

# Financials



# Financials

## Report of the Independent Auditors To The Members of First City Monument Bank Plc

We have audited the financial statements of First City Monument Bank Plc ("the bank") and its subsidiary undertaking (together, "the Group") for the year ended 30 April, 2006.

### Respective Responsibilities of Directors and Auditors

The directors are responsible for the preparation of the financial statements as described in the Statement of Directors' Responsibilities in relation to the Financial Statements. Our responsibility is to express an independent opinion on the financial statements based on our audit.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit and we believe our audit provides us with a reasonable basis for our opinion.

As discussed in Notes 21 and 23 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 during the year in accordance with Sections 105-110 of the Companies and Allied Matters Act 1990 (CAMA) and cancelled from its share premium account the portion of its paid-up share capital that is represented by goodwill of ₦3.8 billion; rather than amortising the goodwill over a period of not more than 5 years in accordance with Section 21(2) of Schedule 2 of CAMA. Had the bank amortised goodwill over the maximum period of 5 years, the profit before tax of ₦3.64 billion would reduce by ₦776 million and goodwill of ₦3.1 billion would be carried on the balance sheet.

### Opinion

In our opinion, except for the effects of the matter referred to in the previous paragraph, the financial statements of the Bank and the Group which are in agreement with the books of account, give a true and fair view of the state of the financial affairs of the Bank and the Group at 30 April, 2006 and of the profit and cash flows of the Bank and the Group for the year then ended in accordance with Nigerian Accounting Standards and comply with the Banks and Other Financial Institutions Act 1991 and the Companies and Allied Matters Act 1990. The Bank and the Group have kept proper books of account.

### Report on Compliance with Banking Regulations

We confirm that our examination of advances was carried out in accordance with the prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.

Related party transactions and balances are disclosed in Note 25 to the financial statements in accordance with Central Bank of Nigeria Circular BSD/1/204.

On the basis of our audit, the Bank has complied with the requirements of the relevant Central Bank of Nigeria Circulars.

*P. C. Cooper*

Chartered Accountants  
13 September, 2006.  
Lagos, Nigeria.



## Statement of Significant Accounting Policies

### For The Year Ended 30 April 2006

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 (₦), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the revaluation of certain investment securities, property, plant and equipment. The preparation of financial statements in conformity with generally accepted accounting principles 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 30 April, 2006. 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 the policies 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 taken to the credit of 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**

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.

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:

<u>Interest and/or Principal outstanding for over:</u>	<u>Classification</u>	<u>Provision</u>
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.



## Statement of Significant Accounting Policies, cont'd.

f. **Fixed asset**

Fixed assets 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 fixed assets category 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 and buildings	Over the lease period

g. **Deferred income tax**

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Currently enacted tax rates are used to determine deferred income tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

h. **Foreign currency transactions**

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

i. **Advances under finance leases**

Finance lease transactions are recorded in the books of the Bank at the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. Gross investment in the lease is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on the lease is defined as the difference between the gross investment in the lease and the present value of the asset under lease. This discount is recognised as unearned in the books of the Bank and amortised to income as earned over the life of the lease. In accordance with the Prudential Guidelines for licensed banks, specific provision is made on leases that are not performing, while a general provision of at least 1% is made on the aggregate net investment in the finance 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 exists 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, 1990.

k. **Investment securities**

Investment securities comprise equity securities and debt instruments which the Bank intends to hold until maturity. The debt instruments are stated at cost as adjusted for the amortisation of premiums or discounts on purchases over the period to maturity. Interest earned on investment securities is reported as interest income. Dividend received is reported as dividend income. A change in market value is not taken into account unless it is considered to be permanent decline in value.



## Statement of Significant Accounting Policies, cont'd.

**i. *Investment in subsidiaries***

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

**m. *Retirement benefits***

Retirement benefit costs are accrued and charged to the profit and loss account in the year they are generated. Past service costs arising from modification of existing retirement benefit schemes are deferred and charged to the profit and loss account over a five-year period beginning with the year in which the modification is made.

**n. *Off-balance sheet engagements***

Transactions that are not currently recognized 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 year-end in respect of these transactions are shown by way of note to the financial statements. Income on off balance sheet engagements is in the form of commission and is recognized as and when transactions are executed.

## Profit and Loss Account

For the year ended 30 April 2006

b) *Interest expense*

	Note	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
Interest income	2	5,549,772	5,533,707	3,360,471
Interest expense	2	( 2,786,305 )	( 2,786,305 )	( 1,628,830 )
Net interest income		2,763,467	2,747,402	1,731,641
Provision for loan loss/(recoveries)	11	22,660	17,873	770,976
Other operating income	3	5,635,250	5,431,205	2,760,566
Operating expenses	4	( 4,735,360 )	( 4,556,131 )	( 2,628,184 )
Profit before tax		3,640,697	3,640,349	1,093,047
Tax	5	( 807,418 )	( 798,969 )	( 295,252 )
Profit after tax		2,833,279	2,841,380	797,795
Transfer to statutory reserve	22	852,414	852,414	( 239,339 )
Transfer to reserve for investment in Small and Medium-Scale Enterprises (SME)	22	( 364,035 )	( 364,035 )	( 109,305 )
Proposed dividend	6	( 1,235,316 )	( 1,235,316 )	( 333,950 )
Transfer to retained earnings	22	<u>381,514</u>	<u>389,615</u>	<u>115,201</u>
Earnings per share in kobo (Basic)	7	36.0	36.0	25.0
Dividend per share in kobo - proposed/actual	6	13.0	13.0	7.5

The accounting policies on pages 27 to 30 and the notes on pages 34 to 52 form an integral part of these financial statements.

