

REPORT OF THE DIRECTORS

for the year ended March 31, 2009

The Directors have pleasure in submitting to the members their report and audited financial statements of the Group for the year ended March 31, 2009.

1 RESULTS

	2009	
	₦million	₦million
The Group profit attributable to ordinary shareholders for the year		12,569
Less: Appropriations:		
Transfer to statutory reserve	5,368	
Reserve for small-scale industries	1,754	(7,122)
Retained profit transferred to general reserve		5,447

2 DIVIDEND

In respect of the current year, the Directors propose that a dividend of 135 kobo per ordinary share of 50 kobo each amounting to ₦33.6 billion be paid to shareholders after approval at the Annual General Meeting. This dividend has not been included as a liability in these financial statements. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on Friday, July 10, 2009.

3 LEGAL FORM

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

4 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, First Funds Limited, FBN Insurance Brokers Limited, FBN Microfinance Bank Limited, and FBN Bureau de Change Limited carry on the business of commercial banking, registrars, trusteeship, capital market, pension fund custodian, mortgage financing, SMIEIS funds management, insurance brokerage, microfinance business and bureau de change functions respectively.

5 BUSINESS REVIEW AND FUTURE DEVELOPMENT

The Bank carried out banking activities in accordance with its Memorandum and Articles of Association.

A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the Managing Director's report.

6 FIXED ASSETS

Movements in fixed assets during the year are shown in note 11 on pages 108 and 109. In the opinion of the Directors, the market value of the Bank's properties is not less than the value shown in the financial statements.

7 DIRECTORS

- The names of the Directors are detailed on page 84.
- Consequent upon the retirement of Messrs. Jacobs Moyo Ajekigbe OFR and John O. Aboh from the Board of Directors, Mr. Stephen Olabisi Onasanya and Dr. Yerima, Lawan Ngama were appointed Executive Directors to fill the casual vacancies.

Mrs. Remi Odunlami was also appointed Executive Director to fill the vacant office of Chief Risk Officer previously occupied by Mr. Sanusi Lamido Sanusi the former Group Managing Director/Chief Executive. Upon his appointment as the Governor, Central Bank of Nigeria, Mr. Sanusi Lamido Sanusi resigned his appointment with the Bank and in his place, Mr. Stephen Olabisi Onasanya was appointed as the Group Managing Director/Chief Executive effective June 4, 2009.

In accordance with the Company's Articles of Association, the following Directors, Alhaji (Dr.) Umaru A. Mutallab, CON; Lt.-Gen. Garba Duba (rtd.); Alhaji Aliyu Alkali, mni; and Mr. Oye Hassan-Odukale, MFR will retire and being eligible, offer themselves for re-election, while Mrs. Remi Odunlami, Mr. Stephen Olabisi Onasanya and Dr. Yerima L. Ngama are hereby elected as Directors of the Company.

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8 DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank at the end of each financial year and of the profit or loss for that year and comply with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004 and Banks and Other Financial Institutions Act, CAP B3 LFN 2004. In doing so, they ensure that:

- adequate internal control procedures are instituted to safeguard the assets, prevent and detect frauds and other irregularities;
- proper accounting records are maintained;
- applicable accounting standards are adhered to;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable and prudent; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

9 BONUS ISSUE RESERVE

The directors recommend that the sum of ₦2.072 billion be set aside out of general reserve to be capitalised by issuing 1 (one) ordinary share of 50 kobo to shareholders as bonus for every 6 (six) ordinary shares previously held.

10 DIRECTORS' INTERESTS

The interests of the Directors in the issued share capital of the Bank as recorded in the register of Directors' shareholdings at June 25, 2009 are as follows:

	Ordinary shares of 50k each June 25	
	2009	2008
Mutallab, Umaru Abdul	(Direct) 15,715,956 (Indirect) 276,170,173	12,535,348 220,936,139
Ajekigbe, Jacobs Moyo	11,624,108	7,759,287
Aboh, John Oche	5,051,223	7,769,309
Adesola, Harriet-Ann Omobolanle	10,723,256	5,578,605
Afonja, Ajibola Alarape	19,826	15,861
Duba, Garba	11,383,546	9,834,830
Hassan-Odukale, Oye	(Direct) 1,916,668 (Indirect) 37,806,584	1,533,335 20,819,418
Alkali, Aliyu Adamu	595,643	379,869
Mahmoud, Abdullahi	830,996	640,798
Otti, Alex C.	4,357,443	3,485,955
Otudeko, Ayoola Oba	(Direct) 4,083,300 (Indirect) 478,005,813	3,244,571 382,404,651
Oyelola, Oladele	4,538,654	3,629,429
Sanusi, Sanusi Lamido	131,708	835,797
Udo-Aka, Udo	(Direct) 5,079,181 (Indirect) 2,756,935	4,063,345 2,205,548
Lawanson, Kehinde A.	3,831,570	2,965,256
Onasanya, Stephen Olabisi	2,328,046	–
Ngama, Yerima Lawan	2,459,932	–
Ajumogobia, Ibiai Alaliba	50,312	–
Odunlami, Remi	14,781	–

None of the Directors has notified the Bank for the purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interests in contracts in which the Bank was involved as at June 25, 2009.

