First Bank of Nigeria Limited
Consolidated Financial Statements
for the year ended 31 December 2015

First Bank of Nigeria Limited
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for the year ended 31 December 2015

First Bank of Nigeria Limited

DIRECTORS AND ADVISORS

DIRECTORS	DATE OF APPOINTMENT/ RESIGNATION
Prince Ajibola A. Afonja (Chairman)	Retired, December 31, 2015
Ibukun Awosika (Mrs) (Chairman)	Appointed Chairman, January 1, 2016
Stephen Olabisi Onasanya (Group Managing Director/CEO)	Retired, December 31, 2015
Adesola Adeduntan (Managing Director/CEO)	Appointed MD/CEO, January 1, 2016
Abiodun Odubola	
Adetokunbo Abiru	
Ambrose Feese	
Bello Maccido	Retired, December 31, 2015
Dauda Lawal	
Ebenezer Jolaoso	
Francis Shobo	
Ibrahim Dahiru Waziri	
Ijeoma Jidenma (Mrs)	
Khadijah Alao Straub (Mrs)	Resigned, October 29, 2015
Lawal K. Ibrahim	
Mahey Rasheed	Retired, December 31, 2015
Obafemi A. Otudeko	
Tunde Hassan-Odukale	
Urum K. Eke	Resigned, December 31, 2015

COMPANY SECRETARY: Olayiwola Yahaya

REGISTERED OFFICE:
Samuel Asabia House
35, Marina
Lagos

AUDITORS:
Price Waterhouse Coopers
(Chartered Accountants)
Landmark Towers, Plot 5B Water Corporation Road,
Victoria Island
Lagos

VALUERS
HR Nigeria Limited
Consultants and Actuaries
7th Floor, Aiico Plaza, Churchgate Street,
Victoria Island
Lagos
FRC/2012/NAS/00000000738

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

FIRST BANK OF NIGERIA LIMITED
Directors' Report
For the Year Ended 31 December, 2015

The Directors present their report on the affairs of First Bank of Nigeria Limited ("the Bank") and its subsidiaries ("the Group"), together with the financial statements and auditors' report for the financial year ended 31 December, 2015.

a. *Legal Form*

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

b. *Principal Activity and Business Review*

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

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

The Bank prepares consolidated financial statements.

c. *Operating Results*

Gross earnings of the Group increased by 2.2%, while Profit before Tax declined by 89.2% over the previous year's.

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

	31-Dec-15	31-Dec-14
	N million	N million
Gross Earnings	465,590	455,477
Profit Before Tax	10,181	94,451
Taxation	(7,235)	(9,526)
Profit After Tax from Continuing Operations	2,946	84,925
Loss After Tax from Discontinued Operations	-	(84)
Non-Controlling Interest	394	15
Appropriations		
Transfer to Statutory Reserves	729	12,536
Transfer (from)/to Statutory Credit Reserves	(44,589)	41,043
Transfer to Retained Earnings	2,552	84,827

d. ***Directors' Rotation***

In accordance with the Company's Articles of Association, Mr. Ambrose Feese, Alhaji Lawal K. Ibrahim, Mr. Tunde Hassan-Odukale and Mr. Obafemi A. Otudeko would retire by rotation and being eligible, offer themselves for re-election.

e. ***Resignation / Retirement***

During the year under review, Mrs. Khadijah Alao-Straub, a Non-Executive Director resigned from the Board with effect from October 29, 2015, while Prince Ajibola A. Afonja, Chairman / Non-Executive Director, Mallam Bello Maccido, a Non-Executive Director, and Mr. Bisi Onasanya, the erstwhile Group Managing Director/CEO, all retired from the Board with effect from December 31, 2015.

Mr. Urum K. Eke, MFR, resigned as an Executive Director of the Bank with effect from December 31, 2015.

f. ***Appointment of Directors***

No Directors were appointed in the 2015 financial year.

g. *Directors' interests in contracts*

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

h. *Property and equipment*

Information relating to changes in property and equipment is given in Note 26 to the Accounts. In the Directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

i. *Shareholding Analysis*

The Bank is 99.9% owned by FBN Holdings Plc.

j. *Human Resources*

Employment of Disabled Persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment, including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. As at 31 December, 2015, 15 physically challenged persons were employed by the Bank.

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

k. *Health, Safety and Welfare at Work*

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

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

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

l. Employee Involvement and Training

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

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

m. Diversity in Employment

The Bank is committed to maintaining a positive work environment and to conducting business in a positive, professional manner by consistently ensuring equal employment opportunity. As at December 31, 2015, the Bank had 26.5% females in top management positions. The table below shows the gender distribution of top management staff by grade:

TOP MANAGEMENT COMPLIMENT BY GENDER AS AT DECEMBER 31, 2015			
	Female	Male	Grand Total
Group Managing Director/Chief Executive		1	1
Executive Director		6	6
General Manager	4	3	7
Deputy General Manager	11	14	25
Assistant General Manager	7	37	44
Total	22	61	83
% Distribution	26.50	73.49	

FIRST BANK OF NIGERIA LIMITED
Directors' Report
For the Year Ended 31 December, 2015

n. ***Donations and Charitable Gifts***

The Bank made contributions to charitable and non-political organizations amounting to ₦436.18 million (December, 2014: ₦1,194 million) during the year, as shown in the table below:

S/N	Activity/ Beneficiary	Amount
1	Contribution to Security Trust Funds	150,520,000
2	Nigerian Society for Information Arts	50,000,000
3	Sustainability Centre Annual Subvention	45,000,000
4	Harvard Business Sponsorship 2014 - 2015	35,000,000
5	Calabar Carnival	25,000,000
6	21st Nigeria Economic Summit	20,000,000
7	Women Development and Child Protection Centre (WODAC) Project	20,000,000
8	Sponsorship of Young Inventors on NTA	15,000,000
9	Bankers Committee Retreat	8,509,370
10	Lagos Water Regatta	7,500,000
11	BVN Financial Literacy - Bankers Committee	6,000,000
12	Social Media Week	5,000,000
13	Amenities for FGC Sokoto	5,000,000
14	Federal University of Technology (FUTA)	4,404,750
15	Annual Corporate Governance Conference	3,500,000
16	Risk Managers Association of Nigeria (RIMAN) 15th Annual National Conference	2,500,000
17	Children of God Great Talent (City Of David)	3,000,000
18	ECCI Project - Financial Market Dealers Association (FMDA)	2,697,917
19	Junior Achievement Nigeria	2,500,000
20	Nigerian Entertainment Conference	2,500,000
21	Oxbridge Debate 2015	1,500,000
22	Bank's Support For Health Campaign	1,500,000
23	Kogi State University Convocation	1,000,000
24	Corporate Golf Challenge (Concierge)	1,000,000
25	2015 NSE Corporate Challenge	1,000,000
26	3rd Digital Africa Conference & Exhibition	1,000,000
27	Small & Middle Capitalization Companies Association (SMCAA) Dinner & Awards	1,000,000
28	Ikoyi Club - Chairman's Week	1,000,000
29	Genevieve Workshop & Gathering	1,000,000
30	Inspire For Women 2015 FICC	1,000,000
31	Branding Of Costain Roundabout (Shodex)	1,000,000
32	Apra Yaounde 2015 Annual Conference	995,000
33	Others	9,548,448
	Total	436,175,485

o. *Auditors*

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

BY ORDER OF THE BOARD

For

Olayiwola Yahaya
Company Secretary
Lagos, Nigeria
March, 2016

FirstBank
Since 1894

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

March 29, 2016

The Director of Banking Supervision
Central Bank of Nigeria
Abuja

FIRST BANK OF NIGERIA LTD

Responsibility for Annual Financial Statements

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

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

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

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

The directors are of the opinion that the IFRS financial statements give a true and fair view of the state of the financial affairs of the Bank and Group and of the profit for the year. The

FirstBank
Since 1894

directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Gbenga Shobo
Deputy Managing Director

Adesola Adeduntan
Managing Director/CEO

pwc

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

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of First Bank of Nigeria Limited ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statement of financial position as at 31 December 2015, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 40 to the financial statements;

v) except for the contraventions disclosed in Note 43 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Tola Ogundipe

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

04 April 2016

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 0995679

FirstBank
Since 1894

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

REPORT OF THE BOARD AUDIT COMMITTEE

Based on self-regulation aligned to Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004, pertaining to public limited liability companies, and in compliance with Section 5.2.5 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria, we have reviewed the draft Audited Financial Statements for the Commercial Banking Group for the year ended December 31, 2015, and hereby state as follows:

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

Dated March 30, 2016.

Alhaji Lawal K. Ibrahim
Chairman,
Board Audit Committee

Members of the Committee
Mrs. Olusola Oworu
Mr. Tunde Hassan-Odukale.

KPMG

REPORT OF THE INDEPENDENT CONSULTANT ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF FIRST BANK OF NIGERIA LTD

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code"), First Bank of Nigeria Ltd ("FirstBank" or "the Bank") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2015. The Code mandates an annual appraisal of the Board with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

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

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

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

Olumide Olayinka

Partner, KPMG Advisory Services

FRC/2013/1CAN/00000000427

6 April 2016

First Bank of Nigeria Limited

INCOME STATEMENT

For the year ended 31 December	Note	GROUP 31 December 2015 N 'millions	GROUP 31 December 2014 N 'millions	BANK 31 December 2015 N 'millions	BANK 31 December 2014 N 'millions
Continuing operations					
Interest income	7	378,790	349,277	337,771	309,936
Interest expense	8	(119,980)	(109,722)	(109,896)	(94,487)
Net interest income		**258,810**	**239,555**	**227,875**	**215,449**
Impairment charge for credit losses	9	(125,943)	(25,730)	(120,046)	(20,924)
Net interest income after impairment charge for credit losses		**132,867**	**213,825**	**107,829**	**194,525**
Fee and commission income	10 (a)	56,185	58,499	45,481	49,416
Fee and commission expense	10 (b)	(9,403)	(6,940)	(9,441)	(8,574)
Net gains on Foreign exchange income	11	20,395	43,284	17,399	41,283
Net gains on investment securities	12	6,072	837	13,243	147
Net gains/(losses) from financial assets classified as held for trading	13	(556)	541	(561)	541
Dividend income		1,354	1,202	7,340	3,716
Other operating income	14	3,350	1,837	383	1,433
Personnel Expenses	15 (b)	(72,888)	(72,726)	(63,672)	(63,011)
Amortisation of Intangible assets	27	(2,047)	(1,268)	(1,330)	(647)
Depreciation of Property, plant & equipment	26	(10,577)	(10,531)	(9,563)	(9,741)
Other operating expenses	15 (a)	(114,571)	(134,108)	(104,292)	(127,727)
Profit before tax		**10,181**	**94,452**	**2,816**	**81,361**
Income tax expense	16	(7,235)	(9,526)	(2,779)	(6,186)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**2,946**	**84,926**	**37**	**75,175**
Discontinued operations					
(Loss)/Profit for the year from discontinued operations	25	-	(84)	-	4,176
PROFIT FOR THE YEAR		**2,946**	**84,842**	**37**	**79,351**
Profit attributable to:					
Owners of the parent		2,552	84,827	37	79,351
Non-controlling interests		394	15	-	-
		2,946	**84,842**	**37**	**79,351**
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings per share:	46				
From continuing operations		-	2.60	-	2.30
From discontinued operations		-	-	-	0.13
		-	2.60	-	2.43

The above consolidated income statement should be read in conjunction with accompanying notes.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Note	GROUP 31 December 2015 N 'millions	GROUP 31 December 2014 N 'millions	BANK 31 December 2015 N 'millions	BANK 31 December 2014 N 'millions
PROFIT FOR THE YEAR		**2,946**	**84,842**	**37**	**79,351**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net gains /(loss) on available-for-sale financial assets					
-Unrealised net gains arising during the year, before tax		41,376	1,557	39,547	5,124
-Net reclassification adjustments for realised net gains /(losses), before tax		(1,583)	(2,466)	(1,583)	(2,061)
Exchange difference on translation of foreign operations		630	5,296	-	-
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefits scheme	33	(1,382)	(373)	(1,301)	(408)
Income tax relating to components of other comprehensive income		(374)	804	-	122
Other comprehensive income for the year, net of tax		**38,667**	**4,818**	**36,663**	**2,777**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**41,613**	**89,660**	**36,700**	**82,128**
Total comprehensive income attributable to:					
Owners of the parent		41,219	89,645	36,700	82,128
Non-controlling interests		394	15	-	-
		41,613	**89,660**	**36,700**	**82,128**
Total comprehensive income attributable to owners of the parent arises from :					
Continuing operations		41,219	89,729	36,700	82,128
Discontinued operations	25	-	(84)	-	-
		41,219	**89,645**	**36,700**	**82,128**

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	GROUP 31 December 2015 N 'millions	GROUP 31 December 2014 N 'millions	BANK 31 December 2015 N 'millions	BANK 31 December 2014 N 'millions
ASSETS					
Cash and balances with central banks	17	715,092	697,601	679,054	670,045
Loans and advances to banks	19	374,511	430,053	137,548	242,842
Loans and advances to customers	20	1,816,045	2,193,563	1,457,285	1,794,037
Financial assets held for trading	21	5,049	10,708	5,049	9,258
Investment securities					
-Available-for-sale investments	22	724,549	442,551	689,577	404,508
-Held to maturity investments	22	106,037	156,353	92,325	140,467
Asset pledged as collateral	23	102,217	64,527	100,086	63,158
Other assets	29	34,479	39,457	18,840	29,173
Investment in subsidiaries	24	-	-	74,415	58,986
Property, plant and equipment	26	82,351	83,404	72,810	74,782
Intangible assets	27	9,275	8,103	4,043	2,272
Deferred tax	28	2,923	2,384	1,343	1,343
		3,972,528	4,128,704	3,332,375	3,490,871
Asset held for sale	25	570	2,931	-	-
Total assets		**3,973,098**	**4,131,635**	**3,332,375**	**3,490,871**
LIABILITIES					
Deposits from banks	30	139,052	163,710	50,566	19,246
Deposits from customers	31	2,905,070	2,989,735	2,399,822	2,551,022
Financial liabilities held for trading	21	12,121	9,913	2,657	7,946
Current income tax liability	16	5,790	8,530	2,897	6,558
Other liabilities	34	152,877	131,704	123,020	103,556
Borrowings	32	249,892	362,976	290,620	377,950
Retirement benefit obligations	33	3,709	2,012	3,046	1,546
Deferred tax	28	63	38	-	-
Total liabilities		**3,468,574**	**3,668,618**	**2,872,628**	**3,067,824**
EQUITY					
Share capital	35	16,316	16,316	16,316	16,316
Share premium	36	189,241	189,241	189,241	189,241
Retained earnings	36	163,651	118,620	130,787	87,200
Other reserves	36	133,387	137,199	123,403	130,290
		502,595	461,376	459,747	423,047
Non-controlling interest		1,929	1,641	-	-
Total equity		**504,524**	**463,017**	**459,747**	**423,047**
Total equity and liabilities		**3,973,098**	**4,131,635**	**3,332,375**	**3,490,871**

The accompanying notes are an integral part of these consolidated and separate financial statements. The financial statements on pages 14 to 111 were approved and authorized for issue by the Board of Directors on 30 March 2016 and signed on its behalf by:

IbukunAwosika (Mrs)
Chairman
FRC/2013/IODN/00000003479

Adesola Adeduntan
Managing Director /CEO
FRC/2014/ICAN/00000010466

Ramon Olayiwola
Acting CFO
FRC/2014/ICAN/00000010471

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	AFS Fair value reserve	Statutory credit reserve	FCTR	Total	Non-controlling interest	Total equity
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Balance at 1 January 2014	16,316	189,241	93,584	51,988	6,076	14,228	7,987	2,102	381,522	1,626	383,148
Profit for the year	-	-	84,827	-	-	-	-	-	84,827	15	84,842
Other comprehensive income											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	5,296	5,296	-	5,296
Tax effects on revaluation of financial assets			122			682			804		804
Fair value movements on financial assets						(909)			(909)	-	(909)
Remeasurements on defined benefits scheme			(373)						(373)		(373)
Total comprehensive income	-	-	84,576	-	-	(227)	-	5,296	89,645	15	89,660
Transactions with equity holders, recorded directly in equity											
Dividends	-	-	(9,790)	-	-	-	-	-	(9,790)	-	(9,790)
Transfer between reserves	-	-	(49,749)	12,536		-	37,213	-	-	-	-
Total contributions by or distributions to equity holders	-	-	(59,539)	12,536	-	-	37,213	-	(9,790)	-	(9,790)
At 31 December 2014	16,316	189,241	118,621	64,524	6,076	14,001	45,200	7,398	461,377	1,641	463,018
Profit for the year	-	-	2,552	-	-	-	-	-	2,552	394	2,946
Other comprehensive income											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	630	630	-	630
Fair value movements on financial assets						39,793			39,793	-	39,793
Remeasurements on defined benefits scheme	-	-	(1,382)	-	-	-	-	-	(1,382)	-	(1,382)
Income tax relating to components of other comprehensive income			-			(374)			(374)		(374)
Total comprehensive income	-	-	1,170	-	-	39,419	-	630	41,219	394	41,613
Transactions with equity holders, recorded directly in equity											
Dividends	-	-	-		-	-	-		-	(106)	(106)
Transfer between reserves	-	-	43,860	729	-	-	(44,589)	-	-	-	-
Total contributions by or distributions to equity holders	-	-	43,860	729	-	-	(44,589)	-	-	(106)	(106)
At 31 December 2015	16,316	189,241	163,651	65,253	6,076	53,420	611	8,028	502,596	1,929	504,525

First Bank of Nigeria Limited
BANK STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	AFS Fair value reserve	Statutory credit reserve	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Balance at 1 January 2014	16,316	189,241	67,166	51,329	6,076	13,063	7,518	350,709
Profit for the year	-	-	79,351	-	-	-	-	79,351
Other comprehensive income								
Fair value movements on financial assets						3,063		3,063
Remeasurements on defined benefits scheme	-	-	(286)	-	-	-	-	(286)
Total comprehensive income	-	-	79,065	-	-	3,063	-	82,128
Transactions with equity holders, recorded directly in equity								
Dividends	-	-	(9,790)	-	-	-	-	(9,790)
Transfer between reserves			(49,241)	11,902	-	-	37,339	-
Total contributions by or distributions to equity holders	-	-	(59,031)	11,902	-	-	37,339	(9,790)
At 31 December 2014	16,316	189,241	87,200	63,231	6,076	16,126	44,857	423,047
Profit for the year	-	-	37	-	-	-	-	37
Other comprehensive income								
Fair value movements on financial assets						37,964		37,964
Remeasurements on defined benefits scheme			(1,301)					(1,301)
Total comprehensive income	-	-	(1,264)	-	-	37,964	-	36,700
Transactions with equity holders, recorded directly in equity								
Transfer between reserves	-	-	44,851	6	-	-	(44,857)	-
Total contributions by or distributions to equity holders	-	-	44,851	6	-	- -	44,857	-
At 31 December 2015	16,316	189,241	130,787	63,237	6,076	54,090	-	459,747

First Bank of Nigeria Limited

STATEMENT OF CASH FLOWS

	Note	GROUP		BANK	
		31 December		**31 December**	
		2015	**2014**	**2015**	**2014**
		N 'millions	**N 'millions**	**N 'millions**	**N 'millions**
Cash flows from operating activities					
Cash flow generated from/ (used in) operations	37	222,747	(676,144)	91,349	(691,755)
Income taxes paid		(11,157)	(30,276)	(6,440)	(27,028)
Interest received		369,734	342,481	327,485	300,537
Interest paid		(123,363)	(96,306)	(106,442)	(88,418)
Net cash flow generated from/ (used in) operating activities		457,961	(460,245)	305,952	(506,664)
Cash flows from investing activities					
Purchase of investment securities		(900,232)	(405,833)	(863,807)	(383,723)
Proceeds from the sale of investment securities		722,050	406,794	687,247	388,733
Cash and cash equivalent acquired from subsidiary		-	191	-	0
Additional investment in subsidiaries		-	-	(2,171)	(4,850)
Dividends received		1,348	1,202	7,340	3,716
Purchase of property, plant and equipment		(9,661)	(15,212)	(8,059)	(13,154)
Purchase of intangible assets		(4,168)	(2,086)	(3,101)	(1,896)
Proceeds on disposal of property, plant and equipment		258	654	255	591
Net cash used in investing activities		(190,405)	(14,290)	(182,296)	(10,583)
Cash flows from financing activities					
Dividend paid		(9,789)	(39,159)	(9,790)	(39,159)
Dividend paid to Non controlling interest		(106)	-	-	-
Proceeds from new borrowings		75,846	309,298	116,665	288,179
Repayment of borrowings		(179,705)	(71,308)	(218,435)	(65,545)
Net cash (used in)/generated from financing activities		(113,754)	198,831	(111,560)	183,475
Increase/ (Decrease) in cash and cash equivalents		153,802	(275,704)	12,096	(333,772)
Cash and cash equivalents at start of year	18	486,279	762,421	373,734	707,290
Effect of exchange rate fluctuations on cash held		4,894	(438)	638	216
Cash and cash equivalents at end of year	18	644,975	486,279	386,468	373,734

1 General information

These financial statements are the consolidated financial statements of First Bank of Nigeria Limited (the Bank), and its subsidiaries (hereafter referred to as 'the Group').
The Registered office address of the Bank is at 35 Marina, Samuel Asabia House, Lagos, Nigeria.
The principal activities of the Bank is mainly retail and corporate banking. Retail banking provides banking services and products to individuals and small/medium scale enterprises, such as savings account, investment savings products, loans and money transfers. Corporate banking provides banking services and products to multinational and local corporations, as well as financial and governmental institutions, such as credit facilities and project finance.

The consolidated financial statements for the year ended 31 December 2015 were approved for issue by the Board of Directors on 30 March 2016.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The Group's consolidated financial statements for the year 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

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

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

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

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

***2.2* Changes in accounting policy and disclosures**

New and amended standards adopted by the group

The group has applied the following standards and amendment for the first time for their annual reporting period commencing 1 January 2015:
Annual improvements to IFRSs 2010 - 2012 cycle and 2011-2013 cycle.

The adoption of the improvements made in the 2010 - 2013 cycles has resulted in additional disclosure in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and not likely to affect future periods.

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

A number of new standards, interpretations and amendments thereto, had been issued by IASB which are not yet effective for these consolidated financial statements. The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 1 January 2015.

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

(ii) **IFRS 15 - Revenue from contracts with customers (effective annual periods beginning on or after 1 January 2017)**
IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group is yet to assess the full effect of IFRS 15 and intends to adopt IFRS 15 not later than the accounting period beginning on or after January 2017.

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

2.3 **Consolidation**

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

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

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

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

2.3 Consolidation

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

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

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

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

(i) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

b. *Disposal of subsidiaries*
This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

c. *Associates*
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.
Investment in associates is measured at cost in the separate financial statements of the investor.
Investment in associates are accounted for using the equity method of accounting in the Consolidated Financial Statements of the Group. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The group's investment in associates includes goodwill identified on acquisition.
If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount within the income statement.

2.4 Segment reporting

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

2.5 Common control transactions

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

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

Accordingly, the Bank's policy is that the assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS.
The Bank incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.6 Foreign currency translation

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

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

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

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

2.6 Foreign currency translation *(continued)*

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

c. *Group companies*

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

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

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

2.7 Income taxation

Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

Deferred income tax

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

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes (assets and liabilities) relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

2.8 Inventories

The Mortgage subsidiary of the group purchases and constructs properties for resale.

Thus the Group recognises Property as inventory under the following circumstances:

(i) property purchased for the specific purpose of resale.

