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FCMB Financing SPV Plc N100bn Debt Issuance Programme (Series 1, Series 2 and Series 3 Bonds)

Nigeria Bond Analysis **September 2020**

Security class	Amount	Rating Scale	Rating	Outlook	Expiry date
Series 1 - Subordinated	N26.0bn	National	BBB-(NG)		
Series 2 - Senior Unsecured	N23.19bn	National	BBB+(NG)	Negative	August 2021
Series 3 - Subordinated	N5.1bn	National	BBB-(NG)		

Summary of transaction:

Issuer:
FCMB Financing SPV Plc

Sponsor
First City Monument Bank Limited

Sponsor's long-term national scale credit rating: BBB+(NG); Negative Outlook

DIP limit	N100.0bn
Tenor	Set per series
Coupon rate amount	Set per series
Issued amount	N54.29bn

Rating History:

Series 1

Initial rating (March 2015)
Long-term: BBB(NG); Stable Outlook

Last rating (September 2019)
Long-term: BBB-(NG); Stable Outlook

Series 2

Initial rating (February 2016)
Long-term: A-(NG); Stable Outlook

Last rating (September 2019)
Long-term: BBB+(NG); Stable Outlook

Series 3

Initial rating (February 2017)
Long-term: BBB(NG); Rating Watch

Last rating (September 2019)
Long-term: : BBB-(NG); Stable Outlook

Related Methodologies/Research:

Global Criteria for Rating Banks and Other Financial Institutions, updated March 2017
FCMB rating reports, up to 2020
Glossary of Terms/Ratios (February 2016)

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Transaction summary

The Series 1, Series 2 and Series 3 Bonds (collectively, referred to as "the Issues") were issued under FCMB Financing SPV Plc's ("the Issuer") N100bn Debt Issuance Programme ("DIP"). The Issuer is permitted through a resolution of its Board of Directors ("the board"), to issue the Bonds in series (which may be split into tranches), different forms, and under different terms and conditions as the bank may deem fit, subject to the approval of the relevant regulatory authorities. Accordingly, the Series 1, Series 2 and Series 3 Bonds were issued in November 2014, November 2015 and December 2016 respectively, with an aggregate sum of N54.29bn under the Issues.

The *final public* ratings accorded to the DIP's Series 1, Series 2 and Series 3 Bonds relate to timely payment of interest and principal, and exclude an assessment of the Issuer's ability to pay any (early repayment) penalties.

Rating panel highlights

- While the Issuer is FCMB Financing SPV Plc, repayment of the obligations under the Issues ultimately depends on the performance of First City Monument Bank Limited ("FCMB", "the bank", "the Sponsor"), as the direct obligor of the Issues. The Sponsor irrevocably and unconditionally undertakes to the Trustees the due and punctual payment of the Issuer's financial obligations under the Issues. As such, the accorded ratings are linked to FCMB's credit standing and financial position.
- Improvement in profitability metrics in FY19 was mainly supported by decline in operating expenses, a fallout from the write-back of N6.2bn provision made for litigation in previous years. Notwithstanding the increase in business volumes during the year, net interest income declined by 4.4% to N65.4bn and resulted in net interest margin shrinkage to 7.6% (FY18: 8.7%). Also, a decline in FX gains during the year impacted non-interest income. Accordingly, total operating income ("TOI") registered a 6.3% decline to N94.9bn during the year. Nevertheless, a pre-tax profit of N14.8bn was recorded for FY19, representing a 4% increase from the previous year. Unaudited results as at 30 June 2020 reflects a pre-tax profit of N7.9bn, which outperforms budget on an annualised basis.
- The rating accorded to each Series reflects the nature (Senior or Subordinated) of the FCMB Bonds purchased with the proceeds of the particular Series. The Subordinated Bonds and Senior Bonds (issued by FCMB) are backed by an irrevocable and unconditional undertaking by the bank, which effectively guarantees the timely honouring of all its obligations under the Issues. Thus, the Series 1 and Series 3 Bonds have been accorded a national scale long-term rating of BBB-(NG), Negative Outlook, while the Series 2 Bonds have been accorded a national scale long-term rating of BBB+(NG), Negative Outlook.
- According to the periodic performance report provided by the respective Trustees to the Bondholders, in the period to 10 August 2020, the Issuer has been meeting all its obligations under the Series 1, Series 2 and Series 3 Bonds on a timely basis.

