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# FINANCIAL REVIEW



# 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
<b>Less:</b> Appropriations:		
Transfer to statutory reserve	5,368	
Reserve for small-scale industries	1,754	(7,122)
Retained profit transferred to general reserve		<b>5,447</b>

## 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

1. The names of the Directors are detailed on page 84.

2. 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.

# REPORT OF THE DIRECTORS

for the year ended March 31, 2009

## 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.

# REPORT OF THE DIRECTORS

for the year ended March 31, 2009

## 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
	<b>1,295,701</b>	<b>24,862,540,460</b>	<b>100.00</b>

# REPORT OF THE DIRECTORS

for the year ended March 31, 2009

## 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
<b>Total</b>	<b>1,229,513,988</b>

# REPORT OF THE DIRECTORS

for the year ended March 31, 2009

## 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

# CORPORATE GOVERNANCE

## 1 INTRODUCTION

FirstBank recognises the growing indispensability of good corporate governance practice to the sustenance and profitable management of any organisation committed to delivering value to its shareholders and host communities. During the period under review, the Bank upgraded the corporate governance framework for itself and its subsidiaries.

The general tendency has been to discuss the impact of the current global economic crisis in terms of macro-economics. For the financial services sector, this has meant making a strong case for strengthening the regulatory standards and framework in line with the systemic risks posed by each financial institution. The crisis exposed real and potential dangers at the company level, notably the increase in risk appetites, and the slackening of loan covenants in the run-up to the crisis. In other words, a number of corporate governance failures, including a dissonance between compensation arrangements that encouraged risk-taking (especially over near-term horizons) without sanctioning shortcomings, lie at the heart of this crisis. Beyond this, however, is the question of how complicit institutional investors (universal owners) have been in the evolution of the crisis.

To the extent that the domestic economy has felt the second round effects of the global crisis, the industry's commitment to strong corporate governance practice has been brought to the fore. At FirstBank, our strong corporate governance suite has seen us fare better than most of the industry. This commitment transcends a religious adherence to the tenets of the local corporate governance codes to include ensuring the integrity of the Bank's accounting and financial reporting. In addition, we have continued to pay heed to the best of breed investment governance practice required to deliver sustainable value to our shareholders.

Consequently, during the year, the Bank implemented a new Group governance framework in line with tested governance practices in order to better govern and control the subsidiary companies. As a result, some of the Bank's Board and related committees underwent changes. Prominent amongst these was the re-designation of the Nominations & Remuneration Committee as the Board Governance Committee to reflect fully the committee's responsibilities for articulating and overseeing corporate governance practices within the Group. In addition, the Group Management Steering Committee (GMSC) was renamed the Group Management Committee, acknowledging its transition from a consultative group to a decision-making body responsible for ensuring the performance and implementation of the Group strategy.

Other changes to the Bank's governance structure during the year, were amendments to the composition of committees as a result of the appointments of Dr. Yerima Ngama as Executive Director (January 1, 2009), and Ms. Ibiai Ajumogobia as Non-Executive Director (August 20, 2008). Mr. Bisi Onasanya (January 1, 2009), and Mrs. Remi Odunlami (March 3, 2009) were appointed Executive Director, Banking Operations & Services, and Chief Risk Officer respectively. Meanwhile, Mr. Jacobs Moyo Ajekigbe, former Managing Director/CEO, and Mr. John O. Aboh, former Executive Director, Banking Operations & Services both retired from service on December 31, 2008.

## 2 SHAREHOLDING

With a base in excess of 1.3 million, FirstBank, arguably, has the largest number of shareholders of the companies quoted on The Nigerian Stock Exchange. No single shareholder owned up to 5% of the issued ordinary shares of the Bank, thus making for a diversified ownership structure, giving the Bank access to a broad and rich pool of talents available for its Board and allied committees.

## 3 REPORTING STANDARDS

In a bid to further strengthen its corporate governance standards and enhance transparency and disclosure in its financial reports, the Bank has adopted the International Financial Reporting Standards (IFRS) as certified by the International Accounting Standards Board. By so doing FirstBank aligns with the strongest global standards of transparency in financial reporting.

In today's global market where investors seek opportunities in markets outside their home economies, the need for financial statements to be comparable on the same basis across territories is an imperative. The adoption of IFRS by FirstBank will enhance shareholder value and bring added benefits to its business relationships with numerous overseas correspondent banks, multilateral organisations and international investors that require financial statements to make informed decisions about the Bank.

At the moment, IFRS is not a regulatory requirement in Nigeria although efforts are reportedly underway to promote a convergence between IFRS and local accounting standards. The IFRS regime requires more detailed disclosures on risk management, insider-related transactions and changes in accounting policies than obtains under the local Statements of Accounting Standards (SAS).

To meet local reporting requirements, we will continue to produce financial reports in compliance with both IFRS and SAS until local regulatory requirement makes full convergence of the two standards mandatory.

## 4 GOVERNANCE STRUCTURE

### 4.1 The Board

FirstBank's Board comprises 16 members, eight of whom are Non-Executive Directors, and eight Executive Directors. One of the eight Non-Executive Directors (none of whom exercises executive powers) chairs the Board. In addition, none of the eight Executive Directors represents specific shareholder interests, nor is in any special business relationship with the Bank. In the review period, the Bank created the office of Chief Financial Officer, coalescing in one office all the responsibility of the Bank's financial control and planning, and management of the critical interfaces with institutional investors. This latter function flows from recognition of greater disclosure levels and transparency standards conferred on us as a result of the economy's growing integration with the global economy, and the resulting interest in domestic assets by non-resident investors.

#### 4.1.1 The Roles of the Board

The primary purpose of the Board is to create and deliver sustainable long-term value to shareholders through its general supervision of the Bank's business. As part of this goal, FirstBank has always maintained different and separate roles for the "Chairman" and "Managing Director/Chief Executive (MD/CE)"

# CORPORATE GOVERNANCE

of its Board. Accordingly, the Chairman directs the Board, ensuring that it operates effectively, while fully discharging its legal and regulatory obligations. Having been appointed to serve in the best interests of the Bank and its shareholders, Non-Executive Directors consider, challenge, monitor and approve strategies and policies recommended by Management.

