



Full Year 2021 & Q1 2022 Results Presentation

3 June 2022

FUTURE FOCUSED



Disclaimer

This presentation is based on FBN Holdings Plc's ('FBNH' or 'FBNHoldings' or the 'Group') audited financial statements for the year ended 31 December 2021 and unaudited financial statements for the period ended 31 March 2022. The Group's Financial statements represent FBN Holdings Plc and its subsidiaries.

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Key Highlights

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Key highlights – FY 2021

- **Highest PBT performance in the history of the institution**
 - Profit before tax of ₦166.7 billion (up 99.1% y-o-y)
 - 96.1% increase y-o-y in non-interest revenue
- **Balance sheet repair largely completed**
 - Further y-o-y decline in NPL ratio to 6.1% (FY20: 7.7%)
 - Optimising the balance sheet with coverage ratio now 62.2% (FY20: 48.0%)
- **Preeminent financial inclusion business in the country**
 - 15.8% increase y-o-y in e-banking revenues
 - >167K agents in Nigeria
- **Capital buffers further enhanced**
 - Robust Capital Adequacy Ratio at 17.4% (FY20: 17.0%)
- **Leadership Appointments**
 - New Board appointments (non-executive directors) at FBNHoldings and FirstBank
 - Appointed Mr. Nnamdi Okonkwo as the new Group Managing Director at FBNHoldings
 - Re-appointment of the CEO of First Bank of Nigeria Ltd. and FBNQuest Merchant Bank
 - Retention of Executive Management across the enterprise

Key highlights – Q1 2022

- **Demonstrated strong sustainable performance**
 - Profit before tax of ₦36.5 billion (up 93.2% y-o-y)
 - 37.9% increase y-o-y in net-interest revenue
 - 23.0% increase y-o-y in non-interest revenue
 - Strongest PPOP¹ over Impairment charge in years
- **Sustained improvement in asset quality profile**
 - A further 10bps decline in NPL ratio to 6.0% (FY21: 6.1%)
 - Cost of risk declined to 1.1% (Q122: 2.3%)
- **Reinforced balance sheet with a stronger platform to support the business**
 - Improvement in coverage ratio to 68.9% (FY21: 62.2%)
- **Considerably stronger franchise**
 - Increased customer accounts to 36.9 million (Q1 2021: 30 million)²
 - Ranked 2nd in Nigerian Consumer Digital Banking Satisfaction Index by Augusto & Co³
 - Best Banking Brand, Nigeria' Award by Global Brand³
 - Investment Bank of the Year in Nigeria by Businessday⁴

¹ Pre-provision operating profit

² Including digital wallets

³ Awarded to First Bank of Nigeria Ltd

⁴ Awarded to FBNQuest Merchant Bank Ltd

Highly experienced and independent Board to support strategic execution

- Well diversified and independent board expertise to support management in its strategic execution
- Experience across Banking, strategy, ICT, FinTech and corporate transformation amongst other area of expertise
- 280+ years of combined professional experience



2022 Strategic priorities – focused on driving sustainable growth

Differentiated Capabilities



- Expand digital & retail product offerings through integration and innovation
- Deepen transaction banking transformation and value chain
- Expand our annuity business

Collaboration & Partnership



- Strengthen group collaboration
- Strategic partnership with financial services eco-system player – FinTech & Big Techs

Growth & Profitability

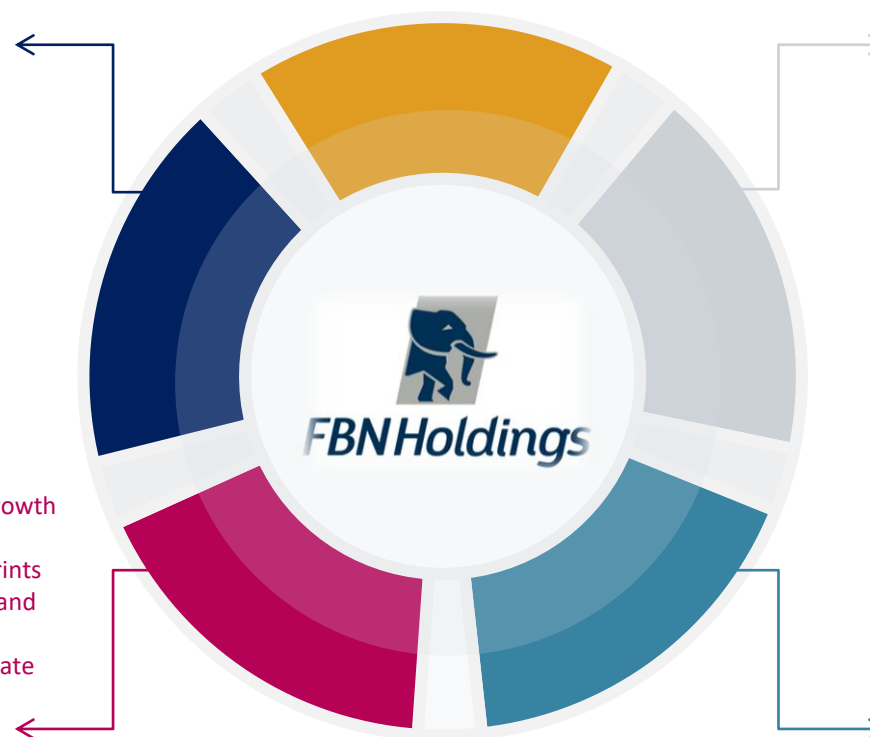


- Grow customer acquisition to support revenue growth
- New offerings and propositions
- Deepen capabilities and returns across our footprints
- Balance sheet optimisation through loan growth and treasury management
- Retail/consumer lending acceleration and deliberate focus on affluent, HNI and SME segments

Operational Efficiency & Capital



- Branch and channel optimisation to align with consumer shifts and reduce cost-to-serve
- Operational efficiency drive and productivity improvements through innovation & technology tools
- Build efficient capital buffers to further bolster the balance sheet and support business position





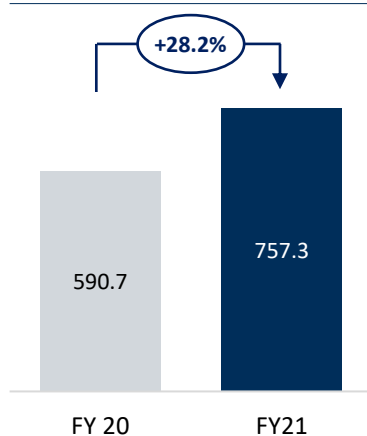
Financial Review

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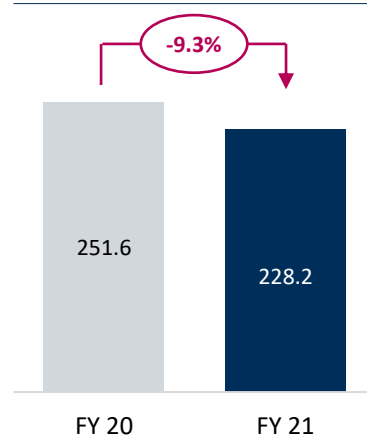


