

# **First Bank Group Interim Results Half year ended 30 September 2009**

**Presentation to Analysts and Investors**  
November 4, 2009



**FirstBank**  
Established 1894



# Cautionary Note Regarding Forward Looking Statements



This presentation is based on the financial results of FirstBank's audited results for the period ended September 30 2009, consistent with Nigerian GAAP. FirstBank of Nigeria Plc ("FirstBank" or the "Bank") 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 group's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" 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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1	Group Results
2	Asset Quality & Risk Management
3	Group Strategy and Outlook
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# H1 2009 Highlights



## Group Performance

- Gross earnings of ~~¥~~128.1 b
- Net revenue of ~~¥~~85.1 b
- Operating Profit of ~~¥~~32.7 b
- Profit before taxes of ~~¥~~3.2 b

### Y/Y Change

- + 32%
- + 15.4%
- 0.01%
- 89.4%

## Capital and balance sheet

- Capital adequacy ratio
- Tier 1 ratio
- Leverage ratio

### Sept 09

- 21.9%
- 19.5%
- 6.6x

## Liquidity and funding

- Loan to deposit ratio
- Liquidity ratio

- 73.0%
- 37.0%

## Key Performance Indicators

- Provision for credit losses
- NPL
- ROE
- ROAA

- ¥29.5b
- 8.2%
- 2.1%
- 0.2%

# Group Results in Summary



Key Financials, N'm	30-Sep-07	31-Mar-08	30-Sep-08	31-Mar-09	30-Sep-09	H12009 vs. H12008	Q2 vs. Q1 (2009)	30-Jun-09
<b>Balance Sheet</b>								
Total Advances and Loans to Customers	514,620	476,393	885,878	752,166	874,105	-1%	-4%	912,732
Total Assets	1,465,375	1,528,234	1,791,291	2,009,914	2,033,205	14%	3%	1,973,964
Deposits and Current Accounts	513,874	700,182	851,179	1,194,456	1,197,735	41%	4%	1,149,502
Shareholders' Funds	76,974	349,475	333,508	337,405	308,029	-8%	-11%	344,766
<b>Profit and Loss Account</b>								
Gross Earnings	65,646	90,079	96,947	121,340	128,148	32%	10%	60,906
Profit Before Taxation	19,041	28,865	30,048	23,751	3,188	-89%		13,652
Exceptional Item	0	0	0	(26,113)	-			
Profit After Taxation	15,042	21,637	23,771	(11,202)	2,162	-91%		

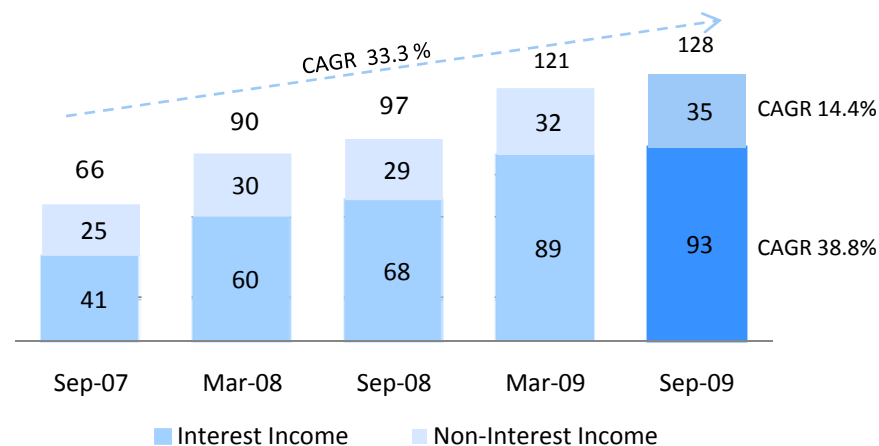
# Revenue Composition



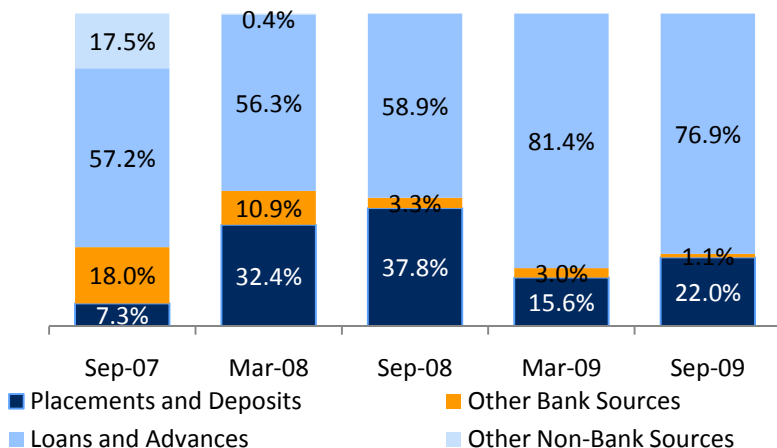
## Strong Revenue Growth Model

- Steady growth in gross earnings
- Strong deposit growth
- Favourable deposit mix
- Good quality and well priced assets
- Well positioned through varied products
- Stable funding to exploit market opportunities
- Diversified group of businesses

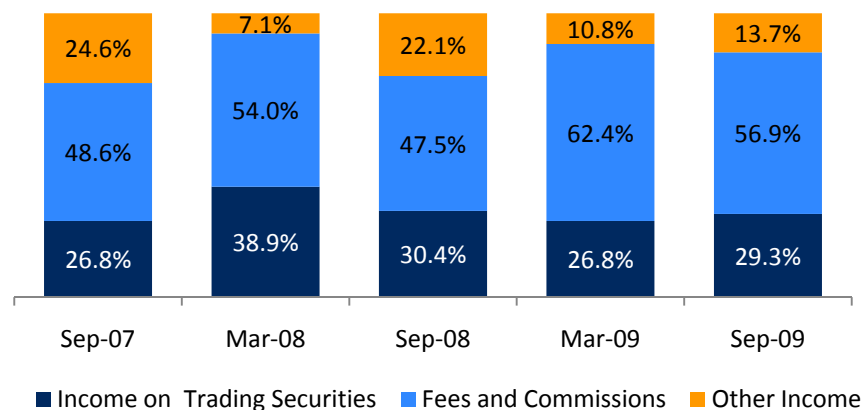
## Gross Earnings N'm



## Interest Income Mix

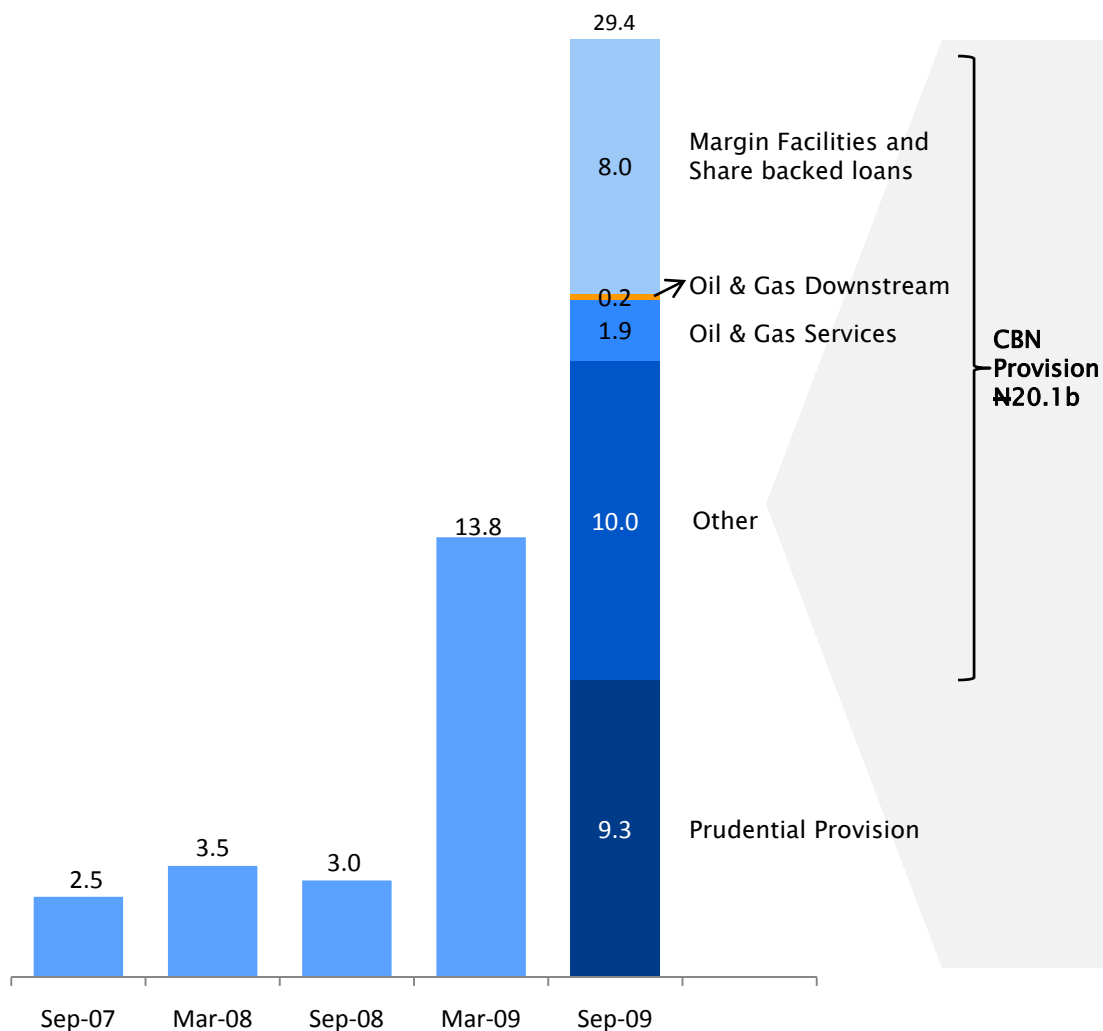


## Non-Interest Income Mix



Other bank sources include Treasury bills and commission on managed funds; Other non bank sources include commission on premium. Other income includes Forex income, Lease income, recoveries on previously written off loans and exchange gain

# Provisions for Credit Losses (N'b)\*



- Deteriorating credit environment driving higher delinquency rates on loans
- CBN stress test
  - Took account of decline in collateral value of underlying security for all margin loans and share backed facilities
    - Not a requirement under Nigerian GAAP
  - Suggested provision of ~~N~~20.1b has been fully reflected
    - Margin facilities and share backed loans accounted for 39.8%
- CBN has recently instituted a more comprehensive quarterly reporting format and is fast-tracking the implementation of risk-based, consolidated and cross border supervision frameworks
- There is also continued the focus on building capacity within the regulatory regime
- Possible write backs on loans depending on speed of economic recovery and CBN guidelines

