FCMB

> *FCMB Group's vision is to be the premier financial services group of African origin. Leadership for us is defined by the value of our franchise to all Stakeholders and the customer experience we deliver*

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1983-2013

YEARS OF GROWING TOGETHER

FCMB Group Plc

Annual Report and Accounts 2013

Contents

Auditors:
KPMG Professional Services (Chartered Accountants)

Correspondent Banks:
FCMB UK • Citibank London • Standard Chartered Bank London • HSBC South Africa • Commerzbank Frankfurt

"We will rigorously defend our market share in our traditional areas of corporate and investment banking, whilst growing our market share of banking services (loans, deposits and payments) in sectors that are essential to the growth and success of our economy such as agriculture, resources, power, social services and inclusive banking."

Ladi Balogun, GMD/CEO
First City Monument Bank Limited

₦131.0BN
Gross earnings

₦18.2BN
Profit before tax

₦16.0BN
Profit after tax

₦1,008.3BN
Total assets

FCMB at a glance

Our vision

To be the premier financial services group of African origin.

Our sustainability commitment statement

The ability to achieve our vision is hinged on the long term success of our stakeholders and the environment where we do business, hence our commitment to effective corporate governance, sustainable value creation and application of effective risk management principles.

Our business activities and operations are designed to ensure that we lend responsibly, encourage diversity, adhere to health and safety standards and reduce/avoid negative impacts on the environment.

About FCMB Group Plc

FCMB Group Plc is a non-operating financial holding company, regulated by the Central Bank of Nigeria (CBN). FCMB Group Plc is one of the leading financial services institutions in Nigeria, with subsidiaries that are market leaders in their respective segments.

FCMB Group Plc was formed in response to the CBN's regulation on the scope of banking activities and ancillary matters (Regulation 3), which requires banks to divest their non-banking businesses, or retain them under a group structure approved by the CBN. With the reorganisation of the group in line with Regulation 3, FCMB Group Plc became holding company, with First City Monument Bank Plc (FCMB Plc), CSL Stockbrokers Limited (CSLS) and FCMB Capital Markets Limited (FCMB-CM) as direct subsidiaries. Shareholders of FCMB Plc were also migrated up to FCMB Group plc in the ratio of their holding in FCMB Plc, via a one-for-one share exchange between FCMB Group plc and FCMB Plc.

FCMB Plc was there after re-registered as a limited liability company, becoming FCMB Limited

FCMB Group Plc is listed on the Nigerian Stock Exchange (NSE) with the ticker symbol (FCMB) and has 19,802,710,781 ordinary shares held by approximately 530,000 shareholders. FCMB Group Plc and its subsidiaries each function as separate and distinct operating companies with separate boards of directors and executives.

FCMB Group Plc's vision is to become the premier financial services group of African origin. At the centre of its businesses lies a talented workforce that drives a comprehensive bouquet of financial services including micro-lending, asset management, stockbroking, trusteeship and custodial services, foreign exchange, personal banking, corporate and commercial banking, investment banking (including financial advisory, debt and equity capital markets, project and structured finance transactions) and transaction banking products delivering cash management, trade and liquidity management solutions to corporate, commercial, public sector, financial institutions and small and medium-scale enterprises (SMEs).

FCMB Group Plc has 2 million customers, 275 branches and cash centres spread across every state of the Federal Republic of Nigeria and presence in the United Kingdom (through its Bank of England's Prudential Regulatory Authority (PRA) authorised wholesale banking subsidiary, FCMB UK), The Gambia and in the Republic of South Africa (representative office).

Subsidiaries of FCMB Group Plc

FCMB Group Plc's subsidiaries are leaders in their respective markets and they provide significant cross-sell synergies and economies of scope for the Group:

First City Monument Bank Limited (the Bank) (100% beneficial ownership)

The Bank, which is the flagship company of the Group, is a full service commercial bank with a strong retail focus. It employs over 3,000 employees with a customer base of 2 million customers, over 275 branches and cash centres distributed across every state of the Federal Republic of Nigeria. The Bank is a top 10 lender in Nigeria and parent company of three subsidiaries: FCMB UK Limited, Arab-Gambia Islamic Bank Limited and Credit Direct Limited (a leading consumer finance company providing financial support to 100,000 new customers every year).

FCMB Capital Markets Limited (100% beneficial ownership)

FCMB Capital Markets Limited is licensed, by the Nigerian Securities and Exchange Commission, as an issuing house and financial advisor. FCMB Capital Markets Limited provides advice and arranges finance for public institutions and top-tier companies across various sectors. The specific services provided include corporate finance and strategic advice; project and structured finance; mergers and acquisitions including divestments, spin-offs and leveraged buy-outs; and corporate restructuring including delisting. FCMB Capital Markets Limited remains a market leader in its field.

CSL Stockbrokers Limited (100% beneficial ownership)

CSL Stockbrokers Limited is a leading stockbroking and investment management firm in Nigeria. Its equity and macroeconomic research is recognised internationally and the firm executes a significant share of international portfolio trades on the Nigerian Stock Exchange. The firm is positioning itself to be the leading conduit of portfolio investment into Sub-Saharan Africa.

Notice of Annual General Meeting

Notice is hereby given that the 1st Annual General Meeting of FCMB Group Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Friday June 6, 2014 at 11.00am to transact the following:

Ordinary business

1. To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2013, the Auditor's Report thereon and the Audit Committee Report.
2. To declare a dividend.
3. To approve the appointments of the directors.
4. To approve the remuneration of directors.
5. To authorise the directors to fix the remuneration of the auditors.
6. To elect members of the Audit Committee.

Dated this 9th day of May, 2014

By Order of the Board

Funmi Adedibu (Mrs)
Company Secretary
FRC/2014/NBA/00000005887

Notes

Proxies

Only a member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his/her stead. All valid instruments of proxy should be completed, stamped and deposited at the office of the Company's Registrars, City Securities (Registrars) Limited, 358 Herbert Macaulay Way, Yaba, Lagos, not later than 48 hours before the time fixed for the meeting.

Closure of register

The register of members will be closed from May 19, 2014 to May 23, 2014 (both days inclusive).

Dividend

If the dividend recommended by the directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on June 9, 2014 to members whose names appear in the register of members at the close of business on May 16, 2014.

Audit Committee

In accordance with Section 359 (5) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, a shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and reach the company secretary not less than 21 days before the Annual General Meeting.

From the archives of the Founder

> "With the building of more branches, we started talking of a financial supermarket, whilst our brand management was talking of a bank for everyone. In the course of our expansion, we acquired other banks that were known to be specialising in retail banking so that we could reach the nooks and crannies…"

Otunba Michael O Balogun, CON
Founder

The financial monument built by God

Please join me in appreciating the good Lord that I was able to celebrate my 80th birthday with a Service of Praise and Thanksgiving for all the blessings He has bestowed on me, among which I can count the extraordinary vision of setting up FCMB. When in my mid-40s, I decided to embark on a self-actualisation project by setting up City Securities Limited, the foundation company of what is now called FCMB Group Plc, my main-stay or survival kit was that the good Lord would guide me in taking my first step. As usual, in everything I do, I had a big dream and vision, but with providential insight I am always conscious that a journey of a thousand miles would start with the first step.

I envisioned a big institution with a broadly encompassing antenna, but I had to be realistic by taking steady and sure steps; hence I embarked on the journey through the investment banking route, which facilitated our being taken seriously right from the starting point. With Divine guidance, we started thinking about the ability to have branches and even taking deposits, which normally would not have been allowed for a merchant bank.

We explored innovative ways to attract deposits in so far as they do not infringe any of the regulations, which enabled us to break out of the investment banking module. Midway through our journey, in one year, I personally supervised the building of almost 100 branches all over the country. In consonance with the 'Culture of Excellence', which I had implanted in the institution, I tried to create a distinctive identity. When people first saw our branches with these distinctive identities, the sceptics said we were only a bank for the rich, because the buildings were 'intimidating' and classical. To God be the glory, all other banks in the country simultaneously started projecting a distinctive identity and soon you could identify any bank by its typical style of branches.

With the building of more branches, we started talking of a financial supermarket, whilst our brand management was talking of a bank for everyone. In the course of our expansion, we acquired other banks that were known to be specialising in retail banking so that we could reach the nooks and crannies and take effective advantage of our nearly 300 branches, spread all over the country. The evolution or should I say, revolution has been turning us into a bank with emphasis on retail activities.

One might ask us, in this mixed grill of measured adventure, what have we done with our Culture of Excellence? I would readily answer that by continually seeking to be the best, we are within our element, as we want to be the bank everyone needs or wants to bank with. We would also want to be the best place to seek employment, and as such we are deploying state-of-the-art technology to achieve our far-flung ambition to reach everyone and to achieve the distinctive identity with our slogan of 'My Bank & I'.

I believe we have made considerable progress by the amazing strides that we have made over 35 years, when I started with a stockbroking firm, an Issuing House, and thereafter a fully fledged merchant bank, subsequently aspiring to take deposits, and at a particular stage we were in the forefront to advocate universal banking; and also the first to be talking of the concept of a financial supermarket. Quietly, we pioneered the group concept. When the Central Bank changed the rules that we could not provide all the subsidiary services in the same company, we did not have any problem in re-structuring ourselves and our different services as subsidiaries in a group structure, known as FCMB Group Plc. To me, this is one of the best 80th birthday presents that I could receive from an institution that I have spent much of my life in building and tagged as '**entrepreneurial banking**'. That was something the market recognised in us as both innovative and unique, and gave us a distinct identity within just 30 years of existence as a bank. For all these, I am raising up my hands and thanking God for the journey so far.

My concluding reflection is to ask myself, whither FCMB? To what level can my dream and the vision of over 30 years be developed by the current management? This brings me to the achievements of the current management who have raised the stakes and the bar of my initial and yet to be fully developed vision. The FCMB Group under the leadership of the current management is definitely showing promise that with God on our side, the dream of the current management of putting the Bank among the first five with far-flung franchises, which include corporate and commercial banking, as well as a strong and bold retail banking franchise all over Nigeria as their main focus, is achievable. Even though we still retain our investment banking franchise as a subsidiary, our main focus now is to transform ourselves into a dynamic and pervasive retail banking services group that would appeal to all and sundry and particularly, the man on the street with meagre resources to put in a bank.

With all hands on deck for this total transformation, I am confident that with our Culture of Excellence, we shall soon become the bank that is on the lips of everyone. As I said at the beginning, a journey of a thousand miles starts with the first step, so says the Chinese philosopher. I thank God for what I am seeing of FCMB. I have no doubt that the current management has the mettle to take the institution, particularly the retail franchise, to a pervasive level and will be accepted as such by every Nigerian.

In conclusion, please join me in thanking the Almighty God, that in my divinely inspired aspiration within the financial threshold of the economy, "I have come, I have seen and I have conquered". It is indeed a Financial Monument built by God and a befitting 80th birthday present for its Founder. God bless you all.

Otunba Michael O Balogun, CON
Founder

Statement from the Chairman

"The Group reported significant developments in all its key operating areas. In 2013, the Group's total assets grew 11% to ₦1.0 trillion, deposits grew by 11% to ₦715 billion, loans to customers grew by 26% to ₦451 billion and net interest income grew by 30% to ₦56 billion..."

Dr Jonathan A D Long
Chairman

Ladies and gentlemen, fellow shareholders, I would like to begin this statement by thanking you for your continuing support for the Group during 2013, the year that marked the 30th anniversary of the foundation of the Bank, from which the Group has now developed. In the course of the year, the Group underwent a significant transformation into a financial holding company and the Group Board was reorganised accordingly.

The Group continued to grow its core banking business profitably, and your Board is therefore very pleased to recommend a cash dividend of 30 kobo per share. I trust that we may count on your continued support in the year ahead, as we face the new challenges in store for us.

Business environment and Nigeria's banking sector

While it is broadly accepted that the overall economic and business climate was positive in 2013, the Nigerian banking sector, while still operating under conditions conducive to growth, encountered changes that I believe are worth mentioning today. By way of background, I will begin with the economy and then proceed to describe conditions in the banking industry.

The Nigerian economy proved to be resilient in 2013, and its continued strength contrasted with economies in many other areas of the world. Gross Domestic Product (GDP) growth was 7.0%, driven largely by agriculture and trading, while the rate of annual inflation fell to a fresh low of 7.9% in December, and the naira depreciated moderately against the US dollar to close the year 2.6% lower at ₦160.30, compared with ₦156.15 a year earlier. Foreign exchange reserves were, on balance, stable over the year, closing at USD 42.8 billion, while interest rates on naira-denominated treasury bills were steady at 12.60–65% during the year. Oil production was seen to fall slightly, but crude oil prices were again remarkably steady, the benchmark Brent price closing the year at USD 110.8/bbl compared with USD 111.9/bbl a year earlier. The combination of the level of oil production and world oil prices was sufficient from the point of view of Nigeria's fiscal needs and its current account balance. However, the Excess Crude Account, a reserve of oil revenues, was drawn down from almost USD 11.0 billion at the beginning of the year to some USD 2.5 billion by year-end.

The banking industry began 2013 on a sound footing, with the majority of banks holding sufficient capital to grow their customer loan books, and the ratio of non-performing loans to total credit at less than 5%. Indeed, in December 2013, the Central Bank of Nigeria (CBN) reported that total loans extended by all deposit money banks had grown by some 23% over the year.

Also, banks' earnings faced specific regulatory headwinds. While in previous years the Asset Management Corporation of Nigeria (AMCON) had played a decisive role in resolving non-performing loans, in 2013 the contribution that banks pay to AMCON's sinking fund rose from 0.3% to 0.5% of total assets. At the end of 2012, the CBN introduced regulations stipulating that banks may not recoup ATM costs from customers. The CBN also reduced the permitted commission on turnover on current accounts from ₦5 to ₦3 per mille. From April, it specified that banks pay a minimum of 30% of the monetary policy rate on savings accounts. Later in the year, the CBN set a limit on the quantity of foreign exchange banks may sell to bureaux de change, and limited the spread in such transactions to 1%.

These changes brought challenges to the banking industry's fee and commission income in 2013, and, to a lesser extent, net interest income and trading income, while putting upward pressure on operating costs. In separate developments, it was observed that the CBN was paying naira interest rates of close to 13%, in order to manage domestic liquidity in its open market operations, as part of its strategy to defend the exchange rate. To the extent that this liquidity originated in the public sector, the CBN wished to curtail its own interest costs. Therefore, in August, it raised the proportion of public sector deposits held by banks required to be deposited with the CBN, the so-called cash reserve requirement (CRR) on public sector deposits, from 12% to 50%. This had the effect of putting downward pressure on banks' net interest income.

Nevertheless, the banking industry began 2014 in a healthy state and banks are well positioned to expand their loan books again. Against this, it should be noted that the permitted commission on turnover on current accounts is to be further reduced in 2014 from ₦3 to ₦2 per mille, while the CRR was raised from 50% to 75% on public sector deposits in January, 2014 and from 12% to 15% on private sector deposits in March, 2014. A combination of these regulatory changes and competitive pressures is expected to moderate earnings growth throughout the banking industry this year.

Financial performance

The Group reported significant developments in all its key operating areas. In 2013, the Group's total assets grew 11% to ₦1.0 trillion, deposits grew by 11% to ₦715 billion, loans to customers grew by 26% to ₦451 billion and net interest income grew by 30% to ₦56 billion.

As expected, the merger with FinBank, which was completed in 2012, enhanced the efficiency of the Bank's balance sheet and, having brought the total number of bank branches up to 275, greatly enhanced the Bank's ability to deliver retail banking services. As a result, the Bank made new retail customer loans at a rate of 20,000 per month during 2013 and has significantly increased its presence in the retail banking market.

However, owing to a combination of the factors detailed above, the Group's net fee and commission income fell moderately in 2013, by 2% to ₦14 billion, and trading and other revenue fell by 5% to ₦14 billion.

In the context of these dynamics in the Group's profit and loss account, results from operating activities rose 13% to ₦18 billion and pre-tax profits rose 12% to ₦18 billion. Owing to a 10-fold increase in the Group's income tax expense, coming from a low tax base in 2012, profits attributable to equity holders of the Company increased by 4% to a little over ₦16 billion.

I would like to draw your attention to the fact that Group companies involved in investment banking made increased contributions to Group pre-tax profits in 2013. FCMB Capital Markets Limited reported pre-tax profits of ₦427 million, 155% higher than the year before, while CSL Stockbrokers Limited reported pre-tax profits of ₦166 million, 26% higher than the year before. Going forward, it is also worth noting that in September 2013, FCMB (UK) Ltd, based in London, received approval to take wholesale deposits, and has opened its doors to regular banking business with the primary aim of supporting the corporate clients of the Group in their international dealings.

Fellow shareholders, your Board is recommending a cash dividend of 30 kobo per share in respect of the year 2013, which will be the first cash dividend since that paid in 2011. The recommendation to pay a cash dividend marks the Group's profitable development over the past two years, following initiatives to improve efficiency and complete the successful integration of FinBank. This cash dividend will be paid by FCMB Group Plc to shareholders whose names appear in the register of members at the qualification date, subject to receipt of appropriate regulatory approval. The intention to pay a dividend signifies the desire of the Board to reward the Group's shareholders for their continued commitment and support.

Statement from the Chairman continued...

Structure of the Group

Following CBN regulations, requiring that commercial banking be separated from other business activities, your Board elected to structure the Group as a holding company, and this decision was approved by shareholders at a meeting in December 2012. Consequently, FCMB Group Plc emerged as a holding company with direct subsidiaries, including First City Monument Bank Limited, FCMB Capital Markets Limited and CSL Stockbrokers Limited. In May, 2013, the CBN granted a Financial Holding Company Licence to FCMB Group Plc and, in June, shareholders of First City Monument Bank Plc received shares of FCMB Group Plc in a ratio of one-for-one. First City Monument Bank Plc was delisted from the Nigerian Stock Exchange and, as a subsidiary of FCMB Group Plc, is now known as First City Monument Bank Limited.

Your Board was reformed to reflect changes in the Group structure. Myself and Mr Bismarck Rewane became directors of the Group at its incorporation, and were later joined by Mr Peter Obaseki in the role of Managing Director, and by Mr Ladi Balogun, Alhaji Mustapha Damcida, Mr Olusegun Odubogun, Mr Olutola O Mobolurin, and Mr Tope Lawani with his alternate director, Mr Martin Dirks, as well as more recently by Professor Oluwatoyin Ashiru and Dr (Engr) Gregory Omosigho Ero. These individuals now comprise the Board of FCMB Group Plc.

The Board of First City Monument Bank Limited is chaired by Otunba Olutola O Senbore and consists of Mr Ladi Balogun in the role of Group Managing Director/Chief Executive Officer, Mr Segun Odusanya in the role of Deputy Managing Director, and Mr Olufemi Bakre, Mr Adam Nuru and Mr Nath Ude in the role of executive directors. Mr Nigel Kenny, Mr Bismarck Rewane, Dr John Udofa, Mrs Tokunboh Ishmael, Mrs Mfon Usoro, Mr Olusegun Odubogun and Mr Olutola O Mobolurin serve as non-executive directors.

The new structure presents a clearly defined and visible Group, and your Board is confident that this will enhance shareholder value. Having adopted the International Financial Reporting Standards (IFRS) in 2012, the Group fully implemented IFRS reporting in 2013; a process which brings to the Group the highest level of financial disclosure, and which facilitates improved understanding of the Group and comparison with other IFRS-compliant banks around the world.

Conclusion

The Group has recovered strongly over the past two years and in 2013 made sufficiently strong progress to enable your Board to recommend payment of a cash dividend of 30 kobo per share. The structure and the financial reporting of the Group have been enhanced, and I would like to take this opportunity to assure you that, whatever uncertainties lie ahead, your Board is committed to increasing shareholder value in 2014 and preparing the way for future growth.

Thank you.

Dr Jonathan AD Long
Chairman

FCMB Group Plc: the Managing Director's report

"The holding company will continue to improve group coordination, enhance enterprise-wide risk management and enable a more frequent engagement of shareholders and regulators, as well as other stakeholders"

Peter Obaseki
Managing Director
FCMB Group Plc

Dear Distinguished Shareholders, it is my honour and pleasure to welcome you to the FIRST Annual General Meeting (AGM) of your company, FCMB Group Plc.

The year under review marks a major watershed in the history of our institution; we are publishing our first set of IFRS compliant financial results under a holding company structure. This marks the firm re-organisation of our businesses under the new structure, which enables us to continue to drive group synergies, diversify earnings, build buffers against downside cyclicalities and enhance overall corporate governance. The holding company structure will enable us to deliver more consistently and sustainably. The year 2013 was also significant for another reason: it marked 30 years of our successful corporate operation as a leading, respected and resilient financial services group. This anniversary has afforded us the opportunity to celebrate and reinforce our core values that have defined our corporate character over the decades; we have also refreshed our overall strategic thrust for superior performance.

In 2013, we marked the end of the recovery phase for our Group, after the financial turmoil and meltdown of 2008 and 2009. As the financial reports will highlight in detail, we have proudly crossed into the trillion naira mark in total assets and will resume dividend payment with your approval, in the course of this meeting.

Transition to a holding company structure

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 Central Bank of Nigeria's (CBN) Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3). This regulation requires banks to divest their non-bank subsidiaries, or retain the permissible non-bank subsidiaries under a group structure approved by the CBN. Your Bank's response was a group restructuring plan that was approved by the CBN in December 2011 as the 'Compliance Plan' and subsequently by shareholders at a meeting in December 2012. The CBN granted a Financial Holding Company Licence to FCMB Group Plc in May 2013.

FCMB Group Plc: the Managing Director's report continued...

The overriding objective of opting for and creating the holding company structure is to leverage FCMB Group Plc, to create shareholders' value by implementing a lean, non-operating structure. The holding company constitutes another strategic layer of corporate governance and will drive Group coordination and synergies. It forms the platform for efficient capital allocation and the active search for in-organic opportunities with strategic fit in the marketplace. It will bring shareholders' questions and expectations closer to the operating companies, thereby reinforcing the desired alignment.

The holding company will continue to improve group coordination, enhance enterprise-wide risk management and enable a more frequent engagement of shareholders and regulators, as well as other stakeholders.

Operating environment

The macroeconomic environment featured a single digit inflation rate, with year-on-year inflation closing in December 2013 at 8% compared to 12% in 2012. Growth rate of real gross domestic product (GDP) in the fourth quarter was 7.7%, driven 88.3% by the non-oil sectors with a growth rate of 8.7%, while the oil sector contributed 11.7% and grew only by 0.3%. Average crude oil prices (OPEC basket) was USD 106.7, however, production output was constrained and fell to 1.87 million barrels in the fourth quarter of 2013.

The operating environment for deposit money banks in the year under review was characterised by tightening monetary stance and paucity of effective loan demand (loans to deposit ratio at 36.3% at the end of the year and about 44% below prescribed maximum of 80%). The monetary tightening measures were implemented largely through sterilisation of public sector funds in deposit money banks. Cash reserve ratio (CRR) for public sector funds moved to 50% in August 2013, while the private sector cash reserve remained at 12%, thus moving the blended cash reserve ratio to 19%. In response, money market rates maintained an upward trend, especially at the customer segments; this increased cost of fund and compressed net interest margin. Fees and commission came under pressure, not just because of intense competitive pressures, but also because of regulatory headwinds affecting commission on turnover and transaction services such as ATMs; while these were targeted at consumer protection, the cashless transaction programme and the overall financial inclusion strategy of the regulators, they had adverse implications for return on equity.

On the foreign exchange side, there was a committed exchange rate stability stance that influenced most of the monetary tightening measures. However, the reduction in government revenue, mainly due to lower crude oil output, slower accretion to reserves uncertainties have all fed into sustained pressure on the exchange rate. So far, the monetary authorities have defended the currency, thereby avoiding the pass-through inflation effects and also the need to maintain significant capital flows into the capital markets.

Gross external reserve has been on a downward spiral, from USD 47.884 billion in the first quarter of 2013 to USD 42.847 billion at the end of the fourth quarter 2013. This trend has not abated into the first quarter of 2014.

The capital markets, have continued along the path of recovery with market capitalisation moving from ₦16.4 trillion in the first quarter to ₦19.1 trillion in the fourth quarter; the NSE All Shares Index reflected the same positive trend closing the fourth quarter at 41,329.19. However, traded volumes fell from a peak in the second quarter, but began to recover in the second half as the market finished the year quite strongly. A partial reversal of these flows remains a risk in the run-up to elections. The stockbroking business has been dominated by portfolio flows at very low margins, while the retail domestic momentum remains low. On the capital markets side, equity capital raising remains at very low ebbs, partly due to low appetite on the part of investors and also unattractive valuations. The sector has been dominated by structured debt and project finance transactions targeted at power, infrastructure and upstream oil deals.

There is a general increase in the minimum capital required by capital market operators with a compliance deadline of December 2014, which may have the effect of weeding out fringe players. As a Group, this requirement does not pose any compliance challenge, as we are operating with significant capital buffers that exceed the new requirements.

Financial performance

The Group closed the year with a profit before tax of ₦18.2 billion, up 12% from ₦16.2 billion for the same period in 2012. The net interest income of ₦56 billion is 30% higher than the ₦43.3 billion recorded in the same period in 2012 while other income grew by 42%, year on year to ₦13.2 billion.

On a year-on-year basis, loans and advances grew by a healthy 26% to ₦450.5 while total assets went up by 11% to ₦1 trillion. Deposit growth was 11% and deliberately skewed towards the primary retail segment.

The thorough execution of the Bank's retail strategy has started showing up in key ratios such as net interest margin at 7.9% compared to 6.5% in 2012; low cost deposit mix also improved from 67.5% in 2012 to 73.9% in 2013 while loans to deposit ratio improved from 55.4% to 63% for the whole of 2012 and 2013 respectively.

The industry is challenged in terms of Fees and Commissions, the Group is responding by intensifying its transaction services strategy; we will also more effectively leverage the synergies between the bank and our capital market business.

Overall operating cost discipline is improving with cost of risk coming down to 1.4% in 2013 from 2.9% in 2012 while operating expenses is now around normal levels compared to 2012, which benefited from a release of the prior year's integration related accruals.

Future outlook

The outlook for 2014 is bright in terms of the opportunities in consumer lending, retail deposit growth and alternate channels offering from an acutely under-served segment. The increase in the number of local players in the upstream oil and gas segment is another source of opportunity for equity and debt raising, as well as advisory services. The power reform programme should intensify following the successful divestment of government interests in the distribution and some generation companies. The power reform will have multiplier effects on other sectors. The GDP breakdown indicates strong growth in the non-oil sectors, especially distributive trade and services. We will continue to support the full value chain of agric-business.

We expect the non-bank subsidiaries of the Group to contribute more significantly to the bottomline in 2014. We are already seeing more active capital raising activities and the momentum for infrastructure finance should intensify. The capital market and stockbroking businesses will more effectively leverage the customer base of the Bank.

We will continue to be customer-focused, operate with the highest professional standards, reflect excellence in all facets of our operations and deliver in a sustainable manner. This way, we are positioned to consistently enhance shareholder value and exceed the expectations of other stakeholders.

Thank you.

Peter Obaseki
Managing Director
FCMB Group Plc

2013 Awards

Euromoney Project Finance Awards

FCMB Capital Markets

African Midstream Oil & Gas Deal of the Year, 2013

Project Finance

February, 2014

Federal Public Servants

Credit Direct Limited

Star of National Transformation Award, 2013

Customer Service Delivery

December, 2013

Newsthumb Awards of Excellence

First City Monument Bank (FCMB) Limited

Most Friendly New Generation Bank 2013

Banking/Customer Service

November, 2013

Capital Finance International (CFI.co) Awards

CSL Stockbrokers

Best Institutional Brokerage, Nigeria, 2013

Capital Market

September, 2013

BusinessDay Banking Awards 2013

First City Monument Bank (FCMB) Limited

Bank Deal of the Year (FCMB's acquisition of FinBank)

Banking

June, 2013

Annual Verve Bank Awards (organised by Interswitch Nigeria Limited)

First City Monument Bank (FCMB) Limited (the bank)

Best Bank in Pre-paid Card Issuance, 2012 (received in 2013)

E-Banking

January, 2013

Review of activities of the subsidiaries

Chief Executive Officer, FCMB Ltd

"The decline in Commission on Turnover (COT) and removal of ATM inter-bank withdrawal charges was mitigated by the increased number of transactions witnessed as we grew our retail base and loan book, which drove not only lending fees, but also other transaction commissions and net revenue from funds."

Ladi Balogun
Group Managing Director/
Chief Executive Officer
First City Monument Bank Limited

Distinguished shareholders, we are pleased to report that despite the numerous challenges of 2013, your Bank, FCMB, continued to improve upon the performance we experienced in 2012. We also recorded some key milestones of which I have highlighted three of the notable ones.

In June 2013, First City Monument Bank (FCMB) Plc announced its transition into a holding company structure with the holding company known as FCMB Group Plc. The Bank changed its name to First City Monument Bank Limited and delisted from the Nigerian Stock Exchange, whilst the holding company became the listed entity on the Nigerian Stock Exchange. The significance of this restructuring is that the segregation of our activities will allow for greater focus, improved risk management and appropriate benchmarking of our commercial banking and investment banking activities respectively.

In August, specifically the 26th, we celebrated 30 years of operations. It was on this day in 1983, having been granted our licence as a merchant bank, that we began our remarkable journey in the banking industry. Increasingly, we are seeing the value of this experience and resilience in our operations. Your Bank is one of the most reliable and experienced financial partners to the Government and household businesses across the country.

In September, our subsidiary, FCMB (UK) Limited was issued a letter of final approval for full banking operations in the United Kingdom (UK) by the Bank of England's Prudential Regulatory Authority (PRA), regulators of the financial industry in the UK. With the approval of the licence, FCMB (UK) Limited commenced operations as a fully fledged commercial bank, along with its existing investment and brokerage services. Customers will benefit from enhanced international trade finance services and international cash management services, and the UK operation will enable us to extend the provision of particularly structured trade and commodity finance services across Africa. In due course, the UK operations will help diversify our earnings and enhance return on capital.

Regulatory environment

One of the biggest challenges faced by the industry in 2013 was the increase of the cash reserve ratio (CRR) of public sector funds to 50%, which affected industry loan growth and liquidity measures adversely. We as a bank were affected by these changes, but we were able to absorb this shock due to the high liquidity levels we maintained and our growing focus on retail banking, which was entirely unaffected. As you know, we have been working on our retail strategy focusing on customer acquisition, consumer lending and cross selling, and today we are seeing the payoff, as we acquired over 400,000 customers during the year and originated over 240,000 loans.

The decline in commission on turnover (COT) and the removal of ATM inter-bank withdrawal charges were mitigated by the increased number of transactions witnessed as we grew our retail base and loan book, which drove not only lending fees, but also other transaction commissions and net revenue from funds. Furthermore, we were able to improve other non-interest income lines in the commercial banking space, particularly trade-related fees and structured finance fees.

Overall, the effects of the regulatory measures have been approximately ₦4 billion to our profit before tax (PBT). However, the resilience of our increasingly diversified business model enabled us to offset this impact and still grow the pre-tax profit of FCMB Limited (the commercial and retail banking group) by 11%.

Our performance in 2013

Going into more detail of our performance, our net revenues grew by 13% between 2012 and 2013, from ₦72.5 billion to ₦82.3 billion respectively. This was driven by strong growth in our interest income of 29%. We were also able to reduce impairments for loan losses from ₦12.7 billion to ₦7.9 billion and the cost of credit risk (being the percentage of loan loss expense to total loans) to 1.25% from 2.9%. Consequently, the commercial and retail banking group made a profit before tax of ₦17.8 billion, up by 11% from the profit of ₦16.1 billion in 2012. Our tax incidence was higher, rising from ₦1.1 billion to ₦1.8 billion in 2013 due to the fact that we paid an additional dividend tax of ₦1.8 billion, hence profit after tax only recorded a marginal increase of 4%.

On our balance sheet, total deposits increased by 11%, growing from ₦646.2 billion in 2012 to ₦717.4 billion in 2013, with a deposit mix (in other words the ratio of current and savings accounts to fixed deposits) of 74% compared to 63% in 2012. It was a deliberate strategy to grow our low-cost deposits (current and savings accounts) while we pared down on volatile fixed deposits. Our total loans grew from ₦357.8 billion in 2012 to ₦450.2 billion in 2013, showing a growth of 26% with a healthy loan-to-deposit ratio of 63%. This growth was supported by our retail business, which witnessed a 66% year-on-year loan growth.

Profit after tax contribution from our subsidiaries rose from ₦2.7 billion in 2012 to ₦3.04 billion in 2013. Credit Direct Limited, our consumer finance business, continues to perform exceptionally well, increasing its profit after tax by 37% to ₦3.2 billion and its loan book by 25% to ₦18.4 billion. FCMB (UK) Limited recorded a slight loss of ₦156.8 million, but with its licence finally approved in 2013, we believe that it is positioned to move towards profitability in 2015.

Our non-financial indices also recorded strong improvements with our Net Promoter Score (NPS), which is the indicator we use in gauging customer loyalty and advocacy, improving to +16% with our target being +30% in 2014. Other non-financial indices such as customer acquisition and number of new loans have also improved (earlier discussed) as we were able to meet our 2013 targets.

Looking ahead

In the next three years (by 2016), our primary goals are to ensure that we can achieve a return on equity of over 20% and a cost-to-income ratio below 55%, whilst steadily growing our market share as follows.

Firstly, we will continue to focus on our retail drive and increase our customer base from its current 2.4 million to 4 million by 2016. Similarly, we will continue to drive our growth in retail loans with a projected target of 300,000 new loans in 2014. This is expected to boost our net interest margins above 8% consistently over the next three years. Secondly, we intend to continue to invest in our customer experience as a means of growing our customer base, wallet share and transactional balances. We will continue to measure this through our Net Promoter Score. Thirdly, we will rigorously defend our market share in our traditional areas of corporate and investment banking, whilst growing our market share of banking services (loans, deposits and payments) in sectors that are essential to the growth and success of our economy such as agriculture, resources, power, social services and inclusive banking. We will also be steadily improving our reach and will rely more heavily on alternate channels such as mobile and agency banking. Corporate and investment banking revenue growth and retail growth driven by alternate channel adoption are the levers used to attain operational efficiency (namely cost-to-income ratio improvement).

I would like to reiterate that the entire management and staff are committed and aligned to attaining the goals of the Bank and I would like to thank our Board of Directors, customers and shareholders for their continued loyalty and support.

Finally, I would like to thank the Almighty God for His continued grace on our beloved organisation.

Thank you

Ladi Balogun
Group Managing Director/Chief Executive Officer
First City Monument Bank Limited

Review of activities of the subsidiaries continued...

FCMB Capital Markets Limited

FCMB Capital Markets Limited is the Investment Banking subsidiary of FCMB Group Plc, with core responsibility of providing advice and arranging finance for clients. It is a leading adviser to public institutions and companies across diverse sectors including energy and natural resources, consumer markets, information and communication technology, and infrastructure. The services provided include corporate finance and strategic advice; project & structured finance; mergers & acquisitions including divestments, spin-offs and leveraged buy-outs; and corporate restructuring including delisting.

Our capital markets activities include advising on, and executing primary market transactions through, the issuance of equities and fixed-income securities to assist our clients with addressing their medium to long term strategic financing needs. For our project and structured finance services, we provide clients with expertise in structuring and arranging optimal financing solutions for projects, both greenfield and brownfield, cutting across all key sectors of Nigeria's economy.

