



**25 July 2011**

## **First Bank of Nigeria Plc**

Unaudited group results for the half year ended 30 June 2011

FIRST BANK OF NIGERIA PLC REPORTS VERY STRONG 41% GROWTH IN OPERATING INCOME AND ROBUST PROFIT AFTER TAX GROWTH OF 23% FOR THE HALF YEAR ENDED 30 JUNE 2011.

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG (%firstBank+ or the %Group+), the most diversified financial services group in Nigeria with presence in London, Paris, Johannesburg and Beijing announces its unaudited results for the 6 months ended 30 June 2011.

### **Group Financial Highlights**

- Gross Earnings of **₦139.7 billion**, an increase of 14.2% compared with the equivalent period in 2010 (~~₦122.3 billion~~ June 2010) as lending rates and yields improved
- Operating income of **₦120.9 billion**, up 41.8% on the prior year (~~₦85.6 billion~~ June 2010)
- Net Interest Income of **₦88.2 billion**, up 53.5% on the prior year (~~₦57.5 billion~~ June 2010)
- Non-Interest Revenue **₦32.6 billion**, up 16.2% on the prior year (~~₦28.1 billion~~ June 2010)
- Profit Before Tax of **₦35.7 billion**, up 12.8% on the prior year (~~₦31.7 billion~~ June 2010)
- Profit After Tax of **₦31.3 billion**, up 23.3% (~~₦25.3 billion~~ June 2010)
- Total Assets of **₦2.9 trillion**, up 28.8% (~~₦2.3 trillion~~ June 2010)
- Deposits of **₦1.9 trillion**, up 34.6% (~~₦1.4 trillion~~ June 2010)
- Loans & Advances of **₦1.2 trillion**, up 13.0% (~~₦1.1 trillion~~ in June 2010)
- Shareholders' Funds of **₦321 billion**, up 4.1% (~~₦308 billion~~ in June 2010)
- Basic Earnings per Share (annualised) of **192 kobo** (174 kobo June 2010)

### **Key Ratios**

- Net interest margin of **8.2%** (6.6% March 2011 and 5.7% June 2010)
- Loan-to-deposit ratio of **67.0%** (85.4% March 2011 and 79.9% June 2010)
- Non-performing loan ratio of **3.8%** (7.3% March 2011 and 5.8% June 2010)
- Total capital adequacy ratio of **17.3%** (19.3% March 2011 and 18% June 2010)

- Bank liquidity ratio of **50.4%** (42.1% March 2011 and 40.4% June 2010)
- NPL coverage ratio of **104.9%** (87.8% March 2011 and 70.1% June 2010)
- Cost to income ratio of **58.6%** (64% March 2011 and 63% June 2010)
- Cost of risk of **2.3%** (1.1% March 2011)

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

*“These results bear testimony to the fact that the corporate transformation we embarked upon in 2009 is clearly starting to yield fruit. As we execute our strategy of defending and extending our leading position, I am pleased to report very healthy (20%) growth in our total assets to ₦2.9 trillion. By focusing on branch efficiency, customer service and product awareness, we grew deposits - especially in the low cost segments - by 32% in the first half of the year. This, in turn, helped lower our cost of funds and drove strong net interest income growth and margin expansion. The resultant increase in our activity levels have also fed through to our non-interest income. These outcomes underscore the positive impact of corporate restructuring on the bank’s ability to simultaneously grow and diversify its income streams. We continue to position the bank to attract and retain the best talent in the industry. While this has put some upward pressure on operating expenses, we expect to stay on course for sustained income and profit growth in the second half of the year while mitigating our cost of risk going forward.”*

## **Divisional Performance**

**Retail and Corporate Banking** profit before tax of ₦33.2 billion up 45% (₦23.0 billion June 2010). Commenting on this performance, Mr. Kehinde Lawanson, Executive Director, Corporate Banking said: *“we saw relatively flat loan growth in Q2 due to the elections in April but, as confidence firmed, and corporate borrowers are starting to come back to the market, the loan book is up 13% year on year. Through our corporate transformation project, FirstBank has positioned itself to meet the growing needs of customers in this category in the coming years with competitive and efficient products that are easy to understand and apply for. Deposit growth has reduced our loan to deposit ratio providing added bandwidth for future asset expansion. Barring an unforeseeable shock to the system, this places us on a sustainable path to profitability and growth in the months and years to come.*

**Investment & Capital Markets and Asset Management** combined profit before tax of ₦2.3 billion.

The market was expectedly subdued with corporations and investors remaining cautious for most of the period, mainly due to the April general elections and the delay in continuing with government’s privatisation efforts. Nonetheless, in the first half of 2011, we continued to build out our business. In Investment Banking we won 8 debt capital market mandates split equally between public and private sector clients, 2 financial advisory deals, and 4 mandates in the structured and project finance area which presage strong income recovery in the second half of the year.

We have seen a 13.87% increase in our assets under management from last year and there has been an increase in income from trust services especially from state governments issuing debt and to a lesser extent, from the corporate area as well. The lull in the markets also provided a window within which we restructured our securities

business towards growing our market share in the local and international institutional markets. In view of this, we have made significant investment in new hires in our sales and research teams. Recently, we produced the first installment of macroeconomic research and market analysis and launched our daily market research note for clients.