\*Group  
\*Represents provisions in each 6 month period

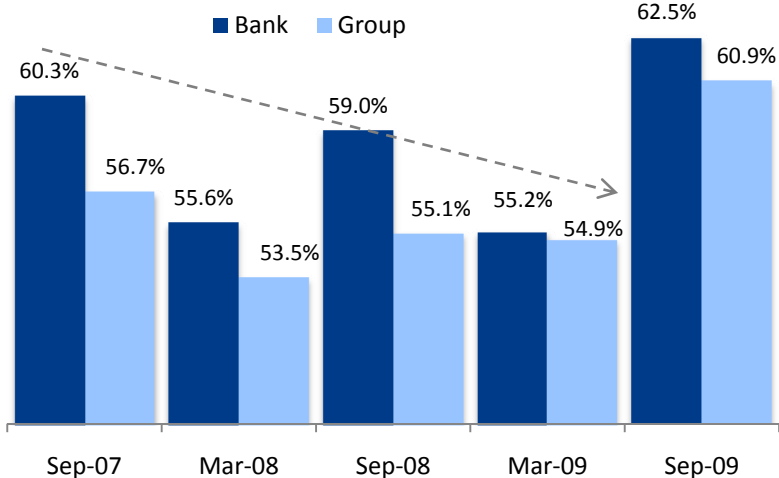


## Comments

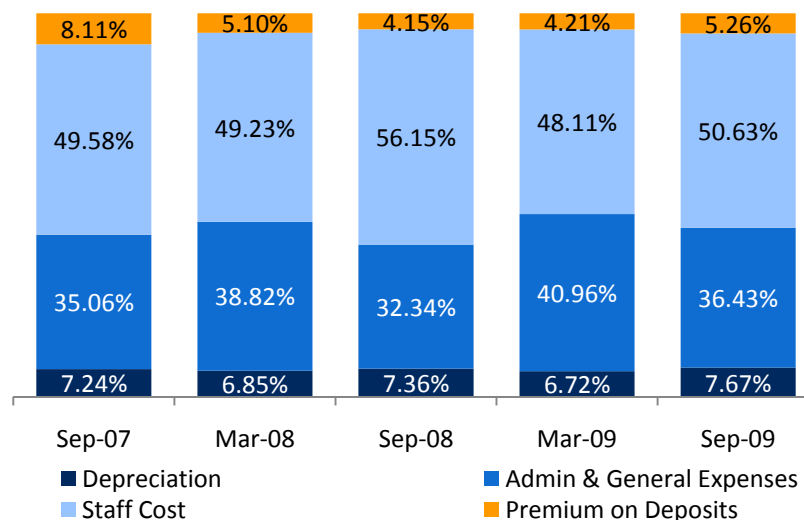
- Operating expenses driven by
  - Decaying national infrastructure
  - Staff costs
  - Rising inflation impacting administrative and general expenses
- Loan loss provisions
- On-going cost optimization initiatives
- Planned manning structure realignment for efficient resource allocation
- Focus on performance management to increase staff productivity and efficiency in the near to medium term
- Other initiatives include centralized processing, IT infrastructure optimization, channel migration

## Cost / Income Ratio

Short term impact of significant growth in interest expense



## Operating Cost Profile\*



\* Group

Figures may not add up due to rounding

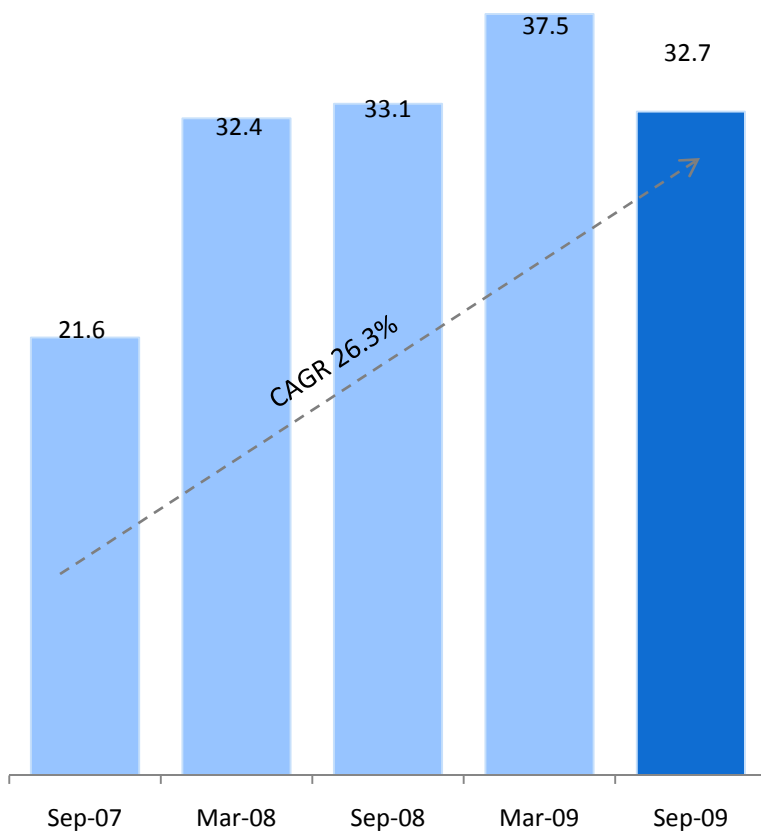


# Profit Before Taxes

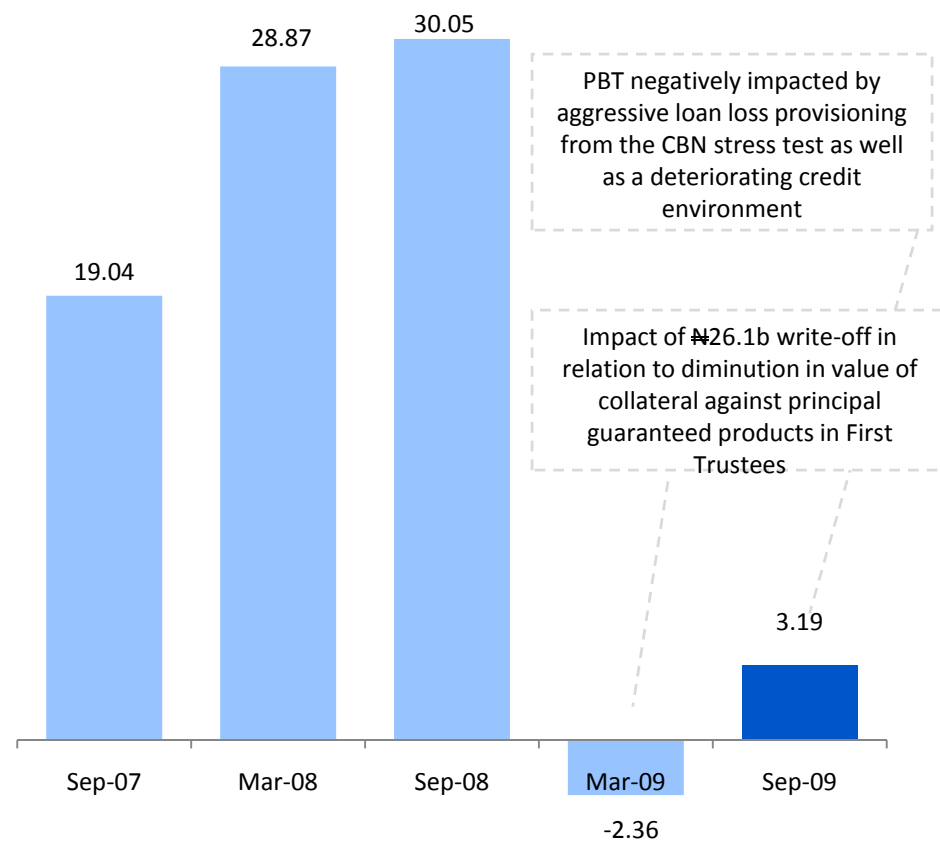


## Before Provisions & Exceptional Items\* (N'b)

Steady operational profit growth



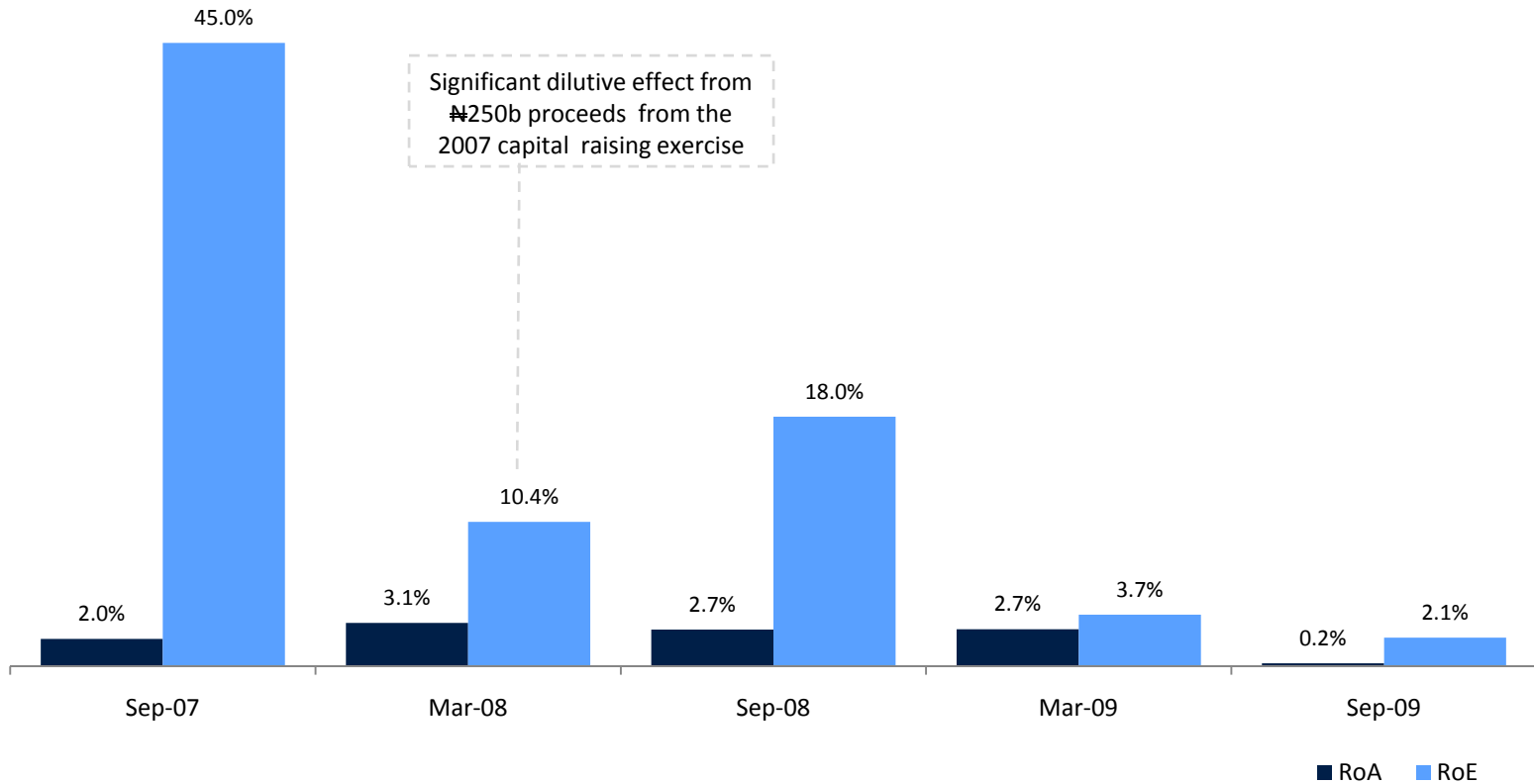
## After Provisions & Exceptional Item\* (N'b)