For the most part, FirstBank's corporate governance framework is driven by the needs of its large shareholder base, structured along best global practice lines, and conforming to the country's existing corporate governance codes. Under this framework, the Board, representing shareholders, delegates responsibility for the day-to-day management of the Bank to the GMD/CE, who is supported in this task by the Executive Committee, which he chairs. Compliance with relevant statutes and regulations require the Board to provide strategic guidance to the Bank, including effectively monitoring executive management.

Specifically, the roles of FirstBank's Board of Directors are:

- i. Determining the Bank's objectives and strategies as well as plans to achieve them;
- ii. Determining the terms of reference and procedures of the Board Committees, including reviewing and approving the reports of such committees where appropriate;
- iii. Maximising shareholder value through the setting of objectives, goals, and strategic direction for management;
- iv. Considering and approving annual budgets, monitoring performance, and ensuring that the Bank remains a going concern;
- v. Ensuring that an adequate budgetary and planning process exists, such that performance is measured against budget and plans;
- vi. Approving, amongst others, acquisition, mergers, business combinations, equity investments and new strategic alliances by the Bank and its subsidiaries;
- vii. Ensuring that an effective risk management process exists and is maintained;
- viii. Ensuring balanced and understandable reporting to shareholders; and
- ix. Retaining ultimate responsibility for systems of financial, operational, and internal control and regulatory compliance, as well as ensuring that statutory reporting of these is adequate.

## 4.2 Standing Committees

The Board discharges its responsibilities through a number of standing committees whose charters are reviewed regularly. These charters define the purpose of the committees, their composition, and structures, frequency of meetings, responsibilities and duties, and reporting lines to the Board. In addition to the two Executive Committees (General and Credit), the Board oversees the affairs of the Bank through seven standing committees as shown in the 4.2 Standing Committees table, overleaf.

The roles and responsibilities of these committees are discussed below.

### 4.2.1 Executive Committee, General (EXCO General)

The Executive Committee deliberates and decides on policies for the effective and efficient management of the Bank at its fortnightly meetings. It is also a first line referral point for issues to be discussed at the Board. Consequently, EXCO's primary responsibility is to ensure implementation of strategies approved by the Board, provide leadership to the management team, and ensure efficient deployment and management of the Bank's resources. Its Chairman is responsible for the day-to-day running of the Bank.

### 4.2.2 Executive Committee, Credit (EXCO Credit)

This committee considers loan applications above certain limits. Such applications will have been reviewed and endorsed by the Risk & Management Control Directorate. It also considers loan requests above certain limits, which need to be referred to the Board, as well as agreeing changes to the Bank's credit policy.

### 4.2.3 Board Credit Committee

This committee considers loan applications above certain limits and which have been approved by EXCO Credit. It also serves as a catalyst for credit policy changes going from EXCO Credit to the Board for consideration/approval.

### 4.2.4 Board Tenders Committee

The Board Tenders Committee considers all capital projects beyond the approval limit of the Executive Committee (General) and makes recommendations for the consideration of the Board.

### 4.2.5 Board Establishment, Disciplinary & Promotion Committee

This committee considers staff matters in respect of senior officers on Principal Manager grade and above.

### 4.2.6 Audit Committee

Established in compliance with Section 359(6) of the Companies and Allied Matters Act, 1990, the committee has oversight responsibility for the Bank's accounts.

### 4.2.7 Board Audit & Risk Assessment Committee

The Board Audit & Risk Assessment Committee has oversight responsibility for the internal audit and control, and risk assessment and compliance functions of the Bank. The Chief Internal Auditor and Chief Compliance Officer have access to this committee and make quarterly presentations for the consideration of its members.

### 4.2.8 Board Governance Committee

This committee is responsible for articulating and overseeing the FirstBank Group's corporate governance practices. Within this broad remit, it considers and periodically reviews the composition of the Boards of the Bank and its subsidiaries and recommends the appropriate mix, in terms of personal qualities, expertise, ability to exercise independent judgment and diversity required to discharge the Board's duties. It also determines and executes processes for Board appointments, removal of non-performing members of the Board, and recommends appropriate remuneration for Directors.

# CORPORATE GOVERNANCE

## 4.2 Standing Committees

1.	Board of Directors	Alhaji (Dr.) U. A. Mutallab, CON (Chairman) Group Managing Director/Chief Executive Executive Directors (7) Non-Executive Directors (7)
2.	Executive Committee (General)	Group Managing Director/Chief Executive (Chairman) Executive Directors (7)
3.	Executive Committee (Credit)	Group Managing Director/Chief Executive (Chairman) Executive Directors (7)
4.	Board Credit Committee	Prince Ajibola A. Afonja (Chairman) Group Managing Director/Chief Executive Executive Directors (7) Lt.-Gen. Garba Duba (rtd.) Mr. Oye Hassan-Odukale, MFR Mallam Abdullahi Mahmoud Dr. Oba Otudeko, OFR
5.	Board Tenders Committee	Lt.-Gen. Garba Duba (rtd.) (Chairman) Group Managing Director/Chief Executive ED (Banking Operations & Services) ED (Chief Risk Officer) Mr. Oye Hassan-Odukale, MFR Mallam Abdullahi Mahmoud
6.	Board Establishment, Promotion & Disciplinary Committee	Dr. Oba Otudeko, OFR (Chairman) Group Managing Director/Chief Executive ED (Banking Operations & Services) ED (West) Prince Ajibola A. Afonja Ms. Ibiai Ajumogobia
7.	Audit Committee	Alhaji, Aliyu Alkali, mni Mr. Oye Hassan-Odukale, MFR Lt.-Gen Garba Duba (rtd.) Chief Financial Officer (in attendance) Three representatives of shareholders elected annually at the Bank's AGM, one of whom is the Chairman (Alhaji Bashir Mohammed – Chairman, Chief Timothy Adesiyani and Mr. Chinwendu Achara)
8.	Board Audit & Risk Assessment Committee	Mallam Abdullahi Mahmoud (Chairman) ED (Banking Operations & Services) ED (Chief Risk Officer) (Ex Officio) Mr. Oye Hassan-Odukale, MFR Ms. Ibiai Ajumogobia Alhaji Aliyu Alkali, mni
9.	Board Governance Committee	Dr. Oba Otudeko, OFR (Acting Chairman) Group Managing Director/Chief Executive (in attendance) Lt.-Gen Garba Duba (rtd.) Prince Ajibola A. Afonja

