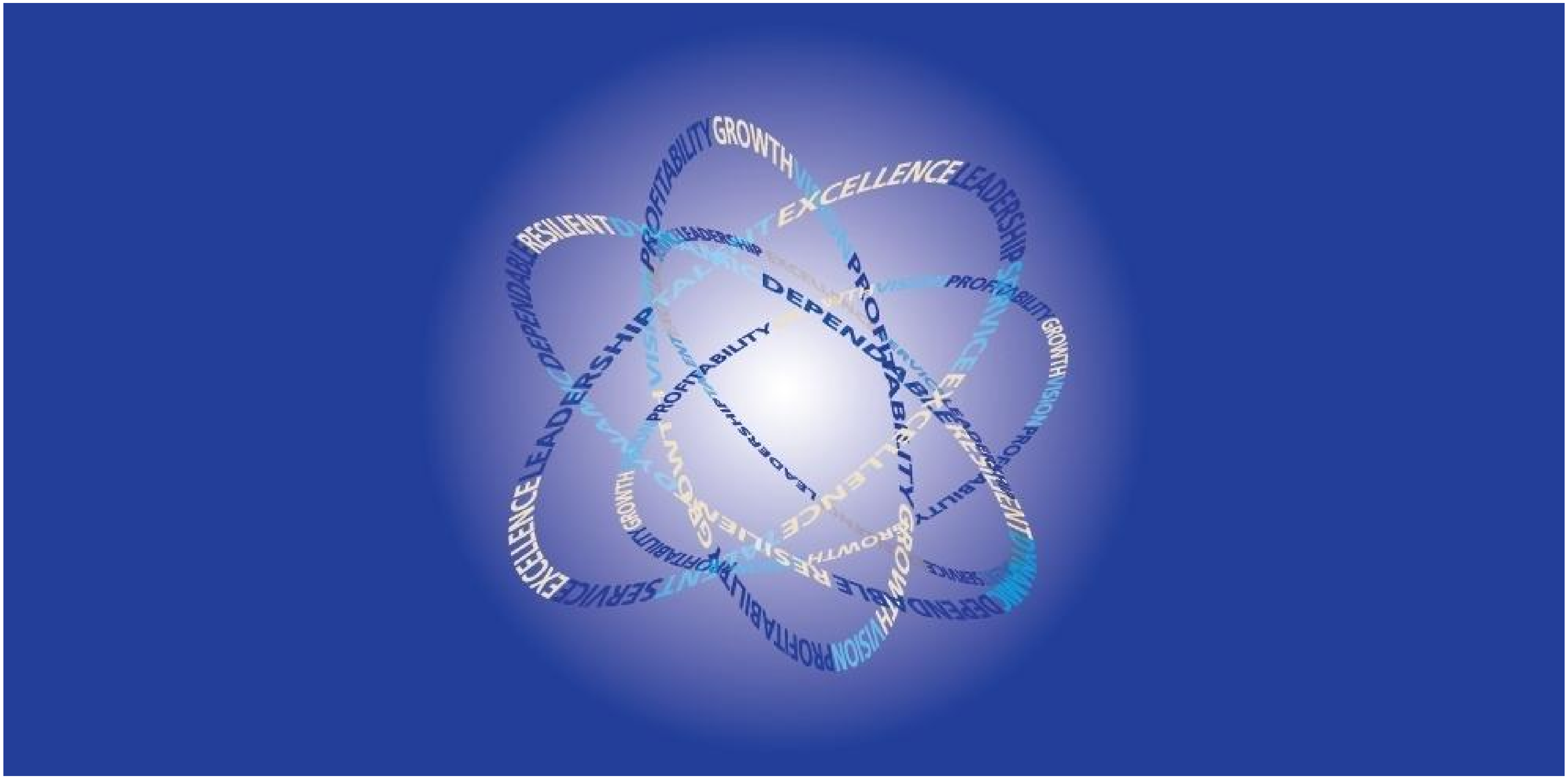
FirstBank Group Results
Full Year December 2010 & First Quarter 2011

Presentation to Analysts and Investors



Cautionary Note Regarding Forward Looking Statements

This presentation is based on the financial results of FirstBankõs audited results for the period ended December 31 2010 and unaudited results for the period ended March 31, 2011, consistent with Nigerian GAAP. FirstBank of Nigeria Plc (óFirstBankô or the óGroupô or the óBankô) has obtained some information from sources it believes to be credible. Although FirstBank has taken all reasonable care to ensure that all information herein is accurate and correct, FirstBank makes no representation or warranty, express or implied, as to the accuracy, correctness or completeness of the information. In addition, some of the information in this presentation may be condensed or incomplete, and this presentation may not contain all material information in respect of FirstBank.

This presentation contains forward-looking statements which reflect management's expectations regarding the groupõs future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as ñanticipateò, ñbelieveò, ñexpectsò, ñintendò, ñestimateò, ñprojectò, ñtargetò, ñrisksò, ñgoalsò 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.

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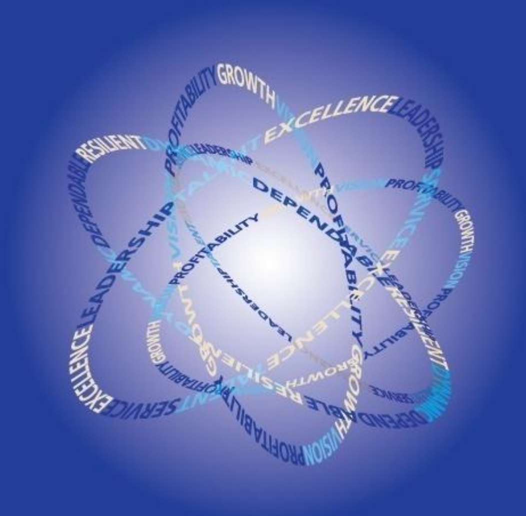
Kindly note that in this presentation, all reference to 9 Mthsõ09 indicates the period April to December 2009



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Outline

Headlines for FY 2010 and Q1 2011 - Road Map

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Highlights	Improved Deposit Mix	Sufficient Liquidity	Stable Core Earnings	Accelerating Profitability & Margins
Macro Considerations	Rising Interest Rate Environment	Rising Oil Prices	Relatively Stable Naira	Rising Inflation Rate
Group Strategic Thrust	Restructuring for Growth	Sequencing Growth Systematically	Business Line Expansion	International Expansion
Bank Strategic Thrust	Growth	Service Excellence	Performance Management	Talent Management

What FirstBank Delivered in FY 2010 & Q1 2011

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Highlights | Operating Environment | Financial Review | Risk Mgt & Corporate Governance | Strategy & Transformation | Summary & Outlook

	Dec 2010	Mar 2011
Stronger & liquid balance Sheet	Å Capital Adequacy Ratio: 20.4% (Dec 09: 15.8%) Å Tier 1 capital ratio: 17.7% (Dec 09: 13.9%) Å Net loan to deposit ratio: 79.4% (Dec 09: 80.9%) Å Liquidity ratio: 50.9% (Dec 09: 58.7%) Å NPL ratio: 7.7% (Dec 09 : 8.2%)	Å Capital Adequacy Ratio: 19.3% (Mar 10: 19.9%) Å Tier 1 capital ratio: 16.8% (Mar 10: 16.2%) Å Net loan to deposit ratio: 79.9% (Mar 10: 76.3%) Å Liquidity ratio: 32.1% (Mar 10: 67.0%) Å NPL ratio: 7.3% (Mar 10: 7.9%)
Business volume	Å YoY growth in deposit of 7.7% to ₦1.45tn Å Lending up 5.7% YoY to ₦1.23tn Å No of bank branches: 611; ATM: 1,204	Å YoY growth in deposit of 12.5% to ₦1.58tn Å Lending up 17.8% YoY and 9.8% QoQ to ₦1.26tn Å No of branches: 619; ATM: 1,241
Earnings	Å Gross earnings at ₦230.6bn, down 10.8% YoY on annualised numbers Å Contribution from subsidiaries to gross earnings: 10% Å Improved gross earnings diversification with non-interest income contributing 24.5% (Dec 09: 16.5%)	Å Gross earnings at ₦63.3bn, up 1.5% YoY Å Contribution from subsidiaries to gross earnings: 12% Å Non-interest income contributing 25.8% (Mar 10: 19.8%)
Profitability	Å Profit before tax: ₦43.2bn (Dec 09: ₦13.3bn) Å Contribution from subsidiaries to profit before tax 22% Å After tax ROAE: 10.3% (Dec 09: 2.0%) Å After tax ROAA: 1.5% (Dec 09: 0.3%) Å Basic EPS: ₦1.02 (Dec 09 ₦0.23) Å Net interest margin: 6.3% (Dec 09: 7.1%)	Å Profit before tax: ₦15.7bn (Mar 10 : ₦5.4bn) Å Contribution from subsidiaries to profit before tax : 16% Å After tax ROAE: 15.5% (Mar 10: 15.3%) Å After tax ROAA: 2.1% (Mar 10: 2.3%) Å Basic EPS: ₦1.54 from (Mar 10: ₦1.98) Å Net interest margin: 6.6% (Mar 10: 5.2%)

Positive outlook for growth in the domestic economy as well as African economy in general

Highlights

Operating Environment

Financial Review

Risk Mgt & Corporate Governance

Strategy & Transformation

Summary & Outlook

Global Economy

- 2010 estimates of world economic growth of 4.8%, predominantly driven by developing economies
- Growth in developing economies is expected to remain buoyant at 6.5%
- With the exception of Nigeria, growth slowed in most of the oil exporting countries in 2010

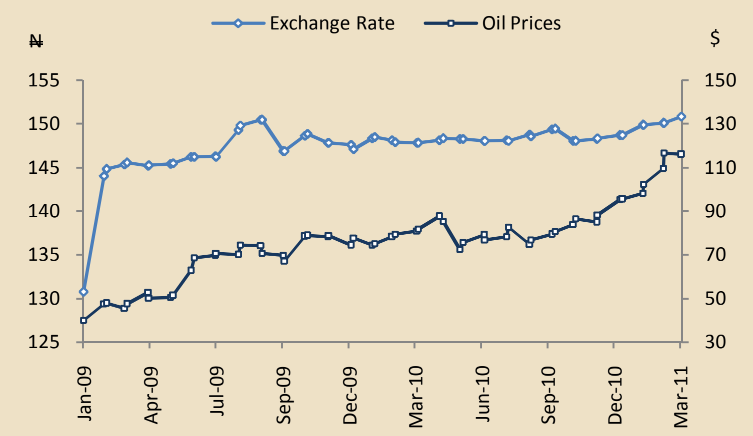
The Nigerian Economy

- GDP growth of 7.8% for the year 2010 driven mainly by agriculture, services, wholesale and retail trade
- Headline inflation growth rate of 11.8% in 2010, YoY growth of 12.8% in March 2011
- Increase in monetary policy benchmark rate by 100 basis points to 7.5% in March 2011, to proactively curb inflationary pressures

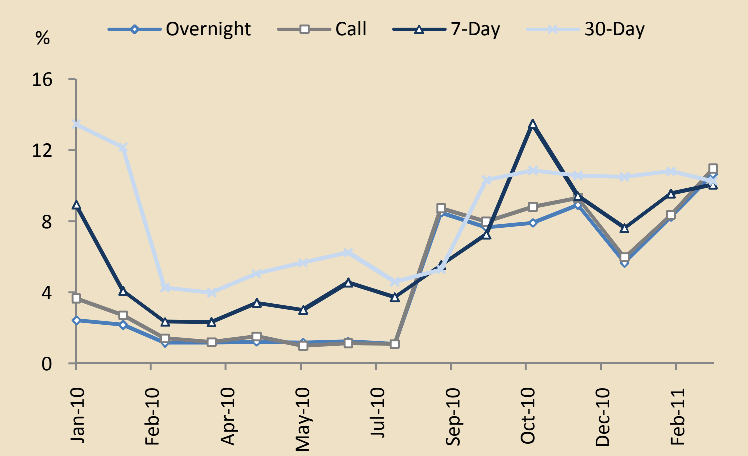
Banking Industry

- The first three quarters of 2010 were characterised by very low interest rates; pick up in interest rate in Q4 2010 and 2011
- AMCON has purchased around 90-92% of NPLs across the industry, creating room for credit generation
- CBN guarantee on all interbank transactions, foreign credit lines and pension fund placements with banks extended to 30 September 2011
- Compulsory adoption of IFRS to begin in the 2012 financial year
- Some progress made on the recapitalisation of CBN intervened banks

Oil prices and exchange rate



Interbank rates



Source: CBN

Evolution of group profit after tax (₦bn)

