

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

1 General information

First Securities Discount House Limited was incorporated on 23 June 1992 as a private limited liability company and started operations on 1 July 1992. The Company has two direct subsidiaries and one indirect subsidiary as analysed below:

FSDH Asset Management Limited (direct)	99.7%
FSDH Securities Limited (indirect)	99.9%
Pensions Alliance Limited (direct)	51.0%

FSDH Securities Limited is a wholly owned subsidiary of FSDH Asset Management Limited (FAML).

2 Segmental analysis

The Group's business operates from one geographic location, which is Nigeria and it is organized along four main business segments:

Asset management - includes portfolio management and advisory services.

Pension funds management - includes management of pension funds.

Fixed income securities - includes trading in money market securities and other financial instruments.

Stock-broking - includes stock trading with proprietary portfolio and customers' portfolio as well as issuing house activities.

The group's business reporting information comprises:

	Asset management	Stock broking	Fixed income securities	Pension funds management	Total
	31-Dec-09	31-Dec-09	31-Dec-09	31-Dec-09	31-Dec-09
	₦'000	₦'000	₦'000	₦'000	₦'000
REVENUE:					
Gross earnings - external	118,071	94,952	7,102,459	325,417	7,640,899
Intersegment revenue/(expense)	-	-	(97,409)	-	(97,409)
Total segment revenue	<u>118,071</u>	<u>94,952</u>	<u>7,005,050</u>	<u>325,417</u>	<u>7,543,490</u>
EXPENSES					
Depreciation	<u>-</u>	<u>-</u>	<u>(46,259)</u>	<u>(25,852)</u>	<u>(72,111)</u>
Segment result	<u>21,627</u>	<u>21,520</u>	<u>2,918,797</u>	<u>53,001</u>	<u>3,014,945</u>
ASSETS AND LIABILITIES					
Segment assets	1,184,439	1,100,653	74,972,028	392,174	77,649,294
Inter-segment assets	(11,240)	-	(2,251,831)	-	(2,263,071)
Total assets	<u>1,173,199</u>	<u>1,100,653</u>	<u>72,720,197</u>	<u>392,174</u>	<u>75,386,223</u>
Segment liabilities	(638,548)	(376,009)	(61,245,608)	(109,044)	(62,369,209)
Inter-segment liabilities	634,583	-	913,188	-	1,547,772
Total liabilities	<u>(3,965)</u>	<u>(376,009)</u>	<u>(60,332,420)</u>	<u>(109,044)</u>	<u>(60,821,437)</u>
Non controlling interest	-	-	-	-	(136,690)
Net Assets	<u>1,169,234</u>	<u>724,644</u>	<u>12,387,777</u>	<u>283,130</u>	<u>14,428,095</u>

The group's business reporting comparative information for prior period comprises:

	Asset management	Stock broking	Fixed income securities	Pension funds management	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	₦'000	₦'000	₦'000	₦'000	₦'000
REVENUE:					
Gross earnings - external	446,858	305,542	31,413,393	552,422	32,718,215
Intersegment revenue/(expense)	-	-	(475,796)	-	(475,796)
Total segment revenue	<u>446,858</u>	<u>305,542</u>	<u>30,937,597</u>	<u>552,422</u>	<u>32,242,419</u>
EXPENSES					
Depreciation	<u>-</u>	<u>-</u>	<u>(85,565)</u>	<u>(56,605)</u>	<u>(142,170)</u>
Segment result	<u>(166,257)</u>	<u>(173,307)</u>	<u>4,621,174</u>	<u>40,016</u>	<u>4,321,626</u>
ASSETS AND LIABILITIES					
Segment assets	1,807,705	1,086,397	87,561,929	390,296	90,846,327
Inter-segment assets	<u>(309,684)</u>	<u>-</u>	<u>(2,105,100)</u>	<u>-</u>	<u>(2,414,784)</u>
Total assets	<u>1,498,020</u>	<u>1,086,397</u>	<u>85,456,829</u>	<u>390,296</u>	<u>88,431,543</u>
Segment liabilities	(1,123,568)	(377,080)	(75,426,209)	(149,976)	(77,076,833)
Inter-segment liabilities	<u>1,070,754</u>	<u>-</u>	<u>622,597</u>	<u>-</u>	<u>1,693,351</u>
Total liabilities	<u>(52,814)</u>	<u>(377,080)</u>	<u>(74,803,612)</u>	<u>(149,976)</u>	<u>(75,383,482)</u>
Non controlling interest	-	-	-	-	(115,386)
Net Assets	<u>1,445,206</u>	<u>709,317</u>	<u>10,653,217</u>	<u>240,320</u>	<u>12,932,675</u>

3 Securities income

Securities trading income comprises income from:

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Bonds	3,512,809	3,497,659	3,512,809	3,497,659
Treasury bills	287,243	1,706,285	287,243	1,706,285
Commercial bills	3,257,544	25,724,299	3,292,370	26,200,095
	<u>7,057,596</u>	<u>30,928,243</u>	<u>7,092,422</u>	<u>31,404,039</u>

4 Securities discount expenses

Securities discount expenses comprise expenses from:

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Bonds	548,154	1,686,547	548,154	1,686,547
Treasury bills	104,721	1,396,257	104,721	1,396,257
Commercial bills	2,223,837	20,602,627	2,280,637	20,735,693
Call expenses	605,781	737,507	605,781	737,507
	<u>3,482,493</u>	<u>24,422,938</u>	<u>3,539,293</u>	<u>24,556,004</u>

5 Other income

Other income comprise income from:

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Management fees	366,710	539,602	-	-
Brokerage commissions	34,612	80,317	-	-
Interest on margin accounts	8,176	187,207	-	-
Interest on long term investments	27,612	302,563	-	-
Securities trading income	-	-	-	-
Financial advisory fees	999	5,100	-	-
Administration fees	-	146,163	-	-
Technical services fee (see note (30))	-	-	4,674	-
Others	47,785	53,224	5,362	9,354
	<u>485,894</u>	<u>1,314,176</u>	<u>10,036</u>	<u>9,354</u>

6 Operating expenses

Operating expenses comprise the following:

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Directors' fees and allowances (see note (26) (d) below)	23,770	45,328	23,650	44,555
Staff and related costs (see note (26)(a) below)	835,699	1,288,682	548,629	737,198
Depreciation (see note 16 below)	72,111	142,170	46,259	85,565
Auditors' fees	20,950	24,110	14,700	14,700
Unrealised loss on quoted dealing securities	2,178	219,468	-	-
Securities trading loss	1,443	219,137	-	-
Other operating expenses	377,503	699,266	273,418	543,187
	<u>1,333,654</u>	<u>2,638,161</u>	<u>906,656</u>	<u>1,425,205</u>

7 Taxation payable

a) The movement on this account during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	573,656	551,274	511,386	328,231
Current period tax (see note(b) below)	340,001	494,669	317,710	484,345
	<u>913,657</u>	<u>1,045,943</u>	<u>829,096</u>	<u>812,576</u>
Payment during the period	(76,988)	(472,287)	(74,755)	(301,190)
Balance, end of period	<u>836,669</u>	<u>573,656</u>	<u>754,341</u>	<u>511,386</u>

b) The charge for the period comprises:

Company income tax	316,921	461,942	296,300	452,110
Education tax	23,080	32,727	21,410	32,235
	<u>340,001</u>	<u>494,669</u>	<u>317,710</u>	<u>484,345</u>
Deferred tax charge/(credit) (see note (14) below)	26,882	(24,697)	26,719	(36,961)
Tax charge	<u>366,883</u>	<u>469,972</u>	<u>344,429</u>	<u>447,384</u>

The current tax charge has been computed at the applicable rate of 30% (30 June 2009: 30%) plus education levy of 2% (30 June 2009: 2%) on the profit for the period after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes.

8 Cash and bank balances

These comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Cash in hand	281	156	144	7
Balances held with other banks:				
- Current account	461,489	651,599	393,685	396,996
- Domiciliary account	1,053	1,053	-	-
	<u>462,823</u>	<u>652,808</u>	<u>393,829</u>	<u>397,003</u>

9 Treasury bills

These comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Treasury bills - Gross value				
* Banks	17,294,907	5,373,732	17,294,907	5,373,732
	<u>17,294,907</u>	<u>5,373,732</u>	<u>17,294,907</u>	<u>5,373,732</u>
Discount receivable	-	77	-	77
Unearned discount	(101,826)	(27,500)	(101,826)	(27,500)
	<u>17,193,081</u>	<u>5,346,309</u>	<u>17,193,081</u>	<u>5,346,309</u>

10 Assets / liabilities on repurchase agreements

(a) Assets under repurchase agreements comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Treasury bills				
* Banks	5,000	6,274,187	5,000	6,274,187
Unearned discount	(16)	(144,708)	(16)	(144,708)
	<u>4,984</u>	<u>6,129,479</u>	<u>4,984</u>	<u>6,129,479</u>
FGN bonds				
* Banks	6,700,000	36,800,000	6,700,000	36,800,000
Interest receivable	125,367	1,022,462	125,367	1,022,462
Premium/unearned discount	397,057	(2,643,875)	397,057	(2,643,875)
	<u>7,222,424</u>	<u>35,178,587</u>	<u>7,222,424</u>	<u>35,178,587</u>

The market value of the bonds at the balance sheet date was N7,251,567,764 (30 June 2009: N36,277,107,000).

Commercial bills				
* Banks	7,623,947	12,650,068	7,623,947	12,650,068
* Corporates	10,904,003	3,110,650	11,805,951	3,110,650
* Energy	3,441,564	6,207,017	3,441,564	6,207,017
* Non-Bank financial institutions	58,133	1,703,486	58,133	1,703,486
* Telecoms	3,422,953	5,006,481	3,422,953	5,624,016
	<u>25,450,600</u>	<u>28,677,702</u>	<u>26,352,548</u>	<u>29,295,237</u>
Discount receivable	288,549	186,891	288,549	187,304
Unearned discount	(323,491)	(276,588)	(323,491)	(276,588)
	<u>25,415,658</u>	<u>28,588,005</u>	<u>26,317,606</u>	<u>29,205,953</u>
Specific allowance for commercial bills (see note 11(a) (i))	(370,433)	(542,780)	(370,433)	(542,780)
Interest in suspense (see note 11a(iii))	(122,752)	(76,797)	(122,752)	(76,797)
General allowance for commercial bills (see note (b))	(233,145)	(269,069)	(239,371)	(275,295)
	<u>24,689,328</u>	<u>27,699,359</u>	<u>25,585,050</u>	<u>28,311,081</u>
Total - Assets on repurchase agreements	<u><u>31,916,736</u></u>	<u><u>69,007,425</u></u>	<u><u>32,812,458</u></u>	<u><u>69,619,147</u></u>

(b) The movement on the general provision account during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of the period	269,069	127,153	275,295	127,153
(Write-back)/provision during the period (see Note 11a(iii))	(35,924)	141,916	(35,924)	148,142
Balance, end of period	<u>233,145</u>	<u>269,069</u>	<u>239,371</u>	<u>275,295</u>

(c) The gross value of assets under repurchase agreements comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Treasury bills	5,000	6,274,187	5,000	6,274,187
FGN bonds	6,700,000	36,800,000	6,700,000	36,800,000
Commercial bills	25,450,600	28,677,702	26,352,548	29,295,237
Total assets on repurchase agreement	<u>32,155,600</u>	<u>71,751,889</u>	<u>33,057,548</u>	<u>72,369,424</u>

(d) The classification of commercial bills by performance is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Non-performing				
- Substandard	2,395,603	1,358,812	2,395,603	1,358,812
- Lost	19,864	406,898	19,864	406,898
Performing	23,035,133	26,911,992	23,937,081	27,529,527
	<u>25,450,600</u>	<u>28,677,702</u>	<u>26,352,548</u>	<u>29,295,237</u>