# CORPORATE GOVERNANCE

## 5 BOARD MEETINGS

The Bank's Board and committee meetings, and members' attendance at these meetings are presented in the table below:

Directors	Board	EXCO General	Board Tenders Committee	Board Establishment, Disciplinary & Promotions Committee	Board Audit & Risk Assessment Committee	Board Governance Committee	Audit Committee	Board Credit Committee	EXCO Credit
<b>NUMBER OF MEETINGS</b>	<b>6</b>	<b>36</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>42</b>
Alhaji U. A. Mutallab, CON	6	-	-	-	-	-	-	-	-
Mr. Sanusi Lamido Sanusi	6	27	-	-	2	3	-	5	28
Mrs. Bola Adesola	6	29	-	-	-	-	-	3	31
Prince Ajibola A. Afonja	6	-	-	2	-	5	-	5	-
Alhaji Aliyu A. Alkali, mni	3	-	-	-	-	-	2	-	-
Mr. Kehinde Lawanson	6	29	-	2	-	-	-	5	29
Lt.-Gen. Garba Duba (rtd.)	6	-	-	-	-	5	4	5	-
Mr. Oye Hassan-Odukale, MFR	6	-	-	-	2	-	3	5	-
Mallam Abdullahi Mahmoud	6	-	-	-	4	-	-	5	-
Mr. Alex C. Otti	5	27	-	-	-	-	-	2	32
Dr. Oba Otudeko, OFR	6	-	-	2	-	5	-	4	-
Mr. Oladele Oyelola	6	29	-	-	3	-	-	3	31
Ms. Ibiai Ajumogobia (Appointed August 20, 2008)	4	-	-	-	-	-	-	-	-
Dr. Yerima Ngama (Appointed January 1, 2009)	2	5	-	-	-	-	-	-	6
Mr. Bisi Onasanya (Appointed January 1, 2009)	2	15	-	-	1	-	-	2	13
Mrs. Remi Odunlami (Appointed March 16, 2009)	1	5	-	-	1	-	-	1	3
Mr. Jacobs M. Ajekigbe, OFR (Resigned December 31, 2008)	4	17	-	2	-	4	-	3	20
Dr. Udo Udo-Aka, MON (Resigned August 20, 2008)	3	-	-	1	2	-	-	-	-
Mr. John O. Aboh (Resigned December 31, 2008)	2	7	-	-	1	-	-	1	9

# CORPORATE GOVERNANCE

Without prejudice to the foregoing, committee meetings may be convened on a 'need-to-meet' basis. Meetings of the Audit Committee, which are statutory and are convened only to consider audit reports, are unlike others, not scheduled.

## 6 SUPPORT COMMITTEES

Five standing committees provide strategic support to the management of the Bank. These standing committees are first-line decision-making bodies in a chain that reaches all the way to the Board of Directors through the Executive Committee.

The committees and their membership are listed below:

### Assets & Liabilities Management Committee

- Group Managing Director/Chief Executive
- All Executive Directors
- Chief Strategy Officer
- Head, Financial Control
- Head, Treasury
- Head, Business Performance Monitoring
- Head, Market & Liquidity Risk Management

### Information Technology Steering Committee

- |   |          |
|---|----------|
| • GMD/CEO                                 | Chairman |
| • All Executive Directors                 | Members  |
| • Head, Information Technology            | Member   |
| • Chief Compliance Officer                | Member   |
| • Head, Financial Control                 | Member   |
| • Head, Foreign Operations                | Member   |
| • Head, Treasury                          | Member   |
| • Head, Human Capital Management          | Member   |
| • Chief Internal Auditor                  | Member   |
| • Head, Public Sector Abuja               | Member   |
| • Business Development Manager, Apapa     | Member   |
| • Head, Domestic Operations               | Member   |
| • Business Development Manager, Kano      | Member   |
| • Head, IT Operations & Infrastructure    | Member   |
| • Head, General Services                  | Member   |
| • Head, Products & Channels               | Member   |
| • Head, Service Desk & Support            | Member   |
| • Chief Strategy Officer                  | Member   |
| • Head, Internal Control & Reconciliation | Member   |
| • Head, EDP Internal Audit                | Member   |
| • Branch Manager, Rumuomasi Branch, PH    | Member   |

- |   |           |
|---|-----------|
| • Head, Business Performance Monitoring | Member    |
| • Head, Business Improvement            | Member    |
| • Head, Application Solutions           | Secretary |

### Finance & Operations Committee

- |  |          |
|--|----------|
| • Chief Strategy Officer                   | Chairman |
| • Representative of Corporate Banking SBU  | Member   |
| • Head, Credit Risk Management             | Member   |
| • Head, Consumer Banking Products          | Member   |
| • Head, Domestic Operations                | Member   |
| • Representatives of Regional Directorates | Members  |
| • Chief Internal Auditor                   | Member   |
| • Head, Treasury                           | Member   |
| • Head, Foreign Operations                 | Member   |
| • Head, Financial Control                  | Member   |
| • Chief Compliance Officer                 | Member   |

### Group Management Committee

- |   |                 |
|---|-----------------|
| • Group Managing Director/Chief Executive Officer | Chairman        |
| • All Executive Directors                         | Members         |
| • Managing Directors of all the Subsidiaries      | Members         |
| • Chief Strategy Officer                          | (In attendance) |
| • Head Financial Control                          | (In attendance) |
| • Head, Business Performance Monitoring           | (In attendance) |
| • Company Secretary                               | (In attendance) |

## 7 SHAREHOLDER PARTICIPATION AND ACTIVISM

FirstBank has always taken seriously its responsibility to fully disclose to shareholders material developments in the Bank and in its operating environment, which may impinge on their interests. However, the broadening in recent times of the Bank's shareholder/investor universe, led in the review period to the creation of a dedicated Investor Relations Department in the office of the Chief Financial Officer.

This department will be the clearing house for all shareholder/investor inquiries, especially pertaining to the Bank's stock or financial stability. The key deliverable here is the provision of an interactive space for the Bank, its subsidiaries, the financial community, its shareholders and other stakeholders to share information in a way that strengthens the valuation of the Bank's shares.

In line with the provisions of Sections 5.4.5, 5.4.6, and 5.4.7 of the CBN's Code of Corporate Governance for Banks, the consultants also conducted an appraisal of the Board of Directors for the year ended March 2009. Their report is reproduced on page 85.

