FCMB Group Plc

Annual Report and Accounts 2014

We are FCMB Group Plc

Our Vision

To be the Premier Financial Services Group of African Origin.

Our Mission

To attain the highest levels of customer advocacy, be a great place to work and deliver superior and sustainable returns to our shareholders.

Our Core Values

- Professionalism
- Sustainability
- Customer focus
- Excellence

Annual Report and Accounts 2014

FIRST CITY MONUMENT BANK

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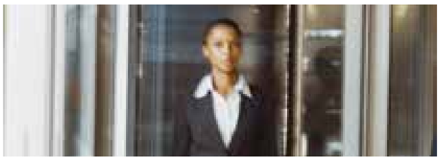

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Read more about our businesses at:
www.fcmbgroupplc.com

Introduction

Highlights

₦148.6bn
+13%
Gross earnings

₦1.2tn
+16%
Total assets

₦23.9bn
+32%
Profit before tax

₦22.1bn
+38%
Profit after tax

2.7m
+17%
Number of customers (FCMB Ltd)

₦618.0bn
+37%
Loans

₦263.0bn
+92%
Value of trades CSLS executed on the NSE

14.6%
+25.4%
Return on average equity

₦387.0bn
+2%
Value of investment banking deals advised on and completed

About FCMB Group Plc

FCMB Group Plc

FCMB Group Plc's vision is to be the premier financial services group of African origin. Leadership for us is defined by the value of our franchise and the customer experience we deliver. At the centre of our organisation, lies a talented workforce, focused on providing comprehensive, yet simple and reliable, services to customers. Our services include personal, business and corporate banking, asset management, stock broking, trusteeship and custodial services, and investment banking (financial advisory; debt & equity capital markets and project & structured finance).

FCMB Group Plc is listed on the Nigerian Stock Exchange (NSE) with the ticker symbol "FCMB" and has 19,802,710,781 ordinary shares held by over 523,400 shareholders as at December 2014.

FCMB Group Plc and its subsidiaries (the Group) each function as separate and distinct operating companies with separate boards of directors and executives.

History

FCMB Group Plc's roots date back to 1977, with the formation of City Securities Limited (CSL), a stockbroking and issuing house and registrar business. CSL rapidly climbed the league of issuing houses and brokers between 1977 and 1982, handling the listings and initial public offers of many of the leading blue-chip companies on the Nigerian Stock Exchange (NSE).

First City Merchant Bank Limited was established in 1982 with seed capital from the success of CSL. It began operations as a licensed deposit taker and merchant bank on 11 August 1983 assuming the corporate finance and issuing house activities of CSL and becoming the first Nigerian merchant bank to be established without government or international support. First City Merchant Bank Limited soon became a leading merchant bank in Nigeria, as measured by profitability, and, in 2000, the first and only merchant bank to achieve ₦1 billion profit.

With the advent of universal banking in 2001, First City Merchant Bank Limited converted into a universal bank. It changed its name to First City Monument Bank Limited and commenced commercial banking activities, while its corporate finance activities were spun-off into a new subsidiary – FCMB Capital Markets Limited. In 2004, the bank changed status from a private limited liability company to a public limited liability company, and was listed on the NSE in December of that year.

In 2010, the Central Bank of Nigeria (CBN) issued Regulation 3 (Scope of Banking Activities and Ancillary Matters, No. 3, 2010), which required banks to divest their non-banking businesses or retain them under a CBN-approved financial group structure. In response, FCMB Plc developed a group restructuring plan (Compliance Plan) and secured the CBN's approval of the plan in December 2011.

As a result of this reorganisation, the newly created FCMB Group Plc became the holding company, with First City Monument Bank Plc (FCMB Plc), CSL Stockbrokers Limited (CSLS) and FCMB Capital Markets Limited (FCMB-CM) as direct subsidiaries. Shareholders of FCMB Plc were also migrated to FCMB Group Plc via a one-for-one share exchange between FCMB Group Plc and FCMB Plc.

FCMB Plc, the bank, was thereafter re-registered as a limited liability company, becoming First City Monument Bank Limited (FCMB Limited).

In 2014, CSL Trustees Limited also became a direct subsidiary of FCMB Group Plc.

Subsidiaries of FCMB Group Plc:

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

First City Monument Bank Limited (The Bank) (100% Beneficial Ownership)

The Bank, the flagship of the Group, employs over 3,100 full-time staff, and has over 2.7 million customers and 248 branches and cash centres distributed across every state of the Federal Republic of Nigeria. The Bank is a top-ten lender in Nigeria and parent company to two subsidiaries: FCMB UK Limited and Credit Direct Limited (the leading micro-consumer lending institution in Nigeria, which provided financial support to 176,000 new customers in 2014).

FCMB Capital Markets Limited
(100% Beneficial Ownership)

FCMB Capital Markets Limited is licensed by the Securities and Exchange Commission of Nigeria (SEC) as an issuing house and financial advisor. FCMB Capital Markets Limited specialises in project and structured finance, equity and debt capital raising, M&A advisory and other financial advisory services to top-tier corporate entities. FCMB Capital Markets remains a market leader in its field.

CSL Stockbrokers Limited
(100% Beneficial Ownership)

CSL Stockbrokers (CSLS), licensed by the SEC, is a leading stockbroking and investment management firm in Nigeria. Its equity and macroeconomic research is recognised internationally and the firm executes a significant share of the international portfolio trades on the NSE. CSLS is positioning itself to be the leading conduit for portfolio investment into Sub-Saharan Africa. CSLS's subsidiary, First City Asset Management Ltd, provides portfolio and fund management services to high-net-worth individuals and institutional clients.

CSL Trustees Limited
(100% Beneficial Ownership)

CSL Trustees Limited (CSLT), a SEC-licensed company, partners with clients to ensure fund assets are kept securely and serviced properly, in the interest of beneficiaries. CSLT's expanded trustee services include debenture trustee, security trustee, facility agent, escrow agent, management of private trusts, employee stock ownership plans and employee welfare trustee. The company's technical specialisation, individualised client focus, national coverage (enabled by FCMB Ltd's distribution network), responsiveness and monitoring programmes have enabled it to become one of the fastest growing trustees in the country. CSLT is increasingly the choice of trustee for lenders, borrowers and investors.

More information can be found at:
www.fcmbgroupplc.com

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

Tel: +234 (0) 1 279 8800 or
+234 (0) 700 3262 69 2265

For further information about the performance of our subsidiary businesses, please see pages 18–22.

From the Archives of the Founder

Otunba Michael O Balogun, CON
Founder

"The Founder's Place – another evidence of our continuously keeping touch with our Root."

After the Christmas and the New Year celebrations, I went away for nearly one month for my usual holidays and rest, to prepare me well for the New Year 2015. On the Sunday following the Saturday night I came back to the country in February, I drove straight to Victoria Island to see how far the completion of "The Founder's Place" had gone. This is a structure being erected on the site of my former residence in Victoria Island, which has now been turned into a full-fledged total banking premises, because of the strategic location of the site in the Victoria Island financial hub. I had earlier been told that while I was away, members of staff had already started to move in and the branch had commenced some operations.

On getting there, memories of my underlying Vision, my Mission and the set Values that I adopted surged into my brain, making me feel rather emotional about the establishment of FCMB. I had earlier seen the design of the structure, but I did not expect that on completion, the building would evoke so much emotion for me to say, "thank you, Lord, we have not abandoned our Root. We have indeed improved on our foundation".

The ingenuity which the current management has brought into play, made me feel that while we were moving forward, we kept sight of our origin to improve upon it and to be always aware of it. This is the essence of the new FCMB branch in presenting a total banking concept desirable for our current focus on retail, commercial banking, as well as not abandoning corporate banking or private banking for the high net worth customers. To see such a well-conceived branch springing up from the site of my former residence, brought into my mind again, some of the driving forces that led to the Vision and also a particular pilgrimage I undertook while I was trying to execute my Vision and Mission.

When I was planning to set up virtually single-handedly a banking institution with a Culture of

Excellence, I used as my template, the legendary founder of one of the most prestigious Investment/ Merchant Banks in the United Kingdom. He was Sir Siegmund Warburg, a German Jew who set up the then most prestigious merchant bank in the City of London, known as, S. G. Warburg & Co., about whom I had read so much and a visit to whom I thought would assist the execution of my Vision and my Mission. I decided to do this while the legendary banker was still alive and half retired. The address I was given in Geneva was his former residential home on the Swiss mountains in Geneva. When I met this urbane and ageing Icon of the then banking industry, I was inspired by his sense of achievement in setting up this unique institution, whose office in Geneva was his former residential place from which he was either directing or giving the benefit of his experience to his successors in the bank. He was meticulous in showing me round and took me to what normally would be private rooms in a residential building which he had then converted as offices of the bank, the original desk with which he started his business, a domestic archive for the history of the bank, as well as other currently relevant documents relating to the operations of the bank.

I left him with a fired-up inspiration that I would follow his footsteps. Sir Siegmund Warburg had set up a thriving and successful finance institution, which as it was the practice in those days, was named after him and this bank became a reference point, before it was acquired by a European commercial bank, just as FCMB had progressed from a merchant bank into a full scale total banking institution and a High Street bank.

On my moving into my present place of residence at Ikoyi, many people asked me what would happen to the landmark site of my residence in Victoria Island which I had just left, and I casually said I would give it to the bank; because that was where I prayed to my God and I believe I had a direction to go and set up a bank in compensation for my having the courage to fight back when I felt cheated by my former employers. Particularly, I asked the current management to do me a special favour by preserving the Chapel, my prayer place where I sought guidance of my God which subsequently materialised into my Vision,

“ ”

The ingenuity which the current management has brought into play, made me feel that while we were moving forward, we kept sight of our origin to improve upon it and to be always aware of it.

Otunba Michael O Balogun
Founder

and like Sir Siegmund Warburg, I wanted the place to be preserved and used for banking premises suitable for our current focus in the banking industry. My readers can therefore see where I am coming from. Sir Siegmund Warburg converted his residence into banking premises and gave it as a legacy to the financial institution he founded. I have been able to do something similar. I have handed the cradle of my ambition or my dream to the institution which by God’s grace, I have created from the Vision I had while living in No. 2 Sanusi Fafunwa, which after restructuring is now named as “The Founder’s Place”.

While the main physical structure had been retained, the inside has been moved around and changed to suit the current outlook of FCMB. The original Vision of FCMB has been preserved, but the ethos and a lot of the virtues of the institution itself had been improved upon. As I went round the premises, I had nothing but praise and appreciation for the ingenuity of the current management in converting my former residential premises into an all-purpose total banking premises. It is like a new wine being put into an old cask. Even the façade of the old building has been spruced up with the usual columns which made the building easy to be identified as a typical branch of FCMB. The point I have been trying to labour upon, is that whilst the management had been forging ahead

From the Archives of the Founder

Continued

in transforming FCMB to be an all-purpose retail, commercial and corporate banking institution, the intrinsic original values and the foundation have been preserved.

Many people, who know me, appreciate that I have always put God as the foundation of whatever I do. For the management to have preserved the Altar at which I prayed, saw the Vision to go ahead and establish FCMB, is not only heart-warming, but a reassurance to all and sundry that while we continue to improve on our dreams and vision to meet the current postures in the banking industry, we shall preserve our basic values of excellence, professionalism, sustainability and customer focus. All these have been brought into play in not only the design of the new banking premises and the layout of the inside, so much so that on approach, any visiting customer or client is inclined to agree with our Vision to be the Premier Financial Services Group of African Origin and that we have a Mission to attain the highest level of customer advocacy, to be a great place to work and deliver superior and sustainable returns to our stakeholders. All these are reflected in the design and the moving around of the inside of the premises.

What I am asking you to share with me is the evolution of an FCMB that has not lost touch with its origins but has developed into a total banking institution that would give its customers the highest level of service and the environment too makes FCMB, a great place to work. This is the message that this new branch, which I would describe as a new flagship branch for our Vision, Mission and our Values is meant to convey to all and sundry.

I asked a friend who accompanied me what his comments would be. He said, "Ingenious! Many people have been wondering about what was happening there. This structure, the ambience, as well as the arrangement and furniture of the inside of the building are reflections of the new FCMB", and he ended up congratulating the present management for the magnificent transformation that makes a correct loud statement.

Let me conclude by asking everyone to join me in thanking God for giving us a Vision that has the potential of attracting all and sundry to bank with us.

God bless us all.

Otunba Michael O Balogun, CON
Founder

Chairman's Statement

Dr Jonathan A D Long
Chairman

Ladies and Gentlemen, Fellow Shareholders, it is my pleasure once again to present the FCMB Group Plc's ("the Group") annual results to you and, in particular, to thank you for your continued support in 2014. During the past year, the Group continued the profitable development of its core banking, capital markets and stock-broking businesses, whilst also implementing a Group supervisory structure, which we are confident will help us to consolidate the gains made over the past years and face the economic challenges with which we are confronted in 2015.

Financial Performance

The Group continued to expand its business throughout 2014, and to fulfil its major role in making credit available for the development of the Nigerian economy. In 2014, the Group's total assets grew by 16% to ₦1.2 trillion, deposits grew by 3% to ₦734 billion and loans to customers grew 37% to just under ₦618 billion. The expansion in its business was reflected in the underlying financial performance, since net interest income grew 26% to slightly under ₦73 billion, while profit before tax rose 32% from ₦18.2 billion to ₦23.9 billion, and after tax by a similar amount from ₦16.0 billion to ₦22.1 billion.

All the Group's operating subsidiaries achieved progress during 2014. The pre-tax profit of First City Monument Bank Limited rose 26% to ₦22.5 billion, whilst those of FCMB Capital Markets Limited rose 142% to ₦1.0 billion, reflecting an exceptional surge in advisory fees. CSL Stockbrokers Limited continued to gain market share and grew its pre-tax profits by 85% to ₦307.7 million, and CSL Trustees Limited, in its

Chairman's Statement

Continued

first year under the Group, delivered pre-tax profits of ₦54.2 million.

A few operational highlights may help to illustrate how these gains were made. First City Monument Bank Limited continued to expand its retail banking business, winning 481,643 new customers, to bring its total to just over 2.7 million, and increasing the amount of its retail loans by ₦95.3bn. FCMB Capital Markets Limited was mandated Lead Arranger for the acquisition debt finance of one of the most important Nigerian upstream oil & gas transaction in 2014 - the purchase, by Oando Energy Resources Ltd., of the Nigerian upstream oil and gas business of ConocoPhillips, a transaction for which several international awards have already been won. FCMB Capital Markets Limited also advised Nigerian Breweries Plc on its acquisition of Consolidated Breweries Plc, thus bringing to a successful conclusion its series of acquisitions in the Nigerian brewing industry, which began with that of Sona Breweries Plc in 2011. CSL Stockbrokers Limited were a member of the syndicate for the US$500m initial public offering of Seplat Petroleum Plc on the Nigerian and London Stock Exchanges and placed a significant part of the shares involved with international and Nigerian investors.

Structure of the Group

The Board of the FCMB Group Plc was primarily responsible for monitoring the activities of both First City Monument Bank Limited, as well as those of the other Group companies under its control in 2014. In this context, it will be remembered that, in May, 2013, the Central Bank of Nigeria granted an Other Financial Institutions Licence to the FCMB Group Plc, and so 2014 was the first full year of operating under the new holding company structure. To recap briefly, under this structure First City Monument Bank Limited is a wholly-owned subsidiary of FCMB Group Plc, whilst the Group's other subsidiaries are FCMB Capital Markets Limited, CSL Stockbrokers Limited and CSL Trustees Limited.

The board of FCMB Group Plc consists of Mr Peter Obaseki, in the role of Managing Director, together with Mr Ladi Balogun, Alhaji Mustapha Damcida, Mr Olusegun Odubogun, Mr Olutola O Mobolurin, Professor Oluwatoyin Ashiru and Dr (Engr) Gregory Omosigho Ero as non-executive directors, whilst I am the non-executive Chairman. Mr Tope Lawani served as a non-executive director from the beginning of the year until 25th July, 2014. Mr Martin Dirks served as alternate for Mr Tope Lawani until 25th September, 2014, when he became a full non-executive director. Mr Bismarck Rewane served as an independent non-executive director throughout the year.

The Board monitored the implementation of the Group's 2014 business plan closely during the year, holding full meetings on six occasions with an average attendance rate of 83%. It should also be recognised that, the two Committees reporting to the board, which are the Risk, Audit and Finance Committee and the Governance and Remuneration Committee, were of major importance to the success of the new holding company structure.

The Risk, Audit and Finance Committee, which consists of Mr Ladi Balogun, Mr Olusegun Odubogun, Dr (Engr) Gregory Omosigho Ero, Mr Martin Dirks, and Mr Bismarck Rewane, met on four occasions. The Governance and Remuneration Committee, which consists of Mr Ladi Balogun, Alhaji Mustapha Damcida, Mr Olusegun Odubogun and Professor Oluwatoyin Ashiru, met twice.

In addition to the work of the two Board Committees, I should also like to recognise the contribution made by the Statutory Audit Committee, which consists of Mr Olusegun Odubogun, Mr Olutola O Mobolurin, Mr Bismarck Rewane, Alhaji B A Batula and Evangalist Akinola Soares, under the Chairmanship of Alhaji S B Daranijo, met on five occasions. The work of these Committees has ensured that the Board of the Group has been able to monitor and supervise the implementation of the business plans by each company in the Group on a regular and consistent basis, as well as ensuring full compliance with all statutory and regulatory requirements.

Conclusion

The Group has achieved strong and sustained growth over the past three years. However, looking forward, the fall in oil prices, and consequent devaluation of the Naira, combined with an uncertain political outlook in the country, present clear challenges for 2015. Nevertheless, with a strong Board and Committee structure, together with the commitment of the many exceptional professionals working within the Group, I would like to assure you that your Board is confident of its ability to face the challenges of 2015 and to prepare the Group for future growth and prosperity.

Thank you very much for your attention.

Dr Jonathan A D Long
Chairman

For further information about the Board and its Committees, please see 'Corporate Governance' on page 33.

Managing Director's Report

Peter Obaseki
Managing Director

Dear Distinguished Shareholders,

It is my pleasure to welcome you to the second Annual General Meeting of our company, FCMB Group Plc.

The year under review was relatively stable in the first three quarters in terms of exchange rate, selling at ₦157.3/USD at the Retail Dutch Auction System, and within a narrow range of ₦162.82/USD to ₦164.61/USD at the interbank. Headline or all-items inflation remained in single digits, closing the fourth quarter at 7.9%. However, the fourth quarter witnessed significant volatility, following an 8% devaluation in the Naira exchange rate against the United States dollar. The price of Brent Crude oil dropped by about 60% from the peak of USD 115 per barrel in June 2014. Overall, the year was mainly defined by foreign exchange rate uncertainty, build-up of political activities, security challenges, especially in the north eastern parts of the country and the Ebola incidences that was quickly curtailed.

It can be said that our transition to a lean, non-operating, holding company structure was effectively completed with the release of the guidelines for the licensing and regulation of Financial Holding Companies in Nigeria in August, 2014. The regulators have conducted their maiden examination of FCMB Group Plc. The results have helped us to firm up the operations of the company. However, another key regulator, the Pension Commission of Nigeria (PENCOM), is yet to lift the restriction on Pension Fund Administrators from trading in the shares of Financial Holding Companies. This restriction continues to affect adversely the demand for the shares of banks operating under the holding company structure, with negative implications for their market capitalisation. Our engagements with PENCOM have reached an advanced stage and we are optimistic that the restriction will be lifted in the very near future, and as a result the affected shares, including those of our company will rebound significantly.

Financial summary

At Group level, our over-riding objectives were to ensure adequate capital buffers, drive the positive trend in key investment ratios, ensure efficient allocation of capital and enhance the corporate governance frame-work. Under the current challenging macro-economic environment, these objectives will be pursued with increased vigour in the year ahead.

It is pleasing to note that the Group results for the full year 2014 reflects solid momentum in the execution of Retail strategy by the bank and effective harnessing of the synergies within the group, especially the collaboration between corporate and investment banking; key earnings metrics grew at double digits; profit before tax was ₦23.9 billion while profit after tax came in at ₦22.1 billion with growth on full year 2013 of 32% and 38% respectively. The investment banking business saw a profit before tax growth of 126% driven by debt structuring and financial advisory services. At group level, return on average equity is trending up at 14.6% compared with 11.6% for full year 2013. Based on these, a dividend of 25 kobo per share is proposed, translating into a dividend yield of 10.04%, using market share price as at 31 December 2014.

In 2013, the split between banking and non banking businesses was 98% and 2%; this has improved in 2014 to 94% and 6% respectively; we are hoping that this trend will continue, especially if the equity capital market begins to recover from an acute dearth of new and secondary issues.

Outlook

We expect to see a number of significant adjustments in the year 2015, especially to the realities of a vastly changed government revenue profile and the Naira exchange rates against foreign currencies. The private sector may see intensification of existing and new export initiatives. There are signals that regulatory emphasis will be placed on promoting GDP-enhancing and foreign exchange earning activities. Inflation is very likely to commence an upswing and the need for cost control by both government at all levels and private sector operators is imperative.

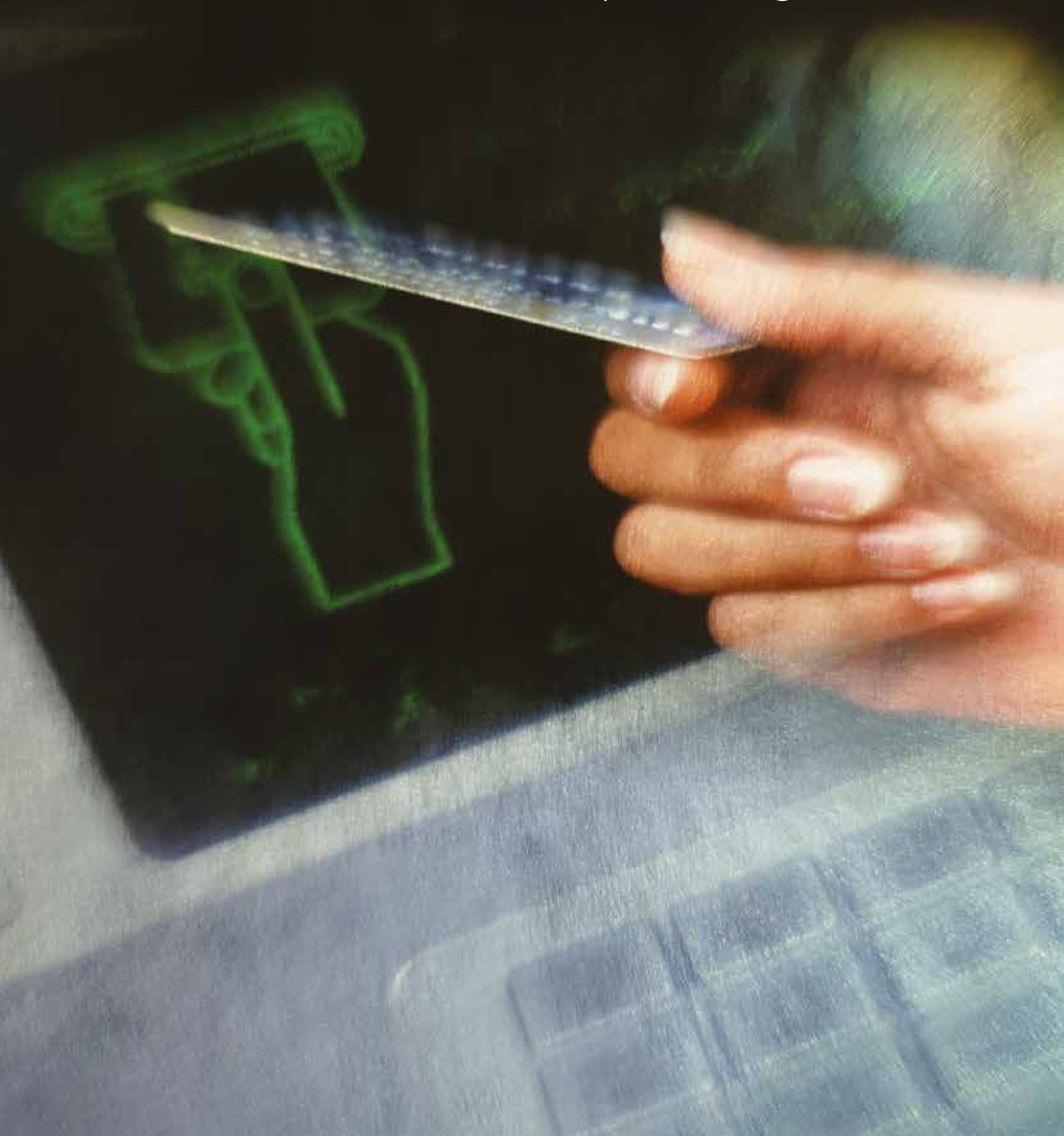
As a Group, we see significant opportunities to offer proactive financial advisory services to both private and public sector entities, leveraging our knowledge of the capital markets across all the business segments in which we operate. However, we remain committed to the bank's underlying retail banking strategy whilst seeking to enhance the synergies between corporate and investment banking on the wholesale side.

A key advantage of the group structure is the opportunity to diversify our revenue sources and minimise our exposure to the risks inherent in some of the businesses in our portfolio of investments. As a result, greater priority and focus will be given to businesses in areas of reduced risk and that are sustainable.

The future outlook is positive, despite regulatory and macro-economic challenges, our capital base remain strong, the bank's strategies are yielding results and we will now focus more on improving the contribution to revenue from the non-banking businesses, especially in the wealth management space.

Peter Obaseki
Managing Director
FCMB Group Plc

Operating Review



2014 Awards Won

FCMB Group Plc's commitment to excellence was recognised in 2014 by a number of awards:

EMEA Finance Magazine

FCMB Capital Markets Limited

Best Local Investment Bank in Nigeria
December 2014

SMEs Business Platform

First City Monument Bank (FCMB) Limited

Creative Solution to SME Business Banking – E-banking/Finance
November 2014

Bank of Industry

First City Monument Bank (FCMB) Limited

Recognition as Top 10 SME Friendly Bank – Finance
December 2014

BusinessDay Newspaper

First City Monument Bank (FCMB) Limited

Top 100 Most Respected Brands in Nigeria – Banking/Customer Service
November 2014

EMEA Finance Achievement Awards

FCMB Capital Markets Limited

Best Structured Finance Deal of the Year – Structured Finance
2014

IJGlobal Europe & Africa Awards

FCMB Capital Markets Limited

Africa Oil & Gas Deal of the Year – Oando Energy Resources – Project Finance
2014

First City Monument Bank Limited's

Business Performance Highlights

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

Distinguished Shareholders,

It is my pleasure to present to you the financial and operating performance of our Bank for 2014. When I wrote to you last year, I laid out three priorities for our Bank during the period 2014 to 2016 which supported our mission for superior and sustainable returns.

The first was to grow revenues by accelerating our market share in retail banking, primarily through consumer finance, and growing our share in sectors identified as essential to the growth of our economy (agriculture, power, oil and gas, wholesale and retail trade). Second was to invest in our customer experience as a means of growing our customer base. And, third, was containment of our operating expenses growth.

I'm pleased to say we made considerable progress with these priorities during the past year, which I will summarise below along with our agenda for 2015 and beyond.

2014 Performance

Despite the challenging regulatory environment in 2014, which saw an increase in the Public and Private sector Cash Reserve Requirements (CRR) to 75% and 20% respectively, an 8.3% increase in savings interest rates and a 33% drop in the maximum Commission on Turnover (COT), we were able to deliver strong profit growth as a result of the priorities we pursued. I am pleased to report that we recorded a 26% improvement in Profit before Tax (PBT), from ₦17.8 billion in 2013 to ₦22.5 billion in 2014.

More specifically, net revenue grew by 16.7% to ₦96.1 billion in 2014. This was driven mainly by a stronger growth of 13% in interest income as against the 2% reduction in the corresponding interest expense.

On our non-interest income, there was a 0.8% decline as a result of the reduction in the maximum allowable COT. This was entirely offset by a ₦1.46 billion (or 21%) growth in cards and transaction service commissions largely coming from payments and transfers from electronic/ alternate channels.

Our balance sheet grew by 15% from ₦998.71

billion in 2013 to ₦1.15 trillion during the current year. As a result of our focus on retail banking and key sectors of the economy, our loan book also grew by 37% from ₦450 billion in 2013 to ₦618 billion in 2014. Deposit growth was modest at 3%, which was attributed mainly to our decision to pay down on expensive wholesale deposits in order to enhance our net interest margin.

The strong rally in earnings in the fourth quarter of 2014, coinciding with a significant fall in oil prices and government revenue, prompted us to take the prudent and pre-emptive measure of growing our loan loss provisions. An annual cost of risk of 1.8% (up from 1.4% in 2013) was recorded and this led to a non-performing loan ratio of 3.6% (2013: 3.9 %).

Our capital position strengthened over the year. We successfully raised ₦26 billion tier 2 Capital, which helped us maintain a reasonable capital adequacy ratio, at 19%. We remain well placed to meet expected future growth requirements.

> *Our capital position strengthened over the year. We successfully raised ₦26 billion tier 2 Capital, which helped us maintain a reasonable capital adequacy ratio, at 19%. We remain well placed to meet expected future growth requirements.*
>
> **Ladi Balogun,**
> Group Managing Director/
> Chief Executive Officer

Special emphasis has been given to retail banking in our strategy, as we seek to make it the major source of profitability and funding for the business. The Retail banking arm of the group made a Profit Before Tax (PBT) of ₦4.1 billion, representing 18% of total profit. Retail deposits increased by 14% Year-on-Year (YoY) to ₦166 billion, representing 22% of deposits, while retail loans increased 32% YoY to ₦126 billion, representing 20% of total credits. This significantly influenced the continued increase in our net interest margins to 9.14% in 2014. In essence we are very much on course to build a dominant retail banking business well diversified across lending, savings, deposits, bancassurance and payments.

We continued our efforts to moderate operating expense growth and reduced the operating expenses growth rate to 11.7% in 2014 compared to 29.2% in 2013, with our net revenue growing by 16.7%.

We also made progress on our non-financial goals. Our investments to improve our customers' experience continue to pay off. Our Net Promoter Score (NPS), which is the indicator we use to gauge customer advocacy, closed ahead of last year by a wide margin, at +32% in December against 16% in 2013. As our franchise grew in acceptability in the retail market, we acquired over 500,000 new customers in 2014. We also supported over 278,518 borrowing customers during the year with loan disbursements. Not only does this demonstrate the broad impact we are having on the economy, but it also indicates the growing diversification of our loan book.

We provided greater convenience for our retail customers by rolling out 245 new ATMs, and migrating more of our customers to alternate channels with a lower cost to serve. To help businesses manage their daily sales, we deployed 6,300 point of sale (POS) terminals across the country.

Moving on to our subsidiaries' contribution to the PBT figure from our consumer finance business, Credit Direct Limited (CDL) also remains strong, with the subsidiary recording an 8.7% increase in PBT from ₦4.8 billion in 2013 to ₦5.2 billion in 2014. The number of loans made by CDL increased by 30%, resulting in an increase in the loan book to ₦22.1 billion. FCMB UK, on the other hand, recorded an increased loss position of ₦252 million as against ₦156 million in the prior

First City Monument Bank Limited's

Business Performance Highlights continued

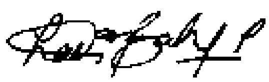
year. We believe that our business in the UK will move towards profitability as projected by 2016.

Looking Ahead

2015 promises to be another interesting year, albeit a challenging one, due to the macroeconomic and political uncertainties. During our third quarter 2014 results presentation to our investor and analyst community, in October 2014, we reaffirmed our commitment to "focus on improving operating efficiency and net interest margins, whilst also continuing with our steady customer acquisition drive and migration to alternate service and distribution channels". This will very much remain the theme in 2015.

Our e-banking and cards business will be a key focus area for non-interest income growth to replace COT, bringing greater convenience and consistency of experience to our customers. Naturally, an emphasis on alternate channels also aligns with the efficiency drive by reducing our cost to serve and ultimately enhancing our cost-to-income ratio. We will continue to moderate our operating expenses and cost of risk by consolidating our risk acceptance criteria in an increasingly high-risk environment, while focusing increasingly on deposit growth. Overall, we are confident this progress and momentum will be sustained, as we continue to grow our market share through service excellence and improve our efficiency ratios.

In conclusion, I would like to appreciate our valued customers and shareholders who remained loyal, and thank our staff and Board of Directors for their unwavering commitment and support. Finally I give thanks to the Almighty God for his protection and guidance and pray that 2015 is a successful year for us all and for our dear nation, Nigeria.



Ladi Balogun

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

FCMB Capital Market Limited's

Business Performance Highlights

FCMB Capital Markets Limited is the investment banking subsidiary of FCMB Group Plc. We are focused on providing strategic advice to, and arranging finance for, corporations, governments, institutions and individuals.

We advise on and execute primary market debt and equity transactions, and medium- to long-term strategic financing for asset acquisition. In addition, we provide clients with our expertise to structure and arrange optimal financing solutions for projects.

We are a leading advisor across diverse sectors including oil and gas, power, commercial real estate, consumer goods, banking and telecommunications. Our services include arranging debt and equity finance; project and structured finance; mergers, acquisitions and divestments; and strategic advice, including balance sheet and corporate restructuring.

2014 – An Improved Cycle of Profitability

Our debt solutions business, including advising on and arranging debt finance, was the main earnings driver in 2014 off the back of acquisition transactions in the energy industry that were completed during the year, and a couple of significant project finance deals. This was in line with our expectation for the year as securities issuance activity by corporates, both debt and equity, remained relatively flat in 2014 continuing the trend from 2013. In 2014, we advised on and completed deals worth ₦387 billion.

Particular highlights included:

- Our revenue and profit before tax grew by 101% and 142% respectively, driven by continued strong growth across our business lines, particularly in debt advisory and arranging, coupled with tight cost control.
- We won the EMEA Finance (African Banking Awards) Best Local Investment Bank in Nigeria award.
- Mandated Lead Arranger on Nigeria's most significant upstream oil and gas acquisition transaction that completed in 2014.
- Co-Mandated Lead Arranger on a proposed market-changing hospitality project.
- Appointed Sole Advisor on one of Nigeria's first eco-friendly commercial real estate projects.

Outlook for 2015

These are challenging times for both the domestic macro-economic and the global economic environments. These challenges bring with them adverse implications for interest rates, the value of the Naira and foreign currency liquidity in the local market. Nevertheless, we remain cautiously optimistic about the year ahead. We expect to complete transactions carried over from 2014 and for the challenging environment to create other opportunities to which we can bring our skills set. In particular, we anticipate opportunities in debt restructuring and refinancing, and in strategic mergers and acquisitions. In addition, we shall continue to maintain tight control of operating expenses to enable us to achieve our cost-to-income ratio target.

Tolu Osinibi
Executive Director
FCMB Capital Markets Limited

CSL Stockbrokers Limited's

Business Performance Highlights

CSL Stockbrokers Ltd (CSLS) is a wholly owned subsidiary of FCMB Group Plc, and a market-leading equity brokerage house on the Nigerian Stock Exchange (NSE). Over the past 35 years, CSLS has evolved to become the broker of choice to corporate, institutional and high net worth clients. CSLS is especially recognised for its robust research, and its sales and execution capabilities delivered from offices in Lagos, London and New York.

2014 An Improved Cycle of Profitability

In 2014, CSLS was ranked in second position, with 10% of the value of shares traded on the NSE, as against a third position and 6% recorded in 2013. Furthermore, the value of trades CSLS executed on the NSE increased by 92% from ₦137 billion (US$ 721 million) in 2013 to ₦263 billion (US$ 1.38 billion) in 2014. This growth outperformed the 30% growth in the entire market, where the value of traded shares increased from ₦2.07 trillion (US$ 10.9 billion) in 2013 to ₦2.69 trillion (US$ 14.2 billion) in 2014.

Our corporate brokerage revenues grew significantly in 2014 as the Company played a pivotal role in the first dual listing of a Nigerian exploration and production company on both the Nigerian and London Stock Exchanges. Despite operating in a lacklustre primary market, CSLS, through its global distribution network, successfully participated in private placements with transaction values of over US$500 million in the oil and gas sector, and maintained its corporate broking mandate to a leading consumer company in Nigeria.

The major challenge we witnessed in 2014 was increased competition from both local and international brokers. This resulted in margins being squeezed as commission rates fell from 35 basis points (bp) in 2013 to 27bp in 2014. Management is gradually re-orientating its business towards direct client business, which will complement its global broker relationship. The former offering far higher margins than the latter.

Overall, 2014 was a successful year for CSLS in line with our strategy to grow our market share and become an invaluable resource for investors wishing to gain access to the Nigerian equities market.

Outlook for 2015

With falling oil prices, currency devaluation and political uncertainties, 2015 will prove to be a challenging year for the Nigerian stock market. However, we remain confident about the market's long-term prospects as we continue to diversify our revenue sources, expand into retail and grow market share relative to our international peers.

Furthermore, with Africa becoming an asset class in its own right, CSLS will be embarking on its pan-African (Sub-Saharan Africa excluding South Africa) strategy in 2015, with the commencement of our Kenyan product.

Gboyega Balogun
Managing Director
CSL Stockbrokers Limited

Corporate Social Responsibility

FCMB and Sustainability

Our vision at FCMB Group Plc (the Group) is 'to be the premier financial services group of African origin'. Our ability to achieve this vision is hinged on the long-term success of our stakeholders and the environment in which we do business, hence our commitment to effective corporate governance, sustainable value creation and application of effective risk management principles.

Today, FCMB has over 3,100 employees and daily operations in 248 branches and cash centres across Nigeria. This makes FCMB one of the country's foremost financial institutions; a pillar of, and major contributor to, Nigeria's economic development. For us, building a successful and sustainable business goes beyond financial performance. Thus, our emphasis is not just on what we achieve as an organisation, but how we achieve it.

Our business activities and operations are designed to ensure that we lend responsibly, promote financial inclusion, encourage diversity, adhere to health and safety standards, and reduce (or totally avoid where possible) negative impact on the environment, while continuing to grow a profitable and sustainable business.

The Nigerian Sustainable Banking Principles (NSBPs)

Our sustainability agenda is underpinned by the nine pillars of the Nigerian Sustainable Banking Principles (NSBPs) developed and adopted by the Bankers' Committee in 2012. The NSBPs encourage banks to promote economic growth and business opportunities, and enhance innovation and competitiveness, whilst protecting communities and the environment in the normal course of duty.

Principle 1 – Our Business Activities: Environmental and Social Risk Management

Sustainability is embedded in our core values and Risk Principles. As a responsible lender, we actively manage environmental and social risks, support business opportunities and reduce the impact of our operations. This goal is enforced through the development of robust policies and procedures aimed at integrating Social and Environmental Management System (SEMS) initiatives into our lending process. The framework also defines milestones to measure consistency and overall progress:

i. Policy and Process Development

The SEMS policy is implemented by Executive Management, with due approval of the Board of Directors.

Steps to ensure the identification and analysis of SEMS issues are embedded in FCMB's lending processes. For instance, each transaction is screened at the application stage and mapped to a specific Environmental and Social (E&S) risk category. This process is automated on the bank's credit application software through pre-defined guidelines and risk definitions, while the underwriters validate the E&S risk(s). Environmental Impact Assessment (EIA) consultants lend their professional judgement to the high E&S risk areas, and post-disbursement monitoring is also emphasised in line with the agreed loan terms and covenants.

Our SEMS policy complies with the requirements of the Nigerian Sustainable Banking Principles released by the CBN.

ii. Lending Process

Transactions are mapped to specific E&S risk categories by the front-line officers at the point of origination. These are then reviewed and validated by the credit underwriters as part of the comprehensive credit assessment and appraisal. Depending on the risk category, a transaction may warrant the appointment of an independent consultant for the environmental impact assessment. This risk assessment process enables the underwriters to identify residual risks which are embedded into the loan agreement, as part of a transaction's terms and conditions, e.g., FCMB-financed major projects, including those arranged under consortium lending.

Corporate Social Responsibility

Continued

Principle 2 – Our Business Operations: Environmental and Social Footprint

Environmental Footprint

FCMB has identified the key areas where its business impacts the environment as follows: energy consumption and efficiency, waste production and management, paper usage and transportation and water consumption. FCMB is committed to reducing its overall environmental footprint and has taken a number of steps to achieve this, including:

- Evening shut-down policy (7pm for branches, 8pm for head office) to reduce energy consumption and carbon emissions
- Annual participation in Earth Hour
- Pilot programme introduced for proper disposal of waste paper
- Tracking of printing costs and paper usage
- E-products that help to reduce paper usage
- Use of online documents e.g. for meetings to reduce print requirements
- Use of recycling bins to encourage recycling and re-use of paper
- Investment in teleconferencing to reduce travel to meetings
- Buses used for mass commuting by staff, and possible introduction of running buses on compressed natural gas instead of petrol/diesel within next two years
- Trial of dual-flush toilets at Head Office to help save water, with potential installation across our offices if successful.

