

FCMB Group Plc
Unaudited Interim Financial Statements
For the period ended 30 September 2014

FCMB Group Plc

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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Unaudited Interim Financial Statements

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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

In thousands of naira	Note	GROUP		COMPANY	
		9months ended 30 September 2014	9months ended 30 September 2013	9months ended 30 September 2014	9months ended 30 September 2013
Continuing operations					
Interest income	4	84,500,640	75,489,675	280,185	-
Interest expense	5	(35,396,158)	(34,365,031)	-	-
Net interest income		49,104,482	41,124,644	280,185	-
Fee and commission income	7	13,780,991	12,614,087	-	-
Fee and commission expense	7	(1,730,240)	(742,099)	-	-
Net fee and commission income		12,050,751	11,871,988	-	-
Net trading income	8	591,652	347,625	-	-
Net income from other financial instruments at fair value through profit or loss	9	56,849	28,663	-	-
Other income	10	7,773,087	8,147,918	28,412	-
		8,421,588	8,524,206	28,412	-
Net impairment loss on financial assets	6	(3,912,945)	(3,008,603)	-	-
Personnel expenses	11	(20,850,966)	(19,120,134)	(150,598)	(43,635)
Depreciation & amortisation expenses	12	(2,630,603)	(2,501,712)	(14,167)	(104)
General and administrative expenses	13	(17,408,445)	(14,939,231)	(293,780)	(15,636)
Other expenses	14	(7,990,926)	(7,235,752)	(165,702)	(50,401)
Results from operating activities		16,782,936	14,715,406	(315,650)	(109,776)
Share of post tax result of associate	25	-	-	-	-
Profit before minimum tax and income tax		16,782,936	14,715,406	(315,650)	(109,776)
Income (tax expense) / tax credit	16	(1,920,277)	(1,377,837)	-	-
Minimum tax	16	(638,694)	(553,297)	-	-
Profit for the period from continuing operations		14,223,965	12,784,272	(315,650)	(109,776)
Discontinued operations					
Profit from discontinued operation (net of tax)		-	-	-	-
Profit for the period		14,223,965	12,784,272	(315,650)	(109,776)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurements of defined benefit liability		-	-	-	-
Fair value loss on plan assets		-	-	-	-
Related tax		-	-	-	-
		-	-	-	-
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		126,354	-	(13,908)	-
Net change in fair value of available-for-sale financial assets		(75,757)	(34,225)	-	-
Related tax		-	-	-	-
		50,597	(34,225)	(13,908)	-
Other comprehensive income for the period, net of tax		50,597	(34,225)	(13,908)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		14,274,562	12,750,047	(329,558)	(109,776)
Profit attributable to:					
Equity holders of the Group		14,223,965	12,784,272	(315,650)	(109,776)
Non-controlling interests		-	-	-	-
		14,223,965	12,784,272	(315,650)	(109,776)
Total comprehensive income attributable to:					
Equity holders of the Group		14,274,562	12,750,047	(329,558)	(109,776)
Non-controlling interests		-	-	-	-
		14,274,562	12,750,047	(329,558)	(109,776)
Basic earnings per share (naira)	15	0.96	0.86	(0.02)	(0.01)
Diluted earnings per share (naira)	15	0.96	0.86	(0.02)	(0.01)

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

In thousands of naira	Note	GROUP		COMPANY	
		30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
ASSETS					
Cash and cash equivalents	17	100,434,377	199,700,305	4,788,694	2,150,389
Restricted reserve deposits	18	120,763,361	73,473,096	-	-
Non-pledged trading assets	19	2,830,308	2,921,358	-	-
Derivative assets held	20	484,147	1,697,606	-	-
Loans and advances to customers	21	565,092,603	450,532,965	-	-
Assets pledged as collateral	23	46,129,704	50,516,904	-	-
Investment securities	22	136,309,404	163,638,236	2,500,003	2,514,439
Investment in subsidiaries	24	-	-	118,716,103	118,716,103
Investment in associates	25	568,512	568,512	407,800	407,800
Property and equipment	26	27,437,620	26,812,277	33,506	9,801
Intangible assets	27	8,125,462	7,580,528	3,049	3,771
Deferred tax assets	28	6,359,337	6,346,025	-	-
Other assets	29	27,060,749	24,492,358	7,494	7,679,886
Total assets		1,041,595,584	1,008,280,170	126,456,649	131,482,189
LIABILITIES					
Trading liabilities	19	1,205,150	-	-	-
Derivative liabilities held	20	382,780	1,355,634	-	-
Deposits from banks	30(a)	452,325	-	-	-
Deposits from customers	30(b)	722,479,540	715,214,192	-	-
Borrowings	31	84,423,054	59,244,230	-	-
Retirement benefit obligations	32	209,302	124,674	-	-
Other long term benefits	33	1,207,708	1,258,317	-	-
Current income tax liabilities	16	3,075,947	4,333,353	60,277	60,277
Deferred tax liabilities	28	25,244	35,282	-	-
Other liabilities	34	76,094,056	83,007,759	1,345,222	100,391
Total liabilities		889,555,106	864,573,441	1,405,499	160,668
EQUITY					
Share capital	35(b)	9,901,355	9,901,355	9,901,355	9,901,355
Share premium	36	115,392,414	115,392,414	115,392,414	115,392,414
Treasury shares	36	(8,625)	(8,625)	-	-
Retained earnings	36	21,392,931	13,109,779	(228,711)	6,027,752
Other reserves	36	5,362,403	5,311,806	(13,908)	-
		152,040,478	143,706,729	125,051,150	131,321,521
Total liabilities and equity		1,041,595,584	1,008,280,170	126,456,649	131,482,189
Acceptances and guarantees	37	170,776,158	105,730,673	-	-

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

STATEMENTS OF CHANGES IN EQUITY

GROUP											
In thousands of naira											
	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2013	9,520,534	108,747,612	765,475	11,973,809	658,637	210,132	6,995	(1,473,942)	(775,381)	2,381,532	132,015,403
Profit	-	-	13,716,171	2,284,984	-	-	-	-	-	-	16,001,155
Other comprehensive income, net of tax	-	-	-	-	-	6,027	5,514	272,991	-	-	284,532
Total comprehensive income for the year	-	-	13,716,171	2,284,984	-	6,027	5,514	272,991	-	-	16,285,687
Transfer to regulatory risk reserve	-	-	(2,730,705)	-	-	-	-	-	-	2,730,705	-
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capital reconstruction	-	7,025,623	1,358,838	(11,973,809)	(658,637)	(205,542)	-	1,473,942	766,756	(2,381,532)	(4,594,362)
Capitalised bonus shares	380,821	(380,821)	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions to equity holders	380,821	6,644,802	1,358,838	(11,973,809)	(658,637)	(205,542)	-	1,473,942	766,756	(2,381,532)	(4,594,362)
Balance at 31 December 2013	9,901,355	115,392,414	13,109,779	2,284,984	-	10,617	12,509	272,991	(8,625)	2,730,705	143,706,729
Profit	-	-	14,223,965	-	-	-	-	-	-	-	14,223,965
Other comprehensive income, net of tax	-	-	-	-	-	-	126,354	(75,757)	-	-	50,597
Total comprehensive income for the period	-	-	14,223,965	-	-	-	126,354	(75,757)	-	-	14,274,562
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capital reconstruction	-	-	-	-	-	-	-	-	-	-	-
Capitalised bonus shares	-	-	-	-	-	-	-	-	-	-	-
Transfer to 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 30 September 2014	9,901,355	115,392,414	21,392,931	2,284,984	-	10,617	138,863	197,234	(8,625)	2,730,705	152,040,478

