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CORPORATE INFORMATION

VISION

To be the Premier Financial Services Group of African Origin.

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.”

CORE VALUES

Professionalism
Ambition
Creativity
Excellence

CONTACT ADDRESS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Jonathan A.D. Long	Chairman
Mr. Ladi Balogun	Managing Director/CEO
Mr Anurag Saxena	Executive Director
Mr. Henry Semenitari	Executive Director
Mr. Maurice Phido	Executive Director
Dr. John Udofa	Director
Mr. G.T.S. Adokpaye	Director
Mr. Tope Lawani	Director
Mr. Nigel Kenny	Director
Mr. Ladi Jadesimi	Director
Mr. Bismark Rewane	Director
Alhaji Ibrahim Damcida	Director
Olajumoke Bakare	Company Secretary

SENIOR MANAGEMENT

Ladi Balogun	Managing Director/CEO
Mr Anurag Saxena	Executive Director
Henry Semenitari	Executive Director
Maurice Phido	Executive Director
Peter Obaseki	Vice President
Ayobola Abiola	Vice President
Benos Imoisili	Vice President
Olajumoke Bakare (Mrs)	Vice President
Deji Somoye	Vice President
Adebowale Adesanya	Vice President
Olusiji Adeyinka	Vice President
Adam Nuru	Vice President

Idongesit Bassey	Vice President
Oluyemisi Edun	Vice President
Bonaventure Okhaino	Vice President
Bukola Smith	Vice President
Oloyede Obatoyinbo	Vice President
Ayoleke Adu	Vice President
Adewale Adedapo	Vice President
Olayinka Oni	Vice President
Folake Fajemisin	Vice President

AUDITORS:

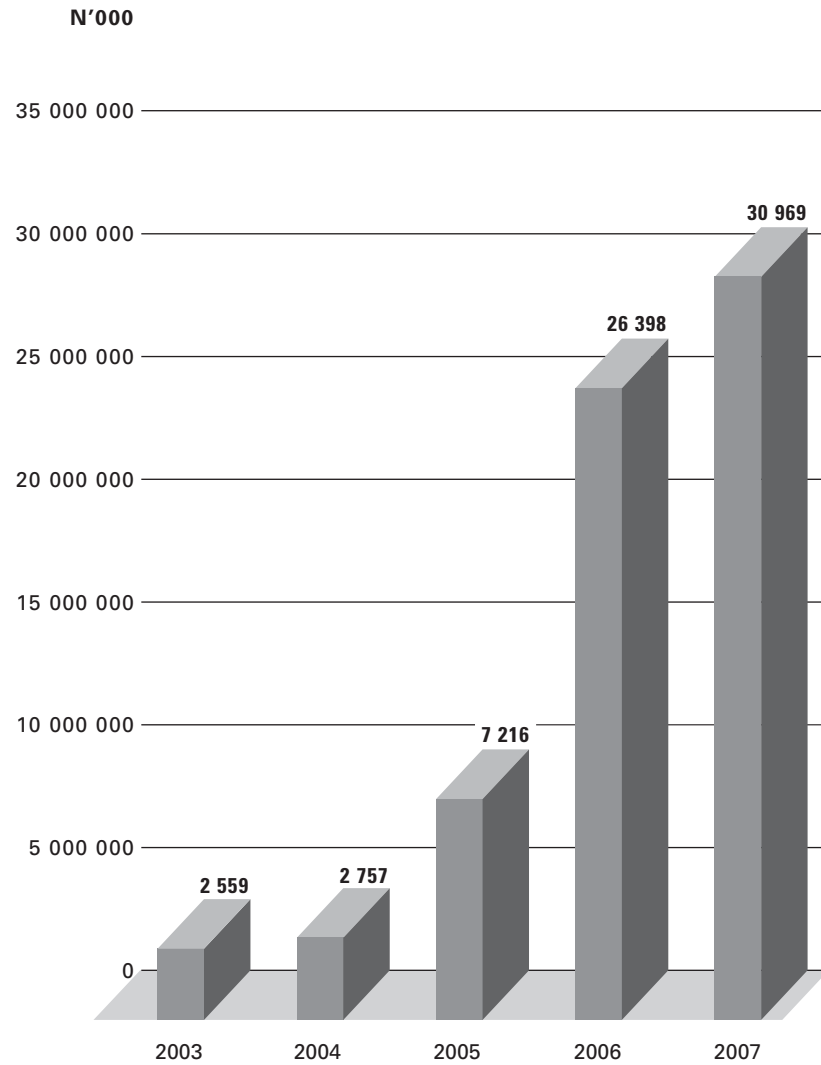
PriceWaterHouse Coopers (Chartered Accountants)

CORRESPONDENT BANKS:

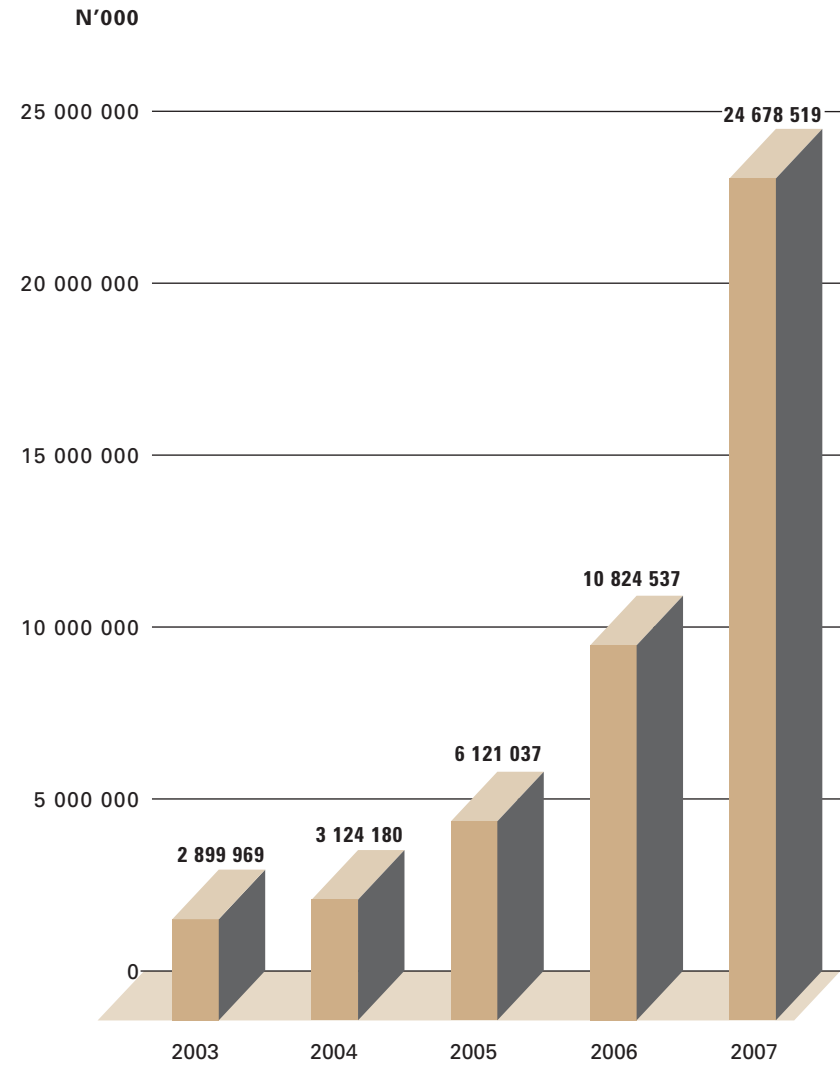
Standard Chartered Bank Plc, UK.
 Standard Bank Plc.
 HSBC Plc.
 ANZ.
 BNP Paribas.
 Fortis.
 RZB Austria.
 Bank of Beirut (UK) Ltd.
 United Bank of Africa plc (New York).
 FBN (UK) Ltd.
 UBN (UK) Ltd.
 BHF Bank.

