FIRST BANK OF NIGERIA LIMITED
IFRS Condensed Consolidated Interim Financial Information
for the period ended 30 September 2013

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	Note	Group 30 Sept 2013 N' million	Group 30 Sept 2012 N' million	Bank 30 Sept 2013 N' million	Bank 30 Sept 2012 N' million
Interest income	6	228,752	213,823	211,940	197,392
Interest expense	7	(61,117)	(42,024)	(56,100)	(35,864)
Net interest income		**167,635**	**171,799**	**155,840**	**161,528**
Impairment charge for credit losses	8	(15,581)	(9,780)	(14,931)	(9,018)
Net interest income after impairment charge for credit losses		**152,055**	**162,019**	**140,909**	**152,510**
Fee and commission income	9	39,151	45,290	34,336	35,684
Fee and commission expense		(3,880)	-	(3,888)	-
Foreign exchange income		5,008	543	3,966	(413)
Net gains / (losses) on investment securities	10	1	104	1,325	(1,655)
Net losses from financial assets classified as held for trading	11	(356)	(1,487)	(356)	(1,488)
Other operating income		3,998	3,068	1,518	1,367
Operating expenses	12	(129,206)	(132,994)	(119,618)	(118,584)
Operating profit		**66,770**	**76,543**	**58,192**	**67,421**
Share of profit / (loss) of associates accounted for using the equity method		948	(858)	-	-
Profit before tax		**67,719**	**75,685**	**58,192**	**67,421**
Income tax expense	13	(10,882)	(11,397)	(8,494)	(9,856)
Profit for the period from continuing operations		**56,837**	**64,288**	**49,698**	**57,565**
Profit from discontinued operations		**-**	**-**	**-**	**-**
PROFIT FOR THE PERIOD		**56,837**	**64,288**	**49,698**	**57,565**
Profit attributable to:					
Owners of the Company		56,823	65,166	49,698	57,565
Non-controlling interests		13	(878)	-	-
		56,837	**64,288**	**49,698**	**57,565**
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings per share	36	1.74	2.00	1.52	1.76

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	Group		Bank	
	30 Sept 2013 N' million	**30 Sept 2012 N' million**	**30 Sept 2013 N' million**	**30 Sept 2012 N' million**
PROFIT FOR THE PERIOD	**56,837**	**64,288**	**49,698**	**57,565**
Other comprehensive income:				
Items that may be reclassified subsequently to net income				
Net gains on available-for-sale financial assets				
- Unrealised net gains/(losses) arising during the period, before tax	(25,875)	16,165	(25,016)	13,631
- Net reclassification adjustment for realised net (losses) or gains, before tax	-	-	-	-
Exchange difference on translation of foreign operations	(591)	14	-	-
Income tax relating to items that may be reclassified	210	141	-	-
Items that will not be reclassified to profit or loss				
Return on plan assets	147	1,620	147	1,620
Actuarial gains/(losses) on defined benefit pension scheme	-	-	-	-
Income tax relating to items that will not be reclassified				
Other comprehensive income for the period, net of tax	**(26,109)**	**17,940**	**(24,869)**	**15,251**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**30,728**	**82,228**	**24,828**	**72,816**
Total comprehensive income attributable to:				
Owners of the Company	30,715	83,106	24,828	72,816
Non-controlling interests	13	(878)	-	-
	30,728	**82,228**	**24,828**	**72,816**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Note	Group		Bank	
		30 Sept 2013 N' million	**31 Dec 2012 N' million**	**30 Sept 2013 N' million**	**31 Dec 2012 N' million**
ASSETS					
Cash and balances with central banks	14	564,674	298,024	522,019	288,125
Loans and advances to banks	16	433,141	393,125	363,722	329,120
Loans and advances to customers	17	1,650,613	1,563,006	1,392,563	1,316,407
Financial assets at fair value through profit or loss	18	11,937	2,565	3,358	1,942
Investment securities					
-Available for sale	19.1	349,983	351,374	270,149	300,351
-Held to maturity	19.2	312,080	330,860	308,429	330,860
Asset pledged as collateral	19.3	50,677	50,109	50,677	50,109
Investment in subsidiary		-	-	40,347	40,348
Investments in associates accounted for using the equity method		6,560	5,608	2,224	2,224
Other assets	20	66,373	33,733	61,754	32,459
Property plant and equipment	22	77,529	74,454	71,838	70,724
Intangible assets	24	2,283	3,417	1,221	1,302
Deferred tax asset		6,746	7,955	6,707	6,702
		3,532,596	3,114,230	3,095,008	2,770,673
Assets classified as held for sale	25	12,789	12,978	-	-
Total assets		**3,545,385**	**3,127,208**	**3,095,008**	**2,770,673**
LIABILITIES					
Deposits from banks		48,361	87,551	2,525	18,463
Deposits from customers	26	2,814,002	2,405,858	2,458,581	2,171,807
Financial liabilities at fair value through profit or loss	18	1,986	1,796	1,980	1,278
Borrowings	27	117,322	75,541	125,753	81,987
Retirement benefit obligations	28	18,862	18,648	18,433	18,155
Current income tax liability		25,866	22,374	24,529	19,768
Deferred income tax liability		324	5	-	-
Other liabilities	29	124,230	118,066	98,834	87,039
		3,150,953	2,729,839	2,730,635	2,398,497
Liabilities included in assets classified as held for sale	25	1,623	2,836	-	-
Total liabilities		**3,152,576**	**2,732,675**	**2,730,635**	**2,398,497**
EQUITY					
Share capital		16,316	16,316	16,316	16,316
Share premium		189,241	189,241	189,241	189,241
Retained earnings		121,221	94,991	96,464	77,342
Other reserves					
-Statutory reserve		50,444	42,972	49,877	42,422
-SSI Reserve		6,076	6,076	6,076	6,076
-AFS Fair Value Reserve		150	25,815	(338)	24,678
-Statutory credit reserve		6,737	16,101	6,737	16,101
-Foreign currency translation reserve		1,077	1,668	-	-
		391,262	393,180	364,373	372,176
Non-controlling interest		1,547	1,353	-	-
Total equity		**392,809**	**394,533**	**364,373**	**372,176**
Total equity and liabilities		**3,545,385**	**3,127,208**	**3,095,008**	**2,770,673**

The financial statements on pages 10 to 46 were approved by the Board of Directors on 10 December 2013 and signed on its behalf by:

Prince Ajibola Afonja	**Bisi Onasanya**	**Adebayo Adelabu**
Chairman	Group Managing Director / CEO	Executive Director/Group CFO

FIRST BANK OF NIGERIA LIMITED

BANK CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2013

	Attributable to equity holders of the Bank							
	Share capital	**Share premium**	**Retained earnings**	**Statutory reserve**	**SSI reserve**	**AFS Fair value reserve**	**Statutory credit reserve**	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Balance as at 1 January 2012	16,316	254,524	49,649	31,753	6,076	9,160	9,766	377,244
Profit for the period	-	-	57,565	-	-	-	-	57,565
Other comprehensive income								
Fair value movements on equity financial assets	-	-	-	-	-	13,631	-	13,631
Return on plan assets	-	-	1,620	-	-	-	-	1,620
Total comprehensive income	-	-	59,185	-	-	13,631	-	72,816
Transactions with owners								
Dividends	-	-	(26,105)	-	-	-	-	(26,105)
Transfer between reserves	-	-	(20)	8,635	-	-	(8,615)	-
Total transactions with Owners	-	-	(26,125)	8,635	-	-	(8,615)	(26,105)
At 30 September 2012	16,316	254,524	82,709	40,388	6,076	22,791	1,151	423,955
Balance as at 1 January 2013	16,316	189,241	77,342	42,422	6,076	24,678	16,101	372,176
Profit for the period	-	-	49,698	-	-	-	-	49,698
Other comprehensive income								
Fair value movements on equity financial assets	-	-	-	-	-	(25,016)	-	(25,016)
Return on plan assets	-	-	147	-	-	-	-	147
Total comprehensive income	-	-	49,845	-	-	(25,016)	-	24,829
Transactions with owners								
Dividends	-	-	(32,632)	-	-	-	-	(32,632)
Transfer between reserves	-	-	1,909	7,455	-	-	(9,364)	-
Total transactions with Owners	-	-	(30,723)	7,455	-	-	(9,364)	(32,632)
At 30 September 2013	16,316	189,241	96,464	49,877	6,076	(338)	6,737	364,373

