FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

FCMB

My Bank and i...

ANNUAL REPORT AND ACCOUNTS 2011

Annual Report and Accounts for 2011

First City Monument Bank Plc (FCMB) is a full service banking group headquartered in Lagos, Nigeria. FCMB is the flagship company of First City Group and maintains a presence in the United Kingdom and the Republic of South Africa to support its growing customer base.

Our vision

To be the Premier Financial Services Group of African Origin.

Auditors:

KPMG Professional Services
(Chartered Accountants)

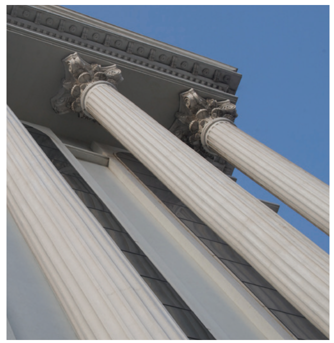
Correspondent Banks:

ANZ Banking Group Limited
Bank of Beirut (UK) Ltd
BNP Paribas
Citibank New York
FBN (UK) Ltd
Fortis Bank, SA/NV London
HSBC Plc
Standard Bank Plc South Africa
Standard Chartered Bank Plc, UK
UBN (UK) Ltd
United Bank of Africa Plc
(New York)

INTRODUCTION

OPERATING REVIEW

FINANCIAL STATEMENTS



Who we are

First City Monument Bank (FCMB) Plc is a full service banking group, headquartered in Lagos, Nigeria.

FCMB Plc is the flagship company of the First City Group, one of Nigeria's leading comprehensive financial services providers. From its early origins in investment banking as City Securities Limited in 1977, FCMB (established in 1982) has emerged as one of the leading financial services institutions in Nigeria, one of the top eight lenders in the country with subsidiaries that are market leaders in their respective segments.

FCMB was incorporated as a private limited liability company on April 20, 1982 and granted a banking licence on August 11, 1983. On July 15, 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 December 21, 2004.

The Bank has witnessed virtually uninterrupted growth for 28 years and employs 1,777 employees spread across every state of the Federal Republic of Nigeria, with presence in the United Kingdom (through its FSA-authorised investment banking subsidiary, FCMB UK) and a representative office in the Republic of South Africa. FCMB offers financial services across the Federal Republic of Nigeria.

As a leading financial services provider, FCMB is committed to serving the interests of its shareholders, customers, staff and the community. The globalisation of business activity, the expansion of financial markets and the sustained growth of emerging economies, particularly in Africa, are trends for which FCMB, with its focus on Investment Banking, Transaction Banking and Retail Banking, is well prepared.

FCMB's success has been recognised by many industry awards over the years both nationally and internationally. In 2008, it won the Euromoney award for the Best Equity House (Nigeria) and was named the Best Investment Bank in Nigeria at the Euromoney 2007 Awards for Excellence. The Bank had been adjudged Nigeria's most consistent issuing house/financial advisor 1993–1998 by Reuters and SBA Research Limited in June 2000 and was also the winner of the 1999 Platinum Division in the first Reuters sponsored Nigerian Issuing House Awards. In 2000, FCMB also received the inaugural Mergers and Acquisitions award in recognition of its expertise in this area. It has subsequently received the 2001 and 2002 award in the same category.

FCMB is the first and only bank in Nigeria to have held these diverse awards at the same time, and remains the only institution to have won the Mergers and Acquisitions award for three consecutive years. In recent times the Bank has also received recognition for its successful forays outside investment banking, with nomination in 2009 for the most innovative bank in Africa by *African Banker Magazine*.

Our business is structured along four market-facing divisions in the Bank, and six associated companies. These divisions are Corporate and Commercial Banking, Institutional Banking, Retail Banking (which also includes our Credit Direct Limited subsidiary) and Investment Banking (which includes all other associated companies). Through these divisions and associated companies, we execute our strategy of attaining leadership in chosen areas through operational excellence, customer intimacy and creating value for our stakeholders.

Associated Companies

FCMB's associated companies are positioned to be and are invariably leaders in their respective markets. They also provide significant cross-sell synergies and economies of scope for the Group, making the whole greater than the sum of its parts.

FCMB (UK) Limited (100% ownership)

This is an investment banking firm, established to service the international corporate finance and investment service requirements of its client base and broaden the reach of its stockbroking services to the UK investors. Its stockbroking division CSL UK is recognised as one of the City of London's leading research and securities distribution firms for Nigerian securities.

Services include:

- Corporate finance
- Securities research
- Sales and trading
- Representative office for FCMB Plc.

FCMB Capital Markets Limited (100% ownership)

FCMB Capital Markets Limited is licensed by the Nigerian Securities & Exchange Commission as an issuing house and financial advisor, FCMB Capital Markets Limited is the local investment banking advisory arm of the Group, specialising in equity and debt capital raising, M&A advisory and other forms of financial advice to top-tier corporates. FCMB Capital Markets remains a market leader in its field.

Credit Direct Limited (100% ownership)

Credit Direct Limited (CDL) is one of Nigeria's leading micro-lending organisations in terms of profitability, asset quality and customer experience. CDL is also the fastest growing micro-lender in Nigeria.

CSL Stockbrokers Limited (100% ownership from November 2009)

CSLS is a leading stockbroking and investment management firm in Nigeria. Its equity and macroeconomic research is recognised internationally and the firm executes a significant share of international portfolio trades on the Nigerian Stock Exchange. The firm is positioning to be the leading conduit of portfolio investment into Sub-Saharan Africa.

City Securities Registrars Limited (100% ownership from November 2009)

City Securities Registrars Limited is Nigeria's largest independent share registration company that manages share registers for many of the country's leading corporate and quoted multinationals in the most actively traded sectors, including two leading banks, two leading cement companies and two leading petroleum marketing companies among many others – providing access to an investor database in excess of 300,000 investors.

Legacy Pension Fund Administrators (PFA) (25% ownership)

Legacy Pension Fund Administrators is one of the fastest growing PFAs in the emerging pension industry of Nigeria. After three years of operation, Legacy is now a profitable and highly regarded PFA with over N75 billion assets under management.

FACTFILE

Useful information on the FCMB share (as at December 31, 2011)

- **Issued share capital:** 16,271,192,202 units
- **Market capitalisation:** N82.33bn/ $531.81m
- **Weighting on the NSE:** 1.31%
- **Weighting in the sector:** 6.18%
- **YTD average daily traded volume:** 13,284,691 units
- **Symbol:**

Bloomberg	FCMB NL
NSE	FCMB
GDR CUSIP	319636205
GDR ISIN	US3196362053

Useful information on FCMB

- Public company, listed on the Nigerian Stock Exchange in 2004
- Initial public offering in 2005
- Financial year end: December 31
- Credit rating: 'A-' long-term counterparty credit rating (GCR Rating); 'B+' long term (Standard & Poor's)

Notice of annual general meeting

Notice is hereby given that the 29th Annual General Meeting of First City Monument Bank Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan Lagos on Monday, May 21, 2012 at 11am to transact the following:

Ordinary Business

(1) To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2011, the Auditor's Report thereon and the Audit Committee Report.

(2) To authorise the Directors to fix the remuneration of the Auditors.

(3) To elect/re-elect members of the Audit Committee.

Special Business

To consider and if thought fit pass the following resolutions as Ordinary Resolutions:

(4) "That following the recommendation of the Directors, the sum of N1,241,808,786.50 be and is hereby capitalised from the Share Premium Account into 2,483,617,573 Ordinary Shares of 50 kobo each and appropriated to the members whose names appear in the Register of Members at the close of business on Friday, April 27, 2012 in the proportion of three new shares for every 20 registered in such member's names on that date, subject to the approval of the appropriate regulatory authorities, the shares so distributed being treated for all purposes as capital and not as income, ranking pari passu with the existing shares of the Company."

(5) "That the appointments of Messrs Segun Odusanya, Olufemi Bakre, Stephen Alashi, Mustapha Damcida, Olutola Senbore and Olutola O Mobolurin as Directors be and are hereby approved."

(6) (i) "That in compliance with CBN's Regulation on the Scope of Banking Activities and Ancillary Matters 2010 issued in November 2010 ('CBN Regulations'), the Bank be and is hereby authorised to divest its ownership of businesses/subsidiaries that are not permissible under the CBN Regulations (the 'Non-Permissible Businesses')."

(ii) "That the Board of Directors of the Bank are hereby authorised to, as necessary, establish a Holding company and devise a suitable plan for divesting from and, where required, reorganising the Non-Permissible Businesses including but not limited to direct sale, auction, transfer, distribution in specie or such other divestment mechanism; and upon such terms and conditions as the Directors may determine to be in the best interest of the Bank."

(iii) "That the Board of Directors of the Bank be and are hereby authorised to take all actions, including but not limited to entering into and executing any agreements, deeds, notices, undertakings, transfers, assignments, guarantees, arrangements or such other mechanisms with any party or parties in order to implement, finalise and give full effect to the aforesaid divestment with full powers to assent to any conditions, revaluations, modifications, variations and/or amendments as may be imposed by any relevant regulatory authority."

(iv) "That the Board of Directors of the Bank or any one of them for the time being, be and are hereby authorised to appoint such professional parties and advisers, and to perform all such other acts and do all such other things as may be necessary for or incidental to effecting the above resolutions, including without limitation, complying with directives of any regulatory authority."

Dated this 12th day of April 2012.

By Order of the Board

MRS OLAJUMOKE BAKARE
COMPANY SECRETARY

MRS OLAJUMOKE BAKARE, COMPANY SECRETARY

Notes

Proxies

Only a member of the company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his/her stead. All valid instruments of proxy should be completed, stamped and deposited at the office of the Company's Registrars, City Securities (Registrars) Limited, 2nd floor, Primrose Tower, 17A Tinubu Street, Lagos, not less than 48 hours before the time fixed for the meeting.

Closure of Register

The Register of Members will be closed from Monday, April 23, 2012 to Friday, April 27, 2012 (both days inclusive).

Audit Committee

In accordance with Section 359 (5) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, a shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and reach the Company Secretary not less than 21 days before the Annual General Meeting.

From the archives of the Founder

"Having now shorn ourselves of the impediment that can militate against our healthy growth, we can now confidently march forward into the new year. All these sacrifices will make our growth more realistic and respected."

OTUNBA MICHAEL O BALOGUN, CON

Whither FCMB and First City Group?

This is a question that will be on the lips of keen observers and knowledgeable chroniclers of the story of the emergence of a formidable and unique institution within the finance and banking industry in Nigeria; especially with our recent acquisition of FinBank, after coming out unscathed from the crucible of a stress audit jointly conducted by both the Central Bank of Nigeria and the NDIC.

My answer to this question is simple; that you only need to look into our origins and foundation and you will be able to discern not only where we are going, but whether we have what it takes to get there. We started with a clear vision, a distinctive culture of excellence, a precise and definitive goal, as well as a unique business approach.

As the morning shows the day, so many of us are confident that with the message emanating from the stable of our Group Managing Director, 'Towards One Bank, Together', from the series, 'A word from the GMD', FCMB and the Group are both poised to excel. The Group Managing Director is therefore kicking off the merger process with not only an open dialogue with internal stakeholders, but also with external stakeholders, whose goodwill will facilitate our desired goal. To quote the words of our Group Managing Director in the first edition of this series: "We are poised to build a much bigger and stronger platform – a Bank that provides value to our shareholders, greater convenience and support to our customers – potentially the best customer experience in Nigeria and a rewarding experience for the staff; as well as other stakeholders." The last five words in the quote are mine.

Characteristically, we have utilised the year 2011 to strengthen our foundation by making extraordinary provisions and write-offs, thereby courageously removing shackles that can militate against our sturdy growth in future years. We require an unimpeded foundation to be able to launch forward within a thoroughly transformed banking and financial industry. Quoting from the background of the recently issued profit warning for the financial year ended 2011, "The Bank has taken advantage of its large capital cushion and loan sales to further sanitise its balance sheet following observed deterioration in restructured loans and legacy investments." All these are in keeping with our tradition of professionalism and transparency. Having now shorn ourselves of the impediment that can militate against our healthy growth, we can now confidently march forward into the new year. All these sacrifices will make our growth more realistic and respected.

FCMB and First City Group will definitely be a much larger and robust platform for us to demonstrate our distinctive culture, our incisive vision and a stronger foundation that can be sustained, which will in turn enable us to leap forward to reclaim our expected place in the scheme of things. This is the message we should all carry not only to the customers, but all those whose paths would cross ours in our daily business interventions and our breaking of new grounds. The banking industry itself is poised for a robust transformation and many people are expecting us to play not just a pioneering role, always associated with us, but also a leadership role, as the bank of 'first choice'. I am quite confident that the current leadership is set on this goal.

People have always known us to ascribe our foundation as well as the progression of the institution as the handiwork of God, the Maker of all good things, and we are inexorably following this faith. We are creating an institution that is not only the best place to work, but also the first choice within a prudently dynamic banking environment. We cannot fail, we can only excel. Let all of us put our hands on the plough and follow the leadership of our current management to ensure that the dreams of our founders are exceeded and we attain an FCMB and First City Group which reflects the robustness of our zeal, competence and skill to succeed and be a leader among our peers in the finance and banking industry.

While we are embarking on building a robust retail banking platform, we will definitely not lag behind with our other franchises such as Corporate Banking, Transaction and Commercial Banking, as well as Treasury and Financial Institutions. The Group will also not abandon its Investment Banking franchise and other ancillary products which were the pedestal from which we took off; although as a commercial bank, it can only engage in Investment Banking under a separate structure, as directed by the Central Bank of Nigeria.

Those of us who are privileged to be counted as founders will continue to be restless and be praying that FCMB and First City Group shall continue to grow and be great, and also be poised to provide the best services available in the market place, so that we can be ranked among the choicest of institutions. With this in mind, we shall conclude by saying that the good Lord will hear our prayers. Amen.

MBalogun

OTUNBA MICHAEL O BALOGUN, CON
FOUNDER

Statement from the Chairman

"We believe that our repositioning initiatives will ensure sustainable profitability and quality asset growth and that, in the process, we will see the Bank emerge as a formidable competitor in the industry over the course of the coming year."

JONATHAN LONG, CHAIRMAN

Distinguished fellow shareholders and directors, ladies and gentlemen, it is with great pleasure that I welcome you all to the 29th Annual General Meeting of our Bank and present to you the Annual Report and Accounts for the year ended December 31, 2011. In keeping with statutory requirements, I am also pleased to confirm that copies of the Annual Report and Accounts were despatched to all shareholders before this meeting.

Introduction

As we are all aware, the last financial year was one of mixed results for the Bank. It was a year dominated by economic problems, on both global and national levels, and these inevitably had a significant negative impact, both on the banking system and also on the corporate sector as a whole, putting corporate profitability under pressure and leading, in turn, to a deterioration in credit quality and to a diminution in the value of many banks' assets.

The consequent high level of loan provisioning, which was required in these circumstances, resulted in an overall loss position for the Bank, although its underlying operational performance generally remained strong. However, in order to achieve a major improvement in profitability and, above all, to ensure that there is no recurrence of last year's loss, the Bank's Board and management have taken a number of important steps to enhance the efficiency and effectiveness of its operations and systems. As the encouraging results for the first quarter clearly demonstrate, I have no doubt that we will be successful in achieving the targets which have been established for the current year.

In order to put the Bank's performance in proper perspective, it will be useful, firstly, to provide a brief commentary on the key developments that shaped the global and national economic environment during this period, so that we all appreciate the difficult circumstances within which the Bank had to operate.

The Global Economy

The year 2011 presented a picture of a divided and disconnected world economy, facing significant policy dilemmas and, consequently, major uncertainties over the future outlook. In the first quarter of the year, factors such as inventory restocking, which had been strong drivers of growth in 2010, started to slow down and more countries tightened their financial and monetary policies, as renewed fears of inflationary pressures in the economy started to emerge. Higher oil prices, resulting from the 'Arab Spring' and the impact of the Japanese earthquake on supply chains, provided further significant shocks in the first half of 2011. Finally, from about midyear, negative economic developments in Europe contributed to further uncertainty and to a general fall in the level of economic activities.

So far as the current year is concerned, continuing recession in Europe is likely to slow global growth significantly in the first half of the year, before a possible rebound in the second half, implying some return to global economic growth by the end of the current year. However, recurring problems in the Eurozone may well endanger this fragile recovery and there is every reason for caution about the strength of the global economy.

The Domestic Economy

Recent data from the Federal Bureau of Statistics shows that real Gross Domestic Product ('GDP') growth for 2011 was 7.68%, compared to 8.60% for the same period in 2010. The non-oil sector was the major driver of the economy, growing by 9.07% compared with 8.93% growth recorded in 2010. Agriculture was the highest overall contributor, accounting for about 43.64% of real GDP. Wholesale and retail trade generated 18.29% of real GDP, oil and gas contributed 14.27%, but recorded negative growth of -0.34% in real terms. Inflation, on the other hand, ended the year in double-digit territory, averaging 10.9% in 2011.

This last factor was the underlying cause of the liquidity squeeze in the year under review. The subsequent tight monetary policy, which was introduced principally in order to fight inflation, placed significant additional pressure on the real sector. The Central Bank of Nigeria ('CBN') revised the Monetary Policy Rate upward six times during the year, driving it from 6.25% in January to 12% in November. However, the real squeeze came in the form of tighter restrictions on banks' liquidity, as the latter were required to maintain a cash reserve requirement of 8% (up from 1% in January), and a liquidity ratio of 30%. In sharp contrast to this tighter monetary stance, fiscal policy remained lax and, as a result, it was left to the banking system to carry most of the burden, in the form of higher interest rates and restricted liquidity.

Finally, on the political front, the government is not only under pressure to address the increasing violence in some parts of the nation, but is also to reform existing legislative, administrative and legal procedures, in order to meet best international practice, as well as Vision 20:2020 objectives. In August 2011, for example, the World Economic Forum ranked Nigeria 127 of 139 countries on the 2010–2011 Global Competitive Index. A low level of economic and social development, infrastructure shortfalls, and inconsistent external reporting are typically causes for such low rankings. At the same time, major reforms are needed to restore confidence in the capital markets, as well as to modernise the out-dated structure of the nation's oil and gas industry and revive the moribund power sector. It is clear, therefore, that this government currently faces major challenges on a number of different fronts.

Statement from the Chairman *continued...*

The Nigerian Banking Industry

In spite of the volatility and uncertainty in global financial markets, the banking sector overall recorded some volume growth over the preceding year. Available data from the CBN indicates that total assets and liabilities of the deposit money banks amounted to N19.396 trillion at the end of the fourth quarter of 2011, an increase over the N17.97 trillion recorded in the same period in 2010. However, the period under review also presented a number of major challenges, for both the operators and the regulators in the Nigerian banking sector.

The year 2011 saw a wave of mergers and acquisition in the sector, as stronger banks jockeyed to acquire those weaker ones that had been rescued in 2009 by the CBN, which at the same time provided an opportunity for the survivors to realise their strategic growth and expansion objectives. Whilst this consolidation was taking place, the revocation of the banking licences of three other troubled commercial banks by the CBN and the Nigeria Deposit Insurance Corporation on August 5, 2011, and, the introduction of the 'bridge bank' concept, led to the birth of successor banks whose future is, as yet, uncertain.

Overall, the banking industry in 2011 witnessed a significant number of major regulatory interventions, whose effects on the structure of the industry are yet to be fully realised. The year 2012 will therefore be a year of transition for the industry. The landscape of the Nigerian banking industry will be fundamentally changed, once the process of integrating and eventually merging the newly acquired banks is concluded and the ultimate future of the three 'bridge banks' is also decided. These developments present significant challenges, as well as potential opportunities, for all of us as stakeholders in the banking industry in 2012.

Financial Performance

Fellow shareholders, as I said above, in spite of the difficult economic environment, the Bank's results showed clearly improved operational performance in certain key areas, although the effects of this were undermined by the very significant risk assets write-downs which were required.

Net revenues grew by 35% between 2010 and 2011, from N40 billion to almost N54 billion. This was driven by growth of 46% and 21% in interest income and non-interest income, respectively, during the year. Operating expenditure was relatively well contained, with an increase of only 4%, well below the inflation level of 12%. This resulted to the widening of the Bank's profit margins during the year. Indeed, the Bank would have shown an operating profit of N18.5 billion, before the non-recurring charges that led to the year's loss, thus demonstrating that, in spite of the setbacks from prior sub-optimal lending and investment decisions, the underlying profitability and growth of the Bank's business is still solid.

The Bank has, therefore, taken advantage of its strong capital base, as well as the new opportunities provided for loan sales, in order to sanitise its balance-sheet, following the clear deterioration in the quality of its restructured loans and legacy investments. Consequently, the Bank has made additional net provisions and write-offs between Q3 2011 and Q4 2011, which resulted in an after-tax loss of N9.9 billion. The breakdown of these provisions is as follows:

- Impairments to equity underwritings (N4.9 billion);
- Losses recorded on the sale of systemically significant and other loans, primarily in the oil trading sector (N11.6 billion); and
- Other loan losses and write-offs (N13.0 billion).

It should be mentioned that approximately 99% of the assets sold and written off in 2011 arose as a result of restructured loans or underwritings initiated prior to 2009. Since then, the Bank has taken action to strengthen its risk management systems and, as a result, its loan portfolio is now in far better shape, paving the way for a strong rebound in 2012, following the recent successful acquisition of FinBank Plc.

The Board expects that the first two quarters of 2012 will see continued improvements and the Bank is therefore likely to exceed its earlier forecasts for H1 2012. It is hoped that the second half of the 2012 financial year will also see a further acceleration in earnings, as a result of the benefits of the synergy gains from the acquisition of FinBank Plc, which will be fully integrated by July 1, 2012.

Acquisition of FinBank Plc

At the respective Extraordinary General Meetings held by FCMB and FinBank Plc ('FinBank') on the September 29, 2011, approvals were sought and approved for FCMB's acquisition of FinBank. With effect from February 9, 2012, FCMB was therefore able to complete the acquisition of all the ordinary shares of FinBank, (including its subsidiaries).

FCMB's acquisition of FinBank followed the restoration of FinBank's negative capital by the Asset Management Corporation of Nigeria ('AMCON'), through the injection of AMCON bonds, which entitled AMCON to a share of the total consideration for the transaction. As a result of the acquisition, FinBank Plc became a wholly owned subsidiary of FCMB, with dilution to FCMB's existing shareholders being limited to only 1.7%, whilst FinBank achieved its capital adequacy ratio, on a capital see-through basis to FCMB's capital. FCMB is currently integrating the business operations of FinBank into those of FCMB, with a target completion date of the end of the second quarter of 2012.

Adoption of a Holding Company Structure

In November, 2010, the CBN issued the Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010, which repealed the existing universal banking regulations and required banks operating in Nigeria to apply for fresh licences (either as commercial banks, merchant banks and/or specialised banks), in line with the provisions of the Banking and Other Financial Institutions Act. FCMB has identified a number of changes which will need to be made to its current group structure and has submitted a compliance plan to the CBN in this regard. This will essentially result in the following:

- FCMB Plc will acquire a commercial banking licence, with international banking authorisation;
- The Bank will exit businesses/subsidiaries that are non-permissible under the current regulations and separate them from the Bank's operations.

I wish to inform you that, in line with the Group's overall strategic objectives and in compliance with the new CBN's regulations, the Group will incorporate a holding company which, by way of a Scheme of Arrangement, will then acquire shares of the Bank and, more importantly, will assume ownership of those businesses/ subsidiaries of the Bank which will no longer be permissible for licensed banks to own under the new regulations. The CBN has already approved the Bank's compliance plan, although it did not give approval for FCMB or the holding company to retain City Securities (Registrars) Limited within the Group. Later at this AGM today, the Board will request you to pass the resolution required to approve the adoption of this structure.

Statement from the Chairman *continued...*

Declaration of a Bonus Issue

Your bank has maintained a dividend policy over the years that has tried to balance the dual objectives of appropriately rewarding shareholders through consistent dividend payments, whilst at the same time ensuring the reinvestment of retained earnings, adequate to support future growth. However, in the light of the Bank's overall performance, it has not been possible to recommend a dividend payment for the financial year ended December 31, 2011.

The Board is therefore recommending instead the creation of an additional 2,440,678,830 units of ordinary shares, by means of the capitalisation of N1,220,339,415 from the share premium account, in order to pay for these bonus shares, which shall be appropriated at the ratio of three new shares for every 20 shares, already held by shareholders. This recommendation is being made in order to demonstrate the appreciation of the board and management to the Bank's shareholders for the continued confidence, commitment and support which they have shown for the Bank through this difficult period.

The Board believes that shareholders have every reason to look forward to better returns on their investment after this year's substantive provisioning, as the Bank continues on a path of sustainable profitability, which should ensure the provision of an adequate return on investment to all our shareholders in the years ahead.

Board Composition

As at December 31, 2011, the Board consisted of 15 directors, made up of nine non-executive directors and six executives. During the course of the year, one executive director, Mr Henry Semenitari, gave notice of the resignation of his appointment. During the year, three non-executive directors, Mr Godwin TS Adokpaye, Mr Ladi Jadesimi and Alhaji IM Damcida, also retired, having served the maximum tenure stipulated by the CBN. Fellow shareholders, please join me in thanking them for their past contributions and extending to them our best wishes for all their future endeavours.

It is also with great pleasure that the Bank announced the appointment of a Deputy Managing Director, Mr Segun Odusanya, during the past financial year. His appointment has since been approved by the CBN. Another three non-executive directors, Mr Stephen Alashi, Otunba Olutola Senbore and Mr Olutola Mobolurin, were also appointed to the Board, to replace those members who were retiring. The appointment of these four new directors has further strengthened the composition of the Board, in line with the Bank's corporate governance policy, as well as the CBN's regulatory framework. They are all established professionals with a high reputation and bring a wealth of experience, as well as professional achievements and other accomplishments, to the Board of the Bank.

Conclusion

The Board is well aware of the concerns of our shareholders over the Bank's performance in 2011. On behalf of all the directors, I would like to assure you that the Board is committed to ensuring a quick return of FCMB to profitability in 2012 and is confident that the improvements already seen in the first quarter of 2012 will serve as a springboard for higher profitability, as we progress through the remaining quarters of this year. We believe that our repositioning initiatives will ensure sustainable profitability and quality asset growth and that, in the process, we will see the Bank emerge as a formidable competitor in the industry over the course of the coming year. In spite of the problems of the past year, we therefore look forward to 2012 with cautious optimism, especially in view of the improving international business environment, the more favourable domestic economic climate, and the expected positive outcome of the continuing structural reforms in the banking industry.

On behalf of the entire Board of directors and the management of our Bank, I would also like to thank both our staff and, particularly, our customers for their unwavering support and patronage, especially in these difficult times. I sincerely hope that we can continue to count on the latter's future patronage, in furthering the development of mutually beneficial business relationships. Finally, let me also use this opportunity to express my sincere gratitude to all other stakeholders in the Bank, including the CBN, the Nigeria Deposit Insurance Corporation, the Nigerian Stock Exchange, and the Securities & Exchange Commission for their continued support and guidance.

Thank you all for your attention.

JONATHAN LONG
CHAIRMAN

Review by the Chief Executive Officer

"Our priorities, going forward, will be to accelerate organic growth, driven by the distinct competitive advantage of exceptional customer experience."

LADI BALOGUN, GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Distinguished shareholders, the year ended December 31, 2011 was a year of mixed results, in which the Group exhibited strong operational performance that was dampened by significant risk assets write-downs, The unprecedented level of write-downs resulted in a loss after tax of N9.9 billion, compared to a profit of N7.9 billion in the prior year. The loss was as a result of additional net provisions and write-offs in 2011, totalling N32 billion.

This is a temporary setback, as the details of the results demonstrate strong business fundamentals. Thus, we expect a reversal of this position in 2012.

During the year ended, we grew our annuities sources of income, expanded our interest margins and kept a tight grip on expenses. We concluded our transformation from a predominantly wholesale bank, to one that has a 50–50 balance in net revenues between the wholesale and retail bank. Retail banking became a more significant contributor to our net revenues. In 2011, we also strengthened the leadership capacity in key areas across the organisation with the appointment of a Deputy Managing Director, and renewed leadership in all wholesale banking divisions and risk management. We believe the ongoing transformation has created an impressive platform for sustained and profitable growth.

We plan to underpin the progress in our retail banking business with the successful completion of the acquisition of FinBank Plc, a transaction that tested our resources and resolve in a longer than anticipated acquisition campaign.

Our priorities, going forward, will be to accelerate organic growth, driven by the distinct competitive advantage of exceptional customer experience.

Strong Operational Performance, Marred by Significant Impairment Charge

Our results for the year clearly show improved performance in key areas. Net revenues grew by N14 billion (35%) between 2010 and 2011, from N40 billion to almost N54 billion. This was driven by a 46% and 21% growth in interest income and non-interest income respectively.

Operating expenditure was relatively well contained, exhibiting an increase of 4%, well below the inflation level of 12%. Consequently our profitability widened noticeably. Isolating the non-recurring charges that led to the loss, we would have observed an operating profit of N18.5 billion. This performance was despite the volatile interest rate and monetary policy environment, which saw cash reserve requirement and liquidity ratios raised by from 1% to 8% and from 25% to 30% respectively during the year. MPR and Treasury Bill rates also rose from 6.5% to 12%, and from 7.49% to 14.27% respectively.

This demonstrates that, in spite of the setbacks from prior sub-optimal lending and investment decisions, the underlying profitability and growth of the business is evident.

At the Group level, all companies apart from the Bank demonstrated growth in profitability, as depicted right:

	Earnings (PBT)			
	2010	2011	Y-o-Y variance	
FCMB Plc	7,322	(11,568)	(258%)	↓
Credit Direct Limited	1,179	1,432	21%	↑
FCMB Capital Markets Limited	113	507	349%	↑
City Securities Registrars Limited	61	86	41%	↑
CSL Stockbrokers Limited	(526)	(268)	49%	↑
FCMB UK Limited	(265)	(219)	17%	↑
Share of associate companies	51	114	123%	↑
Group	**7,935**	**(9,916)**	**(225%)**	↓

FCMB Capital Markets Limited and Credit Direct Limited had very strong years recording 349% and 21% growth respectively. FCMB Capital Markets Limited performance was buoyed by project and structured finance activities in the upstream oil industry as well as mergers and acquisition activities for major multinationals. The consistent and unrelenting growth of Credit Direct is being driven by the unique and compelling selling proposition of this business in a consumer lending market that is becoming increasingly competitive.

City Securities Registrars Limited recorded a 41% growth in profitability while FCMB UK also improved slightly, though it still remains in a loss position and continues to be affected by the lull in capital market activity. We are proactively planning to expand the activities of our UK subsidiary and generate sufficient revenues outside of capital market activities to attain breakeven.

Review by the Chief Executive Officer *continued...*

Impairments recorded in FCMB and CSLS were responsible for the Group operating losses. However, the after tax profitability from all subsidiaries and our share of associate companies exhibited a very strong performance, growing by 170% to N1.65 billion.

The breakdown of the one-time, non-recurring charges that led to the loss includes:

- Impairments to equity underwritings (N4.9 billion), which included a N4.0 billion charge for a 90% discount for the sale of FinBank Plc preference shares to the Asset Management Company of Nigeria (AMCON);
- Losses recorded on the sale of systemically significant and other, primarily in the oil trading sector loans (N11.6 billion);
- Other loan losses and write-offs (N13.0 billion).

It should be noted that 99% of the assets sold and written off in 2011 were as a result of restructured loans or underwritings initiated prior to 2009. Since 2009, we have proactively taken steps to strengthen our risk management system including:

- Adequately resourcing the risk management function, including strengthening the role of the Chief Risk Officer;
- Ensuring that large exposures to commodity trading are now carried out under a structured framework with independent collateral management;
- Emphasising portfolio diversification/increased contribution of retail loans for sustained for future growth;
- Ensuring the tenors of all loans to government are now strictly tied to political term of office of the administration.

The results of these actions are that N46.3 billion of assets have been sold to AMCON while legacy loans and weakness associated with the capital market and oil and gas sectors have been resolved. In addition, non-performing loans (NPLs) are a healthy 2.75% with a coverage ratio of 128%. Deterioration in the asset quality of loans created since January 2010 is only at about 1%.

As a result, non-performing asset quality should remain comfortably below the 5% industry threshold for the foreseeable future.

We expect 2012 loan growth to be in the region of 15%, with faster growth in the segments that have exhibited the best risk adjusted returns. Accordingly, increased emphasis will be placed on higher retail loan growth, which has achieved the highest levels of diversification with NPL ratio's consistently below 2% in the consumer segment. Furthermore, wholesale lending will involve smaller amounts to a larger number of customers, with the emphasis on diversification.

Acquisition of FinBank Plc Complete, Full Merger in Progress

We concluded the 100% acquisition of FinBank Plc on February 9, 2012, through a subsidiary special purpose vehicle, FCMB Investments Limited. FinBank was a mid-tier bank with a fairly well established retail franchise of 180 branches and over one million customers, with particular concentrations and strength in Northern Nigeria, the South East and South South regions of the country. The Bank was recognised for its pioneering efforts in mobile and electronic banking, serving over 200,000 customers on its mobile platform.

FCMB's total consideration was N6 billion, out of which N4.2 billion was by way of cash, and the balance by way of shares (one FCMB share for 48 FinBank shares). The dilution to existing FCMB shareholders will amount to 1.7%.

