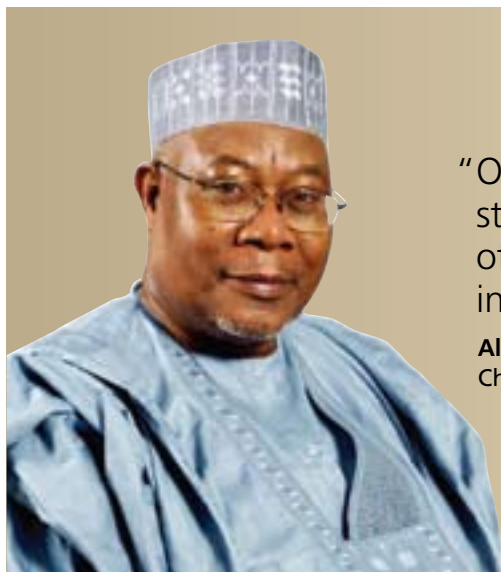


CHAIRMAN'S STATEMENT



“Our tradition of firm governance, financial strength, conservative management and depth of expertise equips us to help rebuild trust in our industry and create a more stable financial sector.”

Alhaji (Dr.) Umaru Abdul Mutallab (CON)
Chairman

Strong foundations

We are able to report 2008/09 results that demonstrate our ability to withstand the global economic and financial storm.

Fellow Shareholders, Invited Guests, Gentlemen of the Press, Distinguished Ladies and Gentlemen: I am pleased to welcome you to the 40th Annual General Meeting () of your Bank, First Bank of Nigeria Plc.

The financial year under review was overcast by the global financial and economic crisis, which was precipitated in August 2007 by the collapse of the sub-prime lending market in the United States. As the crisis deepened, the key policy challenge was to ensure that demand did not slacken sharply. Accordingly, both fiscal and monetary policies were loosened to accommodate unprecedented levels of liquidity support across economies.

In Nigeria, interest rate volatility occurred, amid growing concerns over counterparty risks and the new reality of higher borrowing costs. The reduction in the country's foreign currency earnings, brought on by a falling oil price, forced exchange rates downwards. The Nigerian stock market lost about three-quarters of its value by end-December 2008. This decline was driven by deterioration in the country's near-to-medium term investment proposition and concerns over unrealistically high valuations in practically all sectors. Regulatory intervention in the equities market only served to dent investor confidence further, especially among institutional investors, as the measures failed to address the fundamental issues.

We at FirstBank have not been immune to the effects of the larger crisis, but we

have built our business on very strong foundations. Consequently, we are able to report results which demonstrate our ability to withstand the storm. It is particularly worthy to note, in an era when the health of the banking industry was in question, that our Bank's market capitalisation for year ended December 2008 fell by 52% relative to a 72% decline in the average market capitalisation of the listed Tier 1 banks at the Nigerian Stock Exchange. We believe this resilience is a testimony to the strength of our brand, public acknowledgement of our strong corporate governance practices and financial strength, as well as a robust risk management framework that eventually ensured that our exposure to the stock market remained at the lower end of the industry average.

During the period under review, we maintained our focus on expanding the one-stop financial services supermarket concept, and our progressive internationalisation strategy. New businesses have been launched; FBN Microfinance Bank Limited, our wholly-owned subsidiary, commenced operations in the review period. We have no doubt that by leveraging FirstBank's unparalleled brand strength, and geographical reach, this subsidiary will play a key role in mainstreaming a substantial part of the shadow economy by providing better access to financial services.

Furthermore, our UK-based subsidiary, FBN Bank (UK) Limited, opened its first branch outside the UK in Paris, France, giving FirstBank a business passport in the

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Eurozone. Not only does this offer the Group the opportunity to capture trade flows from our francophone neighbours in West Africa, it is also indicative of our ability to meet the rigorous governance requirements needed to operate in such jurisdictions.

We also pursued a channel-deepening strategy in the review period, which leveraged our considerable domestic footprint to build alternative distribution channels. We thus recorded strong levels of growth in our brick-and-mortar branch presence, with 70 new branches opened during the period under review bringing total branch network to 536, and in our electronic banking service offerings, demonstrated by about 1,000 ATM points throughout the nation at the end of the financial year.

Most recently, our strong governance practices and depth of human capital were attested to in the appointment of Mr. Sanusi, Lamido Sanusi, erstwhile Group Managing Director and Chief Executive Officer of the Bank, as the new Governor of the Central Bank of Nigeria (CBN). We are extremely proud of Mr. Sanusi's achievements, and are equally conscious of the unique distinction this places on the Bank – being the only financial services institution to have had two of our Managing Directors appointed to lead the apex bank in Nigeria.

Notwithstanding the unprecedented turbulent conditions created by the global economic meltdown during the review period, the Group achieved revenue growth of 40% and total asset growth of 31.5%. However, profitability declined 65.7%; driven by an exceptional charge of ₦26.1 billion, representing a fall in the value of quoted investments attributable to sharp price declines on the equity market. This provision is in respect of the diminution in investments held by First Trustees Nigeria Limited, on behalf of various clients as well as its proprietary trading portfolio.

We have taken the proactive step to declare this exceptional charge, as further evidence of our commitment to maintaining best practice, as well as transparency in our operations. As a result of this significant provision, which, no doubt, has exposed

certain weaknesses in our business model, we have reviewed our portfolio of investments comprehensively, and have also taken steps to strengthen Group-wide oversight in risk management, internal control, compliance and treasury functions.