(e) Analysis by security of gross value of commercial bills on repurchase agreement is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Secured by shares of quoted companies	1,992,230	2,660,059	1,992,230	2,660,059
Secured against real estate	2,471,470	2,114,831	2,471,470	2,114,831
Otherwise secured	20,967,036	23,898,868	21,868,984	24,516,403
Unsecured	19,864	3,944	19,864	3,944
	<u>25,450,600</u>	<u>28,677,702</u>	<u>26,352,548</u>	<u>29,295,237</u>

(f) Analysis by maturity of gross value of assets on repurchase agreement is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
0 - 30 days	7,152,695	14,434,864	8,054,643	15,052,398
1 - 3 months	58,133	2,066,546	58,133	2,066,546
3 - 6 months	1,971,489	6,087,500	1,971,489	6,087,500
6 - 12 months	6,694,539	14,044,803	6,694,539	14,044,803
Over 12 months	16,278,744	35,118,177	16,278,744	35,118,177
	<u>32,155,600</u>	<u>71,751,890</u>	<u>33,057,548</u>	<u>72,369,424</u>

(g) Liabilities on repurchase agreements comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Treasury bills				
* Banks	5,000	6,274,187	5,000	6,274,187
FGN bonds				
* Banks	6,700,000	36,800,000	6,700,000	36,800,000
Commercial bills				
* Banks	59,624	546,199	59,624	546,199
* Non-bank financial institutions	14,114,702	18,578,995	15,016,650	18,578,995
* Corporates	1,371,130	818,532	1,371,130	818,532
* Telecoms	4,085,905	3,608,675	4,085,905	3,608,675
* Others	5,819,239	5,125,302	5,819,239	5,742,836
	<u>25,450,600</u>	<u>28,677,703</u>	<u>26,352,548</u>	<u>29,295,237</u>
Total liabilities against repurchase agreement	<u>32,155,600</u>	<u>71,751,890</u>	<u>33,057,548</u>	<u>72,369,424</u>

(h) Analysis by maturity of liabilities on repurchase agreement is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
0 - 30 days	16,323,160	65,190,688	17,225,108	65,808,222
1 - 3 months	15,825,656	6,467,750	15,825,656	6,467,750
3 - 6 months	6,784	93,452	6,784	93,452
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
	<u>32,155,600</u>	<u>71,751,890</u>	<u>33,057,548</u>	<u>72,369,424</u>

11 Investment securities (product/ sectoral analysis):

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Investment securities comprise:				
Commercial bills (see (a) below)	1,813,738	4,831,882	2,431,478	5,582,244
Trading securities (see (b) below)	422,010	521,670	422,010	521,670
Dealing securities	1,091,282	805,781	-	-
Short term investment (see (c) below)	1,722,739	1,825,355	1,722,739	1,825,355
Long term investment (see (d) below)	18,510,970	3,783,067	17,993,503	2,753,859
	<u>23,560,739</u>	<u>11,767,755</u>	<u>22,569,730</u>	<u>10,683,128</u>

(a) The analysis of commercial bills as at end of period is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Commercial bills - Gross value				
* Banks	1,095,951	69,829	1,095,951	69,829
* Energy	16,031	200,115	16,031	200,115
* Corporate	196,218	3,844,238	830,802	4,878,155
* Non Bank financial institutions	523	7,423	523	7,423
* Telecoms	72,046	23,484	72,046	23,484
* Others	722,715	1,139,455	722,714	1,139,455
	<u>2,103,484</u>	<u>5,284,544</u>	<u>2,738,067</u>	<u>6,318,461</u>
Discount receivable	66,285	8,454	66,285	45,291
Unearned discount	<u>(165,928)</u>	<u>(239,246)</u>	<u>(165,928)</u>	<u>(548,930)</u>
	<u>2,003,841</u>	<u>5,053,752</u>	<u>2,638,424</u>	<u>5,814,822</u>
Provision for risk assets				
Specific (see note (a)(i) below)	(115,191)	(146,525)	(115,191)	(146,525)
Interest in suspense (see note (a) (iii) below)	(29,887)	(6,604)	(29,887)	(6,604)
General (see note (a)(ii) below)	<u>(45,025)</u>	<u>(68,741)</u>	<u>(61,868)</u>	<u>(79,449)</u>
	<u>(190,103)</u>	<u>(221,870)</u>	<u>(206,946)</u>	<u>(232,578)</u>
	<u>1,813,738</u>	<u>4,831,882</u>	<u>2,431,478</u>	<u>5,582,244</u>

(i) The movement on the specific provisions account during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
<i>On Commercial bills:</i>				
Balance, beginning of the period	146,525	52,712	146,525	52,712
Allowance during the period	52,463	126,628	52,463	126,628
Write-backs during the period	(83,797)	(32,815)	(83,797)	(32,815)
Balance, end of period	<u>115,191</u>	<u>146,525</u>	<u>115,191</u>	<u>146,525</u>
<i>On Assets on repurchase agreement:</i>				
Balance, beginning of the period	542,780	-	542,780	-
Allowance during the period	241,520	542,780	241,520	542,780
Write-backs during the period	(413,867)	-	(413,867)	-
Balance, end of period	<u>370,433</u>	<u>542,780</u>	<u>370,433</u>	<u>542,780</u>
Total specific provision	<u>485,624</u>	<u>689,304</u>	<u>485,624</u>	<u>689,304</u>
<i>(ii) General provision</i>				
Balance, beginning of the period	68,741	38,566	79,449	38,566
(Write-back)/provision during the period	(23,716)	30,175	(17,581)	40,883
Balance, end of period	<u>45,025</u>	<u>68,741</u>	<u>61,868</u>	<u>79,449</u>

(iii) The movement on interest in suspense account during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
<i>Interest in suspense - Investment securities</i>				
Balance, beginning of the period	6,604	-	6,604	-
Suspended during the period	29,887	6,604	29,887	6,604
Recognised during the period	(6,604)	-	(6,604)	
Balance, end of period	<u>29,887</u>	<u>6,604</u>	<u>29,887</u>	<u>6,604</u>
<i>Interest in suspense - Assets on repurchase agreements</i>				
Balance, beginning of the period	76,797	-	76,797	-
Suspended during the period	122,752	76,797	122,752	76,797
Recognised during the period	(76,797)	-	(76,797)	
Balance, end of period	<u>122,752</u>	<u>76,797</u>	<u>122,752</u>	<u>76,797</u>
	<u>152,639</u>	<u>83,401</u>	<u>152,639</u>	<u>83,401</u>

(iv) (Provisions)/write-backs for risk assets comprises:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Commercial bills:				
- Specific write-backs during the period (see (i) above)	83,796	32,815	83,796	32,815
- Specific provision during the period (see (i) above)	(52,463)	(126,627)	(52,463)	(126,627)
- Write-back/(General provision) during the period (see (ii) above)	23,716	(30,175)	17,581	(40,883)
Assets on repurchase agreements:				
- Specific write-backs during the period (see (i) above)	413,867	-	413,867	-
- Specific provision during the period (see (i) above)	(241,520)	(542,780)	(241,520)	(542,780)
- Write-backs/(General provision) during the period (see note 10b)	35,924	(141,916)	35,924	(148,142)
Provisions on doubtful accounts:				
- General (provision)/write-back during the period (see Note 13b below)	(387)	(2,327)	(387)	(2,327)
Provisions on margin accounts:				
- Write back/(Provision) during the period (see Note 12 below)	24,669	(48,684)	-	-
	<u>287,602</u>	<u>(859,694)</u>	<u>256,798</u>	<u>(827,944)</u>

(v) Analysis by security of gross value of commercial bills in investment securities is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Secured by shares of quoted companies	7,770	63,828	7,770	63,828
Secured against real estate	28,530	3,356	28,530	3,356
Otherwise secured	2,044,387	5,196,130	2,678,971	6,230,047
Unsecured	22,796	21,230	22,796	21,230
	<u>2,103,483</u>	<u>5,284,544</u>	<u>2,738,067</u>	<u>6,318,461</u>

(vi) Analysis by performance of gross value of commercial bills is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Non-performing				
- Substandard	583,256	141,188	583,256	141,188
- Lost	167,875	132,406	167,875	132,406
Performing	1,352,352	5,010,950	1,986,936	6,044,867
	<u>2,103,483</u>	<u>5,284,544</u>	<u>2,738,067</u>	<u>6,318,461</u>

(vii) Analysis by maturity of gross value of commercial bills is as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
0 - 30 days	1,154,436	159,781	1,154,436	159,781
1 - 3 months	168,364	20,141	168,364	20,141
3 - 6 months	28,511	2,625	28,511	2,625
6 - 12 months	606,826	12,396	606,826	12,396
Over 12 months	145,346	5,089,601	779,930	6,123,518
	<u>2,103,483</u>	<u>5,284,544</u>	<u>2,738,067</u>	<u>6,318,461</u>

(b) Trading securities comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
FGN Bonds:				
Cost	412,211	514,826	412,211	514,826
Interest receivable	9,799	6,844	9,799	6,844
	<u>422,010</u>	<u>521,670</u>	<u>422,010</u>	<u>521,670</u>

(c) Short-term investments comprises:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
9% 4th FGN Bond 2010 Series	-	1,825,355	-	1,825,355
14% Access Bank Corporate Bond 2010	301,956	-	301,956	-
7% 4th FGN Bond 2010 Series	1,007,328	-	1,007,328	-
8.99% 4th FGN Bond 2010 Series	413,455	-	413,455	-
Federal Government of Nigeria Bonds	<u>1,722,739</u>	<u>1,825,355</u>	<u>1,722,739</u>	<u>1,825,355</u>

The market value of short term investment was N1,722,739,000 (30 June 2009: N1,825,355,000)

(d) Long-term investments

Long-term investments comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Quoted equity investments (see note (i))	12,914	12,914	-	-
Federal government bonds (see note (ii))	13,984,463	757,100	13,984,463	757,100
Other bonds (see note (iii))	4,512,927	3,012,387	4,008,374	1,996,093
Unquoted investments (see note (iv))	666	666	666	666
	<u>18,510,970</u>	<u>3,783,067</u>	<u>17,993,503</u>	<u>2,753,859</u>

(i) Quoted equity investments:

Nigeria International Debt Fund - cost	19,388	19,388	-	-
Provision for diminution in investments (see (a) above)	(6,474)	(6,474)	-	-
	<u>12,914</u>	<u>12,914</u>	<u>-</u>	<u>-</u>

(a) The movement on the provisions for long term investments account during the period was as follows

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	6,474	6,011	-	-
Provisions during the period	-	463	-	-
Balance, end of period	<u>6,474</u>	<u>6,474</u>	<u>-</u>	<u>-</u>

(b) The directors are of the opinion that adequate provision has been made for diminution in the value of long-term investments as at the balance sheet date.

