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FIRST BANK OF NIGERIA REPORTS 48% RISE IN PROFIT BEFORE TAX FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011

First Bank of Nigeria Plc (“FirstBank” or the “Group”) today announces its audited results for the twelve months ended 31 December 2011.

Key Highlights for the full year

- 27.6% growth in gross earnings to ₦296.3 billion (2010: ₦232.1 billion)
- 45.6% growth in operating income to ₦259.2 billion in 2011 (2010: ₦178.1billion)
- 92.9% growth in profit before tax and exceptional item to ₦65.6 billion (2010: ₦34 billion)
- 48.2% growth in profit before tax of ₦50.1 billion (2010: ₦33.8 billion)
- Strong improvement in cost to income ratio to 56.8% (2010: 67.0%), 55.1% ratio recorded in the Bank (2010: 65.8%)
- Provision for losses of ₦44.8 billion (2010: ₦21.6 billion), of which loan loss provision was ₦32.9 billion (2010: ₦22.4 billion)
- Exceptional item of ₦15.5 billion, arising from loss on sale of performing and non-performing loans to AMCON
- Improved asset quality, with a decline in non-performing loan ratio to 2.6% (2010: 7.8%)
- Headline growth of 9.2% in net loans and advances[1] to ₦1.2 trillion (2010:₦1.1 billion), with adjusted growth in loans to customers of 40.6%
- Total deposit growth of 34.3% to ₦1.9 trillion (2010: ₦1.5 trillion), driven by low cost current and savings accounts, leading to a further reduction in total funding costs to 1.7% from 3.1% in the previous year
- Tier 1capital ratio of 18.1% (2010: 17.7%)
- Robust liquidity profile, with a 68.2% liquidity ratio (2010: 50.9%)
- Proposed dividend of 80 kobo per share

[1] Includes advances under finance leases

Selected Financial Summary

(₦bn)	FY 2011	FY 2010	∆%
Gross earnings	296.3	232.1	*28*
Net interest income	183.4	121.5	*51*
Non-interest income	75.9	56.5	*34*
Operating Income	259.2	178.1	*46*
Provision for losses	44.8	21.6	*108*
Profit before tax and exceptional item	65.6	34	*93*
Exceptional item	(15.5)	0.2	
Profit before tax	50.1	33.8	*48*
Basic EPS (kobo)	140	95	*47*
Total Assets	2,839	2,305	*23*
Net Loans & Advances	1,240	1,135	*9*
Deposits	1,948	1,450	*34*

Key Ratios (%)	**FY 2011**	**FY 2010**
Cost of funds	1.7	3.1
Net interest margin	8.0	6.1
ROAE	13.0	9.6
ROAA	1.8	1.4
Cost to income	56.8	67.0
Cost of risk	2.6	1.9
Gross loans to deposit	65.2	83.3
Leverage	7.8x	6.8x
NPL ratio	2.6	7.8
NPL coverage ratio	104.6	85.7
Capital adequacy ratio	20.5	20.4
Tier 1 capital ratio	18.1	17.7
Liquidity ratio	63.8	50.9

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

"We have made significant progress in achieving our strategic goal of being the number one financial services group in Nigeria. Our results are reflective of the benefits being reaped from the implementation of our transformation agenda which has improved customer focus, acquisition, satisfaction, business generation and enhanced the sustainability of our earnings base. This has brought about considerable improvements in our interest and non-interest earnings generation capabilities, margin expansion, operational efficiency as well as reduced funding costs. Testament to this is the decline in our cost to income ratio by over 10 percentage points to 56.8%.

During 2011, we opened a representative office in the United Arab Emirates and acquired the Banque Internationale de Crédit of Democratic republic of Congo – one of the most profitable banks in the region.

We remain focused on enhancing shareholder returns by continuing to drive efficiencies and synergies to our current operations, leveraging opportunities across the Group as well as assessing new avenues of growth."

Business Review

The approach to driving our performance remains two pronged; controlling costs and driving top line growth. We have grown net interest income by 51% to ₦183 billion on the back of improved asset pricing as well as generally optimising balance sheet efficiency. Overall, we were able to increase the yield on our earning assets and loan book by 120 basis points and 330 basis points respectively. This, in conjunction with lower funding costs, led to expansion in our net interest margins to 8% from 6.1% in 2010. We have also enhanced non-interest revenue generation by offering innovative products to customers as well as improving service quality and delivery. As a result, we grew our operating income to ₦262 billion, an increase of 46%.