(ii) property constructed for the specific purpose of resale (work in progress under the scope of IAS 18, 'Revenue')

(iii) property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sale.

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

2.9 Financial assets and liabilities

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

2.9.1 Financial assets

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

a. *Financial assets held for trading*

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively.

The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

b. *Loans and receivables*

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

(i) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(ii) those that the Group upon initial recognition designates as available for sale; or

(iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

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

c. *Held-to-maturity financial assets*

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

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

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

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

d. *Available-for-sale financial assets*

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

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

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

e. *Recognition*

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

2.9.2 Financial liabilities

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

a. *Financial Liabilities held for trading*

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

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

b. *Other liabilities measured at amortised cost*

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

2.9.3 Derivative financial instruments

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

2.9.4 Embedded derivatives

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

2.9.5 Determination of fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.
The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in Note 3.7

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

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

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

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group. This transfer is done on the date in which the market information becomes available.

2.9.6 De-recognition of financial instruments

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

2. 10 Offsetting financial instruments

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

2. 11 Revenue recognition

a. *Interest income and expense*

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

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

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

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

2. 11 Revenue recognition *(continued)*

b. *Fees and commission income*

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts.

The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

2. 12 Impairment of financial assets

(a) *Assets carried at amortised cost*

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

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

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

To the extent that a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the impairment account in the consolidated income statement.

(b) *Assets classified as available for sale*

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised

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

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

2. 13 Impairment of non-financial assets

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

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

2. 14 Collateral

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

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

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

2. 15 Discontinued operations

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

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

Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in the fair value of investment property is recognised in income statement for the period in which it arise.

2.16 Leases

Leases are divided into finance leases and operating leases.

a. *The group is the lessee*

(i) *Operating lease*

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

(ii) *Finance lease*

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

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

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

b *The group is the lessor*

(i) *Operating lease*

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

(ii) *Finance lease*

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

2. 17 Property, Plant and Equipment

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

2. 17 Property, Plant and Equipment (continued)

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

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

Asset Class	Depreciation rate
Improvement & buildings	2%
Motor Vehicles	25%
Office Equipment	20%
Computer Equipment	33⅓%
Plant and Machinery	20%
Furniture, fittings & equipment	20%

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

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

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

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

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

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognitoin of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2. 18 Intangible assets

a. Goodwill

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

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

b. Computer software

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

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

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

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

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

2. 19 Cash and cash equivalents

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

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

2.20 Employee benefits

The Group has both defined benefit and defined contribution plans

a. *Defined contribution plan*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b. *Defined benefit plan*

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

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

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

2. 21 Provisions

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

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits.
The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

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

2. 21 Provisions (continued)

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

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

2. 22 Fiduciary activities

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

2. 23 Issued debt and equity securities

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

2. 24 Share capital

a. *Share issue costs*

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

b. *Dividends on ordinary shares*

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

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

c. *Earnings per share*

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

2.24 Share capital continued

d. *Treasury shares*

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

e. *Statutory credit reserve*

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

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

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets that are not specifically provisioned.

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

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

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

2.25 Financial guarantees

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

3. Financial risk management

3.1 Introduction and overview

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

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

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

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

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

3.2 Credit risk

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

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

3.2.1 Credit risk measurement

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

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

3.2.1 **Credit risk measurement** *(continued)*

(a) Obligor Risk Rating (ORR system)

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

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

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

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

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

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

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

3.2.2 **Risk limit control and mitigation policies**

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

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

(a) **Portfolio limits**

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

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

• The Group adopts Industry/economic sector limits on its loan portfolio, in line with the following policies:
– The Group would strive to limit its exposure to any single industry to not more than 20% of its loan portfolio and such industry must be rated 'BBB' or better.
– No more than 15% of the Group's portfolio would be in any industry rated 'BB' or worse.
-No more than 10% of the Group's portfolio in any single industry rated 'B' or worse

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

(b) **Geographical limits**

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

(c) **Single obligor limits**

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

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

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

STANDARD CREDIT APPROVAL GRID FOR WHOLESALE AND RETAIL LENDING

	Approval levels	Investment grade (N'000)	Non - investment grade (N'000)
1	BOD	>58,000,000	>58,000,000
2	BCC	58,000,000	58,000,000
3	MCC	30,000,000	15,000,000
4	GMD + CRO + BUSINESS_SCO1 or BUSINESS_SCO2	10,000,000	3,000,000
5	RISK_SCO1 + BUSINESS_SCO1 orBUSINESS_SCO2	8,000,000	2,500,000
6	BUSINESS_SCO1 + RISK_SCO2	5,000,000	1,000,000
7	RISK_SCO3 + BUSINESS_SCO2	500,000	250,000
8	RISK_SCO4 + BDM + GH	100,000	100,000
9	BM + GH + CO	25,000	25,000

The group also controls and mitigates risk through collateral.

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

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

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

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

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

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

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

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

3.2.4 **Exposure Management**

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

3.2.5 **Delinquency Management/Loan Workout**

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

3.2.6 **Credit Recovery**

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

3.2.7 **Management of concentration risk**

The Group manages limits and controls concentrations of credit risk to individual counterparties, groups, industries and countries.

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

3.2.8 **Impairment and provisioning policies**

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

3.2.9 Measurement basis of financial assets and liabilities.

GROUP

	Fair Value through P/L Held for trading *N'million*	Fair Value through OCI Available for sale *N'million*	Amortised Cost *N'million*	Total *N'million*
31 December 2015				
Financial assets				
Cash and balances with Central Banks	-	-	715,092	715,092
Loans and advances to banks	-	-	374,511	374,511
Loans and advances to customers				
- Overdrafts	-	-	316,571	316,571
- Term loans	-	-	1,401,524	1,401,524
- Staff loans	-	-	7,703	7,703
- Project finance	-	-	88,280	88,280
- Advances under finance lease	-	-	1,967	1,967
Investment securities:				
Available-for-sale investments	-	724,549	-	724,549
Held to maturity investments	-	-	106,037	106,037
Asset pledged as collateral	-	20,198	82,019	102,217
Financial assets held for trading	5,049	-	-	5,049
Other assets	-	-	13,206	13,206
Total Financial Assets	5,049	744,747	3,106,910	3,856,706
Financial liabilities				
Customer deposits	-	-	2,905,070	2,905,070
Deposits from banks	-	-	139,052	139,052
Financial liabilities held for trading	12,121	-		12,121
Borrowings	-	-	249,892	249,892
Other liabilities	-	-	146,427	146,427
Total Financial Liabilities	12,121	-	3,440,441	3,452,562
31 December 2014				
Financial assets				
Cash and balances with Central Banks	-	-	697,601	697,601
Loans and advances to banks	-	-	430,053	430,053
Loans and advances to customers				
- Overdrafts	-	-	314,112	314,112
- Term loans	-	-	1,792,119	1,792,119
- Staff loans	-	-	7,013	7,013
- Project finance	-	-	77,558	77,558
- Advances under finance lease	-	-	2,761	2,761
Investment securities:				
Available-for-sale investments	-	442,551	-	442,551
Held to maturity investments	-	-	156,353	156,353
Asset pledged as collateral	-	19,203	45,324	64,527
Financial assets held for trading	10,708	-	-	10,708
Other assets	-	-	26,728	26,728
Total Financial Assets	10,708	461,754	3,549,623	4,022,085
Financial liabilities				
Customer deposits	-	-	2,989,735	2,989,735
Deposits from banks	-	-	163,710	163,710
Financial liabilities held for trading	9,913	-		9,913
Borrowings	-	-	362,976	362,976
Other liabilities	-	-	129,484	129,484
Total Financial Liabilities	9,913	-	3,645,905	3,655,818

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

	Fair Value through P/L	Fair Value through OCI		
	Held for trading	Available for sale	Amortised Cost	Total
BANK	*N'million*	*N'million*	*N'million*	*N'million*
31 December 2015				
Financial assets				
Cash and balances with Central Banks	-	-	679,054	679,054
Loans and advances to banks	-	-	137,548	137,548
Loans and advances to customers				
- Overdrafts	-	-	291,349	291,349
- Term loans	-	-	1,137,605	1,137,605
- Staff loans	-	-	6,134	6,134
- Project finance	-	-	20,230	20,230
- Advances under finance lease	-	-	1,967	1,967
Financial assets held for trading	5,049	-	-	5,049
Investment securities:				
Available-for-sale investments	-	689,577	-	689,577
Held to maturity investments	-	-	92,325	92,325
Asset pledged as collateral	-	20,198	79,888	100,086
Other assets	-	-	7,289	7,289
Total Financial Assets	5,049	709,775	2,453,389	3,168,213
Financial liabilities				
Customer deposits	-	-	2,399,822	2,399,822
Deposits from banks	-	-	50,566	50,566
Financial liabilities held for trading	2,657	-	-	2,657
Borrowings	-	-	290,620	290,620
Other liabilities	-	-	120,893	120,893
Total Financial Liabilities	2,657	-	2,861,901	2,864,558
31 December 2014				
Financial assets				
Cash and balances with Central Banks	-	-	670,045	670,045
Loans and advances to banks	-	-	242,842	242,842
Loans and advances to customers				
- Overdrafts	-	-	295,257	295,257
- Term loans	-	-	1,473,342	1,473,342
- Staff loans	-	-	6,152	6,152
- Project finance	-	-	16,525	16,525
- Advances under finance lease	-	-	2,761	2,761
Financial assets held for trading	9,258	-	-	9,258
Investment securities:				-
Available-for-sale investments	-	404,508	-	404,508
Held to maturity investments	-	-	140,467	140,468
Asset pledged as collateral	-	19,203	43,955	63,158
Other assets	-	-	17,323	17,323
Total Financial Assets	9,258	423,711	2,908,669	3,341,639
Financial liabilities				
Customer deposits	-	-	2,551,022	2,551,022
Deposits from banks	-	-	19,246	19,246
Financial liabilities held for trading	7,946	-	-	7,946
Borrowings	-	-	377,950	377,950
Other liabilities	-	-	101,652	101,652
Total Financial Liabilities	7,946	-	3,049,870	3,057,816

3.2.10 **Maximum exposure to credit risk before collateral held or credit enhancements**

Credit risk exposures relating to on balance sheet assets are as follows:

GROUP	31 Dec 2015 N'millions	31 Dec 2014 N'millions
Balances with central banks	638,784	634,295
Loans and advances to banks	374,511	430,053
Loans and advances to customers		
- Overdrafts	316,571	314,112
- Term loans	1,401,524	1,792,119
- Staff loans	7,703	7,013
- Project finance	88,280	77,558
- Advances under finance lease	1,967	2,761
Financial assets held for trading	5,049	10,708
Investment securities - Debt		
-Available-for-sale investments	675,068	400,205
-Held to maturity investments	106,037	156,353
Asset pledged as collateral	102,217	64,527
Other assets	13,206	26,728
	3,730,917	3,916,433
Credit risk exposures relating to off balance sheet assets are as follows:		
Loan commitments	33,342	90,379
Letter of credit and other credit related obligations	421,696	701,997
	455,039	792,375
TOTAL MAXIMUM EXPOSURE	4,185,956	4,708,808

BANK	31 Dec 2015 N'millions	31 Dec 2014 N'millions
Balances with central banks	628,984	625,707
Loans and advances to banks	137,548	242,842
Loans and advances to customers		
- Overdrafts	291,349	295,257
- Term loans	1,137,605	1,473,342
- Staff loans	6,134	6,153
- Project finance	20,230	16,525
- Advances under finance lease	1,967	2,761
Financial assets held for trading	5,049	9,258
Investment securities		
-Available-for-sale investments	640,257	362,383
-Held to maturity investments	92,325	140,467
Asset pledged as collateral	100,086	63,158
Other assets	7,289	17,323
	3,068,823	3,255,176
Loan commitments	19,015	77,188
Letter of credit and other credit related obligations	421,157	642,751
	440,173	719,939
TOTAL MAXIMUM EXPOSURE	**3,508,996**	**3,975,114**

3.2.11 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2015 and 31 December 2014. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. Investment securities and financial assets held for trading analysed below excludes investments in equity instruments.

GROUP

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Balances with central bank	629,184			9,331	269		638,784
Loans and advances to banks	109,337	-	3,350	40,679	158,277	62,868	374,511
Loans and advances to customers							-
- Overdrafts	229,115	52,039	11,091	22,001	1,541	783	316,571
- Term loans	914,148	196,469	63,064	105,698	47,632	74,514	1,401,524
- Staff loans	6,215	-	-	1,448	40	-	7,703
- Project finance	40,032	2,246	11,614	31,057	3,220	112	88,280
- Advances under finance lease	1,374	561	32	-			1,967
Financial assets held for trading	2,484	-	-	303	2,262	-	5,049
Investment securities							
Available-for-sale investments	646,683	5,384	2,617	-	10,368	10,015	675,068
Held to maturity investments	88,871	4,919	130	12,117	-	-	106,037
Asset pledged as collateral	100,085	-	-	2,132	-	-	102,217
Other assets	7,122	559	450	4,632	444	-	13,206
31 December 2015	2,774,649	262,177	92,348	229,398	224,053	148,293	3,730,917

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

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Loan commitments	28,888	3,286	9	1,060	100	-	33,342
Letters of credit and other credit related obligations	336,189	48,782	19,431	7,230	6,128	3,935	421,696
31 December 2015	365,077	52,068	19,440	8,290	6,228	3,935	455,038

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Balances with central bank	625,707			8,160	428		634,295
Loans and advances to banks	78,391	-	2,717	21,905	271,640	55,400	430,053
Loans and advances to customers							
- Overdrafts	220,337	58,629	16,745	17,411	991		314,112
- Term loans	1,047,805	332,387	102,839	97,653	211,435		1,792,119
- Staff loans	6,173	-	-	798	42		7,013
- Project finance	38,310	803	9,563	25,896	2,986		77,558
- Advances under finance lease	2,039	683	39	-	-	-	2,761
Financial assets held for trading	904	-	-	-	8,674	1,130	10,708
Investment securities							
Available-for-sale investments	376,523	3,235	799	9,065	10,583		400,205
Held to maturity investments	137,678	7,334	504	10,837	-		156,353
Asset pledged as collateral	63,158	-	-	1,369	-		64,527
Other assets	12,830	8,584	609	4,479	227		26,728
31 December 2014	2,609,854	411,655	133,815	197,573	507,006	56,530	3,916,433

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

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Loan commitments	63,409	7,172	10,327	2,239	7,232	-	90,379
Letters of credit and other credit related obligations	458,546	66,959	46,960	18,602	110,929		701,996
31 December 2014	521,955	74,131	57,287	20,841	118,161	-	792,374

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

BANK

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Balances with central bank	628,984	-	-	-	-	-	628,984
Loans and advances to banks	43,507	-	3,350	868	58,990	30,833	137,548
Loans and advances to customers							
- Overdrafts	228,300	51,958	11,091	-	-	-	291,349
- Term loans	879,226	196,230	62,149	-	-	-	1,137,605
- Staff loans	6,134	-	-	-	-	-	6,134
- Project finance	6,370	2,246	11,614	-	-	-	20,230
- Advances under finance lease	1,374	561	32	-	-	-	1,967
Financial assets held for trading	2,484	-	-	303	2,262	-	5,049
Investment securities							
Available-for-sale investments	632,256	5,384	2,617	-	-	-	640,257
Held to maturity investments	87,276	4,919	130	-	-	-	92,325
Asset pledged as collateral	100,086	-	-	-	-	-	100,086
Other assets	6,281	559	450				7,289
31 December 2015	2,622,278	261,857	91,433	1,171	61,252	30,833	3,068,823

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

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Loan commitments	15,721	3,286	9	-	-	-	19,015
Letters of credit and other credit related obligations	352,944	48,782	19,431	-	-	-	421,157
31 December 2015	368,665	52,068	19,440	-	-	-	440,173

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Balances with central bank	625,706	-	-	-	-	-	625,706
Loans and advances to banks	28,650	-	2,717	3,168	185,287	23,020	242,842
Loans and advances to customers							
- Overdrafts	219,883	58,629	16,745	-	-	-	295,257
- Term loans	1,037,772	332,387	102,839	-	344	-	1,473,342
- Staff loans	6,152	-	-	-	-	-	6,152
- Project finance	6,159	803	9,563	-	-	-	16,525
- Advances under finance lease	2,039	683	39	-	-	-	2,761
Financial assets held for trading	904	-	-	-	7,224	1,130	9,258
Investment securities							
Available-for-sale investments	358,348	3,235	799	-	-	-	362,382
Held to maturity investments	132,630	7,334	504	-	-	-	140,467
Asset pledged as collateral	63,158	-	-	-	-	-	63,158
Other assets	8,130	8,584	609	-	-	-	17,324
31 December 2014	2,489,530	411,655	133,815	3,168	192,855	24,150	3,255,175

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

	Lagos N 'millions	Southern Nigeria N 'millions	Northern Nigeria N 'millions	Africa N 'millions	Europe N 'millions	America N 'millions	Total N 'millions
Loan commitment	59,689	7,172	10,327	-	-	-	77,188
Letters of credit and other credit related obligations	427,361	66,959	47,150	1,572	99,709	-	642,751
31 December 2014	487,050	74,132	57,477	1,572	99,709	-	719,939

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

b) Industry sectors

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

GROUP

	Balances with central bank	Loans and advances to banks	Financial assets held for trading	Investment Securities- Available for sale	Investment Securities - Held to maturity	Asset pledged as collateral	Other assets
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Agriculture	-	-	-	-	-	-	-
Oil and gas	-	-	-	-	-		3,206
Consumer credit	-	-	-	-	-		-
Manufacturing	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Finance and insurance	638,784	374,511	3,184	40,576	5,430	-	10,000
Transportation	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-
General commerce	-	-		-	-	-	-
Utilities	-	-	-	-	-	-	-
Retail services	-	-	-	-	-	-	-
Public sector	-	-	1,865	634,492	100,608	102,217	-
Total at 31 December 2015	638,784	374,511	5,049	675,068	106,038	102,217	13,206

	Overdraft	Term loans	Loans to customers Staff loans	project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Agriculture	2,687	55,664	-	-	-	58,350
Oil and gas	123,098	419,273	21	34,747	197	577,336
Consumer credit	5,220	134,776	5,567	-	-	145,563
Manufacturing	51,381	287,691	-	18,486	298	357,856
Real estate	20,174	129,846	2,051	-	-	152,070
Construction	30,477	16,964	-	18,004	9	65,455
Finance and insurance	3,907	10,592	20	3,987	125	18,631
Transportation	3,125	16,556	-	6,519	83	26,283
Communication	10,138	49,811	-	-	-	59,949
General commerce	35,230	38,497	-	110	6	73,843
Utilities	8,788	55,064	-	-	-	63,852
Retail services	21,397	39,699	44	5,542	1,236	67,917
Public sector	950	147,091	-	885	13	148,938
Total at 31 December 2015	316,571	1,401,524	7,703	88,279	1,967	1,816,043

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

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

b) Industry sectors

	Loans to customers					
	Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Agriculture	1,611	56,305	-	-	-	57,916
Oil and gas	130,255	679,423	-	33,805	284	843,767
Consumer credit	5,137	163,494	5,592	-	29	174,252
Manufacturing	54,165	294,080	-	18,043	405	366,693
Real estate	20,297	164,114	1,421	-	-	185,832
Construction	32,709	43,257	-	14,322	-	90,288
Finance and insurance	853	15,971	-	1,744	14	18,582
Transportation	3,710	4,316	-	3,851	28	11,905
Communication	2,432	59,384	-	-	-	61,816
General commerce	23,987	69,615	-	209	9	93,820
Utilities	6,888	51,201	-	-	-	58,089
Retail services	25,869	77,762	-	4,409	1,974	110,014
Public sector	6,199	113,197	-	1,174	18	120,588
Total at 31 December 2014	314,113	1,792,119	7,013	77,557	2,761	2,193,562

	Balances with central bank	Loans and advances to banks	Financial assets held for trading	Investment Securities- Available for	Investment Securities - Held to	Asset pledged as collateral	Other assets N 'millions
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
BANK							
Agriculture	-	-	-	-	-	-	-
Oil and gas			-	-	-	-	3,272
Consumer credit			-	-	-	-	
Manufacturing			-	-		-	
Real estate			-	-	-	-	
Construction			-	-	-	-	
Finance and insurance	628,984	137,548	3,184	6,732	5,425	-	4,017
Transportation			-	-	-	-	
Communication			-	-	-	-	
General commerce			-	-	-	-	
Utilities			-	-	-	-	
Retail services			-	-	-	-	
Public sector			1,865	633,525	86,900	100,086	
Total at 31 December 2015	628,984	137,548	5,049	640,257	92,325	100,086	7,289

	Loans to customers					
	Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Agriculture	2,446	17,286	-	-	-	19,732
Oil and gas	122,173	402,010	-	2,246	197	526,627
Consumer credit	4,648	125,236	4,138	-	-	134,022
Manufacturing	48,901	173,552	-	-	297	222,750
Real estate	19,314	84,566	1,996	-	-	105,876
Construction	29,219	15,741	-	17,984	9	62,953
Finance and insurance	693	8,968	-	-	125	9,786
Transportation	1,477	13,681	-	-	83	15,242
Communication	9,976	48,575	-	-	-	58,551
General commerce	25,423	22,609	-	-	6	48,037
Utilities	7,404	54,341	-	-	-	61,745
Retail services	19,042	30,793	-	-	1,236	51,071
Public sector	633	140,248	-	-	13	140,894
Total at 31 December 2015	291,349	1,137,605	6,134	20,230	1,967	1,457,286

3.2.11 Concentration of risks of financial assets with credit risk exposure continued
b) Industry sectors

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

	Loans to customers					
	Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Agriculture	1,412	18,848	-	-	-	20,260
Oil and gas	127,954	644,237	-	2,204	284	774,678
Consumer credit	4,847	161,732	4,731	-	29	171,339
Manufacturing	51,247	158,350	-	-	405	210,001
Real estate	19,628	94,423	1,421	-	-	115,473
Construction	32,288	42,864	-	14,322	-	89,474
Finance and insurance	259	12,778	-	-	14	13,051
Transportation	2,310	1,173	-	-	28	3,510
Communication	1,815	58,523	-	-	-	60,338
General commerce	17,918	52,408	-	-	9	70,335
Utilities	6,797	51,142	-	-	-	57,939
Retail services	22,885	66,092	-	-	1,974	90,951
Public sector	5,895	110,772	-	-	18	116,686
Total at 31 December 2014	295,257	1,473,342	6,152	16,525	2,761	1,794,036

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

	Loan commitments 31 Dec 2015	Letter of credit and other related obligations 31 Dec 2015	Loan commitments 31 Dec 2014	Letter of credit and other related obligations 31 Dec 2014
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**
		GROUP		
Agriculture	-	4,056	138	6,896
Oil and gas	10,026	46,212	19,145	116,243
Consumer credit	-	10	432	24
Manufacturing	6,290	77,589	39,004	171,184
Real estate	891	1,079	1,436	663
Construction	13	63,956	10,923	85,179
Finance and insurance	-	120,593	9	189,320
Transportation	564	1,068	1,686	9,748
Communication	74	1,862	8,218	2,024
General commerce	8,249	37,183	3,341	39,642
Utilities	6,619	45,592	3,911	48,350
Retail services	577	21,419	2,097	29,183
Public sector	39	1,077	39	3,541
TOTAL	33,342	421,696	90,379	701,997