FIRST BANK OF NIGERIA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2013

	Attributable to equity holders of the parent												
	Share capital	**Share premium**	**Retained earnings**	**Statutory reserve**	**SSI reserve**	**AFS Fair value reserve**	**Contingency reserve**	**Statutory credit reserve**	**Treasury share 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**	**N 'millions**	**N 'millions**
Balance as at 1 January 2012	16,316	254,524	41,587	32,144	6,076	8,524	13	9,766	(1,941)	606	367,615	964	368,579
Profit for the period	-	-	65,166	-	-	-	-	-	-	-	65,166	(878)	64,288
Other comprehensive income													
Foreign currency translation differences,net of tax	-	-	-	-	-	-	-	-	-	14	14	-	14
Acqusition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,286	1,286
Fair value movements on equity financial assets	-	-	-	-	-	16,165	-	-	-	-	16,165	-	16,165
Return on plan assets	-	-	1,620	-	-	-	-	-	-	-	1,620	-	1,620
Total comprehensive income	-	-	66,786	-	-	16,165	-	-	-	14	82,965	408	83,373
Transactions with owners											-		-
Dividends	-	-	(26,105)	-	-	-	-	-		-	(26,105)	-	(26,105)
Transfer between reserves	-	-	(20)	8,635	-	-	-	(8,615)		-	-	-	-
Total transactions with Owners	-	-	(26,125)	8,635	-	-	-	(8,615)	-	-	(26,105)	-	(26,105)
At 30 September 2012	16,316	254,524	82,248	40,779	6,076	24,689	13	1,151	(1,941)	620	424,475	1,372	425,847
Balance as at 1 January 2013	16,316	189,241	94,991	42,972	6,076	25,815	-	16,101	-	1,668	393,180	1,353	394,533
Profit for the period	-	-	56,823	-	-	-	-	-	-	-	56,823	13	56,837
Other comprehensive income													
Foreign currency translation differences,net of tax	-	-	-	-	-	-	-	-	-	(591)	(591)	-	(591)
Fair value movements on equity financial assets	-	-	-	-	-	(25,875)	-	-	-	-	(25,875)	-	(25,875)
Return on plan assets	-	-	147	-	-	-	-	-	-	-	147	-	147
Tax effects on revaluation of financial assets	-	-	-	-	-	210	-	-	-	-	210	-	210
Total comprehensive income	-	-	56,970	-	-	(25,665)	-	-	-	(591)	30,714	13	30,727
Transactions with owners									-				-
Remeasurement of goodwill	-	-	-	-	-	-	-	-	-	-	-	181	181
Dividends	-	-	(32,632)	-	-	-	-	-	-	-	(32,632)	-	(32,632)
Transfer between reserves	-	-	1,893	7,471	-	-	-	(9,364)		-	-	-	-
Total transactions with Owners	-	-	(30,739)	7,471	-	-	-	- 9,364	-	-	(32,632)	181	(32,451)
At 30 September 2013	16,316	189,241	121,222	50,444	6,076	150	-	6,737	-	1,077	391,262	1,547	392,809

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP 30 Sept 2013 N 'millions	GROUP 30 Sept 2012 N 'millions	BANK 30 Sept 2013 N 'millions	BANK 30 Sept 2012 N 'millions
Operating activities					
Cash flow generated from operations	30	34,892	(162,329)	(31,802)	73,661
Income taxes paid		(6,518)	(16,375)	(3,737)	(20,935)
Interest received		228,530	208,413	194,883	152,270
Interest paid		(59,681)	(44,195)	(54,329)	(38,238)
Purchase of investment securities		(112,281)	(34,614)	(111,793)	(65,254)
Proceeds on disposal of investment securities		53,288	20,778	54,845	156
Dividends received		867	886	867	397
Gratuity payments to staff		(2,048)	(11,935)	(2,048)	(4,437)
Net cash flow generated from operating activities		137,048	(39,372)	46,884	97,619
Investing activities					
Deposits for investments		(16,767)	-	(16,787)	-
Acquisition of subsidiary		-	-	-	(5,503)
Additional investment in subsidiaries		-	-	-	(5,738)
Purchase of investment property		-	-	-	-
Purchase of property, plant and equipment		(10,168)	(14,752)	(8,268)	(13,059)
Proceeds on disposal of property, plant and equipment		354	957	446	1,091
Purchase of intangible assets		(568)	(2,777)	(390)	-
Proceeds on disposal of intangible assets		-	-	-	-
Net cash (used in)/generated from investing activities		(27,149)	(16,572)	(24,999)	(23,209)
Financing activities					
Dividend paid		(32,632)	(26,106)	(32,632)	(26,105)
Repayment of borrowings		(54,161)	(75,774)	(54,098)	(66,492)
Proceeds of borrowings		97,281	20,012	108,704	-
Net cash used in financing activities		10,488	(81,868)	21,974	(92,597)
Increase in cash and cash equivalents		120,387	(137,812)	43,859	(18,187)
Cash and cash equivalents at start of period	15	595,917	708,991	500,389	467,546
Effect of exchange rate fluctuations on cash held		(482)	266	199	(250)
Cash and cash equivalents at end of the period	15	715,822	571,445	544,448	449,109

1 General information

These financial statements are the condensed interim consolidated financial statements of First Bank 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.

The principal activities of the Bank are mainly retail banking and corporate banking. Retail banking provides banking activities relating to individuals, such as savings account, investment savings products, loans and money transfers. Corporate banking includes activities relating to multinational and local corporations, as well as financial and governmental institutions, such as funds management, credit facilities and project finance.

In the last financial period (year to 31 December 2012), there was a business restructuring within the First Bank Group, which resulted in the adoption of the holding company model. Thus, FBN Holdings Plc was set up as a non-operating legal entity domiciled in Nigeria, and regulated by the Central Bank of Nigeria as an “other financial institution".

The financial information for 30 September 2013 represents the results of First Bank of Nigeria Limited after the restructuring and includes the following five subsidiaries:

FBN Bank (UK) Limited
FBN Pension Custodian Limited
FBN Mortgages Limited
FBN Bureau de Change Limited
Banque Internationale de Credit [Democratic Republic of Congo (DRC).

The bank also has a special purpose entity -FBN Finance Company B.V,which issued Eurobonds during the period. The results of the SPE have been consolidated by the bank.

The financial information for 30th September 2012 represents the results of First Bank of Nigeria Limited before the restructuring and includes the following twelve subsidiaries
FBN Bank (UK) Limited
FBN Capital Limited
FBN Pension Custodian Nigeria Limited
First Trustees Nigeria Limited
FBN Mortgages Limited
FBN Insurance Brokers Limited
FBN Registrars Nigeria Limited
FBN Bureau De Change Limited
FBN Micro-Finance Bank Limited
First Funds Limited
FBN Life Assurance
Banque International de Credit (DRC)

These Group condensed consolidated interim financial statements for the period ended 30 September 2013 were approved for issue by the Board of Directors on 10 December 2013

2 Basis of preparation

These condensed interim financial statements for the nine months ended 30 September 2013 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the following:

a) taxes on income in the interim periods which are accrued using the tax rate that would be applicable to expected total annual profit or loss
b) accounting policies newly adopted as described in note 3.1

3.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the group

A number of new standards and amendments to standards came into effect for annual periods beginning after 1 January 2013. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 19 (Revised 2011) Employee Benefits, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013.

The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.The group has reclassified comprehensive income items of the comparative period.These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 1 Clarification of the requirement for comparative information (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)
The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)
IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.
The group continues to immediately recognize in retained earnings all pension adjustments recognized in other comprehensive income.The group also continues to recognize interest expense (income) on net post-employment benefits liabilities (assets) in finance expense (income) in the condensed consolidated income statement. See note 28 for impact of the application of IAS19R.

3.1 Changes in accounting policies and disclosures continued

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns. The group assessed its consolidation conclusions on 1 January, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard had no material impact on the group

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement
IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The group adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustements to the valuation techniques used by the group to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period.

(b) New standards and interpretations not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these condensed interim consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

Amendment to IAS 32, ‘Financial instruments:Presentation’, on asset and liability offsetting' (effective for periods beginning on or after 1 January 2014):
This amendment clarifies some of the requirements for offsetting financial assets and liabilities on the reporting date. The Group is yet to assess the full effect of IAS 32 and intends to adopt IAS 32 no later than the accounting period beginning on or after 1 January 2014.

IFRS 9, 'Financial Instruments' (effective for periods beginnning on or after 1 January 2015):
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 and hedge accounting continues to apply. 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 2015.The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

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

4 Estimates

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes,and estimated impairment of goodwill.

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 N552 million arose in Banque Internationale De Credit in the retail segment during the course of year 2013,resulting in the carrying amount of the CGU being writen down to its recoverable amount.

If the terminal growth rate had been higher by 0.5%,the group would have recognised impairment lower by N84 million while if it had been lower by 0.5% a further charge of N80 million would have been recognised in the group books. See note 24 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 N157 million while if it had been higher by 0.5% a further charge of N149.5 million would have been recognised in the group's books.

5 Financial risk management

The group's activities expose it to a variety of financial risks. The risks arising from financial instruments to which the Group is exposed are financial risks, which includes credit risk, liquidity risk and market risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2012. There have been no changes in the risk management structure since year end or in any risk management policies.

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

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:

• 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.

Longer-term finance and lending to corporate entities are generally secured, while revolving individual credit facilities on the other hand are generally unsecured. In addition, to minimise the credit loss, the Group would seek additional collateral from the counterparty even before impairment indicators are identified for the relevant individual loans and advances.

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.

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.

5.1 Fair value estimation of financial assets and liabilities

a Fair value Heirarchy

IFRS 7 specifies a heirarchy of valuation techniques based on whether the inputs to those valuations are observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following heirarchy.

The different levels have been defined as follows:
- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities .
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
-Level 3- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. As at 30 September 2013, the Group held the following classes of financial instruments measured at fair value.