Factors that could trigger a rating action may include

Positive change: The accorded ratings would be sensitive to a positive rating action on the Sponsor.

Negative change: Non-compliance with the set covenants, as well as a downgrade in the Sponsor's rating could trigger negative rating actions on the Bonds.

Details of the Notes in issue

The Series 1, Series 2 and Series 3 Bonds were issued under the Issuer's N100bn DIP. An aggregate sum of N54.29bn have been raised under the DIP so far, with N26bn raised through the issuance of the Series 1 Bonds in November 2014, N23.19bn raised through the Series 2 Bonds in November 2015, and N5.1bn through the Series 3 Bonds in December 2016.

Status of the bonds

Series 1 and Series 3 Bonds

The Series 1 and 3 Bonds constitute direct and subordinated obligations of the Issuer. Specifically, the Series 1 and series 3 Bonds will rank at par with the claims of all holders of present and future unsecured subordinated obligations of the Issuer and rank after all seniors secured indebtedness of the Issuer.

Series 2 Bonds

The Series 2 Bonds are senior unsecured obligations of the Issuer and as such, will rank *pari-passu* with all senior unsecured creditors of the Issuer, and rank at least equal with the claims of all holders of present and future senior unsecured and unsubordinated obligations of the Issuer.

Use of proceeds

While the proceeds of the Series 1 & Series 3 Bonds were used to purchase FCMB Subordinated Bonds, the proceeds of the Series 2 Bonds were used to purchase FCMB Senior Bonds, issued by FCMB for its general banking purposes (including distribution channel development, infrastructure expansion, and risk asset growth). The Bonds are backed by an irrevocable and unconditional undertaking by the Sponsor in favour of the Trustees regarding the timely honouring of all its obligations under the Issues.

Other salient features

Maturity profile

The tenor of the Series 1 and Series 3 Bonds is 7-years, commencing from November 2014 and December 2016 respectively, while that of the Series 2 Bonds is 5 years, commencing from November 2015.

Optional redemption

Per the relevant legal documentation, the Series 1 and Series 3 Bonds are callable at the option of the Issuer, subject to a notice period of 30-45 days (a minimum of five years after issuance), while the Series 2 Bonds are non-callable.

Conversion

The Bonds are not convertible to equity.

Coupon

Coupons on the Series 1, Series 2 and Series 3 Bonds accrue at 14.25%, 15.0% and 17.25% per annum respectively from the date of issue, payable on a semi-annual basis.

The respective Trustees performance reports on the Bonds provided to GCR confirm that the Bonds have been performing in accordance with their contractual obligations to date, with cumulative coupons amounting to N20.52bn, N11.4bn and N3.08bn paid on Series 1, Series 2, and Series 3 Bonds from the respective issuance dates to August 2020 respectively.

Table 1 summarises the key characteristics of the Bonds.

Table 1: Basic features	Series 1	Series 2	Series 3
Amount	N26.0bn	N23.19bn	N5.1bn
Issue date	Nov. 2014	Nov. 2015	Dec. 2016
Maturity profile	7 years	5 years	7 years
Coupon rate	14.25%	15.0%	17.25%
Method of offer	Public offer	Public offer	Public offer
Ranking	U/S‡	S/U^	U/S

‡Unsecured and subordinated
^Senior Unsecured
Source: Offer prospectuses

Other key features

Principal repayment

The principal amount in respect of the Bonds will be repaid in full at maturity or subject to the exercise of the call option (in the case of Series 1 and Series 3 Bonds).

