FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

FCMB

ANNUAL REPORT AND ACCOUNTS 2010

My Bank and i...

Annual Report and Accounts for 2010

First City Monument Bank Plc (FCMB) is a wholesale banking group with a niche retail banking franchise, 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)

My Bank and i…

Who we are

First City Monument Bank Plc (FCMB) is a predominantly wholesale banking group with a niche retail banking franchise, 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 27 years and employs 3,300 employees spread across every state of the Federal Republic of Nigeria, whilst a 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 adviser 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 and 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)

Licensed by the Nigerian Securities and 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 microlending organisations in terms of profitability, asset quality and customer experience. CDL is also the fastest growing microlender 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)

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)

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 March 16, 2011)

- **Issued share capital:** 16,271,192,202 units
- **Market capitalisation:** N110.97bn/ $740m
- **Weighting on the NSE:** 1.4%
- **Weighting in the sector:** 4.3%
- **YTD average daily traded volume:** 4,097,263 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: B+/B Long Term/Short Term (Standard & Poor's) (One of only a few banks in Nigeria with an S&P rating)

Notice of **annual general meeting**

Notice is hereby given that the 28th Annual General Meeting of First City Monument Bank Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Friday, May 13, 2011 at 11.00 am 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, 2010, the Auditor's Report thereon and the Audit Committee Report.

(2) To declare a dividend.

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

(4) To re-elect Directors in place of those retiring.

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

Special Business

(6) To consider and if thought fit pass as Ordinary Resolution:

"To approve the remuneration of Directors for the year ending December 31, 2011."

(7) To consider and if thought fit pass the following as Special Resolutions:

(i) "That subject to all relevant regulatory approvals being obtained, the Directors be and are hereby authorised to take steps to comply with the requirements of the Central Bank of Nigeria (CBN) new licensing regime by relinquishing the Bank's current universal banking license and applying to CBN for a commercial banking licence with international banking authorisation."

(ii) "That the Directors be and are hereby authorised to take steps to comply with the directives of the Central Bank of Nigeria (CBN) by separating the non-banking subsidiaries from the Bank and re-organising the non-bank businesses within a Group arrangement that will deliver and/or unlock value for shareholders in such manner as they consider necessary within the period prescribed by the CBN, and upon such terms and conditions as the Directors may determine to be in the best interest of the Bank."

(iii) "That the Directors be and are hereby authorised to take all such actions, including but not limited to:

(a) entering into agreements, undertakings, transfers, assignments, guarantees, or such other arrangements with any party or parties in order to implement, finalise and give full effect to the aforesaid directives; and

(b) appointing all relevant professional parties as they deem necessary for the purpose of giving effect to the CBN directives.

(iv) "That the appointments of Messrs Olusegun Odubogun and Alhaji Mustapha Damcida as Director and Alternate Director respectively be and are hereby approved."

(v) "That in furtherance to the shareholders' approval given at the 27th Annual General Meeting held on July 21, 2010 authorising the Bank to accept from leading development financial institutions and/or offshore correspondent banks or lenders an investment in equity and/or convertible debt upon terms to be agreed:

(a) the Bank should proceed to accept the USD70 million Loan Facility offer (the Loan) from the International Finance Corporation (IFC);

(b) the terms of, execution of, and the transactions contemplated by the IFC Loan Agreement be and are hereby approved;

(c) any of the authorised signatories of the Bank should execute the Loan Agreement and any document relating thereto to which it is a party on behalf of the Bank as well as carry out any other activity to give effect to the transaction."

Dated this 5th day of April 2011.

By Order of the Board

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.

Dividend

If approved, a dividend of 35 kobo per share will be payable to shareholders whose names appear in the Register of Members at the close of business on Friday, May 6, 2011. Dividend Warrants will be posted to shareholders on Thursday, May 19, 2011.

Closure of Register

The Register of Members will be closed from Monday, May 2, 2011 to Friday, May 6, 2011 (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.

MRS OLAJUMOKE BAKARE
COMPANY SECRETARY

From the archives of **the founder**

I am confident, like so many other stakeholders, that as we march through the crucible of the economic meltdown and the trident reforms of the Central Bank of Nigeria equipped with the strategies that we are putting in place, the management of the Group and particularly FCMB should be able to achieve the goal that we have set for ourselves.

"There is no doubt that the FCMB of our dream is within our reach and we should endeavour to go for it."

OTUNBA MICHAEL O BALOGUN, CON
FOUNDER

Soothsayer, Stargazer or a Sage

When in the past years and particularly last year, I was always relating the state of affairs in the Bank particularly and indeed the Group, to our foundation and our set core values, I might have been sounding like a soothsayer or some people may describe me as a stargazer. Indeed benevolent and familiar observers and readers of our Annual Reports, may have been regarding my statements as coming from a sage. The kernel of the message which we have been trying to put across, is that, in the building of our institutions, the current management would always be conscious of and have recourse to our foundation, the original vision and the set core values that we have established in the course of the years. Being equipped with all these, the superstructure would be on a solid foundation, because it is a universal truth that tall structures can only survive if they are built on a very strong and enduring foundation. Thus far, this has been our tradition in First City Group and this has stood us in good stead. It has also been the secret of our uniqueness and our success so far.

At the same time, though our strategies appear to be showing some good results, we keep on reminding ourselves that we are in for a long haul. Put in another way, we are saying that equipped with all the set core values, mindful of and always having recourse to our original vision and particularly the strong foundation of culture of excellence, the current management especially by virtue of the Bank's performance last year (December 2010), are definitely on the right course to attain the FCMB and indeed the Group of our dream.

Let me quote some salient statements of mine in last year's report – "We are indeed going through a crucible of fire, which if we properly manage and combat, should enable us to emerge stronger. We should therefore gird our loins in renewing and reburnishing our strategies to sustain the values enshrined in our foundation." I also quote – "I am confident, like so many other stakeholders, that as we march through the crucible of the economic meltdown and the trident reforms of the Central Bank of Nigeria equipped with the strategies that we are putting in place, the management of the Group and particularly FCMB should be able to achieve the goal that we have set for ourselves. Any observer would notice considerable keenness and enthusiasm among the generality of our staff, but what one would like to see is adequate fire power particularly at the level of business drivers to enable the institution to deliver good results which would earn us the pride of place within the comity of financial institutions". One can see that we are building up this "fire power" to increase our earning capabilities. "There is no doubt that the FCMB of our dream is within our reach and we should endeavour to go for it."

As we said earlier, the results of the year just ended December 2010 not only appear to vindicate the words of wisdom coming from our founders, but sound prophetic. We have indeed started to see a glimmer of light at the end of a long and tortuous tunnel and we appear to be on the way, and even more able to surmount the effects of the universal economic meltdown and the trident reforms of the Central Bank of Nigeria. From all indications, the current management appears to have put its peculiar stamp and identity on the new strategies that are propelling the current development deliberately conscious of the original vision and strong foundation. This regular recourse to our foundation would appear to be working well.

Take for instance the Central Bank of Nigeria suddenly decided to dismantle the universal banking system and requested banks to unbundle their subsidiaries into a Holding Company. To us in the Group, this has been a familiar ground because as far back as over seven years ago, we had conceived an idea of an investment holding company which we have named First City Group separate from the Bank itself and having very slim management. Again, there is a divinely motivated foresight by someone who can be described as a sage. We have, therefore, not had any problem in picking up ideas from our main stakeholders and founders. The evolving process is that of our continuing to build our institutions conscious of the foundation that we have been given and is readily available to us. There lies the distinction between us and our peers. FCMB and indeed First City Group will continue to flourish as a distinct institution with its own set core values and its own goal. We will not try to copy other institutions. We are charting a different and peculiar course of our own.

O God of all Creations, we thank you for our performance this last year as we remain focused thus far, in consonance with our original ethos, set core values and indeed our culture of excellence which all endear us not only to our customers and clients, but also our shareholders and other stakeholders who are inspired by our acronym of 'My Bank and i'.

OTUNBA MICHAEL O BALOGUN, CON
FOUNDER

Statement from the **chairman**

The economic terrain in the just concluded year was quite challenging. I am however pleased to inform you that despite the difficult terrain in which the Bank operated in the year, we were able to record an impressive performance with all indices looking northward.

"We are confident that we will continue to operate in a more stable and encouraging business environment and that, as a bank, we are well positioned to benefit from those opportunities which always present themselves during an economic recovery."

JONATHAN LONG
CHAIRMAN

Distinguished fellow shareholders and directors, invited guests, ladies and gentlemen, it is with great pleasure that I welcome you to the 28th Annual General Meeting of our bank and present to you the Annual Report and Accounts of the Bank for the year ended December 31, 2010. In keeping with statutory requirements, I am also pleased to confirm that copies of the Annual Report and Accounts were dispatched to all shareholders before this meeting.

I will now proceed to review briefly the business environment in which the Bank operated during the last financial year and to summarise how the challenges posed by this environment impacted on our business activities and performance. I would also like to remind you that the Bank's last financial year, reviewed in this report, is its first full calendar year (i.e. from January 1 – December 31, 2010), since the issue of the Central Bank of Nigeria's (CBN) directive to all banks to harmonise their financial year, from January to December, with effect from 2010.

Global Perspective

2010 was a very mixed year for global financial markets. Although the year started off with a stronger than anticipated recovery, albeit with widely varying growth rates across the different regions of the world, the impact of the European sovereign debt crisis, which occurred in the second quarter of the year, curtailed the full scope of world economic recovery. Whilst only modest growth, at best, was achieved by the most advanced economies, on the back of major monetary stimulus and a significant consumption, growth in most emerging and developing economies (and, in particular, the so-called 'BRIC' economies of Brazil, Russia, India and China) was much more robust, due principally to the impact of higher commodity prices and sustained levels of private consumption. Overall, global GDP grew by some 5% in 2010, although this figure conceals very significant disparities between the performance of different economies.

Despite these positive trends, most commentators agree that the world recovery is still very fragile. The rising prices of food and other soft commodities have contributed to inflationary pressures globally, particularly in the Middle East and North Africa, where they combined with high unemployment rates and long-standing political grievances to spark off popular demonstrations and ever-growing demands for regime change, the results of which have already been seen in Egypt and Tunisia. Going forward, non-oil commodity prices are expected to remain high, as the effects of the adverse weather conditions, which affected food production in 2010, will still be felt in the 2011 season.

However, there is a positive outlook overall for 2011 although, in spite of this general optimism, economic realities in different regions are likely to result in significant disparities in growth rates. The emerging economies, in particular, enjoy a stronger outlook for growth, arising from improved consumption patterns. In Nigeria, for instance, the long-awaited launch of the Asset Management Corporation of Nigeria (AMCON) will enable commercial banks to increase their lending, as AMCON takes over the non-performing loans of commercial banks, which should result in the growth of both consumer and business investment. A major deterrent to the development of the full growth potential of many of these economies, including Nigeria, is the limited policy framework, which is almost invariably weaker than that in the developed economies. So far as the latter are concerned, the outlook is similar to that in 2010, and growth prospects for the more advanced economies in 2011, although improving, will still be more modest than those of most emerging economies. Their prospects will be worsened as many of these countries, particularly in Europe, continue to grapple with a substantial debt over-hang, and the full effects of the recent Japanese tsunami and its devastating impact on the Japanese infrastructure, economy and global output, are only just starting to be felt.

The Nigerian Economy

The year under review provided some much needed succour for the Nigerian economy, after the strong macro-headwinds that swept across the country in 2009 and, in particular, the storm created by the banking crisis. Furthermore, the political situation was improved by the resolution of the impasse resulting from the power vacuum, created by the death of late President Umar Yar'adua, and which culminated in the swearing-in of President Goodluck Jonathan as the nation's new President. These positive political developments helped to put the nation on the path to macroeconomic recovery. The domino effect caused the Nigerian Stock Exchange to stage a bull run, reversing its -33.8% year-on-year decline in 2009, and leading to a positive performance of +18.9% in 2010.

The economy, which has grown by at least 6% per year since 2003, expanded by over 7% in 2010. Whilst the non-oil sector, particularly agriculture, remains the key driver of Nigeria's economic growth, the oil sector has also recovered. Nigeria's oil production received a major boost from the relative peace in the Niger Delta, largely brought about by the success of the current administration's amnesty programme.

Statement from the chairman *continued...*

Crude oil production (including condensates), which had declined to a low of 1.69 million barrels per day (mbpd) in July 2009, due to a combination of weaker global demand and vandalisation of oil production facilities, returned to historic levels of 2.20mbpd in 2010. The sustainability of such production levels will, however, require continuing calm in the Delta and a rapid increase in investment by oil producing companies. This, in turn, will depend on the passage of the Petroleum Industry Bill (PIB), which is currently before the Senate. It is expected that these factors (i.e. the amnesty programme and the eventual passing of the PIB) will result in further economic growth in 2011.

Nigeria's foreign exchange market remained relatively stable in 2010, compared with the previous year. As at December 31, 2010, the Wholesale Dutch Auction System (WDAS) exchange rate averaged N148.31 to US$1, compared with N146.81 to US$1 in 2009. Despite the year-on-year depreciation of approximately 1% in the Nigerian currency (relative to the US dollar), this was still in line with the Central Bank of Nigeria's volatility threshold of +/-3% for the Naira. The nation's external reserve balance closed the year at US$32.35 billion, down some 24% from its level of US$42.47 billion at the end of 2009.

Changes in the Banking Sector: the CBN and AMCON to the Rescue

In an attempt to strengthen its key banking reforms and to address the challenges that led to the banking crisis in 2009, the CBN introduced a four-pillar reform programme, which includes enhancing the quality of bank balance sheets, establishing financial stability, enabling the transparent evaluation of the financial sector and ensuring that this sector makes a significant contribution to the real economy. In line with these objectives, the CBN reviewed the existing Prudential Guidelines and issued a new set of Prudential Guidelines for Nigerian banks, effective from July 1, 2010, which was intended to promote a sound credit risk management framework for the banking system.

The banking crisis of 2009 in Nigeria was triggered by a period of illiquidity in the banking system, during which the banks which were subsequently rescued by the CBN regularly accessed its expanded discount window. The uncertainty and illiquidity in the market, which resulted from the closure of this window, led to the CBN eventually guaranteeing all interbank placements in 2010, a guarantee which was further extended to June 30, 2011, in order to provide continuing liquidity and stability to the banking system.

Continuing the efforts of the CBN and Federal Government to establish a sound banking system in the country, on July 19, 2010, President Goodluck Jonathan signed a bill into law, establishing the Asset Management Corporation of Nigeria (AMCON). AMCON's mandate is "to acquire eligible bank assets from eligible financial institutions at a fair value and put these assets to economic use in a profitable manner". In response to its mandate to restore stability to the nation's banking industry, AMCON issued its first tranche of bonds to Nigerian banks on December 31, 2010, worth N1.04 trillion (US$6.93 billion), with a discounted value of N770 billion (US$5.13 billion). It is expected that the second round of bonds, which were issued by AMCON by the end of March, will absorb most of the sector's bad loans and, as a result, stimulate banks' risk appetite, in order to encourage them to increase their lending to the productive sectors of the economy.

Financial Performance

It is clear that the economic conditions throughout the past year were extremely challenging. However, I am pleased to inform you that, despite the difficult terrain in which the Bank operated, we were nevertheless able to record an impressive performance overall, with all the major indices moving significantly upward. The Bank achieved gross earnings of N62 billion, representing a 17% annualised growth over the eight-month period, ended December 31, 2009, whilst profit after tax showed a strong increase from N564 million, for the eight-months period to December 31, 2009, to N7.9 billion for the 12-months to December 31, 2010 – a growth of 837%.

So far as the balance sheet was concerned, the Bank's total assets and contingents grew by 17%, from N514 billion in December 2009, to N604 billion in December 2010. This growth was driven principally by the rising profile of the Bank's deposit liabilities which grew 26% to N335 billion in December 2010, from N266 billion, in December 2009.

Dividend Payment

In view of the Bank's impressive results, the Directors are recommending that a dividend of N35k be paid to all shareholders, registered in the books of the Bank as at Friday May 6, 2011 for each 50k share of the Bank held by them at that date. The total amount set aside for this dividend payment is N5.7 billion.

A resolution to approve the payment will be proposed for your approval during the course of this meeting.

Board Composition

As at December 31, 2010, the Board consisted of 14 directors, made up of nine Non-Executive Directors, one Alternate Director and four Executive Directors. During the course of the year, one Executive Director, Mr. Anurag Saxena, gave notice of the resignation of his appointment, effective from August 5, 2010. Fellow shareholders, please join me in extending our best wishes to him in all his future endeavours.

Also during the financial year, two new Non-Executive Directors were appointed to the Board. They are Alhaji Mustapha I. Damcida, who previously served as an alternate Director to Alhaji Ibrahim Damcida and Mr. Olusegun Adedeji Odubogun, who is an independent director. These two new directors were appointed to strengthen further the composition of the Board, in line with the Bank's corporate governance policy, as well as the Central Bank of Nigeria's new regulatory framework. They are both established professionals of high repute and bring a wealth of experience, as well as professional achievements and accomplishments, to the Board of the Bank.

Looking Ahead

As always, I should like to take this opportunity to thank the Bank's customers, its shareholders, staff and, indeed, everyone who has contributed to the success of the Bank over the past year. I believe that we have delivered a strong financial result and I hope that, during the period under review, we met the earlier promises made to you, in spite of the problems in the operating environment, to which I referred earlier.

We are hopeful that we can look forward to a more stable and encouraging business environment and that, as a bank, we are well positioned to benefit from those opportunities that always present themselves during an economic recovery.

Ladies and gentlemen, on behalf of the Board, I would like to thank you very sincerely for your immeasurable support now, as well as in the past. As for the future, although challenging, I believe that it remains bright for all of us.

May God bless you all.

JONATHAN LONG
CHAIRMAN

Review by the **chief executive officer**

Distinguished shareholders, ladies and gentlemen, the year ended December 2010 saw a variety of factors affecting the banking industry, which on balance could be described as heralding the beginning of a period of cautious recovery and improving industry fundamentals. Much of the credit for this turnaround must go to the regulators and Government for pushing ahead with the reforms and stimuli that were necessary to ensure stability and create a positive outlook following an unprecedented decline in asset prices, commodity prices and massive credit and operating losses in the nation's banks.

LADI BALOGUN
GROUP MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER

The injection of capital into the troubled banks under new management, the formation of AMCON to purchase margin loans and non-performing loans, the reform programme that included stimulating key sectors of the economy and strengthening risk and governance provisions within the industry combined with a fairly loose monetary stance for much of 2010, which kept interest rates low, were some of the measures that ultimately defined the operating environment.

The recovery can be described as cautious as while the reform plans are commendable, many implementation question marks remain, including how the necessary sale of rescued banks will be managed and concluded, the many unanswered questions regarding the new holding company structure for banks and how well the credit stimulus packages for strategic sectors such as agriculture power and transport are managed. Finally, as Government fights to keep inflation, interest rates and exchange rates under control while spending at record levels, inevitably something must yield and the modest gains attained so far remain at risk.

As will be discussed shortly, our performance was commendable, being underpinned by a strategy that is gaining in focus and differentiation. Your bank today can be described as a predominantly wholesale banking group with a growing niche retail franchise. Wholesale banking, comprising corporate banking, institutional banking (government and financial institutions), treasury and financial markets and investment banking, continues to contribute 100% of the Bank's net earnings, 74% of the Bank's gross earnings, 91% of the Bank's risk assets and 61% of the Bank's funding/deposits. Our retail focus is now paying off. Following an investment in over 100 full service branches in the last five years at a cost of about N12 billion, taking our reach to over 132 branches,16 kiosks, 146 ATMs, an excellent call centre, mobile and internet banking, we are finally approaching our first profitable year in the Retail Division, which will be 2011 with the addition of Credit Direct our payroll based consumer finance business and 2012 without its inclusion. We describe the retail banking business as having a niche orientation based on the fact that we seek to bank, for now, the top quartile of the banking community, whilst differentiating ourselves via a higher degree of customer intimacy and operational excellence. Put simply we want to capture a dominant share of the banking needs of the customers we bank through better understanding of them and their needs, provision of a comprehensive range of products and we want to do this efficiently attaining best-in-class cost-to-income ratio.

In pursuit of this strategy a number of activities during the year are worthy of mention. Much of the year was pre-occupied with re-allocating the loan portfolio through recoveries, asset sales and targeted growth. A great deal of focus also went on strengthening our loan origination capabilities and resources. This led to industry leading loan growth rates for your bank, mostly derived from corporate and institutional customers. In order to manage the loan growth, our enterprise risk management framework was strengthened, enabling us to retain our B+ international credit rating from Standard & Poor's – the highest attainable for a Nigerian financial institution.

In order to attain our stated objective of operational excellence, significant investments in time and resources went into reducing the cost of service delivery as well as our turnaround time. A new quality management system was initiated with a view to attaining ISO certification in the year 2011. Our greater focus on process efficiency and cost optimisation enabled us to keep a tight lid on costs.

On the customer front, both on the wholesale and retail side of the business we saw our active customer numbers grow substantially thanks to improved sales processes and greater focus on customer segments where we can compete effectively. In this regard, our service experience was recognised by a KPMG led survey of the Nigerian corporate community, ranking us 3rd among all banks for customer service.

On the international front, our South African rep office and UK subsidiary completed their first full year of operation and began to contribute meaningfully to the activities of the Group. Our share of equity investment flows into Nigeria grew substantially thanks to the efforts of FCMB UK and the signing on of several major global institutional clients. Similarly through the efforts of our South African office, our corporate and investment banking activities received a boost both in terms of customer sign on's and increased capacity in the areas of originating and structured complex financings.