\*Group  
\*Absolute figures achieved in each half year

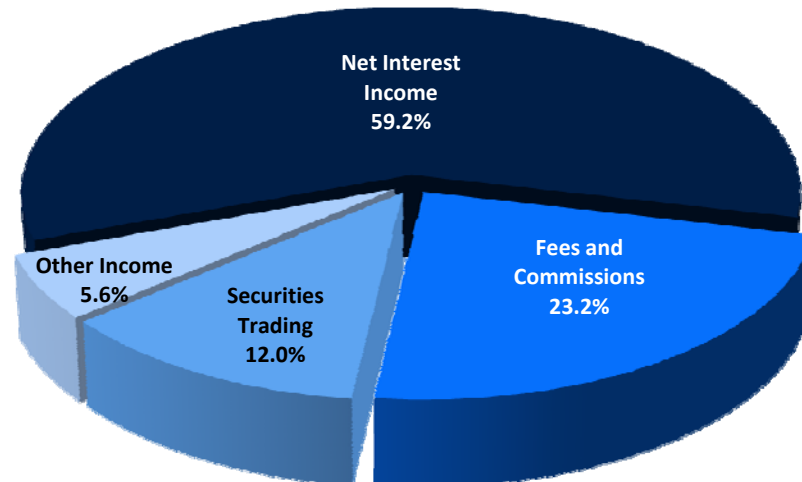
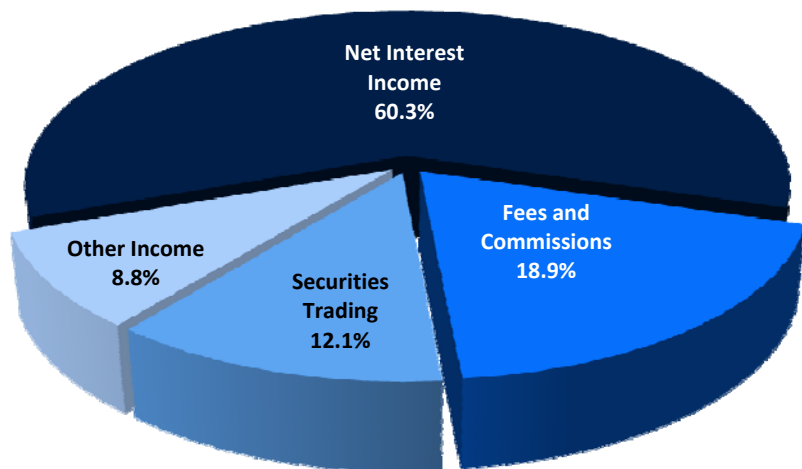


## RoE and RoA\*





## H1 2008/09 – Improved Diversification of Income – H1 2009/10



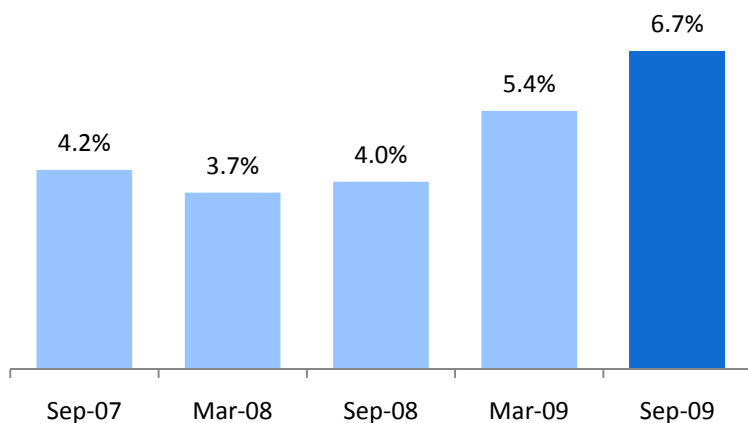


## Key Points

- Group enjoys a relatively low cost deposit base
- Net interest margins negatively impacted by:
  - Implementation of the common year end policy
  - Heightened counterparty risk
  - Keen competition leading to increasing cost of deposit liabilities

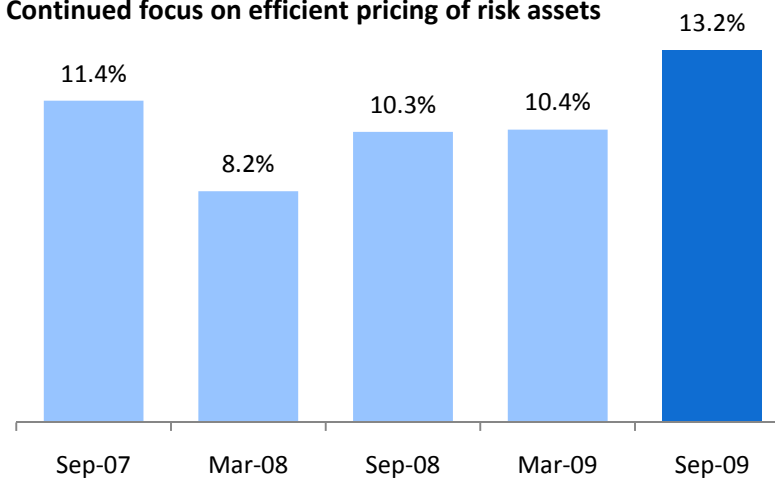
## Cost of Interest Bearing Liabilities\*

Below industry average despite impact of year end convergence



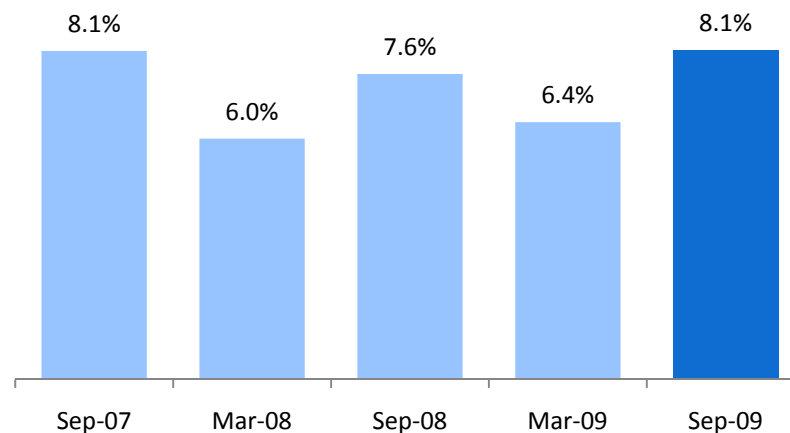
## Yield on Interest Earning Assets\*

Continued focus on efficient pricing of risk assets



## Net Interest Margin\*

Improving despite rising cost of funding



\*Bank Only

NIM computed as net interest income over average earning assets in the period

Figures may not add up due to rounding

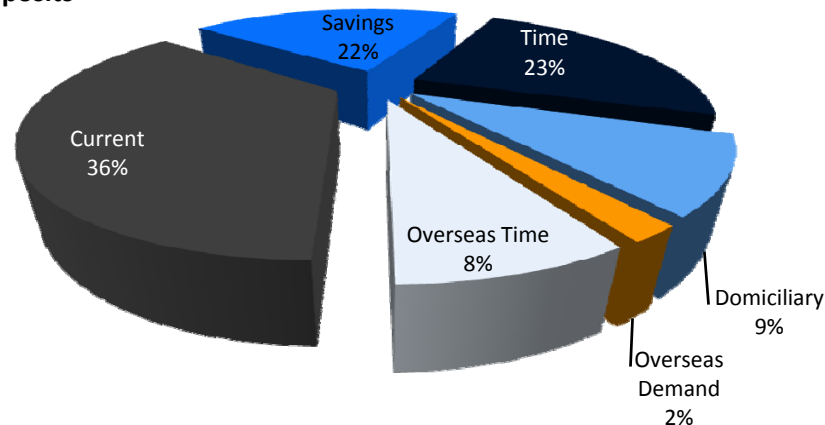


## Key Points

- Steady growth across balance sheet
- Growth driven by deposits
- Deposit base benefitting from diversified sources, aggressive marketing and branch expansion
- Continued customer confidence
- Balance sheet significantly underleveraged
- Focus will continue to be on low cost liability generation and maintaining an optimal funding profile
- Near term, risk asset growth will lag deposit growth

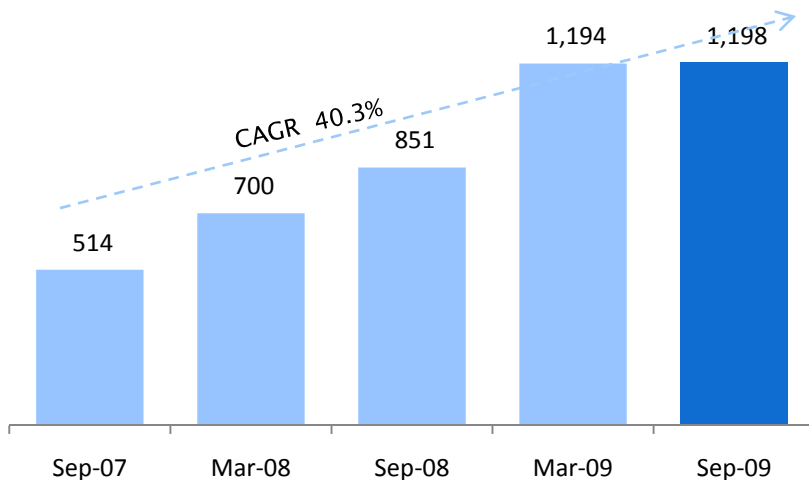
## Deposit Mix (Sept 2009)

Stable funding base driven by relatively large proportion of core deposits



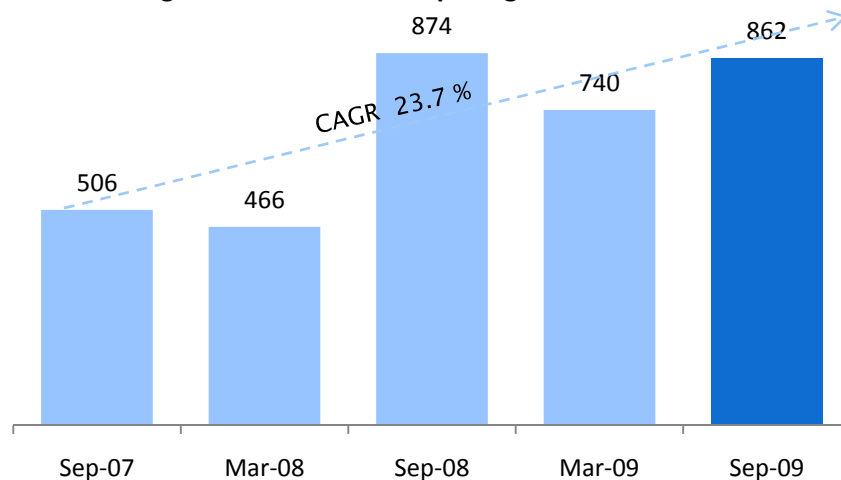
## Deposits & Current Accounts (N'b)

