FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

FCMB

## My Bank and i...

# building the future

Annual Report and Accounts 2009

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


*First City Plaza – The symbol of our evolution*

First City Monument Bank (FCMB) is a universal banking institution 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.

### Our mission:
We are passionate about building a world-class financial services group that is focused on adding value to businesses and lives, and committed to a culture of excellence.

### Our core values:
Professionalism
Ambition
Creativity
Excellence

# My Bank and i…
# building **the future**

**Auditors:**
PricewaterhouseCoopers
(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)

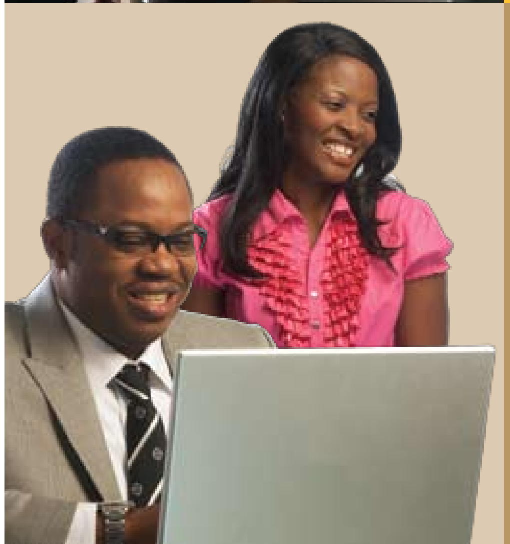
www.firstcitygroup.com

**INTRODUCTION**

2 CORPORATE PROFILE
4 PERFORMANCE: FINANCIAL HIGHLIGHTS
6 NOTICE OF ANNUAL GENERAL MEETING
8 FROM THE ARCHIVES OF THE FOUNDER
10 STATEMENT FROM THE CHAIRMAN
14 REVIEW BY THE CHIEF EXECUTIVE OFFICER


**OPERATING REVIEW**

18 RETAIL BANKING
20 CORPORATE BANKING
22 PUBLIC SECTOR BANKING
24 TREASURY AND FINANCIAL MARKETS
26 INVESTMENT BANKING
28 CORPORATE SOCIAL RESPONSIBILITY ACTIVITY REPORT
32 ENTERPRISE RISK MANAGEMENT
43 BOARD EVALUATION REPORT
44 CORPORATE GOVERNANCE
50 BOARD OF DIRECTORS
54 DIRECTORS' REPORT
57 SHAREHOLDING ANALYSIS

**FINANCIAL STATEMENTS**

63 STATEMENT OF DIRECTORS' RESPONSIBILITIES
64 REPORT OF THE AUDIT COMMITTEE
65 REPORT OF THE INDEPENDENT AUDITOR
66 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
72 PROFIT AND LOSS ACCOUNT
73 BALANCE SHEET
75 CASH FLOW STATEMENT
77 NOTES TO FINANCIAL STATEMENTS
109 STATEMENT OF VALUE ADDED
110 FOUR- AND FIVE-YEAR FINANCIAL SUMMARY
114 LIST OF BRANCHES
119 FORMS: ACCOUNT OPENING FORM
E-DIVIDEND FORM, E-BONUS FORM, PROXY FORM

# who **we are**

## About FCMB

From its early origins in investment banking as City Securities Limited in 1977, FCMB (est. 1982) has emerged as one of the leading financial services institutions in Nigeria, a top 10 bank with subsidiaries that are market leaders in their respective segments.

The bank has 150 branches across Nigeria and is headquartered in Lagos. The bank also has 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. Product and service offerings are focused on three main areas (Investment Banking, Retail Finance and Transaction Services). Key customer segments comprise Corporate and Institutional Clients, Small to Medium Scale Enterprises and Individuals.

FCMB's success has been recognised by many industry awards over the years both nationally and internationally. Most recently, it won the Euromoney 2008 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-CML 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 of investment banking, with nomination in 2009 for the most innovative bank in Africa by African Banker Magazine.**

## Our Approach

Our primary objective is to be the best banking group in Africa in the eyes of our customers, employees and shareholders. We will pursue this by not necessarily being the biggest, but seeking to be leaders by profitability first and then market share in each niche that we play. Our niches are selected based on their macroeconomic relevance, developmental impact, our ability to lead profitably and long term prospects. Hence quality and profitability matrices are our most important measures, along with employee and social goals. The two most important competencies we are building are operational excellence and customer intimacy.

## Factfile

- Public company, listed on the Nigerian Stock Exchange in 2004.
- Initial Public Offering in 2005.
- Number of shares outstanding: 16.3 billion ordinary shares.
- Financial year end: 31 December.
- One of only a few banks in Nigeria with an international rating.
- Credit rating of B (Short Term), B+ (Long Term) by Standard & Poor's (August 2009). Local rating: NgA.

## Associated Companies

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

**CSL Registrars Limited (100% ownership from November 2009)**
Nigeria's largest independent share registration company that manages the register 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 amongst many others – providing access to an investor database in excess of 300,000 investors.

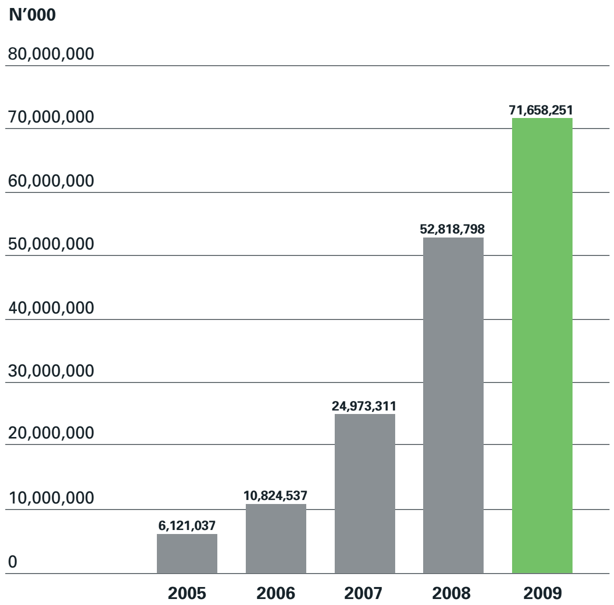
**Legacy Pension Fund Administrators (PFA) (25% ownership)**
One of the fastest growing PFAs in the emerging Pension industry of Nigeria. After three years of operation, Legacy is now a profitable and highly regarded PFA with over N50 billion assets under management.

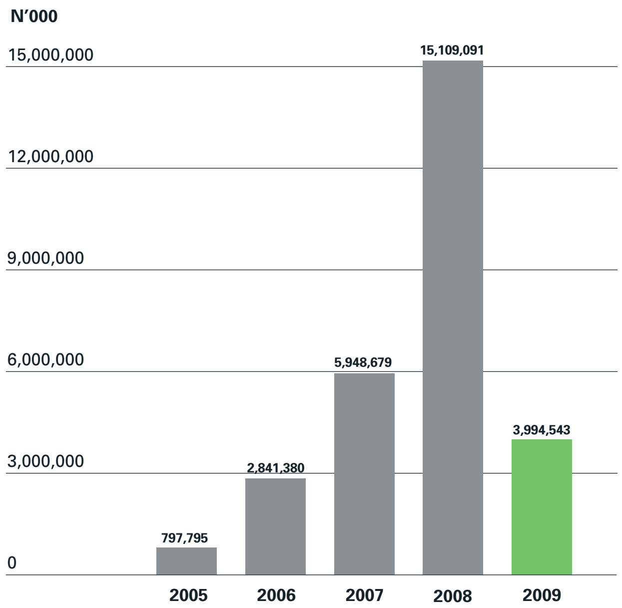
# our **financial highlights**

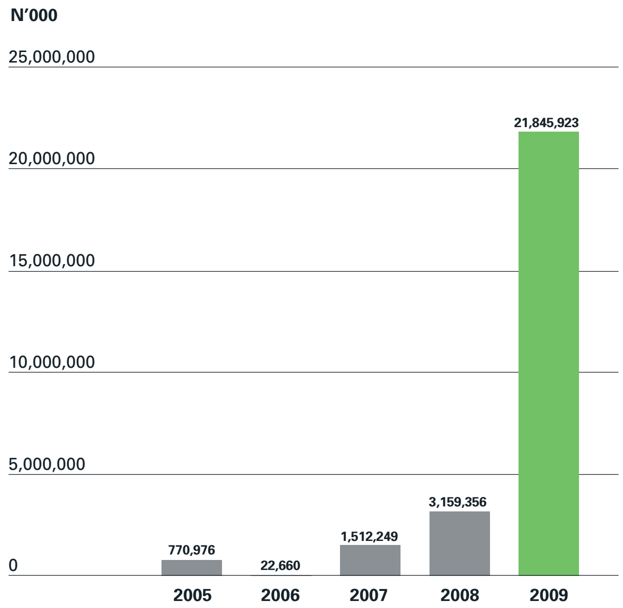
## Gross Earnings
**N71.66 billion**
36%* increase

## Profit After Tax
**N3.99 billion**
74%* decrease

## Provision Expense
**N21.85 billion**
591%* increase



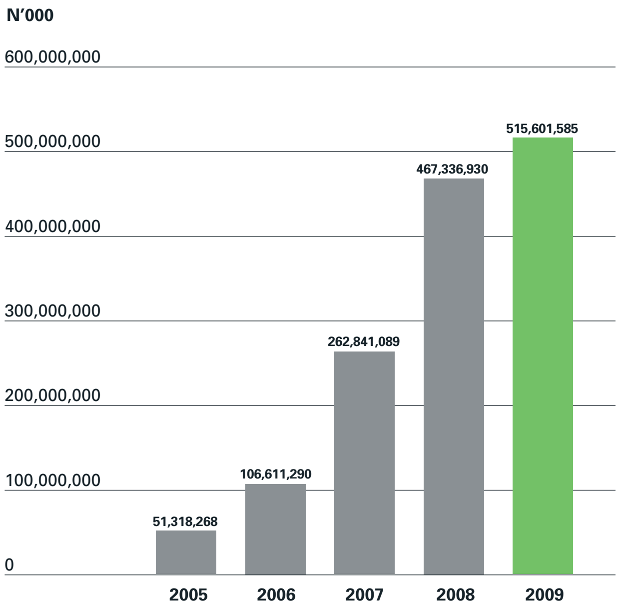



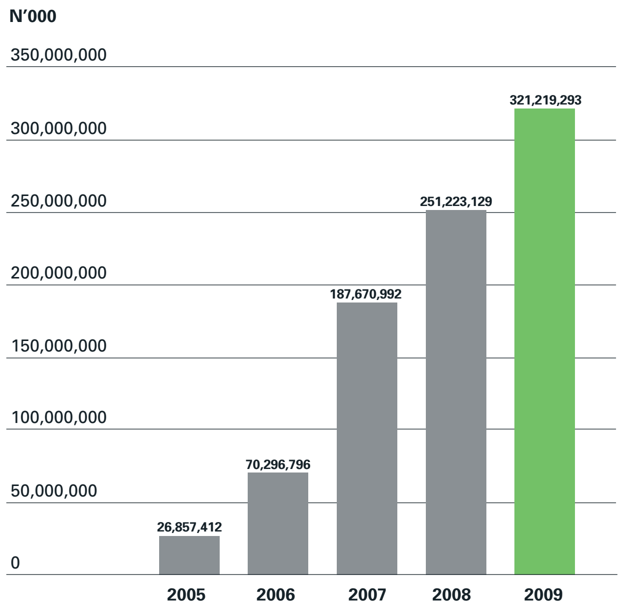

* Percentage increases are between 2008/09

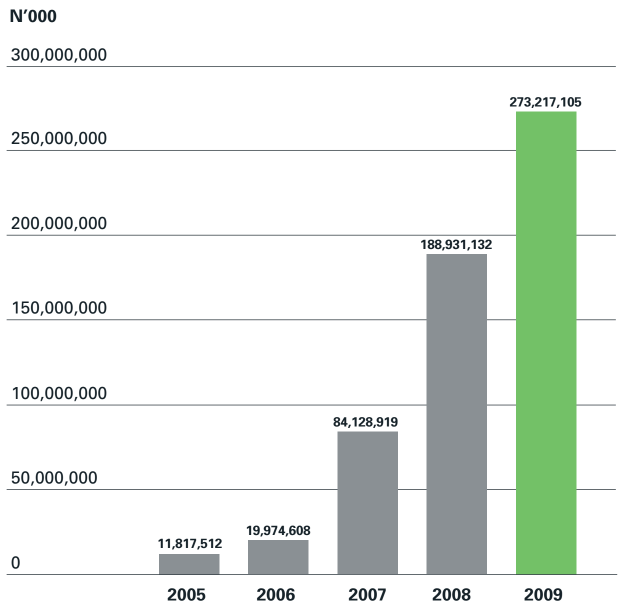
## Total Assets
# N515.60 billion
10%* increase

## Total Deposits
# N321.22 billion
28%* increase

## Total Loans and Advances
# N273.22 billion
45%* increase



# notice of **annual general meeting**

**Olajumoke Bakare**
*Company Secretary*

**Notice is hereby given** that the 26th Annual General Meeting of First City Monument Bank Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Wednesday December 16, 2009 at 11.00 a.m. to transact the following:

## Ordinary Business

1. To receive and consider the Report of the Directors and the Financial Statements for the year ended April 30, 2009, the Auditor's Report thereon and the Audit Committee Report.
2. To authorize the Directors to fix the remuneration of the Auditors.
3. To elect/re-elect members of the Audit Committee.

## Special Business

4. To consider and if thought fit pass the following resolutions as Special Resolutions:
   - i. "That the appointment of Mr. Peter Osabuohien Obaseki as a Director be and is hereby approved."
   - ii. "That the appointment of Mr. Nabeel Anjum Malik (Pakistani) as a Director be and is hereby approved."
   - iii. "That pursuant to Article 83 of the Company's Articles of Association, the Directors be and are hereby authorized to issue securities by establishing a N100.0 billion Debt Issuance Programme by way of book building process or any other methods in tranches of such amounts and at such date(s) and upon such terms and conditions to be determined by the Directors, subject to obtaining the approvals of relevant regulatory bodies."

Dated this 25th day of November, 2009.

**By Order of the Board**

**Olajumoke Bakare (Mrs)**
Company Secretary

## Notes

### Proxies

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

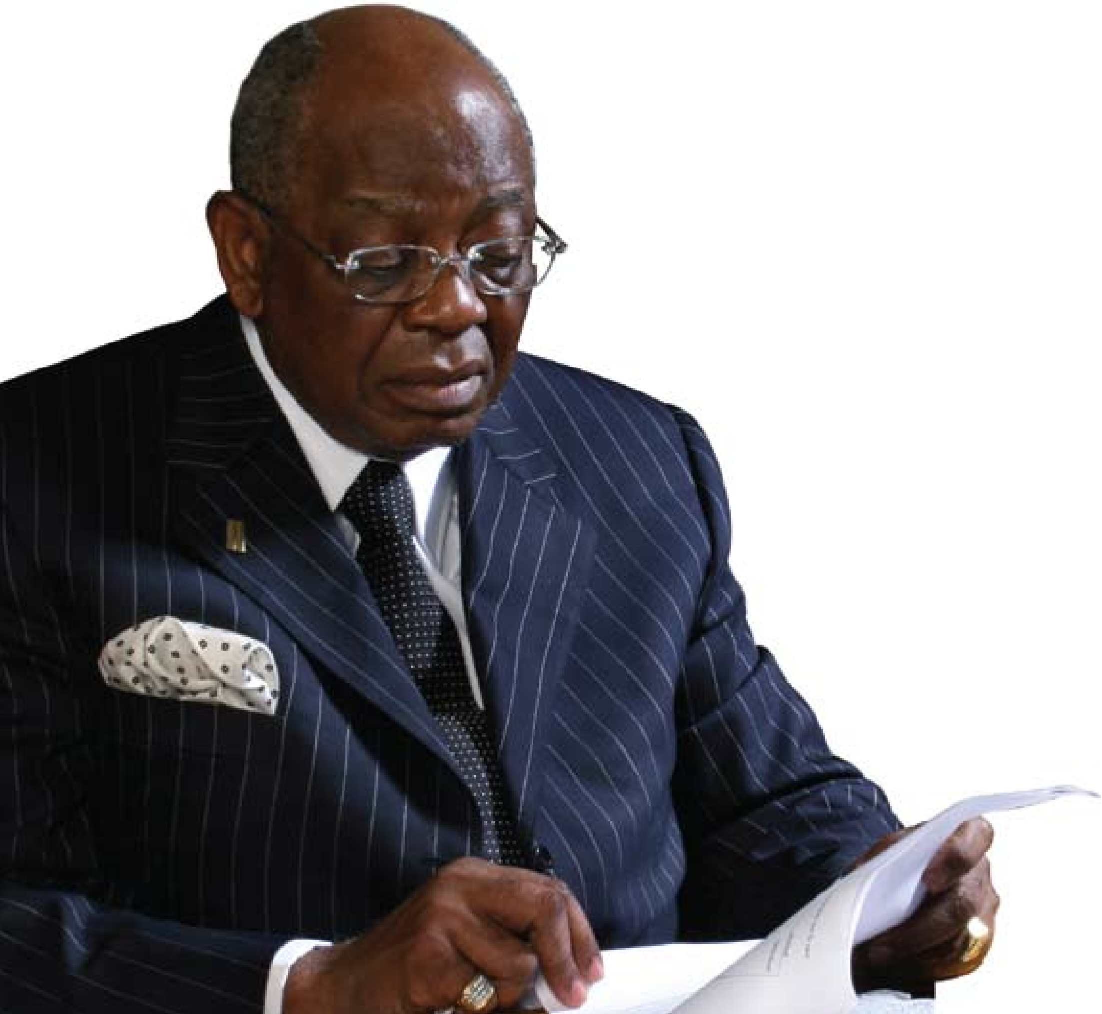
### Closure of Register

The Register of members will be closed from Wednesday December 9, 2009 to Friday December 11, 2009 (both days inclusive).

### Audit Committee

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

# from the archives of **the founder**



## The Strength of our Foundation and the Relevance of Divine Intervention

When people hear us chorusing the refrain "Through the Love of God our Saviour, all will be well", not many of such people appreciate the relevance of this statement to our business endeavour! Some may not even feel comfortable with our frequent reference to God, in what they consider to be purely an entrepreneurial preoccupation; particularly as our material success might have blurred the vision of such people to the profound moral rather than material gains we have achieved through such disposition.

When the Vision for the establishment of the companies in First City Group was conceived, it was embedded in certain hallowed societal and business values which have stood us in good stead. These values include our penchant for integrity, transparency, honesty, professionalism, focus and hard work, coupled with our aspiration to be the leader and the reference point in whatever we set out to do; and all these we combine with prayerfulness. We have not however been idle nor have we taken these profound business values for granted; but we have subjected them to rigid practice coupled with our seeking the grace and the guidance of God our Maker, that we should not deviate from these cherished business values. It is

*"'A Financial Institution Built by God.' We pray that the good Lord our constant guide will continue to build this house for us (Amen)."*

therefore not surprising that in our business endeavours, we continue to weather and overcome storms, with equanimity, in view of our unshakable faith in the divine foundation of our financial institutions.

No individual or any institution anywhere in the world including Nigeria can claim to be unaffected by the universal economic meltdown nor can any institution within the Nigerian economic environment be insulated from the reforms and measures being put in place by the Regulatory Authorities to stem the effects of the economic downturn. Indeed, we believe that these reforms and measures are not just timely, but will have far-reaching effect on the health of all our financial institutions and indeed the economic environment as a whole.

Without being presumptuous, we have always been comforted by our adherence to these societal and business values which are enshrined in our Vision and Mission and have sustained us thus far in our journey. The banking industry particularly in Nigeria, will no longer be the same and it is as well that the current management team of our Group have been meticulous in putting in place policy measures that are an upshoot of our cherished business values. FCMB and indeed First City Group, can look back with satisfaction that it has adopted these hallowed and cherished societal and business values that have been passed down to us by our Founding Fathers and which we have continued to improve upon.

It will not be out of place to assert that the Founding Fathers of the bank and indeed the Group appreciate the zeal and determination of the current management team to instill the culture of our business values into the entire processes of our organization and also to excel. It is our considered view that FCMB at the end of the current exercise and reforms, will be better off, and we can confidently assert that both in the visioning as well as the execution of our mission, FCMB and indeed First City Group can look forward to a brighter future on a more solid foundation. It is not controvertible if we assert that these values have assisted us in obtaining the approval of the Financial Services Authority (FSA) in the UK to extend the frontiers of our business ambition by the setting up of a UK subsidiary in a city that is universally accepted as one of the major financial centres of the world.

We will like to conclude, by enjoining all of us, to stick to these our business values which we regard as sacred and universal. Let us also embrace the gains of our solid foundation, and let us accept that it is the solid foundation of our Institutions and our set values that have earned us the accolade **"A Financial Institution Built by God". We pray that the good Lord our constant guide will continue to build this house for us (Amen)**.

**Otunba Michael O Balogun, CON**
FOUNDER

# statement from **the chairman**

Fellow shareholders and directors, invited guests, ladies and gentlemen, it is my pleasure to welcome you to the 26th Annual General Meeting of our bank and to present to you the Annual Report and Accounts of the bank for the year ended April 30, 2009. In keeping with statutory requirements, I am also pleased to confirm that copies of this Annual Report and Accounts were despatched to shareholders before this morning.

I will now proceed to review the business environment in which the bank operated during the last financial year and to summarise how the significant challenges posed by this environment impacted on our business activities and performance.

## A year of upheavals; a global financial crisis and a major economic recession

2008 was a remarkable year, which may perhaps justifiably be described as a ‘once in a lifetime’ year. It was characterized by a number of very unusual events, including, most obviously, the escalation of the global financial crisis that started in 2007, and the subsequent economic meltdown which, it is now generally agreed, will last well beyond the end of this year and possibly that of 2010 as well. The financial crisis was initially triggered by the loss of investor confidence in the value of securitized mortgages, and other complex credit instruments in the United States of America. This resulted in a subsequent liquidity crisis, both in the United States and in Europe, which prompted a sharp contraction in money supply, a rapid decline in credit to the economy, waning consumer confidence and expenditure, leading ultimately to a major recession that is still spreading throughout the majority of both developed and emerging market economies.

*"In line with management's commitment to enhancing and protecting shareholder value, whilst the bank will still continue to pursue new business openings in the coming years, it will also operate with the necessary prudence and caution, in order to ensure that shareholder value is not eroded..."*

An early indication of the severity of this crisis was the sudden collapse of the British bank, Northern Rock Plc, a medium-sized but highly leveraged financial institution that was principally engaged in mortgage lending. However, later in 2008, this crisis reached unexpected proportions with the collapse of Bear Stearns, an investment banking business founded in 1923 and which had survived the Wall Street Crash of 1929 and, even more significantly, the collapse of Lehman Brothers. This was another long established investment bank with, more importantly, much wider ranging and more complex international relationships than either Northern Rock or Bear Stearns, and hence its collapse had far greater systemic significance. Large bailouts were provided for leading banks, including Citigroup and Bank of America, whilst the insurance giant, AIG, as well as the major automobile companies, General Motors and Chrysler, were also rescued by the Bush and Obama administrations. All these corporations had been seen as blue chip institutions and leaders in their sectors, but this perception of invincibility was shattered overnight in the wave of liquidity crises, insolvencies, nationalisations and bail-outs, which have hit the global economy over the last 18 months.

Subsequent to these events, all the Western economies have been forced into the deepest recession which most of us have experienced in our lifetimes. From Alaska to Beijing, governments have abandoned conventional economic management in favour of massive injections of funds into their economies, through a variety of new techniques including the much discussed 'quantitative easing', as they try to stimulate consumption and avoid an even deeper recession. In line with such policies, the Obama administration has signed a US$787 billion fiscal stimulus package, whilst European Union governments have responded with fiscal measures, valued at some 1.5% of Europe's GDP.

## Nigeria: a growing economy, despite a severe liquidity squeeze, persistent inflation and currency devaluation

On the African continent, this recession triggered an overall collapse of commodity prices and, as a result, African economies, once seen as the final frontier of new wealth creation, were thrown into severe disarray. The price of crude oil fell from US$147 per barrel to US$35 per barrel in just 120 days, although it is true that, more recently, it has shown some signs of a modest recovery, moving to a trading range of US$60–70 per barrel. It is therefore hardly surprising that, with a major budget deficit looming, it has become apparent that Nigeria has not been immune to the effects of the global recession.

The international hedge funds which had contributed significantly to the appreciation of the Naira and the recent stock market boom suffered substantial losses, almost without exception, and began to withdraw from the Nigerian market, not least because it was still one of the few in the world where investors could still realise some medium-term gains and repatriate liquidity. This divestment, combined with the even more important collapse of margin lending to local investors, helped to create the largest and most rapid collapse in the stock market ever experienced in Nigeria, with the All Share Index falling by over 20% in January 2009 alone. The fall in the stock market was exacerbated by the significant devaluation of the Naira in the face of diminishing foreign exchange receipts from oil sales, thus providing further proof of the challenging macro-economic environment experienced throughout 2008 and 2009. However, there are some encouraging signs of at least a slowdown in the pace of economic decline. GDP growth remains at over 6%, driven principally by rapid growth in the non-oil sectors of the economy, particularly agriculture, which contributed almost 50% of the entire GDP growth in 2008. While continued disruption in oil production in the Niger Delta contributed further to the foreign exchange shortfall caused by the decline in world oil prices, the non-oil sector, led by agriculture, trade and telecommunications has provided a modest stimulus for economic growth.

