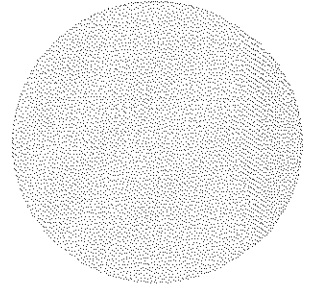
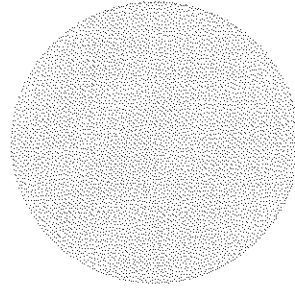
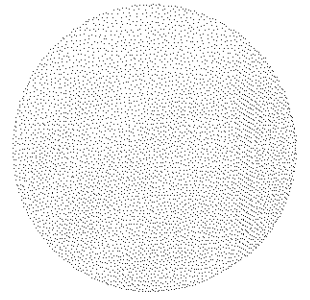
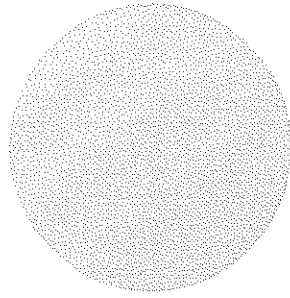


Agusto & Co

2012 Bank Rating Report



FIRST BANK OF NIGERIA PLC

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RATING RATIONALE

Agusto & Co hereby upholds the rating of 'A+' assigned to First Bank of Nigeria Plc ("FirstBank" or "the Bank"). This rating reflects FirstBank's longstanding presence and dominant position in the Nigerian banking industry, yielding the Bank a strong market position, strong liquidity profile & adequate capitalisation. First Bank's rating considers the experience of its management team and improvement in profitability during the year ended 31 December 2011. However, the rating is constrained by sustained high credit costs, its impact on profitability, as well as the subdued business environment.

With core capital of N371 billion as at year ended 31 December 2011, FirstBank is the most capitalised bank in Nigeria. The Bank's strong brand and presence in most commercial centres around the country aid its growth. In 2011, asset quality improved significantly with non-performing loans (NPL) to total loans declining to 2.4% from 8% the prior year. This improvement was largely due to the sale of loans worth N176 billion to the Asset Management Corporation of Nigeria (AMCON), a special purpose vehicle set up by the Central Bank of Nigeria (CBN) to purchase delinquent assets from banks. We nonetheless remain concerned about new loan classifications of N41 billion made during the year, which could signal the existence of latent credit quality issues. On account of these new classifications, the Bank charged-off N32 billion from its income for credit losses. Add to our concern is the increasing sector concentration in the loan book, with an estimated 33% of credits available to oil & gas firms. Positively, collateral coverage on gross loans (at 79%) is adequate. In addition, the Bank has provided sufficiently for NPLs, with a coverage ratio of 103% as at year-end. Although FirstBank intends to maintain a conservative loan book in the short term, we believe the Bank's ability to aggressively pursue recoveries and adhere to risk management policies will be critical to maintaining good asset quality, particularly given plans for credit growth in the retail and oil & gas sectors.

FirstBank's liquidity and funding profiles are, in our opinion, strong. The Bank's liquidity has been enhanced by the inflow of AMCON bonds received as consideration for NPLs. Deposits are increasingly from the retail end of the market which, supported by the Bank's branch network, ensures that deposits are fairly stable and cost of funds remain low. As at 31 December 2011, FirstBank was the second largest in Nigeria in terms of local currency deposits (excluding interbank takings). Deposits adequately funded the loan book and the Bank's liquidity ratio stood at 56% as at 31 December 2011, well above the regulatory minimum of 30%. FirstBank is active in the Nigerian money market and has access to long term funding from foreign financial institutions.

Despite a 32% growth in assets during the year, FirstBank's Basle ratio remained at a comfortable 22% as at year-end, higher than the regulatory minimum of 15%. However, when subjected to our stress test, the Basle ratio stood at 13% which is just above our minimum expectation of 10% for a Nigerian bank. We believe the capital is adequate for current business risks, but should be strengthened to support further growth.

Profitability indicators remain at acceptable levels; the pre-tax return on average assets (ROA) and return on average equity (ROE) increased to 2% and 15% respectively (2010: 1.5% and 10%). Nevertheless, these returns are lower than some peers. While we note that the Bank's intent to grow its retail franchise should provide added support for earnings, we believe such growth could be tempered by the subdued business environment which could adversely impact retail obligors. Nonetheless, we uphold the Bank's rating of 'A+' on account of adequate capitalisation, strong liquidity & liability generation, as well as the Bank's dominant market position.

Strengths

- Strong brand & good domestic franchise
- Experienced management team
- Good capitalization
- Strong liquidity and access to low cost funds
- Good market share

Challenges

- Moderating credit classifications and losses
- Improving operating efficiency to enhance profitability

FINANCIAL DATA	December 2011	December 2010
Total assets & contingents	N3.03 trillion	N2.29 trillion
Total local currency deposits	N1.37 trillion	N1.15 trillion
Net earnings	N203 billion	N141 billion
Pre-tax return on average assets & contingents (ROA)	2%	1.5%
Pre-tax return on average equity (ROE)	14.7%	10.2%

RATING

FIRST BANK OF NIGERIA PLC

Rating assigned: **A+**

Outlook: **Stable**

Issue date: **30 August 2012**

Expiry date: **30 June 2013**

Previous rating: **"A+"**

ANALYSTS

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Bank Ratings

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Directors

• Prince Ajibola Afonja	(Chairman)
• Bisi Onasanya	(Group Managing Director)
• Kehinde Lawanson	(Executive)
• Remi Odunlami	(Executive)
• Bello Maccido	(Executive)
• Urum Kalu Eke	(Executive)
• Ibiai Ani	
• Ibukun Awosika	
• Ambrose Feese	
• Lawal Ibrahim	
• Ebenezer Jolaoso	
• Khadijah Alao-Straub	
• Tunde Hassan-Odukale	
• Ibrahim Waziri	
• Obafemi Otudeko	
• Mahey Rasheed, OFR	(Independent)

Ownership Stake (%)

0.004 (Direct & Indirect)
0.023
0.026
0.0004
Nil
0.0002
0.0002
Nil
0.0009
0.0001
0.0004
Nil
0.084 (Indirect only)
0.0007
0.006
<u>0.002</u>
<u>0.148</u>

Management Team

Mr. Bisi Onasanya is the Group Managing Director/Chief Executive Officer of First Bank of Nigeria Plc in June 2009. Prior to this, he was the Executive Director, Banking Operations and Services. Mr. Onasanya has over 26 years experience working in various areas of banking such as Banking Operations, Finance and Performance Management. He was the founding MD/CEO of First Pension Custodian Nigeria Limited (a subsidiary of First Bank of Nigeria Plc). Mr. Onasanya also serves in various capacities on the boards of First Registrars Limited (chairman), FBN Bank (UK) Limited (member), Africa Finance Corporation (member) and Kakawa Discount House (chairman).

Mr. Onasanya holds a Higher National Diploma (Upper Credit) in Accountancy from the Lagos State College of Science & Technology, Lagos. He is also a Fellow of the Institute of Chartered Accountants of Nigeria, an associate member of the Nigerian Institute of Taxation and an honorary member of the Chartered Institute of Bankers of Nigeria.