PERFORMANCE CHARTS

SHAREHOLDERS FUNDS

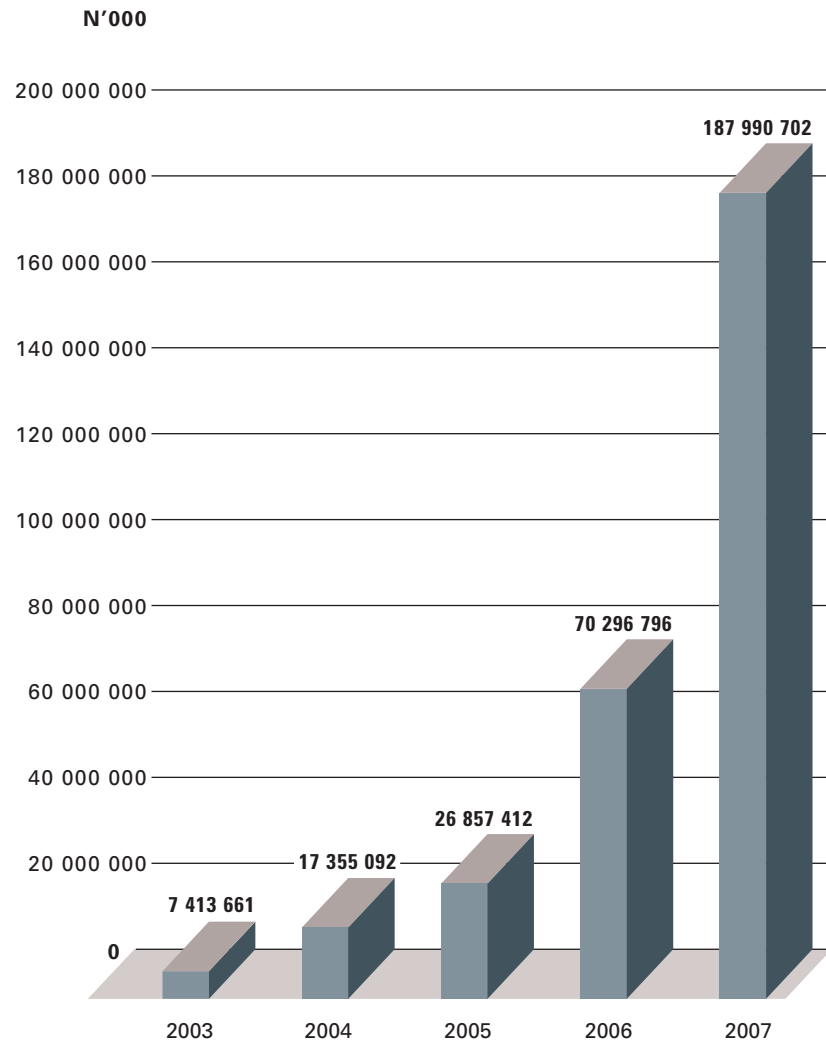


GROSS EARNINGS

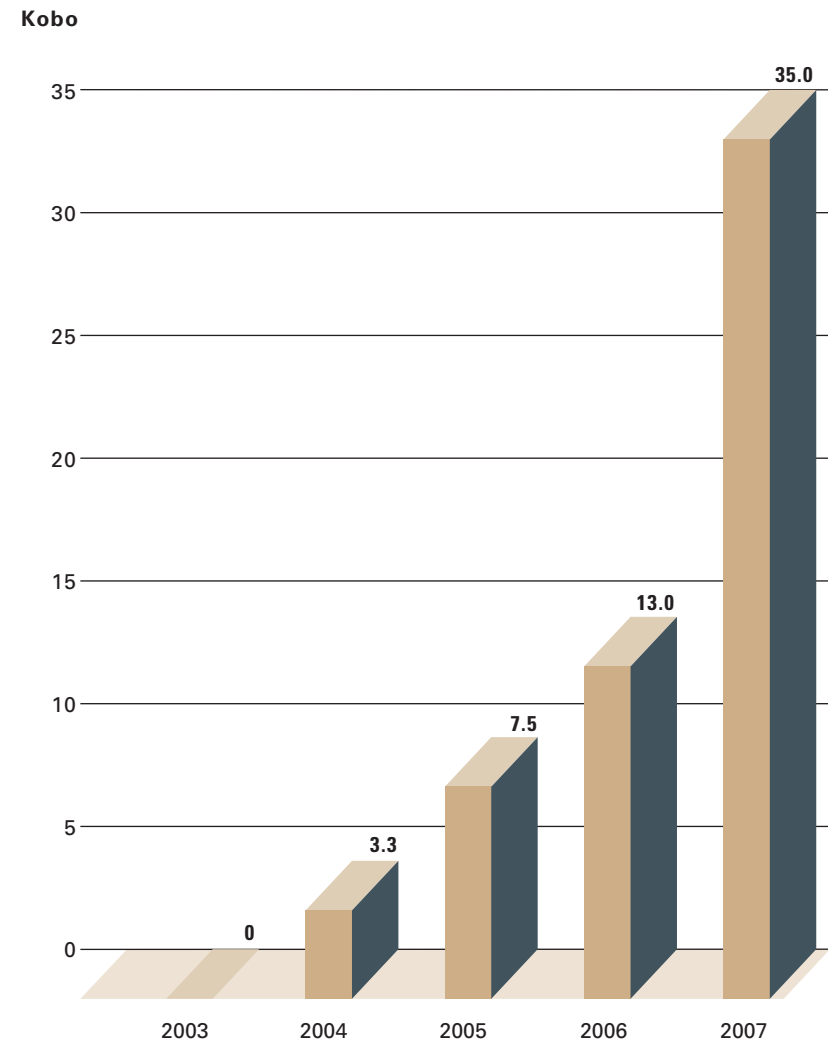


PERFORMANCE CHARTS

TOTAL DEPOSITS

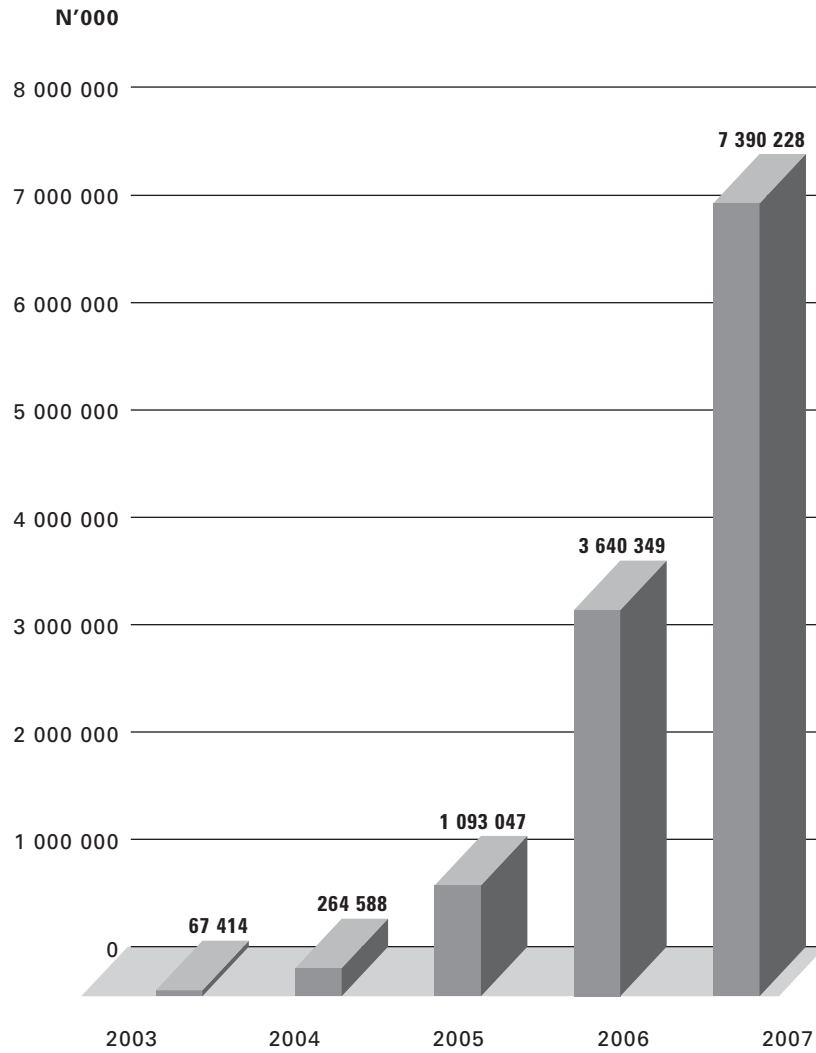


DIVIDEND PER SHARE

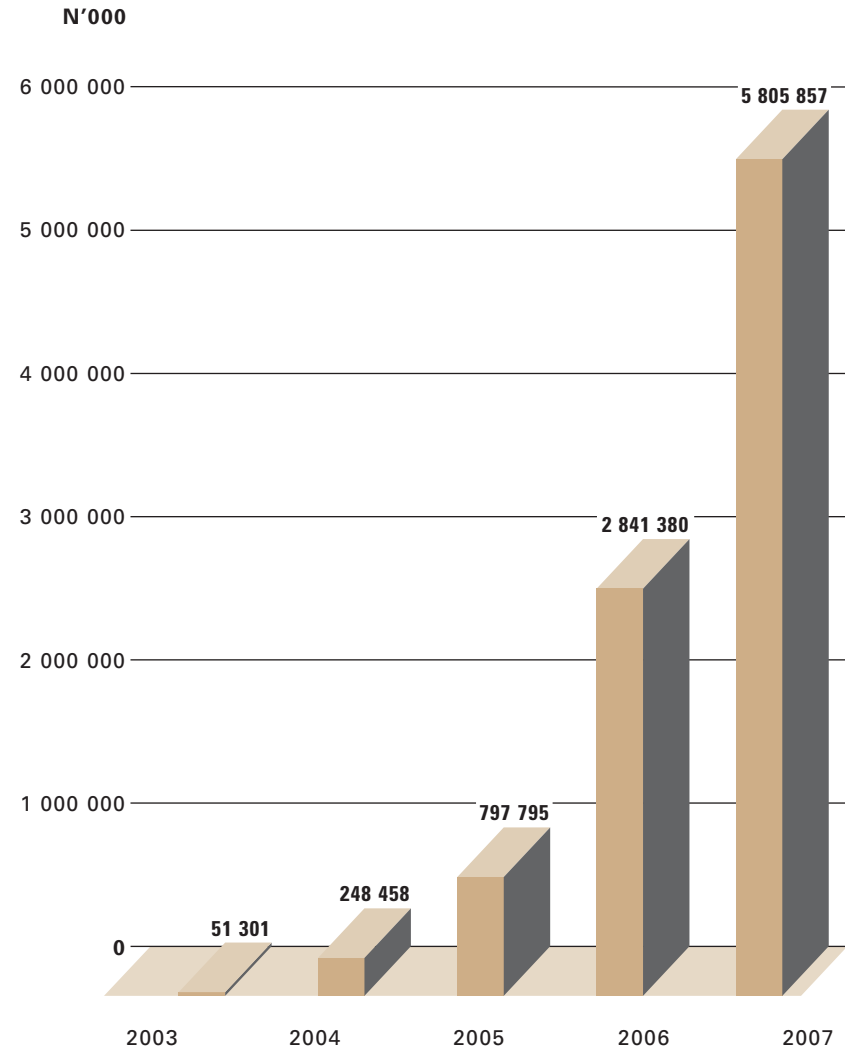


PERFORMANCE CHARTS

PROFIT BEFORE TAX



PROFIT AFTER TAX



FINANCIAL HIGHLIGHTS

% GROWTH OVER 2006		N'000
128%	Gross Earnings	24, 678, 519
104%	Profit after Tax	5, 805, 856
169%	Dividend per Share	35k
167%	Total Deposit	187, 990, 702
148%	Total Assets + Contingents	308, 917, 116

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of First City Monument Bank Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan Lagos on Wednesday 3rd October, 2007, 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, 2007, the Auditors' Report thereon and the Audit Committee Report.
2. To declare a dividend.
3. To re-elect Directors in place of those retiring.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect/re-elect members of the Audit Committee.

SPECIAL BUSINESS

6. To approve the remuneration of Directors.
7. To consider and if thought fit pass the following resolutions as Special Resolutions:

- a. "That the Articles of Association of the Company be and is hereby amended as follows:
 - i. by deleting Article 99 and substituting for the said Article the following:

"The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any Meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote. It shall be permissible for the Directors

NOTICE OF ANNUAL GENERAL MEETING

to hold a meeting by teleconferencing and any resolution arrived at shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held”.

ii. by deleting Article 59 and substituting for the said Article the following:

- 2- “No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, a quorum for any general meeting of the company shall be formed where there are present in person or by proxy 100 members listed in the shareholders’ register of the Company”.

- b. “That the Directors’ resolutions to borrow funds from offshore correspondence Banks and/or Lenders from time to time for the purpose of enhancing the Company’s working capital by way of Note Issuance, Term Loan, Bonds or other Debt Instruments for such amounts as the Directors may deem fit in the interest of the Company be and are hereby ratified”.

Dated this 7th day of September, 2007

BY ORDER OF THE BOARD



Olajumoke Bakare (Mrs.)
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

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. A blank proxy form is attached to the Annual Report.

DIVIDENDS

If approved, dividend is payable one week after this Annual General Meeting to all Shareholders who are registered in the Register of members as at September 24, 2007. Dividend warrants will be posted on October 10, 2007.

CLOSURE OF REGISTER

The Register of members will be closed from Monday, September 24, 2007 to Friday September 28, 2007 (both days inclusive) to enable the Registrar prepare for payment of dividend.

AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any 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

“Whether we call it progress or expansion, we must relate the phenomenon to a starting point. You cannot talk of progress if you do not have a starting point or a foundation and a solid foundation at that. We are what we are today, because we have not abandoned the original Vision and foundation given to us by our founders.

The bold letter “FCMB” which were embossed on a gold bar have now matured and liberated to stand on their own, but resting now on gold bars, signifying that the new First City Monument Bank is stronger and more visible.

As we march on to take our place among the top echelon of mega banks in the Nigerian market and fulfilling the Vision of our founding fathers, we will not only gratify our founding fathers, but will also give satisfaction of the new management that they have improved on the super structure originally built on the foundation.”

Otunba Michael O Balogun, CON



FROM THE ARCHIVES OF THE FOUNDER

THE PROGRESSION IN OUR VISION

Change is a phenomenon that is constant and desirable in life and in any human endeavour, especially if it is for good and is an improvement. One of the most heartwarming aspects of the changes that we are experiencing in FCMB and First City Group is that they have induced immense growth. Growth itself connotes progress.

Whether we call it progress or expansion, we must relate the phenomenon to a starting point. You cannot talk of progress if you do not have a starting point or a foundation and a solid foundation at that. The foregoing summarizes what is happening in FCMB and First City Group today, midwifed by the present dynamic and internationalized management team. This management team, as the agents of change, appreciates the essence of the Vision of the founders. Implicit in this Vision is a passionate aspiration to be world renowned, as well as to achieve an evolutionary mega change which is predicated on our solid foundation. With the support of the founding fathers, the new management team, as change agents, are exploring new frontiers beyond the Nigerian borders that will definitely expand the original Vision. We are what we are today, because we have not abandoned the original Vision and foundation given to us by our founders.

We started over 30 years ago as a small operator within the Nigerian Capital Markets, the first Nigerian joint Stockbroking and Issuing House named City Securities Limited. We progressed to become the first wholly owned Nigerian merchant bank and we dared where many people feared to tread by setting up an investment bank without any foreign technical partner as was prescribed in those days. We named it "First City Merchant Bank Limited" (FCMB). We made a success of it and established an indelible reputation. Much later on, the regulatory authorities directed that we must transform ourselves into a universal bank which we did; dropped the word "merchant" and substituted the word "monument", because we had become an enduring institution, that is, "a monument". But because our foundation has been solid in investment banking, we realised that any change that abandons our investment banking heritage will produce a yawning gap. Hence whilst we are building up consumer, commercial and wholesale banking franchise, we are at the same time addressing any possible gap by creating depths in our investment banking franchise and maintaining our clout in investment banking. It is like we had envisaged what is happening today in the Nigerian economy where the opportunities for investment banking are going through tremendous development and at an unprecedented level. We are on the way to achieving our goal.

FCMB Capital Markets, our investment banking arm, and a wholly owned subsidiary of FCMB Plc is being internationalized and made global both by attracting international staff and creating global depths in its operations. Our Vision of being a one-shop financial shopping mall is being realized during the life time of the founding fathers. The whole development is very exciting. The young and ebullient management team who are the change agents supported by our international technical partners, Sabre Capital, together with other new foreign stakeholders are opening new frontiers for our bank and at the same time giving credence to the original Vision. Now that we have been able to internationalise the ownership of FCMB and we are also going to acquire all the global capital markets trappings, the dreams and the Vision of our founding fathers will be vindicated.

FROM THE ARCHIVES OF THE FOUNDER

How about our Heritage of Excellence? We started with a Culture of Excellence, a legacy which has now become a Heritage. It is all about our set values with which we aspire to be nothing less than the best. Even our branding programme is an extension of the solid and strong brand that the institution has always been known with. Our new logo or ensign is an evolutionary strengthening or projection of the old logo. The bold letter of "FCMB" which were embossed on a gold bar have now matured and liberated to stand on their own, but resting now on gold bars, signifying that the new First City Monument Bank is stronger and more visible.

As we march on to take our place among the top echelon of mega banks in the Nigerian market and fulfilling the Vision of our founding fathers, we will not only gratify our founding fathers, but will also give satisfaction to the new management that they have improved on the super structure originally built on the foundation. They have used the solid foundation bequeathed by the founders to give FCMB a greater image than envisioned.

This is the meeting point of our aspirations and it would continue to gladden the hearts of future generation of stakeholders.

The story continues.



Otunba Michael O Balogun, CON.

CHAIRMAN'S STATEMENT



“Throughout this financial period, the Board and management of the bank have continued to follow their declared long-term objective of becoming a premier financial services institution of African origin, operating successfully both on this continent and on an international basis.

These results demonstrate that we are well on course towards achieving this objective and that we are delivering on the promises made to all our shareholders at the time of the bank’s Initial Public Offer.”

Jonathan Long

CHAIRMAN'S STATEMENT

I present below a brief summary of the overall economic and financial conditions under which your bank operated during the last financial year, together with a summary of the bank's performance for the year ended 30th April 2007.

POLITICAL AND FINANCIAL ENVIRONMENT

The major political highpoint of the year occurred only days before the bank's year-end; this was the smooth transition from one democratic government to another, the first time that this has occurred in the history of Nigeria. The peaceful transfer of power is expected to improve significantly the global perception of the country which, in turn is likely to have a positive impact on the level of foreign investment interest in Nigeria, its sovereign risk rating and its ability to exercise influence both on African and on world affairs in general.

The much applauded economic reform process of the previous administration ensured that the economy remained generally on course and, indeed, it made significant progress towards meeting the objectives set by that administration. Gross domestic product grew by 5.6% to reach \$141 billion, a substantial improvement on the figure of \$113 billion recorded in 2005. This growth was fuelled principally by the non-oil sector, which grew by approximately 9%, mainly as a result of rising commodity prices. This is welcome news for the economy, as it signifies a departure from its earlier long-standing dependence on the oil sector as the sole driver of economic growth. The relative lack of growth in the oil sector has generally been attributed to disruptions in oil production, largely as a result of periods of continuing unrest in the Niger Delta region. However, it is to be hoped that the new administration, whose Vice-President comes from this region, will be better placed to find a lasting solution to the Niger Delta crisis than its immediate predecessor. In an ideal situation, a combination of guaranteed oil production and favourable commodity prices should lead to an improved level of sustainable growth in the economy as a whole.

The relatively effective management of the economy has resulted in a series of continuous balance of payment surpluses, whilst foreign reserves also reached an all-time high of over \$42 billion in the past year. This significant growth in the country's external reserves translates to some 24 months of import cover, an impressive figure by any country's standards. In the same vein, Nigeria's debt profile improved substantially during the period under review and the country's total external debt has now been reduced to less than \$3 billion, largely as a result of the initiatives taken by the two Ministers of Finance in the previous administration. The economy also witnessed a comparatively long period of exchange rate stability, since the Naira traded within the projected 3% band throughout the year. Convergence (or near convergence) was also achieved between the official and the parallel markets for the first time in 20 years.

These achievements resulted in increased inflows from the international investment market; both foreign portfolio and direct investment approximately doubled, with an inflow of some \$7 billion in 2006 alone. Foreign investment also continues to grow steadily, as the outstanding performance of the Nigerian Stock Exchange over the last year clearly demonstrates. Furthermore, Nigerian banks (including your bank) are now structuring a growing number of international financing deals with global institutional lenders, which were at least in part responsible for an increase in credit to the private sector of over 30% in 2005, amounting to a total of approximately N2 trillion (approximately \$15 billion).

CHAIRMAN'S STATEMENT

The government was also successful in meeting its key monetary policy targets, with a 28% growth in M2, as against a target of 29%. At the same time, the rate of inflation was reduced to a 7 year low of approximately 4.2%, principally as a result of the proactive economic management policies put in place by the government's key economic advisers. The Central Bank of Nigeria also clearly demonstrated its willingness to implement this proactive approach, and recently introduced the new Monetary Policy Rate, which will replace the old Minimum Rediscount Rate. These new policies are expected to improve the overall efficiency of the money market and, more importantly, to stabilise interest rates on a longer term basis. As a result of such policies, the current outlook for the economy remains generally encouraging.

FINANCIAL PERFORMANCE

I am delighted to report that the bank's gross earnings for the year ended April 30, 2007 grew by 127% from N10.9 billion to N24.7 billion. Profit before tax rose from N3.6 billion to N7.4 billion, despite an increased investment in branch expansion, technology and the roll-out of the bank's new corporate identity programme, and the bank's profit after tax rose significantly from N2.8 billion to N5.8 billion. Our primary obligation is to our shareholders, and we remain committed to continuing the record of strong growth in profits and dividends throughout the years ahead.

DIVIDEND POLICY

In view of these commendable results and the bank's commitment to creating value for all its investors, the Directors are recommending that a dividend of 35k be paid to all shareholders, registered in the books of the bank, as at September 24, 2007, in respect of each 50k share held by them as at that date. The total amount set aside for this dividend is N3.3 billion, representing 57% of the banks profit after tax.

BOARD

Since the last Annual General Meeting in October 2006, two new non-executive directors have joined the Board. Both bring a wealth of experience, acquired through many years of working at senior levels in various international financial organisations. They also bring proven leadership skills and a strong commitment to corporate governance, which can only benefit the future development of your bank.

Mr. Nigel Kenny possesses extensive banking experience, acquired over two decades covering the United Kingdom and Europe, Middle & Far East, as well as Africa. He worked with Standard Chartered Plc in London between 1992 and 2002, during which time he held various senior positions, including Group Executive Director, Finance, and served as a member of the main board of the bank.

Mr. Lawani is the co-founder and Managing Director of Helios Investment Partners, an investment firm focused on private equity investments in West Africa, and previously worked with a leading international private equity firm, Texas Pacific Group.

