FBN Holdings Plc.
Unaudited Consolidated Interim Financial Statements
for the period ended 30 September 2015

FBN Holdings Plc.

DIRECTORS AND ADVISORS

DIRECTORS

Dr. Oba A. Otudeko, CFR	Non-Executive Director (Group Chairman)
Bello Maccido	Group Chief Executive Officer
Oye Hassan-Odukale, MFR	Non-Executive Director
Abdullahi Mahmoud	Non-Executive Director
Olabisi Onasanya	Non-Executive Director
Chidi Anya	Non-Executive Director
Sule Hamza Wuro Bokki, Ph.D	Non-Executive Director
Omatseyin Akene Ayida	Non-Executive Director - Appointed January 27, 2015
Bosede Adebola Osibogun	Non-Executive Director - Appointed January 27, 2015
Muhammad K. Ahmad, OON	Non-Executive Director - Appointed July 29, 2015

COMPANY SECRETARY:	Tijjani M. Borodo
REGISTERED OFFICE:	Samuel Asabia House 35, Marina Lagos
AUDITOR:	PricewaterhouseCoopers (Chartered Accountants) 252E Muri Okunola Street, Victoria Island Lagos
REGISTRARS:	First Registrars & Investor Services Limited Plot 2, Abebe Village Road, Iganmu, Lagos
BANKERS:	First Bank of Nigeria Limited 35 Marina Lagos

FBN Holdings Plc.

INCOME STATEMENT

	Note	GROUP 30 September 2015 N 'million	GROUP 30 September 2014 N 'million	COMPANY 30 September 2015 N 'million	COMPANY 30 September 2014 N 'million
Continuing operations					
Interest income	5	300,382	255,722	490	2,584
Interest expense	6	(107,463)	(79,231)	-	-
Net interest income		**192,919**	**176,491**	**490**	**2,584**
Impairment charge for credit losses	7	(46,638)	(13,364)	-	-
Net interest income after impairment charge for credit losses		**146,281**	**163,127**	**490**	**2,584**
Insurance premium revenue	8	5,121	3,223	-	-
Insurance premium revenue ceded to reinsurers		(853)	(488)	-	-
Net insurance premium revenue		**4,268**	**2,735**	**-**	**-**
Fee and commission income	9	51,001	51,221	-	-
Fee and commission expense	9b	(7,143)	(5,125)	-	-
Net gains on foreign exchange		22,461	17,157	27	-
Net gains/(losses) on investment securities	10	3,988	833	-	-
Net gains from financial instruments at fair value through profit or loss	11	3,477	1,531	-	-
Dividend income		1,450	2,190	1,063	1,173
Other operating income		3,016	1,657	30	5
Insurance claims		(1,946)	(939)	-	-
Personnel expenses		(62,509)	(62,598)	(278)	(218)
Depreciation, amortisation and impairment		(10,033)	(9,368)	(285)	(5,449)
Operating expenses	12	(94,748)	(89,272)	(1,731)	(2,443)
Operating profit/ (loss)		59,563	73,150	(684)	(4,348)
Share of profit of associates		-	599	-	-
Profit/ (loss) before tax		**59,563**	**73,749**	**(684)**	**(4,348)**
Income tax expense	13	(9,346)	(18,122)	-	-
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**50,217**	**55,627**	**(684)**	**(4,348)**
PROFIT/ (LOSS) FOR THE PERIOD		**50,217**	**55,627**	**(684)**	**(4,348)**
Profit/(loss) attributable to:					
Owners of the parent		49,545	55,282	(684)	(4,348)
Non-controlling interests		672	345	-	-
		50,217	**55,627**	**(684)**	**(4,348)**
Earnings per share attributable to owners of the parent					
Basic/diluted earnings/ (loss) per share (expressed in naira per share)	38				
From continuing operations		1.47	1.70	(0.02)	(0.13)
From profit/ (loss) for the period		1.47	1.70	(0.02)	(0.13)

FBN Holdings Plc.

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP 30 September 2015 N 'million	GROUP 30 September 2014 N 'million	COMPANY 30 September 2015 N 'million	COMPANY 30 September 2014 N 'million
PROFIT/ (LOSS) FOR THE PERIOD		**50,217**	**55,627**	**(684)**	**(4,348)**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net gains on available-for-sale financial assets					
-Unrealised net gains or losses arising during the period, before tax		2,272	3,015	30	-
-Net reclassification adjustments for realised net gains or losses, before tax		-	(1,830)	-	-
Share of other comprehensive income of associates		-	-	-	-
Exchange difference on translation of foreign operations		3,262	(957)	-	-
Income tax relating to components of other comprehensive income		-	-	-	-
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit pension scheme		(223)	(804)	-	-
Income tax relating to components of other comprehensive income		(409)	-	-	-
Other comprehensive income for the period, net of tax		**4,902**	**(576)**	**30**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**55,119**	**55,051**	**(654)**	**(4,348)**
Total comprehensive income attributable to:					
Owners of the parent		54,393	54,714	(654)	(4,348)
Non-controlling interests		726	337	-	-
		55,119	**55,051**	**(654)**	**(4,348)**
Total comprehensive income attributable to owners of the parent arises from :					
Continuing operations		54,393	54,714	(654)	(4,348)
		54,393	**54,714**	**(654)**	**(4,348)**

FBN Holdings Plc.

STATEMENT OF FINANCIAL POSITION

	Note	GROUP 30 September 2015 N 'millions	GROUP 31 December 2014 N 'millions	COMPANY 30 September 2015 N 'millions	COMPANY 31 December 2014 N 'millions
ASSETS					
Cash and balances with central banks	14	750,208	698,104	-	-
Loans and advances to banks	15	433,113	460,911	869	3,261
Loans and advances to customers	16	1,908,678	2,178,980	95	80
Financial assets at fair value through profit or loss	17	30,748	27,601	-	-
Investment securities					
-Available-for-sale investments	18	751,807	553,154	8,693	2,806
-Held to maturity investments	18	131,544	158,485	-	1,466
Asset pledged as collateral	19	86,708	68,483	-	-
Other assets	25	46,443	40,692	3,323	14,361
Inventory	26	40,340	37,805	-	-
Investment properties	27	2,782	2,826	-	-
Investments in associates accounted for using the equity method	22	-	-	1,500	1,500
Investment in subsidiaries	20	-	-	261,984	260,777
Property, plant and equipment	23	86,946	88,208	1,315	1,519
Intangible assets	24	11,432	10,094	-	-
Deferred tax assets		9,168	8,992	-	-
		4,289,917	4,334,335	277,779	285,770
Asset held for sale	21	13,531	8,331	2,000	2,000
Total assets		**4,303,448**	**4,342,666**	**279,779**	**287,770**
LIABILITIES					
Deposits from banks	28	206,377	171,151	-	-
Deposits from customers	29	2,999,557	3,050,853	-	-
Financial liabilities at fair value through profit or loss		9,848	10,917	-	-
Current income tax liability	13	9,844	11,829	-	-
Other liabilities	32	148,053	132,633	5,516	9,590
Liability on investment contracts	33	64,485	60,617	-	-
Liability on insurance contracts		11,299	8,260	-	-
Borrowings	30	273,490	369,707	-	-
Retirement benefit obligations	31	2,374	2,029	-	-
Deferred tax liabilities		213	188	-	-
		3,725,540	3,818,184	5,516	9,590
Liabilities held for sale	21	2,263	1,592	-	-
Total liabilities		**3,727,803**	**3,819,776**	**5,516**	**9,590**
EQUITY					
Share capital	34	17,948	16,316	17,948	16,316
Share premium	35	252,892	254,524	252,892	254,524
Retained earnings	35	153,983	108,637	3,021	6,968
Other reserves					
Statutory reserve	35	65,825	65,278	-	-
Capital reserve	35	1,223	1,223	10	10
SSI Reserve	35	6,076	6,076	-	-
AFS Fair value reserve	35	14,341	12,532	392	362
Contingency Reserve	35	351	217	-	-
Statutory credit reserve	35	46,705	46,673	-	-
Treasury shares	35	-	(18)	-	-
Foreign currency translation reserve	35	10,661	7,399	-	-
		570,005	518,857	274,263	278,180
Non-controlling interest		5,640	4,033	-	-
Total equity		**575,645**	**522,890**	**274,263**	**278,180**
Total equity and liabilities		**4,303,448**	**4,342,666**	**279,779**	**287,770**

