FirstBank 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 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-mover 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 contribution to national economic development through subsidiaries involved in capital market operations, insurance services, asset management and investment banking, private equity/venture capital, pension fund custodian management, 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 deep understanding of customer needs.

In Nigeria, 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 Agusto & 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 five million customers in over 600 locations in Nigeria.
# CONTENTS

## INTRODUCTION
- Overview 2
- Financial highlights 4
- Chairman’s statement 6
- Former Chairman’s statement 7
- Quick read
  - Growth 10
  - Service delivery and operational excellence 12
  - Performance management 14
  - Talent management 16
- Leadership and governance 18
- Awards 22

## BUSINESS REVIEW
- Group Managing Director/Chief Executive Officer’s review 24
- Operating environment and outlook 29
- Strategy and performance
  - Our approach 32
  - Group strategy 33
  - Bank strategy 37
  - Bank operating structure 46
  - Key Performance Indicators 57
  - Key risk summary 62
- Financial review 67
- Corporate social responsibility 84

## RISK MANAGEMENT AND GOVERNANCE
- Chief Risk Officer’s report 90
- Risk management framework
  - Our approach 92
  - Governance 94
  - Internal control 96
- Risk management disclosure
  - Credit risk 99
  - Market risk 105
  - Liquidity risk 109
  - Operational risk 112
  - Information security risk 116
  - Compliance risk 119
  - Legal risk 121
- Directors’ report 122
- Corporate governance report 127
- Accountability and audit
  - Responsibility statement 132
  - Report of the External Consultant on the Board Appraisal 133
  - Report of the Independent Joint Auditors 134
  - Audit Committee statement 135
- Directors and advisers 136

## FINANCIAL STATEMENTS
- Statement of significant accounting policies 138
- Balance sheet 143
- Profit and loss account 144
- Cash flow statement 145
- Notes to the financial statements 146
- Financial risk analysis 177
- Group statement of value added 185
- Bank statement of value added 186
- Group five-year financial summary 187
- Bank five-year financial summary 188

## COMPANY INFORMATION
- Group and department heads 190
- Subsidiary MDs and Audit Committee 192
- Contact information 193
- Branch network 194

## SHAREHOLDER INFORMATION
- Shareholder information
  - Global depositary receipts (GDR) programme 214
  - Share statistics 214
  - Dividend history 214
  - Financial calendar 215
  - Share capitalisation history 216
- Notice of Annual General Meeting
- Proxy form
- M-access
- Shareholder online access registration form
- E-share notifier subscription form
- Stockbroker e-lodgement activation form
- Glossary of ratios
- Abbreviations
OVERVIEW OF FIRSTBANK

The FirstBank Group comprises 10 subsidiaries, spanning asset management, investment banking, capital markets, insurance, microfinance, private equity, mortgage and pension fund custodian services – making it one of the most diversified financial conglomerates on the continent.

Products and services

As a full-spectrum financial services provider our product/service mix has been designed to cater to the needs of our diverse client base. Increasingly strong on services delivered via various electronic platforms, our primary concern is to improve customer transaction convenience and ease of access to our services, as well as strengthen transaction security.

MARKET CAPITALISATION
N448.04 billion

VISION
BE THE CLEAR LEADER AND NIGERIA’S BANK OF FIRST CHOICE

MISSION
TO REMAIN TRUE TO OUR NAME BY PROVIDING THE BEST FINANCIAL SERVICES POSSIBLE

GROUP STRATEGIC PRIORITIES

Business line expansion
Focusing core banking on profitable growth and the Group on strong growth businesses.

International expansion
Continuing modest expansion in the deployment of international representative offices to major strategic finance/trade hubs.

Restructuring for growth
Restructuring the Group’s operating model to optimally drive its strategy with precise management oversight and governance.

Sequencing growth systematically
Structurally and efficiently sequencing growth initiatives and priorities over the planning horizon.

BANK STRATEGIC PRIORITIES

Growth
Attaining full benefits of scale and scope by accelerating growth and diversification of assets, revenues and profit.

Service excellence
Driving unparalleled service levels by developing world-class institutional processes, systems and capabilities.

Performance management
Delivering unmatched results by creating a performance culture with clear individual accountability at all levels.

Talent management
Becoming a hub for the best industry talent; cultivating a highly motivated, capable and entrepreneurial workforce.
**Credit ratings**

<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>Report Date</th>
<th>National Long Term</th>
<th>National Short Term</th>
<th>International Long Term</th>
<th>International Short Term</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>August 2010</td>
<td>ngA</td>
<td>ngA-1</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>Fitch</td>
<td>October 2010</td>
<td>A+</td>
<td>F1</td>
<td>B+</td>
<td>B</td>
<td>Stable</td>
</tr>
<tr>
<td>GCR</td>
<td>August 2010</td>
<td>AA-</td>
<td>A1+</td>
<td>B+</td>
<td>B</td>
<td>-</td>
</tr>
<tr>
<td>Agusto &amp; Co</td>
<td>October 2010</td>
<td>A+</td>
<td></td>
<td></td>
<td></td>
<td>Stable</td>
</tr>
</tbody>
</table>

1 This is a Group and Bank rating.
2 This is a Bank only rating.

**Strategic Business Units**

In its quest to become the ‘clear leader and Nigeria’s bank of first choice’, the Bank has identified a need to move away from the generalist/geographic market orientation to more competitive customer-centric market-facing business units focused on specific market segments.

This strategy will enable us to gain deeper insights into our customers’ specific needs and deliver the right products to the right types of customers at the expected levels of service. The strategy should give us a greater share of the client’s mind and wallet, and ensure we remain leaders in our very dynamic market.

For more detailed information about our new structure, which commenced in October 2010, see pages 46 to 56.

<table>
<thead>
<tr>
<th>Business Activity</th>
<th>NET Revenue N'rn</th>
<th>% of Deposit</th>
<th>% of LAD</th>
<th>Number of Accounts at the End of 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midsize and large corporate clients with key man risk</td>
<td>15,818</td>
<td></td>
<td></td>
<td>Over 3,600</td>
</tr>
<tr>
<td><strong>Public Sector Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal and State establishments</td>
<td>15,905</td>
<td></td>
<td></td>
<td>Over 1,500 North Over 2,000 South</td>
</tr>
<tr>
<td><strong>Retail Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass retail as well as small businesses</td>
<td>70,826</td>
<td></td>
<td></td>
<td>Over 1.4 mn North Over 4 mn South</td>
</tr>
<tr>
<td><strong>Institutional Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multinationals and large corporate clients</td>
<td>24,036</td>
<td></td>
<td></td>
<td>Over 1,900</td>
</tr>
<tr>
<td><strong>Treasury</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury and corporate related activities</td>
<td>34,894</td>
<td></td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td><strong>Private Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High net worth individuals</td>
<td>Not operational</td>
<td></td>
<td></td>
<td>NA</td>
</tr>
</tbody>
</table>

1 Net revenue = net interest income + net fee and commission income + other income.
2 Based on data generated in the last quarter of 2010.
3 Loans and advances.
4 Newly created business unit, officially commenced in October 2010.
FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2010

GROUP
2010: ₦2,305 billion (USD15,506 million)
2009: ₦2,174 billion (USD14,729 million)

BANK
2010: ₦1,957 billion (USD13,165 million)
2009: ₦1,772 billion (USD12,009 million)

GROUP
2010: ₦231 billion (USD1,551 million)
2009: ₦194 billion (USD1,314 million)

BANK
2010: ₦208 billion (USD1,396 million)
2009: ₦175 billion (USD1,188 million)

GROUP
2010: ₦43 billion (USD290 million)
2009: ₦13 billion (USD90 million)

BANK
2010: ₦34 billion (USD226 million)
2009: ₦8 billion (USD52 million)

### MAJOR BALANCE SHEET ITEMS

<table>
<thead>
<tr>
<th></th>
<th>12 months to Dec 2010</th>
<th>9 months to Dec 2009</th>
<th>12 months to Dec 2010</th>
<th>9 months to Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets and contingencies</td>
<td>3,328,208</td>
<td>22,387</td>
<td>3,146,659</td>
<td>21,319</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,305,258</td>
<td>15,506</td>
<td>2,174,058</td>
<td>14,729</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>1,143,614</td>
<td>7,692</td>
<td>1,078,452</td>
<td>7,307</td>
</tr>
<tr>
<td>Deposit liabilities</td>
<td>1,450,567</td>
<td>9,757</td>
<td>1,346,573</td>
<td>9,123</td>
</tr>
<tr>
<td>Share capital</td>
<td>16,316</td>
<td>110</td>
<td>14,504</td>
<td>98</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>340,626</td>
<td>2,291</td>
<td>311,270</td>
<td>2,109</td>
</tr>
</tbody>
</table>

### MAJOR PROFIT AND LOSS ACCOUNT ITEMS

<table>
<thead>
<tr>
<th></th>
<th>12 months to Dec 2010</th>
<th>9 months to Dec 2009</th>
<th>12 months to Dec 2010</th>
<th>9 months to Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earnings</td>
<td>230,606</td>
<td>1,551</td>
<td>193,966</td>
<td>1,314</td>
</tr>
<tr>
<td>Charge for doubtful accounts</td>
<td>(21,590)</td>
<td>(145)</td>
<td>(40,624)</td>
<td>(275)</td>
</tr>
<tr>
<td>Profit before exceptional item</td>
<td>41,299</td>
<td>278</td>
<td>13,297</td>
<td>90</td>
</tr>
<tr>
<td>and taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional item</td>
<td>1,889</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after exceptional item</td>
<td>43,188</td>
<td>290</td>
<td>33,537</td>
<td></td>
</tr>
<tr>
<td>before taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(9,777)</td>
<td>(66)</td>
<td>(6,601)</td>
<td>(6,414)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>33,411</td>
<td>225</td>
<td>26,936</td>
<td></td>
</tr>
</tbody>
</table>

### DIVIDEND

<table>
<thead>
<tr>
<th></th>
<th>12 months to Dec 2010</th>
<th>9 months to Dec 2009</th>
<th>12 months to Dec 2010</th>
<th>9 months to Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declared</td>
<td>2,900</td>
<td>20</td>
<td>2,900</td>
<td></td>
</tr>
</tbody>
</table>

### INFORMATION PER 50K ORDINARY SHARE

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>1.02</td>
<td>0.17</td>
<td>0.83</td>
<td>0.04</td>
</tr>
<tr>
<td>Adjusted</td>
<td>1.02</td>
<td>0.17</td>
<td>0.83</td>
<td>0.04</td>
</tr>
<tr>
<td>Net assets</td>
<td>10.44</td>
<td>10.73</td>
<td>10.44</td>
<td>10.94</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– actual</td>
<td>70.64</td>
<td>74.95</td>
<td>59.98</td>
<td>61.10</td>
</tr>
<tr>
<td>– adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Exchange quotation</td>
<td></td>
<td></td>
<td>13.73</td>
<td>14.05</td>
</tr>
</tbody>
</table>

|                                |                         |                         |                         |                         |
| Cost to income                 | 65.5                    | 59.20                   | 66.50                   | 58.80                   |
| Return on average assets       | 1.49                    | 0.23                    | 1.44                    | 0.07                    |
| Return on shareholders’ funds  | 9.81                    | 1.57                    | 7.9                     | 0.40                    |
| Capital adequacy               | 20.35                   | 15.80                   | 27.57                   | 21.33                   |
| Number of branches/agencies    | 652                     | 610                     | 611                     | 570                     |
| and subsidiaries               |                         |                         |                         |                         |
| Number of staff                | 8,154                   | 8,757                   | 7,603                   | 8,221                   |
| Number of shares in issue      | 32,632                  | 29,008                  | 32,632                  | 29,008                  |
Fellow shareholders, invited guests, gentlemen of the press, distinguished ladies and gentlemen, I am pleased to welcome you to the 42nd Annual General Meeting of First Bank of Nigeria Plc. I feel especially honoured by the decision of the Board of Directors of FirstBank to confer on me the responsibility of chairing the Board of this venerable institution.

Tasking though this assignment is bound to be, in the increasingly competitive landscape that the financial services industry in Nigeria has become, I am confident of my ability to lead the Board to meet emerging challenges head on.

In a sense, I have had a very robust engagement with our Bank’s governance structures. And I cannot but thank the immediate former Chairman, Dr Oba Otudeko, primarily, for the rigour of his work ethics, and the sheer breadth and depth of his vision; and then, for his willingness to share these with his colleagues on the Board.

As one who was until recently, a Non-Executive Director on the Board, I make bold to say that the new team shall be proceeding within the strategic markers which the Board has committed to. The task ahead will require all the capacity available to the Bank, including that which the body of shareholders has been noted for giving.

While counting on your support, I wish to assure you, on behalf of the Board of Directors, management, and staff of our Bank, of our commitment to grow shareholder value.

Thank you

Yours sincerely

[Signature]

Prince Ajibola Afonja
Chairman
April 2011
Twelve months ago, I enunciated my vision for the Bank to you; and I am delighted to report that over the last financial year, we have had this vision validated by all the main assessment indices. On the whole, the period for which I report witnessed a generally positive trend in industry numbers. The Central Bank of Nigeria (CBN) similarly made appreciable progress in its efforts at reforming and repairing the banking sector of the economy, as part of a process of reinvigorating the financial intermediation function, and improving the resilience of the domestic economy to potential shocks.

One of the more important reforms embarked upon by the apex bank was the decision to enforce the provision of the Code of Corporate Governance for Banks, which limits the tenure of Non-Executive Directors. Consistent with the provisions of this code, and consonant with our long-standing commitment to best-of-breath corporate governance practice, especially our commitment to continuity and a constant rejuvenation of the Board of Directors, we undertook changes to the Board in the reporting period. In consequence of these changes, effective 31 December 2010, I voluntarily retired from the Board of FirstBank.

As you welcome the new members of the Board, I am sure that you will accord them the unstinting support, which the Board has always enjoyed from its shareholders. I should also thank you, at this point, for everything. Strong though FirstBank’s corporate governance practice is: the external environment within which the Board had to work was just as important for our success. I cannot ignore your contribution to this salutary environment.

On this understanding, your support to the incoming Board is especially necessary, as the industry’s regulatory environment and its structure continue to change in response to recent global events. In the constitution of the new Board, we have ensured a mix of competence consistent with our understanding of the challenges that we will face in the short to medium term. We have also balanced the need to rejuvenate the Board, with a strong bias for continuity. In the person of the new Chairman, Prince Ajibola Afonja, this mix of continuity and change is embodied. His previous stint as a Non-Executive Director of the Bank ensures he has a proper handle on our strategic growth opportunities and the themes that back these. As the new Chairman, he brings to his new office almost 50 years of varied experience in both the private and public sectors and invariably reaching the top of his chosen career in all of these assignments. I have no doubt that he will use these competences to the full benefit of the Bank, and I enjoin your unalloyed support for him and his team.

The fortunes of the global economy were ambivalent in the review period, with emerging market economies, especially China and India, dominating growth. Tepid growth in the advanced economies remained a cause for concern. Anxieties over a possible contraction of global growth were exacerbated by an uncritical recourse to fiscal consolidation in a number of globally important economies, and fear of competitive currency devaluations, as countries tried to address their current account imbalances. In both the Euro area and the UK the banking industry came under additional pressure with authorities in both jurisdictions proposing a tax on bank profits.

“Undoubtedly, further policy changes over the medium term, including the prospects of enhanced competition, either from a consolidation of industry operators or from the entrance of foreign players, would challenge our resources. However, the goal remains to be the bank of first choice for the domestic market, and indeed the rest of Africa.”

Favourable external conditions, helped in large part by continued growth in China’s demand for basic resources, played to the advantage of the domestic economy. Nonetheless, local sources, including agriculture and the wholesale and retail trade sector, were the main motors of domestic output growth. Although concerns remained over the sluggish domestic market for credit, the financial services industry began to show signs of recovery in the review period, with most banks expected to turn in positive profitability figures this year. While recognising the invaluable role played by the intervention of the Asset Management Company of Nigeria (AMCON) in trying to sanitise the domestic industry’s portfolio of non-performing loans, further reforms by the CBN to the industry will be needed to consolidate the current growth spurt. Other regulators in the financial services space also undertook broad repairs in their industries. These efforts ranged from reducing the cost of bond issuance and improving corporate governance practices (Securities and Exchange Commission and the Nigerian Stock Exchange), recapitalisation of industry operations (National Insurance Commission), and new asset allocation standards (Pension Commission of Nigeria). In recognition of the rapidly eroding boundaries between sub-sectors in the financial services industry, these different regulators increased coordination in the review period.

CONSOLIDATING OUR CHANGE AGENDA

The review period represented the tail end of one of the most temperamental risk cycles that the financial services industry in this country has been through. For most industry players, 2010 represented an opportunity to consolidate following the unprecedented levels of loan
loss provisions in 2009; and a number of banks made considerable headway in the pursuit of bad debts. The markets responded to the general credit squeeze through a heightened influx of credit applications to the Bank. We responded to this by keeping our exposure to the public sector unchanged within our internal portfolio limit, while focusing on growth to the real sector. Consequently, the adverse impact of the cost of cleaning up our loan books and improving the quality of our risk assets on our profit figures was more muted in the review period than was the case last year. We ended the year in full compliance with regulatory requirements for managing our portfolio. Leveraging the many lessons of the last couple of years, we strengthened our monitoring capabilities in order to ensure the integrity of our risk assets portfolio and mitigate the possibility of a recurrence, going forward.

The capacity for early recognition should improve our ability to deploy remedial action ahead of the classification of risk assets. By increasing the weights attached to performing accounts in the assessment of our relationship management personnel, we are assured of a proactive and more profitable management of our loan book.

At another level, the relative successes notched up in the review period happened within the broad strategic context laid out in my address to you last year. In the review period, we reaped further gains from the ongoing optimisation of our Group structure. We were convinced of the cost savings and synergies obtainable from combining previously discrete but conceptually related subsidiaries under one roof. At the Group level, the holding company structure remains our preference in complying with the CBN’s requirements associated with the repeal of the universal banking structure. Accordingly, the Bank decided on obtaining an international banking licence from the CBN, while simultaneously creating a holding company, which will be the only listed entity in what was previously the Bank’s corporate structure. We have since submitted our compliance plan to the CBN and are awaiting its response. However, there are a number of concerns with this option, including the resolution of double taxation, which our tax consultants are currently working on.

The commitment to inorganically grow our domestic and international footprints was strengthened in the review period, as we made considerable advances with respect to a couple of potential acquisitions. While we look forward to more concrete developments regarding our strategic growth opportunity prospects in the coming quarters, it is worth noting that our representative offices generated new business opportunities/referrals in the review period.

The Bank also pursued changes to its operating structure that were necessary in order to realise its new vision. A much more customer-centric front office, and back-end processes that can be reconfigured according to the front office’s definition of what should be done in order to better serve the market are the non-negotiable deliverables expected from these process changes. As change becomes a permanent feature of the financial services industry’s landscape, the service challenge goes beyond anticipating and meeting rapidly changing customer tastes. Even the way we are structured as a business is increasingly susceptible to sharp inflections in the customer fashion trajectory. Automated processes, customisable/interactive customer interfaces, including ATMs and the internet, all provide the scale and modular features that today’s market needs. These functionalities are most cost-effective when they are built around a public infrastructure base. Otherwise, they portend enormous cost outlays for the industry looking ahead. We must acknowledge in this regard, the effort of the CBN to get the industry to share a lot more resources, both as a solution to potential hikes in operating expenses, and as a process through which industry operatives are able to ease and improve service delivery options.

Consequently, as part of the process of transforming the service delivery experience in the review period, we:

- implemented a framework that enables collection, resolution and future prevention of various customer issues;
- implemented a mobile banking solution designed to address the issues raised by financial exclusion and mainstreaming the large unbanked segments of the domestic population;
- optimised branch operations by centralising non-customer-facing/transactional processes and redesigning/automating the remaining processes with our branches;
- transformed the branch experience by ensuring all elements are in line with service delivery expectations;
- optimised our staff compensation package, empowering staff and aligning our front-line personnel with our service delivery mandate; and
- optimised costs and increased customer satisfaction by ensuring alternative channels work.

Human resource issues remained at the centre of the change effort in the review period. Evidence from the uneventful take-off of our new operating model attest to the correctness of the many initiatives we undertook in respect of our staff in the review period. Among others, these included:

- staff rejuvenation and corporate workforce renewal;
- the selection and design of training interventions in support of the Bank’s strategic aspirations;
- redesign of our incentive structure to take cognisance of the changes to our operating structure, and to incentivise the different performance levels needed for staff to excel both in the front office roles and support functions; and
- commencement of in-house e-learning courses focused on product, banking, information technology and credit administration.

These changes would reinforce both our medium-term goals and our success trajectory. Undoubtedly, further policy changes over the medium term, including the prospects of enhanced competition, either from a consolidation of industry operators or from the entrance of foreign players, would challenge the Bank’s resources. However, the goal remains to be the bank of first choice for the domestic market, and indeed for the rest of Africa.

OUR PERFORMANCE

Our Performance Constraints in our operating environment, which have been on since the global recession set in and which seem to have evolved yearly, reflected on our performance through a 19% drop in interest income. On account of this, despite a 33% increase in non-interest income, group gross earnings,
when compared to annualised figures for 2009, declined by 11% from ₦194 billion recorded in the nine months to December 2009, to ₦183.1 billion in the 12 months to December 2010.

Relative to last year, we were able to increase Group profit before tax from ₦113.3 billion (revised) in the nine months to end December 2009 to ₦143.2 billion after charging the 1% general loan loss provision of ₦11.4 billion in the review period. After tax Group profit rose by 411% from ₦44.9 billion (revised) in the nine months to December 2009 to ₦231.4 billion in the 12 months to December 2010. The Bank’s profit rose by 1,484% to ₦26.9 billion, from ₦2.1 billion over the same period.

Red flags were raised in the review period, as declining yields on loan books drove a significant decline in interest income. Average yields on our loan book may remain subdued as structural impediments of a macroeconomic variety may continue to restrict growth in private demand for credit. Although we were able to drive all interest expenses down through a shift in our deposit mix, anticipated increases in rates across the board in response to the apex bank’s tightening of monetary conditions may further complicate the recovery in credit markets.

The effect of lower yields and rising costs showed up in a worsening cost-to-income ratio, which deteriorated from 59.2% to 65.5%. The Group and the Bank achieved a total capital adequacy ratio of 20.35% and 27.57% respectively in the period under review, well in excess of the regulatory minimum of 10%. Clear evidence of improvements in our Key Performance Indicators confirms our commitment to return value to shareholders on a sustainable basis.

In conjunction with earlier outlined growth initiatives, I am convinced that FirstBank will continue to deliver value for money in the long run.

BOARDS CHANGES

The following changes took place on the Board during the financial year ended 31 December 2010:

1 Resignations
(a) Mrs Bola Adesola, Mr Oladele Oyelola, Dr Abdu Abubakar, all Executive Directors, resigned their appointments from the Board with effect from Thursday 15 July 2010.
Dr Yerima Ngama, also an Executive Director, resigned from the Board effective Friday 31 December 2010.
(b) In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance, which stipulates a maximum of 12 years as the tenure of Non-Executive Directors on the Board of banks, the following Non-Executive Directors resigned their appointments from the Board with effect from Friday 31 December 2010:
(i) Dr Obi Otudeko, OFR;
(ii) Alhaji Abdullahi Mahmoud;
(iii) Lt General Garba Duba (Rtd); and
(iv) Mr Oye Hassan-Odukale, MFR.

2 Appointments
(a) The Board’s meeting of 28 October 2010 appointed Mr Ambrose Feese, Mrs Ibukun Awosika, Mr Ebenezer Jolaoso, and Alhaji Lawal Ibrahim as Non-Executive Directors.

(b) Also, at its meeting of 29 December 2010, the Board appointed Mallam Ibrahim Waziri, Mrs Khadijah Alao-Straub, Mr Obafemi Otedoko, and Mr Tunde Hassan-Odukale as Non-Executive Directors to fill the casual vacancies occasioned by the resignation of four Non-Executive Directors, while Mallam Bello Maccido was appointed as Executive Director to fill the vacancy created by the resignation of Dr Yerima Ngama from the Board. The appointments took effect from 1 January 2011.

(c) Consequent upon the resignation as a Non-Executive Director and Chairman of the Bank, the Board at its meeting of 29 December 2010 appointed Prince Ajobola Afolna as the Chairman of the Bank with effect from 1 January 2011.

3 Retirement by rotation

In accordance with the Company’s Articles of Association, the following Directors, Mr Bisi Onasanya, Mrs Remi Odunlami and Alhaji Mahey Rasheed, OFR would retire by rotation and, being eligible, offer themselves for re-election. Mr Ambrose Feese, Mrs Ibukun Awoiska, Mr Ebenezer Jolaoso, Alhaji Lawal Ibrahim, Mallam Ibrahim Waziri, Mrs Khadijah Alao-Straub, Mr Obafemi Otedoko and Mr Tunde Hassan-Odukale, Directors appointed since the last Annual General Meeting, would offer themselves for election as Non-Executive Directors. Mallam Bello Maccido, an Executive Director who was appointed since the last Annual General Meeting, would also offer himself for election as a Director.

APPRICIAITION

As I come to the end of a most educative and interesting tenure on the Board of Directors of one of Nigeria’s flagship quoted companies, I wish to express my heartfelt gratitude to you, distinguished shareholders of FirstBank. It has been a long association, first as a Non-Executive Director, and then as Chairman. For the most part, this association has traversed key points of inflection in the modern history of the financial services industry, and some of these were particularly trying times. I can assure you that none of the many achievements that we boast of today could have been achieved without your understanding and support. I wish also to thank the Board of Directors, management and staff for the broad perspectives they brought to bear on the debates that informed our policy choices, and the single-minded zeal with which implementation of these choices were pursued once we had agreed on the different dimensions of what we had to do.

I have no doubt that the structures we have put in place are more than adequate for the challenges ahead of the Bank. I also believe that our Bank has the resources and the will to implement the needed initiatives.

Yours sincerely

Dr Obi Otudeko, OFR
Former Chairman
April 2011
INTRODUCTION

First Bank of Nigeria Plc
Annual Report & Accounts 2010

10

BANK STRATEGIC PRIORITIES

QUICK READ

GROWTH

Relationship to strategy

Fundamental to our vision of being the lender and bank of first choice.

Rapid development of the Nigerian financial services market creates a ‘grow or become irrelevant’ imperative.

Scale confers significant benefits (cost efficiencies, deal flow, convenience to customers, etc.) in commercial banking.

Growth emphasis to shift from balance sheet to enhanced profitability.

Organic growth remains our core means of ensuring sustainable growth. The focus of our growth strategy is around six cross-cutting themes – key segment penetration, cross-selling, value proposition enhancement, price optimisation, stimulating customer usage and channel optimisation.

Achievements

• Reorganised commercial division around market segments (Corporate, Public Sector, Retail, Institutional and Private Banking) and in process of value proposition overhaul
• Made significant headway in priority industries and segments (e.g., landmark telecoms transactions, structured lending)
• Re-priced deposit liabilities leading to significant reduction in cost of funds
• Streamlined product portfolio on the heels of detailed consumer insights work
• Made significant headway with respect to future use of alternate channels to generate revenue (e.g., mobile money offering planning/development)
• Developed aligned go-to-market approach for wealth management offerings between the Bank, its UK subsidiary and its investment banking arm.

2011 priorities

• Drive execution of the new Strategic Business Unit strategies
• Institutionalise cross-selling initiatives across our network supported by appropriate transfer pricing/incentives mechanisms
• Strengthen our franchise in priority industry and market segments (e.g., affluent and SME segments in retail)
• Implement updated risk-based pricing framework across Strategic Business Units
• Rapidly deploy and grow mobile money.

Strategic priority areas

To maintain our position as the leading bank, we continue to push on all fronts including organic and inorganic growth in our core business as well as international expansion. Our growth agenda is nonetheless structured with shifting emphases over time and with a view to sustainable earnings growth.
Growth remains a fundamental priority. This will be achieved either inorganically at the right price, where a strong case for synergy creates value to shareholders, by accelerating our sustainable (organic) growth initiatives or via a combination of both.

Objectives

Our broad objective is to achieve growth and transformation, while defending our leadership position and extending it across key dimensions (customers, brand, service, etc.) to deliver superior/sustainable financial results.

…”strategic growth opportunities identified will depend on being able to deliver what the customers want, when they want it, where they want it, in the right quantities and the right quality, while keeping cost competitive…”

Bisi Onasanya
Group Managing Director/
Chief Executive Officer

Inorganic growth

We continue to believe that opportunities exist within the Nigerian financial services landscape for further consolidation. We are committed to exploring opportunities that will create significant value for our shareholders via a complementary combination, on the right terms. Shareholder value creation remains our paramount consideration in any transaction.

International expansion

As the largest private sector financial institution in Sub-Saharan Africa (SSA) (ex-South Africa), we believe we are optimally poised to lead financial services growth in key SSA markets and in relevant markets beyond. Our initial focus has been the expansion of locations outside Africa that complement our existing business in Nigeria – particularly supporting trade finance and cross-border lending and investments. Increasingly, we will focus on a select number of SSA markets that we believe to be of disproportionate importance.

Achievements

- Developed framework for international expansion with detailed analysis of target countries, entry strategy, roll-out requirements and prioritisation
- Launched the FirstBank Beijing representative office, significantly boosting access to cross-border trade and investment flows for the Bank.

Priorities (medium/long term)

- Establish representative office in United Arab Emirates
- Make initial foray into Sub-Saharan Africa (outside Nigeria) in line with articulated strategy and balanced against competing funding priorities (e.g., domestic (Mergers & Acquisitions)).
INTRODUCTION

BANK STRATEGIC PRIORITIES

QUICK READ

SERVICE DELIVERY AND OPERATIONAL EXCELLENCE

Relationship to strategy

Enabler to drive profitable growth (scale up efficiently).
Lever for improving profitability (cost efficiency).
Be the ‘clear leader’ and Bank of ‘first choice’ (increase number of customers, deepen existing relationships).

Operational excellence drivers

Service delivery
Cost optimisation
Process excellence

Initiatives for transforming service delivery

We are pursuing five key initiatives to transform our service delivery based on customer feedback and our competitive environment.

Customer experience/issue resolution
Continuously identify and resolve customer issues, monitor customer experience, and prioritise improvements based on customer feedback.

Centralised processing and branch process re-engineering
Centralise transactional processes and optimise branch processes to drive standardisation, reduce transaction processing times and decongest the branches.

Brand optimisation
Improve our branch ambience, increase awareness of our products and services, and encourage customer migration to alternative channels.

Manning/frontline transformation
Optimise our manning structure and levels, empower staff and ensure our service objectives are translated through our front-line staff.

Channel optimisation and migration
Optimise channels (performance and functionality) and migrate customers to the appropriate channel (based on segment needs and requirements).

90%
ATM uptime, increased from 52%
Our push for growth is underpinned by an intensive focus to provide excellent service in an efficient manner to our customers. To achieve this, our service delivery and operational excellence transformation is focused on three interlinked themes – service quality, cost optimisation and process excellence – with service quality being the primary lens, in order to ensure all initiatives drive impact at the front line.

**Objectives**

- Increase our service quality by focusing on what is most important to customers and delivering it in an efficient and effective manner (e.g., shorter processing times, increased convenience).
- Increase efficiency and effectiveness by continuous root-cause identification and elimination of waste and income leakages.
- Enable continuous improvement and increase enterprise ability to respond to changing requirements (both internal and external) through ongoing end-to-end business process re-engineering.

**Initiatives for operational excellence**

**Quick-wins**

- Analyse quick-win cost optimisation opportunities and estimate expected impact from successful implementation.

**Manning structure**

- Align manning levels and manning approach at both the branch and head office levels to ongoing structural changes, and identify ways to improve our operating efficiency and provide more satisfying jobs for our staff.

**Expense control**

- Review current expense control policies and procedures, and identify opportunities for improvement, especially for controllable costs.

**Depreciation/maintenance**

- Review ‘big-ticket’ maintenance items and identify areas where we can eliminate and/or optimise our maintenance spend.

**Quick-wins**

85% ATM migration rate for ‘re-branded branches’, increased from 62%

78% reduction in account opening time when using the centralised processing centre*

*It now takes approximately 10 minutes to have an account opened.
Initiatives for performance management/productivity improvement

Creating a work environment in which employees are productive is essential for organisational success. It is against this backdrop that our performance management/productivity improvement initiatives were established. Our key focus was on motivation and providing an enabling environment to improve performance and quality of life. Some of the major milestones achieved include:

- **Pay for Performance and Pay for Role**
  
  Pay for Performance is a payout incentive to reward higher performance. Pay for Role is a payment incentive for back office function.

- **Adjustment of notches/special notches**
  
  Adjustment to higher amounts of notches on base pay to serve as a motivator when staff are not promoted.

- **Automation/standardisation of Human Capital Management Development (HCMD) processes**
  
  Established systems and IT driven processes through the People First Management System (PFMS).

- **N1.2 billion** was expended as Pay for Performance to incentivise contribution and retain superior performers – this incentive contribution commenced in 2010.

- **1,638 staff** were promoted in 2009, out of 7,735 appraised, as against 1,645 staff promoted out of 7,754 appraised in 2008/2009, an average of about 21% in both years.
In 2010, we sought to establish meaningful performance standards and excellence, while ensuring that staff were appropriately measured and evaluated. In essence, we worked towards establishing an environment where there is no place to hide poor performers. In this regard, we instituted initiatives to drive performance, details of which will be given in subsequent sections. In addition, we worked towards developing employee potentials which will serve to systematically attract and retain core talent in alignment with corporate strategy.

Objectives

To ensure an appropriate performance management system that will actualise the organisation’s strategy and shared values to reinforce the Bank’s stance as a performance and merit-driven organisation.

To ensure that human resources initiatives embarked upon will encourage optimal performance of employees.

“As the labour market becomes more dynamic, employees’ awareness of their rights is increasing. Therefore, we regularly refine our HR practices with respect to performance management and employee development.”

Ayodele Jaiyesimi
Head, Human Capital Management & Development

₦75,500 was the average medical spend per staff member in 2010 as against ₦68,431 in 2009
The crafting of the talent management framework is predicated on the Bank’s overall strategy, which within two reviews still re-echoes the need to become a hub for the best industry talent, cultivating a highly motivated, capable and entrepreneurial workforce. Essentially our talent management initiatives are geared towards enabling a quality workforce to maintain competitive advantage, meet business demands and deliver on strategic aspirations.

In line with the Bank’s strategic intent, while drilling down to the Strategic Business Units’ objectives, effective talent management practices are a top priority for HCMD to enable the Bank to maintain a competitive advantage and optimise returns on human assets. As a result we identified the need for broader skills, strong leadership capabilities, role models and business needs that require innovative and entrepreneurial skills. With this in mind, we embarked on a number of initiatives to achieve these objectives.

FirstLearn
An online platform conceived to encourage self-learning and development.

Capacity building
Training intervention based on job competency requirements, business needs and evolving business opportunities.

Management development programmes
Training intervention targeted at management staff to equip them for the challenges of current and future roles.

1,200 staff enrolled for information security courses
703 programmes were run in 2010 as against 602 programmes run in 2009, a 16.78% increase
Fundamental to FirstBank’s success as the ‘Bank of first choice’ will be its ability to attract, develop and retain a cadre of the best-performing industry talent available in the regions in which FirstBank operates. The Bank seeks to deploy mechanisms that would continually elevate and equip the best performers, and attract new pockets of specialised expertise, where required. Several initiatives are underway on people/talent management.

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<tr>
<th>Cross-posting</th>
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<td>Framework established to achieve well-rounded staff.</td>
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<th>Development of competency framework</th>
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<td>To ensure a clear process of equipping people with the required competencies for job roles, training and succession planning.</td>
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<th>Self-development campaign</th>
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<td>To ensure staff have self-development plans to augment what the Bank provides for capacity building.</td>
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<th>FirstAcademy</th>
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<td>Developed to provide the appropriate framework for implementing a competency-based learning and development system.</td>
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**Objectives**

- To ensure that the right calibre of staff are recruited, trained, motivated and retained.
- To ensure that there are clearly defined policies and procedures to guide talent management framework and initiatives.
- To make the Bank’s human capital a sustainable source of competitive advantage.

7,506 staff were trained representing 98.6% of core staff while in 2009, 7,650 (93.05%) staff were trained.
LEADERSHIP AND GOVERNANCE

Full biographies can be found on our website: www.firstbanknigeria.com/annualreport2010/

The Board of Directors

1. Otudeko, Oba, OFR Former Chairman
   Resigned on 31 December 2010
   Dr Oba Otudeko, OFR is a Fellow of the Chartered Institute of Bankers, United Kingdom, the Institute of Chartered & Corporate Accountants UK (with honours), and Institute of Chartered Accountants of Nigeria. He is also Associate Member, Institute of Chartered Secretaries and Administrators, UK. A seasoned banker and administrator, he has served in various bankers’ committees. He is the Chairman of Honeywell Group Limited (comprising about 10 companies). He is also Chancellor, Olabisi Onabanjo University, Ago Iwoye and a recipient of an honoris causa doctorate of the University.

2. Prince Afonja, Ajibola Chairman
   Appointed wef 1 January 2011
   Prince Afolabi Afonja is a fellow of the Chartered Association of Certified Accountants (FCCA). He holds a degree from Kingston University, Kingston-upon-Thames, Surrey, UK and has worked in various capacities such as Audit Trainee with Akintola Williams & Co and with John Mowlem & Co Limited, the fifth largest Construction Group in Europe. He was Managing Director, International Glass Fibre Industries Limited, Ibadan and Chairman/CEO, Integrated Dimensional Systems Limited, Oyo. Prince Afonja has attended Executive Training Programmes locally and across the globe and has also held several Federal Government of Nigeria appointments.

Membership key
- AC: Audit Committee
- ACI: Audit Committee (in attendance)
- BARAC: Board Audit & Risk Assessment Committee
- BARACI: Board Audit & Risk Assessment Committee (in attendance)
- BCC: Board Credit Committee
- BEPD: Board Establishment, Promotions & Disciplinary Committee
- BG: Board Governance Committee
- BGI: Board Governance Committee (in attendance)
- BT: Board Tenders Committee
- ECC: EXCO Credit
- EGC: EXCO General
- MCC: MANCO Credit
- MGC: MANCO General

Note: The Board Tenders and Board Establishment, Promotions & Disciplinary Committees merged to form the Board Finance & General Purpose Committee effective 29 December 2010. Appointed members: Ebenezer Iloko, Bisi Onasanya, Remi Odunlami, Kehinde Lawanson, Ibukun Awosika, Lawal Ibrahim and Ibiai Ajumogobia.
Onasanya, Bisi  
Group Managing Director/Chief Executive Officer (GMD/CEO)

Onasanya, Bisi has over 25 years‘ post-qualification experience and until his appointment as GMD/CEO was Executive Director, Banking Operations & Services. Prior to joining the Board of FirstBank, he was the pioneer MD/CEO of First Pension Custodian Nigeria Limited, a subsidiary of FirstBank. Bisi joined the use in 1994 and coordinated the Century 2 Enterprise Transformation Project for the Bank. An astute Chartered Accountant, he holds an HND Upper Credit in Accountancy from Lagos State College of Science & Technology, Lagos, and is an Associate Member of the Nigeria Institute of Taxation.

Ajumogobia, Ibiai  
Non-Executive Director

Ibiai Ajumogobia is a human resources professional with over 20 years of core HR experience at the senior management level. With a degree in law, she began her career in the Rivers State Ministry of Justice, worked in the Federal Ministry of Justice, the Shell Petroleum Development Company of Nigeria and Citibank Nigeria. She is a member of the Chartered Institute of Personnel Development (CIPD) and sits on the Governing Council of the Chartered Institute of Personnel Management of Nigeria.

Awosika, Ibukun  
Non-Executive Director

Appointed on 28 October 2010

Ibukun Awosika holds a BSc in Chemistry from University of Ife (now Obafemi Awolowo University), an MBA from IESE Business School, Barcelona, Spain and is an alumnus of the Lagos Business School Chief Executive Programme. She is the founder and CEO of Sokota Chair Centre Limited and TCC Security Systems. She is a fellow of the Aspen Global Leadership Network and a multiple award-winning entrepreneur.

Duba, Garba, Lt Gen (rtd)  
Non-Executive Director

Resigned on 31 December 2010

Lt Gen Garba Duba joined the Nigerian Army in 1962 and held various strategic positions including Aide-de-Camp (ADC) to Military Governor, Northern Region; Military Governor, Sokoto State (1986) and Commandant, Nigerian Defence Academy (1992). He is a farmer, businessman and one-time Chairman, New Nigeria Development Company (NNDC) Limited.

Feese, Ambrose  
Non-Executive Director

Appointed on 28 October 2010

Ambrose Feese is a graduate of Leeds College of Commerce, UK, Bradford University, Project Planning Centre, UK and IMDEE-Lausanne, Switzerland, where he has worked accounting, project finance and management respectively. He has professional certificates in accounting and his work experience spans the Shell Company of Nigeria Limited, Joss, New Nigeria Development Company Limited, Kaduna; Bank of the North Limited; Kano and ICON Limited (Merchant Bankers), Lagos. He has also served as chairman and director in several quoted blue-chip companies and as a member of many government committees.

Hassan-Odukale, Oye, MFR  
Non-Executive Director

Resigned on 31 December 2010

Oye Hassan-Odukale, MFR attended the University of Houston, Texas, USA and holds both Bachelor’s and Master’s degrees in Business Administration (Finance). He is a board member of various companies including Prestige Assurance Co. Adewale plc and Globe Reinsurance Company Limited. He is a Munich Re scholar and is accredited by the Securities and Exchange Commission as an Investment Manager and Portfolio Adviser. He is the Managing Director, Leadway Assurance Company Limited and has served on the Federal Government of Nigeria’s Committee for the review of insurance laws.

Ibrahim, Lawal  
Non-Executive Director

Appointed on 28 October 2010

Lawal Ibrahim holds a BSc in Business Administration (with specialisation in marketing) from Ahmadu Bello University Zaria and Professional Certificates in Investment Banking and Management. He is an astute development banker and strategic transformation manager, a director in over 15 companies spread all over Nigeria and in different sectors of the economy. He served as a member of Vision 20:20 Technical Working Group (SMES Thematic Area) and is the author of the book ‘The Investment Decision’ (2007). He is widely published on economic issues.

Jolaoso, Ebenezer  
Non-Executive Director

Appointed on 28 October 2010

Ebenezer Jolaoso attended Universita Commerciale Luigi, Bocconi, Italy where he obtained a Diploma in Economics of Banking with professional certifications in banking and management. He has rich work experience in banking spanning over 22 years, with exposure to commercial banking, corporate banking, credit and risk management. He has also functioned as Head, Corporate Services & Administration, Nigerian Eagle Floor Mills Plc. with a wide range of responsibilities including corporate communications, branding, facilities management and human resource management.

Lawanson, Kehinde  
Executive Director (Corporate Banking)

Kehinde Lawanson was until his present appointment Executive Director (West). He has over 20 years’ banking experience, with executive management positions in corporate, investment and commercial banking in several banks. Kehinde holds a BSc in Estate Management from the University of Nigeria, Nsukka and an MBA in Finance from the University of Lagos. He has attended training programmes in top-rated business schools including Stanford University and University of Manchester.

Mahmoud, Abdullahi  
Non-Executive Director

Appointed on 28 October 2010

Resigned on 31 December 2010

Abdullahi Mahmoud is a banking and management enthusiast with over 25 years of considerable experience in both domestic and international banking. He holds professional banking and accountancy qualifications, and has held various positions in different banks, insurance firms and reputable companies in the country. He was General Manager, United Bank for Africa Plc, Managing Director, African International Bank Limited and Group Managing Director of New Nigerian Development Company Limited.

Ngama, Yerima  
Executive Director (Retail North)

Appointed on 28 October 2010

Resigned on 31 December 2010

Yerima Ngama holds a BSc in Accountancy from the University of Maiduguri. He attended the University of Glasgow, UK for his MSc in Accountancy, and the University of Birmingham, UK for Master of Social Science and then a PhD in Economics. He worked at Commercial Bank and Finance Bank and was the first Sub-Saharan African female and first Nigerian to be appointed to the level of Senior Credit Officer within Citigroup. Remi holds a BSc in Mathematics from the University of Warwick, Coventry, England and is a fellow of the Chartered Association of Certified Accountants.

Odunlami, Remi  
Chief Risk Officer

Remi was, until her appointment to the Board of the Bank, Executive Director and Country Risk Manager at Citibank Nigeria Limited. With over 18 years’ experience in banking, she held several general management positions and was the first Sub-Saharan African female and first Nigerian to be appointed to the level of Senior Credit Officer within Citigroup. Remi holds a BSc in Mathematics from the University of Warwick, Coventry, England and is a fellow of the Chartered Association of Certified Accountants.

Otti, Alex  
Executive Director (Public Sector South)

Resigned on 28 October 2010

Alex Otti was Executive Director (South) until his present appointment. His banking experience spans treasury and financial services, corporate banking and the development of the oil and gas business for over 22 years in several banks. He graduated from the University of Port Harcourt with first-class honours and obtained an MBA from the University of Lagos. He has attended the executive development programmes of many prestigious institutions, including Harvard University, Columbia Business School, New York and Stanford Business Schools.

Rasheed, Mahay, OFR  
Non-Executive Director

Resigned on 28 October 2010

Mahay Rasheed attended Ahmadu Bello University, Zaria and Harvard University, USA where he obtained a BSc in Economics and MPA Public Policy respectively, and is an Edward Mason Fellow, Harvard University. He started his career at Nigeria Development Company Limited and was a Principal Investment Executive before joining the Central Bank of Nigeria, where he started as an Assistant Director and retired as a Director. He also has held several Federal Government appointments and was conferred with the national honour of Officer of the Federal Republic (OFR) in 2004.

Note: Directors appointed on 28 October 2010 were members of identified committees as at year end but no committee meetings were held after such appointment. Mahay Rasheed, OFR, became a member of the Board Governance (BG) committee as at year end but no BG meetings were held after his appointment.
New Directors on the Board in 2011

1. Alao-Straub, Khadijah Non-Executive Director
   Appointed wef 1 January 2011
   Khadijah Alao-Straub is a multilingual barrister who trained at Obafemi Awolowo University, Ile-Ife, Nigeria and the University of Buckingham, United Kingdom. She holds an LLM from the Cornell University, USA. Her working career spans Lister Group of Companies, The Fantastic Corporation Germany and EurotaxGlass International AG Switzerland, where she held various management positions and was responsible for the formulation of structure, business and legal strategy.

2. Hassan-Odukale, Tunde Non-Executive Director
   Appointed wef 1 January 2011
   Tunde Hassan-Odukale holds a BSc in Mathematical Sciences from the University of London, and also a post-graduate degree in Actuarial Science. Until his appointment as a Non-Executive Director of FirstBank, he is an Executive Director, Leadway Assurance Company Limited with responsibility for managing the company's assets, IT strategy, Finance and general operations. Tunde has attended several professional executive courses at London Business School, Harvard Business School, the Wharton School in Pennsylvania and IMD in Lausanne, Switzerland.

3. Maccido, Bello Executive Director (Retail North)
   Appointed wef 1 January 2011
   Bello was, until his present appointment, Managing Director of Legacy Pension Managers. He has over 20 years’ experience in corporate and investment banking at Ecobank Nigeria Plc and FSB International Bank, where he became the Acting Managing Director. Bello holds a degree in law from Ahmadu Bello University, Zaria and has been called to the Nigerian Bar. He also holds an MBA (Managerial Finance) from Wayne State University, Detroit, USA and has attended executive development programmes at Harvard Business School, The Wharton School in Pennsylvania and IMD in Lausanne, Switzerland.

4. Otudeko, Obafemi Non-Executive Director
   Appointed wef 1 January 2011
   Obafemi Otudeko is a graduate of Accounting from the University of Huddersfield, United Kingdom and an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN). His work experience spans the Honeywell Group, where he is Executive Director, and PricewaterhouseCoopers, where he led and managed various audit and consultancy engagements for major banks and non-bank financial institutions in Nigeria as well as other special projects. He also has wide experience of managing oil and gas projects.

5. Waziri, Ibrahim Non-Executive Director
   Appointed wef 1 January 2011
   Ibrahim Waziri holds a BSc in Accounting from the Ahmadu Bello University Zaria and an MBA from the University of Lagos. A fellow of the Institute of Directors (ICD), he has a combined 30 years’ professional experience in banking and oil and gas businesses. His working experience includes: Group Executive Director at the Nigerian National Petroleum Corporation (NNPC), Financial Analyst and Manager, International Merchant Bank Limited, Executive Director, Nigeria Gas Company Ltd and the Pipeline and Product Marketing Company Ltd, Deputy Managing Director, Nigeria LNG Limited and Managing Partner, Gulf of Guinea Petroleum Consulting Limited.
Note: All Executive Vice Presidents with the exception of the Chief Financial Officer and the Company Secretary were members of the MCC on 29 November 2010. With effect from 10 January 2011 all EVPs became members of the MCC.
AWARDS

DIAMOND PARTNER AWARD
Presented by NDLEA Officers’ Memorial Fund and awarded to FirstBank in recognition and appreciation of the Bank’s strong business leadership, continued cooperation and laudable support for Nigeria’s global counter-narcotic efforts.

BEST SUPPORTIVE INSTITUTION
Presented by The Chartered Institute of Bankers of Nigeria to FirstBank in recognition of the Bank’s support of the programmes of the Chartered Institute of Bankers of Nigeria.

2010 MOST ACTIVE STOCK AWARD
Presented by the Pearl Awards to FirstBank in recognition of the Bank’s outstanding enterprise which has contributed to the premium value of FirstBank’s stocks.

SYMBOL OF PEACE AWARDS 2010
Presented by the Police Community Relations Committee, Area ‘A’ Command to FirstBank in recognition of the Bank’s support to the Nigeria Police for the effective combating of crimes and ensuring an atmosphere of peace and tranquillity in our communities.

OFFICIAL SPONSOR AWARD
Presented by the kidZTrust Limited to FirstBank as the official sponsors of the Disney High School Musical On Stage in Nigeria.

BRONZE SPONSOR AWARD
Presented by UTURN Africa to FirstBank in recognition of the Bank’s support for UTURN Africa Forum 2010.

SPONSORSHIP AWARD FOR THE 16TH ECONOMIC SUMMIT
Presented by the Nigeria Economic Summit Group to FirstBank in recognition of the Bank’s sponsorship of the 16th Economic Summit.

BEST BANKING GROUP IN NIGERIA
Presented by the World Finance Banking Awards 2010 to FirstBank in recognition of the Bank’s progress and success.

BANK OF THE DECADE
Presented by the 4th Lagos Enterprise Awards 2010 to FirstBank in recognition of the Bank’s progress and enterprise.

BEST LOCAL BANK IN NIGERIA 2010
Presented by EMEA Finance to FirstBank in recognition of its milestone in corporate social responsibility.

EKO CORPORATE RESPONSIBILITY AWARDS 2010
Presented by the Eko Awards to FirstBank in recognition of its milestone in corporate social responsibility.

AWARD OF RECOGNITION
Presented by the Lagos Bankers’ Clearing House Representatives to FirstBank in recognition of the Bank’s contributions towards Clearing House Operations for the Year 2010/11.
We seek to attain full benefits of scale and scope by accelerating growth and diversification of assets, revenue and profit.

www.firstbanknigeria.com/ir/financialinformation/2010
Distinguished shareholders, ladies and gentlemen, welcome to the 42nd Annual General Meeting of our Bank. On behalf of the Board of Directors, I am pleased to present to you FirstBank's financial statements for the year ended 31 December 2010.

Change of a rapid nature, and in totally unexpected directions has become the dominant feature of the financial services landscape in the country over the last six years. This trend held up in the review period. However, unlike last year, when the industry was threatened by gathering clouds, several silver linings emerged over the last 12 months. In the event, concerns to the contrary notwithstanding, the common year-end policy adopted by all banks last year was almost neutral in its final consequences for the industry. Overall, the industry's outlook improved remarkably, with the coming on stream of the Asset Management Company of Nigeria (AMCON). AMCON’s first intervention to clean up the industry's non-performing loan book confirmed the market’s expectations of a plethora of industry-strengthening opportunities in the wake of AMCON’s activities.

Nonetheless, in recognition of the fact that market discipline might no longer be sufficient to guarantee financial stability, the Central Bank of Nigeria (CBN) continued its reforms of the industry. Notable among these were the revocation of the universal banking model and the issuance of new guidelines for banks’ participation in core and non-core banking businesses; standardisation of financial reporting in published annual statements of banks and discount houses; and moves to strengthen the financial sector’s corporate governance space by insisting on initiatives aimed at guaranteeing auditors’ independence. However, the tension between less direct regulations, and the more direct types adopted by most regulatory authorities in response to the recent global financial and economic crisis, calls for a trade-off between regulatory effectiveness and distortions to the policy space.

**EMERGING SIGNS OF RECOVERY AMIDST THE GLOOM GENERATED BY THE SOVEREIGN DEBT CRISIS**

Economic activity worldwide continued along a two-track growth path in the year in review. Although output in emerging and developing economies is estimated to have exceeded 6% by year end, concerns over the state of economies in Western Europe and North America (estimated to have grown by a miserly 2.25%) dominated the discourse as the year ended. Estimates of 2010 GDP growth in the United States, fell from the 2.6% forecast earlier in the year, to 1.8% by year end.

The US Federal Reserve’s announcement in November that it would buy USD600 billion in long-term treasuries over the next eight months and reinvest an additional USD250 billion to USD300 billion in treasuries with the proceeds of its earlier investments, had the desired effects on the markets as most indices recovered briefly. The Bank of Japan’s decision to lower interest rates to a record low, and establish a fund to buy potentially risky assets from the financial services sector also had a calming effect on the markets.

These positive effects were however moderated by adverse debt-to-GDP ratios in a number of key economies:
US (95.8%), UK (415.1%) and euro area (121.9%). Worried over the sustainability of these debt profiles, policy makers around the world began to push for a raft of belt-tightening measures, including the insistence by the Republican-controlled congress in America on a balanced federal budget, and the imposition of taxes in both the UK and the euro area on bank profits.

Nonetheless, with China and India continuing to grow strongly, improved outlook in the main South American economies, and above trend performance in most emerging market economies, IMF estimates global output growth in 2010 at 4.8%. The main drivers of growth across these different economies were near zero interest rates in the advanced economies and foreign direct investment (FDI) flows into emerging markets, which were in excess of USD60 billion in the year ended December 2010. On the back of this and a mild commodity boom, most African countries are expected to grow strongly in the coming year, although inflation pressures may emerge by the second half of 2011.

THE DOMESTIC ECONOMY REMAINED STRONG EVEN AS SIGNS OF RECOVERY BEGAN TO EMERGE IN THE BANKING SECTOR

Provisional estimates from the National Bureau of Statistics (NBS) put domestic output growth for 2010 at 7.85%. The non-oil sector of the economy remained the main driver of growth in the review period, with agriculture still the pre-eminent sector. However, the economy’s dependence on oil receipts may have worsened in the year: crude oil earnings currently account for 85% of official receipts and 90% of the country’s export earnings. This level of fiscal dependence on crude receipts is a major vulnerability of the domestic economy, and calls for government to expedite the design and implementation of the reforms needed to diversify the economy’s productive base.

Inflation moderated in the review period, with the year-on-year figure for December dropping to 11.8% from 13.9% recorded in the same period last year. Lower inflation figures may finally be reflecting the effects of tighter monetary conditions (as the CBN’s rate-setting committee responded to inflationary worries at its last two meetings), relatively good harvests, improved supply of petroleum products and the slowdown in the domestic credit (to private sector) creation process.

The naira remained stable in the review year, as better inflows from autonomous sources helped moderate its volatility. As at end December 2010, the official average closing rate was ₦148.67/USD1 compared with ₦147.60/USD1 recorded at the beginning of the year. The naira’s stability was however at the expense of an unprecedented drawdown on the nation’s gross external reserves. Consequently, the gross external reserves declined by 28% to USD32.35 as at end December 2010 compared with USD41.5 billion at the beginning of last year.

At 13.40% in December 2010, growth in net domestic credit to the economy, dropped from the 59.61% recorded in the same period in 2009. Unlike in 2009, however, in the period under review, credit to government grew far faster than to the private sector, renewing fears of a crowding out of private sector borrowing. Credit to government grew by 67.83% (compared with 25.92% in 2009), while private sector credit contracted by 4.92% over the same period (as against the 26.63% growth recorded in 2009).

By year end, signs of the banking sector’s recovery from the crisis in the past 18 months were in evidence. For the most part, the industry had returned to profitable growth by the third quarter, albeit at relatively low levels.

FIRSTBANK’S PERFORMANCE

A soft market for private sector credit growth was the main consequence on the industry of the plethora of developments in the review period. While efforts by the CBN to reinforce the industry’s baseline activities resulted in recovery in most banks’ ability to extend credit, structural impediments in the larger economy may have functioned to suppress demand for new loans. Depressed rates because of the liquidity glut, increased government activity in the domestic debt market and rising costs of doing business contributed to the continuing pressure on margins felt by most banks in the last 12 months.

In spite of these, the FirstBank Group’s performance over the 12 months ended 31 December 2010 was impressive. In the wake of the adoption by the industry in 2009 of a common year end, this review is for the first full year since that transition. Annualising the ₦194 billion (revised) recorded as Group gross earnings in the nine months to December 2009, Group gross earnings of ₦231 billion recorded during the review period represented an 11% drop. Reflecting narrower spreads from the drop in the average yield on interest earning assets, the decline in gross earnings also reflected a 19% year-on-year drop in interest income during the review period. Non-interest income, however, benefited from a programme for diversifying our income base, rising by 33%. On the back of an increase in low-cost funding and increased loan loss provisioning arising from the reflection of a 1% general provision on the performing loan book hitherto suspended by the regulatory authorities, profit before tax rose by 144% to ₦13.2 billion, as a result of which the Bank contributed 78% to Group profitability with subsidiaries accounting for the balance.

Two main influences on growth were active in the review period. The first was the effect of the CBN’s repair and reform of the banking sub-sector, which contributed to infusion of extra liquidity into the system. Second was the ripple effect of the recent global crisis, especially the resulting contraction of the capital market, which severely constrained the credit creation process. Both these stimuli operated to constrain interest margins for the better part of the year.

With interest earning assets accounting for 92% of the FirstBank Group’s total assets as at end December 2010, the pressure on margins was significant. However, earlier reforms to the bond market in the year, which acted to reduce the costs associated with bond issuance helped spur increased activity in the market for bond issuance by sub-national governments and corporates. Taking advantage of this low-risk outlet for some of the liquidity we carried in the previous quarter, albeit at relatively low levels.

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As a result of this re-allocation of resources in response to the generally adverse risk environment, our loan book, which represented 49.9% of total assets, in the review period grew by 5.68% to ₦1.151 billion; and although this growth rate is below the five-year CAGR of 43.5%, we remain the largest lender across the industry, with a well-diversified loan book across a number of sectors. Judged by the high provisioning cycle in financial year 2009, we were justified in our cautious approach to growing our loan book. Nonetheless, we recognise, in the appearance of a recovery in domestic credit growth towards the end of the year, renewed opportunity for a measured growth in our loans and advances. Accordingly, we have continued to review our credit generation processes and tighten our risk acceptance criteria to ensure that we can best take advantage of this recovery. Additionally, by focusing on the integrity of our credit portfolio, and conducting prompt remedial action on troubled accounts, we were able to reduce our non-performing loan (NPL) ratio by 0.5% to 7.66% in December 2010 (December 2009: 8.16%) with actual NPLs of ₦94.3 billion (December 2009: ₦94 billion).

The investment in process automation and new human capital talent needed to drive our business model transformation led to increases in staff costs and general expenses, while depreciation rose along with our investment in new support infrastructure. Still, staff costs fell as a proportion of operating expenses; while we were able to keep the rate of growth in operating expenses in line with the 12-month moving average inflation rate of 11.8% as at December 2010. With the decline in gross earnings, rising costs resulted in a deterioration in our cost-to-income ratio from 59.2% in 2009 to 65.5% in 2010.

The new and higher levels of investment in people and processes that informed some of the cost increases described above should propel increases in productivity going forward, which, coupled with the competitive repositioning of our market-facing business units and sundry cost optimisation initiatives, should lead to a significant improvement in our cost-to-income ratio. I will address this competitive repositioning in further detail later on.

In the review period, we responded to margin pressures by deliberately focusing on generating low-cost deposits. This resulted in a 35% reduction in tenored deposits, and a 27% growth in deposits from current and savings and other accounts. Consequently, total deposits grew by 7.7% from ₦1.35 trillion as at end December 2009, to ₦1.45 trillion at the end of the period under review.

The Group and the Bank achieved total capital adequacy ratio of 20.35% and 27.57% respectively, well in excess of the regulatory minimum of 10%. Given increasing concerns around levels of capital due to heightened risks in the operating environment, we will pay particular attention over the coming year to increasing our capital ratios.

Our retail and corporate banking business lines contributed the most to Group profitability in the review period. These businesses are made up of First Bank of Nigeria Plc, FBN Microfinance Bank Limited, representative offices in China and South Africa, as well as FBN (UK) Limited, a fully licensed commercial bank in the UK with a branch in Paris. The businesses contributed 92% of total assets, and 84% to group profit before tax.

The Investment and Capital Markets business benefited from a significant improvement in its operating environment. Comprising First Registrars and FBN Capital (with FBN Securities as a subsidiary), this division accounted for 4% of Group assets in the review period, down from 5.6% recorded in December last year. It also contributed 6.2% to group profit before tax.

Our Asset Management and Trusteeship, and Mortgage businesses put in similarly strong performances. While stronger and deeper economic and structural reforms will be necessary for full recovery of the domestic credit markets, and hence the recovery of the industry’s profitability, it is increasingly clear that at the Bank level, we need to remain focused on our efforts to increase process efficiency in order to drive profitability in the currently challenging market, as well as remain poised to, on signs of recovery, take full advantage of the opportunities as they become available.

CONTINUED RESTRUCTURING TO BUILD RESILIENCE

Changes to the policy environment impacted our vision of the industry since my last report. Nonetheless, the construction of a dominant franchise in the financial services markets in Sub-Saharan Africa (SSA) remains the central focus of our Bank. Significantly, 2011 marks the commencement year of our new strategic planning cycle.

Within the new plan horizon, we have dimensioned our strategic challenges in terms of growing/consolidating our business locally, and establishing a commercial banking presence in priority African markets over the next few years. Specifically, we are committed to exploring both organic and inorganic growth windows in the Nigerian economy that would significantly enhance shareholders’ value. At the regional level, convinced that we are uniquely positioned to lead the extension of a strong and sustainable commercial banking franchise across SSA, we are in advanced negotiations with a target on the continent, the eventual acquisition of which will drive growth in our SSA footprint.

At the operating level, as part of our vision of transforming the Bank and its related subsidiaries into the leading financial services group in SSA (ex-South Africa), we seamlessly implemented a new operating structure in the review period. The changes in the industry's competitive dynamics, especially the new pressure on margins, have pushed the customer to the fore and centre of profitable operations. Going forward, fee income from various transactional banking services will be key to augmenting our income streams. To optimise this process, it would be necessary to strengthen relationship management across diverse value chains. Accordingly, we designed our new model with two goals in mind. We re-orientated our market-facing operations away from its previous geographical delineation to a focus on specific market segments. In support of this re-orientation, we centralised the branch operations function, ensuring a standardised service delivery model Bank-wide, while freeing our front-office personnel to concentrate on providing bespoke services to their different clients. We believe this approach will drive deeper relationships with our clients. As we understand their key buyer values and unique selling points, this should give us a greater share of the client’s wallet.

We implemented the new structure beginning in October last year, with the Institutional Banking group focused on multinationals and large corporate clients, and the Corporate Banking group concentrating on large but unstructured clients, as well as mid-sized corporate clients. The Retail Banking group focuses on businesses with annual turnover below ₦500 million, individuals with annual income of ₦50 million and below, and all local governments in the country. Private Banking group is responsible for managing the accounts of high net worth individuals, i.e., persons with investible income of ₦37.5 million. Customers of the Public Sector group
on the other hand comprise the Federal Government of Nigeria and its ministries, departments and agencies (MDAs); state governments and their MDAs, and Federal tertiary institutions; the Armed Forces, Police, Civil Defence organisations and Foreign Embassies.

At the Group level, we remain persuaded of the need to continue exploring existing synergies between our subsidiaries. Indeed, the financial needs of a rapidly growing economy such as ours compel a search for larger synergistic opportunities, if we are to meet market needs through least-cost solutions. Consequently, during the review period, we made further progress with optimising our Group governance structure, in search of an optimum relationship between the Bank and its subsidiaries. The new structure makes it easier for the FirstBank Group to profitably and simultaneously grow its presence in the domestic market for non-bank financial services and commercial banking. As the domestic economy continues along current growth projections, its investment funding needs will drive rapid growth in the investment banking sub-sector. Similarly, a growing domestic market will account for a larger share of output growth on the continent. Our ongoing restructuring is designed to enable us to take full advantage of opportunities across these two dimensions, as they become available.

At its most basic level, the new Group structure entails reorganising existing subsidiaries and business lines in four broad ‘business segments’, namely: FirstBank of Nigeria; investment banking and asset management; insurance; and emerging ventures. We have since submitted our restructuring proposals to the CBN. While awaiting the regulator’s response, we believe that the CBN’s decision last year to redesign the industry’s licensing regime, following its repeal of the universal banking model, which had been operative in the industry since 2000, validates our decision to review our governance and operating structure. Under the arrangement submitted to the apex bank, we structured the FirstBank Group within a holding company model. Within this structure, FirstBank will continue to be regulated as a commercial bank with international banking authorisation, while our non-core banking subsidiaries will be spun off into the holding company.

We are aware of the sundry teething problems that this business model transformation will entail; and in order to remain ahead of the curve on the business opportunities that are bound to arise from this, we undertook changes to the Board in the review period. As you are well aware, we are constantly rejuvenating the Board, as skill needs are identified, and eminent persons who can add to the Board’s value proposition are identified. In part, the recent changes were driven by the need to comply with regulatory requirements; but we also designed the executive search process in a way that yielded competences, which we think appropriate for the challenges we envisage going forward.

Additionally, our life assurance subsidiary, FBN Life Assurance Limited, commenced business in the review year. We have no doubts that the prospects for insurance business in the country are currently sub-optimised, largely because of defective service propositions in the past, and partly as a result of a culture of popular indifference, that then arose on the back of this. As reforms to this industry continue, the risks to the industry outlook move to the upside and are only expected to improve as the industry grows to meet the insurance needs of our new economy. Accordingly, further down the road, we expect to incorporate a non-life insurance business in addition to our life assurance and brokerage businesses, under the proposed holding company structure, when approved.

Carefully thought out and desirable as the changes described above are, success depends to a considerable extent on our ability to execute flawlessly. In the last two years, we have designed the Bank’s execution infrastructure around four strategic themes: growth; service excellence; performance management; and talent. Our ability to profitably pursue our growth targets and the strategic growth opportunities identified, will depend on being able to deliver what the customers want, when they want it, where they want it, and in the right quantities and of the right quality, while keeping costs competitive and including all stakeholders. This in turn requires that we are able to drive exceptional performance from our people, while being able to attract the best talent from across the business and thought leadership spectrum.

In the period under review, we undertook a number of initiatives in pursuit of our service delivery goals, including, but not limited to:

- centralising transaction processes;
- revitalising and standardising processes in our branches, thus making branch operations more efficient, reducing the time spent doing business in our premises and decongesting the branches;
- improving our branch ambience; and
- increasing customer awareness of our products and services, while encouraging customer migration to alternative e-channels.

Change to the Bank’s operating structure in the review period required a review of existing incentives designed to align staff attitudes and performance with our strategic goals. Due to fundamental differences in the expectations and functions of our front-office personnel and the back-office support staff, we implemented a two-track incentive system comprising one payout incentive to reward higher performance in our market-facing functions, and another to reward non-market-facing specialist roles. Along with the automation of most human capital management and development processes, we also tweaked our compensation package to reward special skills and competences. Significantly, the ability to compensate for special skills is essential to our need to attract, develop and retain a cadre of the best-performing industry talent available in the regions in which we choose to operate. The design of job improvement programmes and deployment of online training modules, all of which we implemented in the review period, are also basic requirements for attracting talent.
Looking ahead, given that our talent pool is the only bit of our resource endowment that cannot be commoditised, we shall continue to deploy mechanisms that would elevate and equip the best performers and attract new pockets of specialised expertise, where required.

**BANK/INDUSTRY OUTLOOK**

By the end of last year, there was strong evidence of improvement in the growth prospects for the US economy. Along with reviews to output growth by most analysts, both business confidence indicators and unemployment figures had turned positive. Our expectations were therefore that 2011 should see the US contribute more to global growth prospects along with China, India and Brazil. This in turn should have helped the prospects of emerging market economies continuing along the growth trajectory established in the last three years. Uncertainty over the extent to which developments in the euro area were going to act as a brake on this outlook have since been overtaken by considerable unease over the likely implication for global economic activity from the wave of popular protests sweeping across the Middle East and North African (MENA) regions. The new worry, going forward, is how far rising crude oil and energy prices would feed through into domestic prices across the world’s main economies. Full pass-through of current oil prices into domestic prices would drive the emergence of strong inflation figures, threatening to choke off the nascent recovery.

Within the new economic context created by developments in the MENA region, the response so far to the fiscal problems in Europe – the imposition of stronger belt-tightening measures – hold out the risk of a premature contraction of these economies. Fiscal consolidation in the newly industrialised economies could also become a cause for concern, if inflation rears its head too strongly. The threat of competitive currency devaluation by countries hoping to export their way out of their straitened fiscal positions has not crystallised as most commentators feared as 2010 ended, but it remains a near-term concern over the next 12 months.

Strong oil prices remain a key domestic policy issue. Significantly, at its December 2010 meeting, OPEC the cartel of oil-producing nations, agreed to hold production steady at 24.85 million barrels a day till June 2011. However, this was based on expectations of lower demand growth and worries over risks to the still weak global economic recovery. With supply shocks from the unrest in the MENA region expected to dominate the industry outlook for the first half of 2011, most commentators expect the price of OPEC’s basket of crudes to hover above USD100 per barrel over the next year. Consequently, the domestic economy should be able to support current spending levels. In addition, the relatively limited integration of the domestic economy with the global one serves to insulate it from both upside and downside risks to the global economy.

With the Bonny Light crude currently trading in the USD90–USD95 per barrel range, the economy is projected to grow at over 7% annually in 2011. Firmer oil prices should also help support the exchange rate. Reforms to the official market, including the recent decision to trade in the yuan may have similar effects. In the absence of further reform to the structure of the domestic economy, agriculture will remain the dominant driver of both domestic output growth and employment. Still, other non-oil sectors could come under pressure if inflation worries lead to policy tightening in China.

Political risk from the April general election and the potential for resurgent inflation remain key downside risks to the economy’s outlook. The Central Bank of Nigeria’s response to the latter risk will bear enormously on the fate of our industry. We do expect rates to trend up though, as the CBN tightens monetary policy conditions in response to renewed inflation worries.

The rate prognosis for the industry portends slimmer margins. Lending rates are increasingly inelastic, and could become considerably elevated over the next 12 months. However, margin pressures could rise if the cost of liability generation trends up in response to two push factors: the industry’s push for larger balance sheet sizes and depositors’ demand for higher returns in response to tightening monetary conditions and inflation. Either way, there is growing consensus over the harmful effects on the intermediation function of negative real interest rates. The last two meetings of the apex bank’s rate-setting committee already signalled a move away from accommodative policies towards a more restrictive policy stance. The only unknown here is whether policy tightening would be realised by adjusting the policy rate (MPR) or by a further increase in the corridor around the standing facilities.

AMCON’s clean-up of the industry’s balance sheet began in the review period and we expect this process to gain momentum this year. However, whereas this should have the effect of helping the industry’s share price appreciation, a lot more would be required for a recovery in the market for private credit creation, as the credit creation process is driven more by the industry’s risk appetite and by a strong demand for credit, than by the extent to which liquidity is available. We envisage that the process of unlocking the credit markets will need additional structural reforms at the macroeconomic level, especially to reduce the cost of doing business domestically, as well as measures to reduce lending risks, which continues to be a major factor by banks.

Owing to initiatives implemented in the review period, especially the deployment of the new structure, we are well positioned to aggressively grow our business and increase market share in an increasingly competitive terrain. The key phrase that will define our success going forward is the transformation of our business model. This transformation will be anchored on our four strategic themes of growth, operational excellence, performance management and the build-up of a talent base that allows us to achieve excellence in our chosen areas of operation.

Thank you.

Yours sincerely,

Bisi Onasanya
Group Managing Director/Chief Executive Officer

April 2011
GLOBAL ECONOMY

As has been the case since the most recent global slowdown, 2010 was characterised by divergent output performance between advanced and emerging market economies (EME). Within this context, most estimates of global output growth for the year lie within the 4%–5% range. Buoyed by better pre-crisis policy frameworks and market-based institutional reforms – a number of which continued well after the onset of the global financial and economic crisis – emerging market economies (EMEs) led the nascent global recovery. With output growth in the main Asian economies surpassing pre-crisis levels by year end, emerging markets and developing economies were no longer as dependent on the outlook for advanced economies as was the case in previous crises. The decision in June by the People’s Bank of China (PBOC), the country’s central bank, to increase the ‘flexibility’ of the yuan was further evidence of China’s transition from an economic growth model based on investment spending towards one based on consumption. While a relatively rapid drawdown on China’s USD2.45 trillion foreign reserves and narrowing of its current account surplus might be the more obvious effect of this change, the added fillip to global demand that ought to follow from this change is no less important. Consequently, output growth among EMEs exceeded 6.25% in 2010 following a modest 2.5% increase in 2009.

Output growth in advanced economies (where growth reached 2.25% over the review period) was restrained by low consumer spending, high unemployment levels, stagnant incomes and reduced household wealth. Still, towards the end of the year, evidence of a recovery in the US was stronger than in both the euro area and Japan. Better profit performance in the financial and non-financial sectors, improved consumer and business confidence, and new investment in inventory provided the main impetus for growth in the US as the year wound down. The euro area’s quick resolution of the burden imposed by the ‘Great Recession’, already complicated by existing structural rigidities in the labour and product markets, was moderated further by rising concerns in the markets over constituent countries’ fiscal balance and burgeoning sovereign debt crisis.

The consolation from the fact that the more worrisome sovereign debt cases had occurred in countries at the periphery of the euro area was very soon overtaken by the fear of contagion from the debt crisis. The resolute response of the June meeting in Toronto of the G20 summit helped mitigate this latter threat, with summitees committing to fiscal plans designed to halve deficits by 2013 and stabilise or rein in official debt-to-GDP ratios by 2016. However, to the extent that most commentators expect full global economic recovery to be led by a significant upturn in private demand, an overly fast process of fiscal consolidation, by further depressing final domestic demand, may have deleterious effects on output growth in economies currently struggling to find new growth triggers, as well as spark a new round of recessions.

Other noteworthy interventions in the different markets during the review period include:

- Plans for a root-and-branch change to Britain’s financial regulatory structure announced by the Chancellor of the Exchequer. Essentially, this will involve the dismantling of the Financial Services Authority (FSA) and the assumption by the Bank of England of supervisory responsibility for banks operating in Britain;
- The US Federal Reserve’s announcement in November that it would buy USD600 billion in long-term treasuries over the next eight months, and reinvest an additional USD250 billion to USD300 billion in treasuries with the proceeds of its earlier investments; and
- The Bank of Japan’s decision to lower interest rates to a record low, while establishing a fund to buy potentially risky assets from the financial services sector.
DOMESTIC INDUSTRY

In terms of major sector indices, the liquidity glut in the banking industry remained the most important consideration. Counter-intuitively, both savings and demand deposits appear to grow in the 12 months to end December 2010, despite the lower yields on bank liabilities occasioned by the excess supply of funds. With base rates across the West African sub-region high and positive in real terms, most analysts had expected a re-balancing of investor portfolios away from the domestic market and in favour of higher yielding asset classes in the sub-region. However, the absence of much pressure on the naira’s exchange rate would indicate non-recourse to this option by most investors. With rates at near zero in both Europe and North America, it is a safe bet that the liquidity problem might persist for much longer than had been expected at the beginning of the year.

Monetary aggregates grew gently over the review period under pressure from a 13.40% increase in domestic credit (net). With key vulnerabilities persisting in the banking system, government continued to be the main recipient of bank credit growth during the period. The banking system’s claims (net) on the Federal Government was the result of both the increase in the Central Bank’s holding of Federal Government securities, and a fall in the Federal Government’s deposits with the apex bank. Banks’ net foreign assets fell by 17% from \₦7.59 trillion as at end December 2009, to \₦6.30 trillion by year end.

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NIGERIA

The domestic economy continued to perform strongly in the review period. With oil prices strengthening in the world markets towards year end, and domestic crude oil production holding steady at much higher rates than were obtainable last year, available data indicate a recovery in the oil sector’s contribution to the domestic economy in the last quarter of the review period. Accordingly, GDP is estimated to have grown by 7.36%, 7.69%, 7.72% and 8.19% in the four quarters of 2010 respectively, with overall GDP for the year projected at 7.78%. The oil sector contributed about 18.00% of output growth in 2010 (down from about 18.70% in 2009). Anecdotal evidence suggests that the tailing-off of private sector credit growth may have had an adverse effect on the fortunes of the wholesale and retail trade subsectors, although it would seem that the non-oil sector continued to do well on the back of strong performance in the agricultural subsector.

Supported by strong oil prices, production increases in the oil sector (from 2.33 million barrels a day in January to 2.45 million barrels a day by year end) contributed to the strengthening of official revenue in the review period. Stronger revenues did not however feed into monetary aggregates or domestic prices, as broad money (M2) rose by 6.69% in the year to end December, considerably less than envisaged by the indicative target for the year of 29.26%. On the other hand, anecdotal evidence suggests that subdued private demand may have fed into the drop in inflation to 11.8% (year on year) as at year end from the 14.4% recorded in January. Although most analysts had predicted a strengthening of domestic prices, as the current election cycle ends and the economy begins to experience an influx of election-related monies, moderating inflation does suggest that the anticipated boost to the domestic economy from increased public sector spending may not be forthcoming in the short term.

The naira exchange rate was stable all through last year, with fluctuations well within the ±3% target range set by the CBN at the beginning of the year. Consequently, the naira closed the year with \₦150.48 exchanging for USD1 at the official market, as against the USD1/\₦149.78 with which it opened in January. At the interbank foreign exchange market, the equivalent sums were USD1/\₦152.63 and USD1/\₦150.33 respectively.

The CBN continued to intervene in the interest of the industry, rolling back the universal banking model and issuing new prudential guidelines for the industry and a framework for the regulation and supervision of non-interest banks, among others. Driven by these and other apex bank-related initiatives, a number of indicative rates trended down towards the end of 2010. The weighted average interbank call rate remained volatile throughout the review period.
OUTLOOK

Measures of global outlook growth show very little dynamism, and the general outlook will depend on how firm the shoots of the recovery, which were evident in the US towards the fourth quarter of 2010 are. Nonetheless, the higher growth rates expected in emerging and developing markets bode well for the domestic economy. Higher and rising gold prices are a worry though, for they suggest that the markets are hedging their bets against adverse movements in traded currencies and other real assets. Still, high and stable commodity prices rule out the possibility of external shocks to the domestic economy. With oil prices expected to remain in the USD70–USD80 per barrel band, there should be limited or no revenue pressures.

Domestically, inflation remains a key worry, although rates softened dramatically towards year end, perhaps in response to the CBN’s tightening of monetary conditions by raising both its policy rate and the asymmetric corridor around the policy rate for its standing lending and deposit facilities. In the first half of next year, inflation may however acquire a lot more poignancy if spending, as part of the electioneering for the 2011 general elections, exacerbates monetary aggregates. Then the CBN might have to tighten further. Already, one impact of the apex bank’s September rate hike was a spike in money market rates. There are obvious downsides to this, especially if current conditions persist until the Central Bank has to decide in June next year whether or not to continue with its guarantee on interbank transactions.

The main challenge for the banking industry over the coming 12 months will be how (and if) a rebalancing of domestic demand away from the public sector to the private sector takes place. This transition is a necessary requirement, if autonomous private demand is to play a larger role in the economy’s output growth projections for this year. It is also essential if the market for private credit is to experience significant growth. The inauguration of the board of the Asset Management Company of Nigeria (AMCON) and its initial intervention in the industry have been welcome so far, and further intervention by the company should work in favour of a resumption of activities in the credit risk market.

Over the medium to long term, industry operators will need to design and implement new responses to the changed environment. The immediate challenge however, lies in dealing with the implications of classifying dated non-performing loans and the attendant negative impact on revenues and provisions, in addition to income reversals. It is important, therefore, that operators are able to read the credit cycle properly. Ultimately, questions over when the credit cycle will turn up are intimately connected with the process of rebalancing domestic demand.
STRATEGY AND PERFORMANCE

OUR APPROACH

At FirstBank, our corporate strategy supports the Group vision of being recognised as the leading Sub-Saharan African (SSA) financial services group by shareholders, customers, staff and our communities. The strategy is focused on producing long-term, profitable growth by building great franchises and delivering value to all our stakeholders.

We are a well-diversified financial services group and the largest private sector financial services provider in SSA (ex. South Africa). We have leading positions in many of the markets in which we participate, a market-leading distribution capability and a well-recognised brand with a large customer base.

As we enter into a new strategic planning cycle in 2011, the main focus for the Group remains the financial services markets within SSA and building on our current momentum. In the near term, our objectives remain the growth and transformation of the Bank while creating growth options for the Group. Over the medium term, we will work to defend and extend our leadership position in commercial banking, while strengthening priority businesses within our Group (e.g., investment banking/asset management and insurance) to efficiently achieve superior/sustainable financial results.

The diagram below summarises our Group and Bank aspirations and strategy, and by which Key Performance Indicators (KPIs)* they are supported.

* Further details of these KPIs can be found on pages 57 to 61.
GROUP STRATEGY

OVERVIEW
For us at FirstBank, the big question has always been how do we defend our leadership position and extend it across key dimensions, i.e., business segments, customers and brand, while achieving superior/sustainable institutional long-term growth. It was clear to us that our corporate aspirations must be the convergence point for the delivery of these set goals. As we begin the New Year 2011, it marks the dawn of a new planning cycle for the FirstBank Group, with emphasis on reinforcing the pillars of our strategy framework towards becoming the dominant financial services group in SSA (ex. South Africa). Hence, our growth platforms are premised on four key pivots: business line expansion, restructuring for growth, sequencing growth systematically and international expansion.

OUR GROWTH PLATFORMS

BUSINESS LINE EXPANSION
During the 2010 financial year, the Group achieved significant mileage in its plan to strategically consolidate its core banking franchise and realign its business structure/model to harness more fully the opportunities in the operating environment, leveraging innate capacities. The thrust going forward will be a deliberate approach to grow our investment banking/asset management franchise and our new insurance underwriting business, and to capture synergies across the Group.

RESTRUCTURING FOR GROWTH
In the last 12 months, the Group focused on securing approval for the proposed Group operating structure as indicated in our 2009 annual reports from the Central Bank of Nigeria (CBN). We are beginning to record successes as we reorganised to expand our financial portfolio (i.e., investment banking and asset management, insurance, and emerging ventures), while strengthening growth in FirstBank. A robust oversight framework has also been put in place to ensure proper governance and coordination across the network. In addition, our integrated risk assessment across the Group will aim to reduce institutional overlaps.

SEQUENCING GROWTH SYSTEMATICALLY
During the financial year ended 31 December 2010, we commenced the implementation of our five-year growth priorities. The growth priorities have been staggered over various horizons for structured execution. However, the initial stage is geared towards providing the elaborate framework to drive growth systematically; this was achieved in the last 12 months. The major focus was around an aggressive transformation programme, enhancing the competitiveness of our investment banking franchise, and establishing our life insurance business and an elaborate framework to guide our business line expansion.

INTERNATIONAL EXPANSION
The focus in the 2010 financial year has been growth/ transformation of our Nigerian banking franchise and creating the platform to establish leadership positions in investment banking/asset management and insurance. Over the longer term, international expansion becomes a priority and we commence this via a carefully considered plan to establish our banking franchise in priority SSA nations in the next few years.
GROUP STRATEGY
Sequencing growth systematically

OVERVIEW
Our medium-term strategy remains committed to harnessing growth potential in all of our core businesses, while making adjustments to our platform to take account of the market opportunities. Consequently, our growth trajectory has been hinged on consolidating FirstBank’s position, diversifying the Group/transforming the Bank and building scale internationally.