Review by the chief executive officer *continued...*

Our strategy, the operating environment and the activities described above set the context for the Bank's performance in 2010. In spite of the harsh environment, we were able to grow our gross earnings by 17% on an annualised basis and profit after tax by 837%. The gross earnings growth was all the more remarkable considering interest rates crashed by more than 30% and money market rates 60%. Consequently the gross earnings performance was largely driven by non-interest income, which grew by 59% compared to 2009, while net interest income actually declined by 10% on an annualised basis for the year. This growth in non-interest income was fuelled by a gradual recovery in investment banking income, as well as improved transaction commissions as a result of active lending.

The loan book grew by an impressive 38%, during a year when the industry loan book declined in total. This is a clear demonstration that the Bank is gaining market share in its core activity of lending. Much of this lending was indeed low margin to high credit quality corporate and government institutions. However we were able to drive significant non-interest income from these borrowing customers. Our retail lending also grew by a more modest 16%. This was largely due to the fact that much of the year was spent restructuring and re-directing our retail lending activities and positioning it for more sustainable and profitable growth. The one outlier in the Retail Division was our consumer finance business Credit Direct Limited, which witnessed over 49% loan growth and 67% growth in net income.

Operational excellence for us is defined by maintaining a cost-efficient business model. The trend in cost management is therefore very encouraging. By focusing on our chosen customer segments, we were able to keep cost growth to a modest 3% in the year. Loan loss expense was also curtailed such that, combined with recoveries from previously provisioned loans, we recorded a write back of provisions of N439 million, compared to a net provision expense in 2009 of N2.6 billion. In spite of this loan provision coverage ratio rose to 100% from 83% in 2009.

Almost all business units and subsidiaries apart from core retail banking (due to the crash in interest rates and thereby transfer price on deposits) experienced growth in earnings in 2010 shown in the table below. This across the board improvement demonstrates not only the efficacy of the Group's strategy and people but also the cautiously improving operating environment:

	Earnings (PBT)			
	2009	**2010**	**Annualised growth**	
Corporate and Commercial Banking	1,518	5,451	139%	↑
Retail Banking	(2,260)	(2,845)	16%	↓
Institutional Banking	2,025	3,737	23%	↑
Treasury and Financial Market*	174	2,979	1044%	↑
FCMB CM*	(164)	221	190%	↑
CSRL*	354	156	-70%	↓
CSLS*	(424)	(460)	28%	↑
FCMB UK*	(365)	(265)	52%	↑
LEGACY PFA (ASSOCIATE)*	na	51	na	↑
	857	**9,026**	**602%**	↑

* Investment Banking Division of the Group is made up of the asterisked member companies together with the Treasury and Financial market.

The net effect of all these factors, as illustrated above, was a 827% growth in PAT, and improvement in most key ratios as shown below:

Group ratios	December 2010	December 2009
Net interest margin	5.3%	6.0%
Return on equity (ROE)	5.8%	1.0%
Return on assets (ROA)	1.5%	0.3%
Cost/income ratio	79%	85%
Earnings per share	49k	5k
Loan/deposit ratio (LDR)	99%	90%
NPLs/total loans	6%	9%
Capital adequacy ratio	31%	36%
Liquidity ratio	32%	40%

Naturally there is room for improvement in our ratios but it is evident that the trend is in the right direction and our strategy is certainly capable of delivering a long-term equilibrium that should be among the best bank performance ratios in our environment.

Based on this performance level, we are pleased, with your kind permission, to propose an increase to our dividend by 600% from prior year to 35 kobo per share.

The 2010 performance is an indicator of two important factors. Firstly the management and staff complement have been able to regroup following the industry-wide challenges of 2009 and evolved into a potent and cohesive force focused on meeting customer expectations while delivering shareholder value. Secondly, this is also an indication that the Nigerian banking industry has turned the corner and holds significant opportunity for growth.

It is therefore pleasing to note that there is an air of optimism, as we look forward to a year of continued growth and success. On a personal note and in concluding, I would want to thank the Almighty God for his grace and favour on the organisation and all those associated with us. I would also want to thank our customers and shareholders for believing in us, and our exemplary employees for making our modest successes happen.

LADI BALOGUN
GROUP MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER

Corporate social responsibility **activity report**

C2G activity in Katsina State, Nigeria

Presentation of cheque to Nigerian Red Cross Society for Disaster Relief

FCMB representative, the British Council and Faith leaders at the Climate & Faith Seminar in Abuja, Nigeria

Profile and Strategy

Corporate Social Responsibility (CSR) lies at the heart of First City Monument Bank Plc

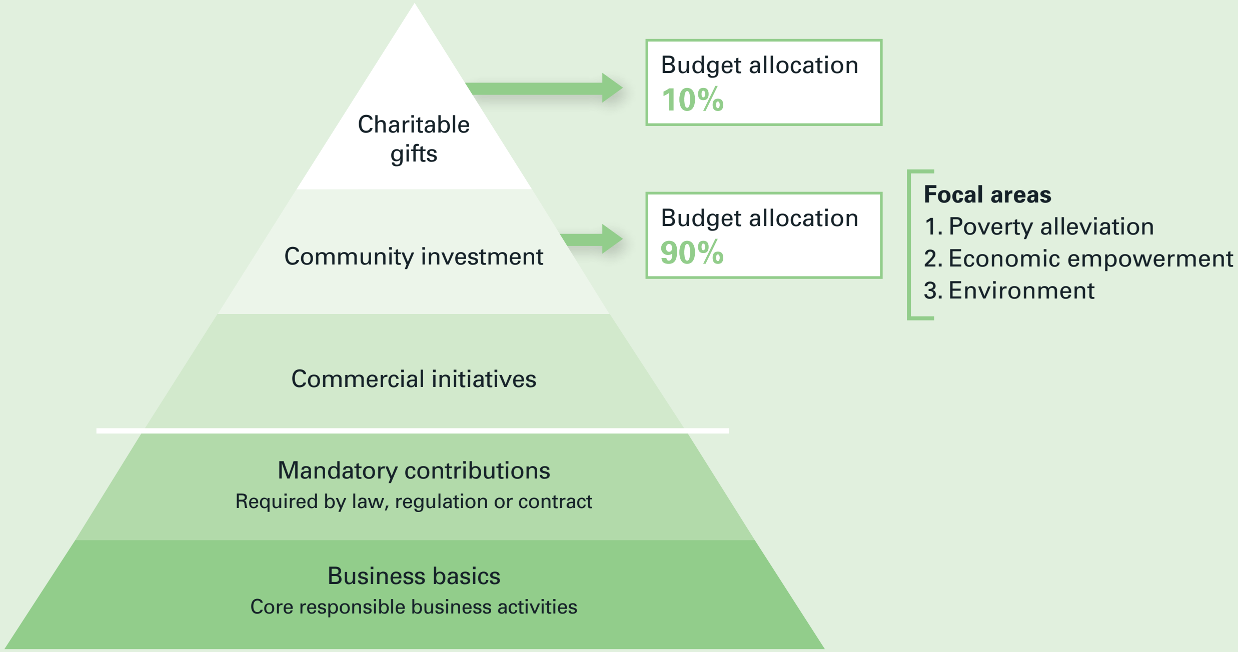
We continue to build on our strategic framework for corporate citizenship and align our approach with our business proposition 'My Bank and i' by adding value to our customers and building lasting relationships with them and the communities in which they live.

Our CSR unit is structured so that it drives our overall mission across the entire organisation. Our ongoing CSR journey enables us to ensure our actions transcend cultural barriers, and address both social and economic challenges. This can be seen in the promotion of environmental conservation around our branches and our homes, and the development of partnerships that encourage economic independence and opportunities for human development.

Our Philosophy – Teach A Man to Fish

We believe all communities in which we operate should benefit from our presence. In practice, our philosophy is about our commitment to long-term relationships with our customers, partners, government communities and our contribution to their sustainable development.

FCMB strategic framework for CSR



A full listing of our donations can be found on page 37 of this report

www.firstcitygroup.com

Our CSR goal

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

Poverty alleviation

Support for the alleviation and eradication of extreme poverty and hunger

Environmental sustainability

Support for the environment

Economic empowerment

Helping to create an enabling environment for economic empowerment through micro-entrepreneurship, micro-credit and skills acquisition.

Read about our CSR activities during the year on the following pages

Read more in our CSR report

www.firstcitygroup.com

Corporate social responsibility **activity report** ***continued...***

Presentation of certificate to one of the Skills trainers in Port Harcourt for the Skills for Life Programme

GMD planting a tree during the Lagos State One-Man-One-Tree Campaign

Below is a summary of our activities for the financial year January – December 2010:

Environmental Sustainability

Committed To Green (C2G)

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.

Climate & Faith Seminar

According to the 2010 World Bank Development report on Development and Climate Change it is expected that developing countries would bear some 75% to 80% of the costs of damage caused by climate change, which could result in permanent reduction in the GDP by 4% to 5% in Africa and South Asia. As part of climate change sensitisation, FCMB in partnership with the British Council organised the first ever Climate & Faith Seminar in Africa, which attracted 100 traditional and faith leaders as well as policy makers from the UK, Nigeria and all over Sub-Saharan Africa. At the end of the two-day seminar which was held in Abuja, Nigeria, a historic Interfaith Declaration on Climate Change was signed by over 100 attendees of the seminar. The impact of this seminar remains immeasurable but the followings are some of the outcomes already recorded:

1. **Tree planting:** As a fall out of the Interfaith declaration, the Kano State Ministry of Environment in Nigeria facilitate the training of local Muslim clerics on climate change and the planting of 8,000 trees in places of worship to create shade for worshippers as a means of carbon sequestration.
2. **The Save80 stove and cooking set:** Also, Christian clerics from all local governments in Kaduna were trained on the use of an environment-friendly cooking stove which has been certified to reduce emission as well as the demand for firewood. These stoves were made available to the trainees at a subsidised price.

Sub-National Partnerships on the Environment

Our ongoing partnership with the Lagos State Government on environmental sustainability continues to make advancements:

FCMB co-sponsored the Second Lagos State Summit On Climate Change as part of our ongoing work on advocacy and sensitisation. The summit successfully brought together several State Governments to address the issue of climate change on a sub-national level.

The Eko Atlantic City: Progress is still being made in the development of the Eko Atlantic City, an adaptive initiative which seeks to reclaim from the Atlantic Ocean the equivalent of land lost to environmental degradation over the last century.

One-Man-One-Tree Campaign

Like little droplets of water which come together to form a mighty ocean, our C2G activities around the country have become a formidable force behind environmental sustainability. When Lagos State launched the One-Man-One-Tree Campaign, the FCMB GMD was chosen to represent the Governor. Also, during the World Environment Day celebration he was presented a special award as an **Ambassador Emeritus of the Environment** in recognition of the unwavering support the management and staff of FCMB have given to the Lagos State Government on environmental issues.

C2G within the FCMB community

Our nationwide activation of C2G at the branch level continues to inspire a new generation of environmentally conscious people. In 2010, FCMB incorporated an Environmental Management System (EMS) Policy into the organisation's strategy.

Earth Hour: FCMB also became the first Nigerian bank to observe Earth Hour in 2010 as all non-essential lights were turned off for an hour at the iconic First City Plaza, one of the headquarters of FCMB. The Earth Hour is a global exercise which unites the whole earth in contemplating the sustainability of the planet. The objective of the Earth Hour is to promote the practice of energy conservation and emission reduction through public awareness, by educating and uniting people to realise the risks of climate change.

Environmental Sustainability Through the Media

Following from FCMB's collaboration with the British Council to train media practitioners on the accurate reporting of climate change and environmental degradation in 2009, A Media Green Club was formed in 2010 as a platform to encourage the proliferation of environmentally related media reports to create public awareness on environmental related issues. Specifically, FCMB now collaborates with the *Business Day* newspaper to ensure that at least an entire page is devoted to reporting environmental issues on a weekly basis.

Economic Empowerment

Leading from our CSR Philosophy of 'Teach A Man to Fish', our economic empowerment activities seek to create an enabling environment for micro-entrepreneurship and skills acquisition.

FCMB Skills for Life Programme

The FCMB 'Skills for Life' programme which was launched in Kano in 2009 continued in Port Harcourt in 2010 with the successful training of 122 vulnerable youth and women on carefully selected skills which are marketable in their communities. The skill set ranged from animal husbandry to catering and hair care. Seed capital was also given to selected beneficiaries of the programme in the form of a grant to cover the cost of equipment.

FCMB community during the Earth Hour 2010

Priceless Gift of Sight

World AIDS Day Activation in collaboration with UNICEF

Corporate social responsibility activity report *continued...*

By its very nature, this programme also provides entrepreneurial and project management skills training for the 30 members of SIFE (Students In Free Enterprise) from the University of Port Harcourt, Nigeria.

Poverty Alleviation and Charitable Gifts

We know that about 70% of Nigerians live below the poverty line and survival of our business is intricately connected with the quality of the community we operate in, and we are working with implementing partners across the nation to support the alleviation and eradication of extreme poverty and hunger.

Priceless Gift of Sight

As it has become customary, FCMB collaborated with the Tulsi Chanrai Foundation (TCF) to restore the sight of 900 people across the country through surgery; an improvement on the 600 surgeries that were carried out in 2009. Notably, the initiative was taken to the South West of Nigeria for the first time where a special pediatric ophthalmological project was executed to benefit 5,000 children to commemorate the annual Children's day.

The FCMB Priceless Gift of Sight programme is fast becoming an annual gift which the nation anticipates at the end of each year and it is particularly heartwarming to learn that a number of the beneficiaries this year were referred by previous beneficiaries.

World AIDS Day Activation in Collaboration with UNICEF

According to the World Health Organization, HIV infection rate among the age group of 15–49 years is 5.9% of the Nigerian population. Clearly, FCMB's workforce falls within this age group and as a result, it presents an unquestionable sustainability risk to our business. Hence, in 2010 FCMB collaborated with UNICEF to create, through sports, a platform for staff engagement on HIV/AIDS as well as raise funds to support the Nigerian child who is either affected by or infected with HIV/AIDS.

SOSAID Charity Home

As part of our ongoing support to SOSAID (Society for the Safety of the Insane and Destitute), we have continued to preserve the dignity of about 300 persons who would otherwise have been destitute and a burden to society. The Institute has the Bank's steady support on a monthly basis with contributions from FCMB staff to assist with workers' salaries. Significantly, the FCMB community was able to raise extra funds during the yuletide to cover SOSAID's rent for 18 months.

Disaster Relief to Haiti and Jos

In response to an overwhelming demand from staff on how to assist the victims of the Haiti earthquake and the Jos Nigeria crisis of 2010, the Bank created a platform to enable members of the FCMB community express their sense of social responsibility. Over a million Naira was eventually raised and remitted through the Nigerian Red Cross Society to the beneficiaries.

Bethesda Child Support Scholarship Fund

FCMB continues to demonstrate its commitment towards the development of vulnerable and displaced children in society. In 2010, through Bethesda Child Support, we have been able to provide support for 10 children by keeping them away from environments which would have exposed them to danger and social vices.

Our goal is to ultimately move these children out of the poverty cycle in which they find themselves, by creating a suitable environment for their advancement.

Read more in our CSR report

Board evaluation report

PRICEWATERHOUSECOOPERS

March 23, 2011
The Chairman
Board of Directors
First City Monument Bank Plc
Primrose House
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 5.4.5 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, 2010.

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 of January 14, 2011. In carrying out the assessment, therefore, we have relied on representation made by members of the Board and management and on the documents provided for our review.

On the basis of our work, it is our conclusion that the Board is composed of an appropriate mix of individuals from various backgrounds, who are knowledgeable in financial and business matters. Other areas of strength include directors' attendance at Board and committee meetings, risk management and compliance with regulations.

The main area for improvement identified, is the need for increased participation of directors at relevant training sessions. Other findings and recommendations are contained in our full report to the Board.

Yours faithfully

KEN IGBOKWE
MANAGING PARTNER

Corporate governance

Commitment to Corporate Governance

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

During the financial year under review, the Board comprised 15 directors: nine non-executive, one alternate 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 ended December 31, 2010, the Board delegated some of its responsibilities to the following committees:

Credit Committee

Its function includes, but is not limited to the following:

- review and approve 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: Mr Godwin TS Adokpaye (Chairman), Dr John Udofa, Mr Ladi Jadesimi and Mr Bismarck Rewane.

Risk Management Committee

Its responsibilities include the following:

- 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

Corporate governance *continued...*

- 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)
- 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 Godwin TS Adokpaye, Dr John Udofa, Mr Ladi Jadesimi, Mr Anurag Saxena and Mr Peter Nigel Kenny.

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 Godwin TS Adokpaye (Chairman), Mr Bismarck Rewane, Mr Ladi Jadesimi, Dr John Udofa, 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 Auditor's 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 a 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: Dr John Udofa (Chairman), Alhaji SB Daranijo, Mr Godwin TS Adokpaye, Alhaji BA Batula, Evangelist PA Soares and Mr Bismarck Rewane.

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 nominate 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 chairman's 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 chairman will be initiated as soon as possible.

Committee composition: Dr John Udofa (Chairman), Mr Ladi Jadesimi, Mr Bismarck Rewane, Alhaji Ibrahim Damcida and Mr Peter Nigel Kenny.

Executive Management Committee (EMC)

The EMC, chaired by the GMD, comprises all executive directors, business heads and those with direct reporting lines to the GMD. The committee meets monthly 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 audit and subsequently to review, consider and approve the audited accounts.

The Board and its committees met as follows:

Board Committee meetings	No. of meetings
Board of Directors	9
Board Credit	11
Board Risk Management	3
Board Audit	5
Board Finance and General Purpose	5

During the year under review, management was supported by the following Management Committees:

(i) Assets and Liabilities Committee, chaired by the Group Managing Director

(ii) Credit Committee, chaired by the Head of Enterprise Risk Management

(iii) Investment Committee, chaired by the Group Managing Director

(iv) Information Technology Steering Committee, chaired by an Executive Director

(v) Disciplinary Committee, chaired by the Head of Enterprise Risk Management

(vi) Staff Welfare Committee, chaired by the Group Managing Director

(vii) Risk Management Committee, chaired by the Head of Enterprise Risk Management.

Attendance at Board Meetings

The Board of Directors met nine times during the year.

Director	Total no. attended
Dr Jonathan AD Long	9
Mr Ladipupo Balogun	9
Mr Henry Semenitari	9
Mr Peter Obaseki	9
Mr Nabeel Malik	8
Dr John Udofa	8
Mr Godwin TS Adokpaye	9
Mr Ladi Jadesimi	8
Mr Bismarck Rewane	9
Alhaji IM Damcida	4
Alhaji Mustapha Damcida (Alternate)	5
Mr Peter Nigel Kenny	5
Mr Anurag Saxena	5
Mr Tope Lawani	7
Mr Olusegun Odubogun	4

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 Shareholders

The Directors' fees for the financial year ending December 31, 2011, shall be fixed at N80,000,000 only and a resolution to approve shall be proposed.

Post-December 31, 2010 Event

(i) In line with section 5.3.10 of the CBN Code of Corporate Governance for Banks in Nigeria Post Consolidation, the following directors retired from the Board of the Bank with effect from February 10, 2011: Mr Godwin TS Adokpaye, Mr Ladi Jadesimi and Alhaji Ibrahim Damcida having served meritoriously on the Board for several years.

(ii) In order to fill the vacancies occasioned by the exit/retirement of some of our executive and non-executive directors, the following two new directors have been appointed and approved by the CBN: Mr Olufemi Bakre (Executive) and Mr Stephen Alashi (Non-Executive).

Board of directors

JONATHAN 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 28 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. Jonathan was appointed as the Bank's Board Chairman in 2005.

MR LADI BALOGUN

GROUP MANAGING DIRECTOR

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 18 years' experience in commercial and investment banking in Europe, the United States 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 Managing Director in 2005.

MR PETER OBASEKI
EXECUTIVE

Peter Obaseki is an Executive Director in charge of Transaction Services. He was appointed into FCMB's Board of Directors in 2008 with over 25 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, Afriexim 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

Nabeel Malik is an Executive Director, responsible for the Retail Banking Division 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 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.

MR HENRY SEMENITARI
EXECUTIVE

Henry Semenitari is an Executive Director, responsible for the Public Sector Division of the Bank. He holds a bachelor's degree in Chemical Engineering from University of Lagos (1987) and an MBA from University of Navarra (IESE), Barcelona, Spain (2000).

He has over 21 years' banking experience in various areas including commercial and retail banking, corporate banking, operations and internal control. At various times, he has worked for established banks such as Zenith Bank Plc (1991 to 1992) Diamond Bank (1992 to 1996), United Bank for Africa plc (1996 to 2001) and Afribank plc (2003 to 2005). He joined FCMB from Afribank in 2005, where he was responsible for developing the retail banking business across a network of over 150 branches.

Board of directors *continued...*

MR ANURAG SAXENA
EXECUTIVE

Anurag Saxena holds a BE from the Regional Institute of Technology, India, and an MBA from the Indian Institute of Management, Calcutta. Qualified in International Investments and Capital Markets, he is also a Fellow of the Chartered Institute of Marketing, UK. He has over 22 years' experience in all aspects of banking including sales, distribution, marketing, product development, strategy, IT and operations, having worked with Barclays Bank, Standard Chartered Bank, Mashreq Bank and Citigroup. Anurag Saxena joined FCMB as COO in January 2007 following the successful execution of a management services agreement between FCMB and Sabre Capital. (Anurag resigned from the Board effective August 5, 2010.)

MR GODWIN TS ADOKPAYE
NON-EXECUTIVE

Godwin Adokpaye holds a 1959 BA Honours degree in Classics from the University of Ibadan. He worked with Mobil Oil Nigeria plc from 1959 becoming, first, District Manager, Benin, in 1961 and then, successively, Retail Sales Manager, Commercial Manager and Sales Manager between 1968 and 1972. He was appointed General Manager in 1972 and in 1974 he was made Executive Director, before finally retiring from an executive position in December 1984. He is on the board of a number of other companies. He was appointed to the Board of the Bank in 1984 and was formerly the Chairman of the Bank's Audit Committee.

