First City Monument Bank Plc
Consolidated Unaudited Financial Reports
For the year ended 31 March 2013

First City Monument Bank Plc

CONSOLIDATED UNAUDITED FINANCIAL REPORTS

For the period ended 31 March 2013

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Consolidated financial statements:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

		GROUP		BANK	
In thousands of naira	**Note**	**31 MAR 2013**	**31 DEC 2012**	**31 MAR 2013**	**31 DEC 2012**
ASSETS					
Cash and cash equivalents	22	**81,735,683**	123,451,740	**78,525,949**	120,210,252
Restricted reserve deposits	23	**63,500,440**	57,891,360	**63,500,440**	57,791,360
Non-pledged trading assets	24	**7,732,443**	1,169,708	**7,298,866**	685,664
Derivative assets held	25	**1,980,135**	1,980,135.00	**1,980,135**	1,980,135.00
Loans and advances to customers	26	**329,038,411**	357,798,798	**320,859,329**	350,489,990
Assets pledged as collateral	28	**31,070,337**	40,793,601	**31,070,337**	40,793,601
Investment securities	27	**301,671,723**	244,525,619	**298,418,251**	241,663,451
Assets classified as held for sale	36	**13,075,857**	13,547,417	**4,365,623**	4,365,623
Investment in subsidiaries	29	**-**	-	**11,566,311**	11,566,311
Investment in associates	30	**467,456**	467,456	**375,000**	375,000
Property and equipment	32	**26,406,799**	26,331,166	**25,567,073**	25,513,580
Intangible assets	33	**11,847,673**	11,894,789	**6,194,699**	6,235,794
Deferred tax assets	34	**4,937,656**	4,937,656	**4,757,597**	4,757,597
Other assets	35	**21,738,511**	23,756,311	**20,266,713**	23,885,248
Total assets		**895,203,125**	908,545,756	**874,746,323**	890,313,606
LIABILITIES					
Derivative liabilities held	25	**1,980,135**	1,980,135	**1,980,135**	1,980,135
Deposits from banks	37	**21,521,275**	52,000	**21,521,275**	-
Deposits from customers	38	**628,368,802**	646,216,767	**626,314,732**	644,268,545
Liabilities classified as held for sale	36	**8,682,726**	9,038,589	**-**	-
Borrowings	39	**24,321,573**	26,933,018	**24,321,573**	26,933,018
Retirement benefit obligations	40	**172,990**	109,008	**172,990**	94,437
Other long term benefits	41	**461,197**	335,397	**332,918**	144,793
Current income tax liabilities	21	**3,036,302**	2,850,275	**1,523,270**	1,346,121
Deferred tax liabilities	34	**22,067**	22,067	**-**	-
Other liabilities	42	**70,354,185**	88,993,097	**64,383,932**	84,655,844
Total liabilities		**758,921,252**	776,530,353	**740,550,825**	759,422,893
EQUITY					
Share capital	43(b)	**9,520,534**	9,520,534	**9,520,534**	9,520,534
Share premium	44	**108,747,612**	108,747,612	**108,747,612**	108,747,612
Treasury shares	44	**(668,833)**	(775,381)	**(668,833)**	(766,756)
Retained earnings / (accumulated loss	44	**4,992,545**	765,475	**2,913,165**	(360,846)
Other reserves	44	**13,690,014**	13,757,163	**13,683,020**	13,750,169
		136,281,872	132,015,403	**134,195,498**	130,890,713
Total liabilities and equity		**895,203,125**	908,545,756	**874,746,323**	890,313,606

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2013

		GROUP		BANK	
In thousands of naira	**Note**	**2013**	**2012**	**2013**	**2012**
Continuing operations					
Interest income	9	**25,090,391**	19,755,377	**23,031,625**	14,913,005
Interest expense	10	**(11,978,793)**	(9,582,358)	**(11,905,624)**	(9,104,090)
Net interest income		**13,111,598**	10,173,019	**11,126,001**	5,808,915
Fee and commission income	12	**3,351,921**	4,284,972	**2,930,294**	3,178,744
Fee and commission expense	12	**(186,374)**	-	**(186,374)**	-
Net fee and commission income		**3,165,547**	4,284,972	**2,743,920**	3,178,744
Net trading income	13	**87,706**	-	**87,706**	-
Net income /(losses) from financial instruments at fair value through profit or loss	14	**(18,366)**	160,619	**-**	(76,267)
Other revenue	15	**2,902,998**	1,920,046	**2,885,119**	2,220,046
Revenue		**2,972,338**	2,080,665	**2,972,825**	2,143,779
Net impairment loss on loans and advances, banks & other assets	11	**(410,758)**	(146,071)	**(340,994)**	(512,991)
Personnel expenses	16	**(6,244,232)**	(5,911,295)	**(5,699,093)**	(3,913,367)
Depreciation & amortisation expenses	17	**(863,467)**	(950,272)	**(811,112)**	(651,379)
General and administrative expenses	18	**(2,722,962)**	(2,281,397)	**(2,722,962)**	(1,728,096)
Other expenses	19	**(4,175,733)**	(2,855,405)	**(3,817,425)**	(1,941,939)
Results from operating activities		**4,832,332**	4,394,215	**3,451,160**	2,383,667
Share of post tax result of associate	30	**-**	-	**-**	-
Profit before minimum tax and income tax		**4,832,332**	4,394,215	**3,451,160**	2,383,667
Minimum tax		**(177,149)**	-	**(177,149)**	-
Income tax expense	21	**(455,620)**	(302,021)	**-**	(179,621)
Profit for the year from continuing operations		**4,199,563**	4,092,194	**3,274,011**	2,204,046
Discontinued operations					
Profit/ (loss) from discontinued operation (net of tax)	36	**27,508**	-	**-**	-
Profit for the year		**4,227,070**	4,092,194	**3,274,011**	2,204,046
Other comprehensive income, net of income tax:					
Foreign currency translation differences for foreign operations		**-**	-	**-**	-
Net change in fair value of available-for-sale financial assets		**(67,149)**	(41,522)	**(67,149)**	(41,522)
Defined benefit plan actuarial gains/ (losses)		**-**	-	**-**	-
Tax on other comprehensive income		**-**	-	**-**	-
Other comprehensive income for the year, net of tax		**(67,149)**	(41,522)	**(67,149)**	(41,522)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,159,921**	4,050,672	**3,206,862**	2,162,524
Profit attributable to:					
Equity holders of the Bank		**4,227,070**	4,092,194	**3,274,011**	2,204,046
Non-controlling interests		**-**	-	**-**	-
		4,227,070	4,092,194	**3,274,011**	2,204,046
Total comprehensive income attributable to:					
Equity holders of the Bank		**4,159,921**	4,050,672	**3,206,862**	2,162,524
Non-controlling interests		**-**	-	**-**	-
		4,159,921	4,050,672	**3,206,862**	2,162,524
Basic and diluted earnings per share (naira)	20	**0.89**	1.01	**0.69**	0.54

