First Bank of Nigeria Limited
Consolidated Financial Statements
for the year ended 31 December 2014

FirstBank
Since 1894

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of members of FIRST BANK OF NIGERIA LIMITED will be held in the Board Room, Samuel Asabia House, 12th Floor, 35 Marina, Lagos on Thursday, April 23, 2015 at 2.00 p.m. to transact the following:

Ordinary Business:

1. To receive the audited financial statements for the year ended December 31, 2014, together with the reports of the Directors, the Auditors and the Board Audit Committee thereon, as well as the report of the independent consultants on the annual appraisal of the Board of Directors.
2. To declare a dividend.
3. To elect/re-elect Directors, including Prince Ajibola A. Afonja and Mr. Ebenezer A. Jolaoso, who are aged 72 and 71 years respectively.
4. To authorize the Directors to fix the remuneration of the Auditors.

Special Business:

5. To approve the remuneration of Directors.

Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not also be a member. A proxy form is attached to this Notice. All instruments of proxy should be duly stamped at the Stamp Duties Office and deposited at the registered office of the Company not later than 48 hours before the time for holding the meeting.

BY ORDER OF THE BOARD

Olayiwola Yahaya
COMPANY SECRETARY

35 MARINA, LAGOS

Dated this 2nd day of April, 2015

PROXY FORM

FIRST BANK OF NIGERIA LIMITED {RC 6290}

ANNUAL GENERAL MEETING TO BE HELD in the Board Room,
Samuel Asabia House, 35 Marina, Lagos on
Thursday, April 23, 2015 at 2.00 p.m.

We ....

(*Name of Shareholder in block letters*)

The undersigned, being a member of the above named Company hereby appoint .... or failing him the Chairman of the meeting as our proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held on Thursday, April 23, 2015 and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this .... day of ...., 2015

Shareholder's Signature and / or Common Seal

....

We desire this proxy to be used in favour of/or against the resolution as indicated alongside	RESOLUTION	FOR	AGAINST
	1] To receive the audited financial statements for the year ended December 31, 2014, together with the reports of the Directors and the Board Audit Committee thereon, as well as the report of the external consultants on the annual appraisal of the Board of Directors.		
	2] To declare a dividend.		
	3] To elect/re-elect Directors.		
	4] To authorize the Directors to fix the remuneration of the Auditors.		
	5] To approve a special resolution authorizing the Directors' remuneration.		

NOTES:

1. All instruments of proxy should be deposited at the registered office of the Company not later than 48 hours before the time for holding the meeting.
2. Where the appointer is a corporation, this form may be under seal or under the hand of any officer or attorney duly authorized.
3. This proxy will be used only in the event of a poll being directed or demanded.
4. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
5. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently ₦500.00) from the Stamp Duties Office.

Before posting the above form please tear off this part and retain it for admission to the meeting.

ADMISSION FORM **FIRST BANK OF NIGERIA LIMITED** {RC 6290}

ANNUAL GENERAL MEETING TO BE HELD in the Board Room, Samuel Asabia House, 35 Marina, Lagos
On Thursday, April 23, 2015 at 2.00 p.m.

*Name of Shareholder ....

*Name of Proxy..
(IF YOU ARE UNABLE TO ATTEND THE MEETING)

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you exercise your right to vote.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the company or not, with the exception of the Chairman of the Company, who will attend the meeting and vote on your behalf.

FirstBank
Since 1894

Chairman's Statement – 2014 Annual Report and Accounts

1. Introduction

In 2014, the industry's regulatory burden weighed heavily on our operations. Whereas in the 6 years to end-2013, the regulatory focus was more concerned with the health of individual bank players in the industry, and how this impacted overall systemic health, over the last 12 months macroprudential regulations have been added which prioritise macroeconomic concerns in the design of bank regulations.

However the net effect of these new regulations has been to dampen the industry's profit outlook. By virtue of our position in the industry we must wholly embrace these changes and continue to work with the regulator to responsibly contribute to economic growth while continuously delivering value to our shareholders.

Nonetheless, a firm focus on our earlier agreed goals ensured that FirstBank closed 2014 with much stronger balance sheet and profit numbers.

2. The Global Economy

The global economy was a mixed picture in 2014. Much of the publicity focussed on Japan, where Abenomics began the year with great promise; rising "lowflation" worries in the euro area; and the promise of an Indian renaissance on the back of a new government' reforming instinct.

Given the growth needs of the global economy, only the US economy produced growth noticeable enough to have had an effect. At 7.4%, Chinese growth was down from the elevated numbers that we have come to associate with that economy over the last 3 decades. Understandably, there was much worry over the ripple effect to the global economy of falling output rates in China, with most commentators linking the apparent end of the commodity super-cycle with falling demand in China.

Emerging markets were unduly affected by lower export revenues from falling commodity prices, with exchange rates from Brazil through Malaysia, to Nigeria reflecting these new pressure points. While commodity exporters, including of crude oil saw threats to their finances from lower export revenues, falling oil prices were a global net positive.

It may have contributed to the increase in US output numbers, as consumers' disposable incomes rose, but in the euro area, its contribution to the depressing prices, and thus to the risk of deflation was the most remarked.

3. Domestic Economy

The rebasing of the domestic economy's output numbers, which resulted in its re-classification as the continent's biggest economy, promised a number of positive externalities especially from an anticipated flow in investments into the new driver of the economy. A larger and growing services sector, appeared to confirm anecdotal evidence of the emergence of a growing middle class, with enough disposable income to drive demand for new and more sophisticated service and product offerings.

The end of the commodity supercycle was also a net positive, as a lowering of prices across the range for most imports promised to boost domestic consumption reinforce net welfare gains. Consequently, in inflation-adjusted terms, the economy grew by 6.25% in 2014, a rate consistent with that achieved by the best-performing economies in the world in the year.

Still worries remain. For despite the new size of the economy, at around N90tn (or US$550bn) GDP, which made it the world's 26th largest, in per capita terms, we remain 121st of 195 countries. Rising income inequalities further strengthening the need for domestic reforms that both transfer resources to the poor and vulnerable and improve their earning capacity, including through changes to the process of creating and accumulating social capital.

While a stronger economy is of immediate benefit to the financial services sector, through providing a more diverse need for financial services, rising income inequalities and poor poverty indices hurt our ability to drive higher levels of financial inclusion. Fortunately the reforms to physical and social infrastructure required to drive productivity increases would directly benefit our operations (through lower costs) and our markets (by increasing disposable incomes across the population).

It mattered, therefore, that oil prices took a knock by the second half of the year, falling from a June peak of US$107pb to US$43.14pb by year end. Whereas the larger effect of this on the economy, giving its fiscal dependence on oil receipts would be evident in 2015, lower oil prices and the associated pressure on the country's external reserves have driven the naira's exchange value down. A falling naira on the other hand, would have adverse inflation implications.

Both these new pressure points are a concern for the domestic banking industry going forward.

4. Monetary Policy

Following the mid-year drop in the oil price, and the subsequent pass-through of reduced government revenue to the naira's exchange rate, the focus on monetary policy during the year was on sustaining the naira. A concern with naira liquidity (as a possible source of elevated dollar demand), saw the Central Bank of Nigeria tighten monetary policy, at first through administrative measures, including increases in the reserve requirements for public and private sector deposits.

By year end, however, as the demand pressure on the naira built up, the CBN raised its policy rate by 100 basis points, and effectively devalued the naira when it moved the mid-point of the official exchange rate peg from US$/N155 to US$/N168.

5. Our Strategy

In my report last year, I had indicated as customary the adoption of our three-year plan for the period January 2014 to December 2016. At the heart of the new plan is the setting of segment-specific market share aspirations over the plan period.

Accordingly, in the retail market, our intention is to grow our share of the small- and medium-sized enterprises sector by an order of 11% to 15% over the next 3 years. Within this same period, we should see our wallet share of the affluent segment of the market for financial services grow by 5% to 6%, with the corporate and emerging corporate segments growing by 9% to 10% and 3% to 5% respectively.

Given ongoing structural changes to the public expenditure management framework, we have set rather narrow aspirations for the wholesale market, where we intend to defend our market shares in both the public sector and institutional segments of the market. The volatility which the changes in the public sector introduced into our model last year unintentionally validated our decision over the last plan cycle to pursue aggressively, expansion in sub-Saharan Africa. The operational diversity which we have now acquired is a key strength to cushioning future economic shocks from a group perspective as we expect increased growth from these new investments going forward.

In furtherance of a more diverse operating base, over the current plan cycle, we would be balancing our retail growth with a narrower focus on the high networth individual segment of the market. Essentially we intend to leverage existing strengths to grow our share of this market segment's wallet. This "inside-out approach" involves us sweating our already diverse portfolio of financial products and services and harnessing the accompanying synergies to serve a very discerning segment.

We have set these targets on the basis of our position in the market as the leading retail financial services provider, and in full cognisance of the increasingly narrow fiscal space within which the financial services industry would play in over the medium-term. We have no doubt therefore of the eventual success of this strategic platform within the plan horizon.

6. Board Priorities 2014 – 2015

Following the broadening of our continental footprint last year, the board agreed a set of new short- to medium-term priorities. Basically, these priorities aim to increase the pace of the Bank's growth across its diverse operational bases over the plan period.

Three planks support these new set of priorities. The first is a strong value proposition focussed on meeting our clients' diverse needs for financial services. Second is the continuous search for and the single-minded implementation of least cost solutions based on the customer's ease of access to and convenience of use of our different channels. Third is the sustainable return of value to our stakeholders from all our business lines.

In specific terms, our priorities over the near-term include growing non-interest revenue, driving service delivery excellence, optimising enterprise-wide cost, addressing market perception gap, enhancing sales force productivity whilst continuously enhancing our corporate governance and compliance spectrum.

The tasks facing us are far from insurmountable and equally underpinned by leading from the front and ensuring that measures put in place are holistic and clearly communicated across the business to galvanise our drive forward and ensure success in this regard. We remain aspirational and have no doubt in our ability as a bank to deliver.

7. Financial Results

The uncertainties associated with the general elections and the CBN's continued efforts to hold the floor on a domestic currency under pressure from lower oil earnings, were the main variables in our operating environment in the period covered by my report. In result, our operating environment was a lot more constrained last year.

Despite the downward pull of these variables, the Bank delivered robust results in the review period. The Bank's profit before tax (PBT) closed the year at N81.36bn compared with the

N76.85bn reported over the same period last year. The Group's PBT rose from N86.59bn reported in the 12 months to end-December 2013 to N94.45bn in the reporting period.

8. Outlook

Current global realities put oil price at an average of US$60 per barrel this year and next. The impact of this on the domestic economy, in the light of our dependence on oil exports for much of our official revenue would be to constrain the fiscal space over the next 12 months. Monetary policy would equally tighten as the CBN strives to support the naira's exchange rate over this period.

Reduced government spend and rising domestic prices would ultimately dampen domestic demand. Along with a fall off in business investment, we should see domestic output growth slow considerably in 2015. The IMF, for instance, expects growth to be lower by about 1½ percentage points in 2015.

No doubt, a more difficult macroeconomic environment would impose huge costs on our operations. However, we have taken steps, a few of which I have enumerated here, both to guard against these shocks, and to take advantage of the limited opportunities that will open over the coming months.

9. Resignation

Mrs. Ibiai Ani, former non-Executive Director, resigned voluntarily with effect from March 20, 2014, while Mr. Adebayo Adelabu, former Executive Director/Chief Financial Officer, resigned with effect from March 28, 2014, to take up appointment as a Deputy Governor with the CBN.

10. Appointments

Dr. (Mrs.) Ije Jidenma was appointed a non-Executive Director with effect from March 24, 2014; and Dr. Adesola K. Adeduntan was appointed an Executive Director/Chief Financial Officer with effect from July 01, 2014.

11. Acknowledgement

On behalf of the Board, I do thank our regulators and consultants for their cooperation over the last 12 months.

To our customers, partners (local and foreign), shareholders and other stakeholders, the Bank owes a continuing debt of gratitude. The clearest sign of our appreciation of their custom will be in the changes we make over the next 12 months with a view to serving them better.

The Bank also specially thanks Mrs. Ibiai Ani, and Mr. Adebayo Adelabu for their immeasurable contributions at board and committee deliberations.

I would like to place on record my appreciation to management for the clinical execution of the bold initiatives in 2014. Special recognition is reserved for staff whose unstinting performance we are all witnesses of today.

Last but not least, I thank the entire board for their unwavering resolve and total dedication to the affairs of the bank in pursuit of excellence.

May God Almighty guide us through the financial year to the next AGM and beyond.

Thank you.

Yours sincerely,

Prince Ajibola Afonja

Chairman

First Bank of Nigeria Limited
Index to the consolidated financial statements
for the year ended 31 December 2014

First Bank of Nigeria Limited

DIRECTORS AND ADVISORS

DIRECTORS	DATE OF APPOINTMENT/ RESIGNATION
Prince Ajibola A. Afonja (Chairman)	
Stephen Olabisi Onansanya (Group Managing Director/CEO)	
Abiodun Odubola	Appointed January 16, 2014
Adebayo Adelabu	Resigned March 28, 2014
Adesola Adeduntan	Appointed July 1, 2014
Adetokunbo Abiru	
Ambrose Feese	
Bello Maccido	
Dauda Lawal	
Ebenezer Jolaoso	
Francis Shobo	
Ibiai Ani (Mrs)	Resigned March 20, 2014
Ibrahim Dahiru Waziri	
Ibukun Awosika (Mrs)	
Ijeoma Jidenwa (Mrs)	Appointed March 24, 2014
Khadijah Alao Straub (Mrs)	
Lawal K. Ibrahim	
Mahey Rasheed	
Obafemi A. Otudeko	
Tunde Hassan-Odukale	
Urum.K. Eke	

COMPANY SECRETARY: Olayiwola Yahaya

REGISTERED OFFICE:
Samuel Asabia House
35, Marina
Lagos

AUDITORS:
Price Waterhouse Coopers
(Chartered Accountants)
252E Muri Okunola Street,
Victoria Island
Lagos

FirstBank
Since 1894

Company Secretary's Department
Samuel Asabia House, 35 Marina,
P.O.Box 5216, Lagos, Nigeria
Telephone: +234 1 9050000, Ext. 2124, 9052124
Web: www.firstbanknigeria.com

FIRST BANK OF NIGERIA LIMITED
Directors' Report
For the Year Ended 31 December, 2014

The Directors present their report on the affairs of First Bank of Nigeria Limited ("the Bank") and its subsidiaries ("the Group"), together with the financial statements and auditors' report for the financial year ended 31 December, 2014.

a. Legal Form

The Bank which commenced operations in Nigeria on 31 March, 1894 as a branch of Bank of British West Africa Limited (BBWA) was incorporated as a private limited liability company in Nigeria in 1969. It was converted to a public company in March, 1970. The Bank's shares were listed on the floor of The Nigerian Stock Exchange by way of introduction in March, 1971.

b. Principal Activity and Business Review

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include: granting of loans and advances, corporate finance and money market activities.

The Bank has ten (10) subsidiaries namely: FBN Bank (UK) Limited, FBN Mortgages Limited, First Pension Custodian Nigeria Limited, FBN Bank (Congo) Limited, FBN Bank (Ghana) Limited, FBN Bank (Guinea) Limited, FBN Bank (Gambia) Limited, FBN Bank (Sierra Leone) Limited, FBN Bank (Senegal) Limited and FBN Finance Company (Netherlands) Limited.

The Bank prepares consolidated financial statements.

c. Operating Results

Gross earnings of the Group increased by 22.2%, while the Profit before Tax increased by 9.1%, and the Profit before Tax for the Bank increased by 5.9%, over the previous year's.

The Directors recommend the approval of a final dividend of ₦9.79 billion (December, 2013: ₦39.15 billion).

FIRST BANK OF NIGERIA LIMITED
Directors' Report
For the Year Ended 31 December, 2014

Highlights of the Group's operating results for the period under review are as follows:

	31-Dec-2014 ₦ million	31-Dec -2013 ₦ million
Gross Earnings	455,392	372,557
Profit Before Tax	94,452	86,585
Taxation	(9,526)	(21,009)
Profit After Tax from Continuing Operations	84,926	65,572
Profit/(Loss) After Tax from Discontinued Operations	(84)	875
Non-Controlling Interest	15	107
Appropriations		
Transfer to Statutory Reserves	12,536	9,015
Transfer to/(from) Statutory Credit Reserves	41,043	(8,114)
Transfer to Retained Earnings Reserve	84,827	66,342

d. Directors' Rotation

In accordance with the Company's Articles of Association, Mallam Bello Maccido, Alhaji Mahey R. Rasheed, OFR, Mrs. Ibukun A. Awosika, Mr. Ebenezer A. Jolaoso, Prince Ajibola A. Afonja and Mr. Bisi Onasanya would retire by rotation and being eligible, offer themselves for re-election.

e. Resignation / Retirement

During the year under review, Mrs. Ibiai A. Ani, a Non-Executive Director, resigned from the Board with effect from March 20, 2014, and Mr. Adebayo Adelabu, the erstwhile Executive Director/CFO, resigned from the Board with effect from March 28, 2014.

f. Appointment of Directors

Three (3) Directors were appointed in the 2014 financial year, as follows:

- Mr. Abiodun T. Odubola was appointed Executive Director/Chief Risk Officer with effect from January 16, 2014.
- Dr. (Mrs.) Ijeoma E. Jidenma was appointed an Independent Non-Executive Director with effect from January 16, 2014.
- Dr. Adesola K. Adeduntan was appointed Executive Director/Chief Financial Officer with effect from July 1, 2014.

g. *Directors' interests in contracts*

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the Directors had direct or indirect interest in contracts or proposed contracts with the company during the year.

h. *Property and equipment*

Information relating to changes in property and equipment is given in Note 28 to the Accounts. In the Directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

i. *Shareholding Analysis*

The Bank is 99.9% owned by FBN Holdings Plc.

j. *Human Resources*

Employment of Disabled Persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment, including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. As at 31 December, 2014, 25 physically challenged persons were employed by the Bank.

In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training arranged to ensure that they fit into the Bank's working environment.

k. *Health, Safety and Welfare at Work*

Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The Bank provides subsidy to all levels of employees for medical, transportation, housing, etc.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The company operates both Group Personal Accident and Workmen's Compensation insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2004 (as amended).

l. Employee Involvement and Training

The Bank ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees through an appropriate two-way feedback mechanism.

In accordance with the Bank's policy of continuous development, training facilities are provided in the Bank's well-equipped training school, First Academy. In addition, employees of the Bank are nominated to attend both local and international training courses. These are complemented by on the job training.

m. Diversity in Employment

The Bank is committed to maintaining a positive work environment and to conducting business in a positive, professional manner by consistently ensuring equal employment opportunity. As at December 31, 2014, the Bank had 32% females in top management positions. The table below shows the gender distribution of top management staff by grade:

TOP MANAGEMENT COMPLIMENT BY GENDER AS AT DECEMBER 31, 2014			
	Female	Male	Grand Total
Group Managing Director/Chief Executive		1	1
Executive Director		6	6
General Manager	3	3	6
Deputy General Manager	13	13	26
Assistant General Manager	7	27	34
Total	23	50	73
% Distribution	32	68	100

n. Donations and Charitable Gifts

The Bank made contributions to charitable and non-political organizations amounting to ₦1,194.51 million (December, 2013: ₦1,248.78 million) during the year, as shown in the table below:

SN	Description	Amount (₦)
1	Financial Markets Dealers Association's 25th Anniversary	2,000,000.00
2	Kaduna Polo	2,015,000.00
3	God's Children Got Talent season 4	2,500,000.00
4	First Bank Table Tennis Competition	2,500,000.00
5	Nigeria Guild of Editors	2,500,000.00
6	CIBN 8th Annual Banking Conference	2,500,000.00
7	LEAP Africa	3,000,000.00
8	Digital Africa Sponsorship	5,000,000.00
9	2014 Lagos Heritage week	5,000,000.00
10	The Digital Africa 2014	5,000,000.00
11	2014 CIBN Lagos Bankers' Nite	5,000,000.00
12	Ajumogobia Science Foundation	5,000,000.00
13	Young Inventors - NTA Television Programme	5,720,000.00
14	Businessday Banking Awards 2014	10,000,000.00
15	Nigeria Leadership Initiative - 2014	13,350,000.00
16	World Economic Forum	18,600,000.00
17	2014 Nigeria Economic Summit	18,760,000.00
18	Diamond Category Sponsorship of the 20th NESG	20,000,000.00
19	2014 Subvention of the FirstBank Sustainability Centre LBS	20,000,000.00
20	Sponsorship of Ignite TV series - SME	24,000,000.00
21	World Pension Summit - Africa Special 2014	25,000,000.00
22	Ogun State Investors forum	25,000,000.00
23	Crime Fighters - Police & You	25,000,000.00
24	Calabar Carnival	170,000,000.00
25	Nigeria Centenary Celebration	250,000,000.00
26	Donations to Victims of Terror	250,000,000.00
27	Others	277,065,700.00
	Total	1,194,510,700.00

o. *Auditors*

The Auditors, Messrs. PriceWaterhouseCoopers, have indicated their willingness to act and continue in office as auditors. In accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, a resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD

Olayiwola Yahaya
Company Secretary
Lagos, Nigeria
February, 2015

FirstBank
Since 1894

Financial Control
Samuel Asabia House, 35 Marina, P.O.Box 5216, Lagos, Nigeria
Telephone: +234 1 9052000, 9052326, Ext. 2649, 9052649
Web: www.firstbanknigeria.com

February 27, 2015

The Director of Banking Supervision
Central Bank of Nigeria
Abuja

FIRST BANK OF NIGERIA LTD

Responsibility for Annual Financial Statements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

The directors accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with,

- International Financial Reporting Standards (IFRS);
- Financial Reporting Council of Nigeria (FRC) Act;
- Prudential Guidelines for Licensed Banks;
- relevant circulars issued by the Central Bank of Nigeria;
- the requirements of the Banks and Other Financial Institutions Act; and
- the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the IFRS financial statements give a true and fair view of the state of the financial affairs of the Bank and Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Adesola Adeduntan
Executive Director/CFO

Bisi Onasanya
Group Managing Director/CEO

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FIRST BANK OF NIGERIA LIMITED

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of First Bank of Nigeria Limited ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statement of financial position as at 31 December 2014, the income statement and the statements of other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

pwc

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 31 December 2014 and of the financial performance and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us ;

iii) the bank's statements of financial position and comprehensive income are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 43 to the financial statements;

v) to the best of our information, there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria except as disclosed in note 46 to the financial statements.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA 0784520

Tola Ogundipe

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Tola Ogundipe
FRC/2013/ICAN/00000000639

12 March 2015

FirstBank
Since 1894

Company Secretary's Department
Samuel Asabia House, 35 Marina,
P.O.Box 5216, Lagos, Nigeria
Telephone: +234 1 9050000, Ext. 2124, 9052124
Web: www.firstbanknigeria.com

REPORT OF THE BOARD AUDIT COMMITTEE

Based on self-regulation aligned to Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004, pertaining to public limited liability companies, and in compliance with S.5.2.5 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria, we have reviewed the draft Audited Financial Statements for the Commercial Banking Group for the year ended December 31, 2014 and hereby state as follows:

1) The scope and planning of the audit were adequate in our opinion.
2) The accounting and reporting policies of the Bank conformed with statutory requirements and agreed ethical practices.
3) The internal control was being constantly and effectively monitored.
4) The external auditors' Management Letter received satisfactory response from Management.
5) The external auditors are independent and did not engage in any of the services prohibited for statutory auditors under the Charter of the Committee.
6) The Committee reviewed the Audit Report on insider/related party transactions and is satisfied with their status, as required by the CBN.

Dated February 11, 2015.

Mahey R. Rasheed, OFR
Chairman,
Board Audit Committee

Members of the Committee

Alhaji Lawal K. Ibrahim
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REPORT OF THE INDEPENDENT CONSULTANT ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF FIRST BANK OF NIGERIA LTD

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code"), First Bank of Nigeria Ltd ("FirstBank" or "the Bank") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2014. The Code mandates an annual appraisal of the Board with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

Corporate governance is the system by which business corporations are directed and controlled to enhance performance and shareholder value. It is a system of checks and balances among the Board, management, and investors to produce a sustainable corporation geared towards delivering long-term value.

Our approach to the appraisal of the Board involved a review of the Bank's key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during one-on-one interviews with the members of the Board and management. We also assessed the level of compliance of the Board with the CBN Code.

On the basis of our review, except as noted below, the Bank's corporate governance practices are largely in compliance with the key provisions of the CBN Code. Specific recommendations for further improving the Bank's governance practices have been articulated and included in our detailed report to the Board. These include recommendations in the following areas: Board appointment process, whistle-blowing activities, Board approval process and related-party transactions.

Olumide Olayinka

Partner, KPMG Advisory Services

FRC/2013/1CAN/00000000427

23 April 2015

First Bank of Nigeria Limited

INCOME STATEMENT

For the year ended 31 December	Note	GROUP 31 December 2014 N 'millions	GROUP 31 December 2013 N 'millions	BANK 31 December 2014 N 'millions	BANK 31 December 2013 N 'millions
Continuing operations					
Interest income	7	349,277	310,224	309,936	284,438
Interest expense	8	(109,722)	(86,409)	(94,487)	(77,729)
Net interest income		**239,555**	**223,815**	**215,449**	**206,709**
Impairment charge for credit losses	9	(25,730)	(20,521)	(20,924)	(19,838)
Net interest income after impairment charge for credit losses		**213,825**	**203,294**	**194,525**	**186,871**
Fee and commission income	10 (a)	58,499	53,246	49,416	45,847
Fee and commission expense	10 (b)	(6,940)	(5,448)	(8,574)	(5,479)
Net gains on Foreign exchange income	11	43,284	6,625	41,283	4,750
Net gains on investment securities	12	837	1,383	146	2,931
Net gains/(losses) from financial assets classified as held for trading	13	541	(1,386)	541	(1,386)
Dividend income		1,202	905	3,716	2,079
Other operating income	14	1,837	967	1,433	661
Personnel Expenses	15 (b)	(72,726)	(60,456)	(63,011)	(53,287)
Amortisation of Intangible assets	29	(1,268)	(1,517)	(647)	(662)
Depreciation of Property, plant & equipment	28	(10,531)	(9,823)	(9,741)	(9,164)
Other operating expenses	15 (a)	(134,108)	(101,205)	(127,727)	(96,308)
Profit before tax		**94,452**	**86,585**	**81,360**	**76,853**
Income tax expense	16	(9,526)	(21,009)	(6,185)	(17,488)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**84,926**	**65,576**	**75,175**	**59,365**
Discontinued operations					
(Loss)/Profit for the year from discontinued operations	26	(84)	875	4,176	-
PROFIT FOR THE YEAR		**84,842**	**66,451**	**79,351**	**59,365**
Profit attributable to:					
Owners of the parent		84,827	66,344	79,351	59,365
Non-controlling interests		15	107	-	-
		84,842	**66,451**	**79,351**	**59,365**
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings per share:	49				
From continuing operations		2.60	2.01	2.30	1.82
From discontinued operations		(0.00)	0.03	0.13	-
		2.60	2.04	2.43	1.82

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Note	GROUP 31 December 2014 N 'millions	GROUP 31 December 2013 N 'millions	BANK 31 December 2014 N 'millions	BANK 31 December 2013 N 'millions
PROFIT FOR THE YEAR		**84,842**	**66,451**	**79,351**	**59,365**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net gains /(loss) on available-for-sale financial assets					
-Unrealised net gains arising during the year, before tax		1,557	(15,217)	5,124	(14,104)
-Net reclassification adjustments for realised net gains /(losses), before tax		(2,466)	2,487	(2,061)	2,487
Share of other comprehensive income of associates		-	(259)	-	-
Exchange difference on translation of foreign operations		5,296	434	-	-
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefits scheme	35	(373)	1,860	(408)	1,936
Income tax relating to components of other comprehensive income		804	917	122	635
Other comprehensive income for the year, net of tax		**4,817**	**(9,778)**	**2,777**	**(9,047)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**89,659**	**56,673**	**82,128**	**50,318**
Total comprehensive income attributable to:					
Owners of the parent		89,644	56,566	82,128	50,318
Non-controlling interests		15	107	-	-
		89,659	**56,673**	**82,128**	**50,318**
Total comprehensive income attributable to owners of the parent arises from :					
Continuing operations		89,728	55,691	82,128	50,318
Discontinued operations	26	(84)	875	-	-
		89,644	**56,566**	**82,128**	**50,318**

STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	GROUP 31 December 2014 N 'millions	GROUP Restated 31 December 2013 N 'millions	GROUP Restated 31 December 2012 N 'millions	BANK 31 December 2014 N 'millions	BANK 31 December 2013 N 'millions
ASSETS						
Cash and balances with central banks	17	697,601	593,973	298,024	670,045	541,221
Loans and advances to banks	19	430,053	415,210	394,173	242,842	367,571
Loans and advances to customers	20	2,193,563	1,797,935	1,562,695	1,794,037	1,473,839
Financial assets held for trading	21	10,708	4,743	2,565	9,258	2,225
Investment securities						
-Available-for-sale investments	22	442,551	451,423	353,499	404,508	359,052
-Held to maturity investments	22	156,353	283,267	330,860	140,467	278,876
Asset pledged as collateral	23	64,527	53,651	50,109	63,158	52,406
Other assets	31	39,457	44,729	39,725	29,173	36,067
Investment in associates	27	-	6,225	5,609	-	2,224
Investment in subsidiaries	24	-	-	-	58,986	56,307
Property, plant and equipment	28	83,404	78,489	74,474	74,782	71,895
Intangible assets	29	8,103	8,594	3,417	2,272	1,241
Deferred tax	30	2,384	4,587	7,955	1,343	3,655
		4,128,704	3,742,826	3,123,105	3,490,871	3,246,579
Asset held for sale	26	2,931	4,549	5,221	-	-
Total assets		**4,131,635**	**3,747,375**	**3,128,326**	**3,490,871**	**3,246,579**
LIABILITIES						
Deposits from banks	32	163,710	77,481	87,551	19,246	10,155
Deposits from customers	33	2,989,735	2,942,782	2,405,035	2,551,022	2,570,719
Financial liabilities held for trading	21	9,913	1,701	1,796	7,946	1,697
Current income tax liability	16	8,530	31,633	22,536	6,558	29,836
Other liabilities	36	131,704	182,542	118,290	103,556	156,989
Borrowings	34	362,976	126,302	75,541	377,950	125,363
Retirement benefit obligations	35	2,012	1,776	18,648	1,546	1,111
Deferred tax	30	38	10	9	-	-
		3,668,618	3,364,227	2,729,406	3,067,824	2,895,870
Liabilities held for sale	26	-	-	819	-	-
Total liabilities		**3,668,618**	**3,364,227**	**2,730,225**	**3,067,824**	**2,895,870**
EQUITY						
Share capital	37	16,316	16,316	16,316	16,316	16,316
Share premium	38	189,241	189,241	189,241	189,241	189,241
Retained earnings	38	118,620	93,584	97,437	87,200	67,166
Other reserves	38	137,199	82,381	93,754	130,290	77,986
		461,376	381,522	396,748	423,047	350,709
Non-controlling interest		1,641	1,626	1,353	-	-
Total equity		**463,017**	**383,148**	**398,101**	**423,047**	**350,709**
Total equity and liabilities		**4,131,635**	**3,747,375**	**3,128,326**	**3,490,871**	**3,246,579**

The financial statements on pages 14 to 115 were approved and authorized for issue by the Board of Directors on 24 February 2015 and signed on its behalf by:

Prince Ajibola Afonja
Chairman
FRC/2013/ICAN/00000002304

Bisi Onasanya
Group Managing Director / CEO
FRC/2013/ICAN/00000001962

Adesola Adeduntan
Executive Director / Group CFO
FRC/2014/ICAN/00000010466

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	AFS Fair value reserve	Statutory credit reserve	FCTR	Total	Non-controlling interest	Total equity
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Balance at 1 January 2013	16,316	189,241	97,437	42,973	6,076	26,936	16,101	1,668	396,748	1,353	398,101
Profit for the year	-	-	66,344	-	-	-	-	-	66,344	107	66,451
Other comprehensive income											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	434	434	-	434
Tax effects on revaluation of financial assets			-			281			281		281
Fair value movements on financial assets						(12,730)			(12,730)	-	(12,730)
Remeasurements on defined benefits scheme			2,496						2,496		2,496
Share of OCI of associates, net of tax	-	-		-	-	(259)			(259)	-	(259)
Total comprehensive income	-	-	68,839	-	-	(12,708)	-	434	56,565	107	56,672
Transactions with equity holders, recorded directly in equity											
Remeasurement of goodwill									-	182	182
Dividends	-	-	(71,791)	-	-	-	-	-	(71,791)	(16)	(71,807)
Transfer between reserves	-	-	(901)	9,015		-	(8,114)	-	-	-	-
Total contributions by or distributions to equity holders	-	-	(72,692)	9,015	-	-	(8,114)	-	(71,791)	166	(71,625)
At 31 December 2013	16,316	189,241	93,584	51,988	6,076	14,228	7,987	2,102	381,522	1,626	383,148
Profit for the year	-	-	84,827	-	-	-	-	-	84,827	15	84,842
Other comprehensive income											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	5,296	5,296	-	5,296
Fair value movements on financial assets						(909)			(909)	-	(909)
Remeasurements on defined benefits scheme	-	-	(373)	0	-	-	-	-	(373)	-	(373)
Income tax relating to components of other comprehensive income			122			682			804		804
Total comprehensive income	-	-	84,575	-	0	(227)	0	5,296	89,644	15	89,659
Transactions with equity holders, recorded directly in equity											
Dividends	-	-	(9,790)		-	-	-		(9,790)		(9,790)
Transfer between reserves	-	-	(49,749)	12,536	-	-	37,213	-	-	-	-
Total contributions by or distributions to equity holders	-	-	(59,539)	12,536	-	-	37,213	-	(9,790)	-	(9,790)
At 31 December 2014	16,316	189,241	118,620	64,524	6,076	14,001	45,200	7,398	461,376	1,641	463,017

