FBN HOLDINGS

H1 2021 RESULTS PRESENTATION

H1 2021

Tolulope Oluwole

Head, Investor Relations

Good day, ladies and gentlemen, and welcome to the FBNHoldings half-year 2021 earnings call. Thank you for taking the time to join the call today and for your continuous interest in FBNHoldings. My name is Tolu Oluwole, Head, Investor Relations. I am the moderator for this call. Following an overview by the Group Managing Director of FBNHoldings, an interactive Q&A session will be available.

However, before I hand over the call to the Group Managing Director, and as typical, I will go through a few conference protocols. Participants are encouraged to please use the raise-hand function to ask questions, and microphones will be unmuted once called upon to speak. For efficiency of this process, questions will be taken in batches of two or three before responding. And after asking questions, microphones must always be muted, except when speaking, this is very important to avoid interruptions.

That said, I would like to hand over the call to the Group Managing Director of FBN Holdings PLC, Mr UK Eke. Please go ahead, sir.

UK Eke

Group Managing Director

Thank you very much, Tolu, and let me say good afternoon, and good morning, ladies and gentlemen, and I would like to welcome you to the FBN Holdings PLC investor and analyst result presentation. This is for the half-year ended 30 June 2021. My name is UK Eke. I am the Group Managing Director of FBN Holdings PLC.

As always, I have my colleagues on this call, and I would like to introduce them very quickly - Dr Adesola Adeduntan, the CEO of FirstBank, Kayode Akinkugbe, the CEO of FBNQuest Merchant Bank. We have Wale Ariyibi, the CFO of FBN Holdings PLC. I would also like to introduce Patrick Iyamabo, the CFO of FirstBank, Segun Alebiosu, the CRO of FirstBank, and we have Ini Ebong, the Group Executive Treasury and International Banking, who is also here. Anchoring this call, as you heard earlier, is Tolu Oluwole, the Head, Investor Relations.

I think a good way to start this presentation will be to say that 2020 was indeed a very challenging year for all parties across the globe, and so far, 2021 has not been any better. We do acknowledge the fact that there has been a massive rollout of vaccines across the globe, but we also know that the pandemic has remained, I would say, resilient, particularly with reported resurgence in certain parts of the world, and lately, we have also heard of new variants that have been spotted.

So, I have to say that we are still in for a very tough ride. However, there are positive signs that have emerged between last year and now. First, Nigeria exited recession in 2020. That is good news, and between then and now, the economy has continued its recovery path, and this is 2021. You recall that in the first quarter, we grew 0.5% on the GDP and this is on the back of the 0.1% growth for the last quarter of 2020.

So, I will then move to our presentation, and I would start with slide 5, straightaway. As you can see, our businesses over the past 12 months consistently posted improved quarter-on-quarter performance. This resilience is proof that our strategy has been successful. This is something that we are proud to share, and as you see, the profits before tax is up 9.2% year on year, and that is on the back of 48.1% increase in non-interest income.

Also, interesting to note is the asset quality improvement that you obviously started spotting two years ago. We have been on that steady path to improving our NPL ratio, and impairment charge was down 20% year on year. NPL ratio, like I said, showing good signs on a steady path of a reduction, moving from 7.7% we reported at the end of the 2020 financial year to close at 7.2%, so we are happy with the journey.

Now, in line with our revenue diversification objective, we have continued to strengthen our electronic banking business, and you can see we recorded a 32.7% increase year on year on that line of business, and we are pleased again with the sustained increase in our agent banking network. Interestingly, we closed June 2021 with over 117,000 agents across the length and breadth of Nigeria.

Here, we have a very strong value proposition, very straight and very clear - enhanced overall penetration of banking and also support the deepening of financial inclusion. This is apart from rendering services to our clients and the entire banking population. Now, I would also report that we are happy with the growth we recorded, with respect to the loan book, which grew during the period by 14.5% (year to date). We have been very deliberate in focussing on manufacturing sector, power, oil and gas downstream, in addition to a strong foray into the public sector. And we have maintained, as you will expect, quality at entry, and you will hear more about the NPL on vintage book, which has continued to be well below 1%.

In addition to that, I would say we have a very healthy pipeline of transactions and deals, even as we seek to optimise the value chain in the short to medium term. Now, during this period, also, specifically on 29 April, the Central Bank appointed new non-executive directors at both FBNHoldings and the Commercial bank. Of course, the executive management team was retained.

We think that the continuation of the executive management team reflects the regulators' confidence in the direction of flight for the Group. It also ensures stability, underpinned by our sustained delivery of strategic imperatives as committed to the market and as mandated by the Board. This is what we have done over the last five and a half years or so. On that, I think it is important to dwell a bit longer on the achievements of this incumbent management team, and that takes me to slide 6.

Clearly, you will see that we have made progress over the last six years, and I am going to just walk you through the slide. Now, you would notice that our focus has been on optimising the earnings of the Group. We have also done a great deal of work on diversifying our revenue base. Rather than relying on funding income, we have had to move along the lines of transaction-led banking and electronic banking activities, which is good.

We have also been very successful, I would say, in managing the book. The asset quality has continued to improve, and we have also increased on a sustainable basis the contribution of the international subsidiaries, where we are seeing right now nearly 30% contribution from the international banking operations of the Group, so this is good. And with respect to the NPL, again, for emphasis, if you check or remember where we were in 2016, 24.4% NPL ratio, that has come down very significantly to just about 7.2% at the end of June 2021. Now, this is good news for us.

Overall, you will see an improvement in the post-tax return on average equity, which was 2.1% in 2016, and then now, we are reporting near double digits. It is 10% on the return on average equity for 2021 half year. Now, I have to say that by the time we get further down the presentation, we are tracking very well with respect to our strategic planning program, where we gave indication on where we want to land this great institution in the next three years.

We are committed and resolute that we will be able to implement all of these plans, so we will forge ahead, based on the new vigour, and this management team is committed to delivering our numbers. I would say that with respect to where we were in 2016, the commitment we have made to the market is that we will focus on cleaning up the book, strengthening transaction banking and will focus on reworking the Group diversification project, so that we do not rely so much on the Commercial bank, Nigeria. I think this has worked significantly over the last five years.

But going forward, having concluded with the clean-up of the book, which is nearly completed, we are now embarking on a new growth phase, and that new growth phase will be anchored on delivering growth, enhancing profitability and restoring the Group to its leadership position. That is the commitment we are making for the near to medium term. I will go to slide 7 just to try and spend more time on the specific things we have done.