Other members of executive management are:

• Kehinde Lawanson	Executive Director - Corporate Banking
• Remi Odunlami	Executive Director - Chief Risk Officer
• Urum Kalu Eke	Executive Director - Public Sector (South)
• Bello Maccido	Executive Director - Retail Banking (North)
• Adebayo Adelabu	Executive Vice President - Chief Financial Officer
• Bashirat Odunewu	Executive Vice President - Institutional Banking
• Tijjani Borodo	Executive Vice President - Company Secretary
• Dauda Lawal	Executive Vice President - Public Sector (North)
• Gbenga Shobo	Executive Vice President - Retail Banking (South)
• Bernadine Okeke	Executive Vice President - Private Banking

BANK PROFILE

First Bank of Nigeria Plc is the oldest bank in Nigeria. The Bank was incorporated as a limited liability company in 1894, under the trade name "Bank of British West Africa (BBWA)", and commenced business in the same year. BBWA was listed on the Nigerian Stock Exchange (NSE) in March 1971. In 1979, BBWA was renamed First Bank Limited, before an amendment in 1991 to the Bank's current name, First Bank of Nigeria Plc. Upon consolidation in the banking industry in 2005, FirstBank merged with two other banks - MBC International Bank Limited and FBN (Merchant Bankers) Limited - retaining its brand name post-merger. The Bank holds a universal banking license issued by the Central Bank of Nigeria (CBN) in 2001, but has opted to acquire an international commercial banking license, following the CBN's withdrawal of the former, under its new banking rules.

FirstBank has a large and diversified ownership base comprising over 1.29 million indigenous and foreign shareholders. However, the Bank's ownership structure is such that no single entity controls more than 5% of outstanding shares. As at year ended 31 December 2011, FirstBank's largest disclosed shareholding of 3.86% was held by Stanbic IBTC Pension Managers (SIPM) Limited. SIPM is the pension management subsidiary of Stanbic IBTC Bank Plc.

FirstBank's affairs are overseen by a sixteen member board of directors who control (directly & indirectly) 0.15% of its equity. The board comprises five executive and eleven non-executive directors who have a diverse mix of financial and commercial business experience. During the year ended 31 December 2011, the board was further strengthened with the appointment of six directors. Bello Maccido (appointed 1 January 2011) and Urum Kalu Eke (appointed 24 March 2011) were respectively appointed as executive directors in place of Yerima Ngama and Alex Otti, who had previously resigned from the Bank. In addition, Ibrahim Waziri, Obafemi Otudeko, Tunde Hassan-Odukale and Khadijah Alao-Straub were appointed as non-executive directors of the Bank with effect from 1 January 2011.

By virtue of its age & geographical spread, FirstBank is Nigeria's largest on the basis of core capital, and second largest on the basis of local currency deposits. The Bank has a robust customer base comprising over 8 million institutional, public sector, corporate and retail clients. Services offered by the Bank include current and term deposit accounts, e-banking & card products, trade finance, leases, foreign exchange and investment banking services.

In the last three years, FirstBank has implemented various structural changes designed to address its strategic themes of growth, service excellence, performance management and talent management. In Q4 2010, the Bank realigned its market-facing business into five strategic business units (SBU) structured along customer segments - Corporate Banking, Public Sector, Retail Banking, Institutional and Private Banking. This business structure was adopted to strengthen relationship management and specialization across FirstBank's customer segments, and also enhance ser-

vice delivery and profitability. Four of these SBUs (excluding Institutional Banking) are further organized along regional lines and all are directly overseen by members of executive management. FirstBank also has 12 strategic resource functions which interface with the SBUs to facilitate the achievement of organizational goals.

FirstBank's retail banking operation is one of the largest in Nigeria; we estimate that it accounts for 30% of the Banking Industry's retail deposits. With over 7.5 million active accounts as at year ended 31 December 2011, the retail SBU also contributed an estimated 50% of the Bank's deposits and 45% of net revenue for the year. Conversely, institutional banking operations accounted for the bulk (approximately 48.2%) of FirstBank's gross loans in 2011.

During the year under review, FirstBank commenced a 3-year strategic planning cycle which is expected to run till 2013. The Bank's articulated objectives under this plan are to defend its strong balance sheet position; extend its market leadership to include profitability, capital efficiency & effectiveness; attain market leadership in each of its SBUs; and balance short-term performance with long-term growth. To drive the achievement of these objectives, FirstBank has identified five non-financial priorities (service excellence, brand transformation, talent management, performance management & credit quality/process excellence) and five financial priorities (fees & commissions increase, selective creation of loans & advances, low-cost deposit mobilization, pricing optimization and containment of operating expenses). It is expected that implementation of these priorities will enable the Bank harness the full potentials of the Nigerian market. Management has also disclosed the Bank will focus on organic growth, and increasingly leverage cross selling opportunities across the banking group.

FirstBank's head office is located at Samuel Asabia House - 35 Marina, Lagos. Operations are supported by a network of 650 branches and cash centres (as at 30 June 2012) spread across the metropolitan and rural areas of the country. As part of ongoing expansion, FirstBank has opened over 100 new offices (branches, QSPs and cash centres) in the last twelve months. To further extend the Bank's reach, management intends to open 135 new offices (made up of about 100 Quick Service Points - QSP, and 35 full fledged branches) before the end of 2012. FirstBank has significantly grown its network of Automated Teller Machines (ATM) over the years to a total of 1,538 as at 30 June 2012 (June 2011: 1,293). This has enabled the Bank gradually migrate customers from traditional banking counters to more cost-efficient channels. In preparation for the nationwide rollout of cash-lite banking in January 2013, the Bank has deployed about 18,000 Point of Sales (PoS) machines across the country in the last 6 months. Going forward, a key element of the Bank's growth drive will be to target the relatively un-banked consumer market through these alternative banking channels.

BANK PROFILE CONT'D

Subsidiaries & Associates

FirstBank's investments in subsidiaries amounted to N38 billion as at year ended 31 December 2011. The Bank has ten local subsidiaries, and two foreign subsidiaries as detailed below:

• Banque Internationale de Credit (75%)	Commercial Bank
• FBN Bank UK Ltd. (100%)	Commercial Bank
• FBN Bureau de Change Ltd. (100%)	Currency Trading
• FBN Capital Ltd. (100%)	Investment Bank
• FBN Insurance Brokers Nig Ltd. (100%)	Insurance Broker
• FBN Life Assurance Ltd. (65%)	Life Assurance Company
• FBN Microfinance Bank Ltd. (100%)	Microfinance Bank
• FBN Mortgages Ltd. (100%)	Mortgages
• First Funds Ltd. (100%)	Private Equity
• First Pension Custodian Nig Ltd. (100%)	Pension Custody services
• First Registrars Nig. Ltd. (100%)	Registrars
• First Trustees Nig Ltd. (100%)	Trustees

The Bank's associate and other significant affiliates are:

• Kakawa Discount House Ltd. (40%)	Discount House
• Valucard Nig. Plc (12.63%)	Card Services
• Banque International Du Benin (11.50%)	Commercial Bank
• ATMC (23.77%)	ATM solutions provider
• Africa Finance Corporation (9.19%)	Regional Development

FirstBank also has representative offices in Johannesburg (South Africa), Beijing (China) and the United Arab Emirates.

In order to comply with the CBN's guidelines on the "scope of commercial banking activities", FirstBank is proposing a new structure under which all subsidiaries will be consolidated under a holding company (HoldCo). The HoldCo (FBN Holdings Limited) will be a non-operating legal entity structured into 5 groups namely; First Bank of Nigeria; FBN Capital; FBN Insurance Brokers; FBN Life Assurance and FBN Microfinance Limited. FirstBank will focus on core banking, and will retain FBN UK, First Pension Custodians, FBN Bureau de Change and BIC as subsidiaries. FBN Capital will control the Investment Banking and Asset Management businesses, holding First Trustees, FBN Securities and First Funds as subsidiaries. First Registrars is currently being divested, while FBN Mortgages will also be gradually wound down. Other subsidiaries will be directly owned by the HoldCo. This new structure is expected to enable the Bank comply with the CBN's intent to separate commercial banking operations from other non-banking businesses.

