FBNHOLDINGS
FY 2023 AND Q1 2024 RESULTS PRESENTATION

Tolu Oluwole

Head, Investor Relations

Good day, everyone, and thank you for joining the FBNHoldings Full Year 2023 and the First Quarter 2024 Financial Results Conference Call. We appreciate the time you are spending to join us on this call and for your continued interest in FBNHoldings. My name is Tolu Oluwole. As typical, we will commence the session with an overview by the Group Managing Director of FBNHoldings and this will be followed by a Q&A session. Please raise your hand electronically to be identified. Once identified, your microphone will be unmuted, and you will be called upon to speak.

We will take the questions in batches of two or three. However, if you have any follow-up questions, do let us know by indicating them. Please ensure your microphone is always muted when not speaking. On that note, I will hand over the call now to the Group Managing Director of FBNHoldings, Nnamdi Okonkwo. Please go ahead, Sir.

Nnamdi Okonkwo

Group Managing Director – FBNHoldings

Thank you, Tolu.

Good day, ladies and gentlemen. I welcome you to today's call, where we will be discussing our full year 2023 and first-quarter 2024 results. With me on the call is Segun Alebiosu, the acting CEO FirstBank; Wale Ariyibi, the Executive Director/Finance, Investment Management & Oversight FBNHoldings; Patrick Iyamabo, the Executive Director/CFO FirstBank; Afolabi Olorode, the acting CEO FBNQuest Merchant Bank and Tolu Oluwole, Head Investor Relations, who has already introduced himself.

I will commence by discussing the operational highlights. On slide 4, I dare say that 2023 was a pivotal year for us, which marked significant financial and operational progress. I will discuss further, beginning with the financial highlights.

We recorded a remarkable 95.7% growth in gross earnings to NGN1.6 trillion. This was driven majorly by 74% year-on-year growth in interest income to NGN960 billion which represents 60.2% of gross earnings. The performance continued into Q1 as gross earnings grew 181.4% year-on-year to NGN730 billion also driven by 153.3% growth in interest income. The growth in interest income was underpinned by the improving business fundamentals and strong rate environment, which increased earnings yield to 10.7% in the financial year 2023. This is up from 8.8% in the prior year and grew further to 14.2% compared with Q1 numbers. As a result, net interest margin improved to 6.1% and by Q1, it had further improved to 7.1%. Non-interest income grew 153.6% year-on-year, and we recorded a 63.8% year-on-year growth in net fees and commissions. However, excluding trading and mark-to-market gains, non-interest income grew 52.4% year-on-year, which underscores the strength of our core banking and related offerings.

OPEX was elevated as a result of the well-known high inflationary environment and the pass-through effect of currency devaluation. Notwithstanding, the increase in operating expenses was more than offset by stronger growth in operating income, even as we successfully introduced cost containment practices. These dynamics resulted in the cost-to-income ratio of 49.1% which came down from the previous 61.7% in 2022 and further dropped to 43.1% by Q1 2024. Nonetheless, we remain committed and continue to further enhance efficiencies across our businesses.

Overall, the above description resulted in a profit before tax of NGN358.9 billion in 2023, which represents a year-on-year growth of 127.3%.

NPL at 4.7% is well within the regulatory requirements and further down to 4.0% in Q1 despite the devaluation and evolving macroeconomic environment. Coverage improved to 91.7% in 2023. These results are testaments to the strong risk management architecture and asset quality of the Group.

Earlier in the year, recall we announced our plans to raise capital, and we are going to do this through a public share offering or private share sale locally and internationally to further support our business. We are pleased to report that these plans are well in progress. The capital raise is expected to significantly enhance the Group's overall performance and the ability to pursue strategic initiatives and investments, as well as ensure compliance with the Central Bank's new capital requirements. In summary, our capital raise plan is still progressing, and we are very confident that we will meet the CBN requirements ahead of time.

I will now address Governance, and it is important to pause for a minute to highlight the recent developments in the Bank. As you are aware, Segun Alebiosu has been appointed FirstBank's acting Chief Executive Officer. This followed the retirement of Dr Sola Adeduntan. Additionally, Ebenezer

Olufowose was appointed as the new Chairman of the Board of Directors of FirstBank. Ebenezer replaces Tunde Hassan-Odukale, who retired after clocking the statutory 12 years on the Board.
I want to take this opportunity to thank Tunde Hassan-Odukale for his leadership of the Board and Dr Sola Adeduntan for the wonderful work done in guiding the Team.

