

CORPORATE GOVERNANCE

1 INTRODUCTION

FirstBank recognises the growing indispensability of good corporate governance practice to the sustenance and profitable management of any organisation committed to delivering value to its shareholders and host communities. During the period under review, the Bank upgraded the corporate governance framework for itself and its subsidiaries.

The general tendency has been to discuss the impact of the current global economic crisis in terms of macro-economics. For the financial services sector, this has meant making a strong case for strengthening the regulatory standards and framework in line with the systemic risks posed by each financial institution. The crisis exposed real and potential dangers at the company level, notably the increase in risk appetites, and the slackening of loan covenants in the run-up to the crisis. In other words, a number of corporate governance failures, including a dissonance between compensation arrangements that encouraged risk-taking (especially over near-term horizons) without sanctioning shortcomings, lie at the heart of this crisis. Beyond this, however, is the question of how complicit institutional investors (universal owners) have been in the evolution of the crisis.

To the extent that the domestic economy has felt the second round effects of the global crisis, the industry's commitment to strong corporate governance practice has been brought to the fore. At FirstBank, our strong corporate governance suite has seen us fare better than most of the industry. This commitment transcends a religious adherence to the tenets of the local corporate governance codes to include ensuring the integrity of the Bank's accounting and financial reporting. In addition, we have continued to pay heed to the best of breed investment governance practice required to deliver sustainable value to our shareholders.

Consequently, during the year, the Bank implemented a new Group governance framework in line with tested governance practices in order to better govern and control the subsidiary companies. As a result, some of the Bank's Board and related committees underwent changes. Prominent amongst these was the re-designation of the Nominations & Remuneration Committee as the Board Governance Committee to reflect fully the committee's responsibilities for articulating and overseeing corporate governance practices within the Group. In addition, the Group Management Steering Committee (GMSC) was renamed the Group Management Committee, acknowledging its transition from a consultative group to a decision-making body responsible for ensuring the performance and implementation of the Group strategy.

Other changes to the Bank's governance structure during the year, were amendments to the composition of committees as a result of the appointments of Dr. Yerima Ngama as Executive Director (January 1, 2009), and Ms. Ibiai Ajumogobia as Non-Executive Director (August 20, 2008). Mr. Bisi Onasanya (January 1, 2009), and Mrs. Remi Odunlami (March 3, 2009) were appointed Executive Director, Banking Operations & Services, and Chief Risk Officer respectively. Meanwhile, Mr. Jacobs Moyo Ajekigbe, former Managing Director/CEO, and Mr. John O. Aboh, former Executive Director, Banking Operations & Services both retired from service on December 31, 2008.

2 SHAREHOLDING

With a base in excess of 1.3 million, FirstBank, arguably, has the largest number of shareholders of the companies quoted on The Nigerian Stock Exchange. No single shareholder owned up to 5% of the issued ordinary shares of the Bank, thus making for a diversified ownership structure, giving the Bank access to a broad and rich pool of talents available for its Board and allied committees.

3 REPORTING STANDARDS

In a bid to further strengthen its corporate governance standards and enhance transparency and disclosure in its financial reports, the Bank has adopted the International Financial Reporting Standards (IFRS) as certified by the International Accounting Standards Board. By so doing FirstBank aligns with the strongest global standards of transparency in financial reporting.

In today's global market where investors seek opportunities in markets outside their home economies, the need for financial statements to be comparable on the same basis across territories is an imperative. The adoption of IFRS by FirstBank will enhance shareholder value and bring added benefits to its business relationships with numerous overseas correspondent banks, multilateral organisations and international investors that require financial statements to make informed decisions about the Bank.

At the moment, IFRS is not a regulatory requirement in Nigeria although efforts are reportedly underway to promote a convergence between IFRS and local accounting standards. The IFRS regime requires more detailed disclosures on risk management, insider-related transactions and changes in accounting policies than obtains under the local Statements of Accounting Standards (SAS).

To meet local reporting requirements, we will continue to produce financial reports in compliance with both IFRS and SAS until local regulatory requirement makes full convergence of the two standards mandatory.

4 GOVERNANCE STRUCTURE

4.1 The Board

FirstBank's Board comprises 16 members, eight of whom are Non-Executive Directors, and eight Executive Directors. One of the eight Non-Executive Directors (none of whom exercises executive powers) chairs the Board. In addition, none of the eight Executive Directors represents specific shareholder interests, nor is in any special business relationship with the Bank. In the review period, the Bank created the office of Chief Financial Officer, coalescing in one office all the responsibility of the Bank's financial control and planning, and management of the critical interfaces with institutional investors. This latter function flows from recognition of greater disclosure levels and transparency standards conferred on us as a result of the economy's growing integration with the global economy, and the resulting interest in domestic assets by non-resident investors.