Steady growth in deposit liabilities



## Loans & Advances (N'b)

Risk asset growth slower than deposit growth



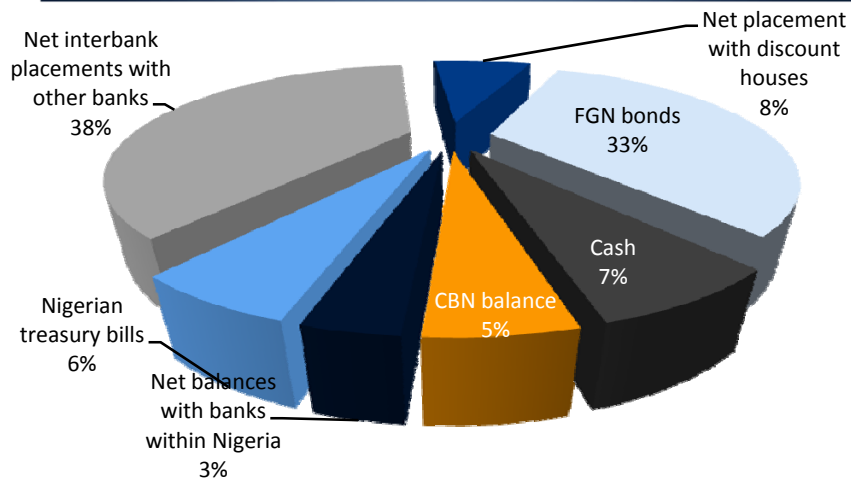
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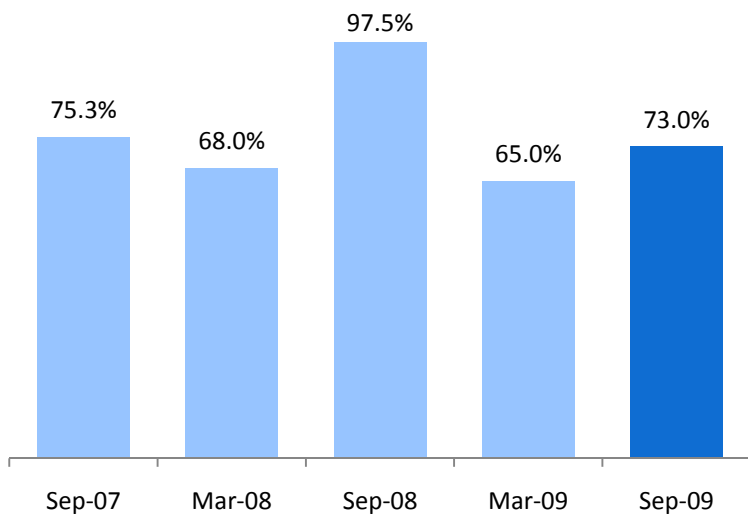
## Key Points

- Our solid capital position, stable funding and liquidity base continue to provide key support in challenging times
- Liquidity ratio in excess of 25% regulatory requirement and 30% internal limit
- Net placer of funds in Interbank Market
- Group treasury function now operational

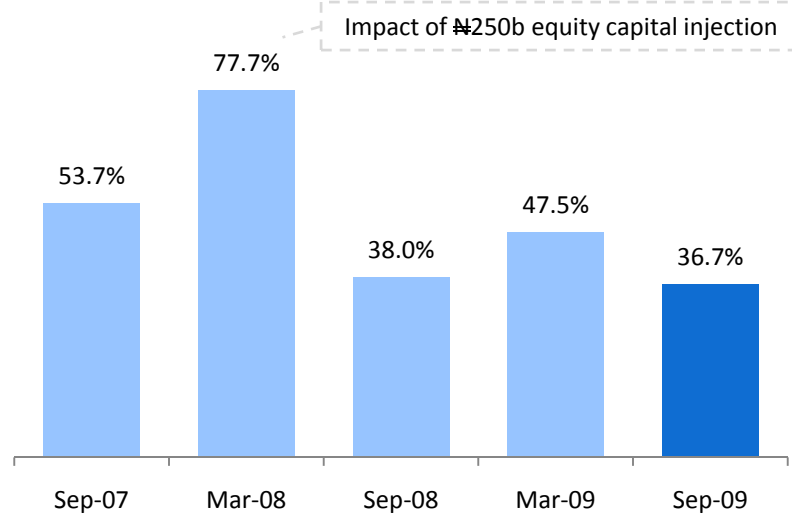
## Composition of Liquid Assets (Sept 2009)



## Loan to Deposit Ratio\*



## Liquidity Ratio\*



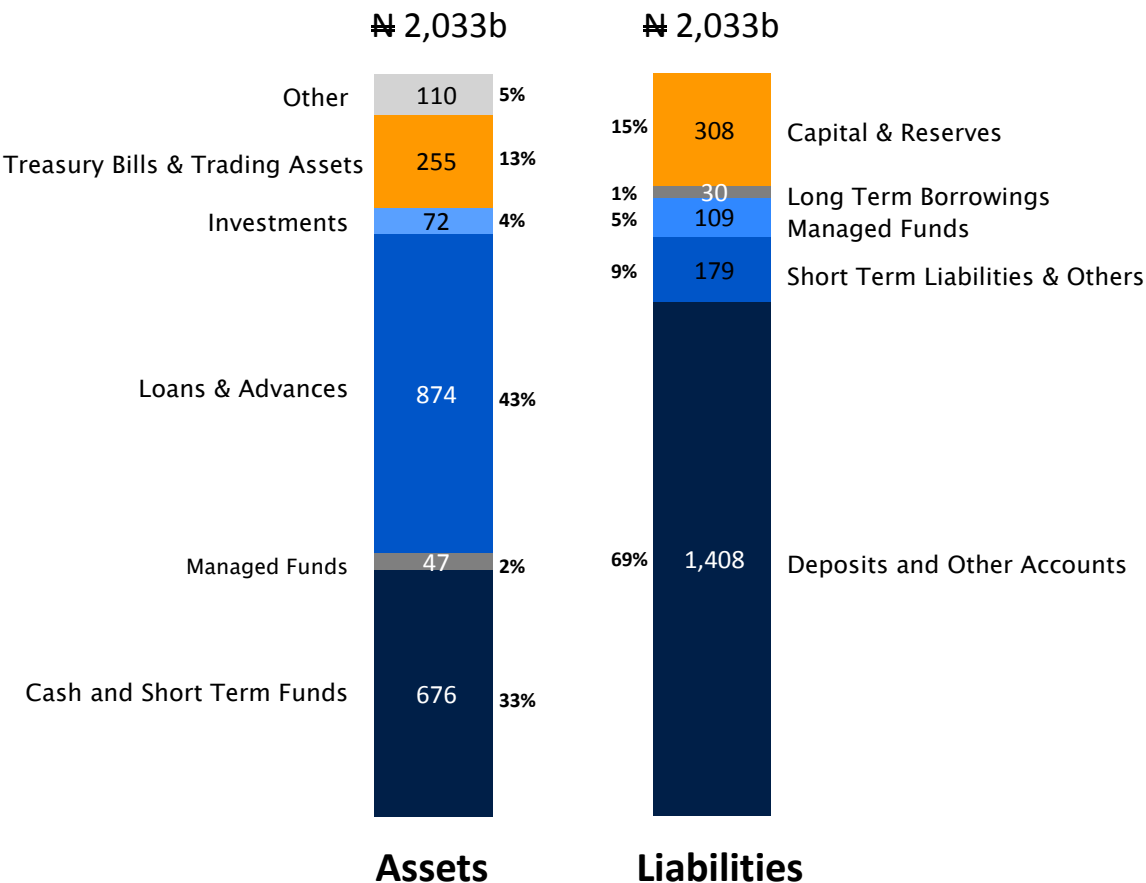
\* Bank Only

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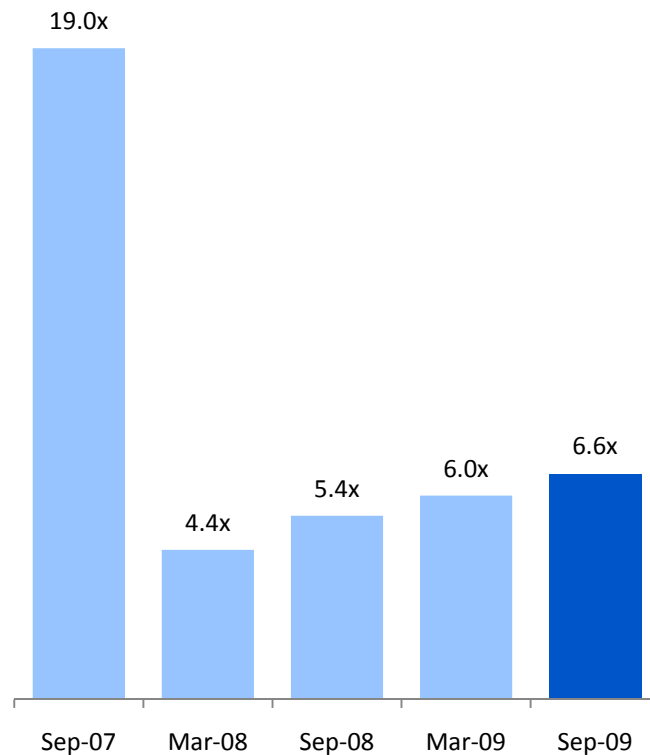
# Current Funding Situation – Assets and Liabilities