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11 ANALYSIS OF SHAREHOLDINGS

1. The shares of the Bank at March 31, 2009 were fully owned by Nigerian citizens, associations and foreign investors.
2. The range of shareholding as at March 31, 2009 is as follows:

Range of holdings	No. of shareholders	No. of shares	%
1 – 1,000	309,196	188,598,381	0.76
1,001 – 5,000	567,226	1,304,614,906	5.25
5,001 – 10,000	135,763	968,280,655	3.89
10,001 – 50,000	244,792	4,371,320,533	17.58
50,001 – 100,000	19,519	1,360,577,280	5.47
100,001 – 500,000	15,525	3,013,435,284	12.12
500,001 – 1,000,000	1,801	1,243,517,730	5.00
1,000,001 – 5,000,000	1,457	2,786,371,218	11.21
5,000,001 – 10,000,000	192	1,362,248,223	5.48
10,000,001 – 50,000,000	190	3,668,780,961	14.76
50,000,001 – 100,000,000	23	1,525,032,562	6.13
100,000,001 – 24,862,540,460	17	3,069,762,727	12.35
	1,295,701	24,862,540,460	100.00

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12 DONATIONS AND SPONSORSHIP

Donations made during the year amounted to ₦1.2 billion. The recipients were:

	Amount (₦)
Cross River State Christmas Carnival	150,000,000
Upgrading of NUGA VIP Centre/Senior Staff Club, University of Nigeria, Nsukka	91,200,000
Construction of a Medical Centre for the people of Lagos	50,000,000
Construction of Faculty of Social Science Building, University of Port Harcourt	50,000,000
International Conference on Food & Security	41,260,186
Construction of 500-seater Lecture Theatre at Obafemi Awolowo University, Ile Ife	38,430,219
Nigerian Economic Summit Group	34,282,050
Construction of Lecture Hall Federal University of Technology, Minna	28,690,341
Lagos Amateur Open Golf Championship	26,503,737
Investors Road Show: Nigerian Gas Masterplan Infrastructure Blueprint (NNPC)	25,000,000
South-South Economic Summit	25,000,000
Administrative Block of Loyola Jesuit Memorial College, Port Harcourt	24,600,000
Nigeria Leadership Initiative Future Leaders Seminar	23,800,500
2008 Edition of the Nigerian Business & Investment Promotion Commission	23,780,000
Nigeria Investment Promotion Council: International Investors Council Meeting	21,000,000
2008 National Sports Festival: Kaduna State Government	20,000,000
Maiden Edition of Nigeria's CEO Forum	20,000,000
The Nigerian Police: Marathon Race Against Crime	20,000,000
Imo State Government	17,500,000
Anambra State Government	16,750,000
Partnership with Students In Free Enterprise (SIFE)	15,000,000
The Royal Durbar event of the 2008 Abuja Carnival	15,000,000
4th Economist Conference by Economist Magazine	14,550,000
Free Eye Camp by Zakkah and Husbi Commission, Kano State	14,000,000
Lagos Chamber of Commerce & Industry: 2008 Lagos International Trade Fair	13,000,000
Enugu State Government	12,750,000
Hosting of Business & Investment Forum by Nigerian Government in Brazil	11,880,000
Arrive Alive Road Safety Initiative	11,700,000
World Economic Forum Summit	11,600,000
Trade Capacity Building Programme: (AGOA & Beyond)	11,132,350
Others	351,104,605
Total	1,229,513,988

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13 EMPLOYMENT AND EMPLOYEES

1. Employment of physically challenged persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. As at March 31, 2009, 14 physically challenged persons were employed by the Bank.

2. Health, safety at work and welfare of employees

Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The Bank provides subsidy to all levels of employees for medical, transportation, housing, etc.

3. Employees' involvement and training

The Bank is committed to keeping employees informed as much as possible regarding the Bank's performance and progress and seeking their views whenever practicable on matters which particularly affect them as employees.

Management, professional and technical expertise are the Bank's major assets and investment in their further development continues.

The Bank's expanding skill base has been extended by a range of training provided to its employees whose opportunities for career development within the Bank have thus been enhanced.

Training is carried out at various levels through both in-house and external courses.

14 POST BALANCE SHEET EVENTS

There are no post balance sheet events that could have had a material effect on the state of affairs of the Bank as at March 31, 2009 which have not been adequately provided for or disclosed.

15 AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Bank has in place an Audit Committee comprising three shareholders and three Directors as follows:

Alhaji Bashir A. Mohammed – Chairman/Shareholder

Mr. Chinwendu N. Achara – Shareholder

Chief Timothy A. Adesiyun – Shareholder

Lt.-Gen. Garba Duba (rtd.) – Non-Executive Director

Mr. Oye Hassan-Odukale, MFR – Non-Executive Director

Alhaji Aliyu A. Alkali, mni – Non-Executive Director

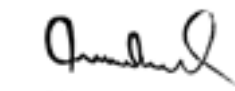
The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

16 AUDITORS

Messrs. Akintola Williams Deloitte and PKF Pannell Kerr Forster having indicated their willingness to continue in office will do so in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD



Tijjani M. Borodo

Company Secretary

35 Marina, Lagos, Nigeria

June 25, 2009