

FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

FCMB

Annual Report and Accounts December 2009



Contact:

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Primrose Tower, 17A Tinubu Street,
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First City Monument Bank Plc (FCMB) is a universal banking institution headquartered in Lagos, Nigeria. FCMB is the flagship company of First City Group, and maintains a presence in the United Kingdom and the Republic of South Africa to support its growing customer base.

Our vision:

To be the Premier Financial Services Group of African Origin.

Our mission:

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

Our core values:

Professionalism
Ambition
Creativity
Excellence

My Bank and i...

Auditors:

PricewaterhouseCoopers
(Chartered Accountants)

Correspondent Banks:

ANZ Banking Group Limited
Bank of Beirut (UK) Ltd
BNP Paribas
Citibank New York
FBN (UK) Ltd
Fortis Bank, SA/NV London
HSBC Plc
Standard Bank Plc South Africa
Standard Chartered Bank Plc, UK
UBN (UK) Ltd
United Bank of Africa Plc (New York)



INTRODUCTION

- 2 CORPORATE PROFILE
- 4 NOTICE OF ANNUAL GENERAL MEETING
- 6 FROM THE ARCHIVES OF THE FOUNDER
- 8 STATEMENT FROM THE CHAIRMAN
- 12 REVIEW BY THE CHIEF EXECUTIVE OFFICER

OPERATING REVIEW

- 16 CORPORATE SOCIAL RESPONSIBILITY ACTIVITY REPORT
- 21 BOARD EVALUATION REPORT
- 22 CORPORATE GOVERNANCE
- 28 BOARD OF DIRECTORS

FINANCIAL STATEMENTS

- 32 DIRECTORS' REPORT
- 37 STATEMENT OF DIRECTORS' RESPONSIBILITIES
- 38 REPORT OF THE AUDIT COMMITTEE
- 39 REPORT OF THE INDEPENDENT AUDITOR
- 40 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
- 48 PROFIT AND LOSS ACCOUNTS
- 49 BALANCE SHEET
- 51 CASH FLOW STATEMENT
- 53 NOTES TO FINANCIAL STATEMENTS
- 89 STATEMENT OF VALUE ADDED
- 90 FIVE-YEAR FINANCIAL SUMMARY
- 94 FINANCIAL RISK ANALYSIS
- 123 LIST OF BRANCHES
- 129 FORMS: ACCOUNT OPENING FORM
E-DIVIDEND FORM, E-BONUS FORM, PROXY FORM

who **we** are

About FCMB

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

The bank has 153 branches across Nigeria and is headquartered in Lagos. The bank also has a presence in the United Kingdom through its FSA authorised investment banking subsidiary, FCMB UK, and a representative office in the Republic of South Africa. Product and service offerings are focused on three main areas (Investment Banking, Retail Finance and Transaction Services). Key customer segments comprise Corporate and Institutional Clients, Small to Medium Scale Enterprises and Individuals.

FCMB's success has been recognised by many industry awards over the years both nationally and internationally. Most recently, it won the Euromoney 2008 award for the Best Equity House (Nigeria) and was named the Best Investment Bank in Nigeria at the Euromoney 2007 Awards for Excellence. The bank had been adjudged Nigeria's most consistent issuing house/financial adviser 1993–1998 by Reuters and SBA Research Limited in June 2000 and was also the winner of the 1999 Platinum Division in the first Reuters sponsored Nigerian Issuing House Awards. In 2000, FCMB-CML also received the inaugural Mergers and Acquisitions award in recognition of its expertise in this area. It has subsequently received the 2001 and 2002 award in the same category. **FCMB is the first and only bank in Nigeria to have held these diverse awards at the same time and remains the only institution to have won the Mergers and Acquisitions award for three consecutive years.**

In recent times the bank has also received recognition for its successful forays outside of investment banking, with nomination in 2009 for the most innovative bank in Africa by African Banker Magazine.

Our Approach

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

Factfile

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

Associated Companies

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

FCMB (UK) Limited (100% ownership)

This is an investment banking firm, established to service the international corporate finance and investment service requirements of its client base and broaden the reach of its stockbroking services to the UK investors. Its stockbroking division CSL UK is recognised as one of the City of London's leading research and securities distribution firms for Nigerian securities.

Services include:

- Corporate Finance
- Securities Research
- Sales and Trading
- Representative Office for FCMB plc.

FCMB Capital Markets Limited (100% Ownership)

Licensed by the Nigerian Securities and Exchange Commission as an issuing house and financial advisor, FCMB Capital Markets Limited is the local investment banking advisory arm of the Group, specialising in equity and debt capital raising, M&A advisory and other forms of financial advice to top tier corporates. FCMB Capital Markets remains a market leader in its field.

Credit Direct Limited (100% ownership)

Credit Direct Limited (CDL) is one of Nigeria's leading microlending organisations in terms of profitability, asset quality and customer experience. CDL is also the fastest growing microlender in Nigeria.

CSL Stockbrokers Limited (100% ownership from November 2009)

CSLS is a leading stockbroking and investment management firm in Nigeria. Its equity and macroeconomic research is recognized internationally and the firm executes a significant share of international portfolio trades on the Nigerian Stock Exchange. The firm is positioning to be the leading conduit of portfolio investment into Sub-Saharan Africa.

City Securities Registrars Limited (100% ownership from November 2009)

Nigeria's largest independent share registration company that manages the Register for many of the country's leading corporate and quoted multinationals in the most actively traded sectors, including two leading banks, two leading cement companies and two leading petroleum marketing companies amongst many others – providing access to an investor database in excess of 300,000 investors.

Legacy Pension Fund Administrators (PFA) (25% ownership)

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

notice of **annual general meeting**

Notice is hereby given that the 27th Annual General Meeting of First City Monument Bank Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan Lagos on Wednesday, July 21, 2010 at 11.00 a.m. to transact the following:

Ordinary Business

1. To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2009, the Auditors Report thereon and the Audit Committee Report.
2. To declare a dividend.
3. To appoint new Auditors and authorise the Directors to fix the remuneration of the Auditors.
4. To approve the remuneration of Directors.
5. To re-elect directors in place of those retiring.
6. To elect/re-elect members of the Audit Committee.

Special Business

7. To consider and if thought fit pass the following resolutions as Special Resolutions:
 - i. "Subject to the approval of Regulatory Authorities the Company be and is hereby authorized to accept from leading development financial institutions and/or offshore correspondence Banks or Lenders from time to time an investment in equity and/or convertible debt upon terms to be agreed, resulting in the increased issued share capital of not more than 575 million ordinary shares on such terms and conditions as may be approved by the Directors".
 - ii. "That the financial year-end of the Company be changed from April 30 to December 31 in line with the directives of the Central Bank of Nigeria".

Dated this 24th day of June, 2010.

By Order of the Board



Olajumoke Bakare (Mrs)
Company Secretary

Olajumoke Bakare
Company Secretary



Notes

Proxies

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

Dividend

If approved, a dividend of 5 kobo per share will be payable to shareholders whose names appear in the Register of Members at the close of business on Monday July 12, 2010. Dividend Warrants will be posted to shareholders on Wednesday July 28, 2010.

Closure of Register

The Register of members will be closed from Tuesday July 13, 2010 to Friday July 16, 2010 (both days inclusive).

Audit Committee

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

from the archives of **the founder**



Our origins and our foundation

I always relish taking us – namely the different stakeholders of our Group and other readers of our Annual Reports – back to our origins and our foundation; not because of any selfish motive or personal aggrandisement, but to remind all of us as to where we are coming from; as well as the ethos, values, ideals and culture that have sustained us to be where we are today.

The essence of what I am saying is that the attributes and the benefits of these origins and foundation, particularly at these trying times in the Nigerian economy in general and the banking industry in particular, cannot be said to be a stereotype or being over-emphasized. Hence the collective efforts of all our stakeholders to ensure that we remain focused on these ideals and values which have earned us respect and have always set us apart among our peers is going to be the thrust of my message this time. However, it is one thing to be aware of these ideals and values; it is another thing to assiduously put them into practice. Whether we are referring to the global economic meltdown or the reforms being undertaken by the Central Bank of Nigeria as a result of the recent stress audit of banks' books of accounts, we at First City Group and particularly FCMB readily acknowledge what strategies and original values have enabled us to achieve our present level of development and recognition.

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

Going forward, what we should aspire to do is to make use of the resources at our disposal by continuously re-engineering our strategies, conscious of those set values to achieve optimal development of our institutions. Therein lies the justification for my harping on those ideals and the culture that have taken us thus far. We are indeed going through a crucible of fire, which if we properly manage and combat, should enable us to emerge stronger. We should therefore gird our loins in renewing and reburnishing our strategies to sustain the values enshrined in our foundation. This is the least that our different stakeholders particularly, our shareholders and founders would require of us.

Let me however reassure the management that many observers including my humble self are impressed by the continuous re-strategisation and the renewal going on within the structure of our institutions as well as the constant reviewing of business practices particularly our steadfastness and commitment to be the best in the marketplace. We should however be aware, that we have a long haul before us. From the beginning, we have set standards at a very high level and have raised the bar of professionalism and ethics in banking and financial services which in turn have wetted the appetite of not just our stakeholders, but other observers to expect that the best is still to come from our Group. Hence we should not disappoint the expectations of our admirers.

I am confident like so many other stakeholders that as we march through the crucible of the economic meltdown and the trident reforms of the Central Bank of Nigeria equipped with the strategies we are putting in place, the management of the Group and particularly FCMB should be able to achieve the goal that we have set for ourselves. Any observer would notice considerable keenness and enthusiasm among the generality of our staff, but what one would like to see is adequate fire power particularly at the level of business drivers to enable the institution to deliver good results which would earn us the pride of place within the comity of financial institutions. There is no doubt that the FCMB of our dream is within our reach and we should endeavour to go for it.

It is therefore with this in mind that I will like to conclude that through our abiding faith in sticking to our original values, ideals and culture and through the love of God, all must definitely be well with us.

Thank you



Otunba Michael O Balogun, CON
FOUNDER

statement from **the chairman**



Fellow shareholders and directors, invited guests, ladies and gentlemen, it is my pleasure to welcome you to the 27th Annual General Meeting of our bank and to present to you the Annual Report and Accounts of the bank for the financial year ended 30th December, 2009. In keeping with statutory requirements, I am also pleased to confirm that copies of this Annual Report and Accounts were sent to shareholders in advance of this meeting.

I would like to start by reviewing briefly the business environment in which the Bank operated during the last financial year and to summarise how the significant challenges posed by this environment impacted on our business activities and performance. However, let me first remind you that the Bank's last financial year, which is reviewed in this report, was limited to just eight months; ie from 1st May, 2009 to 31st December, 2009, which was, of course, in keeping with the Central Bank of Nigeria's ("CBN") directive to all banks to harmonise their year-end to 31st December, with effect from 2009.

A Year of Government Bail-outs and Interventions

The year 2009 was a chaotic year, which saw the failure of various banks and large corporations around the world, numerous filings for bankruptcy and countless government interventions, both internationally, and at a national level as well.

The joint bail-out of the Greek economy by the Eurozone countries and the International Monetary Fund is only the most recent example of this worldwide crisis.

“As we slowly return to a more stable and positive business environment, the bank is well positioned to benefit from those opportunities which always present themselves during an economic recovery.”

The global financial melt-down started in 2007 and, as you are aware, it was initially triggered by the loss of investor confidence in the value of securitised mortgages, as well as other complex credit instruments, in the United States of America. This resulted in a subsequent liquidity crisis, both in the United States and in Europe, which prompted a sharp contraction in money supply, a rapid decline in credit to the economy, a collapse in both consumer confidence and spending, all of which led ultimately to a major recession, that is still affecting the majority of both developing and emerging market economies, although some of the latter are now showing signs of leading the rest of the world out of recession.

The year 2009 started with the United States Treasury purchasing a total of US\$1.4 billion in preferred stock from 39 American banks under the Capital Purchase Program, which was intended to ensure that these troubled banks, remained liquid and which represented the first tranche of the United States Government’s Troubled Asset Relief Program (“TARP”). Substantial government bailouts were provided for several leading banks, including Citigroup and Bank of America, whilst the insurance giant, AIG, as well as the major automobile companies, General Motors and Chrysler, were also rescued by the Obama administration. All these corporations had been seen as blue chip institutions and leaders in their sectors, but this perception of stability was shattered overnight by the wave of liquidity crises, insolvencies, nationalisations and bail-outs, which have hit the global economy over the last eighteen months. Subsequent to these events, all the Western economies have been forced into the deepest recession which most of us have experienced in our lifetimes. From Washington to Beijing, governments abandoned conventional economic management, in favour of massive injections of

liquidity into their national economies, using a variety of new techniques, including the still controversial ‘quantitative easing’, as they tried to stimulate consumption and avoid an even deeper recession. In line with such policies, the Obama administration signed a US\$787 billion fiscal stimulus package, whilst European Union governments responded with fiscal measures, valued at some 1.5% of Europe’s GDP. This initial response has, of course, now been overtaken by the more recent significant support measures agreed to prop up the Greek and, possibly, other troubled Eurozone economies.

Most of the banks and corporations that received TARP support, including Goldman Sachs, JP Morgan, American Express, Bank of New York Mellon, the BB&T Corporation, Capital One, repaid these funds within the year and in most cases, subsequently reported better than expected results. Stock markets around the world began to recover towards the end of the year, as renewed confidence returned to the finance system; for example, in November, 2009, the Dow Jones Industrial Average closed above 10,000 for the first time since 3rd October, 2008.

It is significant that the year also witnessed a major property and stock market crash in Dubai. Property in Dubai lost over half its value during the year, leaving investors scrambling to exit the market. However, the stock market in Dubai, like those elsewhere, is at last showing signs of slow recovery. The attention given to the financial problems in Dubai were a clear indication of the global scale of the crisis, as well as demonstrating both the importance, but also the potential vulnerability, of newly emerging financial centres.

Nigeria: A year of Uncertainty and Major Changes

Nearer to home, Nigeria witnessed considerable uncertainty throughout the year, in a range of different areas – political, economic and social.

Politically, Nigeria experienced a power vacuum from November 2009, to early 2010, as a result of the absence of the late President Yar'Adua for prolonged medical treatment abroad. His subsequent sad death, and the political developments which have taken place since, are too recent to require comment here. The country also experienced various disruptions to oil production in the Niger Delta region, as well as a climate of civil unrest in some other regions, all of which contributed to the creation of an exceptionally harsh business environment throughout the past year. The Stock Exchange was also affected and remained in a bearish mood. In the course of the year, the All-Share Index ("ASI") fell slightly by 3% from 21,491.11 to 20,827.17, whilst market capitalisation remained almost flat (a mere 2% rise) from N4.883 trillion (USD 35.91 bn) to N4.989 trillion (USD 33.71bn).

However, the news was not all negative, as the price of crude oil rose from US\$35 per barrel to US\$77 during the period under review, whilst GDP grew by 6.9%, which is significantly higher than the 5.98% recorded in 2008. The non-oil sector, as a whole, remained the major driver of growth, although this was complemented by the sharp increase in the growth of oil sector GDP, following the relative peace in the Niger Delta in the second half of the year. The higher than anticipated real output growth recorded in Nigeria, despite the harsh international economic environment, mirrored the trends in some other sub-Saharan African countries and further buttressed the view that African countries were better able to withstand the global economic and financial crisis, relative to other regions of the world.

Broad money (M2) grew by about 12.8%, which was significantly below the indicative benchmark of 20.8% growth originally predicted for 2009. Similarly, aggregate net domestic credit grew at a rate of 56.1%, compared with the provisional benchmark growth rate of 86.97% for the year. Despite the various policy measures implemented by the Central Bank of Nigeria ("CBN") to ensure adequate liquidity in the banking system, so-called "reserve money" stayed well below the indicative benchmark for most of 2009. The annualised growth rate of private sector credit was 26.10%, well below the indicative rate of 45%, but not in itself insignificant, in view of the various

developments in the banking sector. Overall, the trends in money supply movement reflected the fall in net foreign assets and the slowdown in credit to the private sector.

The foreign exchange market remained relatively stable for the better part of 2009, following the support measures introduced by the CBN after the initial turbulence recorded in the first quarter of the year. As at the end of December, 2009, the WDAS average exchange rate was N149.58 per US dollar, compared with N126.48 per US dollar at the end of December, 2008. The inter-bank market rate averaged N151.03/US\$, as at the end of December, 2009, and so, also as at that date, the spread between the WDAS and inter-bank market rates was insignificant. This convergence reflects renewed confidence and clarity of expectations, based on the stability that has so far been shown in the exchange rate.

As at 29th December, 2009, external reserves stood at US\$42.47 billion, down from the level of US\$53 billion recorded at the end of December, 2008. Overall, the net outflow of foreign exchange has reduced significantly from US\$5.6 billion, US\$3.8 billion, and US\$931.93 million to US\$138.37 million, in the first, second, third and fourth quarters of the year, respectively.

Changes in the Banking Sector: the Central Bank of Nigeria Steps in

As you are well aware, a special audit of all the 24 banks operating in Nigeria was carried out by teams of examiners from the CBN and the Nigerian Deposit Insurance Corporation, during the recently concluded financial year. The audit was commissioned by the newly appointed Governor of the CBN, Mallam Lamido Sanusi, to investigate the capital adequacy, liquidity ratios and corporate governance position of Nigerian banks. At the end of this audit, the managing and executive directors of eight banks were removed, while two banks were asked to raise additional capital, in order to shore up their balance-sheets. The CBN also injected N620 billion into the eight distressed banks, in the form of Tier 2 capital, to improve their liquidity levels and support the reconstruction of their balance sheets. I am pleased to remind you that your Bank, First City Monument Bank Plc (FCMB), was one of the 14 banks found to be adequately capitalised and sufficiently liquid to carry out its current activities.

Another important directive from the CBN mandated all banks operating in Nigeria to adopt a uniform reporting period from 1st January to 31st December. In compliance

with this, your Bank has changed its year-end from 30th April to 31st December and, as a result, operated an abridged financial year from May to December in 2009, so as to align its operating period with that contained in the CBN's directive.

Whilst the audit, as well as the subsequent additional provisions made in accordance with the CBN's directives, will slow asset creation and reduce banks' earnings in both the immediate past and the current years, we are hopeful of a return to earnings growth in 2010. We expect this revival to be driven both by improvements in the domestic economy and, more specifically, by write-back recoveries from non-performing loans. It is, indeed, encouraging to see that significant amounts of money are already being received from this source, as the Bank's management has instituted a vigorous debt recovery programme, which is already showing clear signs of success.

The improvement in regulation, corporate governance and disclosure by banks will undoubtedly enhance the confidence of foreign banks and investors in the Nigerian banking sector, hopefully leading in turn to an increase in foreign trade lines and a return of portfolio investors to the Nigerian Stock Exchange.

Financial Performance

I am pleased to report that, although the banking industry, as a whole, faced significant turbulence in the last financial year, First City Monument Bank Plc (FCMB) continued to perform satisfactorily, under difficult market conditions. During the 8-month financial year, we achieved gross earnings of N35.7 billion, representing a 50.7% fall as compared to the annualised figure to 30th April, 2009. Post-tax profit, over the 8-month period was N564 million, a 85.9% fall, as compared to the annualised figure to 30th April, 2009. This decline was principally due to the general slowdown in all business activities, as well as the Bank's prudent decision to suspend lending for a period, in order to enable it to carry out a thorough review of all its credit policies and procedures.

Dividend Policy

FCMB's Board of Directors has adopted a policy that seeks to provide investors with stable and sustainable capital distribution, with consideration given to the growth requirements of the business, thereby maximising long-term share value for shareholders. In light of this, and despite the decline in profits referred to above, arising from the exceptional provisions and the slow-down in the level of business activities,

as well as the need to pursue a conservative capital retention strategy, the Board has nevertheless proposed a token payment of 5 Kobo per share to shareholders. This payment is an indication of our confidence in the future growth prospects of the Bank, as well as a gesture of thanks to our shareholders for their support throughout these difficult times.

Board Composition

The Board composition has remained the same since the last board meeting, as no new directors were appointed. However, the Board is aware of the need to appoint a second independent director and the process has already commenced. The Board is confident that such an appointment will be made in the course of the current year.

Looking Ahead

As always, I should particularly like to thank the Bank's customers, its shareholders and its staff, for their respective commitments and contributions to the bank over the past year. The Bank has delivered what I believe are respectable financial results, in spite of having to operate in a turbulent global and domestic environment and, also, of having to make substantial provisions against its loan book, reflecting the turbulence of this economic environment. However, most importantly, they are results which your Board is confident reflect the true performance of the bank and which will withstand the scrutiny of any analyst. The Board is, therefore, confident that, as we slowly return to a more stable and positive business environment, the Bank is well positioned to benefit from those opportunities which always present themselves during an economic recovery.

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



Jonathan Long
Chairman

review by the **chief executive officer**



Distinguished shareholders, ladies and gentlemen, the eight months ended December 2009 mark our return to the December year-end in line with the CBN Directive of a common year-end for all banks. The common year-end will aid industry analysis on a level footing for investors, credit analysts and all interested stakeholders. It is therefore a welcome development. This period was also characterised by continued slowness in the economy, contraction of loans, political uncertainty at the federal level and a focus on loan recovery and portfolio restructuring by most players in the industry.

Industry Summary

Your Bank has weathered an extraordinarily challenging year, as the global financial crisis spread from the more developed countries into Nigeria. I would like to begin by humbly appreciating the commitment and efforts of our staff and Board of Directors and the loyalty of our customers during such a turbulent and uncertain period.

The 2009 fiscal year was dominated by news of falling oil prices, a declining stock market, and the CBN special audit aimed at restoring confidence in the banking system. These entire events cumulated to create one of the most difficult and complicated economic environments experienced by the Bank.

The stock market declined by 70% in 2008–2009, resulting in a high level of non-performing loans in the form of margin finance facilities, the devaluation of the Naira in Q1 2009, and also the 60% crash in crude oil prices that caused the importers of petroleum products to default on loans. This was transmitted into the inter-bank market, leading to hoarding of funds (cautious lending policies) and the consequent

rise in lending rates. In order to stabilise the system and instill confidence in the market, the CBN intervened, introducing well-calculated measures which include:

- stress test and audit of banks, in order to identify the banks that may or may not survive the crisis; this process led to high levels of non-performing loan provisioning
- forced change of leadership in the eight troubled banks and injection of liquidity totalling N620 billion; three other banks were found to be inadequately capitalised and were given until June 2010 to do so
- lowering the mandatory liquidity ratio from 40% to 25% in an attempt to free up liquidity and stimulate lending
- guaranteeing inter-bank placements up until end 2010, which was subsequently extended until June 30, 2011.

The economic crisis of 2009, together with the CBN intervention, led to an initial spike in loan loss provisions for FCMB. By September 2009, the Bank's loan loss provisions had risen to a non-performing loan ratio of 13%. However, with a singular focus on recoveries, the Bank was able to achieve a substantial recovery of the provisions enabling the Bank to end the financial year with a non-performing loan ratio of 9%. The CBN's stress test methodology was more conservative, compared to the prudential guidelines we usually use for loan loss provisioning. Another effect of these extraordinary events was a deliberate slowdown in business activities as we endeavoured to take stock, review and re-direct our business. Nonetheless, we were

“The bank will remain focused on leadership in the niches of retails finance, transaction banking and investment banking. We will place quality and efficiency ahead of size, and our decisions will continue to be driven by a better understanding of our customers.”

able to post positive results and maintained a high capital adequacy ratio of 32%, providing us with a robust platform for future growth and a position in which we are ready to capitalise on the ongoing industry reform and transformation. As a sign of appreciation of our shareholders, we have also proposed a dividend payment of N0.05k per share.

Our strategy and focus remains our target of leadership in three profitable niches – Retail Finance, Investment Banking and Transaction Banking.

Investment Banking had a very slow eight months, particularly in the capital markets where we recorded losses in both our brokerage subsidiary CSL Stockbrokers Limited (largely due to one-off write offs) and in FCMB Capital Markets Limited. However, fixed income and currency sales and trading posted strong results, exhibiting acyclical characteristics with widening spreads. We expect sales and trading will remain strong in 2010, whilst brokerage activities will pick up as the stock market recovers and the stockbroking industry consolidates. Finally, we see a steady pick up in the advisory business as we strengthen the team and position for significant activities in the bond market, infrastructure advisory and a recovery of the equity markets. Our investment banking portfolio of services is increasingly diverse, yet sufficiently focused to ensure that we will retain leadership in every aspect of the segment that we play.

Transaction Banking accounts for over 60% of the Bank's revenue, 21% of the Bank's risk assets and comprises trade finance and cash management (payment collections and liquidity management) for corporate and institutions. Our differentiating capabilities include our technology platform – MyBank@Net – which is now used by

over 40 corporate organisations for e-payments and a soon to be launched structured trade finance capability, designed to significantly grow our share in commodity trade volumes. While Transaction Banking, in the broadest sense, has been the hardest hit part of the business in absolute terms (as lending declined in the eight months to December 2008) it also represents the biggest opportunity for annuity income going forward, as our e-payment platform gains greater market acceptance and improves the 'stickiness' of our corporate relationships.

