

FIRST CITY MONUMENT BANK PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008**

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FIRST CITY MONUMENT BANK PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act 1990 and the Banks and Other Financial Institutions Act 1991, require the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

- a keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act 1990 and the Banks and Other Financial Institutions Act 1991;
- b establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Nigerian Accounting Standards and the requirements of the Companies and Allied Matters Act 1990 and the Banks and Other Financial Institutions Act 1991.

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

Dr. Jonathan A.D. Long
(Chairman)

7 August 2008

Ladi Balogun
(MD/CEO)

FIRST CITY MONUMENT BANK PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a. *Basis of preparation*

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

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

b. *Consolidation*

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

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

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

c. *Recognition of interest income*

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

d. *Recognition of fees, commissions and other income*

- i Fees and commissions relating to credit, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.
- ii Non credit related fee income is recognised at the time the service or the related transactions are provided.
- iii Dividend income is recognised when the right to receive income is established.

e. *Provision against credit risk*

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

<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 (CONTINUED)

f. *Property, plant and equipment*

Property, plant and equipment are stated at historical costs less depreciation except where there is a permanent significant change in the value of the asset. Costs relating to fixed assets under construction or in the course of implementation are disclosed as work in progress; the attributable cost of each asset is transferred to the relevant category of property, plant and equipment immediately the asset is put to use and depreciated accordingly. Depreciation is calculated on a straight line basis to write-off 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	2% for leases of 50 years and above; or over the tenor of the lease for leases under 50 years.

g. *Deferred taxation*

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

h. *Foreign currency transactions*

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

i. *Advances under finance leases*

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

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

j. *Business combination*

The 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.

The Nigerian Statement of Accounting Standard (SAS) No 26 on Accounting for Business Combinations became effective on 1 January 2008. The standard requires retrospective application of its provisions to goodwill acquired in a business combination for which the agreement date was on or after 1 January 2005. Under SAS 26, purchased goodwill is carried on the balance sheet and tested for impairment. Any determined impairment is written-off immediately to the profit and loss account.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. *Investments*

The Bank categorises its investments as 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 and those with outstanding tenor to maturity of less than one year.

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

Gains on disposal of short term investments are reported as part of other income

Interest earned while holding short term securities is reported as interest income. Treasury bills not held for trading are presented net of unearned discount. Unearned discount is deferred and amortised over the tenor of the underlining treasury bill.

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

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

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

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

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

l. *Investments in subsidiaries*

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

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

m. *Provisions*

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. *Retirement benefits*

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

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 has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to meet the related obligation 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.

o. *Off - balance sheet engagements*

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

Guarantees and performance bonds

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

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

Letters of credit

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

p. *Segment reporting*

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

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

FIRST CITY MONUMENT BANK PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2008

	Note	GROUP		BANK	
		2008 N'000	2007 N'000	2008 N'000	2007 N'000
Interest income	2	30,195,214	14,635,183	29,920,489	14,635,052
Interest expense	2	(9,241,648)	(5,059,231)	(9,241,648)	(5,142,148)
Net interest income		20,953,566	9,575,952	20,678,841	9,492,904
Corporate finance and other fee income		9,318,536	4,133,120	6,891,232	3,948,347
Commissions		4,651,568	4,154,116	4,649,699	4,146,378
Foreign exchange earnings		2,736,317	387,249	2,736,317	387,249
Other operating income	3	5,917,163	1,663,643	5,888,461	1,561,492
Net operating income		43,577,150	19,914,080	40,844,550	19,536,370
Provision for losses	11	(3,159,356)	(1,512,249)	(3,026,633)	(1,471,527)
Operating expenses	4	(19,900,468)	(10,832,745)	(19,380,206)	(10,674,615)
Profit before tax		20,517,326	7,569,086	18,437,711	7,390,228
Tax	5	(5,408,235)	(1,620,407)	(4,717,241)	(1,584,371)
Profit after tax		15,109,091	5,948,679	13,720,470	5,805,857
Non-controlling interest		(17,685)	-	-	-
Profit attributable to shareholders		15,091,406	5,948,679	13,720,470	5,805,857
<i>The profit for the year is appropriated as follows:</i>					
Transfer to statutory reserve	26	4,116,139	1,741,757	4,116,139	1,741,757
Transfer to proposed dividend reserve	26	-	3,325,851	-	3,325,851
Transfer to retained earnings	26	10,975,267	881,071	9,604,331	738,249
		15,091,406	5,948,679	13,720,470	5,805,857
Earnings per share in kobo (basic / diluted)	6	135k	63k	123k	61k

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

FIRST CITY MONUMENT BANK PLC

BALANCE SHEET
AS AT 30 APRIL 2008

	Note	GROUP		BANK	
		2008 N'000	2007 N'000	2008 N'000	2007 N'000
ASSETS					
Cash and short term funds	7	26,941,645	25,359,070	26,940,320	25,358,970
Due from banks	8	198,682,867	113,778,070	198,682,867	113,778,070
Dealing securities	12	2,005,586	5,835,526	1,855,270	5,734,974
Loans and advances	9	186,634,383	83,577,134	186,565,206	83,577,134
Advances under finance lease	13	2,296,749	551,785	2,296,749	551,785
Deferred tax assets	22	2,638,674	8,880	2,629,794	-
Other assets	14	29,173,961	18,791,131	27,093,988	18,639,743
Investment securities	15	2,332,601	2,163,999	2,332,601	2,163,999
Investment in subsidiaries	16	-	-	240,150	240,000
Property, plant and equipment	17	16,630,464	12,775,494	16,573,956	12,761,215
		<u>467,336,930</u>	<u>262,841,089</u>	<u>465,210,901</u>	<u>262,805,890</u>
LIABILITIES					
Customer deposits	18	251,223,129	187,670,992	251,580,103	187,990,701
Due to other banks	19	26,231,049	15,636,837	26,231,049	15,636,837
Short-term borrowings	20	13,928,850	1,910,513	13,928,850	1,910,513
Tax payable	5	5,290,123	1,307,377	4,580,652	1,258,106
Other liabilities	21	22,754,206	13,207,606	22,514,354	13,036,690
Deferred tax liabilities	22	3,649,058	770,494	3,638,770	770,494
Long-term borrowings	23	10,609,650	11,233,685	10,609,650	11,233,685
		<u>333,686,065</u>	<u>231,737,504</u>	<u>333,083,428</u>	<u>231,837,026</u>
EQUITY					
Share capital	24	8,135,596	4,751,215	8,135,596	4,751,215
Share premium	25	108,369,199	20,989,590	108,369,199	20,989,590
Reserves	26	17,128,335	5,362,780	15,622,678	5,228,059
Shareholders' funds		133,633,130	31,103,585	132,127,473	30,968,864
Non-controlling interest		17,735	-	-	-
		<u>133,650,865</u>	<u>31,103,585</u>	<u>132,127,473</u>	<u>30,968,864</u>
LIABILITIES AND EQUITY		<u>467,336,930</u>	<u>262,841,089</u>	<u>465,210,901</u>	<u>262,805,890</u>
ACCEPTANCES AND GUARANTEES	28	<u>120,039,062</u>	<u>46,111,226</u>	<u>120,039,062</u>	<u>46,111,226</u>