5.1 Fair value estimation of financial assets and liabilities

a Fair value Heirarchy continued

GROUP

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
30 September 2013				
Financial assets held for trading				
Debt Securities	6,277	55	-	6,332
Derivatives	4,123	1,482	-	5,605
Available-for-sale financial assets				
Investment securities - debt	184,014	140,114	-	324,128
Investment securities - unlisted equity	505	-	24,071	24,576
Investment securities - listed equity	1,279	-	-	1,279
Assets pledged as collateral	14,300	2,860	-	17,160
Loans and receivables				
Cash and balances with central banks	564,674	-	-	564,674
Loan and advances to banks	433,141	-	-	433,141
Loans and advances to customers				-
- Overdrafts	-	269,412	-	269,412
- Term loans	-	1,699,879	-	1,699,879
- Staff loans	-	8,578	-	8,578
- Project finance	-	74,254	-	74,254
- Advances under finance lease	-	2,354	-	2,354
Other assets (excluding prepayments)	-	58,892	-	58,892
Debt instruments				
Assets pledged as collateral (held to maturity)	24,771		-	24,771
Investment securities (held to maturity)	97,447	181,346	-	278,793
Financial liabilities held for trading				
Derivatives	7	1,979	-	1,986
Financial liabilities at ammortised cost				
Deposits from Banks	48,361	-	-	48,361
Deposits from customers	-	2,814,002	-	2,814,002
Other liabilities (excluding provisions and accruals)	-	118,343	-	118,343
Borrowings	46,213	71,109	-	117,322
31 December 2012				
Financial assets held for trading				
Debt Securities	679	-	-	679
Derivatives	623	1,262	-	1,885
Available-for-sale financial assets				
Investment securities - debt	208,531	95,342	-	303,873
Investment securities - unlisted equity	-	46,311	59	46,370
Investment securities - listed equity	1,131	-	-	1,131
Assets pledged as collateral	19,046	-	-	19,046
Financial liabilities held for trading				
Derivatives	518	1,278	-	1,796

5.1 Fair value estimation of financial assets and liabilities

a Fair value Heirarchy continued

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

At 1 January 2012	31,122
Transfer out of Level 3 due to change in observability of market data	(31,063)
At 31 December 2012	59
Total Gains/(losses) recognised through OCI	-
Transfer out of Level 3 due to change in observability of market data	-
At 30 September 2013	59

Total gains or losses for the period included in profit or loss are presented in 'Net gains/(losses) from investment securities.
During the nine-month period ended 30 September 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. Fair value increases/decreases are recorded in other comprehensive income.

BANK

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
30 September 2013				
Financial assets held for trading				
Debt Securities	1,821	55	-	1,876
Derivatives		1,482	-	1,482
Available-for-sale financial assets				
Investment securities - debt	104,743	140,114	-	244,857
Investment securities - unlisted equity	-	-	24,012	24,012
Investment securities - listed equity	1,279	-	-	1,279
Assets pledged as collateral	14,300	2,860	-	17,160
Loans and receivables				
Cash and balances with central banks	522,019	-	-	522,019
Loan and advances to banks	363,722	-	-	363,722
Loans and advances to customers				
- Overdrafts	-	267,981	-	267,981
- Term loans	-	1,427,435	-	1,427,435
- Staff loans	-	8,512	-	8,512
- Project finance	-	74,254	-	74,254
- Advances under finance lease	-	2,354	-	2,354
Other assets (excluding prepayments)	-	55,170	-	55,170
Debt instruments				
Assets pledged as collateral (held to maturity)	24,771		-	24,771
Investment securities (held to maturity)	93,888	181,293	-	275,181
Financial liabilities held for trading				
Derivatives	-	1,980	-	1,980
Financial liabilities at ammortised cost				
Deposits from Banks	2,525	-	-	2,525
Deposits from customers	-	2,458,581	-	2,458,581
Other liabilities (excluding provisions and accruals)	-	94,980	-	94,980
Borrowings	46,213	79,540	-	125,753

Fair value estimation of financial assets and liabilities

Fair value Heirarchy continued

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2012				
Financial assets held for trading				
Debt Securities	680	-	-	680
Derivatives	-	1,262	-	1,262
Available-for-sale financial assets				
Investment securities -debt	157,568	95,342	-	252,910
Investment securities - unlisted equity	-	-	46,311	46,311
Investment securities - listed equity	1,131	-	-	1,131
Assets pledged as collateral	19,046	-	-	19,046
Financial liabilities held for trading				
Derivatives	-	1,278	-	1,278

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

At 1 January 2013	-
Transfers into level 3	46,311
Transfer out of Level 3 due to change in observability of market data	-
Total Gains/(losses) for the period	-
- Included in profit or loss	-
- Included in other comprehensive income	(22,615)
30 September 2013	24,012

There were transfers from Level 2 to Level 3 heirarchy for the unlisted equities resulting from a decrease in market activities for the securities. In 2013, the group transferred unlisted equity securities classified as available for sale from level 2 to level 3. This was due to lack of observable market data in the computation of fair value (e.g. market value, recent transactions). The lack of market data is as a result of decrease in market activities for the securities These among others include:
• price quotations varied substantially over time
• little information is publicly available
The group has used various valuation techniques and applied a judgmental illiquidity discount on the fair value obtained. The illiquidity discount has been applied as a risk premium and the higher the illiquidity discount, the lower the fair value of the unlisted equity securities.
The entity's policy is to recognise transfers into and out of heirarchies (levels) as of the date of the event or change in circumstances that caused the transfer.

b The significant unobservable inputs used in the fair value measurement of the bank's financial instrument are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

C **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	10% illiquidity discount	the higher the illiquidity discount the lower the fair value
NIBSS PLC	EV/EBITDA	10% 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	10% 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

d **Sensitivity Analysis**

Investee Company	**Favourable Changes**	**Unfavourable Changes**
	N'm	**N'm**
AIRTEL NIGERIA	11,515	9,421
NIBSS PLC	144	117
AFREXIM BANK LIMITED	266	218
INTERSWITCH LIMITED	937	767
AFRICA FINANCE CORPORATION	13,551	11,087

The sensitiivty was based on 10% increase or decrease in indicative fair value. The changes in value noted will impact on equity

e **Valuation techniques used to determine level 2 fair values**

Level 2 debt instruments have been fair valued using quoted market prices for securities with similar credit, maturity and yield characteristics.

Currency Swaps have been fair valued using the discounted cash flow (DCF) method. Forward foreign exchange contracts have been fair valeud using forward exchange rates that are quoted in an active market. The put options were fair valued using inputs from observable market data.

Loans and advances have been fair valued using average benchmarked lending rates which were adjusted to specific entity risks based on history of losses. The rates used were obtained from the industry rates published by the Central Bank of Nigeria.

f **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.

g Financial instruments not measured at fair value

The fair value of loans and advances to customers as well as investment securities are as follows:

	At 30th September 2013		At 31st December 2012	
	Carrying value N 'millions	Fair value N 'millions	Carrying value N 'millions	Fair value N 'millions
GROUP				
Financial assets				
Loans and advances to customers				
- Overdrafts	278,107	269,412	266,555	266,555
- Term loans	1,299,471	1,699,879	1,228,397	1,342,131
- Staff loans	5,449	8,578	5,346	5,848
- Project finance	65,312	74,254	59,014	64,109
- Advances under finance lease	2,276	2,354	3,694	3,393
Investment securities (held to maturity)	312,080	278,793	308,430	275,181
Asset pledged as collateral	33,518	24,771	50,109	19,046
Asset held for sale	12,789	26,694	-	-
TOTAL	**2,009,002**	**2,384,735**	**1,921,545**	**1,976,263**
BANK				
Financial assets				
Loans and advances to customers				
- Overdrafts	267,981	267,981	259,065	259,065
- Term loans	1,051,654	1,427,435	989,809	1,082,645
- Staff loans	5,341	8,512	5,144	5,627
- Project finance	65,312	74,254	58,695	63,763
- Advances under finance lease	2,275	2,354	3,694	3,393
Investment securities (held to maturity)	308,429	275,181	330,860	338,377
Asset pledged as collateral	33,518	24,771	50,109	19,046
TOTAL	**1,734,511**	**2,080,488**	**1,697,376**	**1,771,916**

The fair value of the following financial assets and liabilties for both the bank and group approximate their fair values:

Cash and balances with Central banks	564,674	564,674	522,019	522,019
Loans and advances to banks	433,141	433,141	363,722	363,722
Other assets (excluding prepayments)	58,892	58,892	55,170	55,170
Deposits from banks	48,361	48,361	2,525	2,525
Deposits from customers	2,814,002	2,814,002	2,458,581	2,458,581
Other liabilities (excluding provisions and accruals)	118,343	118,343	94,980	94,980
Borrowings	117,322	117,322	125,753	125,753

5.2 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:

	30 Sept 2013 N'millions	31 Dec 2012 N'millions
Total IFRS impairment losses	51,138	43,202
Prudential provisions	57,875	59,303
Transfer to statutory credit reserve	**(6,737)**	**(16,101)**
Analysis of the IFRS impairment losses		
Loans : Specific impairment (note 17)	24,046	14,807
Loans: Collective impairment (note 17)	22,138	22,171
Other assets (note 20)	4,954	6,224
Investments in subsidiaries	-	-
Total IFRS impairment losses	**51,138**	**43,202**

Prudential provisions include regulatory examiner's provisions of N67.16bn less written off of N9.29bn

6 Interest income

	Group 30 Sept 2013 N 'millions	Group 30 Sept 2012 N 'millions	Bank 30 Sept 2013 N 'millions	Bank 30 Sept 2012 N 'millions
Investment securities	60,324	66,164	58,519	61,740
Loans and advances to banks	6,736	1,982	6,219	2,137
Loans and advances to customer	161,692	145,677	147,202	133,515
	228,752	**213,823**	**211,940**	**197,392**

Interest income on loans and advances to customers includes interest income on impaired financial assets of N1.30billion for Group and Bank (2012 :N 0.83 billion for Group and Bank) , recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