First Bank of Nigeria Limited

BANK STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							
	Share capital N 'millions	Share premium N 'millions	Retained earnings N 'millions	Statutory reserve N 'millions	SSI reserve N 'millions	AFS Fair value reserve N 'millions	Statutory credit reserve N 'millions	Total N 'millions
Balance at 1 January 2013	16,316	189,241	77,344	42,423	6,076	24,680	16,101	372,181
Profit for the year	-	-	59,365	-	-	-	-	59,365
Other comprehensive income								
Fair value movements on financial assets						(11,617)		(11,617)
Remeasurements on defined benefits scheme	-	-	2,570	-	-	-	-	2,570
Total comprehensive income	-	-	61,935	-	-	(11,617)	-	50,318
Transactions with equity holders, recorded directly in equity								
Dividends	-	-	(71,790)	-	-	-	-	(71,790)
Transfer between reserves			(323)	8,906	-	-	(8,583)	-
Total contributions by or distributions to equity holders	-	-	(72,113)	8,906	-	-	(8,583)	(71,790)
At 31 December 2013	16,316	189,241	67,166	51,329	6,076	13,063	7,518	350,709
Profit for the year	-	-	79,351	-	-	-	-	79,351
Other comprehensive income								
Fair value movements on financial assets						3,063		3,063
Remeasurements on defined benefits scheme			(408)					(408)
Income tax relating to components of other comprehensive income			122					122
Total comprehensive income	-	-	79,065	-	-	3,063	-	82,128
Transactions with equity holders, recorded directly in equity								
Dividends	-	-	(9,790)	-	-	-	-	(9,790)
Transfer between reserves	-	-	(49,241)	11,902	-	-	37,339	-
Total contributions by or distributions to equity holders	-	-	(59,031)	11,902	-	-	37,339	(9,790)
At 31 December 2014	16,316	189,241	87,200	63,231	6,076	16,126	44,857	423,047

First Bank of Nigeria Limited

STATEMENT OF CASH FLOWS

	Note	GROUP 31 December 2014 N 'millions	GROUP 2013 N 'millions	BANK 31 December 2014 N 'millions	BANK 2013 N 'millions
Cash flows from operating activities					
Cash flow used in operations	39	(676,144)	(109,278)	(691,756)	(31,818)
Income taxes paid		(30,276)	(8,455)	(27,028)	(3,734)
Interest received		342,481	316,263	300,537	290,527
Interest paid		(96,306)	(83,705)	(88,418)	(75,025)
Net cash flow (used in)/generated from operating activities		(460,245)	114,825	(506,665)	179,950
Cash flows from investing activities					
Purchase of investment securities		(405,833)	(352,003)	(383,723)	(312,820)
Proceeds from the sale of investment securities		406,794	368,398	388,733	355,321
Cash and cash equivalent acquired from subsidiary	25	191	5,253	-	-
Additional investment in subsidiaries		-	-	(4,850)	(15,959)
Dividends received		1,202	905	3,716	2,079
Purchase of property, plant and equipment		(15,212)	(12,807)	(13,154)	(12,699)
Purchase of intangible assets		(2,086)	(1,160)	(1,896)	(603)
Proceeds on disposal of property, plant and equipment		654	396	591	886
Net cash (used in)/generated from investing activities		(14,290)	8,982	(10,583)	16,205
Cash flows from financing activities					
Dividend paid		(39,159)	(32,632)	(39,159)	(32,632)
Proceeds from new borrowings		309,298	96,297	288,179	98,353
Repayment of borrowings		(71,308)	(46,473)	(65,545)	(54,975)
Net cash (used in)/generated from financing activities		198,831	17,192	183,475	10,746
Increase in cash and cash equivalents		(275,704)	140,999	(333,773)	206,901
Cash and cash equivalents at start of year	18	762,421	621,422	707,290	500,389
Effect of exchange rate fluctuations on cash held		(438)	-	216	-
Cash and cash equivalents at end of year	18	486,279	762,421	373,734	707,290

1 General information

These financial statements are the consolidated financial statements of First Bank of Nigeria Limited (the Bank), and its subsidiaries (hereafter referred to as 'the Group').

The Registered office address of the Bank is at 35 Marina, Samuel Asabia House, Lagos, Nigeria.

The principal activities of the Bank is mainly retail and corporate banking. Retail banking provides banking services and products to individuals and small/medium scale enterprises, such as savings account, investment savings products, loans and money transfers. Corporate banking provides banking services and products to multinational and local corporations, as well as financial and governmental institutions, such as credit facilities and project finance.

The consolidated financial statements for the year ended 31 December 2014 were approved for issue by the Board of Directors on 24 February 2015.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group's consolidated financial statements for the year 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

The financial statements comprise the income statement, statement of comprehensive income, statement of financial position, the statement of changes in equity, statement of cash flows and the related notes for the Group and the Bank.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed.

The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

2.2 Changes in accounting policy and disclosures

New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and are applicable to the Group:

(i) Amendments to IAS 36 - Impairment of assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and it require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. The amendment did not have an impact on the consolidated financial statements of the group, as the group did not reverse or recognise an impairment loss on any non-financial assets whose recoverable amount was based on fair value less costs of disposal.

(ii) Amendments to IAS 32 - Offsetting financial assets and financial liabilities (effective 1 January 2014)

These amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. They do not change the current offsetting model in IAS 32 but clarify that the right of set-off must not be contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

(iii) IFRS 13 - Fair value measurement

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

(iv) IFRIC 21 - Levies (effective 1 January 2014)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. It addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. The interpretation does not address whether the liability to pay a levy gives rise to an asset or an expense. Entities will need to apply other standards to determine the accounting for the expense. The Group is not subjected to levies that are not income taxes within the scope of IAS 12, thus the standard did not have an impact on the consolidated financial statements for the Group.

2.2.1 New standards, interpretations and amendments to existing standards that are not yet effective

A number of new standards, interpretations and amendments thereto, had been issued by IASB which are not yet effective for these consolidated financial statements. The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 1 January 2014.

(i) IFRS 9, 'Financial Instruments' (effective for periods beginnning on or after 1 January 2018):
This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The guidance in IAS 39 on impairment of financial assets continues to apply. However, entities will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. The standard also provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging. The Group is yet to assess the full effect of IFRS 9 and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

(ii) IFRS 15 - Revenue from contracts with customers (effective annual periods beginning on or after 1 January 2017)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group is yet to assess the full effect of IFRS 15 and intends to adopt IFRS 15 not later than the accounting period beginning on or after January 2017.

(iii) IAS 24 -Related party disclosures (effective annual periods beginning on or after 1 July 2014)
The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

(iv) IFRS 8 - Operating segments' (effective annual periods beginning on or after 1 July 2014)
The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

(v) Amendment to IAS 19 (effective annual periods beginning on or after 1 July 2014)
The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognised in the period as they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, both the net defined benefit liability/asset and the amounts recognised in income statement are affected.The amended standard splits changes in defined benefit liabilities/assets in:
- Service cost (including past service costs, curtailments and settlements) – in income statement
- Net interest costs (i.e. net interest on the net defined benefit liability) – income statement;
- Remeasurement of the defined benefit liability/asset – in other comprehensive income.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

a. Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
Investment in subsidiaries is measured at cost in the separate financial statements of the parent.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree' s identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.
Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2.3 Consolidation

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(i) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

b. *Disposal of subsidiaries*

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

c. *Associates*

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in associates is measured at cost in the separate financial statements of the investor.

Investment in associates are accounted for using the equity method of accounting in the Consolidated Financial Statements of the Group. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group management Committee that makes
strategic decisions.

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Bank, in accordance with IAS 8, uses its judgment in developing and applying an accounting policy that is relevant and reliable. In making this judgment, directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

Accordingly, the Bank's policy is that the assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS.

The Bank incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.6 Foreign currency translation

a. *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Naira which is the group's presentation currency.

b. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

2.6 Foreign currency translation *(continued)*

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

c. *Group companies*

The results and financial position of all the group entities which have functional currency different from the Group's presentation currency, are translated into the Group's presentation currency as follows:

- assets and liabilities of each foreign operation are translated at the rates of exchange ruling at the reporting date;
- income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and
- all resulting exchange differences are recognised in other comprehensive income.

d. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate . Exchange differences arising are recognised in other comprehensive income.

2.7 Income taxation

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 (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes (assets and liabilities) relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Inventories

The Mortgage subsidiary of the group purchases and constructs properties for resale.
Thus the Group recognises Property as inventory under the following circumstances:

(i) property purchased for the specific purpose of resale.
(ii) property constructed for the specific purpose of resale (work in progress under the scope of IAS 18, 'Revenue')
(iii) property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sale.

They are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads which have been incurred in bringing the inventories and work in progress to their present location and condition. Cost is determined using weighted average cost. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.9 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.9.1 Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Directors determine the classification of its financial instruments at initial recognition.

a. *Financial assets held for trading*

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives.
Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively.
The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

b. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(i) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
(ii) those that the Group upon initial recognition designates as available for sale; or
(iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loans and advances to banks or customers or other assets and cash balances. Interest on loans is included in the profit or loss and is reported as 'Interest income'.

In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the profit or loss as 'impairment charge for credit losses'.

c. *Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

(i) those that the Group upon initial recognition designates as held for trading;
(ii) those that the Group designates as available for sale; and
(iii) those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the income statement and reported as 'Interest income'. In the case of an impairment, the impairment loss has been reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

d. *Available-for-sale financial assets*

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in other omprehensive income is recognised in the income statement.

However, interest is calculated using the effective interest method, and foreign currency gains and losses on non-monetary assets classified as available for sale are recognised in other comprehensive income. Dividends on available-for-sale equity instruments are recognised in the income statement in 'dividend income' when the Group's right to receive payment is established.

e. *Recognition*

The Group uses settlement date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.9.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities held for trading and financial liabilities at amortised cost . Financial liabilities are derecognised when extinguished.

a. *Financial Liabilities held for trading*

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/ (losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

b. *Other liabilities measured at amortised cost*

Financial liabilities that are not classified at held for trading fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

2.9.3 Derivative financial instruments

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

2.9.4 Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.9.5 Determination of fair value

Fair value is defined as 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.

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) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.
For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the dates of the 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 securities (including those with embedded derivatives) and other 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 Note 3.7

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The estimated fair value of loans and advances represents an estimation of the value of the loans using average benchmarked lending rates which were adjusted for specific entity risks based on history of losses.

2.9.6 De-recognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.10 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Revenue recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2. 11 Revenue recognition *(continued)*

b. Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

2. 12 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or dlinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 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.

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 reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to (a) above. 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 also evidence that the assets are impaired. 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

(b) Assets classified as available for sale (continued)

in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2. 13 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication 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. An impairment loss in respect of goodwill is not reversed.

2. 14 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer in the event that the customer defaults.

The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

2. 15 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.16 Leases

Leases are divided into finance leases and operating leases.

a. *The group is the lessee*

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deposits from banks or deposits from customers depending on the counter party.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

b *The group is the lessor*

(i) Operating lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis.

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method which allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2. 17 Property, Plant and Equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. 17 Property, Plant and Equipment (continued)

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land included in leasehold land and buildings is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate
Motor vehicles	25%
Office equipment	20%
Furniture and fittings	20%
Computer hardware and equipment	33 1/3%
Plant and machinery	20%
Freehold buildings	2%
Leasehold buildings	2% for leases of 50 years and above and over expected useful life for under 50 years

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review on an annual basis to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

2.18 Intangible assets

a. Goodwill

Goodwill arises on the acquisition of subsidiary and associates, and represents the excess of the cost of acquisition, over the fair value of the Group's share of the assets acquired, and the liabilities and contingent liabilities assumed on the date of the acquisition. For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less accumulated impairment losses, if any. Goodwill which is recognised as an asset is reviewed at least annually for impairment. Any impairment loss is immediately recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit that is expected to derive benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on acquisitions of associates is included in the amount of the investment.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

b. Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

(i) It is technically feasible to complete the software product so that it will be available for use;
(ii) Management intends to complete the software product and use or sell it;
(iii) There is an ability to use or sell the software product;
(iv) It can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

c. Bank brands, customer deposits and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have finite useful lives and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using straightline method over 3 years, 5 years and 2 years respectively.

2.19 Cash and cash equivalents

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 banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents include cash and non-restricted balances with central banks.

2.20 Employee benefits

The Group has both defined benefit and defined contribution plans

a. *Defined contribution plan*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b. *Defined benefit plan*

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the Estimated future cash outflows using interest rates of Federal government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Remeasurements are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

2.21 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits.

The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

2. 21 Provisions (continued)

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2. 22 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2. 23 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Bank. The components of issued financial instruments that contain both liability and\ equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

2. 24 Share capital

a. *Share issue costs*

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

b. *Dividends on ordinary shares*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders.

Dividends for the year that are declared after the reporting date 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 Company and Allied Matters Act.

c. *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and 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.

2.24 Share capital continued

d. *Treasury shares*

Where the Bank or other members of the Group purchase the Bank's equity share capital, 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.

e. *Statutory credit reserve*

In compliance with the Prudential Guidelines for licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as Substandard, Doubtful or Lost with attendants provision as per the table below based on objective criteria.

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 1% provision is taken on all risk assets that are not specifically provisioned.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IAS 39 are compared. The IAS 39 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve "Statutory credit reserve". Where the IAS 39 impairment is greater, no appropriation is made and the amount of the IAS 39 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to statutory risk reserve.

2.25 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

3. Financial risk management

3.1 Introduction and overview

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Bank's risk management directorate (the Directorate) under policies approved by the Board of Directors. The Bank's Risk Management Directorate provides central oversight of risk management across the Bank and its subsidiaries to ensure that the full spectrum of risks facing the Bank and the Group are properly identified, measured, monitored and controlled to minimise adverse outcomes. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal control is responsible for the independent review of risk management and the control environment, while internal audit has the responsibility of auditing the risk management function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Internal audit also tests the adequacy of the internal controls and make appropriate recommendations where weaknesses are identified with the view of strengthening the Group's risk management framework.

The risks arising from financial instruments to which the Group is exposed are financial risks, which includes credit risk, liquidity risk and market risk (discussed in subsequent sections)

The key elements of the risk management philosophy are the following:
• The Bank considers sound risk management to be the foundation of a long-lasting financial institution.
• The Bank continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.
• Risk officers are empowered to perform their duties professionally and independently without undue interference.
• Risk management is governed by well-defined policies that are clearly communicated across the Bank.
• Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is grounded in consensus.
• The Bank's risk management governance structure is clearly defined.
• There is a clear segregation of duties between market-facing business units and risk management functions.
• Risk-related issues are taken into consideration in all business decisions. The Bank shall continue to strive to maintain a conservative balance between risk and revenue considerations.
•Risk officers work as allies and thought partners to other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties; and
• Risks are reported openly and fully to the appropriate levels once they are identified.
• Risk officers work as allies and thought partners to other stakeholders within and outside the Bank, and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.
• All subsidiaries are guided by the principles enshrined in the risk management policies of the Bank.

3.2 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team, which reports to the Chief Risk Officer (CRO) regularly.

3.2.1 Credit risk measurement

In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Group reflects the following components:

• The character and capacity to pay of the client or counterparty on its contractual obligations;
• Current exposures to the counterparty and its likely future development;
• Credit history of the counterparty; and
• The likely recovery ratio in case of default obligations – value of collateral and other ways out. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are reviewed and upgraded when necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

3.2.1 Credit risk measurement *(continued)*

(a) Obligor Risk Rating (ORR system)

The obligor risk rating grids have a minimum of ten risk buckets to provide a pre-set, objective basis for making credit decisions, with one additional bucket specifically included to categorise obligor in default. The obligor risk rating is mapped to the probability of default of the customer and the rating adopted depends on the type of customer and the nature of business to reflect the inherent risks associated with each customer. Accounts showing objective evidence of impairment are specifically noted in the default rating bucket of the obligor risk rating grid with impairment allowance calculated for losses that has been incurred. Each risk bucket may be denoted alphabetically and by range of scores as follows:

Description	Rating Bucket		Range of Scores	Probability of Default			Grade
				Large Corporate	Mid-Corporate	SME	
Extremely low risk	AAA	1	100%-94.44%	0.01			
Very low risk	AA	2	100%-83.33%	0.01	0.01		Investment
Low risk	A	3	100%-72.22%	0.02	0.02	0.02	
Low risk	BBB	4	72.21%-66.67%	0.02	0.02	0.02	
Acceptable - Moderately High risk	BB	5	66.66%-55.56%	0.04	0.04	0.04	
High risk	B	6	55.55%-44.44%	0.06	0.06	0.06	
Very high risk	CCC	7	44.43%-33.33%	0.09	0.09	0.09	Non-Investment
Extremely high risk	CC	8	33.32%-16.67%	0.13	0.13	0.13	
Highly Likelihood of default	C	9	16.65%-5.56%	0.15	0.15	0.15	
Default risk	D	10	5.55%-0.00%	1.00	1.00	1.00	Default

(b) Collateral Risk Rating (CRR)/Facility Risk Rating (FRR)

• The Bank does not lend to non investment grade obligors, on an unsecured basis, except as specified under a product programme. The Facility Risk Rating (FRR) is different from the Obligor Risk Rating (ORR) to the extent of the perceived value of collateral/enhancement provided.

The Facility Risk Rating approximates a 'loss norm' for each facility, and is the product of two components:
- The Default Probability of the Obligor, i.e. the ORR
- The Loss Given Default i.e. a measure of the expected economic loss if the obligor defaults, and includes write offs, recoveries, interest income, and legal costs.

• The Collateral Risk Rating Grid indicates the acceptable collateral types and rated 1-8 from best to worst in order of liquidity, controllability and realizable value.

Collateral risk rating	Collateral

Rating Bucket	Collateral
1	Cash
2	Treasury Bills/Govt Securities
3	Guarantee/receivables of investment grade banks
4	Legal And Equitable Mortgage
4	Debenture Trust Deed/Fixed Debenture & Mortgage Debenture
4	Legal Mortgage on residential business real estate in prime locations A & B
4	Legal Mortgage or debenture on business premises, factory assets or commercial real estates in locations A & B
5	Domiciliation of receivables from acceptable Corporates
5	Enforceable lien on fast moving inventory in bonded warehouses
6	Equitable Mortgages on real estates in any location
6	Negative Pledge/Clean lending
6	Domiciliation of other receivables
7	Letters Of Comfort Or Awareness, Guarantee Of Non - Investment Grade Banks And Corporates
8	Letter Of Hypothecation, Personal Guarantee

3.2.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

Such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and counterparty are set by the Board of Directors on the recommendation of the Executive Director/Chief Risk Officer.

(a) Portfolio limits

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine appropriate portfolio and sub-portfolio limits.

The Group's Portfolio limit includes:
• Maintain aggregate large exposure of not more than 400% of Bank's shareholders' funds.
• Maintain minimum weighted average obligor risk rating (obligor-WARR) of 'BB'
• Maintain minimum weighted average facility risk rating (facility-WARR) of 'BB'

• The Group adopts Industry/economic sector limits on its loan portfolio, in line with the following policies:
– The Group would not have more than 25% of its portfolio in any group of positively correlated industries in terms of risk (e.g., oil exploration and oil service, tyre manufacturing and tyre distribution, etc.).
– The Group would strive to limit its exposure to any single industry to not more than 20% of its loan portfolio and such industry must be rated 'BBB' or better.
– No more than 15% of the Group's portfolio would be in any industry rated 'BB' or worse.
-No more than 10% of the Group's portfolio in any single industry rated 'B' or worse

3.2.2 **Risk limit control and mitigation policies continued**

(b) **Geographical limits**

Presently, the Group's exposures outside Nigeria are taken by its subsidiaries in the United Kingdom and other African countries, which operate within country limits defined by their Boards of Directors. However, the Group has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

(c) **Single obligor limits**

• The Group as a matter of policy does not lend above the regulatory lending limit in each of the jurisdiction in which it operates. Internal guidance limits are also set to create a prudent buffer.
• For all retail borrowers, limits are kept low and graduated with credit scoring, forecast cash flow and realizable value of collateral. The group shall apply the granularity criterion on its retail credit portfolio:
– No single retail loan should amount to more than 0.2% of total retail portfolio.

The Group also sets internal credit approval limits for various levels in the credit process and these are shown in the table below.

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

STANDARD CREDIT APPROVAL GRID FOR WHOLESALE AND RETAIL LENDING

	Approval levels	Investment grade (N'000)	Non - investment grade (N'000)
1	Board of Directors	>58,000,000	>58,000,000
2	Board Credit Committee	58,000,000	58,000,000
3	Management Credit Committee	30,000,000	15,000,000
4	Group Managing Director + Chief Risk Officer + Business Senior Credit Officer	10,000,000	3,000,000
5	Risk Senior Credit Officer 1 + Business Senior Credit Officer 1/SCO2	8,000,000	2,500,000
6	Business Senior Credit Officer 1 + Risk Senior Credit Officer 2	5,000,000	1,000,000
7	Risk Senior Credit Officer 3 + Business Senior Credit Officer 2	500,000	250,000
8	Risk Senior Credit Officer 4 + Business Development Manager/ Group Head	100,000	100,000
9	Business Manager + Group Head + Credit Officer	25,000	25,000

The group also controls and mitigates risk through collateral.

3.2.3 **Collateral held as security for Loans and advances to customers**

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security on loans and advances, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

• Cash/ Government Securities
• Mortgages over residential properties.
• Charges over business assets such as premises, inventory and accounts receivable.
• Charges over financial instruments such as debt securities and equities.

Lending decisions are usually based on an obligor's ability to repay from normal business operations rather than on proceeds from the sale of any security provided. Collateral values are assessed by a professional at the time of loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The types of collateral acceptable and the frequency with which they are required at origination is dependent on the size and structure of the borrower. For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the company's undertaking on one or more of its assets and keyman insurance. The decision as to whether or not collateral is required is based upon the nature of the transaction, the credit worthiness of the customer and obligor risk rating. Other than for project finance, object finance and income producing real estate where charges over the subject assets are a basic requirement, the provision of collateral will not determine the outcome of a credit application. The fundamental business proposition must evidence the ability of the business to generate funds from normal business sources to repay the debt.

3.2.3 Collateral held as security for Loans and advances to customers *(continued)*

The extent to which collateral values are actively managed will depend on the credit quality and other circumstances of the obligor. Although lending decisions are predominantly based on expected cashflows, any collateral provided may impact other terms of a loan or facility granted. This will have a financial impact on the amount of net interest income recognised and on internal loss-given-default estimates that contribute to the determination of asset quality. The Group credit risk disclosures for unimpaired lending report assets gross of collateral and therefore disclose the maximum loss exposure. The Group believes this approach is appropriate as collateral values at origination and during a period of good performance may not be representative of the value of collateral if the obligor enters a distressed state. For impaired lending, the value of collateral is re-evaluated and its legal soundness re-assessed if there is observable evidence of distress of the borrower, this evaluation is used to determine potential loss allowances and management's strategy to try to either repair the business or recover the debt. Unimpaired lending, including any associated collateral, is managed on a customer-by-customer basis rather than a portfolio basis. No aggregated collateral information for the unimpaired secured lending portfolio is provided to key management personnel.

The Group takes physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable to settle indebtedness. Any surplus funds realised from such disposal are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. The assets in such cases are not carried on the Group's balance sheet.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3.2.4 Exposure Management

To minimise the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear requirements and guidelines for on-going management of the risk asset portfolio and individual risk exposures are defined. On-going exposure management entails collateral management, facility performance monitoring, exposure quality reviews, prompt and timely identification of decline in quality and risk portfolio reporting.

3.2.5 Delinquency Management/Loan Workout

The Group's delinquency management process involves effective and timely management of accounts showing signs of delinquency to reduce the crystallisation of impairment loss. In line with the Group's delinquency management process, all activities are geared towards resuscitating delinquent loans and includes restructuring and loan work-out arrangements.

3.2.6 Credit Recovery

In the event of continued delinquency and failure of remediation, full credit recovery action is initiated to recover on such exposures and minimise the overall credit loss to the Group. Recovery action may include appointment of a receiver manager, external recovery agent and/or sale of pledged assets.

3.2.7 Management of concentration risk

The Group manages limits and controls concentrations of credit risk to individual counterparties, groups, industries and countries.
The Group defines levels of concentration risk it is wiling to take by placing limits on credit exposure to a single borrower, groups of borrowers and geographic and industry segments. Such concentration risk limits approved by the Board of Directors on the recommendation of the Executive Director/Chief Risk Officer and monitored on a regular basis. The concentration risk limits may be reviewed from time to time to reflect changing macroeconomic and regulatory conditions as well as the Group's business thrust.

3.2.8 Impairment and provisioning policies

Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment.

3.2.9 Measurement basis of financial assets and liabilities.

GROUP

	Fair Value through P/L Held for trading *N'million*	Fair Value through OCI Available for sale *N'million*	Amortised Cost *N'million*	Total *N'million*
31 December 2014				
Financial assets				
Cash and balances with Central Banks	-	-	697,601	697,601
Loans and advances to banks	-	-	430,053	430,053
Loans and advances to customers				
- Overdrafts	-	-	314,112	314,112
- Term loans	-	-	1,792,119	1,792,119
- Staff loans	-	-	7,013	7,013
- Project finance	-	-	77,558	77,558
- Advances under finance lease	-	-	2,761	2,761
Investment securities:				
Available-for-sale investments	-	442,551	-	442,551
Held to maturity investments	-	-	156,353	156,353
Asset pledged as collateral	-	19,203	45,324	64,527
Financial assets held for trading	10,708	-	-	10,708
Other assets	-	-	26,728	26,728
Total Financial Assets	10,708	461,754	3,549,622	4,022,084
Financial liabilities				
Customer deposits	-	-	2,989,735	2,989,735
Deposits from banks	-	-	163,710	163,710
Financial liabilities held for trading	9,913	-		9,913
Borrowings	-	-	362,976	362,976
Other liabilities	-	-	129,484	129,484
Total Financial Liabilities	9,913	-	3,645,905	3,655,818
31 December 2013				
Financial assets				
Cash and balances with Central Banks	-	-	593,973	593,973
Loans and advances to banks	-	-	415,210	415,210
Loans and advances to customers				
- Overdrafts	-	-	340,054	340,054
- Term loans	-	-	1,388,912	1,388,912
- Staff loans	-	-	6,071	6,071
- Project finance	-	-	60,803	60,803
- Advances under finance lease	-	-	2,095	2,095
Investment securities:				
Available-for-sale investments	-	451,423	-	451,423
Held to maturity investments	-	-	283,267	283,267
Asset pledged as collateral	-	20,382	33,269	53,651
Financial assets held for trading	4,743	-	-	4,743
Other assets	-	-	30,318	30,318
Total Financial Assets	4,743	471,805	3,153,972	3,630,520
Financial liabilities				
Customer deposits	-	-	2,942,782	2,942,782
Deposits from banks	-	-	77,481	77,481
Financial liabilities held for trading	1,701	-	-	1,701
Borrowings	-	-	126,302	126,302
Other liabilities	-	-	181,734	181,734
Total Financial Liabilities	1,701	-	3,328,299	3,330,000

3.2.9 Measurement basis of financial assets and liabilities *(continued)*.

BANK	Fair Value through P/L Held for trading *N'million*	Fair Value through OCI Available for sale *N'million*	Amortised Cost *N'million*	Total *N'million*
31 December 2014				
Financial assets				
Cash and balances with Central Banks	-	-	670,045	670,045
Loans and advances to banks	-	-	242,842	242,842
Loans and advances to customers				
- Overdrafts	-	-	295,257	295,257
- Term loans	-	-	1,473,342	1,473,342
- Staff loans	-	-	6,152	6,152
- Project finance	-	-	16,525	16,525
- Advances under finance lease	-	-	2,761	2,761
Financial assets held for trading	9,258	-	-	9,258
Investment securities:				
Available-for-sale investments	-	404,508	-	404,508
Held to maturity investments	-	-	140,467	140,467
Asset pledged as collateral	-	19,203	43,955	63,158
Other assets	-	-	17,323	17,323
Total Financial Assets	9,258	423,711	2,908,669	3,341,638
Financial liabilities				
Customer deposits	-	-	2,551,022	2,551,022
Deposits from banks	-	-	19,246	19,246
Financial liabilities held for trading	7,946	-	-	7,946
Borrowings	-	-	377,950	377,950
Other liabilities	-	-	101,652	101,652
Total Financial Liabilities	7,946	-	3,049,870	3,057,816
31 December 2013				
Financial assets				
Cash and balances with Central Banks	-	-	502,249	502,249
Loans and advances to banks	-	-	367,571	367,571
Loans and advances to customers				
- Overdrafts	-	-	327,209	327,209
- Term loans	-	-	1,078,200	1,078,200
- Staff loans	-	-	5,532	5,532
- Project finance	-	-	60,803	60,803
- Advances under finance lease	-	-	2,095	2,095
Investment securities:				
Available-for-sale investments	-	359,052	-	359,052
Held to maturity investments	-	-	278,876	278,876
Asset pledged as collateral	-	19,137	33,269	52,406
Financial assets held for trading	2,225	-	-	2,225
Other assets	-	-	22,968	22,968
Total Financial Assets	2,225	378,189	2,678,772	3,059,186
Financial liabilities				
Customer deposits	-	-	2,942,782	2,942,782
Deposits from banks	-	-	77,481	77,481
Financial liabilities held for trading	1,697	-	-	1,697
Borrowings	-	-	125,363	125,363
Other liabilities	-	-	156,821	156,821
Total Financial Liabilities	1,697	-	3,302,447	3,304,144

3.2.10 Maximum exposure to credit risk before collateral held or credit enhancements
Credit risk exposures relating to on balance sheet assets are as follows:

GROUP	31 Dec 2014 N'millions	31 Dec 2013 N'millions
Balances with central banks	634,295	522,292
Loans and advances to banks	430,053	415,210
Loans and advances to customers		
- Overdrafts	314,112	340,054
- Term loans	1,792,119	1,388,912
- Staff loans	7,013	6,071
- Project finance	77,558	60,803
- Advances under finance lease	2,761	2,095
Financial assets held for trading	10,708	4,743
Investment securities - Debt		
-Available-for-sale investments	400,205	416,013
-Held to maturity investments	156,353	283,267
Asset pledged as collateral	64,527	53,651
Other assets	26,728	30,318
	3,916,432	3,523,429
Credit risk exposures relating to off balance sheet assets are as follows:		
Loan commitments	90,379	408,008
Letter of credit and other credit related obligations	701,997	693,615
	792,376	1,101,623
TOTAL MAXIMUM EXPOSURE	4,708,808	4,625,052

BANK	31 Dec 2014 N'millions	31 Dec 2013 N'millions
Balances with central banks	625,706	502,249
Loans and advances to banks	242,842	367,571
Loans and advances to customers		
- Overdrafts	295,257	327,209
- Term loans	1,473,342	1,078,200
- Staff loans	6,152	5,532
- Project finance	16,525	60,803
- Advances under finance lease	2,761	2,095
Financial assets held for trading	9,258	2,225
Investment securities		
-Available-for-sale investments	362,382	325,839
-Held to maturity investments	140,467	278,876
Asset pledged as collateral	63,158	52,406
Other assets	17,323	22,968
	3,255,173	3,025,973
Loan commitments	77,188	352,008
Letter of credit and other credit related obligations	642,751	672,545
	719,939	1,024,553
TOTAL MAXIMUM EXPOSURE	3,975,112	4,050,526

3.2.11 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2014 and 31 December 2013 . For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. Investment securities and financial assets held for trading analysed below excludes investments in equity instruments.

