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First Bank of Nigeria PLC

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First Bank of Nigeria PLC

Major Rating Factors

Counterparty Credit Rating
BB-/Stable/B

Strengths:

- Good market position
- Currently strong levels of capitalization
- Strong financial performance
- Sound risk governance

Weaknesses:

- High economic and industry risks associated with operating in Nigeria
- Strained funding profile
- Rapid growth in untested environment
- Increasing competition in the banking sector

Rationale

The ratings on First Bank of Nigeria PLC (First Bank) are constrained by the high economic and industry risks associated with operating in the Federal Republic of Nigeria (foreign currency BB-/Stable/B, local currency BB/Stable/B), a strained funding profile, and increasing banking sector competition. The ratings are supported by the bank's good market position, currently strong levels of capitalization, strong financial performance, and sound risk governance.

First Bank is a Tier 1 commercial bank in Nigeria, with total assets of Nigerian naira (NGN) 1.5 trillion ($12.8 billion at NGN120.040 to $1) at Dec. 31, 2007. Its position as one of Nigeria's leading financial service providers is supported by its large distribution network and growing number of financial services related subsidiaries. The high credit and operational risks associated with operating in Nigeria are the major restraints to the ratings on First Bank, although risks are partially mitigated by First Bank's sound risk governance, which is progressing toward international best practice. Pressure on ratings also comes from First Bank's weakening funding profile and the very rapid credit growth in an untested environment. With loans to deposits expected to increase to more than 100% in the short term, First Bank will be forced to sell liquid assets or use its own equity to fund lending operations.

Following a fourth-quarter public offering, the capital levels of First Bank are strong. The adjusted total equity (ATE) to adjusted assets measured 20.79% at Dec. 31, 2007, which provides room for short-term expansion. In the medium term, however, lending growth and increased pressure on the funding profile of the bank is expected to erode current capital adequacy levels. In Standard & Poor's Ratings Services' opinion, banks operating in Nigeria need robust capitalization to mitigate high risks. On a positive note, a vibrant economy and quick loan growth have supported good returns. A return on assets of more than 3.5% in the nine months leading to Dec. 31, 2007, has made the bank one of the most profitable institutions in Nigeria. First Bank is also starting to garner some revenue diversification from its subsidiaries and strong fee and commission income.

Outlook

The stable outlook reflects First Bank's ability to balance vibrant growth with the high risks of operating in Nigeria. First Bank is expected to maintain its market position, despite increasing competition, while achieving good levels of profitability and upholding capital levels. Standard & Poor's believes that alleviating funding pressures is an important midterm focus for the bank.

A potential business combination with the Togo-based Ecobank Transnational Incorporated (ETI), would give First Bank access to 13 countries in the west and central Africa. Despite the fact that the merger would have a material impact, we have not factored it into the ratings due to the early stages of negotiations and uncertain future of the merger.

A positive ratings action depends on the bank maintaining good profitability, robust capital, and improving funding and liquidity alongside sustained improvements in Nigeria's economic and industry risks. Conversely, a downturn on asset quality and significant funding and liquidity pressures could trigger a downgrade.

Profile: Top Tier Nigerian Bank

First Bank is an old generation financial services company, which operates in the top tier of its domestic banking sector. The bank's customer base consists of 4.8 million retail customers, which includes retail and small and midsize enterprises (SME) cliental, and 13,700 corporate customers. It serves its customer base through growing distribution channels including a network of 435 branches and 522 ATMs, which gives the bank one of largest networks in the country. The bank also offers Internet and telephone banking facilities. First Bank's operating structure highlights a dual strategic focus on corporate and retail banking. First Bank operates a number of subsidiaries to compliment its main banking operations and diversify revenue streams. At year-end 2007, the bank had nine subsidiaries accounting for 30% of consolidated revenues. A new domestic microfinance subsidiary is planned in 2008. Market diversification outside Nigeria is limited to a Financial Services Authority-regulated U.K. bank subsidiary, a South African representative office, and a similar office planned in China.

Support And Ownership: Well-Diversified Shareholders

The ratings reflect the bank's stand-alone creditworthiness and do not include any uplift for extraordinary external support. While Standard & Poor's considers the bank to be systemically important, with about 15% deposit market share, we do not factor the probability of Nigerian government support into the ratings.

