FIRST CITY MONUMENT BANK PLC
FINANCIAL STATEMENTS

FOR THE EIGHT MONTHS ENDED
31 DECEMBER 2009

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CONTENT

DIRECTORS' REPORT
FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2009

The Directors present their report on the affairs of First City Monument Bank Plc ("the Bank") and its subsidiaries ("together, the Group"), together with the financial statements and auditor's report for the eight months ended 31 December, 2009.

a. *Legal Form*

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on April 20, 1982. It was licensed on August 11, 1983 to carry on the business of commercial banking and commenced business on September 1, 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on December 21, 2004.

b. *Principal Activity and Business Review*

The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its corporate and individual customers. Such services include granting of loans and advances, corporate finance, money market activities and foreign exchange operations.

The Bank has five wholly-owned subsidiaries, FCMB Capital Markets Limited (FCMB CM), Credit Direct Limited (CDL), FCMB UK Limited (FCMB UK), CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL) whose results have been consolidated in these financial statements.

The Bank prepares consolidated financial statements.

c. *Operating Results*

Gross earnings decreased by 51% and profit before tax of the Group decreased by 86%. The Directors affirm that the Bank is strategically poised for continued growth and development. Highlights of the Group's operating results for the eight months ended under review are as follows:

	***8months ended* 31 December 2009 N'000**	12months ended 30 April 2009 N'000
Gross earnings	**35,789,264**	72,698,313
Profit before tax	**856,600**	4,773,765
Taxation	**(292,262)**	(779,222)
Profit after taxation	**564,338**	3,994,543
Profit attributable to the group	**564,338**	3,994,543
Appropriations:		
Transfer to statutory reserve	**100,406**	1,039,744
Transfer to retained reserve	**463,932**	2,954,799
	564,338	3,994,543

d. *Directors shareholding*

The direct and indirect interests of Directors in the issued share capital of the company as recorded in the register of directors shareholding and / or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 and listing requirements of the Nigerian Stock Exchange is noted:

	Direct Shareholding Number of 50k Ordinary Shares Held 31-12-2009	30-04-2009
Dr. Jonathan AD Long (Chairman)	8,880,292	8,880,292
Mr. Ladipupo O Balogun (Group Managing Director /CEO)	141,611,000	161,576,000
Mr. Henry Semenitari (Executive Director)	350,000	350,000
Mr. Anurag Saxena (Executive Director/COO)	560,000	560,000
Mr. Peter Obaseki (Executive Director)	2,572,375	2,572,375
Mr. Nabeel Malik (Executive Director)	-	-
Dr. John Udofa	938,533	938,533
Mr. Godwin TS Adokpaye	29,145,000	29,145,000
Mr. Ladi Jadesimi	159,250,000	159,250,000
Mr. Bismarck Rewane	930,000	930,000
Alhaji Ibrahim Damcida	138,066,689	138,066,689
Mr. Peter Nigel Kenny	-	-
Mr. Tope Lawani	-	-

→ Mr. Tope Lawani has indirect shareholdings amounting to 879,411,176 (April 2009: 879,411,176) through Helios Towers Nigeria Limited

→ Pursuant to Article 93 of the Articles of Association of the company, Messrs Tope Lawani and Nigel Kenny being directors that have been longest in office shall retire and being eligible for re-election, offer themselves for re-election.

e. **Directors interests in contracts**
For the purpose of section 277 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, none of the directors had direct or indirect interest in contracts or proposed contracts with the Bank during the period.

f. ***Property, Plant and Equipment***

Information relating to changes in property, plant and equipment is given in Note 22 to the financial statements. In the Directors' opinion, the market value of the Bank's properties is not less than the value shown in the financial statements.

g. ***Shareholding Analysis***
The shareholding pattern of the Bank as at 31 December 2009 is as stated below:

Share Range			No. Of Shareholders	% Of Shareholders	No. Of Holdings	% Of Shareholders
10,000	-	50,000	162,894	95.40	960,659,178	5.90
50,001	-	100,000	4,163	2.44	338,631,797	2.08
100,001	-	500,000	2,745	1.61	647,703,324	3.98
500,001	-	1,000,000	407	0.24	332,750,867	2.05
1,000,001	-	5,000,000	333	0.20	783,497,460	4.82
5,000,001	-	10,000,000	76	0.04	557,720,953	3.43
10,000,001	-	50,000,000	89	0.05	1,813,286,888	11.14
50,000,001	-	100,000,000	19	0.01	1,361,980,552	8.37
100,000,001	-	500,000,000	23	0.01	5,510,467,366	33.87
500,000,001	-	1,000,000,000	2	0.00	1,270,464,510	7.81
1000,000,001	-	10,000,000,000	2	0.00	2,694,029,307	16.56
TOTAL			**170,753**	**100.00**	**16,271,192,202**	**100.00**

h. ***Substantial interest in Shares***
The bank's authorised share capital is N10billion divided into 20billion ordinary shares of 50kobo each of which 16,271,192,202 ordinary shares are issued. According to the register of members no shareholders other than the under-mentioned held more than 5% of the issued share capital of the Bank as at 31 December 2009;

	Number of shares	% Holding
1. Capital IRG Trustees Limited	1,210,360,000	7.44
2. Stanbic Nominees Nig. Limited - Trading	1,542,377,607	9.48

i. ***Donations and Charitable Gifts***

The Bank made contributions to charitable and non-political organisations amounting to N52,029,183 (April 2009: N124,570,929) during the period.

BENEFICIARY	AMOUNT
2009 Lagos Tennis Governor's Cup - Corporate Social Responsibility	10,000,000.00
Police Reform Implementation Committee, Abuja	8,000,000.00
Tulsi Chanrai Foundation, Abuja	5,850,000.00
Africa Investment Publishing, Abuja	4,488,750.00
British Council - Climate Change/Enviroment Degradation Awareness	4,000,000.00
Scholarship of 10 Less Priviledged Children 2009/2010	2,400,000.00
Nigerian-British Chamber of Commerce	2,000,000.00
Ikeja Golf Club	2,000,000.00
Church Organ Projects in Nigeria-Manual Allen Organ Q345C	2,000,000.00
Nigeria Telecoms Award	1,750,000.00
Co-Location Forum Participation	1,500,000.00
The Cathedral Church Of Christ, Lagos	1,200,000.00
The Chartered Institute of Bankers,Lagos	1,000,000.00
Global Summit on Climate Change	901,800.00
Central Bank of Nigeria,Lagos-Judges Seminar	846,633.01
All Soul's Anglican Church	750,000.00
Ikoyi Club Golf Tournamment	750,000.00
Nigerian Accounting Standard Board (NASB).Lagos	600,000.00
Financial Market Dealers Association	250,000.00
Sosaid Charity Home, Lagos	197,000.00
Lagos State Government- Green Commitment Project	152,000.00
Raji Babalola Foundation	150,000.00
Police Affairs Commission	105,000.00
NDLEA, Lagos State Command	100,000.00
NDLEA Officers Memorial Trust Fund	100,000.00

BENEFICIARY	AMOUNT
St. John Anglican Church, Ikotun	100,000.00
Society Of Nigerian Artists	100,000.00
Sisters Concern And All Ventures, Lagos	100,000.00
Soar Communications, Lagos-Green Environment Campaign Award	100,000.00
Holy Trinity Lovers Of The Poor, Rivers State	60,000.00
Justice Development & Peace Commission, Lagos	60,000.00
Corporate Social Responsibility- Kidney Ailment Treatment(Adesina Foluke)	50,000.00
Dominican Community, Ibadan	50,000.00
Cathedral Church, Ijebu Ode	50,000.00
The Heritage Homes Orphanage, Lagos	50,000.00
St. Vincent De Paul, St. Michael's Catholic Chuch, Okpanam	50,000.00
Nigeria Conservation Foundation	48,000.00
Joy In Africa Foundation,Delta State	40,000.00
Musade Odugate Community Development Association (School Project)	35,000.00
BBG Member Presentation	25,000.00
St. Louis Nursery & Primary School, Kano	20,000.00
	52,029,183

j. ***Human Resources***

Employment of Disabled Persons

The Bank operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and that appropriate training is arranged. It is the policy of the Bank that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees. During the year under review, the Bank had one disabled person in its employment.

Health, Safety and Welfare at Work

The Bank continues to accord great priority to staff health and welfare. The Bank retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Bank's expense. A contributory Pension Fund Scheme in line with the Pension Reform Act, 2004, exists for employees of the Bank.

k. ***Employee Involvement and Training***

The Bank places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Bank. This is achieved through regular meetings between management and staff of the Bank.

The Bank has in-house training facilities complemented with additional facilities from educational institutions (local and offshore) for the training of its employees.

l. ***Auditors***

In accordance with the clause 4.1 of the Central Bank Of Nigeria guidelines which became effective May 1, 2010, the Bank will propose a resolution to the Annual General Meeting for the appointment of new Auditors.

BY ORDER OF THE BOARD

Mrs. Olajumoke Bakare
Company Secretary
17A Tinubu Street
Lagos State
Nigeria

12 May 2010

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2009

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the Bank at the end of the period and of its profit or loss. The responsibilities include ensuring that the Bank:

i Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

ii Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with,

- *Nigerian Accounting Standards;*
- *Prudential Guidelines for Licensed Banks;*
- *relevant circulars issued by the Central Bank of Nigeria;*
- *the requirements of the Banks and Other Financial Institutions Act; and*
- *the requirements of the Companies and Allied Matters Act*

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and the profit for the period. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Dr. Jonathan AD Long	***Ladi O Balogun***
Chairman	***GMD/CEO***

PRICEWATERHOUSECOOPERS

Plot 252E, Muri Okunola Street,
Off Ajose Adeogun Street,
Victoria Island, Lagos Nigeria.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FIRST CITY MONUMENT BANK PLC

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of First City Monument Bank Plc ("the Bank") and its subsidiaries (together "the Group") which comprise the balance sheets as of 31 December 2009, the profit and loss accounts and the statements of cash flows for the eight months then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence aboutthe amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the Bank and the Group as at 31 December 2009 and of their profits and cash flows for the eight months then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

PRICEWATERHOUSECOOPERS

Report on other legal requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;

iii) the Bank's balance sheet and profit and loss account are in agreement with the books of account;

iv) our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria;

v) related party transactions and balances are disclosed in Note 32 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;

vi) to the best of our information, the Bank has not contravened any regulation of the Banks and Other Financial Institutions Act during the period;

vii) to the best of our information, the Bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
896891

PricewaterhouseCoopers

Chartered Accountants
Lagos, Nigeria

13 May 2010

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a. *Basis of preparation*

These financial statements are the separate and consolidated financial statements of First City Monument Bank Plc, ("the bank") and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared under the historical cost convention and comply with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (N), rounded to the nearest thousand.

The preparation of financial statements in conformity with accounting principles generally accepted in Nigeria requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b. *Consolidation*

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half the voting rights or otherwise has power to control have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. The accounting policies of the subsidiaries are consistent with those of the Bank. Separate disclosure is made for non-controlling interest.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

c. *Recognition of interest income*

Interest income is recognised on an accrual basis, except for interest overdue for more than 90 days, which is suspended and recognised only to the extent that cash is received. Recoveries made are credited to the profit and loss account as collected. Interest accruing on non-performing accounts is not credited to the profit and loss account until the debt is recovered. Interest income accruing on advances under finance lease is amortised over the lease period to achieve a constant rate of return on the outstanding net investment.

d. *Recognition of fees, commissions and other income*

i *Fees and commissions relating to credit, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.*

ii *Non credit related fee income is recognised at the time the service or the related transactions are provided.*

iii *Dividend income is recognised when the right to receive income is established.*

e. *Provision against credit risk*

Provision is made in accordance with the Prudential Guidelines issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facility as follows:

Interest and/or Principal outstanding for over:	*Classification*	*Provision*
90 days but less than 180 days	*Substandard*	*10%*
180 days but less than 360 days	*Doubtful*	*50%*
360 days and above	*Lost*	*100%*

In addition, a provision of 1% minimum is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio.

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

The Bank normally makes a provision of at least 1% for performing risk assets to recognise the risk inherent in any credits portfolio. However, the CBN and the NASB have permitted all Nigerian banks to suspend this policy in respect of the reporting period ended 31 December 2009 only.

f. ***Property, plant and equipment***

Property, plant and equipment are stated at historical costs less depreciation except where there is a permanent significant change in the value of the asset. Costs relating to Property, plant and equipment under construction or in the course of implementation are disclosed as work in progress; the attributable cost of each asset is transferred to the relevant category of property, plant and equipment immediately the asset is put to use and depreciated accordingly. Depreciation is calculated on a straight line basis to write-off Property, plant and equipment to their residual values at the following annual rates:

Motor vehicles	*25%*
Furniture and fittings	*20%*
Equipment	*20%*
Computer equipment	*25%*
Leasehold land and buildings	*2% for leases of 50 years and above; or over the tenor of the lease for leases under 50 years.*

g. ***Deferred taxation***

Deferred income tax is provided using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal timing differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the timing differences can be utilised.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which the related profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that taxable profits will be available against which these losses can be utilised.

h. ***Foreign currency translation***

i. Reporting currency

The consolidated financial statements are presented in Nigerian naira, which is the Bank's reporting currency.

ii. Transactions and balances

Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- *assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;*

- *income and expenses for each profit and loss are translated at closing exchange rates; and*

- *all resulting exchange differences are recognised as a separate component of reserves*

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and other adjustments (e.g. previously unrecognised deferred tax asset) arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

i. ***Advances under finance leases***

Finance lease transactions are recorded in the books of the bank at the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. Gross investment in the lease is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on the lease is defined as the difference between the gross investment in the lease and the present value of the asset under lease. This discount is recognised as unearned in the books of the bank and amortised to income as earned over the life of the lease.

In accordance with the prudential Guidelines for licensed banks, specific allowance is made on finance leases that are non-performing and a general provision of a minimum of 1% is made on the aggregate investment in the finance lease.

j. ***Business combination***

The acaquisition method of accounting is adopted in accounting for business combinations.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of an acquired entity at the date of acquisition.

k. ***Investments***

The Group categorises its investments as short term investments (dealing securities) and long term investments (investment securities).

i. Short-term invesments

Short-term investments are those readily realisable investments intended to be held for not more than one year and those with outstanding tenor to maturity of less than one year.

Short-term investments are carried at the lower of cost and market value. Short-term investments in marketable securities are stated at net realisable value. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss account for the period.

Gains and losses on disposal of short term investments are reported as income or loss from investments. Interest earned while holding short term securities is reported as interest income. Treasury bills not held for trading are presented net of unearned discount. Unearned discount is deferred and amortised over the tenor of the underlying treasury bills.

ii.Long-term investments

Long-term investments are investments other than short-term investments. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost or revalued amount. A decline in value is not taken into account unless it is considered to be permanent. When there has been a permanent decline in the value of an investment, the carrying amount of the investment is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exists.

An increase in carrying amount arising from the revaluation of long-term investments is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same investment that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than income.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same investment that was charged to income, is credited to the extent that it offsets the previously recorded decrease.

Interest earned and dividend received on investments are reported as investment income.

Any discount or premium arising on acquisition of long term investment in bonds is included in the original cost of the investment and amortised over the period of purchase to maturity of such bonds.

l. ***Investments in subsidiaries***

Investments in subsidiaries are carried in the Bank's balance sheet at cost less provisions for impairment. Where, in the opinion of the directors, there has been an impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

m. ***Provisions, contingent liabilities and contingent assets***

Provisions are liabilities that are uncertain in timing or amount.