The financial statements and accompanying notes and accounting policies were approved by the Board of Directors on 7 August 2008 and signed on its behalf by:

Dr. Jonathan A.D. Long (Chairman) _____

Ladi Balogun (MD / CEO) _____

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

FIRST CITY MONUMENT BANK PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2008

	Note	GROUP		BANK	
		2008 N'000	2007 N'000	2008 N'000	2007 N'000
OPERATING ACTIVITIES					
Cash generated from operations	32	(15,259,864)	65,045,510	(15,386,158)	65,280,811
Tax paid	5	(1,176,719)	(788,741)	(1,156,213)	(784,648)
		<u>(16,436,583)</u>	<u>64,256,769</u>	<u>(16,542,371)</u>	<u>64,496,163</u>
INVESTING ACTIVITIES					
Investment in subsidiaries		-	-	(150)	(90,000)
Investment income		74,957	461,816	74,957	461,816
Proceeds from disposal of investments		8,363,552	1,927,419	8,363,552	1,927,419
Purchase of investment securities		(3,134,191)	(3,184,542)	(3,134,191)	(3,184,484)
(Purchase)/Sale of dealing securities		3,829,941	(5,835,468)	3,879,705	(5,734,974)
Proceeds from disposal of fixed assets		18,788	460,430	18,788	457,063
Purchase of fixed assets	17	(5,685,618)	(7,263,063)	(5,630,619)	(7,258,741)
		<u>3,467,429</u>	<u>(13,433,408)</u>	<u>3,572,042</u>	<u>(13,421,901)</u>
FINANCING ACTIVITIES					
Net proceeds from issue of ordinary shares		90,764,040	-	90,763,990	-
Dividend paid		(3,325,851)	(1,235,316)	(3,325,851)	(1,235,316)
Short term borrowing		12,018,337	514,285	12,018,337	514,285
Long term borrowing taken/(repaid)		-	11,233,685	-	11,233,685
		<u>99,456,526</u>	<u>10,512,654</u>	<u>99,456,476</u>	<u>10,512,654</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>86,487,372</u>	<u>61,336,015</u>	<u>86,486,147</u>	<u>61,586,916</u>
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD					
Balance at beginning of the year		139,137,140	77,801,125	139,137,040	77,550,124
Balance at end of year	33	<u>225,624,512</u>	<u>139,137,140</u>	<u>225,623,187</u>	<u>139,137,040</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>86,487,372</u>	<u>61,336,015</u>	<u>86,486,147</u>	<u>61,586,916</u>

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

FIRST CITY MONUMENT BANK PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008**

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. In February 2007, the bank acquired a 75% interest in Credit Direct Limited, a micro-lending institution. The group financial statements are for the bank and its subsidiaries, FCMB Capital Markets Limited and Credit Direct Limited.

	GROUP		BANK	
	2008	2007	2008	2007
	N'000	N'000	N'000	N'000
2 NET INTEREST INCOME				
<i>a) Interest income</i>				
Placements and short term funds	13,473,464	6,748,278	13,475,422	6,748,278
Interest on bonds	523,465	528,414	523,465	528,283
Loans and advances	15,818,237	7,220,860	15,541,554	7,220,860
Finance lease	380,048	137,631	380,048	137,631
	<u>30,195,214</u>	<u>14,635,183</u>	<u>29,920,489</u>	<u>14,635,052</u>
Analysis by source				
Bank	13,473,464	7,276,692	13,475,422	7,276,561
Non bank	16,721,750	7,358,491	16,445,067	7,358,491
	<u>30,195,214</u>	<u>14,635,183</u>	<u>29,920,489</u>	<u>14,635,052</u>
All interest income was earned within Nigeria.				
<i>b) Interest expense</i>				
Inter-bank takings	1,560,186	724,071	1,560,186	724,071
Current accounts	912,834	262,005	912,834	312,150
Savings accounts	106,756	126,634	106,756	126,634
High Net Yield Investment Certificates	178,128	293,582	178,128	293,582
Term and other deposit accounts	6,483,744	3,652,939	6,483,744	3,685,711
	<u>9,241,648</u>	<u>5,059,231</u>	<u>9,241,648</u>	<u>5,142,148</u>
All interest expense was paid to depositors in Nigeria.				
3 OTHER OPERATING INCOME				
Rental income	46,514	25,946	46,514	25,946
Gain on disposal of short term investments	5,397,962	482,585	5,397,962	482,585
Investment income	74,957	461,816	74,957	461,816
Gain on disposal of property, plant and equipment	16,036	248,913	16,036	250,083
Other income	381,694	444,383	352,992	341,062
	<u>5,917,163</u>	<u>1,663,643</u>	<u>5,888,461</u>	<u>1,561,492</u>