First Bank's ownership structure is well diversified with more than 1.3 million shareholders, and there are no dominant shareholders. The largest shareholding is held by the staff pension fund (First Dependants Nigeria Ltd.), which holds 5% and the 15 strong board of directors, which hold 4.6%. The bank has no public sector ownership and no tangible links to any political parties or individuals. First Bank is listed on the Nigerian Stock Exchange and had a market capitalization of more than NGN1 trillion at Feb. 11, 2008.

Strategy: Growth And Modernization Remain The Twofold Strategy To Increasing Domestic Market Share

First Bank's aspiration is to assume clear leadership of the Nigerian financial services industry, both in terms of service and size, while consistently maintaining minimum returns on assets of 2.5% and equity of 25%. Standard & Poor's believes that becoming Nigeria's clear financial services leader will be unfeasible without mergers or acquisitions. However, First Bank of Nigeria is well placed to capitalize from Nigeria's economic boom and shifting market needs. It is therefore expected to remain in the very top tier of Nigerian Banks in the medium to long term.

First Bank's ambitious appetite has moderated alongside an increasing appreciation of strong competition in the banking sector and rapidly changing market needs. The management has realigned its strategy to maximize customer service, improve internal processes, and improve the external appearance of the bank to more effectively compete with younger more dynamic banks. The segregation of the corporate banking strategic business unit demonstrates this approach and is expected to aid the bank's defense of corporate banking market share.

First Bank's intends to expand its branch network to 500 branches by year-end 2008. The bank plans to leverage this network to amass low-cost retail deposits and further expand its secured retail credit products line. First Bank is well placed to profit from increasing retail credit demand due to its strong branch network, branding, and the already complete U-First suite. Critically, the bank intends to expand the role of, and improve synergies with, its subsidiaries to maximise cross-selling opportunities. Prompted by increased capital market activity, recent reforms, and increasing wealth levels, First Bank has established investment banking, insurance, wealth management, and pension custody subsidiaries.

Risk Profile And Management: High Risk, But Sound Management

Nigeria's turbulent operating environment dominates the risk profile of First Bank. High credit and operational risks are unavoidable in a country dominated by energy revenues, plagued with corruption, and with significant infrastructural problems. Nevertheless, the bank's proactive risk management, strong balance sheet liquidity, and strong capitalization somewhat mitigate the risk for investors.

Enterprise risk management

First Bank's enterprise risk management is adequate. This reflects the bank's sound risk governance, conservative credit risk culture, underwriting policy, and limited market risks. Risk governance is approaching international best practice, with a well incorporated, but separate business unit and a dedicated board of directors overseeing all the risk functions of the bank. Above-average operational risks (including legal, political, and fraud risks) are unavoidable in Nigeria, but operational risk events are well understood, analyzed, and communicated internally.

Credit risk: high loan growth and concentration somewhat mitigated by sound risk management

First Bank's credit risk management is considered sound, benefiting from strong internal controls and limits, a ratings-based approach to corporate lending, and a scorecard system for retail/SME borrowers. Nevertheless, overly fast credit growth in an untested debt culture and high concentration risks, plus significant exposure to sovereign debt through treasury bills and government bonds represent tangible credit risk.

First Bank's loan portfolio increased by 137% in the nine months leading to Dec. 31, 2007, primarily reflecting an increasing demand for lending in the Nigerian banking sector, including more diverse market segment growth.

Corporate loans account for approximately 67% of the loan portfolio. The remaining loan book split into public sector loans (2%), consumer (10%), and SME and Commercial (19%). Risk concentrations remain quite high, which is common in a growing, but still contracted, economy. At Dec. 31, 2007, the top-20 exposures (including off balance sheet) represented about 35% of loans and 50% of ATE. First Bank is also exposed to some industry concentration, including 20% of total lending located in the oil and gas and manufacturing sectors, and 14% to finance and insurance. There has been high growth in consumer and commercial lending in the past year, although from a low base, which is expected to continue. While this will lower risk concentrations, Standard & Poor's remains wary regarding the untested and more volatile nature of this portfolio. Further counterparty risk for First Bank comes for its exposure to Nigerian sovereign debt. Sovereign debt is held until maturity, but it is also actively traded by First Bank. The total exposure to the sovereign stood at about NGN320 billion at Dec. 31, 2007, including treasury bills, government bonds, secured treasury placements, and deposits with the central bank; or 100% of ATE.