CHAIRMAN'S STATEMENT

Prior to that, he was employed in the Strategic Planning Department of the Walt Disney Co., having earlier obtained an MBA from Harvard University.

It also gives me great pleasure to inform you that the Central Bank of Nigeria has now approved the appointment of Mr. Anurag Saxena, both as an Executive Director and as the Chief Operating Officer of the bank. Mr. Saxena joins us with a wealth of experience gained from working in over a dozen countries with international banks such as Standard Chartered Bank Plc, Citibank N.A., and most recently, with Barclays Bank Plc.

It is with respect that I announce the retirement of two of the longest serving directors of the bank, Alhaji Tijani Hashim and Dr. (Mrs.) M.A. Nwakoby, from the Board of Directors. I hope that you will all join me in thanking them most sincerely for their selfless contribution to the growth of our bank over a period of many years.

CONCLUSION

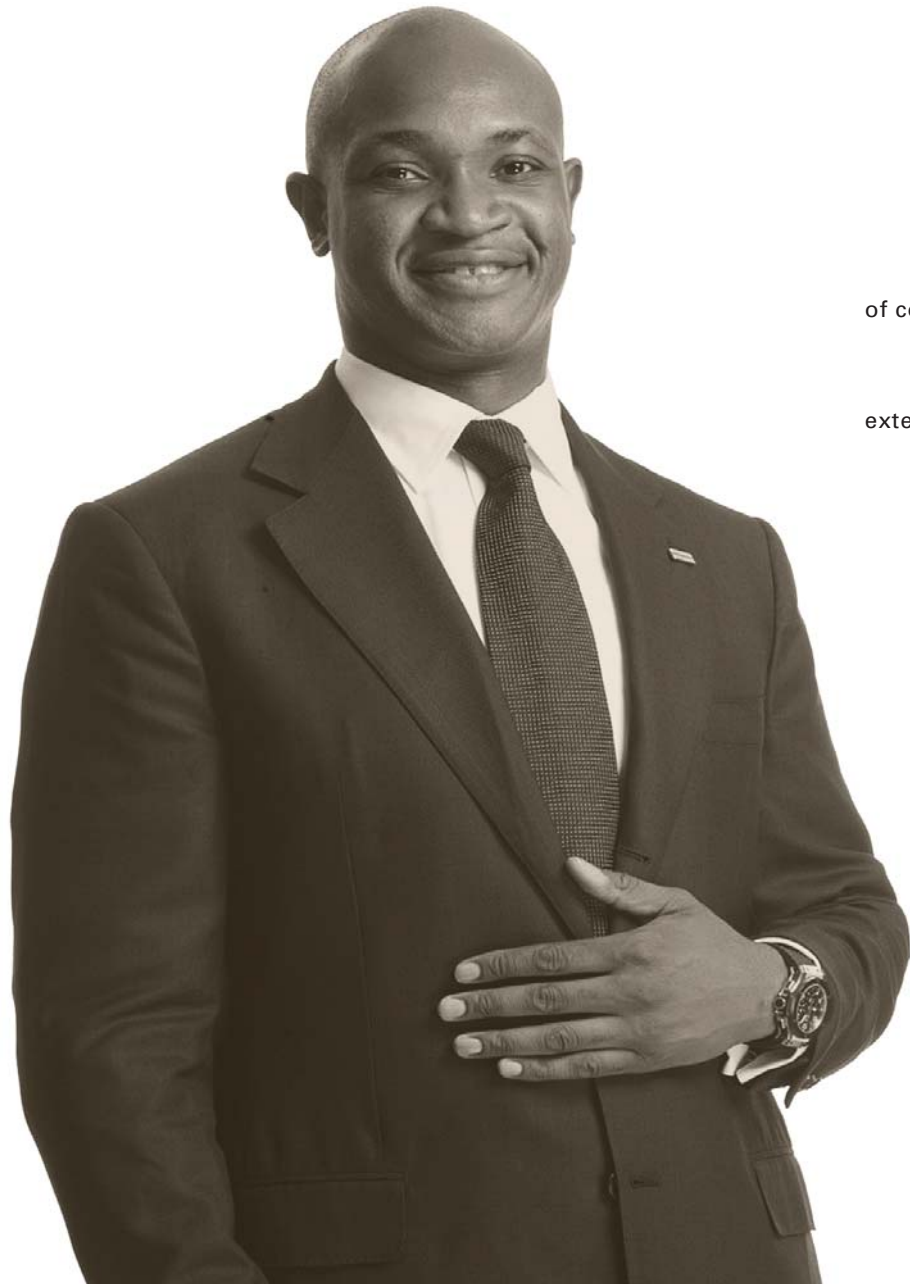
I should like to thank all our customers, shareholders, directors, management, staff and, indeed everyone who has contributed to the success of your bank in the past year. Between us we have not only delivered an outstanding financial performance for our shareholders, but have also achieved a number of key strategic objectives. Our accomplishments during this reporting period and the encouraging political and financial environment leave FCMB well positioned for future success and well equipped to continue its tradition of innovation and out performance.

Going forward the Board and management of the bank will continue to explore the various local, regional and international markets for growth and expansion opportunities, as we work towards attaining our vision of becoming the premier financial services group of African origin, both on this continent and in the world.



Jonathan Long

CHIEF EXECUTIVE'S REVIEW



“The bank’s strategic thrust is to be a market leader in consumer and investment banking, whilst also focusing on the higher value aspects of corporate banking such as cash management.

We will remain differentiated by our skill and knowledge base, extensive cross sell capabilities to both the corporate and individual customer, and an uncompromising commitment to the highest standards of professionalism and service delivery.”

Ladi Balogun.

CHIEF EXECUTIVE'S REVIEW

The 2006/2007 financial year was highly successful, with our company achieving a number of objectives that have brought us closer to the attainment of our strategic goals and also delivering exceptional financial performance for our shareholders.

This has been an excellent year as we progress our vision to become the premier financial services group of African origin and begin to realise FCMB's excellent growth potential. Our achievements during the period have included:

- Significant progress in developing our consumer banking franchise – MyBank – the primary growth driver for FCMB's future:
 - We opened and staffed 35 new branches during the financial year
 - We successfully migrated our banking technology application to a world class (retail friendly) universal banking system, enabling a seamless multichannel strategy
 - We launched a comprehensive suite of functional consumer banking products after months of research and testing
- A successful restructuring and capacity enhancement to our investment banking business (FCMB Capital Markets):
 - N60 billion of capital raising mandates were successfully completed and a pipeline of over N400 billion established for the next financial year established!
 - We led the market in financial advisory transactions
 - We were recognized as Nigerian investment bank of the year 2007 by Euromoney
 - Our stockbroking affiliate, CSLS Stockbrokers, which is to be integrated this year, led the market in attracting international portfolio investment into the Nigerian Stock Exchange.
- Growing our balance sheet significantly allowing FCMB to play an underwriting and market making role in the primary and secondary capital markets
- Being appointed a primary dealer and market maker for Federal Government Bonds and Treasury Bills.
- Attracting over \$200 million of foreign debt and equity investment, including becoming the first African bank to raise a private placement of debt on the international capital markets (a \$100 million transaction.)
- Successful introduction of a new brand and corporate identity

This progress towards delivering our strategy has already generated a positive impact on our financial performance and I am delighted to say that we have delivered the following during this reporting period:

- 127% gross earnings growth to N24.7 billion from N10.9 billion
- 106% rise in profit before tax to N7.4 billion from N3.6 billion
- 167% increase in demand deposits
- 146% growth of total assets to N263 billion from N107 billion

CHIEF EXECUTIVE'S REVIEW

FINANCIAL PERFORMANCE

During this financial year the bank witnessed record growth in all areas. We have seen demand deposits increase by 167%, driven by low cost deposits. In line with our objectives, the average cost of funds have dropped to 3.56% and we will work to reduce this to 2% in the next four years, as we continue to gather low cost deposits and place more emphasis on consumer banking and cash management for corporates. The alignment of appropriate deposit products with a wide range of distribution channels will help to ensure we attain this goal.

The cost to income ratio for the year was 64% due to investment in technology, branch expansion and our rebranding initiative. We expect this ratio to reduce once these investments begin to generate the expected returns. Also, our focus going forward will be on low cost channels such as direct sales, ATMs and online banking, for example, to complement our extensive branch network.

Our total assets grew significantly by 145% to N263 billion from N106 billion and we have been able to create significant risk assets whilst reducing our non-performing loan ("NPL") portfolio to 3% of total loans. We expect to maintain NPL ratios in this range for the foreseeable future.

Our gross earnings performance also continued its rapid growth, increasing by 127% to N24.7 billion from N10.9 billion, with profit before tax growing by 106% from N3.6 billion to N7.4 billion. This was driven by a profitable capture of new markets across our business and shows we have maintained our position as one of Nigeria's fastest growing banks.

The bank's profit after tax rose significantly from N2.8bn to N5.8bn demonstrating clearly its ability to finance essential new investments (branch expansion, technology and new corporate identity) whilst at the same time being able to produce satisfactory returns to its shareholders. As a result and in accordance with regulatory requirements N1.7 billion of the bank's profit after tax has been transferred to statutory reserves on the bank's balance sheet.

We believe our success is now being appreciated by the market and this has been reflected in our share price which has risen by over 200% this year and our market capitalization is now in excess of \$1 billion (N130 billion).

There were a number of additional significant achievements during the financial year. We successfully attracted over \$200 million (or N26 billion) of foreign debt and equity capital investment into FCMB. This included \$75 million of long-term equity from investors such as Helios Investment Partners (a US\$400 million private equity fund) and GLG (a \$26 billion leading investment manager both based in London) directly, and indirectly through an investment vehicle managed by Helios, reputable institutions such as Commonwealth Development Corporation (an investment arm of the UK government) and Overseas Private Investment Company (an investment arm of the US government), as well as some of the leading global investment funds. This flow of funds into FCMB by these professional investors is clear demonstration by the global investment community of a high level of confidence in FCMB's unfolding growth story and strategy.

CHIEF EXECUTIVE'S REVIEW

FCMB stock has also remained one of the most actively traded on the Nigerian Stock Exchange, including purchases by international portfolio investors who are buying into the FCMB story. In 2006, we closed our first private placement of debt on the international capital markets, arranged by HSBC London. This \$100 million transaction was the first of such transactions by an African bank and a prelude to further debt and equity capital raising later in the year. The proceeds of this deal will be used to grow high yield lending in areas such as real estate development and upstream oil and gas.

SUMMARY

This activity and performance during 2006/7 creates a foundation that provides an excellent springboard for FCMB's future success. It is our belief that we can significantly improve our performances this year, as we invest more in our people and operate at world class standards in everything we do.

The new financial year brings us closer to our vision of becoming the premier financial services group of African origin. We will create wealth for our diverse customer base and differentiate ourselves by knowing and understanding what our customers want. Most importantly, our people will remain our number one asset. We cannot achieve our goals without the support of a strongly motivated team. Our current team is now approaching 3,000 people, and our senior leadership will set the direction and create the right environment for everyone to perform, flourish and attain both personal and professional fulfillment at FCMB.

Our promise to investors, customers and other stakeholders is to build on our existing success by delivering superior service and to ensure sustainable profitable growth.

On behalf of the bank's leadership, I would like to thank our shareholders for the continued support, our customers for the patronage and my colleagues, the staff for their continued commitment to the mission.



Ladi Balogun

CONSUMER BANKING REVIEW

At the beginning of the year we made our first steps in the journey to building a world class consumer banking franchise. We successfully opened and staffed over 35 branches within the year, taking our total branch network beyond the 100 benchmark, which has reached 135 at the time of presenting this report. Our branches are the main distribution channels and we aim to ensure that they focus on the individual customer. Other channels include our ATM network, mobile banking, the corporate payroll, a call centre and a direct sales force, all of which will enhance efficiency and scalability.

As part of our resolve to build a successful consumer banking offering we signed a Technical Service Agreement (TSA) with Sabre Capital Worldwide, a management services firm, to partner with the bank. Under this agreement, Sabre Capital has assisted FCMB develop a robust consumer banking strategy and identify international consumer lending, risk management and operational personnel with execution experience in nascent and challenging environments. Sabre Capital was set up by a team of global bankers with extensive experience in successfully implementing consumer banking in emerging markets.

Another important step was the successful migration of our main banking technology application from Equation to the highly scalable Finacle Universal Banking System. Finacle allows for faster end of day processing, seamless integration to multiple channels (ATMs, mobile and internet banking), and efficient product set up and parametrisation, amongst others. The roll out has been successful, allowing the bank to leverage technology as a competitive advantage in its retail banking strategy.

We are in the process of rolling out an exciting consumer banking business, under the sub-brand "MyBank". Consumer products are being introduced sequentially, commencing with a re-classification of our traditional deposit products and personal loans. Our mortgage product, "MyHome", has been launched offering up to 25 year loans under extremely competitive terms. Margin Lending against shares ("My Shares"), our car loan offering ("My Wheels") and our salary advance product have also been extremely well received by the market. We expect these relatively low risk lending products to contribute substantially to our performance in the current financial year. We have also reviewed our various customer classifications – Classic, Gold and Platinum – and have carried out extensive research on their needs, resulting in developed bundled offerings. As we build our people and infrastructure for MyBank, we expect that credit cards, car loans, unsecured personal loans and wealth management products will complete the suite of offerings by early 2008. We also signed up as a direct agent for Western Union Money Transfer and launched our mutual fund (The Legacy Fund) in collaboration with our affiliates, CSL Stockbrokers Limited ("CSLS").

Our overall consumer banking strategy is to align superior products with a wide range of distribution channels. These will be supported by a credible brand, a strong risk management framework and technology. We are also developing our business intelligence capabilities to ensure we understand our customers and position our offerings appropriately. We have improved our workforce through a combination of recruitment, identifying and placing global bankers with experience in emerging markets, and upgrading the skills of our colleagues with a mixture of training and skills transfer. Our aim is for consumer banking to contribute 50% of our gross income within 5 years. This will be achieved by growing low cost deposits, increasing the number of consumer loans and mortgages and tapping the virtually untouched market of credit card provision.

We believe our strategy and the huge opportunities that exist in the Nigerian market will ensure we reach our goal to become the leading consumer bank in Nigeria.

CORPORATE BANKING REVIEW

The core services provided by our Corporate Banking business are lending (term and working capital), cash management, trade services and foreign exchange to large corporate customers. Our key strength is the provision of innovative financing and credit structuring solutions. During the reporting period our market leading expertise has provided innovative financing solutions to the following industries: telecommunication, energy (particularly oil & gas,) manufacturing, power and utility, hospitality, maritime and infrastructure.

Our Corporate Banking business had a particularly good year, consolidating its position as a leading provider of creative financial solutions and establishing a presence in new industries, including hospitality and maritime, that are of strategic importance to FCMB.

Key transactions for the year included energy of \$400 million a syndicate for a downstream petrol importer, a deal which strengthened our leading position in this space. In the upstream industry we successfully arranged \$50 million financing for an AIM listed oil Exploration Company and \$26 million for a marine services firm. We also participated to the tune of N4.5 billion to support the international syndicate of major banks which financed the Obajana cement factory, Africa's largest cement manufacturer and helped, Global Infrastructure, an affiliate of the Mittal Steel group, to fund the N2.9 billion takeover of two major steel plants at Ajaokuta and Aladja. A range of activities during the year helped us strengthen our relationship with Celtel, the mobile telecommunications company, and a our active relationship with the 3 largest brewers in the country means we can now claim to be amongst the top financiers in this space.