The Government's much publicised policy emphasis on economic development has also provided some support. In its 2009 budget, the Nigerian Government is expected to spend over N1 trillion on capital projects, with a specific focus on power, energy, security and agriculture. Indeed, 2009 appears to be a turning point for public accountability, as the Federal Government will, for the first time, attempt to track performance against budget, via publicly disclosed indicators.

While economic growth has been positive, inflationary pressures have persisted since mid-2008. Headline inflation closed at an annualised rate of 15.1%, as at December 31, 2008, and has remained in double digits until the present time. The cause of this persistent increase in price levels can be traced to significant increases in the price of most staple food substances (the major item in the 'basket of goods', used to measure inflation), together with imported inflation, as a result of currency devaluation, and the rising prices of services, a reflection of the increased costs of doing business in Nigeria.

As mentioned earlier, the year under review also saw a rapid devaluation of the Naira, particularly during the second half of the bank's financial year (i.e. the last quarter of 2008 and the first quarter of 2009). The Naira now trades at N147.8: US$1, a sharp decline from the level of N116.8: US$1 recorded in January, 2008. This was largely the result of declining foreign exchange inflows from oil receipts, as well as the departure of many foreign portfolio investors from the Nigerian market and a reduction in remittances from overseas, as a result of the global economic slowdown. The devaluation of the Naira was, to some extent, mitigated by the managed decline in foreign exchange reserves, which have fallen to some US$43 billion from a peak of US$60 billion. This level of reserves can support some 11 months of imports, which is a conservative level by currently accepted international standards, and so it is encouraging to note that under its new Governor, the Central Bank of Nigeria has so far adopted a liberal approach towards the management of the foreign exchange market, which is in itself a confidence enhancing measure.

A brief survey of the major monetary aggregates shows that broad money supply (M2) grew by over 15% during the bank's financial year. With the growth in money supply slowing from over 50% in 2007 to 15% in 2008, it is not surprising that the growth of deposits within the banking system has also slowed dramatically, thereby worsening the already existing liquidity pressures in the system.

In conclusion, it is encouraging to note that, despite the very mixed signals provided by the leading economic indicators, the country has managed to maintain its positive sovereign rating of BB- from Fitch, whilst Standard & Poor's reduced its rating to a B+.

## Changes in the banking sector; the Central Bank of Nigeria steps in

The single event of greatest significance for the banking system actually took place after the end of the bank's financial year. This was, of course, the special audit of all the 24 banks operating in Nigeria carried out by a team of examiners from the Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Corporation (NDIC). The audit was commissioned by the newly appointed Governor of the CBN, Mallam Sanusi Lamido Sanusi, to investigate the capital adequacy, liquidity ratios and corporate governance status of Nigerian banks. At the end of this exercise, the managing and executive directors of eight banks were removed, while two banks were asked to raise additional capital to shore up their balance sheets. The CBN also injected N620 billion into the eight distressed banks, in the format of Tier 2 capital, to improve their liquidity levels and support the reconstruction of their balance sheets.

I am very pleased to inform you that your bank, FCMB Plc, was one of the 14 banks found to be adequately capitalised and sufficiently liquid for its current activities. Your bank was also adjudged to have satisfied the corporate governance requirements of the CBN. This endorsement is a testament to the quality of board, management and shareholding of your bank, and further reinforces our heritage and culture of excellence.

Another important directive from the CBN mandated all banks operating in Nigeria to run a uniform reporting period from January to December. In obedience of this, your bank has changed its reporting period from May–April to January–December. Therefore, your bank will operate an abridged financial year from May to December to align our operating period with the CBN's directive.

While the audit and the subsequent additional provisions made in accordance with the CBN's directions will slow asset creation and reduce earnings in both the immediate past and the current years, we are hopeful of a return to earnings growth in 2010. We expect this revival to be driven both by improvements in the domestic economy and, more specifically, by write back recoveries from non-performing loans. It is indeed encouraging to see that significant amounts of money are already coming in from this source, as the bank's management has instituted a vigorous debt recovery programme. We are confident that we shall see the first effects of this in the current shorter financial year, to December 31, 2009, whilst the full benefits should be received in 2010. In addition to increased earnings, the improvement in regulation, corporate governance and disclosure of banks will undoubtedly enhance the confidence of foreign banks and investors in the Nigerian banking sector, leading to growing trade lines and a return of portfolio investors to Nigeria.

## Financial Performance

I am pleased to report that FCMB continued to perform satisfactorily during the past financial year. Gross earnings grew by 36%, from N52.8 billion in 2008 to N71.7 billion, as at April 30, 2009. However, as a result of the significant increase in loan loss provisions, post-tax profits declined by 74% from N15.1 billion to N3.9 billion.

## Dividend Policy

Due to the significant decline in profits from the exceptional provisions, and the need to maintain a conservative capital retention strategy, the Board has proposed that shareholders forego dividend this year in the confidence that payments will resume at the end of the current financial year.

## Board Composition

Since the last Annual General Meeting in October 2008, two new directors have been appointed to the Board of the bank. They both bring a considerable amount of banking experience to the Board, acquired through many years working at senior levels in different financial institutions. They also bring proven leadership skills and a commitment to corporate governance, which can only benefit the development of the bank.

It therefore gives me great pleasure to inform you that the Central Bank of Nigeria has approved the appointment of both Mr. Peter Obaseki and Mr. Nabeel Malik as Executive Directors, with responsibility for Corporate and Retail Banking, respectively. Mr. Obaseki's appointment to the Board is an acknowledgement of his contribution to the bank for over a decade in various capacities, including that of Financial Controller, Head of the bank's Energy Group and Divisional Head of Corporate Banking, whilst Mr. Malik joins us with a wealth of experience gained from his previous employment with international banks, such as Citibank N.A. and, most recently, with Mashreq Bank in the United Arab Emirates.

## Looking Ahead

I should, as always, particularly like to thank the bank's customers, its shareholders and its staff, for their commitment and contribution to the bank over the past year. We have delivered what I believe are respectable financial results, in spite of having to operate in a turbulent global and domestic environment and also of having made substantial provisions on our loan book, in order to reflect the turbulence of this economic environment. However, most importantly, they are results which your Board is confident reflect the true performance of the bank and which will withstand the scrutiny of any analyst. The Board is therefore confident that, as we slowly return to a more stable and positive business environment, the bank is well positioned to utilize those opportunities which always accompany economic recovery following a significant downturn, such as we are now experiencing.

The bank's strong foundations ensure that it is well placed to capitalise on such opportunities, both within and outside Nigeria and, as a result, the Board expects the coming year to take us closer to our goal of becoming the premier financial services group of African origin.

**Jonathan Long**
Chairman

# review by the **chief executive officer**

Distinguished ladies and gentlemen. It is with pleasure that I present to you the Chief Executive Officer's report for the financial year ended April 30, 2009. This year's Annual General Meeting is occurring two months later than is usual, because of extraordinary events that took place in the industry. We extend our apologies for the unavoidable delay but are pleased to report that the bank is moving steadily closer towards our vision and stated objectives around the quality of our business and the value we seek to create for our stakeholders. While in isolation the results show a decline in net income due to large provisions, our market share and competitive position have improved. Our value proposition to our customers in both the wholesale and retail space has also been strengthened with the introduction of new products, new channels and improved processes.

The 2008/09 financial year was a particularly challenging year. We started on a very high note, with a bolstered capital base following our well timed and highly successful equity offering in the 4th calendar quarter of 2007, a rapidly growing economy and a currency appreciating on the back of high oil prices and strong international capital flows. However, by mid-financial year, (or calendar Q4 2008) global events triggered a dramatic slowdown and precipitous decline in the stock market, and we saw the momentum come to a halt. We were well positioned to withstand the shocks because of our diversified business model and significant capital adequacy.

The banking system experienced severe illiquidity for much of the 1st half of 2009 and the Central Bank of Nigeria (CBN) was forced to introduce a number of steps to help ease the liquidity situation such as reducing the statutory liquidity ratio from 40% to 25% and also expanding its discount window to banks (as lender of last resort) to include assets such as commercial papers, bankers' acceptances and other loans.

Though more than 1/3 of the industry became dependent on this window, our bank was not one of them.

Capital markets continued to decline throughout 2009, with the NSE All Share Index bottoming out at 19,803.6 points in March 2009. The illiquidity in the system, capital market losses and the 72% oil price crash compounded uncertainty in the banking system and this uncertainty persisted for the rest of the financial year. The Central Bank of Nigeria, under the new leadership of Sanusi Lamido Sanusi, sought to bring an end to the uncertainty and requested a special audit of all 24 banks. The results were dramatic to say the least. Eight banks were found to be in a grave situation and required committed lines in excess of N600 billion from the CBN to guarantee their safety. Interim management teams were appointed by the regulator in these banks. Three other banks were given nine months (ending June 2010) to recapitalise. Though a post April 2009 financial year-end event for us, it is pertinent to mention that FCMB was found to be in a healthy position. The stress test on risk assets and investments however led to additional provisioning by all banks in the system.

As a result of these events, our loan loss provisions for the current financial year were stepped up substantially to N21.9 billion, bringing non-performing loans to 10.08% of total loans. The provisioning methodology adopted by the CBN was in effect a stress test that was more conservative than the prudential guidelines usually employed for loan loss provisions. On the positive side, the bank was still able to post a profit and capital adequacy remains amongst the highest in the industry at 39%. Furthermore the bank is well positioned to take advantage of the significantly improved competitive landscape in the coming months.

Our strategy remains to pursue leadership in our chosen niches of retail, investment and transaction banking. By building greater intimacy with our customers in chosen segments and leading with these offerings, we are building a business that will operate under the highest standards, deliver a world class customer experience and also deliver superior returns to our shareholders. The business is also sufficiently well diversified to withstand economic downturns and certain business segments have proven to be countercyclical, particularly our micro-lending business where nonperforming loan ratios remained below 2% of total loans and our fixed income and currency trading activities.

*"Our strategy to focus on retail, investment and transaction banking remains unchanged. Our 'focused diversification' has served us well allowing us to focus on areas that respond better in a downturn."*

## Financial Performance

Diversification has also enabled us to deliver robust growth in the financial year as indicated by the indices below:

- 36% earnings growth to N71.66 billion from N52.82 billion
- 28% increase in customer deposits to N321.22 billion
- 10% growth of total assets to N515.6 billion from N467.3 billion.

The 36% growth in gross earnings was largely driven by improved net interest margins during the course of the year. Margins improved by 50% from 6% to 9%. This was largely because the bank was able to enjoy for the full year, the benefits of the equity raised at the tail end of the last financial year. The bank also benefitted from the 45% growth in risk assets, which had an equally positive impact on earnings. Unlike most years, non-interest income accounted for only 30% of total income, while interest income accounted for 70%. The split is usually closer to 50–50. The exceptional net interest income combined with the fact that corporate finance activities were relatively low meant that non-interest income declined by 29% from the prior year.

Operating expenses grew by 36% in the year matching the gross earnings growth; staff costs, depreciation and other operating expenses grew by 38%, 55% and 28% respectively. The growth in the financial year was a function of expansion in our branch network and upward pressure on salary levels. In spite of the significant top line growth, which would ordinarily have compensated for the expense growth, earnings fell by 77% from N20.52 billion to N4.77 billion due to the substantial provisions made on non-performing loans.

Total asset growth of 10% was fuelled primarily by loan growth of 45% and a consequent drop in liquid assets of 21%, although liquidity ratio remained healthy at 59% – well above the statutory minimum of 25%. Our total assets grew by 10% from N467.3 billion to N514.4 billion in the last financial year. The 45% loan growth was a deceleration from 123% in the prior year. Loan growth will continue to experience a very significant slowdown until 2010 as we focus on maintaining healthy liquidity levels and recovering classified loans. In the outgoing financial year, corporate loans grew by 62% to N229.5 billion, while retail loans contracted by 9% to N42.8 billion. On-lending to micro lending subsidiary, Credit Direct, grew by 149%. This is the only segment that we expect will continue to grow rapidly in the coming months with a forecast growth rate of over 40%, albeit from a low base. Nonperforming loan ratios climbed to 10% from 3%. N14 billion of these provisions represent 58% of additional specific provisions from the CBN stress test.

### Key Performance Ratios

| | | GROUP | | BANK | |
|---|---|---|---|---|---|
| S/N | FINANCIAL RATIO | FY 2009 % | FY 2008 % | FY 2009 % | FY 2008 % |
| 1 | Net Interest Margin {NIM} | **9%** | 6% | **8%** | 6% |
| 2 | Loan/Deposit Ratio {LDR} | **85%** | 75% | **84%** | 75% |
| 3 | Non-performing to Loans Ratio {NPL} | **10%** | 3% | **10%** | 3% |
| 4 | Return On Equity {ROE} | **4%** | 18% | **3%** | 14% |
| 5 | Return On Asset {ROA} | **1%** | 3% | **1%** | 4% |
| 6 | Earnings per share in kobo (basic/diluted) | **25k** | 135k | **21k** | 123k |
| 7 | Liquidity Ratio | **59%** | 70% | **54%** | 76% |
| 8 | Cost Income Ratio | **50%** | 46% | **51%** | 51% |
| 9 | Capital Adequacy Ratio | **39%** | 44% | **39%** | 44.% |

In terms of business unit activities, the bank's revenue is derived predominantly from corporate and investment banking (including sales and trading of bonds, currencies and equity brokerage). This was the case in the just concluded financial year. However our investments in retail banking are poised to positively impact earnings from 2010, and are already contributing over 35% of total deposits, representing our single largest source of funding. We will continue to build on the productivity of our distribution network of 140 branches, technology driven alternative channels, a combined sales force of over 2,000 people, and a comprehensive product set to rapidly grow our market share in our target retail segments. The team is settled, strong and the leadership has been enhanced with the arrival of Nabeel Malik, our new Executive Director in charge of Retail Banking. Our priority this year will be to refine the lending process, minimize customer attrition, define and improve the customer experience across our retail segments.

In addition to the impact of retail banking, a number of operational initiatives such as the full deployment of our central processing system, effective use of technology and other initiatives designed to drive efficiency will have a positive impact on operating margins in 2010.

We have seen a number of successes in our traditional domain of corporate banking, with the restoration of relationships with a number of blue chip companies and the successful pitching and consequent sign-on of our transaction banking electronic platform, which will deepen our relationships with corporate customers. The quality of our customer base continues to improve as does our ability to cross sell transaction banking and investment banking services to them. Furthermore with the adoption of our Moody's credit scoring system for corporate credit, the vast majority of corporate lending will be of the highest credit quality going forward.

In Treasury, we have continued to trade profitability in the currency markets despite the Central Bank of Nigeria introducing an open position limit of 1% of shareholder funds, from 20% previously, on all banks. Fixed income (particularly FGN bond) trading volumes and activities also continue to grow as we have also grown our sales and distribution relationships with financial institutions and Pension Fund Administrators (PFAs) successfully. Our structured finance team has been very effective in sustaining our trade lines with international creditors despite challenging liquidity positions in the six last months of our financial year.

Our activities with government, parastatals and quasi-government institutions have also been successful. We have effectively cross sold cash management and investment banking services, winning two bond mandates for two of the most economically active states. We also now offer payroll lending services to a large and growing number of civil servants. Our priorities going forward will now be to ensure that we focus on selling transaction and investment banking solutions to corporate customers and government, while Treasury will continue to do what it does so well, trade profitably and help fund the bank as efficiently as possible.

In keeping with our commitment to transparency amidst the global credit crisis, your bank invited Standard and Poor's (S&P) to assess our international credit rating for the second straight year. S&P re-affirmed its B+/B Long term, short term counter party rating, which is equal to Nigeria's revised long term sovereign rating of B+. The same agency also accorded us a local rating of NG/A-. The agency hinged its rating on our robust capital levels, moderate profitability despite high loan provisioning and our investment banking niche which supports high end corporate business.

Our subsidiaries made a positive contribution to the bottom line. We have taken over the management of CSL Group, our brokerage and registrars affiliate. We now have all regulatory approvals in place and will proceed to financial close before December 2009. As we approach the financial close of the acquisition, we are pleased to report that these businesses have emerged as market leaders following the capital market meltdown. CSL Stockbrokers' share of institutional equity flows has grown substantially. Its research product has been significantly strengthened and a UK operation has been established (licensed by the UK Financial Services Authority) designed to bring us closer to our UK and European based investor clients.

FCMB Capital Markets Limited had a fairly challenging year; total operating income amounted to N918 million. The market had been traditionally dominated by equity transactions and the last financial year was no exception, even though there were relatively few high quality transactions. The focus going forward will be on bond issues and debt restructurings, where we have a number of mandates, pending the recovery of the primary equity markets. However, we are working with a number of clients in preparation for the market recovery.

Credit Direct, our micro-lending business which reports under the retail directorate, remained on course, and now contributes N400 million of PBT and also increasing its geographical spread. We expect continued growth and diversification of product offerings in the segment we describe as under banked.

We expect all subsidiaries to build on their leadership position as the financial service industry begins another round of consolidation. Each subsidiary operates autonomously but leverages off the infrastructure of the parent and both bank and subsidiaries provide each other with a sales channel and access to each other's customers. This model has worked well and helped us ensure that the whole is greater than the sum of the parts through the creation of operating and marketing synergies.

## Future Outlook

The new financial year will only last eight months due to introduction of the common December 31 year end for all deposit money banks. The common year end will be a welcome development, although we anticipate a few teething problems in its first year of implementation. The shortened year will be one in which most banks, including ourselves will be focused on growing liquidity and deposits, improving asset quality and lending policies and taking the balance of write downs from the CBN stress tests, which must be concluded before October 2009. We therefore do not expect that we will see significant earnings growth.

However, we anticipate that the competitive landscape will be greatly improved with the number of active banks reduced by almost 40%. We also expect that costs will come under better control with inflation moderating and competition for resources being less keen. The economy will grow by at least 2% in 2009 with much of this growth coming in the second half. Growth with certainly pick up in 2010 as we anticipate banks will resume lending, oil production and prices will firm up and power supply should improve. We therefore anticipate that we will see very strong growth in our retail business, whilst focusing on improving the quality of the wholesale business in anticipation of the year 2010, which will be full of opportunity.

We remain committed to our vision and have indeed made good progress. The outlook for the economy and the banking industry are positive. Our focus on customer intimacy and operational excellence will ensure that we create value for our stakeholders. Consequently, we make bold to say that we are poised for significant and highly profitable growth over the next few years.

As always, on behalf of the Management of our banking and the entire group, I thank our esteemed shareholders for their confidence and support.

**Ladi Balogun**
Managing Director/Chief Executive Officer

# review of **retail banking**

Our journey towards becoming the premier financial services group of African origin continues unabated. The year under review saw the formation of the Retail Banking Division which combines the Consumer Group, the Small and Medium Enterprise (SME) business, Private Banking, the newly launched Wealth Being business unit and the shared distribution channel of branches. The establishment of this division marks an important milestone as we put the finishing touches to our operating model that will allow us to achieve our vision. We saw steady growth in our retail deposits throughout the year and the division became the largest contributor to the bank's deposit base.

In line with our view to becoming a leading solutions provider for our customers we continued to focus on knowing our customers better than the competition and on delivering high-quality service in the Nigerian market.

## Innovations During the Financial Year 2008/09

**For our Small and Medium Enterprise customers we introduced:**

- the Business Current Account designed to reward our most profitable customers and to encourage them to do more
- the Dream Account that allows our smaller customers to dream big and to save towards a target
- and the Mybank@Net transaction banking platform that would enable our SME customers to also manage their cash more efficiently and profitably by providing a state-of-the-art tool that helps them manage their liquidity better by automating collections and payments.

**Nabeel Malik**
*Executive Director (Retail Banking)*

*"We want to focus our energies on giving our customers great banking experiences by being relevant, convenient and responsive to change."*

**For the individual consumers:**

- we augmented our All-In-One Account with the Minus To Plus Account in the year under review. This is our second hybrid account type that provides individuals with an automated financial planner that ensures maximum returns on idle funds that they would normally have in their traditional current account. It is actually a zero COT current account that pays fixed deposit returns!
- we introduced a suite of banc assurance and wealth management products under the Wealth Being brand umbrella. This service introduces a needs-based sales approach by certified and trained financial planners for our affluent customers. Our customers will benefit from our expertise in financial planning, investment management, brokerage, retirement planning and insurance in one go during a financial 'health check' that we are privileged to have brought to our customers.
- to promote responsible lending and to pursue the goal of asking our customers to borrow wisely in this tough economic environment, we deployed a robust loan origination and collections system during the year in review.

Our focus on service quality and process re-engineering was reinforced by a disciplined approach towards revamping our processes for seamless delivery of products and services to all our customer segments. Our internal customer satisfaction measurement through mystery shopping and surveys allowed us to constantly upgrade ourselves to meet the ever-increasing customer demands.

The year under review can be divided into two distinct and contrasting halves. The dividing line was clearly drawn by the unprecedented global recession that also affected our markets and customers. Our focus on relationships during this time allowed us to recognise problems early and to take proactive remedial steps.

## Looking Ahead

We want to focus our energies on giving our customers great banking experiences by being relevant, convenient and responsive to change. This means that we have to build on our tradition of product and service innovation and invest in our people, our processes and our technology. Without motivated and energised staff we cannot expect our customers to be better served. Similarly, the absence of simple and safe processes would make it impossible for us to serve our customers with the speed and efficiency they deserve. Finally our technology has to enable our customers to access our products and services any time and from anywhere. The first important recognition in this aspect is that our customers have different needs and are looking for different experiences. So we have to be more focused on segmenting our customer base and to sharpen our customer propositions in line with their needs. So while our customers can look forward to more innovative products, processes and services we are also reinvigorating our internet banking experience as we test our mobile phone banking channel to make the banking experience even more convenient for them.

# review of **corporate banking**

## Definition and Scope

Our Corporate Banking Division is focused on private sector structured businesses with annual sales turnover of N2.5 billion and above.

Our business is organized along industry groups with a very strong grasp of each sector's dynamics.

We believe that sector expertise is a pre-requisite for effective interaction with the customers and for early risk identification.

Our sector emphasis includes the following:

1. Energy
2. Food and beverages
3. Telecommunications, media and technology
4. Conglomerates in wholesale trade
5. Civil construction, infrastructure and hospitality
6. General commerce

**Peter Obesaki**
*Executive Director (Corporate Banking)*

*"We seek to become the preferred bank amongst leading customers in our chosen sectors of the economy."*

## Goals

We seek to become the preferred bank amongst leading customers in our chosen sectors of the economy.

Our key value propositions include cash management on our cutting-edge Transaction Banking platform, the investment banking capability within the First City Group and a crop of highly skilled Relationship Managers.

By focusing Relationship Managers on one or a very small set of customers, we are able to tap into and expand our share of existing and pipeline business.

We will continue to move the risk assets portfolio towards investment grade complexion, more effectively deploy our cash management to improve liquidity, reduce on-balance sheet exposures through risk sharing and operate within prudential limits set in the bank's credit policy manual.

By executing along these tracks, our share of corporate banking business in Nigeria will exceed 5% by December 2010.

## FY 2009 Highlights and Accomplishments

- Improved portfolio profile by active relationships with sector leaders such as Flour Mills, Unilever, WAMCO Friesland, Julius Berger, WAPCO, ASHAKACEM, Chevron-Texaco and AP.
- Successfully deployed our cutting-edge Transaction Banking platform to the market and in active use by leading companies including Unilever, NB Plc, ETCO, Mediterranean Shipping Company, Promasidor, Life Flour Mills, etc.
- Improved risk assets velocity through effective sales collections from distributors of corporate customers across many locations leveraging our branch network.
- Effective cross-selling of capital market mandates and visibility in the leading debt issues.

## Outlook

We will further sharpen our competitiveness for high-quality risk assets, grow our share of the cash management business and explore creative alternative funding strategies through capital markets cross-selling. The corporate market is ripe for cost-effective interest rate and foreign exchange hedge solutions, over the counter; we are already providing these to a select customer base and see a growth along these lines, especially after the last devaluation that caught most positions uncovered. Our bank's 'Best Place To Work' initiative will support skilled staff retention and help to ensure stable account management for our customers.

# review of **public sector banking**

## Definition and Scope

The Public Sector Division was set up on May 1, 2008 and is responsible for developing, managing and growing the relationships of all three tiers of government namely Federal, State and Local Government and the government supply chain (employees and contractors), anchored on cash management solutions, ie:

- internally generated revenue
- taxes and other collections
- payroll and salary administration on behalf of federal ministries, parastatals, state and local governments etc, State Universal Basic Education Board funds (SUBEB)
- Local Government Education Authority funds (LGEAs)
- 3rd party payments to government contractors and vendors.

The Public Sector Division also cross-sells advisory services via FCMB Capital Markets Limited to State and Federal Governments.

## Goal

To be the preferred bank in the public sector business segment in Nigeria by 2012. This will be achieved through the following:

- leveraging on FCMB's core strengths in transaction banking and advisory services/ investment banking
- the large employee pool in the public sector segment provides ample opportunities for FCMB in payroll administration, consumer banking and micro-lending.