2013 key highlights

We advised on deals worth ₦378 billion.

Our revenue and pre-tax income grew by 82% and 141% respectively, driven largely by strong growth in structured finance fee income and tight cost control.

Won the Euromoney Project Finance Award (African Midstream Oil & Gas Deal of the Year) for the Accugas project.

Actively participated in buy-side advisory and capital raising mandates in the power sector privatization.

Acted as sole local adviser on the first greenfield IPP project financing, under the new tariff regime.

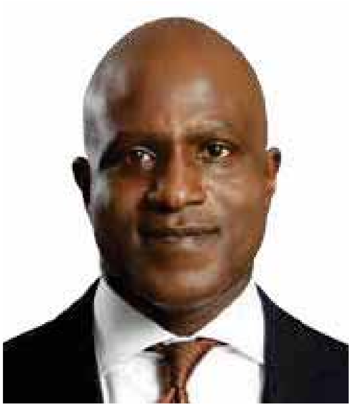
2014 in perspective

We expect a strong performance for 2014 as we anticipate completing a number of significant transactions.

Structured finance will continue to drive performance, as debt financing for oil and gas, power and commercial real estate transactions continue to dominate market activities.

We plan to develop competence and seek to grow leadership in the emerging Nigerian mining sector.

We shall continue to maintain tight control of operating expenses to ensure we achieve our cost-to-income ratio target.



Tolu Osinibi
Executive Director
FCMB Capital Markets Limited

CSL Stockbrokers Limited

CSL Stockbrokers Ltd (CSLS) is a wholly owned subsidiary of FCMB Group Plc, with a proud history of trade execution on the Nigerian Stock Exchange that spans over 35 years. Since inception, our excellent track record, as an astute corporate and institutional broker, has seen us evolve as a major and dependable conduit for Nigerian corporate and institutional/high-net-worth investors. CSLS is renowned for its robust research and effective sales and execution platforms made accessible from its offices in Lagos, London and New York.

In 2013, we saw our oil and gas franchise come to maturity, earning us numerous advisory and placement roles in the burgeoning indigenous oil and gas sector. In the same year, CSLS was ranked 3rd, with 6.6% of the value of shares traded on the Nigerian Stock Exchange trading floor, as against 5th and 4.75% recorded respectively the previous year. Additionally, the value of trades executed on the Nigerian Stock Exchange increased by 118% from ₦63 billion (USD 380 million) in 2012 to ₦137 billion (USD 820 million) in 2013. This growth outperformed the 57% growth in the entire market where value traded increased from ₦1.317 trillion (USD 8 billion) in 2012 to ₦2.07 trillion (USD 12.4 billion). Despite operating in an anaemic primary market, CSLS successfully participated in over USD 300 million worth of private placements in the oil and gas sector and was also appointed as a corporate broker for a leading consumer company in Nigeria.

With Nigeria poised to increase its contribution within the MSCI Frontier Index and ultimately move into the Emerging Market Index, and buoyed by the growth in the local institutional investors and stock market reforms that embrace increased efficiencies and international best practices, we equally anticipate a steady volume growth at a similar pace on the Nigerian Stock Exchange. Going by these positive market signals, CSLS will continue to increase market share within the environment of growth. The biggest challenge we face is one of shrinking margins, which will force us to diversify our revenue line. However, with the resurgence of IPOs and private placements, and our recognised distribution platform, we see this as an avenue for diversification. Our drive to reinvigorate our retail franchise through a robust online platform will further boost our effort in diversifying revenue.

Gboyega Balogun
Managing Director
CSL Stockbrokers Limited

Board of Directors

Dr Jonathan A D Long
Chairman

Mr Peter Obaseki
Managing Director

Mr Ladi Balogun
Non-Executive Director

Mr Bismarck Rewane (Independent)
Non-Executive Director

Mr Tope Lawani
Non-Executive Director

Mr Martin Dirks
Non-Executive Director (alternate)

Alhaji Mustapha Damcida
Non-Executive Director

Mr Olusegun Odubogun
Non-Executive Director

Mr Olutola Oluseni Mobolurin
Non-Executive Director

Prof Oluwatoyin Ashiru
Non-Executive Director

Dr (Engr) Gregory Omosigho Ero
Non-Executive Director

Corporate social responsibility

With over 30 years of serving the banking needs of institutions, businesses and households, FCMB through diverse and impactful social interventions has earned the reputation of a good corporate citizen. Helping our customers prosper, excellent staff engagement, keeping our customers' information and funds secure, providing support to our communities and the protection of our environment, all constitute the integral parts of the way we conduct business.

As one of Nigeria's foremost banks, with over 3,000 employees, and through our day-to-day operations in about 275 branches and business locations across Nigeria, FCMB remains a pillar of the economy and a major contributor to the development of Nigeria.

For us, building a successful and sustainable business goes beyond financial performance, hence our emphasis on not just what we achieve as an organisation, but in how we achieve it.

As an African bank competing locally and globally, we are concerned about our future and about the impact of our activities and that of our partners on the society in which we operate. We recognise that we have a broader responsibility to positively impact the communities in which we operate and that to achieve long-term success as an institution, we must earn the trust and support of the people that live in those communities.

At FCMB, our corporate social responsibility (CSR) philosophy is simply 'Teach a Man to Fish'. Individuals impacted by our CSR interventions become economically and socially enriched and are empowered to affect and influence others.

To this end, our CSR initiatives were conducted through sponsorships, donations, partnerships and employee volunteering focused on three key areas:

- Poverty alleviation
- Economic empowerment
- Environmental sustainability.

In 2013, the Bank invested in projects focused on these three key areas by continuing work that began in previous years and pioneering new projects that fell within our guiding principles. The following activities, listed below, provide greater insight into our commitment to give back to our customers and society, and are a testimony to our ambition to leave a positive and sustainable footprint in our community.

Poverty alleviation

FCMB has, over the years, delivered social intervention programmes targeted at the poor that helped build capacity in skill acquisition. We have provided life-changing solutions that have empowered others to be productive to themselves and their communities.

Priceless Gift of Sight

In partnership with the Tulsi Chandrai Foundation in Kebbi and Cross Rivers States, FCMB has provided free eye care to underprivileged Nigerians. Since the commencement of the FCMB Priceless Gift of Sight CSR initiative in 2009, over 9,700 people have been successfully treated for diverse eye problems, with 600 being complete surgeries that have led to total restoration of sight.

SOSAID charity home

Through an employee-driven volunteer programme, the Bank encourages its staff to be socially active and therefore designed a unique channel to achieve this by liaising with the Society for the Safety of the Insane and Destitute (SOSAID). Through individual contributions, FCMB staff have voluntarily set up a direct debit that ensures a consistent flow of funds to this charity home. The donation is used to offset salaries of homeworkers and other sundry matters. Since its inception in 2000, over 215 destitute people have been rehabilitated and are back with their families and re-integrated into society. Approximately 80 of our employees support the organisation through our direct debit scheme. In addition, various teams, as well as the Group Managing Director, Ladi Balogun, have visited the home to see the direct impact of our support and to encourage and commend the work being done by SOSAID.

World AIDS Day

The Bank part-sponsored the 'Friends Africa' World AIDS Day 'Play for Life Anti-Stigma and Anti-Discrimination' advocacy campaign in its second year, which aimed to harness the power of celebrity advocacy to create awareness on major public health issues.

This year's campaign helped raise the ante in the fight against stigma and discrimination of persons living with HIV. The success of this campaign further communicates the power of advocacy as a major platform for influencing public opinion in public health. Alleviation of this stigma is leading to quicker diagnosis and timely access to appropriate treatment.

FCMB staff also volunteered at the various testing centres, which saw over 3,000 people taking the free test.

Economic empowerment

By supporting a variety of skills and enterprise development initiatives, we have been at the forefront of unlocking potential for the socio-economic growth of Nigeria through capacity building across demographics. This has yielded positive results, as the majority of these beneficiaries are now self-reliant as entrepreneurs and contributing to building a viable economy for the nation.

Bethesda scholarship fund

FCMB identifies education as a foremost gateway to economic empowerment and so has committed resources in this regard through the provision of scholarships, donations and training. It is presently providing scholarships to underprivileged students of Bethesda School in Lagos, an initiative it has committed to for three years. Over those years, our support has provided scholarships to more than 30 children, 13 have since graduated from the school, with the first set graduating in 2010 and currently in university. The set that graduated in 2013 are currently awaiting their West African Examination Council (WAEC) results and will be proceeding to university in 2014. Nineteen students benefit from our scholarship fund each year. We continue to track the progress of all our scholars, with their reports being forwarded to us on a regular basis.

Enactus student competition

FCMB also supports entrepreneurship especially for the youth through the Enactus Global Challenge. The Bank, through the programme, encourages Nigerian university students to create sustainable solutions to problems experienced in their communities. With our support, the Kaduna Polytechnic emerged the first runner-up in the Enactus World Cup Competition, which took place in Mexico. The students were able to train people, especially women in their community, on the making of briquettes, which are cheaper and a more sustainable alternative to firewood. In addition, over 200 individuals were trained in commercially viable skills with which they can generate a sustainable means of livelihood for themselves. The skills included: the packaging and preservation of tomatoes, fish farming and leather works. As a result of the Bank's support, families have been able to generate income whilst the students have improved their entrepreneurial skills that will significantly impact their lives.

Corporate social responsibility continued...

Donation to Pan African University

Having identified the Pan African University (Lagos Business School) as a strategic institution in building future leaders, the Bank has committed to donating a total of ₦75 million to the university towards the building of a student centre. The purpose of this is to support the university students who will use the centre to engage in productive endeavours in the fulfilment of their academic goals. There are 300 students currently enrolled in the first year of the university's operations and the number of students is expected to increase to 900 by 2015, with a steady growth year on year. FCMB is fully aligned with Pan African University's commitment to the moral and educational development of Nigeria's future leaders.

Environmental sustainability

FCMB is committed to supporting the transition to more sustainable uses of natural resources. We recognise that business growth implicitly depends on a stable future for human society, hence our support of any responsible effort that protects and conserves the environment.

As a financial services group, we have both direct and indirect impacts on the environment. In respect of both of these, our goal is to improve the way we use resources and curtail environmental impact. In 2013, we embarked on a number of activities that highlight our commitment to environmental sustainability.

Committed to Green

The Bank initiated a 'Committed to Green' campaign, with an aim to build a clean and safe environment while protecting it for the future generation. The programme was designed to address issues of environmental degradation and social engineering through continuous public awareness campaigns. Consequently, the Bank assisted Osodi-Isolo Local Government in Lagos State to establish an environmental awareness campaign team known as the 'Green Brigade', whose main objective is eradicating negative and potentially dangerous practices that harm the environment. The people in the community were effectively educated on waste management and sanitation, which resulted in the nomination of the Osodi-Isolo local government as the most climate change compliant local government by the Lagos State Ministry of Environment.

The Evergreen Project

This project uniquely integrated environmental sustainability with economic empowerment. The project is innovatively designed to sensitise the local community on the effects of tree felling, reduction of cooking costs and carbon emissions by making use of clean cooking stoves. Through this project, the Bank has donated 750 Save80 stoves to unemployed women and also trained them to make briquettes (an alternative to firewood made from agro waste) which they utilise for personal and commercial purposes.

Over 600 people in the communities of Dundaye and Gumbi in Sokoto State were educated on the negative impact of tree felling on the environment, as well as on their quality of life and standard of living. The team also used the opportunity to introduce alternative sources (briquette, Save80 stove, and economic empowerment) as the solution to the challenge of tree felling and desert encroachment. Emphasis was laid on how the continuous use of the briquette and Save80 stoves will gradually reduce the community's dependence on firewood as an energy source.

Tree planting campaign

FCMB joined forces with the Lagos State Parks and Gardens Agency to mitigate the effect of the increasing concentration of atmospheric gases by embarking on a tree planting campaign. Tree planting is one of the cheapest mitigative options and the world's most effective means of drawing carbon dioxide from the atmosphere. Therefore, with our commitment to protecting and sustaining our environment, it was a pleasure to support this campaign in which over 100,000 trees were planted.

Beach Cleaning exercise and Kids Clinic

The Beach Cleaning exercise is an initiative of the Beach Soccer World Foundation. It is a public awareness programme that the Foundation carries out at every beach soccer tournament to draw public attention and sensitisation on the care of beaches worldwide.

The Kids Clinic is an educative and interactive session with children aimed at promoting their interest in beach soccer. The exercise was attended by 30 children from Bethesda Child Support Agency and other Charity Homes in Lagos. The Kids Clinic is designed to emphasise the importance of sports and physical fitness to the young ones in our society.

Earth Hour

Our First City Plaza was the iconic building for Earth Hour in Nigeria. For the past three years we have joined the world to commemorate the Earth Hour, where all non-essential lights are shut down for one hour and we enlighten ourselves on innovative ways in which we can protect our world. We also took this further by using solar (renewable energy) lamps rather than candles, which most people use around the world during the Earth Hour. Last year, the Bank was recognised and registered globally by the World Wide Fund (WWF) as the first Nigerian bank to join in this global exercise which unites the diverse cultures of the entire globe in contemplating the sustainability of the planet.

The way forward

Our future goal is to sustainably build our community by focusing on economic empowerment. We realise that poverty alleviation and eradication can be achieved by adopting sustainable projects that are aimed at empowering people in order to create a cycle out of poverty. We are committed to expanding our CSR initiatives and activities, engaging our stakeholders and customers while ensuring that we drive our agenda forward in a sustainable way. This is all underpinned by the strong support and participation of our staff, management and Board. FCMB has put in place a structure for managing CSR that leverages on implementation partners, measures and reports impacts, and seeks to attain the full but voluntary participation of our staff, thereby creating a truly responsible organisation driven by the philosophy of 'Teach a Man to Fish'.

Sustainability report

Our 2013 sustainability report presents a balanced analysis of our sustainability performance strategy in relation to areas that are relevant and material to the Group and to our overall stakeholders. Our belief in sustainability is reflected in our core values and risk principles, which underpin our strategy and activities. We recently outlined our Environmental and Social Management System (ESMS) Policy that was developed in line with global best practices. Our sustainability agenda has ensured that the Bank remains at the forefront of using its banking operations to influence the behaviour of its stakeholders – customers, suppliers, workers and communities where we operate. To us, long-term business success means not only supporting both economic and social development, but also contributing towards a healthy environment.

Our sustainability agenda has been created with the use of the Central Bank of Nigeria's (CBN) Nigerian Sustainable Banking Principles (NSBP) guideline, which is in alignment with our blueprint and the banking regulator's requirements. As a result, we have decided to incorporate sustainability in the following ways:

1. Business activities
2. Business operations
3. Community engagement
4. Financial inclusion

1. Business activities

To achieve a seamless and sustained policy and process development for our business activities, we trained our staff to quickly detect environmental and social risks and any associated dangers when reviewing customers' businesses and processes. The steps used in this evaluation and analysis include:

a) Policy and process
b) Capacity building and communication
c) Lending process

1a. Policy and process

We have introduced environmental screening in our lending process with structured, laid-out procedures to identify, assess, measure and control environmental and social risks that can negatively influence our customers' ability to build viable businesses. This is based on our understanding that our ability to thrive as an organisation is completely dependent on our customers' practices, which must align with our sustainability agenda.

1b. Capacity building and communication

Having identified efficacy of knowledge and effective communication as a key sustainability driver, the Bank has institutionalised ESMS principles through regular capacity building in the form of e-learning and in-house training programmes. About 1,000 officers (including senior management) completed the International Finance Corporation's (IFC) Sustainability Training on E-Learning Programme (STEP) in 13 modules. This enhanced the level of awareness across the Bank and engendered environmental and social (E&S) process appreciation and deployment. Additionally, the Bank participates actively at different fora organised at industry level to collaborate with other players towards the implementation of the NSBP.

Our ESMS officer and other credit underwriters and champions selected to drive the ESMS initiative Bank-wide are provided with relevant training on best practice. This fosters effective train-the-trainer capabilities required for overall E&S risk appreciation across the Bank.

To achieve and sustain the growing E&S risk awareness and capacity building, mandatory ESMS training for all staff is now a major Key Performance Indicator (KPI). Our engagement with major multilateral agencies, i.e. IFC and FMO, also provides significant milestones in the practical appreciation of the initiative.

1c. Lending process

We have integrated environmental and social impact consideration into our lending process. This ensures that we finance businesses whose activities and operations do not endanger the environment and the community. A process has been created that ensures transactions are grouped under specific E&S risk categories by the frontline officers at origination of credit application.

This is reviewed and validated by the credit underwriters as part of the comprehensive credit assessment and appraisal process. Depending on the risk category, a transaction may warrant the appointment of an independent environmental impact assessment (EIA) consultant. This risk assessment process enables the underwriters to identify risks that will require mitigation plans to be signed by the customers as part of transaction terms and conditions.

2. Business operations

We have built-in mechanisms within our banking processes that ensure our business operations are in line with the Bank's sustainability agenda and our responsibility towards our stakeholders – customers, shareholders, employees and regulators – to ensure we conduct our business in a manner that protects the environment in which we operate. For effective deployment and assessment, we have broken down our sustainability agenda in our business operations in two major ways:

a) Environmental sustainability
b) Social responsibility

2a. Environmental sustainability

In reducing the adverse effects our business operations may have on our environment, we have adapted best-in-class procedures to curb excesses via the following ways:

i. Managing paper usage
ii. Energy efficiency
iii. Reduction of carbon emissions

i. Managing paper usage

The game-changer in this regard has been the decision to directly charge each business unit by the volume of paper used. This tactic has led to a significant reduction in paper usage, saving the Bank huge operational expenses. Similarly, process approvals via electronic channels are highly encouraged as a way of achieving less paper usage.

We have also invested in recycling bins to encourage recycling and reuse of paper as a culture in the Bank. The bins are placed in strategic locations across the business for this purpose. It is our intention, however, to surpass the current achievement in this regard by instituting a policy of tracking and keeping a detailed record of paper used by each business unit. The aim of this policy is to discourage wastage of paper.

ii. Energy efficiency

Procedures have been put in place to maximise our use of energy in our organisation. In order to save power, we have a shutdown policy that mandates branches to shut down at 7pm, while head office shuts down at 8pm. Exceptional approval is required to have lights on in branches beyond this time period.

Indicative of our commitment to use energy efficiently, FCMB has been consistent as an active participant in Earth Hour for the last three years to raise awareness on the impact of energy use on our environment and climate change. Our staff members participate in the Earth Hour by visiting our iconic FCMB Plaza, where we join the rest of the world to shut off all non-essential lights in the Plaza for an hour.

iii. Reduction of carbon emissions

The effect of carbon emissions on the environment is grave. As an organisation, one of the strategies adopted to fight this aspect of pollution is sharing of pool cars by staff. We have also procured buses to convey staff to and from work, thereby reducing the number of cars on the road. With the availability of effective communication channels such as teleconferencing, we have also drastically reduced physical meetings that hitherto would have required air and road travel, both of which produce carbon emissions. Despite these achievements, it is our utmost desire to continually seek alternative ways that would further ensure we achieve our goal of zero tolerance for the degradation of our environment by carbon emissions.

2b. Social responsibility

As a responsible organisation, we continually strive to create a positive social impact in all aspects of our business operations. How we influence various stakeholders, ranging from the community to our employees and customers, has a direct impact on our overall perception and hence our success as a business. We have made significant strides in improving our social impact in the following listed areas:

i. Employee engagement
ii. Health and safety

i. Employee engagement

FCMB considers its employees as its most prized asset and is committed to ensuring their professional and social wellbeing at all times by creating an enabling environment for the attainment of excellence. We have specifically designed and deployed three major concepts of best practices through which our employees are engaged in order to remain professionally relevant to themselves and the business. These are:

- Training and development
- Employee awards
- Employee survey

Training and development: at FCMB, training and development of our employees is a priority in our growth agenda. We have therefore created a dedicated Training Academy saddled with the task of designing an elaborate, robust and flexible programme that takes into account particular areas where staff require knowledge enhancement. Each employee is required to undergo 60 hours of training and development annually, through a combination of classroom and online programmes.

Sustainability report continued...

Employee awards: the Annual Employee Awards were instituted to celebrate and encourage employees and departments who achieve outstanding results in their primary job functions at the end of each business year. Awards are presented in several categories to ensure staff are recognised and rewarded.

Employee survey: this is an annual exercise that was initiated three years ago, through which we have been able to measure employee engagement and loyalty. More importantly, it gives us bottom-up feedback to understand the issues we need to fix in order to make FCMB a 'Great Place to Work' in line with our vision.

ii. Health and safety

As a matter of policy and in compliance with the Industrial Training Fund (ITF) requirement, our employees are provided training on health and safety programmes, particularly those appointed as health and safety champions within the Bank. We also make use of our Knowledge Improvement Programme (KIP) platform to sensitise the workforce periodically on the subject. This we do in collaboration with our Health Maintenance Organisations (HMO) partners.

The Bank nominates staff from various departments to form a health and safety committee, with the mandate to periodically deliberate on issues that could impact the health and safety of the Bank's employees.

Employees are provided with free access to health and safety facilities to ensure they live a healthy lifestyle. This is in addition to health care provisions through our specified HMOs.

3. Community engagement

Our inclusivity principle enables us to partner with individuals and communities on issues that affect their wellbeing, irrespective of geographical location. We have continually impacted our society through various social intervention initiatives including health, education and sponsorship, amongst others, as clearly outlined in our Corporate Social Responsibility report.

4. Financial inclusion

We are relentless in our efforts to promote financial inclusion in society through the provision of products and services. We are constantly providing innovative solutions to encourage the un-banked and disadvantaged in society. We are also ensuring that women are adequately encouraged to manage and own businesses. For emphasis, below are key notable achievements in this regard:

a) Recent innovative products

b) Women in business

4a. Recent innovative products

Naira wise account

This is a savings account that can be opened with only one passport photograph, without an ID and with no money required for a deposit. The aim of this account is to encourage the un-banked who consider the account opening process tedious and cumbersome to cultivate a savings habit.

FlashmeCash

FlashmeCash is a mobile payment solution that uses the mobile phone to consummate transactions. Targeted at rural dwellers who do not have access to banks in their immediate environment, it provides the convenience of consummating transactions via GSM mobile phones, mobile apps and the internet anytime and anywhere. The platform currently enables transfer of money, purchase of airtime, bills payment, payment for goods and services as well as sending of bulk SMS via GSM phones and the internet.

E-savings

This is an electronic savings account through which a customer completes the account-opening process without filling out physical form(s) or visiting the Bank. This process was introduced in sync with the Central Bank of Nigeria's 'Know Your Customer' requirements.

The e-savings account requires that a potential customer fills the provided account opening form online and uploads a digital passport photograph unto the portal. On submission of all required information, the Bank processes the data and provides their account number via the customer's phone and email address.

4b. Women in business

The CBN's NSBP focus on encouraging women to own and manage businesses, as they are generally perceived as having the capacity to break the poverty cycle in society. They are also rated as better managers of resources, who invest their finances into the lives of children and families. In response to this, FCMB has commenced the tracking of women-owned or managed businesses. The data will be analysed to determine how we can step up momentum in our support to women-owned businesses, especially our sustainable lending practice under the financial inclusion initiatives.

FCMB has successfully built in sustainable mechanisms across all facets of its operations to ensure we remain viable in the long term. Our culture of excellence rests on these pillars and we shall continue to incorporate all that is necessary to sustain this feat. We understand that fulfilling our sustainability agenda is a critical aspect of our promise to our stakeholders, which we intend to keep. We have increased the number of staff training sessions in relation to last year; adopted internal and external surveys to know how satisfied both staff and customers are with our practices, and shall continue to adapt new procedures while improving those in existence. Without resting on our oars, we strongly believe that the decisions we have taken and our commitment will reflect even stronger in our future business operations even as we push beyond our limit for further improvement.

Board evaluation report

March 12, 2014
The Chairman
Board of Directors
FCMB Group Plc
First City Plaza
44 Marina Lagos, Nigeria

Dear Sir

Report to the Directors of FCMB Group Plc on the Outcome of the Board Performance Assessment

PricewaterhouseCoopers was engaged to carry out an assessment of the performance of the Board of Directors of FCMB Group Plc ("FCMB") as required by Section 5.4.6 of the Central Bank of Nigeria's Code of Corporate Governance for Banks and other financial institutions in Nigeria ("the CBN Code") and Section 15.1 of the Securities and Exchange Commission's Code of Corporate Governance ("the SEC Code"). The Codes require that the review should cover all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Board's performance. The review was conducted for the period ended December 31, 2013.

The Board is responsible for the preparation and presentation of information relevant to its performance. Our responsibility is to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our letter of engagement. In carrying out the evaluation, we have relied on representations made by members of the Board and management and on the documents provided for our review.

The Board has substantially complied with the provisions of the Codes. This is evidenced by the diversity of skills, quality of experience and commitment of members of the Board, the effectiveness of the Board Committees and the involvement of the Non-Executive Directors in the strategy formulation process. In addition, the Board has indicated its strong commitment to risk management as demonstrated through detailed risk management reviews and the ICAAP implementation project.

Areas for improvement include the need to appoint a second Independent Director and the membership of the Committees. Other findings and recommendations are contained in our full report to the Board.

We also facilitated the assessment by Directors of the individual performance of themselves and their fellow Directors for the year under review. This assessment covered the perceived competence, level of attendance at Board and Board Committee meetings, contribution and participation at these meetings and relationships with each other. Each individual Director's Assessment report was prepared and made available to them respectively while a consolidated report for all Directors was submitted to the Chairman of the Board.

Yours faithfully

For: PricewaterhouseCoopers Limited

Rob Newsome
Director

Corporate governance

Commitment to Corporate Governance

FCMB Group Plc (the Group) remains committed to institutionalising corporate governance principles as part of the Group corporate structure. It continues to ensure adherence to the implementation of corporate governance rules of the Central Bank of Nigeria, the Nigerian Stock Exchange and the Securities and Exchange Commission.

The Group's Board (the Board) operates in line with its responsibilities as contained in the Regulatory Codes of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Company are carried out transparently without undue influence.

Essentially, fair value corporate governance depends on the quality and integrity of our directors. Consequently, the Company has undertaken to create the institutional framework conducive for defending the integrity of our directors and is convinced that on account of this the Board of the Group is functioning in a highly effective manner. It is intended that we continue to challenge ourselves to improve in areas where need for improvement is identified.

Board composition and independence

The Board is composed of 10 directors made up of nine non-executive and one executive director, in line with international best practice, which requires the number of non-executive directors to be more than the executive directors.

The Group's Board is led by a non-executive chairman and is composed of individuals with enviable records of achievement in their respective fields and who bring on board high levels of competencies and experience. The Board meets regularly to set broad policies for the Group's business and operations and ensures that an objective and professional relationship is maintained with the Group's auditors in order to promote transparency in financial and non-financial reporting. Directors' emoluments, as well as their shareholding information, are to be disclosed in the Company's Annual Report and Accounts.

The Guiding Principles of the Group's Code of Corporate Governance are as follows:

- all power belongs to the shareholders;
- delegation of authority by the owners to the Board and subsequently to Board Committees and executives is clearly defined and agreed;
- institutionalised individual accountability and responsibility through empowerment and relevant authority;
- clear terms of reference and accountability for committees at Board and executive levels;
- effective communication and information sharing outside of meetings;
- actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Group and shareholders;
- enhancing compliance with applicable laws and regulations and the interest of the stakeholders. Where there is any conflict between the Group's rules, the local laws and legislation supersede;
- conformity with overall Group strategy and direction; and
- transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Group's business.

Role of the Board

- Investment and capital management, investor relations, Group financial and statutory reporting, articulation and approval of Group policies, setting overall Group strategic direction, monitoring and coordinating Group performance, succession planning for key positions on the Boards of the Group and operating companies.
- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with approved budget.
- Ensuring the integrity of the Group's accounting and financial reporting systems (including the independent audit) and that appropriate systems are in place for monitoring risk, financial control and compliance with the law.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Group to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.

Corporate governance continued...

Directors

The directors of the Group at incorporation are Dr Jonathan AD Long and Mr Bismarck Rewane. Following the adoption and effective take-off of the holding company structure, additional directors were appointed to join the Board of the Company effective July 1, 2013. The additional directors are Mr Peter Obaseki (Managing Director), Mr Ladi Balogun, Alhaji Mustapha Damcida, Mr Olusegun Odubogun, Mr Olutola O Mobolurin and Mr Tope Lawani (Mr Martin Dirks, alternate director to Mr Tope Lawani).

In order to further strengthen the composition of the Board, Prof Oluwatoyin Ashiru and Dr (Engr) Gregory O Ero were appointed non-executive directors effective December 23, 2013.

The Board of Directors met three times during the year, as noted below:

Board meetings held in 2013

NAMES	February 8, 2013	July 18, 2013	November 7, 2013
Dr Jonathan AD Long	✓	-	✓
Mr Peter Obaseki	N/A	✓	✓
Mr Bismarck Rewane	✓	-	✓
Mr Ladi Balogun	N/A	✓	✓
Alhaji Mustapha Damcida	N/A	✓	✓
Mr Olusegun Odubogun	N/A	✓	✓
Mr Olutola O Mobolurin	N/A	✓	✓
Mr Martin Dirks (alternate director to Mr Tope Lawani)	N/A	-	✓
Prof Oluwatoyin Ashiru	N/A	N/A	N/A
Dr (Engr) Gregory O Ero	N/A	N/A	N/A

Board Committees

The Board has approved the constitution of the Board Committees listed below, with their respective responsibilities and roles clearly defined.

Risk, Audit & Finance Committee (RAF)

Its functions include the overseeing of Internal Control, Enterprise Risk Management, Internal Audit, Financial Reporting and providing oversight for strategic planning; reviewing the Group's strategy and financial objectives and monitoring the implementation of those strategies and objectives; reviewing and approving proposals for the allocation of capital and other resources within the Group.

Membership: the Committee is made up of six members, including three non-executive directors (at least one of whom should be an independent director).

Committee composition: Mr Bismarck Rewane, Mr Ladi Balogun, Mr Olusegun Odubogun, Mr Tope Lawani (with Mr Martin Dirks as his alternate), Dr (Engr) Gregory O Ero and Mr Peter Obaseki.

Governance and Remuneration Committee (GRC)

Its functions include nominating new directors to the Board; recommending remuneration policy for the Group; overseeing Board performance and evaluation within the Group as well as succession planning for key positions on the Boards of the Group and subsidiaries.

Membership: the committee is made up of only non-executive directors. The MD shall be in attendance when required.

Committee composition: Mr Olutola O Mobolurin, Mr Ladi Balogun, Alhaji Mustapha Damcida and Professor Oluwatoyin Ashiru.

Statutory Audit Committee (SAC)

Section 359 (3) of the Companies and Allied Matters Act Cap C20 LFN 2004 requires every public company to establish a Statutory Audit Committee (SAC) composed of an equal number of its directors and representatives of the shareholders.

Subject to such other additional functions and powers that the Company's Articles of Association may stipulate, the objectives and functions of the Statutory Audit Committee shall be to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices; to review the scope and planning of audit requirements; to review the findings on management matters in conjunction with the external auditors and departmental responses thereon; keep under review the effectiveness of the Company's system of accounting and internal control; make recommendations to the Board in regard to the appointment of, removal and remuneration of the external auditors of the Company; authorise the internal auditor to carry out investigations into any activities of the Company that may be of interest or concern to the committee; examine the auditor's report and make recommendations thereon to the Annual General Meeting (AGM) as it may think fit.

Membership

- The Statutory Audit Committee (SAC) shall consist of an equal number of directors and representatives of the shareholders (subject to a maximum of six members) and shall examine the auditor's report and make recommendations thereon to the Annual General Meeting as it may deem fit. Such members of the SAC shall not be entitled to remuneration and shall be subject to re-election annually.
- The members will nominate any member of the committee as the Chairman of the SAC from time to time.
- Any member may nominate a shareholder as a member of the SAC by giving notice in writing of such nomination to the company secretary at least 21 days before the AGM.
- A quorum for any meeting will be a simple majority of three members with a minimum of two representatives of the shareholders.

In 2013, prior to the adoption of the holding company structure that gave birth to the Company, shareholders of First City Monument Bank Plc (the Bank) approved the appointments of Alhaji S B Daranijo, Alhaji B A Batula and Evangelist P A Soares as their representatives on the SAC, while the nominations of Mr Bismarck Rewane, Dr John Udofa and Mrs Tokunboh Ishmael as representatives of the Board on the SAC were also approved.

However, since Dr Udofa and Mrs Tokunboh Ishmael are not on the Board of the Company and therefore not eligible to be members of the SAC, the Board has nominated Mr Olusegun Odubogun and Mr Olutola O Mobolurin to serve in their place.

Since the company is not in a position to constitute its own Statutory Audit Committee (SAC) before the AGM, the constitution of the SAC will be proposed at this meeting being the first AGM of the company. Also, this being the first AGM convened since the adoption of the holding company structure, the report of the Statutory Audit Committee of the Bank, but by the current shareholders of the company (prior to the migration from the Bank) has been included as the Audit Committee report.

Management Committees

The Board is supported by the Executive Management Committee (EMC) and the Group Executive Committee (GEC).

Executive Management Committee (EMC)

The EMC, usually chaired by the Managing Director (MD), comprises all business heads with direct reporting lines to the MD. The EMC meets to deliberate and take policy decisions for the effective and efficient management of the Company. Quite apart from the above function, the EMC serves as a filter for issues to be discussed by the Board. Some of the EMC's primary roles are to provide leadership to the management team and ensure efficient deployment and management of the Company's resources. The Chairman of the EMC is responsible for the daily and effective running and performance of the Company.

Group Executive Committee (GEC)

The GEC is usually chaired by the MD of the Group while other members are the Chief Executive Officers of the operating companies in the Group and the company secretary. The GEC shall from time to time invite to its meetings any other person as may be required.

Shareholder participation

The Group is conscious of and continues to take the necessary steps to promote shareholder rights. The Group is assured that it will significantly benefit from the contributions and advice from shareholder members of the Statutory Audit Committee.

All stakeholders are invited to report any concern about a threatened/suspected breach of any corporate governance requirement to the office of the company secretary.

Disclosure to the shareholders

The directors' fees for the financial year ending December 31, 2014 shall be fixed at ₦200,000,000 only and a resolution to approve the same shall be proposed.

Funmi Adedibu (Mrs)
Company Secretary
FRC/2014/NBA/00000005887

Directors report
for the year ended December 31, 2013

The directors present their first annual report on the affairs of FCMB Group Plc ("the Company") and its subsidiaries ("the Group"), together with the financial statements and auditor's report for the year ended December 31, 2013.

a. Legal form

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 Central Bank of Nigeria's (CBN's) Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3).

Regulation 3 requires banks to divest their non-banking subsidiaries or retain the permissible non-bank subsidiaries under a group structure approved by the CBN. First City Monument Bank Plc's ("the Bank's") response to Regulation 3 was a group restructuring plan ("Compliance Plan"), which was approved by the CBN in December 2011, and subsequently by shareholders at a General Meeting in December 2012. The CBN approved the granting of a Financial Holding Company Licence to FCMB Group Plc in May 2013, permitting it to operate as an Other Financial Institution.

b. Group restructuring

Following the group restructuring, FCMB Group Plc emerged as the holding company, with First City Monument Bank Plc ("the Bank") as a subsidiary. Other direct subsidiaries of FCMB Group Plc include CSL Stockbrokers Limited and FCMB Capital Markets Limited.