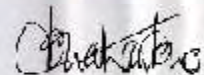
## Balance Sheet

As at 30 April 2006

	Note	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>ASSETS</b>				
Cash and short-term funds	8	74,998,491	74,747,491	28,767,941
Loans and advances	9	19,070,768	19,070,768	11,436,232
Advances under finance lease	12	903,840	903,840	381,280
Other assets	13	4,338,129	4,398,027	8,670,193
Investments	14	424,350	574,350	159,726
Fixed assets	15	6,938,413	6,916,813	1,902,896
		<u>106,673,991</u>	<u>106,611,289</u>	<u>51,318,26</u>
<b>LIABILITIES</b>				
Deposits	16	70,296,796	70,296,796	26,857,412
Due to other banks	17	1,796,228	1,796,228	265,680
Tax payable	5	721,034	716,941	242,007
Dividend payable	6	1,235,316	1,235,316	333,950
Other liabilities	18	6,953,419	6,891,065	15,885,773
Deferred tax	19	516,292	511,936	267,230
Long-term loan		-	-	250,000
		<u>81,519,085</u>	<u>81,448,282</u>	<u>44,102,052</u>
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	20	4,751,215	4,751,215	2,226,333
Share premium	21	17,110,700	17,110,700	3,294,855
Reserves	22	3,292,991	3,301,092	1,695,028
		<u>25,154,906</u>	<u>25,163,007</u>	<u>7,216,216</u>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>				
		<u>106,673,991</u>	<u>106,611,289</u>	<u>51,318,268</u>
<b>ACCEPTANCES AND GUARANTEES</b>				
	24c	<u>17,966,232</u>	<u>17,966,232</u>	<u>11,935,630</u>

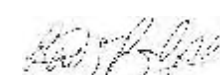
The financial statements and notes on pages 26 to 51 were approved by the Board of Directors on 25 August 2006 and signed on its behalf by:

DR. JONATHAN A.D. LONG



(Chairman)

LADI BALOGUN



(Managing Director)

The accounting policies on pages 27 to 30 and the notes on pages 34 to 52 form an integral part of these financial statements.



## Cash Flow Statement

For the year ended 30 April 2006

	Note	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>OPERATING ACTIVITIES</b>				
Cash generated from operations	29	38,659,888	38,530,953	11,978,339
Tax paid	5	( 206,021 )	( 206,021 )	( 47,344 )
		<u>38,453,867</u>	<u>38,324,932</u>	<u>11,930,995</u>
<b>INVESTING ACTIVITIES</b>				
Investment income	3	91,502	91,502	25,757
Proceeds from disposal of investment		-	-	8,000
Increase in investment		( 264,623 )	( 414,623 )	58,039
Proceeds from disposal of fixed assets		16,328	16,210	4,096
Fixed assets transferred to other assets	15	58,665	58,665	-
Purchase of fixed assets	15	( 4,059,628 )	( 4,031,575 )	( 569,909 )
Fixed assets acquired during the year	15	( 1,737,660 )	( 1,737,660 )	-
Acquisition expenses		616,590	616,590	-
		<u>( 6,512,006 )</u>	<u>-6,634,071</u>	<u>-590,095</u>
<b>FINANCING ACTIVITIES</b>				
Net proceeds from share issue		14,872,639	14,872,639	3,995,328
Dividend paid		( 333,950 )	( 333,950 )	( 50,000 )
Long-term loan stock taken/(repaid)		( 250,000 )	-250,000	250,000
		<u>14,288,689</u>	<u>14,288,689</u>	<u>4,195,328</u>
<b>INCREASE IN CASH AND SHORT-TERM FUNDS</b>		<u><b>46,230,550</b></u>	<u><b>45,979,550</b></u>	<u>15,536,228</u>
<b>ANALYSIS OF CHANGES IN CASH AND SHORT-TERM FUNDS DURING THE PERIOD</b>				
Balance at beginning of the period		28,767,941	28,767,941	13,231,713
Balance at end of period	8	74,998,491	74,747,491	28,767,941
<b>INCREASE IN CASH AND SHORT-TERM FUNDS</b>		<u><b>46,230,550</b></u>	<u><b>45,979,550</b></u>	<u>15,536,228</u>

The accounting policies on pages 27 and 30 and the notes on pages 34 to 52 form an integral part of these financial statements.

## Notes to the Financial Statements

For the year ended 30 April 2006

### 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 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.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>2 NET INTEREST INCOME</b>			
<i>a) Interest income</i>			
Placement and short-term funds	945,968	929,903	654,192
Loans and advances	4,408,895	4,408,895	2,619,513
Finance lease	194,909	194,909	86,766
	<u>5,549,772</u>	<u>5,533,707</u>	<u>3,360,471</u>
Analysis by bank/non-bank			
Bank	945,968	399,669	654,192
Non-bank	4,603,804	5,134,038	2,706,279
	<u>5,549,772</u>	<u>5,533,707</u>	<u>3,360,471</u>
All interest income was earned within Nigeria			
<i>b) Interest expense</i>			
Inter-bank takings	135,745	135,745	28,176
Current accounts	145,549	145,549	96,589
Savings accounts	66,712	66,712	37,862
High Net Yield Investment Certificates	255,710	255,710	126,951
Term and other deposit accounts	2,182,589	2,182,589	1,339,252
	<u>2,786,305</u>	<u>2,786,305</u>	<u>1,628,830</u>
All interest expense was paid to depositors in Nigeria.			