FinBank currently has total assets of N241 billion, deposits of 176 billion and loans of N20 billion. Shareholders' funds have been brought to zero and its balance sheet almost entirely de-risked. It is our intention to merge the Bank and fully integrate its operations with FCMB by July 1, 2012.

The transaction will result in the creation of a robust retail franchise for FCMB, increasing our customer base to over 1.7 million customers and our branch network from 139 to 323 branches. Low cost deposit mix and cost of funds will also improve, as will the Bank's liquidity ratio. Our capital adequacy ratio will reduce marginally thereby improving efficiency of capital, but remain well over 20%, significantly above the required regulatory threshold.

The transaction will be accretive from an earnings per share (EPS) perspective in 2012 as we see significant cost synergies from addressing branch overlaps and duplications from head office functions.

Our presence and market share will be strengthened in all regions particularly the Northern, the South East and South South regions. From a customer perspective, the transaction will bring greater convenience to both our corporate and retail customers due to the enlarged branch and ATM network as well as access to a wide range of products and services. It will also enhance financing capacity for the benefit of both sets of customers (FCMB and FinBank).

From an employee perspective, the transaction presents significant career growth opportunities for all. We also expect that over the next three years we should see a net addition to our staff strength, more than offsetting the impact of any redundancies on the labour market.

FCMB is proud to have played an important role in the crucial rescue process: helping to preserve jobs, reduce the cost of the bail out and recapitalisation process to the Government and banking industry, protect depositors' funds, and restore confidence to the banking industry. It is our belief that the transaction will unlock sustained benefits for all stakeholders and contribute immensely to the growth of our organisation. We must acknowledge the efforts of our advisors, the regulators and the board of FinBank for showing the resolve to seeing a process that was fraught with challenges.

Moving Ahead With Well Informed Optimism

Having made significant efforts at fully sanitising our loan book and revamping our risk management framework, credit policies and processes, we look forward to a year of significantly reduced loan loss provisioning and the NPL ratio remaining in the range of 3% of less. We also anticipate that net revenue growth will be unimpeded, and while costs will increase as we invest in our people and customer experience, we anticipate a much stronger year on the earnings front.

We also anticipate that the impact of the FinBank merger will drive our total assets to N1 trillion, and a positive contribution to earnings per share. We are moving steadily towards an optimal scale and the attainment of industry leading efficiency ratios by 2013.

The year of 2011 was the culmination of several difficult years that were triggered by the excesses of the oil price and capital market bubbles between 2006 and 2009. With the bold provisions and write-offs taken, we have now put these behind us and can look forward with confidence to significantly better years ahead.

In conclusion, I would like to thank all our staff for the tireless hard work, which has not only seen us through some tough times, but also ensured we delivered a successful acquisition and a combined platform that is extremely well positioned for future sustainable and profitable growth. I must give thanks to our customers, shareholders and other partners who have continued to place remarkable confidence in us throughout these tough times. Finally, I would also like to thank the Almighty God for His continued grace and favour on the organisation. We look ahead to 2012 with an assurance of greater things to come.

LADI BALOGUN
GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Corporate social responsibility **activity report**

Staff in Osun State participate in the C2G activation with the host community

The FCMB community gathers at the First City Plaza for the Earth Hour switch-off

Children of SOSAID benefit from the Kids' Clinic at the COPA Beach Soccer

Strategy

It is somewhat paradoxical that as the world continually makes advancements in science, technology as well as in the ability to collaborate and share knowledge, an increasingly large number of people are unable to share in the benefits of such progress thus there is a clear and present challenge for us to improve the economic, environmental and social conditions of the world around us.

At FCMB, we understand that our business decisions and methods by which we engage with our key stakeholders does not only impact our organisation but in a profound way, the communities and environment which supports all our lives and businesses.

With this firm knowledge and a determination to ensure that our effort to meet the needs of the present does not deprive future generations of their effort to meet their own needs in a sustainable manner, our CSR strategy demands that we not only run our business in a responsible manner, but we develop strategic partnerships maximise the positive impact of our community investment initiatives while simultaneously ensuring long-term sustainability as we add value to all our key stakeholders in the spirit of '**My Bank and i**'.

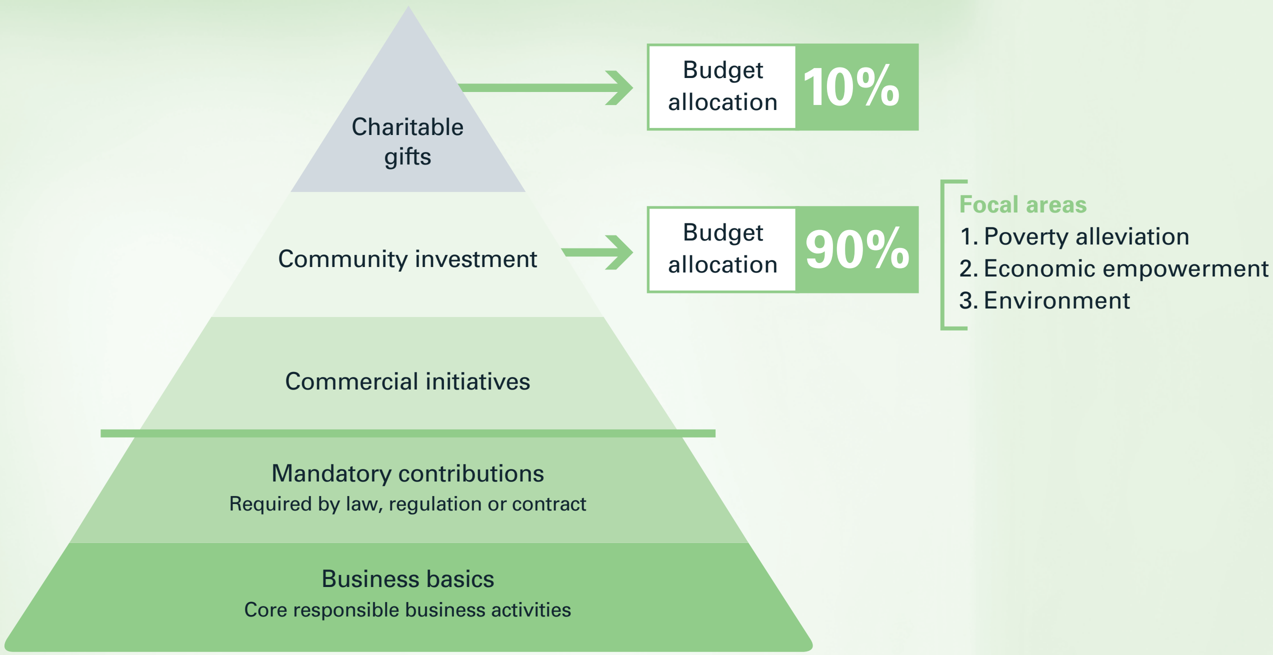
CSR Philosophy – 'Teach a Man to Fish'

We believe all communities in which we operate should benefit from our presence. Our CSR activities are geared towards community investments that empower people, especially the vulnerable and the disadvantaged, to help themselves, but we prioritise areas where we can have the greatest impact. In practice, our philosophy is about our commitment to long-term relationships with our customers, partners, governments and communities, and our contribution to their sustainable development. This requires integrating CSR into all business decisions, stakeholder engagement, monitoring and evaluation, and reporting. Our CSR activities are focused on investing in the communities in which we operate and implemented through strategic initiatives designed to maximise impact and ensure positive, long-term sustainability. These activities are underpinned by three key drivers, as outlined on the following pages:

- support for the alleviation and eradication of extreme poverty and hunger;
- helping to create an enabling environment for economic empowerment through micro-entrepreneurship, microcredit and skills acquisition;
- support for environmental sustainability.

Please see the following pages for further details.

FCMB Strategic Framework for **CSR**



A full listing of our donations can be found on page 41 of this report

www.firstcitygroup.com

Our **goal** is to be the number one socially responsible brand in our industry. This ambition is eloquently expressed through our carefully **selected focal areas** for community investment initiatives:

Poverty alleviation

Economic empowerment

Environmental sustainability

Corporate social responsibility activity report *continued...*

Successful participants in the Evergreen Skills Acquisition exercise in Katsina State

The First Lady of Katsina State plants the first tree at the Evergreen flag off

Students In Free Enterprise (SIFE) showcase the Save80 Stove as a mitigant to Climate Change and Environmental Degradation

Environmental Sustainability and Economic Empowerment

Katsina EverGreen Project

Our Committed-to-Green Initiative (C2G) which was launched in 2009 across our branches all over the country; evolved to the next level in Katsina State in 2011. In partnership with the Service to Humanity Foundation and SIFE Nigeria, the Katsina Evergreen Project was implemented to achieve the following objectives:

- Sensitise the public on the effects of deforestation and tree felling;
- Engineer a behavioural change in the community towards environmental consciousness;
- Provide an economic empowerment platform for the unemployed;
- Provide an alternative cooking system to reduce tree felling and carbon emission.

The project which aligns with FCMB's CSR focus on Environmental Sustainability was officially flagged off in July 2011 across two local government areas (Mai'Adua and Kaita) of Katsina State, with a massive village-to-village campaign on the causes, adaptative and preventive actions on desertification.

A total of **250** unemployed youths and women were trained by the SIFE Team to acquire skills in making of briquettes (an alternative to firewood made from Agro-waste). They were further empowered by the distribution of **250** units of the Save80 cleancook stoves and **50** units of the medium scale briquette making machines.

A total of **100,000** tree seedlings were equally distributed to 10 communities within the local governments in addition to the establishment of a central plantation of 500 trees aimed at the restoration of previously degraded land.

The EverGreen Project in Katsina State is ongoing; plans are being made to further support and empower the people of the State by continuing the environmental sustainability campaign, developing convenient platforms for non-civil servants to obtain the clean-cook stoves and expanding the briquette making industry.

Earth Hour 2011

At FCMB, we are committed to protecting our environment – The Earth; the only planet we have and call home is facing great changes and we must do our share to preserve it for our unborn children. This is why for the second year running (since 2010) we remained a part of this global campaign – **Earth Hour**. The Earth Hour was inspired by a demonstration anchored by the WWF (World Wide Fund) in Sydney, Australia on March 31, 2007, when more than 2.2 million Sydney residents and more than 2,100 businesses switched off lights and non-essential electrical appliances for one hour to make a powerful statement about the leading contributor to global warming: coal-fired electricity, that single hour accounted for a 10.2% reduction in energy consumption across the city.

The FCMB community gathered at the First City Plaza (Marina, Lagos) on the March 26, 2011, to renew their commitment to the environment and observe the Earth hour just as hundreds of millions did across the globe by switching off all non-essential lights and appliances. The First City Plaza became the first Iconic building in Nigeria to switch off for the Earth Hour. The reflective hour was a very interesting and enlightening one as the FCMB community learned about innovative and cost effective ways of protecting our environment.

We intend to perpetuate this campaign with the hope of expanding the scope of awareness and winning more environment ambassadors and champions.

Committed to Green at Osun State

At FCMB we appreciate the fact that our lives and businesses are sustained by the environment in which we exist, hence our Committed to Green initiative which has continued to gather momentum and progress from sensitisation into the advocacy stage.

In the month of August 2011, our FCMB team in Osun State (Ilesha and Osogbo Branch) stormed the Akindeko Market in Osogbo to clean the environment and also sensitise people on the need to ensure cleanliness and protection of the environment. The State Director, Chief Mrs Oluremi, Commissioner for Environment, Prof Oyawoye, Commissioner for Information, Hon Sunday Atere, State Coordinator NESREA, Mr Olanrewaju Anjorin, Officers of WAI along with their trucks joined and participated in this laudable exercise.

COPA Beach Cleaning and Kids' Clinic

FCMB Plc was the official banker for the first ever COPA beach soccer in West Africa. As our CSR goal is to be the number one socially responsible bank in the industry, even our sponsorship events reflect our moral compass. The FCMB community and the Soccer Foundation which organised the games carried out a Beach Cleaning and Kids' Clinic exercises.

The Beach Cleaning exercise which is aimed at promoting preservation of beaches worldwide took place at the Eko Atlantic Beach-City; a land reclamation initiative supported by FCMB.

Kids' Clinic is designed to promote sports and physical fitness amongst young ones in our society. This year's beneficiary includes 20 children from the SOSAID Charity Home.

Poverty Alleviation

Priceless Gift of Sight

Since 2009, FCMB has continually touched lives across Nigeria by restoring sight to the visually impaired through our '**Priceless Gift of Sight**' initiative in partnership with Tulsi Chanrai Foundation.

With an open-to-all approach and completely free of charge, patients undergo eye-screening tests, full ophthalmological examination, surgery by qualified surgeons, post surgery and operative checkup within six weeks in selected communities.

In the year 2011, a total of 1,204 people participated in the eye screening with 843 people benefitting from eye restorative eye surgeries.

Since inception, close to 10,000 people have benefitted from the screening exercise; with over 2,300 undergoing surgeries with a 100% success rate.

The 'Priceless Gift of Sight' is essentially a charitable gift, however it strongly reflects the three focal areas of our CSR. For those who cannot see, going about their normal course of duty becomes an ordeal; they become dependent on others which invariably affects the economy and contributes to extreme poverty, many even

Winners of the 'Survival of Nigerian Child' painting competition with Nollywood Star, Kate Henshaw-Nutal

Naila Ahamdu (one of the beneficiaries in Yola State) "I thank all the staff and mostly FCMB who have given me light. Now nobody can take advantage on my blindness. Now I can see the world clearly, nobody can cheat me."
Translated from hausa

Corporate social responsibility activity report *continued...*

become beggars on streets. By giving the Priceless Gift of Sight lives are transformed and beneficiaries once again become productive members of the society.

Survival of the Africa Child – a Photography to Painting Competition

For the third year running, FCMB has continued to promote art competition/exhibition amongst school pupils (partnering with ACDI in 2009 and UNICEF since 2010) to raise funds for the benefit of underprivileged children in our community.

In 2011 the focus was on the ability of children to translate photographs to paintings; the competition was themed **Survival of the Nigerian Child** in commemoration of the **International day of The African Child**. The competition was open to about **100** pupils from **30** schools across Lagos State with the first, second and third best artists winning cash prices of **N250,000**, **N150,000** and **N100,000** respectively.

All paintings exhibited were presented for auctioning and the entire funds generated were remitted to the UNICEF for the benefit of underprivileged children in Nigeria.

World AIDS Day

December 1 every year, is a date set aside by the UNAIDS (Joint United Nations Programme on HIV/AIDS) to raise awareness on the AIDS pandemic caused by the spread of HIV infection.

Since **1981 and to date**, AIDS has **claimed** more than **30 million lives**, and an estimated 33.2 million people worldwide live with HIV **still**, making it one of the most destructive epidemics in recorded history. Despite recent, improved access to antiretroviral treatment and care in many regions of the world, **thousands of Nigerian children die from the disease each year**.

In 2011, FCMB joined UNICEF and the rest of the world to commemorate the World AIDS Day with a novelty football match to create awareness and raise funds for the benefit of children infected and affected by HIV/AIDS. The theme was '**Getting to Zero**'.

The event also created an excellent opportunity for us to educate our staff on HIV/AIDS as a majority of our workforce falls within the most-at-risk age group.

SOSAID (Society For The Safety of the Insane and Destitute) *Monthly Donations From Staff

The culture of social responsibility remains at the heart of FCMB and goes beyond the institution, permeating the entire FCMB community. In demonstration of this social value, the FCMB staff community has continued to express their personal social responsibility through giving the SOSAID Charity Home.

In 2011, the staff community made financial contributions which were able to cover more than 50% of the salaries of the 29 staff who work in the Charity Home through the year.

In addition to the regular monthly contributions, a number of FCMB staff devoted their May Day holiday to the Charity Home by visiting with gifts of various sorts as well spending time with our friends at SOSAID.

SOSAID (Society for the Safety of the Insane and Destitute) a charity home which was established just over a decade ago is the devoted to the care and safety of destitute who struggle with mental challenges. SOSAID helps to protect the destitute and mentally challenged persons from the abuse and misery of the streets, by taking them into the safety of a home where they are rehabilitated, empowered to become independent and ultimately reconciled with their families. There currently over 200 adults and children under care at SOSAID.

Bethesda Child Support Agency

FCMB continues to provide scholarship support to orphans and vulnerable children in Nigeria through Bethesda Child Support Agency thereby creating an enabling environment for a healthy development. Since inception, a total of 14 children have benefitted from this scheme.

Board evaluation report

pwc

March 1, 2012
The Chairman
Board of Directors
First City Monument Bank Plc
Primrose House
17A Tinubu Street
Lagos, Nigeria

Dear Sir

Report to the Directors of First City Monument Bank Plc (FCMB) on the Outcome of the Board Evaluation

PricewaterhouseCoopers was engaged to carry out an assessment of the individual Directors of First City Monument Bank Plc (‘FCMB’) as required by Section 5.4.6 of the Central Bank of Nigeria’s (CBN) Code of Corporate Governance for Banks in Nigeria (‘the Code’). The Code requires that the review should cover all aspects of the Board’s structure and composition, responsibilities, processes and relationships, as well as individual members’ competencies and respective roles in the Board’s performance. The review was conducted for the period ended December 31, 2011.

The Board is responsible for the preparation and presentation of information relevant to its performance. Our responsibility is to reach a conclusion on the Board’s performance based on work carried out within the scope of our engagement as contained in our letter of engagement. In carrying out the evaluation, we have relied on representation made by members of the Board and management and on the documents provided for our review.

The Board has complied to a large extent with the directives of the Codes. This is evidenced by the skills and competencies of board members, the effectiveness of the Board Committees and the high level of attendance at Board of Committee Meetings. Other areas of strength include risk management and compliance, management reporting, robustness of board discussions and timely submission of statutory returns/reports to regulatory authorities.

Areas for improvement include the need to formally establish a procedure to resolve disputes between the board and management; and membership of executive directors in board committees. Other findings and recommendations are contained in our full report to the Board.

Yours faithfully

TONY OPUTA
DIRECTOR

Corporate governance

Commitment to Corporate Governance

First City Monument Bank (FCMB) Plc remains committed to institutionalising corporate governance principles as part of the Group corporate structure. It contributes to ensure adherence to the implementation of corporate governance rules of the Central Bank of Nigeria, the Nigerian Stock Exchange and the Securities & Exchange Commission.

As in the past, the Board continues to operate in line with its responsibilities as contained in Regulatory Codes of Corporate Governance, the Bank's Articles of Association and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Bank are carried out transparently without undue influence.

Essentially, fair value corporate governance depends on the quality and integrity of our directors. Consequently, the Bank has undertaken to create the institutional framework conducive to defending the integrity of our directors and is convinced that, on account of this, the Board of FCMB is functioning in a highly effective manner. It is intended that we continue to challenge ourselves to improve the standard in areas where need for improvement has been identified.

Board Composition and Independence

As at December 31, 2011, the Board comprised 15 directors: 10 Non-Executive and five Executive.

The Bank's Board is composed of a non-executive chairman, with executive and non-executive directors all bringing high levels of competencies and experience with enviable records of achievement in their respective fields. The Board meets regularly to set broad policies for the Bank's business and operations, and it ensures that an objective and professional relationship is maintained with the Bank's auditors in order to promote transparency in financial and non-financial reporting. Directors' emoluments, as well as their shareholding information are disclosed in the Bank's Annual Report and Accounts.

The Guiding Principles of the FCMB Plc Code of Corporate Governance remain as follows:

- All power belongs to the shareholders.
- Delegation of authority by the owners to the Board and subsequently to Board Committees and executives is clearly defined and agreed.
- Institutionalised individual accountability and responsibility through empowerment and relevant authority.
- Clear terms of reference and accountability for committees at Board and executive levels.
- Effective communication and information sharing outside of meetings.
- Actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Bank and shareholders.
- Enhancing compliance with applicable laws and regulations and the interest of the stakeholders. Where there is any conflict between FCMB rules, the local laws and legislation supersede.
- Conformity with overall FCMB strategy and direction.
- Transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Bank's business.

Role of the Board

- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditure in line with approved budget.
- Ensuring the integrity of the Bank's accounting and financial reporting systems (including the independent audit) and that appropriate systems are in place for monitoring risk, financial control and compliance with the law.

- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Bank to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the full Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.

Board Committees

During the financial year 2011, the Board delegated some of its responsibilities to the following Committees:

Credit Committee

Its functions include:

- review and approve the credit policy manual;
- consider and approve detailed analysis for credit including contingents of amounts in excess of the limit of the Credit Committee;
- review and set credit policy direction where necessary;
- consider and approve write-offs presented by management;
- be actively involved in credit risk control processes;
- approve all material aspects of rating and estimation processes;
- establish a strong internal credit culture;
- be involved in capital planning;
- use reports on the Bank's credit risk profile and capital needs to:
  - (a) evaluate the level and trend of material credit risks and their effects on capital level
  - (b) evaluate the sensitivity and reasonableness of key assumptions used in capital planning.

Committee Composition: Dr John Udofa (Chairman), Mr Bismarck Rewane, Mr Olusegun Odubogun, Mr Stephen Alashi and Otunba Olutola O Senbore.

Risk Management Committee

Its functions include:

- set Bank-wide Enterprise Risk Management vision, goals and objectives in compliance with world-class standards;
- approve Bank's Risk Management framework for the various risk areas (credit, operational, strategic, reputation, compliance, market and liquidity risk management);
- approve and periodically review the Bank's risk appetite and portfolio strategy;
- ensure that appropriate risk management policies, processes and methodologies are in place for managing the various risks to which the Bank may be exposed;
- establish a management structure that is capable of implementing the Bank's risk management framework and ensure that qualified and competent person(s) at senior levels are employed to manage the various risk areas in the Bank;
- endorse approval of new products/markets subject to the ratification of the full Board;
- ensure that the Bank holds sufficient capital against the various risks and is in compliance with established capital adequacy goals and regulations;
- periodically review the results of stress testing and use the outcome to conduct internal assessment of capital adequacy;
- monitor the Bank's risk profile against set targets (risk appetite);

Corporate governance *continued...*

- initiate a benchmarking study and internal review to ascertain the adequacy of the Bank's approach to managing risks across all risk areas;
- present reports on compliance with the Enterprise Risk Management framework to the Board of Directors;
- review and monitor the operational risk management framework;
- review material contingent liabilities on litigation.

Committee Composition: Mr Bismarck Rewane (Chairman), Mr Nigel Kenny, Dr John Udofa, Alhaji Mustapha Damcida and Mr Stephen Alashi.

Finance and General Purpose Committee

Its functions include:

- review global budgets;
- review strategy to ensure that desired cost-income ratio is maintained;
- consider major capital projects being proposed by management;
- consider/review extraordinary business initiatives of management on behalf of the Board;
- consider disciplinary matters involving top management staff including Directors;
- review and approve extra-budgetary spending of the Bank above specified limits.

Committee Composition: Mr Bismarck Rewane (Chairman), Dr John Udofa, Otunba Olutola O Senbore Mr Peter Nigel Kenny and Mr Tope Lawani.

Audit Committee

This is established in accordance with Section 359 (3) and (4) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. It comprises dedicated individuals with proven integrity that have a thorough understanding of the Bank's business affairs including the associated risks and controls put in place to mitigate those risks. The Committee has overall responsibility for the Bank's internal audit processes.

Overall Purpose/Objectives

The Audit Committee will assist the Board in fulfilling its oversight responsibilities. The Audit Committee will review:

- the financial reporting process, the system of internal control and management of financial risks;
- the audit process, both internal and external;
- the Bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. Each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Bank's business, operations and risks.

Authority

The Companies and Allied Matters Act authorises the Audit Committee to:

- examine the auditors' report and make such recommendations thereon to the Annual General Meeting as it considers appropriate;
- ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical principles;
- review the scope and planning of the Bank's audit requirements;
- review the findings on management matters in conjunction with external auditors and the department responses thereon;
- keep under review the effectiveness of the Bank's system of accounting and internal control;

- make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors to the Bank;
- authorise the internal auditor to carry out investigations into any activities of the Bank, which may be of interest or concern to the Committee.

Membership

- The Audit Committee shall consist of an equal number of directors and representatives of the shareholders of the Bank (subject to a maximum number of six members), and shall examine the auditor's report and make recommendations thereon to the Annual General Meeting as it may deem fit. Such members of the Audit Committee shall not be entitled to remuneration and shall be subject to re-election annually.
- The members will nominate any member of the committee as the chairman of the Audit Committee from time to time.
- Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the company secretary of the Bank at least 21 days before the Annual General Meeting.
- A quorum for any meeting will be a simple majority of three members with minimum of two representatives of the shareholders.
- The secretary of the Audit Committee will be the company secretary, or such other person as nominated by the chairman of the committee.

Committee Composition: Alhaji SB Daranijo (Chairman), Dr John Udofa, Alhaji BA Batula, Evangelist PA Soares, Mr Bismarck Rewane and Mr Stephen Alashi.

Human Capital and Remuneration Committee

Its overall objective is to assist the Board in fulfilling its oversight responsibilities by providing appropriate advice and recommendations on matters relevant to the Committee's Charter in order to facilitate decision making.

The Committee shall:

- establish a formal and transparent procedure for the selection and appointment of new directors to the Board;
- determine the required role and capabilities for particular appointments;
- identify suitable candidates to fill Board vacancies as and when they arise and nominating candidates for the approval of the Board;
- establish the process for the orientation and education of new directors and develop policies to facilitate continuous education and development of directors;
- assess periodically the skills required for each director to discharge competently the director's duties;
- give full consideration to appropriate Board and senior management succession planning;
- review disclosures and the process used for appointments;
- review remuneration for the directors and senior management of the Bank;
- approve special welfare schemes and proposals;
- review and ratify promotions for top management staff;
- in line with best international practice, the remuneration of non-executive directors would be decided by the Board of Directors as a whole on the advice of the company secretary and not by the Committee.

Corporate governance *continued...*

Membership

- Five members (all non-executive directors) nominated into the Committee shall jointly appoint a lead director who shall act as chairman of the Committee.
- Group Managing Director/Chief Executive Officer shall attend meetings by invitation.
- Group Head HR shall be present at all meetings.
- In the event that the lead director position becomes vacant, an alternative director who is also a member of the Committee would be designated as interim chairman. The process to elect a new lead director will be initiated as soon as possible.

Committee Composition: Dr John Udofa, (Chairman), Alhaji Mustapha Damcida, Mr Nigel Kenny, Mr Olusegun Odubogun and Otunba Olutola O Senbore.

Executive Management Committee (EMC)

The EMC, usually chaired by the Group Managing Director (GMD), comprises all executive directors, business heads and those with direct reporting lines to the Group Managing Director (GMD). The Committee meets fortnightly to deliberate and take policy decisions for the effective and efficient management of the Bank. Quite apart from the above function, the Committee serves as a filter for issues to be discussed by the Board. Some of the EMC's primary roles are to provide leadership to the management team and ensure efficient deployment and management of the Bank's resources. The Chairman of the Committee is responsible for the daily and effective running and performance of the Bank.

Frequency of Meetings

Meetings of the Board and its committees are usually held quarterly but may also be convened at any time whenever the need arises. The Audit Committee meets prior to commencement of the audits and subsequently to review, consider and assess the audited accounts.

The Board and its committees met as follows:

Board Committee meetings	No. of meetings
Board of Directors	8
Board Credit	14
Board Risk Management	4
Board Audit	5
Board Finance and General Purpose	7
Board Human Capital and Remuneration	5

During the year under review, management was supported by the following Management Committee.

i. Executive Management Committee, chaired by the Group Managing Director
ii. Assets and Liabilities Committee, chaired by the Group Managing Director
iii. Credit Committee, chaired by the Head of Enterprise Risk Management
iv. Investment Committee, chaired by the Group Managing Director
v. Information Technology Steering Committee, chaired by an Executive Director
vi. Disciplinary Committee, chaired by the Head of Enterprise Risk Management
vii. Staff Welfare Committee, chaired by the Group Managing Director
viii. Risk Management Committee chaired by the Head of Enterprise Risk Management.

Attendance at Board Meetings

The Board of Directors met eight times during the year.

Director	Total no. attended
Dr Jonathan AD Long	8
Mr Ladipupo Balogun	8
Mr Segun Odusanya	2
Mr Olufemi Bakre	7
Mr Peter Obaseki	8
Mr Nabeel Malik	7
Dr John Udofa	8
Mr Godwin TS Adokpaye	2
Mr Ladi Jadesimi	2
Mr Bismarck Rewane	8
Alhaji IM Damcida	2
Mr Peter Nigel Kenny	6
Mr Tope Lawani	2
Alhaji Mustapha Damcida	4
Mr Olusegun Odubogun	8
Mr Stephen Alashi	6
Mr Otunba O Senbore	3
Mr OO Mobolurin	3

Board Credit Committee

Board Credit Committee met 14 times during the year.

Director	Total no. attended	Remark
Mr GTS Adokpaye	1	Resigned on 10/02/11
Mr Ladi Jadesimi	0	Resigned on 10/02/11
Mr Bismarck Rewane	11	Existing member
Dr John Udofa	13	Existing member
Mr Olusegun Odubogun	11	Appointed on 26/07/10
Mr Stephen Alashi	7	Appointed on 07/03/11
Otunba Olutola Senbore	7	Appointed on 29/04/11

Board Risk Management Committee

Board Risk Management Committee met four times during the year.

Director	Total no. attended	Remark
Mr Bismarck Rewane	4	Existing member
Dr John Udofa	4	Existing member
Mr Nigel Kenny	4	Existing member
Mr GTS Adokpaye	0	Resigned on 10/02/11
Mr Ladi Jadesimi	0	Resigned on 10/02/11
Alhaji Mustapha Damcida	3	Appointed on 11/05/11
Mr Stephen Alashi	2	Appointed on 07/03/11

Corporate governance *continued...*

Board Finance and General Purpose Committee

Board Finance and General Purpose Committee met seven times in the year.

Director	Total no. attended	Remark
Mr GTS Adokpaye	3	Resigned on 10/02/11
Mr Ladi Jadesimi	3	Resigned on 10/02/11
Dr John Udofa	7	Existing member
Mr Bismarck Rewane	7	Existing member
Mr Nigel Kenny	6	Existing member
Mr Tope Lawani	2	Existing member
Otunba Olutola Senbore	2	Appointed on 29/04/11

Board Audit Committee

The Board Audit Committee met five times in the year.

Director	Total no. attended	Remark
Alhaji SB Daranijo	5	Existing member
Evangelist Akinola Soares	5	Existing member
Alhaji Batula B Adisa	5	Existing member
Dr John Udofa	3	Existing member
Mr Bismarck Rewane	3	Existing member
Mr GTS Adokpaye	1	Resigned on 10/02/11
Mr Stephen Alashi	3	Appointed 07/03/11

Board Human Capital and Remuneration Committee

Board Human Capital and Remuneration Committee met five times in the year.

Director	Total no. attended	Remark
Dr John Udofa	5	Existing member
Alhaji Mustapha Damcida	3	Appointed on 11/05/11
Mr Nigel Kenny	5	Existing member
Mr Ladi Jadesimi	1	Resigned on 10/02/11
Alhaji Ibrahim M Damcida	0	Resigned on 10/02/11
Mr Tope Lawani	0	Existing member
Mr Olusegun Odubogun	4	Appointed on 26/07/10
Otunba Olutola Senbore	2	Appointed on 29/04/11

Shareholder Participation

The Bank is conscious of, and continues taking necessary steps to promote, shareholder rights.

The Bank has significantly benefited from contributions and advice from shareholder members of the Audit Committee.

All stakeholders are invited to report any concern about a threatened/suspected breach of any corporate governance requirement to the office of the company secretary.

Disclosure to the Shareholders

The Directors' fees for the financial year ending December 31, 2012 shall be fixed at N150,000,000.00 only and a resolution to approve shall be proposed.

Retirement/Resignation of Directors

Messrs GTS Adokpaye, Ladi Jadesimi and IM Damcida retired from the Board of the Bank in February 2011 whilst Mr Henry Semenitari, an Executive Director, resigned his appointment from the Bank effective January 3, 2011.

Appointment of New Directors

Following the retirement of some of our directors in line with section 5.3.10 of the (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation, the following directors have been appointed and approved by the CBN: Mr Segun Odusanya (executive), Mr Olufemi Bakre (executive), Mr Stephen Alashi (non-executive), Alhaji Mustapha Damcida (non-executive), Otunba Olutola Senbore (non-executive) and Mr Olutola OO Mobolurin (non-executive).

MRS OLAJUMOKE BAKARE
COMPANY SECRETARY

Board of **directors**

DR JONATHAN AD LONG,
CHAIRMAN

Jonathan Long was Managing Director of the Bank between 1987 and 2005. Prior to that, he was the Deputy Managing Director of the Bank between June 1985 and April 1987. He holds bachelor's (1967) and master's (1970) degrees from Balliol College and a Doctorate degree (1973) from St Anthony's College, both at Oxford University in the United Kingdom. He has over 29 years' corporate finance experience, working in merchant banking in the United Kingdom, Switzerland and Nigeria. He began his working career with William & Glyn's Bank Limited in 1973 and was appointed Manager, Corporate Finance, with Charterhouse Japhet Limited in London in 1976, before becoming General Manager of the Bank's Swiss investment management subsidiary Charterhouse Japhet (Suisse) SA in Geneva in 1979 and eventually Assistant Director in 1981. He later established the operations of Standard Chartered Bank Plc in Geneva, Switzerland in 1982 before joining First City Merchant Bank Limited in 1985.

