1999/2000
Annual Report and Accounts

1st Bank
ESTABLISHED 1894

RC 6290
FIRST BANK OF NIGERIA PLC.

CBN/BSD/ADV/011/3244/98

FOR ANOTHER CENTURY OF OPERATIONS

If you have been to First Bank lately, you would have noticed...

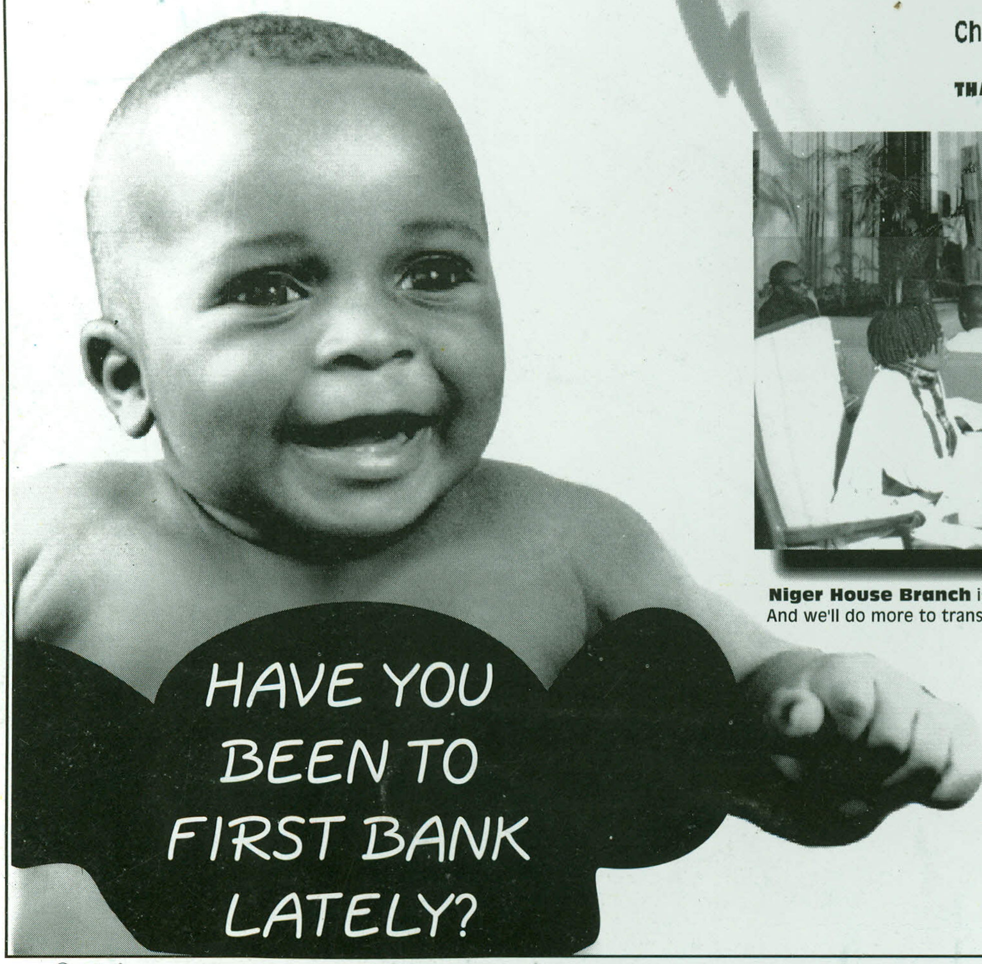
- A renewed bank.
- Speedy and efficient service.
- A conducive banking environment.
- Up-to-the-minute technology.
- Highly skilled personnel.
- A winning attitude

We are big yet nimble.

Check out our new look branches.

THAT'S WHAT WE'VE DONE FOR YOU LATELY

Niger House Branch is a shining example of what we're doing for you lately. And we'll do more to transform our major branches by matching size with speed.



1st Bank
ESTABLISHED 1894
FIRST BANK OF NIGERIA PLC
...truly the first.

Rosabel

aapn/0045

Vision
Statement

Be the Clear Leader and
Nigeria's Bank of First Choice

Mission
Statement

Remain true to our name
by providing the best
financial services possible

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Profile

First Bank of Nigeria Plc, for over a century, has distinguished itself as a leading banking institution and a major contributor to the economic advancement and development of Nigeria.

Founded in 1894 by a shipping magnate from Liverpool, Sir Alfred Jones, the Bank commenced as a small operation in the office of Elder Dempster & Company in Lagos.

It was incorporated as a Limited Liability Company on March 31, 1894, with Head Office in Liverpool. It started business under the corporate name of the Bank for British West Africa (BBWA) with a paid-up capital of 12,000 pounds sterling, after absorbing its predecessor, the African Banking Corporation, which was established earlier in 1892. This signaled the pre-eminent position which the Bank was to establish in the banking industry in West Africa. In the early years of operations, the Bank recorded an impressive growth and worked closely with the Colonial Government in performing the traditional functions of a Central Bank, such as issue of specie in the West African sub-region.

To justify its West Africa coverage, a branch was opened in Accra, Gold Coast (now Ghana) in 1896 and another in Freetown, Sierra Leone in 1898. These marked the genesis of the Bank's international banking operations. The second branch of the Bank in Nigeria was in the old Calabar in 1900 and two years later, services were extended to Northern Nigeria.

With a network of 315 branches spread throughout the Federation, including one in the city of London, the Bank maintains the largest branch network in the industry.

To satisfy the needs of its customers, First bank has diversified into a wide range of banking activities and services. These include Corporate and Retail Banking, Registrarship, Trusteeship and Insurance Brokerage.

Over the years, the Bank has experienced phenomenal growth. With a share capital of N55.6 million in 1980, the Bank's share capital grew to N650.385 million as at 31 March, 2000. The Bank's total asset base was N180.553 billion while its deposit base stood at N127.230 billion as at 31 March, 2000. Also, the Bank's market capitalisation stood at N18.198 billion i.e. N13.99k/ share as at 31 March, 2000.

To reposition and to take advantage of opportunities in the changing environment, the Bank embarked on several restructuring initiatives. In 1957, it changed its name from Bank of British West Africa to Bank of West Africa. In 1969, the Bank was incorporated locally as the Standard Bank of Nigeria Limited in line with the companies Decree of 1968.

Changes in the name of the Bank also occurred in 1979 and 1991, to First Bank of Nigeria Limited and First Bank of Nigeria Plc respectively. In 1985, the Bank introduced a decentralised structure with five regional administrations. This was reconfigured in 1992 to enhance the Bank's operational efficiency. In 1996, the Bank introduced the *FBN Century II* project to revolutionalise its operations in line with the dynamics of the environment.

FBN got listed on the Nigerian Stock Exchange (NSE) in March 1971 and has won the NSE President's Merit Award nine times for the best financial report in the banking sector. During the year, it also won the first Institute of Chartered Accountants of Nigeria (ICAN) Award for Excellence in the Corporate category.

The Bank has continued to be a leader in financing long-term investments in the economy, which was demonstrated in 1947 when the first long-term loan was advanced to the then Colonial Government. To demonstrate its commitment to its customers and the development of the Nigerian economy, the Bank has since broadened its loan and credit portfolios to various sectors of the economy.

The Bank has improved tremendously judging from a number of parameters including number of branches, growth in deposit base, asset size and size of loans and advances. Furthermore, its track record of profitability and reliability in sound banking has continually placed the Bank in its leadership position.

In line with its mission statement *"remain true to our name by providing the best financial services possible"*, the Bank will consistently transform itself as it forges ahead in its second century of qualitative banking to the nation.

Contents

Financial Highlights

	The Group		The Company	
	2000	1999	2000	1999
Major balance sheet items:	N'm	N'm	N'm	N'm
Total assets	194,744	137,869	180,553	129,503
Deposits, etc.	138,003	89,868	127,230	84,531
Called up share capital	650	520	650	520
Loans and advances	38,360	34,235	34,981	31,668
Shareholders' funds	15,265	11,887	14,519	11,307
Major profit & loss account items:				
Gross earnings	29,757	19,962	26,855	17,767
Charge for doubtful accounts	3,983	1,827	3,787	1,763
Profit before taxation	5,767	4,288	5,112	3,711
Profit after taxation	4,739	3,360	4,221	2,943
Profit attributable to ordinary shareholders	4,502	3,198	4,221	2,943
Dividends	1,626	1,041	1,626	1,041
Information per 50k ordinary share (actual):	N	N	N	N
Earnings	3.46	3.08	3.24	2.83
Dividend	1.25	1.00	1.25	1.00
Dividend cover (times)	2.91	3.08	2.59	2.83
Net assets	11.74	11.42	11.17	10.87
Total assets	150.83	132.57	139.91	124.52
Stock Exchange quotation	-	-	13.99	10.70
Ratios:	%	%	%	%
Cost to income	80.62	78.52	80.97	79.11
Return on shareholders' funds	37.77	36.07	35.21	32.82
Capital adequacy	17.66	16.62	17.53	16.73
Number of branches/agencies	319	311	314	308
Number of staff	7,765	7,999	7,550	7,814

Directors and Advisers

Directors:

Umaru Abdul Mutallab, CON	-	Chairman
Christian Ifeanyichukwu Adimorah	-	Managing
Christopher Fola Awosika		
Kola Daisi		
Garba Duba	-	(Appointed 12 August, 1999)
Oyekanmi Hassan-Odukale		
Muhammadu Ibrahim		
David Tor Iordaah		
Abba Kyari		
Bernard Ojeifo Longe		
Abdullahi Mahmoud		
Ayoola Oba Otudeko		
Udo Udo-Aka	-	(Appointed 28 July, 1999)
Ado Yakubu Wanka		
Umar Yahaya		

Company Secretary:

T. M. Borodo

Registered Office:

Samuel Asabia House
12th Floor
35, Marina, Lagos.

Joint Auditors:

Akintola Williams Adetona Isichei & Co.
[Chartered Accountants]

KPMG Audit
[Chartered Accountants]

Registrar:

First Registrars Nigeria Ltd.
Plot 2, Abebe Village Road
Iganmu
Lagos.

Principal Officers

EXECUTIVE DIRECTORS	(Dr.) C. I. Adimorah	-	Managing Director/Chief Executive
	Mr. C. F. Awosika	-	Executive Director (Risk Assets & Management Control)
	Mr. D. T. Iordaah	-	Executive Director (Commercial & Consumer Banking)
	Mr. B. O. Longe	-	Executive Director (Transaction Banking)
	Alhaji Ado Y. Wanka	-	Executive Director (Corporate Banking)
	Mallam Umar Yahaya	-	Executive Director (Strategic Resources & Mgt. Services)
DEPUTY GENERAL MANAGERS	Mr. D. O. Abass	-	Head, Corporate Planning & Development
	Mr. F. B. Abiola-Cudjoe	-	Head, International Banking Operations
	Dr. F. Abudu	-	Head, Human Capital Management
	Mr. J. M. Ajekigbe	-	Head, Corporate Banking SBU
	Mr. A. O. Ajibade	-	Head, Legal Services
	Mr. B. A. Bakare	-	Head, Risk Assets Management
	Alhaji M. A. Bungudu	-	Chief Inspector
	Mr. B. P. Dareng	-	Head, Central Banking Operations
	Alhaji M. K. Gujba	-	Head, North Banking Operations
	Mr. J. S. K. Iyonkyoh	-	Head, Domestic Banking Operations
	Dr. G. M. M. Obi	-	Head, Information Technology
	Mr C. U. Omeili	-	Head, Commercial Banking SBU
	Mr. M. A. Omolaja	-	Head, Lagos Banking Operations
	Mr. S. O. Onasanya	-	Head, Financial Control / Budget Planning
ASSISTANT GENERAL MANAGERS	Alhaji A. B. Abadam	-	Branch Operations Manager, Kaduna Main
	Mr. T. Abayomi-Banjo	-	Head, Corporate Affairs
	Mrs. E.A. Aboaba	-	Head, Regional Co-ordination
	Mr. E. O. Aboje	-	Branch Operations Manager, Apapa
	Mr. J.O. Ajibola	-	Head, Commercial Banking (Group III)
	Mr. A.C. Azubike	-	Head, East Banking Operations
	Alhaji T.M. Borodo	-	Company Secretary
	Mr. A. C. Ezeobele	-	Head, Business Process Re-engineering
	Mr. A.G. Fanimokun	-	Branch Operations Manager, Marina
	Alhaji J.L. Haruna	-	Branch Operations Manager, London
	Mr. E.U. Iyamah	-	Head, Corporate Banking (Oil & Gas)
	Alhaji A.M. Modibbo	-	Head, Corporate Banking (Public Sector)
	Mr. S. A. S. Oche	-	Head, Commercial Banking (Group II)
	Mrs. C.N. Okoye	-	Head, Consumer Banking SBU
	Chief K.A. Olatunbosun	-	Branch Operations Manager, Ikeja Industrial Estate
	Mr. M. A. Oshadiya	-	Head, General Services
	Dr. M.O. Ubaru	-	Head, Technical Services
	Dr.(Mrs) E.O. Williams	-	Medical Adviser

Notice of Annual General Meeting

NOTICE IS HEEREBY GIVEN that the 31st Annual General Meeting of members of FIRST BANK OF NIGERIA PLC will be held at the Congress Hall, Nicon Hilton, Abuja on Thursday, 27th July, 2000 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended 31st March, 2000 together with the reports of the Directors, Joint Auditors and Audit Committee thereon;
2. To declare a dividend;
3. To elect Directors;
4. To approve the remuneration of the Directors;
5. To authorise the Directors to fix the remuneration of the Auditors;
6. To elect members of the Audit Committee;

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolution as an ordinary resolution: "That pursuant to Article 47 of the Articles of Association of the Company, the Directors having so recommended, it is desirable to capitalise the sum of N162,596,291.50 from the balance of General Reserve and accordingly that such sum be set free for distribution amongst the members on the Register of Members at the close of business on Monday 10th July, 2000 on condition that same be not paid in cash but applied in paying up in full at par 325,192,583 of the unissued ordinary shares of 50 kobo each to be alloted, distributed and credited as fully paid-up to and amongst such members in the proportion of one new ordinary share for every four ordinary shares held by them on that day, and such new shares shall rank for all purposes pari passu with the existing issued ordinary shares of the Company, the shares so distributed being treated for all purposes as capital and not as income and these new shares shall not qualify for payment of dividend in respect of the 1999/2000 accounts, and the Directors shall give effect to this resolution on receipt of the necessary permission from the authorities".

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 17th August, 2000 to members whose names appear in the Register of Members at the close of business on 10th July, 2000.

CLOSURE OF REGISTER OF MEMBERS

The Register of members and Transfer Books of the Company will be closed from 10th to 20th July, 2000 (both dates inclusive) for the purpose of payment of dividend.

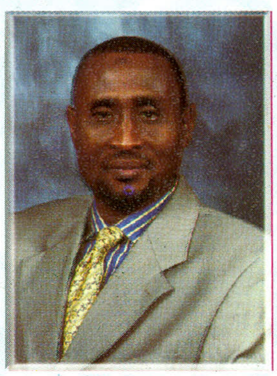
NOTE

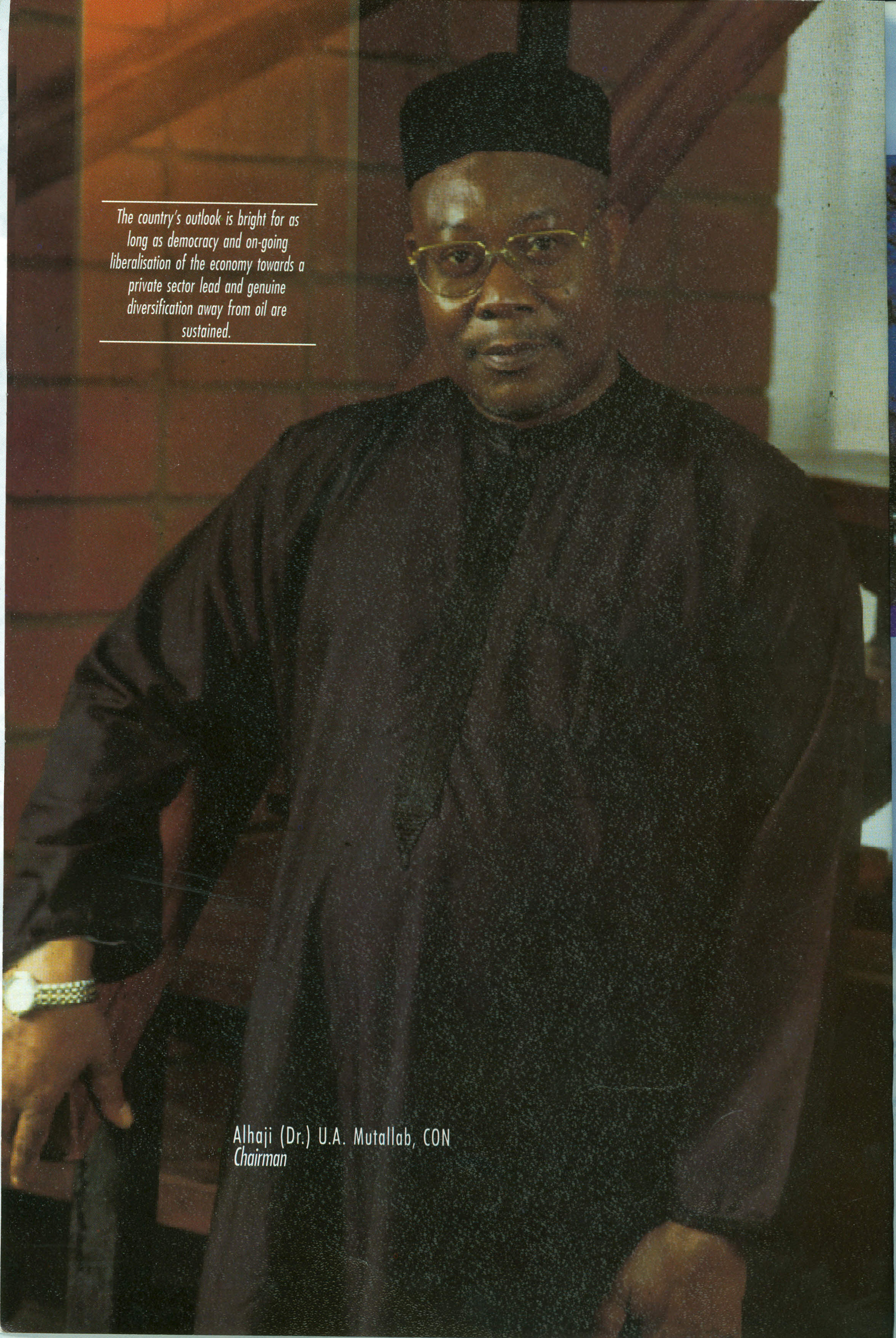
Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD

T. M. BORODO
COMPANY SECRETARY
35 MARINA, LAGOS.

DATED THIS 23RD DAY OF MAY, 2000.





The country's outlook is bright for as long as democracy and on-going liberalisation of the economy towards a private sector lead and genuine diversification away from oil are sustained.

Alhaji (Dr.) U.A. Mutallab, CON
Chairman

CHAIRMAN'S STATEMENT

Operating profit rose by 35% to N5.77 billion. Profit after tax rose 41% to N4.74 billion. Advances rose 12% to N38.36 billion. Deposits rose by 54% to N138 billion.

Fellow shareholders, Invited Guests, Ladies and Gentlemen,

Few companies in our part of the world survive to witness the turn of two centuries. Our Bank has just done so, with great success as demonstrated by yet another record financial performance which we shall presently unfold.

It is, therefore, with a deep sense of humility, privilege and responsibility that I welcome you today to the Bank's 31st Annual General Meeting (AGM), the first this 21st century.

It is a century full of promise for humanity, because the 20th century, through unprecedented technological breakthroughs as well as political and economic reforms created a world more prosperous and united than at any other point in history, such that we have come to have universal values – democracy, human rights, rule of law, transparency and accountability, and free markets. But it has inherited the human question which continues to haunt us through wars, famines, economic insecurities and intensifying poverty afflicting one in six in the world, most on our continent and a large fraction in our country.

The key challenge for humanity this century, therefore, is to diffuse the gains of the globalisation of technology, capital and expertise to the one billion or so people so far left out of the global affluence. Our Bank will be a key player in this global compact.

1st Bank ESTABLISHED

FIRST BANK OF NIGERIA PLC.

Permit me now, ladies and gentlemen, to go into the customary review of the domestic and international operating environment.

2. Review of Operating Environment

The 1999/2000 financial year was, as we have come to expect since late last century, a change-driven one, full of breathtaking technological breakthroughs especially in information technology (IT) and telecommunications. The changes, for all their welcome advantages, have also intensified economic insecurities both for companies and individuals. How each company holds up increasingly depends not just on its technical competence and adaptability but also on the sophistication of its immediate operating environment especially by way of infrastructure and the rule of law. In both developed and developing worlds, however, the demands on companies are so great that yet even bigger consolidations were recorded, including some in our own environment.

2.1 Domestic environment

There were major positive developments during the year in the domestic operating environment, although it remained very difficult with basic infrastructure worsening when many thought it could only get better and insecurity of lives and property worsened.

The major good news lay in our political environment. Our one-year-old democracy, though still fragile and fraught with teething difficulties, has held up with all arms – legislature, executive and judiciary — beginning to show the understanding and accommodation of one another germane to growth and progress. The principle of devolution of power which has remained thorny in the country's politics since the break-up of the regional administrations in the 1960s is also beginning to hold, substantially boosted last April with the commencement of the implementation by the Federal Government of the 13% derivation ratio enshrined in the 1999 constitution. Although controversy remains over the full implementation of this, a significant step has been taken in economically empowering the lower tiers of government, especially in the long deprived and troubled Niger Delta from where about three quarters of the oil which sustains our economy is derived. More stability, therefore, is expected in that region provided the state governors and council officials judiciously expend their allocations. It is also hoped that the Federal executive and legislature will soon reach an agreement on the exact accounting formula for Federal allocations including the derivation principle, to further cement the peace and hold the confidence of the other lower tiers in the Federal revenue system. This is particularly important considering that revenue sharing has been a major destabilising factor in our nationhood.

These and other outstanding difficulties notwithstanding, there have been definite gains of democracy such as even the best military regime could not confer in the past 39 years of our nationhood. Nigeria, though poorer today, has more international respect than even in our most buoyant years under the military. This has already translated into economic benefits with not just the return of traditional trading partners in fuller force, but also energetic entry of newer ones. Of particular note is the return of the United States Export-Import Bank (US Eximbank) and its sister Overseas Private Investment Corporation (OPIC). US Eximbank, for instance, has so far committed about $100 million short-term cover for Nigeria and approved another $500 million medium term cover.

A noteworthy newer cooperation is the one between South Africa and Nigeria. Considering the dark days in first apartheid South Africa and then our country, with each spearheading international efforts to help restore normalcy in the other, it is gratifying to witness the birth and rapid growth of economic cooperation between not just the two countries' governments, but also their business communities. High level cooperation is already developing in such areas as banking, IT, telecommunications, energy and solid minerals.

2.1.1 Macro-economy

Some democratic dividends are also evident in our macro-economic framework. The relative openness of the democratic system has infused some measure of sanity in the Federal executive spending which is now under more public scrutiny. This has helped check the alarming expansionary money supply which saw off the 1998/99 financial year and continued into1999/2000.

On the whole, however, the macro-economic framework was characterised by instability for much of the accounting year due to the massive N250 billion deficit left behind by the military regime. Inflation rose sharply from single digit in 1998 into double digits, clocking 12.2% in May 1999. The new Central Bank of Nigeria (CBN) administration enacted a series of shock stabilisation measures including direct debit of banks aimed at quickly eliminating the deficit. The government complemented these by abstaining from spending the supplementary budget for June to December. This further weakened aggregate demand in the economy

By year end, however, the fiscal and monetary measures as well as fortuitous oil prices had effectively killed off the deficit. With the price of Nigeria's reference crude, Bonny Light, averaging $17.91 per barrel, an increase of 38.2% from 1998 average price, federally-collected revenue from oil rose by 127.8% to N738.8 billion. Inflation crashed to 3.9% last February, its lowest level in about two decades. But the economy remains badly in need of reflation. To further worsen matters, by the end of the financial year last March, the year 2000 budget was still being wrangled over by the legislature and the executive, further slowing down economic activities. It is hoped that last May's eventual signing into law of the N598 billion year 2000 budget will mark the beginning of reflation.

The economy on the whole remained troubled, growing at only 2.7% in 1999. Although this was an improvement on the previous year's 2.4%, it was short of the minimum target of 3%. Also, although the Federal Government's retained revenue increased by 87.3% to N662.6 billion, its deficit shot up from N133.4 billion or 4.7% of the GDP in 1998 to N285.1 billion or 8.4% of the GDP. The external account fared similarly; although the current account moved from a deficit of $4.3 billion or 11.6% of GDP in 1998 to a surplus of $458 million in 1999, overall balance of payment deficit rose from $2.9 billion to $3.54 billion.

In general, though public finances are currently better than a year ago. After plunging from $7.1 billion in December 1998 to $3.7 billion in May 1999, external reserves, for instance, rose to $6.7 billion last March, due in part to rising oil prices but also what seems a deliberate move by the government to build up the reserves. This level nonetheless remains well below those of our OPEC partners, uncomfortably low relative to outstanding external debts servicing obligations and beneath our potentials which will only be unleashed with a radical restructuring to ensure a genuine private sector lead.

Concrete steps towards this were recently taken with the privatisation of the government's remaining equity in five major manufacturing, petroleum and service companies to core strategic investors and the Nigerian public. The programme has had its teething problems, which has generated unhelpful controversies, but the government, by its choice of companies sold so far, has demonstrated its commitment to genuine privatisation in particular and economic reforms in general. The healthy participation by renowned companies from all over the world including North America, Western Europe and Japan, both as consultants and potential core strategic investors clearly illustrates widespread international confidence in both the programme and the integrity of the process. Nonetheless, the real test lies in the privatisation of the monopoly utilities – National Electric Power Authority (NEPA) and Nigerian Telecommunications Limited (NITEL), whose performance deteriorated sharply during the year.

External Debt

The estimated $30 billion external debt which is roughly 220% of exports remains unresolved which means that arrears on debts to especially the Paris Club continue to mount. It is, therefore, with relief that I welcome the announcement last month by the government that it had secured the long elusive standby agreement with the International Monetary Fund (IMF) required to seriously pursue debt reduction. It is hoped that, unlike the late 1980s to early 1990s experience, bilateral and multilateral creditors will take a genuine cue from this agreement and comprehensively resolve Nigeria's debt crisis. This would free up resources as well as enable the country to return to the international capital market on a clean slate.

Infrastructure

Infrastructure remains a major pain. Electricity supply steadily worsened with daily generation dropping to under 2,000 MW for most of the accounting year as against the minimum historical demand of 4,000 MW. This impacted negatively on other basic infrastructure notably telecommunications further worsening that segment. The security infrastructure also deteriorated.

2.1.2 Real sector

Oil & gas

Responding to government's incentives, operators in the upstream sector intensified exploration activities during the year with the result that oil reserves rose from about 25 billion barrels to 27 billion barrels. This has extended the lifespan of the country's proven oil stock to about 30 years.

The Nigeria Liquefied Natural Gas (NLNG) Limited last March successfully completed the first phase of delivery of gas to its buyers in Europe and Middle East within the scheduled time frame, after initial setback from community protests over environmental conditions which disrupted its operations last October. Gas flaring on the whole reduced by 2.9% to 23.49 billion cubic millimetre although manufacturing industries' consumption declined by 6.6% to 3.6 billion cubic millimetre as against a 1% increase in 1998.