GROUP

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Balances with central bank	625,707			8,160	428		634,295
Loans and advances to banks	78,391	-	2,717	21,905	271,640	55,400	430,053
Loans and advances to customers							-
- Overdrafts	220,337	58,629	16,745	17,411	991		314,113
- Term loans	1,047,805	332,387	102,839	97,653	211,435		1,792,119
- Staff loans	6,173	-	-	798	42		7,013
- Project finance	38,310	803	9,563	25,896	2,986		77,558
- Advances under finance lease	2,039	683	39	-	-	-	2,761
Financial assets held for trading	904	-	-	-	8,674	1,130	10,708
Investment securities							
Available-for-sale investments	376,523	3,235	799	9,065	10,583		400,205
Held to maturity investments	137,678	7,334	504	10,837	-		156,353
Asset pledged as collateral	63,158	-	-	1,369	-		64,527
Other assets	12,830	8,584	609	4,479	227		26,729
31 December 2014	2,609,855	411,655	133,815	197,573	507,006	56,530	3,916,434

Credit risk exposure relating to off balance sheet items are as follows

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Loan commitments	63,409	7,172	10,327	2,239	7,232	-	90,379
Letters of credit and other credit related obligations	458,546	66,959	46,960	18,602	110,929		701,996
31 December 2014	521,955	74,131	57,287	20,841	118,161	-	792,375

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Balances with central bank	502,252	-	-	6,569	13,471	-	522,292
Loans and advances to banks	113,615	-	440	37,220	135,824	128,111	415,210
Loans and advances to customers							
- Overdrafts	258,027	43,577	25,609	12,402	439		340,054
- Term loans	835,666	179,725	92,626	105,245	124,964	50,686	1,388,912
- Staff loans	5,526	-	-	513	32	-	6,071
- Project finance	20,865	30,742	9,196	-	-	-	60,803
- Advances under finance lease	1,587	482	26	-	-	-	2,095
Financial assets held for trading	2,213	-	-	-	2,530	-	4,743
Investment securities							
Available-for-sale investments	342,228	2,690	3,008	14,504	50,467	3,116	416,013
Held to maturity investments	273,064	9,276	927	-	-	-	283,267
Asset pledged as collateral	52,406	-	-	1,245	-	-	53,651
Other assets	13,490	11,791	1,404	2,587	328	718	30,318
31 December 2013	2,420,939	278,283	133,236	180,285	328,055	182,631	3,523,428

Credit risk exposure relating to off balance sheet items are as follows

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Loan commitments	286,761	30,345	34,902	49,353	6,647	-	408,008
Letters of credit and other credit related obligations	440,762	88,555	92,032	1,078	71,188	-	693,615
31 December 2013	727,523	118,900	126,934	50,431	77,835	-	1,101,623

3.2.11 Concentration of risks of financial assets with credit risk exposure continued

BANK

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Balances with central bank	625,706	-	-	-	-	-	625,706
Loans and advances to banks	28,650	-	2,717	3,168	185,287	23,020	242,842
Loans and advances to customers							
- Overdrafts	219,883	58,629	16,745	-	-	-	295,257
- Term loans	1,037,772	332,387	102,839	-	344	-	1,473,342
- Staff loans	6,152	-	-	-	-	-	6,152
- Project finance	6,159	803	9,563	-	-	-	16,525
- Advances under finance lease	2,039	683	39	-	-	-	2,761
Financial assets held for trading	904	-	-	-	7,224	1,130	9,258
Investment securities							
Available-for-sale investments	358,348	3,235	799	-	-	-	362,382
Held to maturity investments	132,630	7,334	504	-	-	-	140,468
Asset pledged as collateral	63,158	-	-	-	-	-	63,158
Other assets	8,130	8,584	609	-	-	-	17,323
31 December 2014	2,489,531	411,655	133,815	3,168	192,855	24,150	3,255,174

Credit risk exposure relating to off balance sheet items are as follows

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Loan commitments	59,689	7,172	10,327	-	-	-	77,188
Letters of credit and other credit related obligations	427,361	66,959	47,150	1,572	99,709	-	642,751
31 December 2014	487,050	74,131	57,477	1,572	99,709	-	719,939

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Balances with central bank	502,249	-	-	-	-	-	502,249
Loans and advances to banks	12,149	-	440	16,164	216,672	122,146	367,571
Loans and advances to customers							
- Overdrafts	258,024	43,577	25,609	-	-	-	327,210
- Term loans	805,849	179,725	92,626	-	-	-	1,078,200
- Staff loans	5,532	-	-	-	-	-	5,532
- Project finance	20,865	30,742	9,196	-	-	-	60,803
- Advances under finance lease	1,587	482	26	-	-	-	2,095
Financial assets held for trading	2,213	-	-	-	12	-	2,225
Investment securities							
Available-for-sale investments	320,141	2,690	3,008	-	-	-	325,839
Held to maturity investments	268,673	9,276	927	-	-	-	278,876
Asset pledged as collateral	52,406	-	-	-	-	-	52,406
Other assets	12,152	9,008	1,090	-	-	718	22,968
31 December 2013	2,261,840	275,500	132,922	16,164	216,684	122,864	3,025,974

Credit risk exposure relating to off balance sheet items are as follows

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Loan commitment	286,761	30,345	34,902	-	-	-	352,008
Letters of credit and other credit related obligations	491,958	88,555	92,032	-	-	-	672,545
31 December 2013	778,719	118,900	126,934	-	-	-	1,024,553

3.2.11 Concentration of risks of financial assets with credit risk exposure continued

b) Industry sectors

The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets held for trading analysed below excludes investments in equity instruments.

GROUP

	Balances with central bank	Loans and advances to banks	Financial assets held for trading	Investment Securities- Available for sale	Investment Securities - Held to maturity	Asset pledged as collateral	Other assets
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	-	-	-	-	-	-	-
Oil and gas				-			4,408
Consumer credit				-			-
Manufacturing			-	-	1,007	-	-
Real estate			-	-	-	-	-
Construction			-	-	-	-	-
Finance and insurance	634,295	430,053	9,804	38,079	5,170	-	21,766
Transportation			-	-	-	-	-
Communication			-	-	-	-	-
General commerce				-	-	-	-
Utilities			-	-	-	-	-
Retail services			-	-	-	-	-
Public sector			904	362,126	150,176	64,527	554
Total at 31 December 2014	634,295	430,053	10,708	400,205	156,353	64,527	26,728

	Overdraft	Term loans	Staff loans	Loans to customers project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	1,611	56,305	-	-	-	57,916
Oil and gas	130,255	679,423	-	33,805	284	843,767
Consumer credit	5,137	163,494	5,592	-	29	174,252
Manufacturing	54,165	294,080	-	18,043	405	366,693
Real estate	20,297	164,114	1,421	-	-	185,832
Construction	32,709	43,257	-	14,322	-	90,288
Finance and insurance	853	15,971	-	1,744	14	18,582
Transportation	3,710	4,316	-	3,851	28	11,905
Communication	2,432	59,384	-	-	-	61,816
General commerce	23,987	69,615	-	209	9	93,820
Utilities	6,888	51,201	-	-	-	58,089
Retail services	25,869	77,762	-	4,409	1,974	110,014
Public sector	6,199	113,197	-	1,174	18	120,588
Total at 31 December 2014	314,112	1,792,119	7,013	77,557	2,761	2,193,563

	Balances with central bank	Loans and advances to banks	Financial assets held for trading	Investment Securities- Available for	Investment Securities - Held to	Asset pledged as collateral	Other assets N 'millions
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	-	-	-	-	-	-	6,653
Oil and gas	-	-	1,625	-	-	-	-
Consumer credit	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	1,923	-	-
Real estate	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Finance and insurance	522,292	415,210	2,530	33,610	5,171	-	23,665
Transportation	-	-	4	-	-	-	-
Communication	-	-	-	-	-	-	-
General commerce	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Retail services	-	-	-	-	-	-	-
Public sector	-	-	584	382,403	276,173	53,651	-
Total at 31 December 2013	522,292	415,210	4,743	416,013	283,267	53,651	30,318

3.2.11 Concentration of risks of financial assets with credit risk exposure continued

b) Industry sectors

	Loans to customers Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	549	64,456	-	-	-	65,005
Oil and gas	173,008	445,678	-	2,697	47	621,430
Consumer credit	4,649	134,933	3,682	-	23	143,287
Manufacturing	63,144	207,958	-	-	113	271,215
Real estate	9,752	104,140	2,237	45,755	-	161,884
Construction	10,875	24,758	-	12,351	-	47,984
Finance and insurance	1,689	9,817	117	-	-	11,623
Transportation	5,171	2,972	-	-	142	8,285
Communication	4,936	90,623	-	-	-	95,559
General commerce	31,868	61,114	3	-	-	92,985
Utilities	5,738	27,537	-	-	18	33,293
Retail services	22,842	78,400	32	-	1,720	102,994
Public sector	5,833	136,525	-	-	31	142,389
Total at 31 December 2013	340,054	1,388,911	6,071	60,803	2,094	1,797,933

BANK	Balances with central bank	Loans and advances to banks	Financial assets held for trading	Investment Securities- Available for	Investment Securities - Held to	Asset pledged as collateral	Other assets N 'millions
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	-	-	-	-	-	-	-
Oil and gas			-	-	-	-	4,408
Consumer credit			-	-	-	-	
Manufacturing			-	-	1,007	-	
Real estate			-	-	-	-	
Construction			-	-	-	-	
Finance and insurance	625,706	242,842	8,354	6,427	5,170	-	12,361
Transportation			-	-	-	-	
Communication			-	-	-	-	
General commerce			-	-	-	-	
Utilities			-	-	-	-	
Retail services			-	-	-	-	
Public sector			904	355,955	134,290	63,158	554
Total at 31 December 2014	625,706	242,842	9,258	362,382	140,467	63,158	17,323

	Loans to customers Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	1,412	18,848	-	-	-	20,260
Oil and gas	127,954	644,237	-	2,204	284	774,679
Consumer credit	4,847	161,732	4,731	-	29	171,339
Manufacturing	51,247	158,350	-	-	405	210,002
Real estate	19,628	94,423	1,421	-	-	115,472
Construction	32,288	42,864	-	14,322	-	89,474
Finance and insurance	259	12,778	-	-	14	13,051
Transportation	2,310	1,173	-	-	28	3,511
Communication	1,815	58,523	-	-	-	60,338
General commerce	17,918	52,408	-	-	9	70,335
Utilities	6,797	51,142	-	-	-	57,939
Retail services	22,885	66,092	-	-	1,974	90,951
Public sector	5,895	110,772	-	-	18	116,685
Total at 31 December 2014	295,257	1,473,342	6,152	16,526	2,761	1,794,037

3.2.11 Concentration of risks of financial assets with credit risk exposure continued

b) Industry sectors

	Balances with central bank	Loans and advances to banks	Financial assets held for trading	Investment Securities- Available for	Investment Securities - Held to	Asset pledged as collateral	Other assets
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	-	-	-	-	-	-	-
Oil and gas	-	-	1,626	-	-	-	-
Consumer credit	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	1,924	-	-
Real estate	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Finance and insurance	502,249	367,571	12	4,866	5,170	-	-
Transportation	-	-	4	-	-	-	-
Communication	-	-	-	-	-	-	-
General commerce	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	22,968
Retail services	-	-	-	-	-	-	-
Public sector	-	-	584	320,973	271,782	52,406	-
Total at 31 December 2013	502,249	367,571	2,226	325,839	278,876	52,406	22,968

	Loans to customers					
	Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	437	25,175	-	-	-	25,612
Oil and gas	171,668	383,384	-	2,697	47	557,796
Consumer credit	3,742	131,620	3,295	-	23	138,680
Manufacturing	58,482	114,584	-	-	113	173,179
Real estate	9,685	38,356	2,237	45,755	-	96,033
Construction	10,774	24,535	-	12,351	-	47,660
Finance and insurance	1,646	12,938	-	-	-	14,584
Transportation	2,690	600	-	-	142	3,432
Communication	4,804	90,434	-	-	-	95,238
General commerce	30,850	21,390	-	-	-	52,240
Utilities	5,669	27,537	-	-	18	33,224
Retail services	22,252	77,587	-	-	1,720	101,559
Public sector	4,511	130,060	-	-	31	134,602
Total at 31 December 2013	327,210	1,078,200	5,532	60,803	2,094	1,473,839

Credit risk exposure relating to off balance sheet items are as follows

GROUP

	Loan commitments 31 Dec 2014	Letter of credit and other related obligations 31 Dec 2014	Loan commitments 31 Dec 2013	Letter of credit and other related obligations 31 Dec 2013
	N 'millions	N 'millions	N 'millions	N 'millions
Agriculture	138	6,896	2,443	3,662
Oil and gas	19,145	116,243	169,100	115,457
Consumer credit	432	24	15,427	484
Manufacturing	39,004	171,184	79,175	11,976
Real estate	1,436	663	10,005	27,944
Construction	10,923	85,179	18,357	205,450
Finance and insurance	9	189,320	1,911	99,042
Transportation	1,686	9,748	1,240	1,786
Communication	8,218	2,024	54,962	7,062
General commerce	3,341	39,642	27,464	147,327
Utilities	3,911	48,350	2,364	457
Retail services	2,097	29,183	22,640	66,890
Public sector	39	3,541	2,920	6,078
TOTAL	90,379	701,997	408,008	693,615

3.2.11

Concentration of risks of financial assets with credit risk exposure
Bank *(continued)*

Credit risk exposure relating to off balance sheet items are as follows

	Loan commitments 31 Dec 2014 N 'millions	Letter of credit and other related obligations 31 Dec 2014 N 'millions	Loan commitments 31 Dec 2013 N 'millions	Letter of credit and other related obligations 31 Dec 2013 N 'millions
		BANK		
Agriculture	138	4,340	432	3,662
Oil and gas	11,352	114,391	165,777	115,457
Consumer credit	432	24	2,144	484
Manufacturing	38,988	190,583	75,798	11,976
Real estate	974	663	8,948	27,944
Construction	10,923	85,428	17,261	128,859
Finance and insurance	9	115,449	1,483	99,042
Transportation	324	8,987	150	1,786
Communication	7,989	2,024	53,189	7,062
General commerce	19	39,818	7,157	202,848
Utilities	3,911	48,350	1,370	457
Retail services	2,091	29,153	18,126	66,890
Public sector	39	3,541	172	6,078
TOTAL	77,189	642,751	352,007	672,545

3.2.12 Loans and advances to customers

Credit quality of Loans and advances to customers is summarised as follows:

	Overdraft	Term loans	Staff loans	Loans to customers project finance	Advances under finance lease	Total
GROUP	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
December 2014						
Neither past due nor impaired	300,766	1,691,269	7,081	77,424	1,698	2,078,238
Past due but not impaired	11,087	81,046	-	284	1,058	93,475
Individually impaired	14,571	37,798	-	-	241	52,610
Collectively impaired	3,151	8,977	-	-	46	12,174
Gross	329,575	1,819,090	7,081	77,708	3,043	2,236,497
Less: allowance for impairment (note 20)	(15,464)	(26,971)	(68)	(151)	(282)	(42,936)
Net	314,111	1,792,119	7,013	77,557	2,761	2,193,561
Specific impairment (see note 20)	11,845	15,640	-	-	241	27,726
Portfolio allowance (see note 20)	3,619	11,331	68	151	41	15,210
Total	15,464	26,971	68	151	282	42,936
December 2013						
Neither past due nor impaired	321,174	1,248,568	6,124	59,425	1,616	1,636,907
Past due but not impaired	14,771	135,055	122	2,109	490	152,547
Individually impaired	14,889	16,545	38	-	696	32,169
Collectively impaired	3,744	17,724	3	-	60	21,531
Gross	354,578	1,417,892	6,287	61,534	2,862	1,843,154
Less: allowance for impairment (note 20)	(14,524)	(28,981)	(216)	(731)	(768)	(45,220)
Net	340,054	1,388,912	6,071	60,803	2,095	1,797,934
Specific impairment (see note 20)	10,465	9,393	31	-	696	20,585
Portfolio allowance (see note 20)	4,060	19,587	185	731	71	24,634
Total	14,524	28,981	216	731	768	45,219

3.2.12 Loans and advances to customers

Credit quality of Loans and advances to customers is summarised as follows:

BANK			Loans to customers			
	Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	Total
December 2014	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Neither past due nor impaired	283,576	1,373,529	6,220	16,676	1,698	1,681,699
Past due but not impaired	9,998	79,074	-	-	1,058	90,130
Individually impaired	13,795	36,677	-	-	241	50,713
Collectively impaired	1,354	8,164	-	-	46	9,564
Gross	308,723	1,497,444	6,220	16,676	3,043	1,832,106
Less: allowance for impairment (note 20)	(13,467)	(24,102)	(68)	(151)	(282)	(38,070)
Net	295,256	1,473,342	6,152	16,525	2,761	1,794,036
Specific impairment (see note 20)	11,299	14,616	-	-	241	26,156
Portfolio allowance (see note 20)	2,168	9,486	68	151	41	11,914
Total	13,467	24,102	68	151	282	38,070
December 2013						
Neither past due nor impaired	312,638	943,411	5,702	59,425	1,616	1,322,792
Past due but not impaired	11,930	131,063	-	2,109	490	145,592
Individually impaired	13,433	12,388	-	-	696	26,517
Collectively impaired	2,854	17,473			60	20,387
Gross	340,855	1,104,335	5,702	61,534	2,862	1,515,288
Less: allowance for impairment (note 20)	(13,645)	(26,135)	(170)	(731)	(767)	(41,448)
Net	327,210	1,078,200	5,532	60,803	2,095	1,473,840
Specific impairment (see note 20)	10,022	7,297	-	-	696	18,016
Portfolio allowance (see note 20)	3,623	18,838	170	731	71	23,433
Total	13,645	26,135	170	731	767	41,449

GROUP

December 2014

(a) Loans and advances to customers - neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.1 for an explanation of the internal rating system).

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Grades:						
AAA	141	4,598	1	-	-	4,740
AA	-	17,667	-	-	-	17,667
A	390	44,251	32	-	-	44,673
BBB	66,005	130,344	-	1,404	-	197,753
BB	163,467	870,472	6,323	14,464	1,066	1,055,792
B	69,614	329,111	685	1,973	632	402,015
CCC	-	5,974	-	-	-	5,974
CC						-
C	1,149	288,852	40	59,583		349,624
	300,766	1,691,269	7,081	77,424	1,698	2,078,238

(b) Loans and advances past due but not impaired

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Past due up to 30 days	10,046	57,356	-	-	996	68,398
Past due by 30 - 60 days	178	3,035	-	-	-	3,213
Past due 60-90 days	863	20,655	-	284	62	21,864
Gross amount	11,087	81,046	-	284	1,058	93,475

(c) Collectively impaired loans

These represent insignificant impaired loans which are assessed on a collective basis.

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	3,151	8,977	-	-	46	12,174

(d) Loans and advances individually impaired

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Gross amount	14,571	37,798	-	-	241	52,610
Specific impairment	11,845	15,640	-	-	241	27,726
Net amount	2,726	22,158	-	-	0	24,884

3.2.12 Loans and advances to customers continued

Credit quality of Loans and advances to customers is summarised as follows:

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
GROUP						
December 2013						
(a) Loans and advances to customers - neither past due nor impaired						
Grades:						
AAA	939	8,271	133	-	-	9,343
AA	6,189	10,816	-	-	-	17,005
A	6,224	50,110	-	2,580	-	58,914
BBB	20,318	91,007	2,311	1,051	56	114,743
BB	205,461	509,398	7	21,566	623	737,055
B	82,042	578,967	3,580	34,227	938	699,754
CCC	-	-	92	-	-	92
	321,173	1,248,569	6,123	59,424	1,617	1,636,906
(b) Loans and advances past due but not impaired						
Past due up to 30 days	12,397	62,668	110	1,467	484	77,126
Past due by 30 - 60 days	2,220	64,035	3	642	5	66,905
Past due 60-90 days	154	8,353	8	-	-	8,515
Gross amount	14,771	135,056	121	2,109	489	152,546
(c) Collectively impaired loans These represent insignificant impaired loans which are assessed on a collective basis.	3,744	17,724	3	-	60	21,531
(d) Loans and advances individually impaired						
Gross amount	14,889	16,545	38	-	696	32,168
Specific impairment	10,465	9,393	31	-	696	20,585
Net amount	4,424	7,152	7	-	-	11,583

BANK

December 2014

(a) Loans and advances to customers - neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.1 for an explanation of the internal rating system).

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Grades:						
AAA	141	1	-	-	-	142
AA	-	8,707	-	-	-	8,707
A	390	44,251	-	-	-	44,641
BBB	66,005	124,363	-	1,404	-	191,772
BB	161,655	864,141	6,197	14,464	1,066	1,047,523
B	55,385	326,093	24	808	632	382,942
CCC	-	5,973	-	-	-	5,973
	283,576	1,373,529	6,221	16,676	1,698	1,681,699
(b) Loans and advances past due but not impaired						
Past due up to 30 days	9,600	57,214	-	-	996	67,810
Past due by 30 - 60 days	6	2,588	-	-		2,594
Past due 60-90 days	392	19,272	-	-	62	19,726
Gross amount	9,998	79,074	-	-	1,058	90,130
(c) Collectively impaired loans These represent insignificant impaired loans which are assessed on a collective basis.	1,354	8,164	-	-	46	9,564

3.2.12 Loans and advances to customers continued

BANK	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
(d) Loans and advances individually impaired						
Gross amount	13,795	36,677	-	-	241	50,713
Specific impairment	11,299	14,616	-	-	241	26,155
Net amount	2,496	22,061	-	-	-	24,558

December 2013

(a) Loans and advances to customers - neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.1 for an explanation of the internal rating system).

Grades:	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
AAA	5,405	-	-	-	-	5,405
AA	5,659	49,945	-	2,580	-	58,184
A	18,573	80,313	2,311	1,051	56	102,304
BBB	203,910	503,833	-	21,566	623	729,932
BB	79,090	309,321	3,391	34,227	938	426,967
	312,637	943,412	5,702	59,424	1,617	1,322,792

(b) Loans and advances past due but not impaired

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Past due up to 30 days	9,749	59,602	-	1,467	484	71,302
Past due by 30 - 60 days	2,163	63,708	-	642	5	66,518
Past due 60-90 days	18	7,753	-	-	-	7,771
Gross amount	11,930	131,063	-	2,109	489	145,591

(c) Collectively impaired loans

These represent insignificant impaired loans which are assessed on a collective basis.

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	2,854	17,473	-	-	60	20,387

(d) Loans and advances individually impaired

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Gross amount	13,433	12,388	-	-	696	26,517
Specific impairment	10,022	7,297	-	-	696	18,015
Net amount	3,411	5,091	-	-	-	8,502

(e) Sensitivity analysis on impairment

The loan portfolio of First Bank Nigeria the most significant entity of the commercial banking group has been adopted for this sensitivity test; this is based on the premise that the outcome of this stress test on the Bank is reflective of the entire portfolio of the group. The credit factors considered for this sensitivity are highlighted below;

Probability of Default (PD): This represents the probability that a currently performing account will decline in credit quality. The probability of default model is designed to provide a measurement of obligor quality by estimating the likelihood default over a short term horizon (usually 12 months). A low probability of default indicates a borrower with good credit quality while a high probability of default indicates a borrower with low credit quality and a high likelihood of default.

Loss Given Default (LGD): The Loss Given Default estimates the expected loss on a default account after all recoveries have being exhausted. In estimating the LGD for the credit portfolio, recoveries made on historic loan loss data by way of loan repayment, recovery efforts and/or sale of collateral was applied.

Approach to sensitivity analysis

In performing the sensitivity analysis, two scenarios were considered as detailed below.

Scenario 1

The PD of the performing book was flexed by 20% while LGD was held constant. This is based on the assumption that obligor quality will deteriorate and this will lead to an increase in default.

Scenario 2

The LGD of the performing book and insignificant non-performing loans were flexed by 20% respectively while the PD was held constant. This is premised on deterioration in obligor quality, increase in rate of default as well as difficulty in realizing collaterals pledged.

3.2.12 Loans and advances to customers continued

(e) Sensitivity analysis on impairment continued

Outcome of the sensitivity analysis is shown below as well as the impact on profit or loss

	Impairment charge in profit or loss		
	Current year	**Scenario 1**	**Scenario 2**
31 December 2014	**N'millions**	**N'millions**	**N'millions**
- Overdrafts	10,253	10,638	10,675
- Term loans	13,956	15,579	15,813
- Staff loans	(102)	(88)	(88)
- Project finance	(580)	(550)	(550)
- Advances under finance lease	(456)	(433)	(432)
Total	23,071	25,146	25,418
31 December 2013			
- Overdrafts	11,806	12,350	12,350
- Term loans	10,117	10,792	10,792
- Staff loans	(430)	(396)	(396)
- Project finance	(1)	145	145
- Advances under finance lease	681	691	691
Total	22,173	23,582	23,582

3.2.13 Loans and advances to banks

(a) Credit quality of loans to banks is summarised as follows:

All loans to banks are neither past due nor impaired.

The credit quality has been assessed by reference to Moody's rating, Agusto & Agusto's rating (credit rating agency) and the bank's internal rating system at 31 December 2014 and 31 December 2013.

	Group	**Bank**
	Loans to banks	**Loans to banks**
	N'millions	**N'millions**
31 December 2014		
A+ to A-	254,781	180,615
B+ to B-	108,576	57,587
Unrated	66,697	4,641
	430,054	242,843
31 December 2013		
A+ to A-	220,663	170,615
B+ to B-	164,519	196,956
Unrated	30,029	-
	415,211	367,571

3.2.14 Credit quality of investment in debt securities and other assets is summarised as follows:

All investments in debt instruments are neither past due nor impaired.

The credit quality of investments in debt securities (including assets pledged for collateral) that were neither past due nor impaired can be assessed by reference to Agusto & Agusto's rating (credit rating agency) at 31 December 2014 and 31 December 2013.

Group

	Treasury bills as reported in the AFS portfolio	Bonds as reported in the AFS portfolio	Treasury bills as reported in the HTM portfolio	Bonds as reported in the HTM portfolio	Other assets
	N'millions	N'millions	N'millions	N'millions	N'millions
31 December 2014					
A+ to A-	-	19,001	-	22,359	937
B+ to B-	308,984	91,423	8,970	165,999	8,316
Unrated			4,350	-	17,475
	308,984	110,424	13,320	188,358	26,728
31 December 2013					
A+ to A-	276,233	136,956	10,498	306,037	-
B+ to B-	-	20,607	-	-	
Unrated	-	2,597	-	-	30,318
	276,233	160,160	10,498	306,037	30,318

Bank

	Treasury bills as reported in the AFS portfolio	Bonds as reported in the AFS portfolio	Treasury bills as reported in the HTM portfolio	Bonds as reported in the HTM portfolio	Other assets
31 December 2014	N'millions	N'millions	N'millions	N'millions	N'millions
A+ to A-	-	8,418	-	22,358	975
B+ to B-	302,814	70,353	-	162,064	8,316
Unrated	-	-	-	-	8,032
	302,814	78,771	-	184,422	17,323
31 December 2013					
A+ to A-	217,235	127,741	6,107	306,037	-
Unrated	-	-	-	-	22,968
	217,235	127,741	6,107	306,037	22,968

3.2.15 Collaterized Assets

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral at 31 December 2014 and 31 december 2013 are shown below

(i) GROUP

	Over-collateralised assets		Under-collateralised assets	
31 December 2014	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks			430,053	19,837
Financial assets held for trading			10,708	5,983
Total Financial Assets	-	-	440,761	25,820

GROUP

31 December 2013	Over-collaterised assets		Under-collaterised assets	
	Carrying value of the assets	Fair value of the assets	Carrying value of the assets	Fair value of the assets
Financial assets				
Loans and advances to banks			415,210	8,800
Total Financial Assets	-	-	415,210	8,800

(ii) BANK

31 December 2014	Over-collaterised assets		Under-collaterised assets	
	Carrying value of the assets	Fair value of the assets	Carrying value of the assets	Fair value of the assets
Financial assets				
Loans and advances to banks	-	-	242,842	19,837
Financial assets held for trading	-	-	9,258	5,983
Total Financial Assets	-	-	252,100	25,820

BANK

31 December 2013	Over-collaterised assets		Under-collaterised assets	
	Carrying value of the assets	Fair value of the assets	Carrying value of the assets	Fair value of the assets
Loans and advances to banks	-	-	367,571	8,800
Total Financial Assets	-	-	367,571	8,800

Loans and advances to customers have been excluded from the tables above, as no aggregated collateral information for the unimpaired secured lending portfolio is provided to key management personnel. See further details on collateral management for the loan book in note 3.2.3

The underlisted financial assets are not collaterised:

Cash and balances with Central Banks
Investment securities:
Available-for-sale investments
Held to maturity investments
Asset pledged as collateral
Other assets

The Group's investment in risk-free Government securities (constituting 90% of debt instruments portfolio) and its Cash and balances with Central Banks are not considered to require collaterals given their sovereign nature.

3.2.16 Statement of Prudential Adjustment

In compliance with the CBN circular dated March 19, 2013 reference BSD/DIR/CEN/LAB/06/014, the impairment provision under IFRS and the provisions under the Nigerian Prudential Guidelines as determined by the Central Bank of Nigeria (CBN) were compared and shown below:

	31 Dec 2014 N'millions	31 Dec 2013 N'millions
Total IFRS impairment losses	(38,867)	(42,650)
Prudential provisions	83,724	50,168
Balance in Statutory credit reserve	44,857	7,518
Analysis of the IFRS impairment losses		
Loans : Specific impairment (note 20)	26,156	18,015
Loans: Collective impairment (note 20)	11,914	23,433
Other assets (note 31)	797	1,202
Total IFRS impairment losses	38,867	42,650

3.3 Liquidity risk

3.3.1 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows.

Funding risk is a form of liquidity risk that arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The objective of the Group's liquidity risk management is to ensure that all anticipated funding commitments can be met when due and that access to funding sources is coordinated and cost effective.

Management of liquidity risk

The Group's liquidity management process includes:

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Active monitoring of the timing of cashflows and maturity profiles of assets and liabilities to ensure mismatches are within stipulated limits;
- Monitoring the liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets

Particular attention is also paid to the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Liquidity risk on derivatives is managed using the same source of funding as for the non derivative liabilities.

Funding approach

The Group is funded primarily by a well diversified mix of retail, corporate and public sector deposits. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and interbank takings as significant sources of funding.

Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in table A below, are the contractual undiscounted cash flow, whereas the Group manages the liquidity risk on a behavioural basis which is shown in table B below.