7 Interest expense

	Group 30 Sept 2013 N 'millions	Group 30 Sept 2012 N 'millions	Bank 30 Sept 2013 N 'millions	Bank 30 Sept 2012 N 'millions
Deposit from banks	1,085	6,277	1,084	6,277
Deposit from customers	58,774	32,368	54,126	28,349
Borrowings	1,258	3,379	890	1,238
	61,117	**42,024**	**56,100**	**35,864**

8 Impairment charge on credit losses:

	Group 30 Sept 2013 N 'millions	Group 30 Sept 2012 N 'millions	Bank 30 Sept 2013 N 'millions	Bank 30 Sept 2012 N 'millions
Loans and advances to customers				
Increase in collective impairment (see note 17)	5,663	3,712	4,017	3,711
Increase in specific impairment (see note 17)	11,094	8,272	12,183	7,396
Recoveries	(1,706)	(2,773)	(1,705)	(2,659)
Other assets				
Increase in impairment (see note 20)	529	570	437	570
	15,581	**9,780**	**14,931**	**9,018**

9 Fees and commission income

	Group 30 Sept 2013 N 'millions	Group 30 Sept 2012 N 'millions	Bank 30 Sept 2013 N 'millions	Bank 30 Sept 2012 N 'millions
Credit related fees	2,001	1,969	1,358	1,126
Commission on turnover	13,582	15,879	13,084	15,509
Commission on Bonds and Guarantees	2,450	2,477	2,450	2,477
Remittance fees	126	193	-	-
Letters of credit commissions and fees	5,294	4,569	4,593	3,640
Money transfer commission	2,623	2,373	1,324	1,270
Other fees and commissions	13,075	17,830	11,527	11,662
	39,151	**45,290**	**34,336**	**35,684**

9b Fees and commission expense

Fees and commission expense	3,880	-	3,888	-

This expense relates to mainly channels service.

10 Net gains / (losses) on investment securities

	GROUP 30 Sept 2013 N 'millions	GROUP 30 Sept 2012 N 'millions	BANK 30 Sept 2013 N 'millions	BANK 30 Sept 2012 N 'millions
Equity securities	(2,028)	1,928	(554)	395
Debt securities	2,029	(1,824)	1,879	(2,050)
Impairment	-	-	-	-
	1	**104**	**1,325**	**(1,655)**

11 Net gains / (losses) from financial assets classified as held for trading

	GROUP		BANK	
	30 Sept 2013 N 'millions	30 Sept 2012 N 'millions	30 Sept 2013 N 'millions	30 Sept 2012 N 'millions
Derivatives	(349)	(542)	(349)	(542)
Trading income on Debt securities	960	(942)	960	(943)
Fair value gain/ (loss) on Debt securities	(967)	(3)	(967)	(3)
	(356)	**(1,487)**	**(356)**	**(1,488)**

12 Operating expenses

	Group		Bank	
	30 Sept 2013 N 'millions	30 Sept 2012 N 'millions	30 Sept 2013 N 'millions	30 Sept 2012 N 'millions
Loss on sale of property, plant and equipment	100	(80)	83	72
Depreciation	6,924	7,602	6,793	6,865
Amortization	646	49	-	-
Staff cost	42,070	51,838	36,909	45,654
Maintenance	16,866	16,925	16,521	16,796
Directors remuneration	648	730	500	394
Auditors renumeration	150	188	100	158
Insurance premium	1,036	1,019	911	838
Regulatory cost	18,534	6,948	18,352	6,806
Advert & Corporate Promotions	4,691	5,516	4,600	5,420
Legal and other professional fees	2,630	2,213	2,302	1,966
Donations & Subscriptions	1,224	1,090	1,085	1,020
Rent and rates	1,708	1,300	1,280	1,008
Stationary & printing	1,499	1,934	1,400	1,854
Consultancy Fees	21	2,306	-	-
Other Operating expenses	30,459	33,416	28,782	29,733
	129,206	**132,994**	**119,618**	**118,584**

13 Income Taxes

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate for the year to December 2012 is 14.6% (the estimated tax rate for the nine months ended 30 September 2012 was 14.6%).

14 Cash and balances with central banks

	Group		Bank	
	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions
Cash	87,878	53,083	48,250	47,238
Balances with central banks excluding mandatory reserve deposits	150,800	53,432	150,800	53,432
	238,678	106,515	199,051	100,670
Mandatory reserve deposits with Central Bank	325,996	191,509	322,969	187,455
	564,674	**298,024**	**522,020**	**288,125**

15 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	
	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions
Cash (note 14)	87,878	53,083	48,250	47,238
Balances with central banks other than mandatory reserve deposits (note 14)	150,800	53,432	150,800	53,432
Loans and advances to banks excluding long term placements (note 16)	426,986	392,419	345,283	315,856
Treasury bills included in financial assets held for trading (note 18)	4,571	680	115	193
Treasury bills and eligible bills excluding pledged treasury bills (note 19)	45,588	121,247	0	83,670
	715,823	**620,861**	**544,448**	**500,389**

16 Loans and advances to banks

	Group		Bank	
	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions
Current balances with banks within Nigeria	43,313	15,749	5,062	1,433
Currrent balances with banks outside Nigeria	340,627	322,703	303,994	272,998
Placements with banks and discount houses	43,046	53,967	36,227	41,425
	426,986	392,419	345,283	315,856
Long term placement	6,155	706	18,439	13,264
	433,141	**393,125**	**363,722**	**329,120**

Included in loans to banks is a non current placement of N6.16billion for Group and N18.44billion for Bank(31 December 2012: N706 million for Group and N13.2b for Bank) which does not qualify as cash and cash equivalent. All other loans to banks are due within 3 months.

17 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
30 Sept 2013					
Overdrafts	293,679	12,009	3,563	15,572	278,107
Term loans	1,330,772	12,613	18,689	31,302	1,299,470
Staff loans	6,151	7	695	702	5,449
Commercial papers	-	-	-	-	-
Project finance	66,096	-	784	784	65,312
Other loans	-	-	-	-	-
	1,696,698	24,629	23,731	48,360	1,648,338
Advances under finance lease	3,006	661	70	731	2,275
	1,699,704	25,290	23,801	49,091	1,650,612
31 December 2012					
Overdrafts	276,839	6,882	3,402	10,284	266,555
Term loans	1,129,103	10,251	16,339	26,590	1,102,513
Staff loans	5,947	-	600	600	5,347
Commercial papers	126,916	-	1,033	1,033	125,883
Project finance	59,746	-	732	732	59,014
Other loans	-	-	-	-	-
	1,598,551	17,133	22,106	39,239	1,559,312
Advances under finance lease	3,781	-	87	87	3,694
	1,602,332	17,133	22,193	39,326	1,563,006

BANK

	Gross amount N 'millions	Specific impairment N 'millions	Collective impairment N 'millions	Total impairment N 'millions	Carrying amount N 'millions
30 Sept 2013					
Overdrafts	283,553	12,009	3,563	15,572	267,981
Term loans	1,080,056	11,376	17,026	28,402	1,051,654
Staff loans	6,036	-	695	695	5,341
Commercial papers	-	-	-	-	-
Project finance	66,096	-	784	784	65,312
Other loans	-	-	-	-	-
	1,435,741	23,385	22,068	45,453	1,390,288
Advances under finance lease	3,006	661	70	731	2,275
	1,438,747	24,046	22,138	46,184	1,392,563
31 December 2012					
Overdrafts	269,252	6,585	3,602	10,187	259,065
Term loans	888,265	8,222	16,117	24,339	863,926
Staff loans	5,744		600	600	5,144
Commercial papers	126,916	-	1,033	1,033	125,883
Project finance	59,427	-	732	732	58,695
Other loans	-	-	-	-	-
	1,349,604	14,807	22,084	36,891	1,312,713
Advances under finance lease	3,781	-	87	87	3,694
	1,353,385	14,807	22,171	36,978	1,316,407

17 Loans and advances to customers continued

	30 Sept 2013 N 'millions	31 December 2012 N 'millions
GROUP		
Current	960,432	592,842
Non-current	698,612	970,163
	1,659,044	1,563,005
BANK		
Current	681,883	585,422
Non-current	710,680	730,985
	1,392,563	1,316,407

Reconciliation of impairment allowance on loans and advances to customers:
GROUP

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Other N 'millions	Total N 'millions
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					
Specific impairment	7,944	2,489	661	7	11,102
Collective impairment	784	4,745	(16)	149	5,663
Loans written off	(3,545)	(3,450)	-	-	(6,995)
Specific impairment	12,009	12,613	661	7	25,290
Collective impairment	3,563	18,689	71	1,481	23,804
At 30 September 2013	15,572	31,302	732	1,488	49,094

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Other N 'millions	Total N 'millions
At 1 January 2012					
Specific impairment	1,671	11,265	-	-	12,936
Collective impairment	3,148	13,871	86	704	17,809
	4,819	25,136	86	704	30,745
Additional provision					
Specific impairment	5,624	7,667	-	239	13,530
Collective impairment	454	3,282	1	626	4,363
Discontinued operations	-	(5,193)	-	-	(5,193)
Loans written off	(612)	(4,301)		(239)	(5,152)
Specific impairment	6,882	10,251	-	-	17,133
Collective impairment	3,402	17,372	87	1,332	22,193
At 31 December 2012					
	10,284	27,623	87	1,332	39,326

17 Loans and advances to customers continued

Reconciliation of impairment allowance on loans and advances to customers:
Bank continued