Social Footprint

Our Employees

The Group is committed to improving the livelihood of its employees through effective engagements, health programmes, training and adequate compensation.

As an equal opportunity employer, FCMB is committed to providing a safe and conducive work environment for all its employees, including the physically challenged, to enable them to carry out their duties in line with the Group's strategic objectives whilst developing their careers. The Group currently has a number of individuals with disabilities in its workforce. These include visually impaired staff and employees with prosthetic limbs, all of whom carry out appropriate functions.

Work-Life Balance

FCMB is committed to a work-life balance for its employees. The Group accommodates flexible working hours and employees have the opportunity to be deployed or redeployed to branches and offices close to their homes.

The Group pays particular attention to promoting and preserving quality time for its employees to spend with family and loved ones.

- Our shutdown policy, which mandates branches to shut down at 7pm, ensures employees do not stay late in the office.
- Weekend assignments are not encouraged and, where exigent, an employee is not supposed to work more than one Saturday per month.

While we place great value on training, our employee weekend training sessions have been drastically reduced. We have invested in the use of technology, with our employees having the flexibility of continuous learning via online platforms.

Training and Development

At the centre of our businesses lies a talented workforce that drives a comprehensive bouquet of financial services. We are committed to harnessing our employees' development potential and to continuously train and develop them. To this end we have created our own dedicated FCMB Training Academy, which designs and delivers a range of programmes to address our employees' learning and development needs. Each employee is encouraged to undergo 60 hours of training and development annually, through a combination of classroom and online programmes. In 2014, the Group invested over ₦380 million in staff training and development.

Mentoring Schemes

We have mentoring programmes in place as part of the learning and career development plan for the 2014 set of Management Development Programme (MDP) candidates. The MDP is a programme designed to attract top talent from foreign universities to FCMB.

We also registered some members of our top management – vice-president level and above – for a structured, one-on-one executive coaching programme. This spanned a minimum of 3–6 months, with certified coaches in addition to other enhanced learning programmes conducted during the year.

Career Development Opportunities

FCMB has the following initiatives in place to provide employees with improved career development opportunities:

- A dedicated career management desk to address all employee career management and development activities within the organisation;
- A career management portal where employees can identify potential career opportunities and chart a career path trajectory within the organisation;
- The FCMB Management Development Programme (MDP), which offers talented and high-potential candidates the opportunity to join the exciting world of a specialised financial services organisation and is designed to identify and nurture dynamic leaders via a two-stage programme.

Annual Employees Awards

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

Employee Surveys

We are committed to making FCMB a Great Place to Work and our talent attrition target is 2.5% of total talent pool. Through the Annual Employee Survey, an exercise initiated over three years ago, we have been able to measure employee engagement and loyalty. More importantly, it gives us bottom-up feedback to foster understanding of the issues that need to be addressed in order to make FCMB a Great Place to Work, in line with our vision. Results reveal, for each category of employee, what the Group is doing right and areas for improvement. Each employee's evolution from one year to another is monitored and key performance indicators, within our core values of Professionalism, Sustainability, Excellence and Customer Focus are evaluated accordingly.

Providing Access for our Customers with Disabilities

FCMB is committed to ensuring that possessing a disability is not a hindrance to accessing our services as far as our customers are concerned. Consequently, 23 of the Bank's branches have wheelchair ramps and there is a plan in place to install more ramps in 2015. This is in tandem with our promise to be a helpful institution. We also have friendly, courteous and professional staff who go the extra mile to create a convenient environment and experience for customers, including those with special requirements.

Community Engagement

The community engagement initiatives conducted by FCMB in 2014 are summarised in the section below headed "Our Corporate Social Responsibility".

Principle 3 – Human Rights

FCMB has fair recruitment practices that are non-discriminatory. We also practice fair remuneration across similar skills and responsibility sets.

The Group has embedded human rights principles into its governance policies across the board. The stand-alone Human Rights policy, which expresses FCMB's commitment towards respecting and promoting human rights, is also being revised.

In addition, as part of our Social and Environmental Management System, the Group's site visitation team note human rights issues as part of the system's checklist to ensure our clients are not violating human rights.

Corporate Social Responsibility

Continued

Principle 4 – Women's Economic Empowerment

The Group has a non-discriminatory hiring policy. About 40% of our employees are women, and we currently have nine women in upper management holding key roles in the Group, including the heads of Legal, Human Resources, Internal Audit, Transaction Banking, Risk Management, Operations & Alternate Channels and Customer Advocacy, and the Chief Financial Officer of the Bank – posts which could collectively be referred to as the bedrock of banking itself.

FCMB has a Women's Network, which serves as a mentorship platform for young female employees within the Group. FCMB Women also unite to support less privileged communities and children through donations and active voluntary services.

The Group supports women-owned businesses and has automated the tracking of "women owned/managed business". It makes provisions enabling women to harness available business opportunities.

Principle 5 – Financial Inclusion

FCMB's operating companies have innovative products and services to cater for the under-banked, unbanked and disadvantaged individuals in society and have simplified their processes to ensure more people have access to financial services. Such products include our ₦airawise Account, FlashmeCash and Agent Banking, which is in line with the Central Bank of Nigeria's agenda.

- **₦airawise Account**: A savings account that can be opened with only one passport photograph. No other means of identification or initial deposit is required. The aim of this account is to encourage the unbanked, who consider the account opening process tedious and cumbersome, to cultivate the habit of saving.
- **FlashmeCash**: A mobile payment solution targeted at rural dwellers who do not have access to banks in their immediate environment. The platform currently enables the transfer of money, purchase of airtime, bills payment, payment for goods and services and sending of bulk text messages via mobile phones and the internet.
- **E-Savings**: An electronic savings account through which a customer completes the account opening process without filling out physical form(s) or visiting the bank. This process was introduced in line with the Central Bank of Nigeria's "Know Your Customer" requirements.

The bank granted over 200,000 loans in 2014, with the agricultural sector taking about 7% of the total portfolio. The bank has instituted a micro-finance model in which small-scale loans of ₦100,000 each or less are made available to a large number of micro enterprises to support and grow their businesses.

Principle 6 – Environmental & Social (E&S) Governance

FCMB's Sustainability Team was created in 2012 to co-ordinate the overall implementation of the Nigerian Sustainable Banking Principles across business activities and operations. To further support the activities of the team, we have appointed sustainability champions within operations, administration, human resources and credit risk management. A Social and Environmental Management Systems (SEMS) officer ensures effective oversight of E&S risk management, especially as it relates to the Group's business activities. The corporate social responsibility and sustainability teams ensure that the Group's sustainability agenda is promoted through the business operations.

Also, the bank has instituted a Sustainability Steering Committee (SSC) for effective implementation of the bank's commitments towards sustainability. The SSC's main purpose is to foster a culture of sustainability at FCMB through planning and managing the integration of the bank's sustainability strategy as approved by Executive Management.

Principle 7 – Capacity Building

Mechanisms to institutionalise SEMS principles and promote ownership include regular capacity building of staff via e-learning, in-house training programmes and train-the-trainer initiatives. This is now a requirement for all staff and has significant weighting in the appraisal system. About 1,970 officers (including senior management) completed the Managing Environmental and Social Performance and the International Finance Corporation's (IFC) sustainability training on FCMB's e-learning programme (STEP), comprising 13 modules. Our engagement with other players in the industry and major multilateral agencies, like the IFC and FMO (the Dutch development bank), also provides crucial support and knowledge transfer.

The Group also supports capacity building for the media to enhance their reporting skills. In July 2014, we sponsored the *BusinessDay Sustainability* for journalists and in September of the same year, we organised a media workshop with Sustainability as the theme and focus.

Principle 8 – Collaborative Partnership

In the second quarter of 2014 FCMB participated in a Knowledge Sharing Teleconference, facilitated by the Dutch FMO, between FCMB and Banpro of Nicaragua in the area of green lending.

The Group also participated in various industry training programmes organised by sectorial partners, namely the Risk Managers Association of Nigeria (RIMAN), the Dutch FMO, the Africa Finance Development Bank (AfDB) and the NSBP Steering Committee, to ensure exposure that will boost sectorial development.

FCMB works with reputable organisations to achieve mutually beneficial objectives and to carry out its initiatives. Examples include House of Tara, Doreo Partners, Jakin NGO, Kinabuti Fashion Initiative, etc.

Principle 9 – Reporting

To ensure real integration of sustainability into its strategy and processes, FCMB has instituted internal quarterly reporting on sustainability which enables the Group to monitor its progress and address issues in an independent manner. FCMB complies with the CBN's one-off and semi-annual reports in line with the NSBPs (Nigerian Sustainable Banking Principles).

FCMB submits periodic reports to the International Finance Corporation on Social and Environmental Management Systems (SEMS). Also, SEMS has been included as a reportable event under the Bank's whistle blowing policy.

Our Corporate Social Responsibility in Action

At FCMB, we understand that our business decisions and the methods by which we engage our key stakeholders affect not only our organisation but also, in a profound way, the communities and environment that support our lives and businesses.

With this firm knowledge and a determination to ensure that our efforts to meet the needs of the present do not deprive future generations of their ability to meet their own needs, our Corporate Social Responsibility strategy demands that we run our business in a responsible manner while simultaneously ensuring long-term sustainability. We are committed to adding value to all our key stakeholders in the spirit of "**My Bank and I**".

Our CSR Philosophy

We believe that the communities in which we operate should benefit from our presence. We operate an inclusive strategy and therefore encourage our employees to volunteer towards community activities that align with our CSR pillars.

In practice, our philosophy is about our commitment to the wellbeing of our employees and key stakeholders. We are committed to building long-term relationships with our customers, partners, governments and communities and contributing to their sustainable development. This requires integrating CSR into all business decisions, stakeholder engagements, monitoring, evaluations and reporting. Our CSR initiatives are focused on investing in the communities in which we operate and are implemented through strategic projects designed to maximise impact and ensure positive, long-term sustainability.

Corporate Social Responsibility

Continued

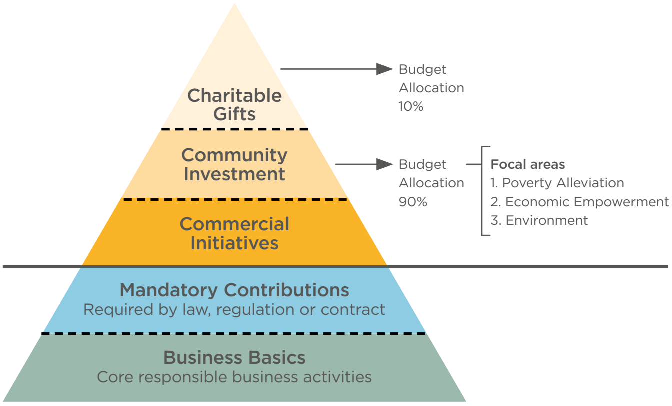


Figure 1: Our Corporate Social Responsibility Framework

Our Focal Areas

FCMB's CSR agenda is focused on Poverty Alleviation, Empowerment and Environmental Sustainability. Outside of these, FCMB supports some charitable projects.

Poverty Alleviation	Support for the alleviation and eradication of extreme poverty and hunger including its attendant effects
Economic Empowerment	Helping to create an enabling environment for economic empowerment through micro-entrepreneurship, microcredit and skills acquisition
Environmental Sustainability	Commitment towards environmental protection and sustainability

Corporate Social Responsibility Initiatives

In 2014, FCMB dedicated significant resources to empowerment in line with our CSR mantra: 'Teach a man to fish'.

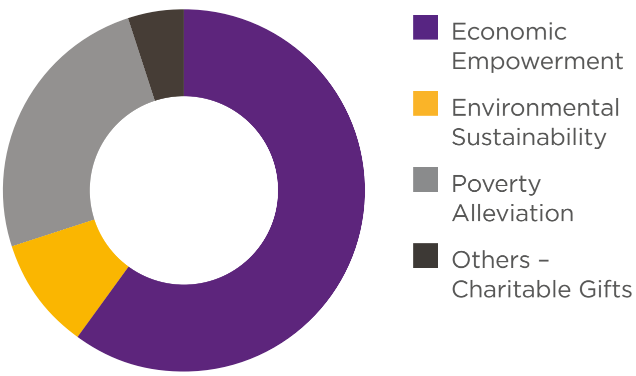


Figure 2: CSR expenses in 2014

Economic Empowerment

BabbanGona Agricultural Franchise Model

Doreo Partners, an impact investing firm, has developed an innovative business called BabbanGona (meaning the "Great Farm" in Hausa) that is often referred to as "the McDonald's Franchise for Farmer Cooperatives".

BabbanGona leverages an innovative agricultural franchise model that franchises grass root-level farmer cooperatives called Trust Groups. Once these Trust Groups are formed, BabbanGona provides them with a full set of services including training, credit, holistic packages of agricultural inputs/services and an integrated marketing platform.

FCMB provided subsidised loans to BabbanGona to empower thousands of small-holder farmers in Northern Nigeria, enabling these farmers to successfully lift themselves out of poverty. The Bank also introduced a full suite of its inclusive banking propositions, specifically designed to meet the needs of the unbanked. Over the last 24 months, the business has grown over 30-fold and is positioned to support 6,000 small-holder farmers in Northern Nigeria in the 2015 season, moving ever closer to the target of supporting one million small-holder farmers by 2025.

This rapid growth has been driven by the tremendous success of the model, enabling small-holder farmers to achieve yields of up to 5.5 times the national average and net income of up to $2,000 per hectare.

Figure 3: FCMB team training BabbanGona farmers to use their ₦airawise Accounts

Kinabuti Dare to Dream Initiative

FCMB partnered with Kinabuti Fashion Initiative, a Nigeria-based Italian fashion label, on the maiden fashion-to-entrepreneurship competition and web reality show *DARE 2 DREAM*. The series of 15 episodes will be aired across various media from the first quarter 2015.

The competition provided an opportunity for hundreds of young and aspiring women across the country, especially students, who desire to take up a career in modelling and fashion to showcase their skills and live their dream. Within the Dare to Dream project, FCMB organised a contest called The FCMB Challenge. The 18 finalists met leading entrepreneurs and celebrities who motivated and inspired the young women, sharing the story of their personal journey to where they are today. Emphasis was on self-esteem, perseverance, integrity and the importance of believing in one's self.

At the end of the competition, 21-year-old Tolulope Balogun of the University of Lagos emerged victorious, winning ₦500,000 in cash and a year's ambassadorial role with FCMB.

Figure 4: The 18 finalists at the FCMB Challenge, with Mr Ladi Balogun, GMD/CEO of FCMB Ltd, Deji Adewunmi, President and Co-Founder of Jobberman and Dolapo Oni, Presenter, Ebony Life TV, as guest speakers

Women's Empowerment Through "Iru" Production

Production of "Iru", (a Western Nigerian local spice made out of locust beans), is the predominant occupation of women in the Supare community of Akungba, Ondo state. However, production is carried out using very rudimentary processes. FCMB partnered with Enactus, an international not-for-profit organisation that brings together students, academicians and business leaders via integrated community outreach programmes that help improve the standard of living for people in need. The programmes combine skills acquisition, innovation and technology, including the provision of dehauling machines to reduce the time and cost of production and increase efficiency.

With this project, FCMB created a viable value chain in the business of iru production. Over 300 women in the Supare community saw their income and livelihood increase. About 750 jobs were created for unemployed youths within the community.

Figure 5: The symbolic presentation of a dehauling machine to the community received by His Royal Highness Oba Alhaji Adejoro Adedeji, Olusupare of Supare community in Akungba Ondo

Corporate Social Responsibility

Continued

iQube Innovation Challenge

FCMB sponsored *The iQube Innovation Challenge*, an annual competition organised by Cuici Consulting, for young entrepreneurs to showcase their innovative ideas. iQube is a knowledge-based platform designed to foster collaboration between corporate business communities and the wider public. The Innovation Challenge provided a platform for Nigerian youths to present innovative concepts with significant economic and social impact. It was also a medium for the Group to promote innovation and *out-of-the-box* thinking among young professionals.

Poverty Alleviation

Friend's Africa Play for Life Campaign

FCMB partnered with Friends Africa for the World AIDS Day Play for Life Anti-Stigma and Anti-Discrimination campaign. This campaign seeks to harness the power of celebrity advocacy to create awareness of major public health issues. The project brings together leading stars in Nigeria's football, music, comedy and movie industries to work together as advocates for the fight against the stigmatisation and discrimination of people living with HIV. The campaign is a mix of various activities, which include media awareness, voluntary counselling and testing, public education and awareness sessions and a novelty football match.

Improving Living Conditions in Pedro Riverine Community

Pedro Riverine Community is located adjacent to the lagoon between the Makoko and Iwaya communities of Yaba, Lagos. The inhabitants of the community are Egun natives and are predominantly fishermen. The population is about 2,000, with the majority being women and children. The community lacks basic amenities such as accessible roads, potable water, toilets, primary health centres, schools, etc. To improve their living conditions, FCMB engaged the community's leadership units through an implementing partner, Jakin NGO, and donated the following:

- a new pedestrian bridge
- six public toilets
- two public bore-holes.

The Bank's Retail Team also offered financial services to the unbanked and under-banked in the community as part of our Financial Inclusion Strategy.

Figure 6: Six new toilets at completion

SO-SAID Charity Homes

FCMB has been supporting So-Said Charity Homes since 2013. The organisation is primarily funded through corporate and individual donations and provides care and rehabilitation to vulnerable groups, including orphans, individuals with mental disabilities, the homeless, etc. In 2014, FCMB's employees donated over ₦2,000,000 to So-Said Charity Homes as part of our commitment to poverty alleviation.

Figure 7: Bead making workshop

Bethesda Child Support

FCMB partnered with Bethesda Child Support to provide scholarships to about 20 children from impoverished backgrounds. The Group, through its Women Network, also donated a library to the Bethesda Nursery and Primary School in Ijaiye-Ojokoro.

Priceless Gift of Sight

Under the Priceless Gift of Sight programme, FCMB partnered with Tulsi Chanrai Foundation (TCF), a Nigerian-Indian not-for-profit organisation, to alleviate the plight of disadvantaged Nigerians who would otherwise have lived with blindness and inherent poverty. A total of 2,328 people were screened with 600 eye surgeries successfully performed in 2014. Over 10,000 people in remote areas of Nigeria have benefited from the programme since its inception in 2009.

Figure 8: Patients screenings by trained paramedic staff

Corporate Social Responsibility

Continued

Environmental Sustainability

Promotion of Clean Cooking Energy

FCMB partnered with the International Centre for Energy, Environment & Development/ Nigerian Alliance for Clean Cooking Stoves (ICEED/ NACCS) to provide 250 units of innovative energy-efficient stoves, i.e. the Save80, which include pots and wonder boxes (devices that keep food warm), to impoverished families in the northern region, specifically at an IDP (Internally Displaced People) camp in Abuja. The Save80 cooking stove consumes 80% less firewood than a traditional open three-stone fireplace. The interior parts of the Save80 cook stove are made from stainless steel to ensure a lifespan of many years, high efficiency and burning at high temperatures for complete combustion with low smoke emission.

Figure 9: Presentation Ceremony of 250 units of Clean Cooking Stoves, donated by FCMB through NACCS, to Internally Displaced Persons (IDPs).

Beach Cleaning

Since 2010, FCMB has been a proud sponsor of the prestigious COPA Lagos. The beach soccer tournament features international teams over a fun-filled weekend in Lagos. COPA presents a unique platform to project Lagos to a global audience. The tournament also promotes the values of sports, team spirit and healthy living, etc.

As part of our partnership, FCMB participated in the yearly Beach Cleaning Exercise aimed at creating awareness of climate change issues and the need for environmental protection. FCMB employees volunteered and cleaned the Eko Atlantic beach in Victoria Island, Lagos, the venue of COPA Lagos 2014.

Corporate Governance

Board of Directors

Dr Jonathan A D Long
Chairman

Jonathan Long holds a bachelor's degree (1967) and master's degree (1970) from Balliol College; and a doctorate degree (1973) from St. Anthony's College, both based at Oxford University in the UK.

He began his working career with William & Glyn's Bank Limited in 1973 and was appointed Manager, Corporate Finance with Charterhouse Japhet Limited in London in 1976, before becoming General Manager of the Bank's Swiss Investment Management subsidiary, Charterhouse Japhet (Suisse) SA in Geneva in 1979, and eventually Assistant Director in 1981. He later established the operations of Standard Chartered Bank Plc in Geneva, Switzerland in 1982 before joining First City Merchant Bank Limited in 1985 as Deputy Managing Director.

He retired from the Board of First City Monument Bank Limited in 2013 and was, subsequently, appointed the Chairman of FCMB Group Plc.

Mr Peter Obaseki
Managing Director

Peter Obaseki holds a BSc and MSc in Computer Science as well as an MBA in Finance from the University of Lagos; and has received specialised training from some of the most prestigious institutions in Europe, America and Africa, including the Lagos Business School Afrexim Bank, Egypt and Columbia Business School in the US.

He commenced his career with KPMG, Ani & Ogunde as a Management Consultant, focused on financial institutions, before venturing into the banking industry. He is a Fellow of the Chartered Institute of Bankers with over 27 years banking experience.

He joined First City Monument Bank Plc in 1997 and was appointed an Executive Director in September 2008. He also served as the Managing Director/CEO of FinBank Plc between February and October 2012.

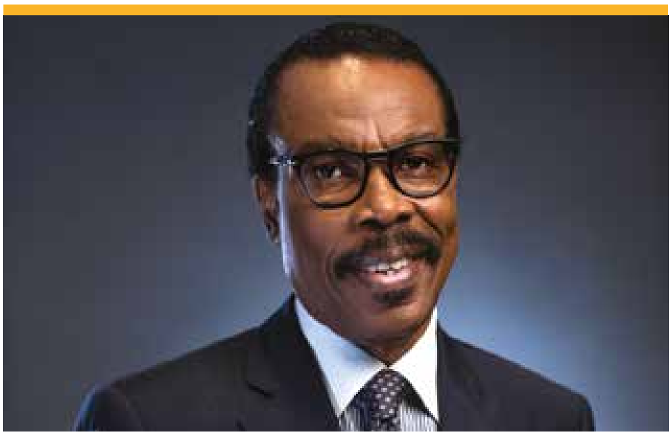
He was appointed Managing Director of FCMB Group Plc in 2013.

Mr Ladi Balogun
Non-Executive Director

Ladi Balogun holds a bachelor's degree in Economics from the University of East Anglia in the UK and an MBA from Harvard Business School in the US. He has over 20 years' experience in commercial and investment banking in Europe, the US and Africa.

He began his banking career in 1993 at Morgan Grenfell & Co Limited, where he worked in the areas of risk management and corporate finance (debt origination). He was responsible for managing the Bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and also part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian sub-continent. Subsequently he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996.

He worked in Treasury, Corporate Banking, Investment Banking and various other departments in First City Monument Bank and was appointed an Executive Director (ED) in charge of the Institutional Banking Group (IBG) and Strategy and Business Development in 1997 and 2000 respectively. In 2001 he rose to the position of the Deputy Managing Director and was subsequently appointed Managing Director of the Bank.



Mr Bismarck Rewane
Non-Executive Director

Bismarck Rewane holds a BSc in Economics from the University of Ibadan and is an Associate of the Institute of Bankers (England and Wales). He began his banking career with Barclays Bank, UK in 1973 and moved to Nigeria where he joined the First National Bank of Chicago. He moved on to International Merchant Bank, Nigeria before leaving in 1996 to start his own company, Financial Derivatives Company Limited. He is an outstanding scholar who has addressed many professional and business gatherings.

Board of Directors

Continued

Alhaji Mustapha Damcida
Non-Executive Director

Alhaji Mustapha Damcida has a Diploma in Law from Ahmadu Bello University and a BSc in Business Administration from the Robert Morris College, Pittsburgh, US. He is the MD/CEO of Damus International Limited, Damus Security Solutions Limited and Damson Properties Limited. He was a Director at the Nigerian-American Bank Limited between 2004 and 2005. Prior to his appointment to the Board of FCMB Group Plc as a Non–Executive Director, he had served on the Board of First City Monument Bank Limited.

Mr Olusegun Odubogun
Non-Executive Director

Olusegun Odubogun qualified as a Chartered Accountant in 1974 and became a Fellow of the Institute of Chartered Accountants of Nigeria in 1980.

He worked throughout his career spanning over 40 years at Deloitte (previously Akintola Williams & Co) and through diligence, technical ability and uncompromising commitment to professionalism and excellence, he rose rapidly in the practice to become a Partner in 1980, and in 2003 he was elected the firm's Chief Executive Officer.

He retired in 2008 as the Chief Executive Officer, Deloitte West & Central Africa, a regional practice formed in 2006 under his leadership.

He is one of the foundation members of Business Recovery and Insolvency Practitioners of Nigeria (BRIPAN) and a foundation council member of the Chartered Institute of Taxation of Nigeria (CITN). He is also a member of the Institute of Directors as well as the Nigerian Institute of Management.

In addition to being on the Board of FCMB Group Plc, he is also on the Board of First City Monument Bank Limited.

Mr Olutola O Mobolurin
Non-Executive Director

Olutola Mobolurin holds a BSc in Accounting and Finance from the State University of New York and an MBA from York University, Toronto. He is a Fellow of the Chartered Institute of Stockbrokers.

He has over 30 years' of varied exposure and experience in the financial services industry. He began his career as an Investment Executive at Plateau Investments Company in 1977 before joining City Securities Limited in 1978. He joined Continental Merchant Bank Limited in 1979, rising to Head of Corporate Finance until he left in 1988. He subsequently worked with Capital Bancorp Ltd as Managing Director from 1988 to 2006. He joined Crusader (Nigeria) Plc as Vice Chairman and Group Chief Executive Officer in 2007 until his retirement in 2014.

In addition to being on the Board of FCMB Group Plc, he is also on the Board of First City Monument Bank Limited.

Mr Martin Dirks
Non-Executive Director

Martin Dirks has over 25 years' of Senior Management experience in demanding international and multicultural environments. In 1989, he established ID-Drenthe, one of the first active companies in the field of information technology providing medium sized businesses with training programs, consultancy and other IT services.

He has also served as CEO of Maxx Management Ltd, an investment company in Kazakhstan, focused on construction, railway infrastructure and maintenance; and of Ukrainian Mobile Communications in the Ukraine.

Martin is highly experienced in growth scenarios, re-structuring, turn around and change management.

Board of Directors

Continued

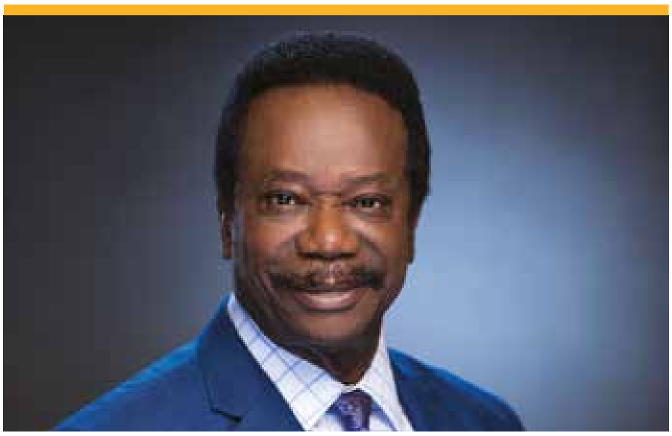
Professor Oluwatoyin Ashiru
Non-Executive Director

Professor Oluwatoyin Ashiru is a graduate of the University of Sussex, Brighton, UK where he obtained a BSc in Materials Science and Engineering. He concluded his PhD in Industrial Metallurgy at the University of Birmingham, UK.

He began his career as a lecturer in mechanical engineering at the Universities of Lagos and Ibadan respectively before serving as Nigeria's Senior Research Fellow at the International Tin Research Institute in the UK. He is currently the Managing Director and CEO of Tricontinental Oil Services Ltd.

He is an accomplished Materials and Metallurgical Engineer with over 30 years' of comprehensive professional experience in academia, entrepreneurship, management engineering, technologies invention, and consulting for the enhancement of productivity in major industries worldwide.

He holds USA, British, European, Brazilian and other international patents for products and systems that he has invented. He is a recipient of several merit awards which include, but not limited to, his recognition in the US as a 'Professional with Extraordinary Ability', with listings in Who is Who in the World and Dictionary of International Biography, and the prestigious Distinguished Innovator Award of the Association of Tin Producing Countries.



Dr (Engr) Gregory Omosigho Ero
Non-Executive Director

Dr Gregory Ero is a graduate of the University of Ibadan with a BSc (Hons) in Chemistry. He also attended Imperial College, London where he obtained an MSc and DIC in Petroleum Engineering. He obtained a DMS from Templeton College, University of Oxford, then furthered his studies at the Graduate School of Business, University of Columbia, New York and the Institute of Management Development, Lausanne Switzerland.

He began his career as a Petroleum Engineer in the Lagos office of the Federal Ministry of Petroleum and Energy, and thereafter, was posted to Warri as Head, Federal Ministry of Petroleum Resources. He spent much of his career in the public service, where he served in many capacities spanning three decades. He also served on the Boards of many Federal Government Parastatals, including Economic and Finance Committee of the Federal Government during the Buhari Administration and Petroleum Training Institute Warri, amongst others.

Dr Gregory Ero is a Fellow of many professional bodies, including the Nigerian Academy of Engineering, Nigerian Society of Engineers; Hon Fellow, Nigerian Society of Chemical Engineers; and Fellow, Institute of Directors of Great Britain. He is presently the Chairman/CEO of Arkleen Oil & Gas Limited and Chairman, Cardinal Drilling Company Limited, amongst others.

Board Evaluation Report

26 February 2015

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

DCSL Corporate Services Limited

Report Of The External Consultants On The Performance Of The Board Of Directors Of FCMB Group Plc (FCMB Group) For The Year Ended 31 December 2014.

DCSL Corporate Services Limited (DCSL) was engaged by FCMB Group Plc to carry out an appraisal of the Board's performance for the year ended 31 December 2014. Our engagement entailed a comprehensive review of the Company's corporate and statutory documents, the minutes of Board and Committee meetings, policies currently in place and other ancillary documents made available to us, questionnaires administered as well as information derived from our interactions with the Board members and select members of the Executive Management team. We benchmarked the Company's corporate governance structures, policies and processes against the provisions of the Central Bank of Nigeria (CBN) Code of Corporate Governance 2014 (CBN Code); the Securities and Exchange Commission (SEC) Code of Corporate Governance 2011 (SEC Code) as well as global best practices.

In undertaking the appraisal, we considered seven key corporate governance areas as follows:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure.

The Board has a responsibility to put in place structures, policies and processes that will ensure the Company's sustainability. As Consultants, our responsibility is to draw conclusions on the effectiveness of these structures, policies and processes based on our review of the Board's activities and performance during the year ended December 2014; and as outlined in our letter of engagement dated 24 November 2014. Following our review, we have provided the details of our findings; highlighted areas of improvement; reviewed status of previous year recommendations and made recommendations aimed at further improving the performance of the Board's oversight functions.

At the conclusion of the evaluation exercise, we are of the opinion that the Board has substantially complied with the provisions of the Codes. The Board of FCMB Group Plc is composed of Directors with the relevant skills and competencies, and of an appropriate mix in terms of relevant experience. The Board operates an efficient Committee system that sees each Director effectively participating in Board Committees.

However, we note the absence of a clear and definite selection criterion for appointments unto the Board, as provided by Section 13.2 of the SEC Code, and recommend that one is inserted into the Board Charter. We also recommend that the Board should put in place a Director Development Programme that will ensure Directors receive relevant ongoing training required to perform their oversight functions more effectively.

Details of our key findings and other recommendations are contained in our Report.

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director

Corporate Governance

Commitment to Corporate Governance

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

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

The Company has undertaken to create the institutional framework conducive for defending the integrity of our directors; and is convinced that on account of this, the Group's Board is functioning in a highly effective manner. It is intended that we continue to challenge ourselves to improve in areas where the need for improvement is identified.

Board Composition and Independence

The Board is composed of 10 Directors made up of nine Non-Executive and one Executive Director, in line with international best practice, which requires the number of Non-Executive Directors to be more than the Executive Directors.

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

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

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

Role of the Board

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

Board of Directors

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

Board of Directors' meetings held in 2014

	21 Jan 2014	19 Mar 2014	25 April 2014	25 Jul 2014	31 Oct 2014	22 Dec 2014
Dr Jonathan A D Long	✔	✔	✔	-	-	-
Mr Peter Obaseki	✔	✔	✔	✔	✔	✔
Mr Bismarck Rewane	✔	✔	-	✔	✔	✔
Mr Ladi Balogun	✔	-	✔	✔	✔	✔
Alhaji Mustapha Damcida	✔	✔	✔	✔	✔	✔
Mr Olusegun Odubogun	-	✔	✔	✔	✔	✔
Mr Olutola O Mobolurin	-	✔	✔	✔	✔	✔
Mr Martin Dirks (alternate to Mr Tope Lawani until 25 September 2014, when he became a full Non-Executive Director)	✔	-	-	✔	✔	-
Prof Oluwatoyin Ashiru	✔	✔	✔	✔	✔	✔
Dr (Engr) Gregory O Ero	-	✔	✔	✔	✔	✔

Corporate Governance

Continued

Board Committees

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

Risk, Audit and Finance Committee (RAF)

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

Membership: The Committee is made up of five Non-Executive Directors (at least one of whom should be an independent director). The Managing Director is required to be in attendance at all meetings of the Committee.

Committee Composition: Mr Bismarck Rewane, Mr Ladi Balogun, Mr Olusegun Odubogun, Mr Martin Dirks (alternate to Mr Tope Lawani until 25 September 2014, when he became a full Non-Executive Director) and Dr (Engr) Gregory O Ero.

Board Risk, Audit and Finance Committee Meetings Held in 2014

	22 Apr 2014	21 Jul 2014	27 Oct 2014	22 Dec 2014
Mr Bismarck Rewane	✔	✔	✔	✔
Mr Olusegun Odubogun	✔	✔	✔	✔
Dr (Engr) Gregory O Ero	✔	✔	-	-
Mr Ladi Balogun	✔	-	-	-
Mr Martin Dirks (alternate to Mr Tope Lawani until 25 September 2014, when he became a full Non-Executive Director)	-	-	-	-

Governance and Remuneration Committee (GRC)

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

Membership: The Committee is made up of only Non-Executive Directors. The Managing Director shall be in attendance when required.

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

Board Governance and Remuneration Committee Meetings Held in 2014

	22 Jul 2014	27 Oct 2014
Mr Olutola O Mobolurin	✔	✔
Alhaji Mustapha Damcida	✔	✔
Professor Oluwatoyin Ashiru	✔	✔
Mr Ladi Balogun	-	-

Statutory Audit Committee (SAC)

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

Subject to such other additional functions and powers that the Company's Articles of Association may stipulate, the objectives and functions of the Statutory Audit Committee shall be to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on management matters in conjunction with the external auditors and departmental responses therein;

- Keep under review the effectiveness of the Company's system of accounting and internal control; Make recommendations to the Board with regard to the appointment of, removal and remuneration of the external auditors of the Company;
- Authorise the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee;
- Examine the Auditors' Report and make recommendations thereon to the Annual General Meeting as it may think fit.

Membership

- The Statutory Audit Committee shall consist of an equal number of directors and representatives of the shareholders (subject to a maximum of six members). Such members of the Audit Committee shall not be entitled to remuneration and shall be subject to re-election annually.
- The members will nominate any member of the Committee as the Chairman of the Audit Committee from time to time.
- Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary of the Company at least 21 days before the Annual General Meeting.
- A quorum for any meeting will be a simple majority of three members with minimum of two representatives of the shareholders.

Statutory Audit Committee Meetings Held in 2014

	19 Feb 2014	19 Mar 2014	22 Apr 2014	22 July 2014	28 Oct 2014
Alhaji S B Daranijo	✓	✓	✓	✓	✓
Alhaji B A Batula	✓	✓	✓	✓	✓
Evangelist Akinola Soares	✓	✓	✓	✓	✓
Mr Bismarck Rewane	✓	✓	-	-	✓
Mr Olutola O Mobolurin	✓	✓	-	✓	✓
Mr Olusegun Odubogun	✓	✓	✓	✓	✓

Management Committees

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

Executive Management Committee (EMC)

The EMC, usually chaired by the Managing Director (MD) of the Company, comprises all divisional and group heads reporting to the MD. The EMC deliberates and makes decisions, as necessary, to optimise the resources of the Company and ensure the effective and efficient management of the Company. The EMC also articulates issues to be discussed by the Board.

The MD is responsible for the daily running and performance of the Company.

Group Executive Committee (GEC)

The GEC is usually chaired by the MD of the Group while other members are the Chief Executive Officers of the Operating companies in the Group and the Group Chief Financial Officer. The Company Secretary serves as Secretary of the Committee. The GEC shall, from time to time, invite to its meetings any other person as may be required.

Corporate Governance

Continued

Shareholder Participation

The Group leverages the significant experience, contributions and advice of shareholder members of the Statutory Audit Committee.

The Group continues to take necessary steps to promote shareholder rights.

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

Security Trading Policy

The company has a security trading policy which is being adhered to.

Disclosure to the Shareholders

The directors' fees for the financial year ending 31 December 2015 shall be fixed at ₦200,000,000.00 only and a resolution to approve same shall be proposed.

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

Financial Statements

Directors' Report

for the year ended 31 December 2014

The Directors present their annual report on the affairs of FCMB Group Plc ("the Company") and its subsidiaries ("the Group"), together with the financial statements and auditor's report for the year ended 31 December 2014.

a. Legal Form

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

b. Principal Activity and Business Review

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

Through ownership of FCMB Group Plc, shareholders own all the subsidiaries 100%, including FCMB Capital Markets Limited, CSL Trustees Limited, CSL Stockbrokers Limited (including its subsidiary First City Asset Management Ltd) and First City Monument Bank Limited (and its subsidiaries - Credit Direct Limited, FCMB (UK) Limited and FCMB Financing SPV Plc). First City Monument Bank Limited, the banking subsidiary divested from Arab Gambia Islamic Bank Limited (AGIB) during the year.

In August, 2014, FCMB Financing SPV Plc, a special purpose vehicle (SPV) was incorporated as a limited liability company, to raise capital from the Nigerian capital markets and other international markets by way of a stand-alone issue or by the establishment of a programme.

The Group does not have any unconsolidated structured entity.

c. Operating Results

The gross earnings and profit after income tax recorded by the Group for the year ended 31 December 2014 was ₦148.64 billion and ₦22.13 billion respectively. The Directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the year ended under review are as follows:

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Gross earnings	**148,637,409**	130,995,439	**6,672,889**	6,370,000
Profit before income tax	**23,942,893**	18,184,399	**5,450,877**	6,088,029
Dividend tax	**(1,500,000)**	(1,800,000)	**-**	-
Income tax expense	**(309,636)**	(383,244)	**(53,969)**	(60,277)
Profit attributable to the equity holders of the Company	**22,133,257**	16,001,155	**5,396,908**	6,027,752
Total comprehensive income for the year	**22,586,829**	16,285,687	**5,396,908**	6,027,752
Appropriations:				
Transfer to statutory reserve	**3,067,607**	2,284,984	**-**	-
Transfer to retained earnings	**19,065,650**	13,716,171	**5,396,908**	6,027,752
	22,133,257	16,001,155	**5,396,908**	6,027,752
Basic and diluted earnings per share (Naira)	**1.12**	0.81	**0.27**	0.30
Proposed dividend per share (Kobo)	**25**	30	**25**	30
Total non-performing loans and advances	**22,962,196**	17,962,321	**-**	-
Total non-performing loans to total gross loans and advances (%)	**3.63**	3.88	**-**	-

Proposed Dividend

The Board of Directors recommended a cash dividend of 25 kobo per issued and paid up ordinary share for the year ended 31 December 2014. This is subject to approval at the Annual General Meeting.

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

d. Directors' Shareholding

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

	Shareholding as at 31 December 2014 Number of 50 kobo ordinary shares held		**Shareholding as at 31 December 2013** Number of 50 kobo ordinary shares held	
	Direct holdings	Indirect holdings	**Direct holdings**	Indirect holdings
Dr Jonathan A D Long (Chairman)	**11,149,220**	-	11,149,220	-
Mr Peter Obaseki (Managing Director)	**5,369,945**	-	5,369,945	-
Mr Ladipupo O Balogun	**190,166,756**	-	190,166,756	-
Mr Bismarck Rewane	**1,112,280**	-	1,112,280	-
Mr Tope Lawani**	**-**	-	-	-
Mr Olusegun Odubogun	**190,000**	-	150,000	-
Alhaji Mustapha Damcida	**-**	-	-	-
Mr Olutola O Mobolurin	**1,520,000**	-	520,000	-
Mr Martin Dirks (alternate to Mr Tope Lawani)***	**-**	-	-	-
Professor Oluwatoyin Ashiru	**920,000**	-	-	-
Dr (Engr) Gregory O Ero	**-**	-	-	-

**Mr Tope Lawani resigned from the Board effective 25 July 2014.

*** Mr Martin Dirks was an alternate to Mr Tope Lawani prior to 25 July 2014. The Board approved the appointment of Mr Martin Dirks as a full Non-Executive Director of the Company effective 25 September 2014. Mr Martin Dirks offers himself for election as a full Non-Executive Director of the company.