MR LADI JADESIMI
NON-EXECUTIVE

Ladi Jadesimi graduated from Oxford University with MA and LLB degrees and subsequently qualified as a Chartered Accountant with Coopers and Lybrand in London, England. On his return to Nigeria, he became, in succession, a Senior Executive of NAL Merchant Bank Limited and a partner of Arthur Andersen & Co and is now an independent financial consultant. Ladi Jadesimi was appointed to the Board of the Bank in 1983.

ALHAJI IM DAMCIDA

NON-EXECUTIVE

Alhaji Damcida is an accounting graduate of the Westminster College (1956) and North-West Polytechnic (1958) in England. He commenced his working career as an accountant with the Ministry of Trade and Industry of the Government of Northern Region in 1959 and was transferred to the Federal Service in Lagos in 1962. He was a three-time Permanent Secretary in three different ministries (Ministry of Trade (1966 to 1970), Ministry of Defence (1970 to 1975) and Ministry of Finance in 1975). His business interests include banking and telecommunications and he is on the board of several blue-chip companies in Nigeria.

MR NIGEL KENNY

NON-EXECUTIVE

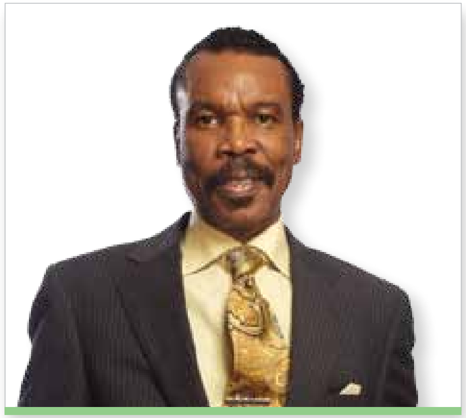
Nigel Kenny is an alumnus of the University of Surrey, from where he obtained a BSc degree in physics (first class) in 1970 and a Doctorate in Theoretical Physics in 1973. He is also a Fellow of the Institute of Chartered Accountants in England and Wales. He began his career with PricewaterhouseCoopers 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.

MR TOPE LAWANI

NON-EXECUTIVE

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 BSc 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.

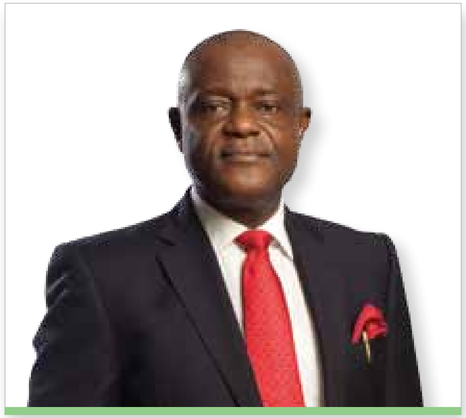
Board of directors *continued...*



MR BISMARCK REWANE

NON-EXECUTIVE

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.



DR JOHN UDOFA

NON-EXECUTIVE

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. 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 OLUSEGUN A ODUBOGUN

NON-EXECUTIVE

Olusegun Odubogun qualified in 1974 as a Certified Accountant. He became a Fellow of the Institute of 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 for 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 Program and worked at Deloitte, New York. At different periods between 1980 and 2003, he led 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 MUSTAPHA DAMCIDA

ALTERNATE DIRECTOR

Mustapha Damcida holds a BSc in Business Administration from Robert Morris College, Pittsburgh, United States and Diploma in Law from Ahmadu Bello University, Zaria, Nigeria. Mustapha is an accomplished business man having managed several private companies including Damson Properties Limited and Damus International Limited. He is also a director on the board of a number of reputable institutions including Prudent Risk Advisors Limited (Insurance Brokers) and Basic Drill Ventures. He was appointed an Alternate Director on the Board of FCMB in July 2010.

www.firstcitygroup.com/newfcmb/about/company/directors.aspx

Directors' report For the year ended December 31, 2010

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, 2010.

a. Legal Form

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

b. Principal Activity and Business Review

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

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

The Bank prepares consolidated financial statements.

c. Operating Results

Gross earnings increased by 75% and profit before tax of the Group increased by 954%. The Directors affirm that the Bank is strategically poised for continued growth and development. The Directors recommend the payment of dividend of 35 kobo (2009: 5 kobo). Highlights of the Group's operating results for the year ended under review are as follows:

	December 31, 2010 N'000	December 31, 2009 N'000
Gross earnings	**62,673,604**	35,789,264
Profit before tax	**9,025,742**	856,600
Taxation	**(1,090,771)**	(292,262)
Profit after taxation	**7,934,971**	564,338
Profit attributable to the Group	**7,934,971**	564,338
Appropriations:		
Transfer to statutory reserve	**1,098,348**	100,406
Transfer to retained reserve	**6,836,623**	463,932
	7,934,971	564,338
Total non-performing loans and advances	**19,298,201**	22,517,028
Total non-performing loans to total gross loans and advances (%)	**5.52%**	8.71%

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, 2010	December 31, 2009
Dr Jonathan AD Long (Chairman)	**8,880,292**	8,880,292
Mr Ladipupo O Balogun (Group Managing Director/CEO)	**141,611,000**	141,611,000
Mr Henry Semenitari (Executive Director)	**350,000**	350,000
Mr Anurag Saxena (Executive Director/COO) (Resigned on August 5, 2010)	**560,000**	560,000
Mr Peter Obaseki (Executive Director)	**2,572,375**	2,572,375
Mr Nabeel Malik (Executive Director)	**-**	-
Dr John Udofa	**938,533**	938,533
Mr Godwin TS Adokpaye	**29,145,000**	29,145,000
Mr Ladi Jadesimi	**159,250,000**	159,250,000
Mr Bismarck Rewane	**930,000**	930,000
Alhaji Ibrahim Damcida	**138,066,689**	138,066,689
Mr Peter Nigel Kenny	**-**	-
Mr Tope Lawani	**-**	-

Mr Tope Lawani 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 2009: 879,411,176).

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

e. Directors interests in contracts

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

f. Property and Equipment

Information relating to changes in property and equipment is given in Note 24 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, 2010
Together with Directors' and Auditor's Reports

Directors' report For the year ended December 31, 2010 *continued...*

g. Shareholding Analysis

The shareholding pattern of the Bank as at December 31, 2010 is as stated below:

SHARE RANGE	No. of shareholders	% of shareholders	No. of holdings	% of shareholders
10,000–50,000	150,036	96.19	813,388,382	5.00
50,001–100,000	3,193	2.05	260,008,202	1.60
100,001–500,000	2,059	1.32	475,601,852	2.92
500,001–1,000,000	299	0.19	243,442,188	1.50
1,000,001–5,000,000	235	0.15	539,174,553	3.31
5,000,001–10,000,000	53	0.03	379,639,773	2.33
10,000,001–50,000,000	68	0.04	1,452,908,345	8.93
50,000,001–100,000,000	16	0.01	1,168,751,356	7.18
100,000,001–500,000,000	24	0.02	5,854,197,435	35.98
500,000,001–1,000,000,000	1	0.00	585,249,103	3.60
1,000,000,001–10,000,000,000	2	0.00	4,498,831,013	27.65
Total	155,986	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, 2010:

	Number of shares	% Holding
1. Capital IRG Trustees Limited	1,210,360,000	7.44
2. Stanbic Nominees Nig. Limited – Trading	3,288,471,013	20.21

i. Donations and Charitable Gifts

The Bank made contributions to charitable and non-political organisations amounting to N77,612,056 (December 2009: N52,029,183) during the year.

BENEFICIARY	Amount
Rennovation Of Primary School, Benin	24,905,714
St Saviors School, Lagos	20,000,000
University Of Ibadan	5,625,900
Student-In-Free-Enterprise (SIFE): Skills Acquisition	5,466,667
Sponsorship: Climate & Faith Seminar	5,000,000
Sponsorship: 7th Annual Corporate Financial Reporting Summit and dinner	2,485,000
Tuition and books for 10 Bethesda beneficiaries	2,400,000
Sponsorship: Lagos Carnival 2010	2,100,000
Sponsorship: Ojude Oba Festival Committee	2,000,000
Corporate Social Responsibility: Otunba Tunwase National Paediatric	1,960,776
Sponsorship: Lagos State Government – Cultural Festival	1,500,000
Sponsorship For 44th Annual Bankers Dinner	1,500,000
Nigeria 50th Independence Anniversary	1,000,000
Building Project/Mopol 22 Welfare Fund	500,000
Busy Bees Women Society	300,000
Society For The Safety Of The Insane And Destitute (SOSAID)	250,000
Others	618,000
Total	**77,612,056**

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Directors' report For the year ended December 31, 2010 *continued...*

j. Post Balance Sheet Events

There were no post balance sheet events that could have a material effect on the financial position of the Group as at December 31, 2010 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

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.

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

During the year, the Board of Directors appointed KPMG Professional Services as auditors to the Bank in line with the provisions of section 357 of the Companies and Allied Matters Act of Nigeria. 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

March 22, 2011

Statement of Directors' responsibilities in relation to the financial statements

For the year ended December 31, 2010

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 43 to 155 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 Company'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

March 22, 2011

LADI O BALOGUN
GMD/CEO

March 22, 2011

First City Monument Bank Plc and Subsidiary Companies
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Report of the Audit Committee

For the financial period ended December 31, 2010 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, 2010 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: March 22, 2011

Chairman, Audit Committee

Members of the Audit Committee are:

(1) Alhaji SB Daranijo

(2) Mr GTS Adokpaye

(3) Alhaji BA Batula

(4) Mr Bismarck Rewane

(5) Evangelist PA Soares

(6) Dr Johnnie Udofa

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, 2010, 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 43 to 155.

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, 2010, 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.

Other Matter

The financial statements of the Bank and the Group for the period ended December 31, 2009 were audited by another auditor whose report dated May 13, 2010 expressed an unmodified opinion on those financial statements.

First City Monument Bank Plc and Subsidiary Companies
Group Financial Statements – December 31, 2010
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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, 2010. Details of these contraventions and penalties paid are as disclosed in Note 39 to the financial statements.

(ii) Related-party transactions and balances are disclosed in Note 34 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

KPMG
March 22, 2011

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 minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account.

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

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.

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

Statement of significant accounting policies *continued...*

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%

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 2 years	25%
Doubtful	< 60%	2 years to 3 years	50%
Very doubtful	< 60%	3 years to 4 years	75%
Lost	< 60%	> 4 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%

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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 become 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 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.

Statement of significant accounting policies *continued...*

General provision

A minimum of 1% general allowance is made on all loans and advances, which have not been specifically provided for. The Bank did not make a general provision on loans and advances in the current year. This is in line with the revised Prudential Guidelines and CBN circular BSD/DIR/GEN/CIR/04/013 dated January 7, 2011 and the Nigerian Accounting Standards Board (NASB) publication dated March 21, 2011 which stated that a 1% general provision on loans and advances is not required in the current year for Deposit Money Banks whose loan portfolios have been subjected to extensive review by the CBN and the Nigeria Deposit Insurance Corporation (NDIC) since the beginning of the current CBN reforms up till December 31, 2010.

f. Property and equipment

Property and equipment are stated as 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.

Statement of significant accounting policies *continued...*

i. Advances Under Finance Leases

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

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

j. Business Combination

The 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.

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

o. Cash and Cash Equivalents

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

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

p. 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.

q. Off-balance Sheet Engagements

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

(i) Acceptances

Acceptances are undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.

Acceptances, which meet the conditions set out in Central Bank of Nigeria (CBN) Guidelines on the treatment of bankers acceptances and commercial papers, are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are recognised and reported net in the financial statements.

(ii) Guarantees and performance bonds

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

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

(iii) Letters of credit

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

r. Segment Reporting

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

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

s. Goodwill

Goodwill represents the excess of the 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.

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.

Statement of significant accounting policies *continued...*

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.

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 with 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 should be 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.

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Consolidated profit and loss accounts For the year ended December 31, 2010

		GROUP		BANK	
	Note	**12 months December 2010 N'000**	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Gross earnings		**62,673,604**	35,789,264	**57,824,483**	33,398,740
Interest income	3	**43,631,945**	27,710,013	**40,702,524**	25,980,979
Interest expense	4	**(21,698,007)**	(11,391,549)	**(21,699,307)**	(11,479,885)
Net interest income		**21,933,938**	16,318,464	**19,003,217**	14,501,094
Fee and commission income	5	**10,175,894**	5,101,656	**9,042,026**	4,568,607
Fee and commission expense		**(961,225)**	(516,914)	**(961,225)**	(516,914)
Net fee and commission income		**9,214,669**	4,584,742	**8,080,801**	4,051,693
Foreign exchange earnings		**2,645,835**	1,796,015	**2,645,835**	1,925,130
Income from investments	6(a)	**3,699,359**	203,005	**3,494,728**	106,766
Income from disposal of investment	6(b)	**1,289,580**	-	**1,289,580**	-
Other income	7	**1,230,991**	978,575	**649,790**	817,258
Net operating income		**40,014,372**	23,880,801	**35,163,951**	21,401,941
Operating expenses	8	**(31,478,899)**	(20,383,431)	**(28,358,868)**	(18,610,485)
Allowance for losses	15	**439,415**	(2,640,771)	**759,805**	(2,066,622)
Share of post tax result of associate	20	**50,854**	-	**-**	-
Profit before tax		**9,025,742**	856,600	**7,564,888**	724,834
Tax charge	9	**(1,090,771)**	(292,262)	**(242,566)**	(55,463)
Profit after tax attributable to Group shareholders		**7,934,971**	564,338	**7,322,322**	669,371
The profit for the year is appropriated as follows:					
Transfer to statutory reserve	32	**1,098,348**	100,406	**1,098,348**	100,406
Transfer to retained earnings	32	**6,836,623**	463,932	**6,223,974**	568,965
		7,934,971	564,338	**7,322,322**	669,371
Earnings per share in kobo (basic)	37	**49k**	5k	**45k**	6k

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

Balance sheets

	Note	GROUP		BANK	
		December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
ASSETS					
Cash and balances with Central Bank	10	**13,406,893**	9,010,895	**13,406,438**	9,009,240
Treasury bills	11	**22,588,314**	8,521,058	**22,588,314**	8,521,058
Due from other banks	12	**57,311,736**	121,786,201	**50,361,306**	118,652,423
Loans and advances	13	**326,899,532**	238,732,090	**323,531,060**	236,844,499
Advances under finance lease	16	**3,521,022**	1,165,896	**3,521,022**	1,165,896
Deferred tax assets	29	**572,053**	1,107,267	**433,047**	854,279
Investment securities	17	**74,188,921**	41,463,536	**71,916,099**	39,984,190
Investment in subsidiaries	18	**-**	-	**11,005,868**	10,865,468
Investment in associates	20	**145,000**	300,000	**300,000**	300,000
Goodwill on consolidation	21	**6,074,045**	6,074,045	**-**	-
Other assets	22	**13,818,756**	13,662,332	**13,483,357**	12,522,270
Investment property	23	**131,778**	-	**-**	-
Property and equipment	24	**19,932,832**	21,817,923	**19,526,977**	21,361,771
		538,590,882	463,641,243	**530,073,488**	460,081,094
LIABILITIES					
Customer deposits	25	**334,821,192**	266,012,607	**334,897,851**	272,624,017
Due to other banks	26	**580,784**	13,681,208	**580,784**	13,681,101
Borrowings	27	**25,116,189**	30,178,530	**25,116,189**	30,178,530
Tax payable	9	**1,867,603**	2,451,430	**1,200,495**	1,655,286
Other liabilities	28	**40,813,679**	20,328,304	**33,078,675**	12,466,830
Deferred tax liabilities	29	**20,192**	1,104,447	**-**	1,078,009
Retirement benefit obligations	30	**600,733**	291,673	**563,672**	270,261
		403,820,372	334,048,199	**395,437,666**	331,954,034

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

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Balance sheets ***continued...***

		GROUP		BANK	
	Note	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
EQUITY					
Share capital	*31*	**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	*32*	**18,265,715**	13,088,249	**18,131,027**	11,622,265
Shareholders' funds		**134,770,510**	129,593,044	**134,635,822**	128,127,060
LIABILITIES AND EQUITY		**538,590,882**	463,641,243	**530,073,488**	460,081,094
ACCEPTANCES AND GUARANTEES	*33*	**65,249,741**	50,492,799	**65,249,741**	50,492,799

The financial statements and accompanying notes and accounting policies were approved by the Board of Directors on March 22, 2011 and signed on its behalf by:

DR JONATHAN AD LONG
Chairman

LADI O BALOGUN
GMD/CEO

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

Statements of cash flows For the year ended December 31, 2010

	Note	GROUP		BANK	
		12 months December 2010 N'000	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
OPERATING ACTIVITIES					
Cash generated from/(used up in) operations	36	**(7,120,756)**	(45,320,206)	**(12,495,975)**	(37,528,504)
Tax paid	9	**(2,223,639)**	(1,383,649)	**(1,354,134)**	(1,221,749)
VAT paid		**(302,409)**	(248,736)	**(302,409)**	(248,736)
		(9,646,804)	(46,952,591)	**(14,152,518)**	(38,998,989)
FINANCING ACTIVITIES					
Dividend paid	32	**(813,560)**	-	**(813,560)**	-
Short-term borrowing/(repayment)		**(5,184,551)**	18,874,033	**(5,184,551)**	18,874,033
Long-term borrowing/(repayment)		**122,210**	120,565	**122,210**	120,565
		(5,875,901)	18,994,598	**(5,875,901)**	18,994,598
INVESTING ACTIVITIES					
Investment in subsidiaries		**-**	-	**(140,400**	(10,625,318)
Purchase consideration to acquire subsidiaries		**-**	(6,900,000	**-**	-
Cash and cash equivalent from subsidiaries acquired		**-**	8,804,927	**-**	-
Dividend income	6	**1,594,490**	108,371	**1,360,582**	106,766
Proceeds from disposal of investment securities		**2,116,690**	373,067	**2,145,967**	278,433
Purchase of investments securities		**(35,903,031)**	(4,611,932)	**(34,591,365)**	(4,611,932)
Purchase of dealing securities		**3,085,381**	(5,146,544)	**2,527,635**	(3,877,810)
Proceeds from disposal of property and equipment		**121,697**	31,808	**99,730**	21,608
Purchase of investment property		**131,778**	-	**-**	-
Purchase of property and equipment		**(2,465,912)**	(2,828,770)	**(2,031,794)**	(2,552,267)
		(31,318,907)	(10,169,073)	**(30,629,645)**	(21,260,520)

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

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Statements of cash flows For the year ended December 31, 2010 *continued...*

		GROUP		BANK	
	Note	**12 months December 2010 N'000**	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Decrease in cash and cash equivalents		**(46,841,612)**	(38,127,066)	**(50,658,064)**	(41,264,911)
Analysis of changes in cash and cash equivalents during the period					
Balance at beginning of the period		**137,345,575**	175,472,641	**134,211,142**	175,476,053
Balance at end of period	38	**90,503,963**	137,345,575	**83,553,078**	134,211,142
Decrease in cash and cash equivalents		**(46,841,612)**	(38,127,066)	**(50,658,064)**	(41,264,911)

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

Notes to the financial statements For the year ended December 31, 2010

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 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. Between December 2005 and February 2006, the Bank acquired erstwhile Cooperative Development Bank Plc (CDB), Nigerian-American Bank Limited (NAMBL) and Midas Bank Limited (Midas).

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

2. SEGMENT ANALYSIS

(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 and 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 the various business areas ensuring the liquidity of the Bank is not compromised. The group is also involved in currency trading incorporating financial instruments trading and structured financing.

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.

