



# 1Q20 Results

INVESTORS & ANALYSTS PRESENTATION  
5 MAY 2020



## AGENDA

**Introduction**

**1Q 2020 Results Overview**

**Commercial & Retail Banking: Performance Review**

**Corporate & Investment Banking: Performance Review**

**Risk Management Review**

**Investment Management Review**

**Outlook**

## Introduction

Mr. Ladi Balogun: Group Chief Executive  
FCMB Group Plc



Total Assets  
**N1.89 trillion**

32.6%

1Q19: N1.43 trillion

Profit before Tax  
**N5.4 billion**

26.5%

1Q19: N4.3 billion

Deposits  
**N1.0 trillion**

20.7%

1Q19: N831.9 billion

Loans  
**N764.3 billion**

24.2%

1Q19: N615.2 billion

Assets Under Management  
**N427.1 billion**

26%

1Q19: N338.7 billion

Gross Earnings  
**N49.2 billion**

12.1%

1Q19: N43.9 billion

Customers  
**7.4 million**

32%

1Q19: 5.6 million

Digital Customers  
**5.2 million**

65%

1Q19: 3.1 million

Capital Adequacy  
**17.0%**

60bps

1Q19: 16.4%

Return on Average Equity  
**9.3%**

140bps

1Q19: 7.9%

Non-Performing Loans  
**3.5%**

-80bps

1Q19: 4.3%

**Building Resilience:**

- ❖ At 17%, Capital Adequacy Ratio (CAR) has increased and is above regulatory threshold of 15%, in spite of the 24% loan growth.
- ❖ The liquidity ratio improved from 32.9% to 36.0%, largely as a result of 6% growth in customer deposits during the quarter.

**Diversification:**

- ❖ Customer strength, across our group of companies, has grown 32% YoY from 5.6 million<sup>1</sup> as at March 2019 to 7.4 million<sup>1</sup> as at March 2020.
- ❖ Personal and business banking account for 73%, 29% and 66% of total deposits, total risk assets and net revenue respectively.
- ❖ Our Investment Management business grew its PBT by 37% YoY and accounted for 9% of total PBT, largely driven by our Pensions business. The business also saw a 26% YoY growth in AUM from N427.1bn to N338.7bn, as we continued to leverage an effective distribution model on the banks growing customer base.

**Innovation:**

- ❖ **Mobile App & USSD Commissions:** Transaction volume growth was 14% QoQ and 70% YoY, though N430.9m in revenue in 1Q20 represented a 3% YoY drop from N442.7m (1Q19) and a 40% drop QoQ from N722.6m (4Q19) due to CBN's revised guidelines on charges/tariffs.
- ❖ **Transactions on our fully customisable New Mobile App launched in 1Q19 :**
  - ❖ At N203.8bn in 1Q20, transaction values had grown 83% QoQ from N111.5bn in 4Q19;
  - ❖ At 3.5 million in 1Q20, transaction volumes had grown 58% QoQ from 2.2 million in 4Q19.
- ❖ **Easy Account** launched (level 1 KYC, next generation mobile money) with over 1,180,000 accounts opened in the last 12 months (317,000 in last 4 months), representing 50% of all accounts opened.
- ❖ **Total digital** loan book size is N16.3 billion YTD, making up 7% of Personal & Business Banking loan book.
- ❖ **Our ESB/API platform** – which is our banking-as-a-service platform that enables us sell our unique services and products through Fintechs and other 3<sup>rd</sup> party providers - has been launched and we have acquired 15 Fintech partners and their customers thus far.

**Notes:**

1. This figure includes total customer numbers for the Bank; active Easy Account holders; Credit Direct Ltd customers and total no. of RSAs with FCMB Pensions Ltd.

### Protect our employees

- ❖ Work from home will remain in place for at least 50% of work force for entire 2020;
- ❖ 50% of branches to remain closed (all ATMs remain available);
- ❖ 60% reduction in branch staffing, everyone else work from home, including sales staff;
- ❖ Frequent disinfecting and cleaning, provision of sanitisers, temperature checking, compulsory use of masks, no office visitations, 10 customers maximum in branch;
- ❖ Maximum travel restrictions until further notice;
- ❖ Virtual Board, shareholder meetings etc for rest of the year;
- ❖ Counselling and medical emergency hotlines for all staff;
- ❖ Staff with underlying conditions (diabetes, hypertension, etc) not to return to office.

### Community Support

- ₦4,00 million budget:
- (i) N250m to CaCovid,
  - (ii) N150m to various interventions around
    - (a) testing: 3,000 tests in a particular state;
    - (b) food donations; and
    - (c) personal protective equipment.

### Protect & support our customers

- ❖ Increase scope and capacity of digital financial services (onboarding/account opening – SME & Personal, payments, fx, lending, investing);
- ❖ Permitting scanned documents to initiate processing of all transactions (originals only required for verification in a few instances);
- ❖ Central Bank of Nigeria intervention loans reduced to 5% mandatory;
- ❖ Pre-emptive and responsive restructuring of an estimated 50% of loan portfolio.

### Business Focus

- ❖ Reduce Expenses:
  - Restricted travel, limited branch operations and work from home will have a material cost impact.
- ❖ Enhance liquidity:
  - Raise wholesale funding;
  - Continue deposit mobilisation and digital customer acquisition.
- ❖ Preserve capital:
  - Continue to explore tier 2 opportunities;
  - Maintain modest dividend payout ratio.
- ❖ Pursue intervention funding for top tier Corporate relationships in agriculture manufacturing and healthcare.
- ❖ Cross sell Investment Management services to help customers counter inflation and explore inorganic investment management growth opportunities.

## 1Q20 Results Overview: FCMB Group Plc

Mr. Kayode Adewuyi –  
Chief Financial Officer: FCMB Group Plc



Group Performance Highlights: ROaE and ROaA grew YoY supported by increase in NIM and rise in revaluation gains. NPL also improved YoY in spite of FX revaluation due to loans write-off in 4Q19.

Performance Index		1Q19	4Q19	1Q20	%Δ QoQ	%Δ YoY
Operating	Return on Average Equity	7.9%	13.5%	9.3%	-31.6%	17.1%
	Return on Average Assets	1.0%	1.7%	1.1%	-37.0%	2.8%
	Loan/Deposit Ratio	73.9%	75.9%	76.1%	0.3%	3.0%
	CBN Loan/Deposit Ratio	n/a	60.4%	59.2%	-2.0%	n/a
	Cost/Income Ratio	75.0%	54.8%	71.2%	29.8%	-5.1%
	Net Interest Margin	7.6%	7.3%	7.8%	7.5%	3.3%
	NPL/Total Loans	4.3%	3.7%	3.5%	-3.1%	-18.3%
	Coverage Ratio <sup>1</sup>	145.8%	154.4%	167.0%	8.2%	14.5%
	NII/Operating Income	29.3%	21.0%	17.4%	-17.0%	-40.4%
	Financial Leverage	7.7	8.1	8.8	8.6%	13.9%
	Cost of Risk	1.0%	1.8%	1.7%	-3.1%	66.9%
Capital & Liquidity	Capital Adequacy Ratio	16.4%	17.17%	17.0%	-0.7%	3.9%
	Liquidity Ratio	47.7%	32.9%	36.0%	9.3%	-24.5%
Investment	Share Price	1.86	1.84	1.55	-15.8%	-16.7%
	NAV(N'B)	187.9	200.8	205.5	2.3%	9.3%
	Dividend (Kobo)	0	14	0	n/a	n/a
	EPS (Kobo)	18.19	33.06	23.76	-28.1%	30.7%
Others	Opex (N'B)	19.7	13.7	22.6	64.9%	14.5%
	Risk Assets (net) (N'B)	615.2	715.9	764.3	6.8%	24.2%
	Customer Deposits (N'B)	831.9	943.1	1,003.9	6.4%	20.7%

**Note:**

1. Inclusive of regulatory risk reserve



## FCMB's Operating Companies' Contribution to Profitability

N'm	PBT	PAT	Size of revenue	ROAE	NAV	% Contribution to Group PBT
<b>Commercial &amp; Retail Banking<sup>1</sup></b>	5,781	5,251	33,050	14.0%	129,525	106.4%
<b>Corporate &amp; Investment Banking<sup>2</sup></b>	(1,044)	(1,086)	14,674	-5.9%	78,083	-19.2%
<b>Investment Management<sup>3</sup></b>	474	336	1,112	31.1%	4,434	8.7%
<b>FCMB Group Plc (Separate)</b>	356	356	624	1.1%	132,296	6.6%
<b>Intercompany Adjustments</b>	(134)	(134)	(265)	n/a	(138,847)	-2.5%
<b>FCMB Group Plc (consolidated)</b>	<b>5,434</b>	<b>4,722</b>	<b>49,195</b>	<b>9.3%</b>	<b>205,490</b>	<b>100%</b>

## Notes:

1. Includes FCMB Bank Ltd (and its subsidiary, FCMB (UK) Ltd); FCMB Microfinance Bank Ltd, Credit Direct Ltd.
2. Includes the Corporate Banking Division of the Bank, CSL Stockbrokers and FCMB Capital Markets Ltd.
3. Includes FCMB Pensions Ltd; FCMB Asset Management Ltd and FCMB Trustees Ltd.

**Group Statements of Comprehensive Income: PBT grew by 27% YoY driven mainly by significant growth in Net Interest income due partly to the revaluation gains in interest income and reduction in interest expense and FX revaluation gains during the quarter**

N'm	1Q19	4Q19	1Q20	%Δ QoQ	%Δ YoY
<b>Revenue</b>	<b>43,904</b>	<b>52,156</b>	<b>49,195</b>	<b>-5.7%</b>	<b>12.1%</b>
Interest Income	34,405	35,646	38,333	7.5%	11.4%
Interest Expense	(15,787)	(15,901)	(15,217)	-4.3%	-3.6%
<b>Net Interest Income</b>	<b>18,618</b>	<b>19,745</b>	<b>23,116</b>	<b>17.1%</b>	<b>24.2%</b>
<b>Non Interest Income</b>	<b>7,706</b>	<b>5,257</b>	<b>8,628</b>	<b>64.1%</b>	<b>12.0%</b>
- Net Fees & Commissions	4,958	5,414	5,050	-6.7%	1.9%
- Trading Income	2,162	2,063	1,885	-8.6%	-12.8%
- FX Income	483	1,799	1,424	-20.8%	195.0%
- Others <sup>1</sup>	104	(4,020)	268	106.7%	158.5%
<b>Operating Income</b>	<b>26,324</b>	<b>25,002</b>	<b>31,744</b>	<b>27.0%</b>	<b>20.6%</b>
<b>Operating Expenses <sup>1</sup></b>	<b>(19,742)</b>	<b>(13,707)</b>	<b>(22,595)</b>	<b>64.9%</b>	<b>14.5%</b>
Net impairment loss on financial assets	(2,285)	(5,896)	(3,670)	-37.8%	60.6%
Net gains/(losses) from fin. instruments at fair value	0	1,852	(45)	-102.4%	n/a
<b>PBT</b>	<b>4,296</b>	<b>7,251</b>	<b>5,434</b>	<b>-25.1%</b>	<b>26.5%</b>
<b>PAT</b>	<b>3,618</b>	<b>6,470</b>	<b>4,722</b>	<b>-27.0%</b>	<b>30.5%</b>

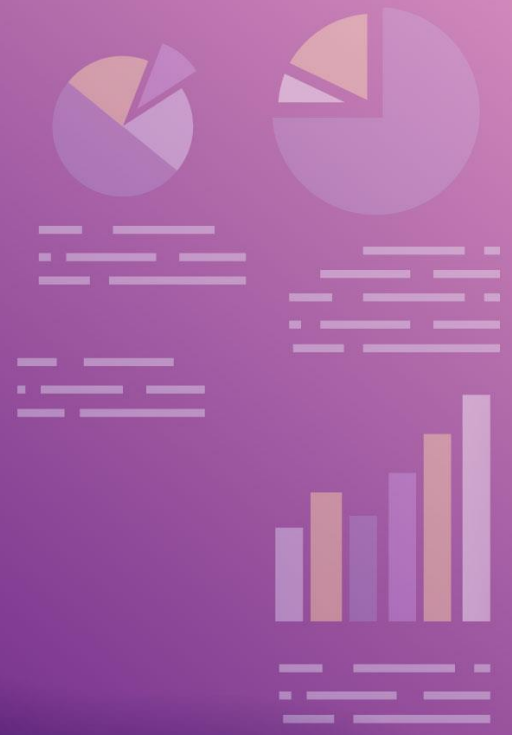
**Note:**

1. Litigation claim of N6.6bn was reversed from Other Income and reclassified to Operating Expenses in 4Q19.



# Group Performance Review: Commercial & Retail Banking

Mr. Adam Nuru  
Managing Director: FCMB Ltd



### Personal Banking

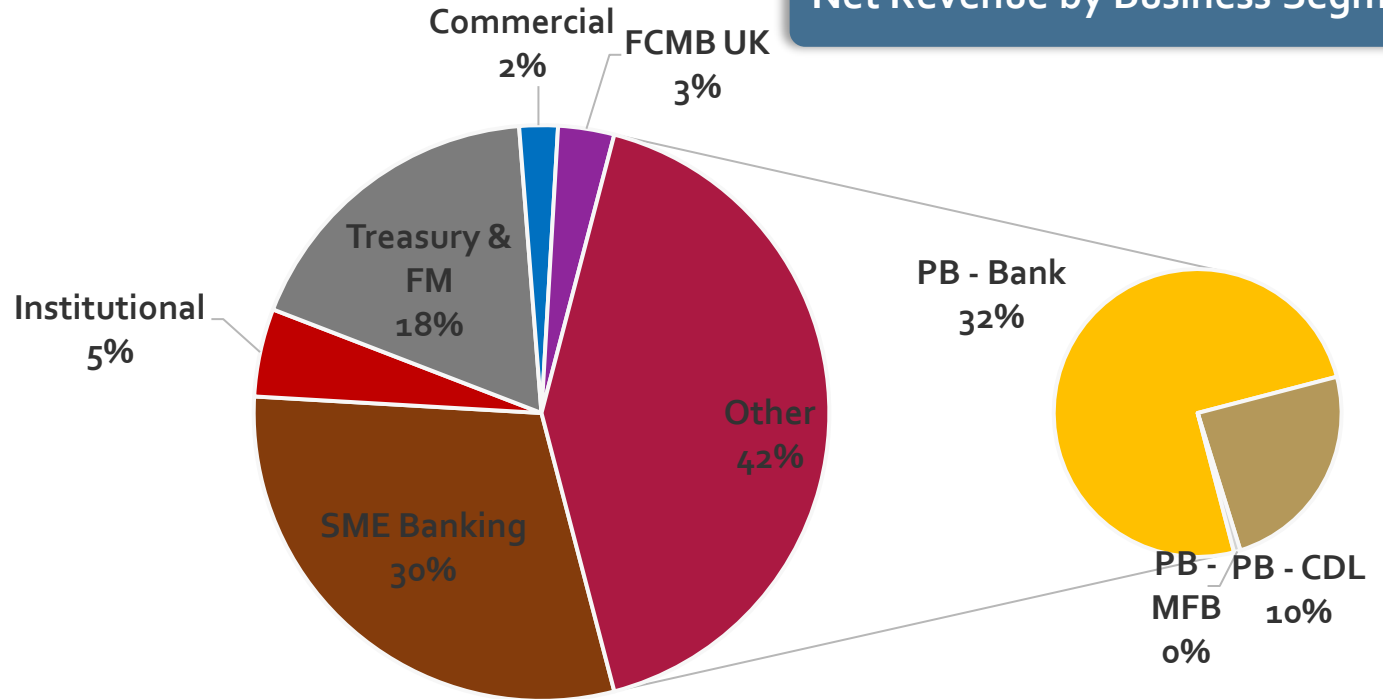
- With a 42% contribution, personal banking is a major contributor to net revenue. Our retail-led strategy continues to yield positive results due to increasing customer uptake of our bouquet of digital products and services;
- Personal banking has a stable deposit base with the right low-cost mix. This is from new client acquisition and retention of deposits from existing customers;
- Upward trend in digital transformation journey as more retail transactions are consummated on our enhanced electronic banking platforms;
- The segment will continue to drive digital initiatives to optimise OPEX and reduce cost of funds.

