

1. JOINT LETTER FROM THE CHAIRMEN OF THE BOARDS OF DIRECTORS OF FINBANK AND FCMB



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August 26, 2011

**To the Shareholders of First City Monument Bank Plc and
FinBank Plc**

Dear Sir/Madam,

**PROPOSED SCHEME OF ARRANGEMENT FOR THE REORGANISATION OF SHARE CAPITAL BETWEEN
FINBANK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES OF 50 KOBO EACH AND
ACQUISITION BY FCMB OF 100% OF THE EQUITY IN FINBANK**

Introduction

On 2 May 2011, FinBank and First City Monument Bank Plc ("FCMB") entered into the Memorandum of Understanding ("MoU") which sets out the basic principles and guidelines under which both parties agreed to work together to accomplish the recapitalisation of FinBank and the ultimate combination of FinBank and FCMB.

Subsequent to the execution of the MoU, discussions between FinBank and FCMB progressed successfully and culminated in the execution of a Transaction Implementation Agreement ("TIA") dated 14 July 2011 detailing the specific terms for FinBank's recapitalisation and subsequent acquisition by FCMB. We are pleased to report that the Board of FinBank has unanimously approved the Scheme of Arrangement for the reorganisation of share capital and recapitalisation of FinBank largely in line with the provisions of the TIA. Furthermore, the respective boards of directors of FinBank and FCMB have approved the terms of the acquisition of FinBank by FCMB.

The Scheme provides for the reorganisation of FinBank's entire share capital by the reduction and cancellation of the entire issued share capital and a corresponding portion of the authorised share capital of FinBank. The Asset Management Corporation of Nigeria ("AMCON") shall then restore FinBank's current negative shareholders funds to zero by providing Financial Accommodation through the injection of AMCON Bonds into FinBank as

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consideration for the issuance of the Scheme Shares to AMCON. FCMB, through a special purpose vehicle FCMB Investments Limited (“FIL”), will then acquire the Scheme Shares from AMCON. In consideration for the reduction and cancellation of FinBank’s issued share capital, FinBank’s Shareholders shall be entitled to receive their share of the Scheme Consideration in the form of either FCMB shares or cash or a combination of both in accordance with their respective Elections.

FinBank will achieve the regulatory Capital Adequacy Ratio on a Capital See Through basis to FCMB whereby FCMB will hold and maintain sufficient capital for FCMB’s existing business, as well as, FinBank’s business.

The Scheme of Arrangement and Acquisition will be followed by a Scheme of Merger within 12 months that will result in the combination of FinBank and FCMB into a single legal entity.

We are now writing to you, on behalf of your respective Boards, to set out the terms of the Scheme and to explain the background to and benefits of the Scheme. The Board of FinBank recommends the Scheme for your consideration and seeks your support and approval for the Scheme. The Board of FCMB is seeking its shareholders approval for the issuance of the FCMB Shares in connection with the Acquisition to the extent required by Elections.

The Boards are of the opinion that the Scheme and the Acquisition will yield significant benefits. The most important of these, for the FinBank Shareholders, being the recapitalisation of and the delivery of FinBank to safe harbour. The enlarged group will result in a unique financial institution with proven corporate banking capabilities, strengthened commercial banking business and robust platform for retail growth. The enlarged group will also benefit from complementary transactional banking platforms and offerings. Furthermore, the enlarged group will better leverage capital, optimise synergies and drive shareholder value.

The Transaction will be effected through a Scheme of Arrangement for the reorganisation of share capital under Sections 106 and 539 of Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria 2004 (“CAMA”). It will also be governed by the provisions of Part XII of the Investments and Securities Act. No. 29, 2007 (“ISA”) relating to mergers and acquisitions. The Scheme has already received the approvals-in-principle of both the Central Bank of Nigeria (“CBN”) and the Securities and Exchange Commission (“SEC”) and will be presented for the consideration and approval of FinBank’s Shareholders at the Scheme Meeting that will be convened for FinBank’s shareholders. To approve the Scheme, shareholders of FinBank will need to vote in favour of the resolutions to be proposed at the Scheme Meeting. A meeting of FCMB Shareholders will also be duly convened to consider and approve the Acquisition.

Background to FinBank

FinBank emerged from the combination of four banks – First Atlantic Bank Plc, Inland Bank Plc, IMB International Bank and NUB International Bank Limited. Post the combination, FinBank commenced operations on 3 January 2006 as a full service universal bank. In 2009, the CBN and the Nigerian Deposit Insurance Corporation (“NDIC”) conducted special examinations of Nigeria’s 24 deposit money banks. The examination found FinBank along with other Intervened Banks to be in a grave situation with capital adequacy and liquidity ratios which were below regulatory requirements, weak corporate governance frameworks and a high ratio of non-performing loans relative to total loans and advances. FinBank recorded a loss of ₦150 billion for the 2009 financial year and its shareholders funds were negative ₦113 billion as at the end of the 2010 financial year.