The notes are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY

GROUP
In thousands of naira

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2011	8,135,596	108,369,199	(1,177,917)	10,089,870	658,637	-	-	(295,876)	(1,691,714)	9,316,644	133,404,439
Loss	-	-	(9,243,550)	-	-	-	-	-	-	-	(9,243,550)
Other comprehensive income, net of tax	-	-	-	-	-	232,708	16,716	(673,795)	-	-	(424,371)
Total comprehensive income for the year	-	-	(9,243,550)	-	-	232,708	16,716	(673,795)	-		(9,667,921)
Contributions by and distributions to equity holders											
Transfer from regulatory risk reserve	-	-	825,081	-	-	-	-	-	-	(825,081)	-
Dividend paid	-	-	(7,147,595)	-	-	-	-	-	-	-	(7,147,595)
Share of post-tax result of associates	-	-	(27,972)	-	-	-	-	-	-	-	(27,972)
Disposal of treasury shares	-	-	(7,903)	-	-	-	-	-	840,480	-	832,577
Total Contributions by and distributions to equity holders	-	-	(6,358,389)	-	-	-	-	-	840,480	(825,081)	(6,342,990)
Balance at 31 December 2011	**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	-	-	-	-	-	193,540	(9,721)	(720,387)	-	-	(536,568)
Total comprehensive income for the year	-	-	13,408,433	1,883,939	-	193,540	(9,721)	(720,387)	-	-	14,755,804
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)	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	6,110,031	-	-	-	-	-	-	(6,110,031)	-
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	4,136,898	-	-	-	-	-	75,853	(6,110,031)	(133,929)
Balance at 31 December 2012	**9,520,534**	**108,747,612**	**765,475**	**11,973,809**	**658,637**	**426,248**	**6,995**	**(1,690,058)**	**(775,381)**	**2,381,532**	**132,015,403**
Profit	-	-	4,227,070	-	-	-	-		-	-	4,227,070
Other comprehensive income, net of tax	-	-	-	-	-	-	-	(67,149)	-	-	(67,149)
Total comprehensive income for the year	-	-	4,227,070	-	-	-	-	(67,149)	-	-	4,159,921
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capitalised bonus shares	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	-	106,548	-	106,548
Total Contributions by and distributions to equity holders	-	-	-	-	-	-	-	-	106,548	-	106,548
Balance at 31 March 2013	**9,520,534**	**108,747,612**	**4,992,545**	**11,973,809**	**658,637**	**426,248**	**6,995**	**(1,757,207)**	**(668,833)**	**2,381,532**	**136,281,872**

STATEMENT OF CHANGES IN EQUITY

BANK
In thousand of naira

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2011	8,135,596	108,369,199	(1,272,301)	10,089,870	658,637	-	-	(295,876)	(1,001,865)	9,316,644	133,999,904
Loss	-	-	(11,004,393)	-	-	-	-	-	-	-	(11,004,393)
Other comprehensive income, net of tax	-	-	-	-	-	232,708	-	(673,795)	-	-	(441,087)
Total comprehensive income for the year	-	-	(11,004,393)	-	-	232,708	-	(673,795)	-	-	(11,445,480)
Contributions by and distributions to equity holders											
Transfer from regulatory risk reserve	-	-	825,081	-	-	-	-	-	-	(825,081)	-
Dividend paid	-	-	(5,694,917)	-	-	-	-	-	-	-	(5,694,917)
Disposal of treasury shares	-	-	-	-	-	-	-	-	159,256	-	159,256
Total Contributions by and distributions to equity holders	-	-	(4,869,836)	-	-	-	-	-	159,256	(825,081)	(5,535,661)
Balance at 31 December 2011	**8,135,596**	**108,369,199**	**(17,146,530)**	**10,089,870**	**658,637**	**232,708**	**-**	**(969,671)**	**(842,609)**	**8,491,563**	**117,018,764**
Profit	-	-	10,675,653	1,883,939	-	-	-	-	-	-	**12,559,592**
Other comprehensive income, net of tax	-	-		-	-	193,540	-	(720,387)	-	-	**(526,847)**
Total comprehensive income for the year	-	-	10,675,653	1,883,939	-	193,540	-	(720,387)	-	-	**12,032,745**
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)	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	6,110,031	-	-	-	-	-	-	(6,110,031)	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	-	75,853	-	**75,853**
Total Contributions by and distributions to equity holders	**1,384,938**	**378,413**	**6,110,031**	**-**	**-**	**-**	**-**	**-**	**75,853**	**(6,110,031)**	**1,839,204**
Balance at 31 December 2012	**9,520,534**	**108,747,612**	**(360,846)**	**11,973,809**	**658,637**	**426,248**	**-**	**(1,690,058)**	**(766,756)**	**2,381,532**	**130,890,713**
Profit	-	-	3,274,011	-	-	-	-	-	-	-	**3,274,011**
Other comprehensive income, net of tax	-	-		-	-	-	-	(67,149)	-	-	**(67,149)**
Total comprehensive income for the year	-	-	3,274,011	-	-	-	-	(67,149)	-	-	**3,206,862**
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capitalised bonus shares	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	-	97,923	-	**97,923**
Total Contributions by and distributions to equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**97,923**	**-**	**97,923**
Balance at 31 March 2013	**9,520,534**	**108,747,612**	**2,913,165**	**11,973,809**	**658,637**	**426,248**	**-**	**(1,757,207)**	**(668,833)**	**2,381,532**	**134,195,498**

CONSOLIDATED STATEMENT OF CASHFLOWS

In thousands of Naira	Note	GROUP 2012	GROUP 2011	BANK 2012	BANK 2011
Cash flows from operating activities					
Profit for the year		**4,227,070**	4,092,194	**3,274,011**	2,204,046
Adjustments for:					
Net impairment loss on loans and advances, banks & other assets	11	**780,964**	146,071	**711,200**	512,991
Net income /(losses) from financial instruments at fair value through profit or loss	14	**18,366**	(160,619)	**-**	76,267
Depreciation and amortisation	17	**863,467**	950,272	**811,112**	651,379
(Gain) / loss on disposal of property & equipment & intangible assets	15	**3,013**	-	**3,013**	-
Foreign exchange (gains) / losses	15	**(830,565)**	(1,264,338)	**(830,565)**	(1,264,338)
Dividend income		**(500,000)**	(346,887)	**(500,000)**	(346,887)
Net interest income	9,10	**(13,111,598)**	(10,173,019)	**(11,126,001)**	(5,808,915)
Tax expense	21	**632,769**	302,021	**177,149**	179,621
		(7,916,514)	(6,454,304)	**(7,480,081)**	(3,795,837)
Changes in operating assets and liabilities					
Net (increase)/decrease restricted reserve deposits	23	**(5,609,080)**	(4,053,571)	**(5,709,080)**	(4,053,571)
Net (increase)/decrease non-pledged trading assets	24	**(6,562,735)**	-	**(6,613,202)**	-
Net (increase)/decrease loans and advances to customers	26	**28,775,631**	(21,401,888)	**29,737,904**	(170,815)
Net (increase)/decrease in other assets	35	**2,492,606**	(13,640,105)	**4,093,341**	(3,885,913)
Net increase/(decrease) in deposits from banks	37	**21,469,275**	30,118,382	**21,521,275**	30,008,382
Net increase/(decrease) in deposits from customers	38	**(17,458,982)**	198,585,286	**(17,588,046)**	10,838,729
Net increase/(decrease) in net assets held for sale		**115,697**	-	**-**	-
Net Increase/(decrease) in other liabilities & others		**(17,453,129)**	25,718,161	**(19,017,556)**	(5,698,260)
		(2,147,230)	208,871,962	**(1,055,445)**	23,242,715
Interest received		**24,319,377**	19,374,262	**22,238,376**	14,509,655
Interest paid		**(12,367,776)**	(7,426,209)	**(12,271,391)**	(7,358,010)
Vat paid		**(165,436)**	(493,666)	**(157,112)**	(493,666)
Income taxes paid		**(446,742)**	(842,223)	**-**	(842,223)
Net cashflows from operating activities		**9,192,193**	219,484,127	**8,754,427**	29,058,471
Cash flows from investing activities					
Investment in subsidiaries		**-**	(158,401)	**-**	(158,401)
Acquisition of subsidiaries, net of cash acquired		**-**	4,753,604		(5,993,863)
Purchase of interests in associates	30	**-**	(75,000)	**-**	(75,000)
Dividend received		**-**	346,887	**-**	346,887
Purchase of fixed and intangible assets	32	**(891,974)**	(11,883,891)	**(823,500)**	(1,038,110)
Proceed from sale of fixed and intangible assets	33	**(3,023)**	-	**(3,023)**	-
Acquisition of investment securities		**(65,876,965)**	(129,802,569)	**(65,631,210)**	(2,097,298)
Purchase of investment property		**-**	(63,650)	**-**	-
Proceeds from sale and redemption of investment securities		**18,368,610**	2,756,942	**18,532,525**	8,615,187
Net cash used in investing activities		**(48,403,353)**	(134,126,078)	**(47,925,208)**	(400,598)
Cash flows from financing activities					
Sale of treasury shares		**106,548**	-	**97,923**	-
Proceeds from issue of shares		**-**	1,763,351	**-**	1,763,351
Repayment of long term borrowing	39	**(2,611,445)**	-	**(2,611,445)**	-
Net cash (used in)/generated from financing activities		**(2,504,897)**	1,763,351	**(2,513,522)**	1,763,351
Net Increase / (decrease) in cash and cash equivalents		**(41,716,057)**	87,121,400	**(41,684,303)**	30,421,225
Cash and cash equivalents at start of year	22	**123,451,740**	60,366,899	**120,210,252**	53,643,955
Cash and cash equivalents at end of year	22	**81,735,683**	147,488,299	**78,525,949**	84,065,180