Provisions are recognised when:

- *the Group has a present legal or constructive obligation as a result of past events;*
- *it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.*

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is never recognised rather they are disclosed in the the financial statements when they arise.

n. ***Retirement benefits***

The Bank makes contributions on behalf of qualifying employee to a mandatory scheme under the provisions of Pension Reform Act 2004. Employer contributions are charged to the profit and loss account and the employer's liability is limited to any unremitted contributions under the scheme

Also, the Bank has a non-contributory defined benefit gratutity scheme for employees that have spent a minimum of five years in the service of the bank. The assets of the scheme are partly held independently of the bank's assets in a separate administered fund.

o. ***Cash and cash equivalents***
For the purposes of the cash flow statement, cash and cash equivalents include cash and balances with the Central Bank of Nigeria, Due from other banks (local and foreign) other than the Central Bank of Nigeria and placements with foreign and local banks.

p. ***Borrowings***
Borrowed funds are recognised initially at their issue proceeds and subsequently stated at cost less any repayments.
Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortised over the life of the loan. Interest paid on borrowings is recognised in the profit and loss account for the year.

q. ***Off - balance sheet engagements***
Transactions that are not recognised as assets or liabilities in the balance sheet but which nonetheless give rise to credit risks; contingencies and commitments are reported off balance sheet. Such transactions include letters of credit, bonds, guarantees, indemnities, acceptances, trade related contingencies such as documentary credits. Outstanding and unexpired commitments at balance sheet date in respect of these transactions are shown by way of note to the financial statements.

(i) Acceptances
Acceptances are undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.
Acceptances, which meet the conditions, set out in Central Bank of Nigeria (CBN) Guidelines on the treatment of bankers acceptances and commercial papers are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are recognised and reported net in the financial statements.

(ii) Guarantees and performance bonds
The Bank provides financial guarantees and bonds to third parties on behalf of customers in connection with advance payments, financial bids and project performance.

The amount stated in the financial statements for unsecured bonds and guarantees represent the maximum loss that would be recognised at the balance sheet date should the customers fail to perform as agreed with the third parties.

(iii) Letters of credit
The Bank provides letters of credit to guarantee the performance of customers to third parties.These are accounted for as off-balance sheet engagements. Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognised at the time the services are provided.

r. ***Segment reporting***
A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from other segments of the group.

The Group's primary format for segment reporting is based on geographical and business segments. The geographical and business segments are determined by management based on the Group's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

s. ***Goodwill***
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2009

		GROUP		BANK	
	Note	8months Ended December 2009 N'000	12months Ended April 2009 N'000	8months Ended December 2009 N'000	12months Ended April 2009 N'000
Gross earnings		35,789,264	72,698,313	33,398,740	71,063,543
Interest income	3	27,710,013	55,566,314	25,980,979	54,796,851
Interest expense	4	(11,391,549)	(17,941,441)	(11,479,885)	(17,972,886)
Net interest income		16,318,464	37,624,873	14,501,094	36,823,965
Fee and commission income	5	5,101,656	14,905,923	4,568,607	14,045,236
Fee and commission expense		(516,914)	(1,053,123)	(516,914)	(1,053,123)
Net fee and commission income		4,584,742	13,852,800	4,051,693	12,992,113
Foreign exchange earnings		1,796,015	1,650,947	1,925,130	1,650,947
Income from investments	6	203,005	161,561	106,766	156,931
Other income	7	978,575	413,568	817,258	413,578
Net operating income		23,880,801	53,703,749	21,401,941	52,037,534
Operating expenses	8	(20,383,431)	(27,084,061)	(18,610,485)	(26,460,056)
Provision for losses	16	(2,640,770)	(21,845,923)	(2,066,622)	(21,598,204)
Profit before tax		856,600	4,773,765	724,834	3,979,274
Tax charge	9	(292,262)	(779,222)	(55,463)	(513,462)
Profit after tax attributable to group shareholders		564,338	3,994,543	669,371	3,465,812
The profit for the year is appropriated as follows:					
Transfer to statutory reserve	30	100,406	1,039,744	100,406	1,039,744
Transfer to retained earnings	30	463,932	2,954,799	568,965	2,426,068
		564,338	3,994,543	669,371	3,465,812
Earnings per share in kobo (basic / diluted)	35	3k	25k	4k	21k

The accompanying notes and accounting policies form an integral part of these financial statements.

BALANCE SHEETS

	Note	GROUP DEC. 31, 2009 N'000	GROUP APR. 30, 2009 N'000	BANK DEC. 31, 2009 N'000	BANK APR. 30, 2009 N'000
ASSETS					
Cash and balances with central bank	10	9,010,895	7,169,038	9,009,240	7,168,159
Treasury bills	11	8,521,058	4,429,643	8,521,058	4,429,643
Due from other banks	12	121,786,201	165,145,574	118,652,423	165,149,865
Dealing securities	13	7,280,644	2,072,654	5,859,100	1,974,716
Loans and advances	14	238,732,090	271,103,278	236,844,499	270,188,782
Advances under finance lease	17	1,165,896	2,113,827	1,165,896	2,113,827
Deferred tax assets	27	1,086,256	1,300,378	854,279	1,229,671
Investment securities	18	34,482,892	30,816,527	34,425,090	30,816,527
Investment in subsidiaries	19	-	-	10,865,468	240,150
Goodwill on consolidation	20	6,074,045	-	-	-
Other assets	21	13,662,332	10,449,657	12,522,270	10,191,790
Property, plant and equipment	22	21,817,923	21,001,009	21,361,771	20,906,484
		463,620,232	515,601,585	460,081,094	514,409,614
LIABILITIES					
Customer deposits	23	266,012,607	321,219,293	272,624,017	322,418,759
Due to other banks	24	13,681,208	27,015,927	13,681,101	27,023,049
Borrowings	25	30,178,530	11,183,932	30,178,530	11,183,932
Tax payable	9	2,451,430	2,584,437	1,655,286	2,187,383
Other liabilities	26	20,328,304	22,205,810	12,466,830	21,834,783
Deferred tax liabilities	27	1,083,436	2,096,961	1,078,009	2,087,590
Retirement benefit obligations	28	291,673	239,806	270,261	216,429
		334,027,188	386,546,166	331,954,034	386,951,925
EQUITY					
Share capital	29	8,135,596	8,135,596	8,135,596	8,135,596
Share premium		108,369,199	108,369,199	108,369,199	108,369,199
Reserves	30	13,088,249	12,550,624	11,622,265	10,952,894
Shareholders' funds		129,593,044	129,055,419	128,127,060	127,457,689
LIABILITIES AND EQUITY		463,620,232	515,601,585	460,081,094	514,409,614
ACCEPTANCES AND GUARANTEES	31	50,492,799	42,160,999	50,492,799	42,160,999

The financial statements and accompanying notes and accounting policies were approved by the Board of Directors on May 12, 2010 and signed on its behalf by:

Dr. Jonathan A.D. Long
Chairman

Ladi O Balogun
GMD/CEO

The accompanying notes and accounting policies form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2009

	Note	GROUP		BANK	
		8months Ended December 2009 N'000	12months Ended April 2009 N'000	8months Ended December 2009 N'000	12months Ended April 2009 N'000
OPERATING ACTIVITIES					
Cash generated from/(used up in) operations	34	(46,592,479)	15,221,597	(37,860,217)	14,116,324
Tax paid	9	(1,383,649)	(3,691,652)	(1,221,749)	(3,057,788)
		(47,976,128)	11,529,945	(39,081,966)	11,058,536
FINANCING ACTIVITIES					
Net proceeds from issue of ordinary shares		3,224,078	-	-	-
Dividend paid	30	-	(8,135,596)	-	(8,135,596)
Short term borrowing/(repayment)		18,874,033	(10,102,768)	18,874,033	(10,102,768)
Long term borrowing/(repayment)		120,565	(3,251,800)	120,565	(3,251,800)
		22,218,676	(21,490,164)	18,994,598	(21,490,164)
INVESTING ACTIVITIES					
Investment in subsidiaries		-	(366,060)	(10,625,318)	-
Dividend income	6	108,371	161,561	106,766	156,931
Proceeds from disposal of investment securities		373,067	14,900	278,433	14,900
Purchase of Investments securities		(4,669,734)	(28,070,938)	(4,611,932)	(28,070,938)
(Purchase)/sale of dealing securities		(5,274,620)	(2,162,784)	(3,877,810)	(2,109,043)
Proceeds from disposal of property, plant and equipment		31,808	61,359	21,608	49,613
Purchase of property, plant and equipment		(2,938,506)	(7,260,057)	(2,469,290)	(7,187,336)
		(12,369,614)	(37,622,019)	(21,177,543)	(37,145,873)
DECREASE IN CASH & CASH EQUIVALENTS		(38,127,066)	(47,582,238)	(41,264,911)	(47,577,501)
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD					
Balance at beginning of the period		175,472,641	223,054,879	175,476,053	223,053,554
Balance at end of period	37	137,345,575	175,472,641	134,211,142	175,476,053
DECREASE IN CASH & CASH EQUIVALENTS		(38,127,066)	(47,582,238)	(41,264,911)	(47,577,501)

The accompanying notes and accounting policies form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

1 THE BANK

First City Monument Bank Plc ("the bank" / "FCMB") was incorporated as a private limited liability company on 20 April 1982 and granted a banking license on 11 August 1983. On 15 July 2004, the bank changed its status from a private limited liability company to a public limited liability company and was listed on the Nigerian Stock Exchange by introduction on 21 December 2004. Between December 2005 and February 2006, the bank acquired erstwhile Cooperative Development Bank Plc (CDB), Nigerian-American Bank Limited (NAMBL) and Midas Bank Limited (Midas).

The principal activity of FCMB is the provision of commercial banking, capital market and corporate finance services. These include the granting of credit facilities either by arrangement within the market or direct loans and advances as well as money market and foreign exchange operations. In May 2005, FCMB Capital Markets, a Division of the bank, was incorporated as a wholly owned subsidiary company to carry on the bank's issuing house and other capital market operations. In February 2007, the bank acquired a 75% interest in Credit Direct Limited, a micro-lending institution and the balance of 25% was acquired by FCMB Capital Markets Limited (a wholly owned subsidiary of the Bank) in 2009. In June 16, 2008, the Bank incorporated FCMB UK Limited, a foreign subsidiary in London, a wholly owned subsidiary, which commenced actual trading operations on September 7, 2009. On May 2, 2009, the Bank acquired a 100% controlling interest in CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL). The group financial statements are for the bank and its subsidiaries; FCMB Capital Markets Limited, Credit Direct Limited, FCMB UK Limited,CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL).

2 SEGMENT ANALYSIS

The Group's business is organised along the following segments;

Retail Banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Small and Medium Enterprises (SME) with an annual turnover of less than N300 million are included in the retail banking segment.

Corporate Banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate banking business unit caters for the specific needs of companies with an annual turnover in excess of N300 million.

Treasury and Financial Institutions – Treasury and financial institutions group provides banking facilities to financial institutions generally (banks and non-banks) and funding support to the various business areas ensuring the liquidity of the bank is not compromised. The group is also involved in currency trading incorporating financial instruments trading and structured financing.

Public Sector - government financing, collections and transaction banking

Investment Banking - provides comprehensive banking services to highly structured large corporate organisations. The group is also involved in capital raising activities for organisations both in money and capital markets as well as provides financial advisory services to organisations in raising funds.

Transactions between the business segments are on a transfer pricing basis to reflect the cost and allocation of assets and liabilities. There are no other material items of income and expense between the segments. Internal charges and transfer pricing adjustments have been reflected in the performance of each business segment.

GROUP	Investment Banking N'000	Corporate Banking N'000	Retail Banking N'000	Public Sector N'000	Treasury & Financial Institutions N'000	31 DEC. 2009 TOTAL N'000	30 APR. 2009 TOTAL N'000
External revenues	1,325,837	10,531,658	11,242,595	8,271,310	4,417,864	35,789,264	72,698,313
Total revenue	**1,325,837**	**10,531,658**	**11,242,595**	**8,271,310**	**4,417,864**	**35,789,264**	**72,698,313**
Net operating income	**1,468,210**	**4,807,341**	**8,841,854**	**6,028,473**	**2,734,923**	**23,880,801**	**53,703,749**
Operating Profit before Head Office Overhead	-	2,970,943	1,613,951	3,195,033	1,535,548	9,315,475	15,946,201
Head Office Overhead	-	(2,064,455)	(3,956,871)	(1,731,053)	(471,478)	(8,223,857)	(11,172,436)
Profit before tax	(235,018)	906,488	(2,342,920)	1,463,980	1,064,070	856,600	4,773,765
Income tax expense	24,510	(18,957)	(275,858)	(13,298)	(8,660)	(292,262)	(779,222)
Profit after tax for the year	**(210,508)**	**887,531**	**(2,618,778)**	**1,450,683**	**1,055,411**	**564,338**	**3,994,543**
Segment assets	1,728,582	124,027,284	134,917,912	114,108,908	87,751,290	462,533,976	514,301,207
Unallocated assets						1,086,256	1,300,378
Total Assets	**1,728,582**	**124,027,284**	**134,917,912**	**114,108,908**	**87,751,290**	**463,620,232**	**515,601,585**
Segment liabilities	1,235,902	38,737,200	134,253,531	90,100,378	66,165,311	330,492,322	382,271,193
Unallocated liabilities						133,127,910	133,330,392
Total liabilities	**1,235,902**	**38,737,200**	**134,253,531**	**90,100,378**	**66,165,311**	**463,620,232**	**515,601,585**
Other segment items							
Depreciation	84,560	359,878	1,132,519	399,865	119,959	2,096,781	2,841,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

BANK		Corporate Banking	Retail Banking	Public Sector	Treasury & Financial Institutions	31 DEC. 2009 TOTAL	30 APR. 2009 TOTAL
		N'000	N'000	N'000	N'000	N'000	N'000
External revenues	-	10,531,658	10,177,908	8,271,310	4,417,864	33,398,740	71,063,543
Total revenue	-	**10,531,658**	**10,177,908**	**8,271,310**	**4,417,864**	33,398,740	71,063,543
Net operating income	-	4,807,341	7,831,204	6,028,473	2,734,923	21,401,941	52,037,534
Operating Profit before Head Office Overhead	-	3,335,967	882,143	3,195,033	1,535,548	8,948,691	15,151,710
Head Office Overhead	-	(2,064,455)	(3,956,871)	(1,731,053)	(471,478)	(8,223,857)	(11,172,436)
Profit before tax	-	1,271,512	(3,074,728)	1,463,980	1,064,070	724,834	3,979,274
Income tax expense	-	(18,957)	(14,549)	(13,298)	(8,660)	(55,463)	(513,462)
Profit after tax for the year	-	**1,252,555**	**(3,089,277)**	**1,450,683**	**1,055,411**	669,371	3,465,812
Segment assets	-	124,027,284	131,604,859	114,108,908	89,485,764	459,226,815	513,179,943
Unallocated assets	-					854,279	1,229,671
Total Assets	-	**124,027,284**	**131,604,859**	**114,108,908**	**89,485,764**	460,081,094	514,409,614
Segment liabilities	-	38,737,200	132,483,376	90,100,378	67,899,785	329,220,739	382,676,952
Unallocated liabilities	-					130,860,355	131,732,662
Total liabilities	-	**38,737,200**	**132,483,376**	**90,100,378**	**67,899,785**	460,081,094	514,409,614
Other segment items							
Depreciation	-	**359,878**	**1,119,622**	**399,865**	**119,959**	1,999,324	2,817,601