# DIRECTORS AND ADVISERS

## DIRECTORS

**Mutallab, Umaru Abdul, CON** – Chairman

**Onasanya, Bisi** – Appointed Executive Director on January 1, 2009 and Group Managing Director/Chief Executive on June 4, 2009

**Sanusi, Lamido Sanusi** – Appointed Group Managing Director/Chief Executive on January 1, 2009 and resigned on June 4, 2009

**Ajekigbe, Jacobs Moyo, OFR** – Resigned December 31, 2008

**Aboh, John Oche** – Resigned December 31, 2008

**Adesola, Harriet-Ann Omobolanle**

**Afonja, Ajibola Alarape**

**Ajumogobia, Ibiai Alaliba** – Appointed August 20, 2008

**Alkali, Aliyu Adamu, mni**

**Duba, Garba**

**Hassan-Odukale, Oye, MFR**

**Lawanson, Kehinde Adebo**

**Mahmoud, Abdullahi**

**Ngama, Yerima Lawan (Dr)** – Appointed January 1, 2009

**Odunlami, Remi** – Appointed March 16, 2009

**Otti, Alex Chioma**

**Otudeko, Oba OFR**

**Oyelola, Oladele**

**Udo-Aka, Udo, MON** – Resigned August 20, 2008

## COMPANY SECRETARY

**Borodo, Tijjani Mohammed**

## REGISTERED OFFICE

Samuel Asabia House  
35 Marina, Lagos

## REGISTRAR

**First Registrars Nigeria Limited**

Plot 2, Abebe Village Road  
Iganmu, Lagos

## AUDITORS

**Akintola Williams Deloitte**

(Chartered Accountants)  
235 Ikorodu Road, Ilupeju  
Lagos

**PKF Pannell Kerr Forster**

(Chartered Accountants)  
Toloye House  
362 Ikorodu Road/1A Okupe Estate  
Maryland  
Lagos

# REPORT OF THE EXTERNAL CONSULTANT ON THE BOARD APPRAISAL



We conducted the appraisal of the board of First Bank of Nigeria Plc ("First Bank" or "the Bank") for the year ended March 31, 2009 in accordance with the standards set by the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code"). Corporate governance is the system by which business corporations are directed and controlled to enhance performance and long term shareholder value.

First Bank's board size and composition are in line with the CBN Code, except for the appointment of independent directors and ensuring that the number of non-executive directors exceeds the number of executive directors. Board members demonstrate the requisite business experience and are knowledgeable about financial matters. The roles of the chairman of the board and the managing director of the Bank are clearly defined and separated and the board chairman is neither a chairman nor member of any board committee. There are formal documented charters for the board and board committees.

The board has an annual cycle of agenda items. Board and board committee meetings were held regularly on at least a quarterly basis except for certain board committee meetings. In each of the meetings held, an adequate quorum was formed and advance notice and board papers were sent to the board members prior to the meetings. The board is involved in formulating the overall corporate strategy for the Bank and organises an annual retreat to review and approve changes to the Bank's strategy. The Board has established a risk management framework for managing the risk of the Bank.

The principal recommendations arising from our appraisal of the board of directors of First Bank of Nigeria Plc, in accordance with the CBN Code, were in the following areas: appointment of independent directors, director's induction and training programme, directors' remuneration and frequency of board committee meetings.

KPMG PROFESSIONAL SERVICES

Lagos, Nigeria  
June 25, 2009

# REPORT OF THE INDEPENDENT JOINT AUDITORS TO THE MEMBERS OF FIRST BANK OF NIGERIA PLC




## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of First Bank of Nigeria Plc as at March 31, 2009, set out on pages 88 to 130, which have been prepared on the basis of significant accounting policies on pages 88 to 92 and other explanatory notes on pages 96 to 126.

### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004, statements issued by the Nigerian Accounting Standards Board and the Banks and Other Financial Institutions Act, CAP B3 LFN 2004. This responsibility includes designing, implementing and maintaining internal controls 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance as to whether 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 auditors' judgment, 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 auditors consider internal controls 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 audit opinion.

### Opinion

In our opinion, the Group and the Bank have kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3 LFN 2004. The financial statements give a true and fair view of the financial position of First Bank of Nigeria Plc as at March 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board and relevant circulars issued by the Central Bank of Nigeria.

### Report on Compliance with Banking Regulations

We confirm that 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.

Related party transactions and balances are disclosed in Note 46 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004.

### Contraventions

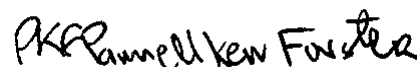
No contravention of the Banks and Other Financial Institutions Act, CAP B3 LFN 2004 was brought to our attention during the audit of the financial statements for the year ended March 31, 2009.



Chartered Accountants

Lagos, Nigeria

June 25, 2009

Chartered Accountants

Lagos, Nigeria

June 25, 2009



# REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF FIRST BANK OF NIGERIA PLC

In compliance with Section 359(6) of the Companies and Allied Matters Act 1990, we have reviewed the Audit Report for the year ended March 31, 2009 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The accounting and reporting policies of the Company conformed with statutory requirements and agreed ethical practices;
3. The internal control was being constantly and effectively monitored;
4. The external auditors' management report received satisfactory response from Management; and
5. The Committee reviewed the Audit Report on insider-related party transactions and are satisfied with their status as required by Central Bank of Nigeria (CBN).

Dated June 23, 2009



Alhaji Bashir A. Mohammed  
**Chairman, Audit Committee**

## **Members of the Committee**

Alhaji Bashir A. Mohammed  
Lt.-Gen. Garba Duba (rtd.)  
Mr. Oye Hassan-Odukale, MFR  
Alhaji Aliyu A. Alkali, mni  
Chief Timothy A. Adesiyan  
Mr. Chinwendu N. Achara

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31, 2009

The following represent the statement of significant accounting policies adopted by the Group in the preparation of its financial statements:

## 1 BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain land and buildings.

## 2 BASIS OF CONSOLIDATION

### i) Subsidiaries

The Group financial statements incorporate the financial statements of the Bank and eight of its wholly-owned subsidiaries namely: FBN Bank (UK) Limited, FBN Capital Limited, First Trustees Nigeria Limited, First Registrars Nigeria Limited, FBN Mortgages Limited, FBN Insurance Brokers Nigeria Limited, First Pension Custodian Limited and First Funds Limited all made up to 31 March. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In line with the Statement of Accounting Standards (SAS) 27, the operating result of First Funds Limited is being consolidated during the year for the first time.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### ii) Investments in associated company

Investments in associated company are carried on the balance sheet on equity basis in line with SAS 28. Profit and losses are eliminated to the extent of the Group's interest in the associated company.