Notes to the consolidated financial statements

1 Reporting entity

First City Monument Bank Plc ("the Bank" / "FCMB") was incorporated as a private limited liability company on 20 April 1982 and granted a banking license on 11 August 1983. On 15 July 2004, the Bank changed its status from a private limited liability company to a public limited liability company and was listed on the Nigerian Stock Exchange by introduction on 21 December 2004. Between December 2005 and February 2006, the Bank acquired erstwhile Cooperative Development Bank Plc (CDB), Nigerian-American Bank Limited (NAMBL) and Midas Bank Limited (Midas). Effective 9 February 2012, FCMB Plc acquired erstwhile FinBank Plc (including all its subsidiaries).

The principal activity of FCMB is the provision of commercial banking, capital market and corporate finance services. These include the granting of credit facilities either by arrangement within the market or direct loans and advances as well as money market and foreign exchange operations. In May 2005, FCMB Capital Markets, a Division of the Bank, was incorporated as a wholly owned subsidiary company to carry on the bank's issuing house and other capital market operations. In February 2007, the Bank acquired a 75% interest in Credit Direct Limited, a micro-lending institution and the balance of 25% was acquired by FCMB Capital Markets Limited (a wholly owned subsidiary of the Bank) in 2009. On June 16, 2008, the Bank incorporated FCMB UK Limited, a foreign subsidiary in London, a wholly owned subsidiary, which commenced actual trading operations on September 7, 2009. On May 2, 2009, the Bank acquired a 100% controlling interest in CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL). The group financial statements are for the Bank and its subsidiaries; FCMB Capital Markets Limited, Credit Direct Limited, FCMB (UK) Limited,CSL Stockbrokers Limited (CSLS) and City Securities (Registrars) Limited (CSRL). In 2012, the Bank acquired the remaining 25% interest in Credit Direct Limited. As a result of the Bank acquisition of erstwhile Fin Bank, the Bank took over its subsidiaries - Arab Gambian Islamic Bank Limited (AGIB) 100%, Fin Securities & Asset Management Limited 100%, Fin Capital Limited 100%, Fin Insurance Limited 100%, Fin Registrars Limited 100%.

The Group has discontinued the operation of the following companies, City Securities (Registrars) Limited (CSRL), Fin Insurance Company Limited and Fin Registrars Limited. Management committed to a plan to sell these companies early 2013 following a strategic decision to place greater focus on the Group's key competencies and also in line with Central Bank of Nigeria directives.

First City Monument Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is 17A , Tinubu street, Lagos Island, Lagos. These consolidated financial statements for the year ended 31 December 2012 comprise the Bank and its subsidiaries (together referred to as the "Group") and the Group's interests in associates. The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its corporate and individual customers. Such services include granting of loans and advances, corporate finance, money market activities and foreign exchange operations.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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. These are the Group's first financial statements prepared in accordance with IFRSs, and IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position and financial performance of the Group is provided in note 47.This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for those years under IFRS.

These consolidated financial statements were authorised for issue by the Board of directors on 12 March 2013.

(b) 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:

i) Financial instruments at fair value through profit or loss are measured at fair value

ii) Available-for-sale financial assets are measured at fair value.

iii) The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

iv) The plan assets for defined benefit obligations are measured at fair value where applicable

v) Investment property is measured at fair value.

vi) financial assets and liabilities held for trading are measured at fair value

vii) Derivative financial instruments are measured at fair value

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5 and 6.

3 Significant Accounting Policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and have been applied consistently by Group entities.

(a) 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 take 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 or loss.

Notes to the consolidated financial statements

The consideration transferred 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 remesaured 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 Bank 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.

(b) Foreign currency

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

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

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

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

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

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

(c) 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.

(d) 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.

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.

Notes to the consolidated financial statements

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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 credit 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
- 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 Bank 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.

(j) Financial assets and financial liabilities

(i) Recognition

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

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

(ii) Classification

Financial assets

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

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

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

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.

Notes to the consolidated financial statements

(iii) De recognition

Financial assets

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

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

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

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

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

Financial liabilities

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

(iv) Offsetting

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

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

(v) Amortised cost measurement

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

(vi) Fair value measurement

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.

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.

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.

(vii) Identification and measurement of impairment

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

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

Objective evidence that financial assets are impaired can include;

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

(i) adverse changes in the payment status of borrowers in the portfolio; and
(ii) national economic conditions that correlate with defaults on the assets in the portfolio.

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

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

Notes to the consolidated financial statements

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

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

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

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 profit or loss.

(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.

(k) 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.

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

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

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

(i) Trading assets and liabilities

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

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

(ii) Designation at fair value through profit or loss

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

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

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

(iii) Reclassification of financial assets and liabilities

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

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

Notes to the consolidated financial statements

(m) Assets pledged as collateral

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

(n) 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 methoc

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.

(o) 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.

(p) 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.

(q) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The Group holds some investment property through the enforcement of security over loans and advances. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss in other income. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property and equipment is sold, any related amount included in the valuation reserve is transferred to retained earnings.

when the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(r) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

Notes to the consolidated financial statements

(iii) Depreciation

Depreciation is recognised in profit or loss 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) De recognition

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

(s) Intangible assets and goodwill

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

(t) Impairment of non financial assets

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

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

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

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

(u) Deposits and borrowings

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

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

(v) Sale and repurchase agreements

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

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

(w) Provisions

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

Notes to the consolidated financial statements

(x) Financial guarantees and loan commitments

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

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

(y) Employee benefits

(i) Retirement benefit obligations

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

(ii) Other long term employee benefits

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

(iii) Termination benefits

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

(iii) Short-term employee benefits

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

(z) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank'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 Bank'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 Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(ab) Segment reporting

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

(ac) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, 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. 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 and hedge accounting.

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

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

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

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Group has commenced the process of evaluating the potential effect of this standard but is awaiting finalization 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.

Notes to the consolidated financial statements

(ii) Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)

Disclosures – Offsetting Financial assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar arrangements.

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

Based on our initial assessment, the Group is not expecting a significant impact from the adoption of the amendment to IAS 32. However, the adoption of the amendment to IFRS 7 requires more disclosures about rights to set-off.