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

		GROUP		BANK	
		DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
3	***INTEREST INCOME***				
	Loans and advances	23,293,912	33,322,303	21,715,206	32,583,824
	Placements and short term funds	1,007,950	17,666,640	857,622	17,635,656
	Interest on bonds	3,267,130	4,220,265	3,267,130	4,220,265
	Advances under finance lease	141,021	357,106	141,021	357,106
		27,710,013	55,566,314	25,980,979	54,796,851
	Analysis by source				
	Bank	1,007,950	17,666,640	857,622	17,635,656
	Non-bank	26,702,063	37,899,674	25,123,357	37,161,195
		27,710,013	55,566,314	25,980,979	54,796,851
	All interest income was earned within Nigeria. There was none during the period. FCMB UK Limited is a start up company				
4	***INTEREST EXPENSE***				
	Current accounts	629,907	524,231	629,907	524,231
	Savings accounts	257,987	311,292	257,987	311,292
	Term and other deposit accounts	7,508,353	10,490,508	7,596,689	10,521,953
	Inter-bank takings	2,765,295	5,730,901	2,765,295	5,730,901
	Borrowed funds	230,007	884,509	230,007	884,509
		11,391,549	17,941,441	11,479,885	17,972,886
	Interest expense paid outside Nigeria amounted to N230 million (April 2009: N885million).				
5	***FEES AND COMMISSIONS***				
	Credit related fees	2,248,535	6,386,318	1,715,486	6,386,318
	Commission on turnover	1,336,150	2,988,063	1,336,150	2,988,063
	Letters of Credit commissions and fees	411,752	1,903,893	411,752	1,903,893
	Facility management fee	82,366	469,821	82,366	469,821
	Commission on off-balance sheet transactions	157,655	208,912	157,655	208,912
	Other fees and commissions	865,198	2,948,916	865,198	2,088,229
		5,101,656	14,905,923	4,568,607	14,045,236
6	***INCOME FROM INVESTMENTS***				
	Gain on disposal of short-term investments	94,634	-	-	-
	Dividend income	108,371	161,561	106,766	156,931
		203,005	161,561	106,766	156,931
7	***OTHER OPERATING INCOME***				
	Rental income	23,679	32,782	23,679	32,782
	Other income	954,896	380,786	793,579	380,796
		978,575	413,568	817,258	413,578
8	**OPERATING EXPENSES**				
	Staff cost (Note 33)	9,789,770	15,171,228	9,074,274	14,897,917
	Depreciation (Note 22)	2,096,781	2,841,214	1,999,324	2,817,601
	Auditors' remuneration	114,713	100,000	90,000	90,000
	Directors' emoluments (Note 33)	604,095	316,838	454,512	238,515
	Profit on disposal of property, plant and equipment	(6,997)	(13,061)	(6,929)	(12,406)
	Other operating expenses	7,785,069	8,667,842	6,999,304	8,428,429
		20,383,431	27,084,061	18,610,485	26,460,056

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
9 *TAX*				
Charge				
Current tax	1,052,167	815,458	682,404	522,491
Education tax	22,673	122,768	-	102,235
Information technology tax	18,159	47,740	7,248	39,793
Income tax expenses	1,092,999	985,966	689,652	664,519
Deferred tax charge/(abatement) (Note 27)	(800,737)	(206,744)	(634,189)	(151,057)
	292,262	779,222	55,463	513,462
Payable				
Beginning of the period	2,584,437	5,290,123	2,187,383	4,580,652
Tax payable prior year from the acquired subsidiaries	157,643	-	-	-
Tax paid	(1,383,649)	(3,691,652)	(1,221,749)	(3,057,788)
Charge for the period	1,092,999	985,966	689,652	664,519
	2,451,430	2,584,437	1,655,286	2,187,383
10 *CASH AND BALANCE WITH CENTRAL BANK*				
Cash	6,420,194	4,508,267	6,419,539	4,507,388
Operating account with the Central Bank of Nigeria	618,122	1,389,157	618,122	1,389,157
Mandatory reserve deposits	1,972,579	1,271,614	1,971,579	1,271,614
	9,010,895	7,169,038	9,009,240	7,168,159
Mandatory reserve deposits are not available for use in the Bank's day to day operations				
11 *TREASURY BILLS*				
Nigerian Government Treasury bills	8,521,058	4,429,643	8,521,058	4,429,643
	8,521,058	4,429,643	8,521,058	4,429,643
12 DUE FROM OTHER BANKS				
Current balances within Nigeria	3,484,935	19,886,380	1,899,048	19,890,671
Current balances outside Nigeria	14,944,966	11,572,694	14,639,715	11,572,694
Placements within Nigeria	103,356,300	133,686,500	102,113,660	133,686,500
	121,786,201	165,145,574	118,652,423	165,149,865

Balances with banks outside Nigeria include N2.3billion (April 2009: N2.9billion) which represents the naira value of foreign currency amounts held by the bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities.(See Note 26).

	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
13 DEALING SECURITIES				
Federal Government of Nigeria (FGN) Bonds	2,527,635	1,981,290	2,527,635	1,981,290
HTM Private Placement Underwriting	3,331,465	-	3,331,465	-
Quoted equity securities	1,600,867	204,057	-	-
	7,459,967	2,185,347	5,859,100	1,981,290
Provisions for diminution in value	(179,323)	(112,693)	-	(6,574)
	7,280,644	2,072,654	5,859,100	1,974,716
14 LOANS AND ADVANCES				
Overdraft	53,461,995	63,260,099	55,232,042	63,260,099
Term loans	181,759,095	117,096,183	178,003,592	116,137,859
Commercial papers	22,214,228	114,837,832	22,214,228	114,837,832
	257,435,318	295,194,114	255,449,862	294,235,790
Loan loss provision (Note 15a)	(15,926,276)	(21,706,532)	(15,828,411)	(21,662,704)
Interest in suspense (Note 15b)	(2,776,952)	(2,384,304)	(2,776,952)	(2,384,304)
	238,732,090	271,103,278	236,844,499	270,188,782

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
Analysis by security				
Secured against real estate	66,125,120	84,872,535	68,368,388	83,914,211
Secured by shares of quoted companies	35,420,969	15,283,588	35,420,969	15,283,588
Otherwise secured	127,018,133	187,012,318	122,789,409	187,012,318
Unsecured	28,871,096	8,025,673	28,871,096	8,025,673
	257,435,318	295,194,114	255,449,862	294,235,790
Analysis by performance				
Performing	234,918,290	265,320,225	232,932,834	264,361,901
Non-performing;				
- Substandard	1,630,499	2,565,442	1,630,499	2,565,442
- Doubtful	5,292,812	12,968,958	5,292,812	12,968,958
- Lost	15,593,717	14,339,489	15,593,717	14,339,489
	257,435,318	295,194,114	255,449,862	294,235,790
Analysis by maturity				
0 - 30 days	80,208,267	102,354,409	78,222,811	101,396,085
1 - 3 months	17,964,229	35,181,498	17,964,229	35,181,498
3 - 6 months	18,517,947	15,871,681	18,517,947	15,871,681
6 -12 months	44,398,556	44,351,943	44,398,556	44,351,943
Over 12 months	96,346,319	97,434,583	96,346,319	97,434,583
	257,435,318	295,194,114	255,449,862	294,235,790

15 *LOAN LOSS PROVISION AND INTEREST IN SUSPENSE*

	GROUP DEC. 31, 2009 N'000	GROUP APR. 30, 2009 N'000	BANK DEC. 31, 2009 N'000	BANK APR. 30, 2009 N'000
(a) MOVEMENT IN LOAN LOSS PROVISION				
At beginning of period:				
-Non-performing	19,053,330	3,614,858	19,019,085	3,614,858
-performing	2,653,202	1,957,597	2,643,619	1,879,562
	21,706,531	5,572,456	21,662,704	5,494,420
Additional provision:				
-Non-performing	9,120,487	18,933,693	9,064,866	18,899,449
-performing	(2,645,203)	695,605	(2,643,619)	764,057
Amounts written off	(7,157,634)	(3,488,323)	(7,157,634)	(3,488,323)
Provision no longer required	(5,097,906)	(6,899)	(5,097,906)	(6,899)
At end of period:				
-Non-performing	15,918,277	19,053,330	15,828,411	19,019,085
-performing	7,999	2,653,202	-	2,643,619
	15,926,276	21,706,532	15,828,411	21,662,704
(b) MOVEMENT IN INTEREST IN SUSPENSE				
Beginning of period:	2,384,304	1,187,385	2,384,304	1,187,385
Suspended during the year	4,040,960	1,837,201	4,040,960	1,837,201
Amounts written back	(2,189,396)	(640,282)	(2,189,396)	(640,282)
Amounts written off	(1,458,916)	-	(1,458,916)	-
At end of period	2,776,952	2,384,304	2,776,952	2,384,304

16 PROVISION FOR LOSSES

The charge for the period is analysed as follows;	GROUP DEC. 31, 2009 N'000	GROUP APR. 30, 2009 N'000	BANK DEC. 31, 2009 N'000	BANK APR. 30, 2009 N'000
Loans and advances - specific	4,020,997	18,926,794	3,966,960	18,892,550
Loans and advances - general	(2,643,619)	695,605	(2,643,619)	764,057
Advances under finance lease	(21,352)	(1,847)	(21,352)	(1,847)
Investments	715,742	1,667,828	718,362	1,561,709
Other assets	521,879	597,292	(852)	421,484
Loans recovery	(62,550)	(85,418)	(62,550)	(85,418)
Direct credits write-off	109,673	45,669	109,673	45,669
	2,640,770	21,845,923	2,066,622	21,598,204

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	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
17 ADVANCES UNDER FINANCE LEASE				
Gross investment	1,375,505	2,579,519	1,375,505	2,579,519
Less: unearned income	(209,609)	(444,340)	(209,609)	(444,340)
Net investment	1,165,896	2,135,179	1,165,896	2,135,179
General provision for performing loans	-	(21,352)	-	(21,352)
	1,165,896	2,113,827	1,165,896	2,113,827
Analysis by performance				
Performing	1,165,896	2,135,179	1,165,896	2,135,179
Analysis by maturity				
0 - 30 days	77,018	83,484	77,018	83,484
1 - 3 months	223,483	45,061	223,483	45,061
3 - 6 months	207,266	151,003	207,266	151,003
6 -12 months	358,978	1,258,460	358,978	1,258,460
Over 12 months	299,151	597,171	299,151	597,171
	1,165,896	2,135,179	1,165,896	2,135,179
Movement in general provision				
At 1 April 2009	21,352	23,199	21,352	23,199
Net change	(21,352)	(1,847)	(21,352)	(1,847)
At 31 December 2009	-	21,352	-	21,352
18 INVESTMENT SECURITIES				
a) Quoted				
Federal Government of Nigeria (FGN) Bonds	24,125,611	23,201,348	24,125,611	23,201,348
African Petroleum Plc - ordinary shares	1,989,356	1,989,356	1,989,356	1,989,356
	26,114,967	25,190,704	26,114,967	25,190,704
Provision for diminution in value	(1,749,703)	(1,561,468)	(1,749,703)	(1,561,468)
	24,365,264	23,629,236	24,365,264	23,629,236
b) Unquoted				
i) SME Investments				
SME Partnership Limited	86,763	86,763	86,763	86,763
Deebee Company Limited	30,000	30,000	30,000	30,000
S & B Printers Limited	48,039	48,039	48,039	48,039
Tinapa Business Resort Limited	250,000	250,000	250,000	250,000
American Hospital, Abuja	50,000	50,000	50,000	50,000
Tevoli Limited	-	120,406	-	120,406
First SME Limited	11,250	11,250	11,250	11,250
EWA Pharm, Agric and Chemical Company Limited	10,000	10,000	10,000	10,000
Heron Holdings Limited	9,835	9,835	9,835	9,835
Emel Hospital Limited	8,800	8,800	8,800	8,800
Nigerian Automated Clearing Systems	7,000	7,000	7,000	7,000
Channel House Limited	4,000	4,000	4,000	4,000
	515,687	636,093	515,687	636,093
Provision for diminution in value	(421,924)	-	(421,924)	-
	93,763	636,093	93,763	636,093

NOTES TO THE FINANCIAL STATEMENTS
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	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
ii) Others				
First Inland Bank Plc - preference shares	4,444,480	4,444,480	4,444,480	4,444,480
Smartcard Nigeria Plc	22,804	22,804	22,804	22,804
Nigeria Inter-bank Settlement System Plc	52,583	52,583	52,583	52,583
Kakawa Discount House Limited	22,800	22,800	22,800	22,800
Interswitch Nigeria Limited	10,420	10,420	10,420	10,420
ATSC International Nigeria Limited	50,000	50,000	50,000	50,000
Credit Reference Company Limited	61,111	61,111	61,111	61,111
African Finance Corporation Limited	1,287,000	1,287,000	1,287,000	1,287,000
Legacy Limited	300,000	300,000	300,000	300,000
Private Equity Funds	2,687,669	-	2,687,669	-
Rivers State Microfinance Agency	1,000,000	-	1,000,000	-
Food Concept Limited	11,700	-	-	-
Industrial and General Insurance Limited	35,000	-	-	-
CSCS Limited	500	-	-	-
Hygia Nigeria Limited	602	-	-	-
Financial Derivative Limited	10,000	-	-	-
	9,996,669	6,251,198	9,938,867	6,251,198
Provision for diminution in value	(72,804)	-	(72,804)	-
Revalued amount	9,923,865	6,251,198	9,866,063	6,251,198
iii). Debt securities				
Lagos State Government Bond (2005/2009)	-	200,000	-	200,000
Lagos State Government Bond [Series 1] 2008/2013	100,000	100,000	100,000	100,000
	100,000	300,000	100,000	300,000
	34,482,892	30,816,527	34,425,090	30,816,527

Movement in investment securities				
At 1 May 2009	30,816,527	4,321,957	30,816,527	4,321,957
Additions	4,669,734	28,070,938	4,611,932	28,070,938
Redemption	(278,433)	(14,900)	(278,433)	(14,900)
Provisions for diminution in value	(724,936)	(1,561,468)	(724,936)	(1,561,468)
At 31 December 2009	34,482,892	30,816,527	34,425,090	30,816,527

i). The market value of short term investments are Group N7.28 billion (April 2009: N2.07billion) and Bank N5.86billion (April 2009: N1.97billion)

ii). The market value of long term listed investments are Group N24.37billion (April 2009: N23.63billion) and Bank N24.37billion (April 2009: N23.63billion)

iii). Included in listed debt securities is N24.13billion (April 2009: N23.20billion) in various Federal Government of Nigeria Bonds. The maturity date of these bonds range from December 2012 to June 2025 with interest rates ranging from 7.95% to 12.5%. An amount of N17.7billion (April 2009: N11.8billion) of these bonds is pledged with the Central Bank of Nigeria and other counterparties as collateral for various transactions.

iv). The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the bank's investment under the Small and Medium Industries Equity Investment Scheme (SMIEIS). A total of N516million (April 2009: N636million) have so far been invested under the scheme. Due to the effective percentage holding of the bank in these companies, some of them qualify as associates. However, they are not consolidated as the bank is not expected to exercise influence, and control is temporary, as the investments are expected to be realised within 5 years.