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
4 OPERATING EXPENSES				
Staff cost (Note 31)	10,987,841	6,020,537	10,782,580	5,950,718
Depreciation (Note 17)	1,827,896	1,214,465	1,815,126	1,207,360
Directors' emoluments (Note 31)	350,928	212,433	229,255	196,047
Advertisement	681,112	366,943	659,367	363,074
Correspondent bank charges	179,705	16,730	179,654	16,730
Information technology maintenance	465,824	261,666	465,749	261,666
Business travel	480,694	299,915	478,627	299,915
Communication	244,663	149,213	244,663	149,213
Auditors' remuneration	96,000	42,750	90,000	40,000
Others	4,585,805	2,248,093	4,435,185	2,189,892
	<u>19,900,468</u>	<u>10,832,745</u>	<u>19,380,206</u>	<u>10,674,615</u>
5 TAX				
<i>Charge</i>				
Current tax	4,582,587	1,140,637	3,963,704	1,096,201
Education tax	371,548	156,184	329,884	153,156
Information Technology Tax	205,330	78,263	185,171	76,456
Income tax charge	5,159,465	1,375,084	4,478,759	1,325,813
Deferred tax charge (Note 22)	248,770	245,323	238,482	258,558
Charge for the year	<u>5,408,235</u>	<u>1,620,407</u>	<u>4,717,241</u>	<u>1,584,371</u>
<i>Payable</i>				
Beginning of the year	1,307,377	721,034	1,258,106	716,941
Tax paid	(1,176,719)	(788,741)	(1,156,213)	(784,648)
Income tax charge	<u>5,159,465</u>	<u>1,375,084</u>	<u>4,478,759</u>	<u>1,325,813</u>
	<u>5,290,123</u>	<u>1,307,377</u>	<u>4,580,652</u>	<u>1,258,106</u>
6 EARNINGS PER SHARE				
Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The bank has no dilutive shares.				
Net profit attributable to shareholders (N'000)	<u>15,091,406</u>	<u>5,948,679</u>	<u>13,720,470</u>	<u>5,805,857</u>
Weighted average number of ordinary shares in issue (thousands)	<u>11,194,621</u>	<u>9,502,430</u>	<u>11,194,621</u>	<u>9,502,430</u>
Earnings per share - basic	<u>135k</u>	<u>63k</u>	<u>123k</u>	<u>61k</u>
Earnings per share - diluted	<u>135k</u>	<u>63k</u>	<u>123k</u>	<u>61k</u>

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
7 CASH AND SHORT TERM FUNDS				
Cash	4,538,511	2,708,019	4,537,186	2,707,919
Nigerian Government Treasury bills	22,403,134	22,651,051	22,403,134	22,651,051
	<u>26,941,645</u>	<u>25,359,070</u>	<u>26,940,320</u>	<u>25,358,970</u>
Treasury bills of N17.63 billion (2007: N8.74 billion) are pledged to third parties as collateral.				
8 DUE FROM BANKS				
Operating account with the Central Bank of Nigeria	1,365,342	8,806,846	1,365,342	8,806,846
Cash reserve with the Central Bank of Nigeria	2,569,633	5,298,802	2,569,633	5,298,802
Banks within Nigeria	50,219,202	16,281,694	50,219,202	16,281,694
Banks outside Nigeria	10,463,191	14,926,728	10,463,191	14,926,728
Inter-bank placements	134,065,499	68,464,000	134,065,499	68,464,000
	<u>198,682,867</u>	<u>113,778,070</u>	<u>198,682,867</u>	<u>113,778,070</u>
Balances with banks outside Nigeria include N3.7 billion (2007: N2.9 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)				
9 LOANS AND ADVANCES				
Overdrafts	41,004,260	11,132,534	41,004,260	11,132,534
Term loans	43,510,846	16,393,161	43,510,846	16,393,161
Mortgage loans	2,154,790	525,339	2,154,790	525,339
Commercial loans	93,447,725	58,321,406	93,447,725	58,321,406
Other	13,276,602	451,268	13,129,390	451,268
Originated by the bank	193,394,223	86,823,708	193,247,011	86,823,708
Loan loss provision (Note 10a)	(5,572,455)	(2,522,612)	(5,494,420)	(2,522,612)
Interest in suspense (Note 10b)	(1,187,385)	(723,962)	(1,187,385)	(723,962)
	<u>186,634,383</u>	<u>83,577,134</u>	<u>186,565,206</u>	<u>83,577,134</u>
<i>Analysis by maturity</i>				
Maturing within 1 month	86,611,916	26,087,914	86,533,879	26,087,914
Maturing between 1 to 3 months	50,487,855	38,363,858	50,487,855	38,363,858
Maturing between 3 to 6 months	14,411,118	3,052,060	14,411,118	3,052,060
Maturing between 6 to 12 months	12,906,091	4,172,866	12,906,091	4,172,866
Maturing over 12 months	28,977,243	15,147,010	28,908,068	15,147,010
	<u>193,394,223</u>	<u>86,823,708</u>	<u>193,247,011</u>	<u>86,823,708</u>
<i>Analysis by security</i>				
Secured against real estate	73,841,036	7,240,668	73,841,036	7,240,668
Otherwise secured	111,729,865	73,246,590	111,582,653	73,246,590
Unsecured	7,823,322	6,336,450	7,823,322	6,336,450
	<u>193,394,223</u>	<u>86,823,708</u>	<u>193,247,011</u>	<u>86,823,708</u>
<i>Analysis by performance</i>				
Performing	188,103,375	84,083,726	187,956,163	84,083,726
Non-performing	5,290,848	2,739,982	5,290,848	2,739,982
	<u>193,394,223</u>	<u>86,823,708</u>	<u>193,247,011</u>	<u>86,823,708</u>

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
10 LOAN LOSS PROVISION AND INTEREST IN SUSPENSE				
a) MOVEMENT IN LOAN LOSS PROVISION				
Beginning 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>
Additional provision :				
- Non-performing	2,003,873	1,533,104	2,003,873	1,533,104
- Performing	1,084,489	513,955	1,006,454	513,955
Amounts written off	-	(5,299,091)	-	(5,299,091)
Provision no longer required	<u>(38,519)</u>	<u>(375,215)</u>	<u>(38,519)</u>	<u>(375,215)</u>
End of period :				
- Non-performing	3,614,858	1,649,504	3,614,858	1,649,504
- Performing	<u>1,957,597</u>	<u>873,108</u>	<u>1,879,562</u>	<u>873,108</u>
	<u><u>5,572,455</u></u>	<u><u>2,522,612</u></u>	<u><u>5,494,420</u></u>	<u><u>2,522,612</u></u>
b) MOVEMENT IN INTEREST IN SUSPENSE				
Beginning of period	723,962	1,089,922	723,962	1,089,922
Recognised during the year	(263,149)	(308,006)	(263,149)	(308,006)
Suspended during the year	728,089	363,392	728,089	363,392
Amounts written off	<u>(1,517)</u>	<u>(421,346)</u>	<u>(1,517)</u>	<u>(421,346)</u>
	<u><u>1,187,385</u></u>	<u><u>723,962</u></u>	<u><u>1,187,385</u></u>	<u><u>723,962</u></u>
11 PROVISION FOR LOSSES				
<i>The charge for the period is analysed as follows:</i>				
Loans and advances	3,049,843	1,671,844	2,971,808	1,671,844
Advances under finance lease	17,625	(4,577)	17,625	(4,577)
Other assets	<u>91,888</u>	<u>(155,018)</u>	<u>37,200</u>	<u>(195,740)</u>
	<u><u>3,159,356</u></u>	<u><u>1,512,249</u></u>	<u><u>3,026,633</u></u>	<u><u>1,471,527</u></u>
12 DEALING SECURITIES				
Federal Government of Nigeria (FGN) bonds	1,855,270	5,734,974	1,855,270	5,734,974
Quoted equity securities	<u>150,316</u>	<u>100,552</u>	<u>-</u>	<u>-</u>
	<u><u>2,005,586</u></u>	<u><u>5,835,526</u></u>	<u><u>1,855,270</u></u>	<u><u>5,734,974</u></u>

