

**FCMB Group Plc
Annual Report
31 December 2015**

FCMB GROUP PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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March 4, 2016

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF FCMB GROUP PLC ("FCMB GROUP") FOR THE YEAR-ENDED DECEMBER 31, 2015.

In line with the provisions of **Section 15.6** of the Securities and Exchange Commission's **Code of Conduct for Public Companies (SEC Code)**, DCSL Corporate Services Limited (DCSL) was engaged by FCMB Group Plc (FCMB Group or the Group) to carry out an appraisal of the Board's performance as well as a Peer Review of the performance of individual Directors for the year-ended December 31, 2015. This entailed an examination of the Group's compliance with the requirements of the SEC Code, relevant provisions of the CBN Code of Corporate Governance 2014 as well as corporate governance best practices. In carrying out this engagement, we embarked on a comprehensive review of the Group's corporate and statutory documents, the Minutes of Board and Committee meetings, policies currently in place and other ancillary documents made available to us, responses to questionnaires administered as well as information derived from Director Interviews.

In undertaking the appraisal, we considered seven key corporate governance areas as follows:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Following our review of the processes put in place by the Group, we affirm that the Board has substantially complied with the provisions of the Codes. The composition of the Board of FCMB Group Plc is in line with the provisions of the SEC Code with the Directors being individuals with very relevant skills, competencies and experience.

The Peer Assessment indicate that individual Directors performed satisfactorily against the parameters used for the appraisal and remained committed to enhancing the Company's growth. We recommend that the Board should ensure that Directors continue to receive ongoing relevant training.

Details of our key findings and other recommendations are contained in our Report.

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Corporate Governance

Commitment to Corporate Governance

FCMB Group Plc (the Group) remains committed to institutionalising corporate governance principles. It continues to adhere to the implementation of corporate governance rules of the Central Bank of Nigeria, the Nigerian Stock Exchange and the Securities and Exchange Commission.

The Group's Board (the Board) operates in line with its responsibilities as contained in Regulatory Codes of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Company are carried out transparently without undue influence.

The Company has undertaken to create the institutional framework conducive for defending the integrity of our Directors, and is convinced that on account of this, the Group's Board is functioning in a highly effective manner. It is intended that we continue to challenge ourselves to improve in areas where the need for improvement is identified.

Board Composition and Independence

The Board is composed of 10 Directors made up of nine Non-Executive Directors and one Executive Director, in line with international best practice which requires the number of Non-Executive Directors to be more than the Executive Directors.

The appointment of Board members is in line with the Companies and Allied Matters Act Cap C20 LFN 2004, CBN code of Corporate Governance, and the Company's selection criteria for Directors.

The Group's Board, led by a Non-Executive Chairman is composed of individuals with enviable records of achievement in their respective fields and who bring on board high levels of competencies and experience. The Board meets regularly to set broad policies for the Group's business and operations and ensures that an objective and professional relationship is maintained with the Group's internal and external auditors in order to promote transparency in financial and non-financial reporting. Directors' emoluments, as well as their shareholding information, are disclosed in the Company's Annual Report and Accounts.

The Directors are guided by the Code of Conduct of the Central Bank of Nigeria for Directors.

The Guiding Principles of the Group's Code of Corporate Governance are as follows:

- all power belongs to the shareholders;
- delegation of authority by the owners to the Board and subsequently to Board Committees and executives is clearly defined and agreed;
- institutionalised individual accountability and responsibility through empowerment and relevant authority;
- clear terms of reference and accountability for committees at Board and executive levels;
- effective communication and information sharing outside of meetings;
- actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Group and shareholders;
- enhancing compliance with applicable laws and regulations and the interest of the stakeholders; where there is any conflict between the Group's rules, the local laws and legislation supersede;
- conformity with overall Group strategy and direction; and transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of Directors in any area of potential conflict regarding Group's business.

Role of the Board

- Investment and capital management, investor relations, Group financial and statutory reporting, articulation and approval of Group policies, setting overall Group strategic direction, monitoring and coordinating Group performance, succession planning for key positions on the Boards of the Group and operating companies.
- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with the approved budget.
- Ensuring the integrity of the Group's accounting and financial reporting systems (including the independence of Internal Audit, and that appropriate systems are in place for monitoring risk, financial control and compliance with the law).
- Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Group to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the Board.
- Ratifying duly approved recommendations and decisions of the Board Committees

The Board ensures that the Company has an effective internal audit and risk management system in place.

Board of Directors

The Board of Directors met five times during the year as noted below:

Board of Directors Meetings Held in 2015

	9 Mar 2015	24 Apr 2015	24 Jul 2015	23 Oct 2015	18 Dec 2015
Dr. Jonathan A D Long	✓	✓	-	✓	✓
Mr. Peter Obaseki	✓	✓	✓	✓	✓
Mr. Bismarck Rewane	-	-	-	✓	✓
Mr. Ladi Balogun	-	✓	✓	✓	✓
Alhaji Mustapha Damcida	✓	✓	✓	✓	✓
Mr. Olusegun Odubogun	✓	✓	✓	✓	✓
Mr. Olutola O Mobolurin	✓	✓	✓	✓	✓
Mr. Martin Dirks	-	✓	✓	-	✓
Prof Oluwatoyin Ashiru	✓	✓	✓	✓	✓
Dr. (Engr) Gregory O Ero	✓	✓	✓	✓	✓

Board Committees

The Board approved the constitution of the two Board Committees, listed below, with their respective responsibilities and roles clearly defined.

Risk, Audit and Finance Committee (RAF)

Its functions include the overseeing of Internal Control, Internal Audit and Financial Reporting; providing oversight for strategy articulation and strategic planning; reviewing the Group's strategy and financial objectives, as well as monitoring the implementation of those strategies and objectives; and reviewing and approving proposals for the allocation of capital and other resources within the Group.

Membership: The Committee is made up of five Non-Executive Directors (at least one of whom should be an Independent Director). The Managing Director is required to be in attendance at all meetings of the Committee.

Committee Composition: Mr Bismarck Rewane, Mr Olusegun Odubogun, Dr (Engr) Gregory O. Ero, Mr Ladi Balogun and Mr Martin Dirks.

Board Risk, Audit and Finance Committee Meetings Held in 2015

	20 Apr 2015	21 Jul 2015	19 Oct 2015	16 Dec 2015
Mr Bismarck Rewane	✓	-	✓	-
Mr Olusegun Odubogun	✓	✓	✓	✓
Dr (Engr) Gregory O Ero	✓	✓	✓	✓
Mr Ladi Balogun	✓	✓	✓	✓
Mr Martin Dirks	-	✓	-	✓

Governance and Remuneration Committee (GRC)

Its functions include nominating new Directors to the Board; recommending remuneration policy for the Group; overseeing Board performance and evaluation within the Group, as well as succession planning for key positions on the Boards of the Group and subsidiaries.

Membership: The Committee is made up of only Non-Executive Directors. The Managing Director shall be in attendance when required.

Committee Composition: Mr Olutola O Mobolurin, Alhaji Mustapha Damcida, Professor Oluwatoyin Ashiru and Mr Ladi Balogun.

Board Governance and Remuneration Committee Meetings Held in 2015

	20 Apr 2015	7 May 2015	19 Oct 2015	14 Dec 2015
Mr Olutola O Mobolurin	✓	✓	✓	✓
Alhaji Mustapha Damcida	✓	✓	✓	✓
Professor Oluwatoyin Ashiru	✓	-	✓	✓
Mr Ladi Balogun	✓	✓	✓	✓

Statutory Audit Committee (SAC)

Section 359 (3) of the Companies and Allied Matters Act Cap C20 LFN 2004 requires every public company to establish a Statutory Audit Committee (SAC) composed of an equal number of its Directors and representatives of the shareholders.

Subject to such other additional functions and powers that the Company's Articles of Association may stipulate, the objectives and functions of the Statutory Audit Committee shall be to:

- ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- review the scope and planning of audit requirements;
- review the findings on management matters in conjunction with the external auditors and departmental responses therein;
- keep under review the effectiveness of the Company's system of accounting and internal control;
- make recommendations to the Board with regard to the appointment of, removal and remuneration of the external auditors of the Company;
- authorise the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee; and examine the Auditors' Report and make recommendations thereon to the Annual General Meeting as it may think fit.

Membership

- The Statutory Audit Committee shall consist of an equal number of Directors and representatives of the shareholders (subject to a maximum of six members). Such members of the Audit Committee shall not be entitled to remuneration and shall be subject to re-election annually.
- The members will nominate any member of the Committee as the Chairman of the Audit Committee from time to time.
- Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary of the Company at least 21 days before the Annual General Meeting.
- A quorum for any meeting is a simple majority of three members with a minimum of two representatives of the shareholders.

Statutory Audit Committee Meetings Held in 2015

	9 Mar 2015	21 Apr 2015	22 Jul 2015	20 Oct 2015
Alhaji S B Daranijo	✓	✓	✓	✓
Alhaji B A Batula	✓	✓	✓	✓
Evangelist Akinola Soares	✓	✓	✓	✓
Mr Bismarck Rewane	-	-	-	✓
Mr Olutola O Mobolurin	✓	✓	✓	✓
Mr Olusegun Odubogun	✓	✓	✓	✓

Management Committees

The Board is supported by the Executive Management Committee (EMC) and the Group Executive Committee (GEC).

Executive Management Committee (EMC)

The EMC, usually chaired by the Managing Director of the Company, comprises all departmental heads. The EMC deliberates and makes decisions, as necessary, to optimise the resources of the Company and ensure the effective and efficient management of the Company. The EMC also articulates issues to be discussed by the Board.

The Managing Director is responsible for the daily running and performance of the Company.

Group Executive Committee (GEC)

The GEC is usually chaired by the Managing Director of the Group while other members are the Chief Executive Officers of the Operating companies in the Group and the Group Chief Financial Officer. The Company Secretary, serves as Secretary to the Committee. The GEC shall, from time to time, invite to its meetings any other person as may be required.

Shareholder Participation

The Group leverages the significant experience, contributions and advice of shareholder members of the Statutory Audit Committee. The Group continues to take necessary steps to promote shareholder rights. All stakeholders are invited to report any concern about a threatened/suspected breach of any corporate governance requirement to the office of the Company Secretary.

Security Trading Policy

The Company has a security trading policy which is being adhered to.

Disclosures to Shareholders

The Directors' fees for the financial year ending 31 December 2016 shall be fixed at N200, 000,000.00 only and a resolution to approve same shall be proposed.



Mrs Funmi Adedibu
Company Secretary
FRC/2014/NBA/00000005887

**BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Directors

- 1 Dr Jonathan A D Long (Chairman)
- 2 Mr Peter Obaseki (Managing Director)
- 3 Mr Ladipupo O Balogun (Non-Executive Director)
- 4 Mr Bismarck Rewane (Non-Executive Independent Director)
- 5 Mr Olusegun Odubogun (Non-Executive Independent Director)
- 6 Alhaji Mustapha Damcida (Non-Executive Director)
- 7 Mr Olutola O. Mobolurin (Non-Executive Director)
- 8 Mr Martin Dirks (Non-Executive Director)
- 9 Professor Oluwatoyin Ashiru (Non Executive Director)
- 10 Dr (Engr) Gregory O Ero (Non-Executive Director)

Company Secretary

Mrs. Olufunmilayo Adedibu

Registered office

FCMB Group Plc
First City Plaza
44, Marina Street,
Lagos Island,
Lagos

Auditors

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole street
Victoria Island
Lagos

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their annual report on the affairs of FCMB Group Plc ("the Company") and its subsidiaries ("the Group"), together with the financial statements and independent auditor's report for the year ended 31 December 2015.

a. Legal Form

FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under the Companies and Allied Matters Act.

b. Principal Activity and Business Review

The Company is a non-operating financial holding company, regulated by the Central Bank of Nigeria (CBN). The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its wholesale and retail customers. Such services include cash management, trade, loans and advances, corporate finance, investment banking, securities brokerage, money market activities and foreign exchange operations.

Through ownership of FCMB Group Plc, shareholders own 100% of all subsidiaries, including FCMB Capital Markets Limited, CSL Trustees Limited, CSL Stockbrokers Limited (including its subsidiary First City Asset Management Ltd) and First City Monument Bank Limited (and its subsidiaries - Credit Direct Limited, FCMB (UK) Limited and FCMB Financing SPV Plc).