This depth of our relationships and deal flow vindicates our strategy of focusing our teams on specific sectors, allowing us to provide our clients with an unrivalled depth of expertise and knowledge of their respective industries. This has been instrumental in allowing us in the current year to secure deals in the real estate and automotive industries, further extending the sectors in which we are active.

Going forward we have also implemented a CRM strategy which involves raising service levels by reducing the number of key accounts our managers service. The benefits of this strategy should be seen in further improved performance this year. As margins continue to come under pressure, our focus, going forward will be on higher yielding structured and mezzanine financing, cash management, trade and treasury services.

COMMERCIAL BANKING AND TREASURY REVIEW

The commercial banking division focuses on providing a wide range of banking services to SMEs and government through our extensive branch network.

2006/7 was a solid year for the division and showed a strong improvement over the previous financial year, with significant investment being made in technology and branch expansion.

During the period, the commercial banking division was reorganised into two businesses, one focusing on southern Nigeria and the other on northern Nigeria. The North is an underserved market with significant opportunities in agriculture and commerce.

In addition, the division has significantly strengthened its government and institutional collections and cash management activities, signing several more institutions in this important part of the business. FCMB is now a major player in tax and utility payment collection, driven by our Pay Direct electronic payments platform.

As 2007/8 progresses we anticipate seeing the consumer and commercial banking divisions working more closely together, driven by the joint branch locations and deepening client relationships. Additionally, the recently opened Northern division is expected to assist in growing the bank's share of the market. The overall focus of the division will continue to be on SMEs, particularly in the high growth, yet underserved sectors.

TREASURY AND FINANCIAL INSTITUTIONS (FI)

Our Treasury and FI Division continued to play a pivotal role in the activities of the organisation. In addition to efficient management of the balance sheet, our trading activities in money markets, government bonds and foreign exchange contributed substantially to the bank's earnings profile.

We were appointed one of the first ten bank primary dealers/market makers of Federal Government of Nigeria (FGN) Bonds. Accordingly, our fixed income sales and trading efforts were boosted. This consequently has assisted in deepening our relationships with financial institutions and fund managers (local and international). Similarly we were appointed during the course of the same financial year as primary dealers/market makers in FGN Treasury Bills. Our rapidly growing balance sheet has greatly aided in growing our share of market making and trading activities.

As the Nigerian capital markets have continued to grow, we have begun building our relationships with stockbroking firms. We now offer a wide range of services to the broking community and secured our appointment as a settlement bank for the Central Securities Clearing System.

We will continue to build on all the competencies highlighted above and also develop our range of services to institutional investors, particularly in the area of custody.

RISK MANAGEMENT AND CONTROL FRAMEWORK

RISK MANAGEMENT AND CONTROL

In delivering superior shareholder value, we are continuously exposed to various risks inherent in all aspects of our products, services and functions. Our ability to achieve the optimal trade-off between risk and returns is based on a well developed and dynamic risk management process that ensures that we systematically identify, assess, control, manage and report risks we face at all levels in our business. This process covers all necessary management actions for taking decisions and monitoring operations that influence the risk and return profiles across our business lines.

STRUCTURE

The risk management group is independent of all business operations and is accountable to the risk and audit committees of the Board of Directors. The group is organized into the credit risk management group and the Treasury risk management group with each focusing on the banks loan and trading books respectively. The structure is designed to implement the process of standard-setting, reporting, verifying compliance, decision making and implementation in order to monitor, keep under control and if necessary change the risk/return structure of the institution.

The various organs and their respective responsibilities are set out below:

THE BOARD OF DIRECTORS

The foundation for all the components of the risk management process and the system of internal control. It defines management's philosophy and its general concern about the establishment and maintenance of controls.

THE AUDIT COMMITTEE

The committee is saddled with the responsibility of assessing the adequacy and scope of internal controls and audit of the financial statements and overall compliance.

RISK MANAGEMENT COMMITTEE

The committee assists the board of Directors with its oversight function for managing the banks credit, price, interest as well as the process for determining the adequacy of the bank's reserves and capital.

RISK MANAGEMENT AND CONTROL FRAMEWORK

ASSET/ LIABILITY MANAGEMENT COMMITTEE

Assigned by the Board of Directors to the duties of determining the policies for asset and liability management and mobility of funds, taking decisions to be executed by relevant functions within the framework of the institutions balance sheet management; and monitoring implementation of the activities.

MANAGEMENT INTERNAL CONTROLS

Responsible for inspecting adherence of the institutions activities with the regulations, policies and procedures. It also involves the examination, independent evaluation and timely reporting to management to ensure that all functions, services and products across all levels are in accordance with set policies and procedures.

ENTERPRISE RISK MANAGEMENT

Responsible for defining, verifying and assessing risks to which the institution is exposed at all levels and across all functions.

BASEL II ACCORD

The Central Bank of Nigeria recently released its circular on “framework for risk based supervision of Banks in Nigeria” as a prelude to the full implementation of the Basel II Accord. The objective of the CBN’s framework is to change the current approach in banking supervision to a risk based approach. The new accord prescribes rules for enhancing credit risk measures, extending the scope of capital requirement to operational risk and detailing the “supervision” and “market discipline” pillars.

In recognition of the benefits inherent in the new accord especially for our long term strategy, the bank has commissioned a process for the phased transformation of our entire risk management process. This entails immediate compliance with the CBN’s guideline with a view towards full compliance with the Basel II accord.

CORPORATE GOVERNANCE FRAMEWORK

Corporate governance is the internal means by which companies are operated, controlled and governed. It addresses the interaction between the constituent parts of the company with the objective of increasing shareholder value and meeting the expectations of other stakeholders.

FCMB is committed to exercising the highest level of corporate governance in adherence to the provisions of corporate governance in Nigeria as codified by the Securities and Exchange Commission (SEC) in October 2003; the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation in April 2006 and global best practice.

Clear strategic goals, corporate values, transparency and accountability are key elements of FCMB's corporate governance policy and the policy clearly sets out the following:

BOARD COMPOSITION AND INDEPENDENCE

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. Members of the Board are experienced professionals of diverse background. The Board carries out the above responsibilities through a number of standing committees whose terms of reference is reviewed regularly. All committees have clear terms of reference, which set out their roles, responsibilities, functions, and procedures for reporting to the Board. Currently the Board has 4 committees namely, Board Credit Committee, Risk Mangement Committee, Finance and General Purpose Committee and Audit Committee.

SHAREHOLDERS' RIGHTS & PRIVILEGES

The Bank through its Board of Directors ensures that shareholders' statutory and general rights are protected at all times. The Investor Relations Unit ensures that FCMB's relationship with shareholders is always healthy and that dividend warrants, share certificates and other relevant information about the Bank are communicated to shareholders regularly. The unit liaises with the Bank's Registrar to ensure that shareholding matters are given prompt and adequate attention.

AUDIT COMMITTEE

This is established in accordance with Section 359 (3) & (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.

CORPORATE GOVERNANCE FRAMEWORK

RISK MANAGEMENT

We have a well structured risk management system in place. Several levels of internal controls and checks ensure that risk assets and deposits are optimally managed.

Risk management structures and processes are continually reviewed to ensure their adequacy and appropriateness for the Bank's risk and opportunities profile, as well as bringing them up to date with changes in strategy, business environment, evolving thoughts and trends in risk management. Policies are designed to identify and analyse risks, to set appropriate limits and controls and to monitor risks and adherence to limits.

The bank recently engaged the services of a global management consultant to drive its enterprise risk management project in particular with respect to the management of the key risks including credit risk, market risk, liquidity risk, operational risk, regulatory risk and reputational risk. The project is expected to improve the bank's risk management capabilities in line with the Central Bank of Nigeria (CBN) risk based supervision framework and global best practice.

CODE OF CONDUCT

The Bank promotes best practices in all aspects of banking operations, and maintaining a written Code of Conduct regulating employees' actions. Each employee of the Bank undergoes training in Business Ethics, and affirms the Code by individually endorsing same.

The code of conduct stipulates the Bank's values and the minimum standards of good practice required of our people in dealings within the Bank and with parties maintaining relationships with our Bank. The code imposes obligations on all employees to maintain the highest standards of ethical conduct and integrity in all aspects of professional life.

BOARD OF DIRECTORS (IN PICTURES)

1. Dr. Jonathan Long
Chairman

2. Mr. Ladi Balogun
Managing Director/CEO

3. Mr. Anurag Saxena
Executive Director/COO

4. Mr. Henry Semenitari
Executive Director, Commercial Banking

5. Mr. Maurice Phido
Executive Director, International Banking

6. Mr. Godwin Adokpaye
Director



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2.



BOARD OF DIRECTORS (IN PICTURES)

1. Mr. Ladi Jadesimi
Director

2. Mr. Bismarck Rewane
Director

3. Dr. John Udofa
Director

4. Alhaji Ibrahim Damcida
Director

5. Mr. Tope Lawani
Director

6. Mr. Nigel Kenny
Director



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DIRECTORS' REPORT

In compliance with the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 the Directors are pleased to present the financial reports of First City Monument Bank PLC for the year ended April 30th 2007

**Reports at a Glance

**OPERATING RESULTS	2007	2006
	N'000	N'000
Profit before taxation	7,390,228	3,640,349
Taxation	(1,584,371)	(798,969)
Profit after taxation	5,805,857	2,841,380
Transfer to statutory reserves	(1,741,757)	(852,414)
Transfer to reserve for investment in Small and Medium Scale Enterprises (SMEs)	-	(364,035)
Proposed dividend	(3,325,851)	(1,235,316)
Transfer to retained earnings	(738,249)	(389,615)
Retained Earnings c/fwd	1,387,228	648,979

LEGAL FORM AND PRINCIPAL ACTIVITIES OF THE BANK

The bank is licensed to operate universal banking services to corporate and individual customers and provides both banking and other financial services to its numerous clients through its operating divisions.

The bank was incorporated in 1982 and commenced banking operations in 1983. It became a Public Limited Company, quoted on the Nigerian Stock Exchange on December 10, 2004.

DIRECTORS' REPORT

DIRECTORS

The following are the Directors of the Bank who served during the year:

Dr Jonathan A. D. Long	- Chairman		
Ladi O. Balogun	- Managing Director/CEO		
Henry Semenitari	- Executive		
Maurice Phido	- Executive		
Anurag Saxena	- Executive	Appointed	11/01/07
Dr. John Udofa	- Non Executive		
Ladi Jadesimi	- Non Executive		
Godwin T. S. Adokpaye	- Non Executive		
Bismarck Rewane	- Non Executive		
Alhaji Ibrahim Damcida	- Non Executive		
Peter Nigel Kenny	- Non Executive	Appointed	11/01/07
Tope Lawani	- Non Executive	Appointed	11/01/07
Alhaji Tijani Hashim	- Non Executive	Retired	11/01/07
Dr (Mrs.) M.A. Nwakoby	- Non Executive	Retired	11/01/07

In accordance with the Articles of Association, the following Directors retire by rotation, and being eligible, offer themselves for re-election: Mr. Bismarck Rewane and Dr. John Udofa. The direct shareholding of the above Directors in the Bank as recorded in the register of Directors' shareholding as at 30th April 2007 is as follows:

	30/04/2007	30/04/2006
Dr Jonathan A. D. Long	7,826,931	7,076,931
Ladi O. Balogun	161,576,000	161,576,000
Henry Semenitari	264,000	Nil
Maurice Phido	Nil	Nil
Anurag Saxena	Nil	Nil
Dr. John Udofa	938,533	149,160
Ladi Jadesimi	150,750,000	150,750,000

DIRECTORS' REPORT

Godwin T. S. Adokpaye	29,145,000	29,145,000
Bismarck Rewane	930,000	930,000
Alhaji Ibrahim Damcida	134,849,189	127,788,765
Peter Nigel Kenny	Nil	Nil
Tope Lawani	Nil	Nil

MAJOR SHAREHOLDING

The Company's Share Capital is N10,000,000,000 divided into 20,000,000,000 Ordinary Shares of 50k each. Issued Shares is 9,502,430,142 Ordinary Shares.

According to the Register of members no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Bank as at April 30, 2007:

	No of Shares	% Holding
1. Capita IRG Trustees Limited	1,200,360,000	12.63
2. HIP Samurai Limited	887,500,000	9.34
3. GLG/HSBC	639,000,000	6.72
4. Samurai Parallel L.P	615,441,176	6.48

ANALYSIS OF SHAREHOLDING

The analysis of the distribution of the shares of the Bank at the date of the Notice of the Annual General Meeting is as follows.

Range	No. of Shareholders	% of Shareholders	No. of Holdings	% of shareholding
1 - 50,000	66,526	94.7030%	361,621,246	3.80557%
50,001 - 100,000	1,658	2.3602%	134,515,206	1.41559%
100,001 - 500,000	1,548	2.2037%	351,298,081	3.69693%
500,001 - 1,000,000	221	0.3146%	183,691,881	1.93310%
1,000,001 - 5,000,000	179	0.2548%	405,958,084	4.27215%
5,000,001 - 10,000,000	30	0.0427%	213,956,230	2.25159%
10,000,001 - 1,000,000,000	84	0.1196%	6,651,029,414	69.99293%
1,000,000,001 - 9,502,430,142	1	0.0014%	1,200,360,000	12.63214%
GRAND TOTAL	70,247	100.000%	9,502,430,142	100.000%

DIRECTORS' REPORT

RESPONSIBILITIES OF DIRECTORS

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of financial statements which give a true and fair view of the statement of affairs of the Bank at the end of the financial year, and of the profit or loss for that year and comply with the provisions of the Act. These responsibilities include ensuring that:

- i. appropriate internal controls are established both to safeguard the assets of the bank, prevent and detect fraud and other irregularities;
- ii. proper accounting records are maintained;
- iii. applicable accounting standards are followed;
- iv. suitable accounting policies are used and consistently applied;
- v. judgments and estimates made are reasonable and prudent;
- vi. the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DONATIONS

Donations made during the year amounted to N34,846,530 details of which are stated below. No donation was made to any political party.

NAME OF INSTITUTION	AMOUNT N
1. NYSC activities	173,000.00
2. University of Uyo	20,000,000.00
3. Sponsorship of Youth Forum Workshop	200,000.00
4. This Day (Fire Disaster)	1,000,000.00
5. Great Joy Schools	20,000.00
6. Homat Comprehensive College,Ikorodu	20,000.00
7. Lagos Chamber of Commerce & Industry	5,000,000.00
8. NFA (Sponsorship of Nigeria-Ghana Friendly Match)	1,700,000.00
9. LASG-Support on transportation initiatives	6,733,530.00

EMPLOYMENT OF DISABLED PERSONS

The Bank has a non-discriminatory policy on recruitment. Applications have always been welcomed from suitably qualified disabled persons and are reviewed strictly on merit. Thus the Bank would not refuse to employ a person on the ground of his/her physical disability.

DIRECTORS' REPORT

HEALTH, SAFETY, AND WELFARE OF EMPLOYEES

The Bank places a premium on the well being of all members of staff. Our premises are designed with a view to guaranteeing the safety of all staff. The Bank provides to all levels of employees medical, transportation, housing, etc.

EMPLOYEES CONSULTATION AND TRAINING

The Bank attaches great importance to consultation with employees, they are fully informed as much as possible regarding the Bank's performance and progress and their views are sought wherever practicable on matters which particularly affect them as employees.

Training is carried out from entry level through various levels with both in-house and external courses.