GROUP

(a) TABLE A - LIQUIDITY ANALYSIS ON A CONTRACTUAL BASIS

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2014							
Financial liabilities							
Deposits from banks	118,294	42,793	2,623	-	-	-	163,710
Deposits from customers	2,287,945	404,931	69,393	91,319	134,030	9,658	2,997,276
Borrowings	59,211	130,550	7,489	11,624	62,302	164,086	435,262
Other liabilities	70,516	30,464	566	25,966	1,971		129,483
Total financial liabilities	2,535,966	608,738	80,071	128,909	198,303	173,744	3,725,731
Loan commitments	947	198	433	3,714	28,921	56,166	90,379
Letters of credit and other credit related obligations	228,750	67,929	48,963	95,902	50,601	209,852	701,997
Total Commitments	229,697	68,127	49,396	99,616	79,522	266,018	792,376
Assets held for managing liquidity risk	240,924	271,270	210,521	31,470	300,519	114,123	1,168,827

3.3.1 **Liquidity risk**

Non-derivative financial liabilities and assets held for managing liquidity risk continued

TABLE A - LIQUIDITY ANALYSIS ON A CONTRACTUAL BASIS *(continued)*

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2013							
Financial liabilities							
Deposits from banks	28,205	47,412	1,864	-	-	-	77,481
Deposits from customers	2,489,503	271,246	47,330	60,609	78,684	823	2,948,195
Borrowings	17,568	32,494	1,854	8,013	40,498	54,931	155,357
Other liabilities	11,996	156,172	548	24	-	12,994	181,734
Total financial liabilities	2,547,272	507,323	51,597	68,646	119,182	68,748	3,362,768
Loan commitments	58,505	85,962	62,610	67,961	56,415	76,555	408,008
Letters of credit and other credit related obligations	643,247	4,347	5,940	23,934	16,147	-	693,615
Total Commitments	701,752	90,309	68,550	91,895	72,562	76,555	1,101,624
Assets held for managing liquidity risk	944,453	179,891	77,123	55,931	129,012	62,611	1,449,021

BANK

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2014							
Financial liabilities							
Deposits from banks	19,246	-	-	-	-	-	19,246
Deposits from customers	2,197,510	286,199	52,547	22,307	-	-	2,558,563
Borrowings	61,536	142,515	8,266	11,586	62,302	164,086	450,291
Other liabilities	42,685	30,464	566	25,966	1,971	-	101,652
Total financial liabilities	2,320,977	459,178	61,379	59,859	64,273	164,086	3,129,752
Loan commitments	48	198	433	3,714	16,630	56,166	77,189
Letters of credit and other credit related obligations	250,700	63,232	20,309	51,171	50,578	206,760	642,750
Total Commitments	250,748	63,430	20,742	54,885	67,208	262,926	719,939
Assets held for managing liquidity risk	406,913	73,600	194,554	13,192	158,331	72,228	918,818
31 December 2013							
Financial liabilities							
Deposits from banks	10,155	-	-	-	-	-	10,155
Deposits from customers	2,346,507	175,119	38,561	11,812	3,118	-	2,575,117
Borrowings	17,568	31,555	1,854	8,013	40,498	54,931	154,419
Other liabilities	56,818	90,642	-	4,811	-	4,550	156,821
Total financial liabilities	2,431,048	297,316	40,415	24,636	43,616	59,481	2,896,512
Loan commitments	10,567	79,315	61,195	67,961	56,415	76,555	352,008
Letters of credit and other credit related obligations	622,177	4,347	5,940	23,934	16,147	-	672,545
Total Commitments	632,744	83,662	67,135	91,895	72,562	76,555	1,024,553
Assets held for managing liquidity risk	631,976	105,878	56,933	42,427	50,080	22,512	909,806

3.3.1 **Liquidity risk**

(b) **TABLE B - LIQUIDITY ANALYSIS ON A BEHAVIOURAL BASIS**

GROUP

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2014							
Financial liabilities							
Deposits from banks	78,002	42,793	42,915	-	-	-	163,710
Deposits from customers	465,588	488,305	227,152	281,624	324,473	1,210,135	2,997,277
Borrowings	59,211	130,542	7,489	11,624	62,302	164,086	435,254
Other liabilities	70,516	30,464	566	25,966	1,971		129,483
Total financial liabilities	673,317	692,104	278,122	319,214	388,746	1,374,221	3,725,724
Loan commitments	947	198	433	3,714	28,921	56,166	90,379
Letters of credit and other credit related obligations	228,750	67,929	48,963	95,902	50,601	209,852	701,997
Total Commitments	229,697	68,127	49,396	99,616	79,522	266,018	792,376
Assets held for managing liquidity risk	240,924	271,270	210,521	31,470	300,519	114,123	1,168,827
31 December 2013							
Financial liabilities							
Deposits from banks	28,205	47,412	1,864	-	-	-	77,481
Deposits from customers	2,489,503	271,246	47,330	60,609	78,684	823	2,948,195
Borrowings	17,568	32,494	1,854	8,013	40,498	54,931	155,358
Other liabilities	11,996	156,172	548	24	-	12,994	181,734
Total financial liabilities	2,547,272	507,324	51,596	68,646	119,182	68,748	3,362,768
Loan commitments	58,505	85,962	62,610	67,961	56,415	76,555	408,008
Letters of credit and other credit related obligations	643,247	4,347	5,940	23,934	16,147	-	693,615
Total Commitments	701,752	90,309	68,550	91,895	72,562	76,555	1,101,623
Assets held for managing liquidity risk	944,453	179,891	77,123	55,931	129,012	62,611	1,449,021

BANK

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2014							
Financial liabilities							
Deposits from banks	19,246						19,246
Deposits from customers	412,437	369,507	172,948	212,750	190,443	1,200,477	2,558,562
Borrowings	61,465	142,515	8,267	11,586	62,302	164,086	450,221
Other liabilities	42,685	30,464	566	25,966	1,971	-	101,652
Total financial liabilities	535,833	542,486	181,781	250,302	254,716	1,364,563	3,129,681
Loan commitments	48	198	433	3,714	16,630	56,166	77,189
Letters of credit and other credit related obligations	250,700	63,232	20,309	51,171	50,578	206,760	642,750
Total Commitments	250,748	63,430	20,742	54,885	67,208	262,926	719,939
Assets held for managing liquidity risk	406,913	73,600	194,554	13,192	158,331	72,228	918,818
31 December 2013							
Financial liabilities							
Deposits from banks	10,155						10,155
Deposits from customers	2,346,507	175,119	38,561	11,812	3,118		2,575,117
Borrowings	17,568	31,555	1,854	8,013	40,498	54,931	154,419
Other liabilities	56,818	90,642		4,811		4,550	156,821
Total financial liabilities	2,431,048	297,316	40,415	24,636	43,616	59,481	2,896,512
Loan commitments	10,567	79,315	61,195	67,961	56,415	76,555	352,008
Letters of credit and other credit related obligations	622,177	4,347	5,940	23,934	16,147	-	672,545
Total Commitments	632,744	83,662	67,135	91,895	72,562	76,555	1,024,553
Assets held for managing liquidity risk	631,976	105,878	56,933	42,427	50,080	22,512	909,806

Assets held for managing liquidity risk

The Group holds a diversified portfolio of liquid assets - largely cash and government securities to support payment and funding obligations in normal and stressed market conditions across foreign and local currencies. The Group's liquid assets comprise

- Cash and balances with the central bank comprising reverse repos and Overnight deposits
- Short term and overnight placements in the interbank market
- Government bonds and T-bills that are readily accepted in repurchase agreements with the Central bank and other market participants
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.
- The ability to access incremental short term funding by interbank borrowing from the interbank market

The bank is largely deposit funded and thus, as is typical amongst Nigerian banks, has significant funding mismatches on a contractual basis, given that the deposits are largely demand and short tenured, whilst lending is longer term.On an actuarial basis, our demand deposits exhibit much longer duration, with 75.53% of our current account balances and 67.48% of savings account balances being deemed core.

To manage liquidity shocks in either foreign or local currency, largely as a result of episodic movements, the bank typically holds significant short term liquidity in currency placements or taps the repo markets to raise short term funding as is required. To grow local currency liquidity the Group have also systematically worked towards reducing the duration of our securities portfolio in the last year, shifting the emphasis to holding more liquid shorter dated treasury bills over longer term bonds, to allow more flexibility in managing liquidity. Whilst on the foreign currency side, the Group has built up placement balances with our offshore correspondents.

Liquidity risk

3.3.2 Derivative liabilities

Derivatives settled on a net basis

The Put options and the accumulator forex contract will be settled on a net basis.

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month N 'millions	1-3 months N 'millions	3-6 months N 'millions	6 - 12 months N 'millions	1-5 years N 'millions	Over 5 years N 'millions	Total N 'millions
At 31 December 2014							
Derivative liabilities							
Accumulator-Forward FX contract	-	-	98	-	-	-	98
Put Option	919	2,664	2,783	6,066	9,528	-	21,960
	919	2,664	2,881	6,066	9,528	-	22,058
Derivative assets							
Put Options	938	2,728	2,842	6,257	9,848		22,613
Forward Contract	1,011	439	-	-	-	-	1,450
	1,949	3,167	2,842	6,257	9,848	-	24,063
	2,868	5,831	5,723	12,323	19,376	-	46,121
At 31 December 2013							
Derivative liabilities							
Accumulator-Forward FX contract	-	-	-	-	(71)	-	(71)
Put options		-	-	-	- -	1,626	(1,626)
	-	-	-	-	(71) -	1,626	(1,697)
Derivative assets							
Cross-Currency Swap	-	-	-	12	-	-	12
Foreign exchange derivatives	1,546	602	370	-	-	-	2,518
Put options		-	-	-	-	1,626	1,626
	1,546	602	370	12	-	1,626	4,156
	1,546	602	370	12	(71)	-	2,459

Derivatives settled on a net basis

BANK	Up to 1 month N 'millions	1-3 months N 'millions	3-6 months N 'millions	6 - 12 months N 'millions	1-5 years N 'millions	Over 5 years N 'millions	Total N 'millions
At 31 December 2014							
Derivative liabilities							
Accumulator-Forward FX contract	-		98				98
Put Option	919	2,664	2,783	6,066	9,528	-	21,960
	919	2,664	2,881	6,066	9,528	-	22,058
Derivative assets							
Put Options	938	2,728	2,842	6,257	9,848		22,613
	938	2,728	2,842	6,257	9,848	-	22,613
	1,857	5,392	5,723	12,323	19,376	-	44,671
At 31 December 2013							
Derivative liabilities							
Accumulator-Forward FX contract	-	-	-	-	(71)	-	(71)
Put options		-	-	-	-	(1,626)	(1,626)
	-	-	-	-	(71)	(1,626)	(1,697)
Derivative assets							
Cross-Currency Swap	-	-	-	12	-	-	12
Put options		-	-	-	-	1,626	1,626
	-	-	-	12	-	1,626	1,637

3.3.2 Liquidity risk

Derivatives settled on a gross basis.

The Group's derivatives that will be settled on a gross basis are foreign exchange derivatives. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cashflows on all derivatives including derivatives classified as 'liabilities held for trading'. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month	1-3 months	3-6 months	6 - 12 months	1-5 years	Total
GROUP	N' million	N' million	N' million	N' million	N' million	N' million
At 31 December 2014						
Liabilities held for trading						
FX Swap - Payable	14,777	-	-	-	-	14,777
FX Swap - Receivable	(14,884)	-	-	-	-	(14,884)
Forward Contract - Payment	1,169	1,022	162	-	-	2,353
Forward Contract - Receipt	(376)	-	-	-	-	(376)
	686	1,022	162	-	-	1,870
At 31 December 2013						
Derivatives held for trading						
Foreign exchange derivatives:	6	2	-	-	-	8
	6	2	-	-	-	8
BANK						
Liabilities held for trading						
FX Swap - Payable	14,777	-	-	-	-	14,777
FX Swap - Receivable	(14,884)	-	-	-	-	(14,884)
Forward Contract - Payable	386	-	-	-	-	386
Forward Contract - Receivable	(376)	-	-	-	-	(376)
	(97)	-	-	-	-	(97)
At 31 December 2013						
Derivatives held for trading						
Foreign exchange derivatives:	2	2	-	-	-	4
	2	2	-	-	-	4

3.4 Market risk

Market risk is the potential for adverse changes in the value of a trading or an investment portfolio due to changes in market risk variables such as equity and commodity prices, interest rates, and foreign exchange rates.

Market risk arises from positions in currencies, interest rate and securities held in our trading portfolio and from our retail banking business, investment portfolio, and other non-trading activities. The movement in market risk variables may have a negative impact on the balance sheet and or income statement.
Through the financial year, the Bank was exposed to market risk in its trading, and non-trading activities mainly as a result of:
• interest rate movements in reaction to monetary policy changes by the Central Bank of Nigeria, fiscal policies changes, and market forces;
• foreign exchange fluctuations arising from demand and supply as well as government policies; and
• equity price movements in response to market forces and changing market dynamics, such as market making on the Nigerian Stock Exchange.

3.4.1 Management of market risk

FirstBank Group market risk management process applies disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilisation of risk capital. Thus, FirstBank's Group market risk management policy ensures:

• formal definition of market risk management governance – recognised individual roles and committees, segregation of duties, avoidance of conflicts, etc.;
• management is responsible for the establishment of appropriate procedures and processes in implementing the Board-approved market risk policy and strategy. The procedures are documented in a periodically reviewed market risk procedural manual that spells out the procedures for executing relevant market risk controls.;
• an independent market risk management function reporting directly to the Bank's Chief Risk Officer;
• a Group-wide market risk management process to which all risk-taking units are subjected;
• alignment of market risk management standards with international best practice. Risk measurements are progressively based on modern techniques such as sensitivity, value-at-risk methodology (VaR), stress testing and scenario analysis;
• a robust market risk management infrastructure reinforced by a strong management information system (MIS) for controlling, monitoring and reporting market risk, including transactions between the Bank and the subsidiaries;
• continual evaluation of risk appetite, communicated through risk limits and overall effectiveness of the market risk management process;
• the Group does not undertake any risk that cannot be managed, or risks that are not fully understood especially in new products and;
• where the Group takes on any risk, full consideration is given to product maturity, financial market sophistication and regulatory pronouncement, guidelines or policies. The risk taken must be adequately compensated by the anticipated reward.

3.4.2 Market risk measurement techniques

The major measurement techniques used to measure and control market risk are outlined below:

(a) Value at risk (VAR)

VaR measures potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 99% and a 10-day holding period. The confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced three times per year in every 250 days. Only the bank is subject to the VaR methodology. The interest rate exposure of the other subsidiaries is considered insignificant to the Group. Thus, the VAR of the bank is deemed to be fairly representative of the Group.

The Bank continues to use VaR to estimate the potential losses that could occur on its positions as a result of movements in market factors.

The Bank uses the parametric method as its VaR methodology with an observation period of two years obtained from published data from pre-approved sources. VaR is calculated on the Bank's positions at close of business daily.

The table on the next page shows the trading VaR of the Bank. The major contributors to the trading VaR are Treasury Bills and Foreign Exchange due to volatility in those instruments impacting positions held by the Bank during the period.

The assets included in the VAR analaysis are the held for trading assets.

The treasury bill trading VaR is NGN106 million as at 31st December 2014 and reflects the potential loss given assumptions of a 10-day holding period, volatility computed using 500-day return data, and a 99% statistical confidence level.

The foreign exchange trading VaR was Nil as at 31st December 2014, reflecting the new regulatory Trading Open Position of Zero stipulated by the CBN. Hence, there was no open position as at year end.

3.4.2 **Market risk measurement techniques** *(continued)*

(a) **VAR summary**

	BANK 12 months to 31 December 2014		
	Average	High	Low
Foreign exchange risk	12	34	-
Interest rate risk	415	1,286	22
Total VAR	427	1,320	22

VAR summary

	BANK 12 months to 31 December 2013		
	Average	High	Low
Foreign exchange risk	16	52	-
Interest rate risk	528	1,738	38
Total VAR	544	1,790	38

VAR summary

BANK

(b) Stress tests

Based on the reality of unpredictable market environment and the frequency of regulations that have had significant effect on market rates and prices, the Bank augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

The ALCO is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure. The stress-testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Regular stress-test scenarios are applied to interest rates, exchange rates and equity prices. This covers all asset classes in the financial markets banking and trading books. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Non-trading portfolio

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Due to the size of the Bank's holdings in rate-sensitive assets and liabilities the Bank is exposed to interest rate risk.

Non-trading interest rate risk results mainly from differences in the mismatches or re-pricing dates of assets and liabilities, both on- and off-balance sheet as interest rate changes.

The Bank uses a variety of tools to measure non-tradable interest rate risk such as:
- interest rate gap analysis (which allows the Bank to maintain a positive or negative gap depending on the perceived interest rate direction). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income;
- forecasting and simulating interest rate margins;
- market value sensitivity;
- calculating earnings at risk (EaR) using various interest rate forecasts; and
- re-pricing risk in various portfolios and yield curve analysis.

Hedged non-trading market risk exposures

The Bank's books have some key market risk exposures, which have been identified and are being managed using swaps and options.

3.4.3 Foreign exchange risk

The Group is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2014 and 31 December 2013. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP

	Naira N 'millions	USD N 'millions	GBP N 'millions	Euro N 'millions	Others N 'millions	Total N 'millions
31 December 2014						
Financial assets						
Cash and balances with Central Banks	664,466	14,526	2,599	4,203	11,807	697,601
Loans and advances to banks	22,453	232,292	147,746	22,959	4,603	430,053
Loans and advances to customers						
- Overdrafts	186,565	109,295	117	99	18,036	314,112
- Term loans	755,911	884,209	60,655	80,648	10,696	1,792,119
- Staff loans	6,152	-	42	-	819	7,013
- Project finance	15,766	60,048	-	1,743	0	77,557
- Advances under finance lease	2,761	-	-	-	-	2,761
Investment securities						
Available-for-sale investments	373,078	64,330	-	1	5,142	442,551
Held to maturity investments	145,519	-	-	-	10,834	156,353
Asset pledged as collateral	63,159	-	-	-	1,368	64,527
Financial assets held for trading	904	8,354	-	1,450	-	10,708
Other assets	16,754	5,215	238	1	4,520	26,728
	2,253,488	1,378,270	211,397	111,105	67,825	4,022,083
Financial liabilities						
Customer deposits	2,037,521	529,284	340,812	8,115	74,003	2,989,735
Deposits from banks	13,086	126,205	18,416	5,897	105	163,709
Financial liabilities held for trading	58	9,722	-	133	-	9,913
Borrowings	30,414	327,488	105	958	4,011	362,976
Other liabilities	78,273	20,240	21,724	3,433	5,814	129,484
	2,159,352	1,012,939	381,057	18,536	83,933	3,655,817
31 December 2013						
Financial assets						
Cash and balances with Central Banks	560,399	8,904	3,646	16,049	4,975	593,973
Loans and advances to banks	15,590	325,094	46,284	23,887	4,355	415,210
Loans and advances						
- Overdrafts	272,675	63,248	85	95	3,951	340,054
- Term loans	633,468	604,024	53,972	88,205	9,243	1,388,912
- Staff loans	5,525	254	32	-	260	6,071
- Project finance	50,150	10,653	-	-	-	60,803
- Advances under finance lease	2,095	-	-	-	-	2,095
Investment securities						
Available-for-sale investments	335,383	60,896	46,687	4	8,453	451,423
Held to maturity investments	283,267					283,267
Asset pledged as collateral	52,406	-	-	-	1,245	53,651
Financial assets held for trading	2,225	1,598	-	784	136	4,743
Other assets	15,069	12,361	1,881	111	896	30,318
	2,228,252	1,087,032	152,587	129,135	33,514	3,630,520
Financial liabilities						
Customer deposits	1,963,923	688,267	223,116	9,007	58,469	2,942,782
Deposits from banks	1,487	44,263	15,688	15,665	378	77,481
Financial liabilities held for trading	1,697	-	-	-	4	1,701
Borrowings	28,698	95,442	140	2,012	10	126,302
Other liabilities	53,724	85,427	24,473	13,576	4,534	181,734
	2,049,529	913,399	263,417	40,260	63,395	3,330,000

3.4.3 Foreign exchange risk *(continued)*

BANK

	Naira N 'millions	USD N 'millions	GBP N 'millions	Euro N 'millions	Others N 'millions	Total N 'millions
31 December 2014						
Financial assets						
Cash and balances with Central Banks	664,452	4,238	827	525	3	670,045
Loans and advances to banks	22,081	174,600	33,210	11,688	1,263	242,842
Loans and advances to customers						
- Overdrafts	186,895	108,305	7	51		295,257
- Term loans	755,267	717,731	-	344		1,473,342
- Staff loans	6,152	-	-	-		6,152
- Project finance	15,766	759	-	-		16,525
- Advances under finance lease	2,761	-	-	-		2,761
Investment securities						
Available-for-sale investments	371,831	32,677	-	-	-	404,508
Held to maturity investments	140,467	-	-	-	-	140,467
Asset pledged as collateral	63,158	-	-	-	-	63,158
Financial assets held for trading	904	8,354	-	-	-	9,258
Other assets	12,096	5,215	11	1	0	17,323
	2,241,830	1,051,879	34,055	12,609	1,266	3,341,638
Financial liabilities						
Customer deposits	2,030,463	505,144	9,827	5,588	0	2,551,022
Deposits from banks	13,087	6,131	-	24	3	19,245
Financial liabilities held for trading	58	7,755	-	133	-	7,946
Borrowings	30,416	346,227	256	1,029	22	377,950
Other liabilities	76,731	20,240	553	3,433	695	101,652
	2,150,755	885,497	10,636	10,207	720	3,057,815
31 December 2013						
Financial assets						
Cash and balances with CBN	538,350	1,753	477	638	3	541,221
Loans and advances to banks	9,623	315,410	28,513	11,756	2,269	367,571
Loans and advances						
- Overdrafts	273,020	54,184	-	5	-	327,209
- Term loans	637,944	422,758	-	17,495	3	1,078,200
- Staff loans	5,532	-	-	-	-	5,532
- Project finance	50,150	10,653	-	-	-	60,803
- Advances under finance lease	2,095	-	-	-	-	2,095
Investment securities						
Available-for-sale investments	328,171	30,881	-	-	-	359,052
Held to maturity investments	278,876	-	-	-	-	278,876
Asset pledged as collateral	52,406	-	-	-	-	52,406
Financial assets held for trading	2,225	-	-	-	-	2,225
Other assets	10,559	12,124	191	85	9	22,968
	2,188,951	847,763	29,181	29,979	2,284	3,098,158
Financial liabilities						
Customer deposits	1,952,814	605,971	8,120	3,814	-	2,570,719
Deposits from banks	1,487	124	-	8,544	-	10,155
Financial liabilities held for trading	1,697	-	-	-	-	1,697
Borrowings	28,699	94,506	140	2,012	6	125,363
Other liabilities	50,017	75,880	21,058	7,485	2,381	156,821
	2,034,714	776,481	29,318	21,855	2,387	2,864,755

3.4.3 Foreign exchange risk *(continued)*

The group is exposed to the US dollar and EURO currencies.

The following table details the Group's sensitivity to a 5% increase and decrease in Naira against the US dollar and EURO. Management believe that a 5% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding US dollar and EURO denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 5% against the US dollar and EURO. For a 5% strengthening of Naira against the US dollar and EURO, there would be an equal and opposite impact on profit.

	GROUP		BANK	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Naira strengthens by 5% against the US dollar Profit/(loss)	(18,267)	(8,682)	(8,319)	(3,564)
Naira weakens by 5% against the US dollar Profit/(loss)	18,267	8,682	8,319	3,564
Naira strengthens by 5% against the EURO Profit/(loss)	(4,628)	(4,444)	(120)	(406)
Naira weakens by 5% against the EURO Profit/(loss)	4,628	4,444	120	406

3.4.4 Interest rate risk

Interest rate risk is the risk of loss in income or portfolio value as a result of changes in market interest rates. The Group is exposed to interest rate risk in its fixed income securities portfolio, as well as on the interest sensitive assets and liabilities in the course of banking and or trading. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Asset and Liability Committee.

The table below summarises the Group's interest rate gap position showing its exposure to interest rate risks. Value at risk exposure is disclosed in Note 3.4.2.

	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
GROUP				
31 December 2014				
Financial assets				
Cash and balances with Central Banks	697,601	8,238	7,500	681,863
Loans and advances to banks	430,053	207,842	43,777	178,434
Loans and advances				
- Overdrafts	314,112	314,112	-	-
- Term loans	1,792,119	1,792,119		-
- Staff loans	7,013	-	7,013	-
- Project finance	77,558	77,558	-	-
- Advances under finance lease	2,761	2,761	-	-
Investment securities:				
Available-for-sale investments	442,551	-	400,206	42,345
Held to maturity investments	156,353	-	156,353	
Assets pledged as collateral	64,527	-	64,527	-
Financial assets held for trading	10,708	-	2,354	8,354
Other assets	26,728	-	-	26,728
	4,022,084	2,402,630	681,730	937,724
Financial liabilities				
Customer deposits	2,989,735	1,360,118	1,084,852	544,765
Deposits from banks	163,710	144,599	9,100	10,011
Financial liabilities held for trading	9,913	-	-	9,913
Borrowings	362,976	185,000	177,976	-
Other liabilities	129,484	-	-	129,484
	3,655,818	1,689,717	1,271,928	694,173
Interest rate mismatch		712,913	(590,198)	243,551

3.4.4 Interest rate risk continued

	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
31 December 2013				
Financial assets				
Cash and balances with Central Banks	593,973	181,281	-	412,692
Loans and advances to banks	415,210	287,412	126,019	1,779
Loans and advances				
- Overdrafts	340,054	340,054	-	-
- Term loans	1,388,912	1,346,891	42,021	-
- Staff loans	6,071	-	6,071	-
- Project finance	60,803	60,803	-	-
- Advances under finance lease	2,095	2,095	-	-
Investment securities				
Available-for-sale investments	451,423	-	416,013	35,410
Held to maturity investments	283,267		283,267	-
Assets pledged as collateral	53,651	-	53,650	-
Financial assets held for trading	4,743	-	3,102	1,641
Other assets	30,318	-	-	30,317
	3,630,520	2,218,536	930,143	481,839
Financial liabilities				
Customer deposits	2,942,782	2,282,463	627,520	32,799
Deposits from banks	77,481	68,052	8,745	684
Financial liabilities held for trading	1,701	-	-	1,701
Borrowings	126,302	1,603	124,699	-
Other liabilities	181,732	-	-	181,732
	3,329,998	2,352,118	760,964	216,916
Interest rate mismatch		(133,582)	169,178	264,923

The table below summarises the Bank's interest rate gap position

	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
BANK				
31 December 2014				
Financial assets				
Cash and balances with Central Bank of Nigeria	670,045	-	7,500	662,545
Loans and advances to banks	242,842	36,105	28,332	178,405
Loans and advances				
- Overdrafts	295,257	295,257	-	-
- Term loans	1,473,342	1,473,342	-	-
- Staff loans	6,152	-	6,152	-
- Project finance	16,525	16,525	-	-
- Advances under finance lease	2,761	2,761	-	-
Investment securities				
Available-for-sale investments	404,508		362,383	42,125
Held to maturity investments	140,467		140,467	
Assets pledged as collateral	63,158	-	63,158	-
Financial assets held for trading	9,258	-	904	8,354
Other assets	17,323	-	-	17,323
	3,341,638	1,823,990	608,896	908,752
Financial liabilities				
Customer deposits	2,551,022	1,344,143	713,611	493,268
Deposits from banks	19,246	136	9,100	10,010
Financial liabilities held for trading	7,946	-	-	7,946
Borrowings	377,950	205,716	172,234	-
Other liabilities	101,652	-	-	101,652
	3,057,816	1,549,995	894,945	612,876
Interest rate mismatch		273,995	(286,049)	295,876

3.4.4 Interest rate risk continued
BANK

31 December 2013	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
Financial assets				
Cash and balances with Central Bank of Nigeria	541,221	177,507	-	363,714
Loans and advances to banks	367,571	252,999	112,794	1,779
Loans and advances				
- Overdrafts	327,209	327,209	-	-
- Term loans	1,078,200	1,036,179	42,021	-
- Staff loans	5,532	-	5,532	-
- Project finance	60,803	60,803	-	-
- Advances under finance lease	2,095	2,095	-	-
Investment securities				
Available-for-sale investments	359,052	-	325,839	33,213
Held to maturity investments	278,876	-	278,876	-
Assets pledged as collateral	52,406	-	52,406	-
Financial assets held for trading	2,225	-	584	1,641
Other assets	22,968	-	-	22,968
	3,098,158	1,856,792	818,052	423,315
Financial liabilities				
Customer deposits	2,570,719	2,112,914	457,805	-
Deposits from banks	10,155	956	8,533	666
Financial liabilities held for trading	1,697	-	-	1,697
Borrowings	125,363	1,603	123,760	-
Other liabilities	156,821	-	-	156,821
	2,864,755	2,115,473	590,098	159,184
Interest rate mismatch		(258,681)	227,954	264,130

Interest rate sensitivity gap analysis

The table below summarises the repricing profile of FirstBank Nigeria Ltd.'s non-trading book as at 31st December 2014. Carrying amounts of items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The interest rate exposure of the other subsidiaries' is considered insignificant to the Group. Thus, the repricing profile of the bank is deemed to be fairly representative of the Group.

Figures in N'bn	<=30 DAYS	31 - 90 DAYS	91 - 180 DAYS	181 - 365 DAYS	1 - 2 YEARS	2 YEARS & ABOVE	Rate Sensitive
Treasury Bills	54	74	162	13	-	-	303
Government Bonds	-	-	33	(2)	153	72	256
Corporate Bonds	-	-	-	2	5	-	7
Loans and advances to banks	243	-	-	-	-	-	243
Project Finance	20	28	4	4	4	-	60
Term Loans	159	224	109	226	364	300	1,382
Overdraft	24	49	73	150	-	-	296
Equipment on Lease	-	-	3	-	-	-	3
Staff Loans	-	-	6	-	-	-	6
TOTAL ASSETS	500	375	390	393	526	372	2,556
Deposits from customers	412	365	172	211	190	439	1,789
Deposits from banks	20	-	-	-	-	-	20
Medium term loan	54	129	8	0	1	142	334
TOTAL LIABILITIES	486	494	180	211	191	581	2,143
	14	(119)	210	182	335	(209)	413

Current and Savings deposits, which are included within customer deposits, are repayable on demand on a contractual basis. In practice however, these deposits form a stable base for the bank's operations and liquidity needs because of the broad customer base – both numerically and by depositor type. From the bank's experience, about 49% of these demand deposits are non-rate sensitive. These classes of deposits have been allocated into maturity buckets based on historical maturity patterns.

The sensitivity analyses below for FirstBank Nigeria Limited has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 7% increase or decrease is used when reporting interest rate risk for Nibor and 3% is used when reporting interest rate risk for USD Libor or EURIBOR. The interest rate exposure of the other subsidiaries is considered insignificant to the Group. Thus, the repricing profile of the bank is deemed to be fairly representative of the Group.

3.4.4 Interest rate risk continued

Interest rate sensitivity gap analysis

Management believe that the following movements in either direction (per currency) are reasonably possible at the balance sheet date

Reasonable possible movement

	BANK	
	31 Dec 2014	31 Dec 2013
Nibor Increase by 7%		
Profit/(loss)	(10,810)	9,769
Nibor decrease by 7%		
Profit/(loss)	19,086	(7,366)
USD Libor increases by 3%		
Profit/(loss)	16,435	9,593
USD Libor decreases by 3%		
Profit/(loss)	(17,938)	(11,466)
EURIBOR increases by 3%		
Profit/(loss)	(22)	205
EURIBOR decreases by 3%		
Profit/(loss)	(5)	473

3.5 Equity risk

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE) and other non-quoted investments. Equity securities quoted on the NSE is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

As at 31 December 2014, the market value of quoted securities held by the Group is N1.47billion (2013: N3.9 billion). If the all share index of the NSE moves by 1600 basis points from the 34,657.45 position at 31 December 2014, the effect on the fair value of these quoted securities and the other comprehensive income statement would have been N25.25 million.

The Group holds a number of investments in unquoted securities with a market value of N40.65 billion (2013: N35.54 billion) of which investments in African Finance Corporation (63%), Airtel Nigeria Ltd (23%), and Interswitch Ltd (9%) are the significant holdings. These investments were valued at N25.65 billion (cost N12.7 billion); N9.53 billion (cost N2.9 billion) and N3.73 billion (cost N31 million) respectively as at 31 December 2014. AFC is a private sector led investment bank and development finance institution which has the Central Bank as a single major shareholder (42.5%) with other African financial institutions and investors holding the remaining shares. Airtel Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform. Interswitch is an integrated payment and transaction processing company that provides technology integration, advisory services, transaction processing and payment infrastructure to banks, government and corporate organisations. These investments are level 3 instruments , see sensitivity analysis in note 3.6.

The Group does not deal in commodities and is therefore not exposed to any commodity price risk.

3.6 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

The following table presents the group's assets and liabilities that are measured at fair value at reporting date. There was no transfer between levels during the year.

Recurring Fair value measurement

GROUP

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2014				
Financial assets				
Financial assets held for trading				
Debt Securities	604	300	-	904
Derivatives	-	9,804	-	9,804
Available-for-sale financial assets				
Investment securities - debt	349,546	50,659	-	400,205
Investment securities - unlisted equity	-	-	40,722	40,722
Investment securities - listed equity	1,623	-	-	1,623
Assets pledged as collateral	16,261	2,942	-	19,203
Financial liabilities held for trading				
Derivatives	-	9,913	-	9,913
31 December 2013				
Financial assets held for trading				
Debt Securities	584	-	-	584
Derivatives	-	4,159	-	4,159
Available-for-sale financial assets				
Investment securities - debt	343,074	72,939	-	416,013
Investment securities - unlisted equity	-	-	31,659	31,659
Investment securities - listed equity	3,751	-	-	3,751
Assets pledged as collateral	20,382	-	-	20,382
Financial liabilities held for trading				
Derivatives	-	1,701	-	1,701

BANK

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2014				
Financial assets				
Financial assets held for trading				
Listed Debt Securities	604	300	-	904
Derivatives	-	8,354	-	8,354
Available-for-sale financial assets				
Investment securities - debt	317,985	44,397	-	362,382
Investment securities - unlisted equity	-	-	40,655	40,655
Investment securities - listed equity	1,470	-	-	1,470
Assets pledged as collateral	16,261	2,942	-	19,203
Financial liabilities held for trading				
Derivatives	-	7,946	-	7,946

3.6 Fair value of financial assets and liabilities continued

31 December 2013				
Financial assets				
Financial assets held for trading				
Listed Debt Securities	584	-	-	584
Derivatives	-	1,641	-	1,641
Available-for-sale financial assets				
Investment securities - debt	265,562	60,277	-	325,839
Investment securities - unlisted equity	-	-	31,659	31,659
Investment securities - listed equity	1,554	-	-	1,554
Assets pledged as collateral	19,137	-	-	19,137
Financial liabilities held for trading				
Derivatives	-	1,697	-	1,697

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active 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. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily bonds and equity investments classified as trading securities or available for sale.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:
a) Quoted market prices or dealer quotes for similar instruments;
b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
c) Other techniques, such as discounted cash flow analysis, sales prices of comparable proprties in close proximity , are used to determine fair value for the remaining financial instruments.
Note that all of the resulting fair value estimates are included in Level 2 except for certain unquoted equities explained below.

(iii) Financial instruments in level 3

Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components.