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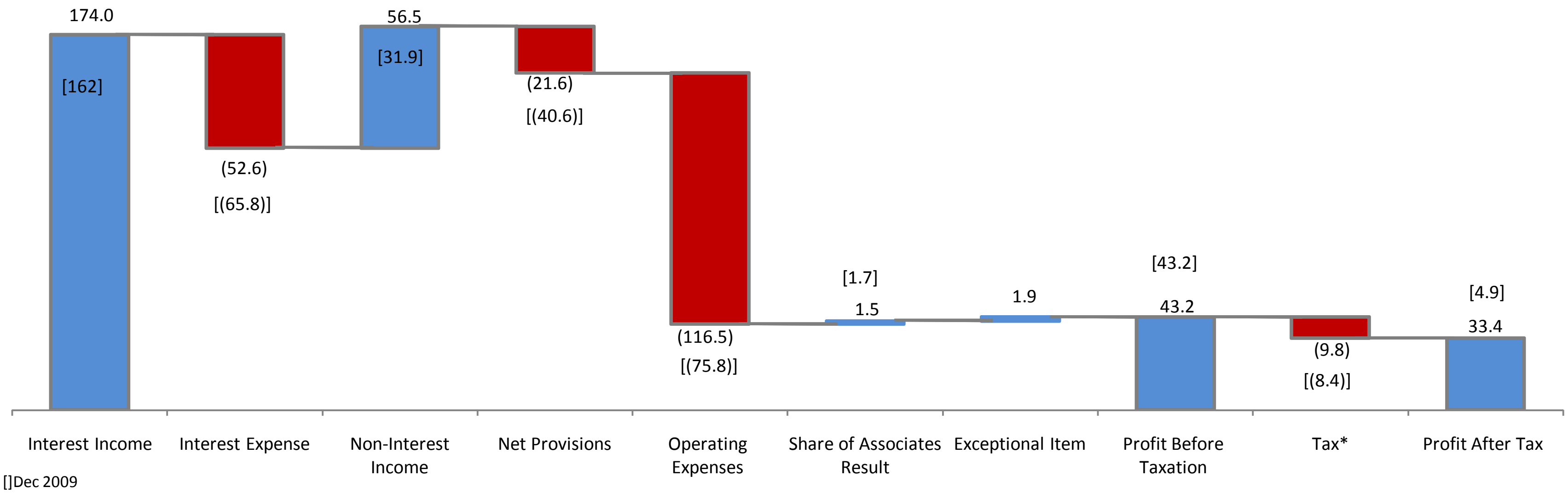
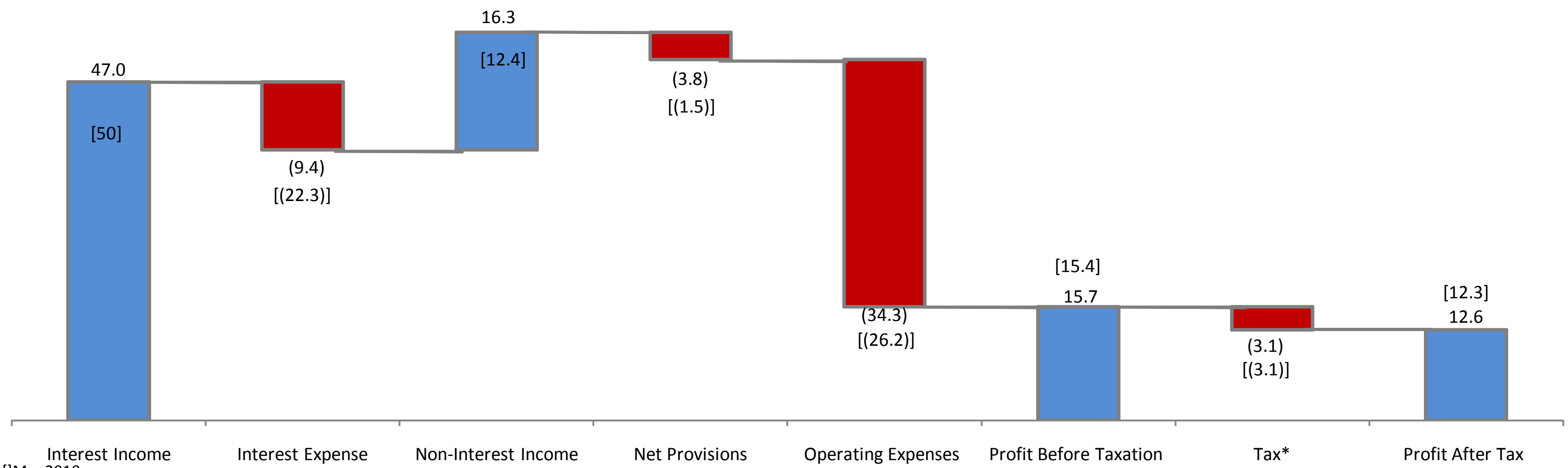
Full year ending December 31, 2010



First quarter ending March 31, 2011



*Assumption

Gross earnings has remained resilient inspite of the turbulent operating environment. We have made progress in diversifying our income streams and have seen improving traction in revenue generation

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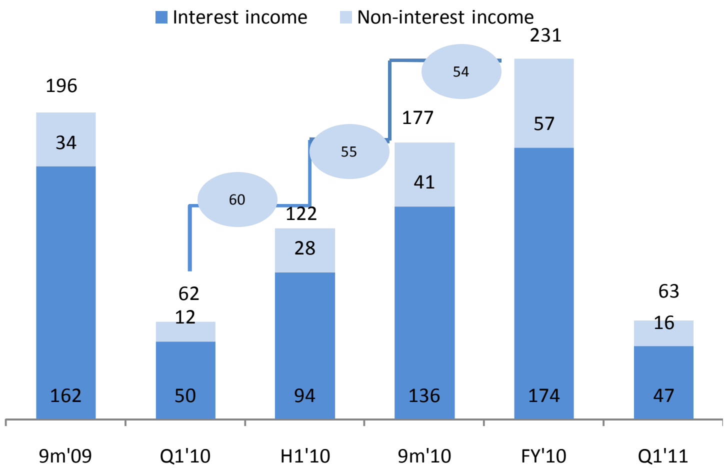
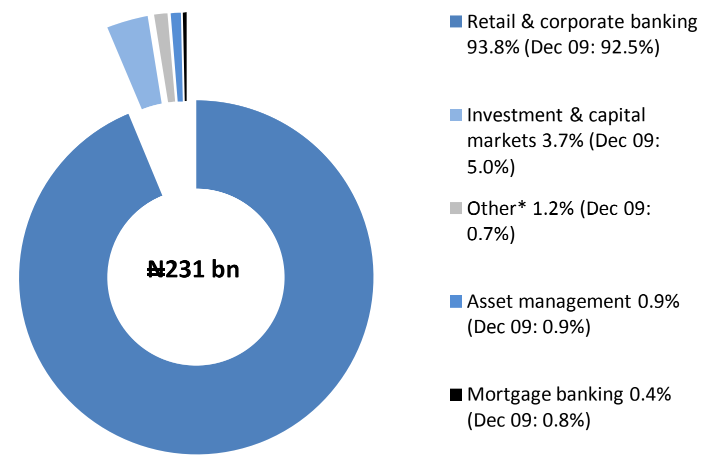
Gross earnings ₦'bn



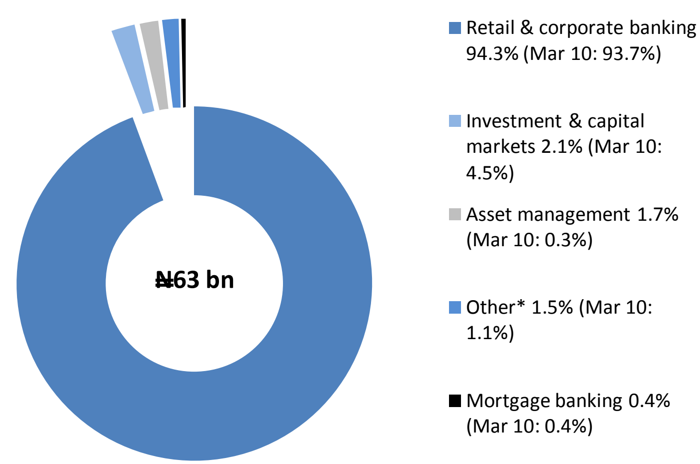
Gross earnings split by business lines - FY 2010



Comments

- Gross earnings for full year impacted by drop in asset yields and slow credit growth environment during the period
- Q1 Gross earnings positively impacted by improving contribution from non-interest income, driven by commission on turnover, credit related fees and foreign exchange income
- Increased traction in revenue generation in Q1 expected to continue in coming periods, benefiting from higher interest rate environment and improving contribution from fees and commission
- Improving earning asset mix in favour of higher yielding assets
- Heightened focus on risk based pricing
- Retail & corporate banking still the major contributor to earnings, increased focus on driving Investment Banking and Insurance businesses

Gross earnings split by business Lines - Q1 2011



* Includes insurance brokerage, private equity and venture capital, and bureau de change business functions

We proactively responded to the declining yield environment by deliberately focusing on reducing our cost of funds, thus protecting our margins

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Highlights

Operating Environment

Financial Review

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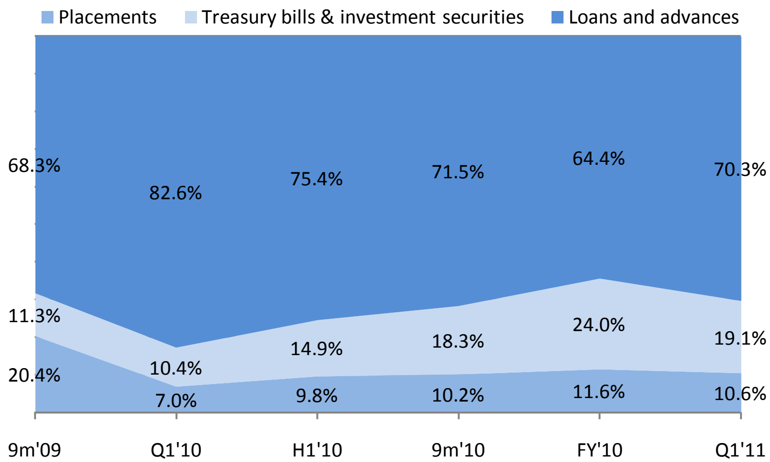
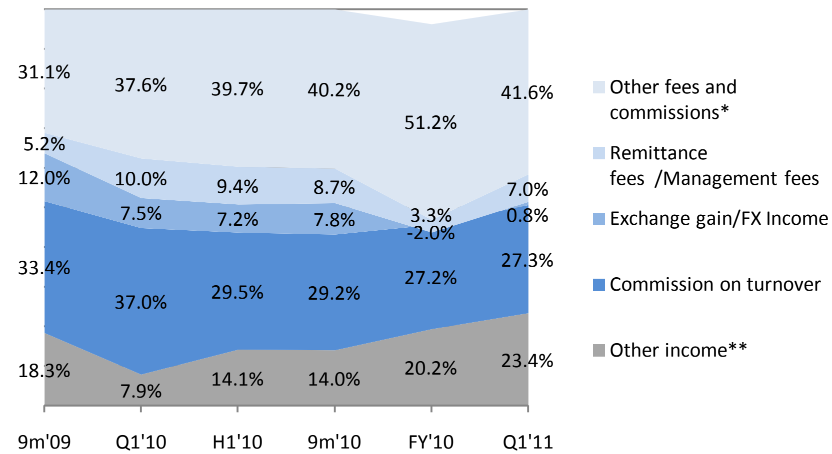
Strategy & Transformation

Summary & Outlook

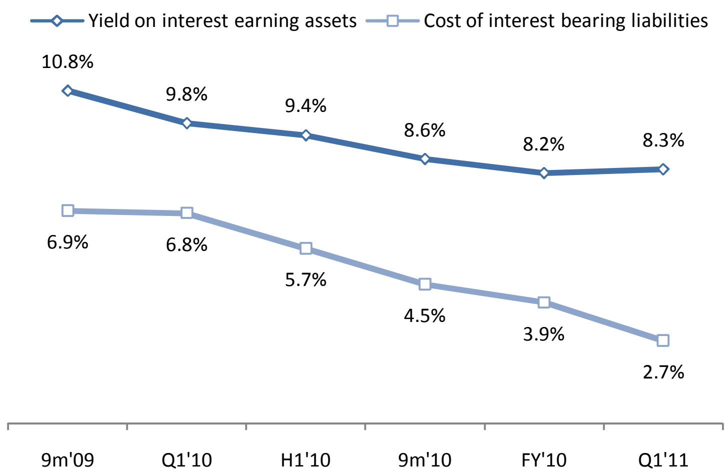
Interest income mix



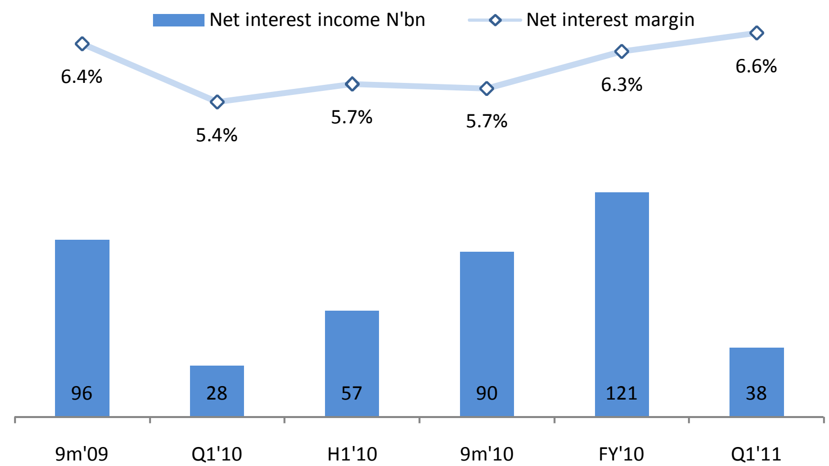
Non-interest revenue mix



Asset yield and cost of liabilities



Net interest margin

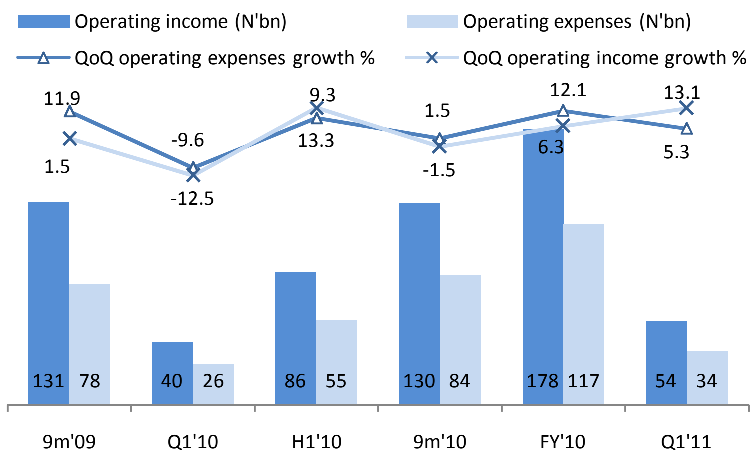


**Investment income and recoveries

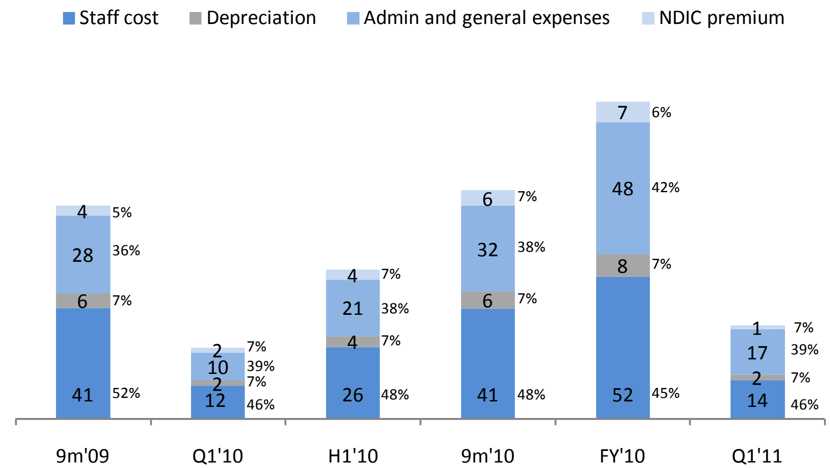
*Credit related fees, Financial advisory fees, Commission on insurance premium , Commission on western union transfers , Loss/(Profit) on disposal of property and equipment

Our operating expenses have trended largely in line with inflation. We expect improvements as certain one-off costs drop off