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
(ii) Federal Government bonds:				
9.45% 5th FGN Bond 2013 Series	1,207,259	59,937	1,207,259	59,937
11.99% 3rd FGN Bond 2013 Series	873,408	9,607	873,408	9,607
10.70% 5th FGN Bond 2018 Series	341,003	25,072	341,003	25,072
15% 5th FGN Bond 2028 Series	40,994	47,710	40,994	47,710
12.49% 6th FGN Bond 2029 Series	4,331,286	512,605	4,331,286	512,605
10.5% 5th FGN Bond 2011 Series	738,818	102,169	738,818	102,169
9.92% 6th FGN Bond 2012 Series	327,907	-	327,907	-
10.98% 3rd FGN Bond 2013 Series	1,051,146	-	1,051,146	-
10.5% 5th FGN Bond 2013 Series	1,537,751	-	1,537,751	-
9.2% 4th FGN Bond 2014 Series	103,397	-	103,397	-
9.25% 4th FGN Bond 2014 Series	255,049	-	255,049	-
9.35% 4th FGN Bond 2017 Series	2,607,762	-	2,607,762	-
7% 6th FGN Bond 2019 Series	47,733	-	47,733	-
8.5% 6th FGN Bond 2029 Series	520,950	-	520,950	-
	<u>13,984,463</u>	<u>757,100</u>	<u>13,984,463</u>	<u>757,100</u>
(iii) Other bonds:				
13% 1st Tranche LASG Bond 2014 Series	1,998,018	1,996,093	1,998,018	1,996,093
8.5% GTB Eurobond 2012	504,553	1,016,294	-	-
13.5% GTB Corporate Bond 2014	2,010,356	-	2,010,356	-
	<u>4,512,927</u>	<u>3,012,387</u>	<u>4,008,374</u>	<u>1,996,093</u>
(iv) Unquoted Investments:				
Nigeria Inter Bank Settlement Systems	666	666	666	666
	<u>18,510,970</u>	<u>3,783,067</u>	<u>17,993,503</u>	<u>2,753,859</u>

The market value of long term investment was N18,670,827,406 (30 June 2009: N3,001,701,504)

12 Margin accounts:

(a) Margin accounts comprise:

	Group 31-Dec-09 N' 000	Group 30-Jun-09 N' 000	Company 31-Dec-09 N' 000	Company 30-Jun-09 N' 000
Share-backed facilities (see (b) below)	62,041	185,510	-	-
Interest receivable on share-backed facilities	785	1,903	-	-
	<u>62,826</u>	<u>187,413</u>	<u>-</u>	<u>-</u>
Loan loss provision (see (e) below)	(31,808)	(56,477)	-	-
	<u>31,018</u>	<u>130,936</u>	<u>-</u>	<u>-</u>

(b) Share-backed facilities represent the value of credit facilities availed to customers which are backed by shares of companies listed on the Nigerian Stock Exchange.

(c) Analysis by maturity of gross value of margin accounts is as follows:

	Group 31-Dec-09 N' 000	Group 30-Jun-09 N' 000	Company 31-Dec-09 N' 000	Company 30-Jun-09 N' 000
Under 1 month	56,142	72,533	-	-
1-3 months	6,684	114,880	-	-
	<u>62,826</u>	<u>187,413</u>	<u>-</u>	<u>-</u>

(d) The gross value of margin accounts by performance is as follows:

	Group 31-Dec-09 N' 000	Group 30-Jun-09 N' 000	Company 31-Dec-09 N' 000	Company 30-Jun-09 N' 000
Non-performing			-	-
- Lost	31,503	55,816	-	-
Performing	31,323	131,597	-	-
	<u>62,826</u>	<u>187,413</u>	<u>-</u>	<u>-</u>

(e) The movement on the loan loss provision account during the period was as follows:

	Group 31-Dec-09 N' 000	Group 30-Jun-09 N' 000	Company 31-Dec-09 N' 000	Company 30-Jun-09 N' 000
Balance, beginning of period	56,477	7,793	-	-
(Write back)/Provision during the period	(24,669)	48,684	-	-
	<u>31,808</u>	<u>56,477</u>	<u>-</u>	<u>-</u>

13 Other assets

Other assets comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Prepayments	158,352	171,788	132,972	133,847
Unamortised upfront discount	351,388	139,673	178,139	139,673
Staff advances	299,903	199,544	271,363	174,013
Others	652,704	486,430	338,424	208,762
	<u>1,462,347</u>	<u>997,435</u>	<u>920,898</u>	<u>656,295</u>
Provisions for doubtful accounts (see note (b)) below	(2,714)	(2,327)	(2,714)	(2,327)
	<u>1,459,633</u>	<u>995,108</u>	<u>918,184</u>	<u>653,968</u>

b) The movement on the provisions for other assets account during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of the period	2,327	-	2,327	-
Provisions during the period	387	2,327	387	2,327
	<u>2,714</u>	<u>2,327</u>	<u>2,714</u>	<u>2,327</u>

14 Deferred taxation:

(i) The movement in the deferred taxation account during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	226,340	201,643	75,259	38,298
(Charge)/credit during the period (see Note 7 (b) above)	(26,882)	24,697	(26,719)	36,961
Balance, end of period	<u>199,458</u>	<u>226,340</u>	<u>48,540</u>	<u>75,259</u>

(ii) The analysis of the deferred taxation account is as follows:

Fixed assets	26,182	37,129	(42,646)	(31,862)
General provision on commercial bills	91,186	107,121	91,186	107,121
Unrelieved losses	82,090	82,090	-	-
Provision for gratuity	-	-	-	-
	<u>199,458</u>	<u>226,340</u>	<u>48,540</u>	<u>75,259</u>

15 Investment in subsidiary companies comprises:

FSDH Asset Management Limited (see (a) below)	-	-	200,000	200,000
Pensions Alliance Limited (see (a) below)	-	-	364,000	364,000
FSDH Securities Limited (see (a) below)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>564,000</u>	<u>564,000</u>

a) Principal subsidiary undertakings:

<u>Country of incorporation</u>	<u>Company name</u>	<u>Nature of business</u>	<u>Percentage of equity capital held</u>		<u>Year end consolidated</u>
			<u>31-Dec-09</u>	<u>30-Jun-09</u>	
Nigeria	FSDH Asset Management Limited	Asset management	99.7	99.7	31-Dec
Nigeria	Pensions Alliance Limited	Pension funds administratio	51.0	51.0	31-Dec
Nigeria	FSDH Securities Limited (indirect)	Stock broking	99.9	99.9	31-Dec

b) The condensed financial data of the consolidated entities is as follows:

	Group Consolidated Position	Elimination	First Securities Discount House Limited	FSDH Asset Managem nt Limited N'000	Pensions Alliance Limited N'000	FSDH Securities Limited (indirect) N'000
Condensed profit and loss						
Operating income	4,060,997	(4,673)	3,563,165	90,459	317,094	94,952
Operating expenses	(1,333,654)	4,029	(906,656)	(68,833)	(264,093)	(98,101)
Write-back/(allowance) on assets value	287,602	6,135	256,798			24,669
Profit before tax	3,014,945	5,491	2,913,307	21,626	53,001	21,520
Taxation	(366,883)	(22)	(344,429)	(6,714)	(9,525)	(6,193)
Profit after tax	<u>2,648,062</u>	<u>5,469</u>	<u>2,568,878</u>	<u>14,912</u>	<u>43,476</u>	<u>15,327</u>
Condensed financial position						
<i>Assets:</i>						
Cash and bank	462,824	-	393,829	140	19,835	49,020
Treasury bills	17,193,081	-	17,193,081	-	-	-
Assets on repurchase agreements	31,916,736	(895,722)	32,812,458	-	-	-
Investment securities	23,560,739	(113,188)	22,569,730	290,579	-	813,618
Margin accounts	31,018	-	-	-	-	31,018
Other assets	1,459,633	(11,241)	918,184	214,799	130,892	206,998
Deferred taxation	199,458	-	48,540	-	150,918	-
Long-term investments	-	(504,553)	-	504,553	-	-
Investment in subsidiary	-	(738,367)	564,000	174,367	-	-
Property and equipment	562,735	-	472,206	-	90,529	-
	<u>75,386,224</u>	<u>(2,263,071)</u>	<u>74,972,028</u>	<u>1,184,438</u>	<u>392,174</u>	<u>1,100,654</u>
<i>Financed by:</i>						
Due to banks	26,600,000	-	26,600,000	-	-	-
Liabilities on repurchase agreements	32,155,600	(901,948)	33,057,548	-	-	-
Short term borrowings	-	(634,583)	-	575,030	59,553	-
Other liabilities	870,732	(11,241)	506,217	16,724	40,108	318,924
Taxation payable	836,669	-	754,341	37,429	9,384	35,515
Retirement benefit obligations	358,437	-	327,502	9,365	-	21,570
Capital and Reserves	14,564,785	(715,299)	13,726,420	545,890	283,129	724,645
	<u>75,386,223</u>	<u>(2,263,071)</u>	<u>74,972,028</u>	<u>1,184,438</u>	<u>392,174</u>	<u>1,100,654</u>
Condensed cash flow						
Net cash from operating activities	27,815,730	(617,151)	28,354,884	165,110	52,493	(139,606)
Net cash from investing activities	(15,180,765)	24,947	(15,533,108)	358,581	(31,334)	149
Net cash from financing activities	(978,178)	592,204	(978,178)	(523,551)	(68,653)	-
	<u>11,656,787</u>	<u>-</u>	<u>11,843,598</u>	<u>140</u>	<u>(47,494)</u>	<u>(139,457)</u>

16 Property and equipment

a) The movement in these accounts during the period was as follows:

Group	Leasehold Improvements N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Work In Progress N'000	Total N'000
Cost:						
Balance, beginning of period	53,576	114,215	405,490	256,944	-	830,225
Additions	265	1,109	37,760	73,430	217,521	330,085
Disposals	-	-	(55,869)	(28,355)	-	(84,224)
Balance, end of period	<u>53,841</u>	<u>115,324</u>	<u>387,381</u>	<u>302,019</u>	<u>217,521</u>	<u>1,076,086</u>
Accumulated depreciation:						
Balance, beginning of period	39,274	39,109	322,450	124,530	-	525,363
Charge for the period	3,147	10,785	25,309	32,870	-	72,111
Disposals	-	-	(55,768)	(28,355)	-	(84,123)
Balance, end of period	<u>42,421</u>	<u>49,894</u>	<u>291,991</u>	<u>129,045</u>	<u>-</u>	<u>513,351</u>
Net book value:						
Balance, end of period	<u>11,420</u>	<u>65,430</u>	<u>95,390</u>	<u>172,974</u>	<u>217,521</u>	<u>562,735</u>
Balance, beginning period	<u>14,302</u>	<u>75,106</u>	<u>83,040</u>	<u>132,414</u>	<u>-</u>	<u>304,862</u>

b) The movement in these accounts during the period was as follows:

Company	Leasehold Improvements N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Work In Progress N'000	Total N'000
Cost:						
Balance, beginning of period	32,482	94,636	245,978	170,030	-	543,126
Additions	-	-	34,738	43,091	217,521	295,350
Disposals	-	-	(55,724)	(28,354)	-	(84,078)
Balance, end of period	<u>32,482</u>	<u>94,636</u>	<u>224,992</u>	<u>184,767</u>	<u>217,521</u>	<u>754,398</u>
Accumulated depreciation:						
Balance, beginning of	18,979	25,474	206,039	69,519	-	320,011
Charge for the period	2,947	8,621	13,073	21,618	-	46,259
Disposals	-	-	(55,724)	(28,354)	-	(84,078)
Balance, end of period	<u>21,926</u>	<u>34,095</u>	<u>163,388</u>	<u>62,783</u>	<u>-</u>	<u>282,192</u>
Net book value:						
Balance, end of period	<u>10,556</u>	<u>60,541</u>	<u>61,604</u>	<u>121,984</u>	<u>217,521</u>	<u>472,206</u>
Balance, beginning of period	<u>13,503</u>	<u>69,162</u>	<u>39,939</u>	<u>100,511</u>	<u>-</u>	<u>223,115</u>

c) No leased assets are included in the above property and equipment.

d) There were no authorised or contracted capital commitments as at the balance sheet date (30 June 2009: Nil)

17 Due to banks

Due to banks comprise :

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Call	24,000,000	-	24,000,000	-
Term	2,600,000	1,500,000	2,600,000	1,500,000
	<u>26,600,000</u>	<u>1,500,000</u>	<u>26,600,000</u>	<u>1,500,000</u>

18 Other liabilities

a) These comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Accounts payable	391,164	332,386	170,833	-
Accrued expenses and discount payable	309,906	466,393	299,779	460,724
Due to customers	164,610	483,911	30,553	330,168
Others	5,052	47,794	5,052	47,794
	<u>870,732</u>	<u>1,330,484</u>	<u>506,217</u>	<u>838,686</u>

19 Dividend payable

This comprises:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	-	-	-	-
Dividend declared in the period	978,178	698,698	978,178	698,698
Payments during the period	(978,178)	(698,698)	(978,178)	(698,698)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The dividend was paid to the Company's shareholders net of applicable withholding tax in accordance with the prevailing legislation. The tax withheld was paid to the relevant tax authorities.