On this slide, we are happy that our strategic focus on revenue diversification and leadership on the digital banking space has created what we call an e-banking unicorn, and that is massive. We are delighted that we have taken some aspects of our business from near-zero revenue to now delivering significant contribution to our bottom line and our gross earnings.

So, we have developed a robust and leading electronic banking business, which has the capacity to grow and also further enrich our customers' experience, and obviously, which is certain to support our Group valuation in the near term. We have broken it down into, USSD, mobile banking, agent banking, cards and others.

So, on this slide, you will see the improvement in revenues from these business lines and these product lines, and as a continuous contribution from the agent banking, the USSD and mobile banking. This is despite the 50% reduction in regulatory fees. This was something that was not envisaged, but we tried to work our volumes, so the combination of the volume and price or fees have resulted in this significant improvement in our numbers, and we are happy.

With respect to the USSD, we will continue to scale up. We believe there is so much more to be done in acquiring new customers and increasing the volumes and also the value of transactions, and this will translate to very healthy revenues for us. On the mobile and Internet banking side, we have increased our customer account, the adoption of our products, riding clearly on new and innovative offerings, so we keep sharpening and adding new products to the offering.

We are confident that this direction of travel will be sustained, and the improvement in the revenues will continue quarter on quarter, year on year. On a compounded annual growth rate basis, you will see that between 2016 and 2020, we achieved 22%. But if you flip that, between the half-year of 2020 and the half-year of 2021, you are seeing a growth of about 33%, so that tells you the momentum that has peaked on those product lines, and we will continue to see improvement year on year.

I will move straight to the next slide, which is slide 8, and what we are showcasing here is that we are in a very strong position to continue to grow along the lines I spoke, and to provide value to the stakeholders. What we are saying is that we have made investments on platforms, and we have got the capability, we have got the scale, we have got the network – we have got a strong franchise and brand recognition that can compete not just in Nigeria, but also across Africa. Some of these products and cards are already being deployed in our African subsidiaries, which means, if you extrapolate, we will continue to see improvements in the contribution of our African subsidiaries to our bottom line.

Moving on to slide 9, and here, I would like to make sure that our priorities for 2024 – our new strategic planning period – are well understood. The previous strategic plan was anchored or centred around cleaning up and relaying the foundation of the Group. I think, and the evidence supports this position, we have largely achieved this, and so the emphasis on the new phase, is that we want to now be able to drive growth in a more aggressive fashion. We want to be able to improve returns to our shareholders and want to enhance our customers' experience.

This is the new direction of travel for us over the next three years, and I would say this current thinking is anchored on four critical pillars, and I would like to just summarise them. First of all, we would like to continue to grow and diversify our revenue base, again, without so much dependence on funded income, given the platform we have built, given the products and our value proposition in the digital space. We would like to be able to diversify the earnings base significantly.

We are going to do this by leveraging the entire businesses in the Group. We will also focus on digital play, on product adoption and scaling up of our agent banking network. This is a product that did not exist about two and a half years ago. We are taking it from zero to close to 120,000 agents and so embedded in this pillar is also a high degree of synergy and collaboration across the operating entities that you find in the Group, so that is number one.

The second pillar that underpins our strategic plan is that we will continue to optimise our original footprints. Now, this is very important. Our view is that we will continue to grow organically. We will continue to, expand within the existing markets that we find ourselves and at the same time, we also think that as a huge population of the under-banked and underserved population of Nigeria, we will look to find ways and means of penetrating this huge untapped market. Given our scale and the investments we have made, we think that we are in a good position, through partnerships, through acquisitions, to drive this strategic objective of improving our footprint.

The third pillar I would like to talk about is around operational efficiency. Now, this is front and centre for us, because yes, we have the platform, but if we believe we can still improve on the efficiency of these platforms, and so we are going to be spending so much time and resources in the next three years to optimise and build our operational efficiencies. That means automating our key processes to improve customer experience, to improve customer interface. We also think it is a veritable opportunity for us to improve turnaround time and increase traffic through our platforms. We think optimising also the efficiency of our platforms will reduce significantly error rates and help us better manage our risks.

So again, we are trying to consolidate technology deployments across the Group. This is what we call the Group shared services, where some of platforms that are deployed in the Commercial bank can be extended to the Merchant bank and other entities to optimise our revenue and manage our costs better.

Finally, the fourth pillar is around just innovating and leveraging the robust and world-class technology we have deployed over time to improve and create bespoke customer experience.

This is a commitment we have given and is a work in progress for us. We are not there, but we have made giant strides and will continue to improve on what we have offered. Now, as I mentioned earlier, we believe we have the resources. We believe we have the technical and human capabilities to deliver this, and what we want to do, therefore, is to share with you on this slide what those aspirations are, speaking of the near to midterm.

So, look at the ROE. We believe that in 2024, three years from now, leveraging all of these, our propositions, we should be able to take our ROE from current 9.9% to over 20%. Clearly, it is achievable. We are working on our cost-to-income ratio. We believe that as we fire this machine and generate more revenue and manage or rein our costs, we should be able to deliver a sub-58% cost-to-income ratio. Now, keep in mind, this is a massive platform, massive franchise, with presence across Nigeria, with difficult terrines to cover, and therefore our cost base is structural, more structural than anything. But we do have a commitment to Nigeria, and we think that we can work on the revenue side, retaining the platforms but deliver a sub-60% cost-to-income ratio by 2024.

Cost of risk, we think we are on the right path - we believe we can deliver a sub-1% cost of risk in the next three years. This is a commitment we are giving to the market, and finally, on the NPL, we have demonstrated our capacity to deliver on this commitment, on this particular line. Moving from nearly 30% just about five years ago to just 7.2%, and as we expand our loan book, and book quality loans and minimise the losses, clearly, we see the sub-5% NPL achievable over the next three years.

I will then speed up very quickly. I will skip all over the other areas and just go to the conclusion to allow more time for interactions, for questions and answers. I would like to conclude by saying one more time that this incumbent management team has demonstrated a strong capacity to deliver on commitments, and this we have done over the last five years. All the promises we made to the market, we have delivered all of them, and this is strong, and the Central Bank's position on this matter is unambiguous.

We will continue to take market share from competition. Across all sectors, we will continue to take market share. Now we are on the growth path. Now we have concluded - nearly concluded - the clean-up of our books, and so the focus will continue to be on diversifying our revenue base and also sharpening our transaction-led propositions, which obviously means capital-light deployment and leveraging platforms.

We think that the commitment we have made to efficient operations are deliverable, and so our attempts at resetting this group has largely been achieved, and we remain disciplined in executing our strategic initiatives. This is the commitment we are making, and I would like to end at this point and then invite Tolu to come back and monitor or coordinate the Q&A session. Thank you very much.