### SME Banking

- Contributed 30% to net revenue, driven majorly by growth in net interest income and non-interest income;
- Digitalised SME lending has improved loan origination and processing.(Refer to slide 23).

### Commercial Banking

- Contributed 2% to net revenue.



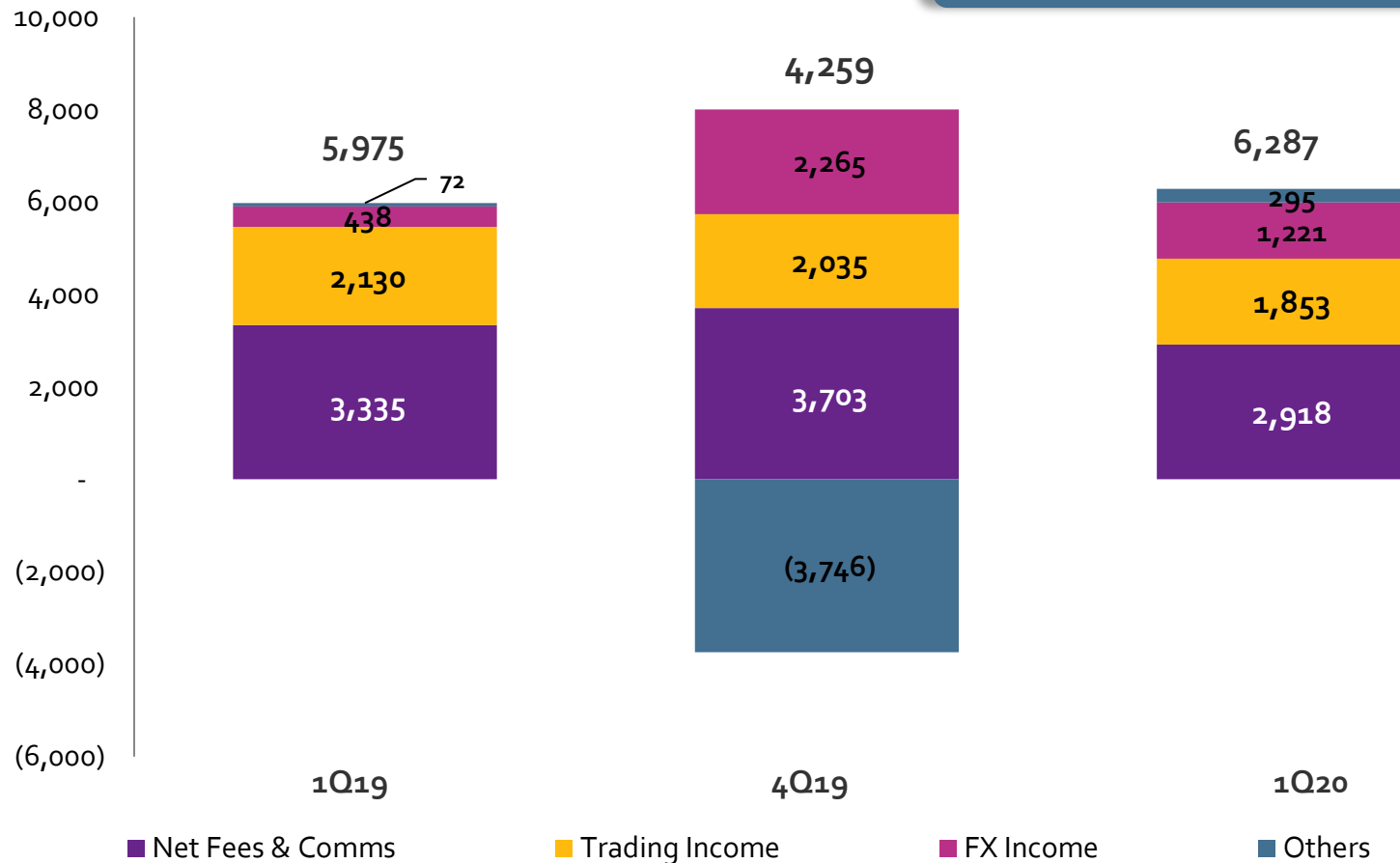
### Institutional Banking

- Contributed 5% to net revenue.
- FCMB UK Limited contributed 3% to net revenue from N794 million in 1Q19 to N822 million in 1Q20;
- Recorded loss of N36 million in 1Q20, a decline of 121% QoQ.

N'm	1Q19	4Q19	1Q20	%Δ QoQ	%Δ YoY
Revenue	32,821	31,815	33,050	3.9%	0.7%
Net Interest Income	16,122	16,361	19,780	20.9%	22.7%
Non-Interest Income	5,975	4,259	6,287	47.6%	5.2%
Net impairment loss on financial assets	(800)	(2,372)	(1,738)	-26.7%	117.1%
Operating Expenses	(16,197)	(8,007)	(18,548)	131.7%	14.5%
PBT	5,099	10,242	5,781	-43.6%	13.4%
Risk Assets (gross) (N'B)	234,154	279,316	300,634	7.6%	28.4%
Customer Deposits (N'B)	730,697	821,633	849,984	3.5%	16.3%

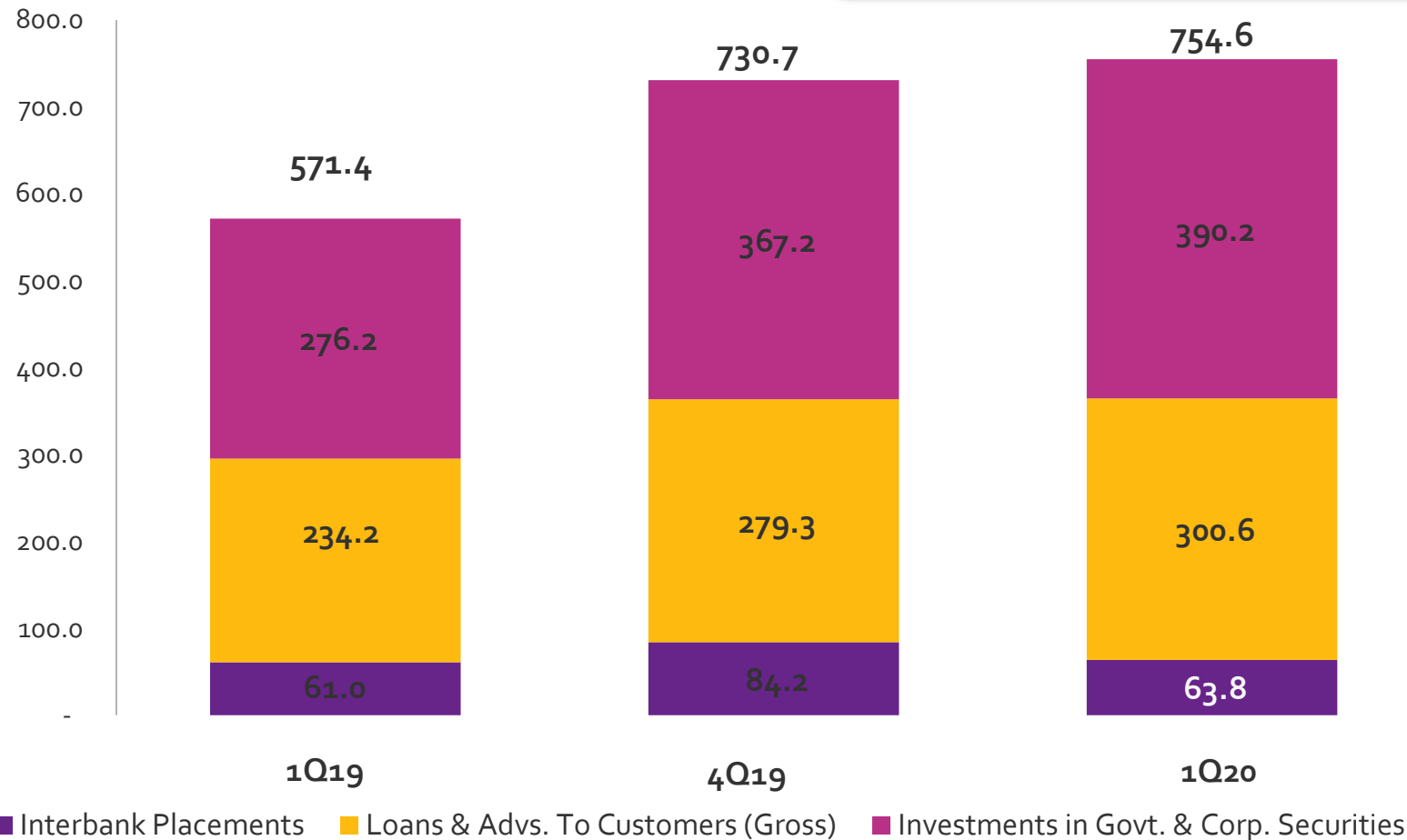
- 13.4% YoY increase in PBT due to increase in Net Interest Income and FX Income. However, PBT declined 43.6% QoQ due to decrease in OPEX, as a result of litigation reversals in 4Q19.
- Net Interest Income increased 20.9% QoQ and 22.7% YoY, due to consolidated gains from low-cost deposit growth.
- Non-Interest Income grew 47.6% QoQ and 5.2% YoY, due to gains from FX income. Included in the FX income is about 25% FX revaluation gain recognised for the quarter, accounted for on straight-line basis prior to audit.
- Operating Expenses increased 131.7% QoQ and 14.5% YoY majorly due to litigation-related reversals in 1Q19 and 4Q19 and regulatory costs.
- Risk Assets grew 7.6% QoQ and 28.4% YoY.
- Deposits grew 3.5% QoQ and 16.3% YoY, supported by growth in low cost deposits.

## Non-Interest Income Analysis: 1Q19 vs. 4Q19 vs. 1Q20



N'm	%Δ QoQ	%Δ YoY
<b>Non Interest Income</b>	<b>47.6%</b>	<b>5.2%</b>
Net Fees & Commissions	-21.2%	-12.5%
Trading Income	-8.9%	-13.0%
FX Revaluation Gain	-46.1%	178.8%
Others	-107.9%	310.7%

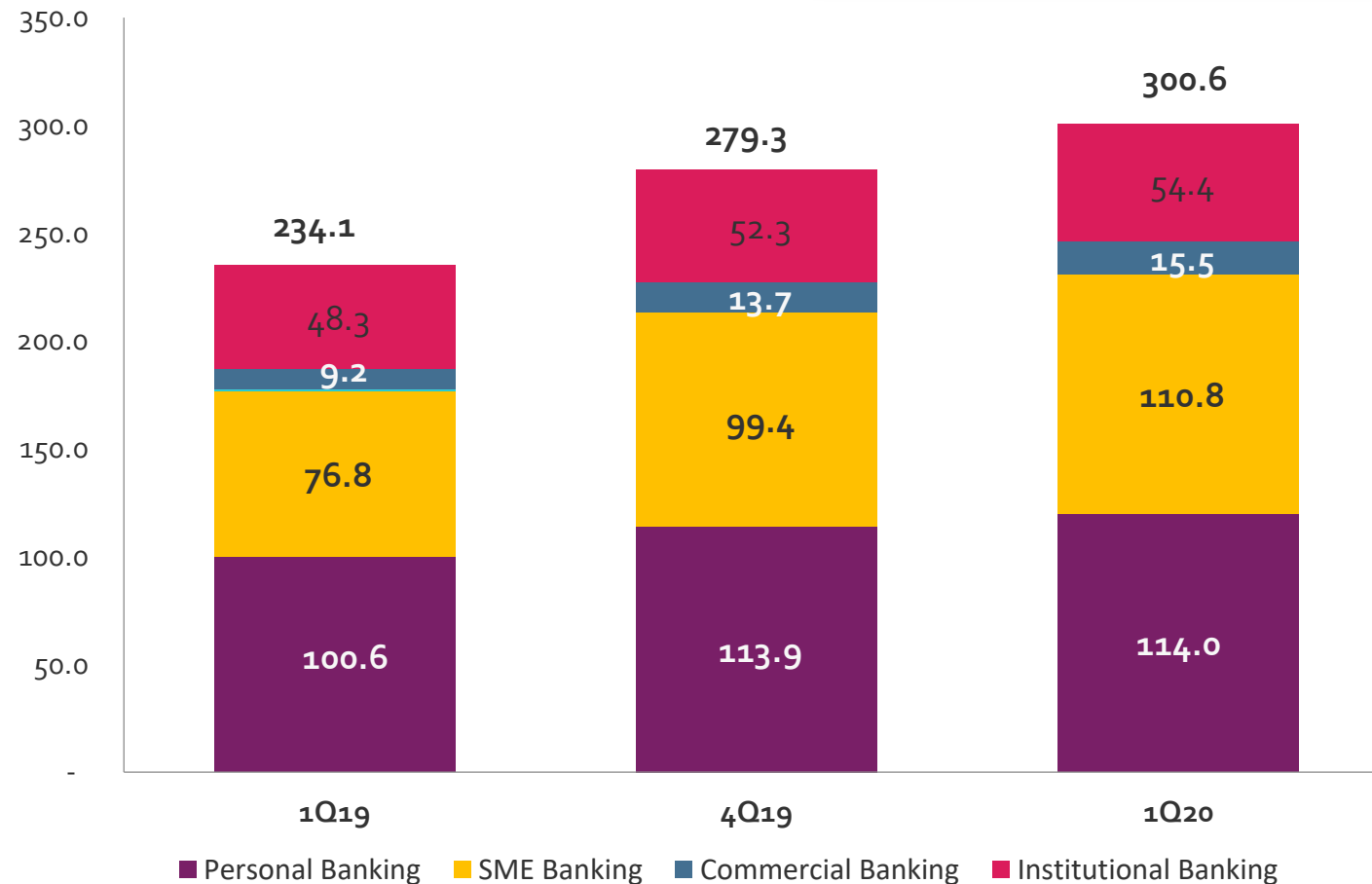
- Net fees and commissions declined 21.2% QoQ and 12.5% YoY, mostly due to CBN induced reduction of charges and tariffs;
- Trading income declined 8.9% QoQ and 13% YoY due to low trading activities in government-backed securities;
- Revaluation gains declined 46.1% QoQ. However, it grew 178.8% YoY primarily due to gains from FX income. Included in the FX income is about 25% FX revaluation gain recognised for the quarter, accounted for on straight-line basis prior to audit;
- Decline in Other Income of 108% QoQ, from a transaction related reclassification in 4Q19. However, It grew 311% YoY due to recognition of litigation-related reversal in 4Q19.



