



Lagos, 21<sup>st</sup> APRIL 2010

## First Bank of Nigeria Plc

Unaudited First Quarter Financial results

FIRST BANK OF NIGERIA PLC REPORTS 62% QUARTER ON QUARTER INCREASE IN PROFIT BEFORE TAX AND STRONGER CAPITAL ADEQUACY OF 16.6%

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG) (“FirstBank” or the “Company”), the most diversified financial services group in Nigeria with international presence in London, Paris, Johannesburg and Beijing announces its Q1 unaudited results for the 3 months ended 31 March 2010.

Commenting on the performance, Stephen Olabisi Onasanya, Group Managing Director of FirstBank, said:

*“FirstBank is pleased to report significant growth in profitability as well as strengthening capital adequacy despite continued challenges in the operating environment in the first quarter. As high liquidity and slower pace of economic activity led to a significant drop in yields over the period, we are on track to lower our cost of funding and gradually grow our risk assets as we continue to reposition the group for a strong growth trajectory in the coming periods. Reflecting continued confidence in the FirstBank brand, Group customer deposits grew by 5.1% for the quarter, these came mostly in the form of cheaper demand deposits. Our prudent yet sustained asset growth combined with a rising and cheaper deposit mix bodes well for sustainable profit growth in 2010. We have also introduced innovative measures to improve operating efficiency and we expect these to further boost profitability in the second half of 2010.*

*These encouraging developments come on the back of our continued efforts to structure innovative and popular products while, perhaps most importantly, continuing to introduce new ways to improve levels of customer services through our service excellence related initiatives that we started introducing in 2009 and continue to roll out in 2010.”*

### Group Financial Highlights

- Gross Earnings of N62.4 billion for the three months ended 31 March 2010, a year on year decrease of 10.6% (N69.8 billion 31 March 2009)
- Operating Income of N40.1 billion (N52.5 billion Mar 2009), a year on year decrease of 23.5% and a quarter on quarter decrease of 12.5% ( N45.8 billion December 2009)
- Operating Expenditure of N26.2 billion (N24.7 billion March 2009), a year on year increase of 6.1%

- Profit Before Tax of N15.4 billion following a loss of N9.8 billion in March 2009, and an increase of 62.1% quarter on quarter (N9.5 billion Dec 2009)
- Total Assets of N2.3 trillion, an increase of 14% (N2.0 trillion March 2009), and an increase of 5.5% quarter on quarter (N2.2 trillion Dec 2009)
- Customer Deposits of N1.4 trillion, an increase of 18.0% (N1.2 trillion March 2009), and an increase of 5.1% quarter on quarter (N1.3 trillion Dec 2009)
- Loans & Advances, including advances under finance leases of N1.26 trillion and increase of 67.7% (N752 billion Mar 2009) and an increase of 15.8% quarter on quarter (N1.1 trillion Dec 2009)
- Shareholders' funds of N310 billion a decrease of 8% (N337 billion Mar 2009) and unchanged on the previous quarter.

### Efficiency & Profitability

- Loan to deposit ratio of 94% (85% Dec 2009 and 64% Mar 2009)
- Non-performing loan ratio of 6.9% (8.2% Dec 2009 and 4.8% Mar 2009)
- Net interest margin of 55.5% (61% Dec 2009 and 65.9% Mar 2009)
- Cost to income ratio<sup>1</sup> of 65% (51% Dec 2009 and 47% March 2009)
- After tax return on equity for the quarter was 15.9%, up from 9.8% in Dec 2009
- Risk weighted capital adequacy ratio of 16.6% significantly higher than the CBN minimum of 10% and up from 15.8% in the previous quarter
- Liquidity ratio of 45.6% comfortably exceeding the CBN minimum of 25% (Dec 2009: 53.4%)