Directors' Report

for the year ended 31 December 2014 continued

e. Directors' Interests in Contracts

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

f. Property and Equipment

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

g. Shareholding Analysis

The shareholding pattern of FCMB Group Plc as at 31 December 2014 is as stated below:

Share range	No. of shareholders	% of shareholders	No. of shareholdings	% of shareholdings
1–10,000	492,130	94.02	392,910,467	1.98
10,001–50,000	24,251	4.63	483,154,936	2.44
50,001–100,000	3,319	0.63	228,025,004	1.15
100,001–500,000	2,948	0.56	557,509,856	2.82
500,001–1,000,000	295	0.06	205,093,434	1.04
1,000,001–5,000,000	331	0.06	604,809,147	3.05
5,000,001–10,000,000	48	0.01	337,804,553	1.71
10,000,001–50,000,000	69	0.01	1,317,834,711	6.65
50,000,001–100,000,000	15	0.00	1,186,109,213	5.99
100,000,001–500,000,000	27	0.01	7,411,355,801	37.43
500,000,001–1,000,000,000	6	0.00	4,437,629,078	22.41
1,000,000,001–19,802,710,781	2	0.00	2,640,474,581	13.33
Total	**523,441**	**100.00**	**19,802,710,781**	**100.00**

31 December 2013

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

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

31 December 2014

Shareholder category	No. of shareholders	% of shareholders	No. of holdings	% of shareholders
Domestic shareholders	523,096	99.93	11,576,818,366	58.46
Foreign shareholders	345	0.07	8,225,892,415	41.54
Total	**523,441**	**100.00**	**19,802,710,781**	**100.00**

31 December 2013

Shareholder category	No. of shareholders	% of shareholders	No. of holdings	% of shareholders
Domestic shareholders	528,118	99.96	7,378,299,102	37.26
Foreign shareholders	230	0.04	12,424,411,679	62.74
Total	**528,348**	**100.00**	**19,802,710,781**	**100.00**

h. Substantial Interest in Shares

The Company's authorised share capital is ₦15 billion divided into 30 billion ordinary shares of 50 kobo each of which 19,802,710,781 ordinary shares are issued and fully paid. According to the register of members no shareholders other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2014:

	31 December 2014		31 December 2013	
Shareholder category	**No. of shares**	**% of holdings**	**No. of shares**	**% of holdings**
1. Capital IRG Trustees Limited	**1,539,045,397**	**7.77**	1,483,802,896	7.49
2. Stanbic Nominees Nig. Limited – Custody	**6,288,451,314**	**31.76**	6,052,486,649	30.56
3. Asset Management Corporation of Nigeria (AMCON)	**1,281,403,966**	**6.47**	1,275,436,139	6.44

i. Donations and Charitable Gifts

The Group made contributions to charitable and non-political organisations amounting to ₦363,448,893 (2013: ₦439,542,520) during the year.

Beneficiary	Amount
The Victim Of Terror	175,000,000
Tudun Wada Elders' Association, Zaria	30,000,000
Kinabuti Fashion Initiative	26,000,000
Lagos Copa Beach Soccer Tournament	25,000,000
Students In Free Enterprise Nigeria (SIFE)	23,375,000
St. Saviour's School	20,050,000
Ojude Oba Festival	7,500,000
The West Africa Retail Bank	5,882,520
Financial Reporting Council Of Nigeria (FRCN)	3,780,000
Bethesda Child Support Agency	3,735,030
Chartered Institute Of Bankers of Nigeria (CIBN)	3,500,000
African Rural & Agricultural Credit Association	3,000,000
The Nigerian Stock Exchange	2,700,000
Community Comprehensive School, Uyo	2,697,000
Kwara State University	2,500,000

Directors' Report

for the year ended 31 December 2014 continued

Beneficiary	Amount
Lagos Motor Boat Club	2,100,000
Community Infrastructure – Pedro Riverine Community	2,000,000
The Caine Prize for African Writing	1,739,000
Tulsi Chanrai Foundation	1,600,000
Business Day Media Limited	1,500,000
Doreo Partners	1,500,000
London Business School/Africa Club	1,444,808
FCMB Women Library Project	1,400,000
GSI System Nigeria Retailers Forum	1,000,000
Ripples Charity Organisation	1,000,000
Awujale Project	1,000,000
Lagos Business School	1,000,000
Friends Africa	1,000,000
Nigerian Bar Association/8th Business Law Conference	1,000,000
Eirenicon Africa ICT Nigeria	847,535
Annual Ball Of The Greek	750,000
Tender Cradle School – School Mini Olympics	510,000
Race To The Top – Co-Education Foundation	500,000
Tarshish Communication/Free Women Entrepreneurship	500,000
Indian Women's Association	500,000
Finance Correspondents Association Of Nigeria	500,000
Capital Market Correspondents Association Of Nigeria	500,000
Chartered Institute of Stockbrokers	500,000
International Centre For Energy, Environment and Development	360,000
Needlekraft Women Empowerment Initiative	300,000
Annual ICON Event Maga	250,000
Palesa Capital Markets Associates Limited	250,000
Nigerian Institute Of Public Relations	250,000
Hope For Girls Empowerment Organisation	250,000
Nigerian Association Of Christian Journalists	250,000
OJB Kidney Trust Fund	250,000
French Badminton Corporation	200,000
Lagos State Government – Service Charter Week	200,000
James Anglican Church	200,000
Chartered Institute Of Personnel Management	100,000
Others	1,478,000
Total	**363,448,893**

j. Post Balance Sheet Events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2014 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

k. Human Resources

Employment of Disabled Persons

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

Health, Safety and Welfare at Work

The Group continues to prioritise staff health and welfare. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. A contributory pension fund scheme, in line with the Pension Reform Act 2014 (as amended), exists for employees of the Group.

The Group has discontinued its policy of Other long term benefits (gratuity) effective 30 March 2014 and an accrual has been made for all outstanding amount due to qualifying staff.

Diversity in Employment

The number and percentage of women employed in the Group during the year ended 31 December 2014 and the comparative year regarding total workforce is as follows:

	2014				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,752	1,678	4,430	62	38

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

Gender analysis of Top Management of the Group is as follows:

	2014				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	23	7	30	33	10
Deputy General Manager (DGM)	19	8	27	28	12
General Manager (GM)	9	3	12	13	4
Total	**51**	**18**	**69**	**74**	**26**

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

Directors' Report

for the year ended 31 December 2014 continued

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

	2014				
	Number			%	
	Male	Female	Total	Male	Female
Managing Director	1	-	1	10	-
Other Executive Directors	-	-	-	-	-
Non-Executive Directors	9	-	9	90	-
Total	10	-	10	100	-

	2013				
	Number			%	
	Male	Female	Total	Male	Female
Managing Director	1	-	1	9	-
Other Executive Directors	-	-	-	-	-
Non-Executive Directors	10	-	10	91	-
Total	11	-	11	100	-

l. Employee Involvement and Training

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

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

m. Customer Complaints

The banking subsidiary had 28 pending complaints at the beginning of the year and received an additional 50,096 (2013: 20,723) during the year ended 31 December 2014, of which 49,897 (2013: 21,872) complaints were resolved (inclusive of pending complaints brought forward) and 64 (2013: 28) complaints remained unresolved and pending with the banking subsidiary as at the end of the year. The total amount resolved was ₦668.64 million (2013: ₦281.73 million) while the total disputed amount in cases which remained unresolved stood at ₦11.74 billion (2013: ₦3.03 billion). These unresolved complaints were referred to the CBN for intervention. The Directors are of the opinion that these complaints will be resolved. No provisions are therefore deemed necessary for these claims.

	Number		Amount claimed (₦'000)		Amount refunded (₦'000)	
Description	**2014**	2013	**2014**	2013	**2014**	2013
Pending complaints with the bank B/F	**28**	1,559	**-**	-	**-**	-
Received complaints	**50,096**	20,723	**12,608,409**	3,308,772	**-**	-
Total complaints	**50,124**	22,282	**12,608,409**	3,308,772	**-**	-
Resolved complaints	**49,897**	21,872	**872,282**	281,729	**668,644**	281,729
Unresolved complaints escalated to CBN for intervention	**163**	382	**11,736,127**	3,027,043	**379,264**	-
Unresolved complaints pending with the bank C/F	**64**	28	**-**	-	**-**	-

n. Disclosure

The Directors' fees for the financial year ending 31 December 2015 shall be fixed at ₦200,000,000.00 only and a resolution to approve the same shall be proposed.

o. Board of Directors

During the year, Mr Tope Lawani resigned from the Board effective 25 July 2014. The Board approved the appointment of Mr Martin Dirks as a full Non-Executive Director of the Company effective 25 September 2014. Mr Martin Dirks offers himself for election as a full Non-Executive Director of the Company.

p. Auditors

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

By Order of the Board

Mrs Funmi Adedibu
Company Secretary
17A Tinubu Street
Lagos State
Nigeria

FRC/2014/NBA/00000005887

9 March 2015

Statement of Directors' Responsibilities in Relation to the Financial Statements

for the year ended 31 December 2014

The directors accept responsibility for the preparation of the annual financial statements set out on pages 58 to 196 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act 2011, the Banks and Other Financial Institutions Act of Nigeria 2004 and relevant Central Bank of Nigeria regulations.

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

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

Signed on behalf of the Board of Directors by:

Dr Jonathan Long
Chairman

FRC/2013/IODN/00000001433

9 March 2015

Peter Obaseki
Managing Director

FRC/2014/CIBN/00000006877

9 March 2015

Audit Committee Report

For the financial year ended 31 December 2014 to the members of FCMB Group Plc.

In compliance with Section 359 (6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, we have reviewed the Audit Report for the year ended 31 December 2014 and, hereby, state as follows:

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

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

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

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

Alhaji S B Daranijo
Chairman, Audit Committee

FRC/2014/ICSAN/00000007262

9 March 2015

Independent Auditor's Report

To the Members of FCMB Group Plc

Report on the Financial Statements

We have audited the accompanying financial statements of FCMB Group Plc ("the Company") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2014, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 196.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of FCMB Group Plc ("the Company") and its subsidiaries (together "the Group") as at 31 December 2014, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

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

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

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

i. The Company did not pay any penalty in respect to contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2014. However, the Group paid penalties in respect of the contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2014. Details of these contraventions and penalties paid are as disclosed in note 47 to the financial statements.

ii. Related party transactions and balances are disclosed in note 45 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Signed:

Ayodele H Othihiwa, FCA
FRC/2012/ICAN/00000000425
For: KPMG Professional Services
Chartered Accountants

13 March 2015
Lagos, Nigeria

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

		GROUP		COMPANY	
	Note	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
			Restated		Restated
Interest income	8,49(i)	**117,984,048**	103,302,258	**438,029**	-
Interest expense	9	**(45,350,521)**	(45,506,847)	**-**	-
Net interest income		**72,633,527**	57,795,411	**438,029**	-
Fee and commission income	11,49(ii)	**16,906,087**	15,211,020	**-**	-
Fee and commission expense	11	**(2,468,185)**	(1,238,874)	**-**	-
Net fee and commission income		**14,437,902**	13,972,146	**-**	-
Net trading income	12,49(iii)	**765,819**	618,293	**-**	-
Net income from other financial instruments at fair value through profit or loss	13,49(iv)	**131,428**	286,254	**-**	-
Other income	14,49(v)	**12,850,027**	11,577,614	**6,234,861**	6,370,000
		13,747,274	12,482,161	**6,234,861**	6,370,000
Net impairment loss on financial assets	10	**(10,639,877)**	(7,982,559)	**-**	-
Personnel expenses	15	**(27,804,733)**	(24,155,452)	**(307,497)**	(70,379)
Depreciation and amortisation expenses	16	**(3,590,762)**	(3,307,190)	**(20,224)**	(539)
General and administrative expenses	17,49(vi)	**(23,966,276)**	(19,736,076)	**(387,930)**	(117,323)
Other expenses	18,49(vii)	**(10,942,272)**	(10,952,298)	**(506,362)**	(93,730)
Results from operating activities		**23,874,783**	18,116,143	**5,450,877**	6,088,029
Share of post tax result of associate	29	**68,110**	68,256	**-**	-
Profit before income tax		**23,942,893**	18,184,399	**5,450,877**	6,088,029
Dividend tax	20	**(1,500,000)**	(1,800,000)	**-**	-
Income tax expense	20	**(309,636)**	(383,244)	**(53,969)**	(60,277)
Profit for the year		**22,133,257**	16,001,155	**5,396,908**	6,027,752
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurements of defined benefit liability		**(272,017)**	10,578	**-**	-
Related tax		**261,400**	(4,551)	**-**	-
		(10,617)	6,027	**-**	-
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		**1,065,152**	5,514	**-**	-
Net change in fair value of available-for-sale financial assets		**(600,963)**	489,107	**-**	-
Related tax		**-**	(216,116)	**-**	-
		464,189	278,505	**-**	-

		GROUP		COMPANY	
	Note	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
			Restated		Restated
Other comprehensive income for the year, net of tax		**453,572**	284,532	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**22,586,829**	16,285,687	**5,396,908**	6,027,752
Profit attributable to:					
Equity holders of the Company		**22,133,257**	16,001,155	**5,396,908**	6,027,752
Non-controlling interests		**-**	-	**-**	-
		22,133,257	16,001,155	**5,396,908**	6,027,752
Total comprehensive income attributable to:					
Equity holders of the Company		**22,586,829**	16,285,687	**5,396,908**	6,027,752
Non-controlling interests		**-**	-	**-**	-
		22,586,829	16,285,687	**5,396,908**	6,027,752
Basic and diluted earnings per share (Naira)	*19*	**1.12**	0.81	**0.27**	0.30

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

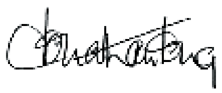
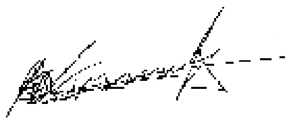
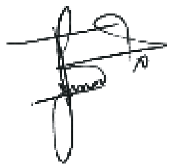
Consolidated and Separate Statements of Financial Position

as at 31 December 2014

		GROUP		COMPANY	
	Note	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
ASSETS					
Cash and cash equivalents	*21*	**126,293,809**	199,700,305	**4,056,165**	2,150,389
Restricted reserve deposits	*22*	**146,105,573**	73,473,096	**-**	-
Non-pledged trading assets	*23*	**741,917**	2,921,358	**-**	-
Derivative assets held	*24*	**4,503,005**	1,697,606	**-**	-
Loans and advances to customers	*25*	**617,979,790**	450,532,965	**-**	-
Assets pledged as collateral	*27*	**53,812,420**	50,516,904	**-**	-
Investment securities	*26*	**148,286,830**	163,638,236	**2,828,220**	2,514,439
Investment in subsidiaries	*28*	**-**	-	**118,756,103**	118,716,103
Investment in associates	*29*	**647,399**	568,512	**418,577**	407,800
Property and equipment	*30*	**28,391,807**	26,812,277	**56,337**	9,801
Intangible assets	*31*	**8,348,310**	7,580,528	**2,808**	3,771
Deferred tax assets	*32*	**8,166,241**	6,346,025	**-**	-
Other assets	*33*	**26,087,683**	24,492,358	**5,452,080**	7,679,886
Total assets		**1,169,364,784**	1,008,280,170	**131,570,290**	131,482,189
LIABILITIES					
Derivative liabilities held	*24*	**4,194,185**	1,355,634	**-**	-
Deposits from banks	*34*	**4,796,752**	-	**-**	-
Deposits from customers	*35*	**733,796,796**	715,214,192	**-**	-
Borrowings	*36*	**99,540,346**	59,244,230	**-**	-
On-lending facilities	*37*	**14,913,521**	-	**-**	-
Debt securities issued	*38*	**26,174,186**	-	**-**	-
Retirement benefit obligations	*39*	**115,056**	124,674	**-**	-
Other long-term benefits	*40*	**-**	1,258,317	**-**	-
Current income tax liabilities	*20*	**4,363,544**	4,333,353	**114,246**	60,277
Deferred tax liabilities	*32*	**41,487**	35,282	**-**	-
Other liabilities	*41*	**121,063,480**	83,007,759	**678,428**	100,391
Total liabilities		**1,008,999,353**	864,573,441	**792,674**	160,668

		GROUP		COMPANY	
	Note	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
EQUITY					
Share capital	*42(b)*	**9,901,355**	9,901,355	**9,901,355**	9,901,355
Share premium	*43*	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Treasury shares	*43*	**-**	(8,625)	**-**	-
Retained earnings	*43*	**26,238,677**	13,109,779	**5,483,847**	6,027,752
Other reserves	*43*	**8,832,985**	5,311,806	**-**	-
		160,365,431	143,706,729	**130,777,616**	131,321,521
Total liabilities and equity		**1,169,364,784**	1,008,280,170	**131,570,290**	131,482,189

The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on 9 March 2015 and signed on its behalf by:

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

Peter Obaseki
Managing Director
FRC/2014/CIBN/00000006877

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

Consolidated and Separate Statements of Changes in Equity

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available-for-sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at 1 January 2013	**9,520,534**	**108,747,612**	**765,475**	**11,973,809**	**658,637**	**210,132**	**6,995**	**(1,473,942)**	**(775,381)**	**2,381,532**	**132,015,403**
Profit for the year	-	-	13,716,171	2,284,984	-	-	-	-	-	-	16,001,155
Other comprehensive income, net of tax	-	-	-	-	-	6,027	5,514	272,991	-	-	284,532
Total comprehensive income for the year	**-**	**-**	**13,716,171**	**2,284,984**	**-**	**6,027**	**5,514**	**272,991**	**-**	**-**	**16,285,687**
Transfer to regulatory risk reserve	-	-	(2,730,705)	-	-	-	-	-	-	2,730,705	-
Transactions with owners recorded directly in equity											
Capital reconstruction	-	7,025,623	1,358,838	(11,973,809)	(658,637)	(205,542)	-	1,473,942	766,756	(2,381,532)	(4,594,362)
Capitalised bonus shares	380,821	(380,821)	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	**380,821**	**6,644,802**	**1,358,838**	**(11,973,809)**	**(658,637)**	**(205,542)**	**-**	**1,473,942**	**766,756**	**(2,381,532)**	**(4,594,362)**
Balance at 31 December 2013	**9,901,355**	**115,392,414**	**13,109,779**	**2,284,984**	**-**	**10,617**	**12,509**	**272,991**	**(8,625)**	**2,730,705**	**143,706,729**

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available-for-sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at 1 January 2014	**9,901,355**	**115,392,414**	**13,109,779**	**2,284,984**	**-**	**10,617**	**12,509**	**272,991**	**(8,625)**	**2,730,705**	**143,706,729**
Profit for the year	-	-	19,065,650	3,067,607	-	-	-		-	-	22,133,257
Other comprehensive income, net of tax	-	-	-	-	-	(10,617)	1,065,152	(600,963)	-	-	453,573
Total comprehensive income for the year	**-**	**-**	**19,065,650**	**3,067,607**	**-**	**(10,617)**	**1,065,152**	**(600,963)**	**-**	**-**	**22,586,829**
Contributions by and distributions to equity holders											
Elimination of treasury shares	-	-	-	-	-	-	-	-	8,625	-	8,625
Dividend paid	-	-	(5,940,813)	-	-	-	-	-	-	-	(5,940,813)
Recognised reserve due to consolidated subsidiary	-	-	4,061	-	-	-	-	-	-	-	4,061
Total Contributions by and distributions to equity holders	**-**	**-**	**(5,936,752)**	**-**	**-**	**-**	**-**	**-**	**8,625**	**-**	**(5,928,127)**
Balance at 31 December 2014	**9,901,355**	**115,392,414**	**26,238,677**	**5,352,591**	**-**	**-**	**1,077,661**	**(327,972)**	**-**	**2,730,705**	**160,365,431**

Consolidated and Separate Statements of Changes in Equity continued

COMPANY

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available-for-sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at 1 January 2013	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	6,027,752	-	-	-	-	-	-	-	6,027,752
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**6,027,752**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,027,752**
Transactions with owners recorded directly in equity											
Capital reconstruction	9,520,534	115,773,235	-	-	-	-	-	-	-	-	125,293,769
Capitalised bonus shares	380,821	(380,821)	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	**9,901,355**	**115,392,414**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**125,293,769**
Balance at 31 December 2013	**9,901,355**	**115,392,414**	**6,027,752**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**131,321,521**

COMPANY

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	SSI reserve ₦'000	Actuarial reserve ₦'000	Translation reserve ₦'000	Available-for-sale reserve ₦'000	Treasury shares ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance at 1 January 2014	**9,901,355**	**115,392,414**	**6,027,752**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**131,321,521**
Profit	-	-	5,396,908	-	-	-	-	-	-	-	5,396,908
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**5,396,908**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,396,908**
Contributions by and distributions to equity holders											
Transfer from regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	(5,940,813)	-	-	-	-	-	-	-	(5,940,813)
Total contributions by and distributions to equity holders	**-**	**-**	**(5,940,813)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,940,813)**
Balance at 31 December 2014	**9,901,355**	**115,392,414**	**5,483,847**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**130,777,616**

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2014

		GROUP		COMPANY	
	Note	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Cash flows from operating activities					
Profit for the year		**22,133,257**	16,001,155	**5,396,908**	6,027,752
Adjustments for non-cash items:					
Net impairment loss on financial assets	*10*	**10,639,877**	7,982,559	**-**	-
Fair value gain on financial assets held for trading	*50(i)*	**(889)**	(137,809)	**-**	-
Net income from other financial instruments at fair value through profit or loss	*13,49(iv)*	**(131,428)**	(286,254)	**-**	-
Depreciation and amortisation	*16*	**3,590,762**	3,307,190	**20,224**	539
Gain on transfer of subsidiary	*14*	**(40,000)**	-	**(40,000)**	-
Gain on disposal of property and equipment, and intangible assets	*14*	**(332,350)**	(31,880)	**(165)**	-
Share of profit of associates	*29*	**(68,110)**	(68,256)	**-**	-
Foreign exchange gains	*14*	**(9,769,431)**	(6,905,050)	**(320,163)**	-
Net interest income	*8,9*	**(72,633,527)**	(56,133,591)	**(438,029)**	-
Dividends received		**-**	-	**(70,102)**	(370,000)
Tax expense	*20*	**1,809,636**	2,183,244	**53,969**	60,277
		(44,802,203)	(34,088,692)	**4,602,642**	5,718,568
Changes in operating assets and liabilities					
Net (increase)/decrease in restricted reserve deposits	*22*	**(72,632,477)**	(15,581,736)	**-**	-
Net (increase)/decrease in derivative assets held	*24*	**(2,805,399)**	282,529		
Net (increase)/decrease in non-pledged trading assets	*23*	**2,179,441**	(1,751,650)	**-**	-
Net (increase)/decrease in loans and advances to customers	*25*	**(167,446,825)**	(92,734,167)	**-**	-
Net (increase)/decrease in property and equipment	*30*	**-**	-	**(34,674)**	-
Net (increase)/decrease in other assets	*33*	**(1,595,325)**	(1,018,576)	**2,227,806**	(7,679,887)
Net increase/(decrease) in deposits from banks	*34*	**4,796,752**	(52,000)	**-**	-
Net increase/(decrease) in deposits from customers	*35*	**18,582,604**	68,997,425	**-**	-
Net increase/(decrease) in on-lending facilities	*37*	**14,913,521**	-	**-**	-
Net increase/(decrease) in derivative liabilities held	*24*	**26,174,186**	(624,501)	**-**	-
Net Increase/(decrease) in other liabilities and others	*50(vii)*	**36,787,786**	(4,422,251)	**578,037**	100,391
		(185,847,939)	(80,993,619)	**7,373,811**	(1,860,927)

		GROUP		COMPANY	
	Note	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
Interest received	*50(ii)*	**124,724,717**	102,009,779	**436,694**	-
Interest paid	*50(iii)*	**(50,147,105)**	(46,715,922)	**-**	-
Dividends received	*14*	**467,415**	449,145	**70,102**	370,000
VAT paid	*50(iv)*	**(1,474,442)**	(789,666)	**-**	-
Income taxes paid	*20(v)*	**(3,854,856)**	(2,338,619)	**-**	-
Net cash (used in)/generated from operating activities		**(116,132,210)**	(28,378,902)	**7,880,607**	(1,490,927)
Cash flows from investing activities					
Investment in subsidiaries	*28*	**-**	-	**-**	(118,716,103)
Purchase of interests in associates	*29*	**(10,777)**	(32,800)	**(10,777)**	(407,800)
Purchase of property and equipment, and intangible assets	*30,31*	**(8,242,744)**	(6,067,228)	**(31,125)**	(14,111)
Proceeds from sale of property and equipment	*30,31*	**1,292,314**	3,683,057	**165**	-
Acquisition of investment securities	*50(v)*	**(150,405,709)**	(80,887,383)	**-**	(2,514,439)
Proceeds from sale and redemption of investment securities	*50(v)*	**139,576,195**	157,568,220	**-**	-
Net cash (used in)/generated from investing activities		**(17,790,721)**	74,263,866	**(41,737)**	(121,652,452)
Cash flows from financing activities					
Proceeds from issue of shares		**-**	-	**-**	125,293,769
Dividends paid		**(5,940,813)**	-	**(5,940,813)**	-
Inflow from long-term borrowing	*36(b)*	**45,066,628**	48,741,334	**-**	-
Repayment of long-term borrowing	*36(b)*	**(13,313,964)**	(16,909,586)	**-**	-
Inflow from debt securities issued	*38*	**26,000,000**	-		
Net cash generated from/(used in) financing activities		**51,811,851**	31,831,748	**(5,940,813)**	125,293,769
Net increase in cash and cash equivalents		**(82,111,080)**	77,716,712	**1,898,057**	2,150,389
Cash and cash equivalents at start of year	*21*	**199,700,305**	123,451,740	**2,150,389**	-
Effect of exchange rate fluctuations on cash and cash equivalents held	*50(vi)*	**8,704,584**	(1,468,147)	**7,719**	-
Cash and cash equivalents at end of year	*21*	**126,293,809**	199,700,305	**4,056,165**	2,150,389

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014

1 Reporting Entity

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

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

FCMB Group Plc is a company domiciled in Nigeria. The address of the Company's registered office is 44 Marina Street, Lagos Island, Lagos. These consolidated financial report for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the 'Group').

2 Changes in Accounting Policies

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

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014:

(i) Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32); and

(ii) IFRIC 21 Levies.

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

(a) Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)

As a result of the amendments to IAS 32, the Group has changed its accounting policy for offsetting financial assets and financial liabilities. The amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

(b) IFRIC 21 Levies

As a result of IFRIC 21 Levies, the Group has changed its accounting policy on accounting for a liability in the scope of IAS 31 Provisions, Contingent Liabilities and Contingent Assets.

These changes did not have a material impact on the Group's financial statements.

3 Significant Accounting Policies

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

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

(a) Basis of Preparation

(i) Statement of compliance

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

These consolidated financial statements were authorised for issue by the Board of Directors on 9 March 2015.

(ii) Basis of measurement

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

- Non-derivative financial instruments, at fair value through profit or loss are measured at fair value.
- Available-for-sale financial assets are measured at fair value through other comprehensive income (OCI). However, when the fair value of the available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment.
- Financial assets and liabilities held for trading are measured at fair value.
- Derivative financial instruments are measured at fair value.

(iii) Functional and presentation currency

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

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

(ii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The Group established FCMB Financing SPV Plc, as a special purpose entity to raise capital from the Nigerian capital markets or other international markets either by way of a standalone issue or by the establishment of a programme. Accordingly, the financial statements of FCMB Financing SPV Plc have been consolidated.

(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 are measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting for financial instruments.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

(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% of the voting power of another entity.

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

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

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

(v) Transactions eliminated on consolidation

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

(c) Foreign Currency

(i) Foreign currency transactions

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

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

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, which are recognised in other comprehensive income.

(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 partly 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 items 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 items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(d) Interest

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

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

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

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

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

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

(e) Fees and Commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate which is used in the computation of interest income. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantees, collateral and other security, negotiation of instruments' terms, preparing and processing documentation, and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

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

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

(f) Net Trading Income

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

(g) Net Income from Other Financial Instruments at Fair Value Through Profit or Loss

Net income from other financial instruments at fair value through profit or loss relates to fair value gains or losses on non-trading derivatives held for risk management purposes that do not

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(h) Dividend Income

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

(i) Lease Payments

(i) Lease payments – Lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives 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.

(ii) Lease assets – Lessee

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease assets – Lessor

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then 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 (see (o)).

Finance charges earned are computed using the effective interest method which reflects a constant periodic return on the investment in the finance lease. Initial direct costs paid are capitalised to the value of the lease amount receivable and accounted for over the lease term as an adjustment to the effective rate of return.

(j) Income Tax

Income 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 it consists of Company income tax, education tax and NITDA tax. Company income tax is assessed at 30% statutory rate of total profit whereas education tax is computed as 2% of assessable profit while NITDA tax is a 1% levy on profit before tax of the Company and Group.

Current income tax 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 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 is in agreement with the underlying tax liability, which has been adequately provided for in the financial statement.

(ii) Deferred tax

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

Additional taxes that arise from the distribution of dividend by the Company are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally recognised in profit or loss.

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of an 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 judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(k) Financial Assets and Financial Liabilities

(i) Recognition

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

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

recognition of financial assets and liabilities is at amortised cost or fair value.

(ii) Classification

Financial assets

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

- loans and receivables;
- held to maturity;
- available-for-sale; and
- 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(m) (n) and (p).

Financial liabilities

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

(iii) Derecognition

Financial assets

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

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

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

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

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

Financial liabilities

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

(iv) Offsetting

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

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

(v) Amortised cost measurement

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

(vi) Fair value measurement

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is 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 the 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.

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

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

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contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities correspond to their carrying amounts.

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

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

(vii) Identification and measurement of impairment

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.

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

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

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

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

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

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

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges while 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.

Assets classified as available for sale

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

(l) Cash and Cash Equivalents and Restricted Deposits

Cash and cash equivalents include bank notes and coins on hand, unrestricted balances held with central banks and highly liquid financial

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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. Restricted reserve deposits are restricted mandatory reserve deposits held with the Central Bank of Nigeria, which are not available for use in the banking subsidiary and Group's day-to-day operations. They are calculated at different percentages (as directed by the CBN from time to time) of the banking subsidiary's deposit liabilities for private sector and public sector deposits.

(m) Financial Assets and Liabilities at Fair Value Through Profit or Loss

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

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

(i) Trading assets and liabilities

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

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

(ii) Designation at fair value through profit or loss

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

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

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

(iii) Reclassification of financial assets and liabilities

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

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

(n) Assets Pledged as Collateral

Financial assets transferred to external parties that do not qualify for derecognition (see (k)(iii)) are reclassified in the statement of financial position from investment securities 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 measurement of assets pledged as collateral is at fair value, while subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are designated as available for sale or held to maturity. Where the assets pledged as collateral are designated as available for sale, subsequent measurement is at fair value through equity. Assets pledged as collateral designated as held to maturity are measured at amortised cost.

(o) Loans and Advances

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

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

- those classified as loan and receivables; and
- finance lease receivables.

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

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

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

(p) Investment Securities

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

(i) Held to maturity

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

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

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Group has collected substantially all the asset's original principal; and

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- 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-receivables category if it otherwise would have met the definition of loans and receivables, and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(q) Derivatives Held for Risk Management Purposes

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

(r) Property and Equipment

(i) Recognition and measurement

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

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

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

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the consolidated statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see Note (t) on impairment of non-financial assets.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(iv) Derecognition

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

(s) Intangible Assets

(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

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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, Debt Securities Issued, On-Lending Facilities and Borrowings

Deposits, debt securities issued, on-lending facilities 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, debt securities issued, on-lending facilities 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 the 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 that not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group recognises no provisions for future operating losses.

(x) Financial Guarantees and Loan Commitments

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

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

(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. Pre-paid 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 return 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 the 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.

During the year, the Group terminated its other long-term employee benefits, see Note 40 for details.

(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 offer 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.

(iv) 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 a short-term cash bonus or profit-sharing plans if the Group has a present legal or

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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 Company's ordinary shares

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

(iii) Treasury shares

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

(aa) Earnings Per Share

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

(ab) Segment Reporting

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

(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 2015, 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) Defined benefit plans: employee contributions (amendments to IAS 19)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Group's defined benefit plan meets these requirements and consequently the Group intends to apply this amendment and will recognise the contributions as a reduction of the service costs in the period in which the related service is rendered.

The amendment is effective for annual reporting periods beginning on or after 1 July 2014, with early adoption permitted.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(ii) Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Group currently has several intangible assets and plants that are amortised or depreciated using other methods that are not revenue based.

The amendment is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. The amendments apply retrospectively.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(iii) Equity method in separate financial statements (amendments IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendment is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. The amendments apply retrospectively.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(iv) Disclosure initiative (amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(v) Investment entities: applying the consolidation exception (amendments to IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendment is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. The amendments apply retrospectively.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(vi) IFRS 15 – revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(vii) IFRS 9 – financial instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

4 Financial Risk Management

(a) Introduction and Overview

Risk management at FCMB Group is critical to the attainment of the Group's strategic business objectives. It provides the mechanism to identify and explore growth opportunities and manage inherent risks in operating and business environments, ensure compliance with corporate governance standards and regulatory stipulations. Our risk management practices are integrated, structured, enterprise-wide and continuous across the Group for identifying and deciding on appropriate responses to, and reporting on, opportunities and threats that may affect the achievement of its strategic business objectives.

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

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

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

Business units and risk exposures

GROUP

	Corporate Banking	Business Banking (Commercial & SME)	Retail Banking	Investment Banking	Trustees
Credit risk	High	Medium	Low	Low	Low
Operational risk	Low	Low	Low	Low	Low
Market risk	Low	Low	Low	Low	Low

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

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

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

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

Risk management framework

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

The Risk Committee focuses on risk governance and provides a strong forward-looking view of risks and their mitigation. The Risk Committee is a sub-committee of the Board and has responsibility for oversight and advice to the Board on, inter alia, the Group's risk appetite, tolerance and strategy, systems of risk management, internal control and compliance. Additionally, the Risk Committee focuses on the alignment of the reward structures and the maintenance and development of a supportive culture, in relation to the management of risk, which is appropriately embedded through procedures, training and leadership actions.

In carrying out its responsibilities, the Risk Committee is closely supported by the Chief Risk Officer and the Chief Financial Officer, together with other business functions within their respective areas of responsibility. In line with global standard, the Group sets its risk tone from the top as this is central to its approach to balancing risk and reward. Personal accountability is reinforced by the Group's values, with staff expected to act with courageous integrity in conducting their duties. Staff are supported by a disclosure line which enables them to raise concerns in a confidential manner. The Group also has in place a suite of mandatory training to ensure a clear and consistent attitude is communicated to staff; mandatory training not only focuses on the technical aspects of risk but also on the Group's attitude towards risk and the behaviours expected by its policies.

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

Enterprise risk universe and governance structure

<table>
<tr><th colspan="10">FCMB Risk Universe and Responsibility Matrix</th></tr>
<tr><td>Risk universe</td><td>Credit risk</td><td>Concentration risk</td><td>Market risk</td><td>Liquidity risk</td><td>Operational risk</td><td>Strategic risk</td><td>Legal risk</td><td>Reputational risk</td><td>Compliance risk</td></tr>
<tr><td>Primary risk owner</td><td colspan="2">Chief Risk Officer</td><td colspan="2">Treasurer</td><td>Head of Operations & Technology Division</td><td>Head of Strategy</td><td>General Counsel</td><td>Head of Brand Marketing</td><td>Chief Compliance Officer</td></tr>
<tr><td>Secondary risk owner</td><td colspan="8">Chief Risk Officer</td><td>Chief Compliance Officer</td></tr>
<tr><td rowspan="2">Management committee</td><td colspan="2">Management Credit Committee</td><td colspan="2">Assets and Liability Management Committee</td><td colspan="2">Risk Management Committee</td><td colspan="3">Executive Management Committee</td></tr>
<tr><td colspan="9">Risk Management Committee</td></tr>
<tr><td rowspan="2">Board committee</td><td colspan="2">Board Credit Committee</td><td colspan="6">Board Audit and Risk Management Committee</td><td>Board of Directors</td></tr>
<tr><td colspan="9">Board of Directors</td></tr>
</table>

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

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

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

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

Details of the Group's three lines of defence mechanism is described below:

Board Audit and Risk Management Committee

Risk taking
- Board
- Business Line Management

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

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

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

Risk assurance
- Group Internal Audit
- External Audit

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

First line of defence

(a) Board level

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

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

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

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

(b) Executive management level

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

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

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

(c) Business unit management level

i. Business unit management as a risk originator has first line responsibility and ownership of risks. The business units take on risks within set boundaries and manage the risks taken on a day-to-day basis to protect the Group from the risk of loss.

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

Second line of defence

(a) Group Risk Management and Compliance Division

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

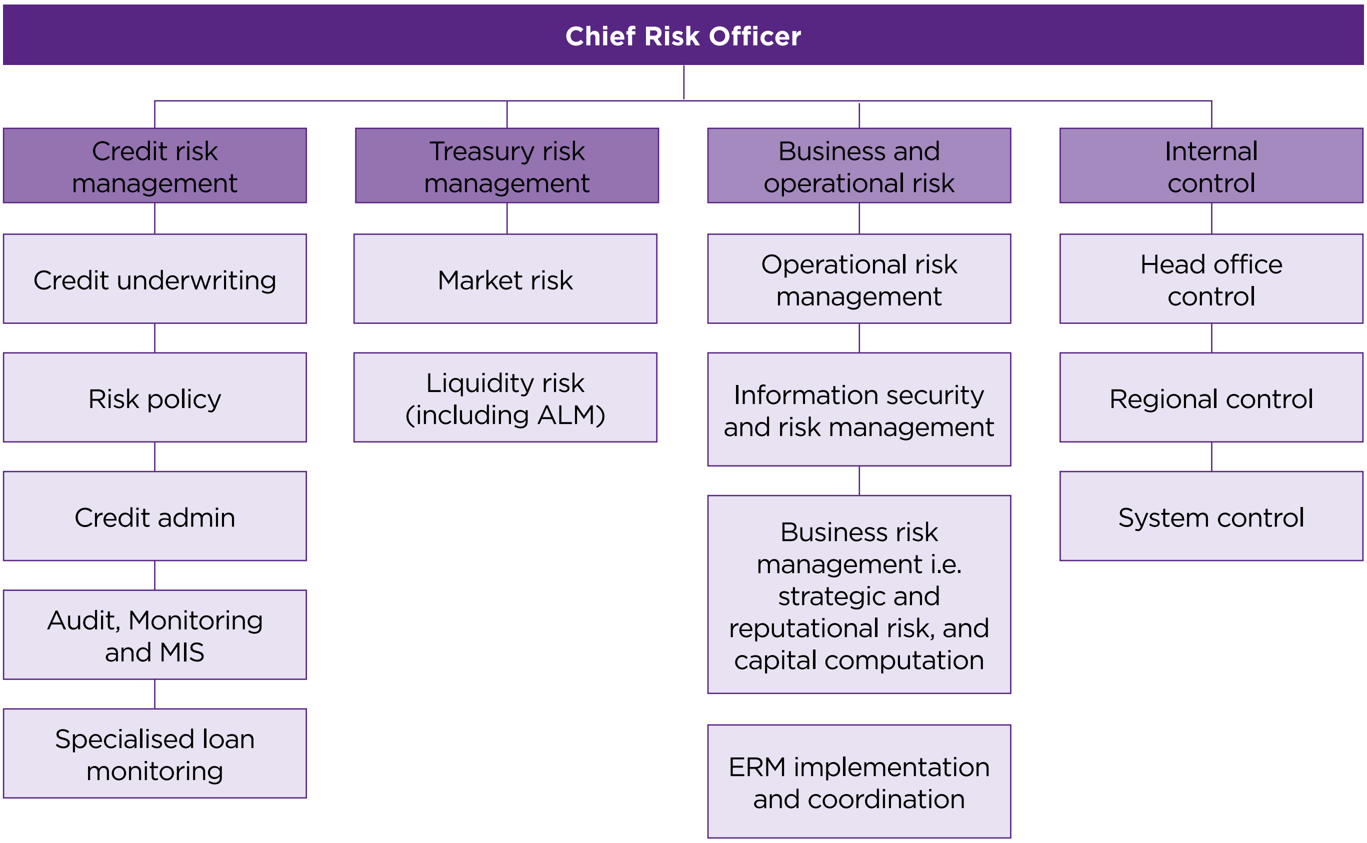
- risk strategy – development of the risk management strategy in alignment with the overall growth and business strategy of the Group;
- risk compliance – ensuring compliance with risk strategy, risk appetite and regulatory requirements at enterprise and business unit levels;
- risk advisory – identification, assessment, measurement and disclosure of all significant risk exposures and providing recommendations/guidance for risk taking; and
- risk control – proactive management of all risks to minimise losses and capital erosion.