On slide 5, you see that we are largely on track to deliver on our 2024 strategic priorities. Our first strategic priority has been on increasing revenue and profitability. Over the past years, we have laid the foundation for that by implementing efficient methods driven by technology and innovation. Our focus includes monetising analytics and data, optimising business development opportunities and driving new customer acquisition. We are also committed to proactively revamping our digital product development and delivery methods. There has been an increased focus globally on leveraging advanced analytics. We are implementing this to acquire deeper insights into our customers' behaviour, allowing us to tailor our offerings more effectively. Additionally, our focus on digital transformation enables us to streamline operations and improve customer experience, ultimately boosting revenue and profitability.

Our second strategic priority has been to strengthen our value proposition. We aim to continue enhancing the value created and consistently build on our brand value, as well as increasing synergies across the Group entities. In doing so, we strive to own the customer journey across both physical and digital channels locally and internationally. We refine and align our value proposition as well as reassess our business portfolio and continue to explore variable adjacencies.

Lastly, optimising operational efficiency. Over the years, this has been a fundamental focus as we constantly enhance our processes and leverage to take advantage of our scale benefits. We are committed to refining our business delivery models and Governance structure to ensure maximum efficiency and effectiveness. Furthermore, we are concentrating on business opportunities where our resources can generate the greatest returns. We will keep integrating collaborative measures and maximising operational synergies to enhance overall performance.

The 2024 targets highlighted on the right side of the same slide show the progress made. Three of these targets have already been achieved, namely ROE, cost-to-income ratio and NPL targets. Our cost of risk has clearly increased, given the current macro backdrop, as we focus on ensuring a comfortable coverage ratio.

In conclusion, I am pleased with the remarkable performance of 2023, and I thank the Team, all our operating companies and their leadership for their outstanding contributions.

In 2024, we look forward to exceeding last year's performance going by Q1 results, which we just published. We remain confident in successfully navigating the current challenging operating environment while delivering sustainable value to our stakeholders. On this note, I thank you for taking the time to listen, and I will now hand over to Tolu to moderate the Q&A.

Thank you.

Q&A Session

Tolu Oluwole - FBNHoldings

Thank you very much, GMD.

As a reminder, please raise your hand electronically to be identified. Once identified, your microphone will be unmuted, and you will be called upon to speak.

We have the first question from Joshua Arowolo. Joshua, please go ahead.

Joshua Arowolo – Stanbic IBTC Pension Managers Limited

Thank you very much for the opportunity to ask questions, and congratulations on the results. I have three questions. The first question is on dividend. I would like to know why the Management decided to reduce the dividend. Did the back-and-forth with CBN prompt it? Was it linked to CAR? Any context in that regard would be great.

The second question relates to the current structure of the loan book, particularly to determine the value of the loans that are currently under regulatory forbearance and what proportion of them has been impaired. I will pause on these two questions and perhaps come back in the queue for further questions. Thank you.

Nnamdi Okonkwo - FBNHoldings

Okay, let us take one more or two more questions before we answer, thereafter proceed.

Tolu Oluwole - FBNHoldings

Sodiq Safiriyu has a question. Sodiq, please go ahead.

Sodiq Safiriyu – Meristem Securities

Thank you very much for the opportunity to ask questions. I also have three questions. First, I would like to know from the Management's perspective the opportunities and risks that the Management sees in the Nigerian banking sector presently, given the changes in monetary policies and volatility in the macroeconomic space.

The second question refers to the NOP directives from the CBN, and how does the Bank see it affecting FX revaluation gains or losses and the fair value gains going forward?

Lastly, I would like to know the core focus areas for the FirstBank new Ag. CEO at this point.

Nnamdi Okonkwo - FBNHoldings

We will respond to these questions. The first question has to do with the rationale behind our 40 kobo dividend payment. The second question concerns loan impairment. On dividend, as you know, we are planning to raise capital by way of rights issue and other methods. We did that to reduce the pressure on our existing shareholders when it comes to rights issue.

Segun Alebiosu will take the question on the loan impairments and the opportunities and risks we see. Thereafter, Patrick would respond to the question on NOP and how it affects the Bank. Thank you.