STATEMENTS OF CHANGES IN EQUITY

COMPANY											
In thousand of naira											
	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2013	-	-	-	-	-	-	-	-	-	-	-
Profit	-	-	6,027,752	-	-	-	-	-	-	-	6,027,752
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	6,027,752	-	-	-	-	-	-	-	6,027,752
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capital reconstruction	9,520,534	115,773,235	-	-	-	-	-	-	-	-	125,293,769
Capitalised bonus shares	380,821	(380,821)	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Transfer from regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and distributions to equity holders	9,901,355	115,392,414	-	-	-	-	-	-	-	-	125,293,769
Balance at 31 December 2013	9,901,355	115,392,414	6,027,752	-	-	-	-	-	-	-	131,321,521
Profit	-	-	(315,650)	-	-	-	-	-	-	-	(315,650)
Other comprehensive income, net of tax	-	-	-	-	-	-	(13,908)	-	-	-	(13,908)
Total comprehensive income for the period	-	-	(315,650.07)	-	-	-	(13,907.58)	-	-	-	(329,557.64)
Contributions by and distributions to equity holders											
Issue shares	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-
Capitalised bonus shares	-	-	-	-	-	-	-	-	-	-	-
Transfer to 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 30 September 2014	9,901,355	115,392,414	(228,711)	-	-	-	(13,908)	-	-	-	125,051,151

STATEMENTS OF CASHFLOWS

In thousands of Naira	Note	GROUP		COMPANY	
		30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
Cash flows from operating activities					
Profit for the period / year		14,223,965	16,001,155	(315,650)	6,027,752
Adjustments for:					
Net impairment loss on financial assets	6	3,912,945	7,982,559	-	-
Net income from other financial instruments at fair value through profit or loss	9	(56,849)	(424,063)	-	-
Depreciation and amortisation	12	2,630,603	3,307,190	14,167	539
(Gain) / loss on disposal of property & equipment & intangible assets	10	(4,809)	(31,880)	-	-
Share of profit of associates		-	(68,256)	-	-
Foreign exchange gains	10	(5,435,366)	(6,905,050)	-	-
Net interest income	4.5	(49,104,482)	(56,133,591)	(280,185)	-
Dividends received	10	-	-	(28,412)	(370,000)
Tax expense/ (credit)	16	2,558,971	2,183,244	-	-
		(31,275,022)	(34,088,692)	(610,080)	5,718,568
Changes in operating assets and liabilities					
Net (increase)/decrease restricted reserve deposits	18	(47,290,265)	(15,581,736)	-	-
Net (increase)/decrease non-pledged trading assets	19	91,050	(1,751,650)	-	-
Net (increase)/decrease loans and advances to customers	21	(114,559,638)	(92,734,167)	-	-
Net (increase)/decrease in other assets	29	(2,568,391)	(736,047)	7,672,392	(7,679,887)
Net increase/(decrease) in trading liabilities	19	1,205,150	-	-	-
Net increase/(decrease) in deposits from banks	30(a)	452,325	(52,000)	-	-
Net increase/(decrease) in deposits from customers	30(b)	7,265,348	68,997,425	-	-
Net Increase/(decrease) in other liabilities & others		(6,879,684)	(5,046,752)	1,244,831	100,391
		(193,559,127)	(80,993,619)	8,307,143	(1,860,927)
Interest received	4	83,450,640	102,009,779	280,185	-
Interest paid	5	(34,008,604)	(46,715,922)	-	-
Dividends received	10	212,446	449,145	28,412	370,000
Vat paid		(900,050)	(789,666)	-	-
Income taxes paid		(3,816,377)	(2,338,619)	-	-
Net cash (used in)/ generated from operating activities		(148,621,072)	(28,378,902)	8,615,740	(1,490,927)
Cash flows from investing activities					
Investment in subsidiaries		-	-	-	(118,716,103)
Acquisition of subsidiaries, net of cash acquired		-	-	-	-
Disposal of subsidiaries, net of cash disposed		-	-	-	-
Purchase of interests in associates	25	-	(32,800)	-	(407,800)
Purchase of property and equipment and intangible assets	26,27	(5,170,044)	(6,067,228)	(37,150)	(14,111)
Proceed from sale of property and equipment		555,632	3,683,057	-	-
Acquisition of investment securities		(71,624,794)	(80,887,383)	-	(2,514,439)
Proceeds from sale and redemption of investment securities		106,486,021	157,568,220	-	-
Net cash (used in)/ generated from investing activities		30,246,815	74,263,866	(37,150)	(121,652,452)
Dividend paid		(5,940,813)	-	(5,940,813)	-
Proceeds from issue of shares		-	-	-	125,293,769
Inflow from long term borrowing	31(b)	38,309,116	48,741,334	-	-
Repayment of long term borrowing	31(b)	(14,396,426)	(16,909,586)	-	-
Net cash generated from financing activities		17,971,877	31,831,748	-5,940,813	125,293,769
Net Increase in cash and cash equivalents		(100,402,380)	77,716,712	2,637,777	2,150,389
Cash and cash equivalents at start of period / year	17	199,700,305	123,451,740	2,150,389	-
Effect of exchange rate fluctuations on cash and cash equivalents held		1,136,452	(1,468,147)	529	-
Cash and cash equivalents at end of period / year	17	100,434,377	199,700,305	4,788,695	2,150,389