**Henry Sementitari**
*Executive Director (Public Sector Banking)*

*"To be the preferred bank in the public sector business segment in Nigeria by 2012."*

## FY 2009 Highlights and Accomplishments

- Contributed to incremental growth in deposits for the bank from N20bn in May 2008 to N102.6bn for Public Sector Division as at April 30, 2009.
- Partnership with Lagos State Government on Lekki Toll Project with Lekki Concession Company Limited as concessionaires under the Private Public Partnership (PPP) arrangement via N5 billion Note Issuance Facility.
- Establishment of a micro-finance agency for Rivers State Government with a take-off equity base of N3 billion via technical partnership and equity investment.
- Lead advisor to Rivers State Government in the establishment of model secondary schools in all local government areas.

## Future Opportunities

Public Sector Division will continue to provide quality funding base (liability) and profitability for the bank through sustainable business opportunities driven by transaction banking cash management solutions and financial advisory services.

# review of treasury and financial markets

Our goal still remains to be the most professional treasury in Nigeria providing value-adding solutions to meet our diverse customer needs.

We believe we remain on track with our aim of being a profitable provider of liquidity and information to the bank, our customers and counterparties.

**Olubukola Smith**
*Head, Treasury*

*"Markets experienced extreme volatility and policy changes not witnessed in many years while liquidity became a more prominent issue in the industry."*

The second half of our financial year was a very eventful period for the industry as a whole. Markets experienced extreme volatility and policy changes not witnessed in many years while liquidity became a more prominent issue in the industry. All of these were major fall-outs of the global financial meltdown, which commenced in the first half of our financial year with the collapse of Lehman Brothers.

Industry-wide, trade lines were cut back by some foreign institutions, commodity prices took a hit while oil prices witnessed a significant drop from an all-time high of US$147 per barrel. These led to massive panic amongst corporates and individuals, resulting in an upsurge in demand at the Central Bank's Wholesale Dutch Auction. We also saw significant outflows from several foreign portfolio managers. The attendant result was a devaluation of the currency from N120/US$ to N150/US$ and a depletion of our foreign reserves which, at its peak, was about US$60bn.

Several policies were announced during the year:

- a reduction in the bank's open position limit from 20% to 2.5% of shareholders' funds aimed at curbing the bank's perceived desire to speculate on the currency
- a re-introduction of the Retail Dutch Auction (now revised back to Wholesale Dutch Auction in July 2009)
- a reduction in liquidity ratio from 40% to 25%
- a reduction in Cash Reserve Requirement from 2% to 1%.

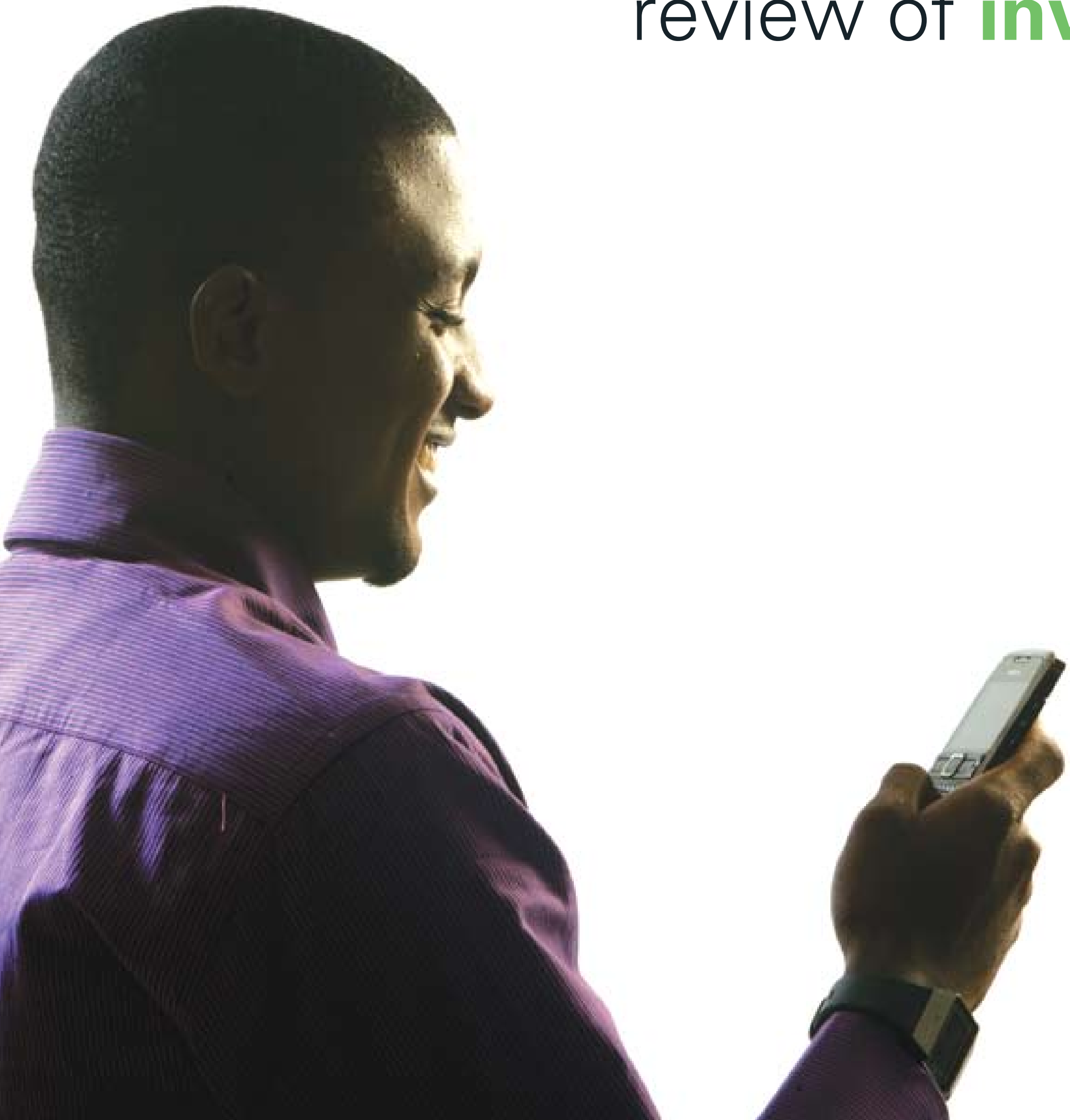
All these helped to stem the tide of illiquidity in the system but also reduced profit-making opportunities. Despite all these, we still remained extremely profitable, meeting and exceeding our full-year budget and expectations as we were able to take advantages of the opportunities that were thrown out in the mist of the challenges. The following were some of our achievements:

- repurchase of US$100m of our debts from some foreign counterparts (who were having liquidity challenges) at very profitable discounts
- maintaining and increasing trade lines from our correspondent banks despite the harsh market conditions
- received additional dollar deposits from some foreign counterparts
- grew fixed income sales volumes in the pension funds industry and other non-bank financial institutions.

It was also a period where product development thrived as our corporates saw the importance of hedging against currency fluctuations. We thus developed and sold customized hedge products to our customers in the wake of market volatility.

Finally, we improved in the area of research and send out weekly research and daily market updates on money markets, fixed income and currencies to our various customers. This information has proved to be a very useful resource for our financial institutions and corporates.

# review of **investment banking**



Our vision is to be the premier investment bank of African origin, based on levels of client satisfaction, the uniqueness of transactions executed and strict regulatory compliance. Our focus during the year remained in line with this vision and some of our key achievements were the following:

- we handled a number of major transactions during the year, which included acting as Joint Issuing House to the first tranche of the Lagos State N275 billion multi-series Debt Issuance Programme, and also to the N60 billion Offer for Subscription and N50 billion Rights Issue by African Petroleum Plc, one of the largest oil marketing companies in Nigeria. Both of these transactions were successfully concluded during the financial year.
- we are currently working on several transactions, which are likely to be concluded during the course of the next financial year. These include the structuring and arranging of US$550 million debt finance for a real estate mixed-use development property in Lagos; a N50 billion Debt Issuance Programme for a State Government in the south west of Nigeria and a special placing of N45 billion for a universal bank. We expect our Registrars business to maintain its Top 3 ranking in the coming year given its industry reputation, leadership and brand acceptance.

**Seni Hazzan**
*Head, FCMB Capital Markets Limited*

*"We will continue to develop our skills and competencies, in order to meet changing client demands...in line with best international practices."*

- our CSL Stockbrokers has established a first-class equity and economic research team, providing in-depth industry reports for investors and thereby generating interest in African markets amongst institutional investors in continental Europe, the United Kingdom and the United States of America. This is the first step in our drive to build a brokerage franchise of global standards, thereby improving the Group's visibility and creating a strong marketing platform for our securities trading business.
- significant progress has been made towards the opening of a London office, in order to create a base for servicing our domestic and international institutional clients, which we see as a way of creating a truly international institutional brokerage platform.
- we are developing a range of stockbroking and asset management products, which have been designed to meet our clients' specific investment needs. It is expected that these will be launched in the course of the 2009/10 financial year; and
- finally, we are also strengthening the risk management team, in order to anticipate future business risks and to reengineer our systems and processes, leading to greater awareness of risk and an increased focus on quality in all aspects of our business.

## Future Outlook

We will continue to develop our skills and competencies, in order to meet changing client demands, as the Nigerian capital market continues to evolve rapidly, in line with best international practices.

Given recent trends in the global capital markets, we foresee increasingly stricter regulatory oversight, stiffer competition, less emphasis on straightforward equity capital raising and an increased focus on providing innovative and forward-thinking solutions to meet client needs, in a more difficult and challenging business environment. We are making the necessary investments in order to capture a dominant share of opportunities in these new markets, whilst utilising the parent bank's balance sheet for profitable, low-risk opportunities in carefully structured transactions.

The asset management business has been developing a range of innovative products, which we expect will carve a niche for the group in the Nigerian fund management business. These products are being designed to meet the strategic needs of institutional, as well as retail, investors in both the local and international markets.

Having spent a significant amount of time and effort on restructuring and repositioning its business, the Investment Banking Group is suitably positioned to achieve a strong performance during the next financial year, despite the still new challenging outlook for the financial markets, both in Nigeria and around the world.

# My Bank and i…committed to our community
# corporate social responsibility activity report

## Profile

Corporate social responsibility (CSR) lies at the heart of First City Monument Bank Plc. Our CSR activities are focused on investing in the communities in which we operate and implemented through strategic initiatives designed to maximize impact and ensure positive, long-term sustainability. We continue to build our strategic framework for corporate citizenship and align our approach with our business' proposition – 'My Bank and i' – adding value to our customers and building lasting relationships with them and the communities in which they live.

This summary presents a brief overview of our approach and achievements during the period May 2008 to April 2009.

## CSR Philosophy – 'Teach A Man To Fish'

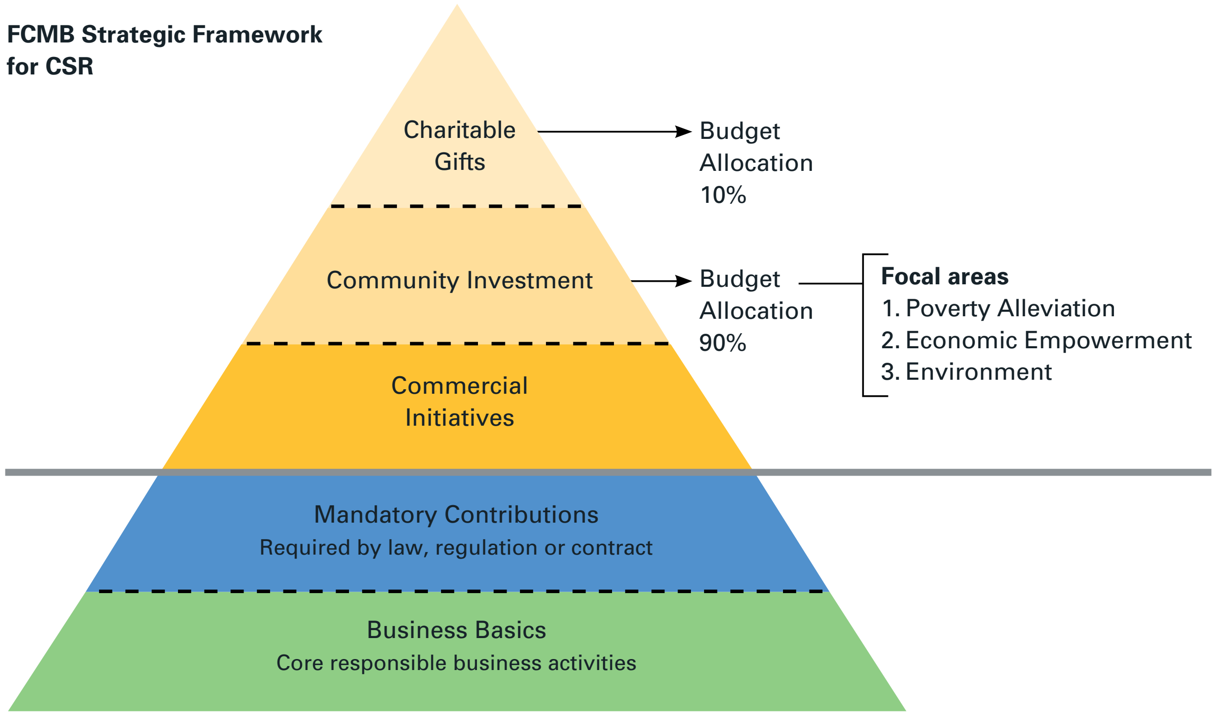
We believe all communities in which we operate should benefit from our presence. In practice, our philosophy is about our commitment to long-term relationships with our customers, partners, governments, communities and our contribution to their sustainable development.

Our CSR unit is structured so that it drives our overall mission across the entire organisation. Our ongoing 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.

**Contact:**
Kemi Morris, *Head of Corporate Responsibility*
Tel: +234 7098002847
Email: Kemi.Morris@firstcitygroup.com

**www.firstcitygroup.com**

**FCMB Strategic Framework for CSR**




**A full listing of our donations can be found on pages 59 and 60 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 the focus of our CSR activities, which are underpinned by **three key drivers.**

**Poverty Alleviation**

Support for the alleviation and eradication of extreme poverty and hunger

**Environmental Sustainability**

Support for environmental sustainability

**Economic Empowerment**

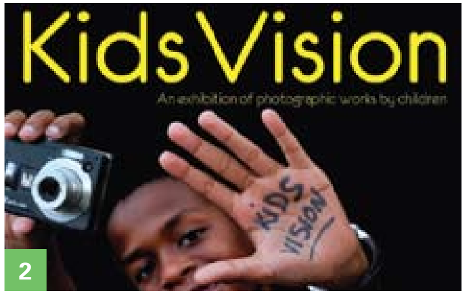
Helping to create an enabling environment for economic empowerment through micro-entrepreneurship, micro-credit and skills acquisition

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

**Read more in our CSR report**

**www.firstcitygroup.com**

1



2


3


4

# CSR Activities During the Year

## Poverty Alleviation

### Kids Vision 1 2

Kids Vision was set up to improve the lives of underprivileged children by addressing welfare concerns, poverty and a lack of basic amenities. The unique feature of this project is the provision of cameras to enable others to 'see the world through my eyes'. The images taken are exhibited, helping to raise awareness of the plight of thousands of underprivileged children among their better-off counterparts. Funds raised from photograph sales are committed to specific community initiatives in the Iwaya region, including the construction of schools and clinics.

### Child Rights and Rehabilitation Network (CRARN) 3

FCMB's CSR unit has awarded a substantial amount to CRARN, to ensure the daily welfare of the displaced and abused children who reside in the CRARN-run home in Eket. Our support has helped to fund the provision of clean water, food, educational materials, health, transportation and ongoing construction.

### Society for the Safety of the Insane and Destitute (SOSAID) 4

SOSAID is a non-governmental organization that cares for mentally challenged and displaced citizens and their offspring. Established in 2000, SOSAID's mission is to reduce and eventually eradicate cases of insanity and destitution through the provision of welfare, and a process of rehabilitation and skills acquisition. FCMB employee volunteering activities have maintained the day-to-day running of the SOSAID charity since October 2006.

## Environmental Sustainability

### Committed 2 Green 5

Climate change is now widely recognised as an urgent global issue, and at FCMB, we're working hard to minimize our impact on the environment. In line with the company's commitment to triple-bottom-line reporting (people, planet and profit), the first phase of our new Committed 2 Green Project has developed a social engagement plan to raise awareness and educate the population on environmentally friendly behaviour. During the first phase, over 1,000 staff and members of the public have participated in a sanitation and waste management initiative, and there is considerable potential to further involve individuals, government and industry in contributing more towards greater environmental sustainability.

C2G
COMMITTED TO GREEN


5


6


7


8

## Economic Empowerment

### FCMB Youth Empowerment Programme 6

The 'skills for life' project is designed to empower 150 uneducated, unskilled, unemployed and disadvantaged youths from Kano. These carefully selected youths are offered vocational skills training in photography, leatherworking, mobile phone repair and poultry farm management, boosting participants' employment opportunities, and encouraging them to play a more active role in their communities. Grants for tools and equipment, and micro-loans to start up businesses are provided, and some trainees go on vocational placements to gain further experience and training.

### Otunba Tunwase National Paediatric Center (OTNPC): 'A gift to the nation' 7

OTNPC (incorporating the National Institute of Child Health Care) is the first purpose-built children's hospital within the national childcare programme, and a key catalyst in the nation's drive to achieving the Millennium Development Goal regarding infant and child survival. The centre is a centre of excellence for teaching, research and the delivery of healthcare services for children. To date, over 500 children have been treated free of charge, or for a nominal fee.

### The International (Sports) Academy 8

The International (Sports) Academy is not a typical sport-based secondary school. As FCMB Implementing Partners, our support was structured as a community investment to increase access to both quality academic learning and sporting facilities. Children who would otherwise not have the opportunity to nurture their talent for sport now, through this project, have a platform from which to launch their careers and pursue their sporting passions.

### Bethesda Child Support Agency 9

Under the FCMB Scholarship Scheme, we provide 100 educational scholarships to orphans and vulnerable children in primary schools, and a further 10 in secondary schools. Our goal is to create an enabling environment for the healthy development of underprivileged and disadvantaged children, providing them with much-needed support that will expand their horizons. We also carry out relief activities such as food and toy drives for the younger ones, while our scholarship package includes books, boarding, food and medical services for those of school age.

**Read more in our CSR report**


9

# enterprise **risk management…**

## Message from the Chief Risk Officer

The global credit and economic crisis remains a major topic of discourse both globally and in the local financial markets. Whilst Nigerian banks were not exposed to exotic instruments (Collaterised Debt Obligations and Credit Default Swaps) in foreign markets, the interconnectivity of the global economy ensured the transfer of global systemic risks to the local financial markets in the form of declining oil revenues, devaluation of the Naira, reduction in government spending as revenues declined, and capital flight as foreign investors in the Nigerian equities market exited the stock market.

Significant risks undertaken by local banks further worsened the impact of the global crisis as banks had created large margin lending and petroleum marketing exposures. As equity markets plunged (losing over 50% in market capitalization) and traders recorded losses in the petroleum markets sub-sector due to declining crude prices (from a high of over US$100 to less than US$40 per barrel), default increased as the resulting recession constrained borrowers' ability/willingness to meet their obligations. Recourse to collateral for payout was limited as the systemic decline undermined the value of underlying security.

There is general consensus globally and in the local financial markets that effective risk management and improved corporate governance would have limited the losses arising from any unexpected significant events. The importance of risk management in ensuring the soundness and stability of any financial institution can thus not be overemphasized.

FCMB was not immune to the recession and the shocks in the equities and petroleum marketing segments. Whilst we had taken deliberate steps to manage concentration risks (ensuring that the margin lending portfolio was kept within the sectoral limit of 10% of the bank's risk assets, exposures secured by equities were over-collaterised to the level of 150% at the point of origination, and exposures to the Oil & Gas downstream/petroleum marketing sector were to industry leaders and capped at a maximum of 20% of the risk asset portfolio), the significant downturn in the equities market and the large scale losses suffered by operators in the petroleum marketing sector were unanticipated and thus adversely impacted our credit loss ratio.

As a result of the shocks in the local financial markets and subsequent defaults, our credit loss ratio exceeded the maximum expected loss ratio by 500bps (10.08% credit loss ratio as at April 30, 2009). Accordingly, we have set aside adequate provisions of N24 billion providing 80% cover for impaired assets. In addition, our capital adequacy at 40% Tier 1 capital and 41% eligible capital provides significant buffer to contain any unexpected further deterioration in the credit portfolio.

To further improve our ability to anticipate risk events and provide adequate capital commensurate with the level of risks taken in driving business growth, we have taken the unprecedented step towards adoption of the Basel II Accord framework for capital adequacy. Whilst Nigerian banks are still not expressly required to comply with the provisions of the Basel Accord, we have taken a strategic business decision to move towards compliance – not for regulatory/compliance reasons but because we strongly believe in the value addition the principles enshrined in the Accord will bring to the way and manner we take on and manage enterprise risks.

As reported in our last annual report, implementation of the bank's Enterprise Risk Management Framework (which is closely integrated to the implementation of the Basel II Accord) has reached an advanced stage. We have built the required foundation and this has started to impact directly on the Business groups.

Our focus for 2009/10 is to use the implemented framework to drive risk based performance measurement including provisioning based on expected losses (EL) and using Economic Profit/Risk Adjusted Return on Capital as a basis for managing performance of Strategic Business Units, allocating risk capital, and appropriate pricing of risks.

A critical component of our Enterprise Risk Management Framework is improving our disclosure practices to ensure customers, investors, analysts and other stakeholders have access to qualitative and quantitative information on the bank's performance, risk practices, policies and exposures.

We plan to increase the level of disclosure as we move towards adopting Pillar 3 disclosure requirements of the Basel II Accord.

Adebowale Adesanya
**Chief Risk Officer**
Enterprise Risk Management Division

## Credit Risk Management – Credit Risk Exposures

### Credit Loss Ratio

The bank's credit loss ratio exceeded the Board approved risk appetite (10.08% as at April 30, 2009) by over 500bps due to the economic recession, and extreme downturn in the equity markets and petroleum marketing sector. The loss ratio is attributable to defaults in the corporate banking division, mortgages, asset backed retail loans, and margin exposures to corporate and retail borrowers.

**LAD Impairment (N'000)**

| | 2009 | | 2008 | |
|---|---|---|---|---|
| Term Loans | 106,865,998 | 36.06% | 56,511,322 | 28.90% |
| Commercial Papers | 114,837,832 | 38.75% | 93,447,725 | 47.78% |
| Overdraft | 62,577,507 | 21.11% | 41,008,186 | 20.97% |
| Mortgage Loans | 9,271,861 | 3.13% | 2,154,790 | 1.10% |
| Leases | 2,135,179 | 0.72% | 2,319,948 | 1.19% |
| Others | 682,592 | 0.23% | 124,987 | 0.06% |
| **Gross Loans & Advances** | **296,370,968** | **100.00%** | **195,566,959** | **100.00%** |
| **Credit Impairment (NPL)** | 29,873,889 | 10.08% | 5,290,848 | 2.71% |

**Exposure Impairment by Sector (N'000)**

| April 2009 | Sector Exposure | Sector NPL | % of Sector Exposure | % of Total Impaired Assets |
|---|---|---|---|---|
| Oil & Gas – Downstream | 62,952 | 6,333 | 10.06% | 21.20% |
| Oil & Gas – Upstream & Oil Servicing | 15,971 | – | 0.00% | 0.00% |
| Real Estate | 42,900 | 1,538 | 3.59% | 5.15% |
| Government | 31,938 | 478 | 1.50% | 1.60% |
| Commerce | 34,701 | 4,447 | 12.81% | 14.89% |
| Individual | 26,665 | 8,210 | 30.79% | 27.48% |
| Telecommunication | 23,044 | 57 | 0.25% | 0.19% |
| Manufacturing | 27,910 | 2,542 | 9.11% | 8.51% |
| Finance & Insurance | 16,947 | 5,209 | 30.73% | 17.44% |
| Construction | 5,119 | 379 | 7.40% | 1.27% |
| Agriculture | 3,145 | – | 0.00% | 0.00% |
| Transportation | 2,118 | 454 | 21.46% | 1.52% |
| Hotel & Catering | 1,895 | 2 | 0.08% | 0.01% |
| Aviation | 1,067 | 225 | 21.04% | 0.75% |
| | 296,371 | 29,874 | 10.08% | 100.00% |

Impairments on margin exposures to retail borrowers and institutional obligors in the Finance & Insurance sector contributed to the high non-performing loans in both sectors while significant trade losses as a result of decline in crude oil prices and adverse exchange rate movements contributed to the impairments in the Oil & Gas Downstream sector.

**Classification of Loan Portfolio by Prudential Guidelines (N'000)**

| Classification on the basis of risk classes | 2009 | | 2008 | |
|---|---|---|---|---|
| A 'Performing' | 266,497,080 | 89.92% | 190,276,111 | 97.29% |
| B 'Substandard' | 2,565,442 | 0.87% | 834,126 | 0.43% |
| C 'Doubtful' | 12,968,958 | 4.38% | 207,753 | 0.11% |
| D 'Lost' | 14,339,489 | 4.84% | 4,248,969 | 2.17% |
| Impaired Assets | 29,873,889 | 10.08% | 5,290,848 | 2.71% |

48% of impaired assets are aged 360 days and above, while 43% and 9% are aged 180 days and 90 days respectively. Excluding margin loans, 90% of the impaired assets are adequately secured with tangible collateral and will be realized in the event of unsuccessful loan workout.