## Stable Funding



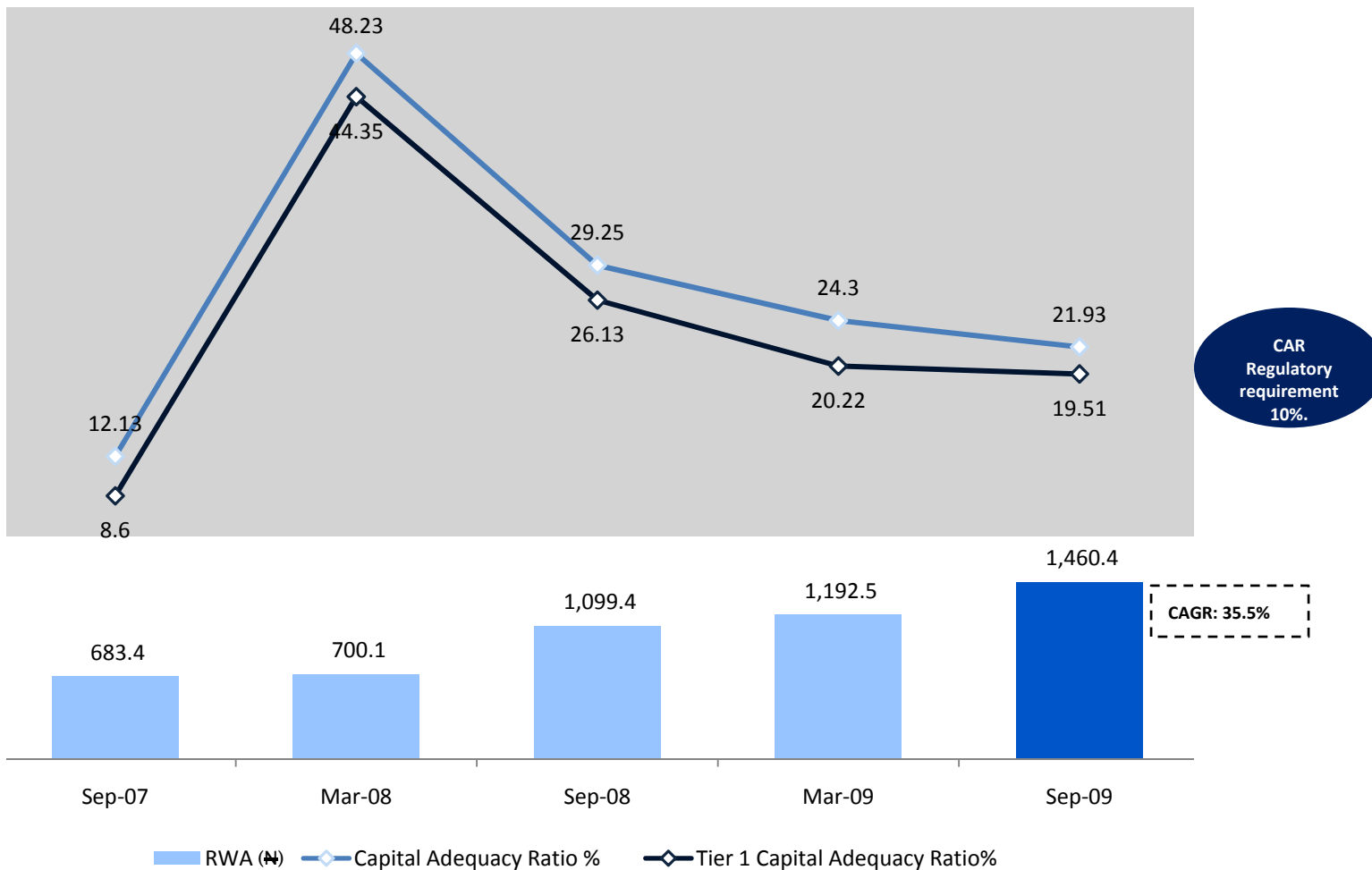
## Leverage Ratio



# Capital Ratios and Risk Weighted Assets\*



Solid capital ratios through the crisis



\*Bank Only

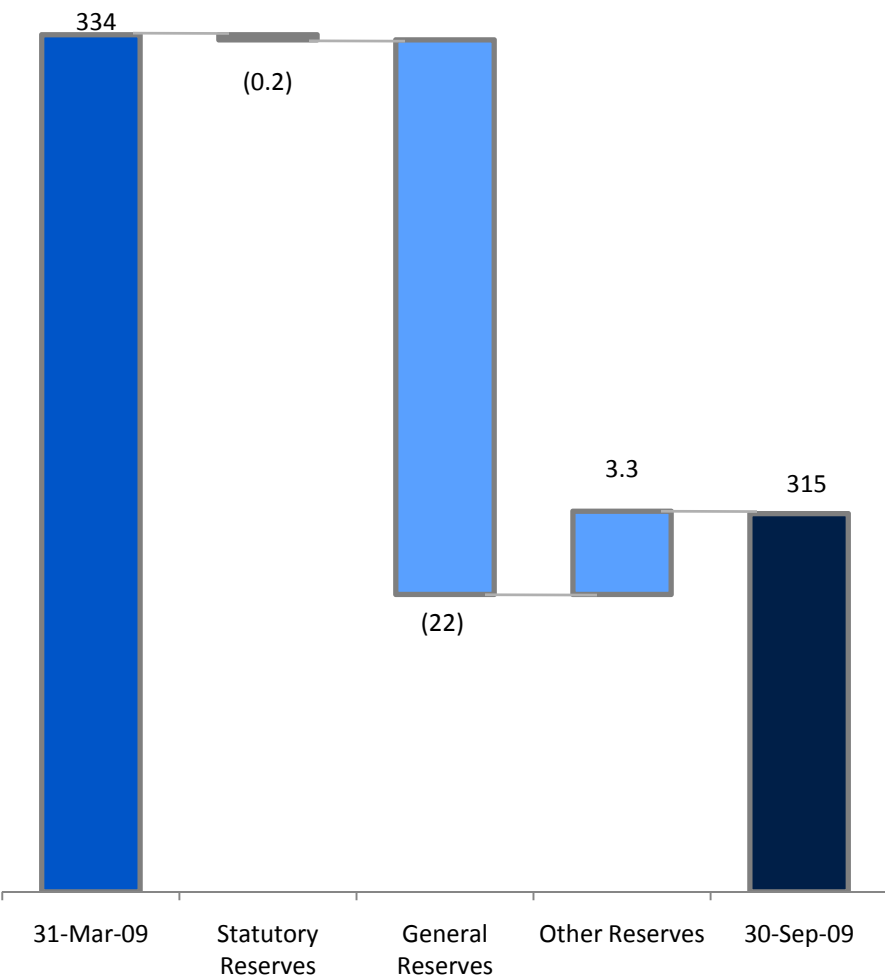
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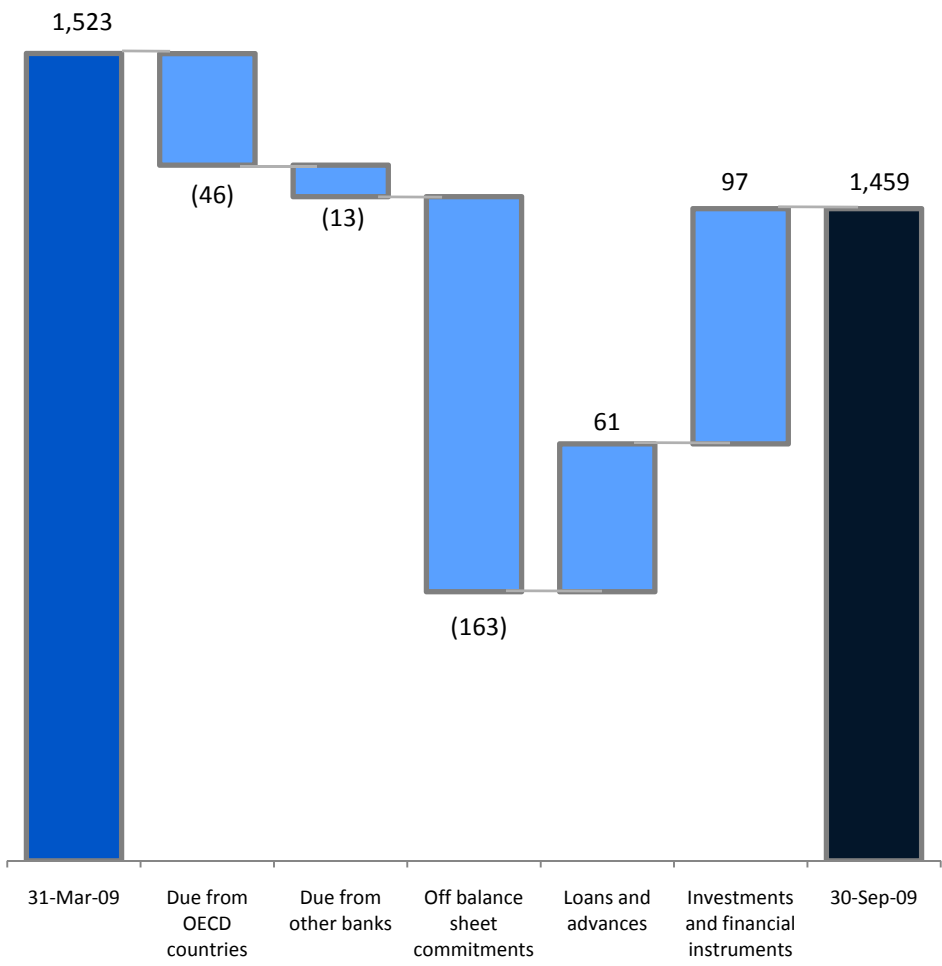
# Development of Tier 1 Capital and Risk-Weighted Assets (Sept 2009)



Tier 1 Capital ₺'b



Risk-Weighted Assets ₺'b



\*Bank Only  
Other reserves include bonus issue reserve and exchange revaluation reserve

Figures may not add up due to rounding

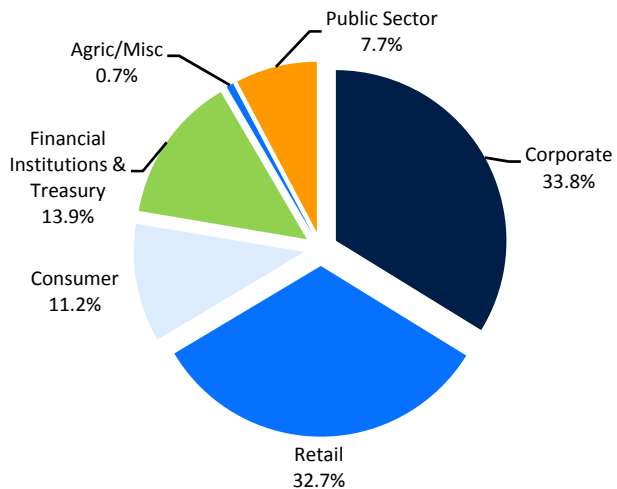


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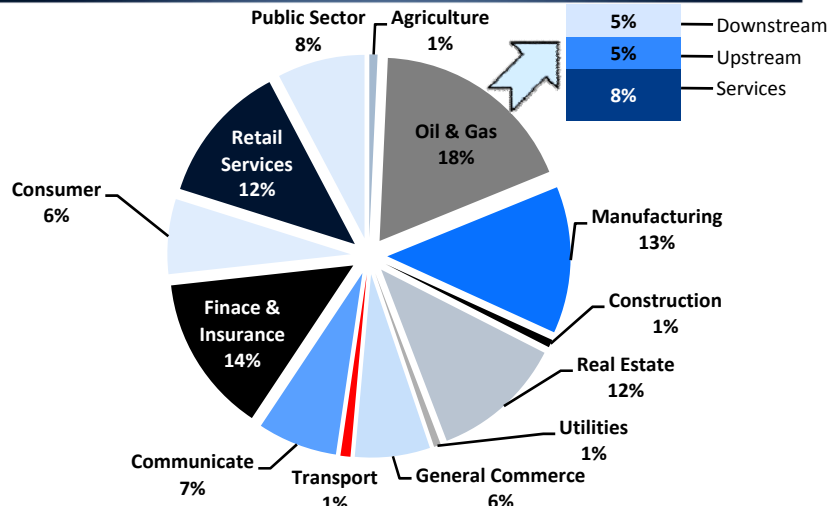
# Loan Portfolio – Diversification and Quality\*



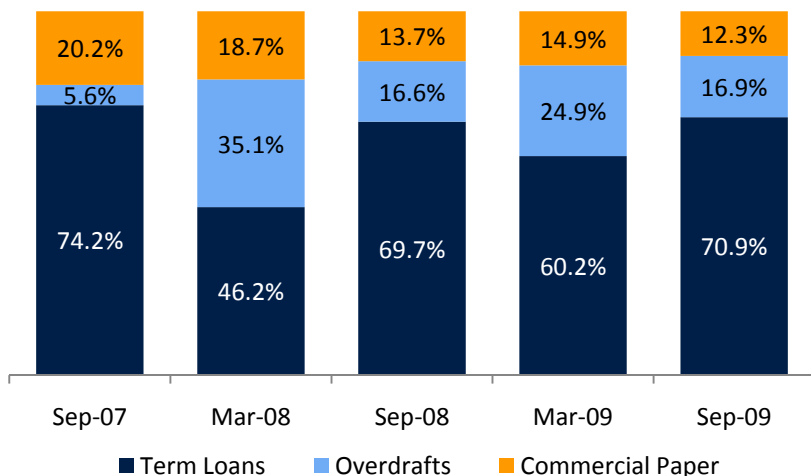
## Business Lines (Sept 2009)



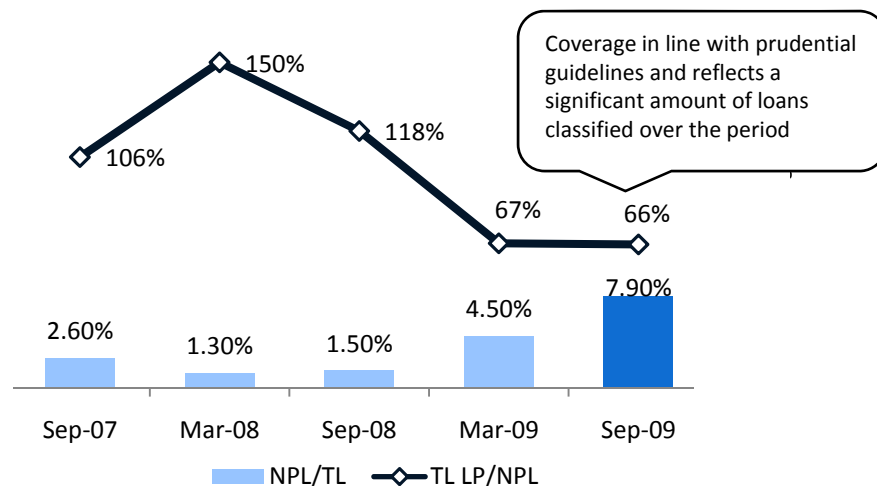
## Sector Exposure (Sept 2009)