The following table presents changes in level 3 instruments

GROUP	
At 1 January 2013	-
Transfer out of Level 3 due to availability of market data	46,309
Total losses recognised through OCI	(14,650)
At 31 December 2013	31,659
Total Gains/(losses) recognised through OCI	8,996
Transfer into Level 3 due to change in observability of market data	67
At 31 December 2014	40,722
BANK	
At 1 January 2013	-
Transfer out of Level 3 due to availability of market data	46,309
Total losses recognised through OCI	(14,650)
At 31 December 2013	31,659
Total Gains/(losses) recognised through OCI	8,996
Transfer into Level 3 due to change in observability of market data	-
At 31 December 2014	40,655

Total gains or losses for the period included in profit or loss are presented in 'Net gains/(losses) from investment securities.

3.6 Fair value of financial assets and liabilities continued

Information about the fair value measurements using significant unobservable Inputs (Level 3)

Description		Valuation technique	Range of Unobservable Input(probability-weighted average)	Relationship of unobservable inputs to fair value	
AIRTEL NIGERIA		EV/EBITDA	25% illiquidity discount	the higher the illiquidity discount the lower the fair value	
NIBSS PLC		EV/EBITDA	25% illiquidity discount	the higher the illiquidity discount the lower the fair value	
AFREXIM BANK LIMITED		P/E multiples	10% illiquidity discount	the higher the illiquidity discount the lower the fair value	
INTERSWITCH LIMITED		EV/EBITDA	25% illiquidity discount	the higher the illiquidity discount the lower the fair value	
AFRICA FINANCE CORPORATION		P/E multiples	10% illiquidity discount	the higher the illiquidity discount the lower the fair value	

EV/EBITDA or P/E valuation multiple - the bank determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The bank then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the enterprise value of the comparable company by its earning before interest, tax, depreciation and amortisation (EBITDA), or dividing the quoted price of the comparable company by its net income (P/E). The trading multiple is then adjusted for discounts/premiums with regards to such consideration as illiquidity and other differences, advantages and disadvantages between the bank's investee company and the comparable public companies based on company-specific facts and circumstances.
A reasonable change in the illiquidity discount will not result in a material change to the fair value of the investment.

(iv) Group's valuation process

The Group's asset liability management (ALM) unit performs the valuation of financial assets required for financial reporting purposes. This team also engages external specialist valuers when the need arises, and reports directly to the Chief Risk Officer. Discussions on the valuation process and results are held between the ALM team and the Chief Risk Officer on a monthly basis in line with the group's management reporting dates.

3.7 Financial instruments not measured at fair value

(a) Table below shows the carrying value of financial assets not measured at fair value.

Fair value hierachy
GROUP

31 December 2014	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
Financial assets				
Cash and balances with central banks	-	697,601	-	697,601
Loans and advances to banks	-	430,053	-	430,053
Loans and advances to Customers:				
- Overdrafts	-		314,112	314,112
- Term loans			1,792,119	1,792,119
- Staff loans	-	-	7,013	7,013
- Project finance	-	-	77,558	77,558
- Advances under finance lease	-	-	2,761	2,761
Held to maturity investments	110,139	46,214	-	156,353
Asset pledged as collateral	43,962	1,362	-	45,324
Other assets	-	26,728	-	26,728
Deposit from customers	-	2,989,735	-	2,989,735
Deposit from bank	-	163,710	-	163,710
Borrowing	141,819	221,157	-	362,976
Other liabilities	-	129,484	-	129,484

Financial instruments not measured at fair value *(continued)*

Fair value hierachy

GROUP

31 December 2013	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
Financial assets				
Cash and balances with central banks	-	593,973	-	593,973
Loans and advances to banks	-	415,210	-	415,210
Loans and advances to Customers:				
- Overdrafts	-		340,054	340,054
- Term loans			1,388,912	1,388,912
- Staff loans	-	-	6,071	6,071
- Project finance	-	-	60,803	60,803
- Advances under finance lease	-	-	2,095	2,095
Held to maturity investments	159,791	123,476	-	283,267
Asset pledged as collateral	33,269	-	-	33,269
Other assets	-	30,318	-	30,318
Deposit from customers	-	2,942,782	-	2,942,782
Deposit from bank	-	77,481	-	77,481
Borrowing	-	126,302	-	126,302
Other liabilities	-	181,734	-	181,734

BANK

31 December 2014	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
Financial assets				
Cash and balances with central banks	-	670,045	-	670,045
Loans and advances to banks	-	242,842	-	242,842
Loans and advances to Customers:				
- Overdrafts	-		295,257	295,257
- Term loans			1,473,342	1,473,342
- Staff loans	-	-	6,152	6,152
- Project finance	-	-	16,525	16,525
- Advances under finance lease	-	-	2,761	2,761
Held to maturity investments	105,087	35,380	-	140,467
Asset pledged as collateral	43,955	-	-	43,955
Other assets	-	17,323	-	17,323
Deposit from customers	-	2,551,022	-	2,551,022
Deposit from bank	-	19,246	-	19,246
Borrowing	141,819	236,131	-	377,950
Other liabilities	-	101,652	-	101,652

31 December 2013	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
Financial assets				
Cash and balances with central banks	-	541,221	-	541,221
Loans and advances to banks	-	367,571	-	367,571
Loans and advances to Customers:				
- Overdrafts	-		327,209	327,209
- Term loans			1,078,200	1,078,200
- Staff loans	-	-	5,532	5,532
- Project finance	-	-	60,803	60,803
- Advances under finance lease	-	-	2,095	2,095
Held to maturity investments	155,400	123,476	-	278,876
Asset pledged as collateral	33,269	-	-	33,269
Other assets	-	22,968	-	22,968
Deposit from customers	-	2,570,719	-	2,570,719
Deposit from bank	-	10,155	-	10,155
Borrowing	-	125,363	-	125,363
Other liabilities	-	156,821	-	156,821

3.7 **Financial instruments not measured at fair value**

(b) The fair value of loans and advances to customers (including loan commitments), investment securities and assets held for sale are as follows:

	At 31st December 2014		At 31st December 2013	
	Carrying value N 'millions	Fair value N 'millions	Carrying value N 'millions	Fair value N 'millions
GROUP				
Financial assets				
Loans and advances to customers				
Fixed rate loans	7,013	4,989	48,308	47,489
Variable rate loans	2,186,550	2,186,550	1,749,627	1,749,615
Investment securities (held to maturity)	156,353	124,566	283,266	251,533
Asset pledged as collateral	45,324	30,649	33,269	24,040
Financial liability				
Borrowings	362,976	350,437	126,302	127,592

	At 31st December 2014		At 31st December 2013	
	Carrying value N 'millions	Fair value N 'millions	Carrying value N 'millions	Fair value N 'millions
BANK				
Financial assets				
Loans and advances to customers:				
Fixed rate loans	6,152	4,377	47,553	47,070
Variable rate loans	1,787,885	1,787,885	1,426,287	1,425,893
Investment securities (held to maturity)	140,467	108,580	278,875	247,550
Asset pledged as collateral	43,955	29,281	33,268	24,040
Financial liability				
Borrowings	377,950	365,343	125,363	126,652

Investment securities have been fair valued using market prices and is within level 1 of the fair value hierarchy.

(c) The carrying value of the following financial assets and liabilities for both the bank and group approximate their fair values:

Cash and balances with Central banks
Loans and advances to banks
Assets held for sale
Other assets (excluding prepayments)
Deposits from banks
Deposits from customers
Other liabilities (excluding provisions and accruals)

4. Capital management

The Group's objectives in managing capital are (i) to comply with the capital requirements set by the Central Bank of Nigeria, (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain an optimal capital structure suitable for the Group's business strategy.

The Group's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors. The Bank has an Internal Capital Adequacy Assessment Process which proactively evaluates capital needs vis business growth and the operating environment. It also guides the capital allocation among the subsidiaries and the business units. The Bank's internal capital adequacy assessment entails periodic review of risk management processes and stress testing models to gauge the vulnerability of the bank to exceptional yet possible events; monitoring of levels of risk exposures; and strategic business focus through a system of internal controls that provides assurance to those charged with governance on risk management models and processes.

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve. Non-controlling interests arising on consolidation from interests in permanent shareholders' equity. The book value of goodwill, unpublished losses and under provisions are deducted in arriving at qualifying Tier 1 capital; and

- Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising from the fair valuation of financial instruments held as available for sale. Under the Basel II requirements as implemented in Nigeria, Tier 2 capital is restricted to $33^1/_3$% of Tier 1 capital.

During the year, Nigerian banks based on regulatory requirements issued by the Central Bank migrated from the Basel I to Basel II in terms of capital adequacy monitoring and reporting. Basel II introduced capital charges for operational risk and market risks which hitherto were unweighted, in addition to the credit risk.

The Central Bank of Nigeria prescribed a minimum limit of 15% of total qualifying capital/total risk weighted assets as a measure of capital adequacy of banks with international banking licence in Nigeria. Total qualifying capital consists of tier 1 and 2 capital less investments in subsidiaries and other regulatory adjustments.

The Bank works to maintain adequate capital cover for its trading activities, with a minimum internal target of 16%. Current position is closely monitored and reported fortnightly to the Assets and Liabilities Management Committee.

The table below summarises the Basel II capital adequacy ratio for 2014 and 2013 (December 2013 capital adequacy ratio [Group: 17.73% and Bank: 16.76%] was initially reported in accordance with the requirements of Basel 1 Accord as adopted by the Central Bank of Nigeria). It shows the composition of regulatory capital and ratios for the years. During those years, the individual entities within the Group complied with all the regulatory capital requirements to which they are subjected.

	Group '31 Dec 2014 N 'millions	Group '31 Dec 2013 N 'millions	Bank '31 Dec 2014 N 'millions	Bank '31 Dec 2013 N 'millions
Tier 1 capital				
Share capital	16,316	16,316	16,316	16,316
Share premium	189,241	189,241	189,241	189,241
Statutory reserve	64,524	51,988	63,231	51,329
Non-controlling interest	1,641	1,626	-	-
SMEEIS reserves	6,076	6,076	6,076	6,076
Retained eamings	118,620	93,584	87,200	67,166
Less: Goodwill/Deferred Tax	(6,736)	(11,172)	(1,343)	(3,655)
Less: Loan to subsidiary			(14,541)	
less: Investment in unconsolidated subsidiaries	-	-	(29,493)	(29,265)
Total qualifying for tier 1 capital	389,682	347,658	316,687	297,208
Tier 2 capital				
Fair value reserve	14,001	14,228	16,126	13,063
Other borrowings	141,819	47,249	141,819	47,249
Total Tier 2 Capital	155,820	61,477	157,945	60,312
Tier 2 Capital Restriction	132,139	61,478	120,688	60,312
less: Investment in unconsolidated subsidiaries	-	-	(29,493)	(29,265)
Total qualifying for tier 2 capital	132,139	61,478	91,195	31,047
Total regulatory capital	521,821	409,136	407,882	328,255
Risk-weighted assets				
Credit Risk	2,641,045	2,587,551	2,131,421	2,029,705
Operational Risk	485,259	421,658	453,746	393,993
Market Risk	46	783	46	783
Total risk-weighted assets	3,126,350	3,009,991	2,585,214	2,424,481
Risk-weighted Capital Adequacy Ratio (CAR)	16.69%	13.59%	15.78%	13.54%
TIER I CAR	12.46%	11.55%	12.25%	12.26%

5 Significant accounting judgments, estimates and assumptions

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality

a Impairment charges on financial assets

The Group reviews its loan portfolios for impairment on an on-going basis. 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. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio, when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio. In other circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic conditions such that the most recent trends in risk factors are not fully reflected in the historical information. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment loss derived solely from historical loss experience.

The detailed methodologies, areas of estimation and judgement applied in the calculation of the Group's impairment charge on financial assets are set out in the Financial risk management section.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends, and interest rates. The assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience. See note 3 for more information.

b Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 3.6 for additional sensitivity information for financial instruments

c Held-to-maturity investments

In accordance with IAS 39 guidance, the Group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Group is required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

d Retirement benefit obligation

For defined benefit pension plans, the measurement of the group's benefit obligation and net periodic pension cost/(income) requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. See note 35, "Retirement benefits obligation," for a description of the defined benefit pension plans. An actuarial valuation is performed by actuarial valuation experts on an annual basis to determine the retirement benefit obligation of the group.

5 Significant accounting judgments, estimates and assumptions

e Impairment of Goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

An impairment charge of N501 million arose in ICB Guinea in the retail segment during the course of year 2014,resulting in the carrying amount of the CGU being written down to its recoverable amount.

If the terminal growth rate had been higher by 0.5%,the group would have recognised impairment lower by N20 million while if it had been lower by 0.5% a further charge of N19 million would have been recognised in the group books. See note 29 for key assumptions on impairment testing for goodwill.

If the weighted average cost of capital rate had been lower by 0.5% the group would have recognised impairment lower by N45 million while if it had been higher by 0.5% a further charge of N43 million would have been recognised in the group's books.

6 Segment information

Following the management adoption of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Group's Management Committee (the chief operating decision maker), which is responsible for allocating resources to the operating segments and assesses its performance.
The Group is divided into the following business units:

Retail Banking
Retail Banking cuts across private individuals, businesses and public sector clients, at the lower end of the market. It also covers small and medium enterprises (SMEs), local government agencies, and affluent customers.

Corporate Banking
Corporate Banking serves the middle segment of the business banking value chain, and clients comprise predominantly unrated and non-investment grade companies with a generally higher risk profile compared to institutional clients.

Institutional Banking
The Institutional Banking segment is the top end of the business banking value chain and consists of the largest organisations across our target industries i.e., oil and gas, conglomerates and services, manufacturing, telecommunications, transport, financial institutions/multilaterals, construction and infrastructure.

Public Sector
The public sector banking serves the three tiers of government especially the state governments. It also caters for government's parastatals, Ministries,Department and Agencies (MDAs) by serving their banking needs and provide structured facilities to aid in the economic development of the country.

Treasury Services
The corporate treasury serves the needs of the group in the following areas among others:
- Cash Management
- Liquidity Planning and Control
- Management of interest, currency and commodity risks
- Procurement of finance and financial investments
- Contacts with banks and rating agencies
- Corporate finance.

Others
This segment includes the corporate office excluding treasury services.

The Group's management reporting is based on a measure of operating profit . This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Group management committee.

Segment result of operations

Total revenue in the segment represents: Interest income, fee and commission income, net gains or losses on foreign exchange income, net gains/ losses on investment securities, net gains/ losses from financial assets classified as held for trading, dividend income and other operating income.

The segment information provided to the Group management committee for the reportable segments for the year ended 31 December 2014 is as follows:

	Institutional Banking N 'millions	Corporate Banking N 'millions	Retail Banking N 'millions	Public Sector N 'millions	Treasury Services N 'millions	Others N 'millions	Total N 'millions
At 31st December 2014							
Total segment revenue	61,828	88,038	230,325	34,622	28,829	11,454	455,096
Inter-segment revenue	21,356	20,461	(81,189)	(17,287)	61,055	(4,397)	-
Revenue from external customers	83,183	108,499	149,136	17,335	89,884	7,057	455,096
Profit/(loss) before tax	37,105	47,526	149,346	10,183	24,890	(174,599)	94,451
Income tax expense	(44)	(2,035)	(165)	-	(377)	(6,905)	(9,526)
Profit for the year	37,061	45,491	149,181	10,183	24,513	(181,504)	84,925
Impairment charge on credit losses	(561)	(14,257)	(9,180)	(637)	-	(3,213)	(27,848)
Impairment charge on doubtful receivables	-	-	-	-	-	(17)	(17)
Impairment charge on goodwill	-	-	-	-	-	(501)	(501)
Profit for the year from discontinued operations	-	-	-	-		(84)	(84)
Depreciation	-	-	-	-	-	(10,531)	(10,531)

6 Segment information continued

	Institutional Banking N 'millions	Corporate Banking N 'millions	Retail Banking N 'millions	Public Sector N 'millions	Treasury Services N 'millions	Others N 'millions	Total N 'millions
At 31st December 2014							
Total assets	684,887	1,030,227	450,833	37,260	548,163	1,380,265	**4,131,635**
Other measures of assets:							
Loans and advances to customers	677,724	1,030,227	448,331	37,260	-	21	**2,193,563**
Investment in associates	-	-	-	-	-	-	-
Expenditure on non-current assets	-	-	-	-	-	83,404	**83,404**
Investment securities	7,163	-	2,503	-	546,893	42,345	**598,904**
Total liabilities	312,649	694,974	1,619,975	429,508	4,896	606,616	**3,668,618**
At 31st December 2013							
Total segment revenue	79,988	74,637	98,468	34,843	83,371	375	**371,682**
Inter-segment revenue	(23,801)	(12,815)	82,985	29,609	(75,955)	(23)	**-**
Revenue from external customers	56,187	61,822	181,453	64,452	7,416	352	**371,682**
Profit/(loss) before tax	44,825	34,952	133,369	37,647	22,434	(186,643)	**86,586**
Income tax expense						(21,009)	**(21,009)**
Profit for the year	44,825	34,952	133,369	37,647	22,434	(207,652)	**65,577**
Impairment charge on credit losses	(5,458)	(11,014)	(7,107)	691	-	-	**(22,887)**
Impairment charge on doubtful receivables		-	-	-	-	(264)	**(264)**
Profit for the year from discontinued operations	-	-	-	-	-	875	**875**
Depreciation	-	-	-	-	-	(9,823)	**(9,823)**

	Institutional Banking N 'millions	Corporate Banking N 'millions	Retail Banking N 'millions	Public Sector N 'millions	Treasury Services N 'millions	Others N 'millions	Total N 'millions
At 31st December 2013							
Total assets	616,291	670,530	328,797	182,317	757,674	1,193,766	**3,749,375**
Other measures of assets:							
Loans and advances to customers	616,291	670,530	328,797	182,317	-	-	**1,797,935**
Investment in associates	-	-	-	-	-	6,225	**6,225**
Expenditure on non-current assets	-	-	-	-	-	78,489	**78,489**
Investment securities	-	-	-	-	699,280	35,410	**734,690**
Total liabilities	321,558	589,275	1,333,723	705,693	143,360	270,618	**3,364,227**

Geographical information

Revenues

	31 Dec 2014 N 'millions	31 Dec 2013 N 'millions
Nigeria	413,913	344,806
Outside Nigeria	41,181	26,876
Total	**455,094**	**371,682**

Non current asset

	31 Dec 2014 N 'millions	31 Dec 2013 N 'millions
Nigeria	76,590	73,724
Outside Nigeria	6,814	4,766
Total	**83,404**	**78,490**

7 Interest income

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Investment securities	79,627	76,071	69,516	71,571
Loans and advances to banks	14,071	15,085	8,044	9,202
Loans and advances to customer	255,579	219,068	232,376	203,665
	349,277	310,224	309,936	284,438

Interest income on loans and advances to customers includes interest income on impaired financial assets, recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. This is analysed as follows: Group N0.598 billion (2013:N1.3 billion) and Bank N0.499 billion (2013:N1.3 billion)

8 Interest expense

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Customer Deposits	89,085	79,678	81,788	73,592
Deposit from banks	2,713	2,631	2,248	2,094
Borrowings	17,924	4,100	10,451	2,043
	109,722	86,409	94,487	77,729

9 Impairment charge for credit losses

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Loans and advances to customers (refer note 20)				
Increase in collective impairment	2,960	1,265	2,343	1,262
Increase in specific impairment	24,888	21,622	20,727	20,912
	27,848	22,887	23,070	22,174
Net recoveries on loans previously written off	(2,135)	(2,630)	(2,089)	(2,597)
Other assets (refer note 31.1)				
Increase/(decrease) in impairment	17	264	(57)	261
	25,730	20,521	20,924	19,838

The Group Impairment charge in the financial year ended December 2014 stood at N27.8 billion from N22.8 billion recorded in December 2013. This is due to the recognition of impairment in some small-medium sized exposures to fast track remedial action in line with the bank's delinquency management/loan workout process.

10 (a) Fee and commission income

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Credit related fees	2,435	2,782	1,374	1,919
Commission on turnover	15,284	17,618	15,270	17,615
Letters of credit commissions and fees	6,636	5,472	5,327	4,527
Electronic banking fees	11,465	7,648	11,465	7,648
Money transfer commission	2,195	3,634	2,177	1,837
Commission on Bonds and Guarantees	1,146	617	1,131	620
Funds transfer & Intermediation fees	5,086	3,388	3,171	3,193
Account Maintenance	8,344	7,931	7,749	7,220
Brokerage and Intermediations	4,631	3,810	1,076	1,154
Other fees and commissions	1,277	346	676	114
	58,499	53,246	49,416	45,847

10 (b) Fee and commission expense

	GROUP 2014	GROUP 2013	BANK 2014	BANK 2013
Fee and commission expense	6,940	5,448	8,574	5,479

Fee and commission expense relates to charges raised by other banks on holders of First Bank Limited ATM cards, who make use of the other banks machines while transacting business,and SMS alert related expenses.

11 Net gains/(losses) on Foreign exchange income

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Fair value gain/(loss) on foreign exchange	29,174	(2,417)	28,607	(2,620)
Foreign exchange trading income	14,110	9,042	12,676	7,370
	43,284	6,625	41,283	4,750

The revaluation gain in 2014 is due to exchange rate movements on the bank's long foreign currency balance sheet position as at 31 December

12 Net gains/(losses) on investment securities

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Equity securities	769	(489)	91	(554)
Debt securities	68	1,872	55	3,485
	837	1,383	146	2,931

13 Net gains / (losses) from financial instruments held for trading

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Derivatives	569	595	569	595
Trading income on Debt securities	-	(20)	-	(20)
Fair value loss on Debt securities	(28)	(1,961)	(28)	(1,961)
	541	(1,386)	541	(1,386)

14 Other operating income

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Profit on sale of property, plant and equipment	382	284	401	302
Other income	1,455	683	1,032	359
	1,837	967	1,433	661

Other income is largely comprises of income made by the group from private banking services.

15 (a) Operating expenses

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Auditors' remuneration	315	321	250	300
Directors' emoluments	5,340	6,085	4,311	5,262
Regulatory cost	30,159	24,922	29,809	24,627
Maintenance	19,079	21,916	18,668	21,924
Insurance premium	1,729	1,296	1,333	1,296
Rent & rates	4,025	2,710	3,670	2,710
Advert and Corporate Promotions	11,783	7,704	11,629	7,474
Legal and Professional fees	2,109	2,011	1,531	1,526
Donations & Subscriptions	1,792	1,747	1,458	1,558
Stationary & printing	2,195	2,016	1,972	1,869
Consultancy Fees	1,966	1,534	1,676	1,418
Communications,lights and power	6,106	3,053	5,987	3,053
Cash handling charges	3,042	2,771	3,016	2,771
Operational and other losses	18,488	5,155	16,950	3,947
Passages & Travels	5,058	5,092	5,054	5,092
Outsourced cost	12,248	9,850	12,248	9,850
Impairment of investment in subsidiaries	-	-	2,121	-
Other operating expenses	8,674	3,022	6,044	1,631
	134,108	101,205	127,727	96,308

15 (b) Personnel expenses

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Wages and salaries	67,625	52,579	58,298	45,617
Pension costs:				
- Defined contribution plans	2,711	2,550	2,463	2,429
- Defined benefit plans (Note 35)	166	3,689	26	3,603
- Other employee benefits	2,224	1,638	2,224	1,638
	72,726	60,456	63,011	53,287

16 Taxation

	GROUP 31 December 2014	GROUP 31 December 2013	BANK 31 December 2014	BANK 31 December 2013
Corporate tax	6,161	15,200	2,937	11,748
National Fiscal Levy/ Contingent Tax	-	13	-	-
Education tax	-	1,301	-	1,258
Technology tax	814	769	814	769
Capital gains tax	-	27	-	27
Under provision in prior years	-	11	-	-
Current income tax - current period	6,975	17,321	3,751	13,802
Origination and reversal of temporary deferred tax differences	2,551	3,688	2,434	3,686
Income tax expense	9,526	21,009	6,185	17,488

Group

	2014		2013	
Profit before income tax	94,367		87,460	
Tax calculated using the domestic corporation tax rate of 30% (2013: 30%, 2012: 30%)	28,310	30%	26,238	30%
Effect of tax rates in foreign jurisdictions	(129)	0%	-	0%
Non-deductible expenses	17,090	18%	4,516	5%
Effect of education tax levy	-	0%	1,301	1%
Effect of Information technology	814	1%	769	1%
Effect of capital gains tax	-	0%	27	0%
Effect of minimum tax	21	0%	-	0%
Effect of National fiscal levy	22	0%	-	0%
Effect of excess dividend tax	403	0%	5,349	6%
Tax exempt income	(36,797)	-39%	(17,712)	-19%
Effect of disposal of items of PPE	-	0%	1	0%
Effect of change in PBT due to IFRS adjustments	-	0%	15	0%
Tax incentives	(230)	0%	(231)	0%
Tax loss effect	-	0%	(4)	0%
(Over) / under provided in prior years	-	0%	13	0%
Effect of prior period adjustment on deferred tax	22	0%	727	1%
Total income tax expense in income statement	9,526	0	21,009	0
Income tax expense	9,526	10%	21,009	24%

Bank

	2014		2013	
Profit before income tax	85,536		76,853	
Tax calculated using the domestic corporation tax rate of 30% (2011: 30%, 2010: 30%)	25,661	30%	23,056	30%
Non-deductible expenses	16,292	19%	3,782	4%
Effect of education tax levy	-	0%	1,258	1%
Effect of Information technology	814	1%	769	1%
Effect of capital gains tax	-	0%	27	0%
Effect of excess dividend tax	402	0%	5,346	6%
Tax exempt income	(36,754)	-43%	(17,383)	-20%
Tax incentives	(230)	0%	(94)	0%
Effect of prior period adjustment on deferred tax		0%	727	1%
Total income tax expense in income statement	6,185	7%	17,488	23%
Income tax expense	6,185	7%	17,488	23%

16 Taxation continued

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
The movement in the current income tax liability is as follows:				
At start of the year	31,633	22,536	29,836	19,768
Effect of adjustment on acquired entities	3	(729)	-	-
Tax paid	(30,276)	(8,455)	(27,029)	(3,734)
Withholding tax credit utilised	(11)	(4)	-	-
Prior period (over)/ under provision	-	(2)	-	-
AFS Securities Revaluation Tax charge/(credit)	(682)	(282)	-	-
Income tax charge	6,975	17,321	3,751	13,802
Effect of Changes in Exchange Rate	888	1,248	-	-
At 31 December	8,530	31,633	6,558	29,836
Current	8,530	31,633	6,558	29,836

17 Cash and balances with central banks

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Cash	63,306	71,681	44,338	38,973
Balances with central banks excluding mandatory reserve deposits	71,058	181,281	65,630	177,507
	134,364	252,962	109,968	216,480
Mandatory reserve deposits with Central Banks	563,237	341,011	560,077	324,741
	697,601	593,973	670,045	541,221

Included in balances with central bank is a call placement of N7.5 billion for Group and Bank (31 December 2013: N137.04 billion)

Restricted deposits with central banks are not available for use in Group's day to day operations. The bank had restricted balances of N560.08 billion with central Bank of Nigeria (CBN) as at 31st December 2014 (December 2013: N325 billion). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 15% of non-government deposits (December 2013 :12%) and 75% of government deposit (December 2013:50%) which should be held with the Central Bank of Nigeria as a regulatory requirement. FBN UK, FBN Ghana,FBN Gambia, FBN Guinea and FBN Senegal had restricted balances of N0.428 billion, N0.968 billion, N0.159 million,N1.407 billion and N0.198 billion respectively with their respective central banks.

18 Cash and cash equivalents

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

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Cash (Note 17)	63,306	71,681	44,338	38,973
Balances with central banks other than mandatory reserve deposits (Note 17)	71,058	181,281	65,630	177,507
Loans and advances to banks excluding long term placements (Note 19)	290,692	311,581	212,679	346,970
Treasury bills included in financial assets held for trading (Note 21)	174	438	174	438
Treasury bills and eligible bills excluding pledged treasury bills (Note 22.1 & 22.2	61,049	197,440	50,913	143,402
	486,279	762,421	373,734	707,290

19 Loans and advances to banks

	GROUP 31 December 2014	GROUP 31 December 2013	BANK 31 December 2014	BANK 31 December 2013
Current balances with banks within Nigeria	52,962	4,768	3,478	1,620
Current balances with banks outside Nigeria	156,808	287,414	171,567	337,348
Placements with banks and discount houses	80,922	19,399	37,634	8,002
	290,692	311,581	212,679	346,970
Long term placement	139,361	103,629	30,163	20,601
Carrying amount	430,053	415,210	242,842	367,571

Included in loans to banks is a non current placement of N139.36 billion for Group and N30.16 billion for Bank(31 December 2013: N103.6 billion for Group and N20.6 billion for Bank) which does not qualify as cash and cash equivalent.
All other loans to banks are due within 3 months.

20 Loans and advances to customers

GROUP

	Gross amount N 'millions	Specific impairment N 'millions	Collective impairment N 'millions	Total impairment N 'millions	Carrying amount N 'millions
31 December 2014					
Overdrafts	329,576	11,845	3,619	15,464	314,112
Term loans	1,819,090	15,640	11,331	26,971	1,792,119
Staff loans	7,081	-	68	68	7,013
Project finance	77,709	-	151	151	77,558
	2,233,456	27,485	15,169	42,654	2,190,802
Advances under finance lease	3,043	241	41	282	2,761
	2,236,499	27,726	15,210	42,936	2,193,563
31 December 2013					
Overdrafts	354,578	10,465	4,060	14,524	340,054
Term loans	1,417,892	9,393	19,587	28,981	1,388,912
Staff loans	6,287	31	185	216	6,071
Project finance	61,534	-	731	731	60,803
	1,840,291	19,889	24,563	44,452	1,795,840
Advances under finance lease	2,862	696	71	768	2,095
	1,843,153	20,585	24,634	45,220	1,797,935

BANK

	Gross amount N 'millions	Specific impairment N 'millions	Collective impairment N 'millions	Total impairment N 'millions	Carrying amount N 'millions
31 December 2014					
Overdrafts	308,724	11,299	2,168	13,467	295,257
Term loans	1,497,444	14,616	9,486	24,102	1,473,342
Staff loans	6,220	-	68	68	6,152
Project finance	16,676	-	151	151	16,525
	1,829,064	25,915	11,873	37,788	1,791,276
Advances under finance lease	3,043	241	41	282	2,761
	1,832,107	26,156	11,914	38,070	1,794,037
31 December 2013					
Overdrafts	340,854	10,022	3,623	13,645	327,209
Term loans	1,104,336	7,297	18,838	26,135	1,078,200
Staff loans	5,702	-	170	170	5,532
Project finance	61,534	-	731	731	60,803
	1,512,426	17,319	23,362	40,681	1,471,744
Advances under finance lease	2,862	696	71	768	2,095
	1,515,288	18,015	23,433	41,449	1,473,839

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Current	1,196,808	931,142	989,639	719,304
Non-current	996,755	866,793	804,398	754,535
	2,193,563	1,797,935	1,794,037	1,473,839

20 Loans and advances to customers continued

20a CBN/Bank of Industry facilities

Included in Loans and Advances to customers are term loans granted to customers in line with Central Bank of Nigeria (CBN) N200 billion intervention funds for refinancing and restructuring of banks' loans to the manufacturing sector. The on-lending facilities are for a maximum of 15 years' tenor at 6% interest per annum.

CBN/Commercial Agriculture Credit (CACS)

This relates to the balance on term loan facilities granted to customers under Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme. The facilities under the scheme are for a period of 7 years at 9% interest per annum. These balances are included in the loans and advances.