Tolu, please, you have the control now.

Q&A Session

Tolulope Oluwole - FBNHoldings

Thank you very much, GMD. Okay, as we progress to the Q&A session, please ensure compliance with the earlier stated protocol, and so if you wish to ask a question, please indicate using the raise-hand functionality. Again, after asking questions, please ensure you have your microphones muted to avoid any interruptions.

So, we will now take our first question from Jerry. Jerry, please go ahead with your question.

Jerry

Yeah, thank you, Tolu. Good evening, everyone, and thank you again for this call. I just have a few questions. So firstly again, you spoke about costs. I think we can see significant value for FBNH from the cost side of things, but over the last few years, we've had this cost conversation, so I'd like to know what specific things you will do, or what you will do differently to be able to bring down costs to the level that you are expected to be at.

So, you're operating less than 60%. What would you do specifically, and what do you think have been the key hurdles when it comes to cost efficiency for FBNH? I know we've heard about the first shared services, central processing centres, and if these have not achieved the desired efficiency effects, so where should we expect that value to come from on the cost side of things?

Secondly, I also want to ask, are you looking at opportunities to expand the portfolio of businesses you have currently under the Holdco structure, again, just to strengthen the diversification benefits that you can get from it? Any plans to expand the portfolio of companies or businesses you have under coverage?

Also, a third question was is your target NPL coverage ratio? If you can help us with that, that will be helpful. Then your capital adequacy ratio of 15.7%, although it excludes the impact of retained earnings, but do you think given a 16.8%, that's sufficient enough to drive the kind of growth that you want to see happen, especially as you enter this new phase of your business?

And finally, I want to ask about the pricing environment for your liabilities. So I see your cost of funds at 1.8%, which is good, but - and how do you assess the pricing environment right now going forward, and do you think it's going to be favourable? Thank you.

UK Eke - FBN Holdings

Thank you. Tolu, I think we can take, as you announced, maybe two more on this batch.

Tolulope Oluwole - FBNHoldings

Yes, sir. So yeah, we have the next question from Toyosi Oni. Toyosi, please go ahead with the question.

Toyosi Oni

Okay, hi, team, and thank you very much for hosting this call. So, I have a set of questions around your trading gains booked in the period. So first of all, I wanted some clarity on how you classify your special bills, how much you have in special bills and what the yield is on this book.

I also wanted to ask about the size of your derivative book, and essentially, what drove the ₦19 billion gains from financial instruments fair value through profit and loss that we saw in Q2. Then, just on that line, what is the expected run rate for the rest of the year? On that trading gains question, my last question is on your liquidity ratio.

I've also got a second set of questions, and this is more around the other non-interest income drivers. So, I wanted to understand exactly what sundry income means for FBN and why this was up 12 times year on year. And then, just on your agency banking, I wanted to please ask what the total transaction value on agency banking was as at half-year.

The revenue on your agency banking, that was up 35% year on year, and I just wanted to pick your brains on the heightened competitive landscape here. So, you've seen other banks and fintechs make more significant plays, and the pricing dynamic as time as gone has become more competitive as a result.

So, I just wanted to see how you are thinking about that and how you see agency banking evolving down the line. So, I'm just running some of the numbers from the presentation, and I saw that the fastest growing of your digital channels was actually your mobile and Internet banking. I think that had like a 70% growth year on year, so at some point, do you see the revenue here outpacing that of agency banking?

Then I have some other questions on guidance, but I'll let other people ask questions, and then I'll come back later during the call. Thank you.

UK Eke - FBNHoldings

Tolu, any other question that's ready, so we can take it?

Tolulope Oluwole - FBNHoldings

Yes, sir. Okay. Given the numbers of questions, I think we can take these two sets of questions.

UK Eke - FBNHoldings

That's fine. Thank you very much to Jerry and Toyosi. Thank you. Excellent questions. I'm just going to take one, and then I will let Patrick and Segun deal with the issues from risk to costs to pricing yield, liquidity ratio, NIR drivers, agent banking.

The only one I would like to take from the HoldCo standpoint is whether we see opportunities in expanding our portfolio, and the simple answer is yes. The straight answer is yes. We see opportunities, but we will make the necessary evaluation based on strategic fit, based on the returns that we see in those sectors. Of course, you know that the economy is still in a flux. There are so many moving parts, and so from a timing standpoint, we will have to be very deliberate about it.

But yes, as a portfolio management company, we will continue to scan the environment to see how we can enter new spaces, and obviously when the time is right, we'll make the announcement. But one thing is clear - it has to be strategic. It has to fit into our current Group aspirations. The returns have to be sufficient and adequate to cover not just the hurdle rate but also surpass the hurdle rate we've set for ourselves for each of the business, and they have to make sense to even the shareholders that will consider and approve such transactions.

So, we will be updating you as we find opportunities in the marketplace. So, can I then ask Patrick to kick off with those questions that pertain to his area, and then Segun will join to answer the questions on risk. Patrick, please.

Patrick Iyamabo - FBNHoldings

Okay, so thank you very much. Thanks for the questions, and good day, everyone. There are a whole bunch of questions, and I'll just try and tick them off one by one. I think there was a question around what we are doing to drop costs, and whether the things we've explained in the past in terms of digitalisation, shared services, optimising the operating model, whether we're actually seeing results coming out of those activities. I think that's the way I'll summarise that question.

I would say yes, and I think the speaker alluded to the fact that we've been talking about cost efficiency the last couple of years. Here is how we'll put our response. Here is a perspective that might help. If you take FirstBank and we compare FirstBank to peers, and you index to December 2015. OpEx growth rate since then to date has been the lowest for FirstBank versus peers, so in other words, our cost management initiatives, if you want to independently benchmark, are actually paying off.

In terms of the OpEx growth on a year-on-year basis, again, if you X-ray that a little closely, what you would notice is that about 70% of that OpEx growth is regulatory cost induced, and by regulatory costs, we are speaking to NDIC, we are speaking to AMCON, we are speaking to the additional charge that came through the CBN Act. So in other words, in spite of the significant increase in inflation during the period, in spite of the currency devaluation, if you back out the regulatory cost, we have actually handled OpEx and managed our cost base quite well.

The reason it may not be fully expressing itself in terms of cost-to-income ratio is really more around the net revenue bit, and that is really coming out of the shrinkage in our NIMs on a year-on-year basis. Otherwise, what you will have noticed is a very clear improvement in our cost-to-income ratio. If you look at the Bank specifically, about a ₦40 billion differential revenue will drop cost-to-income ratio below 60%. So really, in summary, they're actually substantive improvements in costs. The things we spoke about are actually paying off, and you can also test that when you benchmark the improvement over the period versus peers. Yes, indeed, strategically and tactically, our efforts are delivering results.