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Other N 'millions	Total N 'millions
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					
Specific impairment	8,041	3,482	661	-	12,183
Collective impairment	784	3,103	(16)	146	4,017
Loans written off	(3,440)	(3,555)	-		(6,995)
Specific impairment	12,009	11,376	661	-	24,046
Collective impairment	3,563	17,026	70	1,479	22,138
At 30 September 2013	15,572	28,402	731	1,479	46,184
At 1 January 2012					
Specific impairment	1,671	6,133	-	-	7,804
Collective impairment	3,148	16,138	86	706	20,078
	4,819	22,271	86	706	27,882
Additional provision					
Specific impairment	5,197	6,374	-	-	11,571
Collective impairment	454	1,012	1	626	2,092
Loans written off	(283)	(4,285)	-	-	(4,569)
Specific impairment	6,585	8,222	-	-	14,807
Collective impairment	3,602	17,150	87	1,332	22,171
At 31 December 2012	10,187	25,372	87	1,332	36,978

Loans and advances to customers include finance lease receivables as follows:	Group		Bank	
	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions
Gross investment in finance lease, receivable				
- No later than 1 year	752	729	752	729
- Later than 1 year and no later than 5 years	2,691	3,282	2,691	3,282
- Later than 5 years	43	84	43	84
	3,486	4,095	3,486	4,095
Unearned future finance income on finance leases	(480)	(314)	(480)	(314)
Impairment allowance on leases	(731)	(87)	(731)	(87)
Net investment in finance lease, receivable	2,275	3,694	2,275	3,694
Net investment in finance lease, receivable is analysed as follows				
- No later than 1 year	25	416	25	416
- Later than 1 year and no later than 5 years	2,209	3,194	2,209	3,194
- Later than 5 years	41	84	41	84
	2,275	3,694	2,275	3,694

18 Financial assets held for trading

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Treasury bills with maturity of less than 90 days	4,571	193	115	193
Treasury bills with maturity over 90 days	1,761	487	1,761	487
Total debt securities	6,332	680	1,876	680
Derivative assets	5,605	1,885	1,482	1,262
Total assets held for trading	11,937	2,565	3,358	1,942

The Group did not designate any financial assets as fair value through profit or loss on initial recognition. The Group's derivative strategy has not changed since 31st December 2012.

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 30 Sept 2013			BANK 30 Sept 2013		
	Notional contract amount	Fair values		Notional contract amount	Fair values	
	N 'millions	Asset N 'millions	Liability N 'millions	N 'millions	Asset N 'millions	Liability N 'millions
Foreign exchange derivatives						
Forward FX contract	215,747	4,126	(40.43)	2,082	3	(33)
Currency swap	18,333	6	(473.00)	18,333	6	(473)
Put options	41,576	1,473	(1,473.00)	41,576	1,473	(1,473)
	275,656	5,605	(1,986.43)	61,991	1,482	(1,979)
Current	232,509	4,132	(368)	18,844	9	(361)
Non Current	43,147	1,473	(1,618)	43,147	1,473	(1,618)
	275,656	5,605	(1,986)	61,991	1,482	(1,979)

	31 Dec 2012			31 Dec 2012		
	Notional contract amount	Fair values		Notional contract amount	Fair values	
	N 'millions	Asset N 'millions	Liability N 'millions	N 'millions	Asset N 'millions	Liability N 'millions
Interest rate derivatives						
Interest rate swaps	13,198	-	(61)	13,198	-	(61)
Foreign exchange derivatives						
Forward FX contract	5,302	626	(860)	4,733	3	(342)
Currency swap	10,750	54	-	10,750	54	-
Put options	41,581	1,205	(875)	41,581	1,205	(875)
	70,831	1,885	(1,796)	70,262	1,262	(1,278)
Current	5,302	680	(660)	4,733	57	(142)
Non Current	65,529	1,205	(1,136)	65,529	1,205	(1,136)

19 Investment securities

		Group		Bank	
		30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
19.1	**Securities available for sale**				
	Debt securities – at fair value:				
	– Treasury bills with maturity of less than 90 days	45,588	96,790	-	83,670
	– Treasury bills with maturity of more then 90 days	114,248	24,457	114,248	24,457
	– Government bonds	129,321	182,629	128,051	144,784
	– Other bonds	34,971	-	2,559	-
	Equity securities – at fair value:				
	– Listed	1,279	1,131	1,279	1,131
	Equity securities – at fair value:				
	– Unlisted	24,576	46,367	24,012	46,309
		349,983	351,374	270,149	300,351
	Assets pledged as collateral				
	Debt securities - at fair value				
	– Treasury bills	17,159	17,531	17,159	17,531
	– Government bonds	-	1,515	-	1,515
		17,159	19,046	17,159	19,046
	Total securities classified as available for sale	367,141.58	370,420	287,308	319,397

		Group		Bank	
		30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
19.2	**Securities held to maturity**				
	Debt securities – at amortised cost:				
	– Treasury bills with maturity of less than 90 days	14,486	-	14,486	-
	– Listed debt	121,653	155,636	118,002	155,636
	– Unlisted debt	175,941	175,224	175,941	175,224
		312,080	330,860	308,429	330,860
	Assets pledged as collateral				
	Debt securities - at amortised cost				
	– Government bonds	33,518	31,063	33,518	31,063
		33,518	31,063	33,518	31,063
	Total securities classified as held-to-maturity	345,597.94	361,923	341,947	361,923
	Total investment securities	712,740	732,343	629,255	681,320

19.3 Assets pledged as collateral

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty. 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	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Available for sale debt securities (note 19.1)	17,159	19,046	17,159	19,046
Held to maturity debt securities (note 19.2)	33,518	31,063	33,518	31,063
	50,677	50,109	50,677	50,109

20 Other assets

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Prepayments	7,481	8,459	6,584	7,351
Deposit for investment	16,767	-	16,767	-
Accounts receivable	10,435	17,330	8,629	18,721
Other receivables	36,644	14,182	34,728	12,611
	71,327	39,971	66,708	38,683
Less specific allowances for impairment	(4,954)	(6,238)	(4,954)	(6,224)
	66,373	33,733	61,754	32,459

Deposit for investment relate to the deposit for the purchase consideration in respect of acquisition of International Commercial Bank (ICB). The transaction was concluded in November 2013

Reconciliation of impairment account

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
At start of period	6,238	7,035	6,224	6,224
Write-back	(1,813)	-	(1,707)	-
Increase in impairment	529	-	437	-
Discontinued operations	-	(797)	-	-
At end of period	4,954	6,238	4,954	6,224

21 Acquisition of subsidiary

In October 2011, First Bank of Nigeria Plc paid for the acquisition of 75% interest in Thorens Limited, which owns 99.9% interest in Banque Internationale de Crédit (BIC) in Democratic Republic of Congo (DRC). The transaction was approved by the Central Banks in Nigeria and the DRC, subject to subsequent restructuring of the investment by the Bank to achieve direct ownership of BIC. As part of the restructuring, the Bank gained effective control of BIC on 31 March 2012 by controlling 75% of its shares and voting interest and thus accounted for the acquisition on that date. The consideration transferred by the Bank in October 2011 was N5.5 billion.

The acquired company contributed interest income of N2,123 million and fee commision of N2,251 million to the group for the period 1 April 2012 to 31 December 2012 as well as profit of N671million. If the acquisition had occurred on 1 January 2012, the group interest income for the year would show N277,705 million, group fee and commission would be N54,123 million and group profit before tax would have been N86,400 million.
In the period ended 30 September 2013, BIC contributed interest income of N2.56 billion, and fee commision of N2.43 billion to the group, as well as profit before tax of N773 million.
This acquisition is expected to increase the Group's profile across Sub Saharan Africa, create a greater earning diversification and increased shareholder value through higher returns on equity.

The accounting for the acquisition of the subsidiary was completed in March 2013. This resulted in a remeasurement of goodwill by N0.5 billion.

21 Acquisition of subsidiary continued

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

Consideration

	N'm
Cash	5,503

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value
Cash and balances with central banks	10,081
Treasury bills	44
Loans and advances to banks	6,841
Loans and advances to customers	16,046
Inventory	144
Deferred tax asset	1,045
Other assets	1,976
Property, plant and equipment	3,392
Deposits	(27,521)
Other liabilities	(6,182)
Total identifiable net assets	5,866
Non controlling interest	1,467
Goodwill	1,104

The goodwill of N1.1 billion 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 31 March 2012.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 7days 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 net contractual amount for loans and advances to customers is N18.166 billion which excludes a loan loss provision of N2.2 billion.

The gross carrying value of other assets is N1.9 billion, this includes an account receivable of N0.987 billion. The fair value of the trade receivables amounts to N0.968 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 value of property, plant and equipment at acquisition date has been determined by professional valuers and as a result; the value of property, plant and equipment increased from N 2.7 billion (provisional figure at acquisition) to N 3.4 billion. This resulted in an increase in the pre-acquisition reserves by N 0.7 billion, which is allocated between the group (N 0.5 billion) and non-controlling interest (N 0.18 billion). The group's remeasurement of goodwill is therefore N 0.5 billion.

The non-controlling interest has been recognised as a proportion of net assets acquired.