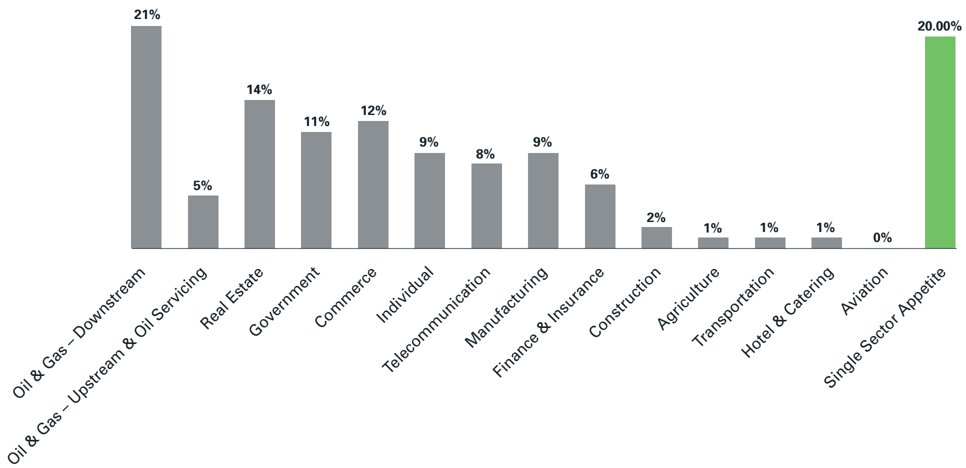
| LAD Impairment (N'000) | | |
|---|---|---|
| | **2009** | **2008** |
| Credit Impairment | 29,873,889 | 5,290,848 |
| Loan Loss Reserves | 24,047,008 | 6,705,004 |
| | 80% | 127% |

Total loan loss reserves as at April 30, 2009 was N24 billion providing 80% coverage of the impaired assets. In our opinion, this provisioning is adequate for the level of non-performing exposures as at April 30, 2009 and is in line with prudential guidelines. The bank remains confident that a significant portion of the provisioning charge will be written back to income as a direct outcome of intensive recovery efforts and expected upturn in the local economy.

### Sector Concentration Risk

The bank's concentration risk appetite by sector was marginally missed (by 100bps) as the Oil & Gas downstream sector represented 21% of the bank's loan book. Excluding our exposure to the downstream sector, no other sector represented more than 15% of the bank's loan book.

| Exposure by Sector (N'000) | | |
|---|---|---|
| **April 2009** | | |
| Oil & Gas – Downstream | 62,952 | 21% |
| Oil & Gas – Upstream & Oil Servicing | 15,971 | 5% |
| Real Estate | 42,900 | 14% |
| Government | 31,938 | 11% |
| Commerce | 34,701 | 12% |
| Individual | 26,665 | 9% |
| Telecommunication | 23,044 | 8% |
| Manufacturing | 27,910 | 9% |
| Finance & Insurance | 16,947 | 6% |
| Construction | 5,119 | 2% |
| Agriculture | 3,145 | 1% |
| Transportation | 2,118 | 1% |
| Hotel & Catering | 1,895 | 1% |
| Aviation | 1,067 | 0% |
| Single Sector Appetite | | |
| | 296,372 | 100% |



In response to the events of the past year, the bank has reduced its sector appetite by 500bps (from 20% to 15%) as a deliberate attempt to diversify the portfolio and minimize the impact of a single sector failure on the bank's earnings and capital. Deliberate strategies have been put in place to reduce the exposures in the downstream sector to within the new sector appetite. Execution of these strategies is a key deliverable of the risk management process within the next 18 months.

The bank will continue to proactively diversify its sector risks and will take deliberate positions based on our assessment and anticipation of default risks with great reliance placed on output of our industry risk rating models.

### Large Exposure Risks

Over the last 12 months, your bank was not in breach of the regulatory single obligor limits. While the regulatory single obligor limit was 20% of shareholders' funds (SHF), an internal Board approved risk appetite was set at 8% of SHF (subject to a maximum of N10 billion to a single obligor) reflecting the bank's conservative posture.

The bank will continue to create and manage individual exposures within the internal risk appetite.

### Related Party Transactions

All related party transactions are underwritten at arm's length and guided by comprehensive credit analysis and sound business case.

| Related Party Exposure (N'000) | |
|---|---|
| Largest loan to related party | 12,160,534 |
| Total Insider Related Credits | 17,217,874 |
| **% of Capital** | 14% |
| **Collateral Coverage for related party exposure** | 84% |

Total exposure to related parties as at April 30, 2009 was N17 billion (14% of shareholders' funds). These exposures were partially secured by tangible collateral – coverage as at April 30, 2009 was 84%.

### Stressed Asset Quality

In August 2009, a special examination was conducted by a joint team of examiners from the Central Bank of Nigeria (CBN) and Nigerian Deposit Insurance Corporation (NDIC) to identify the extent of asset deterioration as a result of stressed losses on the bank's risk asset portfolio with emphasis on exposures to the following sectors:

- Capital Market (including share backed loans and margin exposures in the bank and its subsidiaries)
- Oil & Gas
- Real Estate
- Aviation.

Total loan loss provisioning recommended by the joint examination team of the CBN and NDIC based on the special audit (required to be fully expensed by September 2009) was N36 billion. The provisioning estimates were conservative and the outcome of the application of both prudential guidelines on non-performing exposures and recognition of expected losses on the marked-to-market share-backed/margin exposures irrespective of performance status (i.e. provisioning of gap between outstanding exposure and current value of shares).

The recommended provisioning has been fully recognized in both the April 30, 2009 financial results and the first quarter results of the 2009 financial year (July 31, 2009).

Following the CBN/NDIC examination, a critical audit of exposure creating processes was carried out internally across all business areas to extract lessons learnt from the financial crises in the local markets and devise corrective actions. In our opinion, the industry suffered significant losses as result of the following:

- large concentration of exposures in the downstream petroleum marketing sector
- large single obligor exposures

- high exposure to margin loans and excessive collateral concentration. As a result of the opportunities and comfort provided by the unprecedented growth in the equity markets, banks advanced margin loans and other loans backed/collaterised by shares. Any near-term significant downturn and illiquidity in the stock market was not anticipated.

In response to the financial crises, the bank has since taken the following corrective steps:

- strengthened the underwriting process by introducing a revised internal ratings framework and scorecard across all exposure categories (corporate and retail)
- adjusted internal sector limits for increased diversification of the portfolio (reduction of single sector exposure limit from 20% to 15%)
- reduced single obligor exposure limits significantly below regulatory thresholds (maximum of N10 billion)
  - new absolute limit of N10 billion to be reviewed annually
  - single obligor limits set for different rating bands
- de-emphasized products and sectors with structural deficiencies: margin lending (liquidity) and mortgages (repossession and debt service cost burden)
- enhanced collections resources for all exposure categories, and channelled more resources towards recovery of delinquent exposures
- deliberately slowed down asset growth. Planned growth in risk assets will be flat in the near term and in low NPL sectors (Food & Beverages, Telecommunications, Micro lending and Agriculture).

In our opinion, the events of 2009 could be described as a 1 in 25 year event which most banks had not anticipated and thus had no appropriate mitigating structures. We believe that our strong corporate governance practices, above industry-average capital adequacy ratios, and the improvements we have made to our risk management processes as a direct outcome of the implementation of our Enterprise Risk Management Framework had positioned the bank to survive the recent regulatory driven special examination. The bank remains a going concern with a strong capital adequacy ratio (31%) post the regulatory stress tests, well positioned to take advantage of emerging opportunities in the local financial markets.

The additional steps we have taken to improve our lending and concentration policies will further ensure that depositors and shareholders' funds are protected from any future deterioration in asset quality particularly when 1 in 25 year events (extreme but plausible) crystallize.

## Operational Risk Management

### Operational Risk Methodology

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

Our Enterprise Risk Management Division coordinates bank-wide implementation of the operational risk framework. The division works very closely with the respective Business Units and Support Groups to proactively identify, assess and control operational risks.

The bank utilizes the following standard operational risk tools to proactively mitigate and manage operational risks:

- risk identification and classification through the Risk and Control Self Assessment (RCSA) process. Over 250 risks have been identified across the bank and classified into High, Medium and Low categories based on the bank's operational risk classification methodology. Remedial action plans have been developed for identified risk issues/control lapses.
- risk measurement through the use of Key Risk Indicators (KRIs). Risk Indicators are used to set risk tolerance/appetite at the Enterprise and Divisional levels. Fourteen Key Risk Indicators are tracked at the enterprise level and reported to the Risk Management Committee and Board Risk Management Committee when

tolerance levels are breached, while over 150 risk indicators are tracked across different functions/processes in the bank and used to drive periodic Divisional Operational Risk Committee meetings.

- control Assessments are conducted periodically by the Compliance Group based on the defined risk maps and Key Risk Indicators. Outcome of the control assessment is an independent confirmation of the adequacy and effectiveness of established controls and is typically reported in the form of a quantifiable control assessment score in addition to identified control gaps.
- operational risk losses are collated and analyzed as they occur and used as a basis for improving the control framework. Insurance is used as a key control for reducing the level of operational risk losses that crystallize on the bank's books.

Operational risk events, control issues and KRI exposures are discussed extensively at Divisional Risk Committee meetings (monthly/bi-monthly) where progress (of remedial actions) is monitored and new action plans agreed. All significant risks and control issues identified across the various Divisions are then escalated to the Risk Management Committee (RMC) and the Board Risk Management Committee (BRMC) in line with the bank's risk escalation framework.

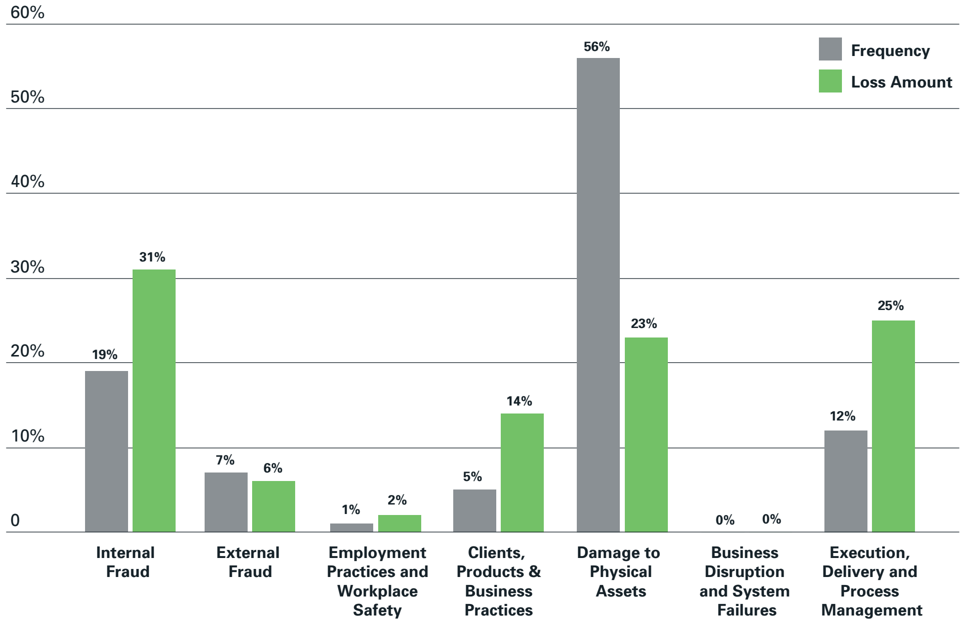
We have further integrated operational risk management with the bank's performance management system by deploying unit/individual scorecards that aggregate the outcome of RCSAs, Control Assessments, Risk Indicators and Audit findings into a Risk & Control performance index. This index impacts promotions and bonus payouts thus reinforcing the need to comply with policies and controls across the entire bank.

Other support groups (in addition to the Enterprise Risk Management Division) within the bank that have responsibility for specialist operational risk functions include:

- Controls & Compliance Group: responsible for periodic process & system control checks, monitors compliance with regulatory requirements to reduce exposure to regulatory risks, fraud detection and business continuity management
- Group Legal Division: manages contract risks, litigations and coordinates the bank's risk insurance processes
- Group Internal Audit: provides independent assurance of the adequacy of the control framework and the effectiveness of the operational risk management process.

## Operational Risk Exposures

The bank's operational risk losses as at April 30, 2009 were within the Board approved risk appetite (<=0.25% of Gross Income). The losses have been fully recognized in the financial results for the period.




Fraud (external and internal) accounted for 37% of the losses for the period by value while damages to physical assets represent 56% of the losses by volume and 23% by value. The loss event types (fraud and damages to assets) are mitigated by insurance. Losses not fully covered by insurance have been fully expensed in the period under review while insurance receivables aged 90 days and above have been fully provisioned in line with accounting standards.

Our loss reporting and analysis processes include the identification of causal factors when loss incidents are reported. This process enables the Risk Management Division to analyze causal factors and recommend relevant control changes to minimize the frequency and severity of related events.

## Market Risk Management

### Trading Book Risks

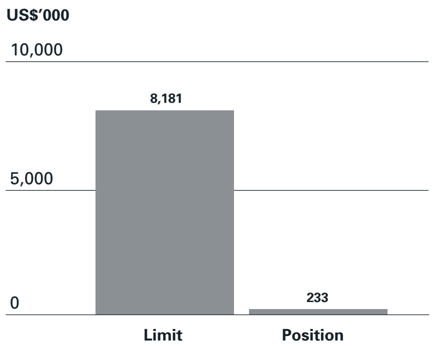
Market risk in FCMB is defined as the risk of loss in on- and off-balance sheet positions arising from movements in market prices or the potential to experience economic loss due to negative fluctuations or adverse movements of market factors. Such market factors refer to interest rate risks and foreign exchange risks in both the banking and trading books. The bank does not currently engage in derivatives trading and as such is not exposed to any losses that may arise from such complex trading activities.

The bank employs the use of absolute limits, management action triggers and other policies such as counterparty and dealer limits to manage market risks inherent in all trading activities. Our dealers are sufficiently trained to interpret financial markets and take on risks commensurate with the bank's trading appetite. In addition, each dealer is assigned a fixed income and foreign currency trading limit based on assessment of the competence and judgment of the dealer. Stop loss limits for both the Foreign Currency and fixed income trading portfolios are set at N20m each.

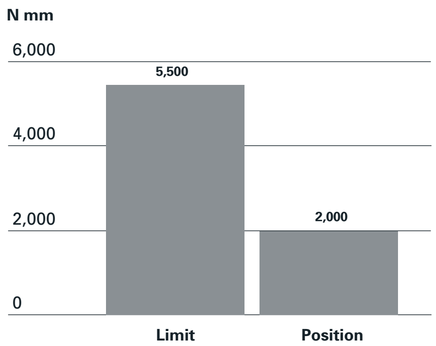
Our trading book positions are marked to market on a daily basis and any gains/losses recognized on the income statement. Additionally our positions are stress-tested to quantify the impact of market risk inherent in the event of adverse movement in market factors.

Instruments traded during the course of the year include Federal Government of Nigeria Sovereign Bonds, treasury bills and foreign currency. The bank's trading book as at April 2009 comprised only Federal Government of Nigeria Sovereign Bonds and foreign currency positions. The volume of fixed income and foreign currency net open position in the trading book as at April 2009 was N2 billion (1.6% of SHF) and US$ 223,000 (0.03 % of SHF) which were significantly lower than the Board approved risk appetite.

### FX Open position
as at April 30, 2009




### Fixed Income position
as at April 30, 2009




### Interest Rate Risk in the Banking Book (IRRB)

Interest rate risks in the banking book (IRRB) refer to mismatches (basis and repricing mismatches) in on- and off-balance sheet positions which may adversely impact the bank's earnings and capital. IRRB arising from repricing is managed through the deliberate creation of assets and liabilities in a manner that ensures repricing mismatches are within the defined tolerance levels (aggregate Interest Rate Risk ratio of 20% of SHF).

The Interest Rate Risk ratio is an index for the likely impact on the bank's Net Interest Margin as a result of reprising mismatches in the bank's assets, liabilities and off-balance sheet (OBS) positions in the event of adverse movement in interest rates. The bank also complements the Interest Rate Risk ratio with an Earnings at Risk (EaR) model. The EaR model is used for stress testing and measuring the absolute impact of adverse movements in interest rate on the banking book.

Majority of the bank's assets are indexed to the bank's prime lending rate (PLR) in an effort to mitigate IRRB arising from basis risk.

| Re-Pricing Gap as at April 30, 2009 | | | |
|---|---|---|---|
| | 0–180 days | 181–365 days | >365 days |
| ASSETS: | =N=m | =N=m | =N=m |
| On-Balance Sheet Assets (fixed rate) | 197,518 | 98 | 25,209 |
| On-Balance Sheet Assets (variable rate) | 229,168 | 17,174 | 4,052 |
| Off-Balance Sheet Assets (fixed rate) | 33,623 | 0 | 0 |
| Off-Balance Sheet Assets (variable rate) | 0 | 0 | 0 |
| TOTAL ASSETS | 460,309 | 17,272 | 29,261 |
| LIABILITIES: | | | |
| On-Balance Sheet Liabilities (fixed rate) | 358,642 | 189 | 0 |
| On-Balance Sheet Liabilities (variable rate) | 0 | 0 | 0 |
| Off-Balance Sheet Liabilities (fixed rate) | 33,623 | 0 | 0 |
| Off-Balance Sheet Liabilities (variable rate) | 0 | 0 | 0 |
| TOTAL LIABILITIES | 392,265 | 189 | 0 |
| Repricing Gap | 68,044 | 17,083 | 29,261 |
| Weighting Factors | 1% | 3.5% | 8.0% |
| Adjusted Interest Rate Gap | 680 | 598 | 2,341 |
| Total Capital | 124,455 | 124,455 | 124,455 |
| Interest Rate Risk Ratio | 0.5% | 0.5% | 1.9% |

Our actual Interest Rate Risk ratio for the different re-pricing buckets as at April 30, 2009 did not exceed the Board approved risk appetite (aggregate ‘IRR’ ratio of 20% of SHF).

Market risks arising from trading and banking book exposures are monitored and reported by an independent risk management function (Treasury Risk Management Unit). Policy and strategic decisions are taken by the Asset & Liability Management Committee (ALCO) which is the executive management committee responsible for all trading and ALM activities in the bank.

## Liquidity Risk Management

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 to deposit ratio of 2–5% over the prevailing regulatory minimum at any point in time. This buffer is maintained to absorb any unexpected liquidity shocks
- ensuring that the bank’s liquidity/funding profile is sufficiently diversified and there are no significant concentrations
- establishing a contingency funding plan in the event of an unexpected and significant liquidity crisis
- ensuring that there are no significant liquidity gaps under a stressed scenario
- ensuring that the liquidity gap (contractual and behavioral) is within the approved risk appetite.

As at April 30, 2009, the bank’s cumulative liquidity gap (both contractual and behavioral as shown below) was within the Board approved appetite (maximum cumulative negative funding gap of N10bn – Gap limit is a discounted percentage of our interbank funding lines).

**CONTRACTUAL GAP Analysis as at April 30, 2009**

| | 0–30 | 31–90 | 91–180 | 181–365 | >365 |
|---|---|---|---|---|---|
| **Assets:** | | | N 'billion & Days | | |
| Cash and short term funds | 212 | – | – | – | – |
| Loans and advances | 106 | 31 | 17 | 42 | 54 |
| Invest, Other & Fixed assets | 11 | – | – | – | 24 |
| | **329** | **31** | **17** | **42** | **78** |
| **Liabilities:** | | | | | |
| Deposits | 259 | 30 | 1 | 0 | 0 |
| Other liabilities | 54 | 3 | 2 | – | 10 |
| | **313** | **33** | **2** | **0** | **10** |
| Gap | 16 | -2 | 15 | 42 | 68 |
| **Cumulative gap** | 16 | 13 | 28 | 70 | 138 |

**BEHAVIORAL GAP Analysis as at April 30, 2009**

| | 0–30 | 31–90 | 91–180 | 181–365 | >365 |
|---|---|---|---|---|---|
| **Assets:** | | | N 'billion & Days | | |
| Cash and short term funds | 212 | – | – | – | – |
| Loans and advances | 106 | 31 | 17 | 42 | 54 |
| Invest, Other & Fixed assets | 11 | – | – | – | 24 |
| | **329** | **31** | **17** | **42** | **78** |
| **Liabilities:** | | | | | |
| Deposits* | 221 | 30 | 1 | 0 | 38 |
| Other liabilities, Notes & Borrow | 54 | 3 | 2 | – | 10 |
| | **275** | **33** | **2** | **0** | **48** |
| Gap | 54 | -2 | 15 | 42 | 30 |
| **Cumulative gap** | 54 | 51 | 66 | 108 | 138 |

* A total of N38bn in deposits with indeterminable maturities have been reclassified from the 0–30 day maturity bucket to over 1-year maturity. This amount represents that element of demand & savings deposits that have been established over a 3-year time frame as core and not likely to be withdrawn.

The bank's liquidity profile remains stable and in our best assessment, the bank faces no immediate or long term liquidity risks.

## Capital Management

The bank remains adequately capitalized with shareholder funds of N126 billion and a capital adequacy ratio of 40% (representing a 30% capital buffer over the 10% minimum regulatory requirement).

**Regulatory Capital (N'000)**

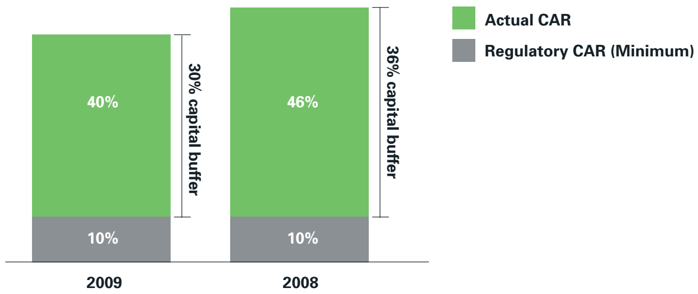
| | 2009 | 2008 |
|---|---|---|
| Tier I Capital | 124,455,311 | 132,127,473 |
| Tier II Capital | 1,814,766 | 5,494,420 |
| Total Eligible Capital | **126,270,077** | **137,621,893** |

Tier 1 capital comprises ordinary shares, share premium, statutory reserves, and retained earnings, while Tier 2 capital comprises only general provisions. Total eligible capital declined by 800bps from prior year capital as a result of dividend payouts in the course of the year and a reduction in retained earnings for the year ended April 30, 2009 due to higher than expected provisioning for impaired assets.

**Capital Adequacy**

| | 2009 | 2008 |
|---|---|---|
| Risk Weighted Assets (N'000) | 317,653,190 | 296,583,269 |
| CAR (Tier 1 Capital) | **39%** | **45%** |
| CAR (Total Eligible Capital) | **40%** | **46%** |
| CAR (Regulatory Minimum) | **10%** | **10%** |

Risk Weighted Assets (RWA) increased by 700bps due primarily to significant growth in funded risk assets (loans and leases). Despite the marginal decline in eligible capital and growth in risk weighted assets, capital adequacy (40% total eligible capital) as at April 30, 2009 remained significantly above the regulatory limit and is within the internal capital adequacy appetite (minimum of 10% buffer above regulatory limit).




All capital adequacy estimates provided above are based on current regulatory practices in Nigeria (pre-Basel II).

The bank has however, in parallel, adopted Basel II guidelines for its internal capital planning and management practices. Our preliminary capital estimates based on Basel II guidelines indicate that capital levels (based on April 30, 2009 financial results) will still be above the 8% minimum Basel requirement and 10% minimum CBN requirement despite the recognition of a capital buffer for Pillar II Risks (concentration, interest rate risk in the banking book, strategic and reputational risks).

In the medium term (and as we finalize our Basel II capital models), we expect a 90%–100% increase in Risk Weighted Assets (RWA) under the Basel II rules and a reduction in capital adequacy levels (but still above regulatory minimum ratios).

The Risk Management Committee (RMC) has the delegated mandate of ensuring that capital levels 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 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.

Overall, the bank is of the opinion that its capital levels (both regulatory and internal capital levels) are adequate for the level of risks undertaken.

# Board Evaluation Report

PRICEWATERHOUSECOOPERS

The Chairman
Board of Directors
First City Monument Bank Plc
Primrose Towers
Lagos

Dear Sirs

Report to the Directors of First City Monument Bank Plc on the outcome of the Board Evaluation.

PricewaterhouseCoopers was engaged to carry out an evaluation of the Board of Directors of First City Monument Bank Plc as required by Section 5.4.6 of the Central Bank of Nigeria's Code of Corporate Governance for Banks in Nigeria ('the Code'). Section 5.4.5 of the Code requires that the review should cover all aspects of the Board's structure and composition, responsibilities, processes and relationships for the period ended April 30, 2009.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements, and plan and perform the assurance engagement in order to obtain limited assurance as to whether any matters come to our attention that cause us to believe that the requirements of the Code have not been complied with in all material respects.

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 June 17, 2009. In carrying out the evaluation, therefore, we have relied on representations made by members of the Board, and management and on the documents provided for our review.

On the basis of our review, it is our conclusion that nothing has come to our attention which causes us to believe that the Board's performance does not comply in any material respect with the criteria set out in the Code. Our recommendations, which should further improve the bank's corporate governance practices, are contained in the detailed report.

Yours faithfully
For: **PricewaterhouseCoopers**

**Ken Igbokwe**
Managing Partner

# corporate **governance**

## Commitment to Corporate Governance

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

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

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

## Board Composition and Independence

As at April 30, 2009, the Board comprised thirteen (13) directors: eight (8) non-executive and five (5) 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 are 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 supersedes.
- 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 2009, the Board delegated some of its responsibilities to the following committees:

### Board 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 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.

### Board 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
- 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 & 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, and
- 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; and
- 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 (3) members with a minimum of two (2) representatives of the shareholders.
- The secretary of the Audit Committee will be the Company Secretary, or such other person as nominated by the chairman of the committee.