The other question was really around CAR of 16.8%, if that is sufficient, and by that, I believe you're speaking to the CAR for the Bank. Now, we need to note a couple of things. This 16.8% we are speaking to after capitalising H1 earnings is really the net, after all the asset growth that you would factor in that occurred in the first half. In the first half, we grew loans and advances about ₦300 billion, so putting it differently, this is in spite of the business growth. This is the CAR outcome we are looking at if you capitalise earnings.

We still expect earnings to improve. We expect our CAR to continue to strengthen, so we are quite comfortable with where our CAR levels are. One thing you may notice is that our CAR level is also understated by the level of impairment charge we've had to take, so again, you can just imagine a world when our NPL per cent drops below 5%, and our impairment level is a lot less, so that CAR just continues to get so much stronger.

So again, short answer to the question, and we've consistently said this every year. We do a really great job of managing our CAR, and our CAR levels are sufficient for our business needs, and we are confident that that CAR buffer can continue to build as we improve our profitability into the second half of the year.

There was a question around the fair valuation through P&L that was recognised in the second half of the year, as well as the sundry income. I'll step back to respond to those questions. The first half of the year, we all understand the operating environment, where yields have come down pretty hard. CRR has continued to increase. NIMs have shrunk to the levels they are right now, and what we had assured your good selves was that we were alert to what was going on there, but we're also pushing all the levers on our various other non-interest income sources.

We also did point out that we were confident about our ability to push those other non-interest income sources to support our earnings objectives for the year. So, are two broad levers we've played around with, or we've worked on pretty successfully. The first is at the transactional end, and from a transactional perspective, we are talking about other income sources coming out of our e-business and that has grown double digits on a year-on-year basis, north of 30%.

We are talking about our mobile banking business that has grown more than 60% on a year-on-year basis. We are talking about our USSD basis that has grown almost 20% on a year-on-year basis. We are talking about our LCs, account maintenance, all those transactional income sources that gives you a sense of how hard and how successfully we are revving the engine. Those things have come out positively, and they're reflected in the financials.

Now, part of what we also did mention was that we also saw interesting opportunities in the market that could allow us to take advantage of the gains. The reality is any tough operating environment that has volatility actually does present a different type of opportunity. So, one of them was the - and speaking to the fair valuation to P&L were transactions we've put together. The bulk of them are really FX related, and that allowed us to accrete income. So, speaking to the ₦19 billion, that's a big figure, but a portion of that is FX related, and the balance is really other forms of transactions.

In terms of the sundry income, there are a number of things going in there, but the biggest one we'll just speak to is really income from assets realised, and as you know, we've been dealing with NPLs the last couple of years. We've taken possession of a group of assets, and we continue to realise them, and so we aggregate and realise them as we perfect our title and we get buyers for them.

There was a question around agency and speaking to the heightened competition and what next. Yes, you're correct, competition in agency space has increased, and from our perspective, some of the competitors there do not necessarily have the same objectives that we do in the immediate term. So, they are able to transact, even if they are not necessarily profitable. We have a very profitable agency business, and we intend to continue to manage it profitably.

Like I did mention, it's grown significantly on a year-on-year basis. We've noted the actions out there, particularly how some of our peers are competing. We have a much better sense of the price elasticity of demand, and there are certain things we have put in place, and we're looking forward to an exciting 2H 2021. The fact remains that in terms of agency, we know that space. We are one of the very few that has been able to successfully run it very profitably. We have differentiated advantages in terms of the capabilities existing in house.

We have the branch network that provides the hubs. Cash management is something that's big for the Bank, and it's also very important for agency. So, when you pool all of these things together, and with our current scale, not only are we looking at an exciting second half, we are very confident about growing this business successfully into the future.

Our plans for agency have only just started, if I want to put it in that perspective, and so if the question is really what next? We are looking to still grow that business significantly over the next couple of years.

Now, the question around mobile and internet growing quickly and whether we see it outpacing agency, we see them as two different channels, two exciting opportunities, and both of them with the propensity to be quite significant - not just significant in terms of profitability but able to maintain a very interesting growth rate throughout the next couple of years. I will pause here and hand off to the CRO to respond to the next set of questions.

UK Eke - FBNHoldings

Thank you, Patrick. Segun, can you please take the next set of questions?

Segun Alebiosu - FBNHoldings

Thank you, GMD. Yes, the question I have here is on the coverage. My response will be that we expect our coverage ratio to be above 60% by the end of the financial year. I think that's the only question that relates to risk that I have. Thank you.

UK Eke - FBNHoldings

Okay. Tolu, can we then move to other questions, please?

Tolulope Oluwole - FBNHoldings

Right, so we have the next question from Ronak Gadhia. Ronak, please go ahead with your question.

Ronak Gadhia

Thanks, Tolu, and thank you, team, for the detailed presentation and taking the time. Three questions from my side - firstly, if you talk about subsidiaries, the presentation suggests the contribution from subsidiaries increased to 29%. Specifically, can you talk about which subsidiaries contributed towards this turnaround and what were the specific actions taken in the subsidiaries to drive this turnaround?

The second question is on your contribution from card revenue. Based on the new slide that you have put in, it seems the card revenue has consistently declined over the last five years. Could you just maybe talk about this, because it seems quite odd given the increasing numbers of cards and POSs in Nigeria. It's quite odd to see that revenue stream consistently decline.

Then the last one is on your loan growth. I think the GMD mentioned that one of the drivers for the loan growth was increasing exposure to the public sector. Maybe you could just share a bit more insight on this, which specific segments of the public sector and how should we view the risk on this segment? Thank you.

UK Eke - FBNHoldings

Thank you very much, Ronak. Thank you. Tolu?

Tolulope Oluwole - FBN Holdings

So, we have the next question is from Gloria Fadipe. Gloria, please go ahead with your question.

Gloria Fadipe

Good afternoon and thank you for taking my questions. So, my first question is around the direction of yields and funding costs. So what I typically expect is that with rising yields that we are seeing, we should begin to see an increase in your yields on interest earning assets, while we expect to begin to also see an increase in funding costs. But from the results, from the half-year results, it appears that we begin to see these shifts, yields rising while cost of funds begin to tick up a bit.

Secondly, on your - just to get an idea what's happening with asset quality. All the loans that were restructured last year, I would like to understand and get a view of how they are performing and if you've seen a significant improvement in those loans. And then, on your Airtel shares, just an update on the status of those shares. Have they been sold as recommended by CBN or not?