First Bank of Nigeria Limited

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2013

22 Property, plant and equipment

BANK	Improvement & buildings N'000	Land N'000	Motor vehicles N'000	Office equipment N'000	Computer equipment N'000	Furniture, fittings & equipment N'000	Total N'000
Cost							
At 1 January 2012	33,796	13,610	9,032	29,839	13,170	5,116	104,563
Additions	2,273	2,658	2,704	6,188	1,761	1,297	16,881
Disposals	(292)	-	(1,746)	(1,385)	(353)	(176)	(3,952)
At 31 December 2012	35,777	16,268	9,990	34,642	14,578	6,237	117,492
Accumulated depreciation							
At 1 January 2012	3,120	-	6,311	17,272	10,561	3,243	40,507
Charge for the year	607		1,442	4,741	1,664	711	9,165
Disposals	(96)		(1,356)	(942)	(353)	(157)	(2,904)
At 31 December 2012	3,631	-	6,397	21,071	11,872	3,797	46,768
Net book amount at 31 December 2012	**32,146**	**16,268**	**3,593**	**13,571**	**2,706**	**2,440**	**70,724**
Cost							
At 1 January 2013	35,777	16,268	9,990	34,642	14,578	6,237	117,492
Additions	-	198	1,855	3,283	948	1,986	8,270
Reclassifications	-	-	-	-	-	-	-
Write offs	(60)	-	(3,423)	(8,219)	(7,302)	(1,894)	(20,898)
Disposals	(108)	-	(1,443)	(455)	(2,132)	(97)	(4,236)
At 30 Sept 2013	35,609	16,466	6,980	29,252	6,091	6,232	100,628
Accumulated depreciation							
At 1 January 2013	3,631	-	6,397	21,071	11,872	3,797	46,768
Exchange differences	-	-	-	-	-	-	-
Charge for the year	473	-	1,186	3,453	1,075	605	6,792
Reclassifications	-	-	-	-	-	-	-
Write offs	(60)	-	(3,423)	(8,219)	(7,302)	(1,894)	(20,898)
Disposals	(25)	-	(1,177)	(443)	(2,132)	(95)	(3,872)
At 30 Sept 2013	4,019	-	2,983	15,861	3,513	2,414	28,790
Net book amount at 30 September 2013	**31,590**	**16,466**	**3,997**	**13,390**	**2,578**	**3,818**	**71,838**

First Bank of Nigeria Limited

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2013

23 Property, plant and equipment GROUP	Improvement & buildings N'000	Land N'000	Motor vehicles N'000	Office equipment N'000	Computer equipment N'000	Furniture, fittings & equipment N'000	Plant & machinery	Work in progress N'000	Total N'000
Cost									
At 1 January 2012	29,977	13,610	10,026	28,873	14,119	5,630	24	6,006	108,265
Additions	2,421	2,658	3,181	6,296	2,025	1,459	-	595	18,635
Acquisition of subsidiary	1,546		297	576	983	616		420	4,438
Write offs	(101)	-	-	-	(85)	(49)	-	-	(235)
Disposals	(292)		(1,916)	(1,386)	(369)	(181)		(8)	(4,152)
Discontinued operations	(199)	(368)	(879)	(266)	(668)	(339)	(24)		(2,743)
At 31 December 2012	33,352	15,900	10,709	34,093	16,005	7,136	-	7,013	124,208
Accumulated depreciation									
At 1 January 2012	3,314	-	6,756	17,460	11,242	3,600	19	-	42,391
Acquisition of subsidiary	79		242	445	640	363		-	1,769
Discontinued operations	(14)	-	(355)	(171)	(483)	(245)	(21)		(1,289)
Charge for the year	674		1,760	4,860	2,017	855	2	-	10,168
Write offs	(101)	-	-	-	(85)	(49)	-	-	(235)
Disposals	(96)		(1,509)	(943)	(354)	(148)	-	-	(3,050)
At 31 December 2012	3,856	-	6,894	21,651	12,977	4,376	-	-	49,754
Net book amount at 31 December 2012	**29,496**	**15,900**	**3,815**	**12,442**	**3,028**	**2,760**	**-**	**7,013**	**74,454**
Cost									
At 1 January 2013	33,352	15,900	10,709	34,093	16,005	7,136	-	7,013	124,208
Additions	2	1,062	1,940	3,286	958	1,989	-	930	10,168
Reclassifications	0	-	-	-	-	-	-	(0)	-
Exchange differences	1	-	-	-	-	1	-	286	288
Write offs	(60)	-	(3,423)	(8,219)	(7,302)	(1,894)	-	-	(20,898)
Disposals	(171)	-	(1,521)	(465)	(2,132)	(104)	-	.	(4,393)
At 30 Sept 2013	33,124	16,962	7,706	28,695	7,529	7,128	-	8,228	109,373
Accumulated depreciation									
At 1 January 2013	3,856	-	6,894	21,651	12,977	4,376	-	-	49,754
Exchange differences	1	-	-	-	-	1	-	-	1
Charge for the year	493	-	1,238	3,461	1,110	621	-	-	6,924
Write offs	(60)	-	(3,423)	(8,219)	(7,302)	(1,894)	-	-	(20,897)
Disposals	(25)	-	(1,227)	(452)	(2,132)	(103)	-	-	(3,939)
At 30 Sept 2013	4,265	-	3,483	16,442	4,653	3,001		-	31,844
Net book amount at 30 September 2013	**28,859**	**16,962**	**4,224**	**12,253**	**2,876**	**4,127**	**-**	**8,228**	**77,529**

24 Intangible assets

	Goodwill	Computer software	Group Total	Computer software	Bank Total
	N'million	N'million	N'million	N'million	N'million
Cost					
At 1 January 2012	-	3,636	3,636	2,780	2,780
Additions	-	1,494	1,494	1,124	1,124
Disposals	-	(191)	(191)	-	-
Write off	-	(237)	(237)	-	-
Acquisition of subsidiary	1,646	-	1,646	-	-
Exchange difference	-	20	20	-	-
At 31 December 2012	1,646	4,722	6,368	3,904	3,904
Additions	-	568	568	390	390
Write off		(2,218)	(2,218)	(2,218)	(2,218)
Remeasurement of goodwill (Note 20)	(542)	-	(542)	-	-
At 30 September 2013	1,104	3,072	4,176	2,076	2,076

	Goodwill	Computer software	Group Total	Computer software	Bank Total
	N'million	N'million	N'million	N'million	N'million
Amortisation and impairment					
At 1 January 2012	-	2,628	2,628	2,046	2,046
Amortisation charge	-	645	645	556	556
Write off	-	(237)	(237)	-	-
Disposals	-	(99)	(99)	-	-
Exchange difference	-	14	14	-	-
At 31 December 2012	-	2,951	2,951	2,602	2,602
Amortisation charge	-	608	608	471	471
Impairment charge	552	-	552	-	-
Write off		(2,218)	(2,218)	(2,218)	(2,218)
At 30 September 2013	552	1,341	1,893	855	855
Net book value					
At 30 September 2013	552	1,731	2,283	1,221	1,221
At 31 December 2012	1,646	1,771	3,417	1,302	1,302
At 1 January 2012	-	1,008	1,008	734	734

Impairment Tests for Goodwill

The value of goodwill in the books relate to the acquisition of Banque International du Credit in the Democratic Republic of Congo in 2012. At the time of acquisition goodwill was determined and taken into the group books.

The value of goodwill has been reduced to the recoverable amount by an impairment loss which is recognized in operating expenses in the income statement.

Management reviews the business on a business unit basis (note 6 for segment information)

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

The recoverable amount of the CGU has been based on value in use and the weighted average cost of capital WACC. These calculations use pretax cash flow projection covering five years. The future cash flows were extrapolated using the estimated growth rate which does not exceed the growth rates of the country and industry.
The key assumptions used in the value-in-use calculation for 2013 are as follows:

Terminal growth rate: 6.8%
Discount rate: 27.2%
Deposit growth rate: 6.48%
Recoverable amount of the CGU: N5.581bn

Management determined deposits to be the key value driver in BIC. Deposits are expected to grow in line with GDP growth rate and inflation.
The long term growth rates used are consistent with the forecast in the IMF world economic outlook database. The discount rate used is pretax
The impairment arose in BIC due to the effect of a war situation which has led to an adverse effect on the economy of Democratic Republic of Congo. The war has recently been brought under control and this is expected to reflect positively on the economy with time.

25 Assets classified as held for sale

The assets and liabilities held for sale relate to the property development portfolio of First Mortages Limited which 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 FirstBank Group, shareholders approved the full divestment by FirstBank , of all the property development business of FBN Mortages, prior to the Central Bank of Nigeria cut off date of June 2013. In March 2013, the CBN extended the cut off date to 31st December 2013 to afford all affected Primary Mortgage banks sufficient time to excercise any of the options for capital raising and business combination. The sale is expected to take place within the financial year ending 31 December 2013

The carrying amount of the assets and liabilities of the disposed group classified as held for sale are as listed below.