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

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



The Group also has robust Collection and Recovery teams which report to the Executive Management. The teams complement the post-disbursement monitoring responsibilities through effective enforcement of credit covenants and approval terms. The process automation on the Axe Credit Portal also facilitates proactive credit performance monitoring and collection through the configuration of specific performance triggers for intermittent notifications to Relationship Managers and borrowers in some cases. Where warranted, remedial actions and/or recovery activities are recommended and followed through by this department.

(b) Group Finance Division

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

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

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

Third line of defence

(a) Internal Audit

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

(b) External Audit

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

Risk appetite

Risk appetite is an expression of the level and type of risks that the Group is willing to accept/ retain for a given risk–reward ratio in order to achieve its strategic goals. In FCMB, risk appetite is set by the Board of Directors and enforced by the Enterprise Risk Management Division. It is a key component of the risk management framework and central to the annual planning process. This appetite guides all risk creation activities and ensures that the risks assumed by business groups are in line with the Group's strategy.

Risk appetite is expressed in terms of limits and risk indicators across the three key risk categories (credit, operational and market risks). Some of the key metrics used for measuring risk appetite are shown below.

Credit risk appetite

Risk category	Selected risk appetite metrics	Risk appetite
Credit risk	Credit loss ratio	5%
	Weighted average risk rating of the portfolio	BB- (Probability of default – 3.09%).
	Sector concentration	<=20% of total portfolio in any single sector.
	Exposure limit	**Large exposure** is defined by CBN as 10% of SHF and regulatory aggregate exposure limit for large exposures is set at 800% of SHF. However, the internal limit is defined as 400% of SHF.
		Single obligor limit (SOL): maximum in line with regulatory requirement is 20% of SHF. The Group monitors compliance at transaction level to ensure all large exposures are kept within limit.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

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

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

(b) Credit Risk

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

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

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

The Group uses its internal ratings framework to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the Group will incur in the event of a default). The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. This provides predictive capability for assessing borrowers' likelihood of default and the acceptable risk mitigants required to cushion residual credit risks for each transaction.

Our ratings framework measures the following key components:

- financial factors (sales terms/conditions, strength of operations, liquidity and capital in addition to debt service capacity);
- industry: structure, performance, economic sensitivity and outlook;
- management quality (ownership experience, skills and turnover) and company standing (reputation, ownership and credit history); and
- security/collateral arrangements, seniority of debt, ability to cancel debt at the point of default and loss given default (LGD) computation for each security/collateral type supporting the exposure.

The above components help the Group to establish the following:

- Obligor risk rating (ORR), mapped to an estimated probability of default (PD). Although the PD is not based on the Group's internal experience presently, a PD validation or backtesting process has commenced to assess the predictability of the model.
- Facility risk rating (FRR) for each transaction is mapped to Basel II loss given defaults (LGDs) grades.
- Both the ORR and FRR produce the expected loss % (EL) which is the product of the PD and LGD, i.e. EL = f(PD, LDG). The EL represents the risk premium which is applied to transaction pricing under the risk-based pricing.

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

The Group's internal rating scale and mapping to external ratings as at 31 December 2014 and 31 December 2013 is shown below:

				2014		2013	
Internal rating scale	**Description**	**External rating scale (Moody's)**	**External rating scale (S&P)**	**PD %**	**PD – decimals**	**PD %**	**PD – decimals**
AAA	**VERY LOW RISK**	Aaa	AAA	0.0185	0.000185	0.0185	0.000185
AA		Aa1	AA+	0.0308	0.000308	0.0308	0.000308
AA-		Aa2	AA	0.0514	0.000514	0.0514	0.000514
A+		Aa3	AA-	0.0857	0.000857	0.0857	0.000857
A		A1	A+	0.1428	0.001428	0.1428	0.001428
A-		A2	A	0.1785	0.001785	0.1785	0.001785
BBB+		A3	A-	0.2231	0.002231	0.2231	0.002231
BBB		Baa1/Baa2	BBB+/BBB	0.3540	0.003540	0.3540	0.003540
BBB-		Baa3/Ba1	BBB-/BB+	0.5445	0.005445	0.5445	0.005445
BB+	**LOW RISK**	Ba2	BB	1.3750	0.013750	1.3750	0.013750
BB		Ba3	BB-	2.0625	0.020625	2.0625	0.020625
BB-		B1	B+	3.0938	0.030938	3.0938	0.030938
CCC+	**ACCEPTABLE RISK**	B2	B	4.6407	0.046407	4.6407	0.046407
CCC		B3	B-	6.1876	0.061876	6.1876	0.061876
CCC-		B3	B-	7.7345	0.077345	7.7345	0.077345
CC+	**MODERATELY HIGH RISK**	Caa1	CCC+	9.2814	0.092814	9.2814	0.092814
CC		Caa2	CCC	10.8283	0.108283	10.8283	0.108283
CC-		Caa2	CCC	12.3750	0.123750	12.3750	0.123750
C+		Caa3	CCC-	13.9221	0.139221	13.9221	0.139221
C	**HIGH RISK**	Caa3	CCC-	54.6900	0.546900	54.6900	0.546900
C-		D	NA	100.0000	1.000000	100.0000	1.000000

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

Management of credit risk

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

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

- **Appropriate credit policies:** The Group formulates appropriate risk management policies in conjunction with the business units and other stakeholders, covering all the key areas of credit origination, management, collection, portfolio management, etc. while also ensuring compliance with all regulatory requirements. The credit policies reinforce all the Group's lending and credit management decisions.
- **Lending driven by internal rating system:** The Group's lending and policy enforcement is driven by an internal rating system, with scorecards built for different classes of customers such as corporate, commercial, small and medium enterprises (SME), public sector, consumer and project finance. The rating of obligors and transactions has been useful in the quantification of credit risk and underwriting decisions, including serving as a guide for pricing, portfolio management and computation of required capital to support the different business lines.
- **Establishment of credit approval limits and authorities:** There are various approval limits for different kinds of credit exposures and approval authorities, including the various risk committees such as the Management Credit Committee (MCC) and the Board Credit Committee (BCC). These limits are also guided by statutory impositions such as the single obligor limit and other concentrations limits set by the Central Bank of Nigeria (CBN). The Group's single obligor limit is benchmarked to the regulatory cap of 20% of shareholders' funds unimpaired by losses with the internal limits also mapped to obligor risk rating. The sector limits are set based on the perceived riskiness of each sector but the Government exposures are capped at the regulatory limit of 10% of total loans.

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

  In order to further strengthen its credit process, the Group has differentiated the approval route for its corporate/commercial credits from retail credits. Credit approval for each area is supervised by well-experienced personnel referred to as Senior Credit Underwriters who also function as Senior Credit Officers and are members of the Management Credit Committee.
- **Loan monitoring and reviews:** The various loans are monitored at both transaction and portfolio levels to ensure a balanced and healthy portfolio in line with the portfolio development and balancing strategy of the Group.
- **Collateral review, monitoring and management:** The Legal department reviews the collateral proposed by customers as part of the credit approval process to determine acceptability of the collateral. Beyond the initial assessment at the point of credit origination however, the

Group also has a good collateral management policies in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions. The framework provides a risk-based approach to managing the Group's collateral database as it focuses on periodic evaluation of coverage for each facility type. This includes mark to market for stocks and commodities, revaluation benchmarking for properties and acceptable standards for eligibility on all forms of collaterals.

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

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

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

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

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

Exposure to credit risk

		GROUP		COMPANY	
		Loans and advances to customers		Loans and advances to customers	
	Note	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
Maximum exposure to credit risk					
Carrying amount	25	**617,979,790**	450,532,965	**-**	-
Amount committed/guaranteed	44(b)	**211,047,130**	105,095,037	**-**	-
		829,026,920	555,628,002	**-**	-
Individually impaired (at amortised cost)					
Very low risk		**-**	-	**-**	-
Low risk		**105,480**	-	**-**	-
Acceptable risk		**4,846,825**	3,066,719	**-**	-
Moderately high risk		**3,193,484**	2,374,323	**-**	-
High risk		**-**	-	**-**	-
Gross amount		**8,145,789**	5,441,042	**-**	-
Collectively impaired (at amortised cost)					
Very low risk		**-**	-	**-**	-
Low risk		**649,216**	159,170	**-**	-
Acceptable risk		**7,487,430**	5,083,097	**-**	-
Moderately high risk		**6,678,585**	7,265,955	**-**	-
High risk		**1,176**	13,057	**-**	-
Gross amount		**14,816,407**	12,521,279	**-**	-
Past due but not impaired (at amortised cost)					
Very low risk		**67,848**	-	**-**	-
Low risk		**267,499**	127,015	**-**	-
Acceptable risk		**2,295,894**	2,222,706	**-**	-
Moderately high risk		**2,789,467**	2,396,830	**-**	-
High risk		**-**	125,466	**-**	-
Carrying amount		**5,420,708**	4,872,017	**-**	-
Past due but not impaired comprises					
1-29 days		**1,787,940**	1,661,092	**-**	-
30-59 days		**2,430,908**	2,025,824	**-**	-
60-89 days		**1,201,860**	1,185,101	**-**	-
Carrying amount		**5,420,708**	4,872,017	**-**	-

		GROUP		COMPANY	
		Loans and advances to customers		Loans and advances to customers	
	Note	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Neither past due nor impaired (at amortised cost)					
Very low risk		**47,426,258**	21,924,801	**-**	-
Low risk		**152,762,173**	55,017,409	**-**	-
Acceptable risk		**301,463,481**	259,754,969	**-**	-
Moderately high risk		**103,220,298**	102,768,602	**-**	-
High risk		**120,083**	70,765	**-**	-
Gross amount		**604,992,293**	439,536,546	**-**	-
Total gross amount (at amortised cost)		**633,375,197**	462,370,884	**-**	-
Impairment allowance:					
Specific	*25(b)(i)*	**(6,574,749)**	(3,206,245)	**-**	-
Collective	*25(b)(ii)*	**(8,820,658)**	(8,631,674)	**-**	-
Carrying amount		**617,979,790**	450,532,965	**-**	-

In addition to the above, the Group had entered into lending commitments and financial guarantee contracts of ₦211 billion (31 December 2013: ₦105 billion) with counterparties.

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

	GROUP			
	Loans and advances to customers		Investment securities	
31 December 2014	**Gross ₦'000**	**Net ₦'000**	**Gross ₦'000**	**Net ₦'000**
Very low risk	**-**	**-**	**-**	**-**
Low risk	**105,480**	**51,480**	**-**	**-**
Acceptable risk	**4,846,825**	**206,572**	**-**	**-**
Moderately high risk	**3,193,484**	**1,312,988**	**-**	**-**
High risk	**-**	**-**	**-**	**-**
Unrated	**-**	**-**	**1,437,208**	**61,896**
	8,145,789	**1,571,040**	**1,437,208**	**61,896**

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

For a reconciliation of the impairment on loans and advances, see Note 25(c)(i) and (ii).

The investment securities relate to unquoted equity securities at cost under available-for-sale investments, see Note 26(d).

Past due but not impaired loans

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

Loans with renegotiated terms and the forbearance policy

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

The objective of renegotiation is to ensure recovery of the outstanding obligations and the request could be at the instance of the customer or the Group.

Write-off policy

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

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

The Loan Recovery Unit originates the write-off requests:

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

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

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

Collateral held and other credit enhancements and their financial effects

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

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

Type of credit exposure	Principal type of collateral held for secured lending	Percentage of exposure that is subject to an arrangement that requires collaterisation 2014 %	2013 %
Loans and advances to banks			
Reverse sale and purchase agreements	Marketable securities	**100**	100
Security borrowing	Marketable securities	**100**	100
Loans and advances to retail customers			
Mortgage lending	Residential property	**100**	100
Personal loans	None	**-**	-
Credit cards	None	**-**	-
Loans and advances to corporate customers			
Finance leases	Property and equipment	**100**	100
Other lending to corporate customers	Legal mortgage, mortgage debenture, fixed and floating charges over corporate assets, account receivables	**92**	89
Reverse sale and repurchase agreements	Marketable securities	**100**	100
Investment debt securities	None	**-**	-

Other admissible credit risk mitigants (accepted for comfort only) but not eligible as collateral include domiciliation agreements, trust receipts, negative pledges and master netting agreements with obligors that have investments in liabilities.

The Group typically does not hold collateral against investment securities, and no such collateral was held at 31 December 2014 or 31 December 2013.

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Details of collateral held and their carrying amounts as at 31 December 2014 are as follows:

		GROUP		COMPANY	
	Note	**Total exposure ₦'000**	**Value of collateral ₦'000**	**Total exposure ₦'000**	**Value of collateral ₦'000**
Secured against real estate		**97,287,082**	**100,802,180**	**-**	**-**
Secured by shares of quoted companies		**1,104,522**	**1,993,325**	**-**	**-**
Cash collateral, lien over fixed and floating assets		**237,109,675**	**291,054,410**	**-**	**-**
Otherwise secured		**199,763,165**	**160,657,974**	**-**	**-**
Unsecured		**98,110,753**	**-**	**-**	**-**
	25	**633,375,197**	**554,507,889**	**-**	**-**

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

		GROUP		COMPANY	
	Note	Total exposure ₦'000	Value of collateral ₦'000	Total exposure ₦'000	Value of collateral ₦'000
Secured against real estate		76,067,753	81,640,911	-	-
Secured by shares of quoted companies		3,528,264	5,626,032	-	-
Cash Collateral, lien over fixed and floating assets	*29*	163,768,359	211,858,938	-	-
Otherwise secured		170,773,642	178,076,014	-	-
Unsecured		48,232,866	-	-	-
	25	462,370,884	477,201,895	-	-

Loans and advances to corporate customers

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

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

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

	2014				2013			
9 grades LGD model – facility risk rating								
	LGD %	**LGD – MIN %**	**LGD – MAX %**	**LGD GRADE**	**LGD %**	**LGD – MIN %**	**LGD – MAX %**	**LGD GRADE**
SECURED	0	0	4.99	AAA	0	0	4.99	AAA
	5	5	9.99	AA	5	5	9.99	AA
	10	10	14.99	A	10	10	14.99	A
	15	15	19.99	BBB	15	15	19.99	BBB
	20	20	34.99	BB	20	20	34.99	BB
	35	35	39.99	B	35	35	39.99	B
	40	40	44.99	CCC	40	40	44.99	CCC
UNSECURED	45	45	74.99	CC	45	45	74.99	CC
	75	75	100.00	C	75	75	100.00	C

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

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

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

Derivative Assets Held for Risk Management

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

	2013 Fair value	2012 Fair value
Derivative assets held	**4,503,005**	1,697,606
Derivative liabilities held	**4,194,185**	1,355,634

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Concentration of credit risk

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

Concentration by sector

	GROUP			
	Loans and advances to customers		Lending commitments and financials guarantees	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Agriculture	**39,568,157**	11,405,967	**175,161**	86,456
Aviation	**121,523**	195,228	**-**	-
Commerce	**70,015,503**	52,887,957	**94,035,659**	41,478,440
Construction	**8,261,207**	6,135,100	**29,063,282**	20,207,005
Education	**6,118,693**	4,718,538	**-**	-
Finance and insurance	**25,541,933**	20,409,287	**2,614,174**	1,783,889
General – others	**9,388,222**	8,593,983	**13,061,952**	6,447,137
Government	**28,770,132**	31,302,235	**-**	-
Individual	**127,527,409**	88,370,232	**-**	-
Manufacturing	**52,185,027**	28,025,085	**30,800,699**	22,112,793
Mortgage	**2,496,405**	1,450,401	**-**	-
Oil and gas	**149,151,443**	104,461,990	**25,488,853**	5,177,103
Power and energy	**24,869,585**	26,824,020	**6,951,167**	3,430,967
Professional services	**2,708,453**	1,840,740	**425,462**	210,000
Real estate	**48,143,858**	35,066,985	**2,096,848**	1,034,965
Transportation	**8,703,536**	6,460,121	**3,367,596**	1,662,183
Telecommunications	**29,804,111**	34,223,015	**2,966,277**	1,464,099
	633,375,197	462,370,884	**211,047,130**	105,095,037

Concentration by location for loans and advances, and for lending commitments and financial guarantees is based on the customer's region of domicile within Nigeria. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

Concentration by location

	GROUP			
	Loans and advances to customers		Lending commitments and financials guarantees	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
North East	**4,616,782**	8,340,095	**388,200**	91,000
North Central	**69,699,385**	40,096,323	**27,979,023**	14,564,893
North West	**19,302,058**	12,471,884	**1,191,040**	986,905
South East	**14,353,780**	7,937,240	**1,743,509**	420,628
South South	**30,890,802**	22,057,516	**16,254,848**	6,463,933
South West	**494,512,390**	371,467,826	**163,490,510**	82,567,678
	633,375,197	462,370,884	**211,047,130**	105,095,037

Trading assets

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

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

	GROUP						
31 December 2014	**Issuer rating**	**0-30 days ₦'000**	**31-90 days ₦'000**	**91-180 days ₦'000**	**181-365 days ₦'000**	**Above 365 days ₦'000**	**Total ₦'000**
Security type							
FGN bonds	BB-	-	-	-	-	-	-
Nigerian treasury bills	BB-	**110,961**	-	-	-	-	**110,961**
Equity investments	BB-	**630,956**	-	-	-	-	**630,956**
		741,917	-	-	-	-	**741,917**

	GROUP						
31 December 2013	Issuer rating	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	Above 365 days ₦'000	Total ₦'000
Security type							
FGN bonds	BB-	87,616	-	-	-	-	87,616
Nigerian treasury bills	BB-	314,647	274,802	1,819,216	-	-	2,408,665
Equity investments	BB-	425,077	-	-	-	-	425,077
		827,340	274,802	1,819,216	-	-	2,921,358

Cash and cash equivalents

The Group held cash and cash equivalents of ₦126.29 billion as at 31 December 2014 (31 December 2013: ₦199.70 billion). The cash and cash equivalents are held with the Central Bank of Nigeria, financial institutions and counterparties which are rated BBB- to AA based on acceptable external rating agency's ratings.

Settlement risk

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

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

(c) Liquidity Risk

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

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Management of liquidity risk

The Board of Directors sets the strategy for liquidity risk and delegates the responsibility for oversight and implementation of the policy to the Assets and Liabilities Committee (ALCO). The liquidity position is managed daily by the Treasury and Financial Markets Group in conjunction with market risk management. Assessment of liquidity is carried out through daily and weekly reports aimed at evaluating limit compliances across all the key liquidity management criteria, for example funding gaps and liquidity mismatches.

ALCO has primary responsibility for managing liquidity risk arising from assets and liability creation activities. Deliberate strategies put in place to ensure the Group is protected from liquidity risk include:

- liquidity risk identification at transaction, portfolio and entity levels using the defined early warning liquidity risk indicators with quantified metrics for measurement on parameters such as deposit attrition, funding mismatch and funding concentrations, to mention a few;
- establishment of the Group's liquidity risk appetite which is the amount of risk FCMB is willing to accept in pursuit of value using relevant liquidity risk ratios and assets, and liability funding gaps;
- establishment of methodologies for measuring and reporting on the Group's liquidity risk profile against set appetite and also sensitising against unforeseen circumstances using liquidity risk scenario analysis;
- establishment of preventive (limit-setting and management) as well as corrective (contingency funding plan – CFP) controls over liquidity risk;
- maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits, and maintaining contingency deposits and contingency liabilities;
- carrying a portfolio of highly liquid assets, diversified by currency and maturity; and
- monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and liabilities, and the extent to which they are encumbered.

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

The Risk and Compliance division acts as the secretariat for ALCO and provides the necessary analytics (maturity/repricing gap and balance sheet analysis) required for taking proactive liquidity management decisions. The Group's Treasury and Financial Markets division is responsible for executing ALCO decisions and, in particular, ensuring that the Group is optimally and profitably funded at any point in time.

Exposure to liquidity risk

The key measures adopted by the Group for liquidity management are maturity profile on and off balance sheet and maturity analysis. Details of reported ratio of the Group's net liquid assets to deposit from customers as at the year is given as:

	2014	2013
At 31 December	**32.3%**	45.1%
Average for the year	**34.5%**	52.1%
Maximum for the year	**47.1%**	64.8%
Minimum for the year	**30.9%**	36.8%

The exposure to liquidity risk during the year is as presented below:

Maturity analysis for financial assets and liabilities

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

		GROUP						
31 December 2014	*Note*	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	1–5 years ₦'000	Above 5 years ₦'000	Total ₦'000
Non derivative assets								
Cash and cash equivalent	*21*	126,293,809	-	-	-	-	-	126,293,809
Restricted reserve deposits	*22*	146,105,573	-	-	-	-	-	146,105,573
Non-pledged trading assets	*23*	741,917	-	-	-	-	-	741,917
Loans and advances to customers	*25*	91,753,853	62,337,525	10,567,353	37,302,267	415,072,815	945,977	617,979,790
Assets pledged as collateral	*27*	3,653,716	-	9,000,000	7,934,482	33,224,222	-	53,812,420
Investment securities	*26*	22,397,307	17,267,263	22,595,321	31,643,106	13,556,901	40,826,932	148,286,830
Other assets	*33*	-	-	-	13,298,749	6,594,337	2,031,446	21,924,532
Derivative assets								
Derivative assets held	*24*	-	4,503,005	-	-	-	-	4,503,005
		390,946,175	84,107,793	42,162,674	90,178,604	468,448,275	43,804,355	1,119,647,876
Non-derivative liabilities								
Deposits from banks	*34*	4,796,752	-	-	-	-	-	4,796,752
Deposits from customers	*35*	561,931,289	123,100,819	39,934,113	8,727,618	102,957	-	733,796,796
Borrowings	*36*	-	-	11,187,332	15,606,168	30,539,367	42,207,479	99,540,346
On-lending facilities	*37*	-	-	-	-	14,913,521	-	14,913,521
Debt securities issued	*38*	-	-	-	-	-	26,174,186	26,174,186
Other liabilities	*41*	8,143,507	-	-	105,261,569	1,825,974	-	115,231,050
Derivative liabilities								
Derivative liabilities held	*24*	-	4,194,185	-	-	-	-	4,194,185
		574,871,548	127,295,004	51,121,445	129,595,355	47,381,819	68,381,665	998,646,836
Net liquidity gap		(183,925,373)	(43,187,211)	(8,958,771)	(39,416,751)	421,066,456	(24,577,310)	121,001,040

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		GROUP						
31 December 2013	*Note*	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	1-5 years ₦'000	Above 5 years ₦'000	Total ₦'000
Non-derivative assets								
Cash and cash equivalent	*21*	199,700,305	-	-	-	-	-	199,700,305
Restricted reserve deposits	*22*	73,473,096	-	-	-	-	-	73,473,096
Non-pledged trading assets	*23*	877,906	667,735	578,672	48,529	110,475	638,041	2,921,358
Loans and advances to customers	*25*	79,273,683	77,847,519	54,579,431	49,321,081	167,973,751	21,537,500	450,532,965
Assets pledged as collateral	*27*	6,026,238	5,092,235	315,719	4,073,788	22,082,364	12,926,560	50,516,904
Investment securities	*26*	65,786,995	12,206,353	10,927,718	45,058,210	7,488,901	22,170,059	163,638,236
Other assets	*33*	-	-	9,325,783	-	6,994,337	2,331,446	18,651,566
Derivative assets								
Derivative assets held	*24*	-	-	-	-	1,697,606	-	1,697,606
		425,138,223	95,813,842	75,727,323	98,501,608	206,347,434	59,603,606	961,132,036
Deposits from banks								
Non-derivative liabilities								
Deposits from banks	*34*	-	-	-	-	-	-	-
Deposits from customers	*35*	592,231,955	114,382,081	6,880,125	1,720,031	-	-	715,214,192
Borrowings	*36*	-	-	-	11,736	53,275,952	5,956,542	59,244,230
Other liabilities	*41*	-	-	-	13,175,557	69,832,202	-	83,007,759
Derivative liabilities								
Derivative liabilities held	*24*	-	-	-	-	1,355,634	-	1,355,634
		592,231,955	114,382,081	6,880,125	14,907,324	124,463,788	5,956,542	858,821,815
Net liquidity gap		(167,093,732)	(18,568,239)	68,847,198	83,594,284	81,883,646	53,647,064	102,310,221

The amounts in the table on the previous page have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and financial assets held	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than 0–30 days' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.
Issued financial guarantee contracts and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain stable or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately; and
- retail mortgage loans have an original contractual maturity of between 10 and 15 years, but an average expected maturity of six years because customers take advantage of early repayment options.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by the Central Bank of Nigeria, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with the Central Bank of Nigeria.

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

31 December	*Note*	**Carrying amount 2014 ₦'000**	**Fair value 2014 ₦'000**	Carrying amount 2013 ₦'000	Fair value 2013 ₦'000
Balances with the Central Bank of Nigeria	*21*	**8,765,280**	**8,765,280**	18,628,605	18,628,605
Cash and balances with other banks		**117,528,529**	**117,528,529**	181,071,700	181,071,700
Unencumbered debt securities issued by the Central Bank of Nigeria		**117,580,710**	**105,044,049**	132,311,280	123,308,901
Total liquidity reserve		**243,874,519**	**231,337,858**	332,011,585	323,009,206

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Included in the unencumbered debt securities issued by the Central Bank of Nigeria are: Federal Government of Nigeria (FGN) bonds: ₦46.15 billion (31 December 2013: ₦24.09 billion); Asset Management Corporation of Nigeria (AMCON) bonds: nil (31 December 2013: ₦34.99 billion); and treasury bills: ₦70.11 billion (31 December 2013: ₦70.31 billion) under note 26(a) and (b).

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

		31 December 2014				
		Encumbered		Unencumbered		
	Note	Pledged as collateral ₦'000	Other* ₦'000	Available as collateral ₦'000	Other** ₦'000	Total ₦'000
Cash and cash equivalents	21	**-**	**-**	**126,293,809**	**-**	**126,293,809**
Restricted reserve deposits	22	**-**	**146,105,573**	**-**	**-**	**146,105,573**
Derivative assets held	24	**-**	**-**	**-**	**4,503,005**	**4,503,005**
Trading assets	23	**-**	**-**	**-**	**741,917**	**741,917**
Loans and advances	25	**-**	**-**	**-**	**617,979,790**	**617,979,790**
Assets pledged as collateral	27	**53,812,420**	**-**	**-**	**-**	**53,812,420**
Investment securities	26	**-**	**-**	**148,286,830**	**-**	**148,286,830**
Other assets	33	**-**	**-**	**-**	**26,087,683**	**26,087,683**
Other non-financial assets	30,31,32	**-**	**-**	**36,740,117**	**8,813,640**	**45,553,757**
Total assets		**53,812,420**	**146,105,573**	**311,320,756**	**658,126,035**	**1,169,364,784**

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

** This represents assets that are not pledged but the Group believes are restricted (either by law or other reasons) from being used to secure funding.*

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

(d) Market Risk

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

Management of market risk

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

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

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

Overall authority for market risk is vested by the board in ALCO which sets up limits for each type of risk in aggregate. However, the market risk unit within Risk Management is responsible for limit tracking and reporting to the Chief Risk Officer and ultimately, ALCO. The Group employs a range of tools to monitor and ensure risk acceptance is kept within defined limit. Details of market risk exposures as at 31 December 2014 are provided below.

Market risk measures

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

		GROUP			COMPANY		
31 December 2014	*Note*	**Carrying amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**	**Carrying amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**
Assets subject to market risk:							
Cash and cash equivalents	*21*	**126,293,809**	**-**	**126,293,809**	**4,056,165**	**-**	**4,056,165**
Trading assets	*23*	**741,917**	**741,917**	**-**	**-**	**-**	**-**
Derivative assets held	*24*	**4,503,005**	**-**	**4,503,005**	**-**	**-**	**-**
Loans and advances to customers	*25*	**617,979,790**	**-**	**617,979,790**	**-**	**-**	**-**
Assets pledged as collateral	*27*	**53,812,420**	**-**	**53,812,420**	**-**	**-**	**-**
Investment securities	*26*	**148,286,830**	**-**	**148,286,830**	**2,828,220**	**-**	**2,828,220**

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		GROUP			COMPANY		
31 December 2014	*Note*	**Carrying amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**	**Carrying amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**
Liabilities subject to market risk:							
Trading liabilities	*23(b)*	**-**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities held	*24*	**4,194,185**	**-**	**4,194,185**	**-**	**-**	**-**
Deposits from banks	*34*	**4,796,752**	**-**	**4,796,752**	**-**	**-**	**-**
Deposits from customers	*35*	**733,796,796**	**-**	**733,796,796**	**-**	**-**	**-**
Borrowings	*36*	**99,540,346**	**-**	**99,540,346**	**-**	**-**	**-**
On-lending facilities	*37*	**14,913,521**		**14,913,521**			
Debt securities issued	*38*	**26,174,186**		**26,174,186**			

		GROUP			COMPANY		
31 December 2013	*Note*	Carrying amount ₦'000	Trading portfolios ₦'000	Non-trading portfolios ₦'000	Carrying amount ₦'000	Trading portfolios ₦'000	Non-trading portfolios ₦'000
Assets subject to market risk:							
Cash and cash equivalents	*21*	199,700,305	-	199,700,305	2,150,389	-	2,150,389
Trading assets	*23*	2,921,358	2,921,358	-	-	-	-
Derivative assets held	*24*	1,697,606	-	1,697,606	-	-	-
Loans and advances to customers	*25*	450,532,965	-	450,532,965	-	-	-
Assets pledged as collateral	*27*	50,516,904	-	50,516,904	-	-	-
Investment securities	*26*	163,638,236	-	163,638,236	2,514,439	-	2,514,439
				-			
Liabilities subject to market risk:				-			
Derivative liabilities held	*24*	1,355,634	-	1,355,634	-	-	-
Deposits from banks	*34*	-	-	-	-	-	-
Deposits from customers	*35*	715,214,192	-	715,214,192	-	-	-
Borrowings	*36*	59,244,230	-	59,244,230	-	-	-

Exposure to interest rate risk – non-trading portfolios

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

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

		GROUP						
31 December 2014	*Note*	**Carrying amount ₦'000**	**0–30 days ₦'000**	**31–90 days ₦'000**	**91–180 days ₦'000**	**181–365 days ₦'000**	**1–5 years ₦'000**	**Above 5 years ₦'000**
Assets subject to market risk:								
Cash and cash equivalents	*21*	**126,293,809**	**126,293,809**	**-**	**-**	**-**	**-**	**-**
Derivative assets held	*24*	**4,503,005**	**-**	**4,503,005**	**-**	**-**	**-**	**-**
Loans and advances to customers	*25*	**617,979,790**	**91,753,853**	**62,337,525**	**10,567,353**	**37,302,267**	**415,072,815**	**945,977**
Assets pledged as collateral	*27*	**53,812,420**	**3,653,716**	**-**	**9,000,000**	**7,934,482**	**33,224,222**	**-**
Investment securities	*26*	**148,286,830**	**22,397,307**	**17,267,263**	**22,595,321**	**31,643,106**	**13,556,901**	**40,826,932**
		950,875,854	**244,098,685**	**84,107,793**	**42,162,674**	**76,879,855**	**461,853,938**	**41,772,909**
Liabilities subject to market risk:								
Derivative liabilities held	*24*	**4,194,185**	**-**	**4,194,185**	**-**	**-**	**-**	**-**
Deposits from banks	*34*	**4,796,752**	**4,796,752**	**-**	**-**	**-**	**-**	**-**
Deposits from customers	*35*	**733,796,796**	**561,931,289**	**123,100,819**	**39,934,113**	**8,727,618**	**102,957**	**-**
Borrowings	*36*	**99,540,346**	**-**	**-**	**11,187,332**	**15,606,168**	**30,539,367**	**42,207,479**
On-lending facilities	*37*	**14,913,521**	**-**	**-**	**-**	**-**	**14,913,521**	**-**
Debt securities issued	*38*	**26,174,186**	**-**	**-**	**-**	**-**	**-**	**26,174,186**
		883,415,786	**566,728,041**	**127,295,004**	**51,121,445**	**24,333,786**	**45,555,845**	**68,381,665**

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		GROUP						
31 December 2013	*Note*	Carrying amount ₦'000	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	1-5 years ₦'000	Above 5 years ₦'000
Assets subject to market risk:								
Cash and cash equivalents	*21*	199,700,305	199,700,305	-	-	-	-	-
Derivative assets held	*24*	1,697,606	-	-	-	-	1,697,606	-
Loans and advances to customers	*25*	450,532,965	79,273,683	77,847,519	54,579,431	49,321,081	167,973,751	21,537,500
Assets pledged as collateral	*27*	50,516,904	6,026,238	5,092,235	315,719	4,073,788	22,082,364	12,926,560
Investment securities	*26*	163,638,236	65,786,995	12,206,353	10,927,718	45,058,210	7,488,901	22,170,059
		866,086,016	350,787,221	95,146,107	65,822,868	98,453,079	199,242,622	56,634,119
Liabilities subject to market risk:								
Derivative liabilities held	*24*	1,355,634	-	-	-	-	1,355,634	-
Deposits from customers	*35*	715,214,192	592,231,955	114,382,081	6,880,125	1,720,031	-	-
Borrowings	*36*	59,244,230	-	-	-	11,736	53,275,952	5,956,542
		775,814,056	592,231,955	114,382,081	6,880,125	1,731,767	54,631,586	5,956,542

Sensitivity of projected net interest income

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

		GROUP						
31 December 2014	*Note*	Gross amount ₦'000	Weighted average interest rate ₦'000	Interest due at current weighted average rate ₦'000	50bp ₦'000	(50bp) ₦'000	100bp ₦'000	Total (100bp) ₦'000
Loans and advances	*25*	**621,704,427**	**14%**	**89,923,116**	**93,031,638**	**86,814,594**	**96,140,160**	**83,706,072**
Deposits	*35*	**733,796,796**	**5%**	**38,030,311**	**41,699,295**	**34,361,327**	**45,368,279**	**30,692,343**
				51,892,805	**51,332,343**	**52,453,267**	**50,771,881**	**53,013,729**
Impact on net interest income					**(560,462)**	**560,462**	**(1,120,924)**	**1,120,924**

		GROUP						
31 December 2013	*Note*	Gross amount ₦'000	Weighted average interest rate ₦'000	Interest due at current weighted average rate ₦'000	50bp ₦'000	(50bp) ₦'000	100bp ₦'000	Total (100bp) ₦'000
Loans and advances	*25*	451,177,523	22%	99,919,737	102,206,208	97,633,266	104,492,680	95,346,794
Deposits	*35*	715,214,192	6%	46,298,351	49,901,817	42,694,885	53,505,282	39,091,420
				53,621,386	52,304,391	54,938,381	50,987,398	56,255,374
Impact on net interest income					(1,316,995)	1,316,995	(2,633,988)	2,633,988

Exposure to other market risk non-trading portfolios

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

Foreign exchange risk

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

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

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		GROUP					
31 December 2014	*Note*	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Other ₦'000	Grand total ₦'000
ASSETS							
Cash and cash equivalents	*21*	40,671,826	73,747,236	3,636,024	8,229,847	8,876	126,293,809
Restricted reserve deposit	*22*	146,105,573	-	-	-	-	146,105,573
Non-pledged trading assets	*23*	741,917	-	-	-	-	741,917
Derivative assets held	*24*	-	4,503,005	-	-	-	4,503,005
Loans and advances (net)	*25*	351,685,329	261,344,279	220	4,949,962	-	617,979,790
Assets pledged as collateral	*27*	53,812,420	-	-	-	-	53,812,420
Investment securities	*26*	145,927,935	2,358,895	-	-	-	148,286,830
Investment in subsidiaries and associates	*28, 29*	647,399	-	-	-	-	647,399
Property and equipment	*30*	28,331,464	60,343	-	-	-	28,391,807
Intangible assets	*31*	8,300,563	47,747	-	-	-	8,348,310
Deferred tax assets	*32*	8,166,241	-	-	-	-	8,166,241
Other assets	*33*	24,656,148	1,373,682	47,357	10,496	-	26,087,683
Total assets		809,046,815	343,435,187	3,683,601	13,190,305	8,876	1,169,364,784
LIABILITIES							
Derivative liabilities held	*24*	-	4,194,185	-	-	-	4,194,185
Deposits from customers	*35*	576,309,458	149,556,217	1,863,689	6,067,426	6	733,796,796
Deposits from banks	*34*	-	4,796,752	-	-	-	4,796,752
Borrowings	*36*	14,687,974	84,852,372	-	-	-	99,540,346
On-lending facilities	*37*	14,913,521	-	-	-	-	14,913,521
Debt securities issued	*38*	26,174,186	-	-	-	-	26,174,186
Retirement benefit obligations	*39*	115,056	-	-	-	-	115,056
Current income tax liabilities	*20*	4,363,544	-	-	-	-	4,363,544
Deferred taxation	*32*	41,487	-	-	-	-	41,487
Other liabilities	*41*	54,939,765	59,880,806	135,924	6,099,978	7,007	121,063,480
Total liabilities		691,544,991	303,280,332	1,999,613	12,167,404	7,013	1,008,999,353
Net on-balance sheet financial position		117,501,825	40,154,855	1,683,988	1,022,901	1,863	160,365,432
Off-balance sheet financial position		64,503,116	127,400,475	398,889	3,940,879	-	196,243,359

		GROUP					
31 December 2013	*Note*	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Others ₦'000	Grand total ₦'000
ASSETS							
Cash and cash equivalents	*21*	141,360,312	50,269,274	3,174,523	4,704,961	191,235	199,700,305
Restricted reserve deposits	*22*	73,473,096	–	–	–	–	73,473,096
Non-pledged trading assets	*23*	2,921,358	–	–	–	–	2,921,358
Derivative assets held	*24*	–	1,697,606	–	–	–	1,697,606
Loans and advances (net)	*25*	277,825,251	172,222,369	485,345	–	–	450,532,965
Investment securities	*26*	159,550,286	4,087,950	–	–	–	163,638,236
Investment in subsidiaries and associates	*28* *29*	568,512	–	–	–	–	568,512
Intangible assets	*32*	7,580,528	–	–	–	–	7,580,528
Assets pledged as collateral	*33*	50,516,904	–	–	–	–	50,516,904
Deferred tax assets	*30*	6,346,025	–	–	–	–	6,346,025
Other assets	*31*	1,263,300	21,577,361	921,199	728,648	1,850	24,492,358
Property and equipment	*34*	26,812,277	–	–	–	–	26,812,277
Total assets		748,217,849	249,854,560	4,581,067	5,433,609	193,085	1,008,280,170
LIABILITIES							
Deposits from customers	*35*	581,720,035	129,013,936	2,981,490	1,498,725	6	715,214,192
Borrowings	*36*	5,534,391	53,709,839	–	–	–	59,244,230
Derivative liabilities held	*24*	–	1,355,634	–	–	–	1,355,634
Current income tax liabilities	*20*	4,333,353	–	–	–	–	4,333,353
Other liabilities	*41*	39,193,857	42,079,661	378,364	1,343,882	11,995	83,007,759
Deferred taxation	*32*	35,282	–	–	–	–	35,282
Retirement benefit obligations	*39*	124,674	–	–	–	–	124,674
Other long-term benefits	*40*	1,258,317	–	–	–	–	1,258,317
Total liabilities		632,199,909	226,159,070	3,359,854	2,842,607	12,001	864,573,441
Net on-balance sheet financial position		116,017,940	23,695,490	1,221,213	2,591,002	181,084	143,706,729
Off-balance sheet financial position		55,717,301	41,976,248	11,074	7,191,224	199,190	105,095,037

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In line with the Central Bank of Nigeria guidelines, percentage of foreign borrowings to the shareholders' fund as at 31 December 2014 is 39.12% which is below the limit of 75%.

Exposure to currency risks – non-trading portfolios

At 31 December 2014, if foreign exchange rates at that date had been 10% lower with all other variables held constant, profit and equity for the year would have been ₦4.00 billion (2013: ₦2.37 billion) lower, arising more as a result of the higher decrease in revaluation of loans than the borrowings, foreign currency deposits and other foreign currency liabilities. If foreign exchange rates had been 10% higher, with all other variables held constant, profit and equity would have been ₦4.00 billion (2013: ₦2.37 billion) higher, arising more as a result of a high increase in the revaluation of loans and advances than the increase on borrowings, foreign currency deposits and other foreign currency liabilities.

The following analysis details the Group's sensitivity to a 10% increase and decrease in the value of the Naira against the USD, as the Group is mainly exposed to the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of USD financial instruments held as at 31 December 2014. It includes the Group's USD financial instruments at carrying amounts.