## Type of Loan



## NPL and Coverage Ratios



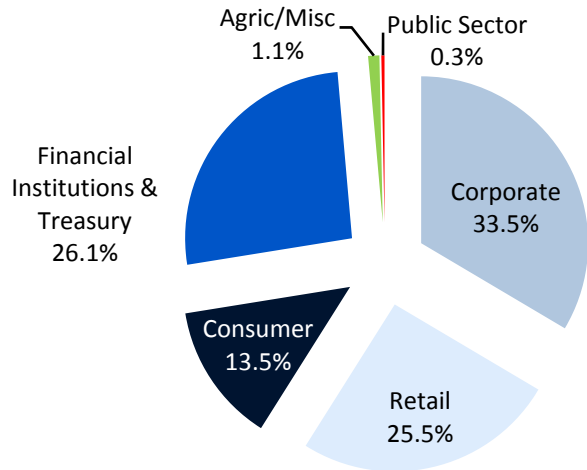
Retail loans represent loans to small businesses, while consumer loans represent loans to individuals

\* Bank Only

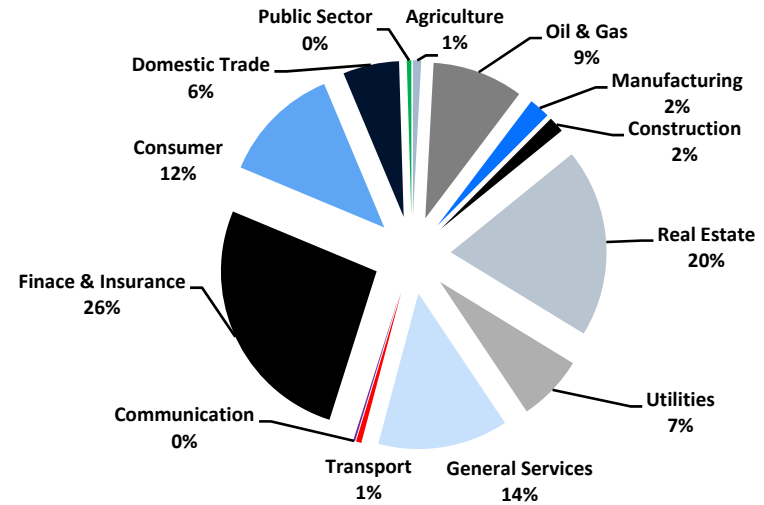
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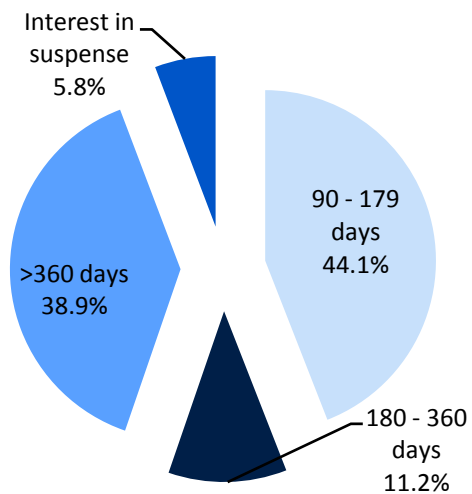
## Business Lines (Sept 2009)



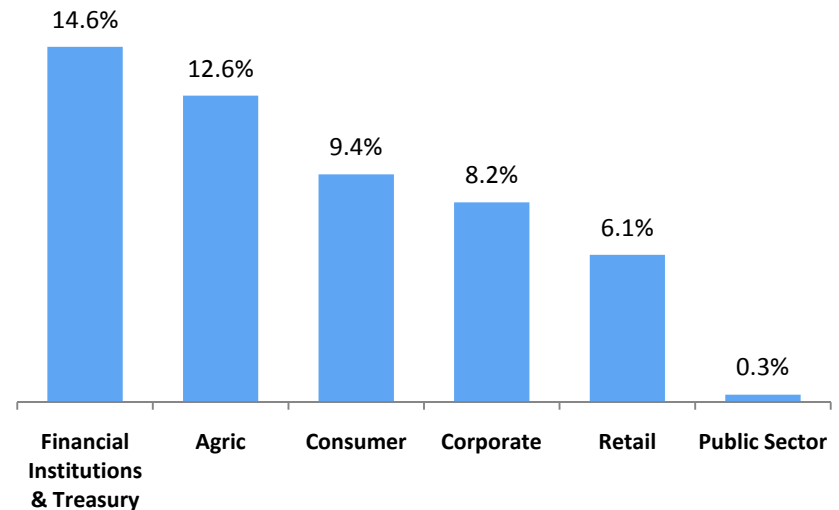
## Sector Concentration (Sept 2009)



## Time Past Due (Sept 2009)



## NPL by business lines (Sept 2009)



Retail loans represent loans to small businesses, while consumer loans represents loans to individuals

\* Bank Only

Figures may not add up due to rounding

# Facility Against Shares\*



		Mar - 09	Sep - 09
1	Facility Against Shares (FAS) <sup>1</sup>	₹58.2b	₹58.8b
2	Portfolio value FAS <sup>1</sup>	₹46.4b	₹46.0b
3	Portfolio Coverage of FAS <sup>1</sup>	79.7%	78.2%
4	% of total loans (FAS <sup>1</sup> ) collateralized by shares	5.7%	6.6%
5	% of FAS <sup>1</sup> loans collateralized by other asset classes	Facilities are secured mainly against shares	
6	Non-Performing FAS <sup>1</sup> Loans	₹16.2b	₹17.8b
7	Non-Performing FAS <sup>1</sup> Loans (%)	33.84%	49.2%
8	Provisions held against FAS <sup>1</sup>	₹12.6b	₹14.5
9	Margin Loan Exposure	₹16.4b	₹12.9b
10	Percentage of margin loans to total LAD	2.7%	2.9%
11	Collateral value of non-performing margin loans	₹7.5b	₹13.1b
12	% of loan book renegotiated/restructured**	2.2%	1.9%

- Provisions have been made in line with prudential guidelines
- Portfolio is marked to market only for the purpose of considering open positions. Classified accounts are based on total balance outstanding and not the value at risk. On recovery of the value at risk, the security value will be taken in to recover the entire sum outstanding

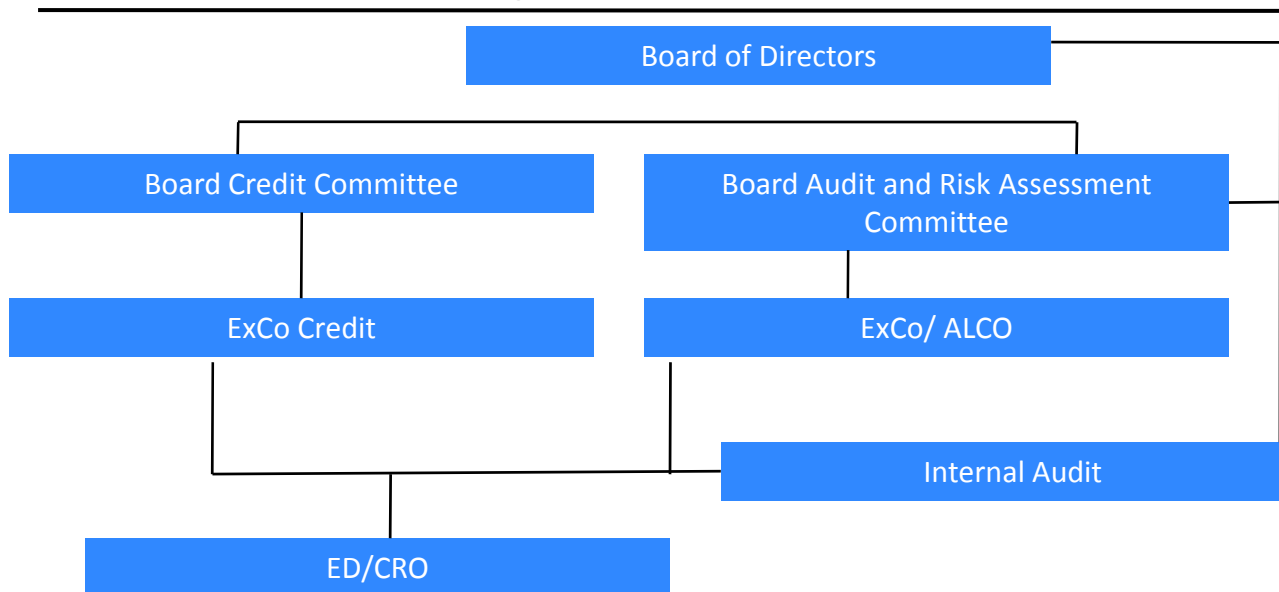
<sup>1</sup>FAS – Includes margin loans and other loans secured by shares

\*All information is cumulative to March and September 2009

\*\*Largely margin loan accounts



## Risk Management Governance Framework



- The Risk Management Directorate coordinates the monitoring and reporting of all risks across the Bank
- The Bank strives to maintain a conservative balance between risk and revenue considerations
- Clear segregation of duties between market facing business units and risk management functions
  - Ensures separation of policy, monitoring, reporting and control functions from credit processing functions
- Group wide risk management is also being strengthened

### Asset quality performance indicators

- Ratio of non-performing loans to total loans:  $\leq 3\%$
- Ratio of loan loss expenses to total interest income on loans /advances:  $\leq 10\%$
- Ratio of loan loss expense to total loans:  $\leq 1\%$
- Ratio of loan loss provision to gross non-performing loans shall be  $> 100\%$  of total non-performing loans
- Financial and Prudential ratios are to be at a level more conservative than regulatory requirements and better than the average of benchmark banks



1

Group Results

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Asset Quality & Risk Management

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Group Strategy and Outlook

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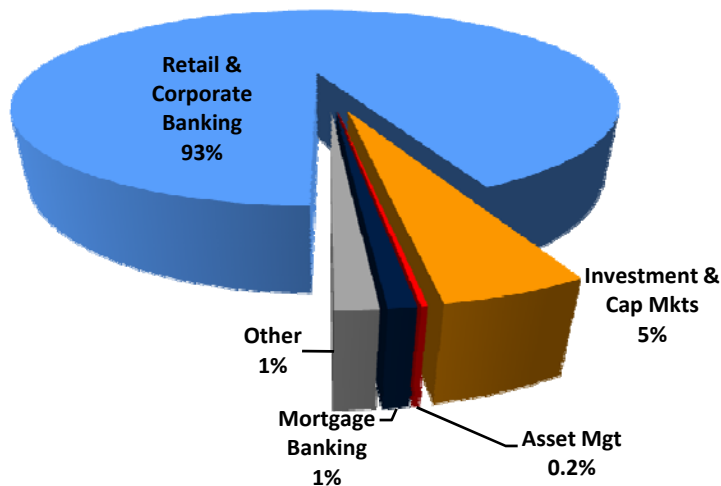
Appendix

