

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

## 1 THE BANK

### a) The Legal Form

The Bank which commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa Limited (BBWA), was incorporated as a private limited liability company in Nigeria in 1969. It was converted to a public company in 1970. The Bank's shares are quoted on the Nigerian Stock Exchange.

### b) Principal Activities

The Bank engages in the business of commercial banking whilst its subsidiaries, FBN Bank (UK) Limited, First Registrars Nigeria Limited, First Trustees Nigeria Limited, FBN Capital Limited, First Pension Custodian Nigeria Limited, FBN Mortgages Limited, FBN Insurance Brokers Limited and First Funds Limited carry on the business of commercial banking, registrars, trusteeship, capital market, pension fund custodian, mortgage financing, insurance brokerage and management of SMIEIS fund investments respectively.

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>2 CASH AND BALANCES WITH CENTRAL BANK</b>				
Cash	24,467	18,370	24,417	18,321
Balances with Central Bank of Nigeria:				
Cash reserve requirements	16,481	18,264	16,481	18,264
Current account	99,870	52,077	99,870	52,077
Other accounts	414	414	414	414
Provision for doubtful accounts (note 2.1)	141,232 (829)	89,125 (774)	141,182 (829)	89,076 (774)
	<b>140,403</b>	<b>88,351</b>	<b>140,353</b>	<b>88,302</b>
<b>2.1 Provision for doubtful accounts</b>				
At April 1	774	779	774	774
Reclassified to Other Assets	-	(5)	-	-
Additions for the year (note 34)	55	-	55	-
<b>At March 31</b>	<b>829</b>	<b>774</b>	<b>829</b>	<b>774</b>
<b>3 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS</b>				
In Nigeria (Collateralised by Treasury Bills ₦120,908; 2008 – ₦32,200)	452,104	304,237	402,585	199,965
Other Banks and Offices outside Nigeria	312,142	256,937	108,225	80,280
Provision for doubtful accounts (note 3.1)	764,246 (198)	561,174 (295)	510,810 (88)	280,245 (212)
	<b>764,048</b>	<b>560,879</b>	<b>510,722</b>	<b>280,033</b>
<b>3.1 Provision for doubtful accounts</b>				
At April 1	295	662	212	505
Additions for the year	32	36	-	-
Write back during the year	(129)	(403)	(124)	(293)
Per profit and loss account (note 34)	(97)	(367)	(124)	(293)
<b>At March 31</b>	<b>198</b>	<b>295</b>	<b>88</b>	<b>212</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>3.2 Amount held on behalf of customers included in balances with other banks outside Nigeria are:</b>				
Deposit with FBN Bank (UK) Limited	22,780	-	22,780	17,261
Vostro accounts (note 17)	46,841	26,182	46,841	26,182
	<b>69,621</b>	<b>26,182</b>	<b>69,621</b>	<b>43,443</b>
<b>4 TRADING SECURITIES</b>				
FGN Bond Series	137,027	78,251	137,027	78,251
FGN Contractor Bond	-	1,061	-	1,061
FGN Pension Bond	14,084	14,084	14,084	14,084
	<b>151,111</b>	<b>93,396</b>	<b>151,111</b>	<b>93,396</b>
Investment in quoted securities				
Market value – ₦2.2billion (2008 – ₦8.436 billion)	4,935	7,319	-	-
Provision for diminution in value (note 4.1)	(2,699)	(50)	-	-
	2,236	7,269	-	-
	<b>153,347</b>	<b>100,665</b>	<b>151,111</b>	<b>93,396</b>
<b>4.1 Provision for diminution in value</b>				
At April 1	50	50	-	-
Additions for the year (note 33)	2,649	-	-	-
<b>At March 31</b>	<b>2,699</b>	<b>50</b>	<b>-</b>	<b>-</b>
<b>5 MANAGED FUNDS</b>				
Bank balances	449	1,989	-	-
Quoted investments market value ₦15 billion (2008 – ₦72 billion)	38,651	41,367	-	-
Treasury bills	-	11	-	-
Bankers acceptance	18,617	12,597	-	-
Government bonds	23	23	-	-
Managed real estate investment	650	-	-	-
Others	10	34	-	-
	58,400	56,021	-	-
Provision for diminution in value of investments – Managed funds (note 5.1)	(21,506)	-	-	-
	<b>36,894</b>	<b>56,021</b>	<b>-</b>	<b>-</b>

This represents funds and deposits received from corporate and individual clients for investments, under mutually agreed terms.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>5.1 Exceptional item – Provision for diminution in value of investments</b>				
Managed Funds – (note 5)	21,506	-	-	-
Own investments – (note 6.8)	4,607	-	-	-
	<b>26,113</b>	<b>-</b>	<b>-</b>	<b>-</b>

First Trustees Nigeria Limited, in the ordinary course of business, inter alia, manages funds on behalf of various clients for investment purposes. During the year the investments in quoted securities suffered a diminution in value as a result of the situation in the Nigerian Capital Market, occasioned by the Global Credit crises and recession in world economies.

The company has therefore made provision for this diminution in value amounting to N21,506,278,438 for shares held on behalf of clients under a guaranteed principal fund agreement, and N4,606,955,000 on account of its own direct investments. This amount has been charged to the Profit and Loss account as exceptional item.

As at 31 March, 2009, the market value of shares on behalf of clients amounted to N8,534,520,381 (Cost: N30,040,798,819) and the market value of own investments was N4,336,497,164 (Cost: N8,949,115,312).

Subsequent to the balance sheet date, there has been some price appreciation in the capital market, which reduces the amount of probable loss.