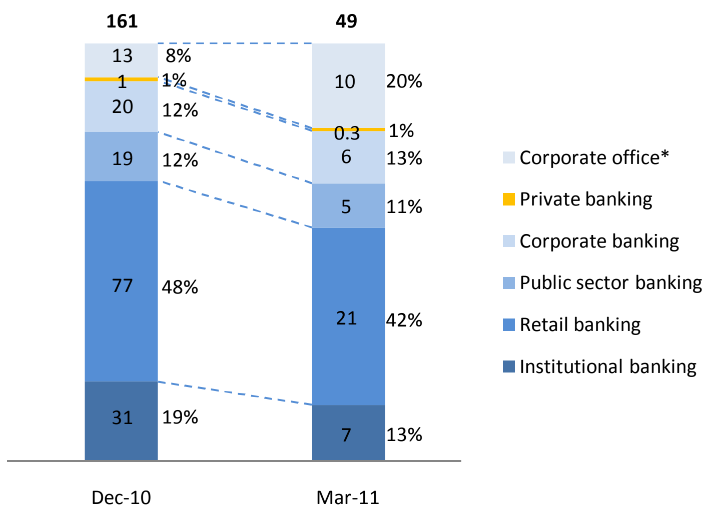
Operating income and expenditure



Operating expense breakdown (₦'bn)



Operating income breakdown by SBU ₦'bn (bank only)



*Corporate office includes money market lines, treasury, investments and staff welfare loans

Comments

- Operating income benefiting from rise in yields, non-interest revenue and decline in interest expense
- Benefits from manning structure realignment and branch optimisation being realised; staff numbers on the decline despite increasing number of branches
- Significant reduction in our cost of funds
- Full year cost to income ratio negatively impacted by declining yields on the topline and rising operating expenses; marginal improvement in Q1'11
- 1% general provision on performing loans taken in 2010
- Focus on driving targeted containment in operating expense through increased awareness and more efficient resource allocation
- Various initiatives in place to reduce costs such as: Introduction of standardized processes across Bank's divisions to increase efficiency, centralization of branch operations to enhance economies of scale, focus on channel migration

Sustained improvement in asset quality indicators

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Highlights

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Financial Review

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Strategy & Transformation

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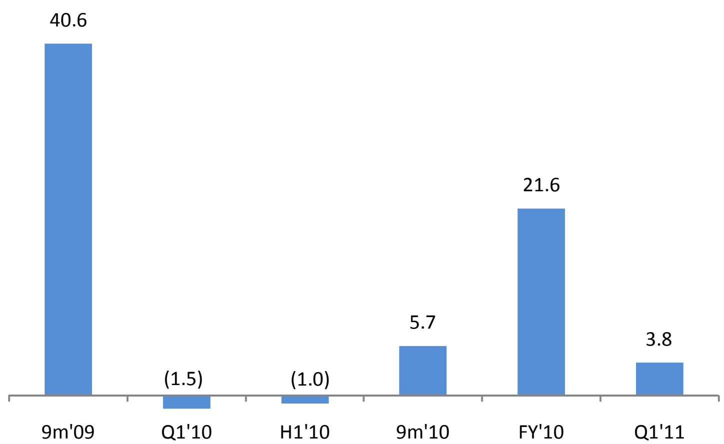
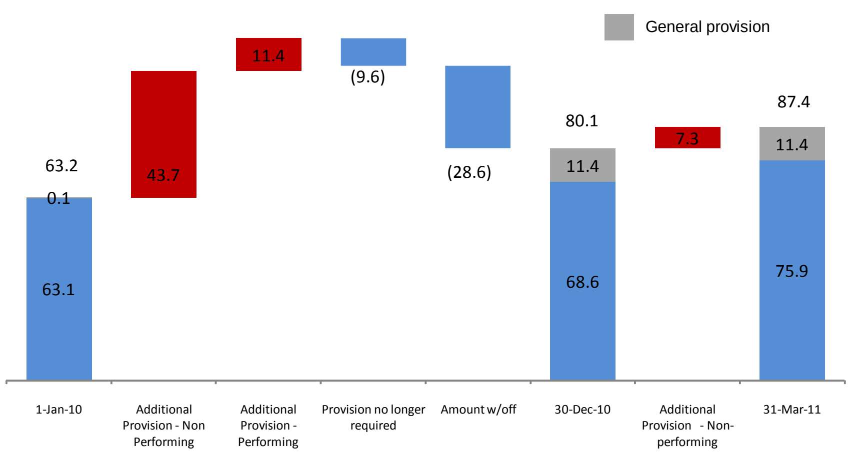
Provision for credit and other losses (₦'bn)



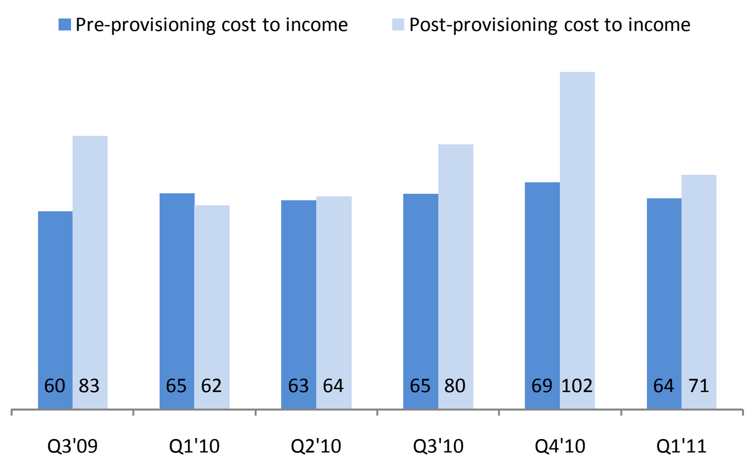
Comments

- Proactive recognition of 1% general provision in FY 2010 amounting to an ₦11.4 billion provision on our performing loan book
- Recovery remains a major priority as evidenced by a ₦9.6 billion in provisions no longer required

Movement in loan loss provision (₦'bn)



Cost efficiency (%)



Steady improvement in profitability

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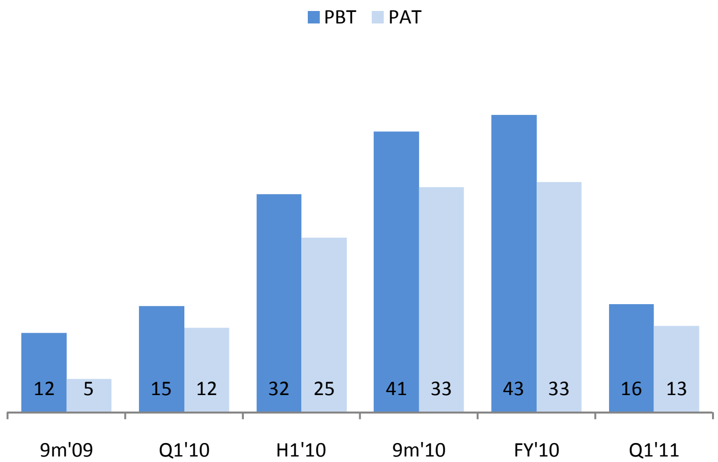
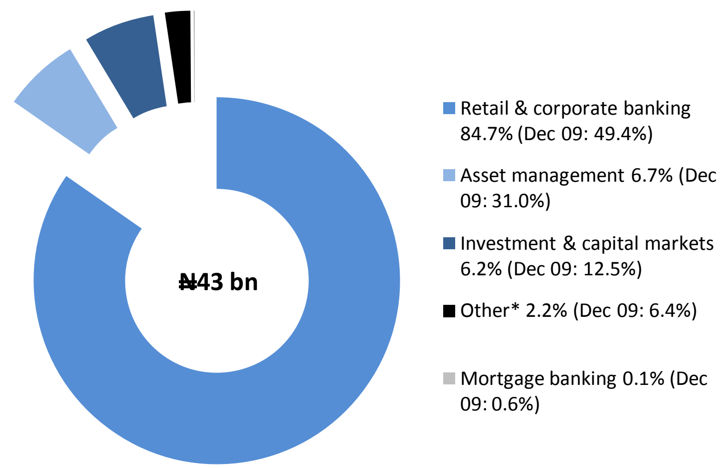
Profit before and after tax (₦'bn)



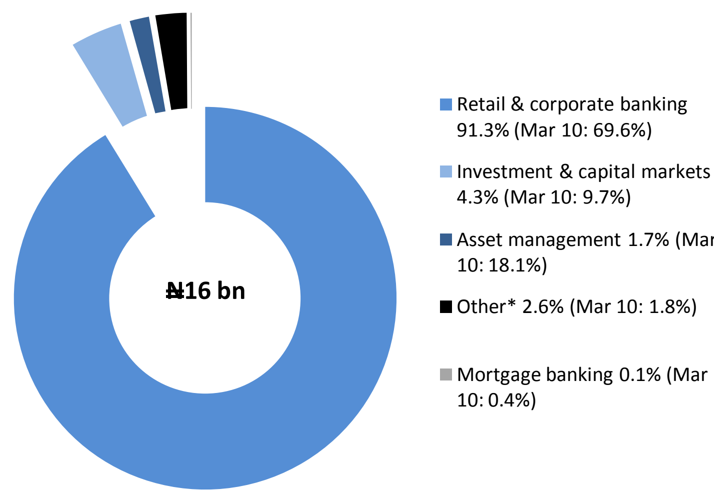
FY 2010 PBT split by business lines



Comments

- Results positively impacted by improvement in interest rates towards the end of the year
- Profitability benefiting largely from reduced funding costs
- PBT impacted by general provisions
- Slight growth of 1.5% in Q1 profits when compared to corresponding period in 2010, profits positively impacted by reduced interest expense as well as improved contribution of non-interest income to revenue
- Strong focus on improving processes at both the group and bank level, in order to drive increased non-interest revenue contribution
- Increased focus on further optimising our balance sheet to drive enhanced yield

Q1 2011 PBT split by business lines



* Includes insurance brokerage, private equity and venture capital, and bureau de change business functions

Improving profitability and shareholder return metrics, benefitting from increasing leverage

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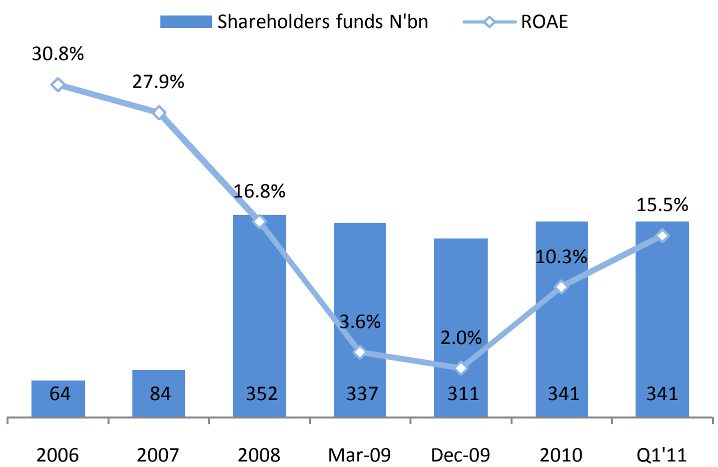
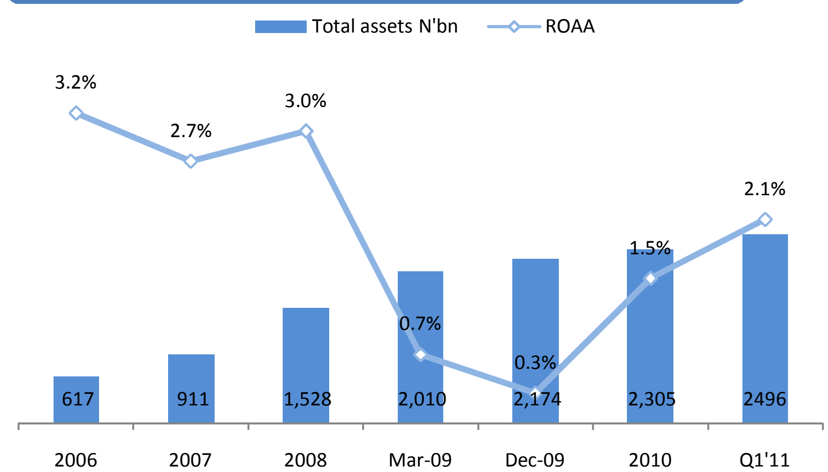
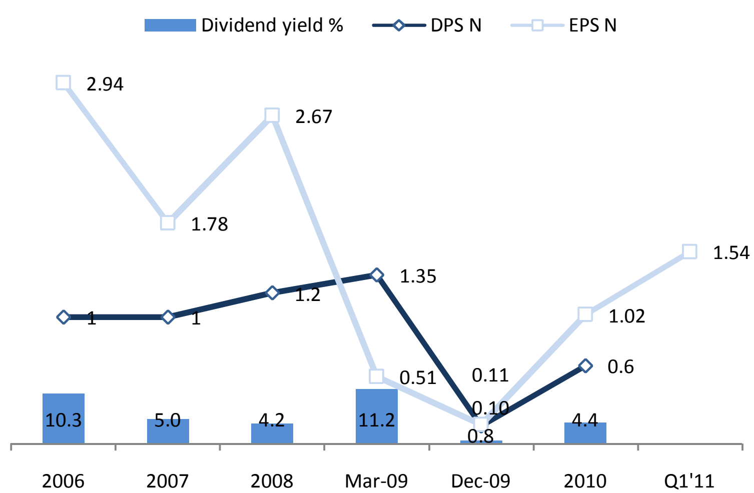
Return on average equity



Return on average assets



Per share matrices



We have continued to maintain a strong and stable funding base, with deposit liabilities providing 63% of balance sheet funding, whilst continually improving the mix of deposits