The unaudited consolidated interim financial statements were approved by the Board of Directors on 19 October 2015 and signed on its behalf by:

BELLO M. MACCIDO
Group Chief Executive Officer
FRC/2013/CISN/00000002366

OYEWALE ARIYIBI
Head, Finance
FRC/2013/ICAN/00000001251

FBN Holdings Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent													
	Share capital	Share premium	Retained earnings	Capital reserve	Statutory reserve	SSI reserve	AFS fair value reserve	Contingency reserve	Statutory credit reserve	Treasury shares	FCTR	Total	Non-controlling interest	Total equity
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2014	16,316	254,524	115,397	-	52,074	6,076	14,969	107	7,987	(2,280)	2,102	467,272	4,505	471,777
Profit for the period	-	-	55,281	-	-	-	-	-	-	-	-	55,281	345	55,626
Other comprehensive income												-		-
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	-	-	(957)	(957)	-	(957)
Fair value movements on available for sale financial as	-	-	-	-	-	-	1,193	-	-	-	-	1,193	(8)	1,185
Remeasurement of defined benefit pension scheme	-	-	(804)	-	-	-	-	-	-	-	-	(804)	-	(804)
Total comprehensive income	-	-	54,477	-	-	-	1,193	-	-	-	(957)	54,713	337	55,050
Transactions with owners														
NCI on acquisition of oasis	-	-	-	-	-	-	-	-	-	-	-	-	956	956
Treasury shares on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(32)		(32)	-	(32)
Disposal of treasury shares	-	-	-	-	-	-	-	-	-	2,280		2,280	-	2,280
Dividend	-	-	(35,895)	-	-	-	-	-	-	-	-	(35,895)	(107)	(36,002)
Other changes*	-	-	-	-	-	-	-	-	-	-	-	-	7	7
Business restructuring	-	-	(1,595)	1,223	-	-	-	-	-	-	-	(372)	-	(372)
Transfer between reserves	-	-	(12,460)	-	7,312	-	-	63	5,085	-	-	-	-	-
Total transactions with Owners	-	-	(49,950)	1,223	7,312	-	-	63	5,085	2,248	-	(34,019)	856	(33,163)
At 30 September 2014	16,316	254,524	119,924	1,223	59,386	6,076	16,162	170	13,072	(32)	1,145	487,966	5,698	493,664
Balance at 1 January 2015	16,316	254,524	108,637	1,223	65,278	6,076	12,532	217	46,673	(18)	7,399	518,857	4,033	522,890
Profit for the period	-	-	49,545	-	-	-	-	-	-	-	-	49,545	672	50,217
Other comprehensive income														
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	-	-	3,262	3,262	-	3,262
Return on plan assets	-	-	(223)	-	-	-	-	-	-	-	-	(223)	-	(223)
Tax effect on revaluation of financial assets	-	-	-	-	-	-	(409)	-	-	-	-	(409)	-	(409)
Fair value movements on available for sale financial as	-	-	-	-	-	-	2,218	-	-	-	-	2,218	54	2,272
Total comprehensive income	-	-	49,323		-	-	1,809	-	-	-	3,262	54,393	726	55,119
Transactions with owners														
Disposal of treasury shares	-	-	-	-	-	-	-	-	-	18	-	18	-	18
Bonus issue	1,632	(1,632)	-	-	-	-	-	-	-	-	-	0	-	-
Dividend paid	-	-	(3,263)	-	-	-	-	-	-	-	-	(3,263)	(352)	(3,615)
Additional investment	-	-	-	-	-	-	-	-	-	-	-	0	1,260	1,260
Other changes*	-	-	-	-	-	-	-	-	-	-	-	0	(27)	(27)
Transfer between reserves	-	-	(713)	-	547	-	-	134	32	-	-	0	-	0
Total transactions with Owners	1,632	(1,632)	(3,976)	-	547	-	-	134	32	18	-	(3,245)	881	(2,364)
At 30 September 2015	17,948	252,892	153,983	1,223	65,825	6,076	14,341	351	46,705	-	10,661	570,005	5,640	575,645

*Other Changes represent the change in non-controlling interest arising from the acquisiton or disposal of unit holdings in FBN Heritage Funds. FBN Heritage fund is an open-ended mutual fund.

FBN Holdings Plc.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Capital reserve	AFS Fair value reserve	Total
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
Balance at 1 January 2014	16,316	254,524	37,180	10	71	308,101
Profit for the period	-	-	(4,348)	-	-	(4,348)
Other comprehensive income						
Fair value movements on equity financial assets	-	-	-	-	-	-
Total comprehensive income	-	-	(4,348)	-	-	(4,348)
Transactions with owners						
Dividends	-	-	(35,895)	-	-	(35,895)
Total transactions with Owners	-	-	(35,895)	-	-	(35,895)
At 30 September 2014	16,316	254,524	(3,063)	10	71	267,858
Balance at 1 January 2015	16,316	254,524	6,968	10	362	278,180
Profit for the period	-	-	(684)	-	-	(684)
Other comprehensive income						
Fair value movements on equity financial assets	-	-	-	-	30	30
Total comprehensive income	-	-	(684)	-	30	(654)
Transactions with owners						
Dividends	-	-	(3,263)	-	-	(3,263)
Bonus issue	1,632	(1,632)	-	-	-	-
Total transactions with Owners	1,632	(1,632)	(3,263)	-	-	(3,263)
At 30 September 2015	17,948	252,892	3,021	10	392	274,263