N'bn	% Δ QoQ	% Δ YoY
Interbank placements	-24.27%	4.47%
Loans and advances to customers (gross)	7.63%	28.39%
Investments in government & corporate securities	6.26%	41.29%
<b>Total Earning Assets</b>	<b>3.27%</b>	<b>32.07%</b>

- Total earning assets increased by 3% QoQ and 32% YoY;
- Interbank placements declined 24% QoQ. However, grew 5% YoY;
- Gross loans and advances grew 8% QoQ and 29% YoY. The gross loan book of N300.6bn represents 40% of total earning assets.

## Gross Loans Distribution by Segment 1Q19 vs. 4Q19 vs. 1Q20

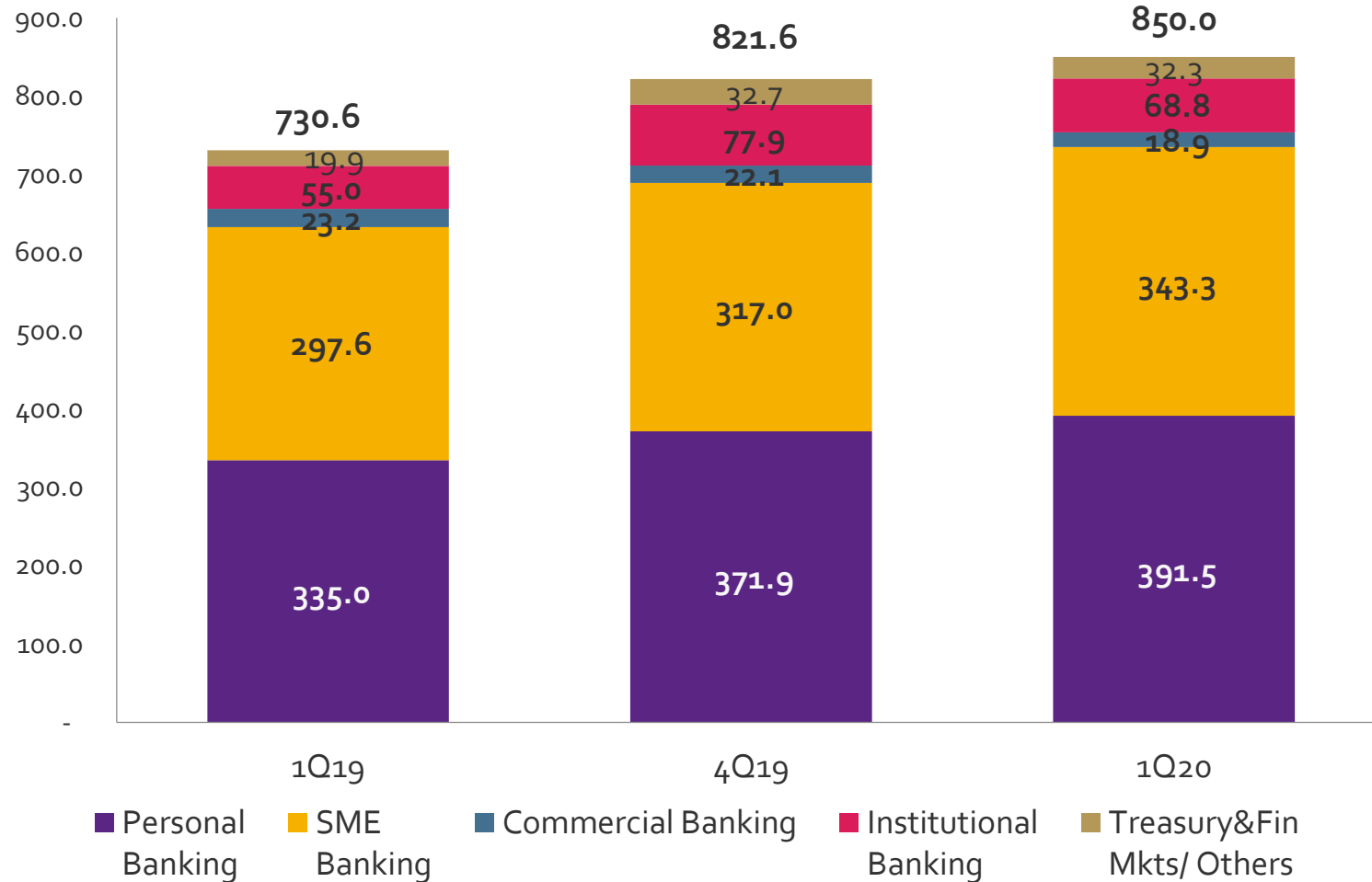


Segment	% Δ QoQ	% Δ YoY
Personal Banking	5.3%	20.0%
SME Banking	11.4%	44.3%
Commercial Banking	13.2%	68.7%
Institutional Banking	4.1%	12.8%
<b>Total</b>	<b>7.6%</b>	<b>28.4%</b>

- YoY and QoQ improvements across the business segments, in line with plan to grow the loan book during the year.
- Consistent growth in personal banking loans with the implementation of our retail digital initiatives.
- Our strategic drive for SME loans, leveraging on investments in digital innovation will continue to impact growth in this segment.
- Quality loan growth is expected to continue across all segments through this year.



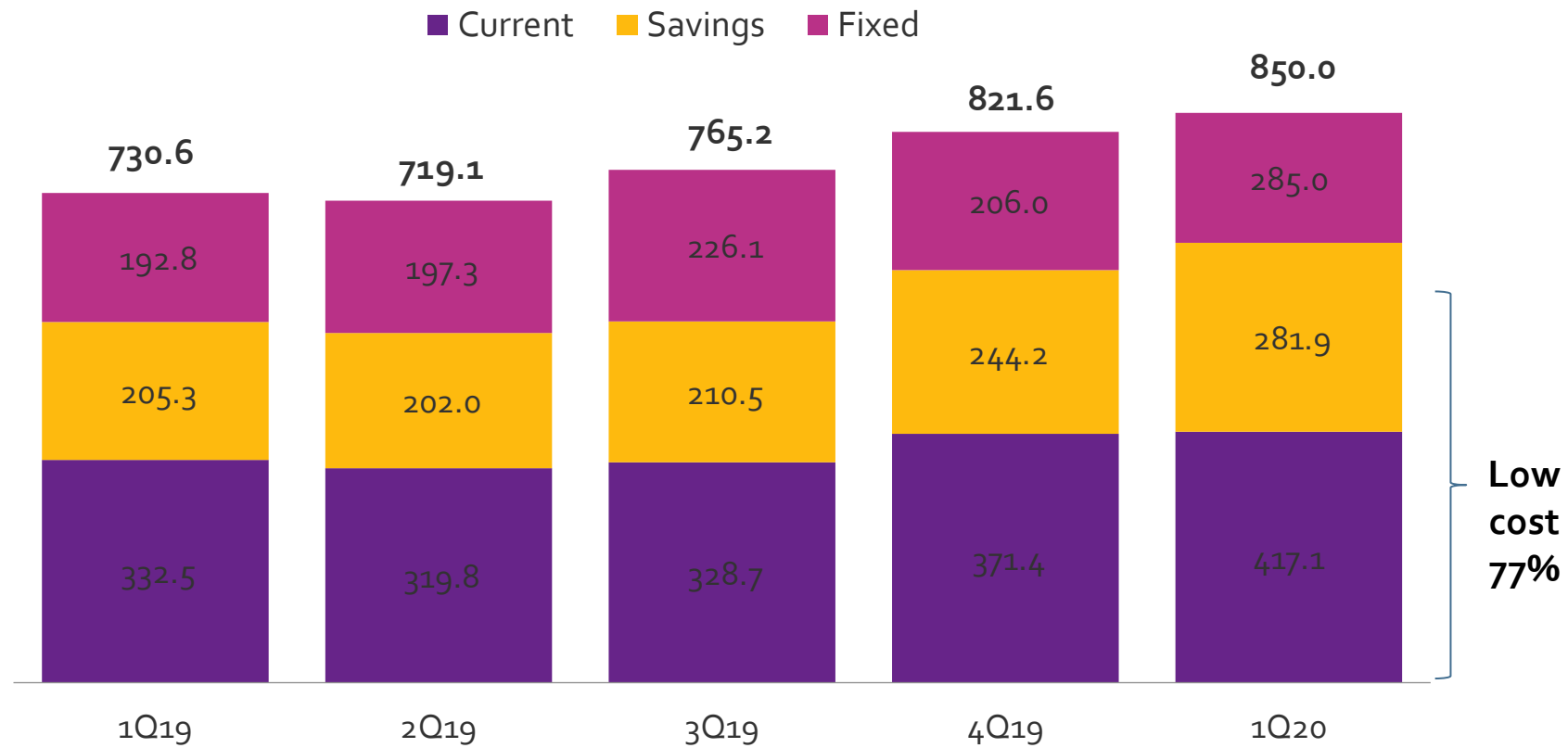
## Deposits Distribution by Segment 1Q19 vs. 4Q19 vs. 1Q20



Segment	% Δ QoQ	% Δ YoY
Personal Banking	5%	17%
SME Banking	8%	15%
Commercial Banking	-15%	-19%
Institutional Banking	-12%	25%
Treasury & Financial Markets	-16%	38%

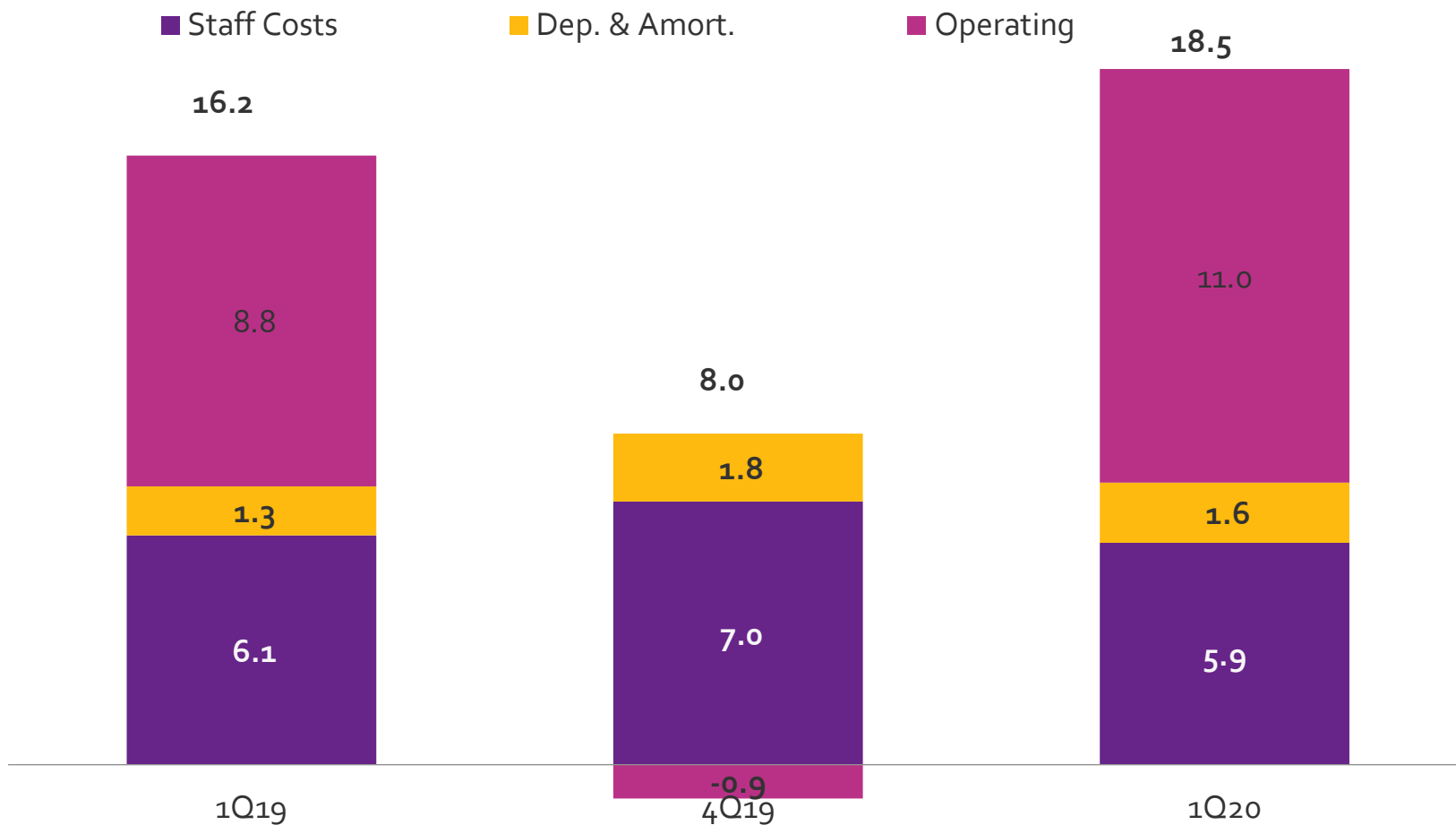
Retail (Personal and SME Banking) deposits now constitutes about 86% of total deposits and grew 7% QoQ and 16% YoY.

# Deposits Distribution by Type: 1Q19 – 1Q20



- Total deposits rose 3% QoQ and 16% YoY, driven by CASA deposits, as a result of our continued focus on retail banking;
- Low-cost deposits now account for 77% of our total deposits, a 2% QoQ rise from 75% and 3% YoY rise from 74%.

## OPEX Analysis by Expense Domain: 1Q19 vs. 4Q19 vs. 1Q20



Segment	% Δ QoQ	% Δ YoY
Staff Costs	-15.7%	-3.1%
Depreciation & Amortisation	-8.5%	27.1%
Operating	1,412.2%	24.9%
<b>Total</b>	<b>131.6%</b>	<b>14.5%</b>

Operating expenses grew 132% QoQ and 15% YoY due to reclassification of litigation-related reversal from non-interest income to Operating Expenses in 4Q19 and regulatory costs.