### iii) Foreign operations

The assets and liabilities of foreign entities are converted to naira at the ruling exchange rates at the reporting date except for share capital and pre-acquisition reserve, which are translated at their historical rates. Income and expenses are translated to naira using average rates. Difference arising from this is taken to exchange difference reserve.

## 3 CASH AND BALANCES WITH CENTRAL BANK

Cash and balances with Central Bank comprise cash balances on hand, balances with the Central Bank of Nigeria and other banks and financial institutions (local and foreign). The balance is stated less provision for doubtful balances.

## 4 TREASURY BILLS

Holdings in treasury bills are stated at face value as it is the Bank's policy to hold these to maturity.

## 5 MARKETABLE SECURITIES

Marketable securities held by the Bank and Group are valued at the lower of cost and market value, determined on an item-by-item basis. Unrealised losses are charged to the profit and loss account.

All gains and losses from sale of marketable securities are reported in the profit and loss account.

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31, 2009

## 6 TRADING SECURITIES

Trading securities comprise government bonds and other securities.

- i) Trading securities held for fixed redemption date are stated at cost.
- ii) Dealing securities are stated at market value.
- iii) Premiums and discounts arising on purchase are amortised on the yield to redemption.

## 7 INVESTMENTS

Investments are classified as short- or long-term investments.

### i) Short-term investments

Debt and equity securities held for a period not exceeding one year are classified as short-term investments.

### ii) Long-term investments

Investments intended to be held for over a period exceeding one year, which are either held to maturity or available for sale in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as long-term investments.

### iii) Valuation

- a) Quoted investments other than dated securities are stated:
  - At the lower of cost and market value for short-term investments;
  - At cost for long-term investments. Provision is made for permanent diminution in the value of the investments.
- b) Unquoted investments are held as long term and stated at cost less provision for diminution in values.
- c) Dated securities are stated at cost.
- d) Investments in subsidiaries are stated at cost.

## 8 INVESTMENT PROPERTIES

Investment properties which are held for capital appreciation and subsequent disposal, are measured initially at their cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. They are stated at cost or net realisable value.

## 9 BAD AND DOUBTFUL ACCOUNTS

Loans and advances are stated after the deduction of provisions against debts considered doubtful of recovery. Loans are classified as performing and non-performing and are considered non-performing when principal and or interest repayment obligations are in arrears for over three months. Specific provisions are made on non-performing accounts as follows:

Interest and/or principal outstanding for	Classification	Provision
More than 90 days but less than 180 days	Sub-standard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

A general provision of 1% is made on all performing balances in line with the Prudential Guidelines of the Central Bank of Nigeria.

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31, 2009

## 10 INTEREST

Interest on advances is accrued to profit until such a time as reasonable doubt exists about its collectability. Interest accruing on non-performing accounts is treated as interest in suspense and not taken to the credit of profit and loss account until the debt is recovered.

## 11 ADVANCES UNDER FINANCE LEASE

Advances to customers under finance leases are stated net of unearned income. Lease finance is recognised in a manner, which provides a constant yield on the outstanding net investment over the lease period.

Provisions are determined from a specific assessment of each customer's account and relate to those advances considered doubtful in line with the Central Bank of Nigeria Prudential Guidelines for Licensed Banks. A general provision of 1% is made on advances which have not been specifically provided for.

Income arising there from is allocated to each year on the basis of the annual finance charges that are equivalent to the implicit interest rate agreed on the facility.

## 12 FIXED ASSETS

Fixed assets are stated at cost or valuation less accumulated depreciation.

## 13 DEPRECIATION

Depreciation is provided to write off the cost of fixed assets over their estimated useful lives on a straight line basis at the following annual rates:

Freehold buildings – 2% from date of use

Leasehold buildings – 2% for leases of 50 years and above over expected life in case of leases under 50 years

Motor vehicles – 25%

Computer equipment – 33 $\frac{1}{3}$ %

Furniture & fittings – 20%

Plants & Machinery – 20%

## 14 FOREIGN CURRENCIES

Transactions in foreign currencies are translated to naira at the rate of exchange ruling at the date of the transactions.

Foreign currency balances are converted to naira at the rate of exchange ruling at the balance sheet date and the resultant profit or loss on conversion is taken to profit and loss account in respect of Bank-owned funds and the rest charged/credited to third parties.

## 15 TAXATION

### i) Income tax

Income tax is provided on taxable profit at the current statutory rate.

### ii) Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates and tax laws that have been enacted at the balance sheet date.

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31, 2009

## 16 BORROWINGS

Borrowings are recorded at the proceeds received, plus direct issue costs. The capitalised direct issuing costs are amortised over the tenor of the underlying instrument.

## 17 DIVIDENDS

Dividends to shareholders are recognised as liabilities only when declared and agreed by the shareholders at the Annual General Meeting.

## 18 RETIREMENT BENEFITS

Arrangements for retirement benefits for members of staff are based on the provisions of the Nigeria Pension Reform Act 2004, which is contributory. The matching contributions of 8.5% and 16.5% for staff and Bank respectively are based on current salaries and eligible allowances and are charged to the profit and loss account. Membership of the scheme is open to members upon confirmation of employment with the Bank.

## 19 OFF BALANCE SHEET ENGAGEMENTS

Transactions that are not currently 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 credit, etc.

Outstanding and unexpired commitments at year end in respect of these transactions are shown by way of note to the financial statements.

Income on off balance sheet engagements is in form of commission, which is recognised as and when transactions are executed.

## 20 EARNINGS PER SHARE

The Group and the Bank present basic earnings per share (EPS) for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares outstanding during the year.

## 21 INCOME RECOGNITION

### i) Interest income and interest expense

Interest is accrued on daily balances on all assets and liabilities to which interest is applicable.

### ii) Fees, commissions and other income

Fees and commissions, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.

### iii) Lease finance income

This is recognised on a basis that provides a constant yield on the outstanding principal over the lease term.