STATEMENT OF CASH FLOWS

	Note	GROUP 30 September 2015 N 'million	GROUP 30 September 2014 N 'million	COMPANY 30 September 2015 N 'million	COMPANY 30 September 2014 N 'million
Operating activities					
Cash flow used in operations	36	193,160	(430,378)	387	33,553
Income taxes paid		(11,348)	(29,336)	-	-
Interest received		246,537	250,608	216	1,791
Interest paid		(96,681)	(69,691)	-	-
Net cash flow generated from/ (used in) operating activities		331,667	(278,797)	603	35,345
Investing activities					
Acquisition/ additional investment in subsidiary		-	-	(6,400)	-
Purchase of investment securities		(965,632)	(248,371)	(5,582)	-
Proceeds from the sale of investment securities		740,475	315,862	-	-
Dividends received		1,450	2,190	10,852	1,746
Purchase of investment properties		-	(343)	-	-
Purchase of property, plant and equipment		(7,877)	(14,917)	(102)	(532)
Purchase of intangible assets		(3,001)	(393)	-	-
Proceeds on disposal of property, plant and equipment		1,166	1,140	33	-
Net cash flow generated from/ (used in) investing activities		(233,419)	55,169	(1,198)	1,215
Financing activities					
Proceeds from sale of treasury shares		18	2,280	-	-
Treasury shares on acquisition of subsidiary		-	(32)		
Dividend paid		(3,615)	(36,002)	(3,263)	(35,895)
Proceeds from new borrowings		148,154	268,601	-	-
Repayment of borrowings		(241,637)	(74,962)	-	-
Interest paid on borrowings		(12,405)	(7,956)	-	-
Transactions with NCI		1,233	963	-	-
Net cash flow generated from/ (used in) financing activities		(108,251)	152,893	(3,263)	(35,895)
(Decrease)/ Increase in cash and cash equivalents		(10,003)	(70,735)	(3,858)	664
Cash and cash equivalents at start of period		532,456	834,691	4,727	1,477
Effect of exchange rate fluctuations on cash held		-	53	-	-
Cash and cash equivalents at end of period		522,453	764,009	869	2,141

1 General information

These financial statements are the consolidated interim financial statements of FBN Holdings Plc. (the Company), and its subsidiaries (hereafter referred to as 'the Group'). The Registered office address of the Company is at 35 Marina, Samuel Asabia House, Lagos, Nigeria.

The principal activities of the Group are mainly the provision of commercial banking services, investment banking services, insurance business services and provision of other financial services and corporate banking.

The consolidated interim financial statements for the period ended 30 September 2015 were approved and authorised for issue by the Board of Directors on 19 October 2015.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The Group's interim financial statements for the period ended 30 September 2015 have been prepared in accordance with IAS 34 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). The interim financial statements should be read in conjuction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs. 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 Company.

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 3.

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and are applicable to the Group:

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

(ii) Amendment to IFRS 8 - Operating segments (effective annual periods beginning on or after 1 July 2014)
The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment will not have a significant impact on the consolidated interim financial statements for the Group.

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

The amendment will not have a significant impact on the consolidated interim financial statements for the Group.

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

2.2.2 A number of new standards, interpretations and amendments thereto, had been issued by IASB which are not yet effective, and have not been applied in preparing these consolidated interim 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

(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 not earlier 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 interim financial statements were prepared as of the parent company's reporting date.

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

Investment in subsidiaries is measured at cost in the separate financial statements of the parent.

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

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

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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.

b. 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.

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

d. 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. Investments in associates are accounted for using the equity method of accounting in the consolidated interim 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 an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

2.4 Segment reporting

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

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, 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 Group's policy is that the assets and liabilities of the business transferred are measured at their existing book value in the consolidated interim financial statements of the parent, as measured under IFRS. The Company 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 interim financial statements are presented in Nigerian 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.

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.

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

a. 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).

b. 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 interim 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

2.8 Inventories

The group purchases and constructs properties for resale.

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 at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading.

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

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

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

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

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

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

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

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

i. those that the Group upon initial recognition designates as at fair value through profit or loss;
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 at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

a. *Financial liabilities at fair value through profit or loss*

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

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

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

2.9.6 De-recognition of financial instruments

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

2.9.7 Reclassification of financial assets

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

The group may reclassify a financial instrument when its intentions and the characteristics of the financial instrument changes.

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 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.

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.

c. Dividend income

Dividend income is recognised when the right to receive income is established.

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 delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised 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 indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. 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

The Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed or is classified as held for sale and:
i. represents a separate major line of business or geographical area of operations;
ii. is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
iii. is a subsidiary aquired exlusively with a view to resale.

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 cost to sell.

2.16 Leases

Leases are divided into finance leases and operating leases.

a. *The group is the lessee*

(i) *Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases.

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

(ii) *Finance lease*

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

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

b *The group is the lessor*

(i) *Operating lease*

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

(ii) *Finance lease*

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

2.17 Investment Properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise residential buildings constructed with the aim of leasing out to tenants or for selling. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value.

The fair value reflects market conditions at the date of the statement of financial position and is obtained from professional third party valuators contracted to perform valuations on behalf of the Group. The fair value does not reflect future capital expenditure that will improve or enhance the property.

Subsequent expenditure is included in the asset's carrying amount 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. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other operating income in the income statement.

2.18 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.

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

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

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

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

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

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

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

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

2.19 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. Brand, customer deposits and customer relationships

Brand, 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.

2.20 Investment contracts

The Group offers wealth management, term assurance, annuity, property and payment protection insurance products to customers that take the form of long-term insurance contracts. The Group classifies its wealth management and other products as insurance contracts where these transfer significant insurance risk, generally where the benefits payable on the occurrence of an insured event are more significant than the benefits that would be payable if the insured event does not occur. Contracts that do not contain significant insurance risk or discretionary participation features are classified as investment contracts. Financial assets and liabilities relating to investment contracts are measured at amortised cost.

2.21 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 excludes restricted balances with central banks.

2.22 Employee benefits

(i) Post-employment 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.

Remeasurement gains and losses 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.

(ii) Short-term benefits
Short-term benefits consists of salaries, accumulated leave allowances, bonuses and other non-monetary benefits. Short-term benefits are measured on an undiscounted basis and are expensed as the related services provided.

A liability is recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.23 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.

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.

2.24 Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The reserve has been calculated as the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding premiums) have been reported as part of the insurance contract liabilities and valued similar to other risk business as described above.

a. *Classification of contracts*
A contract is classified as an insurance contract where the Group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

b. *Recognition and measurement*
(i) *Short-term insurance contracts*
Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. They are usually short-duration life insurance contracts ranging between 12 to 24 months period of coverage. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium reserve (UPR). Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

The liability reserve on short term insurance contract is made up of an unexpired premium reserve (UPR) and reserve for 'Incurred but not reported' claims (IBNR). The UPR represent premium received in advance on short term contracts and is released through the income statement over the life of the insurance contract period after adjusting for acquisition expenses. IBNR reserves are required to take account of the delay in reporting claims. These are determined by considering ultimate claims ratios for the life schemes on the Group's books. The ratios differ by industry and have been determined following a historical analysis of portfolio claims experience. The IBNR reserves are calculated by adjusting the ultimate claims amounts to allow for claims already paid and those outstanding for payment, and again adjusted to allow for the holding of a separate UPR reserve. As the short term insurance contract experience of FBN builds up we will be able to adjust for company-specific claims settlement patterns.

(ii) *Long-term insurance contracts with fixed and guaranteed terms*
These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

The Long term insurance contracts insure events associated with human life. They include the following:

Individual insurance contracts
The reserve has been calculated using the gross premium valuation approach. This reserving methodology adopts a cash flow approach taking into account all expected future cash flows including premiums, expenses and benefit payments to satisfy the liability adequacy test. The test also considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees (where applicable).