FGN bonds of N500million (2007; Nil) are pledged as collateral for Open Buy Back takings. (See Note 19)

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
13 ADVANCES UNDER FINANCE LEASE				
Gross investment	2,894,413	559,333	2,894,413	795,916
Less: Unearned income				
- Current	(412,274)	(1,345)	(412,274)	(164,644)
- Non current	(162,191)	(629)	(162,191)	(73,913)
	2,319,948	557,359	2,319,948	557,359
Provision for performing loans	(23,199)	(5,574)	(23,199)	(5,574)
	<u>2,296,749</u>	<u>551,785</u>	<u>2,296,749</u>	<u>551,785</u>
<i>Analysis by performance</i>				
Performing	<u>2,319,948</u>	<u>557,359</u>	<u>2,319,948</u>	<u>557,359</u>
<i>Analysis by maturity</i>				
0 - 30 days	9,019	52,620	9,019	52,620
1 - 3 months	69,525	80,600	69,525	80,600
3 - 6 months	551,374	108,627	551,374	108,627
6 - 12 months	366,946	178,089	366,946	178,089
Over 12 months	1,323,084	137,423	1,323,084	137,423
	<u>2,319,948</u>	<u>557,359</u>	<u>2,319,948</u>	<u>557,359</u>
14 OTHER ASSETS				
Accrued interest and fees receivable	4,360,390	785,085	4,360,390	517,486
Open buy back treasury bills (Note 19)	20,000,000	15,000,000	20,000,000	15,000,000
Prepayments	1,428,171	1,183,331	1,410,713	1,170,292
Accounts receivable	3,703,784	2,042,848	1,556,277	2,143,055
Consumables	11,253	36,371	11,253	36,371
	29,503,598	19,047,635	27,338,633	18,867,204
Provision for doubtful accounts	(329,637)	(256,504)	(244,645)	(227,461)
	<u>29,173,961</u>	<u>18,791,131</u>	<u>27,093,988</u>	<u>18,639,743</u>
<i>Movement in provision for doubtful accounts</i>				
Beginning of the year	256,504	541,275	227,461	500,742
Provision/(write back)	91,888	(207,230)	37,200	(195,740)
Amounts written-off	(18,755)	(77,541)	(20,016)	(77,541)
	<u>329,637</u>	<u>256,504</u>	<u>244,645</u>	<u>227,461</u>
At end of the year				

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
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	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
15 INVESTMENT SECURITIES				
SME INVESTMENTS				
SME Partnership Limited	87,665	44,063	87,665	44,063
Deebee Company Limited	30,000	30,000	30,000	30,000
S & B Printers Limited	48,039	48,039	48,039	48,039
Tinapa Business Resort Limited	250,000	-	250,000	-
American Hospital, Abuja	50,000	50,000	50,000	50,000
Tevoli Limited	120,406	120,406	120,406	120,406
First SME Limited	11,250	11,250	11,250	11,250
EWA Pharm, Agric and Chemical 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
	<u>636,995</u>	<u>343,393</u>	<u>636,995</u>	<u>343,393</u>
OTHER UNQUOTED INVESTMENTS				
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
N15 billion Lagos State Government Bond (2005/2009)	200,000	350,000	200,000	350,000
Nigeria Inter-bank Settlement System Plc	52,582	52,582	52,582	52,582
ATSC International Nigeria Limited	50,000	50,000	50,000	50,000
Credit Reference Company Limited	50,000	25,000	50,000	25,000
African Finance Corporation Limited	1,287,000	1,287,000	1,287,000	1,287,000
	<u>1,695,606</u>	<u>1,820,606</u>	<u>1,695,606</u>	<u>1,820,606</u>
	<u>2,332,601</u>	<u>2,163,999</u>	<u>2,332,601</u>	<u>2,163,999</u>
16 INVESTMENT IN SUBSIDIARIES				
FCMB Capital Markets Limited (99.9% holding)	-	-	240,000	240,000
Credit Direct Limited (75% holding)	-	-	150	-
	<u>-</u>	<u>-</u>	<u>240,150</u>	<u>240,000</u>

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

17 PROPERTY, PLANT AND EQUIPMENT

GROUP:

	<i>Work in progress N'000</i>	<i>Leasehold land and building N'000</i>	<i>Motor vehicles N'000</i>	<i>Furniture and fittings N'000</i>	<i>Machinery & Equipment N'000</i>	<i>Computer Equipment N'000</i>	Total N'000
Cost							
At 1 May 2007	3,875,588	4,460,726	1,990,482	921,516	1,553,498	2,480,864	15,282,674
Additions	3,439,736	442,545	488,813	341,243	389,011	584,270	5,685,618
Disposals	-	-	(18,772)	(13)	(2,171)	(2)	(20,958)
Reclassifications	(2,870,599)	1,973,755	196,679	319,231	257,139	123,795	-
At 30 April 2008	4,444,725	6,877,026	2,657,202	1,581,977	2,197,477	3,188,927	20,947,334
Depreciation							
At 1 May 2007	-	311,130	531,701	296,658	509,946	857,745	2,507,180
Charge for the year	-	259,543	453,757	213,513	317,779	583,304	1,827,896
Eliminated on disposal	-	-	(17,139)	(4)	(1,063)	-	(18,206)
At 30 April 2008	-	570,673	968,319	510,167	826,662	1,441,049	4,316,870
Net book value							
At 30 April 2008	4,444,725	6,306,353	1,688,883	1,071,810	1,370,815	1,747,878	16,630,464
Net book value At 30 April 2007	3,875,588	4,149,596	1,458,781	624,858	1,043,552	1,623,119	12,775,494