FY 2021: Stellar performance

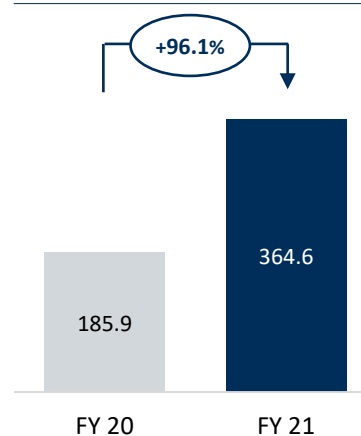
Gross Earnings ₦'bn*



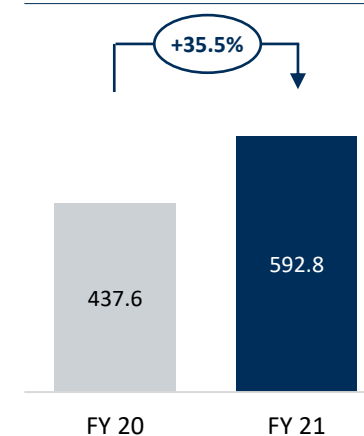
Net-Interest Income ₦'bn



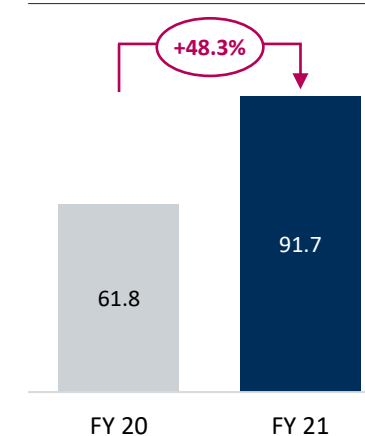
Non-Interest Revenue ₦'bn*



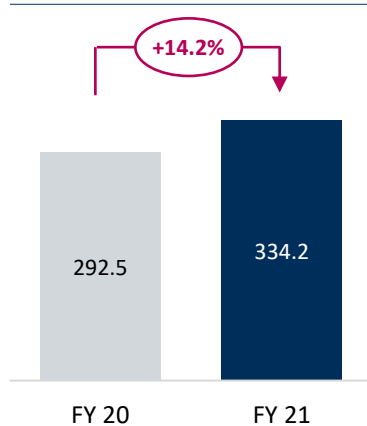
Operating Income ₦'bn



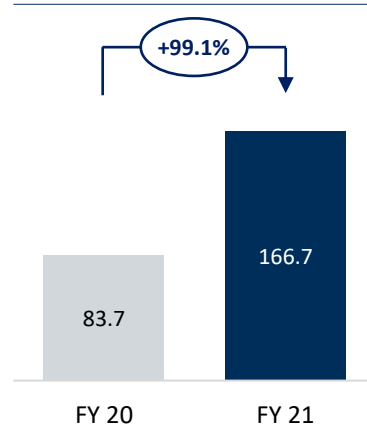
Impairment Charge ₦'bn*



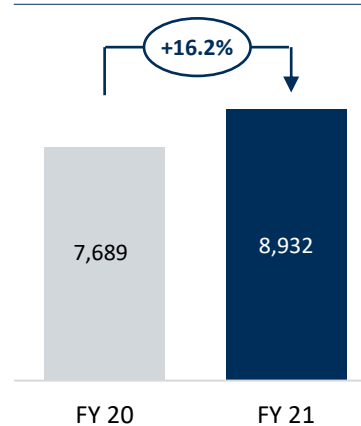
Operating Expense ₦'bn



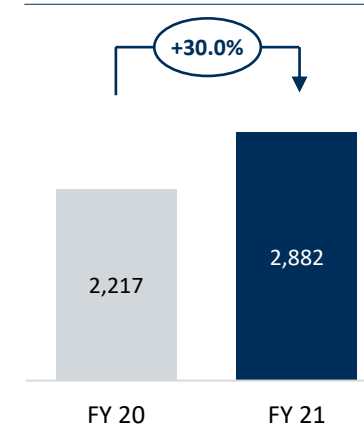
Profit Before Tax ₦'bn



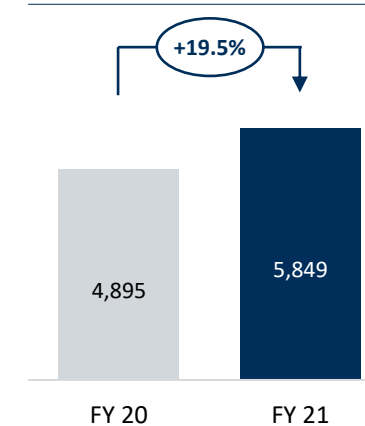
Total Assets ₦'bn



Loans and Advances ₦'bn



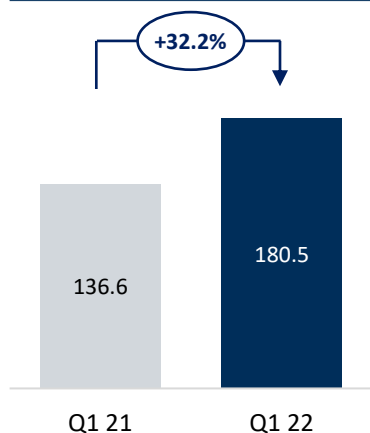
Customer Deposit ₦'bn



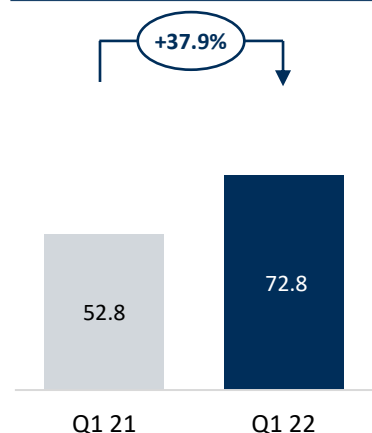
*2020 Restated numbers

Q1 2022: Building on positive momentum

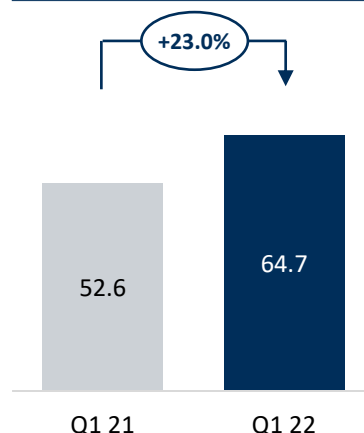
Gross Earnings ₦'bn



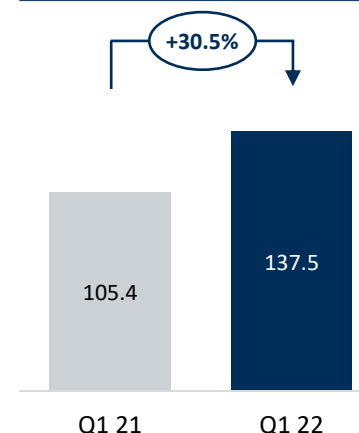
Net-Interest Income ₦'bn



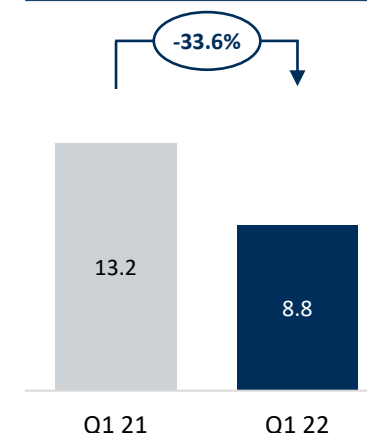
Non-Interest Income ₦'bn



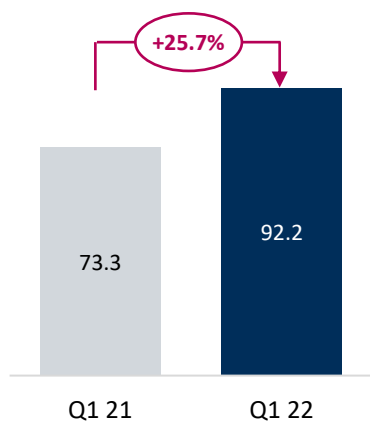
Operating Income ₦'bn



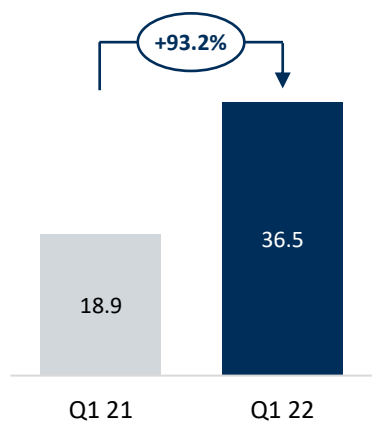
Impairment Charge ₦'bn



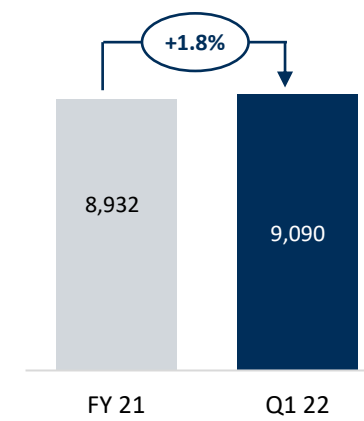
Operating Expense ₦'bn



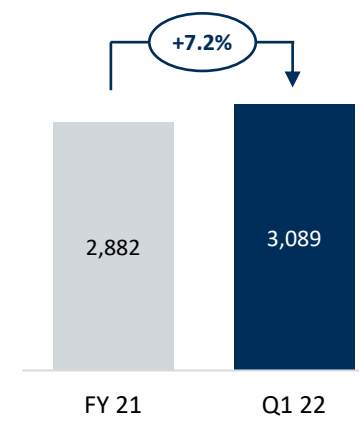
Profit Before Tax ₦'bn



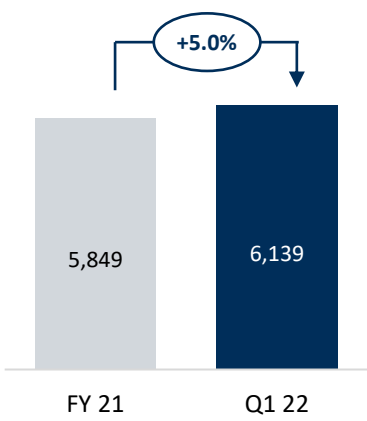
Total Assets ₦'bn



Loans and Advances ₦'bn

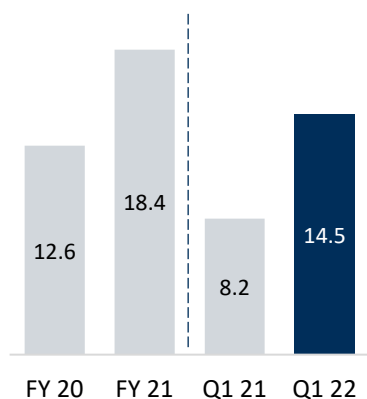


Customer Deposit ₦'bn

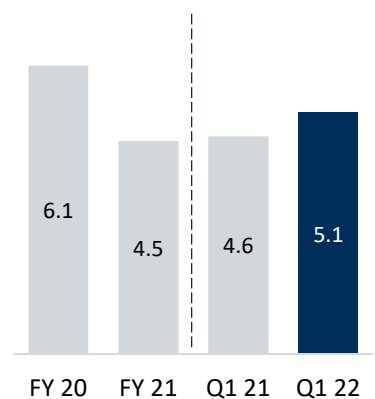


Improved profitability and strengthened balance sheet

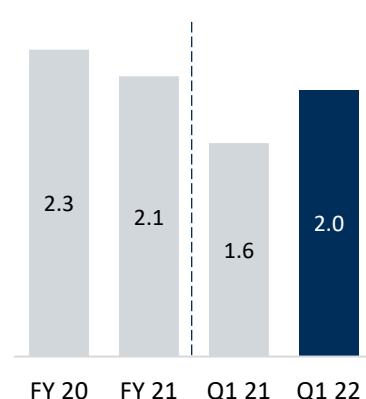
Post Tax ROaE (%)



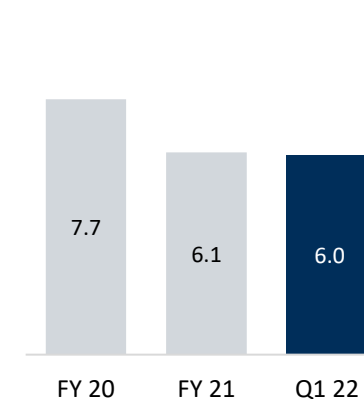
Net Interest Margin (%)