Information Technology

FirstBank uses a variety of software applications for operations in order to mitigate the high costs of servicing its large retail clientele. The Bank's core banking application for transaction processing is Finacle 7.1, while the Finacle Treasury and FinOne applications are used for Treasury operations and Loan management respectively. Other key applications in use within the Bank in-

clude Oracle HR for HR automation, OPENTEXT for records management, SAS Risk Management Suite for Basle II compliance and nCompass for automation of clearing processes.

FirstBank has three data processing facilities - a primary data centre, a disaster recovery site (bunker) and a remote warm site - for data management. The Bank's data centres and IT processes have been certified for compliance with ISO 27001 and BS 25999 requirements. All of FirstBank's branches, cash centres and QSPs are connected online and in real time via a Wide Area Network comprising VSAT links, radio links and fibre connections.

Correspondent Banks

FirstBank maintains correspondent banking relationships with: ABSA Bank (South Africa); ANZ Banking Group (London); Bank of Beirut (London); Banque Libano Francaise (Lebanon); Barclays Bank (UAE); BCP Bank (Switzerland); BNP Paribas (Paris); BNP Paribas Fortis (Belgium); Byblos Bank Group (Beirut); Citibank (New York); Commerzbank (Frankfurt); Credit Suisse (Zurich); Deutsche Bank (London); FBN Bank (UK) Ltd. (London); FirstRand Bank (South Africa); HSBC (Johannesburg); ICI Bank (Bahrain); ING Bank (Brussels); JP Morgan Chase (London); KBC Bank (Belgium); Mashreq Bank (UAE); Mauritius Commercial Bank (Mauritius); Mizuho Bank (London); Natixis Bank (France); Nordea Bank (Norway); Standard Bank (South Africa); Standard Chartered Bank (London); Skandinaviska Enskilda Banken (Sweden); Sumitomo Mitsui Banking Corporation (London); Svenska Handelsbanken (Sweden); Union Bank of Switzerland (Zurich) and West LB (Dusseldorf).

Overview of Financial Performance

As at 31 December 2011, FirstBank had a balance sheet footing (including contingents) of N3.03 trillion. Capitalization ratios were good, and comparable with most of the Bank's peers. During the year, FirstBank's non-performing loan (NPL) ratio improved considerably to 2.4% (2010: 8.2%), on account of declassifications and the sale of NPLs to the Asset Management Corporation of Nigeria (AMCON). However, some of the NPL sales were executed at a significant discount from face value, prompting the Bank to absorb additional credit losses.

The spike in credit costs during the year was partially offset by growth in earnings. Consequently, the Bank's major profitability ratios (pre-tax return on average equity and pre-tax return on average assets & contingents) improved to 14.7% and 2% respectively, from 10.2% and 1.5% in 2010.

ANALYSTS' COMMENTS

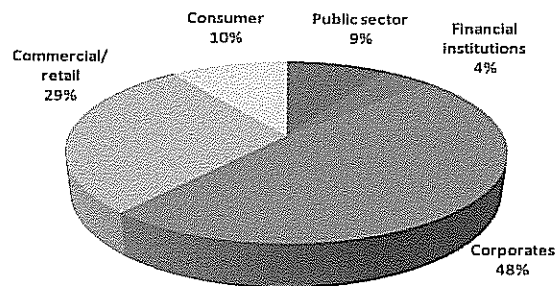
ASSET QUALITY

FirstBank's total assets & contingents stood at ₦3.03 trillion as at year ended 31 December 2011, ranking it second in Nigeria banking industry, on the basis of asset size. Historically, the Bank's asset growth (including contingents) has been fairly aggressive, averaging 29% in the last five years (2011: 32%). Contributing to the growth in assets in 2011 was a 75% growth in liquid assets to ₦793 billion (or 26% of the balance sheet), following the sale of loans totaling ₦176 billion to AMCON in exchange for bonds worth ₦133 billion. In addition, management's intent to leverage the prevailing favourable interest rate environment to grow earnings resulted in a 97% growth in government securities to ₦544 billion. The Bank's asset growth was also particularly evident in contingent assets, which grew by 70% to ₦567 billion and accounted for 19% of total assets as at year-end. While this strong growth reflects the Bank's strength in trade and advisory services, we note the risk inherent in the rising content of contingent assets in the balance sheet.

The Bank's largest earning asset class remains its portfolio of loans & advances, which grew by 6% to ₦1.16 trillion (or 38% of total assets & contingents) in 2011. The moderate growth in this portfolio reflects FirstBank's measured approach to loan creation in the last two years, in view of heightened lending risk in the subdued business environment. However, adjusting for the sale of loans to AMCON during the year raises the level of growth in gross loans further to 22%. As at the balance sheet date, the Bank's loans primarily comprised overdraft facilities (18%), commercial papers (16%) and term loans (62%). Also evident in the composition of loans during the year was a 79% reduction in money market lines to 3% of loans (2010: 15%), as the Bank rebalanced this portfolio in favour of higher yielding term loans.

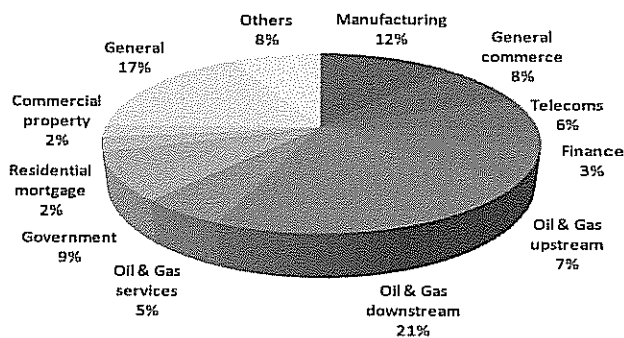
In spite of its reputation as a commercial/retail bank, FirstBank is particularly strong in corporate lending to large indigenous companies and multinationals. In the year under review, loans to the corporate segment grew by 39%, and accounted for almost half of gross loans. FirstBank's objective is to maintain its strong foothold in the corporate lending space, with particular focus on attracting low-risk obligors. In order to enhance the quality of corporate credits, the Bank has an internal rating system which is reviewed regularly to reflect changing economic realities. Nevertheless, to improve asset yields, FirstBank is also seeking to diversify its loan book by increasing exposure to the middle market and consumer segments. This is considered imperative given the Bank's already large volume of corporate loans, as well as heightened intensity of competition in the corporate space, which has resulted in thinner margins. FirstBank has developed various retail credit products, and also regularly refines its Risk Acceptance Criteria to reflect current market realities. We believe that strict adherence to risk management policies and effective monitoring of retail loans will be integral to the Bank's ability to maintain good asset quality. This is particularly as retail credits already account for a sizeable share of FirstBank's impaired credits (22% as at year-end).

Figure 1: Distribution of loan book by customer type



FirstBank's exposures are concentrated in the oil & gas sector which accounted for 33% of gross loans as at the balance sheet date. Within this sector however, loans are distributed across sub-segments, which slightly moderates concentration risk. The bulk of oil & gas exposures are in the downstream segment, and management is confident that adequate mitigants are in place to forestall potential losses. Nevertheless, we caution that the growing credit concentration to oil & gas firms increases the Bank's vulnerability to adverse changes in the sector.

Figure 2: Sectoral distribution of credits



Compared with the prior year, we positively note a reduced level of obligor concentration in the loan book, with the twenty largest exposures accounting for 38% of gross loans (2010: 48%). However, according to the Bank's schedule of internal ratings, less than 40% of the top 20 loans were to obligors regarded as investment grade.