	30 Sept 2013 N'million	31 Dec 2012 N'million
Assets classified as held for sale		
Inventory	5,967	5,637
Accounts receivable	6,822	7,341
	12,789	**12,978**
Liabilities classified as held for sale		
Accounts payable - Deposit for property	**1,623**	**2,836**
Net Asset	**11,166**	**10,142**

26 Deposits from customers

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Current deposits	898,120	805,222	822,124	755,738
Savings deposits	623,146	548,391	618,325	544,807
Term deposits	718,223	501,371	443,662	320,898
Domiciliary deposit	568,231	541,210	568,188	540,700
Electronic purse	6,282	9,664	6,282	9,664
	2,814,002	2,405,858	2,458,581	2,171,807
Current	2,746,970	2,405,854	2,457,771	2,171,803
Non-current	67,032	4	810	4
	2,814,002	2,405,858	2,458,581	2,171,807

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

27 Borrowings

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Long term borrowing comprise:				
FBN EuroBond (i)	46,213	-	46,213	-
Due to European Investment Bank (ii)	2,095	2,560	2,095	2,560
On-lending facilities from financial institutions (iii)	26,973	25,846	26,973	25,846
Borrowing from correspondence banks (iv)	42,041	47,135	50,472	53,581
	117,322	75,541	125,753	81,987
Current	34,463	54,004	55,961	54,004
Non-current	82,859	21,537	69,792	27,983
	117,322	75,541	125,753	81,987

27 Borrowings continued

	Group Sept 2013 N' million	Bank Sept 2013 N' million
At start of the period	75,541	81,987
Proceeds of new borrowings	89,423	97,862
Repayments of borrowings	(47,642)	(54,096)
At end of period	117,322	125,753

	Group Dec 2012 N' million	Bank Dec 2012 N' million
At start of the period	104,473	104,287
Proceeds of new borrowings	57,832	57,832
Repayments of borrowings	(86,764)	(80,132)
At end of period	75,541	81,987

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period (31 December 2012: nil).

(i) Facility represents dollar notes issued by FBN Finance Company B.V,Netherlands on 7 August 2013 for a period of 7 years. The notes bear interest at 8.25% per annum up to the bank call date of 7 August 2018,and the prevailing mid-rate swap rate for United States Dollar swap transactions with a maturity of two years as displayed on Reuters screen "ISDAFIXI". The loan is a surbodinated debt and is non-callable in the first five years. The loan is redeemable,subject to having obtained the prior approva of the CBN,on the Bank call dte of 7 August 2018 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 oustanding balance relates to 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 3% above LIBOR rate.

(iii) Included in on-lending facilities from financial institutions are disbursements from banks which are guaranteed by FBN for specific customers. These facilities include the BOI funds and CACS intervention funds. Additional funds of N2.4bn and N1.49bn were received from CACS and BOI funds respectively during the period.

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

28 Retirement Benefits

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Post employment benefits	132	132	-	-
Defined benefit plans				
Gratuity Scheme (1)	15,223	14,158	14,926	13,792
Defined benefits - Pension scheme (2)	3,507	4,358	3,507	4,363
	18,862	18,648	18,433	18,155
	18,862		18,433	

An actuarial valuation was not conducted for the purposes of the interim reporting. The Directors have applied the same assumptions used at 31 December 2012. However a discount rate of 11.98% was used to estimate liability for the period. This discount rate is the 7-year Government bond yield as at 30 September 2013.

Change in accounting policy due to application of IAS 19 (as revised in 2011) Employee benefits

In the current period, the Group has applied IAS 19 (as revised June 2011) Employee Benefits and the related consequential amendments. The Group has applied IAS 19R retrospectively and in accordance with the transitional provisions as set out in IAS 19.17.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefits obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach permitted under the previous version IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statements of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and the return on plan assets used in the previous version of IAS 19 are replaced with a "net-interest" amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The Group already fully recognises actuarial gains and losses in other comprehensive income and all past service costs are fully recognised in the period in which they arise. Therefore the change to the accounting policy in relation to the revised standard mainly impacts on the treatment of the return on plan assets. The return on plan assets which was previously included in the income statement is now reported in the statement of other comprehensive income. Schemes (1) & (3) has no plan assets. The effect of the change in accounting policy on the statement of cash flows and on earnings per share was immaterial. The impact of change in accounting policy is therefore shown below:

IMPACT OF CHANGE ON ACCOUNTING POLICY

Adjustments to condensed consolidated income	GROUP		BANK	
	30 Sept 2013 N'm	30 Sept 2012 N'm	30 Sept 2013 N'm	30 Sept 2012 N'm
Net income before accounting change	56,983	65,907	49,845	59,186
Increase in				
Finance expense	(147)	(1,620)	(147)	(1,620)
Change to net income	(147)	(1,620)	(147)	(1,620)
Net income after accounting change	56,836	64,287	49,698	57,566

Adjustments to consolidated comprehensive income

	GROUP		BANK	
	30 Sept 2013 N'm	30 Sept 2012 N'm	30 Sept 2013 N'm	30 Sept 2012 N'm
Comprehensive income before accounting change	30,874	83,847	24,975	74,437
Increase in other comprehensive income for re-measurements of post- employments benefit	147	1,620	147	1,620
Decrease in net income	(147)	(1,620)	(147)	(1,620)
Change to comprehensive income	-	-	-	-
Comprehensive income after accounting change	30,727	82,227	24,828	72,817

Gratuity scheme (1)
The Group has a non-contributory defined gratuity scheme (unfunded) whereby on separation, 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 Bank. Amounts recognised in the statement of financial position are as follows:

Movement in the present value of the defined benefit obligation (gratuity scheme 1) in the current year is as follows:

	GROUP N 'millions	BANK N 'millions
Defined benefit obligations at 1 January 2013	14,158	13,792
Service cost	844	844
Interest expense	1,272	1,239
Remeasurment gains/(losses)	-	-
Benefits paid (in the period)	(949)	(949)
Defined benefit obligations at 30 September 2013	15,325	14,926

Amounts recognised in the income statement (gratuity scheme 1) are as follows:

	Group		Bank	
	30 Sept 2013 N' million	30 Sept 2012 N' million	30 Sept 2013 N' million	30 Sept 2012 N' million
Current service cost	844	1,009	844	775
Interest expense on obligation	1,272	791	1,239	778
Total employee benefits expense	2,116	1,800	2,083	1,553

Defined benefit - Pension 2
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, and has elected to do this over the next five years commencing January 2010 with an annual contribution of N1.2 billion.

28 Retirement Benefits continued

Movement in the present value of the defined benefit obligation (Pension 2) in the current year is as follows:

	GROUP N 'millions	BANK N 'millions
Defined benefit obligations at 1 January 2013	13,596	13,596
Interest expense	1,221	1,221
Benefits paid (in the period)	(1,099)	(1,099)
Defined benefit obligations at 30 September 2013	13,718	13,718

Movement in the present value of the plan assets (Pension 2) in the current year is as follows:

	GROUP N 'millions	BANK N 'millions
Fair value of plan assets at 1 January 2013	9,233	9,233
Interest income	829	829
Return on plan assets	147	147
Employer contributions	1,101	1,101
Benefits paid	(1,099)	(1,099)
Closing fair value of plan assets at 30 September 2013	10,211	10,211
Net obligations at 31 December 2012	4,363	4,363
Net obligations at 30 September 2013	3,507	3,507

	Group		Bank	
	30 Sept 2013 N' million	30 Sept 2012 N' million	30 Sept 2013 N' million	30 Sept 2012 N' million
Amounts recognised in the income statement (Pension 2) are as follows:				
Net interest expense	(392)	(455)	(392)	(455)
	(392)	(455)	(392)	(455)
Amount recognised in other comprehensive income (Pension 2) are as follows:				
Return on plan assets (excluding amount included in net interest expense)	147	1,620	147	1,620
Total remeasurments gains/losses	147	1,620	147	1,620

Composition of plan assets at the end of the reporting period are as follows:

	GROUP/BANK			
	30 Sept 2013 N 'millions	31 Dec 2012 N 'millions	31 Dec 2011 N 'millions	31 Dec 2010 N 'millions
Quoted Stock	3,368	3,625	3,020	5,610
Money market investments	1,310	2,093	234	566
Government Securities	5,017	3,103	1,857	862
Money on call	360	303	749	373
Guaranteed commercial papers	0	0	1,061	1,230
Others	156	108	367	7
Total	10,211	9,232	7,288	8,648

Gratuity scheme 3
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.

29 Other liabilities

	Group		Bank	
	30 Sept 2013 N' million	31 Dec 2012 N' million	30 Sept 2013 N' million	31 Dec 2012 N' million
Customers' deposit for letters of credit	59,890	47,401	41,143	25,028
Accounts payable	19,466	11,116	20,101	11,563
Provision and accruals	5,886	17,048	3,854	16,518
Bank cheques	13,477	14,004	13,437	14,004
Collection on behalf of third parties	6,681	7,131	6,511	5,704
Other Payable	18,830	21,366	13,788	14,222
	124,230	118,066	98,834	87,039

Other liabilities are expected to be settled within no more than 12 months after the date of the consolidated statement of financial position.