MR LADI BALOGUN,
GROUP MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER

Ladi Balogun holds a bachelor's degree in Economics from the University of East Anglia, United Kingdom and an MBA from Harvard Business School, United States of America. He has over 19 years' experience in commercial and investment banking in Europe, the United States of America and Africa. He began his banking career in 1993 at Morgan Grenfell and Co Limited, where he worked in the areas of risk management and corporate finance (debt origination).

He was responsible for managing the Bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and also part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian sub-continent. Subsequently he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996. He has worked in various areas of the Bank, including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997. In 2000, he was made Executive Director in charge of Strategy and Business Development, and in 2001 Deputy Managing Director. He was appointed the Managing Director in 2005.

MR SEGUN ODUSANYA,
DEPUTY MANAGING DIRECTOR/EXECUTIVE DIRECTOR

Segun Odusanya joined FCMB in August 2011 with over 18 years' experience garnered across key banking functions, including Client Relationship, Sales, Corporate Banking and Operations. His most recent experience prior to joining FCMB was as the Regional Executive Director, Client Relationship: Standard Chartered Bank, East Africa – covering Uganda, Kenya and Tanzania, a position he had held since 2009, with major responsibility for driving the Group's agenda and strategy for Client Relationship business in East Africa. Prior to attaining the aforementioned role, Segun had occupied different positions in Standard Chartered Nigeria, Zenith Bank and erstwhile Chartered Bank.

Segun holds a bachelor's degree in Banking and Finance, as well as a master's degree in Finance from the University of Lagos. He has attended various managerial courses, including The General Management and Leadership Course at Said Business School, Oxford University.

MR PETER OBASEKI,
EXECUTIVE DIRECTOR (TRANSACTION SERVICES)

Peter Obaseki is an Executive Director in charge of Transaction Services. He was appointed onto FCMB's Board of Directors in 2008 with over 26 years' banking experience. He holds a BSc and MSc in Computer Science as well as an MBA in Finance from the University of Lagos, and has received specialised training from some of the most prestigious institutions in Europe, America and Africa, including the Lagos Business School of Nigeria, Afrexim Bank Egypt and Columbia Business School of the United States.

Peter previously worked with KPMG Ani & Ogunde as a Management Consultant focused on financial institutions before venturing into the banking industry. He joined FCMB in 1997.

MR NABEEL MALIK,
EXECUTIVE DIRECTOR (RETAIL BANKING)

Nabeel Malik is an Executive Director, responsible for the Retail Banking Group of the Bank. He joined FCMB from Mashreq Bank, Dubai, United Arab Emirates, where he was a Senior Vice President responsible for international business development and strategy for markets, overall governance of existing businesses and international retail expansion. Previously with Citibank (2002–2005), Nabeel Malik was educated in the United States of America where he earned a BA majoring in Economics at Princeton University (1984), New Jersey, and a master's degree from Yale School of Management (1991), Connecticut. His work experience spans several countries in Europe, the Middle East, Africa and Asia.

Board of **directors** *continued...*

MR OLUFEMI BAKRE,
EXECUTIVE DIRECTOR (INSTITUTIONAL BANKING)

Olufemi Bakre is an Executive Director in charge of Institutional Banking Group. He has held top management positions in Commercial and Merchant Banking businesses for over 12 of his 22 years in the banking sector. His experience cuts across Accounts Management, Credit and Financial analysis, Marketing/Customer Relationship Management, Branch Management/Co-ordination, Multilaterals, Local & Foreign Financial Institutions Management, Public Sector and Global Custody. His most recent experience was as the Group Head, Public Sector of the Lagos Directorate of First Bank of Nigeria PLC; where he had also previously served as the Group Head, Multilaterals & Financial Institutions.

MR OLUSEGUN A ODUBOGUN,
NON-EXECUTIVE DIRECTOR

Olusegun A Odubogun qualified in 1974 as a Chartered Accountant. He became a Fellow of the Chartered Accountants of Nigeria in 1980. He also belongs to several business and professional associations. He worked throughout his career spanning over 40 years at Deloitte (previously Akintola Williams & Co) from where he retired in 2008 as the Chief Executive Officer Deloitte West & Central Africa, a regional practice formed in 2006 under his leadership. Through diligence, technical ability and uncompromising commitment to professionalism and excellence, he rose rapidly in the practice to become a Partner in 1980, the year in which he participated in the International Partner Exchange Programme and worked at Deloitte Services in audit, tax, consulting and Insolvency to various clients in the private and public sectors of the Nigerian economy. In 2003, he was elected the firm's Chief Executive Officer. He joined the FCMB Board in 2010.

MR NIGEL KENNY,
NON-EXECUTIVE DIRECTOR

Nigel Kenny is an alumnus of the University of Surrey, from where he obtained a BSc degree in physics (first class) in 1970 and a Doctorate in Theoretical Physics in 1973. He is also a Fellow of the Institute of Chartered Accountants in England and Wales. He began his career with PricewaterhouseCoopers in 1973 as an Audit Manager and eventually rose to become the Deputy Regional Audit Manager. He worked with Chase Manhattan Bank NA between 1982 and 1992, becoming the Vice President and Area Audit Manager for Europe, Middle East and Asia in 1989. He joined Standard Chartered Plc, London in 1992 where he rose to become the Group Executive Director for Finance in 1999, a position he held till he left in 2002. He joined the Board in 2007.

DR JOHN UDOFA,
NON-EXECUTIVE DIRECTOR

John Udofa holds an HND in Accounting from The Polytechnic, Calabar, an MBA from the University of Ibadan and a Doctorate degree from St Clement's University, United States of America. Having worked for Benue Agricultural Development Corporation as an accountant, he moved on to Icon Limited (an IFC and JP Morgan sponsored merchant bank) and worked in the International Operations, Area Office Operations, Treasury and Financial Services, Credit and Marketing Departments till 1992 when he left for Cooperative Development Bank plc, where he became the General Manager/Acting Managing Director/Chief Executive in 2001.

He was appointed Managing Director of the Bank in 2002 and joined the board of FCMB in 2005.

MR BISMARCK REWANE,
NON-EXECUTIVE DIRECTOR

Bismarck Rewane obtained a BSc degree in Economics from the University of Ibadan and became an Associate of The Institute of Bankers (England & Wales) in 1975. He began his banking career with Barclays Bank, UK, in 1973 and moved to Nigeria where he joined the First National Bank of Chicago and moved on to International Merchant Bank Nigeria, before leaving in 1996 to start his own company. An outstanding scholar, Bismarck Rewane has addressed many professional and business gatherings. He joined the Bank's Board in 2002 and is the Managing Director/Chief Executive of Financial Derivatives Company Limited.

Board of directors *continued...*

MR ALHAJI MUSTAPHA DAMCIDA,
NON-EXECUTIVE DIRECTOR

Alhaji Mustapha Damcida has a Diploma in law from Ahmadu Bello University and also a BSc in Business Administration from the Robert Morris College, Pittsburgh, USA. He is the MD/CEO of the following companies: Damus International Ltd, Damus Security Solutions and Damson Properties Ltd. He also sits on the board of Prudent Risk Advisors and was a director at the Nigerian American Bank Ltd from (2004-2005).

MR STEPHEN O ALASHI,
NON-EXECUTIVE DIRECTOR

Stephen Alashi is a first-class graduate in Economics from the University of Ibadan (1977) and holds an MSc in the same discipline from the University of Lagos (1981). He retired from NDIC as Director of the Field Examination Department in 2006. Prior to joining NDIC as a pioneer staff member in 1989, he worked at the Central Bank of Nigeria (CBN) for 10 years. He has attended several local and overseas courses and has written several articles, some of which have been published in reputable journals and presented papers at high-profile conferences and seminars. He joined the Board in 2011.

MR OTUNBA OLUTOLA O SENBORE,
NON-EXECUTIVE DIRECTOR

Otunba Senbore has over 41 years' experience in the financial services industry. Currently the Chairman of Olutola Senbore & Co (Chartered Accountants), he began his career in 1967 with Coopers & Lybrand (now PricewaterhouseCoopers) where he was a Partner from 1975 to 1991. He subsequently worked with FCMB as an Executive Director from 1991 to 1994 before joining IFAMS Limited (Financial & Management Consultants) in 1994. He served on the Board of First Bank of Nigeria Plc as a Non-Executive Director (1990 to 1991), and also on the Board of UBA as a Non-Executive Director (1992 to 1993). He holds a BSc in Economics from the University of Ibadan and is a fellow of The Institute of Chartered Accountants of Nigeria (ICAN) and a fellow of The Business Recovery and Insolvency Practitioners Association of Nigeria (BRIPAN). He joined the Board in 2011.

MR OLUTOLA O MOBOLURIN,
NON-EXECUTIVE DIRECTOR

Olutola Mobolurin has over 31 years of varied exposure and experience in the financial services industry. He began his career as an Investment Executive at Plateau Investments company in 1977, before joining City Securities Limited in 1978. He joined Continental Merchant Bank in 1979, rising to Head of Corporate Finance until he left in 1988. He subsequently worked with Capital Bancorp Ltd as managing director from 1988 to 2006, and later joined Crusader (Nigeria) Plc as Vice-Chairman and Group Chief Executive Officer in 2007. He holds a BSc in Accounting & Finance from the State University of New York and an MBA from York University, Toronto, and is Fellow of the Chartered Institute of Stockbrokers. He Joined the Board in 2011.

MR TOPE LAWANI,
NON-EXECUTIVE DIRECTOR

Tope Lawani is a co-founder and Managing Director of Helios Investment Partners, an investment firm focused on making private equity investments in Sub-Saharan Africa. Prior to co-founding Helios, he was a Principal at Texas Pacific Group (1996–2004), one of the world's leading global private equity firms. He holds a 1991 Bachelor of Science degree in Chemical Engineering from the Massachusetts Institute of Technology and a master's in Business Administration from Harvard Business School in 1996. He joined the Bank's Board in 2007.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Directors' report For the year ended December 31, 2011

The Directors present their annual report on the affairs of First City Monument Bank Plc ('the Bank') and its subsidiaries ('the Group'), together with the financial statements and auditor's report for the year ended December 31, 2011.

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.

At General Meetings separately held by ordinary shareholders of FCMB Plc and FinBank Plc on September 29, 2011, shareholders of both banks separately approved FCMB's acquisition of FinBank Plc. Effective February 9, 2012, FCMB Plc acquired all the ordinary shares of FinBank Plc (including all its subsidiaries) for a total consideration of N6 billion, via a Special Purpose Vehicle, FCMB Investments Limited.

FCMB Plc's acquisition of FinBank Plc followed the restoration of FinBank Plc's negative capital to zero by the Asset Management Corporation of Nigeria ('AMCON'), through the injection of AMCON Bonds, which entitled AMCON to a share of the total consideration for the transaction. As a result of the acquisition, FinBank Plc became a wholly owned subsidiary of FCMB. Dilution to FCMB shareholding was 1.7%. FinBank achieves capital adequacy ratio on a capital see through basis to FCMB's capital (capital see through being the process by which the Central Bank of Nigeria assesses a bank's compliance with Regulatory CAR on the basis of the financial position of another bank which CAR is sufficient to accommodate and ensure compliance with Regulatory CAR). FCMB is currently integrating the business and operations of FinBank into FCMB, with a target completion date of second quarter 2012.

The Bank prepares consolidated financial statements.

c. Operating Results

Gross earnings increased by 28% and loss before tax of N11.3 billion was recorded by the Group. The Directors affirm that the Bank is strategically poised for continued growth and development. The directors did not recommend the payment of dividend for the year ended December 31, 2011 (2010: 35 kobo). Highlights of the Group's operating results for the year ended under review are as follows:

	December 31, 2011 N'000	December 31, 2010 N'000
Gross earnings	**80,398,043**	62,686,096
(Loss)/profit before tax	**(11,354,401)**	9,025,742
Taxation	**1,439,253**	(1,090,771)
(Loss)/profit after taxation	**(9,915,148)**	7,934,971
(Loss)/profit attributable to the Group	**(9,915,148)**	7,934,971
Appropriations:		
Transfer to statutory reserve	**-**	1,098,348
Transfer to retained reserve	**(9,915,148)**	6,836,623
	(9,915,148)	7,934,971
Total non-performing loans and advances	**9,584,646**	19,298,201
Total non-performing loans to total gross loans and advances (%)	**2.86%**	5.52%

d. Directors' Shareholding

The direct and indirect interests of Directors in the issued share capital of the Bank 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 as below noted:

	Direct shareholding Number of 50k ordinary shares held	
	December 31, 2011	December 31, 2010
Dr Jonathan AD Long (Chairman)	**9,322,092**	8,880,292
Mr Ladipupo O Balogun (Group Managing Director/ Chief Executive Officer)	**141,611,000**	141,611,000
Mr Segun Odusanya (Deputy Managing Director) (Appointed on September 1, 2011)	**-**	-
Mr Peter Obaseki (Executive Director)	**4,489,921**	2,572,375
Mr Nabeel Malik (Executive Director)	**22,117**	-
Mr Olufemi Bakre (Executive Director) (Appointed on February 14, 2011)	**-**	-
Dr John Udofa	**938,533**	938,533
Mr Bismarck Rewane	**930,000**	930,000
Mr Peter Nigel Kenny	**-**	-
Mr Tope Lawani	**-**	-
Mr Olusegun Odubogun (Appointed on July 26, 2010)	**-**	-
Mr Stephen O Alashi (Appointed on March 7, 2011)	**5,000**	-
Alhaji Mustapha Damcida (Appointed on May 11, 2011)	**-**	-
Otunba Olutola Senbore (Appointed on April 29, 2011)	**165,564**	-
Mr Olutola O Mobolurin (Appointed on April 29, 2011)	**-**	-
Mr Godwin TS Adokpaye (Retired on February 10, 2011)	**-**	29,145,000
Mr Ladi Jadesimi (Retired on February 10, 2011)	**-**	159,250,000
Alhaji Ibrahim Damcida (Retired on February 10, 2011)	**-**	138,066,689

Mr Tope Lawani represents the interest of HIP Samurai Limited and Samurai Parallel LP (being funds managed by Helios Investment Partners LLP) with shareholdings amounting to 879,411,176 (December 2010: 879,411,176).

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 year.

f. Property and Equipment

Information relating to changes in property and equipment is given in Note 23 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.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Directors' report For the year ended December 31, 2011 *continued...*

g. Shareholding Analysis

The shareholding pattern of the Bank as at December 31, 2011 is as stated below:

SHARE RANGE	No. of shareholders	% of shareholders	No. of holdings	% of shareholders
1–10,000	130,342	85.8388	370,080,890	2.2745
10,001–50,000	16,166	10.6464	398,742,211	2.4506
50,001–100,000	2,862	1.8848	233,246,916	1.4335
100,001–500,000	1,847	1.2164	424,215,677	2.6072
500,001–1,000,000	262	0.1725	214,206,933	1.3165
1,000,001–5,000,000	199	0.1311	451,906,834	2.7773
5,000,001–10,000,000	57	0.0375	416,195,930	2.5579
10,000,001–50,000,000	64	0.0421	1,230,295,685	7.5612
50,000,001–100,000,000	20	0.0132	1,441,145,132	8.857
100,000,001–500,000,000	23	0.0151	5,978,295,379	36.7416
500,000,001–1,000,000,000	1	0.0007	519,300,043	3.1915
1,000,000,001–16,271,192,202	2	0.0013	4,593,560,572	28.2312
Total	**151,845**	**100.00**	**16,271,192,202**	**100.00**

h. Substantial Interest in Shares

The Bank's authorised share capital is N10 billion divided into 20 billion ordinary shares of 50 kobo each of which 16,271,192,202 ordinary shares are issued and fully paid. 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 December 31, 2011:

		Number of shares	% Holding
1.	Capital IRG Trustees Limited	1,231,556,400	7.57
2.	Stanbic Nominees Nig. Limited – Trading	3,358,336,646	20.64

i. Donations and Charitable Gifts

The Bank made contributions to charitable and non-political organisations amounting to N82,285,221 (December 2010: N77,612,056) during the year.

BENEFICIARY	Amount
St. Saviour's School, Lagos	20,000,000
Corporate Social Responsibility: Priceless Gift Of Sight	12,000,000
The Federal Ministry of Agricultural Resources (FMAR)	11,655,000
Public-Private Partnership: Lagos State Ministry Of Finance	9,900,000
Sponsorship for Festivals of Nigeria Photography Book	6,000,000
Tuition and Books For 10 Bethesda Beneficiaries	3,000,000
Inside Business Alumni Speaker Programme	2,622,096
Ojude Oba Festival	2,500,000
Sponsorship For The Technical Workshop on Power Sector Privatization	2,500,000
Association Of Nigeria Bankers	2,500,000
The Chartered Institute Of Bankers Of Nigeria (CIBN)	2,145,000
Lagos Preparatory School (LPS) Foundation	2,000,000
Rose Of Sharon Foundation	2,000,000
Professor Elebute's Book Presentation	1,000,000
Ministry of Local Government & Chieftaincy Affairs	1,000,000
SIFE: Evergreen Project	853,125
Others	610,000
Total	**82,285,221**

j. Post Balance Sheet Events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at December 31, 2011 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Directors' report For the year ended December 31, 2011 *continued...*

k. Human Resources

Employment of Disabled Persons

The Group 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 Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees. Currently, the Group has one person on its staff list with physical disability.

Health, Safety and Welfare at Work

The Group continues to accord great priority to staff health and welfare. The Group 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.

l. Employee Involvement and Training

The Group 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 Group. This is achieved through regular meetings between management and staff of the Bank.

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

m. Auditors

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

MRS OLAJUMOKE BAKARE
Company Secretary
17A Tinubu Street
Lagos State
Nigeria

February 29, 2012

Statement of directors' responsibilities in relation to the financial statements

For the year ended December 31, 2011

The directors accept responsibility for the preparation of the annual financial statements set out on pages 67 to 127 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by

DR JONATHAN AD LONG
CHAIRMAN
February 29, 2012

LADI BALOGUN
GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER
February 29, 2012

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Report of the Audit Committee

For the financial period ended December 31, 2011 to the members of First City Monument Bank Plc.

In compliance with Section 359(6) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, we have reviewed the Audit Report for the period ended December 31, 2011 and hereby state as follows:

(1) The scope and planning of the audit were adequate in our opinion;

(2) The account and reporting policies of the Bank conformed with the statutory requirements and agreed ethical practices;

(3) The internal control system was being constantly and effectively monitored; and

(4) The external auditors' management controls report received satisfactory response from Management.

Dated: February 28, 2012

ALHAJI SB DARANIJO
CHAIRMAN, AUDIT COMMITTEE

Members of the Audit Committee are:

(1) Alhaji SB Daranijo

(2) Mr Stephen Alashi

(3) Alhaji BA Batula

(4) Dr Johnnie Udofa

(5) Evangelist PA Soares

(6) Mr Bismarck Rewane

Report of the independent auditor to the members of First City Monument Bank Plc

Report on the Financial Statements

We have audited the accompanying financial statements of First City Monument Bank Plc ('the Bank') and its subsidiary companies (together 'the Group'), which comprise the balance sheets as at December 31, 2011, and the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies, notes to the financial statements and the five-year financial summaries, as set out on pages 168 to 171.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance whether the financial statements are free form material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of First City Monument Bank Plc ('the Bank') and its subsidiaries (together 'the Group') as at December 31, 2011, and of the Group and Bank's financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report of the independent auditor to the members of First City Monument Bank Plc *continued...*

Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books, and the Bank's balance sheet and profit and loss account are in agreement with the books of account.

Compliance with Section 27(2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

(i) The Bank paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended December 31, 2011. Details of these contraventions and penalties paid are as disclosed in Note (40) to the financial statements.

(ii) Related-party transactions and balances are disclosed in Note (35) of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

KPMG
March 5, 2012

Lagos, Nigeria

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 modified by the revaluation of certain investment securities and comply with Nigerian Statements of Accounting Standards (SAS), the provisions of the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institution Act of Nigeria and relevant Central Bank of Nigeria Circulars. 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 non-controlling 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.

Associates are those entities in which the Bank has significant influence, but not control over the financial and operating policies. The consolidated financial statements includes the Bank's share of the total recognised gains and losses of associates on an equity accounted basis from the date significant influence commences until the date that significant influence ceases.

Statement of significant **accounting policies** ***continued...***

When the Group's share of losses exceeds its interest in an associates, the Group's carrying amount is reduced to nil and recognition of further losses are discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of associates.

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

Loans and advances are stated net of provision for bad and doubtful loans. Classification and provisioning is made in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facilities as follows:

Non-Specialised Loans

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%
Over 360 days	Lost	100%

Specialised Loans

Loans are treated as specialised loans in accordance with the criteria specified in the Prudential Guidelines for Deposit Money Banks in Nigeria. The classifications and provisioning for specialised loans take into consideration the cash flows and gestation periods of the different loan types. Specialised loans as defined by the Prudential Guidelines for Deposit Money Banks in Nigeria include:

(i) Agriculture finance (including farm and non-farm credits)

(ii) Mortgage loan

(iii) Margin loan

(iv) Object finance

(v) Project finance

(vi) Income producing real estate

(vii) Commercial real estate

(viii) SME loan.

Provision in respect of non-performing specialised loans are determined as follows:

Project Financing

CLASSIFICATION	% of outstanding obligation to amount due	Days past due for aggregate instalments	% of provision on total outstanding balance
Watchlist	Between 60% and 75%	> 180 days	0%
Substandard	< 60%	180 days to 2 years	25%
Doubtful	< 60%	2 years to 3 years	50%
Very doubtful	< 60%	3 years to 4 years	75%
Lost	< 60%	more than 4 years	100%

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Statement of significant **accounting policies** *continued...*

Object Financing, Income Producing Real Estate and Commercial Real Estate Financing

CLASSIFICATION	% of outstanding obligation to amount due	Days past due for aggregate instalments	% of provision on total outstanding balance
Watchlist	Between 60% and 75%	> 180 days	0%
Substandard	< 60%	180 days to 1 year	25%
Doubtful	< 60%	1 year to 2 years	50%
Very doubtful	< 60%	2 years to 3 years	75%
Lost	< 60%	> 3 years	100%

Mortgage Loans

CLASSIFICATION	Days past due for mark-up/interest for short-term facilities	% of provision on total outstanding balance
Watchlist	> 90 days	0%
Substandard	> 180 days	10%
Doubtful	1 year to 2 years	The unprovided balance should not exceed 50% of estimated net realisable value of the security.
Lost	> 2 years	100%

SME Financing – Short-Term Loans

CLASSIFICATION	Days past due for mark-up/interest or principal	% of provision on total outstanding balance
Watchlist	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 year to 1.5 years	50%
Very doubtful	1.5 years to 2 years	75%
Lost	> 2 years	100%

SME Financing – Long-Term Loans

CLASSIFICATION	Days past due for mark-up/interest or principal	% of provision on total outstanding balance
Watchlist	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 year to 2 years	50%
Very doubtful	2 years to 3 years	75%
Lost	> 3 years	100%

Statement of significant **accounting policies** *continued...*

Agricultural Financing – Short-Term Loans

CLASSIFICATION	Days past due for mark-up/interest or principal	% of provision on total outstanding balance
Watchlist	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 year to 1.5 years	50%
Very doubtful	1.5 years to 2 years	75%
Lost	> 2 years	100%

Agricultural Financing – Long-Term Loans

CLASSIFICATION	Days past due for mark-up/interest or principal	% of provision on total outstanding balance
Watchlist	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 year to 2 years	50%
Very doubtful	2 years to 3 years	75%
Lost	> 3 years	100%

Unrealised mark-up/interest in respect of non-performing loans and advances are reversed from revenue account and credited into interest in suspense account until they are realised in cash. Future interests charged on the accounts are credited to the same account until such facilities becomes performing.

Margin Financing:

All margin facilities are included in performing loans balances and are assessed for impairment by marking the underlying securities to market. The excess of loan amounts above the market value of the underlying securities is provisioned and charged to profit and loss account to accommodate actual and expected losses on the facility amounts and is reported in specific provisions for margin loans.

Haircut Adjustments:

The Bank adjusts the value of any qualified collateral held in respect of loans and advances classified as lost to take account of any possible future fluctuations in the value of the collateral, occasioned by market movement.

The following haircut adjustments are applicable on all loan types classified as lost:

DESCRIPTION OF COLLATERAL	Haircut adjustments weightings
Cash	0%
Treasury bills and government securities e.g. bonds	0%
Quoted equities and other traded securities	20%
Bank guarantees and receivables of blue-chip companies	20%
Residential legal mortgage	50%
Commercial legal mortgage	50%

Haircut adjustment on lost facilities are made for only one year. Thereafter, the collaterals are realised or the shortfall in provision recognised.

Bad debts are written off against the related provision for bad and doubtful debts when it is determined that they are uncollectible. Bad debts in respect of which a previous provision was not made are written off directly to the profit and loss account when they are deemed to be uncollectible. Subsequent recoveries on bad debts written off are credited to the profit and loss account.

General Provision

A minimum of 1% general allowance is made on all loans and advances, which have not been specifically provided for.

Statement of significant accounting policies *continued...*

f. Property and Equipment

Property 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 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 and equipment immediately the asset is put to use and depreciated accordingly.

Depreciation is calculated on a straight line basis to write-off property 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. (i) 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 and equipment, provisions for pensions and other post-retirement benefits 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.

g. (ii) Taxation

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.

Statement of significant **accounting policies** *continued...*

j. Business Combination

The acquisition 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. Investment Securities

Investment securities are classified as either short term or long term. Investment securities are initially recognised at cost and management determines the classification at initial investment.

Short-term investments comprise investments in marketable securities like bonds and treasury bills issued by the Federal Government of Nigeria. In addition, management intends to hold such securities for not more than one year. Short-term investments are carried at net realisable value. Gains or losses resulting from market valuation are recognised in the profit and loss account. The original cost is disclosed.

Treasury bills not held for trading are presented net of unearned discount. Unearned discount is deferred and amortised as earned. Unearned discount is not recognised on treasury bills held for trading. Interest earned while holding short-term securities is reported as interest income.

Long-term investments comprise investment in marketable securities and unquoted securities. Investments in marketable securities are carried at the lower of cost and net realisable value. The market value of quoted securities is disclosed. Investments in unquoted securities are carried at cost. Provisions are made for permanent diminution in the value of such investments. Income earned as dividend on equity securities held as long-term investments is reported as other income, while interest earned on bonds is reported as interest income.

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

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 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.

o. Other Long-Term Benefits

The Bank has a non-contributory long-service compensation policy for employees that have spent five years and above up till the end of service in the Group. The entitlement for qualified staff is calculated at the rate of 15% of annual total of basic salary, transport, housing and house maintenance allowance or as determined by the management and Board of the Bank from time to time.

p. Cash and Cash Equivalents

For the purposes of the statement of cash flow, 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.

Statement of significant **accounting policies** *continued...*

q. Borrowings

Borrowed funds are recognised initially at their issue proceeds and subsequently stated at cost less any repayments.

Transaction costs where immaterial, are recognised immediately in the profit and loss account. Where transaction costs are material, they are capitalised and amortised over the life of the loan. Interest paid on borrowings is recognised in the profit and loss account for the year.

r. 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.

s. 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.

t. Deposit Liabilities

Deposit liabilities are the Bank's sources of debt funding. Deposit liabilities are carried at cost.

u. Investment Property

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group, an occupation of more than 15% of the property is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property 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, following a revaluation in accordance with the Group's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to owners' equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than the profit and loss account. An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

Statement of significant **accounting policies** *continued...*

v. Sale of Loans or Securities

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the seller is recognised by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- there must not be any repurchase obligations.

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of loan or securities without recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can be reasonably estimated.

Where there is no obligation to or assumption of repurchase, the sale is treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

w. Dividend

Dividends on ordinary shares are appropriated from retained earnings and recognised as a liability in the period in which they are declared. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

x. Earnings Per Share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are 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.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for any bonus shares issued.

y. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

z. Intangible Assets

(i) Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Purchased software is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalised as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years.

Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

(ii) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the separable net assets of subsidiaries acquired, at the date of the acquisition. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might have been impaired. Impairment losses are recognised in the profit and loss account in the year in which they arise. This is a new policy in line with the Statement of Accounting Standard number 31: On Intangible Assets issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board), which is effective for annual periods beginning on or after January 1, 2011. See Notes 23(e) and 24 for reclassifications made to the balance sheet on implementation of the new accounting policy. There was no effect on either the profit and loss account or retained earnings.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Consolidated profit and loss accounts For the year ended December 31, 2011

	Note	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
Gross earnings		**80,398,043**	62,686,096	**74,236,855**	57,835,577
Interest income	3	**57,683,316**	43,631,945	**53,748,587**	40,702,524
Interest expense	4	**(25,620,635)**	(21,698,007)	**(25,619,558)**	(21,699,307)
Net interest income		**32,062,681**	21,933,938	**28,129,029**	19,003,217
Fee and commission income	5	**14,403,630**	10,175,894	**12,745,538**	9,042,026
Fee and commission expense		**(935,413)**	(961,225)	**(935,413)**	(961,225)
Net fee and commission income		**13,468,217**	9,214,669	**11,810,125**	8,080,801
Foreign exchange earnings		**3,947,203**	2,645,835	**3,947,203**	2,645,835
Income from investments	6	**3,248,336**	3,699,359	**2,895,386**	3,494,728
Income from disposal of investments		**-**	1,289,580	**-**	1,289,580
Other income	7	**1,115,558**	1,243,483	**900,141**	660,884
Net operating income		**53,841,995**	40,026,864	**47,681,884**	35,175,045
Operating expenses	8	**(32,857,320)**	(31,491,391)	**(29,648,123)**	(28,369,962)
Allowance for losses	15	**(32,452,704)**	439,415	**(31,969,727)**	759,805
Share of post tax result of associate	20	**113,628**	50,854	**-**	-
(Loss)/profit before tax		**(11,354,401)**	9,025,742	**(13,935,966)**	7,564,888
Tax credit/(charge)	9(a)	**1,439,253**	(1,090,771)	**2,368,222**	(242,566)
(Loss)/profit after tax attributable to group shareholders		**(9,915,148)**	7,934,971	**(11,567,744)**	7,322,322
The (loss)/profit for the year is appropriated as follows:					
Transfer to statutory reserve	33	**-**	1,098,348	**-**	1,098,348
Transfer to retained earnings	33	**(9,915,148)**	6,836,623	**(11,567,744)**	6,223,974
		(9,915,148)	7,934,971	**(11,567,744)**	7,322,322
(Loss)/earnings per share in kobo (basic)	38	**(61)k**	49k	**(71)k**	45k
(Loss)/earnings per share in kobo (diluted)	38	**(60)k**	49k	**(70)k**	45k

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

Balance sheets

		GROUP		BANK	
	Note	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
ASSETS					
Cash and balances with central bank	10	**34,934,115**	13,406,893	**34,933,865**	13,406,438
Treasury bills	11	**12,019,605**	22,588,314	**12,019,605**	22,588,314
Due from other banks	12	**35,376,959**	57,311,736	**28,654,265**	50,361,306
Loans and advances	13	**319,434,207**	326,899,532	**315,101,376**	323,531,060
Advances under finance lease	16	**3,067,760**	3,521,022	**3,067,760**	3,521,022
Deferred tax assets	29	**3,578,836**	572,053	**3,482,998**	433,047
Investment securities	17	**155,042,282**	74,188,921	**153,414,566**	71,916,099
Investment in subsidiaries	18	**-**	-	**11,005,868**	11,005,868
Investment in associates	20	**230,656**	145,000	**300,000**	300,000
Other assets	21	**12,375,864**	13,818,756	**12,231,591**	13,483,357
Investment property	22	**131,778**	131,778	**-**	-
Property and equipment	23	**19,092,716**	19,291,248	**18,640,557**	18,886,370
Intangible assets	24	**6,495,640**	6,715,629	**421,014**	640,607
		601,780,418	538,590,882	**593,273,465**	530,073,488
LIABILITIES					
Customer deposits	25	**409,231,355**	334,821,192	**410,578,646**	334,897,851
Due to other banks	26	**-**	580,784	**-**	580,784
Borrowings	27	**19,167,000**	25,116,189	**19,167,000**	25,116,189
Tax payable	9(b)	**1,783,422**	1,867,603	**951,402**	1,200,495
Other liabilities	28	**52,398,055**	40,813,679	**43,785,316**	33,078,675
Deferred tax liabilities	29	**26,388**	20,192	**-**	-
Retirement benefit obligations	30	**12,971**	8,994	**9,447**	5,096
Other long-term benefits	31	**1,464,716**	591,739	**1,408,493**	558,576
		484,083,907	403,820,372	**475,900,304**	395,437,666

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

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Balance sheets *continued...*

		GROUP		BANK	
	Note	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
EQUITY					
Share capital	32	**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	33	**1,191,716**	18,265,715	**868,366**	18,131,027
Shareholders' funds		**117,696,511**	134,770,510	**117,373,161**	134,635,822
LIABILITIES AND EQUITY		**601,780,418**	538,590,882	**593,273,465**	530,073,488
ACCEPTANCES AND GUARANTEES	34	**97,260,519**	65,249,741	**97,260,519**	65,249,741

The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on February 29, 2012 and signed on its behalf by:

DR JONATHAN AD LONG
CHAIRMAN

LADI O BALOGUN
GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

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

Statements of **cash flows** For the year ended December 31, 2011

		GROUP		BANK	
	Note	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
OPERATING ACTIVITIES					
Cash generated from/(used up in) operations	*37*	**67,280,988**	(6,876,336)	**67,619,474**	(12,251,555)
Tax paid	*9(b)*	**(1,645,515)**	(2,223,639)	**(930,822)**	(1,354,134)
Vat paid		**(493,666)**	(302,409)	**(493,666)**	(302,409)
Net cashflow from operating activities		**65,141,807**	(9,402,384)	**66,194,986**	(13,908,098)
FINANCING ACTIVITIES					
Dividend paid	*33*	**(5,694,917)**	(813,560)	**(5,694,917)**	(813,560)
Repayment of short-term borrowing	*27(c)*	**(17,515,564)**	(15,221,700)	**(17,515,564)**	(15,221,700)
Long-term borrowing	*27(c)*	**11,180,750**	9,914,939	**11,180,750**	9,914,939
Net cashflow from financing activities		**(12,029,731)**	(6,120,321)	**(12,029,731)**	(6,120,321)
INVESTING ACTIVITIES					
Investment in subsidiaries		**-**	-	**-**	(140,400)
Dividend income	*6*	**1,561,006**	1,594,490	**1,283,796**	1,360,582
Proceeds from disposal of investment securities		**4,641,290**	2,116,690	**3,601,853**	2,145,967
Purchase of Investments securities		**(86,795,212)**	(35,903,031)	**(85,658,139)**	(34,591,365)
Proceeds/(purchase) of short-term securities		**(76,303)**	3,085,381	**(940,000)**	2,527,635
Proceeds from disposal of property and equipment		**80,599**	121,697	**72,946**	99,730
Purchase of investment property		**-**	131,778	**-**	-
Purchase of property and equipment	*23*	**(2,660,520)**	(2,465,912)	**(2,434,834)**	(2,031,794)
Net cashflow from investing activities		**(83,249,140)**	(31,318,907)	**(84,074,378)**	(30,629,645)

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

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Statements of cash flows For the year ended December 31, 2011 *continued...*

		GROUP		BANK	
	Note	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(30,137,064)**	(46,841,612)	**(29,909,123)**	(50,658,064)
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR					
Balance at beginning of the year		**90,503,963**	137,345,575	**83,553,078**	134,211,142
Balance at end of year	*39*	**60,366,899**	90,503,963	**53,643,955**	83,553,078
DECREASE IN CASH AND CASH EQUIVALENTS		**(30,137,064)**	(46,841,612)	**(29,909,123)**	(50,658,064)

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

Notes to the financial statements For the year ended December 31, 2011

1 THE BANK

First City Monument Bank Plc ('the Bank'/'FCMB') was incorporated as a private limited liability company on April 20, 1982 and granted a banking license on August 11, 1983. On July 15, 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 December 21, 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. On 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).