To stabilise FinBank, the CBN extended a ₦50 billion 7-year facility to the Bank, replaced the executive management team with a CBN appointed management team and issued an order for the Bank to take immediate steps to recapitalise. Recognising that FinBank and other Intervened Banks were unlikely to achieve recapitalisation without substantial support and in a bid to restore financial sector stability, the Federal Government of Nigeria (“FGN”) established AMCON in July 2010. AMCON was tasked with purchasing non-performing loans from deposit money banks and providing financial accommodation to the Intervened Banks to aid their recapitalisation. On December 31, 2010 and May 12, 2011, FinBank sold some of its Non-Performing Loans (“NPLs”) to AMCON

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and received AMCON Bonds with a face value of ₦59 billion as consideration. Whilst the sale of NPLs to AMCON improved FinBank's financial position, the challenges facing FinBank remain substantial.

Current performance

Based on unaudited management accounts for the half year ended June 30 2011, FinBank recorded a loss after tax of ₦2.5bn and shareholders' funds stood at negative ₦107.3bn. FinBank is technically insolvent and is only able to remain in operation on account of regulatory forbearance and the guarantee on interbank deposits extended by the CBN. Consequently, the Board of FinBank has been exploring recapitalisation options for FinBank with a view to resolving FinBank's negative capital position.

Benefits and Effects of the Scheme

The Boards are of the opinion that the Transaction, as contemplated, will provide considerable benefits and opportunities to the shareholders, customers, staff and other stakeholders of both banks. Importantly, the enlarged group will be a significant player in the Nigerian Banking industry.

Strategically, the enlarged group would be able to achieve four (4) key objectives:

- Strengthened commercial banking business, through the combination of the commercial customers of both banks, and by leveraging combined product development and marketing capabilities
- More robust platform for retail growth
- Enhanced market reach through expanded branch network of over 300 branches (before any restructuring), complemented by strengthened capabilities in electronic and mobile banking
- Deepened banking capabilities, as the enlarged group draws from FCMB's strength in investment banking, corporate banking and retail finance, as well as FinBank's competitive advantage in commercial, retail and mobile banking

The proposed acquisition and subsequent combination also has the potential to deliver a more robust balance sheet and improve earnings per share ("EPS") for the benefit of both FCMB shareholders and the FinBank shareholders (who elect to receive their consideration in shares).

- Financial leverage: First, the Acquisition and merger of FinBank with FCMB could potentially increase FCMB's total assets 45% - 50% (FCMB and FinBank's total assets were ₦575bn and ₦284bn¹ respectively as at 30 June 2011), without the need for additional capital injection. The potential EPS accretion from this efficient capital leverage would be significant
- Liquidity benefits: Secondly, the combined balance sheet would be liquid (liquidity ratio of FCMB and FinBank were ~44% and ~41% respectively as at 30 June 2011), which potentially presents significant upsides for risk asset creation, to boost return on equity
- Synergy: Thirdly, significant synergy opportunities have been identified, which if successfully concluded will enable FinBank to return to profitability thereby offering further potential for EPS accretion. Post Merger Integration ("PMI") planning using proven PMI advisers is ongoing, to ensure that the envisaged synergies are realised for the benefit of shareholders

The Transaction will additionally produce an enlarged group, which will rank 8th in the banking industry, for both total assets and deposits based on latest available information. This critical mass will help the enlarged group compete more efficiently.

The relatively manageable risk profile of the enlarged group is noteworthy.

- De-risked balance sheet: The balance sheet of FinBank has been significantly cleaned via several rounds of due diligence and audits, including AMCON action to take-off the NPLs from FinBank's books.

¹ Assumes AMCON injects funds to take FinBank's negative shareholder funds to zero and the ₦50bn CBN Facility is repaid.

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- High level of capital: FCMB's CAR of 31% as at 30 June 2011 is consistent with FCMB's historical CAR levels - 38% on average between 2008 and 2011. At this level of CAR, and given the Risk Weighted Assets of FinBank, the CAR of the enlarged group (on a Capital See Through basis) is expected to be above 25% by 30 September 2011. This is much higher than the regulatory requirement of 10% prescribed by the prudential guidelines.
- Manageable merger risks: The comparative size of FinBank to FCMB means that we have a "right sized" combination, which limits merger risks. Furthermore, the similar banking applications (Finacle) and IT architecture (centralised processing) of both FCMB and FinBank also significantly reduce merger complexities. FCMB's ability to leverage prior merger experience (FCMB has successfully consummated 3 acquisitions in the past 6 years), enhances likelihood of merger success. The transaction structure - Acquisition, then Scheme of Merger (spaced 6-12 months apart) further ensures that the merger of the enlarged group is better controlled.