The increasing demand for U.S. dollar borrowing is a potential credit risk in the result of a currency devaluation. At Sept. 30, 2007, 17% of total lending was denominated in foreign currency, nearly all U.S. dollar. Positively, First Bank will only lend to companies who have U.S. dollar liabilities and fully collateralize any exposure. The percentage of nonperforming loans (NPLs) has reduced to 2.58% of total loans, which is becoming comparable with the best banks in the sector. Currently, the consumer and high-end corporate portfolios are performing well in comparison with the commercial customers, which make up one-half of all NPLs. First Bank has modestly provided for the NPL portfolio. At Dec. 31, 2007, loan loss reserves covered NPLs by only 87%. A provision level that the bank believes adequately covers new NPLs.

Market risk

First Bank has limited market risk. The bank attempts to run a flat foreign currency position. However, due to some trading and because about 20% of First Bank's deposits and loans were denominated in foreign currencies, this is often unachievable and therefore the open position is minimized overnight and always beneath $395 million or 15% of ATE (at Dec. 31, 2007 levels). Interest rate risk is managed using sensitivity gap analysis and the occasional plain vanilla swap to hedge interest payments in foreign currencies. However, the highly liquid and largely short-term balance sheet plus the large proportion of noninterest bearing deposits limit interest rate risk. First Bank carries out proprietary trading in bonds and foreign-exchange monies, plus some money market operations. Team and individual limits are set, monitored, and controlled by the chief trader using threshold analysis. Only executive management or the board can grant exceptions. All exposures are closed at the end of day, with the exceptions of the bonds, which are marked to market on a daily basis. A subsidiary of the bank, FBN Capital Finance Co., actively trades equities and takes positions for investment purposes. The risks are limited by the small size of the portfolio and strict concentration limits.

Currently high liquidity, but funding profile is becoming strained

First Bank's balance sheet is highly liquid. Cash, interbank loans and securities represented 60% of total balance sheet assets at Dec. 31, 2007. However, direct exposures to Nigerian banks, amounting to NGN 325,483 million or 21% of balance sheet assets, represent a small, but tangible, source of counterparty risk, although they are fully collateralized, mostly in the form of Treasury Bills. 20% of liquid assets are made of Government securities, including treasury bills and federal or state bonds for which there is a rapidly growing secondary market.

Conversely, the funding profile of the bank is becoming strained although it is supported by high capital levels. In the nine months leading to Dec. 31, 2007, the deposit portfolio shrank by 8.5%, although this figure reflects some seasonality and a period of increased capital markets interest by domestic investors. However, while the deposit portfolio shrank, lending is growing rapidly. Concurrently, the loan-to-deposit ratio shot up from 38% to 94%. At Dec. 31, 2007, deposits made up 94% of the bank's funding base (not including capital). First Bank is therefore relying on its strong capital levels and limited long-term funding, supplied by a $150 million subordinated debt in mid 2007, to fund rapid loan portfolio growth. In view of the bank's rapid business growth and other potential pressures on capital, Standard & Poor's considers this to be an inefficient funding profile. Positively, the deposit portfolio is adequately diversified with individual, company, and public sectors accounting for 56%, 33%, and 12%, respectively. As a result, depositor concentration is low; the top 20 depositors accounted for 18.5% of total deposits at Dec. 31, 2007. The deposit mix is relatively stable in comparison with peers'; however, with demand and short-term tenor deposits accounting for 75% of the total funding base, the profile remains contractually short term. The majority of demand deposits are regarded as core stable funds in the Nigerian banking sector context, due to their stickiness.

Profitability: Good Returns And Diversified Earnings

First Bank's profitability has improved significantly in the past 15 months. In terms of overall returns, the bank has accelerated to an ROA of about 3.5% at Dec. 31, 2007, which makes First Bank one of the most profitable financial institutions in Nigeria. Standard & Poor's also welcomes increased revenue diversification. Earnings from subsidiaries provided 30% of profit before tax up to the third quarter, led by the investment, pension, and U.K. subsidiaries.

