First Bank of Nigeria Plc

Facts Behind the Figures

Nigerian Stock Exchange
4 May 2012

Bisi Onasanya
Group Managing Director/Chief Executive Officer

Outline

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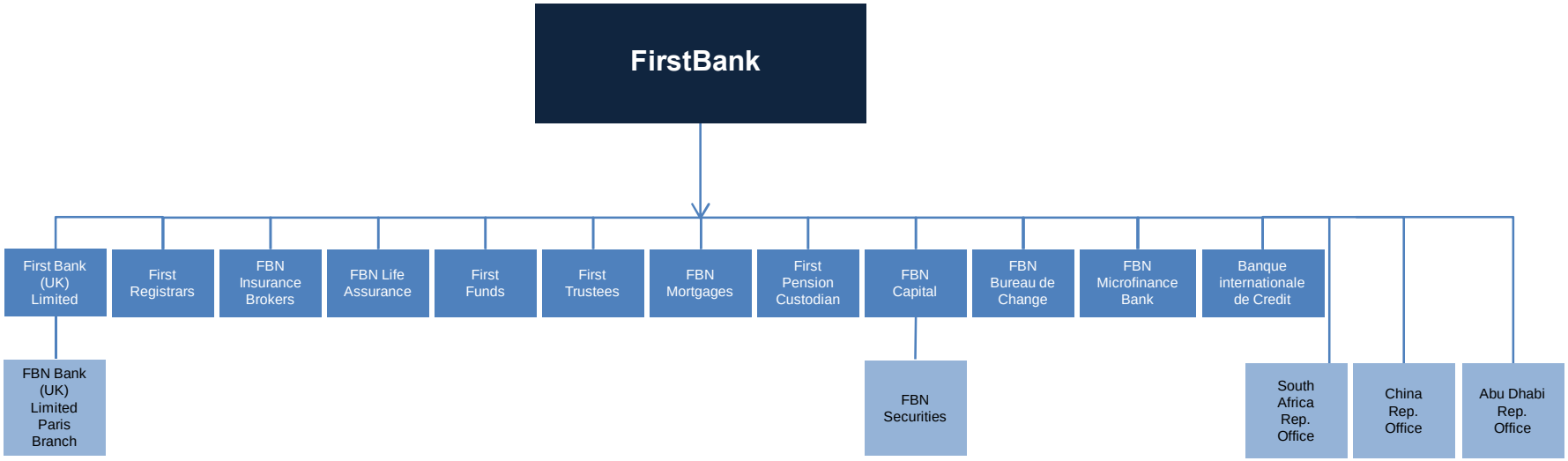
First Bank of Nigeria is a diversified financial services group



First Bank comprises 12 subsidiaries, spanning asset management, investment banking, capital markets, insurance, microfinance, private equity, mortgage and pension fund custodian services ï making it one of the most diversified financial conglomerates on the continent

Seasoned and experienced management team with a commercial focus

FirstBank Since 1894

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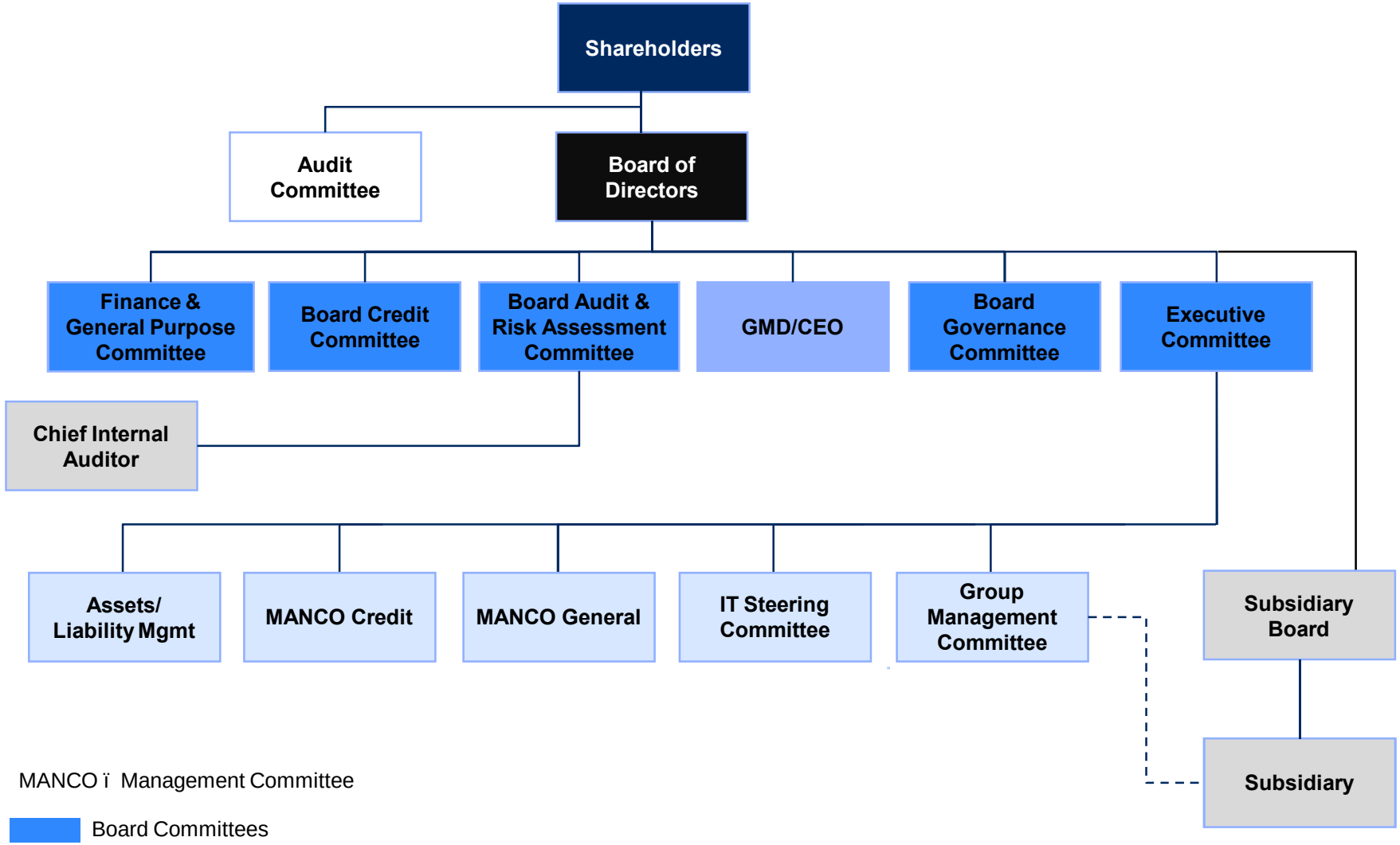
GMD/CEO **Bisi Onasanya**	Å Astute chartered accountant with 29 years post qualification experience and track record in banking. Previously ED, Banking Operations and Services as well as the pioneer MD First Pension Custodian (a fully owned subsidiary of First Bank of Nigeria Plc).
ED, Corporate Banking **Kehinde Lawanson**	Å Over 25 years banking experience in executive management positions in corporate, investment and commercial banking.
ED, Retail Banking North **Bello Maccido**	Å Over 21 years combined experience in corporate and investment banking as well as pension fund management.
ED/Chief Risk Officer **Remi Odunlami**	Å Chartered Accountant with over 25 years post qualification experience of which 22 years have been in the banking industry spanning several general management positions in commercial banking and risk management.
ED, Public Sector South **UK Eke**	Å Chartered Accountant with over 27 years experience in financial services, auditing, consulting, taxation, process engineering and capital market operations.
EVP/Chief Financial Officer **Adebayo Adelabu**	Å Chartered Accountant with over 19 years professional experience in banking, audit and management consulting. Was financial controller prior to appointment as CFO.
EVP, Institutional Banking **Bashirat Odunewu**	Å Chartered Accountant with over 20 years experience across institutional banking, corporate banking, commercial banking, investment banking and treasury in various financial institutions.
EVP, Private Banking **Bernadine Okeke**	Å Over 26 years of diverse management and operational experience. Banking experience includes domestic banking operations, corporate banking, treasury, credit and marketing, branch development and roll out.
EVP, Public Sector North **Dauda Lawal**	Å Over 24 years post qualification experience and has held other management positions within the Bank. His banking experience covers commercial and public sector banking.
EVP, Retail Banking South **Gbenga Shobo**	Å Chartered Accountant with over 21 years experience, spanning accounting, business development, corporate banking, commercial banking, institutional banking and treasury.
EVP/Company Secretary **Tijjani Borodo**	Å Over 23 years banking experience. He has occupied various managerial positions within the Bank.