Patrick Iyamabo – FirstBank

Good day, ladies and gentlemen. I will be responding to the question on the opportunities and risks we see in the market from FirstBank's perspective. To explain this, I will dimension into three: the impact of inflation and yield, the volatility in the FCY space, and comment on the regulation and the resultant impact. Regarding the yield environment, yields have gone up. Recall we have always explained on this call that FirstBank tends to do more favourably when yields move up because we can reprice our assets at a faster rate than our funding. We see potential to profit from the current yield environment as we approach the year end, with loans and treasuries providing the yield. If you decompose the Q1 results, you will observe a significant increase in net interest income. However, when you decompose further, you will find that it is driven by the volume in exchange rate, and also yield. Treasury is a major source of yield; as such, the outlook for us from a yield perspective is positive. Most of the volatility we see is driven through FX.

As you are aware, the currency volatility in trades translates into opportunities and profits. Currency volatility, particularly the up and down swings in either direction, operates in the same manner, and we look forward to capitalising on the trading opportunities it offers. If you observe the currency devaluation alone as it rises because we have a component of our asset base in FCY, then the translation impact is favourable for us. You look at our trading income, and I am talking about international trade because a lot of that is captured in foreign currency as the Naira devalues is positive for us. Again, if you consider the interest yield and inflation environment and think through the currency permutations in the market, they actually accrete value for FirstBank.

To respond to the question on the NOP. Banks can no longer maintain a long position but can maintain a short position up to 20%. Hence, the typical revaluation gains and a short position are, of course, capped, as you all know. The typical revaluation gains from the long positions all got capped out in Q1.

For most banks, including FirstBank, further Naira devaluation would not translate into the revaluation gains observed. Interestingly, for banks that choose to maintain a short position and can read the currency properly, it means that whenever the Naira strengthens, you would observe that some banks accrete revaluation gains out of these positions. However, that is for institutions that choose to present their balance sheet that way. However, if you take a prudent viewpoint of the balance sheet and the currency position, it means that a lot of these revaluation gains observed last year and in Q1 are unlikely to reoccur. If you think that Q1 is significantly defined or benefiting from the tailwind being associated with Naira devaluation, the remaining three quarters will benefit from the tailwind of the yield environment and the core volatility in the currency itself.

Regarding CRR, this will generate funding pressure and will cut into the margins of banks, including FirstBank, and we are already at 45% CRR. Hence, the full impact of CRR is already reflected in our books. We know what that looks like, and we are effectively containing it while still accreting all the market opportunities before us.

MPR relates to the yield discussion we had earlier. As MPR rises it drags yield along but not in lockstep. For financial institutions with a balance sheet like ours, we get to benefit.

In summary, yes, there is a lot more volatility consequence of macro events. Yes, the NOP window itself has accrued a lot of value for banks last year, and Q1 this year is largely closed. However, the reality is that for a bank like FirstBank with a robust balance sheet and very diverse earning sources, we see interesting opportunities to accrete earnings in other parts of our books. Overall, this is not a bad place to be. Thank you.

Segun Alebiosu – FirstBank

The structure of the loan book is such that it is diversified, but forborne loans are largely in the oil and gas sector upstream, and services/midstream, and impairment is in line with the terms of forbearance itself. I am sure we all know that the aim of forbearance is actually to allow these firms to quickly come up and then restructure themselves in line with their cash flow. We all know that in oil and gas upstream, no one does this kind of transaction anywhere in the world in five years. Therefore, the country has just realised the fact that project finance is not a short-term transaction and that as long as these oil companies have good reserves and assets to take care of that, cash flow will be assured over a long period, and they will amortise the exposures over time.

Regarding the new CEO's focus, I would say it is continuity. We have our strategic plans and there will be no deviation from that. If you look at the Management, exactly what we have done in the past is what we will continue to do, which is essentially growth, strong financial performance, stability and Governance.

Looking at the operating environment, I am sure we are all worried about the interest rate, the CRR and what the customer will be going through. I can assure you that there are a lot of policies in place for non-oil exports at this time because exporters are able to get good value for what they export. Hence, the dollar coming in is transparent.

