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**1 INTRODUCTION**

In response to a more competitive operating environment, FirstBank embarked on a corporate transformation project focused on driving key, cross-functional initiatives required to deliver on the Bank’s aspirations. The central element of this is the pursuit of growth, to be achieved among other means by taking advantage of the “integration engine” to ensure the capture of expected value from the Bank’s inorganic growth strategy. We have also commenced a standardisation process to increase our efficiency, speed, accuracy and optimise our overall cost structure. Ultimately, this requires that we achieve two clear objectives: create superior customer experience while re-focusing branch staff from processing to sales; and significantly improve our cost position by optimising distribution costs and improving customer convenience through enhanced service options.

A number of key additional initiatives are described below.

**2 BRANCH NETWORK AND EXPANSION**

Seventy new branches were opened during the review period, bringing the Bank’s branch network to a total of 536 branches as at March 31, 2009. Despite the global downturn and its likely adverse impact on demand in the domestic economy, the branch will remain the focus of the Bank’s strategy execution.

Consequently, every branch of the Bank will serve as a critical interface between a retail banking strategy designed to deliver financial service solutions to new customers amongst the country’s nascent middle class and the e-banking platforms that will serve as market-open vehicles.

In the short to medium-term, our branch opening strategy will be driven by competition for market share. In this regard, a key requirement will be the ease with which players in the industry combine the need-satisfying attributes of their product/service mix with the ease of access/use and convenience of their delivery channel mix.

**3 PERFORMANCE MANAGEMENT**

FirstBank’s performance management architecture has been designed around three plinths: performance management systems, performance culture and a talent acquisition and development programme.

In the course of the next three years, we shall be defining a clear set of corporate key performance indicators (KPIs) and targets, cascaded to our business units and individual staff. This process shall be complemented by the implementation of a robust performance monitoring and dialogue/review process, and an increase in internal and external accountability and transparency. This process will help the Bank develop a continually strong pipeline of the best industry talent, while freeing resources for investment in and advancement of high performers.

We believe strongly that by ensuring a robust employee value proposition that helps us retain top performers, we shall continue to improve on the noticeable improvement in accountability and performance recorded in the last two quarters.

**4 INFORMATION TECHNOLOGY**

In keeping with our commitment to being truly the first, FirstBank continues to make strategic investments in robust industry-leading technology solutions that support our strong customer-centric approach to financial service delivery. In this regard, our information technology infrastructure provides the enabling competence for managing customer experience across our growing touch-points, including 536 branches, about 1,000 ATMs and POS terminals, internet banking, mobile banking, electronic payment systems, and alert services (SMS & e-mail).

**Our Brand Pillars**

**HERITAGE**

Our proud heritage gives us the means to build a stable and secure future with integrity. Knowing where we come from helps us to be confident in where we are going. It is not enough to stand still. We must keep moving towards improved performance to meet the needs of a new generation of customers and stakeholders.



**FirstBank Big Splash Savings Promo**

Mrs. Rosita Uzoamaka Agu, a visibly elated customer of FirstBank Ajao Estate Branch, presented with a Toyota Corolla 2008 model as Star Prize Winner of the Enugu Draw in the ongoing FirstBank Big Splash Savings Promo. The Promo is part of the Bank’s far-reaching initiatives to further delight its valued customers.

# THE BANK



## Workforce strategy

A key milestone this year was the design and implementation of a new strategy to provide best-in-class financial services.

With information technology being the backbone of the industry, FirstBank intends to strategically exploit the use of technology to drive process efficiency, product innovation and service delivery. Accordingly, during the review period, in a bid to further secure our customers' transactions, we became the first financial institution to deploy multi-factor authentication technologies on electronic banking platforms.

First Bank also completed the deployment of the following new applications in the year:

- Oracle HR (for the automation of our entire human capital and talent management processes including training, performance and benefits administration);
- FirstECM (for enterprise content management and workflow automation); and
- nCompass (to further improve our automated clearing process nationwide using modern cheque truncation and collaboration technologies).

Amongst other initiatives, FirstBank is currently implementing a Data Warehouse and Business Intelligence project that will enable our new performance management framework and put us on the clear path to full Basel II compliance. We are also in the process of setting up a best-of-breed contact centre supported by a robust Customer Relationship Management application. We expect the completion of these initiatives within the current financial year to enhance our competitive advantage.