## Notes to the Financial Statements, cont'd.

**3. OTHER OPERATING INCOME**

Corporate finance fee income  
Foreign exchange earnings  
Commissions  
Rental income  
Investment income  
Other income

<b>GROUP</b> <b>2006</b> <b>₦'000</b>	<b>BANK</b> <b>2006</b> <b>₦'000</b>	<b>BANK</b> <b>2005</b> <b>₦'000</b>
---	--	--

2,970,098	2,676,511	1,702,783
575,485	575,485	147,159
1,671,801	1,761,406	659,013
19,860	19,860	23,141
91,502	91,502	25,757
306,504	306,441	202,713

<u>5,635,250</u>	<u>5,431,205</u>	<u>2,760,566</u>
------------------	------------------	------------------

**4. OPERATING EXPENSES**

Staff cost (Note 27)  
Depreciation (Note 15)  
Auditors' remuneration  
Directors' emoluments (Note 27)  
Advertisement expenses  
Correspondent bank charges  
Information technology maintenance  
Transport and travel  
Communication expenses  
Others

1,940,161	1,844,707	1,134,610
568,370	562,008	288,401
37,500	35,000	14,000
118,118	91,413	88,485
203,480	203,480	105,268
149,116	149,116	72,541
232,509	232,509	86,343
333,171	333,171	75,175
70,697	70,697	79,056
1,082,238	1,034,030	684,305

<u>4,735,360</u>	<u>4,556,131</u>	<u>2,628,184</u>
------------------	------------------	------------------



## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>5. TAX</b>			
<i>Charge</i>			
Current tax	572,892	569,481	185,297
Education tax	<u>81,824</u>	<u>81,142</u>	<u>26,536</u>
Income tax charge	654,716	650,623	211,833
Deferred tax charge (Note 19)	<u>152,702</u>	<u>148,346</u>	<u>83,419</u>
Charge for the year	<u><u>807,418</u></u>	<u><u>798,969</u></u>	<u><u>295,252</u></u>
<i>Payable</i>			
Beginning of the year	242,007	242,007	77,518
Acquired during the year (Note 23a)	30,332	30,332	
Tax paid	( 206,021 )	-206,021	( 47,344 )
Income tax charge	<u>654,716</u>	<u>650,623</u>	<u>211,833</u>
	<u><u>721,034</u></u>	<u><u>716,941</u></u>	<u><u>242,007</u></u>
<b>6. DIVIDEND PAYABLE</b>			
At 1 May	333,950	333,950	50,000
Paid during the year	( 333,950 )	( 333,950 )	( 50,000 )
Proposed dividend 13.0 kobo per share (2005: 7.5 kobo per share)	<u>1,235,316</u>	<u>1,235,316</u>	<u>333,950</u>
	<u><u>1,235,316</u></u>	<u><u>1,235,316</u></u>	<u><u>333,950</u></u>
Dividend is paid to shareholders less withholding tax of 10%.			
<b>7. EARNINGS PER SHARE</b>			
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.			
Net profit attributable to shareholders (N'000)	<u>2,833,279</u>	<u>2,841,380</u>	<u>797,795</u>
Weighted average number of ordinary shares in issue (thousands)	<u>7,890,068</u>	<u>7,890,068</u>	<u>3,171,722</u>
Basic earnings per share (Kobo per share)	<u><u>36</u></u>	<u><u>36</u></u>	<u><u>25</u></u>

## Notes to the Financial Statements, cont'd.

**8. CASH AND SHORT-TERM FUNDS**

Cash  
 Nigerian Government Treasury Bills  
 Central Bank of Nigeria  
 Banks within Nigeria  
 Banks outside Nigeria  
 Inter-bank placements

GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
------------------------	-----------------------	-----------------------

2,282,566	2,282,524	425,814
9,254,918	9,254,918	1,999,777
5,849,867	5,849,867	2,899,301
13,352,595	13,101,637	20,093,536
3,264,479	3,264,479	2,468,770
40,994,066	40,994,066	880,743
<u>74,998,491</u>	<u>74,747,491</u>	<u>28,767,941</u>

Balances with banks outside Nigeria include ₦1.82 billion (2005: ₦1.53 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 18)

**9. LOANS AND ADVANCES**

Overdrafts  
 Term loans  
 Mortgage loans  
 Commercial loans  
 Other  
  
 Originated by the bank  
 Loan loss provision (Note 10a)  
 Interest in suspense (Note 10b)

18,362,946	18,362,946	4,604,936
5,567,380	5,567,380	1,572,181
301,493	301,493	318,546
1,550,802	1,550,802	5,623,955
527,929	527,929	436,431
26,310,550	26,310,550	12,556,049
(6,149,860)	(6,149,860)	(1,111,325)
(1,089,922)	(1,089,922)	(8,492)
<u>19,070,768</u>	<u>19,070,768</u>	<u>11,436,232</u>

*Analysis by maturity*  
 Maturing within 1 month  
 Maturing between 1 to 3 months  
 Maturing between 3 to 6 months  
 Maturing between 6 to 12 months  
 Maturing over 12 months

6,621,930	6,621,930	4,051,922
5,447,037	5,447,037	3,756,880
3,843,007	3,843,007	2,065,008
5,787,359	5,787,359	1,622,936
4,611,217	4,611,217	1,059,303
<u>26,310,550</u>	<u>26,310,550</u>	<u>12,556,049</u>

## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<i>Analysis by security</i>			
Secured against real estate	7,261,178	7,261,178	3,210,633
Otherwise secured	14,363,983	14,363,983	7,543,939
Unsecured	4,685,389	4,685,389	1,801,477
	<u>26,310,550</u>	<u>26,310,550</u>	<u>12,556,049</u>
<i>Analysis by performance</i>			
Performing	18,056,203	18,056,203	11,572,810
Substandard	845,827	845,827	467,285
Doubtful	290,957	290,957	106,558
Lost	7,117,563	7,117,563	409,396
	<u>26,310,550</u>	<u>26,310,550</u>	<u>12,556,049</u>
<b>10. LOAN LOSS PROVISION AND INTEREST IN SUSPENSE</b>			
a) MOVEMENT IN LOAN LOSS PROVISION			
Beginning of period			
- Non-performing	995,597	995,597	460,574
- Performing	115,728	115,728	78,178
	<u>1,111,325</u>	<u>1,111,325</u>	<u>538,752</u>
Acquired during the year (Note 23a)	4,782,489	4,782,489	-
Additional provision			
- Non-performing	646,044	646,044	553,384
- Performing	243,425	243,425	37,550
Amounts written off	-	-	14,862
Provision no longer required	( 633,424 )	( 633,424 )	( 3,499 )
End of period			
- Non-performing	5,790,707	5,790,707	995,597
- Performing	359,153	359,153	115,728
	<u>6,149,860</u>	<u>6,149,860</u>	<u>1,111,325</u>



## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
b) MOVEMENT IN INTEREST IN SUSPENSE			
Beginning of period	8,492	8,492	196,539
Recognised during the year	31,761	31,761	-
Suspended during the year	-	-	8,492
Acquired during the year (Note 23a)	1,113,191	1,113,191	-
Amounts written off	-	-	196,539
	<u>1,089,922</u>	<u>1,089,922</u>	<u>8,492</u>
<b>11. BAD AND DOUBTFUL DEBT EXPENSE</b>			
<i>The charge for the period is analysed as follows:</i>			
Loans and advances	256,046	256,046	587,435
Advances under finance lease	6,265	6,265	1,535
Other assets	( 74,335 )	( 114,868 )	-
Off-balance sheet engagements	( 108,625 )	( 108,625 )	37,940
Inter-bank placements	-	-	144,066
Amounts recovered on previously written off loans	( 56,691 )	( 56,691 )	-
	<u>22,660</u>	<u>( 17,873 )</u>	<u>770,976</u>
<b>12. ADVANCES UNDER FINANCE LEASE</b>			
Gross investment	915,732	915,732	466,304
Less: Unearned income	( 1,741 )	( 1,741 )	( 81,173 )
	<u>913,991</u>	<u>913,991</u>	<u>385,131</u>
General provisions	( 10,116 )	( 10,116 )	( 3,851 )
Acquired during the year (Note 23a)	( 35 )	( 35 )	-
	<u>903,840</u>	<u>903,840</u>	<u>381,280</u>

## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>13. OTHER ASSETS</b>			
Accrued interest and fees receivable	1,223,679	1,030,660	2,905,420
Pledged treasury bills	2,802,633	2,802,633	4,975,000
Prepayments	582,133	573,530	487,594
Accounts receivable	251,382	472,369	449,444
Consumables	19,577	19,577	11,436
	<u>4,879,404</u>	<u>4,898,769</u>	<u>8,828,894</u>
Provision for doubtful accounts	( 541,275)	( 500,742)	( 158,701)
	<u>4,338,129</u>	<u>4,398,027</u>	<u>8,670,193</u>
<i>Movement in provision for doubtful accounts</i>			
Beginning of the year	158,701	158,701	14,635
Provision/(write back) during the year	( 74,335)	( 114,868)	144,066
Acquired during the year (Note 23a)	456,909	456,909	-
	<u>541,275</u>	<u>500,742</u>	<u>158,701</u>
<b>14. INVESTMENT SECURITIES</b>			
Kakawa Discount House Limited - ordinary shares	22,800	22,800	22,800
Smartcard Nigeria Plc - ordinary shares	22,804	22,804	22,804
First City Asset Management Limited - ordinary shares	-	-	4,000
Interswitch Nigeria Limited	10,420	10,420	10,420
SME Partnership Limited	49,663	49,663	41,663
Deebee Company Limited	30,000	30,000	10,000
S & B Printers Limited	48,039	48,039	48,039
American Hospital	50,000	50,000	-
FCMB Capital Markets Limited	-	150,000	-
Tevoli Limited	120,406	120,406	-
N1 billion Edo State Government Bond (2002/2006)	9,267	9,267	-
Consolidated Discount House Limited	10,000	10,000	-
First SMI Ltd. - Equity Shares	11,250	11,250	-
Interswitch Nigeria Limited	10,000	10,000	-
Heron Holdings Ltd.	9,835	9,835	-
Emel Hospital Ltd.	8,800	8,800	-
Nigerian Automated Clearing Systems	7,000	7,000	-
Channel House Ltd.	4,000	4,000	-
Nigeria Inter-bank Settlement System Plc.	66	66	-
	<u>424,350</u>	<u>574,350</u>	<u>159,726</u>

## Notes to the Financial Statements, cont'd.

15. FIXED ASSETS  
30 April 2006  
The Bank

	<i>Work in progress R'000</i>	<i>Leasehold land and building R'000</i>	<i>Motor vehicles R'000</i>	<i>Furniture and fittings R'000</i>	<i>Machinery &amp; Equipment R'000</i>	<i>Computer Equipment R'000</i>	<i>Total R'000</i>
<b>Cost</b>							
At 1 May 2005	197,907	1,049,351	518,518	252,879	964,737	-	2,983,392
Acquired during the year (Note 23a)	-	506,691	504,958	167,496	223,899	334,616	1,737,660
Additions	3,883,813	-	27,623	14,667	23,227	82,245	4,031,575
Disposals	-	-	(105,901)	(3,640)	(3,641)	(2,346)	(115,528)
Write off	(87,709)	-	-	-	-	-	(87,709)
Reclassifications	(485,108)	342,191	65,387	13,152	(530,305)	594,684	-
Transfer to other assets	(58,665)	-	-	-	-	-	(58,665)
<b>At 30 April 2006</b>	<b>3,450,238</b>	<b>1,898,233</b>	<b>1,010,585</b>	<b>444,554</b>	<b>677,917</b>	<b>1,009,200</b>	<b>8,490,726</b>
<b>Depreciation</b>							
At 1 May 2005	-	96,840	219,954	152,507	611,195	-	1,080,496
Charge for the year	-	76,770	142,312	85,452	146,017	111,458	562,008
Eliminated on disposals	-	-	(64,466)	(1,157)	(1,651)	1,316	(68,591)
Reclassifications	-	-	-	-	(448,865)	448,865	-
<b>At 30 April 2006</b>	<b>-</b>	<b>173,609</b>	<b>297,800</b>	<b>236,802</b>	<b>306,695</b>	<b>559,007</b>	<b>1,573,913</b>
<b>Net book amount At 30 April 2006</b>	<b>3,450,238</b>	<b>1,724,623</b>	<b>712,785</b>	<b>207,752</b>	<b>371,222</b>	<b>450,193</b>	<b>6,916,813</b>



