



20 July 2010

First Bank of Nigeria Plc

Unaudited group results for the six months ended 30 June 2010

FIRST BANK OF NIGERIA PLC REPORTS 637% INCREASE IN PROFIT BEFORE TAX¹ AND A 19.9% INCREASE IN LOANS AND ADVANCES FOR THE SIX MONTHS ENDED 30 JUNE 2010

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 and Beijing announces its unaudited results for the 6 months ended 30 June 2010.

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

“We are pleased to record a strong rise in profitability in the first half compared with a difficult 2009. We were early in recognising the impact on credit quality of the global financial crisis, which now flows through into the bottom line in lower new provisions. We have also made continued progress in gathering reliable, long-term deposits as Nigerian customers reassess their banking arrangements in the wake of the turbulence in the banking sector. This has left us with further scope to increase lending to the real sector of the economy. Furthermore, we expect increased demand for debt financing will see us grow our asset base in the second half. The main challenge before us lies in our ability to thrive in a low interest rate regime. We remained focused on our core objective to increase market share and profits as we emerge from a period of economic slowdown and be the bank of first choice to our various stakeholders.”

Group Financial Highlights

- Gross Earnings of N122.3 billion, a decrease of 6.7% compared with the equivalent period in 2009 (N131.1 billion June 2009), due to declining lending rates.
- Profit Before Tax of N31.7 billion (N4.3 billion June 2009), an increase of 637.4% on the prior year
- Profit After Tax of N25.3 billion (N3.4 billion June 2009), an increase of 637.4% on the prior year
- Total Assets of N2.3 trillion, an increase of 14.6% (N2.0 trillion June 2009)

¹ Compared to prior year period for the 6 months ended 30 June 2009

- Deposits & liabilities of N1.4 trillion, an increase of 24.1% year on year (N1.1 trillion June 2009)
- Loans & Advances² of N1.1 trillion, a year on year increase of 19.9% (N912.7 billion in June 2009)
- Loan loss provision in balance sheet of N35.1 billion (N26.9 billion in June 2009)
- Net loan loss expense of N3.8 billion, includes a credit related write back of N1.1 billion
- Net write back on investments and other assets of N4.7 billion
- Total net write back of N954 million
- Shareholders' Funds of N308 billion, an 10.6% decrease on N344 billion in June 2009
- Basic Earnings per Share of 77 kobo (12 kobo June 2009)³

Risk Ratios

- Loan-to-deposit ratio of 79.2% (78% June 2009 and 89.7% as at March 2010)
- Improved non-performing loan ratio of 5.75% relative to 6.9% as at March 2010 (4.72% June 2009)
- Capital adequacy ratio of 18% (26.5% June 2009)
- Liquidity ratio of 40.4% (49.2% June 2009)
- Coverage ratio of 53.9% (61.4% June 2009 and 77.2% as at March 2010)
- Cost to income ratio of 74.1% (96.7% June 2009)

Divisional Performance

Retail and Corporate Banking profit before tax of N22.3 billion down 17% (N27.8 billion June 2009). Commenting on performance, Mr. Kehinde Lawanson, Executive Director, West said: *“we are seeing a cautious recovery in our lending activity. The Group’s loan portfolio growth slowed to 2% quarter on quarter⁴ but grew about 20% year on year. We believe this will improve in the second half as the creation of the government’s Asset Management Company brings further confidence to lenders. Deposits have grown 24% year on year of which demand deposits constitute an increasingly larger share. Lower cost funding combined with the beginnings of a recovery in risk asset growth are strong indicators that the bank has reached the other side of the economic turmoil of the past two years and based on its strong and large scale balance sheet and extensive product*

² Includes advances under finance leases

³ Adjusted for a 1 for 8 bonus declared for the period ending December 31, 2009

⁴ Subsequent to the Q1 2010 reporting period, there has been a reclassification on our Group loan book in respect of a N129 billion money market placements with financial institutions recorded in the accounts of First Bank of Nigeria’s UK subsidiary (FBN Bank UK) and consolidated under Group Loans & Advances. Following the reclassification, Group Loans & Advances at 31 March 2010 are restated at N1.07 trillion (down from N1.25 trillion prior to the reclassification) while Group Interbank Balances are restated at N565.68 million (up from N378.05 million). The reclassification has no effect on the previously reported profit for the first quarter ending March 31, 2010.

offering, coupled with continually improving customer service, is poised for improving revenues and profitability going forward.

