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FirstBank of Nigeria Plc

Unaudited group results for the 9 months ended 30 September 2011

FIRST BANK OF NIGERIA PLC REPORTS 9 MONTHS 2011 OPERATING INCOME OF ₦179.7 BILLION, UP 38% OVER PRIOR YEAR AND 49% OVER PRIOR QUARTER

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG (FirstBank+ or the Group+)), the most diversified financial services group in Nigeria with international presence in London, Paris, Johannesburg, Beijing and the United Arab Emirates announces its unaudited results for the 9 months ended 30 September 2011.

Group Financial Highlights

- Gross earnings of ₦211.2 billion, an increase of 19% compared with the equivalent period in 2010 (₦177.1 billion September 2010)
- Net interest income of ₦118.9 billion, up 33% on the prior year (₦89.6 billion September 2010)
- Operating income of ₦179.7 billion, up 38% on the prior year (₦130.3 billion September 2010)
- Profit before tax of ₦49.0 billion, up 20% on the prior year (₦40.7 billion September 2010)
- Profit after tax of ₦42.2 billion, up 32% (₦32.6 billion September 2010)
- Total assets of ₦2.9 trillion, up 18% (₦2.4 trillion September 2010)
- Deposits of ₦2.0 trillion, up 30% (₦1.6 trillion September 2010)
- Net loans & advances¹ of ₦1.3 trillion, up 11% (₦1.1 trillion in September 2010)
- Loan loss provision in balance sheet of ₦61 billion (₦49.9 billion in September 2010)
- Provision for credit losses of ₦18.7 billion
- Shareholders' funds of ₦322 billion, up 4% (₦310 billion in September 2010)
- Risk weighted assets of ₦2.1 trillion up 10% (₦1.9 trillion in September 2010)
- Basic earnings per share of 175 kobo (133 kobo September 2010)

¹Including advances under finance leases

Key Ratios

- Cost of funds of 2.1% (2.2% in June 2011 and 4.5% in September 2010)
- Net interest margin of 6.6% (7.1% in June 2011 and 5.7% in September 2010)
- Return on average equity of 18.1% (19.8% in June 2011 and 14.0% September 2010)
- Return on average assets of 2.2% (2.4% in June 2011 and 2.0% September 2010)
- Cost to income ratio of 59.6% (58.6% June 2011 and 64.4% September 2010)
- Cost of risk of 2.0% (2.3% June 2011 and 0.8% September 2010)
- Gross loan-to-deposit ratio of 66.6% (67.3% June 2011 and 74.1% September 2010)
- Non-performing loan ratio of 4.7% (3.8% June 2011 and 5.8% September 2010)
- Non-performing loan coverage ratio of 95.9% (104.9% June 2011 and 71.5% September 2010)
- Total capital adequacy ratio of 17.5% (17.3% June 2011 and 17.0% September 2010)
- Tier 1 capital ratio of 15.4% (14.9% June 2011 and 15.4% September 2010)
- Bank liquidity ratio of 50.1% (50.4% June 2011 and 41.3% September 2010)

Commenting on the results, Bisi Onasanya, Group Managing Director of FirstBank, said:

“In conditions which presented both opportunities and challenges, FirstBank turned in very satisfying results, signifying the robustness and resilience of our business model. Our operating income grew 38% over the prior year period, benefitting from a higher interest rate environment, rising contribution from non-interest revenue and a deliberate focus on optimising our assets. In the same vein, we grew our loan book by 11% in the first nine months of the year, largely in the corporate and retail banking segments, with landmark transactions in the telecommunications, oil and gas and manufacturing sectors. A large portion of loans granted in the quarter were foreign currency loans, driven by increasing participation in oil and gas, as well as trade finance sectors. In the wake of record half year performance, our deposit book has continued to grow, up 5% quarter on quarter and 30% year to date to ₦2.0 trillion - positively impacted by the iconic FirstBank brand, confidence of the banking public, product innovation as well as our ongoing transformation agenda which has resulted in much shorter turnaround times in servicing our customers”.