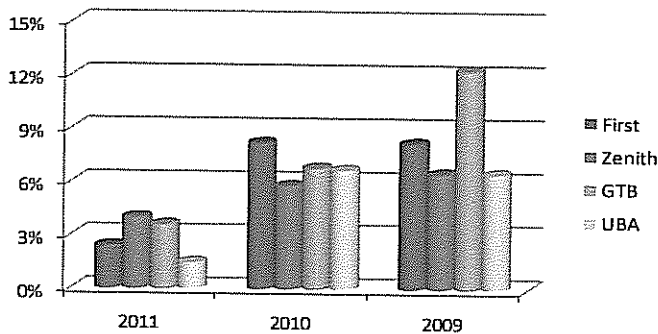
FirstBank's loans are predominantly short tenored, with 62% maturing within 360 days. Partly, this has been borne out of management's conscious effort to ensure the Bank benefits from repricing opportunities. Over the last two years however, the loan book has shown increasing signs of tenor elongation, with loans maturing beyond 360 days increasing steadily from 19% in 2009. This increase has been driven by a rising component of infrastructure financing loans, as well as the Bank's intent to leverage opportunities arising from the local content policy in the oil & gas industry.

ASSET QUALITY (CONT'D)

FirstBank's non-performing loans (NPL) stood at ₦28 billion as at the balance sheet date; significantly lower than ₦90 billion reported in the prior year. The reduction in NPLs was largely achieved via the sale of loans valued at ₦176 billion to AMCON, as well as de-classifications of ₦18 billion. Included in the loans sold to AMCON was a ₦99 billion exposure, which though performing, was deemed systemically important given the size and tenor of the facility. This sale was executed at an 11% markdown, which resulted in a charge of ₦11 billion against profits. A further ₦4.5 billion was also expensed in 2011 due to haircuts taken on other NPLs sold to AMCON. Contributing further to the reduction in NPLs were write-offs ₦86 billion on some fully provisioned accounts. An estimated ₦34 billion of the loans written off have been transferred to Classified Assets Management for possible recovery in line with the Bank's write-off policy.

Despite previous improvements in the loan portfolio, FirstBank made new credit classifications totaling ₦41 billion during the year under review. On account of these classifications, as well as diminution in other assets and loans sold to AMCON, the Bank's loan loss expenses amounted to ₦57 billion in 2011. FirstBank's loan loss expense is significantly higher than industry norm, accounting for 28% of interest income. In the three preceding financial years, this ratio has averaged 17%. However, management has indicated that the loan book has been substantially cleansed of impaired credits, which should translate to a reduction in charge-offs going forward. Our review of the Bank's unaudited results for the 6-month period to 30 June 2012 shows a significant reduction in the charge-off ratio to 7%.

Figure 3: Non-performing loans to Total loans



As at 31 December 2011, FirstBank's ratio of NPLs to total loans had improved substantially to 2.4%, from 8.2% the prior year. The Bank's NPL ratio is better than most selected peers - Zenith Bank Plc (Zenith: 4%), Guaranty Trust Bank Plc (GTB: 3.6%). FirstBank's impaired loans have been fully provided for, with coverage standing at 103%. Generally, collateral levels are adequate, with 79% of exposures secured against real estate and other eligible assets; unsecured loans are availed only to investment grade obligors.

FirstBank's asset quality issues stem largely from exposures to the oil & gas, retail and residential mortgage sectors, which collectively accounted for 69% of classified credits as at year-end. Most significant were NPLs of 22% in the oil & gas servicing segment, which arose largely on account of delays in contract payment to servicing firms. Management is optimistic that most of these impaired loans will be recovered. In addition, the Bank is reviewing credits to oil & gas servicing firms more closely in order to enhance the chances of loan recovery.

In our opinion, FirstBank's asset quality is satisfactory. Although the Bank's NPL ratio trended up slightly to 3.1% at the end of the 6 month period to 30 June 2012, management is optimistic that the ratio will consistently remain below 5%. To achieve this goal, the Bank will focus on recovery and quick resolution of assets that show signs of deterioration. In the short term, the Bank will also pursue a measured approach to credit growth, but will lend to all sectors where the margins are good. Key areas of interest include oil & gas, telecommunications and manufacturing, which we believe should prove attractive for investment given their systemic importance to the Nigerian economy.

Risk Management

FirstBank's Risk Management Directorate (RMD) provides the central oversight for risk management processes. The Directorate is headed by an Executive Director, who reports to the Managing Director and the Board. The RMD sets policies, defines risk limits and provides the framework for managing risks in other units within the Bank. The Internal Control department performs independent verification to ensure that all risk measures are in compliance with FirstBank's standards. Furthermore, management reports are generated and reviewed periodically to ensure the effective monitoring of the Bank's risk profile.

As part of ongoing improvements to risk management, FirstBank is currently concluding plans to implement the Standardised approach for measuring credit risk as recommended in the Basle II framework. In the medium to long term, the Bank also intends to migrate to the Basel II Advanced Internal Rating Based (AIRB) approach for all risk types - credit, market and operational. FirstBank is already compiling necessary data required to support the platform migration.

In order to improve credit quality, management is emphasizing training to ensure that relationship managers have necessary skills. Initiatives have also been introduced in other areas to ensure an increased level of risk consciousness within the Bank. In our opinion, FirstBank's risk management framework is adequate. However, ensuring strict adherence to these policies is imperative to improving asset quality.

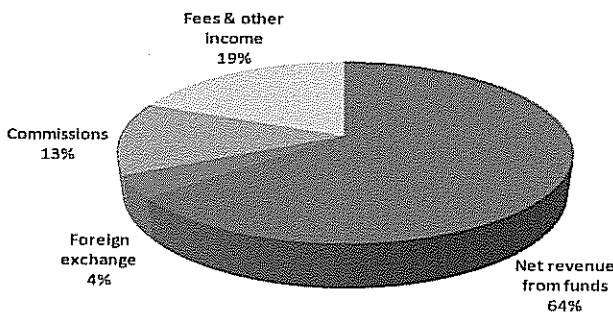
EARNINGS

IN THE COMPUTATION OF NET EARNINGS, THE ANALYSTS HAVE TAKEN A CONSERVATIVE APPROACH BY ADDING THE BANK'S EXCEPTIONAL LOSSES ON LOANS SOLD TO AMCON TO LOAN LOSS EXPENSE. CONSEQUENTLY, PROFIT BEFORE TAX AND PROFIT AFTER TAX DECLARED BY THE BANK DIFFER FROM THOSE COMPUTED BY AGUSTO & CO.

FirstBank's revenues are largely derived from intermediation, with interest income accounting for 76% of its gross earnings of ₦276 billion for the year ended 31 December 2011. Foreign exchange trading contributed 3% of earnings for the year, while fees & other income accounted for 21%. By business lines, the retail banking division remains FirstBank's most active business line, contributing 41% of gross earnings for the year.

FirstBank incurred a substantial volume of impairment losses in 2011 as the Bank charged-off over ₦46 billion as loan losses, while an additional ₦10 billion was written-off on account of diminution in the value of investment portfolios. Nonetheless earnings showed some resilience; the Bank's net earnings grew by 33% on the prior year to ₦187 billion. FirstBank's net earnings were driven by fund-based activities, which accounted for 64% during the year ended 31 December 2011 (2010: 65%).