At general meetings separately held by ordinary shareholders of FCMB Plc and FinBank Plc on September 29, 2011, shareholders of both banks separately approved FCMB's acquisition of FinBank Plc. Effective February 9, 2012, FCMB Plc acquired all the ordinary shares of FinBank Plc (including all its subsidiaries) for a total consideration of N6 billion, via a Special Purpose Vehicle, FCMB Investments Limited.

FCMB Plc's acquisition of FinBank Plc followed the restoration of FinBank Plc's negative capital by the Asset Management Corporation of Nigeria ('AMCON'), through the injection of AMCON Bonds, which entitled AMCON to a share of the total consideration for the transaction. As a result of the acquisition, FinBank Plc became a wholly owned subsidiary of FCMB. Dilution to FCMB shareholding was 1.7%. FinBank achieves Capital Adequacy Ratio on a Capital See Through basis to FCMB's capital. FCMB is currently integrating the business and operations of FinBank into FCMB, with a target completion date of second quarter 2012.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the financial statements For the year ended December 31, 2011 *continued...*

2 SEGMENT ANALYSIS

(a) By business segment

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 N500 million are included in the retail banking segment.

Corporate & Commercial Banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate and commercial banking business unit caters for the specific needs of companies with an annual turnover in excess of N2.5 billion.

Treasury and Financial Markets – Treasury and financial markets group provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. The group is also involved in currency trading incorporating financial instruments trading and structured financing.

Institutional Banking – government financing, financial institutions, multilateral agencies.

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.

(a) (i) The business segment result for December 31, 2011 is as follows:

GROUP

	Investment Banking N'000	Corporate and Commercial Banking N'000	Retail Banking N'000	Institutional Banking N'000	Treasury and Financial Markets N'000	Total N'000
External revenues	3,135,002	38,186,530	14,483,621	3,840,243	20,752,647	80,398,043
Revenue from other segments	-	(10,165,707)	12,187,985	11,584,163	(13,606,441)	-
Total revenue	3,135,002	28,020,823	26,671,606	15,424,406	7,146,206	80,398,043
Net operating income	3,133,925	14,770,185	20,652,193	10,176,310	5,109,382	53,841,995
Operating profit before head office overhead	1,597,803	(2,877,655)	4,098,433	(4,740,368)	3,863,662	1,941,875
Head office overhead	-	(2,496,752)	(6,824,219)	(2,795,547)	(1,179,758)	(13,296,276)
(Loss)/profit before tax	1,597,803	(5,374,407)	(2,725,786)	(7,535,915)	2,683,904	(11,354,401)
Assets and liabilities:						
Segment assets	11,734,592	244,980,524	84,988,217	45,739,192	214,337,893	601,780,418
Unallocated assets	-	-	-	-	-	-
Total assets	11,734,592	244,980,524	84,988,217	45,739,192	214,337,893	601,780,418
Segment liabilities	7,342,195	89,808,468	178,768,851	149,149,766	59,014,627	484,083,907
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	7,342,195	89,808,468	178,768,851	149,149,766	59,014,627	484,083,907
Net assets	4,392,397	155,172,056	(93,780,634)	(103,410,574)	155,323,266	117,696,511
Other segment items						
Depreciation	128,008	262,458	1,674,189	559,771	132,886	2,757,312
Amortisation of intangible assets – softwares	9,112	11,289	110,010	78,900	10,678	219,989

Notes to the financial statements For the year ended December 31, 2011 *continued...*

(a) (ii) The business segment result for December 31, 2010 is as follows:

GROUP

	Investment Banking N'000	Corporate and Commercial Banking N'000	Retail Banking N'000	Institutional Banking N'000	Treasury and Financial Markets N'000	Total N'000
External revenues	2,343,080	23,511,200	11,884,306	15,476,564	9,470,946	62,686,096
Revenue from other segments	-	(12,150,885)	4,207,203	7,223,535	720,147	-
Total revenue	2,343,080	11,360,315	16,091,509	22,700,099	10,191,093	62,686,096
Net operating income	2,344,380	9,478,805	14,275,696	9,049,411	4,878,572	40,026,864
Operating profit before head office overhead	(295,650)	7,998,480	2,495,724	7,065,862	3,294,873	20,559,289
Head office overhead	-	(2,547,533)	(5,340,970)	(3,329,252)	(315,792)	(11,533,547)
Profit before tax	(295,650)	5,450,947	(2,845,246)	3,736,610	2,979,081	9,025,742
Assets and liabilities:						-
Segment assets	3,589,765	229,184,060	50,327,084	76,085,098	179,404,875	538,590,882
Unallocated assets	-	-	-	-	-	-
Total assets	3,589,765	229,184,060	50,327,084	76,085,098	179,404,875	538,590,882
Segment liabilities	4,487,167	52,329,259	156,459,559	163,512,298	27,032,089	403,820,372
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	4,487,167	52,329,259	156,459,559	163,512,298	27,032,089	403,820,372
Net assets	(897,402)	176,854,801	(106,132,475)	(87,427,200)	152,372,786	134,770,510
Other segment items						
Depreciation	137,298	364,624	1,858,836	412,143	152,172	2,925,073
Amortisation of intangible assets – softwares	9,112	11,289	110,010	78,900	10,678	219,989

(b) By geographical segments

The Group's business is organised along two main geographical areas

Nigeria and Europe

GROUP

	NIGERIA		EUROPE		TOTAL	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
External revenues	**80,057,592**	62,463,969	**340,451**	222,127	**80,398,043**	62,686,096
Revenue from other segments	**-**	-	**-**	-	**-**	-
Total revenue	**80,057,592**	62,463,969	**340,451**	222,127	**80,398,043**	62,686,096
Net operating income	**53,501,544**	39,804,737	**340,451**	222,127	**53,841,995**	40,026,864
Operating profit before head office overhead	**1,941,875**	20,559,289	**-**	-	**1,941,875**	20,559,289
Head office overhead	**(13,296,276)**	(11,533,547)	**-**	-	**(13,296,276)**	(11,533,547)
(Loss)/profit before tax	**(10,795,271)**	9,512,694	**(559,130)**	(486,952)	**(11,354,401)**	9,025,742
Segment assets	**601,288,163**	537,945,452	**492,255**	645,430	**601,780,418**	538,590,882
Unallocated assets	**-**	-	**-**	-	**-**	-
Total assets	**601,288,163**	537,945,452	**492,255**	645,430	**601,780,418**	538,590,882
Segment liabilities	**483,952,248**	403,742,786	**131,659**	77,586	**484,083,907**	403,820,372
Unallocated liabilities	**-**	-	**-**	-	**-**	-
Total liabilities	**483,952,248**	403,742,786	**131,659**	77,586	**484,083,907**	403,820,372
Net assets	**117,335,915**	134,202,666	**360,596**	567,844	**117,696,511**	134,770,510
Other segment items						
Depreciation	**2,721,397**	2,901,150	**35,915**	23,923	**2,757,312**	2,925,073
Amortisation of intangible assets – softwares	**219,989**	219,989	**-**	-	**219,989**	219,989

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the financial statements For the year ended December 31, 2011 *continued...*

3 INTEREST INCOME	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Loans and advances	**41,259,261**	36,279,148	**37,479,585**	33,448,767
Placements and short-term funds	**3,041,707**	2,741,414	**2,886,654**	2,642,374
Interest on bonds	**11,354,794**	3,554,784	**11,354,794**	3,554,784
Advances under finance lease	**2,027,554**	1,056,599	**2,027,554**	1,056,599
	57,683,316	43,631,945	**53,748,587**	40,702,524
Analysis by source				
Bank	**3,041,707**	2,741,414	**2,886,654**	2,642,374
Non-bank	**54,641,609**	40,890,531	**50,861,933**	38,060,150
	57,683,316	43,631,945	**53,748,587**	40,702,524

Interest income earned outside Nigeria amounted to N1.9 million (December 2010: N6.0 million)

4 INTEREST EXPENSE	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Current accounts	**587,646**	549,769	**587,646**	549,769
Savings accounts	**394,182**	398,057	**394,182**	398,057
Term and other deposit accounts	**21,499,019**	19,179,623	**21,497,942**	19,180,923
Inter-bank takings	**2,266,321**	651,144	**2,266,321**	651,144
Borrowed funds	**873,467**	919,414	**873,467**	919,414
	25,620,635	21,698,007	**25,619,558**	21,699,307

Interest expense paid outside Nigeria amounted to N873 million (December 2010: N919 million).

5 FEE AND COMMISSION INCOME

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Credit related fees	**5,331,594**	4,435,379	**3,673,502**	3,301,511
Commission on turnover	**2,921,246**	2,227,172	**2,921,246**	2,227,172
Letters of credit commissions and fees	**2,387,074**	1,179,304	**2,387,074**	1,179,304
Facility management fee	**666,755**	263,817	**666,755**	263,817
Commission on off-balance sheet transactions	**866,677**	668,246	**866,677**	668,246
Other fees and commissions	**2,230,284**	1,401,976	**2,230,284**	1,401,976
	14,403,630	10,175,894	**12,745,538**	9,042,026

6 INCOME FROM INVESTMENTS

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Securities trading income	**1,687,330**	2,104,869	**1,611,590**	2,134,146
Dividend income	**1,561,006**	1,594,490	**1,283,796**	1,360,582
	3,248,336	3,699,359	**2,895,386**	3,494,728

Notes to the financial statements For the year ended December 31, 2011 *continued...*

7 OTHER INCOME	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Rental income	**7,500**	62,707	**7,500**	18,292
Profit on disposal of property and equipment	**9,569**	12,492	**8,051**	11,094
Other income	**1,098,489**	1,168,284	**884,590**	631,498
	1,115,558	1,243,483	**900,141**	660,884

8 OPERATING EXPENSES	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Staff cost (Note 36)	**14,768,645**	14,278,154	**13,097,119**	12,649,278
Depreciation (Note 23)	**2,757,312**	**2,925,073**	**2,582,258**	2,779,059
Amortisation of intangible assets – softwares (Note 24(a))	**219,989**	219,989	**219,593**	219,593
Auditors' remuneration	**129,794**	127,011	**100,000**	100,000
Directors' emoluments (Note 36)	**601,392**	627,947	**404,931**	376,164
Other operating expenses	**14,380,188**	13,313,217	**13,244,222**	12,245,868
	32,857,320	31,491,391	**29,648,123**	28,369,962

	GROUP		BANK	
9 TAX	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
(a) Charge				
Current tax	**1,477,691**	1,414,260	**681,729**	736,379
Education tax	**55,433**	128,580	**-**	87,315
Information technology tax	**28,210**	96,972	**-**	75,649
Income tax expenses	**1,561,334**	1,639,812	**681,729**	899,343
Deferred tax charge/(credit) (Note 29)	**(3,000,587)**	(549,041)	**(3,049,951)**	(656,777)
	(1,439,253)	1,090,771	**(2,368,222)**	242,566
(b) Payable				
Beginning of the year	**1,867,603**	2,451,430	**1,200,495**	1,655,286
Tax paid	**(1,645,515)**	(2,223,639)	**(930,822)**	(1,354,134)
Charge for the year (see (a) above)	**1,561,334**	1,639,812	**681,729**	899,343
	1,783,422	1,867,603	**951,402**	1,200,495

(c) The Bank had no taxable profit for the year ended December 31, 2011 and has consequently been subjected to minimum tax. Education tax has not been charged because the Bank had no assessable profit for the year.

	GROUP		BANK	
10 CASH AND BALANCE WITH CENTRAL BANK	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Cash	**11,323,268**	7,663,861	**11,323,018**	7,663,406
Operating account with the Central Bank of Nigeria	**1,647,067**	2,940,052	**1,647,067**	2,940,052
Mandatory reserve deposits	**21,963,780**	2,802,980	**21,963,780**	2,802,980
	34,934,115	13,406,893	**34,933,865**	13,406,438

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

11 TREASURY BILLS	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
Federal Government Of Nigerian Treasury Bills	**12,019,605**	22,588,314	**12,019,605**	22,588,314
	12,019,605	22,588,314	**12,019,605**	22,588,314
(a) These comprise:				
Treasury bills – trading	**2,750,000**	20,088,314	**2,750,000**	20,088,314
Treasury bills – others (see (b) below)	**9,269,605**	2,500,000	**9,269,605**	2,500,000
	12,019,605	22,588,314	**12,019,605**	22,588,314
(b) Treasury bills – others are stated as follows:				
Face value (see (c) below)	**9,499,229**	2,609,269	**9,499,229**	2,609,269
Unearned income	**(229,624)**	(109,269)	**(229,624)**	(109,269)
Net investments	**9,269,605**	2,500,000	**9,269,605**	2,500,000

(c) Included in treasury bills are bills amounting to N3.4 billion (2010: N2.5 billion) held by third parties as collateral for various transactions

(d) The original cost of treasury bills is N12.5 billion (2010: N24.0 billion).

12 DUE FROM OTHER BANKS	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
Current balances within Nigeria	**9,590,086**	10,057,918	**4,218,165**	3,899,830
Current balances outside Nigeria	**22,733,543**	23,105,118	**22,705,001**	22,911,476
Placements within Nigeria	**1,143,575**	24,148,700	**-**	23,550,000
Placements outside Nigeria	**1,909,755**	-	**1,731,099**	-
	35,376,959	57,311,736	**28,654,265**	50,361,306

Balances with banks outside Nigeria include N14.0 billion (December 2010: N10.7 billion) 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 28).

13 LOANS AND ADVANCES

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
The loans and advances are analysed as follows:				
(a) Specialised loans (See Note (b) below)	**100,489,670**	83,313,970	**100,489,670**	83,313,970
Non-specialised	**231,169,299**	262,883,577	**226,243,220**	259,324,669
	331,658,969	346,197,547	**326,732,890**	342,638,639
Specific provisions	**(8,215,446)**	(12,465,256)	**(7,711,212)**	(12,323,346)
General provisions	**(3,254,295)**	(48,526)	**(3,165,281)**	-
Specific mark to market allowance	**(17,617)**	(2,025,304)	**(17,617)**	(2,025,304)
Interest in suspense	**(737,404)**	(4,758,929)	**(737,404)**	(4,758,929)
	319,434,207	326,899,532	**315,101,376**	323,531,060
(b) Specialised loans comprise:				
Project finance	**49,657,126**	18,869,312	**49,657,126**	18,869,312
Object finance	**3,977,401**	6,528,008	**3,977,401**	6,528,008
Agriculture finance	**4,476,093**	3,688,936	**4,476,093**	3,688,936
Real estate finance	**39,533,259**	46,197,136	**39,533,259**	46,197,136
Mortgage finance	**1,965,265**	5,090,780	**1,965,265**	5,090,780
	99,609,144	80,374,172	**99,609,144**	80,374,172
Margin loans	**880,526**	2,939,798	**880,526**	2,939,798
	100,489,670	83,313,970	**100,489,670**	83,313,970

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

13. LOANS AND ADVANCES continued

(c) (i) Classification of other specialised loans by performance for December 31, 2011 was:

GROUP

	Project finance N'000	Object finance N'000	Agriculture finance N'000	Real Estate finance N'000	Mortgage finance N'000	Total N'000
Performing	49,657,126	3,977,401	4,476,093	39,533,259	1,283,777	98,927,656
Watchlist	-	-	-	-	379,661	379,661
	49,657,126	3,977,401	4,476,093	39,533,259	1,663,438	99,307,317
Other classification						
Substandard	-	-	-	-	237,783	237,783
Doubtful	-	-	-	-	17,649	17,649
Very doubtful	-	-	-	-	-	-
Lost	-	-	-	-	46,395	46,395
(a)	-	-	-	-	301,827	301,827
(b)	49,657,126	3,977,401	4,476,093	39,533,259	1,965,265	99,609,144
Percentage to total loans (a/b)	0%	0%	0%	0%	15%	0%

13. LOANS AND ADVANCES continued

(c) (ii) Classification of other specialised loans by performance for December 31, 2010 was:

GROUP

	Project finance N'000	Object finance N'000	Agriculture finance N'000	Real Estate finance N'000	Mortgage finance N'000	Total N'000
Performing	17,793,101	6,528,008	3,688,936	46,197,136	2,450,461	76,657,642
Watchlist	-	-	-	-	-	-
	17,793,101	6,528,008	3,688,936	46,197,136	2,450,461	76,657,642
Other classification						
Substandard	-	-	-	-	320,380	320,380
Doubtful	1,076,211	-	-	-	160,796	1,237,007
Very doubtful	-	-	-	-	-	-
Lost	-	-	-	-	2,159,143	2,159,143
(a)	1,076,211	-	-	-	2,640,319	3,716,530
(b)	18,869,312	6,528,008	3,688,936	46,197,136	5,090,780	80,374,172
Percentage to total loans (a/b)	6%	0%	0%	0%	52%	5%

Notes to the financial statements For the year ended December 31, 2011 *continued...*

13. LOANS AND ADVANCES continued

(c) (iii) Allowance for specialised loans are as follows:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Performing	**991,600**	-	**991,600**	-
Non-performing				
Sub-standard	**31,320**	30,038	**31,320**	30,038
Doubtful	**14,111**	601,004	**14,111**	601,004
Very doubtful	**-**	-		-
Lost	**46,396**	1,449,199	**46,396**	1,449,199
	1,083,427	2,080,241	**1,083,427**	2,080,241
Margin loans	**17,617**	2,025,304	**17,617**	2,025,304
	1,101,044	4,105,545	**1,101,044**	4,105,545

13. LOANS AND ADVANCES continued

(d) (i) Classification of non-specialised loans by performance was:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Performing	**221,904,097**	249,414,130	**217,482,252**	246,068,089
Non-performing				
Sub-standard	**1,016,197**	241,989	**1,016,197**	241,989
Doubtful	**737,189**	1,876,555	**232,955**	1,663,688
Lost	**7,511,816**	11,350,903	**7,511,816**	11,350,903
	231,169,299	262,883,577	**226,243,220**	259,324,669

(d) (ii) Allowance for non-specialised loans are as follows:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Performing	**2,262,695**	48,526	**2,173,681**	-
Non-performing				
Sub-standard	**181,625**	32,963	**181,625**	32,963
Doubtful	**623,925**	1,272,521	**119,691**	1,075,730
Lost	**7,318,069**	9,134,412	**7,318,069**	9,134,412
	10,386,314	10,488,422	**9,793,066**	10,243,105

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

13. LOANS AND ADVANCES continued

(e) Analysis by security

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Secured against real estate	**91,653,379**	94,685,474	**86,727,300**	94,685,474
Secured by shares of quoted companies	**1,288,945**	6,651,456	**1,288,945**	6,651,456
Otherwise secured	**209,362,695**	224,533,576	**209,362,695**	220,974,668
Unsecured	**29,353,950**	20,327,041	**29,353,950**	20,327,041
	331,658,969	346,197,547	**326,732,890**	342,638,639

(f) Analysis by maturity

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
0–30 days	**91,884,040**	88,166,493	**86,957,961**	84,607,585
1–3 months	**68,455,545**	82,602,996	**68,455,545**	82,602,996
3–6 months	**11,201,802**	17,286,466	**11,201,802**	17,286,466
6–12 months	**24,154,722**	24,373,557	**24,154,722**	24,373,557
Over 12 months	**135,962,860**	133,768,035	**135,962,860**	133,768,035
	331,658,969	346,197,547	**326,732,890**	342,638,639

14 LOAN LOSS ALLOWANCE AND INTEREST IN SUSPENSE

(a) Movement in loan loss allowance

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
At beginning of year:				
Non-performing	**14,490,560**	15,918,277	**14,348,650**	15,828,411
performing	**48,526**	7,999	**-**	-
Additional allowance:	**14,539,086**	15,926,276	**14,348,650**	15,828,411
Non-performing	**29,935,163**	6,096,442	**29,572,839**	6,044,399
performing	**3,205,769**	40,527	**3,165,281**	-
Amounts written off	**(32,437,434)**	(519,873)	**(32,437,434)**	(519,874)
Allowance no longer required	**(3,755,226)**	(7,004,286)	**(3,755,226)**	(7,004,286)
At end of year:				
Non-performing	**8,233,063**	14,490,560	**7,728,829**	14,348,650
performing	**3,254,295**	48,526	**3,165,281**	-
	11,487,358	14,539,086	**10,894,110**	14,348,650

(b) movement in interest in suspense

	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Beginning of year	**4,758,929**	2,776,952	**4,758,929**	2,776,952
Suspended during the year	**896,169**	3,341,284	**896,169**	3,341,284
Amounts written back	**(4,526,906)**	(1,172,988)	**(4,526,906)**	(1,172,988)
Amounts written off	**(390,788)**	(186,319)	**(390,788)**	(186,319)
At end of year	**737,404**	4,758,929	**737,404**	4,758,929

Notes to the financial statements For the year ended December 31, 2011 *continued...*

15 ALLOWANCE FOR LOSSES

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
The charge for the year is analysed as follows;				
Allowance on loans and advances – specific (see Note 14 (a))	**29,935,163**	6,096,442	**29,572,839**	6,044,399
Allowance on loans and advances – general (see Note 14 (a))	**3,205,769**	40,527	**3,165,281**	-
Write-back of allowances on loans and advances – specific (see Note 14 (a))	**(3,755,226)**	(7,004,286)	**(3,755,226)**	(7,004,286)
Allowance on advances under finance lease (see Note 16 (a))	**30,987**	-	**30,987**	-
Allowances for diminution in investments (see Note 17 (c))	**4,808,995**	80,444	**4,754,208**	120,000
Allowance for other assets (see Note 21 (b))	**354,728**	565,481	**329,350**	298,105
Recovery from previously written off loans	**(2,127,712)**	(218,023)	**(2,127,712)**	(218,023)
	32,452,704	(439,415)	**31,969,727**	(759,805)

16 ADVANCES UNDER FINANCE LEASE

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
(a) Gross investment	**4,393,512**	9,118,511	**8,668,997**	9,118,511
Less: unearned income	**(1,294,765)**	(5,597,489)	**(5,570,250)**	(5,597,489)
Net investment	**3,098,747**	3,521,022	**3,098,747**	3,521,022
General allowance for performing loans	**(30,987)**	-	**(30,987)**	-
	3,067,760	3,521,022	**3,067,760**	3,521,022
(b) Analysis by performance				
Performing	**3,098,747**	3,521,022	**3,098,747**	3,521,022

	GROUP		BANK	
16 ADVANCES UNDER FINANCE LEASE continued	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
(c) Analysis by maturity				
0–30 days	**127,297**	84,424	**127,297**	84,424
1–3 months	**286,263**	85,965	**286,263**	85,965
3–6 months	**413,011**	137,746	**413,011**	137,746
6–12 months	**676,349**	239,757	**676,349**	239,757
Over 12 months	**1,595,827**	2,973,130	**1,595,827**	2,973,130
	3,098,747	3,521,022	**3,098,747**	3,521,022

	GROUP		BANK	
17 INVESTMENT SECURITIES **(a) Long-term investments**	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Debt Securities				
Listed				
Federal Government of Nigeria (FGN) Bonds (see Note (e) below)	**48,359,535**	46,390,861	**47,110,173**	45,320,028
Unlisted				
Corporate Bonds (see Note (o) below)	**15,915,954**	7,000,000	**15,915,954**	7,000,000
AMCON Bonds (see Note (n) below)	**77,280,633**	5,522,259	**77,280,633**	5,522,259
State Government Bonds (see Note (m) below)	**4,119,200**	1,160,033	**4,119,200**	1,119,200

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

	GROUP		BANK	
17 INVESTMENT SECURITIES continued **(a) Long-term investments** continued	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Equity securities				
Listed				
African Petroleum Plc – ordinary shares	**-**	1,989,356	**-**	1,989,356
Unlisted				
(i) SME Investments (see Note (h) below)				
SME Partnership Limited	**84,455**	85,362	**84,455**	85,362
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
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

17 INVESTMENT SECURITIES continued
(a) Long-term investments continued

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
(ii) Others				
Fin Bank Plc – preference shares (see Note (j) below)	**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
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 (see Note (f) below)	**1,287,000**	1,287,000	**1,287,000**	1,287,000
Private Equity Funds (see Note (l) below)	**2,731,077**	2,537,411	**2,731,077**	2,537,411
Rivers State Microfinance Agency (see Note (k) below)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
HTM Private Placement Underwriting (see Note (i) below)	**3,337,212**	3,337,212	**3,337,212**	3,337,212
First City Asset Management (FCAM)	**40,000**	140,000	**-**	-
Food Concept Limited	**11,700**	11,700	**-**	-
Industrial and General Insurance	**95,000**	95,000	**-**	-
CSCS Limited	**500**	500	**-**	-
Hygeia Nigeria Limited	**602**	602	**-**	-
Financial Derivative Limited	**10,000**	10,000	**-**	-
Legacy Fund	**95,680**	-	**-**	-
CSL Trustees	**40,000**	-	**-**	-
	159,491,250	75,649,998	**157,948,406**	74,280,530
Allowance for diminution in value	**(5,493,521)**	(2,456,620)	**(5,473,840)**	(2,364,431)
	153,997,729	73,193,378	**152,474,566**	71,916,099

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

	GROUP		BANK	
17 INVESTMENT SECURITIES continued **(b) Short-term investments**	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Equity securities				
Listed				
Quoted equity securities (see Note (g) below)	**159,883**	1,023,580	**-**	-
Debt securities				
Listed				
Federal Government of Nigeria (FGN) Bonds	**300,000**	-	**300,000**	-
Unlisted				
Corporate Bonds (see Note (o) below)	**440,000**	-	**440,000**	-
State Government Bonds (see Note (m) below)	**200,000**	-	**200,000**	-
	1,099,883	1,023,580	**940,000**	-
Allowance for diminution in value	**(55,330)**	(28,037)	**-**	-
	1,044,553	995,543	**940,000**	-
Total Investment securities	**155,042,282**	74,188,921	**153,414,566**	71,916,099

(b) Movement in provision for diminution in investment securities	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Beginning of the year	**2,484,657**	2,404,213	**2,364,431**	2,244,431
Allowance/(write back)	**4,808,995**	80,444	**4,754,208**	120,000
Amounts written-off	**(1,744,801)**	-	**(1,644,799)**	-
At end of the year	**5,548,851**	2,484,657	**5,473,840**	2,364,431

17 INVESTMENT SECURITIES continued

(d) Movement in investment securities

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Beginning of the year	**74,188,921**	38,378,155	**71,916,099**	37,456,555
Additions	**86,871,515**	35,903,031	**86,598,139**	34,591,365
Redemption	**(2,953,960)**	(11,821)	**(1,990,263)**	(11,821)
Allowance for diminution in value/amount written-off	**(3,064,194)**	(80,444)	**(3,109,409)**	(120,000)
At end of the year	**155,042,282**	74,188,921	**153,414,566**	71,916,099

(e) (i) The analysis of FGN Bonds – held to maturity was as follows:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
3rd FGN Bond Series 13/09/29/06/5Y/12.99%	**-**	299,694	**-**	299,694
4th FGN Bond Series 10A /08/31/07/5Y/9.50%	**1,783,418**	1,833,638	**1,783,418**	1,833,638
4th FGN Bond Series 11 /09/28/07/7Y/9.25%	**1,825,257**	1,827,536	**1,825,257**	1,827,536
4th FGN Bond Series 3 /03/30/07/7Y/10.75%	**1,080,428**	1,094,000	**1,080,428**	1,094,000
4th FGN Bond Series 5 /05/25/07/5Y/9.23%	**3,505,329**	3,644,739	**3,505,329**	3,644,739
4th FGN Bond Series 6 /06/29/07/7Y/9.20%	**5,286,056**	5,320,579	**5,286,056**	5,320,579
4th FGN Bond Series 9A /08/31/07/10Y/9.35%	**520,957**	529,066	**520,957**	529,066
5th FGN Bond Series 1 /01/25/08/5Y/9.45%	**8,046,232**	7,799,635	**8,046,232**	7,799,635
5th FGN Bond Series 2 /05/30/08/10Y/10.70%	**22,696**	23,492	**22,696**	23,492
5th FGN Bond Series 3 /07/25/08/ 3Y/10.50%	**-**	189,710	**-**	189,710
5th FGN Bond Series 4D /11/28/08/5Y/10.50%	**4,529,881**	4,159,560	**4,529,881**	4,159,560
6th FGN Bond Series 2 /05/22/09/3Y/10.50%	**5,703,223**	5,972,722	**5,703,223**	5,972,722
6th FGN Bond Series 4 /10/23/09/10Y/7.00%	**835,226**	833,334	**835,226**	833,334
6th FGN Bond Series 1 /01/30/09/3Y/9.92%	**602,418**	632,887	**602,418**	632,887
7th FGN Bond Series 2 /04/23/10/ 5Y/4.00%	**3,789,924**	1,758,807	**3,789,924**	1,758,807
7th FGN Bond Series 1 /02/19/10/3Y/5.50%	**10,828,490**	10,471,462	**9,579,128**	9,400,629
Total	**48,359,535**	46,390,861	**47,110,173**	45,320,028

Notes to the financial statements For the year ended December 31, 2011 *continued...*

17 INVESTMENT SECURITIES continued

(e) (ii) The market value of the bonds was N43.0 billion (2010: N43.0 billion). An amount of N7.46 billion (December 2010: N23.62 billion) of these bonds is pledged with the Central Bank of Nigeria and other counter-parties as collateral for various transactions.

(f) This represents the Bank's 0.92% (December 2010: 0.92%) shareholding in African Finance Corporation Limited

(g) The market value of short-term investments is N0.3 billion (December 2010: N7.28 billion) Bank and N0.46 billion for Group.

(h) 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 N513 million (December 2010: N514 million) 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 five years.

(i) This represents the Bank's 5.99% (December 2010: 5.99%) shareholding in Helios Towers Mauritius.

(j) This represents the Bank's investment of 467,836,257 (December 31, 2010: 467,836,257) Irredeemable Non-cummulative convertible preference shares in FinBank Plc. A provision of N4 billion has been made during the year on the irrecoverable portion of the investment.

(k) Investment in River state Microfinance Agency represents payments for shares in agency not yet allocated to the Bank as the investee company was still pre-operational as at year end.

(l) Investment in private equity funds comprise investments in Samba and Kili Private Equity Funds, managed by Helios Investment Partners.