Retail Banking experienced significant growth, particularly in deposits, which grew by 55% in eight months. Retail loans had a mixed result, as products such as mortgages fared less well. However, our consumer finance subsidiary, Credit Direct Limited, had an excellent eight months, with the loan book growing by over 100%, NPL ratio at 1% and a net income growth of 90%.

Financial Performance

During the eight months to December, the Bank witnessed some measures of annualised declines in some of its performance parameters. Gross earnings dropped by 25% to N35.8 billion and profit before tax dropped by 73% to N857 million.

The Bank's focus in the course of the year was mainly on recovery of the classified assets. N9 billion of the classified assets were recovered in the period, thus leading to a decline in NPL ratio to 9%. During the year there was a deliberate slowdown in creating new risk assets to enable the Bank to strengthen its underwriting process and rebalance the loan portfolio, reducing exposure to problematic sectors such as petroleum trading and residential real estate. These factors led to a decline of around 12% in the net risk of the Group. Furthermore, the desire not to maintain a high level of idle funds made the Bank pay down some expensive tenured funds thus reducing the level of deposits by about 17% as at end of December 2009.

In spite of the various challenges, there were a number of successes, which were instrumental to the Bank closing the year profitably. Our consumer finance business, managed under the wholly owned subsidiary Credit Direct Limited, had a very strong year. The loan book grew by 121% in the eight months and the business recorded a profit before tax of N725 million. The fixed income and currency trading activities, which now come under our Investment Banking division, also witnessed sustained growth in profitability contributing N1.871 billion in eight months, representing 49% annualised growth from the prior year.

Expenses were kept under relative control. Even though revenues were under significant pressure, it was our view that the situation would be temporary and that the emerging opportunities after the downturn will require having our full complement of resources at our disposal. Consequently we avoided the temptation to rationalise in order to meet short-term targets. Nonetheless, the Bank was able to keep annualised operating expense growth to 6% in spite of inflation of 12% year on year for the period and the addition of 14 branches during the period.

2009 saw the completion and final regulatory approvals for our acquisition of the CSL Group Limited (CSL Stockbrokers (CSLS) and City Securities (Registrars) Limited). The companies made a marginally negative contribution to overall profitability of N72 million loss, coming primarily from write-offs of over N700 million from capital market exposure. However, we expect that the CSL Group Limited's contributions in 2010 will be strongly positive as traded volumes in the stock market grow and CSLS' market share increases. Similarly, we expect many companies to resume dividend payments this year, which will shore up the fortunes of the Registrars business.

Activities in the Bank

In spite of the focus on recoveries, the Bank achieved a series of operational milestones. We opened a further 14 branches in 2009, bringing our total number of branches to 150. This is the culmination of five years of aggressive branch investment that has seen us open over 100 branches during that period. Future branch expansion will be either through acquisitions or at a much slower pace of three to five new builds a year. This will have a positive impact on earnings as these investments begin to break even.

The Bank also opened its United Kingdom subsidiary, FCMB UK, for business. FCMB UK serves as a hub for CSL's investment services business, providing research and securities sales to UK and European investors. We expect that this business will extend its sales and trading activities over the next few years, whilst also building a corporate finance capability to source international capital into Nigerian projects and businesses.

In 2009, we completed the implementation of our transaction banking technology platform, with the launch of the full suite of cash management offerings as well as trade offerings. I am pleased to state that this platform is providing us with a significant source of differentiation in our corporate and government relationships. The opportunity in payments and collections of over N10 trillion annually is our focus, which will drive growth in both float and fee income, as well as present significant working capital and structured trade lending opportunities.

Future Outlook

As 2010 progresses, we expect a vastly improved financial performance and operating landscape. We have brought to a close several years of very significant investments (particularly in branches and technology) necessary for our retail transformation, which will begin to deliver returns over the next few years. Whilst investments will continue, they will be more modest and less transformational in nature. Consequently our margins and our liquidity will grow. The Bank will remain focused on leadership in the niches of retail finance, transaction banking and investment banking. We will place quality and efficiency ahead of size, and our decisions will continue to be driven by a better understanding of our customers. We look forward to a strong performance in 2010, and by 2011 we expect that profitability and efficiency ratios will have surpassed the best we attained prior to the downturn. We are therefore confident that with the continued support of our stakeholders and growing customer patronage, we will deliver significant value to our shareholders.



Ladi Balogun

Managing Director/Chief Executive Officer

My Bank and i... committed to our community corporate social responsibility **activity report**

Profile

Corporate social responsibility (CSR) lies at the heart of First City Monument Bank Plc. Our CSR activities are focused on investing in the communities in which we operate and implemented through strategic initiatives designed to maximize impact and ensure positive, long-term sustainability.

We continue to build our strategic framework for corporate citizenship and align our approach with our business' proposition – 'My Bank and i' – adding value to our customers and building lasting relationships with them and the communities in which they live.

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

CSR Philosophy – 'Teach A Man To Fish'

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

Our CSR unit is structured so that it drives our overall mission across the entire organisation. Our ongoing journey enables us to ensure our actions transcend cultural barriers, and address both social and economic challenges. This can be seen in the promotion of environmental conservation around our branches and our homes, and the development of partnerships that encourage economic independence and opportunities for human development.

Contact:

Wallace Akomode, *Head, Corporate Social Responsibility*

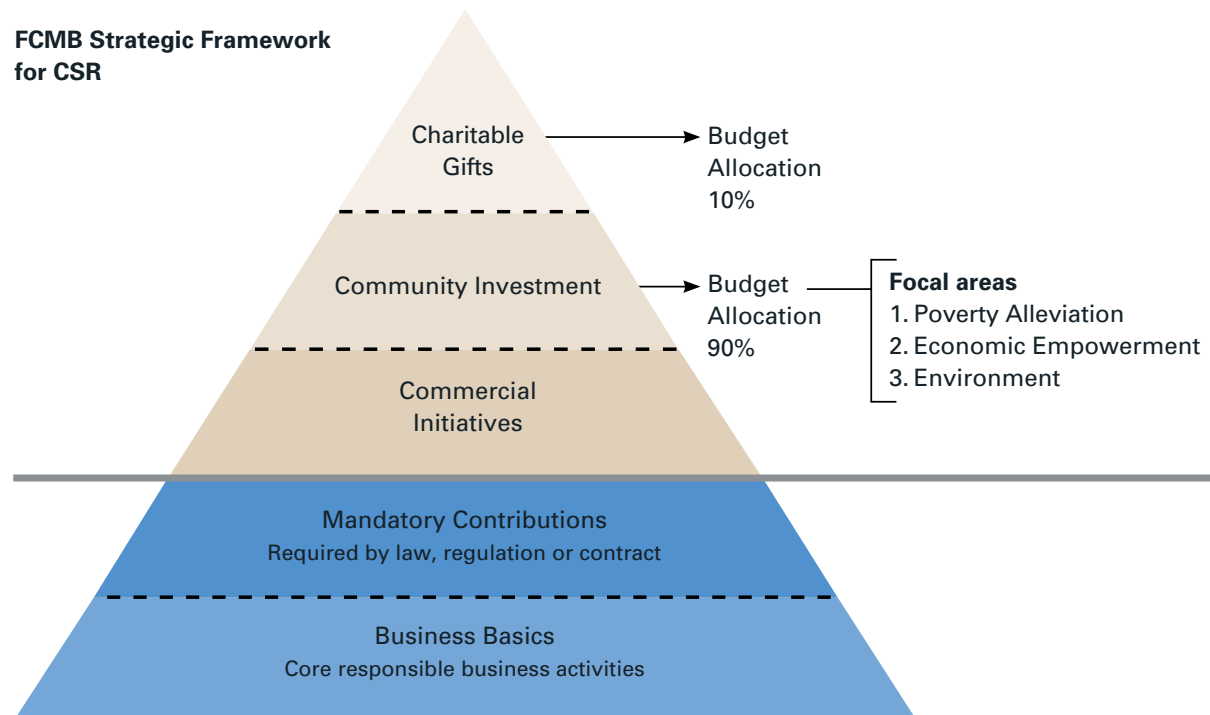
Tel: +234 7098002847

Email: Wallace.Akomode@firstcitygroup.com



www.firstcitygroup.com

FCMB Strategic Framework for CSR



Our CSR Goal

Our CSR goal is to be the number one socially responsible brand in our industry. This ambition is eloquently expressed through our carefully selected focal areas:

Poverty Alleviation

Support for the alleviation and eradication of extreme poverty and hunger

Environmental Sustainability

Support for environmental sustainability

Economic Empowerment

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



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



Read more in our CSR report



www.firstcitygroup.com



A full listing of our donations can be found on pages 38 and 39 of this report



www.firstcitygroup.com

CSR Activities During the Year



1

Poverty Alleviation

Because we know that 70% of Nigerians live below the poverty line and survival of our business is intricately connected with quality of lives within the community we operate in, we are working with implementing partners across the nation to support the alleviation and eradication of extreme poverty and hunger.



1

SOSAID charity home 1

SOSAID is one of the CSR Implementing Partners with which FCMB works to ensure that the suffering of the poor is alleviated and dignity is restored to humanity.

It is a non-governmental organisation that helps to protect destitute and mentally challenged people from the abuse and misery of the streets, by taking them into the safety of a home where they are rehabilitated, empowered to become independent and ultimately reconciled with their families.

With the ongoing support from FCMB employees since 2006, over 527 destitute have been taken away from the street and over 253 rehabilitated and reconciled with their families.



2

Bethesda Child Support Agency

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

Priceless Gift Of Sight 2

FCMB in collaboration with the Tulsi Chanrai Foundation restored the sight of 600 underprivileged blind people who otherwise would have been unable to afford the restorative surgery. As part of FCMB's Priceless Gift initiative which aims to make a life changing contribution to the lives of the poor in our society, cataracts patients in Kebbi, Cross Rivers, Adamawa and Imo states of Nigeria were provided free eye surgery and post surgery care.

The programme also served as a skills acquisition and enhancement opportunity to medical practitioners in all four locations with technical support from our implementing partners Tulsi Chanrai Foundation.



2

Economic Empowerment

Leading from our CSR Philosophy of “Teach A Man To fish”, our economic empowerment activities seek to create an enabling environment for economic empowerment through micro-entrepreneurship, micro credit and skills acquisition.

FCMB Skills For Life Programme ³

The FCMB youth empowerment programme, christened the Skills For Life, was successfully completed in Kano state and is currently being planned for other parts of the country. In Kano, 150 carefully selected uneducated, unemployed and socially disadvantaged youths were offered vocational skill training in photography, leatherworks, mobile phone repairs and poultry farm management, boosting participants’ employment opportunity as well as encouraging them to play a more positive role in their communities. Grants for tools and equipments as well as micro-loans to start up business were provided. Some of the trainees went on vocational placement to gain further experience and today, 22 of those trained have sustained their businesses to the level of creating additional employment for others.

This programme also provided skills acquisition and enhancement opportunity for the 50 students of the Bayero University Kano who worked with our implementing partner Students In Free Enterprise (SIFE).

Arabic Girls Secondary School, Danzomo, Jigawa state

In rural Jigawa State, FCMB supported the renovation of the Arabic Girls Secondary School, Danzomo, in an effort to provide an enabling environment to support learning and acquisition of basic skills which will fight poverty.



3



3

Otunba Tunwase National Paediatric Center (OTNPC): ‘A gift to the nation’

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

Medical Skills Enhancement for Rural Practitioners

The International (Sports) Academy

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

Environmental Sustainability

C2G (Committed 2 Green)

At FCMB we appreciate the basic fact that our lives and businesses are sustained by the environment in which we exist, hence the institution of our environmental sustainability initiative C2G (Committed 2 Green). With current global focus on the environment, we are working hard to minimize our impact in line with our company’s commitment to triple bottom-line reporting (People, Planet and Profit).

The launch of our Committed 2 Green initiative has provided a social engagement platform to raise awareness and educate our staff, customers and members of the public on environmentally friendly behaviour. Since inception, over 2,500 staff and members of the public have participated in a sanitation and waste management initiative, but even more noteworthy is FCMB's strategic collaboration with the British Council, Lagos State Government, and Nigerian Media Practitioners to bring widespread attention to climate change and environmental degradation, as well as support projects which address these issues.

Climate Uncovered with the British Council

FCMB in collaboration with the British Council, engaged over 50 media practitioners from all over Nigeria in a capacity-building exercise aimed at empowering local media practitioners to sensitise the public on climate change and environmental degradation. At the end of the training exercise which took place both in Kano and Lagos, selected participants were sponsored to attend the Copenhagen Summit. As a result of this effort, there has been a proliferation of environment-related reports on Nigerian media. The first online club for environment reporters was formed and other plans are in the pipeline for the duo to further involve children, opinion leaders and community enablers in environmental sustainability in Nigeria and possibly Sub-Saharan Africa where the effects of climate change are predicted to be amongst the most severe.

Eko Atlantic City

FCMB is currently supporting the Lagos state government in the development of the Eko Atlantic City - a land reclamation initiative, which aims to recover about 9 million square meters of land and restore an original shoreline that has been lost to the Atlantic Ocean as a result of rising sea levels over the last century. Owing to the location of Victoria Island, it is directly impacted by rising sea levels and storms



which result from climate change but with this futuristic development which FCMB support, not only would there be more land available for the commercial capital of Nigeria but a formidable protection would be provided against the destructive force of the ocean against the vulnerable Island.

C2G within the FCMB Community

The C2G sensitisation and awareness has truly gained momentum nationwide and succeeded in engaging staff, customers and members of the public in promoting environmental sustainability.

Within the FCMB community, the mantra of Reduce-Reuse-Recycle has found a niche. We run a "Paperless Office" policy which has led to the automation of most of our operations and drastically reduced our paper consumption bank-wide.


To encourage our customers to adopt some environmentally friendly habit in their transactions, we have introduced paperless banking through our robust cutting edge electronic Transaction Banking platform. Currently we have well over 100 of our corporate customers signed on to this platform which not only reduced the use of paper but reduced carbon emissions from transaction related travel.

Charitable Gifts:

Match4Match

Match4Match is a staff engagement initiative which seeks to encourage social responsibility amongst staff by matching the support of participating staff to a particular charity or community development initiative during any given month.

Through this unique initiative, FCMB supports and celebrates members of staff who exhibit social responsibility by publicly supporting the charities and causes to which they have demonstrated personal commitment. In 2009, 16 charities and community development organisations nationwide (including Lekki Orphanage Home, Heritage Homes Orphanage, Joy In Africa Foundation, and SOSAID CHARITY HOME) benefitted from the FCMB Match4Match scheme.

 [Read more in our CSR report](#)

Board Evaluation Report



30 April 2010

The Chairman
Board of Directors
First City Monument Bank Plc
Primrose House
Lagos, Nigeria

Dear Sir

Report to the Directors of First City Monument Bank Plc (FCMB) on the outcome of the Board Evaluation

PricewaterhouseCoopers was engaged to carry out an evaluation of the Board of Directors of First City Monument Bank Plc ("FCMB") as required by Section 5.4.6 of the Central Bank of Nigeria's Code of Corporate Governance for Banks in Nigeria ("the Code"). The Code requires that the review should cover all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Board's performance for the period ended 31 December 2009.

The Board is responsible for the preparation and presentation of information relevant to its performance. Our responsibility is to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our letter of engagement of 5th February 2010. In carrying out the evaluation, therefore, we have relied on representation made by members of the board and management and on the documents provided for our review.

On the basis of our review, it is our conclusion that the Bank has made concerted effort to improve its corporate governance practices. Some areas for further improvement include the need for a formal succession plan for senior management and the appointment of a second independent director. Other recommendations are contained in the detailed report.

Yours faithfully
for: PricewaterhouseCoopers

Ken Igbokwe
Managing Partner

corporate **governance**

Commitment to Corporate Governance

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

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

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

Board Composition and Independence

As at December 31, 2009, the Board comprised thirteen (13) directors: eight (8) non-executive and five (5) executive.

The Bank's Board is composed of a non-executive chairman, with executive and non-executive directors, all bringing high levels of competencies and experience, with enviable records of achievement in their respective fields. The Board meets regularly to set broad policies for the Bank's business and operations, and it ensures that an objective and professional relationship is maintained with the Bank's auditors in order to promote transparency in financial and non-financial reporting. Directors' emoluments, as well as their shareholding information, are disclosed in the Bank's Annual Report and Accounts.

The Guiding Principles of the FCMB Plc Code of Corporate Governance remain as follows:

- All power belongs to the shareholders.
- Delegation of authority by the owners to the Board and subsequently to Board Committees and executives is clearly defined and agreed.
- Institutionalised individual accountability and responsibility through empowerment and relevant authority.
- Clear terms of reference and accountability for committees at Board and executive levels.
- Effective communication and information sharing outside of meetings.

- Actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the bank and shareholders.
- Enhancing compliance with applicable laws and regulations and the interest of the stakeholders. Where there is any conflict between FCMB rules, the local laws and legislation supersede.
- Conformity with overall FCMB strategy and direction.
- Transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Bank's business.

Role of the Board

- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with approved budget.
- Ensuring the integrity of the Bank's accounting and financial reporting systems (including the independent audit) and that appropriate systems are in place for monitoring risk, financial control and compliance with the law.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Bank to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the full Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.

Board Committees

During the financial year ended December 31, 2009, the Board delegated some of its responsibilities to the following committees:

Credit Committee

Its function includes, but is not limited to the following:

- review and approve credit policy manual
- consider and approve detailed analysis for credit including contingents of amounts in excess of the limit of credit committee
- review and set credit policy direction where necessary
- consider and approve write offs presented by management
- be actively involved in credit risk control processes
- approve all material aspects of rating and estimation processes
- establish a strong internal credit culture
- be involved in capital planning
- use reports on the Bank's credit risk profile and capital needs to:
 - a) evaluate the level and trend of material credit risks and their effects on capital level
 - b) evaluate the sensitivity and reasonableness of key assumptions used in capital planning.

Committee Composition: Mr Godwin TS Adokpaye (Chairman), Dr John Udofa, Mr Ladi Jadesimi and Mr Bismarck Rewane.

Risk Management Committee

Its responsibilities include the following:

- set Bank-wide enterprise risk management vision, goals and objectives in compliance with world-class standards
- approve Bank's risk management framework for the various risk areas (credit, operational, strategic, reputation, compliance, market and liquidity risk management)
- approve and periodically review the Bank's risk appetite and portfolio strategy
- ensure that appropriate risk management policies, processes and methodologies are in place for managing the various risks to which the Bank may be exposed
- establish a management structure that is capable of implementing the Bank's risk management framework and ensure that qualified and competent person(s) at senior levels are employed to manage the various risk areas in the Bank
- endorse approval of new products/markets subject to the ratification of the full Board
- ensure that the Bank holds sufficient capital against the various risks and is in compliance with established capital adequacy goals and regulations
- periodically review the results of stress testing and use the outcome to conduct internal assessment of capital adequacy
- monitor the Bank's risk profile against set targets (risk appetite)
- initiate a benchmarking study and internal review to ascertain the adequacy of the Bank's approach to managing risks across all risk areas

- present reports on compliance with the enterprise risk management framework to the Board of Directors
- review and monitor the operational risk management framework
- review material contingent liabilities on litigation.

Committee Composition: Mr Bismarck Rewane (Chairman), Mr Godwin TS Adokpaye, Dr John Udofa, Mr Ladi Jadesimi, Mr Anurag Saxena and Mr Peter Nigel Kenny.

Finance & General Purpose Committee

Its functions include:

- review global budgets
- review strategy to ensure that desired cost-income ratio is maintained
- consider major capital projects being proposed by management
- consider/review extraordinary business initiatives of management on behalf of the Board
- consider disciplinary matters involving top management staff including directors
- review and approve extra-budgetary spending of the Bank above specified limits.

Committee Composition: Mr Godwin TS Adokpaye (Chairman), Mr Bismarck Rewane, Mr Ladi Jadesimi, Dr John Udofa, Mr Peter Nigel Kenny and Mr Tope Lawani.

Audit Committee

This is established in accordance with Section 359 (3) and (4) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. It comprises dedicated individuals with proven integrity that have a thorough understanding of the Bank's business affairs including the associated risks and controls put in place to mitigate those risks. The committee has overall responsibility for the Bank's internal audit processes.

Overall Purpose/Objectives

The Audit Committee will assist the Board in fulfilling its oversight responsibilities. The Audit Committee will review:

- the financial reporting process, the system of internal control and management of financial risks
- the audit process, both internal and external
- the Bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. Each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as the Bank's business, operations and risks.

Authority

The Companies and Allied Matters Act authorises the Audit Committee to:

- examine the Auditor's Report and make such recommendations thereon to the Annual General Meeting as it considers appropriate
- ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical principles

- review the scope and planning of the Bank's audit requirements
- review the findings on management matters in conjunction with external auditors and the department responses thereon
- keep under review the effectiveness of the Bank's system of accounting and internal control
- make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors to the Bank
- authorise the internal auditor to carry out investigations into any activities of the Bank, which may be of interest or concern to the committee.

Membership

- The Audit Committee shall consist of an equal number of directors and representatives of the shareholders of the Bank (subject to a maximum number of six members) and shall examine the Auditor's Report and make recommendations thereon to the Annual General Meeting as it may deem fit. Such members of the Audit Committee shall not be entitled to remuneration and shall be subject to re-election annually.
- The members will nominate any member of the committee as the chairman of the Audit Committee from time to time.
- Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary of the Bank at least 21 days before the Annual General Meeting.
- A quorum for any meeting will be a simple majority of three (3) members with a minimum of two (2) representatives of the shareholders.
- The Secretary of the Audit Committee will be the Company Secretary, or such other person as nominated by the chairman of the committee.

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

Human Capital & Remuneration Committee

Its overall objective is to assist the Board in fulfilling its oversight responsibilities by providing appropriate advice and recommendations on matters relevant to the committee's Charter in order to facilitate decision making.

The committee shall:

- establish a formal and transparent procedure for the selection and appointment of new directors to the Board
- determine the required role and capabilities for particular appointments
- identify suitable candidates to fill Board vacancies as and when they arise and nominate candidates for the approval of the Board
- establish the process for the orientation and education of new directors and develop policies to facilitate continuous education and development of directors
- assess periodically the skills required for each director to discharge competently the director's duties
- give full consideration to appropriate Board and senior management succession planning
- review disclosures and the process used for appointments
- review remuneration for the directors and senior management of the Bank
- approve special welfare schemes and proposals
- review and ratify promotions for top management staff.

In line with best international practice, the remuneration of non-executive directors would be decided by the Board of Directors as a whole on the advice of the Company Secretary and not by the committee.

Membership

- Five members (all non-executive directors) nominated into the committee shall jointly appoint a lead director who shall act as chairman of the committee.
- Group Managing Director/Chief Executive Officer shall attend meetings by invitation.
- Group Head HR shall be present at all meetings.
- In the event that the chairman's position becomes vacant, an alternative director who is also a member of the committee would be designated as interim chairman. The process to elect a new chairman will be initiated as soon as possible.

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

Executive Management Committee (EMC)

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

Frequency of Meetings

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

The Board and its committees met as follows:

Board Committee Meetings	Number of Meetings
Board of Directors	4
Board Credit	4
Board Risk Management	2
Board Audit	4
Board Finance & General Purpose	2
Board Human Capital & Remuneration	1

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

- i. Executive Management Committee, chaired by the Group Managing Director
- ii. Assets and Liabilities Committee, chaired by the Group Managing Director
- iii. Credit Committee, chaired by the Head of Enterprise Risk Management
- iv. Investment Committee, chaired by the Group Managing Director
- v. Information Technology Steering Committee, chaired by an Executive Director
- vi. Disciplinary Committee, chaired by the Head of Enterprise Risk Management
- vii. Staff Welfare Committee, chaired by the Group Managing Director
- viii. Risk Management Committee, chaired by the Head of Enterprise Risk Management.

Attendance at Board Meetings

The Board of Directors met four times during the year.

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

Shareholder Participation

The Bank is conscious of, and continues taking necessary steps to promote, shareholder rights.

The Bank has significantly benefited from contributions and advice from shareholder members of the Audit Committee.

All stakeholders are invited to report any concern about a threatened/suspected breach of any corporate governance requirement to the office of the Company Secretary.

Disclosure to Shareholders

Mr GTS Adokpaye and Alhaji Ibrahim Damcida, both directors of the Bank, are over 70 years of age.

The Directors' fees for the Financial Year ending December 31, 2010, shall be fixed at N78,000,000 (seventy eight million naira) only and a resolution to approve shall be proposed.

board of **directors**

Dr Jonathan AD Long

Chairman

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

He has over 28 years' corporate finance experience, working in merchant banking in the United Kingdom, Switzerland and Nigeria. He began his working career with William & Glyn's Bank Limited in 1973 and was appointed Manager, Corporate Finance, with Charterhouse Japhet Limited in London in 1976, before becoming General Manager of the bank's Swiss investment management subsidiary Charterhouse Japhet (Suisse) SA in Geneva in 1979 and eventually Assistant Director in 1981. He later established the operations of Standard Chartered Bank Plc in Geneva, Switzerland in 1982 before joining First City Merchant Bank Limited in 1985.