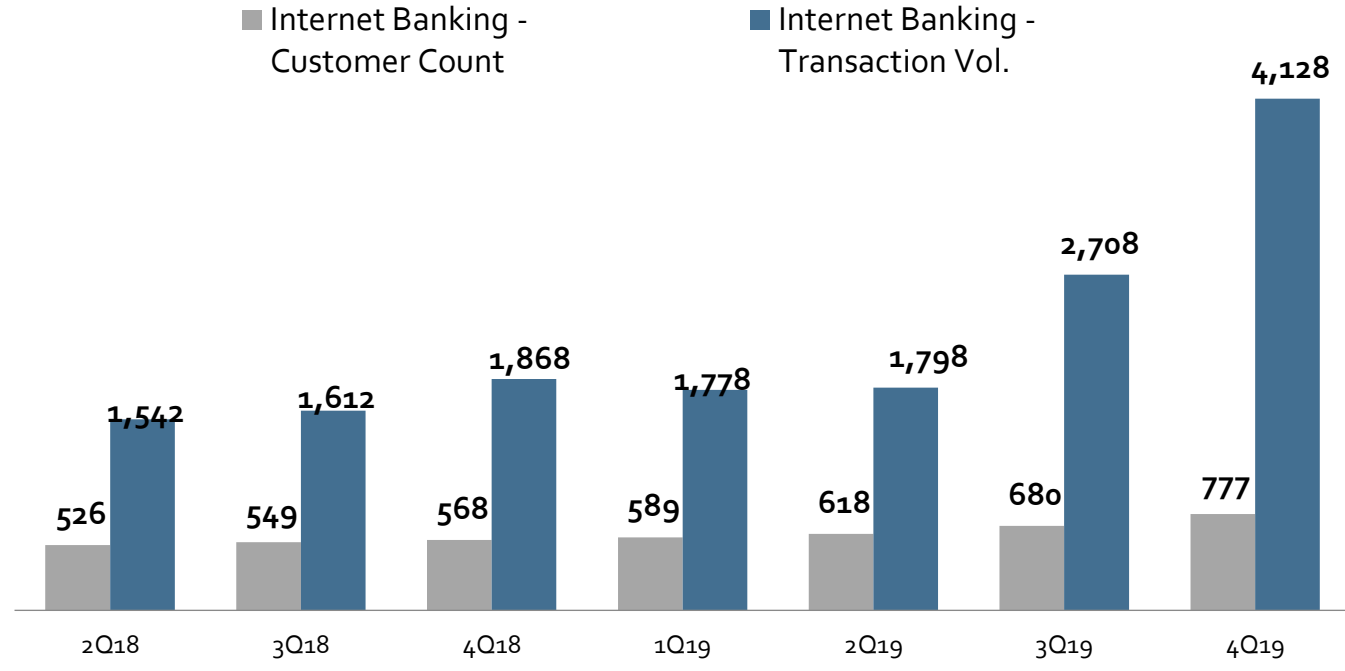
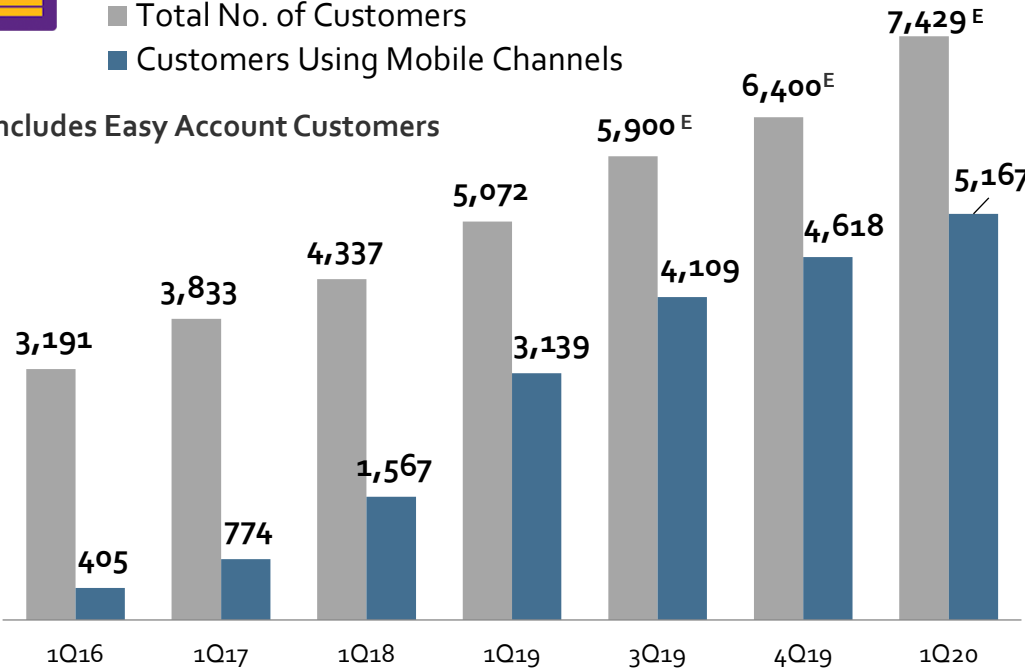
# Digital Financial Services: Customer Acquisition and Digital Channels Adoption



■ Total No. of Customers  
 ■ Customers Using Mobile Channels

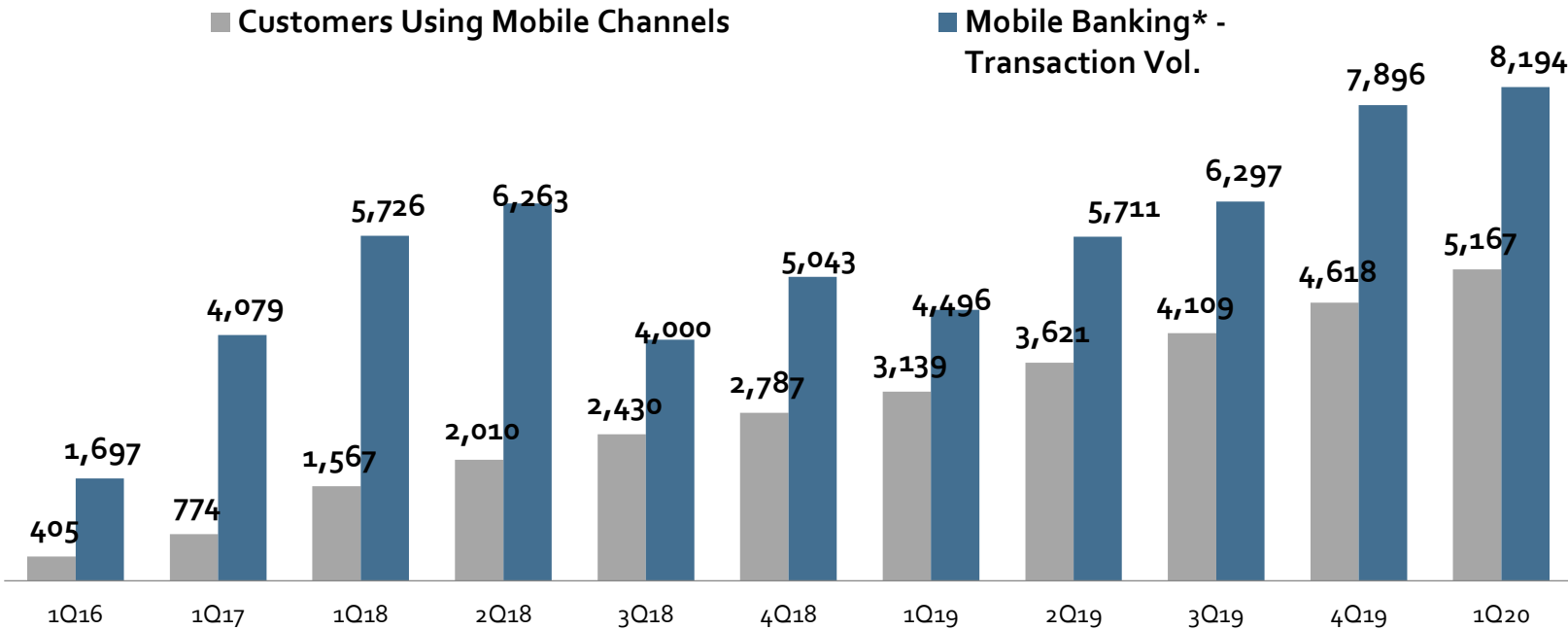
■ Internet Banking - Customer Count  
 ■ Internet Banking - Transaction Vol.

<sup>E</sup> Includes Easy Account Customers



■ Customers Using Mobile Channels

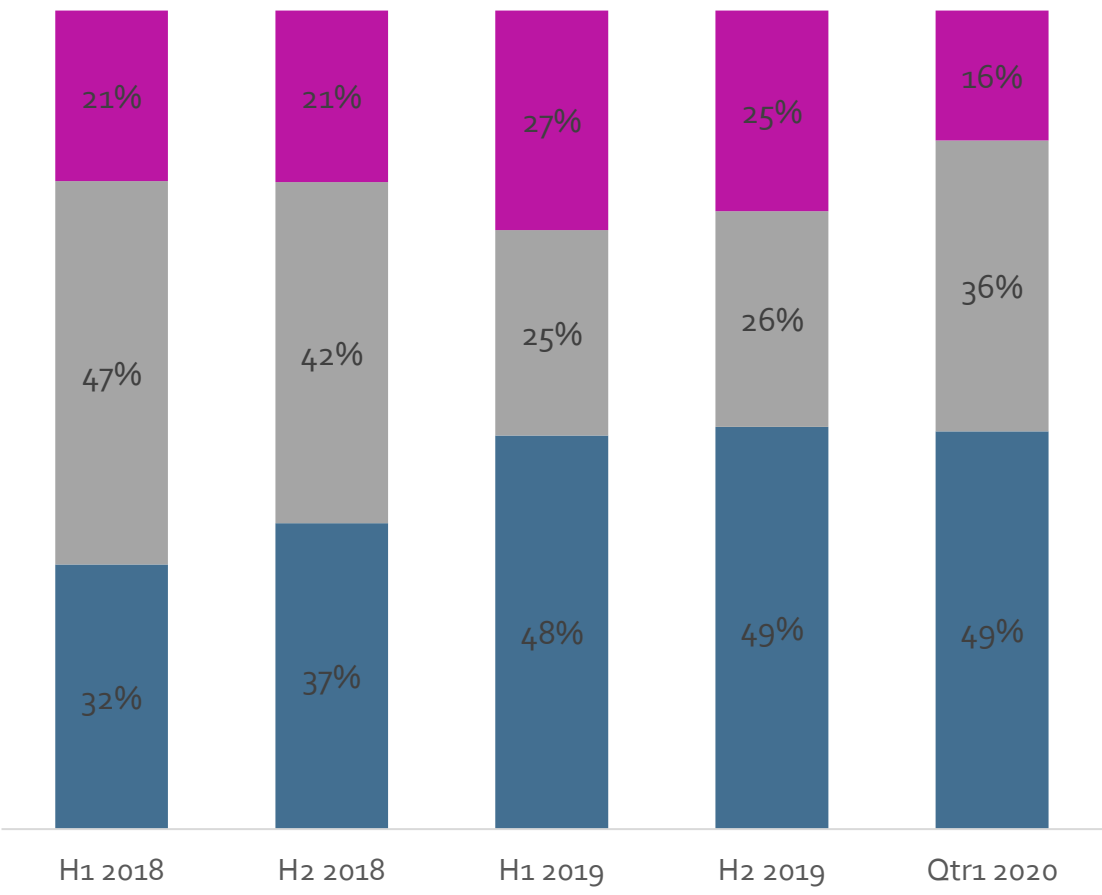
■ Mobile Banking\* - Transaction Vol.



\*Mobile banking includes:  
 • Mobile Plus;  
 • New FCMB Mobile;  
 • Mobile Etranzact.

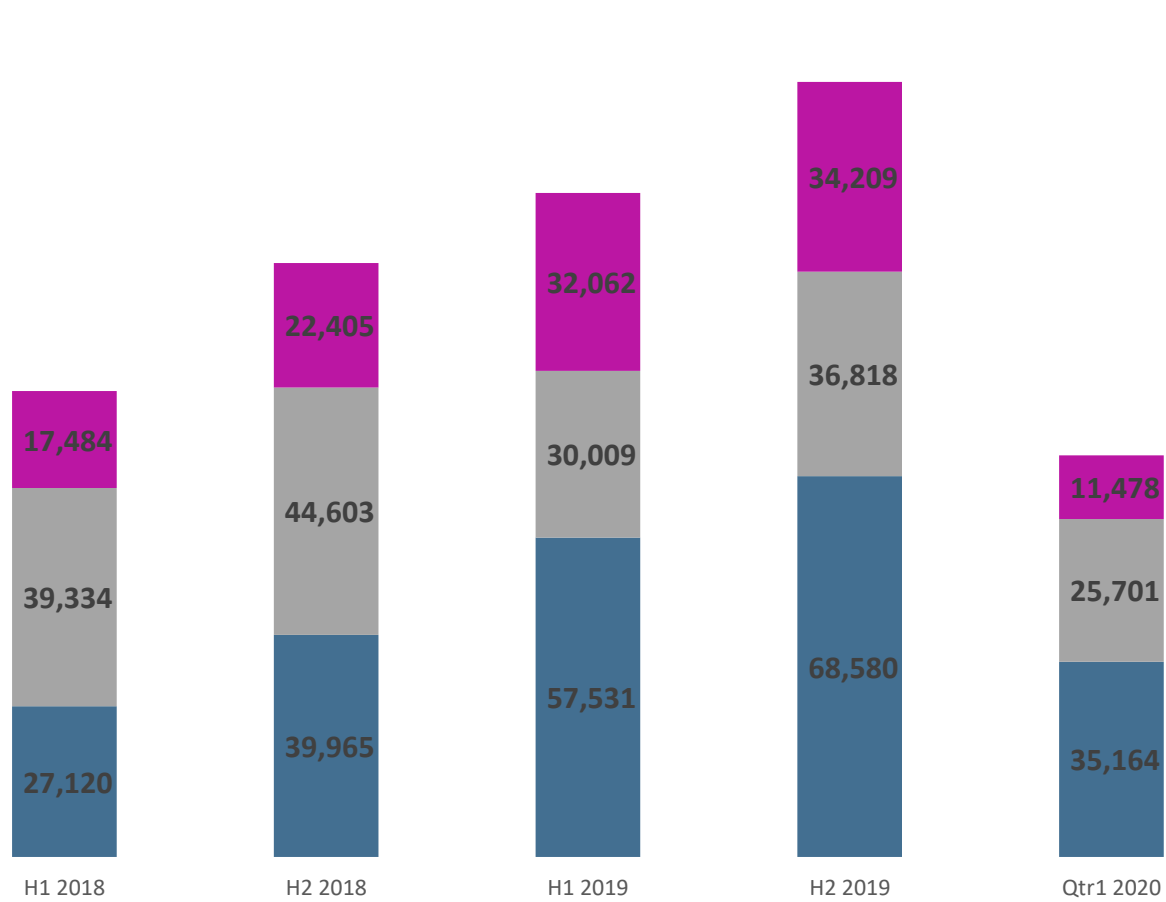
Channel Usage: Personal Banking: HY18 – 1Q20