PROPERTY, PLANT AND EQUIPMENT

GROUP

	Capital Work in progress N'000	*Leasehold land and buildings* N'000	*Motor vehicles* N'000	*Furniture and fittings* N'000	*Machinery & equipment* N'000	*Computer equipment* N'000	*Total* N'000
Cost							
At 1 May 2009	5,263,581	9,489,026	3,356,862	1,928,476	2,787,645	5,172,657	**27,998,247**
Additions	1,400,365	204,503	521,101	168,527	27,573	699,414	**3,021,483**
Disposal	-	-	(127,181)	(637)	(13,350)	(3,481)	**(144,649)**
Reclassifications	(33,381)	19,780	-	-	-	13,601	-
Items written-off	(82,977)	-	-	-	-	-	**(82,977)**
At 31 December 2009	**6,547,588**	**9,713,309**	**3,750,782**	**2,096,366**	**2,801,868**	**5,882,191**	**30,792,104**
Depreciation							
At 1 May 2009	-	892,807	1,761,021	827,078	1,256,171	2,260,161	**6,997,238**
Charge for the period	-	106,364	712,307	220,271	149,386	908,453	**2,096,781**
Eliminated on disposal	-	-	(105,069)	(537)	(12,161)	(2,071)	**(119,838)**
At 31 December 2009	-	**999,171**	**2,368,259**	**1,046,812**	**1,393,396**	**3,166,543**	**8,974,181**
Net book amount							
At 31 December 2009	**6,547,588**	**8,714,138**	**1,382,523**	**1,049,554**	**1,408,472**	**2,715,648**	**21,817,923**
Net book amount							
At 30 April 2009	5,263,581	8,596,219	1,595,841	1,101,398	1,531,474	2,912,496	21,001,009

BANK

	Capital Work in progress N'000	*Leasehold land and buildings* N'000	*Motor vehicles* N'000	*Furniture and fittings* N'000	*Machinery & equipment* N'000	*Computer equipment* N'000	*Total* N'000
Cost							
At 1 May 2009	5,263,665	9,489,026	3,283,279	1,901,835	2,787,844	5,140,244	**27,865,893**
Additions	1,235,380	290,465	422,373	86,138	34,972	482,939	**2,552,267**
Disposal	-	-	(111,098)	(637)	(13,350)	(186)	**(125,271)**
Reclassifications	(33,381)	19,780	-	-	-	13,601	-
Items written-off	(82,977)	-	-	-	-	-	**(82,977)**
At 31 December 2009	**6,382,687**	**9,799,271**	**3,594,554**	**1,987,336**	**2,809,466**	**5,636,598**	**30,209,912**
Depreciation							
At 1 May 2009	-	892,807	1,744,137	816,261	1,253,545	2,252,659	**6,959,409**
Charge for the period	-	99,925	683,951	206,186	147,647	861,615	**1,999,324**
Eliminated on disposal	-	-	(97,712)	(537)	(12,161)	(182)	**(110,592)**
At 31 December 2009	-	**992,732**	**2,330,376**	**1,021,910**	**1,389,031**	**3,114,092**	**8,848,141**
Net book amount							
At 31 December 2009	**6,382,687**	**8,806,539**	**1,264,178**	**965,426**	**1,420,435**	**2,522,506**	**21,361,771**
Net book amount							
At 30 April 2009	5,263,665	8,596,219	1,539,142	1,085,574	1,534,299	2,887,585	20,906,484

Work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
23 CUSTOMER DEPOSITS				
Current accounts	113,505,211	144,566,294	113,505,211	145,765,760
Savings accounts	16,720,616	16,690,559	16,720,616	16,690,559
Term and other deposit accounts	123,084,195	150,109,882	129,695,605	150,109,882
Domiciliary deposits	12,567,252	9,849,840	12,567,252	9,849,840
Electronic purse	135,333	2,718	135,333	2,718
	266,012,607	321,219,293	272,624,017	322,418,759
Analysis by maturity				
0 - 30 days	210,825,664	290,094,134	217,437,074	291,293,600
1 - 3 months	49,029,722	29,925,692	49,029,722	29,925,692
3 - 6 months	5,985,890	1,025,087	5,985,890	1,025,087
6 -12 months	161,661	174,180	161,661	174,180
Over 12 months	9,670	200	9,670	200
	266,012,607	321,219,293	272,624,017	322,418,759
24 DUE TO OTHER BANKS				
Takings from banks and financial institutions	13,681,208	27,015,927	13,681,101	27,023,049
	13,681,208	27,015,927	13,681,101	27,023,049
25 BORROWINGS				
i). Short-term borrowings				
African Export-Import Bank	10,446,747	-	10,446,747	-
ICICI Bank	3,155,891	-	3,155,891	-
GML Capital	1,619,062	-	1,619,062	-
Standard Chartered Bank, London	7,478,415	3,826,082	7,478,415	3,826,082
	22,700,115	3,826,082	22,700,115	3,826,082
ii). Long-term borrowings				
Standard Bank, London	7,478,415	7,357,850	7,478,415	7,357,850
	7,478,415	7,357,850	7,478,415	7,357,850
	30,178,530	11,183,932	30,178,530	11,183,932
Analysis by maturity				
0 - 30 days	-	1,324,413	-	1,324,413
1 - 3 months	13,602,639	1,177,256	13,602,639	1,177,256
3 - 6 months	9,097,476	1,324,413	9,097,476	1,324,413
6 -12 months	-	-	-	-
Over 12 months	7,478,415	7,357,850	7,478,415	7,357,850
	30,178,530	11,183,932	30,178,530	11,183,932
26 OTHER LIABILITIES				
Customers' deposit for letters of credit (Note 12)	2,303,358	2,925,932	2,303,358	2,925,932
Bank cheques/drafts	3,047,048	3,539,906	3,021,723	3,539,906
Interest payable	644,863	628,516	644,022	628,516
Unearned income	524,936	2,619,221	524,936	2,619,221
Proceeds from public offers	55,255	2,056,834	-	1,989,419
Accounts payable	10,284,395	3,871,611	3,126,258	3,758,582
Accrued expenses	2,414,336	1,448,051	1,803,728	1,257,468
Others	1,054,113	5,115,739	1,042,805	5,115,739
	20,328,304	22,205,810	12,466,830	21,834,783

	GROUP		BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
27 DEFERRED TAX				
At 1 May	796,583	1,010,384	857,919	1,008,976
Charge for prior year from the acquired subsidiaries	1,334	(7,057)	-	-
Charge for the period (Note 9)	(800,737)	(206,744)	(634,189)	(151,057)
	(2,820)	796,583	223,730	857,919
The balance sheet amounts comprise				
Deferred tax assets	(1,086,256)	(1,300,378)	(854,279)	(1,229,671)
Deferred tax liabilities	1,083,436	2,096,961	1,078,009	2,087,590
	(2,820)	796,583	223,730	857,919
8 RETIREMENT BENEFIT OBLIGATIONS				
The amounts recognised in the balance sheet comprise:				
Defined contribution schemes	39,338	26,319	36,631	21,647
Defined gratuity scheme	252,335	213,487	233,630	194,782
	291,673	239,806	270,261	216,429
Movement in the liability recognised in the balance sheet:				
(i) Defined contribution schemes:				
At 1 May	26,319	75,187	21,647	75,187
Charge to profit and loss/Contribution	395,867	680,329	397,832	600,792
Contributions remitted	(382,848)	(729,197)	(382,848)	(654,332)
At 31 December	39,338	26,319	36,631	21,647

The bank makes pension contribution to the Retirement Savings Account of each qualifying employee (defined contribution) in line with the Pension Reform Act of 2004. Employees and the bank contribute to the scheme at 7.5% and 7.5% respectively of the employees' annual basic salary, transport and housing allowance.

(ii) Defined gratuity scheme				
At 1 May	213,487	213,487	194,782	200,774
Charge to profit and loss	90,000	63,523	90,000	60,000
Payments	(51,152)	(63,523)	(51,152)	(65,992)
At 31 December	252,335	213,487	233,630	194,782

The bank has a non-contributory defined gratuity scheme wherein staff who have spent a minimum number of years are paid a sum on exit based on their qualifying emoluments and the number of years spent in service of the bank.

29 SHARE CAPITAL				
Authorised:				
20 billion ordinary shares of 50 kobo each	10,000,000	10,000,000	10,000,000	10,000,000

	NUMBER GROUP		NUMBER BANK	
	DEC. 31, 2009 '000	APR. 30, 2009 '000	DEC. 31, 2009 '000	APR. 30, 2009 '000
Issued and fully paid ordinary shares of 50 kobo each:	16,271,192	16,271,192	16,271,192	16,271,192

	NGN'000 GROUP		NGN'000 BANK	
	DEC. 31, 2009 N'000	APR. 30, 2009 N'000	DEC. 31, 2009 N'000	APR. 30, 2009 N'000
Issued and fully paid ordinary shares of 50 kobo each:	8,135,596	8,135,596	8,135,596	8,135,596

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30 RESERVES

GROUP	Proposed dividend	Translation reserve	Statutory reserve	Investment in SMEs reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 May 2008	-	-	7,851,372	658,637	8,618,326	**17,128,335**
Acquired net assets	-	-	-	-	(436,658)	**(436,658)**
Transfer from retained earnings	8,135,596	-	-	-	(8,135,596)	**-**
Dividend paid	(8,135,596)	-	-	-	-	**(8,135,596)**
Transfer from profit and loss account	-		1,039,744	-	2,954,799	**3,994,543**
At 30 April 2009 / 1 May 2009	**-**	**-**	**8,891,116**	**658,637**	3,000,871	**12,550,624**
Net change due to exchange rate movement	-	(26,713)	-	-	-	**(26,713)**
Transfer from profit and loss account	-	-	100,406	-	463,932	**564,338**
At 31 December 2009	**-**	**(26,713)**	**8,991,522**	**658,637**	3,464,803	**13,088,249**

BANK	Proposed dividend	Statutory reserve	Investment in SMEs reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000
At 1 May 2008	-	7,851,372	658,637	7,112,669	**15,622,678**
Dividend paid	8,135,596	-	-	(8,135,596)	**-**
Transfer from profit and loss account	(8,135,596)	1,039,744	-	2,426,068	**(4,669,784)**
At 30 April 2009 / 1 May 2009	**-**	**8,891,116**	**658,637**	1,403,141	**10,952,894**
Transfer from profit and loss account	-	100,406	-	568,965	**669,371**
At 31 December 2009	**-**	**8,991,522**	**658,637**	1,972,106	**11,622,265**

Nigerian banking regulations require the bank to make an annual appropriation to a statutory reserve. An appropriation of 15% of profit after tax is made if the statutory reserve is greater than the paid-up share capital and 30% of profit after tax if the statutory reserve is less than the paid up share capital.

31 CONTINGENT LIABILITIES AND COMMITMENTS

a). LEGAL PROCEEDINGS

The bank has contingent liabilities in respect of ongoing legal proceedings amounting to N830.80million (April 2009:N2.20billion). No provision has been made in these financial statements as the directors are of the opinion that no significant liability will eventuate.

b). CAPITAL COMMITMENTS

At the balance sheet date, the bank had capital commitments amounting to N1.2billion (April 2009:N6.9billion) in respect of authorized and contracted capital projects.

c). CREDIT RELATED COMMITMENTS

In the normal course of business, the bank is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	GROUP		BANK	
	DEC. 31, 2009	APR. 30, 2009	DEC. 31, 2009	APR. 30, 2009
	N'000	N'000	N'000	N'000
Performance bonds and guarantees	19,257,617	17,013,197	19,257,617	17,013,197
Clean line letters of credit	31,235,182	25,147,802	31,235,182	25,147,802
	50,492,799	42,160,999	50,492,799	42,160,999

Clean line letters of credit, which represent irrevocable assurances that the bank will make payments in the event that a customer cannot meet its obligations, carry the same credit risk as loans.

32 RELATED PARTY TRANSACTIONS

In the normal course of business, the Bank enters into transactions with related parties, including acceptance of deposits and granting of credit facilities, on commercial terms. The aggregate amount of credit facilities to related parties including loans and advances under finance lease outstanding in the books of the Bank as at 31 December 2009 are as follows;

a) Loans and advances outstanding as at 31 December 2009

Included in loans and advances is an amount of N19.39billion (April 2009: N15.59billion) representing credits facilities to companies in which certain Directors have interests. The balances as at 31 December 2009 are as follow;

Name of company / Individual	Relationship	Facility type	N'million	Status	Security Status
ATSC International Limited	Shareholder	Overdraft	2.02	Performing	Perfected
City Securities Limited	Directors-Shareholders	Overdraft	0.02	Performing	Perfected
Credit Direct Limited	Subsidiary	Overdraft	1,770.05	Performing	Perfected
CSL Nominees Ltd	Shareholder	Overdraft	6.23	Performing	Perfected
CSL Stockbrokers Limited	Subsidiary	Overdraft	0.00	Performing	Perfected
Chapel Hill Advisory Partners	Shareholder	Overdraft	1,185.99	Performing	Perfected
Financial Derivatives Company	Shareholder	Overdraft	0.00	Performing	Perfected
Primrose Property Investment Limited	Shareholder	Overdraft	0.19	Performing	Perfected
S & B Printers Limited	Directors-Shareholders	Overdraft	14.87	Performing	Perfected
ATSC International Limited	Shareholder	Term Loan	6.80	Performing	Perfected
Chellarams Nigeria Plc	Shareholder	Term Loan	85.18	Performing	Perfected
CSL Nominees Ltd	Shareholder	Term Loan	37.50	Performing	Perfected
FDC Consulting Limited	Directors-Shareholders	Term Loan	200.00	Performing	Perfected
Financial Derivatives Company	Shareholder	Term Loan	35.00	Performing	Perfected
First City Asset Management Limited	Directors-Shareholders	Term Loan	1,500.00	Performing	Perfected
Helios Towers Nigeria Limited	Directors-Shareholders	Term Loan	14,542.21	Performing	Perfected
S & B Printers Limited	Shareholder	Term Loan	6.11	Performing	Perfected
			19,392.19		

b) Deposits outstanding as at 31 December 2009

Included in deposit is an amount of N24.96billion (April 2009: N8.71billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2009 are as follow;

Name of company / Individual	Relationship	Type of deposit	Dec. 2009 N'million	Apr. 2009 N'million
ATSC International Limited	Shareholder	Current Account	0.28	-
Blue-Chip Holdings Limited	Shareholder	Current Account	0.05	1.76
Chapel Hill Advisory Partners	Shareholder	Current Account	2.61	8.72
City Securities (Registrar) Limited	Subsidiary	Current Account	93.13	3.74
City Securities Limited	Directors-Shareholders	Current Account	71.21	79.92
Credit Direct Limited	Subsidiary	Current Account	0.78	0.97
CSL Nominees Limited	Shareholder	Current Account	0.01	0.01
CSL Stockbrokers Limited	Subsidiary	Current Account	890.24	4,256.90
FDC Consulting Limited	Directors-Shareholders	Current Account	215.82	-
Financial Derivatives Company	Shareholder	Current Account	209.21	-
First City Asset Management Limited	Directors-Shareholders	Current Account	242.50	18.15
Helios Towers Nigeria Limited	Directors-Shareholders	Current Account	12,206.72	-
Lana Securities Limited	Shareholder	Current Account	1.26	0.44
Primrose Development Company Limited	Shareholder	Current Account	4.19	39.00
Primrose Investments Limited	Shareholder	Current Account	0.04	0.27