Covenants

Key protective/restrictive covenants set by the Issuer to protect the interest of the Bondholders are as follows:

(i) The Issuer will ensure that it fulfills its covenants and obligations, as communicated through the offer Trust Deeds, to the Bondholders.
(ii) The Issuer will provide the Trustees and the appointed rating agency with its audited annual financial statements for each year as soon as the relevant regulatory approval for publication is obtained.
(iii) The application of the net proceeds of the Issues is restricted to the purchase of FCMB Bonds issued by the Sponsor.
(iv) The Issuer will not engage in any merger or consolidation with any other entity unless: (i) such entity will assume the obligations of the Issuer under the Series 1, Series 2 and Series 3 Bonds, (ii) such merger or consolidation will not trigger an event of default, and (iii) a rating re-affirmation of such merger or combination is obtained.
(v) Payments in respect of the Series 1, Series 2 and Series 3 Bond obligations will be made without deduction of any taxes.

(vi) Where any of the FCMB Bonds form part of the Sponsor's regulatory capital, the Issuer will not exercise the call option, except where the exercise of the right will not result in the Sponsor's capital adequacy ratio falling below the regulatory minimum ratio prescribed by Central Bank of Nigeria ("CBN").

(vii) The Issuer will make reasonable efforts to maintain the listing of the Series 1, Series 2 and the Series 3 Bonds on The Nigerian Stock Exchange ("NSE") and the FMDQ[1] quotation platform at all times,

(viii) The Issuer will ensure that all transactions and agreements between it and its affiliates are conducted at arms-length.

A breach of these covenants would result in an early redemption of the Series 1, Series 2 and Series 3 Bonds. Since the issuance of the Series 1, Series 2 and Series 3 Bonds to date (31 August 2020), no breach of any of these covenants has been reported in the respective Trustees' reports.

Key transaction parties

Series 1, Series 2 and Series 3 Bonds

Trustees

Trusteeship services in respect of the Series 1 Bonds are being rendered by United Capital Trustees Limited ("UCTL"). UCTL is joined by Stanbic IBTC Trustees Limited ("SITL") and Diamond Securities Limited ("DSL") for the same services in respect of the Series 2 and Series 3 Bonds. All the Trustees have satisfactory performance track record in the local market.

Issuer

Corporate summary[2]

FCMB became a fully-fledged commercial bank in 2001 and was listed on the Nigerian Stock Exchange ("NSE") in 2004. In 2012, FCMB acquired FinBank to further strengthen its competitive position in the Nigerian banking space. The bank was delisted from the NSE in June 2013, and re-registered as a limited liability company, following its adoption of a holding company structure. Thus, FCMB now operates as a wholly owned subsidiary of FCMB Group Plc ("FCMB Group", "the Holdco").

Group ownership structure

FCMB Group shareholding structure remained unchanged at FY19, constituting both individual and institutional investors. Table 2 outlines the ownership structure as at 31 December, 2019.

Table 2: Shareholding structure	% holding FY19
Stanbic Nominees Nigeria Limited	12.6
Capital IRG Trustees Limited	8.5
Asset Management Corporation of Nigeria ("AMCON")	5.6
Others (less than 5%)	73.3
Total	**100.0**

Source: FCMB Group AFS

Strategy and operations

FCMB's strategy remained largely unchanged and geared towards sustaining a profitable growth, particularly with respect to the retail banking segment. To this end, the bank has continued to improve service delivery through better use of technology and has expanded its digital platforms to ensure process improvement and optimisation of the platforms (mobile applications, USSD, internet banking etc.).

Governance structure

The composition of the bank's Board of Directors ("the board") is in line with the provisions of CBN's Code of Corporate Governance for Banks in Nigeria.

Financial reporting

FCMB's financial statements were prepared in accordance with IFRS, the Companies and Allied Matters Act, Financial Reporting Council of Nigeria requirements and the Banks and Other Financial Institutions Act. The bank's external auditor, KPMG Professional Services, issued an unqualified opinion on the FY19 financial statements.