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

CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTE	GROUP				COMPANY			
	3RD QTR ENDED SEPTEMBER		PERIOD ENDED SEPTEMBER		3RD QTR ENDED		PERIOD ENDED SEPTEMBER	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Gross Earnings	37,083,123	33,332,987	106,703,219	96,627,968	156,630	-	308,597	-
Interest income	29,172,573	26,507,744	84,500,640	75,489,675	156,630	-	280,185	-
Interest expense	(12,423,790)	(12,257,682)	(35,396,158)	(34,365,031)	-	-	-	-
Net interest income	16,748,783	14,250,062	49,104,482	41,124,644	156,630	-	280,185	-
Fee and commission income	5,042,092	4,471,848	13,780,991	12,614,087	-	-	-	-
Fee and commission expense	(800,720)	(324,583)	(1,730,240)	(742,099)	-	-	-	-
Net fee and commission income	4,241,372	4,147,265	12,050,751	11,871,988	-	-	-	-
Net trading income	222,452	268,759	591,652	347,625	-	-	-	-
Net income/(losses) from financial instr. at fair value through profit or loss	10,338	28,663.00	56,849	28,663.00	-	-	-	-
Other revenue	2,635,668	2,055,973	7,773,087	8,147,918	-	-	28,412	-
Revenue	2,868,458	2,353,395	8,421,588	8,524,206	-	-	28,412	-
Net impairment loss on loans and advances, banks & other assets	(1,374,446)	(1,378,894)	(3,912,945)	(3,008,603)	-	-	-	-
Personnel expenses	(7,118,827)	(7,044,744)	(20,850,966)	(19,120,134)	(53,852)	(43,635)	(150,598)	(43,635)
Depreciation & amortisation expenses	(907,638)	(812,742)	(2,630,603)	(2,501,712)	(4,249)	(104)	(14,167)	(104)
Gen & Admin	(6,615,187)	(6,810,283)	(17,408,445)	(14,939,231)	(121,481)	(15,636)	(293,780)	(15,636)
Other expenses	(2,199,752)	(636,306)	(7,990,926)	(7,235,752)	(71,281)	(50,401)	(165,702)	(50,401)
Results from operating activities	5,642,763	4,067,753	16,782,936	14,715,406	(94,233)	(109,776)	(315,650)	(109,776)
Gain / (loss) on disposal of associate	-	-	-	-	-	-	-	-
Profit before minimum tax and income tax	5,642,763	4,067,753	16,782,936	14,715,406	(94,233)	(109,776)	(315,650)	(109,776)
Minimum tax	(836,755)	(413,995)	(1,920,277)	(1,377,837)	-	-	-	-
Income tax expense	(158,218)	(149,440)	(638,694)	(553,297)	-	-	-	-
Profit for the period from continued operation	4,647,790	3,504,318	14,223,965	12,784,272	(94,233)	(109,776)	(315,650)	(109,776)
Discontinued operations								
Profit/(loss) from discontinued operation (net of tax)	-	-	-	-	-	-	-	-
Profit for the period	4,647,790	3,504,318	14,223,965	12,784,272	(94,233)	(109,776)	(315,650)	(109,776)
Other comprehensive income, net of income tax:								
Foreign currency translation differences for foreign operations	(68,576)	-	126,354	-	12,240	-	(13,908)	-
Net change in fair value of available-for-sale financial assets	(126,174)	(141,332)	(75,757)	(34,225)	-	-	-	-
Defined benefit plan actuarial gains/ (losses)	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	(194,750)	(141,332)	50,597	(34,225)	12,240	-	(13,908)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,453,040	3,362,986	14,274,562	12,750,047	(81,993)	(109,776)	(329,558)	(109,776)
Profit attributable to:								
Equity holders of the Group	4,647,790	3,504,318	14,223,965	12,784,272	(94,233)	(109,776)	(315,650)	(109,776)
Non-controlling interests	-	-	-	-	-	-	-	-
	4,647,790	3,504,318	14,223,965	12,784,272	(94,233)	(109,776)	(315,650)	(109,776)
Total comprehensive income attributable to:								
Equity holders of the Group	4,453,040	3,362,986	14,274,562	12,750,047	(81,993)	(109,776)	(329,558)	(109,776)
Non-controlling interests	-	-	-	-	-	-	-	-
	4,453,040	3,362,986	14,274,562	12,750,047	(81,993)	(109,776)	(329,558)	(109,776)
Basic earnings per share (naira)	0.94	0.71	0.96	0.86	(0.02)	(0.02)	(0.02)	(0.01)
Diluted earnings per share (naira)	0.94	0.71	0.96	0.86	(0.02)	(0.02)	(0.02)	(0.01)

NOTES TO THE INTERIM FINANCIAL REPORTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	GROUP				COMPANY			
	3RD QTR ENDED SEPTEMBER		YEAR-TO-DATE ENDED		3RD QTR ENDED		YEAR-TO-DATE ENDED	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000	2014 N'000	2013 N'000	2014 N'000	2013 N'000
2 Interest income								
Loans and advances to banks	977,206	1,911,168	2,939,190	8,328,423	-	-	-	-
Loans and advances to customers	23,626,067	18,313,918	66,265,098	49,053,031	156,630	-	217,759	-
Investments in government & other securities	4,569,300	6,282,658	15,296,352	18,108,221	-	-	62,426	-
	29,172,573	26,507,744	84,500,640	75,489,675	156,630	-	280,185	-
3 Interest expense								
Deposits from banks	27,144	2,229,706	134,766	4,481,402	-	-	-	-
Deposits from customers	11,000,555	9,246,550	31,540,267	27,939,958	-	-	-	-
Borrowings	1,396,091	781,426	3,721,125	1,943,671	-	-	-	-
	12,423,790	12,257,682	35,396,158	34,365,031	-	-	-	-
4 Impairment charge for credit losses								
Loans and advances to customers								
Increase in specific impairment	1,517,000	(658,379)	2,802,410	1,520,197	-	-	-	-
Increase in collective impairment	0	1,724,683	1,721,960	1,881,047	-	-	-	-
Income received on claims previously written off	(216,851)	(235,414)	(735,741)	(1,555,692)	-	-	-	-
	1,300,149	830,890	3,788,629	1,845,552	-	-	-	-
Other assets & AFS								
Increase in impairment	74,297	548,004	124,316	1,163,051	-	-	-	-
Impairment for investment securities available for sale	-	-	-	-	-	-	-	-
	74,297	548,004	124,316	1,163,051	-	-	-	-
	1,374,446	1,378,894	3,912,945	3,008,603	-	-	-	-
5 Net fee and commission income								
Commissions on turnover	1,014,365	1,179,816	3,033,157	3,632,167	-	-	-	-
Letters of credit commission	508,670	519,374	1,647,628	1,813,979	-	-	-	-
Commission on off-balance sheet transactions	146,058	217,496	485,093	634,566	-	-	-	-
Service charges fees and commissions	3,372,999	2,555,162	8,615,113	6,533,375	-	-	-	-
Gross Fee and commission income	5,042,092	4,471,848	13,780,991	12,614,087	-	-	-	-
Credit card expenses	(217,334)	(35,463)	(446,584)	(48,717)	-	-	-	-
Other banks charges	(583,386)	(289,120)	(1,283,656)	(693,382)	-	-	-	-
Fee and commission expense	(800,720)	(324,583)	(1,730,240)	(742,099)	-	-	-	-
Net fee and commission income	4,241,372	4,147,265	12,050,751	11,871,988	-	-	-	-
6 Net trading income								
Bonds trading income	59,596	(2,494)	109,874	(2,494)	-	-	-	-
Treasury bills trading income	136,482	162,463	455,404	241,329	-	-	-	-
Equities trading income	26,374.00	108,790.00	26,374.00	108,790	-	-	-	-
	222,452	268,759	591,652	347,625	-	-	-	-
7 Net gains / (losses) from other financial instruments at fair value through								
Net gains / (losses) arising on:								
Fair value instruments held for trading	10,338	28,663.00	56,849	28,663.00	-	-	-	-
	10,338	28,663.00	56,849	28,663.00	-	-	-	-
8 Other revenue								
Dividends on equity investment securities in the subsidiaries	-	-	-	-	-	-	-	-
Dividends on unquoted equity securities at cost	868	651,666	212,446	1,807,280	-	-	28,412	-
Foreign exchange gains	1,755,775	1,850,920	5,435,366	3,896,362	-	-	-	-
Profit on disposal of equity investments	(154)	75,000	671,467	1,149,384	-	-	-	-
Profit / (loss) on sale of property and equipment	14,558	2,046	4,809	3,706	-	-	-	-
Other income	864,621	-523,659	1,448,999	1,291,186	-	-	-	-
	2,635,668	2,055,973	7,773,087	8,147,918	-	-	28,412	-
9 Other operating expenses								
Personnel expenses	7,118,827	7,044,744	20,850,966	19,120,134	53,852	43,635	150,598	43,635
Depreciation	822,788	767,749	2,418,659	2,352,417	4,009	104	13,445	104
Amortisation	84,850	44,993	211,944	149,295	241	-	722	-
Gen & Admin	6,615,187	6,810,283	17,408,445	14,939,231	121,481	15,636	293,780	15,636
Other expenses	2,199,752	636,306	7,990,926	7,235,752	71,281	50,401	165,702	50,401
	16,841,404	15,304,075	48,880,940	43,796,829	250,862	109,776	624,247	109,776
Earnings per share								
Profit attributable to equity holders of the Company	4,647,790	3,504,318	14,223,965	12,784,272	(94,233)	(109,776)	(315,650)	(109,776)
Weighted average number of ordinary shares in issue (in '000s)	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710
Basic earnings per share (expressed in Naira per share)	0.94	0.71	0.96	0.86	(0.02)	(0.02)	(0.02)	(0.01)
Diluted earnings per share (expressed in Naira per share)	0.94	0.71	0.96	0.86	(0.02)	(0.02)	(0.02)	(0.01)

