

FIRSTBANK TURNS THE CORNER, POISED TO REGAIN LEADERSHIP POSITION

The 2021 full year and 2022 first-quarter results of First Bank indicate that the bank has not only recovered but is set to take over its leadership position in the industry.

First Bank of Nigeria Limited is one of the leading brands in the financial sector of the Nigerian economy. There was a time First Bank was a darling of all stakeholders, including investors, customers and regulators. However, the bank experienced a bad patch and witnessed poor performance largely due to a challenging operating environment.

But the good times are here again for First Bank going by its financial results for the full year ended December 31, 2021, and the first quarter ended March 31, 2022. Banking and capital market analysts are unanimous in the assessment that the bank has not only turned the corner but is also poised to take its leadership position in the industry.

Again, they are quick to add that the impressive results followed the efforts put in by the new leadership to restructure the financial institution and put it in strong and sustainable stead. It is believed the new leadership has begun to justify the confidence reposed in them by their appointment to reposition FirstBank for the benefit of all stakeholders.

Assessment of the audited results for the 2021 full-year results showed that gross earnings rose by 30.3 per cent to N716.8 billion in 2021, from N550.3 billion. Net interest income stood higher at N225.7 billion, compared with N244.6 billion in 2020. Non-interest income soared 106.4 per cent to N342.2 billion from N165.8 billion. Profit before tax jumped by 77.9 per cent, crossing the N100 billion mark to hit N130.9 billion, as against N73.6 billion in 2020. Similarly, profit after tax (PAT) grew by 74 per cent to N117.8 billion from N67.8 billion in 2020.

The bank supported the economy more in 2021, giving out a total of N2.8 trillion as loans to customers, showing an increase of 27.7 per cent above the N2.2 trillion recorded in 2020.

Also, one of the major strong fundamentals in the results is the significant reduction in non-performing loans (NPL) which led to an enhanced bottom line. NPL has reduced to an acceptable level of 6.1 per cent from 7.7 per cent in the previous year. Equally, Capital Adequacy Ratio (CAR) which remained steady, increased to 17.4 per cent from 17.0 per cent in 2020. Total assets ended at N8.5 trillion, up 15.9 per cent from N7.4 trillion.

In order to prove that the 2021 performance is not a flash in the pan, First Bank has consolidated its fundamentals with highly impressive Q1 2022 results. For instance, gross earnings appreciated by 33 per cent from N170.4 billion to N128 billion in 2021. Net income moved from N51.3 billion to N72.9 billion, indicating a jump of 42.1 per cent. Non-interest income stood at N58.8 billion as against N48.3 billion in 2021. PBT grew by 109 per cent from N16.3 billion to N34.1 billion, while PAT grew faster by 122 per cent to N31 billion, from N13.9 billion in the corresponding period of 2021.

FirstBank is also attracting more deposits from customers, which is a sign of high confidence they have in the ability of the bank to manage and protect their funds. Customers' deposits grew from N4.7 trillion in December 2021 to N5.6 trillion as of the end of March 2022.

In the opinion of a stockbroker and Chief Executive Officer, Sofunix Investment and Communications Limited, Mr Sola Oni, First Bank is coming out of the woods. "The company has a great prospect to enhance its shareholders' value. The rising customer deposit signals confidence is returning back into the system" Oni said. The bank had explained that their investment in agent banking, digitalisation, and deployment of digital platforms which their customers have adopted, improved customer penetration and deepened their solid retail franchise.

"This continues to provide us with access to stable funding, reducing our cost of fund ratio to 2.1 per cent (December 2020: 2.3 per cent) while supporting the float of our current and savings account at 91.2 per cent (First Bank of Nigeria)," it said. However, analysts are unanimous in their conclusion that the improved performance recorded by First Bank is the outcome of the recent restructuring exercise in the organisation following the entrance of new leadership.

Commenting on the performance of First Bank Limited, for the 2021 full year, the Chief Executive Officer of First Bank, 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 their business and capabilities of our people.

"Profit before tax is up 77.9 per cent, gross earnings 30.3 per cent, total assets 15.9 per cent and customer deposits 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 performance 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.

The demonstrated resilience of our franchise to headwinds and excellent risk management capabilities place us in a good position to weather any macro-economic shocks which may arise due to the volatile nature of our current operating environment. "Our NPL at the end of the year was 6.1 per cent which represents significant progress towards those of other Tier 1 banks and the regulatory threshold of 5.0 per cent. We will continue to leverage our investments in digital platforms, IT infrastructure, people, and pan-African operations to ensure this growth trend is sustained."

Also commenting on the Q1 2022, Adeduntan noted that FirstBank has historically been interwoven with the fabric of the nation with a full-service commercial banking offering catering to every segment of the economy.

"We believe we are now in a good position to translate this unique revenue-generating potential into improved bottom-line performance. Our first-quarter results demonstrate that we have commenced our journey of Quantum Profitability Leap in earnest with profit before tax doubling to N34.1 billion as the bank begins to

reap the dividends of the successful restructuring of its balance sheet, revamped risk management, robust technology and innovative service offerings.

“Our gross earnings are also up 33.0 per cent YoY to N170.4 billion and Net Interest Income up 42.1 per cent YoY to N72.9 billion. Furthermore, our strengthened risk management capabilities equip us with the ability to mitigate any negative effect of headwinds which may materialise given current macro-economic pressures

“Looking ahead, we will continue to maximise all opportunities presented by our large network, and support our customers with innovative value-adding solutions through these uncertain times while investing in strengthening our digital banking offerings to deliver a better customer experience.”

Source: Tribune