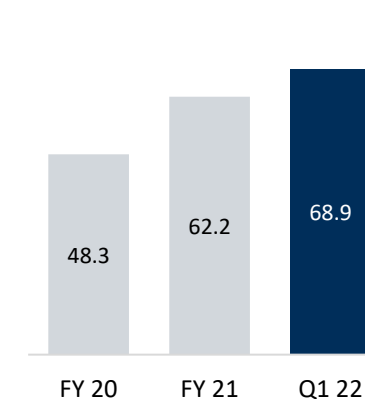
Cost of Funds (%)



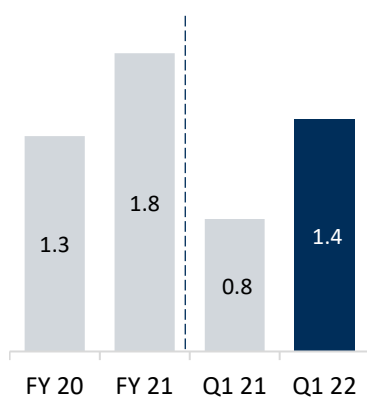
NPL Ratio %



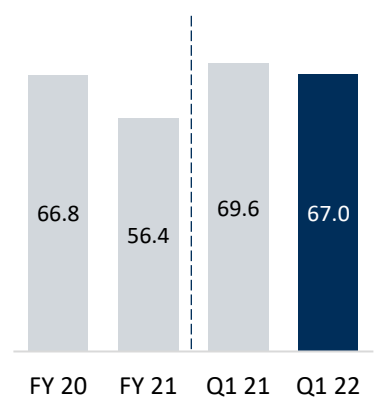
NPL Coverage (%)



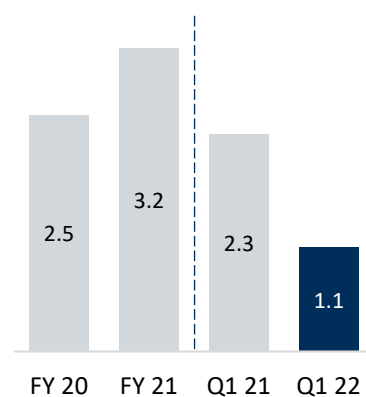
Post Tax ROaA (%)



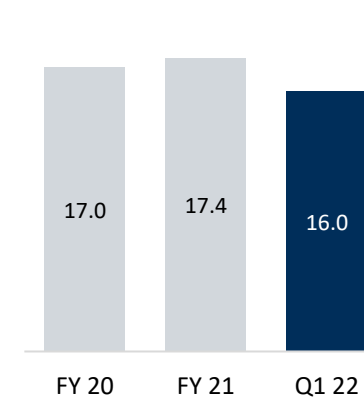
Cost to Income (%)



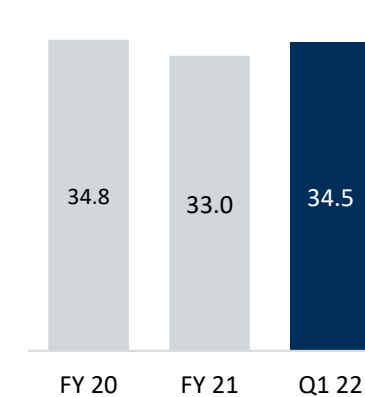
Cost of Risk (%)



Capital Adequacy Ratio⁽¹⁾ (%)



Liquidity Ratio⁽²⁾ (%)



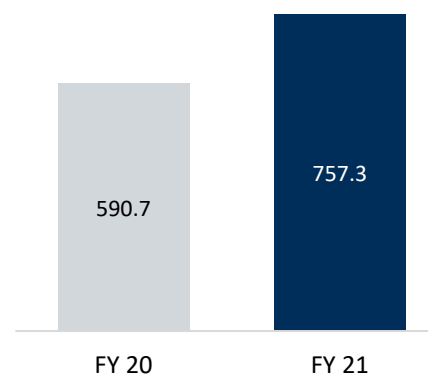
⁽¹⁾ CAR is for FirstBank (Nigeria); CAR for the Merchant Banking business is 19.5% for FY 2021 and 19.7% as at Q1 2022. Q1 22 CAR for FirstBank (Nigeria) is 16.6% when profit is capitalised

⁽²⁾ Liquidity Ratio for FirstBank (Nigeria)

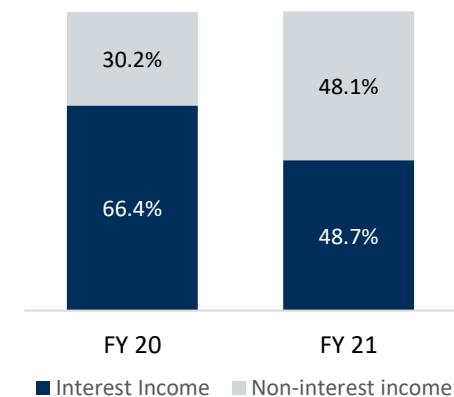
Optimising opportunities to grow overall revenue

- Gross earnings increased 28.2% y-o-y to ₦757.3 billion (Dec 2020: ₦590.7 billion); Similarly, Q122 Gross earnings increased 32.2% y-o-y
- Deepened share of Interest income from growth in loans and advances at optimised rates to quality obligors in FY21
- Improvement in net interest income in Q122 is underpinned by the rate environment and effective management of risk assets portfolio
- Improving contributions from subsidiaries
- Focus remains on optimising margins while innovatively strengthening revenue and diversification opportunities

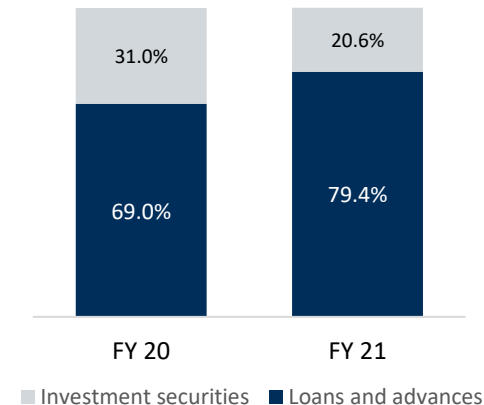
FY 21 Gross Earnings ₦'bn



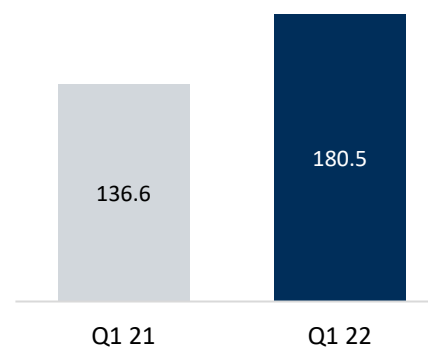
FY 21 Gross Earnings Mix



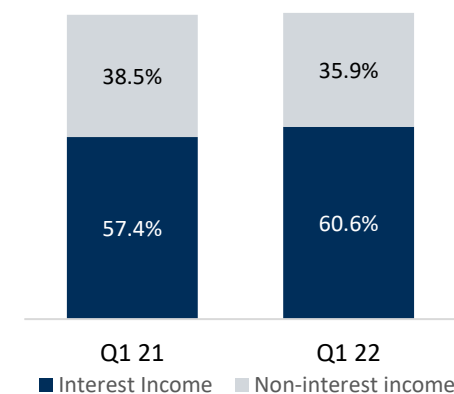
FY 21 Interest Income Mix



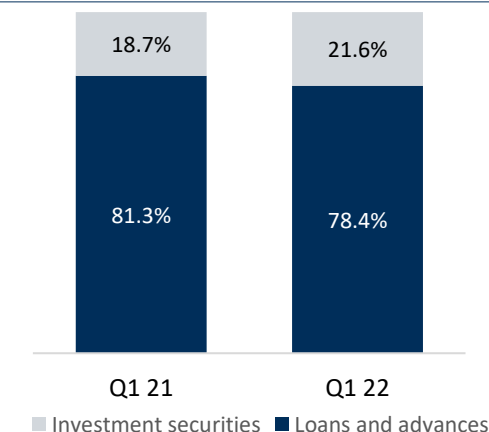
Q1 22 Gross Earnings ₦'bn



Q1 22 Gross Earnings Mix



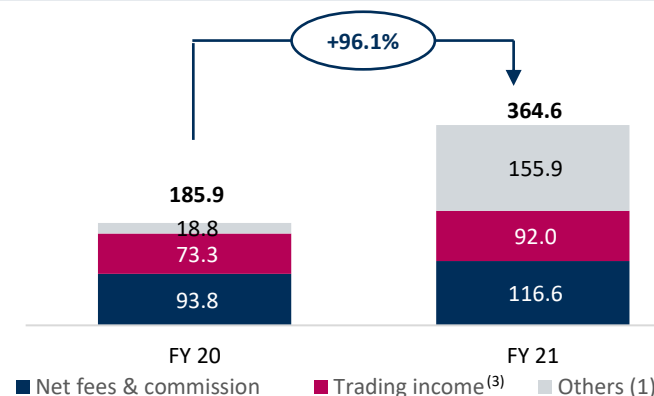
Q1 22 Interest Income Mix



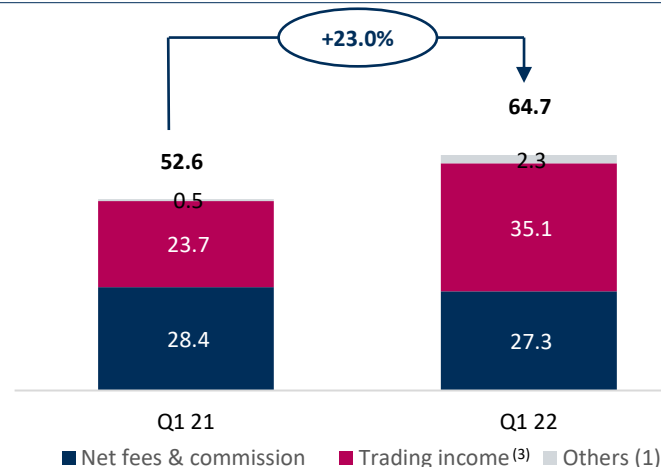
Expanding non-interest income through value added services