3.2.11

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

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

	Loan commitments 31 Dec 2015 N 'millions	Letter of credit and other related obligations 31 Dec 2015 N 'millions	Loan commitments 31 Dec 2014 N 'millions	Letter of credit and other related obligations 31 Dec 2014 N 'millions
		BANK		
Agriculture	-	5,317	138	4,340
Oil and gas	5,189	43,106	11,352	114,391
Consumer credit	-	10	432	24
Manufacturing	6,265	96,581	38,988	190,583
Real estate	387	1,043	974	663
Construction	-	64,308	10,923	85,428
Finance and insurance	-	104,227	9	115,449
Transportation	-	955	324	8,987
Communication	-	1,829	7,989	2,024
General commerce	18	35,508	19	39,818
Utilities	6,619	45,592	3,911	48,350
Retail services	497	21,419	2,091	29,153
Public sector	39	1,263	39	3,541
TOTAL	19,015	421,157	77,188	642,751

3.2.12 **Loans and advances to customers**

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

	Overdraft	Term loans	Staff loans	Loans to customers project finance	Advances under finance lease	**Total**
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
GROUP						
December 2015						
Neither past due nor impaired	210,781	1,218,841	7,708	76,319	1,978	1,515,627
Past due but not impaired	27,702	59,554	64	12,098	-	99,418
Individually impaired	117,034	216,192	-	-	332	333,558
Collectively impaired	2,941	12,430	1	-	11	15,384
Gross	358,458	1,507,018	7,773	88,417	2,321	1,963,987
Less: allowance for impairment (note 20)	(41,887)	(105,494)	(70)	(137)	(354)	(147,942)
Net	316,571	1,401,524	7,703	88,280	1,967	1,816,045
Specific impairment (see note 20)	39,089	75,109	-	-	322	114,520
Portfolio allowance (see note 20)	2,798	30,385	70	137	32	33,422
Total	41,887	105,494	70	137	354	147,942
December 2014						
Neither past due nor impaired	300,766	1,691,269	7,081	77,424	1,698	2,078,239
Past due but not impaired	11,087	81,046	-	284	1,058	93,475
Individually impaired	14,571	37,798	-	-	241	52,610
Collectively impaired	3,151	8,977	-	-	46	12,174
Gross	329,576	1,819,090	7,081	77,709	3,043	2,236,498
Less: allowance for impairment (note 20)	(15,464)	(26,971)	(68)	(151)	(282)	(42,935)
Net	314,112	1,792,119	7,013	77,558	2,761	2,193,563
Specific impairment (see note 20)	11,845	15,640	-	-	241	27,726
Portfolio allowance (see note 20)	3,619	11,331	68	151	41	15,210
Total	15,464	26,971	68	151	282	42,936

3.2.12 **Loans and advances to customers**

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

	Loans to customers					
BANK	Overdraft	Term loans	Staff loans	project finance	Advances under finance lease	**Total**
December 2015	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Neither past due nor impaired	190,248	962,531	6,203	8,661	1,978	1,169,621
Past due but not impaired	25,699	49,212	-	11,706	-	86,617
Individually impaired	114,305	211,460	-	-	332	326,097
Collectively impaired	1,209	11,380	-	-	11	12,601
Gross	331,461	1,234,584	6,203	20,367	2,321	1,594,936
Less: allowance for impairment (note 20)	(40,113)	(96,978)	(69)	(137)	(354)	(137,651)
Net	291,348	1,137,606	6,134	20,230	1,967	1,457,285
Specific impairment (see note 20)	38,479	72,577	-	-	323	111,379
Portfolio allowance (see note 20)	1,634	24,401	69	137	31	26,272
Total	40,113	96,978	69	137	354	137,651
December 2014						
Neither past due nor impaired	283,576	1,373,529	6,220	16,676	1,698	1,681,700
Past due but not impaired	9,998	79,074	-	-	1,058	90,130
Individually impaired	13,795	36,678	-	-	241	50,714
Collectively impaired	1,354	8,164	-	-	46	9,563
Gross	308,724	1,497,445	6,220	16,676	3,043	1,832,107
Less: allowance for impairment (note 20)	(13,467)	(24,102)	(68)	(151)	(282)	(38,070)
Net	295,257	1,473,343	6,152	16,525	2,760	1,794,037
Specific impairment (see note 20)	11,299	14,616	-	-	241	26,155
Portfolio allowance (see note 20)	2,168	9,486	68	151	41	11,915
Total	13,467	24,102	68	151	282	38,070

GROUP

December 2015

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

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

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Grades:						
AAA	359	4,330	19	-	-	4,708
AA	-	23,838	-	-	-	23,838
A	1,388	20,452	-	-	-	21,840
BBB	26,998	89,037	93	-	-	116,129
BB	125,899	671,005	2,150	7,288	941	807,282
B	50,357	193,814	5,406	2,259	1,036	252,871
CCC	283	725	-	-	-	1,008
C	5,496	215,641	40	66,773		287,950
	210,781	1,218,842	7,708	76,319	1,977	1,515,626

(b) **Loans and advances past due but not impaired**

Past due up to 30 days	211	5,201	2	20	-	5,434
Past due by 30 - 60 days	24,729	45,546	1	11,706	-	81,981
Past due 60-90 days	2,762	8,808	61	373	-	12,003
Gross amount	27,702	59,554	64	12,098	-	99,418

(c) **Collectively impaired loans**

These represent insignificant impaired loans which are assessed on a collective basis.	2,941	12,430	1	-	11	15,384

(d) **Loans and advances individually impaired**

Gross amount	117,034	216,192	-	-	332	333,558
Specific impairment	39,089	75,109	-	-	322	114,520
Net amount	77,945	141,083	-	-	10	219,038

3.2.12 **Loans and advances to customers continued**

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

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
GROUP						
December 2014						
(a) **Loans and advances to customers - neither past due nor impaired**						
Grades:						
AAA	141	4,598	1	-	-	4,740
AA	-	17,667	-	-	-	17,667
A	390	44,251	32	-	-	44,673
BBB	66,005	130,344	-	1,404	-	197,753
BB	163,467	870,472	6,323	14,464	1,066	1,055,793
B	69,614	329,111	685	1,973	632	402,014
CCC	-	5,974	-	-	-	5,974
C	1,149	288,852	40	59,583		349,624
	300,766	1,691,268	7,081	77,424	1,698	2,078,237
(b) **Loans and advances past due but not impaired**						
Past due up to 30 days	10,046	57,356	-	-	996	68,398
Past due by 30 - 60 days	178	3,035	-	-	-	3,213
Past due 60-90 days	863	20,655	-	284	62	21,864
Gross amount	11,087	81,046	-	284	1,058	93,474
(c) **Collectively impaired loans** These represent insignificant impaired loans which are assessed on a collective basis.	3,151	8,977	-	-	46	12,174
(d) **Loans and advances individually impaired**						
Gross amount	14,571	37,798	-	-	241	52,610
Specific impairment	11,845	15,640	-	-	241	27,725
Net amount	2,726	22,158	-	-	-	24,884

BANK

December 2015

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

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

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	**Total**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**	**N 'millions**
Grades:						
AAA	360	-	-	-	-	360
AA	-	23,838	-	-	-	23,838
A	1,388	12,024	-	-	-	13,413
BBB	26,189	82,823	-	-	-	109,012
BB	124,289	667,200	1,932	6,403	941	800,765
B	37,739	175,922	4,272	2,259	1,036	221,227
CCC	283	725	-	-	-	1,008
	190,248	962,531	6,204	8,662	1,977	1,169,621
(b) **Loans and advances past due but not impaired**						
Past due up to 30 days	3	733	-	-	-	736
Past due by 30 - 60 days	24,592	43,707		11,706	-	80,005
Past due 60-90 days	1,103	4,773		-	-	5,876
Gross amount	25,699	49,212	-	11,706	-	86,617
(c) **Collectively impaired loans** These represent insignificant impaired loans which are assessed on a collective basis.	1,209	11,380	-	-	11	12,601

3.2.12 **Loans and advances to customers continued**

BANK	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
(d) **Loans and advances individually impaired**						
Gross amount	114,305	211,460	-	-	332	326,097
Specific impairment	38,479	72,577	-	-	323	111,379
Net amount	75,825	138,883	-	-	9	214,718

December 2014

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

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

Grades:	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
AAA	141	1	-	-	-	142
AA	-	8,707	-	-	-	8,707
A	390	44,251	-	-	-	44,641
BBB	66,005	124,363	-	1,404	-	191,772
BB	161,655	864,141	6,197	14,464	1,066	1,047,524
B	55,385	326,093	24	808	632	382,942
CCC	-	5,973	-	-	-	5,973
	283,576	1,373,530	6,220	16,676	1,699	1,681,700

(b) **Loans and advances past due but not impaired**

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Past due up to 30 days	9,600	57,214	-	-	996	67,809
Past due by 30 - 60 days	6	2,588	-	-		2,594
Past due 60-90 days	392	19,272	-	-	62	19,726
Gross amount	9,998	79,074	-	-	1,058	90,129

(c) **Collectively impaired loans**

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

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
	1,354	8,164	-	-	46	9,563

(d) **Loans and advances individually impaired**

	Overdraft	Term loans	Staff loans	Project finance	Advances under finance lease	Total
Gross amount	13,795	36,677	-	-	241	50,713
Specific impairment	11,299	14,616	-	-	241	26,155
Net amount	2,497	22,062	-	-	-	24,558

(e) **Sensitivity analysis on impairment**

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

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

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

Approach to sensitivity analysis

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

Scenario 1

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

Scenario 2

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

3.2.12 **Loans and advances to customers continued**

(e) **Sensitivity analysis on impairment continued**

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

	Impairment charge in profit or loss		
	Current year	**Scenario 1**	**Scenario 2**
	N'millions	**N'millions**	**N'millions**
31 December 2015			
- Overdrafts	37,858	38,118	38,167
- Term loans	83,451	84,660	85,127
- Staff loans	1	15	15
- Project finance	(14)	13	13
- Advances under finance lease	119	123	124
Total	121,415	122,929	123,446
31 December 2014			
- Overdrafts	10,253	10,638	10,675
- Term loans	13,956	15,579	15,813
- Staff loans	(102)	(88)	(88)
- Project finance	(580)	(550)	(550)
- Advances under finance lease	(456)	(433)	(432)
Total	23,071	25,146	25,418

3.2.13 **Loans and advances to banks**

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

All loans to banks are neither past due nor impaired.

The credit quality has been assessed by reference to Moody's rating, Agusto & Agusto's rating (credit rating agency) and the bank's internal rating system at 31 December 2015 and 31 December 2014.

	Group	**Bank**
	Loans to banks	**Loans to banks**
	N'millions	**N'millions**
31 December 2015		
A+ to A-	71,528	71,528
B+ to B-	9,581	56,839
Unrated	293,402	9,180
	374,511	137,547
31 December 2014		
A+ to A-	254,781	180,615
B+ to B-	108,576	57,587
Unrated	66,697	4,641
	430,054	242,843

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

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

The credit quality of investments in debt securities (including assets pledged for collateral) that were neither past due nor impaired can be assessed by reference to Agusto & Agusto's rating (credit rating agency) at 31 December 2015 and 31 December 2014.

Group

	Treasury bills as reported in the AFS portfolio	Bonds as reported in the AFS portfolio	Treasury bills as reported in the HTM portfolio	Bonds as reported in the HTM portfolio	Other assets
	N'millions	N'millions	N'millions	N'millions	N'millions
31 December 2015					
A+ to A-	0	26,917	-	18,428	4,072
B+ to B-	474,545	192,239	3,196	154,318	-
Unrated	-	1,565	8,412	3,702	9,134
	474,545	220,721	11,608	176,448	13,206
31 December 2014					
A+ to A-	-	19,001	-	22,359	937
B+ to B-	308,984	91,423	8,970	165,999	8,316
Unrated			4,350	-	17,475
	308,984	110,424	13,320	188,357	26,728

Bank

	Treasury bills as reported in the AFS portfolio	Bonds as reported in the AFS portfolio	Treasury bills as reported in the HTM portfolio	Bonds as reported in the HTM portfolio	Other assets
31 December 2015	N'millions	N'millions	N'millions	N'millions	N'millions
A+ to A-	0	8,695	-	18,428	4,138
B+ to B-	473,578	176,617	-	153,785	-
Unrated	-	1,565	-	-	3,151
	473,578	186,877	-	172,213	7,289
31 December 2014					
A+ to A-	-	8,418	-	22,358	975
B+ to B-	302,814	70,353	-	162,064	8,316
Unrated	-	-	-	-	8,032
	302,814	78,771	-	184,422	17,323

3.2.15 Collaterized Assets

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral at 31 December 2015 and 31 december 2014 are shown below

(i) GROUP

	Over-collaterised assets		Under-collaterised assets	
31 December 2015	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks			374,511	18,275
Financial assets held for trading			5,050	2,306
Total Financial Assets	-	-	379,561	20,581

GROUP

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

(ii) **BANK**

31 December 2015	**Over-collaterised assets** Carrying value of the assets	Fair value collateral	**Under-collaterised assets** Carrying value of the assets	Fair value collateral held
Financial assets				
Loans and advances to banks	-	-	137,548	18,275
Financial assets held for trading	-	-	5,050	2,306
Total Financial Assets	-	-	142,598	20,581

BANK

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

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

The underlisted financial assets are not collaterised:

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

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

3.2.16 **Statement of Prudential Adjustment**

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

	31 Dec 2015 N'millions	**31 Dec 2014** N'millions
Total IFRS impairment losses	(138,442)	(38,866)
Prudential provisions	138,029	83,724
Balance in Statutory credit reserve	**(413)**	**44,858**
Analysis of the IFRS impairment losses		
Loans : Specific impairment (note 20)	111,378	26,156
Loans: Collective impairment (note 20)	26,273	11,913
Other assets (note 29)	791	797
Total IFRS impairment losses	**138,442**	**38,866**

3.3 Liquidity risk

3.3.1 Liquidity risk

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

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

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

Management of liquidity risk

The Group's liquidity management process includes:

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

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

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

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

Funding approach

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

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

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

GROUP

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

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2015							
Financial liabilities							
Deposits from banks	71,067	17,379	50,596	-	-	-	139,042
Deposits from customers	2,253,225	294,555	91,080	135,532	126,109	12,495	2,912,997
Borrowings	15,648	8,588	2,981	11,802	143,667	132,141	314,827
Other liabilities	16,131	129,037	493	-	765	-	146,427
Total financial liabilities	2,356,072	449,560	145,150	147,334	270,542	144,636	3,513,293
Loan commitments	160	15,187	852	908	10,857	5,378	33,342
Letters of credit and other credit related obligations	31,932	62,824	33,333	75,772	46,548	171,287	421,697
Total Commitments	32,091	78,012	34,185	76,681	57,405	176,665	455,039
Assets held for managing liquidity risk	682,664	197,478	107,355	96,587	194,553	112,765	1,391,403

3.3.1 **Liquidity risk**

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

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

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2014							
Financial liabilities							
Deposits from banks	118,294	42,793	2,623	-	-	-	163,710
Deposits from customers	2,287,945	404,931	69,393	91,319	134,030	9,658	2,997,277
Borrowings	59,211	130,550	7,489	11,624	62,302	164,086	435,262
Other liabilities	70,516	30,464	566	25,966	1,971		129,483
Total financial liabilities	2,535,966	608,739	80,071	128,909	198,302	173,744	3,725,731
Loan commitments	947	198	433	3,714	28,921	56,166	90,379
Letters of credit and other credit related obligations	228,750	67,929	48,963	95,902	50,601	209,852	701,997
Total Commitments	229,697	68,127	49,396	99,616	79,522	266,018	792,376
Assets held for managing liquidity risk	240,924	271,270	210,521	31,470	300,519	114,123	1,168,827

BANK

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2015							
Financial liabilities							
Deposits from banks	50,566	-	-	-	-	-	50,566
Deposits from customers	2,088,126	233,965	56,573	28,488	598	-	2,407,750
Borrowings	45,855	19,077	2,981	11,802	143,667	132,141	355,523
Other liabilities	11,790	109,103	-	-	-	-	120,893
Total financial liabilities	2,196,338	362,144	59,554	40,290	144,265	132,141	2,934,732
Loan commitments	58	2,009	399	334	10,836	5,378	19,015
Letters of credit and other credit related obligations	50,738	54,171	27,836	73,529	45,794	169,090	421,157
Total Commitments	50,796	56,180	28,235	73,863	56,630	174,469	440,173
Assets held for managing liquidity risk	474,364	195,915	105,304	94,235	191,178	112,765	1,173,761
31 December 2014							
Financial liabilities							
Deposits from banks	19,246	-	-	-	-	-	19,246
Deposits from customers	2,197,510	286,199	52,547	22,307	-	-	2,558,563
Borrowings	61,536	142,515	8,266	11,586	62,302	164,086	450,291
Other liabilities	42,685	30,464	566	25,966	1,971	-	101,652
Total financial liabilities	2,320,977	459,178	61,379	59,859	64,273	164,086	3,129,752
Loan commitments	48	198	433	3,714	16,630	56,166	77,189
Letters of credit and other credit related obligations	250,700	63,232	20,309	51,171	50,578	206,760	642,750
Total Commitments	250,748	63,430	20,742	54,885	67,208	262,926	719,939
Assets held for managing liquidity risk	406,913	73,600	194,554	13,192	158,331	72,228	918,818

3.3.1 **Liquidity risk**

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

GROUP

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2015							
Financial liabilities							
Deposits from banks	71,067	17,379	50,596	-	-	-	139,042
Deposits from customers	477,416	340,999	194,382	266,588	369,326	1,264,287	2,912,998
Borrowings	15,648	8,588	2,981	11,802	143,667	132,141	314,827
Other liabilities	16,131	129,037	493	-	765	-	146,427
Total financial liabilities	580,262	496,004	248,452	278,390	513,758	1,396,428	3,513,294
Loan commitments	160	15,187	852	908	10,857	5,378	33,342
Letters of credit and other credit related obligations	31,932	62,824	33,333	75,772	46,548	171,287	421,697
Total Commitments	32,092	78,012	34,185	76,680	57,405	176,665	455,039
Assets held for managing liquidity risk	682,664	197,478	107,355	96,587	194,553	112,765	1,391,403
31 December 2014							
Financial liabilities							
Deposits from banks	78,002	42,793	42,915	-	-	-	163,710
Deposits from customers	465,588	488,305	227,152	281,624	324,473	1,210,135	2,997,277
Borrowings	59,211	130,542	7,489	11,624	62,302	164,086	435,254
Other liabilities	70,516	30,464	566	25,966	1,971		129,483
Total financial liabilities	673,317	692,104	278,122	319,214	388,746	1,374,221	3,725,724
Loan commitments	947	198	433	3,714	28,921	56,166	90,379
Letters of credit and other credit related obligations	228,750	67,929	48,963	95,902	50,601	209,852	701,997
Total Commitments	229,697	68,127	49,396	99,616	79,522	266,018	792,375
Assets held for managing liquidity risk	240,924	271,270	210,521	31,470	300,519	114,123	1,168,827

BANK

	0 - 30 days N 'millions	31 - 90 days N 'millions	91 - 180 days N 'millions	181 - 365 days N 'millions	Over 1 year but less than 5 yrs N 'millions	Over 5 years N 'millions	Total N 'millions
31 December 2015							
Financial liabilities							
Deposits from banks	50,566	-	-	-	-	-	50,566
Deposits from customers	347,918	280,194	122,422	159,617	245,807	1,251,792	2,407,750
Borrowings	45,855	19,077	2,981	11,802	143,667	132,141	355,523
Other liabilities	11,790	109,103	-	-	-	-	120,893
Total financial liabilities	456,130	408,374	125,403	171,419	389,474	1,383,933	2,934,732
Loan commitments	58	2,009	399	334	10,836	5,378	19,016
Letters of credit and other credit related obligations	50,738	54,171	27,836	73,529	45,794	169,090	421,157
Total Commitments	50,796	56,180	28,235	73,863	56,630	174,469	440,173
Assets held for managing liquidity risk	474,364	195,915	105,304	94,235	191,178	112,765	1,173,761
31 December 2014							
Financial liabilities							
Deposits from banks	19,246						19,246
Deposits from customers	412,437	369,507	172,948	212,750	190,443	1,200,477	2,558,563
Borrowings	61,465	142,515	8,267	11,586	62,302	164,086	450,221
Other liabilities	42,685	30,464	566	25,966	1,971	-	101,652
Total financial liabilities	535,833	542,486	181,781	250,303	254,716	1,364,563	3,129,682
Loan commitments	48	198	433	3,714	16,630	56,166	77,188
Letters of credit and other credit related obligations	250,700	63,232	20,309	51,171	50,578	206,760	642,750
Total Commitments	250,748	63,430	20,742	54,885	67,208	262,926	719,938
Assets held for managing liquidity risk	406,913	73,600	194,554	13,192	158,331	72,228	918,818

Assets held for managing liquidity risk

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

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

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

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

Liquidity risk
3.3.2 **Derivative liabilities**
Derivatives settled on a net basis

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

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

GROUP	Up to 1 month	1-3 months	3-6 months	6 - 12 months	1-5 years	Over 5 years	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2015							
Derivative liabilities							
Accumulator-Forward FX contract							-
Put Option	(522)	(222)	-	-	(2691)	-	(3434)
	(522)	(222)	-	-	(2691)	-	(3434)
Derivative assets							
Put Options	571	235	-	-	2,958	-	3,764
Forward Contract							-
	570	235	-	-	2,958	-	3,764
	48	13	-	-	267	-	329
At 31 December 2014							
Derivative liabilities							
Accumulator-Forward FX contract	-	-	98	-	-	-	98
Put Option	919	2,664	2,783	6,066	9,528	-	21,960
	919	2,664	2,881	6,066	9,528	-	22,058
Derivative assets							
Put Options	938	2,728	2,842	6,257	9,848		22,613
Forward Contract	1,011	439	-	-	-	-	1,450
	1,949	3,167	2,842	6,257	9,848	-	24,063
	2,868	5,831	5,723	12,323	19,376	-	46,121

Derivatives settled on a net basis

BANK	Up to 1 month	1-3 months	3-6 months	6 - 12 months	1-5 years	Over 5 years	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2015							
Derivative liabilities							
Accumulator-Forward FX contract							-
Put Option	(522)	(222)	-	-	(2,691)	-	(3,434)
	(522)	(222)	-	-	(2,691)	-	(3,434)
Derivative assets							
Put Options	571	235	-	-	2,958	-	3,764
	571	235	-	-	2,958	-	3,764
	49	13	-	-	267	-	329
At 31 December 2014							
Derivative liabilities							
Accumulator-Forward FX contract	-		98				98
Put Option	919	2,664	2,783	6,066	9,528	-	21,960
	919	2,664	2,881	6,066	9,528	-	22,058
Derivative assets							
Put Options	938	2,728	2,842	6,257	9,848		22,613
	938	2,728	2,842	6,257	9,848	-	22,613
	1,857	5,392	5,723	12,323	19,376	-	44,671

3.3.2 **Liquidity risk**
Derivatives settled on a gross basis.

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

GROUP	Up to 1 month N' million	1-3 months N' million	3-6 months N' million	6 - 12 months N' million	1-5 years N' million	Total N' million
At 31 December 2015						
Liabilities held for trading						
FX Swap - Payable	(2,985)	(24,285)	(12,994)	-	-	(40,264)
FX Swap - Receivable	3,132	23,876	12,920	-	-	39,928
Forward Contract - Payment	-	(4,433)	(218,574)	(98,944)	-	(321,951)
	147	(4,842)	(218,648)	(98,944)	-	(322,286)
At 31 December 2014						
Liabilities held for trading						
FX Swap - Payable	14,777	-	-	-	-	14,777
FX Swap - Receivable	(14,884)	-	-	-	-	(14,884)
Forward Contract - Payment	1,169	1,022	162	-	-	2,353
Forward Contract - Receipt	(376)	-	-	-	-	(376)
	686	1,022	162	-	-	1,870
BANK						
At 31 December 2015						
Liabilities held for trading						
FX Swap - Payable	(2,985)	(24,285)	(12,994)	-	-	(40,264)
FX Swap - Receivable	3,132	23,876	12,920	-	-	39,928
	147	(409)	(74)	-	-	(336)
At 31 December 2014						
Liabilities held for trading						
FX Swap - Payable	14,777	-	-	-	-	14,777
FX Swap - Receivable	(14,884)	-	-	-	-	(14,884)
Forward Contract - Payment	1,169	-	-	-	-	1,169
Forward Contract - Receipt	(376)	-	-	-	-	(376)
	686	-	-	-	-	686

3.4 Market risk

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

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

3.4.1 Management of market risk

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

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

3.4.2 Market risk measurement techniques

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

(a) Value at risk (VAR)

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

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

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

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

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

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

The treasury bill trading VaR is NGN250 million as at 31st December 2015 and reflects the potential loss given assumptions of a 10-day holding period, volatility computed using 500-day return data, and a 99% statistical confidence level.