Transparency is there, and you can see others from metal recycling and all kinds of things that are going on in Nigeria, and you see how we are able to export and earn value for it. Also, construction, I am sure you know that construction is booming across the country and that is allowing for growth and infrastructure development. These opportunities are emerging, and I am confident that by next quarter, many more will be available. Thank you.

Tolu Oluwole - FBNHoldings

We have a question in the chat room, and it says the major constituent of NIR is fair value gains on financial instruments at fair value through P&L. Can you specify what investments this relates to and if these equity instruments are held in FCY?

The second question is on the plan to raise capital, what time frame is expected to complete the capital raise and via which option?

And then, with the massive increase in gross loans, what was the organic loan growth, and what is the Bank's loan growth guidance for 2024?

Nnamdi Okonkwo - FBNHoldings

Thank you. Wale Ariyibi, the ED Finance, will answer the first two questions, thereafter, Segun will speak to the question on loan portfolio growth. Wale, go first.

Wale Ariyibi - FBNHoldings

Thank you, GMD, and thank you for the question. I will address the question on capital raise. The question is asking about the NGN150 billion capital raise and the timeframe for achieving the capital raise. The situation today, when we said we wanted to raise NGN150 billion, that was before the CBN circular that banks with international authorisation should increase paid-up capital i.e. share capital/share premium to NGN500 billion. As you are aware, our crown jewel, First Bank of Nigeria Limited, has an international authorisation for banking license and, therefore, should go to NGN500 billion in line with CBN regulation. When we initially intended to raise NGN150 billion, that was just for business exigencies that we felt was needed for the Bank at the time. However, today, with the announcement, we will raise that to about double or even more. The options will be from the right issue for existing shareholders, and there will be private placements and public offering such that we can raise once and for all what we need for the Bank and the expansion.

In terms of timeline, we plan that before the end of December 2024, we will have concluded the capital raise such that when we hold this call next year, i.e. full year 2024, December 31, we will be telling you that our crown jewel, FirstBank has achieved the minimum capital recapitalisation requirement of NGN500 billion. That is the plan, and we will focus on that. As time goes on, you will see an announcement to this effect and how we intend to achieve this. In summary, we plan to do the right issue for existing shareholders. We have about 1.2 million shareholders in our register and then do private placement and public offering.

I will let Patrick, the ED/CFO of the Bank, respond to the question on the fair value through profit or loss and the equity instrument or whether it is financial equity or debt and then Segun will take the question on the loan growth. Thank you,

Nnamdi Okonkwo - FBNHoldings

Patrick, please proceed, thereafter, Segun.

Patrick Iyamabo – FirstBank

Okay, thank you. To address the fair value through P&L. Essentially what you see there comes from debt securities and derivatives. Hence, that accounts for the bulk of that. Indeed, speaking to fair value through P&L for securities, if you look at our OCI, you will notice that we did book about a NGN165 billion gain in fair valuation on our equity portfolio. But we took that through OCI. If you were to account for that through P&L, our profits would have been higher accordingly. The short answer to the question is that what you really have there are debt securities and derivatives. Thank you.

Segun Alebiosu – FirstBank

Regarding loan growth for the year, about 20% of that is organic growth. The other is translation impact, as the rate moved from about 900 to about 1,300 in March. Our target for the year is 10% loan growth, but with the translation impact, we have seen movement. Thank you.

Tolu Oluwole - FBNHoldings

We have another question from Ngozi Odum. Ngozi, please go ahead with your question.

Ngozi Odum – CardinalStone Securities

Thank you, very much, and good afternoon, everyone. I have a couple of questions, so I will ask that you please indulge me. I do not know if this has been answered, but I wanted to get a sense of why we are seeing such a delay in the publication of your full year 2023 results. This is closer to when we should be expecting the first-half results. Does this have anything to do with the regulators on the assessment of your financials? Then also, speaking to your NOP position and the CBN directive, I wanted to get a sense of what your full year 2023 net open balance is and when it was unwound or how this was reflected in your performance for Q1 2024.

Regarding your loan growth, I wanted to get a sense of your organic loan growth for Q1. You have spoken about what happened in the full year 2023, but I wanted to get an expectation on what you have already recorded in loan growth for the first quarter and then also your guidance for the full year.