- Non-interest income increased 96.1% y-o-y to ₦364.6 billion
- Sustained underlying growth non-interest income increasing 23.0% y-o-y in Q122
- Recovery activities provided significant one-time upside to non-interest income, but the upward trend continues
- E-banking revenue grew by 15.8% to ₦56.4 billion (Dec 2020: ₦48.7 billion) driven by higher transactional volume in a highly competitive environment
- Account maintenance stemming from our global and large customer base continue to increase
- Annuity income from Asset Management, Trustee and Custodian grew 17.7% to ₦13.9 billion (Dec 2020: ₦11.8 billion) further supporting our revenue diversification drive
- Focus remains on sustaining non-interest revenue drive through innovations, synergies and collaboration across our businesses

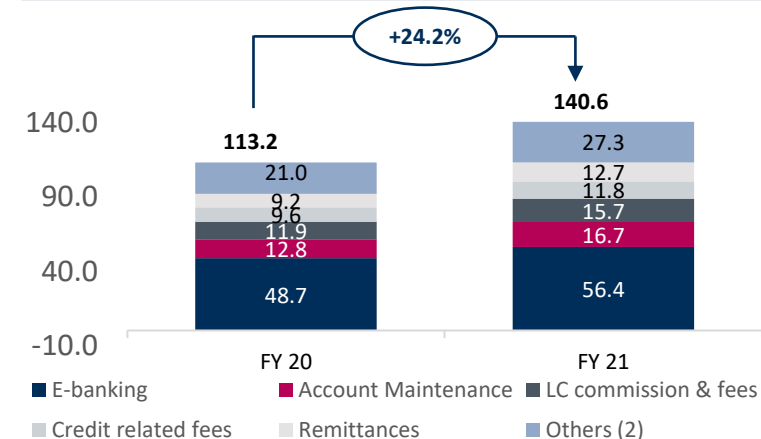
FY 21 Non-interest Income Breakdown Net (₦'bn)



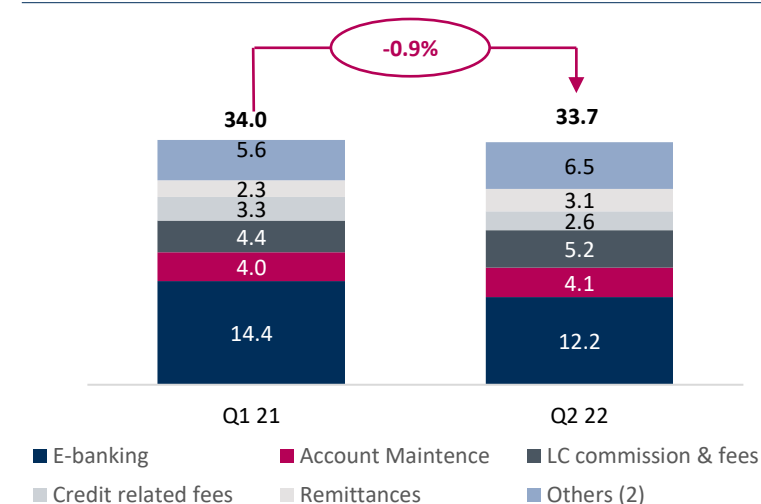
Q1 22 Non-interest Income Breakdown Net (₦'bn)



FY 21 Fees & Commission Breakdown Gross (₦'bn)



Q1 22 Fees & Commission Breakdown Gross (₦'bn)



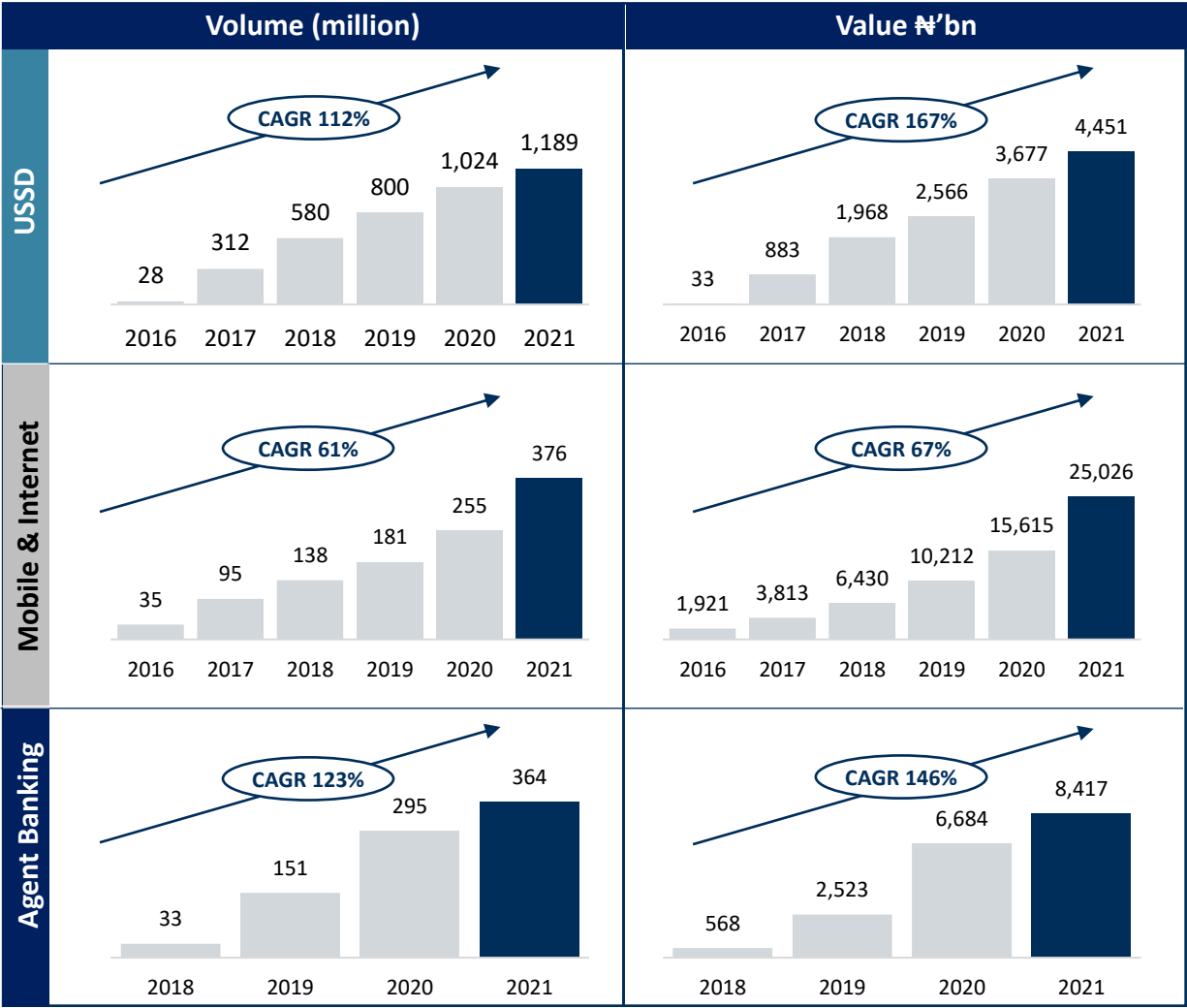
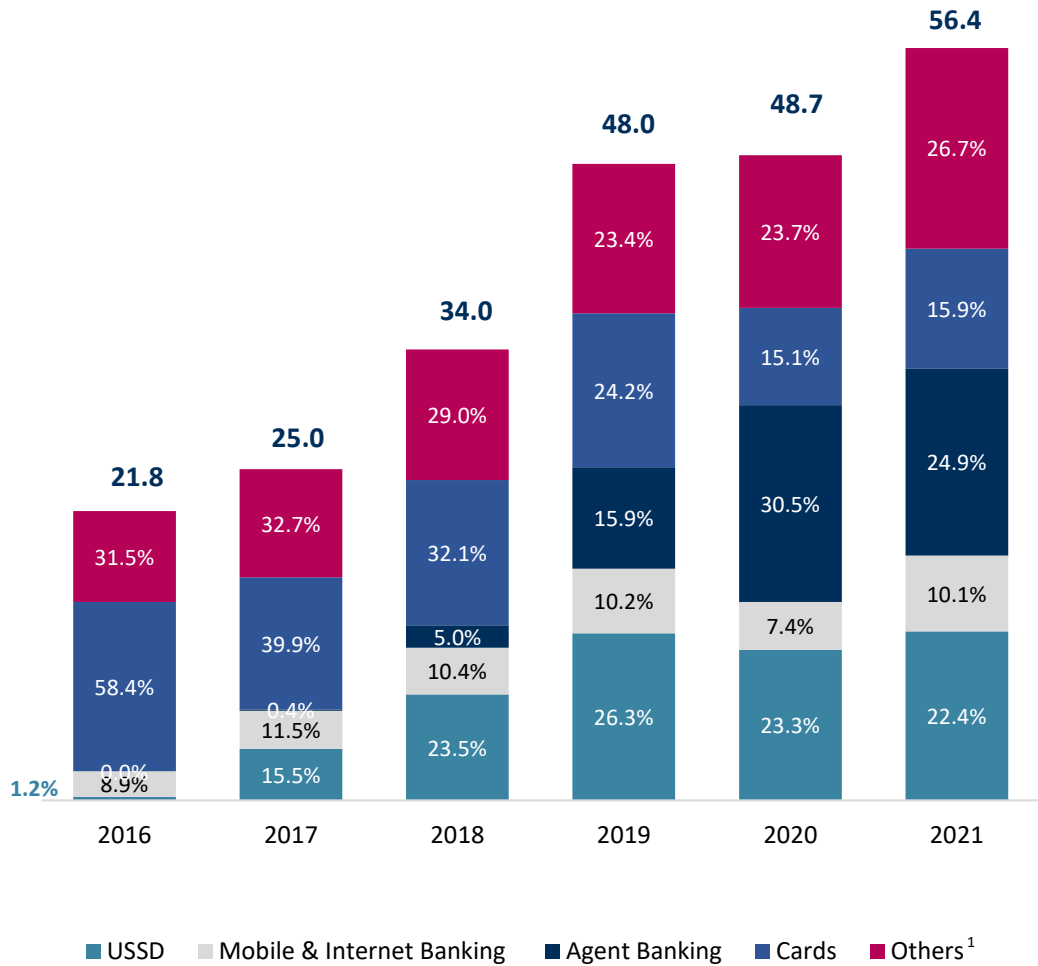
⁽¹⁾ Others include dividend income and other operating income