The foreign exchange trading VaR was N731 million as at 31st December 2015, reflecting the regulatory Trading Open Position of 0.5% of Shareholder's Fund stipulated by the CBN.

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

(a) **VAR summary**

	BANK		
	12 months to 31 December 2015		
	Average	**High**	**Low**
Foreign exchange risk	7	25	-
Interest rate risk	354	1,155	82
Total VAR	**360**	**1,180**	**82**

VAR summary

	BANK		
	12 months to 31 December 2014		
	Average	**High**	**Low**
Foreign exchange risk	12	34	-
Interest rate risk	415	1,286	22
Total VAR	**428**	**1,319**	**22**

VAR summary BANK

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

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

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

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

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

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

Hedged non-trading market risk exposures

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

3.4.3 Foreign exchange risk

The Group is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2015 and 31 December 2014. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP

	Naira N 'millions	USD N 'millions	GBP N 'millions	Euro N 'millions	Others N 'millions	Total N 'millions
31 December 2015						
Financial assets						
Cash and balances with Central Banks	677,723	5,791	6,576	6,215	18,787	715,092
Loans and advances to banks	30,551	213,726	89,629	28,173	12,432	374,511
Loans and advances to customers						
- Overdrafts	180,309	125,885	307	3,603	6,468	316,571
- Term loans	539,379	744,698	41,768	67,463	8,216	1,401,524
- Staff loans	6,219	1,126	40	0	318	7,703
- Project finance	18,026	66,209	-	4,045	-	88,280
- Advances under finance lease	1,967	-	-	-	-	1,967
Investment securities						
Available-for-sale investments	657,021	67,528	-	-	-	724,549
Held to maturity investments	93,920	-	-	3	12,114	106,037
Asset pledged as collateral	100,085	-	-	-	2,132	102,217
Financial assets held for trading	1,865	3,184	-	-	-	5,049
Other assets	4,495	3,274	452	18	4,968	13,206
	2,311,560	1,231,419	138,772	109,520	65,434	3,856,706
Financial liabilities						
Customer deposits	1,983,739	507,269	357,541	23,680	32,842	2,905,070
Deposits from banks	2,421	114,100	15,285	6,704	542	139,052
Financial liabilities held for trading	-	10,743	-	1,378	-	12,121
Borrowings	82,331	165,445	127	-	1,988	249,892
Other liabilities	79,931	56,597	2,690	4,723	2,485	146,427
	2,148,422	854,154	375,643	36,485	37,858	3,452,562
31 December 2014						
Financial assets						
Cash and balances with Central Banks	664,466	14,526	2,599	4,203	11,807	697,601
Loans and advances to banks	22,453	232,292	147,746	22,959	4,603	430,053
Loans and advances						
- Overdrafts	186,565	109,295	117	99	18,036	314,112
- Term loans	755,911	884,209	60,655	80,648	10,696	1,792,119
- Staff loans	6,152	-	42	-	819	7,013
- Project finance	15,766	60,048	-	1,743	0	77,558
- Advances under finance lease	2,761	-	-	-	-	2,761
Investment securities						
Available-for-sale investments	373,078	64,330	-	1	5,142	442,551
Held to maturity investments	145,519	-	-	-	10,834	156,353
Asset pledged as collateral	63,159	-	-	-	1,368	64,527
Financial assets held for trading	904	8,354	-	1,450	-	10,708
Other assets	16,754	5,215	238	1	4,520	26,728
	2,253,489	1,378,270	211,397	111,105	67,825	4,022,085
Financial liabilities						
Customer deposits	2,037,521	529,284	340,812	8,115	74,003	2,989,735
Deposits from banks	13,086	126,205	18,416	5,897	105	163,710
Financial liabilities held for trading	58	9,722	-	133	-	9,913
Borrowings	30,414	327,488	105	958	4,011	362,976
Other liabilities	78,273	20,240	21,724	3,433	5,814	129,484
	2,159,353	1,012,939	381,057	18,536	83,933	3,655,818

3.4.3 **Foreign exchange risk** *(continued)*

BANK

	Naira N 'millions	USD N 'millions	GBP N 'millions	Euro N 'millions	Others N 'millions	Total N 'millions
31 December 2015						
Financial assets						
Cash and balances with Central Banks	676,892	1,693	313	152	3	679,054
Loans and advances to banks	26,927	84,791	15,630	9,084	1,116	137,548
Loans and advances to customers						
- Overdrafts	179,972	111,371	6	-		291,349
- Term loans	579,032	558,573	-	-		1,137,605
- Staff loans	6,134	-	-	-		6,134
- Project finance	18,007	2,223	-	-		20,230
- Advances under finance lease	1,967	-	-	-		1,967
Investment securities						
Available-for-sale investments	655,894	33,683	-	-	-	689,577
Held to maturity investments	92,325	-	-	-	-	92,325
Asset pledged as collateral	100,086	-	-	-	-	100,086
Financial assets held for trading	1,865	3,184	-	-	-	5,049
Other assets	3,654	3,274	8	18	336	7,289
	2,342,756	798,792	15,956	9,254	1,455	3,168,213
Financial liabilities						
Customer deposits	1,978,136	406,896	9,612	5,178	0	2,399,822
Deposits from banks	2,421	48,145	-	-	-	50,566
Financial liabilities held for trading	-	2,657	-	-	-	2,657
Borrowings	82,243	207,942	197	238	-	290,620
Other liabilities	78,092	40,762	341	1,255	443	120,893
	2,140,893	706,401	10,150	6,671	442	2,864,558
31 December 2014						
Financial assets						
Cash and balances with CBN	664,452	4,238	827	525	3	670,045
Loans and advances to banks	22,081	174,600	33,210	11,688	1,263	242,842
Loans and advances						
- Overdrafts	186,895	108,305	7	51		295,257
- Term loans	755,267	717,731	-	344		1,473,342
- Staff loans	6,152	-	-	-		6,152
- Project finance	15,766	759	-	-		16,525
- Advances under finance lease	2,761	-	-	-		2,761
Investment securities						
Available-for-sale investments	371,831	32,677	-	-	-	404,508
Held to maturity investments	140,467	-	-	-	-	140,467
Asset pledged as collateral	63,158	-	-	-	-	63,158
Financial assets held for trading	904	8,354	-	-	-	9,258
Other assets	12,096	5,215	11	1	0	17,323
	2,241,829	1,051,879	34,055	12,609	1,266	3,341,638
Financial liabilities						
Customer deposits	2,030,463	505,144	9,827	5,588	0	2,551,022
Deposits from banks	13,087	6,131	-	24	3	19,246
Financial liabilities held for trading	58	7,755	-	133	-	7,946
Borrowings	30,416	346,227	256	1,029	22	377,950
Other liabilities	76,731	20,240	553	3,433	695	101,652
	2,150,754	885,497	10,636	10,207	721	3,057,815

3.4.3 **Foreign exchange risk** *(continued)*

The group is primarily exposed to the US dollar and GBP. The Group's exposure to other foreign exchange movements is not material.

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

	GROUP		BANK	
	31 Dec 2015 N 'millions	31 Dec 2014 N 'millions	31 Dec 2015 N 'millions	31 Dec 2014 N 'millions
Naira strengthens by 5% against the US dollar Profit/(loss)	(18,863)	(18,267)	(4,620)	(8,319)
Naira weakens by 5% against the US dollar Profit/(loss)	18,863	18,267	4,620	8,319
Naira strengthens by 5% against the GBP Profit/(loss)	11,844	(4,628)	(290)	(120)
Naira weakens by 5% against the GBP Profit/(loss)	(11,844)	4,628	290	120

3.4.4 **Interest rate risk**

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

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

	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
GROUP				
31 December 2015				
Financial assets				
Cash and balances with Central Banks	715,092	15,253	7,500	692,339
Loans and advances to banks	374,511	264,713	51,997	57,801
Loans and advances				
- Overdrafts	316,571	316,571	-	-
- Term loans	1,401,524	1,401,524		-
- Staff loans	7,704	22	7,682	-
- Project finance	88,280	88,280	-	-
- Advances under finance lease	1,967	1,967	-	-
Investment securities:				
Available-for-sale investments	724,549	-	675,040	49,509
Held to maturity investments	106,037	-	106,033	4
Assets pledged as collateral	102,217	-	102,209	8
Financial assets held for trading	5,049	-	1,866	3,183
Other assets	13,206	-	-	13,206
	3,856,707	**2,088,330**	**952,327**	**816,050**
Financial liabilities				
Customer deposits	2,905,070	1,400,719	991,569	512,782
Deposits from banks	139,052	86,864	47,461	4,727
Financial liabilities held for trading	12,121	-	-	12,122
Borrowings	249,892	13,139	236,752	-
Other liabilities	146,427	-	-	146,427
	3,452,562	**1,500,722**	**1,275,782**	**676,058**
Interest rate mismatch		**587,608**	**(323,455)**	**139,992**

3.4.4 **Interest rate risk continued**

	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
31 December 2014				
Financial assets				
Cash and balances with Central Banks	697,601	8,238	7,500	681,863
Loans and advances to banks	430,053	207,842	43,777	178,434
Loans and advances				
- Overdrafts	314,112	314,112	-	-
- Term loans	1,792,119	1,792,119		-
- Staff loans	7,013	-	7,013	-
- Project finance	77,558	77,558	-	-
- Advances under finance lease	2,761	2,761	-	-
Investment securities				
Available-for-sale investments	442,551	-	400,206	42,345
Held to maturity investments	156,353	-	156,353	
Assets pledged as collateral	64,527	-	64,527	-
Financial assets held for trading	10,708	-	2,354	8,354
Other assets	26,728	-	-	26,728
	4,022,085	**2,402,630**	**681,730**	**937,724**
Financial liabilities				
Customer deposits	2,989,735	1,360,118	1,084,852	544,765
Deposits from banks	163,710	144,599	9,100	10,011
Financial liabilities held for trading	9,913	-	-	9,913
Borrowings	362,976	185,000	177,976	-
Other liabilities	129,484	-	-	129,484
	3,655,818	**1,689,717**	**1,271,928**	**694,173**
Interest rate mismatch		**712,913**	**(590,198)**	**243,551**

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

	Carrying amount N millions	Variable interest N millions	Fixed interest N millions	Non interest-bearing N millions
BANK				
31 December 2015				
Financial assets				
Cash and balances with Central Bank of Nigeria	679,054	-	7,500	671,554
Loans and advances to banks	137,548	-	57,956	79,592
Loans and advances				
- Overdrafts	291,349	291,349	-	-
- Term loans	1,137,605	1,137,605		-
- Staff loans	6,134	-	6,134	-
- Project finance	20,230	20,230	-	-
- Advances under finance lease	1,967	1,967	-	-
Investment securities				
Available-for-sale investments	689,577		640,257	49,320
Held to maturity investments	92,325		92,325	-
Assets pledged as collateral	100,086	-	100,086	-
Financial assets held for trading	5,049	-	1,866	3,184
Other assets	7,289	-	-	7,289
	3,168,213	1,451,151	906,125	810,938
Financial liabilities				
Customer deposits	2,399,822	1,306,501	632,841	460,480
Deposits from banks	50,566	-	45,839	4,727
Financial liabilities held for trading	2,657	-	-	2,657
Borrowings	290,620	55,943	234,677	-
Other liabilities	120,893	-	-	120,893
	2,864,559	1,362,444	913,357	588,757
Interest rate mismatch		**88,707**	**(7,232)**	**222,181**

3.4.4 **Interest rate risk continued**
BANK

31 December 2014	**Carrying amount N millions**	**Variable interest N millions**	**Fixed interest N millions**	**Non interest-bearing N millions**
Financial assets				
Cash and balances with Central Bank of Nigeria	670,045	-	7,500	662,545
Loans and advances to banks	242,842	36,105	28,332	178,405
Loans and advances				
- Overdrafts	295,257	295,257	-	-
- Term loans	1,473,342	1,473,342		-
- Staff loans	6,152	-	6,152	-
- Project finance	16,525	16,525	-	-
- Advances under finance lease	2,761	2,761	-	-
Investment securities				
Available-for-sale investments	404,508		362,383	42,125
Held to maturity investments	140,467		140,467	
Assets pledged as collateral	63,158	-	63,158	-
Financial assets held for trading	9,258	-	904	8,354
Other assets	17,323	-	-	17,323
	3,341,638	1,823,990	608,897	908,752
Financial liabilities				
Customer deposits	2,551,022	1,344,143	713,611	493,268
Deposits from banks	19,246	136	9,100	10,010
Financial liabilities held for trading	7,946	-	-	7,946
Borrowings	377,950	205,716	172,234	-
Other liabilities	101,652	-	-	101,652
	3,057,815	1,549,995	894,945	612,876
Interest rate mismatch		**273,995**	**(286,049)**	**295,876**

Interest rate sensitivity gap analysis

The table below summarises the repricing profile of FirstBank Nigeria Ltd.'s non-trading book as at 31st December 2015. Carrying amounts of items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The interest rate exposure of the other subsidiaries' is considered insignificant to the Group. Thus, the repricing profile of the bank is deemed to be fairly representative of the Group.

Figures in N'bn	<=30 DAYS	31 - 90 DAYS	91 - 180 DAYS	181 - 365 DAYS	1 - 2 YEARS	2 YEARS & ABOVE	Rate Sensitive
Treasury Bills	133	196	101	44	-	-	474
Government Bonds	-	-	1	50	184	112	347
Corporate Bonds	-	-	4	-	7	0	12
Loans and advances to banks	372	-	-	-	-	-	372
Project Finance	6	11	2	1	1	-	20
Term Loans	194	95	29	77	73	668	1,138
Overdraft	24	48	72	148	-	-	291
Equipment on Lease	0	0	2	-	-	-	2
Staff Loans	0	0	6	-	-	-	6
TOTAL ASSETS	729	351	217	320	265	781	2,662
Deposits from customers	345	275	119	157	246	457	1,599
Deposits from banks	51	-	-	-	-	-	51
Medium term loan	30	28	2	3	84	143	291
TOTAL LIABILITIES	426	302	122	160	330	601	1,941
	303	49	95	160	(65)	180	721

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

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

3.4.4 Interest rate risk continued
Interest rate sensitivity gap analysis

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

Reasonable possible movement	BANK	
	31 Dec 2015	**31 Dec 2014**
Nibor Increase by 7%		
Profit/(loss)	35,530	(10,810)
Nibor decrease by 7%	-	
Profit/(loss)	(32,649)	19,086
USD Libor increases by 3%	-	
Profit/(loss)	13,140	16,435
USD Libor decreases by 3%	-	
Profit/(loss)	(18,831)	(17,938)
EURIBOR increases by 3%	-	
Profit/(loss)	1,981	(22)
EURIBOR decreases by 3%	-	
Profit/(loss)	2,253	(5)

3.5 Equity risk

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

As at 31 December 2015, the market value of quoted securities held by the Group is N1billion (2014: N1.47 billion). If the all share index of the NSE moves by 1851 basis points from the 28642 position at 31 December 2015, the effect on the fair value of these quoted securities and the other comprehensive income statement would have been N190 million.

The Group holds a number of investments in unquoted securities with a market value of N48.72 billion (2014: N40.65 billion) of which investments in African Finance Corporation (54%) and Airtel Nigeria Ltd (42%) are the significant holdings. These investments were valued at N26.47 billion (cost N12.7 billion) and N20.24billion (cost N2.9 billion) respectively as at 31 December 2015. AFC is a private sector led investment bank and development finance institution which has the Central Bank of Nigeria as a single major shareholder (42.5%) with other African financial institutions and investors holding the remaining shares. Airtel Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform.These investments are level 3 instruments , see sensitivity analysis in note 3.6.

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

3.6 **Fair value of financial assets and liabilities**

(a) **Financial instruments measured at fair value**

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

Recurring Fair value measurement

GROUP

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2015				
Financial assets				
Financial assets held for trading				
Debt Securities	1,865	-	-	1,865
Derivatives	-	3,184	-	3,184
Available-for-sale financial assets		-	-	
Investment securities - debt	657,527	17,541	-	675,068
Investment securities - unlisted equity	-	54	48,400	48,454
Investment securities - listed equity	1,027	-	-	1,027
Assets pledged as collateral	20,198	-	-	20,198
Financial liabilities held for trading				
Derivatives	-	12,121	-	12,121
31 December 2014				
Financial assets held for trading				
Debt Securities	604	300	-	904
Derivatives	-	9,804	-	9,804
Available-for-sale financial assets				
Investment securities - debt	349,546	50,659	-	400,205
Investment securities - unlisted equity	-	-	40,722	40,722
Investment securities - listed equity	1,623	-	-	1,623
Assets pledged as collateral	16,261	2,942	-	19,203
Financial liabilities held for trading				
Derivatives	-	9,913	-	9,913

BANK

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2015				
Financial assets				
Financial assets held for trading				
Listed Debt Securities	1,865	-	-	1,865
Derivatives	-	3,184	-	3,184
Available-for-sale financial assets				
Investment securities - debt	622,716	17,541	-	640,257
Investment securities - unlisted equity	-	-	48,433	48,433
Investment securities - listed equity	887	-	-	887
Assets pledged as collateral	20,198	-	-	20,198
Financial liabilities held for trading				
Derivatives	-	2,657	-	2,657

3.6 **Fair value of financial assets and liabilities continued**

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

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily bonds and equity investments classified as trading securities or available for sale.

(ii) Financial instruments in level 2

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

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

(iii) Financial instruments in level 3

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

The following table presents changes in level 3 instruments

GROUP	
At 1 January 2014	31,659
Transfer out of Level 3 due to availability of market data	67
Total losses recognised through OCI	8,996
At 31 December 2014	40,722
Sales	(21)
Realized gain on sale	(3,709)
Total Gains/(losses) recognised through OCI	11,508
Transfer out of Level 3 due to change in observability of market data	(100)
At 31 December 2015	**48,400**

During the year ended 31 December 2015, there were no transfers between level 1 and 2 fair value measurements. Although there was no transfer into level 3 fair value measurements, there was an immaterial transfer between level 3 and level 1 during the year. Fair value increases/decreases are recorded in other comprehensive income.

BANK	
At 1 January 2014	31,659
Transfer out of Level 3 due to availability of market data	-
Total losses recognised through OCI	8,996
At 31 December 2014	40,655
Sales	(21)
Realized gain on sale	(3,709)
Total Gains/(losses) recognised through OCI	11,508
At 31 December 2015	**48,433**

During the year ended 31 December 2015, there were no transfers between level 1 and 2 fair value measurements. Although there was no transfer into level 3 fair value measurements, there was an immaterial transfer between level 3 and level 1 during the year. Fair value increases/decreases are recorded in other comprehensive income.

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

3.6 **Fair value of financial assets and liabilities continued**

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

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

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

(iv) **Group's valuation process**

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

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

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

Fair value hierachy
GROUP

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2015				
Financial assets				
Cash and balances with central banks	-	715,092	-	715,092
Loans and advances to banks	-	374,511	-	374,511
Loans and advances to Customers:				
- Overdrafts	-		316,571	316,571
- Term loans			1,401,524	1,401,524
- Staff loans	-	-	7,703	7,703
- Project finance	-	-	88,280	88,280
- Advances under finance lease	-	-	1,967	1,967
Held to maturity investments	80,533	25,504	-	106,037
Asset pledged as collateral	79,887	2,132	-	82,019
Other assets	-	13,206	-	13,206
Deposit from customers	-	2,905,070	-	2,905,070
Deposit from bank	-	139,052	-	139,052
Borrowing	152,434	97,458	-	249,892
Other liabilities	-	146,427	-	146,427

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

Fair value hierachy

GROUP

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

BANK

	Level 1 N 'millions	Level 2 N 'millions	Level 3 N 'millions	Total N 'millions
31 December 2015				
Financial assets				
Cash and balances with central banks	-	679,054	-	679,054
Loans and advances to banks	-	137,548	-	137,548
Loans and advances to Customers:				
- Overdrafts	-		291,349	291,349
- Term loans			1,137,605	1,137,605
- Staff loans	-	-	6,134	6,134
- Project finance	-	-	20,230	20,230
- Advances under finance lease	-	-	1,967	1,967
Held to maturity investments	78,938	13,387	-	92,325
Asset pledged as collateral	79,888	-	-	79,888
Other assets	-	7,289	-	7,289
Deposit from customers	-	2,399,822	-	2,399,822
Deposit from bank	-	50,566	-	50,566
Borrowing	152,434	138,186	-	290,620
Other liabilities	-	120,893	-	120,893

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

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

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

	At 31st December 2015		At 31st December 2014	
	Carrying value N 'millions	**Fair value N 'millions**	**Carrying value N 'millions**	**Fair value N 'millions**
GROUP				
Financial assets				
Loans and advances to customers				
Fixed rate loans	7,682	5,543	7,013	4,989
Variable rate loans	1,808,363	1,808,363	2,186,550	2,186,550
Investment securities (held to maturity)	106,037	103,463	156,353	124,566
Asset pledged as collateral	82,019	51,899	45,324	30,649
Loan commitments	33,342	33,342	90,379	90,379
Financial liability				
Borrowings	249,892	228,678	362,976	350,437

	At 31st December 2015		At 31st December 2014	
	Carrying value N 'millions	**Fair value N 'millions**	**Carrying value N 'millions**	**Fair value N 'millions**
BANK				
Financial assets				
Loans and advances to customers:				
Fixed rate loans	6,134	4,387	6,152	4,377
Variable rate loans	1,451,151	1,451,151	1,787,885	1,787,885
Investment securities (held to maturity)	92,325	89,752	140,467	108,580
Asset pledged as collateral	79,888	49,767	43,955	29,281
Financial liability				
Borrowings	290,620	269,373	377,950	365,343

Investment securities have been fair valued using market prices and is within level 1 of the fair value hierarchy.
Loans and advances have been fair valued using average benchmarked lending rates which were adjusted to specific entity risks based on history of losses.
Borrowings which are listed on stock exchange are fair valued using market prices and are within level 1 of the fair value hierarchy while other borrowings are fair valued using valuation techniques and are within level 2 of the fair value hierarchy.

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

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

4. Capital management

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

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

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

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

The Group's capital is divided into two tiers:

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

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

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

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

The table below summarises the Basel II capital adequacy ratio for 2015 and 2014. It shows the composition of regulatory capital and ratios for the years. During those years, the individual entities within the Group complied with all the regulatory capital requirements to which they are subjected.

