

## FCMB GROUP PLC

### Elevated yields spur stronger PAT print

FCMB Group Plc (NGX: FCMB – TP: N14.64) reported a robust 52.3% surge in PAT to N125.5 billion in its 9M'25 results, a performance that underscores improved margins on lending operations and the Group's agility in capitalizing on high-yield investment opportunities. Notably, this bottom-line expansion was achieved despite significant headwinds from a 39.6% contraction in Non-Interest Revenue (NIR) and a 40.9% rise in interest expense.

In alignment with the Group's margin recovery strategy, Net Interest Income (NII) expanded by over 2.0x YoY to N350.8 billion. This growth was anchored by an elevated asset yield of 25.5% (9M'24: 17.4%), which effectively offset the impact of an 8.1% YoY moderation in Interest-Earning Assets (IEA). Furthermore, the strong NII outturn was supported by a slower acceleration in funding costs relative to asset repricing, with Cost of Funds rising marginally by 1.1ppts YoY to 9.6%. Consequently, Net Interest Margin (NIM) expanded by a notable 5.6ppts YoY to 12.2%.

Conversely, Non-Interest Revenue (NIR) faced significant pressure, retreating by 39.6% YoY. This decline was primarily driven by a N16.9 billion unrealised FX revaluation loss—a stark reversal from the N37.7 billion gain recorded in 9M'24—which constrained operating income growth to 40.9%. Cost efficiency metrics remained stable, with the Cost-to-Income Ratio largely unchanged at 55.5%, despite a 41.3% rise in operating expenses fueled by inflationary adjustments in Personnel costs (+27.1% YoY), AMCON Levy (+60.4% YoY), and IT & IS expenses (+60.8% YoY).

On the asset quality front, gross loans contracted by c.2.3% YTD to N2.4 trillion in 9M'25, extending a trend of consecutive quarterly declines (Q3'25: -3.7% QoQ; Q2'25: -2.1% QoQ) amidst repayments, FCY loan revaluations, and strategic write-offs. While the Non-Performing Loans (NPL) declined by 14.7% YTD to N126.2 billion, NPL ratio printed at 5.2% (marginally breaching the 5.0% regulatory threshold). Cost of Risk (CoR) also declined by 0.7ppts YoY to 3.3%, reflecting a 35.7% YoY rise in impairment charges on loans to N60.5 billion.

Overall, the 9M'25 performance translated to an annualized Earnings Per Share (EPS) of N3.91 (H1'24: N5.55), with the decline reflecting the impact of recent capital raise activities. However, profitability ratios strengthened significantly, with Return on Average Assets (ROAA) and Return on Average Equity (ROAE) rising to 2.3% and 22.4%, respectively (9M'24: 2.0% and 20.9%).

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**9M'25 Earnings Breakdown**

N'billions	9M'25	9M'24	YoY	FY'25E	% of FY'25E
<b>Gross Earnings</b>	<b>828.1</b>	<b>587.8</b>	<b>40.9%</b>	<b>1,050.9</b>	<b>78.8%</b>
Interest income	734.1	445.8	64.7%	936.9	78.4%
Interest expense	(383.3)	(272.0)	40.9%	(488.1)	78.8%
Net interest income	350.8	173.8	101.9%	448.9	78.8%
Net Impairment Loss	(57.1)	(44.4)	28.6%	(52.2)	109.5%
Non-interest income	79.5	131.6	-39.6%	114.0	69.7%
Operating Expenses	(239.0)	(169.1)	41.3%	(309.6)	78.8%
<b>Profit before tax</b>	<b>134.5</b>	<b>91.8</b>	<b>46.5%</b>	<b>201.1</b>	<b>78.8%</b>
Income tax expense	(9.0)	(9.4)	-4.1%	(29.2)	78.8%
<b>Profit for the period</b>	<b>125.5</b>	<b>82.4</b>	<b>52.3%</b>	<b>171.9</b>	<b>78.8%</b>

**Ratio Analysis**

Net-interest margin (NIM)	12.2%	6.6%
Cost-of-risk (CoR)	3.3%	2.6%
Cost to income (CIR)	55.5%	55.4%
Annualised ROAA	2.3%	2.0%
Annualised ROAE	22.4%	20.9%
Annualised EPS (N)	3.91	5.55
P/B	0.58x	
10-yr average P/B	0.34x	

**Q3'25 Earnings Breakdown**

N'billions	Q3'25	Q3'24	YoY	Q2'25	QoQ
<b>Gross Earnings</b>	<b>298.9</b>	<b>213.3</b>	<b>40.1%</b>	<b>276.5</b>	<b>8.1%</b>
Interest income	275.7	176.6	56.1%	244.1	13.0%
Interest expense	(132.3)	(109.0)	21.3%	(124.1)	6.6%
Net interest income	143.4	67.6	112.1%	119.9	19.6%
Net Impairment Loss	(20.9)	(13.1)	59.7%	(26.7)	-21.7%
Non-interest income	18.1	37.4	-51.5%	28.5	-36.3%
Operating Expenses	(85.8)	(64.3)	33.4%	(77.6)	10.6%
<b>Profit before tax</b>	<b>55.4</b>	<b>27.6</b>	<b>100.5%</b>	<b>44.1</b>	<b>25.6%</b>
Income tax expense	(3.3)	(4.7)	-29.0%	(2.9)	14.9%
<b>Profit for the period</b>	<b>52.0</b>	<b>22.9</b>	<b>127.1%</b>	<b>41.2</b>	<b>26.3%</b>

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