Shareholder settlement was effected through the one-for-one exchange of First City Monument Bank Plc shares for FCMB Group Plc shares, effectively making the previous shareholders of First City Monument Bank Plc the owners of FCMB Group Plc, in the same ratio as their previous holding in the Bank.

First City Monument Bank Plc was delisted from the Nigerian Stock Exchange on June 21, 2013 and shares in FCMB Group Plc were listed on the same day. The Bank was re-registered as a Private Limited Liability company in September 2013, and is now known as First City Monument Bank Limited.

c. Principal activity and business review

The Company is a non-operating financial holding company, regulated by the CBN. The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its wholesale and retail customers. Such services include cash management, trade, loans and advances, corporate finance, investment banking, brokerage securities, money market activities and foreign exchange operations.

Through ownership of FCMB Group Plc, shareholders continue to own 100% of all the subsidiaries, including FCMB Capital Markets Limited, CSL Stockbrokers Limited (including its subsidiary First City Asset Management Ltd) and First City Monument Bank Limited (and its subsidiaries; Credit Direct Limited, FCMB (UK) Limited and Arab-Gambia Islamic Bank Limited).

The Group prepares consolidated financial statements and does not have any unconsolidated structured entity as at December 31, 2013.

d. Operating results

The gross earnings and profit after income tax recorded by the Group for the year ended December 31, 2013 was ₦130.96 billion and ₦16 billion respectively. The directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the year ended under review are as follows:

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Gross earnings	130,995,439	116,832,323	6,370,000	–
Profit before minimum tax and income tax	18,184,399	16,248,019	6,088,029	–
Income tax expense	(2,183,244)	(219,483)	(60,277)	–
Minimum tax	–	(906,832)	–	–
Profit after tax	16,001,155	15,121,704	6,027,752	–
Profit from discontinued operation (net of tax)	–	170,668	–	–
Profit attributable to the equity holders of the Company	16,001,155	15,292,372	6,027,752	–
Total comprehensive income for the year	16,285,687	14,755,804	6,027,752	–
Appropriations:				
Transfer to statutory reserve	2,284,984	1,883,939	–	–
Transfer to retained earnings	13,716,171	13,408,433	6,027,752	–
	16,001,155	15,292,372	6,027,752	–
Total non-performing loans and advances	17,962,321	9,540,876	–	–
Total non-performing loans to total gross loans and advances (%)	3.88%	2.61%	–	–

Proposed dividend

The Board of Directors recommended a cash dividend of 30 kobo per issued and paid up ordinary shares for the year ended December 31, 2013. This is subject to approval at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

e. Directors' shareholding

The direct and indirect interests of directors in the issued share capital of the Company, as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 and listing requirements of the Nigerian Stock Exchange, are as noted opposite:

Shareholding as at December 31, 2013

Number of 50 kobo ordinary shares held

	Direct holdings	Indirect holdings
Dr Jonathan A D Long (Chairman)	11,149,220	–
Mr Peter Obaseki (Managing Director)	5,369,945	–
Mr Ladipupo O Balogun	190,166,756	–
Mr Bismarck Rewane	1,112,280	–
Mr Tope Lawani	–	–
Mr Olusegun Odubogun	150,000	–
Alhaji Mustapha Damcida	–	–
Mr Olutola O Mobolurin	520,000	–
Mr Martin Dirks (alternate director to Mr Tope Lawani)	–	–
Professor Oluwatoyin Ashiru	–	–
Dr (Engr) Gregory O Ero	–	–

f. Directors' interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, none of the directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors report continued...

for the year ended December 31, 2013

g. Property and equipment

Information relating to changes in property and equipment is given in Note 30 to the financial statements. In the directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

h. Shareholding analysis

The shareholding pattern of FCMB Group Plc as at December 31, 2013 is as stated below:

Share range	No. of shareholders	% of shareholders	No. of holdings	% of shareholders
1–10,000	495,629	93.81	397,528,252	2.01
10,001–50,000	25,088	4.75	500,138,431	2.53
50,001–100,000	3,559	0.67	243,475,006	1.23
100,001–500,000	3,179	0.60	597,548,868	3.02
500,001–1,000,000	332	0.06	227,073,886	1.14
1,000,001–5,000,000	386	0.07	751,039,948	3.79
5,000,001–10,000,000	49	0.01	336,998,146	1.70
10,000,001–50,000,000	79	0.02	1,498,791,268	7.57
50,000,001–100,000,000	14	0.00	1,159,515,400	5.86
100,000,001–500,000,000	27	0.01	6,911,244,776	34.90
500,000,001–1,000,000,000	3	0.00	1,914,627,862	9.66
1,000,000,001–19,802,710,781	3	0.00	5,264,728,938	26.59
Total	**528,348**	**100.00**	**19,802,710,781**	**100.00**

The shareholding analysis into domestic and foreign shareholders of the Company is as stated below:

December 31, 2013

Shareholder category	No. of shareholders	% of shareholders	No. of holdings	% of shareholders
Domestic shareholders	528,118	99.96	7,378,299,102	37.3
Foreign shareholders	230	0.04	12,424,411,679	62.7
Total	**528,348**	**100.00**	**19,802,710,781**	**100.00**

i. Substantial interest in shares

The Company's authorised share capital is ₦15 billion, divided into 30 billion ordinary shares of 50 kobo each, of which 19,802,710,781 ordinary shares are issued and fully paid. According to the register of members, no shareholders other than the under-mentioned held more than 5% of the issued share capital of the Company as at December 31, 2013:

December 31, 2013

Shareholder category	No. of shares	% of holdings
1. Capital IRG Trustees Limited	1,483,802,896	7.49
2. Stanbic Nominees Nig. Limited – Custody	6,052,486,649	30.56

j. Donations and charitable gifts

The Group made contributions to charitable and non-political organisations amounting to ₦439,542,520 (December 2012: ₦227,105,000) during the year.

Beneficiary	Amount
Flood victims In Nigeria	125,000,000
Enugu State University Teaching Hospital (ESUTH) – HMIS & PORTAL Project	73,235,997
Corporate Social Responsibility: Priceless Gift Of Sight	43,075,000
COPA Lagos Beach Soccer 2013	41,825,000
Bayelsa State Jazz Festival	25,000,000
Alvan Ikoku College of Education ICT Centre	15,298,500
Chartered Institute of Bankers of Nigeria (CIBN) 50th Anniversary Celebrations	12,500,000
Bethesda Child Support Foundation	11,819,550
Tennis – 13th Governor's Cup, Lagos	10,630,000
SIFE Foundation GTE/E-Challenge	10,000,000
Delta State Football	8,000,000
2013 Awujale Palace, Ijebu Ode Festival	7,500,000
Bethesda Child Support Agency	5,000,000
National Universities Commission (NUC) 51st Anniversary Celebrations	5,000,000
Association of Private Educators In Nigeria (APEN) – 5th Annual Conference	5,000,000
Jigawa Economic Summit 2013	5,000,000
Financial Reporting Council Annual Summit and Dinner	3,600,500
Lagos Business School (LBS) Africa Business Conference 2013	3,000,000
Ekiti Development Foundation	2,000,000
Sickle Cell Foundation Nigeria	2,000,000
AABLA West Africa 2013 of Association of Private Educators In Nigeria (APEN)	2,000,000
Council of Legal Education, Nigeria Law School 50th Anniversary Celebrations	2,000,000
Friends of the Global Fund Africa – Africa 2013 World AIDS Day	2,000,000
Gem Subscribers Breakfast Forum Event	1,575,000
Construction of Bus Stop, Bwari, FCT Abuja	1,568,999
Partnership: Isolo LCDA – Environmental Sustainability	1,500,000
West Africa Business Association (WABA)	1,500,000
Mothers' Day Fiesta on Health Monitor	1,444,740
Katsina State Youth Craft Village	1,000,000
Lagos State Scholarship Board	1,000,000
International Association of Chiefs of Police – 120th Conference and Training Exposition	1,000,000
Michael Stevens Consulting – Succession Planning Conference	1,000,000
Nigeria Bar Association – 7th Business Law Conference	1,000,000
Nigeria's 53rd Independence Anniversary in Athens, Greece	1,000,000
International Women Day - 2013 2 Days Free Entrepreneurship Workshop for Women, Lagos	750,000
Isaac Moghalu Foundation	500,000
Kaduna State University	500,000
Kogi State Government – Centenary Celebrations of Nigeria	500,000
Spain Parabadminton Tournament	500,000
Others	2,719,234
Total	**439,542,520**

Directors report continued...
for the year ended December 31, 2013

k. Post balance sheet events
There were no post balance sheet events that could have a material effect on the financial position of the Group as at December 31, 2013, and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

l. Human resources
Employment of disabled persons
The Group operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees. Currently, the Group has four persons on its staff list with physical disabilities.

Health, safety and welfare at work
The Group continues to accord great priority to staff health and welfare. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Bank's expense. A contributory pension fund scheme in line with the Pension Reform Act, 2004, exists for employees of the Group.

Diversity in employment
The number and percentage of women employed by the Group during the financial year ended December 31, 2013 and the comparative year regarding total workforce is as follows:

	2013				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,762	1,440	4,202	66%	34%

	2012				
	Number			%	
	Male	Female	Total	Male	Female
Employees	**1,806**	**1,217**	**3,023**	**60%**	**40%**

Gender analysis of top management of the Group is as follows:

	2013				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager	**30**	**11**	**41**	**37%**	**13%**
Deputy General Manager	**20**	**9**	**29**	**24%**	**11%**
General Manager	**9**	**3**	**12**	**11%**	**4%**
Total	**59**	**23**	**82**	**72%**	**28%**

	2012				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager	**33**	**9**	**42**	**43%**	**12%**
Deputy General Manager	**17**	**8**	**25**	**22%**	**10%**
General Manager	**7**	**3**	**10**	**9%**	**4%**
Total	**57**	**20**	**77**	**74%**	**26%**

Gender analysis of the Board of the Company is as follows:

	2013				
	Number			%	
	Male	Female	Total	Male	Female
Managing Director	1	–	1	9%	0%
Executive Director	–	–	–	0%	0%
Non-executive directors (including an alternated director)	10	–	10	91%	0%
Total	11	–	11	100%	0%

m. Employee involvement and training

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Group. This is achieved through regular meetings between management and staff of the Group.

The Group has in-house training facilities complemented with additional facilities from educational institutions (local and offshore) for the training of its employees.

n. Customer complaints

The banking subsidiary FCMB Limited had 1,559 pending complaints at the beginning of the year and received an additional 20,723 (2012: 17,426) during the year ended December 31, 2013, of which 21,872 complaints (2012: 15,670) were resolved (inclusive of pending complaints brought forward). 382 unresolved complaints (2012: 197) were referred to the Central Bank of Nigeria for intervention. 28 complaints (2012: 1,559) remained unresolved and pending with the banking subsidiary as at the end of the reporting period. The total amount resolved was ₦281.7 million (2012: ₦59 million) while the total disputed amount in cases that remained unresolved stood at ₦3 billion (2012: ₦88.7 million). The directors are of the opinion that these complaints will be resolved. No provision is therefore deemed necessary for these claims.

	Number		Amount claimed (₦'000)		Amount refunded (₦'000)	
	2013	2012	2013	2012	2013	2012
Pending complaints brought forward	1,559	–	–	–	–	–
Received complaints	20,723	17,426	3,308,772	147,700	–	–
Total complaints	22,282	17,426	3,308,772	147,700	–	–
Resolved complaints	21,872	15,670	281,729	59,000	281,729	59,000
Unresolved complaints escalated to CBN for intervention	382	197	3,027,043	88,700	–	–
Unresolved complaints pending with the Bank carried forward	28	1,559	–	–	–	–

o. Disclosure

The directors' fees for the financial year ending December 31, 2014 shall be fixed at ₦200,000,000.00 only and a resolution to approve same shall be proposed.

p. Board of Directors

The directors of the Group at incorporation are:

- Dr Jonathan A D Long
- Mr Bismarck Rewane

Directors report continued...
for the year ended December 31, 2013

Additional directors were appointed to join the Board of the Company, effective July 1, 2013. They are:

- Mr Peter Obaseki (MD)
- Mr Ladi Balogun
- Alhaji Mustapha Damcida
- Mr Olusegun Odubogun
- Mr Olutola O Mobolurin
- Mr Tope Lawani
- Mr Martin Dirks (alternate director to Mr Tope Lawani)

To further strengthen the composition of the Board, Professor Oluwatoyin Ashiru and Dr (Engr) Gregory Omosigho Ero were appointed as non-executive directors, and their appointments were approved by the Central Bank of Nigeria in 2013.

These directors offer themselves for election as directors of the Company.

q. Chairmanship of the Board
Dr Jonathan Long was appointed Chairman of the Board, effective July 1, 2013, thereby relinquishing his post as Chairman of First City Monument Bank Limited.

r. Auditors
During the year, KPMG Professional Services was appointed as auditors to the Company and indicated its willingness to continue in office as auditors, in accordance with section 357 (2) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004.

By Order of the Board

Mrs Funmi Adedibu
Company Secretary
17A Tinubu Street
Lagos State
Nigeria
FRC/2014/NBA/00000005887

Statement of directors' responsibilities in relation to the financial statements

for the year ended December 31, 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 40 to 141 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and 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 2004 and relevant Central Bank of Nigeria regulations.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

Signed on behalf of the board of directors by:

Dr Jonathan A D Long
Chairman
FRC/2013/IODN/00000001433
March 19, 2014

Peter Obaseki
Managing Director
FRC/2014/CIBN/00000006877
March 19, 2014

Audit committee report

For the financial year ended December 31, 2013 to the members of FCMB Group Plc.

In compliance with section 359 (6) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, we have reviewed the Audit Report for the year ended December 31, 2013 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The account and reporting policies of the Group conformed with the statutory requirements and agreed ethical practices;
3. The internal control system was being constantly and effectively monitored;
4. The whistle blowing channel run by an external and independent third party was found adequate; and
5. The external auditor's management controls report received satisfactory response from Management.

Alhaji S B Daranijo
Chairman, Audit Committee
FRC/2014/ICSAN/00000007262
March 19, 2014

The Audit Committee comprises the following Non-Executive Directors and Shareholders' representatives:

1. Alhaji S B Daranijo
   Chairman
2. Evangelist Akinola Soares
   Shareholders' representative
3. Alhaji B A Batula
   Shareholders' representative
4. Mr Bismarck Rewane
   Non-Executive Director
5. Mr Olusegun Odubogun
   Non-Executive Director
6. Mr Olutola Mobolurin
   Non-Executive Director

The Group's Head, Internal Audit acts as secretary to the Committee.

Independent auditor's report

To the Members of FCMB Group Plc.

Report on the financial statements

We have audited the accompanying financial statements of FCMB Group Plc. ("the Company") and its subsidiary companies (together "the Group"), which comprise the statements of financial position as at December 31, 2013, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 141.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars, and for such internal control as the directors determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of FCMB Group Plc, ("the Company") and its subsidiaries (together "the Group") as at December 31, 2013, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books, the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns.

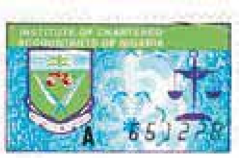
Compliance with Section 27 (2) of the Banks of Other Financial Institutions Act of Nigeria and Central Bank of Nigeria Circular BSD/1/2004

i. The company did not pay any penalty in respect to contraventions of the Banks and Other Financial Institutions Act during the year ended December 31, 2013. However, the Group paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended December 31, 2013. Details of these contraventions and penalties paid are disclosed in note (46) to the financial statements.

ii. Related party transactions and balances are disclosed in note (44) of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Signed:

Ayodele H Othihiwa, FCA
FRC/2012/ICAN/00000000425
For: KPMG Professional Services
Chartered Accountants
March 24, 2014
Lagos, Nigeria



Consolidated and separate statements of comprehensive income

for the year ended December 31, 2013

		GROUP		COMPANY	
	Note	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Continuing operations					
Interest income	8	101,640,438	87,021,261	–	–
Interest expense	9	(45,506,847)	(43,681,950)	–	–
Net interest income		56,133,591	43,339,311	–	–
Fee and commission income	11	15,220,267	14,909,857	–	–
Fee and commission expense	11	(1,238,874)	(597,475)	–	–
Net fee and commission income		13,981,393	14,312,382	–	–
Net trading income	12	480,484	5,603,502	–	–
Net income from other financial instruments at fair value through profit or loss	13	424,063	(44,527)	–	–
Other income	14	13,230,187	9,342,230	6,370,000	–
		14,134,734	14,901,205	6,370,000	–
Net impairment loss on financial assets	10	(7,982,559)	(12,697,922)	–	–
Personnel expenses	15	(24,155,452)	(18,545,334)	(70,379)	–
Depreciation & amortisation expenses	16	(3,307,190)	(4,132,574)	(539)	–
General and administrative expenses	17	(14,626,502)	(10,143,666)	(56,656)	–
Other expenses	18	(16,061,872)	(10,947,183)	(154,396)	–
Results from operating activities		18,116,143	16,086,219	6,088,029	–
Share of post tax result of associate	29	68,256	161,800	–	–
Profit before minimum tax and income tax		18,184,399	16,248,019	6,088,029	–
Income tax expense	20	(2,183,244)	(219,483)	(60,277)	–
Minimum tax	20	–	(906,832)	–	–
Profit for the year from continuing operations		16,001,155	15,121,704	6,027,752	–
Discontinued operations					
Profit from discontinued operation (net of tax)	34	–	170,668	–	–
Profit for the year		16,001,155	15,292,372	6,027,752	–
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurements of defined benefit liability		10,578	(32,251)	–	–
Related tax	32	(4,551)	9,675	–	–
		6,027	(22,576)	–	–

		GROUP		COMPANY	
	Note	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		**5,514**	(9,721)	**–**	–
Net change in fair value of available-for-sale financial assets		**489,107**	(720,387)	**–**	–
Related tax		**(216,116)**	216,116	**–**	–
		278,505	(513,992)	**–**	–
Other comprehensive income for the year, net of tax		**284,532**	(536,568)	**–**	–
Total comprehensive income for the year		**16,285,687**	14,755,804	**6,027,752**	–
Profit attributable to:					
Equity holders of the Company		**16,001,155**	15,292,372	**6,027,752**	–
Non-controlling interests		**–**	–	**–**	–
		16,001,155	15,292,372	**6,027,752**	–
Total comprehensive income attributable to:					
Equity holders of the Company		**16,285,687**	14,755,804	**6,027,752**	–
Non-controlling interests		**–**	–	**–**	–
		16,285,687	14,755,804	**6,027,752**	–
Basic earnings per share (naira)	*19*	**0.81**	0.77	**0.30**	–
Diluted earnings per share (naira)	*19*	**0.81**	0.77	**0.30**	–

The accompanying notes are an integral part of these consolidated and separate financial statements

Consolidated and separate statements of financial position

as at December 31, 2013

		GROUP		COMPANY	
	Note	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
ASSETS					
Cash and cash equivalents	21	199,700,305	123,451,740	2,150,389	–
Restricted reserve deposits	22	73,473,096	57,891,360	–	–
Non-pledged trading assets	23	2,921,358	1,169,708	–	–
Derivative assets held	24	1,697,606	1,980,135	–	–
Loans and advances to customers	25	450,532,965	357,798,798	–	–
Assets pledged as collateral	27	50,516,904	40,793,601	–	–
Investment securities	26	163,638,236	244,525,619	2,514,439	–
Assets classified as held for sale	34	–	13,547,417	–	–
Investment in subsidiaries	28	–	–	118,716,103	–
Investment in associates	29	568,512	467,456	407,800	–
Property and equipment	30	26,812,277	26,331,166	9,801	–
Intangible assets	31	7,580,528	11,894,789	3,771	–
Deferred tax assets	32	6,346,025	4,937,656	–	–
Other assets	33	24,492,358	23,756,311	7,679,886	–
Total assets		1,008,280,170	908,545,756	131,482,189	–
LIABILITIES					
Derivative liabilities held	24	1,355,634	1,980,135	–	–
Deposits from banks	35	–	52,000	–	–
Deposits from customers	36	715,214,192	646,216,767	–	–
Liabilities classified as held for sale	34	–	9,038,589	–	–
Borrowings	37	59,244,230	26,933,018	–	–
Retirement benefit obligations	38	124,674	109,008	–	–
Other long term benefits	39	1,258,317	335,397	–	–
Current income tax liabilities	20	4,333,353	2,850,275	60,277	–
Deferred tax liabilities	32	35,282	22,067	–	–
Other liabilities	40	83,007,759	88,993,097	100,391	–
Total liabilities		864,573,441	776,530,353	160,668	–

		GROUP		COMPANY	
	Note	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
EQUITY					
Share capital	*41(b)*	**9,901,355**	9,520,534	**9,901,355**	–
Share premium	*42*	**115,392,414**	108,747,612	**115,392,414**	–
Treasury shares	*42*	**(8,625)**	(775,381)	**–**	–
Retained earnings	*42*	**13,109,779**	765,475	**6,027,752**	–
Other reserves	*42*	**5,311,806**	13,757,163	**–**	–
		143,706,729	132,015,403	**131,321,521**	–
Total liabilities and equity		**1,008,280,170**	908,545,756	**131,482,189**	–

The financial statements were approved by the Board of Directors on March 19, 2014 and signed on its behalf by:

Dr Jonathan A D Long
Chairman
FRC/2013/IODN/00000001433

Peter Obaseki
Managing Director
FRC/2014/CIBN/00000006877

Patrick Iyamabo
Chief Financial Officer
FRC/2013/ICAN/00000003316

The accompanying notes are an integral part of these consolidated and separate financial statements

Consolidated and separate statements of changes in equity

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available for sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at January 1, 2012	8,135,596	108,369,199	(16,779,856)	10,089,870	658,637	232,708	16,716	(969,671)	(851,234)	8,491,563	117,393,528
Profit	–	–	13,408,433	1,883,939	–	–	–	–	–	–	15,292,372
Other comprehensive income, net of tax	–	–	–	–	–	(22,576)	(9,721)	(504,271)	–	–	(536,568)
Total comprehensive income for the year	–	–	13,408,433	1,883,939	–	(22,576)	(9,721)	(504,271)	–	–	14,755,804
Transfer from regulatory risk reserve	–	–	6,110,031	–	–	–	–	–	–	(6,110,031)	–
Contributions by and distributions to equity holders											
Issue shares	143,129	1,620,222	–	–	–	–	–	–	–	–	1,763,351
Capitalised bonus shares	1,241,809	(1,241,809)	–	–	–	–	–	–	–	–	–
Dividend paid	–	–	(1,973,133)	–	–	–	–	–	–	–	(1,973,133)
Disposal of treasury shares	–	–	–	–	–	–	–	–	75,853	–	75,853
Total contributions by and distributions to equity holders	1,384,938	378,413	(1,973,133)	–	–	–	–	–	75,853	–	(133,929)
Balance at December 31, 2012	**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**

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available for sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at January 1, 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)	–	–	–	–	–	–	–	–	–
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 December 31, 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**

Consolidated and separate statements of changes in equity continued...

COMPANY

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available for sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at January 1, 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 December 31, 2013	**9,901,355**	**115,392,414**	**6,027,752**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**131,321,521**

Consolidated and separate statements of cashflows

for the year ended December 31, 2013

	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Cash flows from operating activities					
Profit for the year		**16,001,155**	15,121,704	**6,027,752**	–
Adjustments for:					
Net impairment loss on financial assets	10	**7,982,559**	12,697,922	**–**	–
Net income from other financial instruments at fair value through profit or loss	13	**(424,063)**	44,527	**–**	–
Depreciation and amortisation	16	**3,307,190**	4,132,574	**539**	–
(Gain)/loss on disposal of property & equipment & intangible assets	14	**(31,880)**	(1,446,639)	**–**	–
Share of profit of associates		**(68,256)**	(161,800)	**–**	–
Foreign exchange gains	14	**(6,905,050)**	(4,191,146)	**–**	–
Net interest income	8, 9	**(56,133,591)**	(43,339,311)	**–**	–
Dividends received		**–**	–	**(370,000)**	
Tax expense	20	**2,183,244**	1,126,315	**60,277**	–
		(34,088,692)	(16,015,854)	**5,718,568**	–
Changes in operating assets and liabilities					
Net (increase)/decrease restricted reserve deposits	22	**(15,581,736)**	(35,927,580)	**–**	–
Net (increase)/decrease non-pledged trading assets	23	**(1,751,650)**	1,950,091	**–**	–
Net (increase)/decrease loans and advances to customers	25	**(92,734,167)**	(34,445,092)	**–**	–
Net (increase)/decrease in other assets	33	**(736,047)**	(12,910,021)	**(7,679,887)**	–
Net increase/(decrease) in deposits from banks	35	**(52,000)**	52,000	**–**	–
Net increase/(decrease) in deposits from customers	36	**68,997,425**	235,533,412	**–**	–
Net Increase/(decrease) in other liabilities & others		**(5,046,752)**	26,076,121	**100,391**	–
		(80,993,619)	164,313,077	**(1,860,927)**	–
Interest received		**102,009,779**	90,549,513	**–**	–
Interest paid		**(46,715,922)**	(42,695,032)	**–**	–
Dividends received		**449,145**	2,123,018	**370,000**	–
VAT paid		**(789,666)**	(839,501)	**–**	–
Income taxes paid		**(2,338,619)**	(1,442,998)	**–**	–
Net cash generated from/(used in) operating activities		**(28,378,902)**	212,008,077	**(1,490,927)**	–

Consolidated and separate statements of cashflows continued...

for the year ended December 31, 2013

		GROUP		COMPANY	
	Note	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Cash flows from investing activities					
Investment in subsidiaries		–	–	(118,716,103)	–
Investment in assets held for sale		–	–	–	–
Purchase of interests in associates	29	(32,800)	(75,000)	(407,800)	–
Purchase of property and equipment and intangible assets	30	(6,067,228)	(2,566,209)	(14,111)	–
Proceed from sale of property and equipment	31	3,683,057	2,501,755	–	–
Acquisition of investment securities		(80,887,383)	(159,507,143)	(2,514,439)	–
Proceeds from sale and redemption of investment securities		157,568,220	21,110,375	–	–
Net cash used in investing activities		74,263,866	(138,536,222)	(121,652,452)	–
Cash flows from financing activities					
Dividend paid		–	(1,973,133)	–	–
Proceeds from issue of shares		–	1,763,351	125,293,769	–
Inflow from long-term borrowing	37	48,741,334	3,124,571	–	–
Repayment of long-term borrowing	37	(16,909,586)	(924,860)	–	–
Net cash generated from financing activities		31,831,748	1,989,929	125,293,769	–
Net Increase in cash and cash equivalents		77,716,712	75,461,784	2,150,389	–
Cash and cash equivalents at start of year	21	123,451,740	48,416,681	–	–
Effect of exchange rate fluctuations on cash and cash equivalents held		(1,468,147)	(426,725)	–	–
Cash and cash equivalents at end of year	21	199,700,305	123,451,740	2,150,389	–

The accompanying notes are an integral part of these consolidated and separate financial statements

Notes to the consolidated and separate financial statements

for the year ended December 31, 2013

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 December 31, 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 January 1, 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 January 1, 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.

(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.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

(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.

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 March 19, 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 recognised as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised 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 recognised 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.

(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 recognised 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.

(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 amortised 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.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

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.

(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.

(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.

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.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

(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 assets or financial liabilities 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 classifies 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)

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) Derecognition

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.

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 January 1, 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.

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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.

Policy applicable before January 1, 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.

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:
   - adverse changes in the payment status of borrowers in the portfolio; and
   - national economic conditions that correlate with defaults on the assets in the portfolio.

(g) 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 collateralised 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.

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.

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for the year ended December 31, 2013

(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.

(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

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.

(n) Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for derecognition (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.

(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.

Notes to the consolidated and separate financial statements continued...
for the year ended December 31, 2013

(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 recognised 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.

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) Derecognition

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 derecognition 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.

(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.

(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.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

(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.

(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.

(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.

(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.

(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 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 January 1, 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 recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However dividends of such investments are recognised 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 recognised 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.

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 January 1, 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 consolidated and separate financial statements continued...

for the year ended December 31, 2013

4. Financial risk management

(a) Introduction and overview

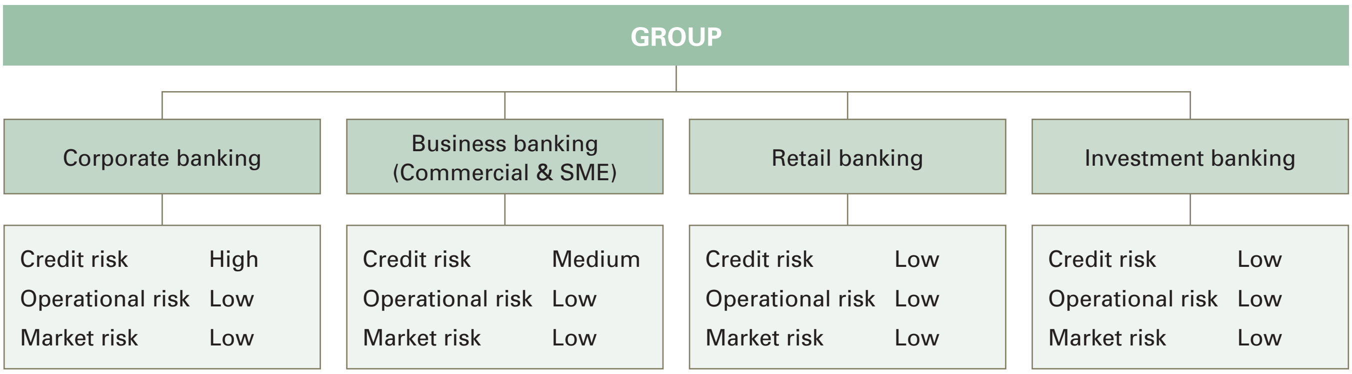
Risk management at FCMB Group Plc is very crucial and critical to the attainment of the Group's vision, mission, strategic business objectives, ensure sustainability of such, identify and explore growth opportunities and manage inherent challenges and threats in operational and business environments, ensure compliance with corporate governance standards and regulatory requirements and pronouncements. As such, our risk management practices are integrated, structured, enterprise-wide and continuous across the Group for identifying and deciding on appropriate responses to, and reporting on opportunities and threats that may affect the achievement of its objectives.

Based on its strategic business and operational objectives, the Group is exposed to a wide range of risks such as credit, liquidity, market, operational, strategic and regulatory risks and has put in place robust risk management framework for the proactive identification, assessment, measurement and management of such risks, including a capital management policy that ensures it has enough capital to support its level of risk exposures whilst also complying with the regulatory requirements.

The framework seeks to strengthen the administration and supervision of group enterprise risk management and ensure that the group corporate governance principles, risk philosophy and culture, risk appetite and risk management processes are implemented in line with the board's expectations. It also provides management with clear, comprehensive and unbiased analysis of the adequacy, existence and effectiveness of internal controls and risk processes.

The chart below provides a link between the Group's business units and their principal risk exposures. The risks have been assessed based on the allocation of regulatory capital to the various business lines.

Business Units and Risk Exposures



This chart represents the Group's exposure to each of the risks above, being its major risk exposures. The classification to high, medium and low is based on the capital allocated to the businesses in line with their exposures to these risks.

As implied from this chart, credit risk is the largest risk exposure of the Group, next to this is operational risk and then market risk. Corporate Banking, having the largest exposure to credit risk takes most of the capital allocation, followed by Business Banking, Retail Banking and Investment Banking. The low capital allocation to Investment Banking is both in line with the Group's exposure to this sector and low market risk in the Nigerian Banking sector which is still largely dominated by Federal Government's debt instruments. Although most of the risk exposure of the Group is credit risk and within corporate grouping, this risk is well mitigated by a proactive portfolio diversification strategy, good balancing of the portfolio in addition to other credit risk management and mitigation techniques.

The disclosures here therefore give details of the Group's exposures to these risks and the appropriate policies and processes for managing them accordingly, including a summary of the capital management policy of the Group.

Risk Management Framework

The Board and risk committees of FCMB Group are responsible for the risk oversight of the Group, setting and approving the risk appetite and other capital management initiatives to be implemented by the Executive Management Committee. The Executive Management Committee coordinates the activities of the sub-committes to provide support to the Board in managing risk and ensuring that capital is adequate. The Board has articulated the appetite for all significant risks, and ensures (through appropriate sub-committees) that all risk taking activities are within the set appetite. The responsibility for day-to-day management of these risks has been delegated to Executive Management through its related committees (Risk Management Committee, Management Credit Committee, Asset & Liability Committee and Executive Management Committee).

The illustration below highlights significant risk exposures of the Group and the respective Board and Executive Management committees responsible for oversight and risk control.

Enterprise Risk Universe and Governance Structure

<table>
<tr><th colspan="10">FCMB Risk Universe & Responsibility Matrix</th></tr>
<tr><td>Risk universe</td><td>Credit risk</td><td>Concentration risk</td><td>Market risk</td><td>Liquidity risk</td><td>Operational risk</td><td>Compliance risk</td><td>Legal risk</td><td>Reputational risk</td><td>Strategic risk</td></tr>
<tr><td>Primary risk owner</td><td colspan="2">Chief Risk Officer</td><td colspan="2">Treasurer</td><td>Head Operations & Technology Division</td><td>Chief Compliance Officer</td><td>General Counsel</td><td>Head of Brand Marketing</td><td>Head of Strategy</td></tr>
<tr><td>Secondary risk owner</td><td colspan="9">Chief Risk Officer</td></tr>
<tr><td rowspan="2">Management Committee</td><td colspan="2">Management Credit Committee</td><td colspan="2">Assets & Liability Management Committee</td><td colspan="2">Risk Management Committee</td><td colspan="3">Executive Management Committee</td></tr>
<tr><td colspan="9">Risk Management Committee</td></tr>
<tr><td rowspan="2">Board Committee</td><td colspan="4">Board Credit Committee</td><td colspan="4">Board Audit & Risk Management Committee</td><td>Board of Directors</td></tr>
<tr><td colspan="9">Board of Directors</td></tr>
</table>

A three line of defence system is in place for the management of enterprise risks as follows:

(i) Oversight function by the Board of Directors and Executive Management and the primary responsibility of the business lines and process owners within the group for establishing an appropriate risk and control environment in order to align risk management with business objectives.

(ii) Independent control function over the business processes and related risks to ensure that the business and process owners operate within defined appetite and approved policies and procedures. It is provided by functions such as risk management, internal control, compliance, and finance. These departments develop policies and procedures, risk management processes and controls, monitor and report on risks accordingly for prompt decision making.

(iii) Independent assurance to the Board of Directors on the effective implementation of the risk management framework and validates the risk measurement processes. There are two complementary parts to this – the internal and external audit.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

Details of the Group's Three Line Defence Mechanism is described below:

Board Audit & Risk Management Committee

Risk taking
- Board
- Business Line Management

- Sets risk appetite
- Promotes risk culture
- Owns the risk management process and implements control
- Responsible for daily management of risk

Risk oversight
- Risk Management
- Internal Control
- Compliance
- FINCON

- Develops policies and standards
- Develops the risk management processes and controls
- Monitors and reports on risk

Risk assurance
- Group Internal Audit
- External Audit

- Provides independent challenge to the levels of assurance provided by the first and second level defence
- Validates processes in risk management framework

First Line of Defence

(a) Board Level

I. The Board of Directors sets the appetite for risk and ensures that senior management and individuals responsible for managing risks possess sound expertise and knowledge to undertake risk management functions within the Group.

