FCMB Group Plc
Unaudited Interim Financial Statements
For the period ended 31 March 2014

FCMB Group Plc

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2014

		GROUP		COMPANY	
In thousands of naira	**Note**	**3 months ended 31 March 2014**	**3 months ended 31 March 2013**	**3 months ended 31 March 2014**	**3 months ended 31 March 2013**
Continuing operations					
Interest income	4	**27,371,044**	25,090,391	**18,123**	-
Interest expense	5	**(11,007,898)**	(11,978,793)	**-**	-
Net interest income		**16,363,146**	13,111,598	**18,123**	-
Fee and commission income	7	**3,445,140**	3,351,921	**-**	-
Fee and commission expense	7	**(443,374)**	(186,374)	**-**	-
Net fee and commission income		**3,001,766**	3,165,547	**-**	-
Net trading income	8	**134,746**	87,706	**-**	-
Net income from other financial instruments at fair value through profit or loss	9	**55,273**	(18,366)	**-**	-
Other income	10	**2,813,144**	2,902,998	**-**	-
		3,003,163	2,972,338	**-**	-
Net impairment loss on financial assets	6	**(1,304,540)**	(410,758)	**-**	-
Personnel expenses	11	**(6,738,367)**	(6,244,232)	**(58,016)**	-
Depreciation & amortisation expenses	12	**(863,313)**	(863,467)	**(686)**	-
General and administrative expenses	13	**(3,833,243)**	(2,722,962)	**(16,928)**	-
Other expenses	14	**(4,058,653)**	(4,175,733)	**(34,869)**	-
Results from operating activities		**5,569,959**	4,832,331	**(92,376)**	-
Share of post tax result of associate	25	**-**	-	**-**	-
Profit before minimum tax and income tax		**5,569,959**	4,832,331	**(92,376)**	-
Income (tax expense) / tax credit	16	**(743,426)**	(455,620)	**-**	-
Minimum tax	16	**-**	(177,149)	**-**	-
Profit for the period from continuing operations		**4,826,533**	4,199,562	**(92,376)**	-
Discontinued operations					
Profit from discontinued operation (net of tax)		**-**	27,508	**-**	-
Profit for the period		**4,826,533**	4,227,070	**(92,376)**	-
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurements of defined benefit liability		**-**	-	**-**	-
Fair value loss on plan assets		**-**	-	**-**	-
Related tax		**-**	-	**-**	-
		-	-	**-**	-
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		**168,232**	-	**-**	-
Net change in fair value of available-for-sale financial assets		**56,215**	(67,149)	**-**	-
Related tax		**-**	-	**-**	-
		224,447	(67,149)	**-**	-
Other comprehensive income for the period, net of tax		**224,447**	(67,149)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**5,050,980**	4,159,921	**(92,376)**	-
Profit attributable to:					
Equity holders of the Bank		**4,826,533**	4,227,070	**(92,376)**	-
Non-controlling interests		**-**	-	**-**	-
		4,826,533	4,227,070	**(92,376)**	-
Total comprehensive income attributable to:					
Equity holders of the Bank		**5,050,980**	4,159,921	**(92,376)**	-
Non-controlling interests		**-**	-	**-**	-
		5,050,980	4,159,921	**(92,376)**	-
Basic earnings per share (naira)	15	**0.97**	0.85	**(0.02)**	-
Diluted earnings per share (naira)	15	**0.97**	0.85	**(0.02)**	

The accompanying notes are an integral part of these Unaudited Interim Financial Statements

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		GROUP		COMPANY	
In thousands of naira	**Note**	**31 MAR 2014**	**31 DEC 2013**	**31 MAR 2014**	**31 DEC 2013**
ASSETS					
Cash and cash equivalents	17	**104,069,362**	199,700,305	**429,795**	2,150,389
Restricted reserve deposits	18	**117,924,250**	73,473,096	**-**	-
Non-pledged trading assets	19	**4,019,067**	2,921,358	**-**	-
Derivative assets held	20	**1,470,820**	1,697,606	**-**	-
Loans and advances to customers	21	**493,662,350**	450,532,965	**-**	-
Assets pledged as collateral	23	**49,330,404**	50,516,904	**-**	-
Investment securities	22	**150,262,074**	163,638,236	**5,514,439**	2,514,439
Investment in subsidiaries	24	**-**	-	**118,716,103**	118,716,103
Investment in associates	25	**568,512**	568,512	**407,800**	407,800
Property and equipment	26	**26,649,365**	26,812,277	**10,323**	9,801
Intangible assets	27	**7,653,640**	7,580,528	**3,530**	3,771
Deferred tax assets	28	**6,343,026**	6,346,025	**-**	-
Other assets	29	**30,418,346**	24,492,358	**6,348,268**	7,679,886
Total assets		**992,371,216**	1,008,280,170	**131,430,258**	131,482,189
LIABILITIES					
Trading liabilities	19	**734,300**	-	**-**	-
Derivative liabilities held	20	**1,033,652**	1,355,634	**-**	-
Deposits from customers	30	**687,349,450**	715,214,192	**-**	-
Borrowings	31	**68,674,677**	59,244,230	**-**	-
Retirement benefit obligations	32	**136,502**	124,674	**-**	-
Other long term benefits	33	**1,316,214**	1,258,317	**-**	-
Current income tax liabilities	16	**5,063,955**	4,333,353	**60,277**	60,277
Deferred tax liabilities	28	**5,802**	35,282	**-**	-
Other liabilities	34	**79,298,955**	83,007,759	**140,836**	100,391
Total liabilities		**843,613,507**	864,573,441	**201,113**	160,668
EQUITY					
Share capital	35(b)	**9,901,355**	9,901,355	**9,901,355**	9,901,355
Share premium	36	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Treasury shares	36	**(8,625)**	(8,625)	**-**	-
Retained earnings	36	**17,936,312**	13,109,779	**5,935,376**	6,027,752
Other reserves	36	**5,536,253**	5,311,806	**-**	-
		148,757,709	143,706,729	**131,229,145**	131,321,521
Total liabilities and equity		**992,371,216**	1,008,280,170	**131,430,258**	131,482,189

The accompanying notes are an integral part of these Unaudited Interim Financial Statements

STATEMENTS OF CHANGES IN EQUITY

GROUP

In thousands of naira

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2013	9,520,534	108,747,612	765,475	11,973,809	658,637	210,132	6,995	(1,473,942)	(775,381)	2,381,532	132,015,403
Profit	-	-	13,716,171	2,284,984	-	-	-		-	-	16,001,155
Other comprehensive income, net of tax	-	-	-	-	-	6,027	5,514	272,991	-	-	284,532
Total comprehensive income for the year	-	-	13,716,171	2,284,984	-	6,027	5,514	272,991	-		16,285,687
Transfer to regulatory risk reserve	-	-	(2,730,705)	-	-	-	-	-	-	2,730,705	-
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capital reconstruction	-	7,025,623	1,358,838	(11,973,809)	(658,637)	(205,542)	-	1,473,942	766,756	(2,381,532)	(4,594,362)
Capitalised bonus shares	380,821	(380,821)	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions to equity holders	380,821	6,644,802	1,358,838	(11,973,809)	(658,637)	(205,542)	-	1,473,942	766,756	(2,381,532)	(4,594,362)
Balance at 31 December 2013	**9,901,355**	**115,392,414**	**13,109,779**	**2,284,984**	**-**	**10,617**	**12,509**	**272,991**	**(8,625)**	**2,730,705**	**143,706,729**
Profit	-	-	4,826,533	-	-	-	-		-	-	4,826,533
Other comprehensive income, net of tax	-	-	-	-	-	-	168,232	56,215	-	-	224,447
Total comprehensive income for the year	-	-	4,826,533	-	-	-	168,232	56,215	-	-	5,050,980
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capital reconstruction	-	-	-	-	-	-	-	-	-	-	-
Capitalised bonus shares	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions to equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2014	**9,901,355**	**115,392,414**	**17,936,312**	**2,284,984**	**-**	**10,617**	**180,741**	**329,206**	**(8,625)**	**2,730,705**	**148,757,709**