Figure 4: Breakdown of Net earnings



Interest earned by the Bank grew by 30% in 2011, and largely comprised interest on loans & advances (75%). Growth in interest income was on account of a higher prevailing interest rate environment relative to the prior year, which enabled improved asset pricing for the Bank, as well as higher yields on government securities. Aided by the market-wide slump in deposit rates and a predominantly low-cost funding base, interest expense declined by a substantial 33%, enabling the Bank to optimize interest spreads. Consequently, the net interest margin rose to 85% (2010: 71%), which is the highest amongst selected peers - Zenith (78%), GTB (79%) and United Bank for Africa Plc (UBA: 60%). Accounting for the higher prevailing interest rate environment, we anticipate firmer support for margins in the short term as the Bank gradually reprices the loan book to reflect market realities. Management also presupposes that margins should improve given plans to grow loans in the less competitive commercial & consumer segments, and also in view of the Bank's ample supply of low-cost funds.

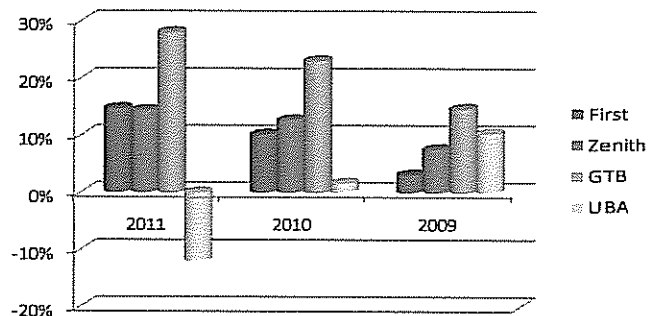
Despite facing a less benign business environment, ancillary income (comprising commissions, foreign exchange income and fees) grew by 37% and accounted for 36% of net earnings in 2011. This growth was driven by various deliberate interventions to enhance non-interest income. Chief amongst these was a stricter monitoring of COT concessions to reduce income leakages, as well as sustained progress in maintaining a short-tenored loan book. New products were also introduced to build client uptake, while the Bank focused more on fee-generating trade finance transactions. Going forward, FirstBank intends to push for further growth in non-interest income, and has invested significantly in alternative service channels to position effectively in the budding cash-lite market.

In 2011, operating costs rose by 26% to ₦135 billion. This is partly ascribed to a 13% increase in staff costs, following a compensation review and slight growth in staff numbers. Also contributing to the growth in costs was a ₦6 billion contribution to AMCON, which did not exist previously, as well as investments in branch expansion/upgrades and alternative channel development. Over 40 operating locations and ATMs were deployed by the Bank in 2011, in order to enhance customer acquisition and improve service delivery. We believe FirstBank's plans for new investment in branches will translate to increased costs in 2012.

Notwithstanding the growth in costs during 2011, FirstBank's ratio of operating expenses to net earnings (cost-to-income ratio) improved moderately to 72% (2010: 76%) supported by higher earnings. The Bank's cost-to-income ratio is higher than most selected peers, but better than the industry average of 90%. Further underscoring the Bank's earning potential, CIR dipped to 62% during the 6 month period ended 30 June 2012.

Profitability indicators showed resilience, upheld by the strong growth in income. In the period under review, the pre-tax return on average assets & contingents (ROA) and equity (ROE) improved to 2% and 14.7% respectively (2010: 1.5% and 10.2%). The Bank's profitability indicators are better than the industry averages of 0.5% and 6% respectively for the year.

Figure 5: Pre-tax Return on Average Equity (ROE)



EARNINGS (CONT'D)

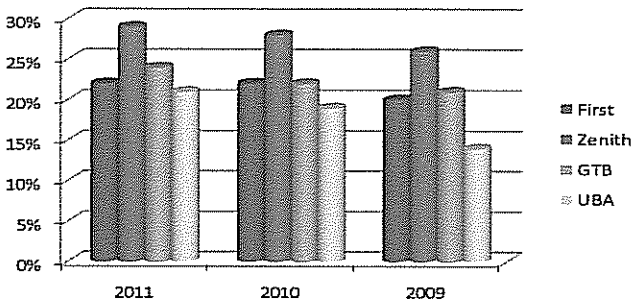
The Bank's unaudited H1 2012 result shows further growth, with the annualized pre-tax ROA and ROE trending northwards to 16% and 2% respectively. Management forecasts that the Bank will achieve ROA of 3% and ROE of 20% for the full year. While we believe this is achievable, we note that the Bank's ability to enhance profitability is contingent on its ability to keep costs low and control asset quality. In our view, FirstBank remains one of the better positioned Nigerian banks to maintain adequate levels of profitability in the short to medium term. In addition, given FirstBank's large and diverse client base, we believe the Bank's income streams are sustainable

CAPITAL ADEQUACY

FirstBank's core capital of N371 billion funded 12% of total assets & contingents as at year-end, and ranks the highest in the Nigerian banking industry. As at the balance sheet date, the Bank also reported Tier II Capital of N26 billion, comprising revaluation surplus and long term borrowings of N24 billion. Long-term debt comprises various intervention funds disbursed by the Central Bank of Nigeria (CBN) and Nigerian Bank of Industry (BOI) for onward lending to selected sectors of the economy.

FirstBank's loss absorbing capacity is adequate as indicated by a Basle ratio (adjusted capital to risk weighted assets) of 22% as at 31 December 2011. This is higher than the regulatory minimum requirement of 15% for an international bank. When we stress capital for additional losses, the Bank's Basle ratio (at 13%) meets our minimum expectation. In addition, loans stood at a multiple of 3 times adjusted capital, which is well below the regulatory maximum of 10 times. In our opinion, FirstBank's capital is adequate for the level of risks assumed, but should be strengthened to support further business growth.

Figure 6: Basle ratio

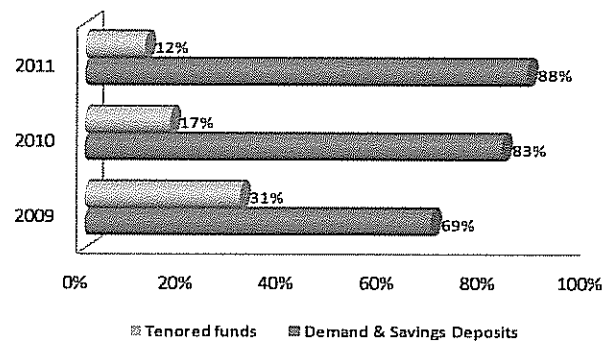


LIQUIDITY AND LIABILITY GENERATION

FirstBank's large network of 650 business offices and over 8 million depositors provide access to a large and diversified funding base. Operations are funded largely by customers' deposits, which financed 62% of total assets & contingents as at year-end. As at the balance sheet date, total deposit liabilities of the Bank amounted to N1.83 trillion, of which 75% were local currency (LCY) denominated.

Net of interbank takings, FirstBank's LCY deposits grew by 18% to N1.37 trillion as at 31 December 2011. This was driven by aggressive deposit mobilization, as well as 'flight to quality' in the industry, given the financial challenges faced by some banks. In a conscious bid to reduce funding costs, the Bank engaged in various promotional activities to rein in retail clients. Consequently, low-cost demand and savings deposits grew by 25% to N1.2 trillion, making up 88% of LCY deposits as at year-end (2010: 83%). Reflecting management's strategic efforts to lower dependence on costly funding, tenored deposits were reduced by 13% from the prior year to N165 billion via closer control of interest payout. The combined effect of these was a reduction in the Bank's weighted average cost of funds to 2.1% for the year (2010: 3%), which is well below the estimated industry average of 3.7%.

Figure 7: Change in structure of LCY deposits



FirstBank's liability generation strategy has traditionally centred on building a stable pool of low-cost liabilities from individuals and companies, each of which accounted for 43% of deposits as at the balance sheet date. In our opinion, the Bank's deposits are stable, given the principal source.