■ Digital Channels ■ Alternate Channels ■ Branch



Channel Usage: HY18 - 1Q20 Transaction Count

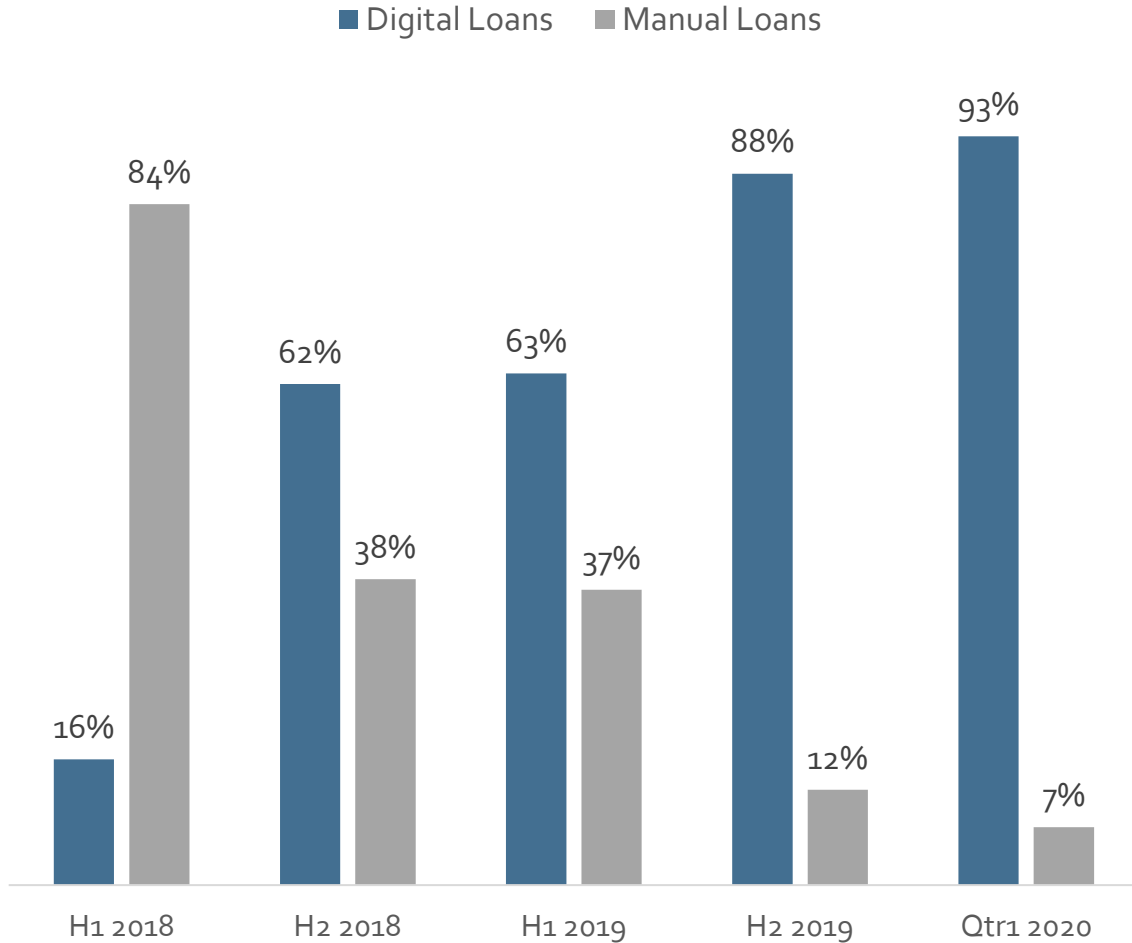
■ Digital Channels ■ Alternate Channels ■ Branch



- Digital Channels include FCMB Mobile, Internet banking and FCMB USSD
- Alternate Channels include ATM & POS
- Transactions in Branches include Over the Counter & Electronic transfers

- 93% of total personal banking loans processed digitally in Q1-2020, showing significant adoption of digital channels by customers

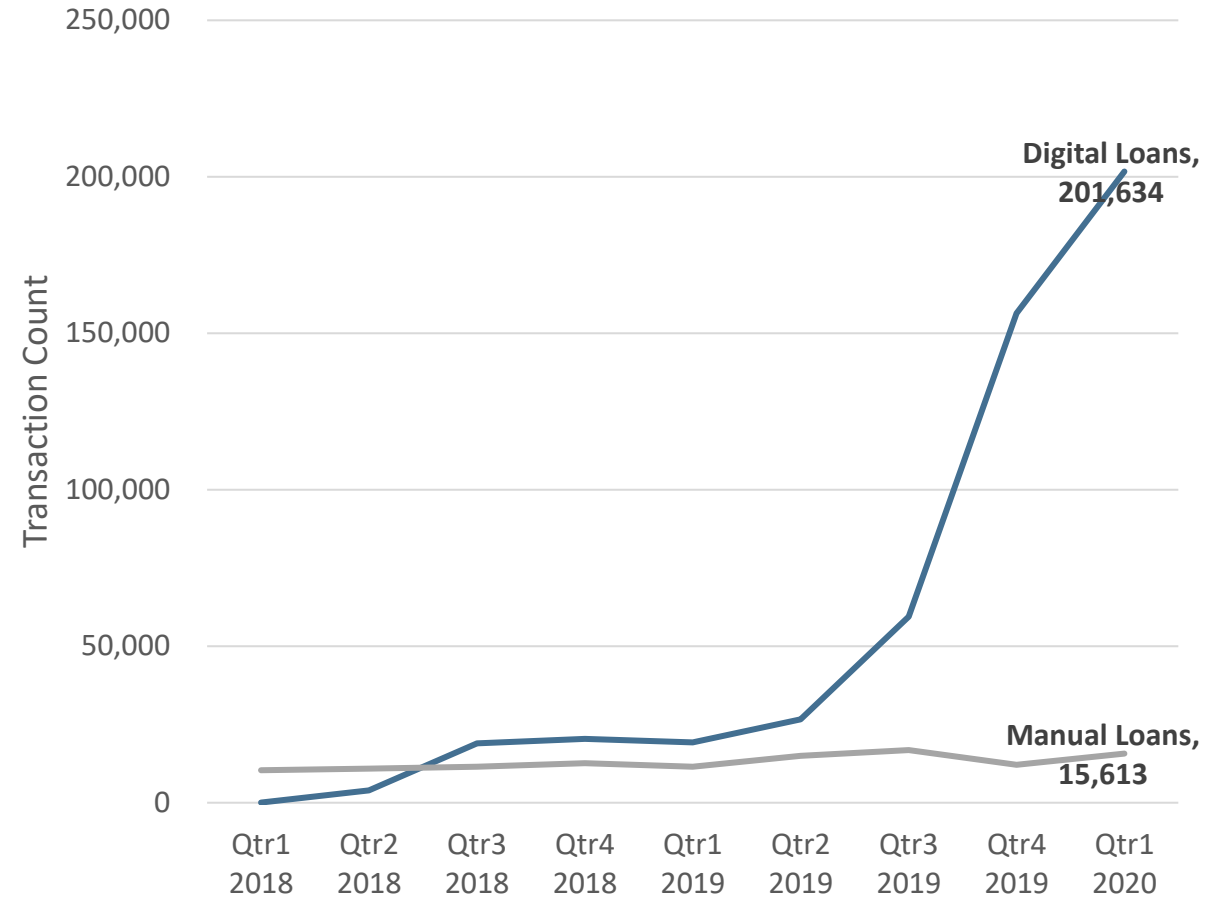
Personal Banking Loans Trend: 2018-Q1'2020



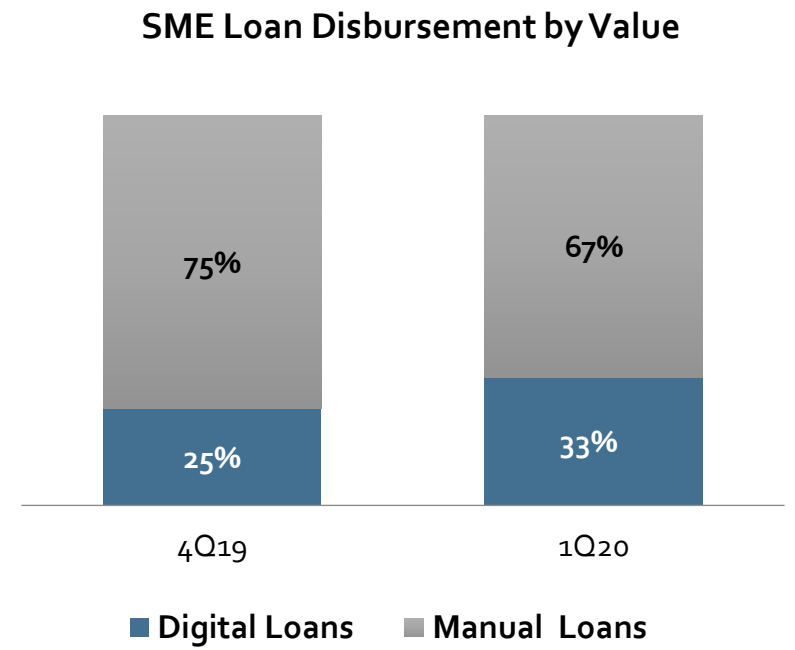
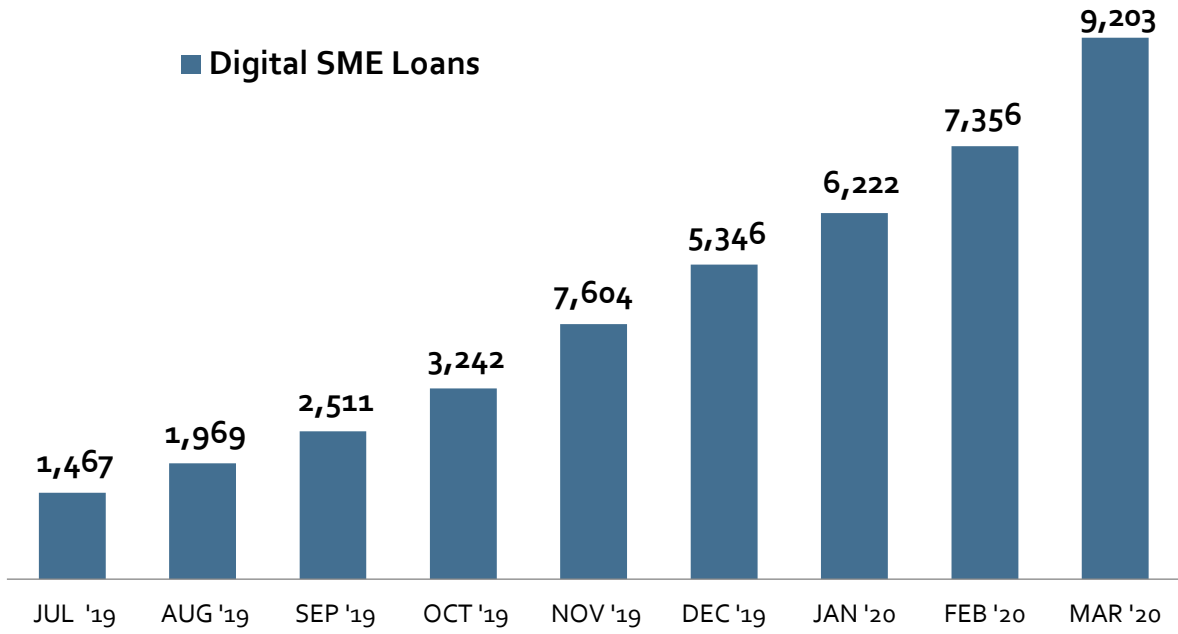
## Digital Financial Services: Personal Banking Trends

- 201,634 of total loan count processed through digital channels in Q1-2020 (average of circa 67,200 per month)
- 15,613 manual loans processed in Q1-2020

Personal Banking Loans Transaction Count: 2018-Q1'2020



- Digital loans include loans disbursed through USSD, Retail Internet Banking (Fast Cash & Salary Top-Up loans)
- Manual loans are transactions disbursed in Branches



(Over 6x growth in Digital SME loans over the last eight months. A third of total value of SME loans were processed digitally in Q1 2020).

# Group Performance Review: Corporate & Investment Banking

Mr. Femi Badeji: Executive Director  
FCMB Group Plc





## Strategic Focus

Strategic focus must underpin the drive to business improvement and profitability;

We must continue to strengthen the collaboration between the businesses that comprise CIB to unearth additional opportunities;

We continue to implement Cost Reduction Initiatives to remove unnecessary costs within CB.

## Corporate Banking ("CB")

- Deepen focus on Top 25 and Next 25 clients to increase Share of Wallet – Reduce the number of clients in CB;
- Continue to lower the risk undertaken in CB by tightening lending standards and risk acceptance criteria ("RAC");
- Make the CB business more capital efficient;
- Increase capability of the CB Transaction Banking Product Offering to drive additional growth in Non-Interest Income;
- When needed, utilise the Balance Sheet, in support of client transactions e.g. Bridge to Bond transactions.

## Investment Banking ("IB")

- Continue to act as a business catalyser for the rest of the CIB business i.e. tip of the spear;
- Continue the focus on being a 'trusted advisor' to Final Sponsors and CB clients;
- Deepen the pipeline for M&A and Restructuring opportunities which the current economic environment will lead to;
- Ensure we continue the success we are currently seeing in Capital Markets activity.

## Stock Broking ("SB")

- Aggressively increase market share and consequently brokerage revenue from our core existing business;
- Offer new asset classes and markets to our clients e.g. Derivatives, Private Markets and Sponsored Funds;
- Continue to develop Corporate Broking.