The Group does not have any unconsolidated structured entity.

c. Operating Results

The gross earnings and profit after income tax recorded by the Group for the year ended 31 December 2015 was N152.51 billion and N4.76 billion respectively. The Directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the year ended are as follows:

In thousands of naira	GROUP		COMPANY	
	2015	2014	2015	2014
Gross earnings	152,507,947	148,637,409	4,200,904	6,672,890
Profit before minimum tax and income tax	7,768,664	23,942,893	2,548,286	5,450,877
Minimum tax	(900,532)	-	-	-
Income tax expense	(2,107,466)	(1,809,636)	(25,231)	(53,969)
Profit attributable to equity holders of the Company	4,760,666	22,133,257	2,523,055	5,396,908
Total comprehensive income for the year	6,976,534	22,586,829	2,523,055	5,396,908
Appropriations:				
Transfer to statutory reserve	661,992	3,067,607	-	-
Transfer to retained earnings	4,098,674	19,065,650	2,523,055	5,396,908
	4,760,666	22,133,257	2,523,055	5,396,908
Basic and diluted earnings per share (Naira)	0.24	1.12	0.13	0.27
Dividend per share (Naira)	0.10	0.25	0.10	0.25
Total non-performing loans and advances	25,370,162	22,962,196	-	-
Total non-performing loans to total gross loans and advances (%)	4.15%	3.63%	-	-

Proposed Dividend

The Board of Directors recommended a cash dividend of 10 kobo per issued and paid up ordinary share for the year ended 31 December 2015. This is subject to approval at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

d. Directors' shareholding

The direct and indirect interests of directors in the issued share capital of the Company as recorded in the register of directors shareholding and / or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 and listing requirements of the Nigerian Stock Exchange are as noted below:

	Shareholding as at 31-12-2015		Shareholding as at 31-12-2014	
	Number of 50k Ordinary Shares Held		Number of 50k Ordinary Shares Held	
	Direct holdings	Indirect holdings	Direct holdings	Indirect holdings
Dr Jonathan A D Long (Chairman)	11,149,220	-	11,149,220	-
Mr Peter Obaseki (Managing Director)	5,369,945	-	5,369,945	-
Mr Ladipupo O Balogun (Non-Executive Director)	190,166,756	-	190,166,756	-
Mr Bismarck Rewane (Non-Executive Independent Director)	1,112,280	-	1,112,280	-
Mr Olusegun Odubogun (Non-Executive Independent Director)	190,000	-	190,000	-
Alhaji Mustapha Damcida (Non-Executive Director)	-	-	-	-
Mr Olutola O. Mobolurin (Non-Executive Director)	2,120,000	-	1,520,000	-
Mr Martin Dirks (Non-Executive Director)	-	-	-	-
Professor Oluwatoyin Ashiru (Non Executive Director)	1,041,887	-	920,000	-
Dr (Engr) Gregory O Ero (Non-Executive Director)	-	-	-	-

e. Directors' interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, none of the Directors/Major Shareholder had direct or indirect interest in contracts or proposed contracts with the Company during the year.

g. Property and Equipment

Information relating to changes in property and equipment is given in Note 29 to the financial statements. In the Directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

h. Shareholding Analysis

The shareholding pattern of FCMB Group Plc as at 31 December 2015 is as stated below:

Share Range	No. Of Shareholders	% Of Shareholders	No. Of Holdings	% Of Shareholdings
1-10,000	490,562	93.98	391,693,209	1.98
10,001-50,000	24,076	4.62	481,531,637	2.43
50,001-100,000	3,399	0.65	234,871,356	1.19
100,001-500,000	3,095	0.59	593,867,954	3.00
500,001-1,000,000	331	0.06	230,047,138	1.16
1,000,001-5,000,000	372	0.07	710,915,187	3.59
5,000,001-10,000,000	41	0.01	275,582,650	1.39
10,000,001-50,000,000	64	0.01	1,258,032,369	6.35
50,000,001-100,000,000	5	0.00	370,401,503	1.87
100,000,001-500,000,000	22	0.01	5,615,592,389	28.36
500,000,001-1,000,000,000	2	0.00	1,045,436,075	5.28
1,000,000,001-19,802,710,781	3	0.00	8,594,739,314	43.40
TOTAL	521,972	100	19,802,710,781	100

31 December 2014

Share Range	No. Of Shareholders	% Of Shareholders	No. Of Holdings	% Of Shareholdings
1-10,000	492,130	94.02	392,910,467	1.98
10,001-50,000	24,251	4.63	483,154,936	2.44
50,001-100,000	3,319	0.63	228,025,004	1.15
100,001-500,000	2,948	0.56	557,509,856	2.82
500,001-1,000,000	295	0.06	205,093,434	1.04
1,000,001-5,000,000	331	0.07	604,809,147	3.05
5,000,001-10,000,000	48	0.01	337,804,553	1.71
10,000,001-50,000,000	69	0.01	1,317,834,711	6.65
50,000,001-100,000,000	15	0.00	1,186,109,213	5.99
100,000,001-500,000,000	27	0.01	7,411,355,801	37.43
500,000,001-1,000,000,000	6	0.00	4,437,629,078	22.41
1,000,000,001-19,802,710,781	2	0.00	2,640,474,581	13.33
TOTAL	523,441	100	19,802,710,781	100

The shareholding analysis into domestic and foreign shareholders of the Company is as stated below:

31 December 2015

Shareholder Category	No. Of Shareholders	% Of Shareholders	No. Of Holdings	% Of Shareholdings
Domestic shareholders	521,647	99.94	12,135,629,163	61.28
Foreign shareholders	325	0.06	7,667,081,618	38.72
Total	521,972	100	19,802,710,781	100

31 December 2014

Shareholder Category	No. Of Shareholders	% Of Shareholders	No. Of Holdings	% Of Shareholdings
Domestic shareholders	523,096	99.93	11,576,818,366	58.46
Foreign shareholders	345	0.07	8,225,892,415	41.54
Total	523,441	100	19,802,710,781	100

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

i. Substantial interest in Shares

The Company's authorised share capital is N15 billion divided into 30 billion ordinary shares of 50 kobo each of which 19,802,710,781 ordinary shares are issued and fully paid. According to the register of members no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2015:

	31 December 2015		31 December 2014	
	Number of shares	% Holding	Number of shares	% Holding
1. Capital IRG Trustees Limited	1,557,955,397	7.87	1,539,045,397	7.77
2. Stanbic Nominees Nig. Limited - Custody	5,704,007,750	28.80	6,288,451,314	31.76
3. Asset Management Corporation of Nigeria (AMCON)	1,332,776,167	6.73	1,281,403,966	6.47

j. Donations and Charitable Gifts

The Group made contributions to charitable and non-political organisations amounting to N202,561,950 (2014: N363,448,893) during the year.

BENEFICIARY	AMOUNT (NAIRA)
Kinabuti Fashion Initiatives	25,000,000
PAN Atlantic University	25,000,000
St Saviours School, Ikoyi	20,000,000
Abubakar Tafawa Balewa University	12,915,000
Central Bank of Nigeria: Financial Literacy Curriculum	10,257,450
Ojude Oba Festival	10,000,000
Bethesda Child Support Foundation	7,940,398
Tulsi Chanrai Foundation	7,000,000
River State Microfinance Agency	6,500,000
Kwara State University	6,500,000
House of TARA International Limited	5,600,000
The Life House: Woman Rising 2015 & The Film Festival	5,250,000
Ikoyi Club (Nigeria Cup Tournament)	5,000,000
Kwechi Energy Limited	4,750,000
Financial Reporting Council of Nigeria (FRCN)	4,000,000
University of Jos	3,994,725
SME Merchant Conference	3,000,000
Veepee General Enterprises	2,660,000
Chartered Institute of Bankers of Nigeria	2,500,000
SIFE Foundation Limited	2,500,000
Dragon African Limited	2,449,103
Association of Nigerian Women Academic Doctors	2,000,000
Nigerian American Chambers of Commerce	2,000,000
Market Cleaning Campaign	1,761,600
Swift Think: Edge Series Student Summit	1,500,000
AIESEC National Training	1,500,000
Lost in Lagos Business Forum	1,200,000
International Alliance of Patients Organisations	1,070,000
7 Star Worker Conference	1,000,000
AOL: Women in Journalism Sponsorship	1,000,000
GEM Publication	1,000,000
Havard Business School Alumni Nigeria	1,000,000
Nigeria Stock Exchange	1,000,000
Handicraft Empowerment Community	785,000
Inner Beauty Outward Radiance (IBOR)	700,000
Foundation for Global Compact	681,870
VAMA Wave Foundation	600,000
Akarigbo Coronation Anniversary	500,000
Ecologistics Integrated Service: World Environmental Day	500,000
Golden Hearts Touching Lives Initiatives	500,000
Grange School	500,000
Kamdora Limited: Women Supporting Event	500,000
Maharaja Ball Donation	500,000
Nigerian Conservation Foundation: World Environment Day	500,000
Remo Divisional High School	500,000
Women in Management and Business	500,000
Emmanuel Goodness	475,510
Nigerian Alliance for Clean Cook Stoves	460,000
Institute Of Chartered Secretaries and Administrators of Nigeria (ICSAN)	400,000
Ambassadors Summit & Branding Services	300,000
Heritage Point Media Limited	300,000
Hope for Girls Empowerment Organisation	300,000
Buharian Culture Organisation	250,000
St Paul Catholic Church	250,000
Kinetic Sports	200,000
Pace Setters	200,000
Prof. Benjamin Osayawe	200,000
Skylak Sports Club of Nigeria	200,000
World Federation Investor	200,000
Yaba College of Technology	180,000
Orphanage House Lafia	167,000
National Youth Service Corps	150,000
Atlantic Hall Educational Trust Council	100,000
Edgewood College	100,000
Joseph Edgar's Kidney Trust Fund	100,000
Julius Akpovire Enyeh	50,000
Others	1,864,294
Total	202,561,950

k. Events after the reporting period

There were no events after the balance sheet date which could have a material effect on the financial position of the Group as at 31 December 2015 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

l. Human Resources

Employment of Disabled Persons

The Group operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to those of other employees. Currently, the Group has four persons on its staff list with physical disabilities.

Health, Safety and Welfare at Work

The Group continues to prioritise staff health and welfare. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. A contributory pension fund scheme, in line with the Pension Reform Act 2014 (as amended), exists for employees of the Group.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Employee Code of Business Conduct and Ethics

Employees are bound by the code of business conduct and ethics signed at the time of employment.

Diversity in Employment

The number and percentage of women employed in the Group during the year ended 31 December 2015 and the comparative year regarding total workforce is as follows:

	31 DECEMBER 2015				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,545	1,598	4,143	61	39

	31 DECEMBER 2014				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,752	1,678	4,430	62	38

Gender analysis of Top Management in the Group is as follows:

	31 DECEMBER 2015				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	23	6	29	38	10
Deputy General Manager (DGM)	15	6	21	25	10
General Manager (GM)	7	3	10	12	5
TOTAL	45	15	60	75	25

	31 DECEMBER 2014				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	23	7	30	33	10
Deputy General Manager (DGM)	19	8	27	28	12
General Manager (GM)	9	3	12	13	4
TOTAL	51	18	69	74	26

Gender analysis of the Board of the Company is as follows:

	31 DECEMBER 2015				
	Number			%	
	Male	Female	Total	Male	Female
Managing Director	1	-	1	10	-
Other Executive Directors	-	-	-	-	-
Non - Executive Directors	9	-	9	90	-
TOTAL	10	-	10	100	-

	31 DECEMBER 2014				
	Number			%	
	Male	Female	Total	Male	Female
Managing Director	1	-	1	10	-
Other Executive Directors	-	-	-	-	-
Non - Executive Directors	9	-	9	90	-
TOTAL	10	-	10	100	-

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

m. Employee Involvement and Training

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Group. This is achieved through regular meetings between management and staff of the Group.

The Group has in-house training facilities complemented with additional facilities from educational institutions (local and offshore) for the training of its employees.

n. Customer Complaints

FCMB Group Plc is committed to ensuring an effective and responsive complaints management process hence the banking subsidiary has put in place a complaints management policy to ensure that the causes of complaints are fully addressed and to assure stakeholders and members of the public that their concerns will be handled in a fair and appropriate manner. Customers' complaints are lodged with the Complaints Officer at complaints@fcm.com for necessary action. The banking subsidiary had pending complaints of 64 at the beginning of the year and received additional 46,620 (2014: 50,096) during the year ended 31 December 2015, of which 46,572 (2014: 49,897) complaints were resolved (inclusive of pending complaints brought forward) and 85 (2014: 64) complaints remained unresolved and pending with the Bank as at the end of the reporting year. The total amount resolved and refunded was N485.55million (2014: N668.64million) while the total disputed amount in cases which remained unresolved stood at N2.33billion (2014: N11.7billion). These unresolved complaints were referred to the Central Bank of Nigeria for intervention. The Directors are of the opinion that these complaints will be resolved without adverse consequences to the Banking subsidiary. No provisions are therefore deemed necessary for these claims.

DESCRIPTION	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
	31 DEC 2015	DEC 2014	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Pending complaints B/F	64	28	-	-	-	-
Received complaints	46,620	50,096	2,910,339	12,608,409	-	-
Total complaints	46,684	50,124	2,910,339	12,608,409	-	-
Resolved complaints	46,572	49,897	582,186	872,282	485,550	668,644
Unresolved complaints escalated to CBN for intervention	27	163	2,328,153	11,736,127	395,166	379,264
Unresolved complaints pending with the bank C/F	85	64	-	-	-	-

o. Disclosure

The Directors' fees for the financial year ending 31 December 2016 shall be fixed at N200,000,000.00 only and a resolution to approve shall be proposed at the Annual General Meeting.

p. Auditors

KPMG Professional Services has indicated its willingness to continue in office as auditors in accordance with section 357 (2) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004.

By order of the Board



Mrs. Funmi Adedibu
Company Secretary
44 Marina Street
Lagos State
Nigeria
FRC/2014/NBA/00000005887
11 March 2016

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 11 to 82 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria 2004 and relevant Central Bank of Nigeria regulations.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Dr Jonathan A.D. Long
Chairman

FRC/2013/IODN/00000001433
11 March 2016



Peter Obaseki
Managing Director

FRC/2014/CIBN/00000006877
11 March 2016

Audit Committee Report

For the financial year ended 31 December 2015 to the members of FCMB Group Plc.