Performance update

A five-year financial synopsis, together with six months unaudited management accounts to 30 June 2020, is reflected on page 7 of this report, supplemented by the commentary below.

Notwithstanding the increase in business volumes during the year, net interest income declined by 4.4% to N65.4bn given the drop in rates during the period. This resulted in net interest margin shrinkage to 7.6% in FY19 from 8.7% previously. Also, a decline of 10.5% was reported in non-interest income, following a drop in FX gains during the year. Accordingly, TOI registered a 6.4% decline to N94.9bn in FY19. Improved profitability position for the year was mainly supported by the moderation in operating expenses during the period. A decline of 8.9% was reported in operating expenses for the year, owing to a write-back of N6.2bn provision made for litigation in previous years relating to the UK subsidiary of one of the defunct banks acquired by FCMB some years ago. Hence, cost to income ratio moderated by two percentage points to 70.3% in FY19. Overall, profit-before tax closed the year at N14.8bn in FY19, representing 4% increase from the previous year, which is well above budget for the year. Also, ROaE improved to 9.8% in FY19 from 8.7% previously, while ROaA stood flat at 1.1%.

[1] FMDQ OTC Plc is a Securities and Exchange Commission ("SEC") licensed over-the-counter ("OTC") market securities exchange.

[2] Refer to the latest rating report on the Sponsor for a detailed background.

Table 3 : Budget vs. actual (N'bn)	Actual FY19	Budget FY20	Actual 1H FY20	% of budget*
Net int. income	65.4	67.1	39.8	118.6
Other income	29.5	29.4	13.9	94.6
Total income	**94.9**	**96.5**	**53.7**	**111.3**
Impairment charge	(13.4)	(10.5)	(7.3)	69.5
Operating expenses	(66.7)	(72.3)	(38.5)	106.5
Pre-tax profit	**14.8**	**13.7**	**7.9**	**115.3**
Advances	693.0	728.8	772.0	105.9
Deposits	946.3	951.1	1,111.3	116.8
Total capital	175.1	180.5	189.4	104.9
Total assets	1,593.4	1,599.2	1,890.8	118.2

*All annualised, except impairment charge. Source: FCMB

Given the current macroeconomic dynamics (particularly the negative impact of the COVID-19 pandemic), the bank revised its budget for the year. As such, a decline of 7.4% at the pre-tax profit level was forecast, which is to be driven by income growth. An increase in operating expense is expected for FY20 as information technology and digital cost are expected to rise. For the six-month period ending 30 June 2020, the bank has outperformed the set budget across most metrics, delivering a pre-tax profit of N7.9bn, which translated to 115.3% of budget on annualised basis.

Capital structure

FCMB's Shareholders' funds grew 10.3% to N175.1bn at FY19, and ended 1H FY20 at N189.4bn, supported by strong internal capital generation. This translated to an improved risk weighted CAR of 15.1% at FY19 (FY18: 14%), albeit with a thin buffer above the regulatory minimum requirement. Thus, the bank's plan to raise additional debt capital before the current year-end is considered appropriate.

Borrowings

Total borrowings increased by 22.2% to N260bn at FY19, and have been broadly categorised into three; (i) debt securities, (ii) on-lending facilities and (iii) other borrowings. Each of these are discussed briefly below, with Table 4 reflecting the breakdown at the balance sheet date.

Table 4: Borrowings breakdown	FY18 N'bn	FY19 N'bn
Debt Securities*	57.5	74.8
On-lending facilities	57.9	70.9
Other borrowings	97.4	114.3
Total	**212.8**	**260.0**

*Qualifying Tier 2 Capital Source: FCMB AFS

Debt Securities: These comprise USD denominated unsecured notes and Naira denominated unsecured bonds issued in three tranches, with tenor ranging between five and seven years. An additional USD46.6m was secured at FY19 with a fixed rate of 9.5% payable semi-annually and tenor of five years and six months.

On-lending facilities: These include intervention funds granted by Nigerian government-owned financial institutions (Bank of Industry and CBN) under its agriculture, power, aviation, micro, small and medium enterprise and manufacturing sectors credit schemes, for on-lending to qualified customers.