Underscoring success in our drive towards the use of alternative delivery channels, we have grown the number of cards from approximately 1.5 million at the beginning of the year to over 4.3 million at the end of the financial year, with our Card Active Rate now at 76%, up from less than 48% the previous year. We have also grown the percentage of retail accounts with cards from less than 38% at the end of 2010 to over 72% at the end of 2011.Our channel migration rate has also increased to over 89% at the end 2011, relative to 58% in 2010. In addition, the number of monthly transactions carried out on our ATMs grew by 184%, from 3.2 million at the end of December 2010 to 9.1 million at the end of December 2011. All of these culminated in total disbursement of over ₦800 billion from our ATMs.

Total operating expenses rose 23.5% to ₦147 billion from ₦119.3 in 2010; adjusting for one-off increases in staff costs and the recently introduced AMCON resolution cost charge, underlying growth in operating expenses came in significantly below inflation rate at 8.0%. Staff costs were adjusted during the year to bring remuneration in line with industry standards as part of a holistic talent management strategy aimed at improving our overall competitive positioning. The impact of the AMCON resolution cost of 0.3% of total assets was a ₦5.9 billion charge to our profits. Contributing to the cost growth over the past year were costs associated with expanding our footprint; we opened 65 new business locations (33 new branches, 6 Quick Service Points, 26 subsidiary locations) and deployed 75 new ATMs. Underlying growth of 8% in costs is underscored by increasing benefits of our cost containment and automation strategies, which include centralisation of fleet management, roll out of and increasing migration of a larger proportion of the branch network to our centralised processing centre and centralisation of the print functions. In addition, we have continued to ensure optimal manning levels, such that in spite of higher business volumes and 10% growth in our footprint, we only increased staff count by 2.6%. Higher business volumes on a more efficient platform, have led to faster growth in our operating income relative to expenses, a consequence of which is the improvement in our cost to income ratio to 56.8%, from 67% previously.

We recognised total provision for losses of ₦44.8 billion made up of ₦32.9 billion in provision for credit losses, ₦8.3 billion in provisions made with respect to diminution in value of equity and fixed income securities and ₦3.7 billion as provision for other losses. The provisions for credit losses of ₦32.9 billion were largely related to delinquencies that occurred in the course of the financial year and our deliberate decision to continue to take prudent positions on the loan portfolio in line with our risk management practices benchmarked to international standards. The diminution in value of equity and fixed income securities is made up of ₦6.1 billion and ₦2.2 billion in mark to market losses on the fixed income and equity positions respectively.

We took an exceptional charge of ₦15.5 billion during the year. This was driven by haircut in respect of sales of eligible bank assets to AMCON worth ₦176.3 billion, with a net value of ₦148.8 billion, in exchange for bonds worth ₦189.4 billion with a discounted value of ₦133.3 billion. Included in the sale to AMCON was our $586.1 million (₦99 billion) loan exposure to Seawolf Oilfield Services which, though performing, was deemed a systemically important loan by the regulatory authorities. This sale was executed at an 11% discount to par, which resulted in an ₦11 billion charge to our profit. The balance of ₦4.5 billion represents the haircut on non-performing loans sold to AMCON.

Leveraging our extensive customer base and footprint (717 business locations, 1,538 ATMs), as well as in-depth knowledge of customer preferences, we grew our deposit base by 34.3% to ₦1.9 trillion. Growth was largely in the current and savings accounts segments, across both local and foreign currencies. At the same time, as a result of our strong customer relationships, innovative products as well as the confidence reposed in the Bank by the banking public, we were able to reduce our total funding costs by 140 basis points to 1.7%.

Profit before tax of ₦50.1 billion (2010: ₦33.8 billion), was up 48% year on year, driven by solid income growth as well as reduction in cost run rates by centralising and automating various processes as well as migrating customers to alternative channels.

We grew our net loan book by 9.2% to ₦1.2 trillion for the full year, in spite of sales of over ₦99 billion in performing loans to AMCON as well as other eligible bank assets. In addition, during the year, we swapped ₦147 billion in money market lines[2] within our loan book for higher yielding customer loans. Adjusting for these, underlying growth in customer loans was 40.6%. We aim to grow our loan book cautiously while maintaining focus on adjusting our asset mix to take optimum advantage of prevailing economic environment.