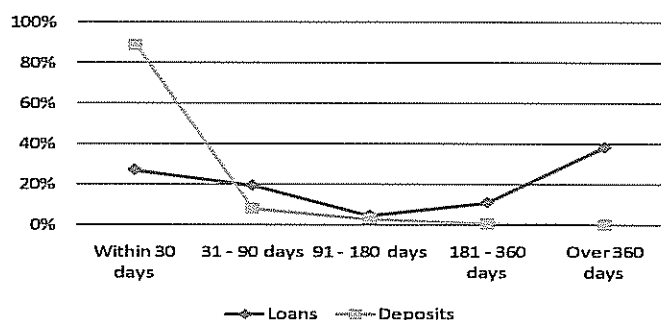
FirstBank's deposits remain fairly diversified with the twenty largest depositors accounting for 34% of LCY deposits. As at the balance sheet date, 70% of these large deposits were public sector funds. Although public sector funds could be expensive to hold, we believe the Bank's twin track approach of providing both deposit and credit products to clients in this segment will enable it effectively manage margins.

An asset and liability gap analysis (based on contractual maturities) shows a mismatch in tenors, with 49% of loans in the 'above 180 days' bucket compared to less than 1% of deposits in the

LIQUIDITY AND LIABILITY GENERATION (Cont'd)

same bucket. However, behaviorally, most of these short term deposits are stable over long periods - 62% of deposits are considered core. We are also comforted by the availability of long-term financing which the Bank uses to fund long-dated loans. As at the balance sheet date, FirstBank had long-term debt totaling ₦69 billion availed by various financial institutions. Exchange rate risks on these facilities are mitigated through the use of net open position limits recommended by the CBN, as well as intra-day and other risk exposure limits specified by the Bank.

Figure 8: Comparison of contractual maturities



FirstBank maintains a highly liquid balance sheet. Liquid assets comprising largely of government securities and AMCON bonds amounted to ₦793 billion as at year-end. This large securities portfolio provides a strong liquidity cushion but exposes the Bank to market risk. However, we are optimistic that FirstBank's large and diverse pool of low-cost deposits will supplement asset yields.

FirstBank's liquidity profile is strong, in our view. The Bank's liquidity ratio stood at 56% as at year-end; well above the statutory minimum of 30%. In addition, the loans (net) to deposits ratio of 62% (after backing out loans funded by free capital) remains well within our maximum threshold, and provides ample headroom to grow risk assets.

FirstBank's strong reputation in the Nigerian money market provides the ability to refinance should the need arise. We expect that the Bank will remain strong in terms of deposit mobilization, thus retaining its favorable funding structure in the short to medium term.

OWNERSHIP, MANAGEMENT AND STAFF

First Bank of Nigeria Plc is a publicly quoted company listed on the Nigerian Stock Exchange (NSE). The Bank has 32.6 billion ordinary shares in issue, jointly held by over 1.28 million investors. As at year-end, no entity controlled more than 5% of the Bank's shareholding. As at same date, FirstBank's sixteen member board of directors jointly controlled 0.15% of the Bank's disclosed shareholding.

FirstBank's board comprises 5 executive and 11 non-executive members. One of the non-executive members is an independent director, and the Bank is making efforts to appoint a second independent director to comply fully with the CBN's corporate governance code. To strengthen capabilities during the year under review, six directors were appointed to replace members who had previously exited the Bank. Oversight functions of the board are executed through six standing committees constituted in line with the CBN's code on corporate governance.

FirstBank's operations are overseen by the Group Managing Director, Mr. Bisi Onasanya. He is assisted by an executive management team which comprises 4 Executive Directors and 6 Executive Vice Presidents. Members of this executive team have an average of 25 years experience in diverse functions within the financial services sector. During the year ended 31 December 2011, the Bank employed an average of 7,801 employees (2010: 7,603), and this increased by a moderate 5% during the 6-month period ended 30 June 2012. As at this date, 4% of employees were management staff, while all others were in the non-management cadre.

During the year ended 31 December 2012, FirstBank's staff productivity - as measured by net earnings per staff - improved to ₦24 million (2010: ₦19 million), reflecting earnings growth. The Bank's net earnings per staff is comparable to most of its peers (see table below).

Table 1: Staff productivity indicators

	First (₦'000)	Zenith (₦'000)	GTB (₦'000)	UBA (₦'000)
Cost/staff	17,296	13,934	23,999	8,421
Assets/staff	388,529	424,894	751,279	257,721
Net loans/staff	145,301	104,946	256,976	60,536
Deposits/staff	175,114	183,144	299,447	100,437
Net earnings/staff	24,029	20,505	47,399	6,357

In our opinion, FirstBank's management is experienced and has demonstrated ability to adapt to changes in the banking terrain.

MARKET SHARE

FirstBank is Nigeria's oldest bank having operated for 118 years. It has a strong domestic franchise given its age and track record. Over the years, the Bank has successfully repositioned itself to overcome competition in the Industry and to remain relevant in the rapidly changing business environment. This has enabled it steadily grow market share.

In view of uncertainties prevailing in the banking industry during most of 2011, FirstBank benefited immensely from deposit flight. As at 31 December 2011, the Bank held the second largest share of deposits in the Nigerian banking industry (13.7%) and ranked first on the basis of net loans & leases, with a market share of 17.2%. FirstBank is the industry's second largest on the basis of total assets & contingents, controlling a market share of 14%. We consider the Bank's industry position to be strong.

Figure 9: Market share of Total assets & contingents

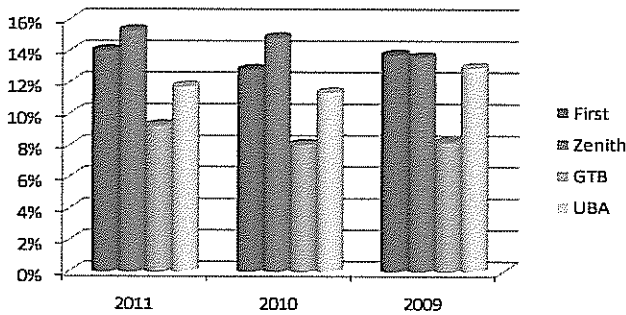
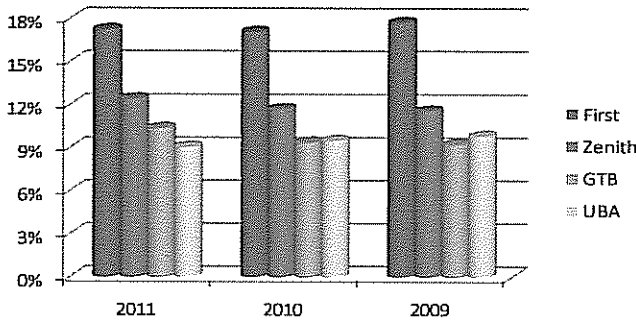


Figure 10: Market share of Net loans & leases



As contained in its 2013 strategic plan, FirstBank intends to defend its leadership position in the Industry, and also extend this along key dimensions such as profitability, capital efficiency and effectiveness. The Bank intends to achieve this by leveraging its strong brand to expand its niche in retail banking, given intense competition in the corporate segment, as well as the already large size of its corporate portfolio. In our opinion, FirstBank remains well positioned to achieve these objectives.

OUTLOOK

FirstBank is one of the leading banks in Nigeria with over a century of operations. With over 650 branches nationwide, the Bank has one of the largest branch networks in the country, which provides access to stable funding base. Earnings have been good; FirstBank has continually repositioned the Bank to compete effectively with its peers. Over the years, sizable investments have been made in human capital, technology and infrastructure to improve the Bank's processes and enhance service delivery. Performance management systems have been improved and staff are continuously trained to ensure good performance. Given the Bank's size and strong capitalization, we believe FirstBank remains well positioned to take advantage of the growth opportunities inherent in the banking industry.