Lastly, your capital adequacy ratio is very close to the regulatory threshold, and I know there are plans for raising capital and so on. I do not know if you have mentioned the timeline for the capital raise and how this would impact capital adequacy ratio going forward. Will you be able to raise additional capital this year? And if not, also considering that we have seen some devaluation in the Naira for this year, how do you expect this will impact your results as of half year? Those are my questions. Thank you.

Patrick Iyamabo – FirstBank

Thank you, Ngozi, for the questions. The first question has to do with the delay in publication. That was operational, and we apologise for the delay. It has been dealt with, and we are convinced that going forward results will be released timely. To the hint you mentioned around this relating to CBN, it is not about CBN.

To the second question on NOP, we have typically not disclosed NOP, but as it is right now, it is even much less relevant because banks are no longer permitted under regulation to maintain a long NOP. The regulation required all banks to shut down all long positions in February, and in line with the regulation, we complied, and that was embedded in Q1. Therefore, a lot of those revaluation gains I previously mentioned earlier that banks typically recognised in 2023 and Q1 2024 have faded away because that NOP is closed. Again, you can have a short position up to a limit. If the Bank chooses to play with the short position in anticipation of the Naira appreciation, you could see those gains come through the books, but the long positions banks have held are just simply maintaining the FX FCY positions they have had. It is safe to say that with the long position closed and with the need to mitigate any risk from a short position revaluation gain, loss figures will be reasonably muted for banks going forward.

I will leave the Chief Executive Officer to speak about organic loan growth. However, I can point out that most of the loan growth seen in Q1 were consequent upon Naira devaluation. In terms of our CAR, there are three elements to further strengthen the CAR. The first is the use of modulating risk-weighted assets and the use of risk mitigants. In other words, collateralisation of the loans. That has implications on CAR and increasing CAR accordingly because risk-weighted assets are reduced to the extent of the risk mitigants. The other two are really related to capital injection, which is both Tier 1 and Tier 2. Wale spoke on our Tier 1 capital raise plans, and the goal is to close out Tier 1 this year. We also hinted at the kind of figures we are looking at. We also have the opportunity to throw in Tier 2. We have already signed up for a Tier 2 capital raise. The drawdown of that Tier 2 capital raise is really up to us. Once we raise the Tier 1 capital as planned, we can easily see our CAR exceeding 20%.

You throw in Tier 2 and the CAR goes even higher. From where we are sitting, the CAR discussion is not really about having a comfortable buffer or not, but it is really about having the capital base to allow the institution to carry out some of the transformational growth that we see opportunities for and we really want to capture. We are very convinced that with that capital increase those growth opportunities we are pursuing, and the earnings that we will accrete, shareholders will be even much better off than they are today. I will pause there and pass to the CEO, who used to be the CRO, to speak on the loan growth. Thank you.

Segun Alebiosu – FirstBank

Thank you, Ngozi. As I said earlier, 80% of loan growth in Q1 was as a result of translational impact, the remaining 20% was organic loan growth. Thank you.

Tolu Oluwole - FBNHoldings

We have more questions. We take one each from the chat room and live questions. Gloria Fadipe said she did not get the explanation around the dividend given the retained earnings do not count towards capital expected to be raised. Thus, how does paying a low dividend reduce the strain on shareholders?

The second question is from Ifeanyi. Can you explain the foreign exchange loss in full year 2023? How did that come about? And the CBN's policy of reducing LDR to 50% has significant implications. Could the new CBN policy on the revision of LDR ratio down to 50% influence the Bank's outlook for loan growth this year?

Wale Ariyibi - FBNHoldings

Further explanation on the issue of dividend. With respect to capital, we are dealing with two issues. Number one is paid up capital, which is separate from capital adequacy ratio. Now, especially for FirstBank, the dividend upstream to HoldCo was deliberately muted so that we can boost capital adequacy ratio. That is the point we are trying to make with respect to lessen the burden on shareholders. What we would have had to send as HoldCo to FirstBank would have been higher. However, if you check over the years, we have deliberately embarked on earnings retention in FirstBank to boost capital irrespective and despite the legacy issues that the Bank had to deal with. That is the basis of saying to lessen the burden on ultimate shareholders. Now, when you look at what we have paid over the years in terms of dividend, I would like to emphasise that the main entity to be reviewed in this case is the Holding company. Therefore, always look at the earnings per share of the company. That is where you will see what is probable to be paid. Now, ahead of the AGM, we have proposed to pay 40 kobo out of the available EPS of 42 kobo.