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>6 INVESTMENTS</b>				
<b>Summary</b>				
Dated securities (6.1)	8,200	22,066	7,904	21,734
Equities – Quoted (6.2a)	11,766	7,128	1,394	34
Equities – Unquoted (6.2b)	23,058	17,442	19,810	16,060
Associated company (Unquoted equity) (6.3)	2,884	821	2,224	74
Subsidiaries (Unquoted equities) (6.4)	1,510	10	28,449	26,949
SMIEIS Investments (6.5)	7,091	6,969	7,091	6,969
	<b>54,509</b>	<b>54,436</b>	<b>66,872</b>	<b>71,820</b>
Diminution in value (note 6.8)	(6,829)	(294)	(1,536)	(288)
	<b>47,680</b>	<b>54,142</b>	<b>65,336</b>	<b>71,532</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>6.1 Dated securities</b>				
<b>Quoted – Short term</b>				
<b>Maturing within 1 year</b>				
– Federal government bonds – Market value ₦809.8 million (2008 – ₦11.310 billion)	790	11,310	790	11,300
– State Government Bonds	-	800	-	800
– Others	20	-	20	-
<b>Quoted – long term</b>				
<b>Maturing between 1 and 5 years</b>				
– Federal government bonds – Market value ₦5.7 billion (2008 – ₦4 billion)	5,314	4,000	5,314	4,000
– State Government Bonds	1,750	322	1,500	-
– Others	46	40	-	40
<b>Maturing after 5 years</b>				
– Federal government bonds – Market value ₦305.8 million (2008 – ₦5.594 billion)	280	5,594	280	5,594
	<b>8,200</b>	<b>22,066</b>	<b>7,904</b>	<b>21,734</b>
<b>6.2 Equities</b>				
<b>a) Quoted – Long-term investments</b>				
SCOA Plc	34	34	34	34
Transnational Corporation Plc	250	500	-	-
Guaranty Trust Bank Plc	1,360	-	1,360	-
Other companies	10,122	6,594	-	-
Market value – ₦5.6 billion (2008 – ₦20.376 billion)	11,766	7,128	1,394	34
Provision for diminution in value (note 6.8a)	(6,124)	(6)	(844)	-
	<b>5,642</b>	<b>7,122</b>	<b>550</b>	<b>34</b>
<b>b) Unquoted</b>				
African Finance Corporation (note 6.9)	12,727	12,727	12,727	12,727
Zain Nigeria Limited	2,908	2,908	2,908	2,908
FBN Heritage Fund	2,900	1,350	1,500	-
Communication Domain Limited	194	-	-	-
Banque Internationale du Benin, Cotonou	155	98	155	98
Onwuka Hi-Tech Industry Plc	5	5	5	5
African Export-Import Bank, Cairo	10	10	10	10
Consolidated Discounts Limited	15	15	15	15
ValuCard Nigeria Plc	186	186	186	186
Nigeria Inter-bank Settlement System Plc	52	52	52	52
Niger Delta Exploration Production Plc	32	32	-	-
Food Concepts Plc	144	-	-	-
ATM Consortium Limited	77	59	77	59
NITEL Plc (note 6.10)	2,175	-	2,175	-
Others	1,478	-	-	-
	23,058	17,442	19,810	16,060
Provision for diminution in value (6.8a)	(705)	(288)	(692)	(288)
	<b>22,353</b>	<b>17,154</b>	<b>19,118</b>	<b>15,772</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>6.3 Associated company [Unquoted]</b>				
Kakawa Discount House Limited (note 6.11)	2,884	821	2,224	74
<b>6.4 Subsidiaries [Unquoted]</b>				
FBN Bank (UK) Limited	-	-	18,441	18,441
FBN Capital Limited	-	-	4,300	4,300
First Pension Custodian Limited	-	-	2,000	2,000
First Trustees Nigeria Limited	-	-	23	23
FBN Mortgages Limited	-	-	2,100	2,100
FBN Insurance Brokers Limited	-	-	15	15
First Registrars Nigeria Limited	-	-	10	10
FBN Bureau de Change Limited (note 6.12)	510	10	510	10
FBN Micro Finance Bank Limited (note 6.13)	1,000	-	1,000	-
First Funds Limited	-	-	50	50
	<b>1,510</b>	<b>10</b>	<b>28,449</b>	<b>26,949</b>
<b>6.5 SMIEIS Investments</b>				
<b>Through:</b>				
SME Managers Limited (note 6.14)	1,081	959	1,081	959
Chase Executive Partners Limited	30	30	30	30
Interswitch Limited	32	32	32	32
First Funds Limited	5,948	5,948	5,948	5,948
	7,091	6,969	7,091	6,969
	<b>47,680</b>	<b>54,142</b>	<b>65,336</b>	<b>71,532</b>
<b>6.6 Movement in SMIEIS investments</b>				
At April 1	6,969	6,751	6,969	6,751
Additions during the year	182	424	182	424
Divestments	(60)	(179)	(60)	(179)
Written off	-	(27)	-	(27)
	<b>7,091</b>	<b>6,969</b>	<b>7,091</b>	<b>6,969</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>6.7 The issuers of the securities (quoted and unquoted) are as follows:</b>				
<b>Maturing within 1 year</b>				
– Neimeth Int'l Debenture Stock 2004/2008 Floating Rate Secured Cum Convertible Redeemable Mortgage Debenture stock	20	40	20	40
– Federal Government of Nigeria Bond	790	11,310	790	11,300
– State Government Bonds	-	800	-	800
	<b>810</b>	<b>12,150</b>	<b>810</b>	<b>12,140</b>
<b>Maturing between 1 and 5 years</b>				
– Federal Government of Nigeria Bond	5,314	4,000	5,314	4,000
– State Government Bonds	1,500	322	1,500	-
<b>Maturing after 5 years</b>				
– Federal Government of Nigeria Bond	280	5,594	280	5,594
	7,094	9,916	7,094	9,594
	<b>7,904</b>	<b>22,066</b>	<b>7,904</b>	<b>21,734</b>
<b>6.8 Provision for doubtful accounts</b>				
At April 1	294	292	288	292
Additions/(write back) during the year (note 34)	1,928	2	1,248	(4)
	2,222	294	1,536	288
Exceptional item (note 5.1)	4,607	-	-	-
<b>At March 31 (note 6)</b>	<b>6,829</b>	<b>294</b>	<b>1,536</b>	<b>288</b>
<b>6.8a Analysed as follows:</b>				
Equities – Quoted	1,517	6	844	-
Equities – Quoted – Exceptional item	4,607	-	-	-
Total (note 6.2a)	6,124	6	844	-
Equities – Unquoted (note 6.2b)	705	288	692	288
	<b>6,829</b>	<b>294</b>	<b>1,536</b>	<b>288</b>

**6.9** This represents the Bank's 9.2% holding in African Finance Corporation. The company was incorporated in 2007 to carry on the business of private sector led investment banking and development finance as stated in the Memorandum of Association. The company commenced operations in 2007.

**6.10** This represents the nominal value of NITEL shares given to the Bank by Bureau for Public Enterprise (BPE) in settlement of ILL botched transaction. In 2001, ILL approached First Bank of Nigeria Plc for credit facility to participate in the bid for 51% interest in NITEL Plc as offered by BPE. ILL paid the 10% non-refundable fee but could not meet its obligation for the 90% balance. The transaction was thereafter cancelled and the 10% was not refunded. Also, ILL could not repay the facility obtained from the Bank. The Bank thereafter classified the facility lost in its books with full provision made. In 2008, BPE revisited the transaction and issued a total of 4,300,102,076 units of ordinary shares at 50k each in NITEL Plc to the Bank.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

- 6.11** The financial statements of Kakawa Discount House Limited could not be consolidated using the equity method in line with the Statement of Accounting Standards (SAS) 28, as it was impracticable to do so. The company's accounting year is not the same as the Bank and the latest audited financial statement of the company as at May 31, 2008 is ten months old. The Bank was unable to obtain the company's current Financial Statements for use at the financial year end. The Bank's share of the Net Assets in the Associate as at May 31, 2008 was N36.1 billion and its share of profit was ₦650.8 million.
- 6.12** This represents the Bank's 100% holding in FBN Bureau de Change Limited. The Bank obtained approval from the Central Bank of Nigeria to operate a bureau de change on August 8, 2006. The related business transaction of the company are already part of the activities of the Bank. The business of the company has however been separated from April 1, 2009.
- 6.13** This represents the Bank's 100% holding in FBN Micro Finance Bank Limited. The Bank was incorporated on March 18, 2008. It obtained a final approval from the Central Bank of Nigeria on March 18, 2009.
- 6.14** This represent 37.8% holding in SME Partnership, a fund managed by SME Managers Limited. The Bank increased its investment by ₦182 million during the year.
- 6.15** In the opinion of the Directors, the market value of the unquoted investments is not lower than cost.
- 6.16** Except for FBN Bank (UK) Limited, which was incorporated in the United Kingdom, all other subsidiaries were incorporated in Nigeria.