II. The Board Audit & Risk Management Committee (BARMC) provides direct oversight for enterprise risk management and acts on behalf of the Board on all risk management matters. The BARMC ensures that all decisions of the Board on risk management are fully implemented and risk exposures are in line with agreed risk appetite. The committee also reviews the enterprise risk management framework on a periodic basis to ensure its appropriateness and continued usefulness in line with the size, complexity and exposure of the Group to risks in addition to compliance with regulatory requirements. The BARMC meets every quarter.

III. The Board Credit Committee's (BCC) function is more transactional. It approves amendments to the group's credit policy, changes in target market or risk acceptance criteria, large exposure requests within pre-defined limits, exceptional approvals where necessary, specific provisions, credit write-offs and remedial/corrective measures.

IV. The Board Audit & Risk Management Committee (BARMC) is responsible for assessing the adequacy and scope of internal controls, audit of the financial statements and overall compliance.

(b) Executive Management Level

I. The Risk Management Committee (RMC) is a management committee which reports to the Board Audit & Risk Management Committee and has direct responsibility for implementing the enterprise risk management framework and related policies approved by the BARMC. The RMC meets on a periodic basis (monthly) to review all risk exposures (including Key Risk Indicators, credit portfolio reports, market risk exposures etc.) and recommends risk mitigating strategies/actions. The RMC is also responsible for portfolio planning, capital management and providing oversight for all enterprise risk management initiatives.

II. The Management Credit Committee (MCC) appraises and approves loans and other credit related transactions as stated in the group's credit policy. The committee endorses the credit policy and ensures full compliance with the Board approved credit policy.

III. The Asset/ Liability Committee (ALCO) is responsible for managing the composition and pricing of the group's assets and liabilities, making policy decisions, and providing direction/oversight for market and liquidity risk management practices.

(c) Business Unit Management Level

I. Business Unit Management as risk originator has first line responsibility and ownership of risks. The Business Units take on risks within set boundaries and manage the risks taken on a day-to-day basis to protect the group from the risk of loss.

II. Each Business Unit has a dedicated Operational Risk Committee responsible for reviewing critical/significant risks and recommending appropriate remedial measures. The Committee reviews the outcome of Risk & Control Self-Assessment (RCSA) for their respective business units, major risk exposures as measured by their Key Risk Indicators/Key Control Indicators, agree action plans and assigns responsibilities for resolving identified issues.

Second Line of Defence

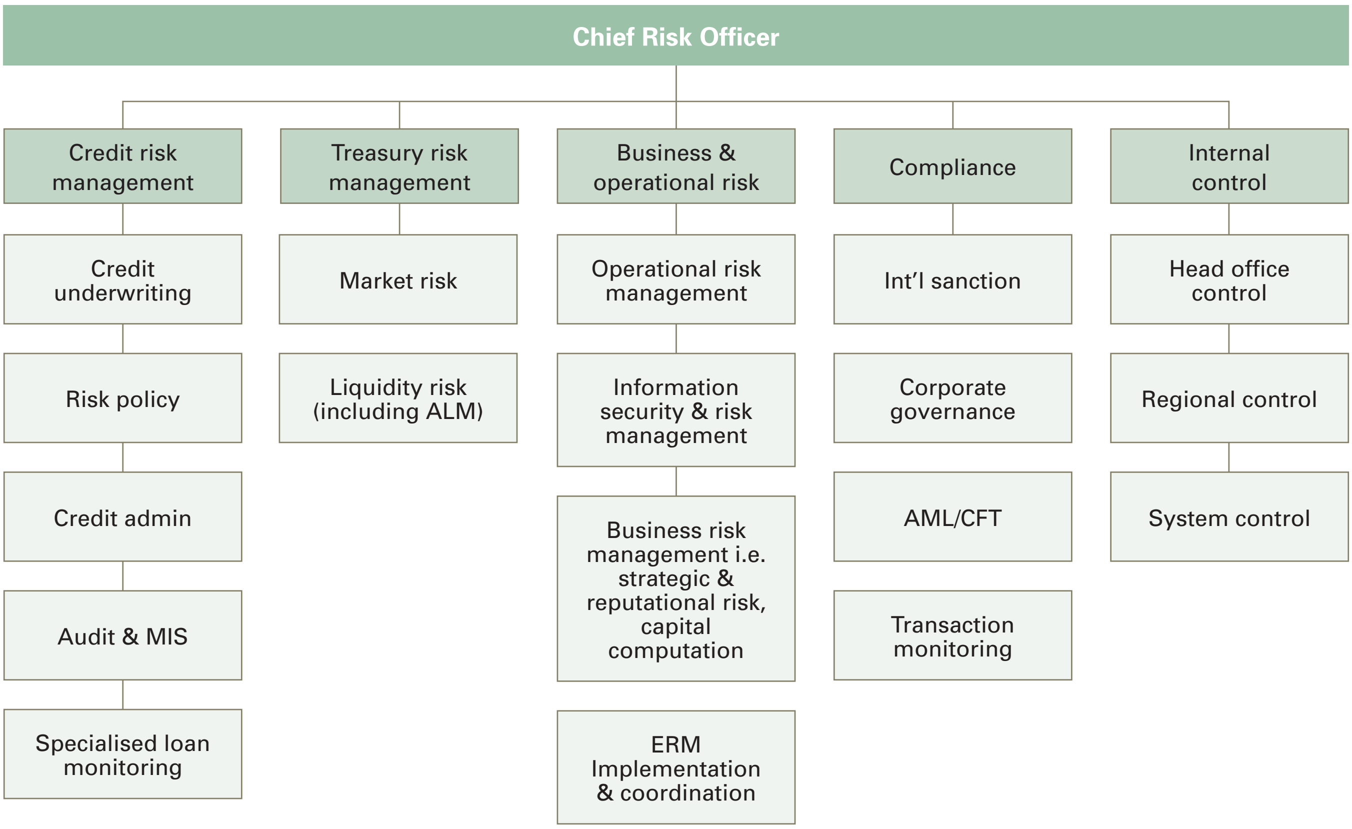
(a) Group Risk Management & Compliance Division

The Risk Management & Compliance Division is an independent control function which comprises of Risk Management, Internal Control and the Compliance group. The Risk & Compliance Division has primary responsibility for the following:

- Risk Strategy – Development of the risk management strategy in alignment with overall growth and business strategy of the Group.
- Risk Compliance – Ensuring compliance with risk strategy, risk appetite at enterprise and business unit levels.
- Risk Advisory – Identification, assessment, measurement and disclosure of all significant risk exposures and providing recommendations/guidance for risk taking.
- Risk Control – Proactive management of all risks to minimise losses and capital erosion.

The Internal Control and compliance teams work hand-in-hand. Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. The Compliance team ensures the group fully complies with all regulatory requirements such as KYC, Anti-Money Laundering (AML) regulations and indeed all requirements of the Central Bank of Nigeria (CBN) and other regulatory authorities such as Nigerian Deposit Insurance Corporation (NDIC) among others.

The Risk Management & Compliance Division is functionally structured as shown in the chart below:



Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

(b) Group Finance Division

I. Group Finance Division develops the Group's strategic and capital plan and clearly outline the actual and projected capital needs, anticipated capital expenditure and desired level of capital.

II. It reviews the Group's capital structure and ensures the desired level of capital adequacy in the Group.

III. It drives all activities relating to the Group's responses to any proposed regulatory change that might affect the Group's capital and provides all necessary information on portfolio, product and profitability metrics and any analysis to support the material risk assessment process.

Third Line of Defence

(a) Internal Audit

Group Internal Audit provides independent assessment of the adequacy of, and compliance with the Group's established policies and procedures. The function is responsible, amongst others, for monitoring compliance with the enterprise risk management framework and validating the adequacy and efficacy of risk assessment systems (including rating and measurement models).

(b) External Audit

External Auditors apart from establishing whether the financial position reflects a true and fair position of the organisation, also have an important impact on the quality of internal controls through their audit activities and recommendations for improvement of internal controls. Our external auditors have been helpful in providing guidance on new developments in risk management, corporate governance and financial accounting and controls.

Risk Appetite

Risk appetite is an expression of the level and type of risks that the Group is willing to accept/retain for a given risk-reward ratio in order to achieve its strategic goals. In FCMB, Risk Appetite is set by the Board of Directors and enforced by the Enterprise Risk Management Division. This appetite guides all risk creation activities and ensures that the risks assumed by Business Groups are in line with the Group's strategy.

Risk Appetite is expressed in terms of limits and risk indicators across the three key risk categories (Credit, Operational and Market Risks). Some of the key metrics used for measuring risk appetite include:

Credit risk appetite

<table>
<tr><th>Risk category</th><th>Selected risk appetite metrics</th><th colspan="3">Risk appetite</th></tr>
<tr><td rowspan="10">Credit risk</td><td>Credit Loss Ratio</td><td colspan="3">5%</td></tr>
<tr><td>Weighted Average Risk Rating of the Portfolio</td><td colspan="3">BB- (Probability of default – 3.09%)</td></tr>
<tr><td>Sector Concentration</td><td colspan="3"><=20% of total portfolio in any single sector</td></tr>
<tr><td rowspan="7">Exposure limit</td><td colspan="3">Large Exposure is defined by CBN as 10% of SHF and regulatory aggregate exposure limit for Large Exposures is set at 800% of SHF. However, the bank defined Internal limit as 400% of SHF</td></tr>
<tr><td colspan="3">Single Obligor Limit (SOL): Maximum in line with regulatory requirement is 20% of SHF (further capped internal at ₦20 Billion). The Group has however defined this further for the different rating bands as follows:</td></tr>
<tr><td>Very Low Risk</td><td>AAA to BBB+</td><td>Regulatory Single Obligor Limit (SOL)</td></tr>
<tr><td>Low Risk</td><td>BB+ to BB-</td><td>50% of Regulatory SOL capped at ₦10 billion</td></tr>
<tr><td>Acceptable Risk</td><td>CCC+ to CCC-</td><td>10% of Regulatory SOL capped at ₦2 billion</td></tr>
<tr><td>Moderately High Risk</td><td>CC+ to C+</td><td>5% of Regulatory SOL capped at ₦1 billion</td></tr>
<tr><td>High Risk</td><td>C to C-</td><td>₦500 million</td></tr>
</table>

In FCMB, all Risk Appetite metrics are tracked and reported monthly to the Risk Management Committee (RMC) in fulfilment of the committee's oversight responsibilities. The Risk Management & Compliance Division monitors the risk metrics on a more regular basis and ensures the Board approved appetite is not exceeded. Where a metric exceeds the approved threshold, the Risk Division provides justification for the excess exposure and articulates a plan for unwinding the excess exposure or returning the exposure to within the approved limits.

The group's risk appetite is reviewed at least once a year or more frequently as may be required in the event of significant/material changes in the group's strategy or in line with regulatory requirements/demands.

(b) Credit Risk

Credit Risk is the risk that the Group may not be able to recover funds and suffer losses because a customer or counterparty is unable or unwilling to meet contractual obligations to the Group when due. It is the most significant risk of the group.

The Group takes on credit risk through the following principal activities:

- Lending/Leasing: The Group grants credit to its customers (loans, advances, temporary overdrafts etc.) or finances a lease or grants an advance or a loan to its employees (staff loan, cash advance, etc.)
- Bank Guarantees: The Group issues a bond or guarantee (contingent exposure.)
- Trading (money market placement, foreign currency trading, etc.) activities: The Group makes money market placements in another bank/institution or engages in trading activities where the exchange of monetary value and transfer of ownership of purchased assets is not simultaneous.

The Group uses its internal ratings framework to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the Group will incur in the event of a default).

Our ratings framework measures the following key components:

- Financial Factors (sales terms/conditions, strength of operations, liquidity and capital in addition to debt service capacity).
- Industry: Structure, Performance, Economic Sensitivity and Outlook.
- Management Quality (ownership experience, skills and turnover) and Company Standing (reputation, ownership and credit history).
- Security/collateral arrangements, seniority of debt, ability to cancel debt at the point of default and Loss Given Default (LGD) computation for each security/collateral type supporting the exposure.

The above components help the group to establish the following:

- Obligor Risk Rating (ORR), mapped to an estimated PD – Although the PD is not based on the Group's internal experience presently, a PD validation or back-testing process has commenced to assess the predictability of the model. Initial report shows accuracy ratio of 81.54%.
- Facility Risk Rating (FRR) for each transaction is mapped to Basel II Loss Given Defaults (LGDs) grades.
- Both the ORR and FRR produce the Expected Loss % (EL) which is the product of the PD and LGD i.e. EL =f(PD, LDG). The EL represents the risk premium which is applied to transaction pricing under the Risk-Based pricing.

The use of our internal ratings framework extends beyond credit appraisals/assessments (at the point of origination) to the computation of capital adequacy ratio (CAR), allocation of capital across business lines and computation of economic profit based on Basel II principles.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

The Group's internal rating scale and mapping to external ratings is shown below:

Internal rating scale	Description	External rating scale (S&P)	PD	PD – decimals
AAA	**VERY LOW RISK**	AAA	0.0185%	0.000185
AA		AA+	0.0308%	0.000308
AA-		AA	0.0514%	0.000514
A+		AA-	0.0857%	0.000857
A		A+	0.1428%	0.001428
A-		A	0.1785%	0.001785
BBB+		A-	0.2231%	0.002231
BBB+		BBB+/BBB	0.3540%	0.003540
BBB-		BBB-/BB+	0.5445%	0.005445
BB+	**LOW RISK**	BB	1.3750%	0.013750
BB		BB-	2.0625%	0.020625
BB-		B+	3.0938%	0.030938
CCC+	**ACCEPTABLE RISK**	B	4.6407%	0.046407
CCC		B-	6.1876%	0.061876
CCC-		B-	7.7345%	0.077345
CC+	**MODERATELY HIGH RISK**	CCC+	9.2814%	0.092814
CC		CCC	10.8283%	0.108283
CC-		CCC	12.3750%	0.123750
C+		CCC-	13.9221%	0.139221
C	**HIGH RISK**	CCC-	54.6900%	0.546900
C-		NA	100.0000%	1.000000

Mapping to external scale has been done on the basis of estimated PDs for non-retail and retail SME exposures.

Management of Credit Risk

The Group manages its credit risk through an appropriate measurement, management and reporting process underpinned by sound credit risk systems, policies and well qualified personnel. A combination of risk management tools and policies are adopted to stimulate the creation of quality risk assets. It is managed centrally by various departments within the Risk Management & Compliance Division who have responsibilities for policy setting & review, credit underwriting, approval, credit administration, monitoring and portfolio management.

The credit risk management function of the group is achieved through a combination of the following:

- *Appropriate Credit Policies:* The Group formulates appropriate risk management policies in conjunction with the business units and other stakeholders, covering all the key areas of credit origination, management, collection, portfolio management, etc. whilst also ensuring compliance with all regulatory requirements. The credit policies reinforce all the group's lending and credit management decisions.
- *Lending Driven by Internal Rating System:* The group's lending and policy enforcement is driven by an internal rating system, with scorecards built for different classes of customers such as Corporate, Commercial, Small and Medium Enterprises (SME), Public Sector, Consumer and Project Finance. The rating of obligors and transactions has been useful in the quantification of credit risk and underwriting decision, including serving as a guide for pricing, portfolio management and computation of required capital to support the different business lines.
- *Establishment of Credit Approval Limits and Authorities:* There are various approval limits for different kinds of credit exposures and approval authorities, including the various risk committees such as the Management Credit Committee (MCC) and the Board Credit Committee (BCC). These limits are also guided by statutory impositions such as the single obligor limit and other concentrations limits set by the Central Bank of Nigeria (CBN).The Group's single obligor limit is benchmarked to the regulatory cap of 20% of Shareholder's Funds unimpaired by loses with the internal limits also mapped to obligor's risk rating. The sector limits are set based on the perceived riskiness of each sector but the Government exposures are capped at the regulatory limit of 10% of total loan.

  As part of its continuous process improvement and enhanced risk management strategies, the bank procured a robust end-to-end Credit application software (Axe Credit Portal) to drive lending activities from origination to recovery. The application provides strong capability for limit setting and tracking at transaction and portfolio levels. This also gives better visibility and MIS capabilities for risk management within the portfolio and improves loan management throughout each facility's lifecycle.

  In order to further strengthen its credit process, the group has differentiated the approval route for its Corporate/Commercial credits from retail credits. Credit approval for each area is supervised by well experienced personnel referred to as Senior Credit Underwriters who also function as Senior Credit Officers and are members of the Management Credit Committee.
- *Loan Monitoring & Reviews:* The various loans are monitored both at transaction and at portfolio levels to ensure a balanced and healthy portfolio in line with the portfolio development and balancing strategy of the Group.
- *Collateral Review, Monitoring & Management:* The Legal department reviews the collateral proposed by customers as part of the credit approval process to determine acceptability of the collateral. Beyond the initial assessment at the point of credit origination however, the Group also has good collateral management policies in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions.

  The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following: cash and marketable securities; legal mortgage; all assets debenture; account receivables of obligors rated BB- and above. Other admissible collateral (accepted for comfort only but not eligible as credit risk mitigants) include domiciliation agreements, trust receipts and negative pledges.

  Another mitigant used to reduce the risk of credit exposures is master netting agreements with obligors that have investments in liability products so that in the event of default, exposures to the obligor will be settled on a net basis. These agreements are executed by the representatives of the obligor and are generally enforceable with no further recourse to the obligor or a third party.

  Although bonds are usually assigned a risk weight of 50% or as advised by CBN, other contingent liabilities such as guarantees, standby letters of credit and other documentary letters of credit provided to customers by the Group are assigned the same risk weight as loans. Generally, all the contingent liabilities are also supported by tangible collaterals or a charge over the underlying goods depending on the assessment of the performance risks.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

- *Limit Concentrations for various Exposures:* The group complies fully with the concentration policy of the CBN as specified in the prudential guidelines and is even more prudent, having internal limits that are more stringent in some cases than specified by the apex regulatory authority. The limit concentration policy of the group covers all forms of exposures such as customers, large exposures, counterparties, collateral, geography, sector, products, rating band and facility type among others.
- *Reporting:* An important part of the group's risk management framework is reporting to ensure that all vital information are brought to the attention of stakeholders and appropriate decisions are taken to further improve the risk culture and ultimately ensure all identified issues are brought within the Board approved risk appetite. This internal reporting has imposed discipline within the Group thereby improving its risk management culture.

In line with the Group's three line defence mechanism, each of the business units have primary responsibility for managing the credit relationships with customers, hence responsible for the quality and performance of their credit portfolio. Risk management however continues to provide oversight for the entire credit portfolio and all credit relationships apart from ensuring that the businesses operate within the approved framework and policies. Risk Management is also assisted in this role by the internal control, which does a regular post disbursement check to ensure that the credits booked comply with the approved policies and that they continue to operate within approved conditions and guidelines. The internal audit function provides independent assurance for the entire credit process of the group.

Exposure to Credit Risk

	GROUP		COMPANY	
	Loans and advances to customers		Loans and advances to customers	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Maximum exposure to credit risk				
Carrying Amount	**450,532,965**	357,798,798	**–**	–
Amount committed/guaranteed	**105,095,037**	120,414,183	**–**	–
	555,628,002	478,212,981	**–**	–
Individually Impaired				
Very Low Risk	**–**	–	**–**	–
Low Risk	**–**	284,138	**–**	–
Acceptable Risk	**3,066,719**	2,143,917	**–**	–
Moderately High Risk	**2,374,323**	2,358,318	**–**	–
High Risk	**–**	323,551	**–**	–
Gross Amount	**5,441,042**	5,109,924	**–**	–
Collectively Impaired				
Very Low Risk	**–**	–	**–**	–
Low Risk	**159,170**	284,253	**–**	–
Acceptable Risk	**5,083,097**	1,112,331	**–**	–
Moderately High Risk	**7,265,955**	3,024,730	**–**	–
High Risk	**13,057**	9,638	**–**	–
Gross Amount	**12,521,279**	4,430,952	**–**	–

	GROUP		COMPANY	
	Loans and advances to customers		Loans and advances to customers	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Past due but not impaired				
Very low risk	**–**	–	**–**	–
Low risk	**127,015**	618,242	**–**	–
Acceptable risk	**2,222,706**	7,549,210	**–**	–
Moderately high risk	**2,396,830**	773,773	**–**	–
High risk	**125,466**	–	**–**	–
Carrying amount	**4,872,017**	8,941,225	**–**	–
Past due comprises				
1–29 days	**1,661,092**	688,327	**–**	–
30–59 days	**2,025,824**	948,856	**–**	–
60–89 days	**1,185,101**	7,304,042	**–**	–
Carrying amount	**4,872,017**	8,941,225	**–**	–
Neither past due nor impaired				
Very low risk	**21,924,801**	19,402,050	**–**	–
Low risk	**55,017,409**	93,554,736	**–**	–
Acceptable risk	**259,754,969**	139,161,758	**–**	–
Moderately high risk	**102,768,602**	94,133,077	**–**	–
High risk	**70,765**	131,493	**–**	–
Gross Amount	**439,536,546**	346,383,114	**–**	–
Total Gross amount	**462,370,884**	364,865,215	**–**	–
Impairment allowance:			**–**	–
Specific	**(3,206,245)**	(4,462,115)		
Collective	**(8,631,674)**	(2,604,302)		
Carrying amount	**450,532,965**	357,798,798	**–**	–

In addition to the above, the Group entered into lending commitments and financial guarantee contracts of ₦105 billion (2012: ₦120 billion) with counterparties.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade;

GROUP 2013	Loans and advances to customers		Investment securities	
	Gross ₦'000	Net ₦'000	Gross ₦'000	Net ₦'000
Very low risk	–	–	–	–
Low risk	–	–	–	–
Acceptable risk	3,066,719	510,612	–	–
Moderately high risk	2,374,323	1,724,185	–	–
High risk	–	–	–	–
Unrated	–	–	5,334,915	4,212,338
	5,441,042	2,234,797	5,334,915	4,212,338

GROUP 2012	Loans and advances to customers		Investment securities	
	Gross ₦'000	Net ₦'000	Gross ₦'000	Net ₦'000
Very low risk	–	–	–	–
Low risk	284,138	91,884	–	–
Acceptable risk	2,143,917	300,864	–	–
Moderately high risk	2,358,318	255,061	–	–
High risk	323,551	–	–	–
Unrated	–	–	5,334,915	4,305,919
	5,109,924	647,809	5,334,915	4,305,919

Past due but not impaired loans

Past due but not impaired loans are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

Loans with Renegotiated Terms and the Forbearance Policy

The Group may renegotiate loans when there is a material change in the customer's financial position, operating dynamics, industry and environment or anything that gives reasonable doubt that the debt may not be repaid or serviced as and when due. This is usually done through concessions which agree new terms and conditions that are more favourable to the borrower in order to increase the chance of collection/recovery and thereby reduce the risk of default. Renegotiation of terms may take forms such as extension of tenor, reduction of pricing, introduction of moratorium or restructuring of facility from one form to the other (e.g. overdraft to term loan) or other forms of amendments to the terms and conditions earlier contracted with the customer. The objective of renegotiation is to ensure recovery of the outstanding obligations and the request could be at the instance of the customer or the Group.

Write-off Policy

The Group has a write-off policy approved by the Board of Directors which also meets the requirements as specified in the prudential guidelines of the Central Bank of Nigeria for deposit money banks.

In line with the Group's approved write-off policy, the Management Credit Committee (MCC) may authorise a write-off of outstanding balances on a loan account, where it is apparent that the exposure may not be recovered from any of the available repayment sources. However, the Group must have fully provided for the facility and such credits must also receive the approval of the board of directors. The approval process for write-off is as follows:

The Loan Recovery Unit originates the write-off requests;

- Credit Risk Management obtains the approval of the Management Credit Committee (MCC) and the Board Credit Committee (BCC) for the request.
- All write-offs must be ratified by the full Board.
- Credit Risk Management sends notification of the balances approved for write-off to the Central Bank of Nigeria (CBN).

The write-off must also satisfy the following requirements of Central Bank of Nigeria (CBN):

- The facility must be in the group's book for at least one year after the full provision;
- There should be evidence of board approval.
- If the facility is insider or related party credit, the approval of CBN is required.
- The fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

Collateral held and other credit enhancements and their financial effects

The Group also has a good collateral management policy in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions.

The Group holds collateral and other types of credit enhancements against its credit exposures. The table below gives the principal collateral types eligible as security and used primarily to mitigate transaction risk:

		Percentage of Exposure that is subject to an arrangement that requires collaterisation	
Type of credit exposure	Principal Type of Collateral Held for Secured Lending	**Gross ₦'000**	Net ₦'000
Loans and Advances to Banks			
Reverse sale and purchase agreements	Marketable securities	**100**	100
Security borrowing	Marketable securities	**100**	100
Loans and Advances to Retail Customers			
Mortgage Lending	Residential Property	**100**	100
Personal Loans	None	**–**	–
Credit cards	None	**–**	–
Loans and Advances to Corporate Customers			
Finance leases	Property and equipment	**100**	100
Other lending to corporate customers	Legal Mortgage, mortgage debenture, fixed and floating charges over corporate assets, account receivables	**87**	89
Reversal sale and repurchase agreements	Marketable securities	**100**	100
Investment debt securities	None	**–**	–

Other admissible credit risk mitigants (accepted for comfort only) but not eligible as collateral include domiciliation agreements, trust receipts, negative pledges and master netting agreements with obligors that have investments in liabilities. The Group typically does not hold collateral against investment securities, and no such collateral was held at December 31, 2013 or December 31, 2012.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

Details of collateral held and their carrying amounts as at December 31, 2013 are as follows:

	GROUP		COMPANY	
	Total exposure ₦'000	**Value of collateral ₦'000**	**Total exposure ₦'000**	**Value of collateral ₦'000**
Secured against real estate	**76,067,753**	**81,640,911**	**–**	**–**
Secured by shares of quoted companies	**3,528,264**	**5,626,032**	**–**	**–**
Cash Collateral, lien over fixed and floating assets	**163,768,359**	**211,858,938**	**–**	**–**
Otherwise secured	**158,935,723**	**178,076,014**	**–**	**–**
Unsecured	**48,232,866**	**–**	**–**	**–**
	450,532,965	**477,201,895**	**–**	**–**

Details of collateral held and their carrying amounts as at December 31, 2012 are as follows:

	GROUP		COMPANY	
	Total exposure ₦'000	Value of collateral ₦'000	Total exposure ₦'000	Value of collateral ₦'000
Secured against real estate	84,645,298	100,286,057	–	–
Secured by shares of quoted companies	4,422,763	6,559,880	–	–
Cash Collateral, lien over fixed and floating assets	99,054,839	118,732,400	–	–
Otherwise secured	135,880,956	165,833,193	–	–
Unsecured	33,794,942	–	–	–
	357,798,798	391,411,530	–	–

Loans and Advances to Corporate Customers

The Group's loans and advances to corporate obligors are subject to rigorous credit appraisals commencing with rating of obligor via our Moody's Risk Analyst to determine the credit worthiness of the customer or its probability of default known as the obligor risk rating (ORR) – the Probability of Default (PD) of a customer is a measure of the obligor risk rating.

Collateral in the form of first charge over real estate (legal mortgage or mortgage debenture) or floating and fixed charges over corporate assets is usually taken to provide additional comfort to the Group. The measure of the collateral pledged by the customer is given by the Facility Risk Rating (FRR) mapped to the Basel II defined Loss Given Default (LGD) estimates. The FRR or LGD therefore assesses the transaction of the customer – risk of loss on the transaction in the event of default.

All non-retail and retail-SME exposures are assigned a risk grade by independent Credit Analysts within our Risk Management & Compliance Division based on inputs/discussions with relationship management teams and verifiable facts. While the Obligor risk rating model differentiates borrower risk (i.e. risk of default), the Facility risk rating model differentiates transaction risk (i.e. risk of loss in the event of default), taking the structure of the facility (availability of credit risk mitigants) into consideration:

9 Grade LGD model – facility risk rating				
	LGD	**LGD – MIN**	**LGD – MAX**	**LGD GRADE**
SECURED	0%	0%	4.99%	AAA
	5%	5%	9.99%	AA
	10%	10%	14.99%	A
	15%	15%	19.99%	BBB
	20%	20%	34.99%	BB
	35%	35%	39.99%	B
	40%	40%	44.99%	CCC
UNSECURED	45%	45%	74.99%	CC
	75%	75%	100.00%	C

The Group's credit analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and judgment in their recommendations to Approving Authorities. Model overrides if any, require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the Board Credit Committee.

The Group's Facility Risk Rating model (for non-retail and retail SME) also reflects the Expected Loss (EL) on each transaction, which fully incorporates both borrower strength (PD) and loss severity (LGD) considerations. The Expected Loss (EL) generated is used to price the risk of the transaction, being the risk premium and forms the basis of the treatment provision for the purpose of capital computation and allocation to the business groups.

Derivative assets held for risk management

The Group also holds collateral in the form of cash and marketable securities in respect of sale and repurchase transactions and securities borrowing. Receivables relating to reverse sale and repurchase agreements and securities borrowing transactions are usually collaterised on a gross exposure basis. The group undertakes master netting agreements with all counterparties and margining agreements with some counterparties.

For derivatives, under margin agreements, collateral is held against net positions that are partially or fully collateralised. Exposures under margin agreements are marked to market daily to assess attendant risks to the group. There are no derivative trading assets as at the reporting period. However, details of derivative transactions taken for Risk Management is presented below:

	Note	**2013 Fair value**	2012 Fair value
Derivative assets held	*24*	**1,697,606**	1,980,135
Derivative liabilities held	*24*	**1,355,634**	1,980,135

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentration of credit risk from loans and advances, lending commitments, financial guarantees and investment is shown below:

Concentration by sector

	GROUP			
	Loans and advances to customers		Lending commitments and financials guarantees	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Agriculture	11,405,967	13,655,459	86,456	2,397,613
Aviation	195,228	158,300	–	–
Commerce	54,177,722	52,382,225	41,478,440	37,538,127
Construction	6,135,100	7,445,005	20,207,005	31,491,413
Education	4,718,538	4,598,344	–	–
Finance and insurance	20,409,287	13,823,501	1,783,889	114,950
General – Others	8,593,983	13,213,583	6,447,137	6,294,108
Government	31,302,235	28,701,522	–	–
Individual	86,086,153	40,096,043	–	784,738
Manufacturing	28,025,085	27,389,670	22,112,793	10,920,877
Mortgage	1,450,401	1,607,433	–	–
Oil and gas	93,618,386	100,976,519	5,177,103	19,869,919
Power & Energy	26,824,020	4,608,875	3,430,967	1,171,448
Professional services	1,840,740	774,336	210,000	208,731
Real estate	35,066,985	25,323,308	1,034,965	2,727,517
Transportation	6,460,121	1,408,101	1,662,183	5,030,309
Telecommunications	34,223,015	21,636,574	1,464,099	1,864,433
	450,532,965	357,798,798	105,095,037	120,414,183

Concentration by location for loans and advance, and for lending commitments and financial guarantees is based on the customer's region of domicile within Nigeria.

Concentration by location

	GROUP			
	Loans and advances to customers		Lending commitments and financials guarantees	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
South West	359,629,907	298,339,171	82,567,678	88,008,271
North Central	40,096,323	25,410,171	14,564,893	9,353,278
South South	22,057,516	13,414,584	6,463,933	3,855,424
North West	12,471,884	5,532,772	986,905	12,880,060
North East	8,340,095	9,859,428	91,000	4,669,700
South East	7,937,240	5,242,672	420,628	1,647,450
	450,532,965	357,798,798	105,095,037	120,414,183

Trading Assets

The Group's trading book comprises of only debt securities and bills issued by the Federal Government of Nigeria, state and corporate bonds and uses external ratings of Fitch for computing the internal capital charge for Issuer Default Risk as part of its overall market risk capital charge. External ratings of Fitch are currently used in the absence of a local external rating for the Federal Government of Nigeria.

An analysis of the counterparty credit exposure for the trading assets is as shown in the table below:

GROUP 2013

Security type	Issuer rating	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	above 365 days ₦'000	Total ₦'000
FGN bonds	BB-	87,616	–	–	–	–	87,616
Nigerian treasury bills	BB-	314,647	274,802	1,819,216	–	–	2,408,665
Equity investments	BB-	425,077	–	–	–	–	425,077
		827,340	274,802	1,819,216	–	–	2,921,358

GROUP 2012

Security type	Issuer rating	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	above 365 days ₦'000	Total ₦'000
FGN bonds	BB-	–	–	–	–	–	–
Nigerian treasury bills	BB-	7,347	–	–	816,279	–	823,626
Equity investments	BB-	346,082	–	–	–	–	346,082
		353,429	–	–	816,279	–	1,169,708

Cash and cash equivalents

The Group held cash and cash equivalents of ₦199.70 billion as at December 31, 2013 (2012: ₦123.45 billion). The cash and cash equivalents are held with Central Bank and financial institutions counterparties which are rated BBB- to AA based on acceptable external rating agency's ratings.

Settlement Risk

The Group like its peers in the industry is exposed to settlement risk – the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

This risk is generally mitigated by counterparty limits set to manage the Group's exposure to these counterparties. The counterparty limits are approved by the Executive Management and the Board of Directors.

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. It is the potential loss to the Group arising from either its inability to meet its obligations or to fund committed increases in assets as they fall due without incurring unacceptable costs or losses.

Management of liquidity risk

The board of directors sets the strategy for liquidity risk and delegates the responsibility for oversight and implementation of the policy to the Assets and Liability Committee (ALCO). The liquidity position is managed daily by Treasury and Financial services in conjunction with Market Risk Management. Assessment of liquidity is carried out through daily and weekly reports aimed at evaluating limit compliances across all the key liquidity management criteria e.g. funding gap, liquidity mismatches, etc.

The Assets & Liability Committee (ALCO) has the primary responsibility for managing liquidity risk arising from assets and liability creation activities. Deliberate strategies put in place to ensure the group is protected from liquidity risk include:

- Liquidity risk identification at transaction, portfolio and entity levels using the defined early warning liquidity risk indicators with quantified metrics for measurement on parameters such as deposit attrition, funding mismatch and funding concentrations to mention a few.
- Establishment of the Group's liquidity risk appetite which is the amount of risk the Group is willing to accept in pursuit of value using relevant liquidity risk ratios and assets and liability funding gaps.

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- Establishment of methodologies for measuring and reporting on the group's liquidity risk profile against set appetite and also sensitising against unforeseen circumstances using liquidity risk scenario analysis.
- Establishment of preventive (limit setting and management) as well as corrective (Contingency Funding Plan – CFP) controls over liquidity risk.
- Maintaining a diversified funding base consisting of customer deposit (both retail and corporate) and wholesale market deposits and maintaining contingency deposits and maintaining contingency liabilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the group's financial assets and liabilities, and the extent to which they are encumbered.

The group conducts regular stress testing on its liquidity position using different scenarios including Normal, Mild and Severe stress situations. The scenarios anticipate changes in key financial indicators such as interest rate movement, sharp reduction in DFIs as a result of current security challenges, economic downturn among others. Stress results are presented to ALCO to elicit proactive liquidity management decisions. The committee's resolutions are tracked for impact assessment and anticipated stability in liquidity management.