Manufacturing

The environment remained difficult for manufacturing, but the sector recorded a better year than in recent times. The Manufacturers Association of Nigeria (MAN) for the first time in about five years reported increased capacity utilisation. This rose by 2.4% to 31.91% in 1999 as against a drop of 3% in the second half of 1998 alone. Unsold inventory which had been mounting for some years now dropped dramatically from N5.8 billion in 1998 to N2.24 billion. These improvements are, however, insufficient for the sector to serve as an engine of growth for the wider economy. The sector's major problems remain the poor basic infrastructure, weak demand, high cost of credit and the near-absence of intermediate raw materials base such as the government's steel and petrochemicals companies were to provide. Since the government clearly lacks the capacity to see through these projects, it should take urgent steps to privatise them as well as inducing the private sector to establish complements.

New Small and Medium Scale industries Financing Initiative

A significant step was, however, taken last January to relieve the sector's credit and other needs when the CBN, adopting a Bankers Committee initiative, in this year's credit policy guidelines directed all banks to allocate 10% of their pre-tax profit for financing small and medium scale industries. Besides long term loans, banks, under the initiative, will undertake equity participation, project monitoring and advisory services. The initiative is aimed at enhancing the performance of small and medium industries in view of their acknowledged role as the engine of economic development. Pending effective take-off of the scheme, the CBN has directed all banks to deposit 1% of their previous year pre-tax profit. Banks have complied.

Agriculture

Despite its inherent difficulties exacerbated by the bad economy, agriculture has consistently performed strongly in recent years. Agricultural production rose by 3.3% in 1999 to account for 40.7% of the GDP, as against 3.1% growth and 40.1% of the GDP in 1998. Crop production rose by 3.5% as against 3.3% in 1998 while livestock production grew by 2.4% as against 0.5% in 1998. The government's merger last May of the People's Bank of Nigeria, Nigerian Agricultural and Cooperative Bank and Family Economic Advancement Programme (FEAP) into the Nigerian Agriculture and Rural Development Bank (NARDB) with a take-off grant of N11billion is expected to further boost the sector. The bank is expected to focus on cooperative societies and individual farmers. The government also streamlined the farmers associations by withdrawing recognition from all but one.

2.1.3 Financial sector

The financial sector had a very difficult year, not just because of the continued poor performance of the real sector and sharply deteriorating infrastructure, but also because the banking industry especially, directly bore the brunt of the government's attempt to mitigate the deficit from previous administration.

Banking

Banks bore the brunt of the CBN's mop-up measures. This saw, among others, rather punitive administration of special treasury bills (STBs) both through the foreign exchange market and direct surprise debiting of the accounts of big banks. Until last October, banks had to provide the CBN first 100% then 200% cover for all foreign exchange demands. Even more destabilising to banks was the direct surprise debit the CBN administered on them from time to time. The regime of STBs was gradually reduced with the deficit level and by last October it had been eliminated with all debits repaid.

Money & Interest Rates

Interest rates increased substantially and stayed high for most of the 1999/2000 accounting year, reflecting the CBN's tight grip on liquidity manifested in, among others, the direct bank debits and STBs as well as increase of the Minimum Rediscount Rate (MRR) to 20% in April 1999. Average rates on 7-day deposits, for instance, rose from 8.9% in 1998 to 10.8% in 1999 while average maximum lending rate rose from 23.8% in 1998 to 29.5% in 1999.

Rates have, however, generally been on a downward trend since last October as the CBN steadily relaxed its liquidity grip. It has also since then relied on more market-based indirect monetary control notably TB sales and discounting.

Our bank was affected by all the CBN measures during the accounting year, but with dexterous treasury management, it was able to absorb the shocks.

Foreign exchange market

The liberalisation of the country's external trade and exchange system continued to gather pace with the replacement of the CBN-administered and funded Autonomous Foreign Exchange (AFEM) with a more-market based Interbank Foreign Exchange Market (IFEM) in which the apex bank is just one of several participants. IFEM, an initiative of the Money Market Association of Nigeria comprising bank treasurers, has functioned satisfactorily so far with an increasing private sector funding although the CBN has remained the largest seller. It is hoped that in the nearest future, the reverse will be the case especially as private non-oil exports pick up along with the rest of the economy. The naira exchange rate has also held steady, depreciating by only 7.42% between October ending when IFEM started and mid-May, thus belying fears that greater interaction of demand and supply as is the case under the new dispensation would cause a sharp depreciation. It can be said that the exchange rate as at today is the most realistic and market-determined the economy has had in decades. The hope is that the private real sector will soon be kick-started to increase value-added exports so it can supplant government as the chief supplier to the market, which will strengthen the exchange rate.

The Regulators, capital and universal banking

The firming and streamlining of the regulatory framework which began towards the close of last financial year continued. The CBN has begun an internal restructuring with the accounting firm PricewaterHouseCoopers as consultants. The Nigeria Deposit Insurance Corporation (NDIC) has been restructured with, among others, a new substantive managing director appointed after some months hiatus. The new NDIC chief executive, like his predecessor, is the immediate past director of banking supervision at the CBN and thus brings into the job substantial relevant experience. We wish him a successful tenure.

To further infuse confidence into the banking system, the CBN in January increased minimum paid up capital for new banks to N1billion but retained N500 million for existing banks. The new capital requirements will take Nigeria closer to global levels, but given the value of the Naira, they remain too low, even compared to some other African countries'. More increases are, therefore, required. The removal last year by the Securities and Exchange Commission (SEC) of its restriction on rights issue by publicly quoted banks is expected to facilitate further capital increases by existing banks.

Higher capital requirements will not slow down the industry's expansion. This is already evident in the licensing of about five banks since the new requirement. Higher capital demands will indeed encourage only serious and especially international players to enter the field. Higher capital is also necessary in view of the fact that the CBN seems poised to formally authorise universal banking which, last January, it approved in principle and set up a committee to fashion out the modalities for implementation.

Our bank, along with its subsidiaries, is prepared to maintain its frontline position whenever the CBN flags off universal banking.

Competition, new products and other developments

Evidently, competition heightened during the year. Various banks responded with new products. The products were, however, concentrated in the inward funds remittance business which your bank pioneered on a large-scale with the Western Union Money Transfer service four years ago. In sum, therefore, there was paucity of product innovation outside the forex market, partly reflecting the shallow demand structure for banking services. Pressure, therefore, is building up in the forex market which may be nearing a saturation unless there is rapid expansion in the real sector to boost both demand and supply. Already, margins began to thin considerably at the end of the second quarter.

Also, taking advantage of the CBN's approval during the financial year, an increasing number of banks are buying back their shares. The board and management of our bank are still looking into the matter before taking a final decision.

Another major development is the return of a number of foreign banks to our economy. Some are totally new. Some, like your Bank's former technical partners, Standard Chartered Bank are returnees. Also heart-warming is the new wave of strategic alliances between local and foreign banks. This has resulted in substantial board changes in a number of banks with foreign interests assuming control in some cases. All these further illustrate that the on-going liberalisation of our banking system is receiving a strong endorsement of the international community.

Allied Banking

Community and Mortgage banks

Distress continued to haunt community and mortgage banks. A total of 355 community banks lost their licences in 1999 and the National Board of Community Banks (NBCB) indicated in May that yet more were on the verge of being declared distressed. Returns by the 550 survivors to the CBN, however, showed rapid growth in 1999. Aggregate assets/liabilities, for instance, rose by 50% to N8.9 billion while capital and reserves rose by 126% to N1.8 billion. The major problems of this segment remain diversion of deposits into unrelated projects and low shareholders capital in relation to loans. These basic problems also plague the mortgage sector and many have gone under throughout the country. A recent CBN survey found that in the Lagos area alone, only 36 of the 140 licensed were still in operation. It is hoped that the recent transfer of the sector's supervision to the CBN from the Federal Mortgage Bank of Nigeria will see the deployment of effective regulatory standards to decisively sanitise the industry.

Bureaux de change

The bureaux de change segment continued to hold up, due largely to the still healthy margins in foreign exchange trading relative to the wider economy. This sector also got a boost when the CBN earlier this year conceded to sell to operators Ecowas Travellers Cheques (ETC) on credit and with the same commission as banks'. The CBN's increase of the sector's minimum capital from N2.5 million to N10 million with August 2001 as the deadline will further strengthen and position the firms as key intermediaries in the economy.

Development banks

Besides the recent merger of the Nigerian Agricultural and Cooperative Bank (NACB) and others into the Nigerian Agriculture and Rural Development Bank (NARDB), the situation in development banks remains unclear. The financial position of the Federal Mortgage Bank of Nigeria, for instance, remains indecipherable. Those of the Nigerian Bank for Commerce and Industry (NBCI) and Urban Development Bank (UDB) worsened. NBCI's deficit almost doubled from N2.4 billion in 1998 to N4.5 billion while assets/liabilities fell by 26.8% to N326 billion. Considering the problems of development banks in the last decade, what is required is a total overhaul with appropriate rationalisation.

Capital market

The capital market witnessed some regulatory and structural changes which further strengthened and modernised it during the year. The SEC firmly implemented its deadline for operators' recapitalisation thus eliminating weak players and sanitising the field.

Complementing the SEC at the market end, trade settlement on the Lagos Stock Exchange (LSE) in April graduated from five days after transaction or T + 5 to three days after transaction or T + 3. This, along with the one-year-old Central Securities Clearing System (CSCS) and Automated Trading System (ATS) has further aligned the Nigerian capital market with the global one.

The market's liquidity got substantially boosted by the listing last January of the first Edo State N500 million bond. This was the first bond on the market in about five years. It is hoped that this will re-open the way for especially corporate bonds which largely drive similar markets in some parts of the world. In the equities sector, the LSE recorded its first cross-border listing with SuperSports-M-Net of South Africa. An even bigger boost has come from the on-going privatisation with the public offer and listing so far of the government's equities in six firms.

The market expectedly has grown. From N263 billion at the end of 1998, capitalisation rose 30% to N341 billion last May ending. Equities index rose more slowly, by 7.8% from 5,672.76 to 6,154.20. The market nonetheless remains below its potential, largely reflecting continuing poor trading results of some of its listings and the high interest rate regime in the money market. Also, portfolio foreign investments dropped from $49.7 million in 1998 to $24 million in 1999.

The precise status of the Abuja Stock Exchange which was expected to take off last year remains unclear although the SEC recently extended its provisional licence.

Insurance

This sector continues to suffer from poor capitalisation despite the implementation last year by the National Insurance Commission (NAICOM) of the new minimum paid-up capital requirements of N20 million and N90 million for general and special risk insurance . This may cost the sector even more when universal banking takes off as banks, with better capitalisation, may encroach severely on its traditional business. For the 44 companies which filed returns last year, aggregate assets/liabilities rose by 5.4% from N36.5 billion to N38.5 billion. New funds, however, dropped sharply from N13.2 billion to N3.1 billion.

2.1.4 Environment

It may seem inappropriate for a bank chairman to be discussing the geographical environment. But studies have increasingly demonstrated the direct link between future business profitability and the sustainability of the physical environment with even the World Trade Organisation recently acknowledging this. Your bank has survived for 106 years. We want it to carry on forever. It, therefore, behoves us to be sensitive to the rapid deterioration of the environment in Nigeria, especially in the urban areas, and throughout the world. According to the CBN, of the 251 industries inspected by the Federal Ministry of Environment in 1999, only 45 had installed pollution abatement facilities. This shows a paltry compliance rate of 17.9%.

Business and government have a responsibility to keep the environment attuned to sustainable development. Business and government must create a Fund to repair the damage already done while government should take a cue from the rest of the world and enforce the environmental standards it has already done well to adopt. Our Bank will from now on be more sensitive to environmental considerations in its project financing.

2.1.5 Corruption

The shocking details in corruption cases and other information coming to light recently suggest that corruption, not just state control of the economy, is the crux of Africa's economic marginalisation. As at April ending, about $2 billion had been recovered from some key figures in the on-going cases in Nigeria.

Relying on just privatisation and overall transfer of economic activities to the private sector to extinguish corruption is based on a wrong assumption that corruption is localised in the public sector. Corruption will only be decisively tackled when the searchlight is beamed on both the public and private sectors as well as both givers and takers, foreign and local. To effectively do this, we must all go beyond stereotypes and form a strong international business-government compact to fight the scourge which is keeping away genuine capital from African economies while facilitating outflows of even development monies.

Going by the revelations in the Nigerian case, it is time banking authorities in especially developed countries took a more active interest in how banks within their jurisdictions handle overseas and foreign clients accounts. Some also need to review their banking secrecy laws. It is rather hypocritical for the governments of such countries to admonish African countries over corruption only to turn a blind eye to their banks' active connivance with African perpetrators of corruption. The recent publication by Transparency International of the list of bribe-giving countries is a welcome beginning. So is the World Bank's recent blacklisting of 29 mostly British companies for alleged corruption in the execution of Nigerian projects. It is hoped that individual developed countries governments will show leadership to the rest of the world by following the World Bank's example.

African governments also need to take a tougher line. It is, therefore, heartwarming that both the executive and legislature in Nigeria last month finally mustered the necessary political will to enact the government's anti-corruption bill into law. It is hoped that this law will be effectively deployed to fight the scourge of corruption and infuse sanity into our business conduct.

2.2 GLOBAL

2.2.1 Africa

Political and economic instability continued to haunt our continent with the contest between rennaissance and decadence continuing to play out in all sub-regions. The smooth transfer of power in South Africa from President Nelson Mandela to President Thabo Mbeki and in Senegal from President Abdou Diouf to President Abdullahi Wade gave cause for hope. But the surprise degeneration into war by erstwhile partners Ethiopia and Eritrea in the Horn and near-anarchy in hitherto stable Zimbabwe have given some fire to Afro-pessimism. Also re-inforcing such pessimism is the return last May to war of Sierra Leone where rebel atrocities continue to shock the world. All these add to the two-year-old war in the Democratic Republic of Congo (DRC) which is threatening to breed another between erstwhile partners Uganda and Rwanda, and unstable peace in Angola and Burundi.

While some of these conflicts are unsettled colonial past, some are also manifestations of Africans' inability to establish a viable framework for living with one another and justly appropriating the abundant resources the Creator has generously endowed us with. Some of the wars are clearly engendered and sustained by personal greed for common resources. While the world which actively promoted Africa's political divisions during colonial and cold war times are obliged to help stabilise the continent, it is up to Africans to commit to the universal values obtainable in today's world.

External debt overhang also remains a major obstacle to economic development because it diverts resources from badly–needed human capital development programmes – education, healthcare and infrastructure – as well as crowding out private investment. Aggregate external debt jumped from $320 billion in 1998 to $336 billion in 1999 with debt service ratio at 25%.

This clearly is unsustainable. The world has been too slow in rewarding the economic reforms of serious African countries with meaningful debt reductions. This encourages a cycle of poverty which in turn allows greedy war lords to drag their countries into wars of attrition. Besides, how can a country like Nigeria with 67% poverty ratio and expected to bear the cost of peacemaking in West Africa be left with a debt burden of at least 50% on current terms? As the G7 leaders prepare to meet in Tokyo this month, it is hoped that they will come up with a more serious debt package than has been tendered so far, to bring real succour to the world's poor, mostly African, countries some of which, like Mozambique, are also grappling with large scale natural disasters with huge humanitarian implications.

With so much political instability and debt overhang, it is little surprise that Africa has stayed almost shut out of the IT and telecommunications revolution of the rest of the world. The continent, therefore, remains infrastructurally-challenged, making intra-continent business, which should be tapping and developing its natural market of some 800 million people, almost impossible. Electronic commerce which has dramatically cut costs of business in most of the world, by upwards of 50% in some cases, has continued to pass Africa by, the major exception being South Africa which has continued to serve as a beacon of hope since its liberation from apartheid eleven years ago.

Drawing inspiration from South Africa, the three-year-old Common Market of East and Southern Africa (COMESA) is already on the verge of a tariff union. The speedy move of the 20 countries in the last one year towards the formal take-off of a free trade area next October, illustrates yet again that more economic initiative, driven by high level political will, still comes from Southern Africa than our West Africa sub-region. Formal trade among member states is already growing at 20% per annum and now stands at $4.2 billion.

The Economic Community of West African States (ECOWAS) on its part made some moves to actualise its long planned single market with the launch last October of the Ecowas travellers cheque (ETC). This was a significant step towards formalisation of intra-regional trade and monetary union. The recent inclusion of bureaux de change in the ETC sales should help popularise the instrument although much care should be exercised in minimising counterfeiting as this could badly shake the confidence of the public which is being wooed from cash transactions.

Growth and Trade

On the whole, global growth and prosperity largely by-passed Africa even more noticeably last year with the few gains posted concentrated in Northern and Southern Africa. Aggregate GDP dropped from 3.4% to 3.1%, much of it accounted for by oil producers who benefited from strong world oil prices. Growth among the Maghreb countries plus Egypt dropped from 4.8% in 1998 to 3.7% in 1999, largely driven by a slump in Morocco from 5% to 0.6%. Growth in Southern Africa jumped from 2.3% in 1998 to 4%. The strong growth was diffused among most countries including South Africa, Botswana, Angola, Mozambique and Namibia. East Africa grew by 4.2%, up from 3.6% in 1998. The growth was also well diffused among most countries thus offsetting the contraction in Ethiopia and the disappointing 1.4% growth in Kenya, the sub-region's largest economy. West Africa experienced the lowest output growth among the sub-regions, 2.7%, down from 3.2% in 1998. The growth was largely limited to the CFA countries which recorded 3.6% as against 2.3% among non-CFA countries. The two largest economies in the region, Nigeria which accounts for about 55% of the sub-regional GDP and Cote d'Ivoire, which accounts for about 40% of CFA countries' GDP, however, recorded disappointing growth rates of 2.7% and 1.4% respectively. In Central Africa, the state of war in most countries around the Democratic Republic of Congo (DRC) has greatly hampered output which dropped from 3.9% to 2%. The DRC itself suffered an estimated 5-7% contraction.

The terms of trade against Africa worsened yet again due to the steady decline in the continent's mainstay exports – primary commodities. Aggregate external reserves dropped 13% to just enough for 5.13 months of imports although 60% of these belong to just four countries with the condition of most others notably Cameroun, Sudan and Angola very precarious. This has largely contributed to the weakness of most African currencies.

Direct Foreign Investments (DFI) inflows which almost doubled from their 1998 levels to $9.4 billion in 1999 followed much the same pattern as growth, with Southern Africa posting the largest gains although Northern Africa remained the largest net beneficiary.

Besides oil which on average gained around 39% during the year due to disciplined OPEC output cut as against a 1.2% daily demand rise which caused sharp inventories reductions, all other African exports prices dropped substantially both nominally and in real terms. This was due to weak demand resulting from increasing introduction of synthetic substitutes and technology-driven raw materials savings as against constantly rising surplus stocks. The Afreximbank commodities price index at 1994 constant, for instance, slumped to 72.68 from 113.1 in 1997 and 77.42 in 1998. All these clearly buttress the fact that African countries must diversify rapidly away from primary exports into manufacturing. Going by trends, Africa's income can only continue diminishing otherwise.

Aggregate inflation rate rose from 8.7% in 1998 to 9% in 1999 as against a general drop among developing countries from 10.3% to 6.7% and among advanced countries from 1.5% to 1.4%.

Human capital

The challenges of human capital remain heavy on our continent. In addition to the longstanding manpower haemorrage through emigration to developed countries by some of our brightest and best, in the last one year, the epidemic of hiv/aids has claimed an estimated 2 million lives throughout the continent. While the economic losses arising from this may yet be difficult to ascertain, it promises to be substantial. Already, another scourge, malaria lobbed $100 billion off the continent's gross domestic product (GDP) last year, according to a joint study by the World Health Organisation (WHO), Harvard University and the London School of Hygiene and Tropical Medicine.

2.2.2 Rest of the World

Cooperation, Trade and Growth

The pace of global rapprochement fastened last year with Libya, North Korea, Sudan steadily emerging from international diplomatic isolation. This has impacted positively on international economic relations with the US and EU last quarter clearing China for membership of the World Trade Organisation (WTO).

With confidence growing in the WTO, its Dispute Settlement Body (DSB) became very active as the US and EU especially filed 185 disputes of which about 50 were disposed of either through full adjudication or settlement.

World trade volume rose by 3.7% in 1999 as against 3.6% in 1998, driven largely by the strong demand in the US and recovery in Asia. Even so, exports volume dropped from 3.2% in 1998 to 3%.

The global economy as a whole grew by 3% last year, up from 2.5% in 1998. Growth last year was better diffused although the United States continued to drive it by posting 4% growth, as against 3.9% in 1998, in what was its eighth successive year of growth. Doubts are, however, strengthening about the continuing sustainability of this strong growth as inflationary pressures driven mostly by rising wage costs get more evident and productivity begin to fall behind labour cost . Canada's growth rose from 3.1% in 1998 to 3.6%.

Even Japan which has experienced sustained economic difficulties for about a decade, including a 2.8% contraction in 1998, grew by one percent in 1999. Asia in general not only overcame the trauma of the 1997-98 financial crisis but saw real growth rise from 3.7% in 1998 to 5.3%. The countries directly hit by the crisis, the ASEAN-4 – Thailand, Malaysia, Indonesia and the Philippines — went from a 9.8% aggregate contraction in 1998 to 1.4% growth in 1999 and were growing by upwards of 5% by the last quarter of 1999.

Growth in the 11-member euro area conversely dropped from 2.8% in 1998 to 2.1% in 1999. Output, however, picked up dramatically from mid last year. Growth picked up by an annual 4% driven by sharp rise in exports on the back of a weakened euro.

Growth in Latin America strengthened as a fallout from the strong growth in North America, and the rebound of Brazil from the currency instability and capital outflows which followed the floating of the real early in 1999.

All these are, however, occurring on the back of unprecedented change whose intense momentum has deepened insecurity for both companies and individuals. This is driving yet more consolidations among companies and disenchantment among individuals, increasingly manifested in anti-globalisation street protests. Boosting such feelings is the growing suspicion that corporate consolidations may be blurring ethical lines severely penalising consumers and other vulnerable stakeholders. Anti-trust and other regulatory authorities throughout the world must take such feelings seriously. Efforts in the US, European Union and Japan at investigating and penalising negative exercise of transactional market power by a broad range of traditional and technology companies is most welcome.

Financial Markets

Money Market

World Trade Organisation (WTO) agreement on financial services came into effect last January further driving on-going globalisation of financial services companies. To further strengthen banks towards this the Basle Committee on Banking Supervision moved closer towards a new accord on capital adequacy expected to be concluded this year. The provisional elements of the new accord are widely welcome as they graduate provisions against loans according to the riskiness of each borrower as against the current blanket provision of the same capital for all kinds of borrowers. In calculating such risks, the potential accord also accepts each bank's internal ratings as the major basis with credit rating agencies ratings playing a supporting role. This rightly recognises the fact that internal ratings are fitted to each bank's unique trading structure and therefore more applicable to daily risk weighting while credit agencies' are simply benchmarks for validation. Proactively and in anticipation of the conclusion of the new accord later this year, your bank has in this annual report blazed the trail in our country by, for the first time, publishing its risk assessment process as the managing director will detail in his review.

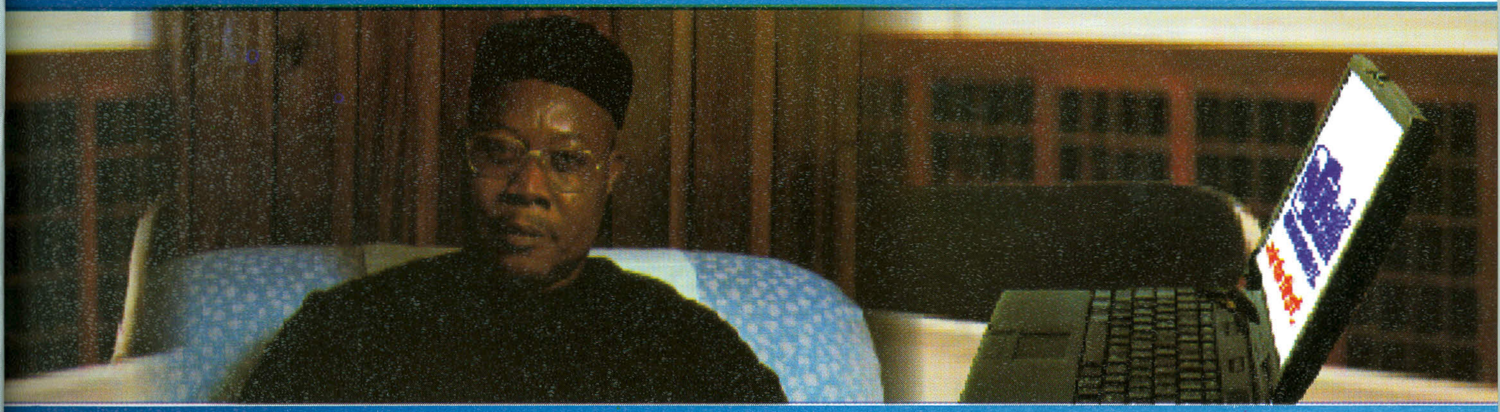
The money market witnessed yet more innovations from both traditional players like banks and non-banks whose banking activities continued in the ascendance. Consequently, the line between the two continued to blur with US custodian and asset management firm State Street, for instance, last April launching the first ever multi-bank electronic foreign exchange trading system, FX Connect. This can only breed more competition and delicate times for traditional banks, calling for greater capital deployment and more dexterious management.

On the currencies market, the euro remained weak, losing around 26% between its launch in January 1999 and last April ending. This saw the US dollar and Japanese Yen remaining the currency of choice in financial markets.

Short term interest rates in the G7 countries rose to 3.81% from 3.68% in 1998, driven largely by rises in the US. Conversely, they fell in Japan to 0.05% from 0.5% in 1998

Capital Market

The high growth which long characterised this market in the US from which the rest of the world's markets take a cue ended late in 1999 with increasing instability, especially in the prices of equities and their derivatives. The third week of April, for instance, saw the largest ever stock market crash in history, worse than even the 1929 crash, with $2.1 trillion wiped off capitalisation. The mostly new technology Nasdaq index, for example, lost 25.1%. All three indices: Nasdaq, Dow Industrials and Standard & Poor's 500 posted their worst one-day losses in value ever that weekend.



This is largely a correction of the over-valuation of internet-based and associate technology stocks, many of which had no track record prior to nor have posted any profits since their market listing to form a basis for their hitherto high prices. The instability though long predicted caught even some of the best market players off-guard resulting in multi-billion dollar losses by even leading hedge funds. It is hoped that lessons have been learnt and unduly heady speculations will make way for a return to rational demand and supply interaction.

A relatively minor source of instability was the beginning during the year of long term public debt buy-back by the United States and some West European governments. Although such had been expected in the bonds market in the future, the suddenness and large scale of the repurchases caught traders off-guard, resulting in some scramble for treasury bonds in some markets.

Major consolidations also occurred in the European markets, fostered by the euro. Paris, Amsterdam and Brussels bourses merged in March into Euronext, the world's fifth largest exchange by turnover and fourth by listed companies. More significantly, the region's two biggest bourses, London and Frankfurt, agreed to merge in May into iX (international exchanges), the world's third largest by turnover ($4,693bn) and second by listings (3,919 companies). Both mergers, if successfully concluded, will create enormous transaction cost savings for both small and big investors.