# H1 2009/10 Segmental Performance

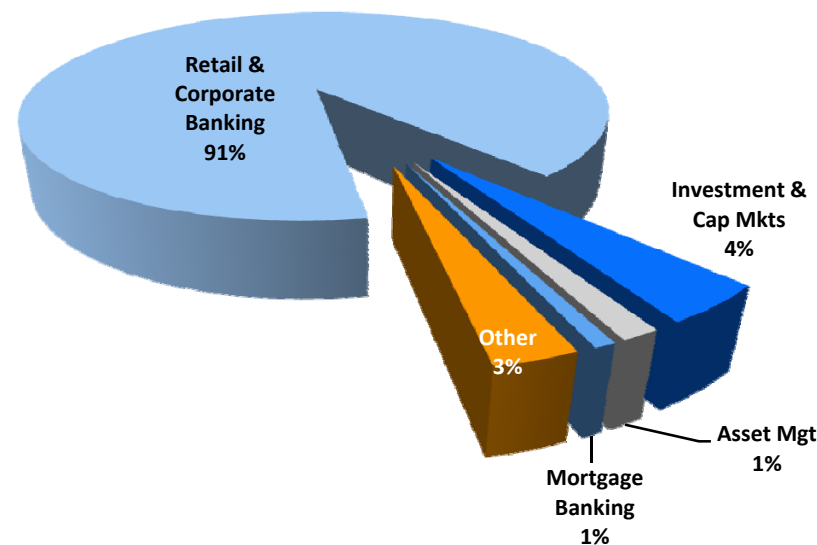


	Retail & Corporate Banking		Investment & Capital Mkts		Asset Management		Mortgage Banking		Others	
	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009
	N'Million	N'Million	N'Million	N'Million	N'Million	N'Million	N'Million	N'Million	N'Million	N'Million
Interest income	62,165	86,320	2,768	5,455	2,033	136	664	681	25	459
Interest expense	(21,240)	(37,997)	(1,442)	(3,282)	-	-	(537)	(660)	-	(6)
Net interest income	<u>40,925</u>	<u>48,323</u>	<u>1,326</u>	<u>2,173</u>	<u>2,033</u>	<u>136</u>	<u>127</u>	<u>22</u>	<u>25</u>	<u>453</u>
Commission	10,016	17,945	3,106	1,251	10	124	124	28	671	731
Other income	15,365	15,055	-	(912)	-	-	-	384	0	490
Net Revenue	<u>66,306</u>	<u>81,323</u>	<u>4,432</u>	<u>2,513</u>	<u>2,043</u>	<u>260</u>	<u>251</u>	<u>434</u>	<u>696</u>	<u>1,674</u>
Profit before tax after provisions	<u>24,653</u>	<u>335</u>	<u>3,407</u>	<u>1,354</u>	<u>1,512</u>	<u>296</u>	<u>128</u>	<u>216</u>	<u>347</u>	<u>987</u>
Profit after taxation	<u>19,503</u>	<u>228</u>	<u>2,695</u>	<u>918</u>	<u>1,196</u>	<u>201</u>	<u>101</u>	<u>146</u>	<u>275</u>	<u>669</u>

## H1 2009/10 Gross Earnings Split



## H1 2009/10 Profit Before Provisions and Tax Split



Retail & Corporate Banking includes FBN Nigeria and FBN Bank UK; Investment & Capital markets includes FBN Capital and First Registrars  
 Asset Management represents First Trustees; Mortgage Banking represents FBN Mortgages; Others includes FBN Microfinance, FBN Insurance Brokers, First Funds, FBN Bureau de Change and First pension Custodian

Figures may not add up due to rounding





## Performance Review

- Healthy growth in gross earnings, driven by interest income, fees & commissions
- Marginal growth in loans and advances
- Expanding distribution network, with branches, and agencies totaling 551; ATM network of 1,360
- Large customer base of about 5 million customers
- Strong growth in liability book despite keen competition; maintained relatively low cost of liabilities
- Several initiatives underway to improve overall operational efficiency and drive costs lower

## Challenges

- Regulatory landscape increasingly tougher
- Slower pace of economic activity and accompanying decline in good quality assets
- Significantly higher loan loss provisioning
- Heightened competition within the industry

## Outlook

- Continued execution of our medium term strategic initiatives of growth, operational excellence, performance management & people
- Capturing synergistic value through further diversification of the Bank's business model, supported by enhanced cost efficiencies and a strong capital base
- Maintaining and building our strong deposit franchise, optimising our funding mix and profile by continually growing the lower cost deposit base
- Balancing growth in high-quality assets and liabilities



## Performance Review

### Investment Banking

- Remarkable growth in funds under management

### Registrarship

- Performance affected due to the general lull in the market, there was a limited primary market activity in the past 18 months.
- Significant reduction in investible funds due to withdrawal of unclaimed dividend by clients

## Challenges

Challenging operating environment with multiple effects of the CBN's cleansing exercise of the banking sector :

- Increased counterparty risk
- Reduction in placement outlets and thinning margins
- Constrained liquidity
- Lull in the equity markets
- General market uneasiness persists
- Common bank year-end policy will affect intermediation
- Worries about exposure to certain banks limit placement outlets
- Credit curtailment

## Outlook

- Investment Banking - faced with reducing fee-based income, emphasis will be on fund-based income sources as a major driver of performance
- Within the registrarship business, we aim to become the clear leader in the provision of registrarship services in Nigeria with 20%+ market share
  - Focus on excellent customer service
  - Streamline operations/processes to drive efficiency and reduce turnaround times
  - Leverage the Bank's network to increase capacity



## Performance Review

- Remains one of the top 3 trustees in Nigeria by transaction value
- Challenging market, with recent CBN actions and attendant impact on the stock market significantly impacting our business
- Marginal increases recorded in dividend income, syndication fee and commission

## Challenges

- Negative performance of stock market year to date
- Significant decline in primary market issuance
- Lack of awareness and slow gestation period for private trust
- Credit squeeze affecting the syndication arm of our Trust Service business

## Outlook

- Continued focus on creating awareness for, and building our private trust business
- Leverage FirstBank's branch network to increase capacity
- Focus on alternative investment options
- Renewed focus on fixed income instruments



## Performance Review

- Healthy growth in gross earnings driven by income realized on sale of properties
- Significant growth in property Investments
- 65% increase in loans and advances
- Alignment of procurement and contract award process with the group to improve our operational process and benefit from economies of scale
- Equity is 20%, c. ₦5m, with average mortgage size of about ₦20m

## Challenges

- Decline in purchasing power of prospective buyers due to credit crunch and stock market collapse
- Slower pace of economic activity

## Outlook

- With a 16 million housing unit deficit in Nigeria, industry remains very attractive (UN Habitat Agency)
- Expected improvement in economic activity to drive improved performance
- Our projects in the short term are targeted at the middle income class, whilst our higher income luxury projects are to be delivered in about 2 – 3 years when we expect that the economy would have recovered
- Structuring more favourable payment terms in order to drive sales growth in the short term
- On going strategy diagnostic to position the company as a leading player within the industry in the next 3 years



## First Pension Custodian

- Holds 40% share of the pension assets custody market
- Negative stock market performance has impacted assets under custody
- Continued focus on aggressively growing pension assets from the Retirement Savings Account segment
- Organic growth of the pension assets under custody
- Focus on increasing proportion of defined benefit scheme/legacy funds

## FBN Insurance Brokers

- Top player in the insurance brokerage segment
- Plan to deploy aggressive frontline sales to build critical mass by leveraging FirstBank network
- Focus on improved value proposition and service levels
- Focus on innovative product development for the retail and corporate insurance clients
- Ultimately, we will go into the underwriting business

## FBN Bureau De Change

- Negative impact of recent banking sector sanitization measures on system liquidity and our operations
  - Increased in number of operators but reduction in volume of supply
- Focus on turnover and continued low cost strategy in view of much thinner margins
- Diversification of the sources of foreign exchange inflow

## FBN Microfinance Bank

- Commenced operations in Feb'09; currently has 6 branches
- Focused marketing of cooperatives societies and other trade unions to build critical mass
- Aggressive deployment of outlets across major cities nationwide – Lagos, Abuja, PH and Kano
- Creation of products that will facilitate and assist customers retention
- Application of sound credit control and policies in lending to individuals through trade groups

## First Funds

- Focus on providing expansion capital to medium sized companies operating in large addressable markets
- Total approved investments as at Sept. of c. ₦1b covering hospitality, consumer goods and agro-processing sectors of the Nigerian economy.
- Investee companies under pressure from tough economic environment
- Sectors of interest include food and beverages, consumer goods, leisure as well as ICT
- Targets a minimum 25% internal rate of return on invested capital

# **Growth: We will drive growth across the group using both organic and inorganic growth levers**



	<b>2011 Aspiration</b>	<b>Strategy</b>
<b>Core Banking Business</b>	<ul style="list-style-type: none"><li>▪ <b>Retain the undisputed leadership position</b> in banking in Nigeria with 20%+ market share across key indicators (share of assets, deposits, revenue, profits)</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Retail:</b> Improved value proposition + service-levels, growth in key areas (e.g., consumer credit)</li><li>▪ <b>Corporate:</b> Aggressive frontline sales (e.g., liability generation), expansion in key sectors (e.g., infrastructure finance), improved value proposition</li><li>▪ <b>Public sector:</b> Aggressive marketing at all tiers of govt</li></ul>
<b>Other Financial Services</b>	<ul style="list-style-type: none"><li>▪ <b>Develop subsidiaries that will collectively contribute over 25% of Group PBT</b> by 2011 and that will each be <b>top-three players</b> in their respective spaces</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Aggressively grow key subsidiaries</b> (e.g., FBN Capital, insurance, mortgage)</li><li>▪ <b>Leverage 3<sup>rd</sup> party partnerships</b> to acquire skills, systems, relationships</li><li>▪ <b>Ensure strong central performance management</b> via an optimal group operating structure</li></ul>
<b>International Expansion</b>	<ul style="list-style-type: none"><li>▪ <b>Aggressively expand into 'Middle Africa'</b> (between North and South Africa) and firmly establish First as <b>top-3 regional player covering at least 5 priority markets</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Selective market entry into most important markets</b></li><li>▪ <b>Continued selective setup of rep offices</b> to support trade finance(eg,UAE,US)</li></ul>

# Operational Excellence: We will develop processes and systems to deliver an exceptional customer experience



	<b>Objectives</b>	<b>Strategy</b>
<b>Quality of Service</b>	<ul style="list-style-type: none"><li>▪ Top-3 in customer satisfaction (e.g. KPMG survey)</li><li>▪ Market share growth across all segments</li></ul>	<ul style="list-style-type: none"><li>▪ Holistic branch transformation</li><li>▪ Front-line training</li><li>▪ Redesigned channel strategy (e.g. First Contact)</li></ul>
<b>Cost Optimization</b>	<ul style="list-style-type: none"><li>▪ Attain cost to income ratio of 49% or less</li></ul>	<ul style="list-style-type: none"><li>▪ Back-office consolidation</li><li>▪ Shared services/centralization</li><li>▪ Procurement excellence</li></ul>
<b>Time and Throughput</b>	<ul style="list-style-type: none"><li>▪ Significantly reduce turnaround times (TAT) and wait times</li></ul>	<ul style="list-style-type: none"><li>▪ Lean operations / process re-engineering</li><li>▪ Migration to electronic-channels</li><li>▪ SLAs/Performance management</li><li>▪ Robust, relevant IT systems</li></ul>

# The Corporate Transformation Office Has Been Created To Drive Execution of Priority Projects



Corporate transformation will focus on driving the execution of key, cross-functional initiatives required to deliver on the Bank's aspirations. Key focus areas...