Name of company / Individual	*Relationship*	*Type of deposit*	*Dec. 2009 N'million*	*Apr. 2009 N'million*
Primrose Property Investment Limited	*Shareholder*	*Current Account*	*93.69*	*320.41*
S & B Printers Limited	*Directors-Shareholders*	*Current Account*	*0.51*	*0.47*
Swap Technology & Telecoms Limited	*Director*	*Current Account*	*3.38*	*-*
Blue-Chip Holdings Limited	*Shareholder*	*Time Deposit*	*0.22*	*0.21*
City Securities (Registrar) Limited	*Subsidiary*	*Time Deposit*	*3,627.27*	*2,738.08*
City Securities Limited	*Directors-Shareholders*	*Time Deposit*	*0.20*	*0.19*
CSL Stockbrokers Limited	*Subsidiary*	*Time Deposit*	*705.94*	*874.20*
Financial Derivatives Company	*Shareholder*	*Time Deposit*	*52.07*	*-*
First City Asset Management Limited	*Directors-Shareholders*	*Time Deposit*	*2,300.81*	*206.86*
Helios Towers Nigeria Limited	*Directors-Shareholders*	*Time Deposit*	*3,882.63*	*-*
Primrose Development Company Limited	*Shareholder*	*Time Deposit*	*32.92*	*154.32*
Primrose Investments Limited	*Shareholder*	*Time Deposit*	*56.86*	*1.94*
S & B Printers Limited	*Directors-Shareholders*	*Time Deposit*	*0.24*	*3.88*
			24,694.78	*8,710.45*

	Note	GROUP DEC. 31, 2009	GROUP APR. 30, 2009	BANK DEC. 31, 2009	BANK APR. 30, 2009
33 EMPLOYEES AND DIRECTORS					
(a). EMPLOYEES					
The average number of persons employed during the year by category:					
		Number	Number	Number	Number
Executive directors		9	6	5	5
Management		482	595	457	590
Non-management		2,061	1,762	1,671	1,654
		2,552	2,363	2,133	2,249
Compensation for the above persons (excluding executive directors):		N'000	N'000	N'000	N'000
Salaries and wages		9,524,368	14,782,204	8,808,872	14,527,140
Retirement benefit cost		265,402	389,024	265,402	370,777
		9,789,770	15,171,228	9,074,274	14,897,917

The number of employees of the Bank, including executive directors, who received emoluments in the following ranges were:

	DEC. 31, 2009 Number	APR. 30, 2009 Number	DEC. 31, 2009 Number	APR. 30, 2009 Number
Less than N1,800,000.00	551	534	173	438
N1,800,001 - N2,500,000	663	681	654	674
N2,500,001 - N3,500,000	497	535	484	529
N3,500,001 - N4,500,000	367	205	360	201
N4,500,001 - N5,500,000	156	171	153	171
N5,500,000 and above	318	237	309	236
	2,552	2,363	2,133	2,249
(b). DIRECTORS	N'000	N'000	N'000	N'000
The remuneration paid to the directors of the bank (excluding pension and certain allowances) was:				
Fees and sitting allowances	66,604	42,900	28,300	38,900
Executive compensation	225,938	224,941	176,401	167,351
	292,542	267,841	204,701	206,251
Directors' other expenses	311,553	48,997	249,811	32,264
	604,095	316,838	454,512	238,515
The Directors' remuneration shown above includes:				
The Chairman	4,758	5,128	4,758	4,678
Highest paid director	48,162	50,267	48,162	50,267

	NOTE	GROUP DEC. 31, 2009 N'000	GROUP APR. 30, 2009 N'000	BANK DEC. 31, 2009 N'000	BANK APR. 30, 2009 N'000
34 CASH GENERATED FROM OPERATIONS					
Reconciliation of profit before tax to cash generated from operations:					
Operating profit		856,600	4,773,765	724,834	3,979,274
Gain on disposal of investments	6	(94,634)	-	-	-
Investment income	6	(108,371)	(161,561)	(106,766)	(156,931)
Provision/(write back) - loans and advances	15	1,377,378	19,622,399	1,323,341	19,656,607
Provision/(write back) - other assets and contingencies	15	521,879	597,292	-852	421,484
Provision/(write back) - finance leases	15	(21,352)	(1,847)	(21,352)	(1,847)
Provision for Diminution in investments	15	715,742	1,667,828	718,362	1,561,709
Loans recovery	15	(62,550)	(85,418)	(62,550)	(85,418)
Direct credits write-off	15	109,673	45,669	109,673	45,669
Interest in suspense written off	14b	(1,458,916)	-	(1,458,916)	-
Depreciation	22	2,096,781	2,841,214	1,999,324	2,817,601
Profit on disposal of property, plant and equipment		(6,997)	(13,061)	(6,929)	(12,406)
Write off of other assets previously provided for		(24,252)	(79,657)	(24,252)	(4,846)
(Decrease)/increase in interest in suspense		1,851,564	1,196,919	1,851,564	1,196,919
		5,752,545	30,403,542	5,045,481	29,417,815
Increase in loans and advances		37,758,796	(101,799,891)	38,785,928	(100,988,779)
Decrease/(increase) in advances under finance leases		969,283	184,769	969,283	184,769
Decrease/(increase) in interest receivable and prepayments		(427,131)	(3,095,850)	(229,525)	(3,096,542)
Decrease/(increase) in accounts receivable and consumables		(3,545,081)	1,302,519	(2,075,851)	(417,898)
Decrease/(Increase) in pledged treasury bills		-	20,000,000	-	20,000,000
Decrease/(Increase) in mandatory reserve deposits		(700,965)	1,298,019	(699,965)	1,298,019
Increase / (decrease) in deposits		(68,541,405)	70,781,042	(63,136,690)	71,630,656
Increase/(decrease) in foreign currency denominated liability		(622,574)	(766,079)	(622,574)	(766,079)
Increase/(decrease) in bank cheques issued		(492,858)	(2,319,384)	(518,183)	(2,319,384)
Increase/(decrease) in proceeds from third party public offers		(2,001,579)	1,997,628	(1,989,419)	1,989,419
Increase in interest payable and accrued expenses		(14,741,510)	(2,764,718)	(13,388,702)	(2,815,673)
Cash generated from/(used up in) operations		(46,592,479)	15,221,597	(37,860,217)	14,116,324

35 *EARNINGS PER SHARE*

Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The bank has no dilutive shares.

	GROUP DEC. 31, 2009	GROUP APR. 30, 2009	BANK DEC. 31, 2009	BANK APR. 30, 2009
Net profit attributable to shareholders (N'000)	564,338	3,994,543	669,371	3,465,812
Number of ordinary shares in issue ('000)	16,271,192	16,271,192	16,271,192	16,271,192
Earnings per share -basic / diluted	3k	25k	4k	21k

36 *ACQUISITIONS*

On May 2, 2009, the Bank acquired 100% controlling interest in CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL), erstwhile related companies of the Bank by common directorship. The necessary approvals were obtained from the Central Bank of Nigeria and Securities and Exchange Commission on the acquisitions. The acquired companies contributed operating income of N1.23billion to the Group for the period ended 31 December 2009. The net assets acquired, purchase consideration and carrying amount of the investment are as shown below;

	CSLS N'000	CSRL N'000	TOTAL N'000
Purchase consideration (settled in cash)	6,002,000	898,000	6,900,000
Net assets acquired as at 30 April 2009:	(405,056)	(420,899)	(825,955)
Goodwill on acquisitions	5,596,944	477,101	6,074,045

40 CONDENSED FINANCIAL INFORMATION:

	BANK N'000	FCMB CAPITAL MARKETS LIMITED N'000	CREDIT DIRECT LIMITED N'000	FCMB UK LIMITED N'000	CSLS N'000	CSRL N'000	TOTAL N'000	CONSOLIDATION JOURNAL ENTRIES N'000	GROUP N'000
RESULTS OF OPERATIONS									
Operating income	21,401,941	108,010	1,064,687	77,888	578,280	649,995	23,880,801	-	23,880,801
Operating expenses	(18,610,485)	(229,462)	(278,842)	(442,912)	(531,104)	(290,626)	(20,383,431)	-	(20,383,431)
Provision expense	(2,066,622)	(43,019)	(54,037)	-	(471,264)	(5,828)	(2,640,770)	-	(2,640,770)
Profit before tax	724,834	(164,471)	731,808	(365,024)	(424,088)	353,541	856,600	-	856,600
Tax	(55,463)	-	(261,309)	-	200,357	(175,847)	(292,262)	-	(292,262)
Profit after tax	**669,371**	**(164,471)**	**470,499**	**(365,024)**	**(223,731)**	**177,694**	**564,338**	-	**564,338**
FINANCIAL POSITION									
Assets									
Cash and balances with central banks	9,009,240	250	240	-	1,000	165	9,010,895	-	9,010,895
Treasury bills	8,521,058	-	-	-	-	-	8,521,058	-	8,521,058
Due from other banks	118,652,423	1,114,576	745	600,513	1,463,920	6,565,435	128,397,612	(6,611,411)	121,786,201
Dealing securities	5,859,100	101,794	-	-	1,288,274	31,476	7,280,644	-	7,280,644
Loans and advances	236,844,499	157,889	3,228,102	2,911	76,040	192,695	240,502,136	(1,770,046)	238,732,090
Advances under finance lease	1,165,896	-	-	-	-	-	1,165,896	-	1,165,896
Deferred tax asset	854,279	-	-	-	231,977	-	1,086,256	-	1,086,256
Investment securities	34,425,090	-	-	-	57,802	-	34,482,892	-	34,482,892
Investment in subsidiaries	10,865,468	366,060	-	-	140,000	-	11,371,528	(11,371,528)	-
Goodwill on consolidation	-	-	-	-	-	-	-	6,074,045	6,074,045
Other assets	12,522,270	164,361	2,707	119,321	645,651	328,711	13,783,021	(120,689)	13,662,332
Property, plant and equipment	21,361,771	61,521	81,259	107,560	130,339	75,473	21,817,923	-	21,817,923
	460,081,094	**1,966,451**	**3,313,053**	**830,305**	**4,035,003**	**7,193,955**	**477,419,861**	**(13,799,629)**	**463,620,232**
Financed by:									
Customer deposits	272,624,017	-	-	-	-	-	272,624,017	(6,611,410)	266,012,607
Due to other banks	13,681,101	-	1,770,155	-	-	-	15,451,256	(1,770,048)	13,681,208
Borrowed funds	30,178,530	-		-	-	-	30,178,530	-	30,178,530
Income tax payable	1,655,286	119,989	423,201	-	42,638	210,316	2,451,430	-	2,451,430
Other liabilities	12,466,830	188,706	254,482	145,672	1,022,318	6,370,987	20,448,995	(120,691)	20,328,304
Deferred income tax liabilities	1,078,009	(21,011)	12,378	-	-	14,060	1,083,436	-	1,083,436
Retirement benefit obligations	270,261	21,412	-	-	-	-	291,673	-	291,673
Share capital and reserves	128,127,060	1,657,355	852,837	684,633	2,970,047	598,592	134,890,524	(5,297,480)	129,593,044
	460,081,094	**1,966,451**	**3,313,053**	**830,305**	**4,035,003**	**7,193,955**	**477,419,861**	**(13,799,629)**	**463,620,232**
Acceptances And Guarantees	**50,492,799**	-	-	-	-	-	**50,492,799**	-	**50,492,799**
CASH FLOWS									
Cash flows from:									
Operating Activities	(39,081,966)	(181,726)	(124,447)	156,152	(2,150,183)	(712,467)	(42,094,637)	(5,881,491)	(47,976,128)
Investing Activities	(21,177,543)	(13,525)	(59,144)	(131,418)	(1,063,915)	585,600	(21,859,945)	9,490,331	(12,369,614)
Financing Activities	18,994,598	115,613	182,985	573,501	2,648,721	(14,184)	22,501,234	(282,558)	22,218,676
Increase/(decrease) in cash and cash equivalents	**(41,264,911)**	**(79,638)**	**(606)**	**598,235**	**(565,377)**	**(141,051)**	**(41,453,348)**	**3,326,282**	**(38,127,066)**
Analysis of changes in cash and cash equivalents during the period:									
Beginning of the period	175,476,053	1,194,463	1,591	-	1,989,813	6,706,651	185,368,571	(9,895,930)	175,472,641
End of the period	134,211,142	1,114,825	985	598,235	1,424,436	6,565,600	143,915,223	(6,569,648)	137,345,575
	(41,264,911)	**(79,638)**	**(606)**	**598,235**	**(565,377)**	**(141,051)**	**(41,453,348)**	**3,326,282**	**(38,127,066)**
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

41 POST BALANCE SHEET EVENTS

There has not been any significant event that requires special disclosure between the balance sheet date and the date when the financial statements were issued.

FIRST CITY MONUMENT BANK PLC

STATEMENT OF VALUE ADDED
FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2009

	GROUP				BANK			
	DEC. 31, 2009 N'000	%	APR. 30, 2009 N'000	%	DEC. 31, 2009 N'000	%	APR. 30, 2009 N'000	%
GROSS INCOME	35,789,264		72,698,313		33,398,740		71,063,543	
INTEREST PAID	(11,391,549)		(17,941,441)		(11,479,885)		(17,972,886)	
	24,397,715		54,756,872		21,918,855		53,090,657	
ADMINISTRATIVE OVERHEAD	(8,409,699)		(9,807,904)		(7,599,289)		(9,559,146)	
VALUE ADDED	15,988,016	100	44,948,968	100	14,319,566	100	43,531,511	100
DISTRIBUTION								
EMPLOYEES								
Salaries and benefits	10,393,865	65%	15,488,066	34%	9,528,786	67%	15,136,432	35%
GOVERNMENT								
Taxation	292,262	2%	779,222	2%	55,463	0%	513,462	1%
THE FUTURE								
Asset replacement (depreciation)	2,096,781	13%	2,841,214	6%	1,999,324	14%	2,817,601	6%
Expansion (transfers to reserve)	564,338	4%	3,994,543	9%	669,371	5%	3,465,812	8%
Provision for losses	2,640,770	17%	21,845,923	49%	2,066,622	14%	21,598,204	50%
VALUE ADDED	15,988,016	100%	44,948,968	100%	14,319,566	100%	43,531,511	100%

This statement represents the distribution of the wealth created through the use of the bank's assets through its own and its employees' efforts.