	Group '31 Dec 2015 N 'millions	Group '31 Dec 2014 N 'millions	Bank '31 Dec 2015 N 'millions	Bank '31 Dec 2014 N 'millions
Tier 1 capital				
Share capital	16,316	16,316	16,316	16,316
Share premium	189,241	189,241	189,241	189,241
Statutory reserve	65,253	64,524	63,237	63,231
Non-controlling interest	1,929	1,641	-	-
SMEEIS reserves	6,076	6,076	6,076	6,076
Retained earnings	163,651	118,620	130,787	87,200
Less: Goodwill/Deferred Tax	(12,198)	(6,736)	(5,386)	(1,343)
Less: Excess over single obligor limit	(29,181)	-	(29,181)	-
Less: Loan to subsidiary	-	-	-	(14,541)
less: Investment in unconsolidated subsidiaries	-	-	(37,208)	(29,493)
Total qualifying for tier 1 capital	401,087	389,682	333,883	316,687
Tier 2 capital				
Fair value reserve	53,420	14,001	54,090	16,126
Other borrowings	152,434	141,819	152,434	141,819
Total Tier 2 Capital	205,854	155,820	206,524	157,945
Tier 2 Capital Restriction	143,423	132,139	133,424	120,688
less: Investment in unconsolidated subsidiaries	-	-	(37,208)	(29,493)
Total qualifying for tier 2 capital	143,423	132,139	96,216	91,195
Total regulatory capital	544,510	521,821	430,099	407,882
Risk-weighted assets				
Credit Risk	2,290,972	2,641,045	1,843,587	2,131,421
Operational Risk	596,956	485,259	538,277	453,746
Market Risk	136,422	46	136,422	46
Total risk-weighted assets	3,024,349	3,126,350	2,518,285	2,585,214
Risk-weighted Capital Adequacy Ratio (CAR)	**18.00%**	**16.69%**	**17.08%**	**15.78%**
TIER I CAR	**13.26%**	**12.46%**	**13.26%**	**12.25%**

5 Significant accounting judgments, estimates and assumptions

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

a Impairment charges on financial assets

The Group reviews its loan portfolios for impairment on an on-going basis. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment. For individually significant financial assets that has been deemed to be impaired, management has deemed that cashflow from collateral obtained would arise within 24 months where the financial asset is collaterized.

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

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

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

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

b Fair value of financial instruments

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

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

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

c Held-to-maturity investments

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

If the class of held to maturity is tainted, the fair value would decrease by N2.5 billion with a corresponding entry in the available for sale reserve in shareholders equity. Furthermore, the entity would not be able to classify any financial assets as held to maturity for the following two annual report periods.

5 Significant accounting judgments, estimates and assumptions

d Retirement benefit obligation

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

e Impairment of Goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates. See note 27.1 for detailed information on impairment assessment performed on the CGU.

Impairment charges of N630million and N242million arose in FBN Gambia and FBN Senegal respectively during the course of the year 2015. Both entities form part of the unreportable segment shown as others.The impairment was attributable to the general economic downturn in both economies

6 Segment information

Operating segments are reported in accordance with the internal reports provided to the Group's Management Committee (the chief operating decision maker), which is responsible for allocating resources to the operating segments and assesses its performance.
The Group has identified the following reportable segments:

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

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

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

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

Others
The results of all other business units are not reportable segments, as they are not separately included in the reports provided to the Group management committee. This segment also includes the corporate office (excluding treasury services) and the public sector which is no longer a reportable segment.

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

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

Segment result of operations

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

The segment information provided to the Group management committee for the reportable segments for the year ended 31 December 2015 is as follows:

	Institutional Banking	Corporate Banking	Retail Banking	Treasury Services	Segment Total	Others	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31st December 2015							
Total segment revenue	85,361	116,652	138,887	110,389	**451,289**	14,300	**465,590**
Inter-segment revenue	(26,146)	(30,104)	129,552	(70,863)	**2,438**	(2,438)	**-**
Revenue from external customers	59,215	86,547	268,438	39,526	**453,726**	11,863	**465,590**
Profit/(loss) before tax	44,606	44,157	156,874	34,172	**279,808**	(269,624)	**10,184**
Income tax expense	(44,023)	(41,103)	(154,825)	(32,355)	**(272,307)**	265,073	**(7,234)**
Profit for the year	582	3,054	2,048	1,816	**7,501**	(4,552)	**2,950**
Impairment charge on credit losses	(18,452)	(29,201)	(44,878)	-	**(92,531)**	(32,894)	**(125,425)**
Impairment charge on doubtful receivables	-	-	-	-	**-**	(517)	**(517)**
Impairment charge on goodwill	-	-	-	-	**-**	(872)	**(872)**
Depreciation	-	-	-	-	**-**	(10,577)	**(10,577)**

6 Segment information continued

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment.

	Institutional Banking N 'millions	Corporate Banking N 'millions	Retail Banking N 'millions	Treasury Services N 'millions	Segment Total N 'millions	Others N 'millions	Total N 'millions
At 31st December 2015							
Total assets	625,012	863,542	295,832	815,747	**2,600,132**	1,372,966	**3,973,098**
Other measures of assets:							
Loans and advances to customers	625,012	863,542	295,832	-	**1,784,386**	31,659	**1,816,045**
Expenditure on non-current assets	-	-	-	-	-	82,351	**82,351**
Investment securities	-	-	-	815,747	**815,747**	14,840	**830,587**
Total liabilities	495,858	809,867	1,936,582	2,658	**3,244,964**	223,611	**3,468,575**
At 31st December 2014							
Total segment revenue	61,201	84,790	255,313	26,816	**428,120**	27,356	**455,477**
Inter-segment revenue	21,356	21,247	(99,113)	61,459	**4,948**	(4,948)	-
Revenue from external customers	82,557	106,037	156,200	88,275	**433,068**	22,408	**455,477**
Profit/(loss) before tax	37,009	46,785	160,317	24,024	**268,136**	(173,684)	**94,454**
Income tax expense	-	(1,867)	-	(156)	**(2,023)**	(7,503)	**(9,526)**
Profit for the year	37,009	44,918	160,317	23,868	**266,113**	(181,186)	**84,928**
Impairment charge on credit losses	(561)	(13,797)	(8,563)	-	**(22,921)**	(4,927)	**(27,848)**
Impairment charge on doubtful receivables	-	-	-	-	-	(17)	**(17)**
Depreciation	-	-	-	-	-	(10,531)	**(10,531)**
At 31st December 2014							
Total assets	677,724	1,009,334	455,924	391,447	**2,534,429**	1,597,206	**4,131,635**
Other measures of assets:							
Loans and advances to customers	677,724	1,009,334	455,924	-	**2,142,982**	50,581	**2,193,563**
Expenditure on non-current assets	-	-	-	-	-	83,403	**83,403**
Investment securities	-	-	-	391,447	**391,447**	207,456	**598,903**
Total liabilities	310,118	669,969	1,984,847	-	**2,964,934**	703,684	**3,668,618**

Geographical information

Revenues

	31 Dec 2015 N 'millions	31 Dec 2014 N 'millions
Nigeria	413,731	414,314
Outside Nigeria	51,859	41,162
Total	**465,590**	**455,477**

Non current asset

	31 Dec 2015 N 'millions	31 Dec 2014 N 'millions
Nigeria	74,819	76,590
Outside Nigeria	7,534	6,814
Total	**82,353**	**83,403**

7 Interest income

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Investment securities	87,426	79,627	83,708	69,516
Loans and advances to banks	18,571	14,071	11,222	8,044
Loans and advances to customer	272,793	255,579	242,841	232,376
	378,790	349,277	337,771	309,936

Interest income on loans and advances to customers includes interest income on impaired financial assets, recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. This is analysed as follows: Group N25.97 billion (2014:N0.598 billion) and Bank N25.34 billion (2014:N0.499 billion).

8 Interest expense

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Customer Deposits	101,549	89,085	91,091	81,788
Deposit from banks	3,365	2,713	2,732	2,248
Borrowings	15,066	17,924	16,073	10,451
	119,980	109,722	109,896	94,487

9 Impairment charge for credit losses

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Loans and advances to customers (refer note 20)				
Increase in collective impairment	23,932	2,960	19,974	2,343
Increase in specific impairment	103,574	24,888	101,441	20,727
	127,506	27,848	121,415	23,070
Net recoveries on loans previously written off	(2,080)	(2,135)	(1,887)	(2,089)
Other assets (refer note 29.1)				
Increase/(decrease) in impairment	517	17	518	(57)
	125,943	25,730	120,046	20,924

The Group Impairment charge in the financial year ended December 2015 stood at N125.94 billion from N25.73 billion recorded in December 2014. Incremental impairment charge was attributable to recognition of impairment on some specific accounts as well as collective exposures following reassessment of the loan book. This reassessment was based on the sharp decline in global oil prices, the volatile macro environment, coupled with fiscal and monetary headwinds which have resulted in marked reduction in domestic output. This is a prudent measure being taken, while the Group has commenced active remedial action on the specific impaired accounts.

10 (a) Fee and commission income

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Credit related fees	5,698	2,435	4,775	1,374
Commission on turnover	12,655	15,284	10,279	15,270
Letters of credit commissions and fees	3,826	6,636	2,724	5,327
Electronic banking fees	15,371	11,465	15,371	11,465
Money transfer commission	3,154	2,195	3,085	2,177
Commission on Bonds and Guarantees	1,488	1,146	1,475	1,131
Funds transfer & Intermediation fees	4,530	5,086	2,934	3,171
Account Maintenance	3,333	8,344	3,333	7,749
Brokerage and Intermediations	882	1,120	834	1,076
Custodian fees	4,182	3,511	-	-
Other fees and commissions	1,066	1,277	671	676
	56,185	58,499	45,481	49,416
10 (b) Fee and commission expense	9,403	6,940	9,441	8,574

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

11 Net gains on Foreign exchange income

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Revaluation gain on foreign currency balances	9,079	29,174	7,879	28,607
Foreign exchange trading income	11,316	14,110	9,520	12,676
	20,395	43,284	17,399	41,283

The revaluation gain in 2015 is due to exchange rate movements on the bank's long foreign currency balance sheet position as at 31 December 2015.

12 Net gains/(losses) on investment securities

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Equity securities	4,932	769	4,929	91
Debt securities	8,291	68	8,314	56
Impairment of available for sale financial assets	(7,151)	-	-	-
	6,072	837	13,243	147

The Group's N7.2bn impairment on available for sale financial assets was on corporate bonds issued by an oil and gas issuer which had gone into administration after failing to secure support for planned refinancing and restructuring of its operations.

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

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Fair value gain on Derivatives	776	569	776	569
Trading income on Debt securities	4	-	-	-
Fair value loss on Debt securities	(1,336)	(28)	(1,337)	(28)
	(556)	541	(561)	541

14 Other operating income

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
(Loss)/Profit on sale of property, plant and equipment	(179)	382	(171)	401
Other income	3,529	1,455	554	1,032
	3,350	1,837	383	1,433

Other income largely comprises of income made by the group from private banking services, VAT recovered and income on properties.

15 (a) Operating expenses

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Auditors' remuneration	528	315	360	250
Directors' emoluments	4,679	5,340	3,415	4,311
Regulatory cost	30,073	30,159	29,518	29,809
Maintenance	18,745	19,079	17,616	18,668
Insurance premium	1,349	1,729	1,349	1,333
Rent & Rates	3,623	4,025	2,801	3,670
Advert and Corporate Promotions	7,345	11,783	7,073	11,629
Legal and Professional fees	3,570	2,109	2,645	1,531
Donations & Subscriptions	1,242	1,792	671	1,458
Stationary & printing	2,273	2,195	1,974	1,973
Consultancy fees	942	1,966	789	1,676
Communications, Lights and Power	6,745	6,106	6,137	5,986
Cash handling charges	3,522	3,042	3,405	3,016
Operational and Other losses	2,194	18,488	1,264	16,950
Passages & Travels	5,224	5,058	4,692	5,054
Outsourced cost	15,548	12,248	14,896	12,248
Impairment of investment in subsidiaries	-	-	1,927	2,121
Other operating expenses	6,969	8,674	3,760	6,044
	114,571	134,108	104,292	127,727

15 (b) Personnel expenses

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Wages and salaries	64,489	67,625	55,738	58,298
Pension costs:				
- Defined contribution plans	2,389	2,711	2,327	2,463
- Defined benefit plans (Note 33)	254	166	199	26
- Other employee benefits	5,756	2,224	5,408	2,224
	72,888	72,726	63,672	63,011

16 Taxation

Corporate tax	6,418	6,161	2,758	2,937
Education tax	75	-	-	-
Technology tax	26	814	21	814
Under provision in prior years	1,229	-	-	-
Current income tax - current period	7,748	6,975	2,779	3,752
Origination and reversal of temporary deferred tax differences	(513)	2,551	-	2,434
Income tax expense	7,235	9,526	2,779	6,186

Group

	2015		2014	
Profit before income tax	10,181		94,368	
Tax calculated using the domestic corporation tax rate of 30% (2015: 30%, 2014: 30%)	3,055	30%	28,310	30%
	-			
Effect of tax rates in foreign jurisdictions	370	4%	(129)	0%
Non-deductible expenses	36,364	357%	17,090	18%
Effect of education tax levy	75	1%	-	0%
Effect of Information technology	26	0%	814	1%
Effect of capital gains tax	-	0%	-	0%
Effect of minimum tax	2,779	27%	21	0%
Effect of National fiscal levy	82	1%	22	0%
Effect of excess dividend tax	-	0%	403	0%
Tax exempt income	(36,280)	-356%	(36,797)	-39%
Effect of disposal of items of PPE	-	0%	-	0%
Effect of change in PBT due to IFRS adjustments	-	0%	-	0%
Tax incentives	(206)	-2%	(230)	0%
Tax loss effect	-	0%	-	0%
(Over) / under provided in prior years	1,208	12%	-	0%
Effect of prior period adjustment on deferred tax	(238)	-2%	22	0%
Total income tax expense in income statement	7,235	71%	9,525	10%
Income tax expense	7,235	71%	9,525	10%

Bank

	2015		2014	
Profit before income tax	2,816		85,537	
Tax calculated using the domestic corporation tax rate of 30% (2015: 30%, 2014: 30%)	845	30%	25,661	30%
Non-deductible expenses	34,836	1237%	16,292	19%
Effect of Information technology	21	1%	814	1%
Effect of minimum tax	2,758	98%	-	0%
Effect of excess dividend tax	-	0%	402	0%
Tax exempt income	(35,529)	-1262%	(36,754)	-43%
Tax incentives	(152)	-5%	(230)	0%
Total income tax expense in income statement	2,779	99%	6,186	7%
Income tax expense	2,779	99%	6,186	7%

16 Taxation continued

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
The movement in the current income tax liability is as follows:				
At start of the year	8,530	31,633	6,558	29,836
Effect of adjustment on acquired entities	-	3	-	-
Tax paid	(9,293)	(30,276)	(5,189)	(27,029)
Withholding tax credit utilised	-	(11)	-	-
Prior period (over)/ under provision	(41)	-	(1,251)	-
AFS Securities Revaluation Tax charge/(credit)	-	(682)	-	-
Income tax charge	6,519	6,975	2,779	3,751
Effect of Changes in Exchange Rate	75	888	-	-
At 31 December	5,790	8,530	2,897	6,558
Current	5,790	8,530	2,897	6,558

17 Cash and balances with central banks

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Cash	76,308	63,306	50,070	44,338
Balances with central banks excluding mandatory reserve deposits	161,868	71,058	155,866	65,630
	238,176	134,364	205,936	109,968
Mandatory reserve deposits with Central Banks	476,916	563,237	473,118	560,077
	715,092	697,601	679,054	670,045

Included in balances with central bank is a call placement of N7.5 billion for Group and Bank (31 December 2014: N7.5 billion)

Restricted deposits with central banks are not available for use in the Group's day to day operations. The bank had restricted balances of N473.12 billion with central Bank of Nigeria (CBN) as at 31st December 2015 (December 2014: N560.1 billion). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 20% of qualifying deposits (December 2014 :15% of non-government deposits and 75% of government deposit) which should be held with the Central Bank of Nigeria as a regulatory requirement. The Group balance of mandatory reserve deposit also includes restricted balances of N1.090 billion and N1.878 billion (December 2014: N0.968 billion and N1.407 billion) for FBN Ghana and FBN Guinea respectively held with their respective Central Banks.

18 Cash and cash equivalents

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

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Cash (Note 17)	76,308	63,306	50,070	44,338
Balances with central banks other than mandatory reserve deposits (Note 17)	161,868	71,058	155,866	65,630
Loans and advances to banks excluding long term placements (Note 19)	345,823	290,692	122,635	212,679
Treasury bills included in financial assets held for trading (Note 21)	761	174	761	174
Treasury bills and eligible bills excluding pledged treasury bills (Note 22.1 & 22.2)	60,215	61,049	57,136	50,913
	644,975	486,279	386,468	373,734

19 Loans and advances to banks

Current balances with banks within Nigeria	128,925	52,962	30,257	3,478
Current balances with banks outside Nigeria	117,664	156,808	75,778	171,567
Placements with banks and discount houses	99,234	80,922	16,600	37,634
	345,823	290,692	122,635	212,679
Long term placement	28,688	139,361	14,913	30,163
Carrying amount	374,511	430,053	137,548	242,842

Included in loans to banks is a non current placement of N28.68 billion for Group and N14.91 billion for Bank (31 December 2014: N139.36 billion for Group and N30.16 billion for Bank) which does not qualify as cash and cash equivalent.
All other loans to banks are due within 3 months.

20 Loans and advances to customers

GROUP

	Gross amount N 'millions	Specific impairment N 'millions	Collective impairment N 'millions	Total impairment N 'millions	Carrying amount N 'millions
31 December 2015					
Overdrafts	358,458	39,089	2,798	41,887	316,571
Term loans	1,507,018	75,109	30,385	105,494	1,401,524
Staff loans	7,773	-	70	70	7,703
Project finance	88,417	-	137	137	88,280
	1,961,666	114,198	33,390	147,588	1,814,078
Advances under finance lease	2,321	322	32	354	1,967
	1,963,987	114,520	33,422	147,942	1,816,045
31 December 2014					
Overdrafts	329,576	11,845	3,619	15,464	314,112
Term loans	1,819,090	15,640	11,331	26,971	1,792,119
Staff loans	7,081	-	68	68	7,013
Project finance	77,709	-	151	151	77,558
	2,233,456	27,485	15,169	42,654	2,190,802
Advances under finance lease	3,043	241	41	282	2,761
	2,236,499	27,726	15,210	42,936	2,193,563

BANK

	Gross amount N 'millions	Specific impairment N 'millions	Collective impairment N 'millions	Total impairment N 'millions	Carrying amount N 'millions
31 December 2015					
Overdrafts	331,461	38,479	1,633	40,112	291,349
Term loans	1,234,584	72,577	24,402	96,979	1,137,605
Staff loans	6,203	-	69	69	6,134
Project finance	20,367	-	137	137	20,230
	1,592,615	111,056	26,241	137,297	1,455,318
Advances under finance lease	2,321	322	32	354	1,967
	1,594,936	111,378	26,273	137,651	1,457,285
31 December 2014					
Overdrafts	308,724	11,299	2,168	13,467	295,257
Term loans	1,497,444	14,616	9,486	24,102	1,473,342
Staff loans	6,220	-	67	67	6,153
Project finance	16,676	-	151	151	16,525
	1,829,064	25,915	11,872	37,787	1,791,276
Advances under finance lease	3,043	241	41	282	2,761
	1,832,107	26,156	11,913	38,069	1,794,037

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Current	897,523	1,196,808	720,220	989,639
Non-current	918,522	996,755	737,066	804,398
	1,816,045	2,193,563	1,457,285	1,794,037

20 Loans and advances to customers continued

20a CBN/Bank of Industry facilities

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

CBN/Commercial Agriculture Credit (CACS)

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

CBN On-lending Bail out fund

This relates to term loans granted to State governments in line with the Central Bank of Nigeria (CBN) N338 billion special intervention funds for financing the payment of backlog of staff salaries in states of the Federation. The facilities were granted at 9% per annum for tenors ranging from 10 to 20 years.

	31 December 2015 N 'millions	31 December 2014 N 'millions
CBN/Bank of Industry	44,215	14,514
CBN/Commercial Agriculture Credit	11,998	13,733
CBN On-lending Bail out fund	25,652	-

Reconciliation of impairment allowance on loans and advances to customers:

GROUP

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Others N 'millions	Total N 'millions
At 1 January 2015					
Specific impairment	11,846	15,640	241	0	27,727
Collective impairment	3,617	11,330	42	219	15,207
	15,463	26,970	283	219	42,934
Additional provision/(Writeback)					
Specific impairment	38,080	65,412	82		103,574
Collective impairment	81	23,825	37	(12)	23,932
	38,161	89,237	119	(12)	127,506
Exchange difference					
Specific impairment	(47)	276	-	-	229
Collective impairment	(104)	4	-	-	(100)
Loans written off					
Specific impairment	(10,789)	(6,220)	-	-	(17,009)
Collective impairment	(796)	(4,774)	(48)	-	(5,618)
At 31 December 2015	41,888	105,493	354	207	147,942
Specific impairment	39,090	75,108	323	-	114,521
Collective impairment	2,798	30,385	31	207	33,421
	41,888	105,493	354	207	147,942
At 1 January 2014					
Specific impairment	10,465	9,393	696	31	20,585
Collective impairment	4,058	19,587	72	916	24,633
	14,523	28,980	768	947	45,218
Additional provision/(Writeback)					
Specific impairment/(write back)	7,490	16,409	(455)	(31)	23,413
Collective impairment/(write back)	2,918	2,213	1	(697)	4,435
	10,408	18,622	(454)	(728)	27,848
Loans written off					
Specific impairment	(6,444)	(10,239)	-	-	(16,683)
Collective impairment	(3,359)	(10,470)	(31)	-	(13,860)
Acquisition through business combination (specific impairment)	335	77			412
At 31 December 2014	15,463	26,970	282	219	42,934
					-
Specific impairment	11,846	15,640	241	-	27,727
Collective impairment	3,617	11,330	42	219	15,208
	15,463	26,970	283	219	42,935

20 Loans and advances to customers continued

BANK

	Overdrafts N 'millions	Term loans N 'millions	Finance lease N 'millions	Others N 'millions	Total N 'millions
At 1 January 2015					
Specific impairment	11,298	14,616	241	-	26,155
Collective impairment	2,169	9,486	42	219	11,916
	13,467	24,102	283	219	38,071
Additional provision/(Writeback)					
Specific impairment	37,598	63,762	82	-	101,442
Collective impairment	261	19,689	37	(13)	19,974
	37,859	83,451	119	(13)	121,416
Loans written off					
Specific impairment	(10,417)	(5,801)		-	(16,218)
Collective impairment	(796)	(4,774)	(48)	-	(5,618)
At 31 December 2015	40,113	96,978	354	206	137,651
Specific impairment	38,479	72,577	323	-	111,379
Collective impairment	1,634	24,401	31	206	26,272
	40,113	96,978	354	206	137,651
At 1 January 2014					
Specific impairment	10,020	7,297	698	-	18,015
Collective impairment	3,623	18,838	72	901	23,434
	13,643	26,135	770	901	41,449
Additional provision/(Writeback)					
Specific impairment	8,346	12,838	(457)	-	20,727
Collective impairment	1,906	1,118	1	(682)	2,343
	10,252	13,956	(456)	(682)	23,070
Loans written off					
Specific impairment	(7,068)	(5,519)		-	(12,587)
Collective impairment	(3,360)	(10,470)	(31)	-	(13,861)
At 31 December 2014	13,467	24,102	283	219	38,071
Specific impairment	11,298	14,616	241	-	26,155
Collective impairment	2,169	9,486	42	219	11,916
	13,467	24,102	283	219	38,071

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

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Gross investment in finance lease, receivable				
- No later than 1 year	12	168	12	168
- Later than 1 year and no later than 5 years	2,632	3,555	2,632	3,555
	2,644	3,723	2,644	3,723
Unearned future finance income on finance leases	(323)	(680)	(323)	(680)
Impairment allowance on leases	(356)	(282)	(356)	(282)
Net investment in finance lease, receivable	1,965	2,761	1,965	2,761
Net investment in finance lease, receivable is analysed as follows				
- No later than 1 year	12	151	12	151
- Later than 1 year and no later than 5 years	1,953	2,610	1,953	2,610
	1,965	2,761	1,965	2,761

20.1 Nature of security in respect of loans and advances:

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	755,757	579,351	612,162	490,974
Guarantee/Receivables Of Investment Grade Banks, Companies and State Government	668,115	746,557	658,976	738,045
Domiciliation of receivables	386,217	630,801	256,346	484,648
Clean/Negative Pledge	100,725	79,749	28,442	78,012
Marketable Securities/Shares	16,348	14,755	16,304	14,755
Otherwise Secured	21,385	81,184	9,274	2,290
Cash/Government Securities	15,440	104,102	13,432	23,383
	1,963,987	2,236,499	1,594,936	1,832,107

The Group is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral. The Group did not take legal repossession of any collateral in the year.

