

## **FIRSTBANK: LOOKING AT THE FUNDAMENTALS**

***Nigeria's first financial institution, FirstBank has continued to demonstrate its ability to weather the storms with good financials in the face of daunting challenges, writes [Simeon Ebulu](#)***

First Bank of Nigeria Limited recently released its full year 2021 financial statement which reflected the strength and resilience of the iconic African elephant as well as the financial institution's standing in the industry.

The results showed that the bank has recovered and currently thriving on strong fundamentals, demonstrated by impressive performance. The result is a reflection of the bank's strength and growth showing that the bank has taken its rightful position among the industry leaders.

In addition, it showed the level of work done by the board, management and staff to turn the tide in the 128 years old institution with entrenched corporate governance. FirstBank has built a culture of employing very sound and good people and its reward system ensures that it attracts the best people.

### **The Financials**

The full year 2021 performance by the bank represents a shift in the financial institution's performance trajectory and was made possible through its undeterred commitment in pursuing its transformational agenda; cutting across customer-led innovation, building a digitalised bank, culture change and reinventing the bank's workplace as well as safeguarding its assets for the digital age.

FirstBank and FirstBank Group crossed the N100 billion profit line for the first time in over ten years. Specifically, in the full year 2021 financial statement, the FirstBank Group reported a 73.9 per cent growth in its profit after tax to N117.8 billion, as against the N67.8 billion recorded as of December 2020, just as its profit before tax stood at N130.9 billion, which was a significant rise by 77.9 per cent year-on-year, as against the N73.6 billion it was as of December 2020. Its gross

earnings also increased by 30.3 per cent to N716.8 billion in 2021, up from N550.3 billion it was as of December 2020. Also, the commercial banking arm of FBN Holdings recorded non-interest income of N342.2 billion in the year under review, which was 106.4 per cent higher than the N165.8 billion recorded as of December 2020. As a result of years of strategic restructuring of its balance sheet and operations, its gross earnings also moved northwards by 30.3 per cent, its total assets was up 15.9 per cent to N8.5 trillion as of the end of 2021, as against the N7.4 trillion recorded the previous year, just as its customer deposits also climbed by 19.5 per cent to N5.6 trillion, up from the N4.7 trillion recorded the previous year. The bank's customer loans and advances also improved by 28 per cent to N2.8 trillion in the year under review, up from N2.2 trillion the previous year.

The bank's performance in 2021 was driven by an undiluted focus on customers and constantly improving the competitiveness of its offerings. Part of this was that it leveraged opportunities which its large scale provides, in addition to becoming more relevant to its clients by improving its value propositions.

Additionally, the recent improvement in non-performing loans was a major boost in FirstBank's quest to improve profitability and reinforce its leadership of the financial services industry in Nigeria.

FirstBank's current financial performance and stock attractiveness was also driven by the competent and experienced board and management leveraging the sustainable change towards improving governance practices.

Its non-performing loans (NPLs) ratio at the end of the year was 6.1 per cent, representing a significant progress towards those of other tier-1 banks and the regulatory threshold of five per cent.

Its parent company, FBNHoldings Group, also delivered a stellar performance, growing gross revenue by 28.2 per cent to N757.3 billion and profit before tax by 99.1 per cent to N166.7 billion.

Net Fee and Commission Income grew 24.4 per cent year-on-year. The year-on-year growth in fees and commission was driven by a 23 per cent growth in credit related fees, a 32 per cent growth in Letters of credit fees and commissions, a 38.9 per cent growth in funds transfer and intermediation fees, a 30.2 per cent growth in account maintenance fees, a 14.2 per cent year-on-year growth in custodian fees, and a 28.8 per cent growth in Brokerage and intermediations. Also, its e-Banking fees remained resilient as it was up 15.8 per cent year-on-year, suggesting increased transaction volumes. Except for money transfer commission, all other fee income lines showed year-on-year growth.

Also, with a well revamped de-risk management architecture, the bank has successfully reduced its NPL ratio from about 40 per cent in 2016, to six per cent (single digit) by the close of full year 2021.