Other borrowings: These comprise various credit facilities secured from both foreign and local institutions, having about 72% of it mature in more than one year.

Liquidity position

Liquidity risk appears to be well managed by the bank; with the statutory liquidity ratio ranging between 32.7% and 47.6% throughout 2019, and closed at 32.7%. Nonetheless, of concern is the relatively low GCR calculated liquid assets to short-term funding ratio which ended down at 16.1% at 1H FY20 (FY19: 20.3%, FY18: 19.3%). Also, matching of assets/liabilities maturities at FY19 reflects a cumulative liquidity gap was recorded across the 'less than 12 months' maturity buckets. The liquidity gap stood at N346.5bn in the 'less than 30 days' maturity bucket and equated to 1.4x of capital at FY19. However, the behavioral pattern within the Nigerian banking system, sees a significant portion of deposits rolled over at maturity.

Rating consideration

Meaning of the Rating of the Bonds

The ratings accorded to the Series 1, series 2 and Series 3 Bonds are *final*, *public* national scale ratings. GCR has reviewed the executed signed transaction documentation.

The *final public* ratings accorded to the DIP's Series 1, Series 2 and Series 3 Bonds relate to timely payment of interest and principal, and exclude an assessment of the Issuer's ability to pay any (early repayment) penalties.

Should the rating of the Sponsor change, the ratings of the Series 1, Series 2 and Series 3 Bonds may also change, but not necessarily in the same quantum.

The suffix code identifies to which country the rating relates; 'NG' means Federal Republic of Nigeria. A rating outlook indicates the likely direction of a rating change over the medium term, typically a one or two year period. The *final* ratings of the Series 1, Series 2 and Series 3 Bonds will be monitored, and GCR will perform regular surveillance on the transactions. Surveillance reports will be made available to subscribers to GCR's information services.

Rating Criteria application

The methodology used here is the "Global Master Criteria for Rating Banks and Other Financial Institutions, updated March 2017". This document (and any amendments made from time to time) are available on GCR's website at *globalratings.com.ng.*

Information provided

Below is a list of all relevant information provided.

Table 5: FCMB Financing SPV Plc's DIP (Series 1, Series 2 and Series 3 Bonds) - General transaction documents	
Description of documents	**Data provided**
Audited accounts of the Sponsor for FY 2019	Yes
Sponsor's unaudited mgt. accounts, to 30 June 2020	Yes
Master Trust Deed for DIP	Yes
Shelf Prospectus for DIP	Yes
Supplemental Shelf Prospectus for Series 1	Yes
Supplemental Shelf Prospectus for Series 2	Yes
Supplemental Shelf Prospectus for Series 3	Yes
Trust Deed for Series 1	Yes
Trust Deed for Series 2	Yes
Trust Deed for Series 3	Yes
Final/signed transaction documents	Yes
Up-to-date performance reports from the Trustees	Yes

Disclaimer

Note that GCR is not a legal, tax or financial adviser, and only provides a credit opinion of the rated securities. For example, a rating does not cover a potential change in laws nor can it be regarded as an audit. Moreover, GCR is not a party to the transaction documents. Users of our credit rating should familiarise themselves with the transaction (including the legal opinion), and should form their own views in this respect. They should not rely on GCR for legal, tax or financial advice, and are encouraged to contact the relevant advisers.