EVP – Executive Vice President

Robust corporate governance framework



MANCO ï Management Committee

Board Committees

Management Committees

Statutory Committee

Effective risk management approach and framework

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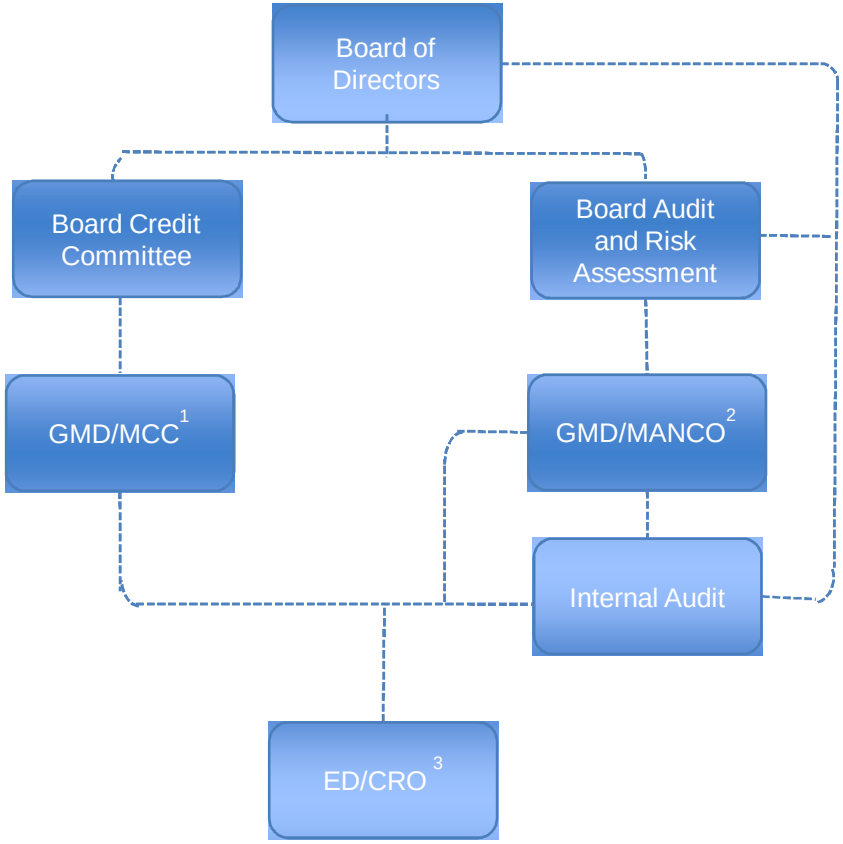
Detailed framework and disclosure	Å Best in class risk management practice Å Publication of risk management disclosures, an integral part of the FirstBank annual report
Risk Appetite	Å A conservative balance is maintained between risk and revenue considerations Å Appetite for risk is governed by good quality assets measured by the following three performance indicators: ï ratio of non-performing loans to total loans ï ratio of loan loss provisions to gross non-performing loans; and ï cost of risk derived from ratio of loan loss provisions to average total gross loans
Asset quality	Å Performing accounts are closely monitored by independent control units Å Adequate provisions are made for NPLs Å Deterioration in portfolio quality is proactively highlighted for appropriate remedial action as a result of institutionalised bank wide multi level Criticised Assets Committee model, accelerated remedial management and recovery. Å Increasing proportion of obligors have been rated; improving overall quality of loan book
Technology	Å Statistical analysis system is being implemented