	31 December 2014 N 'millions	31 December 2013 N 'millions
CBN/Bank of Industry	14,514	7,429
CBN/Commercial Agriculture Credit	13,733	20,319

Reconciliation of impairment allowance on loans and advances to customers:

GROUP

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Others N 'millions	Total N 'millions
At 1 January 2014					
Specific impairment	10,465	9,393	696	31	20,585
Collective impairment	4,058	19,587	72	916	24,633
	14,523	28,980	768	947	45,218
Additional provision/(Writeback)					
Specific impairment	7,490	16,409	(455)	(31)	23,413
Collective impairment	2,918	2,213	1	(697)	4,435
	10,408	18,622	(454)	(728)	27,848
Loans written off					
Specific impairment	(6,444)	(10,239)	-	-	(16,683)
Collective impairment	(3,359)	(10,470)	(31)	-	(13,860)
Acquisition through business combination (specific impairment)	335	77			412
At 31 December 2014	15,463	26,970	283	219	42,935
Specific impairment	11,846	15,640	241	-	27,727
Collective impairment	3,617	11,330	41	219	15,208
	15,463	26,970	282	219	42,935
At 1 January 2013					
Specific impairment	6,882	10,251	-	-	17,133
Collective impairment	3,402	17,372	87	1,332	22,193
	10,284	27,623	87	1,332	39,326
Additional provision/(Writeback)					
Specific impairment/(write back)	11,628	9,267	696	31	21,622
Collective impairment/(write back)	647	1,048	(15)	(416)	1,265
	12,275	10,315	681	(385)	22,887
Loans written off	(8,693)	(10,447)	-	-	(19,140)
Acquisition through business combination (specific impairment)	648	322			970
Acquisition through business combination (collective impairment)	9	1,167			1,176
At 31 December 2013	14,523	28,980	768	947	45,219
					-
Specific impairment	10,465	9,393	696	31	20,585
Collective impairment	4,058	19,587	72	916	24,634
	14,523	28,980	768	947	45,219

20 Loans and advances to customers continued

BANK

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Others N 'millions	Total N 'millions
At 1 January 2014					
Specific impairment	10,020	7,297	698	-	18,015
Collective impairment	3,623	18,838	71	901	23,433
	13,643	26,135	769	901	41,448
Additional provision/(Writeback)					
Specific impairment	8,346	12,838	(457)	-	20,727
Collective impairment	1,906	1,118	1	(682)	2,343
	10,252	13,956	(456)	(682)	23,070
Loans written off					
Specific impairment	(7,068)	(5,519)		-	(12,587)
Collective impairment	(3,360)	(10,470)	(31)	-	(13,861)
At 31 December 2014	13,467	24,102	282	219	38,070
Specific impairment	11,298	14,616	241	-	26,155
Collective impairment	2,168	9,486	41	219	11,915
	13,466	24,102	282	219	38,069
At 1 January 2013					
Specific impairment	6,585	8,222	-	-	14,807
Collective impairment	3,602	17,150	87	1,332	22,171
	10,187	25,372	87	1,332	36,978
Additional provision/(Writeback)					
Specific impairment	11,785	8,429	698	-	20,912
Collective impairment	21	1,688	(15)	(431)	1,262
	11,806	10,117	683	(431)	22,174
Loans written off	(8,350)	(9,354)	-	-	(17,704)
At 31 December 2013	13,643	26,135	769	901	41,448
Specific impairment	10,020	7,297	698	-	18,015
Collective impairment	3,623	18,838	71	901	23,433
	13,643	26,135	769	901	41,448

Loans and advances to customers include finance lease receivables as follows:

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Gross investment in finance lease, receivable				
- No later than 1 year	168	547	168	547
- Later than 1 year and no later than 5 years	3,555	2,678	3,555	2,678
- Later than 5 years	-	24	-	24
	3,723	3,249	3,723	3,249
Unearned future finance income on finance leases	(680)	(387)	(680)	(387)
Impairment allowance on leases	(282)	(768)	(282)	(768)
Net investment in finance lease, receivable	2,761	2,094	2,761	2,094
Net investment in finance lease, receivable is analysed as follows				
- No later than 1 year	151	147	151	147
- Later than 1 year and no later than 5 years	2,610	1,925	2,610	1,925
- Later than 5 years	-	22	-	22
	2,761	2,094	2,761	2,094

20.1 Nature of security in respect of loans and advances:

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	579,351	627,755	490,974	544,204
Guarantee/Receivables Of Investment Grade Banks and State Government	746,557	178,923	738,045	373,890
Domiciliation of receivables	630,801	112,102	484,648	402,821
Clean/Negative Pledge	79,749	47,791	78,012	138,238
Marketable Securities/Shares	14,755	374,221	14,755	23,955
Otherwise Secured	81,184	484,590	2,290	15,540
Cash/Government Securities	104,102	17,772	23,383	16,640
	2,236,499	1,843,154	1,832,107	1,515,288

The Group is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral.

21 Financial assets and liabilities held for trading

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Treasury bills with maturity of less than 90 days	174	438	174	438
Treasury bills with maturity over 90 days	730	146	730	146
Total debt securities	904	584	904	584
Derivative assets	9,804	4,159	8,354	1,641
Total assets held for trading	10,708	4,743	9,258	2,225

The Group did not designate any financial assets as fair value through profit or loss on initial recognition.
The Group uses the following derivative strategies:

Economic hedges
The Group use of derivative instrument is very nascent and has been limited to hedging of risk exposures resulting from adverse movement in market risk factors. The Group's derivative transactions are principally in;
Forward FX Contracts entered into to hedge against Foreign Exchange Risks arising from cross-currency exposures.

Exchange rate risk in EURO borrowing disbursed in USD is being managed by the use of Forward FX Contracts that allows a notional accrual of Euros that will close the open position over the life of the borrowing.

Customers Risk Hedge Needs
The Group offers its customers derivatives in connection with their risk-management objectives to transfer modify or reduce foreign exchange risk for their own trading purposes. As part of this process, the Group considers the customers' suitability for the risk involved, and the business purpose for the transaction. Currently all hedge transactions with the customers are backed by trade (visible and invisible) transactions. The Group also manages its derivative-risk positions through calculation of pre-settlement risk exposure and daily reporting of positions and risk measures to senior management.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The fair values of derivative instruments held are set out below:

	GROUP 31 Dec 2014			BANK 31 Dec 2014		
	Notional contract amount	Fair values		Notional contract amount	Fair values	
		Asset	Liability		Asset	Liability
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Foreign exchange derivatives						
Forward FX contract	281,325	1,450	(1,975)	386	-	(8)
FX Accumulator Contract	565	-	(133)	565	-	(133)
Currency swap	14,884	-	(58)	14,884	-	(58)
Put options	52,996	8,354	(7,747)	52,996	8,354	(7,747)
	349,770	9,804	(9,913)	68,831	8,354	(7,946)
Current	296,774	1,450	(2,166)	15,835	-	(199)
Non Current	52,996	8,354	(7,747)	52,996	8,354	(7,747)
	349,770	9,804	(9,913)	68,831	8,354	(7,946)

21 Financial assets and liabilities held for trading continued

	GROUP 31 Dec 2013			BANK 31 Dec 2013		
	Notional contract amount	Fair values Asset	Fair values Liability	Notional contract amount	Fair values Asset	Fair values Liability
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Foreign exchange derivatives						
Forward FX contract	189,302	2,522	(71)	1,425	4	(71)
Currency swap	19,617	12	(4)	19,617	12	-
Put options	34,361	1,626	(1,626)	34,361	1,626	(1,626)
	243,280	4,160	(1,701)	55,403	1,642	(1,697)
Current	195,510	2,534	(4)	7,633	16	-
Non Current	47,770	1,626	(1,697)	47,770	1,626	(1,697)
	243,280	4,160	(1,701)	55,403	1,642	(1,697)

22 Investment Securities

	GROUP 31 December 2014	GROUP 31 December 2013	BANK 31 December 2014	BANK 31 December 2013
	N 'millions	N 'millions	N 'millions	N 'millions
22.1 Securities available for sale				
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	57,083	197,440	50,913	143,402
– Treasury bills with maturity of more then 90 days	232,698	58,616	232,698	54,696
– Government bonds	72,169	139,626	72,169	107,410
– Other bonds	38,256	20,331	6,603	20,331
Equity securities – at fair value:				
– Listed	1,623	3,751	1,470	1,554
Equity securities – at fair value:				
– Unlisted	40,722	31,659	40,655	31,659
	442,551	451,423	404,508	359,052
Assets pledged as collateral				
Debt securities - at fair value				
– Treasury bills	19,203	20,178	19,203	19,137
– Bonds	-	204	-	-
	19,203	20,382	19,203	19,137
Total securities classified as available for sale	461,754	471,805	423,711	378,189
22.2 Securities held to maturity				
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	3,966	-	-	-
– Treasury bills with maturity of more then 90 days	7,993	10,498	-	6,107
– Bonds	144,394	272,769	140,467	272,769
	156,353	283,267	140,467	278,876
Assets pledged as collateral				
Debt securities - at amortised cost				
– Treasury bills	1,360	-	-	-
– Bonds	43,964	33,269	43,955	33,269
	45,324	33,269	43,955	33,269
Total securities classified as held-to-maturity	201,677	316,536	184,422	312,145
Total investment securities	663,431	788,341	608,133	690,334

23 Asset pledged as collateral

The assets pledged by the group are strictly for the purpose of providing collateral to counterparties. To the extent that the counterparty is not permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities.

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

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Available for sale debt securities (note 22.1)	19,203	20,382	19,203	19,137
Held to maturity debt securities (note 22.2)	45,324	33,269	43,955	33,269
	64,527	53,651	63,158	52,406
The related liability for assets held as collateral include:				
Bank of Industry	14,791	7,394	14,791	7,394
Central Bank of Nigeria/Commercial Agriculture Credit Scheme Intervention fund	15,624	21,305	15,624	21,305

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N40.24 bn for the group in December 2014 (2013: N40.3bn) and N40.24bn for bank in December 2014 (2013: N40.3bn) for which there is no related liability.

Current	20,563	20,178	19,203	19,137
Non current	43,964	33,473	43,955	33,269
	64,527	53,651	63,158	52,406

24 Investment in subsidiaries

24.1 Principal subsidiary undertakings

	31 December 2014 N 'millions	31 December 2013 N 'millions
FBN Bank (UK) Limited (Note 24 (i))	30,695	30,695
First Pension Custodian Limited (Note 24 (ii))	2,000	2,000
FBN Mortgages Limited (Note 24 (iii))	4,777	2,100
FBN Bureau de Change Limited (Note 24 (iv))	-	50
FBN Bank Congo DRC (Note 24 (v))	5,503	5,503
FBN Bank Ghana	10,559	10,559
International Commercial Bank (ICB) Sierra Leone	1,685	1,685
FBN Bank Guinea	2,378	2,243
International Commercial Bank (ICB) Gambia	1,472	1,472
International Commercial Bank (ICB) Senegal	2,038	-
Impairment loss on investment in subsidiaries	(2,121)	-
	58,986	56,307

During the year, the Bank made additional investments of N2.677bn and N135.3m in FBN Mortgages and FBN Bank Guinea respectively.
All shares in subsidiary undertakings are ordinary shares. For all periods shown, the group owned the total issued shares in all its subsidiary undertakings except Banque Internationale de Crédit in which it owned 75%. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company and the group do not differ from the proportion of ordinary shares held. The total non-controlling interest for the year is N1.64 billion.

Subsidiary

	Principal activity	Country of incorporation	Proportion of shares held directly by parent (%)	Proportion of shares held directly by the group (%)	Statutory year end
FBN Bank (UK) Limited (Note 24 (i))	Banking	United Kingdom	100	100	31 December
First Pension Custodian Limited (Note 24 (ii))	Pension fund Assets custodian	Nigeria	100	100	31 December
FBN Mortgages Limited (Note 24 (iii))	Mortgage banking	Nigeria	100	100	31 December
FBN Bureau de Change Limited (Note 24 (iv))	Bureau De Change	Nigeria	100	100	31 December
FBN Bank Congo (DRC) (Note 24 (v))	Banking	Democratic Republic of Congo	75	75	31 December
FBN Bank Ghana (Note 24 (vi))	Banking	Ghana	100	100	31 December
ICB Sierra Leone (Note 24 (vii))	Banking	Sierra Leone	100	100	31 December
FBN Bank Guinea (Note 24 (viii))	Banking	Guinea	80	100	31 December
ICB Gambia (Note 24 (ix))	Banking	Gambia	100	100	31 December
ICB Senegal (Note 24 (x))	Banking	Senegal	80	100	31 December

i FBN Bank (UK) Limited

FBN Bank (UK) Ltd ('FBNUK') is a company incorporated in the United Kingdom under the Companies Act 1985 as a UK registered bank authorised by the Financial Services Authority to accept deposits and undertake banking business. FBNUK was incorporated in November 2002. It is a wholly owned subsidiary of First Bank of Nigeria Limited. The bank has a branch in Paris.

24 Investment in subsidiaries continued

ii First Pension Custodian Limited

First Pension Custodian Limited was incorporated on 12 August 2005 and granted an approval in principle by the National Pension Commission on 1 August 2005 while the operating licence was obtained on the 7 December 2005. The principal activity of the company is to act as a Custodian of Pension Fund Assets in accordance with the Pension Reform Act, 2004.

iii FBN Mortgages Limited

The Company was incorporated on 17 March 2003 and commenced operations on 1 May 2004. Its principal activities include acceptance of deposits, provision of mortgage finance for customers and investment in properties.

iv FBN Bureau de Change Limited

This represents the Bank's 100% holding in FBN Bureau de Change Limited. The Bank obtained approval from the Central Bank of Nigeria to operate a bureau de change on 8 August 2006. In September 2013, the Central Bank of Nigeria (CBN) withdrew the license of the FBN Bureau De Change Limited . During the period,the company was wound up and the Bank assumed the residual asets and liabilities.

v FBN Bank (Congo DRC)

FBN Bank (DRC) (previously known as Banque Internationale de Crédit (BIC)), is a company incorporated in the Democratic Republic of Congo (DRC) on 6th April 1994, following the approval granted by the Central Bank of Congo on September 24, 1993.
First Bank Nigeria Limited has a holding of 75% in the equity of BIC.

vi FBN Bank (Ghana)

FBN Bank (Ghana) (previously known as ICB Ghana), is a company incorporated in Ghana on March 19,1996,and commenced operations in November 1996. The bank operates with a Class 1 universal banking license and is a Tier III bank in the Ghana banking landscape with a network of seventeen (17) branches and two (2) cash agencies. Its principal activities include business banking and consumer banking. The target customers of the consumer banking are individuals while SMEs and corporates are the focus of the business banking unit.
First Bank Nigeria Limited has a holding of 100% in the equity of FBN Bank (Ghana). The Bank obtained Central Bank of Nigeria (CBN)'s approval for the acquisition of ICB West Africa including ICB Ghana on June 7,2013 while the Bank of Ghana (BoG) gave its provisional approval for the transaction on September 19, 2013.

vii ICB Sierra Leone

ICB Sierra Leone, is a company incorporated in Sierra Leone on August 2004,and is one of the ten foreign-owned commercial banks in Sierra Leone. Presently, the bank has a branch network of two branches located in one of the four regions of Sierra Leone. Its principal activities include Public Sector, Retail banking, SMEs and Corporate banking.
First Bank Nigeria Limited has a holding of 100% in the equity of ICB Sierra Leone. The Bank obtained CBN's approval for the acquisition of ICB West Africa including ICB Sierra Leone on June 7,2013 while the Bank of Sierra Leone (BoSL) gave its approval for the acquisition on June 25,2013.

viii FBN Bank (Guinea)

FBN Bank (Guinea) (previously known as ICB Guinea) is a Tier III bank in Guinea banking sector. The bank was incorporated on September 17,1996 and commenced operations in 1997. ICB Guinea currently operates from five locations in Conakry, the capital city and is well known in Guinea as one of the leading banks with quality services, transparent transactions and compliance with legal and regulatory policies. Its principal activities include business and commercial banking. The business banking group focuses on corporate and institutional customers while consumer banking group provides services to retail customers.
First Bank Nigeria Limited has a holding of 80% in the equity of FBN Bank (Guinea), while FBN Bank (Ghana) holds the other 20% equity. The CBN's approval for the acquisition of FBN Bank (Guinea) was gotten alongside the other ICBs operations in West Africa in June 7, 2013 while Central Bank of Republic of Guinea (BCRG) gave its final approval for the transaction on August 26, 2013.

ix ICB Gambia

ICB Gambia, is a company incorporated and commenced operations in Gambia on July 2004. The bank is a Tier III bank in the Gambian banking sector, and currently operates from four (4) locations in one of the six regions in the Gambia. Key sectors targeted by the bank are public sector, corporate companies, SMEs and retail customers.
First Bank Nigeria Limited has a holding of 100% in the equity of ICB Gambia. The approval for the acquisition was granted by CBN on June 7,2013 while the Central Bank of Gambia (CBG) gave its provisional approval on April 24,2013.

x ICB Senegal

ICB Senegal was incorporated and commenced operations in Senegal on June 2001. The bank is a Tier III bank,and currently operates from three (3) locations in Senegal. Its principal activities include retail and commercial banking. Key sectors targeted by the bank are public sector,corporate customers,SMEs and retails customers.
First Bank of Nigeria Limited acquired 80% in the equity of ICB Senegal,with FBN Bank (Ghana) holding the remaining 20% equity. The acqusition of ICB Senegal was deferred until when the Central Bank of West Africa States,the regulatory authority in charge of banking business in Senegal,gave its final approval for the transaction on May 28,2014.

xi FBN Finance Company B.V

This is a special purpose entity which issued Eurobonds during the year. The results of the SPE have been consolidated by the bank.

xii First Dependants Nigeria Limited

First Dependants was set up as a special purpose vehicle/fund established by a trust deed for the purpose of provisions for pensions and other benefits on retirement for and in respect of employees of FBN Limited. Being a fund established by a trust deed,the management entered into a fund management agreement with First Trustees Limited to invest the funds in eligible transactions and assets held in anticipation of needs.

xiii First Nominees Nigeria Limited

First Nominees Nigeria Limited was set up as a special purpose vehicle by the bank and funded by contributions from the bank. A provident fund and profit -sharing scheme,which was replaced by the "Pension and Gratuity Scheme". The fund was been managed to provide for pensions and other benefits on retirement for and in respect of employees of FirstBank Nigeria Limited. The fund is being managed by FirstTrustees Nigeria Limited.

xiv Sinking Fund

The fund is an in-house insurance scheme established as a fund against the risk on the FBN Holdings Group's motor vehicles. This fund is being managed by FBN insurance brokers,who has the responsibilities to manage,operate and administer the fund in settlement of claims

xv FBC Assets Limited

FBC Assets Limited (previously called First Bank Capital Assets Limited) is a special purpose vehicle (SPV) incorporated to acquire shares of Zain Nigeria Limited (now Airtel Networks Limited). The shares are held in trust for First Bank of Nigeria Ltd.

24.2 Condensed results of consolidated entities from continuing operations

31 December 2014	PARENT N'million	FBN UK N'million	BIC N'million	CB GHANA N'million	ICB GAMBIA N'million	CB SIERRA-LEONE N'million	ICB GUINEA N'million	ICB SENEGAL N'million	MORTGAGES N'million	PENSION N'million	OTHERS N'million	TOTAL N'million	ADJUSTMENTS N'million	BANKING GROUP N'million
Summarized Income Statement														
Operating income	303,008	19,390	9,049	2,861	294	396	601	401	(1)	4,025	1,668	341,692	(3,261)	338,431
Operating expenses	(200,726)	(7,414)	(6,678)	(1,468)	(188)	(156)	(413)	(442)	(2,268)	(1,514)	(548)	(221,815)	3,565	(218,250)
Provision expense	(20,924)	(2,800)	(1,326)	(452)	(57)	(33)	1	(63)	(76)	-	-	(25,730)	-	(25,730)
Operating profit	81,358	9,176	1,045	941	49	207	189	(104)	(2,345)	2,511	1,120	94,147	304	94,451
Associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit before tax	81,358	9,176	1,045	941	49	207	189	(104)	(2,345)	2,511	1,120	94,147	304	94,451
Tax	(6,185)	(2,023)	(984)	(141)	(20)	(63)	(66)	(1)	(20)	-	(24)	(9,526)	-	(9,526)
(Loss)/Profit for the year	75,173	7,153	61	800	29	144	123	(105)	(2,365)	2,511	1,096	84,621	304	84,925
Other comprehensive income	2,777	(2,160)	8	101	4	18	15	(13)	1	-	(1,105)		5,172	5,172
Total comprehensive income	77,950	4,993	69	901	33	162	138	(118)	(2,364)	2,511	(9)	84,621	5,476	90,097
Total comprehensive income allocated to non controlling interest	-	-	15	-	-	-	-	-	-	-	-	15	-	15
Dividends paid to non controlling interest	-	-		-	-	-	-	-	-	-	-	-	-	-
Summarized Financial Position														
Assets														
Cash and balances with Central Bank	670,045	8,238	10,937	2,060	1,203	1,190	3,167	761	-	-	-	697,601	-	697,601
Due from other banks	242,843	246,767	4,873	6,700	366	-	1,946	294	4,424	209	3,226	511,648	(81,594)	430,054
Loans and advances	1,794,037	369,660	32,338	9,063	735	1,034	1,936	2,815	2,638	21	-	2,214,278	(20,716)	2,193,562
Financial Assets held for Trading (HFT)	9,258	1,450	-	-	-	-	-	-	-	-	-	10,708	-	10,708
Investment securities	544,975	31,653	5,142	846	330	2,503	1,849	5,319	58	5,059	144,226	741,960	(143,056)	598,904
Assets Pledged as collateral	63,158	-	-	1,360	-	-	-	9	-	-	-	64,527	-	64,527
Investment in subsidiaries	58,986	-	-	-	-	-	-	-	-	-	-	58,986	(58,986)	0
Investment in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	29,174	592	4,265	503	37	43	435	126	3,974	549	376	40,074	(618)	39,456
Deferred tax	1,343	-	754	71	9	14	-	-	71	117	-	2,379	5	2,384
Intangible Assets	2,272	516	93	37	7	1	3	9	2	98	-	3,038	5,067	8,105
Property, plant and equipment	74,782	810	5,412	337	57	12	60	127	53	995	37	82,682	723	83,405
Assets held for sale	-	-	-	-	-	-	-	-	2,931	-	-	2,931	-	2,931
	3,490,873	659,686	63,814	20,977	2,744	4,797	9,397	9,460	14,151	7,048	147,865	4,430,812	(299,174)	4,131,638
Financed by														
Customer deposits	2,551,022	413,912	52,500	9,686	1,465	3,159	7,047	4,771	11,265	-	-	3,054,827	(65,092)	2,989,735
Due to other banks	19,246	144,463	-	-	-	-	-	1	-	-	-	163,710	-	163,710
Financial liabilities held for trading	7,948	1,967	-	-	-	-	-	-	-	-	-	9,915	-	9,915
Borrowed funds	377,950	14,546	-	4,896	282	-	-	2,530	-	-	143,012	543,216	(180,240)	362,976
Tax payable	6,558	463	1,031	-	15	7	13	2	94	319	27	8,530	-	8,530
Other liabilities	103,556	21,495	3,744	488	42	29	658	438	3,291	456	105	134,302	(2,601)	131,701
Retirement benefit obligations	1,546	-	-	-	-	11	81	3	-	92	-	1,733	280	2,013
Deferred income tax liabilities	-	38	-	-	-	-	-	-	-	-	-	38	-	38
	3,067,826	596,884	57,275	15,071	1,803	3,206	7,799	7,745	14,650	867	143,144	3,916,271	(247,653)	3,668,618
Equity and reserves	423,047	62,801	6,539	5,906	941	1,591	1,597	1,714	(499)	6,181	4,719	514,538	(51,521)	463,021
Summarized cash flows														
Operating activities														
Interest received	300,537	-	-	3419	306	244	502	574	797	-	179	306,558	35,923	342,481
Interest paid	(88,418)	-	-	(685)	(80)	(148)	(105)	(185)	988	-	-	(88,633)	(7,672)	(96,306)
Purchase of investment securities	(383,723)	-	-	0	(858)	-	426	-	-	(6,330)	(208)	(390,693)	(15,140)	(405,833)
Proceeds from the sale of investment securities	388,733	-	-	0	1,558	-	-	-	-	8,342	-	398,633	8,161	406,794
Income tax paid	(27,028)	(1,713)	(927)	(145)	(32)	(139)	88	(0)	10	-	(23)	(29,907)	(369)	(30,276)
Cash flow generated from operations	(691,756)	(9,384)	(3,555)	656	(235)	768	157	(820)	1,560	2,249	642	(699,718) -	20,974	(720,692)
Net cash generated from operating activities	(501,655)	(11,097)	(4,482)	3,245	660	725	1,067	(431)	3,355	4,261	591	(503,761)	(71)	(503,832)
Net cash used in investing activities	(15,593)	(513)	(1,173)	2223	(57)	(90)	1,386	16	(1,358)	(41)	908	(14,290) -	0	(14,290)
Net cash used in financing activities	183,475	(1,431)	(1,275)	(2,161)	282	-	-	-	-	(1,003)		177,886	20,945	198,831
Increase in cash and cash equivalents	(333,773)	(13,041)	(6,931)	3,307	885	635	2,454	(415)	1,997	3,217	1,499	(340,166)	20,875	(319,291)
Cash and cash equivalents at start of year	707,290	96,300	26,678	4484	732	555		6,587	2,427	373	1,713	847,139	(84,718)	762,421
Effect of exchange rate fluctuations on cash held	216	-	-	-	-	-	-	-	-	-	-	216	(654)	(438)
Cash and cash equivalents at end of year	373,733	83,260	19,747	7,791	1,617	1,190	2,454	6,171	4,424	3,590	3,212	507,190 -	64,497	442,692

BREAKDOWN OF OTHERS IN NOTE 24.2

31 December 2014	FBN Finance N'million	Sinking Funds N'million	FBN Nominees N'million	FirstDependants N'million	Total N'million
Summarized Income Statement					
Operating income	16	312	942	398	1,668
Operating expenses	(9)	(66)	(463)	(9)	(548)
Provision expense	-	-	-	-	-
Operating profit	7	246	479	389	1,120
Associate	-	-	-	-	-
Profit before tax	7	246	479	389	1,120
Tax	(1)	-	(23)	-	(24)
(Loss)/Profit for the year	6	246	456	389	1,096
Other comprehensive income	1	(2)	(406)	(698)	(1,105)
Total comprehensive income	7	244	50	(309)	(9)
Total comprehensive income allocated to non controlling interest					
Dividends paid to non controlling interest					
Summarized Financial Position					
Assets					
Cash and balances with Central Bank	-	-	-	-	-
Due from other banks	17	398	1,002	1,809	3,226
Loans and advances	-	-	-	-	-
Financial Assets held for Trading (HFT)	-	-	-	-	-
Investment securities	143,012	1,045	134	35	144,226
Assets Pledged as collateral	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-
Investment in Associates	-	-	-	-	-
Other assets	13	1	75	287	376
Deferred tax	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Property, plant and equipment	-	-	37	-	37
Assets held for sale	-	-	-	-	-
	143,042	1,444	1,248	2,131	147,865
Financed by					
Customer deposits	-	-	-	-	-
Due to other banks	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Borrowed funds	143,012	-	-	-	143,012
Tax payable	1	-	26	-	27
Other liabilities	12	32	61	-	105
Retirement benefit obligations	-	-	-	-	-
Deferred income tax liabilities	-	-	-	-	-
Liabilities held for sale	-	-	-	-	-
	143,025	32	87	-	143,144
Equity and reserves	16	1,412	1,160	2,131	4,719
Total Equity and Liabilities	143,041	1,444	1,247	2,131	147,863
Summarized cash flows					
Operating activities					
Interest received	-	151	7	21	179
Interest paid	-				-
Purchase of investment securities	-	(208)			(208)
Proceeds from the sale of investment securities	-			-	-
Income tax paid	-		(23)		(23)
Cash flow generated from operations	-	162	479	1	642
Net cash generated from operating activities	-	105	463	22	590
Net cash used in investing activities	-	-	(329)	1,237	908
Net cash used in financing activities	-	-	-		-
Increase in cash and cash equivalents	-	105	134	1,259	1,498
Cash and cash equivalents at start of year	-	294	868	551	1,713
Effect of exchange rate fluctuations on cash held	-		-	-	-
Cash and cash equivalents at end of year	-	399	1,002	1,810	3,211

25 Acquisition of Subsidiary

In May 2014, First Bank of Nigeria Limited acquired 80% equity interest in ICB Senegal. This concluded the 100% acquisition of the West Africa operations of International Commercial Bank (ICB) from International Commercial Bank Financial Group Holdings AG (ICBFGH) which commenced in 2013 with the acquisition of equity interests in four entities (ICB Ghana, ICB Sierra Leone, ICB Guinea and ICB Gambia) in October 2013. As a result of these acquisitions, the Commercial Banking segment of the Group will consolidate its position as one of the largest corporate and retail banking financial institutions in sub-Sahara Africa (excluding South Africa). This acquisition will enhance the Group's total asset base by about 1%. The accounting for the acquisition of these subsidiaries was completed in 30 September 2014 and this resulted in a change to goodwill by N1.081 billion from the provisional amount recognised in the 2013 consolidated financial statements.

ICB Senegal contributed interest income of N326 million and fee commission of N61 million to the Group for the period June 2014 to 31 December 2014 but with a loss of N104 million . If the acquisition had occurred on 1 January 2014, ICB Senegal would contribute interest income of N232 million, fee and commission of N39 million and a loss before tax of N227 million to the Group.

The following table summarises the consideration paid for the subsidiaries, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	ICB Ghana	ICB Sierra Leone	ICB Guinea	ICB Gambia	ICB Senegal
	October 31 2013	October 31 2013	October 31 2013	October 31 2013	May 31 2014
	N' million	N' million	N' million	N' million	N' million
Consideration					
Cash	10,559	1,685	2,243	1,435	2,038
Recognised amounts of identifiable assets acquired and liabilities assumed					
	Fair value	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Cash and balances with central banks	1,768	416	2,846	949	139
Investment Securities	10,632	1,647	1,501	767	4,422
Loans and advances to banks	404	-	3,073	-	952
Loans and advances to customers	9,316	1,111	1,655	659	3,218
Deferred tax asset	76	14	-	-	-
Other assets	277	238	234	73	62
Property, plant and equipment	319	14	67	22	102
Intangible assets	725	172	202	60	88
Deposits	(11,687)	(1,999)	(7,284)	(1,517)	(4,743)
Other liabilities	(4,695)	(217)	(706)	(84)	(2,438)
Total identifiable net assets	7,135	1,396	1,588	929	1,802
Non controlling interest	-	-	-	-	-
Goodwill	3,424	290	655	506	236
Cash and cash equivalents acquired from the subsidiary is made up of the following:					
Cash and balances with central banks	723	416	1,230	782	(12)
Treasury bills	10,632	1,647	1,501	767	1,288
Loans and advances to banks	404	-	3,073	-	952
	11,759	**2,063**	**5,804**	**1,549**	**2,228**
Net cash on acquisition of subsidiary	**1,200**	**377**	**3,561**	**114**	**190**

25 Acquisition of Subsidiary continued

The cash and balances with central banks did not include any mandatory or restricted balances.

The goodwill of N5.1 billion from the acquisition of the Five ICB entities arises from a number of factors such as expected synergy's through combining a highly skilled workforce and obtaining economies of scale.

There were no contingent consideration. So the fair value of the contingent consideration arrangement was deemed nil.

The treasury bills were not marked to market as at acquisition date .The treasury bills are highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. The maturity of the treasury bills ranges between 7 days and 28 days. The amount represents its fair value.

The carrying amount of cash and balances with central bank and loans and advances to banks represents their respective fair value.

The gross contractual amount for loans and advances to customers is N18.6 billion which excludes a loan loss provision of N2.6 billion.

The gross carrying value of other assets is N0.882 billion, this includes an account receivable of N0.15 billion. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected. The difference between the fair value and the gross amount is the result of discounting over the expected timing of the cash collection.

The fair values of acquired assets and liabilities, including goodwill, previously disclosed as provisional for the ICB Ghana, ICB Sierra Leone, ICB Gambia and ICB Guinea have been finalised in the current year with no material changes to the fair value disclosed in the 2013 consolidated financial statements.

26 Discontinued operations

a) Following the board's approval to dispose the group's 40% interest in Kakawa Discount House Limited on April 24,2014, equity method of accounting was discontinued and the group's interest was classified as asset held for sale having met all the conditions to be classified as such in accordance with IFRS 5 as the carrying amount is expected to be recovered principally by a sale rather than through continuing use. On 22 December 2014, the group sold its entire shareholding in Kakawa to its Parent Company - **FBN Holdings Plc** at a price of N6.4 billion. The group's share of results of Kakawa to the date of classification as held for sale is shown within the discontinued operations for the current and prior periods, while the gain/(losses) on the disposal is included in the current period.

The results from discontinued operations which have been included in the consolidated income statement are as follows:

	Group		Bank	
	2014	**2013**	**2014**	**2013**
	N'million	**N'million**	**N'million**	**N'million**
Share of results of equity accounted investments	136	875	-	-
Profit/(loss) on disposal of discontinued operations	(220)	-	4,176	-
Profit/(loss) for the year - discontinued	(84)	875	4,176	-

Profit/(loss) on disposal of discontinued operations is calculated as follows:

	Group	Bank
	N'million	**N'million**
Consideration	6,400	6,400
Carrying value as at point of sale (Note 27)	(6,361)	(2,224)
Share of associate's OCI recycled (Note 27)	(259)	-
	(220)	4,176

26 Discontinued operations continued

b) Asset classified as Held for Sale

The property development portfolio of First Mortgages Limited is being presented as held for sale following the commitment to its sale by the Group's management in compliance with the Central Bank of Nigeria's (CBN) Regulation on the scope of Banking Activities and Ancillary Matters No 3, 2010, which require banks in Nigeria to concentrate on banking businesses. In August 2012, as part of the capital restructuring scheme of the First Bank Group, shareholders approved the full divestment by FirstBank , of all the property development business of FBN Mortgages, prior to the Central Bank of Nigeria cut off date of June 2013. Subsequently,the CBN again extended the cut off date to June 30, 2014 to afford all affected Primary Mortgage banks sufficient time to exercise any of the options for capital raising and business combination. The prior year balance was restated during the year. See details in note 42.