STATEMENTS OF CHANGES IN EQUITY

COMPANY
In thousand of naira

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2013	-	-	-	-	-	-	-	-	-	-	-
Profit	-	-	6,027,752	-	-	-	-	-	-	-	6,027,752
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	6,027,752	-	-	-	-	-	-	-	6,027,752
Contributions by and distributions to equity holders											
Capital reconstruction	9,520,534	115,773,235	-	-	-	-	-	-	-	-	125,293,769
Capitalised bonus shares	380,821	(380,821)	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions to equity holders	9,901,355	115,392,414	-	-	-	-	-	-	-	-	125,293,769
Balance at 31 December 2013	**9,901,355**	**115,392,414**	**6,027,752**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**131,321,521**
Profit	-	-	(92,376)	-	-	-	-	-	-	-	**(92,376)**
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	**-**
Total comprehensive income for the period	-	-	(92,376)	-	**-**	-	-	-	-	-	**(92,376)**
Balance at 31 March 2014	**9,901,355**	**115,392,414**	**5,935,376**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**131,229,145**

STATEMENTS OF CASHFLOWS

In thousands of Naira	Note	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
Cash flows from operating activities					
Profit for the period / year		**4,826,533**	16,001,155	**(92,376)**	6,027,752
Adjustments for:					
Net impairment loss on financial assets	6	**1,304,540**	7,982,559	**-**	-
Net income from other financial instruments at fair value through profit or loss	9	**- 55,273.00**	(424,063)	**-**	-
Depreciation and amortisation	12	**863,313**	3,307,190	**686**	539
(Gain) / loss on disposal of property & equipment & intangible assets	10	**5,560**	(31,880)	**-**	-
Share of profit of associates		**-**	(68,256)	**-**	-
Foreign exchange gains	10	**(2,203,491)**	(6,905,050)	**-**	-
Net interest income	4,5	**(16,363,146)**	(56,133,591)	**(18,123)**	-
Dividends received	10	**(72)**	-		(370,000)
Tax expense/ (credit)	16	**743,426**	2,183,244	**-**	60,277
		(10,878,610)	(34,088,692)	**(109,813)**	5,718,568
Changes in operating assets and liabilities					
Net (increase)/decrease restricted reserve deposits	18	**(44,451,154)**	(15,581,736)	**-**	-
Net (increase)/decrease non-pledged trading assets	19	**(1,097,709)**	(1,751,650)	**-**	-
Net (increase)/decrease loans and advances to customers	21	**(43,129,385)**	(92,734,167)	**-**	-
Net (increase)/decrease in other assets	29	**(5,925,988)**	(736,047)	**1,331,619**	(7,679,887)
Net increase/(decrease) in deposits from banks	35	**-**	(52,000)	**-**	-
Net increase/(decrease) in deposits from customers	30	**(27,864,742)**	68,997,425	**-**	-
Net Increase/(decrease) in other liabilities & others		**(3,639,079)**	(5,046,752)	**40,445**	100,391
		(136,252,367)	(80,993,619)	**1,262,251**	(1,860,927)
Interest received		**48,283,634**	102,009,779	**18,123**	-
Interest paid		**(16,571,974)**	(46,715,922)	**-**	-
Dividends received		**72**	449,145	**-**	370,000
VAT paid		**(211,726)**	(789,666)	**-**	-
Income taxes paid		**(12,824)**	(2,338,619)	**-**	-
Net cash (used in)/ generated from operating activities		**(104,765,185)**	(28,378,902)	**1,280,375**	(1,490,927)
Cash flows from investing activities					
Investment in subsidiaries		**-**	-	**-**	(118,716,103)
Purchase of interests in associates	25	**-**	(32,800)	**-**	(407,800)
Purchase of property and equipment and intangible assets	26,27	**(748,110)**	(6,067,228)	**(968)**	(14,111)
Proceed from sale of property and equipment		**(17,684)**	3,683,057	**-**	-
Acquisition of investment securities		**(56,443,098)**	(80,887,383)	**(3,000,000)**	(2,514,439)
Proceeds from sale and redemption of investment securities		**57,476,023**	157,568,220	**-**	-
Net cash (used in)/ generated from investing activities		**267,131**	74,263,866	**(3,000,968)**	(121,652,452)
Cash flows from financing activities					
Dividend paid		**-**	-	**-**	-
Proceeds from issue of shares		**-**	-	**-**	125,293,769
Inflow from long term borrowing	31(b)	**9,729,993**	48,741,334	**-**	-
Repayment of long term borrowing	31(b)	**(712,671)**	(16,909,586)	**-**	-
Net cash generated from financing activities		**9,017,322**	31,831,748	**-**	125,293,769
Net Increase in cash and cash equivalents		**(95,480,732)**	77,716,712	**(1,720,593)**	2,150,389
Cash and cash equivalents at start of period / year	17	**199,700,305**	123,451,740	**2,150,389**	-
Effect of exchange rate fluctuations on cash and cash equivalents held		**(150,211)**	(1,468,147)	**-**	-
Cash and cash equivalents at end of period / year	17	**104,069,362**	199,700,305	**429,796**	2,150,389

The accompanying notes are an integral part of these Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements

1 **Reporting entity**

FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under the Companies and Allied Matters Act, in response to the CBN's Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3)

The principal activity of FCMB Group Plc is to carry on business as a financial holding company, investing in and holding controlling shares in, as well as managing equity investments in Central Bank of Nigeria approved financial entities. The Company has three direct subsidiaries; First City Monument Bank Limited (100%), FCMB Capital Markets Limited and (100%), CSL Stockbrokers Limited (100%).

Assets held for sale include Fin Insurance Company Limited, FinBank Securities & Asset Management Limited, FinBank Insurance Brokers Limited and FinBank Capital Limited.
All Assets previously held for sale were disposed during the year.

FCMB Group Plc is a company domiciled in Nigeria. The address of the company's registered office is 44 Marina Street, Lagos Island, Lagos. These consolidated financial report for the period ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

2 **Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated financial statements

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. IFRS 10 Consolidated Financial Statements

b. IFRS 12 Disclosure of Interests in Other Entities

c. IFRS 13 Fair Value Measurement

d. Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).

e. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).

f. IAS 19 Employee Benefits (2011).

The nature and the effects of the changes are explained below.

(a) Subsidiaries, including structured entities

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed its control conclusions as of 1 January 2013. The Group did not have unconsolidated entities, which by virtue of the reassessment of control, would have been qualified for consolidation.

The change did not have a material impact on the Group's financial statements.

(b) Interests in other entities

As a result of IFRS 12, the Group has expanded disclosures about its interests in subsidiaries (see Note 44(b) & (c)). The Group does not have interest in any unconsolidated structured entity.

Notes to the Unaudited Interim Financial Statements

(c) Fair value measurement

In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value, as set out in Note 3(k) (vii), prospectively. The change had no significant impact on the measurements of the Bank's assets and liabilities, but the Group has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosures under those standards.

(d) Offsetting financial assets and financial liabilities

The amendments to IFRS 7 require additional disclosures about offsetting financial assets and financial liabilities, which does not apply to the Group as the Group does not offset financial assets and financial liabilities

(e) Presentation of items of OCI

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been re-presented on the same basis.

(f) Post-employment defined benefit plans

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its defined benefit plans.