Notes to the Unaudited Interim Financial Statements

1 Reporting entity

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

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

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

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

2 Changes in accounting policies

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

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

- a. IFRS 10 Consolidated Financial Statements
- b. IFRS 12 Disclosure of Interests in Other Entities
- c. IFRS 13 Fair Value Measurement
- d. Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).
- e. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).
- f. IAS 19 Employee Benefits (2011).

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

(a) Subsidiaries, including structured entities

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

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

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

(b) Interests in other entities

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

(c) Fair value measurement

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

(d) Offsetting financial assets and financial liabilities

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

(e) Presentation of items of OCI

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

(f) Post-employment defined benefit plans

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

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

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

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

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

3 Significant Accounting Policies

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

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

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

Notes to the Unaudited Interim Financial Statements

(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 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.

(ii) Basis of measurement

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

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

(iii) Functional and presentation currency

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

(iv) Use of estimates and judgments

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

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

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

(b) Basis of Consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

(ii) Subsidiaries

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

(iii) Loss of control

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

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

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

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

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

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

(v) Transactions eliminated on consolidation

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

Notes to the Unaudited Interim Financial Statements

(c) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

(d) Interest

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

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

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

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

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

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

(e) Fees and commission

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

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

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

(f) Net trading income

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

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

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

(h) Dividends

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

(i) Lease payments

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

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

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

(j) Tax expense

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

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense for the period and adjustments to past years except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or 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 are in agreement with the underlying tax liability, which has been adequately provided for in the financial statement

(ii) Deferred tax

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

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

Notes to the Unaudited Interim Financial Statements

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

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

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

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

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

(iii) Tax exposures

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

(k) Financial assets and financial liabilities

(i) Recognition

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

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

(ii) Classification

Financial assets

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

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

see Notes 3(m) (o) 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) De-recognition

Financial assets

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

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

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

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

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

Financial liabilities

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

(iv) Offsetting

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

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

(v) Amortised cost measurement

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

(vi) Fair value determination

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

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

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

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

Notes to the Unaudited Interim Financial Statements

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

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

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

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

(vii) Fair value

Policy applicable from 1 January 2013

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

When available, the Bank 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 Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

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

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

Policy applicable before 1 January 2013

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

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

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

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

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

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

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

(viii) Identification and measurement of impairment

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 asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include;

- (a) a breach of contract, such as a default or delinquency in interest or principal payments;
 - (b) significant financial difficulty of the issuer or obligor;
 - (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - (d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (e) the disappearance of an active market for that financial asset because of financial difficulties; or
 - (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national economic conditions that correlate with defaults on the assets in the portfolio.
- (f) In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

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

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

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

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

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

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

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

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 statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. 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 statement of comprehensive income. Assets classified as available for sale are assessed for impairment in the same manner as assets carried at amortised cost.

(l) Cash and cash equivalents

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

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

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

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

(i) Trading assets and liabilities

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

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

(ii) Designation at fair value through profit or loss

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

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

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

(iii) Reclassification of financial assets and liabilities

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

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

(n) Assets pledged as collateral

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

(o) Loans and advances

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

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

- those classified as loan and receivables
- finance lease receivables

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

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

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

(p) Investment securities

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

(i) Held-to-maturity

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

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

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

(ii) Fair value through profit or loss

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

(iii) Available-for-sale

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

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

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

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

(q) Derivatives held for risk management purposes

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

(r) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(iv) De-recognition

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

(s) Intangible assets and goodwill

(i) Goodwill

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

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

(ii) Software

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

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

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

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

(t) Impairment of non-financial assets

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

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

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

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

(u) Deposits and borrowings

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

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

(v) Sale and repurchase agreements

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

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

(w) Provisions

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

(x) Financial guarantees and loan commitments

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

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

(y) Employee benefits

(i) Retirement benefit obligations

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

(ii) Other long term employee benefits

The Group's net obligation in respect of long-term employee benefits other than retirement benefit obligations (pension plans) is the amount of future benefit that employees have earned in 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 rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iii) Termination benefits

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

(iii) Short-term employee benefits

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

(z) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

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(iii) Treasury shares

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

(aa) Earnings per share

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

(ab) Segment reporting

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

New standards and interpretations not yet adopted

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

(i) IFRS 9 Financial Instruments (2013), IFRS 9 Financial Instruments (2010) and IFRS 9 Financial Instruments (2009) (together, IFRS 9)