### iv) Dividend

This is recognised on actual basis and credited to the profit and loss account.

### v) Custody fee income

This is recognised on accrual basis when the service is rendered and is net of taxes.

### vi) Financial advisory

This is recognised over the period for which the service is provided.

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31, 2009

## 22 PROVISION

Provision is recognised when the Bank has a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in accordance with the Statement of Accounting Standard (SAS) 23.

## 23 MANAGED FUNDS

Managed funds represent funds invested by some subsidiaries on behalf of customers.

## 24 SEGMENT REPORTING

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

Segment information is presented in respect of the Bank's and Group's business and geographical segments. The business segments are determined by management based on the Bank'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.

# BALANCE SHEET

as at March 31, 2009

	Note	The Group		The Bank	
		2009 N'million	2008 N'million	2009 N'million	2008 N'million
<b>Assets</b>					
Cash and balances with Central Bank	2	140,403	88,351	140,353	88,302
Due from banks and other financial institutions	3	764,048	560,879	510,722	280,033
Treasury bills		17,697	115,480	17,697	115,480
Trading securities	4	153,347	100,665	151,111	93,396
Managed funds	5	36,894	56,021	-	-
Investments	6	47,680	54,142	65,336	71,532
Investment properties	7	6,098	1,974	-	-
Loans and advances	8	740,397	466,096	684,107	437,768
Advances under finance lease	9	11,769	10,297	11,769	10,297
Other assets	10	51,888	44,275	48,007	39,498
Fixed assets	11	39,693	30,054	38,320	29,155
<b>TOTAL ASSETS</b>		<b>2,009,914</b>	<b>1,528,234</b>	<b>1,667,422</b>	<b>1,165,461</b>
<b>Liabilities</b>					
Deposit and current accounts	12	1,194,456	700,182	1,071,836	661,624
Due to other banks	13	170,410	155,109	78,980	44,281
Managed funds	14	93,296	62,514	-	-
Tax payable	15	10,713	8,986	6,777	5,091
Deferred taxation	16	13,634	6,743	12,758	6,712
Other liabilities	17	154,958	213,432	110,975	78,492
Long-term borrowing	18	35,042	29,414	35,042	29,414
<b>TOTAL LIABILITIES</b>		<b>1,672,509</b>	<b>1,176,380</b>	<b>1,316,368</b>	<b>825,614</b>
<b>Capital and Reserves</b>					
Share capital	19	12,432	9,945	12,432	9,945
Share premium	20	254,524	254,524	254,524	254,524
Statutory reserve	21	23,424	18,056	23,284	18,023
Exchange difference reserve	22	733	3,459	2,836	2,836
General reserve	23	30,648	51,565	42,334	40,214
Bonus issue reserve	24	2,072	2,487	2,072	2,487
Reserve for small/medium scale industries	25	11,193	9,439	11,193	9,439
Core capital		335,026	349,475	348,675	337,468
Fixed assets revaluation reserve		2,379	2,379	2,379	2,379
<b>Shareholders' funds</b>		<b>337,405</b>	<b>351,854</b>	<b>351,054</b>	<b>339,847</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>2,009,914</b>	<b>1,528,234</b>	<b>1,667,422</b>	<b>1,165,461</b>
Contingent liabilities and other obligations on behalf of customers and customers' liability thereof	40.1	696,378	544,959	314,973	198,239
<b>TOTAL ASSETS AND CONTINGENCIES</b>		<b>2,706,292</b>	<b>2,073,193</b>	<b>1,982,395</b>	<b>1,363,700</b>

The financial statements on pages 88 to 130 were approved on June 25, 2009 by the Board of Directors and signed on its behalf by:



**Umaru Abdul Mutallab, CON**  
Chairman



**Stephen Olabisi Onasanya**  
Group Managing Director



**Oladele Oyelola**  
Executive Director

The accounting policies on pages 88 to 92 and the notes on pages 96 to 126 form part of these financial statements.

# PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2009

	Note	The Group		The Bank	
		2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>Gross earnings</b>		<b>218,287</b>	<b>155,725</b>	<b>185,189</b>	<b>130,600</b>
Interest earnings	26	156,932	100,703	128,902	79,810
Interest expense	27	(54,908)	(31,569)	(41,843)	(22,283)
Net interest income		102,024	69,134	87,059	57,527
Fees and commissions	28	33,924	28,382	29,114	23,418
Net interest income and commissions		135,948	97,516	116,173	80,945
Income on trading securities	29	17,499	18,407	16,194	16,447
Provision for diminution in value of investments	33	(2,649)	-	-	-
Net income on securities trading		14,850	18,407	16,194	16,447
Other income	30	9,932	8,233	10,979	10,925
Operating expenses	31	(88,397)	(68,004)	(81,533)	(62,260)
Interest on long-term borrowing		(1,744)	(2,218)	(1,744)	(2,218)
Provision for loans and advances	32	(14,298)	(6,423)	(12,469)	(6,152)
Provision for other bad and doubtful accounts	34	(2,492)	395	(1,490)	333
		(106,931)	(76,250)	(97,236)	(70,297)
Profit on ordinary activities before exceptional item and taxation	31.2	53,799	47,906	46,110	38,020
Exceptional item	5.1	(26,113)	-	-	-
Profit on ordinary activities after exceptional item and before taxation		27,686	47,906	46,110	38,020
Information technology development levy	17.3	(526)	(480)	(461)	(380)
Current taxation	15	(7,690)	(6,705)	(4,529)	(3,126)
Deferred taxation	16	(6,901)	(4,042)	(6,046)	(4,041)
<b>Profit after taxation</b>		<b>12,569</b>	<b>36,679</b>	<b>35,074</b>	<b>30,473</b>
Dealt with as follows:					
Statutory reserve	21	5,368	4,591	5,261	4,571
Reserve for small/medium scale industries	25	1,754	1,523	1,754	1,523
General reserve	23	5,447	30,565	28,059	24,379
		<b>12,569</b>	<b>36,679</b>	<b>35,074</b>	<b>30,473</b>
<b>Earning per share (₦)</b>					
– Basic	35	0.51	2.67	1.41	2.23

The accounting policies on pages 88 to 92 and the notes on pages 96 to 126 form part of these financial statements.