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 and in accordance with Section 361 a Resolution will be proposed at the Annual General Meeting to empower the Directors to determine their remuneration.

BY ORDER OF THE BOARD



Mrs. Olajumoke Bakare
Company Secretary

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED APRIL 30, 2007 TO THE MEMBERS OF FIRST CITY MONUMENT BANK PLC.

In compliance with Section 359(6) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, we have reviewed the Audit Report for the year ended April 30, 2007 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: August 8, 2007



Alhaji S. B. Daranijo
Chairman, Audit Committee

Members of the Audit Committee are:

1. Alhaji S. B. Daranijo
2. Mr. G. T. S. Adokpaye
3. Alhaji B. A. Batula
4. Mr. Bismarck Rewane
5. Evangelist P. A. Soares
6. Dr Johnnie Udofa

REPORT OF THE INDEPENDENT AUDITORS



TO THE MEMBERS OF FIRST CITY MONUMENT BANK PLC.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS.

We have audited the accompanying consolidated financial statements of First City Monument Bank Plc ("the Bank) and its subsidiary (together "the Group") which comprise the consolidated balance sheet as of 30 April 2007 and the consolidated profit and loss account and consolidated cash flow statement for the year then ended and a statement of significant accounting policies and other explanatory notes.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Nigerian Statements of Accounting Standard and with the requirements of the Companies and Allied Matter Act 1990 and the Banks and Other Financial Institutions Act 1991. 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 Standard of 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 judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the equity'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.

REPORT OF THE INDEPENDENT AUDITORS

BASIS OF QUALIFIED OPINION.

As disclosed in Notes 25 and 27 to the financial statements, the Bank obtained the approval of shareholders at an extraordinary general meeting and the sanction of the Federal High Court to carry out a capital reduction in 2006 in accordance with Sections 105-110 of the Companies and Allied Matter Act 1990 (CAMA) and cancelled from its share premium account the portion of its paid-up share capital that was represented by goodwill of N3.88billion. The goodwill arose from the bank's business acquisition activity in 2006. Had the Bank amortized the goodwill over the maximum period of 5 years as required by Section 21(2) of Schedule 2 of CAMA, the profit before tax of N7.57billion (2006:N3.64billion) would have been reduced by N776million (2006:N776million); goodwill of N2.3billion would have been carried on the balance sheet and share premium would have been increased by the same amount.

QUALIFIED OPINION.

In our opinion, except for the effects of the matter described in the basis of qualified opinion paragraph, the financial statements give a true and fair view of the state of the financial affairs of the Bank and the Group as of 30 April 2007 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matter Act 1990 and the Banks and Other Financial Institutions Act 1991.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

The Companies and Allied Matter Act 1990 and the Banks and Other Financial Institutions Act 1991 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion proper books of account have been kept, so far as appears from our examination of those books;
- iii. the Bank's balance sheet and profit and loss account are in agreement with the books of account;
- iv. our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.
- v. related party transactions and balances are disclosed in Note 29 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;
- vi. to the best of our information and except as disclosed in Note 35 to the financial statements, the Bank complied with the provisions of the Banks and Other Financial Institutions Act 1991 during the year;
- vii. To the best of our information the Bank complied during the year, with the requirements of the relevant circulars issued by the Central Bank of Nigeria.



Chartered Accountants
Lagos, Nigeria



13 August 2007

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

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (N), rounded to the nearest thousand, and prepared under the historical cost convention.

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

The consolidated financial statements comprise the financial statements of the bank and its wholly owned subsidiary company (FCMB Capital Markets Limited), made up to April 30, 2007. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between the bank and the subsidiary are eliminated. The accounting policies for the subsidiary are consistent with those of the bank.

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, 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 Income on bonds and guarantees are recorded as commissions in the period in which they occur.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 AND EQUIPMENT

Property and equipment are stated at historical costs less depreciation except where there is a permanent significant change in the value of the asset. Costs relating to fixed asset 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 asset immediately the asset is put to use and depreciated accordingly. Depreciation is calculated on a straight line basis to write-off fixed assets to their residual values at the following annual rates:

Motor vehicles	20%
Furniture and fittings	20%
Equipment	20%
Computer Equipment	25%
Leasehold land & 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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.

j. BUSINESS COMBINATION

The purchase 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. Where purchased goodwill exist in the books following an acquisition, it is carried in the balance sheet as an intangible asset and amortised over five years in compliance with the specific provisions of Section (21) (2) of Schedule II to the Nigerian Companies and Allied Matters Act Cap C20, Laws of the Federation 2004.

k. INVESTMENTS

The Bank categorises its investments into the following categories: short term investments (dealing securities) and long term investments (investment securities).

i. SHORT-TERM INVESTMENTS.

Short-term investments are those readily realisable investments intended to be held for not more than one year.

Short-term investments are valued at the lower of cost and market value. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss account for the period.

ii. LONG-TERM INVESTMENTS.

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

Long-term investments are carried at cost or at a revalued amount. When there has been a permanent decline in value of an investment, the carrying amount of the investment is written down to recognize 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 exist.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

An increase in carrying amount arising from the revaluation of long-term investments is credited to owners' 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 utilized, 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. A decline in value is not taken into account unless it is considered to be permanent.

I. 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 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. RETIREMENT BENEFITS.

Retirement benefits are accrued and charged to the income statement in the period to which they relate.

n. OFF - BALANCE SHEET ENGAGEMENTS.

Transactions that are not recognised as assets and 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.

o. 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.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2007

	Note	GROUP		BANK	
		2007 N'000	2006 N'000	2007 N'000	2006 N'000
Interest income	2	14,635,183	5,549,772	14,635,052	5,533,707
Interest expense	2	(5,059,231)	(2,786,305)	(5,142,148)	(2,786,305)
Net interest income		9,575,952	2,763,467	9,492,904	2,747,402
Corporate finance and other fee income		4,133,120	2,970,098	3,948,347	2,676,511
Commissions		4,154,116	1,896,028	4,146,378	1,985,634
Foreign exchange earnings		387,249	210,882	387,249	210,882
Other operating income	3	1,663,643	417,866	1,561,492	417,803
Net operating income		19,914,080	8,258,341	19,536,370	8,038,232
Provision for losses	11	(1,512,249)	(22,660)	(1,471,527)	17,873
Operating expenses	4	(10,832,745)	(4,594,985)	(10,674,615)	(4,415,756)
Profit before tax		7,569,086	3,640,696	7,390,228	3,640,349
Tax	5	(1,620,407)	(807,418)	(1,584,371)	(798,969)
Profit after tax		5,948,679	2,833,278	5,805,857	2,841,380
Profit attributable to the group		5,948,679	2,833,278	5,805,857	2,841,380
<i>The profit for the year is appropriated as follows:</i>					
Transfer to statutory reserve	26	1,741,757	852,414	1,741,757	852,414
Transfer to Small and Medium Scale Enterprises (SMEs) reserve	26	-	364,035	-	364,035
Transfer to proposed dividend reserve	26	3,325,851	1,235,316	3,325,851	1,235,316
Transfer to retained earnings	26	881,071	381,513	738,249	389,615
		5,948,679	2,833,278	5,805,857	2,841,380
Earnings per share in kobo (basic)	6	63k	36k	61k	36k
Earnings per share in kobo (diluted)	6	63k	36k	61k	36k

The accounting policies on pages 43 to 46 and the notes on pages 50 to 82 form an integral part of these financial statements.

BALANCE SHEET AS AT 30 APRIL 2007

	Note	GROUP		BANK	
		2007 N'000	2006 N'000	2007 N'000	2006 N'000
ASSETS					
Cash and short term funds	7	25,359,070	14,340,117	25,358,970	14,340,075
Due from banks	8	113,778,070	63,461,007	113,778,070	63,210,049
Dealing securities	12	5,835,468	-	5,734,974	-
Loans and advances	9	83,577,134	19,070,768	83,577,134	19,070,768
Advances under finance lease	13	551,785	903,840	551,785	903,840
Other assets	14	18,800,011	1,535,496	18,639,743	1,595,395
Investment securities	15	2,164,057	424,350	2,163,999	424,350
Investment in subsidiary	16	-	-	240,000	150,000
Property and equipment	17	12,775,494	6,938,413	12,761,215	6,916,813
		<u>262,841,089</u>	<u>106,673,991</u>	<u>262,805,890</u>	<u>106,611,290</u>
LIABILITIES					
Customer deposits	18	187,670,992	70,296,796	187,990,701	70,296,796
Due to other banks	19	15,636,837	400,000	15,636,837	400,000
Short-term borrowing	20	1,910,513	1,396,228	1,910,513	1,396,228
Tax payable	5	1,307,377	721,034	1,258,106	716,941
Other liabilities	21	13,207,606	6,953,419	13,036,690	6,891,066
Deferred tax	22	770,494	516,292	770,494	511,936
Long-term borrowing	23	11,233,685	-	11,233,685	-
		<u>231,737,504</u>	<u>80,283,769</u>	<u>231,837,026</u>	<u>80,212,967</u>
SHAREHOLDERS' FUNDS					
Share capital	24	4,751,215	4,751,215	4,751,215	4,751,215
Share premium	25	17,110,700	17,110,700	17,110,700	17,110,700
Reserves	26	9,241,670	4,528,307	9,106,949	4,536,408
		<u>31,103,585</u>	<u>26,390,222</u>	<u>30,968,864</u>	<u>26,398,323</u>

BALANCE SHEET AS AT 30 APRIL 2007

	Note	GROUP		BANK	
		2007 N'000	2006 N'000	2007 N'000	2006 N'000
LIABILITIES AND SHAREHOLDERS' FUNDS		<u>262,841,089</u>	<u>106,673,991</u>	<u>262,805,890</u>	<u>106,611,290</u>
ACCEPTANCES AND GUARANTEES	28	<u>46,111,226</u>	<u>17,966,232</u>	<u>46,111,226</u>	<u>17,966,232</u>

The financial statements and notes on pages 5 to 23 were approved by the Board of Directors on 8 August 2007 and signed on its behalf by:

Dr. Jonathan A.D. Long (*Chairman*)  Ladi Balogun (*MD / CEO*) 

The accounting policies on pages 43 to 46 and the notes on pages 50 to 82 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2007

	Note	GROUP		BANK	
		2007 N'000	2006 N'000	2007 N'000	2006 N'000
OPERATING ACTIVITIES					
Cash generated from operations	32	65,045,510	35,274,981	65,280,811	35,146,046
Tax paid	5	(788,741)	(206,021)	(784,648)	(206,021)
		<u>64,256,769</u>	<u>35,068,960</u>	<u>64,496,163</u>	<u>34,940,025</u>
INVESTING ACTIVITIES					
Investment in subsidiaries		-	-	(90,000)	(150,000)
Investment income		461,816	91,502	461,816	91,502
Proceeds from disposal of investments		1,927,419	-	1,927,419	-
Purchase of investment securities		(3,184,542)	(67,434)	(3,184,484)	(67,434)
Purchase of dealing securities		(5,835,468)	-	(5,734,974)	-
Proceeds from disposal of property and equipment		460,430	16,328	457,063	16,210
Property and equipment transferred to other assets		-	58,665	-	58,665
Purchase of property and equipment	17	(7,263,063)	(4,059,628)	(7,258,741)	(4,031,575)
Net cash and cash equivalents from acquiree		-	4,252,690	-	4,252,690
Acquisition expenses		-	(616,589)	-	(616,589)
		<u>(13,433,408)</u>	<u>(324,466)</u>	<u>(13,421,901)</u>	<u>(446,531)</u>
FINANCING ACTIVITIES 0					
Net proceeds from ordinary shares		-	14,872,639	-	14,872,639
Dividend paid		(1,235,316)	(333,950)	(1,235,316)	(333,950)
Short term borrowing		514,285	-	514,285	-
Long term loan stock taken/(repaid)		11,233,685	(250,000)	11,233,685	(250,000)
		<u>10,512,654</u>	<u>14,288,689</u>	<u>10,512,654</u>	<u>14,288,689</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>61,336,015</u>	<u>49,033,183</u>	<u>61,586,916</u>	<u>48,782,183</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2007

	Note	GROUP		BANK	
		2007 N'000	2006 N'000	2007 N'000	2006 N'000
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD					
Balance at beginning of the period		77,801,125	28,767,941	77,550,124	28,767,941
Balance at end of period	33	<u>139,137,140</u>	<u>77,801,124</u>	<u>139,137,040</u>	<u>77,550,124</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>61,336,015</u>	<u>49,033,183</u>	<u>61,586,916</u>	<u>48,782,183</u>

The accounting policies on pages 43 to 46 and the notes on pages 50 to 82 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

1. THE BANK

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

The principal activity of FCMB is the provision of commercial banking, capital market and corporate finance services. These include the granting of credit facilities either by arrangement within the market or direct loans and advances as well as money market and foreign exchange operations. In May 2005, FCMB Capital Markets, a Division of the bank, was incorporated as a wholly owned subsidiary company to carry on the bank's issuing house and other capital market operations. The group financial statements are for the bank and the subsidiary, FCMB Capital Markets Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
2. NET INTEREST INCOME				
a) Interest income				
Placements and short term funds	7,276,692	945,968	7,276,561	929,903
Loans and advances	7,220,860	4,408,895	7,220,860	4,408,895
Finance lease	137,631	194,909	137,631	194,909
	<u>14,635,183</u>	<u>5,549,772</u>	<u>14,635,052</u>	<u>5,533,707</u>
Analysis by source				
Bank	7,276,692	945,968	7,276,561	399,669
Non bank	7,358,491	4,603,804	7,358,491	5,134,038
	<u>14,635,183</u>	<u>5,549,772</u>	<u>14,635,052</u>	<u>5,533,707</u>
All interest income was earned within Nigeria				
b) Interest expense				
Inter-bank takings	724,071	135,745	724,071	135,745
Current accounts	262,005	145,549	312,150	145,549
Savings accounts	126,634	66,712	126,634	66,712
High Net Yield Investment Certificates	293,582	255,710	293,582	255,710
Term and other deposit accounts	3,652,939	2,182,589	3,685,711	2,182,589
	<u>5,059,231</u>	<u>2,786,305</u>	<u>5,142,148</u>	<u>2,786,305</u>