“Furthermore we have begun to see very encouraging results from the change in our operating structure from a geographic to a customer segmented approach which emphasises specialisation across all business segments. We have deepened existing relationships with key institutional clients, which has resulted in increasing our share of the clients’ wallet based on heightened understanding of their business and banking requirements, deeper product penetration, reactivation of dormant accounts and increasing traction with new customer acquisition. FirstBank has long been the industry leader in terms of total assets and size; we are on track to deliver benefits from our transformation and automation programme and are determined to become the market leader in terms of efficiency and profitability”.

Onasanya added *“I am also happy to announce the acquisition of Banque Internationale de Credit (BIC) - one of the leading banks in the Democratic Republic of Congo (DRC) in terms of profitability and scale. With respect to our international strategy, we have taken a thorough and disciplined approach to selecting our intended new markets, based on criteria which include macroeconomics, banking sector dynamics and growth potential, as well as other strategic considerations. Over the next few years, we will significantly extend our franchise and raise the Bank’s profile beyond our current borders, establishing presence in a select number of African countries which are of interest. The acquisition of BIC represents the first of our planned entries into a number of African countries in the short to medium term”*.

Speaking on efficiency, the Chief Financial Officer, Mr Bayo Adelabu, said *“we have made significant progress with improving our efficiency levels, and maintain our earlier guidance of 60% cost to income ratio for the full year. We continue to focus on optimising revenues from our asset base as well as driving sustained benefits from the ongoing cost optimisation initiatives via the use of alternative delivery channels and increased cost control measures”*.

The current environment remains somewhat challenging for some of our clients, thus leading to delay in payments, migration across ageing buckets and subsequent classification in line with prudential guidelines. Though we have seen a rise in our non-performing loan ratio in the current quarter, we expect to be largely in line with our 2% guidance on cost of risk² for the full year. We continue to proactively manage our loan portfolio, putting in place early warning signals to alert us to potentially problematic loans which can then be worked on to avoid deterioration.

Divisional Performance

Retail and Corporate Banking³ profit before tax of ₦49.4 billion up 121% (₦22.3 billion September 2010). Commenting on the performance, Mr. Gbenga Shobo, Executive Vice President Retail Banking South group said *“After the slow beginning to the year due to the April elections, activities have gained traction in certain areas although not as fast as anticipated. Our diverse clientele base, coupled with a large portion of hard core deposits, provide us with high quality funding base which gives us the flexibility to finance viable projects in different sectors of the economy. In spite of a much higher interest rate environment, we sustained the growth in our deposit liabilities at the low cost end, bringing our overall cost of funds in the 9-month period to 2.1%, marginally lower than 2.2% as at June 2011.*

Commenting further, Shobo said *“Within our institutional and corporate banking business, we have continued to focus on designing highly structured wholesale product programs which are industry specific and speak to the needs of specific customer groups, thereby providing a platform to fully harness the potential of the FirstBank*

² Loan loss provision/average gross loans

³Includes the Nigerian operations of First Bank of Nigeria, FBN UK and FBN Microfinance Bank

Group. In line with this, we are pleased to see improving impact of fee based income on the Bank's performance. Our consumer product offerings in the coming periods will focus on financial inclusion of the unbanked /under-banked and realisation of the CBN cashless policy through the offering of highly innovative products that will encourage the adoption of electronic channels and reduce overall cost of banking services to both customers and the Bank'.

Investment & Capital Markets and Asset Management⁴ recorded a loss to date before tax of ₦390 million due to mark to market losses of ₦2.4 billion from First Trustees.

The equity market has been on a downward trend as a result of concerns over the global economy and the general risk averse attitude of investors negatively affecting our asset management business. Despite the harsh climate, our capital markets teams have been able to secure new mandates and close pending transactions boosting the division's profits. Our advisory business has also been making progress as a result of recent M&A and privatisation activities while our trusteeship business witnessed moderate increase in activities across board owing most especially to the issuance of government debt instruments. Our strategy continues to be focused on improving our ability to provide financing and investment solutions to our clients, whilst leveraging the group's customer base - thus building stronger client relationships. We have continued to build strong research capabilities and develop innovative products to attract investors, whilst at the same time focusing on operational excellence in deal and trade execution.