Net interest income, which is the largest single driver of revenue, has become dominated by loans and advances. This has reduced the importance of securities interest revenue and subsequent exposure to interest rate changes, while improving returns. Although still dominated by corporate loan income, retail lending revenues started to make inroads throughout 2007. Nevertheless, First Bank's high net interest margins are becoming pressurized by more interest conscious depositors and increasing competition for loans. Tightening spreads in the short term are expected to be slightly offset by the increasing retail loan volumes and the strong fee and commission income derived from account transactions and increased cross selling. Operating costs remain the key restraint on profitability. First Bank's moderate cost-to-income ratio of 55.5% at Dec. 31, 2007, benefited from some seasonality, although it is expected to stabilize at the lower levels. High costs continue for security and strategic investments in technology, human capital, and branch network expansion. First Bank's cost-to-assets ratio compares well with rated peers. Cost of risk is expected to remain at the currently low levels in the medium term, but maybe pressurized in the long term by the bank's rapid loan growth in untested sectors.

The accounts are consolidated and prepared according to Nigerian Accounting Standards (NASB). While the financial reporting framework is characterized as weak, the level of disclosure and transparency of the bank is satisfactory. First Bank's year end is March 31.

Capitalization: Currently Strong Levels Potentially Eroded By Strong Loan Growth

Due to a recent public offering on the Nigerian Stock Exchange, First bank is solidly capitalized. A third-quarter public offering of NGN100 million was oversubscribed and eventually the bank absorbed NGN250 billion. As a result, the regulatory capital adequacy ratio measured 48.40% at Dec. 31, 2007, although this is aided by the 0% risk weighting of Nigerian government debt, which Standard & Poor's does not consider to be risk free. By our own measurement of capital--an ATE to adjusted assets ratio of 20.79%--the bank has ample room for short-term expansion, capital allocation into its subsidiaries. In the medium term, however, lending growth and increased pressure on the funding profile of the bank is expected to erode current capital adequacy levels. The bank intends to maintain a rather aggressive dividend policy of about 50%, which restrains internal capital generation. Standard & Poor's considers the maintenance of strong capital levels in the long term as important given strong asset growth and Nigeria's high economic and industry risks.

Table 1

First Bank of Nigeria PLC Balance Sheet Statistics

	--Year ended March 31--						Breakdown as a % of assets (adj.)				
(Mil. NGN)	**2007***	**2006**	**2005**	**2004**	**2003**	**-**	**2007***	**2006**	**2005**	**2004**	**2003**
Assets											
Cash and money market instruments	612,699	319,234	220,572	162,137	148,689		39.83	36.17	35.87	34.44	38.70
Securities	326,644	285,727	161,809	124,612	115,328		21.24	32.37	26.32	26.47	30.02
Trading securities (marked to market)	155,132	75,847	0	0	0		10.09	8.59	0.00	0.00	0.00
Nontrading securities	171,512	209,880	161,809	124,612	115,328		11.15	23.78	26.32	26.47	30.02
Customer loans (gross)	539,779	227,575	193,373	162,967	126,198		35.09	25.78	31.45	34.61	32.85
Public sector/government	N.A.	N.A.	3,175	N.A.	N.A.		N.A.	N.A.	0.52	N.A.	N.A.
Other consumer loans	N.A.	N.A.	30,636	N.A.	N.A.		N.A.	N.A.	4.98	N.A.	N.A.
Commercial/corporate loans	N.A.	N.A.	156,191	N.A.	N.A.		N.A.	N.A.	25.40	N.A.	N.A.
All other loans	539,779	227,575	3,371	162,967	126,198		35.09	25.78	0.55	34.61	32.85
Loan loss reserves	11,700	7,078	14,369	37,945	42,698		0.76	0.80	2.34	8.06	11.11
Customer loans (net)	528,079	220,497	179,004	125,022	83,500		34.33	24.98	29.11	26.55	21.73
Earning assets	1,479,122	770,714	524,762	416,860	366,117		96.16	87.32	85.35	88.54	95.29
Equity interests/participations (nonfinancial)	N.A.	6,751	3,848	2,429	744		N.A.	0.76	0.63	0.52	0.19
Inv. in unconsolidated subsidiaries (financial co.)	N.A.	2,239	3,534	234	234		N.A.	0.25	0.57	0.05	0.06
Intangibles (nonservicing)	N.A.	1,984	1,984	0	0		0.00	0.22	0.32	0.00	0.00
Fixed assets	26,754	17,296	14,222	12,689	10,093		1.74	1.96	2.31	2.69	2.63
Accrued receivables	0	20,828	9,129	6,290	6,703		0.00	2.36	1.48	1.34	1.74
All other assets	44,001	12,032	22,722	37,426	18,920		2.86	1.36	3.70	7.95	4.92
Total reported assets	1,538,177	884,604	616,824	470,839	384,211		100.00	100.22	100.32	100.00	100.00
Less nonservicing intangibles+ I/O strips	N.A.	(1,984)	(1,984)	0	0		0.00	0.00	(0.32)	0.00	0.00
Adjusted assets	1,538,177	882,620	614,840	470,839	384,211		100.00	100.00	100.00	100.00	100.00
							Breakdown as a % of liabilities + equity				
	2007*	**2006**	**2005**	**2004**	**2003**		**2007***	**2006**	**2005**	**2004**	**2003**
Liabilities											
Total deposits	575,817	683,192	449,238	332,196	255,491		37.44	77.23	72.83	70.55	66.50
Noncore deposits	15,427	85,015	323	390	30,079		1.00	9.61	0.05	0.08	7.83
Core/customer deposits	560,390	598,177	448,915	331,806	225,412		36.43	67.62	72.78	70.47	58.67
Other borrowings	20,568	22,101	0	0	0		1.34	2.50	0.00	0.00	0.00