30 Cash generated from operations

	Group		Bank	
	30 Sept 2013 N' million	30 Sept 2012 N' million	30 Sept 2013 N' million	30 Sept 2012 N' million
Profit before tax	67,719	75,685	58,192	67,421
Adjustments for:				
– Depreciation	6,924	7,602	6,792	7,072
-Amortisation	608	49	471	-
-Goodwill impairment	552	-	-	-
– (Profit)/loss from disposal of property and equipment	100	80	(83)	(72)
– Foreign exchange losses / (gains) on operating activities	497	-	-	-
– Profit/(loss) from disposal of investment securties	1	96	(1,325)	156
– Net gains/(losses) from financial assets classified as held for trading	(356)	(1,487)	356	1,488
– Impairment on loans and advances	17,197	10,008	(9,216)	(11,107)
– Loans previously written off	(1,706)	-	-	-
– Change in provision in other assets	529	570	3,422	-
– Employee benefits provisions	2,262	12,488	2,472	8,051
– Share of loss/(profit) from associates	(948)	858	-	-
– Dividend income	(867)	(886)	(867)	(397)
–Interest income	(228,752)	(174,078)	(205,085)	(137,987)
-Interest expense	61,117	-	55,841	40,903
-Actuarial (loss)/gain	-	-	-	-
-Fair value gain on investment securities	-	-	-	-
Increase/(decrease) in operating assets:				
– Cash and balances with the Central Bank (restricted cash)	(134,487)	(73,638)	(135,514)	-
– Inventories	-	-	-	(73,469)
– Loans and advances to (long term placement)	(5,449)	1,459	(5,175)	(13,263)
– Loans and advances to customers	(105,692)	(272,621)	(66,052)	(124,116)
-Insurance receivables	-	-	-	-
– Financial assets held for trading	(4,560)	3,664	(1,849)	(3,180)
-Assets pledged as collateral	(568)	28,768	(568)	22,278
– Other assets	(14,590)	2,262	(53,512)	3,127
– Deferred tax asset	1,209	(6,939)	-	-
-Asset held for sale	189	-	-	-
Increase/(decrease) in operating liabilities:				
– Deposits from banks	(39,642)	(90,473)	(15,866)	(39,904)
– Deposits from customers	408,144	352,909	323,345	309,616
– Financial liabilities held for trading	190	(1,344)	702	1,540
-Liabilities on investment contracts	-	(49,440)	-	-
– Liabilities on insurance contracts	-	743	-	-
– Other liabilities	6,165	12,349	11,609	15,503
-Liabilities on disposal group held for sale	(1,213)	-	-	-
– Deferred tax liability	319	(1,014)		
Cash generated from operations	**34,892**	**(162,329)**	**(31,910)**	**73,660**

31 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 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:

31.1 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. The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

31 Related party transactions continued

BANK

	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)
Loans and advances to customers		
Loans outstanding at 1 January	22,963	62,218
Loans issued during the year	7,108	4,185
Loan repayments during the year	-	(7,581)
Loans outstanding at 30 Sept	30,071	58,822

The loans to directors and other key mangement personnel are repayable from various cycles ranging from monthly to annually over the tenor and have interest rates ranging from 5% to 24%

31.2 Deposits from related parties

	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
	N' million	N' million	N' million	N' million
BANK				
Deposits at 1 January	8,940	184	302	80,520
Deposits received during the year	707,397	28,884	43,583	441,206
Deposits repaid during the year	(710,593)	(27,114)	(43,388)	(518,937)
Deposits at 30 Sept	5,744	1,954	497	2,789

31.4 Key management compensation

	Group		Bank	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	N' million	N' million	N' million	N' million
Salaries and other short-term employee benefits	3,284	2,652	393	289
Other long term benefits	1,768	1,686	1,768	1,686
Termination benefits	1,116	529	1,116	529
	6,168	4,867	3,277	2,504

32 Contingent liabilities and commitments

a 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.

b Capital commitments

At the balance sheet date, the bank had capital commitments amounting to N714 million (31 December 2012; N1.3b) in respect of authorized and contracted capital projects. The expenditure will be funded from the group's internal resources.

	30 Sept 2013 N 'millions	31 December 2012 N 'millions
Authorised and contracted		
Bank	714	1,300
Group	714	1,300

c 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 credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group		Bank	
	30 Sept 2013 N 'millions	31 December 2012 N 'millions	30 Sept 2013 N 'millions	31 December 2012 N 'millions
Performance bonds and guarantees	447,530	344,079	427,721	320,655
Letters of credit	77,745	220,388	35,107	196,267
Treasury Intermediation	625,158	234,224	621,507	234,224
Forward Contracts	20,885	83,875	20,885	83,875
	1,171,318	882,566	1,105,220	835,021

d Loan Commitments

	Group		Bank	
	30 Sept 2013 N 'millions	31 December 2012 N 'millions	30 Sept 2013 N 'millions	31 December 2012 N 'millions
Undrawn irrevocable loan commitments	344,631	239,442	285,645	212,331

33 Dividend per share

A dividend of N32,632 million at N1.00 per share (2011: N26,105) that relates to the period to 31 December 2012 was paid in June 2013

In addition, an interim dividend of N1.20 kobo per share (2012: N1.00) was proposed by the board of directors on 6th December 2013.This interim dividend, amounting to N39,158 million (2012: N32,632), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year to 31 December 2013.

34 Events occuring after the reporting period

There are no events that occurred after the reporting date that are deemed to have an adjusting effect on the financial statements. After reporting date, the Group concluded the acquisition of 100% equity interest in the West Africa operations of International Commercial Bank, which includes ICB Ghana, ICB Sierra Leone, ICB Guinea and ICB Gambia from International Commercial Bank Financial Group Holdings AG (ICBFGH). As a result of this acquisition, 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). The equity interest was acquired on 8 November 2013 at a purchase consideration of US$108.38million (N16.78billion). This acquisition will enhance the Group's total asset base by about 1%.
The Group is yet to complete the initial accounting for the business combination at the time of the interim financial information. As a result, the Group is unable to disclose information on Goodwill and fair value of net assets acquired."

35 Compliance with banking regulation

- A penalty of N2 million was paid by the bank for the suspension of banking services by the Bank in Etsako West Local Government Area of Edo State.

- A penalty of N2 million was paid by the bank for purchase of landed property at Eko Atlantic City without prior consent from CBN.

36 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 group had 86 million units of treasury shares as at September 2012. Following the business restructuring in November 2012, the group has no 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		Company	
	30 Sept 2013 N 'millions	30 Sept 2012 N 'millions	30 Sept 2013 N 'millions	30 Sept 2012 N 'millions
Profit from continuing operations attributable to owners of the parent (N'millions)	56,823	65,166	49,698	57,565
Weighted average number of ordinary shares in issue (in million)	32,632	32,546	32,632	32,632
Basic/diluted earnings per share (expressed in Kobo per share)	1.74	2.00	1.52	1.76

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the number of basic weighted average number of shares excluding treasury shares.

37. Condensed Results of consolidated entities from continuing operations

30 September 2013	BANK	FBN UK	BIC	MORTGAGES	PENSION	BDC	SPVs	TOTAL	ADJUSTMENTS	BANKING GROUP
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Condensed Income Statement										
Operating income	192,824	11,010	5,508	428	2,342	170	213	212,496	10	212,505
Operating expenses	(119,700)	(4,246)	(3,928)	(438)	(894)	(96)	(209)	(129,511)	305	(129,206)
Provision expense	(14,932)	(1,473)	(911)	(108)	-	-	-	(17,424)	1,843	(15,581)
Operating profit	58,192	5,291	670	(118)	1,448	75	4	65,560	2,158	67,718
Associate	-	-	-	-	-	-	-	-	-	-
Profit before tax										67,718
Tax	(8,494)	(1,304)	(617)	-	-	(25)	(1)	(10,440)	(442)	(10,882)
(Loss)/Profit for the year	49,698	3,987	53	(118)	1,448	50	3	55,120	1,716	**56,836**
Condensed Financial Position										
Assets										
Cash and balances with Central Bank	522,019	34,069	8,581	2	-	4	-	564,675	(1)	564,674
Due from other banks	363,722	166,239	6,545	2,573	17	167	5	539,269	(106,127)	433,141
Loans and advances	1,392,563	254,033	22,747	2,161	31	7	-	1,671,542	(20,929)	1,650,613
Financial Assets held for Trading (HFT)	3,358	4,123	-	-	-	-	-	7,481	4,456	11,937
Investment securities	578,578	79,776	4,456	59	3,650	-	46,669	713,188	(51,126)	662,062
Assets Pledged as collateral	50,677	-	-	-	-	-	-	50,677	-	50,677
Investment in subsidiaries	40,347	-	-	-	-	-	-	40,347	(40,347)	-
Investment in Associates	2,224	-	-	-	-	-	-	2,224	4,336	6,560
Other assets	61,754	768	4,783	12,997	768	152	14	81,234	(14,861)	66,373
Deferred tax	6,707	-	-	-	40	-	-	6,747	(1)	6,746
Intangible Assets	1,221	496	-	1	13	-	-	1,731	552	2,283
Property and equipment	71,838	113	2,872	34	1,003	17	-	75,876	1,653	77,529
Assets held for sale	-	-	-	-	-	-	-	-	12,789	12,789
	3,095,008	539,616	49,983	17,829	5,522	346	46,688	3,754,991	(209,606)	**3,545,385**
Financed by										
Customer deposits	2,458,581	301,989	41,139	12,292	-	-	-	2,814,001	1	2,814,002
Due to other banks	2,525	152,034	-	-	-	-	-	154,559	(106,198)	48,361
Financial liabilities held for trading	1,980	7	-	-	-	-	-	1,987	(1)	1,986
Borrowed funds	125,753	12,533	-	-	-	-	46,669	184,955	(67,633)	117,322
Tax payable	24,529	353	615	74	265	29	1	25,865	1	25,866
Other liabilities	98,833	21,738	3,796	2,214	330	67	13	126,990	(2,760)	124,230
Retirement benefit obligatons	18,433	-	-	-	314	-	-	18,747	115	18,862
Deferred income tax liabilities		315		8		2		324		324
Liabilities held for sale								-	1623	1,623
	2,730,635	488,968	45,550	14,588	908	97	46,682	3,327,428	(176,476)	**3,152,575**
Equity and reserves	364,373	50,648	4,433	3,241	4,614	249	5	427,563	(34,755)	**392,810**