(iii) IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

IFRS 11 is not expected to have any impact on the group because the Group does not have interests in joint ventures. IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests. The Group is currently assessing the disclosure requirements for interests in subsidiaries and unconsolidated structured entities in comparison with the existing disclosures.

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual periods beginning on or after 1 January 2013. Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. IFRS 12 has not been early adopted but the Bank is currently assessing the disclosure requirements for interests in subsidiaries and associates in comparison with the existing disclosures.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iv) IFRS 13 Fair Value Measurement (2011)

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies for determining fair values (see Notes 5). Although many of the IFRS 13 disclosures requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorized in level 3. IFRS 13 is effective for annual periods beginning on 1 January 2013 with early adoption permitted.

(v) IAS 19 Employee Benefits (2011)

IAS 19 (2011) changes the definition of short term and other long term employee benefits to clarify the distinction between the two. For defined benefits plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of the expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

Notes to the financial report
For the period ended 31 March 2013

In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 MAR. 2012	BANK 31 MAR. 2013	BANK 31 MAR. 2012
9 Interest income				
Loans and advances to banks	**1,055,111**	417,809	**1,055,111**	417,809
Loans and advances to customers	**15,590,259**	15,520,931	**13,531,493**	10,678,559
Investments in government & other securities	**8,445,021**	3,816,637	**8,445,021**	3,816,637
	25,090,391	19,755,377	**23,031,625**	14,913,005
10 Interest expense				
Deposits from banks	**401,485**	1,033,156	**401,485**	1,033,156
Deposits from customers	**11,187,157**	8,010,556	**11,113,988**	7,532,288
Borrowings	**390,151**	538,646	**390,151**	538,646
	11,978,793	9,582,358	**11,905,624**	9,104,090
11 Impairment charge for losses				
(a) Loans and advances to customers				
Increase in specific impairment (see Note 26 (c))	**686,006**	1,376,610	**686,006**	1,376,610
Increase in collective impairment (see Note 26 (d))	**69,764**	-	**-**	-
Reversal of specific impairment (see Note 26 (c))	**-**	(1,230,539)	**-**	(863,619)
Income received on claims previously written off	**(370,206)**	-	**(370,206)**	-
	385,564	146,071	**315,800**	512,991
(b) Other assets & Capital work in progress				
Increase in impairment (see Note 35 (a))	**25,194**	-	**25,194**	-
	25,194	-	**25,194**	-
	410,758	146,071	**340,994**	512,991
12 Net fee and commission income				
Commisions on turnover	**1,294,144**	836,220	**1,294,144**	836,220
Letters of credit commission	**569,934**	594,213	**569,934**	594,213
Commission on off-balance sheet transactions	**155,146**	58,261	**155,146**	58,261
Service charges fees and commissions	**1,332,697**	2,796,278	**911,070**	1,690,050
Gross Fee and commission income	**3,351,921**	4,284,972	**2,930,294**	3,178,744
Credit card expenses	**(5,442)**	-	**(5,442)**	-
Other banks charges	**(180,932)**	-	**(180,932)**	-
Fee and commission expense	**(186,374)**	-	**(186,374)**	-
Net fee and commission income	**3,165,547**	4,284,972	**2,743,920**	3,178,744
13 Net trading income				
Bonds trading income	**(1,839)**	-	**(1,839)**	-
Treasury bills trading income	**89,545**	-	**89,545**	-
Equities trading income	**-**	-	**-**	-
	87,706	-	**87,706**	-
14 Net gains / (losses) from other financial instruments at fair value through profit or loss				
Net gains / (losses) arising on:				
Fair value instruments held for trading	**-**	160,619	**-**	(76,267)
Losses on investment securities	**(18,366)**	-	**-**	-
Impairment for investment securities avaliable for sale	**-**	-	**-**	-
	(18,366)	160,619	**-**	(76,267)
15 Other revenue				
Dividends on equity investment securities in the subsidiaries	**-**	-	**-**	-
Dividends on unquoted equity securities at cost	**500,000**	346,887	**500,000**	346,887
Foreign exchange gains / (losses)	**830,565**	1,264,338	**830,565**	1,264,338
Profit on sale of property and equipment	**(3,013)**	-	**(3,013)**	-
Other income	**1,575,446**	308,821	**1,557,567**	608,821
	2,902,998	1,920,046	**2,885,119**	2,220,046
16 Personel expenses				
Wages and salaries	**5,101,796**	4,591,252	**4,556,657**	2,793,324
Contributions to defined contribution plans	**111,371**	63,497	**111,371**	63,497
Defined benefit costs	**188,125**	188,125	**188,125**	188,125
Other staff cost	**842,940**	1,068,421	**842,940**	868,421
	6,244,232	5,911,295	**5,699,093**	3,913,367
17 Depreciation and Amortisation				
Amortisation of Intangibles (see Note 33 (a))	**44,245**	70,666	**44,245**	58,122
Depreciation of property and equipment (see Note 32)	**819,222**	879,606	**766,867**	593,257
	863,467	950,272	**811,112**	651,379

Notes to the financial report
For the period ended 31 March 2013

In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 MAR. 2012	BANK 31 MAR. 2013	BANK 31 MAR. 2012
18 General and administrative expenses				
Communication, stationery and postage	**227,601**	149,014	**227,601**	149,014
Business travel expenses	**242,937**	89,339	**242,937**	89,339
Advert, promotion and corporate gifts	**306,335**	240,463	**306,335**	240,463
Business premises and equipment costs	**741,367**	987,877	**741,367**	486,887
Directors' emoluments and expenses	**41,825**	29,460	**41,825**	29,460
IT expenses	**407,323**	362,834	**407,323**	310,523
Contract Services	**755,574**	422,410	**755,574**	422,410
	2,722,962	2,281,397	**2,722,962**	1,728,096
19 Other expenses				
Vehicles expenses	**201,314**	212,333	**201,314**	112,333
Security expenses	**452,759**	329,737	**452,759**	229,737
NDIC Insurance Premium & other insurances	**1,064,214**	641,490	**1,064,214**	541,490
Auditors' remuneration	**46,250**	40,000	**46,250**	30,000
Consulting expenses	**605,475**	646,545	**605,475**	646,545
AMCON Expenses	**1,307,095**	-	**1,307,095**	-
Others	**498,626**	985,300	**140,318**	381,834
	4,175,733	2,855,405	**3,817,425**	1,941,939

20 Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share at 31 March 2013 was based on the profit / (loss) attributable to ordinary shareholders of N15.29billion (2011: N9.24billion) and a weighted average number of ordinary shares outstanding of 19.04billion (2011: 16.27billion), calculated as follows:

	GROUP 31 MAR. 2013	GROUP 31 MAR. 2012	BANK 31 MAR. 2013	BANK 31 MAR. 2012
Profit / (loss) attributable to equity holders	**4,227,070**	4,092,194	**3,274,011**	2,204,046
Weighted average number of ordinary shares in issue (in '000s)	**19,041,068**	16,271,192	**19,041,068**	16,271,192
	0.89	1.01	**0.69**	0.54

Group does not have dilutable shares as at 31 March 2013 (December 2012: nil).