	<b>The Group</b>	
	<b>2009</b> ₦million	<b>2008</b> ₦million
<b>7 INVESTMENT PROPERTIES</b>		
At April 1	1,974	186
Additions during the year	5,781	1,974
Disposals during the year	(1,657)	(186)
<b>At March 31</b>	<b>6,098</b>	<b>1,974</b>

This represents undeveloped land acquired for future development and not occupied substantially by the company or members of the group of the holding company. They are not subjected to periodic charges for depreciation.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>8 LOANS AND ADVANCES</b>				
<b>8.1 Summary</b>				
Secured against real estate	22,643	72,179	21,470	82,143
Otherwise secured	599,742	380,474	592,550	363,975
Unsecured	141,392	23,048	91,279	943
Gross loans	763,777	475,701	705,299	447,061
Provision for doubtful accounts				
– General	(7,273)	(4,686)	(6,736)	(4,409)
– Specific	(13,005)	(4,090)	(11,403)	(4,057)
– Interest in suspense	(3,102)	(829)	(3,053)	(827)
<b>Net loans</b>	<b>740,397</b>	<b>466,096</b>	<b>684,107</b>	<b>437,768</b>

	2009		2008	
	Gross Loans N'million	Provision N'million	Gross Loans N'million	Provision N'million
<b>8.2 Analysis of loans and advances by quality</b>				
<b>8.2.1 The Group</b>				
Non-performing:				
Sub-standard	18,741	1,874	1,812	181
Doubtful	7,027	3,514	1,157	579
Lost	7,617	7,617	3,330	3,330
Interest in suspense	3,102	3,102	829	829
	<b>36,487</b>	<b>16,107</b>	<b>7,128</b>	<b>4,919</b>
Performing	727,290	7,273	468,573	4,686
<b>Gross loans</b>	<b>763,777</b>	<b>23,380</b>	<b>475,701</b>	<b>9,605</b>
<b>8.2.2 The Bank</b>				
Non-performing:				
Sub-standard	15,834	1,584	705	70
Doubtful	6,136	3,068	1,353	677
Lost	6,752	6,752	3,310	3,310
Interest in suspense	3,053	3,053	827	827
	<b>31,775</b>	<b>14,457</b>	<b>6,195</b>	<b>4,884</b>
Performing	673,524	6,735	440,866	4,409
<b>Gross loans</b>	<b>705,299</b>	<b>21,192</b>	<b>447,061</b>	<b>9,293</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>8.3 Provision for doubtful accounts</b>				
<b>General</b>				
At April 1	4,686	2,217	4,409	2,196
Charge for the year (note 32)	2,587	2,469	2,327	2,213
At March 31	7,273	4,686	6,736	4,409
<b>Specific</b>				
At April 1	4,090	4,270	4,057	4,194
Written off in the year	(2,781)	(4,061)	(2,781)	(4,003)
	<b>1,309</b>	<b>209</b>	<b>1,276</b>	<b>191</b>
Provision during the year	16,841	5,787	15,268	5,751
Recovered during the year	(5,145)	(1,906)	(5,141)	(1,885)
Charge for the year (note 32)	11,696	3,881	10,127	3,866
At March 31	13,005	4,090	11,403	4,057
<b>Interest</b>				
At April 1	829	635	827	613
Recovered during the year	(217)	(11)	(217)	(11)
	<b>612</b>	<b>624</b>	<b>610</b>	<b>602</b>
Additions for the year	3,735	1,720	3,688	1,720
Written off during the year	(1,245)	(1,515)	(1,245)	(1,495)
At March 31	3,102	829	3,053	827
<b>Total at March 31</b>	<b>23,380</b>	<b>9,605</b>	<b>21,192</b>	<b>9,293</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>8.4 Maturity profile of loans and advances</b>				
Under 1 month	109,482	109,671	109,482	118,368
1 month but within 3 months	284,800	116,577	284,795	114,734
3 months but within 6 months	99,013	45,373	98,645	37,629
6 months but within 12 months	39,477	33,836	38,588	31,464
1 year but within 3 years	131,818	98,662	74,602	76,486
3 years but within 5 years	62,667	29,883	62,667	26,681
Over 5 years	36,520	41,699	36,520	41,699
	<b>763,777</b>	<b>475,701</b>	<b>705,299</b>	<b>447,061</b>
<b>8.5 Analysis of loans and advances by nature</b>				
Overdrafts	190,458	166,925	190,458	176,392
Term loans	459,897	219,662	402,681	191,834
Commercial papers	112,160	74,006	112,160	74,006
Others	1,262	15,108	-	4,829
	<b>763,777</b>	<b>475,701</b>	<b>705,299</b>	<b>447,061</b>
<b>8.6 Insider-related credits</b>				
Aggregate amount of insider-related credits outstanding at year-end classified by quality:				
Performing	48,779	27,023	48,779	27,023
Non-performing (note 46)	45	32	45	32
	<b>48,824</b>	<b>27,055</b>	<b>48,824</b>	<b>27,055</b>

The analysis of the non-performing accounts as shown above is contained in note 46 to these financial statements in line with Central Bank of Nigeria Circular BSD/1/2004.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>9 ADVANCES UNDER FINANCE LEASE</b>				
Gross investment	15,217	13,358	15,217	13,358
Unearned income	(3,329)	(2,957)	(3,329)	(2,957)
Net investment	11,888	10,401	11,888	10,401
Provision for performing accounts (note 9.1)	(119)	(104)	(119)	(104)
	<b>11,769</b>	<b>10,297</b>	<b>11,769</b>	<b>10,297</b>
<b>9.1 Provision for performing accounts</b>				
At April 1	104	31	104	31
Charge for the year (note 32)	15	73	15	73
<b>At March 31</b>	<b>119</b>	<b>104</b>	<b>119</b>	<b>104</b>
<b>9.2 The investment in finance leases by maturity is:</b>				
Over 3 months but within 6 months	1,644	759	1,644	759
Over 6 months but within 12 months	603	868	603	868
Over 12 months	9,641	8,774	9,641	8,774
	<b>11,888</b>	<b>10,401</b>	<b>11,888</b>	<b>10,401</b>
<b>9.3 Analysis of advances under finance lease by quality</b>				
Performing	11,888	10,401	11,888	10,401
<b>9.4 Analysis by tenure</b>				
Current portion	11,888	10,401	11,888	10,401

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>10 OTHER ASSETS</b>				
Impersonal accounts:				
Clearing (note 10.2)	5,363	7,791	5,357	7,786
Prepayment – Rent	1,545	1,231	1,545	1,208
Deposit premium insurance	3,816	-	3,671	-
Prepayment – Others	328	548	-	-
Prepaid staff allowance	874	699	668	450
New branch opening cost outlay	5,523	5,665	5,523	5,665
Repo margin (note 10.3)	3,277	3,277	3,277	3,277
Inventory	1,003	593	998	593
Fixed assets acquisition suspense (note 10.4)	3,595	1,769	3,595	1,769
Interest receivable	6,782	3,842	6,669	3,698
Deposit for investment	-	4,030	-	4,030
Prepaid interest	65	104	65	104
Accounts receivable	12,185	10,026	10,989	8,836
Frauds and losses	1,335	1,797	1,335	1,797
Deposit for investments by subsidiaries	713	1,526	-	-
Custody fee receivable	-	110	-	-
Deposit for underwriting commitments (note 10.5)	5,000	500	4,900	-
Premium debtors	374	203	-	-
Deposit with the Nigerian Stock Exchange	1	1	-	-
Receivable from underwriters	8	7	-	-
Other debit balances	2,297	2,347	1,218	1,977
	54,084	46,066	49,810	41,190
Provision for doubtful accounts (note 10.1)	(2,196)	(1,791)	(1,803)	(1,692)
	<b>51,888</b>	<b>44,275</b>	<b>48,007</b>	<b>39,498</b>

## 10.1 Provision for doubtful accounts

At April 1	1,791	1,816	1,692	1,728
Reclassified from Cash and Balances with CBN	-	5	-	-
Written off during the year	(201)	-	(200)	-
	1,590	1,821	1,492	1,728
Charge for the year	608	(4)	311	(36)
Recovery/write back	(2)	(26)	-	-
Per Profit and Loss account (note 34)	606	(30)	311	(36)
<b>At March 31</b>	<b>2,196</b>	<b>1,791</b>	<b>1,803</b>	<b>1,692</b>