FIRST CITY MONUMENT BANK PLC

FIVE YEARS FINANCIAL SUMMARY

GROUP

	DEC. 31, 2009 N'000	APR 30, 2009 N'000	APR 30, 2008	APR 30, 2007 N'000	APR 30, 2006 N'000
ASSETS EMPLOYED					
Cash and balance with Central Banks	9,010,895	7,169,038	8,473,486	16,813,667	14,340,075
Treasury bills	8,521,058	4,429,643	22,403,134	22,651,051	9,254,918
Due from other banks	121,786,201	165,145,574	194,747,892	99,672,422	53,955,131
Dealing securities	7,280,644	2,072,654	2,005,586	5,835,526	-
Loans and advances	238,732,090	271,103,278	186,634,383	83,577,134	19,070,768
Advances under finance lease	1,165,896	2,113,827	2,296,749	551,785	903,840
Deferred tax assets	1,086,256	1,300,378	2,638,674	8,880	-
Investment securities	34,482,892	30,816,527	2,332,601	2,163,999	424,350
Investment in subsidiaries	-	-	-	-	150,000
Goodwill on consolidation	6,074,045	-	-	-	-
Other assets	13,662,332	10,449,657	29,173,961	18,791,131	1,595,395
Property, plant and equipment	21,817,923	21,001,009	16,630,564	12,775,494	6,916,813
	463,620,232	515,601,585	467,337,030	262,841,089	106,611,290
FINANCED BY					
Share capital	8,135,596	8,135,596	8,135,596	4,751,215	4,751,215
Share premium	108,369,199	108,369,199	108,369,199	20,989,590	17,110,700
Other reserves	13,088,249	12,550,624	17,128,335	5,362,780	4,536,408
Non-controlling interest	-	-	17,735	-	-
Customer deposits	266,012,607	321,219,293	251,223,129	187,670,992	70,296,796
Due to other banks	13,681,208	27,015,927	26,231,049	15,636,837	400,000
Borrowings	30,178,530	11,183,932	24,538,500	13,144,198	1,396,228
Tax payable	2,451,430	2,584,437	5,290,123	1,307,377	716,941
Other liabilities	20,328,304	22,205,810	22,754,206	13,207,606	6,891,066
Deferred tax liabilities	1,083,436	2,096,961	3,649,058	770,494	511,936
Retirement benefit obligations	291,673	239,806	-	-	-
	463,620,232	515,601,585	467,336,930	262,841,089	106,611,290
Acceptances and guarantees	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
PROFIT AND LOSS ACCOUNT					
Gross earnings	35,789,264	72,698,313	52,818,798	24,973,311	10,824,537
Profit before tax	856,600	4,773,765	20,517,326	7,569,086	3,640,349
Tax	(292,262)	(779,222)	(5,408,235)	(1,620,407)	(798,969)
Profit after tax	564,338	3,994,542	15,109,091	5,948,679	2,841,380
Minority Interest	-	-	(17,685)	-	-
Transfer to reserves	564,338	3,994,542	15,091,406	5,948,679	2,841,380
Earnings per share - basic / diluted	3k	25k	135K	63k	36k

FIRST CITY MONUMENT BANK PLC

FIVE YEARS FINANCIAL SUMMARY

BANK	DEC. 31, 2009 N'000	APR 30, 2009 N'000	APR 30, 2008 N'000	APR 30, 2007 N'000	APR 30, 2006 N'000
ASSETS EMPLOYED					
Cash and balance with Central Banks	9,009,240	7,168,159	8,472,161	16,813,567	8,132,391
Treasury bills	8,521,058	4,429,643	22,403,134	22,651,051	9,254,918
Due from other banks	118,652,423	165,149,865	194,747,892	99,672,422	60,162,815
Dealing securities	5,859,100	1,974,716	1,855,270	5,734,974	-
Loans and advances	236,844,499	270,188,782	186,565,206	83,577,134	19,070,768
Advances under finance lease	1,165,896	2,113,827	2,296,749	551,785	903,840
Deferred tax assets	854,279	1,229,671	2,629,794	-	-
Investment securities	34,425,090	30,816,527	2,332,601	2,163,999	424,350
Investment in subsidiaries	10,865,468	240,150	240,150	240,000	150,000
Other assets	12,522,270	10,191,790	27,093,988	18,639,743	1,595,395
Property, plant and equipment	21,361,771	20,906,484	16,573,956	12,761,215	6,916,813
	460,081,094	514,409,614	465,210,901	262,805,890	106,611,290
FINANCED BY					
Share capital	8,135,596	8,135,596	8,135,596	4,751,215	4,751,215
Share premium	108,369,199	108,369,199	108,369,199	20,989,590	17,110,700
Other reserves	11,622,265	10,952,894	15,622,678	5,228,059	4,536,408
Customer deposits	272,624,017	322,418,759	251,580,103	187,990,701	70,296,796
Due to other banks	13,681,101	27,023,049	26,231,049	15,636,837	400,000
Borrowings	30,178,530	11,183,932	24,538,500	13,144,198	1,396,228
Tax payable	1,655,286	2,187,383	4,580,652	1,258,106	716,941
Other liabilities	12,466,830	21,834,783	22,514,354	13,036,690	6,891,066
Deferred tax liabilities	1,078,009	2,087,590	3,638,770	770,494	511,936
Retirement benefit obligations	270,261	216,429	-	-	-
	460,081,094	514,409,614	465,210,901	262,805,890	106,611,290
Acceptances and guarantees	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
PROFIT AND LOSS ACCOUNT					
Gross earnings	33,398,740	71,063,543	50,086,197	24,678,518	10,824,537
Profit before tax	724,834	3,979,274	18,437,711	7,390,228	3,640,349
Tax	(55,463)	(513,462)	(4,717,241)	(1,584,371)	(798,969)
Profit after tax	669,371	3,465,812	13,720,470	5,805,857	2,841,380
Transfer to reserves	669,371	3,465,812	13,720,470	5,805,857	2,841,380
Earnings per share - basic / diluted	4k	21k	123k	61k	36k

FINANCIAL RISK ANALYSIS

Principal Credit Policies

The bank's principal and most significant credit policies are as stated below:

Obligor Risk Acceptance Criteria

The bank's policy is to avoid the creation of new exposures to obligors (non-retail) rated C and C- irrespective of the collateral provided by such obligors.

The bank may lend unsecured to obligors rated B- and above but require tangible collateral for obligors rated CCC+ and below (except where credit is advanced via product programmes or exceptional approval is granted).

Obligors rated within the speculative grade band (between C+ and CCC+) are advanced credits via product programs where the risks have been significantly mitigated and in certain cases shared or transferred.

Consumer credit exposures are created primarily to individuals whose salaries are domiciled with the bank hence granting the bank priority of payment. Such exposures (personal and auto loans to salaried employees) are rated unsecured but classified as senior debt with an estimated 45% Loss Given Default (LGD).

Single Obligor Exposure Limits

All single obligor exposure limits have the regulatory single obligor limit (20% of SHF) as the ceiling but are also subject to internal management single obligor limits (MSOL) for different rating categories. All MSOL limits are subject to periodic reviews and are approved by the Risk Management Committee.

Single Sector Exposure Limit

No single sector shall represent more than 15% of the bank's total risk asset portfolio (direct and contingents).

Risk Based Pricing

The bank's policy is to price for risk. All credit transactions are priced at Prime Lending Rate (PLR) plus a risk premium. The risk premium is an estimate of expected loss on each transaction and is determined based on assessments of default probabilities and loss given default estimates.

Methodology for Risk Rating

The bank's internal rating framework comprises

Non-retail and Retail SME Models

An Obligor risk rating model mapped to proxy Probability of Default (PD) estimates (PD estimates are not based on bank experience. Internal risk grades have been mapped to an external PD model)

A Facility Risk Rating model mapped to Basel II defined Loss Given Default (LGD) estimates (Foundation IRB)

Retail – Consumer (Residential Mortgages, Qualifying Revolving Retail Exposures, Other Retail Exposures)

Consumer scorecards (not mapped to PDs)

Homogeneous exposure pools (based on product and employment type) mapped to 1 year PD estimates (PD estimates based on actual bank experience)

Non-retail and Retail SME Models

The Internal rating framework for Non-retail and Retail SME is supported by carefully articulated credit policies to drive asset creation/lending to non-retail and retail-SME obligors.

The obligor risk rating model is an assessment of the risk that an obligor will default within a 1 year horizon. This risk of default is expressed in the form of a risk grade/rank and mapped to a statistical estimate of the probability of default. Our PD estimates are currently mapped to a recognized external PD model as the bank is still collating internal default experience.

The bank uses 4 different obligor rating models to assess obligor risks:

OBLIGOR RATING MODEL	MODEL BASIS
CLASSIC LEVEL 1	For obligors with high integrity financial statements (based on judgment of Credit Analysts and internal guidelines) Quantitative and qualitative assessments with a higher weight for the quantitative parameters
CLASSIC LEVEL 2	For obligors with lower quality financial statements and higher corporate governance risks (based on judgment of Credit Analysts and internal guidelines) Quantitative and qualitative assessments with a higher weight for the quantitative parameters
SME SCORECARD	For obligors without financial statements Quantitative assessment ONLY
PUBLIC SECTOR SCORECARD	For rating / scoring State Governments Model is based on both quantitative and qualitative indicators

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

The Obligor risk rating model enables the bank to consistently differentiate between customers with differing risk profiles in a quantifiable manner – based on Probability of Default (PD) estimates.

21 GRADE NON-RETAIL PD MODEL		
GRADE	PD	PD - DECIMALS
AAA	0.0185%	0.000185
AA	0.0308%	0.000308
A	0.0514%	0.000514
BBB+	0.0857%	0.000857
BBB	0.1428%	0.001428
BBB-	0.1785%	0.001785
BB+	0.2231%	0.002231
BB	0.3540%	0.003540
BB-	0.5445%	0.005445
B+	1.3750%	0.013750
B	2.0625%	0.020625
B-	3.0938%	0.030938
CCC+	4.6407%	0.046407
CCC	6.1876%	0.061876
CCC-	7.7345%	0.077345
CC+	9.2814%	0.092814
CC	10.8283%	0.108283
CC-	12.3750%	0.123750
C+	13.9221%	0.139221
C	54.6900%	0.546900
C-	100.0000%	1.000000

All non-retail and retail-SME exposures are assigned a risk grade by independent Credit Analysts within our Risk Management & Compliance Division based on inputs/discussions with relationship management teams and verifiable facts.

While the Obligor risk rating model differentiates borrower risk (i.e. risk of default), the Facility risk rating model differentiates transaction risk (i.e. risk of loss in the event of default).

Our Facility Risk Rating model enables Credit Analysts to rank transactions based on the estimated Loss Given Default. It takes into consideration the structure of the facility i.e. availability of credit risk mitigants such as Guarantees & Collateral.

9 GRADE LGD MODEL - FACILITY RISK RATING				
	LGD	LGD - MIN	LGD - MAX	LGD GRADE
SECURED	0%	0%	4.99%	AAA
	5%	5%	9.99%	AA
	10%	10%	14.99%	A
	15%	15%	19.99%	BBB
	20%	20%	34.99%	BB
	35%	35%	39.99%	B
	40%	40%	44.99%	CCC
UNSECURED	45%	45%	74.99%	CC
	75%	75%	100.00%	C

The Bank's Facility Risk Rating model (for non-retail and retail SME) also reflects the Expected Loss (EL) on each transaction. It fully incorporates both borrower strength (PD) and loss severity (LGD) considerations.

Our Credit Analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and judgment in their recommendations to Approving Authorities. Model overrides if any, require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the Board Credit Committee.

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

Retail – Consumer Models

Lending to consumers (for Residential Mortgages, Qualifying Revolving Retail Exposures, and Other Retail Exposures) is currently driven by risk acceptance criteria defined in product programmes. New credit scorecards have been designed and recently rolled out.

The bank has developed a Probability of Default (PD) model for consumer exposures based on Homogeneous exposure pools (i.e. product and employment type). The PD model represents actual 1 year default experience on each product and employment type bucket, and it's a statistical measure of the number of exposures in each product/employer type bucket that are likely to go into default (90 days past due of either principal, interest or both) within a 12 month cycle.

The consumer PD model is used for risk based pricing, capital allocation, capital adequacy and economic profit calculations.

RETAIL DEFAULTS - PD ESTIMATES		
PRODUCTS	SALARIED	SELF-EMPLOYED
Credits Cards	13%	NA
Personal Loan	11%	NA
Share Loan	16%	71%
Overdraft	15%	NA
Auto Loan	14%	52%
Residential Mortgages	24%	40%

Our internal rating framework, lending policies, processes and structure ensures disciplined asset accumulation thus providing the bank with a significantly enhanced capability to manage credit risks.

Enterprise Risk Review

The bank is exposed to a wide range of enterprise risks and has put in place robust risk management structures and processes for the proactive identification, assessment, measurement and management of such risks.

The Board has articulated its appetite for all significant enterprise risks, and ensures through appropriate sub-committees that all risk taking activities are within the set appetite. The responsibility for day-to-day management of enterprise risks has been delegated to Executive Management through its related committees (the Risk Management Committee and the Executive Management Committee).

The illustration below highlights significant enterprise risks the bank is exposed to and the respective Board and Executive Management committees responsible for oversight and risk control.

FCMB Risk Universe & Responsibility Matrix

Risk Universe	Credit Risk	Concentration Risk	Market Risk	Liquidity Risk	Operational Risk	Compliance Risk	Legal Risk	Reputational Risk	Strategic Risk
Primary Risk Owner	CRO	CRO	CRO	CRO	CRO	CCO	General Counsel	Head Brand Marketing	Head Strategy
Secondary Risk Owner	CRO								
Board Committee	Board Credit Committee	Board Credit Committee	Board Risk Management Committee (BRMC)						Board of Directors
	Board Risk Management Committee (BRMC)								
Management Committee	Management Credit Committee		ALCO		Risk Management Committee (RMC)		Executive Management Committee		
	Risk Management Committee (RMC)								

CRO – Chief Risk Officer, CCO – Chief Compliance Officer, ALCO – Assets & Liability Management Committee

A 3 line of defense system is in place for the management of enterprise risks. The three lines of defense include:

§ Board/Executive Management Oversight and Business Unit Management
§ Independent risk control and management by the Risk Management & Compliance Division
§ Independent assurance provided to the Board of Directors by the Group Internal Audit function and the bank's external auditors

Credit Risk Management

The bank's most significant risk is Credit Risk which is the risk that the Bank will not be able to recover funds and suffer losses because another party is unable or unwilling to meet contractual obligations to the Bank when due.

The bank takes on credit risk through the following principal activities:

§ Lending/Leasing: the Bank grants credit to a customer (loan, advances, temporary overdraft etc.) or finances a lease or grants an advance or a loan to an employee (staff loan, cash advance etc.)

§ Bank Guarantees: the Bank issues a bond or guarantee (contingent exposure)
§ Trading (money market placement, equities trading etc.) activities: the Bank makes money market placements in another bank/institution or engages in trading activities where the exchange of monetary value and transfer of ownership of purchased assets is not simultaneous.

Credit Risks are managed through a combination of risk management tools and policies designed to stimulate the creation of quality risk assets. Credit Risk is managed centrally by various departments within the Risk Management & Compliance Division who have responsibilities for policy setting & review, credit appraisal, credit control and portfolio management.

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Credit Risk Measurement

(a) Loans & Advances

The bank uses its internal ratings framework to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the bank will incur in the event of a default).

Our ratings framework measures the following key components:

§ Financial factors (sales terms/conditions, strength of operations, liquidity and capital in addition to debt service capacity)
§ Industry: Structure, Performance, Economic Sensitivity and Outlook
§ Management quality (ownership experience and skills) and Company Standing (reputation, ownership and credit history)
§ Security/collateral arrangements, seniority of debt, ability to cancel debt at the point of default and Loss Given Default (LGD) for each security/collateral type supporting the exposure

The use of our internal ratings framework extends beyond credit appraisals/assessments (at the point of origination) to credit risk measurement including risk weighted assets computation, economic profit, and capital adequacy based on Basel II principles.