Management assessed the appropriateness of the continued classification of the assets in line with IFRS 5 and remains committed to completing the sale.

	Group	
		Restated
	31 Dec 2014	31 Dec 2013
Assets classified as held for sale	N'million	N'million
Inventory	2,931	4,549
	2,931	4,549

27 Investment in associates (equity method)

First Bank of Nigeria Limited had a 40% share holding in Kakawa Discount house (KDH). Following the board's approval to dispose the group's interest in Kakawa Discount House Limited on April 24,2014, equity method of accounting was discontinued and the group's interest was classified as asset held for sale. The sale was subsequently made on 22 December 2014.

KDH is a company incorporated in Nigeria and is involved in trading in, holding and provision of discount and re-discount facilities for treasury bills, commercial bills and other eligible financial instruments normally purchased by banks, corporate bodies and the investing public. KDH has share capital consisting only of ordinary share capital which are held directly by the group; the country of incorporation or registration is also their principal place of business. KDH is not publicly traded and there is no published price information.

	GROUP		BANK	
	2014	2013	2014	2013
	N 'millions	N 'millions	N 'millions	N 'millions
Balance at beginning of year	6,225	5,609	2,224	2,224
Share of profit	136	875		-
Share of other comprehensive income	-	(259)	-	-
Classification as held for sale	(6,361)	-	(2,224)	-
At end of year	-	6,225	-	2,224

Summarised balance sheet for KDH is as follows

	2013
	N 'millions
Cash and balances with CBN	-
Loans and advances to Banks	1,039
Loans and advances to customers	25,661
Financial assets held for trading	6,330
Investment securities	48,696
Investment in subsidiaries	-
Pledged assets	19,900
Other assets	73
Property, plant and equipment	1,051
Intangible assets	30
Deferred tax assets	2,533
Assets held for sale	-
Total assets	105,313

27 Investment in associates (equity method)

Summarised balance sheet for KDH continued

	2013 N 'millions
Due to banks	38,123
Due to customers	52,541
Derivative financial instruments	265
Current income tax liability	87
Other liabilities	792
Deferred tax liabilities	101
Liabilities held for sale	-
Total Liabilities	**91,909**

Summarised statement of comprehensive income

Discount and similar income	12,418
Discount and similar expense	(9,629)
Net discount income	**2,789**
Impairment (charge) for/reversal of credit losses (Net)	-
Net interest income after net impairment charge	**2,789**
Net gains from financial assets held for trading	933
Net gains from investment securities at fair value	(241)
Other operating income	607
Operating income	**4,088**
Operating expenses	(1,746)
Income tax	(176)
Profit for the year from continuing operations	**2,166**
Profit for the year from discontinued operations	**23**
Profit for the year	**2,189**
Other comprehensive income	
Items that may be subsequently reclassified to profit or loss	
Net gains on available-for-sale financial assets	
-Unrealised net gains arising during the period, before tax	(648)
Other comprehensive income for the year net of tax	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,541**

The information above reflects the amounts presented in the financial statements of the associates (and not FBN Limited's share of those amounts.

Reconciliation of summarised financial information presented to the carrying amount of its interest in associates

	2013 N 'millions
Opening net assets on 1 January	14,712
Profit or loss for the period	2,189
Other comprehensive income	(648)
Closing net assets	16,253
Interest in associates (40%)	6,501
Carrying value	6,225

KDH did not have any commitment or contingent liabilities as at 31st December 2013

28 Property, plant and equipment
BANK

	Improvement & buildings N million	Land N million	Motor vehicles N million	Office equipment N million	Computer equipment N million	Furniture, fittings & equipment N million	Work in progress N million	Total N million
Cost								
At 1 January 2013	31,142	13,563	9,986	32,853	14,106	5,975	9,868	117,493
Additions	1,767	2,491	2,278	2,524	944	1,986	708	12,698
Reclassifications	-	1,468	4	1,779	123	119	(3,493)	-
Other Adjustments	-	-	-	-	-	-	(1,776)	(1,776)
Write offs	(60)	-	(3,423)	(8,219)	(7,302)	(1,894)	-	(20,898)
Disposals	(357)	-	(1,670)	(479)	(2,135)	(99)	-	(4,740)
At 31 December 2013	32,492	17,522	7,175	28,458	5,736	6,087	5,307	102,777
Accumulated depreciation								
At 1 January 2013	3,631	-	6,397	21,071	11,872	3,801	-	46,772
Charge for the year	636		1,596	4,645	1,424	862	-	9,163
Write offs	(60)		(3,423)	(8,219)	(7,302)	(1,894)	-	(20,898)
Disposals	(61)		(1,333)	(500)	(2,139)	(122)	-	(4,155)
At 31 December 2013	4,146	-	3,237	16,997	3,855	2,647	-	30,882
Net book amount at 31 December 2013	**28,346**	**17,522**	**3,938**	**11,461**	**1,881**	**3,440**	**5,307**	**71,895**
Cost								
At 1 January 2014	32,492	17,522	7,175	28,458	5,736	6,087	5,307	102,777
Additions	539	2,127	1,874	4,491	1,751	691	1,680	13,153
Reclassifications	459	455	-	1,241	174	124	(2,453)	(0)
Write offs	-	-	-	-	-	-	(322)	(322)
Disposals	-	-	(763)	(26)	(1)	(1)	-	(791)
At 31 December 2014	33,490	20,104	8,286	34,164	7,660	6,901	4,212	114,817
Accumulated depreciation								
At 1 January 2014	4,146	-	3,237	16,997	3,855	2,647	-	30,882
Exchange differences	-	-	12	-	-	-	-	12
Charge for the year	663	-	1,728	4,743	1,534	1,073	-	9,741
Disposals	-	-	(573)	(25)	(1)	(1)	-	(600)
At 31 December 2014	4,809	-	4,404	21,715	5,388	3,719	-	40,035
Net book amount at 31 December 2014	**28,681**	**20,104**	**3,882**	**12,449**	**2,272**	**3,182**	**4,212**	**74,782**

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

28 Property, plant and equipment
GROUP

	Improvement & buildings N million	Land N million	Motor vehicles N million	Office equipment N million	Computer equipment N million	Furniture, fittings & equipment N million	Plant & machinery N million	Work in progress N million	Total N million
Cost									
At 1 January 2013	32,988	13,626	10,675	33,595	15,466	6,878	-	10,883	124,111
Additions	3,901	2,491	2,500	2,664	1,169	2,019	-	814	15,558
Acquisition of new subsidiary	226	134	109	134	228	57	36	24	948
Reclassifications	569	1,410	4	1,815	123	(344)	(36)	(3,541)	-
Other Adjustments	-	-	-	(0)	-	-		(1,776)	(1,776)
Disposals	(357)	(63)	(1,747)	(489)	(2,136)	(106)	-	-	(4,898)
Write Offs	(87)	-	(3,423)	(8,226)	(7,302)	(1,894)	-	-	(20,932)
Exchange difference	26	-	44	151	52	2	-	-	275
At 31 December 2013	37,266	17,598	8,162	29,644	7,600	6,612	-	6,404	113,286
Accumulated depreciation									
At 1 January 2013	3,853	-	6,873	21,657	12,933	4,335	-	-	49,651
Charge for the year	776	(2)	1,735	4,734	1,676	902	1	-	9,822
Acquisition of new subsidiary	192	4	83	98	176	43	26	-	622
Reclassifications	200	-	-	27	-	(200)	(27)	-	-
Disposals	(61)	-	(1,383)	(510)	(2,139)	(129)	-	-	(4,222)
Write Offs	(85)	-	(3,423)	(8,222)	(7,302)	(1,894)	-	-	(20,926)
Exchange differences	-	-	(21)	(41)	(55)	(33)	-	-	(150)
At 31 December 2013	4,875	2	3,864	17,743	5,289	3,024	(0)	-	34,797
Net book amount at 31 December 2013	32,391	17,595	4,298	11,901	2,311	3,588	0	6,404	78,489
Cost									
At 1 January 2014	37,266	17,598	8,162	29,644	7,600	6,612	-	6,404	113,286
Additions	1,455	2,188	2,173	4,653	2,205	748	7	1,783	15,212
Acquisition of new subsidiary	-	23	33	13	36	58	19	-	182
Reclassifications	1,159	456	-	1,241	173	124	-	(3,153)	-
Disposals	-	-	(898)	(34)	(4)	(10)	(2)	(41)	(989)
Write Offs	-	-	(26)	(4)	(3)	(3)	-	(344)	(380)
Exchange difference	490	37	142	140	234	80	2	160	1,284
At 31 December 2014	40,370	20,302	9,586	35,653	10,241	7,609	26	4,809	128,595
Accumulated depreciation									
At 1 January 2014	4,875	2	3,864	17,743	5,289	3,024	(0)	-	34,796
Exchange differences	70	-	95	61	192	53	3	-	475
Charge for the year	903	6	1,855	4,850	1,778	1,133	5	-	10,531
Acquisition of new subsidiary	-	-	19	10	30	32	15	-	106
Disposals	-	-	(670)	(35)	(4)	(8)	-	-	(717)
At 31 December 2014	5,848	8	5,164	22,629	7,285	4,234	23	-	45,191
Net book amount at 31 December 2014	34,521	20,294	4,422	13,024	2,956	3,375	3	4,809	83,404

Exchange Difference on PPE
These exchange difference on PPE occurs as a result of translation of balances relating to the foreign entities of the group as at reporting date. The subsidiaries whose translation gave rise to the difference are FBN Bank (UK) and FBN Bank (Congo).

29 Intangible assets

	GROUP					
	Goodwill	Customer Relationship	Brand	Core Deposits	Computer software	Total
	N'million	N'million	N'million	N'million	N'million	N'million
Cost						
At 1 January 2013	1,646	-	-	-	4,722	6,368
Additions	-	-	-	-	1,042	1,042
Write off	-	-	-	-	(2,218)	(2,218)
Other changes	(542)	-	-	-	-	(542)
Acquisition of subsidiary	6,033	-	-	-	151	6,184
Exchange difference	-	-	-	-	19	19
At 31 December 2013	7,137	-	-	-	3,716	10,853
Additions	-	-	-	-	2,086	2,086
Acquisition of subsidiary	346	-	-	-	251	597
Write off	-	-	-	-	(732)	(732)
Other changes	(1,081)	52	330	699	-	0
Exchange difference	(996)	-	-	-	126	(870)
At 31 December 2014	5,406	52	330	699	5,447	11,934
Amortisation and impairment						
At 1 January 2013	-	-	-	-	2,951	2,951
Amortisation charge	-	-	-	-	857	857
Write off	-	-	-	-	(2,218)	(2,218)
Acquisition of subsidiary	-	-	-	-	108	108
Impairment charge	552	-	-	-	-	552
Exchange difference	-	-	-	-	9	9
At 31 December 2013	552	-	-	-	1,707	2,259
Amortisation charge	-	20	207	139	901	1,267
Acquisition of subsidiary	-	-	-	-	228	228
Write off	-	-	-	-	(512)	(512)
Impairment charge	501	-	-	-	-	501
Exchange difference	-	-	-	-	88	88
At 31 December 2014	1,053	20	207	139	2,412	3,831
Net book value						
At 31 December 2014	4,352	32	123	560	3,035	8,103
At 31 December 2013	6,585	-	-	-	2,009	8,594

	BANK	
	Computer software	Total
	N'million	N'million
Cost		
At 1 January 2013	3,904	3,904
Additions	603	603
Write off	(2,219)	(2,219)
At 31 December 2013	2,288	2,288
Additions	1,897	1,897
Write off	(732)	(732)
At 31 December 2014	3,453	3,453
Amortisation and impairment		
At 1 January 2013	2,602	2,602
Amortisation charge	662	662
Write off	(2,218)	(2,218)
At 31 December 2013	1,046	1,046
Amortisation charge	647	647
Write off	(512)	(512)
At 31 December 2014	1,181	1,181
Net book value		
At 31 December 2014	2,272	2,272
At 31 December 2013	1,241	1,241

The amortisation charge for the year is included in the income statement.

The software is not internally generated.

The goodwill balance of N4.35 billion includes N0.55 billion attributable to the acquisition of BIC (Banque International du Credit in the Democratic Republic of Congo) concluded in 2013 and N3.80 billion attributable to the acquisition of the ICB West Africa entities in 2013 and 2014.

See note 25 on goodwill arising on acquisition of ICB entities.

29 Intangible assets continued

Impairment tests for goodwill

Goodwill is monitored on the operating segment level. The entities to which the goodwill relates is recognized as a cash generating unit (CGU) and segmented as part of the retail business outside Nigeria.

In prior year, the value of goodwill on the BIC acquisition was reduced to the recoverable amount by an impairment loss which was recognized in operating expenses in the income statement. In the current year,the value of goodwill in ICB Guinea was reduced to the recoverable amount by an impairment loss which has been recognised in operating expenses in the income statement.

The impairment in Guinea arose as a result of the outbreak of Ebola which has led to an adverse effect on the economy. The epidemic has recently been brought under control,and this is expected to reflect positively on the economy with time.

The recoverable amount of each CGU has been based on value in use and the weighted average cost of capital WACC. These calculations use pre-tax cash flow projection covering five years. The discount rate used is pre-tax

The key assumptions used in the value-in-use calculation for 2014 are as follows:

	BIC	Ghana	Guinea	Gambia	Sierra Leone	Senegal
Terminal growth rate: %	6%	6%	10%	6%	7%	5%
Discount rate: %	24%	27%	31%	25%	30%	18%
Deposit growth rate:%	12%	15%	15%	18%	18%	15%
Recoverable amount of the CGU: (N' million)	12,983	8,776	2,065	1,448	2,053	2,927

Management determined deposits to be the key value driver in each of the entities.

	BIC	Ghana	Guinea	Gambia	Sierra Leone	Senegal
Goodwill (N' million)	1,104	2,285	678	478	291	230
Net Asset (N' million)	6,158	5,272	1,937	925	1,556	1,755
Total carrying amount (N' million)	7,262	7,557	2,615	1,403	1,847	1,985
Excess of recoverable amount over carrying amount	5,722	1,219	(550)	45	206	942

30 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2012: 30%, 2011: 30%).

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Deferred income tax assets and liabilities are attributable to the following items:				
Deferred tax assets				
Property, plant and equipment	(8,304)	(490)	(8,245)	(361)
Allowance for loan losses	3,432	3,591	2,047	2,128
Tax losses carried forward	10,360	(426)	10,791	(0)
Other assets	1,100	(597)	1,254	(445)
Other liabilities	(7,598)	(630)	(7,671)	(703)
Defined benefit obligation	3,269	3,139	3,167	3,036
Effect of changes in exchange rate	125	-	-	-
	2,384	4,587	1,343	3,655
Deferred tax liabilities				
Property, plant and equipment	(13)	-	-	-
Allowance for loan losses	32	-	-	-
Tax losses carried forward	(2)	-	-	-
Other assets	11	-	-	-
Other liabilities	10	10	-	-
Defined benefit obligation	-	-	-	-
	38	10	-	-
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	1,284	5,185	89	4,100
- Deferred tax asset to be recovered within 12 months	1,100	(597)	1,254	(445)
	2,384	4,588	1,343	3,655
Deferred tax liabilities				
- Deferred tax liability to be recovered after more than 12 months	27	10	-	-
- Deferred tax liability to be recovered within 12 months	11	-	-	-
	38	10	-	-

Group

	1 Jan 2014 N 'millions	Adjustment on acquired entities N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2014 N 'millions
Movements in Deferred tax assets during the year:					
Property, plant and equipment	(490)	-	(7,814)	-	(8,304)
Allowance for loan losses	3,591	-	(158)	-	3,433
Tax losses carried forward	(426)	-	10,786	-	10,360
Other assets	(597)	-	1,697	-	1,100
Other liabilities	(630)	-	(6,968)	-	(7,598)
Defined benefit obligation	3,139	-	9	122	3,270
Effect of changes in exchange rate	-	-	125	-	125
	4,587	-	(2,323)	122	2,385

30 Deferred tax continued

Movements in Deferred tax assets during the year:	1 Jan 2013 N 'millions	Adjustment on acquired entities N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2013 N 'millions
Property, plant and equipment	9,253	(115)	(9,628)	-	(490)
Allowance for loan losses	3,159	(258)	406	283	3,591
Tax losses carried forward	-	(426)	-	-	(426)
Other assets	527	(5)	(1,119)	-	(597)
Other liabilities	(10,286)	-	9,657	-	(630)
Defined benefit obligation	5,301	206	(3,004)	635	3,139
	7,954	(598)	(3,688)	918	4,587

Movements in Deferred tax liabilities during the year:	Opening balance N 'millions	Discontinued Operations N 'millions	Recognised in P&L N 'millions	Closing balance N 'millions
2014				
Property, plant and equipment	-	-	(13)	(13)
Allowance for loan losses	-	-	32	32
Tax losses carried forward	-	-	(2)	(2)
Other assets	-	-	11	11
Other liabilities	10	-	-	10
Defined benefit obligation	-	-	-	-
	10	-	28	38
2013				
Other liabilities	9	-	1	10

Bank

Movements in temporary differences during the year:	1 Jan 2014 N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2014 N 'millions
Property, plant and equipment	(361)	(7,884)	-	(8,245)
Allowance for loan losses	2,128	(81)	-	2,047
Tax losses carried forward	-	10,791	-	10,791
Other assets	(445)	1,700	-	1,255
Other liabilities	(703)	(6,968)	-	(7,671)
Defined benefit obligation	3,036	8	122	3,166
	3,655	(2,435)	122	1,343

Movements in temporary differences during the year:	1 Jan 2013 N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2013 N 'millions
Property, plant and equipment	9,254	(9,615)	-	(361)
Allowance for loan losses	1,762	366	-	2,128
Other assets	527	(972)	-	(445)
Other liabilities	(10,287)	9,584	-	(703)
Defined benefit obligation	5,447	(3,046)	635	3,036
	6,703	(3,683)	635	3,655

Deferred income tax assets are recognised for tax loss carry -forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Temporary difference relating to the Group's Investment in subsidiaries is N7.8 billion (2013: N5.2 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

31 Other assets

	GROUP		BANK	
	31 December 2014 N 'millions	Restated 31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Financial assets:				
Accounts receivable	27,612	31,536	18,120	24,170
	27,612	31,536	18,120	24,170
Less specific allowances for impairment	(884)	(1,218)	(797)	(1,202)
	26,728	30,318	17,323	22,968
Non Financial assets:				
Inventory	1,326	2,464	1,320	2,128
Prepayments	11,403	11,947	10,530	10,971
	12,729	14,411	11,850	13,099
Net other assets balance	39,457	44,729	29,173	36,067

Reconciliation of impairment account

	GROUP		BANK	
	2014 N 'millions	2013 N 'millions	2014 N 'millions	2013 N 'millions
At start of year	1,218	6,238	1,202	6,224
Write off	(351)	(5,284)	(349)	(5,283)
Increase/(write back) of impairment	17	264	(57)	261
At end of year	884	1,218	796	1,202

All other financial assets on the statement of financial position of the Group and Bank had a remaining period to contractual maturity of less than 12 months.

32 Deposits from banks

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Due to banks within Nigeria	71,417	2,496	13,127	1,739
Due to banks outside Nigeria	92,293	74,985	6,119	8,416
	163,710	77,481	19,246	10,155

Deposits from banks only include financial instruments classified as liabilities at amortised cost and has a remaining period to contractual maturity of less than 12 months

33 Deposits from customers

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Current	750,252	927,225	698,754	833,917
Savings	728,728	664,899	714,987	654,479
Term	985,280	726,021	614,039	457,805
Domiciliary	515,476	616,368	513,243	616,353
Electronic purse	9,999	8,269	9,999	8,165
	2,989,735	2,942,782	2,551,022	2,570,719
Current	2,823,835	2,863,177	2,551,022	2,567,602
Non-current	165,900	79,605	-	3,117
	2,989,735	2,942,782	2,551,022	2,570,719

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

34 Borrowings

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Long term borrowing comprise:				
FBN EuroBond (i)	141,819	47,249	141,819	47,249
Due to European Investment Bank (ii)	565	1,603	565	1,603
On-lending facilities from financial institutions (iii)	32,449	31,389	32,449	31,389
Borrowing from correspondent banks (iv)	188,143	46,061	203,117	45,122
	362,976	126,302	377,950	125,363
Current	206,299	55,739	223,802	54,801
Non-current	156,677	70,563	154,148	70,562
	362,976	126,302	377,950	125,363
At start of the year	126,302	75,541	125,363	81,987
Acquisition of subsidiary	2,497	937	-	-
Proceeds of new borrowings	309,298	96,297	288,179	98,353
Finance Cost	17,924	4,100	10,451	2,043
Foreign exchange (gains)/ losses	(9,927)	(1,611)	26,707	(1,611)
Repayments of borrowings	(71,308)	(46,473)	(65,545)	(54,975)
Interest paid	(11,810)	(2,489)	(7,205)	(434)
At end of year	362,976	126,302	377,950	125,363

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (2013: nil).

(i) Facilities represent dollar notes I and II issued by FBN Finance Company B.V, Netherlands on 7 August 2013 and on 18 July 2014 for a period of 7 years. The notes I bear interest at 8.25% per annum up to the bank call date of 7 August 2018,while notes II bear interest at 8.00% per annum to the bank call date of 23 July 2019. From the call date up to the maturity date, the notes I and II bear interest at a fixed rate of 6.875% and 6.488% per annum respectively plus the prevailing mid swap rate for United States Dollar swap transactions with a maturity of 2 years. The loans are redeemable, subject to having obtained the prior approval of the CBN, on the Bank call date of 7 August 2018 and of 23 July 2019, and not in part at the option of the issuer, at the liquidation preference amount plus any additional amounts and outstanding payments due.

(ii) Facility represents a medium-term loan (callable notes) secured from European Investment Bank. The loan is divided into tranche A of euro 35 million for a tenure of five year and tranche B of euro 15 million for a tenure of eight years, which qualifies it as tier II capital. Interest is payable half-yearly at 2% and 3% above LIBOR rate for tranche A and tranche B respectively. The outstanding balance at 31 December 2014 relates to tranche B

(iii) Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by FBN for specific customers. These facilities include the BOI funds and CACS intervention funds. See further notes below.

a. CBN/BOI facilities

The Central Bank of Nigeria (CBN), in a bid to unlock the credit market, approved the investment of N200 billion debenture stock to be issued by the Bank of Industry (BOI), which would be applied to the re-financing/restructuring of bank's loans to the manufacturing sector. During the year, the Bank of Industry (BOI) disbursed an additional N9.16 billion (2013: N2.4 billion) to First Bank of Nigeria Limited.The fund disbursed is for a period of 15 years effective from the disbursement date at an interest rate is 7% per annum.

b. CBN/CACS Intervention funds

The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agricultural Credit Scheme (CACS). During the year, First Bank Nigeria Limited received N6.8 billion (2013: N3.77 billion) for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for a seven year period at an interest rate of 9% p.a.

(iv) Borrowings from correspondence banks include loans from foreign banks utilised in funding letters of credits for international trade.

35 Retirement benefit obligations

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Defined Benefits Plan				
Gratuity Scheme (i)	-	343	-	-
Defined benefits - Pension (ii)	1,636	1,111	1,546	1,111
Gratuity Scheme (iii)	376	322	-	-
	2,012	1,776	1,546	1,111

Plan liabilities are based upon independent actuarial valuation performed by HR Nigeria Limited using the projected unit credit basis. This valuation was carried out as at 31 December 2014 and 31 December 2013.

35 Retirement benefit obligations continued

Defined benefit - Pension (2)

First Pensions Custodian Nigeria Limited (FPCNL) has a non-contributory defined gratuity scheme for staff and directors. Staff who have spent a minimum number of 5 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the entity. Directors are paid a sum based on an approved scale and the number of years of service subject to a maximum of 9 years.The Board approved the discontinuance of the staff gratuity scheme on 30 April 2014. On 30 June 2014 FPCNL funded the schemes and transferred the balance of N349m to a Fund Manager. When the scheme was funded it was transferred from Gratuity Scheme (1) into Defined Benefit Scheme (2). The calculated curtailment loss was adjusted in the current year. The Directors' scheme is on a continuing basis.

The Bank has an old Defined Benefit scheme, discontinued in March 2001. The funds are placed with fund managers and the Bank is under obligation to fund the deficit.

The movement in the defined benefit Pension (2) over the year is as follows:

	GROUP		
	Present value of the obligation N 'millions	Fair value of plan assets N 'millions	Total N 'millions
Defined benefit pension obligations at 1 January 2013	13,596	(9,233)	4,363
Interest expense/(income)	1,439	(984)	455
Remeasurement:			
- Return on plan assets not included in net interest cost on pension scheme		-	-
- change in demographic assumptions	-	(216)	(216)
Contributions:	(1,719)	-	(1,719)
- Employer			-
Payments:	-	(1,772)	(1,772)
- Benefit payment			-
	(1,515)	1,515	-
Defined benefit pension obligations at 31 December 2013	11,801	(10,690)	1,111
Transfer from gratuity scheme (1)	343		343
Interest expense/(income)	1,254	(1,190)	64
Service Cost	69		69
Curtailment losses	23		23
Remeasurement:			
- Return on plan assets not included in net interest cost on pension scheme			-
- change in demographic assumptions		1,861	1,861
Contributions:	(1,445)		(1,445)
- Employer			-
Payments:	-	(381)	(381)
- Benefit payment			-
	(1,608)	1,598	(10)
Defined benefit pension obligations at 31 December 2014	10,437	(8,802)	1,635

The movement in the defined benefit Pension (2) over the year is as follows:

	BANK		
	Present value of the obligation N 'millions	Fair value of plan assets N 'millions	Total N 'millions
Defined benefit pension obligations at 1 January 2013	13,596	(9,233)	4,363
Interest expense/(income)	1,439	(984)	455
Remeasurement:			
- Return on plan assets not included in net interest cost on pension scheme			-
- change in demographic assumptions	-	(216)	(216)
Contributions:	(1,719)	-	(1,719)
- Employer			-
Payments:	-	(1,772)	(1,772)
- Benefit payment			-
	(1,515)	1,515	-
Defined benefit pension obligations at 31 December 2013	11,801	(10,690)	1,111
Interest expense/(income)	1,216	(1,190)	26
Remeasurement:			
- Return on plan assets not included in net interest cost on pension scheme			
- change in demographic assumptions		1,861	1,861
Contributions:	(1,453)		(1,453)
- Employer			-
Payments:	-	-	-
- Benefit payment	-	-	-
	(1,486)	1,486	-
Defined benefit pension obligations at 31 December 2014	10,078	(8,533)	1,545

The actual return on plan assets was Group N671million (2013: N1.2billion); Bank N671million (2013: N1.2 billion).

35 Retirement benefit obligations continued

GROUP

Composition of Plan assets	2014 N 'millions Quoted	2014 N 'millions Unquoted	2014 N 'millions Total	2013 N 'millions Quoted	2013 N 'millions Unquoted	2013 N 'millions Total
Equity Instruments			1,557			3,316
Banking	1,471			3,220		
Oil Service	53			44		
Real Estate	33			52		
Debt Instruments			7,247			7,374
Government		5,738			5,436	
Corporate Bond		466			155	
Money market investments		976			1,564	
Money on call		67			209	
Others		-			10	
Total	**1,557**	**7,247**	**8,804**	**3,316**	**7,374**	**10,690**

BANK

Composition of Plan assets	2014 N 'millions Quoted	2014 N 'millions Unquoted	2014 N 'millions Total	2013 N 'millions Quoted	2013 N 'millions Unquoted	2013 N 'millions Total
Equity Instruments			1,557			3,316
Banking	1,471			3,220		
Oil Service	53			44		
Real Estate	33			52		
Debt Instruments			6,977			7,374
Government		5,491			5,436	
Corporate Bond		466			155	
Money market Investments		976			1,564	
Money on call		44			209	
Others					10	
Total	**1,557**	**6,977**	**8,534**	**3,316**	**7,374**	**10,690**

The fair value of plan assets is calculated with reference to quoted prices and are within level 1 of the fair value hierachy

Arising from the defined benefit pension plan, the group is exposed to a number of risk, the most significant of which are dealled below:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to Federal Government Bond yields. If the plan assets underperform this yield, this will create a deficit. As the plans mature, the group intends to reduce the level of investment risk by investing more in asset that better match the liabilities. In equity market, focus will be to seek to reduce the volatility on the fund and align asset allocation with the long term objectives of the fund whilst taking advantage of selling offs Government Bonds to enter duration at attractive yields.

Changes In Bond Yields : A decrease in Federal bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Life Expectancy : The majority of the plans' obligations are to provide benefits for the members, so increases in the life expectancy will result in an increase in the plan's liabilities. This risk is significantly curtailed by the weighted average liability duration of the plan which is currently 6yrs and retirement age of 60yrs

Under the funded plan, the Legacy scheme, the groups ensures that the investment positions are managed within the Asset-liability matching (ALM) framework that has been developed to achieve long-term investment that are in line with the obligations under the pension schemes. Within this ALM framework, the objective is to match assets to the pension obligation by investing in long term fixed interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and the expected yield of the investment are matching the expected cash outflows arising from the pension obligation

The weighted average duration of the defined benefit obligation is 6years

35 Retirement benefit obligations continued

GROUP/BANK

The principal actuarial assumptions were as follows:	31 Dec 2014	31 Dec 2013
Discount rate on pension plan	14%	11%
Inflation rate	9%	9%
Future pension increases	0%	0%

The sensitivity of the pension liability to changes in the weighted principal assumptions is shown in table below:

	Assumption	Defined Benefit Obligation N'm	Impact on Liability
Discount rate	14%	10,079	0.0%
	15.0%	9,584	-4.9%
	13.0%	10,628	5.4%
Life expectancy	Base	10,079	0.0%
	Improved by 1 year	10,148	0.7%
	Decreased by 1 year	10,010	-0.7%

The above sensitivity analyses is for FBN Limited and deemed to be representative of the Group. It is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Gratuity scheme 3

This relates to the schemes operated by the subsidiaries of the bank as follows:
Banque International de Credit (BIC) Congo has a scheme whereby on separation, staff who have spent a minimum of 3 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank.
ICB Guinea and ICB Sierra Leone each have a graduated gratuity scheme for staff on separation where staff receives a lump sum based on their qualifying basic salaries on the number of year spent. The aggregate balance on this scheme is deemed immaterial.

36 Other liabilities

	GROUP		BANK	
		Restated		
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Financial Liabilities:				
Customer deposits for letters of credit	34,264	58,029	16,579	43,403
Accounts payable	59,012	84,698	55,088	83,444
Creditors	13,882	20,474	8,647	12,255
Bank cheques	14,964	12,823	14,580	12,630
Collection on behalf of third parties	7,362	5,710	6,758	5,089
	129,484	181,734	101,652	156,821
Non Financial Liabilities:				
Accruals	2,220	808	1,904	168
Other liabilities balance	131,704	182,542	103,556	156,989

Other liabilities are expected to be settled within 12 months after the date of the consolidated statement of financial position.

37 Share capital

Authorised	31 December 2014 N 'millions	31 December 2013 N 'millions
50 billion ordinary shares of 50k each (2013: 50 billion)	25,000	25,000

Issued and fully paid

Movements during the year:

	Number of shares In millions	Ordinary shares N 'millions
At 31 December 2013	32,632	16,316
At 31 December 2014	32,632	16,316

38 Share premium and reserves

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

Share premium: Premiums from the issue of shares are reported in share premium.

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

Statutory reserve: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S16(1) of the Bank and Other Financial Institutions Act of 1991(amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

Available For Sale (AFS) Fair value reserve: The AFS fair value reserve shows the effects from the fair value measurement of financial 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.

SSI reserve: This 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 investments in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first five years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium-scale industries equity investment scheme reserves are non-distributable.

38 Share premium and reserves continued

Statutory credit reserve: The group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Nigerian Prudential guideline (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non distributable.