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

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

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

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

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

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

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

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

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

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

(iii) IFRIC 21 Levies

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

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of Naira	GROUP		COMPANY	
	9months ended 30 September 2014	9months ended 30 September 2013	9months ended 30 September 2014	9months ended 30 September 2013
4 Interest income				
Loans and advances to banks	2,939,190	8,328,423	-	-
Loans and advances to customers	66,265,098	49,053,031	217,759	-
Investments in government & other securities	15,296,352	18,108,221	62,426	-
	84,500,640	75,489,675	280,185	-
5 Interest expense				
Deposits from banks	134,766	4,481,402	-	-
Deposits from customers	31,540,267	27,939,958	-	-
Borrowings	3,721,125	1,943,671	-	-
	35,396,158	34,365,031	-	-
6 Net impairment loss on financial assets				
(a) Loans and advances to customers				
Increase in specific impairment	3,212,868	1,520,197	-	-
Increase in collective impairment	1,721,960	1,881,047	-	-
Reversal of specific impairment (see Note 21b(i))	(410,458)	-	-	-
Income received on claims previously written off	(735,741)	(1,555,692)	-	-
	3,788,629	1,845,552	-	-
(b) Other assets				
Increase in impairment (see Note 29(a))	124,316	1,163,051	-	-
	124,316	1,163,051	-	-
	3,912,945	3,008,603	-	-

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of Naira	GROUP		COMPANY	
	9months ended 30 September 2014	9months ended 30 September 2013	9months ended 30 September 2014	9months ended 30 September 2013
7 Net fee and commission income				
Commissions on turnover	3,033,157	3,632,167	-	-
Letters of credit commission	1,647,628	1,813,979	-	-
Commission on off-balance sheet transactions	485,093	634,566	-	-
Service charges fees and commissions	8,615,113	6,533,375	-	-
Gross Fee and commission income	13,780,991	12,614,087	-	-
Card and other recoverable expenses	(446,584)	(48,717)	-	-
Other banks charges	(1,283,656)	(693,382)	-	-
Fee and commission expense	(1,730,240)	(742,099)	-	-
Net fee and commission income	12,050,751	11,871,988	-	-
8 Net trading income				
Bonds trading income	109,874	(2,494)	-	-
Treasury bills trading income	455,404	241,329	-	-
Options & Equities trading income	26,374	108,790	-	-
	591,652	347,625	-	-
9 Net income from other financial instruments at fair value through profit or loss				
Net income arising on:				
Fair value instruments held for trading	56,849	28,663.00	-	-
Fair value gain on derivative financial instruments held	-	-	-	-
	56,849	28,663.00	-	-
10 Other income				
Dividends on unquoted equity securities at cost	212,446	1,807,280	28,412	-
Foreign exchange gains	5,435,366	3,896,362	-	-
Profit on disposal of equity investments	671,467	1,149,384	-	-
Profit / (loss) on sale of property and equipment	4,809	3,706	-	-
Other income	1,448,999	1,291,186	-	-
	7,773,087	8,147,918	28,412	-

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of Naira	GROUP		COMPANY	
	9months ended 30 September 2014	9months ended 30 September 2013	9months ended 30 September 2014	9months ended 30 September 2013
11 Personnel expenses				
Wages and salaries	15,486,679	15,312,806	149,838	43,635
Contributions to defined contribution plans	386,301	388,810	-	-
Contribution to other long term defined benefit	440,726	664,375	-	-
Other staff cost	4,537,260	2,754,144	760	-
	20,850,966	19,120,134	150,598	43,635
12 Depreciation and Amortisation				
Amortisation of Intangibles (see Note 27 (a))	211,944	149,295	722	-
Depreciation of property and equipment (see Note 26)	2,418,659	2,352,417	13,445	104
	2,630,603	2,501,712	14,167	104
13 General and administrative expenses				
Communication, stationery and postage	1,426,318	1,332,781	46,461	15
Business travel expenses	935,003	643,083	3,883	107
Advert, promotion and corporate gifts	1,745,503	1,378,728	8,726	740
Business premises and equipment costs	2,845,193	2,452,621	13,517	290
Directors' emoluments and expenses	759,281	467,040	133,761	600
IT expenses	1,978,932	1,665,448	249	-
Contract Services	3,749,410	2,352,530	-	-
Vehicles maintenance expenses	855,957	734,737	1,630	-
Security expenses	1,385,224	1,487,910	-	-
Consulting expenses	1,727,624	2,424,353	85,552	13,884
	17,408,445	14,939,231	293,780	15,636

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of Naira	GROUP		COMPANY	
	9months ended 30 September 2014	9months ended 30 September 2013	9months ended 30 September 2014	9months ended 30 September 2013
14 Other expenses				
NDIC Insurance Premium & other insurances	3,246,219	2,888,748	-	-
AMCON Expenses	3,697,181	3,621,285	-	-
Others	1,047,526	725,719	165,702	50,401
	7,990,926	7,235,752	165,702	50,401
15 Earnings per share				
Basic and diluted earnings per share				
Profit attributable to equity holders	14,223,965	12,784,272	(315,650)	(109,776)
Weighted average number of ordinary shares in issue (in '000s)	19,802,710	19,802,710	19,802,710	19,802,710
	0.96	0.86	(0.02)	(0.01)
Group does not have dilutive potential ordinary shares as at 30 September 2014 (December 2013: nil).				
16 Tax expense				
(i) Minimum and Current tax expense:				
Minimum tax	638,694	553,297	-	-
Income tax expense	1,920,277	1,377,837	-	-
	2,558,971	1,931,134	-	-

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of Naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
(ii) Current income tax liability				
Beginning of the period / year	4,333,353	2,850,275	60,277	-
Balance of subsidiaries transferred	-		-	-
Tax paid	(3,816,377)	(2,338,619)	-	-
Dividend tax	-	1,800,000	-	-
National Information Technology Development Agency (Nitda) levy	-	262,891	-	60,277
Income tax expense	2,558,971	1,758,806	-	-
	3,075,947	4,333,353	60,277	60,277
17 Cash and cash equivalents				
Cash	19,186,889	18,892,038	-	-
Current balances within Nigeria	3,360,764	2,731,075	90,294	2,150,389
Current balances outside Nigeria	43,695,517	49,461,078	-	-
Placements with local banks	23,643,584	102,683,127	4,698,401	-
Placements with foreign banks	8,542,312	7,304,382	-	-
Unrestricted balances with Central banks	2,005,311	18,628,605	-	-
	100,434,377	199,700,305	4,788,694	2,150,389
Current	100,434,377	199,700,305	4,788,694	2,150,389
Non-current	-	-	-	-
	100,434,377	199,700,305	4,788,694	2,150,389
Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.				
Balance with banks outside Nigeria include N13.8billion (December 2013: N7.6billion) which represents the naira value of foreign currency amounts held by the Bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 34).				
18 Restricted reserve deposits				
Restricted mandatory reserve deposits with central banks (see note (a) below)	120,763,361	73,473,096	-	-
	120,763,361	73,473,096	-	-
Current	120,763,361	73,473,096	-	-
Non-current	-	-	-	-
	120,763,361	73,473,096	-	-

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

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

19 Trading assets & liabilities

(a) Non-pledged trading assets

	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
Federal Government of Nigeria Bonds	-	87,616	-	-
Treasury bills	2,351,328	2,408,665	-	-
Equity securities	478,980	425,077	-	-
	2,830,308	2,921,358	-	-
Current	2,830,308	2,921,358	-	-
Non-current	-	-	-	-
	2,830,308	2,921,358	-	-

(b) Non-pledged trading liabilities

Federal Government of Nigeria Bonds	1,205,150	-	-	-
	1,205,150	-	-	-
Current	1,205,150	-	-	-
Non-current	-	-	-	-
	1,205,150	-	-	-

20 Derivative assets and liabilities held

Instrument type

Assets: - customer transactions	361,177	1,577,459	-	-
- interest rate swap	122,970	120,147	-	-
	484,147	1,697,606	-	-
Current	-	-	-	-
Non-current	484,147	1,697,606	-	-
	484,147	1,697,606	-	-
Liabilities - market transactions	243,568	1,219,618	-	-
- interest rate swap	139,212	136,016	-	-
	382,780	1,355,634	-	-
Current	-	-	-	-
Non-current	382,780	1,355,634	-	-
	382,780	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.