Risk Management Framework



1 Group Managing Director/Management Credit Committee
2 Group Managing Director/Management Committee
3 Executive Director/ Chief Risk Officer

Full year 2011 financial highlights

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Earnings

- 27.6% growth in gross earnings to ₦296.3 billion (2010: ₦232.1 billion)
- 45.6% growth in operating income to ₦259.2 billion (2010: ₦178.1billion)
- Non-interest income contribution of 25.6% (Dec10: 24.3%)

Profitability

- 93% growth in profit before tax and exceptional item to ₦65.6 billion (2010: ₦34 billion)
- 48% growth in profit before tax to ₦50.1billionn (Dec 10: ₦33.8billion)
- Cost to income ratio: 56.8% (Dec10: 67.0%)
- After tax ROAE: 13.0% (Dec10: 9.6%)
- After tax ROAA: 1.8% (Dec 10: 1.4%)
- EPS: ₦1.40 (Dec 10: ₦0.95)
- Net interest margin: 8.0% (Dec 10: 6.1%)

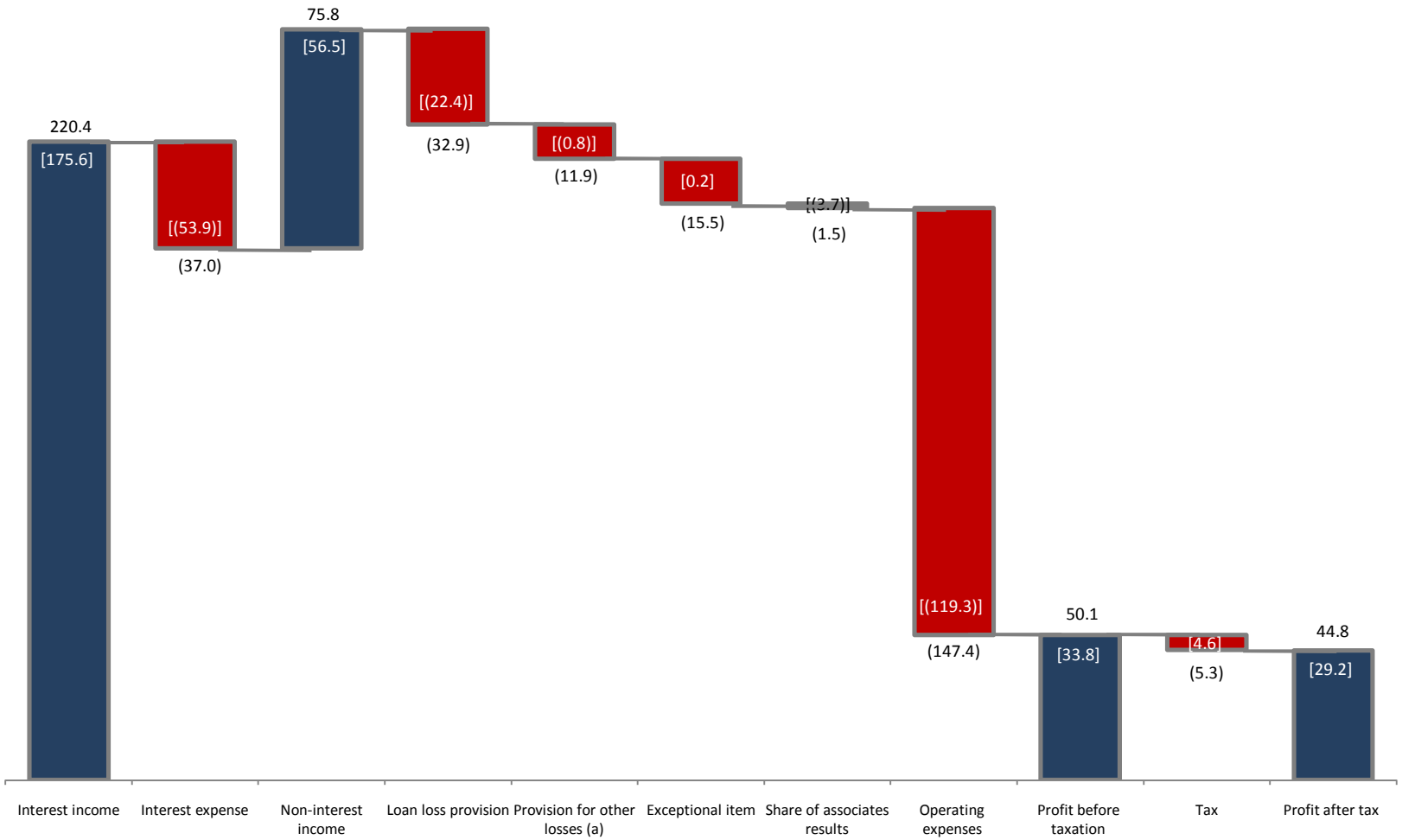
Stronger & more liquid balance sheet

- Capital adequacy ratio: 20.5% (Dec 10: 20.4%)
- Tier 1 capital ratio: 18.1% (Dec 10: 17.7%)
- Gross loan to deposit ratio: 66.6% (Dec10: 83.3%)
- Liquidity ratio: 68.2% (Dec10: 50.9%)
- NPL ratio: 2.6% (Dec 10: 7.8%)

Business volumes

- 34.3% growth in deposits to ₦1.9 trillion
- 9.2% growth in net loans and advances to ₦1.2 trillion; adjusted growth of 40.6%
- No of business locations: 717; ATMs: 1,538
- Number of staff: Group ï 8,426, Bank ï 7,801
- Number of customer accounts: 7.7 million (Dec 10: 6.3 million)
- Number of cards: 4.3 million (Dec 10: 1.5 million); 76% card activity rate (2010: 48%)

Evolution of group profit after tax (₦1bn)



[]December 2010

(a) Includes provision for diminution in value of investments and doubtful receivables (b) Estimated

Significant improvement in revenue generation capabilities resulting in relatively higher run ratesé