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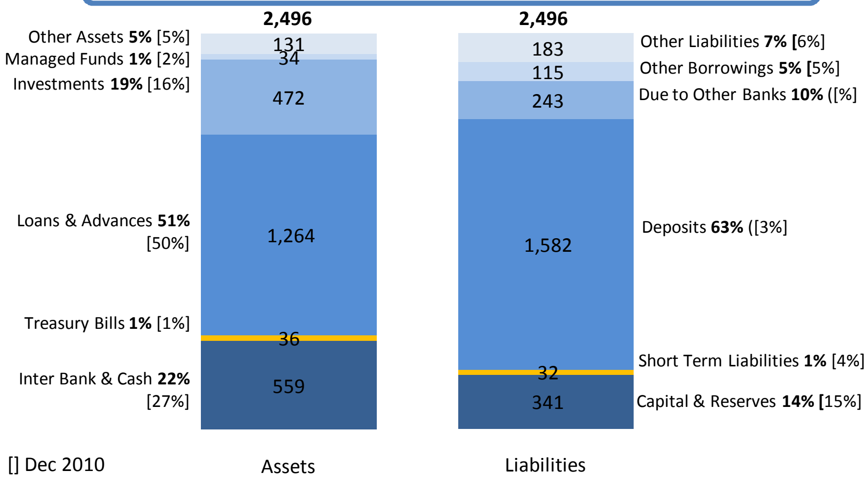
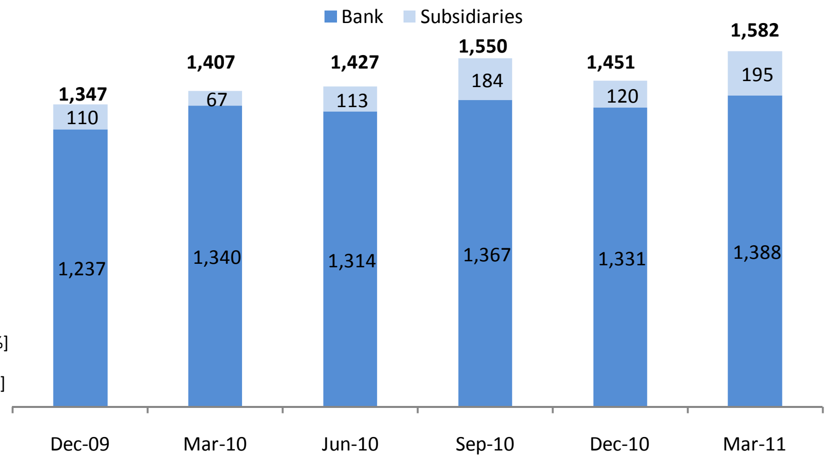
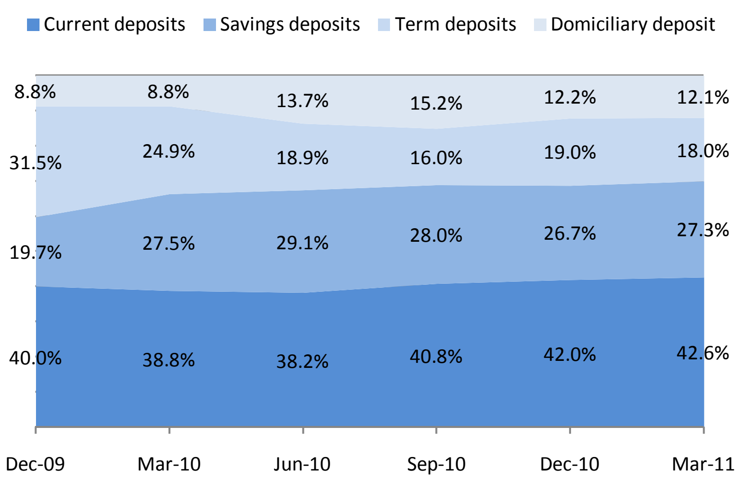
Balance sheet structure as at Mar 11 (₦'bn)



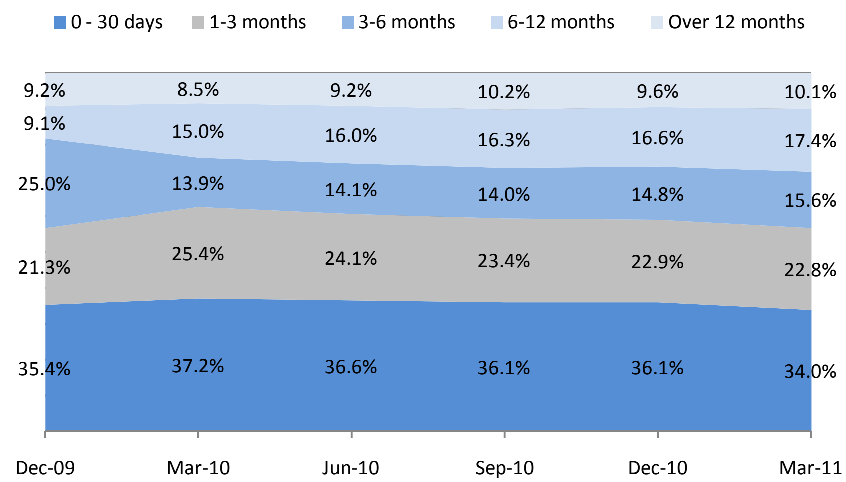
Deposit (₦'bn)



Deposit mix by type



Deposits by maturity



We will maintain our focus on optimising our balance sheet, as we look to move our funds to higher yielding assets

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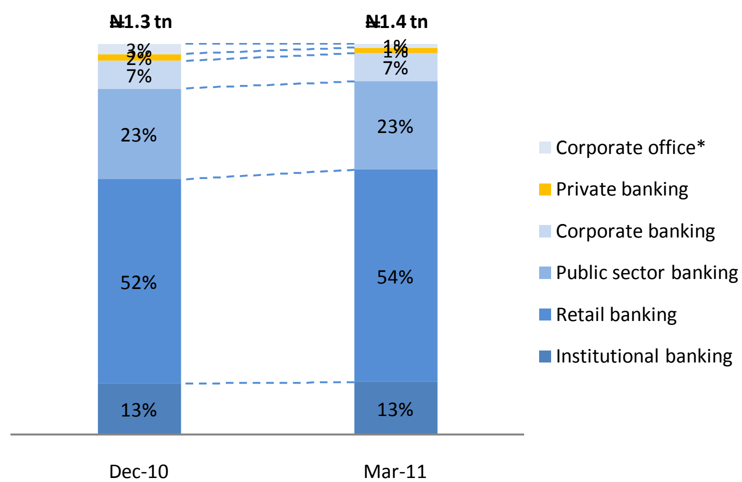
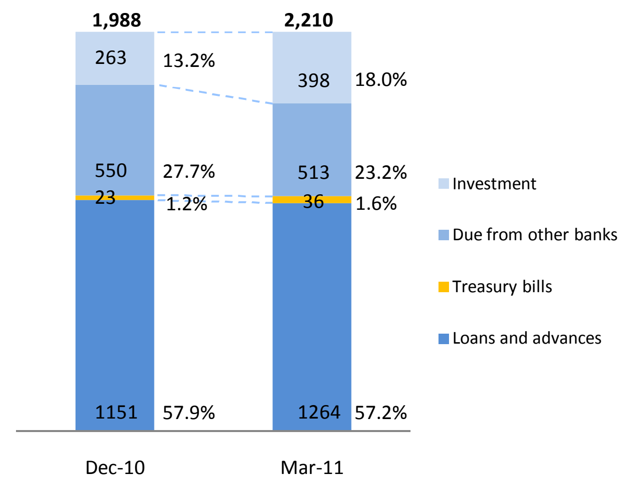
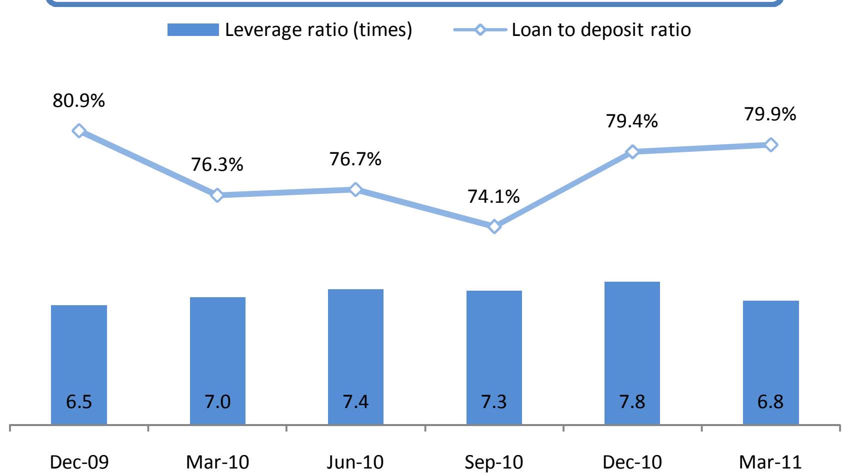
Deposits by SBU (bank only)



Interest earning assets (₦'bn)



Balance sheet efficiency



Comments

- Percentage of cheap deposits has continued to improve – from 68.5% to 80.9% as at end of December and 82% as at end of Q1
- Foreign currency deposits represent 12.3% of our deposits base
- The retail and public sector segments constitute the largest segments for generation of cheap liabilities to lever our balance sheet
- Focus on increasing the depth and breadth of our transactional banking capabilities to capture flow through from current accounts in the corporate banking segment

*Corporate office includes money market lines, treasury, investments and staff welfare loans

Our capital and liquidity ratios remain strong and in excess of regulatory requirements

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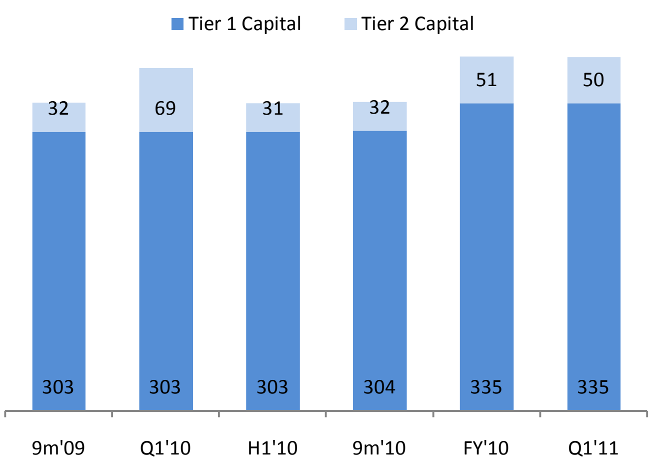
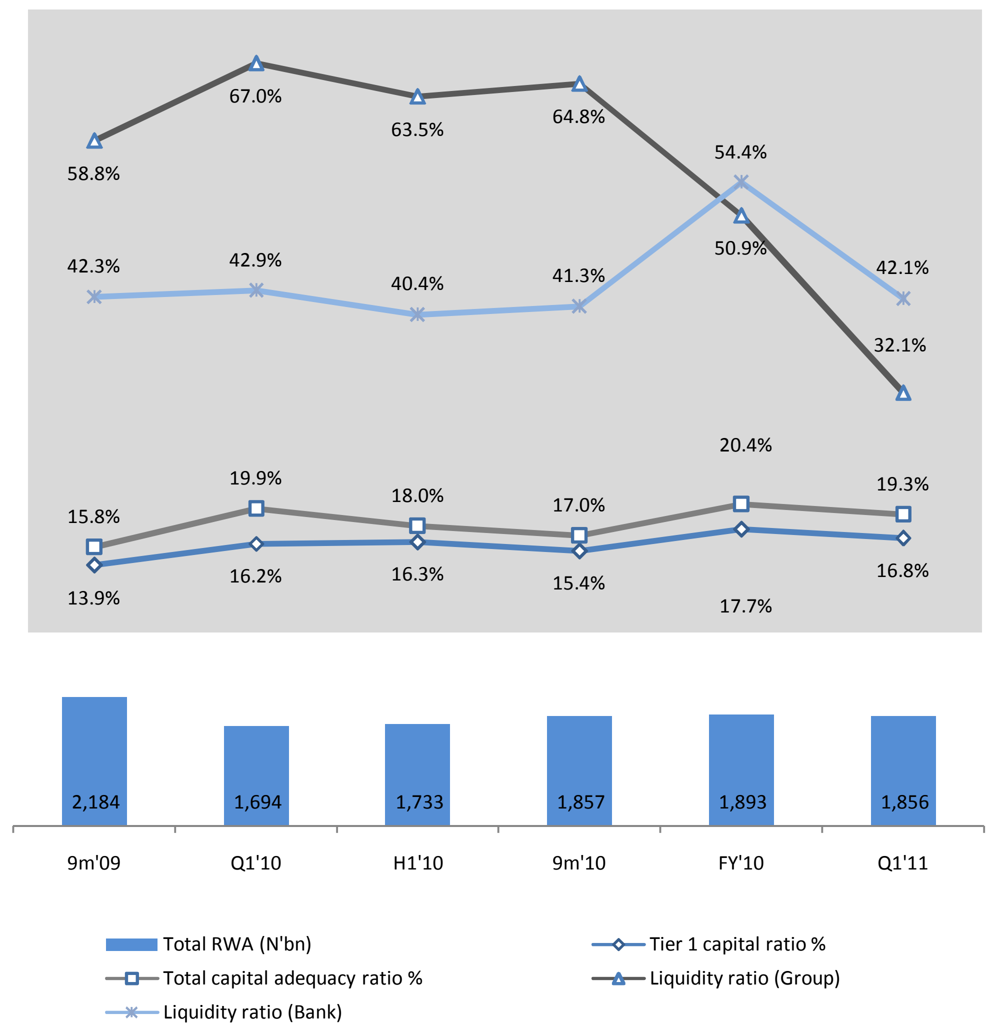
Comments

- Our capital management approach is driven by strategic and organisational requirements, taking into account the regulatory and commercial environment in which we operate
- It is our policy to maintain a strong capital base to support the development of our business and to meet regulatory capital requirements at all times
- We will focus on the deliberate improvement of our capital ratios in the coming periods