Mr Ladi Balogun

Group Managing Director

Ladi Balogun holds a bachelor's degree in Economics from the University of East Anglia, United Kingdom and an MBA from Harvard Business School, United States of America.

He has over 17 years' experience in commercial and investment banking in Europe, the United States of America and Africa. He began his banking career in 1993 at Morgan Grenfell and Co Limited, where he worked in the areas of risk management and corporate finance (debt origination). He was responsible for managing the bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and also part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian sub-continent. Subsequently he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996. He has worked in various areas of the bank, including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997. In 2000, he was made Executive Director in charge of Strategy and Business Development and in 2001 Deputy Managing Director. He was appointed the Managing Director in 2005.



Mr Henry Semenitari*Executive*

Henry Semenitari is an Executive Director, responsible for the Public Sector Division of the bank. He holds a bachelor's degree in Chemical Engineering from University of Lagos (1987) and an MBA from University of Navarra (IESE), Barcelona, Spain (2000).

He has over 20 years' banking experience in various areas including commercial and retail banking, corporate banking, operations and internal control. At various times, he has worked for established banks such as Zenith Bank Plc (1991 to 1992), Diamond Bank (1992 to 1996), United Bank for Africa plc (1996 to 2001) and Afribank plc (2003 to 2005).

He joined FCMB from Afribank in 2005, where he was responsible for developing the retail banking business across a network of over 150 branches.

**Mr Anurag Saxena***Executive*

Anurag Saxena holds a BE from the Regional Institute of Technology, India, and an MBA from the Indian Institute of Management, Calcutta. Qualified in International Investments and Capital Markets, he is also a Fellow of the Chartered Institute of Marketing, UK. He has over 21 years' experience in all aspects of banking including sales, distribution, marketing, product development, strategy, IT and operations, having worked with Barclays Bank, Standard Chartered Bank, Mashreq Bank and Citigroup. Anurag Saxena joined FCMB as COO in January, 2007 following the successful execution of a management services agreement between FCMB and Sabre Capital.

**Mr Peter Obaseki***Executive*

Peter Obaseki is an Executive Director responsible for Corporate Banking appointed into FCMB's Board of Directors in 2008 with over 24 years' banking experience. He holds a BSc and MSc in Computer Science as well as an MBA in Finance from the University of Lagos, and has received specialised training from some of the most prestigious institutions in Europe, America and Africa including the Lagos Business School of Nigeria, Afriexim Bank Egypt, and Columbia Business School of the United States. Peter previously worked with KPMG Ani & Ogunde as a Management Consultant focused on financial institutions before venturing into the banking industry. He joined FCMB in 1997.

**Mr Nabeel Malik***Executive*

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



Mr Godwin TS Adokpaye*Non-Executive*

Godwin Adokpaye holds a 1959 BA Honours degree in Classics from the University of Ibadan.

He worked with Mobil Oil Nigeria plc from 1959 becoming, first, District Manager, Benin, in 1961 and then, successively, Retail Sales Manager, Commercial Manager and Sales Manager between 1968 and 1972. He was appointed General Manager in 1972 and in 1974 he was made Executive Director, before finally retiring from an executive position in December 1984. He is on the board of a number of other companies.

He was appointed to the Board of the bank in 1984 and was formerly the Chairman of the bank's Audit Committee.

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

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

He commenced his working career as an accountant with the Ministry of Trade and Industry of the Government of Northern Region in 1959 and was transferred to the Federal Service in Lagos in 1962. He was a three-time Permanent Secretary in three different ministries (Ministry of Trade (1966 to 1970), Ministry of Defence (1970 to 1975) and Ministry of Finance in 1975). His business interests include banking and telecommunications and he is on the board of several blue-chip companies in Nigeria.

**Mr Ladi Jadesimi***Non-Executive*

Ladi Jadesimi graduated from Oxford University with MA and LLB degrees and subsequently qualified as a Chartered Accountant with Coopers and Lybrand in London, England.

On his return to Nigeria, he became, in succession, a Senior Executive of NAL Merchant Bank Limited and a partner of Arthur Andersen & Co and is now an independent financial consultant.

Ladi Jadesimi was appointed to the Board of the bank in 1983.

**Mr Nigel Kenny***Non-Executive*

Nigel Kenny is an alumnus of the University of Surrey, from where he obtained a BSc degree in physics (first class) in 1970 and a Doctorate in Theoretical Physics in 1973.

He is also a Fellow of the Institute of Chartered Accountants in England and Wales. He began his career with PricewaterhouseCoopers in 1973 as an Audit Manager and eventually rose to become the Deputy Regional Audit Manager. He worked with Chase Manhattan Bank NA between 1982 and 1992, becoming the Vice President and Area Audit Manager for Europe, Middle East and Asia in 1989. He joined Standard Chartered Plc, London in 1992 where he rose to become the Group Executive Director for Finance in 1999, a position he held till he left in 2002.

He joined the Board in 2007.



Mr Tope Lawani*Non-Executive*

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

Prior to co-founding Helios, he was a Principal at Texas Pacific Group (1996–2004), one of the world's leading global private equity firms. He holds a 1991 Bachelor of Science degree in Chemical Engineering from the Massachusetts Institute of Technology and a master's in Business Administration from Harvard Business School in 1996.

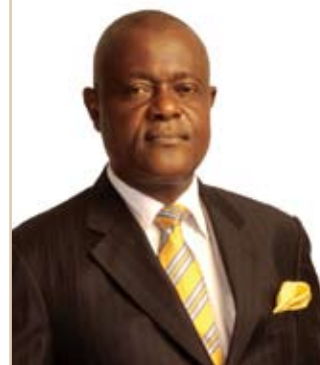
He joined the Bank's board in 2007.

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

Bismarck Rewane obtained a BSc degree in Economics from the University of Ibadan and became an Associate of The Institute of Bankers (England & Wales) in 1975. He began his banking career with Barclays Bank, UK, in 1973 and moved to Nigeria where he joined the First National Bank of Chicago and moved on to International Merchant Bank Nigeria, before leaving in 1996 to start his own company. An outstanding scholar, Bismarck Rewane has addressed many professional and business gatherings. He joined the bank's Board in 2002 and is the Managing Director/Chief Executive of Financial Derivatives Company Limited.

**Dr John Udofa***Non-Executive*

John Udofa holds an HND in Accounting from The Polytechnic, Calabar, an MBA from the University of Ibadan and a doctorate degree from St Clement's University, United States of America. Having worked for Benue Agricultural Development Corporation as an accountant, he moved on to Icon Limited (an IFC and JP Morgan sponsored merchant bank) and worked in the International Operations, Area Office Operations, Treasury and Financial Services, Credit and Marketing Departments till 1992 when he left for Cooperative Development Bank plc, where he became the General Manager/Acting Managing Director/Chief Executive in 2001. He was appointed Managing Director of the bank in 2002 and joined the board of FCMB in 2005.



Directors' report for the eight months ended 31 December, 2009

The Directors present their report on the affairs of First City Monument Bank Plc ("the Bank") and its subsidiaries ("together, the Group"), together with the financial statements and auditor's report for the eight months ended 31 December, 2009.

a. Legal form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 20 April, 1982. It was licensed on 11 August, 1983 to carry on the business of commercial banking and commenced business on 1 September, 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on 21 December, 2004.

b. Principal activity and business review

The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its corporate and individual customers. Such services include granting of loans and advances, corporate finance, money market activities and foreign exchange operations.

The Bank has five wholly owned subsidiaries, FCMB Capital Markets Limited (FCMB CM), Credit Direct Limited (CDL), FCMB UK Limited (FCMB UK), CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL) whose results have been consolidated in these financial statements.

The Bank prepares consolidated financial statements.

c. Operating results

Gross earnings decreased by 51% and profit before tax of the Group decreased by 86%. The Directors affirm that the Bank is strategically poised for continued growth and development. Highlights of the Group's operating results for the eight months ended under review are as follows:

	8 months ended 31 December 2009 N'000	12 months ended 30 April 2009 N'000
Gross earnings	35,789,264	72,698,313
Profit before tax	856,600	4,773,765
Taxation	(292,262)	(779,222)
Profit after taxation	564,338	3,994,543
Profit attributable to the group	564,338	3,994,543
Appropriations:		
Transfer to statutory reserve	100,406	1,039,744
Transfer to retained reserve	463,932	2,954,799
	564,338	3,994,543

d. Directors' shareholding

The direct and indirect interests of Directors in the issued share capital of the company as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 and listing requirements of the Nigerian Stock Exchange is noted:

	Direct shareholding	
	Number of 50k Ordinary Shares Held	
	31-12-2009	30-04-2009
Dr Jonathan AD Long (Chairman)	8,880,292	8,880,292
Mr Ladipupo O Balogun (Group Managing Director/CEO)	161,576,000	161,576,000
Mr Henry Semenitari (Executive Director)	350,000	350,000
Mr Anurag Saxena (Executive Director)	560,000	560,000
Mr Peter Obaseki (Executive Director)	2,572,375	2,572,375
Mr Nabeel Malik (Executive Director)	-	-
Dr John Udofa	938,533	938,533
Mr Godwin TS Adokpaye	29,145,000	29,145,000
Mr Ladi Jadesimi	159,250,000	159,250,000
Mr Bismarck Rewane	930,000	930,000
Alhaji Ibrahim Damcida	138,066,689	138,066,689
Mr Peter Nigel Kenny	-	-
Mr Tope Lawani	-	-

Mr Tope Lawani has indirect shareholdings amounting to 879,411,176 (April 2009: 879,411,176) through Helios Towers Nigeria Limited.

Pursuant to Article 93 of the Articles of Association of the company, Messrs Tope Lawani and Nigel Kenny being Directors that have been longest in office shall retire and being eligible for re-election, offer themselves for re-election.

e. Directors' interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, none of the Directors had direct or indirect interest in contracts or proposed contracts with the Bank during the period.

f. Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 22 to the financial statements. In the Directors' opinion, the market value of the Bank's properties is not less than the value shown in the financial statements.

g. Shareholding analysis

The shareholding pattern of the Bank as at 31 December 2009 is as stated below:

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

h. Substantial interest in shares

The Bank's authorised share capital is N10billion divided into 20billion ordinary shares of 50kobo each of which 16,271,192,202 ordinary shares are issued. According to the register of members no shareholders other than the under-mentioned held more than 5% of the issued share capital of the Bank as at 31 December 2009:

	No. of shares	% holdings
1. Capital IRG Trustees Limited	1,210,360,000	7.44
2. Stanbic Nominees Nig. Limited – Trading	1,542,377,607	9.48

i. Donations and charitable gifts

The Bank made contributions to charitable and non-political organisations amounting to N52,029,183 (April 2009: N124,570,929) during the period.

Beneficiary	Amount
2009 Lagos Tennis Governor's Cup	10,000,000.00
Police Reform Implementation Committee, Abuja	8,000,000.00
Tulsi Chanrai Foundation, Abuja	5,850,000.00
Africa Investment Publishing, Abuja	4,488,750.00
British Council - Climate Change/Environment Degradation Awareness	4,000,000.00
Scholarship of 10 Less Privileged Children 2009/2010	2,400,000.00
Nigerian-British Chamber of Commerce	2,000,000.00
Ikeja Golf Club	2,000,000.00
Church Organ Projects in Nigeria-Manual Allen Organ Q345C	2,000,000.00
Nigeria Telecoms Award	1,750,000.00
Co-Location Forum Participation	1,500,000.00
The Cathedral Church Of Christ, Lagos	1,200,000.00
The Chartered Institute of Bankers, Lagos	1,000,000.00
Global Summit on Climate Change	901,800.00
Central Bank of Nigeria, Lagos-Judges Seminar	846,633.01
All Soul's Anglican Church	750,000.00
Ikoyi Club Golf Tournament	750,000.00
Nigerian Accounting Standard Board (NASB), Lagos	600,000.00
Financial Market Dealers Association	250,000.00
Sosaid Charity Home, Lagos	197,000.00
Lagos State Government - Green Commitment Project	152,000.00

j. Human resources

Employment of disabled persons

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

Health, safety and welfare at work

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

k. Employee involvement and training

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

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

l. Auditors

In compliance with the Central Bank Of Nigeria Prudential Guidelines, the Bank will propose a resolution to the Annual General Meeting for the appointment of Messrs KPMG Professional Services as the new Auditors.

BY ORDER OF THE BOARD



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

17 June 2010

Statement of Directors' Responsibilities in relation to the financial statements For the eight months ended 31 December 2009

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

- i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act
- ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

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

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

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

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



Dr Jonathan AD Long
Chairman



Ladi O Balogun
GMD/CEO

Report of the Audit Committee

For the financial period ended December 31, 2009 to the members of First City Monument Bank Plc.

In compliance with Section 359(6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, we have reviewed the Audit Report for the year ended December 31, 2009 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The account and reporting policies of the Bank conformed with the statutory requirements and agreed ethical practices;
3. The internal control system was being constantly and effectively monitored; and
4. The external auditors' management controls report received satisfactory response from Management.

Dated: May 12, 2010



Alhaji SB Daranijo
Chairman, Audit Committee

Members of the Audit Committee are:

1. Alhaji SB Daranijo
2. Mr GTS Adokpaye
3. Alhaji BA Batula
4. Mr Bismarck Rewane
5. Evangelist PA Soares
6. Dr Johnnie Udofa

Report of the Independent Auditor to the Members of First City Monument Bank Plc

Report on Financial Statements

We have audited the separate and consolidated financial statements of First City Monument Bank plc ('the Bank') and its subsidiaries (together 'the Group') which comprise the balance sheets as of December 31, 2009 and the profit and loss accounts and cash flow statements for the eight months then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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


Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and of the Group as at December 31, 2009 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

Report on Other Legal Requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
- ii. in our opinion, the bank has kept proper books of account, so far as appears from our examination of those books
- iii. the Bank's balance sheet and profit and loss account are in agreement with the books of account
- iv. our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria
- v. related party transactions and balances are disclosed to Note 32 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004
- vi. to the best of our information, the bank has not contravened any regulation of the Banks and Other Financial Institutions Act during the year
- vii. to the best of our information, the Bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.



PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
May 13, 2010



Statement of Significant Accounting Policies

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

a. Basis of Preparation

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

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

b. Consolidation

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

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

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:

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

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

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

The Bank normally makes a provision of at least 1% for performing risk assets to recognise the risk inherent in any credits portfolio. However, the CBN and the NASB have permitted all Nigerian banks to suspend this policy in respect of the reporting period ended December 31, 2009 only.

f. Property, Plant and Equipment

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

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

g. Deferred Taxation

Deferred income tax is provided using the liability method for all timing 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.

The principal timing differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the timing differences can be utilised.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which the related profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that taxable profits will be available against which these losses can be utilised.

h. Foreign Currency Transactions

i. Reporting currency

The consolidated financial statements are presented in Nigerian naira, which is the Bank's reporting currency.

ii. Transactions and balances

Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each profit and loss are translated at closing exchange rates; and
- all resulting exchange differences are recognised as a separate component of reserves

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and other adjustments (eg previously unrecognised deferred tax asset) arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

i. Advances Under Finance Leases

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

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

j. Business Combination

The acquisition method of accounting is adopted in accounting for business combinations.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of an acquired entity at the date of acquisition.

k. Investments

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

i. 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.

I. Investments in Subsidiaries

Investments in subsidiaries are carried in the Bank's balance sheet at cost less provisions for impairment. Where, in the opinion of the Directors, there has been 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, contingent liabilities and contingent assets

Provisions are liabilities that are uncertain in timing or amount.

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is never recognised rather it is disclosed in the financial statements when it arises.

n. Retirement Benefits

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

Also, the Bank has a non-contributory defined benefit 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. Cash and Cash Equivalents

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

p. Borrowings

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

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

q. Off-Balance Sheet Engagements

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

i. Acceptances

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

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

ii. Guarantees and performance bonds

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

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

iii. Letters of credit

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

r. Segment Reporting

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

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

s. Goodwill

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 the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Consolidated profit and loss accounts for the eight months ended December 31, 2009

	Note	GROUP		BANK	
		8 months ended December 2009 N'000	12 months ended April 2009 N'000	8 months ended December 2009 N'000	12 months ended April 2009 N'000
Gross earnings		35,789,264	72,698,313	33,398,740	71,063,543
Interest income	3	27,710,013	55,566,314	25,980,979	54,796,851
Interest expense	4	(11,391,549)	(17,941,441)	(11,479,885)	(17,972,886)
Net interest income		16,318,464	37,624,873	14,501,094	36,823,965
Fee and commission income	5	5,101,656	14,905,923	4,568,607	14,045,236
Fee and commission expense		(516,914)	(1,053,123)	(516,914)	(1,053,123)
Net fee and commission income		4,584,742	13,852,800	4,051,693	12,992,113
Foreign exchange earnings		1,796,015	1,650,947	1,925,130	1,650,947
Income from investments	6	203,005	161,561	106,766	156,931
Other income	7	978,575	413,568	817,258	413,578
Net operating income		23,880,801	53,703,749	21,401,941	52,037,534
Operating expenses	8	(20,383,431)	(27,084,061)	(18,610,485)	(26,460,056)
Provision for losses	16	(2,640,770)	(21,845,923)	(2,066,622)	(21,598,204)
Profit before tax		856,600	4,773,765	724,834	3,979,274
Tax charge	9	(292,262)	(779,222)	(55,463)	(513,462)
Profit after tax attributable to group shareholders		564,338	3,994,543	669,371	3,465,812
The profit for the year is appropriated as follows:					
Transfer to statutory reserve	30	100,406	1,039,744	100,406	1,039,744
Transfer to retained earnings	30	463,932	2,954,799	568,965	2,426,068
		564,338	3,994,543	669,371	3,465,812
Earnings per share in kobo (basic/diluted)	35	3k	25k	4k	21k

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

Balance sheet as at December 31, 2009

	Note	GROUP		BANK	
		December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
ASSETS					
Cash and balances with central bank	10	9,010,895	7,169,038	9,009,240	7,168,159
Treasury bills	11	8,521,058	4,429,643	8,521,058	4,429,643
Due from other banks	12	121,786,201	165,145,574	118,652,423	165,149,865
Dealing securities	13	7,280,644	2,072,654	5,859,100	1,974,716
Loans and advances	14	238,732,090	271,103,278	236,844,499	270,188,782
Advances under finance lease	17	1,165,896	2,113,827	1,165,896	2,113,827
Deferred tax assets	27	1,086,256	1,300,378	854,279	1,229,671
Investment securities	18	34,482,892	30,816,527	34,425,090	30,816,527
Investment in subsidiaries	19	-	-	10,865,468	240,150
Goodwill on consolidation	20	6,074,045	-	-	-
Other assets	21	13,662,332	10,449,657	12,522,270	10,191,790
Property, plant and equipment	22	21,817,923	21,001,009	21,361,771	20,906,484
		463,620,232	515,601,585	460,081,094	514,409,614
LIABILITIES					
Customer deposits	23	266,012,607	321,219,293	272,624,017	322,418,759
Due to other banks	24	13,681,208	27,015,927	13,681,101	27,023,049
Borrowings	25	30,178,530	11,183,932	30,178,530	11,183,932
Tax payable	9	2,451,430	2,584,437	1,655,286	2,187,383
Other liabilities	26	20,328,304	22,205,810	12,466,830	21,834,783
Deferred tax liabilities	27	1,083,436	2,096,961	1,078,009	2,087,590
Retirement benefit obligations	28	291,673	239,806	270,261	216,429
		334,027,188	386,546,166	331,954,034	386,951,925

Balance sheet as at December 31, 2009 (continued)

	Note	GROUP		BANK	
		December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
EQUITY					
Share capital	29	8,135,596	8,135,596	8,135,596	8,135,596
Share premium		108,369,199	108,369,199	108,369,199	108,369,199
Reserves	30	13,088,249	12,550,624	11,622,265	10,952,894
Shareholders' funds		129,593,044	129,055,419	128,127,060	127,457,689
LIABILITIES AND EQUITY					
		463,620,232	515,601,585	460,081,094	514,409,614
ACCEPTANCES AND GUARANTEES					
	31	50,492,799	42,160,999	50,492,799	42,160,999

The financial statements and accompanying notes and accounting policies were approved by the Board of Directors on 12 May 2010 and signed on its behalf by:



Dr Jonathan AD Long
Chairman



Ladi O Balogun
GMD/CEO

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

Cash flow statement for the eight months ended December 31, 2009

	Note	GROUP		BANK	
		8 months ended December 2009 N'000	12 months ended April 2009 N'000	8 months ended December 2009 N'000	12 months ended April 2009 N'000
OPERATING ACTIVITIES					
Cash generated from/(used up in) operations	34	(45,568,942)	15,221,597	(37,777,240)	14,116,324
Tax paid	9	(1,383,649)	(3,691,652)	(1,221,749)	(3,057,788)
		(46,952,591)	11,529,945	(38,998,989)	11,058,536
FINANCING ACTIVITIES					
Dividend paid	30	-	(8,135,596)	-	(8,135,596)
Short-term borrowing/(repayment)		18,874,033	(10,102,768)	18,874,033	(10,102,768)
Long-term borrowing/(repayment)		120,565	(3,251,800)	120,565	(3,251,800)
		18,994,598	(21,490,164)	18,994,598	(21,490,164)
INVESTING ACTIVITIES					
Investment in subsidiaries		-	(366,060)	(10,625,318)	-
Purchase considerations to acquire subsidiaries		(6,900,000)	-	-	-
Cash and cash equivalent from subsidiaries acquired		8,804,927	-	-	-
Dividend income	6	108,371	161,561	106,766	156,931
Proceeds from disposal of investment securities		373,067	14,900	278,433	14,900
Purchase of Investments securities		(4,611,932)	(28,070,938)	(4,611,932)	(28,070,938)
Purchase of dealing securities		(5,146,544)	(2,162,784)	(3,877,810)	(2,109,043)
Proceeds from disposal of property, plant and equipment		31,808	61,359	21,608	49,613
Purchase of property, plant and equipment		(2,828,770)	(7,260,057)	(2,552,267)	(7,187,336)
		(10,169,073)	(37,622,019)	(21,260,520)	(37,145,873)

Cash flow statement for the eight months ended December 31, 2009 (continued)

	Note	GROUP		BANK	
		8 months ended December 2009 N'000	12 months ended April 2009 N'000	8 months ended December 2009 N'000	12 months ended April 2009 N'000
DECREASE IN CASH & CASH EQUIVALENTS		(38,127,066)	(47,582,238)	(41,264,911)	(47,577,501)
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD					
Balance at beginning of the period		175,472,641	223,054,879	175,476,053	223,053,554
Balance at end of period	37	137,345,575	175,472,641	134,211,142	175,476,053
DECREASE IN CASH AND CASH EQUIVALENTS		(38,127,066)	(47,582,238)	(41,264,911)	(47,577,501)

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

Notes to the financial statements for the eight months ended December 31, 2009

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 licence 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 and the balance of 25% was acquired by FCMB Capital Markets Limited (a wholly owned subsidiary of the Bank) in 2009. In June 16, 2008, the Bank incorporated FCMB UK Limited, a foreign subsidiary in London, a wholly owned subsidiary, which commenced actual trading operations on 7 September 2009. On 2 May 2009, the Bank acquired a 100% controlling interest in CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL). The Group financial statements are for the Bank and its subsidiaries; FCMB Capital Markets Limited, Credit Direct Limited, FCMB UK Limited, CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL).

2 SEGMENT ANALYSIS

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

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

Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate banking business unit caters for the specific needs of companies with an annual turnover in excess of N300 million.

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 incorporating financial instruments trading and structured financing.

Public sector – government financing, collections and transaction banking.