First City Monument Bank Limited

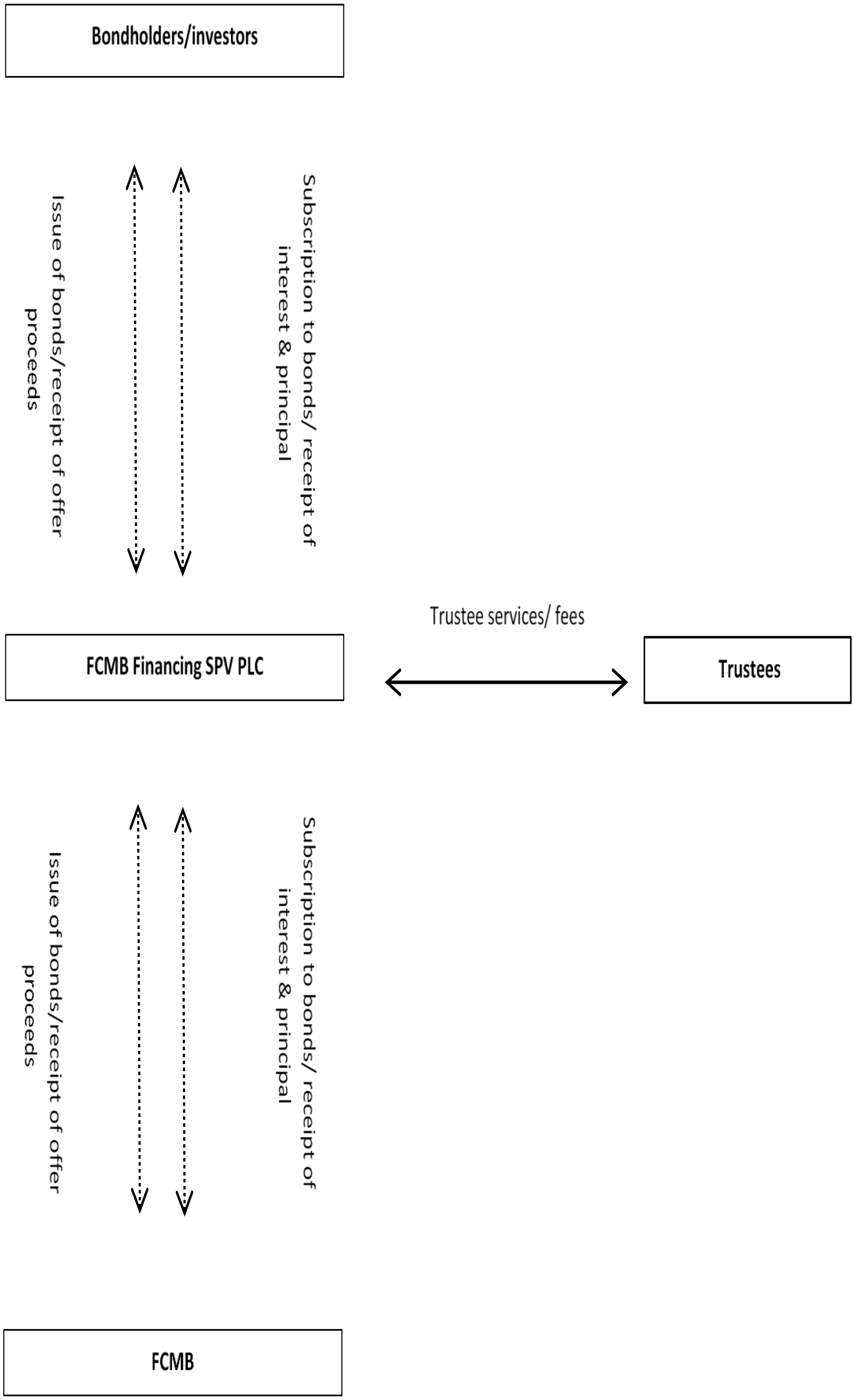
(Naira in millions except as noted)