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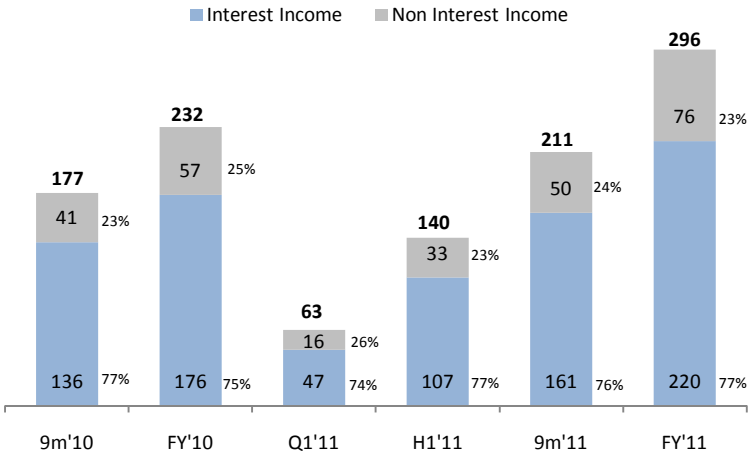
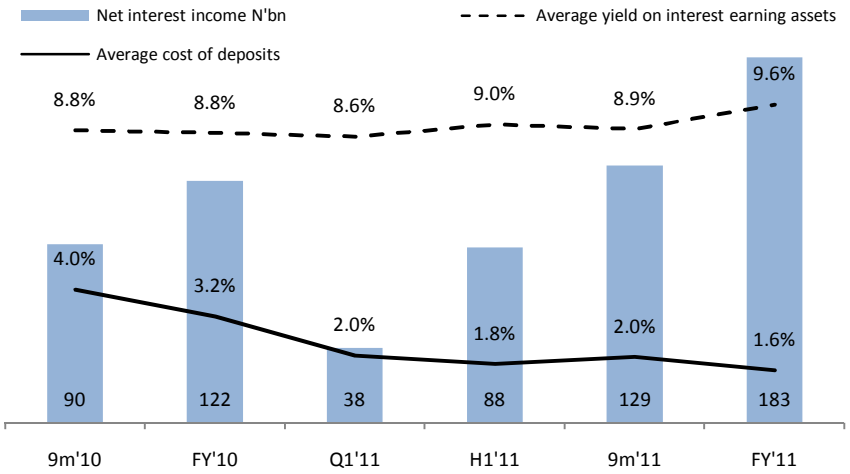
Gross earnings ₦'bn



Asset yield and cost of liabilities



Comments

- Gross earnings benefiting from expansion in interest and non interest income
- Interest income benefitting from deliberate shift in asset mix towards higher yielding assets
- Non-interest income benefitting from improved efficiency, improved customer service and delivery, innovative products and solutions to our clients, becoming a one-stop shop for all financial transactions coupled with growth in customer base
- Margin expansion on the back of improving yield on interest earning assets and decline in cost of interest bearing liabilities
- Cost growth relates mainly to 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%

Focused on sustaining efficiency improvements

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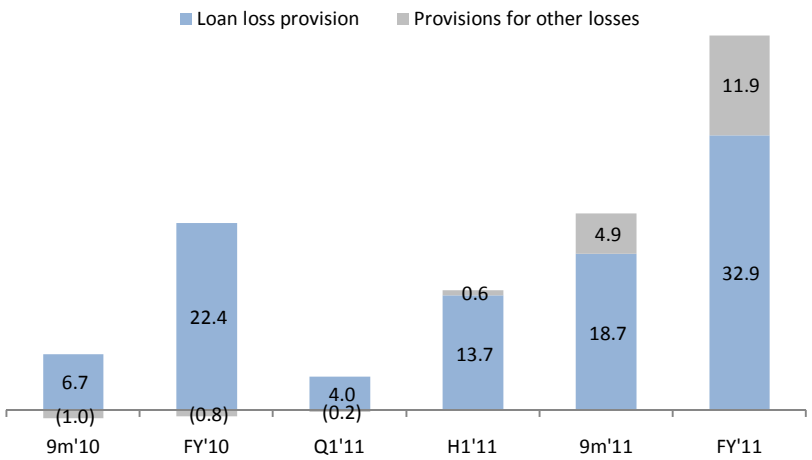
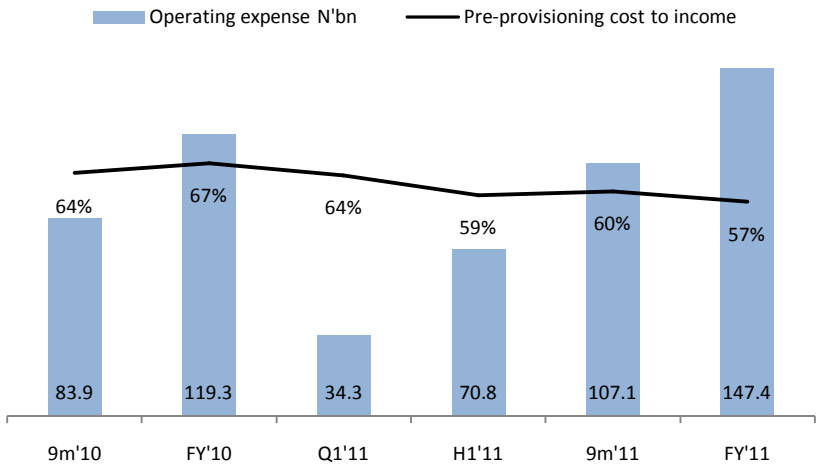
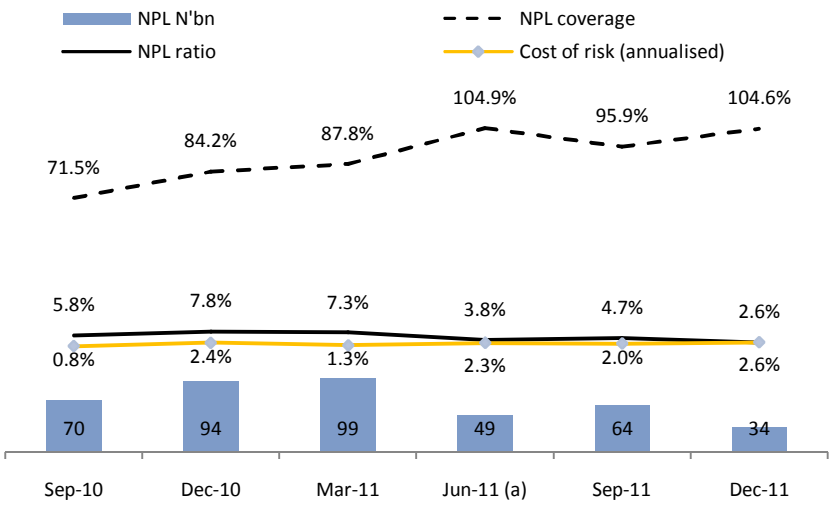
Provision for credit and other losses (₦'bn)