⁽²⁾ Others include commission on bonds and guarantees, custodian fees, financial advisory fees, fund management fees, brokerage and intermediations, other fees and commissions, trust fee income

⁽³⁾ Trading income includes Foreign exchange income, net gains/(losses) on investment securities, net gains/(losses) from financial assets at fair value through profit or loss

Sustained momentum in e-banking services

Electronic Banking Revenue ₦'bn

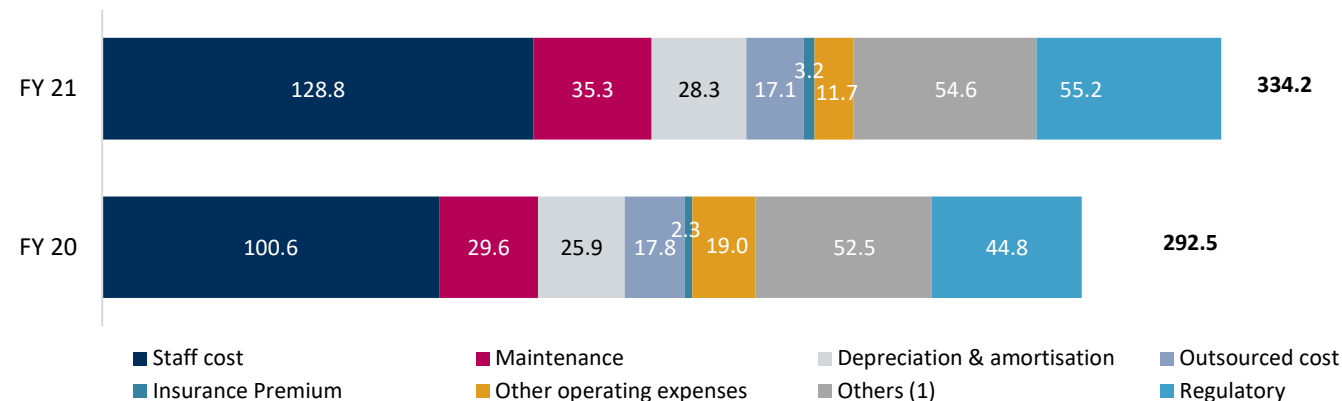


⁽¹⁾ Others include ATM, POS, SMS & Web

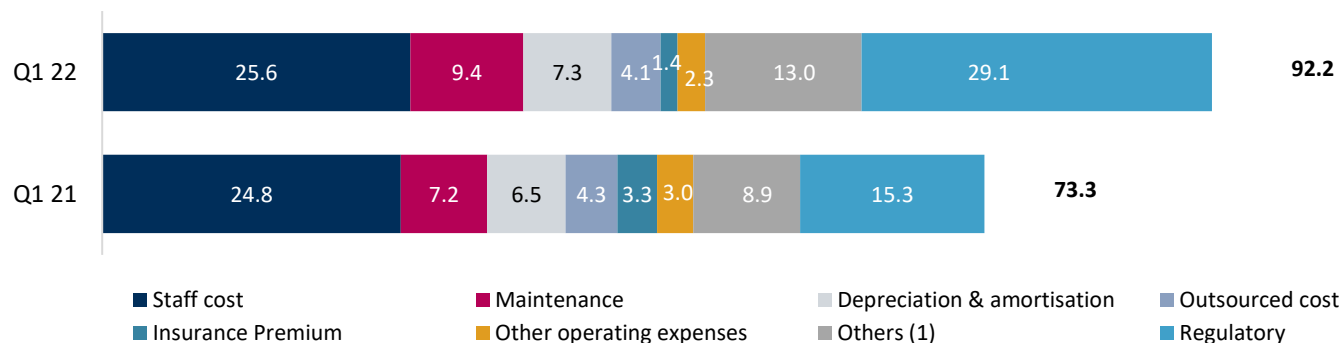
Maintaining focus on efficiency despite inflationary and currency pressure

- Opex increased by 14.2% y-o-y to ₦334.2 billion (Dec 2020: ₦292.5 billion); below the inflation rate of 15.6% in December 2021; increased further in Q122
- Operating cost largely impacted by staff cost and regulatory cost
- Investing in people and technology to futureproof the business and support growth ambitions
- Regulatory costs reflect the increasing size of the business
- Focus remains on driving operational efficiency and productivity improvements using innovation & technology tools as well as transforming channel mix to align with consumer shifts
- Committed to growing revenue and cost efficiency

FY 21 OPEX Drivers (₦'bn)



Q1 22 OPEX Drivers (₦'bn)

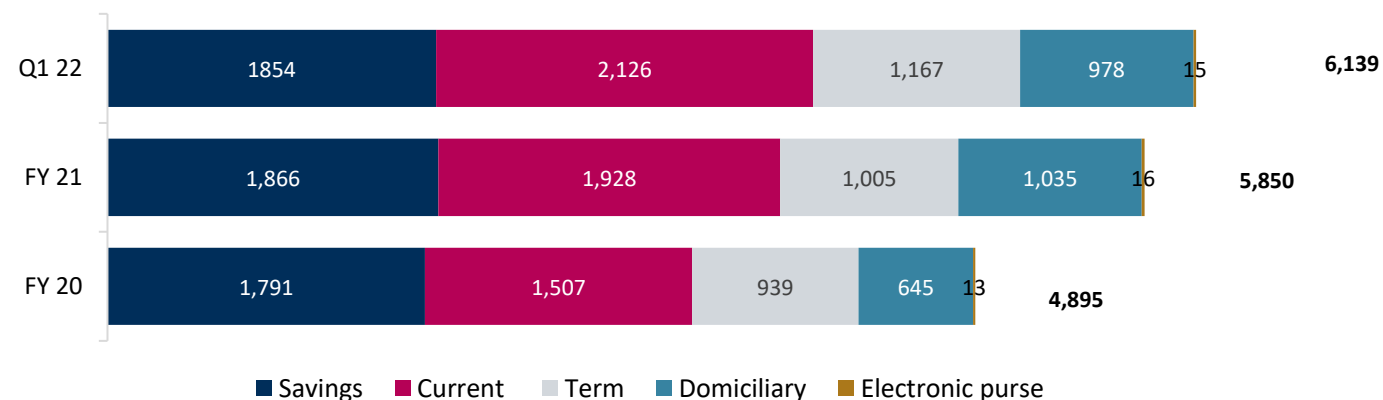


⁽¹⁾ Amortization and Impairment, directors' remuneration, cash handling charges, communication, lights and power, legal & professional fees, donations & Subscriptions, insurance premium, rent and rates, stationery & printing, passages and travels & other operating expenses

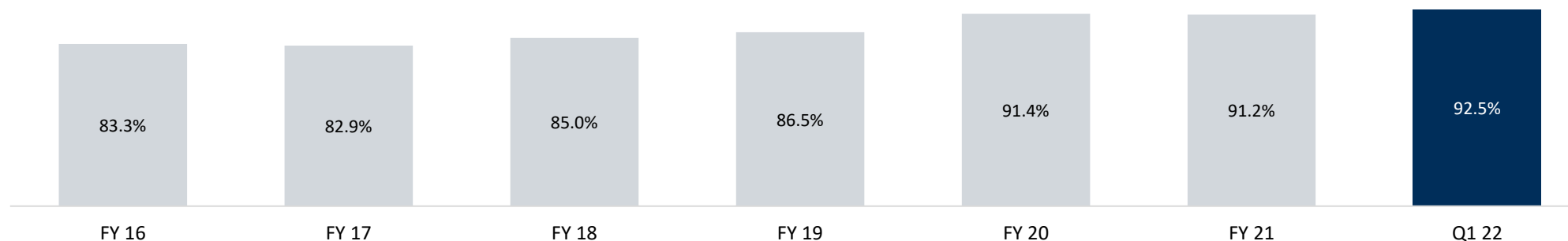
Solid market access and robust funding base

- Customer deposits increased by 19.5% y-o-y to ₦5.8 trillion (Dec 2020: ₦4.9 trillion)
- Liquidity position further supported by increased agent banking and e-banking growth
- Retail franchise remains key driver of deposit growth
- At FirstBank Nigeria, low-cost deposits continue to grow representing 92.5% of total deposits as at Q122 (FY21: 91.2%)

Customer Deposits Mix (₦'bn)