Year end: 31 December			Restated			
Statement of Comprehensive Income Analysis	**2015**	**2016**	**2017**	**2018**	**2019**	**1H 2020^**
Interest income	122,611	124,191	131,290	127,354	125,157	69,482
Interest expense	(59,780)	(55,630)	(62,322)	(58,892)	(59,716)	(29,695)
Net interest income	**62,830**	**68,561**	**68,968**	**68,463**	**65,441**	**39,787**
Other income	22,070	44,020	29,271	32,922	29,469	13,875
Total operating income	**84,900**	**112,581**	**98,239**	**101,385**	**94,910**	**53,662**
Impairment charge	(14,102)	(35,311)	(22,653)	(13,954)	(13,406)	(7,273)
Operating expenditure	(64,344)	(63,426)	(66,831)	(73,184)	(66,686)	(38,529)
Net profit before tax	**6,454**	**13,844**	**8,754**	**14,246**	**14,818**	**7,860**
Tax	(2,912)	(1,768)	(1,960)	(1,891)	(1,176)	(450)
Net profit after tax	**3,542**	**12,076**	**6,794**	**12,355**	**13,642**	**7,410**
Other comprehensive income for the year	2,328	4,102	2,272	1,912	2,710	6,881
Total comprehensive income	**5,870**	**16,178**	**9,067**	**14,267**	**16,352**	**14,291**
Statement of Financial Position Analysis						
Subscribed capital	102,847	102,847	102,847	102,847	102,847	102,847
Reserves (incl. net income for the year)	45,557	59,755	68,113	55,870	72,223	86,514
Hybrid capital (incl. eligible portion of subordinated term debt)	49,309	56,924	57,134	57,525	74,786	102,943
Less: Intangible assets (incl. goodwill)	(5,994)	(5,994)	(5,994)	(5,994)	(5,994)	(5,994)
Total capital and reserves	**191,719**	**213,532**	**222,100**	**210,248**	**243,861**	**286,309**
Bank borrowings (incl. deposits, placements & REPOs)	-	24,798	6,355	39,140	90,061	95,206
Deposits	704,666	664,406	668,710	807,060	932,263	1,111,309
Other borrowings	47,125	65,035	36,291	155,308	185,184	284,349
Short-term funding (< 1 year)	**751,792**	**754,239**	**711,357**	**1,001,509**	**1,207,508**	**1,490,864**
Deposits	6,358	247	23,679	18,916	14,030	-
Other borrowings	100,421	109,259	115,678	-	-	-
Long-term funding (> 1 year)	**106,779**	**109,506**	**139,357**	**18,916**	**14,030**	**-**
Payables/Deferred liabilities	80,991	57,541	73,755	119,745	128,031	113,637
Other liabilities	**80,991**	**57,541**	**73,755**	**119,745**	**128,031**	**113,637**
Total capital and liabilities	**1,131,282**	**1,134,818**	**1,146,569**	**1,350,417**	**1,593,430**	**1,890,810**
Balances with central bank	125,552	139,461	109,639	146,497	208,916	421,175
Property, plant and equipment	29,807	32,148	31,488	32,428	38,646	41,440
Receivables/Deferred assets (incl. zero rate loans)	92,043	88,039	100,291	132,198	172,528	117,391
Non-earnings assets	**247,403**	**259,647**	**241,418**	**311,123**	**420,090**	**580,006**
Short-term deposits & cash	37,662	27,925	27,301	42,543	57,488	55,319
Loans & advances (net of provisions)	592,672	659,700	649,379	616,006	692,974	772,024
Bank placements	127,241	55,876	58,145	103,652	137,256	173,134
Marketable/Trading securities	1,839	8,412	23,755	47,427	50,924	11,873
Other investments	124,465	123,258	146,572	229,667	234,698	298,454
Investments in subsidiaries/associates	-	-	-	-	-	-
Total earning assets	**883,878**	**875,170**	**905,152**	**1,039,294**	**1,173,340**	**1,310,805**
Total assets*	**1,131,282**	**1,134,818**	**1,146,569**	**1,350,417**	**1,593,430**	**1,890,810**
Contingencies	**142,062**	**159,476**	**167,211**	**234,931**	**209,940**	**195,963**
Ratio Analysis (%)						
Capitalisation						
Internal capital generation	4.0	9.9	5.3	9.0	9.3	7.5
Total capital / Net advances + net equity invest. + guarantees	22.3	22.7	23.1	19.5	21.4	22.6
Total capital / Total assets	16.9	18.8	19.4	15.6	15.3	15.1
Liquidity						
Net advances / Deposits + other short-term funding	78.2	87.4	88.3	60.4	56.7	51.8
Net advances / Total funding (excl. equity portion)	69.0	76.4	76.3	60.4	56.7	51.8
Liquid & trading assets / Total assets	14.7	8.1	9.5	14.3	15.4	12.7
Liquid & trading assets / Total short-term funding	22.2	12.2	15.4	19.3	20.3	16.1
Liquid & trading assets / Total funding (excl. equity portion)	19.4	10.7	12.8	19.0	20.1	16.1
Asset quality						
Impaired loans / Gross advances	4.2	3.7	4.9	5.9	3.6	3.5
Total loan loss reserves / Gross advances	3.0	3.1	3.2	3.2	2.9	2.6
Bad debt charge (income statement) / Gross advances (avg.)	2.3	5.5	3.4	2.1	2.0	1.0
Bad debt charge (income statement) / Total operating income	16.6	31.4	23.1	13.8	14.1	13.6
Profitability						
Net income / Total capital (avg.)	3.3	8.0	4.2	6.6	7.2	5.4
Net income / Total assets (avg.)	0.5	1.4	0.8	1.1	1.1	0.8
Net interest margin	8.6	9.2	9.2	8.7	7.6	8.3
Interest income + com. fees / Earning assets + guarantees (a/avg.)	5.8	6.5	6.5	6.0	5.0	2.6
Non-interest income / Total operating income	26.0	39.1	29.8	32.5	31.0	25.9
Non-interest income / Total operating expenses (or burden ratio)	34.3	69.4	43.8	45.0	44.2	36.0
Cost ratio	75.8	56.3	68.0	72.2	70.3	71.8
OEaA (or overhead ratio)	5.7	5.6	5.9	5.9	4.5	2.2
ROaE	4.0	10.4	5.4	8.7	9.8	15.7
ROaA	0.5	1.4	0.8	1.1	1.1	1.6
Nominal growth indicators						
Total assets	(0.2)	0.3	1.0	17.8	18.0	18.7
Net advances	(4.0)	11.3	(1.6)	(5.1)	12.5	11.4
Shareholders funds	3.2	9.6	5.1	(7.2)	10.3	8.2
Total capital and reserves	16.9	11.4	4.0	(5.3)	16.0	17.4
Deposits (wholesale)	(3.8)	(6.5)	4.2	19.3	14.6	17.4
Total funding (excl. equity portion)	0.5	0.6	(1.5)	19.9	19.7	22.0
Net income	(72.6)	175.6	(44.0)	57.4	14.6	74.8