Finally, those are my questions - the others have been answered already. Thank you.

UK Eke - FBNHoldings

Okay, thank you very much, Gloria. Again, I would take these questions - there are about six questions, so Patrick and Segun will also answer them. Let's kick off with Segun so that he can take the questions around loan asset quality and then Patrick will come back and talk about subsidiaries contribution, card revenues and then the direction of yields. Segun

Segun Alebiosu - FBNHoldings

Thank you, GMD. Loan growth, we saw loan growth more in manufacturing sector, not in public sector. If you check the graph, public sector is actually 0.2% increase, so the real growth was actually in manufacturing sector. We have oil and gas downstream and for people bringing in AGO and base oil. And you have individuals, personal loans, SMEs, and across, and if you check, you won't see a spike actually. You only see smoothing things out there, so we have that, and we are confident, even in public sector, where we have exposure, they are linked to federal revenue, and state revenue, I am sure you know some states that have very strong revenue.

I'm sure you know. If I tell you, I am exposed to Lagos State government, I'm not sure you will worry yourself, because cash flow will come in there. It's just small. But for manufacturing sector we've done a lot, and it has been one of our targets to expand our operation in that sector, because there are subsectors within the manufacturing sector you would not have material concentration because food and beverages will be different from what you have in metal, will be different from what you have in footwear, will be different from what you have in personal care, and so you have them distributed widely, and then you won't have a correlation, moving at random, and that was why we went into the manufacturing sector, to see how we were dipping ourselves, and again, the cash flow that will come from there.

On the asset quality, the restructured loans of last year, COVID related, are performing, you will recall they were mainly in three or four segments, those loans in government related public sector, state government that the federal government deliberately excluded. We have some in power sector where government (NBET is paying money upstream), where you have delay from there. Those ones, the cash has been coming in, so that is gone, so they are doing well.

Then you have those loans in oil and gas, and you see that oil and gas, upstream service is doing well, and since when the oil price had been above $40, we've seen a lot of progress with respect to that and so we don’t have any concerns.

Then the personal loans, they are doing well, because of course, no state government sacked staff, except maybe Kaduna State that did something not quite long, but virtually all the states sacked no one. Federal government also did not sack anyone, and there's no more multinational in Nigeria that sacked any staff. We have our personal loan intact. The major area would have been education, schools did not open on time. But then again, the totality of schools to education is low, but now schools resumed since last year. We've seen cash coming in. parents are paying school fees, and so we are back to normal. Thank you.

UK Eke - FBNHoldings

Thanks, Segun. Patrick?

Patrick Iyamabo - FBNHoldings

Okay. Thank you. I believe there were about four questions posed, so the first is really around the subsidiaries' contribution to earnings. The reality is that increasingly, the business is diversified. We spoke earlier on about diversification between interest and non-interest income. Even within non-interest income, transactions and our ability to take advantage of opportunities in the market, as well. In terms of actual business itself, we also see that diversification coming through, and that's where that interesting and attractive contribution from subsidiaries really stems from.

The custody business continues to do very well - is the second largest, second most profitable and cost effective business. The income is repeatedly and reliably delivered for the earnings.

Our international subsidiaries are also doing great. A lot of the clean-up has happened. They are turning around, and this is performance we are looking at in spite of the COVID operating environment.

We’ve got a very exciting franchise in the UK. That has delivered very well. Our tier 1 African countries are also doing really well so the DRCs and the Ghana business are doing great. Guinea is also doing quite great. The other businesses are picking momentum.

So really, the short answer to the question around subsidiary contribution is that these subsidiaries all around are increasing their contribution and doing better. That momentum is filtering through the earnings we consolidate ultimately.

There was a question around cards revenue maybe dropping? I think the - it’s really a question around relativity, right? The reality is that the cards business is great but the other businesses are growing at a faster pace than the cards business, which is why it appears as if the card business is not having -the momentum of the cards business is not where we might want it to be.

One thing you would notice, looking from 2016, there’s a slide that we shared that takes you from 2016, the split of our electronic banking business, all the way to 2021. What you will notice is, we’ve done a fantastic job of constantly introducing new products that take advantage of business opportunities in the market.

Those business opportunities tend to be business opportunities of scale and with real earnings accretion. As they contribute to the overall earnings portfolio of our e-business, some of the older more traditional businesses appear to be reducing in their share.

But the reality is, overall, the whole pot is growing but some of these new businesses are growing faster. Indeed, some of the new businesses, match it in scales larger than some of the traditional businesses.

So, what you really have there is actually fantastic. It shows that the card business is still accreting revs but it also shows that some of the businesses we've introduced in the last couple of years are even doing much better. That is the dynamics we expect to continue to maintain or persist into the next couple of years.

There was a question around yields and funding costs. That is correct. We've mentioned it before that wherever - whenever yields come down, as has occurred in the last couple of years, FirstBank takes the hit. We tend to do best in rising yield environments.

Now, once yields begin to pick up, we are one of the potential - we will be one of the best beneficiaries of that operating environment.

So absolutely, if yields begin to pick up, yes, cost of funds might pick up but we are much more comfortable about our ability to constrain the cost of fund pick up and then we can optimise our yield environment.

If you think back to a couple of years ago, 2016, thereabout, our NIMs were what? About 10%. Today they're about 4.2%, thereabout. So, just think about it for a moment. Once the yields begin to move up, the NIMs begin to open up and that is the net interest income contribution to our financials.

That is easily possible because of our liquidity position and the fact that our loan to deposit ratio gives us that leeway around the liquidity base to support, asset creation and yield enhancing opportunities.

There was a question around the update on the Airtel shares. We're still working on that. We have engaged the CBN around the deadline and that it had put forward to - for that disposal. We are confident we will make that happen, just not within the CBN window.

Quite frankly, we're excited as well about making that transaction happen because ultimately, once we're able to dispose of that interest, then there are financial benefits that will accrue to us.

So all key stakeholders are ,aligned in terms of disposing of that interest and we just need to pace it appropriately and strike the balance between quickly disposing of the instruments and optimising value for shareholders.

Like I mentioned earlier we're engaging with the Central Bank accordingly and the Central Bank is in a very good position to objectively assess what it is that we're discussing. Thank you.

UK Eke - FBNHoldings

Thank you very much, Patrick. Tolulope, over to you.

Tolulope Oluwole - FBNHoldings

Thank you very much, Patrick. Thank you, GMD. We have a question from Toyosi Oni. Toyosi, please go ahead with your question.