To consolidate its leadership position, FirstBank has identified four key objectives in its strategic plan to 2013. Toward achieving these objectives, the Bank (in 2012) intends to optimize risk pricing, grow fees & commission income, contain operating costs, attract low-cost deposits and selectively grow loans. To support these financial initiatives, FirstBank will also pursue key non-financial initiatives which include improving service delivery and credit quality, as well as improving on people, productivity and performance. In our opinion however, achieving cost efficiency and keeping a tight rein on asset quality will be integral to achieving the Bank's growth objectives. Nevertheless, we expect liquidity to remain strong, capitalization to be good and earnings to record steady growth in the short to medium term.

We hereby attach a **stable** outlook to this rating.

FIRST BANK OF NIGERIA PLC

BALANCE SHEET AS AT

	31-Dec-11		31-Dec-10		31-Dec-09	
	N'000		N'000		N'000	
ASSETS						
1 Cash & equivalents	95,225,000	3.1%	63,764,000	2.8%	57,268,000	2.6%
2 Government securities	544,287,000	18.0%	276,690,000	12.0%	239,359,000	10.9%
3 Stabilisation securities	146,896,000	4.8%	13,286,000	0.6%		
4 Quoted investments	6,100,000	0.2%	6,214,000	0.3%	6,283,000	0.3%
5 Placements with discount houses			93,377,000	4.1%	15,113,000	0.7%
6 LIQUID ASSETS	<u>792,508,000</u>	<u>26.1%</u>	<u>453,331,000</u>	<u>19.7%</u>	<u>318,023,000</u>	<u>14.4%</u>
7 BALANCES WITH NIGERIAN BANKS	21,746,000	0.7%	180,629,000	7.9%	166,556,000	7.6%
8 BALANCES WITH BANKS OUTSIDE NIGERIA	200,372,000	6.6%	109,887,000	4.8%	71,234,000	3.4%
9 Direct loans and advances - Gross	1,157,740,000	38.2%	1,090,776,000	47.5%	1,081,957,000	49.1%
10 Less: Cumulative loan loss provision	(28,889,000)	-1.0%	(73,365,000)	-3.2%	(59,471,000)	-2.7%
11 Direct loans & advances - net	<u>1,128,851,000</u>	<u>37.2%</u>	<u>1,017,411,000</u>	<u>44.3%</u>	<u>1,022,486,000</u>	<u>46.4%</u>
12 Advances under finance leases - net	4,642,000	0.2%	7,581,000	0.3%	10,835,000	0.5%
13 TOTAL LOANS & LEASES - NET	<u>1,133,493,000</u>	<u>37.4%</u>	<u>1,024,992,000</u>	<u>44.6%</u>	<u>1,033,321,000</u>	<u>46.9%</u>
14 INTEREST RECEIVABLE	9,739,000	0.3%	1,679,000	0.1%	13,187,000	0.6%
15 OTHER ASSETS	55,504,000	1.8%	47,199,000	2.1%	34,781,000	1.6%
16 DEFERRED LOSSES						
17 RESTRICTED FUNDS	103,866,000	3.4%	11,130,000	0.5%	10,308,000	0.5%
18 UNCONSOLIDATED SUBSIDIARIES & ASSOCIATES	50,518,000	1.7%	44,015,000	1.9%	32,640,000	1.5%
19 OTHER LONG-TERM INVESTMENTS	39,711,000	1.3%	36,701,000	1.6%	43,104,000	2.0%
20 FIXED ASSETS & INTANGIBLES	<u>56,086,000</u>	<u>1.9%</u>	<u>52,881,000</u>	<u>2.3%</u>	<u>46,302,000</u>	<u>2.1%</u>
21 TOTAL ASSETS	<u>2,463,543,000</u>	<u>81.3%</u>	<u>1,962,444,000</u>	<u>85.5%</u>	<u>1,772,456,000</u>	<u>80.4%</u>
22 TOTAL CONTINGENT ASSETS	567,374,000	18.7%	334,126,000	14.5%	431,316,000	19.6%
23 TOTAL ASSETS & CONTINGENTS	<u>3,030,917,000</u>	<u>100%</u>	<u>2,296,570,000</u>	<u>100%</u>	<u>2,203,772,000</u>	<u>100%</u>
CAPITAL & LIABILITIES						
24 TIER 1 CAPITAL (CORE CAPITAL)	371,193,000	12.2%	343,543,000	15.0%	315,109,000	14.3%
25 TIER 2 CAPITAL	26,575,000	0.9%	28,284,000	1.2%	37,852,000	1.7%
26 LONG TERM FOREIGN BORROWINGS	68,906,000	2.3%	98,712,000	4.3%		
27 Demand deposits	705,997,000	23.3%	575,703,000	25.1%	516,616,000	23.4%
28 Savings deposits	495,075,000	16.3%	386,913,000	16.8%	265,488,000	12.0%
29 Time deposits	164,990,000	5.4%	190,658,000	8.3%	343,737,000	15.6%
30 Inter-bank takings	<u>50,533,000</u>	<u>1.7%</u>	<u>54,928,000</u>	<u>2.4%</u>	<u>40,912,000</u>	<u>1.9%</u>
31 TOTAL DEPOSIT LIABILITIES - LCY	1,416,595,000	46.7%	1,208,202,000	52.6%	1,166,753,000	52.9%
32 Customers' foreign currency balances	462,985,000	15.3%	219,619,000	9.6%	166,092,000	7.5%
33 TOTAL DEPOSIT LIABILITIES	<u>1,879,580,000</u>	<u>62.0%</u>	<u>1,427,821,000</u>	<u>62.2%</u>	<u>1,332,845,000</u>	<u>60.5%</u>
34 INTEREST PAYABLE	2,552,000	0.1%	197,000	0.0%	254,000	0.0%
35 OTHER LIABILITIES	<u>114,737,000</u>	<u>3.8%</u>	<u>63,887,000</u>	<u>2.8%</u>	<u>86,396,000</u>	<u>3.9%</u>
36 TOTAL CAPITAL & LIABILITIES	<u>2,463,543,000</u>	<u>81.3%</u>	<u>1,962,444,000</u>	<u>85.5%</u>	<u>1,772,456,000</u>	<u>80.4%</u>
37 TOTAL CONTINGENT LIABILITIES	567,374,000	18.7%	334,126,000	14.5%	431,316,000	19.6%
38 TOTAL CAPITAL, LIABILITIES & CONTINGENTS	<u>3,030,917,000</u>	<u>100%</u>	<u>2,296,570,000</u>	<u>100%</u>	<u>2,203,772,000</u>	<u>100%</u>
Proof						
BREAKDOWN OF CONTINGENTS						
39 Acceptances & direct credit substitutes	153,695,000	5.1%	151,337,000	6.6%	242,837,000	11.0%
40 Guarantees, bonds etc..	228,357,000	7.5%	181,387,000	7.9%	175,759,000	8.0%
41 Short-term self liquidating contingencies	185,322,000	6.1%	1,402,000	0.1%	12,720,000	0.6%