Table 1

First Bank of Nigeria PLC Balance Sheet Statistics(cont.)

Other credit reserves	N.A.	N.A.	0	9,521	10,399	N.A.	N.A.	0.00	2.02	2.71
Other liabilities	619,696	103,844	103,309	84,853	79,988	40.29	11.74	16.75	18.02	20.82
Total liabilities	1,216,081	809,137	552,547	426,570	345,878	79.06	91.47	89.58	90.60	90.02
Total shareholders' equity	322,097	75,467	64,277	44,269	38,333	20.94	8.53	10.42	9.40	9.98
Minority interest-equity	N.A.	N.A.	N.A.	1,079	706	N.A.	N.A.	N.A.	0.23	0.18
Common shareholders' equity (reported)	322,097	75,467	64,277	43,190	37,627	20.94	8.53	10.42	9.17	9.79
Share capital and surplus	266,819	21,096	18,477	1,976	1,751	17.35	2.38	3.00	0.42	0.46
Revaluation reserve	2,379	2,379	2,379	2,379	2,379	0.15	0.27	0.39	0.51	0.62
Reserves (incl. inflation revaluations)	52,899	37,280	37,273	35,555	30,383	3.44	4.21	6.04	7.55	7.91
Retained profits	N.A.	14,712	6,148	3,280	3,114	N.A.	1.66	1.00	0.70	0.81
Memo: Dividends (not yet distributed)	0	10,500	N.A.	N.A.	N.A.			N.A.	N.A.	N.A.
Total liabilities and equity	1,538,178	884,604	616,824	470,839	384,211	100.00	100.00	100.00	100.00	100.00
Equity Reconciliation Table										
Common shareholders' equity (reported)	322,097	75,467	64,277	43,190	37,627					
+ Minority Interest (equity)	0	0	1,079	1,079	706					
- Dividends (not yet distributed)	0	10,500	0	0	0					
- Revaluation reserves	(2,379)	(2,379)	(2,379)	(2,379)	(2,379)					
- Nonservicing Intangibles	N.A.	(1,984)	(1,984)	0	0					
Adjusted common equity	319,718	81,604	60,993	41,890	35,954					
- Equity in Unconsolidated Subsidiaries	N.A.	(2,239)	(3,534)	(234)	(234)					
Adjusted total equity	319,718	79,365	57,459	41,656	35,720					

*Data as of Dec. 31, 2007. Financial statements are audited and consolidated according to Nigerian Accounting Standards Board. Ratios annualized where appropriate. NGN--Nigerian naira. N.A.--Not available.