Notes to the financial statements For the year ended December 31, 2010 *continued...*

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, 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	11,871,814	15,476,564	9,470,946	**62,673,604**
Revenue from other segments	-	(12,150,885)	4,207,203	7,223,535	720,147	-
Total revenue	**2,343,080**	**11,360,315**	**16,079,017**	**22,700,099**	**10,191,093**	**62,673,604**
Net operating income	**2,344,380**	**9,478,805**	**14,263,204**	**9,049,411**	**4,878,572**	**40,014,372**
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	**146,410**	**375,913**	**1,968,846**	**491,043**	**162,850**	**3,145,062**

(a) (ii) The business segment result for December 31, 2009 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	1,325,838	19,681,244	6,465,509	5,690,641	2,626,032	**35,789,264**
Revenue from other segments	-	(10,006,555)	6,687,939	2,445,943	872,673	-
Total revenue	**1,325,838**	**9,674,689**	**13,153,448**	**8,136,584**	**3,498,705**	**35,789,264**
Net operating income	**1,414,173**	**6,155,914**	**9,289,830**	**5,893,746**	**1,127,138**	**23,880,801**
Operating profit before head office overhead	(600,043)	3,582,856	1,458,725	4,410,443	368,585	**9,220,566**
Head office overhead	-	(2,064,455)	(3,718,943)	(2,385,652)	(194,916)	**(8,363,966)**
Profit before tax	**(600,043)**	**1,518,401**	**(2,260,218)**	**2,024,791**	**173,669**	**856,600**
Assets and liabilities:						
Segment assets	3,560,149	189,152,140	38,404,030	56,116,330	176,408,594	**463,641,243**
Unallocated assets	-	-	-	-	-	-
Total assets	**3,560,149**	**189,152,140**	**38,404,030**	**56,116,330**	**176,408,594**	**463,641,243**
Segment liabilities	2,094,166	38,560,428	131,373,328	154,998,881	7,021,396	**334,048,199**
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	**2,094,166**	**38,560,428**	**131,373,328**	**154,998,881**	**7,021,396**	**334,048,199**
Net assets	**1,465,983**	**150,591,712**	**(92,969,298)**	**(98,882,551)**	**169,387,198**	**129,593,044**
Other segment items						
Depreciation	**97,457**	**899,696**	**199,932**	**599,797**	**299,899**	**2,096,781**

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(b) By geographical segments

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

Nigeria and Europe

GROUP

	NIGERIA		EUROPE		TOTAL	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
External revenues	62,451,477	35,711,376	222,127	77,888	62,673,604	**35,789,264**
Revenue from other segments	-	-	-	-	-	**-**
Total revenue	**62,451,477**	**35,711,376**	**222,127**	**77,888**	**62,673,604**	**35,789,264**
Net operating income	**40,014,372**	**23,802,913**	**222,127**	**77,888**	**40,236,499**	**23,880,801**
Operating profit before head office overhead	20,559,289	9,220,566	-	-	20,559,289	**9,220,566**
Head office overhead	(11,533,547)	(8,363,966)	-	-	(11,533,547)	**(8,363,966)**
Profit before tax	**9,512,694**	**1,221,624**	**(486,952)**	**(365,024)**	**9,025,742**	**856,600**
Assets and liabilities:						
Segment assets	537,945,452	462,810,938	645,430	830,305	538,590,882	**463,641,243**
Unallocated assets	-	-	-	-	-	**-**
Total assets	**537,945,452**	**462,810,938**	**645,430**	**830,305**	**538,590,882**	**463,641,243**
Segment liabilities	403,742,786	333,902,527	77,586	145,672	403,820,372	**334,048,199**
Unallocated liabilities	-	-	-	-	-	**-**
Total liabilities	**403,742,786**	**333,902,527**	**77,586**	**145,672**	**403,820,372**	**334,048,199**
Net assets	**134,202,666**	**128,908,411**	**567,844**	**684,633**	**134,770,510**	**129,593,044**
Other segment items						
Depreciation	**3,121,139**	**2,072,237**	**23,923**	**24,544**	**3,145,062**	**2,096,781**

3. INTEREST INCOME

	GROUP		BANK	
	12 months December 2010 N'000	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Loans and advances	**36,279,148**	23,293,912	**33,448,767**	21,715,206
Placements and short-term funds	**2,741,414**	1,007,950	**2,642,374**	857,622
Interest on bonds	**3,554,784**	3,267,130	**3,554,784**	3,267,130
Advances under finance lease	**1,056,599**	141,021	**1,056,599**	141,021
	43,631,945	27,710,013	**40,702,524**	25,980,979
Analysis by source				
Bank	**2,741,414**	1,007,950	**2,642,374**	857,622
Non-bank	**40,890,531**	26,702,063	**38,060,150**	25,123,357
	43,631,945	27,710,013	**40,702,524**	25,980,979

All interest income were earned within Nigeria during the year (December 2009: nil)

4. INTEREST EXPENSE

	12 months December 2010 N'000	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Current accounts	**549,769**	629,907	**549,769**	629,907
Savings accounts	**398,057**	257,987	**398,057**	257,987
Term and other deposit accounts	**19,179,623**	7,508,353	**19,180,923**	7,596,689
Inter-bank takings	**651,144**	2,765,295	**651,144**	2,765,295
Borrowed funds	**919,414**	230,007	**919,414**	230,007
	21,698,007	11,391,549	**21,699,307**	11,479,885

Interest expense paid outside Nigeria amounted to N919 million (December 2009: N230 million).

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5. FEES AND COMMISSIONS	GROUP		BANK	
	12 months December 2010 N'000	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Credit related fees	**4,435,379**	2,248,535	**3,301,511**	1,715,486
Commission on turnover	**2,227,172**	1,336,150	**2,227,172**	1,336,150
Letters of credit commissions and fees	**1,179,304**	411,752	**1,179,304**	411,752
Facility management fee	**263,817**	82,366	**263,817**	82,366
Commission on off-balance sheet transactions	**668,246**	157,655	**668,246**	157,655
Other fees and commissions	**1,401,976**	865,198	**1,401,976**	865,198
	10,175,894	5,101,656	**9,042,026**	4,568,607

6. (a) income from investments	**12 months December 2010 N'000**	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Securities trading income	**2,104,869**	94,634	**2,134,146**	-
Dividend income	**1,594,490**	108,371	**1,360,582**	106,766
	3,699,359	203,005	**3,494,728**	106,766

(b) The income relates to disposal of the Bank's investments in Interswitch Nigeria Limited

7. OTHER INCOME

	GROUP		BANK	
	12 months December 2010 N'000	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Rental income	**62,707**	23,679	**18,292**	23,679
Other income	**1,168,284**	954,896	**631,498**	793,579
	1,230,991	978,575	**649,790**	817,258

8. OPERATING EXPENSES

	12 months December 2010 N'000	8 months December 2009 N'000	**12 months December 2010 N'000**	8 months December 2009 N'000
Staff cost (Note 35)	**14,278,154**	9,789,770	**12,649,278**	9,074,274
Depreciation (Note 24)	**3,145,062**	2,096,781	**2,998,652**	1,999,324
Auditors' remuneration	**127,011**	114,713	**100,000**	90,000
Directors' emoluments (Note 35)	**627,947**	604,095	**376,164**	454,512
Profit on disposal of property and equipment	**(12,492)**	(6,997)	**(11,094)**	(6,929)
Other operating expenses	**13,313,217**	7,785,069	**12,245,868**	6,999,304
	31,478,899	20,383,431	**28,358,868**	18,610,485

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	GROUP		BANK	
9. TAX	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
(a) Charge				
Current tax	**1,414,260**	1,052,167	**736,379**	682,404
Education tax	**128,580**	22,673	**87,315**	-
Information technology tax	**96,972**	18,159	**75,649**	7,248
Income tax expenses	**1,639,812**	1,092,999	**899,343**	689,652
Deferred tax charge/(credit) (Note 29)	**(549,041)**	(800,737)	**(656,777)**	(634,189)
	1,090,771	292,262	**242,566**	55,463
(b) Payable				
Beginning of the year/period	**2,451,430**	2,584,437	**1,655,286**	2,187,383
Tax payable prior year from the acquired subsidiaries	**-**	157,643	**-**	-
Tax paid	**(2,223,639)**	(1,383,649)	**(1,354,134)**	(1,221,749)
Charge for the year/period (see (a) above)	**1,639,812**	1,092,999	**899,343**	689,652
	1,867,603	2,451,430	**1,200,495**	1,655,286

10. CASH AND BALANCE WITH CENTRAL BANK	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Cash	**7,663,861**	6,420,194	**7,663,406**	6,419,539
Operating account with the Central Bank of Nigeria	**2,940,052**	618,122	**2,940,052**	618,122
Mandatory reserve deposits	**2,802,980**	1,972,579	**2,802,980**	1,971,579
	13,406,893	9,010,895	**13,406,438**	9,009,240

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

11. TREASURY BILLS

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Nigerian Government Treasury bills	**22,588,314**	8,521,058	**22,588,314**	8,521,058
	22,588,314	8,521,058	**22,588,314**	8,521,058
(a) These comprise:				
Treasury bills – trading	**20,088,314**	-	**20,088,314**	-
Treasury bills – others (see (b) below)	**2,500,000**	8,521,058	**2,500,000**	8,521,058
	22,588,314	8,521,058	**22,588,314**	8,521,058
(b) Treasury bills – others are stated as follows:				
Face value (see (c) below)	**2,609,269**	8,774,979	**2,609,269**	8,774,979
Unearned income	**(109,269)**	(253,921)	**(109,269)**	(253,921)
Net investments	**2,500,000**	8,521,058	**2,500,000**	8,521,058

(c) Included in treasury bills are bills amounting to N2.5 billion (2009: N1.5 billion) held by third parties as collateral for various transactions

(d) The original cost of treasury bills is N24.0 billion (2009: N8.5 billion)

12. DUE FROM OTHER BANKS

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Current balances within Nigeria	**10,057,918**	3,484,935	**3,899,830**	1,899,048
Current balances outside Nigeria	**23,105,118**	14,944,966	**22,911,476**	14,639,715
Placements within Nigeria	**24,148,700**	103,356,300	**23,550,000**	102,113,660
	57,311,736	121,786,201	**50,361,306**	118,652,423

Balances with banks outside Nigeria include N10.7 billion (December 2009: N2.3 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).

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	GROUP		BANK	
13. LOANS AND ADVANCES	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
The loans and advances are analysed as follows:				
(a) Specialised loans (See Note (b) below)	**83,313,970**	12,817,831	**83,313,970**	12,817,831
Non-specialised	**262,883,577**	244,617,487	**259,324,669**	242,632,031
	346,197,547	257,435,318	**342,638,639**	255,449,862
Specific provisions	**(12,513,782)**	(10,102,001)	**(12,323,346)**	(10,004,136)
Specific mark to market allowance	**(2,025,304)**	(5,824,275)	**(2,025,304)**	(5,824,275)
Interest in suspense	**(4,758,929)**	(2,776,952)	**(4,758,929)**	(2,776,952)
	326,899,532	238,732,090	**323,531,060**	236,844,499
(b) Specialised loans comprise:				
Project finance	**18,869,312**	-	**18,869,312**	-
Object finance	**6,528,008**	-	**6,528,008**	-
Agriculture finance	**3,688,936**	-	**3,688,936**	-
Real estate finance	**46,197,136**	-	**46,197,136**	-
Mortgage finance	**5,090,780**	-	**5,090,780**	-
	80,374,172	-	**80,374,172**	-
Margin loans	**2,939,798**	12,817,831	**2,939,798**	12,817,831
	83,313,970	12,817,831	**83,313,970**	12,817,831

13. LOANS AND ADVANCES continued

(c) (i) Classification of gross specialised loans by performance include:

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%**	**0%**

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13. LOANS AND ADVANCES continued

(c) (ii) Allowances for specialised loans are as follows:

	December 31, 2010		December 31, 2009	
	Balance N'000	**Allowance N'000**	Balance N'000	Allowance N'000
Project finance	**18,869,312**	**418,367**	-	-
Object finance	**6,528,008**	**-**	-	-
Agriculture finance	**3,688,936**	**-**	-	-
Real estate finance	**46,197,136**	**-**	-	-
Mortgage finance	**5,090,780**	**1,661,874**	-	-
	80,374,172	**2,080,241**	-	-
Margin loans	**2,939,798**	**2,025,360**	12,817,831	5,824,275
	83,313,970	**4,105,601**	12,817,831	5,824,275

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

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Performing	**249,414,130**	222,100,459	**246,068,089**	220,115,003
Non-performing				
Sub-standard	**241,989**	1,630,499	**241,989**	1,630,499
Doubtful	**1,876,555**	5,292,812	**1,663,688**	5,292,812
Lost	**11,350,903**	15,593,717	**11,350,903**	15,593,717
	262,883,577	244,617,487	**259,324,669**	242,632,031

13. LOANS AND ADVANCES continued

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

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Performing	**48,526**	7,999	**-**	-
Non-performing				
Sub-standard	**32,963**	131,862	**32,963**	131,862
Doubtful	**1,272,521**	2,067,983	**1,075,730**	1,978,117
Lost	**9,134,412**	7,894,157	**9,134,412**	7,894,157
	10,488,422	10,102,001	**10,243,105**	10,004,136

(e) In the current year, the Bank did not make a 1% general provision on performing loans and advances based on the CBN circular BSD/DIR/GEN/CIR/04/013 to all banks in respect of 1% general provisioning on performing risk assets dated January 7, 2011 and a publication by the Nigerian Accounting Standards Board (NASB) dated March 21, 2011 (2009: Nil). The CBN circular waived the requirement of the 1% general provision for all deposit money banks while the NASB publication stated that the level of provisioning over the period from 2008 to 2010 was considered adequate for individual Deposit Money Banks (DMBs) that have subjected their loan portfolios to extensive review by the CBN and the Nigeria Deposit Insurance Corporation (NDIC) since the beginning of the current CBN reforms. The NASB publication excludes those individual DMBs from making the general loan loss provision required by paragraph 55 of Statement of Accounting Standard SAS 10: Accounting By Banks and Non-Bank Financial Institutions (Part I) in the financial statements for the year ended December 31, 2010 only.

The Directors are of the opinion that the Bank qualifies for the exclusion as provided by the NASB publication and have also complied with the CBN circular BSD/DIR/GEN/CIR/04/013 dated January 7, 2011. Accordingly, the Bank has not made the 1% general provision on performing loans and advances for the year ended December 31, 2010.

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13. LOANS AND ADVANCES continued

(f) Analysis by security

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Secured against real estate	**94,685,474**	66,125,120	**94,685,474**	68,368,388
Secured by shares of quoted companies	**6,651,456**	35,420,969	**6,651,456**	35,420,969
Otherwise secured	**224,533,576**	127,018,133	**220,974,668**	122,789,409
Unsecured	**20,327,041**	28,871,096	**20,327,041**	28,871,096
	346,197,547	257,435,318	**342,638,639**	255,449,862

(g) Analysis by maturity

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
0–30 days	**88,166,493**	80,208,267	**84,607,585**	78,222,811
1–3 months	**82,602,996**	17,964,229	**82,602,996**	17,964,229
3–6 months	**17,286,466**	18,517,947	**17,286,466**	18,517,947
6–12 months	**24,373,557**	44,398,556	**24,373,557**	44,398,556
Over 12 months	**133,768,035**	96,346,319	**133,768,035**	96,346,319
	346,197,547	257,435,318	**342,638,639**	255,449,862

14. LOAN LOSS ALLOWANCE AND INTEREST IN SUSPENSE

(a) Movement in loan loss allowance

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
At beginning of year/period:				
Non-performing	**15,918,277**	19,053,330	**15,828,411**	19,019,085
Performing	**7,999**	2,653,202	**-**	2,643,619
	15,926,276	21,706,532	**15,828,411**	21,662,704
Additional allowance:				
Non-performing	**6,096,442**	9,120,488	**6,044,399**	9,064,866
Performing	**40,527**	(2,645,203)	**-**	(2,643,619)
Amounts written off	**(519,873)**	(7,157,634)	**(519,874)**	(7,157,634)
Allowance no longer required	**(7,004,286)**	(5,097,906)	**(7,004,286)**	(5,097,906)
At end of year/period:				
Non-performing	**14,490,560**	15,918,277	**14,348,650**	15,828,411
Performing	**48,526**	7,999	**-**	-
	14,539,086	15,926,276	**14,348,650**	15,828,411

(b) Movement in interest in suspense

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Beginning of year/period:	**2,776,952**	2,384,304	**2,776,952**	2,384,304
Suspended during the year/period	**3,341,284**	4,040,960	**3,341,284**	4,040,960
Amounts written back	**(1,172,988)**	(2,189,396)	**(1,172,988)**	(2,189,396)
Amounts written off	**(186,319)**	(1,458,916)	**(186,319)**	(1,458,916)
At end of year/period	**4,758,929**	2,776,952	**4,758,929**	2,776,952

Notes to the financial statements For the year ended December 31, 2010 *continued...*

	GROUP		BANK	
15. ALLOWANCE FOR LOSSES	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
The charge for the year/period is analysed as follows;				
Allowance on loans and advances – specific (see 14 (a))	**6,096,442**	9,120,488	**6,044,399**	9,064,866
Allowance on loans and advances – general (see 14 (a))	**40,527**	-	**-**	-
Write-back of allowances on loans and advances – specific (see 14 (a))	**(7,004,286)**	(5,097,906)	**(7,004,286)**	(5,097,906)
Write-back on loans and advances – general (see 14 (a))	**-**	(2,645,203)	**-**	(2,643,619)
Write-back on advances under finance lease (see 16 (d))	**-**	(21,352)	**-**	(21,352)
Allowances for diminution in investments (see 17 (c))	**80,444**	715,742	**120,000**	718,362
Allowance for other assets (see 22 (b))	**565,481**	522,731	**298,105**	-
Write-back of allowances on other assets (see 22 (b))	**-**	(852)	**-**	(852)
Recovery from previously written off loans	**(218,023)**	(62,550)	**(218,023)**	(62,550)
Direct credit write-off	**-**	109,673	**-**	109,673
	(439,415)	2,640,771	**(759,805)**	2,066,622

16. ADVANCES UNDER FINANCE LEASE	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
(a) Gross investment	**9,118,511**	1,375,505	**9,118,511**	1,375,505
Less: unearned income	**(5,597,489)**	(209,609)	**(5,597,489)**	(209,609)
Net investment	**3,521,022**	1,165,896	**3,521,022**	1,165,896
General allowance for performing loans	**-**	-	**-**	-
	3,521,022	1,165,896	**3,521,022**	1,165,896

16. ADVANCES UNDER FINANCE LEASE continued

(b) Analysis by performance

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Performing	**3,521,022**	1,165,896	**3,521,022**	1,165,896

(c) Analysis by maturity

	December 31, 2010 N'000	December 31, 2009 N'000	December 31, 2010 N'000	December 31, 2009 N'000
0–30 days	**84,424**	77,018	**84,424**	77,018
1–3 months	**85,965**	223,483	**85,965**	223,483
3–6 months	**137,746**	207,266	**137,746**	207,266
6–12 months	**239,757**	358,978	**239,757**	358,978
Over 12 months	**2,973,130**	299,151	**2,973,130**	299,151
	3,521,022	1,165,896	**3,521,022**	1,165,896

(d) Movement in general allowance

	December 31, 2010 N'000	December 31, 2009 N'000	December 31, 2010 N'000	December 31, 2009 N'000
Beginning of year/period:	**-**	21,352	**-**	21,352
Write-back during the year/period	**-**	(21,352)	**-**	(21,352)
At end of year/period	**-**	-	**-**	-

Notes to the financial statements For the year ended December 31, 2010 *continued...*

	GROUP		BANK	
17. INVESTMENT SECURITIES **(a) Long-term investments**	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Debt securities				
Listed				
Federal Government of Nigeria (FGN) Bonds (see Note (e) below)	**46,390,861**	24,125,611	**45,320,028**	24,125,611
Unlisted				
Corporate Bonds (see note (j) below)	**12,522,259**	-	**12,522,259**	-
Lagos State Government Bond [Series 1] 2008/2013 (see Note (o) below)	**1,160,033**	100,000	**1,119,200**	100,000
Equity securities				
Listed				
African Petroleum Plc – ordinary shares (see Note (k) below)	**1,989,356**	1,989,356	**1,989,356**	1,989,356
Unlisted				
(i) SME Investments (see note (h) below)				
SME Partnership Limited	**85,362**	86,763	**85,362**	86,763
Deebee Company Limited	**30,000**	30,000	**30,000**	30,000
S&B Printers Limited	**48,039**	48,039	**48,039**	48,039
Tinapa Business Resort Limited	**250,000**	250,000	**250,000**	250,000
American Hospital, Abuja	**50,000**	50,000	**50,000**	50,000
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

	GROUP		BANK	
17. INVESTMENT SECURITIES continued **(a) Long-term investments** continued	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
(ii) Others				
Fin Bank Plc – preference shares (see Note (l) 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
Interswitch Nigeria Limited	**-**	10,420	**-**	10,420
ATSC International Nigeria Limited	**50,000**	50,000	**50,000**	50,000
Credit Reference Company Limited	**61,111**	61,111	**61,111**	61,111
African Finance Corporation Limited (see Note (f) below)	**1,287,000**	1,287,000	**1,287,000**	1,287,000
Private Equity Funds (see Note (n) below)	**2,537,411**	2,687,669	**2,537,411**	2,687,669
Rivers State Microfinance Agency (see Note (m) below)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
HTM Private Placement Underwriting (see Note (i) below)	**3,337,212**	3,331,465	**3,337,212**	3,331,465
First City Asset Management (FCAM)	**140,000**	-	**-**	-
Food Concept Limited	**11,700**	11,700	**-**	-
Industrial and General Insurance	**95,000**	35,000	**-**	-
CSCS Limited	**500**	500	**-**	-
Hygeia Nigeria Limited	**602**	602	**-**	-
Financial Derivative Limited	**10,000**	10,000	**-**	-
	75,649,998	39,758,788	**74,280,530**	39,700,986
Allowance for diminution in value	**(2,456,620)**	(2,244,431)	**(2,364,431)**	(2,244,431)
	73,193,378	37,514,357	**71,916,099**	37,456,555

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	GROUP		BANK	
17. INVESTMENT SECURITIES continued **(b) Short-term investments**	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Equity securities				
Listed				
Quoted equity securities (see Note (g) below)	**1,023,580**	1,581,326	**-**	-
Debt securities				
Listed				
Federal Government of Nigeria (FGN) Bonds	**-**	2,527,635	**-**	2,527,635
	1,023,580	4,108,961	**-**	2,527,635
Allowance for diminution in value	**(28,037)**	(159,782)	**-**	-
	995,543	3,949,179	**-**	2,527,635
Total investment securities	**74,188,921**	41,463,536	**71,916,099**	39,984,190

(c) Movement in provision for diminution in investments	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Beginning of the year/period	**2,404,213**	1,749,985	**2,244,431**	1,568,042
Allowance/(write back)	**80,444**	715,742	**120,000**	718,362
Amounts written-off	**-**	(61,514)	**-**	(41,973)
At end of the year/period	**2,484,657**	2,404,213	**2,364,431**	2,244,431

17. INVESTMENT SECURITIES continued

(d) Movement in long-term investments

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Beginning of the year/period	**37,514,357**	30,816,527	**37,456,555**	30,816,527
Additions	**35,903,031**	7,701,199	**34,591,365**	7,643,397
Redemption	**(11,821)**	(278,433)	**(11,821)**	(278,433)
Allowance for diminution in value	**(212,189)**	(724,936)	**(120,000)**	(724,936)
At end of the year/period	**73,193,378**	37,514,357	**71,916,099**	37,456,555

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

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
3FGNBS13/09/29/06/5Y/12.99%	**299,694**	285,322	**299,694**	285,322
4THFGNBS10A/08/31/07/5Y/9.5%	**1,833,638**	756,957	**1,833,638**	756,957
4THFGNBS11/09/28/07/7Y/9.25%	**1,827,536**	988,746	**1,827,536**	988,746
4THFGNBS3/03/30/07/7Y/10.75%	**1,094,000**	697,442	**1,094,000**	697,442
4THFGNBS5/05/25/07/5Y/9.23%	**3,644,739**	3,165,478	**3,644,739**	3,165,478
4THFGNBS6/06/29/07/7Y/9.2%	**5,320,579**	2,552,678	**5,320,579**	2,552,678
4THFGNBS9A/08/31/07/10Y/9.35%	**529,066**	596,000	**529,066**	596,000
5FGNBS101/25/08/5Y/9.45%	**7,799,635**	6,654,000	**7,799,635**	6,654,000
5FGNBS2/05/30/08/10Y/10.7%	**23,492**	1,466,888	**23,492**	1,466,888
5FGNBS3/07/25/08/3Y/10.5%	**189,710**	597,539	**189,710**	597,539
5THFGNBS4d/11/28/08/5Y/10.5%	**4,159,560**	3,500,000	**4,159,560**	3,500,000
6FGNBS2/05/22/09/3Y/10.5%	**5,972,722**	1,113,749	**5,972,722**	1,113,749
6FGNBS4/10/23/09/10Y/7%	**833,334**	1,750,812	**833,334**	1,750,812
6THFGNBS1/01/30/09/3Y/9.92%	**632,887**	-	**632,887**	-
7FGBS2/04/23/10/5Y/4%	**1,758,807**	-	**1,758,807**	-
7FGNBS1/02/19/10/3Y/5.5%	**10,471,462**	-	**9,400,629**	-
Total	**46,390,861**	24,125,611	**45,320,028**	24,125,611

Notes to the financial statements For the year ended December 31, 2010 *continued...*

17. INVESTMENT SECURITIES continued

(e) (ii) The market value of the bonds is N43.0 billion (2009: N45.3 billion). An amount of N23.62 billion (December 2009: N17.7 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 2009: 0.92%) shareholding in African Finance Corporation Limited.