Toyosi Oni

Hi and thank you for another chance to clarify my questions. I don't believe I got answers on a number of questions that I asked. So, I guess the first one was how the special bills are classified. How much do you have in these bills and what is the size of your derivative book?

Another question that wasn't really answered was on the total transaction value on agency banking as at half year 2021.

Then just a follow up on the explanation that Patrick offered on the fair value gains through profit and loss. Patrick, you said that a portion of it was FX related. I'm just trying to understand better what's driving this. If you could please offer more colour on the nature of these transactions? Just to enhance my understanding and the understanding of other people on the call as well.

I'll stop here and then I'll come back in. Thank you.

UK Eke - FBNHoldings

Let me apologise to you firstly, we did not take that - those questions earlier. Apologies, please. We'll treat them right now and I'm going to ask Ini to speak to the question on special bills and treasury book. Then Patrick will come back to tackle the one on fair value which you raised - you reminded us we didn't take. Ini, are you available?

Ini Ebong - FBNHoldings

Yes, thank you for the question. In terms of our special bills, we've got roughly about - as you know, they were issued in lieu of some special refunds so we've got roughly around 700 billion worth of those bills.

As you know, the CBN has been rolling them over as they mature, depending on the tenors that are issued. We do trade those bills from time to time in between the maturity dates, as we do with other securities. So, there's nothing unusual there.

The gains or losses that are associated with those when or if they are sold are recognised accordingly.

In terms of derivatives, our derivative book encompasses the typical gamut of derivative products that are readily traded in the Nigerian market. So, swaps, forwards, repos, money market as well.

In aggregate, size is in excess of $1 billion and it's a wide range of counterparts, not just the Central Bank, if that's your question. I think that's it. Thank you.

UK Eke - FBNHoldings

Thank you, Ini. Just to check, Toyosi, are you happy with that? With respect to the treasury question and the special bills? So, we can move to the next one about fair value you raised?

Toyosi Oni

Yes, I am - that's clear.

UK Eke - FBNHoldings

Okay, thank you. Thank you, Toyosi. So, Patrick, can you just take the bit that we left out earlier?

Patrick Iyamabo - FBNHoldings

Okay, so I think she's got two questions. One of them is on the fair value through the P&L and the second is - has to do with volumes regarding agent banking, okay?

So, in terms of the fair value to P&L, what I had said is, it's a derivative related and currency derivative related. That is the nature of that transaction or those transactions that constituted a portion of that.

The next bit around agency. You wanted to get a sense of the volume of our transaction count, correct? Half year - Toyosi is that correct? If that is the case, that will be about 180 million from a transaction account perspective.

UK Eke - FBNHoldings

Okay, thank you, very much. I take it that Toyosi is happy with the response. So, can we continue with the other participants, please, Tolu?

Tolulope Oluwole - FBNHoldings

Yes, we can, sir. So, we have the next question from Muyiwa Oni. Please go ahead.

Muyiwa Oni

Thank you, Tolu. Good afternoon, gentlemen and thank you for taking the time. So, I have a few questions.

First is a follow up on the agency banking conversation. So just wanted to get a sense of your geographical spread of the agency network and where you expect to see opportunity for stronger growth in that - for the network? Your medium-term targets for your agency network? Also, get a sense of the products that seem to be driving transactions in that - for your agency network.

Then the second question is on NIMs outlook. So how do you look at NIMs. So I know you talked about a view on asset yield and cost of funds but I would want to know how one should be looking at that going forward, given when I suppose particularly with the higher rated credit, there seems to be competition around that space and how quickly are you able to increase rates - lending rates to the top corporates and how that can improve your NIMs going forward?

Then on credit growth. It has been strong and robust - I know you discussed sectors that are driving that up. I also just wanted to get a sense of demand you're seeing. Particularly from the higher rated obligors this year, relative to last year. Just to see a sense of improvement in economic activity.

On capital, so I know you've talked about being happy with capital levels right now but if you could share a ratio you are comfortable with - from a capital adequacy ratio perspective, that would be helpful.

So those are the questions. Thank you.

UK Eke - FBNHoldings

Okay, so I think we've got five questions here and again, Patrick and Segun will have to tackle them. Patrick, can I ask that you kick off with the three questions that are for you?

Patrick Iyamabo - FBNHoldings

Thank you. I think there was a question on agent banking, where we are present, where we see opportunities for growth and what can…

UK Eke - FBN Holdings

What products are driving the transactions through that?

Patrick Iyamabo - FBN Holdings

What products we're really pushing through them? I'd answer as best as possible, particularly a bit about the product because there are certain strategy considerations around those as well.

But first of all, in terms of where we are present, we are present in 772 of all 774 local government areas in the country. So, we have national presence and that national presence is especially facilitated because of our unmatched branch distribution because you need a hub to service those locations.

But we also know, and in terms of number of agents we have, we have about 100,000 agents. We see the market - we see the opportunities. We know that we have not really started scratching that just yet.

So, if the question is really around growth opportunities for agents, for agent network, the growth opportunity exists. There are lots of unmet agent growth opportunities out there. We intend to take - to pursue these opportunities over the next couple of years.

In terms of the products that are offered, you've got cash in cash out, bill payments, transfers. Those are some of the very popular products that we push through there. Then cash in, cash out, is - they're all attractive. They are all attractive products. Let's just put it that way. I don't think we necessarily need to begin to speak to the level of attractiveness of each of the products.

To the second bit around - I think there was a question around NIMs? The question was really around, how do we look to improve our NIMs, particularly given the competitive landscape, especially with the corporate obligors out there.

A few things, NIMs is really the confluence of cost of funds and yields, right? The cost of fund and our goal is really to keep that in check as much as possible. Luckily, because of our distribution advantage, we can afford to be selective in the deposits we're taking. That has occurred for most parts of this year when we actually restrained our deposits inflow.

We are very mindful about the implications of CRR for excess liquidity and so we do have a tactical reason to want to modulate our funding carefully.

In terms of the asset, there are two big buckets to the asset bit. You've got the treasuries; you've got the loans and advances. A lot of what happens with treasury is really driven by CBN regulation. What happens with loans and advances, a lot more of that is within our control.

The market is already responding to the higher yield environment by repricing credits upwards. Given where our credits are right now, vis-a-vis where we know some of our peers are, we clearly see some opportunities to reprice our existing credit offer upwards. So therein already lies an opportunity for us to improve on our NIMs.

We're also very particular about our retail business growth. The retail business has a propensity for very high yields. We have the customer base, we are making - we have made investments in technology platforms. We want to digitalise a lot of that and once we begin to push that out, we will be churning retail credits.