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

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

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

GROUP	Investment banking N'000	Corporate banking N'000	Retail banking N'000	Public sector N'000	Treasury & financial institutions N'000	December 31, 2009 TOTAL N'000	April 30, 2009 TOTAL N'000
External revenues	1,325,837	10,531,658	11,242,595	8,271,310	4,417,864	35,789,264	72,698,313
Revenue from other segments	-	(6,207,279)	1,215,978	2,722,972	2,268,329	-	-
Total revenue	1,325,837	4,324,379	12,458,573	10,994,282	6,686,193	35,789,264	72,698,313
Net operating income	1,468,210	4,807,341	8,841,854	6,028,473	2,734,923	23,880,801	53,703,749
Operating profit before Head Office overhead	-	2,970,943	1,613,951	3,195,033	1,535,548	9,315,475	15,946,201
Head Office overhead	-	(2,064,455)	(3,956,871)	(1,731,053)	(471,478)	(8,223,857)	(11,172,436)
Profit before tax	(235,018)	906,488	(2,342,920)	1,463,980	1,064,070	856,600	4,773,765
Income tax expense	24,510	(18,957)	(275,858)	(13,298)	(8,660)	(292,262)	(779,222)
Profit after tax for the year	(210,508)	887,531	(2,618,778)	1,450,683	1,055,411	564,338	3,994,543
Segment assets	1,728,582	124,027,284	134,917,912	114,108,908	87,751,290	462,533,976	514,301,207
Unallocated assets	-	-	-	-	-	1,086,256	1,300,378
Total assets	1,728,582	124,027,284	134,917,912	114,108,908	87,751,290	463,620,232	515,601,585
Segment liabilities	1,235,902	38,737,200	134,253,531	90,100,378	66,165,311	330,492,322	382,271,193
Unallocated liabilities	-	-	-	-	-	133,127,910	133,330,392
Total liabilities	1,235,902	38,737,200	134,253,531	90,100,378	66,165,311	463,620,232	515,601,585
Other segment items							
Depreciation	84,560	359,878	1,132,519	399,865	119,959	2,096,781	2,841,214

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

BANK	Corporate banking N'000	Retail banking N'000	Public sector N'000	Treasury & financial institutions N'000	December 31, 2009 TOTAL N'000	April 30, 2009 TOTAL N'000
External revenues	10,531,658	10,177,908	8,271,310	4,417,864	33,398,740	71,063,543
Revenue from other segments	(6,207,279)	1,215,978	2,722,972	2,268,329	-	-
Total revenue	4,324,379	11,393,886	10,994,282	6,686,193	33,398,740	71,063,543
Net operating income	4,807,341	7,831,204	6,028,473	2,734,923	21,401,941	52,037,534
Operating profit before Head Office overhead	3,335,967	882,143	3,195,033	1,535,548	8,948,691	15,151,710
Head Office overhead	(2,064,455)	(3,956,871)	(1,731,053)	(471,478)	(8,223,857)	(11,172,436)
Profit before tax	1,271,512	(3,074,728)	1,463,980	1,064,070	724,834	3,979,274
Income tax expense	(18,957)	(14,549)	(13,298)	(8,660)	(55,463)	(513,462)
Profit after tax for the year	1,252,555	(3,089,277)	1,450,683	1,055,411	669,371	3,465,812
Segment assets	124,027,284	131,604,859	114,108,908	89,485,764	459,226,815	513,179,943
Unallocated assets	-	-	-	-	854,279	1,229,671
Total assets	124,027,284	131,604,859	114,108,908	89,485,764	460,081,094	514,409,614
Segment liabilities	38,737,200	132,483,376	90,100,378	67,899,785	329,220,739	382,676,952
Unallocated liabilities	-	-	-	-	130,860,355	131,732,662
Total liabilities	38,737,200	132,483,376	90,100,378	67,899,785	460,081,094	514,409,614
Other segment items						
Depreciation	359,878	1,119,622	399,865	119,959	1,999,324	2,817,601

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	8 months ended December 2009 N'000	12 months ended April 2009 N'000	8 months ended December 2009 N'000	12 months ended April 2009 N'000
3 INTEREST INCOME				
Loans and advances	23,293,912	33,322,303	21,715,206	32,583,824
Placements and short-term funds	1,007,950	17,666,640	857,622	17,635,656
Interest on bonds	3,267,130	4,220,265	3,267,130	4,220,265
Advances under finance lease	141,021	357,106	141,021	357,106
	27,710,013	55,566,314	25,980,979	54,796,851
Analysis by source				
Bank	1,007,950	17,666,640	857,622	17,635,656
Non-bank	26,702,063	37,899,674	25,123,357	37,161,195
	27,710,013	55,566,314	25,980,979	54,796,851
4 INTEREST EXPENSE				
Current accounts	629,907	524,231	629,907	524,231
Savings accounts	257,987	311,292	257,987	311,292
Term and other deposit accounts	7,508,353	10,490,508	7,596,689	10,521,953
Inter-bank takings	2,765,295	5,730,901	2,765,295	5,730,901
Borrowed funds	230,007	884,509	230,007	884,509
	11,391,549	17,941,441	11,479,885	17,972,886

All interest income was earned within Nigeria. There was none during the period. FCMB UK Limited is a start-up company.

Interest expense paid outside Nigeria amounted to N230 million (April 2009: N885million).

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	8 months ended December 2009 N'000	12 months ended April 2009 N'000	8 months ended December 2009 N'000	12 months ended April 2009 N'000
5 FEES AND COMMISSIONS				
Credit-related fees	2,248,535	6,386,318	1,715,486	6,386,318
Commission on turnover	1,336,150	2,988,063	1,336,150	2,988,063
Letters of credit commissions and fees	411,752	1,903,893	411,752	1,903,893
Facility management fee	82,366	469,821	82,366	469,821
Commission on off-balance-sheet transactions	157,655	208,912	157,655	208,912
Other fees and commissions	865,198	2,948,916	865,198	2,088,229
	5,101,656	14,905,923	4,568,607	14,045,236
6 INCOME FROM INVESTMENTS				
Gain on disposal of short-term investments	94,634	-	-	-
Dividend income	108,371	161,561	106,766	156,931
	203,005	161,561	106,766	156,931
7 OTHER OPERATING INCOME				
Rental income	23,679	32,782	23,679	32,782
Other income	954,896	380,786	793,579	380,796
	978,575	413,568	817,258	413,578

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	8 months ended December 2009 N'000	12 months ended April 2009 N'000	8 months ended December 2009 N'000	12 months ended April 2009 N'000
8 OPERATING EXPENSES				
Staff cost (Note 33)	9,789,770	15,171,228	9,074,274	14,897,917
Depreciation (Note 22)	2,096,781	2,841,214	1,999,324	2,817,601
Auditors' remuneration	114,713	100,000	90,000	90,000
Directors' emoluments (Note 33)	604,095	316,838	454,512	238,515
Profit on disposal of property, plant and equipment	(6,997)	(13,061)	(6,929)	(12,406)
Other operating expenses	7,785,069	8,667,842	6,999,304	8,428,429
	20,383,431	27,084,061	18,610,485	26,460,056
9 TAX				
Charge				
Current tax	1,052,167	815,458	682,404	522,491
Education tax	22,673	122,768	-	102,235
Information technology tax	18,159	47,740	7,248	39,793
Income tax expenses	1,092,999	985,966	689,652	664,519
Deferred tax charge/(abatment) (Note 27)	(800,737)	(206,744)	(634,189)	(151,057)
	292,262	779,222	55,463	513,462
Payable				
Beginning of the period	2,584,437	5,290,123	2,187,383	4,580,652
Tax payable prior year from the acquired subsidiaries	157,643	-	-	-
Tax paid	(1,383,649)	(3,691,652)	(1,221,749)	(3,057,788)
Charge for the period	1,092,999	985,966	689,652	664,519
	2,451,430	2,584,437	1,655,286	2,187,383

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
10 CASH AND BALANCE WITH CENTRAL BANK				
Cash	6,420,194	4,508,267	6,419,539	4,507,388
Operating account with the Central Bank of Nigeria	618,122	1,389,157	618,122	1,389,157
Mandatory reserve deposits	1,972,579	1,271,614	1,971,579	1,271,614
	9,010,895	7,169,038	9,009,240	7,168,159
Mandatory reserve deposits are not available for use in the Bank's day-to-day operations.				
11 TREASURY BILLS				
Nigerian Government Treasury bills	8,521,058	4,429,643	8,521,058	4,429,643
	8,521,058	4,429,643	8,521,058	4,429,643
12 DUE FROM OTHER BANKS				
Current balances within Nigeria	3,484,935	19,886,380	1,899,048	19,890,671
Current balances outside Nigeria	14,944,966	11,572,694	14,639,715	11,572,694
Placements within Nigeria	103,356,300	133,686,500	102,113,660	133,686,500
	121,786,201	165,145,574	118,652,423	165,149,865

Balances with banks outside Nigeria include N2.3billion (April 2009: N2.9billion) which represents the naira value of foreign currency amounts held by the Bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities. (See Note 26).

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
13 DEALING SECURITIES				
Federal Government of Nigeria (FGN) bonds	2,527,635	1,981,290	2,527,635	1,981,290
HTM private placement underwriting	3,331,465	-	3,331,465	-
Quoted equity securities	1,525,043	204,057	-	-
	7,384,143	2,185,347	5,859,100	1,981,290
Provisions for diminution in value	(103,499)	(112,693)	-	(6,574)
	7,280,644	2,072,654	5,859,100	1,974,716
14 LOANS AND ADVANCES				
Overdraft	53,461,995	63,260,099	55,232,042	63,260,099
Term loans	181,759,095	117,096,183	178,003,592	116,137,859
Commercial papers	22,214,228	114,837,832	22,214,228	114,837,832
	257,435,318	295,194,114	255,449,862	294,235,790
Loan loss provision (Note 15a)	(15,926,276)	(21,706,532)	(15,828,411)	(21,662,704)
Interest in suspense (Note 15b)	(2,776,952)	(2,384,304)	(2,776,952)	(2,384,304)
	238,732,090	271,103,278	236,844,499	270,188,782
<i>Analysis by security:</i>				
Secured against real estate	66,125,120	84,872,535	68,368,388	83,914,211
Secured by shares of quoted companies	35,420,969	15,283,588	35,420,969	15,283,588
Otherwise secured	127,018,133	187,012,318	122,789,409	187,012,318
Unsecured	28,871,096	8,025,673	28,871,096	8,025,673
	257,435,318	295,194,114	255,449,862	294,235,790

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
<i>Analysis by performance:</i>				
Performing	234,918,290	265,320,225	232,932,834	264,361,901
Non-performing:				
– Substandard	1,630,499	2,565,442	1,630,499	2,565,442
– Doubtful	5,292,812	12,968,958	5,292,812	12,968,958
– Lost	15,593,717	14,339,489	15,593,717	14,339,489
	257,435,318	295,194,114	255,449,862	294,235,790
<i>Analysis by maturity:</i>				
0–30 days	80,208,267	102,354,409	78,222,811	101,396,085
1–3 months	17,964,229	35,181,498	17,964,229	35,181,498
3–6 months	18,517,947	15,871,681	18,517,947	15,871,681
6–12 months	44,398,556	44,351,943	44,398,556	44,351,943
Over 12 months	96,346,319	97,434,583	96,346,319	97,434,583
	257,435,318	295,194,114	255,449,862	294,235,790

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
15 LOAN LOSS PROVISION AND INTEREST IN SUSPENSE				
(a) MOVEMENT IN LOAN LOSS PROVISION				
At beginning of period:				
– Non-performing	19,053,330	3,614,858	19,019,085	3,614,858
– Performing	2,653,202	1,957,597	2,643,619	1,879,562
	21,706,532	5,572,456	21,662,704	5,494,420
Additional provision:				
– Non-performing	9,120,488	18,933,693	9,064,866	18,899,449
– Performing	(2,645,203)	695,605	(2,643,619)	764,057
Amounts written off	(7,157,634)	(3,488,323)	(7,157,634)	(3,488,323)
Provision no longer required	(5,097,906)	(6,899)	(5,097,906)	(6,899)
At end of period:				
– Non-performing	15,918,277	19,053,330	15,828,411	19,019,085
– Performing	7,999	2,653,202	-	2,643,619
	15,926,276	21,706,532	15,828,411	21,662,704
(b) MOVEMENT IN INTEREST IN SUSPENSE				
Beginning of period:	2,384,304	1,187,385	2,384,304	1,187,385
Suspended during the year	4,040,960	1,837,201	4,040,960	1,837,201
Amounts written back	(2,189,396)	(640,282)	(2,189,396)	(640,282)
Amounts written off	(1,458,916)	-	(1,458,916)	-
At end of period	2,776,952	2,384,304	2,776,952	2,384,304

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
16 PROVISION FOR LOSSES				
The charge for the period is analysed as follows:				
Loans and advances – specific	4,022,581	18,926,794	3,966,960	18,892,550
Loans and advances – general	(2,645,203)	695,605	(2,643,619)	764,057
Advances under finance lease	(21,352)	(1,847)	(21,352)	(1,847)
Investments	715,742	1,667,828	718,362	1,561,709
Other assets	521,879	597,292	(852)	421,484
Loans recovery	(62,550)	(85,418)	(62,550)	(85,418)
Direct credits write-off	109,673	45,669	109,673	45,669
	2,640,770	21,845,923	2,066,622	21,598,204
17 ADVANCES UNDER FINANCE LEASE				
Gross investment	1,375,505	2,579,519	1,375,505	2,579,519
Less: unearned income	(209,609)	(444,340)	(209,609)	(444,340)
Net investment	1,165,896	2,135,179	1,165,896	2,135,179
General provision for performing loans	-	(21,352)	-	(21,352)
	1,165,896	2,113,827	1,165,896	2,113,827
<i>Analysis by performance</i>				
Performing	1,165,896	2,135,179	1,165,896	2,135,179

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
17 ADVANCES UNDER FINANCE LEASE continued				
<i>Analysis by maturity</i>				
0–30 days	77,018	83,484	77,018	83,484
1–3 months	223,483	45,061	223,483	45,061
3–6 months	207,266	151,003	207,266	151,003
6–2 months	358,978	1,258,460	358,978	1,258,460
Over 12 months	299,151	597,171	299,151	597,171
	1,165,896	2,135,179	1,165,896	2,135,179
<i>Movement in general provision</i>				
At 1 April 2009	21,352	23,199	21,352	23,199
Net change	(21,352)	(1,847)	(21,352)	(1,847)
At December 31, 2009	-	21,352	-	21,352
18 INVESTMENT SECURITIES				
a) Quoted				
Federal Government of Nigeria (FGN) bonds	24,125,611	23,201,348	24,125,611	23,201,348
African Petroleum Plc – ordinary shares	1,989,356	1,989,356	1,989,356	1,989,356
	26,114,967	25,190,704	26,114,967	25,190,704
Provision for diminution in value	(1,749,703)	(1,561,468)	(1,749,703)	(1,561,468)
	24,365,264	23,629,236	24,365,264	23,629,236

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
18 INVESTMENT SECURITIES continued				
b) Unquoted				
i) SME Investments				
SME Partnership Limited	86,763	86,763	86,763	86,763
Deebee Company Limited	30,000	30,000	30,000	30,000
S & B Printers Limited	48,039	48,039	48,039	48,039
Tinapa Business Resort Limited	250,000	250,000	250,000	250,000
American Hospital, Abuja	50,000	50,000	50,000	50,000
Tevoli Limited	-	120,406	-	120,406
First SME Limited	11,250	11,250	11,250	11,250
EWA Pharm, Agric and Chemical Company Limited	10,000	10,000	10,000	10,000
Heron Holdings Limited	9,835	9,835	9,835	9,835
Emel Hospital Limited	8,800	8,800	8,800	8,800
Nigerian Automated Clearing Systems	7,000	7,000	7,000	7,000
Channel House Limited	4,000	4,000	4,000	4,000
	515,687	636,093	515,687	636,093
Provision for diminution in value	(421,924)	-	(421,924)	-
	93,763	636,093	93,763	636,093

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
18 INVESTMENT SECURITIES continued				
ii) Others				
First Inland Bank Plc – preference shares	4,444,480	4,444,480	4,444,480	4,444,480
Smartcard Nigeria Plc	22,804	22,804	22,804	22,804
Nigeria Inter-bank Settlement System Plc	52,583	52,583	52,583	52,583
Kakawa Discount House Limited	22,800	22,800	22,800	22,800
Interswitch Nigeria Limited	10,420	10,420	10,420	10,420
ATSC International Nigeria Limited	50,000	50,000	50,000	50,000
Credit Reference Company Limited	61,111	61,111	61,111	61,111
African Finance Corporation Limited	1,287,000	1,287,000	1,287,000	1,287,000
Legacy Limited	300,000	300,000	300,000	300,000
Private Equity Funds	2,687,669	-	2,687,669	-
Rivers State Microfinance Agency	1,000,000	-	1,000,000	-
Food Concept Limited	11,700	-	-	-
Industrial and General Insurance Limited	35,000	-	-	-
CSCS Limited	500	-	-	-
Hygia Nigeria Limited	602	-	-	-
Financial Derivative Limited	10,000	-	-	-
	9,996,669	6,251,198	9,938,867	6,251,198
Provision for diminution in value	(72,804)	-	(72,804)	-
Revalued amount	9,923,865	6,251,198	9,866,063	6,251,198

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
18 INVESTMENT SECURITIES continued				
iii) Debt securities				
Lagos State Government Bond (2005/2009)	-	200,000	-	200,000
Lagos State Government Bond [Series 1] 2008/2013	100,000	100,000	100,000	100,000
	100,000	300,000	100,000	300,000
	34,482,892	30,816,527	34,425,090	30,816,527
iv) Movement in investment securities				
At 1 May 2009	30,816,527	4,321,957	30,816,527	4,321,957
Additions	4,669,734	28,070,938	4,611,932	28,070,938
Redemption	(278,433)	(14,900)	(278,433)	(14,900)
Provisions for diminution in value	(724,936)	(1,561,468)	(724,936)	(1,561,468)
At December 31, 2009	34,482,892	30,816,527	34,425,090	30,816,527

i) The market value of short-term investments are Group N7.28 billion (April 2009: N2.07billion) and Bank N5.86billion (April 2009: N1.97billion).

ii) The market value of long-term listed investments are Group N24.37billion (April 2009: N23.63billion) and Bank N24.37billion (April 2009: N23.63billion).

iii) Included in listed debt securities is N24.13billion (April 2009: N23.20billion) in various Federal Government of Nigeria bonds. The maturity dates of these bonds range from December 2012 to June 2025 with interest rates ranging from 7.95% to 12.5%. An amount of N17.7billion (April 2009: N11.8billion) of these bonds is pledged with the Central Bank of Nigeria and other counterparties as collateral for various transactions.

iv) The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long-term investments are the Bank's investment under the Small and Medium Industries Equity Investment Scheme (SMIEIS). A total of N516million (April 2009: N636million) have so far been invested under the scheme. Due to the effective percentage holding of the Bank in these companies, some of them qualify as associates. However, they are not consolidated as the Bank is not expected to exercise influence, and control is temporary, as the investments are expected to be realised within 5 years.

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
19 INVESTMENT IN SUBSIDIARIES				
FCMB Capital Markets Limited (100% holding)	-	-	240,000	240,000
Credit Direct Limited (75% holding)	-	-	150	150
FCMB UK Limited (100% holding)	-	-	1,076,597	-
City Securities Brokers Limited (CSLS) (100% holding)	-	-	8,650,721	-
City Securities Registrar Limited (CSRL) (100% holding)	-	-	898,000	-
	-	-	10,865,468	240,150

i) In 16 June 2008, the Bank incorporated FCMB UK Limited, a foreign subsidiary in London, 100% owned, the subsidiary commences actual trading operations after 7 September 2009.

ii) CSL Stockbrokers Limited (CSLS) is the stockbroking arm of the group. It was incorporated on 24 January 1979 and commenced operation same year.

iii) City Securities (Registrars) Limited was incorporated on April 2002. The company deals principally in provision of share registration for both quoted and unquoted companies on the Nigerian Stock exchange Market.

iv) With the exception of FCMB UK Limited, which is incorporated in the United Kingdom, all subsidiaries are incorporated in Nigeria and their results have been consolidated with those of the Bank. The condensed financial statements of the consolidated subsidiaries are included in Note 40.

20 GOODWILL				
Beginning of the period	-	-	-	-
Acquired during the period	6,074,045	-	-	-
At end of the period	6,074,045	-	-	-

i) During the period, the Group acquired CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited, which gave rise to the above goodwill, (see Note 36 for further details).

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
21 OTHER ASSETS				
Accrued interest and fees receivable	7,159,286	6,568,631	7,094,066	6,564,358
Prepayments	2,152,256	2,315,780	2,003,104	2,303,287
Accounts receivable	5,565,879	2,385,265	3,931,469	1,958,175
Consumables	129,810	27,253	129,810	27,253
	15,007,231	11,296,929	13,158,449	10,853,073
Provision for doubtful accounts	(1,344,899)	(847,272)	(636,179)	(661,283)
	13,662,332	10,449,657	12,522,270	10,191,790
Movement in provision for doubtful accounts:				
Beginning of the period	847,272	329,637	661,283	244,645
Provision/(write-back)	521,879	597,292	(852)	421,484
Amounts written-off	(24,252)	(79,657)	(24,252)	(4,846)
At end of the period	1,344,899	847,272	636,179	661,283

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

GROUP							
22 PROPERTY, PLANT AND EQUIPMENT							
	Capital work in progress N'000	Leasehold land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery and equipment N'000	Computer equipment N'000	TOTAL N'000
Cost							
At 1 May 2009	5,263,581	9,489,026	3,356,862	1,928,476	2,787,645	5,172,657	27,998,247
Acquired during the period	-	479	32,647	21,061	4,356	134,170	192,713
Additions	1,235,380	349,024	479,923	154,102	49,678	560,663	2,828,770
Disposal	-	-	(127,181)	(637)	(13,350)	(3,481)	(144,649)
Reclassifications	(33,381)	19,780	-	-	-	13,601	-
Items written-off	(82,977)	-	-	-	-	-	(82,977)
At December 31, 2009	6,382,603	9,858,309	3,742,251	2,103,002	2,828,329	5,877,610	30,792,104
Depreciation							
At 1 May 2009	-	892,807	1,761,021	827,078	1,256,171	2,260,161	6,997,238
Charge for the period	-	106,178	712,307	220,271	149,572	908,453	2,096,781
Eliminated on disposal	-	-	(105,069)	(537)	(12,161)	(2,071)	(119,838)
At December 31, 2009	-	998,985	2,368,259	1,046,812	1,393,582	3,166,543	8,974,181
Net book amount							
At December 31, 2009	6,382,603	8,859,324	1,373,992	1,056,190	1,434,747	2,711,067	21,817,923
Net book amount							
At April 30, 2009	5,263,581	8,596,219	1,595,841	1,101,398	1,531,474	2,912,496	21,001,009

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

BANK							
22 PROPERTY, PLANT AND EQUIPMENT							
	Capital work in progress N'000	Leasehold land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Machinery and equipment N'000	Computer equipment N'000	TOTAL N'000
Cost							
At 1 May 2009	5,263,665	9,489,026	3,283,279	1,901,835	2,787,844	5,140,244	27,865,893
Additions	1,235,380	290,465	422,373	86,138	34,972	482,939	2,552,267
Disposal	-	-	(111,098)	(637)	(13,350)	(186)	(125,271)
Reclassifications	(33,381)	19,780	-	-	-	13,601	-
Items written-off	(82,977)	-	-	-	-	-	(82,977)
At December 31, 2009	6,382,687	9,799,271	3,594,554	1,987,336	2,809,466	5,636,598	30,209,912
Depreciation							
At 1 May 2009	-	892,807	1,744,137	816,261	1,253,545	2,252,659	6,959,409
Charge for the period	-	99,925	683,951	206,186	147,647	861,615	1,999,324
Eliminated on disposal	-	-	(97,712)	(537)	(12,161)	(182)	(110,592)
At December 31, 2009	-	992,732	2,330,376	1,021,910	1,389,031	3,114,092	8,848,141
Net book amount							
At December 31, 2009	6,382,687	8,806,539	1,264,178	965,426	1,420,435	2,522,506	21,361,771
Net book amount							
At April 30, 2009	5,263,665	8,596,219	1,539,142	1,085,574	1,534,299	2,887,585	20,906,484

Work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
23 CUSTOMER DEPOSITS				
Current accounts	113,505,211	144,566,294	113,505,211	145,765,760
Savings accounts	16,720,616	16,690,559	16,720,616	16,690,559
Term and other deposit accounts	123,084,195	150,109,882	129,695,605	150,109,882
Domiciliary deposits	12,567,252	9,849,840	12,567,252	9,849,840
Electronic purse	135,333	2,718	135,333	2,718
	266,012,607	321,219,293	272,624,017	322,418,759
Analysis by maturity				
0–30 days	210,825,664	290,094,134	217,437,074	291,293,600
1–3 months	49,029,722	29,925,692	49,029,722	29,925,692
3–6 months	5,985,890	1,025,087	5,985,890	1,025,087
6–12 months	161,661	174,180	161,661	174,180
Over 12 months	9,670	200	9,670	200
	266,012,607	321,219,293	272,624,017	322,418,759
24 DUE TO OTHER BANKS				
Takings from banks and financial institutions	13,681,208	27,015,927	13,681,101	27,023,049
	13,681,208	27,015,927	13,681,101	27,023,049