21 Financial assets and liabilities held for trading

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Treasury bills with maturity of less than 90 days	761	174	761	174
Treasury bills with maturity over 90 days	981	730	981	730
Bonds held for trading	123	-	123	-
Total debt securities	1,865	904	1,865	904
Derivative assets	3,184	9,804	3,184	8,354
Total assets held for trading	5,049	10,708	5,049	9,258

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

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

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

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

	GROUP 31 Dec 2015			BANK 31 Dec 2015		
	Notional contract amount	Fair values		Notional contract amount	Fair values	
		Asset	Liability		Asset	Liability
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Foreign exchange derivatives						
Forward FX contract	321,950	-	(9,464)	-	-	-
Currency swap	39,860	622	(399)	39,860	622	(399)
Put options	19,311	2,561	(2,258)	19,311	2,561	(2,258)
	381,121	3,183	(12,121)	59,171	3,183	(2,657)
Current	364,197	921	(10,161)	42,247	921	(697)
Non Current	16,924	2,262	(1,960)	16,924	2,262	(1,960)
	381,121	3,183	(12,121)	59,171	3,183	(2,657)

21 Financial assets and liabilities held for trading continued

	GROUP 31 Dec 2014			BANK 31 Dec 2014		
	Notional contract amount	Fair values Asset	Fair values Liability	Notional contract amount	Fair values Asset	Fair values Liability
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Foreign exchange derivatives						
Forward FX contract	281,325	1,450	(1,975)	386	-	(8)
FX Accumulator Contract	563	-	(133)	565	-	(133)
Currency swap	14,884	-	(58)	14,884	-	(58)
Put options	52,996	8,354	(7,747)	52,996	8,354	(7,747)
	349,768	9,804	(9,913)	68,831	8,354	(7,946)
Current	296,774	1,450	(2,166)	15,835	-	(199)
Non Current	52,996	8,354	(7,747)	52,996	8,354	(7,747)
	349,770	9,804	(9,913)	68,831	8,354	(7,946)

22 Investment Securities

	GROUP 31 December 2015	GROUP 31 December 2014	BANK 31 December 2015	BANK 31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
22.1 Securities available for sale				
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	58,103	57,083	57,136	50,913
– Treasury bills with maturity of more then 90 days	396,244	232,698	396,244	232,698
– Government bonds	180,145	72,169	180,145	72,169
– Other bonds	40,576	38,256	6,732	6,603
Equity securities – at fair value:				
– Listed	1,027	1,623	887	1,470
Equity securities – at fair value:				
– Unlisted	48,454	40,722	48,433	40,655
Total securities classified as available for sale	724,549	442,551	689,577	404,508
Current	524,805	383,596	489,993	351,943
Non Current	199,744	58,955	199,584	52,565
	724,549	442,551	689,577	404,508
22.2 Securities held to maturity				
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	2,112	3,966	-	-
– Treasury bills with maturity of more then 90 days	7,894	7,993	-	-
– Bonds	96,031	144,394	92,325	140,467
Total securities classified as held-to-maturity	106,037	156,353	92,325	140,467
Current	23,198	143,915	13,152	131,955
Non Current	82,839	12,438	79,173	8,512
	106,037	156,353	92,325	140,467
Total investment securities	830,586	598,904	781,902	544,975

23 Asset pledged as collateral

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

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

	GROUP 31 December 2015	GROUP 31 December 2014	BANK 31 December 2015	BANK 31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Available for sale debt securities (note 23.1)	20,198	19,203	20,198	19,203
Held to maturity debt securities (note 23.2)	82,019	45,324	79,888	43,955
	102,217	64,527	100,086	63,158

23 Asset pledged as collateral (continued)

23.1 Available for sale debt securities

Debt securities - at fair value	-	-	-	-
– Treasury bills	20,198	19,203	20,198	19,203
	20,198	19,203	20,198	19,203

23.2 Held to maturity debt securities

Debt securities - at amortised cost				
– Treasury bills	1,602	1,360	-	-
– Bonds	80,417	43,964	79,888	43,955
	82,019	45,324	79,888	43,955

The related liability for assets held as collateral include:				
Bank of Industry	44,477	14,791	44,477	14,791
Central Bank of Nigeria/Commercial Agriculture Credit Scheme Intervention fund	11,998	15,624	11,998	15,624

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N20.2bn for the group in December 2015 (2014: N40.24bn) and N20.2bn for bank in December 2015 (2014: N40.24bn) for which there is no related liability.

Current	21,800	20,563	20,198	19,203
Non current	80,417	43,964	79,888	43,955
	102,217	64,527	100,086	63,158

24 Investment in subsidiaries

24.1 Principal subsidiary undertakings

	31 December 2015 N 'millions	31 December 2014 N 'millions
FBN Bank (UK) Limited (Note 24 (i))	45,882	30,695
First Pension Custodian Limited (Note 24 (ii))	2,000	2,000
FBN Mortgages Limited (Note 24 (iii))	4,777	4,777
FBN Bank Congo DRC (Note 24 (iv))	5,503	5,503
FBN Bank Ghana (Note 24 (v))	10,559	10,559
FBN Bank Sierra Leone (Note 24 (vi))	1,723	1,685
FBN Bank Guinea (Note 24 (vii))	2,513	2,378
FBN Bank Gambia (Note 24 (viii))	1,472	1,472
FBN Bank Senegal (Note 24 (ix))	4,034	2,038
Impairment loss on investment in subsidiaries	(4,048)	(2,121)
	74,415	58,986

During the year, the Bank made additional investments of N15.188 billion in FBN Bank UK, N1,996 billion in FBN Bank Senegal, and N135 million in FBN Bank Guinea.

All shares in subsidiary undertakings are ordinary shares. For all periods shown, the group owned the total issued shares in all its subsidiary undertakings except FBN Bank Congo DRC in which it owned 75%. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company and the group do not differ from the proportion of ordinary shares held. The total non-controlling interest for the year is N1.93 billion.

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

i FBN Bank (UK) Limited

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

24 Investment in subsidiaries continued

ii First Pension Custodian Limited

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

iii FBN Mortgages Limited

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

iv FBN Bank Congo (DRC)

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

v FBN Bank (Ghana)

FBN Bank (Ghana) (previously known as ICB Ghana), is a company incorporated in Ghana on March 19,1996, and commenced operations in November 1996. The bank operates with a Class 1 universal banking license and is a Tier III bank in the Ghana banking landscape with a network of seventeen (17) branches and two (2) cash agencies. Its principal activities include business banking and consumer banking. The target customers of the consumer banking are individuals while SMEs and corporates are the focus of the business banking unit.
First Bank Nigeria Limited has a holding of 100% in the equity of FBN Bank (Ghana).

vi FBN Bank Sierra Leone

FBN Bank Sierra Leone, is a company incorporated in Sierra Leone on August 2004,and is one of the ten foreign-owned commercial banks in Sierra Leone. Presently, the bank has a branch network of two branches located in one of the four regions of Sierra Leone. Its principal activities include Public Sector, Retail banking, SMEs and Corporate banking.
First Bank Nigeria Limited has a holding of 100% in the equity of FBN Bank Sierra Leone.

vii FBN Bank (Guinea)

FBN Bank (Guinea) (previously known as ICB Guinea) is a Tier III bank in Guinea banking sector. The bank was incorporated on September 17,1996 and commenced operations in 1997. FBN Bank Guinea currently operates from five locations in Conakry, the capital city and is well known in Guinea as one of the leading banks with quality services, transparent transactions and compliance with legal and regulatory policies. Its principal activities include business and commercial banking. The business banking group focuses on corporate and institutional customers while consumer banking group provides services to retail customers.
First Bank Nigeria Limited has a holding of 80% in the equity of FBN Bank (Guinea), while FBN Bank (Ghana) holds the other 20% equity.

viii FBN Bank Gambia

FBN Bank Gambia, is a company incorporated and commenced operations in Gambia on July 2004. The bank is a Tier III bank in the Gambian banking sector, and currently operates from four (4) locations in one of the six regions in the Gambia. Key sectors targeted by the bank are public sector, corporate companies, SMEs and retail customers.
First Bank Nigeria Limited has a holding of 100% in the equity of FBN Bank Gambia.

ix FBN Bank Senegal

FBN Bank Senegal was incorporated and commenced operations in Senegal on June 2001. The bank is a Tier III bank,and currently operates from three (3) locations in Senegal. Its principal activities include retail and commercial banking. Key sectors targeted by the bank are public sector,corporate customers,SMEs and retails customers.
First Bank of Nigeria Limited acquired 80% in the equity of FBN Bank Senegal,with FBN Bank (Ghana) holding the remaining 20% equity.

x FBN Finance Company B.V

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

xi First Dependants Nigeria Limited

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

xii First Nominees Nigeria Limited

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

xiii Sinking Fund

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

xiv FBC Assets Limited

FBC Assets Limited (previously called First Bank Capital Assets Limited) is a special purpose vehicle (SPV) incorporated to acquire shares of Zain Nigeria Limited (now Airtel Networks Limited).

24.2 Condensed results of consolidated entities from continuing operations

31 December 2015	PARENT N'million	FBN UK N'million	FBN DRC N'million	BN GHANA N'million	FBN GAMBIA N'million	BN SIERRA-LEONE N'million	FBN GUINEA N'million	'BN SENEGAL N'million	MORTGAGES N'million	PENSION N'million	OTHERS N'million	TOTAL N'million	ADJUSTMENTS N'million	BANKING GROUP N'million
Summarized Income Statement														
Operating income	301,719	16,745	11,232	3,299	339	651	909	827	1,329	4,943	711	342,704	(6,497)	336,207
Operating expenses	(178,856)	(7,122)	(8,806)	(1,539)	(256)	(238)	(709)	(1,016)	(607)	(1,534)	(552)	(201,235)	1,152	(200,083)
Provision expense	(120,047)	(4,708)	(690)	(263)	(38)	(63)	(21)	(96)	(271)	-	-	(126,197)	254	(125,943)
Operating profit	2,816	4,915	1,736	1,497	45	350	179	(285)	451	3,409	159	15,272	(5,091)	10,181
Associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) before tax	2,816	4,915	1,736	1,497	45	350	179	(285)	451	3,409	159	15,272	(5,091)	10,181
Tax	(2,779)	(1,004)	(773)	(544)	(19)	(106)	(66)	(2)	(322)	(992)	(13)	(6,619)	(616)	(7,235)
Profit/(Loss) for the year	37	3,911	963	953	26	244	113	(287)	129	2,417	146	8,653	(5,707)	**2,946**
Other comprehensive income	36,663	1,038	(2)	(106)	(2)	(32)	(4)	15	(4)	-	(14)	37,552	1,115	38,667
Total comprehensive income	36,699	4,949	961	847	24	212	109	(272)	125	2,417	132	46,205	(4,592)	**41,613**
Total comprehensive income allocated to non controlling interest	-	-	394	-	-	-	-	-	-	-	-	394	-	**394**
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Summarized Financial Position														
Assets														
Cash and balances with Central Bank	679,054	15,306	13,288	2,008	410	737	3,786	302	202	-	-	715,093	(1)	715,092
Due from other banks	137,548	261,261	9,617	10,173	784	-	3,232	3,701	2,914	5,918	1,116	436,264	(61,753)	374,511
Loans and advances	1,457,286	344,911	39,965	6,341	475	957	2,904	2,418	3,963	20	-	1,859,240	(43,195)	1,816,045
Financial Assets held for Trading (HFT)	5,050	-	-	-	-	-	-	-	-	-	-	5,050	(1)	5,049
Investment securities	781,902	33,845	-	1,727	1,156	3,111	2,343	3,786	54	1,594	149,042	978,560	(147,974)	830,586
Assets Pledged as collateral	100,086	-	-	1,602	-	-	521	9	-	-	-	102,218	(1)	102,217
Investment in subsidiaries	74,415	-	-	-	-	-	-	-	-	-	-	74,415	(74,415)	-
Investment in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	18,840	1,069	4,486	839	21	149	784	143	7,824	731	8,528	43,414	(8,935)	34,479
Deferred tax	1,343	-	988	49	7	22	-	-	400	111	-	2,920	3	2,923
Intangible Assets	4,042	493	738	131	4	-	1	24	2	54	54	5,543	3,732	9,275
Property, plant and equipment	72,810	840	5,748	540	87	20	101	197	85	1,130	71	81,629	722	82,351
Assets held for sale	-	-	-	-	-	-	-	-	570	-	-	570	-	570
	3,332,376	657,725	74,830	23,410	2,944	4,996	13,672	10,580	16,014	9,558	158,811	4,304,916	(331,818)	**3,973,098**
Financed by														
Customer deposits	2,399,823	412,075	60,270	10,899	1,754	3,185	10,452	4,868	12,038	-	-	2,915,364	(10,294)	2,905,070
Due to other banks	50,566	134,128	-	6,207	-	-	-	-	-	-	-	190,901	(51,849)	139,052
Financial liabilities held for trading	2,658	9,464	-	-	-	-	-	-	-	-	-	12,122	(1)	12,121
Borrowed funds	290,620	-	-	-	-	-	-	1,988	121	-	156,156	448,885	(198,993)	249,892
Tax payable	2,897	377	960	29	7	(2)	4	2	40	1,460	15	5,789	1	5,790
Other liabilities	123,019	19,935	5,829	528	18	30	805	416	717	1,534	565	153,396	(519)	152,877
Retirement benefit obligations	3,046	-	-	-	-	-	152	1	34	38	-	3,271	438	3,709
Deferred income tax liabilities	-	45	-	-	-	-	-	-	-	-	18	63	-	63
	2,872,629	576,024	67,059	17,663	1,779	3,213	11,413	7,275	12,950	3,032	156,754	3,729,791	(261,217)	**3,468,574**
Equity and reserves	459,747	81,701	7,771	5,747	1,165	1,783	2,259	3,305	3,064	6,526	2,057	575,125	(70,601)	**504,524**
Summarized cash flows														
Operating activities														
Interest received	327,485	28,140	6,641	3,242	329	314	1,092	519	1,025	757	190	369,734	-	369,734
Interest paid	(106,442)	(8,173)	(908)	(826)	(89)	(91)	(218)	(236)	(1,150)	-	(10,243)	(128,376)	5,013	(123,363)
Purchase of investment securities	(863,807) -	24,780	-	618	(2,557)	(781)	(558)	(446)	-	(12,837)	-	(905,149)	4,917	(900,232)
Proceeds from the sale of investment securities	687,247	18,114	-	-	1,783	-	-	1,939	-	12,962	4	722,050	-	722,050
Income tax paid	(6,440)	(1,443)	(1,102)	(710)	(26)	(116)	(74)	(2)	(0)	(621)	(9)	(10,542)	(616)	(11,157)
Cash flow generated from operations	91,348	105,811	(2,506)	3,837	177	276	115	33	(1,312)	2,467	10,135	210,382	12,364	222,746
Net cash generated from operating activities	129,391	117,670	2,125	6,161	(383)	(398)	357	1,807	(1,437)	2,728	77	258,098	21,678	279,777
Net cash used in investing activities	(5,736)	(388)	(1,484)	(329)	(59)	(17)	(54)	(128)	(56)	(9)	(143)	(8,402)	(3,820)	(12,222)
Net cash used in financing activities	(111,560)	(2,169)	(106)	(284)	(341)	-	258	1,497	(14)	(353)	(2,663)	(115,733)	1,979	(113,754)
Increase in cash and cash equivalents	12,095	115,113	536	5,549	(783)	(415)	561	3,176	(1,507)	2,366	(2,729)	133,964	19,838	**153,801**
Cash and cash equivalents at start of year	373,735	147,737	22,384	7,031	1,956	1,161	4,805	824	4,423	3,590	4,256	571,900	(85,621)	486,279
Effect of exchange rate fluctuations on cash held	638	230	(14)	4	4	(9)	4	3	-	-	-	860	4,034	4,894
Cash and cash equivalents at end of year	386,468	263,080	22,906	12,584	1,177	737	5,370	4,003	2,916	5,956	1,527	706,724 -	61,749	**644,974**

BREAKDOWN OF OTHERS IN NOTE 24.2

31 December 2015	FBN Finance N'million	Sinking Funds N'million	FBN Nominees N'million	FirstDependants N'million	Total N'million
Summarized Income Statement					
Operating income	16	192	5	499	**711**
Operating expenses	(46)	(35)	(18)	(453)	**(552)**
Provision expense	-	-	-	-	**-**
Operating profit	**(31)**	157	**(13)**	**47**	**159**
Associate	-	-	-	-	-
Profit before tax	**(31)**	157	**(13)**	**47**	**159**
Tax	-	-	-	(13)	**(13)**
(Loss)/Profit for the year	**(31)**	157	**(13)**	**34**	**147**
Other comprehensive income	(0)	(1)	(14)	-	**(14)**
Total comprehensive income	**(31)**	157	**(27)**	34	**133**
Total comprehensive income allocated to non controlling interest					
Dividends paid to non controlling interest					
Summarized Financial Position					
Assets					
Cash and balances with Central Bank	-	-	-	-	**-**
Due from other banks	7	739	172	197	**1,116**
Loans and advances	-	-	-	-	**-**
Financial Assets held for Trading (HFT)	-	-	-	-	**-**
Investment securities	147,972	984	21	64	**149,042**
Assets Pledged as collateral	-	-	-	-	**-**
Investment in subsidiaries	-	-	-	-	**-**
Investment in Associates	-	-	-	-	**-**
Other assets	8,227	1	287	13	**8,528**
Deferred tax	-	-	-	-	**-**
Intangible Assets	-	-	-	54	**54**
Property, plant and equipment	-	-	-	71	**71**
Assets held for sale	-	-	-	-	**-**
	156,206	1,723	481	399	**158,810**
Financed by					
Customer deposits	-	-	-	-	**-**
Due to other banks	-	-	-	-	**-**
Financial liabilities held for trading	-	-	-	-	**-**
Borrowed funds	156,155	-	-	-	**156,155**
Tax payable	2	-	-	13	**15**
Other liabilities	91	152	181	142	**565**
Retirement benefit obligations	-	-	-	-	**-**
Deferred income tax liabilities	-	-	-	18	**18**
Liabilities held for sale	-	-	-	-	**-**
	156,248	152	180	172	**156,753**
Equity and reserves	(43)	1,572	300	227	**2,057**
Total Equity and Liabilities	156,205	1,723	480	400	**158,810**
Summarized cash flows					
Operating activities					
Interest received	-	151	7	21	**179**
Interest paid	-				**-**
Purchase of investment securities	-	(208)			**(208)**
Proceeds from the sale of investment securities	-			-	**-**
Income tax paid	-		(23)		**(23)**
Cash flow generated from operations	-	162	479	1	**642**
Net cash generated from operating activities	-	105	463	22	**590**
Net cash used in investing activities	-	-	(329)	1,237	**908**
Net cash used in financing activities	-	-	-		**-**
Increase in cash and cash equivalents	-	105	134	1,259	**1,498**
Cash and cash equivalents at start of year	-	294	868	551	**1,713**
Effect of exchange rate fluctuations on cash held	-		-	-	**-**
Cash and cash equivalents at end of year	-	399	1,002	1,810	**3,211**

25 Discontinued operations

There were no discontinued operations in the current year.

a) Disposal of Kakawa Discount Limited in December 2014
In the prior year, the group sold its entire shareholding in Kakawa to its Parent Company - **FBN Holdings Plc** on 22 December 2014 at a price of N6.4 billion. The group's share of results of Kakawa to the date of classification as held for sale and gain/(losses) on the disposal is shown within the discontinued operations prior periods.

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

	Group		Bank	
	2015	**2014**	**2015**	**2014**
	N'million	**N'million**	**N'million**	**N'million**
Share of results of equity accounted investments	-	136	-	-
Profit/(loss) on disposal of discontinued operations	-	(220)	-	4,176
Profit/(loss) for the year - discontinued	-	(84)	-	4,176

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

b) Asset classified as Held for Sale

During the year, subscribers who purchased some of the properties in prior periods subsequently defaulted in their payment obligation to Group and opted to exchange the properties for the outstanding balance due from them. The balance of N5.1bn in respect of the affected property in account receivable was reclassified to assets held for sale.
Following reassessment of the continued classification of some assets classified as held for sale at the end of the year, the Group has deemed it fit to reclassify portions of the assets to inventory because there is no firm agreement in respect of their sale despite its marketing effort (See Note 29). The reclassification was necessitated by the general economic slowdown and failure to conclude their sale for over twelve months.
The reclassification has not affected the Group's intention to sell the assets as mandated by regulatory pronouncements and its renewed marketing effort.

	Group	
	31 Dec 2015	**31 Dec 2014**
	N'million	**N'million**
Assets classified as held for sale		
Inventory	570	2,931
	570	**2,931**

The fair value of the asset held for sale was determined using the sales comparison approach where the key input is price per square meter determined from recent sales of comparable property in the area (comparability is based on location and size). The fair value is within level 2 of the fair value hierarchy.

