

One of the Nigeria top tier-II lenders, FCMB Plc, on Wednesday 28 July 2021 released its Unaudited Interim Financial Report to the investing public.

From the released result, the Gross Earnings and Profit-After-Tax (PAT) in H1'21 declined by 4.02% and 22.10% to ₦94,23Bn and ₦7.56Bn respectively, when compared to ₦98.18Bn and ₦9.70 in the corresponding H1'20 following the low interest from Investment Securities and Cash & Cash Equivalent.

The decline in the Gross Earnings was driven by a 5.25% decrease in Net Interest Income to ₦43.00Bn, 32.78% decrease in Net Trading Income to ₦2.64Bn and 47.71% decrease in Other Revenue to ₦1.91Bn due to the low income from T.Bills trading and low FX gains.

Similarly, the bank recorded growth in some cost items, such as 24.09% increase in Other Operating Expenses to ₦13.46 billion, 5.19% increase in Administrative Expenses to ₦16.27 billion, and 3.30% increase in Personnel Expenses to ₦14.61 billion.

Consequent to the low revenue and high expenses, the Profit-Before-Tax (PBT) dipped by 19.51% to ₦8.91 billion, as against ₦11.07 billion H1'20.

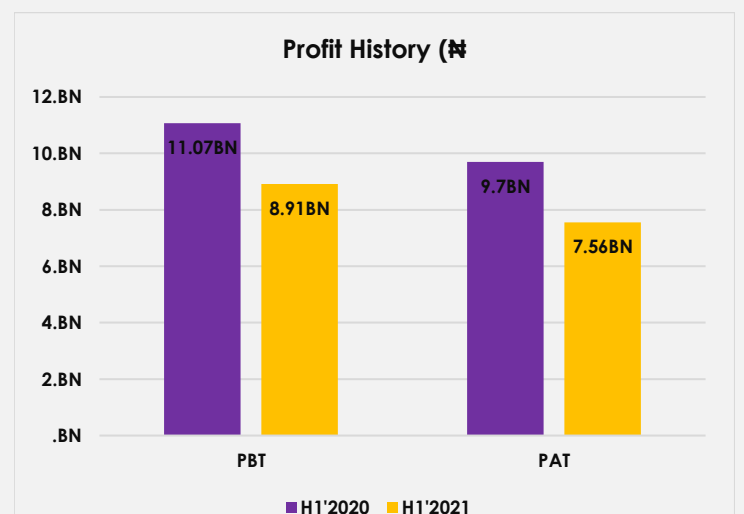
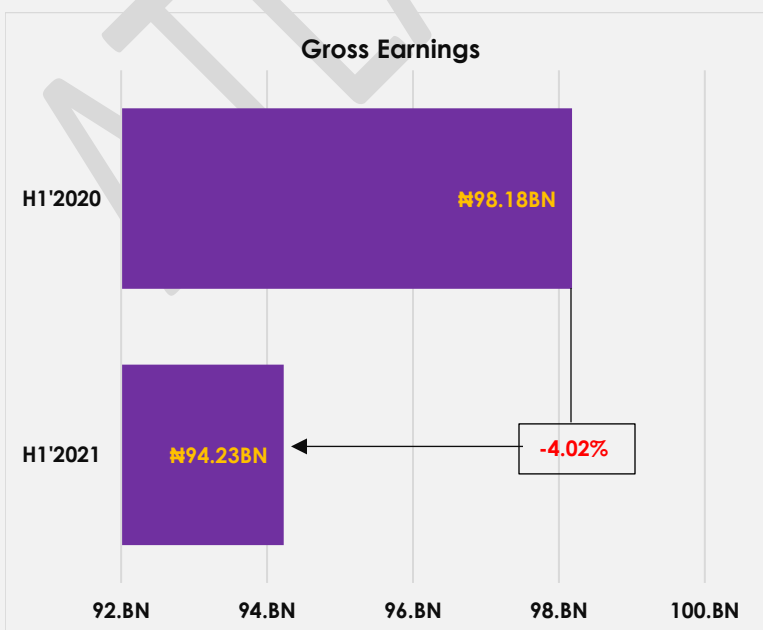
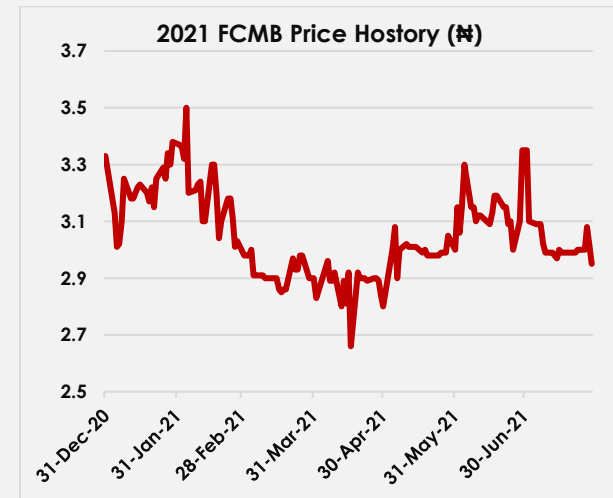
On the Balance Sheet side, the bank's Total Assets grew by 13.61% to ₦2.24 trillion compared to ₦1.97 trillion in H1'20. This was impacted by the 15.36% increase in Loans and Advances to ₦916.68Bn and 30.90% growth in Cash and Cash Equivalent.