# STATEMENT OF CASH FLOWS

for the year ended March 31, 2009

	Note	The Group		The Bank	
		2009 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'million
<b>Cash flows from operating activities</b>					
Interest earnings	26	156,932	100,703	128,902	79,810
Commission and other income		56,499	48,983	48,861	40,843
Lease income		1,901	1,096	1,901	1,095
Dividend received from associated company		329	191	329	179
Recoveries on loans previously written off		1,969	3,617	1,967	3,606
Interest expense		(56,652)	(33,787)	(43,587)	(24,501)
Cash payment to employees and suppliers		(82,194)	(63,333)	(75,772)	(57,941)
Income tax paid	15.2	(5,539)	(5,373)	(2,843)	(3,745)
Operating profit before changes in operating assets and liabilities		73,245	52,097	59,758	39,346
<b>Changes in operating assets/liabilities</b>					
Loans and advances		(285,803)	(250,269)	(258,793)	(224,662)
Advances under finance lease		(1,487)	(7,327)	(1,487)	(7,327)
Other assets		(8,018)	(12,210)	(8,620)	(9,761)
Deposit and current accounts		494,274	100,508	410,212	79,797
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)	-	-
Net cash from/(used in) operating activities	36	260,484	6,337	233,173	(104,654)
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments		3,301	4,205	3,301	4,205
Purchase of investments		(86,635)	(43,957)	(62,982)	(35,871)
Investment properties		(4,124)	(1,788)	-	-
Redemption of dated securities		13,830	21,286	13,830	21,286
Purchase of dated securities		(1,500)	-	(1,500)	-
Purchase of fixed assets	11	(16,315)	(17,495)	(15,329)	(16,945)
Proceeds on sale of fixed assets		1,087	1,503	1,056	1,451
Investment properties		(4,124)	(1,965)	-	-
Dividend received from subsidiaries		-	-	2,576	3,937
Investments in subsidiaries		-	-	-	(19,062)
Treasury bills		97,783	44,352	97,783	44,352
Net cash from investing activities		3,303	6,141	38,735	3,353
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares:					
– Public offer and rights issue	19	-	3,834	-	3,834
– Share premium	20.1	-	246,166	-	246,166
Share issue expenses	20.1	-	(7,500)	-	(7,500)
Dividend paid to shareholders	23	(23,867)	(10,477)	(23,867)	(10,477)
Inf ow from long-term borrowing	18	-	9,035	-	9,035
Net cash (used in)/from financing activities		(23,867)	241,058	(23,867)	241,058
<b>Net increase in cash and cash equivalents</b>		<b>239,920</b>	<b>253,536</b>	<b>248,041</b>	<b>139,757</b>
<b>Cash and cash equivalents at April 1</b>		<b>494,121</b>	<b>240,585</b>	<b>324,054</b>	<b>184,297</b>
<b>Cash and cash equivalents at March 31</b>	<b>37</b>	<b>734,041</b>	<b>494,121</b>	<b>572,095</b>	<b>324,054</b>

# 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 IILL botched transaction. In 2001, IILL approached First Bank of Nigeria Plc for credit facility to participate in the bid for 51% interest in NITEL Plc as offered by BPE. IILL 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, IILL 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 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'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 ₦'million	Provision ₦'million	Gross Loans ₦'million	Provision ₦'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
	<b>54,084</b>	<b>46,066</b>	<b>49,810</b>	<b>41,190</b>
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)	-
	<b>1,590</b>	<b>1,821</b>	<b>1,492</b>	<b>1,728</b>
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 ₦'million	Leasehold Buildings ₦'million	Motor Vehicles ₦'million	Computer Equipment ₦'million	Furniture & Fittings ₦'million	Plants & Machinery ₦'million	Total ₦'million
<b>11 FIXED ASSETS</b>							
<b>11.2 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	<b>12,432</b>	<b>9,945</b>	<b>12,432</b>	<b>9,945</b>

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 ₦'million	2008 ₦'million	2009 ₦'million	2008 ₦'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

<b>40.1</b> 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			Perfected 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>					

# GROUP STATEMENT OF VALUE ADDED

for the year ended March 31, 2009

	2009 ₦million	%	2008 ₦million	%
<b>Gross earnings</b>				
– Ordinary activities	218,287		155,725	
– Interest expense	(54,908)		(31,569)	
– Interest on long-term borrowing	(1,744)		(2,218)	
	161,635		121,938	
<b>Overheads and payments for other services</b>				
– Local	(35,053)		(28,112)	
– Foreign	(1,322)		(1,790)	
– Provision for doubtful balances	(45,552)		(6,028)	
<b>VALUE ADDED</b>	<b>79,708</b>	<b>100</b>	<b>86,008</b>	<b>100</b>
<b>DISTRIBUTED AS FOLLOWS:</b>				
<b>In payment to employees:</b>				
Salaries, allowances and pension	45,819	57	33,431	39
<b>In payment to Government:</b>				
Income tax	7,690	10	6,705	8
Information technology development levy	526	1	480	-
	54,035	68	40,616	47
<b>To provide for enhancement of assets and expansion:</b>				
– Deferred taxation	6,901	8	4,042	5
– Depreciation - Local	6,108	8	4,588	5
– Depreciation - Foreign assets	95	-	83	-
– Profit re-invested in the business	12,569	16	36,679	43
	25,673	32	45,392	53
	<b>79,708</b>	<b>100</b>	<b>86,008</b>	<b>100</b>

Value added represents the additional wealth created by the Group during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

# BANK STATEMENT OF VALUE ADDED

for the year ended March 31, 2009

	2009 ₦'million	%	2008 ₦'million	%
<b>Gross earnings</b>				
– Ordinary activities	185,189		130,600	
– Interest expense	(41,843)		(22,283)	
– Interest on long-term borrowing	(1,744)		(2,218)	
	141,602		106,099	
<b>Overheads and payments for other services</b>				
– Administrative and other expenses - Local	(31,931)		(26,636)	
– Doubtful debts provision	(13,959)		(5,819)	
<b>VALUE ADDED</b>	<b>95,712</b>	<b>100</b>	<b>73,644</b>	<b>100</b>
<b>DISTRIBUTED AS FOLLOWS:</b>				
<b>In payment to employees:</b>				
– Salaries, allowances and pension	43,841	46	31,305	43
<b>In payment to Government:</b>				
– Income tax	4,529	5	3,126	4
– Information technology development levy	461	-	380	1
	48,831	51	34,811	48
<b>To provide for enhancement of assets, retain for expansion and payments of dividend to shareholders:</b>				
– Deferred taxation	6,046	6	4,041	5
– Depreciation	5,761	6	4,319	6
– Profit for the year	35,074	37	30,473	41
	46,881	49	38,833	52
	<b>95,712</b>	<b>100</b>	<b>73,644</b>	<b>100</b>