Under IAS 19 (2011), the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect on the asset ceiling.

Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

The change did not have a material impact on the Group's financial statements.

Notes to the Unaudited Interim Financial Statements

3 **Significant Accounting Policies**

Except for the changes explained in Note 2 above, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

Certain comparative amounts in the statement of comprehensive income have been represented as a result of a change in the accounting policy regarding the presentation of items of OCI (See Notes 2 (e)).

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) in the manner required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

For comparative purposes, the group's prior year figures are as consolidated by First City Monument Bank Plc which was at that time the holding entity of all the group's assets.
These consolidated financial statements were authorised for issue by the Board of directors on 19 March 2014

(ii) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.
- The plan assets for defined benefit obligations are measured at fair value where applicable
- Financial assets and liabilities held for trading are measured at fair value
- Derivative financial instruments are measured at fair value

(iii) Functional and presentation currency

These consolidated financial statements are presented in Naira, which is the Company’s functional currency. Except where indicated, financial information presented in naira has been rounded to the nearest thousand.

(iv) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

Notes to the Unaudited Interim Financial Statements

(b) Basis of Consolidation

(i) Business combinations

Business combination are accounted for using the acquisition method as at the acquisition date - that is when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

The consideration amount does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in profit or loss.
Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investment in subsidiaries are measured at cost less impairment in the Company separate financial statements.

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interests in the previous subsidiary, then such interests is measured at fair value at the date that control is lost. Subsequently that retained interests is accounted for as an equity-accounted investee or in accordance with the Group's accounting for financial instruments.

Notes to the Unaudited Interim Financial Statements

(iv) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investments, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates as at that date. The foreign currency gain or loss is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Naira at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to naira at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the transaction difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Notes to the Unaudited Interim Financial Statements

(d) Interest

Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next repricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective Interest rate basis.
- Interest on available for sale investment securities calculated on an effective interest rate basis

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

(e) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate which is used in the computation of interest income.

Other fees and commission income, including loan account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(f) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

Notes to the Unaudited Interim Financial Statements

(g) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss.

(h) Dividends

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on long term equity investments is recognised as a component of other operating income.

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentive received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction on the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(j) Tax expense

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense for the period and adjustments to past years except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on of available-for-sale investment).

Where the Group has tax losses that can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

The Group evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability, which has been adequately provided for in the financial statement

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Notes to the Unaudited Interim Financial Statements

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional taxes that arise from the distribution of dividend by the Company are recognised at the same time as the liability to pay the related dividend is recognised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax position and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(k) Financial assets and financial liabilities

(i) Recognition

The Group initially recognises loans and advances, deposits, bonds, treasury bills, securities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

All financial asset or financial liability are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Subsequent recognition of financial assets and liabilities is at amortised cost or fair value.

(ii) Classification

Financial assets

The classification of financial instruments depends on the purpose and management’s intention for which the financial instruments were acquired and their characteristics. The Group classfies its financial assets in one of the following categories:

- loan and receivables
- held to maturity
- available-for-sale
- at fair value through profit or loss and within the category as:
    - held for trading; or
    - designated at fair value through profit or loss.

see Notes 3(l) (n) and (o)

Notes to the Unaudited Interim Financial Statements

Financial liabilities
The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

(iii) De-recognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from the group of similar transactions such as in the Group's trading activity.

(v) Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value determination
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data observable from markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the instrument is closed out.

Notes to the Unaudited Interim Financial Statements

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE, LSE) and broker quotes from FMDA, Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the dates of the consolidated statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in the Note to the accounts.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities correspond to their carrying amounts.

(vii) Fair value

Policy applicable from 1 January 2013

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Notes to the Unaudited Interim Financial Statements

Policy applicable before 1 January 2013

Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

Notes to the Unaudited Interim Financial Statements

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs into valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

(viii) Identification and measurement of impairment

(i) Assets classified as loan and advances and held-to-maturity investment securities;

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include;

(a) a breach of contract, such as a default or delinquency in interest or principal payments;
(b) significant financial difficulty of the issuer or obligor;
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
(d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national economic conditions that correlate with defaults on the assets in the portfolio.

(f) In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between one month and three months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Notes to the Unaudited Interim Financial Statements

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors).Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity categories) are classified in 'Net gains / (losses) from financial instruments at fair value'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statement of comprehensive income.

(ii) Assets classified as available for sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement. Assets classified as available for sale are assessed for impairment in the same manner as assets carried at amortised cost.

Notes to the Unaudited Interim Financial Statements

(l) Cash and cash equivalents

Cash and cash equivalents include bank notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(m) Financial assets and liabilities at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

Financial liabilities for which the fair value option is applied are recognised in the consolidated statement of financial position as ‘Financial liabilities designated at fair value through profit or loss’. Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in ‘Net gains on financial instruments designated at fair value through profit or loss’.

(i) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

(ii) Designation at fair value through profit or loss

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to management on a fair value basis or

Financial assets for which the fair value option is applied are recognised in the consolidated statement of financial position as ‘Financial assets designated at fair value’. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in ‘Net gains on financial instruments designated at fair value through profit or loss’.

(iii) Reclassification of financial assets and liabilities

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Notes to the Unaudited Interim Financial Statements

(n) Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see j(iii)) are reclassified in the statement of financial position from Financial assets held for trading to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial and subsequent measurement of assets pledged as collateral is at fair value.

(o) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loan and advances to banks are classified as loans and receivables. Loans and advances to customers include:

- those classified as loan and receivables
- finance lease receivables

Loan and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

When the Group is the lessor in a lease agreement that transfer substantially all of the risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(p) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale.

(i) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. A sale or reclassification of a significant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification to available-for-sale:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassifications after the Group has collected substantially all the asset's original principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

(ii) Fair value through profit or loss

The Group designates some investment securities at fair value with fair value changes recognised immediately in profit or loss.

Notes to the Unaudited Interim Financial Statements

(iii) Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(q) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value in the statement of financial position, while any attributable costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with fair values changes recognised in profit or loss.

(r) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other income in profit or loss.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the consolidated statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see note (s) on impairment of non-financial assets.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale. freehold land is not depreciated.

Notes to the Unaudited Interim Financial Statements

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold land	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Computer hardware	4 years
Furniture, fittings and equipment	5 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss; Goodwill on acquisition of subsidiaries is included in intangible assets.

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is four years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Unaudited Interim Financial Statements

(t) Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Deposits and borrowings

Deposits and borrowings are the Group's sources of funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

Deposits and borrowings are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

(v) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(w) Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group recognises no provisions for future operating losses.

Notes to the Unaudited Interim Financial Statements

(x) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contracts has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

(y) Employee benefits

(i) Retirement benefit obligations

A retirement benefit obligation is a defined contribution plan. A defined contribution plan is a post-employment benefits plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the period during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Other long term employee benefits

The Group's net obligation in respect of long-term employee benefits other than retirement benefit obligations (pension plans) is the amount of future benefit that employees have earned in returns for their service in the current and prior periods. That benefit is discounted to determine its present value, and their fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds that have a credit rating of at least AA from rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancy are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the officer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(z) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

Notes to the Unaudited Interim Financial Statements

(ii) Dividend on the Company's ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act of Nigeria.

(iii)Treasury shares

Where the Company or other members of the Group purchase the Company's share, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(aa) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(ab) Segment reporting

Segment results that are reported to the Group Managing Directors / CEO (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) IFRS 9 - Financial instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for –sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However dividends of such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect for which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

Notes to the Unaudited Interim Financial Statements

IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, application of IFRS 9 is permitted.

The Group has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

(ii) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Early application is permitted.