Foreign exchange risk

	2014			2013		
	Carrying amount ₦'000	10% increase in the value of Naira against USD ₦'000	10% decrease in the value of Naira against USD ₦'000	Carrying amount ₦'000	10% increase in the value of Naira against USD ₦'000	10% decrease in the value of Naira against USD ₦'000
Financial assets						
Cash and cash equivalents	**73,747,236**	**7,374,724**	**(7,374,724)**	50,269,274	5,026,927	(5,026,927)
Derivative assets held	**4,503,005**	**450,301**	**(450,301)**	1,697,606	169,761	(169,761)
Loans and advances to customers	**261,344,279**	**26,134,428**	**(26,134,428)**	172,222,369	17,222,237	(17,222,237)
Investment securities	**2,358,895**	**235,890**	**(235,890)**	4,087,950	408,795	(408,795)
Other assets	**1,373,682**	**137,368**	**(137,368)**	21,577,361	2,157,736	(2,157,736)
Impact on financial assets	**343,327,097**	**34,332,711**	**(34,332,711)**	249,854,560	24,985,456	(24,985,456)
Financial liabilities						
Deposits from banks	**4,796,752**	**479,675**	**(479,675)**	-	-	-
Deposits from customers	**149,556,217**	**14,955,622**	**(14,955,622)**	129,013,936	12,901,394	(12,901,394)
Borrowings	**84,852,372**	**8,485,237**	**(8,485,237)**	53,709,839	5,370,984	(5,370,984)
Derivative liabilities held	**4,194,185**	**419,419**	**(419,419)**	1,355,634	135,563	(135,563)
Other liabilities	**59,880,806**	**5,988,081**	**(5,988,081)**	42,079,661	4,207,966	(4,207,966)
Impact on financial liabilities	**303,280,332**	**30,328,034**	**(30,328,034)**	226,159,070	22,615,907	(22,615,907)
Total increase/(decrease)	**40,046,765**	**4,004,677**	**(4,004,677)**	23,695,490	2,369,549	(2,369,549)

(e) Operational Risk Management

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

- fraud (internal and external);
- fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions;
- losses arising from litigation processes including out-of-court settlements;
- un-reconciled cash (teller, vault, ATM) shortages written off in the course of the year;
- losses incurred as a result of damages to the Group's assets; and
- losses incurred as a result of system downtime, malfunction and/or disruption.

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

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

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

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

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

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

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

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

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

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

Operational risk loss experience

The Group's operational risk loss experience as at 31 December 2014 was within the Board-approved risk appetite and all the operational risk losses have been fully recognised in the financial results for the year.

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

In response to observed trends and emerging risks, the Group took the following measures in the course of the 2014 financial year to curb the spate of operational risk events:

- all-day (24/7) functional fraud monitoring team;
- implementation of fraud monitoring solutions to detect fraudulent card-related transactions;
- implementation of an automated fraud alert system that monitors suspicious inflow (transactions from other banks) and outflow transactions from various e-channel platforms based on fraud trends;
- monthly fraud awareness tips sent to customers and periodic fraud awareness training for staff;
- proactive implementation of fraud prevention rules based on global and local fraud trends, and in line with the Group's risk appetite; and
- activities around the major areas of vulnerabilities reviewed in order to strengthen the controls in these areas.

Operational risk awareness

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

Group operational risk practices

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

(f) Capital Management

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

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

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

The Group's regulatory capital can be segmented into two tiers:

- Tier 1 capital includes: share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at tier 1 capital. Deferred tax and regulatory risk reserve (RRR) are also deducted from capital but the RRR is recognised as a balance sheet item (exposures are risk-weighted net of it).
- Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

As directed by the CBN, the banking subsidiary crossed over to the Basel II capital measurement standard by October 2014, replacing the Basel I capital adequacy ratio (CAR) computation with the Basel II standardised approach (currently, CBN requires all deposit money banks in Nigeria to adopt the standardised approach for the computation of the capital adequacy ratio under pillar 1).

In line with the CBN guideline for the standardised approach, the risk-weighted assets (RWA) are derived using the CBN specified risk weights (RW) for the different asset classes:

- 0% for exposures to central governments and the Central Bank of Nigeria.
- 100% for exposures to non-central government public sector entities.
- Exposures to state governments and local authorities:
  - 20% for state government bonds that meet the CBN eligibility criteria for classification as liquid assets; and
  - 100% for other state and local government bonds and exposures.
- State and local governments of other jurisdictions are assigned the sovereign RW of those jurisdictions:
  - 0% for exposures to multilateral development banks (MDBs).
- Exposures to supervised institutions:
  - 20% for short-term exposures to supervised institutions in Nigeria with an original maturity of three months or less;
  - 100% for long-term exposures to supervised institutions in Nigeria;
  - 100% for exposures to corporate and other persons; and
  - 75% for regulatory retail portfolio. However, to qualify, such exposures must meet the following criteria:
    - (i) Orientation criterion – the exposure is to an individual person or persons or to a small business.

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(ii) Product criterion – the exposure takes the form of any of the following: revolving credits and lines of credit (including credit cards and overdrafts), personal term loans and other term loans (for example instalment loans, auto financing loans, student and educational loans, personal finance) and small business facilities. Investment in debt and equity securities, whether listed or not, are excluded from this portfolio. Mortgage loans are also excluded to the extent that they qualify for treatment as exposures secured by residential property.

(iii) Granularity criterion – the aggregate exposure to one counterpart cannot exceed 0.2% of the overall regulatory retail portfolio.

(iv) Low value of individual exposures:

- The aggregate retail exposure to one counterparty cannot exceed an absolute threshold of ₦100 million.
- 100% for exposures secured by mortgages on residential property.
- 100% for exposures secured by mortgages on commercial real estate.
- Qualifying residential mortgage loans that are past due:
  (i) 100% when specific provisions are less than 20% of the outstanding amount of the exposure; and
  (ii) 50% when specific provisions are 20% or more of the outstanding amount of the exposure.
- Other unsecured past due exposures (excluding past due residential mortgages):
  (i) 150% risk weight when specific provisions are less than 20% of the outstanding amount of the exposure; and
  (ii) 100% risk weight when specific provisions are not less than 20% of the outstanding amount of the exposure.
- Other assets:
  (i) cash in hand and equivalent cash items shall be assigned a 0% risk weight; and
  (ii) cheques and cash items in transit shall be assigned a 20% risk weight.
- 100% risk weight for the following: fixed assets; prepayments; investments in equity or regulatory capital instruments (unless deducted from capital); collective investment schemes; real estate; bank lending to subsidiaries in the same group (but to be deducted from capital where loan is not fully secured).
- Off balance sheet exposures are first converted to credit equivalent amounts by multiplying the exposures by the related credit conversion factors (CCF). The capital requirement is then derived by multiplying the credit equivalent by the risk weight of the counterparty.

Internal capital adequacy assessment process (ICAAP)

The Group observes the following procedures in the internal capital adequacy assessment process (ICAAP):

(i) material risk identification and assessment (MRIA) process;

(ii) stress testing and scenario analysis;

(iii) internal capital assessment; and

(iv) ICAAP review and approval.

(i) Material risk identification and assessment (MRIA) process

One of the key purposes of the ICAAP is to embed the principles of risk and capital management in the Group's business activities. The MRIA process identifies the key risks that apply to the Group, and determines management's assessment of the residual risk exposures and the corresponding capital requirements. The steps below are essential to completing this risk assessment.

Risk identification

A catalogue of material risks relevant to the Group are identified through a combination of the following activities:

(a) Review of the Bank's operating environment – A forward- and backward-looking analysis of the Group's operating environment and business activities is conducted in order to identify various threats in the business and operating environment, including regulatory changes and implication on the business.

(b) Risk and control self-assessment (RCSA) review – The RCSAs conducted by the various business and process owners are reviewed to identify existing and emerging risk factors.

(c) Review of internal control and audit reports – Reports of internal control and Group internal audit (GIA) are reviewed to identify observed lapses, vulnerabilities and trends in the control environment.

(d) Interviews – Interviews are conducted with key process owners to obtain/validate the material risks embedded in their processes.

(e) Material risk assessment workshop – A workshop is held with key stakeholders (management and key process owners) in attendance. This serves to validate the material risks already identified as well as the controls in place for managing such risks.

Risk assessment

The activities carried out are as follows:

(a) an assessment of the identified risks is conducted by reviewing existing documentation, discussing with the risk owners and, where necessary, applying expert judgement;

(b) the inherent likelihood of occurrence and impact of the risk is determined; and

(c) the controls designed to mitigate the risks are reviewed in order to determine the residual risk exposure of the Group.

Although coordinated by Risk Management, the initial assessment above is done in conjunction with key stakeholders across the business, before a more elaborate workshop is held with management and key business and process owners. The risk assessment for the materials risks will culminate in the computation of capital for each risk exposure, with the methodology also presented and validated at the workshop.

Usually, more than one material risk assessment workshop is held in order to complete and finalise the review of the risk exposures, data and methodology used for the computation. This also becomes necessary in order to determine and agree the action plans to address observed lapses and gaps. The ICAAP documentation for the MRIA will include:

- definition and sources of the risk;
- manifestation of the risk and how it could impact the Group;
- current mitigation techniques of the risks; and
- capital required for the residual risk exposure.

The ICAAP is also forward looking, ensuring that the capital plan considers the Group's strategic business plan and stress scenarios.

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(ii) Stress testing and scenario analysis

This is a simulation technique used to determine the effect of different financial situations on the Group's capital level. These financial situations are modelled to include different scenarios such as macro-economic stress, slow growth of some business areas and sector concentration risk.

The stress testing considers:

- whether the assumptions about the level of adverse shocks (scenarios) and their duration are plausible but severe enough to appropriately assess the resilience of the Group in the financial system; and
- whether the framework used to assess the impact of adverse shocks on solvency (resilience) is sufficiently risk sensitive; this requires changes of risk parameters to be based on economic measures of solvency, in addition to the regulatory ones which are may not be sufficiently risk-sensitive.

The stress testing is conducted by a team of key process and business owners and also given sufficient focus and review at the workshops.

(iii) Assessment of internal capital

This is done by comparing the Group's total internal capital (capital required to cover all material risks) with own funds (the amount of capital available to run the business). Any gap is the additional capital required to run the business of the Group in order to remain solvent and support its strategic business plan, even under near catastrophic event(s).

(iv) ICAAP review and approval

Although the Executive Management of the Group and other key stakeholders play key roles in the preparation of the Group's ICAAP, the Board of Directors (BOD) has overall responsibility for the ICAAP. Therefore, it is involved in the review of the ICAAP and the final approval of the document lies with it. Subsequent to the final review and approval of the Board of Directors, the ICAAP document is forwarded to the Central Bank of Nigeria (CBN), preparatory to its Supervisory Review and Evaluation Process (SREP).

The table on the next page shows the break-down of the banking subsidiary's regulatory capital as at 31 December 2014 and year ended 31 December 2013:

- Tier 1 capital includes: share capital, share premium, retained earnings and reserves created by appropriations to earnings less book value of goodwill (where applicable), deferred tax and under-impairment (regulatory risk reserve) (RRR), losses for the current financial year, investment in own shares (treasury stock), including cross holding of related companies' equity, 50% of investments in unconsolidated banking and financial subsidiary/associate companies, excess exposure(s) over single obligor without CBN approval, exposures to own financial holding company and unsecured lending to subsidiaries within the same group.
- Tier 2 capital includes: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, hybrid instruments – convertible bonds, hybrid (debt/equity) capital instruments, eligible subordinated term debt (limited to 25% of total tier 1 capital), other comprehensive income (OCI) (Actuarial and AFS Reserves) and 50% of investments in unconsolidated banking and financial subsidiary/associate companies.

Debt securities issued that qualify under tier 2 capital have met the following Central Bank of Nigeria conditions: they are unsecured, subordinated and fully paid-up; they are not redeemable at the initiative of the holder or without the prior consent of the Central Bank of Nigeria; the debt has an original maturity of at least five years; and where there is no set maturity, repayment shall be subject to at least five years' prior notice.

Capital adequacy computation:

	BANKING GROUP	
	2014 ₦'000	2013 ₦'000
Tier 1 capital		
Share capital	**2,000,000**	2,000,000
Share premium	**100,846,691**	100,846,691
Treasury shares	**-**	-
Statutory reserves	**17,326,400**	14,258,793
Other reserves	**2,863,192**	4,755,900
Retained earnings	**19,739,280**	5,718,711
Less: Goodwill	**(5,993,863)**	(5,993,863)
Deferred tax assets	**(8,166,240)**	(6,310,454)
Regulatory risk reserve	**(3,997,316)**	-
Total qualifying tier 1 capital	**124,618,144**	115,275,778
Tier 2 capital		
Translation reserve	**1,077,661**	12,509
Debt securities issued	**26,000,000**	-
Total qualifying tier 2 capital	**27,077,661**	12,509
Total regulatory capital	**151,695,805**	115,288,287
Less: investments in unconsolidated subsidiaries and associates	**-**	-
Less: unsecured lending to subsidiaries within the same group	**-**	-
Total qualifying capital	**151,695,805**	115,288,287
Risk weighted assets		
On balance sheet	**-**	637,546,236
Off balance sheet	**-**	21,146,135
Risk-weighted amount for credit risk	**620,622,397**	-
Risk-weighted amount for operational risk	**154,261,415**	-
Risk-weighted amount for market risk	**12,369,525**	-
	787,253,337	658,692,371
Capital adequacy ratio	**19%**	18%

Note on capital adequacy ratio

The Basel II capital adequacy ratio was 19% for the Banking Group as at 31 December 2014, which is above the CBN minimum capital adequacy requirements of 15%. Also, the Banking Group successfully raised additional tier 2 capital of ₦26.0 billion in November, 2014. The Basel II rule for computation of capital adequacy ratio only came to force in October, 2014 and has been prospectively applied.

The Group successfully completed its Internal capital adequacy assessment process (ICAAP) project in order to ensure that all material risk exposures in the Group are adequately covered by capital and improve the capital management practices in the Group. The result of the first ICAAP exercise has started yielding fruits, with key capital optimisation initiatives being implemented to ensure efficient use of capital and desired risk adjusted returns.

Note on dividend payout ratio

In order to facilitate sufficient and adequate capital build-up for banks in tandem with their risk appetite, the following directives now apply to dividend distribution based on the CBN circular (ref no: BSD/DIR/GEN/LAB/07/033):

(i) Any deposit money bank (DMB) or discount house (DH) that does not meet the minimum capital adequacy ratio shall not be allowed to pay dividend.

(ii) DMBs and DHs that have a composite risk rating (CRR) of 'High' or a non-performing loan (NPL) of above 10% shall not be allowed to pay dividend.

(iii) DMBs and DHs that meet the minimum capital adequacy ratio but have a CRR of 'Above Average' or an NPL ratio of more than 5% but less than 10% shall have a dividend payout ratio of not more than 30%.

(iv) There shall be no regulatory restriction on dividend payout for DMBs and DHs that meet the minimum capital adequacy ratio, have a CRR of 'low' or 'moderate' and an NPL

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ratio of not more than 5%. However, it is expected that the Board of such an institution will recommend payouts based on effective risk assessment and economic realities.

(v) No DMB or DH shall be allowed to pay dividend out of reserves.

(vi) The Bank shall submit their Board-approved dividend payout policy to the CBN before the payment of dividend shall be permitted.

All ratios shall be based on financial year averages.

The banking subsidiary met the Central Bank dividend payout requirements as detailed above for the year ended 31 December 2014.

5 Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

Key sources of estimation uncertainty are:

(a) Impairment

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

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

A collective component of the total allowable is established for:

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

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

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

Investments in equity securities were evaluated for impairment in line with the requirement of IFRS. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In this respect, the Group regarded a decline in fair value in excess of 40% to be significant and a decline in a quoted market price that persisted for 12 months or longer to be prolonged.

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

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

(b) Fair Value

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

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

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

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

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

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

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

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

31 December 2014	*Note*	**Level 1 ₦'000**	**Level 2 ₦'000**	**Level 3 ₦'000**	**Total ₦'000**
ASSETS					
Non-pledged trading assets	*23*	741,917	-	-	741,917
Derivative assets held	*24*	-	4,503,005	-	4,503,005
Assets pledged as collateral	*27*	8,450,218	-	-	8,450,218
Investment securities	*26(c)*	70,036,025	2,231,806	-	72,267,831
		79,228,160	6,734,811	-	85,962,971
LIABILITIES					
Trading liabilities	*23(b)*	-	-	-	-
Derivative liabilities held	*24*	-	4,194,185	-	4,194,185
Other long-term benefits	*40*	-	-	-	-
		-	4,194,185	-	4,194,185
31 December 2013					
ASSETS					
Trading assets	*23*	2,921,358	-	-	2,921,358
Derivative assets held	*24*	-	1,697,606	-	1,697,606
Investment securities	*26(c)*	2,853,128	-	-	2,853,128
		5,774,486	1,697,606	-	7,472,092
LIABILITIES					
Derivative liabilities held	*24*	-	1,355,634	-	1,355,634
Trading liabilities		-	-	-	-
		-	1,355,634	-	1,355,634

There were no reclassifications to or from Level 3 of the fair value hierarchy and as such no table to show a reconciliation from the beginning balance to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

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Financial instruments not measured at fair value

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

31 December 2014	Note	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
ASSETS						
Loans and advances to customers	*25*	-	617,979,790	-	617,979,790	617,979,790
Assets pledged as collateral	*27*	-	45,362,202	-	45,362,202	45,362,202
Investment securities	*26(a)(d)*	-	76,018,999	-	76,018,999	76,018,999
LIABILITIES						
Deposits from banks	*34*	-	4,796,752	-	4,796,752	4,796,752
Deposits from customers	*35*	-	733,796,796	-	733,796,796	733,796,796
Borrowings	*36*	-	99,540,346	-	99,540,346	99,540,346
On-lending facilities	*37*	-	14,913,521	-	14,913,521	14,913,521
Debt securities issued	*38*	-	26,174,186	-	26,174,186	26,174,186
31 December 2013						
ASSETS						
Loans and advances to customers	*25*	-	447,282,700	-	447,282,700	450,532,965
Assets pledged as collateral	*27*	-	43,852,922	-	43,852,922	50,516,904
Investment securities	*26(a)(d)*	-	169,713,242	-	169,713,242	163,638,236
LIABILITIES						
Deposits from banks	*34*	-	-	-	-	-
Deposits from customers	*35*	-	712,359,418	-	712,359,418	715,214,192
Borrowings	*36*	-	59,244,230	-	59,244,230	59,244,230

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the market value of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate for the loan types.

Deposits from banks and customers

- The estimated fair value of deposits, with no stated maturity, is the amount repayable on demand.
- The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using the interest rates for new debts with similar remaining maturity.

The carrying amounts of all other financial liabilities are reasonable approximations of their fair values which are repayable on demand.

No fair value disclosures were provided for unquoted equity investment securities of

₦4.04 billion (2013: ₦4.94 billion) that are measured at cost because their fair value cannot be determined reliably.

(c) Depreciation and Carrying Value of Property and Equipment

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

(d) Determination of Impairment of Property and Equipment, and Intangible Assets excluding Goodwill

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

(e) Income Taxes

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

(f) Deferred Tax

The Group recognises deferred tax assets based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be used.

(g) Defined Benefit Plan

The present value of the long-term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the year. In determining the appropriate discount rate, reference is made to the yield on Nigerian government bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Effective 1 October 2014, the scheme has been terminated.

(h) Determination of Regulatory Risk Reserves

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

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

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

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

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

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

Prudential adjustments for the year ended 31 December 2014

	31 December 2014 ₦'000
Loans and advances:	
Specific impairment allowances on loans to customers	**5,174,669**
Collective impairment allowances on loans to customers	**8,283,949**
Total impairment allowances on loans	**13,458,618**
Other financial assets:	
Specific impairment allowances on unquoted equity securities	**1,299,914**
Specific impairment allowances on other assets	**11,269,899**
Operational risk provision	**1,798,491**
Total impairment allowances on other financial assets	**14,368,304**
Total impairment allowances by the Group (a)	**27,826,922**
Total regulatory impairment based on Prudential Guidelines (b)	**31,997,421**
Required balance in regulatory risk reserves (c = b - a)	**4,170,499**
Balance, 1 January 2014	**5,112,237**
Reversal during the year	**(941,738)**
Balance, 31 December 2014	**4,170,499**

Prudential adjustments for the year ended 31 December 2013

	31 December 2013 ₦'000
Loans and advances:	
Specific impairment allowances on loans to customers	2,893,788
Collective impairment allowances on loans to customers	7,707,856
Total impairment allowances on loans	10,601,644
Other financial assets:	
Specific impairment allowances on investment in subsidiaries	850,660
Specific impairment allowances on unquoted equity securities	1,122,578
Specific impairment allowances on other assets	11,661,583
Operational risk provision	2,497,607
Total impairment allowances on other financial assets	16,132,428
Total impairment allowances by the banking subsidiary (a)	26,734,072
Total regulatory impairment based on Prudential Guidelines (b)	31,846,309
Required balance in regulatory risk reserves (c = b - a)	5,112,237
Balance, 1 January 2013	2,381,532
Reversal during the year	2,730,705
Balance, 31 December 2013	5,112,237

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6 Operating Segments

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

Retail Banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Retail Banking business unit caters for the needs of individuals.

Business Banking – provides banking services to small and medium enterprises (SME) and commercial registered businesses with an annual turnover less than ₦2.5 billion.

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

Treasury and Financial Markets – provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. The group is also involved in currency trading incorporating financial instruments trading and structured financing.

Institutional Banking – government financing, financial institutions, multilateral agencies. The business unit caters for governments at the various levels and their agencies.

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

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

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

Information about operating segments

(i) The business segment results are as follows:

	GROUP 31 December 2014						
	Investment Banking ₦'000	**Business Banking ₦'000**	**Corporate Banking ₦'000**	**Retail Banking ₦'000**	**Institutional Banking ₦'000**	**Treasury and Financial Markets ₦'000**	**Total ₦'000**
External revenues:							
Net interest income	1,487,754	17,479,207	18,046,140	27,053,846	7,149,166	1,417,414	**72,633,527**
Net fee and commission income	3,080,405	4,542,461	3,424,150	824,285	785,052	1,781,549	**14,437,902**
Net trading income	32,362	-	-	-	-	733,457	**765,819**
Net loss from other financial instruments at fair value through profit or loss	-	-	-	-	-	131,428	**131,428**
Other revenue	981,148	2,649,272	1,967,394	3,621,664	475,620	3,154,929	**12,850,027**
Inter-segment revenue	-	699,765	(841,140)	462,834	697,524	(1,018,983)	**-**
Total segment revenue	**5,581,669**	**25,370,705**	**22,596,544**	**31,962,629**	**9,107,362**	**6,199,794**	**100,818,703**
Other material non-cash items							
Impairment losses on financial assets	117,019	2,194,859	3,667,146	4,286,880	373,973	-	**10,639,877**
Reportable segment profit before income tax	1,220,816	1,682,656	12,285,659	4,089,255	856,915	3,807,592	**23,942,893**
Reportable segment assets	34,075,945	147,842,067	331,503,364	140,739,320	83,813,165	235,228,588	**973,202,449**
Reportable segment liabilities	11,580,378	211,500,605	176,181,835	223,745,387	207,548,261	169,728,615	**1,000,285,081**

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	GROUP 31 December 2013						
	Investment Banking ₦'000	Business Banking ₦'000	Corporate Banking ₦'000	Retail Banking ₦'000	Institutional Banking ₦'000	Treasury and Financial Markets ₦'000	Total ₦'000
External revenues:							
Net interest income	478,034	16,348,713	11,598,522	19,213,875	9,793,902	362,365	57,795,411
Net fee and commission income	1,541,552	4,748,781	3,404,640	1,141,468	876,243	2,259,462	13,972,146
Net trading income	-	-	-	-	-	618,293	618,293
Net loss from other financial instruments at fair value through profit or loss	127,590	-	-	-	-	158,664	286,254
Other revenue	515,693	2,211,567	958,506	2,740,796	2,079,422	3,071,630	11,577,614
Inter-segment revenue	-	18,142	(159,698)	35,256	134,266	(27,966)	-
Total segment revenue	2,662,869	23,327,203	15,801,970	23,131,395	12,883,833	6,442,448	84,249,718
Other material non-cash items							
Impairment losses on financial assets	56,779	1,773,709	3,707,304	1,659,763	785,004	-	7,982,559
Reportable segment profit before income tax	255,279	2,477,157	6,202,997	1,750,686	4,022,489	3,475,791	18,184,399
Reportable segment assets	17,553,436	131,647,706	300,034,756	136,411,885	105,436,094	200,718,249	891,802,126
Reportable segment liabilities	(4,211,287)	148,711,120	136,436,926	183,267,916	262,562,512	130,698,994	857,466,181

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

	GROUP	
	2014 ₦'000	2013 ₦'000
Revenues		
Total revenue for reportable segments	**100,818,703**	84,249,718
Unallocated amounts	**-**	-
Elimination of inter-segment revenue	**-**	-
Total revenue	**100,818,703**	84,249,718
Profit or loss		
Total profit or loss for reportable segments	**23,942,893**	18,184,399
Unallocated amounts	**-**	-
Profit before income tax	**23,942,893**	18,184,399
Assets		
Total assets for reportable segments	**973,202,449**	891,802,126
Other unallocated amounts	**196,162,335**	116,478,044
Total assets	**1,169,364,784**	1,008,280,170
Liabilities		
Total liabilities for reportable segments	**1,000,285,081**	857,466,181
Other unallocated amounts	**8,714,272**	7,107,260
Total liabilities	**1,008,999,353**	864,573,441

Geographical areas

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

(iii) The geographical information result for 31 December 2014 is as follows:

	Nigeria ₦'000	Gambia ₦'000	Europe ₦'000	Total ₦'000
External revenues	99,987,686	-	831,017	100,818,703
Non-current assets (see Note 6(v))	43,778,576	-	126,573	43,905,149

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

	Nigeria ₦'000	Gambia ₦'000	Europe ₦'000	Total ₦'000
External revenues	83,524,315	150,537	157,551	83,832,403
Non-current assets (see Note 6(v))	33,712,866	576,204	23,952	34,313,022

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

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7 Financial Assets and Liabilities

Accounting classification measurement basis and fair values

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

		2014							
	Note	Trading ₦'000	Designated at fair value ₦'000	Held to maturity ₦'000	Loans and receivables ₦'000	Available for sale ₦'000	Other amortised cost ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	*21*	-	-	-	126,293,809	-	-	126,293,809	126,293,809
Non-pledged trading assets	*23*	741,917	-	-	-	-	-	741,917	741,917
Derivative assets held	*24*	-	4,503,005	-	-	-	-	4,503,005	4,503,005
Loans and advances to customers	*25*	-	-	-	617,979,790	-	-	617,979,790	614,687,852
Assets pledged as collateral	*27*	-	-	53,812,420	-	-	-	53,812,420	40,942,629
Investment securities	*26*	-		68,079,431	-	80,207,399	-	148,286,830	144,150,589
		741,917	**4,503,005**	**121,891,851**	**744,273,599**	**80,207,399**	**-**	**951,617,771**	**931,319,801**
Derivative liabilities held	*24*	-	4,194,185	-	-	-	-	4,194,185	4,194,185
Deposits from banks	*34*	-	-	-	-	-	4,796,752	4,796,752	4,796,752
Deposits from customers	*35*	-	-	-	-	-	733,796,796	733,796,796	733,796,796
Borrowings	*36*	-	-	-	-	-	99,540,346	99,540,346	99,540,346
On-lending facilities	*37*	-	-	-	-	-	14,913,521	14,913,521	14,913,521
Debt securities issued	*38*	-	-	-	-	-	26,174,186	26,174,186	26,174,186
		-	**4,194,185**	**-**	**-**	**-**	**879,221,601**	**883,415,786**	**883,415,786**

		2013							
	Note	**Trading ₦'000**	**Designated at fair value ₦'000**	**Held to maturity ₦'000**	**Loans and receivables ₦'000**	**Available for sale ₦'000**	**Other amortised cost ₦'000**	**Total carrying amount ₦'000**	**Fair value ₦'000**
Cash and cash equivalents	*21*	-	-	-	199,700,305	-	-	199,700,305	199,700,305
Non-pledged trading assets	*23*	2,921,358	-	-	-	-	-	2,921,358	2,921,358
Derivative assets held	*24*	-	1,697,606	-	-	-	-	1,697,606	1,697,606
Loans and advances to customers	*25*	-	-	-	450,532,965	-	-	450,532,965	447,282,700
Assets pledged as collateral	*27*	-	-	50,516,904	-	-	-	50,516,904	43,852,922
Investment securities	*26*	-	-	153,104,085	-	10,534,151	-	163,638,236	169,713,242
		2,921,358	**1,697,606**	**203,620,989**	**650,233,270**	**10,534,151**	**-**	**869,007,374**	**865,168,133**
Derivative liabilities held	*24*	-	1,355,634	-	-	-	-	1,355,634	1,355,634
Deposits from customers	*35*	-	-	715,214,192	-	-	-	715,214,192	712,359,418
Borrowings	*36*	-	-	59,244,230	-	-	-	59,244,230	59,244,230
		-	**1,355,634**	**774,458,422**	**-**	**-**	**-**	**775,814,056**	**772,959,282**

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

Investment securities – unquoted equity securities at cost

The above table includes ₦7.94 billion (31 December 2013: ₦7.68 billion) of equity investment securities in both the carrying amount and fair value columns that are measured at cost and for which disclosure of fair value is not provided because their fair value cannot be reliably measured. The investments are neither redeemable nor transferable and there is no market for them.

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8 Interest Income	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Loans and advances to banks	**4,468,887**	3,210,459	**-**	-
Loans and advances to customers (see Note (a) below)	**89,923,116**	68,755,700	**-**	-
Investments in government and other securities	**23,592,045**	31,336,099	**438,029**	-
	117,984,048	103,302,258	**438,029**	-

(a) Included in this amount is ₦400.37 million (December 2013: ₦2.5 billion) interest income accrued on impaired loans and advances to customers.

(b) Included in the total interest income calculated using the effective interest method reported above that relates to financial assets not carried at fair value through profit or loss is ₦107.09 billion (2013: ₦103.02 billion).

9 Interest Expense	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Deposits from banks	**342,103**	3,601,255	**-**	-
Deposits from customers	**38,030,311**	40,399,481	**-**	-
	38,372,414	44,000,736	**-**	-
Borrowings	**6,414,770**	1,506,111	**-**	-
Debt securities	**563,337**	-	**-**	-
	45,350,521	45,506,847	**-**	-

Included in the total interest expense calculated using the effective interest method reported above that relates to financial liabilities not carried at fair value through profit or loss is ₦44.23 billion (2013: ₦45.51 billion).

10 Net Impairment Loss on Financial Assets	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
(a) Loans and advances to customers				
Specific impairment charge (see Note 25 (c (i)))	**7,473,045**	2,039,744	**-**	-
Collective impairment charge (see Note 25 (c (ii)))	**3,705,493**	7,370,136	**-**	-
Reversal of specific impairment (see Note 25 (c (i)))	**(247,723)**	(837,665)	**-**	-
Income received on loans previously written off	**(1,022,116)**	(2,956,103)	**-**	-
	9,908,699	5,616,112	**-**	-
(b) Other assets				
Increase in impairment (see Note 33 (a))	**478,445**	2,272,866	**-**	-
	478,445	2,272,866	**-**	-
(c) Investment securities available for sale				
Impairment for investment securities available for sale (see Note 26 (e))	**275,537**	93,581	**-**	-
Reversal of impairment (see Note 26 (e))	**(22,804)**	-	**-**	-
	252,733	93,581	**-**	-
	10,639,877	7,982,559	**-**	-

11 Net Fee and Commission Income	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Commission on turnover	**4,082,431**	5,008,981	**-**	-
Letters of credit commission	**890,533**	571,203	**-**	-
Commission on off-balance sheet transactions	**675,363**	1,215,841	**-**	-
Cards and service fees and commissions	**11,257,760**	8,414,995	**-**	-
Gross fee and commission income	**16,906,087**	15,211,020	**-**	-
Card and other recoverable expenses	**(1,682,118)**	(780,405)	**-**	-
Other bank charges	**(786,067)**	(458,469)	**-**	-
Fee and commission expense	**(2,468,185)**	(1,238,874)	**-**	-
Net fee and commission income	**14,437,902**	13,972,146	**-**	-

(a) Net fee and commission income above excludes amounts included in determining the effective interest rate on financial assets and liabilities that are not at fair value through profit and loss.

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12 Net Trading Income	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Bonds trading income	**179,478**	108,618	**-**	-
Treasury bills trading income	**553,979**	509,675	**-**	-
Options and equities trading income	**32,362**	-	**-**	-
	765,819	618,293	**-**	-

13 Net Income from Other Financial Instruments at Fair Value Through Profit or Loss	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Net income arising on:				
Fair value gain on derivative financial instruments held	**131,428**	286,254	**-**	-
	131,428	286,254	**-**	-

14 Other Income	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Dividends on equity investment securities in the subsidiaries (see Note (a) below)	**-**	-	**5,450,000**	6,370,000
Dividends on unquoted equity securities at cost (see Note (b) below)	**467,415**	449,145	**70,102**	-
Foreign exchange gains	**9,769,431**	6,905,050	**320,163**	-
Profit on disposal of investment securities (see Note (c) below)	**1,270,409**	1,861,197	**354,431**	-
Loss on disposal of subsidiaries (see Note (d) below)	**(132,846)**	-	**-**	-
Profit on sale of property and equipment	**332,350**	31,880	**165**	-
Gain on transfer of subsidiary	**40,000**	-	**40,000**	
Other income (see note (e) below)	**1,103,268**	2,330,342	**-**	-
	12,850,027	11,577,614	**6,234,861**	6,370,000

(a) This comprises dividend received from First City Monument Bank Limited of ₦5 billion (2013: ₦6 billion) and FCMB Capital Markets Limited of ₦450 million (2013: ₦370 million).

(b) This amount ₦467.42 million (2013: ₦449.15 million) represents dividend income received from unquoted equity investments held by the Group.

(c) Included in this amount is ₦878.98 million, which represents a gain on disposal of Kakawa Discount House Limited (see Note 26 (g)).

(d) This amount represents a loss on disposal of Arab Gambian Islamic Bank Limited (AGIB) by the banking subsidiary.

(e) Other income comprises of;

	GROUP		COMPANY	
	2014 ₦'000	2013 Restated ₦'000	**2014 ₦'000**	2013 ₦'000
Rental income	**365,633**	434,876	**-**	-
Other accounts recoverable incomes	**737,635**	1,895,466	**-**	-
	1,103,268	2,330,342	**-**	-

15 Personnel Expenses

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Short-term employee benefits (see Note 46 (b))	**23,427,447**	20,729,426	**300,928**	70,329
Contributions to defined contribution plans (see Note 39)	**515,351**	480,653	**5,739**	-
Defined benefit costs (see Note 40 (iii))	**-**	1,518,073	**-**	-
Other staff cost	**3,861,935**	1,427,300	**830**	50
	27,804,733	24,155,452	**307,497**	70,379

16 Depreciation and Amortisation

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Amortisation of intangibles (see Note 31 (a))	**316,720**	192,866	**962**	80
Depreciation of property and equipment (see Note 30)	**3,274,042**	3,114,324	**19,262**	459
	3,590,762	3,307,190	**20,224**	539

17 General and Administrative Expenses

	GROUP		COMPANY	
	2014 ₦'000	2013 Restated ₦'000	**2014 ₦'000**	2013 Restated ₦'000
Communication, stationery and postage	**1,926,123**	1,300,270	**51,240**	569
Business travel expenses	**1,247,786**	1,028,178	**7,907**	449
Advert, promotion and corporate gifts	**2,461,188**	2,266,108	**10,646**	810
Business premises and equipment costs	**3,869,431**	2,990,485	**10,336**	932
Directors' emoluments and expenses (see Note 46 (e))	**881,403**	719,511	**184,120**	53,350
IT expenses	**2,583,586**	2,223,332	**1,385**	547
Contract services and training expenses	**5,196,393**	4,098,618	**-**	-
Vehicles maintenance expenses	**1,186,406**	886,212	**1,932**	9
Security expenses	**2,018,058**	1,803,567	**-**	-
Auditors' remuneration	**253,970**	240,412	**30,000**	20,000
Professional charges	**2,341,932**	2,179,383	**90,364**	40,657
	23,966,276	19,736,076	**387,930**	117,323

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18 Other Expenses	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 Restated ₦'000
NDIC insurance premium and other insurances	**4,391,799**	3,846,213	**-**	-
AMCON expenses	**4,929,575**	4,581,038	**-**	-
Others (see note (a) below)	**1,620,898**	2,525,047	**506,362**	93,730
	10,942,272	10,952,298	**506,362**	93,730

(a) Others comprises of;

	GROUP 2014 ₦'000	GROUP 2013 Restated ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 Restated ₦'000
AGM and statutory expenses	**395,916**	507,306	**220,760**	83,821
Employees compensation claims	**7,128**	16,015	**2,843**	-
Employees off hours expenses	**79,131**	62,095	**-**	-
Entertainment expenses	**297,476**	294,190	**605**	1,224
Fraud and forgery expense	**24,000**	14,000	**-**	-
Rental expenses	**4,589**	6,414	**-**	-
Legal claims expenses	**50,175**	2,000	**-**	-
Regulatory charges	**17,737**	2,298	**13,268**	2,298
Other accounts written-off	**60,581**	331,452	**-**	-
Other operational risk loss expenses	**155,500**	192,363	**-**	-
Other contingency expenses	**262,801**	-	**262,801**	-
Other administrative expenses	**15,317**	12,486	**5,859**	6,277
Penalty	**6,000**	6,110	**-**	-
Regional expenses	**96,868**	930,981	**-**	-
Uncapitalised assets	**147,679**	147,337	**226**	110
	1,620,898	2,525,047	**506,362**	93,730

19 Earnings Per Share	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Basic and diluted earnings per share				
The calculation of basic earnings per share at 31 December 2014 was based on the profit/(loss) attributable to ordinary shareholders of ₦22.1 billion (2013: ₦16 billion) and a weighted average number of ordinary shares outstanding of 19.80 billion (2013: 19.80 billion), calculated as follows:				
Profit attributable to equity holders	**22,133,257**	16,001,155	5,396,908	6,027,752
Weighted average number of ordinary shares in issue (in '000s)	**19,802,710**	19,802,710	19,802,710	19,802,710
	1.12	0.81	0.27	0.30

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

20 Tax Expense

	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
(i) Minimum and current tax expense:				
Dividend tax	**1,500,000**	1,800,000	**-**	-
National Information Technology Development Agency (NITDA) levy	**286,516**	262,891	**53,969**	60,277
Income tax expense	**2,098,531**	1,758,806	**-**	-
(ii) Deferred tax expense:				
Origination of temporary differences (see Note 32 (b))	**(2,075,411)**	(1,638,453)	**-**	-
	309,636	383,244	**53,969**	60,277
Total tax expense	**1,809,636**	2,183,244	**53,969**	60,277

	GROUP %	GROUP 2014 ₦'000	COMPANY %	COMPANY 2014 ₦'000
(iii) Reconciliation of effective tax rate				
Profit before tax		**23,874,783**		**5,450,877**
Income tax using the domestic corporation tax rate	**30.0**	**7,162,435**	**0.0**	**-**
National Information Technology Development Agency (NITDA) levy	**1.2**	**286,516**	**1.0**	**53,969**
Non-deductible expenses	**14.8**	**3,533,488**	**0.0**	**-**
Impact of timing difference	**(8.7)**	**(2,075,411)**	**0.0**	**-**
Tax exempt income	**(36.5)**	**(8,705,101)**	**0.0**	**-**
Tertiary education tax	**0.5**	**107,709**	**0.0**	**-**
Impact of excess dividend tax	**6.3**	**1,500,000**	**0.0**	**-**
Total tax expense	**7.6**	**1,809,636**	**1.0**	**53,969**

	GROUP %	GROUP 2013 ₦'000	COMPANY %	COMPANY 2013 ₦'000
Profit before tax		18,116,143		6,088,029
Income tax using the domestic corporation tax rate	30.1	5,455,320	0.0	-
National Information Technology Development Agency (NITDA) levy	1.5	262,891	1.0	60,277
Balancing charge	0.1	25,177	0.0	-
Non-deductible expenses	19.4	3,508,311	0.0	-
Tax exempt income	(49.0)	(8,868,455)	0.0	-
Impact of excess dividend tax	9.9	1,800,000	0.0	-
Total tax expense	12.1	2,183,244	1.0	60,277

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(iv) The banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2014 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012.

The Order exempts all interests earned on bonds (Federal, state, local and corporate bodies including supra-nationals) and other short-term securities such as treasury bills and promissory notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for bonds issued by the Federal Government, which will continue to enjoy the exemption.

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

Excess dividend tax in line with Section 15A of Companies Income Tax Act, which stipulates that where a company pays dividend on which no tax is payable due to no total profit or total profit that is less than the amount of dividend paid, whether or not the recipient of the dividend is a Nigerian company, the company paying the dividend shall be charged to a tax at the rate of 30% of the amount of dividend paid as if it is the total profit of the company. During the year, the banking subsidiary was liable to excess dividend tax of ₦1.5 billion, representing 30% of ₦5 billion dividend paid as the Nigerian tax law requires companies to pay tax calculated at 30% of the higher of taxable profit and dividend paid, ₦1.5 billion (31 December 2013: ₦1.8 billion).