(m) The analysis of state government bonds was as follows:	Rate	Maturity Date	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
LAGOS STATE GOVERNMENT SERIES 1	13.00%	January 15, 2013	**100,200**	100,200	**100,200**	100,200
LAGOS STATE GOVERNMENT SERIES 2	10.00%	April 19, 2017	**1,019,000**	1,059,833	**1,019,000**	1,019,000
EDO STATE GOVERNMENT BOND	14.00%	December 31, 2017	**2,000,000**	-	**2,000,000**	-
BENUE STATE GOVERNMENT BOND	14.00%	June 30, 2016	**800,000**	-	**800,000**	-
DELTA STATE GOVERNMENT BOND	14.00%	September 30, 2018	**200,000**	-	**200,000**	-
			4,119,200	1,160,033	**4,119,200**	1,119,200

17 INVESTMENT SECURITIES continued

(n) The analysis of AMCON Bonds was as follows:

	Rate	Maturity Date	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
AMCON Bonds – PHASE 1	10.13%	December 31, 2013	**6,156,338**	5,522,259	**6,156,338**	5,522,259
AMCON Bonds – PHASE 2	11.80%	December 31, 2013	**49,550,732**	-	**49,550,732**	-
AMCON Bonds – PHASE 3	12.29%	December 29, 2014	**21,573,563**	-	**21,573,563**	-
			77,280,633	5,522,259	**77,280,633**	5,522,259

AMCON Bond represents Initial Consideration Bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The Initial Consideration Bonds are three year zero coupon with yields to maturity of 10.125%, 11.80% and 12.29% for the first, second and third tranches respectively. The Initial Consideration Bonds were issued to banks in exchange for non-performing loans as part of the Nigerian Government's policy measures to reduce the negative impact of non-performing loans on the Nigerian banking industry and the economy as a whole. As at December 31, 2011, the Bank held AMCON Bonds with face value of N105.49 billion and book value of N77.28 billion.

During the year, the Bank received AMCON Bonds with face value of N95.52 billion and discounted amount of N66.95 billion in consideration for non-performing loans with gross value of N95.5 billion against which total provisions of N10.6 billion was made in the books.

The difference between the face value and the discounted amount of the AMCON Bond received amounting to N33.02 billion represents the unearned income to the Bank which will be recognised over the remaining periods of the respective tranches of the Bonds issued.

A loss of N17.9 billion representing the difference between the net amount (after provisions) of the loans acquired by AMCON during the year and the discounted amount of AMCON bonds issued in consideration was debited to the income statement for the year.

Based on the terms of the transaction, AMCON reserves the right to re-evaluate the valuation of the non-performing loans sold to it and to adjust the value of bonds issued.

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

17 **INVESTMENT SECURITIES** continued (o) **The analysis of Corporate Bonds was as follows:**	Rate	Maturity Date	GROUP **December 31, 2011 N'000**	GROUP December 31, 2010 N'000	BANK **December 31, 2011 N'000**	BANK December 31, 2010 N'000
CHELLARAMS PLC	14.00%	January 4, 2016	**160,000**	-	**160,000**	-
FLOUR MILLS NIGERIA PLC	12.00%	December 9, 2015	**3,600,000**	4,000,000	**3,600,000**	4,000,000
AFREN ENERGY RESOURCES LTD	11.50%	February 1, 2016	**7,905,954**	-	**7,905,954**	-
UBA PLC	13.00%	September 30, 2017	**3,000,000**	3,000,000	**3,000,000**	3,000,000
DANA GROUP PLC	14.50%	April 9, 2018	**250,000**	-	**250,000**	-
TOWER FUNDING PLC	14.00%	September 9, 2018	**1,000,000**	-	**1,000,000**	-
			15,915,954	7,000,000	**15,915,954**	7,000,000

(p) The directors are of the opinion that adequate allowance has been made for the diminution in the value of long-term investments at the balance sheet date.

18 **INVESTMENT IN SUBSIDIARIES** (a) **Investment in subsidiaries comprises:**	GROUP **December 31, 2011 N'000**	GROUP December 31, 2010 N'000	BANK **December 31, 2011 N'000**	BANK December 31, 2010 N'000
FCMB Capital Markets Limited (see note (c) below)	**-**	-	**240,000**	240,000
Credit Direct Limited (see note (d) below)	**-**	-	**150**	150
FCMB (UK) Limited (see note (e) below)	**-**	-	**1,216,997**	1,216,997
CSL Stockbrokers Limited (CSLS) (see note (f) below)	**-**	-	**8,650,721**	8,650,721
City Securities (Registrars) Limited (CSRL) (see note (g) below)	**-**	-	**898,000**	898,000
	-	-	**11,005,868**	11,005,868

18 INVESTMENT IN SUBSIDIARIES continued

(b) The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period consolidated with the parent company is as detailed below:

Company name:	Country of incorporation	Nature of business	Percentage of equity capital held (Direct holdings)	Percentage of equity capital held (Indirect holdings)	Financial year end
(1) FCMB Capital Markets Limited (FCMB CM)	**Nigeria**	Capital Market	**100%**	-	December 31, 2011
(2) Credit Direct Limited (CDL)	**Nigeria**	Micro-lending	**75%**	**25%**	December 31, 2011
(3) FCMB UK Limited (FCMB UK)	**United Kingdom**	Banking	**100%**	-	December 31, 2011
(4) City Securities Brokers Limited (CSLS)	**Nigeria**	Stockbroking	**100%**	-	December 31, 2011
(5) City Securities Registrar Limited (CSRL)	**Nigeria**	Registrar	**100%**	-	December 31, 2011

(c) This represents the cost of the Bank's 100% equity holding in FCMB Capital Markets Limited. The Company was incorporated in April 4, 2002.

(d) This represents the cost of the Bank's 75% equity holding in Credit Direct Limited. The Company was incorporated on June 13, 2006 and commenced operations in January 2007. The Bank acquired a majority shareholding in the company in February 2007. The balance of 25% is being held by FCMB Capital Markets Limited.

(e) This represents the cost of the Bank's 100% equity holding in FCMB (UK) Limited. The Company was incorporated on June 16, 2008 and commenced actual trading operations in September 2009.

(f) This represents the cost of the Bank's 100% equity holding in CSL Stockbrokers Limited. The Company was incorporated on January 24, 1979 and commenced operations in May 1979. The Bank acquired the total holding in the company in May 2009.

(g) This represents the cost of the Bank's 100% equity holding in City Securities (Registrars) Limited. The Company was incorporated in April 2002 and commenced full operations in March 2007 when it obtained its registrars certificate. The Bank acquired the total holding in the Company in May 2009.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the financial statements For the year ended December 31, 2011 *continued...*

19 CONDENSED FINANCIAL INFORMATION

(a) The condensed financial data of the consolidated entities as at December 31, 2011 were as follows:

	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	47,681,884	1,195,870	2,506,041	340,451	766,949	450,916	52,942,111	899,884	53,841,995
Operating expenses	(29,648,123)	(467,958)	(656,966)	(559,130)	(904,906)	(381,769)	(32,618,852)	(238,468)	(32,857,320)
Provision expense	(31,969,727)	(35,750)	(92,571)	-	(72,361)	27,947	(32,142,462)	(310,242)	(32,452,704)
Share of post tax result of associate	-	-	-	-	-	-	-	113,628	113,628
(Loss)/profit before tax	(13,935,966)	692,162	1,756,504	(218,679)	(210,318)	97,094	(11,819,203)	464,802	(11,354,401)
Tax	2,368,222	(184,565)	(675,282)	-	(57,780)	(11,342)	1,439,253	-	1,439,253
(Loss)/profit after tax	**(11,567,744)**	**507,597**	**1,081,222**	**(218,679)**	**(268,098)**	**85,752**	**(10,379,950)**	**464,802**	**(9,915,148)**

19 CONDENSED FINANCIAL INFORMATION continued

(a) The condensed financial data of the consolidated entities as at December 31, 2011 were as follows: continued

	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
FINANCIAL POSITION									
Assets									
Cash and balances with central banks	34,933,865	250	-	-	-	-	34,934,115	-	34,934,115
Treasury bills	12,019,605	-	-	-	-	-	12,019,605	-	12,019,605
Due from other banks	28,654,265	1,263,039	4,389	255,175	1,220,759	5,326,622	36,724,249	(1,347,290)	35,376,959
Loans and advances	315,101,376	140,364	8,852,179	2,032	84,827	116,543	324,297,321	(4,863,114)	319,434,207
Advances under finance lease	3,067,760	-	-	-	-	-	3,067,760	-	3,067,760
Deferred tax asset	3,482,998	10,512	-	-	85,326	-	3,578,836	-	3,578,836
Investment securities	153,414,566	44	-	-	576,689	1,050,983	155,042,282	-	155,042,282
Investment in subsidiaries	11,005,868	366,060	-	-	-	-	11,371,928	(11,371,928)	-
Investment in associates	300,000	-	-	-	-	-	300,000	(69,344)	230,656
Other assets	12,231,591	267,801	278,479	178,570	105,182	385,151	13,446,774	(1,070,910)	12,375,864
Investment property	-	-	-	-	-	131,778	131,778	-	131,778
Property and equipment	18,640,557	47,153	202,408	56,478	101,507	44,613	19,092,716	-	19,092,716
Intangibles assets	421,014	581			-	-	421,595	6,074,045	6,495,640
	593,273,465	**2,095,804**	**9,337,455**	**492,255**	**2,174,290**	**7,055,690**	**614,428,959**	**(12,648,541)**	**601,780,418**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

19 CONDENSED FINANCIAL INFORMATION continued

(a) The condensed financial data of the consolidated entities as at December 31, 2011 were as follows: continued

	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
FINANCIAL POSITION									
Financed by:									
Customer deposits	410,578,646	-	-	-	-	-	410,578,646	(1,347,291)	409,231,355
Due to other banks	-	-	4,863,115	-	-	-	4,863,115	(4,863,115)	-
Borrowed funds	19,167,000	-	-	-	-	-	19,167,000	-	19,167,000
Income tax payable	951,402	158,368	621,307	-	39,247	13,098	1,783,422	-	1,783,422
Other liabilities	43,785,316	737,541	2,370,239	131,659	152,055	6,292,140	53,468,950	(1,070,895)	52,398,055
Deferred income tax liabilities	-	-	20,983	-	-	5,405	26,388	-	26,388
Retirement benefit obligations	9,447	3,524	-	-	-	-	12,971	-	12,971
Other long-term benefits	1,408,493	56,223	-	-	-	-	1,464,716	-	1,464,716
Share capital and reserves	117,373,161	1,140,148	1,461,811	360,596	1,982,988	745,047	123,063,751	(5,367,240)	117,696,511
	593,273,465	2,095,804	9,337,455	492,255	2,174,290	7,055,690	614,428,959	(12,648,541)	601,780,418
Acceptances and Guarantees	**97,260,519**	**-**	**-**	**-**	**-**	**-**	**97,260,519**	**-**	**97,260,519**

19 CONDENSED FINANCIAL INFORMATION continued

(a) The condensed financial data of the consolidated entities as at December 31, 2011 were as follows: continued

	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
CASH FLOWS									
Cash flows from:									
Operating activities	66,194,986	638,692	(2,311,611)	(187)	(792,340)	780,445	64,509,985	631,822	65,141,807
Investing activities	(84,074,378)	350,029	(145,065)	(3)	697,143	254,291	(82,917,983)	(331,157)	(83,249,140)
Financing activities	(12,029,731)	(720,000)	2,460,119	(185)	-	(3,000)	(10,292,797)	(1,736,934)	(12,029,731)
Increase/(decrease) in cash and cash equivalents	(29,909,123)	268,721	3,443	(375)	(95,197)	1,031,736	(28,700,795)	(1,436,269)	(30,137,064)
Analysis of changes in cash and cash equivalents during the period:									
Beginning of the year	83,553,078	994,568	946	800	1,311,060	4,294,886	90,155,338	348,625	90,503,963
End of the year	53,643,955	1,263,289	4,389	425	1,215,863	5,326,622	61,454,543	(1,087,644)	60,366,899
	(29,909,123)	**268,721**	**3,443**	**(375)**	**(95,197)**	**1,031,736**	**(28,700,795)**	**(1,436,269)**	**(30,137,064)**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the financial statements For the year ended December 31, 2011 *continued...*

19 CONDENSED FINANCIAL INFORMATION continued

(b) The condensed financial data of the consolidated entities as at December 31, 2010 were as follows:

	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	35,163,951	533,918	2,506,041	222,127	1,019,585	577,089	40,022,711	(8,339)	40,014,372
Operating expenses	(28,358,868)	(406,331)	(656,966)	(486,952)	(1,156,775)	(421,346)	(31,487,238)	8,339	(31,478,899)
Provision expense	759,805	93,907	(92,571)	-	(322,443)	717	439,415	-	439,415
Share of post tax result of associate	-	-	-	-	-	-	-	50,854	50,854
Profit/(loss) before tax	7,564,888	221,494	1,756,504	(264,825)	(459,633)	156,460	8,974,888	50,854	9,025,742
Tax	(242,566)	(108,607)	(577,251)	-	(66,590)	(95,757)	(1,090,771)	-	(1,090,771)
Profit/(loss) after tax	**7,322,322**	**112,887**	**1,179,253**	**(264,825)**	**(526,223)**	**60,703**	**7,884,117**	**50,854**	**7,934,971**

19 CONDENSED FINANCIAL INFORMATION continued

(b) The condensed financial data of the consolidated entities as at December 31, 2010 were as follows: continued

	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
FINANCIAL POSITION									
Assets									
Cash and balances with central banks	13,406,438	250	-	-	-	205	13,406,893	-	13,406,893
Treasury bills	22,588,314	-	-	-	-	-	22,588,314	-	22,588,314
Due from other banks	50,361,306	994,318	946	425,377	1,312,060	4,294,681	57,388,688	(76,952)	57,311,736
Loans and advances	323,531,060	156,883	4,818,035	-	60,246	226,259	328,792,483	(1,892,951)	326,899,532
Advances under finance lease	3,521,022	-	-	-	-	-	3,521,022	-	3,521,022
Deferred tax asset	433,047	7,068	-	-	210,113	-	650,228	(78,175)	572,053
Investment securities	71,916,099	80,452	-	-	1,171,404	1,020,966	74,188,921	-	74,188,921
Investment in subsidiaries	11,005,868	366,060	-	-	-	-	11,371,928	(11,371,928)	-
Investment in associates	300,000	-	-	-	-	-	300,000	(155,000)	145,000
Other assets	13,483,357	401,907	4,257	131,290	720,858	400,092	15,141,761	(1,323,005)	13,818,756
Investment property	-	-	-	-	-	131,778	131,778	-	131,778
Property and equipment	19,526,977	45,374	104,391	88,763	107,164	60,163	19,932,832	-	19,932,832
Intangible assets	-	-	-	-	-	-	-	6,074,045	6,074,045
	530,073,488	**2,052,312**	**4,927,629**	**645,430**	**3,581,845**	**6,134,144**	**547,414,848**	**(8,823,966)**	**538,590,882**

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

19 CONDENSED FINANCIAL INFORMATION continued

(b) The condensed financial data of the consolidated entities as at December 31, 2010 were as follows: continued

	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
FINANCIAL POSITION									
Financed by:									
Customer deposits	334,897,851	-	-	-	-	-	334,897,851	(76,659)	334,821,192
Due to other banks	580,784	-	1,893,246	-		-	2,474,030	(1,893,246)	580,784
Borrowed funds	25,116,189	-	-	-	-	-	25,116,189	-	25,116,189
Income tax payable	1,200,495	16,489	619,108	-	40,609	69,075	1,945,776	(78,173)	1,867,603
Other liabilities	33,078,675	921,505	1,370,154	77,586	1,290,150	5,398,613	42,136,683	(1,323,004)	40,813,679
Deferred income tax liabilities	-	-	13,031	-	-	7,161	20,192	-	20,192
Retirement benefit obligations	563,672	37,061	-	-	-	-	600,733	-	600,733
Share capital and reserves	134,635,822	1,077,257	1,032,090	567,844	2,251,086	659,295	140,223,394	(5,452,884)	134,770,510
	530,073,488	2,052,312	4,927,629	645,430	3,581,845	6,134,144	547,414,848	(8,823,966)	538,590,882
Acceptances and Guarantees	**65,249,741**	**-**	**-**	**-**	**-**	**-**	**65,249,741**	**-**	**65,249,741**

19 CONDENSED FINANCIAL INFORMATION continued

(b) The condensed financial data of the consolidated entities as at December 31, 2010 were as follows: continued

	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
CASH FLOWS									
Cash flows from:									
Operating activities	(14,152,518)	(403,463)	234,490	(187)	(449,137)	(1,481,508)	(16,252,323)	6,605,519	(9,646,804)
Investing activities	(30,629,645)	283,206	(41,660)	(3)	340,314	(770,894)	(30,818,682)	(500,225)	(31,318,907)
Financing activities	(5,875,901)	-	(192,869)	(185)	-	(4,744)	(6,073,699)	197,798	(5,875,901)
Increase/(decrease) in cash and cash equivalents	(50,658,064)	(120,257)	(39)	(375)	(108,823)	(2,257,146)	(53,144,704)	6,303,092	(46,841,612)
Analysis of changes in cash and cash equivalents during the period:									
Beginning of the year	134,211,142	1,114,825	985	800	1,424,436	6,552,032	143,304,220	(5,958,645)	137,345,575
End of the year	83,553,078	994,568	946	425	1,315,613	4,294,886	90,159,516	344,447	90,503,963
	(50,658,064)	**(120,257)**	**(39)**	**(375)**	**(108,823)**	**(2,257,146)**	**(53,144,704)**	**6,303,092**	**(46,841,612)**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

	GROUP		BANK	
20 INVESTMENT IN ASSOCIATES **(a) Investment in the associate company:**	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Beginning of the year	**145,000**	300,000	**300,000**	300,000
Previously unrecognised reserve	**(27,972)**	(205,854)	**-**	-
Share of post tax results for the year	**113,628**	50,854	**-**	-
At end of the year	**230,656**	145,000	**300,000**	300,000

(b) The Group's interest in its principal associate was as follows:	**Associate, 2011 N'000**	Associate, 2010 N'000
Total assets	**1,241,884**	670,276
Total liabilities	**319,259**	90,278
Net assets	**922,625**	579,998
Gross income	**1,019,539**	718,323
Post tax results for the year	**454,511**	203,416

(c) This represents the Bank's 25% (2010: 25%) equity interest holding in Legacy Limited, a fund manager licenced to carry on the business of fund and pension management. The company was incorporated in April 2005 and commenced operations in May 2005. The Bank acquired its 25% equity holding in February 2008.

	GROUP		BANK	
21 OTHER ASSETS **(a) Accrued interest and fees receivable**	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Accrued interest and fees receivable	**2,491,280**	1,958,890	**2,440,288**	1,903,213
Prepayments	**2,230,173**	2,454,433	**1,801,192**	2,294,388
Accounts receivable	**8,862,752**	10,665,794	**8,943,210**	10,197,970
	13,584,205	15,079,117	**13,184,690**	14,395,571
Allowance for doubtful accounts (see Note (b) below)	**(1,208,341)**	(1,260,361)	**(953,099)**	(912,214)
	12,375,864	13,818,756	**12,231,591**	13,483,357

21 OTHER ASSETS continued

(b) Movement in allowance for doubtful accounts:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Balance, beginning of the year	**1,260,361**	1,344,899	**912,214**	636,179
Provision/(write back)	**354,728**	565,481	**329,350**	298,105
Amounts written-off	**(406,748)**	(650,019)	**(288,465)**	(22,070)
Balance, end of the year	**1,208,341**	1,260,361	**953,099**	912,214

22 INVESTMENT PROPERTY

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Balance, beginning of the year	**131,778**	-	**-**	-
Additions	**-**	131,778	**-**	-
Revaluation gains/(losses)	**-**	-	**-**	-
	131,778	131,778	**-**	-

This represents the Group's investment in landed property held for the purpose of capital appreciation. The investments were acquired during the year ended December 31, 2010 and the Directors are of the view that their carrying values as at December 31, 2011 do not differ in any material respect from their market values. A revaluation is due within three years from the date of purchase.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the financial statements For the year ended December 31, 2011 *continued...*

23 PROPERTY AND EQUIPMENT

(a) The movement on these accounts were as follows:

GROUP

	Capital Work in progress N'000	Leasehold land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery and equipment N'000	Computer equipment N'000	Total N'000
Cost							
At January 1, 2011	4,870,959	11,411,683	3,714,314	2,224,656	3,301,415	4,513,720	30,036,747
Additions	571,221	383,507	500,026	84,792	419,963	701,011	2,660,520
Disposal	-	(15,075)	(502,317)	(14,304)	(46,978)	(15,200)	(593,874)
Reclassifications	(1,222,559)	805,491	13,231	71,266	22,154	310,417	-
Items written-off	(33,492)	-	-	-	-	-	(33,492)
Translation difference	-	3,020	-	1,085	-	2,869	6,974
At December 31, 2011	**4,186,129**	**12,588,626**	**3,725,254**	**2,367,495**	**3,696,554**	**5,512,817**	**32,076,875**
Depreciation							
At January 1, 2011	-	1,360,701	2,837,067	1,470,320	1,945,539	3,131,872	10,745,499
Charge for the year	-	380,918	498,114	391,924	589,683	896,673	2,757,312
Eliminated on disposal	-	(5,075)	(446,663)	(10,928)	(45,141)	(15,037)	(522,844)
Reclassifications	-	-	-	-	(727)	-	(727)
Translation difference	-	2,323	-	390	-	2,206	4,919
At December 31, 2011	**-**	**1,738,867**	**2,888,518**	**1,851,706**	**2,489,354**	**4,015,714**	**12,984,159**
Net book amount							
At December 31, 2011	**4,186,129**	**10,849,759**	**836,736**	**515,789**	**1,207,200**	**1,497,103**	**19,092,716**
Net book amount							
At December 31, 2010	4,870,959	10,050,982	877,247	754,336	1,355,876	1,381,848	19,291,248

23 PROPERTY AND EQUIPMENT continued

(a) The movement on these accounts were as follows: continued

BANK

	Capital Work in progress N'000	Leasehold land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery and equipment N'000	Computer equipment N'000	Total N'000
Cost							
At January 1, 2011	4,870,959	11,337,782	3,456,084	2,076,771	3,253,126	4,161,335	29,156,057
Additions	571,221	383,507	361,902	69,476	413,666	635,062	2,434,834
Disposal	-	(15,075)	(450,106)	(6,389)	(46,978)	(12,953)	(531,501)
Reclassifications	(1,222,559)	805,491	13,231	71,266	22,106	310,465	-
Items written-off	(33,492)	-	-	-	-	-	(33,492)
At December 31, 2011	4,186,129	12,511,705	3,381,111	2,211,124	3,641,920	5,093,908	31,025,897
Depreciation							
At January 1, 2011	-	1,334,498	2,674,513	1,397,889	1,919,526	2,943,261	10,269,687
Charge for the year	-	364,325	442,130	366,790	582,776	826,237	2,582,258
Eliminated on disposal	-	(5,075)	(397,875)	(5,565)	(45,141)	(12,950)	(466,606)
At December 31, 2011	-	1,693,748	2,718,768	1,759,114	2,457,161	3,756,549	12,385,340
Net book amount							
At December 31, 2011	**4,186,129**	**10,817,957**	**662,343**	**452,010**	**1,184,759**	**1,337,359**	**18,640,557**
Net book amount							
At December 31, 2010	4,870,959	10,003,284	781,571	678,882	1,333,600	1,218,074	18,886,370

(b) 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.

(c) The Group had capital commitments of N112.5 million (December 2010: N110.5 million) as at the balance sheet date in respect of authorised and contracted capital projects.

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

23 PROPERTY AND EQUIPMENT continued

(d) The Group had no leased assets as at balance sheet (2010: nil).

(e) This is the first set of financial statements after the implementation of the Statement of Accounting Standards (SAS) 31: On Intangible Assets, which became effective for annual periods beginning on or after January 1, 2011. The implementation of the accounting policy resulted to a reclassification of computer software from property and equipment (Note 23). The impact of this is shown below:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Cost				
Opening balance as previously stated	-	31,925,456	-	31,042,302
Reclassification to intangible assets	-	(1,888,709)	-	(1,886,245)
Balance as re-stated	-	30,036,747	-	29,156,057
Accumulated depreciation				
Balance as previously stated	-	11,992,624	-	11,515,325
Reclassification to intangible assets	-	(1,247,125)	-	(1,245,638)
Balance as re-stated	-	10,745,499	-	10,269,687
Net book value				
Balance as previously stated	-	19,932,832	-	19,526,977
Balance as re-stated	-	19,291,248	-	18,886,370

24 INTANGIBLE ASSETS

(a) Softwares

The Bank adopted the new accounting standard, Statement of Accounting Standards (SAS) 31: On Intangible Assets, which became operative for financial statements covering periods beginning on or after January 1, 2011. As a result, the carrying amount of the cost of its acquired software cost, which does not form part of a related hardware and previously classified as property and equipment, was reclassified to intangible assets. The movement on intangible asset account during the year was as follows:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Cost				
Beginning of the year (see Note 23 (e))	**1,888,709**	-	**1,886,245**	-
Reclassifications	**-**	1,888,709	**-**	1,886,245
End of the year	**1,888,709**	1,888,709	**1,886,245**	1,886,245
Accumulated amortisation				
Beginning of the year (see Note 23 (e))	**1,247,125**	-	**1,245,638**	-
Reclassifications	**-**	1,247,125	**-**	1,245,638
Charge for the year	**219,989**	-	**219,593**	-
End of the year	**1,467,114**	1,247,125	**1,465,231**	1,245,638
Net book amount				
At December 31, 2011/2010	**421,595**	641,584	**421,014**	640,607

There were no additions, disposals and impairment during the year (2010: nil).

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

24 INTANGIBLE ASSETS continued (b) Goodwill	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
Beginning of the year	**6,074,045**	6,074,045	**-**	-
Acquired during the year	**-**	-	**-**	-
At end of the year	**6,074,045**	6,074,045	**-**	-
	6,495,640	6,715,629	**421,014**	640,607

(c) On May 2, 2009, the Bank acquired CSL Stock Brokers Limited (CSLS) and City Securities (Registrars) Limited, erstwhile related companies of the Bank by common directorship. The acquisition gave rise to the above goodwill.

Goodwill is reviewed annually or more frequently for impairment when there are objective indicators that impairment may have occurred by comparing the carrying value to its recoverable amount. No impairment was identified in 2011 (2010: nil).

25 CUSTOMER DEPOSITS	GROUP December 31, 2011 N'000	GROUP December 31, 2010 N'000	BANK December 31, 2011 N'000	BANK December 31, 2010 N'000
Current accounts	**172,021,976**	121,605,158	**173,369,267**	121,605,810
Savings accounts	**27,109,679**	23,309,961	**27,109,679**	23,309,961
Term and other deposit accounts	**174,829,748**	174,272,125	**174,829,748**	174,272,125
Domiciliary deposits	**34,716,763**	15,282,684	**34,716,763**	15,358,691
Electronic purse	**553,189**	351,264	**553,189**	351,264
	409,231,355	334,821,192	**410,578,646**	334,897,851

25 CUSTOMER DEPOSITS continued

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Analysis by maturity				
0–30 days	**336,831,401**	253,821,227	**338,178,692**	253,897,886
1–3 months	**61,615,757**	70,815,963	**61,615,757**	70,815,963
3–6 months	**9,529,556**	10,041,175	**9,529,556**	10,041,175
6–12 months	**1,249,375**	142,827	**1,249,375**	142,827
Over 12 months	**5,266**	-	**5,266**	-
	409,231,355	334,821,192	**410,578,646**	334,897,851

26 DUE TO OTHER BANKS

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Takings from banks and financial institutions	**-**	580,784	**-**	580,784
	-	580,784	**-**	580,784

27 BORROWINGS
(i) Short-term borrowings

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
African Export-Import Bank	**-**	7,600,625	**-**	7,600,625
GML Capital	**-**	2,314,314	**-**	2,314,314
Standard Chartered Bank, Mauritius	**-**	7,600,625	**-**	7,600,625
	-	17,515,564	**-**	17,515,564

INTRODUCTION
OPERATING REVIEW
FINANCIAL STATEMENTS

Notes to the financial statements For the year ended December 31, 2011 *continued...*

	GROUP		BANK	
27 BORROWINGS continued **(ii) Long-term borrowings**	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Standard Bank, London (see Note (a) (i) below)	**7,986,250**	7,600,625	**7,986,250**	7,600,625
International Finance Corporation (IFC) (see Note (a) (ii) below)	**7,986,250**	-	**7,986,250**	-
International Finance Corporation (IFC) (see Note (a) (iii) below)	**3,194,500**	-	**3,194,500**	-
	19,167,000	7,600,625	**19,167,000**	7,600,625
	19,167,000	25,116,189	**19,167,000**	25,116,189

(a) (i) The amount of N7,986,250,000 (USD 50,000,000) represents facility granted by Standard Bank, London repayable after a tenor of five years with an interest rate of 3.3% above LIBOR payable semi-annually.

(ii) The amount of N7,986,250,000 (USD 50,000,000) represents facility granted by International Finance Corporation (IFC) repayable after a tenor of two years with an interest rate of six-months LIBOR plus spread of 400–450 basis points payable semi-annually.

(iii) The amount of N3,194,500,000 (USD 20,000,000) represents convertible facility granted by International Finance Corporation (IFC) repayable after a tenor of two years with an interest rate of six-months LIBOR plus spread of 400–450 basis points payable semi-annually.

	GROUP		BANK	
(b) Analysis by maturity	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
0–30 days	-	-	-	-
1–3 months	-	-	-	-
3–6 months	-	9,625,931	-	9,625,931
6–12 months	-	7,889,758	-	7,889,758
Over 12 months	**19,167,000**	7,600,500	**19,167,000**	7,600,500
	19,167,000	25,116,189	**19,167,000**	25,116,189

27 BORROWINGS continued

(c) Movement in borrowings account during the year was as follows:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Balance, beginning of the year	**25,116,189**	30,178,530	**25,116,189**	30,178,530
Additions during the year	**11,180,750**	9,914,939	**11,180,750**	9,914,939
Repayments during the year	**(17,515,564)**	(15,221,700)	**(17,515,564)**	(15,221,700)
Translation difference	**385,625**	244,420	**385,625**	244,420
Over 12 months	**19,167,000**	25,116,189	**19,167,000**	25,116,189

28 OTHER LIABILITIES

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Customers' deposit for letters of credit (Note 12)	**14,026,762**	10,685,035	**14,026,762**	10,685,035
Bank cheques/drafts	**2,778,237**	2,593,873	**2,734,734**	2,437,980
Interest payable	**1,634,221**	827,567	**1,634,221**	827,567
Unearned income	**4,500**	-	**4,500**	-
Proceeds from public offers	**65,658**	64,470	**-**	-
Accounts payable	**27,790,172**	22,164,060	**19,965,147**	15,364,424
Accrued expenses	**5,418,672**	3,528,638	**4,661,960**	2,813,633
Operational risk provision	**176,799**	61,135	**176,799**	61,135
Others	**503,034**	888,901	**581,193**	888,901
	52,398,055	40,813,679	**43,785,316**	33,078,675

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

	GROUP		BANK	
29 DEFERRED TAXATION	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
(a) Deferred taxation comprises:				
Deferred tax assets (see Note (b) below)	**3,578,836**	572,053	**3,482,998**	433,047
Deferred tax liabilities (see Note (c) below	**(26,388)**	(20,192)	**-**	-
	3,552,448	551,861	**3,482,998**	433,047
(b) Deferred tax assets				
The movement on this account during the year was as follows:				
Beginning of the year	**572,053**	1,107,267	**433,047**	854,279
Charge for the year (Note 9)	**3,006,783**	(535,214)	**3,049,951**	(421,232)
End of the year	**3,578,836**	572,053	**3,482,998**	433,047
(c) Deferred tax liabilities				
The movement on the deferred tax account during the year was as follows:				
Beginning of the year	**20,192**	1,104,447	**-**	1,078,009
Charge/(credit) for the year (Note 9)	**6,196**	(1,084,255)	**-**	(1,078,009)
End of the year	**26,388**	20,192	**-**	-
(d) The recognised deferred tax asset/(liabilities) are attributable to the following:				
Fixed assets	**(608,808)**	265,475	**(563,774)**	265,475
Provision for gratuity	**429,047**	167,573	**422,548**	167,572
General provision	**961,731**	-	**949,584**	-
Provisions for advances under finance lease	**9,296**	-	**9,296**	-
Unrelieved loss carried forward	**2,676,465**	118,813	**2,580,627**	-
Revaluation losses	**84,717**	-	**84,717**	-
	3,552,448	551,861	**3,482,998**	433,047

30 RETIREMENT BENEFIT OBLIGATIONS

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Movement in the liability recognised in the balance sheet:				
Defined contribution schemes:				
Beginning of the year	**8,994**	39,338	**5,096**	36,631
Charge to profit and loss	**282,882**	246,214	**248,842**	246,214
Employee contribution	**304,277**	306,624	**332,670**	305,433
Contributions remitted	**(583,182)**	(583,182)	**(577,161)**	(583,182)
At end of the year	**12,971**	8,994	**9,447**	5,096

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.

31 OTHER LONG-TERM BENEFITS

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Movement in the liability recognised in the balance sheet:				
Beginning of the year	**591,739**	252,335	**558,576**	233,630
Charge to profit and loss	**1,189,718**	447,323	**1,164,913**	447,323
Payments	**(316,741)**	(107,919)	**(314,996)**	(122,377)
At end of the year	**1,464,716**	591,739	**1,408,493**	558,576

The Bank has a non-contributory long service compensation policy for employees that have spent five years and above up till the end of service in the Group. The entitlement for qualified staff is calculated at the rate of 15% of annual total of basic salary, transport, housing and house maintenance allowance or as determined by the management and Board of the Bank from time to time.