FirstBank Group – priorities by growth horizon

CONSOLIDATE IN NIGERIA
- Drive inorganic expansion
- Continue aggressive Bank transformation
- Structure for growth in investment banking and insurance
- Per office expansion; initial SSA explorations/foray

SHORT TERM

DIVERSIFY GROUP AND TRANSFORM BANK
- Drive Bank transformation to completion
- Build scale in investment banking and insurance and leverage group synergies
- Commence SSA regional expansion in earnest

MEDIUM TERM

BUILD SCALE INTERNATIONALLY
- Significant SSA expansion and growth in banking with selective international forays in non-bank financial services
- Focus on driving economies of scale and scope across international network and portfolio of businesses

LONG TERM

Our short- and medium-term focus areas are discussed further below:

Consolidate in Nigeria

Clearly, with our commercial banking operations in Nigeria, FirstBank contributes significantly to the Group in terms of income and size (balance sheet). Hence, our key strategic priorities in the short and medium term are to grow/consolidate the business in the local market, i.e., thrive on the growth momentum in Nigerian banking space and maintain the leadership position, while exploring inorganic growth windows that would enhance shareholders’ value.

Premised on the above, FirstBank in the financial year ended 31 December 2010, continued the aggressive transformation drive to significantly scale up efficiency, redefine service, increase productivity and uplift the brand. On the business front, our approach to engaging our customers has been organised along market segments, allowing for specialisation and closer relationship management. As a way of harnessing innate opportunities in the Group, platforms to drive effective cross-selling have been instituted.

As we begin to record successes on the various initiatives across the Group in the short term, we intend to extend/replicate the domestic models in strategic international markets and select SSA countries in the short and medium term. This derives from increasing globalisation and regional convergence, which are creating new market opportunities across national boundaries. We also recognise growing formal and informal regional trade volumes between Nigeria and other countries, arising from deregulation and enhanced collaboration among African countries. Growth-induced international expansion of indigenous Nigerian conglomerates and multinational clients with significant presence in Nigeria are also being tracked to serve as a critical index for our international expansion.

During the course of the year ended 31 December 2010, we embarked on a detailed review and update of our performance management programme. The goal of the initiative was to cascade our aspirations into specific deliverables and map Key Performance Indicators to the medium-term goals of the Group.

As we continue to pursue these ongoing transformation initiatives, our focus in the 2011 financial year will be to synchronise the various transformation activities and implement the new performance management framework. Emphasis will be on quick tactical wins as we lay tracks for long-term growth.

Diversify the Group and transform the Bank

As the domestic market evolves, in the face of competition from international and local institutions, increased market penetration and investible capital by the local banks, it provides opportunities for area/market specialisation. FirstBank seeks to consciously expand its business frontiers by diversifying its business portfolio through targeted expansion in profitable segments; hence, alongside our core business, we have clearly aggregated our business groups along market segments. Therefore, building on the strong platform achieved in the 2010 financial year, the emphasis going forward will be to fast track the growth of market share for IBAM, insurance and emerging ventures in the medium term, and to proffer a ‘one bank’ proposition to our clients.
Build scale internationally

While we plan to establish a commercial banking presence in priority African markets over the next few years, the emphasis of the Group will continue to be the growth/transformation of our Nigerian Banking franchise and securing leadership positions in investment banking/asset management and insurance. However longer term, as the Nigerian market matures, we envision our focus changing to driving growth in our international portfolio of banks. In this phase we additionally envision a greater emphasis on shared services across nations (e.g., data centres) and greater coordination of our go-to-market approach across nations (e.g., a common retail banking approach with standardised tools, product suites, a cadre of talent – with all elements customised to local needs/preferences but leveraging a common global knowledge base and methodology). FirstBank is uniquely positioned to lead the extension of a strong and sustainable commercial banking franchise across SSA, and has demonstrated its ability to successfully move internationally with its award-winning UK franchise and representative offices in branch locations in Paris, Beijing and Johannesburg.

GROUP STRATEGY
Restructuring for growth

OVERVIEW

We reported in the prior year the proposed migration to the new Group structure. This was primarily necessitated by the need to enhance competitiveness, streamline and coordinate our go-to-market approach across non-bank financial services, and align with regulatory requirements by the CBN. The following diagram illustrates the final Board-approved legal structure of the FirstBank Group which is currently under review by regulatory agencies.

ALIGNING OUR APPROACH

In the past 12 months, we focused on aligning our proposed approach with evolving regulations while positioning for the full implementation of the proposed Group structure as initially set out in our 2009 Annual Report. The emphasis for the new structure was to institute Board and management functions that are broad and diverse to support present and envisaged future growth, while providing close oversight for the different arms of the Group. Consequently, the new operating model will ensure the following:

Sound governance model: The new Group model allows for an operational structure that provides better Board/management oversight functions and ethical leadership at all levels. This will ensure our full compliance with the new banking regulations while ensuring proper industry conduct and sound governance synonymous with our brand.

Streamlined processes and cost/services sharing platforms: The Group will use a shared services platform to ensure cost efficiency and reduce overlaps of technological and service platforms across the network.

Sector expertise and efficiency: This thrives on the need to refocus our brand for optimum efficiency in the financial services industry. The new operating model is to ensure that the Bank uses/leverages the right tools, people and strategy for superior financial performance and makes returns to providers of capital.

Consequently, during the financial year ended 31 December 2010, we recorded major milestones:

• The Board of FirstBank was reinvigorated with the appointment of new Board members following the retirement of the Chairman and some other directors who have been pivotal to the success of the Bank in the last decade.

• The management of FirstBank was expanded to allow for closer oversight at the divisional level; Executive Vice Presidents were appointed to provide leadership for some of the Strategic Business Units.

• We reorganised our operational model along business lines. This involved the creation of a distinctive value proposition linked to thorough understanding of each market segment, thereby allowing for specialisation/differentiation and unique offerings to the different customer pools.

Looking forward

Emphasis in 2011 will centre on effectively unleashing innate capacities and synergies in the Group to sustain our leadership position as an integrated financial solutions provider.
GROUP STRATEGY

Business line expansion

OVERVIEW

Building on the momentum we have established, we will focus on the implementation of our client-focused and capital-efficient integrated Group strategy. The new Holding Structure as constituted demonstrates FirstBank’s resolve to strengthen our corporate governance by protecting our liability flow between the separate entities of core and non-core banking. The Group’s decision was also buoyed by our strategy for expansion, efficiency and to build synergies across the Group, galvanised by a sound Enterprise Risk Framework.

Our overarching aspiration in 2010 going into 2011 is to consolidate the Bank’s market leadership and build critical competencies across every business in the Group. This began with the enhancement of the earning capacity of the Bank via strong emphasis on growth sector/Strategic Business Unit (SBU) alignment, service excellence and performance management; and the focus on an aggressive transformation programme to enhance the competitiveness of our investment banking/Insurance franchise.

Two specific areas within the Group have been singled out as priority growth areas and will receive disproportionate funding and management attention. These are the investment banking/asset management arm and our nascent insurance underwriting business. These were selected on the basis of a detailed forward-looking profit pool analysis, a review of the competitive landscape and the strengths that our tangible/intangible assets bring to bear, and given the degree of synergies present with our strong commercial banking franchise. These emerging growth platforms will be strategic to FirstBank’s quest to build a broad-based/diversified financial institution.

Insurance

Our life insurance business was launched on 1 September 2010. Its product offering currently includes Group life cover with individual and credit life insurance. The insurance arm of the Group is now positioned to underwrite life insurance policies partnering with Sanlam Group – a leading South African insurance company – to grab a sizeable share of the market in Nigeria. This is based on well-researched analysis that Nigeria has a large uninsured population; with a clear strategy on market approach, our insurance SBU has an immense opportunity of making huge attractive returns. Our insurance subsidiary will leverage Group assets, brand equity and distribution to capture growth opportunities in the domestic economy. A seasoned executive team with strong local and international experience has been instituted to drive the business.

Based on the need to establish market presence, we have developed diversified life insurance products, robust operating processes and technology platforms, and also finalised re-insurance agreements. Our forward-looking approach will be to carve a niche in the Group life market, establish retail distribution, expand our product portfolio, utilise SBU models and create an efficient customer service model.

Our existing insurance brokerage arm would also provide scope to the new life insurance business as it immediately provides a significant customer base and network for the new business. It also portends huge synergistic cooperation between the two entities along cross-selling opportunities, referrals etc. We expect to harness these opportunities in the medium term, while strafing the market for rapid growth.

Looking forward

Longer term, we will seek to expand in the non-life insurance business, initiate specialised products for different groups and customers, and refine our distribution channels. The Insurance Business Unit has established offices in three major cities and will also identify hubs of potential growth within Nigeria.

Investment banking and asset management (IBAM)

In 2010, we focused on increasing our market share in the different sectors our investment banking/asset management group (anchored by FBN Capital) operates in. In our investment management business, our strategy was to increase our funds under management via the creation of a new investment product. We executed several deals during the year in the structured finance and financial advisory units including a major landmark transaction in the telecommunications sector.

Through increased marketing efforts, our capital markets unit was able to participate in a number of sub-national and corporate bonds issues. We were also one of the advisers to the issue of Nigeria’s debut USD500 million Eurobond. Efforts were intensified to attract institutional clients leading to signing up additional bulk traders for our brokerage business.

Looking forward

Our strategy for 2011 is centred on deepening customer relationships across business areas and leveraging on the Group’s strong relationship with its clients. Under our financial advisory business, we intend to capitalise on the implementation of the Power Reform Act and recommendations of the Presidential Advisory Committee on Power, and pursue mandates in the power and oil & gas sectors. The same applies to our Project and Structured Finance in terms of winning loan arrangement mandates in the target sectors.

In the capital markets sector, we plan to complete ongoing bond issuance mandates and intensify efforts on the issuance of corporate bonds, given the expected lull in sub-national debt issuance due to the forthcoming elections. The tax incentives introduced in March 2010 also provide optimism in terms of increase in bond issues in 2011. Our private equity business will seek to invest in more projects in 2011 by partnering with other quality risk capital providers. In the brokerage business, we will continue to focus on acquiring more institutional investors and increase our market share in this space.
BANK STRATEGY

OVERVIEW
FirstBank aspires to be the ‘clear leader and Nigeria’s bank of first choice’ and we further seek to extend the reach of our successful commercial banking franchise to promising international markets in SSA. Premised on this aspiration, we embarked on a focused transformation programme designed towards this objective. The thrust of our strategy at the Bank level over the medium term is to defend our industry leadership position, while extending it across key dimensions (customer service rankings, brand appeal/health etc.) and to achieve superior financial results while planting the seeds for sustainable long-term growth.

New strategic planning cycle
The year 2011 marks the beginning of a new planning cycle for us at FirstBank and it presents an opportunity for us to review our strategies and also set the direction for the Bank over the next three years. The primary objectives of the new planning cycle are premised on the development of the SBU strategies, identification of financial and non-financial levers that are crucial to short- and long-term performance of the Bank and the integration of these elements into the corporate strategy for 2011–2013. The schematic below details our initial approach driven by a recently concluded diagnostic exercise. The exercise, concluded in the first quarter of 2011, will place a strong premium on discrete initiatives within each priority area (which have already been identified/prioritised), help quantify the impact of each initiative underpinned by an integrated financial model, and establish a robust performance management system to track progress against initiatives and targets.

Prior strategic planning cycle
Our strategy for the 2008–2011 strategic planning cycle has been anchored around four key themes which represent priority areas (as illustrated below). These will serve as an organising framework for subject matter that follows. Although the cycle was initially to conclude in December 2011, the start of the new cycle (2011–2013) was accelerated given the shift to the new bank structure (with market segment versus geography as the primary organising axis) and the consequent need for clear direction for our new Strategic Business Units.

FINANCIAL PRIORITIES
- Commission & fee stimulation
- Low-cost liability generation
- Selective LAD creation
- Price optimisation/Risk-based pricing
- OPEX containment

NON-FINANCIAL PRIORITIES
- Performance management
- Talent management
- Brand transformation
- Operational excellence
- Credit quality/process
- Channel migration

BANK STRATEGIC PRIORITIES

Growth
Attain full benefits of scale and scope by accelerating growth and diversification of assets, revenue and profit

Service excellence
Drive unparalleled service levels by developing world-class institutional processes, systems and capabilities

Performance management
Deliver unmatched results by creating a performance culture with clear individual accountability at all levels

Talent management
Become a hub for the best industry talent; cultivate a highly motivated, capable and entrepreneurial workforce
OVERVIEW

Growth remains a fundamental priority given the relatively early stage of development of the commercial banking sector within Nigeria and other priority markets we have identified. With only 25 million bank consumers out of over 70 million adults, low consumer credit to GDP levels, low levels of funding to key economic sectors (e.g., <1% of total loans flowing to agriculture which accounts for nearly 45% of GDP) and strong forecast national economic growth driven by stable macroeconomic fundamentals and a large consumer base and workforce, the Nigerian banking sector remains a very attractive one for strong operators — and particularly for those who are able to outpace industry growth.

Organic growth

Accelerating organic growth remains a primary focus area and our core means of ensuring sustainable growth. Several key themes in this respect, which cut across Strategic Business Units (SBUs), have been at the heart of our growth strategy:

- key segment penetration;
- cross-selling;
- value proposition;
- price optimisation;
- stimulating customer usage; and
- channel optimisation.

Key segment penetration

During the period under review, we reorganised our approach to market (go-to-market strategy) to ensure we harness the full potential of our target market and compete favourably to protect our leadership position. We focused on increasing our market share by increasing our share of customers’ wallets and prospecting new customers. Hence, we segregated our market along business lines allowing for specialisation and closer relationship management. Consequently, we embarked on an extensive project to develop a strategy framework for the Bank’s SBUs. The objectives of the project included:

- codify our SBU strategy;
- identify and harmonise cross-cutting themes;
- drive increased specialisation; and
- articulate our value proposition to our stakeholders.

A Business Unit Strategy function was established to provide supplementary support for the SBUs.

In 2011, we shall commence the implementation of the various SBU strategy initiatives geared at enhancing revenues and up-scaling our value proposition to the different segments of the market. Within each SBU, specific sub-segments have been identified as priority segments in which we plan to drive customer acquisition – these include affluent consumers and youth in Retail, high-value state government relationships in the Public Sector, the broad sub-segment of midsized corporations in Corporate Banking, specific priority industries in Institutional Banking, and a renewed focus on high net worth individuals in our Private Banking business.

Optimising cross-selling opportunities

Flowing directly from the integrated framework in the key segment penetration initiative is the huge opportunity to cross-sell across the FirstBank network. As highlighted earlier, the sheer size and scope the Bank possesses provides opportunity to cross-sell. Consequently, embedded in the SBU strategies are mechanisms to drive deliberate cross-selling and natural synergies across the Group. The Private Banking SBU for example, delivers innovative and integrated solutions in close collaboration with other parts of the Group, such as investment banking and asset management, FBN Bank (UK) Limited, and FBN Mortgages Limited.

This collaborative approach to market is pivotal to our growth strategies in the medium term. Hence, in 2011, we shall continue to prime the initiative to ensure we get the full recompense leveraging our size and scope. It will be further institutionalised to ensure full traction as we begin to test and evaluate the impact of the initiative on the financial performance of each SBU in the new financial year.

Value proposition enhancement

Riding on the back of our various initiatives and the transformation programme of the Bank is the improved value proposition to our existing and new customers. As the Nigerian banking customer becomes more demanding and as local/foreign players continue to innovate and evolve in sophistication, we place a high premium on maintaining a competitive value proposition to our customers. Significant strides have been achieved in the enhancement of our customer value proposition across various dimensions and via various mechanisms:

Customer/consumer insights: Driven by a unit solely devoted to this purpose, the Bank has been able to glean invaluable insights into customer usage patterns, key buying factors, demographics, etc. via a combination of detailed quantitative and qualitative research. These insights are at the heart of our entire go-to-market strategy.

Products/pricing: Our product portfolio has been recently rationalised and refreshed to eliminate redundant/conflicting products while introducing new products or updating product features to maintain our competitiveness.

Sales/service model: Significant progress has been achieved in enhancing the customer experience across FirstBank touchpoints – from infrastructure upgrades and overhauls in branches, to training efforts for our frontline staff, to deployment of innovations across our channel architecture (e.g., biometric and cash-accepting ATMs).

Communications: A renewed effort has been placed around reinvigorating the FirstBank brand and connecting with a new generation of consumer banking clients and key business/government segments that have been previously overlooked. Additional emphasis has also been placed on leveraging electronic media to connect with our customers via the internet and mobile phones.

Price optimisation

Over the preceding years, the Bank embarked on well-defined cost management and revenue initiatives, such as boosting Return On Equity by significantly improving leverage (with a strong emphasis on low-cost current and savings deposit mobilisation). In the prior year we also aggressively re-priced deposit liabilities bringing our cost of funds down significantly (anticipating a strong interest
rate decline in early 2010) without sacrificing deposit growth. Given the extreme sensitivity of our bottom line to pricing, renewed focus has been placed on defending our net interest margin through strong risk-based asset pricing and on enhancing our fee/commission income by managing price concessioning and seeking to upcharge where room exists among other means.

**Stimulating customer usage**

We recognised the need to rekindle the use of our various offerings to our customers. Hence, to stimulate usage of our products/services, our approach has been to leverage our deep understanding of customers’ key buyer needs, and to map value proposition/products/services to the specific/relevant needs of our customers. As part of the effort towards ensuring the success of this initiative, we reviewed our products suite to ensure alignment and relevance to the different business segments.

We expect to start seeing early indices of increased use of our offerings in 2011, as we consolidate the achievements of the previous year. Efforts in the New Year have been channelled towards broad-based implementation of this initiative to stimulate customers’ use of our offerings. A renewed focus has also been placed on reactivating dormant relationships/accounts and ensuring that we ‘regain’ accounts that are trending dormant.

**Expanding distribution**

During the financial year ended 31 December 2010, we reviewed/overhauled our channel strategy. The emphasis was on expanding our touch points and leveraging innovative product offerings to ensure optimisation of the delivery platform. In the year under review, we significantly grew our ATM footprints, allowing FirstBank to effectively migrate customers from traditional service desks to appropriate and cost-efficient channels. Going into 2011, the focus will be to migrate our large customer base to alternative channels to serve them more efficiently and faster. We shall be leveraging emerging opportunities in mobile payments, internet banking and even our call centre (e.g., outbound telemarketing) to drive growth while making a renewed effort around the deployment of a network of low-cost small format branches to enhance branch density, increase capillarity and consequently convenience for our customers, and ultimately to enhance our customer acquisition success.

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**2011 PRIORITIES**

Consolidate the Bank’s market leadership and build critical competencies across the Group by effectively unlocking innate capacities and synergies to fast track and sustain our market share and leadership position in the medium term.

**Inorganic growth**

Given the degree of fragmentation in the Nigerian financial services landscape and opportunities presently available, FirstBank has been at the forefront of investigating growth via acquisition – particularly where an acquisition target possesses valuable tangible or intangible assets (e.g., complementary branch footprint and strength in desirable/strategic segments) and where a strong case may be made for synergies. This strategy is premised on deploying the Bank’s capital in the most efficient manner, and we will not pursue scale at the expense of shareholder value.

**Expansion into Sub-Saharan Africa (SSA)**

FirstBank has continually been a pioneer in seeking investment opportunities across borders, and this is exemplified in the establishment of FBN Bank (UK) Limited. The Group has seen impressive growth in the performance of FBN Bank (UK) Limited, which has remained the largest subsidiary of any Nigerian bank in the UK. With a branch in Paris, FBN Bank (UK) Limited has continually improved its correspondent banking services and portfolio management by extending its client base to profitably harness cross-border transactions. The representative offices in Johannesburg and Beijing have consistently played robust roles as outposts for trade finance and international investment vehicles. FirstBank has strategically chosen these locations as representative offices and international subsidiaries to exploit opportunities with the surge in bilateral trade and emerging trade lines with Nigeria.

- We have identified a select number of SSA markets that are of interest, for reasons which include their macroeconomics, the size and potential growth rate of the banking industry, and market conducive among other strategic factors. The Bank aspires to gradually establish presence in about 10 priority nations over the next five years.
- The Bank will implement its international expansion through a combination of acquisitions and greenfield expansion as appropriate, and we will be guided by the overall objective of ensuring that the Bank plays competitively in every single market.

While investing in and driving growth internationally remains a priority in the long term, the emphasis in the near term will be to simply establish a presence in priority nations over the next five years in a cost-effective but intelligent manner. With minor exceptions, we expect that the bulk of our international expansion activities over the next five years will be primarily to expand our commercial banking franchise (versus other arms of the Group).
OVERVIEW

Service excellence is a key element of our strategic drive to being the ‘clear leader and Nigeria’s bank of first choice’. We aim to provide unparalleled service levels to our diverse mix of customers by developing world-class institutional processes, systems and capabilities. In doing so, we aim to not just provide excellent service, but to do so at optimal cost, and in a manner that embeds continuous improvement across all processes.

Our drive to improve our service excellence requires a combination of targeted interventions through process improvement and cost optimisation, leveraging customer input to determine the pain points and re-engineer them appropriately. The yearly KPMG customer satisfaction survey provides insight into key customer pain points. Over the past two years, the major pain points have remained the same – primarily minimal transaction times, issue resolution, ATM availability and competitiveness of rates/fees/charges. Despite the pain points remaining the same, their weightings are shifting – with slightly more emphasis on minimal transaction time, increased priority on ‘attitude’ in issue resolution and a heightened sensitivity to rates/fees/charges.

We have defined five focus areas, based on customer feedback, to transform our service delivery – customer experience/issue resolution; centralised processing and branch process re-engineering; brand optimisation; manning/front-line transformation; channel optimisation and migration. We believe a focused execution in each of these five focus areas over a three-year horizon, will ensure we achieve tangible and measurable impact that is aligned with our customers’ priorities. We began the journey in 2009, with specific initiatives along each of these focus areas – in some cases, we set up pilots/proof of concepts, in others we executed some basis quick-wins, and in some, we were able to conduct a full roll-out. In 2010, we continued along these lines and a summary of the key initiatives and our key achievements is given in the ‘quick read’ section on pages 12 to 13.

Achievements in 2010

Below are some highlights of key initiatives in some of the five pillars of our service delivery drive. We also provide some highlights of progress against our continuous push for operational excellence.

SERVICE DELIVERY

Channel migration and optimisation

We took on a targeted effort to revitalise our ATM performance in 2010. At the beginning of the year, our ATMs were experiencing significant downtime, driven by a variety of factors – including lack of ownership/accountability and vendor management challenges. Leveraging input from various functions, we took a holistic approach to improving the machine uptime, and also driving more customers to use our ATMs. At the end of the year, we had successfully moved our ATM uptime from 52% to 90% (and counting), and increased our migration rate from 35% to ~50%. We expect to significantly increase our migrations in 2011, riding off the improved uptime of our ATMs, increased efficiency in tackling ATM issues (e.g., dispense errors), enhanced security of our EMV cards and other targeted interventions. We plan to leverage on this excitement and team effort to drive further improvements across the network.

Centralised processing and branch process re-engineering

Cheque payments have been a source of customer frustration at the Bank, given the lengthy paying times usually associated with third-party cheques due to the need for proper confirmation. A holistic review of the process was conducted, and an automated solution

Key risks

While we remain confident about our ability to execute in line with our plans, there are certain risks that could impact our implementation and/or the quality of results attained. Our views on the key risks we face in executing our service delivery programme are summarised below.

Third-party risk – vendor dependencies

One primary risk is the critical role of third-party providers along our service delivery chain. We are dependent on vendors in every area of our service delivery pillars, and their inability to properly execute (whether in terms of time, quality and or costs) to our requirements could impact our overall plans. We are managing this risk by re-selecting appropriate vendors, reviewing current service-level agreements, and building structures to enable effective performance management and monitoring, while also building back-up capacity (as appropriate) internally to meet any gaps that might arise.

2011 PRIORITIES

Our focus for 2011 is to continue to drive execution of key initiatives within the five focus areas of our service delivery programme, while ensuring already implemented initiatives attain a steady state. In addition, we will continue to deepen value realisation from our ongoing operational excellence initiatives, while executing new ones. Key priorities for us are continued roll-out of our centralised processing centre (network roll-out of at least two to three key processes); roll-out of our branch transformation in strategic locations; and continued traction in channel migration. We will also focus on ensuring proper integration between the activities in our process improvement units, our project management office and our customer experience monitoring unit, to achieve optimal coordination in execution of our priorities across the Bank.
developed to give our customers multiple options through which they can pre-confirm their cheques, before they are presented for payment, thus enabling a secure and convenient means of confirmation, while significantly reducing the time it takes to get paid. The options for confirmation are through our online banking platform, our 24/7 contact centre (FirstContact), relationship managers and by dropping a form at any FirstBank branch. The process also creates flexibility for customers to change their confirmation threshold, ensuring that customers have the ability to dictate their preference, while still providing enhanced security. The solution was developed and deployed across our network in 2010, with visible impact on our cheque confirmation turnaround time (over 50% reduction so far), as well as increased use of alternative channels for cheque confirmation. In 2011, we will continue to educate and create awareness among our customer base, to increase adoption and achieve a steady state in the usage of the solution.

Manning/front-line transformation

In line with our focus on targeting the market in a segmented fashion, we re-aligned our operations infrastructure to provide the level of support required in line with the service delivery expectations across our various segments. We restructured our operations unit holistically in two broad phases – overall reorganisation of the operations group, and reorganisation within the branch itself. The reorganisation of the operations group was focused on providing accountability and ownership across the various regions, while ensuring deep operations specialisation across the board. In addition to this, it was necessary to reorganise our branch structure, to eliminate unnecessary bottlenecks, increase efficiency and also ensure the roles within the branch match the activities they now carry out, especially in line with the roll-out of our centralised processing centre.

OPERATIONAL EXCELLENCE

Expense control

We centralised our administrative units within the head office to allow for increased efficiency, specialisation and standardisation in ensuring effective compliance with set policies on payments and expenditure. The centralisation of our administrative units has also enabled optimisation of staffing in the unit – both in terms of numbers and of qualifications/grades. The net result has been greater enforcement of Bank policies and increased identification of opportunities to refine policies in line with our cost optimisation objectives.

Depreciation/maintenance

We are consolidating our print assets with a view to optimising our costs, increasing functionality and reducing unnecessary clutter. We successfully conducted a proof-of-concept of this initiative within select floors in our head office building, and will be rolling it across our Head Office in 2011 and in phases across our branch network. We estimate successful implementation will result in Head Office savings and significant savings when rolled out across our branch network.

Quick-wins

A number of initiatives implemented in 2009 and 2010 have begun to yield savings in line with our initial estimates. Initiatives including centralised fleet, centralised admin, card-based fuelling, travel policy amendments and e-statement migration, among others have thus far yielded improved savings (centralised administration savings inclusive). As we conclude full network rollout of some of these initiatives, we expect the annual impact to further increase. We are building a culture where we continuously identify cost optimisation initiatives and implement them speedily.

Implications of M&A – realignment of priorities

A number of activities might need to be reviewed and/or postponed, if and when a deal is consummated, in light of the priorities of integration and in line with the updated strategy. We are managing this by already building in assumptions for a potential acquisiton into our implementation plans (i.e., ensuring our plans are ‘integration’ compliant), while remaining focused on the immediate tasks at hand.

Execution risk – quality versus quantity

We must continue to balance the tension of all the activities we must do, and those that we can practically do and do well – given capacity constraints and the need for extensive change management for each of these initiatives – especially those that run across our network of over 600 branches. We are managing this by prioritising our various initiatives along our five service pillars, while also ensuring proper sequencing (as certain things must come first). We will focus on doing a few things well, even at the risk of not achieving all – as we know the benefit will come from properly executed initiatives that yield the desired results, versus poorly implemented activities that barely scratch the surface.

Regulatory requirements – risk sensitivity versus service

Ongoing changes in regulatory requirements could impact our internal processes and also impact the customer experience (e.g., documentation requirements, Know Your Customer regulation). In addition, different institutions could take a different stance on how they approach these requirements, which could give a negative impression to those institutions, like FirstBank, who choose to fully comply. We are managing this by continuous engagement with the regulators – ensuring we provide feedback on potential implications of any key changes prior to implementation, while also educating our customers, so they understand the requirements and the intention behind them.
BANK STRATEGY
Performance management

OVERVIEW
To create a work environment in which employees are productive and performance culture enshrined, we developed initiatives and mandates to ensure that goals are consistently met in an effective and efficient manner while at the same time rewarding good performance.

We realise that the market today is about job variety, choice and change management. The Human Capital Management and Development (HCMD) department will therefore continue to take a strategic approach to effectively manage talent and subsequently increase workforce performance that will lead to higher productivity.

With this in mind, the milestones achieved during the 2010 financial year by the Human Capital Management and Development department were geared towards creating and sustaining superior performance necessary to achieve business goals and objectives.

PERFORMANCE MANAGEMENT FRAMEWORK
The performance management framework was instituted to drive performance, and by extension to instil a healthy performance-driven environment.

Our key focus was on motivation and on creating an enabling system to foster/encourage individual superior performance in meeting specific goals and objectives. In this regard, major milestones achieved include:

Performance appraisals
Successful conclusion of the mid- and end-of-year appraisals, in which a total of 1,635 employees were promoted, representing about 22% of the total workforce, and about 1% of the workforce received underperformance letters and were placed on three months' probation.

Quarterly performance evaluation
High levels of performance and competence of staff will definitely provide an edge over our competitors. Quarterly performance evaluation was introduced to ensure accurate tracking of performance to make this advantage sustainable over a period of time. This is expected to dovetail into the mid- and end-of-year appraisals.

New scorecards
In our drive to ensure that scorecards are a true reflection of job functions, HCMD and the Business Performance Monitoring department worked with KPMG to review scorecards of front and back office functions. The new scorecards will be deployed Bank-wide during the 2011 year.

Review of staff appraisal ratings
This was done to ensure direct accountability of functions through objective performance ratings.

User support service
To ensure full functionality of the performance management system, we instituted a dedicated support service desk to ensure timely resolution of user issues and requests.

Compensation strategy
Our compensation strategy formed an integral part of our overall talent and performance management strategy in order to drive higher performance and revalidate the Bank as ‘Employer of Choice’. In line with our aspiration to be among the ‘top 5’ paying banks by 2011, we obtained approval for a new compensation structure which is expected to take effect in January 2011. The following are key elements of the new compensation structure:

Pay for Performance (PFP)
This element was introduced essentially to reward and retain superior performers and to create a strong incentive for value-added contribution to the organisational objectives. PFP is payable to both market-facing and non-market-facing functions, and this enables staff to take ownership and accountability for their functions. Market-facing functions receive a higher percentage of this element. A total of N1.2 billion was expended as PFP for the period under review.

Pay for Role (PFR)
This element was introduced to ensure internal equity and is applicable to non-market-facing (back-office) functions. In essence, the guaranteed pay for non-market-facing functions is higher than the market-facing functions due to the introduction of PFR.

Adjustment of notches/ notch differentials
To drive motivation of staff, the notch framework was reviewed to ensure that salary differentials between the notches is significant and as a result staff view movement up the notches as a reward. Furthermore, special notches have been created for the following categories:

- officers with specialised competencies and work experience;
- expatriates; and
- inpatriates.
Employee health and wellbeing

With the shift in emphasis from curative medicine to preventive health, we implemented programmes that raised staff consciousness on health issues such as vaccination, annual health check-up, physical activity, health education, and workplace preventive health/ergonomics. During the year under review, the staff health profile was relatively stable with a very low incidence of communicable diseases. Stress and related conditions topped the list of medical conditions in the workplace. There were also occasional spikes of mild infections like conjunctivitis, but this was promptly contained. Other milestones achieved include:

- successful Bank-wide hepatitis vaccination campaign;
- introduction of a health walk;
- introduction of a health retreat;
- aerobic classes held weekly in Lagos and up country;
- female cancer screening held in Abuja;
- introduction of ergonomic chairs in the workplace;
- emergency first-aid training;
- development of a food policy to establish a healthy living culture; and
- stress seminars for middle-level officers.

With close supervision and vetting of medical bills Bank-wide, we were able to curb wasteful and unnecessary spending. Major surgical operations, overseas treatments, road traffic accidents and injuries arising from armed robbery attacks were the leading causes of high spending. Total medical spend was at ₦522.6 million with an average medical spend of ₦78,895 per employee.

Employee relations/promotion of ethical standards

To further lever performance and productivity, we consciously built an environment/framework for workplace harmony through constructive engagements of unions and staff members. To bridge the gaps as a fall-out of corrective actions to be taken on staff that fell below our ethical standards, we instituted counselling and corrective sessions and reiterated our ethical business stance to facilitate a more harmonious work environment. Furthermore, we instituted employer branding activities with the key objective to transform mindsets and behaviours in line with core values, expected performance and customer service attitudes. This was achieved through the roll-out of periodic staff communication series, employee branding campaigns, village meetings and focus group sessions, and the use of change agents/champions.

Automation, standardisation, archival and retrieval processes

In order to ensure standardisation of HCMD processes and foster efficiency, we embarked on various projects to ensure that our processes are automated. We completed and uploaded a PFMS savvy handbook onto the portal for easy accessibility of procedures and processes to enable staff to operate the PFMS efficiently; we have also concluded the automation of our staff confirmation process. Automation of our key processes became a major focus to foster a seamless flow among the units and achieve synergy within the department.

Industrial Training Fund (ITF) reimbursements

In order to obtain a maximum 60% reimbursement by the ITF for 2010, all of our programmes were duly registered in line with the ITF training categorisation of occupational, supervisory, management, and safety and security training. For 2009 reimbursement, our target was to obtain the maximum 60% reimbursement which translates to ₦128.4 million. For 2008, we recovered 59% out of the maximum 60% possible. Looking ahead, we will work hard on curtailing practices that will prevent full reimbursement.

2011 PRIORITIES

Our key priority will be to continuously review our performance management system to ensure an appropriate platform is in place to reinforce the Bank’s stance as a performance and merit-driven organisation. These will include publishing a staff performance appraisal handbook to serve as a guide for the process, ensuring staff compensation remains competitive, considering additional reward systems and reviewing promotion and Pay for Performance criteria. We shall also focus on effective remedial management to ensure staff undergo counselling, coaching and training as applicable. We expect to create and preserve the Bank’s value within the highly competitive environment in a bid to retain and sustain an outstanding workforce that will propel the Bank to achieve its strategic objectives.

In addition, specific priorities will include ensuring that:

- the scorecard is signed off by all stakeholders and deployed;
- individual performance is closely monitored via the quarterly feedback in between appraisals; and
- staff are well rewarded for higher performance via monetary and non-monetary incentives.
BANK STRATEGY
Talent management

OVERVIEW

Our strategic ‘People First’ theme was developed to address three key elements – ‘people, performance and productivity’. It is against this framework that our talent management and development initiatives have been crafted to support the HCMD’s objectives on performance and talent management in 2010 and by extension aid the achievement of the Bank’s strategic aspirations on growth, service excellence, performance management and talent. In line with our ‘People First’ theme, we embarked on people transformation initiatives to improve our staff performances, skills/competencies and productivity.

As we sought to have our workforce as a key discriminating factor, our focus was on capability and capacity-building initiatives to develop and inculcate a learning culture in our staff and at the same time manage and grow existing talents.

We also engaged business owners and other stakeholders through focus group sessions and village meetings in designing and developing some of the performance and talent management initiatives we adopted in 2010. The objective is to improve our ownership spirit and maximise employee impact in order to create a healthy performance-driven environment that will guarantee higher productivity by staff. Details of HCMD initiatives and achievement will be presented after the quick read session.

We commenced the review of HCMD achievements on the strategic objectives, focusing first on the initiatives to improving staff skills and competencies.

People transformation and talent management initiatives

A central tenet of our talent management strategy is the commitment to nurture the systematic training and developments of all staff. Accordingly, the strategy for training intervention in 2010 was aligned to the Bank’s corporate strategic pillars earlier mentioned and also in recognition of the expansion of business opportunities in the economy. In this regard, training interventions were structured to assist employees respond more quickly to changing requirements of the business units and personal needs development.

Capacity building and competency-based training

Training programmes were drawn from the Needs Identification process at the enterprise level, across job groupings and at individual levels. A systematic and partnership approach was deployed to address the provision of training. The approach focused on the practical development of key skills and knowledge needed by staff to develop their full potentials and to deliver high-quality service while supporting their personal development appetite proactively.

In 2010, the Bank achieved 438,175 training hours and surpassed the budgeted 402,107 hours for the year. On average, this translates to 57.7 hours per staff member.

A total of 7,506 staff were trained, representing about 98.6% of core staff. A total of 703 programmes were run which included in-house, open and overseas training with banking operations, information technology, customer service and products and channels accounting for the highest number of courses. Furthermore, about five HCMD staff are certified service quality trainers and are partnering with the line managers in deploying service quality training.

Our HR business partners will continue to work hand in hand with business owners to continuously design training interventions and also train officers as they settle in their new roles.

Learning and development (L&D) online training initiatives

In order to promote a learning environment and to encourage self-learning and development, this initiative was conceived to enable staff to access learning resources easily. The portal displays the training calendar and up-coming training events. It provides a link to course materials submitted by participants that attended open programmes (local and overseas) and a searchable link to materials available in the L&D libraries Bank-wide. It also provides a link to third-party learning and web pages/learning resources of relevant professional bodies like ICAN, CIBN and CISCO. Staff can also access virtual libraries hosted by EBSCOHOST and other free online libraries.

In addition, the link also provides a forum/chat room for blogging and contribution to L&D issues. To date, the total number of visits by staff to the virtual library sites was 6,334 while 12,177 searches were made and 9,708 full texts were read.

Modernisation of learning infrastructure

We embarked on the modernisation (renovation/expansion) of our training facilities in order to upgrade the physical infrastructure and training aids to best practice. As a result, the Lagos learning centre conference hall was successfully upgraded and the lawn tennis courts and swimming pool areas were also rehabilitated. At the Ibadan learning centre, additional classroom space was created to sit 60 people and at the Enugu learning centre, the hostels were upgraded with the rooms now fully fitted with television sets and cable TV.

Competency framework

In order to develop a more effective and productive workforce, we identified the need to integrate the use of competency management processes within our everyday HR activities. In essence, a competency directory was developed and compiled during the year and we have commenced a review of the competency framework that seeks to ensure a determined process of aligning people and requisite competencies to achieve...
In line with our mandate to build a strong employer brand for the Bank and also to ensure that the Bank remains a hub for industry talents, our key priorities will be on improving staff performance and productivity by continually enhancing the value of our human asset through the promotion and facilitation of major enablers of productivity. These include exposure to appropriate training, enriched job roles/functions, coaching and mentoring, effective career development, adequate work tools, performance rewards and an enabling environment. We expect that these initiatives will support the development of individual competence and ultimately internal workforce capability, knowing that among other things, our ability to deliver high-quality service in an ever-changing environment is heavily dependent on the commitment and ability of our staff.

2011 PRIORITIES

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FirstAcademy

FirstAcademy initiative was developed to provide an appropriate framework for implementing a competency-based learning and development system. The ultimate focus is to build a learning structure around statements of behaviour or competencies required to enable staff to meet the business objectives as outlined in the Group’s strategic intents. FirstAcademy will aim to benchmark the learning culture and structures of the best-in-league local and international institutions with the objective of acquiring the right interventions and consistently aligning them to its own learning system. It will be structured into relevant schools with a dean of studies overseeing the curricula of the various schools.

Meanwhile, the FirstAcademy blueprint has been approved by management. A project team has also been inaugurated and preparation of work plans have commenced to ensure the go-live date of June 2011 is achieved.

FirstLearn (E-learning initiative)

In addition to classroom training, we deployed an e-learning platform (FirstLearn) which has since gone live. So far, we have completed the development of e-learning courses in information security, credit, e-business, operations and internal control. We have conducted system tests and user acceptance of these courses.

‘I Develop’ campaign

We introduced the ‘I Develop’ campaign during the period under review to encourage individual capacity building and development. To achieve this, HCMD embarked on comprehensive awareness campaigns and sessions to encourage staff development. The campaign was supported by notifications of available training sessions, educational loans, career counselling and tuition refunds/incentives.

Management development programme

This initiative was aimed at developing our management staff to get them better equipped for current and future roles. Fifteen senior management staff were selected and enrolled for the advanced/senior management programmes which were successfully completed within the year at the Lagos Business School.

Cross-posting

In order to develop the depth of our staff knowledge and experience across the Bank, 38 members of staff actively participated in the cross-postings exercise across departments within the year.

The overriding objective of all these initiatives is to shift HR management from ‘day-to-day management’ to ‘developing employee potential’, which will also serve to systematically attract and retain talent in alignment with corporate strategy.

Workforce planning and alignment

The workforce planning and alignment framework is predicated on the Bank’s strategic objectives and aspirations, which ultimately determine the quantity and quality of staff the Bank needs to recruit, retain and develop in order to stay ahead of competition.

To ensure a proper alignment of structures and job descriptions with approved requirement, we embarked on a review/ revalidation exercise with business owners that ensured that all business unit structures were up to date and that job descriptions for all job functions were reviewed and signed off by unit/ department/Group heads/EDs/EVPs.

Essentially the main objective is to ensure that the workforce is aligned with desired metrics, that staff understand their accountabilities and that unit heads agree on staffing levels and competencies that will ensure alignment with business unit priorities and overall organisational strategy. Ultimately, this will ensure that a foundation is in place to build and sustain a productive and high-performing workforce.
Why have we changed the FirstBank operating structure?

First Bank of Nigeria Plc deployed a new operating model in 2010, in which we made important changes to both our marketing and operations structures. For the market-facing business units, we moved from a geographic structure to a customer segment focus. Business units were created to focus on specific customer segments, enabling each business unit to deepen its understanding of its customers’ needs, and to develop targeted products and services. We believe that this approach will enable us to increase our share of wallet and by extension market share, and also to improve profitability.

FirstBank also reorganised its branch operations model. This reorganisation took the form of a centralisation of the branch operations function; with Bank-wide branch operations functions now the responsibility of the group head operations. In this new operating model, rather than have the branch operations staff report to the branch manager, they now report to the branch operations managers, who in turn report to area and regional operations managers with reporting lines to the group head operations. With this change, the branch operations function has been separated from the Marketing function, thus freeing relationship managers from all non-market-facing functions. The new model allows operations staff to focus purely on delivering the expected level of service to customers, while the centralised nature of the model allows the Bank to standardise the quality of service delivery across all branches.

How have we implemented it?

In implementing the new marketing structure, a key consideration was to ensure that the business units would be effective in realising the benefits of improved customer focus. For us it was also essential to minimise the disruption to customers during the transition. Careful attention was therefore paid to the selection of personnel to staff each business unit, providing the required re-orientation and training and ensuring that relationship management was not adversely affected. The existing management information systems were reconfigured and Key Performance Indicators were adjusted to suit the new operating model. In addition, our financial management system was modified to enable profit and loss accounts to be generated at the business unit, Group and team levels, to enable the leaders of each level of the business to proactively monitor their business profitability.

What are the benefits and challenges?

We believe the new Bank operating model will strengthen relationship management across our key customer segments and result in improved service delivery and profitability across the business units.

As an organisation, we must ensure we derive the expected benefits of the customer segment model. This means that we must continually invest in building the specialist industry knowledge and relationship management skills required for each segment.

What limitations has this had on our year-end reporting?

The Bank’s new operating structure commenced on 4 October 2010, and thus was only operational for the final quarter of 2010. For the first nine months of the year, the old geographic structure was in operation. Reporting for 2011 will be presented along the new operating structure. In addition, we are not able to provide historical results along the new operating structure. We have also provided an indicative breakdown along our strategic business units based on data generated between 4 October and 31 December 2010.
OVERVIEW OF STRATEGIC BUSINESS UNITS

<table>
<thead>
<tr>
<th>Strategic Business Units</th>
<th>Brief description</th>
<th>Target customers</th>
<th>% of deposit</th>
<th>% of LAD</th>
<th>% of net revenue</th>
<th>Number of accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Banking</td>
<td>The Corporate Banking group is focused on midsize and large corporate clients with high key man risk. It includes private universities and other large private educational institutions. It comprises 12 groups focused on identified core customer clusters across Nigeria, with relationship managers located in 49 locations nationwide.</td>
<td>Customers include private organisations with annual revenue greater than ₦500 million and midsize and large corporates that may have annual revenue in excess of ₦65 billion but who have a key man risk.</td>
<td>6</td>
<td>15</td>
<td>10</td>
<td>Over 3,600 accounts at the end of 2010</td>
</tr>
<tr>
<td>Public Sector North</td>
<td>The Public Sector North group is focused on the Federal and State establishments. The Public Sector North group has 10 groups covering 22 team locations spread across Northern Nigeria.</td>
<td>Customers include the Federal Government of Nigeria and its Ministries, Departments &amp; Agencies (MDAs); State Governments and their Ministries, Departments &amp; Agencies; State &amp; Federal Tertiary Institutions, Armed Forces, Police, Civil Defence organisations and Foreign Embassies.</td>
<td>14</td>
<td>1</td>
<td>5</td>
<td>Over 1,500 accounts at the end of 2010</td>
</tr>
<tr>
<td>Public Sector South</td>
<td>The Public Sector South group is focused on the two main levels of government in Nigeria, Federal and State establishments. It has 14 team locations across Southern Nigeria.</td>
<td>Customers include the Federal Government of Nigeria and its Ministries, Departments &amp; Agencies (MDAs); State Governments and their Ministries, Departments &amp; Agencies; State &amp; Federal Tertiary Institutions, Armed Forces, Police, Civil Defence organisations and Foreign Embassies.</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>Over 2,000 accounts at the end of 2010</td>
</tr>
<tr>
<td>Retail Banking North</td>
<td>There are five business groups, covering 15 BDOs, which manage business activities in 202 branches.</td>
<td>Customers include businesses with annual turnover below ₦500 million, individuals with annual income of ₦50 million and below and all local governments in Southern Nigeria.</td>
<td>13</td>
<td>3</td>
<td>10</td>
<td>Over 1.4m accounts at the end of 2010</td>
</tr>
<tr>
<td>Retail Banking South</td>
<td>There are five business groups, covering 31 BDOs, which manage business activities in 409 branches.</td>
<td>Customers include companies with well-structured management with annual revenue greater than ₦5 billion, companies quoted on any Stock Exchange (domestic or international), multinational companies, multilateral agencies, large international nongovernmental organisations and companies in specialised industries.</td>
<td>42</td>
<td>15</td>
<td>34</td>
<td>Over 4m accounts at the end of 2010</td>
</tr>
<tr>
<td>Institutional Banking</td>
<td>The Institutional Banking group is focused on multinationals and large corporate clients. It is divided into six business groups with 10 locations across Nigeria, focused on specific industries: • Oil and gas; • Conglomerates and services; • Manufacturing; • Telecommunications and transport; • Financial institutions and multilaterals; and • Construction and infrastructure.</td>
<td>Customers include companies with well-structured management with annual revenue greater than ₦5 billion, companies quoted on any Stock Exchange (domestic or international), multinational companies, multilateral agencies, large international nongovernmental organisations and companies in specialised industries.</td>
<td>13</td>
<td>45</td>
<td>15</td>
<td>Over 1,900 accounts</td>
</tr>
<tr>
<td>Treasury</td>
<td>This represents treasury and corporate related activities.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Private Banking</td>
<td>The Private Banking group is focused on the high net worth individuals’ market segment. This group commenced operations on 3 January 2011. The group has three hubs in Lagos, Abuja and Port Harcourt with teams located in a total of nine clusters where the majority of their customers can be found.</td>
<td>Customers include individuals with investible income of ₦37.5 million.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
BANK OPERATING STRUCTURE

Corporate Banking

OVERVIEW

The Corporate Banking group was specifically established to render services to unstructured corporate entities to support small- and medium-scale enterprises as well as the manufacturing companies. Companies in this business segment are known to have peculiar and diverse operational risks but on the flip side, also present significant opportunities with attendant returns on investment which must be properly harnessed with a view to growing our customers' businesses. This is what the Corporate Banking group is designed to achieve.

Products and services

Generally, this group offers customers in its operational scope the following services: trade finance/remittances, cash management, loans (including overdraft) e-business products, transaction tracking and advisory services. However, our services can be structured to meet the unique needs of our customers through the deployment of state-of-the-art channels with timeliness and accuracy as our watchwords.

Operating locations

The unstructured nature of this market segment throws up the need to provide tailor-made and efficient services to customers. The Corporate Banking group operates a business model comprising 12 hubs and 44 teams/desks across FirstBank branches nationwide. These hubs are open to all business opportunities however; they can develop core competencies on businesses which are prevalent in their geographical locations.

OPERATING ENVIRONMENT

Opportunities

Opportunities abound in all business sectors of the Nigerian economy. Our corporate banking business has been structured in a manner that provides the requisite banking products and services that will impact positively on our customers' businesses. For us, the key sectors among others are: agriculture, oil and gas, manufacturing, trade, power, transportation, communication, construction, real estate, hospitality, and health and services.

The introduction of the Public Private Partnership (PPP) initiative by the Federal Government is another milestone that has occasioned a series of developmental projects and opportunities in this market segment. Government's increased recognition of the importance of the private sector in the development of our economy has also created many new business opportunities hitherto untapped. The banking sector stands to benefit immensely if these opportunities are well harnessed, as it will impact positively on the bottom line.

There are many ongoing developmental projects across the country (especially on power, transportation, telecoms and real estate) under the PPP initiative with some of our customers as concessionaires. We expect that given the success stories of completed PPP projects, many more of such projects will be undertaken in the near future. We are poised to provide the relevant financial services that will be required for these projects.

Risks

The unstructured nature of our clientele base presents diverse operational risks which if not properly mitigated could erode the huge returns this market segment promises. In light of this, potential risks will be carefully identified and mitigated before they crystallise. Some of these risks include: weak corporate governance, nil or incomplete disclosure of financial records, succession challenges and low financial reporting integrity.

To address these challenges, we recognise the need to fortify and sustain the skills and competencies of our workforce who will be driving the process by identifying new businesses and managing existing corporate business relationships. To this end, the Bank already has in place functional in-house and external training programmes for its workforce.

Cross-section of newly reconstructed Adeniran Ogunsanya Shopping Mall at Surulere, Lagos by Top Services Limited and financed by FirstBank.
An effective management plan for this ‘diverse/dynamic’ market segment must entail a robust strategy both in terms of staff skill/competencies and provision of adequate business tools/process. To this end, the Group has devised key strategic initiatives for its operation which, if implemented, will assure a steady and sustained deepening of our market share of the segment. These initiatives include the following:

- target the top 10 corporate customers of every hub and increase the Bank’s share of customers’ wallet;
- take advantage of government reforms to grow corporate customers’ earnings and in turn enhance the leadership skills of group heads and relationship team leaders to ensure effective supervision;
- cultivate and maintain strategic alliances to ensure growth of our corporate customers; and
- continually improve the relationship management, credit and international trade skills of our people. Work with other stakeholders to ensure excellent service delivery.

MEASURES FOR SUCCESS

Under the Bank’s new operating structure which came into effect in October 2010, we have made significant inroads into profiling our existing corporate customers Bank-wide and this has led to the identification and rejuvenation of new relationships within this category. We have had extensive dialogue with these customers thereby affording us first-hand information on their diverse concerns and needs.

In the 2011 financial year, we plan to increase our share of corporate banking customers. In order to drive enhanced performance, our planned business management architecture includes an integrated metrics system which tracks, captures and reports performance objectively and promptly. Customer satisfaction remains a key matrix of this integrated performance mechanism with other Key Performance Indicators such as asset growth and quality, profitability, liability generation, employee coaching and self-development.

SINGAPORE INSPECTOR, a vessel owned by Euroflow Designs Limited to service inshore diving and marine maintenance contract with Chevron Nigeria Ltd at Escravos, Warri, Delta State. This vessel was financed by FirstBank.

A cross-section of a tank farm at AITEO Energy Resources Limited, located at Dockyard Road, Apapa. The tank farm is used for the storage of petroleum products and the project is financed by FirstBank.
OVERVIEW
The Public Sector group provides bespoke financial services/products to the federal and state governments, their ministries, departments and agencies (MDAs), as well as foreign missions in the country. The main characteristics of this market segment include:

- its spend size. Consistent with the global trend, the public sector is the single biggest spender in the domestic economy. Consequently, the Government is the largest provider of liquidity to the banking sector and the economy. This fact alone makes it an attractive target for the financial services industry. Nonetheless, our decision to dedicate a division to the sector, mandated to create, deepen and sustain a healthy relationship with it at all levels, is also driven by the fact that the Nigerian economy is largely cash driven; and
- its bureaucratic constitution. The tiered nature of the Government, and the multiplicity of ends to which its activities are directed, results in a complex nexus of relationships between and within governments and their MDAs. A specialised focus on the centre of government is thus necessary to make meaning of its activities.

Products and services
In order to provide full-spectrum coverage of the public sector’s diverse needs for financial services we are constantly developing products designed to increase their ease of access to, and the convenience of their use of, our services. Currently, our product suite comprises:

- current (expenditure) account management;
- revenue collection and management;
- project financing;
- letters of credit;
- government contract financing;
- tax collection and management: tax, levies and duty collections such as value added tax (VAT), stamp duties and other internally generated revenue particularly at the State level, as well as utility bills for Federal and State Governments;
- payment and management of salaries and pension;
- disbursement of allocations for parastatals;
- collections of duties for agencies;
- foreign exchange trade/bidding;
- short-term bridging facilities to MDAs; and
- specialised products and services such as leasing, concessions, service management, asset management, advisory services and project financing.

Operating locations and structure
In light of the sheer size and geographic dispersal of public service operations in the country, our Public Sector division is organised into two geography-based groups. The Public Sector South (PSS) group oversees our operations in the 17 states in the south of the country, while the Public Sector North (PSN) group covers the 19 northern states including the Federal Capital territory.

The south of the country is home to the nation’s commercial capital, Lagos State, as well as Ondo, Edo, Delta, Bayelsa, Rivers, Akwa Ibom and Cross River States. It also houses major MDAs, including the Niger Delta Development Commission (NDDC), Ports Authority (Lagos and Port Harcourt), petrochemical companies, and two refineries in Warri and Port Harcourt. The Federal Capital Territory, Abuja, is located in the north of the country, and, as seat of the Federal government, is home to all Federal MDAs and a refinery in Kaduna.

Foreign missions and embassies are active across the length and breadth of the country, although invariably they are headquartered in Lagos and Abuja.

Each of our Public Sector groups is headed by an executive director/executive vice president. She supervises hubs strategically located across their respective regions. Each hub or desk is led by a Group head supervising business managers and relationship managers. The volume of public sector business in the respective locations drives the choice of these hubs.

OPERATING ENVIRONMENT
The three tiers of government in the country depend on crude oil export earnings for 80% of their revenue.

Accordingly, with the IMF projecting a USD90 per barrel baseline price for crude oil in 2011, the Government’s revenue performance is expected to remain strong. This should be boosted by strong crude oil production figures too. The latter is expected to remain above 2 million barrels a day in 2011. The stability of the Niger Delta region will impact positively on the projection.

In line with the oil-price-based fiscal rule established by the Fiscal Responsibility Act, 2011 federal budget appropriations are, however, based on an oil price of USD65 per barrel. Nonetheless, a large and growing public sector running cost and a huge infrastructure dearth have meant a 4% budget deficit for 2011. Rising budget deficits and public debt both indicate the need for further reforms of the public sector, especially the public expenditure management framework. The proposed bill for the establishment of the Nigeria Sovereign Investment Authority is a much welcome development in this regard to the extent that it would open up opportunities for the financial services industry.

Additional opportunities should come from the Government’s decision to finance the 2011 deficit through domestic borrowing and the considerable investment needed to bridge the nation’s huge infrastructure gap.
MEASURES FOR SUCCESS
Performance for our public sector business is measured
and set against strategic initiatives that have been
defined, with primary focus on the profitability of the
business group.
These initiatives include but are not limited to:
• defining segments for the Public Sector in order to
prioritise targets and customise offering;
• reviewing our product portfolio to meet customers’
needs and increase profitability; and
• optimising the operating model to ensure service
excellence, customer satisfaction and competitive pricing.
In the near future, in addition to earlier initiatives, cardinal
to our target of building lasting contacts and ensuring that
such high-value relationships are built and sustained, we
will be:
• developing an end-to-end talent management
programme in order to have the best, well-trained
and motivated professionals serving our public sector
customers; and
• Building strategic partnerships/alliances with the
Government at the Federal and State levels.

Risks
• Entrenched interests and loyalties – this is a major
factor that we are dealing with by strategically building
lasting contacts and deepening existing relationships.
• Change in government policy and political affiliations –
frequent change in government policy is a characteristic
of our political landscape. Government policy on
aspects of the Nigerian economy is sometimes subject
to reversal which could be disruptive. It is cumbersome
to successfully and confidently project the policy thrust
of the Government. In as much as policy reversal on the
part of the Government is sometimes very necessary,
it makes planning for business on our side all the
more difficult.
• Corruption – the Government is confronting
corruption through the activities of its anti-corruption
agencies. Recent results from these activities have been
encouraging and we expect to see further progress
made on this front.

Opportunities
There are considerable financing opportunities within
infrastructural development/project finance with
government determination to improve the infrastructure,
particularly power, with other segments such as road and
rail transportation also garnering increasing attention.
In addition, recognising the limited capacity of the
Government, both from a technical and financial
perspective, critical to low-cost options to be adopted by
the state tier of government will be increasing use of the
public-private partnership approach.
We expect increased activity in the bond market with
most states accessing finance through bond issuance to
fund critical infrastructure-related initiatives. With rising
focus on diversifying revenue streams from the centre by
increasing internally generated revenue, we expect that
more states will automate revenue and tax collection
systems – thus opening up additional opportunities
to extend our banking relationships with the various
state governments.

STRATEGIES AND OBJECTIVES
We already have very good relationships in key states
and federal parastatals; however, critical to us in
coming periods will be the establishment of a customer
engagement model for foreign missions, Federal and State
parastatals and ministries to expand market share. We will
continue to build strategic partnerships and alliances with
both tiers of government while enhancing the synergy
within the Group to improve sales and retention of key
government customers.
BANK OPERATING STRUCTURE
Retail Banking

OVERVIEW
The Retail Banking Strategic Business Unit (SBU) of the Bank is specifically structured to serve customers in the retail and consumer banking landscape. It offers tailor-made products and services to the ‘Affluents’; small and medium-sized enterprises with annual turnover less than N500 million; local government authorities and diverse individuals in the retail market.

Products and services
The Retail Banking SBU is incentivised to serve as the engine room for growth where small businesses are nurtured and then transferred to the Corporate Banking SBU. This process ensures that the Bank is present at every stage of a customers’ growth phase, thus creating an enduring relationship backed by history of performance. The different groups within the business unit pay close attention to selected small businesses in sectors of the economy that will impact significantly on the Bank’s balance sheet size and profitability while still engaging the general market. This affords the Bank the opportunity to identify the next growth business clients early and be a part of their ‘success story’ by extending professional advice and deepening the banking relationship with the customer.

The Retail business unit of the Bank will continue to explore available opportunities in the key economic sectors: wholesale and retail trading; oil and gas industries; crop production; road transport; financial institutions; building and construction; telecommunication; educational institutions; farming; public administration, hotels and restaurants; non-profit organisations; tourism; and manufacturing; among others. In addition, we are also seizing advantage of the Local Content Bill to grow the business of our SMEs as well as leveraging the funds provided by CBN to support the agricultural business.

Operating locations and structure
The Bank’s retail banking covers all the geo-political zones of Nigeria, namely North Central, North East, North West, South East, South South and South West.

The Retail Banking teams are present in 611 business outlets (branches and cash centres) with the South West leading with 208 locations, followed by South South with 112 locations, then North Central with 105 locations. In addition, South East, North East and North West have 89, 55 and 42 locations respectively.

For effective marketing and efficient administrative purposes the Retail Banking SBU is further subdivided into two groups: Retail Banking North supervising 19 states and FCT and Retail Banking South supervising 17 states. They are separately managed by the Executive Director, Retail North and Executive Vice President, Retail South.

There are five groups each in Retail Banking North and Retail Banking South SBUs. Each group is headed by a group head. The major basis for delineating the groups was business potentials of the location and span of control that promotes efficiency and effectiveness.

OPERATING ENVIRONMENT
The repeal of the Universal Banking Guideline has given way to the separation of merchant banking from commercial banking activities, and enhanced focus on regulation to drive stability within the financial sector. This new tougher regulatory environment is expected to force banks to create better focus for commercial banking, explore the untapped opportunities and specialise in retail and consumer banking.

Consequently, to play in the retail market, a bank requires a large branch network in order to build strong client relationships. Most Nigerian banks at inception had shied away from playing directly in the retail banking landscape, preferring to start with corporate banking and later on diversify into retail banking. Thus, this trend ensured that the competition needed to stimulate innovation was lacking in retail and consumer banking.

Recently, thinning margins and the need to grow earnings forced some Nigerian banks to further cultivate the retail and consumer banking landscape; this has therefore led to banks competing for individual customers through product offering and value proposition for the retail and consumer market.

A tougher regulatory environment and the possible entrance of foreign banks, with well-honed marketing strategies, strong experience in managing risk, and excellent retail product offering into the Nigerian market are expected to heighten competition. We expect that this should drive better product offering and value proposition for the consumers.

A population in excess of 140 million people, coupled with significant under-penetration of the retail banking market, a mix of dynamic product offerings, flexible technology and consolidated retail operations suggests the nascent retail banking landscape in Nigeria is a very attractive one.

However, there are systemic and infrastructural challenges that still need to be solved to boost the growth of retail banking. Among these challenges are:
- lack of tested credit bureau firms;
- obsolete laws;
- lack of proper and verifiable customer identity; and
- long-winded legal process.

Technological advancement has also gradually changed the way retail banking products and services are now delivered to customers. The prevailing trend is to move transactions to alternative channels in order to give customers more convenience and reduce cost of servicing the retail customers.

Our ongoing concern is the deployment of more resources to use technology in serving the retail customers effectively and grow the business relationship with Nigerians in diaspora, the affluent and mass market. Our branch outlets will still be the key locations for selling our products and servicing our customers, and for further incorporating our bureau de change services in the branches for FX cash efficiency/management.
**STRATEGIES AND OBJECTIVES**

Our goal is to 'attain unassailable leadership' in the retail and consumer banking landscape through a deep commitment of service excellence to the customers.

The new SBU strategy has afforded the Bank the opportunity to gain deeper insights into customers' specific needs and learn to deliver the relevant products to the right types of customers at the expected levels of service. The Retail Banking SBU is focused on establishing quality relationships with retail customers, improving customers' banking experience with the Bank and increasing the share of the retail customers' wallet.

Partnering with the Operations group and other stakeholders, we are driving efficient processes that will lead to improved performance and customer turnaround time as well as selective migration of customers to more cost-efficient channels.

Customers in the retail market segment are uniquely offered a wide range of asset/liability products, electronic-business, investment, and ancillary products and services. The business unit delivers a specific range of consumer and retail banking products/services to the following segments of the retail market:

- upwardly mobile and affluent customers;
- mass market;
- small and medium-sized enterprises; and
- local government authorities/local council development areas.

The range of tailor-made products and services are delivered through alternative channels such as ATMs, FirstBank Online, FirstMobile, POS terminals and also across-the-counter in all branches.

The key objectives are:

- combining innovative product offering with intensive marketing;
- ensuring full multi-channel integration and optimisation;
- selective migration of customers to alternative channels;
- increasing sales productivity;
- enhancing technology-enabled customer relationship management capabilities;
- creating attractive value propositions for each market segment;
- increasing penetration rates in the youth and affluent segment;
- training the sales force and relationship managers to be more effective and efficient; and
- improving credit risk management approach.

**MEASURES FOR SUCCESS**

The SBU is expected to profitably gain new customers in the retail market by efficiently and effectively serving the affluent and young customer segments, local governments, and small and medium-sized enterprises, without neglecting the mass market.

In line with the above, some of the strategic initiatives include:

(i) Acquiring customers within the youth and affluent segment;
(ii) Streamlining product portfolio by aligning products to customer needs;
(iii) Growing the retail and consumer credit offering;
(iv) Establishing a qualitative relationship management service model for the segments; and
(v) Developing a well equipped retail sales force.

The Retail Banking business unit is currently the largest of all the strategic business units both in balance sheet size and income.

However, due to the economic downturn over the last two years, and the resultant reduction in disposable income of the population, there has been a decrease in asset quality.

To enhance the quality of our risk assets, we are tightening our risk acceptance criteria and deepening our relationship with customers with good track records in these segments.

The Retail Banking SBU is continuously focusing on low-cost demand deposits and growing quality consumer/retail loan portfolio in a very deliberate manner to ensure sustainable income. In line with this objective, the sales force is being equipped with the adequate skills, supported by product and sector specialists required to adequately capture and service the segments.
OVERVIEW

In 2011, a new Strategic Business Unit (SBU) in FirstBank known as Private Banking officially became operational. A small number of our customers in FirstBank currently fall into the high networth individual (HNI) bracket. Many of these customers, if given the right proposition, would do more business with FirstBank, especially in the area of balance sheets investments and wealth management. Hence, the introduction of Private Banking as a specific SBU to focus on this growing segment hitherto underserved in Nigeria.

Implementation plan

The implementation plan prioritises the initiatives by time to implement and strategic/financial impact. Private Banking is a long-term business, which generates benefits beyond the measurable in the immediate term. Reputational impact will be significant as we move into the private banking space hitherto dominated by foreign banks in Nigeria. While international industry average indicates that 18 months is required to move a customer from personal banking to wealth management, we believe that pent-up demand should give us an advantage over this average.

Products and services

Private Banking clients are an elite group who are very discerning, will not come into banking halls and are very sensitive about service. However they will pay good money for service well delivered. In view of this, the Private Banking offering has been segmented into two major areas. These are personal banking and wealth management:

i. Personal banking services uses a concierge approach where the customer receives individualised banking services through one-on-one contact with their manager. Services are delivered to the doorstep of the client, ensuring the upmost speed and accuracy of execution and integrity of the transaction. Services include cash delivery, cash pick-up, transfers of all types, safe custody and cash back loans, international credit cards, local debit and credit cards, and any other type of banking services that may be required.

In addition, personal banking services will include a priority pass at airport lounges, limousine services at point of destination, as well as the little niceties that make our clients feel special and as though FirstBank believes they are the only client of importance.

ii. Wealth management services involve managing and securing a client’s wealth in accordance with agreed mandates. Using our extensive subsidiary network as investment partners, as well as other partners if the need arises, we will develop investment portfolios tailored to the specific needs of the client at each stage of their life cycle. Depending on clients’ risk appetite, investments could be in a variety of instruments such as stocks, bonds, mutual and hedge funds, real estate, and alternative investments such as art collections. In addition, we will offer offshore investments through our network of international offices and tax planning depending on the jurisdiction that the investments are being held under and for what purpose. Our wealth management services enable a client to maximise his wealth potential while planning for the expensive events during a lifetime such as education, weddings, retirement and estate planning for future generations.

Operating locations

Private Banking will initially operate from three hubs situated in Lagos, Port Harcourt and Abuja. Each premises is specifically designed to give our clients the assurance that FirstBank takes their business seriously and will treat each interaction with the Bank with utmost confidentiality and privacy. In addition, Private Banking will have satellite locations in designated branches that will service clients in other locations as we roll out the strategy.

OPERATING ENVIRONMENT

The private banking market is the premium bracket of individual customers and is estimated to represent <1% of the Nigerian population, which controls over 50% of the country’s wealth. Since 2006, the country’s wealth (GDP) has experienced an average growth of 6.5% per annum while per capita income grew by 37% between 2006 and 2009. This demonstrates the potential for private banking business and has encouraged increased competition in this market segment. Today, private banking in Nigeria is dominated by foreign banks and a few savvy Nigerian banks.

STRATEGIES AND OBJECTIVES

FirstBank’s strategic vision for the Private Banking business is to be the private bank of first choice; setting the bar in wealth management. To achieve these goals, the following key imperatives have been identified for FirstBank:

- Define a brand and positioning strategy. The brand concepts have been finalised and the positioning strategy developed and will roll out in the first quarter of 2011. The message is that we provide personalised, individualistic banking services and will assist each client in protecting their lifestyle for the future and the transfer of assets through a wealth management strategy designed specifically for them;
• Develop an end-to-end talent management programme in order to have the best, well-trained and motivated professionals. It is extremely important for Private Banking customers to feel confident about the skills and capabilities of their personal bankers and the commitment of the institution towards their business.

• Select a distribution model and new branch locations. The Bank has chosen a hybrid approach to distribution in Nigeria. This means that there are dedicated Private Banking locations in major hubs of Lagos, Port Harcourt and Abuja, while other customers will be serviced from selected branches in the FirstBank network.

• Create a unique business methodology (segmentation, customers' portfolio, etc.) to suit the needs of Private Banking customers. To enable us to customise our personal banking and wealth management service, we will get well acquainted with the client. We are searching for a customer information system to provide the platform for customer segmentation, allowing us to develop, in tandem with the client, the best banking and wealth management structure that meets current lifestyle and future goals.

• Provide operational enablers (specific tools) and rigorously monitor customer performance through various reports on customer activity, and profitability by product and by staff.

MEASURES FOR SUCCESS

Private banking is not traditional banking so measure of success is defined by the client. As the business grows, an increase in the share of wallet and cross-selling our various products will be a key measure of success. Our contribution to FirstBank is in brand image – fundamentally changing the mindset of the public through continuous interaction with a very influential group of clients, providing wealth management services that are not available except internationally. Increased liability generation and off balance sheet transactions through our investment subsidiaries will both generate fee income. The potential is to have a segmented portfolio of packaged products, intermediation, alternative investments and open architecture using various investment partners to get the best returns for our clients.

Current statistics available indicate that savings are on the increase as Nigeria’s GDP improves. This is an indication that in spite of the economic downturn of 2009, the middle class is saving more and has access to international markets. They expect the same banking services that they receive when they travel abroad. This basically means that the time to create alternative investment opportunities in Nigeria through private banking, providing a means for more Nigerians to plan for the future and to clearly leave a legacy when it comes to transferring wealth from one generation to another, is now.

Financial and performance targets

To monitor and evaluate the effectiveness of the defined strategic initiatives and targets as well as to translate them into financial and performance targets, KPIs include growth in assets under management, customer accounts retention, increase in customer activity, increase in new customers and revenue generation from product lines.
BANK OPERATING STRUCTURE

Institutional Banking

OVERVIEW
Emerging from the Bank’s reorganisation of its operating structure in October 2010, the Institutional Banking group is one of the strategic business units focused on customer relationship management. The Institutional Banking group represents the top end of the banking value chain, made up of the largest of the organisations across industries.

Our clients in the Institutional Banking group include multinationals, large corporate and specialised industry, financial institutions and corporate players. We deliver a full range of banking and financial services – working capital, term loan, trade finance, project finance, foreign exchange, treasury services, corporate finance, cash management, guarantees, collection and payment, and remittance services.

The Institutional Banking group is organised into six key industry groups – energy, telecommunication and transport, conglomerates and services, manufacturing, financial institutions/multilateral agencies, and construction and manufacturing. Our operating model affords greater segment specialisation and allows us to focus better on customers and their needs.

OPERATING ENVIRONMENT
We continue to bring our scale to bear in the pivotal oil industry where significant levels of credit exposure are required, to book more loans, i.e., working capital, acquisition financing and reserve-based lending. A new USD30 million term loan was made to Britannia-U, large USD inflows were received for major oil names Shell Petroleum Development Coy (SPDC), Shell Nigeria Gas, Hyundai Heavy Industry, Energia and Ponticelli. Letter of credits processed for major oil traders (Arcadia and Trafigura), Seatrucks, NIPCO and Conoil boosted our balances.

With the new Local Content Law now in force and the volumes of credits processed for major oil traders (Arcadia and Trafigura), Seatrucks, NIPCO and Conoil boosted our balances.

In the Manufacturing segment, we are driving for sales collections and other transaction flows that allow us to cover more of the value chain. We are making great progress and seeing improvements in business volumes handling more transactions such as government revenue collection, payments and dividend remittances for names such as NB Plc, Flour Mills Plc, Guinness Plc and Friesland WAMCO.

Financial Institutions group is an important liabilities source as we manage current accounts and investment accounts of the major names in the market. The Pension Fund Administrator and insurance companies see us as a preferred bank to keep their funds. The newly formed Asset Management Company of Nigeria (AMCON) has opened an account relationship with us. We have opened one for the new representative office of ABSA SA in Nigeria.

Our Construction and Infrastructure team is actively seeking project finance opportunities in the Public Private Partnership areas and the power sector reforms initiatives of the Government. We are in discussion with project promoters and analysing the promising projects to determine their viability and bankability.

We have derived discernible as well as intangible benefits from our representative offices in South Africa and China. Another representative office to be located in the UAE is under way. Through their referrals and facilitations, a number of deals and transactions have been won for the Bank. In addition, the representation is an advantage for FirstBank brand footprint.

Looking ahead in 2011, initiatives are under way to further leverage FirstBank’s market power, scale, management strength and unrivalled brand for significant market and income growth in the Institutional Banking space.

STRATEGIES AND OBJECTIVES
Since the take-off of the business unit in October last year, we have embarked on a number of initiatives critical to the achievement of our ultimate objectives of significantly increasing market share of the institutional banking market and maintaining a position of a dominant full-service bank. We are taking steps to build and upgrade the quality of relationship management and customer service, understand better the industries and market we serve, increase cross-selling at the frontline, and deepen the level of relationships in order to drive increased transactions and achieve better account profitability.

MEASURES FOR SUCCESS
A key measure of success is to what extent current and new clients across all our Institutional Banking businesses are entrusting their transactions to us. Some key indicators of the execution of our strategies will include the share of customers’ wallets, how much of the relationship value chain we bank and the improvement we are able to achieve in margins/account revenues from Institutional Banking customers.
KEY PERFORMANCE INDICATORS

INTRODUCTION

The FirstBank Group and affiliates are subject to extensive and increasing regulation, accounting standards and interpretations thereof, and legislation in the various countries in which the Group operates. From time to time, new laws are introduced, including tax, consumer protection, privacy and other legislation, which affect the operating environment in which the Group operates. As a result of the recent interventions by governments in response to global economic conditions, for instance, it is widely expected that there will be a significant review of government regulation such as the imposition of higher capital requirements and restrictions on certain types of transaction structure to engender stronger but effective supervision of the financial services industry.

If enacted, such new regulations might compel the Bank to inject fresh capital into its operations and those of its subsidiaries and affiliates. The development might require the Bank to enter into business transactions that are not otherwise part of its current Group strategy, prevent the Bank from continuing current lines of operations, restrict the type or volume of transactions it may enter into, limit its subsidiaries’ and affiliates’ ability to declare dividends to FirstBank, or set limits on or require the modification of rates or fees that the Bank charges on certain loans or other products.

The Bank may also face increased compliance costs and limitations on its ability to pursue business opportunities. Separately, the Basel II Accord’s requirement for financial institutions to increase their capital in response to deteriorating market conditions may have secondary effects on lending, which could exacerbate the current market downturn. These measures, alone or in combination, could have an adverse effect on its operations.

The Bank is currently subject to tax-related risks in the countries where it operates, which could have an adverse effect on its operating results.

A number of double taxation agreements entered into between countries also affect the taxation of the Group. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of consequences arising from the failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to increased tax charges, including financial or operating penalties, for non-compliance as required by the law.

The Board of Directors and the Group Management Committee measure the Group’s progress against its strategic objectives. Progress is assessed by comparison with the Group’s strategy, its operating plan targets and its historical performance using both financial and non-financial measures.

As a prerequisite for the vesting of performance shares, the Board Governance Committee will take account of all relevant factors, particularly comparisons with peer group with regard to the financial Key Performance Indicators (KPIs) described below.

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<tbody>
<tr>
<td>Net income growth (%)</td>
<td>39.0</td>
<td>35.5</td>
<td>(20.3)</td>
<td>(16.9)</td>
<td>29.5</td>
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<td>Net income mix</td>
<td></td>
<td></td>
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<tr>
<td>Net interest income (absolute)</td>
<td>121,462</td>
<td>112,926</td>
<td>96,157</td>
<td>88,933</td>
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<tr>
<td>Net interest income (%)</td>
<td>68.3</td>
<td>69.9</td>
<td>75.1</td>
<td>74.6</td>
<td>77.5</td>
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<td>Net fee income (absolute)</td>
<td>45,055</td>
<td>35,475</td>
<td>28,064</td>
<td>24,547</td>
<td>33,924</td>
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<tr>
<td>Net fee income (%)</td>
<td>25.3</td>
<td>22.0</td>
<td>21.9</td>
<td>20.6</td>
<td>17.4</td>
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<tr>
<td>Other income (absolute)</td>
<td>11,406</td>
<td>13,078</td>
<td>3,805</td>
<td>5,687</td>
<td>9,932</td>
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<tr>
<td>Other income (%)</td>
<td>6.4</td>
<td>8.1</td>
<td>3.0</td>
<td>4.8</td>
<td>5.1</td>
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<tr>
<td>Cost to income (%)</td>
<td>65.5</td>
<td>66.5</td>
<td>59.2</td>
<td>58.8</td>
<td>54.5</td>
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<tr>
<td>Credit performance as measured by risk adjusted margin (%)</td>
<td>6.0</td>
<td>7.2</td>
<td>6.0</td>
<td>7.2</td>
<td>10.6</td>
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<td>Return on shareholders’ equity (%)</td>
<td>9.8</td>
<td>7.9</td>
<td>1.6</td>
<td>0.4</td>
<td>3.7</td>
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<tr>
<td>Dividends per share growth (%)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>(92.6)</td>
<td>0.0</td>
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<tr>
<td>Basic earnings per ordinary share reported (₦’)</td>
<td>1.02</td>
<td>0.83</td>
<td>0.17</td>
<td>0.04</td>
<td>0.51</td>
</tr>
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1 The percentage increase in net operating income before loan impairment and other credit risk charges since the previous year.
2 As a percentage of net operating income before loan impairment charges and other credit risk provisions.
3 Interest expenses, operating expenses and other credit risk charges divided by net operating income before loan impairment and other credit risk charges.
4 Net operating income divided by average risk-weighted assets.
5 Profit attributable to ordinary shareholders divided by invested capital.
6 The percentage increase in dividends per share since the previous year, based on the dividends paid in respect of the year to which the dividend relates.
7 Basic earnings per ordinary share is defined in Note 34 of the Financial Statements.
Net operating income growth provides an important guide to the Group’s success in generating business. In December 2010, the Bank’s total net operating income grew by 35.5% to ₦161.5 billion (Group 39.0% to ₦177.9 billion), reflecting the resilience of FirstBank’s income-generating capabilities in these exceptionally turbulent economic circumstances.

Net operating income mix represents the relative distribution of revenue streams between net interest income, net fee and commission income, and other income. It is used to understand how changing economic factors affect the Group, to highlight dependence on balance sheet utilisation for income generation and to indicate success in cross-selling fee-based services to customers with loan facilities. This understanding assists the Bank’s management in making business investment decisions.

<table>
<thead>
<tr>
<th>Description</th>
<th>Performance</th>
<th>Relationship to strategy</th>
<th>Relationship to key risks</th>
</tr>
</thead>
</table>
| **Net operating income growth** | **Net operating income mix** | **Group**: Delivering on our growth ambitions will require a structure that supports development of segment and functional specialists. We have restructure internally for growth, organising around business groups and market segments. 
**Bank**: The Bank will grow and effectively deploy risk assets to drive increased revenue and profit growth. We will extend its franchise into new market segments such as corporate and consumer lending. | **Group**: There is renewed emphasis on strong growth businesses such as investment banking/asset management and insurance. In addition, we will leverage the synergies and cross-selling opportunities between banking and other financial services sectors to improve fee and commission income. | Attaining the full benefits of scale to achieve the Group’s incremental growth profile could be stifled by unfavourable regulatory pronouncement. Achieving high-quality risk-based assets and channelling resources to appropriately priced transactions with multiple income streams from deep market knowledge could be impacted by inadequate evaluation of risk conditions. | The ability to diversify the Group across strong growth businesses and the continuous bank transformation initiative to earn a greater share of the client’s wallet may be slowed by insufficient knowledge of the environment and the clients’ business. |

**Key Performance Indicators**

**Net operating income growth**

<table>
<thead>
<tr>
<th>Mar 07</th>
<th>Mar 08</th>
<th>Mar 09</th>
<th>Dec 09</th>
<th>Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.8</td>
<td>21.5</td>
<td>32.7</td>
<td>30.1</td>
<td>(15.4)</td>
</tr>
</tbody>
</table>

**Net operating income mix**

<table>
<thead>
<tr>
<th>Group and Bank Net Operating Income Mix (%)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Mar 07</th>
<th>Mar 08</th>
<th>Mar 09</th>
<th>Dec 09</th>
<th>Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.7</td>
<td>60.0</td>
<td>74.9</td>
<td>77.5</td>
<td>76.8</td>
</tr>
<tr>
<td>18.6</td>
<td>18.6</td>
<td>7.9</td>
<td>8.3</td>
<td>6.4</td>
</tr>
<tr>
<td>25.3</td>
<td>25.0</td>
<td>15.2</td>
<td>20.4</td>
<td>6.4</td>
</tr>
</tbody>
</table>

Note: The percentage increase in net operating income before loan impairment and other credit risk charges since the previous year.

Mar 07 Mar 08 Mar 09 Dec 09 Dec 10

Net interest income Net fee income Other income
To support the Group’s strategy and ensure that the Bank’s performance can be monitored, management utilises a number of financial KPIs. The table on page 57 presents these KPIs for the period up till December 2010. At a business level, the KPIs are complemented by a range of benchmarks that are relevant to the planning process and to reviewing business performance. FirstBank has a number of key targets against which future performance can be measured.

**KPI 3 Cost to income**

Cost to income is a relative measure that indicates the consumption of resources in generating revenue. Management uses this to assess the success of technology utilisation and, more generally, the productivity of the Group’s distribution platforms and sales forces. There has been a consistent effort to reduce this ratio.

The Group’s cost-to-income ratio to December 2010 rose to 65.5% (December 2009: 59.2%). This was as a result of the decline in our gross earnings as well as increasing operating expenses.

**KPI 4 Credit performance**

Credit performance, as measured by risk-adjusted margin, is an important gauge for assessing whether credit is correctly priced so that the returns available after recognising impairment charges meet the Group’s required return parameters. The ratio for December 2010 was 6.0% for the Group (2009: 6.0%).

<table>
<thead>
<tr>
<th>COST TO INCOME (%)</th>
<th>CREDIT PERFORMANCE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 07: 71.6%</td>
<td>Mar 07: 16.4%</td>
</tr>
<tr>
<td>Mar 08: 72.1%</td>
<td>Mar 08: 15.3%</td>
</tr>
<tr>
<td>Mar 09: 64.5%</td>
<td>Mar 09: 11.0%</td>
</tr>
<tr>
<td>Dec 09: 67.4%</td>
<td>Dec 09: 7.2%</td>
</tr>
<tr>
<td>Dec 10: 65.5%</td>
<td>Mar 09: 6.0%</td>
</tr>
</tbody>
</table>

The anticipated improvement in cost-to-income ratio arising from competitive repositioning and sundry cost optimisation initiatives may be threatened by sub-optimisation of significant liquid assets, not realising anticipated revenue benefits of the new operating structure and inadequate cost monitoring.

Extending credit to unsuitable segments of the economy needs to be carefully monitored through strategic portfolio planning, supported by sound risk identification, measurement, control and reporting.

Thorough and constant review of the Bank’s risk appetite definitions and acceptance criteria is imperative to minimise the chance of the Bank’s asset quality being affected.

**Bank:** We will continue with our ongoing transformation programme, particularly in the area of cost optimisation. Key initiatives include expanding the roll-out of the centralised processing centre, including leveraging the new self-service options; optimisation of our manning structure; and internal process re-engineering focused on extracting value from our technology investments, and centralisation and/or outsourcing of support services where it makes sense. Our efforts in improving fee and commission income will also impact the cost-to-income ratio significantly.

**Group:** Throughout the Group, we will ensure that portfolio oversight of key functions, including risk and shared services are established.

**Bank:** Risk management systems and processes will be strengthened to optimise portfolio quality and to ensure that margins reflect and adequately compensate for risk. This includes deliberately managing our risk asset portfolio and adopting a pricing model that reflects variations in the risk profile of various credits to ensure that higher risks are compensated by higher returns.
### 5 Shareholder returns

The Bank aims to deliver sustained dividend per share growth for its shareholders. The total proposed dividend for December 2010, based on the year to which the dividends relate (rather than when they were paid), amounts to ₦0.60, an increase of 500% over the preceding year (December 2009: ₦0.10).

Return on shareholders’ equity measures the return on shareholders’ investment in the business. This enables management to benchmark Group performance against competitors and its own targets. In December 2010, the ratio was 512.5%, 3% higher than the December 2009 ratio.