4.1.1 The Roles of the Board

The primary purpose of the Board is to create and deliver sustainable long-term value to shareholders through its general supervision of the Bank's business. As part of this goal, FirstBank has always maintained different and separate roles for the "Chairman" and "Managing Director/Chief Executive (MD/CE)"

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of its Board. Accordingly, the Chairman directs the Board, ensuring that it operates effectively, while fully discharging its legal and regulatory obligations. Having been appointed to serve in the best interests of the Bank and its shareholders, Non-Executive Directors consider, challenge, monitor and approve strategies and policies recommended by Management.

For the most part, FirstBank's corporate governance framework is driven by the needs of its large shareholder base, structured along best global practice lines, and conforming to the country's existing corporate governance codes. Under this framework, the Board, representing shareholders, delegates responsibility for the day-to-day management of the Bank to the GMD/CE, who is supported in this task by the Executive Committee, which he chairs. Compliance with relevant statutes and regulations require the Board to provide strategic guidance to the Bank, including effectively monitoring executive management.

Specifically, the roles of FirstBank's Board of Directors are:

- i. Determining the Bank's objectives and strategies as well as plans to achieve them;
- ii. Determining the terms of reference and procedures of the Board Committees, including reviewing and approving the reports of such committees where appropriate;
- iii. Maximising shareholder value through the setting of objectives, goals, and strategic direction for management;
- iv. Considering and approving annual budgets, monitoring performance, and ensuring that the Bank remains a going concern;
- v. Ensuring that an adequate budgetary and planning process exists, such that performance is measured against budget and plans;
- vi. Approving, amongst others, acquisition, mergers, business combinations, equity investments and new strategic alliances by the Bank and its subsidiaries;
- vii. Ensuring that an effective risk management process exists and is maintained;
- viii. Ensuring balanced and understandable reporting to shareholders; and
- ix. Retaining ultimate responsibility for systems of financial, operational, and internal control and regulatory compliance, as well as ensuring that statutory reporting of these is adequate.

4.2 Standing Committees

The Board discharges its responsibilities through a number of standing committees whose charters are reviewed regularly. These charters define the purpose of the committees, their composition, and structures, frequency of meetings, responsibilities and duties, and reporting lines to the Board. In addition to the two Executive Committees (General and Credit), the Board oversees the affairs of the Bank through seven standing committees as shown in the 4.2 Standing Committees table, overleaf.

The roles and responsibilities of these committees are discussed below.

4.2.1 Executive Committee, General (EXCO General)

The Executive Committee deliberates and decides on policies for the effective and efficient management of the Bank at its fortnightly meetings. It is also a first line referral point for issues to be discussed at the Board. Consequently, EXCO's primary responsibility is to ensure implementation of strategies approved by the Board, provide leadership to the management team, and ensure efficient deployment and management of the Bank's resources. Its Chairman is responsible for the day-to-day running of the Bank.

4.2.2 Executive Committee, Credit (EXCO Credit)

This committee considers loan applications above certain limits. Such applications will have been reviewed and endorsed by the Risk & Management Control Directorate. It also considers loan requests above certain limits, which need to be referred to the Board, as well as agreeing changes to the Bank's credit policy.

4.2.3 Board Credit Committee

This committee considers loan applications above certain limits and which have been approved by EXCO Credit. It also serves as a catalyst for credit policy changes going from EXCO Credit to the Board for consideration/approval.

4.2.4 Board Tenders Committee

The Board Tenders Committee considers all capital projects beyond the approval limit of the Executive Committee (General) and makes recommendations for the consideration of the Board.

4.2.5 Board Establishment, Disciplinary & Promotion Committee

This committee considers staff matters in respect of senior officers on Principal Manager grade and above.

4.2.6 Audit Committee

Established in compliance with Section 359(6) of the Companies and Allied Matters Act, 1990, the committee has oversight responsibility for the Bank's accounts.

4.2.7 Board Audit & Risk Assessment Committee

The Board Audit & Risk Assessment Committee has oversight responsibility for the internal audit and control, and risk assessment and compliance functions of the Bank. The Chief Internal Auditor and Chief Compliance Officer have access to this committee and make quarterly presentations for the consideration of its members.