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(v) Current income tax liability				
Beginning of the year	**4,333,353**	2,850,275	**60,277**	-
Tax paid	**(3,854,856)**	(2,338,619)	**-**	-
Dividend tax	**1,500,000**	1,800,000	**-**	-
National Information Technology Development Agency (NITDA) levy (see Note 20 (i))	**286,516**	262,891	**53,969**	60,277
Income tax expense	**2,098,531**	1,758,806	**-**	-
	4,363,544	4,333,353	**114,246**	60,277
Current	**4,363,544**	4,333,353	**114,246**	60,277
Non-current	**-**	-	**-**	-
	4,363,544	4,333,353	**114,246**	60,277

21 Cash and Cash Equivalents	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Cash	**26,448,441**	18,892,038	**-**	-
Current balances within Nigeria	**6,568,501**	2,731,075	**54,830**	2,150,389
Current balances outside Nigeria (see Note (b) below)	**62,625,209**	49,461,078	**-**	-
Placements with local banks (see Note (c) below)	**8,623,965**	102,683,127	**4,001,335**	-
Placements with foreign banks	**13,262,413**	7,304,382	**-**	-
Unrestricted balances with central bank	**8,765,280**	18,628,605	**-**	-
	126,293,809	199,700,305	**4,056,165**	2,150,389
Current	**126,293,809**	199,700,305	**4,056,165**	2,150,389
Non-current	**-**	-	**-**	-
	126,293,809	199,700,305	**4,056,165**	2,150,389

(a) 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.

(b) Balance with banks outside Nigeria includes ₦6.66 billion (31 December 2013: ₦7.60 billion), which represents the Naira value of foreign currency amounts held by the Group's banking subsidiary on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 41).

(c) Placements with local banks includes ₦7.5 billion (31 December 2013: ₦94.03 billion), which represents overnight placements with the CBN.

22 Restricted Reserve Deposits	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Restricted mandatory reserve deposits with central bank (see Note (a) below)	**146,105,573**	73,473,096	**-**	-
	146,105,573	73,473,096	**-**	-
Current	**146,105,573**	73,473,096	**-**	-
Non-current	**-**	-	**-**	-
	146,105,573	73,473,096	**-**	-

(a) Restricted mandatory reserve deposits are not available for use in the banking subsidiary's day-to-day operations. Mandatory reserve deposits and escrow balances are non-interest-bearing and are calculated at different percentages (as directed by the CBN from time to time) of the banking subsidiary's deposit liabilities for private sector and public sector deposits respectively. During the year, effective 9 April 2014, the percentage of the private sector deposit was changed from 12% to 15% and was further changed to 20% effective 25 November 2014. The percentage of public sector deposit was changed from 50% to 75% effective 4 February 2014 and it remained at that till the end of the year.

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	GROUP		COMPANY	
23 Non-Pledged Trading Assets	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Federal Government of Nigeria bonds	**-**	87,616	**-**	-
Treasury bills	**110,961**	2,408,665	**-**	-
Equity securities	**630,956**	425,077	**-**	-
	741,917	2,921,358	**-**	-
Current	**741,917**	2,921,358	**-**	-
Non-current	**-**	-	**-**	-
	741,917	2,921,358	**-**	-

	GROUP		COMPANY	
24 Derivative Assets and Liabilities Held	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Instrument type				
Assets				
- options	**4,421,201**	1,577,459	**-**	-
- interest rate swap	**81,804**	120,147	**-**	-
	4,503,005	1,697,606	**-**	-
Current	**-**	-	**-**	-
Non-current	**4,503,005**	1,697,606	**-**	-
	4,503,005	1,697,606	**-**	-
Liabilities				
- options	**4,104,808**	1,219,618	**-**	-
- interest rate swap	**89,377**	136,016	**-**	-
	4,194,185	1,355,634	**-**	-
Current	**-**	-	**-**	-
Non-current	**4,194,185**	1,355,634	**-**	-
	4,194,185	1,355,634	**-**	-

Customer transactions: The banking subsidiary has entered into options on Dated Brent with customers to allow those customers to hedge their exposure to the oil price.

Market transactions: The banking subsidiary has entered into back-to-back options on Dated Brent with regard to the customer transactions with market counterparties to mitigate the market risk exposure on the customer transactions.

The banking subsidiary has not applied hedge accounting.

The fair value gains and losses have been presented in the profit or loss (see Note 13).

25 Loans and Advances to Customers

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(a) Loans and advances to customers at amortised cost	**621,704,427**	451,177,523	**-**	-
Finance leases	**11,670,770**	11,193,361		
Less allowance for impairment:				
On loans and advances	**(15,023,255)**	(11,446,193)	**-**	-
On finance leases	**(372,152)**	(391,726)		
Carrying amount	**617,979,790**	450,532,965	**-**	-
Current	**201,960,998**	261,021,714	**-**	-
Non-current	**416,018,792**	189,511,251	**-**	-
	617,979,790	450,532,965	**-**	-

	GROUP					
	2014			2013		
	Gross amount	**Impairment allowance**	**Carrying amount**	Gross amount	Impairment allowance	Carrying amount
Retail customers:						
Mortgage lending	**4,282,907**	**(120,440)**	**4,162,467**	1,450,401	(162,092)	1,288,309
Personal loans	**118,898,106**	**(2,723,145)**	**116,174,961**	72,582,052	(1,674,106)	70,907,946
Credit cards	**379,890**	**(8,248)**	**371,642**	148,096	(14,034)	134,062
Corporate customers:						
Other secured lending	**498,143,524**	**(12,171,422)**	**485,972,102**	376,996,974	(9,595,961)	367,401,013
	621,704,427	**(15,023,255)**	**606,681,172**	451,177,523	(11,446,193)	439,731,330

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	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
(b) Finance lease				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	**4,982,310**	2,768,631	**-**	-
Between one and five years	**13,860,424**	12,642,762	**-**	-
More than five years	**1,756,584**	927,461	**-**	-
	20,599,318	16,338,854	**-**	-
Unearned finance income	**(8,928,548)**	(5,145,493)	**-**	-
Net investment in finance leases	**11,670,770**	11,193,361	**-**	-
Less impairment allowance	**(372,152)**	(391,726)	**-**	-
	11,298,618	10,801,635	**-**	-
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	**2,698,989**	2,275,368	**-**	-
Between one and five years	**8,340,232**	8,239,012	**-**	-
More than five years	**631,549**	678,981	**-**	-
	11,670,770	11,193,361	**-**	-

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
(c) Movement and allowances for impairment				
(i) Specific allowances for impairment				
Balance at 1 January	**3,206,245**	4,462,115	**-**	-
Impairment loss for the year:				
Charge for the year (see Note 10 (a))	**7,473,045**	2,039,744	**-**	-
Impairment reversals (see Note 10 (a))	**(247,723)**	(837,665)	**-**	-
Write-off (see Note (e) below)	**(3,856,818)**	(2,457,949)	**-**	-
	6,574,749	3,206,245	**-**	-
(ii) Collective allowances for impairment				
Balance at 1 January	**8,631,674**	2,604,302	**-**	-
Impairment loss for the year:				
Charge for the year (see Note 10 (a))	**3,705,493**	7,370,136	**-**	-
Write-off (see Note (e) below)	**(3,516,509)**	(1,342,764)	**-**	-
	8,820,658	8,631,674	**-**	-
	15,395,407	**11,837,919**	**-**	-

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(d) Classification of loans by security type				
Secured against real estate	**97,287,082**	76,067,753	**-**	-
Secured by shares of quoted companies	**1,104,522**	3,528,264	**-**	-
Cash collateral, lien over fixed and floating assets	**237,109,675**	163,768,359	**-**	-
Otherwise secured	**199,763,165**	170,773,642	**-**	-
Unsecured	**98,110,753**	48,232,866	**-**	-
	633,375,197	462,370,884	**-**	-

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

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

	GROUP		COMPANY	
26 Investment Securities	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Held to maturity (see Note (a) below)	**68,079,431**	153,104,085	**-**	-
Available for sale (see Note (b) below)	**80,207,399**	10,534,151	**2,828,220**	2,514,439
	148,286,830	163,638,236	**2,828,220**	2,514,439
Current	**93,902,997**	133,979,276	**-**	-
Non-current	**54,383,833**	29,658,960	**2,828,220**	2,514,439
	148,286,830	163,638,236	**2,828,220**	2,514,439
(a) Held-to-maturity investment securities				
Federal Government of Nigeria (FGN) bonds	**46,151,852**	24,089,628	**-**	-
Asset Management Corporation of Nigeria (AMCON) bonds	**-**	34,989,350	**-**	-
State Government bonds	**10,559,552**	11,829,214	**-**	-
Treasury bills	**1,530,202**	70,310,944	**-**	-
Corporate bonds	**9,837,825**	11,884,949	**-**	-
	68,079,431	153,104,085	**-**	-
(b) Available-for-sale investment securities				
Federal Government of Nigeria (FGN) bonds	**445,342**	-	**-**	-
Treasury bills	**68,711,397**	-	**-**	-
Equity securities measured at fair value (see Note (c) below)	**3,111,092**	2,853,128	**-**	-
Unquoted equity securities measured at cost (see Note (d))	**7,939,568**	7,681,023	**2,828,220**	2,514,439
	80,207,399	10,534,151	**2,828,220**	2,514,439

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	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(c) Equity securities measured at fair value under available-for-sale investments				
HTM Private Placement Underwriting	**2,231,806**	1,681,495	**-**	-
DAAR Communications Underwriting	**37,277**	37,277	**-**	-
Environmental Remediation Holding Company Plc	**127,088**	419,431	**-**	-
Unity Bank Plc	**560**	560	**-**	-
UTC Nigeria Plc	**11**	15	**-**	-
Standard Alliance Co Plc	**714,350**	714,350	**-**	-
	3,111,092	2,853,128	**-**	-
(d) Unquoted equity securities at cost under available-for-sale investments				
Kakawa Discount House Limited (see Note (g) below)	**-**	22,800	**-**	-
Credit Reference Company Limited	**61,111**	61,111	**-**	-
Nigeria Inter-bank Settlement System Plc	**102,970**	102,970	**-**	-
Africa Finance Corporation	**2,558,388**	2,558,388	**-**	-
Rivers State Microfinance Agency	**1,000,000**	1,000,000	**-**	-
Private Equity Funds	**2,828,220**	2,514,439	**2,828,220**	2,514,439
SME Investments	**1,091,848**	1,095,483	**-**	-
First Concepts & Properties Limited	**1,040,175**	-	**-**	-
Africa Export-Import Bank, Cairo	**144,805**	144,805	**-**	-
Central Securities Clearing System	**87,500**	87,500	**-**	-
Express Discount House	**64,415**	64,415	**-**	-
Smartcard Nigeria Plc	**22,804**	22,804	**-**	-
ATSC Investment	**50,000**	50,000	**-**	-
Currency Sorting Co	**24,640**	24,640	**-**	-
IMB Energy Master Fund	**100,000**	100,000	**-**	-
FMDQ (OTC) Plc	**30,000**	-	**-**	-
Industrial and General Insurance Plc	**24,503**	85,000	**-**	-
Food Concept Limited	**1,800**	11,700	**-**	-
Financial Derivative Limited	**10,000**	10,000	**-**	-
Hygeia Nigeria Limited	**601**	602	**-**	-
CSCS Limited	**12,600**	3,500	**-**	-
Legacy Fund	**58,500**	76,000	**-**	-
Others	**-**	767,444	**-**	-
	9,314,880	8,803,601	**2,828,220**	2,514,439
Specific impairment for equities (Note (e) below)	**(1,375,312)**	(1,122,578)	**-**	-
Carrying amount	**7,939,568**	7,681,023	**2,828,220**	2,514,439

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(e) Specific allowances for impairment against available for sale				
Balance at 1 January	**1,122,578**	1,593,713	**-**	-
Written off during the year	**-**	(564,716)	**-**	-
Reversal of impairment (see Note 10 (c))	**(22,804)**	-	**-**	-
Charge for the year (see Note 10 (c))	**275,538**	93,581	**-**	-
Balance at end of the year	**1,375,312**	1,122,578	**-**	-

(f) The Group made various investments into companies that operate strategic banking systems in the Nigerian market. These are required investments to continue to operate in the Nigerian banking system.

(g) During the year ended, the banking subsidiary divested its interest in Kakawa Discount House Limited. This resulted in a gain of ₦878.98 million on disposal, see Note 14 (c) above.

(h) The cost of AFS investments was disclosed because its fair value could not be reliably measured.

(i) All debt securities have fixed coupons.

	GROUP		COMPANY	
27 Assets Pledged as Collateral	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
The nature and carrying amounts of the non-tradable financial assets pledged as collaterals are as follows:				
Treasury bills	**8,450,218**	15,934,482	**-**	-
Federal Government of Nigeria (FGN) bonds	**45,362,202**	34,582,422	**-**	-
	53,812,420	50,516,904	**-**	-
Current	**20,588,198**	4,073,788	**-**	-
Non-current	**33,224,222**	46,443,116	**-**	-
	53,812,420	50,516,904	**-**	-

As at 31 December 2014, the Group held no collateral that it was permitted to sell or re-pledge in the absence of default by the owner of the collateral (31 December 2013: nil).

This represents pledged assets to these parties: Nigeria Inter-bank Settlement System Plc (NIBSS) ₦1.18 billion, Interswitch Nigeria Limited ₦250 million pledged for third-parties alternate channels, cards, point-of-sale transactions settlements, Federal Inland Revenue Service (FIRS) ₦2.6 billion for third-parties collections, Central Bank of Nigeria (CBN) ₦15.0 billion for third-parties clearing instruments, Bank of Industry (BOI) ₦14.98 billion for on-lending facilities to customers and Standard Bank London ₦17.24 billion for borrowed funds repo transactions.

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28 Investment in Subsidiaries	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see Note (c) below)	**-**	-	**115,422,326**	115,422,326
FCMB Capital Markets Limited (see Note (d) below)	**-**	-	**240,000**	240,000
CSL Stockbrokers Limited (CSLS) (see Note (e) below)	**-**	-	**3,053,777**	3,053,777
CSL Trustees Limited (see Note (f) below)	**-**	-	**40,000**	-
	-	-	**118,756,103**	118,716,103
Specific allowances for impairment	**-**	-	**-**	-
Carrying amount	**-**	-	**118,756,103**	118,716,103

(b) Group entities

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

Company name	Country of incorporation	Nature of business	Percentage of equity capital held (direct holdings)	Financial year end
(1) First City Monument Bank Limited	**Nigeria**	**Banking**	**100**	**31 December**
(2) FCMB Capital Markets Limited	**Nigeria**	**Capital Market**	**100**	**31 December**
(3) CSL Stockbrokers Limited (CSLS)	**Nigeria**	**Stockbroking**	**100**	**31 December**
(4) CSL Trustees Limited	**Nigeria**	**Trusteeship**	**100**	**31 December**

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

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

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

(f) This represents the cost of the Company's 100% equity holding in CSL Trustees Limited. The Company was incorporated in 24 November 2010.

(g) There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

(h) The investments are carried at cost less impairment.

29 Investment in Associates	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
(a) Investment in associate company:				
Balance at 1 January 2014	**568,512**	467,456	**407,800**	-
Share of profit transfer out of reserve	**68,110**	68,256	**-**	-
Transferred on reconstruction	**-**	-	**-**	375,000
Additions during the year	**10,777**	32,800	**10,777**	32,800
Balance at reporting date	**647,399**	568,512	**418,577**	407,800
(b) Summarised financial information of the Group's principal associate is as follows:				
Assets	**2,767,505**	2,316,635	**2,767,505**	2,316,635
Liabilities	**479,876**	286,234	**479,876**	286,234
Net assets	**2,287,630**	2,030,401	**2,287,630**	2,030,401
Revenues	**2,070,682**	1,601,231	**2,070,682**	1,601,231
Profit	**950,767**	717,443	**950,767**	717,443

(c) This represents the Company's 28.30% (2013: 28%) equity interest holding in Legacy Pension Fund Limited, a pension fund manager licensed to carry on the business of fund and pension management. The Company was incorporated in April 2005 and commenced operations in May 2005. The Group acquired its initial 25% equity holding in February 2008.

30 Property and Equipment	GROUP Leasehold improvement and buildings ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost						
Balance at 1 January 2014	22,752,413	5,983,587	14,416,386	10,440,845	4,425,961	58,019,192
Derecognised balance due to divested subsidiary	(574,717)	(7,637)	(98,487)	-	(4,653)	(685,494)
Additions during the year	1,853,691	645,560	2,562,239	939,628	1,292,200	7,293,318
Reclassifications	858,357	-	131,412	936	(990,705)	-
Transfer to intangibles and other assets	-	-	-	(764)	(815,997)	(816,761)
Disposal during the year	(190,358)	(508,784)	(1,922,344)	(1,845,779)	-	(4,467,265)
Items written off	-	-	-	-	(19,300)	(19,300)
Translation difference	10,360	-	4,044	95	-	14,499
Balance at 31 December	**24,709,746**	**6,112,726**	**15,093,250**	**9,534,961**	**3,887,506**	**59,338,189**

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GROUP

	Leasehold improvement and buildings ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Accumulated depreciation and impairment losses						
Balance at 1 January 2014	5,065,819	4,522,707	10,829,409	8,687,480	2,101,500	31,206,915
Derecognised balance due to divested subsidiary	(19,574)	-	(21,626)	-	-	(41,200)
Charge for the year (see Note 16)	784,792	600,059	1,208,965	680,225	-	3,274,041
Eliminated on disposal	(80,430)	(382,185)	(1,453,050)	(1,591,636)	-	(3,507,301)
Translation difference	10,360	-	3,561	6	-	13,927
Balance at 31 December	**5,760,967**	**4,740,581**	**10,567,259**	**7,776,075**	**2,101,500**	**30,946,382**
Carrying amounts:						
Balance at 31 December 2014	**18,948,779**	**1,372,145**	**4,525,991**	**1,758,886**	**1,786,006**	**28,391,807**
Balance at 31 December 2013	**17,686,594**	**1,460,880**	**3,586,977**	**1,753,365**	**2,324,461**	**26,812,277**

COMPANY

	Leasehold improvement and buildings ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost						
Balance at 1 January 2014	4,806	-	4,629	824	-	10,259
Additions during the year	375	27,948	1,167	1,635	-	31,125
Transfers	-	32,413	1,778	483	-	34,674
Disposal during the year	-	(1,374)	-	-	-	(1,374)
Balance at 31 December	5,181	58,987	7,575	2,942	-	74,684
Accumulated depreciation and impairment losses						
Balance at 1 January 2014	160	-	279	19	-	459
Charge for the year (see Note 16)	481	16,302	1,860	620	-	19,262
Eliminated on disposal	-	(1,374)	-	-	-	(1,374)
Balance at 31 December	641	14,928	2,139	639	-	18,347
Carrying amounts:						
Balance at 31 December 2014	**4,540**	**44,059**	**5,436**	**2,302**	**-**	**56,337**
Balance at 31 December 2013	**4,646**	**-**	**4,350**	**805**	**-**	**9,801**

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Current	**-**	-	**-**	-
Non-current	**28,391,807**	26,812,277	**56,337**	9,801
	28,391,807	26,812,277	**56,337**	9,801

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year ended (31 December 2013: nil). There were no restrictions on title of any property and equipment. There were no property and equipment pledged as security for liabilities. There were no contractual commitments for the acquisition of property and equipment.

	GROUP		COMPANY	
31 Intangible Assets	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(a) Software				
Cost				
Beginning of the year	**2,611,527**	2,135,493	**3,851**	-
Derecognised balance due to divested subsidiary	**(5,638)**	-	**-**	-
Additions during the year	**949,426**	476,034	**-**	3,851
Prepaid work in progress	**75,679**	-	**-**	-
Translation difference	**14,402**	-	**-**	-
End of the year	**3,645,396**	2,611,527	**3,851**	3,851
Amortisation				
Beginning of the year	**2,026,069**	1,831,511	**80**	-
Derecognised balance due to divested subsidiary	**(1,813)**	-	**-**	-
Reclassification	**(58,529)**	1,692	**-**	-
Charge for the year (see Note 16)	**316,720**	192,866	**963**	80
Translation difference	**9,709**	-	**-**	-
End of the year	**2,292,156**	2,026,069	**1,043**	80
Carrying amount	**1,353,240**	585,458	**2,808**	3,771
(b) Goodwill				
Beginning of the year	**6,995,070**	11,590,807	**-**	-
Group restructuring (see Note (c) below)	**-**	(4,595,737)	**-**	-
At end of the year	**6,995,070**	6,995,070	**-**	-
	8,348,310	7,580,528	**2,808**	3,771
Current	**-**	-	**-**	-
Non-current	**8,348,310**	7,580,528	**2,808**	3,771
	8,348,310	7,580,528	**2,808**	3,771

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(c) The book value of CSL Stockbrokers Limited was restructured on transfer of the investment from the Bank to FCMB Group Plc. This resulted in the write down of the book value by ₦4.59 billion.

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

(e) There were no capitalised borrowing costs related to the acquisition to any internal development of software during the year (31 December 2013: nil).

32 Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	GROUP					
	31 December 2014			31 December 2013		
	Assets ₦'000	**Liabilities ₦'000**	**Net ₦'000**	Assets ₦'000	Liabilities ₦'000	Net ₦'000
Property and equipment	**1,123,549**	**(41,487)**	**1,082,062**	741,855	-	741,855
Defined benefits	**194,310**	**-**	**194,310**	256,588	-	256,588
Allowances for loan losses	**2,327,073**	**-**	**2,327,073**	1,823,513	(7,920)	1,815,593
Unrelieved loss carried forward	**4,521,309**	**-**	**4,521,309**	3,524,069	(27,362)	3,496,707
	8,166,241	**(41,487)**	**8,124,754**	6,346,025	(35,282)	6,310,743

(b) Movements in temporary differences during the year ended 31 December 2014

	GROUP 2014			
	Balance at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December**
Property and equipment	**894,552**	**187,510**	**-**	**1,082,062**
Defined benefits	**256,588**	**199,122**	**(261,400)**	**194,310**
Allowances for loan losses	**1,662,717**	**664,356**	**-**	**2,327,073**
Unrelieved loss carried forward	**3,496,886**	**1,024,423**	**-**	**4,521,309**
	6,310,743	**2,075,411**	**(261,400)**	**8,124,754**

Movements in temporary differences during the year ended 31 December 2013:

	GROUP 2013			
	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December
Property and equipment	1,282,340	(387,788)	-	894,552
Intangible assets (software)	(72,579)	72,579	-	-
Investment securities at fair value through other comprehensive income	216,116	-	(216,116)	-
Defined benefits	59,612	196,976	-	256,588
Allowances for loan losses	504,009	1,158,708	-	1,662,717
Unrelieved loss carried forward	2,898,908	597,978	-	3,496,886
	4,888,406	1,638,453	(216,116)	6,310,743

Recognition of deferred tax assets of ₦2.08 billion (2013: ₦1.64 billion) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be used.

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(c) Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Tax losses	**1,195,882**	3,895,133	**5,955**	162
Property and equipment (unutilised capital allowance)	**696,367**	4,036,272	**280,278**	102,428
	1,892,249	7,931,405	**286,233**	102,590

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

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33 Other Assets	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Prepayments	**3,431,587**	5,159,923	**2,080**	1,868
Accounts receivable (see Note (b) below)	**33,293,055**	30,560,618	**5,450,000**	7,678,018
Consumables	**731,564**	680,869	**-**	-
	37,456,206	36,401,410	**5,452,080**	7,679,886
Less specific allowances for impairment (see Note (a) below)	**(11,368,523)**	(11,909,052)	**-**	-
	26,087,683	24,492,358	**5,452,080**	7,679,886
Current	**13,298,749**	6,989,370	**5,452,080**	7,679,886
Non-current	**12,788,934**	17,502,988	**-**	-
	26,087,683	24,492,358	**5,452,080**	7,679,886
(a) Movement in impairment on other assets				
At start of year	**11,909,052**	13,827,772	**-**	-
Increase in impairment (see Note 10 (b))	**478,445**	2,272,866	**-**	-
Amounts written off	**(1,018,974)**	(4,191,586)	**-**	-
At end of year	**11,368,523**	11,909,052	**-**	-

(b) Accounts receivable includes ₦100 million (31 December 2013: nil), which represents deposit for shares in FCMB Microfinance. The banking subsidiary is awaiting approval from the CBN.

34 Deposits from Banks	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Money market deposits	**-**	-	**-**	-
Other deposits from banks	**4,796,752**	-	**-**	-
	4,796,752	-	**-**	-
Current	**4,796,752**	-	**-**	-
Non-current	**-**	-	**-**	-
	4,796,752	-	**-**	-
Other deposits from banks comprise:				
United Bank for Africa (UBA), New York (see Note (a) below)	**3,739,566**	-	**-**	-
Other foreign banks	**1,057,186**	-	**-**	-
	4,796,752	-	**-**	-

(a) The amount of ₦3,739,566,000 (USD 20,000,000) (December 2013: nil) represents interbank takings from UBA New York repayable after a tenor of 91 days with an interest rate of six months' LIBOR + 2.75%.

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

	GROUP		COMPANY	
35 Deposits from Customers	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Retail customers:				
Term deposits	**124,417,973**	108,629,829	**-**	-
Current deposits	**210,851,945**	261,088,038	**-**	-
Savings	**87,034,844**	71,928,563	**-**	-
	422,304,762	441,646,430	**-**	-
Corporate customers:				
Term deposits	**110,733,909**	78,130,411	**-**	-
Current deposits	**168,545,103**	157,323,654	**-**	-
Other	**32,213,022**	38,113,697	**-**	-
	311,492,034	273,567,762	**-**	-
	733,796,796	715,214,192	**-**	-
Current	**733,693,839**	715,214,192	**-**	-
Non-current	**102,957**	-	**-**	-
	733,796,796	715,214,192	**-**	-

(a) Retail customers represents deposits from individuals, unregistered, small and medium scale businesses and all other unstructured business ventures; while corporate customers represents deposits from corporate bodies and government agencies.

	GROUP		COMPANY	
36 Borrowings	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Borrowings comprise:				
Standard Bank, London (see Note (a) (i) below)	**9,290,151**	8,013,916	**-**	-
Standard Bank, London (see Note (a) (ii) below)	**1,267,371**	-	**-**	-
Standard Bank, London (see Note (a) (iii) below)	**4,680,312**	4,016,910	**-**	-
Standard Chartered Bank, London (see Note (a) (iv) below)	**27,875,239**	23,813,676	**-**	-
International Finance Corporation (IFC) (see Note (a) (v) below)	**2,183,672**	2,415,388	**-**	-
International Finance Corporation (IFC) (see Note (a) (vi) below)	**5,460,880**	6,038,471	**-**	-

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	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
International Finance Corporation (IFC) (see Note (a) (vii) below)	9,159,368		-	-
International Finance Corporation (IFC) (see Note (a) (viii) below)	7,028,983		-	-
Citibank, N.A (OPIC) (see Note (a) (ix) below)	545,545	1,404,245	-	-
Citibank, Nigeria (OPIC) (see Note (a) (x) below)	174,163	479,970	-	-
Africa Finance Corporation (AFC) (see Note (a) (xi) below)	-	4,319,730	-	-
Bank Of Industry (BOI), Nigeria (see Note (a) (xii) below)	164,822	164,822	-	-
United Bank for Africa (UBA), New York (see Note (a) (xiii) below)	-	3,207,533	-	-
Netherlands Development Finance Company (FMO) (see Note (a) (xiv) below)	4,559,315	-	-	-
Netherlands Development Finance Company (FMO) (see Note (a) (xv) below)	4,651,758	-	-	-
Netherlands Development Finance Company (FMO) (see Note (a) (xvi) below)	1,859,555	-	-	-
European Investment Bank (EIB) (see Note (a) (xvii) below)	6,116,060	-	-	-
Mashreq Bank, New York (see Note (a) (xviii) below)	2,779,041	-	-	-
Mashreq Bank, New York (see Note (a) (xix) below)	4,631,336	-	-	-
Mashreq Bank, New York (see Note (a) (xx) below)	1,851,414	-	-	-
First City Asset Management (FCAM) (see Note (a) (xxi) below)	3,831,794	3,658,878	-	-
Engr. Tajudeen Amoo (see Note (a) (xxii) below)	259,949	1,448,837	-	-
Financial Derivatives Company Limited (see Note (a) (xxiii) below)	277,017	161,222	-	-
Supra Finance Limited (see Note (a) (xxiv) below)	81,036	50,422	-	-
Doreo Partners (see Note (a) (xxv) below)	-	50,210	-	-
Udodong Grace (see Note (a) (xxvi) below)	103,207	-	-	-
UBS AG, United Kingdom (see Note (a) (xxvii) below)	708,358	-	-	-
	99,540,346	59,244,230	-	-
Current	26,793,500	5,381,305	-	-
Non-current	72,746,846	53,862,925	-	-
	99,540,346	59,244,230	-	-

(a) (i) The amount of ₦9,290,151,000 (31 December 2013: ₦8,013,916,000) (USD 50,000,000) represents a secured renewed facility granted by Standard Bank, London repayable after a tenor of five years, maturing 30 June 2018 with an interest rate of three months' LIBOR + 3.0% payable quarterly. The facility is secured by Federal Government of Nigeria bonds, see Note 27.

(ii) The amount of ₦1,267,371,000 (USD 6,702,500) (31 December 2013: nil) represents a secured facility granted by Standard Bank, London repayable after a tenor of 365 days, maturing 19 June 2015 with an interest rate of 2.6%. The facility is secured by Federal Government of Nigeria bonds, see Note 27.

(iii) The amount of ₦4,680,312,000 (31 December 2013: ₦4,016,910,000) (USD 25,000,000) represents the outstanding balance of the secured facility granted by Standard Bank, London repayable after a tenor of two years, maturing 25 July 2015 with an interest rate of three months' LIBOR + 2.0% payable quarterly. The facility is secured by Federal Government of Nigeria bonds, see Note 27.

(iv) The amount of ₦27,875,239,000 (31 December 2013: ₦23,813,676,000) (USD 150,000,000) represents the outstanding balance of the unsecured facility granted by Standard Chartered Bank, London repayable after a tenor of two years, maturing 23 December 2015 with an interest rate of 3.65% above LIBOR payable quarterly. This is a syndicated facility where the lead arrangers and bookrunners are Standard Chartered Bank, London and Commerzbank, Germany respectively.

(v) The amount of ₦2,183,672,000 (December 2013: ₦2,415,388,000) (USD 20,000,000) represents the outstanding balance of the unsecured convertible facility granted by International Finance Corporation (IFC) repayable after a tenor of seven years, maturing 29 November 2017 with an interest rate of six months' LIBOR plus spread of 400–450 basis points payable semi-annually.

(vi) The amount of ₦5,460,880,000 (December 2013: ₦6,038,471,000) (USD 50,000,000) represents the outstanding balance of the unsecured facility granted by IFC repayable after a tenor of seven years maturing 29 November 2017 with an interest rate of six months' LIBOR plus spread of 400–450 basis points payable semi-annually.

(vii) The amount of ₦9,159,368,000 (USD 50,000,000) (December 2013: nil) represents an unsecured facility granted by IFC repayable after a tenor of five years maturing 9 December 2019 with an interest rate of three months' LIBOR + 3.65%.

(viii) The amount of ₦7,028,983,000 (USD 37,500,000) (December 2013: nil) represents an unsecured facility granted by IFC repayable after a tenor of five years maturing 9 December 2019 with an interest rate of six months' LIBOR + 4.75%.

(ix) The amount of ₦545,545,000 (December 2013: ₦1,404,245,000) (USD 15,000,000) represents the outstanding balance of the unsecured facility granted by Citibank NA repayable after a tenor of three years maturing 25 June 2015 with an interest rate of six months' LIBOR plus spread of 400–450 basis points payable quarterly.

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(x) The amount of ₦174,163,000 (December 2013: ₦479,970,000) (USD 5,000,000) represents the outstanding balance of the unsecured facility granted by Citibank Nigeria repayable after a tenor of three years maturing 25 June 2015 with an interest rate of six months' LIBOR plus spread of 400 (450) basis points payable quarterly.

(xi) The amount represents an unsecured facility that has been repaid as at 31 December 2014: nil (31 December 2013: ₦4,319,730,000) (USD 27,000,000) granted by Africa Finance Corporation (AFC) repayable after a tenor of 62 days with an interest rate on each rollover within the tenor.

(xii) The amount of ₦164,822,000 (December 2013: ₦164,822,000) relates to Bank of Industry (BOI) related loans for manufacturing/SME funds for a 10- to 15-year term.

(xiii) The amount represents an unsecured facility that has been repaid as at 31 December 2014: nil (31 December 2013: ₦3,207,533,000) (USD 20,000,000) granted by UBA New York repayable after a tenor of 91 days with an interest rate of 3% on each rollover within the tenor.

(xiv) The amount of ₦4,559,315,000 (USD 25,000,000) (December 2013: nil) represents an unsecured facility granted by Netherlands Development Finance Company (FMO) repayable after a tenor of six years maturing 30 June 2020 with an interest rate of six months' LIBOR + 4.5%.

(xv) The amount of ₦4,651,758,000 (USD 25,000,000) (December 2013: nil) represents an unsecured facility granted by FMO repayable after a tenor of six years, maturing 30 June 2020 with an interest rate of six months' LIBOR + 4.5%.

(xvi) The amount of ₦1,859,555,000 (USD 10,000,000) (December 2013: nil) represents an unsecured facility granted by FMO repayable after a tenor of three years maturing 30 June 2017 with an interest rate of six months' LIBOR + 3.5%.

(xvii) The amount of ₦6,116,060,000 (USD 32,877,500) (December 2013: nil) represents an unsecured facility granted by European Investment (EIB) repayable after a tenor of eight years maturing 22 September 2022 with an interest rate of LIBOR plus 4%.

(xviii) The amount of ₦2,779,041,000 (USD 14,771,537) (December 2013: nil) represents an unsecured facility granted by Mashreq Bank, NY repayable after a tenor of 178 days maturing 16 March 2015 with an interest rate of six months' LIBOR + 2.75%.

(xix) The amount of ₦4,631,336,000 (USD 24,617,089) (December 2013: nil) represents an unsecured facility granted by Mashreq Bank, NY repayable after a tenor of 179 days maturing 17 March 2015 with an interest rate of six months' LIBOR + 2.75%.

(xx) The amount of ₦1,851,414,000 (USD 9,846,785) (December 2013: nil) represents an unsecured facility granted by Mashreq Bank, NY repayable after a tenor of 179 days maturing 26 March 2015 with an interest rate of six months' LIBOR + 2.75%.

(xxi) The amount of ₦3,831,794,000 (December 2013: ₦3,658,878,000) represents the outstanding balance of the unsecured facilities granted by First City Asset Management (FCAM) at average nominal interest of 15.42% maturing in 2015.

(xxii) The amount of ₦259,949,000 (31 December 2013: ₦1,448,837,000) represents the outstanding balance of the unsecured facilities granted by Engr. Tajudeen Amoo at average nominal interest of 14.73% maturing in 2015.

(xxiii) The amount of ₦277,017,000 (December 2013: ₦161,222,000) represents the outstanding balance of the unsecured facilities granted by Financial Derivatives Company Limited at average nominal interest of 14.73% maturing in 2015.

(xxiv) The amount of ₦81,036,000 (December 2013: ₦50,422,000) represents the outstanding balance of the unsecured facility granted by Supra Finance Limited at nominal interest of 15.56% maturing in 2015.

(xxv) This represents an unsecured facility that has been repaid as at 31 December 2014: nil (December 2013: ₦50,210,000) granted by Doreo Partners at nominal interest of 14.17%.

(xxvi) The amount of ₦103,207,000 (31 December 2013: nil) represents the outstanding balance of the unsecured facilities granted by Udodong Grace at average nominal interest of 14.50% maturing in 2015.

(xxvii) The amount of ₦708,358,000 (31 December 2013: nil) represents the outstanding balance of the secured facility granted by UBS AG, United Kingdom to FCMB Capital Markets Limited at an interest rate of 1.15% + LIBOR.

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

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	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(b) Movement in borrowings account during the year was as follows:				
Balance, beginning of the year	**59,244,230**	26,933,018	**-**	-
Additions during the year	**45,066,628**	48,741,334	**-**	-
Repayments during the year	**(13,313,964)**	(16,909,586)	**-**	-
Translation difference	**8,903,790**	479,464	**-**	-
	99,900,684	59,244,230	**-**	-

	GROUP		COMPANY	
37 On-Lending Facilities (see Note (a) Below)	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Bank of industry (BOI)	**10,817,358**	-	**-**	-
Commercial Agriculture Credit Scheme (CACS)	**4,096,163**	-	**-**	-
	14,913,521	-	**-**	-
Current	**-**			
Non-current	**14,913,521**	-	**-**	-
	14,913,521	-	**-**	-

(a) On-lending facilities represents government intervention funds granted by Nigeria government financial institutions, Bank of Industry (BOI) and Central Bank of Nigeria under manufacturing, agriculture, power, small and medium scale companies sectors and CACS respectively for on-lending to the banking subsidiary's qualified customers. These facilities are given to the banking subsidiary at low interest rates, between 0% and 10%, for on-lending at a very low rate specified under the schemes. However, the banking subsidiary bears the credit risk for these facilities.

The on-lending facilities granted at below the market rate were measured at fair value on initial recognition and subsequently at amortised cost. The fair value gain on initial recognition was recognised in the profit or loss.

38 Debt Securities Issued	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Debt securities at amortised cost:				
Bond issued (see Note (a) below)	**26,174,186**	-	**-**	-
	26,174,186	-	**-**	-
Current	**-**	-	**-**	-
Non-current	**26,174,186**	-	**-**	-
	26,174,186	-	**-**	-

(a) The amount of ₦26.17 billion represents the amortised cost of a ₦26 billion, seven-year, 14.25% corporate bond issued at par in November 2014. The principal amount is repayable in November 2021, while the coupon is paid semi-annually. The amount represents the first tranche of a ₦100 billion debt issuance programme. The banking subsidiary has not had any defaults of principal or interest or other breaches with respect to its debt securities during the year ended 31 December 2014.

39 Retirement Benefit Obligations

Defined contribution scheme

The Group and its employees make a joint contribution of 15% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. However, the contribution was changed to minimum of employer 10% and employee 8% on 1 July 2014 in line with the new Pension Reform Act 2014.

	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
Total contributions to the scheme for the year were as follows:				
Balance at start of year	**124,674**	109,008	**-**	-
Balance transferred	**-**	(3,772)	**-**	-
Charged to profit or loss (see Note 15)	**515,351**	480,653	**5,739**	-
Employee contribution	**527,951**	545,169	**-**	-
Total amounts remitted	**(1,052,920)**	(1,006,384)	**(5,739)**	-
At end of year	**115,056**	124,674	**-**	-
Current	**115,056**	124,674	**-**	-
Non-current	**-**	-	**-**	-
	115,056	124,674	**-**	-

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40 Other Long-Term Benefits

The Group has a non-contributory long-service compensation policy for employees that have spent five years and above up till the end of service in the Group. The entitlement for qualified staff is calculated at the rate of 15% of annual total of basic salary, transport, housing and house maintenance allowance or as determined by the management and Board of the Group from time to time. Effective 30 March 2014, the scheme has been discontinued for the Group. Management is of the opinion that the liability that has been actuarially determined as at 31 December 2013 is not materially different from estimated liability as at 30 March 2014. The liability is now included in other liabilities.