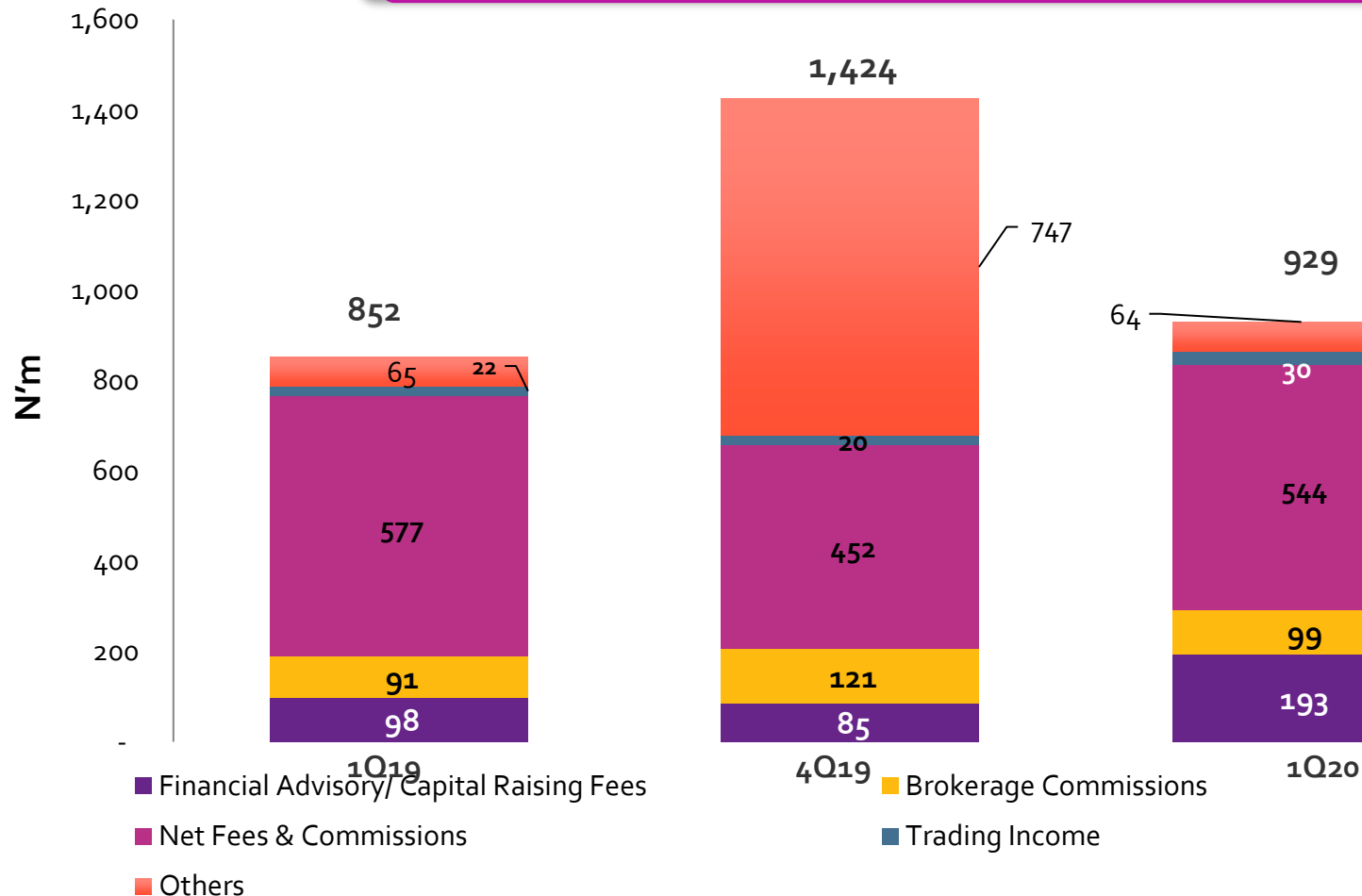
*Our Corporate & Investment Banking Business comprises of the Corporate Banking Division of FCMB Ltd, FCMB Capital Markets Ltd and CSL Stockbrokers Ltd*

Corporate & Investment Banking (N'm)	1Q19	4Q19	1Q20	%Δ QoQ	%Δ YoY
<b>Gross Earnings</b>	<b>10,064</b>	<b>11,947</b>	<b>14,612</b>	<b>22%</b>	<b>45%</b>
Interest Income	9,212	10,522	13,682	30%	49%
Interest Expense	(6,856)	(7,342)	(10,509)	43%	53%
<b>Net Interest Income</b>	<b>2,355</b>	<b>3,180</b>	<b>3,173</b>	<b>0%</b>	<b>35%</b>
<b>Non Interest Income</b>	<b>852</b>	<b>1,424</b>	<b>929</b>	<b>-35%</b>	<b>9%</b>
- Advisory Fees/ Capital Raising Fees	98	85	193	129%	97%
- Brokerage Commission	91	121	99	-18%	9%
- Net Fees & Commissions	577	452	544	20%	-6%
- Trading Income	22	20	30	51%	37%
- Others	65	747	64	-91%	-1%
<b>Operating Income</b>	<b>3,208</b>	<b>4,605</b>	<b>4,103</b>	<b>-11%</b>	<b>28%</b>
Operating Expenses	(2,896)	(4,914)	(3,178)	-35%	10%
Net impairment loss on financial assets	(1,482)	(3,340)	(1,969)	-41%	33%
<b>PBT</b>	<b>(1,170)</b>	<b>(3,649)</b>	<b>(1,044)</b>	<b>-71%</b>	<b>-11%</b>
PAT	(1,174)	(3,598)	(1,086)	-70%	-7%
Loans	422,360	475,066	507,069	7%	20%
Deposits	105,983	125,035	158,911	27%	50%
CIR	90%	107%	77%	-27%	-14%
NPL	23,018	9,203	6,797	-26%	-70%

### Comments

- The Group's performance improved QoQ and YoY albeit a loss, driven by an increase in Net Interest Income and Non-Interest Income YoY due to growth in financial advisory and capital raising fees.
- Other income declined 91% QoQ and 2% YoY due to recognition of one-off other related income for corporate banking in 4Q19 that did not recur in 1Q20.
- CSL's traded value also grew by 8% YoY and 57% QoQ from N23bn to N36bn and was ranked the fourth stockbroker on value traded, driven largely by profit taking and divestment by foreign portfolio investors due to the pandemic shivers.
- The Group continues to grow its revenue trend as it re-positions its strategy to turn its overall performance around.

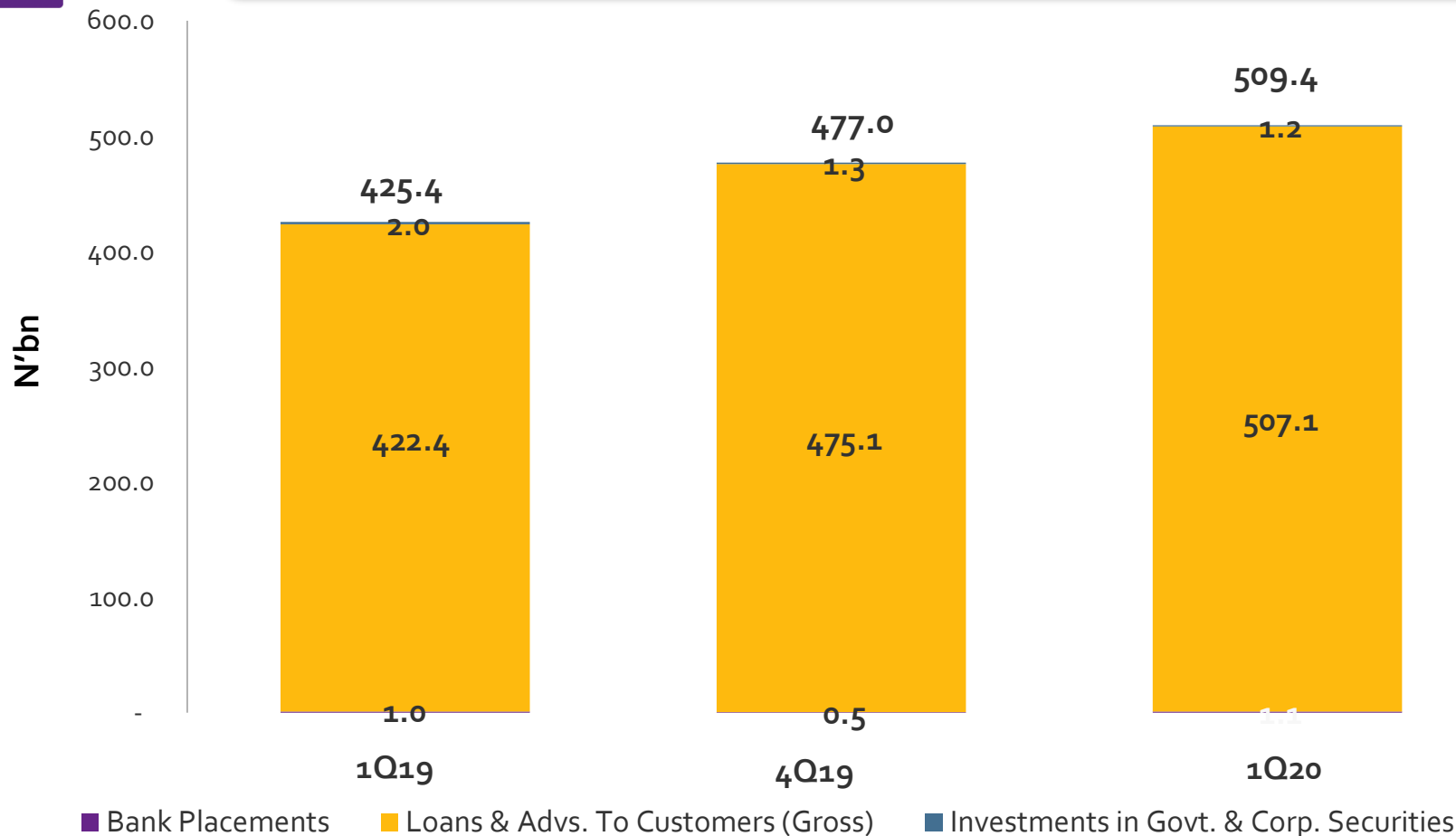
## Corporate &amp; Investment Banking: Non-Interest Income Analysis - 1Q19 vs. 4Q19 vs. 1Q20



	%Δ QoQ	%Δ YoY
<b>Non Interest Income</b>	<b>-35%</b>	<b>9%</b>
- Financial Advisory/ Capital Raising Fees	129%	97%
- Brokerage Commissions	-18%	9%
- Net Fees & Commissions	20%	-6%
- Trading Income	51%	37%
- Others	-91%	-1%

- Financial Advisory/Capital Raising Fees grew 129% QoQ and 97% YoY, due to completion of some transactions in the pipeline within the quarter;
- Brokerage Commissions declined 18% QoQ due to discounted pricing as share prices tapered while it grew 9% YoY due to increased trading activities driven by foreign investors divesting their portfolios;
- Net Fees and Commissions increased 20% QoQ driven by loan growth but declined 6% YoY, as a result of a decrease in transaction charges based on CBN's revised guidelines on charges/tariffs;
- Trading Income grew 51% QoQ and 37% YoY driven by gains on short term positions in the market.

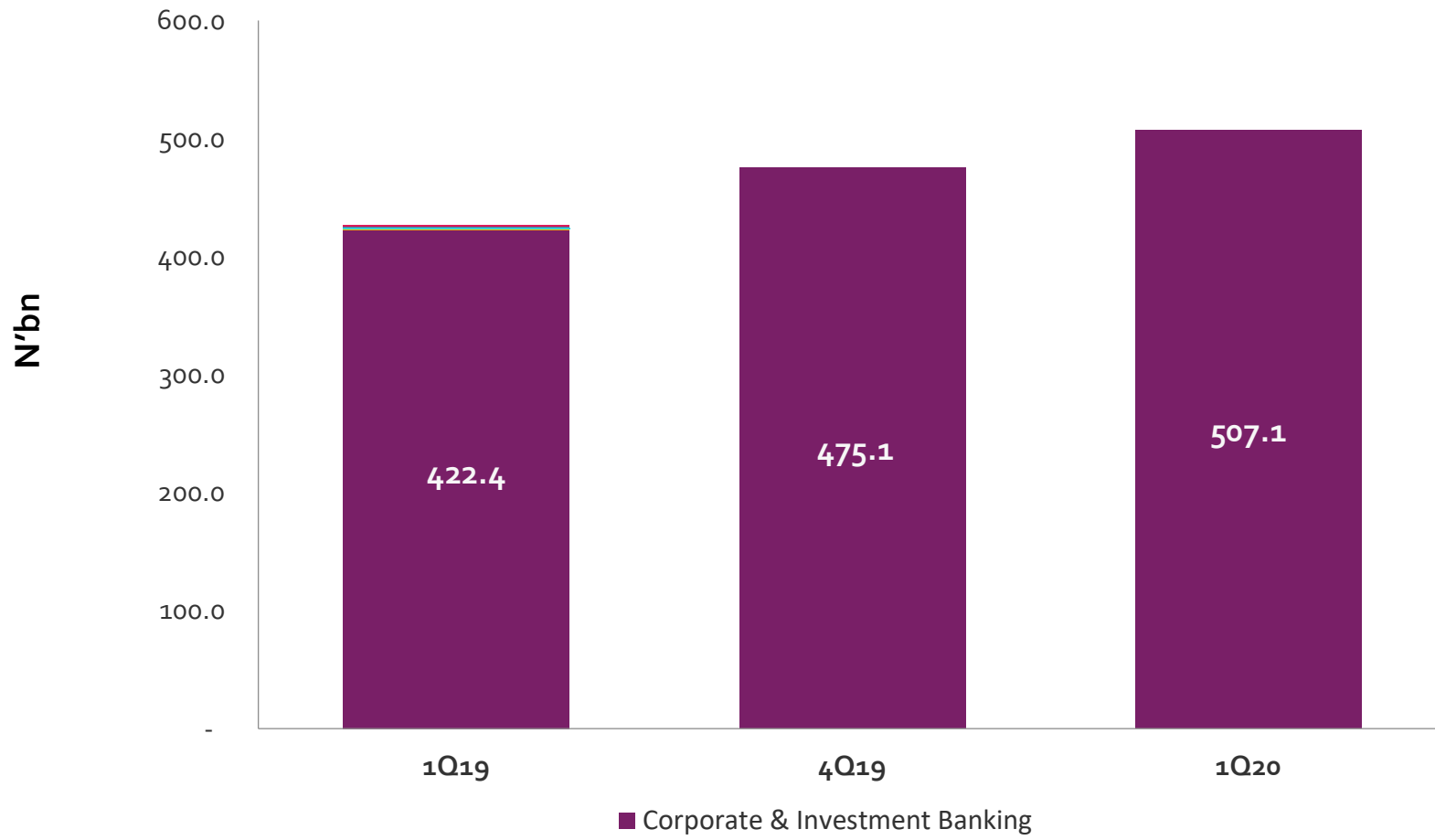
## Corporate &amp; Investment Banking: Interest Income &amp; Earning Assets - 1Q19 vs. 4Q19 vs. 1Q20



	% Δ QoQ	% Δ YoY
Bank placements	105%	10%
Loans and advances to customers (gross)	7%	20%
Investments in government & corporate securities	-9%	-42%
<b>Total Earning Assets</b>	<b>7%</b>	<b>20%</b>