Our robust balance sheet and liquidity means that we have continued to lend. Importantly, it also gives us options with respect to opportunities which we believe will present themselves to those of us in the market with superior financial strength. This includes organic growth – to expand our services in the market, while our competitors' growth may be constrained by insufficient capital. There may also be opportunities to grow through targeted acquisitions by taking advantage of attractive valuations where such opportunities align with our strategy and the risks are understood.

Our medium-term corporate transformation agenda is to become first in the industry, in terms of our financial strength, service excellence, desirability as an employer and contributions to national development. This goal will be anchored on three pillars as stated below:

- **Growth** – to attain full benefits of scale and scope by accelerating growth and diversification of assets, revenue and profit;
- **Service and operational excellence** – to drive unparalleled service levels by developing world-class institutional processes, systems and capabilities;
- **Performance management and people** – to deliver unmatched results by creating a performance culture with clear individual accountability at all levels.

In all our core businesses, we have put strategies in place that seek both to address near-term challenges and to seize opportunities to strengthen our platform for the future. In fact, in the first quarter of the current financial year, we made substantial progress in implementing these strategies. We obtained approval to open a representative office in Beijing, China. We are committed to continuing to deepen our client relationships and staying alert to opportunities as they arise.



40% revenue growth

In turbulent global economic conditions, we grew revenue by 40% and total assets by 31.5%.



Black Diamond, a residential apartment building under construction in Victoria Island, Lagos owned by Atrib Group, financed by FirstBank

Located at 20/24 Ozumba Mbadiwe Street, Victoria Island, Lagos, Black Diamond is a 264 unit apartment building under construction, owned by Atrib Group and solely financed by FirstBank. The facility will provide upscale residential accommodation.

CHAIRMAN'S STATEMENT

FirstBank's longstanding tradition of financial strength, long-term customer relationships and conservative management are as important today as ever. Governments need to work with the banking industry to tackle the root causes of the crisis plaguing the sector, and the larger economy in general, while maintaining open markets. We must also urgently improve governance and regulation to create a more stable financial framework. We support intergovernmental efforts to enhance the coordination of regulatory oversight, since we believe that this is essential to the stable development of capital markets for the common good. We also intend to play our part in regaining public trust in our industry. This means we must be willing to take part in, and shape, the debate on how our industry should evolve in the coming years, based on the lessons of this financial crisis.

The near-term outlook for the global economy remains difficult as significant economic slowdown is still evident in both mature and emerging markets, and continues to affect industrial activity and employment generation, while the credit environment will likely continue to deteriorate. All our clients are likely to be affected by these conditions, although to varying degrees. We do not underestimate the challenges of the external environment but we believe our businesses are resilient and we are pursuing our strategy with strength and confidence.

On a more positive note, world equity markets, and other important financial markets, have recently shown signs of recovery and the governments of the world's most important nations have reaffirmed their determination to address the challenges facing the world economy.

In the coming year, prudence and vigilance will be essential and FirstBank's strength and experience offers a platform to turn this turbulent season into opportunity.

BOARD CHANGES

Appointments and Retirements

The Board witnessed a succession of changes in the review period, which highlights the talent of the Group. At the top, after almost seven meritorious years in that position, Mr. Jacobs M. Ajekigbe (OFR) retired as Managing Director and Chief Executive Officer of the Bank on December 31, 2008. Mr. Sanusi, Lamido Sanusi then assumed office as Group Managing Director and Chief Executive Officer until his appointment as CBN Governor on June 5, 2009. Consequently, the Board has approved the appointment of Mr. Stephen Olabisi Onasanya as Group Managing Director and Chief Executive Officer.

Mr. Onasanya, along with Dr. Yerima Ngama, had earlier been appointed Executive Directors on January 1, 2009, following the vacancies created by the resignation of Messrs. Ajekigbe and John O. Aboh (December 31, 2008) from the Board of Directors. On the other hand, Mrs. Remi Odunlami was appointed Executive Director on March 16, 2009 to fill the vacancy created by the elevation of Mr. Sanusi to the office of Group Managing Director and Chief Executive Officer.

On behalf of my fellow shareholders, colleagues on the Board and the entire staff of FirstBank, I want to thank Messrs. Ajekigbe, Lamido and Aboh for the depth and diversity of the perspectives they brought to bear on the administration of the country's most iconic, indigenous business operation. Their contributions to the Bank's strategic direction and initiatives had helped the Bank to thrive in an increasingly competitive business landscape. After their achievements at the Bank, we are assured of their continued success as they apply their prodigious talents in new ventures.

Retirement by Rotation

In accordance with the Company's Articles of Association, the following directors, Alhaji (Dr.) U. A. Mutallab, CON; Lt.-Gen. Garba Duba (rtd.); Alhaji Aliyu Alkali, mni; and Mr. Oye Hassan-Odukale, MFR will retire and being eligible, offer themselves for re-election; while Mrs. Remi Odunlami, Mr. Bisi Onasanya and Dr. Yerima Ngama be and are hereby elected as Directors of the Company.

Appreciation

We owe a debt of gratitude to all shareholders, the Board of Directors, Management and Staff for guiding the Group aright during the most difficult part of this economy's response to the global crisis, and for aggressively re-positioning the Group to meet the challenges during the next phase of our growth.

This was an extraordinary year and it made extraordinary demands on many of our people. Our industry has rightly been under considerable public scrutiny and banks have been indiscriminately bunched together. It is through our staff that FirstBank's distinctive character stands out for our customers and it is they who ensure that not all banks are the same. I am also particularly grateful to our shareholders for their faith and continued support. Based on our combined effort, I have no doubt that we can successfully execute the goals we have set for ourselves.

Distinguished shareholders, gentlemen of the press, ladies and gentlemen, I thank you most sincerely for your attention.



Alhaji (Dr.) Umaru Abdul Mutallab (CON)
Chairman