The bank's internal rating scale and mapping to external ratings is shown below:

INTERNAL RATING SCALE	DESCRIPTION	EXTERNAL RATING SCALE (MOODY'S)	EXTERNAL RATING SCALE (S&P)	PD
AAA		Aaa	AAA	0.0185%
AA		Aa1	AA+	0.0308%
A	INVESTMENT GRADE	Aa2	AA	0.0514%
BBB+		Aa3	AA-	0.0857%
BBB		A1	A+	0.1428%
BBB-		A2	A	0.1785%
BB+		A3	A-	0.2231%
BB	PERMISSIBLE PLUS GF	Baa1 / Baa2	BBB+/BBB	0.3540%
BB-		Baa3 / Ba1	BBB-/BB+	0.5445%
B+		Ba2	BB	1.3750%
B	PERMISSIBLE GRADE	Ba3	BB-	2.0625%
B-		B1	B+	3.0938%
CCC+		B2	B	4.6407%
CCC		B3	B-	6.1876%
CCC-		B3	B-	7.7345%
CC+	SPECULATIVE / SME G	Caa1	CCC+	9.2814%
CC		Caa2	CCC	10.8283%
CC-		Caa2	CCC	12.3750%
C+		Caa3	CCC-	13.9221%
C	EXIT GRADE	Caa3	CCC-	54.6900%
C-		D	NA	100.0000%

*Mapping to external scale has been done on the basis of estimated PDs. PDs do not currently reflect the bank's actual default experience for Non-Retail and Retail-SME exposures. The bank has an ongoing plan to estimate PDs for each rating scale based on actual default experience in 2011. The mappings above may thus change after the bank completes this exercise.

(b) Debt Securities & Other Bills

The bank's trading book comprises only debt securities and bills issued by the Federal Government of Nigeria, and uses external ratings of Fitch for computing the internal capital charge for Issuer Default Risk as part of its overall market risk capital charge. External ratings of Fitch are currently used in the absence of a local external rating for the Federal Government of Nigeria.

SECURITY TYPE	ISSUER RATING	0 - 30 NGN '000	31 - 90 NGN '000	91 -180 NGN '000	181 - 365 NGN '000	1YR - 5YRS NGN '000	ABOVE 5YRS NGN '000
FGN BONDS	BB-	-	-	97,940	1,827,887	23,523,630	415,626
NIGERIAN TREASURY BILLS	BB-	-	500,000	4,271,068	3,749,990	-	-
		-	500,000	4,369,008	5,577,877	23,523,630	415,626

Risk Limit Control & Mitigation Policies

The bank has robust limit architecture in place for controlling exposures to credit risks including; credit approval limits and concentration limits (large exposure, sectoral exposure and product exposure limits).

All internal limits are subject to regulatory ceilings (where applicable) and are approved by the Board Risk Management Committee. Compliance with internal limits is monitored by the Risk Management & Compliance Division on a daily basis and reported to the respective executive management and Board committees on a periodic basis. Breaches, if any, are immediately escalated with a clear action plan put in place to resolve the limit excesses.

Credit approval limits are set by the Board of Directors and subject to periodic reviews. The following approval limits were in place as at 31 December 2009.

Authorizing Level	Approval Limit
Board Credit Committee (BCC)	N2.5billion and above
Management Credit Committee	Below N2.5 billion. MCC quorum - 1 Credit Officer, at least 1 Senior Credit Officer and the General Counsel Approval of credit requests below N100 million are done by circulation and signed-off by 2 Senior Credit Officers, 1 Credit Officer and the Legal Counsel. The committee chairman also has the prerogative to approve circulation of any credit above N100m without an earlier presentation to MCC.
1 Credit Officer and 1 Senior Credit Officer	Limits are as defined in the respective product programmes

Some other specific control and mitigation measures are outlined below.

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

(a) Collateral & Guarantees

The bank has put in place appropriate collateral management policies to reduce the risk of loss in the event of default. Our collateral management policy is linked to our internal ratings framework and used as a deliberate strategy to reduce the estimated expected loss and capital charge on transactions.

The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following:

§ Cash and marketable securities
§ Legal mortgage
§ Mortgage debenture (Fixed & Floating)
§ Accounts receivable of obligors rated B- and above

Summary by Security Type

Cash & Marketable Securities	70,478.70	27%
Legal Mortgage & Mortgage Debenture	126,811.47	49%
Accounts Receivable	27,804.75	11%
Others	2,949.01	1%
Unsecured	28,515.43	11%
	256,559.35	100%

Other admissible collateral (accepted for comfort only) but not eligible as credit risk mitigants include domiciliation agreements, trust receipts and negative pledges.

Lending to low risk obligors (minimum rating of B-, usually large corporates) can be unsecured, while lending to high risk obligors (Speculative/SME grade band) is supported by tangible collateral. Exposures to individuals are classified as unsecured and subordinated debt with the exception of personal/auto loans to salaried employees (unsecured and senior) and mortgages.

The bank also accepts guarantees of corporate entities rated BBB- and above as eligible security for reducing transaction risk, expected loss and capital charge. Personal guarantees and guarantees of non-investment grade entities are admissible only as additional comfort and do not directly impact the assessment of transaction risks.

(b) Master Netting Agreements

The bank enters into master netting agreements with obligors that have investments in liability products to the extent that if a default occurs, transactions with the obligor will be settled on a net basis. These agreements are executed by authorized representatives of the obligor, are generally enforceable and do not require any further recourse to the obligor or a 3rd party.

(c) Credit Related Commitments

The bank provides guarantees, bonds, standby letters of credit and other documentary letters of credit in the course of its banking business. Bonds are assigned a lower risk weighting relative to loans (50%) and supported by additional collateral by customers depending on the assessment of performance risks. Guarantees, standby letters of credit and other documentary letters of credit are assigned the same risk weight as loans and are supported by tangible collateral or a charge over the underlying goods.

Provisioning Policies

The bank recognizes loan loss provisions for losses incurred as at balance sheet date based on prudential guidelines issued by the Central Bank of Nigeria.

Risk Assets (Loans and Advances, Advances under Finance Leases, off-balance sheet direct credit substitutes, etc)

Loans and advances are summarized as follows:

		Dec-09 N'million	Apr-09 N'million
Performing		234,098.73	266,497.08
Non-Performing			
	Substandard	1,630.50	2,565.44
	Doubtful	5,292.81	12,968.96
	Lost	15,593.72	14,339.49
		256,615.76	296,370.97

Performing but past due loans

Loans and advances are classified as non-performing when either principal, interest or both are past due for 90 days and above. Loans and advances that have past due installments for less than 90 days are classified as missed payments/minor delinquencies and are considered performing exposures except where there is additional information that supports the classification of such exposures as non-performing. All such exposures are classified internally as watch listed accounts. Once classified, an early collection process is immediately activated (e.g. via soft calls and reminder alerts/letters) to ensure past due obligations are collected within the shortest possible time and do not migrate into the non-performing exposure buckets.

Loans and advances (gross) by class to customers that were past due but performing are shown below:

PERFORMING BUT PAST DUE LOANS DECEMBER 2009

	RETAIL N'million	SME N'million	PUBLIC SECTOR N'million	CORPORATE N'million	FI N'million	TOTAL N'million
PAST DUE UP TO 30 DAYS	356.40	206.50	15.80	37.30	0.20	616.20
PAST DUE 30 - 60 DAYS	47.00	45.45	0.01	13.35	-	105.80
PAST DUE 60 - 90 DAYS	324.02	241.78	12.36	9.03	25.21	612.39
	727.42	493.72	28.17	59.67	25.40	1,334.39

PERFORMING BUT PAST DUE LOANS APRIL 2009

	RETAIL N'million	SME N'million	PUBLIC SECTOR N'million	CORPORATE N'million	FI N'million	TOTAL N'million
PAST DUE UP TO 30 DAYS	163.34	420.71	7.74	2126.58	0.04	2718.41
PAST DUE 30 - 60 DAYS	287.39	356.53	-	115.30	-	759.22
PAST DUE 60 - 90 DAYS	630.19	2343.25	170.54	580.45	55.94	3780.37
	1,080.92	3,120.49	178.28	2,822.33	55.98	7,258.00

Performing but past due exposures declined by over 400% between April 2009 and December 2009 primarily as a result of aggressive recovery processes, an indication of an effective early collections process. The significant slow-down in asset growth in the period under review also contributed to the decline.

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

(B) INDUSTRY SECTORS

INDUSTRY SECTORS AS AT DECEMBER 2009

	DUE FROM BANKS N'million	LOANS N'million	ADANCE UNDER FINANCE LEASE N'million	DEBT INSTRUMENTS N'million	TOTAL N'million
AGRICULTURE	-	3,245.95	-	-	3,245.95
OIL&GAS- Marketing	-	967.82	8.12	-	975.95
OIL&GAS- Trading	-	53,776.43	-	-	53,776.43
OIL&GAS- Upstream & Servicing	-	16,233.15	-	-	16,233.15
CAPITAL MARKET	-	14,092.27	3.68	-	14,095.95
CONSUMER CREDIT	-	12,220.52	2.78	-	12,223.30
MANUFACTURING	-	14,458.57	130.67	-	14,589.24
MINING AND QUARRYING	-	24.40	-	-	24.40
MORTGAGE	-	6,288.30	-	-	6,288.30
REAL ESTATE &CONSTRUCTION	-	47,139.48	858.53	-	47,998.01
FINANCE AND INSURANCE	-	6,711.69	42.55	-	6,754.24
GOVERNMENT	-	34,431.84	-	-	34,431.84
POWER	-	-	-	-	-
OTHER PUBLIC UTILITIES	-	-	-	-	-
TRANSPORTATION	-	4,062.63	-	-	4,062.63
COMMUNICATION	-	24,574.13	-	-	24,574.13
EDUCATION	-	609.81	13.51	-	623.32
COMMERCE	-	16,612.88	106.05	-	16,718.93
OTHERS	-	-	-	-	-
	-	255,449.87	1,165.89	-	256,615.76

INDUSTRY SECTORS AS AT APRIL 2009

	DUE FROM BANKS N'million	LOANS N'million	ADANCE UNDER FINANCE LEASE N'million	DEBT INSTRUMENTS N'million	TOTAL N'million
AGRICULTURE	-	3,599.05	-	-	3,599.05
OIL&GAS- Marketing	-	1,809.74	73.33	-	1,883.07
OIL&GAS- Trading	-	60,871.17	-	-	60,871.17
OIL&GAS- Upstream & Servicing	-	16,083.44	-	-	16,083.44
CAPITAL MARKET	-	12,025.60	8.01	-	12,033.61
CONSUMER CREDIT	-	16,003.38	0.05	-	16,003.43
MANUFACTURING	-	27,445.91	361.91	-	27,807.82
MINING AND QUARRYING	-	4.30	-	-	4.30
MORTGAGE	-	6,242.17	-	-	6,242.17
REAL ESTATE &CONSTRUCTION	-	47,803.63	1,343.86	-	49,147.49
FINANCE AND INSURANCE	-	12,453.22	59.08	-	12,512.30
GOVERNMENT	-	31,934.61	-	-	31,934.61
POWER	-	-	-	-	-
OTHER PUBLIC UTILITIES	-	-	-	-	-
TRANSPORTATION	-	3,152.10	35.74	-	3,187.84
COMMUNICATION	-	23,043.85	-	-	23,043.85
EDUCATION	-	579.45	26.10	-	605.55
COMMERCE	-	31,184.17	227.10	-	31,411.27
OTHERS	-	-	-	-	-
	-	294,235.79	2,135.18	-	296,370.97

(C) ANALYSIS BY PORTFOLIO DISTRIBUTION & RISK RATING

ANALYSIS BY RISK RATING AS AT DECEMBER 2009 (N'million)

AAA to BBB-	BB+ to BB-	B+ to B-	CCC+ to C+	C to C-	TOTAL
380.41	9,402.75	16,231.80	180,550.60	50,050.20	256,615.76

ANALYSIS BY RISK RATING AS AT APRIL 2009 (N'million)

AAA to BBB-	BB+ to BB-	B+ to B-	CCC+ to C+	C to C-	TOTAL
335.17	18,404.27	24,619.25	204,851.37	48,160.91	296,370.97

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

FOREIGN EXCHANGE RISKS

FCMB takes on foreign exchange risks through its activities in both the trading and banking books. The bank engages in currency trading on behalf of itself (using own funds) and customers, and creates foreign currency positions on the banking book in the course of its financial intermediation role. The bank is thus exposed to the risk of loss on both its trading and banking book positions in the event of adverse movements in currency prices.

The Bank sets exposure limits (open position limits) at currency and portfolio levels, and uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in all foreign currency trading positions. All limits are set for both overnight and intra-day positions and approved by the Board of Directors. Compliance with the Board approved limits is monitored on a daily basis by the Risk Management & Compliance Division.

By the end of Q1 2010, the bank will introduce Value-at-Risk limits (VaR) for its entire trading book to complement the use of absolute limits in the management of market risks. Value-at-Risk is a method of risk assessment that uses statistical techniques to provide a summary measure of 'market risk'. It will provide an indication of potential loss (with a probability) due to adverse market movement over a defined time horizon.

Our trading book positions are marked to market on a daily basis and any gains/losses recognized on the income statement. Additionally our positions are stress-tested to quantify the impact of market risk inherent in the event of adverse movement in market factors.

Concentrations of currency risk – on- and off-balance sheet financial instruments

As at December 31, 2009	NGN N'000	USD N'000	GBP N'000	EURO N'000	OTHERS N'000
Assets					
Cash	8,334,175	463,146	123,837	87,281	801
Treasury bills	8,521,058				
Due from other banks	74,239,423	42,812,343	582,800	1,017,060	798
Dealing Securities	5,859,100				
Loans and advances to customers	188,407,322	48,434,702	1,478	997	
Advances under finance lease	599,929	565,967			
Deferred tax assets	266,985				
Insurance receivables					
Investment securities	34,725,090				
Investment in Subsidiaries	10,865,468				
Other assets	8,706,137	3,808,951	4,376	2,806	
Fixed assets	21,361,771				
Total financial assets	**361,886,458**	**96,085,109**	**712,491**	**1,108,143**	**1,599**
Liabilities					
Customer deposits	241,900,429	29,013,865	909,913	799,803	7
Due to other banks		13,681,101			
Claims payable					
Finance Lease obligations					
Liability on investment contracts					
Liabilities on insurance contracts					
Debt securities in issue					
Other borrowings		30,178,530			
Tax payable	1,746,470				
Other liabilities	5,073,671	7,829,380	16,438	374,859	
Total financial Liabilities	**248,720,570**	**80,702,877**	**926,351**	**1,174,662**	7
Net on-balance sheet financial position	113,165,888	15,382,232	(213,860)	(66,518)	1,593
Off Balance sheet	0	0	0	0	0

As at April 30, 2009	USD N'000	GBP N'000	EURO N'000	OTHERS N'000
Assets	64,989,859	858,394	1,109,343	1,631
Liabilities	61,707,719	1,080,435	1,184,325	6
Net on-balance sheet financial position	3,282,140	(222,040)	(74,982)	1,625
Off Balance sheet	0	0	0	0

Liquidity Risk Management

Liquidity risk is the potential loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

Liquidity risk management process

The Assets & Liability Management Committee ('ALCO') has primary responsibility for managing liquidity risks arising from asset and liability creation activities. Deliberate strategies put in place to ensure the bank is protected from liquidity risks include:

§ Ensuring that the bank consistently maintains a liquid asset buffer over the prevailing regulatory minimum at any point in time. This buffer is maintained to absorb any unexpected liquidity shocks.
§ Ensuring that the bank's liquidity/funding profile is sufficiently diversified and there are no significant concentrations.
§ Establishing a contingency funding plan in the event of an unexpected and significant liquidity crisis.
§ Ensuring that there are no significant liquidity gaps under a stressed scenario.
§ Ensuring that the liquidity gap (contractual and behavioral) is within the approved risk appetite.