### 6 Brand perception

In order to manage the FirstBank brand most effectively, the Group tracks brand health among personal financial services and commercial banking customers in each of the Bank’s major markets. The survey is conducted on a consistent basis by accredited, independent, third-party organisations. A weighted scorecard of brand measures produces an overall score for each market on a 100-point scale, which is then benchmarked against that of main competitors. The scores from each market are then weighted according to the risk-adjusted revenues in that market to obtain the overall Group score.

### Key Performance Indicators

<table>
<thead>
<tr>
<th>Description</th>
<th>Performance</th>
<th>Relationship to strategy</th>
<th>Relationship to key risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholder returns</strong></td>
<td><strong>RETURN ON SHAREHOLDERS’ EQUITY (%)</strong></td>
<td>Group: Sequence growth priorities over three growth ‘horizons’ will ensure adequate focus on the right set of initiatives at the right time.</td>
<td>Inefficient capital allocation across the Group could threaten selective growth and transformation initiatives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bank: The Bank will improve return on equity by optimising the deposit mix to lower the cost of funds. There will be a strong emphasis on low-cost current and savings deposit mobilisation. In addition, we continue to seek growth in assets that flows through to increased revenue and profit growth, and which ultimately grows shareholder value.</td>
<td>The Bank’s new operating structure with improved capacity to drive deep market knowledge, delivery of excellent service and improved transaction velocity might not translate in enhanced shareholder value if the risks associated with operating income growth and mix are threatened.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>It is envisaged that if the Bank fails to attract a crop of young upwardly mobile customers through its initiatives, we run the risk of recording shrinkage in customer base.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FirstBank has chosen three non-financial KPIs that are important to the future success of the Group in delivering its strategic objectives. These non-financial KPIs are currently reported internally within the Bank, and not on a Group basis.

**KPI 7 IT performance and systems reliability**

Two key measures are tracked as indicators of IT performance and measured in terms of service availability targets. The number of customer transactions processed reflects the dependency on IT in the delivery channels that customers use to interact with the Bank. Monitoring the volumes by channel enables the Group to allocate resources appropriately. To improve efficiency, the Bank aims to manage the rate of increase in IT transaction processing costs to below the volume increase.

IT performance, resilience and systems reliability could be suboptimal if required information to complete transactions is inaccessible. Service delivery capability could be hindered thereby demeaning the bank’s technology excellence, strategic objectives and enhanced reputation.

**KPI 8 Customer satisfaction**

Customer recommendation is an important driver of business growth for the Bank. In the 2010 KPMG survey, the Bank was ranked 12th out of 23 banks (a slight improvement over 16th position in 2008). While some levels of improvement have been achieved, service excellence and improving customer experience remain key to sustaining leadership within the industry. The Bank aims to be in the top quartile of this index in the next few years.

To meet this objective, the Bank has created the Corporate Transformation Office, charged with improving customers’ experience by creating a world-class environment backed by excellent service, e.g., service delivery channels (FirstContact, FirstServe and Touchpoint Re-Engineering) and operational excellence (Fleet Management, Manning Optimisation and Quick-wins).

**Average availability of IT services 2010 (%)**

<table>
<thead>
<tr>
<th>IT service</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM network uptime</td>
<td>98.7</td>
<td>90.1</td>
<td>98.5</td>
</tr>
<tr>
<td>ATM approval success</td>
<td>91.9</td>
<td>91.0</td>
<td>92.7</td>
</tr>
<tr>
<td>WAN services uptime*</td>
<td>97.3</td>
<td>97.9</td>
<td>98.3</td>
</tr>
<tr>
<td>Data Centre services*</td>
<td>98</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Internet banking*</td>
<td>97.4</td>
<td>97.5</td>
<td>97.6</td>
</tr>
<tr>
<td>Messaging*</td>
<td>77.5</td>
<td>76.1</td>
<td>75.8</td>
</tr>
</tbody>
</table>

**KPMG survey ranking**

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1st</td>
<td>23rd</td>
</tr>
<tr>
<td>2009</td>
<td>1st</td>
<td>16th</td>
</tr>
<tr>
<td>2010</td>
<td>10th</td>
<td>6th</td>
</tr>
</tbody>
</table>

Sources: *FBN Infrastructure Management System; **Interswitch

**Bank: FirstBank will continue to lead in the use of technology to drive service excellence and product innovation.** Focusing on using technology as an enabler of business growth, we have improved the reliability of our service platforms to improve customer experience across branch and electronic channels. We are currently deploying new business services that facilitate transaction simplification, low-cost operations and convenience through these channels for customer retention and acquisition. In addition, we are empowering employees with new tools to facilitate work in and out of office for more agile response to customer requests, and empowering all tiers of management with qualitative, timely information for decision-making and strong risk management. IT performance and system reliability are integral to realising our growth ambitions.

**Bank: FirstBank will increasingly strive to improve overall service delivery quality through a number of initiatives currently underway.** We will lead our transformation programme with the Service Delivery ‘lens’ to ensure all initiatives drive impact at the front line. Furthermore, the Bank will institute incentives to aggressively move routine transactions to alternate channels and simultaneously ensure that premium customers (e.g., corporates and high net-worth customers) receive first-class service.

Availability of required information to complete transactions is key in ensuring optimal IT performance and systems reliability. Service delivery capability is improved, thereby accentuating the bank’s technology excellence, strategic objectives and enhancing our reputation.

Four key risks could impede our ability to achieve our customer satisfaction ranking within the desired timeline. These are: primarily, third-party risk/vendor dependencies; changing regulatory requirements and our choice to ensure full compliance; execution risk – quality versus quantity; and a realignment of priorities that could come as a result of a potential M&A transaction.
KEY RISK SUMMARY

CREDIT RISK

CREDIT

Type of risk
Default/counterparty risk, performance risk, payment risk, diversion risk, governance risk, financial risk, socio-political risk and environmental risk.

Impact on business
Poor asset quality arising from high level of non-performing loans and ultimately low yield on risk assets.
Financial loss due to increased loan loss provisions and charges on impaired assets.
Possible impairment of shareholders’ funds.

Mitigation measures
- Strong credit analysis to identify the risk and proffer mitigants.
- Clear loan covenants and transaction dynamics.
- Effective credit control and monitoring processes.
- Prompt identification of early signs of deterioration.
- Adequacy and realisability of collateral.
- Adoption of risk-based pricing for risk assets.
- Strengthened risk management systems and processes to optimise portfolio quality and to ensure appropriate pricing of risk assets.

PORTFOLIO

Type of risk
Concentration risk.

Impact on business
Breaches of portfolio limits and regulatory provisions could lead to sanctions and increased financial loss.

Mitigation measures
Adherence to portfolio limits and regulatory requirements.

Responsibility
- Strategic Business Units
- Risk Management
- Chief Risk Officer
### MARKET RISK AND LIQUIDITY RISK

<table>
<thead>
<tr>
<th>Type of risk</th>
<th>Type of risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate risk</td>
<td>Counterparty credit risk (pre-settlement and settlement risk)</td>
</tr>
<tr>
<td><strong>Impact on business</strong></td>
<td><strong>Impact on business</strong></td>
</tr>
<tr>
<td>Could result in significant financial loss, impairment of interest rate related instruments including all fixed-rate and floating-rate debt securities and instruments that behave like them, including non-convertible preference shares.</td>
<td>Could lead to financial losses due to the default of a trading counterparty.</td>
</tr>
<tr>
<td><strong>Mitigation measures</strong></td>
<td><strong>Mitigation measures</strong></td>
</tr>
<tr>
<td>• Experienced Market Risk Policy Committee that meets regularly.</td>
<td>• Approved counterparties with pre-settlement risk lines.</td>
</tr>
<tr>
<td>• Daily reporting of valuation results to executive management.</td>
<td>• Measurement and reporting of pre-settlement risk exposures to executive management.</td>
</tr>
<tr>
<td>• Strict adherence to the Bank’s internal policies such as the use of limits and management action triggers.</td>
<td>•</td>
</tr>
<tr>
<td>• The use of hedge contracts to mitigate interest rate risk exposures.</td>
<td>•</td>
</tr>
<tr>
<td><strong>Type of risk</strong></td>
<td><strong>Type of risk</strong></td>
</tr>
<tr>
<td>Foreign exchange risk</td>
<td>Liquidity risk</td>
</tr>
<tr>
<td><strong>Impact on business</strong></td>
<td><strong>Impact on business</strong></td>
</tr>
<tr>
<td>Could lead to diminution in the value of foreign currency position.</td>
<td>Could lead to insolvency and eventual reputational risk.</td>
</tr>
<tr>
<td><strong>Mitigation measures</strong></td>
<td><strong>Mitigation measures</strong></td>
</tr>
<tr>
<td>• Daily monitoring of FX trading position against risk limits.</td>
<td>• Efficient Asset and Liability Committee that oversees liquidity management.</td>
</tr>
<tr>
<td>• Daily reporting of all FX exposures to executive management.</td>
<td>• Diversified sources of funding.</td>
</tr>
<tr>
<td>• Hedging policy in place.</td>
<td>• Contingent funding plan.</td>
</tr>
<tr>
<td>• Regular review of the Bank’s currency exposures by the Market Risk Policy Committee.</td>
<td>• Effective cash flow planning.</td>
</tr>
<tr>
<td>• Limiting transactions to approved counterparties.</td>
<td>•</td>
</tr>
<tr>
<td><strong>Type of risk</strong></td>
<td><strong>Responsibility for market risk and liquidity risk</strong></td>
</tr>
<tr>
<td>Investment risk</td>
<td>Please note that the primary responsibility for mitigating the above risks lies with the risk-taking units of the Bank, which include the strategic business units, e.g., Treasury unit, Product group or trading desk. However the risk identification, measurement, monitoring, control and reporting lies with the Head, Market and Liquidity Risk department who reports to the Chief Risk Officer.</td>
</tr>
<tr>
<td><strong>Impact on business</strong></td>
<td><strong>Responsibility for market risk and liquidity risk</strong></td>
</tr>
<tr>
<td>Could lead to diminution in the value of investments.</td>
<td>Please note that the primary responsibility for mitigating the above risks lies with the risk-taking units of the Bank, which include the strategic business units, e.g., Treasury unit, Product group or trading desk. However the risk identification, measurement, monitoring, control and reporting lies with the Head, Market and Liquidity Risk department who reports to the Chief Risk Officer.</td>
</tr>
<tr>
<td><strong>Mitigation measures</strong></td>
<td><strong>Mitigation measures</strong></td>
</tr>
<tr>
<td>• Significant investments are approved by the Board and all others by the Management Committee.</td>
<td>•</td>
</tr>
<tr>
<td>• Counterparties for investments are approved by executive management and the Board.</td>
<td>•</td>
</tr>
<tr>
<td>• Highly experienced professionals in the Strategy Unit who advise on strategic investments.</td>
<td>•</td>
</tr>
<tr>
<td>• Strong supervision by the parent company board on subsidiaries.</td>
<td>•</td>
</tr>
<tr>
<td>• Portfolio selection and diversification strategies.</td>
<td>•</td>
</tr>
</tbody>
</table>
OPERATIONAL RISK

Type of risk
People risk

Impact on business
The risk of loss – financial, reputational or otherwise, arising from a failure to properly manage the Bank’s human capital. This could manifest in the form of staff fraud, high staff attrition, knowledge gaps and a demotivated and disgruntled workforce.

This would impact the Bank by way of negative service experiences for our customers and the attendant loss in market share, financial loss, and reputational damage, and the cumulative effect of being unable to deliver strong business performance that meets or exceeds stakeholders’ expectations.

Mitigation measures
- The Bank has put in place robust Human Capital Management and Development practices to achieve a strong and efficient workplace.
- Effective background checks and thorough confirmation process on new hires.
- Competitive remuneration package and other hygiene factors to attract and retain the best talent.
- Enforcement of strong supervisory control.
- Zero tolerance to staff integrity issues and fraud.
- A fully fledged learning and development unit and infrastructures to cater for the training and development needs of staff.
- Strict enforcement of the requirements of the staff handbook.
- A disciplinary committee that meets regularly to deal with and resolve employee issues.
- A comprehensive Fidelity insurance policy.
- Encouragement of a work–life balance culture.

Type of risk
Operations risk

Impact on business
The risk for the Bank to incur financial loss as a result of inadequacies or failures in Operations processes, systems or staff. Operations risk additionally incorporates the risk arising from disruption of Operations activities caused by external events. Examples are: transaction capture, execution and maintenance errors or failures; failures in the customer intake and documentation process; failed mandatory reporting obligations; limit breach due to inadequate internal processes; inadequate reconciliation processes; and manual intensive processes.

Impact on business ranges from negative customer impact and the attendant loss in market share, financial loss and reputational damage, and the cumulative effect of being unable to deliver strong business performance that meets or exceeds stakeholders’ expectations.

Mitigation measures
- A comprehensive Control Administrative and Accounting Procedure (CAAP) Manual has been put in place to guide operational activities and processes of the Bank.
- Establishment of a central processing centre specialising in various operations areas, and the migration of some activities, which were hitherto handled at the branches.
- The introduction of a functional reporting structure to the operations job families to allow for effective supervisory control of the operations of the Bank.
- Introduction of a self-assessment programme to allow process owners to identify control weaknesses with a view to taking proactive remedial actions.
- Automation and re-engineering of our processes.
- Putting in place robust business continuity planning and disaster recovery programmes.
- Stepping up operational risk awareness training and programmes.
- Monitor and manage Key Risk Indicators (KRIs) in processes/products/activities.

Type of risk
System or technology risk

Impact on business
The risk of failing to develop, implement or operate the Bank’s technology platforms and solutions to meet stakeholder requirements. This could manifest in the form of: system downtime resulting in irate customers and a tarnished reputation; software failures; systems change process management failures; seizure of technical support; hardware failures; obsolete hardware; and no support from the manufacturers.

Mitigation measures
- The Bank has a Disaster Recovery Centre (DRC).
- A comprehensive Service Level Agreement (SLA) with IT service providers.
- Regular IT audit and control.
- Hardware policies covering hardware purchase, use, replacement and disposal.
- Software policies covering purchase or design, use, enhancement, patching, replacement and disposal.
- Building resilience into the Bank’s network platform through the installation of a back-up link to over 90% of our branches.
- An articulated medium-term transformation plan to optimise the Bank’s investment in technology.
Type of risk
External events and third-party risk

Impact on business
External events could lead to disruption in business and financial loss to the Bank.
Third-party failure could lead to poor service, reputational damage and financial loss to the Bank.
Technology failure due to activities of hackers, and inadequate financial capacity to fulfil obligations could impact negatively on the Bank’s service delivery.

Mitigation measures
• Hedging against external events with adequate insurance cover.
• A robust business continuity arrangement is being put in place to improve the Bank’s resilience.
• Regular monitoring and review of all outsourcing arrangements in the Bank.
• Strict adherence to the Bank’s outsourcing policy.
• Enforcement of SLA, sanctions for breach of contracts.
• Real-time reporting of high-risk incidents or exposure.
• The Bank has also put in place a Physical Security and Personal and Business Protection Policy to mitigate internal and external threats.

Type of risk
Regulatory and compliance risk

Impact on business
Could lead to financial and reputational losses to the Bank as a result of failure to comply with the laws, regulations or codes applicable to the financial services industry. The impact of this risk category on the Bank ranges from financial loss arising from fines and penalties, loss of revenue due to temporary suspension or ban from certain market activities. Possible loss in share price and negative investor perception occasioned by disclosure of regulatory infractions in our Annual Report and withdrawal of licence.

Mitigation measures
• The Bank has put in place a fully fledged Compliance team to drive and implement the Bank’s compliance framework.
• Effective monitoring of the Bank’s compliance with laws and regulations, its code of conduct, and corporate governance practices.
• The Bank has a process for ensuring new and changed legal and regulatory requirements are identified, monitored and reflected in the Bank’s process and rule book.
• Ensuring that regulatory requirements are incorporated in the operational procedures manual where appropriate.
• Prompt submission of regulatory reports.
• Sound corporate governance practices and the setting of the right tone from the top with respect to regulatory issues.

Type of risk
Legal risk

Impact on business
Could lead to financial loss from defective transaction or contracts, non-compliance to a change in the law and jurisdictional risk.

Mitigation measures
• The Bank has a process for ensuring new and changed legal and regulatory requirements are identified, monitored and reflected in the Bank process.
• Ensuring that regulatory requirements are incorporated in the operational procedures manual where appropriate.
• Adequate defence for claims and counterclaims.
• Vetting of all contractual documents and agreements by the Legal Services Department before execution.

Responsibility for operational risk
Please note that the primary responsibility for mitigating the operational risks lies with the risk-taking units of the Bank, which include all the Business and Support units of the Bank, e.g., Branches, Operations Group, E-Business and HCMD. However, the operational risk management function serves as thought partner in risk management and mitigation, develops operational risk toolset, and coordinates and aggregates the operational risk management activities of the business units and support functions.
### INFORMATION SECURITY RISK

**Type of risk**
Information assets, confidentiality, integrity and availability

**Impact on business**
Information assets are critical to the operation of FirstBank and the integrity, availability and confidentiality of these assets should be protected at all times. Disruption or interruptions to these assets would have dire consequences on FirstBank operations, e.g., a virus outbreak could cause disruption in FirstBank operation by rendering the systems unavailable within the period of infection and would require a clean-up, which is both expensive and time consuming. The aim of information security through awareness programmes and proactive controls is prevention, to help reduce such infections. Other incidents include fire outbreaks, system failures and information theft.

**Mitigation measures**
- Development of a risk assessment methodology that enables the Bank to carry out risk assessment of its information assets that is both reproducible and measurable and has been used to implement appropriate controls.
- Building of information security controls into processes and procedures.
- Classifying all information assets with appropriate priorities and assigning custodians for those assets.
- Engaging the services of an independent company to carry out Bank-wide security risk assessment, to determine the security posture of the Bank and allocate appropriate safeguards to the asset.
- Developing a Bank-wide awareness programme and making information security the responsibility of all FirstBank staff.

**Responsibility**
The Board has the final responsibility for information security.

### LITIGATION RISK

**Type of risk**
Institution of frivolous adverse claim(s) against the Bank.

**Impact on business**
Increased litigation portfolio and its attendant cost and distraction.

**Mitigation measures**
Engage very competent and outstanding firms of solicitors to defend the Bank resulting in the court’s dismissal of the frivolous claims, sometimes with damages in favour of the Bank.

**Responsibility**
Head, Legal Services

### ASSET SECURITY RISK

**Type of risk**
Incidents of submission of cloned or fake title documents by borrowing customers for banking facilities.

**Impact on business**
This can be a major threat to the Bank’s security over the properties in question.

**Mitigation measures**
The Bank has engaged in vigorous scrutiny of title documents including conducting verification exercise at various registries before such documents are accepted as security. The number of fake documents discovered have since reduced to the barest level.

**Responsibility**
Head, Legal Services

### CORPORATE/CONTRACT RISK

**Type of risk**
Failure of vendors to deliver on contracts entered into with the Bank.

**Impact on business**
This could lead to financial loss, inability to deliver its desired services and reputational risk.

**Mitigation measures**
This risk is being mitigated by ensuring proper scrutiny of vendors through due diligence and referencing obtaining indemnity from vendors, proper scrutiny of contract document to guarantee enforceability. This has ensured minimal difficult rate by vendors.

**Responsibility**
Head, Legal Services, Head, General Services, and Head, Learning and Development

### LEGAL RISK

### ASSET SECURITY RISK

**Type of risk**
Acceptance of collateral that is disproportionate to the loan advanced or unenforceable.

**Impact on business**
Failure to recover the facility upon default by customer.

**Mitigation measures**
This is mitigated through thorough credit reviews, obtaining independent assets valuation and monitoring. Legal services also participates in induction training for new hires as well as refresher courses for other relevant personnel.

**Responsibility**
Head, Credit Analysis & Processing, Relationship Managers, and Head, Legal Services
FINANCIAL REVIEW

OVERVIEW

Globally the year 2010 was a year of divergent economic fundamentals, policies and outcomes, with various governments embarking on different policies to try and stabilise their respective economies. The policies in general achieved their purpose of stability but did not lead to a significant pick-up in growth; with IMF growth forecasts of 2.6% and 7.1% in 2010 for developed and emerging economies respectively. Locally, economic performance remained relatively healthy, with GDP growth of 7.8% for the year, driven mainly by agriculture, services, wholesale, retail trade, as well as the positive impact of rising oil prices and a stable exchange rate.

With respect to the domestic banking industry, the year was characterised by frequent policy adjustment from the regulatory authorities to drive stability within the sector which was recovering from a period of elevated provisioning and slow credit growth. Not surprisingly, these posed enormous challenges for businesses as a whole with attendant performance implications for the banking industry.

Against this backdrop, the FirstBank Group posted a strong set of results for the year ended December 2010; profit before tax improved significantly, growing 134% to N620 billion benefiting from lower funding cost and significantly reduced loan loss provisioning. The Bank contributed 84% to group profitability with subsidiaries contributing 16%.

Economic factors impacting results

Overall, global economic growth was estimated at 3.7% in the year; with emerging markets, which make up a third of the world’s GDP, accounting for two thirds of the growth, while western economies/developed markets accounted for the balance.

Africa has seen an influx of funds since the global recession of 2008; investors are increasingly considering Africa and emerging markets as prime destinations for investible funds, owing to impressive actual and forecast growth rates recorded. Underscoring this trend, the IMF estimates that emerging markets recorded average growth of 7.1% in 2010, and forecasts a 6.2% annual growth over the next five years relative to a 2.4% growth forecast for 2010 accounts represents a full year (January – December) while December 2009 accounts represents a 9-month period (March – December).

In the coming sections, we analyse the performance of the FirstBank Group. Where our analysis relates solely to the Bank, we state this as such.

ANALYSIS OF BANK PERFORMANCE

Balance sheet analysis

<table>
<thead>
<tr>
<th>Selected balance sheet data</th>
<th>As at 31 Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Due from other banks</td>
<td>550,414</td>
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<tr>
<td>Loans and advances (net)</td>
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<tr>
<td>Investments</td>
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<td>Bonds</td>
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<td>Managed funds</td>
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<tr>
<td>Other assets</td>
<td>189,350</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>2,305,258</td>
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<tr>
<td><strong>Liabilities</strong></td>
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</tr>
<tr>
<td>Customer deposits</td>
<td>1,450,567</td>
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<tr>
<td>Liabilities on investment</td>
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<tr>
<td>contracts</td>
<td>95,352</td>
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<tr>
<td>Long-term debt</td>
<td>124,617</td>
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<tr>
<td>Other liabilities</td>
<td>294,096</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>1,964,632</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>340,626</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>2,305,258</td>
</tr>
</tbody>
</table>

Note: Investments refer to investments in bond, securities and subsidiaries/associates.
As at 31 December 2010, total assets stood at ₦2.3 trillion (December 2009: ₦2.2 trillion), a year-on-year increase of 6%; driven largely by growth in our loan portfolio and bond investments. Our balance sheet remains predominantly funded by deposit liabilities (63%) and to a much lesser extent equity (15%).

See Figures 1 and 2

95.4% of our total assets are earning assets (December 2009: 94.9%) with loans and advances, interbank placements and investments contributing 50%, 24% and 15% respectively. At the group level, our liquidity ratio stood at 50.9% for the period ending December 2010 (December 2009: 58.7%). This was attributable to the increase in bond investments as well as other liquid placements, reflecting the general adverse risk environment in the industry. Group loan to deposit ratio was 79.4% (December 2009: 80.9%), resulting from the cautious lending approach we adopted in the face of earlier outlined issues around the macro-economic and industry backdrop.

Loans and advances

We recorded year-on-year growth of 5.7% in our net loans and advances (inclusive of financial leases) to ₦1,151 billion in 2010 (December 2009: ₦1,089 billion) driven by loans to our institutional banking and large local corporate clients. We remain the largest lender across the industry, with a well-diversified loan book across a number of sectors.

See Figures 3, 4 and 5

The operating environment was challenging, with key segments of the loan book under pressure. The midsized corporate and retail segment, made up of small businesses laboured under reduced demand from their customers, which, coupled with inadequate financial capacity and tighter risk acceptance criteria, combined to significantly reduce their access to credit. The individual consumer came under significant pressure as companies in our target sectors such as telecommunications, oil and gas, as well as banking, downsized their businesses, thus limiting debt servicing capacity job losses. Institutional and large local corporates were not affected however, with continued access to well-structured credits. Overall, the following internal and external factors impacted lending during the period under review:

- a measured approach to risk asset creation on our part following a high provisioning cycle in 2009;
- continued review of our credit generation process and tightening of our risk acceptance criteria;

* Other liabilities include customer deposit for letters of credit, interest and account payables, unearned discounts, bank cheques, trade and sundry creditors, clients dividends and retirement obligations.
• heightened caution on the part of borrowers – due to the general lull in economic activity, and thinning margins in most businesses;

• focus on recoveries across the banking sector; and

• pre-election year, driving cautiousness ahead of any change in government and attendant policy impact.

The increase in the term loan component of our loan book is driven by a rising component of project finance type transactions related to opportunities in the infrastructure space, as well as taking advantage of opportunities accruing from the implementation of the local content policy in the oil and gas sector. While recognising the risk in term and project financing, we have put in place extensive due diligence processes in order to drive accurate sensitisation of future cashflows from these businesses.

The overdraft component of our loan book also witnessed an increase, arising largely from our provision of increased working capital for some of our long-term loan exposures, particularly to large established businesses in the manufacturing sector, in order to improve the yield on the portfolio via increased fees and commissions on turnover on the account.

See Figure 6

Going forward, for the year 2011 we expect mild recovery in credit growth across the industry; as a result of an improving business environment particularly after the 2011 elections set to be held in April as well as AMCON’s acquisition of banks’ bad loans which improves liquidity positions and lending ability. In addition, we expect that progress will be made on pending issues with the potential to impact the growth prospects of the banking industry significantly; these include the passage of the Petroleum Industry Bill, sustained implementation of the Local Content Bill which should see a rise in local participation within the oil industry to at least 50% in the medium to long term from around 40% currently, as well as other initiatives within the infrastructure and power sectors, all of which will increase lending opportunities within the banking sector.

With loan growth driven predominantly by acceptability of risk as well as appropriate levels of liquidity, crucial to driving sustained recovery in loan growth to the private sector is a need for the derisking of certain segments of the economy to make lending opportunities more viable. This is important particularly in view of expectedly higher (more attractive and less risky) yields on government securities in the wake of tighter monetary policy in 2011 to proactively stem inflationary pressures arising from the massive liquidity injection into the economy from the CBN bailout funds, increased liquidity from AMCON’s purchase of sector NPLs as well as sustained pre-election spending by all tiers of government.

In coming periods, an additional headwind to loan growth is the increasing use of the domestic and possibly international bond markets as alternative sources of medium- to long-term funding. We see the institutional and high-end corporate clients, with low-risk ratings, leading the way with respect to accessing bond markets; putting banks’ income under further pressure, and driving in our view, a need for innovation and differentiation in order to compete effectively.
Asset quality

Our non-performing loan (NPL) ratio improved to 7.7% in December 2010 (December 2009: 8.2%) with actual NPLs remaining flat at N94 billion (December 2009: N94 billion). Our NPL portfolio reflects the diverse nature of our loan book and cuts across various economic segments. The real estate construction/home developer, retail, personal and professional, and oil and gas services sectors represent the highest proportion of our NPL portfolio. Delinquency rates in the real estate construction/home developer segment reflect the lagged impact of the downturn in the capital market as well as extremely limited credit availability demand side to previously identified off takers in the wake of the crisis within the banking industry. As the economy improves, we expect that projects will be completed and off taker interest will be renewed, which should translate into effective demand for the real estate developer. Consequently, we anticipate a reversal of some of these NPLs in coming periods. Within the personal and professional segment, there have been significant job losses across various sectors of the economy, thus driving higher default rates as a result of the lagged effect of these job losses. This was partly responsible for the increase in new NPLs over the period under review, with the substandard component of the NPL portfolio increasing from 18% as at December 2009 to 26% in December 2010.

See Figures 7, 8, 9 and 10

Our NPL coverage ratio stands at 84.9% (December 2009: 67.2%) and represents adequate level of provisions in line with Prudential guidelines. We will continue to monitor our portfolio actively, classifying our accounts in a timely manner and taking provisions as required. We have continued to make progress on improving our risk management processes and procedures, with enhanced focus on the quality of our credit portfolio, as well as carrying out prompt remedial action once early signs of weaknesses are noted on accounts to reduce the rate of new NPL formation.

See Figure 11
Deposits

We grew our deposits by ₦103 billion to ₦1.45 trillion, up 7.7% from ₦1.34 trillion as at December 2009. Growth was driven predominantly by current accounts and savings accounts (CASA) which grew by 13% and 46% respectively and now make up 81% of our total deposits, significantly higher than 69% as at December 2009. This shift in our deposit mix was driven by deliberate focus on low-cost liability generation as well as discouraging expensive deposits, this was in part achieved by various schemes introduced to the market during the year such as the FirstBank Golden Promo, HiFi Savers Account, FirstCurrent Plus and FirstSavings Plus. As a result, we achieved a 35% reduction in tenored deposits. Achieving an overall increase of 27% in our CASA deposits over the one-year period under review, while at the same time growing our overall deposit base is testament to our strong brand value proposition and high confidence placed in banking with us. In addition to deepening our relationship with our customers, within the context of the operating environment, we will continue to focus on optimising our deposit mix and driving further improvements in our internal processes to capture further transactional banking opportunities.

See Figures 12, 13 and 14
Our blended average cost of funds declined from 6.1% in December 2009 to 3.1% in December 2010, as a result of the change in the mix, and significant repricing, of our deposit liabilities. We achieved a decline of over 40% in the costs associated with CASA, while cost associated with tenored funds declined by 29% on an annualised basis.

See Figure 15

**Capital management**

We achieved group total capital adequacy ratio of 20.35% (December 2009: 15.80%) well in excess of the regulatory minimum of 10%. Our tier 1 capital ratio of 17.68% (December 2009: 13.88%) reflects the high-quality component of our capital. The increase in both ratios was driven by increased earnings retention and balances due from foreign banks. The Bank achieved a total capital adequacy ratio of 22.57% (December 2009: 24.69%) and a tier 1 capital ratio of 24% (December 2009: 22.46%).

Signifying low levels of debt on our balance sheet, we recorded a debt-to-equity ratio of 0.37 (December 2009: 0.11) a debt-to-capital ratio of 0.27 (December 2009: 0.10) and a debt-to-EBITDA ratio of 0.7 (December 2009: 0.2).

See Figures 16 and 17

**Income statement analysis**

To provide a year-on-year comparison, our analysis of the income statement for the full year 2010 is made against annualised nine-month to December 2009 figures.

Gross earnings at the group level declined by 11% to ₦231 billion (December 2009: ₦194 billion); with interest income and non-interest income contributing 75% and 25% respectively (December 2009: 84% and 16% respectively). In the period under review, though non-interest income grew 33%, interest income declined 19%, driving the overall decline in gross earnings.

See Figure 18

Interest income, adversely affected by a low interest rate environment, especially during a period of slow credit growth, experienced a decline across all its components. Year on year, the fees and commission component of our non-interest income grew 20%; mainly driven by an increase in financial advisory fees from investment banking activities on the back of improved activity in the domestic bond market and a pick-up in performance of the equity market, commission on turnover, credit-related fees and commissions from letters of credit. Other income,
which comprises foreign exchange income, trusteeship income and investment income, grew by 125% largely driven by foreign exchange income. Overall, there was an improvement in operating income by 4% over the year ago period, due to the increasing contribution of non-interest income.

**Net interest income**

Reflecting the adverse operating environment, net interest income declined by 5% to ₦121 billion in 2010 (December 2009: ₦96 billion) and net interest margin deteriorated to 6.3% from 7.1% as at December 2009, negatively impacted by narrowing spreads as a result of a 26% decline in the average yield on our interest earning assets.

See **Figure 19**

In spite of an 8% growth in the volume of our interest earning assets over the period, interest income was negatively impacted by declining yields on our interest income declined by 19.4% to ₦174 billion as at December 2010 (December 2009: ₦162 billion), with a 57% and 28% reduction in average yields on our interbank placements and our loan portfolio respectively, driving the most decline. In a cautious environment, coupled with high liquidity levels, average yields on industry loan books came under pressure from increased bargaining power of credible institutional and corporate customers.

See **Figure 20**

In the face of lower funding costs as well as yields on assets, coupled with tighter risk acceptance criteria leading to fewer credible lending opportunities, interest rates on loans, and therefore average yield, on our loan book came under pressure; particularly in increased bargaining power of long-standing borrowing customers. Income from placements within the interbank markets as well as with other financial institutions also came under pressure as a result of significant decline in yields in the interbank market.

See **Figures 21 and 22**

Towards the end of the third quarter, and for the rest of 2010, withdrawals by the Nigerian National Petroleum Corporation, funding of joint venture cash calls as well as drawdown on various public sector accounts for pre-election spending, led to tighter liquidity and a subsequent pick-up in interest rates in the interbank market, thus mitigating the final impact of the earlier decline in yields.

In the same vein, we witnessed declines across all interest expense lines, with the shift in our deposit mix reducing our interest expense by 40%. Aggressive re-pricing of deposit liabilities, together with growth in volumes of business, mitigated to an extent the impact of the excess liquidity environment.

Going forward, we expect to see interest rate increases driven by tighter monetary policy by the CBN on increasing concerns from inflationary pressures, in the wake of considerable injections of liquidity into the economy in 2010 and continued spending ahead of the elections as well as the inflationary impact of a possible deregulation of petroleum prices after the election in 2011.
Non-interest income

Non-interest income increased by 33% to ₦57 billion in 2010 (December 2009: ₦32 billion). This was driven mainly by fees and commission which grew by 20% in the period under review. Mindful of an increasingly competitive environment, we have paid a lot of attention to diversifying our income sources by improving the contributions of non-interest income to total income. Non-interest income has benefited from:

- increased credit-related fee income, from improving credit turnover;
- fee income related to investment banking activities;
- rising remittance/management fees, commissions and fees on letters of credit and credit-related fees;
- increasing growth in our trade business; and
- measured approach to reducing the tenor and increasing the velocity of our loan book.

As part of this process of diversifying our revenue, we are restructuring our operations at the Group level in order to optimise fee income, and reorganising our internal processes within the Bank to enhance fee income generation. Looking ahead, we believe that our new operating structure, which is tailored to service specific markets/client segments, will drive increased business with our various clients and increase our share of the clients’ wallets.

Risk provisions

For the year under review, we made a loan loss provision of ₦22.3 billion which includes a 1% general provision on our loan book*, lower than ₦40.4 billion in the previous year. This translated into a significant reduction in our cost of risk from 4.2% to 1.8% in the previous year.

Following objective and subjective classification criteria as contained in the Prudential guidelines for Nigerian banks, we will continue to take prompt provisions against impaired assets.

* For the period March 2005 – March 2009 a 1% general provision on the performing loan portfolio was required. This was exceptionally waived for the banking industry for the December 2009 and 2010 financial years by the Nigerian Accounting Standards Board.
Cost efficiency

Operating expenses grew by 15.2%, to ₦117 billion during the year (December 2009: ₦76 billion), slightly exceeding the 12-month moving average inflation rate of 13.7% as at December 2010. Staff costs at 45% of operating expenses decreased by 3.7%, other operating expenses increased by 37.1% driven by increasing maintenance costs, depreciation and NDIC premium grew by 14% and 53% respectively. The increase in general expenses was driven by sustained investment in automation to drive future productivity while depreciation expense rose in line with increase in property and equipment. The increase in NDIC premium was as a result of a 39% increase in the premium from 0.36% in 2009 to 0.51% in 2010.

See Figures 25 and 26

Coming as a result of the decline in our gross earnings as well as increasing operating expenses, our cost to income ratio deteriorated from 59.2% in 2009 to 65.5% in 2010. We expect to see gradual improvement in this ratio as various initiatives on cost optimisation show significant traction as well as enhancing our revenue drive both at the Bank and Group level.

Profitability

At the Group level, we grew profit before tax by 144% from ₦13.3 billion recorded in December 2009 to ₦33 billion in 2010; driven by much lower loan loss provision relative to the previous year as well as lower funding costs. In the same vein, the Bank also recorded a 227% growth in profit before tax from ₦7.7 billion to ₦34 billion. On an after tax basis the Group recorded a 411% increase in profit to ₦33 billion (December 2009: ₦4.9 billion) with the Bank’s profit also rising by 1484% to ₦27 billion (December 2009: ₦1.3 billion). The effective tax rate was 23% for 2010 compared to 63% for 2009.

See Figure 27
**Key Performance Indicators**

In spite of the significantly challenging environment, coupled with several changes on the regulatory front, our return on assets improved to 1.4% (December 2009: 0.3%) while after tax return on equity improved to 9.8% (December 2009: 2.1%). On a pre-provision basis, our return on assets improved to 2.4% (December 2009: 2.8%) while return on equity improved to 16.1% (December 2009: 19.5%). We expect a narrowing of the differential between the pre- and post-provision ratios over the coming years as a result of improved risk management processes and procedures.

The Group recorded earnings per share of ₦1.02 (December 2009: 0.23 kobo). Our net asset value per share declined to ₦10.4 (December 2009: ₦10.7) as a result of the capitalisation of our reserves in respect of a one for eight bonus issue declared in May 2010. See Figures 28 and 29.

**ANALYSIS OF GROUP PERFORMANCE BY BUSINESS SEGMENT**

**Retail and Corporate Banking**

The retail and commercial banking business is made up of First Bank of Nigeria and our representative offices in China and South Africa, as well as FBN UK, a fully licensed commercial bank in the UK with a branch in Paris. Retail and commercial banking made up 92.2% of total assets (December 2009: 89%) and contributed 85% to Group profit before tax (December 2009: 72%). See Figures 30 and 31.

It has been a tough year in the Nigerian banking landscape with the spillover effect of NDIC/CBN audit in August 2009, significant regulatory change during the year coupled with liquidity glut in the Nigerian banking industry. Our flagship Nigerian banking operations pulled through all these difficulties, increasing both our deposit and loan base, as well as growing our profit before tax.
FBN UK has continued to expand operations with all recently new business lines, specifically Structured Finance, showing good progress as well as the very recently launched International Private Banking business offering investment advice to private banking customers.

Net interest income remains the dominant income line and is significantly affected by the Bank’s ability to hold the correct level of liquidity. Loan fees continue to grow satisfactorily as less vanilla but more structured assets are placed on the book. Our strong back office delivering high-quality service standards has enabled us to win good-quality transaction business both in the payments and trade finance areas, producing a good level of repeat income.

Regulatory changes (Basel III, capital and liquidity) are numerous and continue to impact negatively on the business both in respect of the need for significant system changes to deliver the necessary reports and the costs of increased manpower. In addition, the Financial Services Authority is in the process of setting individual capital guidance for firms and we expect this will drive return on capital lower across the industry. With respect to liquidity, all firms now have to hold a certain level of liquidity in the form of highly rated bonds. These will be low-yielding assets and negatively affect net interest income in 2011.

We expect competition to increase in our chosen markets as the larger international banks seek to offset a loss of profits as a result of regulatory changes to strengthen the financial system. This may lead to downward pricing pressure. Apart from the normal fraud and operational loan loss risks, the largest risk is a downturn in the economies as governments seek to tighten fiscal policy and reduce debt. If this leads to increased loan defaults and the failure of financial firms, our business could be negatively impacted. However, our business is more and more focused on trade and although the level of this is subject to health in economies, a major failure of a player in the market may be problematic.

Our representative office in Beijing was officially opened at the end of June 2010. In the short period in which it has been operational, the Beijing office has been able to generate a number of referrals, the aim being to mediate increasing trade flows between Nigeria and China. In the same vein, the South African representative office has been driving our trade finance business with South African companies/Nigerian companies in South Africa.

** Fig 31. Analysis of Group performance by business lines – profit before tax split (%)**

<table>
<thead>
<tr>
<th></th>
<th>Mar 08</th>
<th>Mar 09**</th>
<th>Dec 09</th>
<th>Dec 10</th>
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<tr>
<td>Retail and Corporate Banking</td>
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<td>Others*</td>
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<td>Mortgage management</td>
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<tr>
<td>Asset management</td>
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<tr>
<td>Investment and capital markets</td>
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<td>16.2</td>
<td>10.9</td>
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</tbody>
</table>

* Others includes the following businesses: pension custodians, insurance brokerage, private equity and venture capital, bureau de change and FBN microfinance business.

** The Group’s asset management business was exposed to unprecedented levels of volatility, the breakdown of correlations and the shift of relationships between asset classes, in extremely illiquid markets. An inability to unwind certain positions due to a limited amount of liquidity available in the market had significant impact on our operations. First Trustees, in the ordinary course of business, manages funds on behalf of various clients. During the year its investments in quoted securities suffered a diminution in value as a result of the sharp decline in the Nigerian capital markets. The company made provision for this diminution in the value of its investments in quoted securities held on behalf of clients under a guaranteed principal fund arrangement totalling ₦21.5 billion and ₦4.6 billion on account of proprietary investments.
Investment and capital markets

The investment and capital markets business division is made up of First Registrars and FBN Capital which has FBN Securities as a subsidiary; they provide investment banking and capital market services to both individual and institutional investors as well as registrar services to both listed and private companies. This business segment makes up 4.1% of Group assets (December 2009: 5.6%) and contributed 6.2% to Group profit before tax (December 2009: 10.9%). Relative to 2009, there has been remarkable improvement in earnings and contribution to profitability of this segment of our business due to general improvements in the macro backdrop and equity as well as the bond markets.

FBN Capital is our investment bank that offers financial services to a broad range of clients, institutions and governments across the entire spectrum of financing and investment transactions. The company realised gross earnings of ₦4.14 billion, a 5.25% decline from ₦4.48 billion in the preceding year, while pre-tax profit rose to ₦2.02 billion from the preceding year's loss of ₦1.73 billion, which was driven by provisions taken against margin loan accounts.

Following the tax incentives introduced into the bond market in March 2010, there was an increase in activities in the domestic bond market with fees from new issuance from state governments and large corporations raising debt directly from the capital market being a key driver for the performance achieved.

The equity market started the year on a positive note, benefiting from the reduction in deposit interest rates in the earlier part of the year, but turned bearish in the second and third quarters of 2010 despite robust corporate earnings and attractive stock valuations. Negatively impacting the market over this period were liquidity constraints, weaker consumer purchasing power and disposable incomes, the delayed operational take-off of AMCON and allegations of corporate governance malpractice issues in the Nigerian Stock Exchange (NSE), all of which weakened investor confidence in the market.

There was also a low level of equity issuances in 2010 with only four companies successfully closing on private placements, while Oando plc was the only public rights issue that occurred. Nonetheless the NSE-All-share Index closed up 18.87% as opposed to a 34% loss the previous year. The impact of AMCON acquisition of banks’ toxic assets towards the end of the year 2010 and the extension of trading hours by two hours, underpinned the rise in the NSE index.

The approval in March 2010, by the then acting President of the Federal Republic of Nigeria, of a waiver of taxes on all categories of bonds and short-term FGN securities, such as Nigerian Treasury Bills, and a reduction in stamp duties for re-issue of previously executed debentures down to 20% of the stamp duty payable on a new debenture of the same value, compared to 100% prior to this approval. The submission was made by the Bond Market Steering Committee (chaired by the Minister of Finance) as part of identified necessary incentives to develop the domestic bond market, especially in the sub-national and corporate segments.

Outlook

The 2011 general elections should be peaceful and any disagreements arising from the elections outcome is likely to be amicably resolved. More important is the strong likelihood of the newly elected President to sustain ongoing reform momentum in order to increase investors’ confidence and boost international capital inflow.

The implementation of AMCON activities in 2011 will increase the ability of banks to provide credit to their customers and promises to reduce volatility in the market. This should impact positively on the equity market as AMCON’s take-on price may become the psychological reference market price and should drive increased investor confidence. In addition, the continuation of SEC-led reforms of the capital market should boost activities in the equity market.

One of the major factors contributing to unusually low yields in the first quarter of 2010 was the risk-averse attitude among banks, such that instead of making loans to the real economy, banks invested in the government debt market. However, with AMCON’s purchase, a large portion of NPLs have been cleared from their books; thus banks may be more likely to engage in more traditional lending in 2011.

We expect to see a pick-up in bond issuance as it is expected that large corporate entities will continue to come to the market with new issues due to the tax and stamp duty incentives introduced as mentioned above. AMCON will need to raise at least ₦1,036 billion to replace the consideration bonds it gave to commercial banks at the end of 2010.

The CBN regulation repealing universal banking requires banks with subsidiaries to either form a holding company or divest from their non-bank businesses to allow for more specialised players in the capital markets space. This creates an opportunity for FBN Capital to increase market share by leveraging on the relationships of the Bank within the Group structure in line with the Group’s objective of being a dominant provider of financial services to existing and new customers. On the other hand, it will also increase the number of specialised players in the market with increased demand for talent in the industry.

The power sector reform represents another potential upside to the outlook as the privatisation of the six power generation and 11 distribution companies is bound to spur activities in the project finance and financial advisory space. In addition, the Government’s commitment to reform the petroleum sector through the passing of the Petroleum Industry Bill should further provide advisory opportunities in the oil and gas sector.

We expect that with the upcoming general elections, economic activities will be slow for the first quarter and part of the second quarter, as businesses exercise caution investing in growth plans; particularly multinationals and foreign companies who are looking to emerging markets for growth. However, we expect that there should be more investment opportunities in the market after the elections, which will also translate to increased activity in the capital market.
The possibility of higher inflation in the first quarter of 2011 due to election spending is likely to raise interest rates and cause demand for higher yields by investors. This may delay bond issuance by some large corporate institutions.

**First Registrars’** performance was negatively impacted by the turbulence within the financial services industry. However, the introduction of new products contributed positively to results; thus, we recorded ₦2.5 billion in operating income and ₦0.67 billion in profit before tax.

We expect that continuing drive for market transparency will ensure sustenance of strict regulatory controls recently embarked upon by relevant authorities. Being a highly regulated business, due to its custodial nature, in a bid to protect the investors, registrars are not free to charge income on some of their activities by the regulatory authorities thus placing a limit on income from core activities.

**Asset management and trusteeship**

The asset management and trusteeship business is represented by First Trustees, which provides asset management and trusteeship services to individuals and institutional clients. The asset management business makes up 2.6% of total assets (December 2009: 4.5%) and contributed 6.7% to overall Group profit before tax (December 2009: 10.9%).

**First Trustees** posted revenue of about ₦17.1 billion, representing an increase of 422% over the previous year. Performance was driven mainly by:

- improvements in marketing and service delivery across all business units;
- increasing access of state governments of the capital market to finance developmental activities in their states;
- high lending rates among banks compared to the cheap source of financing that the capital market presents, leading to the issuance of more corporate bonds;
- awareness among individuals and investors on the need to properly plan their estate.

Over the past year, we made progress in executing our broad-based strategies for growing our trust business; among these were the strengthening of our corporate and syndication trust unit, public trust unit and performance management systems. Our brand has been positioned as the leader in the corporate/syndication and the private trust space, as well as one of the leaders in the public trust space.

Our weekly estate planning and trust tips have been instrumental in driving growth in revenue and clientele base of our private trust business. Also impacting positively on our performance has been the strengthening of our public trust unit, which has ensured not only improvements in service delivery but also new mandates.

**Outlook**

In 2011, we will continue to focus on meeting our clients’ needs with service delivery remaining key as well as additional product development. Additionally, we plan to improve access to our information and services through the use of information technology and partnerships.

Given the significant followship and interest we have generated in the trust market through our Private Trust Series, we will endeavour to convert our followship into business relationships.

We expect some recovery in the financial market after the global crisis and also remain confident about the performance of the trusteeship business in 2011. The corporate, public and private trust businesses remain profitable and growing. For our corporate, syndication and public trust units, pricing pressures alongside competition remain major trends which we expect will likely continue in 2011. Within the public trust business, we expect that this market will remain upbeat in 2011. Activities are expected to be slow in the first half of the year due to the elections in April 2011 and the time it will take for the audited accounts of the state governments to be prepared and approved; however, we see a pick up thereafter. We remain positive about this market and believe that more state governments will approach the market for funds to meet infrastructural challenges.

Our private trust unit will continue to grapple with cultural and social issues. Private trust remains a traditional hard sell in Nigeria, requiring a long gestation period. Discussions about death and even planning for it remain sensitive issues in our society. Nevertheless, we see this as a growth market and will continue to pay it a great deal of attention.

**Mortgages**

Our mortgage business is represented by FBN Mortgages Limited, which offers mortgage services to individuals and corporate institutions. The mortgage business makes up 0.7% of total assets (December 2009: 0.6%) and contributed 0.1% to overall Group profit before tax (December 2009: 0.5%).

**FBN Mortgages Limited** recorded gross earnings of ₦61 million for the year ended December 2010, representing a 47% decline compared to the previous year’s earnings of ₦166.6 billion; total property investments grew by 28% to ₦7.8 billion as at December 2010 (December 2009: ₦6.1 billion) and total assets rose by 18.5% to ₦15.5 billion over the same period (December 2009: ₦13.1 billion). This was as a result of reduced interest rates on loans and advances in response to market movements, poor growth of portfolio and unsold inventory of properties.

**Industry dynamics**

On the demand side, with an estimated population of 17 million, Lagos remains a leading market for residential properties in Nigeria. While demand for rental property has remained high in the low to middle end of the market, demand in the high-end property market has remained weak with large stock of unsold units having significantly longer inventory holding period.

In Lagos and its environs, property development has recorded increased activities in the outskirts/corridors – locations like Mowe/Ofada and Lekki-Epe expressway. As a result of the slowdown in the economy, supply outstrips effective demand in all high-end markets across the country; not surprisingly, property prices have come under downward pressure.
Property prices witnessed a downtrend in 2009 and part of 2010, but with improving clarity on the banking sector recapitalisation efforts towards the end of 2010, prices began to stabilise, giving hope that 2011 could be positive for real estate investors. Conversely, prices at the lower and middle end of the market were not visibly affected by the economic slowdown because of the high population in that demography. Critical to the long-term economic growth is the need for ongoing reforms in the economic, financial, power and petroleum sectors to be effectively executed.

The effect of the local banking sector reforms is still visible in the liquidity squeeze pervading the Nigerian economy. Banks are averse to lending, restricting property developers, investors and buyers from accessing funds to play in the market. The resultant effect is the general lull in the real estate and mortgage markets that held sway in 2010. The Land Use act of 1978 remains a major obstacle to availability of land for housing construction.

**Outlook**

Overall, we expect a pick-up in activities in real estate and mortgage lending industries as the impact of current economic reforms crystallises. Following AMCON’s purchase of NPLs across the banking industry we expect to see increased bank lending to both mortgage buyers and developers. We also anticipate that there will be distressed assets leading to forced sales and lower prices.

Infrastructural developments in parts of the Lagos Metropolis (especially the ongoing expansion of the Lekki-Epe corridor; Lagos-Badagry road axis and Lagos-Ibadan Expressway concession) should act as a catalyst for the increase in supply of affordable housing in these locations as the price of land is cheap and the infrastructural enhancement makes these locations much more accessible and thus more attractive for home owners.

We will focus on diversifying our portfolio into commercial developments. In addition, we will pursue joint venture/strategic alliances with landowners, developers, real estate investors, and state governments/parastatals using special purpose vehicles (SPVs). We also plan to source cheaper and longer-term funds, including from offshore sources seeking to build cross-border financial alliances investing in real estate.

**Our other businesses**

The other businesses in the Group are FBN Life Assurance Limited, FBN Insurance Brokers Limited, First Pension Custodian Limited, First Funds Limited, FBN Microfinance Bank Limited and FBN Bureau de Change Limited. These other businesses make up 0.4% of total assets (December 2009: 0.3%) and contributed 2.2% to Group profits before tax (December 2009: 5.6%).

**FBN Life Assurance (FBN Life)**

In February 2010, NAICOM granted operating license to First Bank Nigeria PLC (FirstBank) to establish a life insurance business in partnership with Sanlam Group of South Africa. Consequently, FirstBank incorporated a subsidiary, FBN Life Assurance Company Ltd to tap into the huge potential of life assurance business in Nigeria, which presently is untapped. First Bank of Nigeria Plc has a holding of 65% in the equity of FBN Life Assurance Company Ltd, and obtained the requisite approval from the Central Bank of Nigeria in September 2010. FBN Life is to commence operations from its Lagos head office, and its branches in Abuja and Port Harcourt within the year. Further expansion, concentrated in geographical areas that demonstrate the highest insurance penetration potential, is planned for 2011. A range of products targeting the corporate market have been well received by insurance brokers and clients alike with the company participating either as lead or co-insurer in a number of large corporate Group life schemes in the last quarter of 2010. In addition, a suite of insurance benefits to protect against death, permanent disability and – under certain circumstances – loss of earnings, has been launched. This is a complementary offering to FirstBank loan customers, providing financial protection in an hour of need. A suite of individual life products has also been developed for the retail market and will be formally launched early in 2011. We expect to begin to reap the full benefit of all these activities in the 2011 financial year.

**Strategy**

Life insurance market penetration in Nigeria measured as a percentage of GDP is estimated at less than 0.3%; this contrasts with 12.5% in South Africa, 3.3% in Mauritius and 1% in Kenya, clearly demonstrating the extent to which the market is underdeveloped. FBN Life plans to increase market penetration, leveraging off Sanlam’s technical life insurance skills and expertise together with FirstBank’s knowledge of the Nigerian financial services market, size and geographical footprint. In addition to providing protection and the long-term wealth creation benefits offered by insurance to complement the existing product offerings available to FirstBank customers, FBN Life also intends to develop third-party marketing outlets. To this end, distribution structures for brokers, other financial institutions and direct distribution channels have been established in order to reach the largely untapped life insurance market in the country.

**Regulation**

Since the company only commenced business in the last quarter, it has largely been unaffected by changes in legislation during the year. The company has fully complied with all existing and new legislation, including the requirements of the Nigerian Oil and Gas Industry Development Act with regards to local content in the servicing of Nigeria’s oil and gas industry, a major component of the insurance market in the country.

The National Insurance Commission (NAICOM) is the regulator of insurance practice in Nigeria and is responsible for the administration and enforcement of the Insurance Act. NAICOM has established operational guidelines for insurers and reinsurers for 2011 that are designed to strengthen operational standards within the insurance industry, improve on the quality and performance of insurers and reinsurers generally, and ensure the institutionalisation of effective corporate governance structures for insurers and reinsurers operating in the country. One component of these guidelines is the requirement for all insurance
companies operating in Nigeria to adopt International Financial Reporting Standards (IFRS) by 1 January 2012. This is aimed at checking over-bloated accounts and ensuring good health of the insurance companies. FBN Life supports these efforts to raise the standards of corporate governance and is at the forefront of the industry in implementing good governance including the early adoption of IFRS, well ahead of most insurers.

**Risks to performance**

Although there is extremely limited market penetration in both long-term and short-term insurance and in spite of initiatives over the last few years to rationalise the number of companies holding licences to carry out insurance business, there are presently 53 insurers servicing this market. In addition, there are over 1,000 licensed insurance intermediaries through whom most insurance business passes from corporate customers to insurers. This has resulted in the insurance sector being fragmented, with further consolidation required.

A perpetual challenge in insurance markets is the practice of premium undercutting in order to attract business away from competitor insurers. In this respect, Nigeria is no different to other markets, with premium quotations for certain lines of business, particularly Group Life, often being driven to unprofitable levels. The company’s strategy is not to engage in such poor practice, preferring to build sound relationships with clients and intermediaries, develop operational efficiency and premier customer service while pursuing profitable business.

The long-term insurance industry faces the challenge of ensuring that the consumer market is adequately aware of the benefits, terms and conditions of the products available to them. The extremely low level of market penetration in Nigeria is a clear indication that this is not the case with the Nigerian market. A number of failed insurers in recent years that have resulted from poor risk selection and management has further eroded public confidence in the sector. A concerted effort by the industry to create public awareness, develop products aligned with customers’ needs, improve the image of the industry in the market by settling claims promptly and efficiently and developing well-informed and adequately qualified sales personnel are requisite components of achieving this objective.

Despite the challenges facing the industry, the company remains confident that enormous potential still exists to further penetrate the immature life insurance market. Through the launch of products and services mentioned earlier together with prompt, efficient and transparent service to our customers, the company will capture a significant share of the life market. Sustained focus on the key drivers of our business will ensure that we provide value to our customers and enhanced returns to our shareholders.

**FBN Insurance Brokers Limited** is a fully integrated risk management, insurance claims advisory company and one of the top three insurance brokers in the country. The company realised gross income of ₦737 million for the year ended 31 December 2010, representing a 20.73% increase on previous year income (December 2009: ₦610 million). Profit before tax increased by 75% from ₦222 million in December 2009 to ₦389 million in December 2010. Total net assets stood at ₦6547 million at December 2010.

Driving the performance for 2010 was our aggressive marketing drive, branch expansion and improved customer reach, improved in-roads into public sector and energy sector, improved support and leveraging on the Group’s platform and unique service delivery.

We expect the sale of motor vehicle insurance and insurance on imports (Marine) to increase with the combined efforts of the Nigeria Insurers Association and NAICOM in checking the activities of false insurance documents and operators. Also likely to impact activities positively are the improved lending activities of banks following the establishment of AMCON.

Regulation that continued to impact on our business in 2010 include:

- the enforcement of the 70/30% Local Contents Acts, aimed at improving local capacity utilisation and reduction of capital flight;
- the signing into law of the National Social Insurance Trust Fund (NSITF) Workmen Compensation, which requires that liability of insurance cover is now transferred from insurance companies to the National Social Insurance and Trust Fund;
- compulsory insurance for public buildings; and
- compulsory motor insurance.

**First Pension Custodian Nigeria Limited (FPCNL)**

The company recorded revenue of ₦1.35 billion for the 12 months ended 31 December 2010. This is an increase of ₦354 million (35.6%) when compared to the ₦996 million reported for nine months ended 31 December 2009; albeit negatively impacted by the erratic performance of the capital market and low money market rates in the first three quarters of the year. Aggregate pension assets under custody grew by ₦178 billion (37.29%) to ₦681 billion compared to the December 2009 closing balance of ₦496 billion, due to capital contribution, capital appreciation and income accruing to pension assets.

FPCNL continued to maintain leadership position in the pension industry in Nigeria in terms of assets under custody. FPCNL offers services covering its assigned responsibilities under the Pension Reform Act 2004, within its boutique of global services, which includes, but is not limited to:

- pension contributions collection directly from employers on behalf of the pension fund administrators (PFAs), for the benefit of the contributors;
- investment transactions settlement;
- safekeeping of assets;
- corporate actions across all categories of assets;
- pensions and benefit payment nationwide;
- portfolio valuation;
- cash management; and
- performance measurement and compliance monitoring assistance.
The key focus in the business is creating quality service that guarantees retention of our clients and acquisition of new clients. The current scope for the pension custody is limited, most especially the reformed aspect of the custody business referred to as the Retirement Savings Accounts (RSA). However, the service frontier began to widen following the collaboration of the CBN and PenCom to deepen the Nigerian Money Market and Fixed Income Instruments sector by the CBN outsourcing the custody of all instruments to existing custodians.

FPCNL was appointed among six custodians to provide custody services to all financial institutions dealing in Federal Government bonds, with current value in issue of about ₦2.4 trillion.

During the year, the foreign jurisdiction frontier also came to life; we opened an account in Ghana in order to accommodate a client’s investment in real estate in the country. In line with Article 1.2 of the new regulation on investment of pension fund assets, we sought and obtained the prior approval of PenCom before engaging in this allowable foreign investment.

**Operating environment**

As a result of insufficient capital for some operators, the pension industry witnessed failure of some of the Pension Fund Administrators (PFAs), which precipitated merger/takeover bids, encouraged by PenCom as a way of forestalling crisis of confidence in the nascent industry. There were a number of new guidelines issued by the PenCom and CBN that have, and will continue to, reshape business practices and processes:

i. A new investment guideline was released that allows pension assets to be invested in foreign currency denominated bonds issued by the Federal Government of Nigeria (FGN) or Central Bank of Nigeria (CBN) or issued by any agency provided it is guaranteed by either FGN or CBN; in infrastructure bonds issued by corporate entities, and in infrastructure funds and private equity funds registered with Securities and Exchange Commission.

This has diversified the investment of pension assets in FGN bonds/securities from 100% to 80%. The implication for us is that the collective returns of the newly created classes of investment (infrastructure) is also low and thus capable of impairing growth in size of assets under custody, and consequently slow growth in custody income.

ii. Appointment of pension fund custodians for states and retiree fund: the guideline states that a pension fund administrator may appoint separate pension fund custodians (PFCs) for RSA fund, retirees’ fund (which was carved out of the RSA fund account in the early part of 2009), state governments/employees fund and approved existing schemes. This culminated in our securing over ₦40 billion in assets from a close competitor.

The current directive by the CBN mandating banks to divest from their subsidiaries has raised fresh challenges for the industry. Presently, pension assets in the country are guaranteed 100% by the parent banks of PFCs. With the reversal of the universal banking laws, these banks are expected to divest from their subsidiaries, allowing them to stand on their own or set up holding companies to which all their subsidiaries will belong. As at the time of publication of this report, it remains unclear who will provide guarantee for accumulated pension assets.

**Outlook**

Business performance in the coming year is predicated on a number of events, the major one being the establishment of AMCON. AMCON has issued bonds of over ₦2.1 trillion, which according to the AMCON bill establishing the fund clearly states ‘All monies standing to the credit of the Fund or other asset of the Fund shall be deposited with the Central Bank of Nigeria or, at the insistence of the Central Bank of Nigeria, with a custodian appointed by the Board of Trustees for that purpose in accordance with a custodial agreement in form and substance satisfactory to the Board of Trustees’. We expect that this proviso will impact positively on FPCNL’s operations in the coming periods.

Also, restructuring of the Nigerian Stock Exchange has brought some sanity and credibility into the equity market, which should drive increased activity as well as positively impact the assets under custody.

As a result of the inverse relationship between fee rate and increase in size of assets, we expect that fees and income on assets under custody will remain under pressure.

**FBN Microfinance Bank Limited**

The Bank’s balance sheet grew 26% from ₦2.9 billion in 2009 to ₦3.6 billion in 2010, risk assets grew to ₦939 million from ₦194 million in 2009, an increase of 484%, while customers’ deposit grew by 287%, from ₦287 million to ₦690 million in 2010. The business recorded profit before tax of ₦48.6 million (December 2009: ₦17.3 million). We also expanded our branch network from 6 to 16 branches. Positively impacting performance was better understanding of the dynamics of the microfinance industry, deeper penetration in the market, public trust in the FirstBank brand and effective management.

**Operating environment**

During the year under review, CBN carried out major audit of the over 900 microfinance banks in the country with a view to determining the adequacy of their capital, management and corporate governance. The result of the audit was the revocation of the licences of 224 microfinance banks, most of which transformed from community banks, some with weak structures and a few that obtained licences but failed to commence operations – creating negative perception for the entire sector.
Nonetheless, our business benefited from a flight to safety by some customers of the affected banks.

CBN had during the year commenced a review of the microfinance policy framework issued in 2005. This review centred on capital structure, general licensing requirements and supervision. It is expected that the capital requirement for all categories of microfinance banks will be raised. Prior to the completion of this review, the CBN also imposed a restriction on the opening of additional branches – thus limiting our branch expansion drive.

The decision of our parent company not to clear third-party cheques for client microfinance banks affected our operations up to third quarter until a waiver was made for us only. During this period, all our transactions were cash based.

Some of the factors likely to impact industry performance in the coming year are:

• Implementation of the new Microfinance Policy Guidelines and Supervisory Framework, whereby expansion of outlets for state-licensed microfinance banks will be contingent upon their meeting the new paid-up share capital;
• Increased competition as a result of the licensing of new microfinance banks with international affiliation;
• Infrastructural inadequacies leading to high cost of operations;
• Enhanced supervision of microfinance banks operations by CBN and NDIC;
• Improvement in risk asset quality due to use of services provided by credit bureaux; and
• Improvement in management and corporate governance of microfinance banks due to CBN compulsory certification training and examination.

In the coming year, we plan to:

• Increase our paid-up share capital from ₦1 billion to a minimum of ₦2 billion;
• Establish five additional cash centres within Lagos State;
• Establish branches and cash centres in four states – Oyo, Edo, Kano, Rivers and in the Federal Capital Territory – Abuja;
• Continue to grow our gross loan portfolio and our deposit liability;
• Drive significant increase in new accounts especially with the roll-out of ATM cards, which enable our customers to access cash from any location within the country; and
• Consistently improve quality of assets through training and retraining of workforce.

First Funds Limited

First Funds’ strategic focus is anchored on being the trusted equity partner of choice to entrepreneurs looking for expansion capital for the next phase of growth. A captive private equity subsidiary of First Bank of Nigeria Plc, First Funds as at December 2010 had committed but undrawn capital of ₦7.5 billion. Our strategy is centred on partnering with medium-sized companies with scalable business models with products that have large addressable markets and are backed by experienced management teams. In line with our investment strategy, First Funds in 2011 committed ₦1.6 billion (USD10.67 million) to fund an expansion drive of businesses in the hospitality, travel and leisure segments as well as operating leasing segments of the economy, bringing total commitments to date to ₦2.35 billion. First Funds also continued to manage about ₦2 billion investments from the legacy portfolio under the defunct Small and Medium Enterprises Equity Investment scheme, an initiative of the Central Bank of Nigeria.

Most of our investee companies have been negatively affected by the challenging economic conditions occasioned by dwindling purchasing power and increasing operating costs during the year. These affected operating performance; hence the majority of the companies struggled to perform on existing redemption obligations. As part of our value-adding approach to our investment, First Funds continued its focus on working with investee companies’ management teams to build shareholder value through various strategic redirection initiatives without relenting on its efforts to drive operational and financial efficiency. We believe the impact of these initiatives will begin to materialise in the years to come.

During the year, PenCom approved a new set of investment guidelines that allows pension assets to be invested in private equity funds among other classes of alternative investments. This is a welcome change for our business as it would enable us to source third-party funding in the future and further grow this important asset class.
CORPORATE SOCIAL RESPONSIBILITY

OVERVIEW

We maintain a long-term perspective in relation to our corporate social responsibility and engage with society on a significant level, with a view to empowering and developing the communities in which we operate. Despite the economic challenges, we have remained focused and shown leadership by tackling key issues that matter to all our stakeholders and society at large.

In retrospect, we are proud of our investments and believe that dialogue, commitment and the simplicity of our processes have formed the foundations of our progress. This approach will fundamentally influence our engagements. We are aware that our stakeholders care about significant unifying issues such as health and welfare, economic development, education, natural disasters and other socio-economic causes and they rightly expect us to act on these. But they also want to feel actively engaged in the solutions. We firmly believe that community action is most likely to be meaningful, to have positive impact and to be sustained, if it is genuinely local and involves local people. So while we have strong national initiatives, we invest in delivering them locally.

This report shows how we remained true to our promise to contribute to the growth and development of the nation beyond the provision of financial services.

Our ability to respond to crises is one of our traditional strengths as demonstrated in our financial support to the flood disaster victims in Sokoto State, as well as our support for, and investment in, important national initiatives such as the 16th NESG summit, or culture and heritage events, such as the Calabar carnival 2010. We are also of the belief that local actions and investments mark our progress, whether it is through the various partnerships relating to community development, health or education, or other projects supported by FirstBank.

Going forward we will continue to maintain our traditional approach – supporting institutions that maintain and improve society. We will, in addition, introduce transformational activities that will seek to respond to cause rather than effect. We will also work hard to find new ways to enable our staff and customers to participate directly in causes they care about. Our approach will reflect our desire to play a positive role in society and a leading role in our industry to build a sustainable future. We are genuinely excited by what the next year holds.

FOCUS AREAS

Our rationale

We focus on supporting community projects across the six regions of Nigeria in the following key areas:

- education;
- economic development; and
- health and welfare.

In addition to the above we have a strong commitment to sports, culture and heritage, as demonstrated by sponsorships of key events.

ENVIRONMENTAL POLICY

FirstBank recognises that as a leading financial institution in Nigeria it must take its social and environmental responsibilities seriously.

Although the nature of our business is not harmful or threatening to the environment, we are determined to conduct business in a responsible, fair and honest manner, and in keeping with national and international guidelines on environmental protection. Our Environmental policy encourages staff and business associates to comply with environmental legislation. Through our corporate social investments, we have demonstrated that we aim to promote environmental protection and culture conservation.

ENVIRONMENTAL AND SOCIAL RISK IN LENDING AND PROJECT FINANCING

We have long recognised the peculiarities surrounding project financing in relation to the environment and have now adopted the Equator Principles, which gives us the opportunity to formalise our commitment and operate our business in accordance with key environmental considerations to ensure that the projects we finance and endorse are developed and executed in a socially responsible and environmentally sound manner.

FirstBank adopted these principles for a number of reasons:

- Corporate Governance and Management Systems;
- Stakeholder Management.

OUR PEOPLE

By managing our business efficiently and responsibly and collaborating in sustainable and progressive agreements, we have ensured job security and personal development for our staff. Our staff grow with us; many move to other jobs within the business, gaining valuable leadership, qualifications and professional skills along the way. Having access to opportunities keeps people motivated and committed, delivering great service.

Our business environment encourages staff to work as a team, trust and respect one another, listen, support and appreciate one another, while sharing knowledge and experience. Our shared values are created by our people. We therefore share the same values that make good business sense. As one of the largest banks we provide diverse career opportunities for thousands of people worldwide – from positions on the bank floor, to roles cutting across various impactful disciplines and aspirations.

We work hard to create a culture of trust and respect, where managers cultivate the best in our people. We know people work better when they are given the space to make decisions and take responsibility, and we recognise the work they do and reward them. We encourage people to learn from their mistakes and challenge conventional thinking.
FirstBank is determined to support government initiatives by helping to tackle some of the challenges faced by our youth in their pursuit of good education. FirstBank has invested millions to provide better learning facilities and services.

Pictured: A 500-seater lecture theatre, Federal University of Technology, Minna, donated by FirstBank as part of the endowment structure initiative to provide infrastructure in Nigerian universities.

Total donation
₦443.98 million

**PROJECTS**

<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FirstBank Research-Based Endowment Fund</td>
<td>FirstBank research-based endowment in Nigerian universities.</td>
<td>₦417 million</td>
</tr>
<tr>
<td>Faculty of Social Science Building, University of Port Harcourt</td>
<td>Development of the Faculty of Social Science Building, University of Port Harcourt.</td>
<td>₦51 million</td>
</tr>
<tr>
<td>University of Abuja Entrepreneurship Centre</td>
<td>Part payment for the University of Abuja Entrepreneurship Centre.</td>
<td>₦28.5 million</td>
</tr>
<tr>
<td>Lecture Theatre for Federal University of Technology, Minna</td>
<td>Part payment for lecture theatre for Federal University of Technology, Minna.</td>
<td>₦16 million</td>
</tr>
<tr>
<td>Lagos State Independence March</td>
<td>Lagos State Independence March for school children.</td>
<td>₦13 million</td>
</tr>
<tr>
<td>Construction of Hostel</td>
<td>Construction of students' hostel for Jigawa State.</td>
<td>₦12 million</td>
</tr>
<tr>
<td>Students in Free Enterprise Competition</td>
<td>Sponsorship of the Students in Free Enterprise national competition.</td>
<td>₦5 million</td>
</tr>
<tr>
<td>Assocation of Vice Chancellors of Nigerian Universities Conference</td>
<td>Support for the conference, which brought together Vice Chancellors of various Nigerian Universities.</td>
<td>₦2.5 million</td>
</tr>
<tr>
<td>Holy Child Old Girls Association Special Fund for Less-Privileged Students</td>
<td>Donation towards the fundraising for the less-privileged students in Holy Child College.</td>
<td>₦2.5 million</td>
</tr>
<tr>
<td>The 2010 Barewa Old Boys Association Annual Luncheon</td>
<td>Donation towards the purchase of library books for Barewa College.</td>
<td>₦1 million</td>
</tr>
<tr>
<td>Volunteer Corps 8th Graduation and Volunteer Appreciation Ceremony</td>
<td>Support for the Volunteer Corps 8th Graduation and Volunteer Appreciation Ceremony to encourage volunteerism among students and youths.</td>
<td>₦1 million</td>
</tr>
<tr>
<td>Project School Library</td>
<td>Distribution of 1,000 inspiring and motivational books to secondary school libraries around the country.</td>
<td>₦0.92 million</td>
</tr>
<tr>
<td>Provision of Educational Equipment to Quantity Surveying Dept, Ahmadu Bello University, Zaria</td>
<td>Distribution of three Sony data projectors and three HP laptops to Quantity Surveying Dept, Ahmadu Bello University, Zaria.</td>
<td>₦0.72 million</td>
</tr>
<tr>
<td>Reviving Academic Excellence In Schools and Educational Institutions</td>
<td>Distribution of four-figure tables and maths sets to 1,000 students from Lagos State District to assist them in their preparations the 2010 WAEC and JAMB examinations.</td>
<td>₦0.43 million</td>
</tr>
<tr>
<td>Down Syndrome Foundation</td>
<td>Support for Blue House Sports and games in Down Syndrome Foundation of Nigeria.</td>
<td>₦0.25 million</td>
</tr>
</tbody>
</table>
ECONOMIC DEVELOPMENT

Through our initiatives in this area, we seek to provide a platform for socio-economic development in line with our conviction that our youth should serve as change agents propelling the nation to greater heights. We have also concentrated financial efforts towards equipping Nigerian women with the skills and tools required for socio-economic empowerment.

Total donation
₦116.33 million

PROJECTS

Nigeria Leadership Initiative (NLI)
Support for the NLI Future Leaders’ Seminar and Annual Awards Dinner.
₦30.5 million

The Nigeria Police Pension
Donation of a 30-seater Toyota Coaster bus and a 16-seater Hiace bus.
₦14.5 million

Youth Leadership and Economic Summit
Sponsorship grant to Guardian Youth Leadership and Economic Summit.
₦5 million

Nigeria Police, Area A Command, Lagos Island
Donation of a 30KVA generator set.
₦1.55 million

Chike Okoli Seminar
Donation towards the 4th Chike Okoli Rags to Riches Seminar.
₦0.25 million

16th Nigeria Economic Summit Group
Sponsorship of the NESG Conference.
₦25 million

Commonwealth Business Summit
Sponsorship of Commonwealth Business Summit.
₦7.62 million

The Special Fraud Unit, Lagos
Empowerment of the Special Fraud Unit, Lagos.
₦5 million

Women in Business
Sponsorship of 2010 Annual Lecture Series of Women in Business.
₦1.5 million

Harambe Nigeria Conference
Sponsorship of annual Harambe Conference on Youth Development.
₦1.05 million

FATE Foundation
FATE Foundation Annual Entrepreneurial Awards 2010.
₦2 million

The 50 @ 50 Nigerian Women
Celebrating the empowerment of 50 distinguished women in Nigeria at Nigeria @ 50.
₦25 million

Microfinance Conference
Sponsorship of the 4th Chartered Institute of Bankers of Nigeria Annual Microfinance Conference.
₦7.5 million

The 9th Annual Conference of Women in Management
Sponsorship of the 9th Annual Conference of Women in Management.
₦5 million

League of Abiriba Professionals (LEAP)
Sponsorship of the second Leap Economic Empowerment Seminar.
₦0.5 million

The Mobile Police Force
Donation towards the building project of the force.
₦0.25 million

The 16th Nigeria Economic Summit Group
Sponsorship of the NLI Future Leaders’ Seminar and Annual Awards Dinner.

The 50 @ 50 Nigerian Women
Celebrating the empowerment of 50 distinguished women in Nigeria at Nigeria @ 50.

The Mobile Police Force
Donation towards the building project of the force.

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Sponsorship of the second Leap Economic Empowerment Seminar.
HEALTH AND WELFARE

Our initiatives augment the services provided by the Federal Government. FirstBank is committed to fostering awareness on health issues, providing suitable health infrastructure and providing medical care for disease treatment and management.

Total donation ₦32.21 million

PROJECTS

Red Cross Project
Construction of clinic for Red Cross Society, Ibadan.
₦28.6 million

Sokoto State Flood Disaster
Donation to flood disaster victims in Sokoto State.
₦20 million

Launch of S.O.S
Sponsorship of launch of S.O.S.
₦15 million

Rebuilding of Vulnerable Persons
Donation towards the rebuilding of vulnerable persons.
₦5 million

Medical Screening
Sponsorship of free medical screening for 3,500 women and children.
₦3.5 million

HIN Heart Foundation
Support for HIN Heart Foundation.
₦1.5 million

Child Survival Development Organisation of Nigeria
Donations towards the Child Survival Development Organisation of Nigeria.
₦1 million

Down Syndrome Foundation of Nigeria
Support for the activities of the Down Syndrome Foundation of Nigeria.
₦0.5 million

Nigeria Association for the Blind
Support towards the 2010 National Delegate Conference of the Nigeria Association for the Blind.
₦0.5 million

Best Spring Hope Alive Projects
Support towards the provision of new bedding, mosquito nets for doors and windows, and painting of the Arrow of God Orphanage, Igando.
₦0.1 million

Total donation ₦32.21 million
SPONSORSHIPS

Through sponsorships, FirstBank hopes to create a platform and vehicle to distinguish the FirstBank brand in line with our brand pillars.

Some of the prominent sponsorships in which FirstBank participates are:

- **Calabar Carnival**
  - Sponsorship of Carnival Calabar 2010.
  - N173 million

- **Crime Fighters**
  - N76 million

- **Nigeria Gemstones**
  - Sponsorship of the launch of Nigeria Gemstones.
  - N38 million

- **Edo State Secretariat**
  - Renovation of Edo State Secretariat.
  - N31.4 million

- **Notting Hill Carnival**
  - Sponsorship of Notting Hill Carnival London.
  - N19.3 million

- **Nigeria @ 50**
  - Sponsorship of Nigeria @ 50 publication.
  - N15 million

- **Lagos State Commissioner Finance**
  - Renovation of Lagos State Commissioner of Finance's Office.
  - N11.4 million

- **Abuja Carnival**
  - Sponsorship of the Abuja Carnival 2010.
  - N10 million

- **Lagos Bankers’ Night**
  - Sponsorship of the 2010 Lagos Bankers’ Night.
  - N10 million

- **High School Musical Concert**
  - Sponsorship of High School Musical as part of the Bank’s children’s day activities.
  - N9 million

- **Shangai Expo 2010**
  - N7.5 million

- **Banking Conference**
  - Sponsorship of the 4th Annual Banking/Finance Conference.
  - N6 million

- **CEO Forum**
  - Sponsorship of the BusinessDay CEO Forum.
  - N5.5 million

- **Trade Investment**
  - Sponsorship of the United Kingdom Trade Investment for Britain/Nigeria Business Awards.
  - N5 million

- **Commonwealth Lawyers’ Association**
  - Sponsorship of the Commonwealth Lawyers’ Association Regional Conference.
  - N5 million

- **Nigerian Institute of Estate Surveyors and Valuers**
  - Sponsorship of the 40th Annual National Conference of the Nigerian Institute of Estate Surveyors and Valuers.
  - N5 million

- **Policy Dialogue**
  - N5 million

- **Squash Championship**
  - Sponsorship of the closed squash championship – Ikoyi club squash section.
  - N2 million

- **CSR Stakeholders’ Forum**
  - Sponsorship of the Uturn CSR Stakeholders’ Forum.
  - N0.5 million

- **Ajumogobia Science Foundation**
  - Sponsorship of the Ajumogobia Science Foundation Christmas concert.
  - N2 million

- **Unilag Africaribbean Festival**
  - Sponsorship Of Unilag Africaribbean Festival 2010.
  - N0.14 million

- **Costain Roundabout**
  - Beautification of the Costain roundabout.
  - N2 million
We are committed to enhancing the corporate governance standards of the Group and consciously promote a responsible approach to risk, ensuring that our long-term survival and reputation are not jeopardised.
In line with the commitment given by the Board of Directors of FirstBank and its subsidiaries to enhance the corporate governance standards of the Group, the risk management disclosure is published as an integral part of these financial statements to provide timely and useful information to all stakeholders and to boost market confidence. We aim to continue to meet regulatory disclosure requirements and enhance the level and quality of disclosures year on year.

The operating environment at the beginning of the year was slow, as a number of industry players had taken significant loan loss provisions in the prior year and were determined to strategically focus on recovery of the bad debts on their loan books. As a result, the industry was devoid of the usual competitiveness to grow and increase market share. Notwithstanding the industry position, FirstBank Group reinforced its strategic imperative of growth, service excellence, and people and performance management. The operating model within the Bank was revised in line with the overall strategic thrust, and the enterprise risk management framework and philosophies were simultaneously revalidated to meet with the challenges of a new business dispensation.

**CREDIT RISK**

The creation of loans and management of the risks inherent in the loan portfolio remained a focal point for the FirstBank Group, even as the Bank continued to contend with a high influx of credit applications due to the general credit squeeze in the market. Industry information was that credit to the private sector remained flat in 2010 with a significant drop recorded in December 2010, due to the temporary closure of a number of businesses at year end. On the other hand, it was recorded that there was significant increase in the credit to government. For us in FirstBank, we continued to focus on growth to the real sector, while our exposure to government remained flat and within our internal portfolio limit, which is more conservative than the regulatory portfolio limit. We maintained a significant level of risk assets in the major sectors of the economy, replacing maturing loans as they matured with new disbursement. Although, only a marginal growth of 0.45% (including advances under finance lease) was recorded in the year, there were a number of new credits granted by the Bank, which supported the economy at large.

The efforts of the FirstBank Group in making credit available to eligible obligors were further supported by the release of various stimulus packages such as the CBN Intervention Fund for Manufacturers through the Bank of Industry, the CBN SME Guarantee Scheme, and the Power Intervention Fund. On the last day of the year Asset Management Corporation of Nigeria (AMCON) was able to conclude the purchase of the non-performing loans of rescued banks and the non-performing margin loans of healthy banks, for a bond instrument tradable only with the CBN for the time being. This has positively impacted on the share price of banks and has boosted market confidence in the banking sector.

In view of the relative stability in the economy and polity, FirstBank Group will continue to support sectors with viable economic activities and infrastructure development projects, within our defined target market and risk acceptance criteria. The Group has put in place processes to ensure compliance with both regulatory limits and internal risk limits, and efforts will be geared towards maintaining credit risk at a moderate level in light of business realities. The FirstBank Group will continue to focus on maintaining a diversified portfolio to achieve an optimal dilution of portfolio concentration.

Having dealt with issues on capital-market-related exposures by selling the portfolio to AMCON, marking the performing accounts to market and making adequate provisions, we can safely say that there is no sector on the Group’s portfolio that gives cause for serious concern. However, with regard to overall portfolio management, the Group has revamped its recovery strategy and will focus on recovery initiatives that would ensure that provisions taken in prior periods are reversed. Therefore, a special recovery unit is planned to take off in 2011 for this special assignment.

**MARKET AND LIQUIDITY RISK**

The naira has remained relatively stable and reduced the exchange rate risk in the portfolio. The Group maintained a healthy liquidity position during the year, as a result of the increased market confidence and perception of the Bank over the years as strong and reliable. The Group enjoyed, as an aftermath of the banking sector crisis, a flight to safety by customers, which is expected to continue in 2011. We have identified the market risk sources in the banking and trading books, and have ensured they are properly mitigated and monitored.

**ENVIRONMENTAL AND SOCIAL RISK**

FirstBank Group is poised to continue ensuring effective social and environmental management practices in all its activities, products and services. The Environmental and Social Risk Management System (ESRMS) policy has been put in place and is aimed at promoting environmental soundness and sustainable development in a socially responsible manner, especially in project financing. The policy is applicable to projects with a capital cost of USD50 million and above and ensures that all projects include adequate provision for actions and costs necessary to prevent, control and mitigate negative impact on the environment.

**OPERATIONAL RISK**

Beyond complying with regulatory requirements, FirstBank Group is embedding a robust operational risk management practice, culture and environment to promote the soundness of the institution. Operational risk is managed within acceptable levels through appropriate management focus and resources.

The general security situation in the country remains a concern. FirstBank Group continues to work at minimising operational losses by strengthening control mechanisms that would check infiltration by robbers, ‘terrorist’ activities and cheque technology fraud carried out on the electronic banking platforms. To this end, the Group recently deployed the Internal Control Anti-Fraud Automated System software in the prevention and timely detection of fraud.