Interest expense paid outside Nigeria amounted to N69.1 million (2006: N17.1 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
3. OTHER OPERATING INCOME				
Rental income	25,946	19,860	25,946	19,860
Profit on disposal of investments	482,585	-	482,585	-
Investment income	461,816	91,502	461,816	91,502
Gain on disposal of property and equipment	248,913	30,699	250,083	30,726
Trading income	103,321	-	-	-
Other income	341,062	275,805	341,062	275,715
	<u>1,663,643</u>	<u>417,866</u>	<u>1,561,492</u>	<u>417,803</u>
4. OPERATING EXPENSES				
Staff cost (Note 31)	6,020,537	1,940,161	5,950,718	1,844,707
Depreciation (Note 17)	1,214,465	568,370	1,207,360	562,008
Directors' emoluments (Note 31)	212,433	118,118	196,047	91,413
Advertisement	366,943	203,480	363,074	203,480
Correspondent bank charges	16,730	8,741	16,730	8,741
Information technology maintenance	261,666	232,509	261,666	232,509
Business travel	299,915	333,171	299,915	333,171
Communication	149,213	70,697	149,213	70,697
Auditors' remuneration	42,750	37,500	40,000	35,000
Others	2,248,093	1,082,238	2,189,892	1,034,030
	<u>10,832,745</u>	<u>4,594,985</u>	<u>10,674,615</u>	<u>4,415,756</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
5. TAX				
Charge				
Current tax	1,140,637	572,892	1,096,201	569,481
Education tax	156,184	81,824	153,156	81,142
IT Tax	78,263	-	76,456	-
	<u>1,375,084</u>	<u>654,716</u>	<u>1,325,813</u>	<u>650,623</u>
Income tax charge	1,375,084	654,716	1,325,813	650,623
Deferred tax charge (Note 22)	245,323	152,702	258,558	148,346
	<u>1,620,407</u>	<u>807,418</u>	<u>1,584,371</u>	<u>798,969</u>
Payable				
Beginning of the year	721,034	242,007	716,941	242,007
Acquired during the year	-	30,332	-	30,332
Tax paid	(788,741)	(206,021)	(784,648)	(206,021)
Income tax charge	1,375,084	654,716	1,325,813	650,623
	<u>1,307,377</u>	<u>721,034</u>	<u>1,258,106</u>	<u>716,941</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
6. EARNINGS PER SHARE				
Basic earnings per share (EPS) is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the year. Diluted EPS is the amount of earning per share after adjusting for the effect of all potential ordinary shares.				
Net profit attributable to shareholders (N'000)	<u>5,948,679</u>	<u>2,833,278</u>	<u>5,805,857</u>	<u>2,841,380</u>
Weighted average number of ordinary shares in issue (thousands)	<u>9,502,430</u>	<u>7,890,068</u>	<u>9,502,430</u>	<u>7,890,068</u>
Earnings per share - basic	<u>63k</u>	<u>36k</u>	<u>61k</u>	<u>36k</u>
Earnings per share - diluted	<u>63k</u>	<u>36k</u>	<u>61k</u>	<u>36k</u>
7. CASH AND SHORT TERM FUNDS				
Cash	<u>2,708,019</u>	2,282,566	<u>2,707,919</u>	2,282,524
Nigerian Government Treasury bills	<u>22,651,051</u>	<u>12,057,551</u>	<u>22,651,051</u>	<u>12,057,551</u>
	<u>25,359,070</u>	<u>14,340,117</u>	<u>25,358,970</u>	<u>14,340,075</u>

Treasury bills of N8.74 billion (2006: N2.8 billion) are held by third parties as collateral for various transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
Note				
8. DUE FROM BANKS				
Operating account with the Central Bank of Nigeria	8,806,846	3,542,860	8,806,846	3,542,860
Cash reserves with the Central Bank of Nigeria	5,298,802	2,307,007	5,298,802	2,307,007
Banks within Nigeria	16,281,694	13,352,595	16,281,694	13,101,637
Banks outside Nigeria	14,926,728	3,264,479	14,926,728	3,264,479
Inter-bank placements	68,464,000	40,994,066	68,464,000	40,994,066
	113,778,070	63,461,007	113,778,070	63,210,049

Balances with banks outside Nigeria include N2.9 billion (2006: N1.8 billion) which represents the Naira value of foreign currency amounts held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in Other liabilities. (See Note 21)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
Note				
9. LOANS AND ADVANCES				
Overdrafts	11,132,534	18,362,946	11,132,534	18,362,946
Term loans	16,393,161	5,567,380	16,393,161	5,567,380
Mortgage loans	525,339	301,493	525,339	301,493
Commercial loans	58,321,406	1,550,802	58,321,406	1,550,802
Other	451,268	527,929	451,268	527,929
	<u>86,823,708</u>	26,310,550	<u>86,823,708</u>	26,310,550
Originated by the bank	86,823,708	26,310,550	86,823,708	26,310,550
Loan loss provision (Note 10a)	(2,522,612)	(6,149,860)	(2,522,612)	(6,149,860)
Interest in suspense (Note 10b)	(723,962)	(1,089,922)	(723,962)	(1,089,922)
	<u>83,577,134</u>	<u>19,070,768</u>	<u>83,577,134</u>	<u>19,070,768</u>
Analysis by maturity				
Maturing within 1 month	26,087,914	6,621,930	26,087,914	6,621,930
Maturing between 1 to 3 months	38,363,858	5,447,037	38,363,858	5,447,037
Maturing between 3 to 6 months	3,052,060	3,843,007	3,052,060	3,843,007
Maturing between 6 to 12 months	4,172,866	5,787,359	4,172,866	5,787,359
Maturing over 12 months	15,147,010	4,611,217	15,147,010	4,611,217
	<u>86,823,708</u>	<u>26,310,550</u>	<u>86,823,708</u>	<u>26,310,550</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
Analysis by security				
Secured against real estate	7,240,668	7,261,178	7,240,668	7,261,178
Otherwise secured	73,246,590	14,363,983	73,246,590	14,363,983
Unsecured	6,336,450	4,685,389	6,336,450	4,685,389
	<u>86,823,708</u>	<u>26,310,550</u>	<u>86,823,708</u>	<u>26,310,550</u>
Analysis by performance				
Performing	84,083,726	18,056,203	84,083,726	18,056,203
Non-performing	2,739,982	8,254,347	2,739,982	8,254,347
	<u>86,823,708</u>	<u>26,310,550</u>	<u>86,823,708</u>	<u>26,310,550</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
10. LOAN LOSS PROVISION AND INTEREST IN SUSPENSE				
a) MOVEMENT IN LOAN LOSS PROVISION				
Beginning of period				
- Non-performing	5,790,706	995,597	5,790,706	995,597
- Performing	359,153	115,728	359,153	115,728
	<u>6,149,859</u>	<u>1,111,325</u>	<u>6,149,859</u>	<u>1,111,325</u>
Acquired during the year (Note 27)	-	4,782,489	-	4,782,489
Additional provision				
- Non-performing	1,533,104	646,044	1,533,104	646,044
- Performing	513,955	243,425	513,955	243,425
Amounts written off	(5,299,091)	-	(5,299,091)	-
Provision no longer required	(375,215)	(633,424)	(375,215)	(633,424)
End of period				
- Non-performing	1,649,504	5,790,706	1,649,504	5,790,706
- Performing	873,108	359,153	873,108	359,153
	<u>2,522,612</u>	<u>6,149,859</u>	<u>2,522,612</u>	<u>6,149,859</u>
b) MOVEMENT IN INTEREST IN SUSPENSE				
Beginning of period	1,089,922	8,492	1,089,922	8,492
Recognised during the year	(308,006)	(31,761)	(308,006)	(31,761)
Suspended during the year	363,392	-	363,392	-
Acquired during the year	-	1,113,191	-	1,113,191
Amounts written off	(421,346)	-	(421,346)	-
	<u>723,962</u>	<u>1,089,922</u>	<u>723,962</u>	<u>1,089,922</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
11. PROVISION FOR LOSSES				
The charge for the period is analysed as follows:				
Loans and advances during the year	1,671,844	256,046	1,671,844	256,046
Advances under finance lease	(4,577)	6,265	(4,577)	6,265
Other assets	(155,018)	(74,335)	(195,740)	(114,868)
Off-balance sheet engagements	-	(108,625)	-	(108,625)
Amounts recovered on previously written off loans	-	(56,691)	-	(56,691)
	<u>1,512,249</u>	<u>22,660</u>	<u>1,471,527</u>	<u>(17,873)</u>
12. DEALING SECURITIES				
Federal Government of Nigeria Bond	5,734,974	-	5,734,974	-
Listed equity securities	100,494	-	-	-
	<u>5,835,468</u>	<u>-</u>	<u>5,734,974</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
13. ADVANCES UNDER FINANCE LEASE				
Gross investment	559,333	915,732	559,333	915,732
Less: Unearned income				
- Current	(1,345)	(1,741)	(1,345)	(1,741)
- Non current	(629)	-	(629)	-
	<u>551,785</u>	<u>903,840</u>	<u>551,785</u>	<u>903,840</u>
General provisions	(5,574)	(10,116)	(5,574)	(10,116)
Acquired	-	(35)	-	(35)
	<u>551,785</u>	<u>903,840</u>	<u>551,785</u>	<u>903,840</u>
Analysis by performance				
Performing	<u>557,359</u>	<u>913,991</u>	<u>557,359</u>	<u>913,991</u>
Analysis by maturity				
0 - 30 days	52,620	66,365	52,620	66,365
1 - 3 months	80,600	123,695	80,600	123,695
3 - 6 months	108,627	180,693	108,627	180,693
6 - 12 months	178,089	312,814	178,089	312,814
Over 12 months	137,423	230,424	137,423	230,424
	<u>557,359</u>	<u>913,991</u>	<u>557,359</u>	<u>913,991</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
14. OTHER ASSETS				
Accrued interest and fees receivable	785,085	1,223,679	517,486	1,030,660
Open buy back Treasury bills (Note 19)	15,000,000	-	15,000,000	-
Prepayments	1,183,331	582,133	1,170,292	573,530
Accounts receivable	2,051,728	251,382	2,143,055	472,370
Consumables	36,371	19,577	36,371	19,577
	<u>19,056,515</u>	<u>2,076,771</u>	<u>18,867,204</u>	<u>2,096,137</u>
Provision for doubtful accounts	<u>(256,504)</u>	<u>(541,275)</u>	<u>(227,461)</u>	<u>(500,742)</u>
	<u>18,800,011</u>	<u>1,535,496</u>	<u>18,639,743</u>	<u>1,595,395</u>
 Movement in provision for doubtful accounts				
Beginning of the year	541,275	158,701	500,742	158,701
Provision/(write back)	(207,230)	(74,335)	(195,740)	(114,868)
Amounts written-off	(77,541)	-	(77,541)	-
Acquired during the year	-	456,909	-	456,909
At end of the year	<u>256,504</u>	<u>541,275</u>	<u>227,461</u>	<u>500,742</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
15. INVESTMENT SECURITIES				
Kakawa Discount House Limited	22,800	22,800	22,800	22,800
Smartcard Nigeria Plc	22,804	22,804	22,804	22,804
Interswitch Nigeria Limited	10,420	10,420	10,420	10,420
SME Partnership Limited	44,063	49,663	44,063	49,663
Deebee Company Limited	30,000	30,000	30,000	30,000
S & B Printers Limited	48,039	48,039	48,039	48,039
American Hospital, Abuja	50,000	50,000	50,000	50,000
Tevoli Limited	120,406	120,406	120,406	120,406
N1 billion Edo State Government Bond (2002/2006)	-	9,267	-	9,267
N15 billion Lagos State Government Bond (2005/2009)	350,000	-	350,000	-
Consolidated Discount House Limited	-	10,000	-	10,000
First SME Limited	11,250	11,250	11,250	11,250
EWA Pharm, Agric and Chemical Coy 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
Nigeria Inter-bank Settlement System Plc	52,582	66	52,582	66
ATSC International Nigeria Limited	50,000	-	50,000	-
Credit Reference Company Limited	25,000	-	25,000	-
African Finance Corporation Limited	1,287,000	-	1,287,000	-
Others	58	-	-	-
	2,164,057	424,350	2,163,999	424,350

The directors are of the the view that the market value of these investment is not lower than cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
16. INVESTMENT IN SUBSIDIARY				
FCMB Capital Markets Limited	-	-	240,000	150,000
	-	-	240,000	150,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	Work in progress N'000	Leasehold land and building N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery & Equipment N'000	Computer Equipment N'000	Total N'000
17. PROPERTY AND EQUIPMENT							
GROUP:							
COST							
At 1 May 2006	3,450,238	1,898,233	1,029,402	448,877	678,826	1,010,502	8,516,078
Additions	4,432,801	94,671	658,151	231,627	402,691	1,443,122	7,263,063
Disposals	-	(210,968)	(89,722)	(71,639)	-	(124,138)	(496,467)
Reclassifications	(4,007,451)	2,678,790	392,651	312,651	471,981	151,378	-
At 30 April 2007	3,875,588	4,460,726	1,990,482	921,516	1,553,498	2,480,864	15,282,674
DEPRECIATION							
At 1 May 2006	-	173,609	300,188	237,529	306,913	559,425	1,577,664
Charge for the year	-	141,896	317,234	129,936	203,033	422,366	1,214,465
Eliminated on disposal	-	(4,375)	(85,721)	(70,807)	-	(124,046)	(284,949)
At 30 April 2007	-	311,130	531,701	296,658	509,946	857,745	2,507,180
NET BOOK AMOUNT							
At 30 April 2007	3,875,588	4,149,596	1,458,781	624,858	1,043,552	1,623,119	12,775,494
Net book amount							
At 30 April 2006	3,450,238	1,724,624	729,214	211,348	371,912	451,077	6,938,413

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	Work in progress N'000	Leasehold land and building N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery & Equipment N'000	Computer Equipment N'000	Total N'000
17. PROPERTY AND EQUIPMENT (continued)							
BANK:							
COST							
At 1 May 2006	3,450,238	1,898,233	1,010,585	444,554	677,917	1,009,200	8,490,727
Additions	4,432,801	94,671	658,151	229,235	402,344	1,441,539	7,258,741
Disposals	-	(210,968)	(82,074)	(71,187)	-	(123,923)	(488,152)
Reclassifications	(4,007,451)	2,678,790	392,651	312,651	471,981	151,378	-
At 30 April 2007	3,875,588	4,460,726	1,979,313	915,253	1,552,242	2,478,194	15,261,316
DEPRECIATION							
At 1 May 2006	-	173,609	297,800	236,802	306,695	559,007	1,573,913
Charge for the year	-	141,896	312,567	128,686	202,771	421,440	1,207,360
Eliminated on disposals	-	(4,375)	(82,074)	(70,807)	-	(123,916)	(281,172)
At 30 April 2007	-	311,130	528,293	294,681	509,466	856,531	2,500,101
NET BOOK AMOUNT							
At 30 April 2007	3,875,588	4,149,596	1,451,020	620,572	1,042,776	1,621,663	12,761,215
Net book amount							
At 30 April 2006	3,450,238	1,724,623	712,785	207,752	371,222	450,193	6,916,813

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
18. CUSTOMER DEPOSITS				
Current accounts	111,112,541	41,633,868	111,213,014	41,633,868
Savings accounts	7,644,381	4,261,812	7,644,381	4,261,812
High Net Yield Investment Certificates	2,217,068	1,035,281	2,217,068	1,035,281
Term and other deposit accounts	66,697,002	23,365,835	66,916,238	23,365,835
	<u>187,670,992</u>	<u>70,296,796</u>	<u>187,990,701</u>	<u>70,296,796</u>
Analysis by maturity:				
Maturing within 1 month	118,756,922	66,444,425	118,857,394	66,444,425
Maturing between 1 to 3 months	21,935,938	3,682,711	21,935,938	3,682,711
Maturing between 3 to 6 months	37,344,020	161,972	37,344,020	161,972
Maturing between 6 to 12 months	9,634,112	7,688	9,853,349	7,688
	<u>187,670,992</u>	<u>70,296,796</u>	<u>187,990,701</u>	<u>70,296,796</u>
19. DUE TO OTHER BANKS				
Tenored deposits	636,837	400,000	636,837	400,000
Open buy back takings	15,000,000	-	15,000,000	-
	<u>15,636,837</u>	<u>400,000</u>	<u>15,636,837</u>	<u>400,000</u>
20. SHORT-TERM BORROWING				
10 month USD15 million facility	<u>1,910,513</u>	<u>1,396,228</u>	<u>1,910,513</u>	<u>1,396,228</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
21. OTHER LIABILITIES				
Foreign currency denominated liability	2,881,766	1,815,827	2,881,766	1,815,827
Bank cheques issued	4,474,053	1,596,607	4,474,053	1,596,608
Interest payable	526,387	155,524	526,387	155,524
Unearned income	2,045,755	741,142	2,045,755	741,142
Deposit for shares	-	229,744	-	229,744
Due to security issuers	18,961	12,981	18,961	12,981
Others	3,260,684	2,401,594	3,089,768	2,339,240
	<u>13,207,606</u>	<u>6,953,419</u>	<u>13,036,690</u>	<u>6,891,066</u>
22. DEFERRED TAX				
At 1 May	511,936	267,230	511,936	267,230
Acquired during the year	-	96,360	-	96,360
Charge for the year (Note 5)	258,558	152,702	258,558	148,346
	<u>770,494</u>	<u>516,292</u>	<u>770,494</u>	<u>511,936</u>
23. LONG-TERM BORROWING				
Balance at beginning of period	-	-	-	-
3 year USD90 million facility	11,233,685	-	11,233,685	-
	<u>11,233,685</u>	<u>-</u>	<u>11,233,685</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
24. SHARE CAPITAL				
Authorised:				
10,000,000,000 ordinary shares of N0.50 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid ordinary shares of 50k each:				
At 1 May	4,751,215	2,226,333	4,751,215	2,226,333
Issued during the year:				
- Offer to the public (4,000,000,000 units)	-	2,000,000	-	2,000,000
- As purchase consideration: 1,049,763,474 units	-	524,882	-	524,882
	<u>4,751,215</u>	<u>4,751,215</u>	<u>4,751,215</u>	<u>4,751,215</u>

In 2005, the Bank made an Initial Public Offer (IPO) of 4 billion ordinary shares at N4 per share. The Bank also issued N1.049 billion shares as consideration for its acquisition of two other banks.