The Group is still evaluating the potential effect of the adoption of the amendments to IAS 32.

(iii) IFRIC 21 Levies

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs. IFRIC 21 is not expected to have a material effect on the Group's financial statements.

Notes to the Unaudited Interim Financial Statements
For the period ended 31 March 2014

In thousands of Naira		GROUP 3 months ended 31 March 2014	GROUP 3 months ended 31 March 2013	COMPANY 3 months ended 31 March 2014	COMPANY 3 months ended 31 March 2013
4	**Interest income**				
	Loans and advances to banks	**1,165,750**	1,055,111	**-**	-
	Loans and advances to customers	**20,441,950**	15,590,259	**-**	-
	Investments in government & other securities	**5,763,344**	8,445,021	**18,123**	-
		27,371,044	25,090,391	**18,123**	-
5	**Interest expense**				
	Deposits from banks	**76,927**	401,485	**-**	-
	Deposits from customers	**9,939,591**	11,187,157	**-**	-
	Borrowings	**991,380**	390,151	**-**	-
		11,007,898	11,978,793	**-**	-
6	**Net impairment loss on financial assets**				
(a)	**Loans and advances to customers**				
	Increase in specific impairment (see Note 21 (b (i))	**1,500,000**	686,006	**-**	-
	Increase in collective impairment (see Note 21 (b (ii))	**62,094**	69,764	**-**	-
	Income received on claims previously written off	**(286,626)**	(370,206)	**-**	-
		1,275,468	385,564	**-**	-
(b)	**Other assets**				
	Increase in impairment (see Note 29(a))	**25,022**	25,194	**-**	-
		25,022	25,194	**-**	-
(c)	**Investment securities avaliable for sale**				
	Impairment for investment securities avaliable for sale see (Note 22 (f))	**4,050**	-	**-**	-
		4,050	-	**-**	-
		1,304,540	410,758	**-**	-

Notes to the Unaudited Interim Financial Statements
For the period ended 31 March 2014

7	**Net fee and commission income**				
	Commisions on turnover	**1,001,293**	1,294,144	**-**	-
	Letters of credit commission	**595,550**	569,934	**-**	-
	Commission on off-balance sheet transactions	**139,483**	155,146	**-**	-
	Service charges fees and commissions	**1,708,814**	1,332,697	**-**	-
	Gross Fee and commission income	**3,445,140**	3,351,921	**-**	-
	Credit card expenses	**(114,832)**	(5,442)	**-**	-
	Other banks charges	**(328,542)**	(180,932)	**-**	-
	Fee and commission expense	**(443,374)**	(186,374)	**-**	-
	Net fee and commission income	**3,001,766**	3,165,547	**-**	-
8	**Net trading income**				
	Bonds trading income	**31,605**	(1,839)	**-**	-
	Treasury bills trading income	**129,577**	89,545	**-**	-
	Equity/Option trading income	**(26,436)**	-	**-**	-
		134,746	87,706	**-**	-
9	**Net income from other financial instruments at fair value through profit or loss**				
	Net income arising on:				
	Fair value instruments held for trading	**55,273**	(18,366)	**-**	-
	Fair value gain on derivative financial instruments held	**-**	-	**-**	-
		55,273	(18,366)	**-**	-
10	**Other income**				
	Dividends on unquoted equity securities at cost	**72**	500,000	**-**	-
	Foreign exchange gains	**2,203,491**	830,565	**-**	-
	Profit / (loss) on sale of property and equipment	**(5,560)**	(3,013)	**-**	-
	Other income	**615,141**	1,575,446	**-**	-
		2,813,144	2,902,998	**-**	-

Notes to the Unaudited Interim Financial Statements
For the period ended 31 March 2014

11 Personnel expenses				
Wages and salaries	**5,021,779**	5,101,796	**52,871**	-
Contributions to defined contribution plans	**120,280**	111,371	**-**	-
Contribution to other long term defined benefit	**210,142**	188,125	**-**	-
Other staff cost	**1,386,166**	842,940	**5,145**	-
	6,738,367	6,244,232	**58,016**	-
12 Depreciation and Amortisation				
Amortisation of Intangibles (see Note 27 (a))	**59,047**	44,245	**241**	-
Depreciation of property and equipment (see Note 26)	**804,266**	819,222	**446**	-
	863,313	863,467	**686**	-

13 General and administrative expenses				
Communication, stationery and postage	**364,559**	227,601	**637**	-
Business travel expenses	**252,769**	242,937	**273**	-
Advert, promotion and corporate gifts	**591,706**	306,335	**1,750**	-
Business premises and equipment costs	**795,863**	741,367	**644**	-
Directors' emoluments and expenses	**225,811**	41,825	**13,306**	-
IT expenses	**540,525**	407,323	**318**	-
Contract Services	**1,062,010**	755,574	**-**	-
	3,833,243	2,722,962	**16,928**	-

Notes to the Unaudited Interim Financial Statements
For the period ended 31 March 2014

In thousands of Naira	GROUP 3 months ended 31 March 2014	GROUP 3 months ended 31 March 2013	COMAPANY 3 months ended 31 March 2014	COMAPANY 3 months ended 31 March 2013
14 Other expenses				
Vehicles maintenance expenses	**268,039**	201,314	**384**	-
Security expenses	**426,556**	452,759	**517**	-
NDIC Insurance Premium & other insurances	**1,063,918**	1,064,214	**-**	-
Auditors' remuneration	**61,505**	46,250	**4,636**	-
Consulting expenses	**364,192**	605,475	**10,826**	-
AMCON Expenses	**1,362,893**	1,307,095	**-**	-
Others	**511,550**	498,626	**18,506**	-
	4,058,653	4,175,733	**34,869**	-

15 Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share at 31 March 2014 was based on the profit / (loss) attributable to ordinary shareholders of N4.82billion (2013: N16billion) and a weighted average number of ordinary shares outstanding of 19.80billion, which was applied retrospectively (2013: 19.80billion), calculated as follows:

Profit attributable to equity holders	**4,826,533**	4,227,070	**(92,376)**	-
Weighted average number of ordinary shares in issue (in '000s)	**19,802,710**	19,802,710	**19,802,710**	-
	0.97	0.85	**(0.02)**	-

Group does not have dilutive potential ordinary shares as at 31 March 2014 (December 2013: nil).

16 Tax expense

(i) **Minimum and Current tax expense:**

Minimum tax	**-**	177,149	**-**	-
Income tax expense	**743,426**	455,620	**-**	-
	743,426	632,769	**-**	-

In thousands of Naira	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
(iii) **Current income tax liability**				
Beginning of the period / year	**4,333,353**	2,850,275	**60,277**	-
Tax paid	**(12,824)**	(2,338,619)	**-**	-
Dividend tax	**-**	1,800,000	**-**	-
National Information Technology Development Agency (NITDA) levy	**-**	262,891	**-**	60,277
Income tax expense (see note 16(i))	**743,426**	1,758,806	**-**	-
	5,063,955	4,333,353	**60,277**	60,277
Current	**5,063,955**	4,333,353	**60,277**	60,277
Non-current	**-**	-	**-**	-
	5,063,955	4,333,353	**60,277**	60,277

	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
17 Cash and cash equivalents				
Cash	**14,940,749**	18,892,038	**-**	-
Current balances within Nigeria	**3,751,228**	2,731,075	**429,795**	2,150,389
Current balances outside Nigeria	**48,789,559**	49,461,078	**-**	-
Placements with local banks	**27,231,910**	102,683,127	**-**	-
Placements with foreign banks	**5,458,630**	7,304,382	**-**	-
Unrestricted balances with Central banks	**3,897,286**	18,628,605	**-**	-
	104,069,362	199,700,305	**429,795**	2,150,389
Current	**104,069,362**	199,700,305	**429,795**	2,150,389
Non-current	**-**	-	**-**	-
	104,069,362	199,700,305	**429,795**	2,150,389

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.