Individual savings contracts
The reserve has been calculated as the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding premiums) have been reported as part of the insurance contract liabilities and valued similar to other risk business as described above.

c. *Insurance contract liabilities*

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies is recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The company performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

2.25 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.

2.26 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 Group. 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.

2.27 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 Group 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.

c. *Treasury shares*
Where the Company or other members of the Group purchase the Company'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.

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

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

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

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

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

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

2.28 Financial guarantees

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

3 Significant accounting judgements, estimates and assumptions

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

a Impairment charges on financial assets

The Group reviews its loan portfolios for impairment on an on-going basis. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment.

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

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

The 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.

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.

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. During the year, the held to maturity investment portfolio was not tainted.

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. An actuarial valuation is performed by actuarial valuation experts on an annual basis to determine the retirement benefit obligation of the group.

4 Segment information

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

Commercial Banking Business Group
This is the group's core business, which provides both individual and corporate clients/ customers with financial intermediation services. This business segment includes the group's local, international and representative offices offering commercial banking services

Investment Banking and Asset Management Business Group (IBAM)
This is the investment-banking arm of the Group, providing advisory, asset management, markets and private equity services to a large institutional (corporations and governments) clientele.

Insurance Business Group
This includes the group's legacy insurance brokerage business and the more recent full underwriting business. The underwriting business is performed by FBN Insurance Limited (formerly FBN Life Assurance Limited), a partnership with South African based Sanlam Group.

Other Financial Services Business Group
This includes the group's non operating holding company and other non - banking financial services businesses, primarily FBN Micro finance bank which provides microfinance services to the mass-market retail segment and SPVs established by the group.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effect 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 events.

As the Group Management Committee reviews operating profit, the results of discontinued operations are not included in the measure of operating profit.

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 assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position, but exclude items such as taxation.

Segment result of operations
The segment information provided to the Group executive committee for the reportable segments for the period ended 30 September 2015 is as follows:

	Commercial Banking Group	IBAM Group	Insurance Group	Other Financial Services Group	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
At 30 September 2015					
Total segment revenue	359,506	28,795	7,009	2,471	**397,781**
Inter-segment revenue	(4,186)	(1,560)	(701)	(1,291)	**(7,738)**
Revenue from external customers	355,320	27,235	6,308	1,180	**390,043**
Profit/(loss) before tax	53,392	8,332	978	(3,139)	**59,563**
Income tax expense	(7,167)	(1,797)	(322)	(60)	**(9,346)**
Profit for the period	46,225	6,535	656	(3,199)	**50,217**
Impairment charge on credit losses	(46,384)	23	-	(25)	**(46,386)**
Impairment charge on doubtful receivables	(252)	-	-	-	**(252)**
Share of profit/(loss) from associates	-	-	-	-	**-**
Depreciation	(7,849)	(292)	(119)	(333)	**(8,593)**

4 Segment information continued

	Commercial Banking Group	IBAM Group	Insurance Group	Other Financial Services Group	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
At 30 September 2015					
Total assets	4,020,466	205,365	20,961	56,656	**4,303,448**
Other measures of assets:					
Loans and advances to customers	1,873,422	34,790	372	94	**1,908,678**
Investment in associates	-	0	-	(0)	**0**
Expenditure on non-current assets (PP&E)	82,231	1,570	1,822	1,323	**86,946**
Investment securities	744,946	114,445	15,267	8,693	**883,351**
Total liabilities	3,540,582	163,979	12,750	10,492	**3,727,803**
At 30 September 2014					
Total segment revenue	316,391	17,377	4,577	5,035	**343,380**
Inter-segment revenue	(4,584)	(3,936)	(315)	(1,913)	**(10,748)**
Revenue from external customers	311,807	13,441	4,262	3,122	**332,632**
Profit/(loss) before tax	70,489	3,759	983	(1,482)	**73,749**
Income tax expense	(17,297)	(576)	(188)	(61)	**(18,122)**
Profit for the period	53,192	3,183	795	(1,542)	**55,627**
Impairment charge on credit losses	(13,277)	5	-	(13)	**(13,285)**
Impairment charge on doubtful receivables	(79)	-	-	(0)	**(79)**
Impairment charge on goodwill	-	-	-	-	**-**
Share of profit/(loss) from associates	521	78	-	-	**599**
Depreciation	(7,934)	(265)	(119)	(180)	**(8,498)**
At 31 December 2014					
Total assets	4,080,258	99,384	17,505	145,519	**4,342,666**
Other measures of assets:					
Loans and advances to customers	2,150,086	1,872	74	26,948	**2,178,980**
Investment in associates	-	-	-	-	**-**
Expenditure on non-current assets (PP&E)	83,404	505	1,764	2,535	**88,208**
Investment securities	598,904	45,812	12,011	54,912	**711,639**
Total liabilities	3,649,993	77,405	10,500	81,878	**3,819,776**

5 Interest income

	GROUP		COMPANY	
	30 September 2015 N 'million	30 September 2014 N 'million	30 September 2015 N 'million	30 September 2014 N 'million
Investment securities	84,965	57,770	275	2,476
Loans and advances to banks	12,914	9,577	211	105
Loans and advances to customer	202,503	188,375	4	3
	300,382	255,722	490	2,584

6 Interest expense

	GROUP	
	30 September 2015 N 'million	30 September 2014 N 'million
Customer Deposits	92,001	69,943
Deposit from banks	2,675	1,170
Borrowings	12,788	8,118
	107,463	79,231

7 Impairment charge for credit losses

	GROUP	
	30 September 2015 N 'million	30 September 2014 N 'million
Loans and advances to customers		
Increase in collective impairment	10,913	2,462
Increase in specific impairment	37,452	12,066
AMCON Clawback	-	1,993
	48,365	16,521
Net recoveries on loans previously written off	(1,979)	(3,236)
Other assets		
Increase/ (Decrease) in impairment	252	79
	46,638	13,364

8 Insurance premium revenue

	GROUP	
	30 September 2015 N 'million	30 September 2014 N 'million
Insurance premium (net)	8,384	5,845
Change in insurance contract liabilities	(3,263)	(2,622)
	5,121	3,223

9 Fee and commission income

	GROUP	
	30 September 2015 N 'million	30 September 2014 N 'million
Credit related fees	2,888	1,952
Commission on turnover	9,981	11,968
Letters of credit commissions and fees	4,057	6,142
Electronic banking fees	12,681	8,626
Money transfer commission	2,413	1,872
Commission on Bonds and Guarantees	1,292	1,005
Funds transfer & Intermediation fees	3,897	3,468
Account Maintenance	2,975	5,480
Brokerage and intermediations	1,215	1,004
Financial advisory fees	2,584	3,498
Fund management fees	862	316
Other fees and commissions	6,156	5,890
	51,001	51,221
9b Fees and commission expense	7,143	5,125

Fee and commission expense largely relates to charges raised by other banks on holders of First Bank of Nigeria Limited ATM cards, who used other banks' machines while transacting business; and SMS alert related expense.