That is the explanation regarding lowering or lessening the burden on shareholders. Yes, CBN has come to say that paid up capital is the minimum they are looking at. But at the same time, shareholders' fund is used for capital adequacy ratio and retained earnings continue to be part of the computation for capital adequacy ratio. Thank you very much.

Patrick Iyamabo – FirstBank

I believe Ifeanyi's question was about the foreign exchange loss recorded in 2023. Whether we book a revaluation gain or loss is really driven by whether we have a long or short position on foreign currency position on our balance sheet as of that date. There are different things that can drive whether the position is long or short. If you have oversold, of course, you will be short.

If you overinvested, you will be long. But the way I would advise you to review our financials, especially at the derivative gain lines, is that part of what we did with our foreign currency balances was to swap them into or take them into derivative instruments, which essentially meant they were no longer on our balance sheet as of that date. And to the extent that we used in excess of the long position for that purpose, you will see a foreign currency revaluation loss. However, that is compensated, indeed, more than compensated for by the derivative gain accruing at that date.

If you put it together to see the complete picture, you would need to take the foreign currency revaluation loss, match it against the derivative gain, and add the net figure to give you a sense of the true value of our position even though the additional alpha from the derivative gains would be in there as well. If you run that analysis for FBNHoldings as at end of March, it will come to about a 300 billion figure. That 300 billion figure represents the net of our revaluation loss and the derivative gain recognised in 2023.

As stated, there is an alpha in there relating to the fact that we structure the derivative and instrument. But all in all, that gives you the full picture of what is going on there.

Tolu Oluwole - FBNHoldings

We will go to the next question now. This is from Ayodeji Dawodu. Ayodeji, please go ahead.

Ayodeji Dawodu – BancTrust & Co. Investment Bank

Good afternoon, and thanks for the call. Congratulations on the numbers. First of all, great to see NPL below the regulatory threshold. Just a broader question. Post the capital raise, and I guess the stronger CAR numbers, how will the capital be deployed to support the long-term growth of the Group? And maybe just in relation to that, should we be expecting a strong pan-African expansion, or will the focus still largely remain on Nigeria? Thank you.

Nnamdi Okonkwo - FBNHoldings

Thank you, Ayodeji. Wale, take that question.

Wale Ariyibi - FBNHoldings

Thank you, GMD and Ayodeji. The question is how we are going to deploy the capital. As I said earlier, for business exigencies that we felt were imminent at that point. That was when we were coming to the market for NGN150 billion, which essentially was going to be the right issue. Now let me take this opportunity also to take this one question, do we have confidence that we will be able to raise capital based on valuation? I will take the two questions.

We enjoy the support of our shareholders, and at NGN150 billion, in spite of the fact that it was the right issue, we were sure, almost certain of the support we were going to get from our shareholders in raising that NGN150 billion. We had to pause because of the announcement by the Central Bank. Therefore, today, with CBN requesting NGN500 billion paid up capital for a bank like FirstBank, what we actually need would be about NGN260 billion, something you must have deduced from our financials. To raise that is not a problem, but we want to take the opportunity to do even more such that, number one, all the growth opportunities and businesses that we have mentioned on this call that our CAR, particularly in FirstBank, is close to the threshold. For most of the years, we have had to deal with some legacy issues. Therefore, that has impacted our growth essentially, but with this new capital, we are able to take all those projects that are very attractive and value accretive.

Recall on this call, Patrick said when rates are high, it is more accretive to us as an organisation. Therefore, we can do even a lot more arbitrage and make money from treasury. In the presentation, you will see that in terms of where we have made money from, it is from treasury operations, corporate banking and retail banking. Thus, where to deploy the funds is not a problem at all. All options are on the table, and we are going to scan the environment to see. Again, to reiterate, before the end of this year, 2024, we have concluded that FirstBank will have gone beyond NGN500 billion in paid-up capital. Now when you add the other items considering shareholders fund, of course, we will be approaching NGN1.8 trillion. With that, we are even in a very good position to do all sorts of things that are still under consideration. However, be rest assured, when we have to deploy the money, it is not a problem. Support from shareholders is not a problem, and we may need to refund some money at the end of these plans, given the assurances we have received.