**Amo Sieberer Hatchery Nigeria Ltd, Awe, a fully automated poultry operation financed by FirstBank**

The company is one of the foremost poultry farms in Nigeria, producing high-quality day old chicks, both layer and broiler. Breeding is carried out by scientific method of artificial insemination. They have been an account with FirstBank for over twenty years.

## 5 MANPOWER DEVELOPMENT

As one of the leading private sector employers of graduate-level personnel in the country, FirstBank's manpower development policy recognises the invaluable contribution that labour has made to the growth and development of countries successfully navigating from third world to developing country status. Consequently, our human capital management initiatives during the year in review were geared towards providing necessary support to staff, departments, and the various business drivers to enable the Bank to achieve its goals and objectives. One of the key milestones in the search for more efficient workforce management included the design and implementation of a new workforce strategy. As the level of sophistication of the domestic market for financial services increased, expectations for more efficient customer service within the industry have also grown. Technological improvements have played a key role in this process, as improved data-gathering and processing have made the design of bespoke financial solutions much easier. This has also driven the need to align staff skill sets with customer service delivery expectations. Our goal in this regard is the provision of best-in-class financial services, using least-cost solutions. The remodelling of our workforce structure in the last year was intended to achieve the staff mix consistent with this goal.

In the review period, we continued to replenish the Bank's workforce, especially at strategically important levels of responsibility. As the Bank grows its footprints locally and internationally, contributing positively to our customers' value chain, we hired personnel with the unique skill set needed to fully leverage our operations. As has become traditional with the Bank, we employed entry-level graduate staff during the year.

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Our staff remain the fulcrum of our diverse operations. Other staff-related initiatives implemented during the review period included a comprehensive mentoring/counselling programme and sundry career management initiatives. The Bank's succession planning framework, and an automated people management system, were designed with this in mind. We are confident that with our current staff complement and the planned addition to it, we have the pivots and the props needed to take full advantage of opportunities in our business environment.

## 6 COMPLIANCE

In our enduring commitment to a strong compliance culture within the FirstBank Group, our relationship with the local regulators grew stronger during the year under review. We submitted all statutory reports in the required formats, as and when due to the regulator(s). All enquiries received from the regulators were handled with utmost professionalism and urgency. As we began to reap the benefits from our huge investment in the automation of our Anti Money Laundering/Know Your Customer reporting regimes, we continued to pursue aggressively our policy of zero tolerance to regulatory infractions. The Bank has maintained 0% sanctions and managed regulatory exposures.

The Board of Directors has been supportive of all compliance initiatives, especially as regards the capital-intensive investment in reporting tools and technologies, as well as staff training.

FirstBank has consistently complied with CBN's Code of Corporate Governance for banks and this was aptly attested to by the report of the external consultants on the appraisal of our compliance level with the code.

To further ensure the soundness of our business, corporate governance, disclosure and transparency, the position of the Chief Financial Officer (CFO) at an Executive Director (and Board) level was created during the review period, though it took effect on April 1, 2009. The impact of this development is already being felt in the areas of financial control, performance measurement, and investor relations, amongst others.

To maintain our high standards, the Board, Management and Staff are regularly updated on regulatory dynamics and responsibilities through focused training and publications, especially the Compliance Newsletter.

The Bank's Compliance function continued to be recognised within the industry. The Chief Compliance Officer (CCO) of the FirstBank Group is an active member of the Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN), a committee of CCOs of all banks in Nigeria dedicated to the promotion of a collaborative effort aimed at evolving a strong and sustainable compliance culture in the Nigerian financial landscape.

## 7 AGRICULTURE BUSINESS

Stronger growth in domestic consumption and fiscal consolidation are essential if the economy is to successfully ride the current global economic storm. Given its contribution to aggregate output growth, and its capacity for generating employment, especially in the rural areas, agriculture remains a major growth driver of the economy, especially in the face of dwindling oil revenues and the global food crisis. In recognition of these facts, FirstBank's total loan portfolio in agricultural financing attained an all-time peak of ₦7.1 billion during the financial year.



# ₦7.1 billion

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**Thoroughbred cattle at Durante Farms, Oyo, an integrated farming company financed by FirstBank**

Durante Industries Limited deal in table fish, fish seeds and fish feeds production as well as extensive cash crop farming and cattle breeding. They revolutionised fish farming in the country by introducing high-quality fish seeds, high-quality floating and sinking feeds, construction and installation of water recycling rearing systems. They own a six hundred acre farm complex in Oyo and have been an account with the Bank for over four years.

# THE BANK



## ₦200 billion

FirstBank is one of two participating banks in a ₦200 billion multi-tenor federal government bond scheme to make credit available to the agricultural sector.