**10.2** This represents receivable from local banks on clearing instruments.

**10.3** This represents federal government of Nigeria's bond pledged in repo transaction.

**10.4** This represents fixed assets paid for by the Bank, but yet to be supplied or put to use as at the year end.

**10.5** The Bank participated as sub-underwriter through its subsidiary FBN Capital Limited in the Honeywell Plc public offer.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	Capital Work in Progress ₦'million	Freehold Land & Buildings ₦'million	Leasehold Buildings ₦'million	Motor Vehicles ₦'million	Computer Equipment ₦'million	Furniture & Fittings ₦'million	Plants & Machinery ₦'million	Total ₦'million
<b>11 FIXED ASSETS</b>								
<b>11.1 The Group</b>								
<b>Cost/valuation</b>								
At April 1	57	15,749	1,450	6,340	9,918	3,949	15,471	52,934
Attributable to newly consolidated subsidiary	-	-	-	44	15	25	-	84
Sub-total	57	15,749	1,450	6,384	9,933	3,974	15,471	53,018
Exchange difference	-	(17)	-	-	(73)	(10)	-	(100)
Additions	18	8,582	81	2,209	1,444	506	3,475	16,315
Write off	-	-	-	-	-	-	(2)	(2)
Disposals	-	(192)	-	(607)	(12)	(66)	(9)	(886)
<b>At March 31</b>	<b>75</b>	<b>24,122</b>	<b>1,531</b>	<b>7,986</b>	<b>11,292</b>	<b>4,404</b>	<b>18,935</b>	<b>68,345</b>
<b>Depreciation</b>								
At April 1	-	1,421	287	3,829	7,384	2,370	7,637	22,928
Attributable to newly consolidated subsidiary	-	-	-	13	11	12	-	36
Sub-total	-	1,421	287	3,842	7,395	2,382	7,637	22,964
Exchange difference	-	(10)	-	-	(41)	(8)	-	(59)
Charge for the year	31	331	-	1,311	1,477	564	2,489	6,203
Eliminated on disposals	-	(54)	-	(363)	(12)	(26)	(1)	(456)
<b>At March 31</b>	<b>31</b>	<b>1,688</b>	<b>287</b>	<b>4,790</b>	<b>8,819</b>	<b>2,912</b>	<b>10,125</b>	<b>28,652</b>
<b>Net book value</b>								
<b>At March 31, 2009</b>	<b>44</b>	<b>22,434</b>	<b>1,244</b>	<b>3,196</b>	<b>2,473</b>	<b>1,492</b>	<b>8,810</b>	<b>39,693</b>
At March 31, 2008	57	14,328	1,163	2,542	2,538	1,592	7,834	30,054

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	Freehold Land & Buildings N'million	Leasehold Buildings N'million	Motor Vehicles N'million	Computer Equipment N'million	Furniture & Fittings N'million	Plants & Machinery N'million	Total N'million
<b>11 FIXED ASSETS</b>							
<b>11.2 The Bank</b>							
<b>Cost/valuation</b>							
At April 1	15,532	1,306	5,609	9,074	3,595	15,436	50,552
Additions	8,221	55	1,927	1,258	403	3,465	15,329
Disposals	(192)	-	(505)	-	(45)	(9)	(751)
<b>At March 31</b>	<b>23,561</b>	<b>1,361</b>	<b>7,031</b>	<b>10,332</b>	<b>3,953</b>	<b>18,892</b>	<b>65,130</b>
<b>Depreciation</b>							
At April 1	1,304	236	3,214	6,868	2,149	7,626	21,397
Charge for the year	314	25	1,174	1,276	491	2,481	5,761
Eliminated on disposals	(54)	-	(285)	-	(8)	(1)	(348)
<b>At March 31</b>	<b>1,564</b>	<b>261</b>	<b>4,103</b>	<b>8,144</b>	<b>2,632</b>	<b>10,106</b>	<b>26,810</b>
<b>Net book value</b>							
<b>At March 31, 2009</b>	<b>21,997</b>	<b>1,100</b>	<b>2,928</b>	<b>2,188</b>	<b>1,321</b>	<b>8,786</b>	<b>38,320</b>
At March 31, 2008	14,228	1,070	2,395	2,206	1,446	7,810	29,155

**11.3** Certain land and buildings with a net book value of ₦187.7 million were professionally valued at ₦1,183.7 million on December 31, 1990 by Messrs Jide Taiwo & Co. and Diya Fatimilehin & Co., estate surveyors and valuers on the basis of open market value between a willing seller and buyer. The sum of ₦448.2 million was then recognised as revaluation reserve in the account.

During the year ended December 31, 1995, selected land and buildings including those revalued at December 31, 1990, were professionally revalued at ₦5,056.4 million by Messrs Jide Taiwo & Co. and Diya Fatimilehin & Co., estate surveyors and valuers, on the basis of open market value between a willing seller and buyer. In compliance with the Central Bank of Nigeria's guidelines on recognition of revaluation reserve on own premises, the sum of ₦1,931.2 million was incorporated in the account. This represents the revaluation surplus of ₦4,291.4 million discounted by 55%.

Revaluation of land and buildings is carried out at the discretion of the directors and it is considered as and when necessary.

**11.4** The Bank had capital commitments of ₦2.2 billion (2008 – ₦4.6 billion) as at balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>12 DEPOSIT AND CURRENT ACCOUNTS</b>				
<b>12.1 Summary</b>				
In Nigeria:				
Current	536,452	310,466	539,844	316,927
Savings	241,926	178,216	241,798	178,090
Time	227,355	127,201	220,427	121,185
Domiciliary	69,767	45,422	69,767	45,422
	<b>1,075,500</b>	<b>661,305</b>	<b>1,071,836</b>	<b>661,624</b>
Outside Nigeria:				
Demand	15,632	19,186	-	-
Time	103,324	19,691	-	-
	<b>1,194,456</b>	<b>700,182</b>	<b>1,071,836</b>	<b>661,624</b>
<b>12.2 The deposit liabilities maturity profile is as follows:</b>				
Under 1 month	396,217	270,601	380,557	257,876
1 – 3 months	194,563	103,690	266,786	103,565
3 – 6 months	163,195	102,699	156,601	96,684
6 – 12 months	172,103	108,591	172,103	108,591
Over 12 months	268,378	114,601	95,789	94,908
	<b>1,194,456</b>	<b>700,182</b>	<b>1,071,836</b>	<b>661,624</b>
<b>13 DUE TO OTHER BANKS</b>				
In Nigeria	47,098	11,933	49,448	15,217
Other Banks outside Nigeria	123,312	143,176	29,532	29,064
	<b>170,410</b>	<b>155,109</b>	<b>78,980</b>	<b>44,281</b>
<b>14 MANAGED FUNDS</b>				
Long-term clients	38,754	22,046	-	-
Short-term clients	467	334	-	-
Guaranteed fixed income	24,075	10,471	-	-
Guaranteed principal liabilities	30,000	29,663	-	-
	<b>93,296</b>	<b>62,514</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>15 TAX PAYABLE</b>				
<b>15.1 Per profit and loss account</b>				
<b>Income tax</b>				
Based on profit for the year	6,882	6,437	3,874	2,741
Education tax	797	571	655	385
Prior year under provision	11	(303)	-	-
	<b>7,690</b>	<b>6,705</b>	<b>4,529</b>	<b>3,126</b>
<b>15.2 Per balance sheet</b>				
<b>Income tax</b>				
At April 1	8,986	7,470	5,091	5,710
Payments during the year	(5,539)	(5,373)	(2,843)	(3,745)
Based on profit for the year	7,690	6,705	4,529	3,126
Adjustment from subsidiaries	(424)	184	-	-
<b>At March 31</b>	<b>10,713</b>	<b>8,986</b>	<b>6,777</b>	<b>5,091</b>

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended and the Education Tax Act, CAP E4 LFN 2004.

