



Lagos, 14 April 2011

First Bank of Nigeria Plc

Audited group results for the twelve-month ended 31 December 2010

FIRST BANK OF NIGERIA PLC REPORTS 144% RISE IN PROFIT BEFORE TAX FOR THE TWELVE-MONTH ENDED 31 DECEMBER 2010

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG) (FirstBank+ or the Group) announces its audited results for the twelve-month ended 31 December 2010.

Group Financial Highlights

Profit & Loss and Balance Sheet

- Gross earnings of ₦230.6 billion for the 12 months ended 31 December 2010 (₦193.9 billion in the 9 months to December 2009);
- Net operating income of ₦177.9 billion (₦128.0 billion in the 9 months to December 2009);
- Profit before tax of ₦43.2 billion (₦13.3 billion in the 9 months to December 2009);
- Profit after tax of ₦33.4 billion (₦4.9 billion in the 9 months to December 2009);
- Total assets and contingents of ₦3.3 trillion, an increase of 5.8% (₦3.1 trillion December 2009);
- Customer deposits of ₦1.5 trillion, an increase of 7.7% from ₦1.3 trillion as at December 2009;
- Net loans and advances including advances under finance leases of ₦1.15 trillion, an increase of 5.5% compared to ₦1.09 trillion as at 31 December 2009; and
- Shareholders' funds of ₦340.6 billion, an increase of 9.4% from ₦311.3 billion as at 31 December 2009

Key ratios

- Return on average assets (pre-tax) of 1.9%, up from 0.8% as at December 2009;
- Return on average equity (pre-tax) of 13.2%, up from 5.5% as at December 2009;
- Reduction in net interest margin to 6.3%, from 7.1% as at December 2009 - reflecting the low interest rate environment;
- Sharp decline in cost of funds to 3.4% from 6.1% as at December 2009 driven by change in pricing, and mix, of deposits;
- Net loan-to-customer deposit ratio of 79.4%, marginally lower than 80.9% as at December 2009;
- Liquidity ratio of 50.9% (December 2009: 58.7%);
- Increase in capital adequacy to 20.35% in December 2010, from 15.8% as at December 2009;

- Improvement in non-performing loan ratio to 7.7% (8.2% Dec 2009);
- Reduction in cost of risk to 1.8% (inclusive of an ₦11.4 billion general provision charge on our performing loan book) from 4.2% as at December 2009;
- Significant improvement in coverage ratio of 84.9%, from 67.2% as at December 2009;
- Cost/income ratio of 65.5% (59.2% Dec 2009) - upward pressure on costs consistent with investment in the network as well as pressure on the top line from the low yield environment; and
- Basic earnings per share of 102 kobo

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

"I am happy to announce a set of results that show significant improvement in the fundamentals of our business. Despite the challenging operating conditions that the Nigerian banking sector endured in 2010 the after effects of the financial crisis and continued net interest margin pressure, FirstBank retained its market leading position. As a group, we continued to grow our loan book and delivered strong profitability, while retaining a robust capital position".

"We have proactively taken the 1% general provision charge (amounting to ₦11.4 billion) on our performing loan portfolio in spite of the waiver on the general loan loss provision for banks granted by the Nigerian Accounting Standards Board for the year ended 31 December, 2010 - underscoring our return to a strong trajectory of profitability".

"This strong performance, coupled with our commitment to intensify our efforts on the execution of our transformation agenda, positions the FirstBank Group quite well to deliver long-term profitable growth by building greater franchises and creating value for all our stakeholders. This way, we will defend and extend our affirmed leadership position and reinforce our aspiration to become the dominant financial services group in sub-Saharan Africa .

"The Bank entered 2011 in a position of strength. The consolidation activity in the sector is likely to redefine the Nigerian banking landscape. As a management team, we look forward to continuing to develop and deliver high quality services to our customers while using the opportunities in the market place to focus deeply on accelerated strategic organic growth locally to increase shareholder value."

As part of a continued process of competitive repositioning in the evolving landscape, in October 2010, we deployed our new bank operating model, in which we made important changes to our marketing and operations structures. We changed the orientation of our market-facing units from a geographic to a customer segment focus; consequently, we are now organised around institutional, corporate, retail, public sector and private banking businesses. We also centralised our operations platform from a previously decentralised structure to drive harmonised service delivery and increase our response time across our entire business.

The new operating model has already led to strengthening of relationships across our key customer segments, driving deeper understanding of our customers' needs and enabling us develop targeted products and services, which will drive enhanced service delivery, increase our share of the customers' wallet and drive superior levels of profitability.