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
21 Loans and advances to customers				
(a) Loans and advances to customers at amortised cost;				
Gross amount	574,389,920	462,370,884	-	-
Specific Impairment allowance	(2,310,657)	(3,206,245)	-	-
Collective Impairment allowance	(6,986,660)	(8,631,674)	-	-
Carrying Amount	565,092,603	450,532,965	-	-
Current	375,581,352	209,520,319	-	-
Non-current	189,511,251	241,012,646	-	-
	565,092,603	450,532,965	-	-
In thousands of naira	GROUP	COMPANY		
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
(b) Movement in allowances for impairment				
(i) Specific allowances for impairment				
Balance at 1 January	3,206,245	4,462,115	-	-
Impairment loss for the period / year:		-		
Charge for the period / year	3,212,868	2,039,744	-	-
impairment reversals	(410,458)	(837,665)	-	-
Write offs (see note (c) below)	(3,697,998)	(2,457,949)	-	-
	2,310,657	3,206,245	-	-
(ii) Collective allowances for impairment				
Balance at 1 January	8,631,674	2,604,302	-	-
Impairment loss for the period / year:		-		
Charge for the period / year	1,721,960	7,370,136	-	-
Write offs (see note (c) below)	(3,366,974)	(1,342,764)	-	-
	6,986,660	8,631,674	-	-
	9,297,317	11,837,919	-	-

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

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

22 Investment securities				
Held-to-maturity (see note (a) below)	125,555,084	153,104,085	-	-
Available-for-sale (see note (b) below)	10,754,320	10,534,151	2,500,003	2,514,439
	136,309,404	163,638,236	2,500,003	2,514,439
(a) Held-to-maturity investment securities				
Federal Government of Nigeria (FGN) Bonds	18,160,673	24,089,628	-	-
Asset Management Corporation of Nigeria (AMCON) Bonds	37,989,167	34,989,350	-	-
State Government Bonds	10,342,478	11,829,214	-	-
Treasury Bills	48,154,582	70,310,944	-	-
Corporate bonds	10,908,184	11,884,949	-	-
	125,555,084	153,104,085	-	-
			GROUP	COMPANY
In thousands of naira	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
(b) Available-for-sale investment securities				
Federal Government of Nigeria (FGN) Bonds	1,008,565	-	-	-
Equity securities measured at fair value (see note (c) below)	2,880,153	2,853,128	-	-
Unquoted equity securities measured at cost (see note (d))	6,865,602	7,681,023	2,500,003	-
	10,754,320	10,534,151	2,500,003	-
(c) Equity securities measured at fair value under available-for-sale investments				
HTM Private Placement Underwriting	1,681,495	1,681,495	-	-
DAAR Communications Underwriting	37,277	37,277	-	-
Environmental Remediation Holding Company Plc	446,460	419,431	-	-
Unity Bank Plc	560	560	-	-
UTC Nigeria Plc	11	15	-	-
Standard Alliance Co Plc	714,350	714,350	-	-
	2,880,153	2,853,128	-	-

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

In thousands of naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
(d) Unquoted equity securities at cost under available-for-sale investments				
Kakawa Discount House Limited (See note (g))	22,800	22,800	-	-
Credit Reference Company Limited	61,111	61,111	-	-
Nigeria Inter-bank Settlement System Plc	102,970	102,970	-	-
Africa Finance Corporation	2,558,388	2,558,388	-	-
Rivers State Microfinance Agency	1,000,000	1,000,000	-	-
Private Equity Funds	2,500,003	2,514,439.00	2,500,003	2,514,439
SME Investments	1,091,847	1,095,483	-	-
Africa Export-Import Bank, Cario	144,805	144,805	-	-
Central Securities Clearing System	87,500	87,500	-	-
Express Discount House	64,415	64,415	-	-
Smartcard Nigeria Plc	22,804	22,804	-	-
ATSC Investment	50,000	50,000	-	-
Currency Sorting Co	24,640	24,640	-	-
IMB Energy Master Fund	100,000	100,000	-	-
FMDQ (OTC) Plc	30,000	-	-	-
Industrial and General Insurance Plc	27,225	85,000	-	-
Food Concept Limited	5,970	11,700	-	-
Financial Derivative Limited	10,000	10,000	-	-
Hygeia Nigeria Limited	602	602	-	-
CSCS Limited	12,600	3,500	-	-
Legacy Fund	70,500	76,000	-	-
Others	0	767,444	-	-
	7,988,180	8,803,601	2,500,003	2,514,439.00
Specific impairment for equities (note (f) below)	(1,122,578)	(1,122,578)	-	-
Carrying amount	6,865,602	7,681,023	2,500,003	2,514,439.00
(f) Specific allowances for impairment against available-for-sale				
Balance at 1 January	1,122,578	1,593,713	-	-
Balance transferred to FCMB Group Plc.	-	(564,716)	-	-
Charge for the period	-	93,581	-	-
Balance at 30 September	1,122,578	1,122,578	-	-
(g) The investment in Kakawa Discount House was disposed subsequent to the reporting date				

Notes to the Unaudited Interim Financial Statements
For the period ended 30 September 2014

23 Assets pledged as collateral				
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
Treasury Bills	8,184,482	15,934,482	-	-
Federal Government of Nigeria (FGN) Bonds	37,945,222	34,582,422	-	-
	46,129,704	50,516,904	-	-
Current	4,073,788	15,760,998	4,073,788	15,760,998
Non-current	42,055,916	34,755,906	42,055,916	34,755,906
	46,129,704	50,516,904	46,129,704	50,516,904

In thousands of Nigerian Naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
24 Investment in Subsidiaries				
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see note (c) below)	-	-	115,422,326	115,422,326
FCMB Capital Markets Limited (see note (d) below)	-	-	240,000	240,000
CSL Stockbrokers Limited (CSLS) (see note (e) below)	-	-	3,053,777	3,053,777
Specific allowances for impairment	-	-	118,716,103	118,716,103
Carrying amount	-	-	118,716,103	118,716,103
Current	-	-	-	-
Non-current	-	-	118,716,103	118,716,103
	-	-	118,716,103	118,716,103