Balance with banks outside Nigeria includes N15.3billion (December 2013: N7.6billion) which represents the naira value of foreign currency amounts held by the Bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 34).

	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
18 Restricted reserve deposits				
Restricted mandatory reserve deposits with central banks (see note (a) below)	**117,924,250**	73,473,096	**-**	-
	117,924,250	73,473,096	**-**	-
Current	**117,924,250**	73,473,096	**-**	-
Non-current	**-**	-	**-**	-
	117,924,250	73,473,096	**-**	-

(a) Restricted mandatory reserve deposits are not available for use in the banking subsidiary's day-to-day operations. Mandatory reserve deposits and escrow balances are non interest-bearing and are calculated as a fixed percentage of the banking subsidiary's liabilities.

Notes to the Unaudited Interim Financial Statements
For the period ended 31 March 2014

19 Trading assets & liabilities

(a) Non-pledged trading assets	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
Federal Government of Nigeria Bonds	**222,214**	87,616	**-**	-
Treasury bills	**3,266,474**	2,408,665	**-**	-
Equity securities	**530,379**	425,077	**-**	-
	4,019,067	2,921,358	**-**	-
Current	**4,019,067**	2,921,358	**-**	-
Non-current	**-**	-	**-**	-
	4,019,067	2,921,358	**-**	-

(b) Non-pledged trading liabilities	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
Federal Government of Nigeria Bonds	**734,300**	-	**-**	-
	734,300	-	**-**	-
Current	**734,300**	-	**-**	-
Non-current	**-**	-	**-**	-
	734,300	-	**-**	-

Non-pledged trading liabilities represents trading FGN bonds that were short sold as at the period ended 31 March 2014.

20 Derivative assets and liabilities held

Instrument type	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
Assets: - customer transactions	**1,346,956**	1,577,459	**-**	-
- interest rate swap	**123,864**	120,147	**-**	-
	1,470,820	1,697,606	**-**	-
Current	**-**	-	**-**	-
Non-current	**1,470,820**	1,697,606	**-**	-
	1,470,820	1,697,606	**-**	-
Liabilities - market transactions	**893,428**	1,219,618	**-**	-
- interest rate swap	**140,224**	136,016	**-**	-
	1,033,652	1,355,634	**-**	-
Current	**-**	-	**-**	-
Non-current	**1,033,652**	1,355,634	**-**	-
	1,033,652	1,355,634	**-**	-

Customer Transactions: The banking subsidiary has entered into options on Dated Brent with customers to allow those customers to hedge their exposure to the oil price
Market Transactions: The banking subsidiary has entered into back to back options on Dated Brent with regard to the customer transactions with market counterparties to mitigate the market risk exposure on the customer transactions

The banking subsidiary has not applied hedge accounting.
The fair value gains and losses have been presented in consolidated statement of comprehensive income

In thousands of naira	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
21 Loans and advances to customers				
(a) Loans and advances to customers at amortised cost:				
Gross amount	**506,951,944**	462,370,884	**-**	-
Specific Impairment allowance	**(4,706,245)**	(3,206,245)	**-**	-
Collective Impairment allowance	**(8,583,349)**	(8,631,674)	**-**	-
Carrying Amount	**493,662,350**	450,532,965	**-**	-
Current	**304,151,099**	209,520,319	**-**	-
Non-current	**189,511,251**	241,012,646	**-**	-
	493,662,350	450,532,965	**-**	-

In thousands of naira	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
(b) Movement in allowances for impairment				
(i) Specific allowances for impairment				
Balance at 1 January	**3,206,245**	4,462,115	**-**	-
Impairment loss for the period / year:	**-**	-	**-**	-
Charge for the period / year	**1,500,000**	2,039,744	**-**	-
impairment reversals	**-**	(837,665)	**-**	-
Write offs (see note (e) below)	**-**	(2,457,949)	**-**	-
	4,706,245	3,206,245	**-**	-
(ii) Collective allowances for impairment				
Balance at 1 January	**8,631,674**	2,604,302	**-**	-
Impairment loss for the period / year:	**-**	-	**-**	-
Charge for the period / year	**62,094**	7,370,136	**-**	-
Write offs (see note (e) below)	**(110,419)**	(1,342,764)	**-**	-
	8,583,349	8,631,674	**-**	-
	13,289,594	11,837,919	**-**	-

(e) Impaired loans that are not individually significant are included in the collective impairment. Therefore when such loans are written off the cumulative impairment on them are taken from the collective impairment allowance. The loans written off during the year had been fully provisioned in the books.

22 Investment securities

Held-to-maturity (see note (a) below)	**139,806,158**	153,104,085	**3,000,000**	-
Available-for-sale (see note (b) below)	**10,455,916**	10,534,151	**2,514,439**	2,514,439
	150,262,074	163,638,236	**5,514,439**	2,514,439
Current	**120,603,114**	133,979,276	**3,000,000**	-
Non-current	**29,658,960**	29,658,960	**2,514,439**	2,514,439
	150,262,074	163,638,236	**5,514,439**	2,514,439

In thousands of naira	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
(a) Held-to-maturity investment securities				
Federal Government of Nigeria (FGN) Bonds	**15,356,338**	24,089,628	**-**	-
Asset Management Corporation of Nigeria (AMCON) Bonds	**36,091,856**	34,989,350	**-**	-
State Government Bonds	**10,811,347**	11,829,214	**-**	-
Treasury Bills	**65,567,848**	70,310,944	**3,000,000**	-
Corporate bonds	**11,978,769**	11,884,949	**-**	-
	139,806,158	153,104,085	**3,000,000**	-
(b) Available-for-sale investment securities				
Equity securities measured at fair value (see note (c) below)	**2,909,343**	2,853,128	**-**	-
Unquoted equity securities measured at cost (see note (d)	**7,546,573**	7,681,023	**2,514,439**	2,514,439
	10,455,916	10,534,151	**2,514,439**	2,514,439
(c) Equity securities measured at fair value under available-for-sale investments				
HTM Private Placement Uunderwriting	**1,681,495**	1,681,495	**-**	-
DAAR Communications Underwriting	**37,277**	37,277	**-**	-
Environmental Remediation Holiding Company Plc	**475,649**	419,431	**-**	-
Unity Bank Plc	**560**	560	**-**	-
UTC Nigeria Plc	**12**	15	**-**	-
Standard Alliance Co Plc	**714,350**	714,350	**-**	-
	2,909,343	2,853,128	**-**	-

(d) Unquoted equity securities at cost under available-for-sale investments				
Kakawa Discount House Limited	**22,800**	22,800	**-**	-
Credit Reference Company Limited	**61,111**	61,111	**-**	-
Nigeria Inter-bank Settlement System Plc	**102,970**	102,970	**-**	-
Africa Finance Corporation	**2,558,388**	2,558,388	**-**	-
Rivers State Microfinance Agency	**1,000,000**	1,000,000	**-**	-
Private Equity Funds	**2,514,439**	2,514,439	**2,514,439**	2,514,439
SME Investments	**1,094,574**	1,095,483	**-**	-
Africa Export-Import Bank, Cario	**144,805**	144,805	**-**	-
Central Securities Clearing System	**87,500**	87,500	**-**	-
Express Discount House	**64,415**	64,415	**-**	-
Smartcard Nigeria Plc	**22,804**	22,804	**-**	-
ATSC Investment	**50,000**	50,000	**-**	-
Currency Sorting Co	**24,640**	24,640	**-**	-
IMB Energy Master Fund	**100,000**	100,000	**-**	-
Industrial and General Insurance Plc	**51,274**	85,000	**-**	-
Food Concept Limited	**3,600**	11,700	**-**	-
Financial Derivative Limited	**10,000**	10,000	**-**	-
Hygeia Nigeria Limited	**602**	602	**-**	-
CSCS Limited	**3,500**	3,500	**-**	-
Legacy Fund	**67,500**	76,000	**-**	-
FMDQ (OTC) Plc	**30,000**	-	**-**	-
Others	**658,279**	767,444	**-**	-
	8,673,201	8,803,601	**2,514,439**	2,514,439
Specific impairment for equities (note (f) below)	**(1,126,628)**	(1,122,578)	**-**	-
Carrying amount	**7,546,573**	7,681,023	**2,514,439**	2,514,439
(f) Specific allowances for impairment against available-for-sale				
Balance at 1 January	**1,122,578**	1,593,713	**-**	-
Written off during the year		(564,716)	**-**	-
Charge for the period	**4,050**	93,581	**-**	-
Balance at 31 March	**1,126,628**	1,122,578	**-**	-