BANK:

	<i>Work in progress N'000</i>	<i>Leasehold land and building N'000</i>	<i>Motor vehicles N'000</i>	<i>Furniture and fittings N'000</i>	<i>Machinery & Equipment N'000</i>	<i>Computer Equipment N'000</i>	Total N'000
Cost							
At 1 May 2007	3,875,588	4,460,726	1,979,313	915,253	1,552,242	2,478,194	15,261,316
Additions	3,439,736	442,545	469,363	326,790	369,445	582,740	5,630,619
Disposals	-	-	(18,772)	(13)	(2,171)	(2)	(20,958)
Reclassifications	(2,870,599)	1,973,755	196,679	319,231	257,139	123,795	-
At 30 April 2008	4,444,725	6,877,026	2,626,583	1,561,261	2,176,655	3,184,727	20,870,977
Depreciation							
At 1 May 2007	-	311,130	528,293	294,681	509,466	856,531	2,500,101
Charge for the year	-	259,543	447,812	211,083	314,069	582,619	1,815,126
Eliminated on disposals	-	-	(17,139)	(4)	(1,063)	-	(18,206)
At 30 April 2008	-	570,673	958,966	505,760	822,472	1,439,150	4,297,021
Net book value							
At 30 April 2008	4,444,725	6,306,353	1,667,617	1,055,501	1,354,183	1,745,577	16,573,956
Net book value At 30 April 2007	3,875,588	4,149,596	1,451,020	620,572	1,042,776	1,621,663	12,761,215

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
18 CUSTOMER DEPOSITS				
Current accounts	112,020,013	111,112,541	112,126,987	111,213,014
Savings accounts	10,238,437	7,644,381	10,238,437	7,644,381
High Net Yield Investment Certificates	1,302,763	2,217,068	1,302,763	2,217,068
Term and other deposit accounts	127,661,916	66,697,002	127,911,916	66,916,238
	<u>251,223,129</u>	<u>187,670,992</u>	<u>251,580,103</u>	<u>187,990,701</u>
Analysis by maturity:				
Maturing within 1 month	138,680,995	118,756,922	139,037,969	118,857,394
Maturing between 1 to 3 months	97,862,146	21,935,938	97,862,146	21,935,938
Maturing between 3 to 6 months	13,603,422	37,344,020	13,603,422	37,344,020
Maturing between 6 to 12 months	1,076,566	9,634,112	1,076,566	9,853,349
	<u>251,223,129</u>	<u>187,670,992</u>	<u>251,580,103</u>	<u>187,990,701</u>
19 DUE TO OTHER BANKS				
Tenored deposits	5,731,049	636,837	5,731,049	636,837
Open buy back takings	20,500,000	15,000,000	20,500,000	15,000,000
	<u>26,231,049</u>	<u>15,636,837</u>	<u>26,231,049</u>	<u>15,636,837</u>
20 SHORT-TERM BORROWING				
US\$15million promissory note	-	1,910,513	-	1,910,513
US\$10million promissory note	1,178,850	-	1,178,850	-
Other credit linked notes	12,750,000	-	12,750,000	-
	<u>13,928,850</u>	<u>1,910,513</u>	<u>13,928,850</u>	<u>1,910,513</u>
21 OTHER LIABILITIES				
Foreign currency denominated liability	3,692,011	2,881,766	3,692,011	2,881,766
Bank cheques issued	5,859,290	4,474,053	5,859,290	4,474,053
Interest payable	1,463,961	526,387	1,463,961	526,387
Unearned income	1,916,409	2,045,755	1,916,409	2,045,755
Due to security issuers	59,206	18,961	-	18,961
Others	9,763,329	3,260,684	9,582,683	3,089,768
	<u>22,754,206</u>	<u>13,207,606</u>	<u>22,514,354</u>	<u>13,036,690</u>
22 DEFERRED TAX				
At 1 May	761,614	516,291	770,494	511,936
Charge for the year	248,770	245,323	238,482	258,558
	<u>1,010,384</u>	<u>761,614</u>	<u>1,008,976</u>	<u>770,494</u>
The Balance Sheet amounts comprise:				
Deferred tax assets	(2,638,674)	(8,880)	(2,629,794)	-
Deferred tax liabilities	3,649,058	770,494	3,638,770	770,494
	<u>1,010,384</u>	<u>761,614</u>	<u>1,008,976</u>	<u>770,494</u>
23 LONG-TERM BORROWINGS				
US\$90 million credit linked notes, due 2010	11,233,685	11,233,685	11,233,685	11,233,685
Exchange difference	(624,035)	-	(624,035)	-
	<u>10,609,650</u>	<u>11,233,685</u>	<u>10,609,650</u>	<u>11,233,685</u>

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
24 SHARE CAPITAL				
<i>Authorised:</i>				
20 billion ordinary shares of 50 kobo each	<u>10,000,000</u>	<u>5,000,000</u>	<u>10,000,000</u>	<u>5,000,000</u>
At the bank's annual general meeting held on 20 October 2006 the members approved increase in authorised share capital of the bank from N5,000,000,000 to N10,000,000,000 by the creation of additional 10,000,000,000 ordinary shares of 50 kobo each. The additional shares were registered with the corporate affairs commission on 19 June 2007.				
<i>Issued and fully paid ordinary shares of 50 kobo each:</i>				
At 1 May	4,751,215	4,751,215	4,751,215	4,751,215
Issued during the year:				
- Domestic offer (5,930,547,759 shares)	2,965,274	-	2,965,274	-
- International offer (838,214,286 shares)	419,107	-	419,107	-
	<u>8,135,596</u>	<u>4,751,215</u>	<u>8,135,596</u>	<u>4,751,215</u>

In November 2007, the Bank made a domestic and an international offer of its ordinary shares of N0.50 at N14 per share. The international offer was by way of unlisted Global Depository Receipts (GDR). Under the domestic offer, 5,930,547,759 shares were allotted, while 838,214,286 shares were allotted under the international offer.