Capital and Liquidity

We maintained our strong deposit funding franchise all through the year, growing deposits by ₦103 billion to ₦1.45 trillion, up 7% from ₦1.34 trillion as at December 2009. As a deliberate response to the low yield environment which held sway for most of the past year, growth in our deposits was driven predominantly by current accounts and savings accounts (CASA) which now

make up 81% of our total deposits, significantly higher than 69% as at December 2009. For us, achieving an overall increase of 27% in our CASA deposits over the period under review, while at the same time growing our overall deposit base is testament to our strong brand value proposition and high confidence placed in banking with us. We will continue to focus on optimising our deposit mix and driving sustained improvements in our internal processes to capture further transactional banking opportunities.

We achieved group total capital adequacy ratio of 20.35% (December 2009: 15.8%) well in excess of the regulatory minimum of 10%. Our Tier 1 capital ratio of 17.7% (December 09: 13.9%) continues to reflect the high-quality component of our capital. The Bank achieved a total capital adequacy ratio of 27.6% (December 2009: 24.69%) and a Tier one capital ratio of 24% (December 2009: 22.5%). The Group's capital is deemed adequate to drive business growth and support business risks and contingencies.

Business Restructure

Over the past 12 months, we focused on aligning our strategic approach with evolving regulation while positioning for the full implementation of our proposed group operating structure. In 2011, we will focus on the implementation of our client-focused and capital-efficient integrated Group strategy. The new structure for FirstBank business segments was primarily necessitated by the need to enhance competitiveness, streamline and coordinate the Bank's approach across non-bank financial services as well as aligning our business with CBN's regulatory requirements. The new structure will focus on FirstBank Group as a holding company.

Performance by Business Segments for 2010

Retail and Corporate Banking: Profit before Tax of ₦36.6 billion. The retail and commercial banking business is made up of First Bank of Nigeria and our representative offices in China and South Africa, as well as FBN UK, a fully licensed commercial bank in the UK with a branch in Paris. Retail and commercial banking made up 92.2% of total assets and contributed 85% to group profit before tax.

Our UK business has continued to expand operations with all new business lines, specifically Structured Finance, showing good progress as well as the very recently launched International Private Banking business offering investment advice to private banking customers. Our strong back office delivering high-quality service standards has enabled us to win good-quality transaction business both in the payments and trade finance areas, producing a good level of repeat income.

Investment and Capital Markets: Profit before Tax of ₦2.7 billion. The Investment and Capital Markets business division is made up of First Registrars and FBN Capital which has FBN Securities as a subsidiary; they provide investment banking and capital market services to both individual and institutional investors as well as registrar services to both listed and private companies. This business segment makes up 4.1% of Group assets and contributed 6.2% to Group profit before tax. Relative to 2009, there has been remarkable improvement in earnings and contribution to profitability of this segment of our business due to general improvements in the macro backdrop and equity as well as the bond markets.

The implementation of AMCON activities in 2011 will increase the ability of banks to provide credit to their customers and promises to reduce volatility in the market. This should impact positively on the equity market. In addition, we also expect to see a pickup in bond issuance as large corporate entities continue to access the market with new issues.

Asset Management and Trusteeship: Profit before Tax of ₦2.9billion. The Asset Management business is represented by First Trustees, which provides asset management and trusteeship services to individuals and institutional clients. This business makes up 2.6% of total assets and contributed 6.7% to overall group profit before tax.

Over the past year, we made progress in executing our broad-based strategies for growing our Trust business; among these were the strengthening of our corporate and syndication trust unit, public trust unit and performance management systems. Our brand has been positioned as the leader in the corporate/syndication and the private trust space as well as one of the leaders in the public trust space.

For our corporate, syndication and public trust units, pricing pressures alongside competition remain major trends which we expect will likely continue in 2011. Within the public trust business, we expect that this market will remain upbeat in 2011. We expect slow activity in the first half of the year due to the elections; however, we see a pick up thereafter as more state governments approach the market for funds to meet infrastructure development initiatives.

Mortgage Banking: Our mortgage business is represented by FBN Mortgages Limited, which offers mortgage services to individuals and corporate institutions. The mortgage business makes up 0.7% of total assets and contributed 0.1% to overall Group profit before tax. FBN Mortgages Limited recorded gross earnings of ₦989.56 million for the year ended December 2010; total property investments grew by 28% to ₦7.2 billion as at December 2010 and total assets rose by 19% to ₦13.1 billion over the same period.

Over the past year, banks remained averse to lending to the real estate space, restricting property developers, investors and buyers from accessing funds to play in the market. The resultant effect is the general lull in the real estate and mortgage markets that held sway in 2010. High end property prices witnessed a downtrend in 2009 and part of 2010, but with improving clarity on the banking sector recapitalisation efforts towards the end of 2010, prices began to stabilise. Prices at the lower and middle end of the market were however not visibly affected by the economic slowdown due to demand/supply imbalances in this segment.