**INFORMATION SECURITY RISK**

As part of the integrated risk management approach, FirstBank has adopted the ISO 27001 standard, which has a fundamental objective to ensure the confidentiality, integrity and availability of its information assets. In recognition of the changes implemented, the Bank received the prestigious ISO 27001 certification from the British Standard Institute during the year. The certification is the world’s highest accreditation for information protection and security from the International Organisation for Standardisation (ISO). This feat, the first of its kind in corporate Nigeria, places the Bank at par...
with leading international and multi-lateral corporate organisations in the area of security and protection of customers’ information.

FirstBank will continue to improve on its information risk management practices across the organisation and ensure the protection of its information assets as required by ISO 27001 standards and its risk assessment methodology, which incorporates several Plan-Do-Check-Act cycles.

LEGAL AND COMPLIANCE RISK

The level of awareness of the need to identify, mitigate and manage legal risks in our business activities and transactions continues to improve. Processes have been put in place to enable officers within the Group to have access to sound legal advice on product development and business initiatives.

The Bank’s level of compliance has continually been reviewed and places a demand on financial institutions to know their customers and their businesses (KYC/KYB) as well as implement processes/controls to combat money laundering and terrorist financing. The Group identifies and mitigates these risks through continuous improvement in technology infrastructure, process rejuvenation/revalidation and training of stakeholders to understand regulatory obligations and consequences of non-compliance.

CONCLUSION

The FirstBank Group is committed to promoting a sound business environment through the implementation of a robust enterprise risk management framework and enhancing the risk culture across the organisation, with the ultimate aim of maintaining risk at acceptable levels and avoiding transactions/portfolios that are inimical to the system and industry at large. The Bank will be in a position to allocate adequate capital to the risk in its portfolio and businesses, upon implementation of its Basel project.

The disclosures in this report are evidence of our commitment towards promoting sound corporate governance within the FirstBank Group, while we aim at maintaining a balance between providing useful information that enhances transparency and our responsibility to protect customer information.

Remi Odunlami
Executive Director/Chief Risk Officer
April 2011
RISK MANAGEMENT FRAMEWORK
Our approach

PHILOSOPHY
The key elements of the Bank’s risk management philosophy are the following:

- The Bank considers sound risk management to be the foundation of a long-lasting financial institution.
- The Bank continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.
- Risk officers are empowered to perform their duties professionally and independently without undue interference.
- Risk management is governed by well-defined policies that are clearly communicated across the Bank.
- Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is grounded in consensus.
- The Bank’s risk management governance structure is clearly defined.
- There is a clear segregation of duties between market-facing business units and risk management functions.
- Risk-related issues are taken into consideration in all business decisions. The Bank shall continue to strive to maintain a conservative balance between risk and revenue considerations.
- Risks are reported openly and fully to the appropriate levels once they are identified.
- Risk officers work as allies and thought partners to other stakeholders within and outside the Bank, and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.
- All subsidiaries are guided by the principles enshrined in the risk management policies of the Bank.

RISK CULTURE
- The Board and management consciously promote a responsible approach to risk and ensure that the long-term survival and reputation of the Bank are not jeopardised while expanding the Bank’s market share.
- The responsibility for risk management in the Bank is fully vested in the Board of Directors, which in turn delegates such to senior management.
- The Bank pays attention to both quantifiable and unquantifiable risks.
- The Bank’s management promotes awareness of risk and risk management across the Bank.
- The Bank avoids products, markets and businesses where it cannot objectively assess and manage the associated risks.

RISK APPETITE
The Bank’s risk appetite is set by the Board of Directors annually, at a level that minimises erosion of earnings or capital due to avoidable losses in the banking and trading books, or from frauds or operational inefficiencies. The Bank’s appetite for risk is governed by the following:

- High-quality risk assets measured by three Key Performance Indicators:
  (i) ratio of non-performing loans to total loans;
  (ii) ratio of loan loss expenses to interest revenue; and
  (iii) ratio of loan loss provision to gross non-performing loans.

The broad objective is to be among the top three banks with respect to (i) and (ii) above and for (iii) to maintain a ratio that ensures that there are adequate provisions for all non-performing assets based on their levels of classification.

- Diversification targets are set for the credit portfolio and limits are also set for aggregate large exposures.
- Losses due to frauds and operational lapses are pegged at a maximum of a specified percentage of gross earnings and in any case must be lower than the industry average.
- Financial and Prudential ratios targets are pegged at a level more conservative than regulatory requirements and better than the average of benchmark banks. These include liquidity ratios, deposit concentration limits and open position limits.

The Bank aims at minimising the following independent indicators of excessive appetite for risk:

- exception reports by internal control officers, auditors, regulators and external rating agencies;
- adverse publicity in local and international press;
- frequent litigations;
- payment of fines and other regulatory penalties; and
- above average level of staff and customer attrition.

The Bank will not compromise its reputation through unethical, illegal and unprofessional conduct. The Bank also maintains zero appetite for association with disreputable individuals and entities.
RISK OVERSIGHT
The Bank's risk management directorate (‘the Directorate’) provides central oversight of risk management across the Bank and its subsidiaries to ensure that the full spectrum of risks facing the Bank and the Group are properly identified, measured, monitored and controlled to minimise adverse outcomes. The Directorate is, however, complemented by other departments in the management of certain important risks as illustrated opposite.

The Directorate coordinates the monitoring and reporting of all risks across the Bank and its subsidiaries. The Directorate is headed by a skilled and highly competent Executive Director.

The Internal Control Division performs first-level and continuous independent verification/testing of control measures put in place to manage all risks across the Group.

Without prejudice to the above, Internal Audit has the responsibility of auditing the risk management function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Internal Audit also tests the adequacy of internal controls and makes appropriate recommendations where weaknesses are identified with the view of strengthening the Group’s risk management framework.

RELATIONSHIP OF RISK MANAGEMENT WITH OTHER UNITS
The relationships between the Risk Management Directorate (RMD) and other sections of the Group are highlighted below:

- Sets policies and defines limits for other units in the Bank;
- Performs Bank-wide risk monitoring and reporting, and provides framework for management of risk;
- Other units provide relevant data to risk management for risk identification, monitoring and reporting, while RMD provides a framework for managing such risks;
- Collaborates with market-facing units in designing new products;
- Coordinates activities with internal audit to provide a holistic view of risks across the Group;
- Makes recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports; and
- Collaborates with the information technology support group to provide relevant automated credit operations process, such as credit scoring, loss databases, loan origination and management systems.
First Bank's risk management governance framework is outlined in the diagram below.

**Roles and Responsibilities**

**Board of Directors**
- Approves and periodically reviews risk strategy and policies.
- Approves the Group’s risk appetite annually and monitors the Bank’s risk profile against this appetite.
- Ensures executive management takes steps necessary to monitor and control risks.
- Ensures management maintains an appropriate system of internal control and reviews its effectiveness.
- Ensures risk strategy reflects the Group’s tolerance for risk.
- Ensures the Group's overall credit risk exposure is maintained at prudent levels and consistent with the available capital.
- Reviews and approves changes/amendments to the risk management framework.
- Reviews and approves risk management procedures and control for new products and activities.
- Periodically receives risk reports from the management highlighting key risk areas, control failures and remedial action steps taken by the management. This is done at least once every quarter.
- Ensures that the management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function.
- Ensures that the Group implements a sound methodology that facilitates the identification, measurement, monitoring and control of risk.
- Ensures that detailed policies and procedures for risk exposure creation, management and recovery are in place.
- Appoints credit officers and delegate approval authorities to individuals and committees.
Board Committees (BC)
The above responsibilities of the Board of Directors are discharged primarily by two committees of the Board, namely:
• Board Audit and Risk Assessment Committee; and
• Board Credit Committee.
Without prejudice to the roles of these committees, the full Board retains ultimate responsibility for risk management.

Board Audit & Risk Assessment Committee (BARAC)
The primary role of the Committee is to report to the Board and provide appropriate recommendations on matters relevant to risk management and internal audit. The Committee is made up of two Executive and three Non-Executive Directors, with a Non-Executive Director as Chairman. The Chief Risk Officer (CRO) reports to this Committee and is a non-voting member.

Board Credit Committee (BCC)
The Board Credit Committee ensures effective management of credit risk by the Bank and its subsidiaries. It is also responsible for approving:
• credit risk management strategy, policies and standards;
• credit products, processes and approving authorities;
• credit risk appetite and limits; and
• credit requests above MCC level, including those going to the full Board as a recommendation. This Committee is made up of the Group Managing Director/Chief Executive, all the Executive Directors and five Non-Executive Directors. The Chairman is a Non-Executive Director.

Management Committee (MANCO)
For all categories of risk, the Management Committee is responsible for formulating policies, monitoring implementation and reviewing risk reports for presentation to the Board/Board committees as well as implementing Board decisions across the Bank.

To be more specific, the management of the Bank and its subsidiaries is responsible for:
• implementation of risk strategy approved by the Board of Directors;
• developing policies and procedures for identifying, measuring and controlling risk;
• providing appropriate resources to evaluate and control risk;
• reviewing risk reports on a regular and timely basis; and
• providing all reports required by the Board and its committees for the effective performance of risk management oversight functions.

Management Credit Committee (MCC)
It is the responsibility of this Committee to:
• establish and maintain an effective risk management environment in the Group;
• review proposals in respect of credit policies and standards, and endorse them to the Board of Directors for approval;
• define the Group’s risk and return preferences and target risk portfolio;
• monitor on an ongoing basis the Group’s risk quality and performance, review periodic credit portfolio reports, and assess portfolio performance;
• define credit approval framework and assign credit approval limits in line with the Bank’s policy;
• review defined credit product programmes on recommendation of the Head, Credit Risk Management (CRM) and endorse to the Board of Directors for approval;
• review credit policy changes initiated by the management of the Bank and endorse to the Board of Directors for approval;
• ensure compliance with the Bank’s credit policies and statutory requirements prescribed by the regulatory/supervisory authorities;
• approve credit facility requests within limits defined by FirstBank’s credit policy, and within the statutory requirements set by the regulatory/supervisory authorities;
• review and recommend to the Board Credit Committee facilities beyond management approval limits;
• review monthly credit portfolio reports and assess portfolio performance;
• request rapid portfolio reviews or sector/industry reviews from CRM where deemed appropriate; and
• approve exceptions/write-offs, waivers and discounts on non-performing credit facilities within specified limits.
RISK MANAGEMENT FRAMEWORK

Internal control

OVERVIEW

Internal control concept in FirstBank
Internal control in FirstBank refers to the overall operating framework of practices, systems, organisational structures, management philosophy, code of conduct, policies, procedures and actions, which exists in the Group and is designed to ensure:

• that essential business objectives are met, including the effectiveness and efficiency of operations and the safeguarding of assets against losses;
• the reliability of financial reporting and compliance with general accounting principles;
• compliance with applicable laws and regulations including internal policies;
• systematic and orderly recording of transactions; and
• provision of reasonable assurance that undesired events will be prevented or detected and corrected.

FirstBank is committed to creating and maintaining a world-class internal control environment that is capable of sustaining its current leadership position in the financial services industry.

STRATEGY AND POLICY

FirstBank operates in an environment that is continuously exposed to uncertainties and change. Such risks may prevent the institution from achieving its strategic business objectives. To effectively manage these risks, FirstBank Group has put in place internal control measures that cover the Bank and its subsidiaries.

The Bank has also instituted an effective and efficient internal control environment that ensures minimal operational losses arising from fraud, errors, operational lapses, armed robberies, customer dissatisfaction, customer complaints and other risk exposures.

Strong and effective IT control and revenue assurance
FirstBank has also developed a strong framework for effective information technology (IT) controls. This essentially revolves around ensuring the integrity, security, efficiency and reliability, and compliance of the Bank’s information systems and resources, including:

• Management and control of user administration of staff in the Bank’s various application software to ensure proper user access rights are attached to each job role.
• Monitoring and review of the Bank’s processes, practices and procedures to maximise revenue through a systematic and automated approach, crossing all departmental and functional boundaries, guaranteeing validity, completeness, accuracy and timeliness of financial data relating to the Bank’s revenue. This includes interest income, interest expense, commissions, fees, commission on turnover (COT) and management fees validation among others.
• Monitoring IT operations, databases, server hardware and server operating systems, network infrastructure and applications systems monitoring.
• Quality assurance, systems development controls and user acceptance testing (UAT). Reviewing all new systems end-to-end and coming up with technology-related risk and vulnerabilities in the product, process or system being developed and advising mitigating controls.

Fraud management objectives
• Prevention of fraud occurrence or losses. Where prevention is not possible they should be promptly detected and mitigated.
• Efficient fraud loss mitigation measures, i.e., rapid escalation of fraud occurrence, insurance recovery and effective management of law enforcement agencies.
• Prevent repeat of operational lapses and system defects that facilitate fraud incidents.
• Minimise other operational losses associated with fraud losses.
• Automation of fraud preventive and detective measures.

Fraud management strategies
• Implementation of world-class enterprise fraud management software with strong emphasis on automated fraud prevention and detection. To this end, FirstBank has deployed the internal control anti-fraud automated system (ICAFAS) software in the prevention and timely detection of fraud in the system.
• Building fraud prevention and detection controls in processes and systems.
• Strict compliance with internal policy, regulatory and statutory requirements.
• Implementation of anti-fraud operational, supervisory and independent controls.
• Proactive management of financial and non-financial risks.
• Holding operators and supervisors personally responsible for fraud occurrence.
• Conducting root cause analysis of fraud occurrence.
• Automation of reconciliation activities.
• Risk-based departmental and independent control checklist for supervisors and RICOs.
• Enforcement of GL account ownership policy.
• Strong handshake/partnership among various stakeholders responsible for fraud escalation, management and loss recovery.
• Continuous awareness campaign on fraud learning points.
• Dynamic/continuous control improvement measures.
• Improve resident internal control officers’ (RICO) manning and skill capacity.
• Improve anti-fraud operational control capacities among operations staff.
• Process optimisation and automation.
• Frequent rotation of RICOs and operations staff.
• Effective fraud escalation mechanism to all levels of management.
• Effective implementation of whistle-blowing policy.

PHILOSOPHY AND PRINCIPLES

Major internal control philosophy and principles of the Bank are reflected in seven documents as detailed below:

FirstBank internal control framework: This document, which is predicated on COSO (Committee on Sponsoring Organisation) standards, provides policies aimed at achieving the following objectives in the Bank:

• proactive identification of key business risks with appropriate internal controls;
• ensuring quality of internal and external financial reporting;
• ensuring compliance with applicable laws, internal policies and regulations;
• identifying and exploiting opportunities for improving efficiency of processes and controls; and
• effective management of business operations and achievement of strategic objectives.

It also covers lines of defence and controls responsibilities of the Board of Directors, GMD/CEO, executive management, head office departments, branches and subsidiaries.

FirstBank internal control policy: This document outlines best-practice control standards, roles and responsibilities of directors, senior management, departments, subsidiaries and staff of the Bank.

FirstBank internal control guidelines: FirstBank has adopted the COSO framework (customised to the Bank’s local environment) for its internal control procedures and guidelines. The guidelines outline procedures for identification, management and documentation of relevant processes/sub-processes including mapping of specific risks and control mitigants.

FirstBank operational procedure: Detailed Control, Accounting and Administrative Procedures (CAAP) manuals have been developed for all processes, activities, products and services of the Bank including business continuity and disaster recovery.

FirstBank operational desk manual/job card for operational activities.

FirstBank departmental and independent control function checklist: Used for managing supervisory and independent control risks.

FirstBank independent control function proof chart: Standardised procedure for executing various independent control activities in the Bank.

OBJECTIVES
• Achievement of business objectives.
• Safeguarding of assets.
• Reliability of financial records.
• Business/customer-oriented control practices.
• Automation of internal control and reconciliation activities.
• Zero tolerance for prudential provision on other assets.
• Minimise financial losses attributable to control infractions and reconciliation problems.
• Transaction safety.
• Risk-based departmental and independent control activities.
• Operational control efficiency and effectiveness.
• Strict compliance with regulations and internal policies.
• Zero tolerance for fraud and errors as well as control/regulatory infractions.
• Strict personal and business unit responsibility for operational and control activities.
• Confidentiality, integrity and availability of information assets.
• Business continuity and disaster recovery.

INTERNAL CONTROL ENVIRONMENT
• A Board of Directors that is actively concerned with sound corporate governance coupled with effective management and control of the Bank.
• An Independent Audit Committee with strong oversight and constant monitoring of the Bank’s controls.
• Executive management that actively manages and operates the Bank in a sound and prudent manner.
• Strong organisational and procedural controls supported by an effective management information system aimed at prudent management of the Bank’s exposure to risk.
• A robust independent control and audit mechanism that monitors the effectiveness and safety of all activities in the Bank.
• A functional risk management framework and structure.
• Risk recognition, assessment and management by the Risk Management Directorate covering all categories of risks – credit, operational, information security, market and liquidity.
• Appropriate and standardised control activities covering all branches, departments, businesses and subsidiaries.
• Segregation of duties.
• Effective financial and management reporting system.
• Continuous and ongoing monitoring of control activities by an independent Internal Control Division.
• Independent evaluation of control activities on periodic basis by Internal Audit Division.
• Strong regulatory and policy compliance culture driven from the top to the lowest level.
• Tiered ownership of internal controls – Board of Directors, executive management, divisional heads and staff.

The Internal Control and Reconciliation Division is dynamically structured to identify emerging/incremental areas of risk exposures aimed at instituting immediate preventive control measures.

Major features of the internal control structure include:
• Group-wide independent control oversight with resident internal control officers (RICO) in all branches, head office departments and subsidiaries;
• branch profiling, risk rating and control vulnerability are considered for the determination of optimum RICO requirements and placements;
• institution of efficient staff deployment strategies that aligns staff quality with the risk rating of the branches;
• alignment of RICO specialist skills with the core competencies required for specialised functions in the Bank, especially Head Office and subsidiaries; and
• training, orientation and development of RICOs are predicated on ensuring superior knowledge of product features, policies, regulations, processes and systems inherent in processing activities under their purview.
RISK MANAGEMENT FRAMEWORK
Internal control

GOVERNANCE
Responsibilities for internal control in the Bank
- Board of Directors, Audit Committee, Board Audit and Risk Assessment Committee – approve and monitor effectiveness of internal control system.
- GMD/CEO and MANCO – design and maintain adequate system of internal controls.
- Top and middle management – implement and enforce internal controls.
- Internal Control and Internal Audit Divisions – review, monitor, evaluate and enforce internal controls in the Bank.
- All staff – own internal control measures inherent in their various job functions.

Major internal control/audit reports to the Board and senior management
- Major audit issues and countermeasures/mitigants.
- Fraud recovery status report (₦10 million and above).
- Fraud statistics type and frequency with year-on-year comparison including general remedial actions.
- Major operational/control lapses in audit reports.
- Control situation report.
- Cash tracking report.
- Prudential provision on other assets.
- Account opening documentation deficiency report.
- Unusual incidence report.
- Control risk rating of business units.

Adoption of integrated governance, risks and compliance (IGRC) framework
To gain control over diverse risks through a consistent, coordinated and sustainable strategy, FirstBank has commenced implementation of a leading practice ‘integrated governance, risk and compliance’ (‘IGRC’) strategy. The IGRC framework is a principles-guided, step-by-step, logical and scalable method that integrates governance, risk and compliance activities into a manageable and sustainable process.

The implementation of the IGRC has helped the Bank to achieve the following:
- avoid duplication of efforts;
- make better use of staff and resources;
- identify unmanaged/unknown risks through a practical but comprehensive evaluation process;
- improve the content, quality and timing of governance, risk and compliance analysis and reporting;
- implement a proactive approach to risk management;
- control the growth of governance, risk and compliance-related expenses;
- enable effective revenue generation and assurance function; and
- establish a timely and consistent approach for assessing audit/compliance programmes across all business units in the organisation including the subsidiaries.

The implementation of IGRC is manifested in the following risk and governance structure of the Bank:
- Risk Management Governance Framework, which encompasses the Board of Directors, Board Credit Committee, Board Audit and Risk Assessment Committee;
- MD/MANCO/ALCO, Risk Management Directorate, Internal Control and Audit;
- a strong and well-defined relationship between the Risk Management Directorate and other key stakeholders and divisions in the Bank; and
- the institution of a Management Risk & Assessment Committee (MRAC) as a veritable platform for resolving common control, risk and audit issues in the Group.
RISK MANAGEMENT DISCLOSURE
Credit risk

OVERVIEW
Credit risk management verifies and manages the credit process from origination to collection. In designing credit policies, due consideration is given to the Bank’s commitment to:

- create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
- identify credit risk in each investment, loan or other activity of the Bank;
- utilise appropriate, accurate and timely tools to measure credit risk;
- set acceptable risk parameters;
- maintain acceptable levels of credit risk for existing individual credit exposures;
- maintain acceptable levels of overall credit risk for the Bank’s portfolio;
- coordinate credit risk management and other risks inherent in the Bank’s business activities; and
- set remedial and recovery actions.

PHILOSOPHY
The following principles guide credit risk management across the Bank. The Bank shall:

- deliberately manage its risk asset portfolio to ensure that the risk of excessive concentration to any industry, sector or individual customer is minimised, as well as ensure portfolio flexibility and liquidity;
- ensure that exposures to any industry or customer are determined by the regulatory guidelines, clearly defined internal policies, debt service capability and balance sheet management guidelines;
- extend credit to only suitable and well-identified customers and never where there is any doubt as to their ethical standards and record;
- never extend credit where the source of repayment is unknown or speculative nor where the purpose/destination of funds is undisclosed;
- never take a credit risk where ability of the customer to meet obligations is based on the most optimistic forecast of events. Risk considerations shall have priority over business and profit considerations;
- ensure that the primary source of repayment for each credit is from an identifiable cash flow from the counterparty’s normal business operations or other financial arrangements; the realisation of security remains a fall-back option;
- adopt a pricing model that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns;
- ensure that products to be sold in the retail market are backed by approved product programmes;
- ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counterparty;
- avoid all conflict of interest situations and report all insider-related credits to appropriate bodies; and
- ensure that there are consequences for non-compliance with the Bank’s credit policies.

GOVERNANCE
Final authority and responsibility for all activities that expose the Bank to credit risk rests with the Board of Directors. The Board, however, may delegate this authority to the Board Credit Committee, the Management Credit Committee (MCC), the CRO or other officers with credit risk management responsibilities.

STRATEGY AND PRIORITY
The credit risk management strategy ties into the overall corporate strategy and is focused on making FirstBank a ‘clear leader’ in sound risk management practices. This is governed by the following:

- High-quality assets measured by the following three (3) Key Performance Indicators:
  a) Ratio of non-performing loans to total loans;
  b) Ratio of loan loss expenses to total loan revenue;
  c) Ratio of loan loss provision to gross non-performing loans.

The broad objective is to be among the best three (3) banks with respect to (a) and (b) above and maintain an adequate ratio in accordance with the prudential guidelines on (c).

- Financial and prudential ratios should be at a level more conservative than the regulatory requirements and better than the average of benchmark banks.
RISK MANAGEMENT DISCLOSURE

Credit risk

RESPONSIBILITIES AND FUNCTIONS OF KEY STAKEHOLDERS IN THE CREDIT PROCESS

The functions of the Credit Group are handled at different levels by five departments, namely:

- Credit Analysis and Processing (CAP);
- Specialised Lending Department (SLD);
- Credit Risk Management (CRM);
- Remedial Management (RM); and
- Classified Assets Management (CAM).

Credit Analysis and Processing (CAP) is responsible for the appraisal of non-specialised credit requests and processing to obtain requisite approvals in line with the Bank’s policy. The department has been reconstituted to handle requests from the new strategic business units – Institutional Banking group (IBG), Corporate Banking group (CBG) and Retail Banking group. CAP also engages in the review of wholesale/retail/consumer credit product programmes. It was recently reorganised for more balanced and better-organised distribution of workload and to align with the current new structure. This, it is believed, will enhance efficiency and effectiveness of the function. It will also foster smoother (internal) customer relationship management.

Specialised Lending Department (SLD) is responsible for the appraisal of credit requests and processing through to final decision of specialised types of credit, due to the peculiarity of such transactions in view of their size and complexity. Below is an outline of the portfolio being handled by SLD.

- Project finance
  - Power
  - Oil and gas (upstream and downstream)
  - Utilities (water projects, etc.)
  - Transportation (mass transit, aviation)
  - Commercial real estate projects i.e., projects conceived for commercial gain
  - Infrastructure, including public assets concessions (roads, airports, etc.).
- Agricultural credit product programmes.
- Financial institutions credit requests.
- Restructure of delinquent accounts.
- Public sector banking transactions excluding requests for lending to cooperative societies of civil servants.

Credit Risk Management (CRM) is responsible for the planning, monitoring and reporting of the credit portfolio. The monitoring of loans on obligor and portfolio basis as well as the reporting of these to Management and the Board remains the core responsibility of CRM. The monitoring unit is delineated along the strategic business units (SBUs) to provide independent support and guidance to the relationship teams in the management of facilities, by ensuring early warning signs of deterioration are promptly picked up and remedial action is set in motion. The credit control unit is responsible for ensuring adherence to control measures, confirming approval of credit, conveying approvals and ensuring conditions are satisfied. CRM has ownership of all rating systems/scorecards and recommends and monitors the credit risk appetite for the year, and reports periodically to the Board and Management. The department serves as the credit secretariat and manages the documentation and other credit process initiatives for the Group.

Remedial Management: With an increased level of default and tough operating environment, due emphasis will continue to be placed on identification of weak and impaired assets for prompt remedial management. The Remedial Management department will continue to pursue problem wholesale credits, by providing independent follow up on customers with delinquent assets before the level of delinquency becomes irreversible.

Management has approved that wholesale accounts classified doubtful and lost by CRM will be handled by the Remedial Management department, with the support of the relationship manager. Remedial Management is expected to come up with initiatives that would ensure early work-out of the delinquent account.

Classified Assets Management (CAM) is responsible for the recovery of classified retail loans that are 90 days past due. The department is also responsible for other facilities that are classified lost with days past due (DPD) of over 540 days. The accounts written off from on-balance sheet into CAM SOL are also managed by CAM.

All applications from customers in these categories are processed and presented for management approvals. CAM also liaises with debt recovery agents, receivers/managers and solicitors to ensure recovery of delinquent accounts. By so doing, CAM provides recovery support to all business units and handles all returns on recoveries to management, CBN, NDIC and external auditors.

In line with the Bank’s philosophy to entrench sound corporate governance in its operations, the credit group (risk management) structure ensures the separation of policy, monitoring, reporting and control functions from credit processing functions.

INTERNAL RATINGS SCALE

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects the following components:

- The character and capacity to pay of the client or counterparty on its contractual obligations;
- Current exposures to the counterparty and its likely future development;
- Credit history of the counterparty; and
- The likely recovery ratio in case of default obligations – value of collateral and other ways out. The Group’s rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are reviewed and upgraded when necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

First Bank of Nigeria Plc Annual Report & Accounts 2010
Collateral Risk Rating (CRR)/Facility Risk Rating (FRR)

- The Bank does not lend to speculative grade obligors, on an unsecured basis. The Facility Risk Rating (FRR) is different from the Obligor Risk Rating (ORR) to the extent of the perceived value of enhancement provided.
- The Collateral Risk Rating grid indicates the acceptable collateral types rated 1–8 from best to worst in order of liquidity.

<table>
<thead>
<tr>
<th>Collateral risk rating</th>
<th>Collateral type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cash/Treasury Bills</td>
</tr>
<tr>
<td>2</td>
<td>Marketable securities, guarantee/receivables of investment grade banks and corporates</td>
</tr>
<tr>
<td>3</td>
<td>Enforceable lien on fast-moving inventory in bonded warehouses</td>
</tr>
<tr>
<td>4</td>
<td>Legal mortgage on residential business real estate in prime locations A and B</td>
</tr>
<tr>
<td>5</td>
<td>Legal mortgage or debenture on business premises, factory assets or commercial real estates in locations A and B</td>
</tr>
<tr>
<td>6</td>
<td>Equitable mortgages on real estates in any location</td>
</tr>
<tr>
<td>7</td>
<td>Letters of comfort or awareness, guarantee of non-investment grade banks and corporates</td>
</tr>
<tr>
<td>8</td>
<td>Hypothecation, negative pledge, personal guarantee, clean</td>
</tr>
</tbody>
</table>

Obligor Risk Rating (ORR) system

The obligor risk rating grids have a minimum of eight risk buckets to provide a pre-set, objective basis for making credit decisions. Each risk bucket may be denoted alphabetically and by range of scores as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rating bucket</th>
<th>Range of scores</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely low risk</td>
<td>AAA</td>
<td>1.00 – 1.99</td>
<td>90–100%</td>
</tr>
<tr>
<td>Very low risk</td>
<td>AA</td>
<td>2.00 – 2.99</td>
<td>80–89%</td>
</tr>
<tr>
<td>Low risk</td>
<td>A</td>
<td>3.00 – 3.99</td>
<td>70–79%</td>
</tr>
<tr>
<td>Low risk</td>
<td>BBB</td>
<td>4.00 – 4.99</td>
<td>60–69%</td>
</tr>
<tr>
<td>Acceptable – moderately high risk</td>
<td>BB</td>
<td>5.00 – 5.99</td>
<td>50–59%</td>
</tr>
<tr>
<td>High risk</td>
<td>B</td>
<td>6.00 – 6.99</td>
<td>40–49%</td>
</tr>
<tr>
<td>Very high risk</td>
<td>CCC</td>
<td>7.00 – 7.99</td>
<td>30–39%</td>
</tr>
<tr>
<td>Extremely high risk</td>
<td>CC</td>
<td>8.00 – 8.99</td>
<td>0–29%</td>
</tr>
</tbody>
</table>

Portfolio limits

The process of setting the limits is as follows:

- The Bank engages in a detailed portfolio plan annually. In drawing up the plan, the Bank reviews the macro-economic factors, identifies the growth sectors of the economy and conducts a risk rating of the sectors to determine its acceptable target market industries and exception. The Bank’s target loan portfolio is then distributed across acceptable target market industries, strategic business units and approved product programmes.
- Aggregate large exposure limit of not more than 400% of Bank’s shareholders’ funds.
- Public sector exposure limit of not more than 10% of the Bank’s loan portfolio.
- Industry/economic sector limits are imposed on the Bank’s lending portfolio, in line with the following policies:
  - The Bank’s target market is companies operating in industries rated ‘BB’ or better unless on an exception basis.
  - The Bank would not have more than 20% of its portfolio in any group of positively correlated industries in terms of risk (e.g., oil exploration and oil service, tyre manufacturing and tyre distribution, etc.).
  - The Bank would strive to limit its exposure to any single industry to not more than 15% of its loan portfolio and such industry must be rated ‘BBB’ or better.
  - No more than 10% of the Bank’s portfolio would be in any industry rated ‘B’.
RISK MANAGEMENT DISCLOSURE

Credit risk

Geographic limits

- Presently, the Bank does not have any exposure to counterparties domiciled outside Nigeria. Such exposures are taken by its subsidiary in the United Kingdom, which operates within country limits defined by its Board of Directors. However, the Bank has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

Single obligor limits

- Limits are imposed on loans to individual borrowers. The Bank as a matter of policy does not lend above its regulatory lending limit, which is 20% of its shareholders’ funds unimpaired by losses. The internal guidance limit is, however, set at 15% of SHF to create a prudent buffer.
- Also, the Bank will not ordinarily advance beyond 50% of customers’ shareholders’ fund/net worth in cases of loans offered under individual assessment.
- Product programmes contain guidelines on single obligor limits.
- Except with the approval of the Board of Directors, the Bank shall not lend more than:
  - 20% of the Bank’s shareholders’ funds to any company. Only companies rated ‘A’ or better may qualify for this level of exposure.
  - No single retail loan should amount to more than 0.2% of total retail portfolio.
  - No single retail loan should amount to more than 0.5% of the related retail product portfolio.

The Group also sets internal credit approval limits for various levels in the credit process and these are shown in the table below.

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

<table>
<thead>
<tr>
<th>Approval levels</th>
<th>Investment grade obligors limits N’000</th>
<th>Non-investment grade and unrated obligor limits N’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>&gt;45,000,000</td>
<td>&gt;10,000,000</td>
</tr>
<tr>
<td>Board Credit Committee</td>
<td>45,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>EXCO Credit</td>
<td>30,000,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>MD &amp; Line Executive &amp; Chief Risk Officer</td>
<td>6,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Chief Risk Officer &amp; Line Executive &amp; Group Head</td>
<td>5,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Line Executive &amp; Group Head &amp; 1 Senior Credit Officer</td>
<td>2,000,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Group Head &amp; 1 Senior Credit Officer &amp; 1 Credit Officer</td>
<td>250,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

Write-off and recoveries

After full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off:

- continued contact with customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realisation of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs shall require endorsement at the appropriate level as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialled by the approving authority.

Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.
PORTFOLIO RATIOS (BANK ONLY)

Asset quality ratios

Non-performing accounts have been recognised, classified and provisions made as appropriate in line with the Prudential Guidelines, giving loan loss coverage of 81% (see chart below). Non-performing loans/total loans ratio for the period was 8.32%, mainly due to the recognition and classification of weak and impaired assets in the portfolio.

Non-performing exposures are defined as exposures with past due obligations >90 days. Loans move from performing status to sub-standard, doubtful and lost, depending on objective criteria based on the number of days past due as shown below.

### Dec 2010 (₦'bn)

<table>
<thead>
<tr>
<th>Category</th>
<th>Dec 2010 (₦'bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performing</td>
<td>1,037</td>
</tr>
<tr>
<td>Non-performing</td>
<td></td>
</tr>
<tr>
<td>Sub-standard</td>
<td>31</td>
</tr>
<tr>
<td>Doubtful</td>
<td>30</td>
</tr>
<tr>
<td>Lost</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>1,128</td>
</tr>
</tbody>
</table>

### Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing are as follows:

<table>
<thead>
<tr>
<th>31 December 2010</th>
<th>Retail (₦'mn)</th>
<th>Corporate (₦'mn)</th>
<th>SME (₦'mn)</th>
<th>Financial Institutions (₦'mn)</th>
<th>Public sector (₦'mn)</th>
<th>Total (₦'mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>past due up to 30 days</td>
<td>22,777</td>
<td>39,366</td>
<td>256</td>
<td>15,836</td>
<td>1,022</td>
<td>79,257</td>
</tr>
<tr>
<td>past due 30–60 days</td>
<td>7,769</td>
<td>4,614</td>
<td>560</td>
<td>449</td>
<td>84</td>
<td>13,476</td>
</tr>
<tr>
<td>past due 60–90 days</td>
<td>16,433</td>
<td>91,557</td>
<td>176</td>
<td>631</td>
<td>137</td>
<td>108,934</td>
</tr>
<tr>
<td></td>
<td>46,979</td>
<td>135,537</td>
<td>992</td>
<td>16,916</td>
<td>1,243</td>
<td>201,667</td>
</tr>
</tbody>
</table>

Portfolio distribution by business lines

<table>
<thead>
<tr>
<th>Business lines</th>
<th>Dec 2010 (₦'bn)</th>
<th>% of portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>406</td>
<td>35.99</td>
</tr>
<tr>
<td>Retail</td>
<td>102</td>
<td>9.05</td>
</tr>
<tr>
<td>Financial Institution/Treasury</td>
<td>313</td>
<td>27.75</td>
</tr>
<tr>
<td>Consumer</td>
<td>230</td>
<td>20.39</td>
</tr>
<tr>
<td>Public sector</td>
<td>12</td>
<td>1.06</td>
</tr>
<tr>
<td>Agricultural/miscellaneous</td>
<td>65</td>
<td>5.76</td>
</tr>
<tr>
<td>Total</td>
<td>1,128</td>
<td>100.00</td>
</tr>
</tbody>
</table>

In line with section 20(1)A of the Bank and Other Financial Institutions Act (BOFIA) as amended, the Bank requested and was granted an exemption from compliance with single obligor limit requirement on facilities granted to a customer in the oil and gas services industry. The Bank is taking appropriate steps to regularise the position by 30 September 2011.
RISK MANAGEMENT DISCLOSURE
Credit risk

<table>
<thead>
<tr>
<th>Risk rating category</th>
<th>Rating</th>
<th>Exposure ₦ billion</th>
<th>% of total portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely low risk</td>
<td>AAA</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Very low risk</td>
<td>AA</td>
<td>61.75</td>
<td>5.47</td>
</tr>
<tr>
<td>Low risk</td>
<td>A</td>
<td>16.99</td>
<td>1.51</td>
</tr>
<tr>
<td>Acceptable risk</td>
<td>BBB</td>
<td>352.82</td>
<td>31.27</td>
</tr>
<tr>
<td>Moderately high risk</td>
<td>BB</td>
<td>118.82</td>
<td>10.53</td>
</tr>
<tr>
<td>High risk</td>
<td>B</td>
<td>577.86</td>
<td>51.22</td>
</tr>
<tr>
<td>Very high risk</td>
<td>CCC</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Extremely high risk</td>
<td>CC</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>High likelihood of default</td>
<td>C</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,128</td>
<td>100</td>
</tr>
</tbody>
</table>

WARR stood at BB (5.51), which is the limit of the Board-approved target.

CAPITAL MARKET EXPOSURES
- Capital market exposures stood at ₦20 billion, which represents 2% of Total Loan Portfolio (TLP), after adjusting for eligible assets sold to AMCON.
- Out of the capital market exposures, ₦15 billion or 1% of total exposure is secured by an unquoted stock. FirstBank exceptionally accepted the unquoted shares of a large telecommunications company as partial security for loans to investors in its private placement. Although the stock is not listed, liquidity risk is fair in over the counter (OTC) trading. All facilities have adequate margin coverage either in cash or quoted shares, and have not been affected by the drop in prices of shares quoted on the Nigerian Stock Exchange.

OIL AND GAS FACILITIES
- Exposure to the oil and gas sector stood at ₦267 billion, representing 24% of Total Loan Portfolio (TLP) with 97% of the portfolio in performing status.
- This sector continues to present good and viable business opportunities, and transactions that meet the Bank’s risk acceptance criteria will be consummated under acceptable transaction dynamics. We will, however, ensure that attendant risks are identified, mitigated and proactively monitored. Weak assets will also be recognised in line with the provisions of the Prudential Guidelines.

OUTLOOK
The banking sector crisis with the attendant attrition in lending activities is gradually easing up with the establishment of the Asset Management Corporation of Nigeria (AMCON). AMCON has purchased the non-performing loans of the rescued banks as well as the non-performing margin loans of healthy banks. This has positively impacted on the share prices of banks and generally increased confidence in the banking sector. In addition, AMCON is expected to further inject equity capital into the rescued banks to bring their net asset values to zero to enable potential investors/acquirers to meet minimum capital requirements.

The CBN stimulated lending through its various intervention funds to strategic sectors of the economy and by guaranteeing all inter-bank transactions, foreign credit lines and pension fund placements until the conclusion of the banking sector reforms.

The local content bill has been signed and is expected to increase activities in the oil-upstream sub-sector, while infrastructural development is also expected to increase.

Asset quality will not be compromised, and this would be ensured through the constant review of the Bank’s risk appetite definitions and risk acceptance criteria. Therefore credits will only be extended to suitable and well-identified customers, in line with Board approved policy. The Bank will also continue to focus on the growth sectors of the economy through strategic portfolio planning, supported by sound risk identification, measurement, control, monitoring and reporting. There will also be an aggressive focus on remedial management and recovery of delinquent assets.

The credit process will be enhanced to address prevailing challenges, while credit models will be subjected to periodic validation for the purpose of obtaining necessary assurances. Portfolio stress tests will be adopted as appropriate, to consider implications of scenarios that may seem relatively unlikely but could pose serious risks to the institution if they crystallise. The SAS risk management module and business analytics will be a useful tool in this regard to develop models and test and validate different business scenarios.

We will continue to strengthen specialised lending, credit analysis and credit monitoring through both internal and external training.
RISK MANAGEMENT DISCLOSURE

Market risk

OVERVIEW
Market risk is the exposure to an adverse change in the market value of trading and investment positions caused by a change in prices and rates.

Such positions result from market making, proprietary trading, underwriting and investing activities.

The market risk factors are foreign exchange rates, commodity price, interest rates and equity prices.

Each market risk category the Bank is exposed to daily is described below:

- foreign exchange risks arise from exposures to changes in spot and forward rates and volatilities of the exchange rates;
- interest rate risks result from exposures to changes in the level and shape of the yield curve, the volatility of interest rates and credit spreads; and
- equity price risks result from exposures to the changes in prices and volatilities of individual equities.

PHILOSOPHY
The First Bank Group will follow a market risk management process that allows risk-taking within well-defined limits in order to create and enhance shareholder value and competitive advantage through the effective utilisation of risk capital.

The key tenets of First Bank Group’s market risk management policy are:

- The Bank will not undertake any risk that is not fully understood, especially the risks in new products.
- The Bank will not undertake any risk that cannot be managed.
- Where the Bank takes on risk, full consideration must be given to the peculiarities of the regulatory environment, the maturity of the product and sophistication of the financial markets. The risk taken must be adequately compensated by the anticipated reward.
- Formal definition of market risk management governance – recognised individual roles and committees, segregation of duties, avoidance of conflicts, etc.
- The Board shall approve all strategies and policies in respect of market risk.
- Market risk management will be Bank-wide and all the risk-taking units will be subjected to the market risk policy of the Bank.
- Management will be responsible for the establishment of appropriate procedures and processes to implement the Board-approved market risk policy and strategy.
- All the procedures will be documented in a market risk procedural manual.
- The market risk procedural manual will spell out the operational steps and procedures for executing the relevant market risk controls. The manual shall be periodically reviewed and updated to take into account new activities, changes in systems and structural changes in the financial markets.
- The Bank’s staff that are responsible for carrying out the procedures will be familiar with the content of the manual.
- The Bank will strive to align the market risk management standards with international best practice. Risk measurement will therefore be progressively based on modern techniques such as sensitivity, value-at-risk (VaR) methodology, stress testing and scenario analysis.
- Board Audit and Risk Management Committee (BARAC) must receive market risk reports in order to enable it to assess the performance of management on risks taken.
- BARAC will also assess the management of market risk against its policies and risk appetite.
- Continual evaluation of risk appetite, communicated through risk limits.
- Daily mark-to-market on trading portfolios and monthly mark-to-market on investment portfolios.
- Appropriate accounting policies will be in place for the treatment of market risk.
- Market risk management infrastructure shall be reinforced by a strong management information system (MIS) for controlling, monitoring and reporting market risk, including transactions between the Bank and the subsidiaries.
- The market risk management function shall be independent, reporting directly to the Bank’s Chief Risk Officer.
- Market risk officers shall be competent and empowered to perform their duties professionally and independently without undue interference.
- The internal controls over the market risk management process will be adequate. Independent audit reviews will be carried out regularly.
- Evaluations of the effectiveness of the market risk management process and the internal controls will be carried out by external consultants periodically.

STRUCTURE AND FRAMEWORK
The Bank ensures that all the market risk exposures are consistent with its business strategy and within its risk tolerance. The goals of the Bank are principally to:

- define the Bank’s market risk appetite;
- ensure that the Bank’s overall market risk exposure is maintained at levels consistent with the available capital, and
- ensure that management and individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function, which involves establishing stable and reliable methodologies for identifying, measuring, controlling, monitoring and reporting market risk in a consistent manner across the businesses within the Bank.
GOVERNANCE

Regular market risk reports are presented to the Board Audit & Risk Management Committee (BARAC) and the Assets & Liabilities Management Committee (ALCO).

BARAC and the full Board are responsible for:

• approval of market risk management framework, policies, strategies, guidelines and philosophy;
• provision of Board oversight for the implementation of market risk management policies; and
• approval of market risk-related limits for the Bank and subsidiaries.

The Assets & Liabilities Management Committee, made up of executive directors and other relevant divisional heads, is responsible for:

• reviewing policies relating to market risk management;
• recommending market risk policies to the Board;
• providing management oversight for the implementation of policies relating to foreign currency rates, interest rates and equity prices’ risks;
• reviewing market risk strategy and recommending the same for Board approval;
• developing policies, procedures, tools and systems for identifying, measuring, controlling and reporting market risks;
• evaluating market risk inherent in new products;
• ensuring compliance with statutory and regulatory requirements relating to market risks;
• reviewing and recommending for approval market risk-related limits, i.e. position, concentration, currency, dealing gap, total portfolio and counterparty limits; and
• approving appointment of dealers.

The Assets & Liabilities Management Committee is the highest technical body responsible for market risk management but has delegated its technical functions to an ALCO sub-committee, the Market Risk Policy Committee (MRPC), in order to achieve a more intense analysis of market and liquidity risks and to administer technical policies concerning financial models and valuation techniques. The MRPC shall make recommendations to ALCO on market risk management.

The responsibilities of the MRPC as an advisory technical body responsible for market risk management include:

• recommending policies and guidelines for market risk measurement, management and reporting;
• ensuring that market risk management processes (including people, systems, operations, limits and controls) are in line with market risk framework;
• reviewing and recommending for approval annually, the Market Risk Limits Package (MRP), Liquidity Risk Package (LRP), Management Action Triggers (MATs) and Triggers for Accrual Portfolios (TRAP) for all the Risk Taking Units (RTUs);
• ensuring the certification of financial models, the effectiveness of the Market Risk systems and other systems used to calculate market risk;
• recommending changes in the market risk framework for ALCO’s approval;
• recommending of exceptions from the market risk framework for ALCO’s approval;
• recommending the policies for identifying, measuring, monitoring, controlling and reporting market risk for ALCO’s approval;
• recommending for approval the amendments to MRP and LRP in terms of limits (position, concentration, dealing, counterparty, etc.);
• providing the oversight on limit exceptions and trigger breaks;
• recommending for approval the volatilities of the risk factors, correlations of securities or currencies and Credit Risk Factor tables (i.e. this will be a function of the type of contract, its tenor and volatility of the underlying market factors) for different products;
• recommending for approval the assumptions to back the interest rate and liquidity gap analyses of the balance sheet into the tenor buckets;
• reviewing capital allocation, charge computations and stress tests reports;
• recommending steps to protect the Bank’s capital ratios from the effects of changes in market risk factors;
• establishing the capital hedge framework for the Bank;
• reviewing periodically the Bank’s market risk strategy; and
• endorsing the appointment of the Bank’s Head of Market and Liquidity Risk Department.

The day-to-day implementation of the Bank's market risk management policies, procedures and systems is delegated to the Head of the Market and Liquidity Risk Management department who reports to the ED/Chief Risk Officer.

The Market and Liquidity Risk department performs the following functions:

• implementation of the framework and establishment of the market risk policy;
• definition of identification standards and independent measurement, monitoring, control and reporting of market risk;
• definition, approval and monitoring of limits;
• performance of qualitative risk assessments; and
• performance of stress tests and scenario analyses.

FirstBank is committed to managing market risks emanating from the following activities:

• money market activities;
• capital market activities; and
• financial intermediation activities.

Some of the Bank’s subsidiaries engage in limited proprietary trading in quoted equities but there is control oversight on such exposures. In addition, each subsidiary has a risk management framework and policy that is consistent with the Enterprise Risk Management manual. Apart from the commodity price risks inherent in some of the credits, the Bank is not active in commodity trading.

The Bank maintains a well-articulated market risk policy, which drives the level of market risk exposures on trading and investment activities. The Bank is moving from traditional methods of market risk management (risk mitigation) to risk optimisation by linking the Bank’s business strategy to its day-to-day risk exposures.
VALUE AT RISK (VAR)

The Bank, during the year, improved on its use of the VaR model to estimate the potential losses that could occur on risk positions as a result of movements in market rates and prices.

VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value, which will not be exceeded in a set time period at a set statistical confidence level. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 99% and a 10-day holding period. The confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced three times per year in every 250 days.

The Bank uses the parametric method as its VaR methodology with an observation period of two years obtained from published data from pre-approved sources. VaR is calculated on the Bank’s positions at close of business.

The Bank recently deployed SAS risk management systems capabilities for a more robust market risk analysis including VAR models based on Monte-Carlo simulation. The data in the table and graph below comprise the trading VaR of the Bank. The major contributors to the trading VaR are Treasury Bills and Bonds due to the high level of volatility witnessed in those instruments in the year. The yields on the various maturities rose by over 10,000bps on average. The Bank is yet to adopt the use of VaR for its equity exposure as a result of low market liquidity. The Bank does not trade in commodities and therefore is not exposed to commodity risk, except in transactions where commodities have been used as collateral for credit transactions. The latter is covered under credit risk management.

<table>
<thead>
<tr>
<th>Interest Rate Risk</th>
<th>Average (₦ million)</th>
<th>High (₦ million)</th>
<th>Low (₦ million)</th>
<th>Actual* (₦ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>107.46</td>
<td>303.04</td>
<td>21.51</td>
<td>41.73</td>
</tr>
<tr>
<td>T-bill</td>
<td>187.22</td>
<td>893.05</td>
<td>0.44</td>
<td>0.44</td>
</tr>
<tr>
<td>Foreign Exchange Risk</td>
<td>52.82</td>
<td>492.35</td>
<td>2.22</td>
<td>76.84</td>
</tr>
</tbody>
</table>

* This represents actual one-day VaR as at 31 December 2010.
RISK MANAGEMENT DISCLOSURE

Market risk

STRESS TESTING

In recognition of the volatile market environment and the frequency of regulations that have had significant effect on market rates and prices, the Bank augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The ALCO has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. The stress-testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Regular stress-test scenarios are applied to interest rates, exchange rates and equity prices. This covers all asset classes in the financial markets, banking and trading books. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

NON-TRADING PORTFOLIO

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Due to the size of the Bank’s holdings in rate-sensitive assets and liabilities, a major area of market risk exposures in the Bank relates to interest rate risk. Interest rate risk in non-trading portfolios arises principally from mismatches between the future yield on assets and their funding cost, as a result of interest rate changes. The Bank uses a variety of tools to measure non-tradable interest rate risk such as:

- interest rate gap analysis (which allows the Bank to maintain a positive or negative gap depending upon the forecast of interest rate position). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income;
- forecasting and simulating interest rate margins;
- market value sensitivity;
- calculating Earnings-at-Risk (EAR) using various interest rate forecasts; and
- re-pricing risk in various portfolios and yield curve analysis.

Hedged non-trading market risk exposures

The major sources of market risk in the Bank’s books have been identified and are being well managed. Interest rate risk in the USD175 million subordinated debt was fully hedged with the aid of an interest rate swap with a top-rated investment bank.

The exchange rate risk associated with the EUR borrowing disbursed in dollars is being managed through an accumulator contract that will close the open position over the life of the borrowing without a loss to the Bank.

MARKET RISK REPORTING

Various market risk management reports are presented on a regular basis as shown below:

- daily market risk report: All ALCO members;
- fortnightly market risk report: ALCO meeting;
- monthly market risk report: ED/Chief Risk Officer, and
- quarterly market risk report: Board Audit and Risk Assessment Committee, and Board of Directors.

Generally, market risk management in the Bank is evolving very fast and there is greater emphasis on strengthening systems and people.

OUTLOOK

The various monetary policy measures and the reforms in the financial sector are just beginning to yield the anticipated results amid perceptions of high macro-economic uncertainty by the public and expectations in the forthcoming elections. The latter remains the most important determinant of Nigeria’s prospects in 2011.

Although a noticeable recovery was witnessed in the financial sector in 2010, the absence of credit growth is a clear sign of unease. This situation is expected to improve in 2011 with the easing of banks’ bad-debt burden as well as improvements in overall corporate governance standards in the financial services sector.

Concerns about inflation will continue to be dominant in the face of expected massive spending by Government in the run up to the April 2011 election and expected rise in oil and other main international commodities. The CBN will strive to keep a tight rein on inflation by continuing its policy thrust of monetary tightening. Thus we expect interest rates to trend upwards, particularly in the retail market in synchrony with rates in the interbank market.

As the 2011 election approaches the pressure on the naira may persist in 2011 and the ability of the CBN to further maintain the +/- 300bps around USD1/N150 may seem difficult. Consequently, it is likely that the pressure on the foreign exchange reserves may continue. CBN’s inclination towards maintaining exchange rates around the USD1/N150 mark may result in a managed dip in the nation’s foreign reserves at some point in 2011. However, the expected appreciation in the price of crude oil should both improve the country’s balance of payments and ultimately help to maintain stability in the value of the naira.

Crude oil production is expected to remain stable; however, it is dependent on the success of the Amnesty programme and the outcome of the national elections in 2011.

Also, the various policy directives of the Security and Exchange Commission including the requirement for improved capitalisation of stock broking firms should shore up activity levels and transparency in capital market dealing.

Overall and in view of the reforms in the financial industry and the policy initiatives of the Federal Government of Nigeria, it is expected that the financial market will play an improved role in the expected growth in the real sector in 2011.
Liquidity risk relates to the risk of insufficient liquid assets to meet the Bank's obligations as they fall due or the Bank having to meet the obligations at excessive cost.

This risk arises from mismatches in the timing of cash flows. Funding risk (a form of liquidity risk) arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The objective of the Bank's liquidity risk management is to ensure that all anticipated funding commitments can be met when due and that access to funding sources is coordinated and cost effective.

FirstBank will maintain an optimal level of liquidity through the active management of both assets and liabilities that will comply with regulatory requirements and optimise return on assets.

The following principles guide liquidity risk management across the Bank:

- The Bank shall be responsible for establishing a robust liquidity risk management framework that ensures it maintains sufficient liquidity to withstand a range of stress events.
- The Bank will clearly articulate a liquidity risk tolerance that is appropriate for its business strategy and its role in the financial system.
- ALCO shall develop strategies, policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Bank maintains sufficient liquidity.
- The Bank shall incorporate liquidity costs, benefits and risks in its fund transfer pricing performance measurement and new product approval process for all significant business activities, thereby aligning the risk-taking incentives of individual business lines with the liquidity risk exposures their activities create for the Bank as a whole.
- The Bank shall have a sound process for identifying, measuring, monitoring and controlling liquidity risk. This process shall include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons.
- The Bank shall ensure that it maintains sufficient liquidity to withstand a range of stress events.
- The Bank shall assign ranking to funding sources depending on their level of stability (ranging from stable to volatile). For example, the most volatile funds are typically those supplied by depositors that could be quickly removed in the event of a crisis (e.g., overnight inter-bank funds in the Nigerian market).
- The Bank shall develop early warning indicators of liquidity risk to aid the prompt identification of liquidity risk such as concentrations either in assets or liabilities, deterioration in quality of credit portfolio and a large size of off-balance sheet exposure.
- The Bank shall have a formal contingency funding plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations.

BARAC and the full Board are responsible for the following:

- approval of liquidity risk management framework, policies, strategies, guidelines and philosophy;
- providing Board oversight for the implementation of liquidity risk management policies; and
- approval of liquidity risk-related limits for the Bank and subsidiaries.

The Assets & Liabilities Management Committee, made up of executive directors and other relevant divisional heads, is responsible for:

- review of policies relating to liquidity risk management;
- recommendation of liquidity risk policies to the Board;
- review of liquidity risk strategy and recommendation of the same for Board approval;
- provision of management oversight on the implementation of policies relating to liquidity risk;
- monitoring of liquidity risk inherent in the maturities mismatch of the assets and liabilities;
- development of policies, procedures, tools and systems for identifying, measuring, controlling and reporting liquidity risks;
- ensuring compliance with statutory and regulatory requirements relating to liquidity risks;
- review of and recommendations on liquidity risk-related limits for approvals; and
- approving the stress scenarios and the assumptions of contingency funding plans.

Implementation of the Bank’s market and liquidity risk management policies, procedures and systems is delegated to the Head of the Market and Liquidity Risk Management department who reports to the ED/Chief Risk Officer.

The Bank maintains a well-articulated liquidity risk policy, which drives the level of liquidity risk exposures and determines business size and maturities.
Liquidity risk

POLICIES AND PROCEDURES

The principal mechanism for implementing the Bank’s liquidity policy is to maintain the liquid assets to deposits ratio above the regulatory defined ratio of 25%.

The Bank’s definition of liquid assets is more stringent than as defined by the Central Bank. While the apex bank admits Federal Government of Nigeria bonds as liquid assets, the Bank has stressed its liquid assets only to the portion of securities available for immediate sale and for which a deep and liquid market exists.

The liquidity ratio is interpreted in conjunction with cash flow projection and liability concentration ratios to measure the Bank’s exposure to liquidity risk. The cash flow technique used is the maturity ladder which assesses all the Bank’s cash inflows against its outflows to identify the potential for net shortfalls or net funding requirements.

In order to ensure compliance with liquidity levels, the Bank has pre-set liquidity gap limits. The liquidity and funding management process also includes the preparation of multicurrency balance sheets and assessing cash flows by major currencies and projecting cash flows under stress scenarios.

The Bank’s use of concentration ratios prevents it from relying on a limited number of depositors or funding sources.

Liquidity ratios

This is the level of liquid assets to total deposits. The level of holdings of liquid assets in the balance sheet reflects the prudent approach of the Bank’s liquidity policies and practice. The Bank maintained healthy liquidity ratios which were above the regulatory target of 25%.

**Liquidity ratio trend 2010 (Bank only)**

<table>
<thead>
<tr>
<th>Month</th>
<th>Liquidity ratio</th>
<th>Regulatory target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Feb</td>
<td>45</td>
<td>25</td>
</tr>
<tr>
<td>Mar</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>Apr</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>May</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Jun</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Jul</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Aug</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Sep</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Oct</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Nov</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Dec</td>
<td>44.1%</td>
<td>35.80%</td>
</tr>
</tbody>
</table>

**Dec 2010** | **Dec 2009**
--- | ---
Loans and advances to customers | 1,017,411 | 1,022,486
Customer accounts | 1,330,771 | 1,244,030
Advances to deposit ratio | 76.45% | 82.19%

DIVERSIFICATION POLICY ON ASSET BASE AND CONTINGENT LIQUIDITY RISK MANAGEMENT

The Bank maintains a large portfolio of tradable liquid assets in the form of Nigerian Treasury Bills and Federal Government of Nigeria bonds, which are low in risk and can be converted in a short period of time or used to enhance the Bank’s borrowing. The Bank also maintains a large portfolio of low-risk assets that can be securitised and traded as off-balance sheet items. In addition, the Bank has put in place contingency funding arrangements with similar-sized Nigerian banks and maintains a standing credit facility with the Central Bank of Nigeria, which can be accessed at short notice.

MARKET TURMOIL AND LIQUIDITY RISK POSITION

In 2010, the Central Bank of Nigeria (CBN) initiated some major reforms in the banking system to provide a more resilient financial system. These reforms were among others aimed at instilling market discipline, addressing liquidity issues, shoring up confidence in the banking sector and re-invigorating the financial system. Some of the reforms include:

- the creation of the Asset Management Company of Nigeria (AMCON);
- the reversal of the universal banking model; and
- the introduction of more stringent regulations aimed at strengthening corporate governance and enhancing risk management.

Although there was a significant improvement from the recent global financial crisis and margin lending-related exposures on the banking industry in Nigeria, the extent of the improvement differed among institutions. While many banks sought to sustain the CBN’s intervention efforts via its various reforms and injections, FirstBank remained unscathed in its liquidity position and continued to witness increased deposit growth in 2010. This growth is attributable to the continued desire by most customers for flight to safety.
The bulk of the growth in deposit size was particularly seen in demand and saving deposit accounts as well as domiciliary accounts. As a result of this, while it was logical for banks to cut back on lending in order to carefully manage their balance sheets during the year, FirstBank was poised to lending and remaining a dominant net placer of funds. The Bank’s focus in 2011 will continue to remain on liability generation, which will be a necessary pre-condition for significant asset growth.

**MARKET AND LIQUIDITY RISK REPORTING**

Various market and liquidity risk management reports are issued on a daily, fortnightly, monthly and quarterly basis as shown below:
- daily liquidity and market risk report: all ALCO members;
- fortnightly ALM and market risk report: ALCO meeting;
- monthly ALM and market risk report: ED, Risk and Mgt Control; and
- quarterly ALM and market risk report: Board of Directors.

**Capital management**

FirstBank's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Bank's target of 16%. Current position is closely monitored and reported fortnightly to the Assets and Liabilities Management Committee.

FirstBank's capital is divided into two tiers:
- Tier 1 capital comprises core equity tier 1 capital comprising ordinary shares, statutory reserves, share premium and general reserves. The book values of goodwill, intangible assets, unpublished losses and under provisions are deducted in arriving at core equity tier 1 capital.
- Tier 2 capital comprises qualifying subordinated loan capital, preference shares, general provisions, debenture stock, minority and other interests in tier 2 capital and unrealised gains arising from the fair valuation of equity instruments held as available-for-sale. Tier 2 capital also includes reserves arising from the revaluation of properties and foreign reserves.

The Central Bank of Nigeria prescribed a minimum limit of 10% of total qualifying capital to total risk weighted assets as a measure of capital adequacy of banks in Nigeria. Total qualifying capital consists of tier 1 and 2 capital less investments in unconsolidated subsidiaries and associates. The total of risk weighted assets reflects only credit and counterparty risk.

The Bank achieved a capital adequacy ratio of 27.57% at the end of the year, a marked increase over the 21.33% recorded for the period ended December 2009. This is attributable to the reduction in risk weighted assets during the year. The Bank, as a policy, works to maintain adequate capital cover for its trading activities. Although the regulatory requirement is 10%, FirstBank has a minimum internal target of 16%. Current position is closely monitored and reported fortnightly to the Assets and Liabilities Management Committee.

In June 2006, the Basel Committee on Banking Supervision published *International convergence of Capital Measurement and Capital Standards*, known as Basel II. Basel II is structured around three “pillars”: minimum capital requirements, supervisory review process and market discipline. Thereafter there have been several press releases by the committee aimed at increasing capital requirements and improving measurement of capital. Though there has been no regulatory requirement for banks in Nigeria to comply, FirstBank has made substantial progress in its Basel II compliance project. The successful conclusion will allow the Bank's capital measurement to reflect credit, market and operational risk exposures on the assets of the Bank.

The Bank’s initiative is in tandem with regulatory actions that embraced the framework and accordingly set up a committee called the CB/NNDIC Committee on the new accord to oversee the adoption of the capital accord. The road map for implementation has been issued in a memorandum to the Bankers’ Committee on the implementation of the new capital accord in Nigeria.

### Capital adequacy (Bank only)

<table>
<thead>
<tr>
<th></th>
<th>Dec 2010</th>
<th>Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy ratio</td>
<td>27.57%</td>
<td>21.33%</td>
</tr>
<tr>
<td>Tier 1 capital ratio</td>
<td>24.00</td>
<td>22.50</td>
</tr>
</tbody>
</table>

**Capital composition:**

<table>
<thead>
<tr>
<th>Tier</th>
<th>N’mn</th>
<th>N’mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-up capital</td>
<td>16,316</td>
<td>14,504</td>
</tr>
<tr>
<td>Reserves</td>
<td>319,204</td>
<td>297,768</td>
</tr>
<tr>
<td>Tier 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt stock</td>
<td>33,343</td>
<td>35,473</td>
</tr>
<tr>
<td>Reserves</td>
<td>5,215</td>
<td>5,215</td>
</tr>
<tr>
<td></td>
<td>374,078</td>
<td>352,960</td>
</tr>
</tbody>
</table>

**Capital utilisation:**

| Qualifying risk weighted assets | 1,397,921 | 1,655,106 |

The Bank maintained a healthy liquidity position as at last year. The healthy liquidity level came as a result of the confidence customers have reposed in the Bank over the years given its market perception as a stronger and more reliable bank. Thus, despite the recent turmoil witnessed in the sector, the Bank was the preferred choice by most customers for flight to safety. We do expect this strong affinity to continue in 2011.

The Bank, in late 2010, concluded its internal restructuring exercise, part of which was to focus its market-facing units on market segments (versus geographic entities) in order to deepen specialisation and consequently enhance penetration in the segments it serves. This internal restructuring is expected to improve deposit inflows, particularly in the retail sector.

Externally, one major element of concern is the April 2011 general elections. To a reasonable extent, we expect a positive verdict on the conduct and outcome of the elections. Thereafter, we expect an overall stable economic landscape in 2011.
Operational risk

OVERVIEW

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. This definition includes legal risk but excludes reputational risk. Therefore, in line with the Basel II risk management framework and best practices, operational risk in FirstBank is composed of the following risk types: operations risk, legal risk, regulatory compliance risk, financial crime risk, people risk, property, technology, vendor, financial, and environmental risk.

The Bank recognises the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

Objectives

FirstBank is committed to the management of operational risks. The Bank’s operational risk management framework aims to:

- reduce losses arising from operational risk – a key role of operational risk management in the Bank is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;
- improve performance measurement – the Bank’s improved understanding of its operational risk profile shall enable appropriate allocation of risk and economic capital to individual lines of business, which would allow improved performance measurement and evaluation of activities;
- ensure better control of operations – the Bank expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvements in the control of operations and the emergence of a more proactive operational risk management culture;
- provide early warning signals of deterioration in the Bank’s internal control system; and
- raise awareness of operational risk in the Bank from top to bottom through the implementation of an enterprise-wide operational risk approach.

Philosophy and principles

The following philosophy and principles govern the management of operational risk in FirstBank:

- The Board of Directors is responsible for setting the operational risk strategy of the Bank and its implementation.
- The Board approves and periodically reviews the operational risk management framework.
- Operational risk in the Bank is coordinated through a centralised and independent operational risk management function.
- Ownership, management and accountability for operational risk is decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting operational risk.
- The Bank’s operational risk management practices are in line with Basel II.
- The Bank’s operational risk management practices are subject to regular independent review by internal and external auditors.
- Operational risk management is governed by well-defined policies and procedures which are clearly communicated across the Bank.

- Operational risk-related issues are taken into consideration in business decisions including new product and process designs.
- Operational risk and loss events are reported openly and fully to the appropriate levels once they are identified.
- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling operational risks are being implemented by the Bank.

Methodologies

In order to meet its operational risk management objectives, each business function within FirstBank is required to identify, assess, measure and control its operational risk in line with the policy set by the Board.

The following are some of the key tools and techniques used by each business unit, in line with the nature and scale of the business risks.

Operational risk reporting template

This template is used for operational risk reporting on a monthly basis. Issues to be reported using this template take the form of significant operational risk exposures, exceptions from key risk indicators (KRIs) analysis and trending, exceptions from Control Risk Self Assessment (CRSA), operational and fraudulent losses incidences, significant control breakdowns rectified during the month, all exceptions to corporate governance standards and outstanding audit issues, and any other issues with operational risk implications.

Real time incidence reporting

This is for reporting urgent and significant operational risk issues/events that have to be escalated to relevant senior management stakeholders within 48 hours of the incidence without having to wait for the monthly risk reporting cycle. Examples of significant operational risk issues are: armed robbery attack, fraud and losses.

Risk and control self assessment (RCSA)

RCSA is a key component of FirstBank’s operational risk framework and involves, on a quarterly basis, each business unit within FirstBank proactively identifying and assessing its significant operational risks and the controls in place to manage those risks.

Internal loss data

The tracking of internal loss event data is a key component of FirstBank’s operational risk framework. Internal loss events and data are analysed with a view to focus attention on where they are needed and to forestall re-occurrence through sharing lessons learnt.

Key risk indicators (KRIs)

KRIs are measures that track the risk profile of FirstBank. Each business unit within the Bank develops and monitors key risk indicators for its significant risks, which:

- target key operational risk exposures for the business unit;
- enable management of the underlying causes of risk exposures;
- use thresholds aligned to FirstBank’s risk appetite and enable risk-based decision-making;
- are monitored with a frequency that matches the nature of the risks;
- complement the self-assessment and loss-event collection processes; and
- are reported as part of monthly management reporting.
KEY OPERATIONAL RISKS

Major operational risks faced by the Bank are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Bank is also investing in enhanced physical security and collaborating with the security agencies to improve protection of branches and staff. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Customer (KYC) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Bank’s customers for each debit on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff;
- installation of panic alarm system, CCTV, deadman doors etc.; and
- implementation of a rules-based anti-fraud solution.

STRATEGY

Failure to manage operational risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of banking licence, all of which directly impact shareholder value. Accordingly, FirstBank operational risk strategy aims to minimise the impact of operational risk on its shareholders’ value. In more specific terms, the Bank’s strategy is to:

a. reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;

b. minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Bank’s long-term growth, cash flow management and balance sheet protection; and

c. make all managers responsible for the management of operational risk and thus minimise actual or potential losses. The Bank recognises that some losses, such as operational errors, are inevitable and are normal business cost; but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Bank:

- has put in place best-practice operational risk management policies and procedures. These include toolkits to help identify, assess, control, manage and report on operational risk within the Bank;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;
- ensures that all staff in business and support functions are aware of their responsibilities for operational risk management;
- considers the potential operational risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to MANCO and the Board Audit & Risk Assessment Committee;
- ensures that staff are provided with appropriate operational risk management training that is commensurate to their roles;
- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of operational losses, through management of risk factors and utilisation of insurance or other risk transfer strategies; and
- ensures that staff responsibility with respect to operational risk management is communicated through ongoing risk awareness workshops and management action.

GOVERNANCE

The overall responsibility for operational risk management in FirstBank resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on FirstBank’s operational risk profile.

To ensure consistency and prudent management of operational risks, the responsibility for managing operational risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Assessment Committee (BARAC) and Management Committee (MANCO);
- the approval of operational risk Group policies and standards for risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board and Board Committees (MANCO and BARAC);
- the operational risk management framework owned by Group Operational Risk Management; and
- the implementation of the operational risk framework within the SBUs, SRFs, BDOs, branches, departments/business units and control and support units and the day-to-day management of operational risks is owned by their respective management and executed through their management structure supported by the operational risk relationship managers and nominated coordinators reporting into the respective senior management officials or their designates.

The Board and Board Committees

The Board of Directors, Board Audit & Risk Assessment Committee and the Management Committee shall have overall oversight function for operational risk management. It shall be their responsibility to ensure effective management of operational risk and adherence to the approved operational risk policies.

Board of Directors

The Board of Directors:

- sets the Bank’s operational risk strategy and direction in line with the Bank’s corporate strategy;
- gives final approval for the Bank’s operational risk management framework, policies and procedures; and
- periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities.
Board Audit & Risk Assessment Committee
The Committee:

- ensures that the operational risk management framework is comprehensive and in line with the Bank’s strategy;
- approves the operational risk management framework and oversees its implementation; and
- establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and reports significant operational risk issues to the Board of Directors.

Management Committee (MANCO)
The Bank’s MANCO:

- ensures that the framework is implemented consistently across the Bank;
- ensures policies and procedures are developed for managing operational risk in the Bank’s products, activities, systems and processes;
- ensures that all levels of staff understand their responsibilities with respect to operational risk management;
- reviews the Bank’s risk profile and assesses potential impact on the activities of the Bank or business unit;
- ensures the Bank’s risk profile is within established risk parameters;
- ensures that staff are adequately trained and have access to the necessary resources;
- obtains and reviews periodic reports on operational loss events, risk profiling and control failures Bank wide and monitors corrective measures being implemented;
- ensures that the outputs from the operational risk management process are factored into the day-to-day management decisions of the Bank; and
- ensures that the Bank’s operational policies and procedures promote the desired risk culture.

Operational Risk Management Committee
The Bank’s ORMC:

- carries out the first-level review and challenging of developed operational risk policies and procedures;
- translates what is sometimes perceived as a ‘form filling exercise’, into a proactive discussion via senior management participation and decision making on existing and potential operational risks;
- ensures senior management becomes aware of, and more directly accountable for, operational risks in its jurisdiction;
- manages significant operational risks where they originate, within the business/function;
- ensures compliance with Group, business/function operational risk policies and procedures;
- ensures that operational risks identified within the business are assessed in terms of implications for wider business risk and to ensure that the identified business risks are reviewed and reported accordingly through the operational risk reporting process;
- ensures implementation of the Real-time Incident Reporting process;
- continually promotes risk awareness throughout the Bank so that complacency does not set in;
- identifies, reports and manages the top five operational risks now and in six months’ time; and
- assists the Management Committee in managing ongoing corporate governance issues.

Chief Risk Officer

- Leads the development and implementation of operational risk management across the Group.
- Develops operational risk management strategy, principles, framework and policy.
- Implements appropriate operational risk management processes and methodologies.
- Advises and coaches management and business units on risk management.
- Coordinates the appropriate and timely delivery of risk management information.
- Exercises supervisory responsibilities over operational risk management in addition to responsibility over market risk, credit risk and other key risk types.
- Approves all reports, operational risk policy proposals, recommendations and other documents prepared by the Operational Risk Management Group before submission to the Management Committee, Operational Risk Committees and Board Audit and Risk Assessment Committees.

Operational Risk Management Function

The Group Operational Risk Management function is independent of the BDOs, branches, departments/business units and control and support units and reports to the Chief Risk Officer, a member of the Board.

The core responsibility of the Group Operational Risk Management function is the development and implementation of operational risk management across the Group.

This entails:

- drafting operational risk management policies, standards, processes and procedures;
- developing and driving implementation and maintenance of the operational risk management framework;
- developing and distributing tools, techniques, methodologies, common risk language, risk frameworks, analysis, reports, communication and training;
- coordinating, aggregating and facilitating operational risk management activities across the Bank;
- monitoring the operational risk profile, including accumulations of risk, trends, and risks from internal and external market changes;
- escalating high-priority issues to senior management and the Board;
- collating, challenging and reporting on aggregate risk profile, control effectiveness and actions to risk committees and the Board;
• analysing BDOs, branches, departments/business units and control and support units’ operational risk to derive emerging themes for the Bank;
• defining yearly operational risk limit and appetite for the Bank, business and support units respectively; and
• liaising with external parties, e.g. regulators, analysts, external auditors, etc. on the Bank’s operational risk management practices.

The Strategic Business Units and support functions
The Strategic Business Units and support functions are the first line of defence in our operational risk management process. They own, manage and are accountable for the operational risks and controls in their respective areas. They have the following responsibilities:
• Implement and comply with Group operational risk-related policies, procedures, processes and tools in their areas.
• Assess risks and the effectiveness of controls in line with documented risk policies and toolsets.
• Design, operate and monitor a suitable system of control.
• Manage and review risk as part of day-to-day business activity.
• Develop a divisional/control and support unit operational risk management plan that is consistent with the operational risk appetite and strategy of the Bank.
• Keep the Bank’s Operational Risk Management fully informed of operational risk developments via timely ad hoc or regular reports and meetings.
• Identify, review and assess the inherent operational risks in the context of the existing control environment and document decisions with regard to the required mitigating action or acceptance of the risk.
• Update and maintain the operational risk framework for the division/control and support unit, ensuring that the data and analyses are timely, relevant and complete for reporting and, as required, validate and certify their quality.
• Ensure potential operational risks in new businesses, products and services, and processes within their business units are identified and mitigated.
• Prepare quarterly risk profiles for review by divisional/control and support senior management and the Bank’s ORM function.
• The divisional/control and support unit senior management or their designate appoints the Operational Risk Coordinator with the responsibility of executing the divisional/control and support unit ORM strategy, effective day-to-day managing of operational risk and maintaining the required data within the division/control and support unit in line with this policy.

Operational Risk Coordinators
The role is a part-time role being performed by an individual in addition to his/her business as usual (BAU) role. Below are the key responsibilities of the role:
• Helps line management in coordinating and driving operational risk management at branch and departmental levels.
• Addresses and escalates significant operational risk issues/trends to branch/departmental management and to ORMD through the real-time incidence reporting mechanism and the issue and action plan page of the Oprisk application.
• Creates awareness of operational risk.
• Oversees all Oprisk activities among which are:
  a. capturing of all operational losses, events and exposures on the operational risk system;
  b. proper monitoring and rendering of key risk indicators;
  c. prompt response to Oprisk CRSA administered on branch/department; and
  d. reporting of cases of default/breaches.
• Serves as Department Business Continuity Coordinator.

OUTLOOK
FirstBank is on a journey to embed robust operational risk management practices, culture and environment beyond complying with regulatory requirements, but as a value driver that enhances and contributes to stakeholders’ value and the long-term existence and survival of the institution. To this end, a number of initiatives and projects are ongoing that, when completed, will enhance the risk management culture and practices within the organisation and by extension significantly reduce the Bank’s operational risk exposures and incidences.
Some of these key initiatives and projects are as follows:
• Implementation of a world-class risk intelligence solution that has capacity to support the management of operational risk, credit risk and market risk in line with the Basel II framework.
• Revamping and refreshing of the Bank’s business continuity management framework and infrastructure with consulting assistance from a reputable consulting firm.
• Review and update of existing operational risk management toolsets and processes and introduction of new ones.
• Ongoing aggressive Bank-wide operational risk awareness campaign to increase employees’ risk-awareness level and competence in managing risks.
RISK MANAGEMENT DISCLOSURE

Information security risk

OVERVIEW
The business environment is constantly changing and new threats and vulnerability emerge every day. Information security risk arises when threats exploit vulnerabilities to harm the choice of countermeasure. Computer controls used to manage risks must strike a balance between productivity, cost, effectiveness of the countermeasure, and the value of the informational asset being protected.

Information security risks are constantly changing as are the approach and techniques used in managing them, which includes constant monitoring and risk assessment. FirstBank has fully implemented the range of controls required to proactively manage these risks.

PHILOSOPHY
The key elements of the Bank’s information security management philosophy are the following:

The Board and Management of First Bank of Nigeria Plc are committed to preserving the confidentiality, integrity and availability of all the physical and electronic information assets throughout the organisation in order to preserve the integrity, confidentiality and availability of its customers’ records, legal, regulatory as well as contractual, compliance and commercial image. Information and information security requirements will continue to be aligned with organisational goals and the Information Security Management System (ISMS) is intended to be an enabling mechanism for organisational goals and the Information Security Management System (ISMS) is intended to be an enabling mechanism for information sharing, electronic operations, e-commerce and reducing information-related risks to acceptable levels.

- The Board is committed to information security management as stated in the information security framework.
- The Bank has adopted the ISO 27001 standard, which is the de facto standard for information security management.
- The Bank, through the establishment of its information security management office and adoption of the ISO 27001 standard, is poised to comply with not only local but international information security regulatory and legislative requirements.
- The Bank is committed to ensuring that information is protected against unauthorised access or disclosure.
- The Bank has put in place processes that will ensure that confidentiality of information will be maintained.
- The Bank is committed to preserving the integrity of information through protection from unauthorised modification, disclosure and theft.
- The Bank is committed to the investigation and escalation of all suspected information security breaches.

CULTURE
FirstBank is committed to ensuring the confidentiality, integrity and availability of its customers’ information through:

- Identification of the value of information assets through appropriate risk assessments;
- Understanding vulnerabilities and threats that may expose information assets; and
- Appropriate management of information security risks for compliance with contractual and legal requirements as well as procedures and practices of ISO 27001:2005.

APPETITE
The Bank’s information security risk appetite is set by the Board of Directors, at a level that minimises risk to integrity, confidentiality and availability of information assets.

OVERSIGHT
The Board Audit & Risk Assessment Committee performs an oversight function spanning the entire information security organisation in the Bank.

Its function also includes ensuring that detailed policies, procedures and standards are created, updated regularly and effectively communicated to stakeholders.

RELATIONSHIPS WITH OTHER UNITS
The information security office maintains key relationships with other units in the Bank through key activities such as:

- Getting involved in strategic projects within the Bank to ensure that information security is taken into account and that projects comply with the FirstBank information security policy;
- Liaising with business unit coordinators, information asset owners and subsidiary coordinators;
- Monitoring information security incidents enterprise-wide; and
- Providing training on information security to all staff of the Bank.

GOVERNANCE

Board of Directors
Final authority and responsibility for safeguarding FirstBank’s information assets rests with the Board of Directors. However, the Board may delegate this authority to the Management Committee, Board Audit & Risk Assessment Committee (BARAC), ED Risk Management & Control or other offices of the Bank as it deems fit. Key responsibilities of the Board with respect to information security are:

- Approving the Bank’s overall information security framework and policy; and
- Ensuring that the Bank’s information security posture is maintained in line with its risk appetite and commensurate with the risks associated with information assets.

Board Audit & Risk Assessment Committee
The Board Audit & Risk Assessment Committee (BARAC) reviews and approves information security policies and budgets to ensure they are in line with the Bank’s strategic vision before passing on to the Board for final approval. Key responsibilities of the BARAC for information security are detailed below:

- Ensure that top management as well as key stakeholders within the information security organogram possess the requisite expertise and knowledge required to secure the Bank’s information assets.
• Ensure that the Bank implements a sound methodology for managing information security consistent with the ISO 27001 standard.
• Ensure that detailed policies, standards and procedures are created, updated regularly and effectively communicated within the Bank.
• Assess the effectiveness of FirstBank’s information security programme.
• Ensure that FirstBank adequately budgets for information security.

Management Committee (MANCO)
The Management Committee approves information security policies, strategies and budget. The Management Committee is responsible for reviewing and approving the information security monitoring programmes and the key results of monitoring activity, identifying key risks and the actions needed to keep them at an acceptable level. Key responsibilities of the Management Committee with respect to information security are detailed below:
• Provide direction and ensure that information security initiatives and activities are aligned with business objectives and strategies.
• Approve the FirstBank information security strategy and policies.
• Approve information security initiatives that affect FirstBank subsidiaries and/or third parties.
• Provide the resources (human capital, financial, systems, etc.) required to implement security initiatives.
• Ensure that comprehensive risk assessments (procedural and technical) are performed and used to determine the level of protection accorded to information assets.

Executive Director, Risk Management (Chief Risk Officer)
The Executive Sponsor has ultimate responsibility for information security at FirstBank, provides an accurate view of the information security condition of the Bank and encourages information owners and users to keep risks at an acceptable level. Key responsibilities of the Executive Director Risk & Management Control (CRO) with respect to information security are detailed below:
• Sponsor and promote the effectiveness of the information security organisation.
• Sponsor the FirstBank information security programme.
• Ensure the implementation of information security strategy and policies approved by the Board.
• Ensure that security initiatives and activities are aligned with business objectives.
• Provide appropriate resources to evaluate and control information-related risks.
• Review information security reports on a regular and timely basis.
• Escalate information security incidents to the Management Committee where necessary.
• Provide guidance and direction for the Information Security Forum (ISF).

Information Security Forum
The Information Security Forum consists of a number of FirstBank departmental heads and business development managers (BDMs). It is a forum where security issues affecting the Bank are raised and addressed or escalated as required.

Internal Audit
To support the monitoring process without losing independence, the Internal Audit function and information security office should:
• harmonise approaches used to evaluate information risk from a security perspective;
• harmonise checklists used to evaluate security vulnerabilities and threats;
• exchange results of information security-related audits and reviews;
• help shape the development of the monitoring process to ensure that all key issues are addressed;
• have access to assessments of the current information security situation of the Bank prepared by the information security office; and
• audit the information security office function to ensure effectiveness.

Compliance
The Compliance function is to protect business growth and sustainability by ensuring compliance to regulation. This can be achieved through:
• the process of identifying and analysing the rules governing the operations of the Bank to create a robust rulebook for the document management unit; and
• designing and implementing adequate controls in order to conduct business in accordance with the rule book.

Internal Control
The Internal Control function will undertake transactional monitoring. Maintaining a close working relationship with the information security office, Internal Control should forward results of information security-related transaction investigation and reviews. Internal Control should:
• help shape the development of the monitoring process to ensure that all key issues are addressed; and
• monitor the transactions to ensure accuracy, integrity and completeness.
RISK MANAGEMENT DISCLOSURE

Information security risk

Business Unit (BU) coordinators

FirstBank operates a multi-business strategy that is centred on the BUs. BU coordinators and information asset owners from directorates will assume major responsibilities in this approach.

BU coordinators are individuals responsible for promoting good practice in information security within each business area of the Bank. They support the information security office at an operational level and assist in collating information requirements.

Key responsibilities of BU coordinators are detailed below:

• Encourage and assist information asset owners to implement monitoring arrangements that generate the information needed to monitor the information security situation of the Bank as a whole and particular information assets.
• Collate information from information asset owners.
• Present information on the security situation of business units within the Bank to the head of the respective units.

BU coordinators should also include outsourced operations within their business area. They should ensure that all information security requirements and responsibilities are clearly defined in service-level agreements. It is envisaged that the BU coordinators should support the information asset owners to achieve the information security goals defined for FirstBank.

Information asset owners

Information asset owners are specific individuals (typically management personnel) who have been formally appointed by the Bank as being accountable for the secure storage and use of major information assets.

Key responsibilities of information asset owners are detailed below:

• Ensure that information assets are classified according to the FirstBank classification scheme.
• Ensure that information assets are properly labelled.
• Monitor the security condition of information assets.
• Generate information needed to monitor the information security situation of the Bank.

All FirstBank workers

All FirstBank workers (i.e., employees on the payroll and others acting in a similar capacity, such as contractors, consultants, student placements etc.) are responsible for complying with the principles and policies in the information security policy manual where relevant to their jobs.