23 Assets pledged as collateral

The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:

Treasury Bills	**7,934,482**	15,934,482	**-**	-
Federal Government of Nigeria (FGN) Bonds	**41,395,922**	34,582,422	**-**	-
	49,330,404	50,516,904	**-**	-
Current	**4,073,788**	15,760,998	**-**	-
Non-current	**45,256,616**	34,755,906	**-**	-
	49,330,404	50,516,904	**-**	-

In thousands of Nigerian Naira	GROUP		COMPANY	
	31 MAR 2014	31 DEC 2013	31 MAR 2014	31 DEC 2013
24 Investment in Subsidiaries				
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see note (c) below)	-	-	**115,422,326**	115,422,326
FCMB Capital Markets Limited (see note (d) below)	-	-	**240,000**	240,000
CSL Stockbrokers Limited (CSLS) (see note (e) below)	-	-	**3,053,777**	3,053,777
	-	-	**118,716,103**	118,716,103
Specific allowances for impairment	**-**	-	**-**	-
Carrying amount	**-**	-	**118,716,103**	118,716,103
Current	-	-	**-**	-
Non-current	-	-	**118,716,103**	118,716,103
	-	-	**118,716,103**	118,716,103

(b) **Group entities**

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and year consolidated with the parent company is as detailed below:

Company Name	Country of incorporation	Nature of Business	Percentage of equity capital held (Direct holdings)	Financial year end
(1) First City Monument Bank Limited	Nigeria	Banking	100%	31-Dec
(2) FCMB Capital Markets Limited	Nigeria	Capital Market	100%	31-Dec
(3) CSL Stockbrokers Limited (CSLS)	Nigeria	Stockbroking	100%	31-Dec

(c) This represents the cost of the Company's 100% equity holding in First City Monument Bank Limited. The Company was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on 20 April,1982. It was licensed on 11 August, 1983 to carry on the business of Commercial Banking and Commercial Business on 1 September 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on 21 December, 2004. The Bank was however delisted from the Nigerian Stock Exchange on 21 June 2013 and registered as a Limited liability Company on 4 September 2013 following the group restructuring

(d) This represents the cost of the Company's 100% equity holding in FCMB Capital Markets Limited. The Company was incorporated in April 4, 2002.

(e) This represents the cost of the Company's 100% equity holding in CSL Stockbrokers Limited. The Company was incorporated on January 24, 1979 and commenced operations in May 1979. The Bank acquired the total holding in the company in May, 2009

In thousands of Naira	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
25 Investment in associates				
(a) Investment in associate company:				
Balance at 1 January	**568,512**	467,456	**407,800**	-
Share of profit transfer out of reserve	**-**	68,256	**-**	-
Transferred on reconstruction	**-**	-	**-**	375,000
Additions during the year	**-**	32,800	**-**	32,800
At 31 March	**568,512**	568,512	**407,800**	407,800

(b) This represents the Company's 28% (2013: 28%) equity interest holding in Legacy Pension Fund Limited, a pension fund manager licensed to carry on the business of fund and pension management. The company was incorporated in April 2005 and commenced operations in May 2005. The Group acquired its 25% equity holding in February 2008.

26 Property and equipment

Group

	Leasehold improvement and buildings	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost						
Balance at 1 January 2014	22,752,413	5,983,587	14,416,386	10,440,845	4,425,961	58,019,192
Addition during the period	-	109,306	154,179	230,148	122,318	615,951
Reclassifications	322,469	-	200,945	115,987	(639,401)	-
Disposal during the peiod	-	(80,746)	(46,050)	(2,725)	-	(129,521)
Balance at 31 March 2014	**23,074,882**	**6,012,147**	**14,725,460**	**10,784,255**	**3,908,878**	**58,505,622**
	322,469					
Depreciation and impairment losses						
Balance at 1 January 2014	5,065,819	4,522,707	10,829,409	8,687,480	2,101,500	31,206,915
Charge for the period	192,786	138,869	290,858	168,474	-	790,987
Eliminated on Disposals	-	(88,016)	(46,010)	(7,619)	-	(141,645)
Balance at 31 March 2014	5,258,605	4,573,560	11,074,257	8,848,335	2,101,500	31,856,257
Carrying amounts:						
Balance at 31 March 2014	17,816,277	1,438,587	3,651,203	1,935,920	1,807,378	26,649,365
Balance at 31 December 2013	17,686,594	1,460,880	3,586,977	1,753,365	2,324,461	26,812,277

Company

	Leasehold improvement and buildings	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost						
Balance at 1 January 2014	4,806	-	4,629	824	-	10,260
Addition during the period	-	-	538	430	-	968
Reclassifications	-	-	-	-	-	-
Disposal during the period	-	-	-	-	-	-
Balance at 31 March 2014	4,806	-	5,167	1,254	-	11,228
Depreciation and impairment losses						
Balance at 1 January 2014	160	-	279	19	-	459
Charge for the period	120	-	249	76	-	446
Eliminated on Disposals	-	-	-	-	-	-
Balance at 31 March 2014	280	-	529	95	-	904
Carrying amounts:						
Balance at 31 March 2014	4,526	-	4,639	1,159	-	10,323
Balance at 31 December 2013	4,646	-	4,350	805	-	9,801

	GROUP 31 MAR 2014	GROUP 31 DEC 2013	COMPANY 31 MAR 2014	COMPANY 31 DEC 2013
27 Intangible assets				
(a) **Softwares**				
Cost				
Beginning of the period	**2,611,527**	2,135,493	**3,851**	-
Addition during the period	**132,159**	476,034	**-**	3,851
End of the period	**2,743,686**	2,611,527	**3,851**	3,851
Amortization				
Beginning of the period	**2,026,069**	1,831,511	**80**	-
Classification	**-**	1,692	**-**	-
Charge for the period	**59,047**	192,866	**241**	80
End of the period	**2,085,116**	2,026,069	**321**	80
Carrying amount	**658,570**	585,458	**3,530**	3,771
(b) **Goodwill**				
Beginning of the period	**6,995,070**	11,590,807	**-**	-
Group Restructuring (see note (c) below)		(4,595,737)	**-**	-
At end of the period	**6,995,070**	6,995,070	**-**	-
	7,653,640	7,580,528	**3,530**	3,771

(c) The Group discontinued the operation of City Securities (Registrars) Limited (CSRL), hence the associated goodwill was part of the value of the entity when it was disposed.

(d) The book value of CSL Stockbrokers Limited was restructured on transfer of the investment from the bank to FCMB Group Plc. This resulted in the write down of the book value by N5.59bn.