The Risk & Compliance division acts as the secretariat for ALCO and provides the necessary analytics (Maturity/Repricing Gap and Balance sheet analysis) required for taking proactive liquidity management decisions. The group's Treasury & Financial services division is responsible for executing ALCO decisions and in particular, ensuring that the group is optimally and profitably funded at any point in time.

Exposure to Liquidity Risk

The key measures adopted by the Group for liquidity management are Maturity Profile on and off balance sheet and Maturity Analysis. Details of reported ratio of the Group's net liquid assets to deposit from customers as at the reporting period is given as:

	2013	2012
At December 31	**45.1%**	49.1%
Average for the year	**52.1%**	48.8%
Maximum for the year	**64.8%**	59.5%
Minimum for the year	**36.8%**	42.2%

Maturity Analysis for Financial Assets and Liabilities

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. These include both principal and interest cash flows across different buckets.

GROUP 2013

	Note	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	above 5 years ₦'000	Total ₦'000
Financial assets								
Cash and cash equivalents	21	199,700,305	–	–	–	–	–	199,700,305
Restricted reserve deposits	22	73,473,096	–	–	–	–	–	73,473,096
Non-pledged trading assets	23	877,906	667,735	578,672	48,529	110,475	638,041	2,921,358
Derivative assets held	24	–	–	–	–	1,697,606	–	1,697,606
Loans and advances to customers	25	79,273,683	77,847,519	54,579,431	49,321,081	167,973,751	21,537,500	450,532,965
Investment securities	26	65,786,995	12,206,353	10,927,718	45,058,210	7,488,901	22,170,059	163,638,236
Assets pledged as collateral	27	6,026,238	5,092,235	315,719	4,073,788	22,082,364	12,926,560	50,516,904
Other assets	33	–	–	9,325,783	–	6,994,337	2,331,446	18,651,566
Total financial assets		**425,138,223**	**95,813,842**	**75,727,323**	**98,501,608**	**206,347,434**	**59,603,606**	**961,132,036**

30 1983-2013 YEARS OF GROWING TOGETHER

GROUP 2013

	Note	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	above 5 years ₦'000	Total ₦'000
Financial liabilities								
Derivative liabilities held	24	–	–	–	–	1,355,634	–	1,355,634
Deposits from customers	36	592,231,955	114,382,081	6,880,125	1,720,031	–	–	715,214,192
Deposits from banks	35	–	–	–	–	–	–	–
Borrowings	37	–	–	–	11,736	53,275,952	5,956,542	59,244,230
Other liabilities	40	–	–	–	13,175,557	69,832,202	–	83,007,759
Total financial liabilities		**592,231,955**	**114,382,081**	**6,880,125**	**14,907,324**	**124,463,788**	**5,956,542**	**858,821,815**
Net liquidity gap		**(167,093,732)**	**(18,568,239)**	**68,847,198**	**83,594,284**	**81,883,646**	**53,647,064**	**102,310,221**

GROUP 2012

	Note	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	above 5 years ₦'000	Total ₦'000
Financial assets								
Cash and cash equivalents	21	123,451,740	–	–	–	–	–	123,451,740
Restricted reserve deposits	22	–	57,791,360	–	–	100,000	–	57,891,360
Non-pledged trading assets	23	484,044	685,664	–	–	–	–	1,169,708
Derivative assets held	24	–	–	–	–	1,980,135	–	1,980,135
Loans and advances to customers	25	67,315,983	60,909,902	42,704,351	38,590,083	131,426,985	16,851,494	357,798,798
Investment securities	26	30,884,017	16,400,594	2,640,215	88,307,526	66,439,047	39,854,220	244,525,619
Assets pledged as collateral	27	1,974,186	398,129	–	13,388,683	25,032,603	–	40,793,601
Other assets	33	–	–	9,096,816	–	6,822,612	2,274,204	18,193,632
Total financial assets		**224,109,970**	**136,185,649**	**54,441,382**	**140,286,292**	**231,801,382**	**58,979,918**	**845,804,593**
Financial liabilities								
Derivative liabilities held	24	–	–	–	–	1,980,135	–	1,980,135
Deposits from customers	36	509,693,123	122,134,143	12,668,809	1,720,692	–	–	646,216,767
Deposits from banks	35	52,000	–	–	–	–	–	52,000
Borrowings	37	–	–	–	5,833	23,966,598	2,960,587	26,933,018
Other liabilities	40	–	–	–	22,248,274	66,744,823	–	88,993,097
Total financial liabilities		**509,745,123**	**122,134,143**	**12,668,809**	**23,974,799**	**90,711,421**	**2,960,587**	**764,175,017**
Net liquidity gap		**(285,635,153)**	**14,051,506**	**41,772,573**	**116,311,493**	**141,089,961**	**56,019,331**	**81,629,576**

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The table below sets out the components of the Group's liquidity reserve.

	Note	Carrying amount 2013 ₦'000	Fair value 2013 ₦'000	Carrying amount 2012 ₦'000	Fair value 2012 ₦'000
Balances with central banks	21	**18,628,605**	18,628,605	**15,254,452**	15,254,452
Cash and balances with other banks	21	**181,071,700**	181,071,700	**108,197,288**	108,197,288
Unencumbered debt securities issued by central banks	23, 26(a)	**132,311,280**	123,308,901	**214,405,230**	207,976,875
Total liquidity reserve		**332,011,585**	**323,009,206**	**337,856,970**	**331,428,615**

The table below shows availability of the group's assets to support future funding:

		2013				
		Encumbered		Unencumbered		
	Note	Pledged as Collateral ₦'000	Other* ₦'000	Available as Collateral ₦'000	Other** ₦'000	Total ₦'000
Cash and cash equivalents	21	–	–	199,700,305	–	199,700,305
Restricted reserve deposits	22	–	73,473,096	–	–	73,473,096
Derivative assets held	24	–	–	–	1,697,606	1,697,606
Trading Assets	23	–	–	–	2,921,358	2,921,358
Loans and Advances	25	–	–	–	450,532,965	450,532,965
Assets pledged as collateral	27	50,516,904	–	–	–	50,516,904
Investment Securities	26	–	–	163,638,236	–	163,638,236
Other assets	33	–	–	–	24,492,358	24,492,358
Other non-financial assets	29, 30, 31, 32, 34	–	–	34,392,805	6,914,537	41,307,342
Total Assets		**50,516,904**	**73,473,096**	**397,731,346**	**486,558,824**	**1,008,280,170**

		2012				
		Encumbered		Unencumbered		
	Note	Pledged as Collateral ₦'000	Other* ₦'000	Available as Collateral ₦'000	Other** ₦'000	Total ₦'000
Cash and Cash Equivalents	21	–	–	123,451,740	–	123,451,740
Restricted reserve deposits	22	–	57,891,360	–	–	57,891,360
Derivative assets held	24	–	–	–	1,980,135	1,980,135
Trading Assets	23	–	–	–	1,169,708	1,169,708
Loans and Advances	25	–	–	–	357,798,798	357,798,798
Assets pledged as collateral	27	40,793,601	–	–	–	40,793,601
Investment Securities	26	–	–	244,525,619	–	244,525,619
Other assets	33	–	–	–	23,756,311	23,756,311
Other non-financial assets	29, 30, 31, 32, 34	–	–	38,225,955	18,952,529	57,178,484
Total Assets		**40,793,601**	**57,891,360**	**406,203,314**	**403,657,481**	**908,545,756**

* Represents assets which are not pledged but the group believes they are restricted (either by law or other reasons) from being used to secure funding.

** These are assets that are available i.e. not restricted as collateral to secure funding but the group would not consider them as readily available in the course of regular business.

(d) Market risk

Market risk is the risk that changes in market prices such as interest rate, equity/commodity prices, foreign exchange rates will affect the group's income or the value of its holdings in financial instruments. The objective of the group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the group's solvency while optimising the return on risk.

Management of Market Risk

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the group's income or the value of its portfolios. The Group classifies its market risk into asset & liability management (ALM) risk, investment risk and trading risk.

The group separates its market risk exposures between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury and Financial services group and include positions from market making and proprietary position taking, together with financial assets and liabilities that are managed on fair value basis.

The group has robust methodology and procedures for the identification, assessment, measurement, control, monitoring and reporting of market risks within the Group's trading portfolio and the rest of the Group's balance sheet. The market risk management unit is responsible for measuring market risk exposures in accordance with the policies defined by the Board, monitoring and reporting the exposures against the prescribed limits.

Notes to the consolidated and separate financial statements continued...

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Overall authority for market risk is vested by the board in ALCO which sets up limits for each type of risk in aggregate. However, market risk unit within Risk Management is responsible for limit tracking and reporting to the Chief Risk Officer and ultimately, Assets and Liability Committee. The group employs a range of tools to monitor and limit market risk exposures as detailed below:

Market risk measures

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolio.

		GROUP			COMPANY		
December 2013	Note	**Carrying Amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**	**Carrying Amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**
Assets subject to market risk:							
Cash and cash equivalent	21	**199,700,305**	**–**	**199,700,305**	2,150,389	–	2,150,389
Trading assets	23	**2,921,358**	**2,921,358**	**–**	–	–	–
Derivatives held	24	**1,697,606**	**–**	**1,697,606**	–	–	–
Loans and Advances to customers	25	**450,532,965**	**–**	**450,532,965**	–	–	–
Assets pledged as collateral	27	**50,516,904**	**–**	**50,516,904**	–	–	–
Investment securities	26	**163,638,236**	**–**	**163,638,236**	2,514,439	–	2,514,439
Liabilities subject to market risk:							
Derivatives held	24	**1,355,634**	**–**	**1,355,634**	–	–	–
Deposits from customers and banks	35, 36	**715,214,192**	**–**	**715,214,192**	–	–	–
Borrowings	37	**59,244,230**		**59,244,230**	–	–	–

		GROUP			COMPANY		
December 2012	Note	Carrying Amount ₦'000	Trading portfolios ₦'000	Non-trading portfolios ₦'000	Carrying Amount ₦'000	Trading portfolios ₦'000	Non-trading portfolios ₦'000
Assets subject to market risk:							
Cash and cash equivalent	21	123,451,740	–	123,451,740	–	–	–
Trading assets	23	1,169,708	1,169,708	–	–	–	–
Derivatives held for risk management	24	1,980,135	–	1,980,135	–	–	–
Loans and Advances to customers	25	357,798,798	–	357,798,798	–	–	–
Assets pledged as collateral	27	40,793,601	–	40,793,601	–	–	–
Investment securities	26	244,525,619	–	244,525,619	–	–	–
Liabilities subject to market risk:							
Derivatives held for risk management	24	1,980,135	–	1,980,135	–	–	–
Deposits from customers and banks	35, 36	646,268,767	–	646,268,767	–	–	–
Borrowings	37	26,933,018	–	26,933,018	–	–	–

Exposure to Interest Rate Risk – Non trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss arising from fluctuations in the future cash flow of fair values of financial instruments because of a change in the market interest rate. Interest rate risk is managed principally through active monitoring of gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury and Financial Services group.

A summary of the interest rate gap position on non-trading portfolios is as follows:

GROUP 2013

	Note	Carrying Amount ₦'000	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	above 5 years ₦'000
Assets subject to market risk:								
Cash and cash equivalent	21	199,700,305	199,700,305	–	–	–	–	–
Derivatives held for risk management	24	1,697,606	–	–	–	–	1,697,606	–
Loans and Advances to customers	25	450,532,965	79,273,683	77,847,519	54,579,431	49,321,081	167,973,751	21,537,500
Assets pledged as collateral	27	50,516,904	6,026,238	5,092,235	315,719	4,073,788	22,082,364	12,926,560
Investment securities	26	163,638,236	65,786,995	12,206,353	10,927,718	45,058,210	7,488,901	22,170,059
		866,086,016	**350,787,221**	**95,146,107**	**65,822,868**	**98,453,079**	**199,242,622**	**56,634,119**
Liabilities subject to market risk:								
Derivatives held for risk management	24	1,355,634	–	–	–	–	1,355,634	–
Deposits from customers and banks	35, 36	715,214,192	592,231,955	114,382,081	6,880,125	1,720,031	–	–
Borrowings	37	59,244,230	–	–	–	11,736	53,275,952	5,956,542
		775,814,056	**592,231,955**	**114,382,081**	**6,880,125**	**1,731,767**	**54,631,586**	**5,956,542**

GROUP 2012

	Note	Carrying Amount ₦'000	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	above 5 years ₦'000
Assets subject to market risk:								
Cash and cash equivalent	21	123,451,740	123,451,740	–	–	–	–	–
Derivatives held for risk management	24	1,980,135	–	–	–	–	1,980,135	–
Loans and Advances to customers	25	357,798,798	67,315,983	60,909,902	42,704,351	38,590,083	131,426,985	16,851,494
Assets pledged as collateral	27	40,793,601	1,974,186	398,129	–	13,388,683	25,032,603	–
Investment securities	26	244,525,619	30,884,017	16,400,594	2,640,215	88,307,526	66,439,047	39,854,220
		768,549,893	**223,625,926**	**77,708,625**	**45,344,566**	**140,286,292**	**224,878,770**	**56,705,714**

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	Note	Carrying Amount ₦'000	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	above 5 years ₦'000
		GROUP 2012						
Liabilities subject to market risk:								
Derivatives held for risk management	24	1,980,135	–	–	–	–	1,980,135	–
Deposits from customers and banks	35,36	646,268,767	509,745,123	122,134,143	12,668,809	1,720,692	–	–
Borrowings	37	26,933,018	–	–	–	5,833	23,966,598	2,960,587
		675,181,920	**509,745,123**	**122,134,143**	**12,668,809**	**1,726,525**	**25,946,733**	**2,960,587**

Sensitivity of projected net interest income

The management of interest rate risk against interest rate gap is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis point and 100 basis point (bp) parallel fall or rise. The financial assets and liabilities sensitive to interest rate risk are loans and advances and deposits. A weighted average rate has been applied and the effects are shown in the table below:

	Note	**Gross amount ₦'000**	**Weighted average interest rate ₦'000**	**Interest due at current weighted average rate ₦'000**	**50bps ₦'000**	**(50bps) ₦'000**	**100bps ₦'000**	**Total (100bps) ₦'000**
		GROUP 2013						
Loans & Advances	25	462,370,884	22%	99,919,737	102,206,208	97,633,266	104,492,680	95,346,794
Deposits	36	715,214,192	6%	46,298,351	49,901,817	42,694,885	53,505,282	39,091,420
				53,621,386	52,304,391	54,938,381	50,987,398	56,255,374
Impact on net interest income					(1,316,995)	1,316,995	(2,633,988)	2,633,988

	Note	Gross amount ₦'000	Weighted average interest rate ₦'000	Interest due at current weighted average rate ₦'000	50bps ₦'000	(50bps) ₦'000	100bps ₦'000	Total (100bps) ₦'000
		GROUP 2012						
Loans & Advances	25	364,865,215	24%	87,021,261	88,810,255	85,232,267	90,599,249	83,443,273
Deposits	36	646,216,767	7%	43,681,950	46,913,034	40,450,866	50,144,118	37,219,782
				43,339,311	41,897,221	44,781,401	40,455,131	46,223,491
Impact on net interest income					(1,442,090)	1,442,090	(2,884,180)	2,884,180

Exposure to other Market Risk non-trading portfolios

The Non-trading book includes the loans, deposits, investments, placements etc. Price risk in non-trading portfolios is measured with portfolio duration and convexity. The sensitivity of earnings to specified upward and downward instantaneous parallel 100 and 200 basis point shifts in the yield curve, over one-year horizons under business-as-usual conditions assuming static portfolio indicates the potential risk.

Foreign Exchange risk

The Group takes on foreign exchange risks through its activities in both the trading and banking books. The group engages in currency trading on behalf of itself and creates foreign currency positions on the Banking book in the course of its financial intermediation role. The Group is thus exposed to the risk of loss on both its trading and Banking book positions in the event of adverse movements in currency prices.

The Group sets exposure limits (open position limits) at currency levels and uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in all foreign currency trading positions. All limits are set for both overnight and intra-day positions and approved by the Board of Directors. Compliance with the Board approved limits is monitored on a daily basis by the Risk Management & Compliance Division.

		GROUP 2013					
	Note	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Others ₦'000	Grand total ₦'000
Assets							
Cash and cash equivalent	*21*	141,360,312	50,269,274	3,174,523	4,704,961	191,235	199,700,305
Restricted reserve deposit	*22*	73,473,096	–	–	–	–	73,473,096
Non-pledged trading assets	*23*	2,921,358	–	–	–	–	2,921,358
Derivative assets held	*24*	–	1,697,606	–	–	–	1,697,606
Loans and advances (net)	*25*	277,825,251	172,222,369	485,345	–	–	450,532,965
Investment securities	*26*	159,550,286	4,087,950	–	–	–	163,638,236
Investment in subsidiaries and associates	*28, 29*	568,512	–	–	–	–	568,512
Intangible assets	*31*	7,580,528	–	–	–	–	7,580,528
Asset Pledged as Collateral	*27*	50,516,904	–	–	–	–	50,516,904
Asset Classified as Held for Sale	*34*	–	–	–	–	–	–
Deferred tax assets	*32*	6,346,025	–	–	–	–	6,346,025
Other assets	*33*	1,263,300	21,577,361	921,199	728,648	1,850	24,492,358
Property and equipment	*30*	26,812,277	–	–	–	–	26,812,277
Total assets		**748,217,849**	**249,854,560**	**4,581,067**	**5,433,609**	**193,085**	**1,008,280,170**

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		GROUP 2013					
	Note	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Others ₦'000	Grand total ₦'000
Liabilities							
Deposits from customers	36	581,720,035	129,013,936	2,981,490	1,498,725	6	715,214,192
Deposits from banks	35	–	–	–	–	–	–
Liabilities classified as held for sale	34	–	–	–	–	–	–
Borrowings	37	5,238,056	54,006,174	–	–	–	59,244,230
Derivative Liability Held	24	–	1,355,634	–	–	–	1,355,634
Current income tax liabilities	20	4,333,353	–	–	–	–	4,333,353
Other liabilities	40	39,193,857	42,079,661	378,364	1,343,882	11,995	83,007,759
Deferred taxation	32	35,282	–	–	–	–	35,282
Retirement benefit obligations	38	124,674	–	–	–	–	124,674
Other long term benefits	39	1,258,317	–	–	–	–	1,258,317
Total Liabilities		**631,903,574**	**226,455,405**	**3,359,854**	**2,842,607**	**12,001**	**864,573,441**
Net on-balance sheet financial position		**116,314,275**	**23,399,155**	**1,221,213**	**2,591,002**	**181,084**	**143,706,729**
Off-balance sheet financial position		**55,717,301**	**41,976,248**	**11,074**	**7,191,224**	**199,190**	**105,095,037**

		GROUP 2012					
	Note	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Others ₦'000	Grand total ₦'000
Assets							
Cash and cash equivalent	21	62,644,538	55,476,764	2,032,115	–	3,298,323	123,451,740
Restricted reserve deposit	22	57,891,360	–	–	–	–	57,891,360
Non-pledged trading assets	23	1,169,708	–	–	–	–	1,169,708
Derivative assets held	24	–	1,980,135	–	–	–	1,980,135
Loans and advances (net)	25	232,885,776	124,588,034	73,932	251,056	–	357,798,798
Investment securities	26	242,963,694	1,561,925	–	–	–	244,525,619
Investment in subsidiaries and associates	28, 29	467,456	–	–	–	–	467,456
Intangible assets	32	11,894,789	–	–	–	–	11,894,789
Asset Pledged as Collateral	33	40,793,601	–	–	–	–	40,793,601
Asset Classified as Held for Sale	31	13,547,417	–	–	–	–	13,547,417
Deferred tax assets	30	4,937,656	–	–	–	–	4,937,656
Other assets	31	9,707,651	14,034,556	6,759	7,345	–	23,756,311
Property and equipment	34	25,513,580	817,586	–	–	–	26,331,166
Total financial assets		**704,417,226**	**198,459,000**	**2,112,806**	**258,401**	**3,298,323**	**908,545,756**

		GROUP 2012					
	Note	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Others ₦'000	Grand total ₦'000
Liabilities							
Deposits from customers	*36*	498,499,131	143,649,131	1,280,278	2,726,094	62,133	646,216,767
Deposits from banks	*35*	52,000	–	–	–	–	52,000
Liabilities classified as held for sale	*34*	9,038,589	–	–	–	–	9,038,589
Borrowings	*37*	9,017,344	17,915,674	–	–	–	26,933,018
Derivative Liability Held	*24*	–	1,980,135	–	–	–	1,980,135
Current income tax liabilities	*20*	2,850,275	–	–	–	–	2,850,275
Other liabilities	*40*	67,539,253	20,836,578	130,728	486,538	–	88,993,097
Deferred taxation	*32*	22,067	–	–	–	–	22,067
Retirement benefit obligations	*38*	109,008	–	–	–	–	109,008
Other long term benefits	*39*	335,397	–	–	–	–	335,397
Total financial Liabilities		**587,463,064**	**184,381,518**	**1,411,006**	**3,212,632**	**62,133**	**776,530,353**
Net on-balance sheet financial position		**116,954,162**	**14,077,482**	**701,800**	**(2,954,231)**	**3,236,190**	**132,015,403**
Off-balance sheet financial position		**75,561,110**	**56,358,696**	**11,074**	**(11,715,887)**	**199,190**	**120,414,183**

(e) Operational Risk Management

The Group defines Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our operational risk processes capture the following major types of losses:

- Fraud (internal and external).
- Fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions.
- Losses arising from litigation processes including out-of-court settlements.
- Un-reconciled cash (Teller, Vault, ATM) shortages written-off in the course of the year.
- Losses incurred as a result of damages to the Group's assets.
- Losses incurred as a result of system downtime, malfunction and/or disruption.

The Group's appetite for operational risk losses is set by the Board Audit & Risk Management Committee on an annual basis, and this sets the tone for operational risk management practices in the course of the year. The appetite is set in terms of the maximum amount of operational risk losses the Group expects to incur given risk-reward considerations for the year.

All process owners proactively identify weak-points/risks across their respective processes, activities and systems while the Risk Management & Compliance Division validates the risk maps for completeness and recommends appropriate mitigating controls to reduce/eliminate inherent process risks.

Also, the Risk Management & Compliance Division conducts periodic independent control tests/checks across the Group as a key tool for revalidating the outcome of the Risk & Control Self-Assessment process. This independent assessment of controls enables the Group to determine if agreed controls have been fully implemented and if they are effective.

Operational risk indicators are used to track/measure current operational risk exposures across all activities, processes and systems. Key Risk indicators (KRIs) are defined for significant risks that require active monitoring and control. This process enables us to identify and resolve control issues before they crystallise into losses. Tolerance levels are set for each risk indicator and used as the basis for reporting risk exposures to the respective risk committees including Divisional Operational Risk Committees and the Board Audit & Risk Management Committee.

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Operational risk losses are periodically collated and analysed by the Risk Management & Compliance Division. The analysed loss experience enables the Group to determine causal factors and put in place new controls/processes to mitigate the risk of re-occurrence. In addition, the loss collation and analysis process provides the Group with the basis for justifying the cost of new/improved controls and assessing the effectiveness of controls. The Group's loss experience is escalated to the Board Audit & Risk Management Committee supported by clearly defined remedial action plans to correct the causes leading to the losses. Periodic operational risk meetings are held across the Group to boost risk awareness and improve risk management culture. This meeting also affords risk owners to better appreciate control gaps and required remedial actions.

Operational risk management processes have been linked to performance management through the use of a Risk & Control Index that represents a key component of employee performance appraisals. This initiative has helped to drive the desired behaviour in employees, ensuring that there is a concerted effort by all employees to manage operational risks across the Group.

Independent assurance of the adequacy and effectiveness of the operational risk management process is provided by the Group Internal Audit (GIA) function on an annual basis. The assessment report is presented to the Board Audit & Risk Management Committee as part of the annual review process.

The Group uses a combination of provision and insurance to mitigate residual risks arising from operational risk events. A total of 9 insurance policies have been undertaken by the Group to minimise the loss in the event of an operational risk incident while provision is also made for expected operational risk losses.

Capital is reserved for unexpected operational risks losses based on Basel II standardised approach. Existing processes for operational risk management enables the Group to fully comply with the recent CBN circular which requires all banks to adopt the basic approach for the computation of operational risk capital, however, efforts will be sustained towards building capability for compliance with the Basel II Advanced Measurement Approach (AMA).

The implemented operational risk management structures provide the Group with the capacity to continuously improve its processes and controls, thereby minimising losses and protecting shareholder value.

Operational risk loss experience

The Group's operational risk loss experience as at December, 2013 was within the Board approved risk appetite and all the operational risk losses have been fully recognised in the financial results for the year.

Internal fraud which has been the major component of operational risk losses in the Group was largely controlled by the Group through the various manual and automated controls implemented in the course of the financial year. Although some loss events were inherited from FinBank, existing controls have been strengthened to address the identified lapses. It is important to also stress that the fraud trend in the industry since 2010 facilitated the introduction of constant control measures by the operators. The initiatives introduced and efforts made by groups and regulatory agencies to minimise the level of fraud within the industry also yielded positive outcomes.

Following the recent trend observed in internet banking and mobile banking fraud, the Group took the following measures in the course of the 2013 financial year:

- E-mail One Time Password (OTP) was taken-off/disabled for Retail Internet Banking while customers are also being encouraged to use the hardware token.
- Controls around the on-boarding process have been strengthened on the bank's mobile banking application.
- Staff access to customer information on both processing and view only systems have been reviewed.
- Information security campaign has been heightened in the Group.
- Activities around the major areas of vulnerabilities have been reviewed in order to strengthen the controls in these areas.

Operational Risk Awareness

The Group intensified its operational risk awareness campaign in the course of the year through several mechanisms including electronic newsletters, risk meetings/workshops, continuous training and education of staff and customers. This is to embed risk management across the entire organisation and ensure that there is significant improvement in the risk management culture.

Group Operational Risk Practices

We have successfully extended the management of operational risk to all our subsidiaries in Nigeria and the UK as well as the representative office in South Africa. Frameworks have been developed and the operational risk tools have also been deployed across the different companies. This has further enhanced the group's integrated approach to operational risk management and practices.

(f) Capital management

The Central Bank of Nigeria requires each Bank with international authorisation to hold minimum regulatory capital of ₦50 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 15%.

The Risk Management Committee (RMC) has the delegated mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the Group which includes:

- Ensuring the Group fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
- Ensuring the Group is adequately capitalised – that the Group has enough capital to support its level of risk exposures.
- Ensuring disciplined and selective asset growth (based on desired obligor risk profile).
- Maintaining expected losses (EL) within defined limits as a direct consequence of selective and disciplined asset growth.
- Ensuring risks taken by the respective Business Lines are within approved limits and allocated capital.
- Ensuring Business Lines generate adequate risk adjusted returns on allocated capital.
- Driving Business Unit and overall Group performance through the application of Economic Capital budgeting.

The Banking group regulatory capital can be segmented into 2 tiers:

- Tier 1 capital includes; share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at Tier 1 capital.
- Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds.

Risk weighted Assets are derived based on a four level pre-defined risk weights for different asset classes, specifically:

- 0% for cash and near cash equivalents
- 20% for off-balance sheet exposures and placements in banks (local and foreign)
- 50% for non-negotiable certificate of deposits
- 100% for all other on-balance sheet exposures including loans and advances

The following table shows the break-down of the Banking group regulatory capital for the year ended December 31, 2013 and period ended December 31, 2012:

Capital Adequacy Computation:

	BANKING GROUP	
	2013 ₦'000	2012 ₦'000
TIER 1 CAPITAL		
Share Capital	2,000,000	9,520,534
Share Premium	100,846,691	108,747,612
Treasury Shares	–	(775,381)
Statutory Reserves	14,258,793	11,973,809
Other reserves	4,755,900	1,776,359
Retained Earnings	5,718,711	765,475
Less: Goodwill	(5,993,863)	(11,590,807)
Deferred Tax Assets	(6,310,454)	(4,937,656)
Total qualifying tier 1 Capital	**115,275,778**	**115,479,945**
TIER 2 CAPITAL		
Translation Reserve	**12,509**	6,995
Total qualifying tier 2 Capital	**12,509**	**6,995**
Total regulatory Capital	**115,288,287**	**115,486,940**
RISK WEIGHTED ASSETS		
On-Balance Sheet	**637,546,236**	467,281,000
Off-Balance sheet	**21,146,135**	30,488,000
	658,692,371	**497,769,000**
Capital adequacy ratio	**18%**	**23%**

Note on capital adequacy ratio
The Banking group's capital adequacy ratio was 18% as at December 31, 2013 (Dec. 2012: 23%) which was significantly above CBN capital adequacy requirement of 15% for bank of international authorisation.

The Group embarked on Internal Capital Adequacy Assessment Process (ICAAP) project in order to ensure that all material risk exposures in the Group are adequately covered by capital and improve the capital management practices in the Group.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

5. 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 4).

Key sources of estimation uncertainty

(a) Impairment

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy.

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired assets is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk functions.

A collective component of the total allowable is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (IBNR).

Collective allowance for groups homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historic loss rate experience. The roll rate methodology uses statistical analysis of historical data on delinquency to estimate the amount of loss. The estimate of loss arrived at on the basis of historical information is then reviewed to ensure that it appropriately reflects the economic conditions and product mix at the reporting date. Roll rates and loss rates are regularly benchmarked against actual loss experience.

Collective allowance for groups of assets that are individually significant but that were not found to be individually impaired (IBNR) cover credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired loans and advances, and held-to-maturity investment securities, but the individual impaired items cannot yet be identified. In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Investments in equity securities were evaluated for impairment on the basis described in note 3 of the accounting policy. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In this respect, the group regarded a decline in fair value in excess of 40 percent to be significant and a decline in a quoted market price that persisted for 12 months or longer to be prolonged.

An assessment as to whether an investment in debt securities is impaired may be complex. In making such an assessment, the group considers the following factors:

- The market's assessment of credit worthiness as reflected in the bond yields.
- The rating agencies' assessments of the creditworthiness.
- The ability of the country to access the capital markets for new debt issuance.
- The probability of debt being restructured resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

(b) Fair value

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3 of the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The groups accounting policy on fair value measurement is discussed in Note 3 of the accounting policy.

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- **Level 1**: Quoted market price in an active market for an identical instrument.
- **Level 2**: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3**: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair value using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities exchange traded derivatives and simple over the counter derivatives like interest swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over the counter structured derivatives, certain loans and securities for which there is no active market and retained interests in securitisations. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation of model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Notes to the consolidated and separate financial statements continued...

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The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

2013	Note	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Level 4 ₦'000
ASSETS					
Trading assets	23	2,921,358	–	–	2,921,358
Derivative assets held	24	1,697,606	–	–	1,697,606
Investment securities	26	2,853,128	–	–	2,853,128
		7,472,092	–	–	7,472,092
LIABILITIES					
Trading liabilities		–	–	–	–
Derivative liabilities held		1,355,634	–	–	1,355,634
		1,355,634	–	–	1,355,634
2012					
Trading assets	23	1,169,708	–	–	1,169,708
Derivative assets held	24	1,980,135	–	–	1,980,135
Investment securities	26	2,527,855	–	–	2,527,855
		5,677,698	–	–	5,677,698
LIABILITIES					
Derivative liabilities held	24	1,980,135	–	–	1,980,135
		1,980,135	–	–	1,980,135

There was no financial instrument measured in Level 3 of the fair value hierarchy, hence there is no table to show a reconciliation from the beginning balance to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

Financial instruments not measured at fair value

The table below sets out the fair value of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

	Note	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
2013						
ASSETS						
Loans and advances to customers	25	–	–	447,282,700	447,282,700	450,532,965
Assets pledged as collateral	27	–	43,852,922	–	43,852,922	50,516,904
Investment securities	26(a)(b)	–	169,713,242	–	169,713,242	163,638,236
LIABILITIES						
Deposits from banks	35	–	–	–	–	–
Deposits from customers	36	–	–	712,359,418	712,359,418	715,214,192
Borrowings	37	–	–	59,244,230	59,244,230	59,244,230

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. These includes expected lifetime credit losses, interest rates, estimated repayments. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include data from third party, and information obtained from other market participants.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Fair value disclosures were provided for unquoted equity investment securities that are measured at cost. The investments are neither redeemable nor transferable and there is no market for them. The Group does not intend to dispose of these investments.

(c) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(d) Determination of impairment of property and equipment, and intangible assets excluding goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(e) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the group wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Defined benefit plan

The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

(g) Determination of regulatory risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/ provision regime, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(i) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained reserve account.

(ii) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

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The banking subsidiary has complied with the requirements of the guidelines as follows:

Prudential adjustments for the year ended December 31, 2013

		GROUP	
	Note	December 2013 ₦'000	December 2013 ₦'000
Loans & advances:			
Specific impairment allowances on loans to customers	25(b)	3,206,245	
Collective impairment allowances on loans to customers	25(c)	8,631,674	
Total impairment allowances on loans			**11,837,919**
Other financial assets:			
Specific impairment allowances on investment in subsidiaries	28	–	
Specific impairment allowances on unquoted equity securities	26(e)	1,122,578	
Specific impairment allowances on other assets	33(a)	11,909,052	
Operational risk provision	40	2,520,887	
Total impairment allowances on other financial assets			**15,552,517**
Total impairment allowances by the Bank (a)			**27,390,436**
Total regulatory impairment based on prudential guidelines (b)			**30,121,141**
Required balance in regulatory risk reserves (c = b – a)			**2,730,705**
Balance, January 1, 2013			**2,381,532**
Addition during the year			**349,173**
Balance, December 31, 2013			**2,730,705**

Prudential adjustments for the year ended December 31, 2012

		GROUP	
	Note	December 2012 ₦'000	December 2012 ₦'000
Loans & advances:			
Specific impairment allowances on loans to customers	*25(c)*	4,462,115	
Collective impairment allowances on loans to customers	*25(d)*	1,713,098	
Total impairment allowances on loans			**6,175,213**
Other financial assets:			
Specific impairment allowances on investment in subsidiaries	*28*	7,688,201	
Specific impairment allowances on unquoted equity securities	*26(f)*	1,028,997	
Specific impairment allowances on other assets	*33(a)*	13,553,510	
Operational risk provision		4,360,781	
AFS measured at fair value		720,387	
Total impairment allowances on other financial assets			**27,351,876**
Total impairment allowances by the Bank (a)			**33,527,089**
Total regulatory impairment based on prudential guidelines (b)			**35,908,621**
Required balance in regulatory risk reserves (c = b – a)			**2,381,532**
Balance, January 1, 2012			**8,491,563**
Addition/(Reduction) during the year			**(6,110,031)**
Balance, December 31, 2012			**2,381,532**

Notes to the consolidated and separate financial statements continued...

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6. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Small and medium enterprises (SME) with an annual turnover of less than ₦2.5 billion are included in the retail banking segment.

Corporate and commercial banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate and commercial banking business segment caters for the specific needs of companies with an annual turnover in excess of ₦2.5 billion.

Treasury and financial markets – the treasury and financial markets segment provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. This segment is also involved in currency trading, incorporating financial instruments trading and structured financing.

Institutional banking – government financing, financial institutions, multilateral agencies.