Components of capital

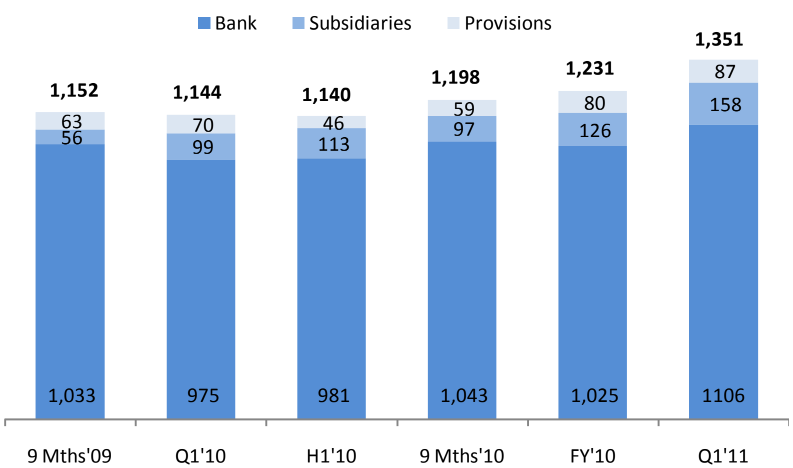


Evolution of capital and liquidity ratios

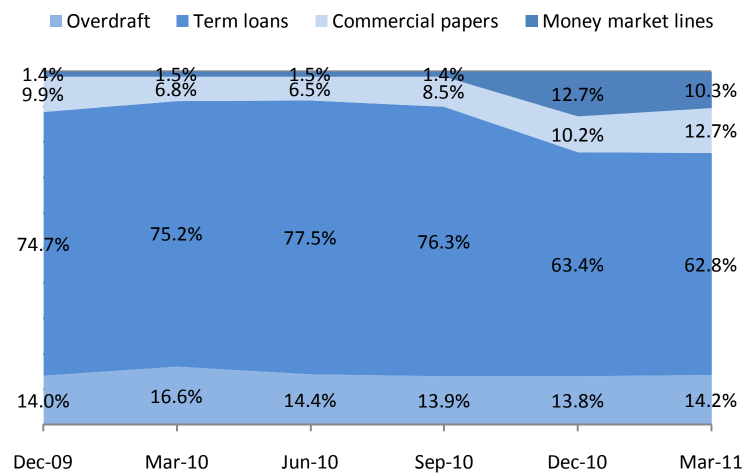


Steady growth in loan book in a measured and focused manner

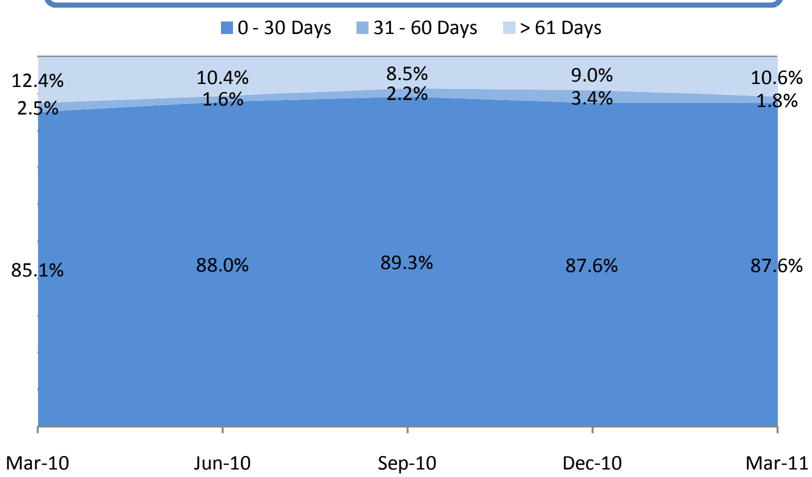
Gross loans and advances - group (₦'bn)



Loans and advances by type



Ageing analysis of performing loan book (bank only)



Comments

- 18% and 10% YoY and QoQ growth in loan book
- We remain the largest lender across the industry, with a well diversified loan book
- Loan growth driven predominantly by corporate and retail customers; key sectors responsible for the loan growth are agriculture and oil & gas
- Our single largest exposure remains to seawolf
- Continued validation of our credit generation process and risk acceptance criteria to align with assets quality targets
- Continued focus on proactive remedial management and recovery

. . . .with Loan book well diversified across a number of sectors

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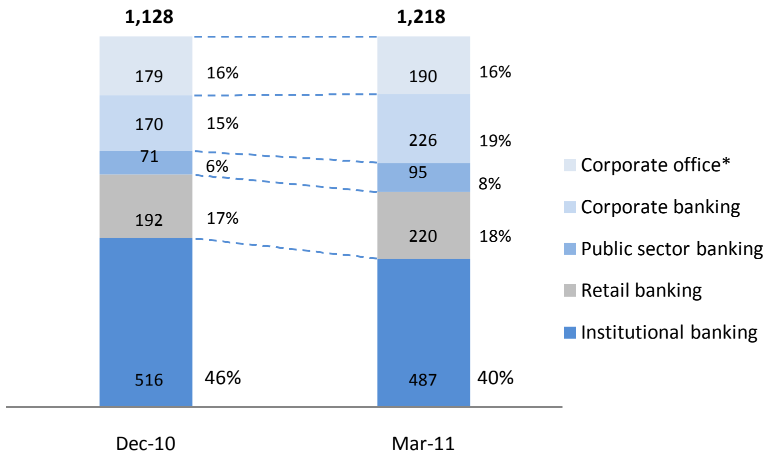
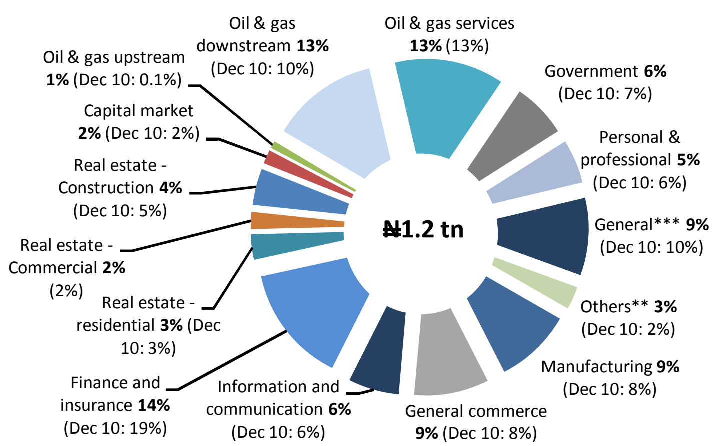
Breakdown by SBU's ₦'bn (Bank only)



Comments

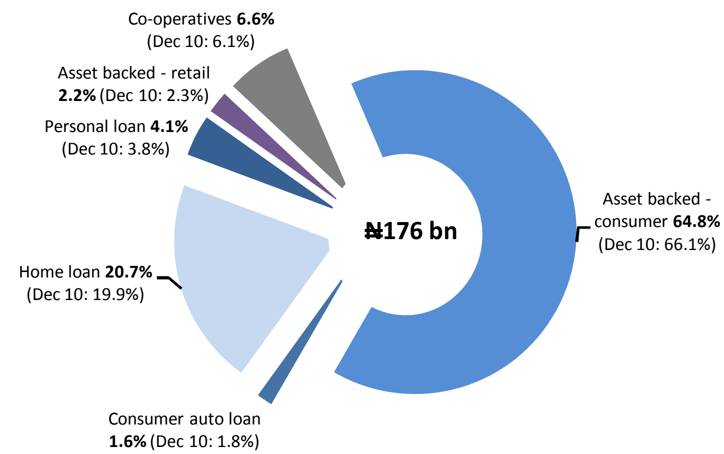
- Foreign currency loans stand at N250 billion (21% of loan portfolio)
- Facilities against shares now represent 1.6% of total loan portfolio
- Expected sector for growth during the year are agriculture, oil & gas, construction, power and transportation

Gross loans and advances (sector exposure) Mar 2011 (bank only)



**Others include agriculture, construction, power & energy and transportation

Core consumer/retail product portfolio

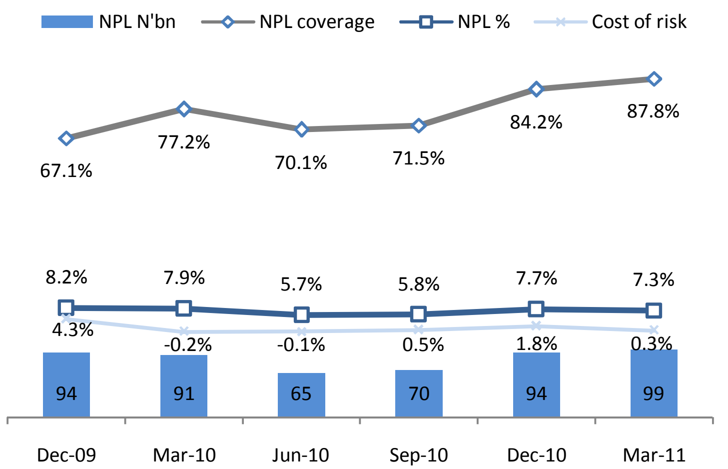


*Corporate office includes money market lines, treasury, investments and staff welfare loans

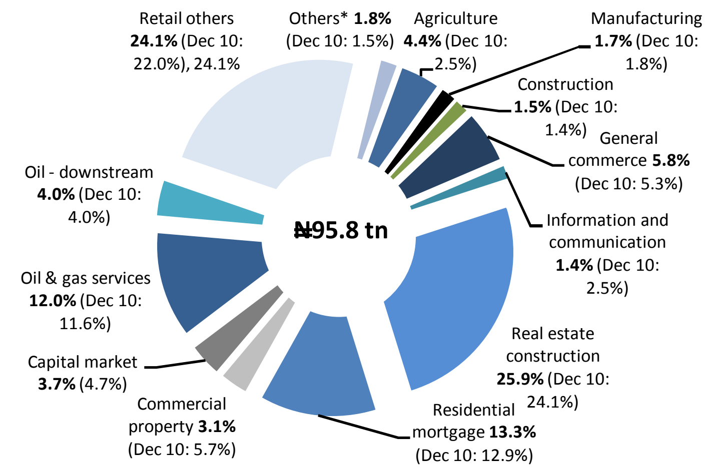
***Hotels& leisure, logistics, retail others and religious bodies

Sustained improvement in asset quality

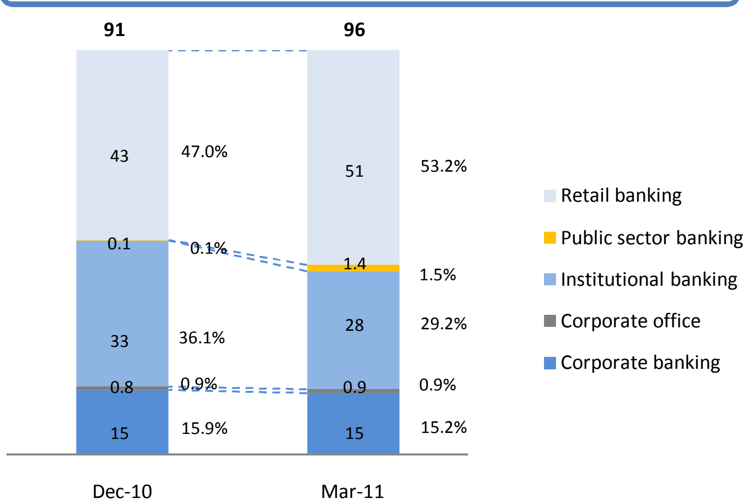
Asset quality ratios



NPL Sector exposure Mar 11 (bank only)



NPLs by SBU's ₦'bn (bank only)



Comments

- NPL portfolio reflects the broad based nature of our loan book, cutting across various economic segments
- Improving asset quality across various matrices
- In December 2010, we sold toxic loans worth ₦10.5 billion to AMCON in exchange for bonds worth ₦5.9 billion
- Q1 2011 results do not reflect the impact of the 2nd tranche of NPLs to be sold to AMCON, estimated at ₦31 billion
- Independent recovery efforts have been extended to cover substantial and doubtful accounts
- Real estate construction within institutional banking remains a key risk segment; strategy is to finish the projects and realise the proceeds

*Others include water supply, finance and insurance, power & energy, government and transportation

We are gradually working out the concentration risks

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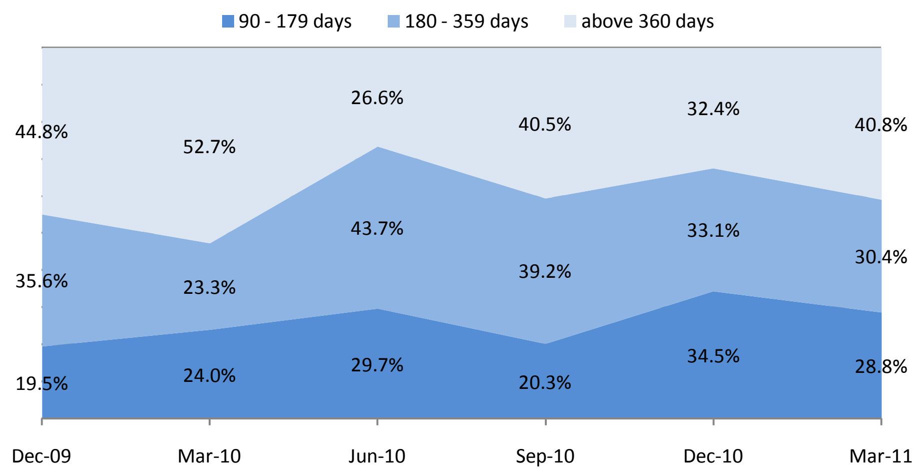
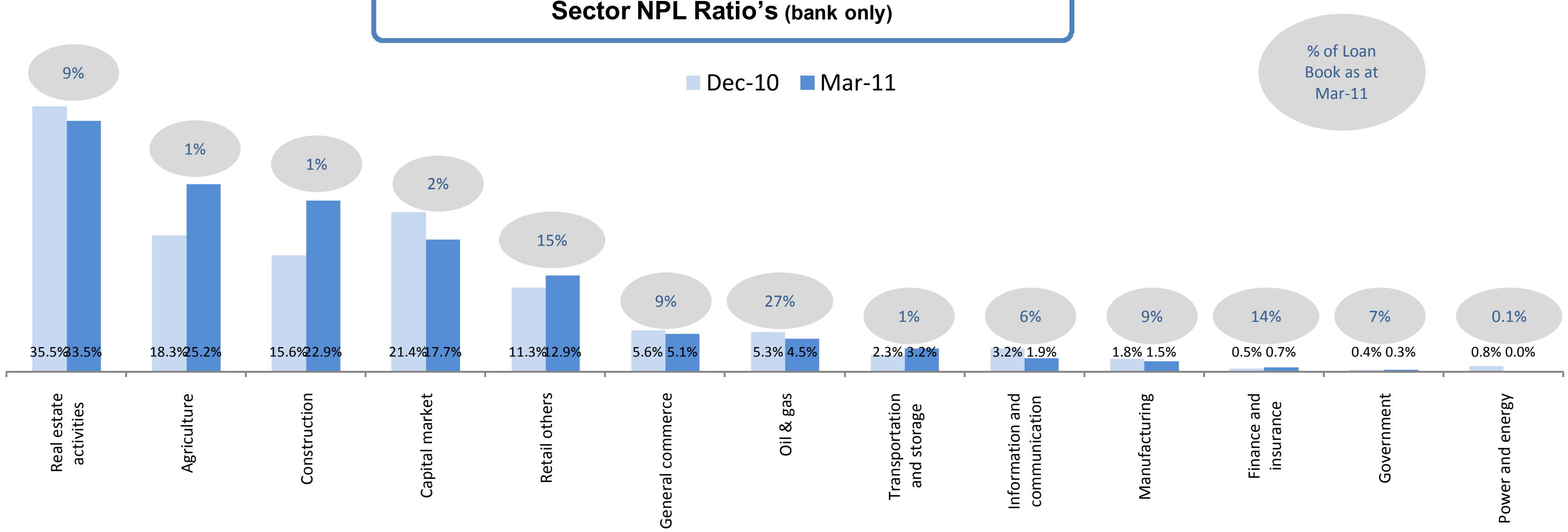
Ageing analysis of NPL portfolio (bank only)