They are responsible for maintaining the security of all information entrusted to them. Upon hire, as a condition of employment, each worker undertakes to comply with FirstBank’s information security policies.

STRATEGY AND POLICY

Information security risk management framework

FirstBank has adopted an integrated approach to information security risk management in line with the ISO 27001 standard. Its fundamental objective is to ensure the confidentiality, integrity and availability of its information assets. Information assets are viewed as a very critical asset of the Bank and shall therefore be adequately protected. The protection of FirstBank’s information assets is critical to the Bank’s business continuity and its ability to meet business objectives. Accordingly, the Information Security Management Department (ISMD) has been assigned the responsibility of ensuring that the Bank’s information assets are adequately protected at all times.

This responsibility is shared by both management and employees of FirstBank, irrespective of designation or function.

FirstBank, through its information security management, is continually putting in place structures to help protect its information assets and create assurance for investors. As part of its responsibility, ISMD monitors risk indicators such as information security-related incidents supplemented by trend analysis that highlights high-risk or emerging issues so that prompt action can be taken to address them.

ISO 27001 CERTIFICATION SUCCESS STORY

FirstBank received the prestigious ISO 27001 certification from the British Standards Institution. The certification is the world’s highest accreditation for information protection and security from the International Organisation for Standardisation (ISO). This feat, the first of its kind in corporate Nigeria, places the Bank on a par with leading international and multi-lateral corporate organisations in the area of security and protection of customers’ information.

OUTLOOK

In order to meet its obligation to its customers and stakeholders, FirstBank will continue to improve on its information risk management to ensure the protection of its information assets as required by the ISO 27001 standard and its risk assessment methodology, which incorporates several Plan-Do-Check-Act (PDCA) cycles. In FirstBank, information security controls are not merely specified and implemented as a one-off activity but are continually reviewed and adjusted to take account of changes in the security threats, vulnerabilities and impacts of information security failures, using review and improvement activities specified within our management system. Protecting information about our customers will remain every employee’s responsibility.
RISK MANAGEMENT DISCLOSURE

Compliance risk

OVERVIEW

The establishment of an independent compliance function in the Bank is in line with international best practice. The Compliance function operates from the Head Office and some selected hubs, each of which is manned by dedicated Compliance Officers whose main job in the Bank is ‘compliance’. Highlights of the scope of coverage of the Compliance function include:

- regulatory compliance;
- anti-money laundering (AML)/countering the financing of terrorism (CFT) compliance (including Know Your Customer (KYC) Know Your Customers’ Business (KYB)) principles); and
- corporate governance compliance monitoring.

The objectives of the Compliance function, as part of an effective risk management framework, include the following:

- To assist and support line management to ensure that business is conducted in accordance with applicable statutory, regulatory and supervisory requirements.
- To enable First Bank of Nigeria Plc to demonstrate to the regulators that it is fit and proper to undertake its business.
- To maintain fairness in all the Bank’s dealings.
- To facilitate the management of compliance risks.
- To prevent disciplinary action by regulators.
- To minimise the possibility of civil and criminal action against FBN.

PHILOSOPHY

The Board approves and periodically reviews the compliance framework and strategies in the Bank and assumes overall accountability for compliance performance. The ownership, management and accountability for compliance risk is decentralised across various strategic business units and functions (SBUs and SRFs).

The Bank’s compliance risks are centrally managed by an independent Compliance function. The compliance risk management practices in the Bank are subject to periodic independent reviews by the internal audit as well as the external auditors.

Each and every one of the activities of the Compliance function is governed by articulated policies and process duly approved by the Board. The Group’s AML/CFT regime is driven by a documented, functional AML/CFT Policies & Procedures Manual to which every member of staff has unfettered access through the Group’s i-porter. As a living document, the manual is reviewed and updated regularly to reflect the dynamism and changing regulatory or environmental imperatives.

A detailed compliance Standard Operating Procedure (SOP) Manual has been developed for all compliance risk management processes, including Compliance function roles, responsibilities and operating procedures.

STRATEGY AND PRIORITY

FirstBank remains committed to complying fully with both the spirit and the letter of applicable laws and regulations and to always act with care and due diligence. The risk of non-compliance with legal and regulatory requirements ranges from potential financial loss occasion from regulatory sanctions, loss of business and/or franchise, as well as damage to the Group’s reputation.

In ensuring compliance with laws and regulations, the Bank has put in place a robust compliance framework. The Compliance function, under the leadership of the Chief Compliance Officer, ensures that the compliance process runs effectively, monitors to ensure that statutory and regulatory requirements are adhered to and ensures that breaches are promptly reported. The Bank has in place a comprehensive Compliance Process Manual, which is accessible to all staff through the Group’s i-porter. The Manual defines the roles and responsibilities of all stakeholders in ensuring compliance with laws and regulations. The Group’s compliance objectives as well as the minimum acceptable compliance standards across the Group are also specified in the Manual.

While the primary responsibility for complying with regulatory requirements lies with all members of staff conducting particular transactions or activities to which regulation applies, the Board of Directors is ultimately accountable for compliance performance.

The current regulatory regime places much pressure on financial institutions to know their customers and implement processes for combating money laundering, as well as putting in place measures aimed at understanding regulations as they affect the financial services industry and the implication for non-compliance. In this regard, FirstBank has reviewed its Anti Money Laundering (AMLA) Countering the Financing of Terrorism (CFT) Manual, incorporating new guidelines for KYC/KYB, in line with the recent CBN AML/CFT Compliance Manual. The Group has continually reviewed and analysed relevant laws and regulations, which are compiled into rule books in order to ensure business is run in line with compliance requirements.

GOVERNANCE STRUCTURE

In line with international best practice, the Compliance function is responsible for ensuring that the Bank continuously manages its regulatory risk.

Regulatory risk is the risk that occurs when financial institutions do not comply with the spirit and the letter of applicable laws and regulations or supervisory requirements.

The management of regulatory risk comprises ensuring compliance with all the statutory and regulatory requirements. The Compliance function is therefore responsible for ensuring compliance with all rules imposed on the business by regulators/supervisors.

Responsibility for managing compliance with internal rules created by FirstBank itself lies with the Internal Audit and Control functions. These are monitored as part of their normal duty of ensuring that an effective system of internal controls is maintained in FirstBank.

Certain internal rules are of such importance that the Management Committee (MANCO) may require the involvement of the Compliance function for effective implementation. The Compliance function is also, to that extent, responsible for monitoring compliance with internal rules, as determined by MANCO from time to time.

The Compliance function operates independently from the Internal Audit and Control functions. However, the Division leverages on the Internal Audit and Control infrastructure by administering compliance checklists on business units and branches through the independent control and normal audit procedures. These compliance reports are forwarded to the Compliance Department for review and subsequent monitoring.
**ROLES AND RESPONSIBILITIES**

Roles and responsibilities for compliance are assigned to various functions as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Assumes overall accountability for compliance performance.</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Provides demonstrable support to the CCO with the development of a compliance culture.</td>
</tr>
<tr>
<td>Executive Directors and Executive Vice President – MANCO</td>
<td>Assume overall accountability for compliance within their Strategic Business Units (SBUs)/Strategic Resource Functions (SRFs).</td>
</tr>
<tr>
<td>CEOs of subsidiaries and their management teams</td>
<td>CEOs assume overall accountability for compliance within their companies and their respective management is responsible for day-to-day compliance with regulations applicable to their business.</td>
</tr>
<tr>
<td>Business Unit Heads and Business Development Managers</td>
<td>Responsible for day-to-day compliance with regulations applicable to their business.</td>
</tr>
<tr>
<td>SBU/SRF/Subsidiary Compliance Officers</td>
<td>Facilitate the implementation of the compliance process within their SBU/RF/Subsidiary.</td>
</tr>
<tr>
<td>Branch Managers (Branch Compliance Officers)</td>
<td>As the Compliance Officer of their respective branches, Branch Managers assume overall responsibility for compliance in their branches and are responsible for conducting periodic compliance reviews.</td>
</tr>
<tr>
<td>All employees</td>
<td>Responsible for familiarising themselves with the regulatory requirements applicable to their business and ensuring that all transactions and activities in which they are involved are carried out in accordance with those regulations.</td>
</tr>
<tr>
<td>Internal Control</td>
<td>Assists the Compliance function in the conduct of independent monitoring.</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>Provides quality assurance for the Compliance function.</td>
</tr>
<tr>
<td>Chief Compliance Officer</td>
<td>Responsible for the development, communication, leadership and implementation of the compliance strategy, policy, structure and process.</td>
</tr>
<tr>
<td>External Audit</td>
<td>Responsible for reviewing the compliance risk management process as part of their statutory audit duties.</td>
</tr>
</tbody>
</table>

**RESPONSIBILITIES OF THE CHIEF COMPLIANCE OFFICER (CCO)**

The CCO takes overall responsibility for compliance issues in the Group including its Strategic Business Unit. The CCO works closely with the Chief Risk Officer (CRO) in the performance of the following specific responsibilities:

- Assigns a robust compliance structure, process and advisory service in order to ensure line management’s compliance with current laws, regulations and supervisory requirements.
- Reports non-compliance with laws, regulations and supervisory requirements to the CE and the Board of Directors in a timely manner.
- Provides the Board of Directors with regular information on the level of FirstBank’s compliance with laws, regulations and supervisory requirements.
- Ensures, as far as possible, that no conflict of interest exists between the Compliance function and other internal control functions.
- Establishes a compliance culture in FirstBank that contributes to the overall objective of prudent risk management.
- Establishes effective communication with line management in order to continuously monitor compliance with laws, regulations and supervisory requirements.
- Mandates line management to monitor compliance with laws, regulations and supervisory requirements as part of their normal operational duties.
- Ensures that regulatory requirements are incorporated into operational procedures and manuals where appropriate.
- Makes recommendations whenever necessary to ensure that laws, regulations and supervisory requirements are being complied with.
- Establishes effective mechanisms for reporting and resolving non-compliance with laws, regulations or supervisory requirements.
- Documents his findings, including, remedial action, as part of the compliance monitoring programme.
- In conjunction with Training and Development, ensures continuous training of compliance staff on technical knowledge of regulatory framework and associated risks.
- Compiles and maintains a comprehensive compliance manual for the Group, in conjunction with line management.

**OUTLOOK**

The regulatory environment has been very dynamic in recent times. There is huge pressure on financial institutions to know their customers and their businesses (KYC/KYB) as well as implement processes/controls for combating money laundering and terrorist financing. Customers are equally very much aware of their KYC/KYB responsibilities towards their bankers. Compliance risks are more inherent in those customers that we do not know.

The challenge is putting in place appropriate compliance risk management processes and procedures in knowing our customers and understanding their peculiar businesses. The Bank is poised to mitigate compliance risks through continuous improvements in our technology infrastructure to understand and manage our risks prudently. Current measures aimed at understanding regulations as they affect the industry and the implication for non-compliance are being continuously improved upon through process rejuvenation and revalidation, which is then rigorously conveyed to all staff, including the Board of Directors, through training.
RISK MANAGEMENT DISCLOSURE

Legal risk

OVERVIEW
Legal risk management is significant in any bank as virtually all banks’ operations and transactions have substantial legal risk implications. Being fully aware of the significance of the legal risk support function to the overall success of the Bank, the Bank has a dedicated legal unit responsible for the effective management of legal risks Bank-wide. This includes the provision of legal advisory services, security documentation, management of Bank litigation and debt recovery among others.

APPROACH
FirstBank continues to ensure that its policies and operational guidelines are not only geared towards the effective management and control of identifiable legal risks but are also designed to enable the Bank and its officers to appreciate legal constraints impacting on business activity.

GOVERNANCE
The Legal Services Department at Head Office oversees the Bank’s global legal function and reports directly to the Chief Risk Officer.

For smooth and effective performance of its duties, the Legal Services Department is sub-divided into four hubs, each of which is headed by a senior officer, who reports to the Head, Legal Services. The respective hubs are as follows:

Corporate and contracts
Ensures the proper documentation of transactions between the Bank and its corporate customers as well as the preparation and vetting of contracts between the Bank and its customers/third parties in appropriate cases.

Litigation
Responsible for the management and monitoring of all legal actions involving the Bank and the rendition of legal opinions in all relevant matters. The hub also has responsibility for evaluating options for out-of-court settlement of the Bank’s cases with a view to decongesting the Bank’s litigation portfolio and reducing contingent liabilities to the barest minimum.

Retail and securities
This hub has responsibility for the documentation and perfection of the various securities used to secure credit facilities extended to Bank customers.

Regional coordination/administration
Responsibility is to coordinate and supervise all our area legal managers in the discharge of their duties in some of the Bank’s Business Development Offices (BDOs) and to oversee the proper administration of the Legal Department.

There is a sub-hub known as the Bonds and Guarantees sub-hub, which is responsible for the vetting and/or preparation of all bonds and guarantees issued by the Bank or accepted as security by the Bank.

STRATEGY AND PRIORITY

• To develop and redevelop the Legal Risk Management framework with the view of transforming it from a service function to a strategic risk management function.
• To actively participate in review of the Bank’s product offerings and identify, upfront, the likely/potential risks of litigation and other risks.
• Proactivity in negotiation of out-of-court settlements in deserving cases.
• Work with control units to put risk measures and risk mitigants in place.
• Balancing the interest of the Bank and the customer.
• To proactively put in place a strategy that minimises cost of legal services, to the Bank and also its customers.
DIRECTORS’ REPORT
For the period ended 31 December 2010

The directors present their annual report on the affairs of First Bank of Nigeria Plc (‘the Bank’) and its subsidiaries (‘the Group’), together with the financial statements and auditors’ report for the financial year ended 31 December 2010.

A LEGAL FORM
The Bank, which commenced operations in Nigeria on 31 March 1894 as a branch of Bank of British West Africa Limited (BBWA), was incorporated as a private limited liability company in Nigeria in 1969. It was converted to a public company in March 1970. The Bank’s shares were listed on the floor of the Nigerian Stock Exchange by way of introduction in March 1971.

B PRINCIPAL ACTIVITY AND BUSINESS REVIEW
The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include: granting of loans and advances, corporate finance and money market activities. Its major subsidiaries carry on capital market, insurance and trusteeship businesses.

C OPERATING RESULTS
Gross earnings and profit before tax of the Group increased by 18.88% and 224.79% respectively during the year. The directors recommend the approval of a final dividend of ₦19.58 billion (December 2009: ₦2.9 billion). Highlights of the Group’s operating results for the period under review are as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010 ₦ million</th>
<th>31 Dec 2009 ₦ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earnings</td>
<td>230,606</td>
<td>193,966</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>43,188</td>
<td>13,297</td>
</tr>
<tr>
<td>Taxation</td>
<td>(9,777)</td>
<td>(8,396)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>33,411</td>
<td>4,901</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>31 Dec 2010 ₦ million</th>
<th>31 Dec 2009 ₦ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to statutory reserve</td>
<td>4,070</td>
<td>236</td>
</tr>
<tr>
<td>Transfer to SME reserves</td>
<td></td>
<td>64</td>
</tr>
<tr>
<td>Bonus issue</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Transfer to contingency reserves</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to retained earnings reserve</td>
<td>29,341</td>
<td>4,601</td>
</tr>
</tbody>
</table>

| Total Appropriations | 33,411               | 4,901                 |
D DIRECTORS’ SHAREHOLDING

The direct and indirect interests of directors in the issued share capital of the Company as recorded in the register of directors’ shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are noted:

Directors’ shareholding

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of ordinary shares held as at 31 Dec 2010</th>
<th>Number of ordinary shares held as at 31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Direct)</td>
<td>(Direct)</td>
</tr>
<tr>
<td></td>
<td>(Indirect)</td>
<td>(Indirect)</td>
</tr>
<tr>
<td>Prince Afonja, Ajibola</td>
<td>26,021</td>
<td>23,130</td>
</tr>
<tr>
<td></td>
<td>1,230,468</td>
<td>Nil</td>
</tr>
<tr>
<td>Otudeko, Oba, OFR (Resigned)</td>
<td>5,359,331</td>
<td>4,763,850</td>
</tr>
<tr>
<td></td>
<td>447,805,761</td>
<td>435,478,666</td>
</tr>
<tr>
<td>Onasanya, Bisi</td>
<td>6,718,059</td>
<td>2,716,053</td>
</tr>
<tr>
<td>Abubakar, Abdu (Resigned)</td>
<td>1,326,422</td>
<td>1,179,042</td>
</tr>
<tr>
<td></td>
<td>139,451</td>
<td>123,958</td>
</tr>
<tr>
<td>Adesola, Bola (Resigned)</td>
<td>14,086,095</td>
<td>12,510,465</td>
</tr>
<tr>
<td>Ajumogobia, Ibiai</td>
<td>66,034</td>
<td>58,697</td>
</tr>
<tr>
<td>Awosika, Ibukun</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Duba, Garba (Resigned)</td>
<td>14,940,903</td>
<td>13,280,803</td>
</tr>
<tr>
<td>Feese, Ambrose</td>
<td>293,207</td>
<td>Nil</td>
</tr>
<tr>
<td>Hassan-Odukale, Oye, MFR (Resigned)</td>
<td>2,515,626</td>
<td>2,236,112</td>
</tr>
<tr>
<td></td>
<td>43,428,798</td>
<td>41,152,639</td>
</tr>
<tr>
<td>Jolaoso, Ebenezer</td>
<td>26,111</td>
<td>Nil</td>
</tr>
<tr>
<td>Lawal, Ibrahim</td>
<td>9,500</td>
<td>Nil</td>
</tr>
<tr>
<td>Lawanson, Kehinde</td>
<td>8,312,720</td>
<td>4,470,165</td>
</tr>
<tr>
<td>Mahey, Rasheed</td>
<td>528,796</td>
<td>28,061</td>
</tr>
<tr>
<td>Mahmoud, Abdullahi (Resigned)</td>
<td>1,090,680</td>
<td>969,494</td>
</tr>
<tr>
<td>Ngama, Yerima (Resigned)</td>
<td>4,773,069</td>
<td>3,032,888</td>
</tr>
<tr>
<td>Odunlami, Remi</td>
<td>129,649</td>
<td>115,244</td>
</tr>
<tr>
<td>Otti, Alex</td>
<td>5,719,143</td>
<td>5,083,683</td>
</tr>
<tr>
<td>Oladele, Oyelola (Resigned)</td>
<td>9,956,983</td>
<td>5,295,096</td>
</tr>
</tbody>
</table>

Prince Ajibola Afonja has indirect shareholdings amounting to 1,230,468 through ARM. Dr Obi Otudeko, OFR has indirect shareholdings amounting to 447,805,761 through Metropolitan Trust Ltd (283,109,043), Honeywell Staff CT & CS (100,872,835), and Orbit International Ltd (63,823,883). Mr Hassan-Odukale, MFR has indirect shareholdings amounting to 43,428,798 through Haskal Holdings Ltd (8,815,114), LAC Investments Ltd (27,247,691), and OHO Investment Ltd (7,365,993). Dr Abdu Abubakar has indirect shareholdings amounting to 139,451 through 1st Investment Option Ltd.

In accordance with the Company’s Articles of Association, the following Directors, Mr Bisi Onasanya, Mrs Remi Odunlami and Alhaji Mahey Rasheed, OFR would retire by rotation and, being eligible, offer themselves for re-election. Mr Ambrose Feese, Mrs Ibukun Awosika, Mr Ebenezer Jolaoso, Alhaji Lawal Ibrahim, Mallam Ibrahim Waziri, Mrs Khadijah Alao-Straub, Mr Obafemi Otudeko and Mr Tunde Hassan-Odukale, Directors appointed since the last Annual General Meeting, would offer themselves for election as Non-Executive Directors. Mallam Bello Maccido, an Executive Director who was appointed since the last Annual General Meeting, being eligible, would also offer himself for election as a Director.

E DIRECTORS’ INTERESTS IN CONTRACTS

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

F PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 23 to the Accounts. In the directors’ opinion, the market value of the Group’s properties is not less than the value shown in the financial statements.
SHAREHOLDING ANALYSIS

The shareholding pattern of the Bank as at 31 December 2010 is as stated below:

<table>
<thead>
<tr>
<th>Range</th>
<th>Number of holders</th>
<th>Holders %</th>
<th>Units</th>
<th>Units %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–9,999</td>
<td>1,010,957</td>
<td>77.49</td>
<td>2,794,865,797</td>
<td>8.56</td>
</tr>
<tr>
<td>10,000–50,000</td>
<td>244,523</td>
<td>18.75</td>
<td>4,953,634,356</td>
<td>15.18</td>
</tr>
<tr>
<td>50,001–100,000</td>
<td>24,641</td>
<td>1.89</td>
<td>1,725,331,532</td>
<td>5.29</td>
</tr>
<tr>
<td>100,001–500,000</td>
<td>19,826</td>
<td>1.52</td>
<td>3,929,583,575</td>
<td>12.04</td>
</tr>
<tr>
<td>500,001–1,000,000</td>
<td>2,285</td>
<td>0.18</td>
<td>1,605,610,559</td>
<td>4.92</td>
</tr>
<tr>
<td>1,000,001–5,000,000</td>
<td>1,866</td>
<td>0.14</td>
<td>3,618,588,253</td>
<td>11.09</td>
</tr>
<tr>
<td>5,000,001–10,000,000</td>
<td>241</td>
<td>0.02</td>
<td>1,721,440,492</td>
<td>5.28</td>
</tr>
<tr>
<td>10,000,001–50,000,000</td>
<td>180</td>
<td>0.01</td>
<td>3,457,371,204</td>
<td>10.60</td>
</tr>
<tr>
<td>50,000,001–100,000,000</td>
<td>32</td>
<td>0.00</td>
<td>2,181,217,366</td>
<td>6.68</td>
</tr>
<tr>
<td>100,000,001–500,000,000</td>
<td>21</td>
<td>0.00</td>
<td>3,969,243,094</td>
<td>12.16</td>
</tr>
<tr>
<td>500,000,001–32,631,699,042</td>
<td>3</td>
<td>0.00</td>
<td>2,675,198,128</td>
<td>8.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,304,575</strong></td>
<td><strong>100.00</strong></td>
<td><strong>32,632,084,356</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

**SUBSTANTIAL INTEREST IN SHARES**

According to the register of members at 31 December 2010, no shareholder held more than 5% of the issued share capital of the Bank.
## DONATIONS AND CHARITABLE GIFTS

The Bank made contributions to charitable and non-political organisations amounting to ₦878.7 million (December 2009: ₦967.4 billion) during the year.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Down Syndrome Foundation – Blue House Sports &amp; Game</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Reviving Academic Excellence In Schools &amp; Academic Institutions</td>
<td>430,000.00</td>
</tr>
<tr>
<td>2010 National Delegate Conference of Nigerian Association for the Blind</td>
<td>500,000.00</td>
</tr>
<tr>
<td>Corporate Social Responsibility Stakeholders Forum</td>
<td>500,000.00</td>
</tr>
<tr>
<td>Support for Medical Needs of Down Syndrome Foundation of Nigeria</td>
<td>500,000.00</td>
</tr>
<tr>
<td>School Library Project – 1,000 books to 10 schools in Lagos State</td>
<td>920,000.00</td>
</tr>
<tr>
<td>Volunteer Corps 8th Graduation and Appreciation Ceremony</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Annual Harambe Nig Conference on Youth Development</td>
<td>1,050,000.00</td>
</tr>
<tr>
<td>Sponsorship of 2010 Annual Lecture Series Women in Business</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>Support for Hin Heart Foundation</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>Fate Foundation Annual Celebration Entrepreneurial Awards 2010</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>Maintenance of Costain Round About Garden</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>Putting Smiles on Faces I May Never Meet – Holy Child Old Girls Association</td>
<td>2,250,000.00</td>
</tr>
<tr>
<td>Free Medical Screening for Cancer – Mariasam Foundation</td>
<td>3,500,000.00</td>
</tr>
<tr>
<td>Sponsorship of 40th Annual National Conference of the Nigerian Institute of</td>
<td></td>
</tr>
<tr>
<td>Estate Surveyors &amp; Valuers</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Community Assistance in the Development of Special Fraud Unit, Ikoyi</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Donations towards rebuilding/helping vulnerable persons and victims of the</td>
<td></td>
</tr>
<tr>
<td>Jos/Haiti Crisis</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>United Kingdom Trade Investment for Britain/Nigeria Business Awards</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Guardian Youth Leadership and Economic Summit</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Sponsorship Aid for Commonwealth Lawyers Association Regional Conference</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Students in Free Enterprise National Competition</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Nigerian Institute of Architects 50th Annual General Meeting</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of 9th Annual Conference of Women Management</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Policy Dialogue – Nagoya International Economics Study Group</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Celebrating Nigeria 50th Anniversary – Thisday Nigeria @ 50 Awards</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>CEO Forum Business Day</td>
<td>5,500,000.00</td>
</tr>
<tr>
<td>Sponsorship of 4th Annual Banking/Finance Conference</td>
<td>6,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Business in Africa Pre-Golden Jubilee Economic Conference</td>
<td>6,990,000.00</td>
</tr>
<tr>
<td>4th Chartered Institute of Bankers of Nigeria Annual Microfinance Conference</td>
<td>7,500,000.00</td>
</tr>
<tr>
<td>Sponsorship of National Day in Shanghai Expo 2010</td>
<td>7,500,000.00</td>
</tr>
<tr>
<td>Sponsorship of Commonwealth Business Summit</td>
<td>7,620,000.00</td>
</tr>
<tr>
<td>Sponsorship of High School Musical (Disney World) – Musical Concerts for</td>
<td>9,000,000.00</td>
</tr>
<tr>
<td>Youths</td>
<td></td>
</tr>
<tr>
<td>Sponsorship of 2010 Lagos Bankers Nite</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of The Abuja Carnival 2010</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>Nigeria Leadership Initiative (NLI) Future Leaders’ Seminar</td>
<td>11,952,000.00</td>
</tr>
<tr>
<td>Student Hostel Block for Jigawa State</td>
<td>12,135,380.94</td>
</tr>
<tr>
<td>Lagos State Govt Independence March</td>
<td>13,161,000.00</td>
</tr>
<tr>
<td>Donation to Crescent University Abeokuta, Ogun State</td>
<td>14,000,000.00</td>
</tr>
<tr>
<td>Donation of a Toyota Coaster 30-seater and 16-seater Hiace bus to Nigeria</td>
<td>14,545,000.00</td>
</tr>
<tr>
<td>Police Pension</td>
<td></td>
</tr>
<tr>
<td>Sponsorship of 3rd Forum International Partnership on Trade And Commerce</td>
<td>15,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Premiere/Launch of S.O.S.</td>
<td>15,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Nigeria @ 50 Publication</td>
<td>15,000,000.00</td>
</tr>
<tr>
<td>Construction of 500-seater lecture hall for Federal University of Technology Minna</td>
<td>15,803,429.67</td>
</tr>
</tbody>
</table>

**Note:** The list above does not include all charitable donations and gifts made by the Bank. The amounts listed are subject to the Bank’s Annual General Meeting for approval.
### POST BALANCE SHEET EVENTS

#### Sale of shares in Interswitch

The Bank invested a total sum of ₦31.2 million (30 million shares @ ₦1.04k/share) in Interswitch Ltd in 2002 in conjunction with a consortium of banks. In December 2010, the Board of Directors approved the disposal of a third of the Bank’s holding (10 million shares) in Interswitch at ₦130 per share. This resulted in a gain of ₦1.28 billion. The sale was concluded in January 2011.

#### i. Donations and charitable gifts continued

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria Leadership Initiative – 2010 Future Leaders Seminar and Annual Awards Dinner</td>
<td>₦18,538,750.00</td>
</tr>
<tr>
<td>Sponsorship of Notting Hill Carnival London</td>
<td>₦19,279,000.00</td>
</tr>
<tr>
<td>Donation to Flood Disaster Victim in Sokoto</td>
<td>₦20,000,000.00</td>
</tr>
<tr>
<td>Women for Change Initiative – Nigerian Women Achievement at 50th Independence Anniversary</td>
<td>₦25,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of 16th Nigeria Economic Summit Group</td>
<td>₦25,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of University of Abuja Entrepreneurship Centre</td>
<td>₦28,581,735.24</td>
</tr>
<tr>
<td>Construction of Clinic for Red Cross Society Ibadan</td>
<td>₦28,616,565.82</td>
</tr>
<tr>
<td>Sponsorship of the Hollywood Launch of Nigeria Gemstones</td>
<td>₦38,000,000.00</td>
</tr>
<tr>
<td>Development of the Faculty of Social Science Building University of Port Harcourt</td>
<td>₦51,087,838.63</td>
</tr>
<tr>
<td>Sponsorship of Crime Fighters 2010</td>
<td>₦76,000,000.00</td>
</tr>
<tr>
<td>Sponsorship of Carnival Calabar 2010</td>
<td>₦173,085,965.00</td>
</tr>
<tr>
<td>Others</td>
<td>₦114,946,975.72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>₦887,743,641.02</strong></td>
</tr>
</tbody>
</table>

#### K HUMAN RESOURCES

##### Employment of disabled persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. As at 31 December 2010, 13 physically challenged persons were employed by the Bank.

In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training arranged to ensure that they fit into the Bank’s working environment.

##### Health, safety and welfare at work

Health and safety regulations are in force within the Bank’s premises and employees are aware of existing regulations. The Bank subsidises all levels of employees for medical, transportation, housing, etc.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company’s premises.

The Company operates both a Group Personal Accident and the Workmen’s Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004, as well as a terminal gratuity scheme for its employees.

#### L EMPLOYEE INVOLVEMENT AND TRAINING

The Bank ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Bank’s policy of continuous development, training facilities are provided in the Bank’s well-equipped Training School. In addition, employees of the Bank are nominated to attend both locally and internationally organised courses. These are complemented by on-the-job training.

#### M AUDITORS

In line with the provisions of the CBN Code of Corporate Governance for Banks in Nigeria Post Consolidation, 2006, one of the Bank’s Joint Auditors, Akintola Williams Deloitte, having served a maximum period of 10 years, resigned as one of the Bank’s external auditors. Consequently, the Board of Directors agreed to recommend to members at the Annual General Meeting for approval, the appointment of PricewaterhouseCoopers as one of the joint auditors to the Bank.

In the event that the resolution is passed at the Annual General Meeting, PricewaterhouseCoopers and the existing joint auditors PKF Professional Services have indicated their willingness to act and continue in office as auditors. In accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, a resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

Tijjani Borodo  
Company Secretary  
Lagos, Nigeria  
March 2011
CORPORATE GOVERNANCE REPORT

INTRODUCTION
The Central Bank of Nigeria’s enforcement in the review period of the section of the Code of Corporate Governance for Banks, which prohibits non-executive directors from remaining on the board of a bank continuously for more than three terms of four years each, (i.e. 12 years) was the major development in the industry’s corporate governance space in the review period. Significantly, a number of banks were in breach of this provision, including our Bank, and had to take remedial action to comply with the governance code in this respect. Although we then seized the window provided by the opportunity to inject fresh ideas into our Board by further diversifying its composition, this breach of the code was instructive in many respects. Our overarching challenge, looking forward, is to strengthen Bank compliance with the remaining provisions of the code.

It matters, though, that our strong commitment to continuously lead the way by adhering to best corporate governance practices was not enough to insulate us against an infraction of the code. In this sense, therefore, if the industry is to improve the way it is governed and managed in order to constantly grow shareholder value and meet the expectations of other stakeholders, adherence to the fundamental objectives and principle of corporate governance might be more productive than blind adherence to the letter of the code. Inevitably, the desired improvements to corporate governance practice in the industry will derive, not so much from more efficient box-ticking, but from an application of these fundamental objectives and principles that is both flexible and which takes for its departure point the particulars of each organisation.

Accordingly, we continued restructuring the composition of the Board of Directors around the principle that a predominance of non-executive directors would improve the objectivity of the Board, and its independent judgement. Relying on this conceptual construct we reduced the number of executive directors from eight as at end-December 2009 to five at the end of the review period, while increasing the number of non-executive directors from nine to 11 over the same period. In making these new appointments, special attention was paid to broadening the range of skills and expertise that the Board needs to function effectively.

In the period since good corporate governance practice has come to be identified as a sine qua non for the proper management of publicly quoted firms, the concept of ‘an independent director’ has come to be identified as essential to the proper working of the structures and processes necessary for companies to be managed in the best interests of their owners. The extant corporate governance code for the banking industry acknowledges this need for an independent director, by providing for the appointment of at least two independent directors from the list of non-executive Board members. Following Maheh Rasheed’s appointment last year as the only independent director on the Board of our Bank, we intend fast-tracking the appointment of a second independent director in compliance with the corporate governance code.

As businesses become more complex and diverse, shareholders, especially at the individual level, will find it harder to keep management under check. Inevitably, it will fall to non-executive directors to discharge these responsibilities as an ongoing function. Not surprisingly, we expect this development to place a premium on the non-executive function, while increasing stakeholder expectations of the responsibility. It will be important in this rapidly changing environment to monitor constantly developments in the field and to implement the changes as may be necessary.

THE BOARD
In line with the provision of the corporate governance code that ‘the number of non-executive directors should be more than that of executive directors’ the Bank maintains a ratio (1:2) of executive directors to non-executive directors on its 16-man Board made up of 11 non-executive directors and five executive directors. One of the 11 non-executive directors (none of whom exercises executive powers) chairs the Board.

During the period under review, the Board demonstrated the clear leadership position it occupies in the industry through various seamless transitions on the Board, particularly with the resignation of the Chairman, Dr Oba Otudeko, OFR, and the seamless appointment of Prince Ajibola Afolaja as his successor. These are pointers to the depth of the Board, its commitment to continuity and corporate governance principles.

The robustness of succession planning on the Board was reinforced during the review period, by the change in helmsman. Following Dr Oba Otudeko’s, OFR, voluntary retirement from chairmanship of the Board, Prince Ajibola Afolaja’s seamless accession to that office is an earnest sign of the Board’s commitment to both continuity and change.

STANDING COMMITTEES
The Board performs its responsibilities through the following Standing Committees whose charters are reviewed regularly. These Committee Charters define the purpose of the Committees, their composition and structure, frequency of meetings, responsibilities and duties, and reporting lines to the Board.

Management Committee (MANCO) General
The Board of Directors has long defined its central corporate governance challenge in terms of separating governance from management duties. While the governance question has constantly been addressed through the creation of more non-executive director responsibilities vis-à-vis that of executive directors, only recently has it been possible to create a new functional role title, Executive Vice President (EVP), for SBU/market-facing leadership positions where the appointee is not an executive director. This functional role title has been designed to communicate with clarity and precision (both externally and internally) what people do – allowing customers and staff to access the right individuals for the right need.

Consistent with these changes, the Board approved the creation of a Management Committee in addition to the Executive Committees (EXCO General). The Committee assumed all management decision-making responsibilities outlined in its charter, including those that may also exist in the Executive Committee’s (EXCO General’s) charter, save for restriction on discussion/determination of Board or Director-related issues which would continue to be within the purview of EXCO (General).

The membership of the Management Committee is made up of the Executive Directors with the Group Managing Director/Chief Executive as Chairman and the six Executive Vice Presidents (EVPs). The Committee meets fortnightly to deliberate and decide on the effective and efficient management of the Bank, ensure the implementation of the Bank’s strategic and business plan approved by the Board, ensure efficient deployment and management of the Bank’s resources and provide leadership to the management team.

Management Committee (MANCO) Credit
This Committee also replaced the Executive Committee (Credit) as the management decision-making organ of the Bank on credit matters. Membership of MCC is the same as in MANCO (General). The Committee considers loan applications above specified limits, which have been reviewed and endorsed by the Risk & Management Control Directorate. It also considers loan requests above a certain limit, which require Board approval. The Committee also deliberates on changes to the Bank’s credit policy and subsequently recommends these changes to the Board for approval through the Board Credit Committee.

Board Credit Committee
This Committee considers loan applications above specified limits and which have been approved by MCC. It also serves as a channel for credit policy changes from the MCC to the Board for consideration and approval.

Board Finance & General Purpose Committee
In compliance with the directive from the Central Bank of Nigeria, the Board of the Bank approved the establishment of the Board Finance & General Purpose Committee to take over the functions of the Board Establishment, Promotions & Disciplinary and Board Tenders Committees. In essence, the Committee considers staff matters in respect of senior officers on principal manager grade and above, and also all capital projects beyond the approval limit of MANCO (General) and makes recommendations for the consideration of the Board.

Board Governance Committee
This Committee is responsible for articulating and overseeing the Bank’s corporate governance policies, ensuring proper reporting and disclosure of the Group’s corporate governance to the stakeholders. It considers and periodically reviews the composition of the Board and recommends the appropriate mix, in terms of personal qualities, expertise, ability to exercise independence and diversity required to discharge duties. It also determines and executes processes for Board appointment and removal of nonperforming members of the Board, and recommends appropriate remuneration for Directors.

The major achievement was the selection and subsequent recommendation to the Board of Directors, of seasoned and suitable professionals to fill casual vacancies occasioned by resignation of some of the directors.

Board Audit & Risk Management Committee
The Committee has oversight responsibility for the internal and external audit function, the adequacy of control environment, and the management of the risk and compliance function of the Bank. The Chief Internal Auditor and Chief Compliance Officer have access to this Committee and make quarterly presentations to its members.

Audit Committee
Established in compliance with section 359 (6) of the Companies and Allied Matters Act, 1990, the Committee has oversight responsibility for the Bank’s account. The Audit Committee, is however, not answerable to the Board. The Committee comprises six members (three nominated by the shareholders and three directors) whose tenure must be renewed annually.
### SUPPORT COMMITTEES

#### Assets & Liabilities Management Committee
- **Group Managing Director/Chief Executive**: Chairman
- **All Executive Directors (4)**: Members
- **All Executive Vice Presidents (6)**: Members
- **Chief Strategy Officer**: Member
- **Head, Financial Control**: Member
- **Head, Products & Marketing Support**: Member
- **Head, Treasury**: Member
- **Chief Economist**: Member
- **Head, Business Performance Monitoring**: Member
- **One Group Head and an alternative nominated by Heads of Directorate and Business Units**: Member
- **Head, Operations**: Member
- **Head, Investor Relations**: Member
- **Head, Credit Analysis and Processing**: Member
- **Head, Credit Risk Management**: Member
- **Head, Market & Liquidity Risk Management**: Secretary

#### Information Technology Steering Committee
- **Group Managing Director/Chief Executive**: Chairman
- **Chief Risk Officer**: Member
- **Chief Financial Controller**: Member
- **Head, General Services**: Member
- **Chief Strategy Officer**: Member
- **Group Head, Information Technology**: Member
- **Group Head, Operations**: Member
- **Chief Internal Auditor**: Member
- **Head, Corporate Transformation**: Member
- **Head, Information Security Management**: Member
- **Group Head, Products and Marketing Support**: Member

#### Finance & Operations Committee
- **Chief Strategy Officer**: Chairman
- **Head, Financial Control**: Member
- **Head, Business Performance Monitoring**: Member
- **Group Head, Operations**: Member
- **Group Head, Market & Liquidity Risk**: Member
- **Chief Internal Auditor**: Member
- **Head, Treasury**: Member
- **Representative of Institutional Banking group**: Member
- **Representative of Corporate Banking group**: Member
- **Representative of Retail Banking group**: Member
- **Chief Compliance Officer**: Member
- **Head, Credit Risk Management**: Member

#### Group Management Committee
- **Group Managing Director/Chief Executive**: Chairman
- **All Executive Directors (4)**: Members
- **All Executive Vice Presidents (6)**: Members
- **Managing Directors of all the Subsidiaries**: Members
- **Chief Strategy Officer**: Observer status
- **Head, Financial Control**: Observer status
- **Head, Business Performance Monitoring**: Observer status
- **Company Secretary**: Secretary
## STANDING COMMITTEES

<table>
<thead>
<tr>
<th>S/N</th>
<th>Committee</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Board of Directors</td>
<td>Oba Otudeko, OFR (former Chairman) – Resigned on 31 December 2010, Prince Ajibola Afonja (new Chairman) – Appointed wef 1 January 2011, Bisi Onasanya (Group Managing Director/Chief Executive), Executive Directors (4), Non-Executive Directors (9).</td>
</tr>
<tr>
<td>2.</td>
<td>EXCO General</td>
<td>Group Managing Director/Chief Executive (Chairman), Executive Directors (4).</td>
</tr>
<tr>
<td>3.</td>
<td>MANCO General</td>
<td>Group Managing Director/Chief Executive (Chairman), Executive Directors (4), Executive Vice Presidents (6).</td>
</tr>
<tr>
<td>4.</td>
<td>MANCO Credit</td>
<td>Group Managing Director/Chief Executive (Chairman), Executive Directors (4), Executive Vice Presidents (6), Head, Specialised Lending, Head, Credit Analysis and Processing.</td>
</tr>
<tr>
<td>5.</td>
<td>EXCO Credit</td>
<td>Group Managing Director/Chief Executive (Chairman), Executive Directors (4).</td>
</tr>
<tr>
<td>6.</td>
<td>Board Credit</td>
<td>Mahey Rasheed (Chairman), Group Managing Director/Chief Executive, Executive Directors (4), Ebenezer Jolaoso, Prince Ajibola Afonja, Oye Hassan-Odukale, MFR, Remi Odunlami.</td>
</tr>
<tr>
<td>7.</td>
<td>Board Tenders</td>
<td>Garba Duba (Chairman), Group Managing Director/Chief Executive, Prince Ajibola Afonja, Remi Odunlami.</td>
</tr>
<tr>
<td>8.</td>
<td>Board Establishment, Promotions &amp; Disciplinary</td>
<td>Abdullahi Mahmoud (Chairman), Group Managing Director/Chief Executive, Prince Ajibola Afonja, Ibiai Ajumogobia, Kehinde Lawanson.</td>
</tr>
<tr>
<td>9.</td>
<td>Audit</td>
<td>Abdullahi Mahmoud, Prince Ajibola Afonja, Lawal Ibrahim, Ibukun Awosika, Ibiai Ajumogobia, Remi Odunlami (In attendance), Garba Duba, Oye Hassan-Odukale, MFR, 3 representatives of shareholders elected annually at the Bank’s AGM, one of whom is the Chairman (Chinwendu Achara – Chairman, Adamu Kiyawa and Peter Kehinde).</td>
</tr>
<tr>
<td>10.</td>
<td>Board Governance</td>
<td>Garba Duba (Chairman), Ambrose Feese, Oba Otudeko, Prince Ajibola Afonja, Ebenezer Jolaoso, Group Managing Director/Chief Executive (In attendance).</td>
</tr>
<tr>
<td>11.</td>
<td>Board Audit &amp; Risk Assessment</td>
<td>Ambrose Feese (Chairman), Group Managing Director/Chief Executive, Remi Odunlami (In attendance), Oye Hassan-Odukale, MFR, Alex Otti, Mahey Rasheed, Yerima Ngama.</td>
</tr>
</tbody>
</table>

Note: The Board Tenders and Board Establishment, Promotions & Disciplinary Committees merged to form the Board Finance & General Purpose Committee effective 29 December 2010.

1 wef: with effect from.
### BOARD AND COMMITTEE MEETING ATTENDANCE NUMBERS

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board</th>
<th>EXCO General</th>
<th>MANKO General</th>
<th>Board Tenders</th>
<th>Board Establishment, Promotions, Disciplinary</th>
<th>Board Audit &amp; Risk Assessment</th>
<th>Board Governance</th>
<th>Audit</th>
<th>Board Credit</th>
<th>EXCO Credit</th>
<th>MANKO Credit</th>
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<tr>
<td>Oba Otudeko, OFR (resigned on 31 December 2010)</td>
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<tr>
<td>Bisi Onasanya</td>
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<td>Abdu Abubakar (resigned on 15 July 2010)</td>
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<td>Bola Adesola (resigned on 15 July 2010)</td>
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<td>Prince Ajibola Afolna</td>
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<td>Remi Odunlami</td>
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<td>Garba Duba (resigned on 31 December 2010)</td>
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<td>Oye Hassan-Odukale, MFR</td>
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<td>Abdullahi Mahmoud</td>
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<td>Alex Otti</td>
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<td>Oladele Oyelola (resigned on 15 July 2010)</td>
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<td>Kehinde Lawanson</td>
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<td>Ibiai Ajumogobia</td>
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<td>Yerima Ngama (resigned 31 December 2010)</td>
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<tr>
<td>Ebenezer Jolaos</td>
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<tr>
<td>Ambrose Feese (appointed on 28 October 2010)</td>
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<tr>
<td>Lawal Ibrahim (appointed on 28 October 2010)</td>
<td>3</td>
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<td>-</td>
<td>-</td>
<td>Nill</td>
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<tr>
<td>Ibukun Awosika (appointed on 28 October 2010)</td>
<td>3</td>
<td>-</td>
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<td>-</td>
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<td>Nill</td>
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<tr>
<td>Bayo Adelabu (Executive Vice President appointed wef 1 October 2010)</td>
<td>-</td>
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<tr>
<td>Bernadine Okeke (Executive Vice President appointed wef 1 October 2010)</td>
<td>-</td>
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<td>6</td>
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<tr>
<td>Gbenga Shobo (Executive Vice President appointed wef 1 October 2010)</td>
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</tr>
<tr>
<td>Dauda Lawal (Executive Vice President appointed wef 1 October 2010)</td>
<td>-</td>
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</tr>
<tr>
<td>Bayo Adeleke (Executive Vice President appointed wef 1 October 2010)</td>
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</tr>
</tbody>
</table>

1. Bisi Onasanya is in attendance at the Board Governance Committee meetings.
2. Remi Odunlami attends BARAC meetings as an Ex-Officio member and is also in attendance at Audit Committee meetings.
3. Alex Otti was away on medical leave.
4. Oladele Oyelola was on secondment, hence, could not attend any EXCO General meetings. He was however in attendance at an Audit Committee meeting.
5. Mahey Rasheed, Ebenezer Jolaos, Ambrose Feese, Lawal Ibrahim and Ibukun Awosika became members of the above committees as at year end but effective 1 January 2011.

Note: Executive Vice Presidents are not members of the Board of Directors.
ACCOUNTABILITY AND AUDIT
Responsibility statement

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with:

- Nigerian Accounting Standards;
- Prudential Guidelines for Licensed Banks;
- relevant circulars issued by the Central Bank of Nigeria;
- the requirements of the Banks and Other Financial Institutions Act; and
- the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least 12 months from the date of this statement.

Bisi Onasanya  
GMD/CEO

Adebayo Adelabu  
Chief Financial Officer
Report of the External Consultant on the Board Appraisal

We conducted the appraisal of the Board of Directors (“the Board”) of First Bank of Nigeria Plc (“the Bank”) for the year ended 31 December 2010 in accordance with the standards set by the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation (“the CBN Code”). During our work, we reviewed the level of compliance of the Board with the CBN Code. Corporate governance is the system by which business corporations are directed and controlled to enhance performance and long-term shareholder value.

We reviewed the Bank’s corporate governance report included on pages 127 to 131 of the Annual Report for the year ended 31 December 2010 as prepared by the Board, and assessed the level of compliance of the Board with the CBN Code.

The principal recommendations arising from our appraisal of the Board of the Bank, in accordance with the CBN Code, were in the following areas: Board and Board Committee composition, Directors’ remuneration and related party transactions.

Olumide Olayinka
Partner, KPMG Professional Services

11 April 2011
ACCOUNTABILITY AND AUDIT
Report of the Independent Joint Auditors

Report on the financial statements
We have audited the accompanying financial statements of First Bank of Nigeria Plc ("the Bank") and its subsidiaries (together, "the Group"), which comprise the balance sheets as of 31 December 2010, profit and loss accounts and statements of cash flow for the year then ended and a summary of significant accounting policies – and other explanatory notes.

Directors’ responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ responsibility
Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion the financial statements give a true and fair view of the financial position of the Bank and Group as of 31 December 2010 and of their financial performance and their cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004.

Report on other legal requirements
The Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Bank;

iii) the Bank’s balance sheet and profit and loss account are in agreement with the books of account;

iv) our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria;

v) related party transactions and balances are disclosed in Note 35 to the consolidated financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;

vi) to the best of our information, the Bank has complied with the relevant provisions of the Banks and Other Financial Institutions Act, CAP B3, LFN 2004 or the relevant circulars issued by the Central Bank of Nigeria.

Chartered Accountants
Lagos, Nigeria
31 March 2011
Audit Committee statement

In compliance with Section 359 (6) of the Companies and Allied Matters Act 1990, we have reviewed the Audit Report for the year ended 31 December 2010 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion.
2. The accounting and reporting policies of the Company conformed with statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. The external auditors’ management report received satisfactory response from Management.
5. The Committee reviewed the Audit Report on insider-related party transactions and is satisfied with their status as required by Central Bank of Nigeria (CBN).

Chinwendu Achara  
Chairman, Audit Committee  
21 March 2011

Members of the Committee  
Chinwendu Achara  
Ibiai Ajumogobia  
Lawal Ibrahim  
Ibukun Awosika  
Peter Asu  
Adamu Kiyawa
DIRECTORS AND ADVISERS

DIRECTORS
Prince Ajibola Afolna, new Chairman – appointed wef 1 January 2011
Oba Otudeko, former Chairman, OFR – resigned 31 December 2010
Bisi Onasanya, Group Managing Director/Chief Executive
Abdu Abubakar – resigned 15 July 2010
Bola Adesola – resigned 15 July 2010
Ibiai Ajumogobia
Ibukun Awosika – appointed 28 October 2010
Garba Duba – resigned 31 December 2010
Ambrose Feese – appointed 28 October 2010
Oye Hassan-Odukale, MFR – resigned 31 December 2010
Tunde Hassan-Odukale – appointed wef 1 January 2011
Lawal Ibrahim – appointed 28 October 2010
Ebenezer Jolaoso – appointed 28 October 2010
Kehinde Lawanson
Bello Maccido – appointed wef 1 January 2011
Abdullahi Mahmoud – resigned 31 December 2010
Yerima Ngama – resigned 31 December 2010
Remi Odunlami
Alex Otti
Obafemi Otudeko – appointed wef 1 January 2011
Oladele Oyelola – resigned 15 July 2010
Mahey Rasheed, OFR
Khadijah Alao-Straub – appointed wef 1 January 2011
Ibrahim Waziri – appointed wef 1 January 2011

1 wef: with effect from.

COMPANY SECRETARY
Tijjani Borodo

REGISTERED OFFICE
Samuel Asabia House
35 Marina, Lagos

REGISTRARS
First Registrars Nigeria Limited
Plot 2, Abebe Village Road
Iganmu, Lagos

AUDITORS
PricewaterhouseCoopers
(Chartered Accountants)
252E Muri Okunola Street
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PKF Professional Services
(Chartered Accountants)
Toloye House, 362 Ikorodu Road
1A Okupe Estate
Maryland, Lagos
We are dedicated to promoting and defending the disclosure and transparency levels necessary for shareholders to discharge their responsibilities.
The principal accounting policies adopted in the preparation of these financial statements are set out below:

1 BASIS OF PREPARATION

These financial statements are the consolidated financial statements of First Bank of Nigeria Plc, a company incorporated in Nigeria in 31 March 1969, and its subsidiaries (hereinafter collectively referred to as ‘the Group’). The financial statements are prepared under the historical cost convention modified by the revaluation of certain investment securities, property, plant and equipment, and comply with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors’ best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2 BASIS OF CONSOLIDATION

i. Subsidiaries

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise and has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their market values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

iii. Group companies

The results and financial position of all Group entities that have a reasonable basis.

3 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns different from those of other economic environments.

Segment information is presented in respect of the Bank’s and Group’s business and geographical segments. The business segments are determined by management based on the Company’s internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 FOREIGN CURRENCY TRANSLATION

i. Reporting currency

The consolidated financial statements are presented in Nigerian naira, which is the Bank’s reporting currency.

ii. Transactions and balances

Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Group companies

The results and financial position of all Group entities that have a foreign currency different from the reporting currency are translated into the reporting currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each profit and loss are translated at the closing exchange rate. All resulting exchange differences are recognised as exchange difference reserve on the balance sheet.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders’ funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.
5. INCOME RECOGNITION

i. Interest income and interest expense

Interest is accrued on daily balances on all assets and liabilities to which interest is applicable. Interest overdue by more than 90 days is suspended and recognised only to the extent of cash received.

ii. Fees, commissions and other income

Fees and commissions, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.

iii. Lease finance income

Income from advances under finance leases is recognised on a basis that provides a constant yield on the outstanding principal over the lease term.

iv. Dividend

Dividends are recognised in the income statement when the entity’s right to receive payment is established.

v. Custody fee income

This is recognised on accrual basis when the service is rendered and is recorded net of taxes.

vi. Financial advisory

This is recognised over the period for which the service is provided.

6. PROVISION AGAINST CREDIT RISK

Loans and advances are stated after the deduction of provisions against debts considered doubtful of recovery. Loans are classified as performing and non-performing, and are considered non-performing when principal and/or interest repayment obligations are in arrears for over three months. Specific provisions are made on non-performing accounts as follows:

<table>
<thead>
<tr>
<th>Interest and/or principal outstanding for:</th>
<th>Classification</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 90 days but less than 180 days</td>
<td>Substandard</td>
<td>10%</td>
</tr>
<tr>
<td>Over 180 days but less than 360 days</td>
<td>Doubtful</td>
<td>50%</td>
</tr>
<tr>
<td>360 days and over</td>
<td>Lost</td>
<td>100%</td>
</tr>
</tbody>
</table>

In addition, a provision of 1% minimum is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio (currently not mandatory).

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

7. ADVANCES UNDER FINANCE LEASE

Advances to customers under finance lease are stated net of unearned income. Lease finance is recognised in a manner which provides a constant yield on the outstanding net investment over the lease period.

Provisions are determined from a specific assessment of each customer’s account and relate to advances considered doubtful in line with the Central Bank of Nigeria Prudential Guidelines for Licensed Banks. A general provision of 1% is made on advances that have not been specifically provided for.

Income arising there from is allocated to each year on the basis of the annual finance charges that are equivalent to the implicit interest rate agreed on the facility.

8. OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

9. INVESTMENTS

The Group categorises its investments as follows: short-term investments and long-term investments. Investment securities are initially recognised at cost and management determines the classification at initial investment.

i. Short-term investments

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, management intends to hold such investment for not more than one year.
Short-term investments in marketable securities are stated at net realisable value. The gain/loss on revaluation is credited/charged to the profit and loss account during the year/period. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss account for the period.

ii. Long-term investments

Long-term investments are investments held by management over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the net realisable value.

Interest earned while holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

10 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried in the Company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

11 MANAGED FUNDS

Managed funds relates to investments of funds received from third parties to be managed in accordance with mutually agreed terms on behalf of the clients. The fund represents investment held by management over a long period of time to earn income. These investments are carried at cost less impairment. An asset is impaired if its carrying amount is greater than its estimated recoverable amount.

12 INVESTMENT PROPERTIES

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group; an occupation of more than 15% of the property is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to owners’ equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation, which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account is credited to the profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

13 PROPERTY AND EQUIPMENT

All property and equipment are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset’s carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as prepayments in other assets and upon delivery are reclassified as additions in the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

14 DEPRECIATION

Depreciation is provided to write off the cost of fixed assets over their estimated useful lives on a straight line basis at the following annual rates:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Depreciation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>25%</td>
</tr>
<tr>
<td>Office equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>20%</td>
</tr>
<tr>
<td>Computer hardware and equipment</td>
<td>33⅓%</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>20%</td>
</tr>
<tr>
<td>Freehold buildings</td>
<td>2%</td>
</tr>
<tr>
<td>Leasehold buildings</td>
<td>2% for leases of 50 years and above</td>
</tr>
</tbody>
</table>

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset’s carrying amount is written down immediately to its amount if the asset’s carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset’s value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit and loss account for the year.
On revaluation of property and equipment, an increase in the net book value is credited to a revaluation surplus reserve. A decrease in the net book value is used to reduce the amount of any existing revaluation surplus on the same item before it is charged to the profit and loss account.

15 **CASH AND CASH EQUIVALENTS**

Cash comprises cash in hand and demand deposits denominated in naira and foreign currencies. Cash equivalents are short-term, highly liquid instruments which are:

- readily convertible into cash, whether in local or foreign currency; and
- so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

16 **BORROWED FUNDS**

Borrowed funds are recognised initially as their issue proceeds and subsequently stated at cost less repayment. Transaction costs where immaterial are recognised immediately in the profit and loss account. Where transaction costs are material they are capitalised and amortised over the life of the loan. Interest paid on borrowing is recognised in the profit and loss account for the period.

17 **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are normally made for restructuring costs and legal claims.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are never recognised, rather they are disclosed in the financial statements when they arise.

18 **RETIREDMENT BENEFITS**

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group makes contributions on behalf of qualifying employees to a mandatory scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Payments are made to PFA companies who are appointed by respective staff of the Group.

19 **TAXATION**

i. **Income tax**

Income tax is provided on taxable profit at the current statutory rate.

ii. **Deferred taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred income tax is provided using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal timing differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the timing differences can be utilised.

20 **ORDINARY SHARE CAPITAL**

i. **Share issue costs**

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

ii. **Dividends on ordinary shares**

Dividends on ordinary shares are appropriated from the revenue reserve in the period they are approved by the Bank’s shareholders.

Dividends for the period that are approved by the shareholders after the balance sheet date are dealt with in the subsequent events note.

Dividends proposed by the directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act.
21 OFF BALANCE SHEET TRANSACTIONS

Transactions that are not currently recognised as assets or liabilities in the balance sheet but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions include letters of credit, bonds, guarantees, indemnities, acceptances and trade-related contingencies such as documentary credit, etc.

Outstanding and unexpired commitments at year end in respect of these transactions are shown by way of note to the financial statements.

Income on off balance sheet engagements is in the form of commission that is recognised as and when transactions are executed. Such commission is included in the commission income in the profit and loss account.

It comprises:

i. Acceptances

Acceptances are undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.

Acceptances are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are recognised and reported net in the financial statements.

ii. Guarantees and performance bonds

The Bank provides financial guarantees and bonds to third parties on the request of customers in the form of bid and performance bonds or advance payment guarantees.

These agreements have fixed limits and generally do not extend beyond the period stated in each contract.

The amounts reflected in the financial statements as contingent liabilities for bonds and guarantees represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognised at the time the services or transactions are affected.

iii. Commitments

Commitments to extend credit or deliver on sales or purchases on foreign exchange in future are recognised as contingent liabilities. Commissions and fees charged to customers for services rendered in respect of commitments are recognised at the time the services or transactions are affected.

22 SALE OF LOANS OR SECURITIES

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the seller are recognised by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse:

• Control over the economic benefits of the asset must be passed on to the buyer.
• The seller can reasonably estimate any outstanding cost.
• There must not be any repurchase obligations.

A sale or transfer of loans or securities with recourse is when there is an obligation to, or an assumption of, repurchase and is not treated as a sale. The asset remains in the Group’s balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of a loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can reasonably be estimated.

Where there is no obligation or assumption of repurchase, the sale should be treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

23 FIDUCIARY ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

24 EARNINGS PER SHARE

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of shares outstanding during the period.
BALANCE SHEET
For the year ended 31 December 2010

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>Cash and balances with the Central Bank</td>
<td>10</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>11</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>12</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>13</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>15</td>
</tr>
<tr>
<td>Investment securities</td>
<td>16</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>17</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>18</td>
</tr>
<tr>
<td>Managed funds</td>
<td>20</td>
</tr>
<tr>
<td>Other assets</td>
<td>21</td>
</tr>
<tr>
<td>Investment property</td>
<td>22</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>29</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>23</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
</tr>
<tr>
<td>Ordinary share capital</td>
<td>31</td>
</tr>
<tr>
<td>Share premium</td>
<td>32</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>33</td>
</tr>
<tr>
<td>Exchange difference reserve</td>
<td>33</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>33</td>
</tr>
<tr>
<td>Reserve for small/medium scale industries</td>
<td>33</td>
</tr>
<tr>
<td>Revaluation reserve (property)</td>
<td>33</td>
</tr>
<tr>
<td>Total equity</td>
<td>34</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>34</td>
</tr>
<tr>
<td>Acceptances and guarantees</td>
<td>34</td>
</tr>
</tbody>
</table>

The accounting policies on pages 138 to 142 and financial statements and notes on pages 143 to 188 were approved by the Board of Directors on 31 March 2011 and signed on its behalf by:

Prince Ajibola Afonja
Chairman

Bisi Onasanya
GMD/CEO

Adebayo Adelabu
Chief Financial Officer
## PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010

### The Group

<table>
<thead>
<tr>
<th>Note</th>
<th>GROSS EARNINGS</th>
<th></th>
<th></th>
<th>12 months to 31 Dec 2010 (N million)</th>
<th>9 months to 31 Dec 2009 (N million)</th>
<th>12 months to 31 Dec 2010 (N million)</th>
<th>9 months to 31 Dec 2009 (N million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Interest and similar income</td>
<td></td>
<td></td>
<td>230,606</td>
<td>193,966</td>
<td>207,524</td>
<td>175,390</td>
</tr>
<tr>
<td>02</td>
<td>Interest and similar expense</td>
<td></td>
<td></td>
<td>174,040</td>
<td>162,041</td>
<td>158,866</td>
<td>145,100</td>
</tr>
<tr>
<td>03</td>
<td>Net interest income</td>
<td></td>
<td></td>
<td>(52,578)</td>
<td>(65,884)</td>
<td>(45,940)</td>
<td>(56,167)</td>
</tr>
<tr>
<td>04</td>
<td>Fee and commission income</td>
<td></td>
<td></td>
<td>121,462</td>
<td>96,157</td>
<td>112,926</td>
<td>88,933</td>
</tr>
<tr>
<td>05</td>
<td>Fee and commission expense</td>
<td></td>
<td></td>
<td>45,160</td>
<td>28,120</td>
<td>35,580</td>
<td>24,603</td>
</tr>
<tr>
<td>06</td>
<td>Net fee and commission income</td>
<td></td>
<td></td>
<td>45,055</td>
<td>28,064</td>
<td>35,475</td>
<td>24,547</td>
</tr>
<tr>
<td>07</td>
<td>Foreign exchange income</td>
<td></td>
<td></td>
<td>10,160</td>
<td>4,128</td>
<td>9,508</td>
<td>3,025</td>
</tr>
<tr>
<td>08</td>
<td>Income from investments</td>
<td></td>
<td></td>
<td>513</td>
<td>1,182</td>
<td>3,570</td>
<td>1,855</td>
</tr>
<tr>
<td>09</td>
<td>Other income</td>
<td></td>
<td></td>
<td>733</td>
<td>859</td>
<td>807</td>
<td>807</td>
</tr>
<tr>
<td>10</td>
<td>Operating income</td>
<td></td>
<td></td>
<td>177,923</td>
<td>128,026</td>
<td>161,479</td>
<td>119,167</td>
</tr>
<tr>
<td>11</td>
<td>Group’s share of associate’s results</td>
<td></td>
<td></td>
<td>1,496</td>
<td>1,736</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>Provision for losses</td>
<td></td>
<td></td>
<td>(21,590)</td>
<td>(40,624)</td>
<td>(22,596)</td>
<td>(41,462)</td>
</tr>
<tr>
<td>13</td>
<td>Profit before exceptional item and taxation</td>
<td></td>
<td></td>
<td>41,299</td>
<td>13,297</td>
<td>31,491</td>
<td>7,689</td>
</tr>
<tr>
<td>14</td>
<td>Exceptional item</td>
<td></td>
<td></td>
<td>1,889</td>
<td>-</td>
<td>2,046</td>
<td>-</td>
</tr>
<tr>
<td>15</td>
<td>Profit before taxation</td>
<td></td>
<td></td>
<td>43,188</td>
<td>13,297</td>
<td>33,537</td>
<td>7,689</td>
</tr>
<tr>
<td>16</td>
<td>Taxation</td>
<td></td>
<td></td>
<td>(9,777)</td>
<td>(8,396)</td>
<td>(6,601)</td>
<td>(6,414)</td>
</tr>
<tr>
<td>17</td>
<td>Profit after taxation</td>
<td></td>
<td></td>
<td>33,411</td>
<td>4,901</td>
<td>26,936</td>
<td>1,275</td>
</tr>
<tr>
<td>18</td>
<td>PROFIT ATTRIBUTABLE TO THE GROUP</td>
<td></td>
<td></td>
<td>33,411</td>
<td>4,901</td>
<td>26,936</td>
<td>1,275</td>
</tr>
</tbody>
</table>

### The Bank

<table>
<thead>
<tr>
<th>Note</th>
<th>GROSS EARNINGS</th>
<th></th>
<th></th>
<th>12 months to 31 Dec 2010 (N million)</th>
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<tr>
<td>01</td>
<td>Interest and similar income</td>
<td></td>
<td></td>
<td>230,606</td>
<td>193,966</td>
<td>207,524</td>
<td>175,390</td>
</tr>
<tr>
<td>02</td>
<td>Interest and similar expense</td>
<td></td>
<td></td>
<td>174,040</td>
<td>162,041</td>
<td>158,866</td>
<td>145,100</td>
</tr>
<tr>
<td>03</td>
<td>Net interest income</td>
<td></td>
<td></td>
<td>(52,578)</td>
<td>(65,884)</td>
<td>(45,940)</td>
<td>(56,167)</td>
</tr>
<tr>
<td>04</td>
<td>Fee and commission income</td>
<td></td>
<td></td>
<td>121,462</td>
<td>96,157</td>
<td>112,926</td>
<td>88,933</td>
</tr>
<tr>
<td>05</td>
<td>Fee and commission expense</td>
<td></td>
<td></td>
<td>45,160</td>
<td>28,120</td>
<td>35,580</td>
<td>24,603</td>
</tr>
<tr>
<td>06</td>
<td>Net fee and commission income</td>
<td></td>
<td></td>
<td>45,055</td>
<td>28,064</td>
<td>35,475</td>
<td>24,547</td>
</tr>
<tr>
<td>07</td>
<td>Foreign exchange income</td>
<td></td>
<td></td>
<td>10,160</td>
<td>4,128</td>
<td>9,508</td>
<td>3,025</td>
</tr>
<tr>
<td>08</td>
<td>Income from investments</td>
<td></td>
<td></td>
<td>513</td>
<td>1,182</td>
<td>3,570</td>
<td>1,855</td>
</tr>
<tr>
<td>09</td>
<td>Other income</td>
<td></td>
<td></td>
<td>733</td>
<td>859</td>
<td>807</td>
<td>807</td>
</tr>
<tr>
<td>10</td>
<td>Operating income</td>
<td></td>
<td></td>
<td>177,923</td>
<td>128,026</td>
<td>161,479</td>
<td>119,167</td>
</tr>
<tr>
<td>11</td>
<td>Group’s share of associate’s results</td>
<td></td>
<td></td>
<td>1,496</td>
<td>1,736</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>Provision for losses</td>
<td></td>
<td></td>
<td>(21,590)</td>
<td>(40,624)</td>
<td>(22,596)</td>
<td>(41,462)</td>
</tr>
<tr>
<td>13</td>
<td>Profit before exceptional item and taxation</td>
<td></td>
<td></td>
<td>41,299</td>
<td>13,297</td>
<td>31,491</td>
<td>7,689</td>
</tr>
<tr>
<td>14</td>
<td>Exceptional item</td>
<td></td>
<td></td>
<td>1,889</td>
<td>-</td>
<td>2,046</td>
<td>-</td>
</tr>
<tr>
<td>15</td>
<td>Profit before taxation</td>
<td></td>
<td></td>
<td>43,188</td>
<td>13,297</td>
<td>33,537</td>
<td>7,689</td>
</tr>
<tr>
<td>16</td>
<td>Taxation</td>
<td></td>
<td></td>
<td>(9,777)</td>
<td>(8,396)</td>
<td>(6,601)</td>
<td>(6,414)</td>
</tr>
<tr>
<td>17</td>
<td>Profit after taxation</td>
<td></td>
<td></td>
<td>33,411</td>
<td>4,901</td>
<td>26,936</td>
<td>1,275</td>
</tr>
</tbody>
</table>

### Appropriated as follows:

| Statutory reserve | 33 | 4,070 | 236 | 4,040 | 191 |
| Small & Medium Scale Industries Equity Investment Scheme (SMISES) Reserve | 33 | - | 64 | - | 64 |
| Retained earnings reserve | 33 | 29,341 | 4,601 | 22,896 | 1,020 |
| | | | | 33,411 | 4,901 | 26,936 | 1,275 |
| Earnings per share (basic) (kobo) | 38 | 102 | 17 | 83 | 4 |
| Earnings per share (diluted) (kobo) | 38 | 102 | 17 | 83 | 4 |
# CASH FLOW STATEMENT
For the year ended 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th></th>
<th>The Bank</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 months to 31 Dec 2010 N million</td>
<td>9 months to 31 Dec 2009 N million</td>
<td>12 months to 31 Dec 2010 N million</td>
<td>9 months to 31 Dec 2009 N million</td>
</tr>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from/(used) in operations</td>
<td>24,663 (450,351)</td>
<td>96,515 (262,118)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax paid</td>
<td>(15,218) (3,064)</td>
<td>(12,112) (1,318)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value added tax remitted</td>
<td>(1,029) (1,355)</td>
<td>(1,029) (1,355)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash (used in)/from operating activities</td>
<td>(8,415) (454,770)</td>
<td>83,374 (264,791)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid to shareholders (note 33)</td>
<td>(2,902) (33,565)</td>
<td>(2,902) (33,565)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds of new borrowings</td>
<td>91,553 431</td>
<td>91,553 431</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(2,409)</td>
<td>(2,409)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash generated/(used) in financing activities</td>
<td>86,242 (33,134)</td>
<td>86,242 (33,134)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of long-term investment securities</td>
<td>(16,467) (24,608)</td>
<td>(24,501) (20,685)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption/sale of investments</td>
<td>1,752 3,803</td>
<td>524 3,803</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income – dividend received</td>
<td>513 1,316</td>
<td>3,570 1,876</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional investment in subsidiaries</td>
<td>(1,000) 1,510</td>
<td>(1,000) 1,990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional investment in associates</td>
<td>24 (364)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional to investment property</td>
<td>(1,789) (533)</td>
<td>- -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(14,874) (14,164)</td>
<td>(14,513) (13,505)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>538 273</td>
<td>308 245</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(31,303) (32,767)</td>
<td>(35,611) (30,256)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease)/increase in cash and cash equivalents</td>
<td>63,355 (520,671)</td>
<td>134,006 (328,181)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Analysis of changes in cash and cash equivalents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At start of the period</td>
<td>384,996 905,667</td>
<td>324,110 652,291</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At end of the period</td>
<td>448,351 384,996</td>
<td>458,116 324,110</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease)/increase in cash and cash equivalents</td>
<td>63,355 (520,671)</td>
<td>134,006 (328,181)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1  GENERAL INFORMATION

The Bank commenced operations in Nigeria on 31 March 1894 as a branch of the Bank of British West Africa Limited (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. It was converted to a public company in 1970. The Bank’s shares are quoted on the Nigerian Stock Exchange.

The Bank engages in the business of commercial banking whilst its subsidiaries carry on the business of commercial banking, registrars, trusteeship, capital market, pension fund custodian, mortgage financing, insurance brokerage, management of SMIEIS fund investments, small-scale banking and bureau de change activities respectively.

The Bank has 11 subsidiaries as listed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>% Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBN Bank (UK) Limited</td>
<td>100</td>
</tr>
<tr>
<td>FBN Capital Limited</td>
<td>100</td>
</tr>
<tr>
<td>First Pension Custodian Nigeria Limited</td>
<td>100</td>
</tr>
<tr>
<td>First Trustees Nigeria Limited</td>
<td>100</td>
</tr>
<tr>
<td>FBN Mortgages Limited</td>
<td>100</td>
</tr>
<tr>
<td>FBN Insurance Brokers Limited</td>
<td>100</td>
</tr>
<tr>
<td>First Registrars Nigeria Limited</td>
<td>100</td>
</tr>
<tr>
<td>FBN Bureau De Change Limited</td>
<td>100</td>
</tr>
<tr>
<td>FBN Micro-Finance Bank Limited</td>
<td>100</td>
</tr>
<tr>
<td>First Funds Limited</td>
<td>100</td>
</tr>
<tr>
<td>FBN Life Assurance</td>
<td>65</td>
</tr>
</tbody>
</table>
2 SEGMENT ANALYSIS

(a) By geographical segment

The Group’s business is organised along two main geographical areas:
• Nigeria;
• United Kingdom.

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group’s cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to each segment on a reasonable basis.

<table>
<thead>
<tr>
<th></th>
<th>Nigeria</th>
<th>United Kingdom</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>i. At 31 Dec 2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>217,491</td>
<td>13,115</td>
<td>230,606</td>
</tr>
<tr>
<td>Operating income</td>
<td>169,280</td>
<td>8,643</td>
<td>177,923</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>39,188</td>
<td>4,000</td>
<td>43,188</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(8,627)</td>
<td>(1,150)</td>
<td>(9,777)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>30,561</td>
<td>2,850</td>
<td>33,411</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,974,966</td>
<td>330,292</td>
<td>2,305,258</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,634,340</td>
<td>330,292</td>
<td>1,964,632</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8,344</td>
<td>51</td>
<td>8,395</td>
</tr>
</tbody>
</table>

ii. At 31 Dec 2009

<table>
<thead>
<tr>
<th></th>
<th>Nigeria</th>
<th>United Kingdom</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>External revenues</td>
<td>186,605</td>
<td>7,361</td>
<td>193,966</td>
</tr>
<tr>
<td>Operating income</td>
<td>124,591</td>
<td>3,435</td>
<td>128,026</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>13,131</td>
<td>166</td>
<td>13,297</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(8,346)</td>
<td>(50)</td>
<td>(8,396)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>4,785</td>
<td>116</td>
<td>4,901</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,901,355</td>
<td>272,703</td>
<td>2,174,058</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,614,330</td>
<td>248,458</td>
<td>1,862,788</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,467</td>
<td>79</td>
<td>5,546</td>
</tr>
</tbody>
</table>
(b) By business segment

The Group is divided into the following business units:

**Retail and Corporate Banking:** Offering a comprehensive range of retail, personal, commercial and corporate banking services and products to individuals, small business customers, corporate, medium and large business customers.

**Investment and Capital Market Operation:** This provides investment and capital market services to both individual and institutional investors. It also provides registrar services to both listed and private companies.

**Asset Management and Trusteeship:** This provides individuals and financial institutions with asset management and advisory services.

**Mortgage Banking:** Offers mortgage and home ownership banking services to individuals and corporate institutions.

**Others:** Services under this include insurance brokerage functions, private equity and venture capital, and bureau de change business functions.

<table>
<thead>
<tr>
<th></th>
<th>Retail and Corporate Banking N million</th>
<th>Investment and Capital Markets N million</th>
<th>Asset Management N million</th>
<th>Mortgage Management N million</th>
<th>Others N million</th>
<th>Total N million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>i. At 31 Dec 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>219,174</td>
<td>7,507</td>
<td>535</td>
<td>861</td>
<td>2,529</td>
<td>230,606</td>
</tr>
<tr>
<td>Operating income</td>
<td>169,195</td>
<td>5,324</td>
<td>269</td>
<td>497</td>
<td>2,638</td>
<td>177,923</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>36,577</td>
<td>2,688</td>
<td>2,898</td>
<td>62</td>
<td>963</td>
<td>43,188</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(7,745)</td>
<td>(830)</td>
<td>(785)</td>
<td>(23)</td>
<td>(394)</td>
<td>(9,777)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>28,832</td>
<td>1,858</td>
<td>2,113</td>
<td>39</td>
<td>569</td>
<td>33,411</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,125,780</td>
<td>94,480</td>
<td>60,675</td>
<td>15,538</td>
<td>8,785</td>
<td>2,305,258</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8,056</td>
<td>148</td>
<td>35</td>
<td>55</td>
<td>100</td>
<td>8,395</td>
</tr>
<tr>
<td><strong>ii. At 31 Dec 2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>179,327</td>
<td>9,877</td>
<td>1,777</td>
<td>1,636</td>
<td>1,349</td>
<td>193,966</td>
</tr>
<tr>
<td>Operating income</td>
<td>119,367</td>
<td>5,516</td>
<td>1,307</td>
<td>487</td>
<td>1,349</td>
<td>128,026</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>9,580</td>
<td>1,445</td>
<td>1,452</td>
<td>73</td>
<td>747</td>
<td>13,297</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(6,081)</td>
<td>(1,755)</td>
<td>(206)</td>
<td>(70)</td>
<td>(284)</td>
<td>(8,396)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>3,499</td>
<td>(310)</td>
<td>1,246</td>
<td>3</td>
<td>463</td>
<td>4,901</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,935,822</td>
<td>122,010</td>
<td>97,624</td>
<td>13,106</td>
<td>5,496</td>
<td>2,174,058</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,652,806</td>
<td>111,805</td>
<td>74,863</td>
<td>10,793</td>
<td>12,521</td>
<td>1,862,788</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,251</td>
<td>118</td>
<td>54</td>
<td>40</td>
<td>83</td>
<td>5,546</td>
</tr>
</tbody>
</table>
### 3. INTEREST AND SIMILAR INCOME

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 months to 31 Dec 2010</td>
<td>9 months to 31 Dec 2009</td>
</tr>
<tr>
<td>Placements</td>
<td>20,207</td>
<td>33,102</td>
</tr>
<tr>
<td>Treasury Bills and investment securities</td>
<td>41,779</td>
<td>18,330</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>110,488</td>
<td>108,552</td>
</tr>
<tr>
<td>Advances under finance leases</td>
<td>1,566</td>
<td>2,057</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>174,040</td>
<td>162,041</td>
</tr>
<tr>
<td>Interest income earned in Nigeria</td>
<td>161,954</td>
<td>154,240</td>
</tr>
<tr>
<td>Interest income earned outside Nigeria</td>
<td>12,086</td>
<td>7,801</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>174,040</td>
<td>162,041</td>
</tr>
</tbody>
</table>

### 4. INTEREST AND SIMILAR EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 months to 31 Dec 2010</td>
<td>9 months to 31 Dec 2009</td>
</tr>
<tr>
<td>Current accounts</td>
<td>16,912</td>
<td>17,321</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>4,928</td>
<td>5,363</td>
</tr>
<tr>
<td>Time deposits</td>
<td>21,660</td>
<td>35,159</td>
</tr>
<tr>
<td>Domiciliary deposits</td>
<td>1,354</td>
<td>1,023</td>
</tr>
<tr>
<td>Inter-bank takings</td>
<td>4,779</td>
<td>5,473</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>2,945</td>
<td>1,545</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52,578</td>
<td>65,884</td>
</tr>
<tr>
<td>Interest expense paid in Nigeria</td>
<td>45,345</td>
<td>60,170</td>
</tr>
<tr>
<td>Interest expense paid outside Nigeria</td>
<td>7,233</td>
<td>5,714</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52,578</td>
<td>65,884</td>
</tr>
</tbody>
</table>

### 5. FEES AND COMMISSION INCOME

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 months to 31 Dec 2010</td>
<td>9 months to 31 Dec 2009</td>
</tr>
<tr>
<td>Credit-related fees</td>
<td>6,134</td>
<td>4,021</td>
</tr>
<tr>
<td>Commission on turnover</td>
<td>15,374</td>
<td>11,462</td>
</tr>
<tr>
<td>Remittance fees</td>
<td>1,880</td>
<td>751</td>
</tr>
<tr>
<td>Letters of credit commissions and fees</td>
<td>2,901</td>
<td>702</td>
</tr>
<tr>
<td>Financial advisory fees</td>
<td>3,213</td>
<td>778</td>
</tr>
<tr>
<td>Gains on disposal of investment properties</td>
<td>-</td>
<td>575</td>
</tr>
<tr>
<td>Commission on insurance premium</td>
<td>511</td>
<td>348</td>
</tr>
<tr>
<td>Commission on western union transfers</td>
<td>1,116</td>
<td>725</td>
</tr>
<tr>
<td>Other fees and commissions</td>
<td>14,031</td>
<td>8,758</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,160</td>
<td>28,120</td>
</tr>
</tbody>
</table>
### 6 INCOME FROM INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>12 months to 31 Dec 2010</th>
<th>9 months to 31 Dec 2009</th>
<th>The Bank</th>
<th>12 months to 31 Dec 2010</th>
<th>9 months to 31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend income</td>
<td>2,195 N million</td>
<td>1,316 N million</td>
<td>3,524 N million</td>
<td>(1,682) N million</td>
<td>(2,498) N million</td>
<td>(21) N million</td>
</tr>
<tr>
<td>Profit/(loss) on sale of investments</td>
<td>46 N million</td>
<td>(21) N million</td>
<td>1,876 N million</td>
<td>(21) N million</td>
<td>1,876 N million</td>
<td>(21) N million</td>
</tr>
<tr>
<td>Total income from investments</td>
<td>513 N million</td>
<td>(1,182) N million</td>
<td>3,570 N million</td>
<td>1,855 N million</td>
<td>1,855 N million</td>
<td>(21) N million</td>
</tr>
</tbody>
</table>

### 7 OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>12 months to 31 Dec 2010</th>
<th>9 months to 31 Dec 2009</th>
<th>The Bank</th>
<th>12 months to 31 Dec 2010</th>
<th>9 months to 31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs (note 36a)</td>
<td>52,138 N million</td>
<td>40,604 N million</td>
<td>47,313 N million</td>
<td>39,275 N million</td>
<td>39,275 N million</td>
<td>101 N million</td>
</tr>
<tr>
<td>Depreciation (note 23)</td>
<td>8,395 N million</td>
<td>5,546 N million</td>
<td>7,972 N million</td>
<td>5,182 N million</td>
<td>5,182 N million</td>
<td>95 N million</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>193 N million</td>
<td>142 N million</td>
<td>135 N million</td>
<td>101 N million</td>
<td>101 N million</td>
<td>95 N million</td>
</tr>
<tr>
<td>Directors’ emoluments (note 36b)</td>
<td>3,669 N million</td>
<td>599 N million</td>
<td>3,509 N million</td>
<td>395 N million</td>
<td>395 N million</td>
<td>95 N million</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>67 N million</td>
<td>94 N million</td>
<td>81 N million</td>
<td>95 N million</td>
<td>95 N million</td>
<td>95 N million</td>
</tr>
<tr>
<td>Deposit insurance premium</td>
<td>7,498 N million</td>
<td>3,671 N million</td>
<td>7,497 N million</td>
<td>3,671 N million</td>
<td>3,671 N million</td>
<td>95 N million</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>44,569 N million</td>
<td>25,185 N million</td>
<td>40,885 N million</td>
<td>21,297 N million</td>
<td>21,297 N million</td>
<td>95 N million</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>116,530 N million</td>
<td>75,841 N million</td>
<td>107,392 N million</td>
<td>70,016 N million</td>
<td>70,016 N million</td>
<td>95 N million</td>
</tr>
</tbody>
</table>

### 8 TAXATION

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>12 months to 31 Dec 2010</th>
<th>9 months to 31 Dec 2009</th>
<th>The Bank</th>
<th>12 months to 31 Dec 2010</th>
<th>9 months to 31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax</td>
<td>4,323 N million</td>
<td>3,993 N million</td>
<td>1,997 N million</td>
<td>1,838 N million</td>
<td>1,838 N million</td>
<td>1,838 N million</td>
</tr>
<tr>
<td>Education tax</td>
<td>109 N million</td>
<td>206 N million</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technology tax</td>
<td>335 N million</td>
<td>107 N million</td>
<td>335 N million</td>
<td>76 N million</td>
<td>76 N million</td>
<td>76 N million</td>
</tr>
<tr>
<td>Under provision in prior years</td>
<td>897 N million</td>
<td>- N million</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income tax charge</td>
<td>5,664 N million</td>
<td>4,306 N million</td>
<td>2,332 N million</td>
<td>1,914 N million</td>
<td>1,914 N million</td>
<td>1,914 N million</td>
</tr>
<tr>
<td>Deferred tax charge (note 29)</td>
<td>4,113 N million</td>
<td>4,090 N million</td>
<td>4,269 N million</td>
<td>4,500 N million</td>
<td>4,500 N million</td>
<td>4,500 N million</td>
</tr>
<tr>
<td><strong>Charge for the period</strong></td>
<td>9,777 N million</td>
<td>8,396 N million</td>
<td>6,601 N million</td>
<td>6,414 N million</td>
<td>6,414 N million</td>
<td>6,414 N million</td>
</tr>
<tr>
<td>Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At start of period</td>
<td>19,625 N million</td>
<td>11,283 N million</td>
<td>14,948 N million</td>
<td>7,238 N million</td>
<td>7,238 N million</td>
<td>7,238 N million</td>
</tr>
<tr>
<td>Reclassifications (note 29)</td>
<td>(930) N million</td>
<td>7,114 N million</td>
<td>(930) N million</td>
<td>7,114 N million</td>
<td>7,114 N million</td>
<td>7,114 N million</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(15,218) N million</td>
<td>(3,064) N million</td>
<td>(12,112) N million</td>
<td>(1,318) N million</td>
<td>(1,318) N million</td>
<td>(1,318) N million</td>
</tr>
<tr>
<td>Withholding tax credit utilised</td>
<td>(5) N million</td>
<td>(14) N million</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income tax charge</td>
<td>5,664 N million</td>
<td>4,306 N million</td>
<td>2,332 N million</td>
<td>1,914 N million</td>
<td>1,914 N million</td>
<td>1,914 N million</td>
</tr>
<tr>
<td><strong>At end of period</strong></td>
<td>9,136 N million</td>
<td>19,625 N million</td>
<td>4,238 N million</td>
<td>14,948 N million</td>
<td>14,948 N million</td>
<td>14,948 N million</td>
</tr>
</tbody>
</table>
9 Exceptional Item

Bank

i. Asset Management Company of Nigeria

On 19 July 2010, the Federal Government signed a bill establishing the Asset Management Company of Nigeria (AMCON) with the objective of acquisition of toxic assets (loans) from the affected banks.