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

	GROUP		BANK	
32 SHARE CAPITAL	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
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	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Issued and fully paid ordinary shares of 50 kobo each:	**16,271,192**	16,271,192	**16,271,192**	16,271,192

	N'000 GROUP		N'000 BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Issued and fully paid ordinary shares of 50 kobo each:	**8,135,596**	8,135,596	**8,135,596**	8,135,596

33 RESERVES

Analysis of reserves for 2011:

GROUP

	Translation reserve N'000	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings reserve N'000	Total N'000
Beginning of the year	(116,804)	10,089,870	658,637	7,634,012	18,265,715
Transfer from earnings	-	-	-	(1,452,678)	(1,452,678)
Translation gain/(loss) during the year	16,716	-	-	-	16,716
Dividend paid	-	-	-	(5,694,917)	(5,694,917)
Share of post tax result of associate unrecognised reserve	-	-	-	(27,972)	(27,972)
Transfer from profit and loss account	-	-	-	(9,915,148)	(9,915,148)
At end of the year	**(100,088)**	**10,089,870**	**658,637**	**(9,456,703)**	**1,191,716**

BANK

	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings reserve N'000	Total N'000
Beginning of the year	10,089,870	658,637	7,382,520	18,131,027
Dividend paid	-	-	(5,694,917)	(5,694,917)
Transfer from profit and loss account	-	-	(11,567,744)	(11,567,744)
At end of the year	**10,089,870**	**658,637**	**(9,880,141)**	**868,366**

Notes to the **financial statements** **For the year ended December 31, 2011** ***continued...***

33 **RESERVES** continued

Analysis of reserves for 2010:

GROUP

	Translation reserve N'000	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings reserve N'000	Total N'000
Beginning of the year	(26,713)	8,991,522	658,637	3,464,803	13,088,249
Transfer from earnings	-	-	-	(1,648,000)	(1,648,000)
Translation gain/(loss) during the year	(90,091)	-	-	-	(90,091)
Dividend paid	-	-	-	(813,560)	(813,560)
Share of post tax result of associate unrecognised reserve	-	-	-	(205,854)	(205,854)
Transfer from profit and loss account	-	1,098,348	-	6,836,623	7,934,971
At end of the year	**(116,804)**	**10,089,870**	**658,637**	**7,634,012**	**18,265,715**

BANK

	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings reserve N'000	Total N'000
Beginning of the year	8,991,522	658,637	1,972,106	11,622,265
Dividend paid	-	-	(813,560)	(813,560)
Transfer from profit and loss account	1,098,348	-	6,223,974	7,322,322
At end of the year	**10,089,870**	**658,637**	**7,382,520**	**18,131,027**

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.

34 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Legal proceedings

The Bank in its ordinary course of business is presently involved in 44 cases as a defendant (December 2010: 43) and 18 cases as a plaintiff (December 2010: 17). The total amount claimed in the 44 cases against the Bank is estimated at N5.7 billion (December 2010: N5.33 billion) while the total amount claimed in the 18 cases instituted by the Bank is N4.13 billion (December 2010: N332.11 million). The Solicitors of the Bank are of the opinion that the contingent liability arising from the cases pending against the Bank is not likely to exceed N5.96 million (December 2010: N888.6 million). The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Bank and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

(b) Credit-related commitments

In the normal course of business, the Bank is a 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 were:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Performance bonds and guarantees	**25,497,970**	18,100,591	**25,497,970**	18,100,591
Clean line letters of credit	**53,352,164**	38,121,412	**53,352,164**	38,121,412
Other commitments	**18,410,385**	9,027,738	**18,410,385**	9,027,738
	97,260,519	65,249,741	**97,260,519**	65,249,741

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.

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

35 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 December 31, 2011 were as follows:

(a) Loans and advances outstanding as at December 31, 2011

Included in loans and advances is an amount of N14.18 billion (December 2010: N6.69 billion) representing credits facilities to companies in which certain Directors have interests. The balances as at December 31, 2011 were as follows:

Name of company/Individual	Relationship	Facility type	N'million	Status	Security Status
Credit Direct Limited	Subsidiary	Term loan	33.57	Performing	Perfected
S&B Printers Limited	Directors-Shareholders	Term loan	79.69	Performing	Perfected
Chellarams Nigeria Plc	Shareholder	Term loan	164.34	Performing	Perfected
Dynamic Industries Limited	Director	Term loan	331.97	Performing	Perfected
Chapel Hill Advisory Partners	Shareholder	Term loan	900.00	Performing	Perfected
Lafarge Cement Wapco Nig Plc	Shareholder	Term loan	1,021.43	Performing	Perfected
Primrose Property Investment Limited	Shareholder	Term loan	3,000.00	Performing	Perfected
Helios Towers Nigeria Limited	Directors-Shareholders	Term loan	3,297.15	Performing	Perfected
Credit Direct Limited	Subsidiary	Overdraft	4,860.23	Performing	Perfected
Chellarams Nigeria Plc	Shareholder	Overdraft	57.85	Performing	Perfected
Dynamic Industries Limited	Director	Overdraft	90.88	Performing	Perfected
Chapel Hill Advisory Partners	Shareholder	Overdraft	275.13	Performing	Perfected
Financial Derivatives Company	Shareholder	Overdraft	66.86	Performing	Perfected
			14,179.10		

35 RELATED PARTY TRANSACTIONS continued

(b) Deposits outstanding as at December 31, 2011

Included in deposit is an amount of N9.31 billion (December 2010: N11.02 billion) representing deposits from companies in which certain Directors have interests. The balances as at December 31, 2011 were as follows:

Name of company/Individual	Relationship	Type of deposit	December 2011 N'million	December 2010 N'million
City Securities Limited	Directors-Shareholders	Current Account	47.86	49.05
Primrose Investments Limited	Shareholder	Current Account	0.30	1.97
CSL Stockbrokers Limited	Subsidiary	Current Account	165.25	1,113.77
Blue-Chip Holdings Limited	Shareholder	Current Account	0.01	62.40
Financial Derivatives Company	Shareholder	Current Account	322.96	351.99
Lana Securities Limited	Shareholder	Current Account	0.11	0.28
S&B Printers Limited	Directors-Shareholders	Current Account	0.75	60.03
CSL Nominees Limited	Shareholder	Current Account	0.03	0.01
ATSC International Limited	Shareholder	Current Account	0.39	0.38
Primrose Property Investment Limited	Shareholder	Current Account	51.06	13.91
FCMB Capital Markets Limited	Subsidiary	Current Account	1,388.30	-
Chapel Hill Advisory Partners	Shareholder	Current Account	0.67	27.00
Swap Technology & Telecoms Limited	Director	Current Account	2.13	1.53
Helios Towers Nigeria Limited	Directors-Shareholders	Current Account	800.92	452.15
First City Asset Management Limited	Directors-Shareholders	Current Account	30.73	374.98
City Securities (Registrar) Limited	Subsidiary	Current Account	149.30	230.41
Credit Direct Limited	Subsidiary	Current Account	1.92	1.07
Primrose Development Company Limited	Shareholder	Current Account	11.02	1.02
FDC Consulting Limited	Directors-Shareholders	Current Account	1.76	1.61
FCMB UK Limited	Subsidiary	Placement	1,044.05	-
City Securities Limited	Directors-Shareholders	Time Deposit	0.21	0.21
Primrose Investments Limited	Shareholder	Time Deposit	16.75	82.30

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

35 RELATED PARTY TRANSACTIONS continued

(b) Deposits outstanding as at December 31, 2011 continued

Name of company/Individual	Relationship	Type of deposit	December 2011 N'million	December 2010 N'million
CSL Stockbrokers Limited	Subsidiary	Time Deposit	2,760.96	895.64
Blue-Chip Holdings Limited	Shareholder	Time Deposit	1.68	0.22
Financial Derivatives Company	Shareholder	Time Deposit	299.00	-
S&B Printers Limited	Directors-Shareholders	Time Deposit	0.25	0.25
FCMB Capital Markets Limited	Subsidiary	Time Deposit	621.64	-
Helios Towers Nigeria Limited	Directors-Shareholders	Time Deposit	774.18	5,131.25
First City Asset Management Limited	Directors-Shareholders	Time Deposit	49.50	3.19
City Securities (Registrar) Limited	Subsidiary	Time Deposit	689.29	2,167.56
Primrose Development Company Limited	Shareholder	Time Deposit	0.44	0.14
FCMB UK Limited	Subsidiary	Time Deposit	80.12	-
Swap Technology & Telecoms Limited	Director	Time Deposit	-	0.06
			9,313.55	**11,024.37**

36 EMPLOYEES AND DIRECTORS

	GROUP		BANK	
	2011 Number	2010 Number	**2011 Number**	2010 Number
(a) Employees				
The average number of persons employed during the year by category:				
Executive directors	**7**	6	**5**	4
Management	**557**	563	**519**	531
Non-management	**1,879**	2,001	**1,255**	1,495
	2,443	2,570	**1,779**	2,030

36 EMPLOYEES AND DIRECTORS continued

	GROUP		BANK	
	2011 N'000	2010 N'000	**2011 N'000**	2010 N'000
Salaries and wages	**13,296,045**	13,584,618	**11,683,364**	11,955,741
Retirement benefit cost	**1,472,600**	693,537	**1,413,755**	693,537
	14,768,645	14,278,155	**13,097,119**	12,649,278

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

	Number	Number	**Number**	Number
Less than N1,800,000.00	**644**	530	**74**	75
N1,800,001–N2,500,000	**500**	666	**460**	628
N2,500,001–N3,500,000	**387**	457	**375**	445
N3,500,001–N4,500,000	**204**	359	**190**	347
N4,500,001–N5,500,000	**160**	147	**156**	144
N5,500,000 and above	**548**	411	**524**	391
	2,443	2,570	**1,779**	2,030

(b) Diversity in employment

(i) A total of 696 women were employed by the Bank during the financial year ended December 31, 2011, which represents 39% of the total workforce.

(ii) A total of 14 women were in the top management position as at the year ended December 31, 2011, which represents 27% of the total workforce in this position. There were no women on the Board of Directors.

Notes to the financial statements For the year ended December 31, 2011 *continued...*

36 EMPLOYEES AND DIRECTORS continued

(b) Diversity in employment continued

(iii) The analysis by grade is as shown below:

GRADE LEVEL	Female	Male	Total
Assistant Vice President (AVP)	6	21	27
Vice President (VP)	4	10	14
Senior Vice President (SVP)	4	7	11
Total	**14**	**38**	**52**
Executive Director (ED)	-	3	3
Deputy Managing Director (DMD)	-	1	1
Group Managing Director/Chief Executive Officer (GMD/CEO)	-	1	1
Total	**-**	**5**	**5**

(iv) The Bank is committed to maintain a positive work environment and to conduct business in a positive, professional manner and will ensure equal employment opportunity.

c) Directors

The remuneration paid to the directors of the Bank (excluding pension and certain allowances) was:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Fees and sitting allowances	**136,190**	129,996	**85,067**	51,996
Executive compensation	**283,922**	258,018	**283,922**	248,018
	420,112	388,014	**368,989**	300,014
Directors' other expenses	**181,280**	239,933	**35,942**	76,150
	601,392	627,947	**404,931**	376,164
The Directors' remuneration shown above includes:				
The Chairman	**6,650**	4,758	**6,650**	4,758
Highest paid director	**89,568**	48,162	**89,568**	48,162

37 CASH GENERATED FROM OPERATIONS

	Notes	GROUP		BANK	
		December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
(Loss)/profit after tax		**(9,915,148)**	7,934,971	**(11,567,744)**	7,322,322
Add: taxation		**(1,439,253)**	1,090,771	**(2,368,222)**	242,566
(Loss)/profit before tax		**(11,354,401)**	9,025,742	**(13,935,966)**	7,564,888
Reconciliation of profit before tax to cash generated from operations:					
Gain on disposal of investments	*6*	**(1,687,330)**	(2,104,869)	**(1,611,590)**	(2,134,146)
Dividend income	*6*	**(1,561,006)**	(1,594,490)	**(1,283,796)**	(1,360,582)
Allowance/(write back) – loans and advances	*15*	**29,385,706**	(867,317)	**28,982,894**	(959,887)
Allowance/(write back) – other assets	*15*	**354,728**	565,481	**329,350**	298,105
Allowance/(write back) – finance leases	*15*	**30,987**	-	**30,987**	-
Allowance for diminution in investments	*15*	**4,808,995**	80,444	**4,754,208**	120,000
Recovery from previously written off loans	*15*	**(2,127,712)**	(218,023)	**(2,127,712)**	(218,023)
Depreciation	*23*	**2,757,312**	2,925,073	**2,582,258**	2,779,059
Amortisation of intangibles – softwares	*24*	**219,989**	219,989	**219,593**	219,593
Exchange gain/(Loss) on translation	*27(c)*	**385,625**	244,420	**385,625**	244,420
Items in WIP written off	*23*	**33,492**	779,300	**33,492**	779,300
Profit on disposal of property and equipment	*7*	**9,569**	(12,492)	**8,051**	(11,094)
		21,255,954	9,043,258	**18,367,394**	7,321,633

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the financial statements For the year ended December 31, 2011 *continued...*

37 CASH GENERATED FROM OPERATIONS continued

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Decrease/(increase) in loans and advances	**(21,920,381)**	(87,300,125)	**(20,553,210)**	(85,726,674)
Decrease/(increase) in advances under finance leases	**422,275**	(2,355,126)	**422,275**	(2,355,126)
Decrease/(increase) in interest receivable and prepayments	**(308,130)**	4,898,219	**(43,879)**	4,899,569
Decrease/(increase) in accounts receivable and consumables	**1,803,042**	(4,970,105)	**1,254,760**	(6,136,691)
Decrease/(increase) in mandatory reserve deposits	**(19,160,800)**	(830,401)	**(19,160,800)**	(831,401)
Increase/(decrease) in deposits	**73,829,379**	55,708,161	**75,100,011**	49,173,517
Increase/(decrease) in foreign currency denominated liability	**3,341,727**	8,381,677	**3,341,727**	8,381,677
Increase/(decrease) in bank cheques issued	**184,364**	(453,175)	**296,754**	(583,743)
Increase/(decrease) in proceeds from third party public offers	**1,188**	9,215	**-**	-
Increase/(decrease) in interest payable and accrued expenses	**7,832,370**	10,992,066	**8,594,442**	13,605,684
Cash generated from/(used up in) operations	**67,280,988**	(6,876,336)	**67,619,474**	(12,251,555)

38 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.

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Net (loss)/profit attributable to shareholders (N'000)	**(9,915,148)**	7,934,971	**(11,567,744)**	7,322,322
Number of ordinary shares in issue ('000)	**16,271,192**	16,271,192	**16,271,192**	16,271,192
Number of ordinary shares in issue ('000) – potential	**16,557,450**	16,271,192	**16,557,450**	16,271,192
Earnings per share – basic	**(61)k**	49k	**(71)k**	45k
Earnings per share – diluted	**(60)k**	49k	**(70)k**	45k

39 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Cash (Note 10)	**11,323,268**	7,663,861	**11,323,018**	7,663,406
Operating account with the Central Bank of Nigeria (Note 10)	**1,647,067**	2,940,052	**1,647,067**	2,940,052
Treasury bills (Note 11)	**12,019,605**	22,588,314	**12,019,605**	22,588,314
Due from other banks (Note 12)	**35,376,959**	57,311,736	**28,654,265**	50,361,306
	60,366,899	90,503,963	**53,643,955**	83,553,078

40 COMPLIANCE WITH BANKING REGULATIONS

During the year, the Bank contravened the following sections of the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars and was penalised as follow:

Section	Nature	No of times	Penalties N'000
Section 2 (1) of the Money Laundering (Prohibition Act (MLPA, 2004	The Bank failed to report to CBN or SEC transfer to or from a foreign country of fund or securities of a sum exceeding US$10,000 or its equivalent	1	6,000
Section 3 (1) and 7(a) of the Money Laundering (Prohibition Act (MLPA, 2004	The Bank failed to provide evidence of verification of customer's identity and address, etc.	1	2,000

All the penalties were paid during the year.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Notes to the **financial statements** For the year ended December 31, 2011 *continued...*

41 POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have a material effect on the financial position of the Bank as at December 31, 2011 or the profit for the year ended on that date that have not been adequately provided for or disclosed (2010: nil).

42 THE CENTRAL BANK OF NIGERIA'S REGULATION ON THE SCOPE OF BANKING ACTIVITIES

In November 2010, the Central Bank of Nigeria (CBN) repealed the universal banking guidelines and introduced a new licensing regime for banks in Nigeria. Following therefrom, banks in Nigeria are required to divest from non-permissible businesses and apply for commercial, merchant or specialised banking licences.

In adherence to the CBN regulations, FCMB submitted a Compliance Plan to the CBN in March 2011, in which it stated its intention to restructure its business and apply for a commercial banking licence with international banking authorisation, by separating the non-banking subsidiaries from the Bank and re-organising them within a holding company (HoldCo) arrangement that will deliver value for shareholders.

The CBN granted its approval in principle in June 2011 and final approval in December 2011. The CBN approval allows for FCMB to restructure its business as contemplated in its Compliance Plan, however, it does not permit FCMB to retain City Securities (Registrars) Limited as a subsidiary under the Bank or HoldCo.

FCMB expects to fully re-organise the Group in line with its approved Compliance Plan.

43 REPORT ON NUMBER OF COMPLAINTS RECEIVED DURING THE YEAR

The Bank in its ordinary course of business received 13,609 complaints of which 13,601 complaints were resolved and eight complaints remain unresolved as at the end of the reporting period. The total amount resolved was N5.1 million while the total disputed amount in cases which remain unresolved stood at N194.2 million. These unresolved complaints were referred to the Central Bank of Nigeria for intervention. The Directors are of the opinion that these complaints will be resolved. No provisions are therefore deemed necessary for these claims.

44 COMPARATIVES

Certain prior year balances have been reclassified in line with current year presentation format as below:

	GROUP December 31, 2011 N'000	BANK December 31, 2011 N'000
(i) Goodwill on consolidation		
Balance as at December 31, 2010	6,074,045	-
Reclassification to intangible assets (see Note (ii) below)	(6,074,045)	-
Balance as at December 31, 2010 as restated	-	-
(ii) Intangible assets		
Balance as at December 31, 2010	-	-
Reclassification from goodwill on consolidation (see Note (i) above)	6,074,045	-
Balance as at December 31, 2010 as restated	6,074,045	-
(iii) Retirement benefit obligations		
Balance as at December 31, 2010	600,733	563,672
Reclassification to other long-term benefits (see Note (iv) below)	(591,739)	(558,576)
Balance as at December 31, 2010 as restated	8,994	5,096
(iv) Other long-term benefits		
Balance as at December 31, 2010	-	-
Reclassification from retirement benefit obligations (see Note (iii) above)	591,739	558,576
Balance as at December 31, 2010 as restated	591,739	558,576
(v) Operating expenses		
Balance as at December 31, 2010	31,478,899	28,358,868
Reclassification of profit on disposal of fixed assets to other income (see Note (vi) below)	12,492	11,094
Balance as at December 31, 2010 as restated	31,491,391	28,369,962
(vi) Other income		
Balance as at December 31, 2010	1,230,991	649,790
Reclassification from operating expenses (see Note (v) above)	12,492	11,094
Balance as at December 31, 2010 as restated	1,243,483	660,884

Financial risk analysis For the year ended December 31, 2011

Principal Credit Policies

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

Obligor Risk Acceptance Criteria

Retail – Consumer Borrowers:

Consumer credit exposures are created primarily to individuals whose salaries are domiciled with the Bank hence granting the Bank priority of payment.

Other Borrowers:

The Bank may lend unsecured to obligors rated Investment and Permissible grades. In some instances, the Bank seeks to control the underlying trading assets of the borrowing company.

Exposures to speculative grade obligors (CCC+ to C+) are fully secured. In some instances, the Bank seeks to control the cash flow of the transaction by establishing appropriate domiciliation agreements and/or collateral management arrangements.

Single Obligor Exposure Limits

All single obligor exposures have the regulatory single obligor limit (20% of Shareholder's Funds (SHF)) as the ceiling.

Single Sector Exposure Limit

No single sector shall represent more than 15% of the Bank's total risk asset portfolio (direct and contingents) except Public Sector which is capped at 10% of total loans by CBN.

Risk Based Pricing

The Bank's policy is to price for risk. All direct exposures 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 a factor of the probability of default and loss given default estimates.

Methodology for Risk Rating

The Bank's internal rating framework comprises:

1. **Retail – Consumer Models (Residential Mortgages, Qualifying Revolving Retail Exposures, Other Retail Exposures)**
    - Consumer scorecards (not mapped to Probability of Defaults)
    - Homogeneous exposure pools (based on product and employment type) mapped to one year Probability of Default estimates (Probability of Default estimates based on actual Bank experience)
2. **Models for Other Category of Borrowers (Non-Retail and Retail SME)**
    - An Obligor Risk Rating (ORR) model is used to assess the risk that an obligor will default within a one year horizon. This risk of default is expressed in the form of a risk grade which has been mapped to a recognised external Probability of Default (PD) model. The Bank had intended to re-map the risk grades to new probability of default estimates in 2011 based on its internal default experience across risk grades. This would be achieved in 2012 after completing the model validation process (which commenced in Q4 2011) for the SME Scorecard and the Non-retail Classic model.
    - A Facility Risk Rating (FRR) model mapped to Basel II defined Loss Given Default (LGD) estimates (Foundation IRB) is also used to assess the risk of loss in the event of default. Our facility model takes into consideration transaction structure and collateral pledged to estimate the maximum loss the Bank will incur if a customer defaults on an obligation.

The Bank uses four different obligor rating models to assess default 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 (based on judgment of Credit Analysts and internal guidelines) Quantitative and qualitative assessments with a higher weight for the qualitative parameters
SME (BUSINESS Banking) SCORECARD	For obligors without financial statements Quantitative assessment ONLY
PUBLIC SECTOR (INSTITUTIONAL Banking) SCORECARD	For rating/scoring State Governments Model is based on both quantitative and qualitative indicators

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Methodology for Risk Rating continued

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 the Credit Analysts within our business areas based on pre-defined parameters approved by Risk Management and Compliance Division and 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 and Collateral.

9 GRADE LGD MODEL – FACILITY RISK RATING				
	LGD	**LGD – MIN**	**LGD – MAX**	**LGD GRADE**
SECURED/CONTROLLED	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

Methodology for Risk Rating continued

The Bank's Facility Risk Rating model (for non-retail and retail SME) also reflects the Expected Loss (EL) on each transaction, which 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 where necessary and such may require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the Management or Board Credit Committee.

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. Credit scorecards are in place and used for application scoring.

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 one year default experience on each product and employment type bucket, and is 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.

Financial risk analysis For the year ended December 31, 2011 *continued...*

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 (Risk Management Committee, Management Credit Committee, Asset & Liability Committee and 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.

<table>
<tr><th colspan="10">FCMB RISK UNIVERSE AND RESPONSIBILITY MATRIX</th></tr>
<tr><th>Risk universe</th><th>Credit risk</th><th>Concentration risk</th><th>Market risk</th><th>Liquidity risk</th><th>Operational risk</th><th>Compliance risk</th><th>Legal risk</th><th>Reputational risk</th><th>Strategic risk</th></tr>
<tr><td>Primary risk owner</td><td>Chief Risk Officer</td><td>Chief Risk Officer</td><td>Chief Risk Officer</td><td>Chief Risk Officer</td><td>Chief Risk Officer</td><td>Chief Compliance Officer</td><td>General Counsel</td><td>Head Brand Marketing</td><td>Head Strategy</td></tr>
<tr><td>Secondary risk owner</td><td colspan="9">Chief Risk Officer</td></tr>
<tr><td rowspan="2">Board Committee</td><td>Board Credit Committee</td><td>Board Credit Committee</td><td colspan="6">Board Risk Management Committee (BRMC)</td><td>Board of Directors</td></tr>
<tr><td colspan="9">Board Risk Management Committee (BRMC)</td></tr>
<tr><td rowspan="2">Management Committee</td><td colspan="2">Management Credit Committee</td><td colspan="2">Assets & Liability Management Committee</td><td colspan="2">Risk Management Committee (RMC)</td><td colspan="3">Executive Management Committee</td></tr>
<tr><td colspan="9">Risk Management Committee (RMC)</td></tr>
</table>

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

- Board/Executive Management Oversight and Business Unit Management
- Independent risk control and management by the Risk Management and 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 may 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 its customers (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, foreign currency 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 and Compliance Division who have responsibilities for policy setting and review, credit approval, credit control and portfolio management.

Credit Risk Measurement

(a) Loans and 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.

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Credit Risk Measurement continued

(a) Loans and Advances continued

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 Grade	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 Grade	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 and upon completion of the model validation exercise in Q1, 2012. The mappings above may thus change after the Bank completes this exercise.

Credit Risk Measurement continued

(b) Debt Securities and Other Bills

The Bank's trading book comprises only debt securities and bills issued by the Federal Government of Nigeria, state and corporate bonds 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 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–5 years N'000	Over 5 years N'000	Total N'000
FGN Bonds	BB-	602,418	-	9,208,551	1,783,418	34,136,907	1,678,879	**47,410,173**
Nigerian Treasury Bills	BB-	240,970	3,344,670	7,229,113	1,204,852	-	-	**12,019,605**
Lagos State Bonds	BB-	-	-	-	-	1,119,200	-	**1,119,200**
Delta State Bonds	Unrated	-	-	-	-	-	200,000	**200,000**
Edo State Bonds	Unrated	-	-	-	-	-	2,000,000	**2,000,000**
Benue State Bonds	Unrated	100,000	-	-	100,000	800,000	-	**1,000,000**
Corporate Bonds	Unrated	20,000	-	-	420,000	89,921,587	3,275,000	**93,635,587**
		963,389	**3,344,670**	**16,437,664**	**3,508,270**	**125,977,694**	**7,153,879**	**157,385,565**

Risk Limit Control and 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 and 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.

Financial risk analysis For the year ended December 31, 2011 *continued...*

Risk Limit Control and Mitigation Policies continued

Credit approval limits are set by the Board of Directors and subject to periodic reviews. The following approval limits were in place as at December 31, 2011.

Authorising level	Approval limit
Board Credit Committee (BCC)	Above N4.0 billion
Management Credit Committee	Up to N4.0 billion. MCC quorum – one Credit Officer, two Senior Credit Officers and the General Counsel Approval of credit requests below N100 million are done by circulation and signed-off by two Senior Credit Officers, one Credit Officer and the Legal Counsel.
One Credit Officer and one Senior Credit Officer	Limits are as defined in the respective product programmes

Some other specific control and mitigation measures are outlined below.

(a) Collateral and 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 and floating)
- Accounts receivable of obligors rated B- and above

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/grade band) is supported by tangible collateral and/or domiciliation/collateral management arrangements aimed at controlling the cash flows from the transaction. 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.

Risk Limit Control and Mitigation Policies continued

(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 authorised representatives of the obligor, are generally enforceable and do not require any further recourse to the obligor or a third 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 recognises 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 summarised as follows:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Performing	**325,168**	330,420	**320,746**	327,075
Non-Performing	-			
Substandard	**1,254**	599	**1,254**	599
Doubtful	**755**	3,081	**251**	2,939
Lost	**7,581**	15,618	**7,581**	15,547
	334,758	349,719	**329,832**	346,161

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Financial risk analysis For the year ended December 31, 2011 *continued...*

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 instalments 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:

GROUP

Performing but past due loans December 2011	Retail Banking N'million	Institutional Banking N'million	Corporate and Commercial N'million	Total N'million
Past due up to 30 days	1,502	-	136	**1,637**
Past due 30–60 days	512	-	-	**512**
Past due 60–90 days	332	-	175	**506**
	2,346	**-**	**310**	**2,656**

Performing but past due loans December 2010	Retail Banking N'million	Institutional Banking N'million	Corporate and Commercial N'million	Total N'million
Past due up to 30 days	920	44	122	**1086**
Past due 30–60 days	403	1	0	**405**
Past due 60–90 days	250	0	6	**255**
	1573	**45**	**128**	**1746**

Performing but Past Due Loans continued

BANK

Performing but past due loans December 2011	Retail Banking N'million	Institutional Banking N'million	Corporate and Commercial N'million	Total N'million
Past due up to 30 days	1,502	-	136	**1,637**
Past due 30–60 days	512	-	-	**512**
Past due 60–90 days	332	-	175	**506**
	2,346	**-**	**310**	**2,656**

Performing but past due loans December 2010	Retail Banking N'million	Institutional Banking N'million	Corporate and Commercial N'million	Total N'million
Past due up to 30 days	920	44	122	**1086**
Past due 30–60 days	403	1	-	**405**
Past due 60–90 days	250	-	6	**255**
	1573	**45**	**128**	**1746**

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Performing but Past Due Loans continued

	GROUP		BANK	
Non-performing loans by industry	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
Agric	**-**	-	**-**	-
Aviation	**-**	1,037	**-**	1,037
Commerce	**2,578**	4,533	**2,578**	4,533
Construction	**1,214**	1,203	**1,214**	1,203
Education	**196**	120	**196**	120
Fi	**235**	1,735	**235**	1,735
General – others	**94**	27	**94**	27
Government	**204**	94	**204**	94
Individual	**1,323**	3,988	**819**	3,775
Manufacturing – beverages and breweries	**-**	-	**-**	-
Manufacturing – cement	**-**	-	**-**	-
Manufacturing – flour mills	**-**	6	**-**	6
Manufacturing – food processing	**-**	-	**-**	-
Manufacturing – others	**-**	14	**-**	14
Margin loans	**23**	2,112	**23**	2,112
Mortgage	**302**	2,640	**302**	2,640
Oil and gas – marketing	**76**	735	**76**	735
Oil and gas – trading	**3,297**	390	**3,297**	390
Oil and gas – upstream and servicing	**-**	-	**-**	-
Power and energy	**-**	-	**-**	-
Professional services	**0**	-	**0**	-
Real estate	**46**	392	**46**	392
Telecomms	**1**	126	**1**	126
Transportation and logistics	**0**	145	**0**	145
Others	**-**	-	**-**	-
	9,590	19,298	**9,085**	19,085

Performing but Past Due Loans continued

	GROUP		BANK	
Non-performing loans by geography	**December 31, 2011 N'000**	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
South West	**7,222**	14,630	**6,718**	14,496
North Central	**1,949**	1,571	**1,949**	1,557
South South	**151**	2,021	**151**	1,960
South East	**121**	501	**121**	497
North West	**38**	509	**38**	509
North East	**108**	66	**108**	66
Rest Of Africa	**-**	-	**-**	-
	9,590	19,298	**9,085**	19,085

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Concentration of Risks of Financial Assets with Credit Risk Exposure

(a) Geographical sectors

GROUP

Geographical sectors as at December 2011	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
South West	36,414	303,475	1,845	143,415	**485,148**
North Central	-	9,321	430	1,000	**10,751**
South South	-	11,113	723	2,200	**14,036**
South East	-	4,220	30	-	**4,250**
North West	-	2,801	71	-	**2,873**
North East	-	729	-	-	**729**
	36,414	331,659	3,099	146,615	**517,787**

GROUP

Geographical sectors as at December 2010	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
South West	57,312	317,652	3,282	60,073	**438,319**
North Central	-	9,271	231	-	**9,503**
South South	-	15,088	3	-	**15,091**
South East	-	2,453	5	-	**2,458**
North West	-	1,425	-	-	**1,425**
North East	-	309	-	-	**309**
	57,312	346,198	3,521	60,073	**467,104**

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(a) Geographical sectors continued

BANK

Geographical sectors as at December 2011	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
South West	29,691	298,548	1,845	142,166	**472,250**
North Central		9,321	430	1,000	**10,751**
South South		11,113	723	2,200	**14,036**
South East		4,220	30		**4,250**
North West		2,801	71		**2,873**
North East		729	-		**729**
	29,691	326,733	3,099	145,366	**504,889**

BANK

Geographical sectors as at December 2010	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
South West	50,361	316,320	3,282	58,961	**428,925**
North Central	-	8,544	231	-	**8,776**
South South	-	14,058	3	-	**14,061**
South East	-	1,985	5	-	**1,990**
North West	-	1,424	-	-	**1,424**
North East	-	309	-	-	**309**
	50,361	342,640	3,521	58,961	**455,484**

Financial risk analysis For the year ended December 31, 2011 *continued...*

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) Industry sectors

GROUP

Industry sectors as at December 2011	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
Agric	-	5,743	-	-	**5,743**
Aviation	-	-	-	-	**-**
Commerce	-	40,456	1,090	450	**41,995**
Construction	-	4,997	350	-	**5,347**
Education	-	4,048	20	-	**4,067**
Fi	36,414	9,156	53	3,000	**48,622**
General – others	-	4,495	264	-	**4,759**
Government	-	29,697	473	130,259	**160,429**
Individual	-	23,735	-	-	**23,735**
Manufacturing – beverages and breweries	-	15,069	-	-	**15,069**
Manufacturing – cement	-	1,038	-	-	**1,038**
Manufacturing – flour mills	-	3,245	676	4,000	**7,921**
Manufacturing – food processing	-	6,789	-	-	**6,789**
Manufacturing – others	-	4,643	97	1,000	**5,740**
Margin loans	-	881	-	-	**881**
Mortgage	-	1,965	-	-	**1,965**
Oil and gas – marketing	-	24,391	5	-	**24,396**
Oil and gas – trading	-	40,767	-	-	**40,767**
Oil and gas – upstream and servicing	-	24,385	-	7,906	**32,291**
Power and energy	-	5,501	27	-	**5,528**
Professional services	-	602	10	-	**612**
Real estate	-	34,106	-	-	**34,106**
Telecomms	-	36,401	11	-	**36,413**
Transportation and logistics	-	9,549	24	-	**9,573**
Others	-	-	-	-	**-**
	36,414	**331,659**	**3,099**	**146,615**	**517,786**

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) Industry sectors continued

GROUP

Industry sectors as at December 2010	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
Agric	-	3,969	-	-	**3,969**
Aviation	-	1,043	-	-	**1,043**
Commerce	-	26,695	163	-	**26,858**
Construction	-	7,337	138	-	**7,475**
Education	-	2,841	18	-	**2,859**
Fi	57,312	40,923	21	3,000	**101,255**
General – others	-	2,676	25	-	**2,701**
Government	-	61,627	488	53,073	**115,189**
Individual	-	20,309	-	-	**20,309**
Manufacturing – beverages and breweries	-	6,404	-	-	**6,404**
Manufacturing – cement	-	2,259	-	-	**2,259**
Manufacturing – flour mills	-	1,897	-	-	**1,897**
Manufacturing – food processing	-	3,112	-	-	**3,112**
Manufacturing – others	-	3,100	14	4,000	**7,115**
Margin loans	-	2,943	1	-	**2,943**
Mortgage	-	5,119	-	-	**5,119**
Oil and gas – marketing	-	27,557	-	-	**27,557**
Oil and gas – trading	-	21,543	2,600	-	**24,143**
Oil and gas – upstream and servicing	-	15,218	-	-	**15,218**
Power and energy	-	0	38	-	**38**
Professional services	-	-	-	-	**-**
Real estate	-	42,718	-	-	**42,718**
Telecomms	-	24,490	-	-	**24,490**
Transportation and logistics	-	3,746	15	-	**3,761**
Others	-	18,672	-	-	**18,672**
	57,312	**346,198**	**3,521**	**60,073**	**467,104**

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) *Industry sectors continued*

BANK

Industry sectors as at December 2011	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
Agric		5,743	-	-	**5,743**
Aviation		-	-	-	**-**
Commerce		40,456	1,090	450	**41,995**
Construction		4,997	350	-	**5,347**
Education		4,048	20	-	**4,067**
Fi	29,691	9,156	53	3,000	**41,899**
General – others		4,495	264	-	**4,759**
Government		29,697	473	129,010	**159,180**
Individual		18,809	-	-	**18,809**
Manufacturing – beverages and breweries		15,069	-	-	**15,069**
Manufacturing – cement		1,038	-	-	**1,038**
Manufacturing – flour mills		3,245	676	4,000	**7,921**
Manufacturing – food processing		6,789	-	-	**6,789**
Manufacturing – others		4,643	97	1,000	**5,740**
Margin loans		881	-	-	**881**
Mortgage		1,965	-	-	**1,965**
Oil and gas – marketing		24,391	5	-	**24,396**
Oil and gas – trading		40,767	-	-	**40,767**
Oil and gas – upstream and servicing		24,385	-	7,906	**32,291**
Power and energy		5,501	27	-	**5,528**
Professional services		602	10	-	**612**
Real estate		34,106	-	-	**34,106**
Telecomms		36,401	11	-	**36,413**
Transportation and logistics		9,549	24	-	**9,573**
Others		-	-	-	**-**
	29,691	**326,733**	**3,099**	**145,366**	**504,889**

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) Industry sectors continued

BANK

Industry sectors as at December 2010	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
Agric	-	3,969	-	-	**3,969**
Aviation	-	1,043	-	-	**1,043**
Commerce	-	26,695	163	-	**26,858**
Construction	-	7,337	138	-	**7,475**
Education	-	2,841	18	-	**2,859**
Fi	50,361	40,923	21	3,000	**94,305**
General – others	-	2,676	25	-	**2,701**
Government	-	61,627	488	51,961	**114,077**
Individual	-	16,751	-	-	**16,751**
Manufacturing – beverages and breweries	-	6,404	-	-	**6,404**
Manufacturing – cement	-	2,259	-	-	**2,259**
Manufacturing – flour mills	-	1,897	-	-	**1,897**
Manufacturing – food processing	-	3,112	-	-	**3,112**
Manufacturing – others	-	3,100	14	4,000	**7,115**
Margin loans	-	2,943	1	-	**2,943**
Mortgage	-	5,119	-	-	**5,119**
Oil and gas – marketing	-	27,557	-	-	**27,557**
Oil and gas – trading	-	21,543	2,600	-	**24,143**
Oil and gas – upstream and servicing	-	15,218	-	-	**15,218**
Power and energy	-	0	38	-	**38**
Professional services	-	-	-	-	**-**
Real estate	-	42,718	-	-	**42,718**
Telecomms	-	24,490	-	-	**24,490**
Transportation and logistics	-	3,746	15	-	**3,761**
Others	-	18,672	-	-	**18,672**
	50,361	**342,640**	**3,521**	**58,961**	**455,484**

Financial risk analysis For the year ended December 31, 2011 *continued...*

Market Risk Management

In the 2011 financial year, the Bank continued to back-test and fine-tune its Value-at-risk model. The Bank intends to fully adopt its value-at-risk models for the measurement and management of market risks early in the 2012 financial year.