	GROUP 31 MAR. 2013	GROUP 31 MAR. 2012	BANK 31 MAR. 2013	BANK 31 MAR. 2012
21 Tax expense				
(i) **Minimum and Current tax expense:**				
Minimum tax	**177,149**	906,832	**177,149**	906,832
Income tax expense	**455,620**	1,272,909	**-**	-
	632,769	2,179,741	**177,149**	906,832
Deferred tax expense:				
Reversal of temporary differences	**-**	(1,053,426)	**-**	(1,048,808)
Reduction in tax rate	**-**	-	**-**	-
Recognition of previously unrecognised tax losses	**-**	-	**-**	-
	-	(1,053,426)	**-**	(1,048,808)

In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
(iii) **Current income tax liability**				
Beginning of the year	**2,850,275**	2,850,275	**1,346,121**	1,346,121
Acquired Subsidiary	**-**	330,109	**-**	330,109
Tax paid	**(446,742)**	(842,223)	**-**	(842,223)
Minimum tax	**177,149**	906,832	**177,149**	906,832
Income tax expense	**455,620**	1,272,909	**-**	-
	3,036,302	2,850,275	**1,523,270**	1,346,121
22 Cash and cash equivalents				
Cash	**11,813,463**	15,660,594	**11,813,463**	15,454,476
Current balances within Nigeria	**2,777,257**	3,627,443	**2,777,257**	3,428,095
Current balances outside Nigeria	**39,113,411**	50,982,793	**36,857,181**	50,734,414
Placements with local banks	**17,458,993**	33,349,359	**16,505,489**	31,028,764
Placements with foreign banks	**5,286,407**	4,577,099	**5,286,407**	4,451,096
Unrestricted balances with Central banks	**5,286,152**	15,254,452	**5,286,152**	15,113,407
	81,735,683	123,451,740	**78,525,949**	120,210,252

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.

	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
23 Restricted reserve deposits				
Restricted mandatory reserve deposits with central banks (see note 23 (a))	**63,500,440**	57,891,360	**63,500,440**	57,791,360
	63,500,440	57,891,360	**63,500,440**	57,791,360

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

Notes to the financial report
For the period ended 31 March 2013

In thousands of naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
24 Trading assets				
	Non-pledged trading assets	**Non-pledged trading assets**	**Non-pledged trading assets**	**Non-pledged trading assets**
Federal Government of Ngeria Bonds	**-**	-	**-**	-
Treasury bills	**7,298,866**	823,626	**7,298,866**	685,664
Equity securities	**433,577**	346,082	**-**	-
	7,732,443	1,169,708	**7,298,866**	685,664

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 Bank acts as an intermediary.

In thousands of naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
25 Derivative assets and liabilities held				
Instrument type				
Assets: - customer transactions	**1,980,135**	1,980,135	**1,980,135**	1,980,135
	1,980,135	1,980,135	**1,980,135**	1,980,135
Liabilities - market transactions	**1,980,135**	1,980,135	**1,980,135**	1,980,135
	1,980,135	1,980,135	**1,980,135**	1,980,135

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

The Bank has not applied hedge accounting.
The fair value gains and losses and the premium income and expenses have been presented in consolidated statement of comprehensive income

In thousands of naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
26 Loans and advances to customers				
(a) Loans and advances to customers comprise of:				
Loans and advances to customers at fair value through profit or loss	**-**	-	**-**	-
Loans and advances to customers at amortised cost	**329,038,411**	357,798,798	**320,859,329**	350,489,990
	329,038,411	357,798,798	**320,859,329**	350,489,990
(b) Loans and advances to customers at amortised cost				
Retail customers:				
Mortgage lending	**1,496,180**	1,655,568	**1,496,180**	1,655,568
Personal loans	**45,714,697**	42,809,916	**45,714,697**	42,809,916
Credit cards	**84,506**	90,767	**84,506**	90,767
Corporate customers:				
Finance leases	**5,890,295**	4,974,744	**5,890,295**	4,974,744
Other secured lending	**283,593,125**	315,334,220	**274,593,801**	307,134,208
	336,778,803	364,865,215	**327,779,479**	356,665,203
Specific allowances for impairment	**(5,066,326)**	(4,462,115)	**(5,207,052)**	(4,462,115)
Collective allowances for impairment	**(2,674,066)**	(2,604,302)	**(1,713,098)**	(1,713,098)
Carrying amount	**329,038,411**	357,798,798	**320,859,329**	350,489,990
(c) Movement in allowances for impairment				
Specific allowances for impairment				
Balance at 1 January	**4,462,115**	7,555,092	**4,462,115**	7,555,092
Impairment loss for the year:	**-**	-	**-**	-
Charge for the year	**604,211**	10,744,875	**744,937**	10,744,875
impairment reverse	**-**	(150,882)	**-**	(150,882)
Write offs	**-**	(13,686,970)	**-**	(13,686,970)
	5,066,326	4,462,115	**5,207,052**	4,462,115
(d) Collective allowances for impairment				
Balance at 1 January	**2,604,302**	1,365,005	**1,713,098**	771,757
Acquired during the year	**-**	3,612,549	**-**	3,612,549
Impairment loss for the year:	**-**	-	**-**	-
Charge for the year	**69,764**	7,542,962	**-**	7,157,932
Write offs	**-**	(9,916,214)	**-**	(9,829,140)
	2,674,066	2,604,302	**1,713,098**	1,713,098
	7,740,392	7,066,417	**6,920,150**	6,175,213

In thousands of naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
27 Investment securities				
Held-to-maturity investment securities (see note 27 (b))	**290,792,725**	233,765,644	**289,082,211**	232,296,979
Available-for-sale investment securities (see note 27 (c))	**10,878,998**	10,759,975	**9,336,040**	9,366,472
	301,671,723	244,525,619	**298,418,251**	241,663,451

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In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
(b) Held-to-maturity investment securities				
Federal Government of Nigeria (FGN) Bonds	**23,656,774**	32,421,143	**23,289,640**	32,068,469
Asset Management Corporation of Nigeria (AMCON) Bonds	**148,746,420**	144,639,798	**148,746,420**	144,639,798
State Government Bonds	**10,434,412**	10,478,530	**10,434,412**	10,478,530
Treasury Bills	**97,140,245**	36,174,581	**95,796,865**	35,058,590
Corporate bonds	**10,814,874**	10,051,592	**10,814,874**	10,051,592
	290,792,725	233,765,644	**289,082,211**	232,296,979
(c) Available-for-sale investment securities				
Equity securities measured at fair value (see note (d) below)	**2,460,706**	2,527,855	**2,460,706**	2,527,855
Unquoted equity securities measured at cost (see note (e) below)	**8,418,292**	8,232,120	**6,875,334**	6,838,617
	10,878,998	10,759,975	**9,336,040**	9,366,472
(d) Equity securities measured at fair value under available-for-sale investments				
HTM Private Placement Uunderwriting	**1,058,985**	1,058,985	**1,058,985**	1,058,985
African Petroleum Plc (Forte Oil)	**108,619**	61,511	**108,619**	61,511
DAAR Communications Underwriting	**37,277**	37,278	**37,277**	37,278
Environmental Remediation Holiding Company Plc	**540,524**	655,161	**540,524**	655,161
Unity Bank Plc	**940**	560	**940**	560
UTC Nigeria Plc	**11**	10	**11**	10
Standard Alliance Co Plc	**714,350**	714,350	**714,350**	714,350
	2,459,706	2,528,855	**2,459,706**	2,528,855
(e) Unquoted equity securities at cost under available-for-sale investments				
Kakawa Discount House Limited	**22,800**	22,800	**22,800**	22,800
Credit Reference Company Limited	**61,111**	61,111	**61,111**	61,111
Nigeria Inter-bank Settlement System Plc	**102,970**	102,970	**102,970**	102,970
Africa Finance Corporation	**2,558,388**	2,558,388	**2,558,388**	2,558,388
Rivers State Microfinance Agency	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Private Equity Funds	**2,551,155**	2,514,439	**2,551,156**	2,514,439
SME Investments	**1,113,742**	1,113,742	**1,113,742**	1,113,742
Africa Export-Import Bank, Cario	**144,805**	144,805	**144,805**	144,805
Central Securities Clearing System	**87,500**	87,500	**87,500**	87,500
Express Discount House	**64,415**	64,415	**64,415**	64,415
Smartcard Nigeria Plc	**22,804**	22,804	**22,804**	22,804
ATSC Investment	**50,000**	50,000	**50,000**	50,000
Currency Sorting Co	**24,640**	24,640	**24,640**	24,640
IMB Energy Master Fund	**100,000**	100,000	**100,000**	100,000
First City Asset Management (FCAM)	**40,000**	40,000	**-**	-
Industrial and General Insurance Plc	**85,000**	85,000	**-**	-
Food Concept Limited	**11,700**	11,700	**-**	-
Financial Derivative Limited	**10,000**	10,000	**-**	-
Hygeia Nigeria Limited	**602**	602	**-**	-
CSCS Limited	**3,500**	3,500	**-**	-
Legacy Fund	**119,600**	76,000	**-**	-
Niger Delta Exploration	**950**	-	**-**	-
Others	**1,731,417**	1,731,417	**-**	-
	9,907,099	9,825,833	**7,904,331**	7,867,614
Specific impairment for equities (note (f) below)	**(1,488,807)**	(1,593,713)	**(1,028,997)**	(1,028,997)
Carrying amount	**8,418,292**	8,232,120	**6,875,334**	6,838,617
(f) Specific allowances for impairment against available-for-sale				
Balance at 1 January	**1,593,713**	594,730	**1,028,997**	494,728
Acquired during the year	**-**	982,574	**-**	469,854
Written off during the year	**-**	(19,680)	**-**	-
Charge for the year	**-104,906**	36,089	**-**	64,415
Balance at 31 December	**1,488,807**	1,593,713	**1,028,997**	1,028,997