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

39 Reconciliation of profit before tax to cash generated from operations

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Profit before tax including discontinued operations	94,368	87,460	85,536	76,853
Adjustments for:				
– Depreciation and amortisation	11,798	10,849	10,388	9,826
– Impairment on goodwill	501	552	-	-
– Profit from disposal of property, plant and equipment	(382)	(284)	(401)	(302)
– Foreign exchange losses / (gains)	(9,927)	(1,611)	26,707	(1,611)
– Profit from disposal of investment in associate	-	-	(4,176)	-
– Profit/(loss) from disposal of investment securities	(837)	(1,383)	(146)	(2,931)
– Net gains/(losses) from financial assets classified as held for trading	(541)	1,386	(541)	1,386
– Impairment on loans and advances	27,845	22,887	23,070	22,174
– PPE written off	(401)	-	333	-
– Change in provision in other assets	17	264	(57)	261
– Change in provision for impairment of investments	-	-	2,121	-
– Change in retirement benefit obligations	(138)	(14,377)	26	(15,325)
– Share of loss/(profit) from associates	-	(875)	-	-
– Dividend income	(1,202)	(905)	(3,716)	(2,079)
– Net interest income	(239,555)	(223,815)	(215,449)	(206,709)
Increase/(decrease) in operating assets:				
– Cash and balances with the Central Bank (restricted cash)	(222,075)	(146,674)	(235,335)	(137,286)
– Loans and advances to banks	(35,732)	(102,923)	(9,562)	(7,337)
– Loans and advances to customers	(410,847)	(253,020)	(335,204)	(184,453)
– Financial assets held for trading	563	(3,319)	(505)	(840)
– Other assets	19,590	(3,433)	13,400	(2,087)
– Pledged assets	(10,877)	(3,538)	(10,752)	(2,296)
Increase/(decrease) in operating liabilities:				
– Deposits from banks	84,924	(10,368)	7,853	(8,606)
– Deposits from customers	36,212	514,467	(21,284)	398,118
– Financial liabilities	1,963	(95)	-	419
– Other liabilities	(21,411)	19,477	(24,062)	31,007
Cash flow used in operations	(676,144)	(109,278)	(691,756)	(31,818)

40 Commitments and Contingencies

40.1 Capital commitments

At the balance sheet date, the bank had capital commitments amounting to N375 million (31 December 2013; N573 million) in respect of authorized and contracted capital projects. The expenditure will be funded from the group's internal resources.

	31 December 2014 N 'millions	31 December 2013 N 'millions
Authorised and contracted		
Group	375	573
Bank	375	573

40.2 Operating lease rentals:

At 31 December 2014 the Group was committed to making the following future payments in respect of operating leases for land and buildings. Subsisting lease agreements are expected to expire in June 2031 and February 2017 respectively.

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Within one year	257	250	-	-
Between two and five years	834	918	-	-
More than five years	2,265	2,173	-	-
	3,356	3,341	-	-

40.3 Legal proceedings

The Group is a party to a number of legal actions arising out of its normal business operations
The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. Consequently, no provision has been made in these financial statements.

40.4 Other contingent commitments

In the normal course of business the group is a party to financial instruments which carry off-balance sheet risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Performance bonds and guarantees	429,279	459,723	420,805	475,377
Letters of credit	272,718	233,892	221,946	197,168
	701,997	693,615	642,751	672,545

40.5 Loan Commitments

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Undrawn irrevocable loan commitments	90,379	408,008	77,188	352,008

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments is disclosed in note 3.7

40.6 Compliance with covenants

The Group is subject to certain covenants primarily relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. In the event of default, the lenders are entitled to take various actions, including the acceleration of amounts due under the loan agreements and all actions permitted to be taken by a secured creditor which would have a material adverse effect on the Bank's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The Group and the Bank are subject to minimum capital requirements established by covenants stated in loan agreements, including capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and the Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel II. The Group complied with this loan covenant. See Note 4 for the calculation of the composition of the Group's capital in accordance with the Basel Accord. Others covenants are a maximum non performing loans (NPL) ratio, a maximum related party lending ratio,a minimum liquidity ratio,and minimum provisions for NPLs. Management believes that the Group is in compliance with these covenants at 31 December 2014 and 31 December 2013.

41 Offsetting Financial Assets and Financial Liabilities

"This information is shown for the bank as no other entity within the group has an offsetting arrangement."

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2014:

BANK	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amounts after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amounts of exposure
				Financial instruments	Cash Collaterals received	
	(a) N 'millions	(b) N 'millions	(c)= (a) - (b) N 'millions	(d) N 'millions	(e) N 'millions	(f) =(c) - (e) N 'millions
ASSETS						
- Financial assets held for trading	9,258	-	9,258	-	5,983	3,275
Total Assets subject to offsetting,master netting and similar arrangements	9,258	-	9,258	-	5,983	3,275
LIABILITIES						
Financial derivatives	7,946	-	7,946	-	-	7,946
Total liabilities subject to offsetting,master netting and similar arrangements	7,946	-	7,946	-	-	7,946

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. These fall in the scope of the disclosure as they were set off in the statement of financial position. The Group also made margin deposits with Merril Lynch and Goldman Sachs as collateral for its oustanding derivative positions. The counterparty may set off the Group's liabilities with the margin deposit in case of default.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the statement of financial position.

42 Restatement

The Group has restated its previously issued Consolidated Statements of Financial Position as at 31 December 2013 and 31 December 2012 to correct for an error made in the reporting of the 'Held for Sale' property development portfolio of a subsidiary, FBN Mortgages.

The restatement in 2014 is to adjust for wrong classifications into the held for sale portfolios in 2012 and 2013. The restatement impacted on the following balances: other assets,other liabilities,assets held for sale and liabilities held for sale.

The effect of the above errors is limited to the the Consolidated Statement of Financial Position and as such the restatement has no impact on the Income statement and Statement of changes in equity.

(i) Impact of restatement on consolidated statement of financial position.

(a)

	As at 31 December 2013 Previously reported N 'millions	Restatement adjustment N 'millions	As at 31 December 2013 Restated N 'millions
ASSETS			
Other assets	40,494	4,235	44,729
Asset held for sale	10,784	(6,235)	4,549
LIABILITIES			
Other liabilities	182,795	(253)	182,542
Liabilities held for sale	1,747	(1,747)	-

(b)

	As at 31 December 2012 Previously reported N 'millions	Restatement adjustment N 'millions	As at 31 December 2012 Restated N 'millions
ASSETS			
Other assets	33,984	5,740	39,725
Asset held for sale	12,978	(7,757)	5,221
LIABILITIES			
Liabilities held for sale	2,836	(2,017)	819

43 Related party transactions

The Group is controlled by FBN Holdings Plc. incorporated in Nigeria, which owns 99.9% of the ordinary shares.
FBN Holdings Plc. is the immediate parent company of FBN Nigeria Limited as well as the ultimate controlling party.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans and deposits.
The outstanding balances at the year-end, and related expense and income for the year are as follows:

43.1 Loans and advances to related parties

The Bank granted various credit facilities to other companies which have common directors with the bank and those that are members of the Group.
BANK

	Parent	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
31 December 2014	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Loans and advances to customers					
Loans outstanding at 1 January	-	32,033	60,962	-	-
Loans issued during the year	-	11,719	12,548	-	-
Loan repayments during the year	-		(13,258)	-	-
Loans outstanding at 31 December	-	43,752	60,252	-	-
31 December 2013					
Loans and advances to customers					
Loans outstanding at 1 January	-	22,963	62,218	-	-
Loans issued during the year	-	9,070	17,055	-	-
Loan repayments during the year	-	-	(18,311)	-	-
Loans outstanding at 31 December	-	32,033	60,962	-	-

The loans to directors and other key management personnel are repayable from various cycles ranging from monthly to annually over the tenor and have average interest rates ranging from 0% to 24%.

43.2 Deposits from related parties

BANK

	Parent	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
31 December 2014					
Due to customers					
Deposits at 1 January	1,471	10,786	977	792	338
Deposits received during the year	8,824	598,936	10,432	101,162	123,303
Deposits repaid during the year	(10,287)	(585,231)	(10,357)	(101,789)	(118,873)
Transfer to Subsidiary		165		(165)	-
Deposits at 31 December	8	24,656	1,052	-	4,768
31 December 2013					
Due to customers					
Deposits at 1 January	-	3,657	642	128	2,113
Deposits received during the year	38,379	1,007,058	6,122	59,968	247,997
Deposits repaid during the year	(36,908)	(999,929)	(5,787)	(59,304)	(249,772)
	1,471	10,786	977	792	338

Related party transactions continued

43.3 Other transactions with related parties

	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
	N 'millions	N 'millions	N 'millions	N 'millions
31 December 2014				
Interest income	5,573	8,522	-	-
Interest expense	(427)	(37)	-	(502)
Fee and commission income	53	3	-	17
31 December 2013				
Interest income	4,168	7,081	-	-
Interest expense	(76)	(27)	-	(74)
Fee and commission income	116	3	-	(2)

43.4 Key management compensation

Key management includes Executive directors and members of the Management Committee. The compensation paid or payable to key management for employee services is shown below:

	GROUP		BANK	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N 'millions	N 'millions	N 'millions	N 'millions
Salaries and other short-term employee benefits	799	757	799	757
Post-employment benefits	383	516	383	516
	1,182	1,273	1,182	1,273

Note 43.5 Related party transactions continued
Direct credit assets to Directors

Name of Borrowers	Reporting Institution	Name of the related Interest	Outstanding Credit Performing (N)	Outstanding Credit Non Performing (N)	TOTAL (N)	Status	COLLATERAL
ABIODUN ODUBOLA	ED.	ABIODUN ODUBOLA	71,783,333		71,783,333	Performing	L/M OVER PPTY
Abiru Adetokunbo Mukhail	ED.	Abiru Adetokunbo Mukhail	67,500,000		67,500,000	Performing	L/M BEING PERFECTED
Abiru Adetokunbo Mukhail	ED.	Abiru Adetokunbo Mukhail	1,837,159	-	1,837,159	Performing	L/M BEING PERFECTED
Abiru Adetokunbo Mukhail	ED.	Abiru Adetokunbo Mukhail	20,218,726	-	20,218,726	Performing	L/M BEING PERFECTED
Abiru Adetokunbo Mukhail	ED.	ADESOLA ADEDUNTAN MORTGAGE ACCOUNT	6	-	6	Performing	L/M BEING PERFECTED
ADESOLA ADEDUNTAN	ED.	AWOSIKA IBUKUN ABIODUN	73,000,000		73,000,000	Performing	L/M OVER PPTY
AWOSIKA IBUKUN ABIODUN	Non-ED	BISI ONASANYA	4,883,122	-	4,883,122	Performing	DOMICILIATION OF SALARY
BISI ONASANYA	ED.	FEESE AMBROSE ASULA	3,491,250		3,491,250	Performing	DOMICILIATION OF SALARY
FEESE AMBROSE ASULA	Non-ED	Francis Shobo	2,528,682	-	2,528,682	Performing	DOMICILIATION OF SALARY
AGUSTO & CO LIMITED	ED.	Francis Shobo	603,530	-	603,530	Performing	COMPREHENSIVE INSURANCE ON ASSETS PURCHASED
AGUSTO & CO LIMITED	ED.	IBRAHIM LAWAL KANKIA	6,768,016	-	6,768,016	Performing	COMPREHENSIVE INSURANCE ON ASSETS PURCHASED
IBRAHIM LAWAL KANKIA	Non-ED	JOLAOSO EBENEZER ADEWALE ALANI	516,188	-	516,188	Performing	DOMICILIATION OF SALARY
JOLAOSO EBENEZER ADEWALE ALANI	Non ED		218,358	-	218,358	Performing	FIXED DEPOSITS TO THE TUNE OF 200% OF THE CREDIT LIMIT
LISTER FLOUR MILLS (NIGERIA) LIMITED	Non-ED	Khadija Alao-Straub	-	514,505,824	514,505,824	non-Performing	MORTGAGE DEBENTURE ON LISTER FLOUR MILLS.LEGAL MORTGAGE
AL-FIL Petroleum Company Ltd	Non-ED	Khadija Alao-Straub	-	241,069,179	241,069,179	non-Performing	CHARGE ON ASSET FINANCED.
LISTER FLOUR MILLS (NIG) LTD	Non-ED	Khadija Alao-Straub	-	6,700,376,836	6,700,376,836	non-Performing	MORTGAGE DEBENTURE ON PROPERTY VALUED AT N1.6BILLION
BORINI PRONO & CO. LTD	Non-ED	LAWAL KANKIYA IBRAHIM	668,858,448	-	668,858,448	Performing	ISPO/DOMICILIATION
BORINI PRONO & CO. LTD	Non-ED	LAWAL KANKIYA IBRAHIM	561,747,722	-	561,747,722	Performing	ISPO/DOMICILIATION
LAWAL KANKIYA IBRAHIM	Non-ED	LAWAL KANKIYA IBRAHIM	235,774	-	235,774	Performing	L/M ON PTY FINANCED
LAWAL KANKIYA IBRAHIM	Non-ED	LAWAL KANKIYA IBRAHIM	3,495,702	-	3,495,702	Performing	DOMICILIATION OF SALARY
Maccido Bello Mohammed	CEO FBN HOLDINGS PLC	Maccido Bello Mohammed	5,060,908	-	5,060,908	Performing	DOMICILIATION OF SALARY
LE GLOBAL OILFIELD SERVICES LTD	Chairmain FBNBank Senegal	Mr Remi Makanjuaola	-	350,390,046	350,390,046	non-Performing	L/M ON PPTY
HONEYWELL GROUP LIMITED-NON CHECKING A/C	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	8,022,913,784	-	8,022,913,784	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
HONEYWELL OIL & GAS LIMITED-NON CHECKING	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	5,313,949,705	-	5,313,949,705	Performing	LIEN, DEBENTURE, PG AND CG.
HONEYWELL FLOUR MILLS PLC[(SRF) D/A	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	4,153,204,686	-	4,153,204,686	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
HONEYWELL FLOUR MILLS PLC -NON CHECKING	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	8,999,792,522	-	8,999,792,522	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
FAN MILK PLC LOAN	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	715,036,121	-	715,036,121	Performing	MORTG. DEB. OVER KANO & IBADAN FACTORY.
Pivot Engineering Ltd (CL)	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	106,804,743	-	106,804,743	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
Fan Milk Plc	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	212,524,077	-	212,524,077	Performing	MORTG. DEB. OVER KANO & IBADAN FACTORY.
Honeywell Oil & Gas Ltd(CP)	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	263,040,039	-	263,040,039	Performing	LIEN, DEBENTURE, PG AND CG.
Honeywell Oil & Gas Ltd	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	97,138	-	97,138	Performing	LIEN, DEBENTURE, PG AND CG.
HONEYWELL OIL & GAS LIMITED	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	7,465,956	-	7,465,956	Performing	LIEN, DEBENTURE, PG AND CG.
PIVOT ENGINEERING CO. LTD.-NON CHECKING 1	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	3,544,935,229	-	3,544,935,229	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
Pivot Engineering Ltd	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	203,051,370	-	203,051,370	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
Honeywell Flour Mill Ltd (srf)	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	5,993,535,989	-	5,993,535,989	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
Pivot Engineering Ltd	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	1,079,291,615	-	1,079,291,615	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
PIVOT ENGINEERING CO. LTD.-NON CHECKING 2	Ex-Chairman/Non.Ed	Oba Otudeko/Obafemi Adedamola Otudeko	1,469,822,768	-	1,469,822,768	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
HONEYWELL FLOUR MILLS PLC[(SRF) D/A	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	1,000,767,123	-	1,000,767,123	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
HONEYWELL FLOUR MILLS PLC-NON CHECKING ACCOUNT	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	1,516,721,883		1,516,721,883	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
Honeywell Flour Mill Ltd (CI)	Ex-Chairman/Non-ED	Oba Otudeko/Obafemi Adedamola Otudeko	3,211,813,333	-	3,211,813,333	Performing	LM ON PTY.CG OF PIVOT AND HONEYWELL OIL & GAS PG OF OBA OTUDEKO. ALL ASSET DEB OF HFM
Anchorage Liesure Ltd	Ex-Chairman/Non.Ed/Ex-Non-I	Oba Otudeko/Obafemi Adedamola Otudeko/ Alh. Abdullahi Mahmoud	988,077,372	-	988,077,372	Performing	DEB., LM ON PTY, DOMICILIATION, CG OF HONEYWELL GROUP
OTUDEKO AYOOLA OBA	Non.Ed	Obafemi Adedamola Otudeko	49,437	-	49,437	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
Odubola Abiodun	ED.	Odubola Abiodun	21,661,875		21,661,875	Performing	LEGAL MORTGAGE OVER PROPERTY
ONASANYA S.O.AND H.O.MR AND MRS	GMD/CEO	Onasanya O.Stephen	179,587		179,587	Performing	DOMICILIATION OF SALARY
Onasanya O.Stephen	GMD/CEO	Onasanya O.Stephen	643,331		643,331	Performing	DOMICILIATION OF SALARY
OTUDEKO OBAFEMI ADEDAMOLA	Non.Ed	OTUDEKO OBAFEMI ADEDAMOLA	4,146,948	-	4,146,948	Performing	CG OF HONEYWELL FLOUR MILL, DEBENTURE
Seawolf Oilfield Services	Non.ED/Ex-Non-ED	Seawolf Oilfield Services		2,606,570,981	2,606,570,981	non-Performing	CHARGE OVER ASSET FINANCED
UK EKE	ED.	UK EKE	66,338,161		66,338,161	Performing	LEGAL MORTGAGE OVER PROPERTY
RAINBOW TOWN DEVELOPMENT LIMITED		RAINBOW TOWN DEVELOPMENT LIMITED	30,086,795,245	-	30,086,795,245	Performing	MORTGAGE DEBENTURE TRUST DEED IN FAVOUR OF THE SECURITY VENTURES (FIRST TRUSTEES LTD) ON BEHALF OF FIRSTBANK NIG LTD OVER RAINBOW TOWN ESTATE, PORT HARCOURT, RIVER STATE
RAINBOW TOWN DEVELOPMENT LIMITED		RAINBOW TOWN DEVELOPMENT LIMITED	8,131,206,362	-	8,131,206,362	Performing	MORTGAGE DEBENTURE TRUST DEED IN FAVOUR OF THE SECURITY VENTURES (FIRST TRUSTEES LTD) ON BEHALF OF FIRSTBANK NIG LTD OVER RAINBOW TOWN ESTATE, PORT HARCOURT, RIVER STATE
RAINBOW TOWN DEVELOPMENT LIMITED		RAINBOW TOWN DEVELOPMENT LIMITED	5,234,454,795	-	5,234,454,795	Performing	MORTGAGE DEBENTURE TRUST DEED IN FAVOUR OF THE SECURITY VENTURES (FIRST TRUSTEES LTD) ON BEHALF OF FIRSTBANK NIG LTD OVER RAINBOW TOWN ESTATE, PORT HARCOURT, RIVER STATE
RAINBOW TOWN DEVELOPMENT LIMITED-INTEREST CAPITALIZATION (11)		RAINBOW TOWN DEVELOPMENT LIMITED-INTEREST CAPITALIZATION (11)	299,655,376	-	299,655,376	Performing	MORTGAGE DEBENTURE TRUST DEED IN FAVOUR OF THE SECURITY VENTURES (FIRST TRUSTEES LTD) ON BEHALF OF FIRSTBANK NIG LTD OVER RAINBOW TOWN ESTATE, PORT HARCOURT, RIVER STATE
PREMIUM POULTRY FARMS LIMITED	Non.Ed	Mahey Rafindadi Rasheed	680,335,342	-	680,335,342	Performing	All assets debenture on assets of Premium Farms valued at N138.5M
PREMIUM POULTRY FARMS LIMITED	Non.Ed	Mahey Rafindadi Rasheed	720,355,069	-	720,355,069	Performing	All assets debenture on assets of Premium Farms valued at N138.5M
PREMIUM POULTRY FARMS LIMITED	Non.Ed	Mahey Rafindadi Rasheed	50,072,875	-	50,072,875	Performing	All assets debenture on assets of Premium Farms valued at N138.5M
			93,591,486,780	10,412,912,866	104,004,399,646		

Related party transactions and balances disclosed above are in accordance with the Central Nank of Nigeria Circular BSD/1/2004.

44 Employees

The average number of persons employed by the Group during the period was as follows:

	GROUP		BANK	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Executive directors	7	6	7	6
Management	187	65	66	57
Non-management	9,474	9,127	8,103	7,840
	9,668	9,198	8,176	7,903

See note 15 for compensation for the above staff

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

N300,000 - N2,000,000	1,140	1,096	28	33
N2,000,001 - N2,800,000	691	65	546	19
N2,800,001 - N3,500,000	410	624	388	586
N3,500,001 - N4,000,000	8	6	-	-
N4,000,001 - N5,500,000	2,357	2,600	2,333	2,597
N5,500,001 - N6,500,000	1,686	1,580	1,678	1,569
N6,500,000 - N7,800,000	743	1,024	714	1,010
N7,800,001 - N9,000,000	448	213	412	203
N9,000,001 and above	2,185	1,981	2,077	1,886
	9,668	9,189	8,176	7,903

45 Directors' emoluments

Remuneration paid to the Group's directors (excluding certain allowances) was:

	GROUP	
	31 December 2014 N 'millions	31 December 2013 N 'millions
Fees and sitting allowances	118	118
Executive compensation	432	403
Retirement benefit costs	474	1,467
Other director expenses	3,287	3,274
	4,311	5,262

Fees and other emoluments disclosed above include amounts paid to:

Chairman	26	25
Highest paid director	100	100

45 Directors' emoluments continued

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number GROUP 31 Dec 2014	31 Dec 2013
N5,500,001 and above	19	18
	19	18

46 Compliance with banking regulation

- A penalty of N88 million was paid by the Bank for inability to provide evidence on CBN's no objection letter to promotions/appointments of 28 senior officers

-A penalty of N2 million was imposed on the Bank for failure to comply with the CBN directives on the issue of Eurobonds

- The bank paid a penalty of N2m for failure to render suspicious transcations to NFIU within 72 hours of transaction

- A penalty of N2 million was imposed on the bank for failure to conduct due dilligence before opening a Politically Exposed Persons (PEPs)

- The bank paid a penalty of N2 million for issuing a single draft of N30.5 million

- The bank paid a penalty of N2 million for contravening Section 25(2) of Banks and Other Financial Institutions Act LFN 2004 on rendition of statutory returns through FINA application to CBN and NDIC.

- The bank paid N210 million penalty for opening / closing 62 cash centers and 32 branches without stipulated approval from the CBN

- The bank was charged a penalty of N74 million for mis reporting public sector deposit.

- The bank paid N2 million penalty for failure to address all observations and recommendations of external auditors (Year ended 31 December 2013)

- The bank paid N2 million penalty for failure to address all observations and recommendations of external auditors (Period ended 30 September 2014

- A penalty of N2.3 million was imposed on the bank for delay on unapplied funds

47 Events after statement of financial position date

The Bank has no events after the financial position date that will materially affect the financial position shown in these financial statements.

48 Dividends per share

A dividend of N0.3 kobo per share was proposed by the board of directors on 24 December 2014.This interim dividend amounts to N9,790 million. A dividend of N32,632 million at N1.00 per share that relates to the year to 31 December 2012 was approved at the AGM in May 2013 and paid in June 2013. In addition, an interim dividend of N39,158 million at N1.20 kobo per share proposed by the board of directors on 6th December 2013 was paid on 9 January 2014.

49 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the members of the group and held as treasury shares.

The company does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent.

	GROUP		BANK	
	31 December 2014 N 'millions	31 December 2013 N 'millions	31 December 2014 N 'millions	31 December 2013 N 'millions
Profit from continuing operations attributable to owners of the parent (N'millions)	84,926	65,576	75,175	59,365
Profit/(loss) from discontinued operations attributable to owners of the parent (N'millions)	(84)	875	4,176	-
Weighted average number of ordinary shares in issue (in million)	32,632	32,632	32,632	32,632
Basic/diluted earnings per share (expressed in Kobo per share):				
- From continuing operations	2.60	2.01	2.30	1.82
-From discontinued operations	(0.00)	0.03	0.13	0.00
	2.60	2.04	2.43	1.82

Statement of Value Added - Group
Year ended 31 December 2014

Group	31 December 2014 N'million	%	31 December 2013 N'million	%
Gross income	455,392		372,840	
Interest expense	(116,662)		(91,857)	
	338,730		280,983	
Administrative overheads:				
- Local	(134,108)		(95,966)	
- Foreign			(5,238)	
Value added	204,622	100	179,779	100
Distribution				
Employees				
- Salaries and benefits	72,726	36	60,456	34
Government				
- Taxation	9,526	5	21,009	12
The future				
- Asset replacement (depreciation)				
- Local	10,530	5	9,279	5
- Foreign		-	546	0
- Asset replacement (amortisation)				
- Local	1,268	-	1,381	1
- Foreign		-	136	0
- Asset replacement (provision for losses)	25,730	13	20,521	11
- Expansion (transfers to reserves)	84,842	41	66,451	37
	204,622	100	179,779	100

Statement of Value Added - Bank

Bank	31 December 2014 N'million	%	31 December 2013 N'million	%
Gross income	410,648		339,320	
Interest and fee expense	(103,061)		(83,208)	
	307,587		256,112	
Administrative overheads	(127,727)		(96,308)	
Value added	179,860	100	159,804	100
Distribution				
Employees				
- Salaries and benefits	63,012	35	53,287	33
Government				
- Company income tax	6,185	4	17,488	11
The future				
- Asset replacement (depreciation)	9,741	5	9,164	6
- Asset replacement (amortisation)	647	0	662	0
- Asset replacement (provision for losses)	20,924	12	19,838	13
- Expansion (transfers to reserves)	79,351	44	59,365	37
	179,860	100	159,804	100

FIRST BANK OF NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - BANK

STATEMENT OF FINANCIAL POSITION

	As reported under IFRS				
	31 December 2014 N'million	31 December 2013 N'million	31 December 2012 N'million	31 December 2011 N'million	31 December 2010 N'million
Assets:					
Cash and balances with central bank	**670,045**	541,221	288,125	199,091	74,894
Loans and advances to banks	**242,842**	367,571	329,120	222,347	383,880
Loans and advances to customers	**1,794,037**	1,473,839	1,316,407	1,144,461	1,046,925
Financial assets held for trading	**9,258**	2,225	1,942	2,552	11,485
Investment securities	**544,975**	637,928	631,211	670,624	245,494
Assets pledged as collateral	**63,158**	52,406	50,109	72,129	122,009
Investment in associates	**-**	2,224	2,224	14,099	14,099
Investment in subsidiaries	**58,986**	56,307	40,348	32,416	30,416
Other assets	**29,173**	36,067	32,459	43,734	33,344
Intangible assets	**2,272**	1,241	1,302	734	265
Property, plant and equipment	**74,782**	71,895	70,724	64,056	62,252
Deferred tax	**1,343**	3,655	6,703	5,195	12,146
	3,490,871	3,246,579	2,770,674	2,471,438	2,037,209
Financed by:					
Share capital	**16,316**	16,316	16,316	16,316	16,316
Share premium	**189,241**	189,241	189,241	254,524	254,524
Reserves	**217,490**	145,152	166,619	106,404	144,769
Deposits from banks	**19,246**	10,155	18,463	51,306	55,221
Deposits from customers	**2,551,022**	2,570,719	2,171,807	1,784,490	1,328,218
Financial liabilities held for trading	**7,946**	1,697	1,278	1,143	1,639
Borrowings	**377,950**	125,363	81,987	104,287	126,096
Retirement benefit obligations	**1,546**	1,111	18,156	14,676	11,075
Current income tax	**6,558**	29,836	19,768	21,354	15,118
Other liabilities	**103,556**	156,989	87,039	116,938	84,233
Deferred income tax liabilities	**-**	-	-	-	-
	3,490,871	3,246,579	2,770,674	2,471,438	2,037,209

FIRST BANK OF NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - BANK

INCOME STATEMENT

		As reported under IFRS			*As reported under N-GAAP*
	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011	12 months ended 31 Dec 2010
Gross Earnings	**410,648**	**339,320**	313,822	251,312	209,187
Net operating income	**303,410**	256,112	258,554	220,706	163,142
Gain from disposal of associate	**-**	-	3,490	-	-
Operating expenses	**(201,126)**	(159,421)	(168,908)	(133,368)	(107,392)
Impairment charge for credit losses	**(20,924)**	(19,838)	(9,847)	(32,165)	(22,596)
(Loss) on sale of assets to AMCON	**-**	-	-	(15,501)	-
Exceptional item	**-**	-	-	-	383
Profit before taxation	**81,360**	76,853	83,289	39,672	33,537
Taxation	**(6,185)**	(17,488)	(12,145)	(16,620)	(1,414)
Profit from continuing operations	**75,175**	59,365	71,144	23,052	32,123
Profit from discontinuing operations	**4176**	-	-	-	-
Profit for the year	**79,351**	**59,365**	**71,144**	**23,052**	**32,123**
Earnings per share (basic)	**243**	182	218	71	98

In line with IFRS 1.22(d), the figures reported in the above income statement for years 2011 to 2014 have been prepared using relevant IFRS guidelines and standards. In constrast,the figures in the above income statement for years 2010 only has been prepared using relevant Nigerian GAAP guidelines and standards.

Therefore,the numbers in the affected relevant areas listed below should not be compared when being used.

Income Statement

- Interest income
- impairment charge for credit losses
- Net operating income

FIRST BANK OF NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - GROUP

STATEMENT OF FINANCIAL POSITION

		As reported under IFRS			
		Restated	*Restated*		
	31 December 2014 N'million	31 December 2013 N'million	31 December 2012 N'million	31 December 2011 N'million	31 December 2010 N'million
Assets:					
Cash and balances with central bank	**697,601**	593,973	298,024	199,228	75,517
Loans and advances to banks	**430,053**	415,210	394,173	463,328	575,467
Loans and advances to customers	**2,193,563**	1,797,935	1,562,695	1,252,153	1,160,293
Financial assets held for trading	**10,708**	4,743	2,565	5,964	16,636
Investment securities	**598,904**	734,690	684,359	697,001	254,708
Assets pledged as collateral	**64,527**	53,651	50,109	72,129	122,009
Inventory	**-**	-	-	25,609	23,081
Managed funds	**-**	-	-	-	-
Investment in associates	**-**	6,225	5,609	7,489	8,996
Investment in subsidiaries	**-**	-	-	-	-
Other assets	**39,457**	44,729	33,984	63,061	39,282
Investment property	**-**	-	-	4,055	2,440
Intangible assets	**8,103**	8,594	3,417	1,008	494
Property, plant and equipment	**83,404**	78,489	74,474	65,889	63,634
Deferred tax	**2,384**	4,587	7,954	6,954	12,274
Assets held for sale	**2,931**	4,549	12,978	-	-
	4,131,635	3,747,375	3,130,341	2,863,868	2,354,831
Financed by:					
Share capital	**16,316**	16,316	16,316	16,316	16,316
Share premium	**189,241**	189,241	189,241	254,524	254,524
Reserves	**255,819**	175,965	191,190	98,425	129,607
Non controlling interest	**1,641**	1,626	1,353	964	1,148
Deposits from banks	**163,710**	77,481	87,551	183,500	148,352
Deposits from customers	**2,989,735**	2,942,782	2,405,035	1,951,011	1,447,600
Financial liabilities held for trading	**9,913**	1,701	1,796	2,857	1,639.00
Liabilities on investment contracts	**-**	-	-	49,440	76,446
Liabilities on insurance contracts	**-**	-	-	824	-
Borrowings	**362,976**	126,302	75,541	106,204	126,350
Retirement benefit obligations	**2,012**	1,776	18,648	15,081	11,426
Current income tax	**8,530**	31,633	22,536	24,328	20,052
Other liabilities	**131,704**	182,542	118,289	159,325	120,470
Deferred income tax liabilities	**38**	10	9	1,069	901
Liabilities held for sale	**-**	-	2,836	-	-
	4,131,635	3,747,375	3,130,341	2,863,868	2,354,831

FIRST BANK OF NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - GROUP

INCOME STATEMENT

	As reported under IFRS				*As reported under N-GAAP*
			Restated		
	12 months ended 31 Dec 2014 N'million	12 months ended 31 Dec 2013 N'million	12 months ended 31 Dec 2012 N'million	12 months ended 31 Dec 2011 N'million	12 months ended 31 Dec 2010 N'million
Gross Earnings	**455,392**	372,840	338,921	265,580	232,079
Net operating income	**338,814**	280,107	280,410	230,853	178,062
Operating expenses	**(218,632)**	(173,001)	(182,329)	(136,668)	(119,274)
Group's share of associate's results	**-**	-	1,008	(1,507)	(3,657)
Impairment charge for credit losses	**(25,730)**	(20,521)	(12,912)	(38,011)	(21,590)
(Loss) on sale of assets to AMCON	**-**	-	-	(15,501)	-
Exceptional item	**-**	-	-	-	226
Profit before taxation	**94,452**	86,585	86,177	39,166	33,767
Taxation	**(9,526)**	(21,009)	(14,918)	(18,864)	(4,590)
Profit from continuing operations	**84,926**	65,576	71,259	20,302	29,177
Profit from discontinuing operations	**(84)**	875	3,838	(1,666)	-
Profit for the year	**84,842**	66,451	75,097	18,636	29,177
Profit attributable to:					
Owners of the parent	**84,827**	66,344	75,040	19,520	27,244
Non controlling interest	**15**	107	57	(884)	1,933
	84,842	66,451	75,097	18,636	29,177
Earnings per share in kobo (basic/diluted)	**260**	204	230	57	89

In line with IFRS 1.22(d), the figures reported in the above income statement for years 2011 to 2014 have been prepared using relevant IFRS guidelines and standards. In constrast,the figures in the above income statement for year 2010 has been prepared usinng relevant Nigerian GAAP guidelines and standards.

Therefore,the numbers in the affected relevant areas listed below should not be compared when being used.

Income Statement

- Interest income
- impairment charge for credit losses
- Net operating income