In summary, the Transaction allows the faster attainment of the strategic aspirations of the enlarged group, particularly in commercial and retail, while still retaining distinctive corporate banking capabilities. It also offers the potential for material financial performance improvements including EPS accretion benefits, within manageable risk boundaries.

Further, in respect of FinBank, the Transaction will enable the full recapitalisation of FinBank.

Certain statements included herein and in the explanatory statement from the Financial Advisers to FinBank and FCMB may constitute forward-looking statements that involve a number of risks and uncertainties. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", "approximately" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding FinBank and FCMB's intentions, beliefs or current expectations concerning, amongst other things, the enlarged group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

The FCMB Shareholders should be aware that forward-looking statements are not guarantees of future performance and that the enlarged group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the enlarged group's results of operations, financial condition and liquidity and are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

The terms and effects of the Transaction are explained further in an explanatory statement from the Financial Advisers to FinBank and FCMB below.

Recommendation

The Board of FinBank considers the terms of the Scheme fair and reasonable, and therefore recommends that FinBank Shareholders vote in favour of the resolutions, which are to be proposed at the Scheme Meeting scheduled to hold on 29 September, 2011. It is particularly important that as many votes as possible are cast at the Scheme Meeting so that the Court may be satisfied that there was fair representation of the opinion of Shareholders.

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The Board of FCMB considers the terms of the Acquisition to be in the best interests of FCMB and the FCMB Shareholders and therefore recommends that FCMB Shareholders vote in favour of the Acquisition at the FCMB Shareholders Meeting which is scheduled to hold on 29 September, 2011.

If you are unable to attend the respective meetings in person, please complete and return the enclosed proxy form in accordance with the instructions thereon. Please note that the lodging of a proxy form does not prevent you from attending and voting in person, should you subsequently decide to do so. However, in such instances, your proxy will not be entitled to attend or vote.

We look forward to welcoming you or your proxy at your respective meetings.

Yours faithfully,



Dr. Theo Chike Osanakpo, SAN
Chairman , Board of Directors, FinBank Plc



Dr. Jonathan Long
Chairman , Board of Directors, FCMB Plc

2. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS



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August 26, 2011

To the Shareholders of First City Monument Bank Plc and FinBank Plc

Dear Sir/Madam,

PROPOSED SCHEME FOR THE REORGANISATION OF CAPITAL BETWEEN FINBANK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES

2.1 INTRODUCTION

You will have been informed by the letter from the Chairmen of FinBank and FCMB, of their respective considerations regarding the intention to reorganise the share capital of and recapitalise FinBank, and FCMB's intention to effect the Acquisition. A Transaction Implementation Agreement was signed on July 14, 2011, outlining the terms of the recapitalisation. The reorganisation of capital of FinBank and subsequent recapitalisation will be effected pursuant to Sections 106 & 539 of CAMA and the Acquisition will be effected pursuant to Part XII of ISA.

The letter from your Chairmen conveys the recommendation of your Boards that FinBank Shareholders vote in favour of the Scheme at the Scheme Meeting that will be convened to approve the Scheme and that FCMB Shareholders vote in favour of the Acquisition at the FCMB Shareholders Meeting convened to approve the Acquisition. Your Directors have authorised us to write to you, to explain, on their behalf, the provisions and effects of the Scheme, which we now summarise as follows:

2.2 THE PROPOSAL IN RESPECT OF FINBANK SHAREHOLDERS

In order to deliver FinBank to safe harbour, it is proposed that a scheme of arrangement and acquisition pursuant to Section 539 CAMA and Part XII ISA be effected as follows:

- Reconstruction and reorganisation of share capital;
- Recapitalisation of FinBank by AMCON; and
- Acquisition of FinBank by FCMB.

Reconstruction and reorganisation of Share Capital

Pursuant to the Scheme, the entire issued share capital of FinBank will be reconstructed and reorganised. The entire issued share capital of FinBank and a corresponding portion of the authorised share capital will be reduced to zero through the cancellation of every fully paid, issued, and/or outstanding ordinary share in the issued share capital of FinBank as at the date of the Scheme Meeting. It should be noted that Shares in the Box will not attract any Scheme Consideration thus essentially increasing economic benefit of the Scheme to the Existing Shareholders.