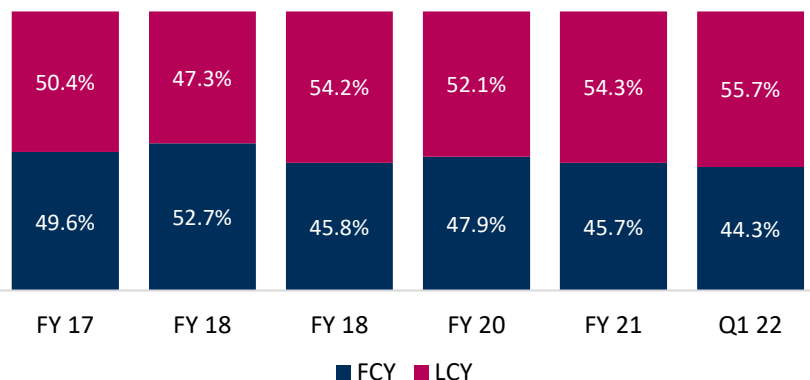
FirstBank Nigeria Low-cost deposits ⁽¹⁾



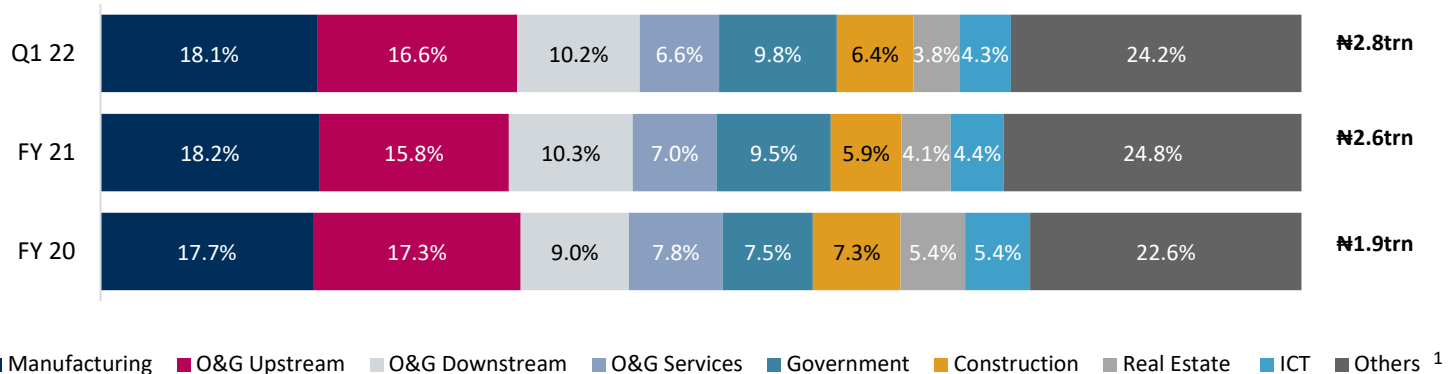
⁽¹⁾ Deposits from customers less Term deposits

Maintaining a well diversified loan book

FirstBank Nigeria Loan Currency Mix

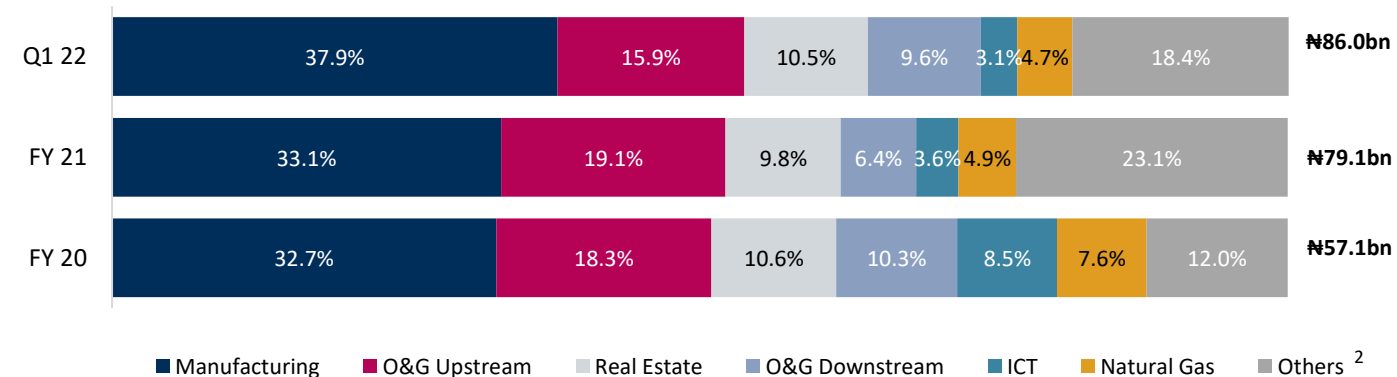


FirstBank Nigeria Gross Loan per Sector



- The Group's net customer loans increased by 30.0% y-o-y to ₦2.9 trillion (Dec 2020: ₦2.2 trillion); further by 6.0% to ₦3.1 trillion in Q122
- Increased growth of LCY loan to mitigate the impact of currency devaluation
- The bank restructured about 14% of gross loans under the CBN COVID Forbearance
- 92% of the CBN forbearance loan is in stage 2 and the balance in stage 1

FBNQuest Merchant Bank Gross Loan per Sector

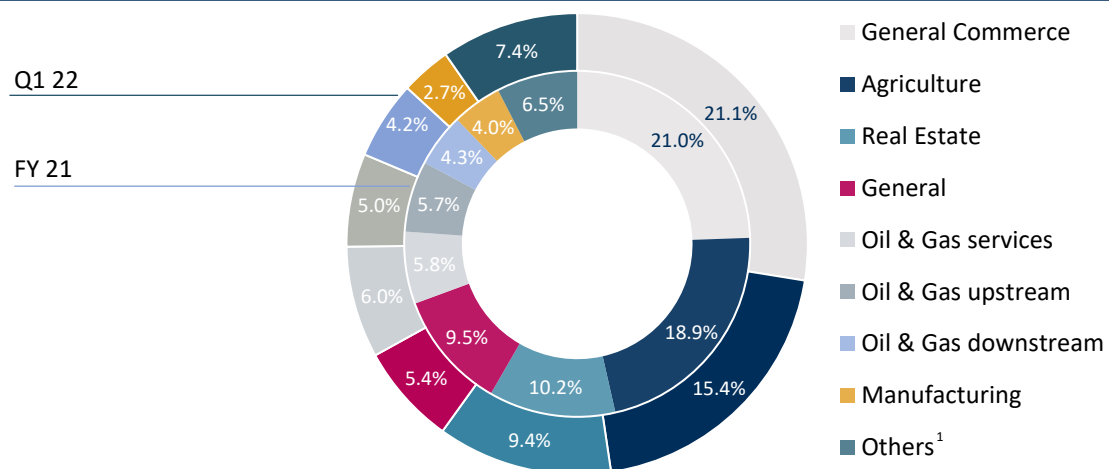


⁽¹⁾Personal & professional, power & energy, general, general commerce, public utilities, agriculture, transportation, finance & insurance, education, human health & arts

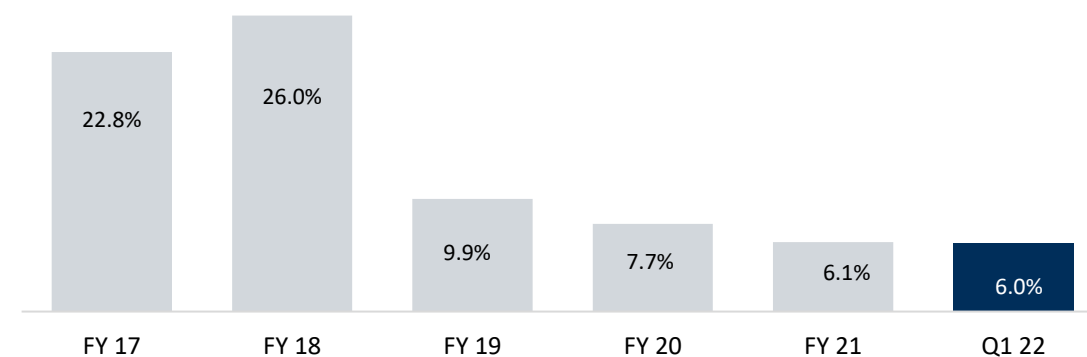
⁽²⁾Construction, general, admin & support services, power & energy, finance & insurance, general commerce & transportation & government

Asset quality improvements supporting the drive to enhance balance sheet strength