<b>16 DEFERRED TAXATION</b>				
At April 1	6,743	2,657	6,712	2,671
Adjustment from subsidiaries	(10)	44	-	-
Arising during the year	6,901	4,042	6,046	4,041
<b>At March 31</b>	<b>13,634</b>	<b>6,743</b>	<b>12,758</b>	<b>6,712</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>17 OTHER LIABILITIES</b>				
Accounts payable	9,810	17,130	9,706	6,399
Deposit for shares on behalf of third parties (note 17.1)	1,763	67,203	15	4,175
Collection on behalf of third parties	2,568	2,460	1,172	2,460
Collection on behalf of federal and state Government	997	444	997	444
Interbranch	125	68	125	68
Provisions and accruals	9,823	9,064	6,404	5,962
Provision for frauds and losses	1,580	1,810	1,372	1,810
PAYE and other statutory deductions	505	425	437	271
Unearned discounts	8,303	5,454	8,139	5,197
Provision for off balance sheet engagements	39	17	39	17
Deposit premium insurance	-	818	-	818
Bank cheques	16,952	20,842	16,945	20,779
Interest payable	4,339	2,328	4,291	2,282
Retirement benefits obligation (note 17.2)	332	450	202	362
Vostro balances (note 3.2)	46,841	26,182	46,841	26,182
Information Technology development levy (note 17.3)	570	480	461	380
Exchange equalisation (note 17.4)	10,010	189	10,010	189
Premium payable	476	337	-	-
Trade creditors	14,021	30,748	-	-
Clients' dividend (note 17.5)	19,284	24,600	-	-
Uncleared effects	7	5	-	-
Sundry creditors	6,613	2,378	3,819	697
	<b>154,958</b>	<b>213,432</b>	<b>110,975</b>	<b>78,492</b>

## 17.1 Deposit for shares on behalf of third parties

This represents funds collected as receiving bank/agents in respect of various public offers and private placements.

## 17.2 Retirement benefits obligation

At April 1	450	237	362	189
Arising from newly consolidated subsidiaries	-	27	-	-
Charge for the year	4,083	2,248	3,977	2,171
Funds recalled during the year	1,655	847	1,655	847
Payment to PFAs/Trustees	(2,524)	(1,650)	(2,460)	(1,586)
Withdrawals	(3,332)	(1,259)	(3,332)	(1,259)
<b>At March 31</b>	<b>332</b>	<b>450</b>	<b>202</b>	<b>362</b>

## 17.3 Information technology development levy

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on April 24, 2007. Section 12(2a) of the Act stipulates that specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Bank and Group have provided for NITDA levy at the specified rate.

At April 1	480	-	380	-
Charge for the year	526	480	461	380
Payment during the year	(436)	-	(380)	-
<b>At March 31</b>	<b>570</b>	<b>480</b>	<b>461</b>	<b>380</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

## 17.4 Exchange equalisation

Exchange equalisation balance represents exchange gain on foreign currency position arising from exchange rate difference.

## 17.5 Clients' dividend

This represents dividend due to shareholders of the various clients of First Registrars Nigeria Limited as at year end.

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>18 LONG-TERM BORROWING</b>				
<b>Long-term borrowings comprise:</b>				
FBN Capital Finance Company, Cayman Island (note 18.1)	25,266	20,379	25,266	20,379
European Investment Bank (note 18.2)	9,776	9,035	9,776	9,035
	<b>35,042</b>	<b>29,414</b>	<b>35,042</b>	<b>29,414</b>

**18.1** This represents dollar notes issued by FBN Capital Finance Company, Cayman Island on March 30, 2007 for a period of 10 years. Interest on the notes is payable at 9.8% per annum. The loan is repayable at six monthly intervals over a period of five years commencing from March 29, 2012. The loan is a subordinated debt and is non-callable in the first five years.

**18.2** This represents medium- term loan (callable notes) secured from European Investment Bank. The loan is divided into tranche A of euro 35 million for a tenure of five years and tranche B of euro 15 million for a tenure of eight years, which qualifies it as Tier II capital. Interest is payable half-yearly at 2% and 3% above LIBOR rate for tranche A and tranche B respectively. The facility was secured by negative pledge.

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>19 SHARE CAPITAL</b>				
<b>19.1 Authorised:</b>				
30,000,000,000 (2008 – 20 billion) ordinary shares of 50k each	15,000	10,000	15,000	10,000
<b>19.2 Allotted, called up and fully paid:</b>				
24,862,540,460 (2008 – 19,890 million) ordinary shares of 50k each:				
At 1 April	9,945	5,238	9,945	5,238
Arising during the year:				
– Rights issue	-	748	-	748
– Public offer	-	3,086	-	3,086
– Transfer from bonus issue reserve (note 24)	2,487	873	2,487	873
At March 31	12,432	9,945	12,432	9,945

At the 39th Annual General Meeting held on August 21, 2008, it was resolved that the authorised share capital of the Bank be increased from 20 billion units ordinary shares to 30 billion units ordinary shares. The increase in the authorised share capital was registered with the Corporate Affairs Commission (CAC) on September 9, 2008.

At the same Annual General meeting, the shareholders approved the capitalisation of the sum of ₦2.5 billion standing in the Bonus Reserve to shareholders whose names appeared on the Register of members at the close of business on Friday, August 8, 2008 on the basis of one new ordinary share for every four ordinary shares held by them on that day.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>20 SHARE PREMIUM</b>				
At April 1	254,524	15,858	254,524	15,858
Arising during the year (note 20.1)	-	238,666	-	238,666
<b>At March 31</b>	<b>254,524</b>	<b>254,524</b>	<b>254,524</b>	<b>254,524</b>

## 20.1 Movement in share premium

Rights issue	-	45,651	-	45,651
Public offer	-	200,515	-	200,515
	-	246,166	-	246,166
Share issue expenses	-	(7,500)	-	(7,500)
	-	<b>238,666</b>	-	<b>238,666</b>

## 21 STATUTORY RESERVE

At April 1	18,056	13,465	18,023	13,452
Appropriation from the profit and loss account	5,368	4,591	5,261	4,571
<b>At March 31</b>	<b>23,424</b>	<b>18,056</b>	<b>23,284</b>	<b>18,023</b>

The appropriation for the year represents 15% of profit after tax of the Bank in accordance with Section 16 of the Banks and Other Financial Institutions Act, CAP B3 LFN 2004.

## 22 EXCHANGE DIFFERENCE RESERVE

At April 1	3,459	4,066	2,836	2,836
Movement during the year	(2,726)	(607)	-	-
<b>At March 31</b>	<b>733</b>	<b>3,459</b>	<b>2,836</b>	<b>2,836</b>

## 23 GENERAL RESERVE

At April 1	51,565	33,832	40,214	28,799
Reserve for bonus issue	(2,072)	(2,487)	(2,072)	(2,487)
Dividend paid	(23,867)	(10,477)	(23,867)	(10,477)
Adjustment from subsidiaries	(425)	132	-	-
Retained profit for the year	5,447	30,565	28,059	24,379
<b>At March 31</b>	<b>30,648</b>	<b>51,565</b>	<b>42,334</b>	<b>40,214</b>