(g) The market value of short-term investments is N7.28 billion (December 2009: N2.07 billion) Bank N5.86 billion for the 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 N514 million (April 2009: N516 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 2009: 5.99%) shareholding in Helios Towers Mauritius.

(j) Investment in corporate bonds comprise the following; (i) Investment of N3 billion in 13% 2017 UBA Corporate Bonds (ii) Investment of N4 billion in 12% 2015 Flour Mills Corporate Bonds; and (iii) Investment of N5.5 billion in 10.125% 2013 AMCON corporate bonds.

(k) This represents the Bank's investment of 7,957,425 (December 31, 2009: 7,957,425) units of ordinary shares in African Petroleum Plc. The investment is disclosed at cost as at December 31, 2010 and appropriate diminution for value in investments has been made.

(l) This represents the Bank's investment of 467,836,257 (December 31, 2009: 467,836,257) Irredeemable Non-cummulative convertible preference shares in Finbank Plc.

(m) 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.

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

17. INVESTMENT SECURITIES continued

(o) (i) The analysis of Lagos State Bonds is as follows:

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
LASG N50 BILLION BOND SERIES 1	**100,200**	100,000	**100,200**	100,000
LASG N50 BILLION BOND SERIES 2	**1,059,833**	-	**1,019,000**	-
	1,160,033	100,000	**1,119,200**	100,000

(ii) The market value of the bonds is N1.2 billion (2009: N100 million).

(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		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
FCMB Capital Markets Limited (100% holding)	**-**	-	**240,000**	240,000
Credit Direct Limited (75% holding)	**-**	-	**150**	150
FCMB UK Limited (100% holding)	**-**	-	**1,216,997**	1,076,597
City Securities Brokers Limited (CSLS) (100% holding)	**-**	-	**8,650,721**	8,650,721
City Securities Registrar Limited (CSRL) (100% holding)	**-**	-	**898,000**	898,000
	-	-	**11,005,868**	10,865,468

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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	Financial year end
(1) FCMB Capital Markets Limited (FCMB CM)	**Nigeria**	Capital Market	**100%**	December 31, 2010
(2) Credit Direct Limited (CDL)	**Nigeria**	Micro-lending	**75%**	December 31, 2010
(3) FCMB UK Limited (FCMB UK)	**United Kingdom**	Banking	**100%**	December 31, 2010
(4) City Securities Brokers Limited (CSLS)	**Nigeria**	Stockbroking	**100%**	December 31, 2010
(5) City Securities Registrar Limited (CSRL)	**Nigeria**	Registrar	**100%**	December 31, 2010

(c) This represents the cost of the Bank's 100% equity holding in FCMB Capital Markets Limited. The company was incorporated in May 2005 and commenced operations in September 2005.

(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.

19. CONDENSED FINANCIAL INFORMATION 2010

	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)
Allowance for losses	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 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 after tax	**7,322,322**	**112,887**	**1,179,253**	**(264,825)**	**(526,223)**	**60,703**	**7,884,117**	**50,854**	**7,934,971**
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
Goodwill on consolidation	-	-	-	-	-	-	-	6,074,045	6,074,045
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
	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**

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19. CONDENSED FINANCIAL INFORMATION 2010 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
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**
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 period	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 period	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)**

19. CONDENSED FINANCIAL INFORMATION 2009

	Bank N'000	FCMB Capital Markets Limited N'000	Credit Direct Limited N'000	FCMB UK Limited N'000	CSLS N'000	CSRL N'000	Total N'000	Consolidation Journal Entries N'000	Group N'000
RESULTS OF OPERATIONS									
Operating income	21,401,941	108,010	1,064,687	77,888	578,280	649,995	23,880,801	-	23,880,801)
Operating expenses	(18,610,485)	(229,462)	(278,842)	(442,912)	(531,104)	(290,626)	(20,383,431)	-	(20,383,431)
Allowance for losses	(2,066,622)	(43,019)	(54,037)	-	(471,264)	(5,828)	(2,640,770)	-	(2,640,770)
Profit before tax	724,834	(164,471)	731,808	(365,024)	(424,088)	353,541	856,600	-	856,600
Tax	(55,463)	-	(261,309)	-	200,357	(175,847)	(292,262)	-	(292,262)
Profit after tax	**669,371**	**(164,471)**	**470,499**	**(365,024)**	**(223,731)**	**177,694**	**564,338**	**-**	**564,338**
FINANCIAL POSITION									
Assets									
Cash and balances with central banks	9,009,240	250	240	-	1,000	165	9,010,895	-	9,010,895
Treasury bills	8,521,058	-	-	-	-	-	8,521,058	-	8,521,058
Due from other banks	118,652,423	1,114,576	745	600,513	1,463,920	6,565,435	128,397,612	(6,611,411)	121,786,201
Loans and advances	236,844,499	157,889	3,228,102	2,911	76,040	192,695	240,502,136	(1,770,046)	238,732,090
Advances under finance lease	1,165,896	-	-	-	-	-	1,165,896	-	1,165,896
Deferred tax asset	854,279	-	-	-	231,977	-	1,086,256	-	1,086,256
Investment securities	40,284,190	101,794	-	-	1,346,076	31,476	41,763,536	-	41,763,536
Investment in subsidiaries	10,865,468	366,060	-	-	140,000	-	11,371,528	(11,371,528)	-
Goodwill on consolidation	-	-	-	-	-	-	-	6,074,045	6,074,045
Other assets	12,522,270	164,361	2,707	119,321	645,651	328,711	13,783,021	(120,689)	13,662,332
Property and equipment	21,361,771	61,521	81,259	107,560	130,339	75,473	21,817,923	-	21,817,923
	460,081,094	**1,966,451**	**3,313,053**	**830,305**	**4,035,003**	**7,193,955**	**477,419,861**	**(13,799,629)**	**463,620,232**

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19. CONDENSED FINANCIAL INFORMATION 2009 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
Financed by:									
Customer deposits	272,624,017	-	-	-	-	-	272,624,017	(6,611,410)	266,012,607
Due to other banks	13,681,101	-	1,770,155	-	-	-	15,451,256	(1,770,048)	13,681,208
Borrowed funds	30,178,530	-		-	-	-	30,178,530	-	30,178,530
Income tax payable	1,655,286	119,989	423,201	-	42,638	210,316	2,451,430	-	2,451,430
Other liabilities	12,466,830	188,706	254,482	145,672	1,022,318	6,370,987	20,448,995	(120,691)	20,328,304
Deferred income tax liabilities	1,078,009	(21,011)	12,378	-	-	14,060	1,083,436	-	1,083,436
Retirement benefit obligations	270,261	21,412	-	-	-	-	291,673	-	291,673
Share capital and reserves	128,127,060	1,657,355	852,837	684,633	2,970,047	598,592	134,890,524	(5,297,480)	129,593,044
	460,081,094	**1,966,451**	**3,313,053**	**830,305**	**4,035,003**	**7,193,955**	**477,419,861**	**(13,799,629)**	**463,620,232**
Acceptances and guarantees	**50,492,799**	**-**	**-**	**-**	**-**	**-**	**50,492,799**	**-**	**50,492,799**
CASH FLOWS									
Cash flows from:									
Operating activities	(38,998,989)	(181,726)	(124,447)	156,152	(2,150,183)	(712,467)	(42,011,660)	(4,940,931)	(46,952,591)
Investing activities	(21,260,520)	(13,525)	(59,144)	(131,418)	(1,063,915)	585,600	(21,942,922)	11,773,849	(10,169,073)
Financing activities	18,994,598	115,613	182,985	573,501	2,648,721	(14,184)	22,501,234	(3,506,636)	18,994,598
Increase/(decrease) in cash and cash equivalents	**(41,264,911)**	**(79,638)**	**(606)**	**598,235**	**(565,377)**	**(141,051)**	**(41,453,348)**	**3,326,282**	**(38,127,066)**
Analysis of changes in cash and cash equivalents during the period:									
Balance beginning of the year/period	175,476,053	1,194,463	1,591	-	1,989,813	6,706,651	185,368,571	(9,895,930)	175,472,641
Balance end of the year/period	134,211,142	1,114,825	985	598,235	1,424,436	6,565,600	143,915,223	(6,569,648)	137,345,575
	(41,264,911)	**(79,638)**	**(606)**	**598,235**	**(565,377)**	**(141,051)**	**(41,453,348)**	**3,326,282**	**(38,127,066)**

20. INVESTMENT IN ASSOCIATES

(a) Investment in the associate company:	GROUP December 31, 2010 N'000	GROUP December 31, 2009 N'000	BANK December 31, 2010 N'000	BANK December 31, 2009 N'000
Beginning of the year/period	**300,000**	300,000	**300,000**	300,000
Previously unrecognised reserve	**(205,854)**	-	**-**	-
Share of post-tax results for the year	**50,854**	-	**-**	-
At end of the year/period	**145,000**	300,000	**300,000**	300,000

(b) The Group's interest in its principal associate is as follows:	Associate 2010 N'000	Associate 2009 N'000
Total assets	**670,276**	505,095
Total liabilities	**90,278**	96,452
Net assets	**579,998**	408,643
Gross income	**718,323**	495,052
Post tax results for the year	**203,416**	70,427

(c) This represents the Bank's 25% (2009: 25%) equity interest holding in Legacy Limited, a fund manager licensed 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.

21. GOODWILL

	Group December 31, 2010 N'000	Group December 31, 2009 N'000	Bank December 31, 2010 N'000	Bank December 31, 2009 N'000
Beginning of the year/period	**6,074,045**	-	**-**	-
Acquired during the period	**-**	6,074,045	**-**	-
At end of the year/period	**6,074,045**	6,074,045	**-**	-

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 (see Note 36 for further details).

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 2010.

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	GROUP		BANK	
22. OTHER ASSETS	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
(a) Accrued interest and fees receivable	**2,404,209**	7,159,286	**1,903,213**	7,094,066
Prepayments	**2,009,114**	2,152,256	**2,294,388**	2,003,104
Accounts receivable	**10,403,081**	5,565,879	**9,935,257**	3,931,469
Consumables	**262,713**	129,810	**262,713**	129,810
	15,079,117	15,007,231	**14,395,571**	13,158,449
Allowance for doubtful accounts (see Note (b) below)	**(1,260,361)**	(1,344,899)	**(912,214)**	(636,179)
	13,818,756	13,662,332	**13,483,357**	12,522,270
(b) Movement in allowance for doubtful accounts;				
Balance, beginning of the year/period	**1,344,899**	847,272	**636,179**	661,283
Provision/(write back)	**565,481**	521,879	**298,105**	(852)
Amounts written-off	**(650,019)**	(24,252)	**(22,070)**	(24,252)
Balance, end of the year/period	**1,260,361**	1,344,899	**912,214**	636,179

23. INVESTMENT PROPERTY

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, 2010 do not differ in any material respects from their market values. A revaluation is due within three years from the date of purchase.

24. PROPERTY AND EQUIPMENT

GROUP

	Capital work in progress N'000	Leasehold land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery and equipment N'000	Computer equipment N'000	Total N'000
Cost							
At January 1, 2010	6,382,603	9,858,309	3,742,251	2,103,002	2,828,329	5,877,610	30,792,104
Additions	1,044,359	291,191	339,184	108,251	237,133	445,794	2,465,912
Disposal	-	-	(408,700)	(10,646)	(36,101)	(2,182)	(457,629)
Reclassifications	(1,776,787)	1,300,105	-	49,293	273,948	153,441	-
Items written-off	(779,300)	-	-	-	-	-	(779,300)
Translation difference	84	(37,922)	41,579	(25,244)	(1,894)	(72,234)	(95,631)
At December 31, 2010	**4,870,959**	**11,411,683**	**3,714,314**	**2,224,656**	**3,301,415**	**6,402,429**	**31,925,456**
Depreciation							
At January 1, 2010	-	998,985	2,368,259	1,046,812	1,393,582	3,166,543	8,974,181
Charge for the period	-	347,718	695,811	401,908	561,527	1,138,098	3,145,062
Eliminated on disposal	-	-	(318,244)	(2,314)	(25,685)	(2,181)	(348,424)
Translation difference	-	13,998	91,241	23,914	16,115	76,537	221,805
At December 31, 2010	**-**	**1,360,701**	**2,837,067**	**1,470,320**	**1,945,539**	**4,378,997**	**11,992,624**
Net book amount							
At December 31, 2010	**4,870,959**	**10,050,982**	**877,247**	**754,336**	**1,355,876**	**2,023,432**	**19,932,832**
Net book amount							
At December 31, 2009	6,382,603	8,859,324	1,373,992	1,056,190	1,434,747	2,711,067	21,817,923

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24. PROPERTY AND EQUIPMENT 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, 2010	6,382,687	9,799,271	3,594,554	1,987,336	2,809,466	5,636,598	30,209,912
Additions	1,044,359	238,406	241,275	46,842	205,813	255,099	2,031,794
Disposal	-	-	(379,745)	(2,076)	(36,101)	(2,182)	(420,104)
Reclassifications	(1,776,787)	1,300,105	-	44,669	273,948	158,065	-
Items written-off	(779,300)	-	-	-	-	-	(779,300)
At December 31, 2010	**4,870,959**	**11,337,782**	**3,456,084**	**2,076,771**	**3,253,126**	**6,047,580**	**31,042,302**
Depreciation							
At January 1, 2010	-	992,732	2,330,376	1,021,910	1,389,031	3,114,092	8,848,141
Charge for the period	-	341,766	647,120	376,598	556,180	1,076,988	2,998,652
Eliminated on disposal	-	-	(302,983)	(619)	(25,685)	(2,181)	(331,468)
At December 31, 2010	**-**	**1,334,498**	**2,674,513**	**1,397,889**	**1,919,526**	**4,188,899**	**11,515,325**
Net book amount							
At December 31, 2010	**4,870,959**	**10,003,284**	**781,571**	**678,882**	**1,333,600**	**1,858,681**	**19,526,977**
Net book amount							
At December 31, 2009	6,382,687	8,806,539	1,264,178	965,426	1,420,435	2,522,506	21,361,771

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.

The Group had capital commitments of N110.5 million (December 2009: N1.2 billion) as at the balance sheet date in respect of authorised and contracted capital projects.

The Group had no leased assets as at balance sheet.

25. CUSTOMER DEPOSITS

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Current accounts	**121,605,158**	113,505,211	**121,605,810**	113,505,211
Savings accounts	**23,309,961**	16,720,616	**23,309,961**	16,720,616
Term and other deposit accounts	**174,272,125**	123,084,195	**174,272,125**	129,695,605
Domiciliary deposits	**15,282,684**	12,567,252	**15,358,691**	12,567,252
Electronic purse	**351,264**	135,333	**351,264**	135,333
	334,821,192	266,012,607	**334,897,851**	272,624,017
Analysis by maturity				
0–30 days	**253,821,227**	210,825,664	**253,897,886**	217,437,074
1–3 months	**70,815,963**	49,029,722	**70,815,963**	49,029,722
3–6 months	**10,041,175**	5,985,890	**10,041,175**	5,985,890
6–12 months	**142,827**	161,661	**142,827**	161,661
Over 12 months	**-**	9,670	**-**	9,670
	334,821,192	266,012,607	**334,897,851**	272,624,017

26. DUE TO OTHER BANKS

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Takings from banks and financial institutions	**580,784**	13,681,208	**580,784**	13,681,101
	580,784	13,681,208	**580,784**	13,681,101

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	GROUP		BANK	
27. BORROWINGS	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
(i) Short-term borrowings				
African Export-Import Bank (see Note (a) (i) below)	**7,600,625**	10,446,747	**7,600,625**	10,446,747
ICICI Bank	**-**	3,155,891	**-**	3,155,891
GML Capital (see Note (a) (ii) below)	**2,314,314**	1,619,062	**2,314,314**	1,619,062
Standard Chartered Bank, Mauritius (see Note (a) (iii) below)	**7,600,625**	-	**7,600,625**	-
Standard Bank, London	**-**	7,478,415	**-**	7,478,415
	17,515,564	22,700,115	**17,515,564**	22,700,115
(ii) Long-term borrowings				
Standard Bank, London (see Note (a) (iv) below)	**7,600,625**	7,478,415	**7,600,625**	7,478,415
	7,600,625	7,478,415	**7,600,625**	7,478,415
	25,116,189	30,178,530	**25,116,189**	30,178,530

(a) (i) The amount of N7,600,625,000 (USD 50,000,000) represents facility granted by the African Export-Import Bank repayable after a tenor of five years, maturing in 2014 with an interest rate of 6.01% above LIBOR payable quarterly.

(ii) The amount of N2,314,313,792 (USD15,224,497) represents the outstanding balances on various discounted facilities granted by GML Capital between June and December 2010 repayable over periods of one year respectively at interest rates varying from 4.81% to 4.86%.

(iii) The amount of N7,600,625,000 (USD 50,000,000) represents facility granted by Standard Chartered Bank, Mauritius repayable in 2010 after a tenor of one year with an interest rate of 2.2% above LIBOR payable semi-annually.

(iv) The amount of N7,600,625,000 (USD 50,000,000) represents facility granted by Standard Bank, London repayable after a tenor of one year with an interest rate of 3.3% above LIBOR payable semi-annually.

27. BORROWINGS continued

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
(b) Analysis by maturity				
0–30 days	**-**	-	**-**	-
1–3 months	**-**	13,602,639	**-**	13,602,639
3–6 months	**9,625,931**	9,097,476	**9,625,931**	9,097,476
6–12 months	**7,889,758**	-	**7,889,758**	-
Over 12 months	**7,600,500**	7,478,415	**7,600,500**	7,478,415
	25,116,189	30,178,530	**25,116,189**	30,178,530

28. OTHER LIABILITIES

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Customers' deposit for letters of credit (Note 12)	**10,685,035**	2,303,358	**10,685,035**	2,303,358
Bank cheques/drafts	**2,593,873**	3,047,048	**2,437,980**	3,021,723
Interest payable	**827,567**	644,863	**827,567**	644,022
Unearned income	**-**	524,936	**-**	524,936
Proceeds from public offers	**64,470**	55,255	**-**	-
Accounts payable	**22,164,060**	10,284,395	**15,364,424**	3,126,258
Accrued expenses	**3,528,638**	2,414,336	**2,813,633**	1,803,728
Operational risk provision	**61,135**	-	**61,135**	-
Others	**888,901**	1,054,113	**888,901**	1,042,805
	40,813,679	20,328,304	**33,078,675**	12,466,830

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29. DEFERRED TAXATION	GROUP December 31, 2010 N'000	GROUP December 31, 2009 N'000	BANK December 31, 2010 N'000	BANK December 31, 2009 N'000
(a) Deferred taxation comprises:				
Deferred tax assets (see Note (b) below)	**572,053**	1,107,267	**433,047**	854,279
Deferred tax liabilities (see Note (c) below)	**(20,192)**	(1,104,447)	**-**	(1,078,009)
	551,861	2,820	**433,047**	(223,730)
(b) Deferred tax assets				
The movement on this account during the year was as follows:				
Beginning of the year/period	**1,107,267**	1,321,685	**854,279**	1,229,671
Charge for the year/period (Note 9)	**(535,214)**	(214,418)	**(421,232)**	(375,392)
End of the year/period	**572,053**	1,107,267	**433,047**	854,279
(c) Deferred tax liabilities				
The movement on the deferred tax account during the year was as follows:				
Beginning of the year/period	**1,104,447**	2,119,602	**1,078,009**	2,087,590
Charge/(credit) for the year/period (Note 9)	**(1,084,255)**	(1,015,155)	**(1,078,009)**	(1,009,581)
End of the year/period	**20,192**	1,104,447	**-**	1,078,009
(d) The recognised deferred tax liabilities are attributable to the following:				
Fixed assets	**265,475**	(1,078,009)	**265,475**	(1,078,009)
Provision for gratuity	**167,573**	11,654	**167,572**	11,654
Unrelieved losses	**118,813**	853,729	**-**	627,179
Provisions on other assets	**-**	77,856	**-**	77,856
Provision for diminution in value of investment	**-**	137,590	**-**	137,590
	551,861	2,820	**433,047**	(223,730)

30. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
The amounts recognised in the balance sheet comprise:				
Defined contribution schemes	**8,994**	39,338	**5,096**	36,631
Defined gratuity scheme	**591,739**	252,335	**558,576**	233,630
	600,733	291,673	**563,672**	270,261
Movement in the liability recognised in the balance sheet:				
(i) Defined contribution schemes:				
Beginning of the year/period	**39,338**	26,319	**36,631**	21,647
Charge to profit and loss/contribution	**552,838**	395,867	**551,647**	397,832
Contributions remitted	**(583,182)**	(382,848)	**(583,182)**	(382,848)
At end of the year/period	**8,994**	39,338	**5,096**	36,631

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

(ii) Defined gratuity scheme				
Beginning of the year/period	**252,335**	213,487	**233,630**	194,782
Charge to profit and loss	**447,323**	90,000	**447,323**	90,000
Payments	**(107,919)**	(51,152)	**(122,377)**	(51,152)
At end of the year/period	**591,739**	252,335	**558,576**	233,630

In 2006 the Bank introduced a non-contributory defined gratuity benefit scheme whereby gratuity benefits are accrued for qualified staff as a percentage of basic, transport and housing allowances for every completed year in service. Prior to 2006, the entitlements of all qualified staff were calculated and treated as past earned benefits. The assets of the scheme are partly held independently of the Bank's assets in a separately administered fund.