In compliance with Section 359 (6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 and Code of Corporate Governance of Central Bank of Nigeria, we have reviewed the Audit Report for the year ended 31 December 2015 and, hereby, state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The account and reporting policies of the Group conformed with the statutory requirements and agreed ethical practices;
3. The internal control system was constantly and effectively monitored;
4. The whistle blowing channel, run by an external and independent third party, was found adequate.
5. The external auditor's management controls report received a satisfactory response from Management; and
6. The gross value of related party loans as at 31 December 2015 was N2.03billion (31 December 2014:N9.89billion). All related party loans are performing.



Alhaji S B Daranijo
Chairman, Audit Committee
FRC/2014/ICSAN/00000007262
10 March 2016

The Audit Committee comprises the following Non-Executive Directors and Shareholders' representatives:

1. Alhaji S B Daranijo
Chairman/Shareholders' representative
2. Evangelist Akinola Soares
Shareholders' representative
3. Alhaji B A Batula
Shareholders' representative
4. Mr Bismarck Rewane
Non-Executive Director
5. Mr Olusegun Odubogun
Non-Executive Director
6. Mr Olutola Mobolurin
Non-Executive Director

The Group's Head, Internal Audit acts as secretary to the Committee.

**KPMG Professional Services**

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 271 0540
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Members of FCMB Group Plc

Report on the Financial Statements

We have audited the accompanying financial statements of FCMB Group Plc ("the Company") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2015, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 82.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of FCMB Group Plc ("the Company") and its subsidiaries (together "the Group") as at 31 December 2015, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

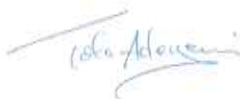
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books and the Group's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Company did not pay any penalty in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2015. However, the Group paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2015. Details of these contraventions and penalties paid are as disclosed in note 45 to the financial statements.
- ii. Related party transactions and balances are disclosed in note 43 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Signed:



Adetola P. Adeyemi, FCA
FRC/2012/ICAN/00000000620
For: KPMG Professional Services
Chartered Accountants
17 March 2016
Lagos, Nigeria



**CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

In thousands of Naira	Note	GROUP		COMPANY	
		2015	2014	2015	2014
Gross earnings		152,507,947	148,637,409	4,200,904	6,672,890
Interest income	7	123,583,565	117,984,048	536,426	438,029
Interest expense	8	(59,646,733)	(45,350,521)	-	-
Net interest income		63,936,832	72,633,527	536,426	438,029
Fee and commission income	10	18,998,969	16,906,087	-	-
Fee and commission expense	10	(3,164,615)	(2,468,185)	-	-
Net fee and commission income		15,834,354	14,437,902	-	-
Net trading income	11	940,285	765,819	-	-
Net income from other financial instruments at fair value through profit or loss	12	149,846	131,428	-	-
Other income	13	8,835,282	12,850,027	3,664,478	6,234,861
		9,925,413	13,747,274	3,664,478	6,234,861
Net impairment loss on financial assets	9	(15,033,459)	(10,639,877)	(689,742)	-
Personnel expenses	14	(25,487,681)	(27,803,903)	(238,360)	(306,667)
Depreciation & amortisation expenses	15	(4,363,016)	(3,590,762)	(23,260)	(20,225)
General and administrative expenses	16	(24,845,639)	(23,608,396)	(401,085)	(388,760)
Other operating expenses	17	(12,282,705)	(11,300,982)	(300,171)	(506,361)
Results from operating activities		7,684,099	23,874,783	2,548,286	5,450,877
Share of post tax result of associate	28	84,565	68,110	-	-
Profit before minimum tax and income tax		7,768,664	23,942,893	2,548,286	5,450,877
Minimum tax	19	(900,532)	-	-	-
Income tax expense	19	(2,107,466)	(1,809,636)	(25,231)	(53,969)
Profit for the year		4,760,666	22,133,257	2,523,055	5,396,908
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurements of defined benefit asset		-	(272,017)	-	-
Related tax		-	261,400	-	-
		-	(10,617)	-	-
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		498,494	1,065,152	-	-
Net change in fair value of available-for-sale financial assets		1,717,374	(600,963)	-	-
		2,215,868	464,189	-	-
Other comprehensive income for the year, net of tax		2,215,868	453,572	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,976,534	22,586,829	2,523,055	5,396,908
Profit attributable to:					
Equity holders of the Company		4,760,666	22,133,257	2,523,055	5,396,908
Non-controlling interests		-	-	-	-
		4,760,666	22,133,257	2,523,055	5,396,908
Total comprehensive income attributable to:					
Equity holders of the Company		6,976,534	22,586,829	2,523,055	5,396,908
Non-controlling interests		-	-	-	-
		6,976,534	22,586,829	2,523,055	5,396,908
Basic and diluted earnings per share (Naira)	18	0.24	1.12	0.13	0.27

**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

AS AT 31 DECEMBER 2015		GROUP		COMPANY	
In thousands of Naira	Note	2015	2014	2015	2014
ASSETS					
Cash and cash equivalents	20	180,921,698	126,293,809	7,231,196	4,056,165
Restricted reserve deposits	21	125,552,318	146,105,573	-	-
Non-pledged trading assets	22	1,994,350	741,917	-	-
Derivative assets held for risk management	23	1,479,760	4,503,005	-	-
Loans and advances to customers	24	592,957,417	617,979,790	-	-
Assets pledged as collateral	26	51,777,589	53,812,420	-	-
Investment securities	25	135,310,147	148,286,830	2,013,621	2,828,220
Investment in subsidiaries	27	-	-	118,246,361	118,756,103
Investment in associates	28	731,964	647,399	418,577	418,577
Property and equipment	29	29,970,738	28,391,807	41,263	56,337
Intangible assets	30	8,968,539	8,348,310	1,845	2,808
Deferred tax assets	31	8,166,241	8,166,241	-	-
Other assets	32	21,703,415	26,087,683	1,425,398	5,452,080
Total assets		1,159,534,176	1,169,364,784	129,378,261	131,570,290
LIABILITIES					
Derivative liabilities held for risk management	23	1,317,271	4,194,185	-	-
Deposits from banks	33	5,461,038	4,796,752	-	-
Deposits from customers	34	700,216,706	733,796,796	-	-
Borrowings	35	113,700,194	99,540,346	-	-
On-lending facilities	36	33,846,116	14,913,521	-	-
Debt securities issued	37	49,309,394	26,174,186	-	-
Retirement benefit obligations	38	50,544	115,056	-	-
Current income tax liabilities	19(v)	3,497,954	4,363,544	25,231	114,246
Deferred tax liabilities	31	68,438	41,487	-	-
Other liabilities	39	89,675,234	121,063,480	1,003,037	678,428
Total liabilities		997,142,889	1,008,999,353	1,028,268	792,674
EQUITY					
Share capital	40(b)	9,901,355	9,901,355	9,901,355	9,901,355
Share premium	41	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	41	17,181,437	26,238,677	3,056,224	5,483,847
Other reserves	41(b)	19,916,081	8,832,985	-	-
		162,391,287	160,365,431	128,349,993	130,777,616
Total liabilities and equity		1,159,534,176	1,169,364,784	129,378,261	131,570,290

The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on 11 March 2016 and signed on its behalf by:

Dr Jonathan A D Long
Chairman
FRC/2013/IODN/00000001433

Peter Obaseki
Managing Director
FRC/2014/CIBN/00000006877

Patrick Iyamabo
Chief Financial Officer
FRC/2013/ICAN/00000003316

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

GROUP											
In thousands of Naira											
	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2014	9,901,355	115,392,414	13,109,779	2,284,984	-	10,617	12,509	272,991	(8,625)	2,730,705	143,706,729
Profit	-	-	19,065,650	3,067,607	-	-	-	-	-	-	22,133,257
Other comprehensive income, net of tax	-	-	-	-	-	(10,617)	1,065,152	(600,963)	-	-	453,573
Total comprehensive income for the year	-	-	19,065,650	3,067,607	-	(10,617)	1,065,152	(600,963)	-	-	22,586,829
Transactions with owners recorded directly in equity											
Elimination of treasury shares	-	-	-	-	-	-	-	-	8,625	-	8,625
Dividend paid	-	-	(5,940,813)	-	-	-	-	-	-	-	(5,940,813)
Recognised reserve due to consolidated subsidiary	-	-	4,061	-	-	-	-	-	-	-	4,061
Total Contributions by and distributions to equity holders	-	-	(5,936,752)	-	-	-	-	-	8,625	-	(5,928,127)
Balance at 31 December 2014	9,901,355	115,392,414	26,238,677	5,352,591	-	-	1,077,661	(327,972)	-	2,730,705	160,365,431
Profit for the year	-	-	4,098,674	661,992	-	-	-	-	-	-	4,760,666
Other comprehensive income, net of tax	-	-	-	-	-	-	498,494	1,717,374	-	-	2,215,868
Total comprehensive income for the year	-	-	4,098,674	661,992	-	-	498,494	1,717,374	-	-	6,976,534
Contributions by and distributions to equity holders											
Transfer from regulatory risk reserve	-	-	(8,205,236)	-	-	-	-	-	-	8,205,236	-
Dividend paid	-	-	(4,950,678)	-	-	-	-	-	-	-	(4,950,678)
Total Contributions by and distributions to equity holders	-	-	(13,155,914)	-	-	-	-	-	-	8,205,236	(4,950,678)
Balance at 31 December 2015	9,901,355	115,392,414	17,181,437	6,014,583	-	-	1,576,155	1,389,402	-	10,935,941	162,391,287

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

COMPANY

In thousand of Naira

	Share capital	Share premium	Retained earnings	Statutory reserve	SSI reserve	Actuarial reserve	Translation reserve	Available for sale reserve	Treasury shares	Regulatory risk reserve	Total equity
Balance at 1 January 2014	9,901,355	115,392,414	6,027,752	-	-	-	-	-	-	-	131,321,521
Profit for the year	-	-	5,396,908	-	-	-	-	-	-	-	5,396,908
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	5,396,908	-	-	-	-	-	-	-	5,396,908
Transactions with owners recorded directly in equity											
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	(5,940,813)	-	-	-	-	-	-	-	(5,940,813)
Total Contributions by and distributions to equity holders	-	-	(5,940,813)	-	-	-	-	-	-	-	(5,940,813)
Balance at 31 December 2014	9,901,355	115,392,414	5,483,847	-	-	-	-	-	-	-	130,777,616
Profit for the year	-	-	2,523,055	-	-	-	-	-	-	-	2,523,055
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,523,055	-	-	-	-	-	-	-	2,523,055
Contributions by and distributions to equity holders											
Transfer from regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	(4,950,678)	-	-	-	-	-	-	-	(4,950,678)
Total Contributions by and distributions to equity holders	-	-	(4,950,678)	-	-	-	-	-	-	-	(4,950,678)
Balance at 31 December 2015	9,901,355	115,392,414	3,056,224	-	-	-	-	-	-	-	128,349,993

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

In thousands of Naira	Note	GROUP 2015	2014	COMPANY 2015	2014
Cash flows from operating activities					
Profit for the year		4,760,666	22,133,257	2,523,055	5,396,908
Adjustments for:					
Net impairment loss on financial assets	9	15,033,459	10,639,877	689,742	-
Fair value gain on financial assets held for trading	48(i)	(3,143)	(889)	-	-
Net income from other financial instruments at fair value through profit or loss	12	(149,846)	(131,428)	-	-
Depreciation and amortisation	15	4,363,016	3,590,762	23,260	20,225
Gain on transfer of subsidiary	13	-	(40,000)	-	(40,000)
Gain on disposal of property and equipment	13	(231,328)	(332,350)	(108)	(165)
Gain on disposal of investment securities	13	(2,584,955)	-	(1,915,875)	-
Share of profit of associates	28	(84,565)	(68,110)	-	-
Foreign exchange gains	13	(5,431,496)	(9,769,431)	(201,710)	(320,163)
Net interest income	48(ix)	(63,936,832)	(72,633,527)	(536,426)	(438,029)
Dividend income	13	(532,552)	-	(218,510)	(70,102)
Tax expense	19	3,007,998	1,809,636	25,231	53,969
		(45,789,578)	(44,802,203)	388,659	4,602,642
Changes in operating assets and liabilities					
Net (increase)/decrease restricted reserve deposits	48(x)	20,553,255	(72,632,477)	-	-
Net (increase)/decrease non-pledged trading assets	48(xii)	(1,237,693)	2,179,441	-	-
Net (increase)/decrease loans and advances to customers	48(xiii)	25,022,373	(167,446,825)	-	-
Net (increase)/decrease in property and equipment		-	-	-	(34,674)
Net (increase)/decrease in other assets	48(xiv)	4,384,268	(1,595,325)	4,026,682	2,227,806
Net (increase)/decrease Derivative assets held	48(xi)	3,420,397	(2,805,399)	-	-
Net increase/(decrease) in deposits from banks	48(xv)	664,286	4,796,752	-	-
Net increase/(decrease) in deposits from customers	48(xvi)	(33,580,090)	18,582,604	-	-
Net increase in on-lending facilities	48(xvii)	18,359,414	14,913,521	-	-
Net increase/(decrease) in derivative liabilities held	48(xviii)	(3,278,455)	26,174,186	-	-
Net Increase/(decrease) in other liabilities and others	48(vii)	(33,094,394)	36,787,786	309,057	578,037
		(44,576,217)	(185,847,939)	4,724,398	7,373,811
Interest received	48(ii)	128,810,492	124,724,717	484,314	436,694
Interest paid	48(iii)	(74,313,914)	(50,147,105)	-	-
Dividends received	13	532,552	467,415	218,510	70,102
VAT paid	48(iv)	(770,249)	(1,474,442)	-	-
Income taxes paid	19(v)	(3,883,168)	(3,854,856)	(114,246)	-
Net cash generated/(used in) operating activities		5,799,496	(116,132,210)	5,312,976	7,880,607
Cash flows from investing activities					
Investment in subsidiaries	27	-	-	(180,000)	-
Purchase of interests in associates	28	-	(10,777)	-	(10,777)
Purchase of property and equipment and intangible assets	29,30	(6,992,056)	(8,242,744)	(7,223)	(31,125)
Proceeds from sale of property and equipment and intangible assets	48(viii)	89,004	1,292,314	108	165
Acquisition of investment securities	48(v)	(85,257,087)	(150,405,709)	(440,698)	-
Proceeds from sale and redemption of investment securities	48(v)	106,775,458	139,576,195	3,434,934	-
Net cash generated/(used in) investing activities		14,615,319	(17,790,721)	2,807,121	(41,737)
Cash flows from financing activities					
Dividend paid		(4,950,678)	(5,940,813)	(4,950,678)	(5,940,813)
Proceed from long term borrowing	35(b)	28,781,222	45,066,628	-	-
Repayment of long term borrowing	35(b)	(14,742,847)	(13,313,964)	-	-
Proceed from debt securities issued	37(b)	23,135,208	26,000,000	-	-
Net cash generated/(used in) financing activities		32,222,905	51,811,851	(4,950,678)	(5,940,813)
Net Increase /(decrease) in cash and cash equivalents		52,637,721	(82,111,080)	3,169,419	1,898,057
Cash and cash equivalents at start of year	20	126,293,809	199,700,305	4,056,165	2,150,389
Effect of exchange rate fluctuations on cash and cash equivalents held	48(vi)	1,990,168	8,704,584	5,612	7,719
Cash and cash equivalents at end of year	20	180,921,698	126,293,809	7,231,196	4,056,165