**23.1** In respect of the current year, the Directors propose that a dividend of 135 kobo per ordinary share be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders is now accounted for on the date of declaration as they do not meet criteria of present obligation in Statement of Accounting Standard 23. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear in the Register of Members at closure date. The total estimated dividend to be paid is ₦33.6 billion.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>24 BONUS ISSUE RESERVE</b>				
At April 1	2,487	873	2,487	873
Transfer from the general reserve	2,072	2,487	2,072	2,487
Utilised for bonus issue (note 19.2)	(2,487)	(873)	(2,487)	(873)
<b>At March 31</b>	<b>2,072</b>	<b>2,487</b>	<b>2,072</b>	<b>2,487</b>
<b>25 RESERVE FOR SMALL/MEDIUM SCALE INDUSTRIES</b>				
At April 1	9,439	7,916	9,439	7,916
Transfer from profit and loss account	1,754	1,523	1,754	1,523
<b>At March 31</b>	<b>11,193</b>	<b>9,439</b>	<b>11,193</b>	<b>9,439</b>
<b>26 INTEREST EARNINGS</b>				
<b>Bank sources</b>				
Placement with local banks	23,194	21,057	14,116	5,470
Interest on deposit with banks outside Nigeria	16,275	3,629	1,789	3,132
Treasury bills	3,656	10,633	3,656	10,633
Commission on managed funds	1,244	4,011	-	-
	44,369	39,330	19,561	19,235
<b>Non-bank sources</b>				
Interest on loans and advances	112,563	61,103	109,341	60,575
Commission on premium	-	270	-	-
	112,563	61,373	109,341	60,575
	<b>156,932</b>	<b>100,703</b>	<b>128,902</b>	<b>79,810</b>
<b>27 INTEREST EXPENSE</b>				
<b>Non-bank sources</b>				
Demand	20,687	9,919	12,565	2,615
Time deposit	25,600	12,168	21,474	11,485
Savings	5,714	3,960	5,710	3,957
Domiciliary	2,094	4,225	2,094	4,226
Managed funds	813	1,297	-	-
	<b>54,908</b>	<b>31,569</b>	<b>41,843</b>	<b>22,283</b>
<b>28 FEES AND COMMISSION</b>				
Commission and charges	30,982	24,527	28,131	21,896
Commission on Western Union transactions	983	1,522	983	1,522
Financial advisory fees	1,959	1,911	-	-
Custody fees	-	422	-	-
	<b>33,924</b>	<b>28,382</b>	<b>29,114</b>	<b>23,418</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>29 INCOME ON TRADING SECURITIES</b>				
Interest on federal and state government bonds	16,228	16,507	16,194	16,447
Gains on disposal of shares	1,271	1,900	-	-
	<b>17,499</b>	<b>18,407</b>	<b>16,194</b>	<b>16,447</b>
<b>30 OTHER INCOME</b>				
Foreign exchange income	2,949	952	2,857	952
Dividend received from subsidiaries	-	-	2,576	3,937
Dividend from associated companies	339	191	339	179
Lease income	1,901	1,096	1,901	1,095
Profit on sale of fixed assets	657	1,135	653	1,130
Dividend from other companies	668	286	167	26
Recoveries on loans previously written off	1,969	3,617	1,967	3,606
Exchange gain	56	-	-	-
Trust-related income	1	151	-	-
Sundry income	1,392	805	519	-
	<b>9,932</b>	<b>8,233</b>	<b>10,979</b>	<b>10,925</b>
<b>31 OVERHEADS</b>				
<b>31.1 Operating expenses</b>				
Staff costs	45,819	33,431	43,841	31,305
Administration and general expenses	32,559	25,221	28,115	22,219
Depreciation on fixed assets (note 11)	6,203	4,671	5,761	4,319
Premium on insurance of deposit liabilities	3,678	4,252	3,678	4,252
Stamp duty on increase in authorised capital	38	55	38	-
Foreign exchange loss	100	374	100	165
	<b>88,397</b>	<b>68,004</b>	<b>81,533</b>	<b>62,260</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>31.2 Profit before taxation</b>				
This is stated after charging/(crediting) the following:				
Directors' emoluments	652	555	387	290
Depreciation of fixed assets (note 11)	6,203	4,671	5,761	4,319
Profit on sale of fixed assets	(657)	(1,126)	(653)	(1,130)
Bank's contribution to retirement benefits	4,083	2,248	3,977	2,171
Foreign exchange loss/(gain)	44	183	100	165
Auditors' remuneration:				
– Nigeria operations	130	114	90	75
– UK operations	19	21	-	-
<b>32 PROVISION FOR LOANS AND ADVANCES</b>				
Loans and advances:				
– General (note 8.3)	2,587	2,469	2,327	2,213
– Specific (note 8.3)	11,696	3,881	10,127	3,866
Advances under finance lease (note 9.1)	15	73	15	73
	<b>14,298</b>	<b>6,423</b>	<b>12,469</b>	<b>6,152</b>
<b>33 PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS</b>				
Trading securities (note 4.1)	<b>2,649</b>	-	-	-
<b>34 PROVISION FOR OTHER BAD AND DOUBTFUL ACCOUNTS</b>				
Other assets (note 10.1)	606	(30)	311	(36)
Cash and short-term funds (note 2.1)	55	-	55	-
Investments (note 6.8)	1,928	2	1,248	(4)
Due from banks and other financial institutions (note 3.1)	(97)	(367)	(124)	(293)
	<b>2,492</b>	<b>(395)</b>	<b>1,490</b>	<b>(333)</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>35 EARNINGS PER SHARE – BASIC</b>				
Earnings per share (basic) are calculated based on the profit after tax and the number of ordinary shares issued and paid up at March 31 of every year				
Profit for the year attributable to shareholders			35,074	30,473
Weighted average number of ordinary share (units in million)			24,864	13,691
Earnings per share (naira) – basic			<b>1.41</b>	<b>2.23</b>
<b>36 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH PROVIDED BY OPERATING FACILITIES</b>				
Profit after tax	12,569	36,679	35,074	30,473
<b>Adjustments to reconcile profit after tax to net cash provided by operating activities</b>				
Depreciation of fixed assets	6,203	4,671	5,761	4,319
Information Technology Development Levy	526	480	461	380
Provision for bad and doubtful accounts	45,552	6,028	13,959	5,819
Provision for deferred taxes	6,901	4,042	6,046	4,041
Increase/(decrease) in taxes payable	1,727	1,516	1,686	(619)
Tax adjustments	424	(184)	-	-
Profit on disposal of fixed assets	(657)	(1,135)	(653)	(1,130)
Dividend received from subsidiaries	-	-	(2,576)	(3,937)
<b>Changes in assets and liabilities</b>				
Increase in loans and advances	(285,803)	(250,269)	(258,793)	(224,662)
Increase in other assets	(8,018)	(12,210)	(8,620)	(9,761)
Increase in advances under finance lease	(1,487)	(7,327)	(1,487)	(7,327)
Increase in deposit and other current accounts	494,274	100,508	410,212	79,797
Increase/(decrease) in other liabilities	(58,910)	117,652	32,103	17,953
Managed funds – Assets	19,127	(33,951)	-	-
Managed funds – Liabilities	30,782	40,444	-	-
Exchange difference reserve	(2,726)	(607)	-	-
<b>Net cash flow from operating activities before changes in operating assets</b>	<b>260,484</b>	<b>6,337</b>	<b>233,173</b>	<b>(104,654)</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>37 CASH AND CASH EQUIVALENTS</b>				
Cash and short-term funds	140,403	88,351	140,353	88,302
Due from other banks and financial institutions	764,048	560,879	510,722	280,033
Due to other banks	(170,410)	(155,109)	(78,980)	(44,281)
	<b>734,041</b>	<b>494,121</b>	<b>572,095</b>	<b>324,054</b>

## 38 CHAIRMAN'S AND DIRECTORS' EMOLUMENTS

### 38.1 Emoluments

Fees:				
Chairman			5.00	5.00
Other Directors			28.00	28.00
			33.00	33.00
Emoluments as Executives			353.90	256.50
			<b>386.90</b>	<b>289.50</b>
<b>Highest paid Director</b>			<b>66.70</b>	<b>44.50</b>

38.2 The fees attributable to Directors of the parent company serving on the boards of the subsidiaries amounting to ₦13,981,438 (March 31, 2008 – ₦4,911,500) have been paid over and included in the income of the parent company.