In consideration for the cancellation of the entire issued share capital of FinBank, each Existing Shareholder shall be entitled to receive either FCMB shares or a pro rata portion of the Cash Consideration or a combination of both in accordance with their respective Elections.

Recapitalisation of FinBank by AMCON

To achieve FinBank's recapitalisation objectives, AMCON will provide the Financial Accommodation Amount to restore FinBank's NAV to zero. In consideration for AMCON's provision of Financial Accommodation, Scheme Shares constituting 100% of the paid up share capital of FinBank will be issued to AMCON. To enable FinBank issue Scheme Shares to AMCON, it is proposed that subject to and upon the reduction of the paid up share capital in the manner prescribed above becoming effective, the unissued share capital of FinBank corresponding to 4,278,800,531 (Four Billion, Two Hundred and Seventy Eight Million, Eight Hundred Thousand, Five Hundred and Thirty One) ordinary shares of 50 Kobo each will be issued to AMCON, representing Scheme Shares.

Acquisition of FinBank by FCMB

Following the recapitalisation of FinBank by AMCON and for the purpose of ensuring FinBank complies with the directive of the CBN requiring the Intervened Banks to be recapitalised, FCMB (via FIL) will acquire the Scheme Shares issued to AMCON thereby ensuring that FinBank attains the regulatory CAR on a Capital See Through basis.

a. Consideration

In consideration for the proposal:

Existing Shareholders (other than holders of Shares in the Box), for the cancellation of Existing Shares shall be entitled to:

RECEIVE:
~~₦~~0.10 as Cash Consideration
1 FCMB Share

FOR
each Existing Share
every 60 Existing Shares

AMCON, for the transfer of Scheme Shares to FIL shall be entitled to:

RECEIVE:
~~₦~~1.02 as Cash Consideration
1 FCMB Share

FOR
each Scheme Share
every 6 Scheme Shares

Pursuant to the Scheme, AMCON and each Existing Shareholder will be entitled to make an Election and communicate such Election to FinBank within the Election Period. Based on the relevant exchange ratios and valuation per share as set out above, the total consideration being offered to AMCON and Existing Shareholders in respect of FCMB's acquisition (through FIL) of FinBank is ~~₦~~6 billion.

Fractions of ordinary shares of FCMB shall not be issued and/or allotted to the Existing Shareholders or AMCON. All such fractions, which would have been issued and/or allotted to the Existing Shareholders or AMCON shall instead be settled via a cash settlement.

b. Election

As aforementioned, AMCON and each Existing Shareholder shall be entitled to make an Election and communicate such Election to FinBank within the Election Period. Election Notices have been despatched together with this document to AMCON and all Existing Shareholders of FinBank and should be returned to FinBank duly completed either at the Scheme Meeting or by the Final Election Date. AMCON and each Existing Shareholder may elect to receive either FCMB Shares, a pro rata portion of the Cash Consideration or a combination of both. FCMB Shareholders need not take any action in this regard.

In instances where the Election of AMCON or an Existing Shareholder has not been received by FinBank by the Final Election Date or if the FinBank Registrar and the FCMB Registrar are unable to reconcile or rectify inconsistencies in order to determine the Election made by AMCON or an Existing Shareholder, AMCON or such Existing Shareholder shall be deemed to have elected to receive FCMB Shares as consideration and shall be issued FCMB Shares accordingly.

c. Provision for Dissenting Shareholders

Any Existing Shareholder who votes against the special resolutions proposed at the Scheme Meeting may elect to receive cash for each Existing Share held by him/her at the price of ₦0.10 being the Price per Existing Share.

The written notice of such election must be received by the company secretary of FinBank before the Final Election Date being fourteen (14) days after the Scheme Meeting or within such a time as the Court may direct. In this context, "written notice" (including any letter of appointment, direction or authority) means notice in writing, bearing the original signature(s) (and seal if a corporate body) of the shareholder(s) (as the case may be) or his/her/their agents duly appointed in writing (evidence of whose appointment, in a form reasonably satisfactory to FinBank, should be produced with the notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice.

d. Settlement

Upon the Scheme being effective, share certificates for the Existing Shares will cease to be valid. Payment warrants will be despatched to each Existing Shareholder and/or AMCON who has made an Election to receive Cash Consideration within 21 Business Days of the FinBank Registrar receiving notification of the funding of the Payment Account. In instances where the bank account details of an Existing Shareholder and/or AMCON who has made an Election to receive Cash Consideration are known to FinBank Registrar, FinBank Registrar will credit the relevant amount of the Cash Consideration into the bank account of such shareholder within three (3) days of receiving notification of the funding of the Payment Account.