25. SHARE PREMIUM

At 1 May	17,110,700	3,294,855	17,110,700	3,294,855
Cross premium on Initial Public Offer (IPO) of 4 billion shares	-	14,000,000	-	14,000,000
IPO Share issue expenses	-	(1,127,360)	-	(1,127,360)
Premium from shares issued as purchase consideration:	-	4,839,409	-	4,839,409
Acquisition share issue expense	-	(17,314)	-	(17,314)
Reduction of paid up capital (Note 27)	-	(3,878,890)	-	(3,878,890)
At 30 April	<u>17,110,700</u>	<u>17,110,700</u>	<u>17,110,700</u>	<u>17,110,700</u>

The bank's 2005 IPO of 4 billion ordinary shares of N0.50 each was at N4.00 per share. The fair value of the shares issued as purchase consideration was N5.11 per share, being the price at which the shares were then listed on the Nigerian Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

On 5 September 2006, the Federal High Court sanctioned a special resolution passed by the members for the reduction of the bank's share capital in accordance with Sections 105 - 110 of the Companies and Allied Matters Act, 1990 (CAMA). The resolution authorised the directors to cancel that portion of the bank's paid-up capital that is represented by unidentifiable assets acquired by the bank as of the date of such acquisition.

Section 105 of CAMA defines paid-up capital to include share premium account and the directors accordingly, effected a cancellation of N3.878billion from the bank's paid-up capital (from the share premium account), being the portion of the bank's paid-up capital that was deemed to represent the unidentifiable assets (goodwill) acquired between December 2005 and February 2006.

26. RESERVES

	Proposed dividend N'000	Statutory reserve N'000	Retained earnings N'000	Investment in SMEs reserve N'000	Total N'000
BANK					
At 1 May 2006	1,235,316	1,993,476	648,979	658,637	4,536,408
Dividend paid during the year	(1,235,316)	-	-	-	(1,235,316)
Transferred from profit and loss account	3,325,851	1,741,757	738,249	-	5,805,857
At 30 April 2007	3,325,851	3,735,233	1,387,228	658,637	9,106,949

	Proposed dividend N'000	Statutory reserve N'000	Retained earnings N'000	Investment in SMEs reserve N'000	Reserves Total N'000
GROUP					
At 1 May 2006	1,235,316	1,993,476	640,878	658,637	4,528,307
Dividend paid during the year	(1,235,316)	-	-	-	(1,235,316)
Transferred from profit and loss account	3,325,851	1,741,757	881,071	-	5,948,679
At 30 April 2007	3,325,851	3,735,233	1,521,949	658,637	9,241,670

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

27. BUSINESS COMBINATION

During the year ended 30 April 2007, the bank acquired three other banks and made a combination of share issue and cash payment as consideration. The assets and liabilities acquired are as follows:

	N'000
ASSETS	
Cash and bank balances	2,523,578
Short term investments	1,729,112
Loans and advances	9,751,351
Other assets	459,740
Advances under finances leases	348
Investment securities	197,190
Fixed assets	1,737,660
	16,398,979
 LIABILITIES	
Deposits	(6,433,345)
Tax payable (Note 5)	(30,332)
Dividend payable	(14,550)
Other liabilities	(1,387,091)
Deferred tax (Note 22)	(96,360)
Loan loss provision (Note 10)	(4,782,489)
Interest in suspense (Note 10)	(1,113,191)
Provision for advances under finance lease (Note 13)	(35)
Provision for other assets (Note 14)	(456,909)
Net unidentifiable assets	2,084,677

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

27. BUSINESS COMBINATION (continued)

The unidentifiable assets (goodwill) acquired were dealt with as follows:

	Units	Fair Value of each share N/share	N'000	N'000
Shares issued as purchase consideration	1,049,763,474	5.11	5,364,292	
Cash consideration			100	
Acquisition expenses			599,175	
Total purchase consideration			<u>5,963,567</u>	5,963,567
Net identifiable assets acquired (Note 27a)				(2,084,677)
Unidentifiable assets (goodwill)				3,878,890
Reduction of paid-up capital represented by unidentifiable assets (Note 25)				(3,878,890)
				<u>-</u>

28. CONTINGENT LIABILITIES AND COMMITMENTS

a) LEGAL PROCEEDINGS

As at 30 April 2007 there were legal proceedings outstanding against the Bank with contingent liability of N1.19 billion (30 April 2006: N1.26 billion). No provision has been made as professional advice indicates that it is unlikely that any significant loss will eventuate.

b) CAPITAL COMMITMENTS

The Group has an outstanding capital commitment of N40 million to be contributed to the SME Fund (Partnership) over the next two years (30 April 2006: N60 million).

c) CREDIT RELATED COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
Performance bonds, guarantees and indemnities	5,993,465	8,721,372	5,993,465	8,721,372
Clean line letters of credit	37,142,761	9,244,860	37,142,761	9,244,860
Guaranteed commercial papers	2,975,000	-	2,975,000	-
	<u>46,111,226</u>	<u>17,966,232</u>	<u>46,111,226</u>	<u>17,966,232</u>

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.

29. 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, Helios Towers Nigeria Limited, S & B Printers Limited, GEC Alsthom, T & D Nigeria Plc and Chellarams Nigeria Plc.

In the normal course of business, the Bank usually enter 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 30 April 2007 was N5.2billion (2006: N3.5billion) and the credit facilities were all performing. Deposits from related parties held by the bank as at 30 April 2007 amounted to N2.9billion (2006: N251million)

The Bank had an income sharing arrangement with CSLS during the year for certain transaction originated by the Bank and executed by CSLS. Income from such transaction during the year amounted to N624 million (2006: Nil) of which the bank's share was eighty percent (80%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

30. RETIREMENT BENEFITS

In line with the requirements of the Pension Reform Act 2004; the bank and its employees each contribute a minimum of 7.5% of each employee's qualifying remuneration to the Retirement Savings Fund managed by the employee nominated Pension Fund Administrator. The bank's contribution for the year was N233.8million (2006: N81.3 million). The bank has no legal or constructive obligations to pay further contributions if the fund do not hold sufficient assets to meet the related obligations to employees.

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

The total liability under this scheme as at 30 April 2007 was N372.9 million, this has been adequately provided for. The additional provision during the year was N82.1million.

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000

31. EMPLOYEES AND DIRECTORS

a) EMPLOYEES

The average number of persons employed by the bank during the year by category:

	Number	Number	Number	Number
Executive directors	5	5	4	4
Management	579	337	575	334
Non-management	1,528	1,021	1,522	1,017
	<u>2,112</u>	<u>1,363</u>	<u>2,101</u>	<u>1,355</u>
Staff cost for the above persons (excluding executive directors):			N'000	N'000
Salaries and wages	5,697,737	1,788,367	5,634,785	1,695,618
Retirement benefit cost	322,800	151,794	315,933	149,089
	<u>6,020,537</u>	<u>1,940,161</u>	<u>5,950,718</u>	<u>1,844,707</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
The number of employees of the bank, excluding executive directors, who received emoluments in the following ranges was:				
	Number	Number	Number	Number
Less than N1,500,000.00	798	763	795	762
N1,500,001 - N2,000,000	322	-	322	-
N2,000,001 - N2,500,000	265	350	261	346
N2,500,001 - N3,000,000	263	-	263	-
N3,000,001 - N3,500,000	206	96	206	96
N3,500,001 - N4,000,000	12	94	12	94
N4,000,001 - N4,500,000	145	32	145	30
N5,000,000 and above	101	29	97	28
	<u>2,112</u>	<u>1,364</u>	<u>2,101</u>	<u>1,356</u>
b) DIRECTORS				
The remuneration paid to the directors of the bank (excluding pension and certain allowances) was:				
Fees and sitting allowances	42,733	6,914	42,058	6,786
Executive compensation	142,204	67,351	126,493	40,774
	<u>184,937</u>	<u>74,265</u>	<u>168,551</u>	<u>47,560</u>
Directors' other expenses	27,496	43,853	27,496	43,853
	<u>212,433</u>	<u>118,118</u>	<u>196,047</u>	<u>91,413</u>
Fees and other emoluments disclosed above include amounts paid to the highest paid director	<u>40,345</u>	<u>30,790</u>	<u>40,345</u>	<u>30,790</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

		GROUP		BANK	
		2007 N'000	2006 N'000	2007 N'000	2006 N'000
32. CASH GENERATED FROM OPERATIONS					
Reconciliation of profit before tax to cash generated from operations:					
	Notes				
Operating profit		7,569,086	3,640,696	7,390,228	3,640,349
Profit on disposal of investments	3	(482,585)	-	(482,585)	-
Investment income		(461,816)	(91,502)	(461,816)	(91,502)
Provision/(write back) - loans and advances	11	1,671,844	256,046	1,671,844	256,046
Provision/(write back) - other assets and contingencies	11	(155,018)	(182,960)	(195,740)	(223,493)
Provision/(write back) - finance leases	11	(4,577)	6,265	(4,577)	6,265
Loans written off	10	(5,299,091)	-	(5,299,091)	-
Interest in suspense written off	10	(421,346)	-	(421,346)	-
Depreciation	17	1,214,465	568,370	1,207,360	562,008
(Gain)/loss on disposal of property and equipment		(248,912)	30,699	(250,083)	30,726
Fixed assets written off	17	-	87,709	-	87,709
Write off of other assets previously provided for		(77,541)	-	(77,541)	-
(Decrease)/increase in interest in suspense		55,386	(31,761)	55,386	(31,761)
		3,359,895	4,283,562	3,132,039	4,236,347
Increase in loans to customers		(60,513,158)	(4,003,150)	(60,513,158)	(4,003,150)
Decrease/(increase) in advances under finance leases		356,632	(528,512)	356,632	(528,512)
Decrease/(increase) in interest receivable and prepayments		(162,604)	1,627,735	(83,588)	1,788,824
Decrease/(increase) in accounts receivable and consumables		(1,687,291)	388,142	(1,687,480)	428,674
Decrease/(Increase) in pledged Treasury bills		(15,000,000)	4,975,000	(15,000,000)	4,975,000
Increase in deposits		132,611,033	38,536,587	132,930,742	38,536,587
Increase/(decrease) in foreign currency denominated liability		1,065,939	285,956	1,065,939	285,956
Increase/(decrease) in bank cheques issued		2,877,445	1,203,062	2,877,445	1,203,062
Increase/(decrease) in proceeds from third party public offers		5,980	(12,491,392)	5,980	(12,491,392)
Increase in interest payable and accrued expenses		2,361,383	997,391	2,426,004	714,050
(Decrease)/Increase in deposit for shares		(229,744)	600	(229,744)	600
Cash generated from operations		65,045,510	35,274,981	65,280,811	35,146,046

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

	GROUP		BANK	
	2007 N'000	2006 N'000	2007 N'000	2006 N'000
33. CASH AND CASH EQUIVALENTS				
For the purposes of the cash flow statement, cash and cash equivalents include:				
Cash and short term funds (Note 7)	25,359,070	14,340,117	25,358,970	14,340,075
Due from banks (Note 8)	<u>113,778,070</u>	<u>63,461,007</u>	<u>113,778,070</u>	<u>63,210,049</u>
	<u>139,137,140</u>	<u>77,801,124</u>	<u>139,137,040</u>	<u>77,550,124</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

34. LIQUIDITY RISK

MATURITIES OF ASSETS AND LIABILITIES

THE BANK

AS AT APRIL 30, 2007

	0 - 30 days N'000	1 - 3 months N'000	3 - 6 months N'000	6 - 12 months N'000	Over 1 year N'000	Total N'000
ASSETS						
Cash and short term funds	139,137,039	-	-	-	-	139,137,039
Loans and advances	26,087,913	38,363,858	3,052,060	4,172,867	11,900,436	83,577,134
Advances under finance lease	47,620	80,600	108,053	178,089	137,423	551,785
Investment securities	-	-	-	-	8,138,973	8,138,973
Other assets	15,386,371	1,961,632	491,274	535,580	264,886	18,639,743
Fixed assets	-	-	-	-	12,761,215	12,761,215
	<u>180,658,943</u>	<u>40,406,090</u>	<u>3,651,387</u>	<u>4,886,536</u>	<u>33,202,934</u>	<u>262,805,890</u>
LIABILITIES						
Deposits	138,173,833	21,935,938	33,664,418	9,853,349	-	203,627,538
Other liabilities	5,763,408	3,141,573	1,652,109	3,737,706	-	14,294,796
Short term borrowing	-	-	-	1,910,513	-	1,910,513
Deffered taxation	-	-	-	-	770,494	770,494
Long -term Liabilities	-	-	-	-	11,233,685	11,233,685
	<u>143,937,241</u>	<u>25,077,511</u>	<u>35,316,527</u>	<u>15,501,568</u>	<u>12,004,179</u>	<u>231,837,026</u>
NET LIQUIDITY GAP	<u>36,721,702</u>	<u>15,328,579</u>	<u>(31,665,140)</u>	<u>(10,615,032)</u>	<u>21,198,755</u>	<u>30,968,864</u>
AS AT 30 APRIL 2006						
Total assets	83,796,440	6,448,872	4,425,430	6,343,065	13,348,156	114,361,964
Total liabilities	69,684,706	6,985,432	2,895,838	7,688	9,621,654	89,195,318
NET LIQUIDITY GAP	<u>14,111,734</u>	<u>(536,560)</u>	<u>1,529,592</u>	<u>6,335,377</u>	<u>3,726,502</u>	<u>25,166,646</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

34. LIQUIDITY RISK (continued)

The table above analyses assets and liabilities of the bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term

The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the bank and its exposure to changes in interest rates and exchange.

35. COMPLIANCE WITH THE BANKS AND OTHER FINANCIAL INSTITUTIONS ACT 1991 AND OTHER RELEVANT STATUTES

Except as stated below, the bank adhered to the provisions of the Banks and Other Financial Institutions Act 1991 (BOFIA) and relevant Central Bank of Nigeria circulars:

<u>Nature of contravention</u>	<u>Number of times</u>	<u>BOFIA Section</u>	<u>Penalty paid</u> N
Late publication of the 2005/2006 financial year audited accounts	1	27(1)	270,00

The bank adhered to the provisions of the Banks and Other Financial Institutions Act 1991 as amended and the relevant Central Bank of Nigeria circulars.