Investment banking – provides comprehensive banking services to highly structured large corporate organisations. This segment is also involved in capital raising activities for organisations both in money and capital markets, as well as providing financial advisory services to organisations in raising funds.

Information regarding the results of each reporting segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

No single external customer accounts for 10% or more of the Group's revenue.

Information about operating segments

(i) The business segment results are as follows:

	GROUP 2013					
	Investment banking ₦'000	Corporate & commercial banking ₦'000	Retail banking ₦'000	Institutional banking ₦'000	Treasury & financial markets ₦'000	Total ₦'000
External revenues						
Net interest income	478,427	13,498,372	32,000,525	9,793,902	362,365	**56,133,591**
Net fee and commission income	1,707,938	4,362,822	4,774,928	876,243	2,259,462	**13,981,393**
Net trading income	–	–	–	–	480,484	**480,484**
Net income from other financial instruments at fair value through profit or loss	127,590	–	–	–	296,473	**424,063**
Other revenue	97,480	1,350,706	6,630,949	2,079,422	3,071,630	**13,230,187**
Inter-segment revenue	–	(161,698)	55,398	134,266	(27,966)	**–**
Total segment revenue	**2,411,435**	**19,050,202**	**43,461,800**	**12,883,833**	**6,442,448**	**84,249,718**
Other material non-cash items						
Impairment losses on financial assets	54,118	4,396,313	2,747,124	785,004	–	**7,982,559**

	GROUP 2013					
	Investment banking ₦'000	Corporate & commercial banking ₦'000	Retail banking ₦'000	Institutional banking ₦'000	Treasury & financial markets ₦'000	Total ₦'000
Reportable segment profit before income tax	185,215	4,221,875	3,279,029	4,022,489	6,475,791	**18,184,399**
Reportable segment assets	14,193,153	313,023,331	258,431,299	105,436,094	200,718,249	**891,802,126**
Reportable segment liabilities	4,261,755	174,388,772	285,554,148	262,562,512	130,698,994	**857,466,181**

	GROUP 2012					
	Investment banking ₦'000	Corporate & commercial banking ₦'000	Retail banking ₦'000	Institutional banking ₦'000	Treasury & financial markets ₦'000	Total ₦'000
External revenues:						
Net interest income	579,092	8,998,785	23,915,040	9,594,538	251,856	**43,339,311**
Net fee and commission income	356,572	7,628,857	3,352,111	1,061,762	1,913,080	**14,312,382**
Net trading income	–	389,018	–	–	5,214,484	**5,603,502**
Net income/(loss) from other financial instruments at fair value through profit or loss	(26,775)	–	–	–	(17,752)	**(44,527)**
Other revenue	902,128	3,690,727	4,213,000	500,055	36,320	**9,342,230**
Inter-segment revenue	–	304,896	4,856	(802)	(308,950)	**–**
Total segment revenue	**1,811,017**	**21,012,283**	**31,485,007**	**11,155,553**	**7,089,038**	**72,552,898**
Other material non-cash items						
Impairment losses on financial assets	(7,892)	10,304,760	716,912	1,684,142	–	**12,697,922**
Reportable segment profit/(loss) before income tax	338,471	(2,744,860)	9,138,387	3,776,242	5,739,779	**16,248,019**
Reportable segment assets	8,218,492	308,584,955	100,017,990	39,855,815	211,366,785	**668,044,037**
Reportable segment liabilities	7,742,885	183,261,165	281,770,744	202,134,090	87,285,998	**762,194,882**

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

(ii) Reconciliations of reportable segments revenues, profit or loss and assets and liabilities

	GROUP	
	2013 ₦'000	2012 ₦'000
Revenues		
Total revenue for reportable segments	84,249,718	**72,552,898**
Unallocated amounts	–	**–**
Elimination of inter-segment revenue	–	**–**
Consolidated revenue	84,249,718	**72,552,898**
Profit or loss		
Total profit or loss for reportable segments	18,184,399	**16,248,019**
Unallocated amounts	–	**–**
Consolidated profit before income tax	18,184,399	16,248,019
Assets		
Total assets for reportable segments	891,802,126	**668,044,037**
Other unallocated amounts	116,478,044	**240,501,719**
Consolidated total assets	1,008,280,170	**908,545,756**
Liabilities		
Total liabilities for reportable segments	857,466,181	**762,194,882**
Other unallocated amounts	7,107,260	**14,335,471**
Consolidated total liabilities	864,573,441	**776,530,353**

Geographical areas

In presenting information on the basis of geographical areas, revenue is based on the customers' country of domicile and assets are based on the geographical location of the assets.

(iii) The geographical information result for December 31, 2013 is as follows:

	Nigeria ₦'000	Gambia ₦'000	Europe ₦'000	Total ₦'000
External revenues	83,524,315	346,283	379,120	**84,249,718**
Non-current assets	33,712,866	648,114	31,825	**34,392,805**

(iv) The geographical information result for December 31, 2012 is as follows:

	Nigeria ₦'000	Gambia ₦'000	Europe ₦'000	Total ₦'000
External revenues	72,244,810	150,537	157,551	**72,552,898**
Non-current assets (Note 6 (vi))	37,625,799	576,204	23,952	**38,225,955**

(v) Non-current assets includes property and equipment, and intangible assets.

7. Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and liabilities:

December 31, 2013

	Note	Trading ₦'000	Designated at fair value ₦'000	Held to maturity ₦'000	Loans and receivables ₦'000	Available for sale ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	21	–	–	–	199,700,305	–	199,700,305	199,700,305
Non-pledged trading assets	23	2,921,358	–	–	–	–	2,921,358	2,921,358
Derivative assets held	24	–	1,697,606	–	–	–	1,697,606	1,697,606
Loans and advances to customers	25	–	–	–	450,532,965	–	450,532,965	447,282,700
Assets pledged as collateral	27	–	–	50,516,904	–	–	50,516,904	43,852,922
Investment securities	26	–		153,104,085	–	10,534,151	163,638,236	169,713,242
		2,921,358	**1,697,606**	**203,620,989**	**650,233,270**	**10,534,151**	**869,007,374**	**865,168,133**
Derivative liabilities held	24	–	1,355,634	–	–	–	1,355,634	1,355,634
Deposits from banks	35	–	–	–	–	–	–	–
Deposits from customers	36	–	–	715,214,192	–	–	715,214,192	712,359,418
Borrowings	37	–	–	59,244,230	–	–	59,244,230	59,244,230
		–	**1,355,634**	**774,458,422**	**–**	**–**	**775,814,056**	**772,959,282**

December 31, 2012

	Note	Trading ₦'000	Designated at fair value ₦'000	Held to maturity ₦'000	Loans and receivables ₦'000	Available for sale ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	21	–	–	–	123,451,740	–	123,451,740	123,451,740
Non-pledged trading assets	23	1,169,708	–	–	–	–	1,169,708	1,169,708
Derivative assets held	24		1,980,135	–	–	–	1,980,135	1,980,135
Loans and advances to customers	25	–	–	–	357,798,798	–	357,798,798	358,892,095
Assets pledged as collateral	27	–	–	40,793,601	–	–	40,793,601	35,690,559
Investment securities	26	–	–	233,765,644	–	10,759,975	244,525,619	274,611,450
		1,169,708	**1,980,135**	**274,559,245**	**481,250,538**	**10,759,975**	**769,719,601**	**795,795,687**
Derivative liabilities held	24	–	1,980,135	–	–	–	1,980,135	1,980,135
Deposits from banks	35	–	–	52,000	–	–	52,000	52,000
Deposits from customers	36	–	–	646,216,767	–	–	646,216,767	646,216,767
Borrowings	37	–	–	26,933,018	–	–	26,933,018	26,933,018
		–	**1,980,135**	**673,201,785**	**–**	**–**	**675,181,920**	**675,181,920**

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

Financial instruments at fair value (including those held for trading, designated at fair value, available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate, yield curves, equities and prices.

Investment securities – unquoted equity securities at cost

The above table includes ₦4.94 billion (2012: ₦8.23 billion) of equity investment securities in both the carrying amount and fair value columns that are measured at cost and for which disclosure of fair value is not provided because their fair value cannot be reliably measured. The investments are neither redeemable nor transferable and there is no market for them. The Group does not intend to dispose of these investments.

	GROUP		COMPANY	
8. Interest income	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Loans and advances to banks	**3,210,459**	5,697,322	**–**	–
Loans and advances to customers (see note (a) below)	**67,093,880**	55,395,040	**–**	–
Investments in government and other securities	**31,336,099**	25,928,899	**–**	–
	101,640,438	87,021,261	**–**	–

(a) Included in this amount is ₦2.5 billion interest income accrued on impaired loans and advances.

	GROUP		COMPANY	
9. Interest expense	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Deposits from banks	**3,601,255**	5,192,404	**–**	–
Deposits from customers	**40,399,481**	36,435,103	**–**	–
Borrowings	**1,506,111**	2,054,443	**–**	–
	45,506,847	43,681,950	**–**	–

		GROUP		COMPANY	
10. Net impairment loss on financial assets	*Note*	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(a) Loans and advances to customers					
Increase in specific impairment	*25 (c)*	**2,039,744**	10,744,875	**–**	–
Increase in collective impairment	*25 (d)*	**7,370,136**	7,542,962	**–**	–
Reversal of specific impairment	*25 (c)*	**(837,665)**	(150,882)	**–**	–
Income received on claims previously written off		**(2,956,103)**	(7,912,828)	**–**	–
		5,616,112	10,224,127	**–**	–

	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(b) Other assets					
Increase in impairment	*33 (a)*	**2,272,866**	2,473,795	**–**	–
		2,272,866	2,473,795	**–**	–
(c) Investment securities available for sale					
Impairment for investment securities available for sale	*26 (e)*	**93,581**	–	**–**	–
		93,581	–	**–**	–
		7,982,559	12,697,922	**–**	–

11. Net fee and commission income

	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Commissions on turnover	**5,008,981**	5,446,559	**–**	–
Letters of credit commission	**2,233,023**	3,575,273	**–**	–
Commission on off-balance sheet transactions	**1,215,841**	828,878	**–**	–
Service charges fees and commissions	**6,762,422**	5,059,147	**–**	–
Gross fee and commission income	**15,220,267**	14,909,857	**–**	–
			–	
Credit card expenses	**(120,748)**	(48,385)	**–**	–
Other banks charges	**(1,118,126)**	(549,090)	**–**	–
Fee and commission expense	**(1,238,874)**	(597,475)	**–**	–
Net fee and commission income	**13,981,393**	14,312,382	**–**	–

12. Net trading income

	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Bonds trading income	**108,618**	483,622	**–**	–
Treasury bills trading income	**371,866**	5,119,880	**–**	–
	480,484	5,603,502	**–**	–

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

13. Net gains/(losses) from other financial instruments at fair value through profit or loss	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Net gains/(losses) arising on:				
Fair value instruments held for trading	**137,809**	105,659	**–**	–
Gains/(Losses) on investment securities	**–**	67,487	**–**	–
Fair value gain on derivative financial instruments held	**286,254**	–	**–**	–
Impairment for investment securities available for sale	**–**	(217,673)	**–**	–
	424,063	(44,527)	**–**	–

14. Other income	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Dividends on equity investment securities in the subsidiaries	14 (a)	**–**	810,000	**6,370,000**	–
Dividends on unquoted equity securities at cost		**449,145**	1,313,018	**–**	–
Foreign exchange gains		**6,905,050**	4,191,146	**–**	–
Profit on disposal of equity investments		**1,861,197**	–	**–**	–
Profit on sale of property and equipment		**31,880**	1,446,639	**–**	–
Other income		**3,982,915**	1,581,427	**–**	–
		13,230,187	9,342,230	**6,370,000**	–

(a) This comprises dividend received from First City Monument Bank Limited of ₦6bn and FCMB Capital Markets Limited of ₦370m.

15. Personnel expenses	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Wages and salaries	45 (b)	**18,864,791**	14,445,011	**70,329**	–
Contributions to defined contribution plans	38	**480,653**	318,427	**–**	–
Contribution to other long-term defined benefits	39 (iii)	**1,518,073**	707,429	**–**	–
Other staff costs		**3,291,935**	3,074,467	50	–
		24,155,452	18,545,334	70,379	–

16. Depreciation and amortisation	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Amortisation of intangibles	31 (a)	**192,866**	258,447	80	–
Depreciation of property and equipment	30	**3,114,324**	3,874,127	459	–
		3,307,190	4,132,574	539	–

		GROUP		COMPANY	
17. General and administrative expenses	*Note*	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Communication, stationery and postage		**1,300,270**	915,769	569	–
Business travel expenses		**1,028,178**	748,521	449	–
Advertising, promotion and corporate gifts		**2,266,108**	1,407,342	810	–
Business premises and equipment costs		**2,990,485**	2,473,160	932	–
Directors' emoluments and expenses	*45(e)*	**719,511**	658,082	53,350	–
IT expenses		**2,223,332**	1,948,581	547	–
Contract services		**4,098,618**	1,992,211	–	–
		14,626,502	10,143,666	56,656	–

	GROUP		COMPANY	
18. Other expenses	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Vehicles maintenance expenses	**886,212**	701,938	9	–
Security expenses	**1,803,567**	1,825,005	–	–
NDIC insurance premium and other insurances	**3,846,213**	3,186,821	–	–
Auditors' remuneration	**240,412**	176,525	20,000	–
Consulting expenses	**2,179,383**	1,438,729	40,658	–
AMCON expenses	**4,581,038**	2,492,159	–	–
Others	**2,525,047**	1,126,006	93,730	–
	16,061,872	10,947,183	154,396	–

	GROUP		COMPANY	
19. Earnings per share	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Basic and diluted earnings per share				
The calculation of basic earnings per share at December 31, 2013 was based on the profit attributable to ordinary shareholders of ₦16 billion (2012: ₦15.29 billion) and a weighted average number of ordinary shares outstanding of 19.80 billion, which was applied retrospectively (2012: 19.04 billion), calculated as follows:				
Profit attributable to equity holders	**16,001,155**	15,292,372	6,027,752	–
Weighted average number of ordinary shares in issue (in '000s)	**19,802,710**	19,802,710	19,802,710	–
	0.81	0.77	0.30	–

Group does not have dilutive potential ordinary shares as at December 31, 2013 (December 2012: nil).

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

20. Tax expense	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(i) Minimum and current tax expense:					
Dividend tax		**1,800,000**	–	**–**	–
Minimum tax		**–**	906,832	**–**	–
National Information Technology Development Agency (NITDA) levy		**262,891**	–	**60,277**	–
Income tax expense		**1,758,806**	1,272,909	**–**	–
		3,821,697	2,179,741	**60,277**	–
Deferred tax expense:					
Origination of temporary differences	32(b)	**(1,638,453)**	(1,053,426)	**–**	–
		(1,638,453)	(1,053,426)	**–**	–
Total		**2,183,244**	1,126,315	**60,277**	–

	GROUP 2013 %	GROUP 2013 ₦'000	GROUP 2012 %	GROUP 2012 ₦'000	COMPANY 2013 %	COMPANY 2013 ₦'000	COMPANY 2012 %	COMPANY 2012 ₦'000
(ii) Reconciliation of effective tax rate								
Profit before tax	**–**	**18,184,399**		16,248,019		**6,088,029**	0.0%	–
Income tax using the domestic corporation tax rate	**30.0%**	**5,455,320**	30.0%	4,874,406	**0.0%**	**–**	0.0%	–
National Information Technology Development Agency (NITDA) levy	**1.4%**	**262,891**	–	–	**1.0%**	**60,277**	0.0%	–
Balancing charge	**0.1%**	**25,177**	3.8%	616,812	**0.0%**	**–**	0.0%	–
Non-deductible expenses	**19.3%**	**3,508,311**	59.1%	9,596,877	**0.0%**	**–**	0.0%	–
Tax exempt income	**(48.8%)**	**(8,868,455)**	(97.4%)	(15,831,934)	**0.0%**	**–**	0.0%	–
Impact of excess dividend tax (see note iv below)	**9.9%**	**1,800,000**	11.5%	1,870,154	**0.0%**	**–**	0.0%	–
Total tax expense	**12.0%**	**2,183,244**	7%	1,126,315	**1.0%**	**60,277**	0.0%	–

(iii) The banking subsidiary was assessed based on the minimum tax legislation for the year ended December 31, 2012 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from January 2, 2012.

The Order exempts all interests earned on Bonds (Federal, state, local and corporate bodies including supra-nationals) and other short-term securities such as treasury bills and promissory notes from being subjected to tax imposed under the Companies Income Tax Act.

The Order is valid for a period of 10 years from the effective date of the Order, except for Bonds issued by the Federal Government, which will continue to enjoy the exemption.

A significant portion of the banking subsidiary's income derives from short-term securities and government bonds, and as a result, the banking subsidiary's current income tax assessment for the year under review yields a tax credit in its favour. Consequently, the banking subsidiary has applied the provisions of the Companies Income Tax Act that mandate a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

(iv) Excess dividend tax in line with Section 15A of Companies Income Tax Act, which stipulates that where a company pays dividend on which no tax is payable due to no total profit or total profit that is less than the amount of dividend paid, whether or not the recipient of the dividend is a Nigeria company, the company paying the dividend shall be charged a tax at the rate of 30% of the amount of dividend paid as if it is the total profit of the company. During the year, the banking subsidiary was liable to excess dividend tax of ₦1.8 billion, representing 30% of ₦6 billion dividend paid as the Nigerian tax law requires companies to pay tax calculated at 30% of the higher of rate of taxable profit and dividend paid (2012: nil).

		GROUP		COMPANY	
	Note	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(v) Current income tax liability					
Beginning of the year		**2,850,275**	1,783,422	**–**	–
Acquired subsidiary		**–**	330,110	**–**	–
Tax paid		**(2,338,619)**	(1,442,998)	**–**	–
Dividend tax	*20(i)*	**1,800,000**	–	**–**	–
Minimum tax	*20(i)*	**–**	906,832	**–**	–
National Information Technology Development Agency (Nitda) levy		**262,891**	–	**60,277**	–
Income tax expense	*20(i)*	**1,758,806**	1,272,909	**–**	–
		4,333,353	2,850,275	**60,277**	–
Current		**4,333,353**	2,850,275	**60,277**	–
Non-current		**–**	–	**–**	–
		4,333,353	2,850,275	**60,277**	–

21. Cash and cash equivalents

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Cash	**18,892,038**	15,660,594	**–**	–
Current balances within Nigeria	**2,731,075**	3,627,443	**2,150,389**	–
Current balances outside Nigeria	**49,461,078**	50,982,793	**–**	–
Placements with local banks	**102,683,127**	33,349,359	**–**	–
Placements with foreign banks	**7,304,382**	4,577,099	**–**	–
Unrestricted balances with central banks	**18,628,605**	15,254,452	**–**	–
	199,700,305	123,451,740	**2,150,389**	–
Current	**199,700,305**	123,451,740	**2,150,389**	–
Non-current	**–**	–	**–**	–
	199,700,305	123,451,740	**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 include ₦7.60 billion (December 2012: ₦13.56 billion), which represents the naira value of foreign currency amounts held by the banking subsidiary on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 40).

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22. Restricted reserve deposits	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Restricted mandatory reserve deposits with central banks (see note 22 (a) below)	**73,473,096**	57,891,360	**–**	–
	73,473,096	57,891,360	**–**	–
Current	**73,473,096**	57,891,360	**–**	–
Non-current	**–**	–	**–**	–
	73,473,096	57,891,360	**–**	–

(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.

23. Trading assets	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Non-pledged trading assets				
Federal Government of Nigeria Bonds	**87,616**	–	**–**	–
Treasury bills	**2,408,665**	823,626	**–**	–
Equity securities	**425,077**	346,082	**–**	–
	2,921,358	1,169,708	**–**	–
Current	**2,921,358**	1,169,708	**–**	–
Non-current	**–**	–	**–**	–
	2,921,358	1,169,708	**–**	–

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges on which the banking subsidiary acts as an intermediary.

24. Derivative assets and liabilities held	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Instrument type				
Assets				
– customer transactions	**1,577,459**	1,980,135	**–**	–
– interest rate swap	**120,147**	–	**–**	–
	1,697,606	1,980,135	**–**	–
Current	**–**	–	**–**	–
Non-current	**1,697,606**	1,980,135	**–**	–
	1,697,606	1,980,135	**–**	–

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Liabilities				
– market transactions	**1,219,618**	1,980,135	**–**	–
– interest rate swap	**136,016**	–	**–**	–
	1,355,634	1,980,135	**–**	–
Current	**–**	–	**–**	–
Non-current	**1,355,634**	1,980,135	**–**	–
	1,355,634	1,980,135	**–**	–

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.

25. Loans and advances to customers

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(a) Loans and advances to customers at amortised cost	**450,532,965**	357,798,798	**–**	–
	450,532,965	357,798,798	**–**	–
Current	**261,021,714**	209,520,319	**–**	–
Non-current	**189,511,251**	148,278,479	**–**	–
	450,532,965	357,798,798	**–**	–

At December 31, 2013 ₦287.30 billion (December 2012: ₦202.21 billion) of loans and advances to customers are expected to be recovered less than 12 months after the reporting date.

	GROUP					
	2013			2012		
	Gross amount	**Impairment allowance**	**Carrying amount**	Gross amount	Impairment allowance	Carrying amount
Loans and advances at amortised cost	**462,370,884**	**(11,837,919)**	**450,532,965**	364,865,215	(7,066,417)	357,798,798

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	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(b) Movement in allowances for impairment				
(i) Specific allowances for impairment				
Balance at January 1	**4,462,115**	7,555,092	**–**	–
Impairment loss for the year	**–**	–	**–**	–
Charge for the year	**2,039,744**	10,744,875	**–**	–
Impairment reversals	**(837,665)**	(150,882)	**–**	–
Write-offs	**(2,457,949)**	(13,686,970)	**–**	–
	3,206,245	4,462,115	**–**	–
(ii) Collective allowances for impairment				
Balance at January 1	**2,604,302**	1,365,005	**–**	–
Acquired during the year	**–**	3,612,549	**–**	–
Impairment loss for the year	**–**	–	**–**	–
Charge for the year	**7,370,136**	7,542,962	**–**	–
Write-offs (see note (e) below)	**(1,342,764)**	(9,916,214)	**–**	–
	8,631,674	2,604,302	**–**	–
	11,837,919	7,066,417	**–**	–
(c) Finance lease				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	**2,768,631**	619,146	**–**	–
Between one and five years	**12,642,762**	6,829,569	**–**	–
More than five years	**927,461**	–	**–**	–
	16,338,854	7,448,715	**–**	–
Unearned finance income	**(5,145,493)**	(2,473,971)	**–**	–
	11,193,361	4,974,744	**–**	–
(d) Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	**2,275,368**	498,107	**–**	–
Between one and five years	**8,239,012**	4,476,637	**–**	–
More than five years	**678,981**	–	**–**	–
	11,193,361	4,974,744	**–**	–

(e) Impaired loans that are not individually significant are included in the collective impairment. Therefore, when such loans are written off the cumulative impairments on them are taken from the collective impairment allowance.

(f) The loans written off during the year had been fully provisioned in the books.

26. Investment securities	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Held-to-maturity (see note (a) below)	**153,104,085**	233,765,644	**–**	–
Available-for-sale (see note (b) below)	**10,534,151**	10,759,975	**2,514,439**	–
	163,638,236	244,525,619	**2,514,439**	–
Current	**133,979,276**	138,232,352	**–**	–
Non-current	**29,658,960**	106,293,267	**2,514,439**	–
	163,638,236	244,525,619	**2,514,439**	–
(a) Held-to-maturity investment securities				
Federal Government of Nigeria (FGN) Bonds	**24,089,628**	32,421,143	**–**	–
Asset Management Corporation of Nigeria (AMCON) Bonds	**34,989,350**	144,639,798	**–**	–
State Government Bonds	**11,829,214**	10,478,530	**–**	–
Treasury bills	**70,310,944**	36,174,581	**–**	–
Corporate bonds	**11,884,949**	10,051,592	**–**	–
	153,104,085	233,765,644	**–**	–
(b) Available-for-sale investment securities				
Equity securities measured at fair value (see note (c) below)	**2,853,128**	2,527,855	**–**	–
Unquoted equity securities measured at cost (see notes (d) and (g) below)	**7,681,023**	8,232,120	**2,514,439**	–
	10,534,151	10,759,975	**2,514,439**	–
(c) Equity securities measured at fair value under available-for-sale investments				
HTM Private Placement Underwriting	**1,681,495**	1,058,985	**–**	–
African Petroleum Plc (Forte Oil)	**–**	61,511	**–**	–
DAAR Communications Underwriting	**37,277**	37,278	**–**	–
Environmental Remediation Holding Company Plc	**419,431**	655,161	**–**	–
Unity Bank Plc	**560**	560	**–**	–
UTC Nigeria Plc	**15**	10	**–**	–
Standard Alliance Co Plc	**714,350**	714,350	**–**	–
	2,853,128	2,527,855	**–**	–

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	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(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**	–
SME Investments	**1,095,483**	1,113,742	–	–
African Export-Import Bank, Cairo	**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	–	–
First City Asset Management (FCAM)	–	40,000	–	–
Industrial and General Insurance Plc	**85,000**	85,000	–	–
Food Concept Limited	**11,700**	11,700	–	–
Financial Derivatives Company Limited	**10,000**	10,000	–	–
Hygeia Nigeria Limited	**602**	602	–	–
CSCS Limited	**3,500**	3,500	–	–
Legacy Fund	**76,000**	76,000	–	–
Others	**767,444**	1,731,417	–	–
	8,803,601	9,825,833	**2,514,439**	–
Specific impairment for equities (note (e) below)	**(1,122,578)**	(1,593,713)	–	–
Carrying amount	**7,681,023**	8,232,120	**2,514,439**	–
(e) Specific allowances for impairment against available-for-sale				
Balance at January 1	**1,593,713**	514,408	–	–
Acquired during the year	–	982,574	–	–
Written off during the year	**(564,716)**	(19,680)	–	–
Charge for the year	**93,581**	116,411	–	–
Balance at December 31	**1,122,578**	1,593,713	–	–

(f) Bonds issued by AMCON are fully guaranteed by The Federal Government of Nigeria. The bonds were issued in exchange for impaired loans.

(g) The fair value of AFS investment was not disclosed because the fair value could not be reliably measured.

(h) All debt securities have fixed coupons.

27. Assets pledged as collateral	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
Treasury bills	**15,934,482**	2,372,315	**–**	–
Federal Government of Nigeria (FGN) Bonds	**34,582,422**	38,421,286	**–**	–
	50,516,904	40,793,601	**–**	–
Current	**4,073,788**	15,760,998	**–**	–
Non-current	**46,443,116**	25,032,603	**–**	–
	50,516,904	40,793,601	**–**	–

As at December 31, 2013, the Group held no collateral, which it was permitted to sell or re-pledge in the absence of default by the owner of the collateral (December 31, 2012: ₦40.79 billion).

28. Investment in subsidiaries	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see note (c) below)	**–**	–	**115,422,326**	–
FCMB Capital Markets Limited (see note (d) below)	**–**	–	**240,000**	–
CSL Stockbrokers Limited (CSLS) (see note (e) below)	**–**	–	**3,053,777**	–
	–	–	**118,716,103**	–
Specific allowances for impairment	**–**	–	**–**	–
Carrying amount	**–**	–	**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%**	**December 31**
(2) FCMB Capital Markets Limited	**Nigeria**	**Capital market**	**100%**	**December 31**
(3) CSL Stockbrokers Limited (CSLS)	**Nigeria**	**Stockbroking**	**100%**	**December 31**

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(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 April 20, 1982. It was licensed on August 11, 1983 to carry on the business of commercial banking and commercial business on September 1, 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on December 21, 2004. The Bank, however, was delisted from the Nigerian Stock Exchange on June 21, 2013 and re-registered as a Limited liability Company on September 4, 2013 following the Group restructuring exercise.

(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.

	GROUP		COMPANY	
29. Investment in associates	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(a) Investment in associate company:				
Balance at January 1, 2013	**467,456**	230,656	**–**	–
Share of profit transfer out of reserve	**68,256**	161,800	**–**	–
Transferred on reconstruction	**–**	–	**375,000**	–
Additions during the year	**32,800**	75,000	**32,800**	–
At December 31, 2013	**568,512**	467,456	**407,800**	–
(b) Summarised financial information of the Group principal associates are as follows:				
Assets	**2,316,635**	1,998,094	**–**	–
Liabilities	**286,234**	128,270	**–**	–
Net assets	**2,030,401**	1,869,824	**–**	–
Revenues	**1,601,231**	1,289,196	**–**	–
Profit	**717,443**	647,201	**–**	–

(c) This represents the Company's 28% (2012: 25%) 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.

30. Property and equipment

GROUP	Leasehold improvement and buildings ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost						
Balance at January 1, 2013	21,571,967	5,683,806	11,848,203	9,075,465	6,948,991	55,128,432
Addition during the year	1,075,830	937,513	1,806,577	1,002,855	768,419	5,591,194
Reclassifications	122,196	48,300	1,115,629	445,301	–	1,731,426
Disposal during the year	(17,580)	(686,032)	(354,023)	(82,776)	(3,216,610)	(4,357,021)
Items written off	–	–	–	–	(74,839)	(74,839)
Balance at December 31, 2013	**22,752,413**	**5,983,587**	**14,416,386**	**10,440,845**	**4,425,961**	**58,019,192**
Depreciation and impairment losses						
Balance at January 1, 2013	4,364,578	4,394,866	9,881,115	8,055,207	2,101,500	28,797,266
Charge for the year	715,623	556,377	1,202,159	641,334	–	3,115,493
Eliminated on disposals	(14,382)	(428,536)	(253,865)	(9,061)	–	(705,844)
Balance at December 31, 2013	**5,065,819**	**4,522,707**	**10,829,409**	**8,687,480**	**2,101,500**	**31,206,915**
Carrying amounts:						
Balance at December 31, 2013	17,686,594	1,460,880	3,586,977	1,753,365	2,324,461	26,812,277
Balance at December 31, 2012	**17,207,389**	**1,288,940**	**1,967,088**	**1,020,258**	**4,847,491**	**26,331,166**

COMPANY	Leasehold improvement and buildings ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost						
Balance at January 1, 2013	–	–	–	–	–	–
Addition during the year	4,806	–	4,629	824	–	10,260
Balance at December 31, 2013	4,806	–	4,629	824	–	10,260
Depreciation and impairment losses						
Balance at January 1, 2013	–	–	–	–	–	–
Charge for the year	160	–	279	19	–	459
Balance at December 31, 2013	160	–	279	19	–	459
Carrying amounts:						
Balance at December 31, 2013	4,646	–	4,350	805	–	9,801
Balance at December 31, 2012	**–**	**–**	**–**	**–**	**–**	**–**

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2012: nil).

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31. Intangible assets	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(a) Software				
Cost				
Beginning of the year	**2,135,493**	2,127,024	**–**	–
Addition during the year	**476,034**	8,469	**3,851**	–
End of the year	**2,611,527**	2,135,493	**3,851**	–
Amortisation				
Beginning of the year	**1,831,511**	1,599,106	**–**	–
Classification	**1,692**	(26,042)	**–**	–
Charge for the year	**192,866**	258,447	**80**	–
End of the year	**2,026,069**	1,831,511	**80**	–
Carrying amount	**585,458**	303,982	**3,771**	–
(b) Goodwill				
Beginning of the year	**11,590,807**	6,074,045	**–**	–
Acquired during the year (see note (c) below)	**–**	5,993,863	**–**	–
Group restructuring (see note (e) below)	**(4,595,737)**	–	**–**	–
Transfer to assets held for sale	**–**	(477,101)	**–**	–
At end of the year	**6,995,070**	11,590,807	**–**	–
	7,580,528	11,894,789	**3,771**	–

(c) On February 9, 2012, the Bank acquired FinBank. The acquisition gave rise to the above goodwill acquired during the year ended December 31, 2012.

(d) 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.

(e) 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 ₦5.59 billion.

(f) 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 2013 (2012: nil).

(g) There were no capitalised borrowing costs related to the acquisition to any internal development of software during the year (2012: nil).

32. Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	GROUP					
	2013			2012		
	Assets ₦'000	Liabilities ₦'000	Net ₦'000	Assets ₦'000	Liabilities ₦'000	Net ₦'000
Property and equipment	**741,855**	**–**	**741,855**	3,345,842	–	3,345,842
Intangibles assets (software)	**–**	**–**	**–**	(72,578)	–	(72,578)
Investment securities at fair value through other comprehensive income	**–**	**–**	**–**	216,116	–	216,116
Defined benefits	**256,588**	**–**	**256,588**	53,113	–	53,113
Allowances for loan losses	**1,684,784**	**–**	**1,684,784**	513,929	–	513,929
Unrelieved loss carried forward	**3,524,069**	**–**	**3,524,069**	881,234	–	881,234
Other	**138,729**	**(35,282)**	**103,447**	–	(22,067)	(22,067)
	6,346,025	**(35,282)**	**6,310,743**	4,937,656	(22,067)	4,915,589

(b) Movements in temporary differences during the year ended December 31, 2013

	GROUP 2013			
	Balance at January 1	Recognised in profit or loss	Recognised in other comprehensive income	Balance at December 31
Balance transferred to Holdco	**–**	**13,215**	**–**	**(152,697)**
Property and equipment	**1,282,340**	**(387,788)**	**–**	**894,552**
Intangibles assets (software)	**(72,579)**	**72,579**	**–**	**–**
Investment securities at fair value through other comprehensive income	**216,116**	**–**	**(216,116)**	**–**
Defined benefits	**59,612**	**196,976**	**–**	**256,588**
Allowances for loan losses	**526,076**	**1,158,708**	**–**	**1,684,784**
Unrelieved loss carried forward	**2,926,091**	**597,978**	**–**	**3,524,069**
Other	**(22,067)**	**(13,215)**	**–**	**(35,282)**
	4,915,589	**1,638,453**	**(216,116)**	**6,310,743**

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	GROUP 2012			
	Balance at January 1	Recognised in profit or loss	Recognised in other comprehensive income	Balance at December 31
Property and equipment	(608,808)	1,891,148	–	1,282,340
Intangibles assets (software)	–	(72,579)	–	(72,579)
Investment securities at fair value through other comprehensive income	–	–	216,116	216,116
Defined benefits	429,047	(379,110)	9,675	59,612
Allowances for loan losses	971,027	(444,951)	–	526,076
Unrelieved loss carried forward	2,702,853	223,238	–	2,926,091
Revaluation losses	84,717	(84,717)	–	–
Other	(26,388)	4,321	–	(22,067)
	3,552,448	1,137,350	225,791	4,915,589

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(c) Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Unrelieved losses	**3,895,133**	3,895,133	**162**	–
Property and equipment (unutilised capital allowance)	**4,036,272**	6,408,771	**102,428**	–
	7,931,405	10,303,904	**102,591**	–

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the asset.