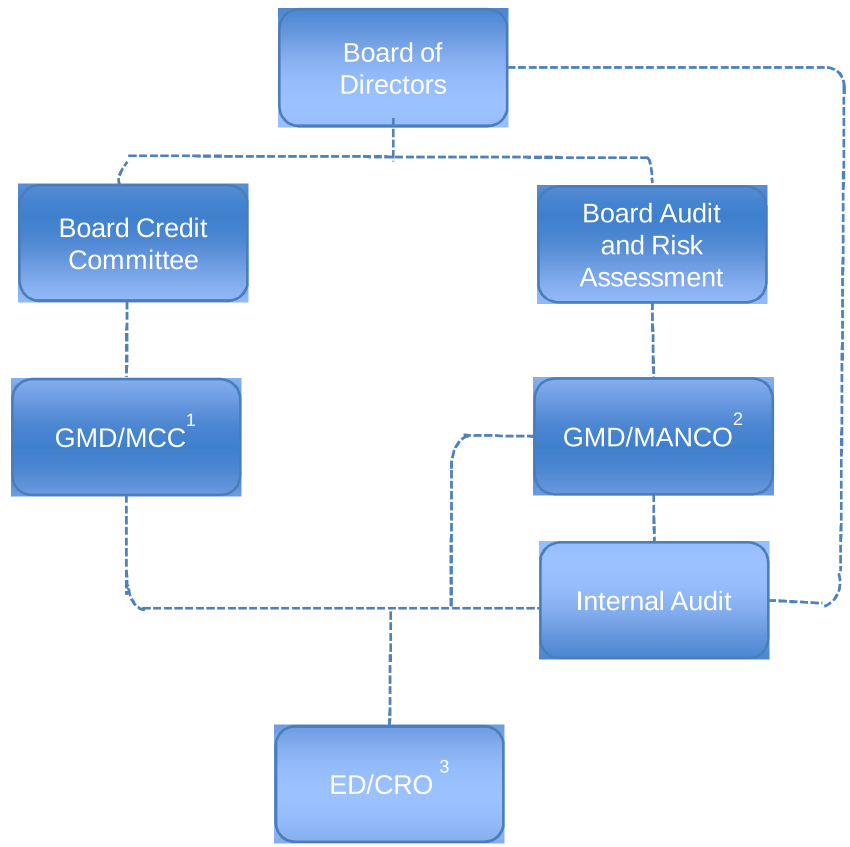
Sector NPL Ratio's (bank only)



Risk management framework (1 of 2)

Detailed framework and disclosure	• Best in class risk management practice • Publication of risk management disclosures, an integral part of FirstBank annual report
Risk Appetite	• A conservative balance is maintained between risk and revenue considerations • Appetite for risk is governed by high quality assets measured by the following three key performance indicators: - ratio of non-performing loans to total loans - ratio of loan loss expenses to interest revenue: and - ratio of loan loss provision to gross non-performing loans
Asset quality	• No sector on the Group's portfolio gives cause for serious concern • Performing accounts are marked to market • Adequate provisions are made
Technology	• 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

Credit risk	• Creation of loans and management of the risks inherent in the loan portfolio remained a focal point • A special recovery unit has been set up to revamp recovery strategy, to implement recovery initiatives that would ensure provisions taken in prior periods are reversed
Market and liquidity risk	• Increased market confidence and perception of the bank as strong and reliable • Healthy liquidity position has been maintained
Environmental and social risk	• Environmental and social risk management system policy being implemented • This is aimed at promoting environmental soundness and sustainable development in a socially responsible manner especially in large ticket project financing
Operational risk	• Through management focus and resources the operational risk has been managed within acceptable levels • We continue to work at minimising operational losses by strengthening control mechanisms • To achieve timely prevention and detection of fraud, an internal control antifraud automated system software was recently deployed
Information security risk	• Obtained ISO27001 certification from British Standard Institute. • The certification is the world's highest accreditation for information protection and security from the international Organisation for Standardisation (ISO)
Legal and compliance Risk	• Improvement of access to sound legal advice and the awareness of the need to identify, mitigate and manage legal risks • Compliance risks are being identified and mitigated through continuous improvement in technology infrastructure, process rejuvenation/revalidation and training of stakeholders to understand regulatory obligations and consequences of non-compliance.

Seamless transition on the Board demonstrating institutionalised succession planning

Board Members	December 2009	December 2010
Executive Directors	8	5
Non Executive Directors	9	11
Total	**17**	**16**

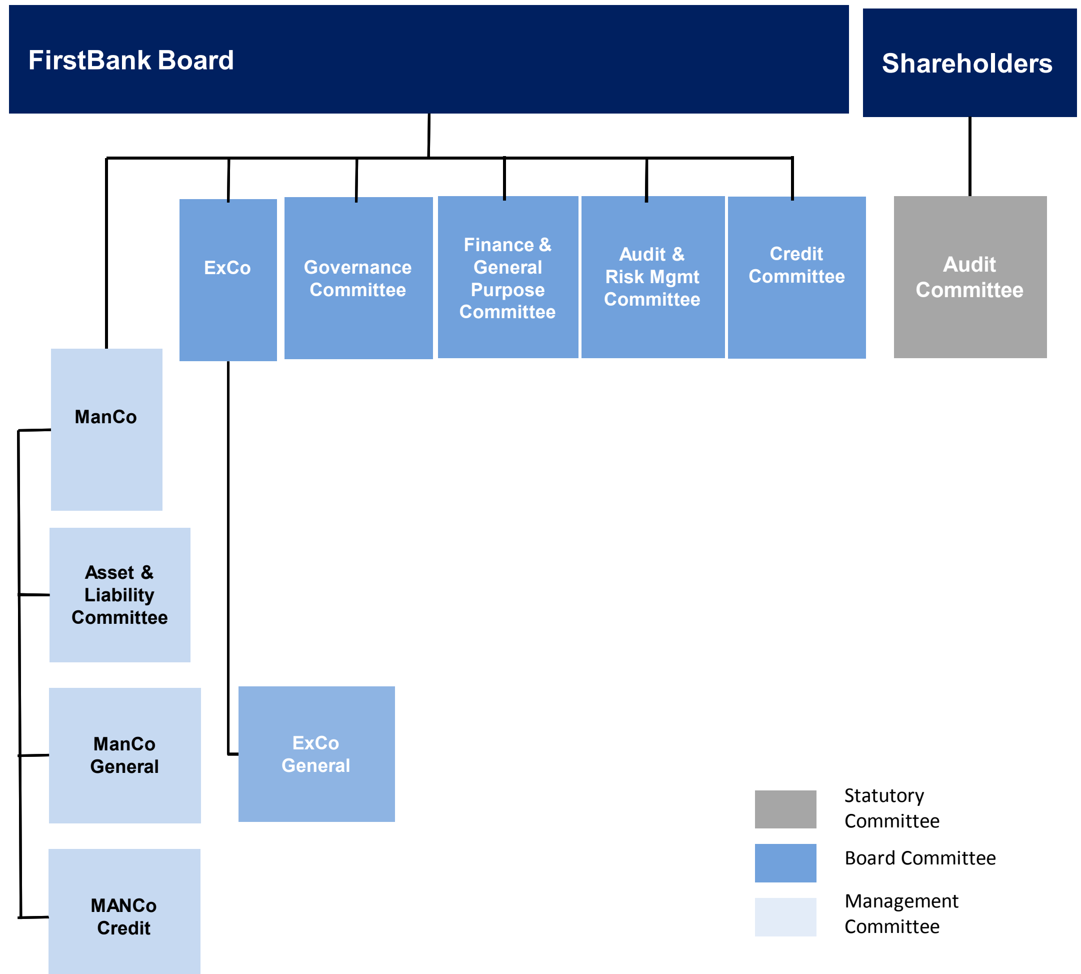
Å Continued Board restructuring around the principle that the predominance of non-executive would improve objectivity and independent judgement.

Å Ratio of executive directors to non executive directors is 1:2. This is in line with the provision of the corporate governance code

Å In addition to the independent non executive director on our board, we intend fast-tracking the appointment of a second independent director in compliance with the corporate governance code.

Å The Board performs its responsibilities through standing committees whose charters are reviewed regularly

Corporate Governance Framework



Board changes

	Directors	Position	Effective Date	Reason
Resignations	Dr. Oba Otudeko, OFR	Chairman	December 31, 2010	In Compliance with the CBNôs code of corporate governance stipulating 12 years maximum tenure for Non executive directors
	Alhaji Abdulahi Mahmound	Non Executive Director	December 31, 2010	
	Lt. General Garba Duba (Rtd)	Non Executive Director	December 31, 2010	
	Mr Oye Hassan-Odukale, MFR	Non Executive Director	December 31, 2010	
	Dr. Yerima Ngama	Executive Director	December 31, 2010	Voluntary
	Mrs Bola Adesola	Executive Director	July 15, 2010	Voluntary
	Mr Oladele Oyelola	Executive Director	July15, 2010	Voluntary
	Dr. Abdu Abubakar	Executive Director	July 15, 2010	Voluntary
Appointments	Prince Ajibola Afonja A non executive director before his appointment as the Chairman	Chairman	January 1, 2011	To fill vacancy of the Chairman
	Mr Ambrose Feese	Non Executive Director	October 28 , 2010	To fill the anticipated vacancy of the above resignations and inject fresh thinking into the Board
	Mrs Ibukun Awosika	Non Executive Director	October 28 , 2010	
	Mr Ebenezer Jolaoso	Non Executive Director	October 28 , 2010	
	Alhaji Lawal Ibrahim	Non Executive Director	October 28 , 2010	
	Mallam Ibrahim Waziri	Non Executive Director	January 1, 2011	
	Mrs Khadijah Alao-Straub	Non Executive Director	January 1, 2011	
	Mr Obafemi Otudeko	Non Executive Director	January 1, 2011	
	Mr Tunde Hassan-Odukale	Non Executive Director	January 1, 2011	
	Mallam Bello Maccido	Executive Director	January 1, 2011	

At the Group level, our growth agenda is to be structured with shifting emphasis over time and designed to grow at a sustainable pace

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1 Restructuring for Growth

- Robust governance framework to provide oversight functions for subsidiaries and ensure proper governance/co-ordination across the Group
- Over the last year, we focused on aligning our proposed approach with evolving regulation
- 2011 aspiration will centre on effectively capturing Group synergies as an integrated financial solutions provider

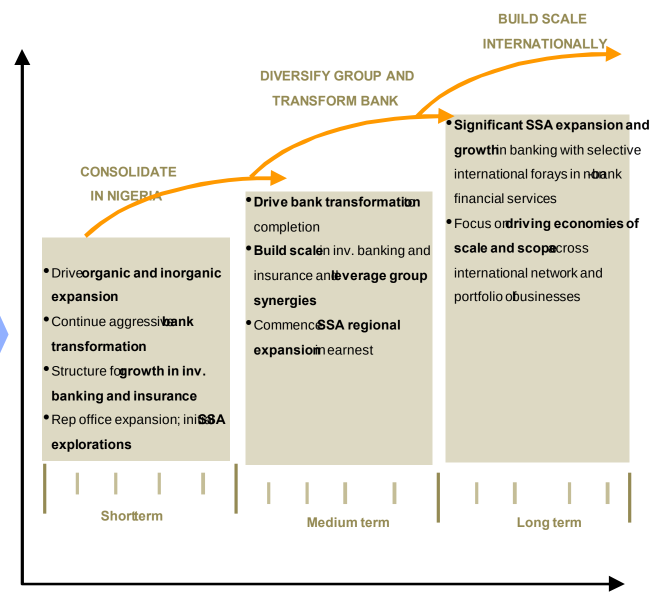
2 Business Line Expansion

- Harnessing growth potential in all of our core businesses, whilst making adjustments to our platform to take account of the market opportunities
- 2011 focus will be to fast track the growth of market share for key non-banking businesses i.e. IBAM and Insurance
- Targeting growth potential in our core business and targeting the strong FirstBank platform

3 International Expansion

- Over the long-term, our priority will be to drive growth internationally with an emphasis in the near-term on establishing a presence in priority nations in a cost-effective but capital efficient manner
- International expansion will be implemented via a combination of acquisitions and greenfield expansion as appropriate, guided by the overall objective that the Bank plays competitively in each new market
- International acquisition would be benchmarked against preset internal targets for acquisition

Priorities by growth horizon



We have restructured at the group level to enhance portfolio optimisation, coordination and reduce risks and duplications across our businesses

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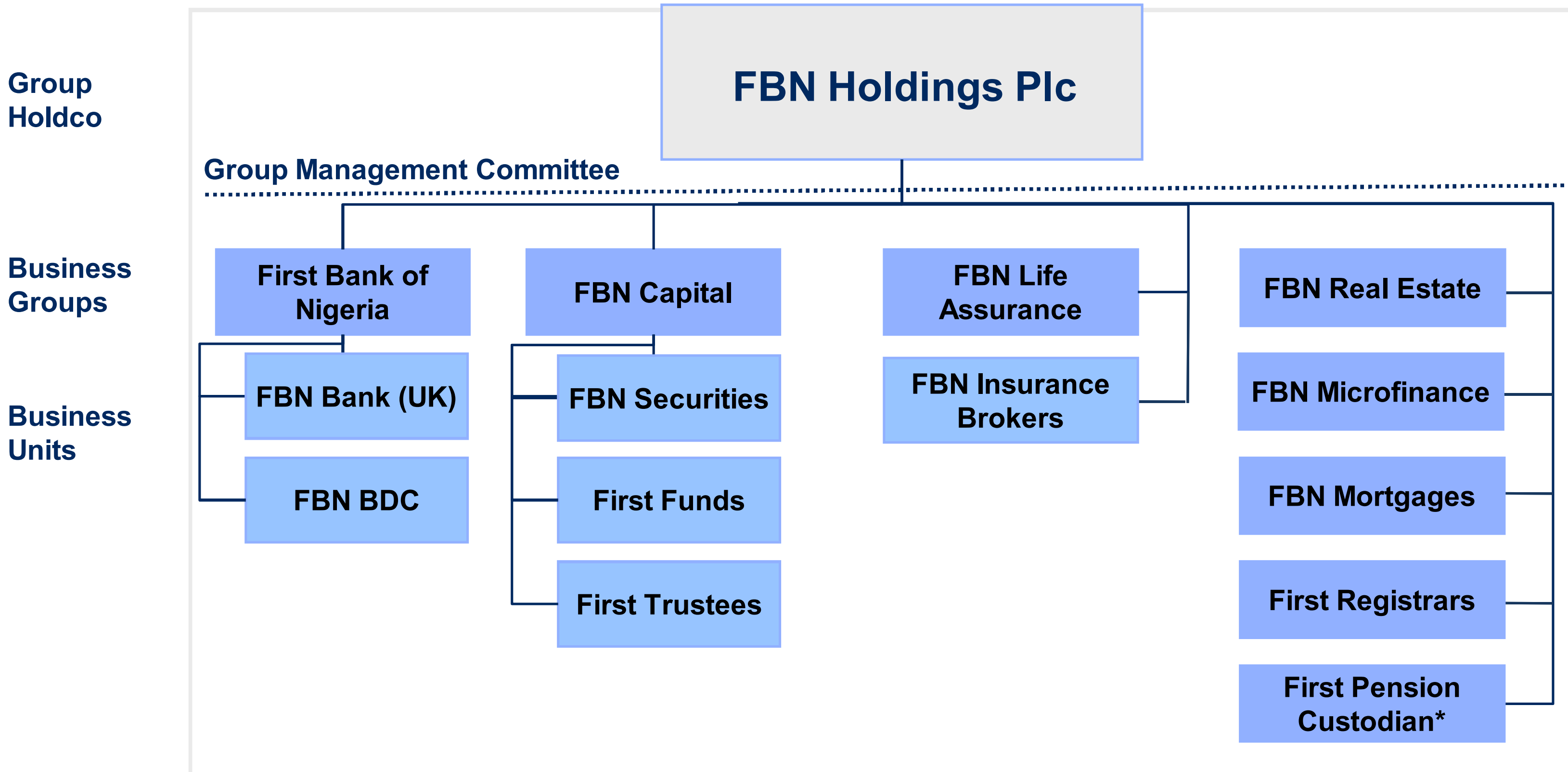
FirstBank Proposed HoldCo Structure