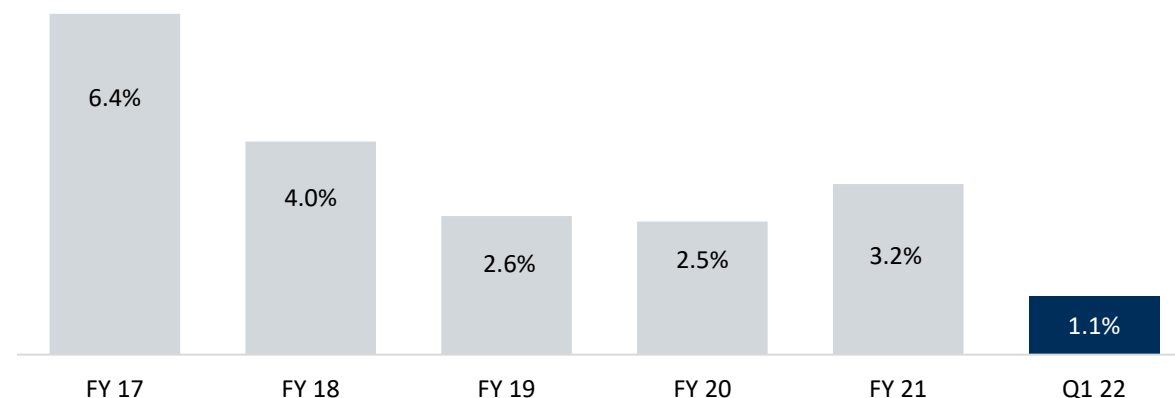
FirstBank Nigeria NPL per Sector



NPL Ratio



Cost of Risk



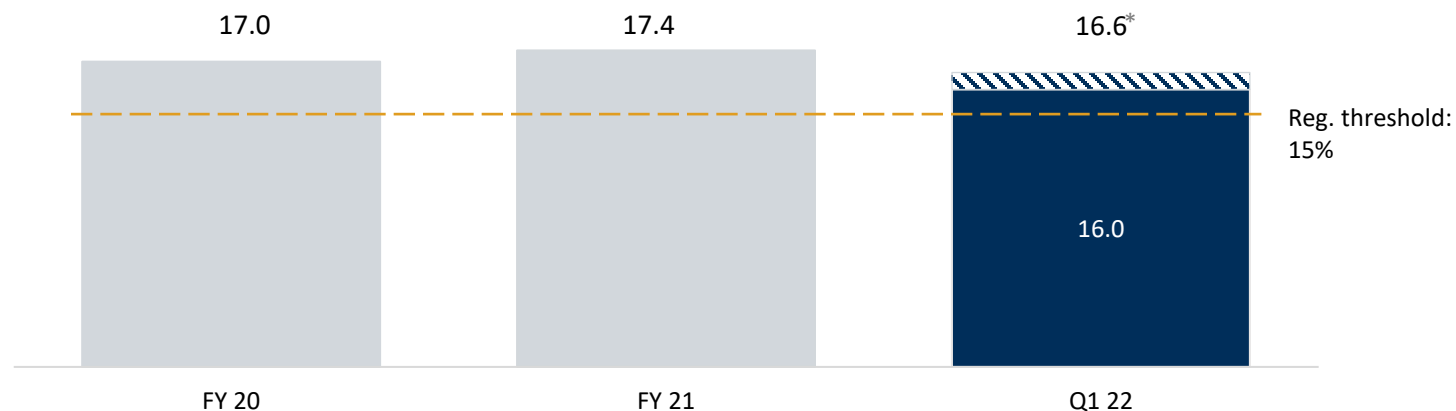
- Asset quality improved with a reduction in NPL ratio to 6.1% (Dec 2020: 7.7%); further improved to 6.0% in Q122
- Coverage ratio increased to 62.6% in Dec 2021 (Dec: 2020 48.0%) and 68.9% in Q122
- Impairment charge increased in line with our strategy to improve coverage ratio
- Cost of Risk closed at 1.1% in Q122

⁽¹⁾Others include personal & professional, construction, transportation, power & energy, education, ICT, Health, finance & insurance & arts

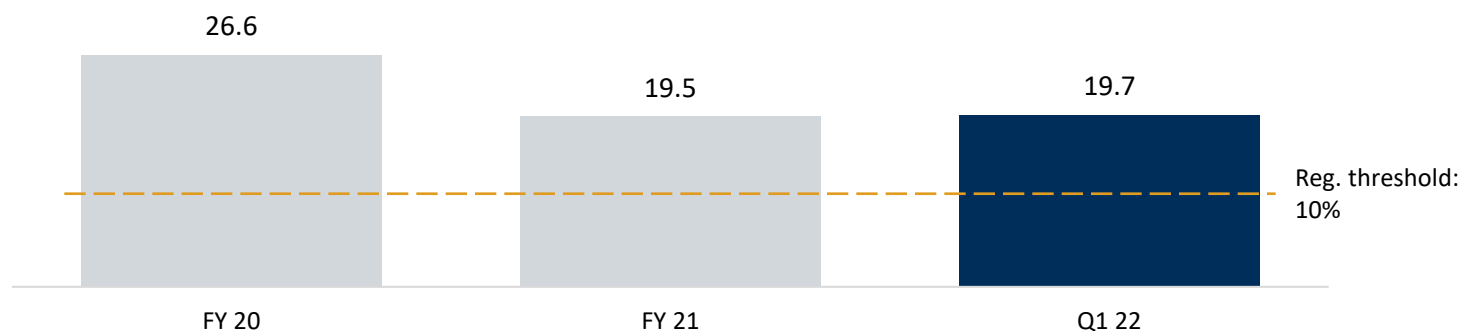
Strengthened balance sheet and a solid platform for sustainable capital accretion

- Q122 CAR¹ at 16.6% including Q122 profit (16.04% exc. profit)
- Businesses across group remain sufficiently capitalized
- Focused on organic capital generative capacity
- Increasingly diversified earnings from non-capital consuming sources support capital capacity
- Capital position will remain in compliance with regulatory guidance

FirstBank Nigeria CAR (%)



FBNQuest Merchant Bank CAR (%)



⁽¹⁾FirstBank Nigeria
* Including Q1 2022 profit

Ongoing focus on ESG initiatives

Environmental



Carbon transition – 20% reduction in oil and gas upstream loans



Waste and pollution – advanced 21.6bn to support urban mass transit and rail system

Social



¥151 million community investment across 8 countries



32% women in leadership



7% increase y-o-y on the number of FirstBank female agents

Impact

76% y-o-y growth in financial inclusion agents to **160,000+¹**

Processed **365** million transactions worth **¥8** trillion
2021 through FirstBank Agents

¥20bn paid to agents in commission in 2022

Advanced **¥130bn** to agents to support their liquidity

¹ Over 167k as at March 2022



Appendix

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Commercial Banking, Merchant Banking and Asset Management Group

Commercial Banking Group

Key financial highlights & performance ratios

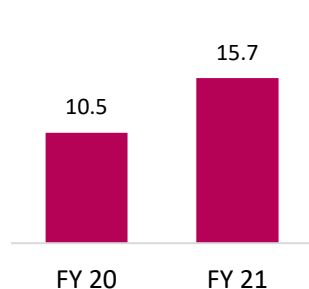
Income statement

Amn	FY 21	FY 20	y-o-y
Gross earnings	716,761	550,283	30.3%
Operating income	567,875	410,363	38.4%
Impairment charge	123,079	62,229	97.8%
Net interest income	225,686	244,592	-7.7%
Non-interest income	342,189	165,771	106.4%
Operating expense	313,922	274,569	14.3%
Profit before tax	130,873	73,564	77.9%
Profit after tax	117,840	67,750	73.9%

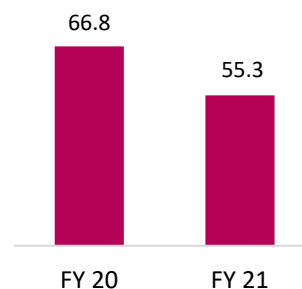
Statement of Financial Position

Amn	FY 21	FY 20	y-o-y
Loans and advances	2,835,233	2,220,497	27.7%
Deposits from customers	5,634,948	4,715,026	19.5%
Shareholders' fund	794,306	705,323	12.6%
Total assets	8,542,374	7,367,465	15.9%

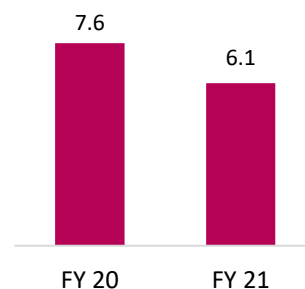
Return On Average Equity (%)



Cost To Income (%)



Non-performing Loan Ratio (%)



Merchant Banking and Asset Management Group (FBNQuest)

Key financial highlights & performance ratios

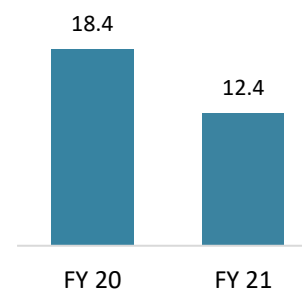
Income statement

Amn	FY 21	FY 20	y-o-y
Gross earnings	42,470	39,153	8.5%
Operating income	26,484	25,952	2.0%
Operating expense	15,527	12,868	20.7%
Profit before tax	9,754	11,796	-17.3%
Profit after tax	7,430	9,867	-24.7%

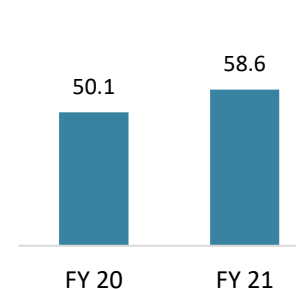
Statement of Financial Position

Amn	FY 21	FY 20	y-o-y
Loans and advances	76,769	55,759	37.7%
Deposits from customers	241,434	203,301	18.8%
Shareholders' fund	60,379	59,253	1.9%
Total assets	385,501	348,730	10.5%

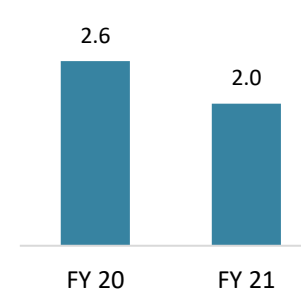
Return On Average Equity (%)



Cost To Income (%)

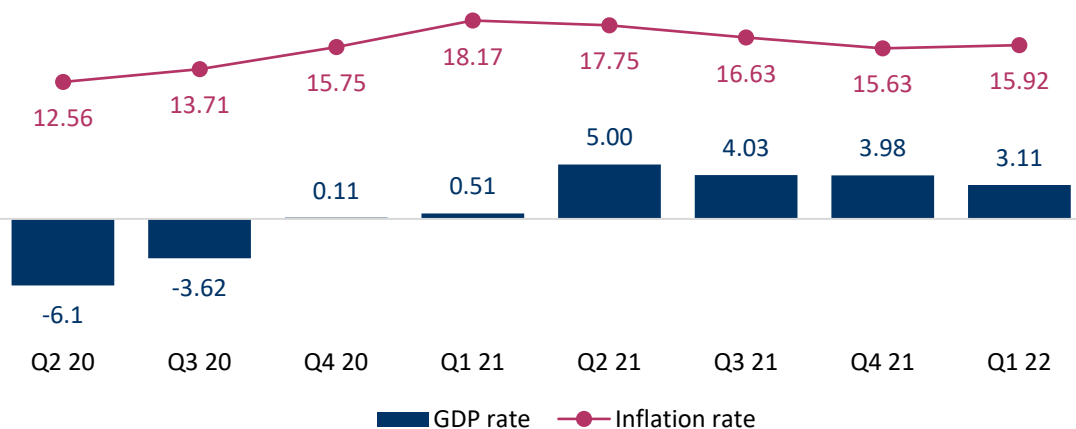


Non-performing Loan Ratio (%)