4. GROUP OPERATING RESULT

It has been another good year for our Bank. Group total assets closed at N194.744 billion, representing a growth of N56.87 billion or 41.25% while gross earnings improved by N9.79 billion or 49.07% to N29.76 billion. Operating profit rose by 35% to N5.77 billion. Profit after tax rose 41% to N4.74 billion. Advances rose 12% to N38.36 billion. Deposits rose by 54% to N138 billion. Cost to income ratio, however, rose by 2.1% but this was offset by a 45% rise in staff productivity to N610,000. Earning per share rose 12% to N3.4 billion. Dividend per share rose 25% to N1.25.

5 BOARD CHANGES

Appointment

Dr. Udo Udo-Aka and Lt-Gen. Garba Duba (Rtd.) were appointed as Non-Executive Directors on 28th July 1999 and 12th August 1999 respectively.

Retirement By Rotation

In accordance with the Company's Articles of Association, Messrs B.O. Longe, C.F. Awosika, Alhaji M. Ibrahim, Mallam Umar Yahaya and my humble self retire by rotation and being eligible offer ourselves for re-election.

Tribute to Adimorah

I am sure I have your permission, distinguished ladies and gentlemen to take a minute or two to pay tribute to (Dr.) Chris Adimorah, the immediate past Managing Director/Chief Executive who retired on 2nd July, 2000 after more than 35 years of meritorious service. As board chairman, I enjoyed working with him. Under him, management faithfully implemented the FBN Century II project which has transformed our Bank into Nigeria's Bank of first choice. We wish (Dr.) Adimorah God speed as he goes into retirement.

6 OUTLOOK

6.1 Nigeria

The country's outlook is bright for as long as democracy and on-going liberalisation of the economy towards a private sector lead and genuine diversification away from oil are sustained. Going by International Energy Agency report, oil demand will outstrip supply for much of this year unless OPEC raises its quota. Since the balance of the market seems to have returned to the oil cartel, oil prices are, therefore, expected to remain within the organisation's band which is upwards of $20. Barring rising external debt claims, the government will, therefore, have more to spend on infrastructure development and poverty alleviation, which will boost economic recovery. Privatisation will also see the injection of at least $1 billion of new direct foreign investment from core investors as well as restoring efficiency to the enterprises especially NEPA and Nitel if their privatisation goes ahead as planned this year. All told, economic activities could pick up dramatically especially in the third quarter of this year.

This, however, will much depend on stability in the oil-bearing Niger Delta region, how well the government calms the ethnic clashes in various parts of the country, and how decisively it tackles corruption and guarantee security of lives and property. These will assure existing and potential investors of the medium to long term safety of their investments.

If these are guaranteed and the government keeps to its promised ways and means deficit financing level, the economy will become more positively predictable and business confidence will grow. We can thus expect a dramatic pick-up in productive economic activities and more interest and exchange rates stability as negative speculative activities subside.

6.2 Africa

Political instability and associated wars will continue to distort Africa's aggregate economic performance this year, going by recent trends.

On balance though, the stable and appropriately reforming countries have a bright outlook as they will benefit from the unusual economic opportunities the international community has opened to Africa. One such is last May's enactment by the United States of the long awaited Africa, Caribbean and Pacific Trade law which gives African value-added products unprecedented access to the world's largest market.

Substantially improved terms of trade can, therefore, be expected for some countries in Southern, East and North Africa notably South Africa, Botswana, Mauritius, Kenya and Egypt as well as Nigeria and Senegal in West Africa. Steady oil prices will further favour most North African countries although Libya's inflation currently the highest among the Maghreb countries could get into double digits in the absence of macro-economic stabilisation measures.

Outside oil, primary commodities prices will continue to fall as excess stocks continue to grow from higher production. Countries still dependent on primary commodity exports can continue to expect sluggish growth or contraction.

It is hoped though that more breakthrough will be achieved in debt reduction for the continent to free up more resources for development. It is also hoped that the recent appointment of Herr Manfred Kohler as the new managing director of the International Monetary Fund (IMF) will engender an appropriate review of the institution's relationship with Africa where it has come to be a major factor in policy making since the eruption of the debt crisis in the 1980s. African countries' difficulties over structural adjustment policies design and sequencing deserves more serious attention than has obtained so far.

6.3 Rest of the World

The outlook for the rest of the world is mixed, largely dependent on how the US economy cools down. What is clear is that its steady high growth for the past eight years may not continue. The slow down could be steep if technology and associated stocks in which many have invested continue to fall, further eroding savings and frightening off the high consumer spending which has been driving the growth. This could dampen the recovery in Asia and the euro countries as well the strong growth in Canada and Latin America.

6.4 The Bank

The outlook for our Bank is very bright, perhaps the brightest in a long time, despite the growing competition. For one, the technology-enabling platform to drive the re-engineering of our business process at which we have toiled for the past four years has reached a stage where we can present to the market with great confidence.

After all difficulties arising mostly from the macro environment, distinguished ladies and gentlemen, our Wide Area Network (WAN) which pilot has been successfully concluded will fully come on stream this year. WAN presents us with our best opportunity so far to optimise our huge branch network. By steadily networking our branches throughout the country into one virtual branch, WAN will enable our Bank to fully meet our existing and potential big customers' long standing yearning for such fee-based services as accounts sweeping and correspondent banking. We are thus properly positioned to achieve our three-year-old objective to diversify away from interest and commission –based income to fee-based income.

To further spur staff productivity, the two-year-old pay for performance scheme will continue along with intensive training locally and abroad.

It is true that competition has become keener and will become more so. But our board and management are dedicated to keeping FBN Plc as Nigeria's bank of first choice. I can assure you that this time next year, we will be celebrating yet another record financial performance

7 Appreciation

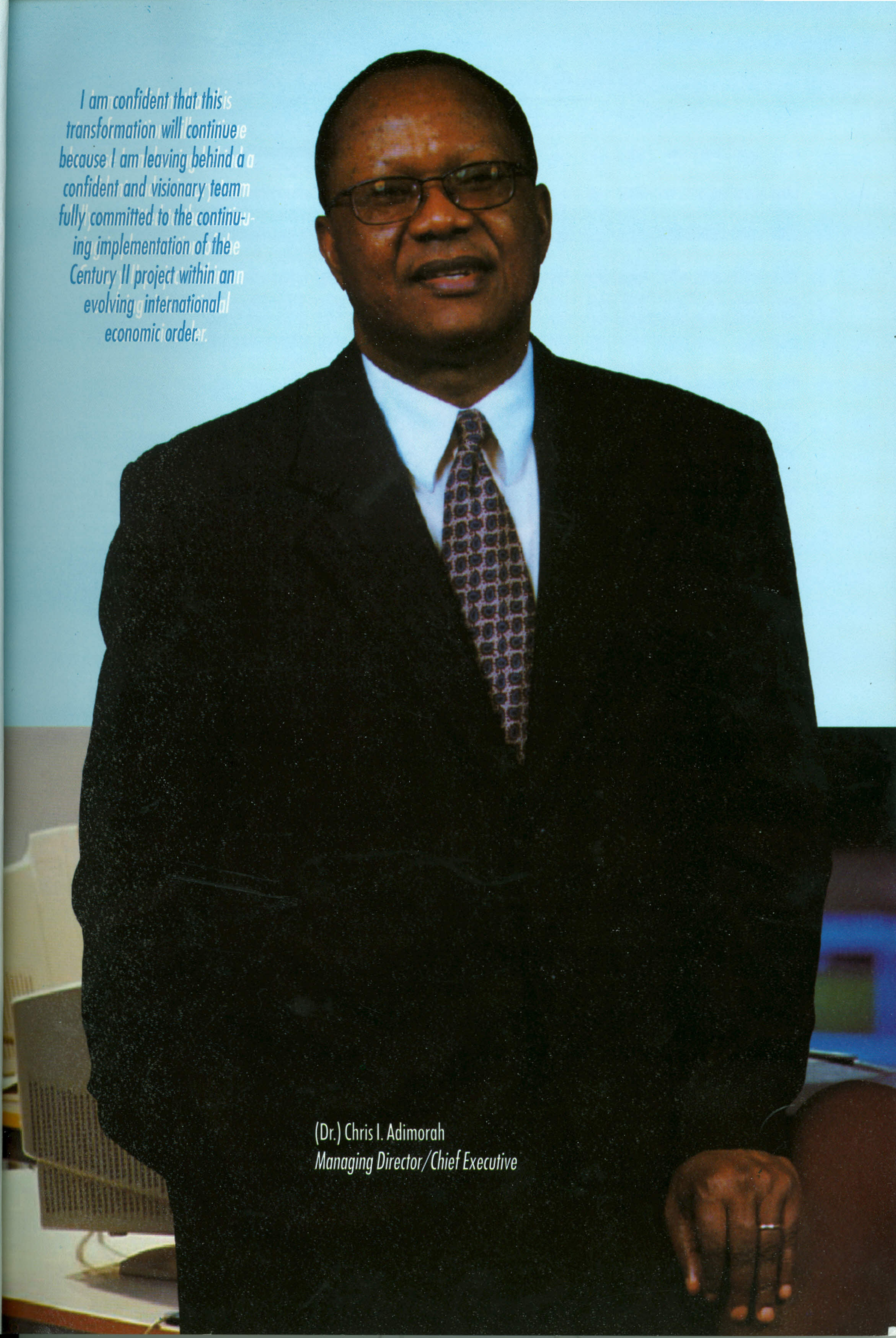
I wish on behalf of the board to express our appreciation to our customers – corporate and individual, big and small —, some of whom have patronised us exclusively for all or most of their lives. First Bank will remain your fulfilling banker. I thank our shareholders, big and small whose financial support and good counsel have helped steer the good course.

Permit me also to thank the staff and management of the Bank whose productivity has risen remarkably as evidenced by the profit. I thank as well our various business partners , local and foreign, for their support.

I must also express my appreciation to my fellow board members for their unfailing co-operation.

Thank you distinguished ladies and gentlemen for your kind attention.

Alhaji (Dr.) Umaru Abdul Mutallab (CON)
CHAIRMAN



I am confident that this transformation will continue because I am leaving behind a confident and visionary team fully committed to the continuing implementation of the Century II project within an evolving international economic order.

(Dr.) Chris I. Adimorah
Managing Director/Chief Executive

Managing Director's Review

1. INTRODUCTION

Distinguished shareholders,

Ladies and Gentlemen,

Welcome to this epoch-making Annual General Meeting, the first this eagerly-awaited 21st Century. On the strength of what we have achieved so far and the possibilities which now abound in our country and beyond, this promises to be a great century for humanity at large and your Bank in particular.

With gratitude to God, I am addressing this meeting, which is my last as Managing Director and chief executive with a great sense of humility and privilege. Not only is the bank posting yet another record profit, it also has a very confident future on the strength of both the programmes which we have instituted and the team in place to implement those programmes. The Bank is even better poised today than a year ago for the challenges of the 21st century, formidable though these promise to be.

2. INDUSTRY REVIEW

The change momentum which has characterised our economy and indeed the global economy in recent years gathered more pace during the last accounting year. This was for two main reasons. One is the necessary adjustment of the economy, operators and institutions alike, to the momentous political switch from 15 years of military rule to civilian democratic governance. The other is our country's concomitant strenuous moves to rejoin the international economy after more than a decade of isolation. Although these will pay off handsomely in the medium to long term, they have not borne easily on either operators or institutional regulators and the impact on the economy at large has been severe with the Gross Domestic Product (GDP) growing at 2.7%, short of the 3% minimum target for the year.

Much of the difficulty during the year is traceable to the learning process in the democratic setting as the executive and legislative arms of the government tried to adjust to each other. Some necessary changes were inevitably delayed, some came out weaker than had been expected, some unfortunately remain unconcluded. The 1999 supplementary budget which should have governed government expenditure from June to December 1999, for instance, took about two months to be passed. When it became law, the executive declined to implement it so as to liquidate the N250 million deficit it inherited. The Year 2000 budget which should have taken effect on January 1 was only signed into law last May. Since our economy is driven by government spending and general direction, economic activities were slower than had been hoped between June last year and the end of our accounting period last March. Some critical bills like the anti-corruption one expected to sanitise general economic transactions in alignment with acceptable global norms, and the Niger Delta Development Commission bill expected to rehabilitate that oil-bearing but long neglected region and which would have substantially benefited your banks through its numerous branches in that area, became law only last month.

Flowing partly from these, a standby agreement with the International Monetary Fund (IMF) which is a major step towards clearing the country's external debt overhang and its return to the international capital market, remained unattained despite a resumption of negotiations. A consolation though is that with Commonwealth and bilateral sanctions lifted in May last year, export credit agencies led by the United State Export –Import Bank (Eximbank) have begun restoring cover to Nigeria-bound exports. So far, Eximbank, for instance, has committed $100 million to Nigeria in its first short programme cycle and has approved another $500 million under a wider medium-term programme. Foreign investments inflow have trickled in. But these have been tempered by the spate of ethnic and religious clashes in parts of the country which substantially disrupted economic activities including banking.

On balance, however, it was a foundation laying year for the country with some assuring results. For one, privatisation long postponed under the military was kicked off late last year. Despite teething difficulties, the government has sold off its equities in five major manufacturing, petroleum and services firms to reputable foreign and local strategic core investors, and the Nigerian public. Substantial port reforms have been effected although the implementation of destination inspection which would have aligned Nigeria's ports administration with World Trade Organisation (WTO) standards thus infusing more confidence into the country's maritime trade was again postponed indefinitely.

Public infrastructure, especially the electricity and telecommunications utilities, worsened even further than the traumatic levels it already was last year. The cost of mitigating the utilities' deterioration substantially wiped off gains from the normalisation of petroleum products supply during the year. All sectors of the economy including banking have directly suffered tremendously for this. Banking has additionally suffered indirectly because the real sector upon which it largely depends for custom continued to be traumatised by the resulting and persistently high cost of production. This was mitigated somewhat by normalisation of petroleum products supply.

Consequently, the manufacturing sector, for instance, was for the first time in recent years able to declare improvements although these remained well below expectations based on potentials. Capacity utilisation rose by 2.4% in the second half of 1999 to 32% and unsold stock inventory fell sharply from N5.8 billion at the end of 1998 to N2.24 billion at the end of 1999.

Oil prices remained firm, on average 29% higher than the previous year. But with Federal government spending stalled since mid-1999, the higher prices did not quite have the desirable impact of reflating the economy.

It nonetheless gave the Central Bank of Nigeria (CBN) the confidence to implement a more market-based foreign exchange regime with the introduction last October of the Interbank Foreign Exchange Market (IFEM) which replaced the apex bank-administered Autonomous Foreign Exchange Market (AFEM). IFEM has not only engendered the most realistic market rate for the naira in a long time, it has also challenged banks to overhaul their forex trading processes along international lines. The market has functioned well so far although it is handicapped by the limitations of the utilities.

All told, it was a very difficult year for the banking sector. It directly paid the price for the massive N250 million deficit spending left behind by the military through the CBN's stabilisation measures. To liquidate the deficit and stem inflation which was rising rapidly even as the wider economy suffered liquidity strap, the CBN had to administer direct monetary control measures including surprise debit of the accounts of especially big banks. It also issued mandatory Special Treasury Bills (STBs) which banks had to purchase as cover for foreign exchange demand from AFEM. These were, however, abrogated in October when the macro-economy had stabilised and inflation returned to single digit. The adverse impact of the stabilisation measures effectively wiped off gains from the transfer to banks and discount houses of public accounts from the CBN.

It was a year when only the deft and dexterious triumphed. Our Bank triumphed to post another impressive financial performance which shall be passed onto you even more handsomely than last year.

3 THE BANK

It gives me great pleasure, distinguished ladies and gentlemen, to announce to you that, despite the very difficult terrain, your Bank significantly surpassed the 1998/99 financial performance to post yet superlative trading result for the 1999/2000 financial year.

3.1 FINANCIAL PERFORMANCE

Earnings and Interest Expense

Better focused marketing through effective relationship management, branch re-engineering and rationalisation, all within the Century II transformation project mitigated the instability in the money market during the year to result in gross earnings jumping to N26.855 billion. This surpassed the N17.767 billion earned the previous year by N9.088 billion (51.15%). Arising from the high interest rate regime which operated for most of the year, interest income on loans and advances rose from N6.515 billion the preceding year to N8.223 billion and accounted for 30.62% of gross earnings. Off balance sheet income accounted for N6.817 billion (25%), having risen by 14.51% above the N5.953 billion recorded the previous year.

Interest expense was up by 85.89% from N2.239 billion of the preceding year to N4.162 billion in response to the growth in deposit base.

Overheads

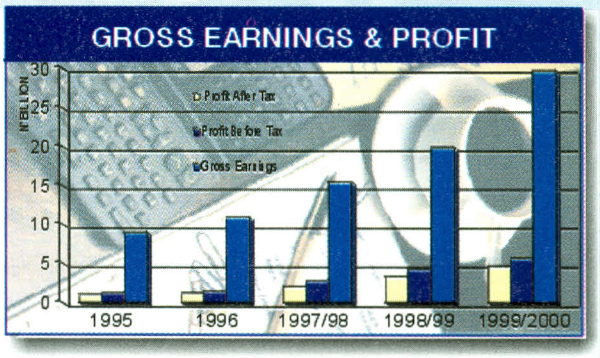
Largely on account of investments in growth strategies, rise in deposit insurance premium, implementation of the pay for performance scheme begun in 1998/99 and the collapse of basic infrastructure, operating costs rose 37.2% from N10.054 billion to N13.794 billion. The ratio of operating cost (including provisions) to net earnings rose marginally from 76% to 77.47%. Expenditure on re-engineering was N979 million out of which N579 million has been charged in these accounts. Staff cost rose by N868 million or 17.8% to N5.67 billion. Deposit insurance premium at N586 million rose by 39.19% in tandem with the increase in the level of deposits.

Provisions

As will be further amplified in this report, in line with the Bank's prudential policy, growth in provisions for non-performing credit was kept at the same level as in the previous year, that is 123%, to N3.49 billion while provisions for other assets rose by 50% to N300 million.

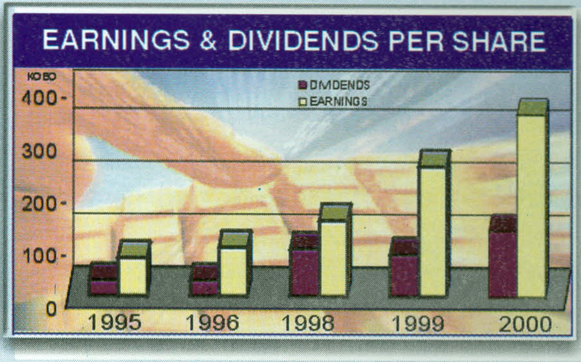
Profitability

Profit before tax grew by 37.75% from N3.711 billion in the 1998/99 accounting year to N5.112 billion. Profit after tax improved by 43.4% from N2.943 billion to N4.221 billion.



Appropriations

The sum of N632.631 million representing 15% of the profit attributable to shareholders has been transferred to Statutory Reserve. A dividend of N1.25 for each share of 50k is being proposed, up by 25k from the N1 paid in 1999. Compared to N1.041 billion the previous year, total dividend payout on the 1,300,770,331 shares stands at N1.626 billion or 38.5% of profit after tax.



The CBN last January pronounced one billion naira as the minimum paid-up capital for new banks seeking licence. Although it retained N500 million for existing banks, some banks have already surpassed the one billion naira mark while FBN Plc's currently stands at N650.385 million. While we are mindful of the fact that aggregate shareholders funds and not paid-up capital is a better measure of capitalisation, we consider it expedient for the bank to gradually increase its paid up capital from its reserves to match the industry trend. Consequently, a scrip issue of one for every four shares held is being proposed, totalling N162.597 million to be appropriated from the profit and capitalised, thus bringing the Bank's total paid up capital to N812.95 million. The scrip, when added to dividend, brings the amount appropriated to shareholders to N1.788 billion representing 42.36% of PAT. The balance of N1.963 billion has been transferred to general reserve.

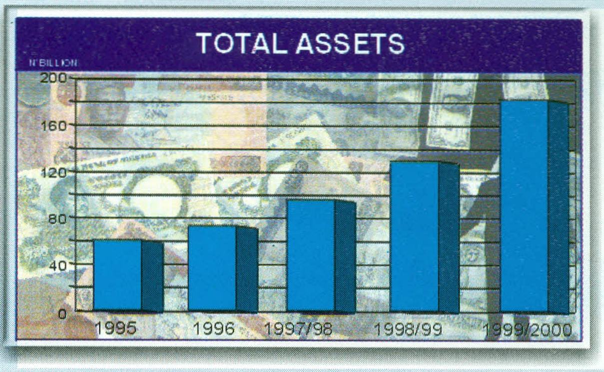
Assets

The balance sheet closed at N180.553 billion, up by N51.05 billion (39.42%) from the level of N129.503 billion achieved in March 1999.

The growth is attributable to the rise in the level of investment in government securities notably Treasury Bills (TBs) which recorded more than five-fold increase from N6.24 billion to N40.58 billion. Net loans and advances, on the other hand, saw only a modest growth of 10.46% to N34.981 billion.

As amplified in the Portfolio Mix table reproduced under Asset and Liability Management later in this report, Earnings Assets at N144.955 billion was N53.452 billion (58.42%) above the level of N91.503 billion achieved in March 1999.

The ratio of Earning Assets to interest Bearing Liabilities during the period was 113.93% as against 108.25% recorded in 1999. About 46% of total deposit is represented by gross Loans and Advances, down from 53.39% recorded in 1999. On the whole, the Bank recorded a more efficient utilisation of its resources compared to the previous year. This accounted for the better performance achieved.



Deposits

The growth in balance sheet total was largely due to the N42.699 billion (50.5%) growth in total deposit from N84.531 billion attained on 31st March 1999 to N127.230 billion. The growth could be ascribed to the public sector deposits released by the CBN. The impact of the re-engineering/streamlining process is also contributory. Core deposits comprising savings and current account improved by N29.1 billion (51.83%) to N86.723 billion and constituted 68% of interest bearing liabilities.

Shareholders Funds

After accounting for the dividend payment, shareholders' funds stood at N14.519 billion representing an increase of N3.212 billion or 28.4% over the N11.307 billion achieved at the end of the previous year. First Bank is committed to growing value for its shareholder by generating returns which are greater than the cost of capital employed in the business.

Capital Adequacy

As at 31/3/2000, the Bank's total risk weighted capital was 17.53% consisting of Tier 1 capital of 15.15% and Tier 2 capital of 2.97% and deductions of 0.59% as shown in the table below:

	2000 %	1999 %
Tier 1	15.15	13.73
Tier 2	2.97	3.66
Deductions	(0.59)	(0.66)
Total	17.53	16.73

The increase in Tier 1 ratio from 13.73% to 15.15% is due wholly to the impact of higher retained profits.

The main objective of the CBN capital adequacy requirements is to ensure that an adequate level of capital is maintained to withstand any losses which may result from the risks in a bank's balance sheet, in particular credit risk. The risk-based capital adequacy framework is consistent with the international standards of the Basle Committee on Banking Supervision.

3.2 ORGANISATIONAL DEVELOPMENTS

Century II Project

This project which has driven the three-year-old transformation of the Bank remains on course. All the 58 branches designated have now been re-engineered. The total number of streamlined branches has more than doubled from 23 the previous year to 54. More branches could have been streamlined but for the fact that the Bank needed to suspend the exercise to devote resources to the remediation of the Year 2000 problem to ensure a hitch-free transition to the new millennium

I must point out though that the deterioration of public power supply especially has impacted negatively on many of our systems, causing substantial disrepairs in many cases. This has not only pushed up the costs of maintenance but has also detracted substantively from the derivable benefits of the scheme. Indeed, we have had to overhaul the re-engineering of some branches within the short span of the project. The increasing unreliablity of public electricity supply is thus a very severe tax on and seriously thwarts this fulcrum of the Bank's transformation.

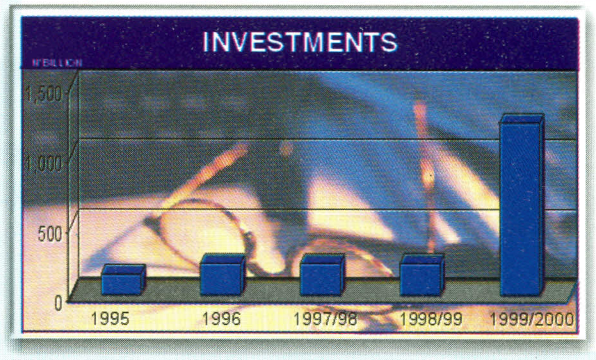
Nonetheless, management will continue to pursue the project with vigour. As you would recall, the first three-year plan, 1997-2000, guiding the project ends this year. Efforts are already in top gear to revise the plan in line with current realities and expectations. The revised plan will guide the project's implementation over the next three years.

I will now intimate you with the activities of the Bank's different directorates during the financial year.

Transaction Banking

Treasury & Funds Management

Largely reflecting the dullness in the wider economy as well as the instability resulting from the CBN's efforts at macro-economic stabilisation, money market activities were not as buoyant as in the previous year. This was despite the boost from the transfer of public sector funds from the CBN to other banks and discount houses. Nonetheless, the Bank remained a net placer of funds on the market, continuing to restrict its dealings to banks and discount houses adjudged healthy from our internal risk assessment process. Total placements with other banks and discount houses dropped from N17.9 billion as at March 1999 to N10.3 billion as at March 2000 reflecting the relatively dull money market. The process and operations of the Treasury & Funds Management department was successfully re-engineered during the year, thus positioning it for a more effective performance in the money market.



International Banking Operations (IBO)

In the face of emerging intense competition and increased customer expectation, the function's processes were substantially overhauled during the year to provide faster and, as much as practicable, error free services. A developmental programme was recently introduced to ensure that the market facing managers are constantly trained and are able to advise customers of the appropriate types of instruments to accommodate their diverse business needs.

Arrangements have also been concluded to integrate the function into the WAN.

Electronic Banking

Encouraged by and further building on the success of the Western Union Money Transfer Service (WUMTS), the Bank in June 1999 introduced the Domestic Western Union Money Transfer Service to conduct cash transfers within Nigeria. The product, which will help reduce the incidence of loss of funds to robbery and other forms of theft on the highway, has recorded appreciable success.

With regards to the original external WUMTS, the Bank last July signed on five banks, including Zenith International Bank Limited, Diamond Bank Limited, Guaranty Trust Bank Limited and Co-operative Development Bank Limited, as sub-agents. The aim is to create a wide network for greater customer convenience. Both the market and the WUMTS product can sustain such a network.

To further deepen our electronic services, the Bank is reviewing its Automated Teller Machine (ATM) strategy with a view to responding more positively to the dynamics of the environment. The review was further necessitated by the need to replace all the existing ATMs in Lagos due to their Year 2000 date change non-compliance. Pending the completion of the review, these ATMs have been shut down.

Branch Development

The Bank has maintained its leadership position as the financial institution with the largest branch network. Four new branches were opened during the year to bring the total to 312. The additions are Adeola Odeku, Victoria Island and Daleko Market, Isolo, both in Lagos; Eket in Akwa Ibom state under East Banking Operations; and Saminaka under Central Banking Operations.

Corporate Banking

Corporate Banking Strategic Business Unit (SBU) markets financial services to companies with turnover in excess of N1 billion in the conglomerates, top manufacturing, oil and gas groups as well as public sector/multilateral agencies. Its functions are carried out through Relationship Management teams positioned in various strategic locations across the country. These interface between the bank and its customers to ensure that the latter receive the best financial services possible. The SBU contributed a significant proportion of the bank's profit during the year under review. It won, among others, substantial public sector accounts when the CBN relieved itself of retail banking beginning from March 1999.