Notes to the consolidated and separate financial statements

1 Reporting entity

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

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

FCMB Group Plc is a company domiciled in Nigeria. The address of the company's registered office is 44 Marina Street, Lagos Island, Lagos. These audited reports for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issue by the Board of directors on 11th March, 2016.

2 Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

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

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) in the manner required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. The IFRS accounting policies have been consistently applied to all periods presented.

(ii) Basis of measurement

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

- Non-derivative financial instruments, at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value through other comprehensive income (OCI). However, when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment
- Financial assets and liabilities held for trading are measured at fair value
- Derivative financial instruments are measured at fair value

(iii) Functional and presentation currency

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

(iv) Use of estimates and judgments

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

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

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 4.

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investment in subsidiaries are measured at cost less impairment in the company's separate financial statements.

(ii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The Group established FCMB Financing SPV Plc, as a special purpose entity to raise capital from the Nigerian Capital Markets or other international markets either by way of a stand-alone issue or by the establishment of a programme. Accordingly, the financial statements of FCMB Financing SPV Plc have been consolidated.

(iii) Loss of control

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

Notes to the consolidated and separate financial statements

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

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

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

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

(v) Transactions eliminated on consolidation

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

(c) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

(d) Interest

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

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

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

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

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

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

(e) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate which is used in the computation of interest income. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantees, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

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

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

(f) Net trading income

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

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

Net income from other financial instruments at fair value through profit or loss relates to fair value gains or losses on non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Notes to the consolidated and separate financial statements

(h) Dividend income

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

(i) Lease payments

(i) Lease payments – Lessee

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

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

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

(ii) Lease assets – Lessee

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease assets – Lessor

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances (see (o)).

Finance charges earned are computed using the effective interest method which reflects a constant periodic return on the investment in the finance lease. Initial direct costs paid are capitalized to the value of the lease amount receivable and accounted for over the lease term as an adjustment to the effective rate of return.

(j) Income Tax

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

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and it consists of Company Income Tax, Education tax and NITDA tax. Company Income tax is assessed at 30% statutory rate of total profit whereas Education tax is computed as 2% of assessable profit while NITDA tax is a 1% levy on Profit Before Tax of the Company and Group.

Current income tax is recognised as an expense for the period and adjustments to past years except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credit to other comprehensive income or to equity (for example, current tax on available-for-sale investment).

Where the Group has tax losses that can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

The Group evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability, which has been adequately provided for in the financial statement

(ii) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

Additional taxes that arise from the distribution of dividend by the Company are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally recognised in profit or loss.

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

(iii) Tax exposures

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

(k) Financial assets and financial liabilities

(i) Recognition

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

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

Notes to the consolidated and separate financial statements

(ii) Classification

Financial assets

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

- loan and receivables
- held to maturity
- available-for-sale
- at fair value through profit or loss and within the

category as:

- held for trading; or
- designated at fair value through profit or loss.

see Notes 3(m) (n) and (p)

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value

(iii) De-recognition

Financial assets

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

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

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

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

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

Financial liabilities

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

(iv) Offsetting

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

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

(v) Amortised cost measurement

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

(vi) Fair value measurement

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

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

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

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

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

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

Notes to the consolidated and separate financial statements

(vii) Identification and measurement of impairment

Assets classified as loan and advances and held-to-maturity investment securities;

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include;

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

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

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

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

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

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

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

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

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

Assets classified as available for sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. 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 the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement. Assets classified as available for sale are assessed for impairment in the same manner as assets carried at amortised cost.

(l) Cash and cash equivalents and restricted deposits

Cash and cash equivalents include bank notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position. Restricted reserve deposits are restricted mandatory reserve deposits held with the Central Bank of Nigeria, which are not available for use in the banking subsidiary and Group's day-to-day operations. They are calculated as a fixed percentage of the banking subsidiary's deposit liabilities.

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

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

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

Notes to the consolidated and separate financial statements

(i) Trading assets and liabilities

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

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

(ii) Designation at fair value through profit or loss

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

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

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

(iii) Reclassification of financial assets and liabilities

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

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

(n) Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see k(iii)) are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial measurement of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are designated as available for sale or held to maturity. Where the assets pledged as collateral are designated as available for sale, subsequent measurement is at fair value through equity. Assets pledged as collateral designated as held to maturity are measured at amortised cost.

(o) Loans and advances

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

Loan and receivables to customers and others include:

- those classified as loan and receivables
- finance lease receivables
- other receivables (other assets).

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

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

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

(p) Investment securities

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

(i) Held-to-maturity

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

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

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

(ii) Fair value through profit or loss

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

Notes to the consolidated and separate financial statements

(iii) Available-for-sale

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

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

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

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

(q) Derivatives held for risk management purposes

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

(r) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(iv) De-recognition

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

(s) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

Notes to the consolidated and separate financial statements

(t) Impairment of non-financial assets

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

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

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

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

(u) Deposits, debt securities issued, onlending facilities and borrowings

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

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

(v) Sale and repurchase agreements

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

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

(w) Provisions

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

(x) Financial guarantees and loan commitments

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

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

(y) Employee benefits

(i) Retirement benefit obligations

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

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted.

(z) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Company's ordinary shares

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

(aa) Earnings per share

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

Notes to the consolidated and separate financial statements

(ab) Segment reporting

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

(ac) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) Equity method in Separate Financial Statements (Amendments IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries.

The amendment is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. The amendments apply

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(ii) IFRS 15 - Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard will have no impact on the Group's financial statements.

(iii) IFRS 9 - Financial instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group has commenced the process of evaluating the potential effect of this standard but is awaiting finalization of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

The Group has started the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

Notes to the consolidated and separate financial statements

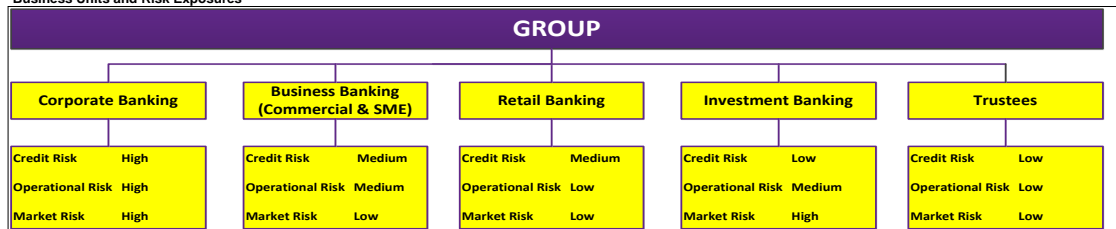
3 Financial risk management

(a) Introduction and overview

Risk management at FCMB Group is critical to the attainment of the Group's strategic business objectives. It provides the mechanism to identify and explore growth opportunities and manage inherent risks in operating and business environments, ensure compliance with corporate governance standards and regulatory stipulations. Our risk management practices are integrated, structured, enterprise-wide and continuous across the Group for identifying and deciding on appropriate responses to, and reporting on, opportunities and threats that may affect the achievement of the strategic business objectives. Based on its strategic business and operational objectives, the Group is exposed to a wide range of risks such as credit, liquidity, market, operational, strategic and regulatory risks and has put in place a robust risk management framework for the proactive identification, assessment, measurement and management of such risks, including a capital management policy that ensures it has enough capital to support its level of risk exposures whilst also complying with the regulatory requirements. The framework seeks to strengthen the administration and supervision of the Group's enterprise risk management and ensure that the Group's corporate governance principles, risk philosophy and culture, risk appetite and risk management processes are implemented in line with the board's expectations. It also provides management with clear, comprehensive and unbiased analysis of the adequacy, existence and effectiveness of internal controls and risk processes.

The chart below provides a link between the Group's business units and their principal risk exposures. The risks have been assessed based on the relative amount of capital allocation to the various business lines.

Business Units and Risk Exposures



This chart represents the Group's exposure to each of the risks above, being its major risk exposures. The classification to high, medium and low is based on the capital allocated to the businesses in line with their exposures to these risks.

As implied from this chart, credit risk is the largest risk exposure of the Group, next to this is operational risk and then market risk, which has increased in recent time resulting from naira devaluation and scarcity of foreign currency required to meet obligations. Corporate Banking, having the largest exposure to credit risk takes most of the capital allocation, followed by Business Banking, Retail Banking, Investment Banking (treasury, brokerage, advisory, asset management businesses, etc.) and Trustees. Despite the presence of counterparty risks, credit risk is low for treasury functions, but market risk, which used to be low because of the nature of instruments traded in Nigeria is no more so due to the devaluation of the Naira and scarcity of foreign exchange, resulting from the drop in oil price and the high dependence of the Nigerian economy on importation. The Trustee business has the least capital allocation due to low portfolio risk. The Group continues to identify and proactively manage its various risk exposures at the transaction and portfolio level, making sure that appropriate mitigants are in place for the various balance sheet exposures.

The disclosures here therefore give details of the Group's exposures to these risks and the appropriate policies and processes for managing them accordingly, including a summary of the capital management policy of the group.

Notes to the consolidated and separate financial statements

Risk Management Framework

The Board of FCMB Group has the risk oversight role, setting and approving the risk appetite and other capital management initiatives to be implemented by the Executive Management Committee. The Executive Management Committee coordinates the activities of the sub-committees to provide support to the Board in managing risk and ensuring that capital is adequate and optimally deployed. The Boards of FCMB Group Plc and its subsidiaries continue to align the business and risk strategy the Group through a well articulated appetite for all significant risks, and make sure (through appropriate sub-committees) that all risk taking activities are within the set appetite/tolerance, failing which an appropriate remedial action should be taken within a reasonable period. The responsibility for day-to-day management of these risks has been delegated to Executive Managements through its related committees (Risk Management Committee, Management Credit Committee, Asset & Liability Committee, Investment Committee and Executive Management Committee). The Risk Committee focuses on risk governance and provides a strong forward-looking view of risks and their mitigation. The Risk Committee is a sub-committee of the Board and has responsibility for oversight; and advises the Board on, inter alia, the Group's risk appetite, tolerance and strategy, systems of risk management, internal control and compliance. Additionally, the Risk Committee ensures the alignment of the reward structures and the maintenance and development of a supportive culture, in relation to the management of risk, which is appropriately embedded through procedures, training and leadership actions. In carrying out its responsibilities, the Risk Committee is closely supported by the Chief Risk Officer and the Chief Financial Officer, together with other business functions within their respective areas of responsibility. In line with global standard, the Group sets its risk tone at the top as this is central to its approach to balancing risk and reward. Personal accountability is reinforced by the Group's values, with staff expected to act with integrity in conducting their duties. Staff are supported by a disclosure line which enables them to raise concerns in a confidential manner. The Group also has in place a suite of mandatory trainings to ensure a clear and consistent attitude is communicated to staff; mandatory training not only focuses on the technical aspects of risk but also on the group's attitude towards risk and the behaviours expected by its policies.

The illustration below highlights significant risk exposures of the Group and the respective Board and Executive Management committees responsible for oversight and risk control.

Enterprise Risk Universe and Governance Structure.