Priority Initiatives	Rationale	Potential Impact
<p><b>1 Shared Services/Back office consolidation</b></p> <ul style="list-style-type: none"><li>– Process re-design</li><li>– Workflow automation</li><li>– Centralization</li></ul>	<ul style="list-style-type: none"><li>▪ Ensure <b>process standardization</b> (efficiency, speed, accuracy) and optimize overall cost structure</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Additional staff capacity</b> generated</li><li>▪ <b>Reduction in C/I</b> ratio</li><li>▪ <b>Reduction</b> in turnaround times</li><li>▪ Increased accuracy (<b>&lt;2.5% error processing rate</b>)</li></ul>
<p><b>2 Branch Transformation</b></p> <ul style="list-style-type: none"><li>– Optimize branch processes</li><li>– Re-design branch layout</li><li>– Refocus from “Processing to Sales”</li><li>– Optimize branch footprint and layout</li><li>– Re-tool, train, and empower front-line staff</li></ul>	<ul style="list-style-type: none"><li>▪ Create <b>superior customer experience</b> and re-focus branch staff from <b>processing to sales</b></li></ul>	<ul style="list-style-type: none"><li>▪ Increase in <b>sales capacity</b> per branch</li><li>▪ <b>Productivity improvement</b> per branch</li><li>▪ <b>Significant</b> reduction in <b>customer wait times increase in customers</b> with 3 or more products</li></ul>
<p><b>3 Channel excellence</b></p> <ul style="list-style-type: none"><li>– Develop robust portfolio of channel offerings</li><li>– Contact center strategy and execution</li><li>– Migrate customers to electronic channels</li><li>– Strategic channel vendor management</li></ul>	<ul style="list-style-type: none"><li>▪ Significantly <b>improve cost position</b> by optimizing distribution costs and <b>improve customer convenience</b> by enhancing service options</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Reduced customer servicing costs</b></li><li>▪ <b>Increase in customers</b> signed up on at least one electronic channel</li></ul>



# Performance Management and People: We are developing a superior performance system to drive results



## Performance Management Systems

### Objective

- **Institute a robust world class performance management system** that will enable First Bank to repeatedly deliver against its corporate objectives

### Strategy

- Clear set of corporate **KPIs and targets**, cascaded to BUs and individuals
- Robust **performance monitoring and dialogue/review** process
- Strong **rewards and consequences**
- Increase internal & external accountability and transparency (e.g. **IFRS adoption**)

## Performance Culture

- **Develop an ‘infectious’ performance culture** that celebrates and elevates team and individual performance and that enables staff to realize their highest human potential at work

- Clear articulation of **desired mindsets and behaviors**
- Conscientious **culture change program** with both ‘soft’ (e.g. role modeling) and ‘hard’ elements (e.g. performance mgt)
- Routine **reinforcing communications**

## Talent Acquisition and Development

- **Build First Bank into a premium employer brand and a talent ‘magnet’** – attracting, developing, advancing, and retaining the best people in the industry

- Develop a continually **strong pipeline of the best industry talent**
- Relentlessly **invest in and advance high performers**
- Ensure **robust employee value proposition** that retains top performers and that gets communicated in industry



## Key Points

- Planned corporate bond issuance programme – ~~₦~~500b
- Medium term funding from bilateral institutions - \$300m
- Other medium term funding to be accessed - \$300m

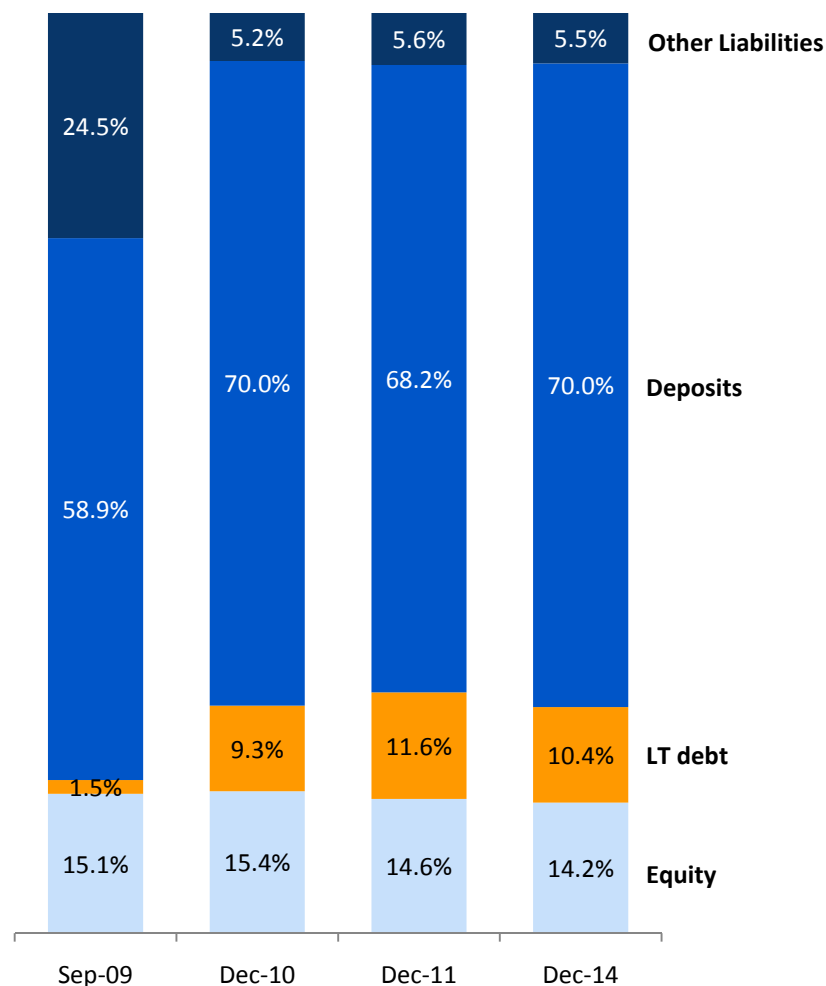
## The major features of the Corporate Bond program are

- ~~₦~~500b debt issuance programme
- Fixed Rate Redeemable Bond Issue
- Tenor: 5 years

## Utilization of proceeds

- Financing planned acquisitions through M&A transactions
- Fund large ticket infrastructure projects in Power, Oil & gas, through PPP & BOT
- Information technology and alternative channel infrastructure enhancement
- Recapitalize and strengthen subsidiaries and restructure the Bank's balance sheet
- Pan -African expansion.

## Funding Structure



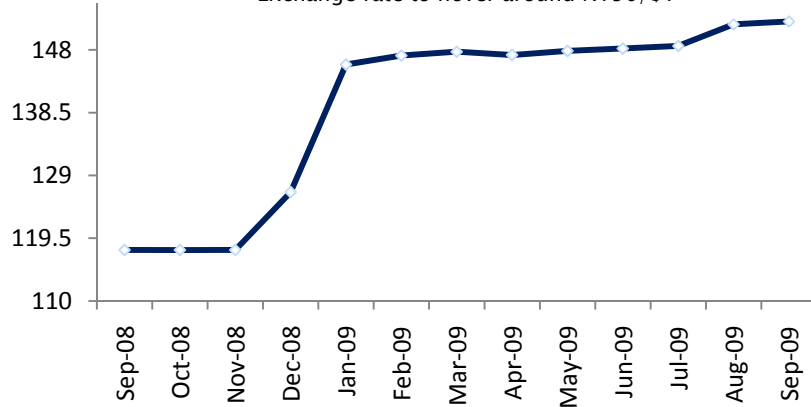
# The Nigerian economy appears set to recover...



The Nigerian economy grew by 5.13% in Q2 (Q1 4.85%); key macroeconomic statistics are improving....

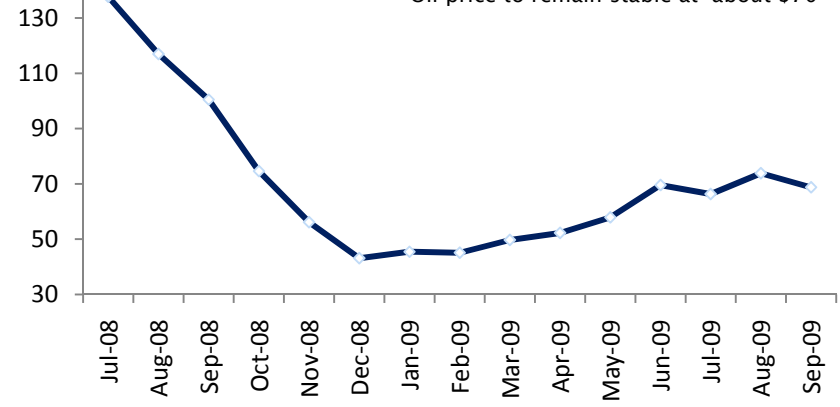
## Appreciating Naira

Exchange rate to hover around N150/\$1

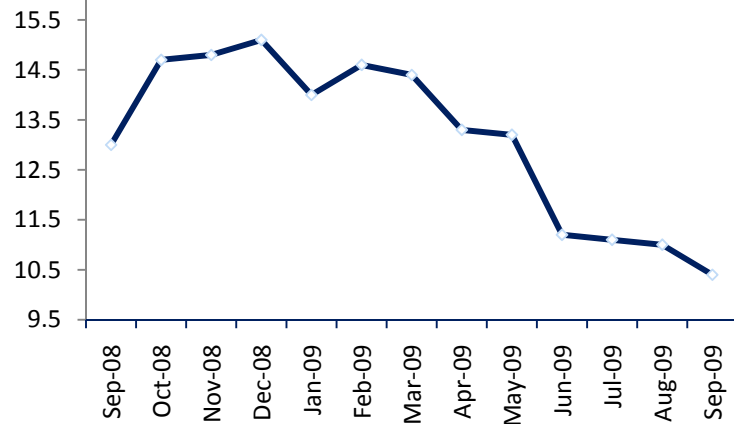


## Rising oil prices

Oil price to remain stable at about \$70



## Falling Inflation



- Upward revision of 2010 IMF global growth estimates to 3.1% (from 1.9%)
- Improvement in economy's medium-term outlook following Federal Government's Niger-Delta amnesty programme
- Federal Government revenue set to benefit from increased oil production
- Economic growth to benefit in the short term from increased government spending
- CBN to continue to introduce policies that will lower interest rates and promote the development of the real sector
- CBN to ensure stricter regulatory oversight on banks

# Nigeria diversifying away from oil...



## Agriculture



- Melinda & Bill gates agricultural foundation grant
- World Bank \$300 mn loan facility to select Nigerian states in 2008 (Enugu, Kano, Lagos & others)
- US agriculture loan
- Fed. Min of Agric & Natural Resources/CBN N200bn agricultural fund

## Taxation



- Rising taxation inflows. New FIRS drive – e.g. Lagos state
- Federal Government increased non-oil revenue targets to 40% in the 2009 budget from 20% the previous year

## Renewable Energy



- NNPC develops three new programmes for bio fuels
- Government efforts to the implement renewable energy master plan

## Mineral Resources



- Nigeria is making concerted efforts to develop solid minerals
  - Enforcement of legislative framework that provides security of tenure to foreign investors
  - Ongoing set up of solid mineral development fund to intensify mineral exploration
  - Ongoing geo physical mapping of Nigeria (~10% of Nigeria covered) to optimise mineral exploration activities



- **FirstBank remains in solid financial condition despite a significantly challenging operating environment**
  - **Solid liquidity position at 37%**
  - **Stable capital adequacy ratio at 21.9%**
- **Continued improvement in our risk management framework**
  - **We expect NPL and loan loss charges to trend towards historical levels**
- **Full adoption of IFRS as from, and including, for the year ended March 31, 2009**
- **Solid reputation for sound corporate governance**
- **2<sup>nd</sup> largest distribution network, with total network of branches, subsidiaries and agencies of 561**
- **Over 1,360 ATMs deployed nationwide**
- **Large customer base, with about 5 million customers**
- **We are best placed to benefit from the current industry shakeout**
- **We are the #1 bank by total assets with a clear and defined strategy to ensure strong growth in profitability**



1	Group Results
2	Asset Quality & Risk Management
3	Group Strategy and Outlook
4	Appendix



## Corporate Governance Framework