Commercial Banking

Commercial Banking is the largest of the four market facing SBUs of the Bank in terms of number of customers and activity spread across the country. The SBU is responsible for the relationship management in the middle tier market The current loans and advances (LAD) portfolio of the SBU is approximately N20 billion and it operates relationship management of accounts from 19 locations across the country as well as representation by Agric Officers in all 36 states of the federation.

The SBU has already grown several trading outfits whose account turnover has exceeded N1 billion. These have been transferred to Corporate Banking SBU.

Consumer Banking

This newest of the SBUs was created to handle relationship management of accounts with credit facilities in excess of N2 million, account turnover of over N50 million and sales turnover below N1billion. It introduced two credit products namely Consumer Loans and Mortgage Loans. With consumer loans, the unit has been providing finance for the acquisition of such big-ticket personal items as automobiles, electric generating sets, household items and personal investment in stock/shares of blue chip companies.

In this first phase of operation, consumer loans are accessible to all professionals in the Lagos area who are in employment with structured organisations and public sector institutions, whether they are First Bank customers or not. These loans are available at the Head Office and three (3) designated branches: Marina, NIJ and Ikeja Industrial Estate. The aim for this product is a cautious but steady growth.

Mortgage loans product on the other hand is a repackaging of a pre-existing business line. It is treated as traditional lending but is offered to notably employed and self employed professionals in the consumer market segment whether they are First Bank customers or not. In promoting this product, the bank aims at not just adding value to its P& L but also complementing the efforts of government in assuaging the shortage of residential property, especially in the urban centres.

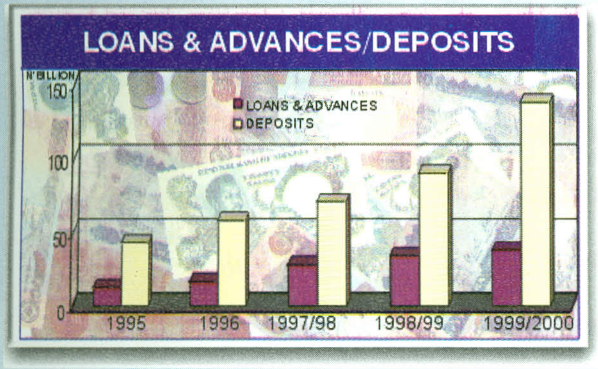
The product is accessed through any of our branches all over the country.

The market response to the two products so far has been reasonable considering the generally weak spending power in the target segment and the need for caution by the Bank to minimise risk.

Credit Recovery

Against the background of the general inclement operating condition in the economy, a record recovery figure of N606million was achieved for the period ending 31st March 2000. This is an increase of 235% on the N276 million recovered in the corresponding period of the proceeding year.

The recovery growth for the period being reported is attributable to the aggressive approach adopted by the credit recovery staff and the support given by management. The unit exceeded the set target of N600 million by six million naira. We are very confident that the figure will be improved upon in the current year.



Gross debit, however, rose from N267 million the previous accounting year to N350.35 million, provision from N64 million to N86.24 million and interest in suspense from N203 million to N264.42 million.

Strategic Resources & Management Services

Information Technology

This division is the lynchpin of the Bank's technological transformation. Notably, it ensured that the transition of all our systems to Year 2000 was smooth. It should be recalled that three critical periods were involved: September 9, 1999; December 31, 1999/January 1, 2000 is a leap year). The Bank did not experience any year 2000 problems.

Also, the Bank's product, Financial Electronic Data Interchange Services (FEDIS), is now available and has been deployed in 10 customer sites. This product enables customers access their accounts for enquiries, and to print from their offices/sites transactions that have been effectuated on the accounts. Data (statement of account, payment instructions, etc) in electronic form are also being exchanged between customers and the Bank. So far five corporate customers are enjoying this aspect of the facility.

Again, the Bank's Corporate Forum based on the structured cabling at Head Office is now operational. Internet access is, of course, possible from the Bank. At present 97 officers at Head Office have access. These enjoy e-mail (local (intranet) and international (internet)). In addition teleconferencing, electronic bulletin, paging, public announcements, polls/questionnairing facilities are offered electronically. These facilities will be available to designated branch/regional office staff with the activation of the Banks Wide Area Network in such areas.

The Bank's Corporate Wide Area Network (WAN) is now being implemented. Satellite Earth Stations have been installed in all 59 designated locations. At present 25 branches have been activated for the network operations, with actual transactions being carried out in nine of them.

Human Capital Management (HCM)

HCM continued to re-engineer the manpower pool to meet market demands. The staff strength stood at 7,550 as at 31st March 2000, (down from 7,815 as at March 1999) of which 2,409 or 32% are women. During the period under review, a total of 375 fresh graduates were recruited to rejuvenate the workforce. On the other hand, 544 members of staff exited from the organisation of whom 380 were on retirement while 164 left for various reasons including death, resignation and disciplinary grounds. As indicated in tables below, age distribution of staff averaged 39 years.

Age Distribution

AGE (YEARS)	NO OF STAFF	% OF TOTAL
20-30	822	10.9
31-40	4249	56.3
41-50	2257	29.9
51-60	222	2.9
TOTAL	7550	100

*Average Age, 39 years.

LENGTH OF SERVICE (YEARS)	NO OF STAFF	% OF TOTAL
0-10	2335	30.9
11-20	4126	54.7
21-30	1058	14.0
31 and above	31	0.4
TOTAL	7550	100

Gender Distribution

GENDER	NO OF STAFF	% NUMBER
FEMALE	2409	31.9
MALE	5141	68.1
TOTAL	7550	100.0

Staff Distribution According To Ranks

RANKS	NO OF STAFF	% OF TOTAL
MANAGEMENT STAFF	370	4.9
SENIOR STAFF	4472	59.2
JUNIOR STAFF	2708	35.9
TOTAL	7550	100

In recognition of the contributions of members of staff to the overall performance of the Bank, 2356 members or 31% of the workforce were promoted, distributed as follows: Management Staff, 58; Senior Staff, 1892; and Junior Staff, 406.

As part of the re-engineering and repositioning efforts of the bank, a culture change project was instituted during the year. While re-engineering addressed our processes and systems, the Culture Change Project is aimed at changing staff and management attitude towards our customers (both internal and external) and creating a world class working environment.

A major component of the project is the institutionalisation of the FBN Customer/Supplier Alignment (CSA) session which focuses on re-alignment of work relationship between interfacing units/departments.

Training

During the year management continued to place premium on people development as evidenced by the increased level of participation in our training programme. In the year under review, the frequency of participation recorded was 7,475 in 1,090 courses translating to 50,140 training hours for 4,589 members of staff. This gives an average of 1.5 training days per staff. Sixty members of staff participated in overseas training. Also during the year, HCM executed a comprehensive skills audit to determine the Bank's competencies profile as well as identifying skills gaps. The outcome of the audit is largely driving training this accounting year.

Medical

For the third year running, through a combination of preventive health programmes and effective monitoring of costs, the Bank achieved reduction in medical expenditure. The Bank's total medical expenditure for the year 1999/2000 was N162 million compared with N189 million in the 1998/99 financial year. Medical expenses per staff thus declined from N24,187 to N21,457. The Staff Clinic also made substantial efforts to create awareness about Aquired Immune Deficiency Syndrome (Aids) and other preventable diseases.

Staff Pensions

The bank has in place, arrangements for retirement benefits for members of staff. It is based on the provisions of staff pension scheme which is fully borne by the bank and thus non-contributory by the staff. The Bank's contribution to the fund for the year ended 31 March, 2000 is N265 million. There are 2,896 Bank's Pensioners as at 31March, 2000.

It is the policy of the Bank to undertake actuarial valuation of the pension fund every three years. The last valuation undertaken in June 1998 resulted in a deficit of N1.8 billion which the Board has decided to amortise over 3 years. The charge for the current year of N600 million included in charges and expenses brings total write-off to-date to N1.2 billion. The balance of N600 million will be charged in the current year's account.

Industrial Relations

Management continue to maintain very cordial relationship with the various trade unions in the Bank as industrial harmony persisted throughout the year.

General Administration

Premises: Work on the new office complex for Port Harcourt (Main) Branch is nearing completion.

During the year under review, two branch projects namely: Lafia and Dutse, were completed. The branches have since moved into the new buildings and commenced operations.

Development for a permanent site for Ondo Branch was commenced during the year. The project is expected to be completed by December 2000.

During the year under review, a new office block for West Banking Operations was acquired and converted.

3.3 LONDON BRANCH

The London branch of First Bank of Nigeria was established in 1982 as part of the Bank's strategy of 'progressive internationalisation', with the following specific strategic objectives:

- Maximise income from the Bank's international banking business
- Grow/preserve the Bank's foreign currency assets and provide a hedge against country and other operating risks
- Enhance the image positioning of the Bank in Nigeria as well as its external visibility
- Diversify sources of Bank's income by positioning in international markets.

Though physically located in the UK, the branch has, from inception, operated within the regulatory oversight of both UK's Financial Services Authority (FSA) and the Central Bank of Nigeria. It has derived the bulk of its income from providing some form of correspondent banking and international funds management services to its parent bank and its affiliated financial institutions, especially for trade flows from Nigeria to the UK. More recently, the branch's customer focus broadened to include Nigerian public sector institutions for which it acts as a repository of these institution's foreign currency reserves from where payment instructions are executed.

Given the level of sophistication of its operating environment, the branch has held its own and continue to make significant contribution to the Bank's profitability. For the year ended 31st March 2000 it recorded a profit after tax of 3.3 million pounds.

To enable it take greater advantage of the market opportunities, the branch is currently being refocused and repositioned with substantial leverage on Information Technology.

3.4 RISK MANAGEMENT

In the ordinary course of business, FBN manages a variety of risks with operational, legal, liquidity credit and country risks being the most significant. These risks are identified, measured and monitored through various control mechanisms across the Bank in order to highlight risk concentrations requiring management attention.

Operational Risk

Operational Risk is the potential for financial and reputational loss arising from failures in internal controls, operational processes or the systems that support them. It can occur in all the Bank's business and includes errors, omissions, natural disasters and deliberate acts such as fraud. The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Bank and to be consistent with the prudent management required of a large financial organisation. The Bank manages this risk under an overall strategy determined by the Executive Committee and implemented by the Head of each Strategic Business Units (SBUs) and Strategic Resource Function (SRF). Independent checks on operational risk issues are undertaken by the Inspection Division.

Legal Risk

Legal risk is the risk resulting from the legal consequences of a situation, action or decision causing material unexpected negative results. It includes risk arising from inadequate documentation, legal or regulatory incapacity or insufficient authority of a counter party. FBN identifies and manages legal risk through the effective use and consultation with internal and external solicitors to ensure that legal advice is taken and implemented in accordance with established guidelines. As indicated in Note 24 to the account, as at balance sheet date, there are contingent liabilities in respect of legal actions against the Bank for amounts totalling N330 million (1999 :N940 million) for which no provisions have been made in the accounts. The actions are being contested and the Directors are of the opinion that no significant hability will arise therefrom.

Liquidity Risk

The Bank's liquidity management is aimed at ensuring that it is able to meet all funding requirements regarding maturing deposits, drawdown demands from borrowers and maintenance of the required liquidity ratio prescribed by the regulatory authorities.

The distribution of sources and maturities of deposits is managed actively in order to ensure access to funds and to avoid a concentration of funding needs at any one time or from any one source. Principal sources of liquidity are current and savings deposits. Although current accounts are payable on demand and savings accounts are repayable at short notice, the spread by number and type of depositor helps to ensure against unexpected fluctuations and these accounts provide a core deposit base for the Bank's operations and liquidity needs. In evaluating the Bank's liquidity position, management takes account of asset maturities, and the volume and quality of liquid assets; drawdown of overdraft facilities, undrawn commitments and the possible impact of qualifying outstanding contingent liabilities. Sufficient reserves of liquid assets are maintained. It is gratifying to note that the Bank through effective liquidity management maintained its leadership position as the leading provider of funds in the money market.

The responsibility for liquidity rests with the Head, Treasury and Funds Management, subject to overall control of the Asset and Liability Committee comprised of all Executive Directors and Senior Management personnel. Monitoring and reporting take the form of a cash flow measurement in line with the CBN requirement.

Credit Risk

The Bank's Credit Risk Management is the responsibility of the Executive Committee on Credit. It is supported by the Head, Risk Asset Management who has day-to-day responsibility for credit quality and risk concentration including sectoral exposure, product risk and credit grading.

Lending decisions involve the entire structure of the Bank – branches, Regional Management, General Management, Board Credit Committee and the full Board - and are done in line with the provisions of the Bank's Credit Policy and Procedure Manual. The discretionary limit granted to each loan–granting body is limited according to its skills, experience and risk associated with the type of loan and to assist in this function the Bank has developed a detailed Risk Acceptance Criteria for the various segments of the market and a Credit Rating Matrix for the various types of loan.

Credit risk is monitored by means of Information System for monitoring loan performance through regular returns to the Credit Administration Unit of Risk Assets Management (RAM) complemented by Audit and Inspection on-the-spot visits. The Information System which is being continually improved draws on information from inside and outside the Bank to provide the CBN Credit Rating Unit with a monthly synopsis of loans that are performing abnormally.

Analysis of Loans & Advances

Loans to Banks & Discount Houses

	Performing		Non-Performing	
	2000	1999	2000	1999
	N'm	N'm	N'm	N'm
Banks	5,262	6,745	38	38
Discount Houses	5,000	11,115	-	-
	10,262	17,860	38	38
	=====	=====	=====	====

Majority of Loans & Advances to banks and discount houses are placement. Lendings are widely dispersed over customer categories. No one concentration of lendings account for more than 10% of total lendings.

Interest rate security of Loans & Advances

	2000		1999	
	Fixed	Variable	Fixed	Variable
	N'm	N'm	N'm	N'm
To Banks and Discount Houses	8,300	2,000	15,973	1,925
To customers	-	58,884	-	44,147

·Includes Trade Bills of N9,388 million in year 2000 and N5,115 million in 1999.

Provisioning Policy

The method of evaluating, managing and classifying non-performing loans has also been defined and the specific measures to be taken in the event of delinquency have been laid down.

Market facing SBUs in conjunction with Risk Asset Management continually review the quality of exposures for which they are responsible and after an assessment of all relevant information take a decision on whether a specific provision should be raised. In addition, the Bank complies with the CBN prudential guideline under which accounts are considered non-performing when principal and or interest repayment obligations are in arrears for over 3 months. The general classification and the required level of provision required under the CBN prudential guidelines are reproduced overleaf.

Loans & Advances to Customers

	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
SECTORS	PERFORMING 31/3/99	31/3/2000	NON-PERFORMING 31/3/99	31/3/2000	TOTAL LAD 31/3/99	31/3/2000	NON-PERFORMING AS A % OF TOTAL 31/3/99	31/32000
Agriculture	4,953,225	2,261,598	1,137,596	1,532,283	6,090,821	3,793,881	18.67	40.38
Mining & Quarrying	2,793,501	9,747,612	222,799	335,136	3,016,300	10,082,748	7.38	3.32
Manu-Facturing	15,744,906	17,705,912	1,621,892	3,113,987	17,366,798	20,819,899	9.34	14.95
Real Estate & Const.	4,766,440	3,512,783	234,351	2,143,642	5,000,791	5,656,425	4.68	37.89
Public Utilities	109,526	181,846	20,736	25,987	130,262	207,833	15.91	12.50
General Communi-cation	5,946,647	4,874,277	2,014,541	5,761,949	7,961,188	10,636,226	25.30	54.17
Transport & Commerce	652,723	485,422	153,770	423,685	806,493	909,107	19.06	46.60
Credit & Financial Inst.	209,977	60,261	19,378	82,470	229,355	142,731	8.44	57.78
Others	1,086,036	3,158,348	1,476,395	3,477,403	2,562,431	6,635,751	57.62	52.41
Total Credit	36,262,981	41,988,059	6,901,458	16,896,542	43,164,439	58,884,601	15.99	28.70

Total credit includes trade bills.

Managing Director's Review Cont'd

CBN Prudential Provisioning Guidlines

Type of Loan	Criteria	Provision
Sub-standard	Facilities on which unpaid principal and/or interest remain outstanding for more than 90 days but less thank 180 days.	10%
Doubtful	Facilities on which unpaid principal and/or interest remain outstanding for at least 180 days but less than 360 days and are not secured by legal title to leased assets or perfected realisable collateral in the process of collection or realisation.	50%
Lost Credit Facilities	Facilities on which unpaid principal and/or interest remain outstanding for 360 days or more and are not secured by legal title to leased assets or perfected realisable collateral in the course of collection or realisation.	100%

Full specific provisions on all non-performing accounts are charged against profit as soon as they have been identified as such. General provisions are raised to cover losses which are judged to be present in Loans and Advances at balance sheet date (currently estimated at 1%) but which has not been specifically identified as such. The aggregate provisions which are made during the year less amounts released and recoveries of debts previously written off are charged against operating profit. Non-performing lendings are written off in part or in whole only when it is no longer cost effective to pursue.

Analysis of Provision for Credit Risk

	2000 N'm	1999 N'm
Provisions at year end	7,542	4,123
Interest in Suspense at year end	7,011	4,218
Total Provision and Interest in Suspense	14,553	8,341
	====	====
Non-performing Loans and Advances at year end	16,897	8,867
Performing Loans & Advances at year end	32,650	31,150
Total Loans and Advances at year end	49,547	40,017
	====	====
Provisions as a % of Non-performing Credit	86%	94%
Provisions as a % of Total Credit	29%	21%
Recoveries as a % of Non-performing Credit	3.6%	3.1%
Write-off as a % of Non-performing Credit	2%	3%
*Movement in provisions:		
Specific	1,929	864
General	(32)	1

An analysis of movement in provisions is shown in Note 4 to the account

Analysis of recoveries and write-off – credit risk

	2000 N'm	1999 N'm
Recoveries	606	276
Write-offs	350	267

Asset & Liability Management

ALM involves management of liquidity funding interest rate and exchange rate risk through the use of both on and off balance sheet instruments. ALCO comprise all Executive Directors and Senior Management staff and is chaired by the Managing Director/Chief Executive. It sets the ALM policies and on weekly basis considers reports on the interest mismatch positions and the maturity profile of assets and liabilities. These are monitored with defined limits.

Interest Rate Risk

Interest rate risk attached to positions arising from operations is managed by market facing SBUs in conjunction with the Interest Rates & Charges Review Committee. Interest rate incurred in International Banking Operations are managed between International Banking Operations Division and London branch under guidelines and policies laid down by the Asset & Liability Committee. Compliance with agreed policy is controlled via a comprehensive financial risk-reporting framework including interest rate gap limits. Total exposure as at year end is summarised in the form of an interest rate reprising table reproduced below which shows that the Bank's earnings in the subsequent year will not be significantly affected by a sustained increase of 1% in deposit interest rates or by a similar decrease in interest rate on Earning Assets.

Exchange Rate Risk

The Exchange Rate Risk occurs when the exchange rate changes adversely between the time a contract is made and the time it matures. It also arises from a mismatch or gaps in the maturity structure of a bank's Foreign Exchange dealings. .

First Bank manages the Exchange Rate Risk exposure in line with terms and conditions of the Bank's overall Foreign Exchange Policy. Notably, the Bank does not engage in Foreign Exchange forward dealings and other derivatives with high risk but enters into spot contracts in its day to day trading. The Bank's Exchange Rate Risk, therefore, comprises those arising from the net exposure as measured by the net positions in the dealers books for spot transactions.

The Bank does not hedge exposure of its foreign currency investments which are interest-bearing deposits with FBN London and other reputable international banks.

Balances of foreign currency investments are revalued monthly and exchange gains/losses placed in an Exchange Equalisation Reserves.

The Bank did not accumulate significant open position in its forex portfolio and operated with zero-loss limit. The net positions were being constantly

	FBN 31/03/2000 AMT. N'm	FBN 31/03/2000 MIX %	FBN 31/03/1999 AMT. N'm	FBN 31/03/1999 MIX %
EARNING ASSETS				
Due From Other Banks - local	5,300	2.70	6,783	4.90
Due From Other Banks - foreign	51,352	26.18	30,314	21.88
Due From Discount House	5,000	2.55	11.115	8.02
Treasury Certificates	0	0.00	0	0.00
Stabilisation Securities				
Treasury Bills	40,580	20.69	6,241	4.50
Commercial Papers	9,338	4.76	5.115	3.69
Bills Discounted	0	0.00	0	0.00
Commercial Loans	32,650	16.65	31.150	22
Bankers Acceptance	0	0.00	0	0.00
Equipment on Lease	244	0.12	340	0.00
Advance Under Finance Lease (net)	0	0.00	0	0.00
Offshore Investments (net)	0	0.00	0	0.00
Other Investments	18	0.01	20	0.01
Investments (Quoted)	27	0.01	0	0.00
Investments (Unquoted)	446	0.23	425	0.31
TOTAL EARNING ASSETS	144955	73.91	91,503	66.05
NON EARNING ASSETS				
Cash in Vault	2,022	1.03	1,561	1.13
Cash Reserves	9,293	4.74	4,719	3.41
Due From Other Banks - Local	961	0.49	979	0.71
Due From Other Banks - foreign	0	0.00	0	0.00
Balance with CBN	2,762	1.41	4,717	3.40
Other Assets	11,793	6.01	20,109	14.52
Fixed Assets	7,447	3.80	6,081	4.39
Provisioned Risk Assets	16,897	8.62	8,867	6.40
TOTAL NON-EARNING ASSETS	51,175	26.09	47,033	33.95
TOTAL ASSETS	196,130	100	138,536	100

	FBN 31/03/2000 AMT. N'm	FBN 31/03/2000 MIX %	FBN 31/03/1999 AMT. N'm	FBN 31/03/1999 MIX %
INTEREST BEARING LIABILITIES				
Deposit:				
- Current Account	45,165	23.03	25,389	18.33
- Current Account (FCY)	286	0.15	820	0.59
- Savings	41,272	21.04	30,908	22.31
- Savings (FCY)	0	0.00	0	0.00
- Term	11,065	5.64	8,277	5.97
- Term (FCY)	6,480	3.30	18,167	13.11
- Call	0	0.00	0	0.00
Due To Other Banks - Local	0	0.00	0	0.00
- foreign	0	0.00	0	0.00
Foreign transfer Payable	103	0.05	81	0.06
Domiciliary Deposits	22,859	11.66	889	0.64
TOTAL INTEREST BEARING LIABILITIES	127,230	64.87	84,531	61.00
NON INTEREST BEARING LIABILITIES				
Tax Payable	1,103	0.56	910	0.66
Dividend Payable	1,626	0.83	1,040	0.75
Account Payable	20,292	10.35	15,496	11.19
Provision on Risk Assets	14,679	7.48	8,435	6.09
Provision on Other Assets	898	0.46	598	0.43
Other Liabilities	15,783	8.05	16,219	11.71
Share Capital	650	0.33	520	0.38
Reserves	13,869	7.07	10,787	7.79
TOTAL NON - INTEREST BEARING LIABILITIES	68,900	35.13	54,005	39.00
TOTAL LIABILITIES	196,130	100	138,536	100
Contingent Liabilities	35,040	17.87	10,099	7.29

First Bank of Nigeria Plc
Asset & Liabilities Profile as at 31 March, 2000

	0-30 DAYS Amt. N'm	31-90 DAYS Amt. N'm	91-180 DAYS Amt. N'm	181-365 DAYS Amt.	1 - 3 YEARS Amt. N'm	OVER 3 YEARS Amt. N'm	Non-Interest Bearing N'm	TOTAL Amt. N'm
Interest Earning Assets								
Controllable Assets:								
Bills Discounted								
Due From Discount Houses	1,500	3,500						5,000
Due From Banks (Placements)	5,000	262					3,723	8,985
Due From Banks (Foreign)	43,738	7,614						51,352
Other Placements								0
Commercial Papers	143	5,259	3,936					9,338
Equipment on Lease					244			244
Commercial Loans and Advances	34,981					2,516	12,050	49,547
Total Controllable Assets	85,362	16,635	3,936	0	244	2,516	15,773	124,466
Non-Controllable Assets:								
Special Treasury Bills								
Treasury Bills	19,586	20,994						40,580
Investments					29	462		491
Staff Loans								0
Other Assets							30,593	30,593
Total Assets	104,948	37,629	3,936	0	273	2,978	46,366	196,130
Interest-Bearing Liabilities								
Deposits:								
Current accounts	45,451							45,451
Savings	41,272							41,272
Term	6,480	0	9,238	1,568	259			17,545
Call	0							0
Domiciliary Accounts	22,859							22,859
Due to Discount Houses	0							0
Due to Banks (Takings)	0							0
Share holders' Fund							14519	14,519
Other Liabilities							54484	54,484
Total Liabilities	116,062	0	9,238	1,568	259	0	69,003	196,130
ACTUAL GAP/SPREAD	(11,114)	37,629	(5,302)	(1,568)	14	2,978	(22,637)	0
Cumulative GAP	(11,114)	26,515	21,213	19,645	19,659	22,637	0	0
Cumulative ratio of gap: Total assets	-24.68%	25.97%	20.78%	19.24%	19.26%	22.18%	0.00%	0.00%

First Bank of Nigeria Plc
Interest Rate Repricing Table as at 31 March, 2000

managed to ensure that they are within acceptable risk levels, with off-setting deals being undertaken where necessary. Consequently, no loss was recorded in foreign exchange dealing operations during the financial year ended 31st March, 2000.

Country Risk

Country Risk arises from political, macro-economic, and social factors within may adversely impact on the Bank institutionally or its borrowers' ability to repay loans notwithstanding the fact that the borrower's own credit standing might not be impaired. Since the Bank operates in both the United Kingdom and Nigeria, it faces this risk in those two countries. For historical reasons, the risk is higher in Nigeria. But we believe as an institution that that Nigeria is on the path of political stability within a democratic framework. Consequently, the Bank faces no greater political risk than it has faced at any other time in its 106-year history.

Independent Rating

All told, we believe that the Bank has all its risks firmly within control. You would also like to know that the Bank last year subscribed to a credit rating by the New York-based Thomson Bankwatch credit rating agency. The Bank's Intra-Country Issuer rating was IC-B/C –which, according to Bankwatch, means: "(The Bank) is strong with a solid financial record and is well received by its natural money markets. Some minor weaknesses may exist, but any deviation from the company's historical performance levels should be limited and short-lived. The likelihood of significant problems is small, yet slightly greater than for a higher-rated company". The Bank's Short Term or local currency rating was LC-1—which means " The highest category; indicates a very high likelihood that principal and interest will be paid on a timely basis."

3.5 CORPORATE CITIZENSHIP

In continuation of your Bank's policy of contributing to the educational development of Nigeria, Endowment Funds were established in three universities during the year, bringing the total so far to ten. These are Federal University of Agriculture, Makurdi (Agronomy); Nnamdi Azikiwe University, Awka (Banking &Finance); and University of Benin (Computer Science). As usual, each endowment is to the tune of N7.5 million.

To demonstrate its support for and in identification with the communities in which it operates, the Bank in conjunction with WUMT also sponsored, among others, the Lagos Fanti Festival and the Igue Festival of the Benin Kingdom.