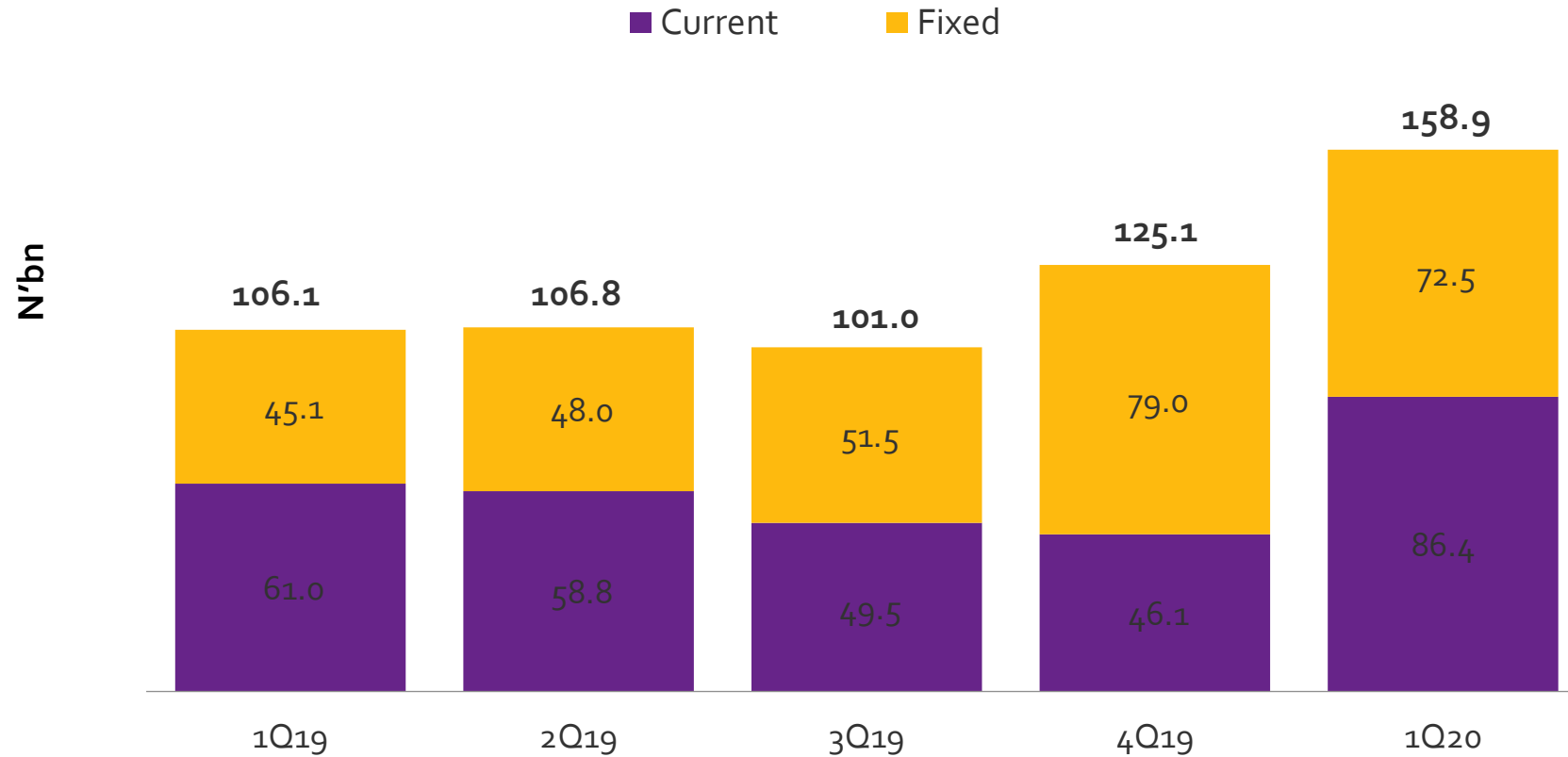
- Total earning assets increased by 7% QoQ and 20% YoY due to significant growth in loans driven partially by FX revaluation and increase in loans to clients;
- Bank placements grew 105% QoQ and 10% YoY driven by proceeds from equity disposals as prices dropped;
- Gross loans and advances grew 7% QoQ and 20% YoY. The gross loan book of N507bn represents 99.5% of total earning assets;
- Investments in governments & corporate securities fell 9% QoQ and 42% YoY due to a sharp drop in rates for T-Bills and other money market instruments.

# Corporate & Investment Banking: Gross Loan Analysis - 1Q19 vs. 4Q19 vs. 1Q20



- Corporate banking loans grew 7% QoQ and 20% YoY, partly driven by 6% QoQ and 7% YoY movement in exchange rate, respectively.
- Growth was largely witnessed in the Manufacturing, Oil & Gas and Commerce sectors.
- Our strategy is to continue to bank quality names with viable transactions within our defined risk acceptance criteria to grow the loan book in a sustainable manner.

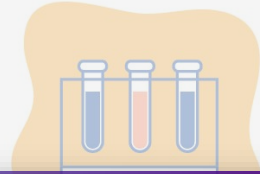
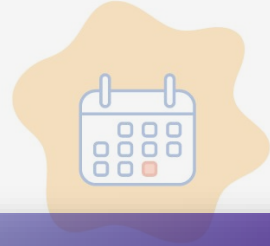
# Corporate Banking: Deposits Distribution by Type - 1Q19 – 1Q20



- The Corporate Banking segment represents 16% of total deposits, representing a 13% QoQ and YoY increase.
- Corporate Banking’s deposits rose 27% QoQ and 50% YoY, driven by CASA deposits, as a result of an extensive re-engagement effort with quality corporate banking accounts.

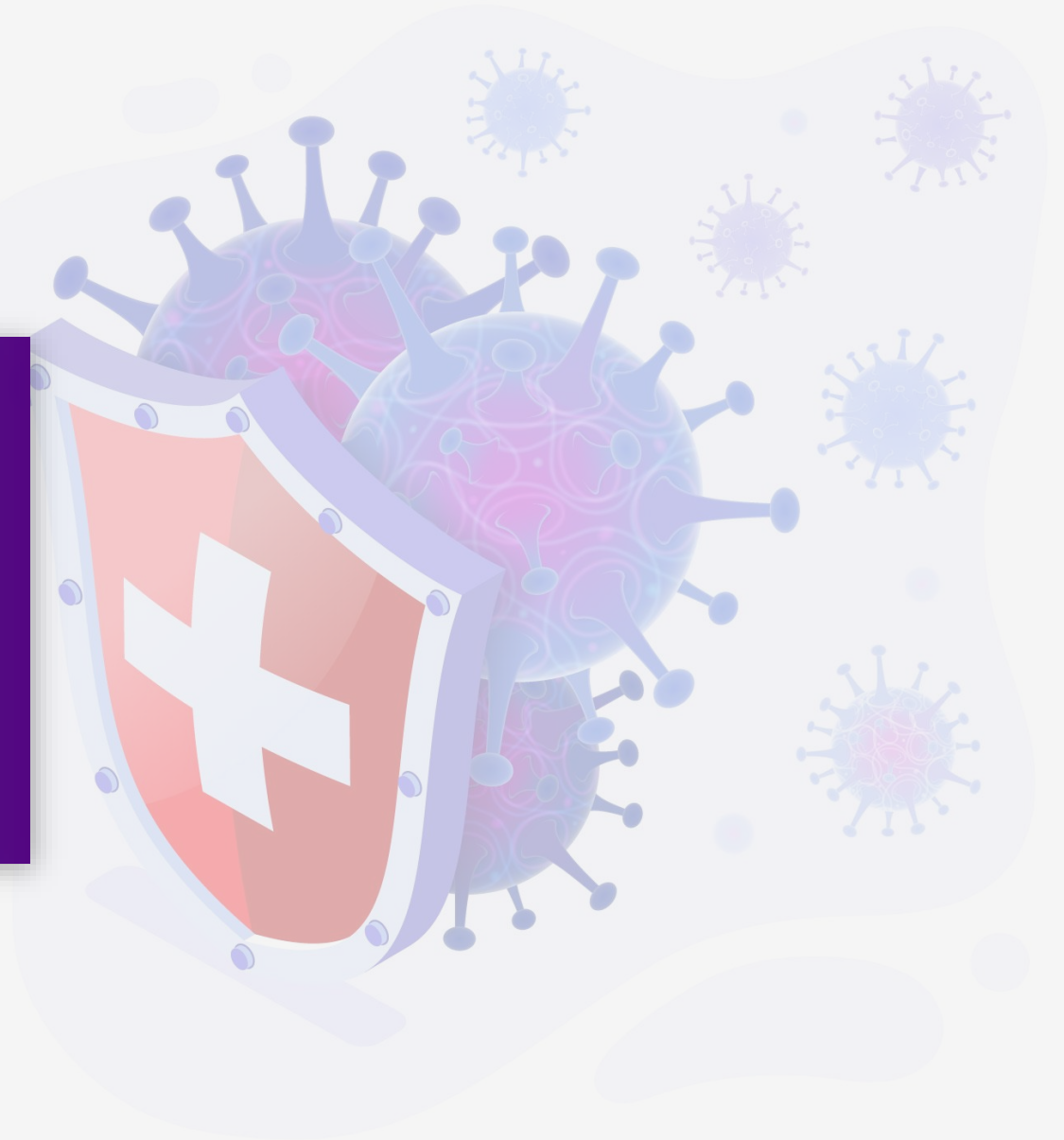
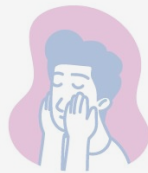
# COVID-19

CORONA VIRUS



## Risk Management Review: Commercial & Retail Banking

Mrs. Toyin Olaiya  
Chief Risk Officer: FCMB Ltd



## Risk Management Review: Analysis of Gross Loans by Sector (Mar. 2019 to Mar. 2020) – N'm

Industry Sector	Mar' 19	Jun' 19	Sep' 19	Dec' 19	Mar' 20	% DISTR.
AGRICULTURE	35,748	31,966	37,022	51,352	44,704	5.5%
COMMERCE	32,880	32,781	35,644	46,637	58,172	7.2%
CONSTRUCTION	1,602	1,651	1,229	1,215	1,151	0.1%
EDUCATION	4,657	1,643	1,664	1,856	1,594	0.2%
FINANCE & INSURANCE	50,438	50,184	52,413	52,934	65,931	8.2%
GENERAL – OTHERS	10,205	11,090	10,322	10,266	10,470	1.3%
GOVERNMENT	4,245	6,043	5,980	19,125	11,988	1.5%
INDIVIDUAL - BANK	79,932	80,759	84,825	87,856	93,529	11.6%
INDIVIDUAL - CDL	18,468	20,020	22,461	23,959	24,526	3.0%
INDIVIDUAL - MICROFINANCE	1,546	2,019	1,949	2,245	1,898	0.2%
INFORMATION & COMMUNICATIONS	19,968	22,885	23,322	26,538	26,894	3.3%
MANUFACTURING	53,474	57,985	62,570	76,381	83,758	10.4%
OIL&GAS-DOWNSTREAM	57,102	57,393	50,459	48,411	56,652	7.0%
OIL&GAS-UPSTREAM	112,368	115,043	116,317	129,184	138,711	17.2%
OIL&GAS SERVICES	42,879	42,846	37,811	39,282	44,863	5.6%
POWER & ENERGY	52,885	50,691	51,174	49,228	52,240	6.5%
PROFESSIONAL SERVICES	47	58	53	729	642	0.1%
REAL ESTATE	72,263	71,652	71,661	80,722	83,515	10.3%
TRANSPORTATION & LOGISTICS	5,624	5,643	5,700	6,256	6,239	0.8%
	<b>656,332</b>	<b>662,352</b>	<b>672,577</b>	<b>754,178</b>	<b>807,477</b>	<b>100.0%</b>

7.1% growth QoQ was largely driven by Commerce, Finance & Insurance and Oil & Gas and partly driven by 6% exchange rate movement.  
23% YoY growth was driven by growth in some focused sectors.



## Risk Management Review: NPL Distribution by Sector (Mar. 2019 vs. Dec. 2019 vs. Mar. 2020) – N'm

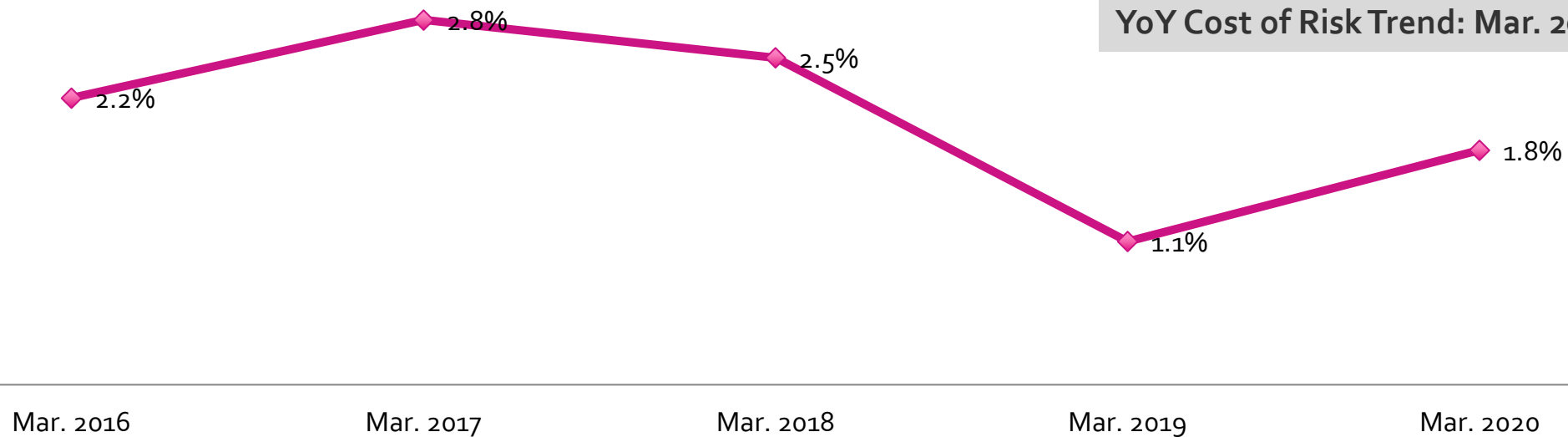
BUSINESS SEGMENT	Mar. 2019		Dec. 2019		Mar. 2020	
	NPL	NPL%	NPL	NPL%	NPL	NPL%
Agriculture	462.48	1.3%	479.48	0.9%	923.47	2.1%
Commerce	9,904.73	30.1%	3,222.52	6.9%	3,371.21	5.8%
Construction	14.08	0.9%	10.35	0.9%	7.88	0.7%
Education	77.18	1.7%	30.25	1.6%	76.80	4.8%
Finance & Insurance	0.03	0.0%	1,203.67	2.3%	1,204.98	1.8%
General – Others	983.24	9.6%	127.98	1.2%	389.59	3.7%
Government	72.36	1.7%	1.55	0.0%	0.93	0.0%
Individual - Bank	5,374.27	6.6%	6,691.10	7.6%	6,227.17	6.7%
Individual - CDL	809.05	4.4%	1,448.75	6.0%	1,692.46	6.9%
Individual - Microfinance	46.91	3.0%	17.99	0.8%	59.36	3.1%
Information & Communications	3,911.70	19.6%	4,053.31	15.3%	4,083.67	15.2%
Manufacturing	50.85	0.1%	1,756.23	2.3%	1,729.29	2.1%
Oil & Gas- Downstream	200.91	0.4%	1,130.57	2.3%	1,056.08	1.9%
Oil & Gas – Upstream	-	0.0%	1,000.35	2.5%	1,060.17	0.8%
Oil & Gas Services	5,165.09	12.0%	24.61	0.0%	0.01	0.0%
Power & Energy	-	0.0%	-	0.0%	-	0.0%
Professional Services	0.89	1.9%	0.16	0.0%	25.35	3.9%
Real Estate	1,106.95	1.5%	6,383.23	7.9%	6,652.26	8.0%
Transportation & Logistics	354.34	6.3%	44.78	0.7%	44.79	0.7%
<b>Total</b>	<b>28,535.07</b>	<b>4.3%</b>	<b>27,626.87</b>	<b>3.7%</b>	<b>28,605.46</b>	<b>3.5%</b>

QoQ growth in NPL is largely from Agriculture, Real Estate and General - Others sectors' loan book.