Enterprise Risk Universe and Governance Structure.									
FCMB Group Risk Universe & Responsibility Matrix									
Risk Universe	Credit Risk	Concentration Risk	Market Risk	Liquidity Risk	Operational Risk	Strategic Risk	Legal Risk	Reputational Risk	Compliance Risk
Primary Risk Owner	Chief Risk Officer	Chief Risk Officer	Treasurer	Treasurer	Head of Operations & Technology Division	Head of Strategy	General Counsel	Head of Corporate Comm./ Brand Marketing	Chief Compliance Officer
Secondary Risk Owner	Chief Risk Officer								Chief Compliance Officer
Management Committee	Management Credit Committee		Asset & Liability Management Committee		Risk Management Committee		Executive Management Committee		
	Risk Management Committee								
Board Committee	Board Credit Committee		Board Audit & Risk Management Committee						Board of Directors
	Board of Directors								

A three line of defense system is in place for the management of enterprise risks as follows:

- Oversight function by the Board of Directors and Executive Management and the primary responsibility of the business lines and process owners within the Group for establishing an appropriate risk and control environment in order to align risk management with business objectives.
- Independent control function over the business processes and related risks to ensure that the business and process owners operate within defined appetite and approved policies and procedures. It is provided by functions such as risk management, internal control, compliance, and finance. These departments develop policies and procedures, risk management processes and controls, monitor and report on risks accordingly for prompt decision making.
- Independent assurance to the Board of Directors on the effective implementation of the risk management framework and validates the risk measurement processes. There are two complementary parts to this - the internal and external audit.

Notes to the consolidated and separate financial statements

Details of the Group's Three Line Defense Mechanism is described below:



FIRST LINE OF DEFENCE

(a) Board Level

I. The Board of Directors sets the appetite for risk and ensures that senior management and individuals responsible for managing risks possess sound expertise and knowledge to undertake risk management functions within the Group.

II. The Board Risk, Audit & Finance Committee (BRAFC) and, as necessary, the subsidiaries' risk committees provide direct oversight for enterprise risk management and acts on behalf of the Board on all risk management matters. The BRAFC ensures that all decisions of the Board on risk management are fully implemented and risk exposures are in line with agreed risk appetite. The committee also reviews the enterprise risk management framework on a periodic basis to ensure its appropriateness and continued usefulness in line with the size, complexity and exposure of the Group to risks in addition to compliance with regulatory requirements. The BRAFC meets every quarter.

III. The Board Credit Committee's (BCC) function is more transactional. It approves amendments to the credit policy, changes in target market or risk acceptance criteria, large exposure requests within pre-defined limits, exceptional approvals where necessary, specific provisions, credit write-offs and remedial/corrective measures.

IV. The Board Risk, Audit & Finance Committee (BRAFC) is responsible for assessing the adequacy and scope of internal controls, audit of the financial statements and overall compliance.

(b) Executive Management Level

I. The Risk Management Committee (RMC) is a management committee, which reports to Board Risk, Audit & Finance Committee (BRAFC), has direct responsibility for implementing the enterprise risk management framework and related policies approved by the Board. The RMC meets on a periodic basis (monthly) to review all risk exposures (including Key Risk Indicators, credit portfolio reports, market risk exposures, etc.) and recommends risk mitigating strategies and actions. The RMC is also responsible for portfolio planning, capital management and providing oversight for all enterprise risk management initiatives.

II. The Management Credit Committee (MCC) appraises and approves loans and other credit related transactions as stated in the credit policy. The committee ensures full compliance with the Board's approved credit policy.

III. The Asset & Liability Committee (ALCO) is responsible for managing the composition and pricing of the assets and liabilities, making policy decisions, and providing direction/oversight for market and liquidity risk management practices.

(c) Business Unit Management Level

I. Business Unit Management as a risk originator has first line responsibility and ownership of risks. The Business Units take on risks within set boundaries and manage the risks taken on a day to day basis to protect the Group from the risk of loss.

II. Each Business Unit has a dedicated Operational Risk Committee responsible for reviewing critical/significant risks and recommending appropriate remedial measures. The Committee reviews the outcome of Risk & Control Self-Assessment (RCSA) for their respective business units, major risk exposures as measured by their Key Risk Indicators/Key Control Indicators, agree action plans and assigns responsibilities for resolving identified issues and exposures.

Notes to the consolidated and separate financial statements

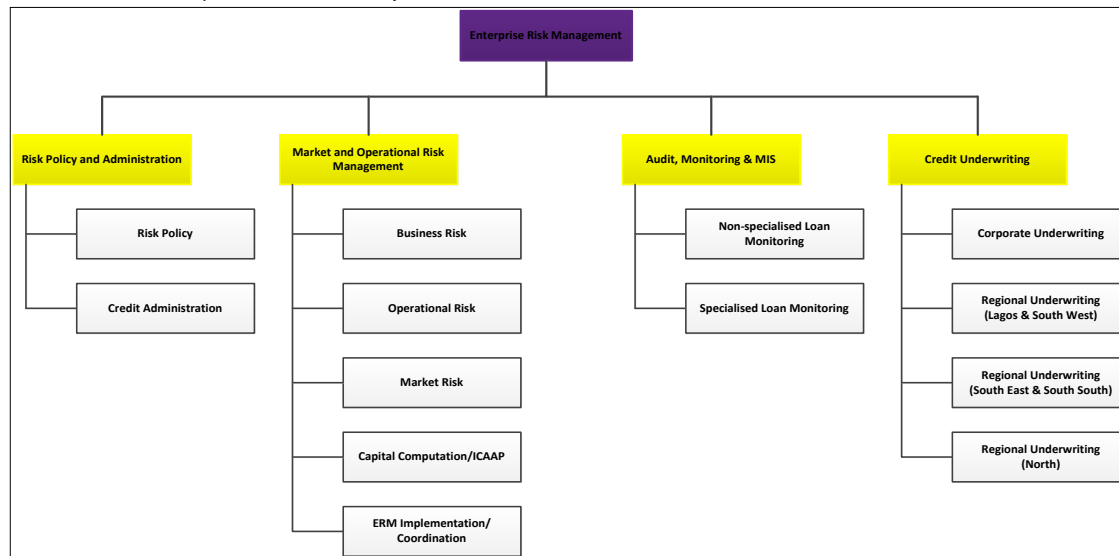
SECOND LINE OF DEFENCE

(a) Risk Management Division

The Risk Management Division is an independent control function with primary responsibility for the following:

- Risk Strategy - Development of the risk management strategy in alignment with overall growth and business strategy of the Group.
- Risk Compliance - Ensuring compliance with risk strategy, risk appetite, regulatory requirements at enterprise and business unit levels.
- Risk Advisory – Identification, assessment, measurement and disclosure of all significant risk exposures and providing recommendations/guidance for risk taking and exposures.
- Risk Control - Proactive management of all risks to minimize losses and capital erosion.

The Internal Control and Compliance Division is functionally structured as shown in the chart below:



The Group also has robust Collection and Recovery teams which report to the Executive Managements. The teams compliments the post-disbursement monitoring responsibilities through effective enforcement of credit covenants and approval terms. The process automation on the Axe Credit Portal also facilitates proactive credit performance monitoring and collection through the configuration of specific performance triggers for intermittent notifications to Relationship Managers and borrowers in some cases. Where warranted, remedial actions and /or recovery activities are recommended and followed through by this department.

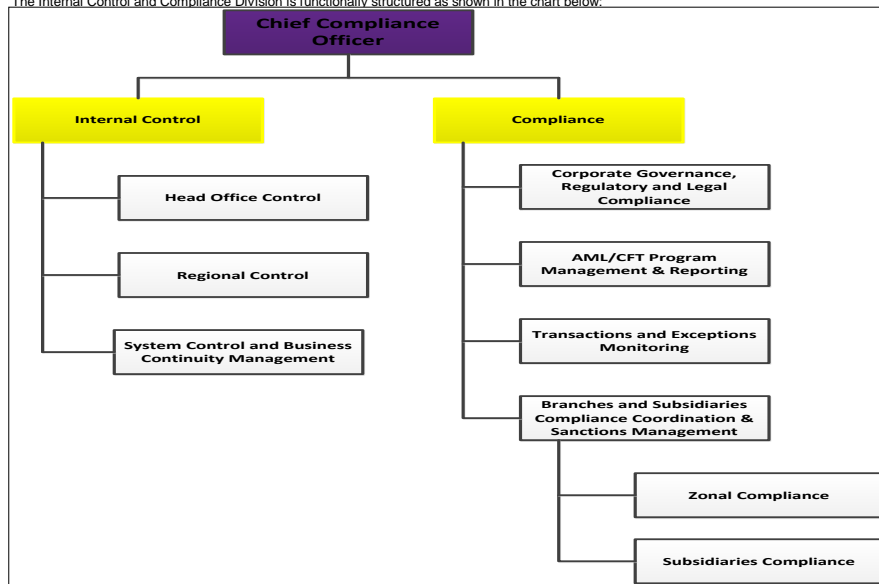
Notes to the consolidated and separate financial statements

(b) Internal Control and Compliance Division

The Internal Control and Compliance Division is primarily charged with the following:

- The Internal Control and Compliance teams work hand-in-hand. Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. It is responsible for effective and efficient control environment that ensures that minimal operational losses from frauds, errors, operational gaps, and other irregularities. It monitors control activities and ensure compliance with minimum control standards defined by the Board.
- The Compliance team ensures the Group fully complies with the spirit and letter of laws, corporate governance standards, all regulatory requirements such as KYC, Anti-Money Laundering (AML) regulations and indeed all requirements of the Central Bank of Nigeria (CBN) and other authorities such as Nigerian Deposit Insurance Corporation (NDIC), Securities & Exchange Commission, Nigerian Stock Exchange among others.

The Internal Control and Compliance Division is functionally structured as shown in the chart below:



(c) Group Finance Division

- Group Finance Division develops the Group's strategic and capital plan and clearly outlines the actual and projected capital needs, anticipated capital expenditure and desired level of capital.
- It reviews the Group's capital structure and ensures the desired level of capital adequacy in the Group.
- It drives all activities relating to the Group's responses to any proposed regulatory change that might affect the Group's capital and provides all necessary information on portfolio, product and profitability metrics and any analysis to support the material risk assessment process.

Notes to the consolidated and separate financial statements

THIRD LINE OF DEFENCE

(a) Internal Audit

Group Internal Audit provides independent assessment of the adequacy of, and compliance with, the Group's established policies and procedures. The function is responsible, amongst others, for monitoring compliance with the enterprise risk management framework and validating the adequacy and efficacy of risk assessment systems (including rating and measurement models).

(b) External Audit

External Auditors apart from establishing whether the financial position reflects a true and fair position of the organisation, also have an important impact on the quality of internal controls through their audit activities and recommendations for improvement of internal controls. Our external auditors have been helpful in providing guidance on new developments in risk management, corporate governance and financial accounting and controls.

Risk Appetite

Risk appetite is an expression of the level and type of risks that the Group is willing to accept/retain for a given risk-reward ratio in order to achieve its strategic goals. In FCMB, Risk Appetite is set by the Board of Directors and enforced by the Risk Management Division. It is a key component of the risk management framework and central to the annual planning process. This appetite guides all risk creation activities and risks inadvertently assumed by Business Groups.

The Group has a well developed risk appetite, prepared to establish a common understanding amongst all employees and other stakeholders regarding the desirable risks underlying execution of the Group's strategy. It represents the combined view of the FCMB leadership and the governance bodies. The risk appetite is not intended to "handcuff" management but to become a benchmark for discussing the implications of pursuing value creation opportunities as they arise. It therefore defines boundary within which the Group is expected to operate when pursuing its strategy, by aligning risk and decision-making. It provides a cornerstone for the Group's Enterprise Risk Management Framework, setting a clear strategic direction and tolerances around controls.

The Group's risk appetite framework and statements have served the following benefits among others:

- Sets foundation for the risk culture of the Group
- Helps to communicate the board's vision in practical terms
- Guides all staff in their decision-making on all risk related activities
- Helps to ensure an alignment between the expectations of the board and the business
- Serves as a benchmark for monitoring and reporting of abnormal events or exposures.

CREDIT RISK APPETITE FOR 31 DECEMBER 2015

Risk Category	Selected Risk Appetite Metrics	Risk Appetite
Credit Risk	Credit Loss Ratio	5%
	Weighted Average Risk Rating of the Portfolio	BB-(Probability of default - 3.09%)
	Sector Concentration	<=20% of total portfolio in any single sector
	Exposure limit	Large Exposure is defined by CBN as 10% of SHF and regulatory aggregate exposure limit for Large Exposures is set at 800% of SHF. However, the Group defined its Internal limit as 400% of SHF
		Single Obligor Limit (SOL): Maximum in line with regulatory requirement is 20% of SHF. The Group monitors compliance at transaction level to ensure all large exposures are kept within limit.

In FCMB, all Risk Appetite metrics are tracked and reported monthly to the Risk Management Committee (RMC) in fulfillment of the committee's oversight responsibilities. The Risk Management Division monitors the risk metrics on a more regular basis to make certain that risk exposures are within the approved boundaries. Exposures that are outside of set boundaries are investigated to understand the underlying causes and consider ways to mitigate or avoid them within the shortest period.

The Group's risk appetite is reviewed at least once a year or more frequently as may be required in the event of significant/material changes in the group's strategy or in line with regulatory requirements or other external demands.

Notes to the consolidated and separate financial statements

b) CREDIT RISK

Credit Risk is the risk that the Group may not be able to recover funds and suffer losses because a customer or counterparty is unable or unwilling to meet contractual obligations to the Group when due. It is the most significant risk of the Group.

- The Group takes on credit risk through the following principal activities:
Lending/Leasing: The Group grants credit to its customers (loans, advances, temporary overdraft, etc.) or finances a lease or grants an advance or a loan to its employees (staff loan, cash advance, etc.).
- Bank Guarantees:** The Group issues a bond or guarantee (contingent exposure).
- Trading (money market placement, foreign currency trading, etc.) activities:** The Group makes money market placements in another bank/institution or engages in trading activities where the exchange of monetary value and transfer of ownership of purchased assets is not simultaneous.