38.3 The number of Directors excluding the Chairman, whose emoluments were within the following ranges were:

₦	The Bank	
	2009 ₦million	2008 ₦million
2,500,001 – 5,000,000	8	8
5,000,001 – 15,000,000	-	-
15,000,001 – 17,500,000	-	-
17,500,001 – 20,000,000	-	-
Above 20,000,000	8	8
	<b>16</b>	<b>16</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	The Group		The Bank	
	2009	2008	2009	2008
<b>39 OTHER EMPLOYEES</b>				
<b>39.1 Employees remunerated at higher rates</b>				
The number of employees excluding Directors in receipt of emoluments excluding allowances and pension contributions within the following ranges were:				
<b>₦</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
200,001 – 300,000	360	149	309	120
300,001 – 400,000	246	238	237	237
400,001 – 500,000	224	247	213	212
500,001 – 700,000	2,217	1,654	2,088	1,613
700,001 – 1,000,000	2,660	1,158	2,631	1,096
1,000,001 – 2,000,000	2,471	4,747	2,443	4,680
2,000,001 – 3,000,000	287	532	224	472
Above 3,000,000	92	107	50	65
	<b>8,557</b>	<b>8,832</b>	<b>8,195</b>	<b>8,495</b>

### 39.2 The number of persons employed as at the end of the year were as follows:

Managerial	349	646	270	288
Senior staff	7,424	7,549	7,171	7,384
Junior staff	784	637	754	823
	<b>8,557</b>	<b>8,832</b>	<b>8,195</b>	<b>8,495</b>

	The Group		The Bank	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>39.3 The related staff costs amounted to:</b>	<b>45,819</b>	<b>33,431</b>	<b>43,841</b>	<b>31,305</b>

### 40 OFF BALANCE SHEET ENGAGEMENTS

40.1 The Bank enters into various commitments in the normal course of business in respect of which there are corresponding obligations by customers. These are as follows:

Acceptances, guarantees and indemnities	138,743	124,929	138,743	75,964
Bonds and performance guarantees	276,360	152,680	163,510	77,360
Treasury bills intermediation and others	281,275	267,350	12,720	44,915
	<b>696,378</b>	<b>544,959</b>	<b>314,973</b>	<b>198,239</b>

40.2 There were contingent liabilities in respect of legal actions for claims against the Bank for amounts totalling ₦259,450,780 (March 31, 2008 – ₦817,126,077) for which no provisions have been made. The actions are being contested and the Directors are of the opinion that no significant liabilities will arise therefrom.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

## 41 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

### 41.1 Capital commitments

Capital expenditure authorised by the Directors but not provided for in these financial statements are as follows:

#### Contracted

Commitments for the acquisition of land and building under operating lease:

At March 31, 2009, FBN Bank (UK) Ltd entered into a contract to make future payments in respect of operating leases for land and buildings. The lease is expected to expire in June 2016.

	The Bank	
	2009 ₦'million	2008 ₦'million
Within one year	151	103
Between one and five years	534	413
More than five years	134	207
Others (FBN Head office)	1,334	3,830
	<b>2,153</b>	<b>4,553</b>
<b>Not contracted</b>	-	-

41.2 The Directors are of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of financial affairs of the Bank have been taken into consideration in the preparation of these accounts.

## 42 SEGMENTAL INFORMATION

### a) Business segments

Business segments are distinguishable components of the Group with services used by Management for its internal reporting purpose. Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability though in tandem with the Group's policies. Each of the business segments has its separate planning, administration and financial reporting system as an independent entity. Segment financial information is evaluated regularly by management so as to evaluate the performance and returns on the allocation of financial and other resources.

The Group is divided into the following business units:

- Retail and Corporate Banking: Offering a comprehensive range of retail, personal, commercial and corporate banking services and products to individuals, small business customers, corporate, medium and large business customers.
- Investment and Capital Market Operations: This provides Investment and Capital Market services to both individual and institutional investors. It also provides Registrar services to both listed and private companies.
- Asset Management: This provides individuals and financial institutions with assets management and advisory services.
- Mortgage Banking: Offers mortgage and home ownership banking services.
- Others: This is made up of insurance brokerage and SMIEIS funds management functions.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

## 42 SEGMENTAL INFORMATION (CONT'D)

### a) Business segments

	Retail & Corporate Banking		Investment & Capital Market	
	2009 ₦million	2008 ₦million	2009 ₦million	2008 ₦million
<b>Profit and loss:</b>				
Interest income	140,232	91,308	11,564	6,789
Interest expense	(49,965)	(29,587)	(3,699)	(1,297)
Net interest income	90,267	61,721	7,865	5,492
Commission	31,901	27,035	16	1,068
Other income	24,748	21,691	3,264	3,617
	<b>146,916</b>	<b>110,447</b>	<b>11,145</b>	<b>10,177</b>
Operating expenses	78,240	59,961	2,077	2,092
Depreciation	5,855	4,423	141	96
Interest on long-term borrowing	1,744	2,218	-	-
Provision for loans and advances	12,812	6,281	882	137
Provision for other doubtful accounts and investments	1,548	(450)	3,561	9
	<b>100,199</b>	<b>72,433</b>	<b>6,661</b>	<b>2,334</b>
Profit on ordinary activities before exceptional item and taxation	46,717	38,014	4,484	7,843
Exceptional item	-	-	-	-
Information technology development levy	461	380	50	78
Current taxation	5,495	4,179	1,638	2,003
Deferred taxation	6,033	4,037	869	(5)
<b>Profit after taxation</b>	<b>34,728</b>	<b>29,418</b>	<b>1,927</b>	<b>5,767</b>
<b>Balance sheet</b>				
Cash and due from banks etc	847,237	546,330	47,655	91,915
Bills discounted and securities	168,808	216,145	2,236	-
Loans and advances	740,131	466,140	7,551	9,483
Investments	38,397	44,524	4,337	2,908
Other assets	87,722	69,425	1,576	3,188
<b>Total assets</b>	<b>1,882,295</b>	<b>1,342,564</b>	<b>63,355</b>	<b>107,494</b>
Deposit liabilities	1,354,994	848,575	-	-
Other liabilities	142,586	123,985	52,219	102,821
Long-term borrowings	35,042	29,414	-	-
<b>Total liabilities</b>	<b>1,532,622</b>	<b>1,001,974</b>	<b>52,219</b>	<b>102,821</b>
<b>Net assets</b>	<b>349,673</b>	<b>340,590</b>	<b>11,136</b>	<b>4,673</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

Asset Management		Mortgage Banking		Others		Total	
2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
2,066	669	2,018	1,131	1,053	806	156,933	100,703
-	-	(1,245)	(685)	-	-	(54,909)	(31,569)
2,066	669	773	446	1,053	806	102,024	69,134
2	258	45	21	-	-	31,964	28,382
1,227	1,185	122	88	24	59	29,385	26,640
<b>3,295</b>	<b>2,112</b>	<b>940</b>	<b>555</b>	<b>1,077</b>	<b>865</b>	<b>163,373</b>	<b>124,156</b>
1,105	925	319	208	455	147	82,196	63,333
127	113	40	22	39	17	6,202	4,671
-	-	-	-	-	-	1,744	2,218
572	-	28	5	-	-	14,294	6,423
-	38	13	1	18	7	5,141	(395)
<b>1,805</b>	<b>1,076</b>	<b>400</b>	<b>236</b>	<b>512</b>	<b>171</b>	<b>109,577</b>	<b>76,250</b>
1,490	1,036	540	319	565	694	53,796	47,906
26,113	-	-	-	-	-	26,113	-
5	18	5	2	3	2	524	480
202	320	168	65	187	138	7,690	6,705
(10)	9	5	-	4	1	6,901	4,042
<b>(24,820)</b>	<b>689</b>	<b>362</b>	<b>252</b>	<b>371</b>	<b>553</b>	<b>12,568</b>	<b>36,679</b>
2,836	2,237	5,699	8,434	1,024	314	904,451	649,230
-	-	-	-	-	-	171,044	216,145
3,263	-	1,221	770	-	-	752,166	476,393
42,217	62,560	4,991	1,974	730	171	90,672	112,137
992	516	855	405	436	795	91,581	74,329
<b>49,308</b>	<b>65,313</b>	<b>12,766</b>	<b>11,583</b>	<b>2,190</b>	<b>1,280</b>	<b>2,009,914</b>	<b>1,528,234</b>
-	-	9,874	6,714	-	-	1,364,866	855,289
69,979	63,719	403	210	1,414	940	266,601	291,675
-	-	-	-	-	-	35,042	29,414
<b>69,979</b>	<b>63,719</b>	<b>10,277</b>	<b>6,924</b>	<b>1,414</b>	<b>940</b>	<b>1,666,509</b>	<b>1,176,380</b>
<b>(20,671)</b>	<b>1,594</b>	<b>2,489</b>	<b>4,659</b>	<b>776</b>	<b>340</b>	<b>343,405</b>	<b>351,854</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