Notes to the Unaudited Interim Financial Statements
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(b) **Group entities**

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

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

(c) This represents the cost of the Company's 100% equity holding in First City Monument Bank Limited. The Bank 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 re-registered as a Limited liability Company on 4 September 2013 following the group restructuring

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

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

In thousands of Naira

25 Investment in associates

(a) Investment in associate company:

	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
Balance at 1 January 2014	568,512	467,456	407,800	-
Share of profit / (loss)	-	68,256	-	-
Transfer from FCMB Limited	-	-	-	375,000
Additions during the year	-	32,800	-	32,800
Balance at reporting date	568,512	568,512	407,800	407,800

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

Notes to the Unaudited Interim Financial Statements
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26 Property and equipment

Group						
In thousands of Nigerian Naira	Leasehold improvement and buildings	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost						
Balance at 1 January 2014	22,752,413	5,983,587	14,416,386	10,440,845	4,425,961	58,019,192
Addition during the period	1,294,424	381,725	1,661,565	505,907	567,236	4,410,857
Reclassifications	192,633	-	73,858	909	(267,400)	-
Transfer to intangibles & other assets	-	-	-	-	(794,197)	(794,197)
Disposal during the period	(522,164)	(288,838)	(310,686)	(56,817)	-	(1,178,505)
Items written-off	-	-	-	-	(21,835)	(21,835)
Balance at 30 September 2014	23,717,306	6,076,474	15,841,123	10,890,844	3,909,765	60,435,512
Depreciation and impairment losses						
Balance at 1 January 2014	5,065,819	4,522,707	10,829,409	8,687,480	2,101,500	31,206,915
Charge for the period	577,483	448,189	879,560	513,427	-	2,418,659
Eliminated on Disposals	(19,389)	(298,434)	(257,051)	(52,808)	-	(627,682)
Balance at 30 September 2014	5,623,913	4,672,462	11,451,918	9,148,099	2,101,500	32,997,892
Carrying amounts:						
Balance at 30 September 2014	18,093,393	1,404,012	4,389,205	1,742,745	1,808,265	27,437,620
Balance at 31 December 2013	17,686,594	1,460,880	3,586,977	1,753,365	2,324,461	26,812,277
Company						
In thousands of Nigerian Naira	Leasehold improvement and buildings	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost						
Balance at 1 January 2014	4,806	-	4,629	824	-	10,260
Addition during the period	-	-	298	195	861	1,354
Reclassifications	-	-	-	-	-	-
Transfer from FCMB Limited	-	32,413	2,470	913	-	35,796
Disposal during the period	-	-	-	-	-	-
Items written-off	-	-	-	-	-	-
Balance at 30 September 2014	4,806	32,413	7,397	1,933	861	47,410
Depreciation and impairment losses						
Balance at 1 January 2014	160	-	279	19	-	459
Charge for the period	360	11,226	1,412	445	-	13,445
Eliminated on Disposals	-	-	-	-	-	-
Balance at 30 September 2014	521	11,226	1,692	465	-	13,904
Carrying amounts:						
Balance at 30 September 2014	4,285	21,186	5,705	1,468	861	33,506
Balance at 31 December 2013	4,646	-	4,350	805	-	9,801

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	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
27 Intangible assets				
(a) Softwares				
Cost				
Beginning of the period	2,611,527	2,135,493	3,851	-
Addition during the period	759,187	476,034	-	3,851
End of the period	3,370,714	2,611,527	3,851	3,851
Amortization				
Beginning of the period	2,026,069	1,831,511	80	-
Classification	-	1,692	-	-
Charge for the period	211,944	192,866	722	80
End of the period	2,240,322	2,026,069	802	80
Carrying amount	1,130,392	585,458	3,049	3,771
(b) Goodwill				
Beginning of the period	6,995,070	11,590,807	-	-
Group Restructuring (see note (c) below)	-	(4,595,737)	-	-
At end of the period	6,995,070	6,995,070	-	-
	8,125,462	7,580,528	3,049	3,771

(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 N5.59bn.

(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 (2013: nil)

In thousands of Naira

28 Deferred tax assets and liabilities

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

Deferred tax assets and liabilities are attributable to the following:

Group	30 SEP 2014			31 DEC 2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	763,376	-	763,376	741,855	-	741,855
Defined benefits	252,037	-	252,037	256,588	-	256,588
Allowances for loan losses	1,819,855	-	1,819,855	1,684,784	-	1,684,784
Unrelieved loss carried forward	3,524,069	-	3,524,069	3,524,069	-	3,524,069
Other	-	(25,244)	(25,244)	138,729	(35,282)	103,447
	6,359,337	(25,244)	6,334,093	6,346,025	(35,282)	6,310,743

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In thousands of Nigerian Naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
29 Other assets				
Prepayments	9,446,024	5,159,923	7,494	1,868
Accounts receivable	28,034,762	30,560,618	-	7,678,018
Consumables	776,555	680,869	-	-
	38,257,341	36,401,410	7,494	7,679,886
Less specific allowances for impairment (note (a) below)	(11,196,592)	(11,909,052)	-	-
	27,060,749	24,492,358	7,494	7,679,886
Current	5,834,329	5,939,078	7,494	7,679,886
Non-current	21,226,420	18,553,280	-	-
	27,060,749	24,492,358	7,494	7,679,886
(a) Movement in impairment on other assets				
At start of period / year	11,909,052	13,827,772	-	-
Increase / (reverse) in impairment	124,316	2,272,866	-	-
Amounts written off	(836,776)	(4,191,586)	-	-
At end of period / year	11,196,592	11,909,052	-	-
In thousands of Naira				
30(a) Deposits from banks				
Other deposits from banks	452,325	-	-	-
	452,325	-	-	-
Current	452,325	-	-	-
Non-current	-	-	-	-
	452,325	-	-	-
Deposits from banks only include financial instruments classified as liabilities at amortised cost.				