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31. SHARE CAPITAL	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 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, 2010 '000	December 31, 2009 '000	**December 31, 2010 '000**	December 31, 2009 '000
Issued and fully paid ordinary shares of 50 kobo each:	**16,271,192**	16,271,192	**16,271,192**	16,271,192

	NGN'000 GROUP		NGN'000 BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Issued and fully paid ordinary shares of 50 kobo each:	**8,135,596**	8,135,596	**8,135,596**	8,135,596

GROUP

32. RESERVES

	Translation reserve N'000	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings N'000	Total N'000
Beginning of the year/period	(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/period	**(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 N'000	Total N'000
Beginning of the year/period	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**
Beginning of the year/period	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.

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33. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Legal proceedings

The Bank has contingent liabilities in respect of ongoing legal proceedings amounting to N4.86 billion (December 2009: N830.80 million). However, 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 N4.86 billion. The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a 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 party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Performance bonds and guarantees	**18,100,591**	19,257,617	**18,100,591**	19,257,617
Clean line letters of credit	**38,121,412**	31,235,182	**38,121,412**	31,235,182
Other commitments	**9,027,738**	-	**9,027,738**	-
	65,249,741	50,492,799	**65,249,741**	50,492,799

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.

34. 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, 2010 are as follows:

(a) Loans and advances outstanding as at December 31, 2010

Included in loans and advances is an amount of N6.69 billion (December 2009: N19.39 billion) representing credits facilities to companies in which certain Directors have interests. The balances as at December 31, 2010 are as follows:

Name of company/individual	Relationship	Facility type	N'million	Status	Security status
Credit Direct Limited	Subsidiary	Overdraft	1,890.31	Performing	Perfected
CSL Nominees Limited	Shareholder	Term loan	12.50	Performing	Perfected
Chapel Hill Advisory Partners	Shareholder	Term loan	1,200.00	Performing	Perfected
Financial Derivatives Company	Shareholder	Overdraft	87.19	Performing	Perfected
S&B Printers Limited	Directors-Shareholders	Term loan	100.06	Performing	Perfected
Chellarams Nigeria Plc	Shareholder	Overdraft	24.47	Performing	Perfected
Helios Towers Nigeria Limited	Directors-Shareholders	Term loan	3,381.69	Performing	Perfected
Credit Direct Limited	Subsidiary	Lease	2.58	Performing	Perfected
			6,698.81		

Notes to the financial statements For the year ended December 31, 2010 *continued...*

34. RELATED PARTY TRANSACTIONS continued

(b) Deposits outstanding as at December 31, 2010

Included in deposit is an amount of N11.02 billion (December 2009: N24.96 billion) representing deposits from companies in which certain Directors have interests. The balances as at December 31, 2010 are as follows:

Name of company/individual	Relationship	Type of deposit	December 2010 N'million	December 2009 N'million
ATSC International Limited	Shareholder	Current Account	**0.38**	0.28
Blue-Chip Holdings Limited	Shareholder	Current Account	**62.40**	0.05
Chapel Hill Advisory Partners	Shareholder	Current Account	**27.00**	2.61
City Securities (Registrar) Limited	Subsidiary	Current Account	**230.41**	93.13
City Securities Limited	Directors-Shareholders	Current Account	**49.05**	71.21
Credit Direct Limited	Subsidiary	Current Account	**1.07**	0.78
CSL Nominees Limited	Shareholder	Current Account	**0.01**	0.01
CSL Stockbrokers Limited	Subsidiary	Current Account	**1,113.77**	890.24
FDC Consulting Limited	Directors-Shareholders	Current Account	**1.61**	215.82
Financial Derivatives Company	Shareholder	Current Account	**351.99**	209.21
First City Asset Management Limited	Directors-Shareholders	Current Account	**374.98**	242.50
Helios Towers Nigeria Limited	Directors-Shareholders	Current Account	**452.15**	12,206.72
Lana Securities Limited	Shareholder	Current Account	**0.28**	1.26
Primrose Development Company Limited	Shareholder	Current Account	**1.02**	4.19
Primrose Investments Limited	Shareholder	Current Account	**1.97**	0.04
Primrose Property Investment Limited	Shareholder	Current Account	**13.91**	93.69
S&B Printers Limited	Directors-Shareholders	Current Account	**60.03**	0.51

34. RELATED PARTY TRANSACTIONS continued

Name of company/individual	Relationship	Type of deposit	December 2010 N'million	December 2009 N'million
Swap Technology & Telecoms Limited	Director	Current Account	**1.53**	3.38
Blue-Chip Holdings Limited	Shareholder	Time Deposit	**0.22**	0.22
City Securities (Registrar) Limited	Subsidiary	Time Deposit	**2,167.56**	3,627.27
City Securities Limited	Directors-Shareholders	Time Deposit	**0.21**	0.20
CSL Stockbrokers Limited	Subsidiary	Time Deposit	**895.64**	705.94
Financial Derivatives Company	Shareholder	Time Deposit	**-**	52.07
First City Asset Management Limited	Directors-Shareholders	Time Deposit	**3.19**	2,300.81
Helios Towers Nigeria Limited	Directors-Shareholders	Time Deposit	**5,131.25**	3,882.63
Primrose Development Company Limited	Shareholder	Time Deposit	**0.14**	32.92
Primrose Investments Limited	Shareholder	Time Deposit	**82.30**	56.86
S&B Printers Limited	Directors-Shareholders	Time Deposit	**0.25**	0.24
Swap Technology & Telecoms Limited	Director	Time Deposit	**0.06**	-
			11,024.37	24,694.78

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Notes to the financial statements For the year ended December 31, 2010 *continued...*

	GROUP		BANK	
35. EMPLOYEES AND DIRECTORS	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009
(a) EMPLOYEES				
The average number of persons employed during the year by category:	**Number**	Number	**Number**	Number
Executive directors	**6**	9	**4**	5
Management	**563**	482	**531**	457
Non-management	**2,001**	2,061	**1,495**	1,671
	2,570	2,552	**2,030**	2,133
Compensation for the above persons (excluding executive directors):	**N'000**	N'000	**N'000**	N'000
Salaries and wages	**13,584,618**	9,524,368	**11,955,741**	8,808,872
Retirement benefit cost	**693,537**	265,402	**693,537**	265,402
	14,278,155	9,789,770	**12,649,278**	9,074,274

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

	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009
	Number	Number	**Number**	Number
Less than N1,800,000.00	**530**	551	**75**	173
N1,800,001–N2,500,000	**666**	663	**628**	654
N2,500,001–N3,500,000	**457**	497	**445**	484
N3,500,001–N4,500,000	**359**	367	**347**	360
N4,500,001–N5,500,000	**147**	156	**144**	153
N5,500,000 and above	**411**	318	**391**	309
	2,570	2,552	**2,030**	2,133

	GROUP		BANK	
35. EMPLOYEES AND DIRECTORS continued	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009
(b) DIRECTORS	**N'000**	N'000	**N'000**	N'000
The remuneration paid to the Directors of the Bank (excluding pension and certain allowances) was:				
Fees and sitting allowances	**129,996**	66,604	**51,996**	28,300
Executive compensation	**258,018**	225,938	**248,018**	176,401
	388,014	292,542	**300,014**	204,701
Directors' other expenses	**239,933**	311,553	**76,150**	249,811
	627,947	604,095	**376,164**	454,512
The Directors' remuneration shown above includes:				
The Chairman	**4,758**	4,758	**4,758**	4,758
Highest paid Director	**48,162**	48,162	**48,162**	48,162

Notes to the financial statements For the year ended December 31, 2010 *continued...*

36. CASH GENERATED FROM OPERATIONS

	Note	GROUP December 31, 2010 N'000	GROUP December 31, 2009 N'000	BANK December 31, 2010 N'000	BANK December 31, 2009 N'000
Profit after tax		**7,934,971**	564,338	**7,322,322**	669,371
Add: taxation		**1,090,771**	292,262	**242,566**	55,463
Profit before tax		**9,025,742**	856,600	**7,564,888**	724,834
Reconciliation of profit before tax to cash generated from operations:					
Gain on disposal of investments	*6*	**(2,104,869)**	(94,634)	**(2,134,146)**	-
Investment income	*6*	**(1,594,490)**	(108,371)	**(1,360,582)**	(106,766)
Allowance/(write back) – loans and advances	*15*	**(867,317)**	1,377,378	**(959,887)**	1,323,341
Allowance/(write back) – other assets	*15*	**565,481**	521,879	**298,105**	(852)
Allowance/(write back) – finance leases	*15*	**-**	(21,352)	**-**	(21,352)
Allowance for diminution in investments	*15*	**80,444**	715,742	**120,000**	718,362
Recovery from previously written off loans	*15*	**(218,023)**	(62,550)	**(218,023)**	(62,550)
Direct credits write-off	*15*	**-**	109,673	**-**	109,673
Depreciation	*24*	**3,145,062**	2,096,781	**2,998,652**	1,999,324
Items in WIP written off	*24*	**779,300**	82,977	**779,300**	82,977
Profit on disposal of property and equipment	*8*	**(12,492)**	(6,997)	**(11,094)**	(6,929)
		8,798,838	5,467,126	**7,077,213**	4,760,062

36. CASH GENERATED FROM OPERATIONS continued

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Decrease/(increase) in loans and advances	**(87,300,125)**	30,993,810	**(85,726,674)**	32,020,942
Decrease/(increase) in advances under finance leases	**(2,355,126)**	969,283	**(2,355,126)**	969,283
Decrease/(increase) in interest receivable and prepayments	**4,898,219**	1,122,878	**4,899,569**	(253,777)
Decrease/(increase) in accounts receivable and consumables	**(4,970,105)**	(3,124,436)	**(6,136,691)**	(2,075,851)
Decrease/(increase) in mandatory reserve deposits	**(830,401)**	(699,965)	**(831,401)**	(699,965)
Increase/(decrease) in deposits	**55,708,161**	(68,541,405)	**49,173,517**	(63,136,690)
Increase/(decrease) in foreign currency denominated liability	**8,381,677**	(622,574)	**8,381,677**	(622,574)
Increase/(decrease) in bank cheques issued	**(453,175)**	(492,858)	**(583,743)**	(518,183)
Increase/(decrease) in proceeds from third-party public offers	**9,215**	(2,001,579)	**-**	(1,989,419)
Increase/(decrease) in interest payable and accrued expenses	**10,992,066**	(8,390,485)	**13,605,684**	(5,982,332)
Cash generated from/(used up in) operations	**(7,120,756)**	(45,320,206)	**(12,495,975)**	(37,528,504)

37. 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.

	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Net profit attributable to shareholders (N'000)	**7,934,971**	564,338	**7,322,322**	669,371
Number of ordinary shares in issue ('000)	**16,271,192**	16,271,192	**16,271,192**	16,271,192
Earnings per share – basic	**49k**	5k	**45k**	6k

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	GROUP		BANK	
38. CASH AND CASH EQUIVALENTS	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
For the purposes of the cash flow statement, cash and cash equivalents include:				
Cash (Note 10)	**7,663,861**	6,420,194	**7,663,406**	6,419,539
Operating account with the Central Bank of Nigeria (Note 10)	**2,940,052**	618,122	**2,940,052**	618,122
Treasury bills (Note 11)	**22,588,314**	8,521,058	**22,588,314**	8,521,058
Due from other banks (Note 12)	**57,311,736**	121,786,201	**50,361,306**	118,652,423
	90,503,963	137,345,575	**83,553,078**	134,211,142

39. 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 were penalised.

Section	Nature	No of times	Penalties
60 (1) of BOFIA 1991 (as amended)	Investment without the prior approval of the Central Bank of Nigeria (CBN)	2	4,000

All the penalties were paid during the year.

40. 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, 2010 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

41. COMPARATIVES

Certain prior year balances have been reclassified to conform with the current year presentation format:

	GROUP N'000	BANK N'000
(i) Dealing securities		
Balance as at December 31, 2009	7,280,644	5,859,100
Reclassification to investment securities (see Note (ii) below)	(7,280,644)	(5,859,100)
Balance as at December 31, 2009 as restated	-	-
(ii) Investment securities		
Balance as at December 31, 2009	34,482,892	34,425,090
Reclassification from dealing securities (see Note (i) above)	7,280,644	5,859,100
Balance as at December 31, 2009 as restated	**41,763,536**	**40,284,190**

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

Section 6(1) of the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria for approval a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking licence based on the decision of the Bank's Board of Directors.

The Bank's compliance plan duly approved by the Board of Directors involves;

– FCMB Plc will acquire a commercial banking licence with international banking authorisation

– The Bank will exit from businesses/subsidiaries that are non-permissible under the current regulations and separate them from the Bank's operations

– In line with the Group's overall strategic objectives and in compliance with the new CBN regulations, the Group will incorporate a holding company, which by way of a scheme of arrangement will acquire shares of the Bank and more importantly will assume ownership of those businesses/subsidiaries of the Bank that are not permissible to be owned by licensed banks under the new regulations.

Financial risk analysis For the year ended December 31, 2010

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 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 exposure limits 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 Central Bank of Nigeria (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 estimates).
    - 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 Categories 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 intends to re-map the risk grades to new probability of default estimates in 2011 based on its internal default experience across risk grades.
    - 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 realise if a customer defaults on an obligation.

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 Qualitative assessments ONLY
PUBLIC SECTOR (INSTITUTIONAL Banking) SCORECARD	For rating/scoring State Governments Model is based on both quantitative and qualitative indicators

Financial risk analysis For the year ended December 31, 2010 *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 independent Credit Analysts within our Risk Management and Compliance Division based on inputs/discussions with relationship management teams and verifiable facts.

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

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

9 GRADE LGD MODEL – FACILITY RISK RATING				
	LGD	**LGD – MIN**	**LGD – MAX**	**LGD GRADE**
	0%	0%	4.99%	AAA
	5%	5%	9.99%	AA
	10%	10%	14.99%	A
SECURED/CONTROLLED	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 if any, require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the 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, 2010 *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 suffer losses because another party is unable or unwilling to meet contractual obligations to the Bank when due.

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

- Lending/Leasing: the Bank grants credit to a customer (loan, advances, temporary overdraft etc.) or finances a lease or grants an advance or a loan to an employee (staff loan, cash advance etc.)
- Bank guarantees: the Bank issues a bond or guarantee (contingent exposure)
- Trading (money market placement, 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, 2010 *continued...*

Credit Risk Measurement 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 in 2011. 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, 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-	-	-	-	489,404	43,444,732	1,385,892	**45,320,028**
Nigerian Treasury Bills	BB-	511,868	4,576,446	2,750,000	14,750,000	-	-	**22,588,314**
Lagos State Bonds	A+ (GCR)	-	-	-	-	1,119,200	-	**1,119,200**
Corporate Bonds	Various	-	-	-	-	7,522,259	5,000,000	**12,522,259**
		511,868	**4,576,446**	**2,750,000**	**15,239,404**	**52,086,191**	**6,385,892**	**81,549,801**

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.

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, 2010.

Authorising level	Approval limit
Board Credit Committee (BCC)	Above N4.0 billion
Management Credit Committee	Up to N4.0 billion. MCC quorum – 1 Credit Officer, 2 Senior Credit Officers and the General Counsel Approval of credit requests below N100 million are done by circulation and signed-off by 2 Senior Credit Officers, 1 Credit Officer and the Legal Counsel.
1 Credit Officer and 1 Senior Credit Officer	Limits are as defined in the respective product programmes

Financial risk analysis For the year ended December 31, 2010 *continued...*

Risk Limit Control and Mitigation Policies continued

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 risks 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.

(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, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Performing	**330,420**	236,084	**327,075**	234,099
Non-Performing			**-**	
Substandard	**599**	1,630	**599**	1,630
Doubtful	**3,081**	5,293	**2,939**	5,293
Lost	**15,618**	15,594	**15,547**	15,594
	349,719	258,601	**346,161**	256,616

Financial risk analysis For the year ended December 31, 2010 *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 2010	Retail N'million	Business Banking N'million	Institutional Banking N'million	Corporate N'million	FI N'million	Total N'million
Past due up to 30 days	837.85	82.12	29.08	122.02	14.49	**1,085.57**
Past due 30–60 days	286.55	116.78	1.27	0.00	0.00	**404.59**
Past due 60–90 days	120.30	129.45	0.00	5.65	0.00	**255.40**
	1,244.70	**328.35**	**30.35**	**127.67**	**14.49**	**1,745.56**

PERFORMING BUT PAST DUE LOANS DECEMBER 2009	Retail N'million	Business Banking N'million	Institutional Banking N'million	Corporate N'million	FI N'million	Total N'million
Past due up to 30 days	356.40	206.50	15.80	37.30	0.20	**616.20**
Past due 30–60 days	47.00	45.45	0.01	13.35	-	**105.80**
Past due 60–90 days	324.02	241.78	12.36	9.03	25.21	**612.39**
	727.42	**493.72**	**28.17**	**59.67**	**25.40**	**1,334.39**

Performing but Past Due Loans continued

BANK

PERFORMING BUT PAST DUE LOANS DECEMBER 2010	Retail N'million	Business Banking N'million	Institutional Banking N'million	Corporate N'million	FI N'million	Total N'million
Past due up to 30 days	837.85	82.12	29.08	122.02	14.49	**1,085.57**
Past due 30–60 days	286.55	116.78	1.27	0.00	0.00	**404.59**
Past due 60–90 days	120.30	129.45	0.00	5.65	0.00	**255.40**
	1,244.70	**328.35**	**30.35**	**127.67**	**14.49**	**1,745.56**

PERFORMING BUT PAST DUE LOANS DECEMBER 2009	Retail N'million	Business Banking N'million	Institutional Banking N'million	Corporate N'million	FI N'million	Total N'million
Past due up to 30 days	356.40	206.50	15.80	37.30	0.20	**616.20**
Past due 30–60 days	47.00	45.45	0.01	13.35	-	**105.80**
Past due 60–90 days	324.02	241.78	12.36	9.03	25.21	**612.39**
	727.42	**493.72**	**28.17**	**59.67**	**25.40**	**1,334.39**

Financial risk analysis For the year ended December 31, 2010 *continued...*

Performing but Past Due Loans continued

	GROUP		BANK	
NON-PERFORMING LOANS BY INDUSTRY	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
Agriculture	**-**	-	**-**	-
Oil & gas – marketing	**710**	732	**710**	732
Oil & gas – trading	**390**	1,257	**390**	1,257
Oil & gas – upstream and servicing	**-**	-	**-**	-
Capital market	**2,112**	7,664	**2,112**	7,664
Consumer credit	**3,989**	3,952	**3,776**	3,952
Manufacturing	**142**	268	**142**	268
Mining and quarrying	**26**	24	**26**	24
Mortgage	**2,640**	965	**2,640**	965
Real estate and construction	**1,231**	1,808	**1,231**	1,808
Finance and insurance	**1,735**	22	**1,735**	22
Government	**94**	43	**94**	43
Power	**-**	-	**-**	-
Other public utilities	**-**	-	**-**	-
Transportation and logistics	**1,182**	1,036	**1,182**	1,036
Communication	**126**	404	**126**	404
Education	**120**	11	**120**	11
Commerce	**4,803**	4,330	**4,803**	4,330
Others	**-**	-	**-**	-
	19,298	22,517	**19,085**	22,517

Performing but Past Due Loans continued

	GROUP		BANK	
NON-PERFORMING LOANS BY GEOGRAPHY	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
South West	**14,630**	18,561	**14,496**	18,561
North Central	**1,571**	1,150	**1,557**	1,150
South South	**2,021**	1,869	**1,960**	1,869
South East	**501**	392	**497**	392
North West	**509**	516	**509**	516
North East	**66**	29	**66**	29
Rest of Africa	**-**	-	**-**	-
	19,298	22,517	**19,085**	22,517

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Financial risk analysis For the year ended December 31, 2010 *continued...*

Concentration of Risks of Financial Assets with Credit Risk Exposure

(a) Geographical sectors

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**

GEOGRAPHICAL SECTORS AS AT DECEMBER 2009	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
South West	121,786	244,700	868	26,753	**394,108**
North Central	-	4,301	293	-	**4,594**
South South	-	5,268	5	-	**5,273**
South East	-	2,055	-	-	**2,055**
North West	-	931	0	-	**932**
North East	-	179	-	-	**179**
	121,786	**257,435**	**1,166**	**26,753**	**407,140**

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(a) Geographical sectors continued

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**

GEOGRAPHICAL SECTORS AS AT DECEMBER 2009	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
South West	118,652	243,904	868	24,226	**387,650**
North Central	-	4,023	293	-	**4,316**
South South	-	4,357	5	-	**4,362**
South East	-	2,055	-	-	**2,055**
North West	-	931	0	-	**932**
North East	-	179	-	-	**179**
	118,652	**255,450**	**1,166**	**24,226**	**399,494**