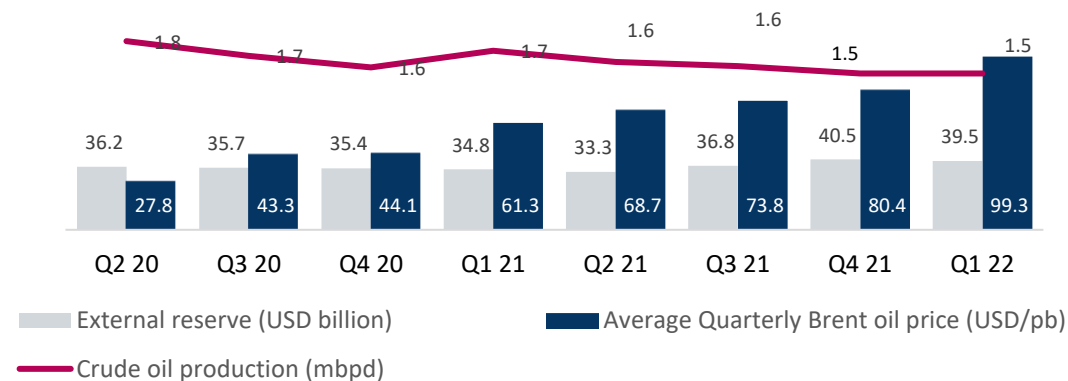


Benign improvement in operating environment

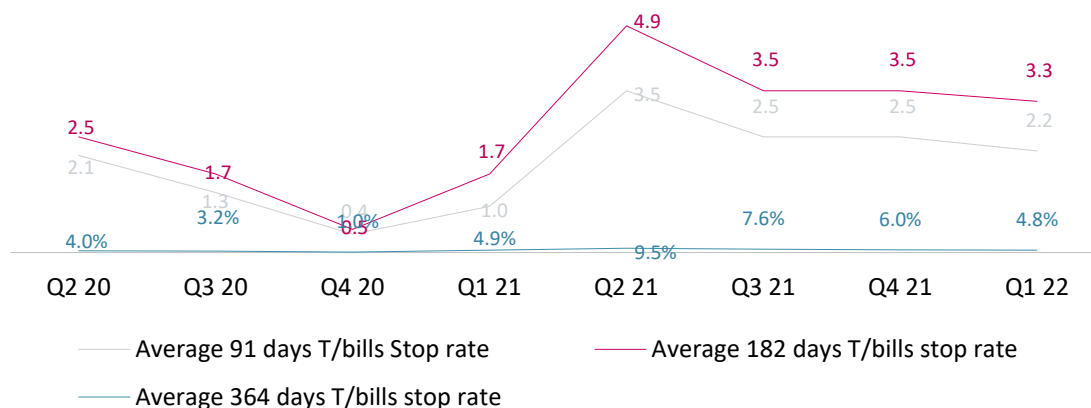
Economic recovery



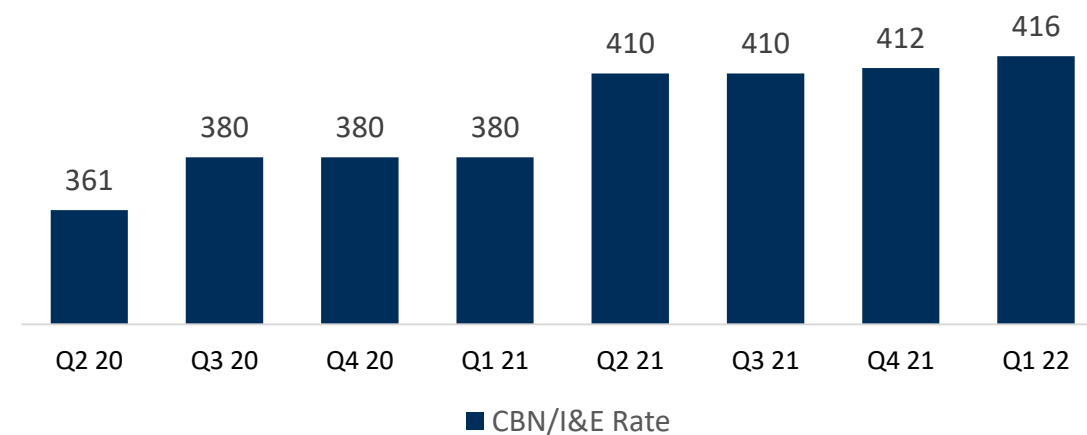
Increase in oil price supports reserves



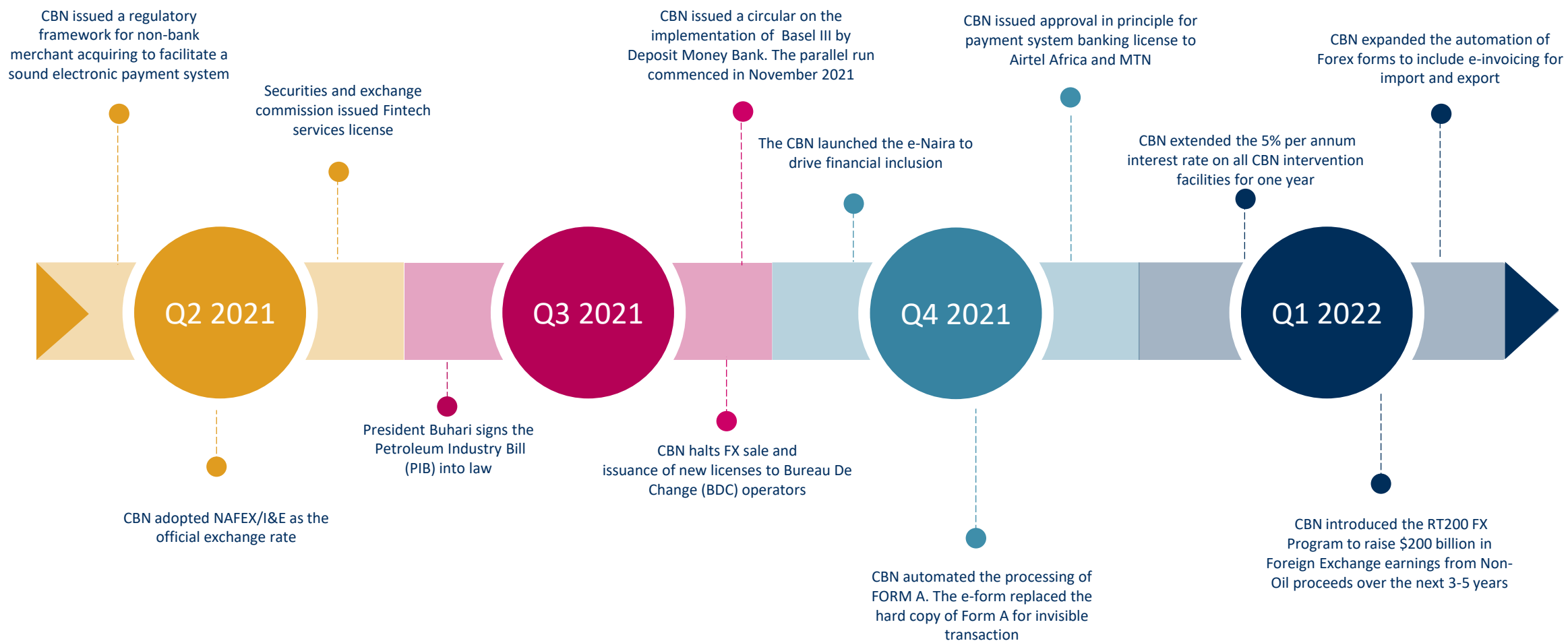
Downward reversal of fixed income rates



Stability of Exchange Rate on the I&E window



Key regulatory and policy interventions



Q1 2022 Non-financial highlights

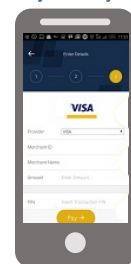
Employees



8,148

*8,220

5,155,121



First Mobile

*4,998,382



*735

*894#

Quick Banking
...so easy, so simple!

13,619,712

*13,306,832

P O S



18,108

*17, 819



61%
Male



39%
Female

*61% Male/39% Female

36.9 million
Customers

*36,000,000

ATM cards
11.9 million

*11,700,000



Automated
Teller
Machines
3,153

*3,133

Definitions

- Cost-to-income ratio computed as operating expenses divided by operating income
- Cost of risk computed as annualized credit impairment charges divided by the average opening and closing gross loans balances
- Net-interest margin computed as annualised net interest income divided by the average opening and closing balances of interest earning assets excluding financial assets at fair value through profit & loss plus unlisted debts
- Operating income is defined as gross earnings less interest expense, fee and commission expense, insurance claims and share of profit/loss from associate
- Pre-provision operating profit computed as operating profit plus impairment charge
- Net revenue computed as operating income plus share of profit/loss from associates
- NPL coverage computed as loan loss provisions plus statutory credit reserves divided by non-performing loans
- Loans to deposits ratio computed as gross loans divided by total customer deposits
- Leverage ratio computed as total assets divided by total shareholders' funds
- Return on average equity computed as profit after tax (annualised) divided by the average opening and closing balances attributable to its equity holders
- Return on average assets computed as profit after tax (annualised) divided by the average opening and closing balances of total assets

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