FIRST BANK OF NIGERIA PLC

INCOME STATEMENT FOR THE YEAR ENDED

	31-Dec-11		31-Dec-10		31-Dec-09	
	N'000		N'000		N'000	
42 Interest income	208,843,000	75.8%	160,529,000	76.7%	145,100,000	82.7%
43 Interest expense	(30,772,000)	-11.2%	(45,940,000)	-22.0%	(56,167,000)	-32.0%
44 Loan loss expense	(57,403,000)	-20.8%	(22,213,000)	-10.6%	(41,462,000)	-23.6%
45 NET REVENUE FROM FUNDS	120,668,000	43.8%	92,376,000	44.2%	47,471,000	27.1%
46 ALL OTHER INCOME	66,786,000	24.2%	48,658,000	23.3%	30,290,000	17.3%
47 NET EARNINGS	187,454,000	68.0%	141,034,000	67.4%	77,761,000	44.3%
48 Staff costs	(57,558,000)	-20.9%	(50,822,000)	-24.3%	(39,670,000)	-22.6%
49 Depreciation expense	(8,517,000)	-3.1%	(7,972,000)	-3.8%	(5,182,000)	-3.0%
50 Other operating expenses	(68,851,000)	-25.0%	(48,703,000)	-23.3%	(25,220,000)	-14.4%
51 TOTAL OPERATING EXPENSES	(134,926,000)	-49.0%	(107,497,000)	-51.4%	(70,072,000)	-40.0%
52 PROFIT (LOSS) BEFORE TAXATION	52,528,000	19.1%	33,537,000	16.0%	7,689,000	4.4%
53 TAX (EXPENSE) BENEFIT	(5,066,000)	-1.8%	(1,414,000)	-0.7%	(6,414,000)	-3.7%
54 PROFIT (LOSS) AFTER TAXATION	47,462,000	17.2%	32,123,000	15.4%	1,275,000	0.7%
55 NON-OPERATING INCOME (EXPENSE) - NET						
56 DIVIDEND	(19,579,000)	-7.1%	(2,902,000)	-1.4%	(33,565,000)	-19.1%
57 GROSS EARNINGS	275,629,000	100%	209,187,000	100%	175,390,000	100%
58 AUDITORS	PWC/PKF		PWC/PKF		AWD/PKF	
59 OPINION	CLEAN		CLEAN		CLEAN	

KEY RATIOS

	31-Dec-11	31-Dec-10	31-Dec-09
EARNINGS			
60 Net interest margin	85.3%	71.4%	61.3%
61 Loan loss expense/interest income	27.5%	13.8%	28.6%
62 Return on average assets & contingents (Pre - tax)	2.0%	1.5%	0.5%
63 Return on average equity (Pre - tax)	14.7%	10.2%	3.1%
64 Operating Expenses/Net earnings	72.0%	76.2%	90.1%
65 Gross earnings/Total assets & contingents (average)	10.3%	9.3%	8.4%
EARNINGS MIX			
66 Net revenue from funds	64.4%	65.5%	61.0%
67 All other income	35.6%	34.5%	39.0%
LIQUIDITY			
68 Total loans & leases - net/Total lcy deposits	62.3%	65.1%	68.8%
69 Liquid assets/Total lcy deposits	55.9%	50.2%	39.4%
70 Demand deposits/Total lcy deposits	49.8%	47.6%	44.3%
71 Savings deposits/Total lcy deposits	34.9%	32.0%	22.8%
72 Time deposits/Total lcy deposits	11.6%	15.8%	29.5%
73 Inter-bank borrowings/Total lcy deposits	3.6%	4.5%	3.5%
74 Interest expense - banks/interest expense	13.0%	8.7%	10.0%
75 NET FOREIGN CURRENCY ASSETS (LIABILITIES)	(262,613,000)	(109,732,000)	(91,858,000)

FIRST BANK OF NIGERIA PLC

KEY RATIOS CONT'D

31-Dec-11

31-Dec-10

31-Dec-09

ASSET QUALITY

76	Performing loans (₦'000)	1,129,642,000	1,001,073,000	993,451,000
77	Non-performing loans (₦'000)	28,098,000	89,703,000	88,506,000
78	Non-performing loans/Total loans - Gross	2.43%	8.22%	8.18%
79	Loan loss provision/Total loans - Gross	2.5%	6.7%	5.5%
80	Loan loss provision/Non-performing loans	102.8%	81.8%	67.2%
81	Risk-weighted assets/Total assets & contingents	51.3%	66.2%	72.3%

CAPITAL ADEQUACY

82	Adjusted capital/risk weighted assets	22.3%	21.5%	20.1%
83	Tier 1 capital/Adjusted capital	107%	105%	98%
84	Total loans (net)/Adjusted capital	3.27	3.13	3.23
85	Capital unimpaired by losses (₦'000)	371,193,000	343,543,000	315,109,000

CAPITAL ADEQUACY STRESS TEST

86	Adjusted capital (₦'000)	346,516,000	327,547,000	320,321,000
87	Cumulative loan loss provision (actual reserves)	28,889,000	73,365,000	59,471,000
88	Equity before all provision (line 86 + line 87)	375,405,000	400,912,000	379,792,000
89	Required reserves*	166,481,630	211,772,610	156,484,410
90	Equity after required reserves (line 88 - line 89)	208,923,370	189,139,390	223,307,590
91	Equity after required reserves/risk weighted assets	13.4%	12.4%	14.0%

STAFF INFORMATION

92	Net earnings per staff (₦'000)	24,029	18,550	12,612
93	Staff cost per employee (₦'000)	7,378	6,684	6,434
94	Staff costs/Operating expenses	42.7%	47.3%	56.6%
95	Average number of employees	7,801	7,603	8,221
96	Average staff per office	12	12	14

OTHER KEY INFORMATION

97	Legal lending limit(₦'000)	74,238,600	68,708,600	63,021,800
98	Other unamortised losses(₦'000)	NONE	NONE	NONE
99	Unreconciled inter-branch items (₦'000) DR/(CR)	NONE	NONE	NONE
100	Number of offices	650	611	570
101	Age (in years)	117	116	115
102	Government stake in equity (Indirect)			

MARKET SHARE OF INDUSTRY TOTAL

		Actual	Actual	Actual
103	Lcy deposits (excluding interbank takings)	13.7%	12.9%	13.7%
104	Total assets & contingents	14.0%	12.8%	13.8%
105	Total loans & leases - net	17.2%	17.1%	17.7%
106	Non interest income	14.0%	10.1%	6.8%
107	Net interest income	22.2%	16.0%	11.7%

*: This is calculated as 100% of non-performing loans, 5% of performing loans (including direct credit substitutes disclosed as contingent assets) and 1% for all other assets excluding cash, federal government obligations, placements with discount houses and balances at CBN.

RATING DEFINITION

Aaa A financial institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) are unlikely to lead to deterioration in financial condition or an impairment of the ability to meet its obligations as and when they fall due. In our opinion, regulatory and/or shareholder support will be obtained, if required. Typically, a financial institution in this category will score more than 89% on our scoring grid.

Aa A financial institution of very good financial condition and strong capacity to meet its obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a slight increase the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when they fall due should remain strong. Although regulatory support is not assured, shareholder support will be obtained, if required. Typically, a financial institution in this category will score 80% to 89% on our scoring grid.

A A financial institution of good financial condition and strong capacity to meet its obligations. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when they fall due should remain largely unchanged. In our opinion, shareholder support should be obtainable, if required. Typically, a financial institution in this category will score 70% to 79% on our scoring grid.

Bbb A financial institution of satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due. It may have one major weakness which, if addressed, should not impair its ability to meet obligations as and when due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution. Typically, a financial institution in this category will score 60% to 69% on our scoring grid.

Bb Financial condition is satisfactory and ability to meet obligations as and when they fall due exists. May have one or more major weaknesses. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly. Typically, a financial institution in this category will score 50% to 59% on our scoring grid.

B Financial condition is weak but obligations are still being met as and when they fall due. Has more than one major weakness and may require external support, which, in our opinion, is not assured. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly. Typically, a financial institution in this category will score 40% to 49% on our scoring grid.

CCC Financial condition is very weak. Net worth is likely to be negative and obligations may already be in default. A financial institution in this category will score less than 40% on our scoring grid.

D In default.

A "+" (plus) or "-" (minus) sign may be assigned to ratings from Aa to C to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.