(e) Goodwill is reviewed annually or more frequently for impairment when there are objective indicators that impairment may have occurred by comparing the carrying value to its recoverable amount. No impairment was identified in 2014 (2013:nil).

(f) There were no capitalised borrowing costs related to the acquisition to any internal development of software during the year (2013: nil)

In thousands of Naira

28 Deferred tax assets and liabilities

(a) **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets	Liabilities	Net	Assets	Liabilities	Net
	31 MAR 2014			31 DEC 2013		
Property and equipment	712,375	-	712,375	741,855	-	741,855
Defined benefits	252,037	-	252,037	256,588	-	256,588
Allowances for loan losses	1,852,427	-	1,852,427	1,684,784	-	1,684,784
Unrelieved loss carried forward	3,524,069	-	3,524,069	3,524,069	-	3,524,069
Other	-	(5,802)	(5,802)	138,729	(35,282)	103,447
	6,343,026	(5,802)	6,335,106	6,346,025	(35,282)	6,310,743

In thousands of Nigerian Naira	GROUP		COMPANY	
	31 MAR 2014	31 DEC 2013	31 MAR 2014	31 DEC 2013
29 Other assets				
Prepayments	**10,633,550**	5,159,923	**2,693**	1,868
Accounts receivable	**30,774,482**	30,560,618	**6,345,575**	7,678,019
Consumables	**801,581**	680,869	**-**	-
	42,209,613	36,401,410	**6,348,268**	7,679,886
Less specific allowances for impairment (note (a) below)	**(11,791,267)**	(11,909,052)	**-**	-
	30,418,346	24,492,358	**6,348,268**	7,679,886
Current	**5,834,329**	6,989,370	**6,348,268**	7,679,886
Non-current	**24,584,017**	17,502,988	**-**	-
	30,418,346	24,492,358	**6,348,268**	7,679,886
(a) Movement in impairment on other assets				
At start of period / year	**11,909,052**	13,827,772	**-**	-
Increase / (reverse) in impairment	**25,022**	2,272,866	**-**	-
Amounts written off	**(142,807)**	(4,191,586)	**-**	-
At end of period / year	**11,791,267**	11,909,052	**-**	-

In thousands of Naira	GROUP		COMPANY	
	31 MAR 2014	31 DEC 2013	31 MAR 2014	31 DEC 2013

30	**Deposits from customers**				
	Term deposits	**172,947,351**	186,760,240	**-**	-
	Current deposits (note (a) below)	**395,386,690**	418,411,692	**-**	-
	Savings	**119,015,409**	110,042,260	**-**	-
		687,349,450	715,214,192	**-**	-
	Current	**687,349,450**	715,214,192	**-**	-
	Non-current	**-**	-	**-**	-
		687,349,450	715,214,192	**-**	-

(a) Included in the current deposits is N43.94billion (December 2013: N38.11billion) which represents sundry collection accounts for the period.

31	**Borrowings**				
	Borrowings comprise:				
	United Bank for Africa (UBA), New York (see note (a) (i) below)	3,717,973	3,207,533	-	-
	Standard Bank, London (see note (a) (ii) below)	8,178,603	8,013,916	-	-
	International Finance Corporation (IFC) (see note (a) (iii) below)	2,519,823	2,415,388	-	-
	International Finance Corporation (IFC) (see note (a) (iv) below)	6,299,552	6,038,471	-	-
	Citibank, N.A (see note (a) (v) below)	1,192,749	1,404,245	-	-
	Citibank, Nigeria (see note (a) (vi) below)	412,387	479,970	-	-
	Africa Finance Corporation (AFC) (see note (a) (vii) below)	3,886,138	4,319,730	-	-
	Standard Bank, London (see note (a) (viii) below)	4,127,456	4,016,910	-	-
	Standard Chartered Bank, London (see note (a) (ix) below)	24,678,645	23,813,676	-	-
	Bank Of Industry (BOI), Nigeria (see note (a) (x) below)	164,822	164,822	-	-
	First City Asset Management (FCAM) (see note (a) (xi) below)	3,658,878	3,658,878		
	Engr. Tajudeen Amoo (see note (a) (xii) below)	1,448,837	1,448,837		
	Financial Derivatives Company Limited (see note (a) (xiii) below)	161,222	161,222		
	Supra Finance Limited (see note (a) (xiv) below)	50,422	50,422		
	Doreo Partners (see note (a) (xv) below)	50,210	50,210		
	Mashreq Bank, New York	2,438,669	-	-	-
	Mashreq Bank, New York	4,064,448	-	-	-
	Mashreq Bank, New York	1,623,843	-	-	-
		68,674,677	59,244,230	**-**	-
	Current	**5,381,305**	5,833	**-**	-
	Non-current	**63,293,372**	59,238,397	**-**	-
		68,674,677	59,244,230	**-**	-

(a) (i) The amount of N3,717,973,000 (USD 20,606,790) represents the outstanding balance of the facility granted by UBA New york repayable after a tenor of 90 days with an interest rate of 3% on each rollover within the tenor.The facility is not secured.

(ii) The amount of N8,178,603,000 (USD 51,028,000) represents the renewed facility granted by Standard Bank, London repayable after a tenor of 5 years with an interest rate of 3.0% above LIBOR payable quaterly. The facility is secured with pledged bonds.

(iii) The amount of N2,519,823,000, (December 2013: N2,415,388,000, USD 16,771,900) represents the outstanding balance of the convertible facility granted by International Finance Corporation (IFC) repayable after a tenor of 7 years with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable semi-annually. The facility is not secured.

(iv) The amount of N6,299,552,000 (December 2013: N6,038,471,000 (USD 41,893,097) represents the outstanding balance of the facility granted by International Finance Corporation (IFC) repayable after a tenor of 7 years with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable semi-annually. The facility is not secured.

(v) The amount of N1,192,749,000 (December 2013: N1,404,245,000 (USD8,988,894) represents the outstanding balance of the facility granted by Citibank NA repayable after a tenor of 3 years with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable quaterly. The facility is not secured.

(vi) The amount of N412,387,000 (December 2013: N479,970,000, USD 3,071,611) represents the outstanding balance of the facility granted by Citibank Nigeria repayable after a tenor of 3 years with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable quaterly. The facility is not secured.

(vii) The amount of N3,886,138,000 (December 2013: N4,319,730,000 (USD 27,000,000) represents the outstanding balance of the facility granted by Africa Finance Corporation (AFC) repayable after a tenor of 62 days with an interest rate of 2.75% on each rollover within the tenor.The facility is not secured.

(viii) The amount of N4,127,456,000 (December 2013: N4,016,910,000 (USD 25,000,000) represents the facility granted by Standard Bank, London repayable after a tenor of 2 years with an interest rate of 2.0% above LIBOR payable quaterly. The facility is secured with pledged bonds.

(ix) The amount of N24,678,645,000 (December 2013: N23,813,676,000 (USD 150,000,000) represents the outstanding balance of the facility granted by Standard Chartered Bank, London repayable after a tenor of 2 years with an interest rate of 3.65% above LIBOR payable quaterly. The facility is not secured.

(x) The amount of N164,822,000 (December 2013: N164,822,000 relates to Bank of Industry (BOI) related loans for manufacturing / SME funds for 10 to 15 year term. The facility is secured with pledged bonds.The facility is an on-lending loan from CBN. The facility has an all-inclusive interest rate of 7% and the Group earns 1% management fee per annum on the facilities.

(xi) The amount of N3,658,878,000 (December 2013:N3,658,878,000) represents the outstanding balance of the facilities granted by third parties through First City Asset Management (FCAM) at average nominal interest of 15.42% maturing in 2014. The facility is not secured.