(g) Investments in listed equities measured as at fair value through profit and loss represents stock held for short term profit making purposes.

(h) The Group made various investments into companies which operate strategic Banking systems in the Nigerian Market. These are required investments to continue to

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

(l) All debt securities have fixed coupons

28 Assets pledged as collateral

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

	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
Treasury Bills	**2,409,482**	2,372,315	**2,409,482**	2,372,315
Federal Government of Nigeria (FGN) Bonds	**28,660,855**	38,421,286	**28,660,855**	38,421,286
Equities	**-**	-	**-**	-
	31,070,337	40,793,601	**31,070,337**	40,793,601

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In thousands of Nigerian Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
29 Investment in Subsidiaries				
(a) Investment in subsidiaries comprises:				
FCMB Capital Markets Limited (see note (c) below)	**-**	-	**240,000**	240,000
Credit Direct Limited (see note (d) below)	**-**	-	**366,210**	366,210
FCMB (UK) Limited (see note (e) below)	**-**	-	**1,375,397**	1,375,397
CSL Stockbrokers Limited (CSLS) (see note (f) below)	**-**	-	**8,650,721**	8,650,721
City Securities (Registrar) Limited (see note 36)	**-**	-	**-**	-
Arab Gambian Islamic Bank Limited (AGIB) (see note (g) below)	**-**	-	**1,311,830**	1,311,830
Fin Capital Limited (see note (h) below)	**-**	-	**1,150,000**	1,150,000
Fin Securities & Asset Management Limited (see note (i) below)	**-**	-	**6,160,354**	6,160,354
	-	-	**19,254,512**	19,254,512
Specific allowances for impairment	**-**	-	**(7,688,201)**	(7,688,201)
Carrying amount	**-**	-	**11,566,311**	11,566,311
Specific allowances for impairment				
Balance at 1 January	**-**	-	**-**	-
Acquired during the year	**-**	-	**7,688,201**	7,688,201
Written off during the year	**-**	-	**-**	-
Charge for the year	**-**	-	**-**	-
Balance at end of the period	**-**	-	**7,688,201**	7,688,201

(b) **Group entities**

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period 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) FCMB Capital Markets Limited (FCMB CM)	Nigeria	Capital Market	100%	31-Dec-2012
(2) Credit Direct Limited (CDL)	Nigeria	Micro-lending	100%	31-Dec-2012
(3) FCMB (UK) Limited (FCMB UK)	United Kingdom	Banking	100%	31-Dec-2012
(4) City Securities Brokers Limited (CSLS)	Nigeria	Stockbroking	100%	31-Dec-2012
(5) Arab Gambian Islamic Bank Limited (AGIB)	Gambia	Banking	100%	31-Dec-2012
(6) Fin Securities & Asset Management Limited	Nigeria	Stockbroking	100%	31-Dec-2012
(7) Fin Capital Limited	Nigeria	Capital Market	100%	31-Dec-2012

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

(d) This represents the cost of the Bank's 100% equity holding in Credit Direct Limited. The Company was incorporated on June 13, 2006 and commenced operations in January 2007. The Bank acquired 75% shareholding in the company in February 2007 and subsequently acquired the balance of 25% in October 2012 prevously held by FCMB Capital Markets Limited.

(e) This represents the cost of the Bank's 100% equity holding in FCMB (UK) Limited. The Company was incorporated on June 16, 2008 and commenced actual trading operations in September 2009.

(f) This represents the cost of the Bank'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.

(g) This represents the cost of the Bank's 100% equity holding in Arab Gambian Islamic Bank Limited (AGIB). The Company was incorporated on 11 November 1994 in The Gambia to carry on Islamic banking services. It was licensed by the Central Bank of The Gambia on 12 September, 1996 and commenced operations in the same year.

(h) This represents the cost of the Bank's 100% equity holding in Fin Capital Limited and commenced operations on 23 October 2008. The Company was incorporated on 4 April 2007. It was licensed to provide investment banking services

(i) This represents the cost of the Bank's 100% equity holding in Fin Securities & Asset Management Limited . The Company was incorporated on 3 August 1990. It provides corporate investment advisory and asset management services. It commenced operations in May 2008.

(j) The investments are carried at cost less impairment

In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
30 Investment in associates				
(a) Investment in associate company:				
Balance at 1 January	**467,456**	230,656	**375,000**	300,000
Previously unrecognised reserve	**-**	-	**-**	-
Share of profit / (loss)	**-**	161,800	**-**	-
Additions during the year	**-**	75,000	**-**	75,000
At end	**467,456**	467,456	**375,000**	375,000
(b) Summarised financial information of the Group's principal associates are as follows:				
Assets	**1,998,094**	1,241,884	**-**	-
Liabilities	**128,270**	319,259	**-**	-
Net assets	**1,869,824**	922,625		
Revenues	**1,289,196**	1,019,539	**-**	-
Profit	**647,201**	454,511	**-**	-

(c) This represents the Bank's 25% (2011: 25%) equity interest holding in Legacy 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 Bank acquired its 25% equity holding in February 2008. The financial statements used in applying the equity method may be as of a date or for a period that is different from the Group due to practical difficulties preventing the