## Notes to the Financial Statements, cont'd.

**FIXED ASSETS**  
**30 April 2005****The Bank**

	<i>Work in progress</i> N'000	<i>Leasehold land and building</i> N'000	<i>Motor vehicles</i> N'000	<i>Furniture and fittings</i> N'000	<i>Equipment</i> N'000	<i>Computer Equipment</i> N'000	<i>Total</i> N'000
Cost							
At 1 May 2004	168,104	959,323	366,435	196,937	792,937	-	2,483,736
Additions	194,877	14,909	199,105	31,281	129,737	-	569,909
Disposals	-	-	(57,277)	-	(1,500)	-	(58,777)
Write off	(12,732)	-	1,298	(42)	-	-	(11,476)
Reclassifications	(152,342)	75,119	8,957	24,703	43,563	-	-
At 30 April 2005	197,907	1,049,351	518,518	252,879	964,737	-	2,983,392
Depreciation							
At 1 May 2004	-	62,159	204,754	121,588	460,347	-	848,848
Charge for the year	-	34,139	71,178	30,801	152,283	-	288,401
Eliminated on disposals	-	-	(57,276)	-	(775)	-	(58,051)
Write off/Reclass	-	542	1,298	118	(660)	-	1,298
At 30 April 2005	-	96,840	219,954	152,507	611,195	-	1,080,496
Net book amount							
At 30 April 2005	197,907	952,511	298,564	100,372	353,542	-	1,902,896

## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>16. DEPOSITS</b>			
Current accounts	41,633,868	41,633,868	19,311,983
Savings accounts	4,261,812	4,261,812	724,516
High Net Yield Investment Certificates	1,035,281	1,035,281	914,596
Term and other deposit accounts	<u>23,365,835</u>	<u>23,365,835</u>	<u>5,906,317</u>
	<u>70,296,796</u>	<u>70,296,796</u>	<u>26,857,412</u>
Analysis by maturity			
Maturing within 1 month	66,444,425	66,444,425	24,481,542
Maturing between 1 to 3 months	3,682,711	3,682,711	2,361,123
Maturing between 3 to 6 months	161,972	161,972	6,995
Maturing between 6 to 12 months	<u>7,688</u>	<u>7,688</u>	<u>7,752</u>
	<u>70,296,796</u>	<u>70,296,796</u>	<u>26,857,412</u>
<b>17. DUE TO OTHER BANKS</b>			
Call deposits - Inter-bank	400,000	400,000	-
Term deposits - Inter-bank	<u>1,396,228</u>	<u>1,396,228</u>	<u>265,680</u>
	<u>1,796,228</u>	<u>1,796,228</u>	<u>265,680</u>
<b>18. OTHER LIABILITIES</b>			
Foreign currency denominated liability (Note 8)	1,815,827	1,815,827	1,529,871
Bank cheques issued	1,596,607	1,596,607	393,545
Interest payable	155,524	155,524	42,860
Unearned income	741,142	741,142	363,689
Provision for off-balance sheet engagements	-	-	108,625
Deposit for shares	229,744	229,744	229,144
Offer proceeds due to issuers	12,981	12,981	12,504,373
Others	<u>2,401,595</u>	<u>2,339,240</u>	<u>713,666</u>
	<u>6,953,419</u>	<u>6,891,065</u>	<u>15,885,773</u>

## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>19. DEFERRED TAXATION</b>			
Provision at beginning of period	267,230	267,230	183,811
Acquired during the year (Note 23a)	96,360	96,360	-
Charge for the year (Note 5)	152,702	148,346	83,419
	<u>516,292</u>	<u>511,936</u>	<u>267,230</u>
<b>20. SHARE CAPITAL</b>			
<i>Authorised:</i>			
10,000,000,000 ordinary shares of 50Kobo each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<i>Issued and fully paid ordinary shares of 50k each:</i>			
Issued during the year:			
- Public offer: 4 billion shares of 50kobo each offered @N4.00 per share (2005: 1.452 billion shares of 50kobo each placed @N3.00 per share)	2,226,333	2,226,333	1,500,000
- Shares issued for acquisition of CDB	2,000,000	2,000,000	726,333
- Shares issued for acquisition of NAMBL	343,064	343,064	-
	<u>181,818</u>	<u>181,818</u>	<u>-</u>
	<u>4,751,215</u>	<u>4,751,215</u>	<u>2,226,333</u>

At the annual general meeting held on 7 October 2004, members approved an Initial Public Offer of 4 billion ordinary shares at N4 per share. The offer opened on 9th February 2005 and closed on 9th March 2005 with subscription for 4.2 billion shares; out of this, the Central Bank of Nigeria approved N16.3 billion in June 2005. In line with the terms of the offer, the Bank allotted 4 billion shares to the successful subscribers. Consequently, 4 billion units of shares were issued to new shareholders with a nominal value of N2 billion.

At the extraordinary general meeting held on 8 November 2005 and 12 December 2005 respectively, members approved the scheme of merger between the bank and Cooperative Development Bank Plc. (CDB) and the scheme of merger with Nigerian-American Bank Limited (NAMBL). In accordance with the terms of the schemes, the Bank issued 686.13 million shares, with nominal value of N343.06 million and 363.64 million shares, with nominal value of N181.82 million, to CDB and NAMBL shareholders respectively in exchange for the assumption of all assets and liabilities and undertakings of CDB and NAMBL.

On 5 September 2006, the Federal High Court sanctioned a special resolution passed by members for reduction of the Bank's paid up capital in accordance with Sections 105 - 110 of the Companies and Allied Matters Act, 1990 (See Note 21).