33. Other assets	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Prepayments	**5,159,923**	4,769,676	**1,868**	–
Accounts receivable	**30,560,618**	32,021,404	**7,678,019**	–
Consumables	**680,869**	793,003	**–**	–
	36,401,410	37,584,083	**7,679,886**	–
Less specific allowances for impairment (note (a) below)	**(11,909,052)**	(13,827,772)	**–**	–
	24,492,358	23,756,311	**7,679,886**	–
Current	**6,989,370**	5,939,078	**7,679,886**	–
Non-current	**17,502,988**	17,817,233	**–**	–
	24,492,358	23,756,311	**7,679,886**	–
(a) Movement in impairment on other assets				
At start of year	**13,827,772**	1,208,341	**–**	–
Acquired during the preceding year	**–**	10,167,776	**–**	–
Increase in impairment	**2,272,866**	2,473,795	**–**	–
Amounts written off	**(4,191,586)**	(22,140)	**–**	–
At end of year	**11,909,052**	13,827,772	**–**	–

34. Assets and liabilities classified as held for sale

During the year ended December 31, 2013, the Group disposed the companies classified as held for sale: City Securities (Registrars) Limited (CSRL); Fin Securities Limited; Fin Capital Limited; Fin Insurance Limited; and Fin Registrars Limited. These companies were classified as held for sale and discontinued operation as at December 31, 2012 and the comparative condensed consolidated statement of comprehensive income has been represented to show the discontinued operation separately from the continuing operation.

	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(i) Results of discontinued operation				
Interest income	**–**	473,666	**–**	–
Interest expense	**–**	(2,410)	**–**	–
Fee and commission income	**–**	218,966	**–**	–
Other revenue	**–**	19,159	**–**	–
Net impairment loss on financial assets	**–**	(4,458)	**–**	–
Personnel expenses	**–**	(375,554)	**–**	–
Depreciation and amortisation expenses	**–**	(27,450)	**–**	–
General and administrative expenses	**–**	(71,592)	**–**	–
Other expenses	**–**	(6,000)	**–**	–
Results from operating activities	**–**	224,327	**–**	–
Income tax	**–**	(53,659)	**–**	–
Results from operating activities, net of income tax	**–**	170,668	**–**	–

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(ii) Cash flows effect of discontinued operation				
Cash flows from (used in) discontinued operation				
Net cash used in operating activities	–	1,006,503	–	–
Net cash from investing activities	–	418,572	–	–
Net cash from financing activities	–	(2,410)	–	–
Effect on cash flow	–	1,422,665	–	–
(iii) Non-current assets and non-current liabilities held for sale				
ASSETS				
Cash and cash equivalents	–	6,816,347	–	–
Loans and advances (staff loans)	–	135,028	–	–
Investment securities	–	602,625	–	–
Investment in subsidiaries	–	–	–	–
Investment property	–	131,778	–	–
Property and equipment	–	42,477	–	–
Intangible assets	–	483,351	–	–
Deferred tax assets	–	9,222	–	–
Other assets	–	150,307	–	–
Assets acquired for disposal	–	5,176,282	–	–
Total assets	–	13,547,417	–	–
LIABILITIES				
Current income tax liabilities	–	68,156	–	–
Other liabilities	–	6,910,163	–	–
Liabilities with assets acquired for disposal	–	2,060,270	–	–
Total liabilities	–	9,038,589	–	–
Net asset value	–	4,508,828	–	–
Current	–	4,508,828	–	–
Non-current	–	–	–	–
	–	4,508,828	–	–

An impairment loss on remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in other expenses in the condensed consolidated statement of comprehensive income.

	GROUP		COMPANY	
35. Deposits from banks	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Other deposits from banks	**–**	52,000	**–**	–
	–	52,000	**–**	–
Current	**–**	52,000	**–**	–
Non-current	**–**	–	**–**	–
	–	52,000	**–**	–

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

	GROUP		COMPANY	
36. Deposits from customers	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Retail customers:				
Term deposits	**108,629,829**	117,156,779	**–**	–
Current deposits	**261,088,038**	213,404,739	**–**	–
Savings	**71,928,563**	55,565,804	**–**	–
	441,646,430	386,127,322	**–**	–
Corporate customers:				
Term deposits	**78,130,411**	92,856,616	**–**	–
Current deposits	**157,323,654**	140,504,657	**–**	–
Other	**38,113,697**	26,728,172	**–**	–
	273,567,762	260,089,445	**–**	–
	715,214,192	646,216,767	**–**	–
Current	**715,214,192**	646,216,767	**–**	–
Non-current	**–**	–	**–**	–
	715,214,192	646,216,767	**–**	–

Notes to the consolidated and separate financial statements continued...
for the year ended December 31, 2013

37. Borrowings	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Borrowing comprise:				
Standard Bank, London (see note (a) (i) below)	–	7,826,185	–	–
Standard Bank, London (see note (a) (ii) below)	8,013,916	–	–	–
Standard Bank, London (see note (a) (iii) below)	4,016,910	–	–	–
Standard Chartered Bank, London (see note (a) (iv) below)	15,894,171	–	–	–
Standard Chartered Bank, London (see note (a) (v) below)	7,919,505	–	–	–
United Bank for Africa, New York (see note (a) (vi) below)	3,207,533	–	–	–
International Finance Corporation (IFC) (see note (a) (vii) below)	6,038,471	7,206,778	–	–
International Finance Corporation (IFC) (see note (a) (viii) below)	2,415,388	2,882,711	–	–
Citibank Nigeria (see note (a) (ix) below)	479,970	781,322	–	–
Citibank NA (see note (a) (x) below)	1,404,245	2,343,249	–	–
Africa Finance Corporation (see note (a) (xi) below)	4,319,730	–	–	–
Bank of Industry (see note (a) (xii) below)	164,822	5,892,773	–	–
First City Asset Management (FCAM) (see note (a) (xiii) below)	3,658,878	–	–	–
Engr Tajudeen Amoo (see note (a) (xiv) below)	1,448,837	–	–	–
Financial Derivatives Company Limited (see note (a) (xv) below)	161,222	–	–	–
Supra Finance Limited (see note (a) (xvi) below)	50,422	–	–	–
Doreo Partners (see note (a) (xvii) below)	50,210	–	–	–
	59,244,230	26,933,018	–	–
Current	5,381,305	5,833	–	–
Non-current	53,862,925	26,927,185	–	–
	59,244,230	26,933,018	–	–

(a) (i) This represents a facility that has been repaid as at December 31, 2013 nil, (December 2012: ₦7,826,185,000 (USD 50,000,000) granted by Standard Bank, London repayable after a tenor of five years with an interest rate of 3.3% above LIBOR payable semi-annually. The facility is secured with pledged bonds.

(ii) The amount of ₦8,013,916,000 (USD 50,000,000) represents the renewed facility granted by Standard Bank, London repayable after a tenor of five years with an interest rate of 3.0% above LIBOR payable quarterly. The facility is secured with pledged bonds.

(iii) The amount of ₦4,016,910,000 (USD 25,000,000) represents the facility granted by Standard Bank, London repayable after a tenor of two years with an interest rate of 2.0% above LIBOR payable quarterly. The facility is secured with pledged bonds.

(iv) The amount of ₦15,894,171,000 (USD 100,000,000) represents the outstanding balance of the facility granted by Standard Chartered Bank, London repayable after a tenor of two years with an interest rate of 3.65% above LIBOR payable quarterly. The facility is not secured.

(v) The amount of ₦7,919,505,000 (USD 50,000,000) represents the outstanding balance of the facility granted by Standard Chartered Bank, London repayable after a tenor of two years with an interest rate of 3.65% above LIBOR payable quarterly. The facility is not secured.

(vi) The amount of ₦3,207,533 (USD 20,000,000) 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.

(vii) The amount of ₦6,038,471,000 (December 2012: ₦7,206,778,000 (USD 50,000,000) represents the outstanding balance of the facility granted by International Finance Corporation (IFC) repayable after a tenor of seven years with an interest rate of six-months LIBOR plus spread of 400–450 basis points payable semi-annually. The facility is not secured.

(viii) The amount of ₦2,415,388,000, (December 2012: ₦2,882,711,000, USD 20,000,000) represents the outstanding balance of the convertible facility granted by International Finance Corporation (IFC) repayable after a tenor of seven years with an interest rate of six-months LIBOR plus spread of 400–450 basis points payable semi-annually. The facility is not secured.

(ix) The amount of ₦479,970,000 (December 2012: ₦781,322,000, USD 5,000,000) represents the outstanding balance of the facility granted by Citibank Nigeria repayable after a tenor of three years with an interest rate of six-months LIBOR plus spread of 400–450 basis points payable quarterly. The facility is not secured.

(x) The amount of ₦1,404,245,000 (December 2012: ₦2,343,249,000 (USD15,000,000) represents the outstanding balance of the facility granted by Citibank NA repayable after a tenor of three years with an interest rate of six-months LIBOR plus spread of 400–450 basis points payable quarterly. The facility is not secured.

(xi) The amount of ₦4,319,730,000 (USD 27,000,000) (December 2012: nil) 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.

(xii) The amount of ₦164,822,000 (December 2012: ₦5,892,773,486.49 relates to Bank of Industry (BOI) related loans for manufacturing/SME funds for a 10–15 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.

(xiii) The amount of ₦3,658,878,000 (December 2012: nil) represents the outstanding balance of the facilities granted by third parties through First City Asset Management (FCAM) at an average nominal interest of 15.42% maturing in 2014. The facility is not secured.

(xiv) The amount of ₦1,448,837,000 (December 2012: nil) represents the outstanding balance of the facilities granted by Engr Tajudeen Amoo at an average nominal interest of 14.73% maturing in 2014. The facility is not secured.

(xv) The amount of ₦161,222,000 (December 2012: nil) represents the outstanding balance of the facilities granted by Financial Derivatives Company Limited at an average nominal interest of 14.73% maturing in 2014. The facility is not secured.

(xvi) The amount of ₦50,422,000 (December 2012: nil) represents the outstanding balance of the facility granted by Supra Finance Limited at a nominal interest of 15.56% maturing in 2014. The facility is not secured.

(xvii) The amount of ₦50,210,000 (December 2012: nil) represents the outstanding balance of the facility granted by Doreo Partners at a nominal interest of 14.17% maturing in 2014. The facility is not secured.

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

Notes to the consolidated and separate financial statements continued...

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	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
(b) Movement in borrowings account during the year was as follows:				
Balance, beginning of the year	**26,933,018**	19,167,000	**–**	–
Acquired during the year	**–**	5,892,773	**–**	–
Additions during the year	**48,741,334**	3,208,268	**–**	–
Repayments during the year	**(16,909,586)**	(911,123)	**–**	–
Translation difference	**479,464**	(423,900)	**–**	–
	59,244,230	26,933,018	**–**	–

(c) The secured loans are secured over pledged bonds with a carrying amount of ₦25.3 billion.

38. 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.

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Total contributions to the scheme for the year were as follows:				
Balance at start of year	**109,008**	12,971	**–**	–
Balance transferred	**(3,772)**	–	**–**	–
Charged to profit or loss	**480,653**	318,427	**–**	–
Employee contribution	**545,169**	320,954	**–**	–
Total amounts remitted	**(1,006,384)**	(543,344)	**–**	–
At end of year	**124,674**	109,008	**–**	–
Current	**124,674**	109,008	**–**	–
Non-current	**–**	–	**–**	–
	124,674	109,008	**–**	–

39. Other long-term benefits

The Group has a non-contributory 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.

		GROUP		COMPANY	
	Note	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
(i) The amounts recognised in the statements of financial position are as follows:					
Present value of unfunded obligations		–	–	–	–
Present value of funded obligations		3,203,189	2,335,397	–	–
Total present value of obligations		3,203,189	2,335,397	–	–
Fair value of plan assets		(1,944,872)	(2,000,000)	–	–
Present value of net obligations		1,258,317	335,397	–	–
Unrecognised actuarial losses		–	–	–	–
Recognised liability for non-contributory defined benefits obligations		1,258,317	335,397	–	–
(ii) Plan assets consist of the following;					
Federal Government of Nigeria (FGN) Bonds		1,944,872	2,000,000	–	–
		1,944,872	2,000,000	–	–
(iii) Movement in the present value of defined benefit obligations:					
Liability for defined benefit obligations at the beginning of the reporting year		335,397	1,668,104	–	–
Contribution to the plan assets		(103,272)	(2,000,000)	–	–
Actuarial losses /(Gains)		(283,960)	225,854	–	–
Benefits paid by the plan		(366,321)	(189,979)	–	–
Current service costs and interest	41 (v)	1,518,073	631,418	–	–
Fair value loss on plan assets		158,400	–	–	–
Liability for defined benefit obligations at December 31, 2013		1,258,317	335,397	–	–
(iv) Movement in plan assets:					
Fair value of plan assets at the beginning of the reporting year		2,000,000	–	–	–
Contribution paid into the plan		103,272	2,000,000	–	–
Actuarial (losses)/gains		–	–	–	–
Fair value losses		(158,400)	–	–	–
Fair value of plan assets at December 31, 2013		1,944,872	2,000,000	–	–

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
(v) Expense recognised in profit and loss:					
Current service costs		**839,870**	434,341	**–**	–
Interest on obligation		**308,783**	197,077	**–**	–
Past service cost		**369,420**	–	**–**	–
		1,518,073	631,418	**–**	–
(vi) Expense recognised in other comprehensive income:					
Fair value loss on plan assets		**158,400**	–	**–**	–
Actuary losses/(Gains)		**(168,978)**	32,251	**–**	–
		(10,578)	32,251	**–**	–
(vii) Actuarial assumptions:					
The principal actuarial assumptions at the reporting date, expressed as weighted averages, were:					
Discount rate at December 31		**13%**	13%	**–**	–
Future salary increases		**12%**	12%	**–**	–
Rate of inflation		**10%**	10%	**–**	–

Assumptions regarding future mortality are based on published statistics and mortality tables, which has been rated down by one year to more accurately reflect mortality in Nigeria.

40. Other liabilities	Note	GROUP 2013 ₦'000	GROUP 2012 ₦'000	COMPANY 2013 ₦'000	COMPANY 2012 ₦'000
Customers' deposit for letters of credits	21	**7,604,906**	13,555,672	**–**	–
Bank cheques/drafts		**4,384,959**	3,577,056	**–**	–
Deferred income		**298,920**	135,265	**–**	–
Proceeds from public offers		**81,976**	82,049	**–**	–
Accounts payable		**63,630,351**	59,677,188	**19,036**	–
Accrued expenses		**4,485,760**	7,605,086	**81,355**	–
Provision (see note (a) below)		**2,520,887**	4,360,781	**–**	–
		83,007,759	88,993,097	**100,391**	–
Current		**13,175,557**	22,248,274	**100,391**	–
Non-current		**69,832,202**	66,744,823	**–**	–
		83,007,759	88,993,097	**100,391**	–

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

		GROUP		COMPANY	
41. Share capital	*Note*	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
(a) Authorised					
30 billion ordinary shares of 50k each (2012: 20 billion)	*41 (c)*	**15,000,000**	10,000,000	**15,000,000**	–
(b) Issued and fully paid					
19.8 billion ordinary shares of 50k each (2012: 19.04 billion)		**9,901,355**	9,520,534	**9,901,355**	–
The movement on the issued and fully paid-up share capital account during the year was as follows:					
Balance at January 1		**9,520,534**	8,135,596	**–**	–
Bonus capitalised	*41 (d)*	**380,821**	1,241,809	**–**	–
Issue of new shares	*41 (e)*	**–**	143,129	**–**	–
Capital reduction		**–**	–	**–**	–
At December 31		**9,901,355**	9,520,534	**–**	–

GROUP

	Note	**Number of shares Thousands**	**Ordinary shares ₦'000**	**Share premium ₦'000**	**Treasury shares ₦'000**
Balance at January 1, 2013		**19,041,068**	**9,520,534**	**108,747,612**	**(775,381)**
Bonus capitalised	*41 (d)*	**761,642**	**380,821**	**(380,821)**	**–**
Group restructuring/capital reconstruction		**–**	**–**	**7,025,623**	**766,756**
At December 31, 2013		**19,802,710**	**9,901,355**	**115,392,414**	**(8,625)**

COMPANY

	Note	**Number of shares Thousands**	**Ordinary shares ₦'000**	**Share premium ₦'000**	**Treasury shares ₦'000**
At January 1, 2013	*41 (f)*	**19,041,068**	**9,520,534**	**115,773,235**	**–**
Bonus capitalised		**761,642**	**380,821**	**(380,821)**	**–**
Issue of new shares		**–**	**–**	**–**	**–**
Purchase/(Sale) of treasury shares		**–**	**–**	**–**	**–**
Balance at January 1, 2013		**19,802,710**	**9,901,355**	**115,392,414**	**–**
Issue of new shares		**–**	**–**	**–**	**–**
At December 31, 2013		**19,802,710**	**9,901,355**	**115,392,414**	**–**

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(c) The authorised share capital of the company was increased from ₦10 billion, 20 billion units of ordinary shares of 50 kobo each to ₦15 billion, 30 billion units of ordinary shares of 50 kobo each.

(d) This represents capitalisation of bonus shares of 761,643,920 ordinary share of 50 kobo from share premium account in the proportion of one new share for every 25 held. This was approved at the Annual General Meeting held during the year.

(e) This represents 286,258,258 units issued at ₦6.16 per share in settlement of FinBank shareholders' (that opted for share settlement) following FCMB's acquisition of FinBank Plc.

(f) **Group restructuring**

In compliance with Regulation 3 of the CBN circular issued in September 2010, where banks operating under the Universal Banking system in Nigeria were required to restructure, by:

(i) separating the non-permissible banking subsidiaries from the commercial bank;

(ii) re-organising the non-permissible banking businesses within a Holding Company arrangement; or

(iii) divesting fully from non-permissible banking businesses.

The restructuring required to seed the opening Capital of FCMB Group Plc was as follows:

- transfer of Share Capital of (₦9.5 billion) from FCMB Plc to FCMB Group Plc.;
- transfer of Share Premium of (₦108.7 billion) from FCMB Plc to FCMB Group Plc.; and
- the statement of the assumed assets (FCMB Plc, CSLS Ltd and FCMB Capital Market Ltd) at their respective book value with share premium updated to reflect the net premium on the nominal share price and adjustments to assets.

Prior to the reorganisation, the Bank had a total shareholders' fund of ₦130.89 billion. The shareholders' funds was reduced by ₦15.42 billion, which comprises a reduction in share capital from ₦9.52 billion to ₦2 billion, while the Bank's share premium was reduced from ₦108.75 billion to ₦100.85 billion.

The reduction in the Bank's shareholders' funds was via a transfer of its equity interests in Permissible Non-banking Subsidiaries and Investments to the FCMB Group Plc. This credit to FCMB Group Plc funded the capital of FCMB Group Plc in furtherance to the Group restructuring. The Bank's interest in CSL Stockbrokers (₦8.65 billion), FCMB Capital Markets (₦240 million), Legacy Pension (₦375 million), Private Equity Fund (₦2.51 billion), Fin Capital (₦473 million) and Fin Insurance (₦3.17 billion) were also transferred to FCMB Group Plc.

42. 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 banking subsidiary to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. However, the Group 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 July 11, 2006), the contributions will be 10% of profit after tax and shall continue after the first five 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 Group'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: ₦776 million).

(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 the 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.

43. Contingencies, claims and litigation

(a) Legal Proceedings

The Group in its ordinary course of business is presently involved in 168 cases as a defendant (Dec. 2012: 68) and 19 cases as a plaintiff (Dec. 2012: 41). The total amount claimed in the 168 cases against the Group is estimated at ₦31.71 billion (December 2012: ₦23.13 billion) while the total amount claimed in the 19 cases instituted by the Group is ₦30.24 billion (December 2012: ₦6.85 billion). The Directors of the Group are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation, which may be material to the financial statements.

(b) Contingent liabilities and commitments

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 performance 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 table summarises 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	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Performance bonds and guarantees	**69,682,910**	86,744,701	**–**	–
Clean line letters of credit	**35,412,127**	33,669,482	**–**	–
Other commitments	**635,636**	667,151	**–**	–
	105,730,673	121,081,334	**–**	–

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

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

44. Group subsidiaries and related party transactions

(a) Parent and ultimate controlling party

FCMB Group Plc is the ultimate parent company and its subsidiaries are as listed in note 44 (b) below.

(b) Subsidiaries:

Transactions between FCMB Group Plc and its subsidiaries, which are eliminated on consolidation, are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at December 31, 2013 are shown below.

Entity (Direct and indirect subsidiaries)	Form of holding	Effective holding	Nominal share capital held ₦'000	Country of incorporation	Nature of business
(1) First City Monument Bank Limited	Direct	100%	115,422,326	Nigeria	Banking
(2) FCMB Capital Markets Limited	Direct	100%	240,000	Nigeria	Capital market
(3) CSL Stockbrokers Limited (CSLS)	Direct	100%	3,053,777	Nigeria	Stockbroking
(4) Credit Direct Limited (CDL)	Indirect	100%	366,210	Nigeria	Micro-lending
(5) FCMB (UK) Limited (FCMB UK)	Indirect	100%	7,791,147	United Kingdom	Banking
(6) Arab Gambian Islamic Bank Limited (AGIB)	Indirect	100%	1,311,830	Gambia	Banking

(c) Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the entities operate. The carrying amounts of banking subsidiaries' assets and liabilities are ₦1,008.28 billion and ₦864.57 billion respectively (2012: ₦908.54 billion and ₦776.53 billion respectively).

The Group does not have any subsidiary that has material non-controlling interest.

(d) Transactions with key management personnel

Key management personnel compensation for the year comprised:

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
Salaries and other short-term benefits	463,787	333,532	24,700	–
Contributions to defined contribution plans	6,844	5,524	1,147	–
Contributions to other long-term defined benefits	131,192	107,551	9,633	–
	601,823	446,607	35,480	–
Loans and advances				
At start of the year	13,944,735	14,179,101	–	–
Granted during the year	11,181,262	34,530,908	–	–
Repayment during the year	(13,563,318)	(34,765,274)	–	–
At end of the year	11,562,679	13,944,735	–	–
Interest earned	2,163,119	2,016,950	–	–

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefits plan on their behalf. Loans to key management personnel include mortgage loans and other personal loans, which are given under terms that are no more favourable than those given to other staff. No impairment has been recognised in respect of loans granted to key management (2012: nil). Mortgage loans amounting to ₦507.07 million (December 2012: ₦321.07 million) are secured by the underlying assets. All loans are unsecured and interest rates charged on the related parties are at arm's length.

Interest rates charged on the related parties are at arm's length. The mortgage and secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

Loans and advances outstanding:

Included in the Group loans and advances is an amount of ₦11.56 billion (December 2012: ₦13.94 billion) representing credit facilities to companies in which certain Directors have interests. The balances as at December 31, 2013 and December 31, 2012 were as follows:

Name of company/ Individual	Relationship	Facility type	Name of directors related to the companies	December 31, 2013 ₦'000	December 31, 2012 ₦'000	Status	Security Status
Dynamic Industries Limited	Directors-Shareholders	Overdraft	Alhaji Mustapha Damcida	277,664	145,061	Performing	Perfected
Dynamic Industries Limited	Directors-Shareholders	Term loan	Alhaji Mustapha Damcida	247,052	177,208	Performing	Perfected
Primrose Property Investment Ltd	Directors-Shareholders	Overdraft	Mr Babajide Balogun	83,193	–	Performing	Perfected
Chellarams Plc	Directors-Shareholders	Overdraft	Alhaji Mustapha Damcida	8,137	22,834	Performing	Perfected
Chellarams Plc	Directors-Shareholders	Term loan	Alhaji Mustapha Damcida	159,577	197,870	Performing	Perfected
Financial Derivatives Company	Directors-Shareholders	Overdraft	Mr Bismarck Rewane	–	248,338	Performing	Perfected
S & B City Printers Limited	Directors-Shareholders	Overdraft	Olori A. A. Balogun	30,299	1,864	Performing	Perfected
S & B City Printers Limited	Directors-Shareholders	Term loan	Olori A. A. Balogun	55,757	61,183	Performing	Perfected
Chapel Hill Advisory Partners	Directors-Shareholders	Overdraft	Mr Mobolaji Balogun	482,326	480,956	Performing	Perfected
Chapel Hill Advisory Partners	Directors-Shareholders	Term loan	Mr Mobolaji Balogun	300,000	600,000	Performing	Perfected
Helios Towers Nigeria Limited	Directors-Shareholders	Term loan	Mr Temitope Lawani	3,398,426	3,212,609	Performing	Perfected
Helios Towers Nigeria Limited	Directors-Shareholders	Overdraft	Mr Temitope Lawani	2	–	Performing	Perfected
Lafarge Cement Wapco Nigeria Plc	Directors-Shareholders	Term loan	Mr Mobolaji Balogun	–	414,349	Performing	Perfected
Credit Direct Limited	Subsidiary	Overdraft	–	5,714,649	7,905,888	Performing	Perfected
Credit Direct Limited	Subsidiary	Term loan	–	83,928	476,575	Performing	Perfected
Gulvaris Capital Partners	Directors-Shareholders	Term loan	Mr Ladi Balogun	659,550	–	Performing	Perfected
Poly Products Nigeria Plc	Directors-Shareholders	Term loan	Mr Olusegun Odubogun	62,119	–	Performing	Perfected
				11,562,679	13,944,735		

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

Deposits outstanding

Included in deposit is an amount of ₦2.94 billion (December 2012: ₦8.81 billion) representing deposits from companies in which certain Directors have interests. The balances as at December 31, 2013 and December 31, 2012 were as follows:

Name of company/Individual	Relationship	Type of deposit	December 31, 2013 ₦'000	December 31, 2012 ₦'000
ATSC International Limited	Shareholder	Current account	5,081	384
Blue-Chip Holdings Limited	Shareholder	Current account	6,685	2,943
Blue-Chip Holdings Limited	Shareholder	Time deposit	35,649	–
Chapel Hill Advisory Partners	Shareholder	Current account	–	703
Chellarams Plc	Directors-Shareholders	Time deposit	12,415	12,415
City Securities (Registrar) Limited	Former Subsidiary	Current account	–	358,820
City Securities (Registrar) Limited	Former Subsidiary	Time deposit	–	1,870,535
City Securities Limited	Subsidiary	Current account	14,696	43,908
Credit Direct Limited	Subsidiary	Current account	10,512	12,795
CSL Nominees Limited	Directors-Shareholders	Current account	–	5
CSL Stockbrokers Limited	Subsidiary	Current account	236,966	362,505
CSL Stockbrokers Limited	Subsidiary	Time deposit	100,000	319,026
Dynamic Industries Limited	Subsidiary	Current account	–	127
FCMB Capital Markets Limited	Subsidiary	Current account	132,234	153,359
FCMB Capital Markets Limited	Subsidiary	Time deposit	–	650,000
FCMB UK Limited	Subsidiary	Placement	–	2,318,701
FDC Consulting Limited	Directors-Shareholders	Current account	212	1,805
Fin Registrars Limited	Former Subsidiary	Current account	–	8,890
Fin Registrars Limited	Former Subsidiary	Time deposit	–	656,233
Financial Derivatives Company	Directors-Shareholders	Current account	26,040	459,785
Financial Derivatives Company	Directors-Shareholders	Time deposit	–	–
Finbank Insurance Brokers Limited	Former Subsidiary	Current account	–	69,428
Finbank Insurance Brokers Limited	Former Subsidiary	Current account	–	13,146
Finbank Insurance Brokers Limited	Former Subsidiary	Time deposit	–	544,717
First City Asset Management Limited	Subsidiary	Current account	148,261	42,232
First City Asset Management Limited	Subsidiary	Time deposit	10,086	–
Helios Towers Nigeria Limited	Directors-Shareholders	Current account	1,432,601	450,397
Helios Investment Partners	Directors-Shareholders	Current account	3,969	–
Lafarge Cement Wapco Nigeria Plc	Directors-Shareholders	Current account	549,899	195,001
Lana Securities Limited	Shareholder	Current account	232	101
Gulvaris Capital Partners	Directors-Shareholders	Current account	44	–
Poly Products Nigeria Plc	Directors-Shareholders	Current account	41,027	–
Primrose Development Company Limited	Shareholder	Current account	840	6,084
Primrose Development Company Limited	Shareholder	Time deposit	4,078	–
Primrose Investments Limited	Shareholder	Current account	54	195,730
Primrose Investments Limited	Shareholder	Time deposit	146,326	–
Primrose Nigeria Limited	Shareholder	Current account	17,427	–
Primrose Property Investment Limited	Shareholder	Current account	126	65,909
S & B Printers Limited	Directors-Shareholders	Current account	13,466	358
			2,948,926	8,816,042

	GROUP		COMPANY	
45. Employees and Directors	**2013 Number**	2012 Number	**2013 Number**	2012 Number
EMPLOYEES				
(a) The average number of persons employed during the year by category:				
Executive directors	**10**	6	**1**	–
Management	**793**	833	**8**	–
Non-management	**3,399**	2,184	**3**	–
	4,202	3,023	**12**	–

	GROUP		COMPANY	
(b) Compensation for the above persons (excluding executive directors):	**2013 ₦'000**	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Salaries and wages	**18,864,791**	14,445,011	**70,329**	–
Contributions to defined contribution plans	**480,653**	318,427	**–**	–
Contributions to other long-term defined benefits	**1,518,073**	707,429	**–**	–
Other staff costs	**3,291,935**	3,074,467	**50**	–
	24,155,452	18,545,334	**70,379**	–

	GROUP		COMPANY	
(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:	**2013 Number**	2012 Number	**2013 Number**	2012 Number
Less than ₦1,800,000.00	**1242**	71	**3**	–
₦1,800,001–₦2,500,000	**37**	3	**–**	–
₦2,500,001–₦3,500,000	**1,294**	1,381	**–**	–
₦3,500,001–₦4,500,000	**21**	4	**1**	–
₦4,500,001–₦5,500,000	**450**	388	**1**	–
₦5,500,001 and above	**1,158**	1,176	**7**	–
	4,202	3,023	**12**	–

(d) Diversity in employment

i) A total of 1,440 women were employed by the Group during the financial year ended December 31, 2013 (2012: 1,217), which represents 34% of the total workforce (2012: 40%).

ii) A total of 23 women were in the top management position as at the year ended December 31, 2013 (2012: 20), which represents 28% of the total top management workforce in this position (2012: 26%). There was no woman on the Board of Directors as an executive director.

Notes to the consolidated and separate financial statements continued...

for the year ended December 31, 2013

iii) The analysis by grade for the Group is as shown below:	2013 Male	2013 Female	2013 Total	2012 Male	2012 Female	2012 Total
Grade level						
Assistant General Manager	**30**	**11**	**41**	33	9	42
Deputy General Manager	**20**	**9**	**29**	17	8	25
General Manager	**9**	**3**	**12**	7	3	10
Total	**59**	**23**	**82**	57	20	77
Executive Director	**4**	**–**	**4**	4	–	4
Deputy Managing Director	**1**	**–**	**1**	1	–	1
Group Managing Director/Chief Executive Officer	**4**	**–**	**4**	1	–	1
Non-executive directors	**15**	**5**	**20**	9	–	9
Total	**24**	**5**	**29**	15	–	15

iv) The Group is committed to maintain a positive work environment and to conduct business in a positive, professional manner and will ensure equal employment opportunity.

(e) Directors

The remuneration paid to the directors of the Group (excluding pension and certain allowances) was:

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	**2013 ₦'000**	2012 ₦'000
Fees and sitting allowances	**155,566**	85,000	**28,650**	–
Executive compensation	**463,787**	333,532	**24,700**	–
	619,353	418,532	**53,350**	–
Directors' other expenses	**100,158**	239,550	**–**	–
	719,511	658,082	**53,350**	–
The Directors' remuneration shown above includes:				
The Chairman	**5,250**	5,900	**5,250**	–
Highest paid director	**94,860**	89,568	**24,700**	–

	GROUP		COMPANY	
	2013 ₦'000	2012 ₦'000	2013 ₦'000	2012 ₦'000
The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:				
Below ₦1,000,000	6	1	5	–
₦1,000,001–₦5,000,000	2	1	1	–
₦5,000,001–₦10,000,000	5	7	4	–
₦10,000,001 and above	16	7	1	–
	29	16	11	–

46. Compliance with banking regulations

During the year, a subsidiary of the Group, First City Monument Bank Limited contravened the following sections of the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars and was penalised as follows:

Section	Nature	Number of times	Penalties
Section 15(iv) of the CACS Guidelines	The Banking subsidiary First City Monument Bank Limited delayed disbursement for 20 days to the beneficiary under the CACS scheme.	1	4,110
CBN circular ref: TED/AD/54/2006 dated March 28, 2006	The Banking subsidiary First City Monument Bank Limited failed to inform the Director, Trade and Exchange Department of CBN of the 24 cleanline facilities with various correspondent banks when they were secured.	1	2,000

All the penalties totalling ₦6.1 million were paid during the year.

47. Subsequent events

There were no post balance sheet events that could have a material effect on the financial position of the Group as at December 31, 2013 or the profit for the year ended on that date that has not been adequately provided for or disclosed (2012: none).

Value added statement

for the year ended December 31, 2013

	GROUP				COMPANY			
	2013 ₦'000	**%**	2012 ₦'000	%	**2013 ₦'000**	**%**	2012 ₦'000	%
Gross income	**130,995,439**		116,832,323		**6,370,000**		–	
Group's share of associate's profit	**68,256**		161,800		**–**		–	
Profit/(loss) from discontinued operations (net of tax)	**–**		170,668		**–**		–	
Interest expense and charges	**(46,745,721)**		(44,279,425)		**–**		–	
	84,317,974		72,885,366		**6,370,000**		–	
Impairment losses	**(7,982,559)**		(12,697,922)		**–**		–	
Administrative overheads	**(30,688,374)**		(21,090,849)		**(211,053)**		–	
Value added	**45,647,041**	**100**	39,096,595	100	**6,158,947**	**100**	–	–
Distribution								
Employees								
Wages, salaries, pensions, gratuity and other employee benefits	**24,155,452**	**53%**	18,545,334	47%	**70,379**	**1%**	–	–
Government								
Taxation	**2,183,244**	**5%**	1,126,315	3%	**60,277**	**1%**	–	–
The future								
Replacement of property and equipment/intangible assets	**3,307,190**	**7%**	4,132,574	11%	**539**	**0%**	–	–
Profit For the Year (including statutory and regulatory risk Reserves)	**16,001,155**	**35%**	15,292,372	39%	**6,027,752**	**98%**	–	–
Value added	**45,647,041**	**100%**	39,096,595	100%	**6,158,947**	**100%**	–	–

This statement represents the distribution of the wealth created through the use of the Group's assets through its own and its employees' efforts.

Five year financial summary – Group

	GROUP				
	December 31, 2013 ₦'000	December 31, 2012 ₦'000	December 31, 2011 ₦'000	December 31, 2010 ₦'000	December 31, 2009* ₦'000
ASSETS EMPLOYED					
Cash and cash equivalents	**199,700,305**	123,451,740	48,416,681	67,977,072	128,824,517
Restricted reserve deposits	**73,473,096**	57,891,360	21,963,780	2,802,980	1,972,579
Non-pledged trading assets	**2,921,358**	1,169,708	3,119,799	20,128,310	–
Loans and advances to banks	**–**	–	–	–	–
Derivative assets held	**1,697,606**	1,980,135	–	–	–
Loans and advances to customers	**450,532,965**	357,798,798	323,353,706	330,818,648	239,897,986
Assets pledged as collateral	**50,516,904**	40,793,601	27,253,832	26,281,274	–
Investment securities	**163,638,236**	244,525,619	137,333,793	50,299,811	49,984,594
Assets classified as held for sale	**–**	13,547,417	–	–	–
Investment in subsidiaries	**–**	–	–	–	–
Investment in associates	**568,512.28**	467,456	230,656	145,000	300,000
Investment property	**–**	–	131,778	131,778	–
Property and equipment	**26,812,277**	26,331,166	18,785,380	19,320,073	21,817,923
Intangible assets	**7,580,528**	11,894,789	6,601,963	6,560,531	6,074,045
Deferred tax assets	**6,346,025**	4,937,656	3,578,836	572,053	1,107,267
Other assets	**24,492,358**	23,756,311	10,846,290	12,555,569	13,662,332
	1,008,280,170	908,545,756	601,616,494	537,593,099	463,641,243

Note*: The balances for December 2009 are NGAAP balances.