10 Net gains/(losses) on investment securities

	GROUP		COMPANY	
	30 September 2015 N 'million	30 September 2014 N 'million	30 September 2015 N 'million	30 September 2014 N 'million
Equity securities	4,835	164	-	-
Debt securities	(847)	669	-	-
	3,988	833	-	-

11 Net gains from financial instruments at fair value through profit or loss

	GROUP	
	30 September 2015 N 'million	30 September 2014 N 'million
Derivatives	3,343	1,266
Fair value gain on Debt securities	134	265
	3,477	1,531

12 Operating expenses

	GROUP		COMPANY	
	30 September 2015 N 'million	30 September 2014 N 'million	30 September 2015 N 'million	30 September 2014 N 'million
Directors' emoluments	1,388	956	322	235
Loss on sale of property, plant and equipment	159	-	-	-
Deposit insurance premium	9,047	9,809	-	-
AMCON resolution cost	13,597	12,960	-	-
Maintenance	14,173	14,815	103	124
Insurance, rent and rates	2,480	2,925	134	125
Advert and Corporate Promotions	6,907	7,989	55	113
Professional fees	3,944	3,756	335	558
Donations & Subscriptions	1,092	1,182	-	-
Stationery & printing	1,676	1,778	69	142
Communication, light and power	5,145	5,596	2	13
Cash handling charges	2,661	2,216	-	-
Operational and other losses	5,567	3,149	-	-
Passages and travels	3,982	2,384	196	180
Outsourced cost	11,332	8,755	-	-
Other operating expenses	11,598	11,002	515	953
	94,748	89,272	1,731	2,443

13 Taxation - Income tax expense and liability

	GROUP	
	30 September 2015 N 'million	30 September 2014 N 'million
Corporate tax	8,289	14,458
Education tax	612	1,282
Technology tax	596	737
Current income tax - current period	9,497	16,477
Origination and (reversal) of temporary deferred tax differences	(151)	1,645
Income tax expense	**9,346**	**18,122**

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
The movement in the current income tax liability is as follows:		
At start of the period	11,829	34,167
Effect of adjustment on acquired entities	-	38
Reclassification to Liabilities Held for Sale	-	(69)
Tax paid	(11,348)	(31,329)
Withholding tax credit utilised	-	(31)
Prior period under provision	(543)	(52)
AFS Securities Revaluation Tax charge/(credit)	409	(682)
Income tax charge	9,497	8,899
Effect of Changes in Exchange Rate	-	888
At end of the period	9,844	11,829
Current	9,844	11,829

14 Cash and balances with central banks

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
Cash	77,896	63,308
Balances with central banks excluding mandatory reserve deposits	34,214	71,059
	112,110	134,367
Mandatory reserve deposits with Central Banks	638,098	563,737
	750,208	698,104

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		COMPANY	
	31 March 2015 N 'million	31 December 2014 N 'million	31 March 2015 N 'million	31 December 2014 N 'million
Cash	77,896	63,308	-	-
Balances with central banks other than mandatory reserve deposits	34,214	71,059	-	-
Loans and advances to banks excluding long term placements	399,991	321,201	869	3,261
Treasury bills included in financial assets at fair value through profit or loss	-	7,240	-	-
Treasury bills and eligible bills excluding pledged treasury bills	10,352	69,648	-	-
	522,453	532,456	869	3,261

15 Loans and advances to banks

	GROUP		COMPANY	
	30 September 2015 N 'million	31 December 2014 N 'million	30 September 2015 N 'million	31 December 2014 N 'million
Current balances with banks within Nigeria	107,371	54,776	107	375
Current balances with banks outside Nigeria	156,312	156,595	-	-
Placements with banks and discount houses	136,308	109,831	762	2,886
	399,991	321,202	869	3,261
Long term placement	33,122	139,709	-	-
Carrying amount	433,113	460,911	869	3,261

16 Loans and advances to customers

	GROUP		COMPANY	
	30 September 2015 N 'million	31 December 2014 N 'million	30 September 2015 N 'million	31 December 2014 N 'million
Overdrafts	260,205	329,578	-	-
Term loans	1,595,939	1,803,762	-	-
Staff loans	10,664	7,529	95	80
Project finance	103,251	77,709	-	-
Advances under finance lease	2,555	3,043	-	-
	1,972,614	2,221,621	95	80
Less impairment allowance:				
- Specific	(40,332)	(28,018)	-	-
- Collective	(23,604)	(14,623)	-	-
	1,908,678	2,178,980	95	80

17 Financial assets at fair value through profit or loss

	GROUP 30 September 2015 N 'million	GROUP 31 December 2014 N 'million
Treasury bills with maturity of less than 90 days	-	7,240
Treasury bills with maturity over 90 days	14,370	2,254
Bonds	6,029	4,232
Total debt securities	20,399	13,726
Listed equity securities	4,098	3,927
Total equity securities	4,098	3,927
Derivative assets	6,251	9,948
Total assets at fair value through profit or loss	30,748	27,601

18 Investment Securities

	GROUP		COMPANY	
	30 September 2015 N 'million	31 December 2014 N 'million	30 September 2015 N 'million	31 December 2014 N 'million
18.1 Securities available for sale				
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	5,207	64,067	-	-
– Treasury bills with maturity of more than 90 days	431,439	277,514	5,857	-
– Bonds	260,896	152,995	-	-
Equity securities – at fair value:				
– Listed	2,910	3,493	-	-
Equity securities – at fair value:				
– Unlisted	51,355	55,085	2,836	2,806
Total securities classified as available for sale	751,807	553,154	8,693	2,806
18.2 Securities held to maturity				
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	5,145	5,581	-	1,466
– Treasury bills with maturity of more than 90 days	13,589	7,845	-	-
– Bonds	112,810	145,059	-	-
Total securities classified as held-to-maturity	131,544	158,485	-	1,466

19 Asset pledged as collateral

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

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

	GROUP 30 September 2015 N 'million	GROUP 31 December 2014 N 'million
Treasury bills	20,527	23,166
Bonds	66,181	45,317
Equity	-	-
	86,708	68,483

20 Investment in subsidiaries

20.1 Principal subsidiary undertakings

	COMPANY	
	30 September 2015	**31 December 2014**
	N 'million	**N 'million**
First Bank of Nigeria Limited (Note 25 (i))	205,557	205,557
FBN Capital Limited (Note 25 (ii))	4,300	4,300
FBN Insurance Limited (Note 25 (iii))	2,262	2,262
FBN Insurance Brokers Limited (Note 25 (iv))	25	25
New Villa Limited (Rainbow Town Development Limited) (Note 25 (vi))	2,550	2,550
FBN Merchant Bank Limited (Note 25 (vii))	17,206	16,000
FBN Trustees Limited (Note 25 (viii))	25,533	25,533
FBN Funds Limited (Note 25 (ix))	4,550	4,550
	261,984	**260,777**

All shares in subsidiary undertakings are ordinary shares. For all periods shown, the group owned the total issued shares in all its subsidiary undertakings except Banque Internationale de Crédit, FBN Insurance Limited and New Villa Limited (Rainbow Town Development Limited) in which it owned 75%, 65% and 55% respectively. 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 period is N5.64 billion (2014: N4.03billion).