Mrs. Remi Odunlami, Chief Risk Officer, added: *“We successfully maintained a robust balance sheet throughout the downturn. As the economy recovers, we continue to remain cautious in our approach to growing our risk assets, while moving swiftly to identify opportunities that deploy our capital in accordance with our strict risk adjusted guidelines.”*

Investment and Capital Markets profit before tax of N3.3 billion up 592% (N482 million June 2009). The substantial increase in our investment banking performance was driven by the completion of four major deals in Q2 namely the Lagos State Bond, Bayelsa State Bond, MainOne financing and Oando N60 billion debt financing. These transactions pay testimony to the group’ ability to boost profitability thanks to its market leading corporate finance and financial advisory teams. The launch of the government’s Asset Management Company (AMC) in the second half is expected to absorb toxic assets from the industry thus paving the way for the resumption of lending activity and a return to confidence on the capital market. As more investors return to the market our business will benefit as both primary and secondary markets recover. The securities trading business will also be re-orientating its focus on institutional investors and high net worth individuals with a view to boosting transaction volumes and commissions. Within our registrarship business, we will continue aggressive marketing efforts as well as putting in place various income diversification and cost reduction initiatives.

Asset Management profit before tax of N4.7 billion (loss of 24.8 billion June 2009) The business benefited from a sharp rise in trust services fees buoyed by the strengthening of the Private, Public and Corporate trust services divisions. Second quarter figures indicate a rise of 370% over the same period last year and trust assets now account for 12% of total balance sheet size up 24% quarter on quarter at N9.82 billion. First Trustees will continue expanding its reach and spreading awareness of Private Trusts through its well received media campaign and via the planned creation of a Private Trust Conference targeting high net worth individuals.

Mortgage Banking profit before tax of N2 million down 99% (N246 million June 2009). The mortgage subsidiary experienced a sharp one off rise in operating expenses largely attributable to severance packages paid to recently exited staff and payments made in relation to NDIC premium. These expenses, coupled with weaker property sales, depressed profitability in the first half of the year. Going forward, we will continue to grow our asset portfolio in strategic locations targeted at the middle end of the market. We also favour joint venture developments to reduce capital outlay and maximise return on investment. In addition, we are boosting our marketing drive through a combination of strong branding to establish market presence and the introduction of a commission based staff incentive scheme. We expect that these measures, combined with the introduction of cost minimisation strategies ranging from internal reorganisation to expense reductions and the realignment of the workforce, will contribute towards improving profitability in the second half.

Operational Highlights

- Service delivery and prompt resolution of customer issues were enhanced by the launch of The Internal Service Help Desk and the FirstContact cheque confirmation system.
- Deployment of a framework for outbound services including welcome calls, targeted marketing, and customer surveys is planned for Q3.
- The conclusion of the pilot phase of the Centralised Processing Centre (CPC) in Q2 provided clear evidence of improvements in service quality, speed & efficiency. We initiated the standardisation of our processes across platforms via the CPC and will continue to migrate processes to this platform throughout Q3 with expected completion in the course of Q4.
- Group Branch network of 635, up from 610 at the end of December 2009.
- ATM network of 1,558 units as at End June 2010.

- ENDS -

Conference Call for Results

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG) (“FirstBank” or the “Company”), the most diversified financial services group in Nigeria with international presence in London, Paris, Johannesburg and Beijing, will be hosting a teleconference call for analysts and investors on Friday July 23 at 2pm GMT (10am New York/ 3pm London/ 3pm Lagos) with its senior management to report First Bank of Nigeria Plc’s Audited Final Results for the 6 month period ended 30 June 2010. There will also be an opportunity at the end of the call for management to take questions from investors and analysts.

The teleconference call facility can be accessed by dialling:

+44 (0)20 7138 0824 **in the UK / international**

+1 212 444 0481 **in the US**

+27 11 019 7015 **in South Africa**

Those dialling in from **Lagos** should use the UK / International dial in number

And then entering the following confirmation code: **1416017**

Participants should register for the call at least five minutes before the start of the presentation.

For those who are unable to listen to the live call, a recording and transcript will be posted onto the company’s website as soon as possible the following day.

The presentation will be posted to First Bank of Nigeria Plc website on the morning of the conference call at www.firstbanknigeria.com. Go to ('Investor Relations', 'Financial Documents')

For further information please contact:

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- Notes to Editors -

First Bank of Nigeria Plc (ISIN: NGFIRSTBANK7, NG00000FBNP9, US31925X3026), was established 116 years ago in Nigeria, FirstBank's increasing globalisation has seen it set up a branch in London in 1982, which became FBN Bank (UK) Limited, Nigeria's first full-fledged subsidiary bank in the United Kingdom in 2002. Furthermore, FBN Bank (UK) opened a branch in Paris in 2008, driving FirstBank's financial services to other parts of Europe. FirstBank has registered its presence in South Africa, through FirstBank South Africa Representative Office established in 2004, which is contributing in promoting excellent business relationships among African companies, especially the Nigerian-South African business community. In 2009, in a bid to harness increasing trade flows and strategic links between Nigeria and China, FirstBank established its Beijing office.

Over its multi-generational history, FirstBank has continued to adapt and innovate to meet the different challenges and opportunities presented by different generations of customers, competitors and other stakeholders, assuring not only its longevity but also market leadership. The aspiration of its holistic brand transformation exercise initiated in 2006 is to reposition the financial services icon for sustainability and leadership in the next century and beyond.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This press release contains or will contain forward-looking statements which reflect management's expectations regarding the Bank'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.

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. 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.