We have made further improvements in asset quality through 2011, with our NPL ratio declining to 2.6% (2010: 7.8%) while coverage ratio improved to 104.6% (2010: 85.7%). Improvement in asset quality was driven by a combination of NPL sales to AMCON and ₦43.4 billion in write-offs on all loans fully provided for as at 31 December 2010 - in line with the CBN directive on procedures for write-offs. We will focus on recoveries over coming periods. We continue to review our credit policy to ensure high quality new loans are being underwritten while also ensuring early warning signs of deterioration are promptly highlighted and remedial action is set in motion.

Given our decision to adopt the holding company ("holdco") structure, in line with the CBN directive, we have commenced the process of divesting from First Registrars and expect to complete this process in the second quarter of 2012.

Our UK business has continued to deepen existing business relationships in the structured and commodity trade finance businesses, mortgage business, as well as leveraging business referrals from our representative offices in Johannesburg, Beijing and Abu Dhabi.

We have made significant progress with the operational integration of our Investment Banking and Asset Management (IBAM) Business, anchored within FBN Capital. IBAM remains focused on providing financing, strategic and investment solutions to the clients across the Group and enhancing the Group's revenue streams. During the year, our IBAM business deepened client relationships and increased cross selling across various segments of the group; our public sector business facilitated some advisory and bond financing mandates for the investment banking business, and our assets under management grew by 251% to ₦157 billion (2010: ₦39 billion). We have clearly strengthened the platform to generate additional non-interest revenue streams for the Group and we aim to consolidate on this over the coming year.

First Pension Custodian Nigeria Limited (FPCNL) maintained leadership in the pension custody industry in Nigeria in terms of assets under custody, with a market share of 37% of total assets under custody of about ₦2.1 trillion already transferred to custodians by the National Pension Commission. During the year, FPCNL was appointed by AMCON to provide custodial services – thus serving as our entry into the money market and fixed-income business. FPCNL pays a monthly programmed withdrawal of over ₦600 million in relation to retirement benefits, representing about 50% of total monthly industry payout.

[2] Money market lines represent credit facilities given to the subsidiaries for on lending to net takers in the market

Outlook

Going forward, we expect to drive further improvements in our business by improved customer service, continued low cost liability generation, enhanced asset pricing mechanism, more efficient treasury management and improved non-interest income generation. We also remain focused on further improvements in our efficiency levels, driving further cost containment policies through our business and consolidating on the success we recorded over the past year. We will grow our risk assets cautiously with a view to optimising our asset mix, and at the same time, focus on reducing the cost of risk from current levels.

–ENDS –

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

BALANCE SHEET	GROUP		BANK	
AS AT 31 DECEMBER	Dec 2011 N'Million	Dec 2010 N'Million	Dec 2011 N'Million	Dec 2010 N'Million
Assets				
Cash and balances with CBN	**199,227**	75,517	**199,091**	74,894
Treasury bills	**187,457**	23,769	**186,626**	23,599
Due from other banks	**404,959**	550,414	**222,118**	383,893
Loans and advances	**1,235,615**	1,127,900	**1,128,851**	1,017,411
Advances under finance leases	**4,642**	7,581	**4,642**	7,581
Insurance receivables	**111**	-	**-**	-
Investment securities	**572,853**	337,181	**550,368**	309,292
Investment in associates	**8,209**	9,716	**12,599**	12,599
Investment in subsidiaries	**5,503**	1,000	**37,919**	31,416
Managed funds	**21**	37,917	**-**	-
Other assets	**141,274**	63,558	**56,366**	43,691
Investment property	**10,708**	10,326	**-**	-
Deferred tax assets	**10,617**	5,315	**8,877**	5,187
Intangible asset	**1,006**	494	**734**	265
Property, plant and equipment	**57,171**	53,998	**55,352**	52,616
Total assets	**2,839,373**	2,304,686	**2,463,543**	1,962,444
Liabilities				
Customer deposits	**1,947,803**	1,450,095	**1,783,777**	1,330,771
Due to other banks	**181,892**	148,286	**51,251**	55,165
Liability on investment contracts	**39,104**	95,352	**-**	-
Liability on insurance contracts	**824**	-	**-**	-
Other borrowings	**93,284**	124,872	**93,102**	124,617
Current income tax	**23,844**	20,051	**21,354**	15,115
Other liabilities	**178,443**	121,026	**133,265**	86,309
Deferred income tax liabilities	**1,067**	901	**-**	-
Retirement benefit obligations	**7,627**	4,898	**7,222**	4,545
Total liabilities	**2,473,888**	1,965,481	**2,089,971**	1,616,522
Equity				
Ordinary share capital	**16,316**	16,316	**16,316**	16,316
Share premium	**254,524**	254,524	**254,524**	254,524
Retained earnings	**42,322**	23,540	**53,144**	32,380
Other reserves	**51,359**	43,677	**49,588**	42,702
Attributable to equity holders of the bank	**364,521**	338,057	**373,572**	345,922
Non-controlling interest	**964**	1,148	**-**	-
Total equity	**365,485**	339,205	**373,572**	345,922
Total equity and liabilities	**2,839,373**	2,304,686	**2,463,543**	1,962,444
Acceptances and guarantees	**1,546,197**	1,022,950	**567,374**	334,126