- Structure for the FirstBank Group would achieve full compliance with the CBN's requirements to ring-fence the operations and business of the bank (First Bank) from non-banking businesses as prescribed in the new banking regulations.
- Awaiting final approval from CBN on proposed structure

* First Pension Custodian to report directly to FBN Holdings subject to PENCOM approval

At the Bank level, the thrust of our strategy over the medium term is to defend our leadership position, while extending it across key dimensions

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Highlights
Operating Environment
Financial Review
Risk Mgt & Corporate Governance
Strategy & Transformation
Summary & Outlook

Our Vision

To be the clear leader and Nigeria`s bank of first choice

Our Mission

To remain true to our name by providing the best financial services possible

Our Objective

Defend	Defend our strong leadership position with respect to balance sheet (total assets, deposits etc)
Extend	Extend our performance to attain leading positions in terms of profitability, capital efficiency and operational efficiency and effectiveness
Balance	Balance short-term performance with long-term health (delivering strong near-term earnings while making requisite investment for long term growth)
Lead	Attain a market leadership position in each strategic business unit
Regionalise	Extend our franchise into select promising markets in Sub-Saharan Africa

The Bank's strategic framework combines initiatives at the SBU and corporate level and identifies levers that are crucial to performance

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PROJECT MANAGEMENT OFFICE (PMO)

BANK STRATEGY

FINANCIAL PRIORITIES

- Commission & Fee increase
- Leverage/low cost liability generation
- Selective creation of loans and advances
- Risk-based pricing
- OPEX containment

SBU	FOCUS
Retail	Affluent/SME segments and continued drive for low-cost funding
IBG	Improved value proposition/capabilities to serve largest corporations
CBG	Lending at managed risk; improving penetration of mid-corporates
Private	Differentiated service model for HNIs as platform for viable new business
Public Sector	Bank of choice for government bodies at the Federal and State levels

NON-FINANCIAL PRIORITIES

- Performance management
- Talent management
- Brand transformation
- Operational excellence
- Credit quality/ process management

Monitoring / Controlling / Coordination

We have defined clear value propositions for each SBU to highlight its specific role within the overall strategy of the Bank

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Macro SBU strategy – getting the big picture

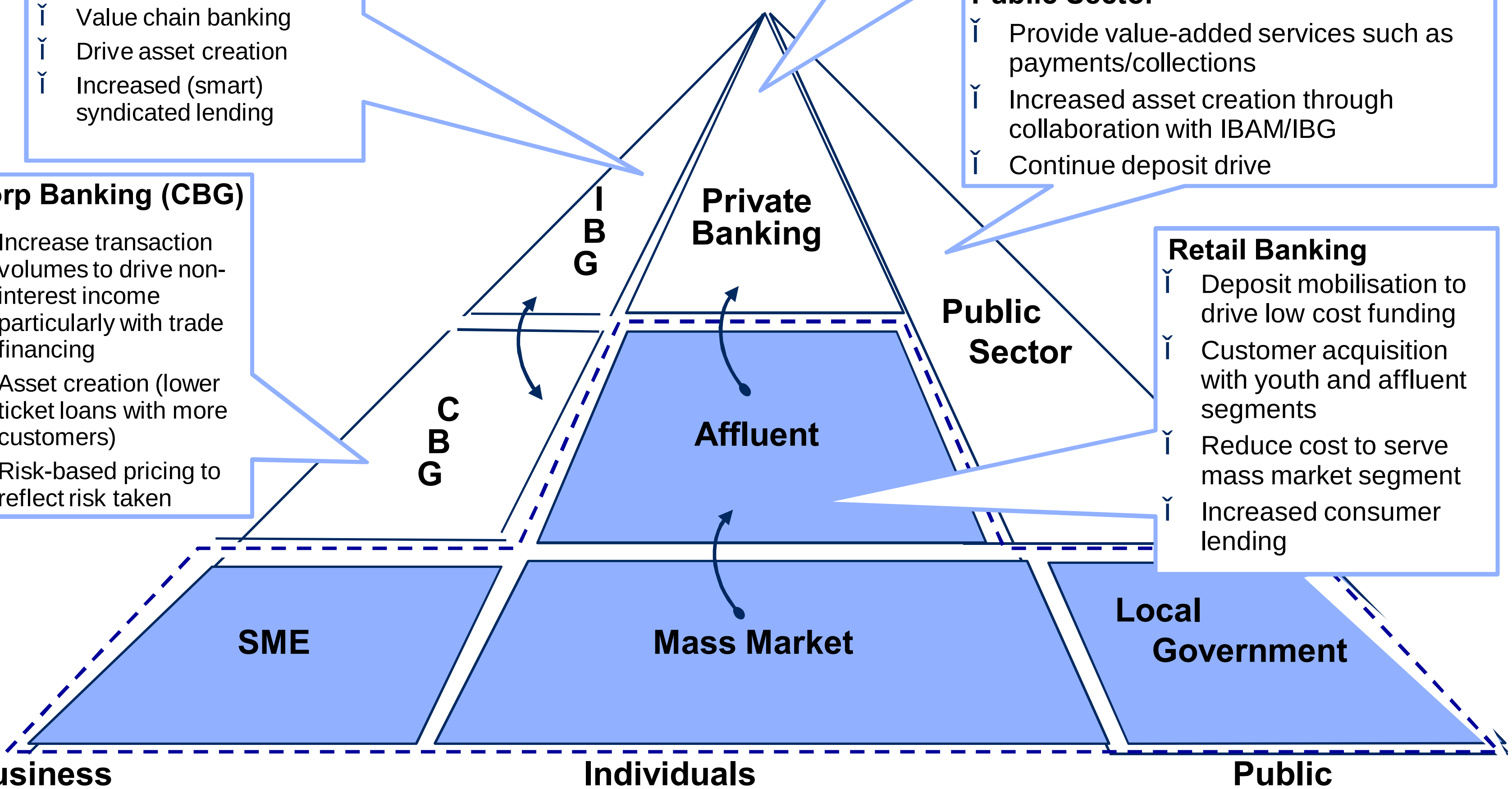
Inst Banking (IBG)
- Increased complexity/sophistication with product offerings; focus on more tailored client solutions
- Value chain banking
- Drive asset creation
- Increased (smart) syndicated lending

Private Banking
- Differentiated sales/service model
- Increased AUM growth to drive associated fees/commissions
- Cross-selling other Group/Bank products

Public Sector
- Provide value-added services such as payments/collections
- Increased asset creation through collaboration with IBAM/IBG
- Continue deposit drive

Corp Banking (CBG)
- Increase transaction volumes to drive non-interest income particularly with trade financing
- Asset creation (lower ticket loans with more customers)
- Risk-based pricing to reflect risk taken

Retail Banking
- Deposit mobilisation to drive low cost funding
- Customer acquisition with youth and affluent segments
- Reduce cost to serve mass market segment
- Increased consumer lending



We have continued to transform our service delivery based on customer feedback and our competitive environment

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Transforming Service Delivery

Issue Resolution/ Customer Experience

- Continuously identify and resolve customer issues; monitor our customer experience, and prioritize improvements based on customer feedback

Centralised Processing & Branch Process reengineering

- Centralise transactional processes and optimise branch processes, to drive standardisation, reduce transaction processing times, and decongest the branches.

Branch Transformation

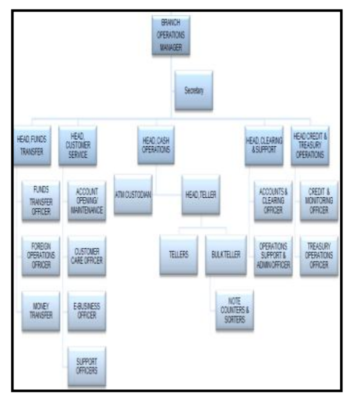
- Improve our branch ambience, increase awareness of our products & services, and encourage customer migration to alternative channels

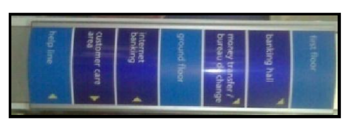
Manning/Front-Line Transformation

- Optimise our manning structure , empower staff, and align our front-line staff with our service delivery mandate

Channel Optimization & Migration

- Optimise costs and increase customer satisfaction by ensuring alternative channels work, and migrating customers to appropriate channel (based on segment needs and requirements)





Strategic Delivery ï Service Excellence

CPC & Branch Process Re-engineering: Full rollout of our centralised processing centre in progress, with benefits being realised across multiple dimensions.

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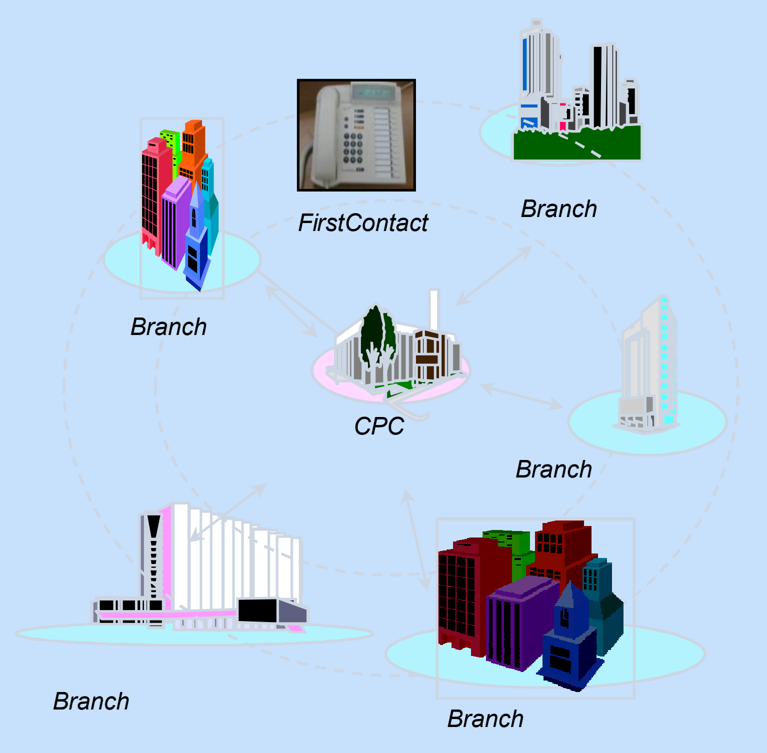
Centralised Processing Centre: Setup



Å ***Account Opening: 47 branches (+25 in Q1)***
Å ***Salary processing: 254 branches (+45 in Q1)***
Å ***Retail Loan Processing: 51 branches***

	Key Performance Measures	Example results
Growth	Faster implementation of new processes/process changes	ÅCOT amendment setup implementation
Customer Satisfaction	ÅImproved cycle time ÅReduced error rates	Å~65% reduction in account opening cycle time Å~ 70% reduction in salary processing time
Efficiency	ÅLower fixed cost per transaction	Å70/30 noncore to core staffing model ÅSuccessful staff redeployment (in tandem with branch restructuring exercise)
Standardisation	ÅImproved compliance and controls	Å81% reduction in regulatory exceptions in CPC branches

Strategic Delivery ï Service Excellence

Branch Transformation: We have rolled out 20+ branches since our initial 'proof of concept' last year, with positive responses from customer and staff alike

