

CHAIRMAN'S STATEMENT



ADEYINKA OYESOLA SOGUNLE
ACTING CHAIRMAN

“ Esteemed Shareholders, Distinguished Ladies and Gentlemen, I am pleased to welcome you on behalf of the Board of Directors to 8th Annual General Meeting of Future Unity Glanvills Pensions Limited and to present to you the Annual Report and Financial Statements of your Company for the year ended 2014.

It is my privilege and pleasure to present the annual report of Future Unity Glanvills Pensions Limited for the financial year ended 2014.

The year 2014 was marked by significant global and domestic macroeconomic development which I will like to highlight briefly before presenting the summary performance of Future Unity Glanvills Pensions Limited for the financial period ended December 31, 2014

Global Environment

The global macroeconomic environment has been characterized by the significant fall in oil price which is expected to improve global growth prospects as inflation subsides. Although this is expected, the International Monetary Fund (IMF) and the World Bank have downscaled the global growth projections for 2015 and 2016 as they expect the decline in oil prices to be countered by decrease in investment levels.

In addition, the Eurozone remains a key area of concern prompting the European Central Bank to embark on its own massive Quantitative Easing (QE) programme to stimulate growth in the region. Similar to the impact caused by the US Federal Reserve's QE programme, the European Central Bank's programmes will cause capital to flow to emerging markets in search of better yields.

However, the impact of this fall in oil price is expected to be mixed. While it negatively affects the fiscal position of oil exporting countries, it is expected to support economic growth in oil-importing countries as their energy costs decline.

China's economy grew at its slowest pace in 24 years in 2014. With a view to drive growth, the Apex Bank in China eased monetary policy by cutting rates but this is yet to yield the expected results.

Africa witnessed its worst outbreak of the Ebola Virus Disease with over 20,000 people infected and nearly 8,000 mortalities recorded as at 31 December, 2014 according to the US Center for Disease Control. Liberia, Sierra Leone & Guinea were the hardest hit countries. It is estimated that the cumulative negative impact on these affected economies could be as high as \$32.6 billion over 2014 and 2015.

Economic slowdown in China and Europe, Africa's largest trade partners resulted in a significant decline in commodity prices, thereby affecting the revenues of commodity-exporting African countries and exposing their currencies to the negative impact of the strengthening dollar. In response to local currency depreciation, the Central Banks of many African countries adopted monetary tightening measures during the year.

Operating Environment

In Nigeria, the GDP rebasing exercise revealed an economic size of \$510 billion, with real GDP growth rate of 6.2% in 2014 up from 5.5% in 2013.

However, significant challenges still confront the Nigerian economy, including inflationary effects of Naira devaluation, a volatile foreign exchange market as well as the increased risk due to the insecurity in the North-East part of the country. These challenges were further exacerbated by the build-up to the 2015 general elections.

In the course of the year, the Central Bank of Nigeria raised regulatory Cash Reserve Requirements on both public and private sector funds to 75% and 20%

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respectively and increased its Monetary Policy Rate by a 100 basis points, all in defence of the Naira. This is in addition to the promulgation of various policies targeted at changing the structure of the foreign exchange market to stabilize the local currency and stem the decline of external reserves which fell by US\$9.1billion to close the year at US\$34.5billion.

FUG Pensions Financial Performance

Despite the gloomy turn of event in the global arena and the operating environment, Future Unity Glanvills Pensions Limited strived amidst all the diverse market challenges to realize a fair performance. Below is the summary of our Company's performance for the year ended December 31, 2014;

- Profit/(Loss) Before Tax (PBT) was N49.206million for the Financial Year Ended (FYE) December 31, 2014, representing a 0.25% increase from the N49.085million recorded in December 31, 2013.
- Profit/(Loss) After Tax (PAT) was N37.562 million for the Financial Year Ended (FYE) December 31, 2014, representing a 3.42% increase from the N36.321million recorded in December 31, 2013.
- Gross Earnings increased by 38.24% to N468.238 million for FYE December 31, 2014 from N338.716 million recorded in December 31, 2013.
- Net Interest Income dipped by 11.27% to N54.206 million for the period ended December 31, 2014 from N61.09 million recorded in December 31, 2013. This emanated from increase in Cash Reserve Requirements on both public and private sector funds to 75% and 20% respectively and increased in Monetary Policy Rate by a 100 basis points, all of which combined to depress the money market rates.
- Operating Expenses rose by 34.9% to N473.238 million in December 31, 2014 from N350.725 million recorded in December 31, 2013 as the staffing of more State offices became imperative from adoption of the Contributory Pension Scheme by more States during the year. The increase in staffing was also part of a strategic move emanating from the new Corporate Strategy adopted by the Company in February 2014.

- The fixed assets as at the period ended December 31, 2014 stood at N324.750million, and deferred tax assets of N115.068million.
- Total Pension Assets under management increased by 34% to N31.039billion as at December 31, 2014 from N23.154billion as at December 31, 2013.
- Shareholders' Funds stood at N1.228billion as at December 31, 2014, representing a 5.1% increase from the N1.168billion recorded in December 31, 2013.

Board of Directors

During the year under review the only change that occurred in the composition of the board was the withdrawal of Mr. Kins U. Ekebuike by the shareholder who presented him as a representative of their company.

Appreciation

On behalf of our Board of Directors, I would like to acknowledge all our stakeholders for your continuous support and belief in us.

I would also like to acknowledge my fellow colleagues on the Board for their wise counsel that has guided Future Unity Glanvills Pensions Limited through the peaks and troughs of a very dynamic and demanding industry. Our management has played a critical role in taking the Company to where we are today. My sincere appreciation goes to this team for their effective leadership.

Most of all, I would like to express my heartfelt gratitude to all our employees who have demonstrated a high level of integrity and commitment in their daily actions and performance. Keep up the fantastic work, and together we will fulfill our objectives as well as that of our customers' expectations and satisfaction.

I congratulate us all in advance as we await a very laudable result in 2015.

Thank you and God bless FUG Pensions.

Mr. Adeyinka Sogunle
Acting Chairman, Board of Directors.