3.6 AWARDS

For the ninth time, the Bank won the Annual Nigerian Stock Exchange President's Merit Award in the Banking and Investment category which was the 22nd in the series. Your Bank was also conferred with the first Institute of Chartered Accountants of Nigeria (ICAN) Award for Excellence in the Corporate category for its outstanding contribution to the accountancy profession in Nigeria.

■ The Igue Festival of the Benin Kingdom.

4. ACTIVITIES OF SUBSIDIARIES & AFFILIATES

To further enhance the Bank's efficiency while simultaneously optimising their activities, two business lines, Registrars and Insurance, were during the year excised and incorporated as full-fledged subsidiaries, First Registrar's Nigeria Limited and FBN Insurance Brokers Limited respectively. They are yet to complete their first year of operations and cannot, therefore, post annual returns, but boards of directors have been instituted and they are currently positioning the two companies. The Bank's Board and management are confident though about the new companies' future performance. Indeed, their incorporation takes the Bank closer to its goal of being a comprehensive financial supermarket in line with its mission statement: 'Remain true to our name by providing the best financial services possible'.

Meanwhile, the performance of the Bank's other subsidiaries during the year are as follows:

First Trustees Nigeria Limited

The restructuring of this subsidiary to which I alluded in my review last year has now been completed with duly constituted Board of Directors and I provide below a brief highlight of the activities of the Company for the year under review.

The Board of Directors instituted and effected the restructuring of the organisation by the reconstitution of its top management and creation of four Strategic Departments.

The Company also relocated to a more accessible and conducive environment for both staff and customers and now boasts of an investment environment with state of the arts technology and communication equipment to facilitate linkages with customers and total customer service. The new address of the Company is Niger Insurance Plaza, 48/50 Odunlami Street, P. O. Box 7826, Lagos. Tel. 4702621, 4705615, 2634780, 2634801 Fax 2647438 E-mail ftnl@firsttrustees.com.

The company has developed a 3-year strategic plan as a vehicle for growth and expansion. The plan is being vigorously implemented and the result of first year of reorganisation attests to it:

The effect of all the above measures are already being felt by the following financial indicators:

	Year Ended 31/3/2000 N'm	Year Ended 31/3/1999 N'm	Increase/ Decrease %
1. Total Assets	5,463	3,416	60%
2. Operating Profit Before Taxation	97	27	267%
3. Profit After Tax	67.1	18.4	268%
4. Earnings Per Share	2.24	0.61	267%
5. Return on Shareholders Funds	51%	28%	82%

The Directors of the Bank consider that the result of the Company is significant and has accordingly included its figures in the Consolidated Financial statement placed before you at this meeting.

To reach out to the nooks and crannies of the country, the company established an office in Abuja and improved its working relationships with branches of First Bank of Nigeria Plc and its strategic business units. This particularly improved reach and visibility nation-wide translating to a quantum leap in its Assets Management activities.

FBN (Merchant Bankers) Limited

Although the operating environment has been particularly harsh to merchant banks as they lack the long term investments they need to thrive, FBN (Merchant Bankers) which your Bank owns 60% had a good year.

The gross earnings rose by 38% to close at N2.9 billion on a total asset footing of N8.9 million. From this, a profit before tax of N731 million or 35% over the previous year's figure of N543 million was generated. The shareholders' funds also jumped by 25% to close at N1.59 billion. The bank attained an efficient cost/income ratio of 30.4%.

Central to the foregoing and successes in the past are the people who work for the bank and who are driven by the culture of performance linked reward. In appreciation of their commitment in the year just ended, 44 members of staff were promoted across different levels.

Contributory to the foregoing indices were some landmark incursions made by the bank in the year under reference. The Credit and Marketing department, now restructured along industry lines, deepened its coverage of the leading sectors of the economy.

The bank also responded to the call for private sector participation in economic development with introduction of Nigerian Immunisation Fund (NIF) launched by the President of the Federal Republic of Nigeria on October 8, 1999.

Among other ancillary businesses, the Corporate Finance department successfully handled the offers for subscription of Universal Trust Bank Plc and Berger Paints Plc with a combined volume of over N1.5 billion. The department also handled the merger scheme for Westminster Dredging Nigeria Limited and Nigeria Dredging and Marine Limited.

In the privatisation programme of the Federal Government, the bank is also well positioned and in the first-tier, was appointed as a joint issuing house for the divestment of the government's 40% interest in Unipetrol Nigeria Plc.

By both a process of acquisitions and upgrade, the Bank was able to mitigate the danger of the year 2000 computer and ancillary equipment problem several months before the eve of the feared disaster. The Bank crossed the December 31, 1999 dateline without any incident.

Kakawa Discount House Limited (KDHL)

As I reported last year, KDHL in which your Bank has 27.7% continues to be a trail blazer and remains one of the dominant players in the Discount House sector. The company's year, however, ended on 31st May 2000 and its accounts are currently in the audit process. This report on KDHL, therefore, is based on unaudited figures.

Estimated profit after tax as at 31st May 2000 was N330.2 million, up 94% from N170.1 million the previous year. Total assets increased by 21.7% from N14.85 billion to N18.07 billion. Return on assets improved from 1.15% to 1.83% while return on shareholders funds rose from 33.11% to 38.65%.

Smartcard Nigeria Plc

You would recall that our Bank, with 17.3%, is the majority shareholder in this company which aims to popularise electronic debit payment system in Nigeria. The post-pilot stage has been successfully implemented in Lagos and has been extended to Abuja and Ibadan. It will subsequently be extended Port Harcourt, Aba, Onitsha, Owerri and Calabar.

The Bank has scored substantial marketing successes both with cardholders and merchant and the overall operational and marketing strategies are constantly being finetuned to ensure we maintain the competitive edge to justify the Bank's investment. All branches and relationship managers have been deployed in marketing the Valucard, the scheme's product, on behalf of the Bank.

With the scheme finally taking off after serious setbacks, five more banks have joined the consortium thus bringing the total number of shareholders to 31.

Our Bank appreciates that the future in banking transactions substantially lies in the electronic milieu. This is the import of its leadership role in the Smartcard Consortium.

Banque Internationale du Benin (BIBE)

In my report last year, I mentioned the harsh economic environment in which the BIBE operated resulting in reduced margins and lower profitability. This situation was exacerbated during the last accounting year by, among others, the introduction of a new banking software which implementation ran into difficulties. This resulted in a loss of integrity in the accounting records of the bank, as many accounts remained unbalanced, a situation which shook the confidence of depositors leading to a run on the bank.

Consequently, the accounts of the bank for the year ended 31st December 1999 are still being reconciled and were not available for reporting purposes.

It is worth mentioning also that a recent Beninoise Banking Regulatory Authorities examination report on the bank indicated declining liquidity, poor asset quality and capital inadequacy given the level of provisioning that will be required.

The Board and Management of the Bank have, however, since taken concrete steps not only to ameliorate the precarious position, but also to stabilise the bank and return it to profitability. Standard policies, for instance, are being instituted on acquisition of sophisticated technology while training of personnel in the acquisition of vital skills is being intensified. Other measures which have been adopted include the establishment of a standing Board Committee on Credit, as well as another on Establishment and Operations to monitor the restructuring of the bank.

Reconciliation of accounts is being given high priority attention, and most of the accounts that were initially lost by the bank have been won back.
A new chief executive has also been appointed and efforts are being intensified to clear all the outstanding issues with the regulatory authorities. It is my hope that the operations of the bank will soon return to normal.

African Export-Import Bank (Afrexim), Cairo

A demonstration of your Bank's commitment to African economic integration, this offshore investment has continued to meet shareholders' expectations both in its scope of activities and financial returns. Despite a drop in net interest margin from 6.2% in 1998 to 5% in 1999, net revenues rose by 19% from N15.2 million in 1998 to $18.1 million in 1999. Net fee and commission rose by 119% from $2.4 million to $4.4 million. Net income rose by 9% to $10.1 million. Cost/income ratio dropped from 29% the previous year to 25% reflecting improved operational efficiency. Earnings per share rose by 8% from 4254 to $274 while dividend increased by 13% to $2.6 million. Total assets grew by 30% to $311 million.

5. THE FUTURE

Competition will continue to heighten as Nigeria re-aligns its banking system with the global one. This will see more entrants into the market, local and foreign as well as local and foreign joint ventures. There will be three defining factors: capital, technology and skilled manpower. Capital is vital to drive our growth strategies including technological acquisitions. In terms of technology, yields so far from the re-engineering programme shows that we are already in the right direction. We will nonetheless continue to fine-tune our Information Technology strategy in line with market exigencies. As for manpower, we will continue to upgrade the skills pool in line with global standards. This will see more intensive training of staff as well as injection of new blood across strata.

If we continue to get the mix of these three factors right, then we will be well-positioned to deliver the efficient services the increasingly discerning clientele demands, at competitive prices. To do so will mean substantially reshuffling the mix of our activities with greater emphasis on fee-based income. This has become quite urgent in view of shrinking interest margins, a development which going by global standards, has come to stay in the Nigerian banking industry.

The take-off of our Wide Area Network gives us the confidence that all these goals are now more attainable than at any point in the Bank's history. WAN positions us to efficiently manage cash flows across our wide branch network. It also enables us to provide such fee-providing services as accounts sweeping which many of our large customers had long desired. Yet again, it positions the Bank very strongly for correspondent banking in all its ramifications.

I must say though that our dreams, vision and plans will come to little unless the wider economy begins to post the kind of real growth needed to ameliorate the intense poverty in the country. Particularly, it is hoped that the macro-economy will remain stable, infrastructure especially the utilities revamped and the real sector provided enough incentives to grow.

6. CONCLUSION

Finally distinguished ladies and gentlemen, may I crave your indulgence to pay tribute to my colleagues on the Board, management and staff of the Bank for the tremendous support they have given me during my tenure as Managing Director and Chief Executive which ends this accounting year. Their support has been invaluable in the transformation the Bank has undergone in the last two years, so much that it is today the flagship of Nigeria banking.

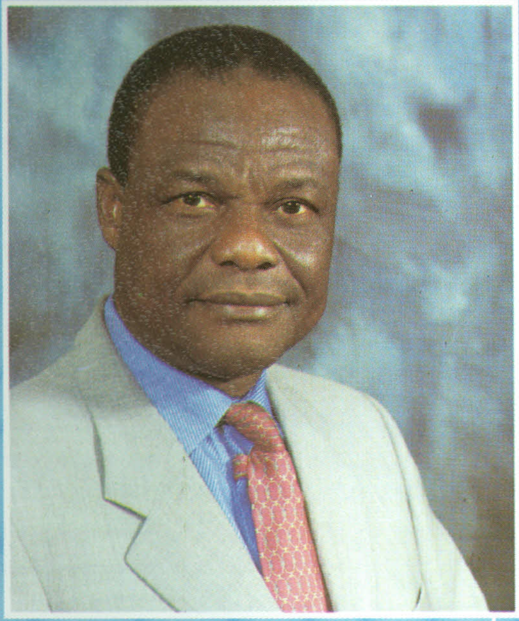
I am confident that this transformation will continue because I am leaving behind a confident and visionary team fully committed to the continuing implementation of the Century II project within an evolving international economic order. This team shall continue to fulfil the Bank's objective of enhancing returns and value to not only its shareholders, but also other stakeholders.

Be assured, distinguished ladies and gentlemen, that the Bank will maintain its enviable position in the banking industry this century.

I thank you for listening

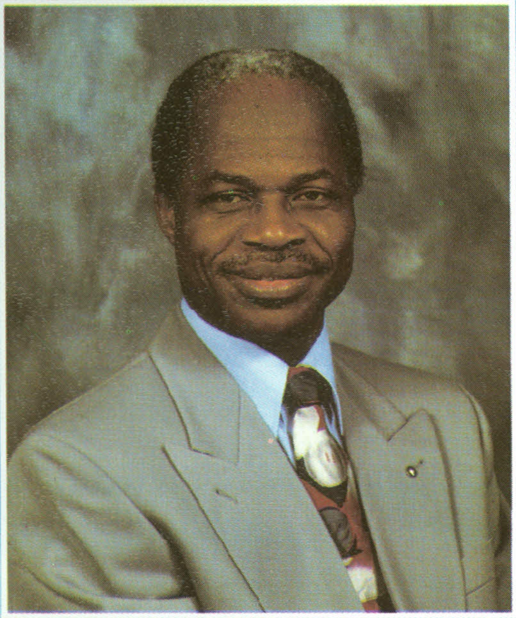
(DR.) CHRIS I. ADIMORAH
Managing Director/ Chief Executive

Executive Directors



Mr. C. F. Awosika
Risk Assets & Management Control

(Dr.) Chris I. Adimorah
Managing Director/Chief Executive



Mr. D. T. Iordaah
Commercial & Consumer Banking

Mallam Umar Yahaya
Strategic Resources & Management Services

Mr. B. O. Longe
Transaction Banking (MD/CE Designate)

Alhaji Ado Y. Wanka
Corporate Banking

Report of the Directors

The directors have pleasure in submitting to the members their report and audited financial statements of the group for the year ended 31 March, 2000.

1. Results

	N'm	N'm
The profit for the year after taxation and minority interest was		4,502
Less: Appropriations:		
Transfer to statutory reserve	772	
Proposed dividend	1,626	
		2,398
Retained profit transferred to general reserve		2,104

The proposed dividend of N1.25 kobo per ordinary share is subject to withholding tax.

2. Legal Form

The bank which commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa Limited was incorporated as a private limited liability company in Nigeria in 1969 and was converted to a public company in 1970. The bank's shares are quoted on the Nigerian Stock Exchange.

3. Principal Activities

The bank engages in the business of commercial banking whilst its major subsidiary, FBN (Merchant Bankers) Limited carries on the business of merchant banking.

4. Business Review and Future Development

The bank has during the year carried out banking activities in accordance with its memorandum of association.

FBN (Merchant Bankers) Limited, a major subsidiary of the Bank recorded impressive results for the year.

A comprehensive review of the business for the year ended and the prospects for the ensuing year is contained in the Managing Director's report.

5. Fixed Assets

Movements in fixed assets during the year are shown in notes 6 and 7 on pages 58 to 60. In the opinion of the directors, the market value of the Bank's properties is not less than the value shown in the accounts.

6. Directors

.1 The names of the present directors are detailed on page 5.

.2 Dr. C. I. Adimorah will retire as the Managing Director/Chief Executive of the Bank effective 2nd July, 2000.

Mr. B. O. Longe was appointed as the Managing Director/Chief Executive of the Bank effective 3rd July, 2000.

.3 In accordance with the bank's articles of association, Alhaji (Dr.) U. A. Mutallab, CON, Messrs B. O. Longe, C. F. Awosika, Alhaji M. Ibrahim and Mallam Umar Yahaya retire by rotation and being eligible, offer themselves for re-election.

.4 Dr. Udo Udo-Aka and Lt-Gen. Garba Duba (Rtd.) were appointed as Non-Executive Directors on 28th July, 1999 and 12th August, 1999 respectively.

7. Directors' Responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the bank at the end of each financial year and of the profit or loss for that year and comply with the provisions of the Companies and Allied Matters Decree, 1990 and Banks and Other Financial Institutions Decree, 1991. In doing so they ensure that:

* adequate internal control procedures are instituted to safeguard the assets and prevent and detect frauds and other irregularities;
* proper accounting records are maintained;
* applicable accounting standards are followed;
* suitable accounting policies are adopted and consistently applied; and
* the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the bank will continue in business.

8. Bonus Issue Reserve

The directors recommend that the sum of N162,596,291.50 be set aside out of general reserve to be capitalised by issuing one ordinary bonus share of 50 kobo to existing shareholders for every four ordinary shares previously held.

9. Directors' interests

The interests of the directors in the issued share capital of the bank as recorded in the register of directors' shareholdings at 31 March, 2000 are as follows:

		Ordinary shares of 50k each 31 March	
		2000	1999
U. A. Mutallab:	(Direct)	9,653	7,723
	(Indirect)	23,126,939	11,194,217
C. I. Adimorah		916,582	655,499
C. F. Awosika:	(Direct)	191,915	183,532
	(Indirect)	1,253,337	823,944
Kola Daisi		625,000	500,000
Garba Duba		210,529	-
Oyekanmi H-Odukale:	(Direct)	2,577	1,864
	(Indirect)	127,995	62,396
M. Ibrahim		151,517	121,214
D. T. Iordaah:	(Direct)	63,718	177,568
	(Indirect)	273,673	-
Abba Kyari		12,023	9,619
B. O. Longe		931,826	745,461
Abdullahi Mahmoud		62,500	50,000
Oba Otudeko:	(Direct)	33,306	26,645
	(Indirect)	42,375,000	33,900,000
Udo Udo-Aka:	(Direct)	127,538	-
	(Indirect)	8,543	-
Ado Y. Wanka		62,500	50,000
Umar Yahaya		476,495	301,196

None of the directors has notified the bank for the purposes of Section 277 of the Companies and Allied Matters Decree, 1990 of any disclosable interests in contracts in which the bank was involved as at 31 March, 2000.

10. Analysis of Shareholdings

.1 The shares of the bank at 31 March, 2000 were fully owned by Nigerian citizens and associations.

.2 As at 31 March, 2000 only First Dependant Nig. Ltd., the Managers of the Staff Pension Fund hold up to 5% of the issued share capital of the company. The holding of the company is 5.32%.

.3 The range of shareholding as at 31 March, 2000 is as follows:

Range of holdings			No. of shareholders	No. of shares	% holdings
1	-	99	3,073	201,170	0.02
100	-	199	3,673	11,300,877	0.87
200	-	499	59,265	19,078,651	1.47
500	-	999	39,719	27,866,261	2.14
1,000	-	1,999	42,814	61,169,903	4.70
2,000	-	4,999	31,243	95,658,993	7.36
5,000	-	9,999	13,763	93,034,626	7.15
10,000	-	49,999	10,393	175,506,224	13.49
50,000	-	99,999	1,151	77,497,386	5.96
100,000	-	999,999	926	219,830,552	16.90
1,000,000	-	4,999,999	67	138,330,097	10.63
5,000,000	-	9,999,999	15	108,478,049	8.34
10,000,000	-	99,999,999	14	272,817,542	20.97
		Total	206,116	1,300,770,331	100

11. Donations

Charitable donations made during the year amounted to N19,415,190. The recipients are:

Beneficiary	N'm
Dala Hard Court Lawn Tennis	0.492
The National Eye Centre	0.250
Computer Professional Registration Council of Nigeria	0.125
NACCIMA	0.926
WAPCO - Golf Tournament Sponsorship	0.557
ICAN - Annual Conference Sponsorship	0.150
University of Abuja - Endowment Fund	7.500
Nigeria Economic Summit	0.400
NUBIFIE	0.050
Spinal Cord Injuries Association of Nigeria	0.250
National Immunization Fund	0.400
National Association of Small & Medium Enterprises	0.195
Polo Club Kaduna	0.380
Nnamdi Azikiwe University - Endowment Fund	7.500
Others individually below N50,000	0.240
Total	19.415

12. Employment and Employees

.1 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 disabled persons. All employees whether disabled or not are given equal opportunities to develop. As at 31 March, 2000, twenty-three disabled persons were employed by the bank.

.2 Health, safety at work and welfare of employees

Health and safety regulations are in force within the bank's premises and employees are aware of existing regulations. The bank provides subsidy to all levels of employees for medical, transportation, housing etc.

.3 Employees' involvement and training

The bank is committed to keeping employees informed as much as possible regarding the bank's performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees.

Management, professional and technical expertise are the bank's major assets and investment in their further development continues.

The bank's expanding skill-base has been extended by a range of training provided to its employees whose opportunities for career development within the bank have thus been enhanced.

Training is carried out at various levels through both in-house and external courses.

13. Post Balance Sheet Events

There are no post balance sheet events which could have had material effect on the state of affairs of the bank as at 31 March, 2000.

14. Audit Committee

Pursuant to Section 359(3) of the Companies and Allied Matters Decree, 1990, the bank has in place an Audit Committee comprising three directors and three shareholders as follows:

Otunba M. O. Olowu - Chairman
Mr. O. Hassan-Odukale
Alhaji M. Ibrahim
Mr. B. O. Longe
Mr. P. Nwalozie
Hajiya S. B. Umar

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Decree, 1990.

15. Auditors

Messrs Akintola Williams Adetona Isichei & Co. and KPMG Audit have indicated their willingness to continue in office. A resolution will be proposed at the annual general meeting to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

ALHAJI T. M. BORODO
Secretary
5 June, 2000
LAGOS, NIGERIA.

Mr. Ayoola Oba Otudeko 1.
Alhaji Muhammadu Ibrahim 2.
Alhaji (Dr.) Umaru A. Mutallab (CON) 3.
(Dr.) Christian Ifeanyichukwu Adimorah 4.
Chief Kola Daisi 5.

Sitting From Right

Standing From Right

1. Dr. Udo Udo-Aka
2. Gen. Abba Kyari (Rtd.)
3. Alhaji Umar Yahaya
4. Gen. Garba Duba
5. Mr. Christopher Fola Awosika
6. Mr. Oyekanmi Hassan-Odukale
7. Mr. Bernard Ojeifo Longe
8. Alhaji Ado Yakubu Wanka
9. Alhaji Abdullahi Mahmoud
10. Mr. David Tor Iordaah

FIRST BANK OF NIGERIA P

The Board of Directors

Report of the Joint Auditors

TO THE MEMBERS OF FIRST BANK OF NIGERIA PLC

We have audited the financial statements set out on pages 49 to 73 which have been prepared on the basis of the accounting policies on pages 47 to 48.

Respective responsibilities of Directors and Auditors

As described on page 39, the bank's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. The financial statements are in agreement with the books of account which have been properly kept and we obtained the information and explanations we required and have received proper returns from branches not visited by us.

No contravention of the provisions of the Banks and Other Financial Institution Decree, 1991 was brought to our attention during the audit of the financial statements for the year ended 31 March, 2000.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the bank and of the group as at 31 March, 2000 and of the profit and cash flow for the year ended on that date, and have been properly prepared in accordance with the provisions of Banks and Other Financial Institutions Decree, 1991, relevant circulars issued by Central Bank of Nigeria, Companies and Allied Matters Decree, 1990 and relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

Akintola Williams Adetona Isichei & Co. | KPMG Audit

061389 INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA | 067769 INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

Akintola Williams Adetona Isichei & Co.
Chartered Accountants

KPMG Audit
Chartered Accountants

5 June, 2000
LAGOS, NIGERIA.

Prof. Douglas Wood of Manchester Business School, England addressing course participants at the Bank's Lagos Training Centre

Report of the Audit Committee

In compliance with Section 359 (6) of the Companies and Allied Matters Decree 1990, we have reviewed the Audit Report for the year ended 31st March, 2000 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; and

4. The external auditors' management report recieved satisfactory response from Management.

DATED JUNE 2, 2000

Otunba M. O. Olowu

CHAIRMAN, AUDIT COMMITTEE

<u>MEMBERS OF THE COMMITTEE</u>

OTUNBA M. O. OLOWU

MR. P. NWALOZIE

HAJIYA S. B. UMAR

MR. B. O. LONGE

ALHAJI M. IBRAHIM

MR. O. HASSAN-ODUKALE

Accounting Policies

FOR THE YEAR ENDED 31 MARCH, 2000

The following are the significant accounting policies adopted by the bank in the preparation of its financial statements:

1. Basis of Accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of certain land and buildings (own premises only).

2. Basis of Consolidation

The group financial statements include the financial statements of the bank and two of its subsidiaries, FBN (Merchant Bankers) Limited and First Trustees Nigeria Limited. All the financial statements are made up to 31 March. The accounts of First Trustees Nigeria Limited which is wholly owned are being consolidated for the first time this year.

3. Investments

.1 Quoted investments other than dated securities are stated at the lower of cost and market value.

.2 Unquoted investments are stated at cost less provision for doubtful investments.

.3 Dated securities are stated at cost.

4. Bad and Doubtful Accounts

Loans and advances are stated after the deduction of provisions against debts considered doubtful of recovery. Loans are classified between 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 and a general provision of 1% is made on all performing balances in line with the Prudential Guidelines of the Central Bank of Nigeria.

5. Interest

Interest on advances is accrued to profit until such a time as reasonable doubt exists about its collectibility. Thereafter such interest is not recognised as income.

Interest accruing on non-performing accounts is not taken to the credit of profit and loss account until the debt is recovered.

6. Foreign Earnings

Commission on negotiation of letters of credit and overdue interest on delayed foreign payments are accounted for by the London branch only on receipt.

7. Fixed Assets

.1 Fixed assets are stated at cost or valuation less accumulated depreciation.

.2 Equipment on lease are accounted for strictly in accordance with their legal form as fixed assets which are purchased in the name of the bank and are subsequently leased as operating leases.

.3 Income from equipment on lease is accrued evenly over the respective period of the leases.

FOR THE YEAR ENDED 31 MARCH, 2000

8. 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:

Freehold buildings	-	2% from date of use
Leasehold buildings	-	2% for leases of 50 years and above,
	-	over expected life in case of leases under 50 years.
Motor vehicles	-	25%
Computer equipment	-	20%
Other fixed assets	-	20%
Equipment on lease	-	equally over the period of the lease.

9. Exchange Rates

Transactions in foreign currencies are translated into Naira at the rate of exchange ruling at the date of the transactions.

Foreign currency balances are converted to Naira at the rate of exchange ruling at the balance sheet date and the resultant profit/loss on exchange is taken to profit and loss account.

The exchange gain or loss arising on translation of Head Office investment in London Branch is transferred to Exchange Difference Reserve.

10. Deferred Taxation

The bank does not provide for deferred taxation as a result of timing differences between the treatment of certain items for accounting purposes and their treatment for taxation purposes as such timing differences are not expected to crystalise in the foreseeable future.

11. Retirement Benefits

Arrangements for retirement benefits for members of staff are based on the provisions of the staff pension scheme which is non-contributory. The contributions are based on actuarial advice and are calculated on current salaries and designated allowances and charged to profit and loss account.

Balance Sheet

AS AT 31 MARCH, 2000

		The Group		The Company	
		2000	1999	2000	1999
ASSETS	Notes	N'm	N'm	N'm	N'm
Cash & short-term funds	1	78,158	61,210	76,652	60,150
Bills discounted	2	57,314	15,032	49,805	11,270
Investments	3	1,241	231	491	445
Loans and advances	4	38,360	34,235	34,981	31,668
Other assets	5	10,979	19,895	10,933	19,549
Equipment on lease	6	934	924	244	340
Fixed assets	7	7,758	6,342	7,447	6,081
TOTAL ASSETS		194,744	137,869	180,553	129,503
LIABILITIES					
Deposits and current accounts	8	138,003	89,868	127,230	84,531
Taxation	9	1,281	1,074	1,103	910
Other liabilities	10	39,444	34,418	37,701	32,755
		178,728	125,360	166,034	118,196
CAPITAL AND RESERVES					
Called-up share capital	11	650	520	650	520
Capital reserve	12	2,100	2,113	1,893	1,893
Statutory reserve	13	2,376	1,604	1,954	1,322
Exchange difference reserve	14	2,726	2,112	2,726	2,109
General reserve	15	4,871	3,029	4,754	2,954
Bonus issue reserve	16	163	130	163	130
Core capital		12,886	9,508	12,140	8,928
Fixed assets Revaluation reserve		2,379	2,379	2,379	2,379
Shareholders' funds		15,265	11,887	14,519	11,307
Minority interest		751	622	-	-
		16,016	12,509	14,519	11,307
TOTAL LIABILITIES		194,744	137,869	180,553	129,503
Contingent liabilities and other obligations on behalf of customers and customers' liability thereof	24	36,673	11,901	35,040	10,099

} Chairman U. A Mutallab

} Managing Director C. I. Adimorah

} Executive Director C. F. Awosika

The notes on pages 52 to 68 form part of these accounts.