20 Retirement benefit obligations

This comprises:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Defined contribution schemes	-	-	-	-
Defined benefit schemes	358,437	227,452	327,502	206,713
	<u>358,437</u>	<u>227,452</u>	<u>327,502</u>	<u>206,713</u>

Movement in the defined contribution liability recognised in the balance sheet:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	-	-	-	-
Payments in the period	(20,038)	(44,359)	(20,038)	(22,720)
Charge for period	20,038	44,359	20,038	22,720
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

Movement in the defined benefit liability recognised in the balance sheet:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	227,452	139,612	206,713	135,339
Payments in the period	-	(11,620)	-	(15,537)
Charge for the period	130,985	99,460	120,789	86,911
Balance, end of period	<u>358,437</u>	<u>227,452</u>	<u>327,502</u>	<u>206,713</u>

The Group operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number years served after an initial qualifying period of 10 years on their terminal emolument of basic salary, transport and housing allowance on the date of disengagement. An independent actuarial valuation is performed annually on the projected unit credit basis to determine the liability at balance date.

The principal actuarial valuation assumptions used are as shown below:

	Group 31-Dec-09	Group 30-Jun-09	Company 31-Dec-09	Company 30-Jun-09
- discount rate	12%	12%	12%	12%
- future salary increases	10%	10%	10%	10%

The assumptions has remained unchanged from the prior financial period ended 30 June 2009. The first assumption of the interest rate of return on fund assets (discount rate) was estimated to be 12% while the projected increase in staff emolument was projected at 10% resulting in a rate of return higher than increase in salary by 2%.

21 Share capital

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
a) Authorised:				
3,100,000,000 Ordinary share of N1 each (30 June 2009: 3,100,000,000 Ordinary share of N1 each)	3,100,000	3,100,000	3,100,000	3,100,000
b) Issued and fully paid:				
2,794,793,730 Ordinary share of N1 each (30 June 2009: 2,794,793,730 Ordinary share of N1 each)	2,794,794	2,794,794	2,794,794	2,794,794

22 Statutory reserve

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	2,007,532	1,380,535	1,999,226	1,375,698
Transfer from profit and loss account	390,684	626,997	385,332	623,528
Balance, end of period	<u>2,398,216</u>	<u>2,007,532</u>	<u>2,384,558</u>	<u>1,999,226</u>

In accordance with existing legislation, 15% of profit after taxation (30 June 2009: 15%) has been transferred to statutory reserve.
 In addition, Pensions Alliance Limited, a subsidiary company in the Group, has transferred 12.5% of profit after taxation to statutory reserve account which is required to be done on an annual basis.

23 Retained earnings

The movement on retained earnings during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	6,335,540	3,823,179	5,802,113	2,967,483
Dividend paid (see note 19 above)	(978,178)	(698,698)	(978,178)	(698,698)
Transfer from profit and loss account	2,236,074	3,211,059	2,183,546	3,533,328
Balance, end of period	<u>7,593,436</u>	<u>6,335,540</u>	<u>7,007,481</u>	<u>5,802,113</u>

24 Revaluation reserve

The movement on revaluation reserve during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	255,222	10,081	-	-
Addition in the period	(153,160)	255,222	-	-
Transferred to profit and loss account	-	(10,081)	-	-
Balance, end of period	<u>102,062</u>	<u>255,222</u>	<u>-</u>	<u>-</u>

Revaluation reserve represents the foreign exchange gain on conversion of a dollar denominated long term investment by FSDH Asset Management Limited, a subsidiary of the group, in the Eurobond issued by GT Bank Plc.

25 Non-controlling interest

The movement on non-controlling interest during the period was as follows:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Balance, beginning of period	115,386	101,788	-	-
Share of profit	21,304	13,598	-	-
Balance, end of period	<u>136,690</u>	<u>115,386</u>	<u>-</u>	<u>-</u>

26 Staff costs

a) Employee costs, excluding executive directors, during the period amounted to:

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Staff and related costs	672,432	1,144,863	407,803	627,567
Pension costs	32,282	44,359	20,038	22,720
Gratuity costs (see Note 20)	130,985	99,460	120,788	86,911
	<u>835,699</u>	<u>1,288,682</u>	<u>548,629</u>	<u>737,198</u>

b) The average number of persons employed by the Group and company during the period was as follows:

	Group 6 months to 31-Dec-09 Number	Group 12 months to 30-Jun-09 Number	Company 6 months to 31-Dec-09 Number	Company 12 months to 30-Jun-09 Number
Executive	4	3	2	1
Management staff	26	26	17	15
Non management staff	168	168	59	61
	<u>198</u>	<u>197</u>	<u>78</u>	<u>77</u>

c) Higher paid employees of the Group and company, other than directors, whose duties were wholly or mainly discharged in Nigeria received emoluments (excluding pension contributions and other benefits) in the following ranges:

	Group 6 months to 31-Dec-09 Number	Group 12 months to 30-Jun-09 Number	Company 6 months to 31-Dec-09 Number	Company 12 months to 30-Jun-09 Number
Below N 1,000,001	140	169	38	57
N 1,000,001 - N1,010,000	1	-	-	-
N 1,010,001 - N1,090,000	3	5	2	3
N 1,100,001 - N1,170,000	5	2	2	-
N 1,200,001 - N1,290,000	6	2	2	2
N 1,290,001 - N1,490,000	9	3	7	3
N 1,500,001 - N1,790,001	7	2	4	2
N 1,840,001 - N1,850,000	-	-	-	-
N 1,850,001 - N1,890,000	1	1	-	-
N 1,890,001 - N1,970,000	2	1	2	1
N 2,200,001 - N2,410,000	1	1	1	1
N 2,500,001 - N3,900,000	6	6	6	6
N 4,000,001 - N5,000,000	3	3	2	1
Above N5,000,000	14	2	12	1
	<u>198</u>	<u>197</u>	<u>78</u>	<u>77</u>

d) Directors' remuneration was paid in respect of directors of the Company as follows:

	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Fees as directors	18,250	21,000
Other emoluments	5,400	23,555
	<u>23,650</u>	<u>44,555</u>

e) The directors' remuneration shown above (excluding pension and other benefits) includes:

	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Chairman	3,700	7,250
Highest paid director	<u>5,082</u>	<u>7,250</u>

f) Other directors, whose duties were wholly or mainly performed in Nigeria, received emoluments (excluding pension contributions) in the following ranges:

	Company 31-Dec-09 Number	Company 30-Jun-09 Number
N 1,000,000 - N 1,500,000	-	-
N 1,500,001 - N 3,000,000	4	-
N 3,000,001 - N 4,000,000	4	3
N 5,000,001 - N 6,000,000	-	6
	<u>8</u>	<u>9</u>

27 Earnings per share for the group and company

Earnings per share has been calculated on profit after taxation for the period based on 2,794,793,730 ordinary shares in issue as at 31 December 2009 (30 June 2009: 2,794,793,730).

28 Cash generated from operations

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Profit before taxation	3,014,945	4,321,626	2,913,307	4,604,240
Adjustments to reconcile profit before taxation to cash generated from operations:				
- depreciation	72,111	142,170	46,259	85,565
- (Write-back)/provisions on assets (see Note 11a(ii))	(287,602)	859,694	(256,798)	827,944
- provision for long-term investment	-	463	-	-
- unrealised loss on dealing securities	-	219,468	-	-
- provision for retirement benefits	130,985	99,460	120,788	86,911
interest received on long term investments	(27,612)	(302,563)	-	-
- profit on disposal of fixed assets	(2,669)	(6,501)	(1,886)	(5,797)
Operating profit before changes in operating assets and liabilities	<u>2,900,158</u>	<u>5,333,817</u>	<u>2,821,670</u>	<u>5,598,863</u>

Changes in operating assets and liabilities

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
(increase)/decrease in operating assets:				
- Commercial bills	3,073,195	(1,220,794)	3,199,681	(1,981,864)
- Trading securities	(185,843)	969,300	99,660	1,170,317
- Short term investments	102,616	2,177,945	102,616	2,177,947
- Assets on repurchase agreements	37,298,960	(57,023,332)	37,014,960	(57,531,307)
- Margin accounts	124,587	1,371,110	-	-
- Other assets	(464,913)	(138,784)	(264,603)	(112,440)
increase/(decrease) in operating liabilities:				
- Due to banks	25,100,000	(43,940,000)	25,100,000	(43,940,000)
- Liabilities on repurchase agreements	(39,596,290)	58,960,874	(39,311,876)	59,468,436
- Other liabilities	(459,752)	215,477	(332,469)	366,775
	<u>24,992,560</u>	<u>(38,628,204)</u>	<u>25,607,969</u>	<u>(40,382,136)</u>
Cash generated/used in operations	<u>27,892,718</u>	<u>(33,294,387)</u>	<u>28,429,639</u>	<u>(34,783,273)</u>

29 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and nonrestricted balances with the Central Bank of Nigeria, operating account balances with other banks and treasury bills and other eligible bills and comprise:

	Group 31-Dec-09 N'000	Group 30-Jun-09 N'000	Company 31-Dec-09 N'000	Company 30-Jun-09 N'000
Cash and bank balances	462,823	652,808	393,829	397,003
Treasury bills (see Note 9)	17,193,081	5,346,309	17,193,081	5,346,309
	<u>17,655,904</u>	<u>5,999,117</u>	<u>17,586,910</u>	<u>5,743,312</u>

30 Related party transactions

During the period, there were transactions conducted with related parties in the normal course of business. The transactions with these institutions were carried out at arm's length and outstanding balance as at period ended 31 December, 2009 are as follo

(a) Commercial bills investment outstanding as at 31 December 2009

Name of company	Relationship	Transactions	Amount (N'000)	Status
Pensions Alliance Limited (PAL)	Subsidiary	Investment in PAL Commercial paper	59,553	Performing
FSDH Asset Management Limited (FAML)	Subsidiary	Investment in FAML Commercial paper	575,031	Performing
			<u>634,584</u>	

(a) Commercial bills liabilities on repurchase agreement outstanding as at 31 December 2009

Name of company	Relationship	Transactions	Amount (N'000)
FSDH Securities Limited	Subsidiary (indirect)	Liabilities on repurchase agreement	800,681
FSDH Asset Management Limited (FAML)	Subsidiary	Liabilities on repurchase agreement	126,244
KMC Investment Limited	Shareholder	Liabilities on repurchase agreement	23,170
UNICO CPFA Limited	Shareholder	Liabilities on repurchase agreement	200,000
FSDH Staff Cooperative Society	Shareholder	Liabilities on repurchase agreement	416,144
			1,566,239

There are technical management agreements between the Company and FSDH Asset Management Limited (FAML) and FSDH Securities Limited (FSL). The agreement provides for the provision of technical management assistance to FAML and FSL, for a fee of 10% of profit before tax. The sum of N4,674,398 was charged in the period (30 June 2009: Nil). No amount was charged in prior financial period as these companies did not make any profit.

All other transactions between the Company and its controlled entities were carried out at arms length during the period.