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(i) The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligations	**-**	-	**-**	-
Present value of funded obligations	**-**	3,203,189	**-**	-
Total present value of obligations	**-**	3,203,189	**-**	-
Fair value of plan assets	**-**	(1,944,872)	**-**	-
Present value of net obligations	**-**	1,258,317	**-**	-
Unrecognised actuarial losses	**-**	-	**-**	-
Recognised liability for non-contributory defined benefits obligations	**-**	1,258,317	**-**	-
(ii) Plan assets consist of the following:				
Federal Government of Nigeria (FGN) bonds	**-**	1,944,872	**-**	-
	-	1,944,872	**-**	-
(iii) Movement in the present value of defined benefit obligations:				
Liability for defined benefit obligations at the beginning	**1,258,317**	335,397	**-**	-
Contribution to the plan assets	**-**	(103,272)	**-**	-
Actuarial gains	**-**	(283,960)	**-**	-
Benefits reclassified/paid by the plan	**(1,099,917)**	(366,321)	**-**	-
Service costs and interest (see Note 15)	**-**	1,518,073	**-**	-
Fair value loss on plan assets	**(158,400)**	158,400	**-**	-
Liability for defined benefit obligations at the end of the year	**-**	1,258,317	**-**	-

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(iv) Movement in plan assets:				
Fair value of plan assets at the beginning of the year	**1,944,872**	2,000,000	**-**	-
Contribution paid into the plan	**-**	103,272	**-**	-
Benefits reclassified by the plan	**(2,103,272)**	-	**-**	-
Fair value loss on plan assets	**158,400**	(158,400)	**-**	-
Fair value of plan assets at end of the year	**-**	1,944,872	**-**	-
(v) Expense recognised in profit and loss:				
Current service costs	**-**	839,870	**-**	-
Past service cost	**-**	308,783	**-**	-
Interest on obligation	**-**	369,420	**-**	-
	-	1,518,073	**-**	-
(vi) Expense recognised in other comprehensive income:				
Fair value loss on plan assets	**-**	158,400	**-**	-
Actuarial gains	**-**	(168,978)	**-**	-
	-	(10,578)	**-**	-
(vii) Actuarial assumptions:				
The principal actuarial assumptions at the reporting date, expressed as weighted averages, were:				
Discount rate at 31 December	**-**	13%	**-**	-
Future salary increases	**-**	12%	**-**	-
Rate of inflation	**-**	10%	**-**	-

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

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	GROUP		COMPANY	
41 Other Liabilities	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Customers' deposit for letters of credits (see Note 21)	**6,662,093**	7,604,906	**-**	-
Bank cheques/drafts	**2,957,720**	4,384,959	**-**	-
Deferred income (see Note (c) below)	**148,265**	298,920	**-**	-
Proceeds from public offers	**81,976**	81,976	**-**	-
Accounts payable – negotiated letters of credits suspense	**54,830,354**	30,891,953	**-**	-
Accounts payable – others	**50,550,642**	32,738,398	**85,456**	19,036
Accrued expenses	**3,993,271**	4,485,760	**219,597**	81,355
Provision (see Note (a) and (b) below)	**1,839,159**	2,520,887	**373,375**	-
	121,063,480	83,007,759	**678,428**	100,391
Current	**113,405,076**	13,175,557	**678,428**	100,391
Non-current	**7,658,404**	69,832,202	**-**	-
	121,063,480	83,007,759	**678,428**	100,391
(a) Movement in provision				
At start of year	**2,520,887**	4,384,061	**-**	-
Additions during the year	**392,018**	450,000	**373,375**	-
Amounts no longer required	**(1,073,746)**	(2,313,174)	**-**	-
At end of year	**1,839,159**	2,520,887	**373,375**	-

(b) Included in the amounts above is ₦1.74 billion (31 December 2013: ₦2.50 billion) for provisions representing the amount reserved for pending legal cases that may crystallise.

(c) Included in deferred income are amounts for financial guarantee contracts, which represents the amount initially recognised less cumulative amortisation.

42 Share Capital

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(a) Authorised				
30 billion ordinary shares of 50 kobo each (2013: 30 billion)	**15,000,000**	15,000,000	**15,000,000**	15,000,000
(b) Issued and fully paid				
19.8 billion ordinary shares of 50 kobo each (2013: 19.8 billion)	**9,901,355**	9,901,355	**9,901,355**	9,901,355
The movement on the issued and fully paid-up share capital account during the year was as follows:				
Balance at 1 January	**9,901,355**	9,520,534	**9,901,355**	9,520,534
Bonus capitalised (see Note (c) below)	**-**	380,821	**-**	380,821
At 31 December	**9,901,355**	9,901,355	**9,901,355**	9,901,355

	GROUP			
	Number of shares (Thousands)	Ordinary shares ₦'000	Share premium ₦'000	Treasury shares ₦'000
At 1 January	**19,802,710**	**9,901,355**	**115,392,414**	**8,625**
Sales of treasury shares (see Note 43 (d) below)	**-**	**-**	**-**	**(8,625)**
At end of the year	**19,802,710**	**9,901,355**	**115,392,414**	**-**

	COMPANY			
	Number of shares (Thousands)	Ordinary shares ₦'000	Share premium ₦'000	Treasury shares ₦'000
At 1 January	**19,802,710**	**9,901,355**	**115,392,414**	**-**
At end of the year	**19,802,710**	**9,901,355**	**115,392,413**	**-**

(c) This represents capitalisation of bonus shares of 761,643,920 ordinary shares of 50 kobo from share premium account in the proportion of one new share for every 25 held in 2013. This was approved at the Annual General Meeting held in 2013.

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43 Share Premium and Reserves

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

(a) Share Premium:

Is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.

(b) Statutory Reserve:

Nigerian banking regulations require the banking subsidiary to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. The Group transferred 15% of its profit after tax to statutory reserves as at year end (2013: 30%).

(c) SSI Reserve:

The SSI Reserve is maintained to comply with the 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 five years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium industries equity investment scheme reserves are non-distributable.

(d) Treasury Shares:

Treasury shares represents the Group's shares held by the stockbroking subsidiary under trading portfolio. However, in 2014, the shares were disposed (December 2013: ₦8.6 million).

(e) Available for Sale Reserve (Fair Value Reserve):

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(f) Regulatory Risk Reserve:

The regulatory risk reserves warehouses the difference between the impairment of loans and advances under the Nigeria GAAP and CBN Prudential Guidelines and the loss incurred model used in calculating the impairment balance under IFRS.

(g) Retained Earnings:

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

(h) Revaluation Reserve:

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

(i) Foreign Currency Translation Reserve (FCTR):

Records exchange movements on the Group's net investment in foreign subsidiaries.

(j) Actuarial Gains and Losses Reserve:

This reserve shows the changes in the present value of defined benefits obligation resulting from experiences, adjustments and changes in actuarial assumptions.

44 Contingencies, Claims and Litigation

(a) Legal Proceedings

The Group in its ordinary course of business is presently involved in 270 cases as a defendant (31 December 2013: 168) and 33 cases as a plaintiff (31 December 2013: 19). The total amount claimed in the 270 cases against the Group is estimated at ₦68.57 billion (31 December 2013: ₦31.70 billion) while the total amount claimed in the 33 cases instituted by the Group is ₦36.28 billion (31 December 2013: ₦30.24 billion). The Directors of the Group are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and/or threatened claims or litigation that may be material to the financial statements.

(b) Contingent Liabilities and Commitments

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

Nature of instruments

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

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

	GROUP		COMPANY	
	2014 ₦'000	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
Performance bonds and guarantees	**96,788,515**	69,682,910	**-**	-
Clean line letters of credit	**114,258,615**	35,412,127	**-**	-
	211,047,130	105,095,037	**-**	-
Other commitments	**879,313**	635,636	**-**	-
	211,926,443	105,730,673	**-**	-
Current	**163,532,186**	70,889,218	**-**	-
Non-current	**48,394,257**	34,841,455	**-**	-
	211,926,443	105,730,673	**-**	-

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

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45 Group Subsidiaries and Related Party Transactions

(a) Parent and Ultimate Controlling Party

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

(b) Subsidiaries

Transactions between FCMB Group Plc and its subsidiaries that are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2014 are shown below.

Entity	Form of holding	Effective holding	Nominal share capital held ₦'000	Country of incorporation	Nature of business
(1) First City Monument Bank Limited	**Direct**	**100%**	**115,422,326**	**Nigeria**	**Banking**
(2) FCMB Capital Markets Limited	**Direct**	**100%**	**240,000**	**Nigeria**	**Capital market**
(3) CSL Stockbrokers Limited (CSLS)	**Direct**	**100%**	**3,053,777**	**Nigeria**	**Stockbroking**
(4) CSL Trustees Limited (CSLT)	**Direct**	**100%**	**40,000**	**Nigeria**	**Trusteeship**
(5) Credit Direct Limited (CDL)	**Indirect**	**100%**	**366,210**	**Nigeria**	**Micro-lending**
(6) FCMB (UK) Limited (FCMB UK)	**Indirect**	**100%**	**7,791,147**	**United Kingdom**	**Banking**
(7) First City Asset Management Limited (FCAM)	**Indirect**	**100%**	**50,000**	**Nigeria**	**Asset management**
(8) FCMB Financing SPV Plc	**Indirect**	**100%**	**250**	**Nigeria**	**SPV**

(c) Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The carrying amounts of Group subsidiaries' assets and liabilities are ₦1,166.69 billion and ₦893.69 billion respectively (31 December 2013: ₦1,003.60 billion and ₦872.77 billion respectively).

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

(d) Condensed Financial Information

(i) The condensed financial data of the consolidated entities as at 31 December 2014 were as follows:

	FCMB Group Plc	FCMB Limited Group	FCMB CM Limited	CSL Stockbrokers Limited Group	CSL Trustees Limited	Total	Consolidation Journal Entries	Group
Results of operations								
Operating income	6,672,889	96,078,751	1,912,270	1,501,074	103,718	106,268,703	(5,450,000)	100,818,703
Operating expenses	(1,222,012)	(63,076,446)	(847,407)	(1,108,644)	(49,534)	(66,304,043)	-	(66,304,043)
Provision expense	-	(10,522,858)	(32,240)	(84,779)	-	(10,639,877)	-	(10,639,877)
Share of post tax result of associate	-	-	-	-	-	-	68,110	68,110
Profit before tax	5,450,877	22,479,447	1,032,623	307,651	54,184	29,324,783	(5,381,890)	23,942,893
Tax	(53,969)	(1,372,377)	(270,265)	(96,561)	(16,464)	(1,809,636)	-	(1,809,636)
Profit after tax	5,396,908	21,107,070	762,358	211,090	37,720	27,515,147	(5,381,890)	22,133,257
Other comprehensive income	-	287,364	-	(43,925)	-	243,439	210,133	453,572
Total comprehensive income for the year	5,396,908	21,394,434	762,358	167,165	37,720	27,758,586	(5,171,757)	22,586,829

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	FCMB Group Plc	FCMB Limited Group	FCMB CM Limited	CSL Stockbrokers Limited Group	CSL Trustees Limited	Total	Consolidation Journal Entries	Group
Financial position								
Assets								
Cash and cash equivalents	4,056,165	119,671,843	834,609	5,269,671	1,903,563	131,735,851	(5,442,042)	126,293,809
Restricted reserve deposits	-	146,105,573	-	-	-	146,105,573	-	146,105,573
Non-pledged trading assets	-	110,961	-	630,956	-	741,917	-	741,917
Loans and advances to banks	-	-	-	-	-	-	-	-
Derivative assets held	-	4,503,005	-	-	-	4,503,005	-	4,503,005
Loans and advances to customers	-	617,523,204	328,226	126,391	1,969	617,979,790	-	617,979,790
Assets pledged as collateral	-	53,812,420	-	-	-	53,812,420	-	53,812,420
Investment securities	2,828,220	134,037,631	2,570,436	8,840,415	10,128	148,286,830	-	148,286,830
Investment in subsidiaries	118,756,103	-	-	-	-	118,756,103	(118,756,103)	-
Investment in associates	418,577	-	-	-	-	418,577	228,822	647,399
Property and equipment	56,337	28,211,656	36,670	84,676	2,468	28,391,807	-	28,391,807
Intangible assets	2,808	7,271,616	-	72,678	-	7,347,102	1,001,208	8,348,310
Deferred tax assets	-	8,166,240	-	-	-	8,166,240	-	8,166,240
Other assets	5,452,080	26,597,684	139,733	1,225,552	14,314	33,429,363	(7,341,680)	26,087,683
	131,570,290	1,146,011,833	3,909,674	16,250,339	1,932,442	1,299,674,578	(130,309,795)	1,169,364,784

	FCMB Group Plc	FCMB Limited Group	FCMB CM Limited	CSL Stockbrokers Limited Group	CSL Trustees Limited	Total	Consolidation Journal Entries	Group
Financed by:								
Derivative liabilities held	-	4,194,185	-	-	-	4,194,185	-	4,194,185
Deposits from banks	-	4,796,752	-	-	-	4,796,752	-	4,796,752
Deposits from customers	-	739,238,838	-	-	-	739,238,838	(5,442,042)	733,796,796
Borrowings	-	99,900,684	1,381,180	-	-	101,281,864	(1,741,518)	99,540,346
On-lending facilities	-	14,913,521	-	-	-	14,913,521	-	14,913,521
Debt securities issued	-	26,174,186	-	-	-	26,174,186	-	26,174,186
Retirement benefit obligations	-	111,829	3,227	-	-	115,056	-	115,056
Current income tax liabilities	114,246	3,785,638	368,291	80,344	15,026	4,363,544	-	4,363,544
Deferred tax liabilities	-	34,453	7,034	-	-	41,487	-	41,487
Other liabilities	678,428	109,008,523	1,086,261	14,054,796	1,835,634	126,663,642	(5,600,161)	121,063,480
Share capital	9,901,355	2,000,000	500,000	943,577	40,000	13,384,932	(3,483,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,733,250	-	217,972,355	(102,579,941)	115,392,414
Retained earnings	5,483,847	19,566,097	563,681	(556,225)	41,782	25,099,182	1,139,495	26,238,677
Other reserves	-	21,440,436	-	(5,402)	-	21,435,034	(12,602,049)	8,832,985
	131,570,290	1,146,011,833	3,909,674	16,250,340	1,932,442	1,299,674,578	(130,309,794)	1,169,364,784
Acceptances and guarantees	-	211,926,443	-	-	-	211,926,443	-	211,926,443

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for the year ended 31 December 2014 continued

(ii) The condensed financial data of the consolidated entities as at 31 December 2013 were as follows:

	FCMB Group Plc	FCMB Limited Group	FCMB CM Limited	CSL Stockbrokers Limited Group	CSL Trustees Limited	Total	Consolidation Journal Entries	Group
Results of operations								
Operating income	6,370,000	82,316,877	943,593	976,927	-	90,607,397	(6,357,679)	84,249,718
Operating expenses	(281,971)	(56,533,789)	(512,277)	(810,656)	-	(58,138,693)	(12,323)	(58,151,016)
Provision expense	-	(7,979,898)	(2,661)	-	-	(7,982,559)	-	(7,982,559)
Share of post-tax result of associate	-	-	-	-	-	-	68,256	68,256
Profit before tax	6,088,029	17,803,190	428,655	166,271	-	24,486,145	(6,301,746)	18,184,399
Tax	(60,277)	(1,834,265)	(178,011)	(110,691)	-	(348,980)	(1,834,264)	(2,183,244)
Profit after tax	**6,027,752**	**15,968,925**	**250,644**	**55,580**	**-**	**24,137,165**	**(8,136,010)**	**16,001,155**
Other comprehensive income	-	254,350	-	30,182	-	284,532	-	284,532
Total comprehensive income for the year	**6,027,752**	**16,223,275**	**250,644**	**85,762**	**-**	**24,421,697**	**(8,136,010)**	**16,285,687**

	FCMB Group Plc	FCMB Limited Group	FCMB CM Limited	CSL Stockbrokers Limited Group	CSL Trustees Limited	Total	Consolidation Journal Entries	Group
Financial position								
Assets								
Cash and cash equivalents	2,150,389	198,181,635	386,762	1,131,908	-	201,850,694	(2,150,389)	199,700,305
Restricted reserve deposits	-	73,473,096	-	-	-	73,473,096	-	73,473,096
Non-pledged trading assets	-	2,496,281	425,077	-	-	2,921,358	-	2,921,358
Derivative assets held	-	1,697,606	-	-	-	1,697,606	-	1,697,606
Loans and advances to customers	-	450,167,067	365,898	-	-	450,532,965	-	450,532,965
Assets pledged as collateral	-	50,516,904	-	-	-	50,516,904	-	50,516,904
Investment securities	2,514,439	159,949,031	69,465	1,105,301	-	163,638,236	-	163,638,236
Investment in subsidiaries	118,716,103	-	-	-	-	118,716,103	(118,716,103)	-
Investment in associates	407,800		-	-	-	407,800	160,713	568,512
Investment property	-	-	-	272,660	-	272,660	(272,660)	-
Property and equipment	9,801	26,681,892	54,631	65,953	-	26,812,277	-	26,812,277
Intangible assets	3,771	6,560,516	5,601	9,433	-	6,579,321	1,001,207	7,580,528
Deferred tax assets	-	6,310,454	19,709	15,862	-	6,346,025	-	6,346,025
Other assets	7,679,886	22,682,453	107,033	801,087	-	31,270,459	(6,778,101)	24,492,358
	131,482,189	998,716,935	1,434,176	3,402,204	-	1,135,035,504	(126,755,334)	1,008,280,170

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for the year ended 31 December 2014 continued

	FCMB Group Plc	FCMB Limited Group	FCMB CM Limited	CSL Stockbrokers Limited Group	CSL Trustees Limited	Total	Consolidation Journal Entries	Group
Financed by:								
Derivative liabilities held	-	1,355,634	-	-	-	1,355,634	-	1,355,634
Deposits from customers	-	717,363,806	-	-	-	717,363,806	(2,149,614)	715,214,192
Borrowings	-	59,244,230	-	-	-	59,244,230	-	59,244,230
Retirement benefit obligations	-	120,986	3,688	-	-	124,674	-	124,674
Other long-term benefits	-	1,254,601	3,716	-	-	1,258,317	-	1,258,317
Current income tax liabilities	60,277	3,972,183	272,660	28,233	-	4,333,353	-	4,333,353
Deferred tax liabilities	-	7,920	27,362	-	-	35,282	-	35,282
Other liabilities	100,391	87,804,971	375,427	1,505,071	-	89,785,860	(6,778,101)	83,007,759
Share capital	9,901,355	2,000,000	500,000	943,577	-	13,344,932	(3,443,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,733,250	-	217,972,355	(102,579,941)	115,392,414
Treasury shares	-	-	-	-	-	-	(8,625)	(8,625)
Retained earnings	6,027,752	5,718,711	251,323	(341,464)	-	11,656,321	1,453,458	13,109,779
Other reserves	-	19,027,202	-	(466,463)	-	18,560,739	(13,248,933)	5,311,806
	131,482,189	998,716,935	1,434,176	3,402,204	-	1,135,035,504	(126,755,334)	1,008,280,170
Acceptances and guarantees	-	105,730,673	-	-	-	105,730,673	-	105,730,673

(e) Transactions with Key Management Personnel

Key management personnel compensation for the year comprised:

	GROUP		COMPANY	
	31 December 2014 ₦'000	31 December 2013 ₦'000	**31 December 2014 ₦'000**	31 December 2013 ₦'000
Key management personnel compensation for the year comprised:				
Short-term employee benefits	**525,036**	463,787	**140,354**	24,700
Post-employment benefits	**9,581**	6,844	**2,931**	1,147
Other long-term benefits	**-**	131,192	**-**	9,633
	534,617	601,823	**143,285**	35,480
Loans and advances				
At start of the year	**11,562,679**	13,944,735	**-**	-
Granted during the year	**933,452**	11,181,262	**-**	-
Repayment during the year	**(2,523,511)**	(13,563,318)	**-**	-
At end of the year	**9,972,620**	11,562,679	**-**	-
Interest earned	**3,967,110**	2,163,119	**-**	-

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefits plan on their behalf. Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. No impairment has been recognised in respect of loans granted to key management (31 December 2013: nil). Mortgage loans amounting to ₦612.15 million (31 December 2013: ₦507.07 million) are secured by the underlying assets. All personal loans are unsecured and interest rates charged on the related parties are at arm's-length transaction.

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

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

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for the year ended 31 December 2014 continued

Loans and advances outstanding:

Included in loans and advances is an amount of ₦9.89 billion (31 December 2013: ₦11.56 billion) representing credits facilities to companies in which certain Directors have interests. The balances as at 31 December 2014 and 31 December 2013 were as follows:

Name of company/ Individual	Relationship	Facility type	Name of Directors related to the companies	31 December 2014 ₦'000	31 December 2013 ₦'000	Status	Security status
Dynamic Industries Limited	Directors-shareholders	Overdraft	Alhaji Mustapha Damcida	**270,963**	277,664	Performing	Perfected
Dynamic Industries Limited	Directors-shareholders	Term loan	Alhaji Mustapha Damcida	**741,810**	247,052	Performing	Perfected
Primrose Property Investment Ltd	Directors-shareholders	Overdraft	Otunba MO Balogun, CON	**20,684**	83,193	Performing	Perfected
Chellarams Plc	Directors-shareholders	Overdraft	Alhaji Mustapha Damcida	**73,491**	8,137	Performing	Perfected
Chellarams Plc	Directors-shareholders	Term loan	Alhaji Mustapha Damcida	**232,171**	159,577	Performing	Perfected
S & B Printers Limited	Directors-shareholders	Overdraft	Babajide Balogun	**38,441**	30,299	Performing	Perfected
S & B Printers Limited	Directors-shareholders	Term loan	Babajide Balogun	**24,533**	55,757	Performing	Perfected
Chapel Hill Advisory Partners	Directors-shareholders	Overdraft	Mobolaji Balogun	**-**	482,326	Performing	Perfected
Chapel Hill Advisory Partners	Directors-shareholders	Term loan	Mobolaji Balogun	**574,552**	300,000	Performing	Perfected
Helios Towers Nigeria Limited	Directors-shareholders	Term loan	Temitope Lawani	**-**	3,398,426	Performing	Perfected
Helios Towers Nigeria Limited	Directors-shareholders	Overdraft	Temitope Lawani	**-**	2	Performing	Perfected
Credit Direct Limited	Subsidiary	Overdraft	-	**7,830,487**	5,714,649	Performing	Perfected
Credit Direct Limited	Subsidiary	Term loan	-	**51,337**	83,928	Performing	Perfected
Gulvaris Capital Partners	Directors-shareholders	Term loan	Ladi Balogun	**-**	659,550	Performing	Perfected
Poly Products Nigeria Plc	Directors-shareholders	Term loan	Olusegun Odubogun	**33,592**	62,119	Performing	Perfected
				9,892,061	11,562,679		

Deposits outstanding

Included in deposit is an amount of ₦4.58 billion (31 December 2013: ₦2.95 billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2014 and 31 December 2013 were as follows:

Name of company/Individual	Relationship	Type of deposit	31 December 2014 ₦'000	31 December 2013 ₦'000
ATSC International Limited	Shareholder	Current account	**2,240**	5,081
Blue-Chip Holdings Limited	Shareholder	Current account	**1,245**	6,685
Blue-Chip Holdings Limited	Shareholder	Time deposit	**-**	35,649
Chapel Hill Advisory Partners	Shareholder	Current account	**447**	-
Chellarams Plc	Directors-shareholders	Time deposit	**14,905**	12,415
City Securities Limited	Directors-shareholders	Current account	**27,091**	14,696
Credit Direct Limited	Subsidiary	Current account	**84,658**	10,512
CSL Stockbrokers Limited	Directors-shareholders	Current account	**195,487**	236,966
CSL Stockbrokers Limited	Directors-shareholders	Time deposit	**250,000**	100,000
FCMB Capital Markets Limited	Directors-shareholders	Current account	**518,448**	132,234
FCMB Capital Markets Limited	Directors-shareholders	Time deposit	**200,000**	-
FDC Consulting Limited	Directors-shareholders	Current account	**2,412**	212
Financial Derivatives Company	Directors-shareholders	Current account	**536,472**	26,040
First City Asset Management Limited	Directors-shareholders	Current account	**227,630**	148,261
First City Asset Management Limited	Directors-shareholders	Time deposit	**312,560**	10,086
Helios Towers Nigeria Limited	Directors-shareholders	Current account	**478,720**	1,432,601
Helios Investment Partners	Directors-shareholders	Current account	**712**	3,969
Lafarge Cement Wapco Nig Plc	Directors-shareholders	Current account	**2,846**	549,899
Lana Securities Limited	Shareholder	Current account	**295**	232
Gulvaris Capital Partners	Directors-shareholders	Current account	**4,564**	44
Poly Products Nigeria Plc	Directors-shareholders	Current account	**33,327**	41,027
Primrose Development Company Limited	Shareholder	Current account	**2,464**	840
Primrose Development Company Limited	Shareholder	Time deposit	**2,032**	4,078
Primrose Investments Limited	Shareholder	Current account	**317**	54
Primrose Investments Limited	Shareholder	Time deposit	**615,531**	146,326
Primrose Nigeria Limited	Shareholder	Current account	**21,965**	17,427
Primrose Property Investment Limited	Shareholder	Current account	**90,225**	126
S & B Printers Limited	Directors-shareholders	Current account	**1,345**	13,466
Dynamic Industries Limited	Directors-shareholders	Current account	**499,456**	-
Heroes Furniture Limited	Directors-shareholders	Current account	**609**	-
CSL Trustees Limited	Directors-shareholders	Current account	**147,658**	-
CSL Trustees Limited	Directors-shareholders	Time deposit	**300,757**	-
			4,576,418	2,948,926

(a) Directors-shareholders relate to companies that have common directors with FCMB Group Plc or its subsidiaries.

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for the year ended 31 December 2014 continued

46 Employees and Directors

	GROUP		COMPANY	
	31 December 2014 Number	31 December 2013 Number	**31 December 2014 Number**	31 December 2013 Number
Employees				
(a) The average number of persons employed during the year by category:				
Executive Directors	**14**	10	**1**	1
Management	**800**	793	**9**	8
Non-management	**3,616**	3,399	**4**	3
	4,430	4,202	**14**	12

	GROUP		COMPANY	
(b) Compensation for the above persons (excluding executive directors):	**31 December 2014 ₦'000**	31 December 2013 ₦'000	**31 December 2014 ₦'000**	31 December 2013 ₦'000
Short-term employee benefits	**23,427,447**	20,729,426	**300,928**	70,329
Contributions to defined contribution plans	**515,351**	480,653	**5,739**	-
Defined benefit costs	**-**	1,518,073	**-**	-
Other staff costs	**3,861,935**	1,427,300	**830**	50
	27,804,733	24,155,452	**307,497**	70,379

	GROUP		COMPANY	
(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:	**31 December 2014 Number**	31 December 2013 Number	**31 December 2014 Number**	31 December 2013 Number
Less than ₦1,800,000	**1,231**	1,242	**-**	3
₦1,800,001–₦2,500,000	**59**	37	**-**	-
₦2,500,001–₦4,500,000	**1,437**	1,315	**1**	1
₦4,500,001–₦5,500,000	**497**	450	**1**	1
₦5,500,001 and above	**1,206**	1,158	**12**	7
	4,430	4,202	**14**	12

The Company operated for only six months in 2013 as against 12 months in 2014.

(d) Diversity in Employment

(i) A total of 1,678 women were employed by the Group during the financial year ended 31 December 2014 (2013: 1,440), which represents 38% of the total workforce (2013: 34%).

(ii) A total of 18 women were in the top management positions in the group as at the year ended 31 December 2014 (2013: 23), which represents 26% of the total workforce in this position (2013: 28%). There was no woman on the Board of the Company.

(iii) The analysis by grade is as shown below:

GROUP

	31 December 2014			31 December 2013		
Grade level	**Male**	**Female**	**Total**	Male	Female	Total
Assistant General Manager (AGM)	**23**	**7**	**30**	30	11	41
Deputy General Manager (DGM)	**19**	**8**	**27**	20	9	29
General Manager (GM)	**9**	**3**	**12**	9	3	12
Total	**51**	**18**	**69**	59	23	82
Other Executive Directors (ED)	**5**	**-**	**5**	4	-	4
Deputy Managing Director (DMD)	**1**	**-**	**1**	1	-	1
Group Managing Director/ Managing Directors	**4**	**-**	**4**	4	-	4
Non-Executive Directors (including Alternate Director)	**20**	**3**	**23**	15	5	20
Total	**30**	**3**	**33**	24	5	29

COMPANY

	31 December 2014			31 December 2013		
Grade level	**Male**	**Female**	**Total**	Male	Female	Total
Assistant General Manager (AGM)	**1**	**-**	**1**	1	-	1
Deputy General Manager (DGM)	**-**	**-**	**-**	-	-	-
General Manager (GM)	**1**	**-**	**1**	1	-	1
Total	**2**	**-**	**2**	2	-	2
Other Executive Directors (ED)	**-**	**-**	**-**	-	-	-
Deputy Managing Director (DMD)	**-**	**-**	**-**	-	-	-
Group Managing Director/ Managing Directors	**1**	**-**	**1**	1	-	1
Non-Executive Directors (including Alternate Director)	**9**	**-**	**9**	10	-	10
Total	**10**	**-**	**10**	11	-	11

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

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(e) Directors

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

	GROUP		COMPANY	
	31 December 2014 ₦'000	31 December 2013 ₦'000	**31 December 2014 ₦'000**	31 December 2013 ₦'000
Fees and sitting allowances	**271,652**	155,566	**110,102**	28,650
Executive compensation	**525,036**	463,787	**73,324**	24,700
	796,688	619,353	**183,426**	53,350
Directors' other expenses	**84,715**	100,158	**694**	-
	881,403	719,511	**184,120**	53,350
The Directors' remuneration shown above includes:				
The Chairman	**10,500**	5,250	**10,500**	5,250
Highest-paid director	**95,043**	94,860	**73,324**	24,700

The number of directors (including alternate director) who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:

	GROUP		COMPANY	
	31 December 2014 ₦'000	31 December 2013 ₦'000	**31 December 2014 ₦'000**	31 December 2013 ₦'000
Below ₦1,000,000	**11**	6	**-**	5
₦1,000,001–₦5,000,000	**1**	2	**-**	1
₦5,000,001–₦10,000,000	**6**	5	**2**	4
₦10,000,001 and above	**15**	16	**8**	1
	33	29	**10**	11

The Company operated for only six months in 2013 as against 12 months in 2014.

47 Compliance with Banking Regulations

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

Section	Nature	Number of times	Penalties ₦'000
CBN circular ref: BSD/DIR/GEN/LAB/06/025 of 30 May 2013 and section 60 of BOFI Act 1991 as amended	The Bank failed to satisfactorily implement prior-year external auditors' recommendations.	1	2,000
CBN circular ref: BSD/1/2003 of 25 February 2003 and section 24(4) of BOFIA, 1991 as amended	The Bank rendered incorrect returns to CBN on its MTR 202	1	2,000
Non-compliance with ATM operation standards, CBN Circular BPS/PSP/GEN/CWO/05/073	The Bank failed to comply with ATM operation standards at ATM located at Lekki, Lagos	1	2,000

The penalties totalling ₦6 million were paid during the year.

48 Subsequent Events

There were no post-balance sheet events that could have a material effect on the financial position of the Group as at 31 December 2014 or the profit for the year ended on that date that have not been adequately provided for or disclosed (2013: none).

49 Comparatives

Certain prior-year balances have been reclassified in line with current-year presentation. The reclassifications as shown below are not material enough to impact significantly the results of the Group for 2013.

	GROUP	COMPANY
	2013 ₦'000	2013 ₦'000
(i) Interest income (see Note 8)		
Balance previously reported	101,640,438	–
Reclassified from net fee and commission income (see Note (ii) below)	1,661,820	–
	103,302,258	–
Included in prior year net fee and commission income was interest income as shown above.		
(ii) Net fee and commission income (see Note 11)		
Balance previously reported	13,981,393	–
Reclassified from other income (see Note (v) below)	1,652,573	–
Reclassified to interest income (see Note (i) above)	(1,661,820)	–
	13,972,146	–
Included in prior year other income and interest income was gross fee and commission income as shown above.		

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	GROUP 2013 ₦'000	COMPANY 2013 ₦'000
(iii) Net trading income (see Note 12)		
Balance previously reported	480,484	-
Reclassified from net income from other financial instruments at fair value through profit or loss (see Note (iv) below)	137,809	-
	618,293	-

Included in prior year net income from other financial instruments at fair value through profit or loss was net trading income as shown above.

	GROUP 2013 ₦'000	COMPANY 2013 ₦'000
(iv) Net income from other financial instruments at fair value through profit or loss (see Note 13)		
Balance previously reported	424,063	-
Reclassified to net trading income (see Note (iii) above)	(137,809)	-
	286,254	-

Included in prior year net income from other financial instruments at fair value through profit or loss was net trading income as shown above.

	GROUP 2013 ₦'000	COMPANY 2013 ₦'000
(v) Other income (see Note 14)		
Balance previously reported	13,230,187	6,370,000
Reclassified to net fee and commission income (see Note (ii) above)	(1,652,573)	-
	11,577,614	6,370,000

Included in prior year other income was gross fee and commission income as shown above.

	GROUP 2013 ₦'000	COMPANY 2013 ₦'000
(vi) General and administrative expenses (see Note 17)		
Balance previously reported	14,626,502	56,656
Reclassified from other expenses (vehicles maintenance expenses) (see Note (vii) below)	886,212	9
Reclassified from other expenses (security expenses) (see Note (vii) below)	1,803,567	-
Reclassified from other expenses (auditors' remuneration) (see Note (vii) below)	240,412	20,000
Reclassified from other expenses (professional charges) (see Note (vii) below)	2,179,383	40,658
	19,736,076	117,323

Included in prior year other expenses was general and administrative expenses as shown above.

	GROUP 2013 ₦'000	COMPANY 2013 ₦'000
(vii) Other expenses (see Note 18)		
Balance previously reported	16,061,872	154,397
Reclassified to general and administrative expenses (vehicles maintenance expenses) (see Note (vi) above)	(886,212)	(9)
Reclassified to general and administrative expenses (security expenses) (see Note (vi) above)	(1,803,567)	-
Reclassified to general and administrative expenses (auditors' remuneration) (see Note (vi) above)	(240,412)	(20,000)
Reclassified to general and administrative expenses (professional charges) (see Note (vi) above)	(2,179,383)	(40,658)
	10,952,298	93,730

Included in prior year other expenses was general and administrative expenses as shown above.

(viii) The table below presents the summary of quantitative impacts of the line items of statement of comprehensive income for the year ended 31 December 2013.

	GROUP			COMPANY		
	2013 ₦'000	Reclassification ₦'000	**2013 Restated** **₦'000**	2013 ₦'000	Reclassification ₦'000	**2013 Restated** **₦'000**
Interest income	101,640,438	1,661,820	103,302,258	–	–	–
Interest expense	(45,506,847)	–	(45,506,847)	–	–	–
Net interest income	56,133,591	1,661,820	57,795,411	–	–	–
Fee and commission income	15,220,267	(9,247)	15,211,020	–	–	–
Fee and commission expense	(1,238,874)	–	(1,238,874)	–	–	–
Net fee and commission income	13,981,393	(9,247)	13,972,146	–	–	–
Net trading income	480,484	137,809	618,293	–	–	–
Net income from other financial instruments at fair value through profit or loss	424,063	(137,809)	286,254	–	–	–
Other income	13,230,187	(1,652,573)	11,577,614	6,370,000	–	6,370,000
	14,134,734	(1,652,573)	12,482,161	6,370,000	–	6,370,000
Net impairment loss on financial assets	(7,982,559)	–	(7,982,559)	–	–	–
Personnel expenses	(24,155,452)	–	(24,155,452)	(70,379)	–	(70,379)
Depreciation and amortisation expenses	(3,307,190)	–	(3,307,190)	(539)	–	(539)
General and administrative expenses	(14,626,502)	(5,109,574)	(19,736,076)	(56,656)	(60,666)	(117,322)
Other expenses	(16,061,872)	5,109,574	(10,952,298)	(154,396)	60,666	(93,730)
Results from operating activities	18,116,143	–	18,116,143	6,088,030	–	6,088,030
Share of post-tax result of associate	68,256	–	68,256	–	–	–
Profit before minimum tax and income tax	18,184,399	–	18,184,399	6,088,030	–	6,088,030
Dividend tax	–	(1,800,000)	(1,800,000)	–	–	–
Minimum tax	–	–	–	–	–	–
Income (tax expense)/tax credit	(2,183,244)	1,800,000	(383,244)	(60,277)	–	(60,277)
Profit for the year	16,001,155	–	16,001,155	6,027,753	–	6,027,753

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2014 continued

50 Reconciliation Notes to Consolidated and Separate Statement of Cash Flows

	Note	GROUP 2014 ₦'000	GROUP 2013 ₦'000	COMPANY 2014 ₦'000	COMPANY 2013 ₦'000
(i) Fair value gain on financial assets held for trading					
Gross trading income before fair value adjustments		**766,708**	756,102	**-**	-
Fair value gain on financial assets adjustments		**(889)**	(137,809)	**-**	-
Net trading income (see Note 12)		**765,819**	618,293	**-**	-
(ii) Interest received					
Balance at end of the year (interest receivables, overdue interest and loan fees)		**14,941,598**	10,717,657	**-**	-
Accrued interest income during the year		**117,984,048**	103,302,258	**438,029**	-
Non-cash adjustments		**4,715,695**	-	**-**	-
Balance at start of the year (interest receivables, overdue interest and loan fees)		**(12,917,235)**	(12,010,136)	**(1,335)**	-
Interest received during the year		**124,724,106**	102,009,779	**436,694**	-
(iii) Interest paid					
Balance at end of the year (interest payables, interest prepaid and deferred FCY charges)		**6,319,277**	6,099,635	**-**	-
Accrued interest expense during the year		**45,350,521**	45,506,847	**-**	-
Non-cash adjustments		**4,576,942**	-	**-**	-
Balance at start of the year (interest payables, interest prepaid and deferred FCY charges)		**(6,099,635)**	(4,890,560)	**-**	-
		50,147,105	46,715,922	**-**	-
(iv) VAT paid					
This relates to monthly remittances to the tax authorities with respect to VATable services		**1,474,442**	789,666	**-**	-
(v) Acquisition of investment securities and proceeds from sale and redemption of investment securities					
Balance at start of the year		**163,638,236**	240,319,073	**-**	-
Add: Acquisition of investment securities during the year		**150,405,709**	80,887,383	**-**	2,514,439
Less: Proceeds from sale and redemption of investment securities		**(139,576,195)**	(157,568,220)	**-**	-
Balance at end of the year		**174,467,750**	163,638,236	**-**	2,514,439
(vi) Effect of exchange rate fluctuations on cash and cash equivalents held					
Balance at end of the year on net translated foreign balances at closing exchange rates		**(66,434,610)**	(57,730,027)	**7,719**	-
Balance at start of the year on net translated foreign balances at opening exchange rates		**57,730,027**	59,198,174	**-**	-
		(8,704,583)	1,468,147	**7,719**	-

		GROUP		COMPANY	
	Note	**2014 ₦'000**	2013 ₦'000	**2014 ₦'000**	2013 ₦'000
(vii) Net increase/(decrease) in other liabilities and others					
Movement in other liabilities	*41*	**38,055,721**	(1,606,705)	**578,037**	100,391
Movement in retirement benefit obligations	*39*	**(1,017,037)**	(981,111)	**-**	-
Movement in other long-term benefits	*40*	**(3,203,189)**	(366,321)	**-**	-
Non cash related adjustments		**2,952,291**	(1,468,114)	**-**	-
		36,787,786	(4,422,251)	**578,037**	100,391

Value Added Statement

for the year ended 31 December 2014

	GROUP				COMPANY			
	2014 ₦'000	%	2013 ₦'000	%	2014 ₦'000	%	2013 ₦'000	%
Gross income	**148,637,409**		130,995,439		**6,672,889**		6,370,000	
Group's share of associate's profit	**68,110**		68,256					
Interest expense and charges	**(47,818,706)**		(46,745,721)		**-**		-	
	100,886,813		84,317,974		**6,672,889**		6,370,000	
Impairment losses	**(10,639,877)**		(7,982,559)		**-**		-	
Administrative overhead	**(34,908,548)**		(30,688,374)		**(894,291)**		(211,052)	
Value added	**55,338,388**	*100*	45,647,041	*100*	**5,778,598**	*100*	6,158,948	*100*
Distribution								
Employees								
Wages, salaries, pensions, gratuity and other employee benefits	**27,804,733**	*50*	24,155,452	*53*	**307,497**	*5*	70,379	*1*
Government								
Taxation	**1,809,636**	*3*	2,183,244	*5*	**53,969**	*1*	60,277	*1*
The future								
Replacement of property and equipment/intangible assets	**3,590,762**	*7*	3,307,190	*7*	**20,224**	*0*	539	*0*
Profit for the period/year (including statutory and regulatory risk reserves)	**22,133,257**	*40*	16,001,155	*35*	**5,396,908**	*94*	6,027,753	*98*
Value added	**55,338,388**	*100*	45,647,041	*100*	**5,778,598**	*100*	6,158,948	*100*

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

Five-Year Financial Summary – Group

	GROUP				
	31 December 2014 ₦'000	31 December 2013 ₦'000	31 December 2012 ₦'000	31 December 2011 ₦'000	31 December 2010 ₦'000
ASSETS EMPLOYED					
Cash and cash equivalents	**126,293,809**	199,700,305	123,451,740	48,416,681	67,977,072
Restricted reserve deposits	**146,105,573**	73,473,096	57,891,360	21,963,780	2,802,980
Non-pledged trading assets	**741,917**	2,921,358	1,169,708	3,119,799	20,128,310
Loans and advances to banks	**-**	-	-	-	-
Derivative assets held	**4,503,005**	1,697,606	1,980,135	-	-
Loans and advances to customers	**617,979,790**	450,532,965	357,798,798	323,353,706	330,818,648
Assets pledged as collateral	**53,812,420**	50,516,904	40,793,601	27,253,832	26,281,274
Investment securities	**148,286,830**	163,638,236	244,525,619	137,333,793	50,299,811
Assets classified as held for sale	**-**	-	13,547,417	-	-
Investment in associates	**647,399**	568,512	467,456	230,656	145,000
Investment property	**-**	-	-	131,778	131,778
Property and equipment	**28,391,807**	26,812,277	26,331,166	18,785,380	19,320,073
Intangible assets	**8,348,310**	7,580,528	11,894,789	6,601,963	6,560,531
Deferred tax assets	**8,166,241**	6,346,025	4,937,656	3,578,836	572,053
Other assets	**26,087,683**	24,492,358	23,756,311	10,846,290	12,555,569
	1,169,364,784	1,008,280,170	908,545,756	601,616,494	537,593,099
FINANCED BY					
Share capital	**9,901,355**	9,901,355	9,520,534	8,135,596	8,135,596
Share premium	**115,392,414**	115,392,414	108,747,612	108,369,199	108,369,199
Treasury shares	**-**	(8,625)	(775,381)	(851,234)	(1,691,714)
Retained earnings/ (accumulated loss)	**26,238,677**	13,109,779	765,475	(16,779,856)	(1,177,917)
Other reserves	**8,832,985**	5,311,806	13,757,163	18,519,823	19,769,275
Derivative liabilities held	**4,194,185**	1,355,634	1,980,135	-	-
Deposits from banks	**4,796,752**	-	52,000	-	580,844
Deposits from customers	**733,796,796**	715,214,192	646,216,767	410,683,355	335,129,902
Liabilities classified as held for sale	**-**	-	9,038,589	-	-
Borrowings	**99,540,346**	59,244,230	26,933,018	19,264,434	25,233,558
On-lending facilities	**14,913,521**	-	-	-	-
Debt securities issued	**26,174,186**	-	-	-	-
Retirement benefit obligations	**115,056**	124,674	109,008	12,971	8,994
Other long-term benefits	**-**	1,258,317	335,397	1,668,104	1,502,390
Current income tax liabilities	**4,363,544**	4,333,353	2,850,275	1,783,422	1,867,603
Deferred tax liabilities	**41,487**	35,282	22,067	26,388	20,192
Other liabilities	**121,063,480**	83,007,759	88,993,097	50,784,292	39,845,177
	1,169,364,784	1,008,280,170	908,545,756	601,616,494	537,593,099
Acceptances and guarantees	**211,926,443**	105,730,673	121,081,334	97,260,519	65,249,741

Five-Year Financial Summary – Group

continued

	GROUP				
	12 months December 2014 ₦'000	12 months December 2013 ₦'000	12 months December 2012 ₦'000	12 months December 2011 ₦'000	12 months December 2010 ₦'000
PROFIT AND LOSS ACCOUNT					
Gross earnings	**148,637,409**	130,995,439	116,832,323	74,761,462	62,686,096
Profit/(loss) before tax	**23,874,783**	18,116,143	16,248,019	(10,682,803)	9,025,742
Tax (expense)/credit	**(1,809,636)**	(2,183,244)	(1,126,315)	3,000,587	(1,090,771)
Profit/(loss) after tax	**22,065,147**	15,932,899	15,121,704	(7,682,216)	7,934,971
Transfer to reserves	**22,133,257**	16,001,155	15,292,372	(9,243,550)	7,934,971
Basic and diluted earnings per share (Naira)	**1.12**	0.81	0.77	(0.57)	0.49

NB: FCMB Group Plc was incorporated in Nigeria as a financial holding company on 20 November 2012, under the Companies and Allied Matters Act, in response to the CBN's Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3). Following the Group restructuring, FCMB Group Plc emerged as a holding company, with First City Monument Bank Plc ('the bank') as subsidiary.