### Performance by Business Lines

**Retail & Corporate Banking** profit before tax of N10.3 billion (N14.9 billion Mar 2009) a decrease of 30.7%. Speaking from the Bank's Lagos headquarters on the Marina Dr Alex Otti, Executive Director, South said: *"In the first quarter we delivered positive growth despite continued uncertainty in the operating environment. The loan book contracted by 5% over the quarter due to maturing assets being paid down in line with contractual terms. Customer deposits at bank level grew even faster than group posting a promising 8.4% increase over the quarter, and most importantly the deposit mix continued to shift in favour of cheaper demand deposits. This demonstrates that our improved value proposition, on-going service excellence initiatives and tactical promotions are paying off. Moreover, as the economy improves our significant deposit mobilisation capability will allow us to lever up the balance sheet cheaply, adding impetus to our net interest income growth and placing the bank firmly on a fast track back to profit growth."*

**Investment & Capital Markets profit before tax** of N1.5 billion, up on a loss of N258 million in March 2009. The Nigerian capital market showed signs of recovery gaining 24.7% in the first quarter, in stark contrast to the 37% decline posted in March 2009. Margin account balances declined by 32.3% to N5.6 billion at end of March 2010 from N8.2 billion in March 2009. The combination of national governance uncertainties in the first quarter and systemic credit contraction negatively impacted our business. The

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<sup>1</sup> Operating expenses as a percentage of net revenue

prospect for fixed income securities issue has improved markedly with the recent announcement of tax waivers on bond transactions by the Federal Government. Thus, moving forward we anticipate significant demand for corporate bond transactions especially given the virtual absence of yield in the money market. Continued improvement in the equity market should provide further opportunity for write backs and may also encourage companies to access the primary market to raise capital.

**Mortgage Banking:** profit before tax of N67 million, up from a loss of N70 million in December 2009 (N245 million profit in March 2009). Negatively impacting the business has been the downturn in the economy with its attendant effect on the real estate market resulting in supply outstripping effective demand, particularly at the high end of the market. The embargo on lending by most banks also stifled demand, thus resulting in low sales of existing FBN Mortgage properties. Nevertheless, the property investment portfolio increased from N5.7 billion in the previous quarter to N6.1 billion following acquisitions of land for development of housing units for the middle income group where we see rising demand going forward. We are also positioning the company as a preferred partner with State Governments on a PPP basis for urban regeneration projects.

### **Operating Environment**

- Financing conditions for businesses were difficult as banks maintained a cautious approach to credit expansion.
- Deposit Interest rates declined from the mid teens to between 3% and 5% per annum on average.
- Government and business activities were conducted without the guidepost of an approved fiscal budget and a clear sense of leadership during the quarter, which translated into weak aggregate demand in the economy.
- The Nigerian Stock Exchange All-share Index gained 24.67%, a marked improvement on Q1 2009 when it ranked among the worst performing markets with a 37% loss.

**- ENDS -**

## Conference Call for Results

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG) (“FirstBank” or 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 April 30 at 2pm GMT (10am New York/ 3pm London/ 3pm Lagos) with its senior management to report First Bank of Nigeria Plc’s Audited Final Results for the 9 month period ended 31 December 2009. 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) 207 806 1955 in the UK**

**+1 212 444 0413 in the US**

And then entering the following confirmation code:

**8405743**

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

For those who are unable to listen to the live call, a recording will be posted onto the company’s website as soon as possible the following day.

The presentation will be posted to First Bank of Nigeria Plc website on the morning of the [www.firstbanknigeria.com](http://www.firstbanknigeria.com) go to (‘Investor Relations’, ‘Financial Documents’)

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**- Notes to Editors -**

First Bank of Nigeria Plc (ISIN: NGFIRSTBANK7, NG00000FBNP9, US31925X3026), was established 116 years ago in Nigeria, FirstBank's increasing globalisation has seen it set up a branch in London in 1982, which became FBN Bank (UK) Limited, Nigeria's first full-fledged subsidiary bank in the United Kingdom in 2002. Furthermore, FBN Bank (UK) opened a branch in Paris in 2008, driving FirstBank's financial services to other parts of Europe. FirstBank has registered its presence in South Africa, through FirstBank South Africa Representative Office established in 2004, which is contributing in promoting excellent business relationships among African companies, especially the Nigerian-South African business community.

Over its multi-generational history, FirstBank has continued to adapt and innovate to meet the different challenges and opportunities presented by different generations of customers, competitors and other stakeholders, assuring not only its longevity but also market leadership. The aspiration of its holistic brand transformation exercise is to reposition the financial services icon for sustainability and leadership in the next century and beyond.