Financial risk analysis For the year ended December 31, 2010 *continued...*

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) Industry sectors

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
Agriculture	-	4,350	-	-	**4,350**
Oil & gas – marketing	-	25,986	-	-	**25,986**
Oil & gas – trading	-	41,798	2,600	-	**44,398**
Oil & gas – upstream and servicing	-	15,218	-	-	**15,218**
Capital market	-	2,943	1	-	**2,943**
Consumer credit	-	20,313	-	-	**20,313**
Manufacturing	-	16,715	14	4,000	**20,729**
Mining and quarrying	-	26	-	-	**26**
Mortgage	-	5,118	-	-	**5,118**
Real estate and construction	-	50,574	138	-	**50,712**
Finance and insurance	57,312	40,923	21	3,000	**101,255**
Government	-	61,627	488	53,073	**115,189**
Power	-	-	-	-	**-**
Other public utilities	-	-	-	-	**-**
Transportation and logistics	-	3,826	12	-	**3,837**
Communication	-	24,373	-	-	**24,373**
Education	-	2,857	18	-	**2,875**
Commerce	-	29,552	229	-	**29,781**
Others	-	-	-	-	**-**
	57,312	**346,198**	**3,521**	**60,073**	**467,104**

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) Industry sectors continued

GROUP

INDUSTRY SECTORS AS AT DECEMBER 2009	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
Agriculture	-	3,246	-	-	**3,246**
Oil & gas – marketing	-	21,131	8	-	**21,139**
Oil & gas – trading	-	33,614	-	-	**33,614**
Oil & gas – upstream and servicing	-	16,233	-	-	**16,233**
Capital market	-	14,092	4	-	**14,096**
Consumer credit	-	14,206	3	-	**14,208**
Manufacturing	-	14,459	131	-	**14,589**
Mining and quarrying	-	24	-	-	**24**
Mortgage	-	6,288	-	-	**6,288**
Real estate and construction	-	47,139	859	-	**47,998**
Finance and insurance	121,786	6,712	43	-	**128,540**
Government	-	34,432	-	26,753	**61,185**
Power	-	-	-	-	**-**
Other public utilities	-	-	-	-	**-**
Transportation and logistics	-	4,063	-	-	**4,063**
Communication	-	24,574	-	-	**24,574**
Education	-	610	14	-	**623**
Commerce	-	16,613	106	-	**16,719**
Others	-	-	-	-	**-**
	121,786	**257,435**	**1,166**	**26,753**	**407,140**

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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
Agriculture	-	4,350	-	-	**4,350**
Oil & gas – marketing	-	25,986	-	-	**25,986**
Oil & gas – trading	-	41,798	2,600	-	**44,398**
Oil & gas – upstream and servicing	-	15,218	-	-	**15,218**
Capital market	-	2,943	1	-	**2,943**
Consumer credit	-	16,755	-	-	**16,755**
Manufacturing	-	16,715	14	4,000	**20,729**
Mining and quarrying	-	26	-	-	**26**
Mortgage	-	5,118	-	-	**5,118**
Real estate and construction	-	50,574	138	-	**50,712**
Finance and insurance	50,361	40,923	21	3,000	**94,305**
Government	-	61,627	488	51,961	**114,077**
Power	-	-	-	-	**-**
Other public utilities	-	-	-	-	**-**
Transportation and logistics	-	3,826	12	-	**3,837**
Communication	-	24,373	-	-	**24,373**
Education	-	2,857	18	-	**2,875**
Commerce	-	29,552	229	-	**29,781**
Others	-	-	-	-	**-**
	50,361	**342,640**	**3,521**	**58,961**	**455,484**

Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(b) Industry sectors continued

BANK

INDUSTRY SECTORS AS AT DECEMBER 2009	Due from Bank N'million	Loans N'million	Advance under finance lease N'million	Debt instruments N'million	Total N'million
Agriculture	-	3,246	-	-	**3,246**
Oil & gas – marketing	-	21,131	8	-	**21,139**
Oil & gas – trading	-	33,614	-	-	**33,614**
Oil & gas – upstream and servicing	-	16,233	-	-	**16,233**
Capital market	-	14,092	4	-	**14,096**
Consumer credit	-	12,221	3	-	**12,223**
Manufacturing	-	14,459	131	-	**14,589**
Mining and quarrying	-	24	-	-	**24**
Mortgage	-	6,288	-	-	**6,288**
Real estate and construction	-	47,139	859	-	**47,998**
Finance and insurance	118,652	6,712	43	-	**125,407**
Government	-	34,432	-	24,226	**58,657**
Power	-	-	-	-	**-**
Other public utilities	-	-	-	-	**-**
Transportation and logistics	-	4,063	-	-	**4,063**
Communication	-	24,574	-	-	**24,574**
Education	-	610	14	-	**623**
Commerce	-	16,613	106	-	**16,719**
Others	-	-	-	-	**-**
	118,652	**255,450**	**1,166**	**24,226**	**399,494**

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Concentration of Risks of Financial Assets with Credit Risk Exposure continued

(c) Analysis by portfolio distribution and risk rating

ANALYSIS BY RISK RATING AS AT DECEMBER 2010 (N'MILLION)

N'000	N'000	N'000	N'000	N'000	Total N'000
AAA to BBB-	BB+ to BB-	B+ to B-	CCC+ to C+	C to C-	
17,861.39	**33,019.43**	**24,854.76**	**259,224.56**	**11,200.65**	**346,160.78**

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

N'000	N'000	N'000	N'000	N'000	Total N'000
AAA to BBB-	BB+ to BB-	B+ to B-	CCC+ to C+	C to C-	
380.41	**9,402.75**	**16,231.80**	**180,550.60**	**50,050.20**	**256,615.76**

Market Risk Management

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

Value-at-risk is a method of risk assessment that uses statistical techniques to provide a summary of market risk. It provides indication of potential loss (with a probability) due to adverse market movement 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 prices.

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

Foreign Exchange Risks

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

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

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

GROUP						
AS AT DECEMBER 31, 2010	**NGN N'000**	**USD N'000**	**GBP N'000**	**EURO N'000**	**Others N'000**	**Total N'000**
Assets						
Cash	5,997,150	1,158,554	197,158	310,100	900	**7,663,861**
Treasury bills	22,588,314	-	-	-	-	**22,588,314**
Due from other banks	39,949,650	20,579,922	1,222,161	1,302,660	375	**63,054,768**
Loans and advances to customers	274,664,771	52,231,911	1,753	1,096	-	**326,899,531**
Advances under finance lease	3,521,022	-	-	-	-	**3,521,022**
Deferred tax assets	572,053	-	-	-	-	**572,053**
Goodwill on consolidation	6,074,045	-	-	-	-	**6,074,045**
Investment securities	71,509,506	2,679,415	-	-	-	**74,188,921**
Investment in associates	145,000	-	-	-	-	**145,000**
Other assets	12,517,868	1,294,919	2,660	3,309	-	**13,818,756**
Investment in property and fixed assets	20,064,610	-	-	-	-	**20,064,610**
Total financial assets	**457,603,989**	**77,944,721**	**1,423,732**	**1,617,165**	**1,275**	**538,590,882**

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Foreign Exchange Risks continued

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

GROUP AS AT DECEMBER 31, 2010	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Liabilities						
Customer deposits	292,637,494	40,539,385	968,392	675,913	8	**334,821,192**
Due to other banks	-	580,784	-	-	-	**580,784**
Other borrowings	-	25,116,189	-	-	-	**25,116,189**
Tax payable	1,867,603	-	-	-	-	**1,867,603**
Other liabilities	30,749,569	9,710,944	392,320	581,772	-	**41,434,604**
Total financial 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**

GROUP AS AT DECEMBER 31, 2009	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets	**365,733,901**	**96,085,109**	**712,491**	**1,108,143**	**1,599**	**463,641,243**
Liabilities	**251,244,303**	**80,702,877**	**926,351**	**1,174,662**	**7**	**334,048,199**
Net on-balance sheet financial position	**114,489,598**	**15,382,232**	**(213,860)**	**(66,518)**	**1,593**	**129,593,044**
Off-balance sheet	17,799,790	29,691,031	699,768	927,804	1,374,407	**50,492,799**

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

BANK

AS AT DECEMBER 31, 2010	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets						
Cash	5,996,695	1,158,554	197,158	310,100	900	**7,663,406**
Treasury bills	22,588,314	-	-	-	-	**22,588,314**
Due from other banks	33,192,862	20,386,280	1,222,161	1,302,660	375	**56,104,338**
Loans and advances to customers	271,296,299	52,231,911	1,753	1,096	-	**323,531,060**
Advances under finance lease	3,521,022	-	-	-	-	**3,521,022**
Deferred tax assets	433,047	-	-	-	-	**433,047**
Investment securities	69,236,684	2,679,415.23	-	-	-	**71,916,099**
Investment in subsidiaries	11,305,868	-	-	-	-	**11,305,868**
Other assets	12,182,469	1,294,919	2,660	3,309	-	**13,483,357**
Property and equipment	19,526,977	-	-	-	-	**19,526,977**
Total financial assets	**449,280,237**	**77,751,079**	**1,423,732**	**1,617,165**	**1,275**	**530,073,488**
Liabilities						
Customer deposits	292,907,795	40,345,743	968,392	675,913	8	**334,897,851**
Due to other banks	-	580,784	-	-	-	**580,784**
Other borrowings	-	25,116,189	-	-	-	**25,116,189**
Tax payable	1,200,495	-	-	-	-	**1,200,495**
Other liabilities	22,957,312	9,710,944	392,320	581,772	-	**33,642,347**
Total financial 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**

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

BANK

AS AT DECEMBER 31, 2009	NGN N'000	USD N'000	GBP N'000	EURO N'000	Others N'000	Total N'000
Assets	**362,173,752**	**96,085,109**	**712,491**	**1,108,143**	**1,599**	**460,081,094**
Liabilities	**249,150,138**	**80,702,877**	**926,351**	**1,174,662**	**7**	**331,954,034**
Net on-balance sheet financial position	**113,023,614**	**15,382,232**	**(213,860)**	**(66,518)**	**1,593**	**128,127,060**
Off-balance sheet	17,799,789	29,691,031	699,768	927,804	1,374,407	**50,492,798**

Interest Rate Risks

FCMB takes on interest rate risks through its activities in both 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 has investments in the banking book for liquidity purposes. 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 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 Bank also uses the aggregate interest rate risk limit (a form of duration analysis) in managing interest rate risks 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.

BANKING BOOK INTEREST RATE RISK
THE 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	1	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**

Liquidity Risk Management

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

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

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

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Maturity Profile – On-balance Sheet

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	2 5,745,318	**326,899,531**
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	1 9,518,913	**74,188,921**
Investment in associates	-	-	-	-	-	1 45,000	**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	87,265,406	20,174,213	39,852,717	161,863,713	53,433,277	**538,590,882**
Liabilities							
Deposits	253,821,226	70,815,963	10,041,175	142,827	-	-	**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**	**8,032,585**	**7,620,692**	**600,733**	**403,820,371**
Net liquidity gap	**(119,214,133)**	**16,449,443**	**(1,360,496)**	**31,820,132**	**154,243,021**	**52,832,544**	**134,770,510**

Maturity Profile – On-balance Sheet continued

GROUP

AS AT DECEMBER 31, 2009	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	130,797,096	500,000	4,271,068	3,749,990	-	-	**139,318,154**
Loans and advances	80,110,402	17,964,229	18,517,947	44,398,556	65,867,880	11,873,076	**238,732,090**
Advances under finance lease	77,018	223,483	207,266	358,978	299,151	-	**1,165,896**
Investment securities	568,217	-	97,940	5,192,943	35,604,436	-	**41,463,536**
Investment in associates	-	-	-	-	-	3 00,000	**300,000**
Goodwill on consolidation	-	-	-	-	-	6,074,045	**6,074,045**
Deferred tax	-	-	-	-	1,107,267	-	**1,107,267**
Other assets	13,662,332	-	-	-	-	-	**13,662,332**
Property and equipment	-	-	-	-	-	21,817,923	**21,817,923**
	225,215,064	18,687,712	23,094,221	53,700,467	102,878,734	40,065,044	**463,641,243**
Liabilities							
Deposits	213,335,557	47,578,990	4,926,729	161,661	9,670	-	**266,012,607**
Due to banks	13,681,208	-	-	-	-	-	**13,681,208**
Borrowings	732,844	2,422,926	1,619,183	7,478,415	17,925,162	-	**30,178,530**
Taxation	-	-	-	2,451,430	-	-	**2,451,430**
Other liabilities	20,328,304	-	-	-	-	-	**20,328,304**
Deferred taxation	-	-	-	-	1,104,447	-	**1,104,447**
Retirement benefit obligations	-	-	-	-	-	291,673	**291,673**
	248,077,913	**50,001,916**	**6,545,911**	**10,091,506**	**19,039,279**	**291,673**	**334,048,199**
Net liquidity gap	**(22,862,849)**	**(31,314,204)**	**16,548,309**	**43,608,961**	**83,839,455**	**39,773,37**	**129,593,044**

Financial risk analysis For the year ended December 31, 2010 *continued...*

Maturity Profile – On-balance Sheet 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	2 5,745,319	**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	52,086,191	1 9,340,504	**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	**87,265,406**	**20,174,213**	**39,852,717**	**161,984,482**	**58,341,691**	**530,073,488**
Liabilities							
Deposits	253,897,886	70,815,963	10,041,175	142,827	-	-	**334,897,852**
Due to banks	580,784	-	-	-	-	-	**580,784**
Borrowings	-	-	9,625,931	7,889,758	7,600,500	-	**25,116,189**
Taxation	-	-	1,200,495	-	-	-	**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)**	**16,449,443**	**(693,388)**	**31,820,132**	**154,383,982**	**57,778,019**	**134,635,822**

Maturity Profile – On-balance Sheet continued

BANK

AS AT DECEMBER 31, 2009	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	127,661,663	500,000	4,271,068	3,749,990	-	-	**136,182,721**
Loans and advances	78,222,811	17,964,229	18,517,947	44,398,556	65,867,880	11,873,076	**236,844,499**
Advances under finance lease	77,018	223,483	207,266	358,978	299,151	-	**1,165,896**
Investment securities	568,217	-	97,940	5,192,943	-	-	**5,859,100**
Investment in subsidiaries	-	-	-	-	34,425,090	10,865,468	**45,290,558**
Deferred tax	-	-	-	-	854,279	-	**854,279**
Other assets	12,522,270	-	-	-	-	-	**12,522,270**
Property and equipment	-	-	-	-	-	21,361,771	**21,361,771**
	219,051,978	**18,687,712**	**23,094,221**	**53,700,467**	**101,446,400**	**44,100,315**	**460,081,093**
Liabilities							
Deposits	219,946,967	47,578,990	4,926,729	161,661	9,670	-	**272,624,071**
Due to banks	13,681,101	-	-	-	-	-	**13,681,101**
Borrowings	732,844	2,422,926	1,619,183	7,478,415	17,925,162	-	**30,178,530**
Taxation	-	-	-	1,655,286	-	-	**1,655,286**
Other liabilities	12,466,830	-	-	-	-	-	**12,466,830**
Deferred taxation	-	-	-	-	1,078,009	-	**1,078,009**
Retirement benefit obligations	-	-	-	-	-	270,261	**270,261**
	246,827,742	**50,001,916**	**6,545,911**	**9,295,362**	**19,012,841**	**270,261**	**331,954,034**
Net liquidity gap	**(27,775,763)**	**(31,314,204)**	**16,548,309**	**44,405,105**	**82,433,559**	**43,830,054**	**128,127,060**

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Financial risk analysis For the year ended December 31, 2010 *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, 2010.

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	-	703.19	3,851.92	4,977.91	8,317.57	17,850.59
Contingent letters of credit	821.90	9,067.32	30,473.85	6,531.53	504.55	47,399.15
	821.90	**9,770.51**	**34,325.77**	**11,509.44**	**8,822.12**	**65,249.74**

OFF-BALANCE SHEET EXPOSURE AS AT DECEMBER 31, 2009	0–30 days N'million	1–3 months N'million	3–6 months N'million	6–12 months N'million	Over 12 months N'million	Total N'million
Performance bonds and financial guarantees	391.00	3,099.00	3,703.00	4,237.00	7,828.00	19,258.00
Contingent letters of credit	5,611.00	12,566.00	12,054.00	1,004.00	0.00	31,235.00
	6,002.00	**15,665.00**	**15,757.00**	**5,241.00**	**7,828.00**	**50,493.00**

Capital Management

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

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

- Ensuring the Bank fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
- Ensuring the Bank is adequately 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 2 tiers:

- Tier 1 capital includes: share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at Tier 1 capital.
- Tier 2 capital includes: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds.

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

Risk weighted assets are derived based on a four-level pre-defined risk weight 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.

Financial risk analysis **For the year ended December 31, 2010** ***continued...***

Capital Management continued

The table below shows the breakdown of the Group and the Bank's regulatory capital for the periods ended December 31, 2009 and December 31, 2010:

	GROUP		BANK	
	December 31, 2010 N'000	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 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	**10,089**	8,992	**10,089**	8,992
SMIEIS reserve	**659**	659	**659**	659
Retained earnings: foreign currency transactions	**7,517**	3,438	**7,383**	1,972
Less: goodwill and intangible assets	**(6,039)**	(6,047)	**0**	-
Total qualifying Tier 1 capital	**128,731**	**123,546**	**134,636**	**128,127**
TIER 2 CAPITAL				
Revaluation reserve: fixed assets	**-**	-	**-**	-
Translation reserve	**(35)**	(27)	**-**	-
Less: Investments in subsidiaries	**-**	-	**-**	-
Total qualifying Tier 2 capital	**(35)**	(27)	**-**	-
Total regulatory capital	**128,696**	**123,519**	**134,636**	**128,127**

	GROUP		BANK	
RISK WEIGHTED ASSETS	**December 31, 2010 N'000**	December 31, 2009 N'000	**December 31, 2010 N'000**	December 31, 2009 N'000
On-balance sheet	**404,438**	317,273	**406,917**	322,549
Off-balance sheet	**18,480**	25,246	**29,917**	25,246
	422,918	342,520	**436,834**	347,795
Risk weighted capital adequacy ratio	**30.87%**	36.06%	**30.82%**	36.84%

The Group's capital adequacy ratio was 30.87% as at December 31, 2010 which was significantly above CBN capital adequacy requirements by 20.87%.

Financial risk analysis For the year ended December 31, 2010 *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.

Operational Risk Methodology continued

- 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.
- 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.

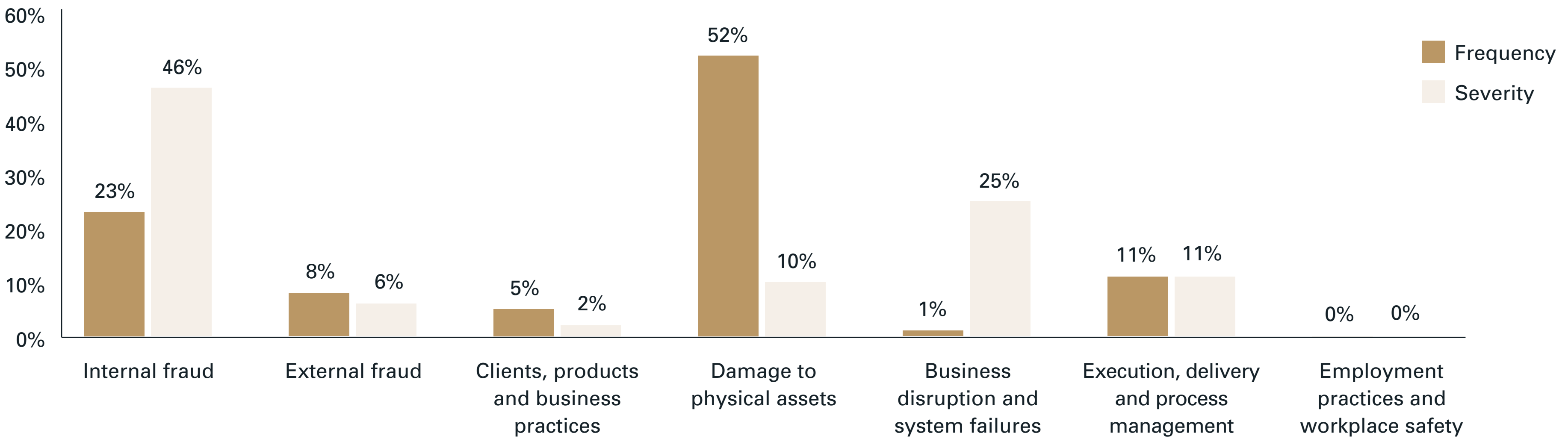
Capital is reserved for operational risks based on Basel II standardised approach. The estimated operational risk capital is further allocated to the respective business units for risk based performance management purposes (economic profit). The Bank intends to comply with the Basel II Advanced Measurement 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.

Financial risk analysis For the year ended December 31, 2010 *continued...*

Operational Risk Exposures

The Bank's operational risk losses as at December, 2010 were 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 period.



Internal fraud remains the largest component of operational risk losses in the banking sector. The fraud trend in the banking industry in 2010 worsened relative to the same period in 2009 particularly as unemployment within the sector increased (as banks reduced their workforce as a deliberate cost management strategy) and concerns on job security heightened among bank employees.

Operational Risk Exposures continued

In FCMB, internal fraud losses increased in absolute terms in 2010 compared to the same period in 2009 while external fraud losses reduced marginally. To further protect the Bank against re-occurrence and reduce overall losses attributable to internal and external fraud, the Bank commenced implementation of a number of measures within the year including:

- deploying new password policies for all critical internal systems as part of the Bank's enhanced information security practices
- implementing 2-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
- strengthening and outsourcing employee background check processes
- strengthening processes for 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 52% of total losses in the period under review, business disruption/system failure, processing errors and damages to physical assets accounted for the largest losses by value (25%, 11% and 10% respectively).