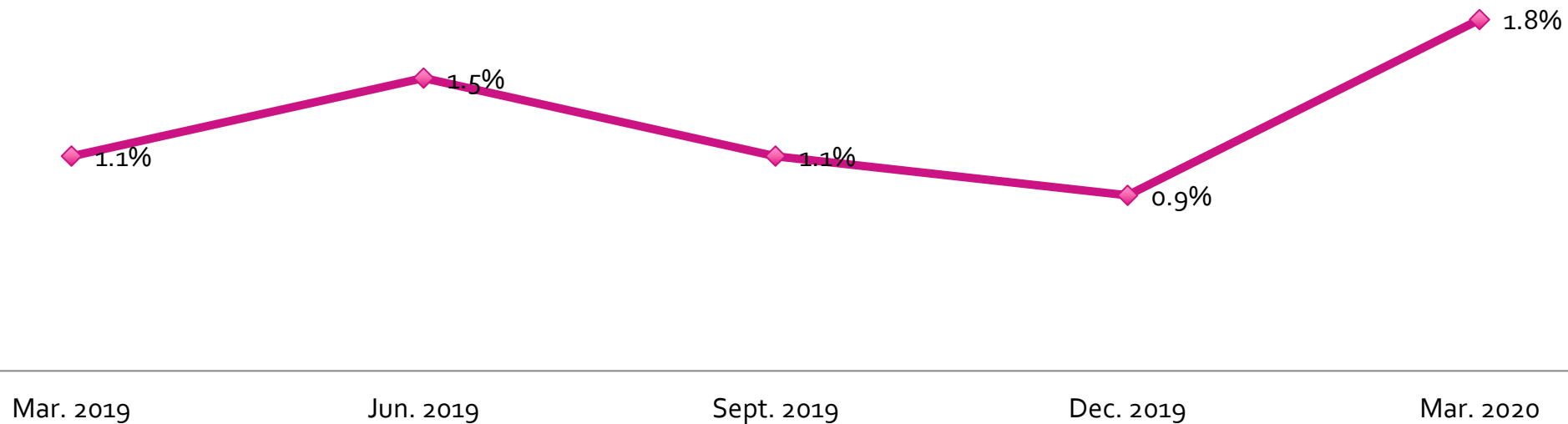
# Risk Management Review: YoY & QoQ Cost of Risk Trend Analysis

*QoQ Spike in Cost of Risk was due to low recovery experienced in 1Q20.*

YoY Cost of Risk Trend: Mar. 2016 – Mar. 2020



QoQ Cost of Risk Trend: Mar. 2019 – Mar. 2020



- Higher ECL provisioning across vulnerable sectors. We observed higher PDs with growth ranging from 200 – 300 basis points. Loss Given Default also increased within a range of 300 – 500 basis points, all resulting from impact of forward-looking macroeconomic variables and anticipated lower recoveries.
- Additional collective impairment will be set aside to offset losses in our unhedged Oil and Gas Upstream portfolio. 30% of the portfolio remains unhedged at this time.
- Lower recoveries due to lull in collateral markets.
- Vulnerable sectors (Oil & Gas, SME, Retail, Trade Commerce) worsened asset quality; however regulatory forbearance and restructurings will provide cushion this year.
- 37% of the FCY Loan book with receivables in naira remain exposed to foreign exchange risk.

### **Action Plans/Mitigating Strategies**

1. Evaluation of Loan book/Identification of eligible names for restructure.
  - 50% of the portfolio will be restructured in line with regulatory forbearance. 7% represent intervention fund exposures while others are mainly exposures in Oil & Gas, Power, SME and Consumer.
  - Restructure terms constitute on the average 6-12 months moratorium on Principal repayments and 1-2 year tenure extension.
2. Conversion to Naira of FCY loans with naira receivables has commenced. The exercise is ongoing and we expect to make significant progress before year end
3. Customer engagement is on-going at this time to ensure we are positioned to provide needed support and intervention as may be required.
4. Loan monitoring has also been strengthened to ensure asset quality remains within tolerance limits.
5. Portfolio growth, cost containment and revaluation gains to offset increased impairment losses.



# Group Performance Review: Investment Management

Mr. James Ilori - Chief Executive Officer:  
FCMB Asset Management Ltd

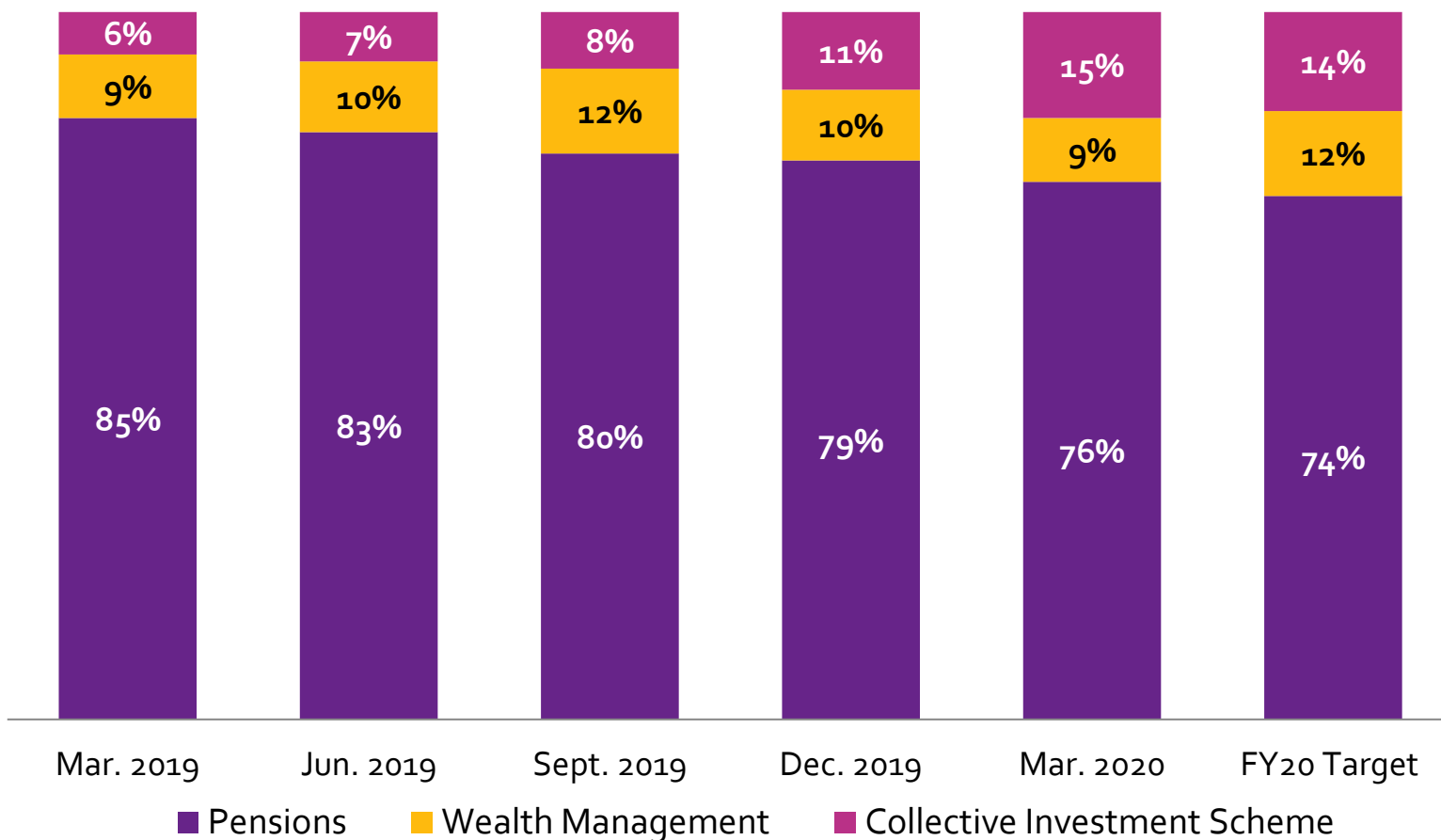


Investment Management (N'm)	1Q19	4Q19	1Q20	%Δ QoQ	%Δ YoY
<b>Gross Earnings</b>	<b>945</b>	<b>1,112</b>	<b>1,107</b>	<b>0%</b>	<b>17%</b>
Net Interest Income	88	93	51	-45%	-42%
<b>Non Interest Income</b>	<b>857</b>	<b>1,063</b>	<b>1,055</b>	<b>-1%</b>	<b>23%</b>
- Advisory Fees	18	18	25	39%	43%
- Brokerage Commission	4	80	19	-76%	423%
- Asset Management Fees	822	752	998	33%	22%
- Others	14	213	12	-94%	-14%
<b>Operating Income</b>	<b>945</b>	<b>1,157</b>	<b>1,107</b>	<b>-4%</b>	<b>17%</b>
Operating Expenses	(599)	(596)	(632)	6%	6%
Net gains/(losses) from fin. instruments at fair value					
<b>PBT</b>	<b>346</b>	<b>561</b>	<b>474</b>	<b>-15%</b>	<b>37%</b>
<b>PAT</b>	<b>243</b>	<b>408</b>	<b>336</b>	<b>-18%</b>	<b>38%</b>
AUM	338,738	403,148	427,117	6%	26%
ROAE	24%	42%	31%	-25.3%	32%
CIR	63%	50%	57%	14%	-10%

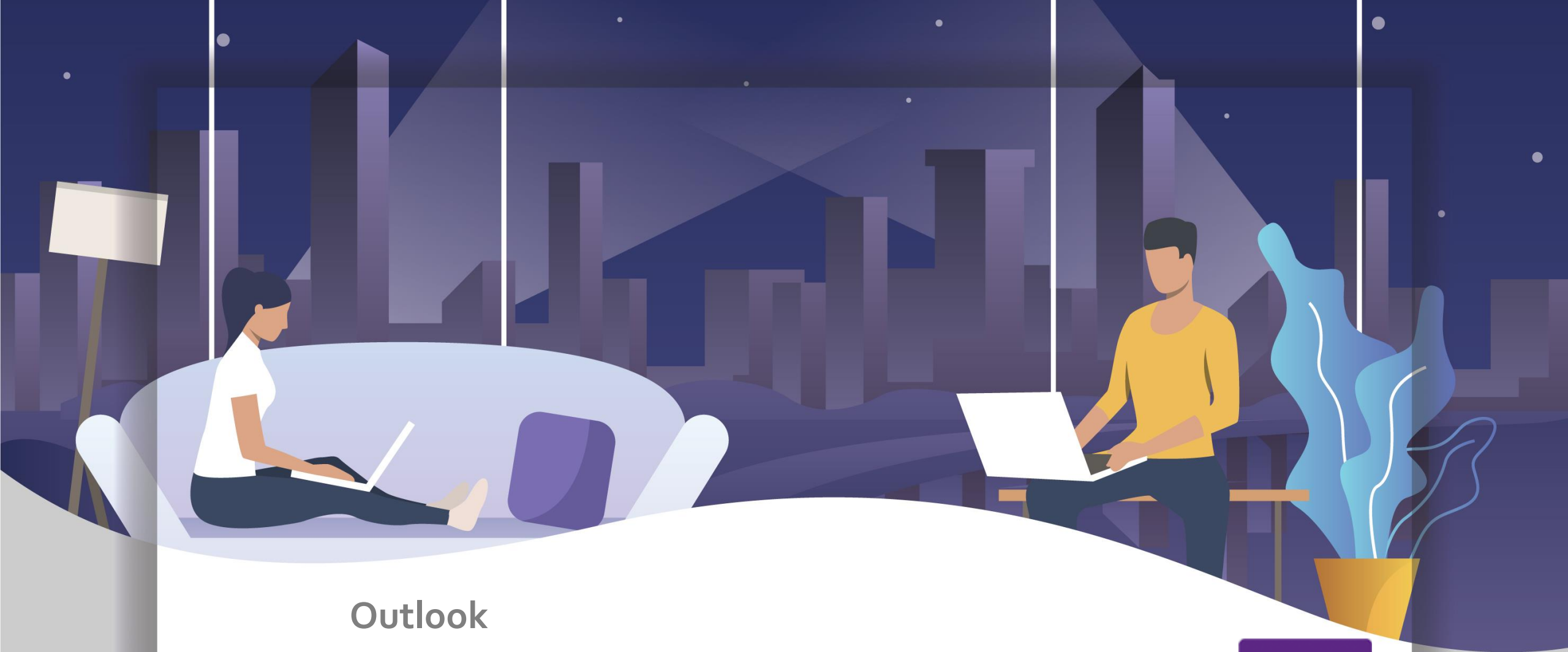
## Comments

- The Investment Management Group grew its AUM by 6% QoQ and by 26% YoY, to N427 billion. The Group benefitted from scaling up collaboration across the FCMB Group, as well as from increased direct sales. In addition, we continued the implementation of our digital strategy with the launch of our Pensions' online enrolment platform;
- Our Pensions business contributed 76% of AUM, down from 79% at the end of 2019. Collective Investment Schemes contributed 78% of the N24 billion growth in AUM;
- Despite the impact of a fee reduction imposed by the Pensions industry's regulator, PBT increased by 37% YoY, to N474 million. Therefore, the Group's PBT was 9% of overall PBT in 1Q20.

Investment Management Group - Contribution to AUM



Comments
<ul style="list-style-type: none"> <li>■ We expect the Group's full year AUM to grow by about 15%YoY, to N465 billion;</li> <li>■ Contribution to AUM from Collective Investment Schemes and Wealth Management should account for 26% of total AUM, by the end of the year, versus 21% at the end of 2019;</li> <li>■ We expect full year PBT to close at N1.91 billion, with our Pensions business contributing 60% of PBT.</li> </ul>



## Outlook

Mr. Ladi Balogun: Group Chief Executive  
FCMB Group Plc



- ❖ Downside pressure in subsequent quarter earnings will come from:
  - ❖ reduced Fees and Commissions and Non-Interest Income due to lower customer activity;
  - ❖ Rising Impairment charges;
  - ❖ Regulatory risk and CRR debits.
  
- ❖ To be mitigated by:
  - ❖ Loan growth of 10-14% for the year;
  - ❖ Revaluation gains;
  - ❖ Low CIR revenue growth coming from digital lending and Corporate and Investment banking;
  - ❖ Downward cost pressure as a result of Covid response strategy;
  - ❖ AUM growth >15% for the year.

Priorities will be to support our customers and communities during these challenging times, whilst keeping our employees safe via remote working and customer adoption of digital financial services across our businesses.