Profit and Loss Account

FOR THE YEAR ENDED 31 MARCH, 2000

		The Group		The Company	
		Year ended 31 March, 2000	Year ended 31 March, 1999	Year ended 31 March, 2000	Year ended 31 March, 1999
	Notes	N'm	N'm	N'm	N'm
Interest earnings	17	22,186	13,188	20,038	11,814
Interest expenses		(5,289)	(3,065)	(4,162)	(2,239)
Net interest income		16,897	10,123	15,876	9,575
Commission and other income	18	7,571	6,774	6,817	5,953
		24,468	16,897	22,693	15,528
Overheads	19	(14,718)	(10,782)	(13,794)	(10,054)
Provision for bad & doubtful accounts	20	(3,983)	(1,827)	(3,787)	(1,763)
Profit before taxation		5,767	4,288	5,112	3,711
Taxation	9	(1,028)	(928)	(891)	(768)
Profit after taxation		4,739	3,360	4.221	2,943
Minority interest		(237)	(162)		
Profit attributable to ordinary shareholders		4,502	3,198	4,221	2,943
Dealt with as follows:					
Statutory reserve	13	772	513	632	441
Dividend	21	1,626	1,041	1,626	1,041
General reserve	15	2,104	1,644	1,963	1,461
		4,502	3,198	4,221	2,943

The notes on pages 52 to 68 form part of these accounts.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group		The Company	
	Year ended 31 March, 2000 N'm	Year ended 31 March, 1999 N'm	Year ended 31 March, 2000 N'm	Year ended 31 March, 1999 N'm
OPERATING ACTIVITIES				
Interest & commission earned	29,757	19,767	26,855	17,767
Interest expenses	(5,289)	(3,065)	(4,162)	(2,239)
Provision on doubtful accounts	(3,983)	(1,827)	(3,787)	(1,763)
Loss/(Profit) on sale of fixed assets	(2)	(36)	1	(35)
Cash payment to employees and suppliers	(12,778)	(9,381)	(12,421)	(8,995)
Dividend from subsidiary	(180)	(158)	-	-
OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	7,525	5,300	6,486	4,735
CHANGES IN OPERATING ASSETS/LIABILITIES				
Deposit & current accounts	48,135	19,171	42,699	18,329
Loans and advances	(4,125)	(5,806)	(3,312)	(5,621)
Other assets	8,916	(7,119)	7,313	(6,943)
Other liabilities	4,440	14,133	5,529	13,793
Exchange difference reserve	617	170	617	170
	65,508	25,849	59,332	24,463
Taxes paid	(816)	(814)	(702)	(679)
CASH FROM OPERATING ACTIVITIES	64,692	25,035	58,630	23,784
INVESTING ACTIVITIES				
Purchase of fixed assets	(2,693)	(2,299)	(2,580)	(2,226)
Proceeds on sale of fixed assets	68	68	61	62
Purchase of equipment on lease	(628)	(586)	(126)	(187)
Purchase of investments	(1,010)	(6)	(46)	(13)
Bills discounted	(42,282)	(4,679)	(38,535)	(4,080)
CASH USED IN INVESTING ACTIVITIES	(46,545)	(7,502)	(41,226)	(6,444)
FINANCING ACTIVITIES				
Dividend paid to shareholders	(1,041)	(1,041)	(1,041)	(1,041)
Dividend paid by subsidiary	(158)	(105)		
CASH USED ON FINANCING ACTIVITIES	(1,199)	(1,146)	(1,041)	(1,041)
Increase in cash and cash equivalents	16,948	16,387	16,502	16,299
Opening cash & cash equivalents	61,210	44,823	60,150	43,851
CLOSING CASH AND CASH EQUIVALENTS (Note 1)	78,158	61,210	76,652	60,150

Notes on the Accounts

FOR THE YEAR ENDED 31 MARCH, 2000

1. CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	2000	1999	2000	1999
	N'm	N'm	N'm	N'm
Cash	2,215	1,637	2,022	1,561
Central Bank of Nigeria:				
Cash reserve requirement	9,293	4,719	9,293	4,719
Current account	2,793	4,753	2,762	4,717
	12,086	9,472	12,055	9,436
Balances with other banks:				
In Nigeria	12,170	18,969	11,261	18,877
Outside Nigeria	51,761	31,215	51,352	30,314
	63,931	50,184	62,613	49,191
	78,232	61,293	76,690	60,188
Provision for doubtful accounts (note 20)	(74)	(83)	(38)	(38)
	78,158	61,210	76,652	60,150
Amounts held on behalf of customers included in balances with other banks outside Nigeria are:				
Deposits with London branch	6,766	18,987	6,766	18,987
Foreign transfers payable	103	82	103	81
Deposit against drawings on letters of credit	364	829	40	-
Nostro accounts	9,357	4,930	9,357	4,930
	16,590	24,828	16,266	23,998

2. BILLS DISCOUNTED

	The Group 2000 N'm	The Group 1999 N'm	The Company 2000 N'm	The Company 1999 N'm
Treasury bills	44,280	8,686	40,580	6,241
Bankers' acceptances	3,061	392	-	-
	47,341	9,078	40,580	6,241
Trade bills	10,102	6,074	9,338	5,115
	57,443	15,152	49,918	11,356
Less: Provision for bad and doubtful accounts(Note 20)	(129)	(120)	(113)	(86)
	57,314	15,032	49,805	11,270

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

3. INVESTMENTS

		The Group		The Company	
		2000	1999	2000	1999
.1	Dated securities	N'm	N'm	N'm	N'm
(a)	Industrial Securities (Quoted)				
	Maturing within 1 year				
	market value N5,000,000 (1999 - N5,000,000)	5	5	5	5
	Maturing between 1 and 5 years				
	market value Nil (1999 - N1,594,100)	120	-	-	-
	Maturing after 5 years				
	market value (1999 - N49,792,690)	238	50	13	15
	Less: Dimunition in value of dealing securities	(41)	-	-	-
(b)	Equity Funds	146	-	-	-
		468	55	18	20
(c)	Industrial Securities (Unquoted)				
	ICON Ltd. [Merchant Bankers]	0.25	0.25	0.25	0.25
	Ordinary shares (Unquoted)	129	-	-	-
	Less: Provision	(0.25)	(0.25)	(0.25)	(0.25)
		597	55	18	20
.2	Undated Securities				
(a)	(Quoted):				
	Onwuka HiTech Plc	5	5	5	5
	Nigeria Automated Clearing System (NACS) PLC	27	-	27	-
	Ordinary shares	441	-	-	-
	Less: Provision	(5)	(5)	(5)	(5)
		468	-	27	-
(b)	(Unquoted):				
	Banque Internationale Du Benin, Cotonou	47	47	47	47
	African Export-Import Bank, Cairo	10	10	10	10
	Smart Card Nig. Plc	45	45	45	45
		102	102	102	102
.3	Associated:				
	(Unquoted equities):				
	Kakawa Discount House Ltd	74	74	57	57
.4	Subsidiaries				
	(Unquoted equities):				
	FBN (Merchant Bankers)Limited (Note 3.8)	-	-	264	264
	First Trustees Nig. Ltd.	-	-	23	2
	First Dependants Nig Ltd -	-	-	-	
	First Nominees Nig. Ltd.	-	-	-	-
		-	-	287	266
		1,241	231	491	445

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

		The Group		The Company	
		2000	1999	2000	1999
		N'm	N'm	N'm	N'm
.5	The investee companies of the industrial securities (quoted and unquoted) are as follows:				
	Industrial securities				
	Quoted:				
	Maturing within 1 year:				
	Enpee Ind. Plc Redeemable Debenture Stock	5	5	5	5
	Maturing between 1 & 5 years:				
	19% PZ Industries Floating Rate Debenture Stock 1997/2004	4	4	4	4
	19% Guinness Nigeria Plc Debenture Stock 1996/2001	4	6	4	6
	Maturing after 5 years:				
	19% PZ Industries Plc Debenture Stock 1999/2006	5	5	5	5
	Dealing securities	491	32	-	-
	7.5% AG Leventis Plc Floating Rate Redeemable Stock 1994/1999	-	3	-	-
	Less: Dimunition in value of dealing securities	(41)	-	-	-
		463	50	13	15
		468	55	18	20

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

.6 Investments in dated securities comprise quoted and unquoted debenture stocks which are stated at cost. In accordance with the bank's accounting policy to hold such investments until the date of maturity, no provision has been made in these financial statements to cover shortfall or appreciation between the market value and cost at the balance sheet date.

.7 In the opinion of the directors, the market value of the unquoted investments is not lower than cost.

.8 The bank's major subsidiary, FBN (Merchant Bankers) Limited commenced business on 1 August, 1990. First Bank of Nigeria Plc has 60% holding in its paid up capital.

.9 FBN (Merchant Bankers) Limited has a wholly owned subsidiary, Premium Securities Limited with a paid up capital of N 15m. The accounts of Premium Securities Limited are consolidated with those of its holding company.

.10 The accounts of two subsidiaries namely, First Dependants Nigeria Limited and First Nominees Nigeria Limited which are wholly-owned are not consolidated with those of the parent company as the directors consider the amounts involved to be insignificant.

.11 The accounts of First Trustees Nigeria Limited which is wholly owned are consolidated with those of the parent company for the first time in this year's Group Financial Statements. In line with the relevant accounting standards, the prior year figures have been restated.

4. LOANS AND ADVANCES

		The Group		The Company	
		2000	1999	2000	1999
.1	Summary:	N'm	N'm	N'm	N'm
	Secured against real estate	18,345	9,836	16,238	8,341
	Otherwise secured	31,672	30,003	30,022	28,813
	Unsecured	3,287	2,863	3,287	2,863
		53,304	42,702	49,547	40,017
	Assets realisation and recoveries in suspense	(14)	(8)	(13)	(8)
		53,290	42,694	49,534	40,009
	Deduct: Provision for doubtful accounts (Note 4.3)	(14,930)	(8,459)	(14,553)	(8,341)
		38,360	34,235	34,981	31,668

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

4.2 Analysis of loans and advances and provisions

.2.1 The Group

	2000		1999	
		Provision		Provision
	Gross	required	Gross	required
	N'm	N'm	N'm	N'm
Non-performing:				
- Sub-standard	1,863	186	635	80
- Doubtful	3,617	2,234	856	490
- Lost	12,153	12,153	7,552	7,552
	17,633	14,573	9,043	8,122
Performing	35,671	357	33,659	337
Gross loans	53,304	14,930	42,702	8,459

.2.2 The Company

Non-performing:				
- Substandard	1,451	145	557	60
- Doubtful	3,396	2,032	806	466
- Lost	12,050	12,050	7,504	7,504
	16,897	14,227	8,867	8,030
Performing	32,650	326	31,150	311
Gross loans	49,547	14,553	40,017	8,341

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group		The Company	
	2000 N'm	1999 N'm	2000 N'm	1999 N'm
4.3 Provision for doubtful debts				
Principal:				
At 1 April	4,234	2,664	4,123	2,613
Exchange difference on opening balance	45	11	45	11
Reclassification adjustment	20	-	-	-
Written off in the year	(90)	(64)	(86)	(64)
	4,209	2,611	4,082	2,560
Provided during the year	4,252	1,898	4,066	1,839
Recovered during the year	(619)	(276)	(606)	(276)
Charge for the year (Note 20)	3,633	1,622	3,460	1,563
At 31 March	7,842	4,233	7,542	4,123
Made up as follows:				
- Specific	7,485	3,896	7,215	3,812
- General	357	337	327	311
	7,842	4,233	7,542	4,123
Interest:				
At 1 April,	4,228	3,442	4,218	3,442
Additions during the year	3,210	1,083	3,143	1,076
Written back on recoveries	(86)	(97)	(86)	(97)
Interest waivers	(264)	(203)	(264)	(203)
At 31 March,	7,088	4,225	7,011	4,218
Total at 31 March,	14,930	8,458	14,553	8,341
4.4 Loans and advances are analysed by maturity as follows:				
On call	22,434	17,635	22,424	17,643
Over 1 month but within 3 months	9,434	7,541	6,609	5,713
Over 3 months but within 6 months	5,691	3,344	5,024	2,683
Over 6 months but within 12 months	7,573	7,053	7,541	6,972
Over 1 year but within 3 years	4,353	3,897	4,353	3,774
Over 3 years but within 5 years	3,819	1,685	3,596	1,685
Over 5 years	-	1,547	-	1,547
	53,304	42,702	49,547	40,017
4.5 The charge for bad and doubtful accounts is made up of:				
Specific provision	3,610	1,550	3,444	1,515
General provision	23	73	16	48
	3,633	1,623	3,460	1,563

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

		The Group		The Company	
		2000	1999	2000	1999
		N'm	N'm	N'm	N'm
5.	OTHER ASSETS				
	Impersonal accounts:				
	Interbranch balances	7,827	14,911	7,827	14,911
	Staff advance payments	837	899	837	899
	Others	2,047	3,458	2,061	3,155
	Accrued income	1,034	1,110	795	897
	Bills payable	7	8	7	8
	Bulk stationery	261	234	261	234
		12,013	20,620	11,788	20,104
	Less: Provisions	(1,034)	(725)	(855)	(555)
		10,979	19,895	10,933	19,549
6.	EQUIPMENT ON LEASE				
	Cost:				
	At 1 April,	1,894	1,562	840	758
	Additions	628	586	126	187
	Disposals	(210)	(254)	(150)	(105)
	At 31 March,	2,312	1,894	816	840
	Depreciation:				
	At 1 April,	970	684	500	369
	Charge for the year	614	535	222	236
	On disposals	(206)	(249)	(150)	(105)
	At 31 March,	1,378	970	572	500
	Net book value:				
	At 31 March,	934	924	244	340

FOR THE YEAR ENDED 31 MARCH, 2000

7. FIXED ASSETS

.1 The Group

	Land and Buildings N'm	Vehicles, Equipment & Others N'm	Total N'm
(a) Summary:			
Cost/valuation:			
At 1 April,	4,245	4,666	8,911
Exchange difference on opening balance	65	(15)	50
Additions	421	2,272	2,693
Disposals	(7)	(112)	(119)
At 31 March,	4,724	6,811	11,535
Depreciation:			
At 1 April,	463	2,105	2,568
Exchange difference on opening balance	59	32	91
Charge for the year	70	1,104	1,174
On disposals	-	(56)	(56)
At 31 March,	592	3,185	3,777
Net book value:			
At 31 March, 2000	4,132	3,626	7,758
At 31 March, 1999	3,632	2,449	6,342

(b) Land and buildings comprise:	Cost/ Valuation N'm	Depreciation N'm	Net book value N'm
Freehold	3,930	456	3,474
Leasehold of 50 years or more	11	2	9
Leasehold of 50 years or more under construction	602	-	602
Leasehold of less than 50 years	69	22	47
	4,612	480	4,132

FOR THE YEAR ENDED 31 MARCH, 2000

.2 The Company

	Land and Buildings N'm	Vehicles, Equipment & Others N'm	Total N'm
(a) Summary:			
Cost/valuation:			
At 1 April,	4,062	4,449	8,511
Exchange difference on opening balance	65	(15)	50
Additions	419	2,161	2,580
Disposals	(7)	(100)	(107)
At 31 March,	4,539	6,495	11,034
Depreciation:			
At 1 April,	430	2,000	2,430
Exchange difference on opening balance	59	32	91
Charge for the year	57	1,054	1,111
On disposals	-	(45)	(45)
At 31 March,	546	3,041	3,587
Net book value:			
At 31 March, 2000	3,993	3,454	7,447
At 31 March, 1999	3,632	2,449	6,081

(b)Land and buildings comprise:	Cost/ Valuation N'm	Depreciation N'm	Net book value N'm
Freehold	3,791	456	3,335
Leasehold of 50 years or more	11	2	9
Leasehold of 50 years or more under construction	602	-	602
Leasehold of less than 50 years	69	22	47
	4,473	480	3,993

.3 Certain land and buildings with a net book value of N187.7 million were professionally valued at N1,183.7 million at 31 December, 1990. The sum of N448.152 million was then recognised as revaluation reserve in the accounts.

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 N 5,056.4 million. In compliance with the Central Bank of Nigeria's guidelines on recognition of revaluation reserve on own premises, the sum of ₦1,931.150 million was incorporated in 1995 accounts. This represents the revaluation surplus of N4,291.4 million discounted by 55%.

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group 2000 N'm	The Group 1999 N'm	The Company 2000 N'm	The Company 1999 N'm
9. TAXATION				
.1 Per profit and loss account				
Income tax:				
Based on profit of the year	925	972	785	826
In respect of prior year	(5)	(143)	-	(142)
	920	829	785	684
Education tax	108	99	106	84
	1,028	928	891	768
.2 Per balance sheet				
Income tax:				
Based on profit of the year	925	972	785	826
In respect of prior years	250	3	212	-
	1,175	975	997	826
Education tax	106	99	106	84
	1,281	1,074	1,103	910

The charge for taxation in these accounts is based on the provisions of the Companies Income Tax Act,(LFN CAP 60) as amended and the Education Tax Decree, 1993.

	The Group 2000 N'm	The Group 1999 N'm	The Company 2000 N'm	The Company 1999 N'm
10. OTHER LIABILITIES				
Proposed dividend (Note 21)	1,626	1,040	1,626	1,040
Unclaimed dividend	51	240	50	240
Payable and transfers	16,045	12,494	15,162	12,387
Provisions and accruals	4,301	2,603	4,301	2,603
Unearned discounts	862	343	779	266
Others (Note 10.1)	16,559	17,698	15,783	16,219
	39,444	34,418	37,701	32,755
.1 Others comprise				
Vostro balances	9,357	4,930	9,357	4,930
Deposit against drawings on letters of credit	364	830	40	-
Uncleared effects	3,755	8,326	3,664	8,279
Government revenue collection	102	1,784	102	1,784
Sundry credit balances	430	676	4	74
Impersonal items	2,551	1,152	2,616	1,152
	16,559	17,698	15,783	16,219

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group		The Company	
	2000	1999	2000	1999
	N'm	N'm	N'm	N'm
11. SHARE CAPITAL				
.1 Authorised:				
2,000,000,000 ordinary shares of 50k each	1000	1,000	1,000	1,000
.2 Allotted, called up and fully paid:				
1,300,770,331 (1999 - 1,040,616,265) ordinary shares of 50k each	650	520	650	520
12. CAPITAL RESERVE				
Share premium	1,893	1,893	1,893	1,893
Consolidation reserve	207	220	-	-
At March 31,	2,100	2,113	1,893	1,893
13. STATUTORY RESERVE				
At 1 April	1,604	1,091	1,322	881
Appropriation from profit and loss account	772	513	632	441
At 31 March,	2,376	1,604	1,954	1,322
14. EXCHANGE DIFFERENCE RESERVE				
At 1 April	2,109	1,942	2,109	1,939
Movement during the year	617	170	617	170
At 31 March,	2,726	2,112	2,726	2,109

This represents the gain arising on translation into Naira of the head office investment in London branch at the rate of exchange ruling at the year end. Future exchange difference thereon will be reflected in this account.

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group		The Company	
	2000	1999	2000	1999
15. GENERAL RESERVE	N'm	N'm	N'm	N'm
At 1 April	3,029	1,515	2,954	1,623
Reserve for bonus issue (Note 16)	(163)	(130)	(163)	(130)
Transfer to capital reserve	(9)	-	-	-
Reserve utilised by subsidiary	(90)	-	-	-
Retained profit for the year	2,104	1,644	1,963	1,461
At 31 March,	4,871	3,029	4,754	2,954
16. BONUS ISSUE RESERVE				
Transfer from general reserve (Note 15)	163	130	163	130
17. INTEREST EARNINGS				
Interest on advances	10,359	7,521	8,223	6,515
Income from treasury bills and stabilisation securities	8,175	1,994	8,175	1,954
Interest on placements	3,652	3,673	3,640	3,345
	22,186	13,188	20,038	11,814
18. COMMISSION AND OTHER INCOME				
Commission & bills charges	5,715	5,076	5,521	4,794
Foreign exchange	775	706	775	706
Dividend from investments	256	27	436	27
Lease income	505	690	-	294
Sundry income	320	275	85	132
	7,571	6,774	6,817	5,953

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group		The Company	
	2000	1999	2000	1999
19. OVERHEADS	N'm	N'm	N'm	N'
.1 Summary:				
Charges and expenses (Note 19.3)	12,311	8,928	11,875	8,574
Depreciation on fixed assets (Note 19.2)	1,167	866	1,111	824
Depreciation on equipment on lease	613	535	222	235
Premium on insurance of deposit liabilities	627	453	586	421
	14,718	10,782	13,794	10,054
.2 Depreciation charge:				
Historical cost	1,119	818	1,063	776
Revaluation	48	48	48	48
	1,167	866	1,111	824
.3 Charges and expenses as stated above include:				
Directors' emoluments (Note 22)	-	-	9	9
Loss on disposal of fixed assets	(2)	(35)	(1)	(35)
Bank's contribution to retirement benefits	879	1,008	879	989
Auditors' remuneration:				
- Nigeria operations	19	13	15	11
- London operations	7	6	7	6
20. PROVISION FOR BAD AND DOUBTFUL ACCOUNTS				
Loans and advances (Note 4.3)	3,633	1,623	3,460	1,563
Other assets	309	203	300	200
Inter-bank placements (Note 1)	(9)	-	-	-
Bills discounted (Note 2)	9	1	27	-
Investments	41	-	-	-
	3,983	1,827	3,787	1,763

FOR THE YEAR ENDED 31 MARCH, 2000

	The Group		The Company	
	2000	1999	2000	1999
21. DIVIDEND				
Proposed for the year	1,626	1,041	1,626	1,041

The proposed dividend of N1.25 kobo per 50 kobo ordinary share is subject to deduction of withholding tax at the appropriate rate.

22. CHAIRMAN'S AND DIRECTORS' EMOLUMENTS AND PENSIONS

	The Company	
	2000 N'm	1999 N'm
.1 Emoluments:		
Fees:		
Chairman	0.20	0.20
Other directors	0.80	0.80
	1.00	1.00
Emoluments as managers	8.00	8.00
	9.00	9.00
Highest paid director	2.00	2 .00

.2 The fees attributable to directors of the parent company serving on the board of the subsidiary amounting to N1,220,000; (1999 - N1,220,000) has been paid over and included in the income of the parent company.

.3 The number of directors excluding the Chairman, whose emoluments were within the following ranges were:

N		N	2000 Number	1999 Number
110,001	-	120,000	4	-
150,001	-	160,000	6	8
760,001	-	770,000	-	1
910,000	-	920,000	1	-
930,000	-	940,000	-	2
990,001	-	1,000,000	-	2
1,100,001	-	1,330,000	4	-
1,890,001	-	1,900,000	-	1
1,900,001	and	above	1	-

Notes on the Accounts (Cont'd)

FOR THE YEAR ENDED 31 MARCH, 2000

23. EMPLOYEES

.1 Employees remunerated at higher rates

The number of employees in Nigeria excluding directors in receipt of emoluments excluding allowances and pension contributions within the following ranges was:

			The Group		The Company	
			2000	1999	2000	1999
			Number	Number	Number	Number
N		N				
60,001	-	70,000	1,065	254	1,043	225
70,001	-	80,000	688	111	676	99
80,001	-	90,000	421	102	409	90
90,001	-	100,000	191	64	295	55
100,001	-	110,000	188	62	180	49
110,001	-	120,000	130	49	125	49
120,001	and	above	469	213	397	171

.2 The average number of persons employed in the year were as follows:

Managerial	226	194	173	144
Senior staff	4,214	3,258	4,155	3,204
Junior staff	3,325	4,547	3,222	4,466
	7,765	7,999	7,550	7,814
	N'm	N'm	N'm	N'm
The related staff costs amounted to	5,909	5,006	5,740	4,872

FOR THE YEAR ENDED 31 MARCH, 2000

24. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

.1 The bank enters into various commitments in the normal course of business which are not reflected on the balance sheet and in respect of which there are corresponding obligations by customers.
These are as follows:

	The Group		The Company	
	2000 N'm	1999 N'm	2000 N'm	1999 N'm
Acceptances, guarantees and indemnities	10,243	4,706	8,632	2,946
Bid bonds and performance guarantees	26,430	7,195	26,408	7,153
	36,673	11,901	35,040	10,099

.2 Deferred taxation

The potential capital gains tax on the surplus arising from the revaluation of land and buildings not provided for in these accounts amounted to N237,930,200 (1999 - N237,930,200).

Income tax deferred as at 31 March, 2000 as a result of differences between the net book value of assets qualifying for capital allowances and their corresponding tax written down value amounting to N1,522,811,180 (1999 - N1,325,304,761) has not been provided for in these accounts.

.3 There are contingent liabilities in respect of legal actions against the bank for amounts totalling N330,489,198 (1999 - N939,774,214) for which no provisions have been made. The actions are being contested and the directors are of the opinion that no significant liability will arise therefrom.

25. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

.1 Capital commitments
Capital expenditure authorised by the directors but not provided for in these accounts are as follows:

	2000 N'm	1999 N'm
Contracted	151	194
Not contracted	-	-

.2 The directors are of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of financial affairs of the bank have been taken into consideration in the preparation of these accounts.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the bank on 5 June , 2000.

Group Statement of Value Added

FOR THE YEAR ENDED 31 MARCH, 2000

	2000 N'm	%	1999 N'm	%
Gross earnings:				
- Ordinary activities	29,757		19,925	
Interest expense	(5,289)		(3,059)	
	24,468		16,866	
Less:				
Administration and other expenses	(7,266)		(4,506)	
Doubtful debts provision	(3,983)		(1,827)	
VALUE ADDED	13,219	100	10,533	100
DISTRIBUTED AS FOLLOWS:				
In payment to employees:				
Salaries, bonus, allowances	5,909	45	5,006	48
In payment to Government:				
Taxation	1,028	8	928	9
In payment to shareholders:				
Dividend	1,626	12	1,041	10
	8,563	65	6,975	67
Retained for future replacement of assets and expansion of business:				
- Depreciation	1,780	13	1,401	13
- Profit re-invested in the business	2,876	22	2,157	20
	4,656	35	3,558	33
	13,219	100	10,533	100

Value added represents the additional wealth which the group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among employees, shareholders, government and that retained for future creation of wealth.

Company Statement of Value Added

FOR THE YEAR ENDED 31 MARCH, 2000

	2000 N'm	%	1999 N'm	%
Gross earnings:				
- Ordinary activities	26,855		17,767	
Interest expense	(4,162)		(2,239)	
	22,693		15,528	
Less:				
Administration and other expenses	(6,721)		(4,123)	
Doubtful debts provision	(3,787)		(1,763)	
VALUE ADDED	12,185	100	9,642	100
DISTRIBUTED AS FOLLOWS:				
In payment to employees:				
Salaries, bonus, allowances	5,740	47	4,872	50
In payment to Government:				
Taxation	891	7	768	8
In payment to shareholders:				
Dividend	1,626	14	1,041	11
	8,257	68	6,681	69
Retained for future replacement of assets and expansion of business:				
- Depreciation	1,333	11	1,059	11
- Profit re-invested in the business	2,595	21	1,902	20
	3,928	32	2,961	31
	12,185	100	9,642	100

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among employees, shareholders, government and that retained for future creation of wealth.