26 Property, plant and equipment
BANK

	Improvement & buildings N million	Land N million	Motor vehicles N million	Office equipment N million	Computer equipment N million	Furniture, fittings & equipment N million	Work in progress N million	Total N million
Cost								
At 1 January 2014	32,492	17,522	7,175	28,458	5,736	6,087	5,307	102,777
Additions	539	2,127	1,874	4,491	1,751	691	1,680	13,153
Reclassifications	459	455	0	1,241	174	124	(2,453)	-
Write offs	-	-	-	-	-	-	(322)	(322)
Disposals	-	-	(763)	(26)	(1)	(1)	-	(791)
At 31 December 2014	33,490	20,104	8,286	34,164	7,660	6,901	4,212	114,817
Accumulated depreciation								
At 1 January 2014	4,146	-	3,237	16,997	3,855	2,647	-	30,882
Charge for the year	663	-	1,728	4,743	1,534	1,073	-	9,741
Exchange differences	-	-	12	-	-	-	-	12
Disposals	-	-	(573)	(25)	(1)	(1)	-	(600)
At 31 December 2014	4,809	-	4,404	21,715	5,388	3,719	-	40,035
Net book amount at 31 December 2014	**28,681**	**20,104**	**3,882**	**12,449**	**2,272**	**3,182**	**4,212**	**74,782**
Cost								
At 1 January 2015	33,490	20,104	8,286	34,164	7,660	6,901	4,212	114,817
Additions	430	184	2,032	2,574	727	538	1,574	8,059
Reclassifications	263	52	-	1,156	397	113	(1,981)	-
Transfers	119	-	-	-	-	-	-	119
Write offs	-	-	-	-	-	-	(159)	(159)
Disposals	(9)	-	(1,366)	(64)	(1)	(44)	-	(1,484)
At 31 December 2015	34,293	20,340	8,952	37,830	8,783	7,508	3,646	121,352
Accumulated depreciation								
At 1 January 2015	4,809	-	4,404	21,715	5,388	3,719	-	40,035
Charge for the year	683	-	1,750	4,570	1,600	960	-	9,563
Reclassifications	(1)	-	-	-	-	1	-	-
Disposals	(1)	-	(967)	(43)	(1)	(44)	-	(1,056)
At 31 December 2015	5,490	-	5,187	26,242	6,987	4,636	-	48,542
Net book amount at 31 December 2015	**28,803**	**20,340**	**3,765**	**11,588**	**1,796**	**2,872**	**3,646**	**72,810**

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

26 Property, plant and equipment
GROUP

	Improvement & buildings N million	Land N million	Motor vehicles N million	Office equipment N million	Computer equipment N million	Furniture, fittings & equipment N million	Plant & machinery N million	Work in progress N million	Total N million
Cost									
At 1 January 2014	37,266	17,598	8,162	29,644	7,600	6,612	-	6,404	113,286
Additions	1,455	2,188	2,173	4,653	2,205	748	7	1,783	15,212
Acquisition of new subsidiary	-	23	33	13	36	58	19	-	182
Reclassifications	1,159	456	-	1,241	173	124	-	(3,153)	-
Disposals	-	-	(898)	(34)	(4)	(10)	(2)	(41)	(989)
Write Offs	-	-	(26)	(4)	(3)	(3)	-	(344)	(380)
Exchange difference	490	37	142	140	234	79	2	160	1,284
At 31 December 2014	40,370	20,302	9,586	35,653	10,241	7,608	26	4,809	128,595
Accumulated depreciation									
At 1 January 2014	4,877		3,864	17,743	5,289	3,024	-	-	34,797
Charge for the year	909		1,855	4,850	1,778	1,133	5	-	10,530
Acquisition of new subsidiary	-	-	20	10	30	32	15	-	107
Disposals	-	-	(670)	(35)	(4)	(8)	-	-	(717)
Exchange differences	70	-	95	61	192	53	3	-	474
At 31 December 2014	5,856	-	5,164	22,629	7,285	4,234	23	-	45,191
Net book amount at 31 December 2014	**34,514**	**20,302**	**4,422**	**13,024**	**2,956**	**3,374**	**3**	**4,809**	**83,404**
Cost									
At 1 January 2015	40,370	20,302	9,586	35,653	10,241	7,608	26	4,809	128,595
Additions	1,025	184	2,286	2,703	1,048	615	31	1,760	9,652
Reclassifications	278	52	-	1,157	398	115	-	(1,999)	1
Transfer	119	-	-	-	7	-	-	(146)	(20)
Disposals	(9)	-	(1,405)	(63)	(1)	(46)	-	-	(1,524)
Write Offs	-	-	(12)	-	-	-	-	(180)	(192)
Exchange difference	380	(141)	54	67	125	43	28	189	745
At 31 December 2015	42,163	20,397	10,509	39,517	11,818	8,335	85	4,433	137,257
Accumulated depreciation									
At 1 January 2015	5,856	-	5,164	22,629	7,285	4,234	23	-	45,191
Exchange differences	43	-	39	22	97	15	22	-	238
Charge for the year	1,025	-	1,964	4,691	1,871	1,018	8	-	10,577
Reclassifications	(1)	-	-	-	-	1	-	-	-
Disposals	(1)	-	(1,011)	(43)	(1)	(44)	-	-	(1,100)
Write Offs	-	-	-	-	-	-	-	-	-
At 31 December 2015	6,923	-	6,156	27,299	9,252	5,224	53	-	54,906
Net book amount at 31 December 2015	**35,240**	**20,397**	**4,353**	**12,218**	**2,566**	**3,111**	**32**	**4,433**	**82,351**

Exchange Difference on PPE

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

27 Intangible assets

	GROUP					
	Goodwill	Customer Relationship	Brand	Core Deposits	Computer software	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cost						
At 1 January 2014	7,137	-	-	-	3,716	10,853
Additions	-	-	-	-	2,086	2,086
Write off	-	-	-	-	(732)	(732)
Other changes	(1,081)	52	330	699	-	-
Acquisition of subsidiary	346	-	-	-	251	597
Exchange difference	(996)	-	-	-	126	(870)
At 31 December 2014	5,406	52	330	699	5,447	11,934
Additions	-	-	-	-	4,308	4,308
Exchange difference	(141)	-	(4)	(11)	5	(151)
At 31 December 2015	5,265	52	326	688	9,760	16,091
Amortisation and impairment						
At 1 January 2014	552	-	-	-	1,707	2,259
Amortisation charge	-	20	207	139	901	1,267
Write off	-	-	-	-	(512)	(512)
Acquisition of subsidiary	-	-	-	-	228	228
Impairment charge	501	-	-	-	-	501
Exchange difference	-	-	-	-	88	88
At 31 December 2014	1,053	20	207	139	2,412	3,831
Amortisation charge	-	26	61	151	1,809	2,047
Impairment charge	872	6	58	2	-	938
At 31 December 2015	1,925	52	326	292	4,221	6,816
Net book value						
At 31 December 2015	3,340	-	-	396	5,539	9,275
At 31 December 2014	4,353	32	123	560	3,035	8,103

	BANK	
	Computer software	**Total**
	N'million	**N'million**
Cost		
At 1 January 2014	2,288	2,288
Additions	1,897	1,897
Write off	(732)	(732)
At 31 December 2014	3,453	3,453
Additions	3,101	3,101
At 31 December 2015	6,554	6,554
Amortisation and impairment		
At 1 January 2014	1,046	1,046
Amortisation charge	647	647
Write off	(512)	(512)
At 31 December 2014	1,181	1,181
Amortisation charge	1,330	1,330
Write off	-	-
At 31 December 2015	2,511	2,511
Net book value		
At 31 December 2015	4,043	4,043
At 31 December 2014	2,272	2,272

Bank brands, customer deposits and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have finite useful lives and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using straightline method over 3 years, 5 years and 2 years respectively. The Brand and Customer relationship intangible assets were fully impaired due to a change in the name of the acquired entities.

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

The software is not internally generated.

27.1 Intangible assets continued

Impairment tests for goodwill

Goodwill is monitored on the operating segment level. The entities to which the goodwill relates is recognized as a cash generating unit (CGU) and forms part of the unreportable segment shown as others.
In prior year, the value of goodwill in ICB Guinea was reduced to the recoverable amount by an impairment loss which was recognised in operating expenses in the income statement. The impairment in Guinea arose as a result of the outbreak of Ebola which has led to an adverse effect on the economy.

In the current year the goodwill of FBN Senegal and FBN Gambia has been fully impaired and the impairment recognized in the income statement. The impairment was attributable to the general economic downturn in both economies.

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

The cash generating unit (CGUs) with material goodwill balances relates to Ghana and BIC and the key assumptions used in the value-in-use calculation are as follows:

	2015		2014	
	BIC	Ghana	BIC	Ghana
Terminal growth rate: %	6%	4%	6%	6%
Discount rate: %	24%	27%	24%	27%
Deposit growth rate:%	12%	6%	12%	15%
Recoverable amount of the CGU: (N' million)	11,173	10,259	12,983	8,776

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

Goodwill (N' million)	552	2,345	1,104	2,285
Net Asset (N' million)	7,771	5,826	6,158	5,272
Total carrying amount (N' million)	8,323	8,171	7,262	7,557
Excess of recoverable amount over carrying amount	2,850	2,088	5,721	1,219

28 Deferred tax

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

	GROUP		BANK	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
	N 'millions	**N 'millions**	**N 'millions**	**N 'millions**
Deferred income tax assets and liabilities are attributable to the following items:				
Deferred tax assets				
Property, plant and equipment	(7,918)	(8,304)	(8,245)	(8,245)
Allowance for loan losses	3,380	3,432	2,047	2,047
Tax losses carried forward	10,364	10,360	10,791	10,791
Other assets	1,224	1,100	1,254	1,254
Other liabilities	(7,605)	(7,598)	(7,671)	(7,671)
Defined benefit obligation	3,267	3,269	3,167	3,167
Effect of changes in exchange rate	211	125	-	-
	2,923	2,384	1,343	1,343
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	1,699	1,284	89	89
- Deferred tax asset to be recovered within 12 months	1,224	1,100	1,254	1,254
	2,923	2,384	1,343	1,343
Deferred tax liabilities				
Property, plant and equipment	6	13	-	-
Allowance for loan losses	(32)	(32)	-	-
Tax losses carried forward	2	2	-	-
Other assets	(11)	(11)	-	-
Other liabilities	(28)	(10)	-	-
	(63)	(38)	-	-

28 Deferred tax continued

Deferred tax liabilities

- Deferred tax asset to be recovered after more than 12 months	(52)	(27)	-	-
- Deferred tax asset to be recovered within 12 months	(11)	(11)	-	-
	(63)	(38)	-	-

Group

Movements in Deferred tax assets during the year:	1 Jan 2015 N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2015 N 'millions
Property, plant and equipment	(8,304)	386	-	(7,918)
Allowance for loan losses	3,433	(53)	-	3,380
Tax losses carried forward	10,360	4	-	10,364
Other assets	1,100	124	-	1,224
Other liabilities	(7,598)	(6)	-	(7,605)
Defined benefit obligation	3,270	(3)	-	3,267
Effect of changes in exchange rate	125	86	-	211
	2,386	538	-	2,923

Movements in Deferred tax assets during the year:	1 Jan 2014 N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2014 N 'millions
Property, plant and equipment	(490)	(7,814)	-	(8,304)
Allowance for loan losses	3,591	(158)	-	3,433
Tax losses carried forward	(426)	10,786	-	10,360
Other assets	(597)	1,697	-	1,100
Other liabilities	(630)	(6,968)	-	(7,598)
Defined benefit obligation	3,139	-	122	3,261
Effect of changes in exchange rate		125	-	125
	4,587	(2,332)	122	2,377

Movements in Deferred tax liabilities during the year:	Opening balance N 'millions	Recognised in P&L N 'millions	Closing balance N 'millions
2015			
Property, plant and equipment	13	(7)	6
Allowance for loan losses	(32)	-	(32)
Tax losses carried forward	2	-	2
Other assets	(11)	-	(11)
Other liabilities	(10)	(18)	(28)
	(38)	(25)	(63)
2014			
Property, plant and equipment	-	13	13
Allowance for loan losses	-	(32)	(32)
Tax losses carried forward	-	2	2
Other assets	-	(11)	(11)
Other liabilities	(10)	-	(10)
	(10)	(28)	(38)

28 Deferred tax continued

Bank

	1 Jan 2015 N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2015 N 'millions
Movements in temporary differences during the year:				
Property, plant and equipment	(8,245)	-	-	(8,245)
Allowance for loan losses	2,047	-	-	2,047
Tax losses carried forward	10,791	-	-	10,791
Other assets	1,255	-	-	1,255
Other liabilities	(7,671)	-	-	(7,671)
Defined benefit obligation	3,166	-	-	3,166
	1,343	-	-	1,343

	1 Jan 2014 N 'millions	Recognised in P&L N 'millions	Recognised OCI N 'millions	31 Dec 2014 N 'millions
Movements in temporary differences during the year:				
Property, plant and equipment	(361)	(7,884)	-	(8,245)
Allowance for loan losses	2,128	(81)	-	2,047
Tax losses carried forward	-	10,791	-	10,791
Other assets	(445)	1,700	-	1,255
Other liabilities	(703)	(6,968)	-	(7,671)
Defined benefit obligation	3,036	8	122	3,166
	3,655	(2,434)	122	1,343

Deferred income tax assets are recognised for tax loss carry -forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Temporary differences relating to the Group's investment in subsidiaries is N11.4 billion (2014: N7.8 billion).
The Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

29 Other assets

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Financial assets:				
Accounts receivable	14,011	27,612	8,080	18,120
	14,011	27,612	8,080	18,120
Less specific allowances for impairment	(805)	(884)	(791)	(797)
	13,206	26,728	7,289	17,323
Non Financial assets:				
Inventory- Others	2,253	1,326	1,877	1,320
Inventory- Properties (Note 25b)	7,677	-	-	-
Prepayments	11,343	11,403	9,674	10,530
	21,273	12,729	11,551	11,850
Net other assets balance	34,479	39,457	18,840	29,173

29.1 Reconciliation of impairment account

	GROUP		BANK	
	2015 N 'millions	2014 N 'millions	2015 N 'millions	2014 N 'millions
At start of year	884	1,218	796	1,202
Write off	(596)	(351)	(523)	(349)
Increase/(write back) of impairment	517	17	518	(57)
At end of year	805	884	791	796

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

30 Deposits from banks

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Due to banks within Nigeria	115,778	71,417	2,307	13,127
Due to banks outside Nigeria	23,274	92,293	48,259	6,119
	139,052	163,710	50,566	19,246

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

31 Deposits from customers

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Current	737,096	750,252	640,556	698,754
Savings	829,809	728,728	814,849	714,987
Term	900,085	985,280	509,003	614,039
Domiciliary	429,360	515,476	426,694	513,243
Electronic purse	8,720	9,999	8,720	9,999
	2,905,070	2,989,735	2,399,822	2,551,022
Current	2,756,997	2,823,835	2,399,250	2,551,022
Non-current	148,073	165,900	572	-
	2,905,070	2,989,735	2,399,822	2,551,022

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

32 Borrowings

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Long term borrowing comprise:				
FBN EuroBond (i)	152,434	141,819	152,434	141,819
Due to European Investment Bank (ii)	-	565	-	565
On-lending facilities from financial institutions (iii)	83,332	32,449	83,332	32,449
Borrowing from correspondent banks (iv)	14,126	188,143	54,854	203,117
	249,892	362,976	290,620	377,950
Current	29,901	206,299	72,705	223,802
Non-current	219,991	156,677	217,915	154,148
	249,892	362,976	290,620	377,950
At start of the year	362,976	126,302	377,950	125,363
Acquisition of subsidiary	-	2,497	-	-
Proceeds of new borrowings	75,961	309,298	116,665	288,179
Finance Cost	15,066	17,924	16,073	10,451
Foreign exchange (gains)/ losses	6,750	(9,927)	10,328	26,707
Repayments of borrowings	(198,900)	(71,308)	(218,435)	(65,545)
Interest paid	(11,961)	(11,810)	(11,961)	(7,205)
At end of year	249,892	362,976	290,620	377,950

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (2014: nil).

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

(ii) Facility represents a medium-term loan (callable notes) secured from European Investment Bank. The loan is divided into tranche A of euro 35 million for a tenure of five year and tranche B of euro 15 million for a tenure of eight years, which qualifies it as tier II capital. Interest is payable half-yearly at 2% and 3% above LIBOR rate for tranche A and tranche B respectively. The loan was fully repaid in April 2015

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

a. CBN/BOI facilities
The Central Bank of Nigeria (CBN), in a bid to unlock the credit market, approved the investment of N200 billion debenture stock to be issued by the Bank of Industry (BOI), which would be applied to the re-financing/restructuring of bank's loans to the manufacturing sector. During the year, the Bank of Industry (BOI) disbursed an additional N31.6 billion (2014: N9.16 billion) to First Bank of Nigeria Limited.The fund disbursed is for a period of 15 years effective from the disbursement date at an interest rate is 7% per annum.

b. CBN/CACS Intervention funds
The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agricultural Credit Scheme (CACS). During the year, First Bank Nigeria Limited received N4.2 billion (2014: N6.8 billion) for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for a seven year period at an interest rate of 9% p.a.

c. CBN on-lending bail out fund
During the year, First Bank Nigeria Limited received N25.7 billion for on-lending to two state governments in line with the Central Bank of Nigeria special intervention fund. The loans granted are at an interest rate of 9%.

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

33 Retirement benefit obligations

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Defined Benefits Plan				
Defined benefits - Pension (ii)	3,083	1,636	3,046	1,546
Gratuity Scheme (iii)	626	376	-	-
	3,709	2,012	3,046	1,546

Plan liabilities are based upon independent actuarial valuation performed by HR Nigeria Limited using the projected unit credit basis. This valuation was carried out as at 31 December 2015 and 31 December 2014.

33 Retirement benefit obligations continued

Defined benefit - Pension (ii)

First Pensions Custodian Nigeria Limited (FPCNL) has a non-contributory defined gratuity scheme for staff and directors. Staff who have spent a minimum number of 5 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the entity. Directors are paid a sum based on an approved scale and the number of years of service subject to a maximum of 9 years.The company discontinued the staff scheme in 2014 and individual memebers benefit were calculated on a discontinuance basis. The Directors' scheme is on a continuing basis.

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

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

	GROUP		
	Present value of the obligation N 'millions	**Fair value of plan assets N 'millions**	**Total N 'millions**
Defined benefit pension obligations at 1 January 2014	11,801	(10,690)	1,111
Transfer from gratuity scheme (1)	344		344
Interest expense/(income)	1,254	(1,190)	64
Service Cost	69		69
Curtailment losses	23		23
Remeasurement:		-	-
- Return on plan assets not included in net interest cost on pension scheme	-	1,861	1,861
- change in demographic assumptions	(1,445)	-	(1,445)
Contributions:			-
- Employer	-	(381)	(381)
Payments:			-
- Benefit payment	(1,608)	1,598	(10)
Defined benefit pension obligations at 31 December 2014	**10,438**	**(8,802)**	**1,636**
Interest expense/(income)	1,328	(1,116)	212
Service Cost	42		42
Curtailment losses	-		-
Remeasurement:			-
- Return on plan assets not included in net interest cost on pension scheme		(474)	(474)
- change in demographic assumptions	1,756		1,756
Contributions:			-
- Employer	-	(88)	(88)
Payments:			-
- Benefit payment	(1,531)	1,531	-
Defined benefit pension obligations at 31 December 2015	**12,033**	**(8,949)**	**3,083**

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

	BANK		
	Present value of the obligation N 'millions	**Fair value of plan assets N 'millions**	**Total N 'millions**
Defined benefit pension obligations at 1 January 2014	11,801	(10,690)	1,111
Interest expense/(income)	1,216	(1,190)	26
Remeasurement:			-
- Return on plan assets not included in net interest cost on pension scheme	-	1,861	1,861
- change in demographic assumptions	(1,453)	-	(1,453)
Contributions:			-
- Employer	-	-	0
Payments:			-
- Benefit payment	(1,486)	1,486	-
Defined benefit pension obligations at 31 December 2014	**10,078**	**(8,533)**	**1,545**
Interest expense/(income)	1,303	(1,104)	199
Remeasurement:			
- Return on plan assets not included in net interest cost on pension scheme		(463)	(463)
- change in demographic assumptions	1,765		1,765
Contributions:			-
- Employer	-	-	-
Payments:	-	-	-
- Benefit payment	(1,338)	1,338	-
Defined benefit pension obligations at 31 December 2015	**11,808**	**(8,762)**	**3,046**

The actual return on plan assets was Group N1.58 billion (2014: N671 million); Bank N1.57 million (2014: N671 million).

33 Retirement benefit obligations continued

GROUP

Composition of Plan assets	2015 N 'millions Quoted	N 'millions Unquoted	N 'millions Total	2014 N 'millions Quoted	N 'millions Unquoted	N 'millions Total
Equity Instruments			950			1,557
Banking	805			1,471		
Oil Service	6			53		
Real Estate	21			33		
Manufacturing	118					
Debt Instruments			7,739			7,180
Government	5,616			5,738		
Corporate Bond	884			466		
Money market investments		1,238			976	
Money on call		252	252		67	67
Others		10	10		0	0
Total	**7,450**	**1,500**	**8,951**	**7,761**	**1,043**	**8,804**

BANK

Composition of Plan assets	2015 N 'millions Quoted	N 'millions Unquoted	N 'millions Total	2014 N 'millions Quoted	N 'millions Unquoted	N 'millions Total
Equity Instruments			949			1,557
Banking	805			1,471		
Oil Service	6			53		
Real Estate	21			33		
Manufacturing	118					
Debt Instruments			7,560			6,933
Government	5,492			5,491		
Corporate Bond	884			466		
Money market investments		1,184			976	
Money on call		252	252		44	44
Others					-	
Total	**7,326**	**1,436**	**8,761**	**7,514**	**1,020**	**8,534**

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

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

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

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

Life Expectancy : The majority of the plans' obligations are to provide benefits for the members, so increases in the life expectancy will result in an increase in the plan's liabilities. This risk is significantly curtailed by the weighted average liability duration of the plan which is currently 6.58yrs and retirement age of 60yrs

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

The weighted average duration of the defined benefit obligation is 6.58 years

33 Retirement benefit obligations continued

GROUP/BANK

The principal actuarial assumptions were as follows:	**31 Dec 2015**	**31 Dec 2014**
Discount rate on pension plan	11%	14%
Inflation rate	9%	9%
Future pension increases	0%	0%

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

	Assumption	Defined Benefit Obligation N'm	Impact on Liability
	14%	11,807	0.0%
	15.0%	11,137	-5.67%
Discount rate	13.0%	12,562	12.79%
	Base	11,807	0.0%
	Improved by 1 year	11,926	1.0%
Life expectancy	Decreased by 1 year	11,683	-2.0%

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

Gratuity scheme (iii)

This relates to the schemes operated by the subsidiaries of the bank as follows:
FBN Bank Congo (DRC) 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. "FBN mortgages provide gratuity benefit to eligible staff who are confirmed and have spent minimum of 5 years and for Directors who have spent minimum of 2 years.
FBN Bank Guinea and FBN Bank Sierra Leone each have a graduated gratuity scheme for staff on separation where staff receives a lump sum based on their qualifying basic salaries on the number of year spent. The aggregate balance on this scheme is deemed immaterial.

34 Other liabilities

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Financial Liabilities:				
Customer deposits for letters of credit	46,844	34,264	33,608	16,579
Accounts payable	63,285	59,012	59,475	55,088
Creditors	11,596	13,882	9,100	8,647
Bank cheques	15,290	14,964	14,932	14,580
Collection on behalf of third parties	9,412	7,362	3,778	6,758
	146,427	129,484	120,893	101,652
Non Financial Liabilities:				
Accruals	6,450	2,220	2,127	1,904
Other liabilities balance	152,877	131,704	123,020	103,556

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

35 Share capital

Authorised

	31 December 2015 N 'millions	31 December 2014 N 'millions
50 billion ordinary shares of 50k each (2014: 50 billion)	25,000	25,000

Issued and fully paid

Movements during the year:

	Number of shares In millions	Ordinary shares N 'millions
At 31 December 2014	32,632	16,316
At 31 December 2015	32,632	16,316

36 Share premium and reserves

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

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

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

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

Available For Sale (AFS) Fair value reserve: The AFS fair value reserve shows the effects from the fair value measurement of financial instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.