Subsidiary	**Principal activity**	**Country of incorporation**	**Proportion of shares held directly by parent (%)**	**Proportion of shares held directly by the group (%)**	**Statutory year end**
First Bank of Nigeria Limited (Note 25 (i))	Banking	Nigeria	100	100	31 December
FBN Capital Limited (Note 25 (ii))	Investment Banking & Asset Management	Nigeria	100	100	31 December
FBN Insurance Limited (Note 25 (iii))	Insurance	Nigeria	65	65	31 December
FBN Insurance Brokers Limited (Note 25 (iv))	Insurance	Nigeria	100	100	31 December
FBN Microfinance Bank Limited (Note 25 (v))	Banking	Nigeria	100	100	31 December
New Villa Limited (Rainbow Town Development Limited) (Note 25 (vi))	Investment and General Trading	Nigeria	55	55	31 December
FBN Merchant Bank Limited (Note 25 (vii)	Discount House	Nigeria	100	100	31 December
FBN Trustees Limited (Note 25 (viii))	Trusteeship	Nigeria	100	100	31 December
FBN Funds Limited (Note 25 (ix))	Investment Banking & Asset Management	Nigeria	100	100	31 December

i First Bank of Nigeria Limited
The bank commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. The Bank was the parent company of the Group until 30 November 2012, when a business restructuring was effected in accordance with the directives of the Central Bank of Nigeria and FBN Holdings Plc became the parent company of the Group.

ii FBN Capital Limited
FBN Capital Limited is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission (SEC) to undertake issuing house business. It is also involved in the business of asset management and financial advisory.

iii FBN Insurance Limited (Formerly FBN Life Assurance Limited)
In February 2010, NAICOM granted an operating licence to First Bank of Nigeria Plc. (First Bank) to establish a life assurance business in partnership with Sanlam Group of South Africa. Consequently, First Bank incorporated a subsidiary, FBN Life Assurance Limited. First Bank has a holding of 65% in the equity of FBN Life Assurance Limited. Consequent upon the restructuring of 2012, the investment is transferred to FBN Holdings Plc. and the name of the company was changed to FBN Insurance Limited in 2014. In 2014, FBN Insurance Limited completed the acquisition of Oasis Insurance Plc. for the purpose of driving general insurance business. The name of the company was recently changed to FBN General Insurance Company Limited.

iv FBN Insurance Brokers Limited
The company was incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company on 31 March 1994 with the name 'Trust Link Insurance Brokers Limited'. The company prepared financial statements up to 31 March 1998 after which it became dormant. The company was resuscitated on 1 April 2000 as FBN Insurance Brokers Limited. The principal activity of the company is insurance brokerage business.

v FBN Microfinance Bank Limited
The Bank was incorporated in Nigeria on 18 March 2008 under the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004 with registration number RC736874. The Bank was licensed to carry on the business of microfinance banking on 25 August 2008 by the Central Bank of Nigeria. It commenced microfinance banking business on 19 January 2009. In 2014, the group decided to divest from microfinance business, hence the company is slated for sale.

vi New Villa Limited (Rainbow Town Development Limited)
New Villa Limited is a special purpose vehicle incorporated on 28 November 2008. Its principal activities include investments and general trading.

vii FBN Merchant Bank Limited (formerly Kakawa Discount House Limited)
The Company was incorporated in Nigeria as a limited liability company on 14 February 1995 and was granted a license to carry on the business of a discount house and commenced operations on 16 November 1995. The Central Bank of Nigeria granted Kakawa a full merchant banking business license in May 2015 to convert the company to a merchant bank. FBN Holdings Plc. acquired 100% shares in Kakawa in December 2014.

viii FBN Trustees Limited (First Trustees Nigeria Limited)
FBN Trustees Limited was incorporated in Nigeria as a limited liability company on 8 August 1979 and commenced business on 3 September 1979. The company was established to engage in the business of trusteeship as well as portfolio management, financial/ investment advisory services and loan syndication.

ix FBN Funds Limited (First Funds Limited)
FBN Funds Limited was incorporated on 14 November 2002. It commenced operations on 1 April 2003. Its principal activities are to carry on venture capital and private equity business.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
At 30 SEPTEMBER 2015

20.2 Condensed results of consolidated entities from continuing operations

30 September 2015	Banking Group	Holdco	FBN Capital	FBN Microfinance	FBN Insurance Brokers	FBN Insurance	Rainbow Town	Kakawa Discount House	Total	Adjustments	Group
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Summarized Income Statement											
Operating income	259,265	1,610	9,613	812.92	577	3,187	5	4,144	279,214	(5,723)	273,492
Operating expenses	(155,823)	(2,294)	(4,232)	(589)	(376)	(1,851)	(249)	(1,212)	(166,625)	(665)	(167,290)
Impairment charge	(46,637)	-	23	(25)	-	-	-	-	(46,638)	-	(46,638)
Operating profit	56,805	(684)	5,404	198	203	1,336	(244)	2,933	65,951	(6,388)	59,563
Associate	-	-	-	-	-	-	-	-	-	-	-
Profit before tax	56,805	(684)	5,404	198	203	1,336	(244)	2,933	65,951	(6,388)	59,563
Tax	(7,167)	-	(1,797)	(60)	(67)	(256)	-	-	(9,346)	-	(9,346)
Profit/ (Loss) for the period	49,639	(684)	3,606	138	136	1,080	(244)	2,933	56,605	(6,388)	50,217
Other comprehensive income	7,600	30	(3,591)	-	(5)	74	-	794	4,901	1	4,902
Total comprehensive income	57,239	(654)	16	138	130	1,154	(244)	3,727	61,506	(6,388)	55,119
Summarized Financial Position											
Assets											
Cash and balances with Central Bank	749,701	0	2	105	0	500	-	4	750,312	(104)	750,208
Due from other banks	416,697	869	19,176	2,566	882	1,203	264	1,740	443,397	(10,284)	433,113
Loans and advances	1,921,460	95	4,948	2,286	141	231	0	29,842	1,959,003	(50,325)	1,908,678
Financial assets at fair value through profit or loss	9,431	-	11,938	-	-	187	-	9,192	30,748	-	30,748
Investment securities	744,946	8,693	59,684	149	101	15,166	-	54,761	883,500	(149)	883,351
Assets Pledged as collateral	86,708	-	-	-	-	-	-	-	86,708	-	86,708
Inventory	-	-	727	-	-	-	46,757	-	47,484	(7,144)	40,340
Investment properties	-	-	2,459	-	-	323	-	-	2,782	-	2,782
Investment in subsidiaries	-	261,984	(0)	-	-	-	-	-	261,984	(261,984)	-
Investment in Associates	-	1,500	0	-	-	-	-	-	1,500	(1,500)	-
Other assets	37,092	3,323	5,086	193	100	1,066	1,232	1,479	49,571	(3,128)	46,443
Deferred tax	2,666	-	1,285	-	32	-	-	5,185	9,168	-	9,168
Intangible Assets	9,396	-	1,638	1	2	366	8	22	11,433	(1)	11,432
Property, plant and equipment	82,231	1,315	610	252	90	1,733	8	960	87,199	(253)	86,946
Assets held for sale	8,249	2,000	-	-	-	-	-	-	10,249	3,281	13,531
	4,068,577	279,779	107,553	5,552	1,348	20,775	48,269	103,185	4,635,037	(331,589)	4,303,448
Financed by											
Customer deposits	2,926,557	-	-	1,364	-	-	-	80,844	3,008,765	(9,208)	2,999,557
Due to other banks	205,703	-	544	962	-	-	-	130	207,339	(962)	206,377
Financial liabilities at fair value through profit or loss	8,846	-	-	-	-	-	-	1,002	9,848	-	9,848
Liability on investment contracts	-	-	64,485	549	-	-	-	-	65,034	(549)	64,485
Liability on insurance contracts	-	-	-	-	-	11,299	-	-	11,299	-	11,299
Borrowings	267,257	-	6,233	-	-	-	47,581	-	321,071	(47,581)	273,490
Tax payable	6,400	-	3,024	71	94	320	6	-	9,915	(71)	9,844
Other liabilities	131,226	5,516	7,886	72	364	607	2,728	319	148,718	(665)	148,053
Retirement benefit obligations	2,371	-	2	15	-	-	-	-	2,388	(14)	2,374
Deferred income tax liabilities	66	-	-	29	-	66	-	81	242	(29)	213
Liabilities held for sale	-	-	-	-	-	-	-	-	-	2,263	2,263
	3,548,426	5,516	82,174	3,062	458	12,292	50,315	82,376	3,784,619	(56,816)	3,727,803
Equity and reserves	520,151	274,263	25,379	2,490	890	8,483	(2,046)	20,809	850,422	(274,777)	575,645