Group Five-year Financial Summary

	Year ended 31 March		15 months ended 31 March	Year ended 31 December	
	2000	1999	1998	1996	1995
	N'm	N'm	N'm	N'm	N'm
ASSETS					
Cash, bank balances and bills discounted	135,472	76,242	55,176	50,042	40,897
Investments	1,241	231	227	230	151
Loans and advances	38,360	34,235	28,429	17,053	12,666
Other assets	10,979	19,895	12,776	5,122	6,135
Equipment on lease	934	924	878	570	345
Fixed assets	7,758	6,342	4,932	4,252	3,678
TOTAL ASSETS	194,744	137,869	102,418	77,269	63,872
LIABILITIES					
Deposits	138,003	89,868	70,697	58,214	43,464
Taxation	1,281	1,074	959	356	342
Dividend	1,626	1,041	1,169	397	467
Other liabilities	37,818	33,377	19,131	11,284	13,335
	178,728	125,360	91,956	70,251	57,608
SHAREHOLDERS' FUNDS	15,265	11,887	9,897	6,759	6,059
MINORITY INTERESTS	751	622	565	259	205
	194,744	137,869	102,418	77,269	63,872
Gross earnings	29,757	19,962	15,518	10,995	8,980
Profit before taxation	5,767	4,288	2,835	1,385	1,238
Profit after taxation	4,739	3,360	2,027	1,202	1,009
Profit attributable to shareholders	4,502	3,198	1,876	1,120	937
Dividend	1,626	1,041	1,169	377	377
Return on shareholders' funds	29%	27%	19%	16%	15%
Earnings per ordinary share					
- actual	346k	307k	180k	166k	174k
- adjusted	346k	246k	144k	92k	72k
Dividend per ordinary share					
- actual	125k	100k	100k	56k	70k
- adjusted	125k	80k	90k	29k	29k
Dividend cover (times)	2.77	3.06	1.8	2.97	2.5

NOTES:

Earnings and dividend per share are based on profit attributable to shareholders and 1,300,770,265 ordinary shares of 50k each.

Company Five-year Financial Summary

	Year ended 31 March		15 months ended 31 March	Year ended 31 December	
	2000	1999	1998	1996	1995
	N'm	N'm	N'm	N'm	N'm
ASSETS					
Cash, bank balances and bills discounted	126,457	71,420	51,041	47,048	38,172
Investments	491	445	432	178	153
Loans and advances	34,981	31,668	26,047	16,144	11,741
Other assets	10,933	19,549	12,606	5,059	6,084
Equipment on lease	244	340	389	324	151
Fixed assets	7,447	6,081	4,706	4,066	3,520
TOTAL ASSETS	180,553	129,503	95,221	72,819	59,821
LIABILITIES					
Deposits	127,230	84,531	66,202	55,498	41,641
Taxation	1,103	910	821	309	275
Dividend	1,626	1,041	1,169	437	462
Other liabilities	36,075	31,714	17,794	10,181	11,668
	166,034	118,196	85,986	66,425	54,046
SHAREHOLDERS' FUNDS	14,519	11,307	9,235	6,394	5,775
	180,553	129,503	95,221	72,819	59,821
Gross earnings	26,855	17,767	13,808	10,030	8,271
Profit before taxation	5112	3,711	2,323	1,155	1,007
Profit after taxation	4221	2,943	1,649	997	830
Dividend	1,626	1,041	1,041	377	377
Return on shareholders' funds	29%	26%	18%	16%	14%
Earnings per ordinary share					
- actual	324k	283k	158k	148k	154k
- adjusted	324k	226k	127k	77k	64k
Dividend per ordinary share					
- actual	125k	100k	100k	56k	70k
- adjusted	125k	80k	80k	29k	29k
Dividend cover (times)	2.6	2.8	1.6	2.6	2.2

NOTES:

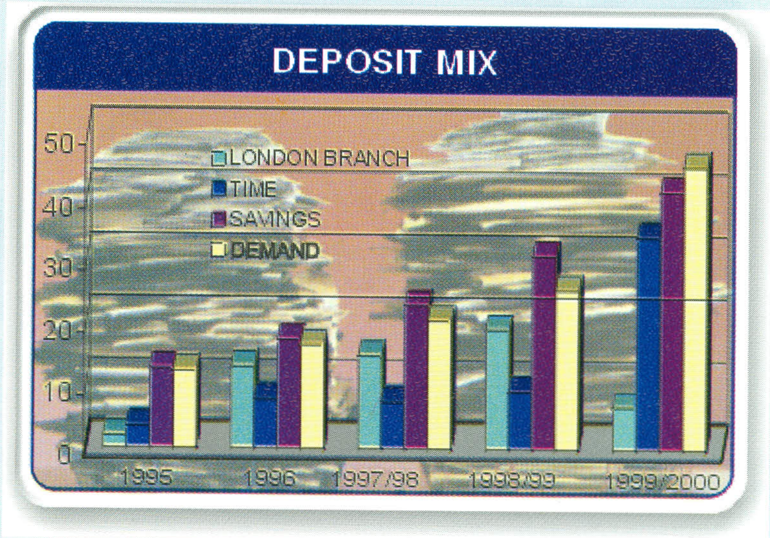
Earnings and dividend per share are based on profit attributable to shareholders and 1,300,770,265 ordinary shares of 50k each.

Regulatory Capital

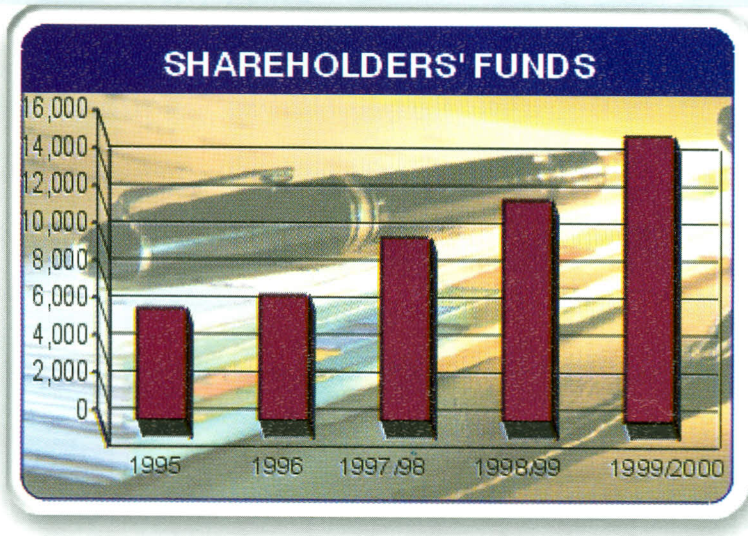
	2000	1999
	N'm	N'm
TIER		
Issued and fully paid	650	520
Reserves	11,490	8,408
TOTAL TIER I	12,140	8,928
TIER II		
Asset Revaluation Reserve	2,379	2,379
	14,519	11,307
Less:		
Investments in Unconsolidated		
Subsidiaries & Associates	473	424
	14,046	10,883

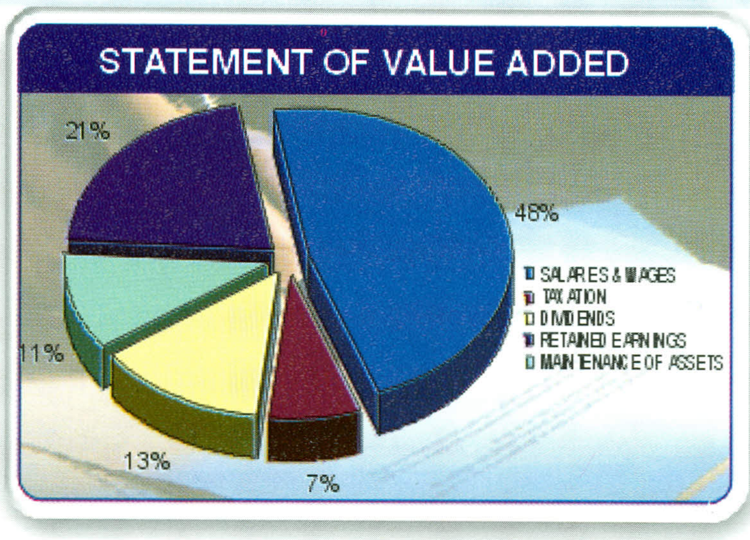
	2000	1999
	N'm	N'm
CAPITAL RATIOS		
Tier I Capital	12,140	8,928
Tier II Capital	2,379	2,379
Capital Base	14,046	10,883
Risk Weighted Assets	73,104	63,012
Risk Weighted Contingents	7,008	2,020
Total Weighted Risks & Contingents	80,112	65,032
Basic Convergence Ratios	%	%
Tier I Capital	15.15	13.73
Tier II Capital	17.53	16.73

Performance Indicators



Performance Indicators



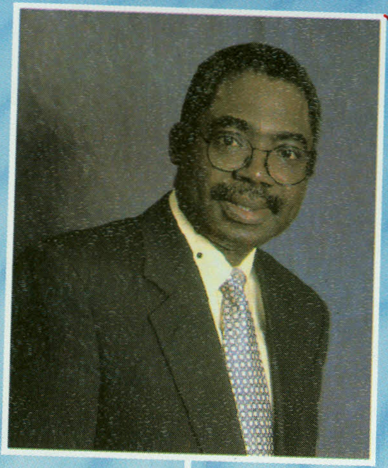


Deputy General Managers

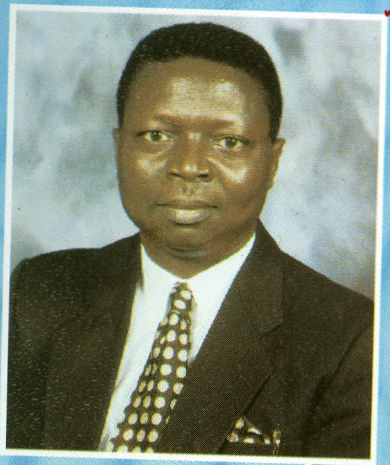
Mr. D. O. Abass
Corporate Planning & Development

Mr. F. B. Abiola-Cudjoe
International Banking Operations

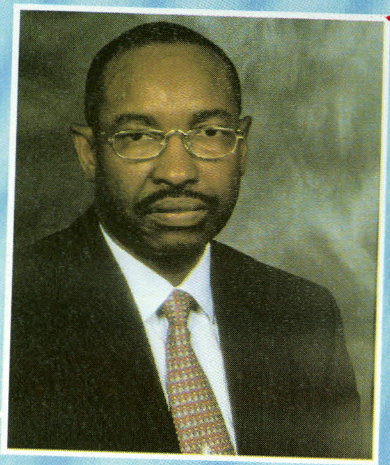
Dr. F. Abudu
Human Capital Management



Mr. J. M. Ajekigbe
Corporate Banking SBU



Mr. A. O. Ajibade
Legal Services

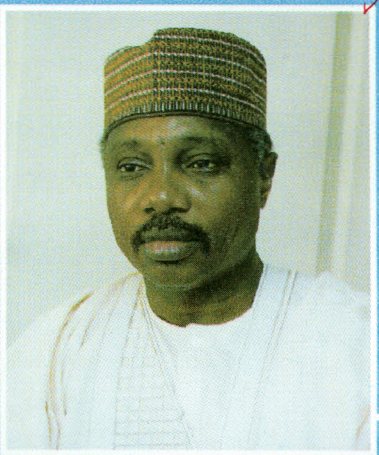


Mr. B. A. Bakare
Risk Assets Management

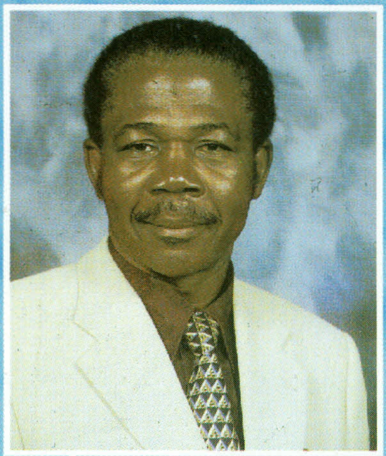
Alhaji M. A. Bungudu
Chief Inspector

Deputy General Managers

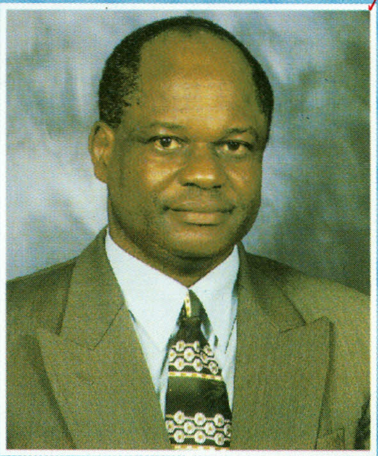
Mr. B. P. Dareng
Central Banking Operations



Alhaji M. K. Gujba
North Banking Operations

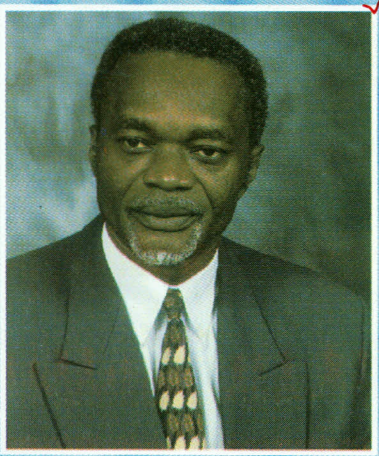


Mr. J. S. K. Iyonkyoh
Domestic Banking Operations



Mr. M. A. G. Omolaja
Lagos Banking Operations

Dr. G. M. M. Obi
Information Technology



Mr. C. U. Omeili
Commercial Banking SBU

Mr. S. O. Onasanya
Financial Control / Budget Planning

Directory of Branches

ABIA STATE

1. Aba (Alaoji Layout)
544 P/Harcourt Rd, Alaoji Layout.

2. Aba (Ariara)
117 Faulks Road
P.M.B. 7315 Aba
Tel. 082-224692.

3. Aba (Factory Road)
Factory Road,
P.M.B. 7521 Aba
Tel. 082-220327, 227590.

4. Aba (Town)
122 Ehi Road,
P.M.B. 7128, Aba.
Tel. 082-220325, 220285.

5. Aba (Main)
2 Asa Road,
P.M.B. 7103 Aba
Tel. 082-227120, 220866, 223870, 227130,
Fax: 227212.

6. Amaokwe Item
C/O Bende L.G.A.,
P.M.B. 1 Item.

7. Nkwo-Agu Isouchi
P.M.B 1020, Ngodo,
Isouchi, Okigwe L.G.A.

8. Umuahia
1 Mayne Road,
P.M.B. 7017, Umuahia,
Tel. 088-222986, 220465, 220319.

ADAMAWA STATE

9. Dumne Agency
C/O Yola Main,
Yola.

10. Fufore
C/O P.M.B. 2050, Yola.

11. Ganye
P.O. Box 55, Ganye
Tel. 025-90187.

12. Garkida
Near Police Station,
P.O. Box 100
Garkida.

13. Gulak Agency
C/O Michika Branch,
P.M.B. 1001, Michika.

14. Hong
P.M.B. 1002, Hong.

15. Mayoine Agency
C/O Mayo-Belwa Branch,
P.O.Box 06, Mayo-Belwa.

16. Mayo Belwa Agency
C/o Mayo Belwa Branch

17. Michika
P.M.B. 1001, Michika.

18. Yola(Main)
9, Bank Road,
P.M.B. 2050, Jimeta.
Tel. 075-624382.
Fax. 075-625198.

19. Yola (Market)
109, Mubi Road,
P.M.B. 2282 Jimeta.
Tel: 075-624370.

AKWA IBOM STATE

20. Efa
Near Efa Junction,
P.M.B. 1053, Etinan.

21. Eket Branch
No. 2 Barracks Rd. Eket

22. Essene
Ikot Abasi L.G.A,
P.M.B.1012, Ikot Abasi.

23. Etinan
83 Uyo Road,
P.M.B.1042 Etinan.
Tel.085-341123, 341052.

24. Ikot Abasi
1 Ikot Obong Road,
P.M.B. 1021, Ikot Abasi.
Tel.085-801124.

25. Ikot Ekpene
1 Aba Road,
P.M.B.34, Ikot Ekpene.
Tel.085-400202, 400723.

26. Oron
105 Oron Road,
P.M.B. 1040, Oron.

27. Ukam
Mkpat Enie L.G.A.
P.M.B.5001, Ukam.

28. Utu Etim Ekpo
P.M.B. 1029,
Utu Etim Ekpo L.G.A.

29. Uyo
1 Oron Road,
P.M.B. 1001 Uyo,
Tel. 085-200531, 200082.
Fax. 085-200594.

ANAMBRA STATE.

30. Abba
P.M.B.2008,
Abagana, Njikoka L.G.A
Tel.046-571106.

31. Awka
229 Enugu/Onitsha Rd,
P.M.B. 5034, Awka.
Tel.046-550015.

32. Ekwulobia
2 Catholic Mission Road,
Ekwulobia
Aguata L.G.A.
Tel: 046-911449

33. Nkpor
Klm 8 Enugu/Onitsha Express Rd.
P.M.B.1626, Nkpor.

34. Nkwele Ezunaka
Ogidi–Ezunaka Road,
P.O.Box 85, Oyi L.G.A.
Tel: 046-210221

35. Nnewi
13A Onitsha Road,
P.M.B.5015, Nnewi.
Tel. 046-460086.

36. Nnewi Cash Centre
Nkwo Market,
C/O Nnewi Branch.

37. Ogbunike
P.M.B. 7, Ogbunike.
Tel.046-6115599

38. Onitsha (B/Head)
1 Nkrumah/P.H. Road,
P.M.B. 1603, Onitsha.
Tel. 046-210212.

39. Onitsha (Iweka)
40 Iweka Road,
P.M.B. 1750, Onitsha.
Tel.046-210113.

40. Onitsha (Nwobodo Ave.)
6 Nwobodo Avenue,
P.M.B.1524, Onitsha.
Tel.046-217420, 210212.

41. Onitsha (Main)
19 New Market Road,
P.M.B. 1519, Onitsha.
Tel. 046- 210244, 211062, 210245-8.
Fax. 046-215088.

42. Onitsha, Uga Street Cash Centre
No 59 Uga Street,
Onitsha.

43. Otuocha
Otuocha L.G.A
P.O.Box 82, Otuocha.

44. Nimo
Njikoka L.G.A.
P.M.B.1001, Nimo.
Tel. 046-581185.

BAUCHI STATE

45. Bauchi
Nasarawa Road G.R.A.
P.M.B. 53, Bauchi,
Tel. 077-42024, 43680.
Fax.077- 43680.

46. Burra
Ningi L.G.A.
P.M.B. 53, Bauchi.

47. Darazo
Maiduguri Road,
P.O. Box 2, Darazo L.G.A.

48. Gamawa
Bakin Kasuwa,
P.O. Box 4, Gamawa.

49. Itas Agency
C/0 Yana Branch,
P.M.B. 6, Yana.

50. Katagum Agency
C/O Gamawa Branch,
P.O. Box 4, Gamawa.

51. Toro
Near L.G. Secretariat,
P.M.B. 3, Toro.

52. Tafawa Balewa
Bununu Road,
P.M.B. 1, Tafawa Balewa

53. Yana
Kano Road,
P.M.B. 6, Yana.

BAYELSA STATE.

54. Odi
Yenegoa L.G.A.
C/O P.M.B. 5007, P/H (Main).

55. Yenegoa
Amarata Road.

BENUE STATE.

56. Katsina -Ala
Market Road,
C/O Postal Agency,
Katsina -Ala.
Tel. 044 -90299.

57. Makurdi
New Bridge Road,
P. M. B. 2076, Makurdi.
Tel. 044-32156, 33542.
Fax. 044-32798.

58. Oturkpo
Federal Road,
C/O P. M. B. 2076,
Makurdi.
Tel. 044-60165.
Fax. 044-60229.

59. Vandeikya
P. M. B. 5, Vadeikya.

60. Naka
C/O Makurdi Branch,
P. M. B. 2076, Makurdi.

BORNO STATE

61. Danboa
Maiduguri/Biu Road
P. O. Box 1005,
Maiduguri.

62. Konduga Agency
C/O Maiduguri Branch,
P.O. Box 1005,
Maiduguri.

63. Kwajafa
Main Street
P.O. Box 1005,
Maiduguri.

64. Maiduguri
Sir K. Ibrahim Road,
P. O. Box 1005,
Maiduguri.
Tel. 076-232417, 231055.
Fax.076-342396.

65. Maiduguri (Monday Market)
C/O Maiduguri Branch,
P O Box 1005,
Maiduguri.
Tel. 076-232382.

66. Ngandu Agency
C/O Maiduguri Branch,
P. O. Box 1005,
Maiduguri.

67. Uba–Kumagum
Mubi–Yola
P.O. Box 1005

CROSS RIVER STATE

68. Calabar (Main)
Calabar Road,
P M B 1020, Calabar
Tel. 087-222049, 223300, 220276.
Fax 087-224400.

69. Ekori
Ekori, Yakuri L.G.A.
P. O. Box 90, Ekori.

70. UNICAL branch
C/o Calabar Main Branch
P.M.B 1020, Calabar

71. Ikom
19 Okim Osabor Street,
P.M.B. 1030, Ikom.
Tel. 045 -670577.

72. Obubra
C/O Calabar Branch,
P.M.B. 1025, Obubra,
Tel. 087-560035.

DELTA STATE

73. Agbarho
142 Old Ughelli Road,
P.M.B. 50, Agbarho.

74. Agbor
Old Lagos/Asaba Road,
Tel. 055–25440, 25323.

75. Asaba
Nnebisi Road,
P.M.B.1004, Asaba
Tel: 046-280210

76. Effurun
4 Warri/Sapele Road,
P.M.B. 8, Effurun.
Tel. 053-252801, 250676

77. Evwreni
Uneni Quarters,
Evwreni
C/O P.M.B.30, Ughelli.

78. Ogwashi–Uku
2 Old Mission Road,
P.M.B.1055, Ogwashi–Uku.

79. Sapele (Boyo Road)
2A Boyo Road,
P.M.B. 4062, Sapele.
Tel. 054-41681, 41541.

80. Sapele (Main)
Chichester Road,
P.M.B. 4004, Sapele.
Tel. 054 -42094, 42111.

81. Ughelli
40 Market Road,
P.M.B. 30, Ughelli.
Tel.054-600008, 600328.

82. Warri
41 Warri/Sapele Road
P.M.B.1020, Warri.
Tel. 053-253011, 252905.
Fax. 053-253042.

83. Warri (Shell-Ogunnu Branch), Shell Complex
Warri

EBONYI STATE.

84. Afikpo
18 Eke Market,
P.M.B. 1005, Afikpo.
Tel. 088-521636.

85. Abakaliki Branch
4 Sudan United close,
Off Ogoja Road
Abakaliki.

86. Ezzamgbo
Ohaukwu L.G.A.
P.M.B. 219, Abakaliki.

EDO STATE

87. Agbede
60 Unity Road,
C/O Agbede Post Office.

88. Benin (King's Square)
P.M.B. 1026, Benin City,
Tel. 052-251080, 256184.

89. Benin (Mission Road)
65 Mission Road,
P.M.B. 1138, Benin City.
Tel: 052-258067

90. Benin (NNPC Agency)
C/O Benin (King Square) Branch
P.M.B 1026, Benin City.

91. Benin (Oregbeni)
10 Benin/Agbor Road,
P.M.B. 1002, Benin City,
Tel. 052-254708,
Tel/Fax. 052-253975.

92. Edo State Univ. Cash Centre
Ekpoma

93. Ekpoma
Market Road, Eguare,
P.O. Box 7, Ekpoma.
Tel. 053-98394, 98439.

94. Sabongida–Ora
64, Obe Street,
P.M.B. 102, Sabongida–Ora.
Tel. 057-54093.

Directory of Branches

95. Siluko Branch
No. 128, Siluko Rd.
Benin City, Edo State

96. Ugbowo
191 Ugbowo-Lagos Road,
P.M.B 1164, Benin City.
Tel. 052-600301 600313.
Fax. 052-600305.

EKITI STATE.

97. Ado Ekiti
10 Ajilosun Street,
P.M.B. 5365, Ado Ekiti.
Tel 030-240725, 240561.

98. Efon-Alaye
Erekesan Market,
P.M.B 37, Efon-Alaye.

99. Emure-Ekiti
2 Oke Emure Street,
P O Box 613 Emure-Ekiti.

100. Erinjiyan Ekiti
Iwaro Street,
P. M. B. 5006, Aramoko-Ekiti.

101. Ifaki-Ekiti
25 Temidire Street,
Ikole Road,
P.M.B. 21, Ifaki-Ekiti.

102. Ikere-Ekiti
113 Ado Road, Idemo,
P.M.B. 7275, Ikere-Ekiti.
Tel. 030-610545.

103. Ikole-Ekiti
Oba Adeleye Road,
P.M.B. 5009, Ikole-Ekiti.
Tel. 030-440611.

104. Ilasa-Ekiti
White House,
Oke-Odo Street,
P.M.B. 5020,
Ilasa-Ekiti.

105. Okemesi-Ekiti
Odo-Ese Street,
P. M. B. 01, Okemesi-Ekiti.

ENUGU STATE

106. Eha Alumona
Eha Alumona Club House,
P.O. Box 2079, Eha Alumona.
Tel: 042-771834

107. Emene Ind. Estate
1 Bank Road,
P.O. Box 8 Enugu.
Tel. 042-559275.

108. Enugu (Uwani)
26 Zik Avenue ,
P.M.B. 1237, Enugu.
Tel: 042-257382

109. Enugu (Main)
21 Okpara Avenue,
P.M.B. 1008, Enugu,
Tel. 042-253503, 258784.
Fax.042-254755.

110. Enugu (Hotel Presidential Agency) C/O
P.M.B.1008, Enugu.

111. Ikem
C/O Postal Agency
Via Nsukka.
P.M.B. 1008, Enugu.

112. Inyi
P.O. Box 183, Inyi.

113. Nsukka
116 Enugu Road,
Nsukka.
Tel: 042-771743

114. Obollo Afor Cash Centre,
No. 1 Orba Road,
Obollo Afor,
Udenu Local Govt. Area
Enugu.

115. Orba Cash Centre,
Orba Udenu L.G.A.
C/O Eha Alumona Branch,
P.O. Box 78, Eha Alumona.

116. Ovoko
Ovoko Via Nsukka,
P.M.B. 2083, Igbo-Eze,
Tel. 042-771738 .

FEDERAL CAPITAL TERRITORY (ABUJA)

117. Abaji
C/O P.O. Box 45, Abuja.

118. Abuja
Abuja Festival Road,
Area 3, Garki,
P.O. Box 45, Abuja.
Tel.09-2341070-3.
Fax.09-2341071.

119. Nnamdi Azikiwe Int. Airport,
F.C.T. Abuja.

120. Abuja Main
Plot 777 M. Buhari Way,
Central Business Area,
Abuja.
Tel. 09-2346819.
2346820.

GOMBE STATE.

121. Gombe
Biu Road,
P.M.B. 1, Gombe.
Tel. 07-220214, 233214.

122. Kaltungo
Gombe–Yola Road,
P.O. Box 40, Kaltungo.

IMO STATE.