The Group uses its internal ratings framework to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the Group will incur in the event of a default). The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. This provides predictive capability for assessing borrower's likelihood of default and the acceptable risk mitigants required to cushion residual credit risks for each transaction.

Our ratings framework measures the following key components:

- Financial Factors** (sales terms/conditions, strength of operations, liquidity and capital in addition to debt service capacity)
- Industry:** Structure, Performance, Economic Sensitivity and Outlook
- Management Quality** (ownership experience, skills and turnover) and Company Standing (reputation, ownership and credit history)
- Security/collateral arrangements,** seniority of debt, ability to cancel debt at the point of default and Loss Given Default (LGD) computation for each security/collateral type supporting the exposure

The above components help the Group to establish the following:

- Obligor Risk Rating (ORR), mapped to an estimated Probability of Default (PD) – Although the PD is not based on the Group's internal experience presently, a PD validation is done internally to ensure the rating continues to be predictive of default and differentiates borrowers based on their ability to service their obligations. This will be further reinforced with a rating validation/back testing.
- Facility Risk Rating (FRR)** for each transaction is mapped to Basel II Loss Given Defaults (LGDs) grades.
- Both the ORR and FRR produce the Expected Loss (EL) %, which is the product of the PD and LGD, i.e. $EL = PD \times LGD$. The EL represents the risk premium which is applied to transaction pricing under the Risk-Based pricing.

The use of our internal ratings framework extends beyond credit appraisals / assessments (at the point of origination) to the computation of capital adequacy ratio (CAR), allocation of capital across business lines and computation of economic profit based on Basel II principles.

The Group's internal rating scale and mapping to external ratings as at 31 December 2015 and 31 December 2014 is shown below:

INTERNAL RATING SCALE	DESCRIPTION	EXTERNAL RATING SCALE (MOODY'S)	EXTERNAL RATING SCALE (S&P)	31 DECEMBER 2015		31 DECEMBER 2014	
				PD	PD - DECIMALS	PD	PD - DECIMALS
AAA	VERY LOW RISK	Aaa	AAA	0.0185%	0.000185	0.0185%	0.000185
AA		Aa1	AA+	0.0308%	0.000308	0.0308%	0.000308
AA-		Aa2	AA	0.0320%	0.000320	0.0514%	0.000514
A+		Aa3	AA-	0.0435%	0.000435	0.0857%	0.000857
A		A1	A+	0.0514%	0.000514	0.1428%	0.001428
A-		A2	A	0.0704%	0.000704	0.1785%	0.001785
BBB+		A3	A-	0.0857%	0.000857	0.2231%	0.002231
BBB		Baa1 / Baa2	BBB+/BBB	0.1428%	0.001428	0.3540%	0.003540
BBB-		Baa3 / Ba1	BBB-/BB+	0.1785%	0.001785	0.5445%	0.005445
BB+	LOW RISK	Ba2	BB	0.2231%	0.002231	1.3750%	0.013750
BB		Ba3	BB-	0.3540%	0.003540	2.0625%	0.020625
BB-		B1	B+	0.5445%	0.005445	3.0938%	0.030938
CCC+		B2	B	4.6407%	0.046407	4.6407%	0.046407
CCC	ACCEPTABLE RISK	B3	B-	6.1876%	0.061876	6.1876%	0.061876
CCC-		B3	B-	7.7345%	0.077345	7.7345%	0.077345
CC+		Caa1	CCC+	9.2814%	0.092814	9.2814%	0.092814
CC	MODERATELY HIGH RISK	Caa2	CCC	10.8283%	0.108283	10.8283%	0.108283
CC-		Caa2	CCC	12.3750%	0.123750	12.3750%	0.123750
C+		Caa3	CCC-	13.9221%	0.139221	13.9221%	0.139221
C		Caa3	CCC-	54.6900%	0.546900	54.6900%	0.546900
C-	HIGH RISK	D	NA	100.0000%	1.000000	100.0000%	1.000000

Mapping to external scale has been done on the basis of estimated PDs for corporate, commercial, institutional and SME exposures.

Notes to the consolidated and separate financial statements

Management of Credit Risk

The Group manages its credit risk through an appropriate measurement, management and reporting process underpinned by sound credit risk systems, policies and well qualified personnel. A combination of risk management tools and policies are adopted to stimulate the creation of quality risk assets. It is managed centrally by various departments within the Risk Management Division who have responsibilities for policy setting & review, credit underwriting, approval, credit administration, monitoring and portfolio management.

The credit risk management function of the Group is achieved through a combination of the following:

- **Appropriate Credit Policies:** The Group formulates appropriate risk management policies in conjunction with the business units and other stakeholders, covering all the key areas of credit origination, management, collection, portfolio management etc. whilst also ensuring compliance with all regulatory requirements. The credit policies reinforce all the group's lending and credit management decisions.
- **Lending Driven by Internal Rating System:** The Group's lending and policy enforcement is driven by an internal rating system, with scorecards built for different classes of customers such as Corporate, Commercial, Small and Medium Enterprises (SME), Public Sector, Consumer and Project Finance. The rating of obligors and transactions has been useful in the quantification of credit risk and underwriting decision, including serving as a guide for pricing, portfolio management and computation of required capital to support the different business lines.
- **Establishment of Credit Approval Limits and Authorities:** There are various approval limits for different kinds of credit exposures and approval authorities, including the various risk committees such as the Management Credit Committee (MCC) and the Board Credit Committee (BCC). These limits are also guided by statutory impositions such as the single obligor limit and other concentrations limits set by the Central Bank of Nigeria (CBN). The Group's single obligor limit is benchmarked to the regulatory cap of 20% of Shareholder's Funds unimpaired by losses. The sector limits are set based on the perceived riskiness of each sector but the Government exposures are capped at the regulatory limit of 10% of total loans.
As part of its continuous process improvement and enhanced risk management strategies, the Group procured a robust end-to-end Credit application software (Axe Credit Portal) to drive lending activities from origination to recovery. The application provides strong capability for limit setting and tracking at transaction and portfolio levels. This also gives better visibility and MIS capabilities for risk management within the portfolio and improves loan management throughout each facility's lifecycle.
In order to further strengthen its credit process, the Group has differentiated the approval route for its Corporate/Commercial credits from retail credits. Credit approval for each area is supervised by well experienced personnel referred to as Senior Credit Underwriters who also function as Senior Credit Officers and are members of the Management Credit Committee.
- **Loan Monitoring & Reviews:** The various loans are monitored both at transaction and at portfolio levels to ensure a balanced and healthy portfolio in line with the portfolio development and balancing strategy of the Group.
- **Collateral Review, Monitoring & Management:** The Legal department reviews the collateral proposed by customers as part of the credit approval process to determine acceptability of the collateral. Beyond the initial assessment at the point of credit origination however, the Group also has a good collateral management policies in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions. The framework provides a risk based approach to managing the Group's collateral database as it focuses on periodic evaluation of coverage for each facility type. This includes mark-to-market for stocks and commodities, revaluation benchmark for properties and acceptable standards for eligibility on all forms of collaterals.

The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following: cash and marketable securities; legal mortgage; all assets debenture; account receivables of obligors rated BB- and above. Other admissible collateral (accepted for comfort only but not eligible as credit risk mitigants) include domiciliation agreements, trust receipts and negative pledges.

Another mitigant used to reduce the risk of credit exposures is master netting agreements with obligors that have investments in liability products so that in the event of default, exposures to the obligor will be settled on a net basis. These agreements are executed by the representatives of the obligor and are generally enforceable with no further recourse to the obligor or a third party.

Generally, all the contingent liabilities are also supported by tangible collaterals or a charge over the underlying goods depending on the assessment of the performance risks.

- **Limit Concentrations for various Exposures:** The Group complies fully with the concentration policy of the CBN as specified in the prudential guidelines and is even more prudent, having internal limits that are more stringent in some cases than specified by the apex regulatory authority. The limit concentration policy of the Group covers all forms of exposures such as customers, large exposures, counterparties, collateral, geography, sector, products, rating band and facility type among others.
- **Reporting:** An important part of the Group's risk management framework is reporting to ensure that all vital information are brought to the attention of stakeholders and appropriate decisions are taken to further improve the risk culture and ultimately ensure all identified issues are brought within the Board approved risk appetite. This internal reporting has imposed discipline within the Group thereby improving its risk management culture.

In line with the Group's three line defense mechanism, each of the business units has primary responsibility for managing the credit relationships with customers, hence responsible for the quality and performance of their credit portfolio. Risk management however continues to provide oversight for the entire credit portfolio and all credit relationships apart from ensuring that the businesses operate within the approved framework and policies. Risk Management is also assisted in this role by the internal control, which does a regular post disbursement check to ensure that the credits booked comply with the approved policies and that they continue to operate within approved conditions and guidelines. The internal audit function provides independent assurance for the entire credit process of the Group.

Notes to the consolidated and separate financial statements

Exposure to Credit Risk

In thousands of Naira	Note	GROUP		COMPANY	
		LOANS AND ADVANCES TO CUSTOMERS		LOANS AND ADVANCES TO CUSTOMERS	
		31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Maximum exposure to credit risk					
Carrying Amount	24(a)	592,957,417	617,979,790	-	-
Amount committed / guaranteed	42(c)	141,031,528	211,047,130	-	-
		733,988,945	829,026,920	-	-
Individually Impaired (At amortised cost)					
Very Low Risk		-	-	-	-
Low Risk		2,088,706	105,480	-	-
Acceptable Risk		11,612,776	4,846,825	-	-
Moderately High Risk		1,322,432	3,193,484	-	-
High Risk		-	-	-	-
Gross Amount		15,023,914	8,145,789	-	-
Collectively Impaired (At amortised cost)					
Very Low Risk		-	-	-	-
Low Risk		1,083,434	649,216	-	-
Acceptable Risk		5,629,642	7,487,430	-	-
Moderately High Risk		3,633,172	6,678,585	-	-
High Risk		-	1,176	-	-
Gross Amount		10,346,248	14,816,407	-	-
Past due but not impaired (At amortised cost)					
Very low risk		-	67,848	-	-
Low risk		12,895,661	267,499	-	-
Acceptable risk		46,213,785	2,295,894	-	-
Moderately high risk		2,721,234	2,789,467	-	-
High risk		-	-	-	-
Carrying amount		61,830,680	5,420,708	-	-
Past due but not impaired comprises					
1-29 days		59,549,626	1,787,940	-	-
30-59 days		28,249	2,430,908	-	-
60-89 days		2,252,805	1,201,860	-	-
Carrying amount		61,830,680	5,420,708	-	-
Neither past due nor impaired (At amortised cost)					
Very low risk		36,032,521	47,426,258	-	-
Low risk		97,365,534	152,762,173	-	-
Acceptable risk		328,144,790	301,463,481	-	-
Moderately high risk		62,316,014	103,220,298	-	-
High risk		-	120,083	-	-
Gross Amount		523,858,859	604,992,293	-	-
Total Gross amount (At amortised cost)		611,059,701	633,375,197	-	-
Impairment allowance:					
Specific	24(c)(i)	(11,488,991)	(6,574,749)	-	-
Collective	24(c)(ii)	(6,613,293)	(8,820,658)	-	-
Carrying amount		592,957,417	617,979,790	-	-

Notes to the consolidated and separate financial statements

Credit risk exposure relating to off-balance sheet

In addition to the above, the Group had entered into lending commitments and financial guarantee contracts of N141billion (31 December 2014: N211billion) with counterparties as set below;

Financial guarantees

141,031,528	211,047,130	-	-
141,031,528	211,047,130	-	-

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade;

GROUP

31 DECEMBER 2015

In thousands of Naira	Loans and advances to customers		Investment securities	
	Gross	Net	Gross	Net
Very low risk	-	-	-	-
Low risk	2,088,706	1,260,628	-	-
Acceptable risk	11,612,776	1,062,235	-	-
Moderately high risk	1,322,432	1,212,060	-	-
High risk	-	-	-	-
Unrated	-	-	1,349,826	49,912
	15,023,914	3,534,923	1,349,826	49,912

31 DECEMBER 2014

In thousands of Naira	Loans and advances to customers		Investment securities	
	Gross	Net	Gross	Net
Very low risk	-	-	-	-
Low risk	105,480	51,480	-	-
Acceptable risk	4,846,825	206,572	-	-
Moderately high risk	3,193,484	1,312,988	-	-
High risk	-	-	-	-
Unrated	-	-	1,437,208	61,896
	8,145,789	1,571,040	1,437,208	61,896

Past due but not impaired loans

Past due but not impaired loans are those for which contractual interest or principal payments are past due, but the Group believes that specific impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Loans with Renegotiated Terms and the Forbearance Policy

The Group may renegotiate loans when there is a material change in the customer's financial position, operating dynamics, industry and environment or anything that gives reasonable doubt that the debt may not be repaid or serviced as and when due. This is usually done through concessions which agree new terms and conditions that are more favourable to the borrower in order to increase the chance of collection/recovery and thereby reduce the risk of default. Renegotiation of terms may take forms such as extension of tenor, reduction of pricing, introduction of moratorium or restructuring of facility from one form to the other (e.g overdraft to term loan) or other forms of amendments to the terms and conditions earlier contracted with the customer. The objective of renegotiation is to ensure recovery of the outstanding obligations and the request could be at the instance of the customer or the Group.