Operational Highlights

- We completed the NUBAN (Nigerian Unified Bank Account Number) migration for all customers seamlessly, with no disruption to our customers
- We have concluded our ATM optimisation drive, which has led to sustained ATM uptime of ~90%, increased migration rate from ~60% at end of Q2, to ~79.7% at end of Q3 2011, 54% increase in transaction volumes by Q3 from Q2 and a 32% increase in transactions on cash deposit ATMs
- Major revamp of internet banking system underway, with objective of increasing functionality, usability, and ease of sign-up. Sustained push to increase awareness of internet banking features has led to 10% growth in users between Q2 to Q3
- We have continued to boost awareness of our contact centre features; this has resulted in 270% growth in average monthly call volume between Q2 and Q3 2011, 354% growth in average email volume between Q2 and Q3 2011
- Within our card business, we continue to invest in dependable technologies to support our instant issuance model, which has supported our drive to enhance marketing strategies as well as migrate our customers to alternative delivery channels. This resulted in 132% and 73% increase in number of active verve cards and volume of transactions respectively in the first nine months of the year

⁴Includes FBN Capital, First Registrars, First Funds, First Trustees, FBN Securities

- Deployment of over 30 additional fraud rules within the year has led to a decline in the number of fraud attempts when compared to previous years
- Deployment of a modern e-learning platform which has been useful to support continuous learning and cost-effective delivery of training to all staff across our network
- We were awarded the most innovative bank in Africa at the African Banker Awards held recently
- Number of branches, agencies and subsidiary locations: 685 (655 as at September 2010)
- Number of ATMs: 1,479
- Number of staff: 8,534

- ENDS-

Results Presentation

First Bank of Nigeria Plc will not be hosting a teleconference call for the 9 months results for the period ended 30 September 2011. The results presentation will be available on the First Bank of Nigeria Plc website on 20 October at www.firstbanknigeria.com (go to ~~Investor Relations~~ ~~Financial information~~ ~~presentations~~)

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- Notes to Editors -

First Bank of Nigeria Plc (ISIN: NGFIRSTBANK7, NG00000FBNP9, US31925X3026), has its headquarters in Lagos, Nigeria and an international presence in London, United Kingdom; Paris, France; Johannesburg, South Africa; and Beijing, China. Drawing from our experience, spanning over 117 years, we continue to consolidate our footprint in Nigeria, diversify and transform our bank and build scale internationally. The Bank enjoys natural premium respect and first-mention privilege in the market (an excellent corporate governance structure underpinned by strong institutional processes, systems and controls, a history of seamless leadership succession, a sound risk management framework, several globally recognised awards and experienced management).

The FirstBank Group is well diversified with subsidiaries involved in capital market operations, insurance services, asset management and investment banking, private equity/venture capital, pension fund custody, registrar services, trusteeship, mortgage and microfinance banking. Within the Bank, we are structured along corporate, public, retail, institutional and private banking customer segments, giving us the ability to drive deeper product penetration and develop sector expertise with relationship management based on a in depth understanding of customer needs.

With a listing on the Nigerian Stock Exchange, about 32.6 billion issued shares and one of the highest shareholders funds in the Nigerian landscape, FirstBank is owned by over 1.3 million shareholders across the globe and has an unlisted Global Depositary Receipt (GDR) programme. The Bank continues to enjoy strong ratings from Standard & Poor's, Fitch, Global Credit Rating and Agosto & Co. During the year, FirstBank attained ISO/IEC 27001: 2005 Information Security Management Systems (ISMS) certification from the British Standards Institution (BSI) indicating its strictest adherence to the security and protection of the information of its over six and a half million customers in over 630 business locations in Nigeria. More information can be found on our website www.firstbanknigeria.com

Cautionary note regarding forward looking statements

This release contains forward-looking statements which reflect management's expectations regarding the group's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as %anticipate+, %believe+, %expects+, %intend+, %estimate+, %project+, %target+, %risks+, %goals+ and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to the Bank's management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Forward-looking statements therefore speak only as of the date they are made.

FirstBank cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Bank's continuous disclosure materials filed from time to time with the Nigerian banking regulatory authorities. The Bank disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.