### **Operational Highlights**

- We have obtained the CBN's approval in principle for the non-operating holding company that would allow the group to continue to build around its vision of achieving dominance in financial services in sub-Saharan Africa while complying with the apex bank's new bank licensing rules. In addition, we have incorporated the Holdco (FBN Holdings), whilst the major issues around tax are being addressed through high level engagement with the Federal Inland Revenue Service with strong support from the CBN. In line with the approval granted by the CBN, we also plan to divest from our registrar business and non-core real estate assets.
- Completed the enhancement of First Bank's Enterprise Risk Management capability through the deployment of Basle 2 compliance solution covering Credit, Market and Operational risk management.
- Completed the deployment of a fraud detection and prevention system to reduce the incidence of fraud.
- We continued with the execution of the Bank's five key initiatives to transform and achieve excellence in service delivery. The main channels for achieving this objective are the implementation of systems to identify and resolve customer issues, the centralisation of transactions to decongest branches, enhancement of the branch experience through rebranding and improved awareness of products via our "Did you know+" campaign, empowering front line staff to meet our service delivery commitments, and improving customer access to reliable automated services and internet banking.
- Roll out of the Centralised Processing Centre (CPC) and branch process re-engineering has been leading to growth benefits, for example, in new product deployment via e-banking. There have also been improvements in customer satisfaction with a 65% reduction in the account opening cycle and a 70% reduction in retail loan processing times. The roll out is also leading to better operating efficiency with lower fixed costs per transaction and increased staff productivity.
- Progress to date in the CPC roll out now allows for account opening across 150 branches, salary processing in 450 branches and retail loan processing in 89 branches.
- Branch rebranding was completed in 20 branches over Q1 with additional 55 branches in 12 locations up for rebranding by end of Q3.
- Group Branch network reached 630 in Q2, up from 611 at the end of December 2010.
- The ATM network reached 1,293 units as at the end of June 2011 up from 1,204 in December 2010.

**- ENDS -**

## Conference Call for Results

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG) (the Company), the most diversified financial services group in Nigeria with international presence in London, Paris, Johannesburg and Beijing, will be hosting a teleconference call for analysts and investors on Wednesday July 27 at 2pm GMT (10am New York/ 3pm London/ 3pm Lagos) with its senior management to report First Bank of Nigeria Plc Audited Final Results for the 6 month period ended 30 June 2011. There will also be an opportunity at the end of the call for management to take questions from investors and analysts.

The teleconference call facility can be accessed by dialling:

+44 (0)20 7136 2054 in the UK / International

+1 212 444 0896 in the US

+27 11 019 7014 in South Africa

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

And then entering the following confirmation code:  
2214306

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

The presentation will be posted to the First Bank of Nigeria Plc website on the morning of the 27th July at [www.firstbanknigeria.com](http://www.firstbanknigeria.com) (go to Investor Relations Financial information presentations)

For those who are unable to listen to the live call, a recording will be posted onto the company website as soon as possible after the event.

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## **- Notes to Editors -**

First Bank of Nigeria Plc (ISIN: NGFIRSTBANK7, NG00000FBNP9, US31925X3026), has its headquarters in Lagos, Nigeria and an international presence in London, United Kingdom; Paris, France; Johannesburg, South Africa; and Beijing, China. Drawing from our experience, spanning 117 years, we continue to consolidate our footprint in Nigeria, diversify and transform our bank and build scale internationally. The Bank enjoys natural premium respect and first-mention privilege in the market (an excellent corporate governance structure underpinned by strong institutional processes, systems and controls, a history of seamless leadership succession, a sound risk management framework, several globally recognised awards and experienced management).

The FirstBank Group is well diversified with contribution to national economic development through subsidiaries involved in capital market operations, insurance services, asset management and investment banking, private equity/venture capital, pension fund custodian management, registrar services, trusteeship, mortgage and microfinance banking. Within the Bank, we are structured along corporate, public, retail, institutional and private banking customer segments, giving us the ability to drive deeper product penetration and develop sector expertise with relationship management based on a deep understanding of customer needs.

With a primary listing on the Nigerian Stock Exchange, about 32.6 billion issued shares and one of the highest shareholders funds in the Nigerian landscape, FirstBank is owned by over 1.3 million shareholders across the globe and has an unlisted Global Depositary Receipt (GDR) programme. The Bank continues to enjoy strong ratings from Standard & Poor's, Fitch, Global Credit Rating and Agosto & Co. During the year, FirstBank attained ISO/IEC 27001: 2005 Information Security Management Systems (ISMS) certification from the British Standards Institution (BSI) indicating its strictest adherence to the security and protection of the information of its over five million customers in over 600 locations in Nigeria. More information can be found on our website [www.firstbanknigeria.com](http://www.firstbanknigeria.com)

### **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

*This press release contains or will contain forward-looking statements which reflect management's expectations regarding the Bank's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to the Bank's management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. FirstBank cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Bank's continuous disclosure materials filed from time to time with the Nigerian banking regulator. The Bank disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*