Each Existing Shareholder and/or AMCON who has made an Election to receive FCMB Shares will be issued and allotted the appropriate number of FCMB Shares determined according to the Shareholder Exchange Ratio and the AMCON Exchange Ratio. Share certificates representing the relevant value of FCMB Shares will be despatched to such persons or their CSCS accounts will be credited where the details are provided to the FCMB Registrar.

Where the Election of AMCON or an Existing Shareholder has not been received by FinBank by the Final Election Date, or if the FinBank Registrar and the FCMB Registrar are unable to reconcile or rectify inconsistencies on the Waiting List in order to determine the Election made by AMCON or an Existing Shareholder, AMCON or such Existing Shareholder will be deemed to have elected to receive FCMB Shares as consideration for the transfer of its Scheme Shares, or cancellation of its Existing Shares respectively, and shall be issued FCMB Shares accordingly.

A mechanism has been implemented by FCMB to ensure that the Cash Consideration is allocated to shareholders of FinBank. Key features include the following:

- The appointment of First Bank of Nigeria Plc by FCMB to act as the Issuing Bank to provide the Settlement Guarantee in the event that FCMB is unable to transfer the Cash Consideration to the Payment Account.
- FinBank Registrar is appointed as paying agent for the purpose of distributing and effecting payment of the Cash Consideration to the relevant shareholders who made an Election to receive cash.
- FCMB or failing FCMB, the Issuing Bank, will pay the Cash Consideration into the Payment Account which will be maintained by the FinBank Registrar.
- If the Payment Account is not funded within twenty-four (24) hours following five Business Days of the receipt of the Election Documents, the Issuing Bank will fund the Payment Account with the aggregate amount of the Cash Consideration.
- The appointment of First Trustees Nigeria Limited by FinBank to act as the Scheme Trustee to act on behalf of Existing Shareholders and to receive and hold, for and on their behalf, the Total Existing Shareholders Consideration Value.

e. Conditions Precedent to the Scheme

The Scheme will become effective and binding on Existing Shareholders if:

- i. It is ratified by a majority of Existing Shareholders, representing not less than three-fourths ($\frac{3}{4}$) in value of FinBank's shares held by those present and voting, either in person or by proxy, at the Scheme Meeting;
- ii. SEC and CBN approve, with or without modification or amendment, the terms and conditions of the Scheme as agreed to, by the Existing Shareholders and FCMB Shareholders;
- iii. The Court sanctions the Scheme with orders substantially in the following terms:
 - a) that in accordance with the provisions of Sections 105 & 106 of CAMA, FinBank's paid up capital be reconstructed and reorganised as follows:
 - ✓ Cancellation of ~~₦~~8,360,599,735 (Eight Billion, Three Hundred and Sixty Million, Five Hundred and Ninety Nine Thousand, Seven Hundred and Thirty Naira) comprising 16,721,199,469 ordinary shares of 50 Kobo each from FinBank's authorised and issued share capital. This includes the cancellation of FinBank's 798,839,604 Shares in the Box.
 - b) that AMCON shall inject the Financial Accommodation Amount to restore FinBank's NAV to zero in consideration of which AMCON shall be allotted 4,278,800,531 ordinary shares of 50 kobo each being the Scheme Shares and representing the entire authorised and issued share capital of the recapitalised FinBank; and
 - c) that subsequently, the entire issued and paid-up share capital of the Bank as recapitalised and held by AMCON will be transferred to FIL.

f. Effectiveness of the Scheme

The Scheme will become effective and binding on all shareholders of FinBank on the Effective Date, irrespective of whether or not they attended or voted at the Scheme Meeting.

2.3 FINANCIAL EFFECTS OF THE SCHEME

Capital Value

The Bank's going concern status is threatened by its negative shareholders' funds. Without the Scheme coming into effect, Existing Shareholders will be unable to preserve any capital value. Upon the Scheme

coming into effect, Existing Shareholders will no longer retain shares in the recapitalised Bank but will have the opportunity to remain shareholders of the parent company, FCMB, depending on their respective Election.

2.4 REASONS FOR THE PROPOSED SCHEME

Following the impact of the global financial crisis on the Nigerian financial sector, the Central Bank of Nigeria and the Nigerian Deposit Insurance Corporation conducted a special examination of the twenty four Nigerian (24) deposit money banks in 2009 which resulted in a revelation that some banks, including FinBank were in grave situation. In addressing the outcome of the exercise, the CBN intervened and injected ₦50 billion of capital into FinBank. In addition, the executive management of FinBank were removed and replaced with CBN appointed executive management.