**Committee Composition**: Alhaji SB Daranijo (Chairman), Mr Godwin TS Adokpaye, Dr John Udofa, Alhaji BA Batula, Evangelist PA Soares and Mr Bismarck Rewane.

## Human Capital & Remuneration Committee

A new Board Committee, the Human Capital and Remuneration Committee, was established towards the end of the year. 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.

**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**: Mr Ladi Jadesimi, Mr Bismarck Rewane, Dr John Udofa, Alhaji Ibrahim Damcida and Mr Peter Nigel Kenny.

## Executive Management Committee (EMC)

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

## Frequency of Meetings

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

The Board and its committees met as follows:

| Board Committee Meetings | Number of Meetings |
|---|---|
| Board of Directors | 5 |
| Board Credit | 10 |
| Board Risk Management | 3 |
| Board Audit | 4 |
| Board Finance & General Purpose | 4 |
| Board Human Capital & Remuneration | |

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

i. Executive Management Committee, chaired by the Group Managing Director

ii. Assets and Liabilities Committee, chaired by the Group Managing Director

iii. Credit Committee, chaired by the Head of Enterprise Risk Management

iv. Investment Committee, chaired by the Group Managing Director

v. Information Technology Steering Committee, chaired by an Executive Director

vi. Disciplinary Committee, chaired by the Head of Enterprise Risk Management

vii. Staff Welfare Committee, chaired by the Head of Enterprise Risk Management

viii. Risk Management Committee, chaired by the Head of Enterprise Risk Management.

## Attendance at Board Meetings

The Board of Directors met five times during the year.

| Director | Total Number Attended |
|---|---|
| Dr Jonathan AD Long | 5 |
| Mr Ladipupo Balogun | 5 |
| Mr Henry Semenitari | 4 |
| Mr Peter Obaseki | 2 |
| Mr Nabeel Malik | 1 |
| Dr John Udofa | 5 |
| Mr Godwin TS Adokpaye | 5 |
| Mr Ladi Jadesimi | 3 |
| Mr Bismarck Rewane | 5 |
| Alhaji IM Damcida | 5 |
| Mr Peter Nigel Kenny | 4 |
| Mr Anurag Saxena | 5 |
| Mr Tope Lawani | 3 |

## 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.

# board of directors

**Dr Jonathan AD Long**
*Chairman*

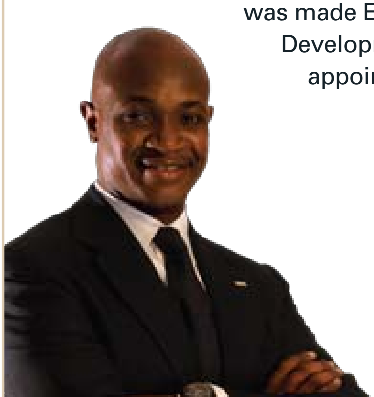
Jonathan Long was Managing Director of the bank between 1987 and 2005. Prior to that, he was the Deputy Managing Director of the bank between June, 1985 and April, 1987. He holds bachelor's (1967) and master's (1970) degrees from Balliol College and a Doctorate degree (1973) from St Anthony's College, both at Oxford University in the United Kingdom.

He has over 27 years' corporate finance experience, working in merchant banking in the United Kingdom, Switzerland and Nigeria. He began his working career with William & Glyn's Bank Limited in 1973 and was appointed Manager, Corporate Finance, with Charterhouse Japhet Limited in London in 1976, before becoming General Manager of the bank's Swiss investment management subsidiary Charterhouse Japhet (Suisse) SA in Geneva in 1979 and eventually Assistant Director in 1981. He later established the operations of Standard Chartered Bank Plc in Geneva, Switzerland in 1982 before joining First City Merchant Bank Limited in 1985.

**Mr Ladi Balogun**
*Group Managing Director*

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 16 years' experience in commercial and investment banking in Europe, the United States of America and Africa. He began his banking career in 1993 at Morgan Grenfell and Co Limited, where he worked in the areas of risk management and corporate finance (debt origination). He was responsible for managing the bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and also part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian sub-continent. Subsequently he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996. He has worked in various areas of the bank, including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997. In 2000, he was made Executive Director in charge of Strategy and Business Development and in 2001 Deputy Managing Director. He was appointed the Managing Director in 2005.



**Mr Henry Sementitari**
*Executive*

Henry Sementari 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 19 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.

**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 20 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.

**Mr Peter Obaseki**
*Executive*

Peter Obaseki is an Executive Director responsible for Corporate Banking appointed into FCMB's Board of Directors in 2008 with over 23 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 Group of the bank. He joined FCMB from Mashreq Bank, Dubai, United Arab Emirates, where he was a Senior Vice President responsible for international business development and strategy for markets, overall governance of existing businesses and international retail expansion. Previously with Citibank (2002–2005), Nabeel Malik was educated in the United States of America where he earned a BA majoring in Economics at Princeton University (1984), New Jersey, and a Master's degree from Yale School of Management (1991), Connecticut. His work experience spans several countries in Europe, the Middle East, Africa and Asia.

**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.

**Alhaji IM Damcida**
*Non-Executive*

Alhaji Damcida is an accounting graduate of the Westminster College (1956) and North-West Polytechnic (1958) in England.

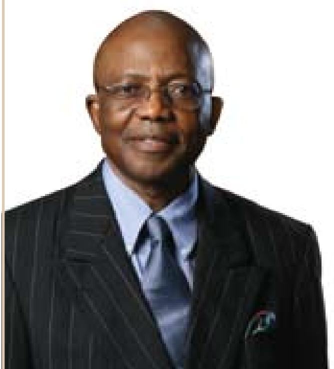
He commenced his working career as an accountant with the Ministry of Trade and Industry of the Government of Northern Region in 1959 and was transferred to the Federal Service in Lagos in 1962. He was a three-time Permanent Secretary in three different ministries (Ministry of Trade (1966 to 1970), Ministry 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.

**Dr 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.



**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*

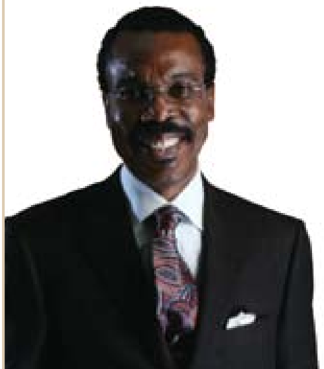
Tope Lawani is a co-founder and Managing Director of Helios Investment Partners, an investment firm focused on making private equity investments in Sub-Saharan Africa.

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 Bachelor of Science degree in Chemical Engineering from the Massachusetts Institute of Technology and a master's in Business Administration from Harvard Business School in 1996.

He joined the Bank's board in 2007.

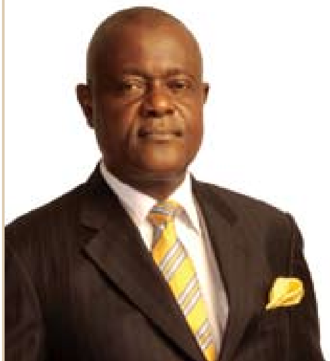
**Mr Bismarck Rewane**
*Non-Executive*

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 of America. Having worked for Benue Agricultural Development Corporation as an accountant, he moved on to Icon Limited (an IFC and JP Morgan sponsored merchant bank) and worked in the International Operations, Area Office Operations, Treasury and Financial Services, Credit and Marketing Departments till 1992 when he left for Cooperative Development Bank plc, where he became the General Manager/Acting Managing Director/Chief Executive in 2001. He was appointed Managing Director of the bank in 2002 and joined the board of FCMB in 2005.



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

INTRODUCTION
OPERATING REVIEW
FINANCIAL STATEMENTS

# directors' **report**

The Directors present their report on the affairs of First City Monument Bank Plc ('the bank') and its subsidiaries ('together, the Group'), together with the financial statements and Auditor's Report for the year ended April 30, 2009.

## a. Legal Form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on April 20, 1982. It was licensed on August 11, 1983 to carry on the business of merchant banking and commenced business in 1983. The bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on December 10, 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 two wholly owned subsidiaries, FCMB Capital Markets Limited (FCMB CM) and Credit Direct Limited (CDL) whose results have been consolidated in these financial statements.

Gross earnings for the Group and Bank increased by 36% and 40% respectively. The Directors affirm that the bank is strategically poised for continued growth and development.

## c. Operating Results

Highlights of the Group's operating results for the year under review are as follows:

| | 2009<br>N'000 | 2008<br>N'000 |
|---|---|---|
| Profit before tax | **4,773,765** | 20,517,326 |
| Tax charge | **(779,222)** | (5,408,235) |
| Profit after tax | **3,994,543** | 15,109,091 |
| Non-controlling interest | **-** | (17,685) |
| Profit attributable to the Group | **3,994,543** | 15,091,406 |
| **Appropriations:** | | |
| Transfer to statutory reserve | **1,039,744** | 4,116,139 |
| Transfer to retained reserve | **2,954,799** | 10,975,267 |
| | **3,994,543** | 15,091,406 |

## d. Directors and their Interests

The following Directors of the bank held office during the year and had interests in the shares of the bank as noted:

| | Direct Shareholding Number of 50k Ordinary Shares Held | | | Indirect Shareholding Number of 50k Ordinary Shares Held | | |
|---|---|---|---|---|---|---|
| | 27-10-2009 | 30-04-2009 | 30-04-2008 | 27-10-2009 | 30-04-2009 | 30-04-2008 |
| Dr Jonathan AD Long (Chairman) | 8,880,292 | 8,880,292 | 8,335,292 | - | - | - |
| Mr Ladipupo O Balogun (Group Managing Director/CEO) | 141,611,000 | 161,576,000 | 161,576,000 | - | - | - |
| Mr Henry Semenitari (Executive Director) | 350,000 | 350,000 | 264,000 | - | - | - |
| Mr Anurag Saxena (Executive Director) | 560,000 | 560,000 | 560,000 | - | - | - |
| Mr Peter Obaseki (Executive Director) (Appointed 08-09-2008) | 2,572,375 | 2,572,375 | 2,572,375 | - | - | - |
| Mr Nabeel Malik (Executive Director) (Appointed 23-03-2009) | - | - | - | - | - | - |
| Dr John Udofa | 938,533 | 938,533 | 938,533 | - | - | - |
| Mr Godwin TS Adokpaye | 29,145,000 | 29,145,000 | 29,145,000 | - | - | - |
| Mr Ladi Jadesimi | 159,250,000 | 159,250,000 | 159,250,000 | - | - | - |
| Mr Bismarck Rewane | 930,000 | 930,000 | 930,000 | - | - | - |
| Alhaji Ibrahim Damcida | 138,066,689 | 138,066,689 | 138,066,689 | - | - | - |
| Mr Peter Nigel Kenny | - | - | - | - | - | - |
| Mr Tope Lawani | - | - | - | 879,411,176 | 879,411,176 | 879,411,176 |

## e. Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 19 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.

## f. Shareholding Analysis

The shareholding pattern of the bank as at April 30, 2009 is as stated below:

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

## g. Substantial Interest in Shares

The bank's authorised share capital is N10 billion divided into 20,000,000,000 ordinary shares of 50 kobo each of which 16,271,192,202 ordinary shares are issued. According to the register of members no shareholders other than the under-mentioned held more than 5% of the issued share capital of the bank as at April 30, 2009:

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

### h. Donations and Charitable Gifts

The bank made contributions to charitable and non-political organizations amounting to N124,570,929 (2008: N81,234,100) during the year.

| BENEFICIARY | AMOUNT |
|---|---|
| Lagos State Government – Corporate Social Responsibility | 30,000,000 |
| The Nigerian Police Force, Lagos Command | 11,182,500 |
| Sife Nigeria – Skills Training Workshop for 250 Youths | 7,735,000 |
| Danzumo Secondary School – Jigawa | 6,394,000 |
| The African Child Development Initiative | 5,732,500 |
| Empowerment Support Initiative – Rivers State | 5,000,000 |
| Ijebu Police Command | 4,751,250 |
| Babcock University | 3,500,000 |
| The United Nations Staff Association | 3,500,000 |
| International Sports Arcade | 3,000,000 |
| Security Trust Fund | 3,000,000 |
| Archbishop Ephraim Adebola Ademowo Foundation | 2,500,000 |
| National Youth Soccer Association | 2,500,000 |
| Scholarship of 10 Less Privileged Children 08/09 | 2,400,000 |
| Lasg Motherless Babies Home, Lekki | 2,000,000 |
| Oyo State Universal Basic Education Board | 2,000,000 |
| Corona Secondary School | 1,010,000 |
| Elizade Ojo Educational Foundation | 1,000,000 |
| Child's Right & Rehabilitation | 1,000,000 |
| Lagos State Scholarship Board | 1,000,000 |
| Rivers State Economic Empowerment Workshop | 750,000 |
| ISD Consults Limited Children's Day | 650,000 |

| BENEFICIARY | AMOUNT |
|---|---|
| Zonta International Club of Ibadan | 500,000 |
| National Marketing Forum | 500,000 |
| Rivers State Ministry of Education | 308,300 |
| St. Paul University, Awka | 240,000 |
| | **102,183,550** |

## i. Human Resources

### Employment of Disabled Persons

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

### Health, Safety and Welfare at Work

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

### j. Employee Involvement and Training

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

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

### Auditors

The Auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office as auditors of the bank in accordance with Section 357 (2) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. In accordance with section 361, a resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

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

# financial **statements**

# Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Nothing has come to the attention of the directors to indicate that the bank will not remain a going concern for at least 12 months from the date of this statement.

| | |
|---|---|
| Dr Jonathan AD Long<br>Chairman | Ladi O Balogun<br>GMD/CEO |

# Report of the Audit Committee

**For the year ended April 30, 2009 to the members of First City Monument Bank Plc.**

In compliance with Section 359(6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, we have reviewed the Audit Report for the year ended April 30, 2009 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: October 26, 2009

**Alhaji SB Daranijo**
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 subsidiaries (together 'the Group') which comprise the balance sheets as of April 30, 2009 and the profit and loss accounts and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

## Directors' Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and of the Group as at April 30, 2009 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

## Report on Other Legal Requirements

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

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
ii. in our opinion, the bank has kept proper books of account, so far as appears from our examination of those books
iii. the bank's balance sheet and profit and loss account are in agreement with the books of account
iv. our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria
v. loans and advances to insiders are disclosed in Note 30 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004
vi. to the best of our information, the bank has not contravened any regulation of the Banks and Other Financial Institutions Act during the year
vii. to the best of our information, the bank complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

PricewaterhouseCoopers

**PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
October 27, 2009

# Statement of Significant Accounting Policies

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

## a. Basis of Preparation

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

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

## b. Consolidation

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

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

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

## c. Recognition of Interest Income

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

## d. Recognition of Fees, Commissions and Other Income

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

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

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

## e. Provision Against Credit Risk

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

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

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

## f. Property, Plant and Equipment

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

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

## g. Deferred Taxation

Deferred income tax is provided in full using the liability method for all temporary 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. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

## h. Foreign Currency Transactions

Transactions denominated in foreign currency are converted into Naira at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into Naira at the rates of exchange ruling at the balance sheet date (or, where appropriate, the rate of the related forward contract). Exchange gains or losses are included in the profit and loss account.

## 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. Investments

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

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

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

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

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

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

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

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

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

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

## l. Investments in Subsidiaries

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

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

## m. Provisions

Provisions are recognised when the separate entities in the Group have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

## n. Retirement Benefits

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

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

## o. Cash and Cash Equivalents

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

## p. Borrowings

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

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

## q. Off-Balance Sheet Engagements

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

### i. Acceptances

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

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

### ii. Guarantees and performance bonds

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

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

### iii. Letters of credit

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

## r. Segment Reporting

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

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

# Consolidated profit and loss account for the year ended April 30, 2009

| | | GROUP | | BANK | |
|---|---|---|---|---|---|
| | Note | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| Gross earnings | | **71,658,251** | 52,818,798 | **70,022,826** | 50,086,197 |
| Interest income | 3 | **55,566,314** | 30,195,214 | **54,796,851** | 29,920,489 |
| Interest expense | 4 | **(17,941,441)** | (9,241,648) | **(17,972,886)** | (9,241,648) |
| **Net interest income** | | **37,624,873** | 20,953,566 | **36,823,965** | 20,678,841 |
| Fee and commission income | 5(a) | **13,852,800** | 13,970,104 | **12,992,113** | 11,540,931 |
| Foreign exchange earnings | | **1,650,947** | 2,736,317 | **1,650,947** | 2,736,317 |
| Income from investments | 5(b) | **161,561** | 5,472,919 | **156,931** | 5,472,919 |
| Other income | 5(c) | **426,629** | 444,244 | **425,984** | 415,542 |
| **Net operating income** | | **53,716,810** | 43,577,150 | **52,049,940** | 40,844,550 |
| Operating expenses | 6 | **(27,097,122)** | (19,900,468) | **(26,472,462)** | (19,380,206) |
| Provision for losses | 13 | **(21,845,923)** | (3,159,356) | **(21,598,204)** | (3,026,633) |
| **Profit before tax** | | **4,773,765** | 20,517,326 | **3,979,274** | 18,437,711 |
| Tax charge | 7 | **(779,222)** | (5,408,235) | **(513,462)** | (4,717,241) |
| **Profit after tax** | | **3,994,543** | 15,109,091 | **3,465,812** | 13,720,470 |
| **Non-controlling interest** | 26 | **-** | (17,685) | **-** | - |
| **Profit attributable to group shareholders** | | **3,994,543** | 15,091,406 | **3,465,812** | 13,720,470 |
| **The profit for the year is appropriated as follows:** | | | | | |
| Transfer to statutory reserve | 28 | **1,039,744** | 4,116,139 | **1,039,744** | 4,116,139 |
| Transfer to retained earnings | 28 | **2,954,799** | 10,975,267 | **2,426,068** | 9,604,331 |
| | | **3,994,543** | 15,091,406 | **3,465,812** | 13,720,470 |
| **Earnings per share in kobo (basic/diluted)** | 33 | **25k** | 135k | **21k** | 123k |

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

# Balance sheet as at April 30, 2009

| | | GROUP | | BANK | |
|---|---|---|---|---|---|
| | Note | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **ASSETS** | | | | | |
| Cash and balance with Central Bank | 8 | **7,169,038** | 8,473,486 | **7,168,159** | 8,472,161 |
| Treasury bills | 9 | **4,429,643** | 22,403,134 | **4,429,643** | 22,403,134 |
| Due from other banks | 10 | **165,145,574** | 194,747,892 | **165,149,865** | 194,747,892 |
| Dealing securities | 14 | **2,621,716** | 2,005,586 | **2,523,778** | 1,855,270 |
| Loans and advances | 11 | **271,103,278** | 186,634,383 | **270,188,782** | 186,565,206 |
| Advances under finance lease | 15 | **2,113,827** | 2,296,749 | **2,113,827** | 2,296,749 |
| Deferred tax assets | 24 | **1,300,378** | 2,638,674 | **1,229,671** | 2,629,794 |
| Investment securities | 16 | **30,267,465** | 2,332,601 | **30,267,465** | 2,332,601 |
| Investment in subsidiaries | 17 | **-** | - | **240,150** | 240,150 |
| Other assets | 18 | **10,449,657** | 29,173,961 | **10,191,790** | 27,093,988 |
| Property, plant and equipment | 19 | **21,001,009** | 16,630,464 | **20,906,484** | 16,573,956 |
| | | **515,601,585** | 467,336,930 | **514,409,614** | 465,210,901 |
| **LIABILITIES** | | | | | |
| Customer deposits | 20 | **321,219,293** | 251,223,129 | **322,418,759** | 251,580,103 |
| Due to other banks | 21 | **27,015,927** | 26,231,049 | **27,023,049** | 26,231,049 |
| Borrowings | 22 | **11,183,932** | 24,538,500 | **11,183,932** | 24,538,500 |
| Tax payable | 7 | **2,584,437** | 5,290,123 | **2,187,383** | 4,580,652 |
| Other liabilities | 23 | **22,445,616** | 22,754,206 | **22,051,212** | 22,514,354 |
| Deferred tax liabilities | 24 | **2,096,961** | 3,649,058 | **2,087,590** | 3,638,770 |
| | | **386,546,166** | 333,686,065 | **386,951,925** | 333,083,428 |

## Balance sheet as at April 30, 2009 (continued)

| | | GROUP | | BANK | |
|---|---|---|---|---|---|
| | Note | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **EQUITY** | | | | | |
| Share capital | 27 | **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 | 28 | **12,550,624** | 17,128,335 | **10,952,894** | 15,622,678 |
| **Shareholders' funds** | | **129,055,419** | 133,633,130 | **127,457,689** | 132,127,473 |
| Non-controlling interest | 26 | **-** | 17,735 | **-** | - |
| | | **129,055,419** | 133,650,865 | **127,457,689** | 132,127,473 |
| **LIABILITIES AND EQUITY** | | **515,601,585** | 467,336,930 | **514,409,614** | 465,210,901 |
| | | | | | |
| **ACCEPTANCES AND GUARANTEES** | 29 | **42,160,999** | 120,039,062 | **42,160,999** | 120,039,062 |

The financial statements and accompanying notes and accounting policies were approved by the Board of Directors on October 26, 2009 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.

## Cash flow statement for the year ended April 30, 2009

| | Note | GROUP 2009 N'000 | GROUP 2008 N'000 | BANK 2009 N'000 | BANK 2008 N'000 |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | |
| Cash generated from/(used up in) operations | 32 | **15,221,597** | (12,530,695) | **14,116,324** | (12,656,989) |
| Tax paid | 7 | **(3,691,652)** | (1,176,719) | **(3,057,788)** | (1,156,213) |
| | | **11,529,945** | (13,707,414) | **11,058,536** | (13,813,202) |
| **INVESTING ACTIVITIES** | | | | | |
| Investment in subsidiaries | | **(366,060)** | - | **-** | (150) |
| Dividend income | 5(b) | **161,561** | 74,957 | **156,931** | 74,957 |
| Proceeds from disposal of investment securities | | **14,900** | 8,363,552 | **14,900** | 8,369,885 |
| Purchase of investment securities | | **(28,070,938)** | (3,134,191) | **(28,070,938)** | (3,134,191) |
| (Purchase)/sale of dealing securities | | **(2,162,784)** | 3,829,941 | **(2,109,043)** | 3,873,372 |
| Proceeds from disposal of property, plant and equipment | | **61,359** | 18,788 | **49,613** | 18,788 |
| Purchase of property, plant and equipment | | **(7,260,057)** | (5,685,618) | **(7,187,336)** | (5,630,619) |
| | | **(37,622,019)** | 3,467,429 | **(37,145,873)** | 3,572,042 |
| **FINANCING ACTIVITIES** | | | | | |
| Net proceeds from issue of ordinary shares | | **-** | 90,764,040 | **-** | 90,763,990 |
| Dividend paid | 28 | **(8,135,596)** | (3,325,851) | **(8,135,596)** | (3,325,851) |
| Short-term borrowing/(repaid) | | **(10,102,768)** | 12,018,337 | **(10,102,768)** | 12,018,337 |
| Long-term borrowing/(repaid) | | **(3,251,800)** | - | **(3,251,800)** | - |
| | | **(21,490,164)** | 99,456,526 | **(21,490,164)** | 99,456,476 |

## Cash flow statement for the year ended April 30, 2009 (continued)

| | | GROUP | | BANK | |
|---|---|---|---|---|---|
| | Note | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | **(47,582,238)** | 89,216,541 | **(47,577,501)** | 89,215,316 |
| **ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD** | | | | | |
| Balance at beginning of the year | | **223,054,879** | 133,838,338 | **223,053,554** | 133,838,238 |
| Balance at end of year | 34 | **175,472,641** | 223,054,879 | **175,476,053** | 223,053,554 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | **(47,582,238)** | 89,216,541 | **(47,577,501)** | 89,215,316 |

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

# Notes to the financial statements for the year ended April 30, 2009

## 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. The group financial statements are for the bank and its subsidiaries, FCMB Capital Markets Limited and Credit Direct Limited.

## 2 SEGMENT ANALYSIS

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

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

**Corporate Banking** – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate banking group caters for private sector structure business with annual turnover of N2.5 billion and above.