4.2.8 Board Governance Committee

This committee is responsible for articulating and overseeing the FirstBank Group's corporate governance practices. Within this broad remit, it considers and periodically reviews the composition of the Boards of the Bank and its subsidiaries and recommends the appropriate mix, in terms of personal qualities, expertise, ability to exercise independent judgment and diversity required to discharge the Board's duties. It also determines and executes processes for Board appointments, removal of non-performing members of the Board, and recommends appropriate remuneration for Directors.

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4.2 Standing Committees

1.	Board of Directors	Alhaji (Dr.) U. A. Mutallab, CON (Chairman) Group Managing Director/Chief Executive Executive Directors (7) Non-Executive Directors (7)
2.	Executive Committee (General)	Group Managing Director/Chief Executive (Chairman) Executive Directors (7)
3.	Executive Committee (Credit)	Group Managing Director/Chief Executive (Chairman) Executive Directors (7)
4.	Board Credit Committee	Prince Ajibola A. Afonja (Chairman) Group Managing Director/Chief Executive Executive Directors (7) Lt.-Gen. Garba Duba (rtd.) Mr. Oye Hassan-Odukale, MFR Mallam Abdullahi Mahmoud Dr. Oba Otudeko, OFR
5.	Board Tenders Committee	Lt.-Gen. Garba Duba (rtd.) (Chairman) Group Managing Director/Chief Executive ED (Banking Operations & Services) ED (Chief Risk Officer) Mr. Oye Hassan-Odukale, MFR Mallam Abdullahi Mahmoud
6.	Board Establishment, Promotion & Disciplinary Committee	Dr. Oba Otudeko, OFR (Chairman) Group Managing Director/Chief Executive ED (Banking Operations & Services) ED (West) Prince Ajibola A. Afonja Ms. Ibiai Ajumogobia
7.	Audit Committee	Alhaji, Aliyu Alkali, mni Mr. Oye Hassan-Odukale, MFR Lt.-Gen Garba Duba (rtd.) Chief Financial Officer (in attendance) Three representatives of shareholders elected annually at the Bank's AGM, one of whom is the Chairman (Alhaji Bashir Mohammed – Chairman, Chief Timothy Adesiyani and Mr. Chinwendu Achara)
8.	Board Audit & Risk Assessment Committee	Mallam Abdullahi Mahmoud (Chairman) ED (Banking Operations & Services) ED (Chief Risk Officer) (Ex Officio) Mr. Oye Hassan-Odukale, MFR Ms. Ibiai Ajumogobia Alhaji Aliyu Alkali, mni
9.	Board Governance Committee	Dr. Oba Otudeko, OFR (Acting Chairman) Group Managing Director/Chief Executive (in attendance) Lt.-Gen Garba Duba (rtd.) Prince Ajibola A. Afonja

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5 BOARD MEETINGS

The Bank's Board and committee meetings, and members' attendance at these meetings are presented in the table below:

Directors	Board	EXCO General	Board Tenders Committee	Board Establishment, Disciplinary & Promotions Committee	Board Audit & Risk Assessment Committee	Board Governance Committee	Audit Committee	Board Credit Committee	EXCO Credit
NUMBER OF MEETINGS	6	36	-	2	4	5	4	5	42
Alhaji U. A. Mutallab, CON	6	-	-	-	-	-	-	-	-
Mr. Sanusi Lamido Sanusi	6	27	-	-	2	3	-	5	28
Mrs. Bola Adesola	6	29	-	-	-	-	-	3	31
Prince Ajibola A. Afonja	6	-	-	2	-	5	-	5	-
Alhaji Aliyu A. Alkali, mni	3	-	-	-	-	-	2	-	-
Mr. Kehinde Lawanson	6	29	-	2	-	-	-	5	29
Lt.-Gen. Garba Duba (rtd.)	6	-	-	-	-	5	4	5	-
Mr. Oye Hassan-Odukale, MFR	6	-	-	-	2	-	3	5	-
Mallam Abdullahi Mahmoud	6	-	-	-	4	-	-	5	-
Mr. Alex C. Otti	5	27	-	-	-	-	-	2	32
Dr. Oba Otudeko, OFR	6	-	-	2	-	5	-	4	-
Mr. Oladele Oyelola	6	29	-	-	3	-	-	3	31
Ms. Ibiai Ajumogobia (Appointed August 20, 2008)	4	-	-	-	-	-	-	-	-
Dr. Yerima Ngama (Appointed January 1, 2009)	2	5	-	-	-	-	-	-	6
Mr. Bisi Onasanya (Appointed January 1, 2009)	2	15	-	-	1	-	-	2	13
Mrs. Remi Odunlami (Appointed March 16, 2009)	1	5	-	-	1	-	-	1	3
Mr. Jacobs M. Ajekigbe, OFR (Resigned December 31, 2008)	4	17	-	2	-	4	-	3	20
Dr. Udo Udo-Aka, MON (Resigned August 20, 2008)	3	-	-	1	2	-	-	-	-
Mr. John O. Aboh (Resigned December 31, 2008)	2	7	-	-	1	-	-	1	9