^Unaudited results as at end-June 2020

*Excludes balances held in respect of letters of credit.

Figure 1: Transaction structure



SALIENT FEATURES OF ACCORDED RATINGS

GCR affirms that a.) no part of the rating was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument; c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the rating is for a maximum of 12 months, or as indicated by the applicable credit rating document.

The ratings were solicited by, or on behalf of, FCMB Financing SPV Plc, and therefore, GCR has been compensated for the provision of the ratings.

FCMB Capital Markets Limited and First City Monument Bank Limited participated in the rating process via face-to-face management meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The credit ratings were disclosed to and not contested by FCMB Capital Markets Limited and First City Monument Bank Limited.

The information received from First City Monument Bank Limited and FCMB Capital Markets Limited to accord the credit ratings included the Sponsor's 31 December 2019 audited annual financial statements (plus four years of comparative numbers), unaudited interim financial statements for the six months to 30 June 2020, the Master Trust Deed for the Debt Issuance Programme, the Shelf Prospectus for the Debt Issuance Programme, the Series 1 Trust Deed, the Series 2 Trust Deed, the Series 3 Trust Deed, the Series 1 Supplemental Shelf Prospectus, the Series 2 Supplemental Shelf Prospectus, the Series 3 Supplemental Shelf Prospectus, the Master Bonds Purchase Agreement, as well as up-to-date reports from the Trustees.