25 SHARE PREMIUM

At 1 May	20,989,590	17,110,700	20,989,590	17,110,700
Gross premium on shares issued during the year	91,378,289	-	91,378,289	-
Share issue expenses	(3,998,680)	-	(3,998,680)	-
Prior year adjustment - reversal of reduction of paid up capital	-	3,878,890	-	3,878,890
At 30 April	<u>108,369,199</u>	<u>20,989,590</u>	<u>108,369,199</u>	<u>20,989,590</u>

The goodwill of N3.87 billion purchased by the bank as part of its acquisition of three other banks during the year ended 30 April 2006, was set off against the share premium account in that financial year. This was in accordance with the resolution of members which was sanctioned by the Federal High Court on 5 September, 2006.

During the year and in compliance with SAS No. 26, the bank has retrospectively reinstated and tested for impairment, the goodwill of N3.78 billion purchased in 2006 and set-off against share premium. The goodwill was determined to have been fully impaired in 2006 and accordingly, written off retrospectively as a prior year adjustment.

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
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26 RESERVES

	<i>Proposed dividend N'000</i>	<i>Statutory reserve N'000</i>	<i>Retained earnings N'000</i>	<i>Investment in SMEs reserve N'000</i>	<i>Total N'000</i>
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
Prior year adjustment -impairment of purchased goodwill	-	-	(3,878,890)	-	(3,878,890)
At 30 April 2007	3,325,851	3,735,233	(2,491,662)	658,637	5,228,059
At 1 May 2007	3,325,851	3,735,233	(2,491,662)	658,637	5,228,059
Dividend paid during the year	(3,325,851)	-	-	-	(3,325,851)
Transferred from profit and loss account	-	4,116,139	9,604,331	-	13,720,470
At 30 April 2008	-	7,851,372	7,112,669	658,637	15,622,678
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
Prior year adjustment - reversal of transfer to share premium account	-	-	(3,878,890)	-	(3,878,890)
At 30 April 2007	3,325,851	3,735,233	(2,356,941)	658,637	5,362,780
At 1 May 2007	3,325,851	3,735,233	(2,356,941)	658,637	5,362,780
Dividend paid during the year	(3,325,851)	-	-	-	(3,325,851)
Transferred from profit and loss account	-	4,116,139	10,975,267	-	15,091,406
At 30 April 2008	-	7,851,372	8,618,326	658,637	17,128,335

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008**27 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>Code of Corporate Governance</u>	<u>Penalty paid N</u>
Construction of Office complex without prior approval of Central Bank	1	20(2f)		2,000,000
Failure to establish a Board Risk Management committee	1		7.1.1 & 7.1.2	2,000,000

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 **N1.86 billion** (30 April 2007: N1.19 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 capital commitments of **N7.6 billion** (2007: N40 million) as at the balance sheet date.

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		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
Performance bonds, guarantees and indemnities	11,871,864	5,993,465	11,871,864	5,993,465
Clean line letters of credit	55,659,311	37,142,761	55,659,311	37,142,761
Currency sale and purchase commitments	17,875,790	-	17,875,790	-
Guaranteed commercial papers	24,632,097	2,975,000	24,632,097	2,975,000
Underwriting commitment	10,000,000	-	10,000,000	-
	120,039,062	46,111,226	120,039,062	46,111,226

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.

FIRST CITY MONUMENT BANK PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008**

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 Alstom, T & D Nigeria Plc, Chapel Hill Advisory Partners and Chellarams Nigeria Plc.

In the normal course of business, the Bank enters into transactions with related parties, including acceptance of deposits and granting of credit facilities, on commercial terms. The aggregate amount of credit facilities to related parties including loans and advances under finance lease outstanding in the books of the Bank as at 30 April 2008 was N8.77billion (2007: N5.2billion) and the credit facilities were all performing. Deposits from related parties held by the bank as at 30 April 2008 amounted to N4.3 billion (2007: N2.9billion).

In May 2007, the Bank's subsidiary FCMB Capital Market Limited (FCMB CM) entered into a technical management service agreement with CSLS. Under the agreement, FCMB CM provides CSLS with technical skills, management services, proprietary research and business development support in consideration for a fee equal to 70% of the gross income of CSLS. The service fee income from CSLS for the year was N1.438 billion (2007: Nil).

As of balance sheet date, the group had reached an agreement with CSLS to acquire its entire issued share capital for N7.6billion. The transactions is awaiting regulatory approval.

The bank engaged Chapel Hill Advisory partners as joint issuing house and financial adviser for its public offer of shares during the year for a fee of N59million.

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 N239.2million (2007: N233.8 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 2008 was N487.92million, this has been adequately provided for. The additional provision during the year was N65million.

31 EMPLOYEES AND DIRECTORS

	GROUP		BANK	
	2008	2007	2008	2007
a) EMPLOYEES				
The average number of persons employed during the year by category:	Number	Number	Number	Number
Executive directors	6	5	4	4
Management	511	579	507	575
Non-management	1,868	1,528	1,849	1,522
	2,385	2,112	2,360	2,101
Staff cost for the above persons (excluding executive directors):	N'000	N'000	N'000	N'000
Salaries and wages	10,665,190	5,697,737	10,478,356	5,634,785
Retirement benefit cost	322,651	322,800	304,224	315,933
	10,987,841	6,020,537	10,782,580	5,950,718

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	382	798	379	795
N1,500,001 - N2,000,000	694	322	694	322
N2,000,001 - N2,500,000	99	265	99	261
N2,500,001 - N3,000,000	280	263	278	263
N3,000,001 - N3,500,000	224	206	222	206
N3,500,001 - N4,000,000	180	12	177	12
N4,000,001 - N4,500,000	160	145	156	145
N5,000,000 and above	366	101	355	97
	2,385	2,112	2,360	2,101

FIRST CITY MONUMENT BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

	GROUP		BANK	
	2008 N'000	2007 N'000	2008 N'000	2007 N'000
31 EMPLOYEES AND DIRECTORS (CONT'D)				
b) DIRECTORS				
The remuneration paid to the directors of the bank (excluding pension and certain allowances) was:				
Fees and sitting allowances	59,347	42,733	57,197	42,058
Executive compensation	289,275	142,204	169,752	126,493
	<u>348,622</u>	<u>184,937</u>	<u>226,949</u>	<u>168,551</u>
Directors' other expenses	2,306	27,496	2,306	27,496
	<u>350,928</u>	<u>212,433</u>	<u>229,255</u>	<u>196,047</u>
Fees and other emoluments disclosed above include amounts paid to the highest paid director	65,790	40,345	65,790	40,345