In December 2010, AMCON purchased toxic loans worth ₦10.48 billion from First Bank of Nigeria Plc and issued bonds at a discount in exchange for value. The toxic loans had related interest in suspense of ₦1.66 billion and provision of ₦4.87 billion in the Bank’s books.

<table>
<thead>
<tr>
<th>Description</th>
<th>₦ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face value of AMCON bonds (zero coupon)</td>
<td>7,046</td>
</tr>
<tr>
<td>Unearned income</td>
<td>(1,056)</td>
</tr>
<tr>
<td>Discounted value</td>
<td>5,990</td>
</tr>
<tr>
<td>Net value of loans purchased</td>
<td>(3,944)</td>
</tr>
<tr>
<td>Total gain on purchase</td>
<td>2,046</td>
</tr>
</tbody>
</table>

Subsidiaries

ii. Directors’ Severance Package (₦64.5 million) – First Funds Limited

During the year, the Board of Directors resolved that provision be made for the severance of each serving director for the number of years they have served on the Board of the Company. Provision was made for the serving directors from 2004 till date.

iii. Compensation for loss of employment (₦92.43 million) – First Trustees Limited

During the year, management identified staff who as a result of redundancy factors would be relieved of their positions. This amount represents the provision for the redundancy cost.

<table>
<thead>
<tr>
<th>Description</th>
<th>₦ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on AMCON loans</td>
<td>2,046</td>
</tr>
<tr>
<td>Redundancy cost (note 19ii)</td>
<td>(65)</td>
</tr>
<tr>
<td>Redundancy cost (note 19iii)</td>
<td>(92)</td>
</tr>
<tr>
<td></td>
<td>1,889</td>
</tr>
</tbody>
</table>

10 Cash and Balances with the Central Bank

<table>
<thead>
<tr>
<th>Description</th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>33,156</td>
<td>32,746</td>
</tr>
<tr>
<td>Operating account with the Central Bank</td>
<td>31,231</td>
<td>27,278</td>
</tr>
<tr>
<td>Included in cash and cash equivalents (note 39)</td>
<td>64,387</td>
<td>60,024</td>
</tr>
<tr>
<td>Mandatory reserve deposits with the Central Bank</td>
<td>11,130</td>
<td>10,308</td>
</tr>
<tr>
<td></td>
<td>75,517</td>
<td>70,332</td>
</tr>
</tbody>
</table>

Mandatory reserve deposits are not available for use in the Group’s day-to-day operations.
11 TREASURY BILLS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Bills</td>
<td>N 23,769</td>
<td>N 14,219</td>
</tr>
</tbody>
</table>

Included in Treasury Bills are bills amounting to N 13.14 billion (31 December 2009: N 3.28 billion) held by third parties as collateral for clearing and collection services provided by the Bank.

12 DUE FROM OTHER BANKS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current balances with banks within Nigeria</td>
<td>84,653</td>
<td>42,889</td>
</tr>
<tr>
<td>Current balances with banks outside Nigeria</td>
<td>108,990</td>
<td>47,573</td>
</tr>
<tr>
<td>Placements with banks and discount houses</td>
<td>356,775</td>
<td>425,240</td>
</tr>
<tr>
<td>Provision for balances due from other banks</td>
<td>550,418</td>
<td>515,702</td>
</tr>
</tbody>
</table>

12.1 Movement in provision for bank balances

<table>
<thead>
<tr>
<th></th>
<th>At start of period</th>
<th>Additional provision</th>
<th>Provision no longer required</th>
<th>Per profit and loss account (note 14)</th>
<th>Amounts written off</th>
<th>At end of period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,509</td>
<td>-</td>
<td>(1)</td>
<td>(1)</td>
<td>(1,504)</td>
<td>4</td>
</tr>
</tbody>
</table>

Balances with banks outside Nigeria include N 41.9 billion (December 2009: N 23.7 billion) which represents the naira value of foreign currency bank balances held on behalf of customers in respect of Letters of Credit transactions. The corresponding liability is included in other liabilities (see note 28). The amount is not available for the day-to-day operations of the Bank.

Included in placements with banks and discount houses are placements with banks within Nigeria: Group N 199 billion; Bank N 163 billion (31 December 2009: Group N 176 billion; Bank N 152 billion).

Included in placements with banks and discount houses are placements with banks outside Nigeria: Group N 177.1 billion; Bank Nil amount (31 December 2009: Group N 200.1 billion; Bank Nil amount) which are non-current placements and do not qualify as cash and cash equivalent.
## 13 Loans and Advances

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>169,370</td>
<td>159,140</td>
<td>143,384</td>
<td>153,424</td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>651,610</td>
<td>408,415</td>
<td>534,786</td>
<td>361,443</td>
<td></td>
</tr>
<tr>
<td>Staff loans</td>
<td>8,465</td>
<td>15,805</td>
<td>8,465</td>
<td>8,915</td>
<td></td>
</tr>
<tr>
<td>Commercial papers</td>
<td>114,522</td>
<td>108,690</td>
<td>114,522</td>
<td>108,690</td>
<td></td>
</tr>
<tr>
<td>Money market lines</td>
<td>152,741</td>
<td>294,319</td>
<td>164,951</td>
<td>294,319</td>
<td></td>
</tr>
<tr>
<td>Project finance (note 35.1)</td>
<td>105,046</td>
<td>87,886</td>
<td>105,046</td>
<td>87,886</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>21,208</td>
<td>67,280</td>
<td>19,622</td>
<td>67,280</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,222,962</td>
<td>1,141,535</td>
<td>1,090,776</td>
<td>1,081,957</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(54,366)</td>
<td>(55,065)</td>
<td>(49,759)</td>
<td>(52,037)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(24,982)</td>
<td>(8,018)</td>
<td>(23,606)</td>
<td>(7,434)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,143,614</td>
<td>1,078,452</td>
<td>1,017,411</td>
<td>1,022,486</td>
<td></td>
</tr>
</tbody>
</table>

Included in loans and advances is interest receivable amounting to ₦28.86 billion (31 December 2009: ₦17.94 billion) which has not been debited to customers at balance sheet date.

Deducted from loans and advances is interest received in advance of ₦259.7 million (31 December 2009: ₦1,620 million) from customers which has been debited to the customers but has not been earned.

Cash collateral against advances is ₦6.664 billion (31 December 2009: ₦3.505 billion).

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
</tr>
<tr>
<td>Secured against real estate</td>
<td>131,670</td>
<td>154,326</td>
<td>130,101</td>
<td>149,397</td>
<td></td>
</tr>
<tr>
<td>Secured by shares of quoted companies</td>
<td>34,807</td>
<td>53,302</td>
<td>27,938</td>
<td>53,084</td>
<td></td>
</tr>
<tr>
<td>Otherwise secured</td>
<td>785,635</td>
<td>602,091</td>
<td>661,887</td>
<td>592,375</td>
<td></td>
</tr>
<tr>
<td>Unsecured</td>
<td>270,850</td>
<td>331,816</td>
<td>270,850</td>
<td>287,101</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,222,962</td>
<td>1,141,535</td>
<td>1,090,776</td>
<td>1,081,957</td>
<td></td>
</tr>
</tbody>
</table>

### 13.1 Analysis by security

- Secured against real estate
- Secured by shares of quoted companies
- Otherwise secured
- Unsecured

### 13.2 Analysis by performance

- Performing
- Non-performing
  - substandard
  - doubtful
  - lost

### 13.3 Analysis by maturity

- 0–30 days
- 1–3 months
- 3–6 months
- 6–12 months
- Over 12 months

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
<td>₦ million</td>
</tr>
<tr>
<td>0–30 days</td>
<td>517,601</td>
<td>591,347</td>
<td>515,391</td>
<td>549,927</td>
<td></td>
</tr>
<tr>
<td>1–3 months</td>
<td>169,337</td>
<td>122,045</td>
<td>96,571</td>
<td>120,890</td>
<td></td>
</tr>
<tr>
<td>3–6 months</td>
<td>44,802</td>
<td>134,244</td>
<td>44,293</td>
<td>133,009</td>
<td></td>
</tr>
<tr>
<td>6–12 months</td>
<td>39,747</td>
<td>134,244</td>
<td>30,827</td>
<td>69,847</td>
<td></td>
</tr>
<tr>
<td>Over 12 months</td>
<td>451,475</td>
<td>255,159</td>
<td>403,694</td>
<td>208,284</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,222,962</td>
<td>1,141,535</td>
<td>1,090,776</td>
<td>1,081,957</td>
<td></td>
</tr>
</tbody>
</table>
### 13.4 Loan loss provision and interest in suspense

**(a) Movement in loan loss provision**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At start of period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– non-performing</td>
<td>55,006</td>
<td>13,005</td>
<td>52,037</td>
<td>11,403</td>
</tr>
<tr>
<td>– performing</td>
<td>59</td>
<td>7,273</td>
<td>-</td>
<td>6,736</td>
</tr>
<tr>
<td><strong>Additional provision</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– non-performing</td>
<td>18,327</td>
<td>52,437</td>
<td>15,450</td>
<td>50,931</td>
</tr>
<tr>
<td>– performing</td>
<td>11,304</td>
<td>(7,214)</td>
<td>10,011</td>
<td>(6,736)</td>
</tr>
<tr>
<td>Provision no longer required</td>
<td>(7,866)</td>
<td>(4,863)</td>
<td>(5,375)</td>
<td>(4,863)</td>
</tr>
<tr>
<td><strong>Charge for the year (note 14)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21,765</td>
<td>40,360</td>
<td>20,086</td>
<td>39,332</td>
</tr>
<tr>
<td><strong>Amounts written off</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(22,464)</td>
<td>(5,573)</td>
<td>(22,364)</td>
<td>(5,434)</td>
</tr>
<tr>
<td></td>
<td>(699)</td>
<td>34,787</td>
<td>(2,278)</td>
<td>33,898</td>
</tr>
<tr>
<td><strong>At end of period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– non-performing</td>
<td>43,003</td>
<td>55,065</td>
<td>39,748</td>
<td>52,037</td>
</tr>
<tr>
<td>– performing</td>
<td>11,363</td>
<td>59</td>
<td>10,011</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,366</td>
<td>55,065</td>
<td>49,759</td>
<td>52,037</td>
</tr>
</tbody>
</table>

**(b) Movement in interest-in-suspense**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At start of period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,018</td>
<td>3,102</td>
<td>7,424</td>
<td>3,053</td>
</tr>
<tr>
<td>Suspended during the year</td>
<td>24,806</td>
<td>7,274</td>
<td>23,935</td>
<td>6,739</td>
</tr>
<tr>
<td>Amounts written back</td>
<td>(1,742)</td>
<td>(3)</td>
<td>(1,663)</td>
<td>(3)</td>
</tr>
<tr>
<td>Amounts written off</td>
<td>(6,100)</td>
<td>(2,355)</td>
<td>(6,100)</td>
<td>(2,355)</td>
</tr>
<tr>
<td><strong>At end of period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>24,982</td>
<td>8,018</td>
<td>23,606</td>
<td>7,434</td>
</tr>
</tbody>
</table>

### 13.5 Insider-related credits

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Aggregated amount of insider-related credits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– non-performing</td>
<td>169,386</td>
<td>117,042</td>
<td>169,386</td>
<td>117,042</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>125</td>
<td>-</td>
<td>125</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>169,386</td>
<td>117,167</td>
<td>169,386</td>
<td>117,167</td>
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</table>

### 13.6 On-lending facilities

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBN/BOI</td>
<td>-</td>
<td>8,574</td>
</tr>
<tr>
<td>CBN/CAC</td>
<td>-</td>
<td>8,735</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>17,309</td>
</tr>
</tbody>
</table>

**Central Bank of Nigeria (CBN)/Bank of Industry (BOI) facilities**

This represents outstanding balance on term loans granted to customers in line with the CBN N200 billion intervention fund for refinancing and restructuring of banks’ loans to the manufacturing sector. The on-lending facilities are for a maximum of 15 years’ tenor at 6% interest per annum.

**Central Bank of Nigeria (CBN)/Commercial Agriculture Credit Scheme (CACS)**

This relates to the balance on term loan facilities granted to customers under the CBN Commercial Agriculture Credit Scheme. The facilities under the scheme are for a period of seven years at 9% interest per annum. These balances are included in the loans and advances.
### PROVISION FOR LOSSES

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>Loans and advances (note 13.4)</td>
<td>21,765</td>
</tr>
<tr>
<td>Provision on advances under finance lease (note 15.3)</td>
<td>592</td>
</tr>
<tr>
<td>Provision/(writeback) for diminution in value of investments (note 16.1)</td>
<td>(1,949)</td>
</tr>
<tr>
<td>Provision for diminution in investments in subsidiaries (note 18)</td>
<td>-</td>
</tr>
<tr>
<td>Provision/(write back) on managed funds</td>
<td>-</td>
</tr>
<tr>
<td>Provision for unsubstantiated bank balances (note 12.1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Provision for other assets (note 21.1)</td>
<td>1,183</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,590</td>
</tr>
</tbody>
</table>

The charge for the period is analysed as follows:

- **Loans and advances (note 13.4)**
  - 21,765
  - 40,360
  - 20,086
  - 39,332

- **Provision on advances under finance lease (note 15.3)**
  - 592
  - (10)
  - 592
  - (10)

- **Provision/(writeback) for diminution in value of investments (note 16.1)**
  - (1,949)
  - 1,592
  - 1,072
  - 2,160

- **Provision for diminution in investments in subsidiaries (note 18)**
  - -
  - -
  - -
  - 23

- **Provision/(write back) on managed funds**
  - -
  - (2,478)
  - -
  - -

- **Provision for unsubstantiated bank balances (note 12.1)**
  - (1)
  - 1,399
  - -
  - -

- **Provision for other assets (note 21.1)**
  - 1,183
  - (239)
  - 846
  - (43)

**Total**: 21,590

### ADVANCES UNDER FINANCE LEASE

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>Gross investment</td>
<td>10,262</td>
</tr>
<tr>
<td>Less: unearned income</td>
<td>(1,980)</td>
</tr>
<tr>
<td>Net investment</td>
<td>8,282</td>
</tr>
<tr>
<td>Less: Provision (note 15.3)</td>
<td>(701)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,581</td>
</tr>
</tbody>
</table>

#### 15.1 Analysis by performance

| | The Group | The Bank |
| | 31 Dec 2010 | 31 Dec 2009 |
| | N million | N million |
| Performing | 6,585 | 10,944 |
| Non-performing | - | - |
| – substandard | 755 | - |
| – doubtful | 637 | - |
| – lost | 305 | - |
| **Total** | 8,282 | 10,944 |

#### 15.2 Analysis by maturity

| | The Group | The Bank |
| | 31 Dec 2010 | 31 Dec 2009 |
| | N million | N million |
| 0–30 days | 1,613 | 1,071 |
| 1–3 months | 82 | 71 |
| 3–6 months | 346 | 185 |
| 6–12 months | 851 | 4,565 |
| Over 12 months | 5,390 | 5,052 |
| **Total** | 8,282 | 10,944 |

#### 15.3 Movement in provision for advances under finance lease

| | The Group | The Bank |
| | 31 Dec 2010 | 31 Dec 2009 |
| | N million | N million |
| At start of period | - | - |
| – performing | - | - |
| – non-performing | 109 | 119 |
| Charge for the year/provision no longer required: | - | - |
| – performing | 66 | - |
| – non-performing (note 14) | 526 | (10) |
| **Total** | 592 | (10) |
| At end of period | - | - |
| – non-performing | 635 | 109 |
| – performing | 66 | 66 |
| **Total** | 701 | 109 |
## INVESTMENT SECURITIES

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities – at cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed (note 16.4)</td>
<td>26,122</td>
<td>9,769</td>
</tr>
<tr>
<td>Unlisted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– SeaWolf</td>
<td>7,782</td>
<td>7,781</td>
</tr>
<tr>
<td>– Rainbow</td>
<td>4,900</td>
<td>4,900</td>
</tr>
<tr>
<td>– First Trustees Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>– others</td>
<td>1,825</td>
<td>3,390</td>
</tr>
<tr>
<td>Equity securities – at cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed</td>
<td>1,941</td>
<td>-</td>
</tr>
<tr>
<td>Unlisted (note 16.2)</td>
<td>23,850</td>
<td>25,865</td>
</tr>
<tr>
<td>Provisions for diminution in value</td>
<td>(4,862)</td>
<td>(2,739)</td>
</tr>
<tr>
<td></td>
<td>61,558</td>
<td>48,966</td>
</tr>
<tr>
<td>Short-term investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed (note 16.4)</td>
<td>263,432</td>
<td>221,863</td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed (note 16.3)</td>
<td>45,680</td>
<td>24,152</td>
</tr>
<tr>
<td>Provisions for diminution in value</td>
<td>(25,513)</td>
<td>(8,381)</td>
</tr>
<tr>
<td></td>
<td>283,599</td>
<td>237,634</td>
</tr>
<tr>
<td></td>
<td>345,157</td>
<td>286,600</td>
</tr>
</tbody>
</table>

### 16.1 Provision balance is made up of the following:

- **At start of period**
  - Debt securities: 11,120
  - Equity securities: 5,005
  - Provision for diminution in value: (6,954)

- **Charge during the period**
  - Debt securities: 5,005
  - Equity securities: 3,053
  - Provision for diminution in value: (858)

- **Write back of provision**
  - Debt securities: (6,954)
  - Equity securities: (858)
  - Provision for diminution in value: (990)

- **Exceptional item**
  - Debt securities: (1,949)
  - Equity securities: (1,949)
  - Provision for diminution in value: (1,949)

- **Per profit and loss account (note 14)**
  - Debt securities: 1,592
  - Equity securities: 1,592

- **Reclassification**
  - Debt securities: 21,203
  - Equity securities: 21,203

- **At end of period**
  - Debt securities: 30,374
  - Equity securities: 11,120
  - Provision for diminution in value: 6,944
### 16.2 Long-term investment: unlisted equity securities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>African Finance Corporation</td>
<td>12,728</td>
<td>12,728</td>
<td>12,728</td>
<td>12,728</td>
</tr>
<tr>
<td>Zain Nigeria Limited</td>
<td>2,909</td>
<td>2,909</td>
<td>2,909</td>
<td>2,909</td>
</tr>
<tr>
<td>Communication Domain Limited</td>
<td>-</td>
<td>194</td>
<td>-</td>
<td>194</td>
</tr>
<tr>
<td>Banque Internationale Du Benin, Cotonou</td>
<td>155</td>
<td>155</td>
<td>155</td>
<td>155</td>
</tr>
<tr>
<td>Onwuka Hi-Tech Industry Plc</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Mama Cass</td>
<td>-</td>
<td>450</td>
<td>-</td>
<td>450</td>
</tr>
<tr>
<td>Planet One</td>
<td>-</td>
<td>75</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td>Premium Farms Limited</td>
<td>-</td>
<td>230</td>
<td>-</td>
<td>230</td>
</tr>
<tr>
<td>FRED Funds</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Nigeria Interbank Settlement System Plc</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>African Export-Import Bank, Cairo</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Consolidated Discounts Limited</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>ValuCard Nigeria Plc</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>ATM Consortium Limited</td>
<td>390</td>
<td>77</td>
<td>390</td>
<td>77</td>
</tr>
<tr>
<td>NITEL Plc</td>
<td>2,175</td>
<td>2,175</td>
<td>2,175</td>
<td>2,175</td>
</tr>
<tr>
<td>Capital Alliance Property Investment Company (CAPIC)</td>
<td>710</td>
<td>2,116</td>
<td>710</td>
<td>1,031</td>
</tr>
<tr>
<td>Niger Delta Exploration Production Plc</td>
<td>32</td>
<td>32</td>
<td>-</td>
<td>32</td>
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<tr>
<td>Food Concepts Plc</td>
<td>183</td>
<td>166</td>
<td>-</td>
<td>166</td>
</tr>
<tr>
<td>Interswitch limited</td>
<td>31</td>
<td>31</td>
<td>-</td>
<td>31</td>
</tr>
<tr>
<td>Radisson Hotels Limited</td>
<td>299</td>
<td>-</td>
<td>-</td>
<td>299</td>
</tr>
<tr>
<td>Others</td>
<td>1,088</td>
<td>531</td>
<td>-</td>
<td>531</td>
</tr>
<tr>
<td><strong>SMIEIS Investments</strong></td>
<td><strong>20,966</strong></td>
<td><strong>22,108</strong></td>
<td><strong>19,361</strong></td>
<td><strong>19,343</strong></td>
</tr>
</tbody>
</table>

**SMIEIS investments written-off**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Managers Limited</td>
<td>969</td>
<td>1,025</td>
<td>969</td>
<td>1,025</td>
</tr>
<tr>
<td>Chase Executive Partners Limited</td>
<td>-</td>
<td>30</td>
<td>-</td>
<td>30</td>
</tr>
<tr>
<td>First Funds Limited</td>
<td>2,702</td>
<td>2,671</td>
<td>2,702</td>
<td>2,671</td>
</tr>
<tr>
<td>Interswitch limited</td>
<td>-</td>
<td>31</td>
<td>-</td>
<td>31</td>
</tr>
<tr>
<td><strong>SMIEIS investments written-off</strong></td>
<td><strong>3,671</strong></td>
<td><strong>3,757</strong></td>
<td><strong>3,671</strong></td>
<td><strong>3,757</strong></td>
</tr>
</tbody>
</table>

**SMIEIS investments written-off**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMIEIS investments written-off</strong></td>
<td><strong>2,884</strong></td>
<td><strong>3,757</strong></td>
<td><strong>2,884</strong></td>
<td><strong>3,757</strong></td>
</tr>
</tbody>
</table>

**SMIEIS investments written-off**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMIEIS investments written-off</strong></td>
<td><strong>23,850</strong></td>
<td><strong>25,865</strong></td>
<td><strong>22,245</strong></td>
<td><strong>23,100</strong></td>
</tr>
</tbody>
</table>

### 16.3 Short-term investments: listed equity securities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranty Trust Bank Plc</td>
<td>1,360</td>
<td>1,360</td>
<td>1,360</td>
<td>1,360</td>
</tr>
<tr>
<td>FBN Heritage Fund</td>
<td>1,500</td>
<td>2,540</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>SCOA Plc</td>
<td>32</td>
<td>34</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>Transnational Corporation Plc</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Honeywell Flour Mills Plc</td>
<td>4,822</td>
<td>4,889</td>
<td>4,822</td>
<td>4,889</td>
</tr>
<tr>
<td>Other companies</td>
<td>37,966</td>
<td>15,079</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45,680</strong></td>
<td><strong>24,152</strong></td>
<td><strong>7,714</strong></td>
<td><strong>7,783</strong></td>
</tr>
</tbody>
</table>
16.4 Debt securities

i. Long-term investments
Listed debt securities – at cost
Bonds – held to maturity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>26,122</td>
<td>19,351</td>
<td>9,769</td>
<td>9,519</td>
<td></td>
</tr>
</tbody>
</table>

ii. Short-term investments
Listed debt securities
Bonds – held for trading
Bonds – available for sale

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>8,842</td>
<td>15,050</td>
<td>8,842</td>
<td>15,050</td>
<td></td>
</tr>
<tr>
<td>254,590</td>
<td>238,184</td>
<td>206,813</td>
<td>206,813</td>
<td></td>
</tr>
</tbody>
</table>

At end of period

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>263,432</td>
<td>221,863</td>
<td>247,026</td>
<td>221,863</td>
</tr>
</tbody>
</table>

(a) Debt securities relates to investment in various Federal Government of Nigeria bonds and State Government of Nigeria bonds. The maturity date of these bonds ranges from December 2011 to June 2028 with interest rates ranging from 4% to 15%.

(b) Included in debt securities are pledged bonds amounting to N105.571 billion (2009: Nil amount) held by third parties as collateral.

17 INVESTMENT IN ASSOCIATES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening cost of investments</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>4,960</td>
<td>3,224</td>
<td>2,224</td>
<td>2,224</td>
<td></td>
</tr>
<tr>
<td>Changes in valuation</td>
<td>(24)</td>
<td>1,736</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of associates result</td>
<td>1,520</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

At end of period

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>6,456</td>
<td>4,960</td>
<td>2,224</td>
<td>2,224</td>
</tr>
</tbody>
</table>

The Group’s interest in its principal associates, which are unlisted, as follows:

<table>
<thead>
<tr>
<th>Principal activity</th>
<th>Cost N million</th>
<th>% interest held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent company investment in associate:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Kakawa Discount House Limited</td>
<td>Discount house</td>
<td>2,224</td>
</tr>
<tr>
<td>Subsidiary companies investment in associate:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Kakawa Discount House Limited</td>
<td>Discount house</td>
<td>660</td>
</tr>
<tr>
<td>– Twin Peaks Estate Development Limited</td>
<td>Real estate developers</td>
<td>340</td>
</tr>
</tbody>
</table>

3,224
## Investment in Subsidiaries

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>N million</td>
</tr>
<tr>
<td>FBN Bank (UK) Limited (Note 18i)</td>
<td>100</td>
</tr>
<tr>
<td>FBN Capital Limited (Note 18ii)</td>
<td>100</td>
</tr>
<tr>
<td>First Pension Custodian Limited (Note 18iii)</td>
<td>100</td>
</tr>
<tr>
<td>First Trustees Nigeria Limited (Note 18iv)</td>
<td>100</td>
</tr>
<tr>
<td>FBN Mortgages Limited (Note 18v)</td>
<td>100</td>
</tr>
<tr>
<td>FBN Insurance Brokers Limited (Note 18vi)</td>
<td>100</td>
</tr>
<tr>
<td>First Registrars Nigeria Limited (Note 18vii)</td>
<td>100</td>
</tr>
<tr>
<td>FBN Bureau de Change Limited (Note 18viii)</td>
<td>100</td>
</tr>
<tr>
<td>FBN Micro Finance Bank Limited (Note 18ix)</td>
<td>100</td>
</tr>
<tr>
<td>First Funds Limited (Note 18x)</td>
<td>100</td>
</tr>
<tr>
<td>FBN Life Assurance Limited (Note 18xi)</td>
<td>65</td>
</tr>
</tbody>
</table>

| Diminution of investments – subsidiaries | - | - | (23) | (23) |
| Total investments – subsidiaries | 1,000 | - | 31,416 | 30,416 |

### i. FBN Bank (UK) Limited
FBN Bank (UK) Ltd (‘FBN UK’) is a company incorporated in the United Kingdom under the Companies Act 1985 as a UK registered bank authorised by the Financial Services Authority to accept deposits and undertake banking business. FBNUK was incorporated in November 2002. It is a wholly owned subsidiary of First Bank of Nigeria Plc. The bank has a branch in Paris.

### ii. FBN Capital Limited
FBN Capital Limited is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission to undertake issuing house business. It is also involved in the business of asset management and financial advisory services.

### iii. First Pension Custodian Limited
First Pension Custodian Limited was incorporated on 12 August 2005 and granted an approval in principle by the National Pension Commission on 1 August 2005 while the operating licence was obtained on 7 December 2005. The principal activity of the company is to act as a Custodian of Pension Fund Assets in accordance with the Pension Reform Act, 2004.

### iv. First Trustees Nigeria Limited
First Trustees Nigeria Limited was incorporated in Nigeria as a private limited liability company on 8 August 1979 and commenced business on 3 September 1979. The company was established to engage in the business of trusteeship as well as portfolio management, financial/investment advisory services and loan syndication.

### v. FBN Mortgages Limited
The company was incorporated on 17 March 2003 and commenced operations on 1 May 2004. Its principal activities include acceptance of deposits, provision of mortgage finance for customers and investment in properties.

### vi. FBN Insurance Brokers Limited
The company was incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company on 31 March 1994 with the name ‘Trust Link Insurance Brokers Limited’. The company prepared financial statements up to 31 March 1998 after which it became dormant. The company was resuscitated on 1 April 2000 as FBN Insurance Brokers Limited. The principal activity of the company is as an insurance brokerage business.

### vii. First Registrars Nigeria Limited
First Registrars Nigeria Limited was incorporated on 19 May 1999 and commenced operations on 1 April 2000. The company was established to provide share register administration and custodian services. This includes administration and maintenance of companies’ share registers, share registration, verification of share transfers, transmission, payment of dividend and organisation of Annual General Meetings.

### viii. FBN Bureau de Change Limited
This represents the Bank’s 100% holding in FBN Bureau de Change Limited. The Bank obtained approval from the Central Bank of Nigeria to operate a bureau de change on 8 August 2006. During the year, the Central Bank of Nigeria withdrew the licence of all class ‘A’ bureaux de change and advised them to apply for class ‘B’ in order to continue in business. The company has applied for the class ‘B’ licence but this is yet to be issued.

### ix. FBN Micro Finance Bank Limited
The bank was incorporated in Nigeria on 18 March 2008 under the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004 with Registration Number RC 736874. The bank was licensed to carry on the business of microfinance banking on 25 August 2008 by the Central Bank of Nigeria. It commenced microfinance banking business on 19 January 2009.

### x. First Funds Limited
First Funds Limited was incorporated on 14 November 2002. It commenced operations on 1 April 2003. It is a wholly owned subsidiary of First Bank of Nigeria Plc. Its principal activity is to carry on venture capital and private equity business.

### xi. FBN Life Assurance Limited
In February 2010, NAICOM granted an operating license to First Bank of Nigeria Plc (FirstBank) to establish a life insurance business in partnership with Sanlam Group of South Africa. Consequently, FirstBank incorporated a subsidiary, FBN Life Assurance Limited, to tap into the huge potential of life assurance business in Nigeria which presently is untapped. First Bank of Nigeria Plc has a holding of 65% in the equity of FBN Life Assurance Limited. The requisite approval was obtained from the Central Bank of Nigeria in September 2010, however the company is yet to commence operation.
## CONDENSED RESULTS OF CONSOLIDATED ENTITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>2,827</td>
<td>1,348</td>
<td>269</td>
<td>535</td>
<td>720</td>
<td>2,473</td>
<td>496</td>
<td>415</td>
<td>240</td>
<td>1,133</td>
<td>4,194</td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(1,972)</td>
<td>(895)</td>
<td>(734)</td>
<td>(473)</td>
<td>(302)</td>
<td>(1,652)</td>
<td>(504)</td>
<td>(307)</td>
<td>(127)</td>
<td>(3,314)</td>
<td>(1,389)</td>
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</tr>
<tr>
<td><strong>Provision expense</strong></td>
<td>1,195</td>
<td>-</td>
<td>3,456</td>
<td>(13)</td>
<td>(29)</td>
<td>(153)</td>
<td>71</td>
<td>(115)</td>
<td>-</td>
<td>(2,922)</td>
<td>339</td>
<td></td>
</tr>
<tr>
<td><strong>(Loss)/profit before exceptional Item and tax</strong></td>
<td>2,050</td>
<td>453</td>
<td>2,991</td>
<td>49</td>
<td>389</td>
<td>668</td>
<td>63</td>
<td>(7)</td>
<td>113</td>
<td>2,897</td>
<td>3,144</td>
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<tr>
<td><strong>Exceptional Item</strong></td>
<td>-</td>
<td>-</td>
<td>(92)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>(391)</td>
<td>(158)</td>
<td>(785)</td>
<td>(17)</td>
<td>(146)</td>
<td>(416)</td>
<td>(25)</td>
<td>(47)</td>
<td>(42)</td>
<td>(1,150)</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td><strong>(Loss)/profit for the period</strong></td>
<td><strong>1,659</strong></td>
<td><strong>295</strong></td>
<td><strong>2,114</strong></td>
<td><strong>32</strong></td>
<td><strong>243</strong></td>
<td><strong>252</strong></td>
<td><strong>38</strong></td>
<td><strong>(119)</strong></td>
<td><strong>71</strong></td>
<td><strong>1,747</strong></td>
<td><strong>3,305</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Condensed financial position

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th><strong>Cash and balances with Central Bank</strong></th>
<th><strong>Treasury Bills</strong></th>
<th><strong>Due from other banks</strong></th>
<th><strong>Loans and advances</strong></th>
<th><strong>Insurance receivables</strong></th>
<th><strong>Investment securities</strong></th>
<th><strong>Managed funds</strong></th>
<th><strong>Other assets</strong></th>
<th><strong>Investment property</strong></th>
<th><strong>Deferred tax</strong></th>
<th><strong>Property and equipment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>21</td>
<td>-</td>
<td>33</td>
<td>169</td>
<td>-</td>
<td>46</td>
<td>8</td>
<td>-</td>
<td>45</td>
<td>205</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
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<td>50</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>64,274</td>
<td>2,764</td>
<td>66</td>
<td>30,094</td>
<td>532</td>
<td>41,109</td>
<td>4,526</td>
<td>337</td>
<td>482</td>
<td>180,969</td>
<td>3,802</td>
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<tr>
<td></td>
<td>806</td>
<td>-</td>
<td>1,892</td>
<td>924</td>
<td>-</td>
<td>1,552</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>133,239</td>
<td>9,043</td>
</tr>
<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>515</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,203</td>
<td>-</td>
<td>21,150</td>
<td>-</td>
<td>321</td>
<td>2,432</td>
<td>45</td>
<td>1,934</td>
<td>-</td>
<td>13,660</td>
<td>126,262</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>37,091</td>
<td>-</td>
<td>811</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>425</td>
<td>229</td>
<td>435</td>
<td>172</td>
<td>70</td>
<td>519</td>
<td>1,343</td>
<td>195</td>
<td>269</td>
<td>663</td>
<td>21,774</td>
</tr>
<tr>
<td></td>
<td>534</td>
<td>-</td>
<td>-</td>
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<td>7,886</td>
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</tr>
<tr>
<td></td>
<td>-</td>
<td>41</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
<td>1,451</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>163</td>
<td>101</td>
<td>34</td>
<td>331</td>
<td>54</td>
<td>450</td>
<td>133</td>
<td>41</td>
<td>17</td>
<td>106</td>
<td>353</td>
</tr>
</tbody>
</table>

<p>| <strong>Total</strong> | <strong>70,406</strong> | <strong>3,156</strong> | <strong>60,675</strong> | <strong>31,604</strong> | <strong>2,472</strong> | <strong>44,573</strong> | <strong>15,531</strong> | <strong>2,531</strong> | <strong>768</strong> | <strong>326,928</strong> | <strong>163,169</strong> | <strong>1,083</strong> |</p>
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Capital, N million</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBN Capital Limited</td>
<td></td>
</tr>
<tr>
<td>First Pension Custodian Nig. Ltd</td>
<td></td>
</tr>
<tr>
<td>First Trustees Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Microfinance Bank Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Insurance Brokers Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Registrars Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Mortgage Limited</td>
<td></td>
</tr>
<tr>
<td>First Funds Limited</td>
<td></td>
</tr>
<tr>
<td>First Bureau de Change Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Bank (UK) Limited</td>
<td></td>
</tr>
<tr>
<td>Kakawa Discount House Limited</td>
<td></td>
</tr>
<tr>
<td>Twin Peaks Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Life Limited</td>
<td></td>
</tr>
<tr>
<td>FBN Commercial Bank Limited</td>
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**Financed by**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount, N million</th>
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</thead>
<tbody>
<tr>
<td>Bank overdraft</td>
<td>80</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>-</td>
</tr>
<tr>
<td>Due to other banks</td>
<td>27,301</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>31,961</td>
</tr>
<tr>
<td>Tax payable</td>
<td>598</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,197</td>
</tr>
<tr>
<td>Staff pension</td>
<td>225</td>
</tr>
<tr>
<td>Provisions on insurance contracts</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>846</td>
</tr>
<tr>
<td>Financial liabilities – derivatives</td>
<td>-</td>
</tr>
<tr>
<td>Equity and reserves</td>
<td>7,198</td>
</tr>
</tbody>
</table>

**Condensed cash flows**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount, N million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>(22,478)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(383)</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>-(1,465)</td>
</tr>
<tr>
<td>Increase/ decrease in cash and cash equivalents</td>
<td>(23,943)</td>
</tr>
<tr>
<td>At period start</td>
<td>88,137</td>
</tr>
<tr>
<td>Movement in cash and cash equivalent</td>
<td>(23,943)</td>
</tr>
<tr>
<td>At period end</td>
<td>64,194</td>
</tr>
</tbody>
</table>
## Managed Funds

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Quoted investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Trustees Nominees (market value N\textsuperscript{6} nil; 31 Dec 2009: N\textsuperscript{6}8.53 billion)</td>
<td>-</td>
<td>29,551</td>
</tr>
<tr>
<td>FBN Sinking Fund</td>
<td></td>
<td>66</td>
</tr>
<tr>
<td>(market value N\textsuperscript{6}154 million; 31 Dec 2009: N\textsuperscript{6}79 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FBN/UNIPORT Sinking Fund (market value N\textsuperscript{6}5.04 million; 31 Dec 2009: N\textsuperscript{6}4.89 million)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Others (market value N\textsuperscript{6}6.11 billion; 31 Dec 2009: N\textsuperscript{6}6.26 billion)</td>
<td>5,404</td>
<td>7,511</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>4,000</td>
<td>209</td>
</tr>
<tr>
<td>Bankers’ acceptance</td>
<td>26,600</td>
<td>65,602</td>
</tr>
<tr>
<td>Government bonds</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>Managed real estate investments</td>
<td>1,080</td>
<td>650</td>
</tr>
<tr>
<td>Others</td>
<td>728</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>37,917</td>
<td>103,658</td>
</tr>
</tbody>
</table>

Managed funds represents investment made using funds and deposits received from corporate and individual clients for their investments, under mutually agreed terms.

### Movement in provision for diminution in value of investments

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.1 Movement in provision for diminution in value of investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At start of period</td>
<td>19,028</td>
<td>21,506</td>
</tr>
<tr>
<td>Write back/provision no longer required</td>
<td>(19,028)</td>
<td>(2,478)</td>
</tr>
<tr>
<td>At end of period</td>
<td>-</td>
<td>19,028</td>
</tr>
</tbody>
</table>
### OTHER ASSETS

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 Dec 2010</strong></td>
<td><strong>31 Dec 2009</strong></td>
</tr>
<tr>
<td>Fraud and loss suspense</td>
<td>2,084</td>
</tr>
<tr>
<td>Interest and fee receivable</td>
<td>2,069</td>
</tr>
<tr>
<td>Prepayments</td>
<td>5,359</td>
</tr>
<tr>
<td>Premium debtors and receivable from underwriters</td>
<td>579</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>22,021</td>
</tr>
<tr>
<td>Deferred acquisition expenses</td>
<td>12,364</td>
</tr>
<tr>
<td>Open buy back Treasury Bills</td>
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</tr>
<tr>
<td>Inventory</td>
<td>1,868</td>
</tr>
<tr>
<td>BDC trading stock</td>
<td>184</td>
</tr>
<tr>
<td>Other receivables</td>
<td>8,705</td>
</tr>
<tr>
<td>Deposit for investment by subsidiaries</td>
<td>15</td>
</tr>
<tr>
<td>Deposit with the Nigerian Stock Exchange</td>
<td>1</td>
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<tr>
<td>Mandatory deposit with CBN</td>
<td>30</td>
</tr>
<tr>
<td>NDIC deposit insurance premium</td>
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</table>

#### Provision for doubtful receivables (note 21.1)

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net book amount</td>
<td>55,280</td>
</tr>
<tr>
<td>Additions and capital improvements</td>
<td>(3,981)</td>
</tr>
</tbody>
</table>

#### 21.1 Movement in provision for doubtful receivables

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>At start of period</td>
<td>2,798</td>
</tr>
<tr>
<td>Additional provision</td>
<td>1,256</td>
</tr>
<tr>
<td>Recoveries</td>
<td>(73)</td>
</tr>
<tr>
<td>Per profit and loss account</td>
<td>1,183</td>
</tr>
<tr>
<td>Amounts written off</td>
<td>-</td>
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</table>

#### Total

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,981</td>
<td>2,798</td>
</tr>
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### INVESTMENT PROPERTY

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<tr>
<td><strong>31 Dec 2010</strong></td>
<td><strong>31 Dec 2009</strong></td>
</tr>
<tr>
<td>Opening net book amount</td>
<td>6,631</td>
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<tr>
<td>Additions and capital improvements</td>
<td>2,528</td>
</tr>
<tr>
<td>Disposal of investment property</td>
<td>(739)</td>
</tr>
</tbody>
</table>

#### Closing net book amount

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,420</td>
<td>6,631</td>
</tr>
</tbody>
</table>

This represents the Group’s investment in landed property held for the purpose of capital appreciation. Investment property of ₦7.89 billion (2009: ₦6.15 billion) represents undeveloped land acquired for the purpose of subsequent disposal in the near future.

While the balance of ₦534 million (2009: ₦182 million) represents investments which were acquired during the year ended 31 March 2009, the directors are of the view that their carrying values as at 31 December 2010 do not differ in any material respects from their market values. A revaluation is due within three years from the date of purchase.

Investment property is not subject to periodic charges for depreciation.
### PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th>Group</th>
<th>At period start</th>
<th>Reclassification</th>
<th>Additions</th>
<th>Disposals/ write-offs</th>
<th>Exchange difference</th>
<th>At period end</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td><strong>Cost/revalued amount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>29,703</td>
<td>(309)</td>
<td>19</td>
<td>(4)</td>
<td>(3)</td>
<td>29,406</td>
</tr>
<tr>
<td>Leasehold land and buildings</td>
<td>1,452</td>
<td>(83)</td>
<td>5,860</td>
<td>(6)</td>
<td>-</td>
<td>7,223</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>8,426</td>
<td>-</td>
<td>1,471</td>
<td>(806)</td>
<td>(2)</td>
<td>9,089</td>
</tr>
<tr>
<td>Office equipment</td>
<td>23,445</td>
<td>19</td>
<td>5,323</td>
<td>(2,801)</td>
<td>-</td>
<td>25,986</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>12,842</td>
<td>1</td>
<td>1,651</td>
<td>(1,759)</td>
<td>-</td>
<td>12,735</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>5,313</td>
<td>372</td>
<td>546</td>
<td>(659)</td>
<td>(3)</td>
<td>5,569</td>
</tr>
<tr>
<td>Work in progress</td>
<td>27</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>81,208</td>
<td>-</td>
<td>14,874</td>
<td>(6,035)</td>
<td>(8)</td>
<td>90,039</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>At period start</th>
<th>Reclassification</th>
<th>Depreciation charge</th>
<th>Disposals/ write-offs</th>
<th>Exchange difference</th>
<th>At period end</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,964</td>
<td>(73)</td>
<td>53</td>
<td>(4)</td>
<td>(1)</td>
<td>1,939</td>
</tr>
<tr>
<td>Leasehold land and buildings</td>
<td>313</td>
<td>(9)</td>
<td>495</td>
<td>-</td>
<td>-</td>
<td>799</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5,036</td>
<td>-</td>
<td>1,545</td>
<td>(553)</td>
<td>(2)</td>
<td>6,026</td>
</tr>
<tr>
<td>Office equipment</td>
<td>12,465</td>
<td>14</td>
<td>3,951</td>
<td>(2,633)</td>
<td>-</td>
<td>13,797</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>10,194</td>
<td>0</td>
<td>1,714</td>
<td>(1,756)</td>
<td>-</td>
<td>10,152</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>3,256</td>
<td>68</td>
<td>637</td>
<td>(619)</td>
<td>(2)</td>
<td>3,340</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33,228</td>
<td>-</td>
<td>8,395</td>
<td>(5,565)</td>
<td>(5)</td>
<td>36,053</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>At period start</th>
<th>Reclassification</th>
<th>Depreciation charge</th>
<th>Disposals/ write-offs</th>
<th>Exchange difference</th>
<th>At period end</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>N million</td>
<td>N million</td>
<td></td>
<td></td>
<td>N million</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>27,739</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27,467</td>
</tr>
<tr>
<td>Leasehold land and buildings</td>
<td>1,139</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,424</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>3,390</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,063</td>
</tr>
<tr>
<td>Office equipment</td>
<td>10,980</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,189</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>2,648</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,583</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>2,057</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,229</td>
</tr>
<tr>
<td>Work in progress</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47,980</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>53,986</td>
</tr>
</tbody>
</table>
**Cost/revalued amount**

<table>
<thead>
<tr>
<th>Bank</th>
<th>At period start £ million</th>
<th>Reclassification £ million</th>
<th>Additions £ million</th>
<th>Disposals/write-offs £ million</th>
<th>At period end £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>1,410</td>
<td>(309)</td>
<td>-</td>
<td>-</td>
<td>1,101</td>
</tr>
<tr>
<td>Leasehold land and buildings</td>
<td>29,262</td>
<td>(83)</td>
<td>5,860</td>
<td>(6)</td>
<td>35,033</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>7,664</td>
<td>-</td>
<td>1,294</td>
<td>(635)</td>
<td>8,323</td>
</tr>
<tr>
<td>Office equipment</td>
<td>23,358</td>
<td>19</td>
<td>5,279</td>
<td>(2,625)</td>
<td>26,031</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>11,584</td>
<td>1</td>
<td>1,588</td>
<td>(1,719)</td>
<td>11,454</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>4,534</td>
<td>372</td>
<td>493</td>
<td>(624)</td>
<td>4,775</td>
</tr>
</tbody>
</table>

**Accumulated depreciation**

<table>
<thead>
<tr>
<th>Bank</th>
<th>At period start £ million</th>
<th>Reclassification £ million</th>
<th>Depreciation charge £ million</th>
<th>Disposals/write-offs £ million</th>
<th>At period end £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>277</td>
<td>(73)</td>
<td>21</td>
<td>0</td>
<td>225</td>
</tr>
<tr>
<td>Leasehold land and buildings</td>
<td>1,878</td>
<td>(9)</td>
<td>492</td>
<td>0</td>
<td>2,361</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4,657</td>
<td>0</td>
<td>1,389</td>
<td>(451)</td>
<td>5,595</td>
</tr>
<tr>
<td>Office equipment</td>
<td>12,446</td>
<td>14</td>
<td>3,907</td>
<td>(625)</td>
<td>13,742</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>9,260</td>
<td>0</td>
<td>1,592</td>
<td>(1,717)</td>
<td>9,135</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>2,992</td>
<td>68</td>
<td>571</td>
<td>(588)</td>
<td>3,043</td>
</tr>
</tbody>
</table>

**Net book value**

<table>
<thead>
<tr>
<th>Bank</th>
<th>£ million</th>
<th>£ million</th>
<th>£ million</th>
<th>£ million</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>1,133</td>
<td>876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold land and buildings</td>
<td>27,384</td>
<td>32,672</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>3,007</td>
<td>2,728</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td>10,912</td>
<td>12,289</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer hardware</td>
<td>2,324</td>
<td>2,319</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>1,542</td>
<td>1,732</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Certain land and buildings (own premises only) with a net book value of £187.7 million were professionally valued at £1.18 billion on 31 December 1990 by Jide Taiwo & Co. and Diya Fatimilehin & Co., Estate Surveyors and Valuers on the basis of open market value between a willing seller and buyer. The sum of £448,152 million was then recognised as revaluation reserve in the financial statements.

During the year ended 31 December 1995, selected land and buildings (own premises only) including those revalued at 31 December 1990, were professionally re-valued at £5,056.4 million by Jide Taiwo & Co. and Diya Fatimilehin & Co., estate surveyors and valuers on the basis of open market value between a willing seller and buyer. In compliance with the Central Bank of Nigeria’s guidelines on recognition of revaluation reserve on own premises, the sum of £1,931 million was then incorporated in the account. This represents the revaluation surplus of £4,291.4 million discounted by 55%.

Revaluation of land and buildings is carried out at the discretion of the directors and it is considered as and when necessary.
### 24 CUSTOMER DEPOSITS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current deposits</td>
<td>607,724</td>
<td>537,169</td>
</tr>
<tr>
<td>Savings deposits</td>
<td>387,808</td>
<td>265,833</td>
</tr>
<tr>
<td>Term deposits</td>
<td>276,250</td>
<td>424,050</td>
</tr>
<tr>
<td>Domiciliary deposits</td>
<td>177,497</td>
<td>118,189</td>
</tr>
<tr>
<td>Electronic purse</td>
<td>1,288</td>
<td>1,332</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**24.1 Analysis by maturity**

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–30 days</td>
<td>513,139</td>
<td>481,647</td>
</tr>
<tr>
<td>1–3 months</td>
<td>359,641</td>
<td>270,919</td>
</tr>
<tr>
<td>3–6 months</td>
<td>210,026</td>
<td>336,817</td>
</tr>
<tr>
<td>6–12 months</td>
<td>220,445</td>
<td>127,840</td>
</tr>
<tr>
<td>Over 12 months</td>
<td>147,316</td>
<td>129,350</td>
</tr>
<tr>
<td></td>
<td>1,450,567</td>
<td>1,346,573</td>
</tr>
</tbody>
</table>

### 25 DUE TO OTHER BANKS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Nigeria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-bank takings</td>
<td>148,049</td>
<td>106,191</td>
</tr>
<tr>
<td>Outside Nigeria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to banks outside Nigeria</td>
<td>237</td>
<td>67,089</td>
</tr>
<tr>
<td></td>
<td>148,286</td>
<td>173,280</td>
</tr>
</tbody>
</table>

### 26 LIABILITY ON INVESTMENT CONTRACTS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed funds</td>
<td>95,352</td>
<td>148,224</td>
</tr>
<tr>
<td>Details of other managed funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term clients</td>
<td>20,804</td>
<td>39,111</td>
</tr>
<tr>
<td>Short-term clients</td>
<td>42,599</td>
<td>44,041</td>
</tr>
<tr>
<td>Guaranteed fixed income</td>
<td>31,949</td>
<td>35,072</td>
</tr>
<tr>
<td>Guaranteed principal liabilities</td>
<td>-</td>
<td>30,000</td>
</tr>
<tr>
<td>At end of the period</td>
<td>95,352</td>
<td>148,224</td>
</tr>
</tbody>
</table>

Managed funds represent monies administered by the Group under trust contracts. Some of the investors in the trust product are guaranteed principal and interest.
27. OTHER BORROWINGS

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBN Capital Finance Company, Cayman Islands (note 27.2)</td>
<td>26,352</td>
</tr>
<tr>
<td>European Investment Bank (note 27.3)</td>
<td>6,991</td>
</tr>
<tr>
<td>Standard Chartered Bank (note 27.4)</td>
<td>52,704</td>
</tr>
<tr>
<td>On-lending facilities from financial institutions (note 27.5)</td>
<td>25,905</td>
</tr>
<tr>
<td>Borrowings from correspondence banks</td>
<td>12,665</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>124,617</strong></td>
</tr>
</tbody>
</table>

27.1 Analysis by maturity

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months</td>
<td>20,012</td>
</tr>
<tr>
<td>Over 12 months</td>
<td>104,605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>124,617</strong></td>
</tr>
</tbody>
</table>

27.2 Facility represents dollar notes issued by FBN Capital Finance Company, Cayman Islands on 30 March 2007 for a period of 10 years. Interest on the notes is payable at 9.75% per annum. The loan is repayable at six monthly intervals over a period of five years commencing from 29 March 2012. The loan is a subordinated debt and is non-callable in the first five years.

27.3 Facility represents a medium-term loan (callable notes) secured from European Investment Bank. The loan is divided into tranche A of euro 35 million for a tenure of five years and tranche B of euro 15 million for a tenure of eight years, which qualifies it as tier II capital. Interest is payable half-yearly at 2% and 3% above LIBOR rate for tranche A and tranche B respectively. The facility was secured by negative pledge.

27.4 Facility represents a medium-term loan (dollars notes) secured from Standard Chartered Bank in February 2010 for a period of three years with a moratorium of 18 months. The interest on the loan is payable half yearly at 4.25% above the LIBOR rate. The loan is secured by $27 billion worth of FGN bonds investment as at year end.

27.5 Included in on-lending facilities from financial institutions are disbursements from banks within Nigeria of ₦18.807 billion guaranteed by FBN for specific customers. These facilities include the BOI funds and CACS intervention funds.

i. CBN/BOI facilities

The Central Bank of Nigeria (CBN), in a bid to unlock the credit market, approved (CBN guideline of 16 April 2010) the investment of the sum of ₦200 billion debenture stock to be issued by the Bank of Industry (BOI) which would be applied to the re-financing/ restructuring of banks’ loans to the manufacturing sector.

On 26 July 2010 and 17 August 2010, the BOI disbursed ₦5.656 billion and ₦4.097 billion respectively, totalling ₦9.753 billion, to First Bank of Nigeria Plc (the Bank) under the ₦200 billion CBN Intervention Fund. The fund disbursed is for a period of 15 years effective from the disbursement date and subject to 1% p.a. management fee. The Bank (FBN) had disbursed the sum of ₦8.574 billion to its customers, which was included in the loans and advances, while ₦82 million has been repaid by customers at year end.

ii. CBN/CACS intervention funds

The CBN in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agriculture Credit Scheme (CACS).

Under the scheme, the Bank signed a participation agreement dated 29 April 2010 wherein the CBN shall release through the Bank to various State Government and Federal Capital Territory (FCT) for on-lending to Farmer Cooperative Societies in their respective states and other local investment areas as specified by the guidelines.

During the year, FirstBank received ₦9.135 billion for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for seven years at an interest rate of 9% per annum. The amount disbursed under the scheme was included in the loan and advance in the financial statement.
28 OTHER LIABILITIES

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud and losses</td>
<td>2,084</td>
</tr>
<tr>
<td>Customers’ deposit for letters of credit (note 12)</td>
<td>41,885</td>
</tr>
<tr>
<td>Deposit for foreign currency</td>
<td>1,780</td>
</tr>
<tr>
<td>Interest payable</td>
<td>266</td>
</tr>
<tr>
<td>Account payables</td>
<td>17,892</td>
</tr>
<tr>
<td>Unearned discounts</td>
<td>2,270</td>
</tr>
<tr>
<td>Proceeds from public offers</td>
<td>806</td>
</tr>
<tr>
<td>Provision and accruals</td>
<td>6,014</td>
</tr>
<tr>
<td>Bank cheques</td>
<td>14,268</td>
</tr>
<tr>
<td>Provision on losses for off balance sheet items</td>
<td>39</td>
</tr>
<tr>
<td>Collection on behalf of third parties</td>
<td>4,193</td>
</tr>
<tr>
<td>Premium payable</td>
<td>685</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>8,208</td>
</tr>
<tr>
<td>Clients’ dividend (note 28.1)</td>
<td>17,027</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>2,581</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

28.1 Clients’ dividend
This represents dividend due to shareholders of the various clients of First Registrars Nigeria Limited as at the balance sheet date.

29 DEFERRED TAXES

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.1 Deferred tax liabilities</td>
<td></td>
</tr>
<tr>
<td>Movement in deferred taxes</td>
<td></td>
</tr>
<tr>
<td>At start of the period</td>
<td>11,778</td>
</tr>
<tr>
<td>Reclassification to accounts payable</td>
<td>10,612</td>
</tr>
<tr>
<td>(4,005)</td>
<td>2</td>
</tr>
<tr>
<td>Reclassification to tax payable (CIT)</td>
<td>930</td>
</tr>
<tr>
<td>Charge/(credit)</td>
<td>4,241</td>
</tr>
<tr>
<td>At end of the period</td>
<td>11,778</td>
</tr>
<tr>
<td>29.2 Deferred tax assets</td>
<td>128</td>
</tr>
<tr>
<td>Movement in deferred taxes</td>
<td></td>
</tr>
<tr>
<td>At start of the period</td>
<td>-</td>
</tr>
<tr>
<td>Charge/(credit)</td>
<td>128</td>
</tr>
<tr>
<td>At end of the period</td>
<td>128</td>
</tr>
</tbody>
</table>

29.3 Reclassifications to tax payable
This represents reclassification to income tax payable for tax liability that has crystallised as at the period of review.
30 RETIREMENT BENEFIT OBLIGATIONS

The Group

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined contribution scheme</td>
<td>225</td>
<td>332</td>
</tr>
<tr>
<td>Defined benefit schemes (i and ii)</td>
<td>4,673</td>
<td>392</td>
</tr>
</tbody>
</table>

Total: 4,898 724 4,545 544

Movement in the defined contribution liability recognised in the balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>At start of the period</td>
<td>333</td>
<td>332</td>
</tr>
<tr>
<td>Charge to profit and loss</td>
<td>1,899</td>
<td>2,183</td>
</tr>
<tr>
<td>Payments to ex-staff</td>
<td>-</td>
<td>(200)</td>
</tr>
<tr>
<td>Contributions remitted</td>
<td>(2,007)</td>
<td>(1,983)</td>
</tr>
</tbody>
</table>

At end of the period  225 332 171 153

The Group and its employees make a joint percentage of basic salary, housing and transport allowance to each employee’s retirement savings account maintained with their nominated Pension Fund Administrators.

The Group

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement in the defined benefit liability recognised in the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Gratuity scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At start of the period</td>
<td>392</td>
<td>517</td>
</tr>
<tr>
<td>Charge to profit and loss</td>
<td>7,417</td>
<td>2,956</td>
</tr>
<tr>
<td>Payments in the period</td>
<td>(3,136)</td>
<td>(3,081)</td>
</tr>
</tbody>
</table>

At end of the period  4,673 392 4,374 391

The Group operates a gratuity scheme where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of five years and gross salary on date of retirement.

The Bank

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement in the defined benefit liability recognised in the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Gratuity scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At start of the period</td>
<td>391</td>
<td>516</td>
</tr>
<tr>
<td>Charge to profit and loss</td>
<td>7,073</td>
<td>2,956</td>
</tr>
<tr>
<td>Payments in the period</td>
<td>(3,090)</td>
<td>(3,081)</td>
</tr>
</tbody>
</table>

At end of the period  4,673 392 4,374 391

An actuarial valuation of the old defined benefit scheme, discontinued in 2001, was conducted by HR Nigeria Limited. A shortfall of ₦5.2 billion was established. The deficit arose from the meltdown in the capital market. The Bank is under obligation to fund the deficit, and has elected to do this over the next five years commencing January 2010 with an annual contribution of ₦1.2 billion.

The principal actuarial assumptions used were as follows:

- discount rate 10% 10% 10% 10%
- average rate of inflation 10% 10% 10% 10%
- future salary increases Nil Nil Nil Nil
31  SHARE CAPITAL

<table>
<thead>
<tr>
<th>Notes to the Financial Statements</th>
<th>31 Dec 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Group</td>
<td>The Bank</td>
</tr>
<tr>
<td>31 Dec 2010</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>31 Dec 2009</td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>Authorised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 billion ordinary shares of 50k each (2009: 30 billion)</td>
<td>25,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

At start of period 23,660 3,962 2,261 9,980 2,379 40,530

Adjustment to opening reserves:
- Share of profit on investment in associate - - 1,712 - - 1,712

Adjusted opening reserves 23,660 3,962 2,261 9,980 2,379 42,242

Transfer to share capital - - (1,812) - - (1,812)
Dividend paid - - (2,902) - - (2,902)
Net change due to exchange rate movement - (365) - - - (365)
SMEIS investments written off - - - (787) - - (787)
Transfer from profit and loss account 4,070 - 29,341 - - 33,411

At end of period 27,730 3,597 26,887 9,193 2,379 69,787

At the 41st Annual General Meeting held on 27 May 2010 the shareholders approved the increase in authorised share capital from N15 billion to N25 billion by the addition of 20 billion ordinary shares of 50 kobo each ranking pari-passu with the existing shares of the Company.

Also, the shareholders approved the capitalisation of the sum of N1.812 billion standing in the bonus reserve to shareholders whose names appeared on the register of members at the close of business on 30 April 2010 on the basis of one new ordinary share for every eight ordinary shares held by them on that day.

32  SHARE PREMIUM

<table>
<thead>
<tr>
<th>Notes to the Financial Statements</th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>N million</td>
</tr>
<tr>
<td>At 31 Dec 2010</td>
<td>254,524</td>
<td>254,524</td>
</tr>
</tbody>
</table>

The share premium was as a result of the 2007 hybrid offer by the Bank and all necessary charges and deductions have been made in arriving at the balance.

33  RESERVES

<table>
<thead>
<tr>
<th>Group</th>
<th>Statutory reserve N million</th>
<th>Exchange difference reserve N million</th>
<th>Retained earnings N million</th>
<th>SMEIS reserve N million</th>
<th>Revaluation reserve (property) N million</th>
<th>Total N million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At start of period</td>
<td>23,660</td>
<td>3,962</td>
<td>549</td>
<td>9,980</td>
<td>2,379</td>
<td>40,530</td>
</tr>
<tr>
<td>Adjustment to opening reserves: share of profit on investment in associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,712</td>
<td>-</td>
<td>1,712</td>
</tr>
<tr>
<td>Adjusted opening reserves</td>
<td>23,660</td>
<td>3,962</td>
<td>2,261</td>
<td>9,980</td>
<td>2,379</td>
<td>42,242</td>
</tr>
<tr>
<td>Transfer to share capital</td>
<td>-</td>
<td>-</td>
<td>(1,812)</td>
<td>-</td>
<td>-</td>
<td>(1,812)</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-</td>
<td>-</td>
<td>(2,902)</td>
<td>-</td>
<td>-</td>
<td>(2,902)</td>
</tr>
<tr>
<td>Net change due to exchange rate movement</td>
<td>-</td>
<td>(365)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(365)</td>
</tr>
<tr>
<td>SMEIS investments written off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(787)</td>
<td>-</td>
<td>(787)</td>
</tr>
<tr>
<td>Transfer from profit and loss account</td>
<td>4,070</td>
<td>-</td>
<td>29,341</td>
<td>-</td>
<td>-</td>
<td>33,411</td>
</tr>
<tr>
<td>At end of period</td>
<td>27,730</td>
<td>3,597</td>
<td>26,887</td>
<td>9,193</td>
<td>2,379</td>
<td>69,787</td>
</tr>
</tbody>
</table>
In respect of the current year, the directors propose that a dividend of 60 kobo per ordinary share be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders is now accounted for on the date of declaration as they do not meet criteria of present obligation in Statement of Accounting Standard 23. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear in the Register of Members at closure date. The total estimated dividend to be paid is ₦19.58 billion.

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

The SMEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first five years, but banks’ contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium-scale industries equity investment scheme reserves are non-distributable.

### Contingent Liabilities and Commitments

(a) Legal proceedings

The Group in the ordinary course of business is presently involved in 232 litigation suits amounting to ₦4.117 billion (31 December 2009: ₦647,615,276), none of which may give rise to any material contingent liability.

The directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending or threatened claims and litigations.

(b) Capital commitments

At the balance sheet date, the Bank had capital commitments amounting to ₦3.30 billion (31 December 2009: ₦4.121 billion) in respect of authorised and contracted capital projects.

(c) Operating lease commitments

As at 31 December 2010, the Group was committed to making the following future repayments in respect of an operating lease for land and buildings. The lease is expected to expire in June 2016.
(d) Off balance sheet engagements

In the normal course of business, the Group is party to financial instruments with off balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off balance sheet financial instruments are:

<table>
<thead>
<tr>
<th>Facility type</th>
<th>31 Dec 2010 N million</th>
<th>31 Dec 2009 N million</th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance bonds and guarantees</td>
<td>184,657</td>
<td>306,802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>155,888</td>
<td>242,837</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward and swap contract</td>
<td>1,402</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bankers’ acceptances</td>
<td>166,146</td>
<td>152,667</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranteed commercial papers</td>
<td>-</td>
<td>20,697</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Bills intermediation and others</td>
<td>514,857</td>
<td>249,598</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,022,950</td>
<td>972,601</td>
<td></td>
<td>334,126</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>431,316</td>
<td></td>
</tr>
</tbody>
</table>

35 RELATED PARTY TRANSACTIONS

A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. The volumes of related party transactions, outstanding balances at the period end, and related expense and income for the period are as follows:

<table>
<thead>
<tr>
<th>Name of company/individual</th>
<th>Relationship</th>
<th>Facility type</th>
<th>N million</th>
<th>Status</th>
<th>Security status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honeywell Group Limited</td>
<td>Chairman</td>
<td>Loan</td>
<td>16,909</td>
<td>Performing</td>
<td>Legal mortgage on property, cross guarantee, lien on assets</td>
</tr>
<tr>
<td>Honeywell Flour Mill Ltd (B&amp;G)</td>
<td>Chairman, Non-Executive Director</td>
<td>Loan</td>
<td>643</td>
<td>Performing</td>
<td>Cross guarantee, lien on assets</td>
</tr>
<tr>
<td>Pivot Engineering Ltd</td>
<td>Chairman</td>
<td>Loan</td>
<td>2,676</td>
<td>Performing</td>
<td>Cross guarantee, debenture</td>
</tr>
<tr>
<td>Pivot Engineering Ltd (B&amp;G)</td>
<td>Chairman</td>
<td>Loan</td>
<td>3,634</td>
<td>Performing</td>
<td>Cross guarantee, debenture</td>
</tr>
<tr>
<td>Broadview Engineering Ltd (B&amp;G)</td>
<td>Chairman</td>
<td>Loan</td>
<td>7</td>
<td>Performing</td>
<td>Cross guarantee, counter indemnity</td>
</tr>
<tr>
<td>Airtel Networks Ltd</td>
<td>Chairman</td>
<td>Loan</td>
<td>18,391</td>
<td>Performing</td>
<td>Trust deed managed by First Trustees Ltd</td>
</tr>
<tr>
<td>Airtel Networks Ltd (B&amp;G)</td>
<td>Chairman</td>
<td>Loan</td>
<td>6,455</td>
<td>Performing</td>
<td>Trust deed managed by First Trustees Ltd</td>
</tr>
<tr>
<td>Anchorage Leisures Ltd</td>
<td>Chairman, Non-Executive Director</td>
<td>Loan</td>
<td>3,223</td>
<td>Performing</td>
<td>Debenture on fixed and floating assets</td>
</tr>
<tr>
<td>Fan Milk Plc</td>
<td>Chairman</td>
<td>Loan</td>
<td>316</td>
<td>Performing</td>
<td>Mortgage debenture</td>
</tr>
<tr>
<td>Khalil &amp; Dibbo Transport Ltd</td>
<td>Chairman</td>
<td>Loan</td>
<td>231</td>
<td>Performing</td>
<td>Mortgage debenture</td>
</tr>
<tr>
<td>P.W. Nigeria Limited</td>
<td>Non-Executive Director</td>
<td>Loan</td>
<td>605</td>
<td>Performing</td>
<td>All assets debenture</td>
</tr>
<tr>
<td>P.W. Nigeria Limited (B&amp;G)</td>
<td>Non-Executive Director</td>
<td>Loan</td>
<td>10,536</td>
<td>Performing</td>
<td>All assets debenture</td>
</tr>
<tr>
<td>Dangote Flour Mills</td>
<td>Non-Executive Director</td>
<td>Loan</td>
<td>819</td>
<td>Performing</td>
<td>All assets debenture</td>
</tr>
<tr>
<td>Leadway Capital and Trusts Ltd</td>
<td>Non-Executive Director</td>
<td>Loan</td>
<td>175</td>
<td>Performing</td>
<td>Lien on shares, personal guarantee</td>
</tr>
<tr>
<td>SeaWolf Oilfield Services</td>
<td>Non-Executive Director</td>
<td>Loan</td>
<td>95,280</td>
<td>Performing</td>
<td>Charge over asset financed</td>
</tr>
<tr>
<td>SeaWolf Oilfield Services (B&amp;G)</td>
<td>Non-Executive Director</td>
<td>Loan</td>
<td>9,300</td>
<td>Performing</td>
<td>Charge over asset financed</td>
</tr>
<tr>
<td>Remi Odunlami</td>
<td>Executive Director</td>
<td>Loan</td>
<td>21</td>
<td>Performing</td>
<td>Legal mortgage on property, domiciliation of salary</td>
</tr>
<tr>
<td>Kehinde Lawanson</td>
<td>Executive Director</td>
<td>Loan</td>
<td>132</td>
<td>Performing</td>
<td>Legal mortgage on property, domiciliation of salary</td>
</tr>
</tbody>
</table>

(a) Risk assets outstanding as at 31 December 2010

Direct credit assets

Included in loans and advances is an amount of ₦169.386 billion (December 2009: ₦17.2 billion) representing credit facilities to companies in which certain directors and shareholders have interests. The balances as at 31 December 2010 are as follows:
35.1 Project finance – SeaWolf Oilfield Services Limited

The Bank, in July 2007, committed to jointly (with other financial institutions and investors) finance construction of oil rigs through SeaWolf Oilfield Services Limited for servicing oil companies based in Nigeria.

The Bank initially disbursed the sum of USD260 million to the company, and in view of the project’s potential, continued to fund the project when the other parties could not meet the funding agreement due to the economic meltdown and cash constraints.

The project is now operational and has commenced repayment of the finance facilities granted. The Bank has put in place adequate safeguards to ensure full repayment of the facilities as and when due.

All relevant regulators have also been notified of this transaction, which qualifies as a related party transaction as the Chairman and three other directors of the company were also directors of the Bank as at December 2010.

The facility exceeded the single obligor limit of the Bank set at 20% of the shareholders’ funds (₦68.3 billion) as at 31 December 2010, as a result of reclassification of commercial paper balances to balance sheet in accordance with CBN circular BSD/DIR/GENCIR/03/018 of July 2009. However, the Bank obtained a waiver from the Central Bank of Nigeria via a memo dated 3 December 2010 to exceed the single obligor limit for the facility and to regularise the same by 30 September 2011. The Bank is taking active steps to bring the exposure within the single obligor limit within the year.

### (a) Employees and Directors

#### The average number of persons employed by the Group during the year was as follows:

<table>
<thead>
<tr>
<th>Name of company/individual</th>
<th>Facility type</th>
<th>N million</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Otti, Alex</td>
<td>Loan</td>
<td>6</td>
<td>Performing</td>
</tr>
<tr>
<td>Ngama, Yerima</td>
<td>Loan</td>
<td>3</td>
<td>Performing</td>
</tr>
<tr>
<td>Rasheed, Mahey</td>
<td>Loan</td>
<td>24</td>
<td>Performing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>169,386</td>
<td></td>
</tr>
</tbody>
</table>

### (b) Employees

#### Compensation for the above staff (excluding executive directors):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>40,675</td>
<td>35,086</td>
<td>38,324</td>
<td>34,334</td>
</tr>
<tr>
<td>Pension costs</td>
<td>1,883</td>
<td>2,035</td>
<td>1,770</td>
<td>1,985</td>
</tr>
<tr>
<td>- defined contribution plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- defined benefit plans</td>
<td>9,567</td>
<td>3,013</td>
<td>7,219</td>
<td>2,956</td>
</tr>
<tr>
<td>Other retirement benefit costs</td>
<td>13</td>
<td>470</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions) were:

<table>
<thead>
<tr>
<th>Excluding pension contributions</th>
<th>300,001–400,000</th>
<th>2,000,001–2,100,000</th>
<th>2,100,001–2,200,000</th>
<th>2,200,001–2,300,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>517</td>
<td>2,900</td>
<td>65</td>
<td>1,002</td>
</tr>
<tr>
<td>Number</td>
<td>1,711</td>
<td>2,705</td>
<td>1,699</td>
<td>1,733</td>
</tr>
<tr>
<td>Number</td>
<td>1,564</td>
<td>1,892</td>
<td>1,546</td>
<td>1,462</td>
</tr>
<tr>
<td>Number</td>
<td>1,253</td>
<td>545</td>
<td>1,253</td>
<td>1,197</td>
</tr>
<tr>
<td>Number</td>
<td>1,917</td>
<td>330</td>
<td>1,903</td>
<td>1,762</td>
</tr>
<tr>
<td>Number</td>
<td>26</td>
<td>162</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number</td>
<td>518</td>
<td>117</td>
<td>506</td>
<td>494</td>
</tr>
<tr>
<td>Number</td>
<td>3</td>
<td>24</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number</td>
<td>626</td>
<td>15</td>
<td>626</td>
<td>563</td>
</tr>
<tr>
<td>Number</td>
<td>8,135</td>
<td>8,740</td>
<td>7,598</td>
<td>8,213</td>
</tr>
</tbody>
</table>
### Directors

Remuneration paid to the Group’s directors was:

<table>
<thead>
<tr>
<th>Description</th>
<th>31 Dec 2010 N million</th>
<th>31 Dec 2009 N million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and sitting allowances</td>
<td>169</td>
<td>29</td>
</tr>
<tr>
<td>Executive compensation</td>
<td>545</td>
<td>355</td>
</tr>
<tr>
<td>Compensation for loss of office</td>
<td>450</td>
<td>-</td>
</tr>
<tr>
<td>Retirement benefit costs</td>
<td>1,604</td>
<td>184</td>
</tr>
<tr>
<td>Other director expenses and benefits</td>
<td>901</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,669</strong></td>
<td><strong>599</strong></td>
</tr>
</tbody>
</table>

Fees and other emoluments disclosed above include amounts paid to:

- **The Chairman**: 5, 5
- **The highest paid director**: 67, 50

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

<table>
<thead>
<tr>
<th>Range</th>
<th>Number</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below N1,000,000</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>N1,000,000–N2,000,000</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>N2,000,001–N3,000,000</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>N5,500,001 and above</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>
## CASH GENERATED FROM OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of profit before tax to cash generated from operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>43,188</td>
<td>13,297</td>
</tr>
<tr>
<td>Provision for loan loss</td>
<td>29,631</td>
<td>45,223</td>
</tr>
<tr>
<td>Amounts written back on previously provisioned accounts</td>
<td>(7,866)</td>
<td>(4,863)</td>
</tr>
<tr>
<td>Provision/write-back for leases</td>
<td>592</td>
<td>(10)</td>
</tr>
<tr>
<td>Interest in suspense</td>
<td>16,964</td>
<td>4,916</td>
</tr>
<tr>
<td>Loans written off</td>
<td>(22,464)</td>
<td>(5,573)</td>
</tr>
<tr>
<td>Investment in SMEEIS written off</td>
<td>(787)</td>
<td>(1,277)</td>
</tr>
<tr>
<td>Change in provision for other assets</td>
<td>1,183</td>
<td>(487)</td>
</tr>
<tr>
<td>Change in provision for investment</td>
<td>19,254</td>
<td>1,592</td>
</tr>
<tr>
<td>Change in provision for investment in subsidiaries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in provision for managed funds</td>
<td>(19,028)</td>
<td>(2,478)</td>
</tr>
<tr>
<td>(Gain)/loss on disposal of fixed assets</td>
<td>(67)</td>
<td>94</td>
</tr>
<tr>
<td>Adjustment for carrying amount of investment and reserves of previously unconsolidated associates</td>
<td>(1,520)</td>
<td>(1,712)</td>
</tr>
<tr>
<td>Deferred tax from acquiree</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8,394</td>
<td>5,546</td>
</tr>
<tr>
<td>Dividend income from investments</td>
<td>(513)</td>
<td>(1,316)</td>
</tr>
<tr>
<td>Provision for retirement benefit obligations</td>
<td>9,316</td>
<td>5,657</td>
</tr>
<tr>
<td>Provision for value added tax</td>
<td>1,064</td>
<td>988</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(362)</td>
<td>3,772</td>
</tr>
<tr>
<td>Operating profit before changes in operating assets and liabilities</td>
<td>76,978</td>
<td>63,369</td>
</tr>
<tr>
<td>(Increase)/decrease in operating assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash reserve balances</td>
<td>(822)</td>
<td>6,173</td>
</tr>
<tr>
<td>Due from other banks (non-current placements)</td>
<td>23,081</td>
<td>(200,160)</td>
</tr>
<tr>
<td>Loans to customers, net of loans in acquiree</td>
<td>(81,427)</td>
<td>(377,758)</td>
</tr>
<tr>
<td>Advances under finance leases</td>
<td>2,662</td>
<td>944</td>
</tr>
<tr>
<td>Insurance receivables</td>
<td>(150)</td>
<td>(47)</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>(63,097)</td>
<td>(70,752)</td>
</tr>
<tr>
<td>Interest receivable and prepayment</td>
<td>12,211</td>
<td>(10,045)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(8,011)</td>
<td>(736)</td>
</tr>
<tr>
<td>Other receivables, net of sundry receivables in acquiree</td>
<td>54,576</td>
<td>(40,565)</td>
</tr>
<tr>
<td>Increase/(decrease) in operating liabilities</td>
<td>(60,976)</td>
<td>(692,946)</td>
</tr>
<tr>
<td>Customer deposits, net of deposits in acquiree</td>
<td>103,994</td>
<td>152,118</td>
</tr>
<tr>
<td>Due to other banks</td>
<td>(24,994)</td>
<td>2,870</td>
</tr>
<tr>
<td>Customers’ deposit for foreign currency denominated obligations</td>
<td>18,157</td>
<td>(22,864)</td>
</tr>
<tr>
<td>Insurance contract liabilities</td>
<td>(52,872)</td>
<td>54,928</td>
</tr>
<tr>
<td>Interest payable and unearned income</td>
<td>(8,327)</td>
<td>5,652</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(22,158)</td>
<td>(8,214)</td>
</tr>
<tr>
<td>Gratuity payment to staff</td>
<td>(5,143)</td>
<td>(5,264)</td>
</tr>
<tr>
<td>Cash generated from/used in operations</td>
<td>24,663</td>
<td>(450,351)</td>
</tr>
</tbody>
</table>
38 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. The adjusted EPS is calculated using the number of shares in issue at the balance sheet date. Where a stock split has occurred, the number of shares in issue in the prior year is adjusted to achieve comparability.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potential dilutive shares in 2010 (2009: nil).

The Bank

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit attributable to shareholders (₦ million)</td>
<td>33,411</td>
</tr>
<tr>
<td>Number of ordinary shares in issue as at period end (million)</td>
<td>32,632</td>
</tr>
<tr>
<td>Time weighted average number of ordinary shares in issue (million)</td>
<td>32,632</td>
</tr>
<tr>
<td>Adjusted number of ordinary shares in issue (million)</td>
<td>32,632</td>
</tr>
<tr>
<td>Basic earnings per share (kobo)</td>
<td>102</td>
</tr>
<tr>
<td>Diluted earnings per share (kobo)</td>
<td>102</td>
</tr>
</tbody>
</table>

39 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with the Central Bank, Treasury Bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

The Bank

<table>
<thead>
<tr>
<th>The Group</th>
<th>The Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with the Central Bank (less restricted balances)</td>
<td>64,387</td>
</tr>
<tr>
<td>Treasury Bills and eligible bills (less pledged bills)</td>
<td>10,629</td>
</tr>
<tr>
<td>Due from other banks (less non-current placements)</td>
<td>373,335</td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>448,351</td>
</tr>
</tbody>
</table>

40 COMPLIANCE WITH BANKING REGULATIONS

The Bank did not contravene any regulation of the Banks and Other Financial Institutions Act CAP 3 LFN 2004 or relevant circulars issued by the Central Bank of Nigeria.

41 EVENTS AFTER THE BALANCE SHEET DATE

The Bank invested a total sum of ₦31.2 million (30 million shares @ ₦1.04k/share) in Interswitch Ltd in 2002 in conjunction with a consortium of Banks.

In December 2010, the Board of Directors approved the disposal of a third of the Bank’s holding (10 million shares) in Interswitch at ₦130 per share. This resulted in a gain of ₦1.28 billion. The sale was concluded in January 2011.