Indeed, the value added from this turn around for its shareholders is reflected in the share price of FBN Holdings Plc which has spiked over 400 per cent over the past four years, from N2.70 per share to N12 per share in 2022. FirstBank accounts for 90 per cent of FBN Holdings Plc.

Furthermore, the financial statement showed that the bank grew its customer accounts from about 10 million in 2015, to over 36 million (including digital wallets), became the second largest issuer of cards in Africa with over 11.8 million issued cards, onboard over 18.6 million active customers on its digital banking platforms.

With FirstBank, the safety of customers and the security of their transactions come first. This has ensured that the bank keeps the trust of Nigerians gained over the many years of its enduring legacy of safety and security.

FirstBank has demonstrated that its has gone into a sustained growth phase and driving corresponding performance in line with the size of its business and capabilities of its people.

The demonstrated resilience of its franchise to headwinds and excellent risk management capabilities places it in a good position to weather macro-economic shocks which arise due to the volatile nature of the current operating environment.

Commenting on the results, the Chief Executive Officer of FirstBank Group, Dr. Adesola Adeduntan said: “Following years of strategic restructuring of the bank’s balance sheet and operations, the commercial banking business is beginning to transition into a sustained growth phase delivering performance commensurate to the size of our business and capabilities of our people. “Profit before tax is up 77.9 per cent, gross earnings was 30.3 per cent, total assets 15.9 per cent and customer deposits was up 19.5 per cent.

“This performance was driven by a relentless focus on the needs of customers and improving the competitiveness of our offerings. We have sharpened our ‘Go to Market’ approach to better leverage the opportunities which our large scale provides in addition to becoming more relevant to our clients by improving our value propositions.

“This is also in line with the bank’s Quantum Profitability Leap agenda which seeks to ensure that we fully maximise the revenue generating capacity of our business to boost the bottom line and fulfil the expectations of all stakeholders in the business.”

Adeduntan said , the demonstrated resilience of FirstBank’s franchise to headwinds and risk management capabilities have placed it in a good position to weather any macro-economic shocks which may arise due to the volatile nature of current operating environment.

He pledged the bank’s commitment to continue to leverage its investments in digital platforms, IT infrastructure, people, and pan-African operations to ensure this growth trend is sustained.

### **Retaining Competitive Edge**

Since its launch in 1894, FirstBank has established itself as a brand of strength and dynamism, with the vision to be the leading international banking group in Sub-Saharan Africa. Its brand is at the heart of the holistic experience it seeks to deliver to its stakeholders perpetually, which is essential to retaining patronage and the competitive edge that keeps it at the coveted position of the market leader.

The FirstBank brand interacts with its stakeholders and demonstrates an understanding of their busy modern lives or businesses, to support their aspirations. Hence, it has evolved over 120 years by respecting and upholding the shared heritage relevant not only to today's modern Nigerians but also today's modern world.

The FirstBank brand has been on a definitive mission to create a strong global presence in order to reinforce its position as the leading Sub-Saharan banking services group. It champions its brand to constantly strive to find a better way of driving our business forward, driven by our philosophy and people - our customers, our stakeholders, our employees.

Its brand purpose is to always put its stakeholders, customers and partners at the heart of its business, even as it standardizes its customer experience and excellence in financial solutions across Sub-Saharan Africa, in consonance with our brand vision.

FirstBank's rich and successful history in Nigeria means that the financial institution is woven into the fabric of the society. The financial institution is well positioned to support clients to deliver on their strategic objectives. Clearly, FirstBank has transformed from a domestic bank to become a leading global bank with presence in three continents - Africa, Europe and Asia. It also delivers unique and bespoke financial services solutions across all customer segments underpinned by its commitment to innovation and the customer experience. It also leverages its strong investment banking capabilities to support clients in defining and executing innovative debt solutions as well as offer strategic advice at the highest level, arrange tailor-made financing structures, manage risk and ultimately help clients to realise their aspirations. The financial institution's in-depth industry knowledge,

regional market expertise and excellent network of investors and financial institutions enable it provide the best solutions for new opportunities.

It assists clients to optimise their cash management operations through the deployment of seamless and efficient collections, payments and liquidity management platform.

Clearly, the latest results showed that the elephant is now completely on its feet and has firmly positioned as an industry leader.

***Source: The Nation***