Table 2

First Bank of Nigeria PLC Profit And Loss Statement Statistics

	--Year ended March 31--						Adj. avg. assets (%)				
(Mil. NGN)	**2007***	**2006**	**2005**	**2004**	**2003**	**-**	**2007***	**2006**	**2005**	**2004**	**2003**
Profitability											
Interest income	69,860	58,431	40,743	36,455	33,301		7.69	7.79	7.51	8.53	8.40
Interest expense	24,752	18,193	10,040	8,555	6,573		2.72	2.43	1.85	2.00	1.66
Net interest income	45,108	40,238	30,703	27,900	26,728		4.96	5.37	5.66	6.53	6.74
Operating noninterest income	35,354	28,198	25,261	17,300	18,017		3.89	3.76	4.65	4.05	4.54
Fees and commissions	35,354	24,072	18,759	12,898	12,888		3.89	3.21	3.46	3.02	3.25
Trading gains	N.A.	2,289	1,202	1,395	1,047		0.00	0.31	0.22	0.33	0.26
Other market-sensitive income	N.A.	738	4,499	2,425	1,634		N.A.	0.10	0.83	0.57	0.41
Other noninterest income	N.A.	1,099	801	582	2,448		0.00	0.15	0.15	0.14	0.62
Operating revenues	80,462	68,436	55,964	45,200	44,745		8.86	9.13	10.31	10.57	11.28
Noninterest expenses	44,642	44,566	35,285	29,442	26,937		4.91	5.94	6.50	6.89	6.79

Table 2

First Bank of Nigeria PLC Profit And Loss Statement Statistics(cont.)										
Personnel expenses	N.A.	37,466	29,750	25,331	23,071	0.00	5.00	5.48	5.93	5.82
Other general and administrative expense	44,642	3,608	2,318	1,726	1,392	4.91	0.48	0.43	0.40	0.35
Depreciation	N.A.	3,492	3,217	2,385	2,474	0.00	0.47	0.59	0.56	0.62
Net operating income before loss provisions	35,820	23,870	20,679	15,758	17,808	3.94	3.18	3.81	3.69	4.49
Credit loss provisions (net new)	3,007	(1,679)	2,549	(1,050)	2,955	0.33	(0.22)	0.47	(0.25)	0.74
Net operating income after loss provisions	32,813	25,549	18,130	16,808	14,853	3.61	3.41	3.34	3.93	3.74
Nonrecurring/special income	N.A.	9	3,703	0	0	0.00	0.00	0.68	0.00	0.00
Amortization of goodwill and intangibles	N.A.	1,984	1,984	0	0	0.00	0.26	0.37	0.00	0.00
Pretax profit	32,813	23,574	19,849	16,808	14,853	3.61	3.14	3.66	3.93	3.74
Tax expense/credit	N.A.	5,191	4,450	3,574	3,370	0.00	0.69	0.82	0.84	0.85
Net income before minority interest	32,813	18,383	15,399	13,234	11,483	3.61	2.45	2.84	3.10	2.90
Minority interest in consolidated subsidiaries	N.A.	N.A.	N.A.	184	(135)	N.A.	N.A.	N.A.	0.04	(0.03)
Net income before extraordinaries	32,812	18,383	15,399	13,050	11,618	3.61	2.45	2.84	3.05	2.93
Net income after extraordinaries	32,812	18,383	15,399	13,050	11,618	3.61	2.45	2.84	3.05	2.93
Core Earnings Reconciliation										
Net Income (before Minority Interest)	32,813	18,383	15,399	13,234	11,483					
- Nonrecurring/Special Income	N.A.	(9)	(3,703)	0	0					
+/- Tax Impact of Adjustments	N.A.	2	830	0	0					
+ Amortization/ Impairment of Goodwill/ Intangibles	N.A.	1,984	1,984	0	0					
Core earnings	32,813	20,360	14,510	13,234	11,483	3.61	2.72	2.67	3.10	2.90