Cost efficiency



Asset quality



Comments

- Recognised total provision for losses of ₦44.8 billion made up of:
  - N32.9 billion in provision for credit losses,
  - N8.3 billion in provisions made with respect to diminution in value of equity and fixed income securities and
  - N3.7 billion as provision for other losses.
- Provisions for credit losses of ₦32.9 billion largely related to delinquencies and the decision to continue to take prudent positions on the loan portfolio in line with the risk management practices
- Relatively weaker efficiency in Q1 2012 reflects slower income generation due to the relative slowdown in economic activity in the first two months of the year.
- Expect a pick up over the rest of the year

Consistent returns and dividend payments

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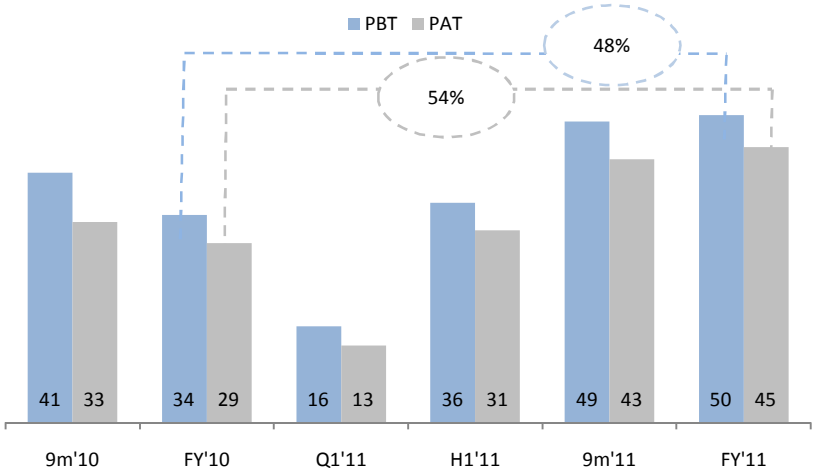
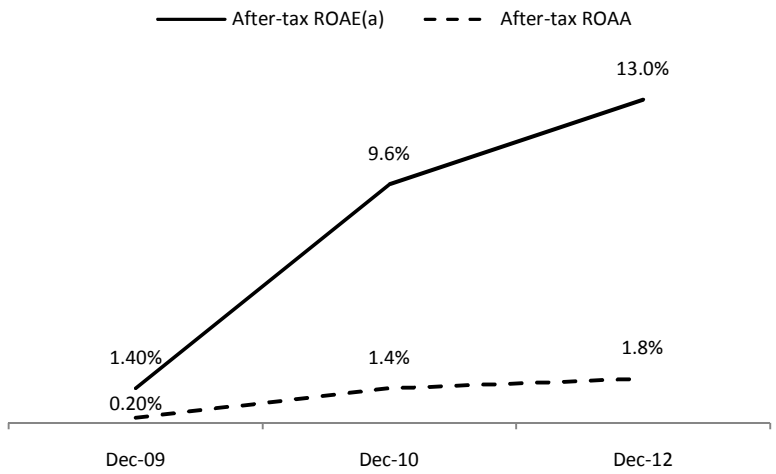
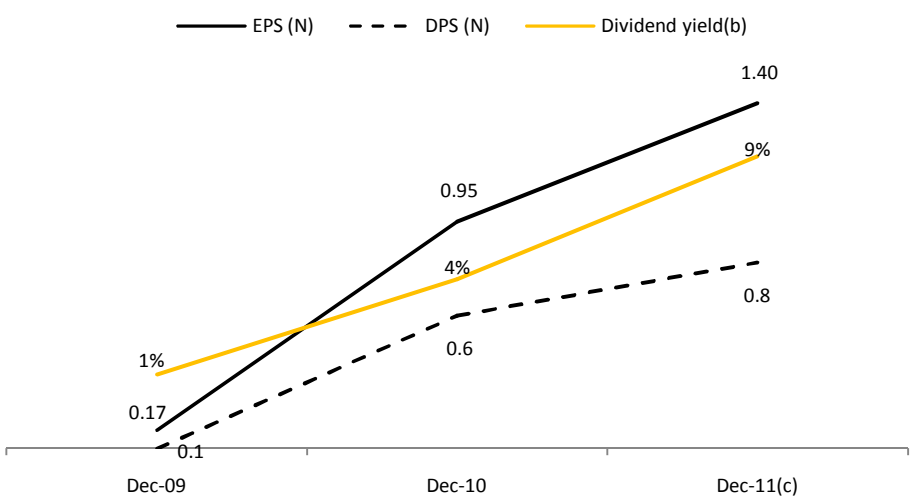
Profits (₦'bn)



Returns



Dividend



(b) Share price as at 31st December (c)Proposed dividend

(a)Interim numbers do not include profit retained during the year

Sustained growth and improvement in balance sheet efficiency on the back of low cost funding