Notes to the consolidated and separate financial statements

Write-off Policy

The Group has a write-off policy approved by the Board of Directors which also meets the requirements as specified in the prudential guidelines of the Central Bank of Nigeria for deposit money banks.

In line with the Group's approved write-off policy, the Management Credit Committee (MCC) may authorize a write-off of outstanding balances on a loan account, where it is apparent that the exposure may not be recovered from any of the available repayment sources. However, the Group must have fully provided for the facility and such credits must also receive the approval of the board of directors. The approval process for write-off is as follows:

- The Loan Recovery Unit originates the write-off requests;
- Credit Risk Management obtains the approval of the Management Credit Committee (MCC) and the Board Credit Committee (BCC) for the request;
- All write-offs must be ratified by the full Board;
- Credit Risk Management sends notification of the balances approved for write-off to the Central Bank of Nigeria (CBN).

The write-off must also satisfy the following requirements of Central Bank of Nigeria (CBN):

- The facility must be in the Group's book for at least one year after the full provision;
- There should be evidence of board approval;
- If the facility is insider or related party credit, the approval of CBN is required;
- The fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

A gross loan amount of N7.17billion, which were impaired were written off during year ended 31 December 2015 (31 December 2014: N7.37billion).

Collateral held and other credit enhancements and their financial effects

The Group also has a good collateral management policy in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions.

The Group holds collateral and other types of credit enhancements against its credit exposures. The table below gives the principal collateral types eligible as security and used primarily to mitigate transaction risk:

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Percentage of Exposure that is subject to an arrangement that requires collateralisation	
		31 DEC 2015	31 DEC 2014
Loans and Advances to Banks			
Reverse sale and purchase agreements	Marketable securities	100	100
Security borrowing	Marketable securities	100	100
Loans and Advances to Retail Customers			
Mortgage Lending	Residential Property	100	100
Personal Loans	None	-	-
Credit cards	None	-	-
Loans and Advances to Corporate Customers			
Finance leases	Property and equipment	100	100
Other lending to corporate customers	Legal Mortgage, mortgage debenture, fixed and floating charges over corporate assets, account receivables	89	92
Reverse sale and repurchase agreements	Marketable securities	100	100
Investment debt securities	None	-	-

Other admissible credit risk mitigants (accepted for comfort only) but not eligible as collateral include domiciliation agreements, trust receipts, negative pledges and master netting agreements with obligors that have investments in liabilities. The Group typically does not hold collateral against investment securities, and no such collateral was held at 31 December 2015 or 31 December 2014

Details of collateral held and their carrying amounts as at 31 December 2015 are as follows:

In thousands of Naira	Note	GROUP		COMPANY	
		Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate		100,519,015	140,870,907	-	-
Secured by shares of quoted companies		2,099,461	1,622,509	-	-
Cash Collateral, lien over fixed and floating assets		282,659,034	331,992,720	-	-
Otherwise secured		78,410,455	32,835,059	-	-
Unsecured		147,371,736	-	-	-
	24(d)	611,059,701	507,321,195	-	-

Notes to the consolidated and separate financial statements

Details of collateral held and their carrying amounts as at 31 December 2014 are as follows:

In thousands of Naira	Note	GROUP		COMPANY	
		Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate		97,287,082	100,802,180	-	-
Secured by shares of quoted companies		1,104,522	1,993,325	-	-
Cash Collateral, lien over fixed and floating assets		237,109,675	291,054,410	-	-
Otherwise secured		199,763,165	160,657,974	-	-
Unsecured		98,110,753	-	-	-
	24(d)	633,375,197	554,507,889	-	-

Loans and Advances to Corporate Customers

The Group's loans and advances to corporate obligors are subject to rigorous credit appraisals commencing with rating of obligor via our Moody's Risk Analysis Methodology to determine the credit worthiness of the customer or its probability of default known as the obligor risk rating (ORR) – the Probability of Default (PD) of a customer is a measure of the obligor risk rating.

Collateral in the form of first charge over real estate (legal mortgage or mortgage debenture) or floating and fixed charges over corporate assets is usually taken to provide additional comfort to the Group. The measure of the collateral pledged by the customer is given by the Facility Risk Rating (FRR) mapped to the Basel II defined Loss Given Default (LGD) estimates. The FRR or LGD therefore assesses the transaction of the customer – risk of loss on the transaction in the event of default.

All non-retail and retail-SME exposures are assigned a risk grade by independent Credit Analysts within our Risk Management Division based on inputs/discussions with relationship management teams and verifiable facts. While the Obligor risk rating model differentiates borrower risk (i.e. risk of default), the Facility risk rating model differentiates transaction risk (i.e. risk of loss in the event of default), taking the structure of the facility (availability of credit risk mitigants) into consideration:

9 GRADE LGD MODEL - FACILITY RISK RATING;

	31 DECEMBER 2015				31 DECEMBER 2014			
	LGD	LGD - MIN	LGD - MAX	LGD GRADE	LGD	LGD - MIN	LGD - MAX	LGD GRADE
SECURED	0%	0%	4.99%	AAA	0%	0%	4.99%	AAA
	5%	5%	9.99%	AA	5%	5%	9.99%	AA
	10%	10%	14.99%	A	10%	10%	14.99%	A
	15%	15%	19.99%	BBB	15%	15%	19.99%	BBB
	20%	20%	34.99%	BB	20%	20%	34.99%	BB
	35%	35%	39.99%	B	35%	35%	39.99%	B
	40%	40%	44.99%	CCC	40%	40%	44.99%	CCC
UNSECURED	45%	45%	74.99%	CC	45%	45%	74.99%	CC
	75%	75%	100.00%	C	75%	75%	100.00%	C

The Group's credit analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and judgment in their recommendations to Approving Authorities. Model overrides, if any, require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the Board Credit Committee.

The Group's Facility Risk Rating model (for non-retail and retail SME) also reflects the Expected Loss (EL) on each transaction, which fully incorporates both borrower strength (PD) and loss severity (LGD) considerations. The Expected Loss (EL) generated is used as a guide to price for transactions, being the risk premium and forms the basis of the treatment provision for the purpose of capital computation and allocation to the business groups.

The Group also holds collateral in the form of cash and marketable securities in respect of sale and repurchase transactions and securities borrowing. Receivables relating to reverse sale and repurchase agreements and securities borrowing transactions are usually collateralised on a gross exposure basis. The group undertakes master netting agreements with all counterparties and margin agreements with some counterparties.

Derivative assets held for risk management

For derivatives, under margin agreements, collateral is held against net positions that are partially or fully collateralised. Exposures under margin agreements are marked to market daily to assess attendant risks to the group. There are no derivative trading assets as at the reporting period. However, details of derivative transactions taken for Risk Management is presented below:

	31 DEC 2015	31 DEC 2014
	Fair value	Fair value
Derivative assets held	1,479,760	4,503,005
Derivative liabilities held	1,317,271	4,194,185

Notes to the consolidated and separate financial statements

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentration of credit risk from loans and advances, lending commitments, financial guarantees and investment is shown below:

Concentration by sector

In thousands of Naira

GROUP	LOANS AND ADVANCES TO CUSTOMERS		LENDING COMMITMENTS AND FINANCIALS GUARANTEES	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Administrative and Support Services	2,810,887	2,736,223	792,815	-
Agriculture	36,130,698	38,153,184	6,421,100	3,835,398
Commerce	62,435,107	75,760,760	22,651,529	23,550,581
Construction	6,795,618	8,261,207	34,280,476	53,666,213
Education	6,011,626	6,118,693	-	-
Finance and Insurance	25,929,197	31,220,948	3,755,806	5,007,763
General - Others	2,415,254	4,053,605	30,000	7,819,784
Government	828,927	28,770,132	-	-
Hospitality	5,631,602	5,334,617	5,141,978	-
Individual	134,670,018	118,738,098	-	-
Information and Communication	27,080,934	29,589,230	983,784	1,431,135
Manufacturing	53,827,478	50,032,160	41,794,084	82,551,867
Oil and Gas - Downstream	47,194,990	55,982,256	6,679,938	17,377,325
Oil and Gas - Upstream & Services	98,261,888	92,130,028	5,580,400	2,651,211
Power & Energy	27,227,859	24,706,597	567,476	613,852
Professional services	4,182,228	2,708,453	86,954	-
Real Estate	62,106,778	50,253,947	11,807,237	11,840,614
Transportation	7,518,612	8,825,059	457,951	701,387
	611,059,701	633,375,197	141,031,528	211,047,130

Concentration by location for loans and advance, and for lending commitments and financial guarantees is based on the customer's region of domicile within Nigeria. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

Concentration by location

In thousands of Naira

GROUP	LOANS AND ADVANCES TO CUSTOMERS		LENDING COMMITMENTS AND FINANCIALS GUARANTEES	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
North East	5,764,706	4,616,782	107,828	388,200
North Central	54,159,227	69,699,385	17,712,686	27,979,023
North West	22,080,705	19,302,058	435,697	1,191,040
South East	13,250,670	14,353,780	2,595,316	1,743,509
South South	25,179,752	30,890,802	13,045,893	16,254,848
South West	477,705,054	487,396,177	107,134,108	163,490,510
Europe	12,919,587	7,116,213	-	-
	611,059,701	633,375,197	141,031,528	211,047,130

Notes to the consolidated and separate financial statements

Trading Assets

The Group's trading book comprises only debt securities and bills issued by the Federal Government of Nigeria. The capital charge for the trading book is computed using the standardised approach. The standardised approach adopts a building block approach to capital computation, where individual capital requirements is summed for the different risk positions. Under the methodology, capital charge is computed for Issuer Risk, otherwise known as specific risk and for General Market Risk, which may result from adverse movement in market price. The capital charges cover the Group's debt and market instruments in the trading book and the total banking book for Foreign Exchange. The standardised method ignores diversification of risk and the risk positions are captured as on the day and not for a period.

The deployment of Value at Risk (V@R) will enable the Group to migrate to the internal model approach, which measures market risk loss at a given level of confidence and over a specified period. Also, this approach accounts for diversification (which is not done under standardised method).

An analysis of the counterparty credit exposure for the trading assets is as shown in the table below:

GROUP

31 DECEMBER 2015

SECURITY TYPE	ISSUER RATING	0 - 30 days NGN '000	31 - 90 days NGN '000	91 -180 days NGN '000	181 - 365 days NGN '000	above 365 days NGN '000	Total NGN '000
FGN BONDS	BB-	591,882	-	-	-	-	591,882
NIGERIAN TREASURY BILLS	BB-	1,247,395	-	-	-	-	1,247,395
EQUITY INVESTMENTS	BB-	155,073	-	-	-	-	155,073
		1,994,350	-	-	-	-	1,994,350

31 DECEMBER 2014

SECURITY TYPE	ISSUER RATING	0 - 30 days NGN '000	31 - 90 days NGN '000	91 -180 days NGN '000	181 - 365 days NGN '000	above 365 days NGN '000	Total NGN '000
FGN BONDS	BB-	-	-	-	-	-	-
NIGERIAN TREASURY BILLS	BB-	110,961	-	-	-	-	110,961
EQUITY INVESTMENTS	BB-	630,956	-	-	-	-	630,956
		741,917	-	-	-	-	741,917

Cash and cash equivalents

The Group held cash and cash equivalents of N180.93billion as at 31 December 2015 (31 December 2014: N126.29billion). The cash and cash equivalents are held with the Central Bank, financial institutions and counterparties which are rated BBB- to AA based on acceptable external rating agency's ratings.

Settlement Risk

The Group like its peers in the industry is exposed to settlement risk – the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

This risk is generally mitigated through counterparty limits set to manage the Group's exposure to these counterparties. The counterparty limits are approved by the Executive Management and the Board of Directors.

(c) LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. It is the potential loss to the Group arising from either its inability to meet its obligations or to fund committed increases in assets as they fall due without incurring unacceptable costs or losses.

Management of liquidity risk

The board of directors sets the strategy for liquidity risk and delegates the responsibility for oversight and implementation of the policy to the Assets and Liability Committee (ALCO). The liquidity position is managed daily by Treasury and Financial Services in conjunction with Market Risk Management. Assessment of liquidity is carried out through daily and weekly reports aimed at evaluating limit compliance across all the key liquidity management criteria e.g. funding gap, liquidity mismatches etc.

The Assets & Liability Committee (ALCO) has the primary responsibility for managing liquidity risk arising from assets and liability creation activities. Deliberate strategies put in place to ensure the Group is protected from liquidity risk include:

- Liquidity risk identification at transaction, portfolio and entity levels using the defined early warning liquidity risk indicators such as deposit attrition, funding mismatch and funding concentrations to mention a few.
- Establishment of the Group's liquidity risk appetite which is the amount of risk FCMB is willing to accept in pursuit of value using relevant liquidity risk ratios and assets and liability funding gaps.

Notes to the consolidated and separate financial statements

- Establishment of methodologies for measuring and reporting on the Group's liquidity risk profile against set appetite and also sensitizing against unforeseen circumstances using liquidity risk scenario analysis.

- Establishment of preventive (limit setting and management) as well as corrective (Contingency Funding Plan -CFP) controls over liquidity risk.
- Maintaining a diversified funding base consisting of customer deposit (both retail and corporate) and wholesale market deposits and maintaining contingency deposits and contingency liabilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and liabilities, and the extent to which they are encumbered.