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In thousands of Nigerian Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
31 Investment properties				
Investment properties at fair value at 1 January	**-**	131,778	**-**	**-**
Transfers to:	**-**	-	**-**	-
- Assets held for sale	**-**	(131,778)	**-**	-
Investment properties at fair value at 31 December	**-**	-	**-**	-
32 Property and equipment				
Cost				
Balance at 1 January 2012	**55,128,432**	31,838,559	**53,902,940**	31,025,897
Acquired during the year	**-**	23,342,247	**-**	22,824,893
Addition during the year	**894,845**	2,618,405	**820,350**	2,557,740
Disposal during the year	**(142,088)**	(2,556,564)	**(123,066)**	(2,391,375)
Items written-off	**-**	(114,215)	**-**	(114,215)
Translation difference	**-**	-	**-**	-
	55,881,189	55,128,432	**54,600,224**	53,902,940
Depreciation and impairment losses				
Balance at 1 January	**28,797,266**	13,053,179	**28,389,360**	12,586,351
Acquired during the year	**-**	13,476,468	**-**	13,476,468
Charge for the year	**819,222**	3,874,127	**766,867**	3,694,069
Eliminated on Disposals	**(142,098)**	(1,501,448)	**(123,076)**	(1,262,468)
Items written-off	**-**	(105,060)	**-**	(105,060)
Translation difference	**-**	-	**-**	-
Balance at 31 March 2013	**29,474,390**	28,797,266	**29,033,151**	28,389,360
Carrying amounts	**26,406,799**	26,331,166	**25,567,073**	25,513,580
33 Intangible assets				
(a) **Softwares**				
Cost				
Beginning of the year	**2,135,493**	1,824,505	**1,911,259**	1,635,780
Addition during the year	**5,450**	310,988	**3,150**	275,479
Classification	**-**	-	**-**	-
Disposal during the year	**-**	-	**-**	-
End of the year	**2,140,943**	2,135,493	**1,914,409**	1,911,259
Amortization				
Beginning of the year	**1,831,511**	1,338,019	**1,669,328**	1,244,150
Classification	**-**	-	**-**	-
Charge for the year	**44,245**	493,492	**44,245**	425,178
Disposal during the year	**-**	-	**-**	-
End of the year	**1,884,077**	1,831,511	**1,713,573**	1,669,328
Carrying amount	**256,866**	303,982	**200,836**	241,931
(b) **Goodwill**				
Beginning of the year	**11,590,807**	12,067,908	**5,993,863**	5,993,863
Acquired during the year (see Note 8)	**-**	-	**-**	-
Transfer to assets held for sale (see Note (e) below)	**-**	(477,101)	**-**	-
At end of the year	**11,590,807**	11,590,807	**5,993,863**	5,993,863
	11,847,673	11,894,789	**6,194,699**	6,235,794

(c) On May 2, 2009, the Bank acquired CSL Stock Brokers Limited (CSLS) and City Securities (Registrars) Limited, erstwhile related companies of the Bank by common directorship. The acquisition gave rise to the above goodwill.

(d) On February 9, 2012, the Bank acquired FINBANK, erstwhile investee company of the Bank. The acquisition gave rise to the above goodwill acquired during the year.

(e) The Group discontinued the operation of City Securities (Registrars) Limited (CSRL), hence reclassify the associated goodwill to assets held for sale.

(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 2011 (2010:nil).

(g) There were no capitalised borrowing costs related to the acquisition to any internal development of software during the year (2011: nil)

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In thousands of Nigerian Naira	GROUP		BANK	
	2,604,302	1,365,005	1,713,098	771,757

34 Deferred tax assets and liabilities

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

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets	Liabilities	Assets	Liabilities
	31 MAR. 2013		31 DEC. 2012	
Property and equipment	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	-
Available-for-sale financial assets	-	-	-	-
Defined benefits	53,113	-	53,113	-
Allowances for loan losses	513,929	-	513,929	-
Unrelieved loss carried forward	881,234	-	881,234	-
Revaluation losses	-	-	-	-
Other	-	(22,067)	-	(22,067)
	4,937,656	(22,067)	4,937,656	(22,067)

Bank

	Assets	Liabilities	Assets	Liabilities
	31 MAR. 2013		31 DEC. 2012	
Property and equipment	3,165,783	-	3,165,783	-
Intangibles assets (software)	(72,578)	-	(72,578)	-
Investment securities at fair value through other comprehensive income	216,116	-	216,116	-
Available-for-sale financial assets	-	-	-	-
Defined benefits	53,113	-	53,113	-
Allowances for loan losses	513,929	-	513,929	-
Unrelieved loss carried forward	881,234	-	881,234	-
Revaluation losses	-	-	-	-
	4,757,597	-	4,757,597	-

In thousands of Nigerian Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
(c) **Unrecognised deferred tax assets**				
Deferred tax assets have not been recognised in respect of the following items:				
Tax losses	**3,895,133**	3,895,133	**3,895,133**	3,895,133
Property and equipment (untilised capital allowance)	**6,408,771**	6,408,771	**6,408,771**	6,408,771
	10,303,904	10,303,904	**10,303,904**	10,303,904

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

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In thousands of Nigerian Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
35 Other assets				
Prepayments	**8,922,584**	4,769,676	**8,922,584**	4,271,645
Accounts receivable	**25,770,458**	32,021,404	**24,074,060**	32,374,110
Consumables	**847,988**	793,003	**847,988**	793,003
	35,541,030	37,584,083	**33,844,632**	37,438,758
Less specific allowances for impairment (note (a) below)	**(13,802,519)**	(13,827,772)	**(13,577,919)**	(13,553,510)
	21,738,511	23,756,311	**20,266,713**	23,885,248
(a) Movement in impairment on other assets				
At start of year	**13,827,772**	1,260,361	**13,553,510**	912,214
Acquired during the year	**-**	-	**-**	-
Increase / (reverse) in impairment	**25,194**	354,728	**25,194**	329,350
Amounts written off	**(50,447)**	(406,748)	**(785)**	(288,465)
At end of year	**13,802,519**	13,827,772	**13,577,919**	13,553,510

36 Assets and liabilities classified as held for sale

During the year, 31 December 2012, the Group committed to sell the following companies; City Securities (Registrars) Limited (CSRL), Fin Insurance Company Limited and Fin Registrars Limited. These companies were classified as held for sale and discontinued operation as at 31 December 2012 and the comparative condensed consolidated statement of comprehensive income has been represented to show the discontinued operation separately from continuing operation. Management expect to sell these companies early 2013 based on its strategic decision to place greater focus on the Group's key competencies.

In thousands of Nigerian Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
For the period ended ended 31 March 2013				
(i) Results of discontinued operation				
Interest income	**114,672**	471,256	**-**	-
Other revenue	**35,702**	238,125	**-**	-
Net impairment loss on financial assets	**-**	(4,458)	**-**	-
Personnel expenses	**(78,100)**	(375,554)	**-**	-
Depreciation & amortisation expenses	**(6,311)**	(27,450)	**-**	-
Other expenses	**(24,907)**	(77,592)	**-**	-
Results from operating activities	**41,056**	224,327	**-**	-
Income tax	**(13,549)**	(53,659)	**-**	-
Results from operating activities, net of income tax	**27,508**	170,668	**-**	-
(ii) Non-current assets and non-current liabilities held for sale				
ASSETS				
Cash and cash equivalents	**7,151,852**	6,816,347	**-**	-
Loans and advances (staff loans)	**137,671**	135,028	**-**	-
Investment securities	**100,906**	602,625	**-**	
Investment in subsidiaries	**-**	-	**4,365,623**	4,365,623
Investment property	**131,778**	131,778	**-**	-
Property and equipment	**57,955**	42,477	**-**	-
Intangible assets	**5,203**	483,351	**-**	-
Deferred tax assets	**9,221**	9,222	**-**	-
Other assets	**304,988**	150,307	**-**	-
Assets acquired for disposal	**5,176,282**	5,176,282	**-**	-
Total assets	**13,075,857**	13,547,417	**4,365,623**	4,365,623
LIABILITIES				
Current income tax liabilities	**81,697**	68,156	**-**	-
Other liabilities	**6,540,759**	6,910,163	**-**	-
Liabilities with assets acquired for disposal	**2,060,270**	2,060,270	**-**	-
Total liabilities	**8,682,726**	9,038,589	**-**	**-**
Net asset value	**4,393,131**	4,508,828	**4,365,623**	4,365,623

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

In thousands of Nigerian Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
37 Deposits from banks				
Other deposits from banks	**21,521,275**	52,000	**21,521,275**	-
	21,521,275	52,000	**21,521,275**	-