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
25 BORROWINGS				
i) Short-term borrowings				
African Export-Import Bank	10,446,747	-	10,446,747	-
CICI Bank	3,155,891	-	3,155,891	-
GML Capital	1,619,062	-	1,619,062	-
Standard Chartered Bank, London	7,478,415	3,826,082	7,478,415	3,826,082
	22,700,115	3,826,082	22,700,115	3,826,082
ii) Long-term borrowings				
Standard Bank, London	7,478,415	7,357,850	7,478,415	7,357,850
	7,478,415	7,357,850	7,478,415	7,357,850
	30,178,530	11,183,932	30,178,530	11,183,932
Analysis by maturity				
0-30 days	-	1,324,413	-	1,324,413
1-3 months	13,602,639	1,177,256	13,602,639	1,177,256
3-6 months	9,097,476	1,324,413	9,097,476	1,324,413
6-12 months	-	-	-	-
Over 12 months	7,478,415	7,357,850	7,478,415	7,357,850
	30,178,530	11,183,932	30,178,530	11,183,932

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
26 OTHER LIABILITIES				
Customers' deposit for letters of credit (Note 12)	2,303,358	2,925,932	2,303,358	2,925,932
Bank cheques/drafts	3,047,048	3,539,906	3,021,723	3,539,906
Interest payable	644,863	628,516	644,022	628,516
Unearned income	524,936	2,619,221	524,936	2,619,221
Proceeds from public offers	55,255	2,056,834	-	1,989,419
Accounts payable	10,284,395	3,871,611	3,126,258	3,758,582
Accrued expenses	2,414,336	1,448,051	1,803,728	1,257,468
Others	1,054,113	5,115,739	1,042,805	5,115,739
	20,328,304	22,205,810	12,466,830	21,834,783
27 DEFERRED TAX				
At 1 May	796,583	1,010,384	857,919	1,008,976
Charge for prior year from the acquired subsidiaries	1,334	(7,057)	-	-
Charge for the period (Note 9)	(800,737)	(206,744)	(634,189)	(151,057)
	(2,820)	796,583	223,730	857,919
The balance sheet amounts comprise:				
Deferred tax assets	(1,086,256)	(1,300,378)	(854,279)	(1,229,671)
Deferred tax liabilities	1,083,436	2,096,961	1,078,009	2,087,590
	(2,820)	796,583	223,730	857,919

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
28 RETIREMENT BENEFIT OBLIGATIONS				
The amounts recognised in the balance sheet comprise:				
Defined contribution schemes	39,338	26,319	36,631	21,647
Defined gratuity scheme	252,335	213,487	233,630	194,782
	291,673	239,806	270,261	216,429
Movement in the liability recognised in the balance sheet:				
i) Defined contribution schemes:				
At 1 May	26,319	75,187	21,647	75,187
Charge to profit and loss/Contribution	395,867	680,329	397,832	600,792
Contributions remitted	(382,848)	(729,197)	(382,848)	(654,332)
At 31 December	39,338	26,319	36,631	21,647
The bank makes pension contribution to the retirement savings account of each qualifying employee (defined contribution) in line with the Pension Reform Act of 2004. Employees and the bank contribute to the scheme at 7.5% and 7.5% respectively of the employees' annual basic salary, transport and housing allowance.				
ii) Defined gratuity scheme				
At 1 May	213,487	213,487	194,782	200,774
Charge to profit and loss	90,000	63,523	90,000	60,000
Payments	(51,152)	(63,523)	(51,152)	(65,992)
At 31 December	252,335	213,487	233,630	194,782

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

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

29 SHARE CAPITAL	December 31, 2009	April 30, 2009	December 31, 2009	April 30, 2009
	N'000	N'000	N'000	N'000
Authorised:				
20 billion ordinary shares of 50 kobo each	10,000,000	10,000,000	10,000,000	10,000,000
	NUMBER		NUMBER	
	GROUP		BANK	
	December 31, 2009	April 30, 2009	December 31, 2009	April 30, 2009
	'000	'000	'000	'000
Issued and fully paid ordinary shares of 50 kobo each:	16,271,192	16,271,192	16,271,192	16,271,192
	NGN'000		NGN'000	
	GROUP		BANK	
	December 31, 2009	April 30, 2009	December 31, 2009	April 30, 2009
	N'000	N'000	N'000	N'000
Issued and fully paid ordinary shares of 50 kobo each:	8,135,596	8,135,596	8,135,596	8,135,596

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

30 RESERVES

GROUP	Proposed dividend N'000	Translation reserve N'000	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings N'000	TOTAL N'000
At 1 May 2008	-	-	7,851,372	658,637	8,618,326	17,128,335
Acquired net assets	-	-	-	-	(436,658)	(436,658)
Transfer from retained earnings	8,135,596	-	-	-	(8,135,596)	-
Dividend paid	(8,135,596)	-	-	-	-	(8,135,596)
Transfer from profit and loss account	-	-	1,039,744	-	2,954,799	3,994,543
At April 30, 2009/1 May 2009	-	-	8,891,116	658,637	3,000,871	12,550,624
Net change due to exchange rate movement	-	(26,713)	-	-	-	(26,713)
Transfer from profit and loss account	-	-	100,406	-	463,932	564,338
At December 31, 2009	-	(26,713)	8,991,522	658,637	3,464,803	13,088,249

BANK	Proposed dividend N'000	Statutory reserve N'000	Investment in SMEs reserve N'000	Retained earnings N'000	TOTAL N'000
At 1 May 2008	-	7,851,372	658,637	7,112,669	15,622,678
Dividend paid	8,135,596	-	-	(8,135,596)	-
Transfer from profit and loss account	(8,135,596)	1,039,744	-	2,426,068	(4,669,784)
At April 30, 2009/1 May 2009	-	8,891,116	658,637	1,403,141	10,952,894
Transfer from profit and loss account	-	100,406	-	568,965	669,371
At December 31, 2009	-	8,991,522	658,637	1,972,106	11,622,265

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

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

31 CONTINGENT LIABILITIES AND COMMITMENTS**A) LEGAL PROCEEDINGS**

The Bank has contingent liabilities in respect of ongoing legal proceedings amounting to N830.80million (April 2009:N2.20billion). No provision has been made in these financial statements as the Directors are of the opinion that no significant liability will eventuate.

B) CAPITAL COMMITMENTS

At the balance sheet date, the bank had capital commitments amounting to **N1.2billion** (April 2009:N6.9billion) in respect of authorised and contracted capital projects.

C) CREDIT-RELATED COMMITMENTS

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

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
Performance bonds and guarantees	19,257,617	17,013,197	19,257,617	17,013,197
Clean line letters of credit	31,235,182	25,147,802	31,235,182	25,147,802
	50,492,799	42,160,999	50,492,799	42,160,999

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.

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

32 RELATED PARTY TRANSACTIONS

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 December 31, 2009 are as follows;

a) Loans and advances outstanding as at December 31, 2009

Included in loans and advances is an amount of N19.39billion (April 2009: N15.59billion) representing credit facilities to companies in which certain Directors have interests. The balances as at December 31, 2009 are as follows:

Name of company/Individual	Relationship	Facility type	N'million	Status	Security status
ATSC International Limited	Shareholder	Overdraft	2.02	Performing	Perfected
City Securities Limited	Directors-Shareholders	Overdraft	0.02	Performing	Perfected
Credit Direct Limited	Subsidiary	Overdraft	1,770.05	Performing	Perfected
CSL Nominees Ltd	Shareholder	Overdraft	6.23	Performing	Perfected
CSL Stockbrokers Limited	Subsidiary	Overdraft	0.00	Performing	Perfected
Chapel Hill Advisory Partners	Shareholder	Overdraft	1,185.99	Performing	Perfected
Financial Derivatives Company	Shareholder	Overdraft	0.00	Performing	Perfected
Primrose Property Investment Limited	Shareholder	Overdraft	0.19	Performing	Perfected
S & B Printers Limited	Directors-Shareholders	Overdraft	14.87	Performing	Perfected
ATSC International Limited	Shareholder	Term Loan	6.80	Performing	Perfected
Chellarams Nigeria Plc	Shareholder	Term Loan	85.18	Performing	Perfected
CSL Nominees Ltd	Shareholder	Term Loan	37.50	Performing	Perfected
FDC Consulting Limited	Directors-Shareholders	Term Loan	200.00	Performing	Perfected
Financial Derivatives Company	Shareholder	Term Loan	35.00	Performing	Perfected
First City Asset Management Limited	Directors-Shareholders	Term Loan	1,500.00	Performing	Perfected
Helios Towers Nigeria Limited	Directors-Shareholders	Term Loan	14,542.21	Performing	Perfected
S & B Printers Limited	Shareholder	Term Loan	6.11	Performing	Perfected
			<u>19,392.19</u>		

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

32 RELATED PARTY TRANSACTIONS continued**b) Deposits outstanding as at December 31, 2009**

Included in deposit is an amount of N24.96billion (April 2009: N8.71billion) representing deposits from companies in which certain Directors have interests. The balances as at December 31, 2009 are as follows:

Name of company/Individual	Relationship	Type of deposit	December 2009 N'million	April 2009 N'million
ATSC International Limited	Shareholder	Current Account	0.28	-
Blue-Chip Holdings Limited	Shareholder	Current Account	0.05	1.76
Chapel Hill Advisory Partners	Shareholder	Current Account	2.61	8.72
City Securities (Registrar) Limited	Subsidiary	Current Account	93.13	3.74
City Securities Limited	Directors-Shareholders	Current Account	71.21	79.92
Credit Direct Limited	Subsidiary	Current Account	0.78	0.97
CSL Nominees Limited	Shareholder	Current Account	0.01	0.01
CSL Stockbrokers Limited	Subsidiary	Current Account	890.24	4,256.90
FDC Consulting Limited	Directors-Shareholders	Current Account	215.82	-
Financial Derivatives Company	Shareholder	Current Account	209.21	-
First City Asset Management Limited	Directors-Shareholders	Current Account	242.50	18.15
Helios Towers Nigeria Limited	Directors-Shareholders	Current Account	12,206.72	-
Lana Securities Limited	Shareholder	Current Account	1.26	0.44
Primrose Development Company Limited	Shareholder	Current Account	4.19	39.00
Primrose Investments Limited	Shareholder	Current Account	0.04	0.27

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

32 RELATED PARTY TRANSACTIONS continued

Name of company/Individual	Relationship	Type of deposit	December 2009 N'million	April 2009 N'million
Primrose Property Investment Limited	Shareholder	Current Account	93.69	320.41
S & B Printers Limited	Directors-Shareholders	Current Account	0.51	0.47
Swap Technology & Telecoms Limited	Director	Current Account	3.38	-
Blue-Chip Holdings Limited	Shareholder	Time Deposit	0.22	0.21
City Securities (Registrar) Limited	Subsidiary	Time Deposit	3,627.27	2,738.08
City Securities Limited	Directors-Shareholders	Time Deposit	0.20	0.19
CSL Stockbrokers Limited	Subsidiary	Time Deposit	705.94	874.20
Financial Derivatives Company	Shareholder	Time Deposit	52.07	-
First City Asset Management Limited	Directors-Shareholders	Time Deposit	2,300.81	206.86
Helios Towers Nigeria Limited	Directors-Shareholders	Time Deposit	3,882.63	-
Primrose Development Company Limited	Shareholder	Time Deposit	32.92	154.32
Primrose Investments Limited	Shareholder	Time Deposit	56.86	1.94
S & B Printers Limited	Directors-Shareholders	Time Deposit	0.24	3.88
			24,694.78	8,710.45

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009	April 30, 2009	December 31, 2009	April 30, 2009
33 EMPLOYEES AND DIRECTORS				
(a) EMPLOYEES				
The average number of persons employed during the year by category:				
	Number	Number	Number	Number
Executive directors	9	6	5	5
Management	482	595	457	590
Non-management	2,061	1,762	1,671	1,654
	2,552	2,363	2,133	2,249
Compensation for the above persons (excluding executive directors):	N'000	N'000	N'000	N'000
Salaries and wages	9,524,368	14,782,204	8,808,872	14,527,140
Retirement benefit cost	265,402	389,024	265,402	370,777
	9,789,770	15,171,228	9,074,274	14,897,917
The number of employees of the Bank, including executive directors, who received emoluments in the following ranges were:	Number	Number	Number	Number
Less than N1,800,000.00	551	534	173	438
N1,800,001–N2,500,000	663	681	654	674
N2,500,001–N3,500,000	497	535	484	529
N3,500,001–N4,500,000	367	205	360	201
N4,500,001–N5,500,000	156	171	153	171
N5,500,000 and above	318	237	309	236
	2,552	2,363	2,133	2,249

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
EMPLOYEES AND DIRECTORS continued				
(b) DIRECTORS				
The remuneration paid to the Directors of the Bank (excluding pension and certain allowances) was:				
Fees and sitting allowances	66,604	42,900	28,300	38,900
Executive compensation	225,938	224,941	176,401	167,351
	292,542	267,841	204,701	206,251
Directors' other expenses	311,553	48,997	249,811	32,264
	604,095	316,838	454,512	238,515
The Directors' remuneration shown above includes:				
The Chairman	4,758	5,128	4,758	4,678
Highest-paid Director	48,162	50,267	48,162	50,267

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	Note	GROUP		BANK	
		December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
34 CASH GENERATED FROM OPERATIONS					
Reconciliation of profit before tax to cash generated from operations:					
Operating profit		856,600	4,773,765	724,834	3,979,274
Gain on disposal of investments	6	(94,634)	-	-	-
Investment income	6	(108,371)	(161,561)	(106,766)	(156,931)
Provision/(write back) – loans and advances	15	1,377,378	19,622,399	1,323,341	19,656,607
Provision/(write back) – other assets and contingencies	15	521,879	597,292	(852)	421,484
Provision/(write back) – finance leases	15	(21,352)	(1,847)	(21,352)	(1,847)
Provision for Diminution in investments	15	715,742	1,667,828	718,362	1,561,709
Loans recovery	15	(62,550)	(85,418)	(62,550)	(85,418)
Direct credits write-off	15	109,673	45,669	109,673	45,669
Depreciation	22	2,096,781	2,841,214	1,999,324	2,817,601
Items in WIP written off	22	82,977	-	82,977	-
Profit on disposal of property, plant and equipment		(6,997)	(13,061)	(6,929)	(12,406)
Increase in interest in suspense		1,851,564	1,196,919	1,851,564	1,196,919
		7,318,690	30,483,199	6,611,626	29,422,661

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
CASH GENERATED FROM OPERATIONS continued				
Decrease/(increase) in loans and advances	29,142,246	(101,799,891)	30,169,378	(100,988,779)
Decrease/(increase) in advances under finance leases	969,283	184,769	969,283	184,769
Decrease/(increase) in interest receivable and prepayments	1,122,878	(3,175,507)	(253,777)	(3,101,388)
Decrease/(increase) in accounts receivable and consumables	(3,124,436)	1,302,519	(2,075,851)	(417,898)
Decrease/(Increase) in pledged treasury bills	-	20,000,000	-	20,000,000
Decrease/(Increase) in mandatory reserve deposits	(699,965)	1,298,019	(699,965)	1,298,019
Increase/(decrease) in deposits	(68,541,405)	70,781,042	(63,136,690)	71,630,656
Increase/(decrease) in foreign currency denominated liability	(622,574)	(766,079)	(622,574)	(766,079)
Increase/(decrease) in bank cheques issued	(492,858)	(2,319,384)	(518,183)	(2,319,384)
Increase/(decrease) in proceeds from third-party public offers	(2,001,579)	1,997,628	(1,989,419)	1,989,419
Increase in interest payable and accrued expenses	(8,639,222)	(2,764,718)	(6,231,068)	(2,815,673)
Cash generated from/(used up in) operations	(45,568,942)	15,221,597	(37,777,240)	14,116,324

35 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)	564,338	3,994,543	669,371	3,465,812
Number of ordinary shares in issue ('000)	16,271,192	16,271,192	16,271,192	16,271,192
Earnings per share – basic/diluted	3k	25k	4k	21k

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

36 ACQUISITIONS

On May 2, 2009, the Bank acquired 100% controlling interest in CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL), erstwhile related companies of the Bank by common directorship. The necessary approvals were obtained from the Central Bank of Nigeria and Securities and Exchange Commission on the acquisitions. The acquired companies contributed operating income of N1.23billion to the Group for the period ended December 31, 2009. The net assets acquired, purchase consideration and carrying amount of the investment are as shown below;

	CSLS N'000	CSLS N'000	TOTAL N'000
Purchase consideration (settled in cash)	6,002,000	898,000	6,900,000
Net assets acquired as at April 30, 2009:	(405,056)	(420,899)	(825,955)
Goodwill on acquisitions	5,596,944	477,101	6,074,045

	GROUP		BANK	
	December 31, 2009 N'000	April 30, 2009 N'000	December 31, 2009 N'000	April 30, 2009 N'000
37 CASH AND CASH EQUIVALENTS				
For the purposes of the cash flow statement, cash and cash equivalents include:				
Cash (Note 10)	6,420,194	4,508,267	6,419,539	4,507,388
Operating account with the Central Bank of Nigeria (Note 10)	618,122	1,389,157	618,122	1,389,157
Treasury bills (Note 11)	8,521,058	4,429,643	8,521,058	4,429,643
Due from other banks (Note 12)	121,786,201	165,145,574	118,652,423	165,149,865
	137,345,575	175,472,641	134,211,142	175,476,053

38 CASH AND CASH EQUIVALENTS

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

39 COMPARATIVES

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

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

40 CONDENSED FINANCIAL INFORMATION:

	Bank N'000	FCMB Markets Limited N'000	Credit Direct Limited N'000	FCMB UK Limited N'000	CSLS N'000	CSLS N'000	TOTAL N'000	Consolidation Journal Entries N'000	Group N'000
RESULTS OF OPERATIONS									
Operating income	21,401,941	108,010	1,064,687	77,888	578,280	649,995	23,880,801	-	23,880,801
Operating expenses	(18,610,485)	(229,462)	(278,842)	(442,912)	(531,104)	(290,626)	(20,383,431)	-	(20,383,431)
Provision expense	(2,066,622)	(43,019)	(54,037)	-	(471,264)	(5,828)	(2,640,770)	-	(2,640,770)
Profit before tax	724,834	(164,471)	731,808	(365,024)	(424,088)	353,541	856,600	-	856,600
Tax	(55,463)	-	(261,309)	-	200,357	(175,847)	(292,262)	-	(292,262)
Profit after tax	669,371	(164,471)	470,499	(365,024)	(223,731)	177,694	564,338	-	564,338
FINANCIAL POSITION									
Assets									
Cash and balances with Central Banks	9,009,240	250	240	-	1,000	165	9,010,895	-	9,010,895
Treasury bills	8,521,058	-	-	-	-	-	8,521,058	-	8,521,058
Due from other banks	118,652,423	1,114,576	745	600,513	1,463,920	6,565,435	128,397,612	(6,611,411)	121,786,201
Dealing securities	5,859,100	101,794	-	-	1,288,274	31,476	7,280,644	-	7,280,644
Loans and advances	236,844,499	157,889	3,228,102	2,911	76,040	192,695	240,502,136	(1,770,046)	238,732,090
Advances under finance lease	1,165,896	-	-	-	-	-	1,165,896	-	1,165,896
Deferred tax asset	854,279	-	-	-	231,977	-	1,086,256	-	1,086,256
Investment securities	34,425,090	-	-	-	57,802	-	34,482,892	-	34,482,892
Investment in subsidiaries	10,865,468	366,060	-	-	140,000	-	11,371,528	(11,371,528)	-
Goodwill on consolidation	-	-	-	-	-	-	-	6,074,045	6,074,045
Other assets	12,522,270	164,361	2,707	119,321	645,651	328,711	13,783,021	(120,689)	13,662,332
Property, plant and equipment	21,361,771	61,521	81,259	107,560	130,339	75,473	21,817,923	-	21,817,923
	460,081,094	1,966,451	3,313,053	830,305	4,035,003	7,193,955	477,419,861	(13,799,629)	463,620,232

Notes to the financial statements for the eight months ended December 31, 2009 (continued)

40 CONDENSED FINANCIAL INFORMATION:	Bank N'000	FCMB Markets Limited N'000	Credit Direct Limited N'000	FCMB UK Limited N'000	CSLS N'000	CSLS N'000	TOTAL N'000	Consolidation Journal Entries N'000	Group N'000
Financed by:									
Customer deposits	272,624,017	-	-	-	-	-	272,624,017	(6,611,410)	266,012,607
Due to other banks	13,681,101	-	1,770,155	-	-	-	15,451,256	(1,770,048)	13,681,208
Borrowed funds	30,178,530	-	-	-	-	-	30,178,530	-	30,178,530
Income tax payable	1,655,286	119,989	423,201	-	42,638	210,316	2,451,430	-	2,451,430
Other liabilities	12,466,830	188,706	254,482	145,672	1,022,318	6,370,987	20,448,995	(120,691)	20,328,304
Deferred income tax liabilities	1,078,009	(21,011)	12,378	-	-	14,060	1,083,436	-	1,083,436
Retirement benefit obligations	270,261	21,412	-	-	-	-	291,673	-	291,673
Share capital and reserves	128,127,060	1,657,355	852,837	684,633	2,970,047	598,592	134,890,524	(5,297,480)	129,593,044
	460,081,094	1,966,451	3,313,053	830,305	4,035,003	7,193,955	477,419,861	(13,799,629)	463,620,232
Acceptances and guarantees	50,492,799	-	-	-	-	-	50,492,799	-	50,492,799
CASH FLOWS									
Cash flows from:									
Operating activities	(38,998,989)	(181,726)	(124,447)	156,152	(2,150,183)	(712,467)	(42,011,660)	(4,940,931)	(46,952,591)
Investing activities	(21,260,520)	(13,525)	(59,144)	(131,418)	(1,063,915)	585,600	(21,942,922)	11,773,849	(10,169,073)
Financing activities	18,994,598	115,613	182,985	573,501	2,648,721	(14,184)	22,501,234	(3,506,636)	18,994,598
Increase/(decrease) in cash and cash equivalents	(41,264,911)	(79,638)	(606)	598,235	(565,377)	(141,051)	(41,453,348)	3,326,282	(38,127,066)
Analysis of changes in cash and cash equivalents during the period:									
Beginning of the period	175,476,053	1,194,463	1,591	-	1,989,813	6,706,651	185,368,571	(9,895,930)	175,472,641
End of the period	134,211,142	1,114,825	985	598,235	1,424,436	6,565,600	143,915,223	(6,569,648)	137,345,575
	(41,264,911)	(79,638)	(606)	598,235	(565,377)	(141,051)	(41,453,348)	3,326,282	(38,127,066)

41 POST BALANCE SHEET EVENTS:

There has not been any significant event that requires special disclosure between the balance sheet date and the date when the financial statements were issued.