32 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Note				
Operating profit		20,517,326	7,569,086	18,437,711	7,390,228
Profit on disposal of investments	3	(5,397,962)	(482,585)	(5,397,962)	(482,585)
Exchange gain on long term borrowings	23	(624,035)	-	(624,035)	-
Investment income		(74,957)	(461,816)	(74,957)	(461,816)
Provision/(write back) - loans and advances	11	3,049,843	1,671,844	2,971,808	1,671,844
Provision/(write back) - other assets and contingencies	11	91,888	(155,018)	37,200	(195,740)
Provision/(write back) - finance leases	11	17,625	(4,577)	17,625	(4,577)
Loans written off	10	-	(5,299,091)	-	(5,299,091)
Interest in suspense written off	10	(1,517)	(421,346)	(1,517)	(421,346)
Depreciation	17	1,827,896	1,214,465	1,815,126	1,207,360
(Gain)/loss on disposal of property and equipment		(16,036)	(248,912)	(16,036)	(250,083)
Write off of other assets previously provided for		(18,755)	(77,541)	(20,016)	(77,541)
(Decrease)/increase in interest in suspense		464,941	55,386	464,941	55,386
		<u>19,836,257</u>	<u>3,359,895</u>	<u>17,609,888</u>	<u>3,132,039</u>
Increase in loans to customers		(106,570,515)	(60,513,158)	(106,423,303)	(60,513,158)
Decrease/(increase) in advances under finance leases		(1,762,589)	356,632	(1,762,589)	356,632
Decrease/(increase) in interest receivable and prepayments		(3,820,148)	(162,604)	(4,083,326)	(83,588)
Decrease/(increase) in accounts receivable and consumables		(1,635,818)	(1,687,291)	611,896	(1,687,480)
Decrease/(Increase) in pledged Treasury bills		(5,000,000)	(15,000,000)	(5,000,000)	(15,000,000)
Increase in deposits		74,146,348	132,611,033	74,183,614	132,930,742
Increase/(decrease) in foreign currency denominated liability		810,246	1,065,939	810,246	1,065,939
Increase/(decrease) in bank cheques issued		1,385,237	2,877,445	1,385,237	2,877,445
Increase/(decrease) in proceeds from third party public offers		40,245	5,980	(18,961)	5,980
Increase in interest payable and accrued expenses		7,310,873	2,361,383	7,301,141	2,426,004
(Decrease)/Increase in deposit for shares		-	(229,744)	-	(229,744)
Cash generated from operations		<u>(15,259,864)</u>	<u>65,045,510</u>	<u>(15,386,158)</u>	<u>65,280,811</u>

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)	26,941,645	25,359,070	26,940,320	25,358,970
Due from banks (Note 8)	198,682,867	113,778,070	198,682,867	113,778,070
	<u>225,624,512</u>	<u>139,137,140</u>	<u>225,623,187</u>	<u>139,137,040</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008**34 LIQUIDITY RISK****Maturities of assets and liabilities****The Bank****As at 30 April 2008**

	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	225,623,187	-	-	-	-	225,623,187
Loans and advances	79,894,306	50,487,855	14,411,118	12,906,091	28,908,068	186,607,438
Advances under finance lease	9,019	69,525	551,374	366,946	1,299,885	2,296,749
Investment securities	-	-	-	-	4,428,021	4,428,021
Deferred tax	-	-	-	-	2,629,794	2,629,794
Other assets	21,421,966	2,980,559	742,192	999,553	986,918	27,131,188
Fixed assets	-	-	-	-	16,573,956	16,573,956
	<u>326,948,478</u>	<u>53,537,939</u>	<u>15,704,684</u>	<u>14,272,590</u>	<u>54,826,641</u>	<u>465,290,333</u>
Liabilities						
Deposits	139,037,969	124,093,195	13,603,422	1,076,566	-	277,811,152
Other liabilities	15,295,971	7,188,860	1,773,297	2,836,879	-	27,095,006
Short term borrowing	-	13,928,850	-	-	-	13,928,850
Deferred taxation	-	-	-	-	3,638,770	3,638,770
Long -term Liabilities	-	-	-	-	10,609,650	10,609,650
	<u>154,333,939</u>	<u>145,210,905</u>	<u>15,376,718</u>	<u>3,913,445</u>	<u>14,248,420</u>	<u>333,083,428</u>
Net liquidity gap	<u>172,614,539</u>	<u>(91,672,966)</u>	<u>327,966</u>	<u>10,359,145</u>	<u>40,578,221</u>	<u>132,206,905</u>
As at 30 April 2007						
Total assets	180,658,943	40,406,090	3,651,387	4,886,536	33,202,934	262,805,890
Total liabilities	143,937,241	25,077,511	35,316,527	15,501,568	12,004,179	231,837,026
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>

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 SUBSEQUENT EVENTS

In June 2008, the bank invested N300million in Legacy Pension Fund Administrator (PFA) Limited representing 25% of the company's equity.

36 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

37 SEGMENT ANALYSIS

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

Wholesale and investment banking

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

Commercial banking

The group is focused on small and medium scale enterprise, emerging local corporate organisations as well as public sector entities in areas of funding and transaction banking

Consumer banking

The primary focus of the group is providing banking services to individuals in areas of consumer finance and liability

Treasury and financial institutions

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

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

	Wholesale / Investment Banking	Commercial Banking	Consumer Banking	Treasury & Financial Institutions	Total
	N'000	N'000	N'000	N'000	N'000
External revenues	21,913,963	16,093,322	4,683,420	10,128,094	52,818,799
Revenue from other segments	(5,491,013)	3,615,797	504,528	1,370,688	-
Total revenue	16,422,950	19,709,119	5,187,948	11,498,782	52,818,799
Interest expense	2,071,784	3,587,481	414,577	3,167,806	9,241,648
Expenses	14,351,166	16,121,638	4,773,371	8,330,976	43,577,151
Operating expenses	3,770,191	7,192,189	4,274,216	2,835,977	18,072,573
Loan loss provisions	1,014,210	1,410,575	587,657	146,914	3,159,356
Depreciation	238,508	957,793	421,660	209,935	1,827,896
Total cost	5,022,909	9,560,557	5,283,533	3,192,826	23,059,825
Profit before tax	9,328,257	6,561,081	(510,162)	5,138,150	20,517,326
Total assets	165,642,709	138,636,749	34,030,523	129,026,949	467,336,930
Total liabilities	104,632,062	118,891,428	23,580,175	86,582,400	333,686,065
Net assets	61,010,647	19,745,321	10,450,348	42,444,549	133,650,865