Retail credits will not aggregate very quickly the way wholesale credits will, but the reality is that the margins we make on those are very exciting. So that is the bit around NIMs.

In terms of CAR, the question I believe was, at what CAR level are we going to be excited around? The truth is, we do have flexibility around CAR. As you know, if CAR is too high, then you are capital inefficient. If it's too low as well, then you present the risk of having limited buffer and for our risk asset - for the risks we are taking as an institution.

CAR as a headline does not necessarily speak to the level of risk mitigant in the books. It's a statistic based on the formula that has been represented by the CBN for us to compute.

But the reality is, anything from 16.5, throw in additional 100bps, that range we think is a reasonable place to have an efficient CAR that matches the current risk profile that the Bank currently - presently has or accommodates. Thank you.

UK Eke - FBN Holdings

Thank you, very much. Segun, I think there is a question on credit growth? Also - yes?

Olusegun Alebiosu - FBNHoldings

Yes, on credit growth, you are spot on. We actually have high demand from top corporates. Interestingly, they're also expanding their facilities, so you have many of them asking you for tenor loans to allow them to expand their factories, bring in more materials. We've seen - I mean, the real growth we saw in manufacturing came from there, actually. Thank you.

UK Eke - FBN Holdings

Okay, thank you very much. Tolu?

Tolulope Oluwole - FBNHoldings

Thank you very much. So, we are - we've got one question from Ada Eze Nwachukwu. Ada Eze, please go ahead with your question.

Ada Eze Nwachukwu

I have two questions. The first question is on writebacks and recoveries. I want to know if the Bank had any recovery and what size it was in half year 2021?

My second question is on forbearance. The forbearance issue with CBN, where in the financials is it reflected and how is the Bank handling the issue? Thank you.

UK Eke - FBNHoldings

Any other question?

Tolulope Oluwole - FBNHoldings

Yes, just on the related question, so we have a question - similar question to the second question…

Tolulope Oluwole - FBNHoldings

On the related question to Ada's second question, we had that from Bayo Adekoya which says that - so to what extent have we complied with the CBN's requirements? So - and the status of the outstanding Honeywell Flour outstanding loans and the status of the lien on shares. Similarly, Mr Bayo Adekoya also wanted to find out what our 2021 projected performance is. So those are the questions we have right now.

UK Eke - FBNHoldings

All right, thank you very much, Tolu. I think the way I'd like to take these questions from Ada and the one you read out, I think from Bayo Adekoya, if I'm correct, I would just make a general comment on the CBN forbearance you talked about and then the projections for 2021.

We have not provided guidance in 2021. What we have done has been to give you our direction of travel covering our strategic planning program ending in 2024. If you look at it, what we have achieved for last year and this year, we believe we are on the right path and we're able to deliver the commitments we have made.

What is important for us is to see the future and if you agree, I'm sure you will, that we have delivered on the promises we made. Then we look beyond 2021 and say, having achieved the clean-up that we committed, having achieved the growth that we delivered, the next phase of growth will now be, how do we optimise and scale up what we have delivered so far?

So, this year has been very tough. I started with that and we're not able to give you any guidance at this time.

Now, with respect to the forbearance , I think we have addressed this question at several forums. Let me be very, very clear on what we said. In that - in saying that, I would remind though that we operate in the financial services industry and this industry is highly regulated.

There are players, multiple players, that look up to the regulator. From time-to-time, from one support or the other in the course of conducting their businesses. This is the same from America to Europe to Asia and Africa and indeed Nigeria. That is because Central Bank's mandate is very clear, maintains financial system stability.

That requires supports to banks forbearances if you want to call it that. So, when you hear the word forbearance, it could be technical, it could be commercial, it could be regulatory and it is standard. The support we get from CBN is no different from the support other players in the market get.

I think the point also has to be made that Central Bank was very clear that in terms of growth and strategic direction, that they believe that we are delivering value to stakeholders. That is why management was retained. I talked about that.

Central Bank's point also is that this is a systemically important Bank which provides support to other players in the market. So, from the regulator's standpoint, this Bank and the Group is solid.

Now, if there are specific questions on clients, I don't think that it would be appropriate for us to discuss specific clients questions here for obvious reasons and I am referring to the question that Mr Bayo Adekoya asked.

What is important is that Central Bank's directives are being complied with and so far, we are happy with the progress we are making on the name that Mr Bayo Adekoya mentioned. But to go into the specifics, I'm afraid we'll not be able to do that. We are working with Central Bank and we believe we're on the right path.

Central Bank made reference to how dominant we are in certain areas of our industry and I think that is positive for us and the changes at the board level, which you also referenced, we believe they are positive. There is stability that has been achieved.

In the last three months, the current Board has guided management into delivering numbers that we are proud of and we think that is the direction that we'll continue to travel on.

Collectively, these new directors, you will see about 350 years of experience. That is strong and I don't think anybody will question the capacity of the management and the Board to deliver the numbers we are committing to you.

So please, I just would like for us to not task us so much on discussing clients' specific engagements on this call.

I think there is the question around writebacks and recoveries from Ada Eze and I would like for Olusegun to take that.

Segun Alebiosu - FBNHoldings

Thank you, GMD. The recovery income are always shown in the financials, it can come under sundry income and it can come under classification under pre provision operating profit depending on where you intend to show it.

So you can find it in sundry income, you can find it in operating profits. You can have it in there.

I don’t know, maybe on the issues of forbearance but I will say to you that forbearance can be widely defined or stated but I will explain to you that there’s no forbearance that you see in the real sense of it. But where a regulator gives you any concession, it will be defined as forbearance and I am sure that virtually all financial institutions will have either one discretion or the other where regulator will give you a concession.

So, any concession that the regulator gives you on anything is viewed as forbearance. So, it won’t show in the financials to say, we have forbearance for example on payment of dividend, that will not show in the financials.

So, these are not issues for discussion of a financial. Financial disclosures are specific and IFRS is clear on disclosures.

On the Honeywell issue, I’m not sure the GMD has addressed this. The Honeywell issues is a regulatory issue and we are going through it but let me say to you that under IFRS 9, the Honeywell is not an impaired loan under IFRS 9.

But under regulatory issues, yes, regulatory issues are been dealt with and the regulator is dealing with the issue with FirstBank to ensure to ensure resolution. Thank you.

UK Eke - FBNHoldings

Tolu, you are in control, please. Tolu.

Tolulope Oluwole - FBNHoldings

All right, at the moment there are no hands raised, we have a question here from Ebi which says that just a bit of clarity on the loans disbursed under agency banking platform. I read recently in the news that the loans had hit 100 billion. What systems or processes have been put in place to ensure that these loans do not create downside risk to asset quality?