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Without prejudice to the foregoing, committee meetings may be convened on a 'need-to-meet' basis. Meetings of the Audit Committee, which are statutory and are convened only to consider audit reports, are unlike others, not scheduled.

6 SUPPORT COMMITTEES

Five standing committees provide strategic support to the management of the Bank. These standing committees are first-line decision-making bodies in a chain that reaches all the way to the Board of Directors through the Executive Committee.

The committees and their membership are listed below:

Assets & Liabilities Management Committee

- Group Managing Director/Chief Executive
- All Executive Directors
- Chief Strategy Officer
- Head, Financial Control
- Head, Treasury
- Head, Business Performance Monitoring
- Head, Market & Liquidity Risk Management

Information Technology Steering Committee

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|---|----------|
| • GMD/CEO | Chairman |
| • All Executive Directors | Members |
| • Head, Information Technology | Member |
| • Chief Compliance Officer | Member |
| • Head, Financial Control | Member |
| • Head, Foreign Operations | Member |
| • Head, Treasury | Member |
| • Head, Human Capital Management | Member |
| • Chief Internal Auditor | Member |
| • Head, Public Sector Abuja | Member |
| • Business Development Manager, Apapa | Member |
| • Head, Domestic Operations | Member |
| • Business Development Manager, Kano | Member |
| • Head, IT Operations & Infrastructure | Member |
| • Head, General Services | Member |
| • Head, Products & Channels | Member |
| • Head, Service Desk & Support | Member |
| • Chief Strategy Officer | Member |
| • Head, Internal Control & Reconciliation | Member |
| • Head, EDP Internal Audit | Member |
| • Branch Manager, Rumuomasi Branch, PH | Member |

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| • Head, Business Performance Monitoring | Member |
| • Head, Business Improvement | Member |
| • Head, Application Solutions | Secretary |

Finance & Operations Committee

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| • Chief Strategy Officer | Chairman |
| • Representative of Corporate Banking SBU | Member |
| • Head, Credit Risk Management | Member |
| • Head, Consumer Banking Products | Member |
| • Head, Domestic Operations | Member |
| • Representatives of Regional Directorates | Members |
| • Chief Internal Auditor | Member |
| • Head, Treasury | Member |
| • Head, Foreign Operations | Member |
| • Head, Financial Control | Member |
| • Chief Compliance Officer | Member |

Group Management Committee

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|---|-----------------|
| • Group Managing Director/Chief Executive Officer | Chairman |
| • All Executive Directors | Members |
| • Managing Directors of all the Subsidiaries | Members |
| • Chief Strategy Officer | (In attendance) |
| • Head Financial Control | (In attendance) |
| • Head, Business Performance Monitoring | (In attendance) |
| • Company Secretary | (In attendance) |

7 SHAREHOLDER PARTICIPATION AND ACTIVISM

FirstBank has always taken seriously its responsibility to fully disclose to shareholders material developments in the Bank and in its operating environment, which may impinge on their interests. However, the broadening in recent times of the Bank's shareholder/investor universe, led in the review period to the creation of a dedicated Investor Relations Department in the office of the Chief Financial Officer.

This department will be the clearing house for all shareholder/investor inquiries, especially pertaining to the Bank's stock or financial stability. The key deliverable here is the provision of an interactive space for the Bank, its subsidiaries, the financial community, its shareholders and other stakeholders to share information in a way that strengthens the valuation of the Bank's shares.

In line with the provisions of Sections 5.4.5, 5.4.6, and 5.4.7 of the CBN's Code of Corporate Governance for Banks, the consultants also conducted an appraisal of the Board of Directors for the year ended March 2009. Their report is reproduced on page 85.