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

36 Share premium and reserves continued

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

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

37 Reconciliation of profit before tax to cash generated from operations

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Profit before tax from continuing operations	10,181	94,452	2,816	81,361
Profit before tax from discontinued operations	0	(84)	-	4,176
Profit before tax including discontinued operations	10,181	94,368	2,816	85,537
Adjustments for:				
– Depreciation	10,577	10,530	9,563	9,741
– Amortisation	2,048	1,268	1,330	647
– Impairment on goodwill	872	501	-	-
– Impairment on intangible assets	72	-	-	-
– Profit from disposal of property, plant and equipment	179	(382)	171	(401)
– Foreign exchange losses / (gains)	5,183	(9,927)	10,328	26,707
– Profit from disposal of investment in associate	-	-	-	(4,176)
– Profit/(loss) from disposal of investment securities	(13,223)	(837)	(13,243)	(146)
– Net gains/(losses) from financial assets classified as held for trading	556	(541)	561	(541)
– Impairment on loans and advances	127,506	27,845	121,416	23,070
– Impairment on Investments	7,151	-	-	-
– PPE written off	161	(401)	161	333
– Change in provision in other assets	5	17	5	(57)
– Change in provision for impairment of investments	-	-	1,927	2,121
– Change in retirement benefit obligations	272	(138)	199	26
– Dividend income	(1,348)	(1,202)	(7,340)	(3,716)
– Net interest income	(258,810)	(239,555)	(227,875)	(215,449)
Increase/(decrease) in operating assets:				
– Cash and balances with the Central Bank (restricted cash)	86,341	(222,075)	86,959	(235,335)
– Loans and advances to banks	102,033	(35,732)	14,610	(9,562)
– Loans and advances to customers	250,527	(410,847)	207,499	(335,204)
– Financial assets held for trading	420	563	(1,054)	(505)
– Other assets	14,679	19,590	10,210	13,400
– Pledged assets	(37,303)	(10,877)	(36,928)	(10,752)
Increase/(decrease) in operating liabilities:				
– Deposits from banks	(27,529)	84,924	32,929	7,853
– Deposits from customers	(98,345)	36,212	(152,150)	(21,284)
– Financial liabilities	7,685	1,963	-	-
– Other liabilities	32,857	(21,412)	29,254	(24,062)
Cash flow generated from/ (used in) operations	222,747	(676,144)	91,349	(691,755)

38 Commitments and Contingencies

38.1 Capital commitments

At the balance sheet date, the bank had capital commitments amounting to N425 million (31 December 2014; N375 million) in respect of authorized and contracted capital projects. The expenditure will be funded from the group's internal resources.

	31 December 2015 N 'millions	31 December 2014 N 'millions
Authorised and contracted		
Group	468	375
Bank	425	375

38.2 Operating lease rentals:

At 31 December 2015 the Group was committed to making the following future payments in respect of operating leases for land and buildings. Subsisting lease agreements are expected to expire in June 2031 and February 2017 respectively.

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Within one year	262	257	-	-
Between two and five years	848	834	-	-
More than five years	2,302	2,265	-	-
	3,412	3,356	-	-

38.3 Legal proceedings

The Group is a party to a number of legal actions arising out of its normal business operations
There were contingent liabilities in respect of legal actions against the group, for which provisions amounting to N375.6m have been made (2014: Nil). The directors having sought the advice of the professional legal counsel are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements

38.4 Other contingent commitments

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

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Performance bonds and guarantees	295,469	429,279	293,731	420,805
Letters of credit	126,227	272,718	127,426	221,946
	421,696	701,997	421,157	642,751

38.5 Loan Commitments

	GROUP		BANK	
	31 December 2015 N 'millions	31 December 2014 N 'millions	31 December 2015 N 'millions	31 December 2014 N 'millions
Undrawn irrevocable loan commitments	33,342	90,379	19,015	77,188

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

38.6 Compliance with covenants

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

The Group and the Bank are subject to minimum capital requirements established by covenants stated in loan agreements, including capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and the Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel II. The Group complied with this loan covenant. See Note 4 for the calculation of the composition of the Group's capital in accordance with the Basel Accord. Management believes that the Group is in compliance with these covenants at 31 December 2015.

39 Offsetting Financial Assets and Financial Liabilities

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

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2015:

BANK	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amounts after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amounts of exposure
				Financial instruments	Cash Collaterals received	
	(a)	(b)	(c)= (a) - (b)	(d)	(e)	(f) =(c) - (e)
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
ASSETS						
- Financial assets held for trading	5,049	-	5,049	-	2,306	2,743
Total Assets subject to offsetting,master netting and similar arrangements	5,049	-	5,049	-	2,306	2,743
LIABILITIES						
Financial derivatives	(2,657)	-	(2,657)	-	-	(2,657)
Total liabilities subject to offsetting,master netting and similar arrangements	(2,657)	-	(2,657)	-	-	(2,657)

At 31 December 2014

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

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

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. These fall in the scope of the disclosure as they were set off in the statement of financial position. The Group also made margin deposits with ICBC Standard Bank (2014: Merril Lynch and Goldman Sachs) as collateral for its outstanding derivative positions. The counterparty may set off the Group's liabilities with the margin deposit in case of default.

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

40 Related party transactions

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

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

40.1 Loans and advances to related parties

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

BANK

	Parent	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
31 December 2015	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Loans and advances to customers					
Loans outstanding at 1 January	-	43,752	60,252	-	-
Loans issued during the year	-	8,368	17,765	-	-
Loan repayments during the year		-	(9,281)		
Reclassification out of related party loans during the year	-	-	(994)	-	-
Loans outstanding at 31 December	-	52,120	67,742	-	-
31 December 2014					
Loans and advances to customers					
Loans outstanding at 1 January	-	32,033	60,962	-	-
Loans issued during the year	-	11,719	12,548	-	-
Loan repayments during the year	-		(13,258)	-	-
Loans outstanding at 31 December	-	43,752	60,252	-	-

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

40.2 Deposits from related parties

	Parent	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
BANK					
31 December 2015					
Due to customers					
Deposits at 1 January	8	24,656	1,052	-	4,768
Deposits received during the year	12,388	354,816	9,406		121,329
Deposits repaid during the year	(12,331)	(377,003)	(9,132)		(125,894)
Deposits at 31 December	65	2,469	1,326	-	203
31 December 2014					
Due to customers					
Deposits at 1 January	1,471	10,786	977	792	338
Deposits received during the year	8,824	598,936	10,432	101,162	123,303
Deposits repaid during the year	(10,287)	(585,231)	(10,357)	(101,789)	(118,873)
Transfer to Subsidiary		165		(165)	-
Deposits at 31 December	8	24,656	1,052	-	4,768

Related party transactions continued

	Entities controlled by Parent and Associates of the Parent	Directors and other key management personnel (and close family members)	Associates	Subsidiaries
	N 'millions	N 'millions	N 'millions	N 'millions
40.3 Other transactions with related parties				
31 December 2015				
Receivable	-	-	-	121
Account payable	-	-	-	3
Borrowings	-	-	-	198,965
Interest income	28	1	-	483
Interest expense	1,014	44	-	8,992
Fee and commission income	1,729	74	-	31
31 December 2014				
Receivable	-	-	-	21
Account payable	-	-	-	-
Borrowings	-	-	-	163,728
Interest income	4,168	7,081	-	-
Interest expense	76	27	-	1,038
Fee and commission income	116	3	-	736

40.4 Key management compensation

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

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N 'millions	N 'millions	N 'millions	N 'millions
Salaries and other short-term employee benefits	792	799	792	799
Post-employment benefits	741	383	741	383
	1,533	1,182	1,533	1,182

Note 40.5 Related party transactions continued
Direct credit assets to Directors

Name of Borrowers	Nature of security	Name of the related interest	Relationship to Reporting Institution	Status	TOTAL (N)
ABIRU ADETOKUNBO MUKHAIL	Domiciliation of salary and L/M on property financed by the bank	ABIRU ADETOKUNBO MUKHAIL	ED.	Performing	71,160,571.00
ADESOLA ADEDUNTAN	L/M on property financed by the bank	ADESOLA ADEDUNTAN	ED.	Performing	64,483,334.00
AWOSIKA IBIKUN ABIODUN	Domiciliation of personal inflow	AWOSIKA IBIKUN ABIODUN	Non-ED	Performing	13,805,738.00
EKE URUM KALU	Domiciliation of salary and entitlements	EKE URUM KALU	ED.	Performing	159,991,258.00
FEESE AMBROSE ASULA	Domiciliation of personal inflow	FEESE AMBROSE ASULA	Non-ED	Performing	1,546,821.00
IBRAHIM LAWAL KANKIA	Domiciliation of personal inflow	IBRAHIM LAWAL KANKIA	Non-ED	Performing	706,108.00
LAWAL DAUDA	Domiciliation of salary	LAWAL DAUDA	ED.	Performing	6,722,447.00
LE GLOBAL OILFIELD SERVICES LTD	Legal mortgage over property located at Plot 177A Moshood Olugbani street, VI	Mr REMI MAKANJUOLA	Charmain FBNBank Senegal	Performing	65,822,661.00
MACCIDO BELLO MOHAMMED	Domiciliation of salary	MACCIDO BELLO MOHAMMED	CEO FBN HOLDINGS PLC	Performing	2,339,043.00
NESTOIL LIMIED	All asset debenture	CHIDI ANYA	Non-ED-FBH	Performing	11,647,411,685.00
NSF DEVELOPMENTS LIMITED	Equitable mortgage over project site belonging to NSF Development Ltd situated at Plot No C58, 52 Road	FEESE AMBROSE ASULA	Non-ED	Performing	82,251,077.00
ODUBOLA ABIODUN TAJUDEEN	Domiciliation of salary and L/M on property financed by the bank	ODUBOLA ABIODUN TAJUDEEN	ED	Performing	58,400,000.00
OTUDEKO AYOOLA OBA	Domiciliation of personal inflow	OBA OTUDEKO/OBAFEMI ADEDAMOLA OT	Ex-Chairman/Non-ED	Performing	272,738.00
P. W. Nig. Ltd	Legal Mortgage over the company's Housing Estate located at 142 Karmo (within the Life Camp Development Area) Abuja.	GARBA DUBA	Ex-Non.ED	Performing	982,635,635.00
PREMIUM POULTRY FARMS LIMITED	All Assets Debenture on fixed and floating assets (excluding land and building) of the Farm located at Plot FL 22	MAHEY RAFINDADI RASHEED	Non-ED	Performing	1,056,944,948.00
RAINBOW TOWN DEVELOPMENT LIMITED	Legal/Equitable Mortgage/Debenture on business premises, factory assets or real estates	FBN HOLDINGS	Non-ED	Performing	52,119,765,580.94
SEAWOLF OILFIELD SERVICES	Charge over Asset finaced	OYE HASSAN ODUKALE/TUNDE HASSAN- C	Non-ED	non-Performing	2,917,996,424.00
SHOBO OLUGBENGA FRANCIS	Domiciliation of salary	SHOBO OLUGBENGA FRANCIS	ED.	Performing	104,530.00
HONEYWELL GROUP	1. All Assets Debenture managed by Cornerstone Trustees. FBN interest is noted for N3.2bn. 2. Cross Guarantee of Honeywell Flour Mills Ltd. To cover the total exposure All Asset Debenture over the assets of Honeywell Flour Mills Plc. Legal Mortgage over properties situated at Plot 17/18, Parkview Estate, Ikoyi and at Maitama District, Abuja. All Assets Debenture being managed by First Trustees (to be stamped for N150million).The company's assets were last valued by Jide Taiwo as at 2008. Debenture on fixed and floating assets of Anchorage Leisure Ltd.Legal Mortgage over the property being developed.	A OTUDEKO/OBAFEMI ADEDAMOLA OTUD	Ex-Chairman/Non-ED	Performing	40,733,600,171.00
LISTER FLOUR MILLS & AL-FIL PETROLEUM GROUP	Charge on asset financed. Mortgage Debenture on Lister Flour Mills.Legal Mortgage Mortgage debenture on property valued at N1.6billion	KHADIJA ALAO-STRAUP	Non-ED	non-Performing	9,875,544,186.00
					119,861,504,955.94

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

41 Employees

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

	GROUP		BANK	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	Number	Number	Number	Number
Executive directors	7	7	7	7
Management	202	187	76	66
Non-management	8,834	9,474	7,533	8,103
	9,043	9,668	7,616	8,176

See note 15 for compensation for the above staff

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

	Number	Number	Number	Number
N300,000 - N2,000,000	501	1,140	41	28
N2,000,001 - N2,800,000	167	691	125	546
N2,800,001 - N3,500,000	856	410	796	388
N3,500,001 - N4,000,000	47	8	-	-
N4,000,001 - N5,500,000	2,099	2,357	1,772	2,333
N5,500,001 - N6,500,000	1,843	1,686	1,734	1,678
N6,500,000 - N7,800,000	1,351	743	1,249	714
N7,800,001 - N9,000,000	839	448	781	412
N9,000,001 and above	1,333	2,178	1,111	2,070
	9,036	9,661	7,609	8,169

42 Directors' emoluments

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

	GROUP	
	31 December 2015	31 December 2014
	N 'millions	N 'millions
Fees and sitting allowances	252	118
Executive compensation	469	432
Retirement benefit costs	1,150	474
Other director expenses	1,544	3,287
	3,415	4,311

Fees and other emoluments disclosed above include amounts paid to:

Chairman	44	26
Highest paid director	111	100

42 Directors' emoluments continued

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

	Number GROUP 31 Dec 2015	31 Dec 2014
N5,500,001 and above	19	19
	19	18

43 Compliance with banking regulation

- A penalty of N1.88 billion was paid by the Bank for incomplete disclosure of unremitted FGN MDA deposit balances as at 15 October 2015.

-A penalty of N2 million was imposed on the Bank for delay in providing CBN examiners with CDD information on 8 Political Exposed Persons (PEPs) upon demand.

- The bank paid a penalty of N2m for non-compliance with CBN directive on reporting line of CCO

- A penalty of N2 million was imposed on the bank for failure to meet deadline for the transfer of Federal Government Funds to Treasury Single Account (TSA)

- The bank paid a penalty of N2 million for non-compliance with CBN FOREX policy on front loading

- The bank paid a penalty of N6 million for failure to obtain approval from CBN on acquisition/modification of some properties acquired as business outlets.

44 Events after statement of financial position date

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

45 Dividends per share

A dividend of N0.3 kobo per share was proposed by the board of directors on 24 December 2014 amounting to N9,790 million and was paid on 23 April 2015.

46 Earnings per share

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

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

	GROUP 31 December 2015 N 'millions	GROUP 31 December 2014 N 'millions	BANK 31 December 2015 N 'millions	BANK 31 December 2014 N 'millions
Profit from continuing operations attributable to owners of the parent (N'millions)	2,946	84,925	37	75,175
Profit/(loss) from discontinued operations attributable to owners of the parent (N'millions)	-	136	-	-
Weighted average number of ordinary shares in issue (in million)	32,632	32,632	32,632	32,632
Basic/diluted earnings per share (expressed in Kobo per share):				
- From continuing operations	0.09	2.60	0.00	2.30
	0.09	2.60	0.00	2.30

47 Non audit services

The external auditors of FBN Limited, PwC Nigeria rendered services in respect of NDIC deposit certification and certification of internal control report issued to South African Reserve Bank based on agreed upon procedures during the year. Payments made in respect of these services were included in professional fees as N0.787 million and N1.84 million respectively.

Supplementary Information
Other National Disclosures

Statement of Value Added - Group
Year ended 31 December 2015

Group	31 December 2015 N'million	%	31 December 2014 N'million	%
Gross income	**465,590**		455,393	
Interest expense	**(129,383)**		(116,662)	
	336,207		338,731	
Administrative overheads:				
- Local	**(104,476)**		(128,870)	
- Foreign	**(10,095)**		(5,238)	
Value added	**221,636**	**100**	204,623	100
Distribution				
Employees				
- Salaries and benefits	**72,888**	**33**	72,726	36
Government				
- Taxation	**7,235**	**3**	9,526	5
The future				
- Asset replacement (depreciation)				
- Local	**10,577**	**5**	9,985	5
- Foreign		**-**	546	0
- Asset replacement (amortisation)				
- Local	**2,047**	**-**	1,132	1
- Foreign		**-**	136	0
- Asset replacement (provision for losses)	**125,943**	**57**	25,730	13
- Expansion (transfers to reserves)	**2,946**	**1**	84,842	41
	221,636	**100**	204,622	100

Statement of Value Added - Bank

Bank	31 December 2015 N'million	%	31 December 2014 N'million	%
Gross income	421,056		410,648	
Interest and fee expense	(119,337)		(103,061)	
	301,719		307,587	
Administrative overheads	(104,292)		(127,727)	
Value added	197,427	100	179,860	100
Distribution				
Employees				
- Salaries and benefits	63,673	32	63,011	35
Government				
- Company income tax	2,779	2	6,186	3
The future				
- Asset replacement (depreciation)	9,563	5	9,741	5
- Asset replacement (amortisation)	1,330	1	647	0
- Asset replacement (provision for losses)	120,046	61	20,924	12
- Expansion (transfers to reserves)	37	0	79,351	44
	197,428	100	179,860	100

FIRST BANK OF NIGERIA LIMITED

Supplementary Information
Other National Disclosures

FIVE YEAR FINANCIAL SUMMARY - BANK

STATEMENT OF FINANCIAL POSITION

	As reported under IFRS				
	31 December 2015 N'million	31 December 2014 N'million	31 December 2013 N'million	31 December 2012 N'million	31 December 2011 N'million
Assets:					
Cash and balances with central bank	**679,054**	670,045	541,221	288,125	199,091
Loans and advances to banks	**137,548**	242,842	367,571	329,120	222,347
Loans and advances to customers	**1,457,285**	1,794,037	1,473,839	1,316,407	1,144,461
Financial assets held for trading	**5,049**	9,258	2,225	1,942	2,552
Investment securities	**781,902**	544,975	637,928	631,211	670,624
Assets pledged as collateral	**100,086**	63,158	52,406	50,109	72,129
Other assets	**18,840**	29,173	36,067	32,459	43,734
Investment in associates	**-**	-	-	2,224	14,099
Investment in subsidiaries	**74,415**	58,986	56,307	40,348	32,416
Property, plant and equipment	**72,810**	74,782	71,895	70,724	64,056
Intangible assets	**4,043**	2,272	1,241	1,302	734
Deferred tax	**1,343**	1,343	3,655	6,703	5,195
	3,332,375	3,490,871	3,244,355	2,770,674	2,471,438
Financed by:					
Share capital	**16,316**	16,316	16,316	16,316	16,316
Share premium	**189,241**	189,241	189,241	189,241	254,524
Reserves	**254,189**	217,490	145,152	166,619	106,404
Deposits from banks	**50,566**	19,246	10,155	18,463	51,306
Deposits from customers	**2,399,822**	2,551,022	2,570,719	2,171,807	1,784,490
Financial liabilities held for trading	**2,657**	7,946	1,697	1,278	1,143
Borrowings	**290,620**	377,950	125,363	81,987	104,287
Retirement benefit obligations	**3,046**	1,546	1,111	18,156	14,676
Current income tax	**2,897**	6,558	29,836	19,768	21,354
Other liabilities	**123,020**	103,556	156,989	87,039	116,938
Deferred income tax liabilities	**-**	-	-	-	-
	3,332,374	3,490,871	3,246,580	2,770,674	2,471,438

FIRST BANK OF NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - BANK

INCOME STATEMENT

	As reported under IFRS				
	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011
Gross Earnings	**421,056**	410,648	339,320	313,822	251,312
Net operating income	**301,719**	303,411	256,112	258,554	220,706
Gain from disposal of associate	**-**	-	-	3,490	-
Operating expenses	**(178,857)**	(201,126)	(159,421)	(168,908)	(133,368)
Impairment charge for credit losses	**(120,046)**	(20,924)	(19,838)	(9,847)	(32,165)
(Loss) on sale of assets to AMCON	**-**	-	-	-	(15,501)
Exceptional item	**-**	-	-	-	-
Profit before taxation	**2,816**	81,361	76,853	83,289	39,672
Taxation	**(2,779)**	(6,186)	(17,488)	(12,145)	(16,620)
Profit from continuing operations	**37**	75,175	59,365	71,144	23,052
Profit from discontinuing operations	**-**	4,176	-	-	-
Profit for the year	**37**	**79,351**	**59,365**	**71,144**	**23,052**
Earnings per share (basic)	**0.11**	243	182	218	71

In line with IFRS 1.22(d), the figures reported in the above income statement for years 2011 to 2015 have been prepared using relevant IFRS guidelines and standards.

FIRST BANK OF NIGERIA LIMITED

Supplementary Information
Other National Disclosures

FIVE YEAR FINANCIAL SUMMARY - GROUP

STATEMENT OF FINANCIAL POSITION

	As reported under IFRS				
	31 December 2015 N'million	31 December **2014** N'million	31 December 2013 N'million	31 December 2012 N'million	31 December 2011 N'million
Assets:					
Cash and balances with central bank	**715,092**	697,601	593,973	298,024	199,228
Loans and advances to banks	**374,511**	430,053	415,210	394,173	463,328
Loans and advances to customers	**1,816,045**	2,193,563	1,797,935	1,562,695	1,252,153
Financial assets held for trading	**5,049**	10,708	4,743	2,565	5,964
Investment securities	**830,586**	598,904	734,690	684,359	697,001
Assets pledged as collateral	**102,217**	64,527	53,651	50,109	72,129
Inventory	-	-	-	-	25,609
Other assets	**34,479**	39,457	44,729	33,984	63,061
Investment in associates	-	-	-	5,609	7,489
Investment property	-	-	-	-	4,055
Property, plant and equipment	**82,351**	83,404	78,489	74,474	65,889
Intangible assets	**9,275**	8,103	8,594	3,417	1,008
Deferred tax	**2,923**	2,384	4,587	7,954	6,954
Assets held for sale	**570**	2,931	4,549	12,978	-
	3,973,098	4,131,635	3,741,151	3,130,340	2,863,868
Financed by:					
Share capital	**16,316**	16,316	16,316	16,316	16,316
Share premium	**189,241**	189,241	189,241	189,241	254,524
Reserves	**297,038**	255,818	175,965	191,190	98,425
Non controlling interest	**1,929**	1,641	1,626	1,353	964
Deposits from banks	**139,052**	163,710	77,481	87,551	183,500
Deposits from customers	**2,905,070**	2,989,735	2,942,782	2,405,035	1,951,011
Financial liabilities held for trading	**12,121**	9,913	1,701	1,796	2,857
Liabilities on investment contracts	-	-	-	-	49,440
Liabilities on insurance contracts	-	-	-	-	824
Borrowings	**249,892**	362,976	126,302	75,541	106,204
Retirement benefit obligations	**3,709**	2,012	1,776	18,648	15,081
Current income tax	**5,790**	8,530	31,633	22,536	24,328
Other liabilities	**152,877**	131,704	182,542	118,289	159,325
Deferred income tax liabilities	**63**	38	10	9	1,069
Liabilities held for sale	-	-	-	2,836	-
	3,973,098	4,131,635	3,747,375	3,130,341	2,863,868

FIRST BANK OF NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - GROUP

INCOME STATEMENT

	As reported under IFRS				
				Restated	
	12 months ended 31 Dec 2015 N'million	12 months ended 31 Dec 2014 N'million	12 months ended 31 Dec 2013 N'million	12 months ended 31 Dec 2012 N'million	12 months ended 31 Dec 2011 N'million
Gross Earnings	**465,590**	**455,393**	372,840	338,921	265,580
Net operating income	**336,207**	338,814	280,107	280,410	230,853
Operating expenses	**(200,083)**	(218,632)	(173,001)	(182,329)	(136,668)
Group's share of associate's results	**-**	-	-	1,008	(1,507)
Impairment charge for credit losses	**(125,943)**	(25,730)	(20,521)	(12,912)	(38,011)
(Loss) on sale of assets to AMCON	**-**	-	-	-	(15,501)
Exceptional item	**-**	-	-	-	-
Profit before taxation	**10,181**	94,452	86,585	86,177	39,166
Taxation	**(7,235)**	(9,526)	(21,009)	(14,918)	(18,864)
Profit from continuing operations	**2,946**	84,926	65,576	71,259	20,302
Profit from discontinuing operations	**-**	(84)	875	3,838	(1,666)
Profit for the year	**2,946**	84,842	66,451	75,097	18,636
Profit attributable to:					
Owners of the parent	**2,552**	84,826	66,344	75,040	19,520
Non controlling interest	**394**	15	107	57	(884)
	2,946	84,842	66,451	75,097	18,636
Earnings per share in kobo (basic/diluted	**9**	260	204	230	57

In line with IFRS 1.22(d), the figures reported in the above income statement for years 2011 to 2015 have been prepared using relevant IFRS guidelines and standards.