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30(b) Deposits from customers				
Term deposits	246,810,028	186,760,240	-	-
Current deposits (note (c) below)	396,457,286	418,411,692	-	-
Savings	79,212,226	110,042,260	-	-
	722,479,540	715,214,192	-	-
Current	722,479,540	715,214,192	-	-
Non-current	-	-	-	-
	722,479,540	715,214,192	-	-
(c) Included in the current deposits is N29.73billion (December 2013: N38.11billion) which represents sundry collection accounts for the period.				
In thousands of Naira				
	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
31 Borrowings				
Borrowings comprise:				
United Bank for Africa (UBA), New York	3,320,916	3,207,533	-	-
Standard Bank, London	8,187,500	8,013,916	-	-
Standard Bank, London	4,110,525	4,016,910	-	-
Standard Bank, London	1,105,857	-	-	-
Standard Chartered Bank, London (see note below)	24,489,470	23,813,676	-	-
International Finance Corporation (IFC)	2,019,343	2,415,388	-	-
International Finance Corporation (IFC)	5,555,761	6,038,471	-	-
Citibank, N.A (OPIC)	724,601	1,404,245	-	-
Citibank, Nigeria (OPIC)	213,843	479,970	-	-
Africa Finance Corporation (AFC)	-	4,319,730	-	-
Bank Of Industry (BOI), Nigeria	164,822	164,822	-	-
Mashreq Bank, New York	2,423,915	-	-	-
Mashreq Bank, New York	4,035,602	-	-	-
Mashreq Bank, New York	1,611,990	-	-	-
Emirate NBD	1,980,783	-	-	-
Netherlands Development Finance Company (FMO)	4,027,473	-	-	-
Netherlands Development Finance Company (FMO)	4,124,118	-	-	-
Netherlands Development Finance Company (FMO)	1,645,092	-	-	-
European Investment Bank (EIB)	5,322,392	-	-	-
Others	9,359,051	5,369,569	-	-
	84,423,054	59,244,230	-	-
Current	5,381,305	5,833	-	-
Non-current	79,041,749	59,238,397	-	-
	84,423,054	59,244,230	-	-
(b) Movement in borrowings account during the period / year was as follows:				
Balance, beginning of the period	59,244,230	26,933,018	-	-
Additions during the period	38,309,116	48,741,334	-	-
Repayments during the period	(14,396,426)	(16,909,586)	-	-
Translation difference	1,266,134	479,464	-	-
	84,423,054	59,244,230	-	-

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In thousands of Naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
32 Retirement benefit obligations				
Defined contribution scheme				
The group and its employees make a joint contribution of 15% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators				
Total contributions to the scheme for the period were as follows:				
Balance at start of period	124,674	109,008	-	-
Balance transferred	-	(3,772)	-	-
Charged to profit or loss	386,301	480,653	-	-
Employee contribution	426,606	545,169	-	-
Total amounts remitted	(728,279)	(1,006,384)	-	-
At end of period	209,302	124,674	-	-
Current	209,302	124,674	-	-
Non-current	-	-	-	-
	209,302	124,674	-	-
33 Other long term benefits				
The Group has a defined benefit long service compensation policy for employees that have spent five years and above up till the end of service in the Group. The entitlement for qualified staff is calculated at the rate of 15% of annual total of basic salary, transport, housing and house maintenance allowance or as determined by the management and Board of the Group from time to time.				
(i) The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	3,152,580	3,203,189	-	-
Total present value of obligations	3,152,580	3,203,189	-	-
Fair value of plan assets	(1,944,872)	(1,944,872)	-	-
Present value of net obligations	1,207,708	1,258,317	-	-
Unrecognised actuarial losses	-	-	-	-
Recognised liability for non-contributory defined benefits obligations	1,207,708	1,258,317	-	-
(ii) Plan assets consist of the following;				
Federal Government of Nigeria (FGN) Bonds	1,944,872	1,944,872	-	-
	1,944,872	1,944,872	-	-
(iii) Movement in the present value of defined benefit obligations;				
Liability for defined benefit obligations at the beginning	1,258,317	335,397	-	-
Balance transferred Holdco	-	-	-	-
Contribution to the plan assets	-	(103,272)	-	-
Actuarial losses /(Gains)	-	(283,960)	-	-
Benefits paid by the plan	(491,335)	(366,321)	-	-
Service costs and interest	440,726	1,518,073	-	-
Fair value loss on plan assets	-	158,400	-	-
Liability for defined benefit obligations at the end	1,207,708	1,258,317	-	-

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In thousands of Naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
34 Other liabilities				
Customers' deposit for letters of credits	13,850,868	7,604,906	-	-
Bank cheques/drafts	4,328,398	4,384,959	-	-
Deferred income	198,262	298,920	-	-
Proceeds from public offers	81,976	81,976	-	-
Accounts payable	49,455,546	63,630,351	1,191,245	19,036
Accrued expenses	5,861,102	4,485,760	153,977	81,355
Provision (see Note 34(a) below)	2,317,904	2,520,887	-	-
	76,094,056	83,007,759	1,345,222	100,391
Current	23,277,401	22,248,274	-	-
Non-current	52,816,655	60,759,485	1,345,222	100,391
	76,094,056	83,007,759	1,345,222	100,391
 (a) The amounts above for provision represents the amount reserved for pending probable legal cases that may crystallize.				
35 Share capital				
(a) Authorised				
30billion ordinary shares of 50k each (2013: 30billion)	15,000,000	15,000,000	15,000,000	15,000,000
(b) Issued and fully paid				
19.8billion ordinary shares of 50k each (2013: 19.8billion)	9,901,355	9,901,355	9,901,355	9,901,355
The movement on the issued and fully paid-up share capital account during the period was as follows:				
Balance at 1 January	9,901,355	9,520,534	9,901,355	9,901,355
Bonus capitalised	-	380,821	-	-
At end of the period	9,901,355	9,901,355	9,901,355	9,901,355
GROUP				
	Number of shares	Ordinary shares	Share premium	Treasury shares
At 1 January	19,802,710	9,901,355	115,392,414	(8,625)
At end of the period	19,802,710	9,901,355	115,392,414	(8,625)
COMPANY				
	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At 1 January	19,802,710	9,901,355	115,392,414	-
At End of the period	19,802,710	9,901,355	115,392,414	-

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36 Share premium and reserves

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

- (a) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.
- (b) **Statutory reserve:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. However, the Bank transferred 15% of its 'profit after tax to statutory reserves as at year end (2013: 15%).
- (c) **SSI reserve:** The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.
- (d) **Treasury shares:** Treasury shares represents the Group's shares held by the Bank on behalf of the staff under the staff share scheme. However, the shares were redistributed to the Holding company of the Bank, hence the N8.6million balance for the period (December 2013: N8.6million).
- (e) **Available for sale reserve (Fair value reserve):** The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.
- (f) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment of loans and advances under the Nigeria GAAP and Central Bank of Nigeria prudential guidelines and the loss incurred model used in calculating the impairment balance under IFRS.
- (g) **Retained earnings:** Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.
- (h) **Revaluation reserve:** The revaluation reserve shows the effects from the fair value measurement of equity instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.
- (i) **Foreign currency translation reserve (FCTR):** Records exchange movements on the Group's net investment in foreign subsidiaries
- (j) **Actuarial gains and losses reserve:** This reserve shows the changes in the present value of defined benefits obligation resulting from experiences adjustments and changes in actuarial assumptions

37 Contingencies, claims and litigation

Contingent liabilities and commitments

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

Nature of instruments

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

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

In thousands of Naira	GROUP		COMPANY	
	30 SEP 2014	31 DEC 2013	30 SEP 2014	31 DEC 2013
Performance bonds and guarantees	90,309,877	69,682,910	-	-
Clean line letters of credit	79,127,507	35,412,127	-	-
Other commitments	1,338,774	635,636	-	-
	170,776,158	105,730,673	-	-

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