31 Contingent liabilities, litigation and claims

The Group has litigation and claims which arose in the normal course of business and they are being contested by the Group. The directors, having sought professional legal counsel, are of the opinion that no significant liability will crystallise from these litigation and therefore no provision is deemed necessary for these legal claims. There were no contingent liabilities requiring disclosure in these financial statements.

32 Compliance with banking regulations

The Company did not contravene any regulation of the Banks and Other Financial Institutions Act 1991 or relevant circulars issued by the Central Bank of Nigeria during the period.

33 Assets/funds under management

The Group through its subsidiaries FSDH Asset Management Limited (FAML) and Pensions Alliance Limited (PAL) engage in investment management activities. The aggregate amounts of funds under management which are not included in the balance sheet are as follows:

	31-Dec-09 N'000	30-Jun-09 N'000
FAML's Assets Under Management	10,317,705	9,329,816
PAL's Assets Under Management	40,997,000	34,000,923
	51,314,705	43,330,739

34 Comparative figures

On 18 January 2010, the Central Bank of Nigeria issued circular BSD/DIR/CEN/CIR/04/004 which requires all banks and discount houses to make certain minimum disclosures in its financial statements. Where necessary, comparative figures have been adjusted to conform to changes in presentation required as a result of compliance with that circular.

35 Reporting period

The Company changed its accounting year end from 30 June to 31 December in compliance with a Central Bank of Nigeria directive. Accordingly, these financial statements cover a period of six months from 1 July 2009 to 31 December 2009, whilst the corresponding balances are for the twelve months ending 30 June 2009.

36 Financial risk management

1.0 The Group's Report on Principal Credit Policies

At FSDH, we maintain a strong and conservative credit culture. This ensures that we strike a balance between asset quality and earnings. To achieve this, we recognize the need for a robust credit administration to influence behaviour as a necessary success factor.

Therefore, our principal credit policies revolve around 3 major areas:

- Portfolio Strategy and planning
- Credit Origination and Maintenance
- Performance Assessment and Reporting

1.2 Credit Portfolio Strategy and Planning

Credit portfolio strategy and planning involves a clear definition and agreement of the following:

- Target credit portfolio structure, analysed by sector, product type, risk rating class, etc.
- The Board-approved risk limits that the Company is willing to permit relative to the Group's risk bearing capacity.
- The target markets and criteria for risk acceptance at the corporate level and across each risk creating business unit.
- The Group's credit portfolio goals and objectives, which should typically cover specific areas such as quality, composition, growth and profitability.

The credit risk portfolio strategy and plan is prepared by the Risk Management department and approved by the Board or the Board Risk Management Committee at the beginning of the financial year.

1.3 Credit Origination and Maintenance

1.3.1 Credit Origination

In originating credit, the Group:

- Adhere to the process for conducting preliminary screening, detailed credit risk analysis, risk rating, approval, and controlled credit availment;
- Adhere to the processes and guidelines for developing credit relationships and creating quality assets in line with the Group's risk management policies;
- Determine the viability of an asset, through analysis, before committing resources to it;
- Ensure that all credit requests are screened against the Group's target market and risk acceptance criteria in order to facilitate early identification of unacceptable risk exposures;
- Ensure that only facility requests that meet the Group's acceptance criteria are processed; and
- Obtain a formal written request for all credit applications.

The minimum data and information requirements for credit facility requests include name, background (for corporate customers), purpose of credit facility, financial statement analysis and cash flow projections, details of existing banking relationships and existing exposure to banks and other financial institutions, particulars of directors and key shareholders of the company, particulars of management including statement of qualification and experience and details of expected repayment sources for all loans and proposed repayment plans.

1.3.2 Credit Analysis

FSDH analyse every credit request in order to determine the credit worthiness of the customer and the ability of the customer to fulfil the loan obligations. The Risk Management department conducts the following assessment of the credit-worthiness of the customer:

- a. Analysis of the client's financial position as reflected in financial and cash flow statements, past repayment records, management quality and integrity, as well as relevant industry and macroeconomic data. Appropriate background check are also conducted on the key shareholders and company directors.
- b. Group assessment of related customers. This involves aggregating facilities of customers under common control. Control is defined as the ability to substantially influence management decisions and policies arising from representation on the Board of the company.

1.3.3 Credit Evaluation

Credit evaluation shall entails a comprehensive evaluation of data and information as a basis for a decision on the viability, feasibility and overall acceptability of a facility request. Credit evaluation also involves detailed consideration of the customer's credit request, the customer's industry/business, financial position, credit history, management capability, and proposed collateral as a basis for identifying credit risks inherent in the loan request. Credits to related parties are closely analysed and monitored. Related party transactions are reviewed closely by the Board to ensure proper corporate governance. FSDH enforces measures to control or reduce the risks of connected lending.

1.4.4 Credit Risk Rating

All credit requests are rated using FSDH's risk rating model. Credit risk rating is a grade assigned to a loan or a group of loans reflecting its quality. It is categorised into Customer Risk Rating and Facility Risk Rating. The Customer Risk Rating evaluates a client's expected ability to meet its obligations, through analysis of its financial statements and projections, cash flow, management and other customer risk factors. The Facility Risk Rating defines the risk of a specific credit facility by overlaying the Customer Risk Rating with an analysis of factors such as loan structure and collateral. FSDH's risk rating scale ranges from D to Aaa, where D represents a loan of the lowest quality and Aaa represents a loan

1.4.5 Credit Approval

- a. The primary outcome of the credit analysis and evaluation is an approval or rejection recommendation of the facility request.
- b. All credit facilities are evidenced by a written approval from the appropriate level in line with credit approval authority defined by the Board. FSDH has credit approval guidelines, set approval limits for credit requests, and authorisation structures for approving the excess over the facility and concentration limits as well as other exceptions to the credit guidelines.
- c. Upon approval, an offer letter, including detailed terms and conditions, is communicated in writing to the customer.

1.4.6 Maintenance

- a. On approval of a facility for a customer, the Group ensures that all necessary documentations are complete before disbursement and if not, that the necessary approvals for deferrals are obtained.
- b. The Group carries out all necessary activities to minimise the incidence of decline in credit quality. This requires a proper credit monitoring system that will provide the basis for prompt corrective actions when warning signs indicate a deterioration in the condition of the borrower. It involves such activities as administration of existing exposures, credit file management, collateral management and facility performance monitoring.

In addition to the foregoing, there are policies involving pricing (risk assumed in granting facility requests should be properly priced), credit file management, collateral management, monitoring of the credit portfolio, exposure quality reviews and classification, early alert report system, delinquency management / loan work-out, provision for non-performing facilities, management of classified accounts and credit recovery.

In all these, the ultimate aim is to ensure that we achieve our business objective of maximizing stakeholders' value without jeopardizing our conservative credit culture.

2.0 Methodology of Risk Rating

A key element in the measurement of credit risk is the assignment of credit ratings. All counterparties we deal with are assigned risk grading to determine expected defaults across asset portfolios and risk bands.

The rating model adopted is designed primarily to foster uniformity in the parameter for arriving at an opinion of the credit worthiness of different entities within different industries. It reduces to the minimum, the subjective input by the analyst. This credit rating philosophy ensures a consistent and high level of accuracy in measurement of degree of credit risk in credit exposures.

The risk ratings attributed to counterparties are based on a combination of parameters which cover business risks, financial risks as well as management and ownership.

- a. All counterparties for which FSDH has credit/facility limits in place are assigned a credit rating. This rating, which is forward looking and thus predictive in nature is also discriminatory in terms of its ability to rank different entities.
- b. As part of the credit risk mitigation analysis, FSDH also assigns facility ratings arising from exposure/facility specific factors such as collateral. This is usually considered in the overall mix of credit risk mitigation analysis. This however, does not change the obligor rating. A facility rating is facility specific.
- c. Pricing must be based on the risk grades assigned to the counterparty as the risk assumed in granting credit must be appropriately priced.

In terms of outlook, however, FSDH is currently scouting for an international rating agency's analytical software to standardize our current internal ratings model.

3.0 Enterprise Risk Management Review

At FSDH, we know that every financial, operational or strategic decision we make may either adversely affect or strengthen our ability to meet our organizational objectives. We are also aware of the need to balance the contradictory pressures for greater entrepreneurialism and losses from downside risks. Thus, we see risk as the level of exposure – opportunity, threat, and uncertainty- that we must identify, understand, measure and effectively manage, as we execute our strategies to achieve our business objectives and create value.

For our Group to be successful in the long term, we must manage all sources of opportunity and threat effectively.

3.1 Risk Management Philosophy and Culture

Our risk management philosophy and culture are the set of shared beliefs, values, attitudes and practices that govern how we consider the risk inherent in our business activities, from strategy development and implementation to our day-to-day activities.

Our risk philosophy is conservative. We believe that a sound risk management system is the foundation for building a vibrant and viable financial institution. We therefore adopted an enterprise-wide approach to risk management, where key risks, financial and non- financial, from all areas of the business are managed within the context of the Group's risk appetite (i.e. the level of risk we are willing to accept).

3.1.1 Risk Management Culture

Consequent upon our risk management philosophy, we strive to entrench the following attributes as guiding principles of our risk culture:

- a. FSDH insists on a robust risk management governance structure that enables us to manage all major aspects of our activities through an integrated planning and review process which includes strategic, financial, customer and risk planning.
- b. Our Board and senior management insist on establishing and promoting a strong culture of adherence to limits in managing risk exposure.
- c. Risk management in our Group is governed by formally documented and defined policies and procedures, which are clearly communicated to all.

- d. We avoid products, businesses and markets that we do not fully understand or for which we cannot reasonably and objectively measure and manage their associated risks.
- e. We strive to maintain a balance between risk/opportunity and revenue consideration with our risk appetite. Thus, risk-related issues are considered in all our business decisions.
- f. We create and evaluate business unit and enterprise risk profiles to consider what is best for our individual business units and our Group as a whole.
- g. Our risk officers are empowered to perform their duties professionally and independently within clearly defined authorities.
- h. Staff are encouraged to disclose inherent risks and actual losses openly, fully and honestly.
- i. We create a process for institutionalising the lessons learned from risk events and will penalise negligent recurrence.
- j. We have zero tolerance for breach of laws and regulations.
- k. We have zero appetite for associating with disreputable individuals and organisations.

3.2 Risk Management Strategy

Our strategy for managing risk is to establish and sustain a robust ERM framework that is embedded in our processes and is technology enabled (as far as possible), with emphasis on protecting us from risk while maintaining profitability and shareholder value.

3.3 Scope of Risks

The scopes of risks we manage are as follows:

- i) Liquidity risk
- ii) Credit risk
- iii) Information systems/Technology
- iv) Market risk
- v) Regulatory compliance
- vi) Macroeconomic risk
- vii) Human resources risk
- viii) Operational risk
- ix) Strategy execution

3.4 Risk Appetite

Our risk appetite articulates the quantum of risk we are prepared to accept or tolerate in pursuit of our strategic business objectives. The Risk Management department periodically recommends specific measures relating to these parameters to the Board (or its committees) for approval. The parameters listed below guide our risk appetite:

3.4.1 Financial

- a. Financial and prudential ratios set at par with statutory requirements and better than the average of benchmarked financial institutions.
- b. Capital-at-risk driven by the Group's shareholder value creation objectives.
- c. Earnings variance per business division or subsidiary.
- d. Capital adequacy set at par with regulatory limits.

3.4.2 Credit

- a. Asset quality, measured by the ratio of non-performing loans to total loans.
- b. Maximum credit exposure per industry, product, obligor, rating bucket and geographic location.
- c. Zero tolerance for undisciplined lending.

3.4.3 Reputational

- a. Favourable reports from the auditors and external rating agencies.
- b. Zero tolerance for any utterance (by directors or employees) that may impact negatively on the Group's operations.
- c. Zero appetite for association with disreputable individuals and organisations.
- d. Zero appetite for unethical or illegal and/or unprofessional conduct by our directors, executive management and staff.