FirstBank's suite of financial solutions for the agricultural sector enjoyed a dominant presence in the industry in terms of agricultural financing. Building on this success, two additional products were introduced in the review period. They are Farm Machinery and Equipment Finance Scheme (FirstTRAC Partnership Scheme) which was designed to complement the federal government's policy on farm mechanisation, and the National Agro Dealer Support Scheme designed to upgrade private sector capacity in agro-input procurement and distribution.

In order to complement government's efforts at generating employment and creating communities where Nigerian youths interested in agriculture may live and work together on individual farm projects, the FirstBank Farm Settlement Scheme was deployed during the financial year. The pilot phase was implemented in collaboration with the Ogun State government, and other state governments have indicated their interest in the programme. In recognition of our invaluable contribution to this sector, FirstBank was selected as one of the two participating banks under the proposed Large Scale Agricultural Credit Scheme (LASACS). The scheme, promoted by the CBN and the Federal Ministry of Agriculture and Water Resources, is to be financed from the proceeds of a ₦200 billion multi-tenor bond to be raised by the Debt Management Office (DMO) on behalf of the apex bank. The funds are being disbursed to participating banks (PBs) for on-lending to large-scale agricultural enterprises.

## 8 RECOGNITION AND AWARDS

Befitting the scale of its operations, the Bank continued to clinch awards in the review period. The most notable of these are awards from The Nigerian Stock Exchange: the 31st Annual President's Merit Award for the 2007 Financial Year; the NSE Award of Excellence Certificate as The Quoted Company of the Year 2007; and the NSE Merit Award – Certificate of Merit in the Banking/Investment Sector for the best presentation, quality and depth of the Bank's Annual Report and Accounts for the year 2007. These awards attest to the Bank's commitment to best-in-class corporate governance practice, which has seen it attain levels of disclosure and transparency at par with globally accepted standards.

Other awards confirming the strength of the Bank's franchise include the Best Bank – Nigeria award, the Best Trade Finance Bank in Nigeria 2008, and the Best Foreign Exchange Bank in Nigeria 2008 given by Global Finance magazine, based in New York. In further confirmation of the Bank's outstanding commitment to its host communities, it was honoured with the Lagos State Ministry of the Environment Merit Award for its Outstanding Contribution to the Greening Policy of the State.

While these awards may be of immense value in themselves, they have further challenged us to remain socially responsible.

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## 9 STRATEGY

Our current medium-term corporate strategy (2009–2011) aims to restore the Bank to a position of “clear leadership” of the Nigerian financial services industry”, through a transition in both internal and external perceptions of what it means to be the “First”. Of late, this adjective has come to be strongly identified with the Bank’s legacy. Whereas we have every reason to be proud of a legacy that goes back more than a century, and has seen us play critical roles in support of the country’s development, the value proposition to which our efforts are to be directed is one that sees FirstBank as the leader in terms of:

- Total returns to shareholders;
- High service levels, values, and stability to customers;
- Attractiveness as an employer;
- In compliance with the laws and regulatory requirements; and
- Contribution to national development.

The challenges depicted by our corporate aspiration are of a domestic and international variety, requiring the Bank to regularly benchmark against industry best practices and challenge assumptions in order to increase the speed of the Bank’s response to changes in the market’s lead buyer values. The benchmarks agreed around our current strategy include achieving industry leadership in total assets, achieving consistently high returns on assets, maintaining cost-to-income and non-performing loan/total loan ratios below industry average, and finally, to obtain top three rating in the most authoritative annual customer ranking survey in the country.

To help meet these objectives, the Bank recently embarked on a Transformation Agenda focused on three key areas. The first is a growth strategy anchored on attaining full benefits of scale and scope by accelerating growth and diversification of assets, revenue and profit. The second area is operational excellence, focused on achieving unparalleled service levels by developing world class institutional process, systems, and capabilities. The third area is performance management, ensuring the delivery of unmatched results by creating a performance culture with clear individual accountability at all levels. Ultimately, strategic success will depend on how well we can deploy the Bank’s:

- Balance sheet strength, strong liquidity/cash position;
- Wide branch network and strong retail market share;
- Broad range of institutional relationships;
- Strong faith in our institution from its over one million equity market investors;
- Good strategic non-African branch/representative office locations; and
- Strong reputation as large, stable, trusted.



## Transformation

We are embarked on a programme to restore FirstBank to clear leadership in the financial services industry.