	2007*	2006	2005	2004	2003
Asset quality					
Nonperforming assets	13,498	6,713	17,345	39,574	46,375
Nonaccrual loans	13,498	6,713	17,345	39,574	46,375
Net charge-offs	N.A.	9,596	38,895	5,530	(2,995)
Average balance sheet					
Average customer loans	374,288	199,751	152,013	104,261	74,576
Average earning assets	1,124,918	647,738	470,811	391,489	379,928
Average assets	1,211,391	750,714	543,832	427,525	396,647
Average total deposits	629,505	566,215	390,717	293,844	262,538
Average interest-bearing liabilities	650,839	577,266	390,717	293,844	262,538
Average common equity	198,782	69,872	53,734	40,409	31,033
Average adjusted assets	1,211,391	749,722	542,840	427,525	396,647
Other data					
Off-balance-sheet credit equivalents	217,389	198,930	118,067	84,633	58,752

*Data as of Dec. 31, 2007. Financial statements are audited and consolidated according to Nigerian Accounting Standards Board. Ratios annualized where appropriate. NGN--Nigerian naira. N.A.--Not available.

Table 3

First Bank of Nigeria PLC Ratio Analysis					
	--Year ended March 31--				
	2007*	2006	2005	2004	2003
ANNUAL GROWTH (%)					
Customer loans (gross)	182.91	17.69	18.66	29.14	20.26
Loss reserves	81.99	(53.14)	(67.51)	(10.31)	10.35
Adjusted assets	99.03	43.55	30.58	22.55	(6.08)
Customer deposits	(8.42)	33.25	35.29	47.20	7.61
Total equity	435.73	17.41	45.20	15.49	51.44
Operating revenues	56.76	22.29	23.81	1.02	1.68
Noninterest expense	33.56	26.30	19.85	9.30	6.58
Net operating income before provisions	100.08	15.43	31.23	(11.51)	(4.92)
Loan loss provisions	N.M.	(165.87)	N.M.	(135.53)	(31.44)
Net operating income after provisions	71.24	40.92	7.87	13.16	3.00
Pretax profit	85.58	18.77	18.09	13.16	3.00
Net income	137.99	19.38	16.36	15.25	4.30
	2007*	2006	2005	2004	2003
PROFITABILITY (%)					
Interest margin analysis					
Net interest income (taxable equiv.)/avg. earning assets	5.35	6.21	6.52	7.13	7.04
Net interest spread	3.21	5.87	6.08	6.40	6.26
Interest income (taxable equiv.)/avg. earning assets	8.28	9.02	8.65	9.31	8.77
Interest income on loans/avg. total loans	N.A.	14.37	15.02	16.38	19.16
Interest expense/avg. interest-bearing liabilities	5.07	3.15	2.57	2.91	2.50
Interest expense on deposits/avg. deposits	N.A.	3.01	2.57	2.91	2.50
Revenue Analysis					
Net interest income/revenues	56.06	58.80	54.86	61.73	59.73
Fee income/revenues	43.94	35.17	33.52	28.54	28.80
Market-sensitive income/revenues	N.A.	4.42	10.19	8.45	5.99
Noninterest income/revenues	43.94	41.20	45.14	38.27	40.27
Personnel expense/revenues	N.A.	54.75	53.16	56.04	51.56
Noninterest expense/revenues	55.48	65.12	63.05	65.14	60.20
Noninterest expense/revenues less investment gains	55.48	65.83	68.56	68.83	62.48
Net operating income before provision/revenues	44.52	34.88	36.95	34.86	39.80
Net operating income after provisions/revenues	40.78	37.33	32.40	37.19	33.19
New loan loss provisions/revenues	3.74	(2.45)	4.55	(2.32)	6.60
Net nonrecurring/abnormal income/revenues	0.00	0.01	6.62	0.00	0.00
Pretax profit/revenues	40.78	34.45	35.47	37.19	33.19
Tax/pretax profit	0.00	22.02	22.42	21.26	22.69
Core Earnings/Revenues	40.78	29.75	25.93	29.28	25.66