36. SUBSEQUENT EVENTS

At an Extra-Ordinary General Meeting held on 18 July 2007, members passed a special resolution authorising the Directors to raise additional capital of up to N100billion through the issuance of debt and/or equity by way of Offer for Subscription with or without preferential allotment either locally or internationally and upon such terms and conditions as the Directors may deem fit in the interest of the Bank to meet its capital needs.

37. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. No adjustment made resulted from changes in accounting policy during the year.

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 30 APRIL 2007

	GROUP				BANK			
	2007 N'000	%	2006 N'000	%	2007 N'000	%	2006 N'000	%
GROSS INCOME	24,973,311		11,044,645		24,678,518		10,824,537	
INTEREST PAID	<u>(5,059,231)</u>		<u>(2,786,305)</u>		<u>(5,142,148)</u>		<u>(2,786,305)</u>	
ADMINISTRATIVE OVERHEAD	<u>(3,385,310)</u>		<u>(1,968,336)</u>		<u>(3,320,491)</u>		<u>(1,917,628)</u>	
VALUE ADDED	<u>16,528,770</u>	100%	<u>6,290,004</u>	100%	<u>16,215,879</u>	100%	<u>6,120,604</u>	100%
D I S T R I B U T I O N								
EMPLOYEES								
Salaries and benefits	6,232,970	38%	2,058,279	33%	6,146,765	38%	1,936,120	32%
GOVERNMENT								
Taxation	1,620,407	10%	807,418	13%	1,584,371	10%	798,969	13%
PROVIDERS OF FUNDS								
Dividend	3,325,851	20%	1,235,316	20%	3,325,851	21%	1,235,316	20%
THE FUTURE								
Asset replacement (depreciation)	1,214,465	7%	568,370	9%	1,207,360	7%	562,008	9%
Expansion (transfers to reserve and minority interest)	2,622,828	16%	1,597,961	25%	2,480,005	15%	1,606,064	26%
Provision for losses	<u>1,512,249</u>	9%	<u>22,660</u>	0%	<u>1,471,527</u>	9%	<u>(17,873)</u>	0%
VALUE ADDED	<u>16,528,770</u>	100%	<u>6,290,004</u>	100%	<u>16,215,879</u>	100%	<u>6,120,604</u>	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.

FIVE YEAR FINANCIAL SUMMARY

	GROUP		BANK				
	2007 N'000	2006 N'000	2007 N'000	2006 N'000	2005 N'000	2004 N'000	2003 N'000
ASSETS EMPLOYED							
Cash and short term funds	25,359,070	14,340,117	25,358,970	14,340,075	2,425,591	3,982,233	2,356,563
Due from banks	113,778,070	63,461,007	113,778,070	63,210,049	26,342,350	9,249,480	4,196,518
Dealing Securities	5,835,468	-	5,734,974	-	-	-	-
Loans and advances	83,577,134	19,070,768	83,577,134	19,070,768	11,436,232	7,905,359	5,833,979
Advances under finance lease	551,785	903,840	551,785	903,840	381,280	229,282	424,701
Other assets	18,800,011	1,535,496	18,639,743	1,595,395	8,670,193	625,320	373,061
Investment securities	2,164,057	424,350	2,163,999	424,350	159,726	109,687	587,687
Investment in subsidiaries	-	-	240,000	150,000	-	-	-
Fixed assets	12,775,494	6,938,413	12,761,215	6,916,813	1,902,896	1,634,888	1,391,610
	262,841,089	106,673,991	262,805,890	106,611,289	51,318,268	23,736,249	15,164,119
FINANCED BY							
Share capital	4,751,215	4,751,215	4,751,215	4,751,215	2,226,333	1,500,000	1,500,000
Share premium	17,110,700	17,110,700	17,110,700	17,110,700	3,294,855	25,860	25,860
Reserves	9,241,670	4,528,307	9,106,949	4,536,408	1,695,028	1,231,184	,032,726
Deposits	187,670,992	70,296,796	187,990,701	70,296,796	26,857,412	17,355,092	6,738,260
Due to other banks	15,636,837	400,000	15,636,837	400,000	265,680	664,287	2,477,254
Short-term borrowing	1,910,513	1,396,228	1,910,513	1,396,228	-	-	-
Tax payable	1,307,377	721,034	1,258,106	716,941	242,007	77,518	35,641
Dividend payable	-	-	-	-	333,950	50,000	-
Other liabilities	13,207,606	6,953,419	13,036,690	6,891,066	15,885,773	2,648,497	3,131,089
Deferred tax	770,494	516,292	770,494	511,936	267,230	183,811	223,289
Long-term borrowing	11,233,685	-	11,233,685	-	250,000	-	-
	262,841,089	106,673,992	262,805,890	106,611,289	51,318,268	23,736,249	15,164,119
Acceptances and guarantees	46,111,226	17,966,232	46,111,226	17,966,232	1,935,630	7,086,563	8,532,619
PROFIT AND LOSS ACCOUNT							
Gross earnings	24,973,311	11,044,645	24,678,518	10,824,537	6,121,037	3,124,180	2,899,969
Profit before tax	7,569,086	3,640,696	7,390,228	3,640,349	1,093,047	264,588	57,414
Tax	(1,620,407)	(807,418)	(1,584,371)	(798,969)	(295,252)	(16,130)	(6,113)
Profit after tax	5,948,679	2,833,278	5,805,856	2,841,380	797,795	248,458	51,301
Transfer to reserves	5,948,679	2,833,278	5,805,856	2,841,380	797,795	248,458	51,301
STATISTICAL INFORMATION							
Earnings per share - basic	63k	36k	61k	36k	25k	17k	4k
Earnings per share - diluted	63k	36k	61k	36k	25k	17k	4k

LIST OF BRANCHES

1. Akwa Ibom State House of Ass A. Ibom A. Ibom State House of Assembly, Akwa Ibom State
2. Aba 1 Abia 90, Asa Road, Aba, Abia State
3. Aba 2 Abia 200, Faulk Road , Aba, Abia State
4. Abakiliki Ebonyi 36, Ogboja Road
5. Abeokuta Ogun 21, Lalubu Street, Oke-Ilewo, Abeokuta, Ogun State
6. Abuja Abuja First City Plaza, Plot 252 Herbert Marcaulay Way, Central Bus. District, Abuja
7. Abuja 2 Abuja 6, Ogbomoso Street, Area 8, Garki, Abuja
8. Abuja 3 Abuja Coscharis Plaza, Plot 1070, Egbe Close/Faskari Street, Abuja
9. Adeola Odeku Lagos 11B, Adeola Odeku Road, Victoria Island
10. Ado-Ekiti Ekiti Along Secretariat Road, Ado-Ekiti, Ekiti State
11. Ago Iwoye Extension (cash office) Ogun Olabisi Onabanjo University Main Campus, Ago-Iwoye
12. Airport Road Lagos 23/25 Muritala Mohammed International Airport Road, Lagos
13. Ajah Lagos Km 23, Berger Bus-Stop, Lagos-Epe Expressway, Lagos
14. Akowonjo Lagos Shasha Round About, Akowonjo, Lagos State
15. Akure Ondo 15, Oyemekun Road, Akure, Ondo State
16. Akute Ogun 34, Ojodu-Akute Road, Alagbole Bus Stop, Akute, Ogun State
17. Alaba Lagos Obosi Plaza, A Line, Alaba Int'l Market, Alaba, Ojo
18. Alagbado Lagos 757 Lagos-Abeokuta Expressway, OJokoro, Alagbado, Lagos
19. Allen-Avenue Lagos 36, Allen-Avenue, Ikeja, Lagos
20. Apapa Lagos 28, Creek Road, Apapa, Lagos
21. Asaba Delta 206, Nnebisi Road, Asaba, Delta State
22. Awka Anambra 84A, Zik Avenue, Awka
23. Awlollowo Road Lagos 68, Awolowo Road, Ikoyi, Lagos
24. Bauchi Bauchi Former Women Development Center, G.R. A., Bauchi, Bauchi State.
25. Benin Cash Office Benin Guinness Premises, Ikpoba Hill, Agbor Road, Benin City
26. Benin I Edo 112, Mission Road, Benin City, Edo State
27. Benin III Edo 7, Akpakpava Road, Benin City, Edo State
28. Birnin Kebbi Kebbi Opposite Unity Bank, Ahmadu Bello Way, Birnin Kebbi
29. Marcarthy Lagos 10/12, Marcarthy Street, Onikan , Lagos
30. Calabar Cross River 14, Calabar Road, Calabar, Cross River
31. Damaturu Yobe 601A Njiwayi Layout, Along Maiduguri Road
32. Dutse Jigawa 12A/13A, Kiyawa Road, Dutse
33. Eket Akwa Ibom12, Etebi Street, Eket, Akwa Ibom
34. Enugu I Enugu 41 Garden Avenue Enugu
35. Enugu II Enugu 12A, Market Road, Enugu, Enugu State
36. Fed Poly Oko Anambra Umuoze
37. Gombe Gombe 11, Biu Link Road, Commercial Area, Opp. Central Market, New Eid Ground
38. Guinness Cash Office Aba Aba Guinness Cash Office
39. Head Office Lagos Primerose Tower, 17A, Tinubu Street, Lagos
40. Ibadan Oyo Lebanon Sreet, Old Gbagi, Dugbe, Ibadan
41. Bodija Oyo PLOT 3, UI-Secretariat Road, Bodija, Ibadan
42. Idumagbo Lagos 34, Idumagbo Avenue, (Daddy Doherty House), Lagos
43. Idumota Lagos 22, Idi-Olowu Street, Idumagbo, Lagos
44. Igbokoda Ondo Boluyet Road, Off Broad Street, Igbokoda
45. Ijebu Igbo Ogun 81, Adeoye Aoad, Ijebu Igbo,Ogun State
46. Ijebu Ode Ogun 168, Folagbade Street, Ijebu Ode, Ogun State
47. Ikeja Lagos 29, Oba-Akran Avenue, Ikeja, Lagos
48. Ikeja Cash Office Lagos Guinness Premises, 24, Oba-Akran Avenue,Ikeja
49. Ikom Cross River 7, Calabar Road, Ikom, Cross River
50. Ikorodu Lagos 7, Lagos Road, Ikorodu, Lagos
51. Ikot Abasi Akwa Ibom 2, Akpan Udo Ekpo Street, Ikot Abasi, Akwa ibom
52. Ikot Ekpene Akwa Ibom 42, Sani Oguns, Ikot Ekpene
53. Iponri (Cash Office) Lagos Shop529/531, Iponri Shopping Complex, Iponri, Surulere, Lagos
54. Jalingo Taraba Hammanivwa Road, before Zenith Bank

LIST OF BRANCHES

55. Jos Plateau Along Bukuru Bye pass.Opp Diamond Diamond Bank
56. Kaduna Kaduna 1A, Ahmadu Bello Way, Kaduna State
57. Kaduna 2 Kaduna No 1 & 2A Kachia Road, Kaduna State
- 58 Kano Kano 145, Murtala Mohammed Way, Kano
59. Kano 2 Kano 17/18, Bello Road, Kano
60. Katsina Katsina Kano/ Katsina Road, by Yantomaki Road Junction
61. Lafia Nasarrawa Lafia/ Jos Road, Opp. State CID
62. Lagos Main Branch Lagos Banuso House, 88/89, Broad Street, Lagos
63. Lekki Lagos 63/64 Igbokushu Village, opp jakande estate, Lekki Epe express way
64. Lokoja Kogi Beside Zenith Bank, Lokoja
65. Maiduguri Borno Baga Road.Opp GTBank
66. Makurdi Benue 23, Railway Bye-Pass, Markurdi, Benue State
67. Matori Lagos 91, Ladipo Street, Matori Street, Lagos
68. Minna Niger Minna Paiko Road.Beside Zenith Bank
69. Motorways Lagos M1 Point Motorways Complex, Lagos State
70. Mushin Lagos 253 Agege Motor Road.Close to AP
71. Oando (Cash Office) Delta Oando (Cash Office), Warri
72. Ogba Lagos Lagos 23 Ogba Ijaiye Road,Opp WAEC Office Ogba
73. Ojo Lagos 148A, Olojo Drive, Ojoo
74. Oke Arin 2 Lagos 11 Ijaiye Street. Oke Arin
75. Oke-Arin 1 Lagos 5, Daddy Alaja Street, Oke-Arin, Lagos
76. Oko Anambra 4, Hospital Road, Oko, Anambra State
77. Oko-Oba, Agege Lagos Oko-Oba Residential Scheme
78. Okota Lagos 117, Okota Road, Okota- Isolo
79. Onitsha Anambra 9A, Market Road, Onitsha, Anambra State
80. Ore Ondo AP Filling station, Ondo Express Road
81. Oshogbo Osun Along Gbobgan Road, Oshogbo, Osun State
82. Otta Ogun 56, Odi-Iroko Road, Sango otta, Ogun State
83. Owerri Imo Plot 81 Wetheral Road Owerri
84. Owo Ondo AP Filling station, Benin- Owo Express Road
85. Oyin Jolayemi Lagos Plot 1661, Oyin Jolayemi Street, Victoria Island
86. Port-Harcourt Rivers Plot 282A, PH/Aba Expressway, GRA II
87. Port-Harcourt 2 Rivers 384A, Olu Obasanjo, PH
88. Port-Harcourt 3 Rivers Areta Plaza PH/Aba Exp/Way, PH
89. Port-Harcourt 4 Rivers Essay Plaza, 11/12, Trans-Amadi Industrial Layout, PH
90. Port-Harcourt 5 Rivers Ikwerre Road, Port Harcourt
92. Sagamu Ogun 141, Akarigbo Street, Ijoku, Opp. Awabat Petroleum, Sagamu
93. Sanusi Lagos 17, Sanusi Fafunwa Street,Victoria Island
94. Surulere Lagos 33, adeniran Ogunsanya Street, Surulere Lagos
95. The Palms Lagos Shop 32, The Palms Shopping Complex, BIS Way, Lekki-Epe Expressway, Lagos
96. Tincan, Apapa Lagos Apapa- Oshodi Express Road, Tincan, Apapa
97. UCH Cash Office Oyo state Opposite Total Filling Station,By East Gate UCH Ibadan
98. Umuahia Abia 5 Library Avenue Umuahia
99. Uyo Akwa Ibom 143 Abak Road Uyo
100. Uyo 2 Akwa Ibom 105, Oron Road, Uyo, Akwa Ibom
101. Warri 1 Delta Plot 151/153, Okumagba Avenue, Warri, Delta State
102. Warri 2 Delta 68 Effurun/Sapele Road, Effurun, Warri.
103. Wellington Bassey Akwa Ibom 70, Wellington Bassey Way, Uyo, Akwa Ibom
104. Yaba Lagos No 43 Ojuelegba Road, Surulere Lagos
105. Yola Adamawa Hospital Road, Jimeta, Town Yola Adamawa State.Beside Galborshe Hospital
106. Yenagoa Bayelsa Nikton Road Junction, Mbiama / Yenagoa Road, Kpansia, Yenagoa
107. Orile Coker Lagos 8,9,10 Alaba Meta Farms, Orile Coker
108. Agege Lagos Vetland Complex, Old Abeokuta Expressway, Agege
109. Apapa 2 Lagos 16 Warehouse Road, Apapa