Five year financial summary – Group continued...

	GROUP				
	December 31, 2013 ₦'000	December 31, 2012 ₦'000	December 31, 2011 ₦'000	December 31, 2010 ₦'000	December 31, 2009* ₦'000
FINANCED BY					
Share capital	**9,901,355**	9,520,534	8,135,596	8,135,596	8,135,596
Share premium	**115,392,414**	108,747,612	108,369,199	108,369,199	108,369,199
Treasury shares	**(8,625)**	(775,381)	(851,234)	(1,691,714)	–
Retained earnings	**13,109,779**	765,475	(16,779,856)	(1,177,917)	3,464,803
Other reserves	**5,311,806**	13,757,163	18,519,823	19,769,275	9,623,446
Derivative liabilities held	**1,355,634**	1,980,135	–	–	–
Deposits from banks	**–**	52,000	–	580,844	13,681,208
Deposits from customers	**715,214,192**	646,216,767	410,683,355	335,129,902	266,012,607
Liabilities classified as held for sale	**–**	9,038,589	–	–	–
Borrowings	**59,244,230**	26,933,018	19,264,434	25,233,558	30,178,530
Retirement benefit obligations	**124,674**	109,008	12,971	8,994	39,338
Other long-term benefits	**1,258,317**	335,397	1,668,104	1,502,390	252,335
Current income tax liabilities	**4,333,353**	2,850,275	1,783,422	1,867,603	2,451,430
Deferred tax liabilities	**35,282**	22,067	26,388	20,192	1,104,447
Other liabilities	**83,007,759**	88,993,097	50,784,292	39,845,177	20,328,304
	1,008,280,170	908,545,756	601,616,494	537,593,099	463,641,243
Acceptances and guarantees	**105,730,673**	121,081,334	97,260,519	65,249,741	50,492,799

	GROUP				
	12 months December 2013 ₦'000	12 months December 2012 ₦'000	12 months December 2011 ₦'000	12 months December 2010 ₦'000	8 months December 2009* ₦'000
PROFIT AND LOSS ACCOUNT					
Gross earnings	**130,995,439**	116,832,323	74,761,462	62,686,096	35,789,264
Profit/(loss) before tax	**18,184,399**	16,248,019	(10,682,803)	9,025,742	856,600
Tax	**(2,183,244)**	(1,126,315)	3,000,587	(1,090,771)	(292,262)
Profit/(loss) after tax	**16,001,155**	15,121,704	(7,682,216)	7,934,971	564,338
Transfer to reserves	**16,001,155**	15,292,372	(9,243,550)	7,934,971	564,338
Earnings per share – basic and diluted (Naira)	**0.81**	0.77	(0.57)	0.49	0.05

Note*: The balances for December 2009 are NGAAP balances.

Five year financial summary – Company

	COMPANY				
	December 31, 2013 ₦'000	December 31, 2012 ₦'000	December 31, 2011 ₦'000	December 31, 2010 ₦'000	December 31, 2009* ₦'000
ASSETS EMPLOYED					
Cash and cash equivalents	**2,150,389**	–	–	–	–
Restricted reserve deposits	**–**	–	–	–	–
Non-pledged trading assets	**–**	–	–	–	–
Loans and advances to banks	**–**	–	–	–	–
Derivative assets held	**–**	–	–	–	–
Loans and advances to customers	**–**	–	–	–	–
Assets pledged as collateral	**–**	–	–	–	–
Investment securities	**2,514,439**	–	–	–	–
Assets classified as held for sale	**–**	–	–	–	–
Investment in subsidiaries	**118,716,103**	–	–	–	–
Investment in associates	**407,800**	–	–	–	–
Property and equipment	**9,801**	–	–	–	–
Intangible assets	**3,771**	–	–	–	–
Deferred tax assets	**–**	–	–	–	–
Other assets	**7,679,886**	–	–	–	–
	131,482,189	–	–	–	–

Note*: The balances for December 2009 are NGAAP balances.

Five year financial summary – Company continued...

	COMPANY				
	December 31, 2013 ₦'000	December 31, 2012 ₦'000	December 31, 2011 ₦'000	December 31, 2010 ₦'000	December 31, 2009* ₦'000
FINANCED BY					
Share capital	**9,901,355**	–	–	–	–
Share premium	**115,392,414**	–	–	–	–
Treasury shares	**–**	–	–	–	–
Retained earnings	**6,027,752**	–	–	–	–
Other reserves	**–**	–	–	–	–
Derivative liabilities held	**–**	–	–	–	–
Deposits from banks	**–**	–	–	–	–
Deposits from customers	**–**	–	–	–	–
Liabilities classified as held for sale	**–**	–	–	–	–
Borrowings	**–**	–	–	–	–
Retirement benefit obligations	**–**	–	–	–	–
Other long-term benefits	**–**	–	–	–	–
Current income tax liabilities	**60,277**	–	–	–	–
Deferred tax liabilities	**–**	–	–	–	–
Other liabilities	**100,391**	–	–	–	–
	131,482,189	–	–	–	–
Acceptances and guarantees	**–**	–	–	–	–

	COMPANY				
	12 months December 2013 ₦'000	12 months December 2012 ₦'000	12 months December 2011 ₦'000	12 months December 2010 ₦'000	8 months December 2009* ₦'000
PROFIT AND LOSS ACCOUNT					
Gross earnings	**6,370,000**	–	–	–	–
Profit/(loss) before tax	**6,088,029**	–	–	–	–
Tax	**(60,277)**	–	–	–	–
Profit/(loss) after tax	**6,027,752**	–	–	–	–
Transfer to reserves	**6,027,752**	–	–	–	–
Earnings per share – basic and diluted (Naira)	**0.30**	–	–	–	–

Note*: The balances for December 2009 are NGAAP balances.

Key impact of the nature of main adjustments that would make the December 2009 figures comply with IFRS are summarised as follows:

Classification of financial instruments

Under the IFRS, financial assets and liabilities are required to be classified as held-for-trading financial instruments at fair value through profit or loss, available-for-sale financial assets at fair value through other comprehensive income, loans and receivables, held-to-maturity investments and other liabilities at amortised cost. Nigerian GAAP does not require such classification of financial instruments.

Financial assets at fair value through profit or loss

Under IFRS, these are assets held for trading, which are not pledged as collateral, comprising treasury bills and quoted equities. Under NGAAP they were carried at cost less provision for impairment determined on the basis of market related prices.

Assets held as collateral

Under NGAAP pledged assets are not required to be separately recognised on the face of the financial statements rather they are to be addressed by way of notes to the account. However, the IFRS requires that assets pledged as collateral should be disclosed.

Loans and receivables

Measurement

The Bank's loans and advances are measured at gross loan disbursed less any repayment. Under IFRS, the loans and advances are measured at amortised cost using effective interest rate, in which all integral credit-related fees have been incorporated. Also, in line with the IFRS, loans issued at interest rates below market rate are adjusted for the fair value loss.

Impairment

Under Nigerian GAAP, loans and advances are measured at costs net of provisions determined based on Prudential Guidelines issued by the Central Bank of Nigeria. A general reserve of at least 1% is also made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio while all interest accruing to specifically impaired loans are held in suspense.

Under IFRS, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition, but before the financial position date. IFRS also allows for the recognition of a credit impairment loss for incurred but not reported losses in order to provide for latent losses in a portfolio of loans that have not yet been individually identified as impaired. IFRS does not allow suspension of interest on specifically impaired loans.

Held-to-maturity investments (HTM)

The investments in this category under IFRS are measured at amortised cost, while under the Nigerian GAAP they are measured at face value.

Available-for-sale financial assets (AFS)

Under IFRS, financial assets designated as available-for-sale are measured at fair value through other comprehensive income, except those whose fair values cannot be reliably measured. Under the Nigerian GAAP, some of these financial instruments were not measured at fair value but carried at historical cost.

Interest and fee income and expense

Under IFRS, interest income and expense on financial instruments are recognised in the 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, a shorter period) to the present value of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Under Nigerian GAAP, interest income and expense are recognised in accordance with the contractual terms of the related facility on an accrual basis.

List of branches

	Branch	Address
1	Oke Arin	11 Ijaiye Street, Oke Arin
2	Ojuelegba	43 Ojuelegba Road, Surulere, Lagos
3	Surulere	33 Adeniran Ogunsanya Street, Surulere, Lagos
4	Motorways	M1 Point Motorways Complex, Lagos State
5	Ketu	545/547 Ketu, Ikorodu Road
6	The Palms	Shop 36A, The Palms Shopping Complex, Lekki
7	Agbara	Plot 1, Ilaro Road, Agbara Estate
8	Airport Road	Murtala Muhammed Int'l Airport Road, Ikeja, Lagos
9	Alaba	Obosi Plaza, A Line, Alaba Int'l Market, Alaba, Ojo
10	Awolowo Road	68 Awolowo Road, Ikoyi, Lagos
11	Idumagbo	34 Idumagbo Avenue, (Daddy Doherty House), Lagos
12	Idumota	22 Ido-Oluwo Street, Idumota, Lagos
13	Iponri	Shop 529/531 Iponri Shopping Complex, Iponri, Surulere, Lagos
14	Lagos Main Branch	Banuso House, 88/89 Broad Street, Lagos
15	Sanusi	17 Sanusi Fafunwa Street, Victoria Island
16	Adeola Odeku	11B Adeola Odeku Road, Victoria Island
17	Oyin Jolayemi	Plot 1661, Oyin Jolayemi Street, Victoria Island
18	Ojoo	148A Olojo Drive, Ojoo
19	Shomolu	31 Shipeolu Street, Lagos
20	Orile Coker	Ceramic Tiles Market, Alaba-Meta
21	GRA, Ikeja	48 Isaac John Street, Ikeja
22	Ikeja Cash Office	Guinness Premises, 24 Oba-Akran Avenue, Ikeja
23	NPA Cash Office	NPA Office, Apapa
24	Alaba Cash Centre	Electrical Section, Alaba International Market
25	Apapa Cash Centre	Apapa Local Government Office
26	Mushin	253 Agege Motor Road, close to Ap
27	Ogba Lagos	23 Ogba Ijaiye Road, Opp WAEC Office Ogba

	Branch	Address
28	Akowonjo	Shasha Roundabout, Akowonjo, Lagos State
29	Matori	91 Ladipo Street, Matori Street, Lagos
30	Lekki 2	Igbokushu Village, opp Jakande Estate, Lekki Epe Expressway
31	Adeola Hopewell	38 Adeola Hopewell, Victoria Island, Lagos
32	Okota	117 Okota Road, Okota Isolo
33	Idimu	Idimu/Ikotun Expressway, Idimu
34	Ajah	Km 23, Berger Bus-Stop, Lagos-Epe Expressway, Lagos
35	Akute	73 Ojodu-Akute Road, Alagbole Bus Stop, Akute, Ogun State
36	Alagbado	By AP Filling Station, Ojokoro, Alagbado, Lagos
37	Allen Avenue	36 Allen Avenue, Ikeja, Lagos
38	Apapa	28 Creek Road, Apapa, Lagos
39	Ikeja	29 Oba-Akran Avenue, Ikeja, Lagos
40	Ikorodu	7 Lagos Road, Ikorodu, Lagos
41	Otta	57 Lagos Abeokuta Express Way, Otta
42	Adetokunbo Ademola, VI	Plot 719A Adetokunbo Ademola, Victoria Island, Lagos
43	Head Office	Primrose Tower, 17A Tinubu Street, Lagos
44	Boston House, Onikan	12 Marcarthy Street, Lagos
45	Warehouse Road, Apapa	16 Warehouse Road, Apapa
46	Oko-Oba, Agege	Oko-Oba Residential Scheme
47	Marina	44 Marina Street, lagos Island, Lagos
48	VGC	Ikota shopping complex
49	Ikoyi	154 Awolowo Road, Ikoyi, Lagos
50	Idowi Taylor	Okoi-Arikpo House, 5, Idowu Taylor Street, Victoria Island, Lagos
51	Ajose Adeogun	273A Ajose Adeogun street Victoria Island, Lagos
52	Joseph Street	2 Joseph Street, off Marina, Lagos Island. Lagoa

	Branch	Address
53	Davies Street	1 Davies Street, Untl Building Off Marina, Lagos Island, Lagos
54	Idumota	12 Oroyinyin Street, Idumota, Lagos
55	Local Airport	General Aviation Terminal, Domestic Airport, Ikeja
56	Allen Avenue	103 Allen Avenue Street, Ikeja
57	Oba Akran	34 Oba Akran Avenue Ikeja, Lagos
58	Oregun	80 Kudirat Abiola Way, Oregun
59	Ogudu	Plot 111 Ogudu GRA, Ojota Road, Ogudu, Lagos
60	Opebi	66B Opebi Road, Ikeja, Lagos
61	Creek Road Apapa	1/3 Creek Road, Nnewi Building, Apapa, Lagos
62	Wharf Road	Eleganza Plaza, Wharf Road, Apapa, Lagos
63	Iddo	Leventis Building, 2-4 Iddo Road, Iddo, Lagos
64	Commercial Road	24 Commercial Road, Apapa, Lagos
65	Randle Road	Slok House, 10 Randle Road, Apapa, Lagos
66	Festac	Plot 1572 4th Avenue, Festac Town, Lagos
67	Alaba1	Shop D51, Electrical Section, Alaba Int`l Market, Alaba Ojo, Lagos
68	Bba Trade Fair	Above Plaza, Bba Trade Fair Complex, Lagos
69	Aspamda	International Trade Fair, Ojo
70	Oke-Afa	6 Jakande Estate Road, Oke-afa Isolo
71	Apapa Local Govt Office	Apapa Local Govt Office
72	Ladipo	122/124, Ladipo Street, Mushin, Lagos
73	Ilupeju	25B Ilupeju Byepass off Coker Junction, Ilupeju, Lagos
74	Osolo Way	33 Osolo Way, Ajao Estate, Lagos
75	Onipanu	178 Ikorodu Road, Onipanu, Lagos State
76	Lekki	Km 18 Lekki-Epe Expressway, Before Chevron Roundabout, Lekki, Lagos
77	Admiralty Way, Lekki	Plot B, Block 12E, Admiralty Way, Lekki, Lekki Phase 1
78	Toyin	29 Toyin Street, Ikeja, Lagos

	Branch	Address
79	Ibafon	18/19 Apapa Oshodi Expressway, Ibafon Apapa, Lagos
80	Mazamaza	15 Sikiru Otuoba Street, Old Ojo Road, Mazamaza, Lagos
81	Ago Iwoye	Olabisi Onabanjo University Main Campus, Ago-Iwoye
82	UCH Cash Office	Opposite Total Filling Station, By East Gate UCH, Ibadan
83	Ilesha	F 15, Ereguru Street, Ilesha
84	Sagamu	141 Akarigbo Street, Ijoku, opp. Awabat Petroleum, Sagamu
85	Igbokoda	Boluvet Road, off Broad Street, Igbokoda
86	Akinyele Cattle Cash Centre	Akinyele Cattle Market, Ibadan
87	Ilorin	33 Muritala Mohammed Road, Ilorin
88	Ibadan 2	Plot 4 UI Secretariat Road, Ibadan, opp Intercontinental Bank
89	Abeokuta	21 Lalubu Street, Oke-Ilewo, Abeokuta, Ogun State
90	Ado-Ekiti	Along Secretariat Road, Ado-Ekiti, Ekiti State
91	Ibadan	Lebanon Sreet, Old Gbagi, Dugbe, Ibadan
92	Ijebu Ode	168 Folagbade Street, Ijebu Ode, Ogun State
93	Oshogbo	Along Gbongan Road, Oshogbo, Osun State
94	Ojoo, Ibadan	1C Sabo Garage, Ojoo, Ibadan
95	Ijebu Ode 2	52 Ejinrin Road, Ijebu Ode
96	Akure	5 Bishop Fagun Road, Alagbaka, Akure
97	Moshood Abiola	10 Moshood Abiola Way, Challenge, Ibadan, Oyo State
98	Agodi Gate	Inaolaji Shopping Complex, Agodi Gate, Ibadan, Oyo State
99	Abulazeez Attah Branch, Ilorin	120 Abdulazeez Attah Road, Surulere, Ilorin
100	Ibrahim Taiwo Branch, Ilorin	79B Ibrahim Taiwo Road, Ilorin, Kwara State
101	Ifaki Ekiti	Iwore Junction, Oye Road,

List of branches continued...

	Branch	Address
102	Ondo	1 Brigadier Ademulegun Road, Ondo Town, Ondo
103	Akure	1 Olukayode House, Oshinle, Akure, Ondo State
104	Osogbo	Gbongan Road, Oshogbo
105	Agbeni	57 Agbeni Market, Agbeni, Ibadan
106	Agbowo	30 Oyo Road, opp UI Post Office, Ibadan
107	Benin Cash Office	Guinness Premises, Ikpoba Hill, Agbor Road, Benin City
108	Abuloma Portharcourt	46A Abuloma Road, Port Harcourt
109	Enugu II	12A Market Road, Enugu, Enugu State
110	Oando (Cash Office)	Oando Complex,Warri
111	Oko	4 Hospital Road, Oko, Anambra State
112	Aba 1	90 Asa Road, Aba, Abia State
113	Onitsha	9A Market Road, Onitsha, Anambra State
114	Port Harcourt 5	19 Ikwere Road, Port Harcourt
115	Guinness Cash Office	Aba Guiness Cash Office
116	Nnewi	15 Oraifite Street, Nnewi
117	Warri 1	Plot 15 151/153, Okumagba Avenue, Warri
118	Port Harcourt 1	Plot 282A Port Harcourt/Aba Expressway, Port Harcourt
119	Faulks Road, Aba	161 Faulks Road, Aba
120	Umuahia	5 Library Avenue, Umuahia
121	Warri 2	300 Effurun/Sapele Road, Warri
122	Enugu I	41 Garden Avenue, Enugu
123	Owerri	Plot 81 Wetheral Road Owerri
124	PH Aggrey Road	81 Aggrey Road Port Harcourt
125	Asaba	371 Nnebisi Road, Asaba, Delta State
126	Yenagoa	By Nixon Roundabout, after Zenith Bank
127	Awka	84A Zik Avenue, Awka
128	Obigbo	Aba Port Harcourt Road, Obigbo
129	Calabar	14 Calabar Road, Calabar, Cross River

	Branch	Address
130	Eket	Grace Bill Road, by Marina Junction
131	Ikom	7 Calabar Road, Ikom, Cross River
132	Ikot Ekpene	Plot C, Bank layout, Ikot Ekpene
133	Port-Harcourt 2	80 Olu Obasanjo Road, Port Harcourt
134	Benin	183 Uselu-Ugbowo Road, Benin City
135	Benin	112 Mission Road, Benin City, Edo State
136	Uyo 2	105 Oron Road, Uyo, Akwa Ibom
137	Uyo	143 Abak Road Uyo
138	Port Harcourt	85 Aba Road, Garrison Roundabout, Port Harcourt
139	Onitsha Bridge Head	40 Uga Street, Onitsha
140	Abakaliki	36 Ogoja Road, Abakaliki
141	Trans-Amadi	Plot 466/467, Trans Amadi
142	Niger House, Aba Road, Port Harcourt	9 Port Harcourt/Aba Road, Port Harcourt
143	Sakponba Road	72 Sakponba Road, Benin City, Edo State
144	Rumuokoro	642 Ikwerre road, Rumuokoro, Port Harcourt
145	Warri Airport Road	52 Airport Road, Warri, Delta State
146	Grand Hotel, Asaba	112 Nnebisi Road, Asaba
147	Agbani Road	117 Agbani Road, Enugu
148	Afikpo	10 Mgbom Unwana Road, Amuro Afikpo, Ebonyi State
149	Ekwulobia	10 Awka Road, Ekwulobia, Anambra State
150	New Market Road 1	Banex Plaza, 36 New Market Road, Onitsha, Anambra State
151	New Market Road 2	53 New Market Road, Onitsha, Anambra State
152	Fegge	12 Port Harcourt Road, Fegge, Onitsha, Anambra State
153	Electrical Market, Onitsha	Electrical Market, Obosi, Onitsha, Anambra State
154	Brass Road Branch	10 Brass Street, Aba, Abia State

	Branch	Address
155	Faulks Road, Aba	214 Faulks Road, Aba, Abia State
156	Asa Road, Aba	46 Asa Rd, Aba, Abia State
157	Wetheral Road	40 Wetheral Road, Owerri, Imo State
158	International Market, Orlu	Imo International Market, Orlu
159	Mbaise Road	5B Mbaise Road
160	Ikot Abasi	Alscon Plant Complex, Ikot Abasi-akwa, Ibom state
161	New Secreteriat	New Secretariat Complex, Calabar, Cross River State
162	Azikiwe Road	7B Azikiwe Roadd, Port Harcourt
163	Yenagoa	76 Mbiama/Yenagoa Road (by Chief Obele Street Junction), Ovom-Yenagoa, Bayelsa State
164	Bori	26 Zaakpon/Poly Road, Bori
165	Rumuomasi	2/3 Rumuokoro Street, Rumuomasi, Port Harcourt, Rivers State
166	Uniport	Uniport Road, Choba
167	Ust Mile 3	199A Ikwerre road, mile 3, Port Harcourt
168	Ikwerre Road	457 Ikwerre Road, Port Harcourt, Rivers State
169	Agbani Town	71 Enugu Road, Agbani, Enugu State
170	133 Olu Obasanjo	133 Olu Obasanjo Street
171	Awka	Enugu – Onitsha Expressway, by Unizik Junction, Awka
172	Ekpoma	39 Royal Market Road Ekpoma, Edo State
173	Ughelli	30 Ughelli/Warri road, Ughelli, Delta State
174	Nnebisi Road Branch	461 Nnebisi Road, Asaba
175	Presidential Road Branch	4 Presidential Avenue, Nkpokiti Junction, Enugu
176	Nsukka	7B University Road, Nsukka, Enugu State
177	Nnewi	Zone 19 New Machine Parts Market, Nnewi, Anambra

	Branch	Address
178	Ihiala	Onitsha/Owerri Road Ihiala, Anambra State
179	Ahiara Mbaise	Aba Road by Ahiara Junction, Ahiazu Mbaise
180	Ogborhill	113 Ikot Ekpene Road, Ogborhill, Aba, Abia State
181	Aka Road	23 Aka Road, Uyo, Akwa Ibom State
182	Omoku	226 Ahoda Road, Omoku, Rivers State
183	Trans Amadi	Plot 117 Trans Amadi Industrial Layout, Port Harcourt, Rivers State
184	Orlu Main	5 L.N. Obioha Road, Orlu
185	Federal Secretariat Abuja	Federal Secretariat Complex, Phase 1 Ground Floor, Annex 2 Garki Abuja, FCT
186	National Assembly Complex	National Assembly Complex, Abuja
187	Kaduna 1	1A Ahmadu Bello Way, Kaduna
188	Banex Plaza	Banex Plaza, Abuja
189	Abuja	First City Plaza, Plot 252 Herbert Marcaulay Way, Central Business District, Abuja
190	Obajana	Obajana Cement Complex
191	Ashaka	Ashaka Cement
192	Minna	Minna Paiko Road.Beside Zenith Bank
193	Kaduna 2	1/2A Kachia Road, Kaduna State
194	Bauchi	Former Women Development Center, G.R.A., Bauchi, Bauchi State.
195	Lokoja	Beside Zenith Bank, Lokoja
196	Jos	Along Bukuru byepass opp Diamond Bank
197	Damaturu	601A Njiwayi Layout, along Maiduguri Road
198	Katsina	Kano/Katsina Road, by Yantomaki Road Junction
199	Jalingo	Hammanivwa Road, before Zenith Bank
200	Dutse	12A/13A Kiyawa Road, Dutse
201	Birnin Kebbi	Opposite Unity Bank, Ahmadu Bello Way, Birnin Kebbi
202	Kano 1	145 Murtala Mohammed Way, Kano
203	Kano 2	17/18 Bello Road, Kano
204	Zaria	F3 Kaduna-Gusau Road, Zaria

List of branches continued...

	Branch	Address
205	Maiduguri	Baga Road opp GTBank, Maiduguri
206	Yola	Hospital Road, Jimeta, Town Yola Adamawa State, beside Galborshe Hospital
207	Sokoto	Plot 4, Kano Road, Sokoto
208	Gombe	11 Biu Link Road, Commercial Area, Opp. Central Market, New Eid Ground
209	Markudi Branch	12 New Bridge Head Way, Markudi
210	Lafia	Lafia/Jos Road, opp State CID
211	Wuse II Abuja	108 Cairo Street off Adetokunbo Ademola Street, Wuse II
212	Abuja 2	6 Ogbomoso Street, Area 8, Garki, Abuja
213	Bwari	1 Council Secretariat Road, Bwari, Abuja
214	Ap Plaza Branch, Abuja	212F Adetokunbo Ademola Street, Wuse 2, Abuja
215	Airport, Abuja Branch	Nnamdi Azikwe International Airport. Abuja
216	Aminu Kano Crescent	Opposite Sharif Plaza, Aminu Kano Crescent, Wuse 2
217	Izon Wari	Plot 1038 Shehu shagari way, Bayelsa Guest House, Maitama, Abuja
218	Federal Secretariat, Abuja	Federal Secretariat Complex, Phase 1 Ground Floor, Annex 2 Garki Abuja, FCT
219	National Assembly	National Assembly Complex, Abuja
220	Exclusive Stores	1202 Ademola Adetokunbo Crescent Wuse 2, Abuja
221	Atbu	Abubakar Tafawa Balewa University, Yelwa Campus, Bauchi
222	Maiduguri	Bama Road
223	Monday Market	51 Shettima Ali Monguno Road Opposite Monday Market Maiduguri
224	Dukku	2 Shagari Road, off Kano Road, Dukku
225	Beach Road Branch, Jos	4 Beach Road, Jos
226	Keffi	75 Audu Zanga Way, Tsohon Tasha, Keffi, Nasarawa State.
227	Lokoja	28 Murtala Mohammed Way, Lokoja

	Branch	Address
228	Anyigba	Opposite General Post Office, Along Idah-Ajaokuta Road, Anyigba, Kogi State
229	Murtala Mohammed Way 1, Kano	9C Murtala Mohammed Way, Kano
230	Ibrahim Taiwo	58E Ibrahim Taiwo Road, Kano
231	Kano Road	40 Murtala Mohammed Way, Kano
232	Bompai Road	7 Bompai Rd Kano, Kano State
233	Kantin Kwari Market	Opp Sheik Ahmed Tijjani Msq, Kantin Kwari Market, Kano
234	Katsina	Nicon building IBB Way, Katsina, Katsina State
235	Kaduna Refinery	Kaduna Refining and Petro-Chemical complex, Kaduna South, Kaduna
236	Kachia Road	Km 16 Kachia Road, KRPC Complex, Kaduna South, Kaduna
237	Kano Road	9 Kano Road, Kaduna
238	Gwarinpa	Crest Plaza, First Avenue, Gwarinpa
239	Gwagwalada	203A Phase 1 Quarters, Specialists Hospital Road, Gwagwalada, Abuja
240	Doma	Along Doma/Lafia Road, Doma, Nassarawa State
241	Wuse Zone 4, Abuja	Abuja Head Office, Plot 532 Ibb Way, Abuja, Wuse Zone 4
242	Yola Street, Garki Abuja	1 Yola Street, Area 7, Garki, Abuja
243	Kuje	Plot 33A, Sauka Extension, Kuje Town Centre, Abuja, FCT
244	Port Harcourt Crescent	14 Port Harcourt Crescent, Area 11, Abuja
245	Maitama	4 Mediterranean Street, Imani Estate, Maitama
246	Kubwa	Plot 136B Gado Nasko Road, Kubwa, Abuja
247	Suleja	Suleiman Barau Road, Suleja, Niger State
248	Akintola Boulevard	Plot 1640 Ladoke Akintola Boulevard, Garki 2, Abuja
249	Minna	9 Paiko Road, Minna, Niger State
250	Jos Road	19/23 Jos Road, Bauchi (Isa Yuguda House)

	Branch	Address
251	Bajoga	Gombe/Potiskum road, Bajoga, Gombe State
252	Damaturu	Plot 5 Ahmadu Bello Way, Damaturu, Yobe State
253	Gombe 2	New Market Road off Biu Road, Gombe
254	Potiskum	Mohammed Idris Way, opp F.C.E, Potiskum, Yobe State
255	Lafia	43 Sani Abacha Way (Jos Road), Lafia, Nasarawa State
256	Gusau	17 Canteen Road, Gusau, Zamfara State
257	Kebbi	Plot 20, Emir Haruna Road, Birnin Kebbi, Kebbi State
258	Sheikh Gumi Market	Sheik Abubakar Gumi Main Market, Broadcasting Road, Kaduna
259	40 Ali Akilu Road	40 Ali Akilu Road, Kaduna
260	Zaria	4B Main Street, Sabon-Gari, Zaria, Kaduna State
261	Kachia Branch	Beside Kachia Police, Kachia
262	Yakubu Gowon	6 Yakubu Gowon Way, Kaduna
263	Kakuri	12 Kachia Road, Kakuri, Kaduna South
264	Azare	4 Jamaare Road, Azare
265	Murtala Mohammed Way, Jos	7 Murtala Mohammed Way, Jos

Personal account application form

Individual/joint account holders

PLEASE RETURN TO: FCMB, First City Plaza, 44 Marina, Lagos Island, Lagos, Nigeria

Dear Sirs,

Kindly establish the following account(s) in my/our name(s) with First City Monument Bank Plc (FCMB). By selecting any type of account(s)/product(s) I agree to be bound by the terms and conditions governing the said account(s)/product(s) in FCMB. I also agree to be bound by the terms and conditions governing the assessment of your services via your non-branch channels which I have also selected with this application.

(Please complete all sections in capital letters – trustee/joint account holder details to be indicated and signed on the next page)

DETAILS OF: ☐ ACCOUNT HOLDER ☐ FIRST JOINT ACCOUNT HOLDER

Title: ☐ Mr ☐ Mrs ☐ Miss ☐ Dr ☐ Other

Surname | Forenames

Mother's Maiden Name

Test Question

Answer

Date of Birth (DD/MM/YYYY) / / | Nationality

Occupation | Pencom No.

Employer's Name

Employer's Address

Employer's Address | Approx. Annual Income (₦)

Home Address

Home Address

City/Town | State

Mobile Phone 1 | Mobile Phone 2

Office Phone | Home Phone

Correspondence Address

Correspondence Address

City/Town | State

Email Address

Home Address

Next of Kin

PASSPORT PHOTOGRAPH HERE

I hereby certify that all the information given above is correct. I also certify that I have read, understood and agreed with the attached terms and conditions governing the account(s)/product(s) I have requested.

Customer's Signature

Mandate/Special Instructions

(including minimum confirmation amount, where required)

Account Type

☐ Classic Current Account

☐ Foreign Currency Account ☐ USD ☐ GBP ☐ EUR

☐ Classic Saver Account ☐ Corper Saver Account

☐ Premium Saver Account ☐ Scholar Saver Account

Selected Channels

☐ Automated Teller Machines

	Full Access	View Only
☐ Internet Banking	☐	☐
☐ Mobile Banking	☐	☐
☐ SMS Banking	☐	☐

Statement Preferences

☐ Email ☐ Post ☐ Hold

☐ Monthly ☐ Quarterly ☐ ½ Yrly

Special Instructions

Transaction Confirmation Required

(The bank may charge for each transaction confirmed via telephone.)

☐ None ☐ Written ☐ Tel.

FOR OFFICE USE ONLY

Initial Deposit Taken (Y/N) Walk in (Y/N)

Account Officer

Broker

ID Type

ID No.

Issue Date / / (DD/MM/YYYY)

Expiry Date / / (DD/MM/YYYY)

List of Documents Attached (Y=Yes; N=No; X=Not Applicable)

Reference ☐ Passport Photograph ☐ Utility Bill ☐

Signature Cards ☐ Residence/Work Permit ☐ KYC Form ☐

Approval Code

CSM Signature | CSM Staff #

B/M Signature

(Please complete all sections in capital letters)

DETAILS OF: ☐ SECOND JOINT ACCOUNT HOLDER ☐ TRUSTEE

Title: ☐ Mr ☐ Mrs ☐ Miss ☐ Dr ☐ Other

Surname

Forenames

Mother's Maiden Name

Date of Birth (DD/MM/YYYY) / /

Nationality

Occupation

Pencom No.

Employer's Name

Employer's Address

Employer's Address

Approx. Annual Income (₦)

Home Address

Home Address

City/Town

State

Mobile Phone 1

Mobile Phone 2

Office Phone

Home Phone

Email Address

Home Address

PASSPORT PHOTOGRAPH HERE

I hereby certify that all the information given above is correct. I also certify that I have read, understood and agreed with the attached terms and conditions governing the account(s)/product(s) I have requested.

Customer's Signature

Mandate/Special Instructions

(including minimum confirmation amount, where required)

ID Type
(Select applicable one)

International Passport ☐

ID No.

National ID ☐

Issue Date / / (DD/MM/YYYY)

Expiry Date / / (DD/MM/YYYY)

Driving Licence ☐

Proxy form and resolutions

FCMB GROUP PLC (RC 1079631)
1ST ANNUAL GENERAL MEETING to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Friday June 6, 2014 at 11 a.m.

I/We ____

being a member/members of FCMB Group Plc hereby appoint

*

____

____

(block capitals please)

or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of FCMB Group Plc which will be held at Shell Hall, MUSON Centre, Onikan, Lagos at 11 a.m. on Friday June 6, 2014 or at any adjournment thereof.

Dated this ____________________ day of ____________ 2014.

Shareholder's signature ________________________________

NOTE:

(1) A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and the above Proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

(2) Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space (marked*) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.

(3) Please sign and post the proxy form so as to reach The Registrar, City Securities (Registrars) Limited, 358 Herbert Macaulay, Yaba Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.

(4) If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or Attorney duly authorized in that behalf.

	RESOLUTIONS	For	Against
1	To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2013, the Auditors Report thereon and the Audit Committee Report.		
2	To declare a dividend		
3	To approve the appointments of the Directors.		
4	To approve the remuneration of Directors.		
5	To authorise the Directors to fix the remuneration of the Auditors.		
6	To elect members of the Audit Committee.		

Before posting this form, tear off this part and retain it.

ADMISSION CARD

FCMB GROUP PLC
1st Annual General Meeting

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 1ST ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON FRIDAY JUNE 6, 2014 AT 11 A.M.

NAME OF SHAREHOLDER/PROXY

____

SIGNATURE ____________________________________

ADDRESS ______________________________________

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____

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THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRARS.

Our vision: To be the Premier Financial Services Group of African Origin.

FCMB Group Plc
First City Plaza, 44 Marina, Lagos Island,
Lagos, Nigeria

Tel: 01-4612610, 7450773 Fax: 01-2713552
www.fcmb.com

Designed by Flag, UK.