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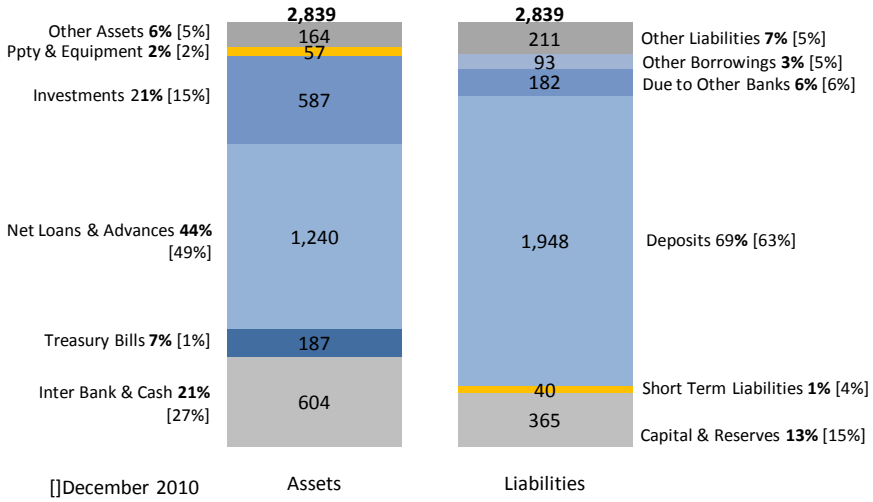
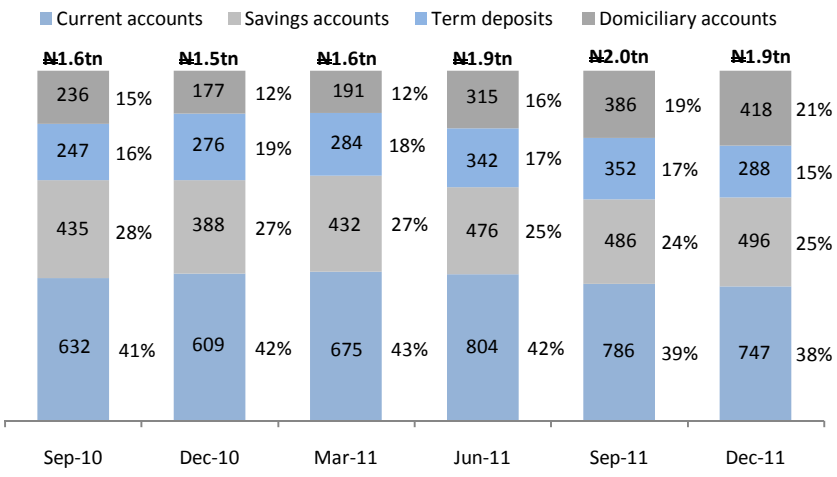
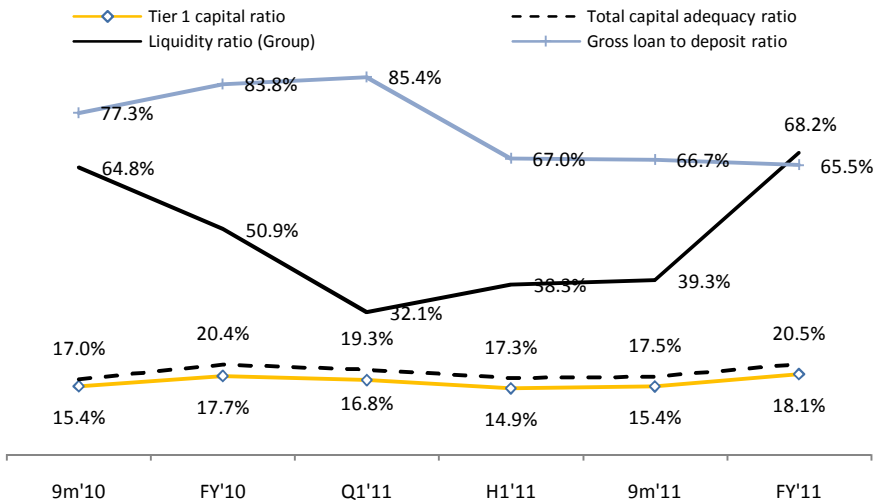
Balance sheet structure as at Dec 2011 (₦'bn)



Deposit mix by type (₦'bn)



Capital and liquidity ratios



Comments

- Balance sheet growth of 23% year-on-year to ₦2.8 trillion in 2011(2010: ₦2.3 trillion), driven largely by strong growth in our deposit liabilities, which forms 69% of our entire funding base
- Deposit liabilities grew by 34.3% year-on-year, driven by growth in low cost deposits in both local and foreign currencies
- Low cost deposits now constitute 83% of our total deposit base
- Our capital ratios are well in excess of the regulatory requirement of 10% and are able to support business growth
- Our liquidity ratios remain robust and well in excess of regulatory requirements