123. Akatta
Orlu L.G.A.
P.M.B.6, Akatta.

124. Amaraku
P.M.B. 1, Amaraku.

125. Okwelle
P.M.B. 57, Okwelle.
Okigwe.

126. Owerri
11/12 Assumpta Avenue,
P.M.B. 1060,Owerri,
Tel:083-230900, 232772.
Fax.083-231586.

127. Owerri (Douglas Road.)
79 Douglas Rd.,
Owerri.
Tel: 083-230900

128. Umuowa
C/O Owerri Branch,
P.M.B. 175, Orlu.
Tel. 083-520665.

129. Urualla
C/O Ideato North L.G.A.
P.M.B.2, Urualla, Owerri.

JIGAWA STATE.

130. Hadejia
14 Kano Road,
P.O. Box 83, Hadejia.
Tel. 078-20614.

131. Dutse
Damaturu Road,
C/O P.M.B. 3005, Kano.
Tel. 064-721380.

KADUNA STATE.

132. Kaduna (Bank Road)
14 Bank Road,
P.M.B.2065, Kaduna.
Tel. 062-235454.

133. Kawo- Kaduna.
Tel. 062-237594.

134. Kaduna (Main)
Yakubu Gowon Way,
P.M.B. 2065, Kaduna.
Tel. 062-236155, 233858.
Fax:062-233955.

135. Kaduna South
Kachia Road,
P.M.B. 2084, Kaduna.
Tel. 062-231021, 232880.

136. Kafanchan
2 Funtua Road,
P.M.B. 1019, Kafanchan.
Tel. 061-20141, 20145.

137. Samaru
Sokoto Road
P.M.B. 02, Samaru, Zaria.
Tel. 069-50983, 51612, 34884.

138. Saminaka
Ahmadu Bello Way,
Near Lere Local Govt. Authority Secretariat,
Lere L.G.A.
Kaduna State.

139. Zaria
1 Crescent Road,
P. M. B. 1006, Zaria.
Tel. 069-30660, 32425.

KANO STATE

140. Mallam Aminu Kano Int'l Airport
C/O P.M.B. 3005, Kano.
Tel. 064-633255.

141. Kano (Bompai)
Dantata Road,
P.M.B. 3284, Kano,
Tel. 064-633480.
Fax. 064-646743.

142. Kano (Fegge Ta Kudu)
15 Fegge Road,
P.M.B. 3077, Kano.
Tel. 064-631545.
Fax. 064-640738.

143. Kano (Main)
10 Lagos Street,
P.M.B 3005, Kano.
Tel. 064-633280, 632706, 637839, 630574, 630573.
Fax. 064-644565.

144. Kano (Zoo Road)
C/O P.M.B. 3166, Kano.
Tel. 064-661905.

145. Kano (Bagauda Lake Agency)
Bagauda Lake Hotel,
PMB 3005, Kano.

146. Kano Club Road
595 Club Road,
P.M.B. 3005, Kano.
Tel. 064-635027.
630709, 630648.

147. Muhammadu Abubakar Rimi Market Agency
C/O Kano (Main) Branch,
P.M.B. 3005, Kano.
Tel. 064-644507.

KATSINA STATE

148. Funtua
Sokoto/Gusau Road,
P.M.B. 6013, Funtua.
Tel. 064-770348.
Fax. 064-770019.

149. Katsina
3 Ibrahim Babangida Way,
PMB 2032, Katsina.
Tel. 065-30863, 31588.
Fax. 065-31588.

150. Malumfashi
Funtua Road,
P.M.B. 1011,
Malumfashi.
Tel. 065-80058.

KEBBI STATE

151. Birnin Kebbi
40 Muritala Mohammed Way,
C/O PMB 3005, Kano.
Tel. 068-21911.

152. Kamba
Secretariat Road,
C/O P.M.B. 2116, Sokoto.

153. Mungadi
Mungadi Town,
C/O P.M.B. 2116, Sokoto.

154. Zuru
Ontagora Town Road,
P.M.B. 1003, Zuru,
Tel. 067-50205.

KOGI STATE

155. Abejukolo
Ankpa Road,
P.M.B. 1000, Abejukolo.

156. Ajaokuta
PMB 1007, Okene.
Tel. 031-400581.

157. Akpanya
Agbedo Akpanya,
P.M.B. 1011, Idah.

158. Ayangba
Idah Road,
P.M.B. 1002,
Dekina-Ayangba.

159. Egbe
Federal Road,
P.M.B. 205, Egbe.

160. Isanlu-Yagba
P.M.B. 1005,
Isanlu-Oyi.

161. Itobe
Bank Road,
P.M.B.I001, Idah.

162. Iyamoye
Aro Quarters,
Along Iyamoye Omuo,
P.M.B. 1002, Iyamoye.

163. Lokoja
411 Murtala Moh'd Rd,
P.M.B. 1100, Lokoja.
Tel. 058-220402, 220767.

164. Mopa
P.M.B. 2002, Mopa.

165. Ogori
P.M.B. 1073, Ogori.

166. Oguma
Oguma Road,
P.M.B. 1004, Oguma.

167. Okene
1 Ado Ibrahim Street/
Hospital Road,
P.M.B. 1044, Okene.
Tel: 058-5000364

KWARA STATE

168. Ilorin
Obbo Road, Off Wahab Folawiyo Road,
P.M.B. 1354, Ilorin.
Tel.031-221500, 222011.
Fax 031-220128.

169. Kosubosu
P.M.B. 244, Bassa.

LAGOS STATE

170. Abattoir Cash Centre,
Lagos State Govt. Abattoir,
Oko-Oba, Agege,
Lagos State.

171. Abibu Adetoro
5I Abibu Adetoro St,
Off Ajose Adeogun St,
P.M.B. 80137,
Victoria Island, Lagos.
Tel.01-2622310
Fax. 01-2622319.

172. Abibu-Oki
A.G. Leventis Building,
42/43 Marina,
P.M.B.12554, Lagos.
Tel.01-2660511,
2660950.
Fax. 01-2660302.

173. Adeola Odeku Str. V/I
15B Adeola Odeku Street
Victoria Island, Lagos,
Lagos State.

174. Agege Cash Centre
27, Abeokuta, Motor Rd.
P.O.Box 65, Agege.

175. Agege
254, Agege Motor Rd,
Oko-Oba, Agege,
Lagos.
Tel. 01-4926129, 492493

176. Ajegunle
74 Malu Road,
P.M.B. 1180, Apapa.
Tel. 01-842238, 873679.

177. Akowonjo Road,
Akowonjo.Tel: 01-4923785

178. Alaba Int,l Market
29, Ojo – Igbede Rd.
New Alaba, Lagos.

179. Alausa
Motorways Building
Toll Gate, Alausa Lagos.

Directory of Branches

180. Apapa
1 Burma Road,
P.M.B. 1034 Apapa.
Tel.01-5451345, 5877116.
Fax. 01-5871539.

181. Broad Street
208/212 Broad Street,
P.O. Box 2334, Lagos.
Tel 01-660620, 2664145, 2660588.

182. Daleko Market
Daleko Market Bank Road,
Mushin, Lagos,
Lagos.

183. Ebute Metta
1 Savage Street,
Apapa Road,
P.M.B. 12014,
Ebute Metta.
Tel.01-837998, 834477.

184. Epe
PMB 1022, Epe.
Tel. 037-770090, 770541.

185. Falomo S/Centre
Awolowo Road, Ikoyi,
P.M.B 1022, Ikoyi.
Tel. 01-687051, 682127, 686042.

186. Fed. Secretariat
Complex, Ikoyi,
P.M.B. 12736, Lagos.
Tel.01-684745, 684746.
Fax. 01-688056.

187. Iganmu
Abebe Village Road,
P.M.B. 126734, Iganmu.
Tel. 01-833322, 830311, 834331.

188. Ijora
1 Ijora Causeway,
P.O. Box 228 Apapa.
Tel. 01-843082, 837014.
Fax. 01-837014.

189. Ikeja Airport Road
P.O. Box 69, Ikeja.
Tel. 01-901740-4, 4977862-3.
Fax. 01-901744.

190. Ikeja Allen Avenue,
58 Allen Avenue,
P.M.B. 21087, Ikeja.
Tel. 01-4970510.

191. Ikeja Military
Cantonment Agency
C/O Ikeja Branch,
P. O. Box 69, Ikeja..

192. Ikeja Ind. Estate
Oba Akran Avenue,
P O Box 105, Ikeja.
Tel. 01-4978541.

193. Ikorodu
88 Lagos Road,
P.M.B. 1005, Ikorodu.
Tel. O1-7745662, 7748382.

194. Ikorodu, Nichemtex
Industry.
Ibeshe Road,
P.M.B. 231, Ikorodu.
Tel: 037-7745560

195. Ikota
Ikota Int'l Market.
Ikota Shopping Complex
Victoria Garden City
Tel: 01-4618098

196. Ilasamaja
Limca Way,
Ilasam, Lagos State

197. Ilupeju
Ilupeju Bye-Pass,
P.M.B. 1173, Ikeja.
Tel. 01-4961063, 4933617.

198. Isolo
Apapa/Oshodi Express Way,
Iyana Isolo,
P.M.B. 1034, Mushin,
Tel. 01-520434, 520087, 523662, 520984.

199. Ketu
101 Ikorodu Road,
P.M.B. 21468, Ikeja.
Tel. 01-965474-5.

200. Marina
35 Marina,
P.O. Box 2006, Lagos.
Tel. 01-2669683- 4, 2635758.

201. Matori
Clean John House
6, Ladipo Street, Matori,
P.M.B 1120, Mushin.
Tel. 01-523713.

202. Moloney
28 Berkley Street,
Lagos.
P.O. Box 2099, Lagos.
Tel. 01-2635238, 2632226, 2635758.

203. M.M. Int'l Airport
M.M Airport Complex,
P.O. Box 4508 Ikeja.
Tel. 01-901170, 4937430.
Ext. 5004, 5181, 5421.

204. M. M. Way
128 Murtala Moh'd Way,
P.O.Box 1021,
Ebute-Metta.
Tel. 01-860306.

205. Navy Town, Ojo
B.M.U Complex (Road 8)
Satellite Town,
C/O P.M.B 008,
Festac Town.
Tel. 01-883897.

206. Niger House
1/5 Odunlami Street,
P.M.B. 12883, Lagos.
Tel: 01-2665781, 2662510, 2664476.

207. N.1.J. House
20 Adeyemo Alakija Street,
Victoria Island,
P.M.B. 50, Falomo.
Tel. 01-611496, 619312
Fax. 01-616484.

208. Obun-Eko
126 N. Azikiwe Street,
P. O. Box 2353, Lagos.
Tel. 01-2663261, 2666646.
Fax. 01-2663109.

209. Ogba
Plot 7, Block C
Acme Road,
P.M.B. 21441, Ikeja.
Tel. 01-4920049, 4920052.

210. Ojo Cantonment
Agency
C/O P.M.B. 12674, Lagos.

211. Oke-Arin Market
14 Ofin/33Daddy Alaja St,
Oke-Arin, Box 4173, Lagos.
Tel: 01-2641516, 2641554, 2643870
Fax: 01-2643871

212. Oko Oba Cash Centre
Government Abattoir
Agege, Lagos

213. Oregun Ind. Estate
Plot 2B Adewunmi Close,
P.M.B. 21444, Ikeja.
Tel. 01-4970410.

214. Orile Iganmu
Plot 4 Block C
Amuwo Odofin Ind.
Layout,Orile Iganmu, Lagos.
Tel: 7745182

215. Oshodi Cantoment
Agency
C/O Ilupeju Branch,
P.M.B. 1173, Ikeja,

216. Shomolu
Moyosore House
Onipanu, Ikorodu Road,
P. O. Box 04, Shomolu.
Tel. 01-820843.

217. Shell Agency
C/O Marina Branch.

218. Stock Exchange House
Customs Street,
P. O. Box 7685, Lagos.
Tel. 01-2661685, 2661696.
Fax. 01-2661701.

219. Sura Cash Centre
Sura Shopping Centre, Lagos

220. Surulere
17 Itire Road,
P. O. Box 273, Surulere.
Tel. 01-5848733, 831110, 835515.

221. Surulere S/Centre
84 Adeniran Ogunsanya St,
C/O P. O. Box 273, Surulere.
Tel. 01-5850831.

222. Tin Can Island
Tin Can Island Port
Complex,
Off Apapa/Oshodi
Express Road,
P.M.B. 1019, Apapa
Tel. 01-871307, 873096.

223. Western House
8/10 Broad Street,
P. O. Box 2135, Lagos.
Tel. 01-2634930, 2636499.
Fax. 01-2636642.

224. Yaba
322 H. Macaulay St,
P.M.B. 1040, Yaba.
Tel. 01-861353, 862176.
Fax. 01-861353.

NASSARAWA STATE

225. Lafia
Lafia/Makurdi Road,
P.M.B. 5, Lafia.
Tel. 047-20229, 20283, 20502.

NIGER STATE

226. Bida
Zungeru Road,
P. O. Box 48, Bida,
Tel/Fax. 066-461640

227. Kagara
P.M.B. 1, Kagara.

228. Katcha
C/O Postal Agency
Katcha.

229. Kotangora
P..M.B. 06, Kontagora.
Tel. 067-20018, 20092.

230. Kuta
P. O. Box 5, Kuta.
Tel. 066-690444.

231. Minna
3 Bank Road.
P.M.B. 62, Minna.
Tel. 066-221070, 223804.
Fax. 066-221652.

232. Rijau
Zuru Road,
P.M.B. 2116, Rijau.
Tel. 067-31441.

233. Suleja
Minna/Abuja Road,
P.M.B. 23, Suleja.
Tel. 09-500280, 500081.
Fax. 09-500280.

234. Suleja S/Centre
Agency
Morocco Road,
C/O P.M.B. 23, Suleja.
Tel.09-500081.

OGUN STATE

235. Abeokuta
95 Obafemi Awolowo
Rd,
P.M.B. 2003, Abeokuta.
Tel.039-240154, 240952.
Fax. 039-241285.

236. Agbara Ind. Estate
Ilaro Street,
P.M.B. 012, Agbara.
Tel: 01-7745552, 712043, 712041

237. Igbogila
P.M.B. 2015, Abeokuta.

238. Ijebu-Ode
26 Ibadan Road,
P.M.B 2141, Ijebu-Ode.
Tel.037-431378, 434534, 433613.

239. Mosinmi Agency
C/O Sagamu Branch,
P.M.B. 2008, Sagamu.

240. Ogbere
Old Benin Road,
P.M.B. 1005, Ogbere.

241. Ota
Lagos/Abeokuta
Expressway,
P.M.B. 1036, Ota.
Tel.039-722457, 722242.

242. Shagamu
Akarigbo Strret,
P.M.B. 2008, Shagamu.
Tel.037-640701.
Fax. 037-640331.

ONDO STATE

243. Akure Main
1 Oba Adesida Road,
P.M.B. 707,Akure.
Tel.034-231960-1, 230228, 240686.

244. Akure Market
1A Adedipe Street,
P.M.B. 629, Akure.
Tel. 034-242403, 240243.

245. Araromi-Obu
1 College Road
PMB 505 Araromi -Obu

246. Idoani
Owani Street,
P.M.B. 203, Idoani.
Tel. 051-53024.

247. Igbokoda
30, Broad Street,
P.M.B. 339, Igbokoda.

248. Ikaram-Akoko
Oyagi Quarters,
P. O. Box 001, Ikaram
Akoko.

249. Ikare
L21 Ilapa Street,
P.M.B. 275, Ikare,
Tel. 050-670730, 670445.

250. Ile-Oluji
1 Old Motorpark,
P.M.B. 704, Ile-Oluji.

Directory of Branches

251. Oka-Akoko
6 Ikese Quarters,
P.M.B. 07,Oka-Akoko.

252. Ondo
35 Mode Street, Yaba.
P.M.B. 550, Ondo.
Tel.034-610313, 610800.

253. Ore
1 Market Road,
Sabo Quarters,
P.O. Box 55, Ore,
Odigbo L.G.A.

254. Owo
Idimisasa Street,
P.M.B. 1012, Owo L.G.A.
Tel.051-241423, 241174 and 240074
Fax.051-241006.

OSUN STATE

255. Erin Osun
Council Road,Ilobu.
P.M.B. 4414, Osogbo.

256. Ijebu-Jesa
A59 Oja Street,
P.M.B. 1003, Ijebu-Jesa.

257. Ilesa
Ereja Street,
P.M.B. 5016, Ilesa.
Tel.036-460355, 460631.

258. Ile-Ife
27 Lagere Layout,
P.M.B. 5534, Ile-Ife.
Tel.036-233464-5.
Fax. 036-231248.

259. Inisa
Market Square,
P.M.B. 2007, Inisa.

260. Ipetu-Ijesa
Palace Square, Oke-Oja.
P.M.B. 2003,
Ipetu-Ijesa.

261. Osogbo
152 Station Road,
P.M.B. 301, Osogbo.
Tel.035-230135, 234449.

OYO STATE

262. Awe
Ife-Odan Road,
P.M.B. 1017, Awe.
Tel.038-230663.

263. Ibadan (Agodi)
Oyo State Secretariat
P.M.B. 5153, Ibadan.
Tel.02-2412981, 8102981, 8101231, 8103924, 8102931.

264. Ibadan (Amunigun)
Amunigun Street,
P.M.B. 5120, Ibadan,
Tel.02-2413616.

265. Ibadan (Bank Road),
Bank Road,
P.M.B. 5111, Ibadan.
Tel.02-2413156, 2413042.
Fax. 02-2413659.

266. Ibadan (I.I.T.A Agency)
C/O P.M.B. 5111, Ibadan.

267. Gbagi Market Branch
New Gbagi Market
Shop D 30,
C/O Bank Road
Branch,
P.M.B. 5111,Ibadan.

268. Ibadan (Oluyole)
Oseata House, Alafin, Ave.
P.M.B. 5181, Ibadan.
Tel.02-2316586.

269. Ibadan (Orita Challenge)
Old Lagos Road,
P.M.B. 5125, Ibadan.
Tel.02-2311047.

270. Ibadan (U.I)
P.M.B. 128, U.I. Post Office.
Tel.02-8103902.

271. Ogbomoso
Akinwale Street,
Tackie Square,
P.M.B. 3591, Ogbomoso.
Tel.038-710801, 710089.

272. Oko
Osogbo Road,
P.M.B. 4008, Ejigbo.

273. Oyo
Asogo Street,
P.M.B. 1002, Oyo.
Tel.038-230437, 230108.

274. Saki
Sango Road
Ajegunle, Saki
038-900015

PLATEAU STATE

275. Amper Agency
C/O P. O. Box 60, Mangu.

276. Barkin-Ladi
Block 25 A&B State Low Cost
P.M.B. 2007,
Barkin-Ladi.
Tel. 023-92002.

277. Bassa
P. O. Box 1377, Bassa.

278. Bukuru
31 Bukuru Road,
P.M.B. 2002, Bukuru.
Tel. 073-280807, 280273.

279. Bukuru Police College Agency.
P.M.B. 02, Bukuru.

280. Jos (Gov.Sect.)
C/O Govt. Secretariat,
Jos.
Tel. 073-464706.

281. Jos (Main)
Bank Street,
P.M.B. 2027, Jos.
Tel. 073-452302, 452245, 452546,
459654, 452733.
Fax. 073- 452961.

282. Jos (Market)
Market Road,
P.M.B. 467, Jos.
Tel. 073-457629, 453933.

283. Jos (Unijos)
2 Bauchi Road Campus.
C/O P.M.B. 2027, Jos.
Tel. 073-459592.

284. Kurgwi
C/O Lafia Branch,
P.M.B. 5, Lafia.

285. Mangu
P.O. Box 60, Mangu

RIVERS STATE

286. Bonny
2 New Road,
Bonny.

287. Port Harcourt (Main)
11 Okrika Road,
P.M.B. 5007,
Port Harcourt.
Tel. 084-234277, 233000.
Fax. 084-332331.

288. Port Harcourt (Old Airport)
Aba Road,
P. O. Box 646,
Port Harcourt.
Tel. 084-332031.
Fax. 084-331491.

289. Port Harcourt (Diobu)
73 Ikwerre Road,
P.M.B. 5081,
Port Harcourt.
Tel. 084-331102.

290. Port Harcourt (Town)
1, Harbour Road,
P.M.B. 6197,
Port Harcourt.
Tel. 084-331786.

291. Port Harcourt (Trans Amadi)
Plot 745, Trans-Amadi Ind. Estate,
P.M.B. 5865,
Port Harcourt.
Tel. 084-333780.

292. Shell (P/H)
Shell Complex, P. Harcourt

SOKOTO STATE

293. Dan Fodio
Abdullahi Fodio Road,
P.M.B. 2116, Sokoto.
Tel. 060-232130.
Fax. 060 234369 .

294. Gidan Madi Agency
C/O Sokoto (Main) Branch,
P.M.B. 2116, Sokoto.

295. Illela
Birnin Konni Road,
C/O Sokoto (Main) Branch,
P.M.B. 2116, Sokoto.

296. Sokoto (Main)
Kano Road
P.M.B. 2160, Sokoto,
Tel. 060-231251, 231235, 232967.
Fax. 060-231978.

297. Tambawal
Opposite Health Centre,
P.M.B. 1082, Tambawal.

TARABA STATE

298. Bambur
C/O Yola Main,
P.M.B. 2050, Yola.

299. Jalingo
65 Barde Way,
P.M.B. 1095, Jalingo.
Tel/Fax. 079-22098.

300. Karim Lamido
P.M.B. 4, Yola.

301. Lau
P.M.B. 4, Lau.

302. Mayo Ndaga
C/O Yola (Main),
P.M.B. 2050,Yola.

303. Zing
C/O Yola (Main),
P.M.B. 2050,
Yola.

YOBE STATE

304. Damaturu
Gashua Road,
P.M.B. 1009,Damaturu.
Tel.076-522980.

305. Damagun Agency
c/o Damaturu Branch
Gashua Road,
P.M.B. 1009,Damaturu.
Tel.076-522980.

306. Gashua
Opposite Market,
P.M.B. 04,Gashua.
Tel.076-700563.

307. Geidam
Commercial Area,
P.M.B. 12, Nguru.

308. Nguru
Ali Kahtan Road,
P.M.B.12, Nguru.
Tel: 076-740255

309. Potiskum
Ibrahim Alkali Road,
P.M.B. 46, Postikum.
Tel. 076- 420042

ZAMFARA STATE

310. Anka
Daki Takwas Road,
P.M.B. 1003, Anka,
Tel. 063-36139.

311. Gummi
Opposite L.G.A.
Secretariat,
P.M.B. 02, Gummi.
Tel. 063-73168

312. Gusau
Canteen Area,
P.M.B.1019, Gusau.
Tel. 063-200243.
Fax. 063-202261.

313. Kaura Namoda
Gusau Road,
P.M.B. 1002, K/Namoda.
Tel.063-60173.

314. Shinkafi
Isa/Gusau Road,
P.M.B.02, Shinkafi.

UNITED KINGDOM

315. London
29/30 Kings Street,
London EC2V 8EH.
Tel.171-6000411.
Fax.171-6063134.

REGIONAL BANKING OPERATIONS UNITS.

Central Banking Operations
14 Bank Road,
P. M. B. 2097, Kaduna.
Tel:062-214593, 215916

East Banking Operations
21 Okpara Avenue,
P.M.B.1391, Enugu. Tel: 042-255649, 257262, 253269, 255537, 255975.
Fax: 042-253835.

North Banking Operations
595 Club Road,
P. M. B. 3005, Kano.
Tel: 064-630709, 640708.
630648-9
090-800918.
Fax: 064-635028.

Lagos Banking Operations
Iganmu Office Complex,
Plot 2 Abebe Village Road,
Iganmu,
P.M.B. 12778 Iganmu, Lagos.
Tel: 01-5850551.
Fax: 01-5831273.

West Banking Operations
Broking House,
48, Molete-Challenge Road,
P.M.B. 5675, Ibadan.
Tel: 02-2319184, 2412992, 2415470.
Fax: 02-2315470.

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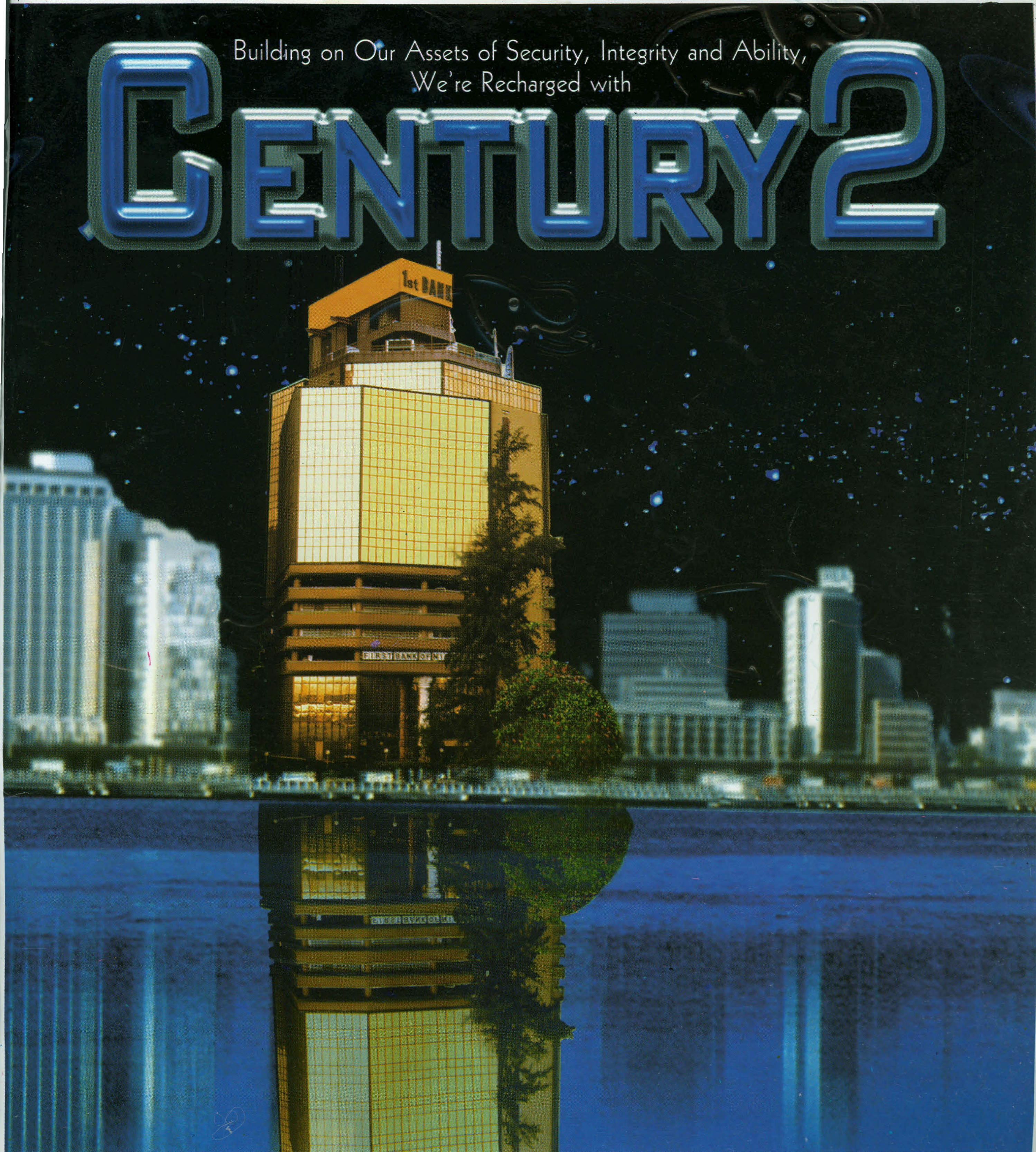
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