Value added represents the additional wealth created by the Bank during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

# GROUP FIVE-YEAR FINANCIAL SUMMARY

for the year ended March 31, 2009

	2009 ₦'million	2008 ₦'million	2007 ₦'million	2006 ₦'million	2005 ₦'million
<b>ASSETS</b>					
Cash and balances with Central Bank	140,403	88,351	61,844	50,992	32,881
Due from banks and other financial institutions	764,048	560,879	264,405	169,580	129,256
Treasury bills	17,697	115,480	159,832	108,316	105,624
Trading securities	153,347	100,665	75,847	-	-
Managed funds	36,894	56,021	22,070	-	-
Investments	47,680	54,142	56,993	60,875	21,651
Investment properties	6,098	1,974	186	-	-
Loans and advances	740,397	466,096	217,995	177,303	123,739
Advances under finance lease	11,769	10,297	3,043	1,701	1,283
Other assets	51,888	44,275	31,664	31,851	43,716
Fixed assets	39,693	30,054	17,548	14,222	12,689
Goodwill	-	-	-	1,984	-
<b>TOTAL ASSETS</b>	<b>2,009,914</b>	<b>1,528,234</b>	<b>911,427</b>	<b>616,824</b>	<b>470,839</b>
<b>LIABILITIES</b>					
Deposit and current accounts	1,194,456	700,182	599,689	448,915	332,196
Due to other banks	170,410	155,109	85,664	323	-
Managed funds	93,296	62,514	22,070	-	-
Tax payable	10,713	8,986	7,470	5,142	4,758
Deferred taxation	13,634	6,743	2,657	2,746	2,089
Dividend	-	-	-	5,238	6,325
Other liabilities	154,958	213,432	88,149	90,183	75,666
Long-term borrowing	35,042	29,414	22,101	-	-
	1,672,509	1,176,380	827,800	552,547	421,034
SHAREHOLDERS' FUNDS	337,405	351,854	83,627	64,277	48,726
MINORITY INTERESTS	-	-	-	-	1,079
<b>TOTAL LIABILITIES</b>	<b>2,009,914</b>	<b>1,528,234</b>	<b>911,427</b>	<b>616,824</b>	<b>470,839</b>
Gross earnings	218,287	155,725	91,163	67,440	57,255
Profit on ordinary activities before exceptional item and taxation	53,799	47,906	25,854	21,833	16,808
Exceptional item	(26,113)	-	-	3,703	-
Profit after taxation	12,569	36,679	20,636	17,383	13,234
Amortisation of goodwill	-	-	-	1,984	-
Profit attributable to ordinary shareholders	12,569	36,679	18,652	15,399	13,234
Dividend	-	-	-	5,238	6,325
Return on shareholders' funds	4%	10%	22%	24%	27%
Earnings per share (kobo):					
– Basic	51k	267k	178k	294k	335k
Dividend per share – actual	-	-	-	100k	160k
Dividend cover (times)	-	-	-	2.94	2.09

## Note:

Earnings and Dividend per share are based on profit attributable to shareholders and number of ordinary shares of 50k each in issue at March 31 each year.

# BANK FIVE-YEAR FINANCIAL SUMMARY

for the year ended March 31, 2009

	2009 ₦million	2008 ₦million	2007 ₦million	2006 ₦million	2005 ₦million
<b>ASSETS</b>					
Cash and balances with Central Bank	140,353	88,302	60,881	49,444	30,220
Due from banks and other financial institutions	510,722	280,033	137,864	94,029	64,143
Treasury bills	17,697	115,480	159,832	108,316	100,135
Trading securities	151,111	93,396	71,477	-	-
Investments	65,336	71,532	64,048	63,729	24,655
Loans and advances	684,107	437,768	219,185	175,657	114,673
Advances under finance lease	11,769	10,297	3,043	1,701	937
Other assets	48,007	39,498	29,701	31,317	30,625
Fixed assets	38,320	29,155	16,850	13,952	12,108
Goodwill	-	-	-	1,984	-
<b>TOTAL ASSETS</b>	<b>1,667,422</b>	<b>1,165,461</b>	<b>762,881</b>	<b>540,129</b>	<b>377,496</b>
<b>LIABILITIES</b>					
Deposit and current accounts	1,071,836	661,624	581,827	390,846	264,988
Due to other banks	78,980	44,281	14,448	323	390
Tax payable	6,777	5,091	5,710	4,148	3,954
Deferred taxation	12,758	6,712	2,671	2,751	2,010
Dividend	-	-	-	5,238	6,325
Other liabilities	110,975	78,492	58,773	75,843	55,157
Long-term borrowing	35,042	29,414	22,101	-	-
	1,316,368	825,614	685,530	479,149	332,824
SHAREHOLDERS' FUNDS	351,054	339,847	77,351	60,980	44,672
<b>TOTAL LIABILITIES</b>	<b>1,667,422</b>	<b>1,165,461</b>	<b>762,881</b>	<b>540,129</b>	<b>377,496</b>
Gross earnings	185,189	130,600	79,299	61,243	49,475
Profit on ordinary activities before taxation	46,110	38,020	22,097	16,128	15,145
Exceptional item	-	-	-	3,703	-
Profit after taxation and exceptional item	35,074	30,473	18,355	16,053	12,184
Amortisation of goodwill	-	-	1,984	1,984	-
Profit attributable to ordinary shareholders	35,074	30,473	16,371	14,069	12,184
Dividend	-	-	-	5,238	6,325
Return on shareholders' funds	10%	9%	21%	23%	27%
Earnings per share - (basic)	141k	223k	156k	269k	308k
Dividend per share - actual	-	120k	100k	100k	160k
Dividend cover (times)	-	1.28	1.56	2.69	1.93

**Note:**

Earnings and Dividend per share are based on profit attributable to shareholders and number of ordinary shares of 50k each in issue at 31 March each year.