Table 3

First Bank of Nigeria PLC Ratio Analysis(cont.)					
	2007*	**2006**	**2005**	**2004**	**2003**
Other returns					
Pretax profit/avg. risk assets (%)	N.A.	0.00	5.65	8.94	9.72
Revenues/avg. risk assets (%)	N.A.	N.A.	15.93	24.04	29.27
Net operating income before LLP/LLP	1191.22	(1421.68)	811.26	(1500.76)	602.64
Net operating income before loss provisions/avg. risk assets (%)	N.A.	N.A.	5.88	8.38	11.65
Net operating income after loss provisions/avg. risk assets (%)	N.A.	N.A.	5.16	8.94	9.72
Net income before minority interest/avg. adjusted assets	3.61	2.45	2.84	3.10	2.90
Net income/employee (NGN)	N.A.	2,421,046	2,159,142	1,893,818	1,597,524
Non-interest expenses/average adjusted assets	4.91	5.94	6.50	6.89	6.79
Personnel expense/employee (NGN)	N.A.	4,934,282	4,171,340	3,624,928	3,209,655
Cash earnings/avg. tang. common equity (ROE) (%)	22.39	36.12	40.05	40.13	47.40
Core earnings/average risk-weighted assets	N.A.	N.A.	4.13	7.04	7.51
Core earnings/average adjusted assets	3.61	2.72	2.67	3.10	2.90
Core earnings/ Average ACE (ROE)	21.80	28.56	28.21	34.00	39.00
	2007*	**2006**	**2005**	**2004**	**2003**
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	93.96	84.81	99.93	99.88	88.23
Total loans/customer deposits	96.32	38.04	43.08	49.12	55.99
Total loans/customer deposits + long-term funds	59.77	32.71	37.68	43.33	47.85
Customer loans (net)/assets (adj.)	34.33	24.98	29.11	26.55	21.73
	2007*	**2006**	**2005**	**2004**	**2003**
CAPITALIZATION (%)					
Adjusted common equity/risk assets	47.54	N.A.	12.32	20.15	21.39
Internal capital generation/prior year's equity	57.97	12.26	23.53	17.87	25.32
Tier 1 capital ratio	N.A.	N.A.	20.42	N.A.	N.A.
Regulatory total capital ratio	48.40	22.73	18.95	18.43	20.68
Adjusted total equity/adjusted assets	20.79	8.99	9.35	8.85	9.30
Adjusted total equity/adjusted assets + securitizations	20.79	8.99	9.35	8.85	9.30
Adjusted total equity/risk assets	47.54	N.A.	11.61	20.03	21.25
Adjusted total equity plus LLR (specific)/customer loans (gross)	61.40	37.98	37.14	48.84	62.14
Common dividend payout ratio	N.A.	57.12	34.02	48.47	46.73
	2007*	**2006**	**2005**	**2004**	**2003**
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	1.07	(0.92)	0.96	(1.12)	4.02
Net charge-offs/avg. customer loans (net)	N.A.	4.80	25.59	5.30	(4.02)
Loan loss reserves/customer loans (gross)	2.17	3.11	7.43	23.28	33.83
Credit-loss reserves/risk assets	1.74	N.A.	2.90	22.83	31.58
Nonperforming assets (NPA)/customer loans + ORE	2.50	2.95	8.97	24.28	36.75
NPA (excl. delinquencies)/customer loans + ORE	2.50	2.95	8.97	24.28	36.75
Net NPA/customer loans (net) + ORE	0.34	(0.17)	1.66	1.30	4.40

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Table 3

First Bank of Nigeria PLC Ratio Analysis(cont.)					
NPA (net specifics)/customer loans (net specifics)	0.34	(0.17)	1.66	1.30	4.40
Loan loss reserves/NPA (gross)	86.68	105.44	82.84	95.88	92.07

*Data as of Dec. 31, 2007. Financial statements are audited and consolidated according to Nigerian Accounting Standards Board. Ratios annualized where appropriate. NGN--Nigerian naira. N.A.--Not available. N.M.--Not meaningful.

Ratings Detail (As Of February 28, 2008)*	
First Bank of Nigeria PLC	
Counterparty Credit Rating	BB-/Stable/B
Certificate Of Deposit	BB-/B
Counterparty Credit Ratings History	
14-Feb-2007	BB-/Stable/B
Sovereign Rating	
Nigeria (Federal Republic of)	
Foreign Currency	BB-/Stable/B
Local Currency	BB/Stable/B

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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