The 25% loss attributable to business/system disruption was as a result of a trading loss on a foreign currency transaction with an international counterparty which was worsened by disruptions on the Bank's telecommunications infrastructure on a particular trading day. We have since implemented appropriate redundancies and controls to mitigate against future occurrence. The loss arising from this trade was covered by profits made on subsequent trades in the course of the year.

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, 2010 *continued...*

Operational Risk Exposures continued

The distribution of operational risk losses as at December 2010 by severity is shown below:

SEVERITY OF LOSSES	Loss distribution by severity	
	Number of losses (%)	Gross loss amount (%)
0<=X<=100,000	28%	1%
100,000<=X<=500,000	39%	4%
500,000<=X<=1,000,000	5%	2%
1,000,000<=X<=5,000,000	24%	24%
5,000,000<=X<=10,000,000	1%	2%
10,000,000<=X<=15,000,000	0%	0%
15,000,000<=X<=20,000,000	1%	7%
Above 20,000,000	3%	60%
Total	**100%**	**100%**

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

The operational risk framework and practices operational at the Bank level is currently being implemented across other companies within the Group. This process is scheduled to be completed within the second quarter of 2011, and when completed, will further enhance the Group's risk management practices.

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Statement of value added For the year ended December 31, 2010

	GROUP				BANK			
	December 31, 2010 N'000	**%**	December 31, 2009 N'000	%	**December 31, 2010 N'000**	**%**	December 31, 2009 N'000	%
Gross income	**62,724,458**		35,789,264		**57,824,483**		33,398,740	
Interest expense	**(21,698,007)**		(11,391,549)		**(21,699,307)**		(11,479,885)	
	41,026,451		24,397,715		**36,125,176**		21,918,855	
Allowance for losses	**439,415**		(2,640,771)		**759,805**		(2,066,622)	
Administrative overhead	**(14,388,961)**		(8,409,699)		**(13,295,999)**		(7,599,289)	
Value added	**27,076,905**	**100%**	13,347,246	100%	**23,588,982**	**100%**	12,252,944	100%
Distribution								
Employees								
Salaries and benefits	**14,906,101**	**55%**	10,393,865	78%	**13,025,442**	**55%**	9,528,786	78%
Government								
Taxation	**1,090,771**	**4%**	292,262	2%	**242,566**	**1%**	55,463	0%
The future								
Asset replacement (depreciation)	**3,145,062**	**12%**	2,096,781	16%	**2,998,652**	**13%**	1,999,324	16%
Proposed dividend	**5,694,917**	**21%**	-		**5,694,917**	**24%**		
Expansion (transfers to reserve)	**2,240,054**	**8%**	564,338	4%	**1,627,405**	**7%**	669,371	5%
Value added	**27,076,905**	**100%**	13,347,246	100%	**23,588,982**	**100%**	12,252,944	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.

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Five-year financial summary

GROUP

	December, 31 2010 N'000	December, 31 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000	April 30, 2007 N'000
ASSETS EMPLOYED					
Cash and balance with Central Banks	**13,406,893**	9,010,895	7,169,038	8,473,486	16,813,667
Treasury bills	**22,588,314**	8,521,058	4,429,643	22,403,134	22,651,051
Due from other banks	**57,311,736**	121,786,201	165,145,574	194,747,892	99,672,422
Loans and advances	**326,899,532**	238,732,090	271,103,278	186,634,383	83,577,134
Advances under finance lease	**3,521,022**	1,165,896	2,113,827	2,296,749	551,785
Deferred tax assets	**572,053**	1,107,267	1,300,378	2,638,674	8,880
Investment securities	**74,188,921**	41,463,536	32,889,181	4,338,187	7,999,525
Investment in subsidiaries	**-**	-	-	-	-
Investment in associates	**145,000**	300,000	-	-	-
Goodwill on consolidation	**6,074,045**	6,074,045	-	-	-
Other assets	**13,818,756**	13,662,332	10,449,657	29,173,961	18,791,131
Investment property	**131,778**	-	-	-	-
Property and equipment	**19,932,832**	21,817,923	21,001,009	16,630,564	12,775,494
	538,590,882	463,641,243	515,601,585	467,337,030	262,841,089

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GROUP

	December, 31 2010 N'000	December, 31 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000	April 30, 2007 N'000
FINANCED BY					
Share capital	**8,135,596**	8,135,596	8,135,596	8,135,596	4,751,215
Share premium	**108,369,199**	108,369,199	108,369,199	108,369,199	20,989,590
Other reserves	**18,265,715**	13,088,249	12,550,624	17,128,335	5,362,780
Non-controlling interest	**-**	-	-	17,835	-
Customer deposits	**334,821,192**	266,012,607	321,219,293	251,223,129	187,670,992
Due to other banks	**580,784**	13,681,208	27,015,927	26,231,049	15,636,837
Borrowings	**25,116,189**	30,178,530	11,183,932	24,538,500	13,144,198
Tax payable	**1,867,603**	2,451,430	2,584,437	5,290,123	1,307,377
Other liabilities	**40,813,679**	20,328,304	22,205,810	22,754,206	13,207,606
Deferred tax liabilities	**20,192**	1,104,447	2,096,961	3,649,058	770,494
Retirement benefit obligations	**600,733**	291,673	239,806	-	-
	538,590,882	463,641,243	515,601,585	467,337,030	262,841,089
Acceptances and guarantees	**65,249,741**	50,492,799	42,160,999	120,039,062	46,111,226

	12 months December 2010 N'000	8 months December 2009 N'000	12 months April 2009 N'000	12 months April 2008 N'000	12 months April 2007 N'000
PROFIT AND LOSS ACCOUNT					
Gross earnings	**62,673,604**	35,789,264	72,698,313	52,818,798	24,973,311
Profit before tax	**9,025,742**	856,600	4,773,765	20,517,326	7,569,086
Tax	**(1,090,771)**	(292,262)	(779,222)	(5,408,235)	(1,620,407)
Profit after tax	**7,934,971**	564,338	3,994,543	15,109,091	5,948,679
Minority interest	**-**	-	-	(17,685)	-
Transfer to reserves	**7,934,971**	564,338	3,994,543	15,091,406	5,948,679
Earnings per share – basic	**49k**	5k	25k	135k	63k

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Five-year financial summary ***continued...***

BANK

	December, 31 2010 N'000	December, 31 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000	April 30, 2007 N'000
ASSETS EMPLOYED					
Cash and balance with Central Banks	**13,406,438**	9,009,240	7,168,159	8,472,161	16,813,567
Treasury bills	**22,588,314**	8,521,058	4,429,643	22,403,134	22,651,051
Due from other banks	**50,361,306**	118,652,423	165,149,865	194,747,892	99,672,422
Loans and advances	**323,531,060**	236,844,499	270,188,782	186,565,206	83,577,134
Advances under finance lease	**3,521,022**	1,165,896	2,113,827	2,296,749	551,785
Deferred tax assets	**433,047**	854,279	1,229,671	2,629,794	-
Investment securities	**71,916,099**	39,984,190	32,791,243	4,187,871	7,898,973
Investment in subsidiaries	**11,005,868**	10,865,468	240,150	240,150	240,000
Investment in associates	**300,000**	300,000	-	-	-
Other assets	**13,483,357**	12,522,270	10,191,790	27,093,988	18,639,743
Property and equipment	**19,526,977**	21,361,771	20,906,484	16,573,956	12,761,215
	530,073,488	460,081,094	514,409,614	465,210,901	262,805,890

BANK

	December, 31 2010 N'000	December, 31 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000	April 30, 2007 N'000
FINANCED BY					
Share capital	**8,135,596**	8,135,596	8,135,596	8,135,596	4,751,215
Share premium	**108,369,199**	108,369,199	108,369,199	108,369,199	20,989,590
Other reserves	**18,131,027**	11,622,265	10,952,894	15,622,678	5,228,059
Customer deposits	**334,897,851**	272,624,017	322,418,759	251,580,103	187,990,701
Due to other banks	**580,784**	13,681,101	27,023,049	26,231,049	15,636,837
Borrowings	**25,116,189**	30,178,530	11,183,932	24,538,500	13,144,198
Tax payable	**1,200,495**	1,655,286	2,187,383	4,580,652	1,258,106
Other liabilities	**33,078,675**	12,466,830	21,834,783	22,514,354	13,036,690
Deferred tax liabilities	**-**	1,078,009	2,087,590	3,638,770	770,494
Retirement benefit obligations	**563,672**	270,261	216,429	-	-
	530,073,488	460,081,094	514,409,614	465,210,901	262,805,890
Acceptances and guarantees	**65,249,741**	50,492,799	42,160,999	120,039,062	46,111,226

	12 months December 2010 N'000	8 months December 2009 N'000	12 months April 2009 N'000	12 months April 2008 N'000	12 months April 2007 N'000
PROFIT AND LOSS ACCOUNT					
Gross earnings	**57,824,483**	33,398,740	71,063,543	50,086,197	24,678,518
Profit before tax	**7,564,888**	724,834	3,979,274	18,437,711	7,390,228
Tax	**(242,566)**	(55,463)	(513,462)	(4,717,241)	(1,584,371)
Profit after tax	**7,322,322**	669,371	3,465,812	13,720,470	5,805,857
Transfer to reserves	**7,322,322**	669,371	3,465,812	13,720,470	5,805,857
Earnings per share – basic	**45k**	6k	21k	123k	61k

List of Branches

S/N	Name	State	Status	Address
1	**Aba**	Abia	Branch	90 Asa Road, Aba
2	**Aba, Faulks Road**	Abia	Branch	200 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	6 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, Wuse 2, Abuja
10	**National Assembly**	Abuja	Cash Centre	National Assembly Complex, Abuja
11	**Yola**	Adamawa	Branch	Hospital Road, Jimeta Town, Yola
12	**Eket**	Akwa Ibom	Branch	Along Grace Bill Road by Marina, Eket
13	**Ikot Ekpene**	Akwa Ibom	Branch	Plot C, Bank Layout, Ikot Ekpene
14	**Oron Road Uyo**	Akwa Ibom	Branch	105 Oron Road, Uyo

S/N	Name	State	Status	Address
15	**Uyo Branch**	Akwa Ibom	Branch	143 Abak Road
16	**Awka**	Anambra	Branch	84 Nnamdi Azikiwe Avenue, Awka
17	**Oko**	Anambra	Branch	4 Hospital Road
18	**Onitsha**	Anambra	Branch	9a Market Road, Onitsha
19	**Onitsha**	Anambra	Branch	40 Uga Street, Bridgehead, Onitsha
20	**Nnewi**	Anambra	Branch	5 Oraifite Street, Mnewi
21	**Yenagoa**	Bayelsa	Branch	Off Nixon Junction, Kpasia, Yenagoa
22	**Makurdi**	Benue	Branch	12 New Bridgehead Way, Markudi
23	**Maiduguri**	Borno	Branch	Baga Road, Maiduguri, Borno
24	**Bauchi**	Bauchi	Branch	Forma Women Devt Centre G.R.A., Bauchi
25	**Calabar**	Cross River	Branch	15 Calabar Road, Calabar
26	**Ikom**	Cross River	Branch	7 Calabar Road, Ikom
27	**Asaba**	Delta	Branch	371 Nnebisi Road, Asaba
28	**Warri**	Delta	Branch	300 Effurun Sapele Road, Warri
29	**Warri**	Delta	Branch	Plot 151/153 Okumagba Avenue

S/N	Name	State	Status	Address
30	**Oando, Warri**	Delta	Cash Centre	Oando Premises, Warri
31	**Abakiliki**	Ebonyi	Branch	36b Sam Egwu Way, Abakiliki, Ebonyi State
32	**Benin**	Edo	Branch	112 Mission Road, Benin City
33	**Ugbowo**	Edo	Branch	183 Uselu-Ugbowo Road, Benin City
34	**Guinness Benin**	Edo	Cash Centre	Guinness Premises, Ikpoba Hill, Agbor Road, Benin City
35	**Ado-Ekiti**	Ekiti	Branch	Along Secretariat Road
36	**Enugu**	Enugu	Branch	12a Market Road, Enugu
37	**Garden Avenue**	Enugu	Branch	41 Garden Avenue, Enugu
38	**Gombe**	Gombe	Branch	11 Biu Link Road, Commercial Area Opp. Central Market, New Eid Ground, Gombe
39	**Ashaka**	Gombe	Cash Centre	Ashaka Cement Complex
40	**Owerri**	Imo	Branch	81 Wetheral Road, Owerri
41	**Dutse**	Jigawa Branch	Branch	12a/13a Kiyawa Rd, Dutse, Jigawa
42	**Kaduna**	Kaduna	Branch	A1 Ahmadu Bello Way
43	**Kaduna 1**	Kaduna	Branch	1 & 2a Kachia Road, Kaduna

S/N	Name	State	Status	Address
44	**Zaria**	Kaduna	Branch	F3 Kaduna-Gusau Road, Zaria
45	**Bello Road, Kano**	Kano	Branch	17/18 Bello Road
46	**Kano**	Kano	Branch	145 Murtala Mohammed Way
47	**Katsina**	Katsina	Branch	Kano/Katsina Rd, By Yantomaki Rd Junction. Katsina
48	**Birnin Kebbi**	Kebbi	Branch	Ahmadu Bello Way, Birnin-Kebbi
49	**Lokoja**	Kogi State	Branch	Okene/Kabba Rd Opp. Stella Obasanjo Library, Lokoja
50	**Obajana**	Kogi State	Cash Centre	Opposite Obajana Cement Factory
51	**Ilorin**	Kwara	Branch	33 Murtala Mohammed Way, Ilorin, Kwara State
52	**Adeola Odeku**	Lagos	Branch	11b Adeola Odeku Street, Victoria Island
53	**Agege**	Lagos	Branch	Old Abeokuta Expressway, Tabon Tabon, Agege, Lagos
54	**Airport Road**	Lagos	Branch	Plot 25, Muritalla Mohammed International Airport Road, Ikeja
55	**Ajah**	Lagos	Branch	Km 23 Berger Bus Stop, Ajah
56	**Akowonjo**	Lagos	Branch	Shasha Roundabout, Akowonjo
57	**Alaba**	Lagos	Branch	Obosi Plaza, A Line, Alaba International Market, Ojo

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List of Branches *continued...*

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

S/N	Name	State	Status	Address
73	**Mushin Isolo**	Lagos	Branch	253 Agege Motor Road, Beside AP Filling Station, Mushin
74	**Ogba**	Lagos	Branch	23 Ogba Ijaiye Road, Opp Waec Ogba
75	**Ojo**	Lagos	Branch	148a Olojo Drive
76	**Alaba Electrical Section**	Lagos	Cash Centre	Shop S1, Alaba International Market
77	**Sanusi Fafunwa**	Lagos	Branch	17 Sanusi Fafunwa Street
78	**The Palms**	Lagos	Branch	The Palms Shopping Complex by Lekki Phase 1, First Roundabout
79	**Victoria Island**	Lagos	Branch	Plot 1661, Oyin Jolayemi Street
80	**Yaba**	Lagos	Branch	43 Ojuelegba Road, Yaba, Lagos
81	**Guinness Ikeja**	Lagos	Cash Centre	Guinness Premises, 24 Oba Akran Avenue
82	**Iponri**	Lagos	Cash Centre	Shop 529–531, Iponri Shopping Complex
83	**Marina**	Lagos	Branch	44 Marina Street, Lagos
84	**Idimu**	Lagos	Branch	218 Egbeda–Idimu Road, Faith B/ Stop, Opp Yemkem Int'l Plaza, Idimu-Lagos

S/N	Name	State	Status	Address
85	**Adetokunbo Ademola**	Lagos	Branch	Plot 719, Adetokunbo Ademola Street, V.I Lagos
86	**Adeniran Ogunsanya**	Lagos	Branch	33 Adeniran Ogunsanya Street, Surulere
87	**Adeola Hopewell**	Lagos	Branch	38, Plot 727, Adeola Hopewell Street, Victoria Island, Lagos
88	**Aspamda**	Lagos	Branch	Zone D, R1, International Trade Fair Complex, Ojo
89	**GRA, Ikeja**	Lagos	Branch	50 Isaac John Street, GRA, Ikeja
90	**Lekki 2**	Lagos	Branch	Igbokushu Village Opp. Jakande Estate Lekki-Epe Express Way, Lagos
91	**Oke Arin**	Lagos	Branch	11 Ijaiye Street, Oke-Arin, Lagos
92	**Okota**	Lagos	Branch	117 Okota Road, Opposite Phcn, Okota, Lagos
93	**Orile Coker**	Lagos	Branch	Ceramic Tiles Market, Alaba Market
94	**Shomolu**	Lagos	Branch	31 Shipeolu Street, Onipan, Shomolu, Lagos
95	**Ibafon, Apapa**	Lagos	Cash Centre	15 Apapa-Oshodi Expressway, Ibafon
96	**NPA**	Lagos	Cash Centre	Nigerian Port Authority, Apapa
97	**Zenon Oil**	Lagos	Cash Centre	Zenon Direct Filling Station, Cele Bus stop, Oshodi-Apapa Expressway

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

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List of Branches *continued...*

S/N	Name	State	Status	Address
112	**Oshogbo**	Osun	Branch	Along Gbongan Road, Oshogbo, Osun State
113	**Ibadan Bodija**	Oyo	Branch	Ibadan Bodija Branch
114	**Ibadan**	Oyo	Branch	23/25 Lebanon Street
115	**Ojoo**	Oyo	Branch	Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo State
116	**Uch Ibadan**	Oyo	Cash Centre	University College, Opp Total Filling Station, Ibadan
117	**Akinyele Cattle Market**	Oyo	Cash Centre	Lam Adesina International Cattle Market, Akinyele, Ibadan
118	**Jos**	Plateau	Branch	Along Bukuru Bye Pass, Jos
119	**Garrison**	Rivers	Branch	85 Port Harcourt/Aba Road, Garrison Roundabout, PH
120	**Ikwerre Road**	Rivers	Branch	Ikwerre Road, Port Harcourt
121	**Olu Obasanjo Way**	Rivers	Branch	80 Olu Obasanjo Way
122	**Oyigbo**	Rivers	Branch	290 Old Aba Road, Oyigbo, Rivers State
123	**PH Regional Office Branch**	Rivers	Branch	Plot 466/467, Trans Amadi Industrial Layout, Port Harcourt
124	**Port Harcourt**	Rivers	Branch	Plot 282a, Ph/Aba Express Road, Port Harcourt
125	**Abuloma**	Rivers	Branch	46a Abuloma Road, Opposite Bozgomero Estate, Abuloma, Port Harcourt
126	**Aggrey**	Rivers	Branch	81 Aggrey Road, Port Harcourt
127	**Sokoto**	Sokoto	Branch	Plot 4, Kano Road, Sokoto
128	**Jalingo**	Taraba	Branch	Hammaniwa Road, Jalingo
129	**Damaturu**	Yobe	Branch	29/32 Bukar Abba Ibrahim Way, Damaturu
130	**Gusua**	Zamfara	Branch	Plot 103, Gusau-Sokoto Road, GusauIST OF

Personal account application form

Individual/joint account holders

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

FCMB

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

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	N0.50	813,560,000	07/12/2010

FCMB

Proxy form

FIRST CITY MONUMENT BANK PLC (RC 46713)
28TH ANNUAL GENERAL MEETING to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Friday, May 13, 2011 at 11.00 am

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 am on Friday, May 13, 2011 or at any adjournment thereof.

Dated this ______________ day of ______________________ 2011.

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

		FOR	AGAINST
1	To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2010, the Auditors Report thereon and the Audit Committee Report.		
2	To declare a dividend.		
3	To authorise the Directors to fix the remuneration of the Auditors.		
4	To approve the remuneration of Directors.		
5	To elect/re-elect members of the Audit Committee.		
6	To consider and if thought fit pass the following as an Ordinary Resolution: "To approve the remuneration of Directors for the year ending December 31, 2011".		
7	To consider and if thought fit pass the following as Special Resolutions: i. "That subject to all relevant regulatory approvals being obtained, the Directors be and are hereby authorised to take steps to comply with the requirements of the Central Bank of Nigeria (CBN) new licensing regime by relinquishing the Bank's current universal banking licence and applying to CBN for a commercial banking licence with international banking authorisation". ii. "That the Directors be and are hereby authorised to take steps to comply with the directives of the Central Bank of Nigeria (CBN) by separating the non-banking subsidiaries from the Bank and re-organising the non-bank businesses within a Group arrangement that will deliver and/or unlock value for shareholders in such manner as they consider necessary within the period prescribed by the CBN, and upon such terms and conditions as the Directors may determine to be in the best interest of the Bank". iii. "That the Directors be and are hereby authorised to take all such actions, including but not limited to: a. entering into agreements, undertakings, transfers, assignments, guarantees, or such other arrangements with any party or parties in order to implement, finalise and give full effect to the aforesaid directives; and b. appointing all relevant professional parties as they deem necessary for the purpose of giving effect to the CBN directives. iv. "That the appointments of Messrs Olusegun Odubogun and Alhaji Ibrahim Damcida as Director and Alternate Director respectively be and are hereby approved". v. "That in furtherance to the Shareholders' approval given at the 27th Annual General Meeting held on July 21, 2010 authorising the Bank to accept from leading development financial institutions and/or offshore correspondent banks or lenders an investment in equity and/or convertible debt upon terms to be agreed: a. the bank should proceed to accept the USD70 million Loan Facility offer (the Loan) from the International Finance Corporation (IFC); b. the terms of, execution of, and the transactions contemplated by the IFC Loan Agreement be and are hereby approved; c. any of the authorised signatories of the Bank should execute the Loan Agreement and any document relating thereto to which it is a party on behalf of the Bank as well as carry out any other activity to give effect to the transaction".		

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

ADMISSION CARD

FIRST CITY MONUMENT BANK PLC 28TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 28TH ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON FRIDAY, MAY 13, 2011 AT 11.00 AM

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

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