As part of efforts to resolve the crisis faced by FinBank, NPLs valued at c. ₦126 billion have been sold to AMCON and FinBank received c. ₦59 billion AMCON Bonds as consideration. The sale of NPLs however has not been sufficient to restore the negative shareholders funds reported by FinBank. The Board of Directors has also considered a rights issue to aid in restoring shareholders' funds. Despite these efforts, FinBank is still operating at negative NAV.

The Scheme is thus being proposed in order to aid in the restoration of NAV to zero and enable FinBank to operate at minimum regulatory capital adequacy and liquidity ratios to preserve its going concern status and meet the September 30, 2011 deadline set by the CBN for the recapitalisation of the Intervened Banks.

2.5 BENEFITS/EFFECTS OF THE SCHEME

The proposed Scheme will ensure the continued survival of FinBank and save it from possible liquidation in addition to the following benefits:

- The Scheme will enable the recapitalisation of FinBank by AMCON ahead of the CBN September 30, 2011 deadline for recapitalisation of the Intervened Banks;
- FCMB, via FIL will acquire FinBank from AMCON for the purpose of recapitalising FinBank on a Capital See Through basis which will see FinBank operating over and beyond the CBN's requirement of 10% CAR for deposit money banks in Nigeria;
- A recapitalised entity will improve customers' confidence in FinBank;
- The reconstituted Board of Directors following the Effective Date will promote improved corporate governance practices in FinBank;
- The Scheme will position FinBank for realisation of operational synergies through the future merger with First City Monument Bank;
- The enlarged group will be a competitively positioned banking institution in Nigeria with a strategic branch network across the country.

Your attention is also drawn to the rationale for the Acquisition as laid out in the Joint Chairman's Letter above.

2.6 PLANS FOR EMPLOYEES AND DIRECTORS AFTER THE SCHEME

In line with the Transaction Implementation Agreement, upon the Scheme coming into effect, FinBank's Board of Directors will be reconstituted.

In addition, FCMB shall, in connection with FinBank's staffing requirements, adopt principles which generally recognise and reward merit and performance, provide training and development opportunities to Finbank's employees; retain, to the extent possible without prejudice to FCMB's implementation of its

overall objective for FinBank, employees who perform meritoriously; and provide severance packages which are better than industry terms in the event that employees of FinBank have to be exited in order to bring FinBank to profitability.

2.7 TAXATION

The taxation consequences of the Scheme will depend upon the jurisdiction in which Shareholders of FinBank are resident for tax purposes. However, under current Nigerian tax legislation, the implementation of the Scheme in the present form should not give rise to any chargeable capital gains tax or stamp duty. However, this statement is not intended to be, and should not be construed to be legal or tax advice to any particular shareholder.

Existing Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside Nigeria, are strongly advised to consult his/her own professional advisers without delay as to the consequences of the Scheme in view of his/her own circumstances.

2.8 MEETING TO APPROVE THE SCHEME AND VOTING RIGHTS

A Scheme Meeting will be convened for FinBank Shareholders for the purpose of considering and if thought fit, approving the Scheme. At the Scheme Meeting, voting will be by poll. Each shareholder present in person or by proxy will be entitled to one vote in respect of each share held. The statutory majority required at the Scheme Meeting is a majority representing not less than three-fourths in value of the shares of members, being present and voting either in person or by proxy.

Notices of the Scheme Meeting are set out on pages 73 to 74 of the Scheme Document sent to FinBank shareholders.

A separate meeting of FCMB Shareholders will be convened for the purpose of considering and if thought fit, approving the Acquisition (as detailed in section 5.10 e below).

2.9 EFFECTS OF THE SCHEME ON THE LISTING AND TRADING OF FINBANK SHARES

An application will be made to The NSE and the CSCS to suspend trading of FinBank shares. The last day of dealings in FinBank shares on The NSE is expected to be the Qualification Date and no transfers of FinBank shares will be registered after that date.

FCMB Shares issued to Existing Shareholders and AMCON pursuant to the Acquisition will be listed on The NSE.

2.10 THE PROPOSAL IN RESPECT OF FCMB SHAREHOLDERS

It is proposed that the Acquisition will be effected pursuant to Part XII of ISA. As such, FCMB shareholders are being asked to vote their approval of the Acquisition and therefore the issuance of FCMB shares with a maximum value of ~~N~~6 billion as Consideration for acquiring 100% ownership of FinBank through FCMB's wholly-owned special purpose vehicle, FIL.

a. Consideration

The Consideration in respect of the Acquisition is ~~N~~6 billion. The split of this Consideration between the Existing Shares and the Scheme Shares and therefore between Existing Shareholders and AMCON has been established in consultation between FinBank and AMCON (given AMCON's injection of funds both in respect of the acquisition of the NPLs on FinBank's books and in the proposed recapitalisation of FinBank).