Capital and liquidity levels provide solid foundation for asset growth

FirstBank Since 1894

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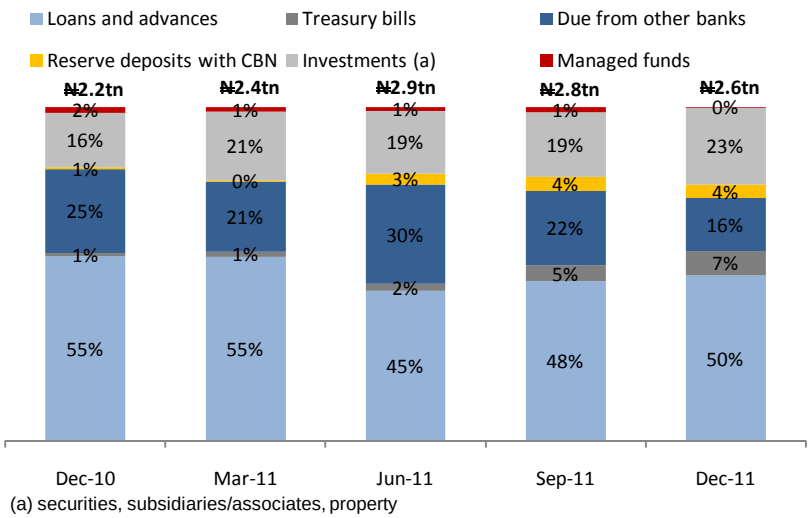
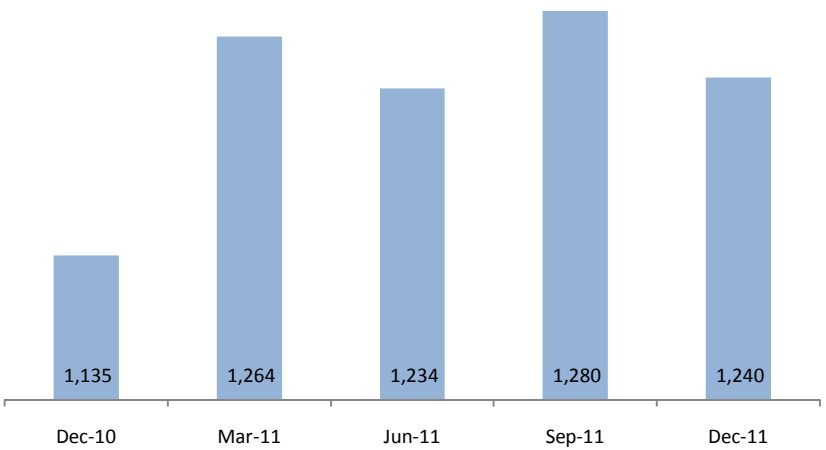
Earning asset mix



(a) securities, subsidiaries/associates, property

Net loans and advances (₦'bn)



Comments

- 88% of our total asset base is made up of earning assets
- Adjusting for ₦147 billion swapped in money market lines within our loan book for higher yielding customer loans as well as sales to AMCON, underlying growth in customer loans was 40.6%
- Increasing proportion of obligors have been rated; improving overall quality of loan book
- Performing accounts are closely monitored by independent control units
- We aim to grow our loan book cautiously while maintaining focus on adjusting our asset mix to take optimum advantage of prevailing economic environment
- Focus on delivering solutions for our customers and driving growth in our loan book as a result
- Loan book growth to be driven by the oil & gas, infrastructure, trade and general commerce sectors

Q1 2012 financial highlights (IFRS)

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Earnings

- Å 42.5% growth in gross earnings to ₦92.3 billion (Q1 2011: ₦64.8 billion)
- Å 50.2% growth in operating income to ₦74.2 billion (Q1 2011: ₦49.4 billion)
- Å Non-interest income contribution of 21% (Q1 2011: 25%)

Profitability

- Å 101.6% growth in profit before tax to ₦28.9bn (Q1 2011: ₦14.3bn)
- Å Cost to income ratio: 60.9% (Q1 2011: 70.3%)
- Å After tax ROE[1]: 27.0% (Q1 2011: 12.0%)
- Å After tax ROA[1]: 3.3% (Q1 2011: 1.9%)
- Å EPS[1]: ₦3.01 (Q1 2011: ₦1.49)
- Å Net interest margin[1]: 9.5% (Q1 2011: 6.7%)

Stronger & more liquid balance sheet

- Å Gross loan to deposit ratio: 64.3% (Q1 2011: 81.0%)
- Å Liquidity ratio: 54.7% (Q1 2011: 57.9%)
- Å NPL ratio: 2.7% (Q1 2011: 7.6%)
- Å Tier 1 Capital Ratio: 16.3%

Business volumes

- Å Deposits up 31.1% yoy to ₦2.1tn (Q1 2011: ₦1.6tn)
- Å Net loans and advances to customers up 4.0% yoy to ₦1.3tn (Q1 2011: ₦1.3tn)
- Å No of business locations: 738; ATMs: 1,649
- Å Number of staff: Group ï 8,838,;Bank ï 8,132
- Å Number of customer accounts: 8.0mn
- Å Number of cards: 5.2mn (Mar 11: 2.3mn); 80% card activity rate (Q1 2011: 60%)

[1]Annualised

FirstBank ï A diversified financial services group

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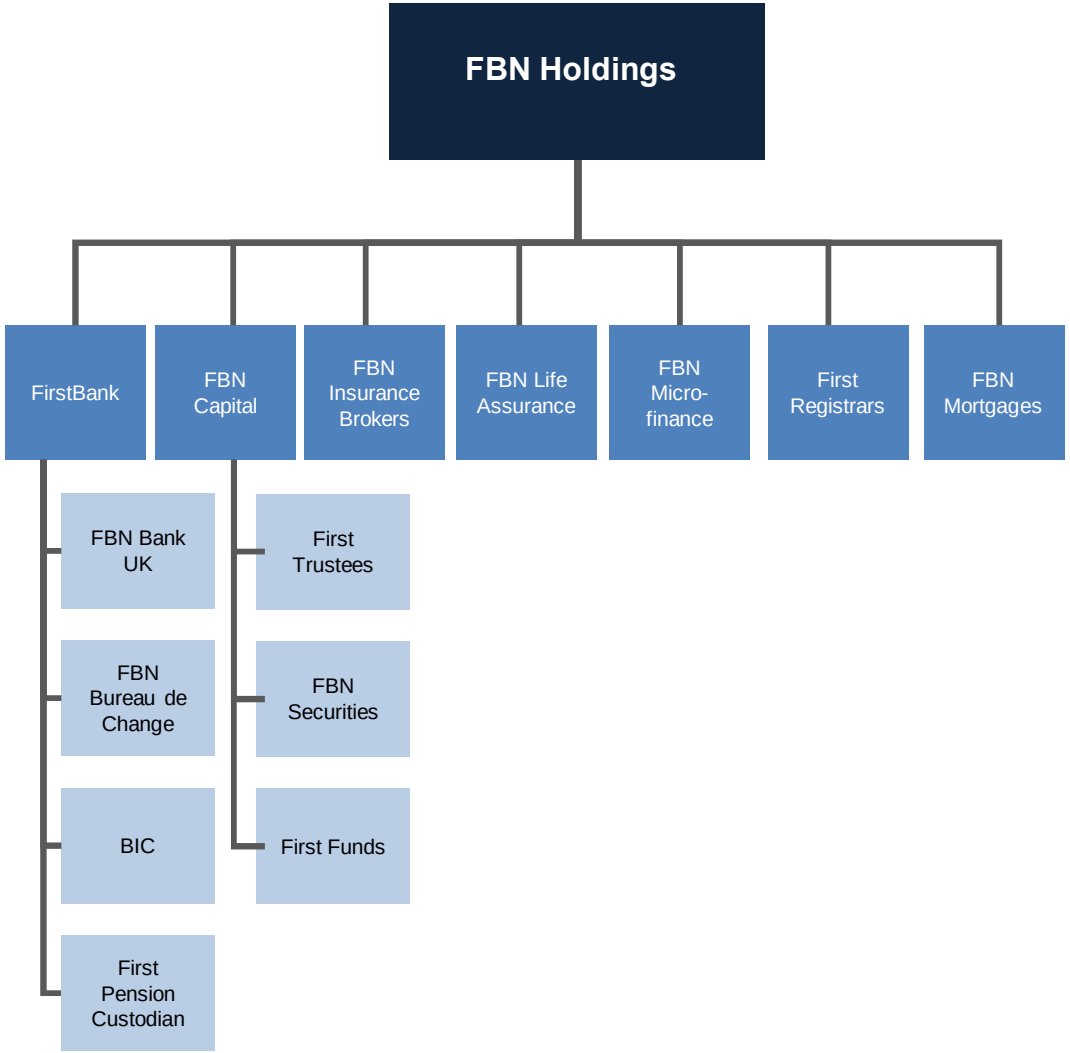
FirstBank Group Holding Company (HoldCo) Structure