ATM Gallery

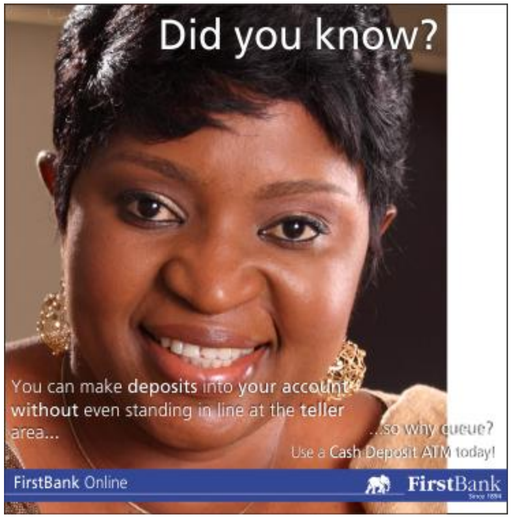
Customer Care

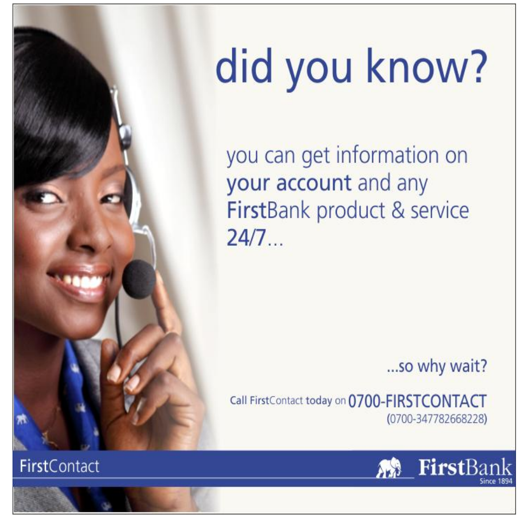
Internet Banking/Self Service Area

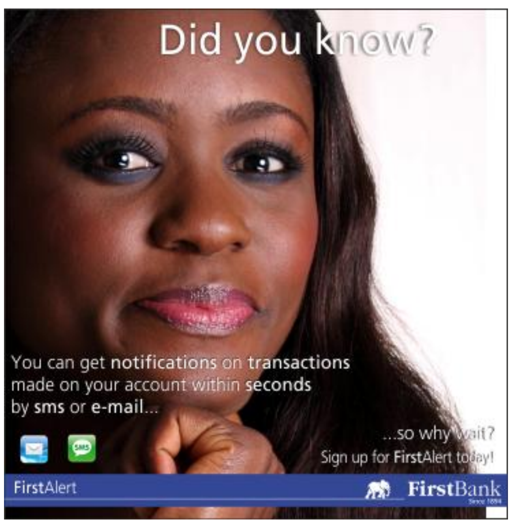
Teller Area

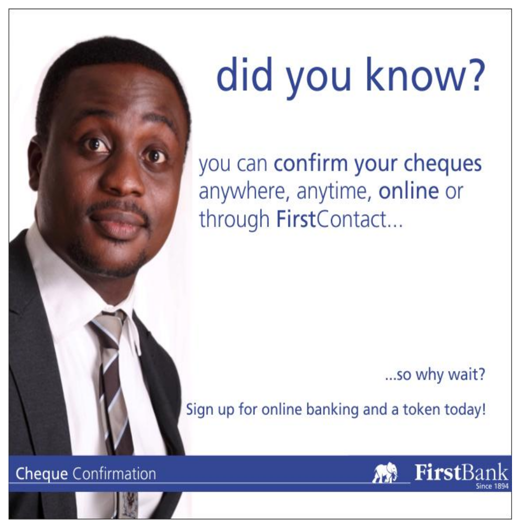
Strategic Delivery ï Service Excellence

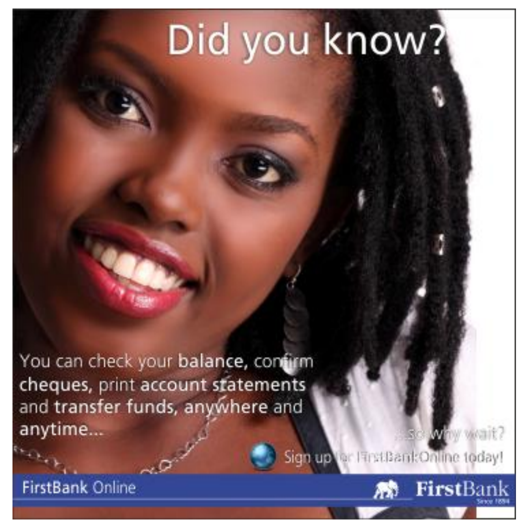
Branch Transformation: Driving awareness on key product offerings (ðDID YOU KNOWó) is also a major area of focus











Strategic Delivery ï Service Excellence

Channel Optimization & Migration: Improving ATM migration rate is top priority; driving online banking and contact centre awareness/usage also key

ATM Optimization

Key Initiatives

Â Increased withdrawal limit on ATMs to ₦100,000/day

Â Revising process of issuing cards and PINs, with expectation of increased efficiency and improved turnaround time

Â Enhanced monitoring tool to inform ATM custodians of the state of their ATMs 24/7 (to drive uptime)

Impact

Â Sustained ATM uptime of ~90%

Â Increased migration rate from ~50% at end of q4, to ~58% at end of q1 2011, despite increase in withdrawal limits from 60k to 100k.

Internet Banking

Key Initiatives

Â Major revamp of internet banking system underway, with objective of increasing functionality, usability, and ease of sign-up

Â Continued push to increase awareness of internet banking features and improve sign-up turnaround time

Impact

Â 170% percent growth in active usage from Q4 2010 to Q1 2011

Â ~15% growth in user signup rate

Contact Centre

Key Initiatives

Â Increase of Contact Centre functionality underway

  Â IVR service options

  Â Language options

Â Ongoing awareness of contact centre features, including VOIP phones deployed in select branches

Impact

Â ~30% growth in average monthly call volume from Q4 2010 to Q1 2011

Â ~30% growth in average email volume from Q4 2010 to Q1 2011

Strategic Delivery – Operational Excellence

Cost Optimisation: We continue to identify new opportunities to optimise cost along our major themes, while continuing to realise benefits over time through already implemented initiatives

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Projects	Description	New initiatives (i.e. since Q4 2010)
Quick-Wins	• Execute quick-win cost optimisation initiatives- **waste items with little to no impact on strategy/employee morale; sustainable long-term; can be done in a relatively quick time frame**	• N/A
Manning Structure	• Assess current **manning levels and manning approach (with an initial focus on branch operations)**, and identify ways to improve our operating efficiency and provide more satisfying jobs for our staff	• Execution ongoing through implementation of new operations structure
Expense Control	• Review current **expense control policies and procedures**, and identify opportunities for improvement, especially for **controllable costs**	• Continued rollout of Fuel card to new locations • Diesel purchase management in Branches
Depreciation/ Maintenance	• Review **'big-ticket' maintenance items** and identify areas where we can eliminate and/or optimise our maintenance spend • Evaluate **alternative business models** for our existing operations (e.g. outsourcing, in-sourcing, leasing, etc)	• H/O Managed Print Services

Nigerian banking space still in "early" stage and offers an attractive outlook

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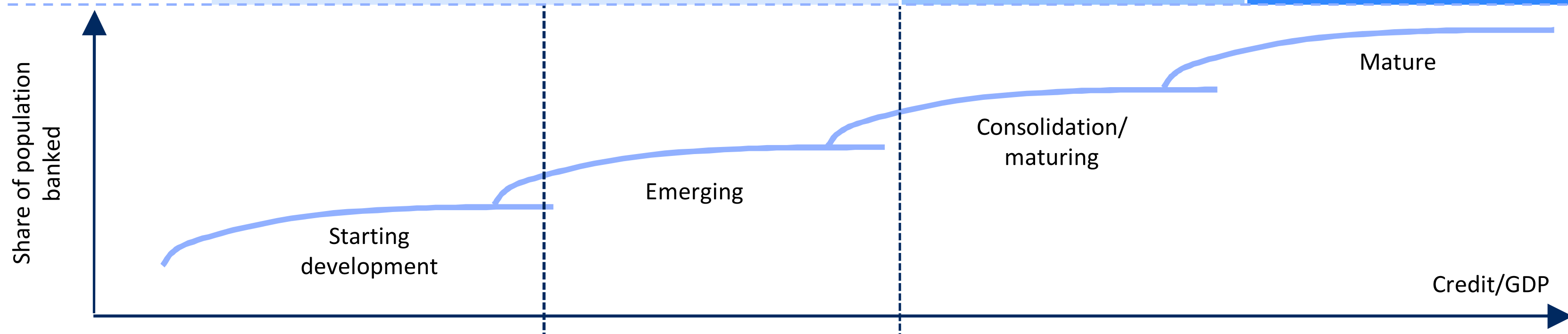
Stages of evolution

Bank focus	Volume / Growth		Profit	Value



Market features	▪ Limited financial inclusion ▪ National banks dominate	▪ Growing penetration (<50% of population banked) ▪ Growth of consumer sector ▪ Emergence of capital markets	▪ Mass banking services emerge (<80% of population banked) ▪ Multiple products offered	▪ High penetration (>80% of population banked)
Examples	Angola		South Africa	UK
Banked population	~10% of total population	~ 17% of total population (~30% of adults)	~30% of population (~60% of adults)	~ 60% of population (~94% of adults)
Telco penetration[1)]	~30%	~50%	~90%	>100%

1) Mobile phones in circulation/100 inhabitants

Source: ICT, FirstBank

Emerging from a period of radical change, the outlook for the banking industry is very positive and provides significant opportunities for us

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Trends

Alternative sources of funding

- Increase in bond and equity markets issues

Nigerian Banking Industry

Customer

- Increasing sophistication and decreasing loyalty of customers
- Differentiation of sales and services according to segments
- Increase of banked population

Regulatory/ structural changes

- Repeal of universal banking
- Recapitalisation and AMCON
- Shared services initiatives
- Promotion of lending to critical sectors

Competition

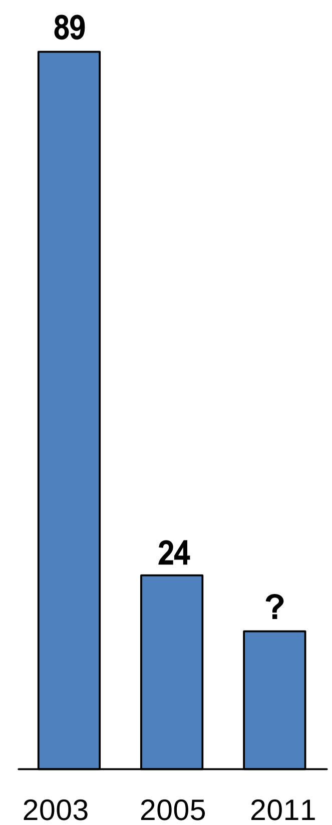
- Strengthened capital of acquired banks
- Differentiated business models
- Price competition in plain vanilla lending
- Increased foreign presence within key banking segments

Technology

- Electronic sales and service channels (i.e. ATM, POS, Internet/Mobile banking) become viable alternatives
- Licenses issued for Mobile Payments services

Consolidation

Number of Banks



In spite of the recent turbulence, strong growth is expected in the Nigerian banking sector over the next few years

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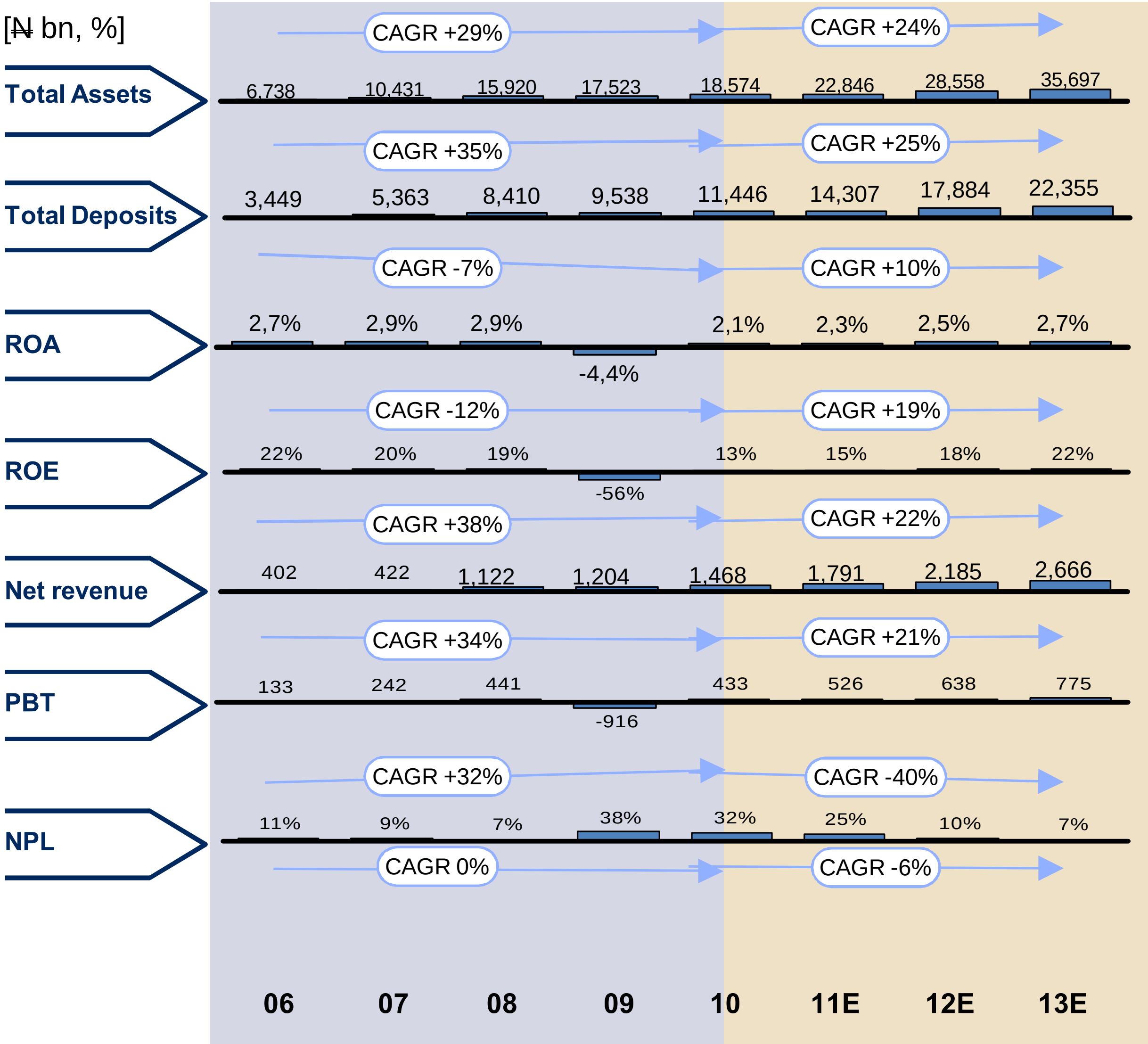

Comments

- Banking sector asset growth grew with 29% CAGR from 2006-10 ï going forward, 24% growth assumed
- Total Deposits grew constantly up until 2010, slight slow down during crisis
- PBT growth significantly accelerated from 2005 to 2008, turned negative in 2009 to recover in 2010
- 2009, the large portfolio of illiquid assets and weak capital impeded the capacity of the industry to lend and affected PBT

Source: FirstBank, Analyst reports

Against this backdrop, the investment case for FirstBank remains a compelling one...

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A Leading Banking Franchise in Nigeria

Å Established brand name and market leader in retail and corporate banking

Å Good brand recognition, wide branch network and strong customer loyalty

Track Record of Sustained Growth

Å Significant growth in total assets over the past (CAGR=26.1%)

Å Desire to defend our leading position in earnings asset and deposit generation

Stable Funding Base

Å 63.4% of liability funding is derived from customer deposits. This have been relatively stable. (Dec 2010:62.9%)

Å Net placer of funds in the interbank market

Strong Liquidity Position

Å Liquidity ratio well above the CBN regulatory requirement. Q1 2011: 32.1% (Dec 2010: 50.9%)

Å ₦1.26 tn in lending as at Q12011, up by 17.8 % y/y

Å Ability to finance large ticket transactions capable of supporting the economy at large

Leading Financial Performance

Å High RoE compared to peers

Å This is driven by strategic focus and superior operating model

Strong Risk Management & Governance Structure

Å Lowest NPL among major Nigerian peers

Å Diversification of loan portfolio with strict portfolio concentration limits

Å Best management team in the industry with transparent corporate governance

The focus for the Group remains the financial services market within SSA and building our current momentum.

We will defend our current leading position, extend performance in profitability, capital and operating efficiency, lead the market across our Strategic Business Units, extending our franchise into key promising markets in Sub-Saharan Africa