Segun Alebious - FBN Holdings

Okay…

Tolulope Oluwole - FBN Holdings

Sorry, the previous question asked by Wale, has been addressed in the last question that we just handled. So, we will take the question I just read out from Ebi now. Please, go ahead.

Segun Alebiosu - FBN Holdings

Okay, thank you Ebi. The agency lending is automated, so the 100 billion is aggregate and we have a good handle on this. Don't forget, we have the agency account with us and the way we give the loan is, something - you either clear it overnight, if it over a weekend, or a long weekend, holiday, you will clear it on the first working day of the week.

So for example, the last Eid holiday, we have Tuesday and Wednesday so it's likely that the agent might have taken the money on Monday night to ensure that they are able to settle all their customers throughout the holiday and so on Thursday as we're resuming, the cash the customer - the agent, has gathered from the customers that they were unable to lodge in the Bank. They will lodge them in on Thursday and that exposure will clear out. That is exactly what it is. So as at today, we do not have a single - any single NPL in respect of that. Thank you.

Tolulope Oluwole - FBNHoldings

Thank you, CRO. So finally, we have a last question from Soji Solanke. Soji, go ahead with your question, please.

Soji Solanke - Renaissance Capital

Yes, hi. Can you hear me? Hello?

Tolulope Oluwole - FBNHoldings

Yes, we can hear you, Soji.

Soji Solanke - Renaissance Capital

Okay. Yes, hi, good afternoon. This is Soji Solanke from Renaissance Capital. I just have two questions. The first one is, I'm not sure if you mentioned this earlier on but for your agency banking business, year to date, what's the total processed value? Not volume, so total processed value for agency banking, what was that number?

My second question is, I would like to get a sense from management, so there is a digital bank in Nigeria called Kuda. You know, today they announced the valuation of

$500 million based on their recent raise. Some - your market cap is probably, I don't know $600, $700, plus or minus.

So how are you thinking about this dynamic here? The valuation of a big, large legacy listed bank versus valuation of this newer, more modern, digital first fintech companies? How do you think as a Bank, you can potentially address some potential valuation issues for you as a Bank? Is this something you think about actively? Are there things you're thinking about in terms of trying to fix this valuation dynamics? Any clarity you can give would be helpful. Thank you.

UK Eke - FBNHoldings

Okay, thank you. I think any other questions, Tolu?

Tolulope Oluwole - FBNHoldings

There are no further questions at this time. You can just take the one from Soji and then we can close, if that's okay?

UK Eke - FBNHoldings

Okay, can you take the question on the process value for agent banking , that's Patrick. Can you take it? I think it's - that was with respect to the agent banking if I'm not mistaken. Patrick, can you take that?

Patrick Iyamabo - FBNHoldings

Okay, just a second please. Let me turn on my video. I think the earlier question raised - and I think Soji has clarified, he wants value as opposed to volume. So that's about 4.1 trillion speaking to value.

Now, the second question around Kuda. GMD, who do you want to take that question?

UK Eke - FBNHoldings

Please just continue, if you will?

Patrick Iyamabo - FBN Holdings

Oh, okay. So, I think there are two bits to it. The first is we're still trying to get a good sense of Kuda. There isn't enough visibility into the valuation, what's driving that. What the market has an idea of is the revs they have earned to date. As you can imagine, the earnings have absolutely no relationship with that valuation.

But - so it tells us, for example, there are other things in consideration in arriving at the valuation. We don't have enough visibility into that so unfortunately, we cannot comment on that.

What we can, however, comment on is on FirstBank. We understand why FirstBank is not fully priced and it's not unrelated to a number of the issues we've had to deal with in the last couple of years and we're working on those. We're about wrapping up a lot of those issues.

What the market is increasingly - what we would like the market to better appreciate is the FirstBank of today as opposed to the FirstBank it knew two, three years ago. The great thing is, a lot of the things we spoke to you about or we spoke with - we've discussed the last couple of years, are actually coming out to play.

The promises we made, we are delivering and the strategic positions and discussion we've had, we're actually monetising. We need to continue to improve our monetisation just as we completely resolve all the legacy issues.

There is still a lot of value in FirstBank that the market hasn't fully appreciated. We see it but we see them and as we continue with the monetisation effort and complete the restructuring effort and continue to engage the investor community, what will be crystal clear is that there is absolutely no relationship between the current market price for FirstBank today and the value that franchise presents into the future. Thank you.

UK Eke - FBNHoldings

Thank you, very much, Patrick. I think you are spot on. It just underscores the point we have been making over time that the market has not attributed the right valuation to FBNH.

If you just look at the component businesses that were reported today, based on the numbers, based on the scale, based on the size and opportunities that we are optimising, it just tells you that there is a huge undervaluation of the stock.

But notwithstanding, I think the scales are beginning to fall off. Market is beginning to see that this management, when we commit, we deliver. If you look at the performance of the Company in the market, we currently outperforming the All Share index no question. We are one of the best performing, if not the best with respect to the Banking Index.

So, we are happy with what we are seeing in terms of our ability to deliver commitments we have made to the market. As we get closer to the end of the year, I believe you will hear of improving, constantly improving numbers. Hopefully, the market will wake up and those perceptions issues that have held back our valuation will begin to reverse.

So we are confident, supremely confident, that we are on the right path and we have seen a couple of modelling - a couple of research papers, a couple of releases and analyst's comments on our stock. We are definitely headed in the right direction.

All of the comments that have come so far speak to undervaluation. All of them have reported - have recommended buy or accumulate. So that tells you that the market is seeing what is happening and we think we'll be rewarded in the not too distant time.

So, Tolu, is there any other thing or can I sign off at this time?

Tolulope Oluwole - FBNHoldings

There are no further questions at this time, GMD. So, in the absence of any further questions, if there are any additional closing remarks, we can do that now. Otherwise, we can begin to wrap up.

UK Eke - FBNHoldings

Okay, thank you very much. So, I think the first thing to do is to thank all the participants. Those that have joined on this earnings call. It's always a robust engagement with you all and we do appreciate your sustained interest in our activities.

I will say at this point that despite the headwinds, we are cautiously optimistic that this year will obviously be better than 2020. That is what we believe, and we are working towards that. It's not just about hope, it's about strategy and how we're executing that strategy deliberately and intentionally.

I think we will be updating you from time to time, should there be developments and certainly we look forward to releasing our nine months' result in the next two, three months. What that will show you is that we certainly are poised to regain our market leadership.

On that note, I would like to thank you and look forward to seeing you again. Thank you very much and bye-bye.

[End]