Statement of Value Added for the eight months ended 31 December 2009

	GROUP				BANK			
	December 31, 2009 N'000	%	April 30, 2009 N'000	%	December 31, 2009 N'000	%	April 30, 2009 N'000	%
GROSS INCOME	35,789,264		72,698,313		33,398,740		71,063,543	
INTEREST PAID	(11,391,549)		(17,941,441)		(11,479,885)		(17,972,886)	
	24,397,715		54,756,872		21,918,855		53,090,657	
ADMINISTRATIVE OVERHEAD	(8,409,699)		(9,807,904)		(7,599,289)		(9,559,146)	
VALUE ADDED	15,988,016	100	44,948,968	100	14,319,566	100	43,531,511	100
DISTRIBUTION								
EMPLOYEES								
Salaries and benefits	10,393,865	65	15,488,066	34	9,528,786	67	15,136,432	35
GOVERNMENT								
Taxation	292,262	2	779,222	2	55,463	0	513,462	1
THE FUTURE								
Asset replacement (depreciation)	2,096,781	13	2,841,214	6	1,999,324	14	2,817,601	6
Expansion (transfers to reserve)	564,338	4	3,994,543	9	669,371	5	3,465,812	8
Provision for losses	2,640,770	17	21,845,923	49	2,066,622	14	21,598,204	50
VALUE ADDED	15,988,016	100	44,948,968	100	14,319,566	100	43,531,511	100

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

Five-year financial summary

GROUP					
ASSETS EMPLOYED					
	December 31, 2009 N'000	April 30, 2009 N'000	April 30, 2008 N'000	April 30, 2007 N'000	April 30, 2006 N'000
Cash and balance with Central Banks	9,010,895	7,169,038	8,473,486	16,813,667	14,340,075
Treasury bills	8,521,058	4,429,643	22,403,134	22,651,051	9,254,918
Due from other banks	121,786,201	165,145,574	194,747,892	99,672,422	53,955,131
Dealing securities	7,280,644	2,072,654	2,005,586	5,835,526	-
Loans and advances	238,732,090	271,103,278	186,634,383	83,577,134	19,070,768
Advances under finance lease	1,165,896	2,113,827	2,296,749	551,785	903,840
Deferred tax assets	1,086,256	1,300,378	2,638,674	8,880	-
Investment securities	34,482,892	30,816,527	2,332,601	2,163,999	424,350
Investment in subsidiaries	-	-	-	-	150,000
Goodwill on consolidation	6,074,045	-	-	-	-
Other assets	13,662,332	10,449,657	29,173,961	18,791,131	1,595,395
Property, plant and equipment	21,817,923	21,001,009	16,630,564	12,775,494	6,916,813
	463,620,232	515,601,585	467,337,030	262,841,089	106,611,290

Five-year financial summary (continued)

GROUP					
FINANCED BY	December 31, 2009	April 30, 2009	April 30, 2008	April 30, 2007	April 30, 2006
	N'000	N'000	N'000	N'000	N'000
Share capital	8,135,596	8,135,596	8,135,596	4,751,215	4,751,215
Share premium	108,369,199	108,369,199	108,369,199	20,989,590	17,110,700
Other reserves	13,088,249	12,550,624	17,128,335	5,362,780	4,536,408
Non-controlling interest	-	-	17,735	-	-
Customer deposits	266,012,607	321,219,293	251,223,129	187,670,992	70,296,796
Due to other banks	13,681,208	27,015,927	26,231,049	15,636,837	400,000
Borrowings	30,178,530	11,183,932	24,538,500	13,144,198	1,396,228
Tax payable	2,451,430	2,584,437	5,290,123	1,307,377	716,941
Other liabilities	20,328,304	22,205,810	22,754,206	13,207,606	6,891,066
Deferred tax liabilities	1,083,436	2,096,961	3,649,058	770,494	511,936
Retirement benefit obligations	291,673	239,806	-	-	-
	463,620,232	515,601,585	467,336,930	262,841,089	106,611,290
Acceptances and guarantees	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
PROFIT AND LOSS ACCOUNT					
Gross earnings	35,789,264	72,698,313	52,818,798	24,973,311	10,824,537
Profit before tax	856,600	4,773,765	20,517,326	7,569,086	3,640,349
Tax	(292,262)	(779,222)	(5,408,235)	(1,620,407)	(798,969)
Profit after tax	564,338	3,994,542	15,109,091	5,948,679	2,841,380
Minority Interest	-	-	(17,685)	-	-
Transfer to reserves	564,338	3,994,542	15,091,406	5,948,679	2,841,380
Earnings per share – basic/diluted	5k	25k	135K	63k	36k

Five-year financial summary (continued)

BANK					
ASSETS EMPLOYED					
	December 31, 2009	April 30, 2009	April 30, 2008	April 30, 2007	April 30, 2006
	N'000	N'000	N'000	N'000	N'000
Cash and balance with Central Banks	9,009,240	7,168,159	8,472,161	16,813,567	8,132,391
Treasury bills	8,521,058	4,429,643	22,403,134	22,651,051	9,254,918
Due from other banks	118,652,423	165,149,865	194,747,892	99,672,422	60,162,815
Dealing securities	5,859,100	1,974,716	1,855,270	5,734,974	-
Loans and advances	236,844,499	270,188,782	186,565,206	83,577,134	19,070,768
Advances under finance lease	1,165,896	2,113,827	2,296,749	551,785	903,840
Deferred tax assets	854,279	1,229,671	2,629,794	-	-
Investment securities	34,425,090	30,816,527	2,332,601	2,163,999	424,350
Investment in subsidiaries	10,865,468	240,150	240,150	240,000	150,000
Other assets	12,522,270	10,191,790	27,093,988	18,639,743	1,595,395
Property, plant and equipment	21,361,771	20,906,484	16,573,956	12,761,215	6,916,813
	460,081,094	514,409,614	465,210,901	262,805,890	106,611,290

Five-year financial summary (continued)

BANK					
FINANCED BY	December 31, 2009	April 30, 2009	April 30, 2008	April 30, 2007	April 30, 2006
	N'000	N'000	N'000	N'000	N'000
Share capital	8,135,596	8,135,596	8,135,596	4,751,215	4,751,215
Share premium	108,369,199	108,369,199	108,369,199	20,989,590	17,110,700
Other reserves	11,622,265	10,952,894	15,622,678	5,228,059	4,536,408
Customer deposits	272,624,017	322,418,759	251,580,103	187,990,701	70,296,796
Due to other banks	13,681,101	27,023,049	26,231,049	15,636,837	400,000
Borrowings	30,178,530	11,183,932	24,538,500	13,144,198	1,396,228
Tax payable	1,655,286	2,187,383	4,580,652	1,258,106	716,941
Other liabilities	12,466,830	21,834,783	22,514,354	13,036,690	6,891,066
Deferred tax liabilities	1,078,009	2,087,590	3,638,770	770,494	511,936
Retirement benefit obligations	270,261	216,429	-	-	-
	460,081,094	514,409,614	465,210,901	262,805,890	106,611,290
Acceptances and guarantees	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
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	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
	50,492,799	42,160,999	120,039,062	46,111,226	17,966,232
	50,492,799	42,160,999	12		

Financial Risk Analysis for the eight months ended December 31, 2009

PRINCIPAL CREDIT POLICIES

The Bank's principal and most significant credit policies are as stated below:

Obligor risk acceptance criteria

The Bank's policy is to avoid the creation of new exposures to borrowers (non-retail) rated C and C- irrespective of the collateral provided.

The Bank may lend unsecured to borrowers rated B- and above but require tangible collateral for borrowers rated CCC+ and below (except where credit is advanced via product programmes or exceptional approval is granted).

Borrowers rated within the speculative grade band (between C+ and CCC+) are advanced credits via product programmes where the risks have been significantly mitigated and in certain cases shared or transferred.

Consumer credit exposures are created primarily to individuals whose salaries are domiciled with the Bank hence granting the Bank priority of payment. Such exposures (personal and auto loans to salaried employees) are rated unsecured but classified as senior debt with an estimated 45% Loss Given Default (LGD).

Single obligor exposure limits

All single obligor exposure limits have the regulatory single obligor limit (20% of Shareholder Funds) as the ceiling but are also subject to internal management single obligor limits (MSOL) for different rating categories. All MSOL limits are subject to periodic reviews and are approved by the Risk Management Committee.

Single sector exposure limit

No single sector shall represent more than 15% of the Bank's total risk asset portfolio (direct and contingents).

Risk-based pricing

The Bank's policy is to price for risk. All credit transactions are priced at Prime Lending Rate (PLR) plus a risk premium. The risk premium is an estimate of expected loss on each transaction and is determined based on assessments of default probabilities and loss given default estimates.

METHODOLOGY FOR RISK RATING

The Bank's internal rating framework comprises:

Non-retail and retail SME Models

An obligor risk rating model mapped to proxy Probability of Default (PD) estimates. A Probability of Default (PD) estimate is a statistical assessment of the likelihood of a borrower/customer becoming 90 days past due on an obligation within a 12 month period. The current PD estimates used by the Bank are not based on actual default experience. Our internal risk grades have been mapped to an external Probability of Default (PD) model.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

METHODOLOGY FOR RISK RATING CONTINUED

A Facility Risk Rating model mapped to Basel II defined Loss Given Default (LGD) estimates (Foundation IRB). A Loss Given Default (LGD) estimate is a statistical assessment of the potential loss to be incurred on an exposure in the event of the occurrence of a credit default event. It takes into consideration the historical recovery rates on unsecured and secured (depending on collateral type) bad loans.

Retail – Consumer (Residential Mortgages, Qualifying Revolving Retail Exposures, Other Retail Exposures)

Consumer scorecards (not mapped to PDs).

Homogeneous exposure pools (based on product and employment type) mapped to 1-year PD estimates (PD estimates based on actual bank experience). Homogeneous exposure pools are credit exposures that have similar credit structures and tend to exhibit similar behavioural patterns.

Non-retail and retail SME models

The Internal rating framework for non-retail and retail SME is supported by carefully articulated credit policies to drive asset creation/lending to non-retail and retail-SME borrowers.

The obligor risk rating model is an assessment of the risk that a borrower will default within a 1-year horizon. This risk of default is expressed in the form of a risk grade/rank and mapped to a statistical estimate of the probability of default. Our PD estimates are currently mapped to a recognised external PD model as the Bank is still collating internal default experience.

The Bank uses four different obligor rating models to assess borrower risks:

OBLIGOR RATING MODEL	MODEL BASIS
CLASSIC LEVEL 1	For borrowers with high-integrity financial statements (based on judgment of credit analysts and internal guidelines) Quantitative and qualitative assessments with a higher weight for the quantitative parameters
CLASSIC LEVEL 2	For borrowers with lower-quality financial statements and higher corporate governance risks (based on judgment of credit analysts and internal guidelines) Quantitative and qualitative assessments with a higher weight for the quantitative parameters
SME SCORECARD	For borrowers without financial statements Quantitative assessment ONLY
PUBLIC SECTOR SCORECARD	For rating/scoring State Governments Model is based on both quantitative and qualitative indicators

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

METHODOLOGY FOR RISK RATING CONTINUED

The obligor risk rating model enables the Bank to consistently differentiate between borrowers with differing risk profiles in a quantifiable manner – based on Probability of Default (PD) estimates.

All non-retail and retail-SME exposures are assigned a risk grade by independent credit analysts within our Risk Management & Compliance Division based on inputs/discussions with relationship management teams and verifiable facts.

While the obligor risk rating model differentiates borrower risk (ie risk of default), the facility risk rating model differentiates transaction risk (ie risk of loss in the event of default).

Our facility risk rating model enables credit analysts to rank transactions based on the estimated Loss Given Default.

9 GRADE LGD MODEL – FACILITY RISK RATING				
	LGD	LGD – MIN	LGD – MAX	LGD GRADE
SECURED	0%	0%	4.99%	AAA
	5%	5%	9.99%	AA
	10%	10%	14.99%	A
	15%	15%	19.99%	BBB
	20%	20%	34.99%	BB
	35%	35%	39.99%	B
	40%	40%	44.99%	CCC
UNSECURED	45%	45%	74.99%	CC
	75%	75%	100.00%	C

21 GRADE NON-RETAIL PD MODEL		
GRADE	PD	PD – DECIMALS
AAA	0.0185%	0.000185
AA	0.0308%	0.000308
A	0.0514%	0.000514
BBB+	0.0857%	0.000857
BBB	0.1428%	0.001428
BBB-	0.1785%	0.001785
BB+	0.2231%	0.002231
BB	0.3540%	0.003540
BB-	0.5445%	0.005445
B+	1.3750%	0.013750
B	2.0625%	0.020625
B-	3.0938%	0.030938
CCC+	4.6407%	0.046407
CCC	6.1876%	0.061876
CCC-	7.7345%	0.077345
CC+	9.2814%	0.092814
CC	10.8283%	0.108283
CC-	12.3750%	0.123750
C+	13.9221%	0.139221
C	54.6900%	0.546900
C-	100.0000%	1.000000

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

METHODOLOGY FOR RISK RATING CONTINUED

The Bank's facility risk rating model (for non-retail and retail SME) also reflects the Expected Loss (EL) on each transaction. Expected Loss is an estimate of how much the Bank will likely lose on a credit transaction. It fully incorporates both borrower strength (PD) and loss severity (LGD) considerations.

Our credit analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and judgment in their recommendations to approving authorities. Model overrides, if any, require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the Board Credit Committee.

Retail – consumer models

Lending to consumers (for residential mortgages, qualifying revolving retail exposures, and other retail Exposures) is currently driven by risk acceptance criteria defined in product programmes. New credit scorecards have been designed and recently rolled out.

The Bank has developed a Probability of Default (PD) model for consumer exposures based on a grouping of credit exposures that have similar credit structures and tend to exhibit similar behavioural patterns. Credit exposures have been grouped by product and employment type (salaried or self-employed), and PD estimates derived for each product/employment type combination.

The consumer PD model is used for risk based pricing, capital allocation, capital adequacy and economic profit calculations.

Our internal rating framework, lending policies, processes and structure ensures disciplined asset accumulation thus providing the Bank with a significantly enhanced capability to manage credit risks.

RETAIL DEFAULTS – PD ESTIMATES		
PRODUCTS	SALARIED	SELF-EMPLOYED
Credits cards	13%	NA
Personal loan	11%	NA
Share loan	16%	71%
Overdraft	15%	NA
Auto loan	14%	52%
Residential mortgages	24%	40%

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

ENTERPRISE RISK REVIEW

Enterprise risk management is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives. *(Definition by the Committee of Sponsoring Organisations of the Treadway Commission).*

The Bank is exposed to a wide range of risks and has put in place robust risk management structures and processes for the proactive identification, assessment, measurement and management of such risks.

The Board has articulated its appetite for all significant risks, and ensures through appropriate sub-committees that all risk-taking activities are within the set appetite. The responsibility for day-to-day management of risks has been delegated to Executive Management through its related committees (the Risk Management Committee and the Executive Management Committee).

The illustration below highlights significant enterprise risks the Bank is exposed to and the respective Board and Executive Management committees responsible for oversight and risk control.

FCMB RISK UNIVERSE & RESPONSIBILITY MATRIX									
Risk universe	Credit risk	Concentration risk	Market risk	Liquidity risk	Operational risk	Compliance risk	Legal risk	Reputational risk	Strategic risk
Primary risk owner	Credit Risk Officer	Credit Risk Officer	Credit Risk Officer	Credit Risk Officer	Credit Risk Officer	Credit Risk Officer	General Counsel	Head brand marketing	Head strategy
Secondary risk owner	Credit Risk Officer								
Board Committee	Board Credit Committee	Board Credit Committee	Board Risk Management Committee (BRMC)						Board of Directors
	Board Risk Management Committee (BRMC)								
Management Committee	Management Credit Committee		Assets & Liability Management Committee		Risk Management Committee (RMC)		Executive Management Committee		
	Risk Management Committee (RMC)								

A three-line of defence system is in place for the management of enterprise risks. The three lines of defence include:

- Board/Executive Management Oversight and Business Unit Management
- Independent risk control and management by the Risk Management & Compliance Division
- Independent assurance provided to the Board of Directors by the Group Internal Audit function and the Bank's external auditors.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CREDIT RISK MANAGEMENT

The Bank's most significant risk is credit risk which is the risk that the Bank will not be able to recover funds and suffer losses because another party is unable or unwilling to meet contractual obligations to the Bank when due.

The Bank takes on credit risk through the following principal activities:

- Lending/leasing: the Bank grants credit to a customer (loan, advances, temporary overdraft, etc.) or finances a lease or grants an advance or a loan to an employee (staff loan, cash advance etc.)
- Bank guarantees: the Bank issues a bond or guarantee (contingent exposure)
- Trading (money market placement, equities trading, etc.) activities: the Bank makes money market placements in another bank/institution or engages in trading activities where the exchange of monetary value and transfer of ownership of purchased assets is not simultaneous.

Credit risks are managed through a combination of risk management tools and policies designed to stimulate the creation of quality risk assets. Credit risk is managed centrally by various departments within the Risk Management & Compliance Division who have responsibilities for policy setting and review, credit appraisal, credit control and portfolio management.

(a) Loans & advances

The Bank uses its internal ratings framework to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the Bank will incur in the event of a default).

Our ratings framework measures the following key components:

- Financial factors (sales terms/conditions, strength of operations, liquidity and capital in addition to debt service capacity)
- Industry: structure, performance, economic sensitivity and outlook
- Management quality (ownership experience and skills) and company standing (reputation, ownership and credit history)
- Security/collateral arrangements, seniority of debt, ability to cancel debt at the point of default and Loss Given Default (LGD) for each security/collateral type supporting the exposure.
- The use of our internal ratings framework extends beyond credit appraisals/assessments (at the point of origination) to credit risk measurement including risk weighted assets computation, economic profit, and capital adequacy based on Basel II principles.

The Bank's internal rating scale and mapping to external ratings is shown overleaf:

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

INTERNAL RATING SCALE	DESCRIPTION	EXTERNAL RATING SCALE (MOODY'S)	EXTERNAL RATING SCALE (S&P)	PD %
AAA	INVESTMENT GRADE	Aaa	AAA	0.0185
AA		Aa1	AA+	0.0308
A		Aa2	AA	0.0514
BBB+		Aa3	AA-	0.0857
BBB		A1	A+	0.1428
BBB-		A2	A	0.1785
BB+		A3	A-	0.2231
BB	PERMISSIBLE PLUS GRADE	Baa1/Baa2	BBB+/BBB	0.3540
BB-		Baa3/Ba1	BBB-/BB+	0.5445
B+	PERMISSIBLE GRADE	BA2	BB	1.3750
B		BA3	BB-	2.0625
B-		B1	B+	3.0938
CCC+	SPECULATIVE/SME GRADE	B2	B	4.6407
CCC		B3	B-	6.1876
CCC-		B3	B-	7.7345
CC+		CAA1	CCC+	9.2814
CC		CAA2	CCC	10.8283
CC-		CAA2	CCC	12.3750
C+		CAA3	CCC-	13.9221
C	EXIT GRADE	CAA3	CCC-	54.6900
C-		D	NA	100.0000

*Mapping to external scale has been done on the basis of estimated PDs. PDs do not currently reflect the bank's actual default experience for Non-Retail and Retail-SME exposures. The bank has an ongoing plan to estimate PDs for each rating scale based on actual default experience in 2011. The mappings above may thus change after the Bank completes this exercise.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CREDIT RISK MEASUREMENT Continued**(b) Debt securities and other bills**

The Bank's trading book comprises only debt securities and bills issued by the Federal Government of Nigeria, and uses external ratings of Fitch for computing the internal capital charge for issuer default risk as part of its overall market risk capital charge. External ratings of Fitch are currently used in the absence of a local external rating for the Federal Government of Nigeria.

SECURITY TYPE	ISSUER RATING	0-30	31-90	9-180	181-365	1YR-5YRS	ABOVE 5YRS
		NGN '000	NGN '000	NGN '000	NGN '000	NGN '000	NGN '000
FGN BONDS	BB-	-	-	97,940	1,827,887	23,523,630	415,626
NIGERIAN TREASURY BILLS	BB-	-	500,000	4,271,068	3,749,990	-	-
		-	500,000	4,369,008	5,577,877	23,523,630	415,626

70% of the Bank's debt securities, representing FGN Bonds, are of maturities greater than 12 months while the remainder (inclusive of both FGN Bonds and Treasury Bills) are of shorter maturities between 31 and 365 days. No debt securities were within the 0-30 day maturity band as at the period ended.

RISK LIMIT CONTROL AND MITIGATION POLICIES

The Bank has robust limit architecture in place for controlling exposures to credit risks including; credit approval limits and concentration limits (large exposure, sectoral exposure and product exposure limits).

All internal limits are subject to regulatory ceilings (where applicable) and are approved by the Board Risk Management Committee. Compliance with internal limits is monitored by the Risk Management & Compliance Division on a daily basis and reported to the respective executive management and Board committees on a periodic basis. Breaches, if any, are immediately escalated with a clear action plan put in place to resolve the limit excesses.

Credit approval limits are set by the Board of Directors and subject to periodic reviews. The following approval limits were in place as at December 31, 2009.

AUTHORISING LEVEL	APPROVAL LIMIT
Board Credit Committee (BCC)	N2.5billion and above
Management Credit Committee	Below N2.5 billion. MCC quorum – 1 Credit Officer, at least 1 Senior Credit Officer and the General Counsel. Approval of credit requests below N100 million are done by circulation and signed-off by 2 Senior Credit Officers, 1 Credit Officer and the Legal Counsel. The committee chairman also has the prerogative to approve circulation of any credit above N100m without an earlier presentation to MCC.
1 Credit Officer and 1 Senior Credit Officer	Limits are as defined in the respective product programmes.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

RISK LIMIT CONTROL AND MITIGATION POLICIES Continued

Some other specific control and mitigation measures are outlined below.

(a) Collateral & guarantees

The Bank has put in place appropriate collateral management policies to reduce the risk of loss in the event of default. Our collateral management policy is linked to our internal ratings framework and used as a deliberate strategy to reduce the estimated expected loss and capital charge on transactions.

The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following:

- Cash and marketable securities
- Legal mortgage
- Mortgage debenture (fixed & floating)
- Accounts receivable of obligors rated B- and above.

SUMMARY BY SECURITY TYPE	Amount	%
Legal mortgage & mortgage debenture	126,811.47	49%
Cash & marketable securities	70,478.70	27%
Accounts receivable	27,804.75	11%
Others	2,949.01	1%
Unsecured	28,515.43	11%
	256,559.36	100%

78% of the bank's exposures as at the period ended were secured by tangible collateral (Legal Mortgage, Mortgage Debenture, Cash and Marketable Securities), 12% secured by receivables and other collateral types, and 11% unsecured.

Other admissible collateral (accepted for comfort only) but not eligible as credit risk mitigants include domiciliation agreements, trust receipts and negative pledges.

Lending to low-risk borrowers (minimum rating of B-, usually large corporates) can be unsecured, while lending to high-risk borrowers (speculative/SME grade band) is supported by tangible collateral. Exposures to individuals are classified as unsecured and subordinated debt with the exception of personal/auto loans to salaried employees (unsecured and senior) and mortgages.

The Bank also accepts guarantees of corporate entities rated BBB- and above as eligible security for reducing transaction risk, expected loss and capital charge. Personal guarantees and guarantees of non-investment grade entities are admissible only as additional comfort and do not directly impact the assessment of transaction risks.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

RISK LIMIT CONTROL AND MITIGATION POLICIES Continued**(b) Master netting agreements**

Master Netting Agreements provides the bank the right to settle a customer's financial transactions (credit obligations to the bank and deposit liabilities held with the bank as defined in the agreement) on a net basis in the event of default or termination of contractual agreements. The bank enters into master netting agreements with customers that have investments in liability products to the extent that if a default occurs, transactions with the customer will be settled on a net basis. These agreements are executed by authorised representatives of the customer, are generally enforceable and do not require any further recourse to the customer or a 3rd party.

(c) Credit-related commitments

The Bank provides guarantees, bonds, standby letters of credit and other documentary letters of credit in the course of its banking business. Bonds are assigned a lower risk weighting relative to loans (50%) and supported by additional collateral by customers depending on the assessment of performance risks. Guarantees, standby letters of credit and other documentary letters of credit are assigned the same risk weight as loans and are supported by tangible collateral or a charge over the underlying goods.

PROVISIONING POLICIES

The Bank recognises loan loss provisions for losses incurred as at balance sheet date based on Prudential guidelines issued by the Central Bank of Nigeria.

Risk assets (loans and advances, advances under finance leases, off-balance-sheet direct credit substitutes, etc)

Loans and advances are summarised as follows:

	December 31, 2009 N'000	April 30, 2009 N'000
Performing	234,098.73	266,497.08
Non-performing		
Substandard	1,630.50	2,565.44
Doubtful	5,292.81	12,968.96
Lost	15,593.72	14,339.49
	256,615.76	296,370.97

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

PERFORMING BUT PAST DUE LOANS

Loans and advances are classified as non-performing when either principal, interest or both are past due for 90 days and above. Loans and advances that have past due installments for less than 90 days are classified as missed payments/minor delinquencies and are considered performing exposures except where there is additional information that supports the classification of such exposures as non-performing. All such exposures are classified internally as watch listed accounts. Once classified, an early collection process is immediately activated (eg via soft calls and reminder alerts/letters) to ensure past due obligations are collected within the shortest possible time and do not migrate into the non-performing exposure buckets.