3.4.4 Ratings

We aim to achieve consistently good ratings issued by domestic or internationally recognised rating agencies. The ratings must reflect sound financial asset quality, strong liquidity position, strong capital adequacy level, strategic positioning in the fundamentals, excellent economy and potential for superior earnings.

3.4.5 Customer Service

- a. Acceptable customer attrition level as defined by the Board.
- b. Minimum acceptable proportion of satisfied customers from feedback surveys.
- c. Acceptable complaints volume.

3.4.6 Regulatory

- a. Maximum amount or number of sanctions by the CBN and other regulatory agencies.
- b. Zero tolerance for infractions and non-compliance with laws.

3.4.7 Operational

- a. Zero tolerance for fraud.
- b. Percentage of earnings reduction or losses due to operational deficiencies.

3.4.8 Market

- a. Ratio of Rate-Sensitive Assets (RSA) to Rate-Sensitive Liabilities (RSL)
- b. Interest Rate Gap Limit [i.e. (RSA less RSL) to Total Assets]
- c. Value-at-Risk (VaR) limits
- d. Concentration limits
- e. Stop-loss limits
- f. Profit-take limits
- g. Trading limits

3.4.9 Liquidity

- a. Liquidity ratio set at par with regulatory limits
- b. Total deposits/Total assets
- c. Large fund providers/Total deposits
- d. Liquid assets/Total deposits
- e. Duration of liquid assets
- f. Non-earning liquid assets/Total liquid assets
- g. Cash/Total deposits
- h. Fixed Assets/Shareholders funds
- i. Total Loans/Total deposits
- j. Total earning assets/Total assets
- k. Percentage of risk assets below prime
- l. Off balance sheet items/Total balance sheet footing
- m. Capital adequacy
- n. Aggregate large credit/shareholders funds

Senior management usually proposes a well articulated risk appetite position and recommends it to the Board for approval annually or as may be required. It also establishes a process for allocating the appetite among the business units and subsidiaries and reporting against these limits.

3.5 Risk Oversight

The Risk Management department provides central oversight of risk management activities across the Group to ensure that the full spectrum of risks we face is properly identified, measured, monitored and controlled. It also co-ordinates the monitoring and reporting of all risks across the Group to ensure that the full spectrum of risks we face is properly identified, measured, monitored and controlled. The Risk Management department is complemented by other departments

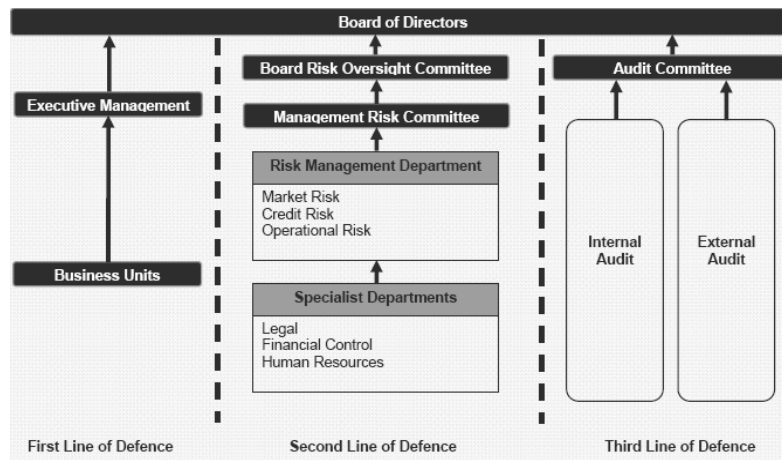
See table below for a listing of these risks and units responsible for managing them.

Risks and Responsible Departments

S/N	Risk	Risk Owners
1	Liquidity	Dealing
2	Credit	Risk Management
3	Information security/technology	IT
4	Market	Dealing, Risk Management
5	Regulatory compliance	FINCON, Risk Management
6	Macroeconomic	EXCO
7	Human resource	HR/Admin
8	Internal fraud	EXCO
9	Clients, Products and Business Practices	Business Units
10	Execution, Delivery and Process Management	Operations, Internal Audit
11	Management fraud	Managing Director
12	Industry	EXCO
13	Product development	Heads of Business units, EXCO, Managing Director
14	Legal	Outsourced to Udo Udoma Belo-Osagie (UUBO), The Company's Solicitors
15	External fraud	EXCO, IT, Internal Control/Audit
16	Country/Political	EXCO
17	Capital availability	Board
18	Strategic execution	EXCO
19	Business model	Board/EXCO
20	Environmental scan	EXCO
21	Infrastructure failure and business disruption	HR/ADMIN, Internal Audit and IT
22	Documentation	Operations
23	Health, Safety and Environment	HR/ADMIN
24	Competitor	EXCO
25	Damage to Physical Assets	HR/ADMIN
26	Organisational structure	EXCO

3.6 Risk Management Governance Structure

Our risk management framework is designed based on "the three line of defence" model



3.6.1 First line of defence - Risk Management and Ownership

This consists of business units and line functions with primary responsibility for risk management. The process for assessing, evaluating and measuring risk is integrated in their daily activities. The primary responsibilities and objectives of the first line of defence include:

- identifying, reporting and prioritising existing and emerging risks;
- implementing the Group's policies and managing daily risk exposures by using appropriate procedures and internal controls; and
- identifying risk events and losses, reporting and escalating material risks and implementing remedial actions to address these issues.

3.6.2 Second line of defence – Risk Oversight

The second line of defence comprises all business units and functions responsible for providing independent risk oversight, monitoring and challenge of the effectiveness of the Group's risk management processes. They provide support, training and counsel to business units in relation to risk management and report on risk management activities to the various risk committees.

The primary responsibilities and objectives of this line of defence are to:

- establish risk policy, standards and limits and monitor adherence;
- provide risk oversight and independent reporting to executive management and the Board;
- assist the first line of defence in implementing the Group's risk management framework and policy;
- establish a measurable and systematic process for risk assessment and governance reporting;
- ensure the effectiveness of risk management activities and allocate resources to execute risk management initiatives;

- f. provide analytics, guidance and coordination among diverse business units; and
- g. provide independent review and report on the effectiveness of the risk management policy as implemented by the first line of defence.

3.6.3 Third line of defence – Assurance functions

The third line of defence comprises functions with primary responsibility for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of the Group's overall risk management framework, policy and actions. Specifically, this line of defence performs the following functions:

- a. assess the adequacy and effectiveness of the Group's risk management and control framework; and
- b. Monitor compliance of business units and support functions with the risk policies and procedures

4.0 The Group's Report on Credit Risk

Overview

As a financial institution that engages in the buying and selling of securities such as government securities, commercial papers, bankers' acceptances and promissory notes, FSDH does not accept deposits nor grant commercial loans and overdrafts like a conventional commercial bank. Credit risk represents the loss that FSDH would incur if a trading counterparty (such as a bank, corporate, individual or sovereign) or an issuer of securities or other instruments the Group holds fails to perform under its contractual obligations or upon deterioration in the credit quality of third parties whose

4.1 Types of Credit Risk

The Group's exposure to credit risk principally arises through our trading, investing and financing activities and is generally of two forms: default risk and settlement risk.

4.1.1 Default Risk

This is the risk that a security's issuer will default in making its promised interest and principal payments to the buyer of the security.

4.1.2 Settlement Risk

Settlement risk is a form of credit risk that arises when one party fails to deliver the terms of the contract with another party at the time of settlement. It is the risk of loss due to failure of the counterparty to honour its obligation to deliver cash, securities or other assets as contractually agreed.

4.1.3 Objectives of Credit Risk Management

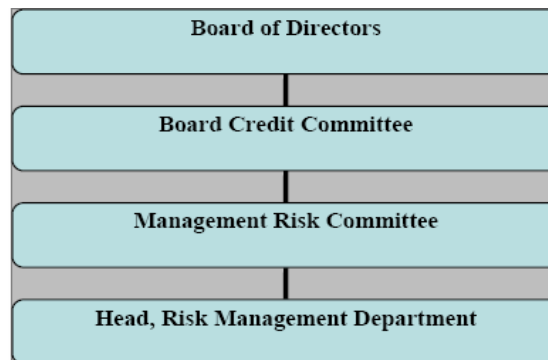
FSDH manages its credit risk to ensure that growth, consistent returns and capital are not jeopardised. The Group's credit risk management framework seeks to reduce volatility in its operating performance and lower the cost of equity by managing risks both within and across businesses. The Group shall limit its credit and overall risk profile by diversifying risk and revenue sources, as well as growing its fee based and recurring revenues. Other credit risk management objectives include closely monitoring risk-taking and long-term exposure to illiquid assets.

FSDH shall continually look for opportunities to strengthen its credit risk controls, with particular attention on avoiding undue concentrations.

At all levels of the Group, sound corporate governance and oversight policies and employee integrity shall continue to be recognised as critical to effectively manage credit risk and protect the interests of shareholders.

4.1.4 Credit Risk Governance

The figure below illustrates the FSDH credit risk governance structure.



Board of Directors: Roles and Responsibilities

- Ø Approve the Group's credit risk management framework and periodically review the framework to ensure its relevance and effectiveness.
- Ø Approve credit portfolio strategy, credit appetite and tolerance in line with corporate strategy.
- Ø Ensure that senior management performs its risk management responsibilities.
- Ø Review the various credit risk reports and direct appropriate actions.
- Ø Ensure that detailed policies and procedures for creating, managing and recovering of credit risk exposure are in place.
- Ø Appoint Credit Officers and delegate approval authorities to individuals and committees.

Board Credit Committee: Roles and Responsibilities

- Ø Approve credit risk management policies and standards on the recommendation of the Management Risk Committee and Management Executive Committee.
- Ø Approve definition of risk and return preferences and target risk portfolio.
- Ø Approve credit products and new processes.
- Ø Approve assignment of credit approval authority on the recommendation of the Management Risk Committee and Management Executive Committee.
- Ø Approve changes to credit policy guidelines on the recommendation of the Management Risk Committee.
- Ø Approve credit facility requests and proposals within limits defined in the Group's credit policy.
- Ø Recommend credit facility requests which are above stipulated limits to the Board.
- Ø Make recommendations to the Board on policy and strategy where appropriate.
- Ø Ensure that the Group's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through periodic review of credit risk reports.
- Ø Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge function to carry out the risk management.
- Ø Ensure that the Group implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk.
- Ø Approve charge-off, in excess of the limits delegated to Management.

Management Risk Committee: Roles and Responsibilities

- Ø Approve credit requests from clients in line with the defined approval limits.
- Ø Recommend credit requests in excess of the committee's authorisation limits to the Board Credit Committee for approval.
- Ø Review and recommend changes to the credit risk management policy for the approval of the Board Credit Committee.
- Ø Review the credit portfolio plan/strategy prepared for the year and recommend to the Board Credit Committee for approval.
- Ø Review the reports on the actual credit portfolio and determine adherence with the defined credit portfolio plan and appetite for credit risk.
- Ø Review monthly credit risk reports and remedial action plans.
- Ø Coordinate the Group's response to material events that may have an impact on the credit portfolio.
- Ø Approve bad debt write-off requests for amounts within its delegated authority limits.