(xii) The amount of N1,448,837,000 (December 2013:N1,448,837,000) represents the outstanding balance of the facilities granted by Engr. Tajudeen Amoo at average nominal interest of 14.73% maturing in 2014. The facility is not secured.

(xiii) The amount of N161,222,000 (December 2013:N161,222,000) represents the outstanding balance of the facilities granted by Financial Derivatives Company Limited at average nominal interest of 14.73% maturing in 2014. The facility is not secured.

(xiv) The amount of N50,422,000 (December 2013:N50,422,000) represents the outstanding balance of the facility granted by Supra Finance Limited at nominal interest of 15.56% maturing in 2014. The facility is not secured.

(xvi) The amount of N50,210,000 (December 2013:N50,210,000) represents the outstanding balance of the facility granted by Doreo Partners at nominal interest of 14.17% maturing in 2014. The facility is not secured.

(xvii) The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year.

	GROUP		COMPANY	
In thousands of Naira	**31 MAR 2014**	**31 DEC 2013**	**31 MAR 2014**	**31 DEC 2013**
(b) Movement in borrowings account during the year was as follows:				
Balance, beginning of the period	**59,244,230**	26,933,018	**-**	-
Additions during the period	**9,729,993**	48,741,334	**-**	-
Repayments during the period	**(712,671)**	(16,909,586)	**-**	-
Translation difference	**-**	479,464	**-**	-
	68,261,552	59,244,230	**-**	-

32 Retirement benefit obligations

Defined contribution scheme

The group and its employees make a joint contribution of 15% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators

Total contributions to the scheme for the period were as follows:				
Balance at start of period	**124,674**	109,008	**-**	-
Balance transferred	**-**	(3,772)	**-**	-
Charged to profit or loss	**120,280**	480,653	**-**	-
Employee contribution	**127,874**	545,169	**-**	-
Total amounts remitted	**(236,326)**	(1,006,384)	**-**	-
At end of period	**136,502**	124,674	**-**	-
Current	**136,502**	124,674	**-**	-
Non-current	**-**	-	**-**	-
	136,502	124,674	**-**	-

33 Other long term benefits

The Group has a defined benefit long service compensation policy for employees that have spent five years and above up till the end of service in the Group. The entitlement for qualified staff is calculated at the rate of 15% of annual total of basic salary, transport, housing and house maintenance allowance or as determined by the management and Board of the Group from time to time.

(i) The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligations	**-**	-	**-**	-
Present value of funded obligations	**3,261,086**	3,203,189	**-**	-
Total present value of obligations	**3,261,086**	3,203,189	**-**	-
Fair value of plan assets	**(1,944,872)**	(1,944,872)	**-**	-
Present value of net obligations	**1,316,214**	1,258,317	**-**	-
Unrecognised actuarial losses	**-**	-	**-**	-
Recognised liability for non-contributory defined benefits obligations	**1,316,214**	1,258,317	**-**	-
(ii) Plan assets consist of the following;				
Federal Government of Nigeria (FGN) Bonds	**1,944,872**	1,944,872	**-**	-
	1,944,872	1,944,872	**-**	-
(iii) Movement in the present value of defined benefit obligations;				
Liability for defined benefit obligations at the beginning	**1,258,317**	335,397	**-**	-
Contribution to the plan assets	**-**	(103,272)	**-**	-
Actuarial losses /(Gains)	**-**	(283,960)	**-**	-
Benefits paid by the plan	**(152,245)**	(366,321)	**-**	-
Service costs and interest	**210,142**	1,518,073	**-**	-
Fair value loss on plan assets	**-**	158,400	**-**	-
Liability for defined benefit obligations at the end	**1,316,214**	1,258,317	**-**	-

		GROUP		COMPANY	
In thousands of Naira		**31 MAR 2014**	**31 DEC 2013**	**31 MAR 2014**	**31 DEC 2013**
34	**Other liabilities**				
	Customers' deposit for letters of credits (see Note 17)	**15,256,648**	7,604,906	**-**	-
	Bank cheques/drafts	**3,820,160**	4,384,959	**-**	-
	Deferred income	**316,759**	298,920	**44,301**	-
	Proceeds from public offers	**81,976**	81,976	**-**	-
	Accounts payable	**50,911,362**	63,630,351	**4,573**	19,036
	Accrued expenses	**6,394,715**	4,485,760	**91,962**	81,355
	Provision (see note below)	**2,517,335**	2,520,887	**-**	-
		79,298,955	83,007,759	**140,836**	100,391
	Current	**23,277,401**	13,175,557	**201,113**	100,391
	Non-current	**56,021,554**	69,832,202	**- 60,276.55**	-
		79,298,955	83,007,759	**140,836**	100,391

(a) The amounts above for provision represents the amount reserved for pending probable legal cases that may crystallize.

35	**Share capital**				
(a)	**Authorised**				
	30billion ordinary shares of 50k each (2013: 30billion)	**15,000,000**	15,000,000	**15,000,000**	15,000,000
(b)	**Issued and fully paid**				
	19.8billion ordinary shares of 50k each (2013: 19.8billion)	**9,901,355**	9,901,355	**9,901,355**	9,901,355
	The movement on the issued and fully paid-up share capital account during the period was as follows:				
	Balance at 1 January	**9,901,355**	9,520,534	**9,901,355**	9,901,355
	Bonus capitalised	**-**	380,821	**-**	-
	At 31 March December	**9,901,355**	9,901,355	**9,901,355**	9,901,355

	GROUP			
	Number of shares (thousands)	**Ordinary shares**	**Share premium**	**Treasury shares**
Balance at 1 January 2013	19,041,068	9,520,534	108,747,612	(775,381)
At 31 March / December	19,802,710	9,901,355	115,392,414	(8,625)

	COMPANY			
	Number of shares (thousands)	**Ordinary shares**	**Share premium**	**Treasury shares**
At 1 January	19,802,710	9,901,355	115,392,414	-
At 31 March / December	19,802,710	9,901,355	115,392,414	-

36 Share premium and reserves

The nature and purpose of the reserves in equity are as follows:

(a) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.

(b) **Statutory reserve**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital However, the Bank transferred 15% of its 'profit after tax to statutory reserves as at year end (2012: 30%).

(c) **SSI reserve**: The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

(d) **Treasury shares**: Treasury shares represents the Bank's shares held by the Bank on behalf of the staff under the staff share scheme. However, during the period the shares were redistributed to the Holding company of the Bank, hence the nil balance for the year (December 2012: N776million).

(e) **Available for sale reserve (Fair value reserve)**: The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(f) **Regulatory risk reserve**: The regulatory risk reserves warehouses the difference between the impairment of loans and advances under the Nigeria GAAP and Central Bank of Nigeria prudential guidelines and the loss incurred model used in calculating the impairment balance under IFRS.

(g) **Retained earnings**: Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

(h) **Revaluation reserve**: The revaluation reserve shows the effects from the fair value measurement of equity instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.

(i) **Foreign currency translation reserve (FCTR)**: Records exchange movements on the Group's net investment in foreign subsidiaries

(j) **Actuarial gains and losses reserve**: This reserve shows the changes in the present value of defined benefits obligation resulting from experiences adjustments and changes in actuarial assumptions.

37 Contingencies, claims and litigation

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances and issuance of performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include transaction related customs and performances bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

	GROUP		COMPANY	
In thousands of Naira	**31 MAR 2014**	**31 DEC 2013**	**31 MAR 2014**	**31 DEC 2013**
Performance bonds and guarantees	**86,955,860**	69,682,910	**-**	-
Clean line letters of credit	**73,276,765**	35,412,127	**-**	-
Other commitments	**763,356**	635,636	**-**	-
	160,995,981	105,730,673	**-**	-

Clean line letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations, carry the same credit risk as loans.