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

**Public Sector** – government financing, collections and transaction banking.

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

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

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | Investment Banking N'000 | Corporate Banking N'000 | Retail Banking N'000 | Public Sector N'000 | Treasury & Financial Institutions N'000 | FY 2009 TOTAL N'000 | FY 2008 TOTAL N'000 |
|---|---|---|---|---|---|---|---|
| External revenues | 4,127,842 | 26,747,981 | 14,809,704 | 10,306,937 | 15,665,787 | **71,658,251** | **52,818,799** |
| Revenue from other segments | - | (10,436,702) | 2,538,820 | 3,553,036 | 4,344,846 | **-** | - |
| **Total revenue** | **4,127,842** | **16,311,279** | **17,348,524** | **13,859,973** | **20,010,633** | **71,658,251** | **52,818,799** |
| Net operating income | **4,159,288** | **19,093,636** | **9,867,359** | **7,295,258** | **13,301,269** | **53,716,810** | **43,577,150** |
| Profit before tax | 932,538 | 1,284,698 | 536,862 | 842,158 | 1,177,509 | **4,773,765** | **20,517,326** |
| Income tax expense | (105,504) | (192,705) | (181,639) | (104,198) | (195,177) | **(779,222)** | **(5,408,235)** |
| **Profit after tax for the year** | **827,034** | **1,091,993** | **355,223** | **737,960** | **982,332** | **3,994,543** | **15,109,091** |
| Segment assets | 24,151,886 | 264,215,703 | 42,514,726 | 35,261,915 | 148,227,684 | **514,371,914** | **464,707,136** |
| Unallocated assets | - | - | - | - | - | **1,229,671** | **2,629,794** |
| **Total assets** | **24,151,886** | **264,215,703** | **42,514,726** | **35,261,915** | **148,227,684** | **515,601,585** | **467,336,930** |
| Segment liabilities | 34,354,071 | 70,127,978 | 90,428,261 | 79,426,890 | 107,933,993 | **382,271,193** | **333,686,065** |
| Unallocated liabilities | - | - | - | - | - | **133,330,392** | **133,650,865** |
| **Total liabilities** | **34,354,071** | **70,127,978** | **90,428,261** | **79,426,890** | **107,933,993** | **515,601,585** | **467,336,930** |
| **Other segment items** | | | | | | | |
| Depreciation | 31,629 | 933,052 | 969,500 | 500,607 | 406,426 | **2,841,214** | **1,827,896** |

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **3 INTEREST INCOME** | | | | |
| Loans and advances | **33,322,303** | 15,818,237 | **32,583,824** | 15,541,554 |
| Placements and short-term funds | **17,666,640** | 13,473,464 | **17,635,656** | 13,475,422 |
| Interest on bonds | **4,220,265** | 523,465 | **4,220,265** | 523,465 |
| Advances under finance lease | **357,106** | 380,048 | **357,106** | 380,048 |
| | **55,566,314** | 30,195,214 | **54,796,851** | 29,920,489 |
| Analysis by source | | | | |
| Bank | **17,666,640** | 13,473,464 | **17,635,656** | 13,475,422 |
| Non-bank | **37,899,674** | 16,721,750 | **37,161,195** | 16,445,067 |
| | **55,566,314** | 30,195,214 | **54,796,851** | 29,920,489 |
| All interest income was earned within Nigeria | | | | |
| **4 INTEREST EXPENSE** | | | | |
| Term and other deposit accounts | **11,375,017** | 6,661,872 | **11,406,462** | 6,661,872 |
| Inter-bank takings | **5,730,901** | 1,560,186 | **5,730,901** | 1,560,186 |
| Current accounts | **524,231** | 912,834 | **524,231** | 912,834 |
| Savings accounts | **311,292** | 106,756 | **311,292** | 106,756 |
| | **17,941,441** | 9,241,648 | **17,972,886** | 9,241,648 |
| **5(a) FEES AND COMMISSIONS** | | | | |
| Corporate finance and fee income | **7,322,896** | 9,318,536 | **6,460,378** | 6,891,232 |
| Commission | **6,529,904** | 4,651,568 | **6,531,735** | 4,649,699 |
| | **13,852,800** | 13,970,104 | **12,992,113** | 11,540,931 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **5(b) INCOME FROM INVESTMENTS** | | | | |
| Gain on disposal of short-term investments | **-** | 5,397,962 | **-** | 5,397,962 |
| Dividend income | **161,561** | 74,957 | **156,931** | 74,957 |
| | **161,561** | 5,472,919 | **156,931** | 5,472,919 |
| **5(c) OTHER OPERATING INCOME** | | | | |
| Rental income | **32,782** | 46,514 | **32,782** | 46,514 |
| Profit on disposal of property, plant and equipment | **13,061** | 16,036 | **12,406** | 16,036 |
| Other income | **380,786** | 381,694 | **380,796** | 352,992 |
| | **426,629** | 444,244 | **425,984** | 415,542 |
| **6 OPERATING EXPENSES** | | | | |
| Staff cost (Note 31) | **15,171,228** | 10,987,841 | **14,897,917** | 10,782,580 |
| Depreciation (Note 19) | **2,841,214** | 1,827,896 | **2,817,601** | 1,815,126 |
| Auditors' remuneration | **100,000** | 96,000 | **90,000** | 90,000 |
| Directors' emoluments (Note 31) | **316,838** | 350,928 | **223,293** | 229,255 |
| Other operating expenses | **8,667,842** | 6,637,803 | **8,443,651** | 6,463,245 |
| | **27,097,122** | 19,900,468 | **26,472,462** | 19,380,206 |

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **7 TAX** | | | | |
| **Charge** | | | | |
| Current tax | **815,458** | 4,582,587 | **522,491** | 3,963,704 |
| Education tax | **122,768** | 371,548 | **102,235** | 329,884 |
| Information technology tax | **47,740** | 205,330 | **39,793** | 185,171 |
| **Income tax expenses** | **985,966** | 5,159,465 | **664,519** | 4,478,759 |
| Deferred tax charge/(abatement) (Note 24) | **(206,744)** | 248,770 | **(151,057)** | 238,482 |
| | **779,222** | 5,408,235 | **513,462** | 4,717,241 |
| **Payable** | | | | |
| Beginning of the year | **5,290,123** | 1,307,377 | **4,580,652** | 1,258,106 |
| Tax paid | **(3,691,652)** | (1,176,719) | **(3,057,788)** | (1,156,213) |
| Charge for the year | **985,966** | 5,159,465 | **664,519** | 4,478,759 |
| | **2,584,437** | 5,290,123 | **2,187,383** | 4,580,652 |
| **8 CASH AND BALANCE WITH CENTRAL BANK** | | | | |
| Cash | **4,508,267** | 4,538,511 | **4,507,388** | 4,537,186 |
| Operating account with the Central Bank of Nigeria | **1,389,157** | 1,365,342 | **1,389,157** | 1,365,342 |
| Mandatory reserve deposits | **1,271,614** | 2,569,633 | **1,271,614** | 2,569,633 |
| | **7,169,038** | 8,473,486 | **7,168,159** | 8,472,161 |

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

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **9 TREASURY BILLS** | | | | |
| Nigerian Government Treasury bills | **4,429,643** | 22,403,134 | **4,429,643** | 22,403,134 |
| | **4,429,643** | 22,403,134 | **4,429,643** | 22,403,134 |
| **10 DUE FROM OTHER BANKS** | | | | |
| Current balances within Nigeria | **19,886,380** | 50,219,202 | **19,890,671** | 50,219,202 |
| Current balances outside Nigeria | **11,572,694** | 10,463,191 | **11,572,694** | 10,463,191 |
| Placements within Nigeria | **133,686,500** | 134,065,499 | **133,686,500** | 134,065,499 |
| | **165,145,574** | 194,747,892 | **165,149,865** | 194,747,892 |

Balances with banks outside Nigeria include N2.9 billion (2008: N3.7 billion) which represents the Naira value of foreign currency amounts held by the bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities. (See Note 23).

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **11 LOANS AND ADVANCES** | | | | |
| Overdraft | **63,260,099** | 54,280,862 | **63,260,099** | 41,004,260 |
| Term loans | **117,096,183** | 45,665,636 | **116,137,859** | 58,795,026 |
| Commercial papers | **114,837,832** | 93,447,725 | **114,837,832** | 93,447,725 |
| | **295,194,114** | 193,394,223 | **294,235,790** | 193,247,011 |
| Loan loss provision (Note 12a) | **(21,706,532)** | (5,572,455) | **(21,662,704)** | (5,494,420) |
| Interest in suspense (Note 12b) | **(2,384,304)** | (1,187,385) | **(2,384,304)** | (1,187,385) |
| | **271,103,278** | 186,634,383 | **270,188,782** | 186,565,206 |
| *Analysis by security* | | | | |
| Secured against real estate | **84,872,535** | 73,841,036 | **83,914,211** | 73,841,036 |
| Otherwise secured | **202,295,906** | 111,729,865 | **202,295,906** | 111,582,653 |
| Unsecured | **8,025,673** | 7,823,322 | **8,025,673** | 7,823,322 |
| | **295,194,114** | 193,394,223 | **294,235,790** | 193,247,011 |
| *Analysis by performance* | | | | |
| Performing | **265,320,225** | 188,103,375 | **264,361,901** | 187,956,163 |
| Non-performing | **29,873,889** | 5,290,848 | **29,873,889** | 5,290,848 |
| | **295,194,114** | 193,394,223 | **294,235,790** | 193,247,011 |
| *Analysis by maturity* | | | | |
| 0–30 days | **102,354,409** | 86,611,916 | **101,396,085** | 86,533,879 |
| 1–3 months | **35,181,498** | 50,487,855 | **35,181,498** | 50,487,855 |
| 3–6 months | **15,871,681** | 14,411,118 | **15,871,681** | 14,411,118 |
| 6–12 months | **44,351,943** | 12,906,091 | **44,351,943** | 12,906,091 |
| Over 12 months | **97,434,583** | 28,977,243 | **97,434,583** | 28,908,068 |
| | **295,194,114** | 193,394,223 | **294,235,790** | 193,247,011 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **12 LOAN LOSS PROVISION AND INTEREST IN SUSPENSE** | | | | |
| a) MOVEMENT IN LOAN LOSS PROVISION | | | | |
| At beginning of period: | | | | |
| - Non-performing | **3,614,858** | 1,649,504 | **3,614,858** | 1,649,504 |
| - Performing | **1,957,597** | 873,108 | **1,879,562** | 873,108 |
| | **5,572,455** | 2,522,612 | **5,494,420** | 2,522,612 |
| Additional provision: | | | | |
| - Non-performing | **18,933,693** | 2,003,873 | **18,899,449** | 2,003,873 |
| - Performing | **695,605** | 1,084,489 | **764,057** | 1,006,454 |
| Amounts written off | **(3,488,323)** | - | **(3,488,323)** | - |
| Provision no longer required | **(6,899)** | (38,519) | **(6,899)** | (38,519) |
| At end of period: | | | | |
| - Non-performing | **19,053,330** | 3,614,858 | **19,019,085** | 3,614,858 |
| - Performing | **2,653,202** | 1,957,597 | **2,643,619** | 1,879,562 |
| | **21,706,532** | 5,572,455 | **21,662,704** | 5,494,420 |
| b) MOVEMENT IN INTEREST IN SUSPENSE | | | | |
| Beginning of period: | **1,187,385** | 723,962 | **1,187,385** | 723,962 |
| Suspended during the year | **1,837,201** | 728,089 | **1,837,201** | 728,089 |
| Amounts written back | **(640,282)** | (263,149) | **(640,282)** | (263,149) |
| Amounts written off | **-** | (1,517) | **-** | (1,517) |
| At end of period | **2,384,304** | 1,187,385 | **2,384,304** | 1,187,385 |

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **13 PROVISION FOR LOSSES** | | | | |
| The charge for the period is analysed as follows: | | | | |
| Loans and advances | **19,622,399** | 3,049,843 | **19,656,607** | 2,971,808 |
| Advances under finance lease | **(1,847)** | 17,625 | **(1,847)** | 17,625 |
| Investments | **1,667,828** | - | **1,561,709** | - |
| Other assets | **597,292** | 91,888 | **421,484** | 37,200 |
| Loans recovery | **(85,418)** | - | **(85,418)** | - |
| Direct credits write-off | **45,669** | - | **45,669** | - |
| | **21,845,923** | 3,159,356 | **21,598,204** | 3,026,633 |

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **14 DEALING SECURITIES** | | | | |
| Quoted | | | | |
| Federal Government of Nigeria (FGN) Bonds | **1,981,290** | 1,861,603 | **1,981,290** | 1,861,603 |
| African Petroleum Plc – ordinary shares | **1,989,356** | - | **1,989,356** | - |
| Quoted equity securities | **204,057** | 150,316 | **-** | - |
| | **4,174,703** | 2,011,919 | **3,970,646** | 1,861,603 |
| Provisions for diminution in value | **(1,552,987)** | (6,333) | **(1,446,868)** | (6,333) |
| | **2,621,716** | 2,005,586 | **2,523,778** | 1,855,270 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **15 ADVANCES UNDER FINANCE LEASE** | | | | |
| Gross investment | **2,579,519** | 2,894,413 | **2,579,519** | 2,894,413 |
| Less: unearned income | **(444,340)** | (574,465) | **(444,340)** | (574,465) |
| Net investment | **2,135,179** | 2,319,948 | **2,135,179** | 2,319,948 |
| General provision for performing loans | **(21,352)** | (23,199) | **(21,352)** | (23,199) |
| | **2,113,827** | 2,296,749 | **2,113,827** | 2,296,749 |
| *Analysis by performance* | | | | |
| Performing | **2,135,179** | 2,319,948 | **2,135,179** | 2,319,948 |
| *Analysis by maturity* | | | | |
| 0–30 days | **83,484** | 9,019 | **83,484** | 9,019 |
| 1–3 months | **45,061** | 69,525 | **45,061** | 69,525 |
| 3–6 months | **151,003** | 551,374 | **151,003** | 551,374 |
| 6–12 months | **1,258,460** | 366,946 | **1,258,460** | 366,946 |
| Over 12 months | **597,171** | 1,323,084 | **597,171** | 1,323,084 |
| | **2,135,179** | 2,319,948 | **2,135,179** | 2,319,948 |
| *Movement in general provision* | | | | |
| At May 1, 2008 | **23,199** | 5,574 | **23,199** | 5,574 |
| Net change | **(1,847)** | 17,625 | **(1,847)** | 17,625 |
| At April 30, 2009 | **21,352** | 23,199 | **21,352** | 23,199 |

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **16 INVESTMENT SECURITIES** | | | | |
| **a) Quoted** | | | | |
| Federal Government of Nigeria (FGN) Bonds | **23,201,348** | - | **23,201,348** | - |
| Provision for diminution in value | **(121,174)** | - | **(121,174)** | - |
| | **23,080,174** | - | **23,080,174** | - |
| **b) Unquoted** | | | | |
| **i) SME Investments** | | | | |
| SME Partnership Limited | **86,763** | 87,665 | **86,763** | 87,665 |
| Deebee Company Limited | **30,000** | 30,000 | **30,000** | 30,000 |
| S & B Printers Limited | **48,039** | 48,039 | **48,039** | 48,039 |
| Tinapa Business Resort Limited | **250,000** | 250,000 | **250,000** | 250,000 |
| American Hospital, Abuja | **50,000** | 50,000 | **50,000** | 50,000 |
| Tevoli Limited | **120,406** | 120,406 | **120,406** | 120,406 |
| First SME Limited | **11,250** | 11,250 | **11,250** | 11,250 |
| EWA Pharm, Agric and Chemical Company Limited | **10,000** | 10,000 | **10,000** | 10,000 |
| Heron Holdings Limited | **9,835** | 9,835 | **9,835** | 9,835 |
| Emel Hospital Limited | **8,800** | 8,800 | **8,800** | 8,800 |
| Nigerian Automated Clearing Systems | **7,000** | 7,000 | **7,000** | 7,000 |
| Channel House Limited | **4,000** | 4,000 | **4,000** | 4,000 |
| | **636,093** | 636,995 | **636,093** | 636,995 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **16 INVESTMENT SECURITIES continued** | | | | |
| **ii) Others** | | | | |
| First Inland Bank Plc – preference shares | **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** | 52,582 | **52,583** | 52,582 |
| Kakawa Discount House Limited | **22,800** | 22,800 | **22,800** | 22,800 |
| Interswitch Nigeria Limited | **10,420** | 10,420 | **10,420** | 10,420 |
| ATSC International Nigeria Limited | **50,000** | 50,000 | **50,000** | 50,000 |
| Credit Reference Company Limited | **61,111** | 50,000 | **61,111** | 50,000 |
| African Finance Corporation Limited | **1,287,000** | 1,287,000 | **1,287,000** | 1,287,000 |
| Legacy Pensions Limited | **300,000** | - | **300,000** | - |
| | **6,251,198** | 1,495,606 | **6,251,198** | 1,495,606 |
| **iii) Debt securities** | | | | |
| Lagos State Government Bond (2005/2009) | **200,000** | 200,000 | **200,000** | 200,000 |
| Lagos State Government Bond [Series 1] (2008/2013) | **100,000** | - | **100,000** | - |
| | **300,000** | 200,000 | **300,000** | 200,000 |
| | **30,267,465** | 2,332,601 | **30,267,465** | 2,332,601 |
| **Movement in investment securities** | | | | |
| At May 1, 2008 | **2,332,601** | 2,163,999 | **2,332,601** | 2,163,999 |
| Additions | **28,070,938** | 318,602 | **28,070,938** | 318,602 |
| Redemption | **(14,900)** | (150,000) | **(14,900)** | (150,000) |
| Provisions for diminution in value | **(121,174)** | - | **(121,174)** | - |
| At April 30, 2009 | **30,267,465** | 2,332,601 | **30,267,465** | 2,332,601 |

## Notes to the financial statements for the year ended April 30, 2009

i) 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 N636 million (2008: N637million) has 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.

ii) The quoted securities represent amounts invested in Federal Government of Nigeria (FGN) bonds and have maturities ranging from July 28, 2009 to May 31, 2018 with interest rates ranging from 7.95% to 12.50% and N11.8 billion (2008: N500 million) of these bonds is pledged with counterparties as collateral for various transactions.

iii) Unlisted debt securities represent amounts invested in the bonds issued by various state governments and have maturities ranging from one to seven years. The coupon rates on these bonds range from 13% to16%.

iv) In the opinion of the directors, there has been no permanent diminution in the carrying value of the unquoted investments.

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **17 INVESTMENT IN SUBSIDIARIES** | | | | |
| FCMB Capital Markets Limited (100% holding) | **-** | - | **240,000** | 240,000 |
| Credit Direct Limited (75% holding) | **-** | - | **150** | 150 |
| | **-** | - | **240,150** | 240,150 |
| **18 OTHER ASSETS** | | | | |
| Accrued interest and fees receivable | **6,568,631** | 4,360,390 | **6,564,358** | 4,360,390 |
| Open buy back treasury bills | **-** | 20,000,000 | **-** | 20,000,000 |
| Prepayments | **2,315,780** | 1,428,171 | **2,303,287** | 1,410,713 |
| Accounts receivable | **2,385,265** | 3,703,784 | **1,958,175** | 1,556,277 |
| Consumables | **27,253** | 11,253 | **27,253** | 11,253 |
| | **11,296,929** | 29,503,598 | **10,853,073** | 27,338,633 |
| Provision for doubtful accounts | **(847,272)** | (329,637) | **(661,283)** | (244,645) |
| | **10,449,657** | 29,173,961 | **10,191,790** | 27,093,988 |
| **Movement in provision for doubtful accounts:** | | | | |
| Beginning of the year | **329,637** | 256,504 | **244,645** | 227,461 |
| Provision/(write back) | **597,292** | 91,888 | **421,484** | 37,200 |
| Amounts written-off | **(79,657)** | (18,755) | **(4,846)** | (20,016) |
| At end of the year | **847,272** | 329,637 | **661,283** | 244,645 |

## Notes to the financial statements for the year ended April 30, 2009

### 19 PROPERTY, PLANT AND EQUIPMENT

| GROUP | Capital work in progress N'000 | Leasehold land and building 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 May 1, 2008 | 4,444,725 | 6,877,026 | 2,657,202 | 1,581,977 | 2,197,477 | 3,188,927 | **20,947,334** |
| Additions | 4,992,076 | 285,051 | 742,990 | 210,539 | 476,802 | 552,599 | **7,260,057** |
| Disposal | - | - | (156,926) | (15,698) | (29,622) | (6,898) | **(209,144)** |
| Reclassifications | (4,173,220) | 2,326,949 | 113,596 | 151,658 | 142,988 | 1,438,029 | **-** |
| At April 30, 2009 | **5,263,581** | **9,489,026** | **3,356,862** | **1,928,476** | **2,787,645** | **5,172,657** | **27,998,247** |
| **Depreciation** | | | | | | | |
| At May 1, 2008 | - | 570,673 | 968,902 | 511,337 | 823,203 | 1,442,755 | **4,316,870** |
| Charge for the year | - | 322,134 | 908,966 | 330,482 | 460,761 | 818,871 | **2,841,214** |
| Eliminated on disposal | - | - | (116,847) | (14,741) | (27,793) | (1,465) | **(160,846)** |
| At April 30, 2009 | **-** | **892,807** | **1,761,021** | **827,078** | **1,256,171** | **2,260,161** | **6,997,238** |
| **Net book value** | | | | | | | |
| At April 30, 2009 | **5,263,581** | **8,596,219** | **1,595,841** | **1,101,398** | **1,531,474** | **2,912,496** | **21,001,009** |
| **Net book value** | | | | | | | |
| At April 30, 2008 | 4,444,725 | 6,306,353 | 1,688,883 | 1,071,810 | 1,370,815 | 1,747,878 | **16,630,464** |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

### 19 PROPERTY, PLANT AND EQUIPMENT continued

| BANK | Capital work in progress N'000 | Leasehold land and building 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 May 1, 2008 | 4,444,725 | 6,877,026 | 2,626,583 | 1,561,261 | 2,176,655 | 3,184,727 | **20,870,977** |
| Additions | 4,992,159 | 285,051 | 696,153 | 207,485 | 476,561 | 529,927 | **7,187,336** |
| Disposal | - | - | (144,993) | (15,698) | (29,622) | (2,107) | **(192,420)** |
| Reclassifications | (4,173,219) | 2,326,949 | 105,536 | 148,787 | 164,250 | 1,427,697 | **-** |
| At April 30, 2009 | **5,263,665** | **9,489,026** | **3,283,279** | **1,901,835** | **2,787,844** | **5,140,244** | **27,865,893** |
| **Depreciation** | | | | | | | |
| At May 1, 2008 | - | 570,673 | 958,966 | 505,760 | 822,472 | 1,439,150 | **4,297,021** |
| Charge for the year | - | 322,134 | 894,953 | 325,242 | 460,461 | 814,811 | **2,817,601** |
| Eliminated on disposal | - | - | (109,782) | (14,741) | (29,388) | (1,302) | **(155,213)** |
| At April 30, 2009 | **-** | **892,807** | **1,744,137** | **816,261** | **1,253,545** | **2,252,659** | **6,959,409** |
| **Net book value** | | | | | | | |
| At April 30, 2009 | **5,263,665** | **8,596,219** | **1,539,142** | **1,085,574** | **1,534,299** | **2,887,585** | **20,906,484** |
| **Net book value** | | | | | | | |
| At April 30, 2008 | 4,444,725 | 6,306,353 | 1,667,617 | 1,055,501 | 1,354,183 | 1,745,577 | **16,573,956** |

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **20 CUSTOMER DEPOSITS** | | | | |
| Current accounts | **154,418,852** | 112,020,013 | **155,618,318** | 112,126,987 |
| Savings accounts | **16,690,559** | 10,238,437 | **16,690,559** | 10,238,437 |
| Term and other deposit accounts | **150,109,882** | 128,964,679 | **150,109,882** | 129,214,679 |
| | **321,219,293** | 251,223,129 | **322,418,759** | 251,580,103 |
| Analysis by maturity | | | | |
| 0–30 days | **290,094,134** | 138,680,995 | **291,293,600** | 139,037,969 |
| 1–3 months | **29,925,692** | 97,862,146 | **29,925,692** | 97,862,146 |
| 3–6 months | **1,025,087** | 13,603,422 | **1,025,087** | 13,603,422 |
| 6–12 months | **174,180** | 1,076,566 | **174,180** | 1,076,566 |
| Over 12 months | **200** | - | **200** | - |
| | **321,219,293** | 251,223,129 | **322,418,759** | 251,580,103 |
| **21 DUE TO OTHER BANKS** | | | | |
| Takings from banks and financial institutions | **27,015,927** | 5,731,049 | **27,023,049** | 5,731,049 |
| Open buy back takings | **-** | 20,500,000 | **-** | 20,500,000 |
| | **27,015,927** | 26,231,049 | **27,023,049** | 26,231,049 |

No bills or bonds pledged for OBB takings

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **22 BORROWINGS** | | | | |
| **i) Short-term borrowings** | | | | |
| Foreign financial institutions | **3,826,082** | - | **3,826,082** | - |
| US$10 million promissory note | **-** | 1,178,850 | **-** | 1,178,850 |
| Other credit linked notes | **-** | 12,750,000 | **-** | 12,750,000 |
| | **3,826,082** | 13,928,850 | **3,826,082** | 13,928,850 |
| **ii) Long-term borrowings** | | | | |
| Foreign financial institutions | **7,357,850** | 10,609,650 | **7,357,850** | 10,609,650 |
| | **7,357,850** | 10,609,650 | **7,357,850** | 10,609,650 |
| | **11,183,932** | 24,538,500 | **11,183,932** | 24,538,500 |
| Analysis by maturity | | | | |
| 0–30 days | **1,324,413** | 3,319,200 | **1,324,413** | 3,319,200 |
| 1–3 months | **1,177,256** | 5,304,825 | **1,177,256** | 5,304,825 |
| 3–6 months | **1,324,413** | - | **1,324,413** | - |
| 6–12 months | **-** | 5,304,825 | **-** | 5,304,825 |
| Over 12 months | **7,357,850** | 10,609,650 | **7,357,850** | 10,609,650 |
| | **11,183,932** | 24,538,500 | **11,183,932** | 24,538,500 |

Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **23 OTHER LIABILITIES** | | | | |
| Customers' deposit for letters of credit (Note 10) | **2,925,932** | 3,692,011 | **2,925,932** | 3,692,011 |
| Bank cheques/drafts issued | **3,539,906** | 5,859,290 | **3,539,906** | 5,859,290 |
| Interest payable | **628,516** | 1,463,961 | **628,516** | 1,463,961 |
| Unearned income | **2,619,221** | 1,916,409 | **2,619,221** | 1,916,409 |
| Proceeds from public offers | **2,056,834** | 59,206 | **1,989,419** | - |
| Accounts payable | **4,111,417** | 2,541,607 | **3,975,011** | 2,527,247 |
| Accrued expenses | **1,448,051** | 1,195,187 | **1,257,468** | 1,195,187 |
| Others | **5,115,739** | 6,026,535 | **5,115,739** | 5,860,249 |
| | **22,445,616** | 22,754,206 | **22,051,212** | 22,514,354 |

| | GROUP 2009 | GROUP 2008 | BANK 2009 | BANK 2008 |
|---|---|---|---|---|
| **24 DEFERRED TAX** | | | | |
| At May 1 | **1,010,384** | 761,614 | **1,008,976** | 770,494 |
| Charge for prior year from the subsidiary | **(7,057)** | - | **-** | - |
| Charge for the year (Note 7) | **(206,744)** | 248,770 | **(151,057)** | 238,482 |
| | **796,583** | 1,010,384 | **857,919** | 1,008,976 |
| The balance sheet amounts comprise | | | | |
| Deferred tax assets | **(1,300,378)** | (2,638,674) | **(1,229,671)** | (2,629,794) |
| Deferred tax liabilities | **2,096,961** | 3,649,058 | **2,087,590** | 3,638,770 |
| | **796,583** | 1,010,384 | **857,919** | 1,008,976 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **25 RETIREMENT BENEFIT OBLIGATIONS** | | | | |
| The amounts recognised in the balance sheet comprise: | | | | |
| Defined contribution schemes | **26,319** | 75,187 | **21,647** | 75,187 |
| Defined gratuity scheme | **213,487** | 215,134 | **194,782** | 200,774 |
| | **239,806** | 290,321 | **216,429** | 275,961 |
| Movement in the liability recognised in the balance sheet: | | | | |
| i) Defined contribution schemes: | | | | |
| At May 1 | **75,187** | 64,688 | **75,187** | 64,688 |
| Charge to profit and loss/Contribution | **680,329** | 1,550,412 | **600,792** | 1,550,412 |
| Contributions remitted | **(729,197)** | (1,539,913) | **(654,332)** | (1,539,913) |
| At April 30 | **26,319** | 75,187 | **21,647** | 75,187 |
| The bank makes pension contributions to the Retirement Savings Account of each qualifying employee in line with the Pension Reform Act of 2004. Employees and the bank contribute to the scheme at 7.5% and 7.5% respectively of the employees' annual basic salary, transport and housing allowance. | | | | |
| ii) Defined gratuity scheme: | | | | |
| At May 1 | **215,134** | 227,051 | **200,774** | 221,691 |
| Charge to profit and loss | **63,523** | 75,000 | **60,000** | 65,000 |
| Payments | **(65,170)** | (86,917) | **(65,992)** | (85,917) |
| At April 30 | **213,487** | 215,134 | **194,782** | 200,774 |

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

# Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **26 NON-CONTROLLING INTEREST** | | | | |
| At May 1 | **17,735** | - | **-** | - |
| Adjustments to share of net assets | **-** | 50 | **-** | - |
| Acquired net assets transfer to the Group | **(17,735)** | - | **-** | - |
| Transfer from profit and loss | **-** | 17,685 | **-** | - |
| At April 30 | **-** | 17,735 | **-** | - |

| | | | | |
|---|---|---|---|---|
| **27 SHARE CAPITAL** | | | | |
| Authorised: | | | | |
| 20 billion ordinary shares of 50 kobo each | **10,000,000** | 10,000,000 | 10,000,000 | 10,000,000 |

| | NUMBER GROUP | | NUMBER BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| Issued and fully paid ordinary shares of 50 kobo each: | | | | |
| At May 1 | **16,271,192** | 9,502,430 | 16,271,192 | 9,502,430 |
| Issued during the year | **-** | 6,768,762 | - | 6,768,762 |
| At April 30 | **16,271,192** | 16,271,192 | 16,271,192 | 16,271,192 |

| | N'000 GROUP | | N'000 BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| Issued and fully paid ordinary shares of 50 kobo each: | | | | |
| At May 1 | **8,135,596** | 4,751,215 | **8,135,596** | 4,751,215 |
| Issued during the year | **-** | 3,384,381 | **-** | 3,384,381 |
| At April 30 | **8,135,596** | 8,135,596 | **8,135,596** | 8,135,596 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

### 28 RESERVES

| GROUP | Proposed dividend N'000 | Statutory reserve N'000 | Investment in SMEs reserve N'000 | Retained earnings reserve N'000 | Total N'000 |
|---|---|---|---|---|---|
| At May 1, 2007 | 3,325,851 | 3,735,233 | 658,637 | (2,356,941) | **5,362,780** |
| Dividend paid | (3,325,851) | - | - | - | **(3,325,851)** |
| Transfer from profit and loss account | - | 4,116,139 | - | 10,975,267 | **15,091,406** |
| At April 30, 2008/May 1, 2008 | **-** | **7,851,372** | **658,637** | **8,618,326** | **17,128,335** |
| Acquired net assets | - | - | - | (436,658) | **(436,658)** |
| Transfer from retained earnings | 8,135,596 | - | - | (8,135,596) | **-** |
| Dividend paid | (8,135,596) | - | - | - | **(8,135,596)** |
| Transfer from profit and loss account | - | 1,039,744 | - | 2,954,799 | **3,994,543** |
| At April 30, 2009 | **-** | **8,891,116** | **658,637** | **3,000,871** | **12,550,624** |

| BANK | Proposed dividend N'000 | Statutory reserve N'000 | Investment in SMEs reserve N'000 | Retained earnings reserve N'000 | Total N'000 |
|---|---|---|---|---|---|
| At May 1, 2007 | 3,325,851 | 3,735,233 | 658,637 | (2,491,662) | **5,228,059** |
| Dividend paid | (3,325,851) | - | - | - | **(3,325,851)** |
| Transfer from profit and loss account | - | 4,116,139 | - | 9,604,331 | **13,720,470** |
| At April 30, 2008/May 1, 2008 | **-** | **7,851,372** | **658,637** | **7,112,669** | **15,622,678** |
| Transfer from retained earnings | 8,135,596 | - | - | (8,135,596) | **-** |
| Dividend paid | (8,135,596) | - | - | - | **(8,135,596)** |
| Transfer from profit and loss account | - | 1,039,744 | - | 2,426,068 | **3,465,812** |
| At April 30, 2009 | **-** | **8,891,116** | **658,637** | **1,403,141** | **10,952,894** |

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

## Notes to the financial statements for the year ended April 30, 2009

### 29 CONTINGENT LIABILITIES AND COMMITMENTS

a) LEGAL PROCEEDINGS

The bank has contingent liabilities in respect of ongoing legal proceedings amounting to N2.20 billion (2008: N1.86 billion). No provision has been made in these financial statements as the directors are of the opinion that no significant liability will eventuate.

b) CAPITAL COMMITMENTS

At the balance sheet date, the bank had capital commitments amounting to N6.9 billion (2008: N7.6 billion) in respect of authorized and contracted capital projects.

c) CREDIT RELATED COMMITMENTS

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

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| Performance bonds and guarantees | **17,013,197** | 11,871,864 | **17,013,197** | 11,871,864 |
| Clean line letters of credit | **25,147,802** | 55,659,311 | **25,147,802** | 55,659,311 |
| Currency sale and purchase commitments | - | 17,875,790 | - | 17,875,790 |
| Guaranteed commercial papers | - | 24,632,097 | - | 24,632,097 |
| Underwriting commitment | - | 10,000,000 | - | 10,000,000 |
| | **42,160,999** | 120,039,062 | **42,160,999** | 120,039,062 |

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. Cash requirements under clean line letters of credit are considerably less than the amount of the commitment because the bank does not generally expect the third party to draw funds under the agreement.

## Notes to the financial statements for the year ended April 30, 2009 (continued)

### 30 RELATED PARTY TRANSACTIONS

The bank has related party relationships where significant influence exists with City Securities Limited (CSL), CSL Stockbrokers Limited (CSLS), Primrose Investments Limited, Primrose Property Investment Limited, First City Telecom Limited, Lana Securities Limited, Blue-Chip Holdings Limited, First City Asset Management Limited (FCAML), City Securities (Registrar) Limited, CSL Nominees Limited, S & B Printers Limited, GEC Alsthom, T & D Nigeria Plc and Chellarams Nigeria Plc, Swap Technologies Limited and Helios Towers Nigeria Limited.

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 April 30, 2009 was N15.59 billion (2008: N8.77 billion) and the credit facilites were all performing. Deposits from related parties held by the bank as at April 30, 2009 amounted to N8.72 billion (2008: N4.30 billion).

In May 2008, the Bank's subsidiary FCMB Capital Market Limited (FCMB CM) entered into a technical management service agreement with City Securities (Registrars) Limited (CSRL). Under the agreement, FCMB CM provides CSRL with technical skills, financial and liquidity management services, proprietary research and business development support in consideration for a fee equal to 40% of the funds management revenue of CSRL. The service fee income from CSRL for the year was N433.60 million (2008: Nil).

As of balance sheet date, the Group had reached an agreement with CSLS and CSRL to acquire the entire issued share capital of the companies for N6.9 billion. The transaction has been approved by Central Bank of Nigeria, but awaits the approval of the Security and Exchange Commission.

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **31 EMPLOYEES AND DIRECTORS** | | | | |
| a) EMPLOYEES | | | | |
| The average number of persons employed during the year by category: | **Number** | Number | **Number** | Number |
| Executive directors | **6** | 6 | **5** | 4 |
| Management | **595** | 511 | **590** | 507 |
| Non-management | **1,762** | 1,868 | **1,654** | 1,849 |
| | **2,363** | 2,385 | **2,249** | 2,360 |
| Compensation for the above persons (excluding executive directors): | **N'000** | N'000 | **N'000** | N'000 |
| Salaries and wages | **14,782,204** | 10,665,190 | **14,527,140** | 10,478,356 |
| Retirement benefit cost | **389,024** | 322,651 | **370,777** | 304,224 |
| | **15,171,228** | 10,987,841 | **14,897,917** | 10,782,580 |
| The number of employees of the bank, including executive directors, who received emoluments in the following ranges were: | **2009 Number** | 2008 Number | **2009 Number** | 2008 Number |
| Less than N1,800,000 | **534** | 382 | **438** | 379 |
| N1,800,001–2,500,000 | **681** | 793 | **674** | 793 |
| N2,500,001–N3,500,000 | **535** | 504 | **529** | 500 |
| N3,500,001–N4,500,000 | **205** | 340 | **201** | 333 |
| N4,500,001–N5,500,000 | **171** | 165 | **171** | 161 |
| N5,500,000 and above | **237** | 201 | **236** | 194 |
| | **2,363** | 2,385 | **2,249** | 2,360 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **31 EMPLOYEES AND DIRECTORS continued** | | | | |
| b) DIRECTORS | | | | |
| The remuneration paid to the directors of the bank (excluding pension and certain allowances) was: | | | | |
| Fees and sitting allowances | **42,900** | 59,347 | **38,900** | 36,250 |
| Executive compensation | **224,941** | 289,275 | **167,351** | 169,752 |
| | **267,841** | 348,622 | **206,251** | 206,002 |
| Directors' other expenses | **48,997** | 2,306 | **17,042** | 23,253 |
| | **316,838** | 350,928 | **223,293** | 229,255 |
| The directors' remuneration shown above includes: | | | | |
| The Chairman | **5,128** | 4,300 | **4,678** | 4,000 |
| Highest paid director | **50,267** | 65,790 | **50,267** | 65,790 |

## Notes to the financial statements for the year ended April 30, 2009

| | Note | GROUP | | BANK | |
|---|---|---|---|---|---|
| | | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **32 CASH GENERATED FROM OPERATIONS** | | | | | |
| Reconciliation of profit before tax to cash generated from operations: | | | | | |
| Operating profit | | **4,773,765** | 20,517,326 | **3,979,274** | 18,437,711 |
| Gain on disposal of investments | 5(b) | **-** | (5,397,962) | **-** | (5,397,962) |
| Exchange gain on borrowings | 22 | **-** | (624,035) | **-** | (624,035) |
| Investment income | 5(b) | **(161,561)** | (74,957) | **(156,931)** | (74,957) |
| Provision/(write back) – loans and advances | 13 | **19,622,399** | 3,049,843 | **19,656,607** | 2,971,808 |
| Provision/(write back) – other assets and contingencies | 13 | **597,292** | 91,888 | **421,484** | 37,200 |
| Provision/(write back) – finance leases | 13 | **(1,847)** | 17,625 | **(1,847)** | 17,625 |
| Provision for diminution in investments | 13 | **1,667,828** | - | **1,561,709** | - |
| Loans recovery | 13 | **(85,418)** | - | **(85,418)** | - |
| Direct credits write-off | 13 | **45,669** | - | **45,669** | - |
| Interest in suspense written off | 12 | **-** | (1,517) | **-** | (1,517) |
| Depreciation | 19 | **2,841,214** | 1,827,896 | **2,817,601** | 1,815,126 |
| Profit on disposal of property, plant and equipment | | **(13,061)** | (16,036) | **(12,406)** | (16,036) |
| Write-off of other assets previously provided for | | **(79,657)** | (18,755) | **(4,846)** | (20,016) |
| (Decrease)/increase in interest in suspense | | **1,196,919** | 464,941 | **1,196,919** | 464,941 |
| | | **30,403,542** | 19,836,257 | **29,417,815** | 17,609,888 |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **32 CASH GENERATED FROM OPERATIONS continued** | | | | |
| Increase in loans and advances | **(101,799,891)** | (106,570,515) | **(100,988,779)** | (106,423,303) |
| Decrease/(increase) in advances under finance leases | **184,769** | (1,762,589) | **184,769** | (1,762,589) |
| Decrease/(increase) in interest receivable and prepayments | **(3,095,850)** | (3,820,148) | **(3,096,542)** | (4,083,326) |
| Decrease/(increase) in accounts receivable and consumables | **1,302,519** | (1,635,818) | **(417,898)** | 611,896 |
| Decrease/(increase) in pledged treasury bills | **20,000,000** | (5,000,000) | **20,000,000** | (5,000,000) |
| Decrease/(increase) in mandatory reserve deposits | **1,298,019** | 2,729,169 | **1,298,019** | 2,729,169 |
| Increase in deposits | **70,781,042** | 74,146,348 | **71,630,656** | 74,183,614 |
| Increase/(decrease) in foreign currency denominated liability | **(766,079)** | 810,246 | **(766,079)** | 810,246 |
| Increase/(decrease) in bank cheques issued | **(2,319,384)** | 1,385,237 | **(2,319,384)** | 1,385,237 |
| Increase/(decrease) in proceeds from third party public offers | **1,997,628** | 40,245 | **1,989,419** | (18,961) |
| Increase in interest payable and accrued expenses | **(2,764,718)** | 7,310,873 | **(2,815,673)** | 7,301,141 |
| **Cash generated from/(used up in) operations** | **15,221,597** | (12,530,695) | **14,116,324** | (12,656,989) |

**33 EARNINGS PER SHARE**

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

| | GROUP 2009 | GROUP 2008 | BANK 2009 | BANK 2008 |
|---|---|---|---|---|
| Net profit attributable to shareholders (N'000) | **3,994,543** | 15,091,406 | **3,465,812** | 13,720,470 |
| Number of ordinary shares in issues ('000) | **16,271,192** | 11,194,621 | **16,271,192** | 11,194,621 |
| Earnings per share – basic/diluted | **25k** | 135k | **21k** | 123k |

## Notes to the financial statements for the year ended April 30, 2009

| | GROUP | | BANK | |
|---|---|---|---|---|
| | **2009 N'000** | 2008 N'000 | **2009 N'000** | 2008 N'000 |
| **34 CASH AND CASH EQUIVALENTS** | | | | |
| For the purposes of the cash flow statement, cash and cash equivalents include: | | | | |
| Cash (Note 8) | **4,508,267** | 4,538,511 | **4,507,388** | 4,537,186 |
| Operating account with the Central Bank of Nigeria (Note 8) | **1,389,157** | 1,365,342 | **1,389,157** | 1,365,342 |
| Treasury bills (Note 9) | **4,429,643** | 22,403,134 | **4,429,643** | 22,403,134 |
| Due from other banks (Note 10) | **165,145,574** | 194,747,892 | **165,149,865** | 194,747,892 |
| | **175,472,641** | 223,054,879 | **175,476,053** | 223,053,554 |

**35 COMPLIANCE WITH BANKING REGULATIONS**

During the year, the bank complied with the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars.

**36 COMPARATIVES**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## Notes to the financial statements for the year ended April 30, 2009 (continued)

### 37 CONDENSED FINANCIAL INFORMATION

| | Bank N'000 | FCMB Capital Markets Limited N'000 | Credit Direct Limited N'000 | Total N'000 | Consolidation Journal Entries N'000 | Group N'000 |
|---|---|---|---|---|---|---|
| **RESULTS OF OPERATIONS** | | | | | | |
| Operating income | 52,049,940 | 917,640 | 750,708 | 53,718,288 | (1,478) | 53,716,810 |
| Operating expenses | (26,472,462) | (408,696) | (163,386) | (27,044,544) | (52,578) | (27,097,122) |
| Provision expense | (21,598,204) | (293,062) | (8,488) | (21,899,754) | 53,831 | (21,845,923) |
| Profit before tax | 3,979,274 | 215,882 | 578,834 | 4,773,990 | (225) | 4,773,765 |
| Tax | (513,462) | (86,661) | (179,099) | (779,222) | - | (779,222) |
| Profit after tax | **3,465,812** | **129,221** | **399,735** | **3,994,768** | **(225)** | **3,994,543** |
| **FINANCIAL POSITION** | | | | | | |
| **Assets** | | | | | | |
| Cash and balances with central banks | 7,168,159 | 250 | 629 | 7,169,038 | - | 7,169,038 |
| Treasury bills | 4,429,643 | - | - | 4,429,643 | - | 4,429,643 |
| Due from other banks | 165,149,865 | 1,194,212 | 962 | 166,345,039 | (1,199,465) | 165,145,574 |
| Dealing securities | 2,523,778 | 97,938 | - | 2,621,716 | - | 2,621,716 |
| Loans and advances | 270,188,782 | 225,710 | 2,059,214 | 272,473,706 | (1,370,428) | 271,103,278 |
| Advances under finance lease | 2,113,827 | - | - | 2,113,827 | - | 2,113,827 |
| Deferred tax asset | 1,229,671 | 56,854 | 13,853 | 1,300,378 | - | 1,300,378 |
| Investment securities | 30,267,465 | 366,060 | - | 30,633,525 | (366,060) | 30,267,465 |
| Investment in subsidiaries | 240,150 | - | - | 240,150 | (240,150) | - |
| Other assets | 10,191,790 | 621,150 | 5,178 | 10,818,118 | (368,461) | 10,449,657 |
| Property, plant and equipment | 20,906,484 | 58,109 | 36,416 | 21,001,009 | - | 21,001,009 |
| | **514,409,614** | **2,620,283** | **2,116,252** | **519,146,149** | **(3,544,564)** | **515,601,585** |

## Notes to the financial statements for the year ended April 30, 2009

### 37 CONDENSED FINANCIAL INFORMATION continued

| | Bank N'000 | FCMB Capital Markets Limited N'000 | Credit Direct Limited N'000 | Total N'000 | Consolidation Journal Entries N'000 | Group N'000 |
|---|---|---|---|---|---|---|
| **FINANCIAL POSITION continued** | | | | | | |
| **Financed by:** | | | | | | |
| Customer deposits | 322,418,759 | - | - | 322,418,759 | (1,199,466) | 321,219,293 |
| Due to other banks | 27,023,049 | - | 1,363,308 | 28,386,357 | (1,370,430) | 27,015,927 |
| Borrowed funds | 11,183,932 | - | - | 11,183,932 | - | 11,183,932 |
| Income tax payable | 2,187,383 | 208,931 | 188,123 | 2,584,437 | - | 2,584,437 |
| Other liabilities | 22,051,212 | 580,154 | 182,483 | 22,813,849 | (368,233) | 22,445,616 |
| Deferred income tax liabilities | 2,087,590 | 9,371 | - | 2,096,961 | - | 2,096,961 |
| Share capital and reserves | 127,457,689 | 1,821,827 | 382,338 | 129,661,854 | (606,435) | 129,055,419 |
| | **514,409,614** | **2,620,283** | **2,116,252** | **519,146,149** | **(3,544,564)** | **515,601,585** |
| **CASH FLOWS** | | | | | | |
| **Cash flows from:** | | | | | | |
| Operating activities | 11,058,536 | 1,292,227 | (605,873) | 11,744,890 | (214,945) | 11,529,945 |
| Investing activities | (37,145,873) | (455,015) | (29,936) | (37,630,824) | 8,805 | (37,622,019) |
| Financing activities | (21,490,164) | - | 636,842 | (20,853,322) | (636,842) | (21,490,164) |
| Increase/(decrease) in cash and cash equivalents | **(47,577,501)** | **837,212** | **1,033** | **(46,739,256)** | **(842,982)** | **(47,582,237)** |
| **Analysis of changes in cash and cash equivalents during the period:** | | | | | | |
| Beginning of the year | 223,053,554 | 357,251 | 558 | 223,411,363 | (356,485) | 223,054,879 |
| End of the year | 175,476,053 | 1,194,463 | 1,591 | 176,672,107 | (1,199,466) | 175,472,641 |
| | **(47,577,501)** | **837,212** | **1,033** | **(46,739,256)** | **(842,981)** | **(47,582,238)** |

## Notes to the financial statements for the year ended April 30, 2009 (continued)

### 38 POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Central Bank of Nigeria directed the bank to maintain reserve for losses of N37.2 billion by September 30, 2009. To comply with the regulatory directive the bank made an additional loan loss charge of N10.92 billion in the post balance sheet period to July 31, 2009.