PROFIT AND LOSS ACCOUNT	**GROUP**		**BANK**	
FOR THE YEAR ENDED 31 DECEMBER	**Year ended Dec 2011 N'Million**	Year ended Dec 2010 N'Million	**Year ended Dec 2011 N'Million**	Year ended Dec 2010 N'Million
Gross earnings	**296,329**	232,079	**275,629**	209,187
Profit before exceptional item and taxation	**65,555**	33,541	**68,029**	33,154
Exceptional item	**(15,489)**	226	**(15,501)**	383
Profit before tax	**50,066**	33,767	**52,528**	33,537
Tax charge	**(5,281)**	(4,590)	**(5,066)**	(1,414)
Profit after tax	**44,785**	29,177	**47,462**	32,123
Non-controlling interest	**884**	1,933	**-**	-
Profit attributable to equity holders of the bank	**45,669**	31,110	**47,462**	32,123
Appropriated as follows:				
Statutory reserve	**7,296**	4,848	**7,119**	4,818
Contingency reserve	**13**	-	**-**	-
Revenue reserve	**38,360**	26,262	**40,343**	27,305
	45,669	31,110	**47,462**	32,123
Key Financial Information				
Total Non-Performing Loans & Advances	**33,645**	94,273	**28,115**	91,400
Total NPLs to Total Loans & Advances	2.63%	7.75%	2.41%	8.31%
Earnings/(loss) per share (basic/diluted)	**140.00**	95.00	**145.00**	98

Conference call

First Bank of Nigeria plans to host a teleconference call for analysts and investors on **Thursday, 3 May 2012 at 3:00pm GMT/ 3:00pm Lagos / 10:00am New York/ 4:00pm Johannesburg & Cape Town,** during which senior management will present the audited results for the 12 months ended 31 December 2011 and unaudited results for the first quarter ended 31 March 2012. There will be an opportunity at the end of the call for questions. The teleconference call facility can be accessed by dialing:

+44 207 784 1036 (UK/Lagos) or 0800 279 4841(UK); +1 212 444 0412 or 1 877 249 9037 (US); +27 110 197 015 or 0800 991 539 (South Africa)

And then entering the following confirmation code: **8493618#**

Participants are advised to 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. Replay facilities are available by dialing:

+44 20 7111 1244; +1 347 366 9565; +44 20 7111 1244 (Pin code: **8493618#)**

The presentation will be posted to First Bank of Nigeria Plc website 24hrs before the conference call.
http://www.firstbanknigeria.com/ir/FinancialInformation/Presentations/tabid/488/Default.aspx

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- Notes to Editors -

First Bank of Nigeria Plc (ISIN: NGFIRSTBANK7, NG00000FBNP9, US31925X3026) the most diversified financial services group in Nigeria, providing services to over 6.9 million customers, through 717 business locations and 1,538 ATMs, has its headquarters in Lagos, Nigeria and presence in London, United Kingdom; Paris, France; Johannesburg, South Africa; Beijing, China; Abu Dhabi, UAE and Democratic Republic of Congo. 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 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 Agusto & Co. FirstBank is ISO/IEC 27001 certified indicating its strictest adherence to the security and protection of customer information. More information can be found on our website www.firstbanknigeria.com

Cautionary note regarding forward looking statements

This release contains forward-looking statements which reflect management's expectations regarding the Group'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. Forward-looking statements therefore speak only as of the date they are made.

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 regulatory authorities. 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.