Holdco Structure Implementation Update

- **Secured CBN approval** to implement our compliance plan in respect of non-banking businesses and HoldCo
- HoldCo (FBN Holdings) will be a non-operating legal entity domiciled in Nigeria and regulated by the CBN
- **FirstBank** will continue to focus on the core banking business and will retain **FBN UK, FBN Bureau de Change, First Pension Custodian,** and **Banque Internationale de Credit (BIC)** as its subsidiaries
- **FBN Capital** will be the primary vehicle of our Investment Banking and Asset Management (IBAM) business
- **First Registrars** is in the process of being divested in compliance with the new regulation
- **FBN Mortgages** will divest its equity investments in real estate in accordance with CBN rules and the mortgage activities will be transferred to the Bank
- The restructuring will be implemented by means of a Scheme of Arrangement scheduled for H2 2012
- FirstBank will be delisted from the All Share Index and FBN Holdings will become the listed entity

The Bank has defined its imperatives for the 2011 ï 2013 cycle in both financial and non-financial terms

FirstBank Since 1894

PRIMARY STRATEGIC OBJECTIVES

- Å Deliver **superior shareholder value** via an aggressive focus on growth and profit maximization
- Å **Expand the Bank's leadership** into other dimensions ï customer satisfaction and value, employee desirability, capital efficiency
- Å **Position the bank for sustained dominance** in a complex and rapidly evolving market

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FINANCIAL PRIORITIES

1. Fees and commissions Increase	*Increase revenue from non-interest income sources*
2. Selective LAD creation	*Adjust mix towards assets with higher (risk adjusted) total yield*
3. Pricing optimisation	*Implement strong risk-based pricing regime, Manage revenue 'leakages'*
4. Low-cost deposit Liabilities growth	*Targeted savings promotions, product innovations for priority segments, branch expansion*
5. OPEX containment	*Migrate retail mass market clients to alt. channels, rationalize unprofitable branches*

NON-FINANCIAL PRIORITIES

1. Brand Transformation	*Channel shift campaigns, brand health campaigns*
2. Service Excellence	*Fast and friendly service, without sacrificing processing quality*
3. Credit Processes Excellence	*Improve effectiveness of end-to-end credit process from origination to recovery*
4. Performance Management	*Align individual incentives with enterprise/shareholder priorities*
5. Talent Management	*Capability building in critical areas, HR alignment with differing BU needs*

2013 STRATEGIC TARGETS

ROA[1]	3%	C/I Ratio	55%
ROE[1]	25%	NPL	≤ 6%
Total Assets	# 1	Service Levels	Top 5

[1] Pre-tax return on equity and pre-tax return on assets

Bank aspirations to 2013

Defend	Defend strong balance sheet leadership position
Extend	Extend leadership to profitability, capital efficiency and effectiveness
Lead	Attain leadership in each SBU and extend franchise into SSA
Balance	Balance short-term performance with investments for long-term growth

FirstBank offers an attractive investment proposition - well positioned to consolidate its leadership position in the industry

FirstBank Since 1894

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Positioned for growth and improved efficiency within promising and thriving macro- economic environment	Å Robust corporate governance framework with strong management team Å Good brand recognition, wide accessibility, innovative product development , strong customer acquisition and loyalty driving increasing market share across several dimensions Å Clear industry leader with about 14% of total industry assets and 16% of loans and advances Å On-going transformation driving significant improvement in the business model, geared to build sustainable and accelerating income streams Å Strong opportunities to enhance revenue growth ï mobile banking, cashless policy, etc
Improving and sustainable funding base and performance	Å 83% of total liability funding is derived from relatively low-cost and stable customer deposits Å 14% market share of customer deposits, largest in the industry Å Improving service quality and delivery
Unique ability to support good market opportunities	Å Liquidity ratio well above regulatory requirement Å Sustained growth in the loan book Å Well capitalised to leverage opportunities
Resilient asset quality supported by an sound risk management framework	Å Robust risk management framework Å Diversified and well managed loan portfolio within strict portfolio concentration limits Å One of the lowest NPLs in the industry
Attractive investment proposition	Å Accelerated earnings and margin expansion Å Improving returns to shareholders, driven by better efficiency and superior operating model Å Track record of sustained business growth and profitability Å Currently trading at a significant discount, making for a compelling value proposition Å Focused on Shareholder value creation

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