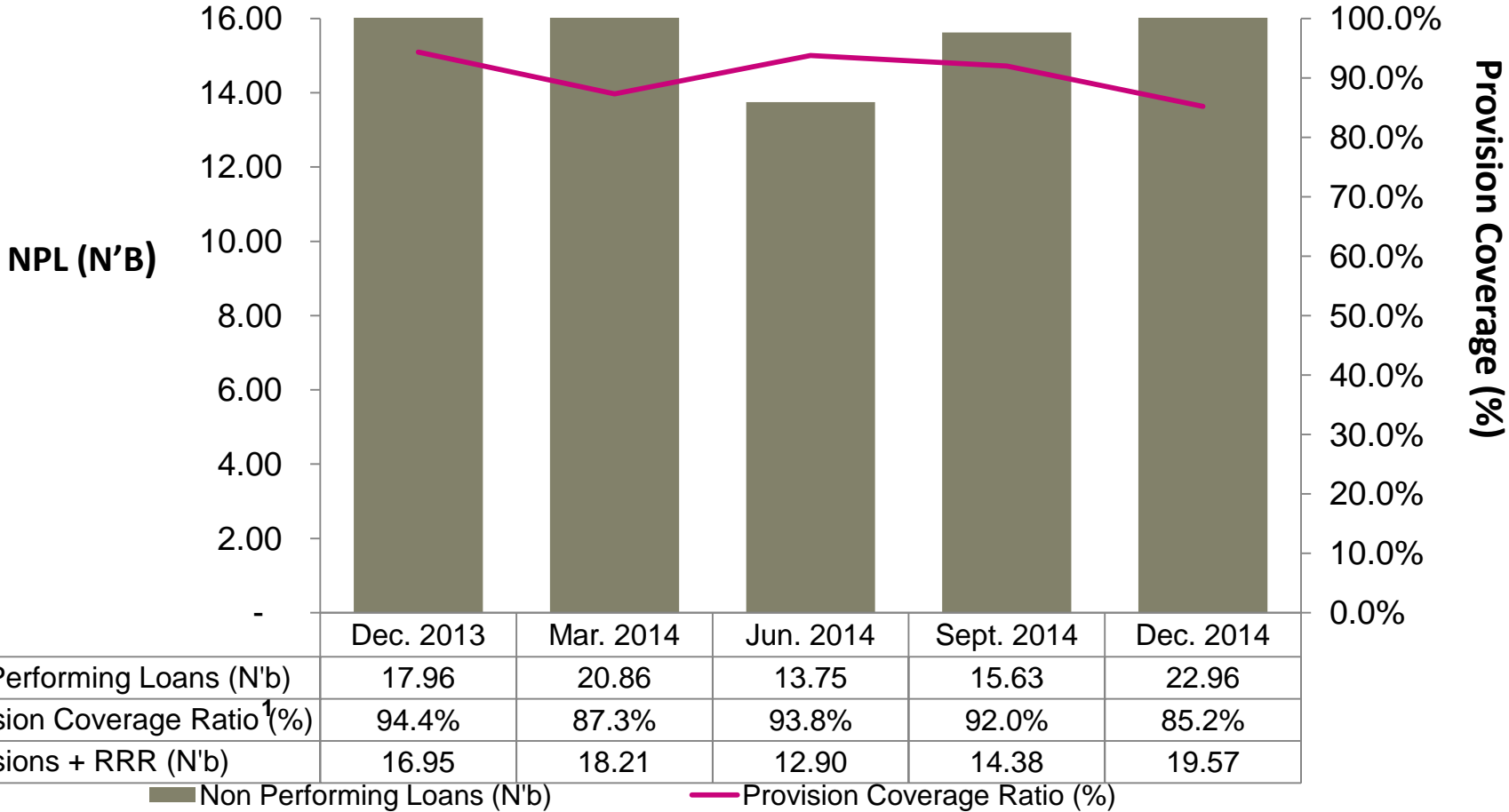
#### Notes:

1. Industry NPL average figure is as at 30 Sept. 2014, as Dec. figure is not yet available.



# NPLs remain substantially covered

**Coverage Ratio<sup>1</sup> Analysis:  
Dec. 2013 – Dec. 2014**



Notes:  
1. Includes regulatory risk reserve (RRR).

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*Outlook and Plan to Year End 2015 –*

*Mr. Peter Obaseki: (Managing Director, FCMB Group Plc)*



# Outlook & Plan to Year End 2015

**FCMB**



## **Macro & Industry:**

- ❖ We expect monetary tightening measures to continue and interest rates to remain high;
- ❖ 50% drop in COT will have adverse effect on fees and commissions;
- ❖ Foreign exchange illiquidity will have adverse effect on trading income and Letters of Credit fees;
- ❖ Overall, 2015 is predicted to be a challenging year; however

## **FCMB's business strategy will counteract some of the pressure, by way of:**

- ❖ It's strong US\$ balance sheet;
- ❖ Focus on e-banking and cards business to enhance non-interest income growth in order to mitigate the loss of COT income.

## **Cost to Income Ratio should continue to improve for the following reasons:**

- ❖ Retail revenue to rise faster than expenses;
- ❖ Improved cost management structure;
- ❖ Positive impact of effective cost optimisation across our businesses.

## **Main 2015 Focal Points:**

- ❖ Growth in low cost deposits;
- ❖ Managing cost of risk by continuing to maintain our tight underwriting and monitoring standards.