42 COMPARATIVES

The financial statements are being presented in line with the format prescribed for all banks in Nigeria by the Central Bank of Nigeria with effect from the year ended 31 December 2009.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.
FINANCIAL RISK ANALYSIS
For the year ended 31 December 2010

PERFORMING BUT PAST DUE LOANS
Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. The gross amount of loans and advances by class to customers that were past due but performing were as follows:

<table>
<thead>
<tr>
<th>At 31 Dec 2010</th>
<th>Retail (₦ million)</th>
<th>Corporate (₦ million)</th>
<th>SME (₦ million)</th>
<th>Financial institutions (₦ million)</th>
<th>Total (₦ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past due up to 30 days</td>
<td>23,799</td>
<td>39,366</td>
<td>256</td>
<td>15,836</td>
<td>79,257</td>
</tr>
<tr>
<td>Past due 30–60 days</td>
<td>7,853</td>
<td>4,614</td>
<td>560</td>
<td>449</td>
<td>13,476</td>
</tr>
<tr>
<td>Past due 60–90 days</td>
<td>16,570</td>
<td>2,181</td>
<td>176</td>
<td>631</td>
<td>19,558</td>
</tr>
<tr>
<td>Total</td>
<td>48,222</td>
<td>46,161</td>
<td>992</td>
<td>16,916</td>
<td>112,291</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>At 31 Dec 2009</th>
<th>Retail (₦ million)</th>
<th>Corporate (₦ million)</th>
<th>SME (₦ million)</th>
<th>Financial institutions (₦ million)</th>
<th>Total (₦ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past due up to 30 days</td>
<td>25,516</td>
<td>26,284</td>
<td>7,819</td>
<td>5,533</td>
<td>65,152</td>
</tr>
<tr>
<td>Past due 30–60 days</td>
<td>8,921</td>
<td>9,423</td>
<td>2,792</td>
<td>1,976</td>
<td>23,112</td>
</tr>
<tr>
<td>Past due 60–90 days</td>
<td>35,110</td>
<td>38,218</td>
<td>11,035</td>
<td>0</td>
<td>84,363</td>
</tr>
<tr>
<td>Total</td>
<td>69,547</td>
<td>73,925</td>
<td>21,646</td>
<td>7,509</td>
<td>172,627</td>
</tr>
</tbody>
</table>

NON-PERFORMING LOANS BY INDUSTRY

<table>
<thead>
<tr>
<th>The Group</th>
<th>31 Dec 2010 (₦ million)</th>
<th>31 Dec 2009 (₦ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset management</td>
<td>767</td>
<td>16,061</td>
</tr>
<tr>
<td>Personal and professional</td>
<td>9,041</td>
<td>13,701</td>
</tr>
<tr>
<td>Commercial – non-residential</td>
<td>5,204</td>
<td>17,993</td>
</tr>
<tr>
<td>Retail – others</td>
<td>16,132</td>
<td>9,604</td>
</tr>
<tr>
<td>Distributive trade (general commerce)</td>
<td>4,579</td>
<td>4,894</td>
</tr>
<tr>
<td>Oil and gas services</td>
<td>10,005</td>
<td>6,601</td>
</tr>
<tr>
<td>Utility – private</td>
<td>124</td>
<td>4,734</td>
</tr>
<tr>
<td>Commercial – residential</td>
<td>22,044</td>
<td>2,597</td>
</tr>
<tr>
<td>Construction</td>
<td>1,247</td>
<td>2,284</td>
</tr>
<tr>
<td>Manufacturing – basic metal</td>
<td>2</td>
<td>1,261</td>
</tr>
<tr>
<td>Owner occupier</td>
<td>1,644</td>
<td>1,072</td>
</tr>
<tr>
<td>Manufacturing – paper and paper products</td>
<td>1,143</td>
<td>918</td>
</tr>
<tr>
<td>Education</td>
<td>285</td>
<td>483</td>
</tr>
<tr>
<td>Other financial institutions</td>
<td>5,073</td>
<td>400</td>
</tr>
<tr>
<td>Oil and gas – marketing</td>
<td>4,228</td>
<td>5,538</td>
</tr>
<tr>
<td>Others</td>
<td>11,058</td>
<td>5,846</td>
</tr>
<tr>
<td>Total</td>
<td>92,576</td>
<td>93,988</td>
</tr>
</tbody>
</table>
## NON-PERFORMING PORTFOLIO BY STRATEGIC BUSINESS UNITS

<table>
<thead>
<tr>
<th>Strategic Business Units</th>
<th>31 Dec 2010 (\text{₦} \text{million} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Banking</td>
<td>10,527</td>
</tr>
<tr>
<td>Institutional Banking</td>
<td>43,481</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>35,592</td>
</tr>
<tr>
<td>Public Sector Banking</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89,703</strong></td>
</tr>
</tbody>
</table>

## CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE

### (a) Geographical sectors

The following table breaks down the Group’s main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2010. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

<table>
<thead>
<tr>
<th>Region</th>
<th>At 31 Dec 2010</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Due from banks (\text{₦} \text{million} )</td>
<td>Loans (\text{₦} \text{million} )</td>
<td>Advances under finance lease (\text{₦} \text{million} )</td>
<td>Debt instruments (\text{₦} \text{million} )</td>
<td>(\text{₦} \text{million} )</td>
</tr>
<tr>
<td>Lagos</td>
<td>-</td>
<td>723,158</td>
<td>4,280</td>
<td>118,100</td>
<td>845,538</td>
</tr>
<tr>
<td>South</td>
<td>-</td>
<td>152,364</td>
<td>2,721</td>
<td>5,658</td>
<td>160,743</td>
</tr>
<tr>
<td>West</td>
<td>-</td>
<td>30,072</td>
<td>647</td>
<td>1,806</td>
<td>32,525</td>
</tr>
<tr>
<td>North</td>
<td>-</td>
<td>67,843</td>
<td>635</td>
<td>3,139</td>
<td>71,617</td>
</tr>
<tr>
<td>Europe</td>
<td>-</td>
<td>135,003</td>
<td>-</td>
<td>-</td>
<td>135,003</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>1,108,440</td>
<td>8,283</td>
<td>128,703</td>
<td>1,245,426</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>At 31 Dec 2009</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Due from banks (\text{₦} \text{million} )</td>
<td>Loans (\text{₦} \text{million} )</td>
<td>Advances under finance lease (\text{₦} \text{million} )</td>
<td>Debt instruments (\text{₦} \text{million} )</td>
<td>(\text{₦} \text{million} )</td>
</tr>
<tr>
<td>Lagos</td>
<td>-</td>
<td>667,150</td>
<td>3,234</td>
<td>107,053</td>
<td>777,437</td>
</tr>
<tr>
<td>South</td>
<td>-</td>
<td>164,702</td>
<td>4,535</td>
<td>6,132</td>
<td>175,369</td>
</tr>
<tr>
<td>West</td>
<td>-</td>
<td>76,079</td>
<td>2,690</td>
<td>9,443</td>
<td>88,212</td>
</tr>
<tr>
<td>North</td>
<td>-</td>
<td>74,785</td>
<td>485</td>
<td>2,642</td>
<td>77,912</td>
</tr>
<tr>
<td>Europe</td>
<td>-</td>
<td>50,129</td>
<td>-</td>
<td>-</td>
<td>50,129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>1,032,845</td>
<td>10,944</td>
<td>125,270</td>
<td>1,169,059</td>
</tr>
</tbody>
</table>
### (b) Industry sectors

<table>
<thead>
<tr>
<th></th>
<th>Due from banks N\ million</th>
<th>Advances under finance lease N\ million</th>
<th>Debt instruments N\ million</th>
<th>Total N\ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 31 Dec 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>-</td>
<td>12,546</td>
<td>-</td>
<td>12,546</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>245,192</td>
<td>1,356</td>
<td>20,074</td>
<td>266,622</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>-</td>
<td>104,738</td>
<td>-</td>
<td>104,738</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-</td>
<td>71,086</td>
<td>17,360</td>
<td>88,443</td>
</tr>
<tr>
<td>Real estate</td>
<td>106,543</td>
<td>-</td>
<td>4,900</td>
<td>111,443</td>
</tr>
<tr>
<td>Construction</td>
<td>-</td>
<td>5,877</td>
<td>2,496</td>
<td>8,373</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>-</td>
<td>209,155</td>
<td>1,500</td>
<td>211,155</td>
</tr>
<tr>
<td>Transportation</td>
<td>-</td>
<td>919</td>
<td>-</td>
<td>919</td>
</tr>
<tr>
<td>Communication</td>
<td>-</td>
<td>59,914</td>
<td>11,869</td>
<td>71,783</td>
</tr>
<tr>
<td>General commerce</td>
<td>-</td>
<td>167,214</td>
<td>19,952</td>
<td>187,166</td>
</tr>
<tr>
<td>Utilities</td>
<td>-</td>
<td>156</td>
<td>1,274</td>
<td>1,430</td>
</tr>
<tr>
<td>Retail services</td>
<td>-</td>
<td>60,429</td>
<td>50,552</td>
<td>110,981</td>
</tr>
<tr>
<td>Public sector</td>
<td>-</td>
<td>64,671</td>
<td>-</td>
<td>64,671</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>1,108,440</td>
<td>128,703</td>
<td>1,245,143</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Loans N\ million</th>
<th>Advances under finance lease N\ million</th>
<th>Debt instruments N\ million</th>
<th>Total N\ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 31 Dec 2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>-</td>
<td>7,488</td>
<td>-</td>
<td>7,488</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>150,791</td>
<td>3,594</td>
<td>15,056</td>
<td>169,407</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>-</td>
<td>77,995</td>
<td>-</td>
<td>77,995</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-</td>
<td>47,788</td>
<td>43,337</td>
<td>91,125</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>99,835</td>
<td>5,800</td>
<td>105,635</td>
</tr>
<tr>
<td>Construction</td>
<td>-</td>
<td>5,468</td>
<td>800</td>
<td>6,268</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>-</td>
<td>335,818</td>
<td>3,900</td>
<td>340,718</td>
</tr>
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<td>Transportation</td>
<td>-</td>
<td>7,488</td>
<td>70</td>
<td>8,288</td>
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<td>Communication</td>
<td>-</td>
<td>27,405</td>
<td>27,411</td>
<td>54,816</td>
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<td>General commerce</td>
<td>-</td>
<td>52,793</td>
<td>10,171</td>
<td>62,964</td>
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<tr>
<td>Utilities</td>
<td>-</td>
<td>5,483</td>
<td>-</td>
<td>5,483</td>
</tr>
<tr>
<td>Retail services</td>
<td>-</td>
<td>143,420</td>
<td>18,725</td>
<td>162,145</td>
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<td>Public sector</td>
<td>-</td>
<td>71,074</td>
<td>-</td>
<td>71,074</td>
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<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>1,032,846</td>
<td>125,270</td>
<td>1,169,116</td>
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</table>

### ANALYSIS BY PORTFOLIO DISTRIBUTION AND RISK RATING

<table>
<thead>
<tr>
<th></th>
<th>AAA to AA N\ million</th>
<th>A+ to A- N\ million</th>
<th>BBB+ to BB- N\ million</th>
<th>Below BB- N\ million</th>
<th>Unrated N\ million</th>
<th>Total N\ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 31 Dec 2010</strong></td>
<td>122,662</td>
<td>16,986</td>
<td>427,266</td>
<td>678,512</td>
<td>-</td>
<td>1,245,426</td>
</tr>
<tr>
<td><strong>At 31 Dec 2009</strong></td>
<td>55,691</td>
<td>24,741</td>
<td>470,895</td>
<td>617,733</td>
<td>-</td>
<td>1,169,060</td>
</tr>
</tbody>
</table>
LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

The Group’s liquidity management process is primarily the responsibility of the Assets and Liabilities Committee (ALCO). Treasury is the executory arm of ALCO and its functions include:

(a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen.

(b) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(c) Monitoring balance sheet liquidity ratios against internal and regulatory requirements (in conjunction with Financial Control Department).

(d) Managing the concentration and profile of debt maturities.

Funding approach

Sources of liquidity are regularly reviewed by Treasury to maintain a wide diversification by currency, geography, provider, product and term.

MATURITY PROFILE: ON BALANCE SHEET – BANK

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>At 31 Dec 2010</th>
<th>Up to 1 month</th>
<th>1–3 months</th>
<th>3–6 months</th>
<th>6–12 months</th>
<th>1–5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>480,305</td>
<td>305,243</td>
<td>197,076</td>
<td>220,445</td>
<td>127,702</td>
<td>-</td>
<td>-</td>
<td>1,330,771</td>
</tr>
<tr>
<td>Due to other banks</td>
<td>-</td>
<td>55,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55,165</td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>-</td>
<td>20,012</td>
<td>78,700</td>
<td>25,905</td>
<td>124,617</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current income tax</td>
<td>-</td>
<td>-</td>
<td>4,238</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,238</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>21,806</td>
<td>4,337</td>
<td>60,167</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>86,310</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,877</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,877</td>
</tr>
<tr>
<td>Retirement benefit obligations</td>
<td>-</td>
<td>455</td>
<td>682</td>
<td>900</td>
<td>2,508</td>
<td>-</td>
<td>-</td>
<td>4,545</td>
</tr>
<tr>
<td>Equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>340,735</td>
<td>-</td>
<td>340,735</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>502,111</td>
<td>365,200</td>
<td>262,163</td>
<td>241,357</td>
<td>219,787</td>
<td>366,640</td>
<td>1,957,258</td>
<td></td>
</tr>
</tbody>
</table>

| Assets                           |               | 74,894        | 900        | 3,350      | 19,349      | -          | -            | 74,894   |
| Cash and balances with the Central Bank | 383,893 | 383,893       | 383,893    |            |             |            |              |         |
| Due from other banks             | 515,391       | 96,571        | 44,294     | 30,827     | 320,564     | 9,766      | 1,017,413    |         |
| Advances under finance lease     | 1,613         | 82            | 346        | 851        | 4,688       | -          | 7,580        |         |
| Investment and trading securities| -             | -             | -          | 227,409    | 89,664      | 317,073    |              |         |
| Investment in subsidiaries       | -             | -             | -          | -          | 31,416      | 31,416     |              |         |
| Investment in associates          | -             | -             | -          | -          | 2,224       | 2,224      |              |         |
| Other assets                      | 1,679         | 4,340         | 38,447     | 2,084      | -           | -          | 46,550       |         |
| Property and equipment            | -             | -             | -          | -          | 52,616      | 52,616     |              |         |

| Total assets                     | 975,791       | 99,232        | 52,330     | 89,474     | 554,745     | 185,686    | 1,957,258    |         |

| Gap                              | 473,680       | (265,968)     | (209,833)  | (151,883)  | 334,958     | (180,954)  | -            |         |
### MATURITY PROFILE: ON BALANCE SHEET – GROUP

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Up to 1 month</th>
<th>1–3 months</th>
<th>3–6 months</th>
<th>6–12 months</th>
<th>1–5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>572,182</td>
<td>307,904</td>
<td>205,403</td>
<td>237,376</td>
<td>127,702</td>
<td>-</td>
<td>1,450,567</td>
</tr>
<tr>
<td>Due to other banks</td>
<td>93,121</td>
<td>55,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>148,286</td>
</tr>
<tr>
<td>Liability on investment contracts</td>
<td>28,331</td>
<td>41,861</td>
<td>-</td>
<td>25,160</td>
<td>-</td>
<td>-</td>
<td>95,352</td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>-</td>
<td>9,136</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,136</td>
</tr>
<tr>
<td>Current income tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,012</td>
<td>78,700</td>
<td>25,905</td>
<td>124,617</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>55,497</td>
<td>4,337</td>
<td>60,167</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>120,001</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,779</td>
<td>-</td>
<td>-</td>
<td>11,779</td>
</tr>
<tr>
<td>Retirement benefit obligations</td>
<td>-</td>
<td>455</td>
<td>1,035</td>
<td>900</td>
<td>2,508</td>
<td>-</td>
<td>4,898</td>
</tr>
<tr>
<td>Equity</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>340,624</td>
<td>340,624</td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>749,131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th>Up to 1 month</th>
<th>1–3 months</th>
<th>3–6 months</th>
<th>6–12 months</th>
<th>1–5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with the Central Bank</td>
<td>75,517</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>75,517</td>
</tr>
<tr>
<td>Treasury Bills and other eligible bills</td>
<td>-</td>
<td>900</td>
<td>3,350</td>
<td>19,519</td>
<td>-</td>
<td>-</td>
<td>23,769</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>550,414</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>550,414</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>517,601</td>
<td>169,337</td>
<td>44,802</td>
<td>39,747</td>
<td>359,855</td>
<td>12,272</td>
<td>1,143,614</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>1,614</td>
<td>82</td>
<td>346</td>
<td>851</td>
<td>4,688</td>
<td>-</td>
<td>7,581</td>
</tr>
<tr>
<td>Investment and trading securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>255,493</td>
<td>89,664</td>
<td>345,157</td>
<td>-</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,546</td>
<td>4,546</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Managed funds</td>
<td>20,977</td>
<td>-</td>
<td>16,940</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37,917</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>1,679</td>
<td>4,340</td>
<td>43,195</td>
<td>-</td>
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<td>Investment property</td>
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<td>-</td>
<td>-</td>
<td>8,420</td>
<td>8,420</td>
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</tr>
<tr>
<td>Deferred tax asset</td>
<td>128</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>128</td>
<td>-</td>
</tr>
<tr>
<td>Property and equipment</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>53,986</td>
<td>53,986</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>1,166,251</td>
</tr>
</tbody>
</table>

| Gap | 417,120 | (237,723) | (222,903) | (163,196) | 401,432 | (194,731) | - |

Maturity Profile: On Balance Sheet – Group
MATURITY PROFILE – OFF BALANCE SHEET

(a) Financial guarantees and other financial facilities
Performance bonds and financial guarantees (note 34), are also included below based on the earliest contractual maturity date.

(b) Contingent letters of credit
Unfunded letters of credit (note 34) are also included below based on the earliest contractual payment date.

(c) Operating lease commitments
Where a Group company is the lessee, the future minimum lease payments under non-cancellable operating leases, as disclosed in note 34, are summarised in the table below.

(d) Capital commitments
Capital commitments for the acquisition of buildings and equipment (note 34) are summarised in the table below.

<table>
<thead>
<tr>
<th></th>
<th>At 31 Dec 2010</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to 1 month</td>
<td>1–3 months</td>
<td>3–6 months</td>
<td>6–12 months</td>
<td>1–5 years</td>
<td>million</td>
<td>million</td>
</tr>
<tr>
<td>Acceptances,</td>
<td>N million</td>
<td>thousand N million</td>
<td>thousand N million</td>
<td>thousand N million</td>
<td>thousand N million</td>
<td>million</td>
<td>million</td>
</tr>
<tr>
<td>guarantees and</td>
<td>13,799</td>
<td>65,853</td>
<td>101,735</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>181,387</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and</td>
<td>2,034</td>
<td>9,866</td>
<td>18,682</td>
<td>57,466</td>
<td>45,345</td>
<td>17,944</td>
<td>151,337</td>
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<td></td>
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</tr>
<tr>
<td>guarantees</td>
<td></td>
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<td></td>
</tr>
<tr>
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<td>-</td>
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<td>1,402</td>
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</tr>
<tr>
<td>Guaranteed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>commercial papers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Bills</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>intermediation</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>17,235</td>
<td>75,719</td>
<td>120,418</td>
<td>57,466</td>
<td>45,345</td>
<td>17,944</td>
<td>334,126</td>
</tr>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>At 31 Dec 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Acceptances,</td>
<td>18,474</td>
<td>88,162</td>
<td>136,201</td>
<td>-</td>
<td>-</td>
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<td>242,837</td>
</tr>
<tr>
<td>guarantees and</td>
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<td></td>
</tr>
<tr>
<td>indemnities</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Bonds and</td>
<td>2,084</td>
<td>10,109</td>
<td>19,142</td>
<td>58,880</td>
<td>46,461</td>
<td>18,386</td>
<td>155,062</td>
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<tr>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>guarantees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranteed</td>
<td>20,496</td>
<td>201</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,697</td>
</tr>
<tr>
<td>commercial papers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>12,720</td>
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<tr>
<td>intermediation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>41,054</td>
<td>98,472</td>
<td>155,343</td>
<td>58,880</td>
<td>59,181</td>
<td>18,386</td>
<td>431,316</td>
</tr>
</tbody>
</table>
## Concentrations of Currency Risk: On and Off Balance Sheet Financial Instruments

<table>
<thead>
<tr>
<th>At 31 Dec 2010</th>
<th>Naira million</th>
<th>Dollar million</th>
<th>GBP million</th>
<th>Euro million</th>
<th>Others million</th>
<th>Total million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with the Central Bank</td>
<td>65,187</td>
<td>7,228</td>
<td>1,405</td>
<td>1,002</td>
<td>72</td>
<td>74,894</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>23,599</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,599</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>256,162</td>
<td>98,178</td>
<td>11,708</td>
<td>17,041</td>
<td>804</td>
<td>383,893</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>800,810</td>
<td>215,028</td>
<td>-</td>
<td>-</td>
<td>1,575</td>
<td>1,017,413</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>7,580</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,580</td>
</tr>
<tr>
<td>Investment securities</td>
<td>350,713</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>350,713</td>
</tr>
<tr>
<td>Other assets</td>
<td>63,864</td>
<td>34,332</td>
<td>469</td>
<td>401</td>
<td>100</td>
<td>99,166</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>1,567,915</td>
<td>354,766</td>
<td>13,582</td>
<td>18,444</td>
<td>2,551</td>
<td>1,957,258</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>1,152,656</td>
<td>169,553</td>
<td>4,215</td>
<td>3,609</td>
<td>738</td>
<td>1,330,771</td>
</tr>
<tr>
<td>Due to other banks</td>
<td>55,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55,165</td>
</tr>
<tr>
<td>Claims payable</td>
<td>(0)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>38,572</td>
<td>80,560</td>
<td>-</td>
<td>5,485</td>
<td>-</td>
<td>124,617</td>
</tr>
<tr>
<td>Current income tax</td>
<td>4,238</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,238</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>317,412</td>
<td>104,653</td>
<td>9,367</td>
<td>9,222</td>
<td>1,813</td>
<td>442,467</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td>1,568,043</td>
<td>354,766</td>
<td>13,582</td>
<td>18,316</td>
<td>2,551</td>
<td>1,957,258</td>
</tr>
<tr>
<td><strong>Net off balance sheet financial position</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Off balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial assets</td>
<td>2,310</td>
<td>318,515</td>
<td>702</td>
<td>10,024</td>
<td>2,575</td>
<td>334,126</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>2,310</td>
<td>318,515</td>
<td>702</td>
<td>10,024</td>
<td>2,575</td>
<td>334,126</td>
</tr>
<tr>
<td><strong>Net off balance sheet financial position</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1 capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>16,316</td>
<td>14,504</td>
</tr>
<tr>
<td>Share premium</td>
<td>254,524</td>
<td>254,524</td>
</tr>
<tr>
<td>Statutory reserves</td>
<td>27,730</td>
<td>23,660</td>
</tr>
<tr>
<td>Contingency reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SMEIS reserve</td>
<td>9,193</td>
<td>9,980</td>
</tr>
<tr>
<td>Bonus issue reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>26,887</td>
<td>549</td>
</tr>
<tr>
<td>Less: goodwill and intangible assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total qualifying tier 1 capital</strong></td>
<td>334,650</td>
<td>303,217</td>
</tr>
</tbody>
</table>

| **Tier 2 capital**           |              |              |
| Preference shares            | -            | -            |
| Minority interest            | -            | -            |
| Convertible bonds            | -            | -            |
| Revaluation reserve – fixed assets | 2,379 | 2,379 |
| Revaluation reserve – investment securities | - | - |
| Translation reserve          | 3,597        | 3,962        |
| Other borrowings             | 33,343       | 35,473       |
| General provision            | 11,363       | 59           |
| **Total qualifying tier 2 capital** | 50,682   | 41,873 |

| **Total regulatory capital** |              |              |
| 385,332                      | 345,090      |

| **Risk-weighted assets**     |              |              |
| On balance sheet             | 1,499,264    | 1,790,146    |
| Off balance sheet            | 394,025      | 394,260      |
| **Total risk-weighted assets** | 1,893,289 | 2,184,406 |

| **Risk-weighted Capital Adequacy Ratio (CAR)** |              |
| 20.35%                                       | 15.8%        |
GROUP STATEMENT OF VALUE ADDED
For the year ended 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010 £ million</th>
<th>%</th>
<th>31 Dec 2009 £ million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross income</td>
<td>230,606</td>
<td>-</td>
<td>196,408</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(49,633)</td>
<td>-</td>
<td>(64,339)</td>
<td>-</td>
</tr>
<tr>
<td>Interest on long-term borrowings</td>
<td>(2,945)</td>
<td>-</td>
<td>(1,545)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>178,028</td>
<td>-</td>
<td>130,524</td>
<td>-</td>
</tr>
<tr>
<td>Administrative overheads:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– local</td>
<td>(52,661)</td>
<td>-</td>
<td>(31,216)</td>
<td>-</td>
</tr>
<tr>
<td>– foreign</td>
<td>(55)</td>
<td>-</td>
<td>(949)</td>
<td>-</td>
</tr>
<tr>
<td>Value added</td>
<td>125,312</td>
<td>100</td>
<td>98,359</td>
<td>100</td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– salaries and benefits</td>
<td>52,138</td>
<td>42</td>
<td>40,604</td>
<td>41</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– company income tax</td>
<td>5,664</td>
<td>5</td>
<td>4,306</td>
<td>4</td>
</tr>
<tr>
<td>The future</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– asset replacement (depreciation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– local</td>
<td>8,346</td>
<td>7</td>
<td>5,466</td>
<td>6</td>
</tr>
<tr>
<td>– foreign</td>
<td>50</td>
<td>-</td>
<td>79</td>
<td>-</td>
</tr>
<tr>
<td>– asset replacement (provision for losses)</td>
<td>21,590</td>
<td>19</td>
<td>40,624</td>
<td>41</td>
</tr>
<tr>
<td>– asset replacement (deferred taxation)</td>
<td>4,113</td>
<td>3</td>
<td>4,090</td>
<td>4</td>
</tr>
<tr>
<td>– expansion (transfers to reserves)</td>
<td>33,411</td>
<td>25</td>
<td>3,189</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>125,312</td>
<td>100</td>
<td>98,359</td>
<td>100</td>
</tr>
</tbody>
</table>
## BANK STATEMENT OF VALUE ADDED
For the year ended 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2010</th>
<th></th>
<th>31 Dec 2009</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N million</td>
<td>%</td>
<td>N million</td>
<td>%</td>
</tr>
<tr>
<td><strong>Gross income</strong></td>
<td>207,524</td>
<td></td>
<td>175,355</td>
<td></td>
</tr>
<tr>
<td><strong>Interest paid</strong></td>
<td>(42,996)</td>
<td></td>
<td>(54,553)</td>
<td></td>
</tr>
<tr>
<td><strong>Interest on long-term borrowings</strong></td>
<td>(2,945)</td>
<td></td>
<td>(1,614)</td>
<td></td>
</tr>
<tr>
<td><strong>Administrative overheads:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>161,583</td>
<td></td>
<td>119,188</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(52,211)</td>
<td></td>
<td>(25,580)</td>
<td></td>
</tr>
<tr>
<td><strong>Value added</strong></td>
<td>109,372</td>
<td>100</td>
<td>93,608</td>
<td>100</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– salaries and benefits</td>
<td>47,313</td>
<td>43</td>
<td>39,275</td>
<td>42</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– company income tax</td>
<td>2,332</td>
<td>2</td>
<td>1,914</td>
<td>2</td>
</tr>
<tr>
<td><strong>The future</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– asset replacement (depreciation)</td>
<td>7,972</td>
<td>7</td>
<td>5,182</td>
<td>6</td>
</tr>
<tr>
<td>– asset replacement (deferred taxation)</td>
<td>4,269</td>
<td>4</td>
<td>4,500</td>
<td>5</td>
</tr>
<tr>
<td>– asset replacement (provision for losses)</td>
<td>20,550</td>
<td>19</td>
<td>41,462</td>
<td>44</td>
</tr>
<tr>
<td>– expansion (transfers to reserves and minority interest)</td>
<td>26,936</td>
<td>25</td>
<td>1,275</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>109,372</td>
<td>100</td>
<td>93,608</td>
<td>100</td>
</tr>
</tbody>
</table>
## GROUP FIVE-YEAR FINANCIAL SUMMARY
For the year ended 31 December 2010

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with Central Bank</td>
<td>75,517</td>
<td>70,332</td>
<td>140,403</td>
<td>88,351</td>
<td>61,844</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>23,769</td>
<td>14,219</td>
<td>17,697</td>
<td>115,480</td>
<td>159,832</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>550,414</td>
<td>514,193</td>
<td>764,048</td>
<td>560,879</td>
<td>264,405</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>1,143,614</td>
<td>1,078,452</td>
<td>740,397</td>
<td>466,096</td>
<td>217,995</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>7,581</td>
<td>10,835</td>
<td>11,769</td>
<td>10,297</td>
<td>3,043</td>
</tr>
<tr>
<td>Investment and trading securities</td>
<td>345,157</td>
<td>286,600</td>
<td>196,635</td>
<td>154,376</td>
<td>132,716</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>6,456</td>
<td>4,960</td>
<td>2,884</td>
<td>371</td>
<td>74</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>1,000</td>
<td>-</td>
<td>1,510</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>Managed funds</td>
<td>37,917</td>
<td>84,630</td>
<td>36,894</td>
<td>56,021</td>
<td>22,070</td>
</tr>
<tr>
<td>Other assets</td>
<td>51,299</td>
<td>55,226</td>
<td>764,048</td>
<td>560,879</td>
<td>264,405</td>
</tr>
<tr>
<td>Investment property</td>
<td>8,420</td>
<td>6,631</td>
<td>6,098</td>
<td>1,974</td>
<td>186</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>128</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>53,986</td>
<td>47,980</td>
<td>39,695</td>
<td>30,054</td>
<td>17,548</td>
</tr>
</tbody>
</table>

|                      |             |             |             |             |             |
| **Financed by**      |             |             |             |             |             |
| Share capital        | 16,316      | 14,504      | 12,432      | 9,945       | 5,238       |
| Reserves             | 324,310     | 296,766     | 324,973     | 341,909     | 78,389      |
| Customer deposits    | 1,450,567   | 1,346,573   | 1,194,455   | 700,182     | 599,689     |
| Due to other banks   | 148,286     | 173,280     | 170,410     | 155,109     | 85,664      |
| Liability on investment contracts | 95,352      | 148,224     | 93,296      | 62,514      | 22,070      |
| Borrowings           | 124,617     | 35,473      | 35,042      | 29,414      | 72,806      |
| Current income tax   | 9,136       | 19,625      | 11,283      | 8,986       | 7,470       |
| Other liabilities    | 119,998     | 128,277     | 154,057     | 213,432     | 88,149      |
| Deferred income tax liabilities | 11,778      | 10,612      | 13,634      | 6,743       | 2,657       |
| Retirement benefit obligations | 4,898      | 724         | 332         | -           | -           |

|                      | 2,305,258   | 2,174,058   | 2,009,914   | 1,528,234   | 911,427     |

| Acceptances and guarantees | 1,022,950 | 972,601 | 696,378 | 544,959 | 344,155 |

<table>
<thead>
<tr>
<th></th>
<th>12 months ended</th>
<th>9 months ended</th>
<th>12 months ended</th>
<th>12 months ended</th>
<th>12 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,305,258</td>
<td>2,174,058</td>
<td>2,009,914</td>
<td>1,528,234</td>
<td>911,427</td>
</tr>
</tbody>
</table>

### Profit and loss account

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earnings</td>
<td>230,606</td>
<td>193,966</td>
<td>218,287</td>
<td>155,725</td>
<td>91,163</td>
</tr>
<tr>
<td>Net operating income</td>
<td>177,923</td>
<td>128,026</td>
<td>160,730</td>
<td>124,156</td>
<td>72,806</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(116,530)</td>
<td>(75,481)</td>
<td>(90,141)</td>
<td>(33,787)</td>
<td>(24,501)</td>
</tr>
<tr>
<td>Group’s share of associate’s results</td>
<td>3,196</td>
<td>1,736</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for losses</td>
<td>(21,590)</td>
<td>(40,624)</td>
<td>(16,790)</td>
<td>(6,028)</td>
<td>(2,021)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>41,299</td>
<td>13,297</td>
<td>53,799</td>
<td>84,341</td>
<td>46,284</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>1,889</td>
<td>-</td>
<td>(26,113)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>(9,777)</td>
<td>(8,936)</td>
<td>(15,117)</td>
<td>(11,227)</td>
<td>(5,218)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To shareholders</td>
<td>33,411</td>
<td>4,901</td>
<td>12,569</td>
<td>73,114</td>
<td>41,066</td>
</tr>
</tbody>
</table>

|                      |             |             |             |             |             |
| Earnings per share (basic) – kobo | 102         | 17          | 51          | 267         | 178         |
# First Bank of Nigeria Plc Annual Report & Accounts 2010

## BANK FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2010

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with Central Bank</td>
<td>74,894</td>
<td>67,576</td>
<td>140,353</td>
<td>89,076</td>
<td>60,881</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>23,599</td>
<td>14,219</td>
<td>17,697</td>
<td>147,680</td>
<td>159,832</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>383,893</td>
<td>255,903</td>
<td>510,722</td>
<td>247,059</td>
<td>137,864</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>1,017,411</td>
<td>1,022,486</td>
<td>684,107</td>
<td>437,768</td>
<td>219,185</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>7,581</td>
<td>10,835</td>
<td>11,769</td>
<td>10,297</td>
<td>3,043</td>
</tr>
<tr>
<td>Investment and trading securities</td>
<td>317,073</td>
<td>271,250</td>
<td>185,774</td>
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<td>Investment in associates</td>
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<td>Investment in subsidiaries</td>
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<td>48,007</td>
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<td>Property and equipment</td>
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<td>46,302</td>
<td>38,320</td>
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### Financed by

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<th>1,772,456</th>
<th>1,667,422</th>
<th>1,165,461</th>
<th>762,881</th>
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<td>Share capital</td>
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<td>Share premium</td>
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<td>Reserves</td>
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<td>Due to other banks</td>
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<td>Borrowings</td>
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<td>35,473</td>
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<td>Other liabilities</td>
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<td>84,742</td>
<td>109,796</td>
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<td>Deferred income tax liabilities</td>
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<td>Retirement benefit obligations</td>
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### Acceptances and guarantees

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<td>1,667,422</td>
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<td>762,881</td>
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<td>9 months ended</td>
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<td>431,316</td>
<td>314,973</td>
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<td>132,737</td>
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### Profit and loss account

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<td>Gross earnings</td>
<td>207,524</td>
<td>175,390</td>
<td>184,536</td>
<td>130,600</td>
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<td>Net operating income</td>
<td>161,479</td>
<td>149,167</td>
<td>140,949</td>
<td>108,317</td>
<td>66,062</td>
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<td>Operating expenses</td>
<td>(107,392)</td>
<td>(70,016)</td>
<td>(80,880)</td>
<td>(76,116)</td>
<td>(46,484)</td>
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<td>Provision for losses</td>
<td>(22,596)</td>
<td>(41,462)</td>
<td>(13,959)</td>
<td>(5,819)</td>
<td>(2,519)</td>
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<td>Profit before taxation</td>
<td>31,491</td>
<td>7,689</td>
<td>46,110</td>
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<td>Exceptional item</td>
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<td>Taxation</td>
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<td>(41,036)</td>
<td>(11,036)</td>
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<td>Profit after taxation</td>
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<td>Proposed dividend</td>
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<td>11</td>
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Earnings per share (basic)
Our well-known commitment to strong ethics has stood us in good stead throughout the years. We must not lose sight of this pedigree.

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IN THIS SECTION

- Group and department heads 190
- Subsidiary MDs and Audit Committee 192
- Contact information 193
- Branch network 194

www.firstbanknigeria.com/annualreport/2010/
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<th>S/No</th>
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<tr>
<td>1</td>
<td>Odeyemi, Oluwagbenga</td>
<td>Group Head Corporate Banking (Abuja I)</td>
</tr>
<tr>
<td>2</td>
<td>Mohammed, Abdullahi</td>
<td>Group Head Corporate Banking (Abuja II)</td>
</tr>
<tr>
<td>3</td>
<td>Odunewu, Bashirat</td>
<td>Group Head Corporate Banking (Apapa)</td>
</tr>
<tr>
<td>4</td>
<td>Alabi, Adewuyi</td>
<td>Group Head Corporate Banking (Ibadan)</td>
</tr>
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<td>5</td>
<td>Okpanachi, Ivie</td>
<td>Group Head Corporate Banking (Ikeja II)</td>
</tr>
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<td>6</td>
<td>Sanusi, Aliyu</td>
<td>Group Head Corporate Banking (Kano)</td>
</tr>
<tr>
<td>7</td>
<td>Olatifede, Oluremi</td>
<td>Group Head Corporate Banking (Lagos Island)</td>
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<tr>
<td>8</td>
<td>Dibieaezue, Obiora</td>
<td>Group Head Corporate Banking (Port Harcourt North)</td>
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<td>9</td>
<td>Madojutimi, Phillip</td>
<td>Group Head Corporate Banking (Port Harcourt South)</td>
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<tr>
<td>10</td>
<td>Abiru, Mukhail</td>
<td>Group Head Corporate Banking (Vi/Ikoyi)</td>
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<tr>
<td>11</td>
<td>Igwenaghu, Vincent</td>
<td>Group Head Corporate Banking – Warri (Airport Road)</td>
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<tr>
<td>12</td>
<td>Bintube, Waziri</td>
<td>Group Head Institutional Banking group (Construction/Infrastructures)</td>
</tr>
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<td>13</td>
<td>Egube, Samuel</td>
<td>Group Head Institutional Banking group (Energy)</td>
</tr>
<tr>
<td>14</td>
<td>Adaghe, Lucky</td>
<td>Group Head Institutional Banking group (Fis/Multilateral Fund)</td>
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<td>15</td>
<td>Ibrahim, Abdullahi</td>
<td>Group Head Institutional Banking group (Manufacturing)</td>
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<td>16</td>
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<td>Group Head Institutional Banking group (Services/Conglomerates)</td>
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<td>17</td>
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<td>Group Head Institutional Banking group (Telecoms/Transport)</td>
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<td>18</td>
<td>Zubairu, Muntari</td>
<td>Group Head Public Sector group (Abuja Central)</td>
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<td>19</td>
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<td>Group Head Retail (Abuja)</td>
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<td>36</td>
<td>Adebayo, Feyikemi</td>
<td>Group Head Retail (Lagos Mainland)</td>
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<td>Ovwolabi, Babatunde</td>
<td>Group Head Retail (Lagos Island)</td>
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<td>38</td>
<td>Maje, Mohammed</td>
<td>Group Head Retail (North Central I)</td>
</tr>
<tr>
<td>S/No</td>
<td>Full name</td>
<td>Title</td>
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<td>------</td>
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<td>39</td>
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<td>Oyefeso, Popoola</td>
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<td>45</td>
<td>Hamza, Umar</td>
<td>Regional Operations Manager North West Operations</td>
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<td>Ukiwe, Ndiya</td>
<td>Regional Operations Manager South East Operations</td>
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<td>47</td>
<td>Fajobi, Joseph</td>
<td>Regional Operations Manager Lagos Operations</td>
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<td>48</td>
<td>Jones, Nwakaego</td>
<td>Regional Operations Manager South South Operations</td>
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<td>49</td>
<td>Ayuba, Bulus</td>
<td>Regional Operations Manager North East &amp; Abuja Operations</td>
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<td>50</td>
<td>Oladimeji, Sunday</td>
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**DEPARTMENTAL HEADS**

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<td>Adegoke, Rasheed</td>
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<td>Aderinto, Mojisola</td>
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<td>Adewale, Ademola</td>
<td>Chief Internal Auditor</td>
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<td>Ajose-Adeogun, Oluremi</td>
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<td>Ani-Mumuney, Folake</td>
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<td>Bolade, Timothy</td>
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<td>Chadi, Dahiru</td>
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<td>Treasurer (Resumed 21st February 2011)</td>
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<td>Ezirim, Chukwuma</td>
<td>Head E-Business and Card Products</td>
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<td>Kazeem, Muhyi-Deen</td>
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<td>Head Information Security Management</td>
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<td>67</td>
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<td>Head Credit Risk Management</td>
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<td>Head Corporate Transformation</td>
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<td>74</td>
<td>Ugbabe, Onche</td>
<td>Chief Strategy Officer</td>
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</tbody>
</table>
The services provided by the Bank’s subsidiaries span the full length of the financial services industry, and each subsidiary is positioned to be the leader in its respective market.

The Audit Committee is made up of shareholder representatives (below) and members of the Board. Biographies for members of the Board can be found on pages 18 to 20.

The services provided by the Bank’s subsidiaries span the full length of the financial services industry, and each subsidiary is positioned to be the leader in its respective market.

The Audit Committee is made up of shareholder representatives (below) and members of the Board. Biographies for members of the Board can be found on pages 18 to 20.

Managing Directors of subsidiaries

1. Fanimokun, Akinwumi
   MD, First Pension Custodian
   Nigeria Limited

2. Giwa-Amu, Subu
   MD, FBN Mortgages Limited

3. Hinson, Peter
   MD, FBN Bank (UK) Limited

4. Nsa, Pauline
   MD, FBN Microfinance Bank
   Limited

5. Oduntan, Olumide
   MD, First Trustees Nigeria
   Limited

6. Osifo, Osaze
   MD, FBN Capital Limited

7. Omosa, Folorunsho
   MD, FBN Bureau de Change
   Limited

8. Ojeah Fidelis
   Ag MD, Insurance Brokers
   Limited

9. Ojujumah, Valentine
   MD, FBN Life Assurance
   Limited

10. Olugbemi, Bayo
    MD, First Registrars Nigeria
    Limited

11. Tayo-Aboaba, Yemisi
    MD, First Funds Limited

Shareholder representatives on the Audit Committee

1. Achara, Chinwendu
2. Asu, Peter
3. Kiyawa, Adamu
## CONTACT INFORMATION

### KEY LOCATIONS

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Business address</th>
<th>Telephone/fax</th>
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<tr>
<td><strong>SUBSIDIARIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FBN Bank (UK) Ltd</td>
<td>28 Finsbury Circus, London EC2M 7DT, UK</td>
<td>Tel: +44 (0) 207 920 4920 Fax: +44 (0) 207 920 4970</td>
</tr>
<tr>
<td>FBN Bureau de Change Ltd</td>
<td>Niger House Building, 1/5 Odulami Street, Lagos</td>
<td>Tel: +234 (1) 2661041</td>
</tr>
<tr>
<td>FBN Capital Ltd</td>
<td>16 Keffi Street, Ikoyi, Lagos</td>
<td>Tel: +234 (1) 2707180-9</td>
</tr>
<tr>
<td>FBN Insurance Brokers Ltd</td>
<td>9/11 Macarthy Street, Onikan, Lagos</td>
<td>Tel: +234 (1) 2660498, +234 (1) 4709090, +234 (1) 2631165, +234 (1) 4622181-5 Fax: +234 (1) 2660140</td>
</tr>
<tr>
<td>FBN Life Assurance Ltd</td>
<td>9/11 Macarthy Street, Onikan, Lagos</td>
<td>Tel: +234 (1) 2660498, +234 (1) 4709090, +234 (1) 2631165, +234 (1) 4622181-5 Fax: +234 (1) 2660140</td>
</tr>
<tr>
<td>FBN MicroFinance Bank Ltd</td>
<td>305 Herbert Macaulay Way, Yaba</td>
<td>Tel: +234 (1) 8501505</td>
</tr>
<tr>
<td>FBN Mortgages Ltd</td>
<td>76 Awolowo Road, Ikoyi, Lagos</td>
<td>Tel: +234 (1) 4615860-2, +234 (1) 2694583, +234 (1) 269393</td>
</tr>
<tr>
<td>First Funds Ltd</td>
<td>90 Awolowo Road, South-West, Ikoyi, Lagos</td>
<td>Tel: +234 (1) 2793910-3 Fax: +234 (1) 2793919</td>
</tr>
<tr>
<td>First Pension Custodian Ltd</td>
<td>124 Awolowo, Ikoyi, Lagos</td>
<td>Tel: +234 (1) 2713220-1, +234 (1) 2694787, +234 (1) 2692839</td>
</tr>
<tr>
<td>First Registrars Nigeria Ltd</td>
<td>Plot 2 Abebe Village, Iganmu, Lagos</td>
<td>Tel: +234 (1) 7743309, +234 (1) 2701078-9, +234 (1) 5465142</td>
</tr>
<tr>
<td>First Trustees Nigeria Ltd</td>
<td>A.G. Leventis Building, 2nd Floor, 42/43 Marina, Lagos</td>
<td>Tel: +234 (1) 4622673, +234 (1) 4710322, +234 (1) 4749684 Fax: +234 (1) 4622672</td>
</tr>
<tr>
<td><strong>FIRSTBANK REPRESENTATIVE OFFICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa Representative Office</td>
<td>10th Floor, The Forum Sandton Square Building, 2, Maude Street, P.O. Box 784796, Sandton 2146, Johannesburg South Africa</td>
<td>Tel: +27 11 7849922, +27 11 7849925 Fax: +27 11 7849806</td>
</tr>
<tr>
<td>Beijing Representative Office</td>
<td>Unit 1431, Tower B, Beijing COFCO Plaza, No. 8 Jiangquomennei Street, Dongcheng District, Beijing 100005, China</td>
<td>Tel: +86 (10) 65286820 Mobile: +86 (13) 439280782</td>
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<tr>
<td><strong>FIRSTBANK AFFILIATED COMPANIES</strong></td>
<td></td>
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<tr>
<td>Africa Finance Corporation</td>
<td>3A Osborne Road, Ikoyi, Lagos</td>
<td>Tel: +234 (1) 2799600</td>
</tr>
<tr>
<td>African Export-Import Bank</td>
<td>Abuja Office – Rivers State Office Complex, Plot 83 Ralph Shodeinde Street, Opposite Federal Ministry of Finance, Central Business District</td>
<td>Tel: +234 (9) 2340712, +234 (9) 2343842</td>
</tr>
<tr>
<td>Banque Internationale du Bénin</td>
<td>Carrefour des Trois Banques 03 B.P. 2098, Cotonou, République du Bénin</td>
<td>Tel: +229 21315549 Fax: +229 2660140</td>
</tr>
<tr>
<td>Consolidated Discounts Ltd</td>
<td>Bull Plaza, 10th–12th Floor, 38/39 Marina, Lagos</td>
<td>Tel: +234 (1) 2644271-9</td>
</tr>
<tr>
<td>Nigerian Interbank Settlement Scheme Plc</td>
<td>Plot 1230, Ahmadu Bello Way, Victoria Island, Lagos</td>
<td>Tel: +234 (1) 2716071-4</td>
</tr>
<tr>
<td>Valucard Nigeria Ltd</td>
<td>3 Idowu Taylor Street, Victoria Island, Lagos</td>
<td>Tel: +234 (1) 2703010, +234 (1) 2703013-4, +234 (1) 3200325</td>
</tr>
<tr>
<td><strong>FIRSTBANK ASSOCIATE COMPANY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kakawa Discount House Ltd</td>
<td>Sterling Towers, 20 Marina, 10th Floor, Lagos</td>
<td>Tel: +234 (1) 2645480-5, +234 (1) 27022904</td>
</tr>
</tbody>
</table>
BRANCH NETWORK

ABIA STATE
1. Aba Aloji Layout Branch.  
   544 PHarcourt Rd, Aloji Layout  
   Tel: 082-308865  
   GSM: 08059108890, 08033479293
2. Aba Abayi Branch.  
   206 Aba Owerri Road, Abayi,  
   P.M.B. 7580, Aba, Abia State  
   Tel: 082290141, 290142
3. Aba Ariara Branch.  
   117 Faulks Road, P.M.B. 7315, Aba  
   Tel: 082-224692  
   Fax: 082-225508  
   GSM: 08056007670, 08038011395, 08088456082
4. Aba Ariara Cash Centre.  
   A-Line 235/236 Ariara Market, Aba  
   GSM: 08059108900
5. Aba Factory Road Branch.  
   Factory Road, P.M.B. 7521, Aba  
   Tel: 082-220327, 227590, 221857, 220243  
   GSM: 08033276536
6. Aba Main Branch.  
   2 Asa Road, P.M.B. 7103 Aba  
   Tel: 082-227120, 220866, 223870, 227130, 220755, 228862  
   Fax: 082-227210, 228370  
   GSM: 08057109600, 08037056904
7. Aba Ogbor Hill Branch.  
   161, Ikorotepene Rd, Ogbor Hill, Aba  
   Tel: 082-226127, 227810  
   Fax: 082-226127  
   GSM: 0805176505, 08066718115
8. Aba Okigwe Road Branch.  
   28 Okigwe Road, Aba  
   Tel: 082-234374, 082-872245  
   Fax: 082-234319
9. Aba Osisioma Branch.  
   302 Old Aba Owerri Road, Osisioma  
   Industrial Layout, P.M.B. 7209 Aba  
   Tel: 082-351399, 350470-1  
   GSM: 08037143328, 08037110227
10. Aba State Teaching Hospital Cash Centre.  
    1 Hospital Road, Aba  
    GSM: 08056325696
11. Abiriba Branch.  
    24 Court Road, Abiriba  
    GSM: 08022141714
12. Aba Town Branch.  
    122 Ehi Road, P.M.B. 7128, Aba  
    Tel: 082-220325, 220285, 230285  
    GSM: 08039626833, 08046110544
    Amaokwe Square, Amaokwe Item  
    c/o Bendie L.G.A., P.M.B. 1 Item  
    Tel: 082-440966
    94 Asa Road, Aba, Abia State  
    Tel: 082-237299, 232799, 232792, 232800, 232801  
    Fax: 082-237299  
    GSM: 08055259662
15. Aba Ngwa Branch.  
    51 Ngwa Road, Aba  
    Tel: 082-233149, 233212, 233079
16. Arochukwu Branch.  
    Opposite Eze Aro's Palace, Oror  
    Arochukwu P.M.B. 1002, Arochukwu  
    GSM: 08033470688
17. Nkwoagu Isuochi Branch.  
    Umunneochi Local Government Secretariat, P.M.B 1020, Ngodo,  
    Isuochi, Okigwe L.G.A  
    Tel: 082-447837  
    GSM: 0809857618
18. Umuahia Branch.  
    1 Mayne Road, P.M.B. 7017,  
    Umuahia  
    Tel:088-222986, 220465, 220319  
    GSM: 08033100242, 07023077604
    41 Uyo Street/30 Palm Lane by  
    Uzuakoli Road, Umuahia  
    Tel: 088-290153, 290154  
    GSM: 08036879995
20. Umuahia Market Branch.  
    No. 1 Okwulehie Avenue,  
    P.M.B 7301, Umuahia  
    Tel: 088-224000, 223332, 223335  
    GSM: 08037262639

ADAMAWA STATE
    c/o Yola Main Branch
22. Fufure Branch.  
    Beside Fufure Local Government  
    Secretariat, c/o Yola Main,  
    P.M.B. 2050, Yola  
    GSM: 08036400621
23. Ganye Branch.  
    Opposite G.R.A. P.O. Box 55, Ganye  
    Tel: 075-900187  
    GSM: 08020683139
    Near Main Market, Hospital Road,  
    P.O. Box 100, Garkida  
    GSM: 08085534401
25. Gombi Branch.  
    Mubi/Maiduguri Road  
    GSM: 08025498538
    Place Road, Opposite Police Station,  
    Gulak, P.M.B. 1001, Michika  
    GSM: 0808130066
27. Hong Branch.  
    No. 1 Emir Road Beside Nigeria Police  
    Divisional Head Quarters, Hong,  
    P.M.B. 1002, Hong  
    Tel: 081-31640533  
    GSM: 08026976336
    c/o Mayo Belwa Branch  
    P.O. Box 06, Mayo Belwa
29. Mubi Branch.  
    18, Ahmadu Bello Way, Mubi  
    GSM: 0834908127
    P.O. Box 06, Mayo-Belwa  
    Tel: 075-626552  
    GSM: 08023077013
31. Michika Branch.  
    Along Maiduguri-Bama Road  
    Opposite Local Government  
    Secretariat, Michika  
    P.M.B. 1001, Michika  
    GSM: 08054883793
32. Numan Branch.  
    47, Gombe Road, Numan  
    GSM: 08034503162
33. Yola Main Branch.  
    42, Galadima Aminu Way,  
    Jimeta, Yola  
    Tel: 075-627603, 626582, 626073  
    GSM: 08036798767  
    Fax: 075-625198
34. Yola Market Branch.  
    109, Mubi Road, P.M.B. 2282 Jimeta  
    Tel: 075-624370  
    GSM: 08053471876, 0805400000
AKWA IBOM STATE
35. Efa Branch.  
Near Efa Junction, P.M.B. 1053, Etinan  
Tel: 085-556554  
GSM: 08034273337, 08027591186
36. Abak Branch.  
6A Market Road, P.M.B. 1150 Abak  
GSM: 08021060725, 08023117356
37. Akwa Ibom State Polytechnic Cash Centre.
38. Eket Branch.  
No. 1 Ekpene Ukpa Road Eket, Akwa Ibom State  
Tel: 085-701273, 701124
39. Essene Branch.  
Ikot Abasi L.G.A, P.M.B.1012, Ikot Abasi  
Tel: 087-771560
40. Etinan Branch.  
83 Uyo Road, P.M.B.1042 Etinan  
Tel: 085-341123, 341052, 084-552207
41. Ikot Abasi Branch.  
1 Ikot Obong Road, P.M.B. 1021, Ikot Abasi  
Tel: 085-801124, 087-771561
42. Ikot Ekpene Branch.  
2 Old Stadium Road, P.M.B. 34, Ikot Ekpene  
Tel: 085-400202, 400723, 200088
43. Ikot Ekpene Market Branch.  
P.M.B. 1074, Ikot Ekpene, Awka Ibom.  
Tel: D/L: 087-480211, 0808323704
44. Onori Branch.  
105 Oron Road, P.M.B. 1040, Onori  
Tel: 087-776938, 776028, 3053752  
GSM: 08035292340, 08023285345
45. Maritime Academy Cash Centre.  
Onori, c/o Maritime Academy of Nigeria Onori, Akwa Ibom State
46. Ukam Branch.  
Mkpat Enie L.G.A. P.M.B. 5001, Ukam  
Tel: 087-771400
47. Utu Etim Ekpo Branch.  
13 Urua Inyang Road, Utu Etim Ekpo L.G.A P.M.B. 1029, Utu Etim Ekpo L.G.A.  
Tel: 084-552404  
GSM: 08029724036
48. Uyo CBD Branch.  
Plot 2, Block A, banking & Other Offices Layout, Udo Udoma Avenue, Uyo P.M.B. 1230  
GSM: 08023076663, 08025734956, 08005660007, 08023327991, 0803582366, 08023653094, 08023574405, 07031177721
49. Uyo Branch.  
1 Oron Road, P.M.B. 1001 Uyo  
Tel: 085-200531, 200082  
Fax: 085-200594
50. Uyo Abak Road Branch.  
Plot 4, Federal Housing Estate, Olusegun Obasanjo Way, Uyo  
Tel: 085-201561, 201552, 201527

ANAMBRA STATE
51. Abba Branch.  
Irulokpala Village Hall, Ire Village, Abba P.M.B. 2008, Abagana, Njikoka L.G.A  
Tel: 048-571106; 571147  
Fax: 048-571037
52. Awka Branch.  
6, Nnamdi Azikiwe Avenue, P.M.B. 5034, Awka  
Tel: 046-320726; 048-550015, 554327, 554342, 310265  
Fax: 048-552247  
GSM: 08033516430
53. Awka Aroma Branch.  
KM 43 Enugu Onitsha Expressway, Awka, Anambra  
P.M.B. 6037 Awka, Anambra  
GSM: 08033516430
54. Ekwulobia Branch.  
2 Catholic Mission Road, Ekwulobia – Aguata L.G.A.  
Tel: 046-911449, 463410, 082-307213  
Fax: 08033516430
55. Ihiala Branch.  
Onitsha Owerri Road, Ihiala, Anambra  
P.M.B. 6037 Awka, Anambra  
GSM: 08033516430
56. Nkpor Branch.  
40, New Market Road, P.M.B. 1626, Nkpor.  
Tel: 046-250690, 250506  
GSM: 08023287644, 08033667143
57. Nkwele Ezunaka Branch.  
3-3 Junction Opp. Federal Government Girls College, Onitsha Otuocha Highway, Nkwele Ezunaka, Anambra State P.O. Box 85, Oyi L.G.A.  
Tel: 048-880311, 3038772  
GSM: 08023283722
58. Nnewi Branch.  
13A Onitsha Road, P.M.B. 5015, Nnewi  
Tel: 046-460086, 462005, 462007, 461125, 461877, 462327  
Fax: 046-461004  
GSM: 08033216737
59. Nnewi Bank Road Branch.  
9/11 Edo Ezemewi Road  
GSM: 08033263653
60. Nnewi Building Material Market Branch.  
20 Muodile Street, Nnewi  
Tel: 08032328800, 08035421285
61. Nnewi Cash Centre.  
Nkwok Market, c/o Nnewi Branch
62. Ogba Branch.  
KM 10, Old Onitsha-Awka Road, Near Oye-Olisa Market, Ogba, Lagos State  
GSM: 070615599, 307030, 550246, 550204  
Fax: 046-311704  
GSM: 08039442936, 08038970071
63. Ogidi Building Material Mkt Branch.  
Ogidi Building Material Market, Ogidi  
P.M.B. 7, Ogbonike  
Tel: 046-6115599, 307030, 550246, 550204  
Fax: 046-311704  
GSM: 08039442936, 08038970071
64. Onitsha Bridge Head Branch.  
1 Port Harcourt Road/Nkrunmah Street, Figge, P.M.B. 1603, Onitsha  
Tel: 01-9053672  
GSM: 08033169198
Nkpor, c/o Onitsha Electronic Market Branch, Electronic Market, Along Onitsha Expressway  
Tel: 046-8040629, 046497870  
GSM: 08033169198
67. Onitsha Iweka Branch.
40 Iweka Road, P.M.B. 1750, Onitsha
Tel: 046-210113, 211534
Fax: 046-218053
GSM: 08035523712

68. Onitsha Nwobodo Ave. Branch.
1 Nwobodo Avenue, P.M.B.1524, Onitsha
Tel: 046-217420, 210212, 411420, 481451, 410865
Fax: 046-410865, 411420, 300278
GSM: 08063731373

69. Onitsha Main Branch.
19 New Market Road, P.M.B. 1519, Onitsha
Tel: 046- 210244, 211062, 210245-8, 215081, 411062, 412957
Fax: 046-215088, 211176, 411717, 411062, 718062, 412957, 218062
GSM: 08055382006

70. Onitsha Uga Street Cash Centre.
59 Uga Street, C/o Bridge Head Branch Onitsha

71. Otuocha Branch.
Otuocha L.G.A. P.O. Box 82, Otuocha
Tel: 046-460804, 324616
GSM: 07032307662, 08060259954

72. Onitsha Ogbaru Market Branch.
233B Obodo-Ukwu Road, Ogbaru

73. Onitsha Owerri Rd. Branch.
68, Onitsha Owerri Road, P.M.B. 1832 Onitsha
Tel: 046-270766-7, 271307
Fax: 046-271307
GSM: 08023331218

74. Onitsha Upper New Mkt Road Branch.
88A, Upper New Market, P.M.B 1569, Onitsha
Tel: 046-412325, 413981, 413271
Fax: 046-410415, 416271
GSM: 08035428256

75. UNIZIK Branch.
Nnamdi Azikiwe University, Banking Plaza, Awka
GSM: 08088950075, 08036726096

76. Uvwuagba-Obosoi Mkt Branch.
15, Pope John Paul Avenue, Uvwuagba-Obosoi, Onitsha
Tel: 046-270795, 2707874
Fax: 046-270795
GSM: 08023317983

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**BAUCHI STATE**

77. Azare Branch.
Plot 25/27 Jama’are Road, Azare
GSM: 08034929635

78. Bauchi Branch.
Nassarawa Road G.R.A. P.M.B. 53, Bauchi
Tel: 077-542024, 543680, 540618, 540885, 543979, 546390
GSM: 08023325013, 08058040993
Fax: 077-543680

79. Bauchi Central Market Branch.
Bauchi Central Mkt, 1 Illelah Street, Bauchi
Tel: 077-542024
GSM: 080369191591

80. Gamawa Branch.
Near Gamawa Central Market, P.O. Box 4, Gamawa
GSM: 08069244099, 08069774525

81. Itas Agency.
c/o Yana Branch, P.M.B. 6, Yana

82. Katagum Agency.
c/o Gamawa Branch, P.O. Box 4, Gamawa

83. Kasu Branch.
Kano/Kari Road, Near Kasu L.G.A., Kasu
GSM: 08095005337

84. Toro Branch.
Near L.G. Secretariat, P.M.B. 3, Toro
GSM: 08036277419

85. Tafawa Balewa Branch.
Bununu Road, P.M.B. 1, Tafawa Balewa
GSM: 08050200513

86. Yana Branch.
Kano Road, P.M.B. 6, Yana
GSM: 08034929635

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**BENUE STATE**

87. Gboko Branch.
1, Captain Downes Road, Gboko
GSM: 08050475116, 07035610793

88. Katsina-Ala Branch.
No. 1 FirstBank Street, Opposite Main Market, Katsina-Ala. c/o Postal Agency, Katsina-Ala
Tel: 044-90299, 90080, 90269, 90296
GSM: 07036792835, 0808659632, 08036225193

89. Makurdi Branch.
New Bridge Road, P.M.B. 2076, Makurdi
Tel: 044-532156, 533542, 532296, 543131, 52041
Fax: 044-532798
GSM: 07036022127, 08035806478

90. Makurdi Modern Market Branch.
Main Admin Building, Makurdi Modern Market, P.M.B. 102176 Makurdi
Tel: 044-534567, 534679, 534678
GSM: 08024235836

91. Makurdi North Bank Road Branch.
Plot No BNA 7852 Lafia Road, P.M.B. 102076 Makurdi, Benue State
GSM: 07038159388, 08036123214

92. Otukpo Branch.
No. 9 Federal Road, Opposite Police Station P.M.B. 2210, Otukpo
Tel: 044-661265, 660165, 661165, 661638
GSM: 08062525604
Fax: 044-661229

93. Otukpo Modern Market Branch.
Jeric Road, Hamdala, Otukpo
Tel: 044-662953, 662954, 662952, 662991
GSM: 07039248900, 08057155485, 08036925903, 08052723020, 08054091758, 08062525604, 08037020413, 08057055485

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**BAYELSA STATE**

94. Odi Branch.
44 College Road Odi, Kolokuma/Opokuma L.G.A. Odi. c/o P.M.B. 5007, P/M (Main)
GSM: 08085828906, 07037613927, 08032551276

95. Mbiama Yenagoa Branch.
KM 8, Mbiama Yenagoa Road, Yenze-gene, Yenagoa
GSM: 08050957024, 08033093199

96. Yenegoa Branch.
Amarata Road
Tel/Fax: 084-490391, 490392, 08058826412
99. Vandeikya Branch.
    Joe Akaham Way,
    P.M.B. 5, Vandeikya, Gboko
    GSM: 08054528854, 08087336587,
    08038637955, 08059026920

100. Naka Branch.
    c/o Makurdi Branch,
    P.M.B. 2076, Makurdi

BORNO STATE

101. Damboa Branch.
    Maiduguri/Biu Road,
    P.O. Box 1005, Maiduguri
    GSM: 08065777585

102. Damasak Branch.
    Opposite Mobbar L.G.A. Secretariat,
    Zari Road, Damasak Town

103. Bolori Store Cash Agency.
    Bolori Store, West End, Maiduguri
    Tel: 08137641718
    GSM: 08036528460

104. Konduga Agency.
    c/o Maiduguri (Main) Branch,
    P.M.B. 1005, Maiduguri
    Tel.: 076-232417, 231055
    Fax: 076-342396

105. Kwajafa Cash Centre.
    Main Street, P.O. Box 1005,
    Maiduguri

106. Maiduguri Branch.
    Sir K. Ibrahim Road,
    P.O. Box 1005, Maiduguri
    Tel: 076-232417, 231055, 235322,
    235319, 342017
    GSM: 0802325035
    Fax: 076-342396

107. Maiduguri Baga Road Branch.
    New Baga Road,
    Near Baga Fish Market
    GSM: 07042828109

108. Maiduguri Kano Road Branch.
    c/o Maiduguri Main Branch,
    P.O. Box 1005, Maiduguri
    Tel: 076-371371, 372372
    GSM: 08054303409, 08061552769

    Monday Market,
    Ahmadu Bello Way, Maiduguri
    GSM: 08065777585, 07086552010

    c/o Damaturu Branch,
    P.O. Box 1009, Damaturu
    Tel: 076-522980
    Fax: 076-522545

111. Uba–Kumagum Branch.
    Mubi–Yola Road, P.O. Box 1005
    GSM: 08051350998, 08026911128

CROSS RIVER STATE

112. Calabar Main Branch.
    17 Calabar Road, P.M.B 1020,
    Calabar
    Tel: 087-232049, 233300, 557093,
    230276, 232622, 233562, 233864,
    230403, 234400, 082-557093
    Fax: 087-230403
    GSM: 08037079517

113. Calabar Free Trade Zone Branch.
    FTZ Calabar, P.M.B. 3001 Calabar
    Tel: 087-210045-6, 210667
    Fax: 087-210046
    GSM: 08037502298

114. Calabar II Branch.
    126, Ndidem Usang Iso Road,
    Calabar
    Tel: 087-239660-2, 239661
    GSM: 08056154831

115. Calabar Bacocco Cash Centre.
    Within Etudom Nya's Estate (adjacent
to Aka Residential Estate Calabar)
    GSM: 08037052298

116. Calabar Crutech Cash Centre.
    Cross River State University of
    Technology, Calabar
    GSM: 08056154831

117. Calabar Mara Resort Cash Centre.
    Mara Resort, Calabar
    GSM: 08059917116, 08033217499

118. Calabar IMAN Junction Branch.
    67 Mbkupa Road, Calabar
    Tel: 087821208
    GSM: 08035516094

119. Calabar 8 Mile Branch.
    Murtala Mohammed Highway,
    Intergro Junction, ikot Omim, Calabar

120. Akamkpa Branch.
    Ikorn-Calabar Highway,
    Akamkpa Town
    GSM: 08061241321

121. Ekon Branch.
    Ekon, Yakur L.G.A.
    P.O. Box 90, Ekon
    GSM: 08067263529, 08028963597,
    08062638818

122. Ikorn Branch.
    19 Okim Osabor Street,
    P.M.B. 1030, Ikorn.
    Tel: 045-670577
    GSM: 0803287357

123. Ikorn Calabar Road Branch.
    P.M.B. 1030, Ikorn
    GSM: 08023287357, 08035438356,
    08023461669

124. Obudu Branch.
    22 Calabar Road, Obudu
    GSM: 08063459764, 07064216189

125. Obubra Branch.
    c/o Calabar Branch,
    P.M.B. 1025, Obubra
    Tel: 087–560035
    GSM: 0805400405-6, 08077636445

126. Ogoja Branch.
    General Hospital Road, Igoli, Ogoja,
    Cross River
    Tel. 08023287357, 08023572988

127. Calabar Mayne Avenue Branch.
    104 Mayne Avenue Road Branch
    Tel: 087845082
    GSM: 08053154831, 08054486280,
    08053241110

128. NNPC Calabar Cash Centre.
    NNPC Depot, Along Esuk-Utan Road,
    Calabar
    GSM: 08030893637, 08088865381

129. Netim Akankpa.
    Cash Centre,
    Along Calabar Ikorn Highway
    GSM: 08037502298

130. Ugep Branch.
    6 Ikorn-Calabar Highway, Ugep
    GSM: 08066922265

131. Tinapa Branch.
    Tinapa Bus Resort,
    Line Shop 11b, Calabar
    Tel: 048-880091, 082-557097
    GSM: 08037137058, 08051123437
EBOONY STATE

153. Abakaliki Branch.  
4 Sudan United close, Off Ogoja  
Road, P.M.B. 105, Abakaliki  
Tel: 043-211573, 220760  
Fax: 043-211573  
GM: 08035909664, 08059795989

154. Abakaliki II Branch.  
36 Afikpo Road, Abakaliki  
GM: 08035969893, 08037029375,  
07065856436

155. Afikpo Branch.  
18 Eke Market, P.M.B. 1005, Afikpo  
Tel: 088-521636  
GM: 08054989003

156. Akanu Ibiam Federal Poly Cash.  
Centre Akanu Ibiam Federal Poly,  
Abakaliki

157. Ezzamgro Branch.  
135 Ezzamgro Junction, Ohaukwu  
L.G.A. P.M.B. 219, Abakaliki  
Tel: 043-300560  
GM: 07030585963

DELTA STATE

132. Agbarho Branch.  
142 Old Ughelli Road,  
P.M.B. 30, Agbarho  
GSM: 08023283065

133. Agbor Branch.  
31 Old Lagos/Asaba Road  
Tel: 056-280210, 282092, 281196  
GSM: 08023065184  
Fax: 056-281195, 282043

134. Asaba Branch.  
Nnebis Road, P.M.B.1004, Asaba  
Tel: 056-280210, 282092, 281196  
GSM: 08023065184  
Fax: 056-281195, 282043

135. Asaba II Branch.  
52, Ilah Road, Asaba  
Tel: 046-666616; 056-282736,  
282739, 282962  
GSM: 08058473522

136. Effurun Branch.  
4 Warri/Asaba Road,  
P.M.B. 8, Effurun  
Tel: 053-252801, 250676  
GSM: 08057165710

137. Effurun PFI Branch.  
122, PFI Road, Effurun  
GSM: 08028718312

138. Ekpam Branch.  
60, NNPC Housing Estate Road,  
Ekpam  
Tel: 053-253011, 250215, 250205  
GSM: 08077612624

139. Ewureni Branch.  
Uwureni Qarets, Ewureni,  
c/o P.M.B. 30, Ughelli

140. Igbudu Market Branch.  
222 Warri/Asaba Road, Warri  
GSM: 0802356598

141. Ogwashi–Uku Branch.  
2 Old Mission Road, P.M.B.1055,  
Ogwashi–Uku  
GSM: 08059143149, 08023159043

142. Ozoro Branch.  
Along Ozoro Kwale Express Road  
GSM: 08023065184, 08037115909

143. Patani Branch.  
1 Local Government Council Road,  
Ekise Quarters, Patani, Delta State  
GSM: 08028718312, 08056812682

144. Sapele Boyo Road Branch.  
2A Boyo Road, P.M.B. 4062, Sapele  
Tel: 054-341681, 341541  
GSM: 08056165773

145. Sapele Main Branch.  
Chichester Road, P.M.B. 4004, Sapele  
Tel: 054-322094, 342111  
Fax: 054-341534  
GSM: 08051599924

146. Ughelli Branch.  
40 Market Road, P.M.B. 30, Ughelli  
Tel: 054-600008, 600328  
GSM: 08052359526

147. Ughelli Patani Branch Road.  
240 Ughelli Patani Road, Ughelli  
GSM: 08035725772

148. Warri Airport Road Branch.  
115 Airport Road Warri  
Tel: 053-252029, 252030  
GSM: 08036683358, 08033749003,  
08033331951

149. Warri Branch.  
41 Warri/Sapele Road,  
P.M.B.1020, Warri  
Tel: 053-252029, 252030  
Fax: 053-253042

150. Warri Airport Road Junction Branch.  
124, Sapele/Effurun Road, Warri  
Tel: 053-254063, 250063

151. WRPC Agency.  
NNPC Warri Refinery & Petrochemical,  
Warri

152. Ogwashi–Uku Branch.  
2 Old Mission Road, P.M.B.1055,  
Ogwashi–Uku  
GSM: 08059143149, 08023159043

153. Abakaliki Branch.  
4 Sudan United close, Off Ogoja  
Road, P.M.B. 105, Abakaliki  
Tel: 043-211573, 220760  
Fax: 043-211573  
GM: 08035909664, 08059795989

154. Abakaliki II Branch.  
36 Afikpo Road, Abakaliki  
GM: 08035969893, 08037029375,  
07065856436

155. Afikpo Branch.  
18 Eke Market, P.M.B. 1005, Afikpo  
Tel: 088-521636  
GM: 08054989003

156. Akanu Ibiam Federal Poly Cash.  
Centre Akanu Ibiam Federal Poly,  
Abakaliki

157. Ezzamgro Branch.  
135 Ezzamgro Junction, Ohaukwu  
L.G.A. P.M.B. 219, Abakaliki  
Tel: 043-300560  
GM: 07030585963

158. Agbede Branch.  
60 Unity Road,  
c/o Agbede Post Office  
GSM: 08058549299, 08037756813

159. Ambrose Alli University Cash Centre.  
Ekpoma, c/o Ekpoma Branch  
GSM: 08034315892, 08056735231

160. Auchi Branch.  
40 B Auchi Road  
GSM: 08074882133

161. Benin Adudawawa Branch.  
Beside Big Joe Motors Ltd Benin/  
Auchi Road, Adudawawa, Benin City  
GSM: 08038996600

162. Benin, Akpakpava Road Branch.  
67, Akpakpava Road, Benin City  
Tel: 052-256397

163. Benin Ekehuwan Branch.  
76, Ekehuwani Road, Benin City  
Tel: 052-885712, 885713  
07029548102

164. Benin Iyaro Branch.  
29 Uruhi Street, Iyaro, Benin City  
GSM: 08023398346

165. Benin King’s Square Branch.  
No. 2 King’s Square (Ring Road)  
P.M.B. 1026, Benin City  
Tel: 052-251080, 256184, 25865  
Fax: 052-259741  
GSM: 08033042111, 08022920267

169 M.M.Way, Benin City  
Tel: 052-259739, 250298  
GSM: 08023158802

59 Mission Road,  
P.M.B. 1138, Benin City  
Tel: 052-258065, 253752, 253916  
Fax: 052-258067, 256472  
GSM: 08023158917

c/o Benin King’s Square Branch  
P.M.B 1026, Benin City
169. Benin Oregbeni Branch.  
10 Benin/Agbor Road, P.M.B. 1002, Benin City  
Tel: 052-254708  
Fax: 052-253975  
GSM: 08023158322

170. Benin Oregbeni II Branch.  
107 Benin Agbor Road, Beside Doris Dey Hotel  
Tel: 052-258593

171. Benin Sakponba Branch.  
43, Sakponba Rd, Benin City, P.M.B.1133, Benin City  
Tel/Fax: 052-450777, 259527  
GSM: 08055650464

172. Benin Sapele Road Branch.  
155 Sapele Rd, Benin City  
Tel: 052-258356  
GSM: 08035501110, 08023159046

128, Siluko Road, P.M.B 1053, Benin City  
Tel: 052-256965, 600899-900, 258923  
Fax: 254416  
GSM: 08037148809

43 Upper Sakponba Road, P.M.B 1106, Benin City  
Tel: 052-256987, 251661  
GSM: 08023322182

175. Benin Uselu Branch.  
24, Uselu Lagos Road, PMB 1027, Benin City  
Tel: 052-250794  
GSM: 08032394715

176. Benin, Ugboowo Branch.  
199, Ugboowo Road, Benin City  
Tel: 052-600301, 600305  
Fax: 052-600301  
GSM: 08023158825, 0803744647

177. Ekpoma Branch.  
Market Road, Eguare, P.O. Box 7, Ekpoma  
Tel: 053-256812, 98394, 98439  
GSM: 08052570237, 08034315892

178. IPMAN Cash Centre, Benin.  
c/o Benin Oregbeni Branch  
GSM: 08023158202

No.30 New Lagos Rd, Benin City  
Tel: 052-259150  
GSM: 08033987085, 08023157464

180. Sabongida-Ora Branch.  
64, Obe Street, P.M.B. 102, Sabongida-Ora  
Tel: 057-54093  
GSM: 08023158785

181. Uromi Branch.  
No.9 Ubija Road, Uromi  
GSM: 08053145438

182. Ado Ekiti Branch.  
Oreoreowo Street, P.M.B. 5363, Ado Ekiti  
Tel: 030-256561, 240725, 240561, 33523089, 25061, 251836, 251526, 250725  
GSM: 08034244731, 08033520389, 0802315852

183. Ado Ekiti Opopogboro Branch.  
91, Opopogboro Road, Opp. Federal Housing Junction, P.M.B 542 Ado-Ekiti  
Tel: 30200574  
GSM: 08036972260

184. Efon-Alaye Branch.  
Erekesan Market, P.M.B 37 Efon-Alaye  
GSM: 08077231345, 08038106816

185. Emure-Ekiti Branch.  
2 Oke Emure Street, P O Box 613 Emure-Ekiti  
GSM: 08035705531, 08026354438

186. Erinjiyan Ekiti Branch.  
Iwaro Street, P.M.B. 5006, Aramoko-Ekiti  
GSM: 08022512667, 08022678365, 08034225250

187. Erinjayan Ekiti Branch.  
Iwaro Street, P.M.B. 5006, Aramoko-Ekiti  
GSM: 08022512667, 08022678365, 08034225250

188. Ifaki-Ekiti Branch.  
25 Temidire Street, Ikole Road, P.M.B. 21, Ifaki-Ekiti  
GSM: 08064407978, 08035705176

189. Ikole-Ekiti Branch.  
113 Afo Road, Ijede, P.M.B. 7275, Ikole-Ekiti  
Tel: 030-610545, 251794  
GSM: 08028790454, 08035640061

190. Ikole-Ekiti Branch.  
Oba Adelyeeye Road, P.M.B. 5009, Ikole-Ekiti  
Tel: 030-440611  
GSM: 08033852632, 0803599251

191. Ilasa-Ekiti Branch.  
White House, Oke-Odoo Street, P.M.B. 5020, Ilasa-Ekiti  
GSM: 0808448477, 08030785686, 08027810058

192. Okemesi-Ekiti Branch.  
Odo-Ese Street, P.M. B. 01, Okemesi-Ekiti  
GSM: 08038448424

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EKITI STATE

193. Eha Amufu Cash Centre.  
Along Eha-Amufu Ikom/Obollo-Afor Road

194. Emene Ind. Estate Branch.  
1 Bank Road, P.O. Box 8 Enugu  
Tel: 042-559275, 554757  
GSM: 07036002359

195. Enugu Agbani Branch.  
127, Agbani Road, Enugu  
GSM: 08037772260, 08039305400, 08037415658

196. Enugu Abakpa Nike Branch.  
77 Nike Road, Abakpa Nike, Enugu  
GSM: 08037251006

197. Enugu Ogbe Market Cash Centre.  
Akwatera Area, Ogbe Mkt, Enugu  
Tel: 042-307579  
GSM: 08023158697

198. Enugu Ogui Road Branch.  
95, Ogui Road, Enugu  
Tel: 042-252464, 254071, 255058, 308851  
GSM: 0803170350, 08052309048

199. Enugu Presidential Road Branch.  
79 Presidential Road, Enugu  
GSM: 08061542690

200. Enugu Uwani Branch.  
26 Zik Avenue, P.M.B. 1237, Enugu  
Tel: 042-257382, 251620  
GSM: 08034756222

201. Enugu Main Branch.  
21 Okpara Avenue, P.M.B. 1008, Enugu  
Tel: 042-253583, 258784, 254386, 258736  
Fax: 042-254755  
GSM: 08033105282
202. 2nd Enugu Okpara Avenue Branch.
11 Okpara Avenue, Beside Enugu North L.G.A. Office, Enugu
GSM: 07087998809, 08037135009, 08033044469

203. Enugu New Haven Branch.
22, Chime Avenue, Enugu
Tel: 042-253663, 252980, 250626
GSM: 08033795314

204. Ikem Branch.
Ikem Obollo Afor Road, Isi-Uzo L.G.A.
P.M.B. 1008, Enugu
GSM: 08036732740

205. Inyi Branch.
P.O. Box 183, Inyi, Oji River L.G.A.
Tel: 081-22320202

206. Nsukka Branch.
116 Enugu Road, Nsukka
Tel: 042-771743, 311982
GSM: 08033539622

207. 9th Mile Corner Branch.
47A Old Onitsha Road, 9th Mile Corner, Ngwo
Tel: 08033761921

208. Obollo Afor Branch.
3/5 UNN Road, Obollo Afor, Enugu
GSM: 08081812590

209. Orba Branch.
Tel: 042-770488
GSM: 08036878735

210. Ovoko Branch.
Ovoko Via Nsukka, P.M.B. 2083, Igbo-Eze
Tel: 042-771738, 308007
GSM: 08055986828

211. University of Nigeria.
Nsukka Branch University of Nigeria, Nsukka Campus
GSM: 08033020124

212. Enugu UNTH Branch.
UNTH, Enugu

213. Abaji Branch.
Toto Road, Abaji
c/o P.O. Box 45, Abuja
GSM: 08076068445

214. Abuja Asokoro Branch.
85, Yakubu Gowan Crescent, Asokoro, Abuja
Tel: 09-8723270-1, 8723274
GSM: 080330326299, 08033208254

Banex Plaza, Plot 750 Aminu Kano Crescent, Wuse II Abuja
Tel: 09-4619600, 4619608, 4619603-4
GSM: 08033355156, 08053284582

216. Abuja Bwari Branch.
Suleja Road, Bwari
Tel: 09-87238991, 09-8703803

217. Abuja Dei Dei Market Branch.
Abuja Regional Market
Tel: 09-7819704-6
GSM: 08060553885, 08025522975

218. Abuja Garki Branch.
Abuja Festival Road, Area 3, Garki, Abuja
Tel: 09-2340170-3, 2344634, 2344420, 785597
GSM: 08034023287
Fax: 09-2341071

Abuja Garki Modern Market, Garki, Abuja
Tel: 09-7805724, 2340137, 2342729, 2340161
GSM: 08052733252, 08023107960, 08054527212, 08023108019

220. Abuja Gwagwalada Branch.
5, Park Road, Off Abuja/Abajio Road, Gwagwalada, FCT, Abuja
Tel: 09-8820015, 8820033
GSM: 08027631509, 08053561889

221. Abuja Gwarimpa Branch.
Plot No. 430 1st Avenue, Gwarimpa Estate, Abuja
Tel: 07098814285

222. Abuja Jos Street Branch.
Plot 451, Jos Street, Area 3, Garki
Tel: 09-2344272, 2343889, 2343878, 2342729, 4816192
GSM: 08051000106, 08028818789, 08055355775

223. Abuja, Karu Branch.
Abuja-Keffi Road, Mararaba, Karu L.G.A., FCT, Abuja
Tel: 09-6703827, 6703689
GSM: 08065303571, 08074985848, 08060263756, 08023420023

224. Mararaba Branch.
Plot 5766 Along Abuja Keffi Road, Mararaba
GSM: 08033142368

225. Abuja Nyanya Branch.
Plot C6, Zone E08, Along Abuja-Jikwoyi Road, Nyanya, Abuja
GSM: 08076295920, 08023144942

226. Abuja Kubwa Branch.
Plot B3, Gada Nasko Road, Opp. Total Fuel Station, Phase 2, Site 2 Kubwa, Abuja
Tel: 09-8723272-3, 8723269
GSM: 08023025971

227. Abuja Main Branch.
Plot 777, M. Buhari Way, Central Business Area, Abuja
Tel: 09-4619191, 2346819, 2346820
GSM: 08027782266

228. Abuja Maitama Branch.
13 Mediterranean Street, Imani Estate, Near British Council, Maitama Abuja
Tel: 09-7819669, 7819704
GSM: 08023107954

229. Abuja Nnamdi Azikiwe Int. Airport Branch.
Local Wing, Abuja Airport Abuja
Tel: 09-8725358
GSM: 08033520200

White House (Basement Room HB26)
3 Arms Zone
Tel: 09-8734197, 6277848, 2347881, 2347848
GSM: 0803472618, 07027861626, 0802558820, 0805233250

231. Abuja New Wuse Market Branch.
Plot 40 Mamolo Street, Wuse Zone 2, Abuja
Tel: 09-8723275-6, 8723278, 09-8723275
GSM: 08051789709

232. Abuja Shipper’s Plaza Branch.
Plot 438 Michael Okpara Way, Opp. Ibro Hotel, Zone 5, Abuja
Tel: 09-5241440-2, 6710750, 09-7819120
GSM: 08026158891
Fax: 09-5241441
233. Abuja Utako Branch.  
GSM: 08033142660

234. Abuja Wuse Branch.  
Russel Centre, Block 2097, Herbert Macaulay Way, Zone 5, FCT, Abuja  
Tel: 09-5240144-8  
GSM: 08036550071  
Fax: 5240147

235. Abuja Zuba Branch.  
Motor Spare Parts Market, Zuba, FCT, Abuja  
Tel: 09-7818906, 7818911, 7818926  
GSM: 08035292471, 08058597378

236. Abuja Zuba II Branch.  
Area 1 Plot 3, Along Kaduna Express Road, Opp Total Filling Station, Zuba, Abuja  
Tel: 09-7818906, 6720028, 7818926  
GSM: 08035292471, 08058597378

237. Abuja Bolingo Hotels Branch.  
Independence Avenue, Area 10, Garki Abuja  
Tel: 09-7803566, 6270845, 7818926, 6710795, 7818926  
GSM: 08023236151

GOMBE STATE

238. Ashaka Cement Branch.  
Ashaka Cement Factory, Ashaka Village, Near Gombe Town  
GSM: 08023342308, 07039130766

239. Gombe Branch.  
Biu Road, P.M.B. 1, Gombe  
Tel: 072-222133, 222134, 222135, 222314, 222318, 223120  
GSM: 08023349650, 08062295118

240. Gombe Market Branch.  
Plot 15 Biu Link Road, Gombe, Gombe State  
GSM: 08023627548

Gombe-Yola Road, P.O. Box 40, Kaltungo  
GSM: 08036921822

IMO STATE

242. Akatta Branch.  
Orlu L.G.A. P.M.B. 6, Akatta  
Tel: 083-305431, 046-664353  
GSM: 08033358847

243. Akokwa Branch.  
No 24 Old Onitscha Road, P.M.B. 10 Akokwa  
Tel: 083-302570, 300441  
GSM: 08050833697

244. Amaraku Branch.  
Okgwe-Owerri Road, Amaraku, P.M.B. 1, Amaraku  
Tel: 046-666025  
GSM: 08066570259

245. Emekuku Branch.  
Owerri-Umuahia Road, Ezedibia Autonomous Community, Owerri North L.G.A.  
Tel: 083-819604

246. Ikenegbu Branch.  
172 Ikenegbu Layout, Owerri  
GSM: 08066570259

247. Mbaise Branch.  
Ahia Junction, Mbaise  
Tel: 07041230136, 08037241603, 083-430188, 07026306023

248. Nkwerre Branch.  
Anara/Orlu Road, Opp Anglican Diocesan Cathedral Nkwerre  
GSM: 08037758962

249. Okigwe Branch.  
184 Owerri Road, Okigwe  
Tel: 082-550028, 447209  
GSM: 08030931642

250. Okigwe Lokpanta Cash Centre.  
Lokpanta Village  
GSM: 08051023757, 08023745282

251. Okwelle Branch.  
Along Owerri/Okigwe Road, P.M.B. 57, Okwelle. Okigwe  
Tel: 046-666025  
GSM: 08030931642

252. Orlu Town Branch.  
24 Amaigbo Road, Orlu, Imo State  
GSM: 08023342308, 07039130766

253. Owerri Orlu Road Branch.  
14 Orlu Road, Owerri, Imo State  
GSM: 08023342308, 07039130766

254. Owerri Main Branch.  
11/12 Assumpa Avenue, P.M.B. 57, Owerri. Okigwe  
Tel: 046-666025  
GSM: 08036673066

255. Owerri Douglas Road Branch.  
79 Douglas Rd., Owerri  
Tel: 083-302570, 233288  
GSM: 080506738600

256. Owerri Port Harcourt Road Branch.  
Plot C/14 Housing, Area A New Owerri, Imo State  
Tel: 083801400, 082863466  
GSM: 08030946522, 08068270422

257. Owerri Wetheral Branch.  
No. 137 Wetheral Road, Owerri  
GSM: 08086815030

258. Umuowa Branch.  
KM 3 Old Orlu/Owerri Road, via Umuowa, Owerri, Imo State  
Tel: 083-520665, 046-664363, 660794, 083-302570  
GSM: 08053267396, 08038979995

259. Uruali Branch.  
Along Orlu/Akokwa Road, c/o Ideato North L.G.A. P.M.B. 2, Urualla, Owerri  
Tel: 083-302570, 046-660794

JIGAWA STATE

260. Dutse Branch.  
Damaturu Road, c/o P.M.B. 3005, Kano  
Tel: 064-721512-3  
GSM: 08023235036, 08037981331  
Fax: 069-721380, 064-721513

261. Hadejia Branch.  
14 Kano Road, P.O. Box 83, Hadejia  
Tel: 078-20614, 20856, 20255  
Fax: 078-20449  
GSM: 08027991022

KADUNA STATE

262. Kaduna Bank Road Branch.  
14 Bank Road, P.M.B. 2065, Kaduna  
Tel: 062-245454; 243322  
GSM: 08023233022

263. Katchia Branch.  
Kafanchan Road, Opposite Katchia Motel, Kaduna  
GSM: 08028190417, 08051006776

264. Birnin Gwari Branch.  
1 Kaduna-Lagos Expressway, Birnin Gwari  
GSM: 08028842107, 08036604895

265. Kaduna Central Market Branch.  
Broadcasting Road, Abu Baker Gummi Market, Kaduna  
GSM: 08033117654, 08082115660
266. Kaduna GRA Branch.
    17 Alkali Road, GRA, Kaduna
    Tel: 08028141037

267. Kaduna Kawo Branch.
    Tel: 062-317594, 237594
    GSM: 08023076871
    Fax: 062-318354

268. Kaduna Main Branch.
    Yakubu Gowon Way,
    P.M.B. 2065, Kaduna
    Tel: 062-246155, 243858
    GSM: 08033147129
    Fax: 062-243955, 246854, 249464

269. Kaduna PPMC Branch.
    KRPC Refinery Complex,
    KM 12 Kachia Road, Kaduna
    Phone: 08023077007, 08060769800, 08058010800

270. Kaduna South Branch.
    Kachia Road, P.M.B. 2084, Kaduna
    Tel: 062-231021, 232880.
    GSM: 08035892806

271. Kaduna, Tudun Wada Branch.
    DB 39, Nnamdi Azikiwe Way, Kaduna
    Tel: 062-415849, 415851-3
    GSM: 08057384972
    Fax: 062-415853

272. Kafanchan Branch.
    No. 7 Kagoro Road,
    P.M.B. 1019, Kafanchan
    Tel: 061-20141, 20145
    GSM: 08028411401, 08035878189
    Fax: 061-20145

273. Samaru Branch.
    Sokoto Road,
    P.M.B. 02, Samaru, Zaria
    Tel: 069-550983, 551612, 554884; 550692
    GSM: 08060771161
    Fax: 069-550092, 551160

274. Saminaka Branch.
    Ahmadu Bello Way, Near Lere L.G.A.
    Secretariat, Kaduna
    GSM: 08035914231, 08054484642

275. Zaria Branch.
    1 Crescent Road,
    P.M.B. 1006, Zaria
    Tel: 069-330660, 332425, 333458.
    GSM: 08035990699
    Fax: 069-330660

KANO STATE

    c/o P.M.B. 3005, Kano
    Tel: 064-318332
    Fax: 633255
    GSM: 08053359840

277. Kano Bello Road Branch.
    16/17, Bello Road, Kano
    Tel: 064-648959, 649626
    GSM: 08034535265
    Fax: 064-648959

278. Bichi Branch.
    Along Kano Road, Bichi, Bichi LG
    Tel: 064895459, 064895460
    GSM: 08034535265
    Fax: 064-648959

279. Kano Bompai Branch.
    Dantata Road, P.M.B. 3284, Kano
    Tel: 064-633480, 649626
    GSM: 08033158331
    Fax: 064-646743

280. Kano Dawanau Branch.
    Dawanau Grains Market, Kano
    Tel: 064-316708-9
    GSM: 08032927897

281. Dambatta Branch.
    Kano-Daura Road, Dambatta
    GSM: 08023157524, 08054458088
    Fax: 064-640738

KATSINA STATE

287. Kano Bagauda Lake Agency.
    Bagauda Lake Hotel, c/o Kano (Main) Branch, P.M.B. 3005, Kano
    Tel: 064-633280, 630573
    Fax: 064-644565

288. Kano Club Road Branch.
    595 Club Road, P.M.B. 3005, Kano
    Tel: 064-635027, 630709, 630648,
    Fax: 064-649266, 635027
    GSM: 08033304445

289. Kano Zaria Road Branch.
    C6-7 Zaria Road by U-Turn,
    Naibawa, Kano
    GSM: 08033760020, 08082675666,
    08033762259

290. Muhammeda Abubakar Rimi Market Branch.
    c/o Kano (Main) Branch, P.M.B. 3005, Kano
    Tel: 064-644507
    Fax: 064-644507

291. Daura Branch.
    Kano-Kongolam Road,
    P.M.B. 1046, Daura
    Tel: 065-557187, 557095
    GSM: 08029152572

292. Dandume Branch.
    Funtua Birnin Gwari Road, Dandume,
    Katsina. P.M.B. 6055, Funtua
    GSM: 08023235040, 07034469891

293. Funtua Branch.
    Sokoto/Gusau Road,
    P.M.B. 6013, Funtua
    Tel: 069-770348, 333830
    GSM: 08025267761
    Fax: 069-770019

294. Kankia Branch.
    2 Dutsima Road, P.M.B. 2235, Kankia,
    Katsina State
    GSM: 08088705174

295. Katsina Branch.
    3 Ibrahim Babangida Way,
    P.M.B. 2032, Katsina
    Tel: 065-430863, 431588
    Fax: 065-431588
    GSM: 08034537318

296. Katsina II Branch.
    Plot 10 Yahaya Madaki Way, Katsina
297. Malumfashi Branch.  
Funtua Yashe Road,  
P.M.B. 1011, Malumfashi  
Tel: 069-80058  
GSM: 08024139679, 08032684968  
Fax: 069-80169

KEBBI STATE

298. Birnin Kebbi Branch.  
Sultan Abubakar Road,  
c/o P.M.B. 2116, Sokoto  
Tel: 069-321911, 320662, 321664  
GSM: 08065829297  
Fax: 069-321664

299. Kamba Branch.  
Opposite Tashar Garba Secretariat Road, c/o P.M.B. 2116, Sokoto  
GSM: 08069790877

300. Maiyama Branch.  
Agbedo Akpanya, P.M.B. 1011, Idah  
GSM: 08036356946

301. Akpanya Branch.  
Agbedo Akpanya, P.M.B. 1011, Idah  
GSM: 08032619011

302. Ajaojuta Steel Mill Complex Cash Centre.  
Ajaojuta Steel Complex, Road 6, ASCO Camp, Ajaojuta Steel Complex, P.M.B 1007, Ajaojuta  
Tel: 058-400540 ext 3429, 400481  
Fax: 058-400581

303. Abujejuko Branch.  
Ankpa Road, Abujejuko, Omalu L.G.A. P.M.B. 1000, Abujejuko  
GSM: 08035367818

304. Akpanya Branch.  
Agbedo Akpanya, P.M.B. 1011, Idah  
GSM: 08032619011

305. Akpanya Branch.  
Agbedo Akpanya, P.M.B. 1011, Idah  
GSM: 08032619011

306.  
Ajaojuta Steel Mill Complex Cash Centre.  
Ajaojuta Steel Complex, Road 6, ASCO Camp, Ajaojuta Steel Complex, P.M.B 1007, Ajaojuta  
Tel: 058-400540 ext 3429, 400481  
Fax: 058-400581

16, Tafawa Balewa Road,  
P.M.B 1011, Ankpa  
GSM: 08036173559

308. Ayangba Branch.  
Idah Road, P.M.B. 1002, Dekina Road-Ayangba  
GSM: 08069600939

309. Egbe Branch.  
35 Federal Road, P.M.B. 205, Egbe  
GSM: 08076682606

310. Isanlu Yagba Branch.  
Ilorin Kamba Road, Isanlu. P.M.B. 1005, Isanlu  
GSM: 08057819129

311. Iyamoye Branch.  
Bank Road, P.M.B. I001, Idah  
GSM: 08032619011

312. Kabba Branch.  
Along Ilorin Express Way, Kabba, Kogi State  
GSM: 08036271094

313. Kogi State University Branch.  
Kogi State University, Ayingba, P.M.B. 1015  
GSM: 08039597699

314. Lokoja Branch.  
411 Murtala Moh'd Rd,  
P.M.B. 1100, Lokoja  
Tel: 058-220402, 220767  
GSM: 08036120317, 08072539346

315. Lokoja Nipost Branch.  
Ganaja Junction, Kabba-Okene Rd  
PMB 1100 Lokoja  
GSM: 08033963453

316. Okene Branch.  
1 Ado Ibrahim Street/Hospital Road,  
P.M.B. 1044, Okene  
Tel: 058-550364  
GSM: 08057327560, 08023157615.