Loans and advances (gross) by class to customers that were past due but performing are shown below:

	Retail N'000	SME N'000	Public sector N'000	Corporate N'000	FI N'000	TOTAL N'000
PERFORMING BUT PAST DUE LOANS DECEMBER 2009						
Past due up to 30 days	356.40	206.50	15.80	37.30	0.20	616.20
Past due 30–60 days	47.00	45.45	0.01	13.35	-	105.80
Past due 60–90 days	324.02	241.78	12.36	9.03	25.21	612.39
	727.42	493.72	28.17	59.67	25.40	1,334.39
PERFORMING BUT PAST DUE LOANS APRIL 2009						
Past due up to 30 days	163.34	420.71	7.74	2,126.58	0.04	2,718.41
Past due 30–60 days	287.39	356.53	-	115.30	-	759.22
Past due 60–90 days	630.19	2,343.25	170.54	580.45	55.94	3780.37
	1,080.92	3,120.49	178.28	2,822.33	55.98	7,258.00

Performing but past due exposures declined by over 400% between April 2009 and December 2009 primarily as a result of aggressive recovery processes, an indication of an effective early collections process. The significant slow-down in asset growth in the period under review also contributed to the decline.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

NON-PERFORMING LOANS BY INDUSTRY

	December 31, 2009 N'000	April 30, 2009 N'000
Agriculture	-	-
Oil & gas – marketing	732.08	773.07
Oil & gas – trading	1,257.43	5,545.38
Oil & gas – upstream & servicing	0.00	0.00
Capital market	7,664.07	6,150.30
Consumer credit	3,951.53	4,583.18
Manufacturing	268.13	2,541.57
Mining and quarrying	24.40	-
Mortgage	964.91	961.92
Real estate & construction	1,808.10	1,856.68
Finance and insurance	21.73	2,340.63
Government	43.13	479.51
Power	-	-
Other public utilities	-	-
Transportation	1,036.33	679.10
Communication	404.05	57.07
Education	11.33	4.83
Commerce	4,329.80	3,900.67
Others	-	-
	22,517.03	29,873.91

NON-PERFORMING LOANS BY GEOGRAPHY

	December 31, 2009 N'000	April 30, 2009 N'000
South West	18,560.76	24,254.85
North Central	1,150.49	904.92
South South	1,868.87	3,422.59
South East	392.01	285.86
North West	516.28	975.56
North East	28.62	30.12
Rest Of Africa	-	-
	22,517.03	29,873.90

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE**(a) Geographical sectors**

	Due from banks N'000	Loans N'000	Advance under finance lease N'000	Debt instruments N'000	TOTAL N'000
GEOGRAPHICAL SECTORS AS AT DECEMBER 2009					
South West	-	243,904.25	867.98	-	244,772.23
North Central	-	4,023.10	292.57	-	4,315.67
South South	-	4,356.99	4.95	-	4,361.94
South East	-	2,055.39	-	-	2,055.39
North West	-	931.31	0.40	-	931.71
North East	-	178.82	-	-	178.82
	-	255,449.86	1,165.90	-	256,615.76

	Due from banks N'000	Loans N'000	Advance under finance lease N'000	Debt instruments N'000	TOTAL N'000
GEOGRAPHICAL SECTORS AS AT APRIL 2009					
South West	-	278,614.73	1,413.98	-	280,028.71
North Central	-	4,268.78	666.62	-	4,935.40
South South	-	7,142.65	25.13	-	7,167.78
South East	-	2,357.87	22.83	-	2,380.70
North West	-	1,611.84	6.62	-	1,618.46
North East	-	239.92	-	-	239.92
	-	294,235.79	2,135.18	-	296,370.97

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE Continued**(b) Industry sectors**

	Due from banks N'000	Loans N'000	Advance under finance lease N'000	Debt instruments N'000	TOTAL N'000
INDUSTRY SECTORS AS AT DECEMBER 2009					
Agriculture	-	3,245.95	-	-	3,245.95
Oil & gas – marketing	-	967.82	8.12	-	975.95
Oil & gas – trading	-	53,776.43	-	-	53,776.43
Oil & gas – upstream & servicing	-	16,233.15	-	-	16,233.15
Capital market	-	14,092.27	3.68	-	14,095.95
Consumer credit	-	12,220.52	2.78	-	12,223.30
Manufacturing	-	14,458.57	130.67	-	14,589.24
Mining and quarrying	-	24.40	-	-	24.40
Mortgage	-	6,288.30	-	-	6,288.30
Real estate & construction	-	47,139.48	858.53	-	47,998.01
Finance and insurance	-	6,711.69	42.55	-	6,754.24
Government	-	34,431.84	-	-	34,431.84
Power	-	-	-	-	-
Other public utilities	-	-	-	-	-
Transportation	-	4,062.63	-	-	4,062.63
Communication	-	24,574.13	-	-	24,574.13
Education	-	609.81	13.51	-	623.32
Commerce	-	16,612.88	106.05	-	16,718.93
Others	-	-	-	-	-
	-	255,449.87	1,165.89	-	256,615.76

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE Continued

	Due from banks N'000	Loans N'000	Advance under finance lease N'000	Debt instruments N'000	TOTAL N'000
INDUSTRY SECTORS AS AT APRIL 2009					
Agriculture	-	3,599.05	-	-	3,599.05
Oil & gas – marketing	-	1,809.74	73.33	-	1,883.07
Oil & gas – trading	-	60,871.17	-	-	60,871.17
Oil & gas – upstream & servicing	-	16,083.44	-	-	16,083.44
Capital market	-	12,025.60	8.01	-	12,033.61
Consumer credit	-	16,003.38	0.05	-	16,003.43
Manufacturing	-	27,445.91	361.91	-	27,807.82
Mining and quarrying	-	4.30	-	-	4.30
Mortgage	-	6,242.17	-	-	6,242.17
Real estate & construction	-	47,803.63	1,343.86	-	49,147.49
Finance and insurance	-	12,453.22	59.08	-	12,512.30
Government	-	31,934.61	-	-	31,934.61
Power	-	-	-	-	-
Other public utilities	-	-	-	-	-
Transportation	-	3,152.10	35.74	-	3,187.84
Communication	-	23,043.85	-	-	23,043.85
Education	-	579.45	26.10	-	605.55
Commerce	-	31,184.17	227.10	-	31,411.27
Others	-	-	-	-	-
	-	294,235.79	2,135.18	-	296,370.97

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE Continued**(c) Analysis by portfolio distribution & risk rating****ANALYSIS BY RISK RATING AS AT DECEMBER 2009**

	N'000	N'000	N'000	N'000	TOTAL N'000
AAA to BBB-	BB+ to BB-	B+ to B-	CCC+ to C+	C to C-	
380.41	9,402.75	16,231.80	180,550.60	50,050.20	256,615.76

ANALYSIS BY RISK RATING AS AT APRIL 2009

	N'000	N'000	N'000	N'000	TOTAL N'000
AAA to BBB-	BB+ to BB-	B+ to B-	CCC+ to C+	C to C-	
335.17	18,404.27	24,619.25	204,851.37	48,160.91	296,370.97

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

FOREIGN EXCHANGE RISKS

FCMB takes on foreign exchange risks through its activities in both the trading and banking books. The Bank engages in currency trading on behalf of itself (using own funds) and customers, and creates foreign currency positions on the banking book in the course of its financial intermediation role. The Bank is thus exposed to the risk of loss on both its trading and banking book positions in the event of adverse movements in currency prices.

The Bank sets exposure limits (open position limits) at currency and portfolio levels, and uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in all foreign currency trading positions. All limits are set for both overnight and intra-day positions and approved by the Board of Directors. Compliance with the Board approved limits is monitored on a daily basis by the Risk Management & Compliance Division.

By the end of Q1 2010, the Bank will introduce Value-at-Risk limits (VaR) for its entire trading book to complement the use of absolute limits in the management of market risks. Value-at-Risk is a method of risk assessment that uses statistical techniques to provide a summary measure of 'market risk'. It will provide an indication of potential loss (with a probability) due to adverse market movement over a defined time horizon.

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

Concentrations of currency risk – on- and off-balance-sheet financial instruments

AS AT DECEMBER 31, 2009	NGN N'000	USD N'000	GBP N'000	EURO N'000	OTHERS N'000
Assets					
Cash	8,334,175	463,146	123,837	87,281	801
Treasury bills	8,521,058				
Due from other banks	74,239,423	42,812,343	582,800	1,017,060	798
Dealing securities	5,859,100				
Loans and advances to customers	188,407,322	48,434,702	1,478	997	
Advances under finance lease	599,929	565,967			
Deferred tax assets	266,985				
Insurance receivables					
Investment securities	34,725,090				
Investment in subsidiaries	10,865,468				
Other assets	8,706,137	3,808,951	4,376	2,806	
Fixed assets	21,361,771				
Total financial assets	361,886,458	96,085,109	712,491	1,108,143	1,599

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

FOREIGN EXCHANGE RISKS Continued

AS AT DECEMBER 31, 2009	NGN N'000	USD N'000	GBP N'000	EURO N'000	OTHERS N'000
Liabilities					
Customer deposits	241,900,429	29,013,865	909,913	799,803	7
Due to other banks		13,681,101			
Claims payable					
Finance lease obligations					
Liability on investment contracts					
Liabilities on insurance contracts					
Debt securities in issue					
Other borrowings		30,178,530			
Tax payable	1,746,470				
Other liabilities	5,073,671	7,829,380	16,438	374,859	
Total financial liabilities	248,720,570	80,702,877	926,351	1,174,662	7
Net on-balance-sheet financial position	113,165,888	15,382,232	(213,860)	(66,518)	1,593
Off Balance sheet	0	0	0	0	0

AS AT APRIL 31, 2009	USD N'000	GBP N'000	EURO N'000	OTHERS N'000
Assets	64,989,859	858,394	1,109,343	1,631
Liabilities	61,707,719	1,080,435	1,184,325	6
Not on-balance-sheet financial position	3,282,140	(222,040)	(74,982)	1,625
Off-balance sheet	0	0	0	0

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the potential loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

Liquidity risk management process

The Assets & Liability Management Committee (ALCO) has primary responsibility for managing liquidity risks arising from asset and liability creation activities. Deliberate strategies put in place to ensure the Bank is protected from liquidity risks include:

- Ensuring that the Bank consistently maintains a liquid asset buffer over the prevailing regulatory minimum at any point in time. This buffer is maintained to absorb any unexpected liquidity shocks.
- Ensuring that the Bank's liquidity/funding profile is sufficiently diversified and there are no significant concentrations.
- Establishing a contingency funding plan in the event of an unexpected and significant liquidity crisis.
- Ensuring that there are no significant liquidity gaps under a stressed scenario.
- Ensuring that the liquidity gap (contractual and behavioural) is within the approved risk appetite.

The Risk Management & Compliance Division acts as the secretariat for ALCO and provides the necessary analytics (maturity/repricing gap and balance sheet analysis) required for taking proactive liquidity management decisions. The Group Treasury Division is responsible for executing the decisions of ALCO and in particular ensuring that the Bank is optimally and profitably funded at any point in time.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

MATURITY PROFILE – ON BALANCE SHEET

BANK							
AS AT DECEMBER 31, 2009							
	0–30 days N'000	31–90 days N'000	91–180 days N'000	181–365 days N'000	1YR–5YRS N'000	ABOVE 5YRS N'000	TOTAL N'000
Assets							
Cash and short-term funds	127,661,663	500,000	4,271,068	3,749,990	-	-	136,182,721
Loans and advances	78,222,811	17,964,229	18,517,947	44,398,556	84,473,243	11,873,076	255,449,862
Advances under finance lease	77,018	223,483	207,266	358,978	299,151	-	1,165,896
Investment & dealing securities	568,217	-	97,940	5,192,943	-	-	5,859,100
Investment in Subsidiaries	-	-	-	-	34,425,090	10,865,468	45,290,558
Deferred tax	-	-	-	-	854,279	-	854,279
Other assets	12,522,270	-	-	-	-	-	12,522,270
Property, plant and equipment	-	-	-	-	-	21,361,771	21,361,771
	219,051,978	18,687,712	23,094,221	53,700,467	120,051,763	44,100,315	478,686,457
Liabilities							
Deposits	219,946,967	47,578,990	4,926,729	161,661	9,670	-	272,624,017
Due to banks	13,681,101	-	-	-	-	-	13,681,101
Borrowings	732,844	2,422,926	1,619,183	7,478,415	17,925,162	-	30,178,530
Taxation	-	-	-	1,655,286	-	-	1,655,286
Other liabilities	12,466,830	-	-	-	-	-	12,466,830
Deferred taxation	-	-	-	-	1,078,009	-	1,078,009
Retirement benefit obligations	-	-	-	-	-	270,261	270,261
	246,827,742	50,001,916	6,545,912	9,295,362	19,012,841	270,261	331,954,034
Net liquidity gap	(27,775,763)	(31,314,204)	16,548,309	44,405,105	101,038,922	43,830,054	146,732,423

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

BANK						
AS AT APRIL 30, 2009						
	0–30 days N'000	1–3 months N'000	3–6 months N'000	6–12 months N'000	Over 12 months N'000	TOTAL N'000
Assets						
Cash and balances with Central Bank	7,168,159	-	-	-	-	7,168,159
Treasury bills	4,429,643	-	-	-	-	4,429,643
Due from other banks	165,149,865	-	-	-	-	165,149,865
Dealing securities	1,974,716	-	-	-	-	1,974,716
Loans and advances	77,349,077	35,181,498	15,871,681	44,351,943	97,434,583	270,188,782
Advances under finance lease	83,484	45,061	151,003	1,237,108	597,171	2,113,827
Deferred tax assets	-	-	-	-	1,229,671	1,229,671
Investment securities	-	-	-	-	30,816,527	30,816,527
Investment in subsidiaries	-	-	-	-	240,150	240,150
Other assets	10,191,790	-	-	-	-	10,191,790
Property, plant and equipment	-	-	-	-	20,906,484	20,906,484
	266,346,734	35,226,559	16,022,684	45,589,051	151,224,586	514,409,614
Liabilities						
Customer deposits	291,293,600	29,925,692	1,025,087	174,180	200	322,418,759
Due to other banks	27,023,049	-	-	-	-	27,023,049
Borrowings	1,324,413	1,177,256	1,324,413	-	7,357,850	11,183,932
Tax payable	-	-	-	2,187,383	-	2,187,383
Other liabilities	6,465,838	5,237,156	3,758,582	6,373,207	-	21,834,783
Deferred tax liabilities	-	-	-	-	2,087,590	2,087,590
Retirement benefit obligations	21,647	-	-	-	194,782	216,429
	326,128,547	36,340,104	6,108,082	8,734,770	9,640,422	386,951,925
Net liquidity gap	(59,781,813)	(1,113,545)	9,914,602	36,854,281	141,584,164	127,457,689

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

MATURITY PROFILE – OFF BALANCE SHEET**(a) Financial guarantees and other financial facilities**

Performance bonds and financial guarantees are included below based on the earliest contractual maturity date.

(b) Contingent letters of credit

Unfunded letters of credit are included below based on the earliest contractual payment date.

(c) Operating lease commitments

The Bank had no operating lease commitments as at 31 December 2009.

(d) Capital commitments

Capital commitments for the acquisition of buildings and equipment are summarised in the table below.

OFF-BALANCE-SHEET EXPOSURE AS AT 31 DECEMBER 2009

	0–30 days N'000	1–3 months N'000	3–6 months N'000	6–12 months N'000	Over 12 months N'000	TOTAL N'000
Performance bonds and financial guarantees	391	3,099	3,703	4,237	7,828	19,258
Contingent letters of credit	5,611	12,566	12,054	1,004	0	31,235
Bankers acceptances	0	0	0	0	0	0
Guaranteed commercial papers	0	0	0	0	0	0
Capital commitments	25	478	480	246	0	1,229
Operating lease commitments	0	0	0	0	0	0
	6,027	16,143	16,237	5,487	7,828	51,722

OFF-BALANCE-SHEET EXPOSURE AS AT 30 APRIL 2009

	0–30 days N'000	1–3 months N'000	3–6 months N'000	6–12 months N'000	Over 12 months N'000	TOTAL N'000
Performance bonds and financial guarantees	283	2,973	1,013	1,640	11,104	17,013
Contingent letters of credit	15,158	7,526	2,464	0	0	25,148
Bankers acceptances	0	0	0	0	0	0
Guaranteed commercial papers	0	0	0	0	0	0
Capital commitments	122	0	794	2,534	3,450	6,900
Operating lease commitments	0	0	0	0	0	0
	15,563	10,499	4,271	4,174	14,554	49,061

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

CAPITAL MANAGEMENT

The Central Bank of Nigeria requires each bank to hold minimum regulatory capital of N25 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 10%.

The Risk Management Committee (RMC) has the delegated mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the Bank which includes:

- Ensuring the Bank fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
- Ensuring the Bank is adequately capitalised, and capital adequacy reflects the risk inherent in the Bank's business model.
- Ensuring disciplined and selective asset growth (based on desired borrower risk profile).
- Maintaining expected losses (EL) within defined limits as a direct consequence of selective and disciplined asset growth.
- Ensuring risks taken by the respective business lines are within approved limits and allocated capital.
- Ensuring business lines generate adequate risk adjusted returns on allocated capital.

The bank's regulatory capital can be segmented into two tiers:

- Tier 1 capital includes: share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at Tier 1 capital.
- Tier 2 capital includes: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 2 capital to arrive at the regulatory capital.

Risk weighted assets are derived based on four-level pre-defined risk weights for different asset classes, specifically:

- 0% for cash and near cash equivalents
- 20% for off-balance-sheet exposures and placements in banks (local and foreign)
- 50% for non-negotiable certificate of deposits
- 100% for all other on-balance-sheet exposures including loans and advances.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

The table below shows the breakdown of the Bank's regulatory capital for the periods ended 30 April 2009 and 31 December 2009:

	December 31, 2009 N'000	April 30, 2009 N'000
TIER 1 CAPITAL		-
Share capital	8,136	8,136
Share premium	108,369	108,369
Statutory reserves	8,992	8,891
Contingency reserve	-	-
SMIEIS reserve	659	659
Bonus issue reserve	-	-
Retained earnings	1,972	1,403
Less: goodwill and intangible assets	-	-
	128,127	127,458
TIER 2 CAPITAL		
Preference shares	-	-
Minority interest	-	-
Convertible bonds	-	-
Revaluation reserve: fixed assets	-	-
Revaluation reserve: investment securities	-	-
Translation reserve	-	-
General provision (subject to a max of 1.25% of risk assets)	-	21,663
Less: investments in subsidiaries	(10,865)	(240)
Total qualifying Tier 2 capital	(10,865)	21,423
Total regulatory capital	117,263	148,881
RISK WEIGHTED ASSETS		
On-balance-sheet	322,088	371,887
Off-balance-sheet	51,729	8,432
	373,817	380,319
Risk-weighted capital adequacy ratio	31%	39%

The bank's capital adequacy ratio declined from 39% in April 2009 to 31% as at December 2009 but was still significantly above CBN capital adequacy requirements by 2100bps.

The decrease in capital adequacy in December 2009 is mainly due to the low contribution to retained earnings as a result of higher than expected provisioning for impaired assets in previous periods.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

OPERATIONAL RISK MANAGEMENT

Operational risk methodology

Operational risk in FCMB is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank has a three-tier structure for proactively managing operational risks:

- Proactive risk identification and mitigation by business units through the use of Risk & Control Self Assessment (RCSA) processes facilitated by the Group operational risk function. This process enables Business Units to proactively identify their operational risks and put in place appropriate controls to reduce financial losses and reputational risk impacts.
- Independent control assessment processes conducted by the Internal Control function to test adequacy of controls put in place through the RCSA process and to provide Key Risk Indicator data used for measuring the extent of exposure to significant operational risks. This process enables us to identify and resolve control gaps/issues before they crystallise into losses.
- Independent risk assurance process conducted by the Group Internal Audit function to evaluate the effectiveness of the Bank's operational risk management framework and provide the Board of Directors the necessary assurance required.

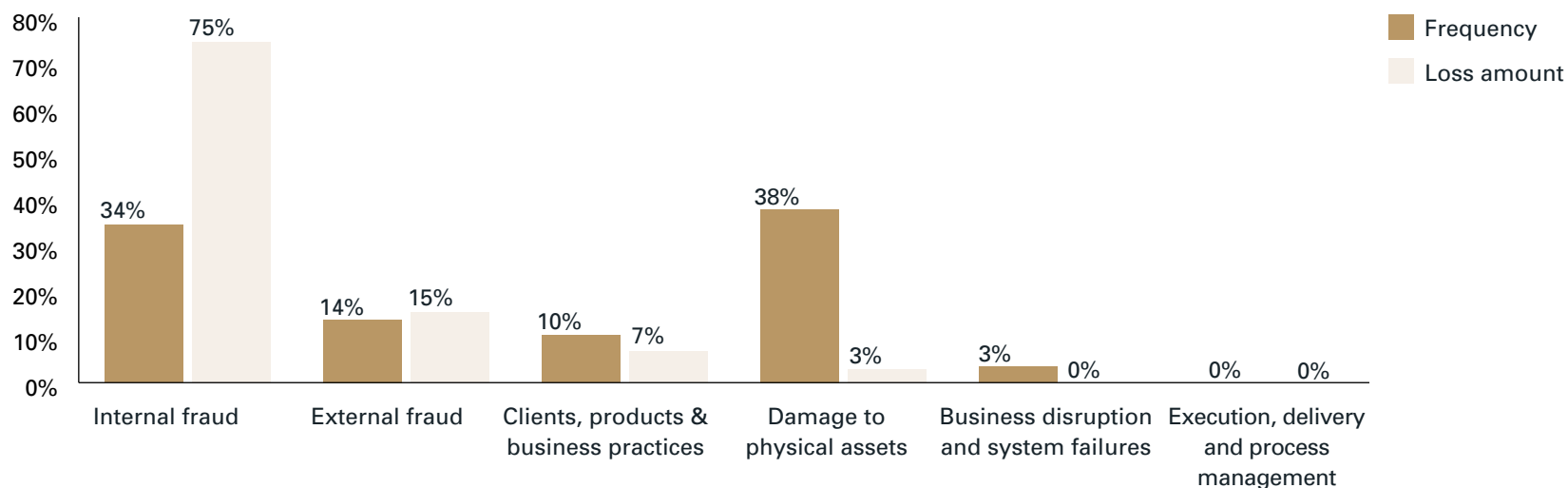
The Bank has successfully linked its operational risk management processes to performance management through the use of a Risk & Control Index that represents a key component of productivity and annual performance appraisals. The objective of this index is to shape employees' behaviour and ensure all employees take responsibility for managing bank-wide operational risks.

Our revised operational risk management framework has been in place since 2008 and has started to influence the way risks are managed in the Bank. Specifically, there has been a significant attitudinal change which has resulted in relative improvement in the control environment. The Bank continues to fine-tune and enhance its operational risk management processes to ensure losses are within Board defined risk appetite.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

Operational risk exposures

The Bank's operational risk losses as at December, 2009 was within the Board approved risk appetite ($\leq 0.25\%$ of Gross Income). The losses have been fully recognised in the financial results for the period.



*Fig 1: Loss by Basel risk event type

Frequency represents the number of operational risk incidents experienced within the period while Loss Amount represents the value of losses (before recovery) incurred as a result of the incidents.

The most significant loss incidents within the period under review were fraud and damages to physical assets. Fraud (external and internal) losses accounted for 48% of the number of incidents experienced within the period and 90% of the losses by value while damages to physical assets represent 38% of the number of losses and 3% by value.

These loss event types (fraud and damages to assets) are mitigated by insurance. Losses not fully covered by insurance have been fully expensed in the period under review while insurance receivables aged 90 days and above have been fully provisioned in line with accounting standards.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

OPERATIONAL RISK MANAGEMENT Continued

The distribution of operational risk losses as at December 2009 by severity is shown below:

LOSS DISTRIBUTION BY SEVERITY

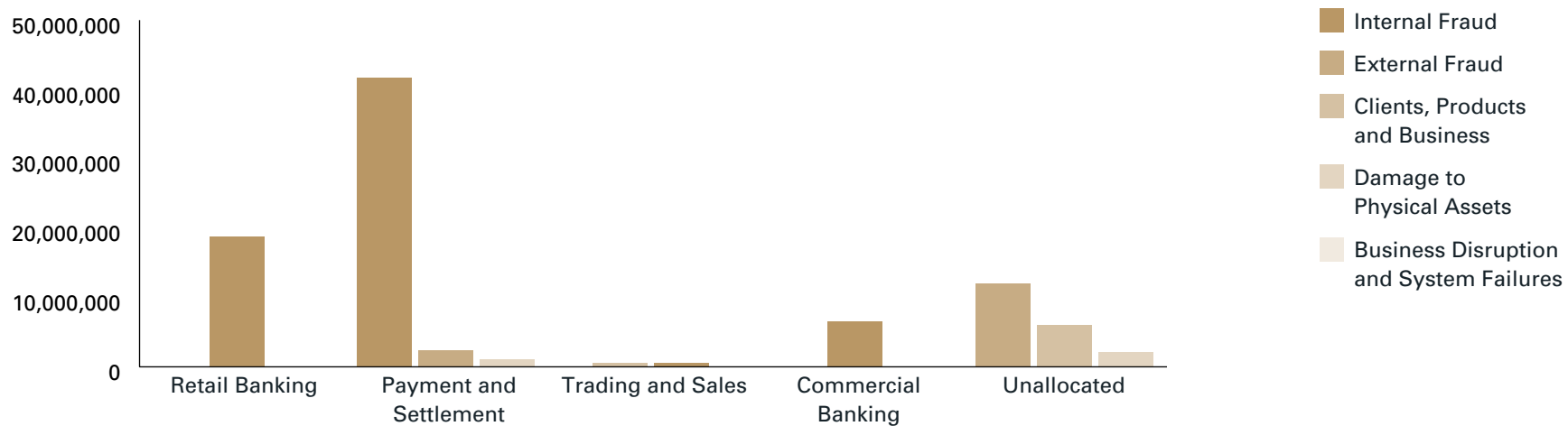
SEVERITY OF LOSSES	NUMBER OF LOSSES %	GROSS LOSS AMOUNT %
0<=X<=100,000	14	0
100,000<=X<=500,000	31	1
500,000<=X<=1,000,000	10	3
1,000,000<=X<=5,000,000	24	14
5,000,000<=X<=10,000,000	3	7
10,000,000<=X<=15,000,000	14	56
15,000,000<=X<=20,000,000	4	19
TOTAL	100	100

*Fig 3: Severity of losses: frequency and amount distribution of losses

Most of the losses experienced (by number of incidents) are within the N100,000 to N500,000 and N1million to N5million buckets representing 31% and 24% of the number of loss incidents respectively. Low frequency-high impact events were within the N10million to N15,000,000 bucket and represent 14% of the number of operational risk incidents and 56% of losses incurred in the period. No single operational risk loss was above N20 million in the financial year.

Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

The Bank's operational risk losses by Basel business lines are shown below:



Financial Risk Analysis for the eight months ended December 31, 2009 (continued)

OPERATIONAL RISK MANAGEMENT Continued

Activities in payment & settlement business line accounts for most of the internal fraud (62%) experienced in the period under review and 14% of external fraud occurrences, while retail banking and commercial banking accounted for 28% and 10% of internal fraud losses respectively.

The Bank conducts causal analysis of all loss events as they occur and uses the causal analysis to implement changes to the controls framework where required. Some additional cost effective controls were also introduced in the areas where control lapses were detected.

The Bank continues to proactively identify risks, assess the effectiveness of the control framework through the Risk & Control Self Assessment process and implement process changes to minimise the risk of loss attributable to operational risks.

An operational risk awareness campaign is currently being implemented bank-wide through electronic and workshop based approaches. The operational risk awareness campaign is an ongoing process that is aimed at improving risk consciousness across all cadres of staff and will ultimately reduce the frequency and severity of loss events.

Strategic risk management

Strategic risk is defined as the risk of incurring an economic loss as a result of adverse impact of internal and external factors on the Bank's earnings and/or ability to achieve its strategic objectives.

The Board of Directors has responsibility for ensuring that the Bank achieves its strategic objectives and thus provides appropriate oversight to ensure there are no significant deviations from earnings objectives. The Board ensures that there are appropriate structures and processes in place to mitigate the impact of strategic risk events (internal and external factors).

Internal factors which may adversely impact the achievement of the Bank's strategic objectives include: weak corporate strategy and weak execution of strategic plans. The Bank has a well articulated and robust strategy formulation process in place to mitigate the risk of poor/weak strategic planning. Our strategic planning process entails comprehensive scanning of the macro-economic, competitive and regulatory environments, scenario assessments and choice making at Bank and Business Unit levels, and involves all key stakeholders including the Board of Directors. This robust process ensures the Strategic Plan is realistic, the outcome of thorough internal deliberations, and achievable.

To minimise execution risks, the Bank has in place an effective performance management framework that ensures alignment between the Bank's strategic objectives and individual/team rewards.

External factors which have the potential of adversely impacting the achievement of the strategic plan include: unfavourable changes in the macro-economic, political, competitive and regulatory environments as well as adverse changes in the financial markets.

To mitigate the risk of adverse changes in the external environment, the Bank proactively assesses the impact of external factors on the Bank's earnings based on likelihood of occurrence, and takes proactive steps/measures to reduce the overall impact on earnings in the event that those changes crystallise.

List of branches

S/N	NAME	STATE	STATUS	ADDRESS	S/N	NAME	STATE	STATUS	ADDRESS
1	Aba	Abia	Branch	90 Asa Road, Aba	19	Oron	Akwa Ibom	Cash Centre	Phcn Premises, Oron, Akwa Ibom State
2	Aba, Faulks Road	Abia	Branch	200 Faulks Road, Aba	20	Awka	Anambra	Branch	84 Nnamdi Azikiwe Avenue, Awka
3	Umuahia	Abia	Branch	5 Library Avenue, Umuahia	21	Oko	Anambra	Branch	4 Hospital Road
4	Guinness Aba	Abia	Cash Centre	Guinness Depot, Osisioma, Aba	22	Onitsha	Anambra	Branch	9a Market Road, Onitsha
5	Abuja 2	Abuja	Branch	6 Ogbomosho Street, Area 8, Garki, Abuja	23	Onitsha	Anambra	Branch	No 40, Uga Street, Bridgehead, Onitsha
6	Abuja 3	Abuja	Branch	Area 3 Garki Abuja, Coscharis Plaza, Plot 1070, Egbe Close	24	Yenagoa	Bayelsa	Branch	Off Nixon Junction, Kpasia, Yenagoa
7	Abuja FCMB Plaza	Abuja	Branch	FCMB Plaza, 252 Herbert Macaulay Way, CBD, Abuja	25	Makurdi	Benue	Branch	No 12, New Bridgehead Way, Markudi
8	Maitama Fed Sec	Abuja	Branch	Federal Secretariat Complex Phase 3, Shehu Shagari Way, Maitama	26	Maiduguri	Borno	Branch	Baga Road, Maiduguri, Borno
9	Wuse li	Abuja	Branch	Plot No.108, Adetokunbo Ademola, Cadastral Zone Ao8, Wuse li	27	Bauchi	Buachi	Branch	Forma Women Devt Centre G.R.A., Bauchi
10	Banex Plaza	Abuja	Cash Centre	Banex Plaza, Wuse 2, Abuja	28	Calabar	Cross River	Branch	15 Calabar Road, Calabar
11	Yola	Adamawa	Branch	20 Atiku Abubakar Way, Jimeta Yola	29	Ikoma	Cross River	Branch	7 Calabar Road, Ikoma
12	Eket	Akwa Ibom	Branch	Along Grace Bill Road by Marina, Eket	30	Asaba	Delta	Branch	371, Nnebisi Road, Asaba
13	Ikot Abasi	Akwa Ibom	Branch	2 Akpan Udo Ekpo Street	31	Warri 11	Delta	Branch	300 Effurun Sapele Road, Warri
14	Ikot Ekpene	Akwa Ibom	Branch	Plot C, Bank Layout, Ikot Ekpene	32	Warri	Delta	Branch	Plot 151/153 Okumagba Avenue
15	Oron Road Uyo	Akwa Ibom	Branch	105 Oron Road, Uyo	33	Oando, Warri	Delta	Cash Centre	Oando Premises, Warri
16	State House Of Assembly Complex	Akwa Ibom	Branch	Akwa Ibom State House Of Assembly	34	Abakiliki	Ebonyi	Branch	36b Sam Egwu Way, Abakiliki, Ebonyi State
17	Uyo Branch	Akwa Ibom	Branch	143 Abak Road	35	Akpakpavha Road	Edo	Branch	7 Akpakpavha Street
18	Wellington Bassey	Akwa Ibom	Branch	70 Wellington Bassey Way	36	Benin	Edo	Branch	112 Mission Road, Benin City
					37	Ugbowo	Edo	Branch	183 Uselu-Ugbowo Road, Benin City
					38	Guinness Benin	Edo	Cash Centre	Guinness Premises, Ikpoba Hill, Agbor Road, Benin City
					39	Ado-Ekiti	Ekiti	Branch	Along Secretariat Road

List of branches

S/N	NAME	STATE	STATUS	ADDRESS	S/N	NAME	STATE	STATUS	ADDRESS
40	Enugu	Enugu	Branch	12a Market Road, Enugu	58	Agege	Lagos	Branch	Old Abeokuta Expressway, Tabon Tabon, Agege, Lagos
41	Garden Avenue Enugu	Enugu	Branch	41 Garden Avenue, Enugu	59	Airport Road	Lagos	Branch	Plot 25, Muritalla Mohammed International Airport Road, Ikeja
42	Gombe	Gombe	Branch	11 Biu Link Road, Commercial Area Opp. Central Market, New Eid Ground, Gombe	60	Ajah	Lagos	Branch	Km 23 Berger Bus Stop, Ajah
43	Ashaka	Gombe	Cash Centre	Ashaka Cement Complex	61	Akowonjo	Lagos	Branch	Shasha Roundabout, Akowonjo
44	Owerri	Imo	Branch	81 Wetheral Road, Owerri	62	Alaba	Lagos	Branch	Obosi Plaza, A Line, Alaba International Market, Ojo
45	Dutse	Jigawa	Branch	12a/13a Kiyawa Rd, Dutse, Jigawa	63	Alagbado	Lagos	Branch	Beside AP Filling Station, Ojokoro, Alagbado
46	Kaduna	Kaduna	Branch	A1 Ahmadu Bello Way	64	Allen Avenue	Lagos	Branch	36 Allen Avenue, Ikeja
47	Kaduna	Kaduna	Cash Centre	Phcn Premises, Oron, Kaduna State	65	Apapa 11	Lagos	Branch	16 Warehouse Road, Apapa
48	Kaduna 1	Kaduna	Branch	1 & 2a Kachia Road, Kaduna	66	Apapa	Lagos	Branch	35 Creek Road, Apapa
49	Zaria	Kaduna	Branch	F3 Kaduna-Gusau Road, Zaria	67	Awolowo Road	Lagos	Branch	68 Awolowo Road
50	Bello Road, Kano	Kano	Branch	17/18 Bello Road	68	Broad Street	Lagos	Branch	Banuso House
51	Kano	Kano	Branch	145 Murtala Mohammed Way	69	Head Office	Lagos	Branch	17a Tunubu Street, Lagos Island
52	Katsina	Katsina	Branch	Kano/Katsina Rd, By Yantomaki Rd Junction. Katsina	70	Idumagbo	Lagos	Branch	34 Idumagbo Avenue, Lagos Island
53	Birnin Kebbi	Kebbi	Branch	Ahmadu Bello Way, Birnin-Kebbi	71	Idumota	Lagos	Branch	22 Idu Olowu Street, Idumota
54	Lokoja	Kogi State	Branch	Okene/Kabba Rd Opp. Stella Obasanjo Library, Lokoja	72	Ikeja	Lagos	Branch	29 Oba Akran Avenue
55	Obajana	Kogi State	Cash Centre	Opposite Obajana Cement Factory	73	Ikorodu	Lagos	Branch	7 Lagos Road
56	Ilorin	Kwara	Branch	33 Murtala Mohammed Way, Ilorin, Kwara State	74	Ketu	Lagos	Branch	545/547 Ketu, Ikorodu Road, Lagos
57	Adeola Odeku	Lagos	Branch	11b Adeola Odeku Street, Victoria Island	75	Macarthy	Lagos	Branch	10/12 Macarthy Street, Onikan, Lagos
					76	Matori	Lagos	Branch	91 Ladipo Street, Matori, Lagos
					77	Motor Ways Avenue Ikeja	Lagos	Branch	Motor Ways Avenue Branch, Ikeja
					78	Mushin Isolo	Lagos	Branch	253 Agege Motor Road, Beside AP Filling Station, Mushin

List of branches

S/N	NAME	STATE	STATUS	ADDRESS	S/N	NAME	STATE	STATUS	ADDRESS
79	Ogba	Lagos	Branch	23 Ogba Ijaiye Road, Opp Waec Ogba	97	Okota	Lagos	Branch	117 Okota Road, Opposite Phcn, Okota, Lagos
80	Ojo	Lagos	Branch	148a Olojo Drive	98	Shomolu	Lagos	Branch	31 Shipeolu Street, Onipan, Shomolu, Lagos
81	Orile Coker	Lagos	Branch	Block II, Shop 3-8, Odunade Market, Orile Coker	99	Tincan	Lagos	Branch	Berger Cement Bus Stop Apapa-Oshodi Express Rd
82	Sanusi Fafunwa	Lagos	Branch	17 Sanusi Fafunwa Street	100	Lasu	Lagos	Cash Centre	Lagos State University, Ojo, ICT Complex
83	The Palms	Lagos	Branch	The Palms Shopping Complex by Lekki Phase 1, First Roundabout	101	Ibafon, Apapa	Lagos	Cash Centre	No 15, Apapa-Oshodi Expressway, Ibafon
84	Victoria Island	Lagos	Branch	Plot 1661, Oyin Jolayemi Street	102	Zenon Oil	Lagos	Cash Centre	Zenon Direct Filling Station, Cele Bus stop, Oshodi-Apapa Expressway
85	Yaba	Lagos	Branch	43 Ojuelegba Road, Yaba, Lagos	103	Eko Phcn	Lagos	Cash Centre	Phcn Premises, Eko, Lagos State
86	Guinness Ikeja	Lagos	Cash Centre	Guinness Premises, 24 Oba Akran Avenue	104	Awoyaya	Lagos	Cash Centre	Phcn Premises, Awoyaya, Ijebu-Lekki, Lagos State
87	Iponri	Lagos	Cash Centre	Shop 529-531, Iponri Shopping Complex	105	Ikorodu	Lagos	Cash Centre	Phcn Premises, Ikorodu, Lagos State
88	Marina	Lagos	Branch	44 Marina Street, Lagos	106	Isolo	Lagos	Cash Centre	Phcn Premises, Isolo, Lagos State
89	Idimu	Lagos	Branch	218 Egbeda-Idimu Road, Faith B/Stop, Opp Yemkem Int'l Plaza, Idimu-Lagos	107	Oshodi	Lagos	Cash Centre	Phcn Premises, Oshodi, Lagos State
90	Adetokunbo Ademola	Lagos	Branch	Plot 719, Adetokunbo Ademola Street, V.I Lagos	108	Abiyan	Lagos	Cash Centre	Phcn Premises, Abiyan, Ijebu-Kekki, Lagos State
91	Adeniran Ogunsanya	Lagos	Branch	33 Adeniran Ogunsanya Street, Surulere	109	Oba-Akran	Lagos	Cash Centre	Phcn Premises, Oba-Akran, Lagos State
92	Adeola Hopewell	Lagos	Branch	No 38, Plot 727, Adeola Hopewell Street, Victoria Island, Lagos	110	Ogba	Lagos	Cash Centre	Phcn Premises, Ogba, Lagos State
93	Aspamda	Lagos	Branch	Zone D, R1, International Trade Fair Complex, Ojo	111	Okota	Lagos	Cash Centre	Phcn Premises, Okota, Lagos State
94	GRA, Ikeja	Lagos	Branch	No 50, Isaac John Street, GRA, Ikeja					
95	Lekki 2	Lagos	Branch	Igbokushu Village Opp. Jakande Estate Lekki-Epe Express Way, Lagos					
96	Oke Arin	Lagos	Branch	11 Ijaiye Street, Oke-Arin, Lagos					

List of branches

S/N	NAME	STATE	STATUS	ADDRESS	S/N	NAME	STATE	STATUS	ADDRESS
112	Lafia	Nasarawa	Branch	Lafia/Jos Rd, Opp State Cid, Lafia	132	Oshogbo	Osun	Branch	Along Gbongan Road, Oshogbo, Osun State
113	Minna	Niger	Branch	Along Paiko Road, Opp Cbn Minna	133	Saki	Oyo	Branch	Sango-Ajegunle Road, Beside Saki West Local Govt Secretariat, Saki, Oyo State
114	Abeokuta	Ogun	Branch	21 Lalubu Street, Oke-Ilewo	134	Ibadan Bodija	Oyo	Branch	Ibadan Bodija Branch
115	Agbara	Ogun	Branch	Plot 1, Ilaro Street, Agbara Industrial Estate, Agbara	135	Ibadan	Oyo	Branch	23/25 Lebanon Street
116	Akute	Ogun	Branch	34 Ojodu Akute Road, Alagbole Bus Stop	136	Ojoo	Oyo	Branch	Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo State
117	Ijebu-Igbo	Ogun	Branch	81 Adeboye Road, Oke Sopen	137	Uch Ibadan	Oyo	Cash Centre	University College, Opp Total Filling Station, Ibadan
118	Ijebu-Ode	Ogun	Branch	168 Folagbade Street	138	Jos	Plateau	Branch	British/American Junction, Jos
119	Ijebu-Ode II	Ogun	Branch	No 52, Ejirin Road, Imepe, Ijebu-Ode	139	Aba Road	Rivers	Branch	Areta Plaza, 178 Aba Road, Port Harcourt
120	Otta	Ogun	Branch	No 57, Lagos-Abeokuta Expressway, Sango Otta	140	Garrison	Rivers	Branch	No 85, Port Harcourt/Aba Road, Garrison Roundabout, PH
121	Sagamu	Ogun	Branch	141 Akarigbo Street, Ijoku	141	Ikwerre Road	Rivers	Branch	Ikwerre Road, Port Harcourt
122	Ago-Iwoye	Ogun	Cash Centre	Olabisi Onabanjo University	142	Olu Obasanjo Way	Rivers	Branch	No 80, Olu Obasanjo Way
123	Akute	Ogun	Cash Centre	Phcn Premises, Akute, Ogun State	143	Oyigbo	Rivers	Branch	No 290 Old Aba Road, Oyigbo, Rivers State
124	Shagamu	Ogun	Cash Centre	Phcn Premises, Shagamu, Ogun State	144	PH Regional Office Branch	Rivers	Branch	Plot 466/467, Trans Amadi Industrial Layout, Port Harcourt
125	Otta Phcn	Ogun	Cash Centre	Phcn Premises, Otta, Ogun State	145	Port Harcourt	Rivers	Branch	Plot 282a, Ph/Aba Express Road, Port Harcourt
126	Akure	Ondo	Branch	15 Oyemekun Street, Akure	146	Trans Amadi	Rivers	Branch	Essay Plaza, 11/12 Trans-Amadi Industrial Layout
127	Akure II	Ondo	Branch	No 5, Bishop Fagun Road, Akure	147	Abuloma	Rivers State	Branch	No 46a Abuloma Road, Opposite Bozogomero Estate, Abuloma, Port Harcourt
128	Igbokoda	Ondo	Branch	Plot 1e, 5b Gra Igbokoda, Ilaje, Ondo State	148	Aggrey	Rivers State	Branch	81 Aggrey Road, Port Harcourt
129	Ore	Ondo	Branch	Adjascent Nnpc Depot, Ore-Ondo Road, Ore, Ondo State	149	Sokoto	Sokoto State	Branch	Plot 4, Kano Road, Sokoto
130	Owo	Ondo	Branch	AP Filling Station, Ikare Junction, Owo, Ondo State					
131	Ilesha	Osun	Branch	F16 Ereguru Street, Ilesha, Osun State					

List of branches

S/N	NAME	STATE	STATUS	ADDRESS
150	Jalingo	Taraba	Branch	Hammaniwa Road, Before Zenith Bank Plc, Jalingo
151	Damaturu	Yobe	Branch	29/32 Bukar Abba Ibrahim Way, Damaturu
152	Potiskum	Yobe	Branch	Opposite Fed. College Of Education (Technical), Mohammed Idriss Way, Potiskum
153	Gusua	Zamfara State	Branch	Plot 103, Gusau-Sokoto Road, Gusau

Personal account application form

Individual/joint account holders

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



Dear Sirs,

Kindly establish the following account(s) in my/our name(s) with First City Monument Bank Plc (FCMB). By selecting any type of account(s)/product(s) I agree to be bound by the terms and conditions governing the said account(s)/product(s) in FCMB. I also agree to be bound by the terms and conditions governing the assessment of your services via your non-branch channels which I have also selected with this application.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS – TRUSTEE/JOINT ACCOUNT HOLDER DETAILS TO BE INDICATED AND SIGNED ON THE NEXT PAGE)

DETAILS OF: ACCOUNT HOLDER FIRST JOINT ACCOUNT HOLDER

Title: Mr Mrs Miss Dr Other

Surname Forenames

Mother's Maiden Name

Test Question

Answer

Date of Birth (DD/MM/YYYY) / / Nationality

Occupation

Pencom No.

Employer's Name

Employer's Address

Approx. Annual Income (=N=)

Home Address

City/Town State

Mobile Phone 1 Mobile Phone 2

Office Phone Home Phone

Correspondence Address

City/Town State

Email Address

Next of Kin

I hereby certify that all the information given above is correct. I also certify that I have read, understood and agreed with the attached terms and conditions governing the account(s)/product(s) I have requested.

Customer's Signature

Mandate/Special Instructions

(including minimum confirmation amount, where required)

PASSPORT PHOTOGRAPH HERE

Account Type

- Classic Current Account
- Foreign Currency Account USD GBP EUR
- Classic Saver Account Corper Saver Account
- Premium Saver Account Scholar Saver Account

Selected Channels

- Automated Teller Machines
- Internet Banking Full Access View Only
- Mobile Banking
- SMS Banking

Statement Preferences

- Email Post Hold
- Monthly Quarterly 1/2 Yrly

Special Instructions

- Transaction Confirmation Required
(The bank may charge for each transaction confirmed via telephone.)
- None Written Tel.

FOR OFFICE USE ONLY

Initial Deposit Taken (Y/N) Walk in (Y/N)

Account Officer

Broker

ID Type

ID No.

Issue Date / / (DD/MM/YYYY)

Expiry Date / / (DD/MM/YYYY)

List of Documents Attached (Y=Yes; N=No; X=Not Applicable)

Reference Passport Photograph Utility Bill

Signature Cards Residence/Work Permit KYC Form

Approval Code

CSM Signature CSM Staff #

B/M Signature



FCMB



E-Bonus form CSCS account notification



PLEASE RETURN TO: The Registrar, City Securities (Registrars) Ltd, 17A Tinubu Street, Lagos, Nigeria

Dear Sirs,

Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from my holdings in First City Monument Bank Plc.

PERSONAL DATA

Surname

Other Names

Name of Company

Address

Mobile Phone

Email Address

Shareholder's Signature (1)

(2)

Company Seal/Stamp (for Corporate Shareholders)

CSCS DETAILS

Stockbroker

Clearing House Number

Authorised Signature & Stamp of Stockbroker

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.



SHARE CAPITAL HISTORY

YEAR	AUTHORISED SHARE CAPITAL (N)		REMARKS
	Increase	Cumulative	
1982		2,000,000	N1.00 per share
April 25, 1985	3,000,000	5,000,000	N1.00 per share
April 23, 1987	5,000,000	10,000,000	N1.00 per share
November 24, 1987	10,000,000	20,000,000	N1.00 per share
November 23, 1988	20,000,000	40,000,000	N1.00 per share
September 20, 1989	10,000,000	50,000,000	N1.00 per share
March 15, 1991	25,000,000	75,000,000	N1.00 per share
April 25, 1991	25,000,000	100,000,000	N1.00 per share
December 9, 1993	50,000,000	150,000,000	N1.00 per share
November 17, 1994	50,000,000	200,000,000	N1.00 per share
May 3, 1996	50,000,000	250,000,000	N1.00 per share
February 18, 1997	250,000,000	500,000,000	N1.00 per share
January 15, 1998	250,000,000	750,000,000	N1.00 per share
June 10, 1999	250,000,000	1,000,000,000	N1.00 per share
June 20, 2002	1,000,000,000	2,000,000,000	N1.00 per share
July 15, 2004		2,000,000,000	Stock split from N1.00 to 50k
October 28, 2004	3,000,000,000	5,000,000,000	50k per share
October 20, 2006	5,000,000,000	10,000,000,000	50k per share
October 20, 2006 to April 30, 2009		10,000,000,000	50k per share

DISCLOSURE OF DIVIDEND PAYMENT HISTORY

DIV. NO.	PAID UP CAPITAL	DIVIDEND RATE	GROSS AMOUNT	DATE PAYABLE
1	4,500,000,000	0.075K	337,500,000.00	10/20/2005
2	9,502,430,142	0.13K	1,235,315,918.46	10/30/2006
3	9,502,430,142	0.35K	3,325,850,549.70	10/10/2007
4	16,271,192,202	0.50K	8,135,596,101.00	10/14/2008



Proxy Form

Resolutions



FIRST CITY MONUMENT BANK PLC (RC 46713)
27TH ANNUAL GENERAL MEETING to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Wednesday, July 21, 2010 at 11 a.m.

I/We _____
 being a member/members of First City Monument Bank Plc hereby appoint
 **

(Block Capitals Please)

Or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of First City Monument Bank Plc which will be held at Shell Hall, MUSON Centre, Onikan, Lagos at 11.00 a.m. on July 21, 2010 or at any adjournment thereof.

Dated this _____ day of _____ 2010.

Shareholder's signature _____

NOTE:

- (1) A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and the above Proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
- (2) Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space (marked**) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.
- (3) Please sign and post the proxy form so as to reach "The Registrar City Securities (Registrars) Limited, Primrose Tower, 17A, Tinubu Street, Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.
- (4) If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or Attorney duly authorised in that behalf.

ORDINARY BUSINESS	FOR	AGAINST
1. To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2009, the Auditor's Report thereon and the Audit Committee Report.		
2. To declare a dividend.		
3. To appoint new Auditors and authorise the Directors to fix the remuneration of the Auditors.		
4. To elect/re-elect members of the Audit Committee.		
5. To re-elect directors in place of those retiring.		
6. To elect/re-elect members of the Audit Committee.		
7. To approve investment in equity and/or convertible debt.		
8. To approve change in the financial year-end from April 30 to December 31.		
Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

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

ADMISSION CARD

FIRST CITY MONUMENT BANK PLC 27TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS/ITS DULY APPOINTED PROXY TO THE 27TH ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON WEDNESDAY, JULY 21, 2010 AT 11.00 A.M.

NAME OF SHAREHOLDER/PROXY _____

SIGNATURE _____

ADDRESS _____

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

FCMB



FIRST CITY MONUMENT BANK PLC

A MEMBER OF FIRST CITY GROUP

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

First City Monument Bank Plc

Primrose Tower, 17A Tinubu Street, P.O. Box 9117, Lagos State, Nigeria

Tel: 01-2665944, Fax: 01-2665126

www.firstcitygroup.com

Designed by Flag, UK.