As a result, the Investors Earnings-Per-Share (EPS) declined by 22.1% to 38k/share, as against 49k/share in the prior period of 2020.

However, we expect a better performance of the bank in the remaining half of the year following the new CBN directives on foreign exchange and improving transactions investment trading, which could increase the bank's earnings on FX.

Ratios	H1'2021	H1'2020
Net Interest Margin	6.70%	8.00%
PBT Margin	9.46%	11.28%
PAT Margin	8.02%	9.88%
ROA	0.34%	0.49%
ROE	3.22%	4.52%
Loan-to-Deposit	61.86%	65.94%
EPS (₦)	0.38	0.49
Debt Ratio	89.54%	89.14%
Liquidity Ratio	35.70%	32.20%
NPL	3.30%	3.50%
Cash to Income	78.80%	70.30%

Shares Statistics	
Yr Hi (₦)	3.99
Yr Low (₦)	1.87
YTD Return	-11.41%
No of Shares Outstanding	19,802.71
Market Cap. (₦)	58,417.99



Financial Highlights (₦'000) FCMB Group Plc H1'2021	H1'2021	H1'2020	%CHANGE
Gross Earnings	94,228,147.00	98,179,194.00	-4.02%
Interest Income	72,670,503.00	76,147,753.00	-4.57%
Interest Expenses	(29,672,656.00)	(30,769,009.00)	-3.56%
Net Interest Income	42,997,847.00	45,378,744.00	-5.25%
Fees & Commission Income	16,616,748.00	14,232,705.00	16.75%
Fees & Commission Expenses	(3,683,132.00)	(4,545,002.00)	-18.96%
Net Fees & Commission Income	12,933,616.00	9,687,703.00	33.51%
Net Trading Income	2,638,740.00	3,925,775.00	-32.78%
Net Income on FVTPL	-	(30,309.00)	-100.00%
Other Revenue	1,913,254.00	3,659,257.00	-47.71%
Other Income	388,902.00	244,013.00	59.38%
Impairment Losses on Financial Instruments	(4,008,684.00)	(7,741,829.00)	-48.22%
Personnel Expenses	(14,614,955.00)	(14,147,813.00)	3.30%
Depreciation & Amortization	(3,612,177.00)	(3,593,557.00)	0.52%
Administrative Expenses	(16,270,858.00)	(15,468,584.00)	5.19%
Other Operating Expenses	(13,455,012.00)	(10,842,782.00)	24.09%
Profit Before Tax	8,910,673.00	11,070,618.00	-19.51%
Income Tax Expenses	(903,797.00)	(919,874.00)	-1.75%
Minimum Tax	(450,000.00)	(450,000.00)	0.00%
Profit After Tax	7,556,876.00	9,700,744.00	-22.10%
Cash and cash equivalents	339,024,540.00	258,987,530.00	30.90%
Restricted Deposit with CBN	303,280,975.00	421,175,278.00	-27.99%
Assets Pledged	196,491,766.00	77,679,711	152.95%
Investment securities	331,050,272.00	299,964,370.00	10.36%
Loans and advances to customers	916,679,586.00	794,612,582.00	15.36%
Derivatives Assets	-	12,371,435.00	-100.00%
Property and equipment	46,517,833.00	46,331,021.00	0.40%
Intangible assets	16,144,672.00	15,703,813.00	2.81%
Other assets	46,718,690.00	26,929,207.00	73.49%
Deferred tax assets	8,031,418.00	7,944,838.00	1.09%
TOTAL ASSETS	2,242,505,668.00	1,973,880,352.00	13.61%
Trading Liabilities	24,819,220.00	6,573,028.00	277.59%
Derivatives Liabilities	-	6,312,959.00	-100.00%
Debt Securities Issued	104,075,955.00	99,847,856.00	4.23%
Retirement Benefits	210,971.00	287,569.00	-26.64%
Provisions	7,578,183.00	6,884,955.00	10.07%
Deferred Tax Liabilities	242,743.00	323,824.00	-25.04%
Deposits from banks	143,345,828.00	95,205,637.00	50.56%
Deposits from customers	1,338,507,362.00	1,109,812,840.00	20.61%
Lease Liabilities	50,098,245.00	117,833,008.00	-57.48%
Current tax liabilities	4,219,537.00	4,271,510.00	-1.22%
Other liabilities	146,070,624.00	128,065,021.00	14.06%
Other borrowed funds	188,880,889.00	184,001,447.00	2.65%
TOTAL LIABILITIES	2,008,049,557.00	1,759,419,654.00	14.13%
Share capital	9,901,355.00	9,901,355.00	0.00%
Share Premium	115,392,414.00	115,392,414.00	0.00%
Retained earnings	53,813,358.00	41,080,413.00	31.00%
Other reserves	54,954,011.00	47,822,985.00	14.91%
Total Equity Attributed to Company Owners	234,061,138.00	214,197,167.00	9.27%
Non-Controlling Interest	394,973.00	263,532.00	49.88%
Total Equity	234,456,111.00	214,460,698.00	9.32%
TOTAL LIABILITIES AND EQUITY	2,242,505,668.00	1,973,880,352.00	13.61%

Contact Information

Analyst

obaanu@atlassportfolios.com

0810-377-4799

<https://atlassportfolios.com/>