## Notes to the Financial Statements, cont'd.

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
<b>21. SHARE PREMIUM</b>			
At 1 May	3,294,855	3,294,855	25,860
Gross premium on Initial Public Offer (IPO) of 4 billion shares	14,000,000	14,000,000	3,750,000
IPO share issue expenses	( 1,127,360 )	( 1,127,360 )	( 481,005 )
Premium from shares issued as purchase consideration:			
- to shareholders of Cooperative Development Bank Plc (CDB)	3,163,046	3,163,046	-
- to shareholders of Nigerian-American Bank Limited (NAMBL)	1,676,363	1,676,363	-
- share issue expenses	( 17,314 )	( 17,314 )	-
Reduction of paid-up capital	( 3,878,890 )	( 3,878,890 )	-
At 30 April 2006	<u>17,110,700</u>	<u>17,110,700</u>	<u>3,294,855</u>

The Bank's IPO of 4 billion ordinary shares of 50Kobo each was at ₦4.00 per share. The fair value of the shares issued as purchase consideration was ₦5.11 per share, being the price at which the shares were then listed on the Nigerian Stock Exchange.

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 during the year as of the date of such acquisition.

Section 105 of CAMA defines paid-up capital to include share premium account and the directors have accordingly, effected a cancellation of ₦3.878 billion from the Bank's paid-up capital (from the share premium account), being the portion of the Bank's paid-up capital that is deemed represented by the unidentifiable assets (goodwill) acquired from CDB, NAMBL and Midas Bank Plc between December 2005 and February 2006 (see Note 23b).

<b>22. RESERVES</b>				
<b>BANK</b>	<i>Statutory reserve N'000</i>	<i>Retained earnings N'000</i>	<i>Investment SMEs reserve N'000</i>	<i>in Reserves total N'000</i>
At 1 May 2005	1,141,062	259,364	294,602	1,695,028
Transferred from profit and loss account	852,414	389,615	364,035	1,606,064
At 30 April 2006	<u>1,993,476</u>	<u>648,979</u>	<u>658,637</u>	<u>3,301,092</u>

## Notes to the Financial Statements, cont'd.

**GROUP**

	<i>Statutory reserve N'000</i>	<i>Retained earnings N'000</i>	<i>Investment in SMEs reserve N'000</i>	<i>Reserves total N'000</i>
At 1 May 2005	1,141,062	259,364	294,602	1,695,028
Transferred from profit and loss account	852,414	381,514	364,035	1,597,963
At 30 April 2006	<b>1,993,476</b>	<b>640,878</b>	<b>658,637</b>	<b>3,292,991</b>

**23. BUSINESS COMBINATION**

During the year, the Bank acquired the businesses of Cooperative Development Bank Plc (CDB) effective 1 December 2005, Nigerian-American Bank Limited (NAMBL) effective 16 December 2005 and Midas Bank Limited (Midas) effective 1 February 2006. The Bank's shares were issued as purchase consideration for the acquisition of CDB and NAMBL while consideration for Midas was N100,000.

**a. The net identifiable assets acquired are as follows:**

	<b>CDB N'000</b>	<b>NAMBL N'000</b>	<b>MIDAS N'000</b>	<b>TOTAL N'000</b>
<b>ASSETS</b>				
Cash and bank balances	1,734,765	744,251	44,562	2,523,578
Short-term investments	1,135,276	200,000	286,707	1,621,983
Loans and advances	5,324,446	1,765,458	2,661,447	9,751,351
Other assets	271,944	47,640	126,139	445,723
Advances under finance leases	-	348	-	348
Investment securities	211,141	107,129	66	318,336
Fixed assets	1,032,759	644,054	60,847	1,737,660
	<b>9,710,331</b>	<b>3,508,880</b>	<b>3,179,768</b>	<b>16,398,979</b>
<b>LIABILITIES</b>				
Deposits	( 3,980,152 )	( 1,229,303 )	( 1,223,890 )	( 6,433,345 )
Tax payable (Note 5)	( 10,147 )	( 1,804 )	( 18,381 )	( 30,332 )
Dividends payable	( 7,021 )	( 7,529 )	-	( 14,550 )
Other liabilities	( 817,656 )	( 247,598 )	( 321,837 )	( 1,387,091 )
Deferred tax (Note 19)	( 21,312 )	( 75,048 )	-	( 96,360 )
Loan loss provision (Note 10)	( 3,089,058 )	( 75,050 )	( 1,618,381 )	( 4,782,489 )
Interest in suspense (Note 10)	( 312,808 )	( 14,823 )	( 785,560 )	( 1,113,191 )
Provision for advances under finance lease (Note 12)	-	( 35 )	-	( 35 )
Provision for other assets (Note 13)	( 359,973 )	( 734 )	( 96,202 )	( 456,909 )
	<b>1,112,204</b>	<b>1,856,955</b>	<b>(884,483)</b>	<b>2,084,677</b>

## Notes to the Financial Statements, cont'd.

## b. The unidentifiable assets (goodwill) acquired have been dealt with as follows:

	Units	Fair Value of each share N/share	N'000	N'000
Shares issued as purchase consideration:				
- To shareholders of CDB	686,127,111	5.11	3,506,110	
- To shareholders of NAMBL	363,636,363	5.11	1,858,182	
- Cash consideration for Midas acquisition			100	
- Acquisition expenses			599,175	
Total purchase consideration				5,963,567
Net identifiable assets acquired (Note 23a)				<u>-2,084,677</u>
Unidentifiable assets (goodwill)				3,878,890
Cancellation of paid-up capital represented by unidentifiable assets (Note 21)				<u>( 3,878,890 )</u>
				<u><u>-</u></u>

## 24. CONTINGENT LIABILITIES AND COMMITMENTS

## a). LEGAL PROCEEDINGS

As at 30 April 2006 there were legal proceedings outstanding against the Bank with contingent liability of ₦1.276 billion (30 April, 2005: ₦590 million). 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 a commitment of ₦60 million to SME Fund (Partnership) over the next three years (30 April 2005: ₦60 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:

	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
Performance bonds, guarantees and indemnities	8,721,372	8,721,372	7,889,959
Clean line letters of credit	9,244,860	9,244,860	3,335,471
Commitment in respect of Lagos State Government Bond 2005/2009	-	-	710,200
	<u>17,966,232</u>	<u>17,966,232</u>	<u>11,935,630</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.