Head, Risk Management: Roles and Responsibilities

- Ø Responsible for the management of credit risk in the Group.
- Ø Identify inherent credit, financial and business risks in facility requests.
- Ø Conduct analysis and appraisals of all credit requests in accordance with approved credit policies and procedures and ensure that credit exposures are created subject to stipulated guidelines.
- Ø Conduct risk acceptance evaluation.
- Ø Recommend approval /rejection of credit request.
- Ø Document individual credit exposures and maintain complete, up-to-date and accurate records of all credit-related customer interactions including requests, approvals, transactions and correspondence.
- Ø Perform ongoing assessment and classification of the quality and performance of the Group's risk asset portfolio.
- Ø Carry out timely, accurate and complete analysis of risk assets to determine the quality and performance of the portfolio and provide informed basis for management actions and decisions.
- Ø Recommend improvement to the credit policy guidelines and processes.
- Ø Ensure that credit files are neatly organised, cross-indexed, and safe from unauthorised removal.
- Ø Review documentation of risk assets' collateral to ensure proper execution of the document and enable the Group create a charge.
- Ø Ensure completeness of all due diligence and security documentation before signing off for availment.
- Ø Oversee recovery of classified nonperforming assets.
- Ø Identify and follow-up on accounts listed on the watch list.

- Ø Identify causes of non-performing credits with a view to forestalling future occurrences.
- Ø Ensure all tangible collaterals are valued and are adequate to cover the Group's exposure.
- Ø Monitor performance (early warning signals) of all risk assets and promptly recommend appropriate action to Management
- Ø Monitor and review the pricing of credit facilities and ensure that all fees and charges are collected as approved.
- Ø Ensure that credit risk control limits are adhered to.
- Ø Evaluate the credit risks inherent in new securities/products.
- Ø Prepare various reports to management and the Board of Directors.

4.2 The Group's Risk Rating Scale and Its External Rating Equivalent

At FSDH all credit requests are rated using FSDH's internal risk rating model. Credit risk rating is a grade assigned to a loan or a group of loans reflecting its quality. It is categorised into Customer Risk Rating and Facility Risk Rating. The Customer Risk Rating evaluates a client's expected ability to rating and facility risk rating. The Customer Risk Rating evaluates a client's expected ability to meet its obligations, through analysis of its financial statements and projections, cash flow, management and other customer risk factors. The Facility Risk Rating defines the risk of a specific credit facility by overlaying the Customer Risk Rating with an analysis of factors such as loan structure and collateral. FSDH's risk rating scale ranges from D to Aaa, where D represents a loan of the lowest quality and Aaa represents a loan of the highest quality. In terms of comparison with external rating equivalents, it is pertinent to note that ours compares favourably with that of Augusto & Co.

Group's Internal Rating	Group Score	Description of the Grade	Agusto Score	External Rating: Augusto Equivalent
AAA	85 - 100	Investment Grade	89 - 100	AAA
AA	70 - 84.9	Investment Grade	80 - 89	AA
A	60 - 69.9	Investment Grade	70 - 79	A
BBB	55 - 59.9	Investment Grade	60 - 69	BBB
BB	50 - 54.9	Speculative Grade	50 - 59	BBB
B	47.5 - 49.9	Speculative Grade	40 - 49	B
C	< 47.4	Junk Grade	< 40	CCC
D		In Default		D

4.3 The Group's Credit Risk Control and Mitigation Policy

4.3.1 Authority Limits on Credits

The medium by which limits for banks and issuers are created is the credit appraisal (CA). A signed CA must evidence all types of credit lines existing. The Board of Directors of FSDH has the mandate to grant credit approval authority to designated officers of FSDH.

All credits in FSDH are rated using our internal rating model. As part of the credit appraisal process, such rating is usually also compared and evaluated against published ratings of external rating agencies. These ratings apart from assisting us in determining values of credit to be advanced to an obligor also guide management and board on authority limits for credits in general.

This laid down authority governs credit extension. The limit set by the Board is as indicated below.

Aaa-Aa	– Senior Management
A-Bbb	– Senior Management + Board Credit Committee (BCC)
Bb- B	– Senior Management + Board Credit Committee + Chairman

In terms of volumes, the grid is as indicated below;

Up to 25% of our Single Obligor Limit	- Senior Management
Up to 66% of our Single Obligor Limit	- Management & BCC
Up to 100% of our Single Obligor Limit	- Management, BCC, and Chairman, FSDH

It is pertinent to state that these limits are reviewed from time to time as the circumstances of the Group demand.

4.3.2 Collateral Policies

To minimise the risk of credit loss to the Group in the event of a decline in quality or delinquency, FSDH ensures that all credit exposures have appropriate collateral. Security documents are reviewed to ensure the continuous enforceability of contracts, collateral and guarantees. Also, all securities held against credit exposures are reviewed regularly to ensure there is no diminution in value and where this has occurred, that appropriate steps are taken to shore up such positions to acceptable levels. This is done throughout the life of the credit.

5.0 The Group's Provisioning Policy

The Group makes adequate provisions for perceived losses based on the credit portfolio classification system. The two types of provisions that we make are specific and general provisions. Specific provisions are made on the basis of perceived risk of default on specific credit facilities, while general provisions are made in recognition of the fact that even performing credits harbor some risk of loss, no matter how small.

The Group makes specific provisions for non-performing credits (defined in line with the prudential guidelines) as specified below:

Period Principal/Interest have been outstanding	Classification	% Provision Required
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

The Group also makes a general provision of at least 1% of the risk assets not specifically provided for.

5.1 Risk Asset Analysis by Performance

Summary of the Group's Credit Facilities Portfolio

	31-Dec-09 N' 000	30-Jun-09 N' 000
Performing	24,387,485	31,922,942
Non- Performing		
- Substandard	2,978,859	1,500,000
- Doubtful	-	-
- Lost	187,739	539,304
	<u>27,554,083</u>	<u>33,962,246</u>

Analysis of non-performing facilities (by industry) to customers in the following order:

	31-Dec-09 N' 000	30-Jun-09 N' 000
Capital Market	22,762	453,096
Manufacturing	3,123,939	1,566,311
Real Estate and Construction	-	-
Finance and Insurance	19,897	19,897
	<u>3,166,598</u>	<u>2,039,304</u>

Analysis of non-performing facilities (by industry) to customers in the following order:

	31-Dec-09 N' 000	30-Jun-09 N' 000
South South	1,567,789	1,566,311
South West	1,598,809	472,993
	<u>3,166,598</u>	<u>2,039,304</u>

Concentration of risks of financial assets with credit risk exposure by geographical sectors

31 December 2009

	Due from Banks 31-Dec-09 N' 000	Debt Instrument 31-Dec-09 N' 000	Total 31-Dec-09 N' 000
South South	-	1,500,000	1,500,000
South West	19,897	26,034,186	26,054,083
	<u>19,897</u>	<u>27,534,186</u>	<u>27,554,083</u>

30 June 2009

	Due from Banks 30-Jun-09 N' 000	Debt Instruments 30-Jun-09 N' 000	Total 30-Jun-09 N' 000
South South	-	1,500,000	1,500,000
South West	19,897	32,442,349	32,462,246
	<u>19,897</u>	<u>33,942,349</u>	<u>33,962,246</u>

Concentration of risks of financial assets with credit risk exposure by industry sectors

31 December 2009

	Due from Banks 31-Dec-09 N' 000	Debt Instruments 31-Dec-09 N' 000	Total 31-Dec-09 N' 000
Conglomerate	-	5,500,000	5,500,000
Finance and Insurance	19,897	8,687,488	8,707,385
Manufacturing	-	5,351,698	5,351,698
Oil and gas	-	2,000,000	2,000,000
Real estate and construction	-	2,500,000	2,500,000
Telecoms	-	3,495,000	3,495,000
	<u>19,897</u>	<u>27,534,186</u>	<u>27,554,083</u>

30 June 2009

	Due from Banks Debt Instruments		Total
	30-Jun-09	30-Jun-09	30-Jun-09
	N' 000	N' 000	N' 000
Conglomerate	-	8,500,000	8,500,000
Finance and Insurance	19,897	3,245,537	3,265,434
Manufacturing	-	4,757,553	4,757,553
Oil and gas	-	5,000,000	5,000,000
Real estate and construction	-	625,000	625,000
Telecoms	-	11,814,259	11,814,259
	19,897	33,942,349	33,962,246

Analysis of credit facilities (by portfolio distribution and risk rating) to customers in the following order:

	31-Dec-09	30-Jun-09
	N' 000	N' 000
AAA to AA-	11,948,604	12,354,964
A+ to A-	7,303,229	7,154,545
BBB+ to BB-	596,527	277,647
Below BB-	7,705,723	14,175,090
	27,554,083	33,962,246

6.0 The Group's Report on Liquidity Risk Management

Liquidity risk is one of the key risks we contend with at FSDH. This is the risk that FSDH would be unable to meet its obligations as they become due. It occurs when the cushion provided by liquid assets is not sufficient to meet outstanding obligations. Liquidity risk does not occur in isolation; it is often triggered by consequences of other financial risks like credit risk and market risk such as interest rate risk, foreign exchange risk and security price risk.

6.1 Liquidity Risk Strategy

The Group's strategies for the management of liquidity risk are as follows:

- a. A well defined asset and liability mix – This shows the proportion of each asset and liability component that the institution shall hold at all times;
- b. An unrestricted access to financial markets to raise funds – Management ensures that FSDH has sufficient and unhindered access to funding sources in from a range of the financial markets. The strategy outlines the following:
 - Procedures to ensure that market access is actively managed on an ongoing basis
 - Procedures to establish and maintain relationships with fund providers
 - Accessibility to financial markets and the availability of funding in normal and stressed conditions
 - Procedures for monitoring funding concentration
- c. Diversification and maintenance of a well-diversified and stable funding base – This requires a clear definition of the maximum levels of funding concentrations in terms of volume and sector. Specifically, limits are set for each source of funds in order to avoid undue reliance on large individual depositors.
- d. Maintenance of a sufficient stock of liquid assets without impinging profitability – The Group endeavours to strike an adequate balance and adequate liquid assets are maintained. The Group also ensures that it meets CBN's minimum liquid ratio at all times.
- e. Limits on maturity mismatches. The Group clearly specifies the limits to maturity mismatches in its books.
- f. Approach to building an effective contingency funding plan.

- g. Establishment of market triggers - Market triggers are internal or external market or economic factors that may indicate a change in liquidity or ability to raise funds from the market. ALCO shall approve the Market triggers as part of the Group's funding and liquidity plan.
- h. Establishment of strong and long lasting relationships with fund owners, depositors and other liability holders.
- i. Communication of the liquidity risk objectives and control limits to all relevant staff members.

6.2 Liquidity Risk Management Governance Structure

The diagram below illustrates the FSDH liquidity risk management governance structure



At the top of the governance structure is the Board of Directors whose responsibilities for market and liquidity risk are as indicated below:

- Ø Approve the Group's market and liquidity risk management framework as well as the strategy and significant policies developed to manage these risks. Review these frameworks at least annually.
- Ø Approve the Group's overall risk appetite and tolerance level for managing market and liquidity risk.
- Ø Ensure that the Group implements sound principles that facilitate the identification, measurement, monitoring, and control of market and liquidity risks.
- Ø Ensure that there is a management structure in place to execute the market and liquidity risk management strategy effectively.
- Ø Ensure that adequate resources (both technical and human) are devoted to managing market and liquidity risks and that top management as well as individuals responsible for managing these risks possess sound expertise and knowledge to discharge their responsibilities effectively.
- Ø Monitor the Management's performance with regard to the management of market risk, and ensure that the level of market risk is maintained at acceptable levels and is supported by adequate capital.
- Ø Set market risk limits and tolerance levels. Market risk limits shall be reviewed at least annually, including those limits relating to volatility of currencies, large exposures to counterparties and changes in the creditworthiness of counterparties.
- Ø Ensure that periodic independent review/audit of the market and liquidity risk management process is performed.

Aside from the general Board, there is also the Board Risk Management Committee in the management of Liquidity Risk. Its duties are as set out below.