Overall, we expect a pickup in activities in real estate and mortgage lending industries as the impact of current economic reforms crystallises and expect to see increased bank lending to both mortgage buyers and developers.

Pension Custody First Pension Custodian Nigeria Limited (FPCNL) continued to maintain leadership position in the pension industry in Nigeria in terms of assets under custody, and was appointed among six custodians to provide custody services to all financial institutions dealing in Federal Government bonds. FPCNL also secured over ₦40 billion in assets due to the change in regulation which allowed for the appointment of separate Pension Fund Custodians (PFCs) for RSA fund and retirees' funds by Pension Fund Administrators. We expect that the outlook for the industry will be impacted quite significantly by AMCON's activities

Insurance

FBN Life Assurance (FBN Life) a joint venture with Sanlam (one of the largest and oldest insurance groups in South Africa), commenced operations from its Lagos head office on 1 September 2010, and opened branches in Abuja and Port Harcourt within the year. Further expansion, concentrated in geographical areas that demonstrate the highest insurance penetration potential, is planned for 2011.

FBN Life plans to increase market penetration, leveraging off Sanlam's technical life insurance skills and expertise together with FirstBank's knowledge of the Nigerian financial services market,

size and geographical footprint. In addition to providing protection and the long-term wealth creation benefits offered by insurance to complement the existing product offerings available to FirstBank customers, FBN Life also intends to develop third-party marketing outlets.

Given the fragmented nature of the Nigerian insurance market, a perpetual challenge is the practice of premium undercutting in order to attract business away from competitor insurers - with premium quotations for certain lines of business, particularly Group Life, often being driven to unprofitable levels. The company's strategy is not to engage in such poor practice, preferring to build sound relationships with clients and intermediaries, develop operational efficiency and premier customer service while pursuing profitable business.

Our insurance brokerage arm, FBN Insurers, continued to perform well, benefitting from an aggressive marketing drive, branch expansion and improved customer reach, improved in-road into public sector and energy sector, improved support and leveraging on the Group's platform and unique service delivery. We expect positive impact on our activities from the improved lending activities of banks following the establishment of AMCON.

Operational Highlights

- Proposed plan to adopt a holding company structure to enable it keep its non-bank units in compliance with new banking regime
- Increase in branch network across the group to 652 (December 2009: 610)
- Adoption of the ISO27001 Information Security Certification for Records and Document Management function;
- Deployment of the first Biometric ATM in the Nigerian banking industry to improve the security of electronic transactions;
- Deployment of an automated cheque confirmation system by which customers confirm cheques through multiple channels to improve turnaround on cheque transactions and reduce cheque fraud;
- Workflow automation to support operation of Centralised Processing Centre;
- Automation of bulk payment processing services and enhancement of customer loan origination processes;
- Automation of back-office service request process to improve internal process efficiencies and performance management;
- Automated critical fraud detection and prevention rules as part of a comprehensive Internal Control and Anti-fraud Automation project;
- Enhanced alert and e-statement platform resulting in a growth in alert and e-statement volumes from 60 million and 240,000 in December 2009 to over 140 million and 3 million respectively in December 2010. Similar growths were recorded in transaction volumes including payment and electronic channels transactions; and
- Enhanced the level and quality of information in the financials reports provided to shareholders and investors on an annual and quarterly basis.

Items of note

- i. In 2009, we changed our year end to December from March; consequently, the December 2009 financial year end represents a 9-month period
- ii. We have stated absolute numbers as recorded in the relevant period, but for ratio computation and trend analysis, we have annualised the profit and loss data for the 9-month to December 2009, and used balance sheet data as reported in order to achieve a like for like comparison with the 2010 financial year end.

- ENDS -

Conference Call for Analysts and Investors

First Bank of Nigeria Plc (Bloomberg: FIRSTBAN NL/Reuters: FBNP.LG) (%FirstBank+ or the %Company+), will be hosting a teleconference on Thursday April 28 at 3pm BST, London (10am New York/ 3pm Lagos / 4pm Johannesburg & Cape Town) with its senior management to report First Bank of Nigeria Plc's audited results for the 12 month ended 31 December 2010. 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 7138 0844 in the UK

+1 212 444 0895 in the US

+27 11 019 7014 in South Africa

And then entering the following confirmation code:

1932439#

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 presentation will be posted to First Bank of Nigeria Plc website www.firstbanknigeria.com on the evening of 27 April 2011 ahead of the conference call. Go to (Investor Relations) Financial Documents

For further information please contact:

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- Notes to Editors -

First Bank of Nigeria Plc (ISIN: NGFIRSTBANK7, NG00000FBNP9, US31925X3026), was established 117 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. In 2009, in a bid to harness increasing trade flows and strategic links between Nigeria and China, FirstBank established its Beijing office.

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.

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.