First City Monument Bank Plc was delisted from the Nigerian Stock Exchange on 21 June 2013, and the shares of FCMB Group Plc listed on the same day. The Bank was re-registered as a Private Limited Liability company in September 2013, and is now known as First City Monument Bank Limited. The financials stated above from year 2010 to 2012 were those of First City Monument Bank Plc and the subsidiaries while year 2013 to 2014 relates to FCMB Group Plc.

Five-Year Financial Summary – Company

	COMPANY				
	31 December 2014 ₦'000	31 December 2013 ₦'000	31 December 2012 ₦'000	31 December 2011 ₦'000	31 December 2010 ₦'000
ASSETS EMPLOYED					
Cash and cash equivalents	**4,056,165**	2,150,389	–	–	–
Restricted reserve deposits	**-**	–	–	–	–
Non-pledged trading assets	**-**	–	–	–	–
Loans and advances to banks	**-**	–	–	–	–
Derivative assets held	**-**	–	–	–	–
Loans and advances to customers	**-**	–	–	–	–
Assets pledged as collateral	**-**	–	–	–	–
Investment securities	**2,828,220**	2,514,439	–	–	–
Assets classified as held for sale	**-**	–	–	–	–
Investment in subsidiaries	**118,756,103**	118,716,103	–	–	–
Investment in associates	**418,577**	407,800	–	–	–
Property and equipment	**56,337**	9,801	–	–	–
Intangible assets	**2,808**	3,771	–	–	–
Deferred tax assets	**-**	–	–	–	–
Other assets	**5,452,080**	7,679,886	–	–	–
	131,570,290	131,482,189	–	–	–
FINANCED BY					
Share capital	**9,901,355**	9,901,355	–	–	–
Share premium	**115,392,414**	115,392,414	–	–	–
Treasury shares	**-**	–	–	–	–
Retained earnings	**5,483,847**	6,027,752	–	–	–
Other reserves	**-**	–	–	–	–
Trading liabilities	**-**	–	–	–	–
Derivative liabilities held	**-**	–	–	–	–
Deposits from banks	**-**	–	–	–	–
Deposits from customers	**-**	–	–	–	–
Borrowings	**-**	–	–	–	–
Retirement benefit obligations	**-**	–	–	–	–
Other long-term benefits	**-**	–	–	–	–
Current income tax liabilities	**114,246**	60,277	–	–	–
Other liabilities	**678,428**	100,391	–	–	–
	131,570,290	131,482,189	–	–	–
Acceptances and guarantees	**-**	–	–	–	–

Five-Year Financial Summary – Company

continued

	COMPANY				
	12 months December 2014 ₦'000	12 months December 2013 ₦'000	12 months December 2012 ₦'000	12 months December 2011 ₦'000	12 months December 2010 ₦'000
PROFIT AND LOSS ACCOUNT					
Gross earnings	**6,672,889**	6,370,000	–	–	–
Profit before tax	**5,450,877**	6,088,029	–	–	–
Tax expense	**(53,969)**	(60,277)	–	–	–
Profit after tax	**5,396,908**	6,027,752	–	–	–
Transfer to reserves	**5,396,908**	6,027,752	–	–	–
Basic and diluted earnings per share (Naira)	**0.27**	0.30	–	–	–

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the 2nd Annual General Meeting of **FCMB Group Plc (FCMB)** will be held at the Shell Hall, MUSON Centre, Onikan, Lagos on **Thursday 23 April 2015** at 11.00 a.m. to transact the following:

Ordinary Business

1. To receive and consider the Report of the Directors and the Financial Statements for the year ended 31 December 2014, the Auditor's Report thereon and the Audit Committee Report.
2. To declare a dividend.
3. To approve the appointment of a Director.
4. To re-elect Directors that are retiring.
5. To approve the remuneration of Directors.
6. To authorise the Directors to fix the remuneration of the Auditors.
7. To elect members of the Audit Committee.

Special Business

8. To consider and if thought fit pass the following resolution as a special resolution: "That subject to the approval of Regulatory Authorities, the Company be and is hereby authorised to accept from Development Financial Institutions, Investors and/or Lenders from time to time, investment of up to ₦40 billion (Forty Billion Naira) in debt, equity and convertible debt upon such terms and conditions as may be approved by the Directors."

Dated this 24th day of March 2015.

By Order of the Board

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

NOTES:

Proxies

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

Closure of Register

The Register of members will be closed from 30 March 2015 to 3 April 2015 (both days inclusive).

Dividend

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on 24 April 2015 to members so entitled, whose names appear in the register of members at the close of business on 27 March 2015.

Audit Committee

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

Proxy Form and Resolutions

FCMB GROUP PLC (RC 1079631)

2ND ANNUAL GENERAL MEETING to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Thursday 23 April 2015 at 11.00 a.m.

I/We ....

being a member/members of FCMB Group Plc hereby appoint

* ....

....

(PLEASE USE BLOCK CAPITALS)

or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of FCMB Group Plc which will be held at Shell Hall, MUSON Centre, Onikan, Lagos on Thursday 23 April 2015 at 11.00am or at any adjournment thereof.

Dated this ....

day of .... 2015.

Shareholder's signature

....

NOTES:

1. A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and the above Proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy but, if you wish, you may insert in the blank space (marked *) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.
3. Please sign and post the proxy form so as to reach The Registrar, CardinalStone Registrars Limited, 358 Herbert Macaulay Way, Yaba, Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.
4. If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or Attorney duly authorised in that behalf.

	RESOLUTIONS	For	Against	Abstain
1	To receive and consider the Report of the Directors and the Financial Statements for the year ended December 31, 2014, the Auditor's Report thereon and the Audit Committee Report.			
2	To declare a dividend.			
3	To approve the appointment of a Director: Mr Martin Dirks.			
4	To re-elect Directors that are retiring:			
	i. Alhaji Mustapha Damcida;			
	ii. Mr Bismarck Rewane;			
	iii. Mr Olusegun Odubogun.			
5	To approve the remuneration of Directors.			
6	To authorise the Directors to fix the remuneration of the Auditors.			
7	To elect members of the Audit Committee.			
	To consider and if thought fit pass the following resolution as a special resolution:			
8	That subject to the approval of Regulatory Authorities, the Company be and is hereby authorised to accept from Development Financial Institutions, Investors and/or Lenders from time to time, investment of up to ₦40 billion (Forty Billion Naira) in debt, equity and convertible debt upon such terms and conditions as may be approved by the Directors.			

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

ADMISSION CARD

FCMB GROUP PLC
2nd Annual General Meeting

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 2ND ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON THURSDAY 23 APRIL 2015 AT 11.00 A.M.

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

NAME OF SHAREHOLDER/PROXY

....

SIGNATURE ....

ADDRESS ....

....

....

....

....

Mandate for E-Dividend Payment

PLEASE RETURN TO: CardinalStone Registrars, 358 Herbert Macaulay Way, Yaba, Lagos, Nigeria P.O. Box 9117, Marina, Lagos, Nigeria

It is our pleasure to inform you that you can henceforth have your dividend paid by DIRECT CREDIT into your bank account. Consequently, we hereby request you provide the following information to enable us to process the direct payment of your dividend (when declared) into your bank account.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Shareholder's Account Number Date of Birth (DD/MM/YYYY) / /

Surname/Company's Name

Other Names (for Individual Shareholders)

Postal Address

City/Town State

Email Address

Mobile (GSM) Phone

Bank Name

Account Name

Branch Address

Bank Account Number

Bank Sort Code

I/We hereby request that all dividend warrant(s) due to me/our holding(s) in FCMB be paid by direct credit to my/our bank account given above.

Shareholder's Signature or Thumbprint

Company Seal/Incorporation Number
(for Corporate Shareholders)

Shareholder's Signature or Thumbprint

Authorised Signature & Stamp of Bankers

Electronic Delivery Mandate Form

Dear Sir/Madam,

To enable you to receive your shareholder communications promptly, FCMB has introduced the electronic delivery of its Annual Report and Accounts, proxy forms and other statutory documents to shareholders.

With this service, instead of receiving a hard copy of our annual reports and other corporate documents, you can elect to receive a soft copy of the Annual Report, Proxy Form, etc, either as a link to a downloadable version of the report that will be sent to your email address or on a compact disc (CD), which will be posted to you.

Please complete this form to register your preference and return the completed form to:

The Registrar,
CardinalStone Registrars Limited,
358 Herbert Macaulay Way,
Yaba, Lagos

or any of the Registrar's offices nationwide.

Mrs Funmi Adedibu
Company Secretary

I

of

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF FCMB GROUP PLC'S ANNUAL REPORTS, PROXY FORMS, PROSPECTUSES, NEWSLETTERS AND STATUTORY DOCUMENTS TO ME THROUGH:

Please tick only one option

☐ An electronic copy via compact disc (CD) sent to my postal address, or

☐ I will download from the web address forwarded to my email address stated below

☐ Continue receiving the report in hard copy to my postal address

My email address:

How often would you like to receive them:
☐ Annually ☐ Semi-annually

Description of Service

By enrolling in the electronic delivery service, you have agreed to receive all future announcements/ shareholder communications, as stated below, by email. These communications can be made available to you either semi-annually or annually.

Annual reports, proxy forms, prospectuses and newsletters are examples of the shareholder communications that can be made available to you electronically. Enrollment to our electronic delivery service will be effective for all your holdings in FCMB Group Plc on an ongoing basis, unless you change or cancel your enrollment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of Meetings to shareholders by electronic means".

Name (surname first)

....

....

Signature

....

Date ....

+234(0) 1 279 8800/(0) 700 326 269 2265

www.fcmbgroupplc.com

Branches and Account Opening Information

List of Branches and Cash Centres

	Branch	Branch Address
Abia		
1	Asa 1, Aba	90 Asa Road, Aba, Abia
2	Asa 2, Aba	46 Asa Road, Aba, Abia
3	Faulks Road, Aba	161 Faulks Road, Aba, Abia
4	Umuahia 1	5 Library Avenue, Umuahia, Abia
5	Umuahia 2	2 Oba Street, Umuahia, Abia
6	Brass, Aba	10 Brass Street, Aba, Abia
7	Ogbor Hill, Aba	113 Ikot Ekpene Road, Ogborhill, Aba, Abia
Abuja (FCT)		
8	First City Plaza	Plot 252, Herbert Macaulay Way, Central Business District, Abuja
9	Wuse 2	Plot 108, Cairo Street, off Adetokunbo Ademola Street, Wuse 2, Abuja
10	Ap Plaza	212F Adetokunbo Ademola Crescent, Wuse 2, Abuja
11	Banex Plaza	Plot 750, Aminu Kano Crescent, Abuja
12	Wuse Zone 4	Plot 532, Ibb Way, Wuse Zone 4, Abuja
13	Maitama Mediterranean	4 Mediterranean Street, Imani Estate, Maitama, Abuja
14	Aminu Kano Crescent	Opposite Shariff Plaza, Aminu Kano Crescent, Abuja
15	Izon Wari	Plot 1038, Shehu Shagari Way, Maitama, Abuja
16	National Assembly	Three Arms Zone, National Assembly Complex, Maitama, Abuja
17	Crest Plaza	Crest Plaza, 1st Avenue, Gwarimpa Estate, Abuja
18	Gana Street (Former Exclusive Stores)	30 Gana Street, Maitama, Abuja
19	Port Harcourt Crescent	Plot 14, Port Harcourt Crescent, off Gimbiya Street, Area 11, Garki, Abuja
20	Area 7	1 Yola Street, Area 7, Garki, Abuja
21	Area 8	5 Ogbomosho Street Area 8, Garki, Abuja
22	Garki 2	Plot 1640, Akintola Ladoke Boulevard, Garki 2, Abuja

	Branch	Branch Address
23	Federal Secretariat, Phase 1	Phase 1, Federal Secretariat Complex, Abuja
24	Federal Secretariat, Phase 3	Phase 3, Federal Secretariat Complex, 3 Shehu Shagari Way, Abuja
25	Kuje	Plot 33A, Sauka Extension, Kuje, Abuja
26	Gwagwalada	203A Phase 1 Specialist Hospital Road, Gwagwalada, Abuja
27	Nnamdi Azikiwe International Airport	Domestic Wing, Nnamdi Azikiwe Airport, Abuja
28	Kubwa	Plot 236B, Gado Nasko Road, Kubwa, Abuja
29	Bwari	1 Council Secretariat Road, opposite Jamb Office, Abuja
Adamawa		
30	Yola	20 Atiku Abubakar Way, Jimeta, Yola, Adamawa
Akwa Ibom		
31	Oron Road, Uyo	105 Oron Road, Uyo, Akwa Ibom
32	Abak Road, Uyo	143 Abak Road, Uyo, Akwa Ibom
33	Aka Road, Uyo	23 Aka Road, Uyo, Akwa Ibom
34	Ikot Ekpene	5 Harley Drive, Old Stadium Road, Ikot Ekpene, Akwa Ibom
35	Ikot Abasi	Alscon Plant Premises, off Ibekwe Road, Ikot Abasi, Akwa Ibom
36	Eket	Grace Bill Road, By Marina Junction, Eket, Akwa Ibom
Anambra		
37	Awka 2	Enugu-Onitsha Express Way, Awka, Anambra
38	Electrical Market, Obosi	Electrical Market, Obosi, Onitsha, Anambra
39	Bridgehead, Onitsha	40 Uga Street, Bridgehead, Onitsha, Anambra
40	New Market Road 1, Onitsha	9A New Market Road, Onitsha, Anambra
41	New Market Road 2, Onitsha	36 New Market Road, Banex Plaza, Onitsha, Anambra

	Branch	Branch Address
42	New Market Road 3, Onitsha	53 New Market Road, Onitsha, Anambra
43	Fegge, Onitsha	12 Port Harcourt Road, Fegge, Onitsha, Anambra
44	Awka 1	84A Zik Avenue, Awka, Anambra
45	Nnewi 1	15 Oraifite Road, Nnewi, Anambra
46	Nnewi 2	Zone 19, Nkwo Nnewi Market, Nnewi, Anambra
47	College of Education, Umunze (Cash Centre)	College of Education, Umunze, Anambra
48	Ekwulobia	10 Awka Road, Ekwulobia, Anambra
49	Oko	4 Hospital Road, Oko, Anambra
Bauchi		
50	Bauchi	Commercial Road, Bauchi
51	Azare	4 Jamaare Road, Azare, Bauchi
52	Jos Road, Bauchi	Isa Yuguda House, Jos Road, Bauchi
53	Atbu Bauchi (Cash Centre)	Abubakar Tafawa Balewa University, Yelwa Campus, Bauchi
Bayelsa		
54	Yenagoa 1	181 Mbiama Road, Yenagoa, Bayelsa
55	Yenagoa 2	76 Mbimama Road, Yenagoa, Bayelsa
Benue		
56	Markurdi	20B New Otukpo Road, Beside Ecwa Church, Markurdi, Benue
Borno		
57	Maiduguri 1	Bama Road, Maiduguri, Borno
58	Maiduguri 2	Baga Road, Maiduguri, Borno
59	Monday Market, Maiduguri (Cash Centre)	4 Alh Shettima Ali Monguno Street, opposite Monday Market, Maiduguri, Borno
Cross River		
60	Calabar Road	14 Calabar Road, Calabar, Cross River
61	New Secretariat	State Secretariat Complex, Murtala Mohammed High Way, Calabar, Cross River
62	Ikom	7 Calabar Road, Ikom, Cross River

	Branch	Branch Address
Delta		
63	Airport Road, Warri	52 Airport Road, Warri, Delta
64	Ughelli	30 Ekiugbo/Warri Road, Ughelli, Delta
65	Effurun	68 Effurun Sapele Road, Warri, Delta
66	Okumagba, Warri	161/163 Okumagba Avenue, Warri, Delta
67	Asaba	461 Nnebisi Road, Asaba, Delta
68	Asaba 1	370 Nnebisi Road, Asaba, Delta
Ebonyi		
69	Abakaliki	36B Sam Egwu Way, Abakaliki, Ebonyi
70	Afikpo	10 Mgbom-Unwana Road Afikpo, Ebonyi
Edo		
71	Ugbowo	183 Uselu-Ugbowo Road, Edo
72	Mission Road	112 Mission Road, Benin City, Edo
73	Sakponba	72 Sakponba Road, Benin City, Edo
Ekiti		
74	Ado Ekiti	New Secretariat Road, Ado Ekiti, Ekiti
Enugu		
75	Agbani Town	71 Enugu Road, Agbani Town, Enugu
76	Presidential Road	4 Presidential Avenue, Enugu
77	Enugu 2	12A Market Road, Enugu
78	Nsukka	7B University Road, Nsukka
79	Agbani Road	117 Agbani Road, Enugu
80	Garden Avenue	41 Garden Avenue, Gra Enugu
Gombe		
81	Gombe	11 Biu Link Road, Commercial Area, opposite Central Market, Gombe
82	Gombe 2	New Market Road, off Biu Road, Gombe
83	Bajoga	Gombe/Potiskum Road, Bajoga, Gombe
84	Dukku (Cash Centre)	2 Shagari Road, off Kano Road, Dukku, Gombe

List of Branches and Cash Centres

Continued

	Branch	Branch Address
85	Ashaka	Near Ashaka Cement Factory, Ashaka, Gombe
Imo		
86	Owerri 1	81 Wetheral Road, Owerri, Imo
87	Owerri 2	40 Wetheral Road, Owerri, Imo
88	Owerri 3	5B Mbaise Road, Owerri, Imo
89	Orlu	5 L.N. Obioha Road, Orlu, Imo
Jigawa		
90	Dutse	12A/13A Kiyawa Road Dutse, Jigawa
Kaduna		
91	Zaria 1	F3 Pz Kaduna Road, Zaria, Kaduna
92	Zaria 2	4B Main Street, Sabon Gari, Zaria, Kaduna
93	Kakuri	12 Kachia Road, Kakuri, Kaduna
94	Kaduna 1	1/2 Kachia Road, Kaduna
95	Kaduna Refinery	Km 16, Kachia Road, Kaduna Refinery Complex, Kaduna
96	Police Station, Kachia	Beside Kachia Police Station, Kachia, Kaduna
97	Ali Akilu	40 Ali Akilu Road, Kaduna
98	Yakubu Gowon	6 Yakubu Gowon Way, Kaduna
99	Constitution Road	NL 26, Constitution Road, Kaduna
100	Gumi Market	Sheikh Abubakar Gumi Market, Kaduna
101	Kaduna 2	1A Ahmadu Bello Way, Kaduna
102	Kano Road (Cash Centre)	Kano Road, Kaduna
Kano		
103	Kano Main	145 Murtala Mohammed Way, Kano
104	Murtala Mohammed Way 1, Kano	9C Murtala Mohammed Way, Kano
105	Murtala Mohammed Way 2, Kano	40 Murtala Mohammed Way, Kano
106	Bello Road, Kano	17/18 Bello Road, Kano
107	Ibrahim Taiwo Road, Kano	58E Ibrahim Taiwo Road, Kano
108	Bompai Road, Kano	7 Bompai Road, Kano

	Branch	Branch Address
Katsina		
109	Katsina	132 Ibb Way, Katsina
110	Katsina 2	Nicon Building, Ibb Way, Katsina
Kebbi		
111	Kebbi	Plot 20, Emir Haruna Road, Birnin Kebbi, Kebbi
Kogi		
112	Lokoja 1	16 Aliyu Obaje Road, Lokoja, Kogi
113	Lokoja 2	28 Murtala Mohammed Way, Lokoja, Kogi
114	Obajana	Dangote Cement Factory Complex, Obajana, Kogi
115	Ayingba	Along Idah Express Way, Ayingba, Kogi
Kwara		
116	Azeez Attah, Ilorin	120 Abdul Azeez Attah Road, Surulere, Ilorin, Kwara
117	Mohammed Way, Ilorin	33 Murtala Mohammed Way, Ilorin, Kwara
118	Ibrahim Taiwo, Ilorin	79B Ibrahim Taiwo Road, Ilorin, Kwara
Lagos		
119	Adeniran Ogunsanya	33 Adeniran Ogunsanya Street, Surulere, Lagos
120	Yaba	43 Ojuelegba Road, Yaba, Lagos
121	Iponri	Shop 529/531, Abibat Mogaji Shopping Complex, Iponri, Lagos
122	Onipanu	178 Ikorodu Road, Lagos
123	Shomolu	31 Shipeolu Street, Shomolu, Lagos
124	Iddo	2 Ag Leventis Building, Iddo, Lagos
125	Ajah	Km 23, Berger Bus Stop, Lekki-Epe Expressway, Lagos
126	The Palms	The Palms Shopping Mall, Lekki-Epe Expressway, Lagos
127	Jakande, Lekki	63/64 Igbokushu Village, opposite Jakande Estate, Lekki, Lagos
128	Chevron	Km18, Lekki-Epe Expressway, before Chevron Roundabout, Lekki, Lagos
129	Admiralty Way, Lekki	Block B, 12E, Waterfront Plaza, Admiralty Way, Lekki Phase 1, Lagos
130	Sanusi Fafunwa	Founder's Place, Sanusi Fafunwa Street, Victoria Island, Lagos

	Branch	Branch Address
131	Oyin Jolayemi	Plot 1661, Oyin Jolayemi Street, Victoria Island, Lagos
132	Adeola Hopewell	38 Adeola Hopewell Street, Victoria Island, Lagos
133	Idowu Taylor	5 Idowu Taylor Street, Okoi Arikpo House, Victoria Island, Lagos
134	Ajose Adeogun	Plot 273A, Ajose Adeogun Street, Victoria Island, Lagos
135	Macarthy	10/12 Macarthy Road, Lagos
136	Awolowo Road 1	68 Awolowo Road, Ikoyi, Lagos
137	Awolowo Road 2	154 Awolowo Road, Ikoyi, Lagos
138	Head Office	Primrose Tower, 17A Tinubu Street, Lagos
139	Adeola Odeku	11B Adeola Odeku, Victoria Island, Lagos
140	Adetokunbo Ademola	79 Adetokunbo Ademola Street, Victoria Island, Lagos
141	Ikeja Gra	48/50 Isaac John Street, Ikeja, Lagos
142	Ikorodu	7 Lagos Road, Ikorodu, Lagos
143	Allen Avenue 1	36 Allen Avenue, Ikeja, Lagos
144	Allen Avenue 2	103 Allen Avenue, Ikeja, Lagos
145	Ketu	545/547 Ketu Ikorodu Express Way, Lagos
146	Toyin Street, Ikeja	29 Toyin Street, Ikeja, Lagos
147	Mobolaji Bank Anthony	18 Mobolaji Bank, Anthony Way, Ikeja, Lagos
148	Ogba	23/25 Oga Ijaiye Road, Ogba, Lagos
149	Agege	Old Abeokuta Expressway Tabon, Tabon Bus Stop, Pen Cinema, Agege, Lagos
150	Idimu	218 Idimu Road, Idimu, Lagos
151	Ogudu	Plot M11, Ojota-Ogudu Residential Scheme, Ogudu, Lagos
152	Oregun	80 Kudirat Abiola Way, Oregun, Lagos
153	Alagbado	767 Lagos Abeokuta Expressway, Alagbado, Lagos
154	Oba Akran 1	29 Oba Akran Avenue, Ikeja, Lagos
155	Oba Akran 2	34 Oba Akran Avenue, Ikeja, Lagos

	Branch	Branch Address
156	Guinness (Cash Centre)	24 Oba Akran Avenue, Ikeja, Lagos
157	Murtala Mohammed Domestic Airport	Terminal 1, Murtala Mohammed Airport Domestic Wing, Ikeja, Lagos
158	Akowonjo	Shasha Roundabout, Akowonjo, Lagos
159	BBA Trade Fair	Above Plaza BBA Trade Fair, Badagry Expressway, Lagos
160	Aspamda	Olusegun Obasanjo Hall, Aspamda Trade Fair Complex, Badagry Expressway, Lagos
161	Festac	Plot 1572, 4th Avenue, Festac Town, Lagos
162	Ojo	148A Olojo Drive, Ojo, Lagos
163	Alaba 1	Obosi Plaza, Line 1, Alaba International Market, Lagos
164	Alaba Electrical	Shop D51, Electrical Section, Alaba International Market, Alaba, Ojo, Lagos
165	Broad Street	88/89 Broad Street, Lagos
166	Davies Street	1 Davies Street, Untl Building, Lagos
167	Marina	44 Marina, Lagos
168	Joseph Street	2 Joseph Street, Lagos
169	Idumagbo	34 Idumagbo Avenue, Lagos
170	Idumota	22 Idoluwo Street, Idumota, Lagos
171	Oke-Arin	11 Ijaiye Street, Daddy Aladja Street, Lagos
172	Oroyinyin	12 Oroyinyin Street, Idumota, Lagos
173	Apapa 1	28 Creek Road, Apapa, Lagos
174	Creek Road, Apapa	1/3 Nnewi Building, Creek Road, Apapa, Lagos
175	Randle Road, Apapa	10 Randle Road, Apapa, Lagos
176	Nigeria Ports Authortiy (Cash Centre)	Nigeria Ports Authority, Apapa, Lagos
177	Warehouse Road, Apapa	16 Warehouse Road, Apapa, Lagos
178	Wharf Road, Apapa	Eleganza Building, Wharf Road, Apapa, Lagos
179	Orile Coker	Blk 11, Suite 3-8, Agric Market, Odunade Coker, Orile, Lagos

List of Branches and Cash Centres

Continued

	Branch	Branch Address
180	Mushin	253 Agege Motor Road, Mushin, Lagos
181	Airport Road	23/25 Murtala Muhammed Airport Road, Isolo, Lagos
182	Ilupeju	25B Ilupeju Bypass Coker Road, Lagos
183	Ladipo	122/124 Ladipo Mushin, Lagos
184	Oke Afa	6 Jakande Estate, Oke Afa, Isolo, Lagos
185	Matori	91 Ladipo Street, Matori, Lagos
186	Osolo	33 Osolo Way, Ajao Estate, Lagos
187	Okota	117 Okota Road, opposite Nepa, Lagos
188	Motorways, Ikeja	M1 Point, Motorways Complex, Ikeja, Lagos
189	Tincan Island	Customs Long Room, Tin Can Island, Apapa, Lagos
190	Multichoice, Ikeja	3 Adeyemo Alakija Street, Ikeja Gra, Lagos
191	Computer Village (Mini-Branch)	17 Oremeji Street, Computer Village, Lagos
192	Spar, Lekki	Spar Lekki, Lagos
193	Multichoice, Victoria Island	Tiamiyu Savage Street, Victoria Island, Lagos
Nassarawa		
194	Laffia	43 Sani Abacha Way, Laffia, Nassarawa
195	Doma	Doma Town, Nassarawa
196	Keffi	75 Abdu Zanga Way, Keffi, Nassarawa
Niger		
197	Suleja	18 Suleiman Barau Road, Suleja, Niger
198	Minna 1	Along Paiko Road, Opposite Cbn, Minna, Niger
199	Minna 2	9 Paiko Road, Minna, Niger
Ogun		
200	Ijebu Ode 1	168 Folagbade Street, Ijebu Ode, Ogun
201	Ijebu Ode 2	52 Ejirin Road, Imepe, Ijebu Ode, Ogun
202	Sagamu	141 Akarogo Street, Sagamu, Ogun

	Branch	Branch Address
203	Abeokuta	21 Lalubu, Oke Ilewo, Abeokuta, Ogun
204	Ago Iwoye	Olabisi Onabanjo University Permanent Site, Ago Iwoye, Ogun
205	Otta	57 Lagos-Abeokuta Expressway, Otta, Ogun
206	Agbara	1 Ilaro Street, Agbara, Ogun
207	Akute	54 Ojodu-Akute Road, Akute, Ogun
Ondo		
208	Akure 1	5 Bishop Fagun Road, Alagbaka, Akure, Ondo
209	Akure 2	1 Olukayode House, Oluwatuyi Road, Osinle, Akure, Ondo
210	Ondo	1 Brigadier Ademulegan Road, Ondo
211	Igbokoda	Plot 1E Broad Street, Gra, Igbokoda, Ondo
Osun		
212	Osogbo 1	Km 3, Gbongan Road, Osogbo, Osun
213	Osogbo 2	4 Gbongan Road, opposite Fakunle Comprehensive High School, Osogbo, Osun
214	Ilesha	F 16 Ereguru Street, Ilesha, Osun
Oyo		
215	Ojoo, Ibadan	1C Oyo Road, Ojoo, Ibadan, Oyo
216	University College Hospital, Ibadan	Opposite Total Filling Station, University College Hospital, Ibadan, Oyo
217	Challenge, Ibadan	10 Moshood Abiola Road, Challenge, Ibadan, Oyo
218	Agbeni	57 Market Road, Agbeni, Ibadan, Oyo
219	Agbowo	30 Oyo Road, opposite University of Ibadan Post Office, Ibadan, Oyo
220	Bodija	Plot 3, U.I. Secretariat Road, Bodija, Ibadan, Oyo
221	Agodi	Inaolaji Shopping Complex, Agbodi, Ibadan, Oyo
222	Dugbe	Lebanon Street, Old Gbagi, Dugbe, Ibadan, Oyo
223	Akinyele Cattle Market	Beside Akinyele Police Post, Akinyele Cattle Market, Ibadan, Oyo

Branch		Branch Address
Plateau		
224	Mohammed Way, Jos	7 Murtala Mohammed Way, Jos, Plateau
225	Jos	British/American Junction, Jos, Plateau
226	Beach Road, Jos	4 Beach Road, Jos, Plateau
Rivers		
227	Abuloma Road, Port Harcourt	46A Abuloma Road, Port Harcourt, Rivers
228	Aggrey Road, Port Harcourt	81 Aggrey Road, Port Harcourt, Rivers
229	Garrison, Port Harcourt	85 Aba Road, Garrison, Port Harcourt, Rivers
230	Olu Obasanjo 1, Port Harcourt	80 Olu Obasanjo Road, Port Harcourt, Rivers
231	Olu Obasanjo 2, Port Harcourt	133 Olu Obasanjo Road, Port Harcourt, Rivers
232	Aba Road 2, Port Harcourt	Niger Insurance Building, 9 Aba Road, Port Harcourt, Rivers
233	Port Harcourt Main	282A Gra Bus Stop, Aba Road, Port Harcourt, Rivers
234	Trans Amadi 2, Port Harcourt	466/467 Trans Amadi Mother Cat, Port Harcourt, Rivers
235	Trans Amadi 3, Port Harcourt	117 Trans Amadi Industrial Lay Out, Port Harcourt, Rivers
236	Azikiwe Road, Port Harcourt	7B Azikiwe Road, Port Harcourt, Rivers
237	Rumuokoro, Port Harcourt	642 Ikwerre Road, Port Harcourt, Rivers
238	Ikwerre Road 1, Port Harcourt	19 Ikwerre Road, Mile 1, Port Harcourt, Rivers
239	Rumuomasi, Port Harcourt	2 Rumoukoro Street, Rumuomasi, Port Harcourt, Rivers
240	Ikwerre Road 2, Port Harcourt	457 Ikwerre Road, Kala, Port Harcourt, Rivers
241	Omoku	119 Ahoada Road, Omoku, Rivers
242	Bori	26 Zaakpon, Poly Road, Bori, Rivers
243	Oyigbo	290 Old Aba Road, Oyigbo, Rivers
244	Uniport	200 Uniport Road, Choba, Rivers

Branch		Branch Address
Sokoto		
245	Sokoto	27 Sani Abacha Way (Old Kano Road), Sokoto
Taraba		
246	Jalingo	Hammaniwa Road, Before Zenith Bank Plc, Jalingo, Taraba
Yobe		
247	Damaturu	29/32 Bukar Abba Ibrahim Way, Damaturu, Yobe
Zamfara		
248	Gusau	Plot 103, Sani Abacha Way, Gusau, Zamfara

Personal Account Application Form

Affix Passport Photograph Here

This form should be completed in CAPITAL LETTERS.

Category of Account: (Please tick as appropriate)

Joint Account ☐ Fixed Investment Account ☐ Savings Account ☐

Account Type: (Please tick as appropriate)

Current Account ☐ Fixed Deposit Account ☐ Savings Account ☐

Domiciliary Account £ ☐ € ☐ $ ☐ Others ☐

BRANCH

ACCOUNT NO. (For official use only)

BANK VERIFICATION ID NO.

1. PERSONAL INFORMATION

Title

First Name

Surname

Other Names

Marital Status (Please tick) Single ☐ Married ☐ Others (Please specify)

Gender: Male ☐ Female ☐

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

Country of Birth

Mother's Maiden Name

Nationality

2nd Nationality

Country of Residence

Permit Issue Date (DD/MM/YYYY) / /

Permit Expiry Date (DD/MM/YYYY) / /

L.G.A.

State of Origin

Tax Identification No. (TIN)

Resident Permit No.

Purpose of Account

Religion (Optional)

2. CONTACT DETAILS

House Number

Street Name

Nearest Bus Stop/Landmark

City/Town

L.G.A.

State

Mailing Address

Phone Number (1) +

Country Code

Phone Number (2) +

Country Code

Email Address

3. VALID MEANS OF IDENTIFICATION

National ID Card ☐ National Driver's Licence ☐ International Passport ☐ INEC Voters Card ☐

Others (Please specify)

ID No.

ID Issue Date (DD/MM/YYYY) / /

ID Expiry Date (DD/MM/YYYY) / /

Country of Issuance

Personal Account Application Form

Continued

4. ACCOUNT SERVICE(S) REQUIRED (Please tick applicable option below)

Card Preferences: Verve Card ☐ MasterCard ☐ Visa Card ☐ Others (Please specify) ☐

Electronic Banking Preferences: FCMBOnline ☐ FCMBMobile ☐ ATM ☐ POS ☐

Other Electronic Channels (Fees may apply) (Specify) ☐

Transaction Alert Preferences: Email Alert (Free) ☐ SMS Alert (Fee applies) ☐

Statement Preferences: Email ☐ Collection at Branch ☐

Statement Frequency: Monthly ☐ Quarterly ☐ Bi-Annually ☐ Annually ☐

Cheque Book Requisition: (Fee applies) Open Cheque ☐ Crossed Cheque ☐ 25 Leaves ☐ 50 Leaves ☐ 100 Leaves ☐

Cheque Confirmation: Would you like to pre-confirm your cheques? Yes ☐ No ☐

Cheque Confirmation Threshold: If yes, please specify the threshold ☐

5. EMPLOYMENT DETAILS

Employed ☐ Self Employed ☐ Unemployed ☐ Retired ☐ Student ☐ Others (Please specify) ☐

Date of Employment (If employed) (DD/MM/YYYY) ☐/☐/☐

Annual Salary/Expected Annual Income: (a) Less than ₦50,000 ☐ (b) ₦51,000 – ₦250,000 ☐

(c) ₦251,000 – ₦500,000 ☐ (d) ₦501,000 – Less than ₦1 million ☐ (e) ₦1 million – Less than ₦5 million ☐

(f) ₦5 million – Less than ₦10 million ☐ (g) ₦10 million – Less than ₦20 million ☐ (h) Above ₦20 million ☐

Employer's Name ☐

House Number ☐ Street Name ☐

Nearest Bus Stop/Landmark ☐

City/Town ☐ L.G.A. ☐

State ☐

Type of Business/Occupation ☐

Office Phone No. 1 + ☐ Office Phone No. 2 + ☐

Country Code Country Code

6. DETAILS OF NEXT OF KIN

First Name ☐ Other Names ☐

Surname ☐

Date of Birth (DD/MM/YYYY) ☐/☐/☐ Gender: Male ☐ Female ☐ Title (Specify) ☐

Relationship ☐

Phone Number (1) + ☐ Phone Number (2) + ☐

Country Code Country Code

Email Address ☐

House Number ☐ Street Name ☐

Nearest Bus Stop/Landmark ☐

City/Town ☐

State ☐

7. ADDITIONAL DETAILS

I Name of Beneficial Owner(s) (if any)

II Spouse's Name (if applicable)

III Spouse's Date of Birth (DD/MM/YYYY) / /

Spouse's Occupation

IV Source of Funds to the Account 1.

2.

V Expected Annual Income from Other Sources

VI Name of Associated Business(es) (if any) 1.

2.

3.

VII Type of Business

VIII Business Address

8. ACCOUNT(S) HELD WITH OTHER BANKS

S/N	NAME AND ADDRESS OF BANK/BRANCH	ACCOUNT NAME	ACCOUNT NUMBER	STATUS ACTIVE/DORMANT
1.				
2.				
3.				
4.				

Personal Account Application Form

Continued

9. TERMS AND CONDITIONS

I/We hereby certify that the information given on this form is correct and that I/We have read, understood and agree with the Account opening terms and conditions governing the selected account(s)

Mandate/Special Instructions
(Minimum Confirmation Amount/Signature Mandate)

Principal Account Holder's Signature

JOINT ACCOUNT HOLDER (PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Name(s) ______________________________

Contact Address ______________________________

____

Mobile ______________ Date of Birth ______________

Email Address ______________________________

Gender: Male ☐ Female ☐

Joint Account Holder's Signature

Please Affix your Passport Photograph Here

Joint Account Holder

10. DECLARATION:

I hereby apply for the opening of account(s) with First City Monument Bank Limited. I understand that the information given herein and the documents supplied are the basis for opening such account(s) and I therefore warrant that such information is correct.

I further undertake to indemnify the bank of any loss suffered as a result of any false information or error in the information provided to the Bank.

1. Name ______________________ Signature ______________ Date ______________

1. Name ______________________ Signature ______________ Date ______________

11. JURAT (this should be adopted where the applicant is not literate or is blind and the form is read to him/her by a third party)

I agree to abide by the content of the agreement and acknowledge that it has been truly and audibly read over and explained to me by an interpreter.

Mark of Customer/ Thumbprint

Magistrate/ Commissioner for Oaths

Date ☐☐/☐☐/☐☐☐☐

Name of Interpreter

Address of Interpreter

Tel: No.

Language of Interpretation

FIRST CITY MONUMENT BANK

FIRST CITY MONUMENT BANK

FCMB Group Plc

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