- Ø Approve the Group's Asset and Liability Management (ALM) and money market policies as well as the Group's strategy for the money markets;
- Ø Approve strategies regarding the management of liquidity and interest rate risk exposures, and balance sheet management
- Ø Ensure that the Group's overall liquidity and market risk exposures is maintained at levels consistent with the available capital
- Ø Approve the Group's investment portfolio and trading strategies;

- Ø Approve dealer limits including position, concentration, currency, dealing, gap, total portfolio and counterparty limits;
- Ø Review the result of liquidity and market risks stress and back testing;
- Ø Ensure adequate evaluation of market risks inherent in new products;
- Ø Ensure compliance with statutory and regulatory requirements in relation to liquidity and market risks; and
- Ø Approve risk management systems and policies for effective management of interest rate risks.

Apart from the Board and the Board Risk Management Committee, there is also the Asset and Liability Committee. This committee is made up of:

1. Managing Director (MD)
2. The Executive Director (ED)
3. Head of Risk Management
4. Head of Dealing – Head, Naira Desk & Head, Bond Dealing
5. Head of Financial Control
6. Head of Corporate Banking
7. Head of Investors Group
8. Head of Operations

The Asset and Liability Committee has responsibility for the following:

- Ø Responsible for the implementation of sound policies and procedures for managing liquidity risk in accordance with the strategic direction and risk appetite specified by the Board.
- Ø Review and endorse the Groups funding and liquidity plan .
- Ø Develop and implement procedures and practices that translates the Board's goals, objectives, and risk tolerances into operating standards that are well understood by the Group personnel and consistent with the Board's intent.
- Ø Ensure adherence to the lines of authority and responsibility that the Board has established for managing liquidity risk.
- Ø Oversee the implementation and maintenance of management information and other systems that identify, measure, monitor, and control the Group's liquidity risk.
- Ø Establish effective internal controls and limits over the liquidity risk management process.
- Ø Establish targets for liquidity ratios, review ratios against the targets on a monthly basis and approve activities for rectify any breach of the targets.
- Ø Endorse 'Market Triggers' and address 'trip' of Market Triggers, including documentation of decisions and actions.
- Ø Establish significant funding source limits and review exposure reports.
- Ø Approve activities to rectify any breach of liquidity limits.
- Ø Work with the Head, Bank Dealing to determine whether a contingency should be invoked and establish an action plan for resolving the contingency.

In the Liquidity Risk Management process of FSDH, it is pertinent to also know that the Head, Bank Dealing, regularly carries out different activities such as:

- Ø Preparing the Funding and Liquidity Plan;
- Ø Formulating risk strategy for the money market
- Ø Taking appropriate action(s) to regularise limit excesses and breach of liquidity ratio targets;
- Ø Reporting liquidity exposures and associated limits and ensure completeness and integrity of all liquidity risk data;
- Ø Reviewing liquidity risk reports for reasonableness, consistency and completeness.
- Ø Activating the Contingency Funding Plan (if and when required).

The Head of Risk Management equally plays a vital role in the liquidity risk management governance structure. He does this through:

- Ø Ensuring compliance with the liquidity risk management policy and applicable regulatory requirements.
- Ø Establishing liquidity and funding limits and identify exceptions to limits.
- Ø Establishing stress test assumptions, perform stress tests and establish action plans.
- Ø Receiving notification of limit excesses and approve corrective actions.
- Ø Reviewing liquidity ratio targets, actual liquidity ratios and notify ALCO of breaches.
- Ø Maintaining an independent liquidity risk reporting framework.
- Ø Participating in the quality control process by reviewing liquidity risk reports for reasonableness, consistency and completeness.

FSDH, in implementing the Company's risk management policies, ensures that the laid down liquidity risk management process is followed. This process involves identifying and developing early warning indicators of liquidity risk to aid prompt identification. It also involves identifying and measuring liquidity risk through various methods such as Gap Analysis, Ratio Analysis, Maturity Mismatch Analysis, Stress Testing and Scenario Analysis.

Besides identifying and measuring liquidity risk, the liquidity risk management process also entails control mechanisms such as establishing liquidity gap limits, contingency funding plans and internal controls for liquidity risk management.

In addition, the process ensures that liquidity risk is monitored and managed daily through the instrumentality of:

- Ø Market triggers;
- Ø Significant funding sources;
- Ø Maturing profiles of cash flows;
- Ø Concentration in sources and application of funds;
- Ø Intra-group cash flows;
- Ø Volatility of assets and liabilities;
- Ø Impact of external and internal disruptions on cash flows and customers;
- Ø Impact of diminished market confidence in the company and;
- Ø Early placement withdrawals.

6.3 Liquidity Risk Reporting

FSDH ensures the maintenance of an independent liquidity risk reporting framework that consistently communicates liquidity risk information across the group and ensure availability of timely information for liquidity management

The data used to generate the liquidity risk reports are generated from independent support systems (General Ledger). This is usually

supplied by the financial control unit while the Head of Risk Management ensures the completeness and integrity of the .. In terms of reports, various reports such as Annual Funding Plan, Liquidity Gap Analysis, Ratio Analysis, Market Trigger, Limits Exception and Excess, Stress Test and Contingency Funding Plan are periodically generated and communicated to the various stakeholders such as ALCO, Senior Management and the Board.

7.0 Summary of maturity profile on Balance Sheet

31 December 2009

ASSETS:	Up to 1 month N'000	1 - 3 month N'000	3 - 6 month N'000	6 - 12 month N'000	1 - 5 years N'000	Over 5 years N'000	Gross Total N'000	Carrying Value N'000
Cash and bank balances	462,823	-	-	-	-	-	462,823	462,823
Treasury Bills	5,472,000	9,322,907	2,500,000	-	-	-	17,294,907	17,193,081
Assets on repurchase agreements	7,152,695	58,133	1,971,489	6,694,539	14,829,411	1,449,333	32,155,600	31,916,736
Investment Securities	1,322,277	1,091,806	28,511	906,860	2,471,635	16,373,618	22,194,707	23,560,739
Margin accounts	56,142	6,684	-	-	-	-	62,826	31,018
Other assets	9,996	720,764	4,558	7,901	136,389	582,739	1,462,347	1,459,633
Deferred taxation	-	-	-	-	199,458	-	199,458	199,458
Property and equipment	-	585	1,333	5,170	546,878	8,769	562,735	562,735
TOTAL ASSETS	14,475,933	11,200,879	4,505,891	7,614,470	18,183,771	18,414,459	74,395,403	75,386,223
LIABILITIES:								
Due to banks	26,600,000	-	-	-	-	-	26,600,000	26,600,000
Liabilities on repur. agreements	16,323,160	15,825,656	6,784	-	-	-	32,155,600	32,155,600
Other liabilities	32,484	40,269	531,542	266,437	-	-	870,732	870,732
Dividend payable	-	-	-	-	-	-	-	-
Taxation payable	-	-	-	836,669	-	-	836,669	836,669
Retirement benefit obligations	-	-	-	-	358,437	-	358,436	358,436
TOTAL LIABILITIES	42,955,644	15,865,925	538,326	1,103,106	358,437	-	60,821,437	60,821,438
GAP	(28,479,711)	(4,665,046)	3,967,565	6,511,364	17,825,335	18,414,459	13,573,966	14,564,785

30 June 2009

ASSETS:	Up to 1 month N'000	1 - 3 month N'000	3 - 6 month N'000	6 - 12 month N'000	1 - 5 years N'000	Over 5 years N'000	Gross Total N'000	Carrying Value N'000
Cash and bank balances	652,808	-	-	-	-	-	652,808	652,808
Treasury Bills	3,999,396	433,627	940,709	-	-	-	5,373,732	5,346,309
Assets on repur. agreements	14,434,864	2,066,546	6,087,500	14,044,803	32,539,404	2,578,773	71,751,890	69,007,425
Investment Securities	394,848	5,185,315	15,953	2,277,646	1,242,469	3,103,816	12,220,047	11,767,755
Margin accounts	72,533	114,880	-	-	-	-	187,413	130,936
Other assets	46,707	92,145	7,124	360,299	372,637	118,523	997,435	995,108
Deferred taxation	-	-	-	-	226,340	-	226,340	226,340
Invest. in subsidiary companies	-	-	-	-	-	-	-	-
Property and equipment	2	336	442	5,894	297,225	962	304,861	304,862
							-	
TOTAL ASSETS	19,601,158	7,892,849	7,051,728	16,688,642	34,678,075	5,802,074	91,714,526	88,431,543
LIABILITIES:								
Placements from third parties	1,500,000	-	-	-	-	-	1,500,000	1,500,000
Liab. on repur. agreements	65,190,688	6,467,750	93,452	-	-	-	71,751,890	71,751,890
Other liabilities	244,378	546,512	539,594	-	-	-	1,330,484	1,330,484
Dividend payable	-	-	-	-	-	-	-	-
Taxation payable	-	-	-	573,656	-	-	573,656	573,656
Retirement Benefit Obligation	-	-	-	-	227,452	-	227,452	227,452
TOTAL LIABILITIES	66,935,066	7,014,262	633,046	573,656	227,452	-	75,383,482	75,383,482
GAP	(47,333,908)	878,587	6,418,682	16,114,986	34,450,623	5,802,074	16,331,044	13,048,061

The tables above analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

8.0 Capital Management

The Group's objectives in managing Capital are:

1. To comply with the regulatory requirements of the Central Bank of Nigeria
2. To ensure that the group continues as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders by ensuring that capital deployed meets our RAAC (risk assessment and acceptance criteria)

Capital adequacy is measured and reported daily to the Central Bank of Nigeria. In addition monthly reports are made. Reporting is made on-line and directly via the e-fass system. This system ensures that there is no manual intervention in the reports uploaded.

As per regulatory requirement, every Discount House is obliged to hold a minimum share capital of N2 billion and maintain a 60/40 ratio of government securities to commercial papers for every liability raised. In addition the minimum requirement of 10% adjusted capital to risk weighted assets is also stipulated for discount houses.

The Group's regulatory capital is managed by both the Financial Control and Risk Management Units and is largely made up of Tier I capital: comprising share capital, retained earnings, and reserves created by appropriations of retained earnings.

The risk weighted assets are measured using the Central Bank of Nigeria's interpretation and ranking of the risk assets.

The ratios below summarises the composition of regulatory capital and the ratios of the group for the period ended 31 December 2009 and 30 June 2009. Over these review periods, the group complied with all the externally imposed capital requirements to which it was and is subject.

Analysis of Regulatory, Capital, Risk-Weighted Assets and Determination of Capital Adequacy ratio

	31-Dec-09 N' 000	30-Jun-09 N' 000
Tier 1 Capital		
Share Capital	2,794,794	2,794,794
Share Premium	1,539,587	1,539,587
Statutory Reserves	2,398,216	2,007,532
Contingency Reserve	-	-
SMIEIS Reserve	-	-
Bonus Issue Reserve	-	-
Retained Earnings	7,593,436	6,335,540
Goodwill and Intangible Assets	-	-
	<u>14,326,033</u>	<u>12,677,453</u>
Tier 2 Capital		
Preference Shares	-	-
Minority Interest	136,690	115,386
Convertible Bonds	-	-
Revaluation Reserves - Fixed Assets	-	-
Revaluation Reserves - Investment in Subsidiaries	-	-
Translation Reserve	102,062	255,222
General Provision	303,953	357,071
	<u>542,705</u>	<u>727,679</u>
Total Qualifying Tier 2 Capital	<u>542,705</u>	<u>727,679</u>
Total Regulatory Capital	<u>14,868,738</u>	<u>13,405,132</u>

	31-Dec-09	30-Jun-09
	₦' 000	₦' 000
Risk Weighted Assets		
On-Balance Sheet	34,373,700	38,020,235
Off-Balance Sheet	-	-
Total Risk-Weighted Assets	<u>34,373,700</u>	<u>38,020,235</u>
Risk-Weighted Capital Adequacy Ratio	43%	35%