## 42 SEGMENTAL INFORMATION (CONT'D)

### b) Geographical segments

The Group operates principally in two locations which include Nigeria and the United Kingdom (UK). Segmental reporting is based on the geographical location of the revenue yielding assets.

	Nigeria		Foreign		Total	
	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
Interest income	145,602	89,387	11,330	11,316	156,932	100,703
Interest expense	(46,786)	(24,089)	(8,122)	(7,480)	(54,908)	(31,569)
<b>Net interest income</b>	<b>98,816</b>	<b>65,298</b>	<b>3,208</b>	<b>3,836</b>	<b>102,024</b>	<b>69,134</b>
Fees and commissions received	28,195	23,198	2,787	1,329	30,982	24,527
Income from foreign exchange transactions	2,857	952	92	-	2,949	952
Income from Western Union transactions	983	1,522	-	-	983	1,522
Other operating income	26,376	27,944	65	77	26,441	28,021
<b>Non-interest income</b>	<b>58,411</b>	<b>53,616</b>	<b>2,944</b>	<b>1,406</b>	<b>61,355</b>	<b>55,022</b>
<b>Net revenue</b>	<b>157,227</b>	<b>118,914</b>	<b>6,152</b>	<b>5,242</b>	<b>163,379</b>	<b>124,156</b>
Operating expenses	79,726	61,543	2,468	1,790	82,194	63,333
Interest on long-term borrowing	1,744	2,218	-	-	1,744	2,218
Depreciation	6,108	4,588	95	83	6,203	4,671
<b>Total cost</b>	<b>87,578</b>	<b>68,349</b>	<b>2,563</b>	<b>1,873</b>	<b>90,141</b>	<b>70,222</b>
<b>Operating profit before provision for loan losses and other doubtful balances</b>	<b>69,649</b>	<b>50,565</b>	<b>3,589</b>	<b>3,369</b>	<b>73,238</b>	<b>53,934</b>
Provision for loan losses and other doubtful balances	19,038	5,928	401	100	19,439	6,028
<b>Profit before exceptional item and taxation</b>	<b>50,611</b>	<b>44,637</b>	<b>3,188</b>	<b>3,269</b>	<b>53,799</b>	<b>47,906</b>
Exceptional item	(26,113)	-	-	-	(26,113)	-
<b>Profit after exceptional item and before taxation</b>	<b>24,498</b>	<b>44,637</b>	<b>3,188</b>	<b>3,269</b>	<b>27,686</b>	<b>47,906</b>
Total assets employed	1,729,433	1,296,133	280,481	232,101	2,009,914	1,528,234
Depreciation on fixed assets	6,108	4,588	95	83	6,203	4,671
Net interest income margin (%)	68%	73%	28%	34%	65%	69%

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

	0–30 days ₦million	1–3 mths ₦million	3–6 mths ₦million	6–12 mths ₦million	Over 1 year ₦million	Total ₦million
<b>43 LIQUIDITY GAP REPORT - BANK</b>						
<b>Assets</b>						
Cash and other short term funds	651,075	-	-	-	-	651,075
Bills discounted	-	17,697	-	-	-	17,697
Trading securities	151,111	-	-	-	-	151,111
Investments	-	-	-	1,360	63,976	65,336
Loans and advances	109,482	284,795	98,645	38,588	152,597	684,107
Advances under finance lease	-	-	1,525	603	9,641	11,769
Other assets	5,357	42,650	-	-	-	48,007
Fixed assets	-	-	-	-	38,320	38,320
<b>Total assets</b>	<b>917,025</b>	<b>345,142</b>	<b>100,170</b>	<b>40,551</b>	<b>264,534</b>	<b>1,667,422</b>
<b>Liabilities</b>						
Deposit	380,557	266,786	156,601	172,103	174,769	1,150,816
Other liabilities	41,233	9,809	-	59,933	-	110,975
Taxation	-	-	-	6,777	12,758	19,535
Long-term borrowing	-	-	-	-	35,042	35,042
Capital and reserves	-	-	-	-	351,054	351,054
<b>Total liabilities</b>	<b>421,790</b>	<b>276,595</b>	<b>156,601</b>	<b>238,813</b>	<b>573,623</b>	<b>1,667,422</b>
Net liquidity gap as at March 31, 2009	<b>495,235</b>	<b>68,547</b>	<b>(56,431)</b>	<b>(198,262)</b>	<b>(309,089)</b>	-
Assets as at March 31, 2008						1,165,461
Liabilities as at March 31, 2008						1,165,461
Net liquidity gap as at March 31, 2008						-

#### 44 RELATED PARTIES

Transactions between the Bank and its subsidiaries have been eliminated on consolidation. The Bank is the major banker to the subsidiaries and the Group has common directors. During the year, the Bank transacted businesses with all its subsidiaries and these transactions were conducted on normal business terms.

#### 45 COMPARATIVE FIGURES

Certain figures in the 2008 financial statements were regrouped to conform with the current year's presentation. During the year, one of the subsidiaries was consolidated for the first time. Consequently, the preceding year's figures of the Group have been updated to incorporate the brought forward figures of the subsidiary, in order to enhance comparability.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2009

## 46 DETAILS OF NON-PERFORMING INSIDER-RELATED CREDITS AS AT MARCH 31, 2009

S/N	Name of Borrower	Relationship Reporting Institution	Date Granted	Expiry Date	Rate of Interest	Cumulative			Outstanding Credit			Perfecting Security			Remarks	
						Principal ₦'000	Interest ₦'000	Total Provision ₦'000	Payment Made ₦'000	Performing ₦'000	Non- performing ₦'000	Nature	Value	Date of Valuation		
1	Hacket Nig. Ltd Estate of Prof. Belo- Osagie	Ex-director	30/11/05	31/12/06	19	2,850	-	-	-	-	20,208	-	-	-	-	Legal ownership on vehicle and Personal Guarantee
2	Abdulsalam T. Ogueyi	Ex-staff	31/08/02	31/08/12	9	10,200	-	-	-	-	14,570	-	10,200	-	-	Security being perfected
3	Alli-Balogun Taiwo	Ex-staff	28/10/02	31/01/12	9	10,570	-	-	-	-	2,385	-	8,100	-	-	L/M being arranged ₦8.1m
4	Austin E. Ekuma	Ex-staff	28/03/03	28/03/08	9	1,509	-	-	-	-	1,542	-	2	-	-	Perfected
5	S.A. Olubodun	Ex-staff	29/09/98	30/06/10	9	7,580	-	-	-	-	5,883	-	10,300	29/12/01	-	Perfected
											<b>44,588</b>					