The split of consideration between cash and shares is at the Election of each Existing Shareholder and AMCON and the terms of this election are set out in Section 5.2b above. Any elections for shares will be settled by the issuance of new shares from the authorised but unissued share capital of FCMB and these shares will form part of the issued share capital of FCMB on completion of the Acquisition. Any election for cash consideration will be settled from FCMB's available funds. Fractional shares will be settled in cash.

For indicative purposes only, were all of AMCON and the Existing Shareholders to elect to receive FCMB shares for their entitlement, and if fractional share cancellation were to be ignored, on the basis of the split of the Consideration and the Exchange Ratios above, AMCON would have a resulting shareholding in FCMB of approximately 4% and Existing Shareholders would have a resulting shareholding in FCMB of approximately 2%.

b. Transaction Rationale

The principal reasons for FCMB seeking to effect the Acquisition are set out in the Joint Chairmen's letter. An FCMB – FinBank combination will be beneficial to both banks' shareholders and will create a significant player in the Nigerian banking industry. Given a wider branch network and an enhanced distribution capability, the enlarged group will address and service a large, diversified customer base, with a significantly enhanced share of industry assets and revenues. Strategically, it results in a strengthened commercial and retail banking platform.

The advantages of the Transaction remain compelling from a risk and profitability standpoint, as it utilises the balance sheet strength of the enlarged group effectively whilst leveraging synergies to drive profitability and shareholder value. Furthermore, the combination will be underpinned by an experienced risk management team and continue to benefit from a strong corporate governance regime. Given FinBank is currently loss-making; FCMB anticipates a restructuring exercise to ensure that FinBank returns to profitability as quickly as possible.

c. Proposed Transaction Structure

In the first instance the acquisition of FinBank will be effected through a special purpose vehicle, FIL, which has been specifically set-up to facilitate the Acquisition. FIL will be 100% owned by FCMB. By acquiring FinBank through this SPV, FinBank retains its own separate banking license whilst benefitting from the balance sheet strength of FCMB. This further enables enhanced risk management and appropriate integration planning to take place ensuring operational concerns regarding continued customer service provision and administration are mitigated.

The TIA provides for the Scheme of Merger to be completed within 12 months of the Effective Date. FinBank will be merged into FCMB and will no longer exist as a separate entity in order that the combined strengths of the two banks can be fully realised.

d. Conditions Precedent

FCMB will only be obliged to effect the Acquisition if:

- i. FCMB Shareholders have approved the Acquisition in accordance with paragraph 5.10 e below;
- ii. All of the conditions precedents to the Scheme of Arrangement as set out in section 5.2 above have been satisfied; and
- iii. All of the conditions in the TIA have been satisfied or waived in accordance with its terms.

e. FCMB Shareholders Meeting To Approve the Acquisition

A meeting of FCMB Shareholders will be convened on 29 September, 2011 for the purpose of considering and if thought fit, approving the Acquisition. At the FCMB Shareholders Meeting, voting will be on a

show of hands, unless a poll is demanded in accordance with the provisions of sections 224 to 226 of CAMA. The statutory majority required at the FCMB Shareholders Meeting is a majority representing not less than three-fourths of the votes cast by FCMB Shareholders, being present and voting either in person or by proxy.

2.11 ACTIONS TO BE TAKEN BY BOTH FCMB AND FINBANK SHAREHOLDERS

The appropriate proxy form for the Scheme Meeting is enclosed whilst the appropriate proxy form for the FCMB Shareholders Meeting will be dispatched to FCMB Shareholders. If you are unable to attend the respective meeting in person, you are requested to complete the proxy form in accordance with the instructions thereon and return it as soon as possible to the relevant company secretary, to arrive no later than twenty four (24) hours before the time appointed for the meeting. The lodging of a proxy form, which to be valid, must be appropriately stamped, does not prevent you from attending the relevant meeting and voting in person should you so wish. However, in such instance, your proxy will not be entitled to attend or vote.

2.12 INFORMATION REGARDING FINBANK PLC

FinBank Plc is the result of two mergers. The merger between First Atlantic Bank Plc and Inland Bank (Nig.) Plc to form a new entity, First Inland Bank Plc, and the subsequent merger between First Inland Bank Plc, NUB International Bank Limited and IMB International Bank Plc. The new entity was granted license by the CBN on 3 January 2006 to carry on the business of commercial banking and commenced operations on 3 January 2006. FinBank's shares were listed on 27 June 2006 on the floor of The NSE. The name was changed from First Inland Bank Plc to FinBank Plc in 2009.