That is how I will leave it; as time goes on, you will see the announcement and how we are progressing. However, before the end of 2024, we will have achieved the NGN500 billion minimum of FirstBank. The CBN timeline is March 2026. However, you will have seen what we have achieved with the money before then. Today, we are not able to disclose all the plans because they have not been concretised. However, we have clear ideas of how we are going to deploy the money and raise the money. Thank you.

Tolu Oluwole - FBNHoldings

We have a question from Damilare Asimiyu. Damilare says I would like to comment on the Management for the fantastic job so far, given the turbulent position of the Group about six to seven years ago. Does FBNHoldings still enjoy the forbearance intervention and support from CBN? He also wants to discuss the liquidity position as at full year 2023.

There is a question from Nabila. Are there any plans to improve the contribution of other business verticals going forward? And then just asking to discuss the area of focus. Thank you.

Nnamdi Okonkwo - FBNHoldings

Alright. Of course, in our investment banking group, we are looking to scale up contributions from the area. I will leave it at that because the plans are still underway. Thank you.

Tolu Oluwole - FBNHoldings

There is a question from Damilare Asimiyu. Damilare, please go ahead.

Damilare Asimiyu – Afrinvest

This is to reiterate that the second question I asked has not been answered, which has to do with knowing the liquidity ratio of the Bank or the Group rather as of the end of 2023.

Patrick Iyamabo - FirstBank

That was about 34%.

Tolu Oluwole - FBNHoldings

And we also have that in the presentation. Thanks, Damilare. Tomiwa, you have the next question.

Tomiwa Adeniyi – Agusto & Co

Thank you. I just wanted to clarify; I am not sure if this has been answered. I want to know in terms of the sector that the Bank wants to play in 2024 when it comes to credit origination and all. I want to know in detail which sectors you think we see more opportunity here, considering what has been happening in the economy and the headlines as well. Thank you.

Segun Alebiosu – FirstBank

Our area of interest will be non-oil exports and construction infrastructure. As I said, looking at the exchange rates, it is working positively for non-oil exports, and I observed that even farmers and exporters of cocoa, cashew, sesame seeds and other commodities exporters are richer. You can see the price of those items also going up. We are seeing that because dollars need to come in and on construction, you can see all the construction going on elsewhere.

I am sure you are aware that different states are doing construction, you are aware of the federal government doing construction, and there are a lot of things going on out there. These are the two main areas that we are looking at this year. Manufacturing will always be at play, but largely, most manufacturers are not expanding. They are only getting raw materials to feed their factories to those who come to trade, and there will be normal activities. Thank you.

Tolu Oluwole - FBNHoldings

We only have one question here, and that is from Joshua Arowolo. Joshua, please go ahead with your question.

Joshua Arowolo – Stanbic IBTC Pension Managers Limited

Thank you. This is a follow-up question to get the value of the forbearance loan and how much has been impaired. Can that be disclosed? Thank you.

Segun Alebiosu – FirstBank

I did explain earlier that the level of impairment regarding the term of forbearance agreed with the Central Bank is across the industry. If you permit me, I will not disclose the level of forbearance, but it has not changed from the position we have in 2022. It is still the same name and account. Nothing has changed other than that we have seen material progress on these accounts. Furthermore, I explained that the major problem that we found ourselves in is in oil and gas upstream force majeure in 2022, and under IFRS 9, it is a grant not to impair an account. When you have a situation where almost 80% of crude oil product was stolen in the Niger Delta. I mean, how will you now impair accounts that produce those goods that were stolen but they are back now running. And you can see even the country itself is making progress on oil and gas upstream. Cash flow has resumed on virtually all the accounts. Therefore, there is nothing to worry about.

Nnamdi Okonkwo - FBNHoldings

Ladies and gentlemen, I want to thank you for participating in this call today. I also want to thank our colleagues in the different operating companies and the HoldCo for the remarkable result of 2023. We are very confident that 2024 will be even better. Q1 has already indicated that. We will return to the trenches now and make sure that we deliver an even better set of numbers in 2024. On that note, I thank you on behalf of my colleagues for participating in this call today and hereby declare the session closed. Thank you.

Tolu Oluwole - FBNHoldings

This concludes the FBNHoldings full year 2023 and Q1 2024 financial results conference call. Thank you for your participation. You may now disconnect.