Value-at-risk is a method of risk assessment that uses statistical techniques to quantify market risk. It provides indication of potential loss (with a probability) due to adverse movement in market factors over a defined time horizon. Value-at-risk limits will be set at portfolio and instrument level and used to control dealing positions. This process will enable the Bank to proactively limit losses arising from adverse movement in market factors.

Currently, absolute limits are in use at portfolio and instrument levels. The trading book positions are marked to market daily with the resulting gains/losses recognised on the income statement. Stop loss and dealer limits are also in place to guide risk taking appetite in the trading book. Additionally, our positions are stress-tested to quantify the impact of market risk inherent in the event of adverse movement in market factors.

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 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 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 and Compliance Division.

Foreign Exchange Risks continued

Concentrations of Currency Risk – On- and Off-Balance Sheet Financial Instruments

GROUP

As at December 31, 2011	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets						
Cash	9,410,820	964,147	393,823	553,537	940	**11,323,268**
Due from other banks	34,344,508	20,741,522	2,535,957	2,292,235	110,309	**60,024,531**
Treasury bills	12,019,605	-	-	-	-	**12,019,605**
Loans and advances to customers	240,511,447	78,584,638	24,410	241,736	71,977	**319,434,207**
Advances under finance lease	3,067,760	-	-	-	-	**3,067,760**
Investment in subsidiaries	230,656	-	-	-	-	**230,656**
Investment securities	144,443,812	10,598,470	-	-	-	**155,042,282**
Other assets	4,694,189	6,638,342	3,168	3,441	-	**11,339,140**
Investment property	131,778	-	-	-	-	**131,778**
Property and equipment	19,092,715	-	-	-	-	**19,092,715**
Intangible assets	6,495,640	-	-	-	-	**6,495,640**
Total financial assets	**478,021,765**	**117,527,119**	**2,957,358**	**3,090,950**	**183,226**	**601,780,418**

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Foreign Exchange Risks continued

Concentrations of Currency Risk – On- and Off-Balance Sheet Financial Instruments continued

GROUP

As at December 31, 2011	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Liabilities						
Customer deposits	320,017,674	86,961,191	1,799,835	1,024,238	71,985	**409,874,923**
Due from banks	-	-	-	-	-	**-**
Other borrowings	-	19,167,000	-	-	-	**19,167,000**
Tax payable	1,783,422	-	-	-	-	**1,783,422**
Deferred tax liabilities	26,388	-	-	-	-	**26,388**
Other liabilities	34,792,690	13,490,675	1,103,592	2,257,237	110,293	**51,754,487**
Retirement benefit obligations	12,971	-	-	-	-	**12,971**
Other long-term benefits	1,464,716	-	-	-	-	**1,464,716**
Total financial liabilities	**358,097,861**	**119,618,867**	**2,903,427**	**3,281,475**	**182,277**	**484,083,907**
Net on-balance sheet financial position	119,923,904	(2,091,748)	53,931	(190,525)	949	**117,696,511**
Off-balance sheet financial position	**32,598,652**	**60,959,334**	**812,823**	**2,691,118**	**198,592**	**97,260,519**

GROUP

As at December 31, 2011	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets	**457,603,989**	**77,944,721**	**1,423,732**	**1,617,165**	**1,275**	**538,590,882**
Liabilities	**325,254,666**	**75,947,302**	**1,360,712**	**1,257,684**	**8**	**403,820,372**
Net on-balance sheet financial position	**132,349,323**	**1,997,420**	**63,020**	**359,480**	**1,267**	**134,770,510**
Off-balance sheet financial position	**21,656,627**	**41,090,580**	**1,072,356**	**1,352,228**	**77,950**	**65,249,741**

Foreign Exchange Risks continued

Concentrations of Currency Risk – On- and Off-Balance Sheet Financial Instruments continued

BANK

As at December 31, 2011	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets						
Cash	9,410,570	964,147	393,823	553,537	940	**11,323,018**
Due from other banks	27,829,012	20,534,323	2,535,957	2,292,235	110,309	**53,301,836**
Treasury bills	12,019,605	-	-	-	-	**12,019,605**
Loans and advances to customers	236,178,616	78,584,638	24,410	241,736	71,977	**315,101,376**
Advances under finance lease	3,067,760	-	-	-	-	**3,067,760**
Investment in subsidiaries	11,305,868	-	-	-	-	**11,305,868**
Investment securities	142,816,096	10,598,470	-	-	-	**153,414,566**
Deferred tax assets	3,482,998					**3,482,998**
Other assets	4,549,916	6,638,342	3,168	3,441	-	**11,194,867**
Property and equipment	18,640,557	-	-	-	-	**18,640,557**
Intangible assets	421,014	-	-	-	-	**421,014**
Total financial assets	**469,722,011**	**117,319,920**	**2,957,358**	**3,090,950**	**183,226**	**593,273,465**

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Foreign Exchange Risks continued

Concentrations of Currency Risk – On- and Off-Balance Sheet Financial Instruments continued

BANK

As at December 31, 2011	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Liabilities						
Customer deposits	321,364,965	86,961,191	1,799,835	1,024,238	71,985	**411,222,214**
Due from banks	-	-	-	-	-	**-**
Other borrowings	-	19,167,000	-	-	-	**19,167,000**
Tax payable	951,402	-	-	-	-	**951,402**
Deferred tax liabilities	-	-	-	-	-	**-**
Other liabilities	26,179,951	13,490,675	1,103,592	2,257,237	110,293	**43,141,748**
Retirement benefit obligations	9,447	-	-	-	-	**9,447**
Other long-term benefits	1,408,493	-	-	-	-	**1,408,493**
Total financial liabilities	**349,914,258**	**119,618,867**	**2,903,427**	**3,281,475**	**182,277**	**475,900,304**
Net on-balance sheet financial position	119,807,753	(2,298,947)	53,931	(190,525)	949	**117,373,161**
Off-balance sheet financial position	**32,598,652**	**60,959,334**	**812,823**	**2,691,118**	**198,592**	**97,260,519**

BANK

As at December 31, 2011	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets	**449,280,237**	**77,751,079**	**1,423,732**	**1,617,165**	**1,275**	**530,073,488**
Liabilities	**317,065,602**	**75,753,660**	**1,360,712**	**1,257,684**	**8**	**395,437,666**
Net on-balance sheet financial position	**132,214,635**	**1,997,420**	**63,020**	**359,480**	**1,267**	**134,635,822**
Off-balance sheet financial position	**21,656,627**	**41,090,580**	**1,072,356**	**1,352,228**	**77,950**	**65,249,741**

Liquidity Risk Management

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

- Liquidity risk identification at transaction, portfolio and entity levels using the defined early warning liquidity risk indicators with quantified metrics for measurement on parameters such as Deposit attrition, funding mismatch and funding concentrations to mention a few.
- Establishment of the Bank's liquidity risk appetite which is the amount of risk FCMB is willing to accept in pursuit of value using relevant liquidity risk ratios and asset and liability funding gaps.
- Establishment of methodologies for measuring and reporting on the Bank's liquidity risk profile against set appetite and also sensitising against unforeseen circumstances using liquidity risk scenario analysis.
- Establishment of a preventive (limit setting and management) as well as corrective (Contingency Funding Plan (CFP)) controls over liquidity risk.

The Risk Management and 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.

Financial risk analysis For the year ended December 31, 2011 *continued...*

Maturity Profile – On-Balance Sheet Contractual

GROUP

As at December 31, 2011	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–5 years N'000	Over 5 years N'000	Total N'000
Assets							
Cash and short-term funds	70,544,719	3,996,035	7,621,797	1,204,852	-	-	**83,367,404**
Loans and advances	91,149,323	68,597,013	11,201,802	24,154,722	84,220,007	40,111,339	**319,434,207**
Advances under finance lease	154,536	286,263	413,011	676,349	1,523,245	14,357	**3,067,760**
Investment and dealing securities	722,418	-	9,208,551	2,303,418	126,672,989	16,134,906	**155,042,282**
Investment in subsidiaries and associates	-	-	-	-	-	230,656	**230,656**
Deferred tax	-	-	-	-	3,578,836	-	**3,578,836**
Other assets	11,263,456	-	-	-	-	-	**11,263,456**
Investment property	-	-	-	-	131,778	-	**131,778**
Property and equipment	-	-	-	-	19,092,715	-	**19,092,715**
Intangible assets	-	-	-	-	421,595	6,074,045	**6,495,640**
	173,834,452	72,879,312	28,445,161	28,339,341	235,641,165	62,565,303	**601,704,734**
Liabilities							
Deposits	337,474,969	61,615,757	9,529,556	1,249,374	5,266	-	**409,874,923**
Due to banks	-	-	-	-	-	-	**-**
Borrowings	-	-	-	-	16,371,812	2,795,188	**19,167,000**
Taxation	1,783,422	-	-	-	-	-	**1,783,422**
Other liabilities	51,678,803	-	-	-	-	-	**51,678,803**
Deferred taxation	-	-	-	-	26,388	-	**26,388**
Retirement benefit obligations	12,971	-	-	-	-	-	**12,971**
Other long-term benefits	-	-	-	-	-	1,464,716	**1464,716**
	390,950,165	61,615,757	9,529,556	1,249,374	16,403,466	4,259,904	**484,008,223**
Net liquidity gap	**(217,115,713)**	**11,263,554**	**18,915,605**	**27,089,967**	**219,237,699**	**58,305,398**	**117,696,511**

Maturity Profile – On-Balance Sheet Contractual continued

GROUP

As at December 31, 2010	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–5 years N'000	Over 5 years N'000	Total N'000
Assets							
Cash and short-term funds	71,230,497	4,576,446	2,750,000	14,750,000	-	-	**93,306,943**
Loans and advances	89,844,299	82,602,996	17,286,466	24,373,557	87,046,896	25,745,318	**326,899,532**
Advances under finance lease	84,424	85,965	137,746	239,757	1,023,130	1,950,000	**3,521,022**
Investment securities	1,023,580	-	-	489,404	53,157,024	19,518,913	**74,188,921**
Investment in associates	-	-	-	-	-	145,000	**145,000**
Goodwill on consolidation	-	-	-	-	-	6,074,045	**6,074,045**
Deferred tax	-	-	-	-	572,053	-	**572, 053**
Other assets	13,818,756	-	-	-	-	-	**13,818,756**
Property and equipment	-	-	-	-	20,064,610	-	**20,064,610**
	176,001,556	**87,265,407**	**20,174,212**	**39,852,718**	**161,863,713**	**53,433,276**	**538,590,882**
Liabilities							
Deposits	253,821,226	70,815,963	10,041,175	142,828	-	-	**334,821,192**
Due to banks	580,784	-	-	-	-	-	**580,784**
Borrowings	-	-	9,625,931	7,889,758	7,600,500	-	**25,116,189**
Taxation	-	-	1,867,603	-	-	-	**1,867,603**
Other liabilities	40,813,679	-	-	-	-	-	**40,813,679**
Deferred taxation	-	-	-	-	20,192	-	**20,192**
Retirement benefit obligations	-	-	-	-	-	600,733	**600,733**
	295,215,689	**70,815,963**	**21,534,709**	**8,032,586**	**7,620,692**	**600,733**	**403,820,372**
Net liquidity gap	**(119,214,133)**	**16,449,444**	**(1,360,497)**	**31,820,132**	**154,243,021**	**52,832,543**	**134,770,510**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Financial risk analysis For the year ended December 31, 2011 *continued...*

Maturity Profile – On-Balance Sheet Contractual continued

BANK

As at December 31, 2011	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–5 years N'000	Over 5 years N'000	Total N'000
Assets							
Cash and short-term funds	63,821,774	3,996,035	7,621,797	1,204,852	-	-	**76,644,459**
Loans and advances	86,816,492	68,597,013	11,201,802	24,154,722	84,220,007	40,111,339	**315,101,376**
Advances under finance lease	154,536	286,263	413,011	676,349	1,523,245	14,357	**3,067,760**
Investment and dealing securities	722,418	-	9,208,551	2,303,418	125,045,273	16,134,906	**153,414,566**
Investment in subsidiaries and associates	-	-	-	-	-	11,305,868	**11,305,868**
Deferred tax	-	-	-	-	3,482,998	-	**3,482,998**
Other assets	11,119,182	-	-	-	-	-	**11,119,182**
Property and equipment	-	-	-	-	18,640,557	-	**18,640,557**
Intangible assets	-	-	-	-	421,014	-	**421,014**
	162,634,402	72,879,312	28,445,161	28,339,341	233,333,094	67,566,470	**593,197,780**
Liabilities							
Deposits	338,822,260	61,615,757	9,529,556	1,249,374	5,266	-	**411,222,214**
Due to banks	-	-	-	-	-	-	**-**
Borrowings	-	-	-	-	16,371,812	2,795,188	**19,167,000**
Taxation	951,402	-	-	-	-	-	**951,402**
Other liabilities	43,066,063	-	-	-	-	-	**43,066,063**
Deferred taxation	-	-	-	-	-	-	**-**
Retirement benefit obligations	9,447	-	-	-	-	-	**9,447**
Other long-term benefits	-	-	-	-	-	1,408,493	**1,408,493**
	382,849,172	61,615,757	9,529,556	1,249,374	16,377,078	4,203,681	**475,824,619**
Net liquidity gap	**(220,214,770)**	**11,263,554**	**18,915,605**	**27,089,967**	**216,956,016**	**63,362,788**	**117,373,161**

Maturity Profile – On-Balance Sheet Contractual continued

BANK

As at December 31, 2010	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–5 years N'000	Over 5 years N'000	Total N'000
Assets							
Cash and short-term funds	64,279,612	4,576,446	2,750,000	14,750,000	-	-	**86,356,058**
Loans and advances	84,607,586	82,602,996	17,286,466	24,373,557	88,915,137	25,745,318	**323,531,060**
Advances under finance lease	84,424	85,965	137,746	239,757	1,023,130	1,950,000	**3,521,022**
Investment securities	-	-	-	489,404	52,068,191	19,340,504	**71,916,099**
Investment in subsidiaries	-	-	-	-	-	11,305,868	**11,305,868**
Deferred tax	-	-	-	-	433,047	-	**433,047**
Other assets	13,483,357	-	-	-	-	-	**13,483,357**
Property and equipment	-	-	-	-	19,526,977	-	**19,526,977**
	162,454,979	**87,265,407**	**20,174,212**	**39,852,718**	**161,984,482**	**58,341,690**	**530,073,488**
Liabilities							
Deposits	253,897,886	70,815,963	10,041,175	142,827	-	-	**334,897,851**
Due to banks	580,784	-	-	-	-	-	**580,784**
Borrowings	-	-	9,625,913	7,889,758	7,600,500	-	**25,116,189**
Taxation	-	-	1,200,945	-	-	-	**1,200,495**
Other liabilities	33,078,675	-	-	-	-	-	**33,078,675**
Deferred taxation	-	-	-	-	-	-	**-**
Retirement benefit obligations	-	-	-	-	-	563,672	**563,672**
	287,557,345	**70,815,963**	**20,867,601**	**8,032,585**	**7,600,500**	**563,672**	**395,437,666**
Net liquidity gap	**(125,102,366)**	**16,449,444**	**(693,389)**	**31,820,133**	**154,383,982**	**57,778,018**	**134,635,822**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Financial risk analysis For the year ended December 31, 2011 *continued...*

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 December 31, 2011.

Off-balance sheet exposure as at December 31, 2011	**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	364	5,157	4,697	6,871	8,409	**25,498**
Contingent letters of credit	6,511	36,050	8,401	2,391	-	**53,353**
	6,875	**41,207**	**13,098**	**9,262**	**8,409**	**78,850**

Off-balance sheet exposure as at December 31, 2010	**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	-	703	3,852	4,978	8,318	**17,851**
Contingent letters of credit	822	9,067	30,474	6,532	505	**47,399**
	822	**9,771**	**34,326**	**11,509**	**8,822**	**65,250**

Interest Rate Risks

FCMB takes on interest rate risks through its activities in the trading and Banking books. The Bank trades in FGN Treasury Bills and Bonds in its capacity as a Primary Dealer Market Maker (PDMM) on behalf of itself (proprietary positions) and also assumes interest rate risk in its financial intermediary role. Consequently, the Bank is exposed to the risk of loss on both its trading and Banking book positions in the event of adverse movements in interest rates.

The Bank sets exposure limits for FGN treasury bills and bonds at portfolio and maturity band levels, and also uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in trading positions. The also Bank uses the aggregate Interest rate risk limit in managing interest rate risk in the Banking book. All limits are approved by the Board of Directors. Compliance with the Board approved limits is monitored on a daily basis by the Risk Management and Compliance Division.

BANK

As at December 31, 2011	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–3 years N'000	3–5 years N'000	Over 5 years N'000	Total N'000
Total assets – repricing	328,675,371	42,710,727	36,603,961	4,546,324	92,009,346	61,460,499	27,191,552	**593,197,780**
Total liabilities – repricing	382,849,172	61,615,757	28,696,556	1,249,374	5,266	-	1,408,493	**475,824,619**
Repricing gap	(54,173,801)	(18,905,030)	7,907,406	3,296,949	92,004,080	61,460,499	25,783,059	**117,373,161**
Interest rate risk weights (%)	1.00	1.00	1.00	3.50	8.00	13.00	18.00	
Repricing gap – adjusted	(541,738)	(189,050)	79,074	115,393	7,360,326	7,989,865	4,640,951	**19,454,821**
Interest rate risk ratio (%)	(0.46)	(0.16)	0.07	0.10	6.27	6.81	3.95	**16.58**

BANK

As at December 31, 2010	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1–3 years N'000	3–5 years N'000	Over 5 years N'000	Total N'000
Total assets – repricing	357,634,609	45,403,426	2,873,861	18,471,557	61,714,787	12,368,930	31,606,316	**530,073,488**
Total liabilities – repricing	295,721,930	70,815,963	28,467,688	432,085	-	-	-	**395,437,666**
Repricing gap	61,912,680	(25,412,537)	(25,593,827)	18,039,472	61,714,787	12,368,930	31,606,316	**134,635,822**
Interest rate risk weights (%)	1.00	1.00	1.00	3.50	8.00	13.00	18.00	**-**
Repricing gap – adjusted	619,127	(254,125)	(255,938)	631,382	4,937,183	1,607,961	5,689,137	**12,974,726**
Interest rate risk ratio (%)	0.46	(0.19)	(0.19)	0.47	3.67	1.19	4.23	**9.64**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Financial risk analysis For the year ended December 31, 2011 *continued...*

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 capitalised, 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 two 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.

Capital Management continued

The table below shows the break-down of the Group and the Bank's regulatory capital for the year ended December 31, 2011 and period ended December 31, 2010:

	GROUP		BANK	
	December 31, 2011 N'000	December 31, 2010 N'000	**December 31, 2011 N'000**	December 31, 2010 N'000
TIER 1 CAPITAL				
Share capital	**8,136**	8,136	**8,136**	8,136
Share premium	**108,369**	108,369	**108,369**	108,369
Statutory reserves	**10,090**	10,089	**10,090**	10,089
SMIEIS reserve	**659**	659	**659**	659
Retained earnings	**(9,457)**	7,517	**(9,880)**	7,383
Less: Goodwill	**(6,074)**	(6,074)	**-**	-
Deferred tax assets	**(3,579)**	(572)	**(3,483)**	(433)
Total qualifying Tier 1 capital	**108,144**	128,124	**113,890**	134,203
TIER 2 CAPITAL				
Translation reserve	**(100)**	(35)	**-**	-
General provision	**3,285**	49	**3,196**	-
Less: Investments in subsidiaries	**-**	-	**-**	-
Total qualifying Tier 2 capital	**3,185**	14	**3,196**	-
Total regulatory capital	**111,329**	128,138	**117,086**	134,203
RISK WEIGHTED ASSETS				
On-balance sheet	**389,605**	404,438	**393,897**	406,917
Off-balance sheet	**35,458**	18,480	**35,458**	29,917
	425,063	422,918	**429,354**	436,834
Risk weighted capital adequacy ratio	**26.19%**	30.30%	**27.27%**	30.72%

The Group's capital adequacy ratio was 26.16% as at December 31, 2011, which was significantly above CBN capital adequacy requirements by 16.16%. The Bank is adequately capitalised.

Financial risk analysis For the year ended December 31, 2011 *continued...*

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. Our operational risk processes capture the following major types of losses:

- Fraud (internal and external);
- Fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions;
- Losses arising from litigation processes including out-of-court settlements;
- Unreconciled cash (Teller, Vault, ATM) shortages written-off in the course of the year;
- Losses incurred as a result of damages to the Bank's assets;
- Losses incurred as a result of system downtime, malfunction and/or disruption.

The Bank's appetite for operational risk losses is set by the Board Risk Management Committee on an annual basis, and sets the tone for risk management practices in the course of the year. The appetite is set in terms of the maximum amount of operational risk losses the Bank expects to incur given risk-reward considerations for the period.

To ensure annual losses incurred by the Bank as a result of its exposure to operational risks do not exceed the Board approved risk appetite; the Bank's Risk Management and Compliance Division adopts the following globally accepted operational risk management standards:

- All process owners proactively identify weak-points/risks across their respective processes, activities and systems. The Risk Management and Compliance Division validates the risk maps for completeness and recommends appropriate mitigating controls to reduce/eliminate inherent process risks.
- Process owners periodically assess the adequacy and effectiveness of established controls through the Risk and Control Self Assessment process, and use this process to identify areas where controls have not been implemented, and/or are ineffective. Issues and remedial action plans are typically developed as an outcome of this process by the respective process owners, and monitored for implementation by the Risk Management and Compliance Division. This process enables gaps/risk issues to be addressed at the early stages thereby protecting the Bank from losses attributable to such gaps/weaknesses.
- The Risk Management and Compliance Division conducts periodic independent control tests/checks across the Bank as a key tool for revalidating the outcome of the Risk and Control Self Assessment process. This independent assessment of controls enables the Bank to determine if agreed controls have been fully implemented and if controls are effective.
- The Bank uses operational risk indicators to track/measure current operational risk exposures across all activities, processes and systems. Key Risk Indicators (KRIs) are defined for significant risks that require active monitoring and control. This process enables us to identify and resolve control issues before they crystallise into losses. Tolerance levels are set for each risk indicator and used as the basis for reporting risk exposures to the respective risk committees including Divisional Operational Risk Committees and the Board Risk Management Committee.

Operational Risk Management continued

- Historical operational risk losses are periodically collated and analysed by the Risk Management and Compliance Division. The analysed loss experience enables the Bank to determine causal factors and put in place new controls/processes to mitigate the risk of re-occurrence. In addition, the loss collation and analysis process provides the Bank with the basis for justifying the cost of new/improved controls and assessing the effectiveness of controls. The Bank's loss experience is escalated to the Board Risk Management Committee supported by clearly defined remedial action plans aimed at protecting the Bank against similar losses in the future.
- Operational risk management processes have been linked to performance management through the use of a Risk and Control Index that represents a key component of productivity and annual performance appraisals. This initiative has helped to drive the desired behaviour in employees, ensuring that there is a concerted effort by all employees to manage operational risks.
- Independent assurance of the adequacy and effectiveness of the operational risk management process is provided by the Group Internal Audit (GIA) function on an annual basis. The assessment report is presented to the Board Audit Committee as part of the annual review process.

The Bank uses a combination of pricing and insurance to mitigate residual risks arising from crystallised operational risk events. A total of nine insurance policies have been undertaken by the Bank to minimise the loss in the event of an operational risk incident while operational risks is included in the pricing mechanism for credit and related transactions.

Capital is reserved for operational risks based on Basel II standardised approach. The estimated operational risk capital is further allocated to the respective business units for risk based performance management purposes (Economic Profit). The Bank intends to comply with the Basel II Advanced Measurement Approach (AMA) for the calculation of operational risk capital in 2014, and has already put in place robust AMA compliant operational risk processes.

The implemented operational risk management structures provide the Bank with the capacity to continuously improve its processes and controls, thereby minimising losses and protecting shareholder value.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Financial risk analysis For the year ended December 31, 2011 *continued...*

Operational Risk Management continued

Operational Risk Exposures

The Bank's operational risk losses as at December 2011 was within the Board approved risk appetite. The actual losses attributable to operational risks did not exceed the provisioning set-aside for such losses at the beginning of the period. The losses have been fully recognised in the financial results for the year.

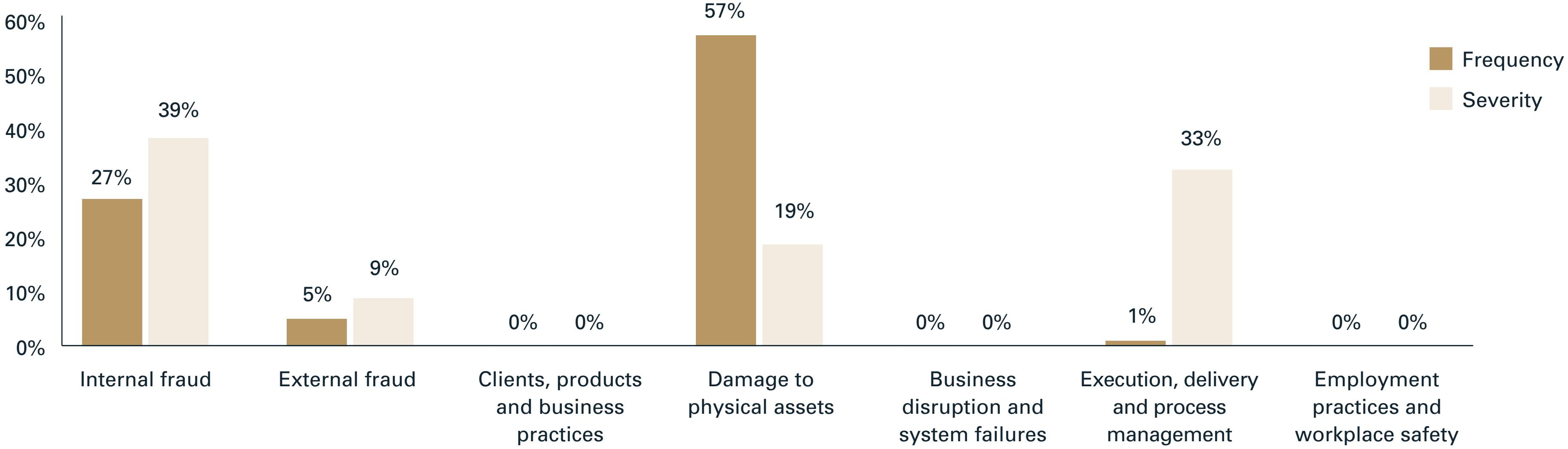


**Fig 1: Loss by Basel risk event type*

Internal fraud remains the largest component of operational risk losses in the banking sector. The fraud trend in the banking industry in 2011 improved relative to the same period in 2010 particularly as the initiatives introduced and efforts made by banks regulatory agencies to minimise the level of fraud within the industry begin to yield positive outcomes.

Operational Risk Management continued

In FCMB, internal and external fraud losses decreased in absolute terms in 2011 compared to the same period in 2010. To further protect the Bank against re-occurrence and reduce overall losses attributable to internal and external fraud, the Bank concluded the implementation of a number of measures within the year including:

- Deployment of new password policies for all critical internal systems as part of the Bank's enhanced information security practices
- Implementing 2nd factor authentication processes on the Bank's core processing platforms
- Introduction of slip-free Banking services for over-the-counter (OTC) cash deposit transactions
- Automation and improvement of transaction call-over processes within the Bank's branch network
- Outsourcing employee background check processes
- Conducting periodic integrity tests
- Enforcing job rotation and annual leave/vacation policies
- Introduction of a new career management framework
- Improvements in the Bank's rewards and recognition processes
- Enhancing the whistle blowing framework to improve early detection.

In addition to fraud (internal and external) which accounted for 48% of total losses in the period under review, processing errors and damages to physical assets accounted for the largest losses by value (33%, and 19% respectively).

The 33% loss attributable to processing error was as a result of dry posting but there was full recovery of the total amount involved and further measures were also taken to curb such occurrence in the future.

Fraud and damages to physical assets are mitigated by insurance and significant recoveries were made within the period. However, 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.

Financial **risk analysis** For the year ended December 31, 2011 *continued...*

Operational Risk Management continued

The distribution of operational risk losses as at December 2011 by severity is shown below:

SEVERITY OF LOSSES	Loss distribution by severity	
	Number of losses (%)	Gross loss amount (%)
0<=X<=100,000	38%	1%
100,000<=X<=500,000	34%	4%
500,000<=X<=1,000,000	10%	4%
1,000,000<=X<=5,000,000	13%	14%
5,000,000<=X<=10,000,000	2%	6%
10,000,000<=X<=15,000,000	1%	5%
15,000,000<=X<=20,000,000	0%	0%
Above 20,000,000	2%	66%
Total	**100%**	**100%**

**Fig 3: Severity of losses: frequency and amount distribution of losses*

The Bank conducts causal analysis of all loss events as they occur and uses findings from the causal analysis to further improve the controls framework, and reduce the probability of a risk event re-occurring.