# Statement of value added for the year ended April 30, 2009

| | GROUP | | | | BANK | | | |
|---|---|---|---|---|---|---|---|---|
| | **2009 N'000** | **%** | 2008 N'000 | % | **2009 N'000** | **%** | 2008 N'000 | % |
| GROSS INCOME | **71,658,251** | | 52,818,798 | | **70,022,826** | | 50,086,197 | |
| INTEREST PAID | **(17,941,441)** | | (9,241,648) | | **(17,972,886)** | | (9,241,648) | |
| | **53,716,810** | | 43,577,150 | | **52,049,940** | | 40,844,549 | |
| ADMINISTRATIVE OVERHEAD | **(8,767,842)** | | (6,733,801) | | **(8,533,651)** | | (6,553,244) | |
| VALUE ADDED | **44,948,968** | **100** | 36,843,349 | 100 | **43,516,289** | **100** | 34,291,305 | 100 |
| DISTRIBUTION | | | | | | | | |
| EMPLOYEES | | | | | | | | |
| Salaries and benefits | **15,488,066** | **34** | 11,338,769 | 31 | **15,121,210** | **35** | 11,011,835 | 32 |
| GOVERNMENT | | | | | | | | |
| Taxation | **779,222** | **2** | 5,408,235 | 15 | **513,462** | **1** | 4,717,241 | 14 |
| THE FUTURE | | | | | | | | |
| Asset replacement (depreciation) | **2,841,214** | **6** | 1,827,896 | 5 | **2,817,601** | **6** | 1,815,126 | 5 |
| Expansion (transfers to reserve) | **3,994,543** | **9** | 15,109,093 | 41 | **3,465,812** | **8** | 13,720,470 | 40 |
| Provision for losses | **21,845,923** | **49** | 3,159,356 | 8 | **21,598,204** | **50** | 3,026,633 | 9 |
| VALUE ADDED | **44,948,968** | **100** | 36,843,349 | 100 | **43,516,289** | **100** | 34,291,305 | 100 |

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

# Four-year financial summary

| GROUP | 2009 N'000 | 2008 N'000 | 2007 N'000 | 2006 N'000 |
|---|---|---|---|---|
| **ASSETS EMPLOYED** | | | | |
| Cash and balance with Central Banks | **7,169,038** | 8,473,486 | 16,813,667 | 14,340,075 |
| Treasury bills | **4,429,643** | 22,403,134 | 22,651,051 | 9,254,918 |
| Due from other banks | **165,145,574** | 194,747,892 | 99,672,422 | 53,955,131 |
| Dealing securities | **2,621,716** | 2,005,586 | 5,835,526 | - |
| Loans and advances | **271,103,278** | 186,634,383 | 83,577,134 | 19,070,768 |
| Advances under finance lease | **2,113,827** | 2,296,749 | 551,785 | 903,840 |
| Deferred tax assets | **1,300,378** | 2,638,674 | 8,880 | - |
| Investment securities | **30,267,465** | 2,332,601 | 2,163,999 | 424,350 |
| Investment in subsidiaries | **-** | - | - | 150,000 |
| Other assets | **10,449,657** | 29,173,961 | 18,791,131 | 1,595,395 |
| Property, plant and equipment | **21,001,009** | 16,630,464 | 12,775,494 | 6,916,813 |
| | **515,601,585** | 467,336,930 | 262,841,089 | 106,611,290 |
| **FINANCED BY** | | | | |
| Share capital | **8,135,596** | 8,135,596 | 4,751,215 | 4,751,215 |
| Share premium | **108,369,199** | 108,369,199 | 20,989,590 | 17,110,700 |
| Other reserves | **12,550,624** | 17,128,335 | 5,362,780 | 4,536,408 |
| Non-controlling interest | **-** | 17,735 | - | - |
| Customer deposits | **321,219,293** | 251,223,129 | 187,670,992 | 70,296,796 |
| Due to other banks | **27,015,927** | 26,231,049 | 15,636,837 | 400,000 |
| Borrowings | **11,183,932** | 24,538,500 | 13,144,198 | 1,396,228 |
| Tax payable | **2,584,437** | 5,290,123 | 1,307,377 | 716,941 |
| Other liabilities | **22,445,616** | 22,754,206 | 13,207,606 | 6,891,066 |
| Deferred tax liabilities | **2,096,961** | 3,649,058 | 770,494 | 511,936 |
| | **515,601,585** | 467,336,930 | 262,841,089 | 106,611,290 |
| Acceptances and guarantees | **42,160,999** | 120,039,062 | 46,111,226 | 17,966,232 |

## Four-year financial summary (continued)

| GROUP | 2009 N'000 | 2008 N'000 | 2007 N'000 | 2006 N'000 |
|---|---|---|---|---|
| **PROFIT AND LOSS ACCOUNT** | | | | |
| Gross earnings | **71,658,251** | 52,818,798 | 24,973,311 | 10,824,537 |
| Profit before tax | **4,773,765** | 20,517,326 | 7,569,086 | 3,640,349 |
| Tax | **(779,222)** | (5,408,235) | (1,620,407) | (798,969) |
| Profit after tax | **3,994,543** | 15,109,091 | 5,948,679 | 2,841,380 |
| Minority interest | **-** | (17,685) | - | - |
| Transfer to reserves | **3,994,543** | 15,091,406 | 5,948,679 | 2,841,380 |
| | | | | |
| Earnings per share – basic/diluted | **25k** | 135k | 63k | 36k |

# Five-year financial summary

| BANK | 2009 N'000 | 2008 N'000 | 2007 N'000 | 2006 N'000 | 2005 N'000 |
|---|---|---|---|---|---|
| **ASSETS EMPLOYED** | | | | | |
| Cash and balance with Central Banks | **7,168,159** | 8,472,161 | 16,813,567 | 8,132,391 | 3,325,115 |
| Treasury bills | **4,429,643** | 22,403,134 | 22,651,051 | 9,254,918 | 1,999,777 |
| Due from other banks | **165,149,865** | 194,747,892 | 99,672,422 | 60,162,815 | 23,443,049 |
| Dealing securities | **2,523,778** | 1,855,270 | 5,734,974 | - | - |
| Loans and advances | **270,188,782** | 186,565,206 | 83,577,134 | 19,070,768 | 11,436,232 |
| Advances under finance lease | **2,113,827** | 2,296,749 | 551,785 | 903,840 | 381,280 |
| Deferred tax assets | **1,229,671** | 2,629,794 | - | - | - |
| Investment securities | **30,267,465** | 2,332,601 | 2,163,999 | 424,350 | 159,726 |
| Investment in subsidiaries | **240,150** | 240,150 | 240,000 | 150,000 | - |
| Other assets | **10,191,790** | 27,093,988 | 18,639,743 | 1,595,395 | 8,670,193 |
| Property, plant and equipment | **20,906,484** | 16,573,956 | 12,761,215 | 6,916,813 | 1,902,896 |
| | **514,409,614** | 465,210,901 | 262,805,890 | 106,611,290 | 51,318,268 |
| **FINANCED BY** | | | | | |
| Share capital | **8,135,596** | 8,135,596 | 4,751,215 | 4,751,215 | 2,226,333 |
| Share premium | **108,369,199** | 108,369,199 | 20,989,590 | 17,110,700 | 3,294,855 |
| Other reserves | **10,952,894** | 15,622,678 | 5,228,059 | 4,536,408 | 1,695,028 |
| Customer deposits | **322,418,759** | 251,580,103 | 187,990,701 | 70,296,796 | 26,857,412 |
| Due to other banks | **27,023,049** | 26,231,049 | 15,636,837 | 400,000 | 265,680 |
| Borrowings | **11,183,932** | 24,538,500 | 13,144,198 | 1,396,228 | 250,000 |
| Tax payable | **2,187,383** | 4,580,652 | 1,258,106 | 716,941 | 242,007 |
| Other liabilities | **22,051,212** | 22,514,354 | 13,036,690 | 6,891,066 | 16,219,723 |
| Deferred tax liabilities | **2,087,590** | 3,638,770 | 770,494 | 511,936 | 267,230 |
| | **514,409,614** | 465,210,901 | 262,805,890 | 106,611,290 | 51,318,268 |
| Acceptances and guarantees | **42,160,999** | 120,039,062 | 46,111,226 | 17,966,232 | 11,935,630 |

## Five-year financial summary (continued)

| BANK | 2009 N'000 | 2008 N'000 | 2007 N'000 | 2006 N'000 | 2005 N'000 |
|---|---|---|---|---|---|
| **PROFIT AND LOSS ACCOUNT** | | | | | |
| Gross earnings | **70,022,826** | 50,086,197 | 24,678,518 | 10,824,537 | 6,121,037 |
| Profit before tax | **3,979,274** | 18,437,711 | 7,390,228 | 3,640,349 | 1,093,047 |
| Tax | **(513,462)** | (4,717,241) | (1,584,371) | (798,969) | (295,252) |
| Profit after tax | **3,465,812** | 13,720,470 | 5,805,857 | 2,841,380 | 797,795 |
| Transfer to reserves | **3,465,812** | 13,720,470 | 5,805,857 | 2,841,380 | 797,795 |
| | | | | | |
| Earnings per share – basic/diluted | **21k** | 123k | 61k | 36k | 25k |

# 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 | **Guiness Aba** | Abia | Cash Centre | Guiness Depot, Osisioma, Aba |
| 5 | **Abuja 2** | Abuja | Branch | 6 Ogbomosho Street, Area 8, Garki, Abuja |
| 6 | **Abuja 3** | Abuja | Branch | Area 3 Garki Abuja, Coscharis Plaza, Plot 1070, Egbe Close |
| 7 | **Abuja Fcmb Plaza** | Abuja | Branch | Fcmb Plaza, 252 Herbert Macauly Way, Cbd, Abuja |
| 8 | **Maitama Fed Sec** | Abuja | Branch | Federal Secretariat Complex Phase 3, Shehu Shagari Way, Maitama |
| 9 | **Wuse Ii** | Abuja | Branch | Plot No.108, Adetokunbo Ademola, Cadastral Zone Ao8, Wuse Ii |
| 10 | **Yola** | Adamawa | Branch | 20 Atiku Abubakar Way, Jimeta Yola |
| 11 | **Eket** | Akwa Ibom | Branch | 12 Etebi Street, Eket |
| 12 | **Ikot Abasi** | Akwa Ibom | Branch | 2 Akpan Udo Ekpo Street |
| 13 | **Ikot Ekpene** | Akwa Ibom | Branch | 42 Sani Oguns, Ikot-Ekpene |
| 14 | **Oron Road Uyo** | Akwa Ibom | Branch | 105 Oron Road, Uyo |
| 15 | **State House Of Assembly Complex** | Akwa Ibom | Branch | Akwa Ibom State House Of Assembly |
| 16 | **Uyo Branch** | Akwa Ibom | Branch | 143 Abak Road |
| 17 | **Wellington Bassey** | Akwa Ibom | Branch | 70 Wellington Bassey Way |
| 18 | **Oron** | Akwa Ibom | Cash Centre | Phcn Premises, Oron, Akwa Ibom State |
| 19 | **Awka** | Anambra | Branch | 84 Nnamdi Azikiwe Avenue, Awka |
| 20 | **Oko** | Anambra | Branch | 4 Hospital Road |
| 21 | **Onitsha** | Anambra | Branch | 9a Market Road, Onitsha |
| 22 | **Yenagoa** | Bayelsa | Branch | Off Nixon Junction, Kpasia, Yenagoa |
| 23 | **Makurdi** | Benue | Branch | 23, Railway Bypass, Makurdi |
| 24 | **Maiduguri** | Borno | Branch | Baga Road, Maiduguri, Borno |
| 25 | **Bauchi** | Buachi | Branch | Forma Women Devt Centre G.R.A., Bauchi |
| 26 | **Calabar** | Cross River | Branch | 15 Calabar Road, Calabar |
| 27 | **Ikom** | Cross River | Branch | 7 Calabar Road, Ikom |
| 28 | **Asaba** | Delta | Branch | 206 Nnebisi Road, Asaba |
| 29 | **Warri 11** | Delta | Branch | 68 Effurun Sapele Road, Warri |
| 30 | **Warri** | Delta | Branch | Plot 151/153 Okumagba Avenue |
| 31 | **Oando, Warri** | Delta | Cash Centre | Oando Premises, Warri |
| 32 | **Abakiliki** | Ebonyi | Branch | 36b Sam Egwu Way, Abakiliki, Ebonyi State |
| 33 | **Akpakpavha Road** | Edo | Branch | 7 Akpakpavha Street |
| 34 | **Benin** | Edo | Branch | 112 Mission Road, Benin City |
| 35 | **Ugbowo** | Edo | Branch | 183 Uselu-Ugbowo Road, Benin City |
| 36 | **Guiness Benin** | Edo | Cash Centre | Guinness Premises, Ikpoba Hill, Agbor Road, Benin City |
| 37 | **Ado-Ekiti** | Ekiti | Branch | Along Secretariat Road |
| 38 | **Enugu** | Enugu | Branch | 12a Market Road, Enugu |
| 39 | **Garden Avenue Enugu** | Enugu | Branch | 41 Garden Avenue, Enugu |
| 40 | **Gombe** | Gombe | Branch | 11 Biu Link Road, Commercial Area Opp. Central Market, New Eid Ground, Gombe |

## List of branches

| S/N | NAME | STATE | STATUS | ADDRESS |
|---|---|---|---|---|
| 41 | **Ashaka** | Gombe | Cash Centre | Ashaka Cement Complex |
| 42 | **Owerri** | Imo | Branch | 81 Wetheral Road, Owerri |
| 43 | **Dutse** | Jigawa | Branch | 12a/13a Kiyawa Rd, Dutse, Jigawa |
| 44 | **Kaduna** | Kaduna | Branch | A1 Ahmadu Bello Way |
| 45 | **Kaduna** | Kaduna | Cash Centre | Phcn Premises, Oron, Kaduna State |
| 46 | **Kaduna 1** | Kaduna | Branch | 1 & 2a Kachia Road, Kaduna |
| 47 | **Zaria** | Kaduna | Branch | F3 Kaduna-Gusau Road, Zaria |
| 48 | **Bello Road, Kano** | Kano | Branch | 17/18 Bello Road |
| 49 | **Kano** | Kano | Branch | 145 Murtala Mohammed Way |
| 50 | **Katsina** | Katsina | Branch | Kano/Katsina Rd, By Yantomaki Rd Junction. Katsina |
| 51 | **Birnin Kebbi** | Kebbi | Branch | Ahmadu Bello Way, Birnin-Kebbi |
| 52 | **Lokoja** | Kogi State | Branch | Okene/Kabba Rd Opp. Stella Obasanjo Library, Lokoja |
| 53 | **Obajana** | Kogi State | Cash Centre | Opposite Obajana Cement Factory |
| 54 | **Ilorin** | Kwara | Branch | 33 Murtala Mohammed Way, Ilorin, Kwara State |
| 55 | **Adeola Odeku** | Lagos | Branch | 11b Adeola Odeku Street, Victoria Island |
| 56 | **Agege** | Lagos | Branch | Old Abeokuta Expressway, Tabon Tabon, Agege, Lagos |
| 57 | **Airport Road** | Lagos | Branch | Plot 25, Muritalla Mohammed International Airport Road, Ikeja |
| 58 | **Ajah** | Lagos | Branch | Km 23 Berger Bus Stop, Ajah |
| 59 | **Akowonjo** | Lagos | Branch | Shasha Roundabout, Akowonjo |

| S/N | NAME | STATE | STATUS | ADDRESS |
|---|---|---|---|---|
| 60 | **Alaba** | Lagos | Branch | Obosi Plaza, A Line, Alaba International Market, Ojo |
| 61 | **Alagbado** | Lagos | Branch | Ap Filling Station Ojokoro, Alagbado |
| 62 | **Allen Avenue** | Lagos | Branch | 36 Allen Avenue, Ikeja |
| 63 | **Apapa 11** | Lagos | Branch | 16 Warehouse Road, Apapa |
| 64 | **Apapa** | Lagos | Branch | 28 Creek Road, Apapa |
| 65 | **Awolowo Road** | Lagos | Branch | 68 Awolowo Road |
| 66 | **Broad Street** | Lagos | Branch | Banuso House |
| 67 | **Head Office** | Lagos | Branch | 17a Tunubu Street, Lagos Island |
| 68 | **Idumagbo** | Lagos | Branch | 34 Idumagbo Avenue, Lagos Island |
| 69 | **Idumota** | Lagos | Branch | 22 Idu Olowu Street, Idumota |
| 70 | **Ikeja** | Lagos | Branch | 29 Oba Akran Avenue |
| 71 | **Ikorodu** | Lagos | Branch | 7 Lagos Road |
| 72 | **Ketu** | Lagos | Branch | 545/547 Ketu, Ikorodu Road, Lagos |
| 73 | **Macarthy** | Lagos | Branch | 10/12 Macarthy Street, Onikan, Lagos |
| 74 | **Matori** | Lagos | Branch | 91 Ladipo Street, Matori, Lagos |
| 75 | **Motor Ways Avenue Ikeja** | Lagos | Branch | Motor Ways Avenue Branch, Ikeja |
| 76 | **Mushin Isolo** | Lagos | Branch | 253 Agege Motor Road, Beside Ap Filling Station, Mushin |
| 77 | **Ogba** | Lagos | Branch | 23 Ogba Ijaiye Road, Opp Waec Ogba |
| 78 | **Ojo** | Lagos | Branch | 148a Olojo Drive |
| 79 | **Oke-Arin** | Lagos | Branch | 5 Daddy Alaja Street |
| 80 | **Orile Coker** | Lagos | Branch | 8/10 Alaba Meta Farms, Orile Coker Lagos |
| 81 | **Sanusi Fafunwa** | Lagos | Branch | 17 Sanusi Fafunwa Street |

## List of branches

| S/N | NAME | STATE | STATUS | ADDRESS |
|---|---|---|---|---|
| 82 | **The Palms** | Lagos | Branch | New Shopping Complex By Lekki Phase 1 First Roundabout |
| 83 | **Victoria Island** | Lagos | Branch | Plot 1661, Oyin Jolayemi Street |
| 84 | **Yaba** | Lagos | Branch | 43 Ojuelegba Road, Yaba, Lagos |
| 85 | **Sifax** | Lagos | Cash Centre | Sifax Terminal |
| 86 | **Guiness Ikeja** | Lagos | Cash Centre | Guinness Premises, 24 Oba Akran Avenue |
| 87 | **Iponri** | Lagos | Cash Centre | Shop 529–531, Iponri Shopping Complex |
| 88 | **Marina** | Lagos | Branch | 44 Marina Street, Lagos |
| 89 | **Idimu** | Lagos | Branch | 218 Egbeda–Idimu Road, Faith B/Stop, Opp Yemkem Int'l Plaza, Idimu-Lagos |
| 90 | **Adetokunbo Ademola** | Lagos | Branch | Plot 719, Adetokunbo Ademola Street, V.I Lagos |
| 91 | **Adeniran Ogunsanya** | Lagos | Branch | 33 Adeniran Ogunsanya Street, Surulere |
| 92 | **Adeola Hopewell** | Lagos | Branch | No 38, Plot 727, Adeola Hopewell Street, Victoria Island, Lagos |
| 93 | **Lekki 2** | Lagos | Branch | Igbokushu Village Opp. Jakande Estate Lekki-Epe Express Way, Lagos |
| 94 | **Oke-Arin 2** | Lagos | Branch | 11 Ijaiye Street, Oke-Arin, Lagos |
| 95 | **Okota** | Lagos | Branch | 117 Okota Road, Opposite Phcn, Okota, Lagos |
| 96 | **Shomolu** | Lagos | Branch | 31 Shipeolu Street, Onipan, Shomolu, Lagos |
| 97 | **Tincan** | Lagos | Branch | Berger Cement Bus Stop Apapa-Oshodi Express Rd |
| 98 | **Lasu** | Lagos | Cash Centre | Lagos State University, Ojo, Ict Complex |
| 99 | **Zenon Oil** | Lagos | Cash Centre | Zenon Direct Filling Station |
| 100 | **Eko Phcn** | Lagos | Cash Centre | Phcn Premises, Eko, Lagos State |
| 101 | **Awoyaya** | Lagos | Cash Centre | Phcn Premises, Awoyaya, Ijebu-Lekki, Lagos State |
| 102 | **Ikorodu** | Lagos | Cash Centre | Phcn Premises, Ikorodu, Lagos State |
| 103 | **Isolo** | Lagos | Cash Centre | Phcn Premises, Isolo, Lagos State |
| 104 | **Oshodi** | Lagos | Cash Centre | Phcn Premises, Oshodi, Lagos State |
| 105 | **Abiyan** | Lagos | Cash Centre | Phcn Premises, Abiyan, Ijebu-Kekki, Lagos State |
| 106 | **Oba-Akran** | Lagos | Cash Centre | Phcn Premises, Oba-Akran, Lagos State |
| 107 | **Ogba** | Lagos | Cash Centre | Phcn Premises, Ogba, Lagos State |
| 108 | **Okota** | Lagos | Cash Centre | Phcn Premises, Okota, Lagos State |
| 109 | **Lafia** | Nasarawa | Branch | Lafia/Jos Rd, Opp State Cid, Lafia |
| 110 | **Minna** | Niger | Branch | Along Paiko Road, Opp Cbn Minna |
| 111 | **Abeokuta** | Ogun | Branch | 21 Lalubu Street, Oke-Ilewo |
| 112 | **Agbara** | Ogun | Branch | Plot 1, Ilaro Street, Agbara Industrial Estate, Agbara |
| 113 | **Akute** | Ogun | Branch | 34 Ojodu Akute Road, Alagbole Bus Stop |
| 114 | **Ijebu-Igbo** | Ogun | Branch | 81 Adeboye Road, Oke Sopen |
| 115 | **Ijebu-Ode** | Ogun | Branch | 168 Folagbade Street |
| 116 | **Otta** | Ogun | Branch | 56 Idi-Iroko Road |

## List of branches

| S/N | NAME | STATE | STATUS | ADDRESS |
|---|---|---|---|---|
| 117 | **Sagamu** | Ogun | Branch | 141 Akarigbo Street, Ijoku |
| 118 | **Ago-Iwoye** | Ogun | Cash Centre | Olabisi Onabanjo University |
| 119 | **Akute** | Ogun | Cash Centre | Phcn Premises, Akute, Ogun State |
| 120 | **Shagamu** | Ogun | Cash Centre | Phcn Premises, Shagamu, Ogun State |
| 121 | **Otta Phcn** | Ogun | Cash Centre | Phcn Premises, Otta, Ogun State |
| 122 | **Akure** | Ondo | Branch | 15 Oyemekun Street, Akure |
| 123 | **Igbokoda** | Ondo | Branch | Plot 1e, 5b Gra Igbokoda, Ilaje, Ondo State |
| 124 | **Ore** | Ondo | Branch | Adjascent Nnpc Depot, Ore-Ondo Road, Ore, Ondo State |
| 125 | **Owo** | Ondo | Branch | Ap Filling Station, Ikare Junction, Owo, Ondo State |
| 126 | **Ilesha** | Osun | Branch | F16 Ereguru Street, Ilesha, Osun State |
| 127 | **Oshogbo** | Osun | Branch | Along Gbongan Road, Oshogbo, Osun State |
| 128 | **Saki** | Oyo | Branch | Sango-Ajegunle Road, Beside Saki West Local Govt Secretariat, Saki, Oyo State |
| 129 | **Ibadan Bodija** | Oyo | Branch | Ibadan Bodija Branch |
| 130 | **Ibadan** | Oyo | Branch | 23/25 Lebanon Street |
| 131 | **Ojoo** | Oyo | Branch | Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo State |
| 132 | **Uch Ibadan** | Oyo | Cash Centre | University College, Opp Total Filling Station, Ibadan |
| 133 | **Jos** | Plateau | Branch | British/American Junction, Jos |
| 134 | **Aba Road** | Rivers | Branch | Areta Plaza, 178 Aba Road, Port Harcourt |
| 135 | **Ikwerre Road** | Rivers | Branch | Ikwerre Road, Port Harcourt |

| S/N | NAME | STATE | STATUS | ADDRESS |
|---|---|---|---|---|
| 136 | **Olu Obasanjo Way** | Rivers | Branch | Plot 348a, Olu Obansanjo Way |
| 137 | **Oyigbo** | Rivers | Branch | No 290 Old Aba Road, Oyigbo, Rivers State |
| 138 | **Port Harcourt** | Rivers | Branch | Plot 282a, Ph/Aba Express Road, Port Harcourt |
| 139 | **Trans Amadi** | Rivers | Branch | Essay Plaza, 11/12 Trans-Amadi Industrial Layout |
| 140 | **Abuloma** | Rivers State | Branch | No 46a Abuloma Road, Opposite Bozgomero Estate, Abuloma, Port Harcourt |
| 141 | **Aggrey** | Rivers State | Branch | 81 Aggrey Road, Port Harcourt |
| 142 | **Sokoto** | Sokoto State | Branch | Plot 4, Kano Road, Sokoto |
| 143 | **Jalingo** | Taraba | Branch | Hammaniwa Road, Before Zenith Bank Plc, Jalingo |
| 144 | **Damaturu** | Yobe | Branch | 29/32 Bukar Abba Ibrahim Way, Damaturu |
| 145 | **Potiskum** | Yobe | Branch | Opposite Fed. College Of Education (Technical), Mohammed Idriss Way, Potiskum |
| 146 | **Gusua** | Zamfara State | Branch | Plot 103, Gusau-Sokoto Road, Gusau |

# Personal account application form

## Individual/joint account holders

**PLEASE RETURN TO:** FCMB, Primrose Towers, 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

Approx. Annual Income (=N=)

Home Address

City/Town State

Mobile Phone 1 Mobile Phone 2

Office Phone Home Phone

Correspondence Address

City/Town State

Email 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

Approx. Annual Income (=N=)

Home Address

City/Town State

Mobile Phone 1 Mobile Phone 2

Office Phone Home Phone

Email 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 ☐

FCMB

# Mandate for e-dividend payment

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

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

City/Town State

Email Address

Mobile (GSM) Phone

Bank Name

Branch Address

Bank Account Number

Bank Sort Code

I/We hereby request that from now, all dividend warrant(s) due to me/us from my/our holding(s) in all the companies FCMB is a Registrar 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.**

FCMB

## 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 | 0.075K | 337,500,000.00 | 10/20/2005 |
| 2 | 9,502,430,142 | 0.13K | 1,235,315,918.46 | 10/30/2006 |
| 3 | 9,502,430,142 | 0.35K | 3,325,850,549.70 | 10/10/2007 |
| 4 | 16,271,192,202 | 0.50K | 8,135,596,101.00 | 10/14/2008 |

# Proxy Form

**FIRST CITY MONUMENT BANK PLC (RC 46713)**
**26TH ANNUAL GENERAL MEETING** to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Wednesday December 16, 2009 at 11 a.m.

I/We ______________________________

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

** ______________________________

______________________________

(Block Capitals Please)

Or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of First City Monument Bank Plc which will be held at Shell Hall, MUSON Centre, Onikan, Lagos at 11.00 a.m. on December 16, 2009 or at any adjournment thereof.

Dated this ____________ day of ____________________ 2009.

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 authorized in that behalf.

# Resolutions

| | | FOR | AGAINST |
|---|---|---|---|
| **1** | **ORDINARY BUSINESS** | **FOR** | **AGAINST** |
| i. | To receive and consider the Report of the Directors and the Financial Statements for the year ended April 30, 2009, the Auditor's Report thereon and the Audit Committee Report. | | |
| ii. | To authorize the Directors to fix the remuneration of the Auditors. | | |
| iii. | To elect/re-elect members of the Audit Committee. | | |
| **2** | **SPECIAL BUSINESS** | | |
| | To consider and if thought fit pass the following resolutions as Special Resolutions:<br>i. "That the appointment of Mr. Peter Osabuohien Obaseki as a Director be and is hereby approved."<br>ii. "That the appointment of Mr. Nabeel Anjum Malik (Pakistani) as a Director be and is hereby approved."<br>iii. "That pursuant to Article 83 of the Company's Articles of Association, the Directors be and are hereby authorized to issue securities by establishing a N100.0 billion Debt Issuance Programme by way of book building process or any other methods in tranches of such amounts and at such date(s) and upon such terms and conditions to be determined by the Directors, subject to obtaining the approvals of relevant regulatory bodies. | | |
| | Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/its his/ discretion. | | |

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

**ADMISSION CARD**

**FIRST CITY MONUMENT BANK PLC 26TH ANNUAL GENERAL MEETING**

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS/ITS DULY APPOINTED PROXY TO THE 26TH ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON WEDNESDAY, DECEMBER 16 , 2009 AT 11.00 A.M.

NAME OF SHAREHOLDER/PROXY ______________________________

SIGNATURE ______________________________

ADDRESS ______________________________

______________________________

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

FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

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

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

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

Designed by Flag, UK.