KWARA STATE

322. Ilorin Branch.  
Obbo Road, Off Wahab, Folawiyo Road, P.M.B. 1354, Ilorin  
Tel: 031-221500, 222011  
GSM: 08076950072  
Fax: 031-220128

323. Ilorin Sawmills Branch.  
149 Lagos Road, Sawmills Area, Ilorin  
GSM: 07093324991

324. Ilorin Surulere Branch.  
159 Abdulazeez Atta Road, Baboko Surulere, Ilorin  
Tel: 031-229902-4  
GSM: 08035844915

325. Kosubosu Branch.  
Along Yashikira Chikanda Road, Kosubosu, via Okuta, Baruten L.G.A. P.M.B. 244, Bassa  
GSM: 08059407197, 08077966557

326. Offa Branch.  
64, Olofo Way, Offa  
GSM: 08033578864, 08050733136

327. Omu-Aran Branch.  
170A, Taiwo/Ekan Road, P.M.B. 1071, Omu-aran  
GSM: 08035812774, 08057879681

328. Oro Branch.  
20 Eylagbagvo Road, Oro  
GSM: 08071839719

329. PPMCNNPC Cash Centre.  
Oke-Oyi, Kwara State  
GSM: 08036234686

330. Uniilorin Cash Centre.  
University of Ilorin Permanent Site Campus

331. Share Branch.  
65, Olupako Way, Share  
GSM: 07086558618

LAGOS STATE

332. Abattoir Cash Centre.  
Lagos State Govt. Abattoir, Oko-Oba, Agege, Lagos State
### Branch Network

<table>
<thead>
<tr>
<th>Branch Name</th>
<th>Address</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abibu Adetoro Branch</td>
<td>51 Abibu Adetoro St, Off Ajose Adeogun St, P.M.B. 80137, Victoria Island, Lagos</td>
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<tr>
<td>Abibu-Oki Branch</td>
<td>A.G. Leventis Building, 42/43 Marina, P.M.B. 12554, Lagos</td>
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<tr>
<td>Abule Egba Branch</td>
<td>440, Lagos Abeokuta Expressway, U-Turn Bus Stop, Abule Egba, Lagos State</td>
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<tr>
<td>Adekunle Branch</td>
<td>182/184 Herbert Macaulay Way, Yaba</td>
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<tr>
<td>Adeola Odeku Branch</td>
<td>158 Adeola Odeku Street, Box 71918, Victoria Island, Lagos</td>
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<tr>
<td>Adetokunbo Ademola Branch</td>
<td>8, Adetokunbo Ademola Street, V.I, Lagos</td>
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<tr>
<td>Agege Branch</td>
<td>254, Agege Motor Rd, Oko-Oba, Agege, Lagos</td>
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<tr>
<td>Agege Cash Centre</td>
<td>27, Abeokuta, Motor Road, P.O. Box 65, Agege</td>
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<tr>
<td>Agegie Branch</td>
<td>6, Asabi Cole Road, Off Lateef Jakande Way, Ageggi, Ikeja</td>
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<tr>
<td>Aliko Cement Terminal Cash Centre</td>
<td>Aliko Dangote Cement Depot, Abule Oshun, Via Satellite Town</td>
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<tr>
<td>Ajah Branch</td>
<td>Ajiwe, Ajah, Along Lekki-Epe Expressway, Lagos</td>
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<tr>
<td>Akowonjo Branch</td>
<td>Akowonjo Road, Akowonjo, Box 14767, Ikeja</td>
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<td>Akute Branch</td>
<td>34 Alagbole-Akute Road, Akute, Ogun State</td>
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<td>Alaba Int’l Market Branch</td>
<td>29, Ojo-Igbade Rd, New Alaba, Lagos</td>
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<td>Alaba Int’l Market Cash Centre</td>
<td>Densine Mall, Dobbil Avenue, Alaba Int’l Market, Alaba, Lagos</td>
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<td>Alaba Rago Mkt. Cash Centre</td>
<td>Alaba, Rago Market, Alaba Rago, Lagos-Badagry Express Way</td>
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<td>Alaba Suuru Branch</td>
<td>269/271 Ojoo Road, Off Mile 2-Onirile Expressway Road, Lagos</td>
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<tr>
<td>Alausa Branch</td>
<td>Motorways Building, Toll Gate, Alausa, Lagos</td>
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<tr>
<td>Article Market Cash Centre</td>
<td>Article Dealers Association (ADA), Shopping Complex, Opp. Int’l, Trade fair, Lagos-Badagry Expressway, Abule Oshun, Ojo</td>
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<tr>
<td>Apapa Branch</td>
<td>1 Burma Road, P.M.B. 1034 Apapa</td>
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<tr>
<td>Arulogun Road Branch</td>
<td>116 Arulogun Road, Ikoyi, Ikoyi-Lagos</td>
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<tr>
<td>Badagry Branch</td>
<td>113 Joseph Dosu Way, Old Lagos Road, Badagry-Lagos</td>
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<tr>
<td>Badore Branch</td>
<td>Oando Service Station by Coca Cola Bus Stop, Ajah-Badore Road, Badore, Off Ajah, Lekki, Lagos</td>
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<tr>
<td>Bariga Branch</td>
<td>10, Jaquemolou Street, Bariga</td>
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<tr>
<td>Broad Street Branch</td>
<td>214 Broad Street, (Elephant House), P.O. Box 2334, Lagos</td>
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<tr>
<td>Chevron-Texaco Branch</td>
<td>Along Chevron Drive, Chevron Complex, Lekki, Lagos</td>
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<tr>
<td>Coker Branch</td>
<td>Plot 4 Block C, Amuwo Odofin Ind. Layout, Orile Igmanu, Lagos</td>
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<tr>
<td>First Bank of Nigeria Plc Annual Report &amp; Accounts 2010</td>
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</tbody>
</table>

Contact Details:
- Tel: 01-7737749, 2643056
- GSM: 08033019963
- Fax: 01-2660302
- Tel: 01-7618853, 7614542
- GSM: 08023283658
- Fax: 461-9056
- Tel: 01-7618908, 4974009
- GSM: 08043064352
- Fax: 01-2664145
- Tel: 01-7745182, 7948874, 5851074, 5451345, 5871116, 4600076, 4600357, 3053106, 8506005, 5855490, 5455490
- Fax: 01-5851733
- Tel: 01-4619230
- GSM: 08023214585
- Fax: 01-46124002
- Tel: 01-4618852, 461-6535, 461-8099, 461-0926-7
- Fax: 01-461-8098
- GSM: 08033073642
- Tel: 01-7740319
- GSM: 08033087110
- Fax: 01-4619230
- Tel: 01-7737749, 2643056
- GSM: 08033019963
- Fax: 01-2660302
- Tel: 01-7618853, 7614542
- GSM: 08023283658
- Fax: 461-9056
- Tel: 01-2704812-4, 7731264, 8703242
- GSM: 08023214585
- Fax: 01-4619230
- Tel: 01-7737749, 2643056
- GSM: 08033019963
- Fax: 01-2660302
- Tel: 01-7618853, 7614542
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- Tel: 01-2704812-4, 7731264, 8703242
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- Tel: 01-7737749, 2643056
- GSM: 08033019963
- Fax: 01-2660302
- Tel: 01-7618853, 7614542
- GSM: 08023283658
- Fax: 461-9056
362. Creek Road Branch.
32, Creek Road, Apapa, Lagos
Tel: 01-5876356, 7919294, 7905835, 2707820-22
Fax: 01-5876361
GSM: 08023124081, 8991700

363. Daleko Market Branch.
Daleko Market, Bank Road,
Mushin, Lagos
Tel: 01-4520234, 4521780, 7610819
Fax: 01-4520972
GSM: 08023196985

364. Domino Cash Centre.
1–11 Commercial Avenue, Sabo
Yaba, Lagos
GSM: 07028701436

365. Dopemu Branch.
Deebo Plaza, 618,
Dopemu-Akowonjo Road, Dopemu Roundabout, Dopemu, Lagos
Tel: 01-8133309-10

366. Ebute Metta Branch.
1 Savage Street, Apapa Road, P.M.B.
12014, Ebute Metta
Tel: 01-5837998, 5834477; 7745556
GSM: 08023044870

Federal Secretariat Complex, Ikoyi,
P.M.B. 12736, Lagos
Tel: 01-8949220-1, 892609, 8235607
Fax: 01-2695506, 2693029, 463-0563
GSM: 0802233103, 8770173

368. Festac Branch.
32 Road, Festac Town, Lagos
Tel: 01-5895496-9, 8511130-1, 7235637
Fax: 01-2790403
GSM: 08023062133

369. Jibowu Branch.
10, Alakija Street, Jibowu,
Yaba, Lagos
Tel: 01-7734815, 7734804

370. Falomo Shopping Centre Branch.
Awolowo Road, Ikoyi,
P.M.B. 21087, Ikoyi
Tel: 01-2693029, 463-0563
Fax: 01-804-7921, 0761-6335
GSM: 08023232976

371. Iddo Market Branch.
1, Taylor Road, Iddo
Tel: 01-7640259, 7636659
GSM: 08023196985, 08035637852

372. Idimu Branch.
2 Abebe Village Road, P.M.B.
126734, Iganmu
Tel: 01-7745557, 2830410
GSM: 08023223976

373. Ijora Branch.
23-25 Ijora Crossway,
P.O. Box 88, Apapa
Tel: 01-8977347, 8946574, 2623164, 7749773
Fax: 01-2695984

374. Ikorodu Branch.
88 Lagos Road, P.M.B. 1005,
Ikorodu
Tel: 01-7781360-2, 7748382, 7745062
Fax: 01-7745662

375. Ikeja Ind. Estate Branch.
21, Oba Akran Avenue, P.O. Box 105, Ikeja
Tel: 01-4978541, 4968609, 8905307, 8776016, 2716660, 2716662
Fax: 01-4978501, 4968610

376. Idimu Cash Centre.
82, Idimu Road, Yem-Kem Shopping Plaza,
Agege, Lagos State
Tel: 01-4744464, 8135603, 8235607

377. Ijora Branch.
23-25 Ijora Crossway,
P.O. Box 228, Apapa
Tel: 01-8160545, 8168545, 8047328, 8160545
Fax: 01-5454772
GSM: 08032092323, 08085719402

378. Iju Branch.
159 Iju Road by Fagba B/Stop,
Iju Agege
Tel: 01-2120764, 7402369

379. Ikeja Military Cantonment Agency.
Ikeja Military Cantonment, 9th Mechanised Brigade, Maryland, Ikeja,
c/o Ikeja Branch, P.O. Box 69, Ikeja
GSM: 08023011822

380. Ikeja Allen Avenue Branch.
58 Allen Avenue, P.M.B. 21087, Ikeja
Tel: 01-4970510, 7746024, 01-4747044

381. Ikeja Allen Avenue Branch.
58 Allen Avenue, P.M.B. 21087, Ikeja
Tel: 01-4970510, 7746024, 01-4747044

382. Ikotun Branch.
39, Ikotun-Idimu Rd, Ikotun
Tel: 01-8161220

383. Ilupeju Branch.
Ilupeju Bye-Pass, P.M.B. 1173, Ikeja
Tel: 01-7733151, 4979414, 4936317
Fax: 01-4747044

384. Ilupeju Branch.
Ilupeju Bye-Pass, P.M.B. 1173, Ikeja
Tel: 01-7733151, 4979414, 4936317
Fax: 01-4747044

385. Ikotun Branch.
159 Iju Road by Fagba B/Stop,
Iju Agege
Tel: 01-2120764, 7402369

386. Iju Branch.
159 Iju Road by Fagba B/Stop,
Iju Agege
Tel: 01-2120764, 7402369

387. Ikotun Branch.
39, Ikotun-Idimu Rd, Ikotun
Tel: 01-8161220

388. Ikotun Main Branch.
Great Brand Building, KM 24, Lekki-Epe Expressway
Tel: 01-4618099, 4610926, 4610927

389. Ilupeju Branch.
Ilupeju Bye-Pass, P.M.B. 1173, Ikeja
Tel: 01-7733151, 4979414, 4936317
Fax: 01-4747044

390. Ajao Estate Branch.
25 Murtala Mohammed International Airport Road, Ajao Estate
Tel: 01-2714538, 2714539
Fax: 01-2714540
GSM: 08023121935
391. Ifako Gbagada Branch.
45 Diya Street, Opposite Total Filling Station, Ifako, Gbagada
Tel: 08023222293, 07029321918
GSN: 08023222293, 07029321918

392. Investment House Branch.
21–25 Broad Street, Lagos
Tel: 01-2640469, 7932756
GSN: 08038445812, 08026439882

393. IPMAN Cash Centre.
1–15 Dockyard Road, Apapa, Lagos
Tel: 01-7924721-2

394. Isolo Branch.
Apapa/Oshodi Express Way, Iyana Isolo, P.M.B. 1034, Mushin
Tel: 01-2790405, 8115503, 4520434, 4520087, 4523662, 4520254, 2790401
Fax: 01-2790403
GSN: 08023227250

395. Isolo Industrial Estate Branch.
Limca Way, Ilasamaja, Off Apapa-Oshodi Express Way. Lagos State
Tel: 01-4528876, 7755331, 8195926
GSN: 07028141406, 08059731656, 08033217499
Fax: 01-4528877

396. Ita ELEwa Ikorodu Branch.
Ikorodu Shopping Complex, Ita ELEwa
GSN: 08055903710

397. Iyana Ipaja Branch.
177 Lagos Abeokuta Express Rd., Iyana Iyana, Lagos
P.O. Box 3040 Agege
Tel: 01-7737622, 7918348

398. Kairo Market Cash Centre.
Oshodi Road, Oshodi
GSN: 07028141406, 08059731656, 08033217499
Fax: 01-4528877

399. Keffi Branch.
4, Keffi Street, Ikoyi, Lagos
Tel: 01-7732429, 2707173, 2714543-5
GSN: 08022233104

400. Ketu Branch.
561 Ikorodu Road, Mile 12, Ketu Lagos, P.M.B. 21468, Ikeja
Tel: 01-5965474-5, 7737622, 8542209, 7803655, 4932780, 01-2120626

401. Kofo Abayomi Branch.
43 Kofo Abayomi Avenue, Apapa
Tel: 01-2701251-4
GSN: 08022250101, 08077089570

402. Lagos State University Cash Centre.
LASU Main Campus, Badagry
Tel: 08023062133.

403. Lapal House Branch.
235, Igbosere Road, Obalende, Lagos
Tel: 01-8923239, 8923269
GSN: 08023002913

404. Lawson Branch.
59/61 Lawsonson Road, Surulere, Lagos
Tel: 01-7389757, 8198743
GSN: 08023076998

405. Lekki Branch.
Block 90, Chris Efunyemi Onanuga Street, Off Admiralty Way, Lekki Phase 1
Tel: 01-2793838-4, 2700951
GSN: 07028200618

406. Marina Branch.
35 Marina, P.O. Box 2006, Lagos
Tel: 01-2666120-4, 2669697, 7905835 Ext. 2278, 7651972
GSN: 08022242195, 080551154389

407. Matori Branch.
84/88 Ladipo Street, Papa Ajao, P.M.B. 1120, Mushin
Tel: 01-4520974-7, 4522163, 8765649
Fax: 01-4528383
GSN: 08023116047, 8765619

408. Mayfair Gardens Branch.
KM 36 Awoyaya, Lagos/Epe Expressway, Lekki Peninsula, Lagos
GSN: 08023134560, 07029382513

409. Mazamaza Branch.
8, Old Ojo Road, Mazamaza, Lagos
Tel: 01-9502026
GSN: 08023134560, 07029382513

410. Moloney Branch.
28 Berkley Street, Lagos. P.O. Box 2099, Lagos
Tel: 01-2645801, 8990500, 7641824, 2635238, 2635758
GSN: 08023125466
Fax: 01-2645801

M.M Airport Complex, P.O. Box 4508 Ikeja
Tel: 01-4979421, 8144653, 7653946, 4961641, 8159783, 2705349, 08-8773644
Fax: 01-4979422, 4961638

128 Murtala Moh’d Way, P.O. Box 1021, Ibadan-Metta
Tel: 01-5821719, 7737621, 8532121, 2803158
GSN: 08020557644

413. Mushin Branch.
197 Agege Motor Road, Lagos
Tel: 01-8744789, 7242483.
GSN: 08034009025

414. Navy Town Branch.
B.M.U. Complex (Road 8), Navy Town, c/o P.M.B. 008, Festac Town
Tel: 01-5863897, 5890225, 4705913, 7233350, 8046034, 8146460, 8134644, 3053211, 8049927, 2803211.
GSN: 08023133307, 0702833910

1/5 Odunlami Street, Lagos
Tel: 01-2665781, 7911779, 2662606
GSN: 08023171593

416. N.I.J. House Branch.
5 Adeyemo Alakija Street, Victoria Island, P.M.B. 50, Falomo
Tel: 01-4619053-4, 2619312
Fax: 01-2616484
GSN: 08023043033, 08033814164

417. NNPC Ejigbo Cash centre.
NNPC Ejigbo Depot
Tel: 01-7387823

418. Obal Akran Branch.
46, Obal Akran Avenue, Ikeja
Tel: 01-4960320-1, 4960303-4, 2700951, 7740485
GSN: 08032370974

419. Obun-Eko Branch.
112 Nnamdi Azikiwe Street, Idumota, P.O. Box 2353, Lagos
Tel: 1736558
GSN: 08032370974

420. Odun Ade Cash Centre.
Shop 1&2, First Floor, Block 2, Agric, Odun Ade, Coker
Tel: 01-8777734

421. Ogba Branch.
Plot 7, Block C, Acme Road, P.M.B. 21441, Ikeja
Tel: 01-4920980, 4926375, 7938779

422. Ogudu Agency.
Banking on Wheels Van, Opposite Area H, Ogudu Area
Command, Ogudu
GSN: 08023213967
423. Ojo Cantonment Agency.
Ojo Military Cantonment,
Ojo, Lagos-Badagry Exp. Road,
c/o F.M.B. 12674, Lagos
Tel: 01-5888880

424. Ojodu-Isheri Branch.
2, Ojodu-Isheri Road, Ojodu Berger,
Ikeja, Lagos
Tel: 01-3453614, 4925313, 4924383,
7612911

425. Ojuwoye Cash Centre.
7, Dada Iyalode Street,
Ojuwoye Market, Off Post Office
Road, Mushin Lagos
Tel: 01-7918347

53 Offin Road, Lagos
Tel: 01-2641516, 2641761, 7612911
GSM: 08022233359
Fax: 01-2643871

427. Oke-Odo Branch.
415, Abeokuta Expressway, Ile-Epo
Bus Stop, Lagos.
P.O. Box 2828
Agege, Lagos
Tel: 01-8135643, 7918307, 4925464,
4920086
Fax: 01-4925690

428. Okota Branch.
3, Ago Palace Way, Okota, Lagos
Tel: 01-8104620, 01-8104621,
01-8104622.

429. Oniru Market Branch.
Oniru Market, Oniru Estate, Lagos/Epe Expressway, Lekki Peninsula,
Lagos
Tel: 01-2803325

430. Opebi Branch.
Adebola House, 40, Opebi Road,
Off Allen Avenue, Ikeja-Lagos
Tel: 01-2716706, 01-2716703,
7918352, 7918353
Fax: 2716706, 2716705, 7918352

431. Oregun Ind. Estate Branch.
Plot 2B Adewunmi Close,
P.M.B. 21444, Ikeja
Tel: 01-2800508, 01-2800509,
01-8776972.
Fax: 01-2800508

432. Osapa London Branch.
Kilometer 7, Lekki-Epe Expressway,
Osapa-London, Lekki
Tel: 7317600
GSM: 08023294717, 07028200618

433. Oshodi Branch.
471 Agege Motors Road, Oshodi
Tel: 01-7948714-5

434. Oshodi Cantonment Agency.
c/o Ilupeju Branch,
P.M.B. 1173, Ikeja, Lagos

435. Oshodi-Mile 2 Expressway Branch.
Plot 104 Oshodi Mile 2 Expressway,
Near Cele Bus-stop, Lagos
Tel: 01-2816182, 8112815, 8049281

436. Owode Branch.
Ibeshe Road, P.M.B. 231, Ikorodu
Tel: 01-7745560, 01-4930536
Fax: 01-4930536

437. Progressive Market Branch.
Association of Progressive
Traders Plaza
Tel: 01-7395827, 7395835

438. Saudi Eko Branch.
Lagoon Plaza by Lagos Central
Mosque, Nnamdi Azikiwe Str, Lagos
Tel: 01-7388210

439. Sanusi Fafunwa Branch.
Plot 1681, Sanusi Fafunwa Street,
Victoria Island, Lagos
Tel: 01-8103764
GSM: 07098013642

440. Seme Border Branch.
Nigeria Customs Ground,
Seme Border
GSM: 08023305011, 0708455196

441. Shell Agency.
Shell Petroleum & Dev. Company,
Freeman House, G.P.O. Box 2006 Marina
Tel: 01-2601600 – 9
Fax: 01-2636681

442. Seme Border Branch.
Nigeria Customs Ground,
Seme Border
GSM: 08023305011, 0708455196

443. Sura Cash Centre.
Block 13 Sura Shopping Centre,
Simpson Street, Lagos
GSM: 08050583366

444. Stock Exchange House Branch.
Customs Street,
P.O. Box 7685, Lagos
Tel: 01-2661685, 2661696, 2668195,
8132803, 2661701
GSM: 08024495126
Fax: 01-2661701

445. Surulere Branch.
17 Itire Road, P.O. Box 273, Surulere
Tel: 01-7745558, 7746164, 7924722,
5848733, 5831110, 7746134
GSM: 08033404043

446. Surulere Branch.
42/44 Entian Street, Surulere, Lagos
Tel: 01-7615858
GSM: 08023035537

447. Surulere S/Centre Branch.
84 Adeniran Ogunsanya St,
c/o P.O. Box 273, Surulere
Tel: 01-5850831, 7945559, 8118117,
7745559
GSM: 08023233061

448. Tejuosho Branch.
No. 29 Tejuosho Street, Yaba
Tel: 01-7360452, 7360453, 7360454

449. Tin Can Island Branch.
Tin Can Island Port Complex,
Off Apapa/Oshodi Express Road,
P.M.B. 1019, Apapa
Tel: 01-5454499, 7931166, 7930899,
5871307, 5873096
GSM: 08055414150, 08023024488

450. Toyin Olowu Branch.
14A, Olowu Street, Off Toyin Street,
Ikeja, Lagos
Tel: 01-8987988, 8987993, 4938089,
8773443, 7388789
Fax: 01-4938092

451. Trinity Branch.
Oloji-Apapa, No. 1,
Industrial Road, By Trinity Police
Station, Oloji Apapa, Lagos
Tel: 01-8112183-4, 5858731-9
Fax: 01-5458739
GSM: 08023228542

452. University of Lagos Branch.
Unilag Consult Building, Commercial
Avenue/Ransome Kuti Road Junction,
Opposite International School, Unilag,
Lagos

453. Western House Branch.
8/10 Broad Street, P.O. Box 2135,
Lagos
Tel: 01-2716457, 2636642, 2634930,
2636499, 7608186, 7257762
GSM: 08073673039
Fax: 01-2636642

454. Willoughby Branch.
9A Willoughby Street, Ebute Metta
Tel: 01-8536747, 7303615, 7303657,
7303658, 7303659
GSM: 08033385084
456. Yaba Branch.
322 Herbert Macaulay Street,
P.M.B. 1040, Yaba
Tel: 01-7745561, 2789861, 5862176,
5455273-5
Fax: 01-5455272

457. Keffi Nasarawa Branch.
Abubakar Burga Road, Keffi Town,
Nasarawa State
GSM: 08055640091, 07083280628.
Tel: 081-36063314

458. Lafia Branch.
No. 5 Jos Road, P.M.B. 5, Lafia
Tel: 047-220229, 221289, 221721,
221423. 221287, 220283
GSM: 08082788282, 08035997891
Fax: 047-220283, 220229, 221721,
221423

459. Bida Branch.
Zungeru	Road,	P.O.	Box	48,	Bida
Tel/Fax: 066-461640, 461540

460. Kadara Branch.
Kadara Along Lagos/Kaduna Road,
P.M.B. 1, Kadara
GSM: 08028260019

461. Katcha Branch.
c/o Postal Agency, Katcha
GSM: 08036012189, 08084357326,
08069319833

462. Kachia Branch.
Kachia Branch.
km 20 Bida Abuja Road, Bida, c/o
P.M.B. 48 Bida, Niger State
GSM: 07067579006

463. Kontagora Branch.
6/7 Training Plot, Kontagora,
P.M.B. 06, Kontagora
Tel: 067-220018, 220272.

464. FCE Kontagora Cash Centre.
Federal College of Education
Kontagora
GSM: 08036935715, 08037039576

465. Kuta Branch.
David Mark Road, Kuta. P.O. Box 5,
Kuta
Tel: 066-690444

466. Minna Branch.
3 Bank Road. P.M.B. 62, Minna
Tel: 066-221070, 223804
GSM: 08057979226, 08023043763
Fax: 066-221652, 222185, 222968

467. Ijebu-Ode Branch.
26 Ibadan Road, P.M.B 2141,
Ijebu-Ode
Tel: 037-431378, 434534, 433613,
423282, 037-776103

468. Mosinmi Branch.
NNPC/PPMC Complex, Km 17,
Ikorodu Sagamu Road, Mosinmi.
GSM: 08023227249

469. Mowe Branch.
KM 35, Lagos/Ibadan Expressway,
Mowe
GSM: 07029323120.

470. Ogbere Branch.
Old Benin Road, P.M.B. 1005, Ogbere
Tel: 037-432031
GSM: 08054343169

471. Olaobisa Onabanjo University Cash
Centre.
Olaobisa Onabanjo University Main
Campus
GSM: 08055257593.

472. Abeokuta Branch.
95 Obafemi Awolowo Rd, P.M.B.
2003, Abeokuta
Tel: 039-245812, 240154, 240952
Fax: 039-241285

473. Abeokuta II Branch.
Onikolobo Road, Abeokuta
Tel: 039-764057, 976457,
GSM: 08052408250

474. Agbara Ind. Estate Branch.
Ilaro Street, P.M.B. 012, Agbara
Tel: 01-7745552, 7712041-3,
775722, 08023051490

475. Babcock Cash Centre.
Babcock University, Ilishan-Remo
GSM: 08023057364

476. Ewekoro Branch.
KM 37 Lagos Abeokuta Expressway,
Ewekoro
GSM: 08023158078, 08078435107,
08023076911

477. Ijebu-Ode Branch.
26 Ibadan Road, P.M.B 2141,
Ijebu-Ode
Tel: 037-431378, 434534, 433613,
423282, 037-776103

478. Mosinmi Branch.
NNPC/PPMC Complex, Km 17,
Ikorodu Sagamu Road, Mosinmi.
GSM: 08023227249

479. Mowe Branch.
KM 35, Lagos/Ibadan Expressway,
Mowe
GSM: 07029323120.

480. Ogbere Branch.
Old Benin Road, P.M.B. 1005, Ogbere
Tel: 037-432031
GSM: 08054343169

481. Olaobisa Onabanjo University Cash
Centre.
Olaobisa Onabanjo University Main
Campus
GSM: 08055257593.

482. OPIC Cattle Cash Centre.
Olupanishola Cattle Market, OPIC
Estate, Ijeri

483. Ota Branch.
Lagos/Abeokuta Expressway,
P.M.B. 1036, Ota
Tel: 01-7738383, 01-3053286, 01-
8973964, 01-8532121
GSM: 08020557644

484. Ota II Branch.
241, Idiroko Road, Ota, Ogun State
Tel: 01-7614543, 7618854

485. Shagamu Branch.
Akarigbo Street, P.M.B. 2008,
Shagamu
Tel: 037-432559, 640701, 776955
GSM: 07027983178
Fax: 037-640331

ONDO STATE

487. Akure Main Branch.
1 Alagbaka Road, P.M.B. 707, Akure
Tel: 034-231960-1, 243390, 244020,
230228, 240686
GSM: 07030903767

488. Akure Market Branch.
Oba Adesida Street, P.M.B. 629,
Akure
Tel: 034-242403, 240243, 243758
GSM: 08033589195
489. Akure Oba Adesida Branch.  
4 Iromu Street, Off Oba Adesida Road, Akure  
Tel: 037784613

490. Araromi-Obu Branch.  
1 College Road, Aloba, P.M.B. 505  
Araromi-Obu  
GSM: 08034415140, 08034672100

491. Idoani Branch.  
1 Oluoye Street, P.M.B. 203, Idoani  
Tel: 051-53024  
GSM: 08033508855, 08079864873

492. Idoani Branch.  
Broad Street, Yaba Quarters, Idoani, Ondo State

493. Igbokoda Branch.  
Opposite Forward Naval Base, 30 Broad Street, Igbokoda, P.M.B. 339, Igbokoda  
GSM: 08035690656

494. Ikaram-Akoko Branch.  
Oyagi Street, P.O. Box 001, Ikaram-Akoko  
GSM: 08089528410

495. Ikare Branch.  
L21 Ilepa Street, P.M.B. 275, Ikare  
Tel: 050-670730, 670445  
GSM: 08024625882

496. Ile-Oluji Branch.  
1 Old Motor Park, P.M.B. 704, Ile-Oluji  
GSM: 08033508855

497. Oka-Akoko Branch.  
6 Ikese Quarters, P.M.B. 07, Oka-Akoko  
GSM: 08038513032

498. Okitipupa Branch  
1 Royal Road, Idepe, Okitipupa  
GSM: 08063114185, 08038409030

499. Akure Oke Aro Branch.  
121A, Idanre Road, Akure  
GSM: 08032224688

500. Ondo Branch.  
Agbogbo-Oke Road, Yaba, Ondo.  
P.M.B. 550, Ondo  
Tel: 034-610313, 610800, Fax: 034-244838  
GSM: 08033781082

501. Ore Branch.  
1 Market Road, Sabo Quarters, P.O. Box 55, Ore, Odigbo L.G.A.  
GSM: 8138598988

502. Owo Branch.  
Idimissasa Street, P.M.B. 1012, Owo L.G.A.  
Tel: 051-2411423, 241174, 240074  
Fax: 051-241006  
GSM: 08066915585

503. Ede Branch.  
117 Station Road, P.M.B. 217, Ede, Osun State  
Tel: 035-360175, 360105, 360565, 360138  
GSM: 08033619218

504. Erin Osun Branch.  
Council Road, Erin-Usun, P.M.B. 5001, Erin-Usun  
GSM: 08033955767

505. Ijesha-Jesa Branch.  
AS9 Oje Street, P.M.B. 1003, Ijesha-Jesa  
GSM: 08034720026

506. Ikire Branch.  
5 Ode Adie Road, Oja Ale Area, Ikire, Osun State  
GSM: 08033823557, 08074356970

507. Ilesa Branch.  
Ereja Street, P.M.B. 5016, Ilesa  
Tel: 036-460355, 460631  
GSM: 08023119015

508. Ille-Ife Branch.  
27 Lagere Layout, P.M.B. 5534, Ille-Ife  
Tel: 036-233464-5, 230416  
Fax: 036-231248  
GSM: 08033177361

509. Inisa Branch.  
Market Square, P.M.B. 2007, Inisa  
Tel: 035-670189  
GSM: 08054105583

510. Ipette-Ijesha Branch.  
Palace Square, Oke-Oja, P.M.B. 2003, Ipette-Ijesha  
GSM: 08059374305

511. Iseyin Branch.  
10/12 Oremojo Area, Saki Rd, P.M.B. 2003, Iseyin  
GSM: 08052171639, 0705539236

512. Iwo Branch.  
Opposite Bowen University, Oke-Odo, Iwo  
GSM: 08033714923

513. Ode Omu Cash Centre.  
Gbongan-Oshogbo Road, Ode Omu, Osun State  
Tel: 08068097627

514. Oshogbo Ayetoro Branch.  
12 Obafemi Awolowo Way, Ayetoro Osogbo  
GSM: 08033841518

515. Oshogbo Gbongan Branch.  
Old Coca Cola Gbodofan Road, Osogbo, Osun State  
Tel: 036-202281  
GSM: 08034720026, 08030822240

516. Oshogbo Okéfia Branch.  
11, Alekuvodo Road, Okefia, Osogbo  
Tel: 035-214882, 035-214883

517. Obafemi Awolowo University Branch.  
Road 1, Obafemi Awolowo University, Ile Ife, P.M.B. 40 OAU Post Office, Ile-Ife  
GSM: 08057317712

518. Osogbo Branch.  
152 Station Road, P.M.B. 301, Osogbo  
Tel: 035-230135, 234449, 241355, 243135  
GSM: 08033823557

519. Ibadan Apata Branch.  
SW9/960, Apata Ganga, P.M.B. 5386  
Ibadan  
Tel: 02-2319937, 2313402  
Fax: 02-2310237

520. Awe Branch.  
Ife-Odan Road, P.M.B. 1017, Awe  
Tel: 038-2306663, 240663  
GSM: 08033955309, 08083004134

521. Ibadan Bodija Market Branch.  
23, Bodija Mkt., Iso Pako Rd., Opposite Police Station, P.M.B. 38, U.I Post Office, Ibadan  
Tel: 02-8100870, 7512932  
GSM: 08022232003, 08057600278

522. Ibadan Agodi Branch.  
Oyo State Secretariat, P.M.B. 5153, Ibadan  
Tel: 02-2412981, 8102981, 8107061, 8101231, 8103924, 8102931  
GSM: 08057317712
523. Ibadan Amunigun Branch.
Amunigun Street, P.M.B. 5120, Ibadan
Tel: 02-2413616, 2411653
Fax: 02-2411579
GSM: 08025369870

524. Ibadan Bank Road Branch.
Bank Road, Dugbe. P.M.B. 5111, Ibadan
Tel: 02-2413156, 2413042, 2412995, 7514229
Fax: 02-2413659

525. Ibadan Bola Igbe-Business Complex Branch.
(Formerly Gbaj Market Branch),
Shop D 30, C/O Bank Road Branch,
P.M.B. 5111, Ibadan
Tel: 02-7524885, 8108431
GSM: 08023158591

526. New Bodija Ibadan Branch.
1 Barakat Shopping Complex, UI –
Secretariat Road, Ibadan
GSM: 07028166811, 08023158783

527. L.I.T.A Agency.
c/O Ibadan (Main) Branch,
P.M.B. 5111, Ibadan
Tel: 02-2413765, 2411521, 2412995

528. Ibadan Molete Branch.
48 Molete/Challenge Road, Ibadan
P.M.B. 086, Mapo, Ibadan
Tel: 02-2319784, 2319906
GSM: 08052517677

529. Ibadan Mokola Branch.
3 Queen Elizabeth Road,
Mokola Round About,
PMB 5040 Dugbe, Ibadan
Tel: 02-4806537, 8721398

530. Ibadan Ojoo Road Branch.
Opposite NISE, UI/Ojoo Road,
Ojoo, Ibadan
Tel: 02-8769612

531. Ibadan Oke Ado Branch.
203 Obafemi Awolowo Way,
Oke Ado, Ibadan
Tel: 02-8735384
GSM: 0803460388

532. Ibadan Oluyole Estate Branch.
7, Town Planning Way, Oluyole Estate,
P.M.B. 5181, Ibadan
Tel: 02-2316586
GSM: 08023158258

533. Ibadan Orita Challenge Branch.
Old Lagos Road, P.M.B. 5125, Ibadan
GSM: 08023158989

534. Ibadan Polytechnic Branch.
Sango/Polytechnic Road,
Beside Polytechnic South
Campus gate, Ibadan
GSM: 08023158258, 07029912400

535. Ibadan U.I Branch.
Tel: 02-7517195, 8103902, 7517186.
GSM: 08023158312, 08023157375,
08023157541

536. Ibadan Ifo Road Branch.
59, Iwo Road, Ibadan
Tel: 02-8104385, 713680-1
GSM: 08030423961

537. Ogbomoso Branch.
Akinwale Street, Ilorin Road,Tackie
Square, P.M.B. 3591, Ogbomoso
Tel: 28716554
GSM: 08033565502

538. Olorunsogo Akaran Branch.
Sawia, Olorunsogo Akanran Road,
Off Lagos-Iwo Road, Expressway,
Ibadan
GSM: 08052032237, 08023611662

539. Okeho Branch.
Ijo Quarters, Near Okeho Town Hall,
Okeho.
GSM: 08053243806

540. Oko Branch.
Osogbo Road, P.M.B. 4008, Ejigbo
GSM: 08055335129, 08023157542

541. Oyo Branch.
Asogho Street, P.M.B. 1002, Oyo
Tel: 02-3-203437, 230108, 240108
GSM: 08023283654

542. Oyo II Branch.
Owode Junction, Oyo/Ibadan
Expressway/Ogbomosho Road, P.M.B.
1005 Oyo
Tel: 07029033118

543. University College Hospital (UCH)
Branch.
Opposite Water Treatment Plant,
University College Hospital
GSM: 0805994901, 07029811091

544. Saki Branch.
Sango Road, Ajegunle, Saki
Tel: 038-900015
GSM: 08055000855, 08033704412,
08056515346

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**PLATEAU STATE**

545. Amper Agency.
c/O Mangu Branch, P. O. Box 60,
Mangu

546. Barkin-Ladi Branch.
Block 25 A&B, State Low Cost, P.M.B.
2007, Barkin-Ladi
Tel: 023-92002
GSM: 08036095958

547. Bassa Branch.
Bassa Local Government Secretariat
Road, By 3 Division HQ Maxwell
Khobe Cantonment, Rukuba Bassa,
P.O. Box 1377, Bassa
Tel: 073-464829
GSM: 08034534309

548. Bukuru Branch.
31 Bukuru Road, P.M.B. 2002, Bukuru
Tel: 073-280807, 280273

549. Bukuru Police College Agency.
Police College Bukuru, P.M.B 02,
Bukuru

550. Jos Farin Gada Branch.
1 Farin Gada Road, Jos-Bauchi
Bye-pass, Jos
GSM: 08034869381

c/O Govt. Secretariat, Jos
Tel: 073-464706, 464770, 464796
GSM: 08037030156

552. Jos Main Branch.
Bank Street, P.M.B. 2027, Jos
Tel: 073-452302, 452245, 452546,
459654, 452733
GSM: 08023015650
Fax: 073-452961

553. Jos Market Branch.
Market Road, P.M.B. 467, Jos
Tel: 073- 453933, 451194
GSM: 08034504497
Fax: 073-457629

554. Jos Unijos Branch.
2 Bauchi Road Campus.
c/O P.M.B. 2027, Jos
Tel: 073-610592, 458556
GSM: 08036002859

555. Kurgwi Branch.
c/O Laifa Branch, P.M.B. 5, Laifa
GSM: 08034869381

556. Katako Market Branch.
78 Mallam Kure Street
GSM: 0806128812

557. Mangu Branch.
P.O. Box 60, Mangu
GSM: 08036068496
RIVERS STATE

558. Port Harcourt Eliozu Branch.
1 Peace Avenue Off East West Avenue Road, Eligbolo, Port Harcourt
Tel: 08054476094, 08052410603

559. Port Harcourt Ahoada Branch.
206, Uniport Road, Choba, Port Harcourt
Tel: 084-897558, 895648

560. Port Harcourt Agip Round About
Plot 247, Ikwerre Road, (Izzi House), P.M.B. 5207, Port Harcourt
Tel: 084-464475, 463698

561. Port Harcourt Rumuokwurusi Branch.
1 Olu Obasanjo Road, Plot 346, Olu Obasanjo Road, Port Harcourt
P.M.B. 5405 Port Harcourt
Tel: 084-465098, 230251, 230253, 230262-3
Fax: 084-238529, 464226

562. Port Harcourt Olu Obasanjo Road Branch.
Tel: 084-901666, 901667

563. Port Harcourt Shell Branch.
Tel: 08072905194

564. Port Harcourt Rumuokoro Branch.
Tel: 08033091190, 08033091193

565. Port Harcourt Rumuola Branch.
Tel: 084-465468, 465098, 230251, 230253, 230262-3
Fax: 084-238529, 464226

566. Port Harcourt Oyibo Branch.
Tel: 084-802771, 802772

567. Port Harcourt Agip Round About Branch.
Tel: 084-46350040

568. Port Harcourt Diobu Branch.
Tel: 084-463881

569. Port Harcourt Station Road Branch.
Tel: 084-235598, 235597

570. Port Harcourt Garrison Branch.
1, Aguadama Ave, D Line, Port Harcourt
Tel: 084-23600-2, 486198, 443678, 463698
Fax: 084-236000
GSM: 0803454522, 08054476085

571. Port Harcourt Main Branch.
22/24 Aba Road, Port Harcourt.
Tel: 084-232407, 232644, 231789
Fax: 084-233005
GSM: 08033240555

572. Port Harcourt Oginigba Branch.
9 Trans Amadi Slaughter Road, Oginigba, Port Harcourt
Tel: 084-460234, 460233, 460232, 460231

573. Port Harcourt Shell Branch.
Tel: 084-421967, 422693
GSM: 08033384601

574. Port Harcourt Rumuola Branch.
Tel: 084-465098, 230251, 230253, 230262-3
Fax: 084-238529, 464226

575. Port Harcourt Rumuokoro Branch.
Tel: 08033091190, 08033091193

576. Port Harcourt Rumuokwurusi Branch.
315, P/H/Aba Road, (Izzi House), P.M.B. 5207, Port Harcourt
Tel: 084-612383, 612663
Fax: 084-612660

577. Port Harcourt Faworite Branch.
Tel: 084-612383

578. Port Harcourt Rumuokwurusi Branch.
Tel: 084-461275, 461276

579. Port Harcourt Main Branch.
22/24 Aba Road, Port Harcourt.
Tel: 084-236000, 236002
Fax: 084-236000
GSM: 0803454522, 08054476085

580. Port Harcourt Harbour Road Branch.
1, Harbour Road, P.M.B. 6197, Port Harcourt.
Tel: 084-769921, 492292
GSM: 08053345173

581. Port Harcourt Trans-Amadi Branch.
Tel: 084-233780, 461275, 461276
Fax: 084-461276
GSM: 08033092927

582. Port Harcourt Woji Branch.
65 Woji Estate Road, Woji, Port Harcourt
Tel: 084-460228, 460229, 460230

583. Port Harcourt Wimpey Branch.
Plot 52, Wimpey Road, Off Ada George, Port Harcourt
Tel: 084-751124, 751123

584. Port Harcourt Shell Branch.
Tel: 084-421967, 422693
GSM: 08033384601

SOKOTO STATE

585. Sokoto Dan Fodio Branch.
Abdullahi Fodio Road, P.M.B. 2116, Sokoto.
Tel: 060-232130, 232967
Fax: 060-231978, 234369
GSM: 08036467662, 08065467063

586. Gidan Madi Agency.
c/o Sokoto (Main) Branch, P.M.B. 2116, Sokoto

587. Illeila Branch.
Birnin Konna Road, c/o Sokoto (Main) Branch, P.M.B. 2116, Sokoto
GSM: 08086697259, 08054719820, 08056718623

588. Rijiya Branch.
Along Sultan Abubakar Road, Sokoto
GSM: 08034531118, 08029642127

589. Sokoto Main Branch.
Kano Road, P.M.B. 2160, Sokoto
Tel: 060-231251, 231253, 232967
Fax: 060-231978, 234369
GSM: 08065467063, 08036467662

590. Tambawal Branch.
Opposite Health Centre, P.M.B. 1082, Tambawal
Tel: 060-550378
Fax: 060-550378
TARABA STATE

591. Bambur Branch.  
c/o Yola (Main) Branch,  
P.M.B. 2050, Yola
592. Jalingo Branch.  
7 Hammaruwa Way,  
P.M.B. 1095, Jalingo  
Tel: 079-222098, 223244  
GSM: 08035920281
593. Karim Lamido Branch.  
Karim Town, Karim L.G.A.  
P.M.B. 4, Yola  
GSM: 08033522312
594. Lau Branch.  
P.M.B. 4, Lau
595. Mayo Ndaga Branch.  
c/o Yola (Main) Branch,  
P.M.B. 2050, Yola
596. Zing Branch.  
Opposite Zing Local Government  
Secretariat, P.O.Box 12, Yola  
GSM: 08037403976, 08065893813

YOBE STATE

597. Damaturu Branch.  
Gashua Road, P.M.B. 1009, Damaturu  
Tel: 076-522980, 522545  
Fax: 076-522543  
GSM: 08023234970
598. Buni Yadi Branch.  
Biu/Damaturu Road, Buni Yadi Town,  
Gujba L.G.A., Yobe  
GSM: 08060549298
599. Damagun Agency.  
c/o Damaturu Branch, Gashua Road,  
P.M.B. 1009, Damaturu  
Tel: 076-522980  
Fax: 076-522545
600. Gashua Branch.  
Opposite Main Market,  
P.M.B. 04, Gashua  
Tel: 081-22768681  
GSM: 08065452330
601. Geidam Branch.  
Commercial Area, Geidam, Geidam  
L.G.A., P.M.B. 12, Nguru  
Tel: 081-69306063  
GSM: 08036549262
602. Jakusko Cash Centre.  
Gashua Road, Opp. Jameel Filling  
Station, Jakusko  
Tel: 081-22768681
603. Nguru Branch.  
Ali Kahtan Road, P.M.B. 12, Nguru  
Tel: 076-740255, 420485  
GSM: 08037051976
604. Potiskum Branch.  
Ibrahim Alkali Road, P.M.B. 46,  
Potiskum  
Tel: 076-420042  
GSM: 08023272288, 0803490011

ZAMFARA STATE

605. Anka Branch.  
Daki Takwas Road, P.M.B. 1003, Anka  
Tel: 063-36139, 200243, 203202  
GSM: 08065547393, 08025905651  
Fax: 063-202261
606. Bakura Branch.  
Opposite Bakura Central Mosque,  
Bakura, Zamfara State  
GSM: 0807537080, 08069224522
607. Gummi Branch.  
Opposite L.G.A. Secretariat,  
P.M.B. 02, Gummi  
Tel: 063-73163, 73168  
GSM: 08034725916, 08020005328
608. Gusau Branch.  
Canteen Area, P.M.B. 1019, Gusau  
Tel: 063-200243, 203202, 202102  
Fax: 063-202261  
GSM: 08036067470, 08023158358
609. Kaura Namoda Branch.  
Gusau Road, P.M.B. 1002,  
Kaura Namoda  
Tel: 063-60173  
GSM: 08065240725, 08082381842
610. Talata Mafara Branch.  
Along Sokoto Gusau Road,  
Talata Mafara  
GSM: 08067234644
611. Shinkafi Branch.  
Isa/Gusau Road, P.M.B. 02, Shinkafi  
GSM: 08082385781
Our actions must result in a consistent return of sterling performance in dividends and growth of shareholder value.

www.firstbanknigeria.com/ir/financialinformation/2010
GLOBAL DEPOSITORY RECEIPTS (GDR) PROGRAMME

A GDR is a negotiable certificate representing ownership of shares. It is held by a depositary bank and represents a specific number of shares of a stock traded on an exchange of another country. GDRs are quoted, traded and dividends paid in US dollars. GDRs facilitate the trading and holding of non-US securities by foreign investors.

At inception of the programme, about 7.7 million units were created, with each unit represented by 50 units of FirstBank ordinary shares. As 31 December 2010, the closing price of the FirstBank GDR at the OTC market was USD4.52.

In the year under review, 42,021 GDR units were issued due to the one for eight bonus declared in May 2010 while 331,330 units were cancelled to ordinary shares. There was no transfer activity between the 144A and Reg S during the year. The number of outstanding GDRs currently stands at 59,529 units.

<table>
<thead>
<tr>
<th>S/S</th>
<th>Div. type</th>
<th>Year end</th>
<th>Date cleared</th>
<th>Total div. amt. (₦)</th>
<th>Div. per share</th>
<th>Net div. amt. unclaimed</th>
<th>% Net div. amt. unclaimed</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>Final</td>
<td>31 Mar 2000</td>
<td>30 Jul 2001</td>
<td>2,113,785,913.20</td>
<td>1.30</td>
<td>106,202,756.95</td>
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<td>45</td>
<td>Final</td>
<td>31 Mar 2001</td>
<td>08 May 2002</td>
<td>2,640,065,847.90</td>
<td>1.30</td>
<td>117,879,141.33</td>
<td>4.47</td>
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<tr>
<td>46</td>
<td>Final</td>
<td>31 Mar 2002</td>
<td>08 Apr 2003</td>
<td>3,811,263,675.00</td>
<td>1.50</td>
<td>140,724,858.23</td>
<td>3.69</td>
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<tr>
<td>47</td>
<td>Final</td>
<td>31 Mar 2003</td>
<td>23 Aug 2004</td>
<td>5,513,901,111.80</td>
<td>1.55</td>
<td>146,451,765.76</td>
<td>26.6</td>
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<tr>
<td>48</td>
<td>Final</td>
<td>31 Mar 2004</td>
<td>29 Aug 2005</td>
<td>6,403,122,540.00</td>
<td>1.60</td>
<td>185,751,008.67</td>
<td>29.0</td>
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<tr>
<td>49</td>
<td>Final</td>
<td>31 Mar 2005</td>
<td>28 Aug 2006</td>
<td>5,239,237,558.00</td>
<td>1.00</td>
<td>206,144,968.80</td>
<td>3.93</td>
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<tr>
<td>50</td>
<td>Final</td>
<td>31 Mar 2006</td>
<td>09 Mar 2007</td>
<td>10,479,845,385.00</td>
<td>1.00</td>
<td>647,540,628.88</td>
<td>6.18</td>
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<td>51</td>
<td>Final</td>
<td>31 Mar 2007</td>
<td>24 Aug 2008</td>
<td>21,481,234,960.68</td>
<td>1.20</td>
<td>883,796,884.84</td>
<td>4.11</td>
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<tr>
<td>53</td>
<td>Final</td>
<td>31 Dec 2010</td>
<td>31 May 2010</td>
<td>2,610,566,748.54</td>
<td>0.10</td>
<td>588,738,202.16</td>
<td>22.6</td>
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</tbody>
</table>
## 2011 FIRSTBANK FINANCIAL REPORTING CALENDAR

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday 14 April</td>
<td>Release of FY Dec 2010 results on the floor of the NSE</td>
</tr>
<tr>
<td>Friday 15 April</td>
<td>Publication of FY Dec 2010 results in dailies</td>
</tr>
<tr>
<td>Wednesday 20 April</td>
<td>Release of Q1 results for period ending March 2011 on the floor of the NSE</td>
</tr>
<tr>
<td>Thursday 21 April</td>
<td>Publication of Q1 2011 results in dailies</td>
</tr>
<tr>
<td>Thursday 28 April 3–5pm</td>
<td>FY 2010 and Q1 2011 results conference call with analysts and investors</td>
</tr>
<tr>
<td>Monday to Friday, 2–6 May</td>
<td>FY 2010 and Q1 2011 – International equity roadshow</td>
</tr>
<tr>
<td>Wednesday 11 May</td>
<td>FY 2010 and Q1 2011 – face-to-face meetings with key Nigerian institutional investors, Lagos</td>
</tr>
<tr>
<td>Thursday 2 June</td>
<td>Annual General Meeting, Abuja</td>
</tr>
<tr>
<td>Monday 25 July</td>
<td>Release of H1 2011 results on the floor of the NSE</td>
</tr>
<tr>
<td>Tuesday 26 July</td>
<td>Publication of H1 2011 results in dailies</td>
</tr>
<tr>
<td>Thursday 28 July 3–5pm</td>
<td>H1 2011 results conference call with analysts and investors</td>
</tr>
<tr>
<td>Tuesday 25 October</td>
<td>Release of 9M 2011 results on floor of the NSE</td>
</tr>
<tr>
<td>Wednesday 26 October</td>
<td>Publication of 9M 2011 results in dailies</td>
</tr>
<tr>
<td>Thursday 3 November 3–5pm</td>
<td>9M 2011 results conference call with analysts and investors</td>
</tr>
<tr>
<td>Wednesday 9 November</td>
<td>9M 2011 results face-to-face meetings with key Nigerian institutional investors – Lagos</td>
</tr>
<tr>
<td>Monday to Friday, 14–18 November</td>
<td>9M 2011 International Roadshow</td>
</tr>
</tbody>
</table>

We have provided the above dates on a best effort basis; please note that these dates are subject to change without notice. To be notified of any changes on this calendar, please subscribe to our calendar notification service on the FirstBank investor relations website – www.firstbanknigeria.com/ir
## SHARE CAPITALISATION HISTORY

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised (N) Increase</th>
<th>Cumulative</th>
<th>Issued (N) Increase</th>
<th>Cumulative</th>
<th>No. of shares</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 1973</td>
<td>-</td>
<td>10,000,000</td>
<td>-</td>
<td>9,700,000</td>
<td>9,700,000</td>
<td>Cash</td>
</tr>
<tr>
<td>10 Jun 1975</td>
<td>5,000,000</td>
<td>15,000,000</td>
<td>1,940,000</td>
<td>11,640,000</td>
<td>11,640,000</td>
<td>Bonus</td>
</tr>
<tr>
<td>27 Jul 1976</td>
<td>-</td>
<td>15,000,000</td>
<td>2,328,000</td>
<td>13,968,000</td>
<td>13,968,000</td>
<td>Bonus</td>
</tr>
<tr>
<td>28 Jul 1977</td>
<td>10,000,000</td>
<td>25,000,000</td>
<td>6,984,000</td>
<td>20,952,000</td>
<td>20,952,000</td>
<td>Bonus</td>
</tr>
<tr>
<td>27 Jul 1978</td>
<td>5,000,000</td>
<td>30,000,000</td>
<td>8,381,000</td>
<td>29,333,000</td>
<td>29,333,000</td>
<td>Bonus</td>
</tr>
<tr>
<td>28 Dec 1978</td>
<td>10,000,000</td>
<td>40,000,000</td>
<td>-</td>
<td>29,333,000</td>
<td>29,333,000</td>
<td>-</td>
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<tr>
<td>26 Jul 1979</td>
<td>10,000,000</td>
<td>50,000,000</td>
<td>14,666,200</td>
<td>43,999,200</td>
<td>43,999,200</td>
<td>Bonus</td>
</tr>
<tr>
<td>26 Jul 1980</td>
<td>20,000,000</td>
<td>70,000,000</td>
<td>2,315,747</td>
<td>46,314,947</td>
<td>46,314,947</td>
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<tr>
<td>24 Jul 1980</td>
<td>-</td>
<td>70,000,000</td>
<td>9,262,990</td>
<td>55,577,937</td>
<td>55,577,937</td>
<td>Bonus</td>
</tr>
<tr>
<td>29 Apr 1981</td>
<td>-</td>
<td>70,000,000</td>
<td>5,557,792</td>
<td>61,135,729</td>
<td>61,135,729</td>
<td>Bonus</td>
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<tr>
<td>29 Apr 1982</td>
<td>50,000,000</td>
<td>150,000,000</td>
<td>-</td>
<td>61,135,729</td>
<td>61,135,729</td>
<td>-</td>
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<tr>
<td>16 Apr 1986</td>
<td>-</td>
<td>150,000,000</td>
<td>6,113,574</td>
<td>67,249,303</td>
<td>67,249,303</td>
<td>Bonus</td>
</tr>
<tr>
<td>9 Apr 1987</td>
<td>-</td>
<td>150,000,000</td>
<td>13,449,862</td>
<td>80,699,165</td>
<td>80,699,165</td>
<td>Bonus</td>
</tr>
<tr>
<td>8 Apr 1988</td>
<td>-</td>
<td>150,000,000</td>
<td>-</td>
<td>80,699,165</td>
<td>80,699,165</td>
<td>-</td>
</tr>
<tr>
<td>27 Apr 1989</td>
<td>-</td>
<td>150,000,000</td>
<td>-</td>
<td>80,699,165</td>
<td>80,699,165</td>
<td>Stock split from 1.00 to 50 kobo</td>
</tr>
<tr>
<td>26 Apr 1990</td>
<td>-</td>
<td>150,000,000</td>
<td>-</td>
<td>80,699,165</td>
<td>80,699,165</td>
<td>-</td>
</tr>
<tr>
<td>26 Apr 1991</td>
<td>-</td>
<td>150,000,000</td>
<td>-</td>
<td>80,699,165</td>
<td>80,699,165</td>
<td>-</td>
</tr>
<tr>
<td>27 Apr 1992</td>
<td>-</td>
<td>150,000,000</td>
<td>-</td>
<td>80,699,165</td>
<td>80,699,165</td>
<td>-</td>
</tr>
<tr>
<td>29 Apr 1993</td>
<td>-</td>
<td>150,000,000</td>
<td>26,899,721</td>
<td>107,598,886</td>
<td>215,197,772</td>
<td>Bonus</td>
</tr>
<tr>
<td>28 Apr 1994</td>
<td>150,000,000</td>
<td>300,000,000</td>
<td>107,598,882</td>
<td>215,197,768</td>
<td>430,395,536</td>
<td>Bonus</td>
</tr>
<tr>
<td>25 Apr 1995</td>
<td>-</td>
<td>300,000,000</td>
<td>53,799,441</td>
<td>268,997,209</td>
<td>537,994,418</td>
<td>Bonus</td>
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<tr>
<td>25 Apr 1996</td>
<td>-</td>
<td>300,000,000</td>
<td>67,249,301</td>
<td>336,246,510</td>
<td>672,493,020</td>
<td>Bonus</td>
</tr>
<tr>
<td>22 May 1997</td>
<td>700,000,000</td>
<td>1,000,000,000</td>
<td>436,246,510</td>
<td>872,493,020</td>
<td>1,300,770,342</td>
<td>Bonus</td>
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<tr>
<td>22 May 1997</td>
<td>-</td>
<td>1,000,000,000</td>
<td>84,061,627</td>
<td>1,040,616,274</td>
<td>872,493,020</td>
<td>Cash</td>
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<tr>
<td>23 Jul 1998</td>
<td>-</td>
<td>1,000,000,000</td>
<td>130,077,034</td>
<td>520,308,137</td>
<td>520,308,137</td>
<td>Bonus</td>
</tr>
<tr>
<td>27 Jul 2000</td>
<td>-</td>
<td>1,000,000,000</td>
<td>812,981,463</td>
<td>1,625,962,926</td>
<td>1,625,962,926</td>
<td>Bonus</td>
</tr>
<tr>
<td>26 Jul 2001</td>
<td>2,000,000,000</td>
<td>3,000,000,000</td>
<td>1,016,226,828</td>
<td>3,048,680,476</td>
<td>3,048,680,476</td>
<td>Bonus</td>
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<tr>
<td>31 Jul 2002</td>
<td>-</td>
<td>3,000,000,000</td>
<td>2,619,334,694</td>
<td>5,238,669,388</td>
<td>5,238,669,388</td>
<td>Bonus</td>
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<td>19 Aug 2006</td>
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<td>10,000,000,000</td>
<td>2,619,334,694</td>
<td>10,477,338,776</td>
<td>10,477,338,776</td>
<td>Increase/Bonus</td>
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<td>22 Aug 2007</td>
<td>-</td>
<td>873,111,565</td>
<td>6,111,780,953</td>
<td>12,223,561,906</td>
<td>12,223,561,906</td>
<td>Bonus</td>
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<tr>
<td>1 Jul 2007</td>
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<td>3,833,235,233</td>
<td>9,945,016,186</td>
<td>19,890,032,371</td>
<td>19,890,032,371</td>
<td>2007 hybrid offer</td>
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<tr>
<td>22 Aug 2008</td>
<td>5,000,000,000</td>
<td>15,000,000,000</td>
<td>12,431,270,232</td>
<td>24,862,540,463</td>
<td>24,862,540,463</td>
<td>Bonus</td>
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<tr>
<td>20 Aug 2009</td>
<td>-</td>
<td>15,000,000,000</td>
<td>4,143,756,743</td>
<td>29,006,297,206</td>
<td>29,006,297,206</td>
<td>Bonus (1 for 6)</td>
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<tr>
<td>27 Aug 2010</td>
<td>-</td>
<td>3,625,787,150</td>
<td>32,632,084,356</td>
<td>50,017,413,833</td>
<td>50,017,413,833</td>
<td>Bonus (1 for 8)</td>
</tr>
</tbody>
</table>
NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of members of FIRST BANK OF NIGERIA PLC will be held at the Congress Hall, Transcorp Hilton, No 1, Aguiyi Ironsi Street, Maitama, Abuja on Thursday 2 June 2011 at 11.00 am to transact the following:

Ordinary business:
1. To receive the audited accounts for the year ended 31 December 2010 together with the reports of the Directors, Auditors and Audit Committee thereon;
2. To declare a dividend;
3. To elect Directors;
4. To approve the remuneration of Directors;
5. To approve the appointment of one of the Joint Auditors;
6. To authorise the Directors to fix the remuneration of the Joint Auditors; and
7. To elect members of the Audit Committee.

Proxy
A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not also be a member. A proxy form is at the end of the financial statements. All instruments of proxy should be duly stamped at the Stamp Duties Office and deposited at the registered office of the Company or the Office of the Registrar, Plot 2, Abebe Village Road, Iganmu, Lagos not later than 48 hours before the time for holding the meeting.

Dividend warrants
If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on 6 June 2011 to members whose names appear in the register of members at the close of business on Friday 29 April 2011.

Closure of register of members
The register of members and transfer books of the Company will be closed from 9 to 13 May 2011 (both dates inclusive) for the purpose of payment of dividend.

Note
Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD

Tijani Borodo
Company Secretary
35 MARINA, LAGOS
Dated this 24th day of March 2011
FIRST BANK OF NIGERIA PLC (RC 6290)

42nd ANNUAL GENERAL MEETING TO BE HELD at the Congress Hall, Transcorp Hilton, No.1, Aguyi Ironsi Street, Maitama, Abuja on Thursday 2 June 2011 at 11.00 am.

"I/We* ....................................................................................................................
(Name of Shareholder in block letters)
the undersigned, being a member/members of the above-named Company hereby appoint the Chairman of the meeting or failing him
............................................................................................as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 2 June 2011 and at any adjournment thereof."

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this …………………….. day of .............................................................2011.

Signature .............................................................................................................

NOTES:
1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the Registrar, FIRST REGISTRARS NIGERIA LIMITED, PLOT 2, ABEBE VILLAGE ROAD, IGANMU, LAGOS, not later than 48 hours before the time for holding the meeting.
2. Where the appointor is a corporation, this form may be under seal or under the hand of any officer or attorney duly authorised.
3. This proxy will be used only in the event of a poll being directed, or demanded.
4. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
5. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently ₦500.00) from the Stamp Duties Office, and not adhesive postage stamps.

Before posting the above form please tear off this part and retain it for admission to the meeting.

ADMISSION FORM

FIRST BANK OF NIGERIA PLC (RC 6290)

42nd ANNUAL GENERAL MEETING TO BE HELD at the Congress Hall, Transcorp Hilton, No.1, Aguyi Ironsi Street, Maitama, Abuja on Thursday 2 June 2011 at 11.00 am.

Name of Shareholder* ............................................................................................

Name of Proxy* ....................................................................................................

If you are unable to attend the meeting
A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you to exercise your right to vote.

Important
Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the company or not, with the exception of the Chairman of the Company, who will attend the meeting and vote on your behalf.

<table>
<thead>
<tr>
<th>Resolution</th>
<th>For</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) To receive the audited accounts, Directors', Auditors' and Audit Committee's Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) To approve dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) To elect Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) To approve the remuneration of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) To approve the appointment of one of the Joint Auditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) To authorise the Directors to fix the remuneration of the Joint Auditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7) To elect members of the Audit Committee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.
To:
The Registrar,
First Registrars Nigeria Limited,
Plot 2, Abebe Village Road,
Iganmu, P.M.B. 12692,
Marina, Lagos,
Nigeria

The service gives the status of your stock balance(s), dividend information and other information at a glance right on your mobile phone. Simply text your assigned pin to the short code (6591) and your share account statement is sent straight to your phone.

**Note:** ₦20/SMS cost by network operator applies. Available only in Nigeria.

**Important!** The form should be completed in CAPITAL LETTERS using a black or dark blue ballpoint/fountain pen. Characters and numbers should be similar in style to the following:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 0 1 2 3 4 5

Please fill in the form and return to the address above.

Surname ..............................................................................................................................
First Name ...........................................................................................................................
Other Names ....................................................................................................................... 
Address ...............................................................................................................................
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...........................................................................................................................................
Mobile Phone ...................................................................................................................... 
Email ...................................................................................................................................
Signature ............................................................................................................................... 
Corporate stamp/seal ...........................................................................................................

**Charges**

₦1,000 per annum

**Note**

All payments should be made to Account No. 1912030016621 in any FirstBank branch nationwide and a copy of the payment slip attached to this form upon submission.

Website: www.firstregistrarsnigeria.com Email: info@firstregistrarsnigeria.com
SHAREHOLDER ONLINE ACCESS REGISTRATION FORM
(FIRST BANK OF NIGERIA PLC)

To:
The Registrar,
First Registrars Nigeria Limited,
Plot 2, Abebe Village Road,
Iganmu, P.M.B. 12692,
Marina, Lagos,
Nigeria

Print your share account statement, view dividend information and make changes to your address from your comfort zone.

Important! The form should be completed in CAPITAL LETTERS using a black or dark blue ballpoint/fountain pen. Characters and numbers should be similar in style to the following:

ABCDEFGHIJKLMNOPQRSTUVWXYZ012345

Please fill in the form and return to the address above.

Surname ..............................................................................................................................
First Name ...........................................................................................................................
Other Names .......................................................................................................................
Address ...............................................................................................................................
...........................................................................................................................................
............................................................................................................................................
............................................................................................................................................

Mobile Phone ......................................................................................................................
Email ...................................................................................................................................

Signature ............................................................................................................................

2nd Signature (for joint account or company) ...........................................................................

Activation Fee
Individual: ₦1,000 per annum
Corporate Bodies: ₦2,000 per annum

Note
All payments should be made to Account No. 1912030017736 in any FirstBank branch nationwide and a copy of the payment slip attached to this form upon submission.

Website: www.firstregistrarsnigeria.com   Email: info@firstregistrarsnigeria.com
E-SHARE NOTIFIER SUBSCRIPTION FORM  
(FIRST BANK OF NIGERIA PLC)

To:
The Registrar,
First Registrars Nigeria Limited,
Plot 2, Abebe Village Road,
Iganmu, P.M.B. 12692,
Marina, Lagos,
Nigeria

Receive SMS notifications on transactions on your share account.

**Important!** The form should be completed in CAPITAL LETTERS using a black or dark blue ballpoint/fountain pen. Characters and numbers should be similar in style to the following:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 0 1 2 3 4 5

Please fill in the form and return to the address above.

Surname ..............................................................................................................................
First Name ...........................................................................................................................
Other Names ....................................................................................................................... 
Address .............................................................................................................................
............................................................................................................................................
............................................................................................................................................
............................................................................................................................................
Mobile Phone ......................................................................................................................
Email ...................................................................................................................................
Signature .............................................................................................................................
2nd Signature (for joint account or company) .................................................................

**Activation Fee**
Individual: ₦1,000 per annum
Corporate Bodies: ₦2,000 per annum
Stockbrokers: ₦5,000 per annum

**Note**
All payments should be made to Account No. 1912030017374 in any FirstBank branch nationwide and a copy of the payment slip attached to this form upon submission.

Website: www.firstregistrarsnigeria.com   Email: info@firstregistrarsnigeria.com
STOCKBROKER E-LODGEMENT ACTIVATION FORM
(FIRST BANK OF NIGERIA PLC)

To:  
The Registrar,
First Registrars Nigeria Limited,
Plot 2, Abebe Village Road,
Iganmu, P.M.B. 12692,
Marina, Lagos,
Nigeria

Seamless access to all lodgements to First Registrars and those items verified and sent to CSCS.

FOR STOCKBROKERS ONLY

Important! The form should be completed in CAPITAL LETTERS using a black or dark blue ballpoint/fountain pen. Characters and numbers should be similar in style to the following:

ABCDEFGHIJKLMNOPQRSTUVWXYZ012345

Please fill in the form and return to the address above.

Name of Stockbroker ...........................................................................................................

Address ...............................................................................................................................
............................................................................................................................................
............................................................................................................................................
............................................................................................................................................

Mobile Phone ......................................................................................................................

Email ...................................................................................................................................

Authorised Signatory/Seal ....................................................................................................

Activation Fee:
₦25,000 per annum

Note
All payments should be made to Account No. 1912030017727 in any FirstBank branch nationwide and a copy of the payment slip attached to this form upon submission.

Website: www.firstregistrarsnigeria.com   Email: info@firstregistrarsnigeria.com
For internal computation, period average is used.
(ii) NPL = non-performing loans.
(iii) Risk asset is computed using risk weights supplied by CBN/Basel. See risk asset ratio below.

### Glossary of Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Basis of computation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average cost of deposits ($) =</td>
<td>Interest expense</td>
</tr>
<tr>
<td></td>
<td>Average deposit (i.e. opening + closing balance)/2</td>
</tr>
<tr>
<td>Basic earnings per share =</td>
<td>Profit attributable to ordinary shareholders (after deduction of debenture interest and tax)</td>
</tr>
<tr>
<td></td>
<td>Weighted average no. of shares in issue</td>
</tr>
<tr>
<td>Cost to income ratio (1) =</td>
<td>Total cost (interest expense, operating cost before loan loss expense)</td>
</tr>
<tr>
<td></td>
<td>Gross earning</td>
</tr>
<tr>
<td>Cost to income ratio (2) =</td>
<td>Total overhead cost (operating cost including loan loss expense)</td>
</tr>
<tr>
<td></td>
<td>Total net revenue</td>
</tr>
<tr>
<td>Cost of interest bearing liabilities =</td>
<td>Interest expense</td>
</tr>
<tr>
<td></td>
<td>Average interest bearing liabilities (opening + closing balances)/2</td>
</tr>
<tr>
<td>Cost of risk =</td>
<td>Loan loss expense</td>
</tr>
<tr>
<td></td>
<td>Average loans</td>
</tr>
<tr>
<td>Debt to capital =</td>
<td>Long term debt</td>
</tr>
<tr>
<td></td>
<td>Long term debt + equity</td>
</tr>
<tr>
<td>Debt to EBITDA =</td>
<td>Aggregate loan position x 100</td>
</tr>
<tr>
<td></td>
<td>Operating income</td>
</tr>
<tr>
<td>Gross loans =</td>
<td>Aggregate loan position x 100</td>
</tr>
<tr>
<td>Interest earning assets =</td>
<td>Due from other banks + Treasury bills + Trading</td>
</tr>
<tr>
<td></td>
<td>Securities (bonds) + Loans and advances</td>
</tr>
<tr>
<td>Leverage ratio =</td>
<td>Total debt capital</td>
</tr>
<tr>
<td></td>
<td>Total shareholders’ fund</td>
</tr>
<tr>
<td>Liquidity ratio =</td>
<td>Liquid assets</td>
</tr>
<tr>
<td></td>
<td>Deposit liabilities (as prescribed by the CBN)</td>
</tr>
<tr>
<td>Loan to deposit ratio =</td>
<td>Increase in interest expense during the month</td>
</tr>
<tr>
<td></td>
<td>Increase in average deposits during the same month (annualised)</td>
</tr>
<tr>
<td>Marginal cost of fund =</td>
<td>Net interest income</td>
</tr>
<tr>
<td></td>
<td>Average interest-earning assets (i.e. Opening + Closing)</td>
</tr>
<tr>
<td>Net interest margin (1) =</td>
<td>Net interest income</td>
</tr>
<tr>
<td></td>
<td>Total interest income</td>
</tr>
<tr>
<td>Net interest margin (2) =</td>
<td>Net interest income</td>
</tr>
<tr>
<td></td>
<td>Total interest income</td>
</tr>
<tr>
<td>Net loans =</td>
<td>Gross loans - loan loss provision</td>
</tr>
<tr>
<td>Net revenue from funds =</td>
<td>Interest income - (interest expense + loan expense)</td>
</tr>
<tr>
<td>NPL coverage ($) =</td>
<td>Loan loss provision (including interest in suspense)</td>
</tr>
<tr>
<td></td>
<td>Gross NPLs</td>
</tr>
<tr>
<td>NPL ratio ($) =</td>
<td>Non-performing loans</td>
</tr>
<tr>
<td></td>
<td>Gross loans</td>
</tr>
<tr>
<td>Operating profit =</td>
<td>Profit before taxation (PBT)</td>
</tr>
<tr>
<td>Operating profit margin =</td>
<td>Operating profit</td>
</tr>
<tr>
<td></td>
<td>Gross earnings</td>
</tr>
<tr>
<td>Provisioning level =</td>
<td>Total provision</td>
</tr>
<tr>
<td></td>
<td>Total NPL</td>
</tr>
<tr>
<td>Return on average assets =</td>
<td>PAT</td>
</tr>
<tr>
<td></td>
<td>Average total assets x 100</td>
</tr>
<tr>
<td>Return on equity =</td>
<td>PAT</td>
</tr>
<tr>
<td></td>
<td>Shareholder’s fund</td>
</tr>
<tr>
<td>Risk asset ratio =</td>
<td>Total loans</td>
</tr>
<tr>
<td></td>
<td>Total assets</td>
</tr>
<tr>
<td>Risk-weighted assets =</td>
<td>Assets x weight of risks x 100</td>
</tr>
<tr>
<td>Tier 1 ratio =</td>
<td>Total tier 1 capital</td>
</tr>
<tr>
<td></td>
<td>Risk weighted assets x 100</td>
</tr>
<tr>
<td>Tier 2 ratio =</td>
<td>Total tier 2 capital</td>
</tr>
<tr>
<td></td>
<td>Risk weighted assets x 100</td>
</tr>
<tr>
<td>Total capital adequacy ratio ($) =</td>
<td>Total qualifying capital</td>
</tr>
<tr>
<td></td>
<td>Risk weighted assets</td>
</tr>
<tr>
<td>Yield on interest earning assets =</td>
<td>Interest income</td>
</tr>
<tr>
<td></td>
<td>Average interest earning assets</td>
</tr>
</tbody>
</table>
TOTAL QUALIFYING CAPITAL
Total qualifying capital is tier 1 capital less goodwill, other intangible assets and deferred losses, plus tier 2 capital less investments in unconsolidated subsidiaries and associates.

Tier 1 capital
- Ordinary shares
- Share premium
- General reserves
- Reserve for small scale industries
- Other reserves
- Retained profit and loss
- Audited profit approved by CBN

Tier 2 capital
- Fixed asset revaluation reserves
- Forex revaluation reserves
- General provisions
- Minority interest
- Hybrid capital instrument
- Preference shares
- Debenture stock

ABBREVIATIONS

AC  Audit Committee
AGM  Annual General Meeting
ALCO  Assets & Liabilities Management Committee
ALM  Asset and Liability Management
AMCON  Asset Management Company of Nigeria
AML  Anti Money Laundering
ATM  Automated Teller Machine
BARAC  Board Audit & Risk Assessment Committee
BC  Board Credit Committee
BDM  business development manager
BDO  Business Development Office
BEC  Board Establishment Committee
BFG  Board Finance & General Purpose Committee
BG  Board Governance Committee
BGI  Board Governance Committee (in attendance)
BOFIA  Bank and Other Financial Institutions Act
BPC  Board Promotions and Disciplinary Committee
BT  Board Tenders Committee
BU  Business Units
CAAP  Control Administrative and Accounting Procedure
CAGR  Cumulative Annual Growth Rate
CAM  Classified Assets Management Dept
CAP  Credit Analysis & Processing Dept
CASA  Current Accounts and Savings Accounts
CBN  Central Bank of Nigeria
CCO  Chief Compliance Officer
CCTV  Closed-Circuit Television
CEO  Chief Executive Officer
CFT  Countering the Financing of Terrorism
COSO  Committee of Sponsoring Organisation
COT  Commission on Turnover
CPFA  Closed Pension Fund Administrator
CRM  Credit Risk Management
CRO  Chief Risk Officer
CRR  Collateral Risk Rating
CRSA  Control Risk Self Assessment
CSCS  Central Securities Clearing System
CSR  Corporate Social Responsibility
DRC  Disaster Recovery Centre
EAR  Earnings At Risk
ED  Executive Director
EME  Emerging Market Economies
EMTS  Emerging Markets Telecommunication Services (Etisalat)
EPS  Electronic Payment System
EVP  Executive Vice President
EXCO  Executive Committee
FBN BDC  FBN Bureau de Change Ltd
FBN MB  FBN Microfinance Bank Ltd
FBN UK  FBN Bank (UK) Ltd
FCT  Federal Capital Territory
FirstBank 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 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-moment 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 contribution to national economic development through subsidiaries involved in capital market operations, insurance services, asset management and investment banking, private equity/venture capital, pension fund custodian management, 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 deep understanding of customer needs.

With a primary listing on the Nigerian Stock Exchange, about 32.6 billion issued shares and one of the highest shareholders’ funds in 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 deep understanding of customer needs.

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