## Notes to the Financial Statements, cont'd.

**25. RELATED PARTY TRANSACTIONS****26. RETIREMENT BENEFITS**

In August 2004, the Bank commenced the implementation of the Pension Reform Act of 2004. Accordingly, the employees and the Bank each contribute 7.5% of pensionable emoluments to the scheme as stipulated by the Act. Amounts contributed by the Bank during the year amounted to ₦81.3 million (2005: ₦34.6 million).

The Bank also has a gratuity scheme covering employees that have spent a minimum of five years in the service of the Bank. The scheme is a funded, final salary defined benefit plan. The assets of the scheme are held independently of the Bank's assets in a separate trustee administered fund managed by the Nigerian Life and Pension Consultants Limited. Staff members from the legacy banks who have spent a minimum of five years prior to the merger become eligible under the scheme effective 1 May 2006. The total liability under this scheme as at 30 April 2006 was ₦272.97 million, this has been adequately provided for. The additional provision during the year was ₦82.1 million.

**27. EMPLOYEES AND DIRECTORS**

## a) EMPLOYEES

The average number of persons employed by the Bank during the period by category:

Executive directors	6	5	3
Management	337	334	37
Non-management	1,021	1,017	481
	<u>1,364</u>	<u>1,356</u>	<u>521</u>

Staff cost for the above persons (excluding executive directors):

Salaries and wages	1,788,368	1,695,619	976,506
Retirement benefit cost	151,794	149,089	158,104
	<u>1,940,161</u>	<u>1,844,707</u>	<u>1,134,610</u>

GROUP 2006 ₦'000	BANK 2006 ₦'000	BANK 2005 ₦'000
	<b>Number</b>	<b>Number</b>
	5	3
	334	37
	1,017	481
	<u>1,356</u>	<u>521</u>
	1,695,619	976,506
	149,089	158,104
	<u>1,844,707</u>	<u>1,134,610</u>

## Notes to the Financial Statements, cont'd.

The number of employees of the bank, excluding executive directors, who received emoluments in the following ranges was:

Less than N 1,500,000.00	
N1,500,001 - N2,000,000	
N2,000,001 - N2,500,000	
N2,500,001 - N3,000,000	
N3,000,001 - N3,500,000	
N3,500,001 - N4,000,000	
N4,000,001 - N4,500,000	
N5,000,000 and above	

b). DIRECTORS  
The remuneration paid to the directors of the bank was:  
Fees and sitting allowances  
Executive compensation

Directors' other expenses

Fees and other emoluments disclosed above include amounts paid to the highest paid director

Number	Number	Number
763	762	269
-	-	107
350	346	56
-	-	-
96	96	31
94	94	31
32	30	16
29	28	8
<u>1,364</u>	<u>1,356</u>	<u>518</u>
<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
<b>2006</b>	<b>2006</b>	<b>2005</b>
<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
6,914	6,786	6,457
<u>67,351</u>	<u>40,774</u>	<u>42,905</u>
74,265	47,560	49,362
<u>43,853</u>	<u>43,853</u>	<u>39,123</u>
<u>118,118</u>	<u>91,413</u>	<u>88,485</u>
<u>30,790</u>	<u>30,790</u>	<u>25,420</u>

## Notes to the Financial Statements, cont'd.

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

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

**29. CASH GENERATED FROM OPERATIONS**

	Note	GROUP 2006 N'000	BANK 2006 N'000	BANK 2005 N'000
Operating profit		3,640,697	3,640,349	1,093,047
Investment income	3	( 91,502)	91,502	25,757
Provision/(write back) for losses		79,351	38,818	770,976
Provision on loans written-off		-	-	14,862
Depreciation	15	568,370	562,008	288,401
(Gain)/loss on disposal of fixed assets		30,699	30,726	3,371
Fixed assets written off	15	87,709	87,709	12,773
(Decrease)/increase in interest in suspense	10b	( 31,761)	31,761	188,047
		<u>4,283,563</u>	<u>4,236,347</u>	<u>1,933,160</u>
<b>Change in operating assets</b>				
(Increase)/decrease in operating assets				
Loan to customers		( 7,858,821)	( 7,858,821)	( 3,915,399)
Advances under finance leases		528,825	528,825	( 153,533)
Interest receivable and prepayments		1,627,735	1,788,824	( 2,899,312)
Accounts receivable and consumables		385,310	425,843	( 314,627)
Pledged Treasury bills		2,172,367	2,172,367	( 4,975,000)
Net identifiable assets acquired		2,084,677	2,084,677	-
Increase/(decrease) in operating liabilities				
Deposits		44,969,932	44,969,932	9,103,713
Foreign currency denominated liability		285,956	285,956	( 126,577)
Bank cheques issued		1,203,062	1,203,062	260,267
Third party public offers		( 12,491,392)	( 12,491,392)	12,504,373
Interest payable and accrued expenses		2,399,032	2,115,691	332,130
Tax provisions acquired		126,692	126,692	-
Deposit for shares		600	600	229,144
		<u>38,659,888</u>	<u>38,530,953</u>	<u>11,978,339</u>



## Notes to the Financial Statements, cont'd.

## 30. LIQUIDITY RISK

Maturities of assets and liabilities  
As at 30 April 2006

## The Bank

	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
<b>Assets</b>						
Cash and short term funds	74,747,491	-	-	-	-	74,747,491
Loans and advances	6,621,929	5,447,037	3,843,007	5,787,359	4,611,217	26,310,550
Advances under finance lease	66,365	123,695	180,693	312,814	230,425	913,991
Investment securities	-	-	-	-	574,350	574,350
Other assets	2,360,654	878,141	401,730	242,891	1,015,352	4,898,769
Fixed assets	-	-	-	-	6,916,813	6,916,813
	83,796,440	6,448,872	4,425,430	6,343,065	13,348,156	114,361,964
<b>Liabilities</b>						
Deposits	68,240,653	3,682,711	161,972	7,688	-	72,093,024
Other liabilities	1,444,052	3,302,721	2,733,866	-	9,109,718	16,590,357
Deferred tax	-	-	-	-	511,936	511,936
	69,684,706	6,985,432	2,895,838	7,688	9,621,654	89,195,318
<b>Net liquidity gap</b>	<b>14,111,734</b>	<b>( 536,559 )</b>	<b>1,529,592</b>	<b>6,335,377</b>	<b>3,726,502</b>	<b>25,166,646</b>
<b>As at 30 April 2005</b>						
Total assets	37,826,977	5,834,338	3,450,118	1,729,431	3,759,773	52,600,637
Total liabilities	37,688,000	2,724,812	1,296,618	1,537,623	2,137,368	45,384,421
<b>Net liquidity gap</b>	<b>138,977</b>	<b>3,109,526</b>	<b>2,153,500</b>	<b>191,808</b>	<b>1,622,405</b>	<b>7,216,216</b>

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 terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

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.