Operational Risk Awareness

The Bank intensified its operational risk awareness campaign in the course of the year through several mechanisms including electronic newsletters, risk meetings/workshops, continuous training and education of staff and customers. The Bank will continue to monitor the effectiveness of its operational risk management processes, and continuously improve its risk-control practices to safeguard assets and protect shareholder value.

Group Operational Risk Practices

We have successfully extended the management of operational risk to all our subsidiaries and the representative office in the UK. Frameworks have been developed and the operational risk tools have also been deployed across the different companies. This has further enhanced the Group's integrated approach to operational risk management and practices.

Statement of value added For the year ended December 31, 2011

	GROUP				BANK			
	December 31, 2011 N'000	%	December 31, 2010 N'000	%	December 31, 2011 N'000	%	December 31, 2010 N'000	%
Gross income	**80,398,043**		62,686,096		**74,236,855**		57,835,577	
Group's share of associate's profit	**113,628**		50,854		**-**		-	
Interest expense	**(25,620,635)**		(21,698,007)		**(25,619,558)**		(21,699,307)	
	54,891,036		41,038,943		**48,617,297**		36,136,270	
Provision for losses	**(32,452,704)**		439,415		**(31,969,727)**		759,805	
Administrative overhead	**(16,046,787)**		(14,401,453)		**(14,684,566)**		(13,307,093)	
Value added	**6,391,545**	**100**	27,076,905	100	**1,963,004**	**100**	23,588,982	100
Distribution								
Employees								
Salaries and benefits	**14,768,645**	**231%**	14,906,101	56%	**13,097,119**	**667%**	13,025,442	56%
Government								
Taxation	**(1,439,253)**	**(23%)**	1,090,771	4%	**(2,368,222)**	**(121%)**	242,566	1%
The future								
Asset replacement	**2,977,301**	**47%**	2,925,073	11%	**2,801,851**	**143%**	2,779,059	12%
Proposed dividend	**-**	**0%**	5,694,917	21%	**-**	**0%**	5,694,917	24%
Expansion (transfers to reserve)	**(9,915,148)**	**(155%)**	2,240,054	8%	**(11,567,744)**	**(589%)**	1,627,405	7%
Value added	**6,391,545**	**100%**	26,856,916	100%	**1,963,004**	**100%**	23,369,389	100%

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

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Five-year financial summary

GROUP

ASSETS EMPLOYED	December 31, 2011 N'000	December 31, 2010 N'000	December 31, 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000
Cash and balance with central banks	**34,934,115**	13,406,893	9,010,895	7,169,038	**8,473,486**
Treasury bills	**12,019,605**	22,588,314	8,521,058	4,429,643	**22,403,134**
Due from other banks	**35,376,959**	57,311,736	121,786,201	165,145,574	**194,747,892**
Loans and advances	**319,434,207**	326,899,532	238,732,090	271,103,278	**186,634,383**
Advances under finance lease	**3,067,760**	3,521,022	1,165,896	2,113,827	**2,296,749**
Deferred tax assets	**3,578,836**	572,053	1,107,267	1,300,378	**2,638,674**
Investment securities	**155,042,282**	74,188,921	41,463,536	32,889,181	**4,338,187**
Investment in associates	**230,656**	145,000	300,000	-	**-**
Other assets	**12,375,864**	13,818,756	13,662,332	10,449,657	**29,173,961**
Investment property	**131,778**	131,778	-	-	**-**
Property and equipment	**19,092,716**	19,291,248	21,817,923	21,001,009	**16,630,564**
Intangible assets	**6,495,640**	6,715,629	6,074,045	-	**-**
	601,780,418	538,590,882	463,641,243	515,601,585	**467,337,030**

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

GROUP

FINANCED BY	December 31, 2011 N'000	December 31, 2010 N'000	December 31, 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000
Share capital	8,135,596	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	108,369,199
Other reserves	1,191,716	18,265,715	13,088,249	12,550,624	17,128,335
Non-controlling interest	-	-	-	-	17,835
Customer deposits	409,231,355	334,821,192	266,012,607	321,219,293	251,223,129
Due to other banks	-	580,784	13,681,208	27,015,927	26,231,049
Borrowings	19,167,000	25,116,189	30,178,530	11,183,932	24,538,500
Tax payable	1,783,422	1,867,603	2,451,430	2,584,437	5,290,123
Other liabilities	52,398,055	40,813,679	20,328,304	22,205,810	22,754,206
Deferred tax liabilities	26,388	20,192	1,104,447	2,096,961	3,649,058
Retirement benefit obligations	12,971	8,994	39,338	26,319	-
Other long-term benefits	1,464,716	591,739	252,335	213,487	-
	601,780,418	538,590,882	463,641,243	515,601,585	467,337,030
Acceptances and guarantees	97,260,519	65,249,741	50,492,799	42,160,999	120,039,062

PROFIT AND LOSS ACCOUNT	12 months December 2011 N'000	12 months December 2010 N'000	8 months December 2009 N'000	12 months April 2009 N'000	12 months April 2008 N'000
Gross earnings	80,398,043	62,686,096	35,789,264	72,698,313	52,818,798
Profit before tax	(11,354,401)	9,025,742	856,600	4,773,765	20,517,326
Tax	1,439,253	(1,090,771)	(292,262)	(779,222)	(5,408,235)
Profit after tax	(9,915,148)	7,934,971	564,338	3,994,543	15,109,091
Minority Interest	-	-	-	-	(17,685)
Transfer to reserves	(9,915,148)	7,934,971	564,338	3,994,543	15,091,406
Earnings per share – basic	(61)k	49k	5k	25k	135k
Earnings per share – diluted	(60)k	49k	5k	25k	135k

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2011
Together with Directors' and Auditor's Reports

Five-year financial summary *continued...*

BANK

ASSETS EMPLOYED	December 31, 2011 N'000	December 31, 2010 N'000	December 31, 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000
Cash and balance with central banks	**34,933,865**	13,406,438	9,009,240	7,168,159	**8,472,161**
Treasury bills	**12,019,605**	22,588,314	8,521,058	4,429,643	**22,403,134**
Due from other banks	**28,654,265**	50,361,306	118,652,423	165,149,865	**194,747,892**
Loans and advances	**315,101,376**	323,531,060	236,844,499	270,188,782	**186,565,206**
Advances under finance lease	**3,067,760**	3,521,022	1,165,896	2,113,827	**2,296,749**
Deferred tax assets	**3,482,998**	433,047	854,279	1,229,671	**2,629,794**
Investment securities	**153,414,566**	71,916,099	39,984,190	32,791,243	**4,187,871**
Investment in subsidiaries	**11,005,868**	11,005,868	10,865,468	240,150	**240,150**
Investment in associates	**300,000**	300,000	300,000	-	**-**
Other assets	**12,231,591**	13,483,357	12,522,270	10,191,790	**27,093,988**
Property and equipment	**18,640,557**	18,886,370	21,361,771	20,906,484	**16,573,956**
Intangible assets	**421,014**	640,607	-	-	**-**
	593,273,465	530,073,488	460,081,094	514,409,614	**465,210,901**

BANK

FINANCED BY	**December 31, 2011 N'000**	December 31, 2010 N'000	December 31, 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000
Share capital	**8,135,596**	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	108,369,199
Other reserves	**868,366**	18,131,027	11,622,265	10,952,894	15,622,678
Customer deposits	**410,578,646**	334,897,851	272,624,017	322,418,759	251,580,103
Due to other banks	**-**	580,784	13,681,101	27,023,049	26,231,049
Borrowings	**19,167,000**	25,116,189	30,178,530	11,183,932	24,538,500
Tax payable	**951,402**	1,200,495	1,655,286	2,187,383	4,580,652
Other liabilities	**43,785,316**	33,078,675	12,466,830	21,834,783	22,514,354
Deferred tax liabilities	**-**	-	1,078,009	2,087,590	3,638,770
Retirement benefit obligations	**9,447**	5,096	36,631	21,647	-
Other long-term benefits	**1,408,493**	558,576	233,630	194,782	-
	593,273,465	530,073,488	460,081,094	514,409,614	465,210,901
Acceptances and guarantees	**97,260,519**	65,249,741	50,492,799	42,160,999	120,039,062

PROFIT AND LOSS ACCOUNT	**12 months December 2011 N'000**	12 months December 2010 N'000	8 months December 2009 N'000	12 months April 2009 N'000	12 months April 2008 N'000
Gross earnings	**74,236,855**	57,835,577	33,398,740	71,063,543	50,086,197
Profit before tax	**(13,935,966)**	7,564,888	724,834	3,979,274	18,437,711
Tax	**2,368,222**	(242,566)	(55,463)	(513,462)	(4,717,241)
Profit after tax	**(11,567,744)**	7,322,322	669,371	3,465,812	13,720,470
Transfer to reserves	**(11,567,744)**	7,322,322	669,371	3,465,812	13,720,470
Earnings per share – basic	**(71)k**	45k	6k	21k	123k
Earnings per share – diluted	**(70)k**	45k	6k	21k	123k

List of **branches**

S/N	Name	State	Status	Address
1	**Aba**	Abia	Branch	90 Asa Road, Aba
2	**Aba, Faulks Road**	Abia	Branch	161 Faulks Road, Aba
3	**Umuahia**	Abia	Branch	5 Library Avenue, Umuahia
4	**Guinness Aba**	Abia	Cash Centre	Guinness Depot, Osisioma, Aba
5	**Abuja 2**	Abuja	Branch	5 Ogbomosho Street, Area 8, Garki, Abuja
6	**Abuja FCMB Plaza**	Abuja	Branch	FCMB Plaza, 252 Herbert Macauly Way, CBD, Abuja
7	**Maitama Fed Sec**	Abuja	Branch	Federal Secretariat Complex Phase 3, Shehu Shagari Way, Maitama
8	**Wuse II**	Abuja	Branch	Plot 108, Adetokunbo Ademola, Cadastral Zone Ao8, Wuse Li
9	**Banex Plaza**	Abuja	Cash Centre	Banex Plaza, Plot 750, Aminu Kano Crescent, Wuse 2, Abuja
10	**National Assembly**	Abuja	Cash Centre	National Assembly Complex, Abuja
11	**Yola**	Adamawa	Branch	20 Atiku Abubakar Way, Jimeta Town, Yola
12	**Eket**	Akwa Ibom	Branch	Along Grace Bill Road by Marina, Eket
13	**Ikot Ekpene**	Akwa Ibom	Branch	5 Harley Drive, Ikot Ekpene

S/N	Name	State	Status	Address
14	**Oron Road Uyo**	Akwa Ibom	Branch	105 Oron Road, Uyo
15	**Awka**	Anambra	Branch	84 Nnamdi Azikiwe Avenue, Awka
16	**Onitsha**	Anambra	Branch	9a Market Road, Onitsha
17	**Onitsha**	Anambra	Branch	40 Uga Street, Bridgehead, Onitsha
18	**Nnewi**	Anambra	Branch	5 Oraifite Street, Nnewi
19	**Yenagoa**	Bayelsa	Branch	Nikton Junction, Kpansia, Mbiama, Yenagoa Road, Yenagoa
20	**Makurdi**	Benue	Branch	12 New Bridgehead Way, Markudi
21	**Maiduguri**	Borno	Branch	Baga Road, Maiduguri, Borno
22	**Bauchi**	Bauchi	Branch	Commercial Road, Near State Library, Bauchi
23	**Calabar**	Cross River	Branch	14 Calabar Road, Calabar
24	**Ikom**	Cross River	Branch	7 Calabar Road, Ikom
25	**Asaba**	Delta	Branch	370 Nnebisi Road, Asaba
26	**Warri**	Delta	Branch	300 Effurun Sapele Road, Warri
27	**Warri**	Delta	Branch	Plot 151/153 Okumagba Avenue

S/N	Name	State	Status	Address
28	**Oando, Warri**	Delta	Cash Centre	Oando Premises, Warri
29	**Abakiliki**	Ebonyi	Branch	36b Sam Egwu Way, Abakiliki, Ebonyi State
30	**Benin**	Edo	Branch	112 Mission Road, Benin City
31	**Ugbowo**	Edo	Branch	183 Uselu-Ugbowo Road, Benin City
32	**Ado-Ekiti**	Ekiti	Branch	Along Secretariat Road
33	**Enugu**	Enugu	Branch	12a Market Road, Enugu
34	**Garden Avenue**	Enugu	Branch	41 Garden Avenue, Enugu
35	**Gombe**	Gombe	Branch	11 Biu Link Road, Commercial Area Opp. Central Market, New Eid Ground, Gombe
36	**Ashaka**	Gombe	Cash Centre	Ashaka Cement Complex
37	**Owerri**	Imo	Branch	81 Wetheral Road, Owerri
38	**Dutse**	Jigawa Branch	Branch	12a/13a Kiyawa Rd, Dutse, Jigawa
39	**Kaduna**	Kaduna	Branch	A1 Ahmadu Bello Way
40	**Kaduna 1**	Kaduna	Branch	1 & 2a Kachia Road, Kaduna
41	**Zaria**	Kaduna	Branch	F3 Kaduna-Gusau Road, Zaria
42	**Bello Road, Kano**	Kano	Branch	17/18 Bello Road
43	**Kano**	Kano	Branch	145 Murtala Mohammed Way
44	**Katsina**	Katsina	Branch	132 IBB Way, by Yantomaki Road Junction, Katsina
45	**Birnin Kebbi**	Kebbi	Branch	Ahmadu Bello Way, Birnin-Kebbi
46	**Lokoja**	Kogi State	Branch	16 Aliyu Abje Road, Lokoja
47	**Obajana**	Kogi State	Cash Centre	Opposite Obajana Cement Factory
48	**Ilorin**	Kwara	Branch	33 Murtala Mohammed Way, Ilorin, Kwara State
49	**Adeola Odeku**	Lagos	Branch	11b Adeola Odeku Street, Victoria Island
50	**Agege**	Lagos	Branch	Old Abeokuta Expressway, Tabon Tabon, Agege, Lagos
51	**Airport Road**	Lagos	Branch	Plot 25, Muritalla Mohammed International Airport Road, Ikeja
52	**Ajah**	Lagos	Branch	Km 23 Berger Bus Stop, Ajah
53	**Akowonjo**	Lagos	Branch	Shasha Roundabout, Akowonjo
54	**Alaba**	Lagos	Branch	Obosi Plaza, A Line, Alaba International Market, Ojo

List of branches *continued...*

S/N	Name	State	Status	Address
55	**Alagbado**	Lagos	Branch	757 Lagos Abeokuta Expressway, Beside AP Filling Station, Ojokoro, Alagbado
56	**Allen Avenue**	Lagos	Branch	36 Allen Avenue, Ikeja
57	**Apapa 11**	Lagos	Branch	16 Warehouse Road, Apapa
58	**Apapa**	Lagos	Branch	28 Creek Road, Apapa
59	**Awolowo Road**	Lagos	Branch	68 Awolowo Road
60	**Broad Street**	Lagos	Branch	Banuso House, Broad Street, Lagos
61	**Head Office**	Lagos	Branch	17a Tunubu Street, Lagos Island
62	**Idumagbo**	Lagos	Branch	34 Idumagbo Avenue, Lagos Island
63	**Idumota**	Lagos	Branch	22 Idu Olowu Street, Idumota
64	**Ikeja**	Lagos	Branch	29 Oba Akran Avenue
65	**Ikorodu**	Lagos	Branch	7 Lagos Road
66	**Ketu**	Lagos	Branch	545/547 Ketu, Ikorodu Road, Lagos
67	**Macarthy**	Lagos	Branch	10/12 Macarthy Street, Onikan, Lagos
68	**Matori**	Lagos	Branch	91 Ladipo Street, Matori, Lagos

S/N	Name	State	Status	Address
69	**Motor Ways Avenue Ikeja**	Lagos	Branch	Motor Ways Avenue Branch, Ikeja
70	**Mushin Isolo**	Lagos	Branch	253 Agege Motor Road, Beside AP Filling Station, Mushin
71	**Ogba**	Lagos	Branch	23 Ogba Ijaiye Road, Opp Waec Ogba
72	**Ojo**	Lagos	Branch	148a Olojo Drive
73	**Alaba Electrical Section**	Lagos	Cash Centre	Shop S1, Alaba International Market
74	**Sanusi Fafunwa**	Lagos	Branch	17 Sanusi Fafunwa Street, Victoria Island, Lagos
75	**The Palms**	Lagos	Branch	The Palms Shopping Complex by Lekki Phase 1, First Roundabout
76	**Victoria Island**	Lagos	Branch	Plot 1661, Oyin Jolayemi Street
77	**Yaba**	Lagos	Branch	43 Ojuelegba Road, Yaba, Lagos
78	**Guinness Ikeja**	Lagos	Cash Centre	Guinness Premises, 24 Oba Akran Avenue
79	**Iponri**	Lagos	Cash Centre	Shop 529–531, Iponri Shopping Complex
80	**Marina**	Lagos	Branch	44 Marina Street, Lagos

S/N	Name	State	Status	Address
81	**Idimu**	Lagos	Branch	218 Egbeda–Idimu Road, Faith B/ Stop, Opp Yemkem Int'l Plaza, Idimu-Lagos
82	**Adetokunbo Ademola**	Lagos	Branch	Plot 719, Adetokunbo Ademola Street, V.I Lagos
83	**Adeniran Ogunsanya**	Lagos	Branch	33 Adeniran Ogunsanya Street, Surulere
84	**Adeola Hopewell**	Lagos	Branch	38, Plot 727, Adeola Hopewell Street, Victoria Island, Lagos
85	**Aspamda**	Lagos	Branch	Zone D, R1, International Trade Fair Complex, Ojo
86	**GRA, Ikeja**	Lagos	Branch	50 Isaac John Street, GRA, Ikeja
87	**Lekki 2**	Lagos	Branch	Igbokushu Village Opp. Jakande Estate Lekki-Epe Express Way, Lagos
88	**Oke Arin**	Lagos	Branch	11 Ijaiye Street, Oke-Arin, Lagos
89	**Okota**	Lagos	Branch	117 Okota Road, Opposite Phcn, Okota, Lagos
90	**Orile Coker**	Lagos	Branch	Block 11, shop 3–8, Ceramic Tiles Market, Alaba Market
91	**Shomolu**	Lagos	Branch	31 Shipeolu Street, Onipan, Shomolu, Lagos
92	**Ibafon, Apapa**	Lagos	Cash Centre	15 Apapa-Oshodi Expressway, Ibafon

S/N	Name	State	Status	Address
93	**NPA**	Lagos	Cash Centre	Nigerian Port Authority, Apapa
94	**Lafia**	Nasarawa	Branch	Lafia/Jos Rd, Opp State Cid, Lafia
95	**Minna**	Niger	Branch	Along Paiko Road, Opp Cbn Minna
96	**Abeokuta**	Ogun	Branch	21 Lalubu Street, Oke-Ilewo
97	**Agbara**	Ogun	Branch	Plot 1, Ilaro Street, Agbara Industrial Estate, Agbara
98	**Akute**	Ogun	Branch	73 Ojodu Akute Road, Alagbole Bus Stop
99	**Ijebu-Ode**	Ogun	Branch	168 Folagbade Street
100	**Ijebu-Ode II**	Ogun	Branch	52 Ejirin Road, Imepe, Ijebu-Ode
101	**Otta**	Ogun	Branch	57 Lagos-Abeokuta Expressway, Sango Otta
102	**Sagamu**	Ogun	Branch	141 Akarigbo Street, Ijoku
103	**Ago-Iwoye**	Ogun	Cash Centre	Olabisi Onabanjo University
104	**Akure**	Ondo	Branch	5 Bishop Fagun Road, Akure
105	**Igbokoda**	Ondo	Branch	Plot 1e, 5b Gra Igbokoda, Ilaje, Ondo State
106	**Ilesha**	Osun	Branch	F16 Ereguru Street, Ilesha, Osun State

List of branches *continued...*

S/N	Name	State	Status	Address
107	**Oshogbo**	Osun	Branch	Along Gbongan Road, Oshogbo, Osun State
108	**Ibadan Bodija**	Oyo	Branch	Plot 3, U.I Sec. Road, Bodija, Ibadan
109	**Ibadan**	Oyo	Branch	23/25 Lebanon Street
110	**Ojoo**	Oyo	Branch	Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo State
111	**Uch Ibadan**	Oyo	Cash Centre	University College, Opp Total Filling Station, Ibadan
112	**Akinyele Cattle Market**	Oyo	Cash Centre	Lam Adesina International Cattle Market, Akinyele, Ibadan
113	**Jos**	Plateau	Branch	Along Bukuru Bye Pass, Jos
114	**Garrison**	Rivers	Branch	85 Port Harcourt/Aba Road, Garrison Roundabout, PH
115	**Ikwerre Road**	Rivers	Branch	Ikwerre Road, Port Harcourt
116	**Olu Obasanjo Way**	Rivers	Branch	80 Olu Obasanjo Way
117	**Oyigbo**	Rivers	Branch	290 Old Aba Road, Oyigbo, Rivers State
118	**PH Regional Office Branch**	Rivers	Branch	Plot 466/467, Trans Amadi Industrial Layout, Port Harcourt
119	**Port Harcourt**	Rivers	Branch	Plot 282a, Ph/Aba Express Road, Port Harcourt

S/N	Name	State	Status	Address
120	**Abuloma**	Rivers	Branch	46a Abuloma Road, Opposite Bozgomero Estate, Abuloma, Port Harcourt
121	**Aggrey**	Rivers	Branch	81 Aggrey Road, Port Harcourt
122	**Sokoto**	Sokoto	Branch	27 Sani Abacha Way, Sokoto
123	**Jalingo**	Taraba	Branch	Hammaniwa Road, Jalingo
124	**Damaturu**	Yobe	Branch	29/32 Bukar Abba Ibrahim Way, Damaturu
125	**Gusau**	Zamfara	Branch	Plot 103, Gusau-Sokoto Road, Gusau

Personal account application form

Individual/joint account holders

FCMB

PLEASE RETURN TO: FCMB, Primrose Tower, 17A Tinubu Street, Lagos, Nigeria

Dear Sirs,

Kindly establish the following account(s) in my/our name(s) with First City Monument Bank Plc (FCMB). By selecting any type of account(s)/ product(s) I agree to be bound by the terms and conditions governing the said account(s)/product(s) in FCMB. I also agree to be bound by the terms and conditions governing the assessment of your services via your non-branch channels which I have also selected with this application.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS – TRUSTEE/JOINT ACCOUNT HOLDER DETAILS TO BE INDICATED AND SIGNED ON THE NEXT PAGE)

DETAILS OF: ☐ ACCOUNT HOLDER ☐ FIRST JOINT ACCOUNT HOLDER

Title: ☐ Mr ☐ Mrs ☐ Miss ☐ Dr ☐ Other

Surname Forenames

Mother's Maiden Name

Test Question

Answer

Date of Birth (DD/MM/YYYY) / / Nationality

Occupation

Pencom No.

Employer's Name

Employer's Address

Employer's Address:

Approx. Annual Income (=N=)

Home Address

Home Address

City/Town State

Mobile Phone 1 Mobile Phone 2

Office Phone Home Phone

Correspondence Address

Correspondence Address

City/Town State

Email Address

Home Address

Next of Kin

PASSPORT PHOTOGRAPH HERE

I hereby certify that all the information given above is correct. I also certify that I have read, understood and agreed with the attached terms and conditions governing the account(s)/product(s) I have requested.

Customer's Signature

Mandate/Special Instructions

(including minimum confirmation amount, where required)

Account Type

☐ Classic Current Account

☐ Foreign Currency Account ☐ USD ☐ GBP ☐ EUR

☐ Classic Saver Account ☐ Corper Saver Account

☐ Premium Saver Account ☐ Scholar Saver Account

Selected Channels

☐ Automated Teller Machines

	Full Access	View Only
☐ Internet Banking	☐	☐
☐ Mobile Banking	☐	☐
☐ SMS Banking	☐	☐

Statement Preferences

☐ Email ☐ Post ☐ Hold

☐ Monthly ☐ Quarterly ☐ ½Yrly

Special Instructions

Transaction Confirmation Required

(The bank may charge for each transaction confirmed via telephone.)

☐ None ☐ Written ☐ Tel.

FOR OFFICE USE ONLY

Initial Deposit Taken (Y/N) Walk in (Y/N)

Account Officer

Broker

ID Type

ID No.

Issue Date / / (DD/MM/YYYY)

Expiry Date / / (DD/MM/YYYY)

List of Documents Attached (Y=Yes; N=No; X=Not Applicable)

Reference ☐ Passport Photograph ☐ Utility Bill ☐

Signature Cards ☐ Residence/Work Permit ☐ KYC Form ☐

Approval Code

CSM Signature CSM Staff #

B/M Signature

Personal account application form (continued)

Individual/joint account holders

FCMB

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

DETAILS OF: ☐ SECOND JOINT ACCOUNT HOLDER ☐ TRUSTEE

Title: ☐ Mr ☐ Mrs ☐ Miss ☐ Dr ☐ Other

Surname Forenames

Mother's Maiden Name

Date of Birth (DD/MM/YYYY) / / Nationality

Occupation

Pencom No.

Employer's Name

Employer's Address

Employer's Address :

Approx. Annual Income (=N=)

Home Address

Home Address

City/Town State

Mobile Phone 1 Mobile Phone 2

Office Phone Home Phone

Email Address

Home Address

PASSPORT PHOTOGRAPH HERE

I hereby certify that all the information given above is correct. I also certify that I have read, understood and agreed with the attached terms and conditions governing the account(s)/product(s) I have requested.

Customer's Signature

Mandate/Special Instructions

(including minimum confirmation amount, where required)

ID Type

(Select applicable one)

International Passport ☐

ID No.

National ID ☐

Issue Date / / (DD/MM/YYYY)

Expiry Date / / (DD/MM/YYYY)

Driving Licence ☐

Mandate for e-dividend payment

PLEASE RETURN TO: FCMB, Primrose Tower, 17A Tinubu Street, Lagos, Nigeria

FCMB

It is our pleasure to inform you that you can henceforth collect your dividend through DIRECT CREDIT into your bank account. Consequently, we hereby request you to provide the following information to enable us to process direct payment of your dividend (when declared) into your bank account.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Shareholder's Account Number Date of Birth (DD/MM/YYYY) / /

Surname/Company's Name

Other Names (for Individual Shareholder)

Present Postal Address

Employer's Address:

City/Town State

Email Address

Mobile (GSM) Phone

Bank Name

Branch Address

Branch Address

Bank Account Number

Bank Sort Code

I/We hereby request that from now, all dividend warrant(s) due to me/our holding(s) in FCMB to be mandated to my/our bank named above.

Shareholder's Signature or Thumbprint

Company Seal/Incorporation Number
(Corporate Shareholder)

Shareholder's Signature or Thumbprint

Authorised Signature & Stamp of Bankers

FCMB

E-Bonus form
CSCS account notification

FCMB

PLEASE RETURN TO: The Registrar, City Securities (Registrars) Ltd, 17A Tinubu Street, Lagos, Nigeria

Dear Sirs,

Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from my holdings in First City Monument Bank Plc.

PERSONAL DATA

Surname

Other Names

Name of Company

Address

Mobile Phone

Email Address

Shareholder's Signature (1)

(2)

Company Seal/Stamp (for Corporate Shareholders)

CSCS DETAILS

Stockbroker

Clearing House Number

Authorised Signature & Stamp of Stockbroker

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.

SHARE CAPITAL HISTORY

YEAR	AUTHORISED SHARE CAPITAL (N)		REMARKS
	Increase	Cumulative	
1982		2,000,000	N1.00 per share
April 25, 1985	3,000,000	5,000,000	N1.00 per share
April 23, 1987	5,000,000	10,000,000	N1.00 per share
November 24, 1987	10,000,000	20,000,000	N1.00 per share
November 23, 1988	20,000,000	40,000,000	N1.00 per share
September 20, 1989	10,000,000	50,000,000	N1.00 per share
March 15, 1991	25,000,000	75,000,000	N1.00 per share
April 25, 1991	25,000,000	100,000,000	N1.00 per share
December 9, 1993	50,000,000	150,000,000	N1.00 per share
November 17, 1994	50,000,000	200,000,000	N1.00 per share
May 3, 1996	50,000,000	250,000,000	N1.00 per share
February 18, 1997	250,000,000	500,000,000	N1.00 per share
January 15, 1998	250,000,000	750,000,000	N1.00 per share
June 10, 1999	250,000,000	1,000,000,000	N1.00 per share
June 20, 2002	1,000,000,000	2,000,000,000	N1.00 per share
July 15, 2004		2,000,000,000	Stock split from N1.00 to 50k
October 28, 2004	3,000,000,000	5,000,000,000	50k per share
October 20, 2006	5,000,000,000	10,000,000,000	50k per share
October 20, 2006 to April 30, 2009		10,000,000,000	50k per share

DISCLOSURE OF DIVIDEND PAYMENT HISTORY

DIV. NO.	PAID UP CAPITAL	DIVIDEND RATE	GROSS AMOUNT	DATE PAYABLE
1	4,500,000,000	N0.075	337,500,000.00	10/20/2005
2	9,502,430,142	N0.13	1,235,315,918.46	10/30/2006
3	9,502,430,142	N0.35	3,325,850,549.70	10/10/2007
4	16,271,192,202	N0.50	8,135,596,101.00	10/14/2008
5	16,271,192,202	N0.05	813,560,000	07/12/2010
6	16,271,192,202	N0.35	5,694,917,270.70	19/05/2011

Proxy form

FIRST CITY MONUMENT BANK PLC (RC 46713)
29TH ANNUAL GENERAL MEETING to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Monday, May 21, 2012 at 11 a.m.

I/We ____________________

being a member/members of First City Monument Bank Plc hereby appoint

** ____________________

____

(Block Capitals Please)

Or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of First City Monument Bank Plc which will be held at Shell Hall, MUSON Centre, Onikan, Lagos at 11.00 a.m. on Monday, May 21, 2012 or at any adjournment thereof.

Dated this __________ day of __________ 2012.

Shareholder's signature ____________________

NOTE:

(1) A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and the above Proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

(2) Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space (marked**) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.

(3) Please sign and post the proxy form so as to reach The Registrar City Securities (Registrars) Limited, Primrose Tower, 17A, Tinubu Street, Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.

(4) If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or Attorney duly authorised in that behalf.

Resolutions

FCMB

		FOR	AGAINST
1	To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2011, the Auditors Report thereon and the Audit Committee Report.		
2	To authorise the Directors to fix the remuneration of the Auditors.		
3	To elect/re-elect members of the Audit Committee.		
	To consider and if thought fit pass the following as Ordinary Resolutions:		
4	"That following the recommendation of the Directors, the sum of N1,241,808,786.50 be and is hereby capitalised from the Share Premium Account into 2,483,617,573 Ordinary Shares of 50 kobo each and appropriated to the members whose names appear in the Register of Members at the close of business on Friday, April 27, 2012 in the proportion of three new shares for every 20 registered in such member's names on that date, subject to the approval of the appropriate regulatory authorities, the shares so distributed being treated for all purposes as capital and not as income, ranking pari passu with the existing shares of the Company"		
5	"That the appointments of Messrs Segun Odusanya, Olufemi Bakre, Stephen Alashi, Mustapha Damcida, Olutola Senbore and Olutola O Mobolurin as Directors be and are hereby approved."		
6	(i) "That in compliance with CBN's Regulation on the Scope of Banking Activities and Ancillary Matters 2010 issued in November 2010 ('CBN Regulations'), the Bank be and is hereby authorised to divest its ownership of businesses/subsidiaries that are not permissible under the CBN Regulations (the 'Non-Permissible Businesses')." (ii) "That the Board of Directors of the Bank are hereby authorised to, as necessary, establish a Holding company and devise a suitable plan for divesting from and, where required, reorganising the Non-Permissible Businesses including but not limited to direct sale, auction, transfer, distribution in specie or such other divestment mechanism; and upon such terms and conditions as the Directors may determine to be in the best interest of the Bank." (iii) "That the Board of Directors of the Bank be and are hereby authorised to take all actions, including but not limited to entering into and executing any agreements, deeds, notices, undertakings, transfers, assignments, guarantees, arrangements or such other mechanisms with any party or parties in order to implement, finalise and give full effect to the aforesaid divestment with full powers to assent to any conditions, revaluations, modifications, variations and/or amendments as may be imposed by any relevant regulatory authority." (iv) "That the Board of Directors of the Bank or any one of them for the time being, be and are hereby authorised to appoint such professional parties and advisers, and to perform all such other acts and do all such other things as may be necessary for or incidental to effecting the above resolutions, including without limitation, complying with directives of any regulatory authority."		

Before posting the above card, tear off this part and retain it.

ADMISSION CARD

FIRST CITY MONUMENT BANK PLC 29TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 29TH ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON MONDAY, MAY 21, 2012 AT 11.00 A.M.

NAME OF SHAREHOLDER/PROXY ____________________

SIGNATURE ____________________

ADDRESS ____________________

____

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRARS

FCMB

FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

Our vision: To be the Premier Financial Services Group of African Origin.

First City Monument Bank Plc
Primrose Towers, 17A Tinubu Street, P.O. Box 9117, Lagos State, Nigeria

Tel: 01-2665944, Fax: 01-2665126
www.firstcitygroup.com

Designed by Flag, UK.