FinBank has seven subsidiaries namely FinBank Homes Limited, FinBank Securities and Assets Management Limited, FinBank Registrars Limited, FinBank Insurance Company Limited, Arab Gambian Islamic Bank Limited, FinBank Capital Limited and FinBank Insurance Brokers Limited.

FinBank provides a wide array of products and services covering corporate banking, trade/project finance, corporate finance, savings & investments, electronic banking.

2.13 INFORMATION REGARDING FCMB GROUP

FCMB Investments Limited is a special purpose vehicle established by First City Monument Bank Plc for the singular purpose of facilitating the Transaction.

First City Monument Bank Plc was incorporated in Nigeria as a private limited liability company on 20 April 1982 under the name First City Merchant Bank Limited. The bank was licensed to carry out commercial banking business on 11 August 1983 and it commenced business on 1 September 1983. FCMB became a public limited liability company on 15 July 2004 and its shares were listed on The Nigerian Stock Exchange on 21 December 2004.

FCMB has five subsidiaries namely FCMB (UK) Limited, FCMB Capital Markets Limited, Credit Direct Limited, CSL Stockbrokers Limited and City Securities (Registrars) Limited. It also has a representative office in South Africa and owns 25% stake in Legacy Pension Managers Limited.

The principal activity of FCMB is the provision of banking and financial services to wholesale and retail customers. These service offerings include cash management, trade, credits, corporate finance, money market and investment management services.

2.14 INFORMATION REGARDING THE ASSET MANAGEMENT CORPORATION OF NIGERIA

AMCON was formally established with the passage of the Asset Management Corporation of Nigeria Bill and subsequent assent by the President of the Federal Republic of Nigeria on July 19, 2010. Essentially, AMCON was established to act as a resolution vehicle for the purchase of NPLs from deposit money banks in Nigeria, thus recapitalising the Intervened Banks by providing capital towards restoring their Net Asset Value to zero and subsequently enabling lending activity on the part of the banks.

AMCON, in furtherance of its objectives has acquired non-performing loans (NPLs) from Eligible Financial Institutions (EFIs), in exchange for AMCON Bonds, along with associated rights to underlying collateral on these loans. This is intended to facilitate the restoration of NAV in the Intervened Banks.

It is expected that AMCON will help stimulate recovery of the Nigerian financial system through:

- providing liquidity and capital injection to both Intervened and non-Intervened Banks;
- providing an opportunity to bolster Capital Adequacy Ratios;
- increasing confidence in bank balance sheets; and
- increasing access to restructuring/refinancing opportunities for borrowers.

2.15 FURTHER INFORMATION

The attention of FinBank shareholders is drawn to the following information contained in the appendices to the Scheme Document. FinBank Shareholders are encouraged to read the whole of the Scheme Document including documents contained within the Scheme Document and not just rely on the summarised information included in this Explanatory Statement and in other parts of the Scheme Document:

Appendix I: Further information regarding FinBank on pages 32 to 62.

Appendix II: Further information regarding FCMB Group on pages 63 to 65.

Appendix III: Further information regarding the Asset Management Corporation of Nigeria on pages 66 to 68.

Appendix IV: Pro forma Financial Information on pages 69 to 70.

Appendix V: Statutory and General Information on pages 71 to 72.

Appendix VI: Notice of Scheme Meeting on pages 73 to 74.

2.16 CONCLUSION AND RECOMMENDATION

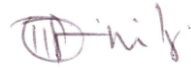
The Boards of FinBank and FCMB consider that the Scheme and Acquisition not only present a viable opportunity for delivering FinBank to safe harbour, it also provides an opportunity for both sets of shareholders to share in the potential value creation offered by the enlarged group through its ability to enhance growth and performance.

The Board of FinBank and its Financial Adviser having considered the terms and conditions of the Scheme, as well as the benefits thereof, recommend that you vote in favour of the special resolutions which will be proposed at the Scheme Meeting. The Board of FCMB and its Financial Adviser having considered the terms and conditions of the Acquisition, as well as the benefits thereof, recommend that FCMB Shareholders vote in favour of the resolutions which will be proposed at the FCMB Shareholders Meeting.

Yours faithfully,



Sola David-Borha
Chief Executive Officer
Stanbic IBTC Bank PLC



Tolu Osinibi
Head, FCMB Capital Markets Limited
FCMB Capital Markets Limited

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