21 Discontinued operations

(i) There were no discontinued operations in during the period.

(ii) Asset classified as Held for Sale

The assets and liabilities held for sale relate to the property development portfolio of FBN Mortgages Limited (part of the retail banking segment) and the group's interest in FBN Microfinance Bank Limited based on Group's decision to sell its interest in the company.

FBN Mortgages Limited

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

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

FBN Microfinance Bank Limited

Following the board's decision to divest from FBN Microfinance Bank Limited on August 12, 2014, the Group's interest was classified as asset held for sale, having met all the conditions to be classified as such in accordance with IFRS 5 as the carrying amount is expected to be recovered principally by a sale rather than through continuing use. However, the operating results of FBN Microfinance Bank Limited is included in the Group's operating results from continuing operations because the disposal group does not meet the definition of discontinued operations. The expected completion date for the transaction is November 2015.

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

	GROUP		COMPANY	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	N 'million	N 'million	N 'million	N 'million
Assets classified as held for sale				
Cash and balances with central banks	105	90	-	-
Loans and advances to banks	2,296	3,124	-	-
Loans and advances to customers	2,286	1,594	-	-
Investment securities	149	149	-	-
Other assets	193	157	-	-
Inventory	8,249	2,931	-	-
Investment in subsidiaries	-	-	2,000	2,000
Property, plant and equioment	252	284	-	-
Intangible assets	1	2	-	-
	13,531	8,331	2,000	2,000
Liabilities classified as held for sale				
Deposit from banks	164	46	-	-
Deposit from customers	1,364	1,291	-	-
Company income tax liability	71	69	-	-
Liability on investment contract	549	-	-	-
Other liabilities	71	157	-	-
Retirement benefit obligations	15	-	-	-
Deferred tax	29	29	-	-
	2,263	1,592	-	-
Net Asset	11,268	6,739	2,000	2,000

22 Investment in associates (equity method)

i. **Seawolf Oilfield Services Limited (SOSL)**

FBN Holdings Plc. holds 42% shareholding in Seawolf Oilfields Services Limited (SOSL). In 2014, Asset Mananagement Corporation of Nigeria (AMCON), a major creditor of SOSL, appointed a receiver manager to take over the business, resulting in the loss of significant influence of FBN Holdings Plc. in the company. Hence full impairment has been recognised on the investment. SOSL is a company incorporated in Nigeria and is involved in the oil and gas sector. SOSL has share capital consisting only of ordinary share capital which are held directly by the group; the country of incorporation or registration is also their principal place of business. SOSL is not publicly traded and there is no published price information.

ii. **FBN Heritage Fund**

FBN Holdings Plc. and its subsidiaries have 62% shareholding in FBN Heritage Fund, with FBN Holdings Plc. alone owning 38%.

FBN Heritage Fund is an open-ended Securities and Exchange Commission (SEC) registered mutual fund that invests in stocks, bonds, money market instruments, real estate and other securities in the Nigerian Capital Markets. FBN Heritage Fund is not publicly traded. However, the fund manager publishes daily unit price of the fund on the memorandum listing section of the Nigerian Stock Exchange. The unit price of the fund as at reporting date was N108.45 (Cost: N100).

Due to the exercise of control over FBN Heritage Fund at group level, the entity is being accounted for as a subsidiary and consolidated accordingly.

22 Investment in associates (equity method)

	GROUP		COMPANY	
	30 September 2015 N 'million	31 December 2014 N 'million	30 September 2015 N 'million	31 December 2014 N 'million
SOSL				
Cost	10,375	10,375	10,375	10,375
Impairment loss/accumulated share of loss	(10,375)	(10,375)	(10,375)	(10,375)
	-	-	-	-
FBN Heritage Fund				
Balance at beginning of period	-	-	1,500	1,500
At end of period	-	-	1,500	1,500
	-	-	1,500	1,500

23 Property, plant and equipment

	GROUP		COMPANY	
Cost	142,291	135,811	1,863	1,795
Accumulated Depreciation	(55,345)	(47,603)	(548)	(276)
	86,946	88,208	1,315	1,519

24 Intangible assets

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
Goodwill	5,769	6,141
Acquisition cost	10,300	7,217
Accumulated Amortisation	(4,637)	(3,264)
	11,432	10,094

25 Other assets

	GROUP		COMPANY	
	30 September 2015 N 'million	31 December 2014 N 'million	30 September 2015 N 'million	31 December 2014 N 'million
Financial assets:				
Premium debtors	250	578	-	-
Accounts receivable	24,621	27,431	3,035	14,111
	24,871	28,009	3,035	14,111
Less specific allowances for impairment	(3,458)	(1,408)	-	-
	21,413	26,601	3,035	14,111
Non Financial assets:				
Inventory	2,096	1,884	-	-
Prepayments	22,934	12,207	288	250
	25,030	14,091	288	250
Net other assets balance	46,443	40,692	3,323	14,361

26 Inventory

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
Work in progress	20,858	18,323
Interest capitalised	10,868	10,868
Stock of properties	8,614	8,614
At 31 December	40,340	37,805
Current	19,482	8,614
Non-current	20,858	29,191
	40,340	37,805

Inventory relates to real estate development of Rainbow Town Development Limited.