The Risk Management & Compliance Division acts as the secretariat for ALCO and provides the necessary analytics (Maturity/Repricing Gap and Balance sheet Analysis) required for taking proactive liquidity management decisions. The Group Treasury Division is responsible for executing the decisions of ALCO and in particular ensuring that the bank is optimally and profitably funded at any point in time.

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

MATURITY PROFILE – OFF BALANCE SHEET

(a) Financial Guarantees and other Financial Facilities
Performance Bonds and financial guarantees are included below based on the earliest contractual maturity date.

(b) Contingent Letters of Credit
Unfunded letters of credit are included below based on the earliest contractual payment date.

(c) Operating Lease Commitments
The bank had no operating lease commitments as at 31 December 2009.

(d) Capital Commitments
Capital commitments for the acquisition of buildings and equipment are summarized in the table below.

OFF-BALANCE SHEET EXPOSURE AS AT 31 DECEMBER 2009

	0 - 30 days N'million	1 - 3 months N'million	3 - 6 months N'million	6 -12 months N'million	Over 12 months N'million	TOTAL N'million
Performance Bonds and Financial Guarantees	391.00	3,099.00	3,703.00	4,237.00	7,828.00	19,258.00
Contingent Letters of Credit	5,611.00	12,566.00	12,054.00	1,004.00	0.00	31,235.00
Bankers Acceptances	0.00	0.00	0.00	0.00	0.00	0.00
Guaranteed Commercial Papers	0.00	0.00	0.00	0.00	0.00	0.00
Capital Commitments	25.00	478.00	480.00	246.00	0.00	1,229.00
Operating Lease Commitments	0.00	0.00	0.00	0.00	0.00	0.00
	6,027.00	**16,143.00**	**16,237.00**	**5,487.00**	**7,828.00**	**51,722.00**

OFF-BALANCE SHEET EXPOSURE AS AT 30 APRIL 2009

	0 - 30 days N'million	1 - 3 months N'million	3 - 6 months N'million	6 -12 months N'million	Over 12 months N'million	TOTAL N'million
Performance Bonds and Financial Guarantees	283.00	2,973.00	1,013.00	1,640.00	11,104.00	17,013.00
Contingent Letters of Credit	15,158.00	7,526.00	2,464.00	0.00	0.00	25,148.00
Bankers Acceptances	0.00	0.00	0.00	0.00	0.00	0.00
Guaranteed Commercial Papers	0.00	0.00	0.00	0.00	0.00	0.00
Capital Commitments	122.00	0.00	794.00	2,534.00	3,450.00	6,900.00
Operating Lease Commitments	0.00	0.00	0.00	0.00	0.00	0.00
	15,563.00	**10,499.00**	**4,271.00**	**4,174.00**	**14,554.00**	**49,061.00**

CAPITAL MANAGEMENT

The Central Bank of Nigeria requires each bank to hold minimum regulatory capital of N25 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 10%.

The Risk Management Committee (RMC) has the delegated mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the bank which includes:

§ Ensuring the bank fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
§ Ensuring the bank is adequately capitalized, and capital adequacy reflects the risk inherent in the bank's business model.
§ Ensuring disciplined and selective asset growth (based on desired obligor risk profile).
§ Maintaining expected losses (EL) within defined limits as a direct consequence of selective and disciplined asset growth.
§ Ensuring risks taken by the respective Business Lines are within approved limits and allocated capital.
§ Ensuring Business Lines generate adequate risk adjusted returns on allocated capital.

The bank's regulatory capital can be segmented into 2 tiers:
§ Tier 1 capital includes; share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at Tier 1 capital.

§ Tier 2 capital includes; preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 2 capital to arrive at the regulatory capital.

Risk weighted Assets are derived based on a four level pre-defined risk weights for different asset classes, specifically:
§ 0% for cash and near cash equivalents
§ 20% for off-balance sheet exposures and placements in banks (local and foreign)
§ 50% for non-negotiable certificate of deposits
§ 100% for all other on-balance sheet exposures including loans and advances

The table below shows the break-down of the bank's regulatory capital for the periods ended 30 April 2009 and 31 December 2009:

	DEC-09	APR-09
TIER 1 CAPITAL	**N'million**	**N'million**
Share Capital	8,136	8,136
Share Premium	108,369	108,369
Statutory Reserves	8,992	8,891
Contingency Reserve	0	0
SMIEIS Reserve	659	659
Bonus Issue Reserve	0	0
Retained Earnings	1,972	1,403
Less: Goodwill and Intangible Assets	0	0
	128,127	**127,458**
TIER 2 CAPITAL		
Preference Shares	0	0
Minority Interest	0	0
Convertibale Bonds	0	0
Revaluation Reserve: Fixed Assets	0	0
Revaluation Reserve: Investment Securities	0	0
Translation Reserve	0	0
General Provision (Subject to a max of 1.25% of risk assets)	0	21,663
Less: Investments in subsidiaries	(10,865)	(240)
Total qualifying Tier 2 Capital	**(10,865)**	**21,423**
Total Regulatory Capital	**117,262**	**148,881**

RISK WEIGHTED ASSETS	**DEC-09**	**APR-09**
	N'million	**N'million**
On-Balance Sheet	**322,088**	**371,887**
Off-Balance Sheet	**51,729**	**8,432**
	373,817	**380,319**
Risk Weighted Capital Adequacy Ratio	**31%**	**39%**

The bank's capital adequacy ratio declined from 39% in April 2009 to 31% as at December 2009 but was still significantly above CBN capital adequacy requirements by 2100bps.

The decrease in capital adequacy in December 2009 is mainly due to the low contribution to retained earnings as a result of higher than expected provisioning for impaired assets in previous periods.

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

Operational Risk Management

Operational Risk Methodology

Operational risk in FCMB is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition covers people risk, system/technology risk, information security risk, fraud risk, process risk, compliance and legal risks.

The bank has a 3 tier structure for proactively managing operational risks.

§ Proactive risk identification and mitigation by business units through the use of Risk & Control Self Assessment (RCSA) processes facilitated by the Group Operational Risk function. This process enables Business Units to proactively identify their operational risks and put in place appropriate controls to reduce financial losses and reputational risk impacts.

§ Independent control assessment processes conducted by the Internal Control function to test adequacy of controls put in place through the RCSA process and to provide Key Risk Indicator data used for measuring the extent of exposure to significant operational risks. This process enables us to identify and resolve control gaps/issues before they crystallize into losses.

§ Independent risk assurance process conducted by the Group Internal Audit function to evaluate the effectiveness of the bank's operational risk management framework and provide the Board of Directors the necessary assurance required.

The bank has successfully linked its operational risk management processes to performance management through the use of a Risk & Control Index that represents a key component of productivity and annual performance appraisals. The objective of this index is to shape employees' behavior and ensure all employees take responsibility for managing bank-wide operational risks.

Our revised operational risk management framework has been in place since 2008 and has started to influence the way risks are managed in the bank. Specifically, there has been a significant attitudinal change which has resulted in relative improvement in the control environment. The bank continues to fine-tune and enhance its operational risk management processes to ensure losses are within Board defined risk appetite.

Operational Risk Exposures

The bank's operational risk losses as at December, 2009 was within the Board approved risk appetite (<=0.25% of Gross Income). The losses have been fully recognized in the financial results for the period.

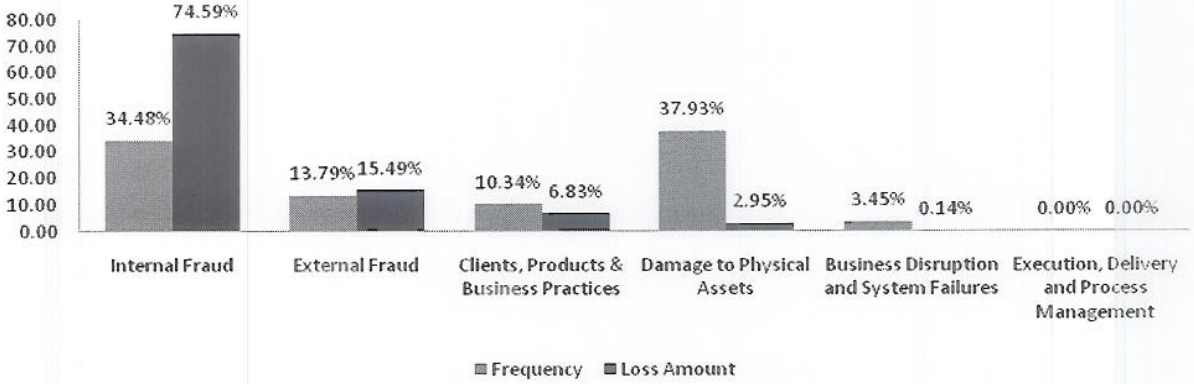


*Fig 1: Loss by Basel Risk Event Type

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

Fraud (external and internal) losses accounted for 90% of the losses for the period by value while damages to physical assets represent 38% of the losses by volume and 2.95% by value.

These loss event types (fraud and damages to assets) are mitigated by insurance. Losses not fully covered by insurance have been fully expensed in the period under review while insurance receivables aged 90 days and above have been fully provisioned in line with accounting standards.

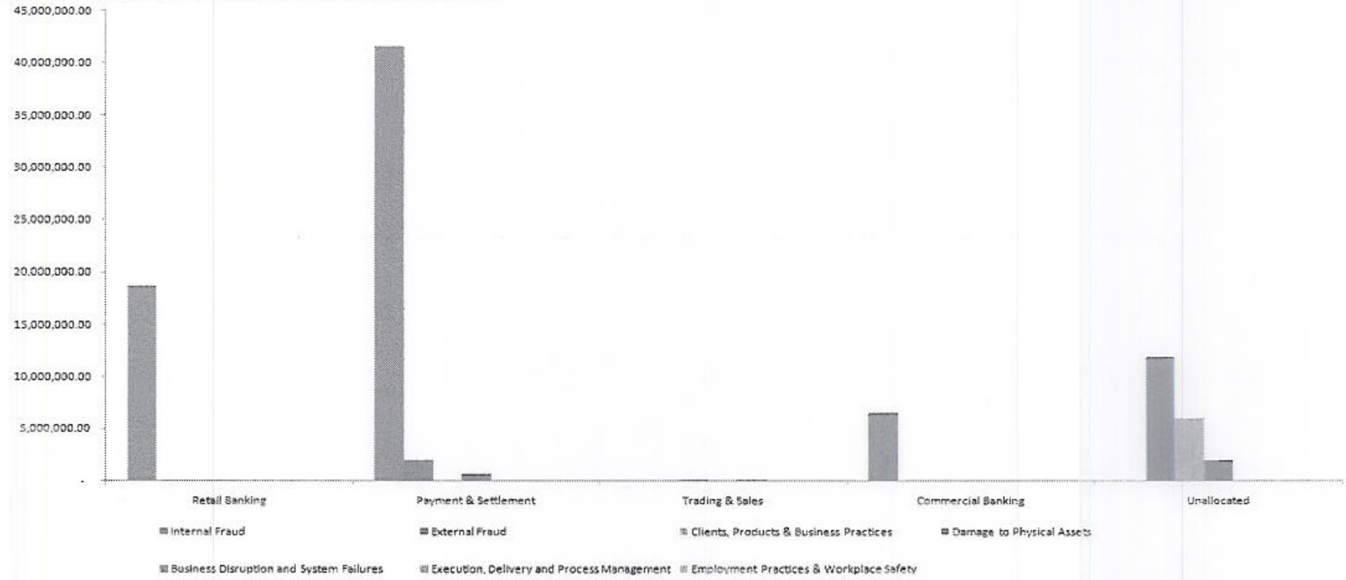
The distribution of operational risk losses as at December 2009 by severity is shown below:

SEVERITY OF LOSSES	LOSS DISTRIBUTION BY SEVERITY	
	NUMBER OF LOSSES (%)	GROSS LOSS AMOUNT (%)
0<=X<=100,000	14%	0%
100,000<=X<=500,000	31%	1%
500,000<=X<=1,000,000	10%	3%
1,000,000<=X<=5,000,000	24%	14%
5,000,000<=X<=10,000,000	3%	7%
10,000,000<=X<=15,000,000	14%	56%
15,000,000<=X<=20,000,000	4%	19%
TOTAL	100%	100%

*Fig 3: Severity of Losses: Frequency and Amount Distribution of Losses

Most of the losses experienced (by number of events) are within the ₦100,000 to ₦500,000 and ₦1million to ₦5million buckets representing 31% and 24% of loss events/incidents respectively. Low Frequency-High Impact events were within the ₦10million to ₦15,000,000 bucket and represent 56% of losses incurred in the period. No single operational risk loss was above ₦20 million in the financial year.

The Bank's operational risk losses by Basel business lines are shown below:



Activities in Payment & Settlement business line accounts for most of the internal fraud (62%) experienced in the period under review and 14% of external fraud occurrences, while Retail Banking and Commercial Banking accounted for 28% and 10% of internal fraud losses respectively.

The Bank conducts causal analysis of all loss events as they occur and uses the causal analysis to implement changes to the controls framework where required. Some additional cost effective controls were also introduced in the areas where control lapses were detected.

The bank continues to proactively identify risks, assess the effectiveness of the control framework through the Risk & Control Self Assessment process and implement process changes to minimize the risk of loss attributable to operational risks.

An operational risk awareness campaign is currently being implemented bank-wide through electronic and workshop based approaches. The operational risk awareness campaign is an ongoing process that is aimed at improving risk consciousness across all cadres of staff and will ultimately reduce the frequency and severity of loss events.

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2009

Strategic Risk Management

Strategic Risk is defined as the risk of incurring an economic loss as a result of adverse impact of internal and external factors on the Bank's earnings and/or ability to achieve its strategic objectives.

The Board of Directors has responsibility for ensuring that the bank achieves its strategic objectives and thus provides appropriate oversight to ensure there are no significant deviations from earnings objectives. The Board ensures that there are appropriate structures and processes in place to mitigate the impact of strategic risk events (internal and external factors).

Internal factors which may adversely impact the achievement of the bank's strategic objectives include: weak corporate strategy and weak execution of strategic plans. The bank has a well articulated and robust strategy formulation process in place to mitigate the risk of poor/weak strategic planning. Our strategic planning process entails comprehensive scanning of the macro-economic, competitive and regulatory environments, scenario assessments and choice making at Bank and Business Unit levels, and involves all key stakeholders including the Board of Directors. This robust process ensures the Strategic Plan is realistic, the outcome of thorough internal deliberations, and achievable.

To minimize execution risks, the bank has in place an effective performance management framework that ensures alignment between the bank's strategic objectives and individual/team rewards.

External factors which have the potential of adversely impacting the achievement of the strategic plan include: unfavorable changes in the macro-economic, political, competitive, and regulatory environments as well as adverse changes in the financial markets.

To mitigate the risk of adverse changes in the external environment, the bank proactively assesses the impact of external factors on the bank's earnings based on likelihood of occurrence, and takes proactive steps/measures to reduce the overall impact on earnings in the event that those changes crystallize.