## Notes to the Financial Statements, cont'd.

### 31 SUBSEQUENT EVENTS

On 5 September 2006, the Federal High Court sanctioned a special resolution passed by the members for 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 during the year as of the date of such acquisition.

Section 105 of CAMA defines paid-up capital to include the share premium account and the directors have accordingly, effected a cancellation of ₦3.878 billion from the Bank's paid-up capital (from the share premium account), being the portion of the Bank's paid-up capital that is deemed represented by the unidentifiable assets acquired from CDB, NAMBL and Midas Bank Plc between December 2005 and February 2006.

### 32. 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 31 December 2006

	Group 2006 N'000	%	Bank 2006 N'000	%	Bank 2005 N000	%
<b>GROSS INCOME</b>	11,185,022		10,964,911		6,121,037	
<b>INTEREST PAID</b>	<u>( 2,786,305 )</u>		<u>( 2,786,305 )</u>		<u>( 1,628,830 )</u>	
	8,398,717		8,178,607		4,492,207	
<b>ADMINISTRATIVE OVERHEAD</b>	<u>( 1,237,856 )</u>		<u>( 1,160,443 )</u>		<u>( 1,116,688 )</u>	
<b>VALUE ADDED</b>	<u>7,160,861</u>	<u>100</u>	<u>7,018,164</u>	<u>100</u>	<u>3,375,519</u>	<u>100</u>
<b>DISTRIBUTION</b>						
<b>EMPLOYEES</b>						
Salaries and benefits	1,940,161	39%	1,844,707	40%	1,223,095	36%
<b>GOVERNMENT</b>						
Taxation	807,418	16%	650,623	14%	295,252	8%
<b>PROVIDERS OF FUNDS</b>						
Dividend	1,235,316	25%	1,235,316	26%	333,950	10%
<b>THE FUTURE</b>						
Asset replacement (depreciation)	568,370	12%	562,008	12%	288,401	9%
Expansion (transfers to reserve and minority interest)	362,647	7%	370,748	8%	463,845	14%
Provision for losses	<u>22,660</u>	<u>0%</u>	<u>( 17,873 )</u>	<u>( 0% )</u>	<u>770,976</u>	<u>23%</u>
<b>VALUE ADDED</b>	<u>4,936,572</u>	<u>100%</u>	<u>4,645,529</u>	<u>100%</u>	<u>3,375,519</u>	<u>100%</u>

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

	2006 Group N'000	2006 Bank N'000	2005 Bank N'000	2004 Bank N'000	2003 Bank N'000	2002 Bank N'000
<b>ASSETS EMPLOYED</b>						
Cash and short-term funds	74,998,491	74,747,491	33,742,941	13,231,713	6,553,081	5,917,522
Loans and advances	19,070,768	19,070,768	11,436,232	7,905,359	5,833,979	6,004,320
Advances under finance lease	903,840	903,840	381,280	229,282	424,701	837,852
Other assets	4,338,129	4,398,027	3,695,193	625,320	373,061	712,020
Investments	424,350	574,350	159,726	109,687	587,687	55,604
Fixed assets	6,938,413	6,916,813	1,902,896	1,634,888	1,391,610	1,423,210
	<b>106,673,991</b>	<b>106,611,289</b>	<b>51,318,268</b>	<b>23,736,249</b>	<b>15,164,119</b>	<b>14,950,528</b>
<b>FINANCED BY</b>						
Share capital	4,751,215	4,751,215	2,226,333	1,500,000	1,500,000	1,000,000
Share Premium	17,110,700	17,110,700	3,294,855	25,860	-	-
Reserves	3,292,991	3,301,092	1,695,028	1,231,184	1,058,586	1,231,425
Deposits and other accounts	72,093,024	72,093,024	27,123,092	18,019,379	9,215,514	8,564,393
Other liabilities	8,909,769	8,843,322	16,461,730	2,776,015	3,166,730	3,948,329
Deferred tax	516,292	511,936	267,230	183,811	223,289	206,381
Long-term loan	-	-	250,000	-	-	-
Minority interests	-	-	-	-	-	-
	<b>106,673,991</b>	<b>106,611,289</b>	<b>51,318,268</b>	<b>23,736,249</b>	<b>15,164,119</b>	<b>14,950,528</b>
Acceptances and guarantees	17,966,232	17,966,232	11,935,630	7,086,563	8,532,619	10,018,623
<b>PROFIT AND LOSS ACCOUNT</b>						
Gross earnings	11,185,022	10,964,911	6,121,037	3,124,180	1,895,519	3,806,601
Profit on ordinary activities	3,640,697	3,640,349	1,093,047	264,588	57,414	501,000
Tax	(807,418)	(798,969)	(295,252)	(16,130)	(6,113)	(270,162)
Profit after taxation	2,833,279	2,841,380	797,795	248,458	51,301	230,838
Minority interests	-	-	-	-	-	-
Dividend	(1,235,316)	(1,235,316)	(333,950)	(50,000)	-	-
Retained earnings	1,597,963	1,606,064	463,845	198,458	51,301	230,838
<b>STATISTICAL INFORMATION</b>						
Earnings per share basic (kobo)	36	36	25	17	4	20
Earnings per share adjusted (kobo)	36	36	10	3	1	3