27 Investment properties

At start of the period	2,826	2,413
Acquisition of subsidiary	-	343
Addition and capital improvement	-	13
Net gains/(losses) from fair value adjustment	(44)	57
	2,782	2,826

28 Deposits from banks

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
Due to banks within Nigeria	125,959	78,859
Due to banks outside Nigeria	80,418	92,292
	206,377	171,151

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

29 Deposits from customers

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
Current	739,994	747,627
Savings	793,941	728,728
Term	1,011,503	1,049,023
Domiciliary	442,103	515,476
Electronic purse	12,016	9,999
	2,999,557	3,050,853

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

30 Borrowings

	GROUP	
	30 September 2015 N 'million	31 December 2014 N 'million
Long term borrowing comprise:		
FBN EuroBond (i)	149,013	141,819
Due to European Investment Bank (ii)	-	565
Due to Deutsche Bank (iii)	6,233	6,731
On-lending facilities from financial institutions (iv)	76,745	32,449
Borrowing from correspondence banks (v)	41,499	188,143
	273,490	369,707

The Group has not had any default of principal, interest or other breaches with respect to its liabilities during the period (2014: Nil).

(i) FBN Eurobond:
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) Due to European Investment Bank:
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 years 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.

(iii) Due to Deutsche Bank:
Facility represents a medium-term loan secured from Deustche Bank on 15 August 2014 for a period of 5 years to augment working capital. The loan bears interest at the rate of 2.68% per annum.

(iv) On-lending Facilities:
Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by First Bank for specific customers. These facilities include the Bank of Industry (BOI) funds and the Central Bank of Nigeria (CBN) Commercial Agricultural Credit Scheme (CACS) intervention funds.

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

31 Retirement benefit obligations

	GROUP	
	30 September 2015	31 December 2014
	N 'million	N 'million
Defined Contribution Plan	2	-
Defined Benefits Plan		
Gratuity Scheme (i)	-	17
Defined benefits - Pension (ii)	1,921	1,636
Gratuity Scheme (iii)	451	376
	2,374	2,029

Gratuity scheme (i)

FBN Pension Custodian, FBN Insurance Brokers and FBN Microfinance each have a non-contributory defined gratuity scheme whereby on separation, staff who have spent a minimum number of 5 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the enity.

On 30 June 2014, FBN Pension Custodian funded the schemes and transferred the balance of N343 million to a Fund Manager. When the scheme was funded, it was transferred from Gratuity Scheme (1) into Defined Benefit Scheme (2). The staff gratuity scheme was discontinued with effect from 31 December 2014 and the calculated curtailment loss was adjusted in 2014.

Defined benefit - Pension (ii)
First Bank of Nigeria Limited 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.

Gratuity scheme (iii)
This relates to the schemes operated by the subsidiaries of the bank as follows:

Banque International de Credit (BIC) Congo has a scheme whereby on separation, staff who have spent a minimum of 3 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank.

ICB Guinea and ICB Sierra Leone each have a graduated gratuity schemes 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.

32 Other liabilities

	GROUP		COMPANY	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	N 'million	N 'million	N 'million	N 'million
Financial Liabilities:				
Customer deposits for letters of credit	34,489	34,264	-	-
Accounts payable	50,404	52,313	-	-
Creditors	41,689	16,457	4,740	7,950
Bank cheques	13,911	14,964	-	-
Collection on behalf of third parties	4,027	7,759	-	-
	144,520	125,757	4,740	7,950
Non Financial Liabilities:				
Accruals	3,533	6,876	776	1,640
Other liabilities balance	148,053	132,633	5,516	9,590

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

33 Liability on investment contracts

	GROUP	
	30 September 2015	31 December 2014
	N 'million	N 'million
Long term clients	16,461	-
Short term clients	48,024	60,617
	64,485	60,617
Current	48,024	60,617
Non-current	16,461	-
	64,485	60,617

34 Share capital

Authorised	**30 September 2015**	**31 December 2014**
50 billion ordinary shares of 50k each (2014: 50 billion)	25,000	25,000

Issued and fully paid

Movements during the period:	**Number of shares In million**	**Share capital N 'million**
At 31 December 2014	32,632	16,316
Scrip issue during the period (1 for 10)	3,263	1,632
At 30 September 2015	35,895	17,948

35 Share premium and reserves

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

Share premium: Premiums (i.e. excess over nominal value) 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 banks 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.

Capital reserve: Reserve arising from business restructuring

Available for Sale (AFS) Fair value reserve: The AFS fair value reserve shows the effects of the fair value measurement of financial instruments classified as available for sale presented in other comprehensive income. 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.

Contingency reserve: As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Group. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premiums and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the Life Fund.

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.

Treasury share: This represents the purchase consideration of the shares of FBN Holdings Plc. held by one of its subsidiaries as at 30 September 2015 (2014: N32 million) entities within the Group. These shares are reported to a separate reserve. Gains and losses on sales or redemption of own shares are credited or charged to reserves.

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

36 Reconciliation of profit before tax to cash generated from operations

	GROUP		COMPANY	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	N 'million	N 'million	N 'million	N 'million
Profit before tax from continuing operations	59,563	73,749	(684)	(4,348)
Adjustments for:				
– Depreciation and amortisation	10,033	9,368	285	132
– Impairment of goodwill	300	-	-	-
– Profit from disposal of property and equipment	159	126	(13)	-
– Foreign exchange gains	2,963	(957)	-	-
– Profit/(loss) from disposal of subsidiaries	-	-		
– Profit from disposal of investment securities	(3,988)	(833)	-	-
– Net gains from financial assets at fair value through profit or loss	(3,477)	(1,531)	-	-
– Impairment on loans and advances	48,365	16,521	-	-
– Write off of PPE and intangible assets	(779)	-	-	-
– Change in provision in other assets	252	79	-	-
– Change in impairment of investments	-	-	-	5,317
– Change in retirement benefit obligations	344	719	-	-
– Share of profit from associates	-	(599)	-	-
– Dividend income	(1,450)	(2,190)	(1,063)	(1,173)
– Interest income	(300,382)	(255,722)	(490)	(2,585)
– Interest expense	107,464	79,231	-	-
– Net result from discontinued operations	-	-	-	-
Increase/(decrease) in operating assets:				
– Cash and balances with the Central Bank (restricted cash)	(74,360)	(70,161)	-	-
– Inventories	(2,534)	(4,277)	-	-
– Loans and advances to banks	106,588	(69,749)	-	-
– Loans and advances to customers	274,653	(271,794)	-	-
– Financial assets at fair value through profit or loss	(6,909)	(5,974)	-	-
– Other assets	(2,778)	(28,265)	26	37,385
– Pledged assets	(18,225)	(11,707)	-	-
– Assets held for sale	(5,200)	284	-	-
Increase/(decrease) in operating liabilities:				
– Deposits from banks	28,595	133,771	-	-
– Deposits from customers	(48,739)	(20,082)	-	-
– Financial liabilities	(1,069)	1,247	-	-
– Liability on investment contracts	3,868	(29,994)	-	-
– Liability on insurance contracts	3,038	3,429	-	-
– Liability held for sale	671	172	-	-
– Other liabilities	16,192	24,764	2,326	- 1,175
Cash flow used in operations	193,160	(430,378)	387	33,553

37 Compliance with regulations

No penalty was paid by the company during the period.

38 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company 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		COMPANY	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	N 'million	N 'million	N 'million	N 'million
Profit from continuing operations attributable to owners of the parent (N'million)	49,545	55,282	(684)	(4,348)
Weighted average number of ordinary shares in issue (in million)	33,812	32,473	33,812	32,632
Basic/diluted earnings per share (expressed in naira per share)	1.47	1.70	(0.02)	(0.13)