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

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In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
38 Deposits from customers				
Retail customers:				
Term deposits	**47,337,604**	117,156,779	**47,337,604**	117,156,779
Current deposits	**208,963,739**	213,404,739	**208,963,739**	213,487,184
Savings	**56,059,741**	55,565,804	**54,362,639**	53,892,105
	312,361,084	386,127,322	**310,663,982**	384,536,068
Corporate customers:				
Term deposits	**122,923,416**	92,856,616	**122,923,416**	92,856,616
Current deposits	**157,398,982**	140,504,657	**157,398,982**	140,504,657
Other	**35,685,320**	26,728,172	**35,328,352**	26,371,204
	316,007,718	260,089,445	**315,650,750**	259,732,477
	628,368,802	646,216,767	**626,314,732**	644,268,545
39 Borrowings				
Borrowing comprise:				
Standard Bank, London (see note (a) (i) below)	**5,214,740**	7,826,185	**7,826,185**	7,826,185
International Finance Corporation (IFC) (see note (a) (ii) below)	**7,206,778**	7,206,778	**4,595,333**	7,206,778
International Finance Corporation (IFC) (see note (a) (iii) below)	**2,882,711**	2,882,711	**2,882,711**	2,882,711
Citibank Nigeria (see note (a) (iv) below)	**781,322**	781,322	**781,322**	781,322
Citibank N.A (see note (a) (v) below)	**2,343,249**	2,343,249	**2,343,249**	2,343,249
Bank of Industry (see note (a) (vi) below)	**5,892,773**	5,892,773	**5,892,773**	5,892,773
	24,321,573	26,933,018	**24,321,573**	26,933,018

40 Retirement benefit obligations

Defined contribution scheme

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

	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
Total contributions to the scheme for the period were as follows:				
Balance at start of period	**109,008**	39,338	**94,437**	36,631
Charged to profit or loss	**111,371**	318,427	**111,371**	307,654
Employee contribution	**-**	-	**-**	-
Total amounts remitted	**(47,389)**	(248,757)	**(32,818)**	(249,848)
At end of year	**172,990**	109,008	**172,990**	94,437

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In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
41 Other long term benefits				
The Bank 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 Bank from time to time				
Balance at start of year	335,397	252,335	144,793	233,630
Charged to profit or loss	188,125	707,429	188,125	631,418
Total amounts paid out were as follows:	(186,979)		(186,979)	
At end of period	461,197	335,397	332,918	144,793
(i) The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligations	**-**	-	**-**	-
Present value of funded obligations	**2,332,918**	2,335,397	**2,332,918**	2,144,793
Total present value of obligations	**2,332,918**	2,335,397	**2,332,918**	2,144,793
Fair value of plan assets	**(2,000,000)**	(2,000,000)	**(2,000,000)**	(2,000,000)
Presenr value of net obligations	**332,918**	335,397	**332,918**	144,793
Unrecognised actuarial losses	**-**	-	**-**	-
Recognised liability for non-contributory defined benefits obligations	**332,918**	335,397	**332,918**	144,793
(ii) Plan assets consist of the following;				
Federal Government of Nigeria (FGN) Bonds	**2,000,000**	2,000,000	**2,000,000**	2,000,000
	2,000,000	2,000,000	**2,000,000**	2,000,000
(iii) Movement in the present value of defined benefit obligations;				
Liability for defined benefit obligations at the beginning of the reporting period	**335,397**	1,502,390	**144,793**	1,502,390
Contribution to the plan assets	**-**	(2,000,000)	**-**	(2,000,000)
Actuarial losses /(Gains)	**-**	(232,708)	**-**	(232,708)
Benefits paid by the plan	**-**	(215,243)	**-**	(215,243)
Current service costs and interest (see note 41 (v) below)	**188,125**	613,665	**188,125**	613,665
Liability for defined benefit obligations at 31 December 2012	**332,918**	335,397	**332,918**	144,793
(iv) Movement in plan assets;				
Fair value of plan assets at the beginning of the reporting period	**2,000,000**	-	**2,000,000**	-
Contribution paid into the plan	**-**	2,000,000	**-**	2,000,000
Benefits paid by the plan	**-**	-	**-**	-
Actuarial (losses)/gains	**-**	-	**-**	-
Expected return on plan assets	**-**	-	**-**	-
Fair value of plan assets at 31 December 2012	**2,000,000**	2,000,000	**2,000,000**	2,000,000
(v) Expense recognised in profit and loss;				
Current service costs	**188,125**	455,137	**188,125**	455,137
Interest on obligation	**-**	158,528	**-**	158,528
Expected return on plan assets	**-**	-	**-**	-
	188,125	613,665	**188,125**	613,665
(vi) Actuarial assumptions;				
The principal actuarial assumptions at the reporting date, expressed as weighted averages, were;				
Discount rate at 31 December	**13%**	13%	**13%**	13%
Future salary increases	**12%**	12%	**12%**	12%
Rate of inflation	**10%**	10%	**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 N				
42 Other liabilities				
Customers' deposit for letters of credits	**9,165,157**	13,555,672	**9,165,157**	13,555,672
Bank cheques/drafts	**3,565,525**	3,577,056	**3,565,525**	3,577,056
Deferred income	**204,839**	135,265	**204,839**	135,265
Proceeds from public offers	**82,376**	82,049	**82,376**	82,049
Accounts payable	**46,472,391**	59,677,188	**40,502,138**	55,826,315
Accrued expenses	**6,560,139**	7,605,086	**6,560,139**	7,118,706
Operational risk provision	**4,303,758**	4,360,781	**4,303,758**	4,360,781
	70,354,185	88,993,097	**64,383,932**	84,655,844

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In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
43 Share capital				
(a) **Authorised**				
20,000,000,000 ordinary shares of 50k each (2010: 20,000,000,000)	**10,000,000**	10,000,000	**10,000,000**	10,000,000
(b) **Issued and fully paid**				
19.04billion ordinary shares of 50k each (2010: 16.56billion)	**9,520,534**	9,520,534	**9,520,534**	9,520,534
The movement on the issued and fully paid up share capital account during the year was as follows:				
Balance at 1 January	**9,520,534**	8,135,596	**9,520,534**	8,135,596
Capitalised during the year (see 43 (c) below)	**-**	1,241,809	**-**	1,241,809
Issue of new shares (see 43 (d) below)	**-**	143,129	**-**	143,129
At 31 December	**9,520,534**	9,520,534	**9,520,534**	9,520,534

(c) This represents Capitalise of bonus shares of 2,483,617,573 ordinary share of 50kobo from share premium account in the proportion of three new shares for every 20 held.

(d) This represents share exhange of 286,258,258 units issued at N6.16 per share in respect FINBANK shareholders' that opted for shares settlement as a results of the acquisition consideration settlement.

44 Share premium and reserves

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

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

(b) **Statutory reserve**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital However, the Bank transferred 30% of its 'profit after tax to statutory reserves as at year end (2010: 30%)

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

(d) **Treasury shares**: Treasury shares represent the Bank's shares of N775million (2011: N851million) held by the Bank on behalf of Staff as at 31 December 2012.

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

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

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

(h) R**evaluation 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 Groups 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.

45 Contingencies, claims and litigation

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

In thousands of Naira	GROUP 31 MAR. 2013	GROUP 31 DEC. 2012	BANK 31 MAR. 2013	BANK 31 DEC. 2012
Performance bonds and guarantees	**90,099,361**	86,744,701	**90,099,361**	86,744,701
Clean line letters of credit	**53,451,064**	33,669,482	**53,451,064**	33,669,482
Other commitments	**491,299**	667,151	**491,299**	667,151
	144,041,724	121,081,334	**144,041,724**	121,081,334

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