**FIRST CITY MONUMENT BANK PLC
GROUP FINANCIAL STATEMENTS**

**STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 APRIL 2008**

	GROUP				BANK			
	2008 N'000	%	2007 N'000	%	2008 N'000	%	2007 N'000	%
GROSS INCOME	52,818,799		24,973,311		50,086,197		24,678,518	
INTEREST PAID	<u>(9,241,648)</u>		<u>(5,059,231)</u>		<u>(9,241,648)</u>		<u>(5,142,148)</u>	
	43,577,151		19,914,080		40,844,549		19,536,370	
ADMINISTRATIVE OVERHEAD	<u>(6,733,802)</u>		<u>(3,385,310)</u>		<u>(6,553,244)</u>		<u>(3,320,491)</u>	
VALUE ADDED	<u>36,843,349</u>	100	<u>16,528,770</u>	100	<u>34,291,305</u>	100	<u>16,215,879</u>	100
D I S T R I B U T I O N								
EMPLOYEES								
Salaries and benefits	11,338,769	31%	6,232,970	38%	11,011,835	32%	6,146,765	38%
GOVERNMENT								
Taxation	5,408,235	15%	1,620,407	10%	4,717,241	14%	1,584,371	10%
PROVIDERS OF FUNDS								
Dividend	-	0%	3,325,851	20%	-	0%	3,325,851	21%
THE FUTURE								
Asset replacement (depreciation)	1,827,896	5%	1,214,465	7%	1,815,126	5%	1,207,360	7%
Expansion (transfers to reserve and non-controlling interest)	15,109,093	41%	2,622,828	16%	13,720,470	40%	2,480,005	15%
Provision for losses	<u>3,159,356</u>	9%	<u>1,512,249</u>	9%	<u>3,026,633</u>	9%	<u>1,471,527</u>	9%
VALUE ADDED	<u>36,843,349</u>	100%	<u>16,528,770</u>	100%	<u>34,291,305</u>	100%	<u>16,215,879</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.

FIRST CITY MONUMENT BANK PLC
FINANCIAL STATEMENTS

FIVE YEAR FINANCIAL SUMMARY

	GROUP		BANK				
	2008 N'000	2007 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000	2004 N'000
ASSETS EMPLOYED							
Cash and short term funds	26,941,645	25,359,070	26,940,320	25,358,970	14,340,075	2,425,591	3,982,233
Due from banks	198,682,867	113,778,070	198,682,867	113,778,070	63,210,049	26,342,350	9,249,480
Dealing Securities	2,005,586	5,835,526	1,855,270	5,734,974	-	-	-
Loans and advances	186,634,383	83,577,134	186,565,206	83,577,134	19,070,768	11,436,232	7,905,359
Advances under finance lease	2,296,749	551,785	2,296,749	551,785	903,840	381,280	229,282
Other assets	29,173,961	18,791,131	27,093,988	18,639,743	1,595,395	8,670,193	625,320
Deferred tax assets	2,638,674	8,880	2,629,794	-	-	-	-
Investment securities	2,332,601	2,163,999	2,332,601	2,163,999	424,350	159,726	109,687
Investment in subsidiaries	-	-	240,150	240,000	150,000	-	-
Fixed assets	16,630,464	12,775,494	16,573,956	12,761,215	6,916,813	1,902,896	1,634,888
	467,336,930	262,841,089	465,210,901	262,805,890	106,611,290	51,318,268	23,736,249
FINANCED BY							
Share capital	8,135,596	4,751,215	8,135,596	4,751,215	4,751,215	2,226,333	1,500,000
Share premium	108,369,199	20,989,590	108,369,199	20,989,590	17,110,700	3,294,855	25,860
Reserves	17,128,335	5,362,780	15,622,678	5,228,059	4,536,408	1,695,028	1,231,184
Minority Interest	17,735	-	-	-	-	-	-
Deposits	251,223,129	187,670,992	251,580,103	187,990,701	70,296,796	26,857,412	17,355,092
Due to other banks	26,231,049	15,636,837	26,231,049	15,636,837	400,000	265,680	664,287
Short-term borrowings	13,928,850	1,910,513	13,928,850	1,910,513	1,396,228	-	-
Tax payable	5,290,123	1,307,377	4,580,652	1,258,106	716,941	242,007	77,518
Dividend payable	-	-	-	-	-	333,950	50,000
Other liabilities	22,754,206	13,207,606	22,514,354	13,036,690	6,891,066	15,885,773	2,648,497
Deferred tax liabilities	3,649,058	770,494	3,638,770	770,494	511,936	267,230	183,811
Long-term borrowing	10,609,650	11,233,685	10,609,650	11,233,685	-	250,000	-
	467,336,930	262,841,089	465,210,901	262,805,890	106,611,290	51,318,268	23,736,249
Acceptances and guarantees	120,039,062	46,111,226	120,039,062	46,111,226	17,966,232	11,935,630	7,086,563
PROFIT AND LOSS ACCOUNT							
Gross earnings	52,818,799	24,973,311	50,086,197	24,678,518	10,824,537	6,121,037	3,124,180
Profit before tax	20,517,326	7,569,086	18,437,711	7,390,228	3,640,349	1,093,047	264,588
Tax	(5,408,235)	(1,620,407)	(4,717,241)	(1,584,371)	(798,969)	(295,252)	(16,130)
Profit after tax	15,109,091	5,948,679	13,720,470	5,805,856	2,841,380	797,795	248,458
Minority Interest	(17,685)	-	-	-	-	-	-
Transfer to reserves	15,091,406	5,948,679	13,720,470	5,805,856	2,841,380	797,795	248,458
STATISTICAL INFORMATION							
Earnings per share - basic	135k	63k	123k	61k	36k	25k	17k
Earnings per share - diluted	135k	63k	123k	61k	36k	25k	17k