The Group conducts regular stress testing on its liquidity position using different scenarios including Normal, Mild and Severe stress situations. The scenarios anticipate changes in key financial indicators such as interest rate movement, sharp reduction in Development Financial Institutions (DFIs) as a result of current security challenges, economic downturn among others. Stress results are presented to ALCO to elicit proactive liquidity management decisions. The committee's resolutions are tracked for impact assessment and anticipated stability in liquidity management.

The Risk Management Division provides the necessary analytics (Maturity/Repricing Gap and Balance Sheet Analysis) required for taking proactive liquidity management decisions. The Group's Treasury & Financial Services Division is responsible for executing ALCO decisions and in particular, ensuring that the Group is optimally and profitably funded at any point in time.

i Exposure to Liquidity Risk

The key measures adopted by the Group for liquidity management are Maturity Profile on and off balance sheet and Maturity Analysis. Details of the reported ratio of the Group's net liquid assets to deposit from customers as at the reporting period is given as:

PERIOD	31 DEC 2015	31 DEC 2014
At 31 December	35.8%	32.3%
Average for the year	38.6%	34.5%
Maximum for the year	48.6%	47.1%
Minimum for the year	33.0%	30.9%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of naira liquid assets to local currency deposits and it is expressed in percentages.

The exposure to liquidity risk during the review period is as presented below:

ii Maturity Analysis for Financial Assets and Liabilities

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. These include both principal and interest cash flows across the different maturity periods. The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow/ (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

GROUP										
31 DECEMBER 2015										
In thousands of Naira	Note	Carrying amount	Gross nominal inflow / (outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Non Derivative Assets										
Cash and cash equivalent	20	180,921,698	180,921,698	180,921,698	-	-	-	-	-	180,921,698
Restricted reserve deposit	21	125,552,318	125,552,318	125,552,318	-	-	-	-	-	125,552,318
Non-pledged trading assets	22	1,994,350	1,964,546	1,994,350	-	-	-	-	-	1,994,350
Loans and advances to customers	24	592,957,417	584,623,850	90,558,713	100,630,380	33,921,364	34,241,517	283,352,178	41,919,698	584,623,850
Asset Pledged as Collateral	26	51,777,589	51,777,589	-	-	7,934,482	7,673,500	23,133,198	13,036,409	51,777,589
Investment securities	25	135,310,147	116,093,996	1,399,637	11,345,434	9,110,754	16,289,895	49,141,459	28,806,817	116,093,996
Other financial assets	32(a)	16,655,644	34,198,432	24,181,036	-	-	183,009	9,834,387	-	34,198,432
Derivative Assets										
Derivative assets held	23	1,479,760	994,740	-	-	-	-	994,740	-	994,740
		1,106,648,923	1,096,127,169	424,607,752	111,975,814	50,966,600	58,387,921	366,455,962	83,762,924	1,096,156,973

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Non Derivative Liabilities										
Deposits from banks	33	5,461,038	4,933,089	4,225,802	707,287	-	-	-	-	4,933,089
Deposits from customers	34	700,216,706	693,863,607	512,846,734	13,171,236	127,224,832	40,615,725	5,080	-	693,863,607
Borrowings	35	113,700,194	105,135,097	5,605,147	-	-	25,323,811	67,630,881	6,575,258	105,135,097
On-lending facilities	36	33,846,116	33,298,618	-	-	-	-	3,062,378	30,236,240	33,298,618
Debt securities issued	37	49,309,394	49,185,000	-	-	-	-	-	49,185,000	49,185,000
Other financial liabilities	39(a)	85,276,384	85,203,116	15,197,205	-	30,636,447	39,369,464	-	-	85,203,116
Derivative Liabilities										
Derivative liability held	23	1,317,271	915,730	-	-	-	-	-	915,730	915,730
		989,127,103	972,534,257	537,874,888	13,878,523	157,861,279	105,309,000	70,698,339	86,912,228	972,534,257
Net liquidity gap										
		117,521,820	123,592,912	(113,267,136)	98,097,291	(106,894,679)	(46,921,079)	295,757,623	(3,149,304)	123,622,716

31 DECEMBER 2014

		Gross nominal								
In thousands of Naira	Note	Carrying amount	inflow / (outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Non Derivative Assets										
Cash and cash equivalent	20	126,293,809	126,293,809	126,293,809	-	-	-	-	-	126,293,809
Restricted reserve deposit	21	146,105,573	146,105,573	146,105,573	-	-	-	-	-	146,105,573
Non-pledged trading assets	22	741,917	741,917	741,917	-	-	-	-	-	741,917
Loans and advances to customers	24	617,979,790	617,979,790	91,753,853	62,337,525	10,567,353	37,302,267	415,072,815	945,977	617,979,790
Asset Pledged as Collateral	26	53,812,420	53,812,420	3,653,716	-	9,000,000	7,934,482	33,224,222	-	53,812,420
Investment securities	25	148,286,830	148,286,830	22,397,307	17,267,263	22,595,321	31,643,106	13,556,901	40,826,932	148,286,830
Other financial assets		21,924,532	21,924,532	-	-	-	13,298,749	6,594,337	2,031,446	21,924,532
Derivative Assets										
Derivative assets held	23	4,503,005	4,503,005	-	4,503,005	-	-	-	-	4,503,005
		1,119,647,876	1,119,647,876	390,946,175	84,107,793	42,162,674	90,178,604	468,448,275	43,804,355	1,119,647,876
Non Derivative Liabilities										
Deposits from banks	33	4,796,752	4,796,752	4,796,752	-	-	-	-	-	4,796,752
Deposits from customers	34	733,796,796	739,238,838	561,931,289	123,100,819	39,934,113	8,727,618	102,957	-	733,796,796
Borrowings	35	99,540,346	99,900,684	-	-	11,187,332	15,606,168	30,539,367	42,207,479	99,540,346
On-lending facilities	36	14,913,521	14,913,521	-	-	-	-	14,913,521	-	14,913,521
Debt securities issued	37	26,174,186	26,174,186	-	-	-	-	-	26,174,186	26,174,186
Other financial liabilities	39(a)	115,082,785	115,082,785	8,143,507	-	-	105,261,569	1,825,974	-	115,231,050
Derivative Liabilities										
Derivative liability Held	23	4,194,185	4,194,185	-	4,194,185	-	-	-	-	4,194,185
		998,498,571	1,004,300,951	574,871,548	127,295,004	51,121,445	129,595,355	47,381,819	68,381,665	998,646,836
Net liquidity gap										
		121,149,305	115,346,925	(183,925,373)	(43,187,211)	(8,958,771)	(39,416,751)	421,066,456	(24,577,310)	121,001,040

Notes to the consolidated and separate financial statements

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and financial assets held	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than 0-30 days' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain stable or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately; and
- retail mortgage loans have an original contractual maturity of between 10 and 15 years but an average expected maturity of six years because customers take advantage of early repayment options.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by Central Bank of Nigeria, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with the Central Bank of Nigeria.

iii **Liquidity reserves**

The table below sets out the components of the Group's liquidity reserve.

In thousands of Naira	Note	31 DECEMBER 2015		31 DECEMBER 2014	
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Balances with central banks		45,461,265	45,461,265	8,765,280	8,765,280
Cash and balances with other banks	20	135,460,433	135,460,433	117,528,529	117,528,529
Unencumbered debt securities issued by Federal Government of Nigeria		98,339,668	75,914,691	117,580,710	105,044,049
Total liquidity reserve		279,261,366	256,836,389	243,874,519	231,337,858

Included in the unencumbered debt securities issued by Federal Government of Nigeria are: Federal Government of Nigeria (FGN) Bonds N57.83billion (31 December 2014: N37.78billion), Treasury Bills N40.34billion (31 December 2014: N68.82billion) under note 22, 25(a) and (b).

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iv Financial assets available to support future funding

The table below shows availability of the group's financial assets to support future funding:

31 DECEMBER 2015

In thousands of Naira		Note	Encumbered		Unencumbered		Total
			Pledged as Collateral	Other*	Available as Collateral	Other**	
Cash and Cash Equivalents	20		-	-	180,921,698	-	180,921,698
Restricted reserve deposits	21		-	125,552,318	-	-	125,552,318
Derivative assets held	23		-	-	-	1,479,760	1,479,760
Trading Assets	22		-	-	-	1,994,350	1,994,350
Loans and Advances	24		-	-	-	592,957,417	592,957,417
Assets pledged as collateral	26		51,777,589	-	-	-	51,777,589
Investment Securities	25		-	-	135,310,147	-	135,310,147
Other assets	32		-	-	-	16,655,644	16,655,644
Total Assets			51,777,589	125,552,318	316,231,845	613,087,171	1,106,648,923
31 DECEMBER 2014							
In thousands of Naira		Note	Encumbered		Unencumbered		Total
			Pledged as Collateral	Other*	Available as Collateral	Other**	
Cash and Cash Equivalents	20		-	-	126,293,809	-	126,293,809
Restricted reserve deposits	21		-	146,105,573	-	-	146,105,573
Derivative assets held	23		-	-	-	4,503,005	4,503,005
Trading Assets	22		-	-	-	741,917	741,917
Loans and Advances	24		-	-	-	617,979,790	617,979,790
Assets pledged as collateral	26		53,812,420	-	-	-	53,812,420
Investment Securities	25		-	-	148,286,830	-	148,286,830
Other assets	32		-	-	-	26,087,683	26,087,683
Other non-financial assets	29,30,31		-	-	36,740,117	8,813,640	45,553,757
Total Assets			53,812,420	146,105,573	311,320,756	658,126,035	1,169,364,784

*Represents assets which are not pledged but the Group believes they are restricted (either by law or other reasons) from being used to secure funding.

** These are assets that are available i.e. not restricted as collateral to secure funding but the Group would not consider them as readily available in the course of regular business.

v Financial assets pledged as collateral

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 December 2015 and 31 December 2014 are shown in the preceding table.

Financial assets are pledged as collateral as part of securities borrowing, clearing and client's collection transactions under terms that are usual and customary for such activities.

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(d) MARKET RISK

Market risk is the risk that changes in market prices such as interest rate, equity/commodity prices, foreign exchange rates will affect the Group's income or the value of its holdings in financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group's solvency while optimizing the return on risk.

Management of Market Risk

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Group's income or the value of its portfolios. The Group classifies its market risk into asset & liability management (ALM) risk, investment risk and trading risk.

The Group separates its market risk exposures between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury and Financial Services Group and include positions from market making and proprietary positions taking, together with financial assets and liabilities that are managed on fair value basis.

The Group has a robust methodology and procedures for the identification, assessment, measurement, control, monitoring and reporting of market risks within its trading portfolio and the rest of the Group's balance sheet. The market risk management unit within Risk Management Division is responsible for measuring market risk exposures in accordance with the policies defined by the Board, monitoring and reporting the exposures against the prescribed limits.

Overall authority for market risk is vested by the board in ALCO which sets up limits for each type of risk in aggregate. However, market risk unit within Risk Management is responsible for limit tracking and reporting to the Chief Risk Officer and ultimately, Assets and Liability Committee. The Group employs a range of tools to monitor and ensure risk acceptance is kept within defined limit. Detail of market risk exposures as at 31 December 2015 are provided below:

MARKET RISK MEASURES:

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolio

31 DECEMBER 2015							
In thousands of Naira	Note	GROUP			COMPANY		
		Carrying Amount	Trading portfolios	Non-trading portfolios	Carrying Amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk:							
Cash and cash equivalents	20	180,921,698	-	180,921,698	7,231,196	-	7,231,196
Trading assets	22	1,994,350	1,994,350	-	-	-	-
Derivative assets held	23	1,479,760	-	1,479,760	-	-	-
Loans and Advances to customers	24	592,957,417	-	592,957,417	-	-	-
Assets pledged as collateral	26	51,777,589	-	51,777,589	-	-	-
Investment securities	25	135,310,147	-	135,310,147	2,013,621	-	2,013,621
Liabilities subject to market risk:							
Derivative liabilities held	23	1,317,271	-	1,317,271	-	-	-
Deposits from banks	33	5,461,038	-	5,461,038	-	-	-
Deposits from customers	34	700,216,706	-	700,216,706	-	-	-
Borrowings	35	113,700,194	-	113,700,194	-	-	-
On-lending facilities	36	33,846,116	-	33,846,116	-	-	-
Debt securities issued	37	49,309,394	-	49,309,394	-	-	-
31 DECEMBER 2014							
In thousands of Naira	Note	GROUP			COMPANY		
		Carrying Amount	Trading portfolios	Non-trading portfolios	Carrying Amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk:							
Cash and cash equivalents	20	126,293,809	-	126,293,809	4,056,165	-	4,056,165
Trading assets	22	741,917	741,917	-	-	-	-
Derivative assets held	23	4,503,005	-	4,503,005	-	-	-
Loans and Advances to customers	24	617,979,790	-	617,979,790	-	-	-
Assets pledged as collateral	26	53,812,420	-	53,812,420	-	-	-
Investment securities	25	148,286,830	-	148,286,830	2,828,220	-	2,828,220
Liabilities subject to market risk:							
Derivative liabilities held	23	4,194,185	-	4,194,185	-	-	-
Deposits from banks	33	4,796,752	-	4,796,752	-	-	-
Deposits from customers	34	733,796,796	-	733,796,796	-	-	-
Borrowings	35	99,540,346	-	99,540,346	-	-	-
On-lending facilities	36	14,913,521	-	14,913,521	-	-	-
Debt securities issued	37	26,174,186	-	26,174,186	-	-	-

Notes to the consolidated and separate financial statements

Exposure to Interest Rate Risk – Non trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss arising from fluctuations in the fair values of future cash flows from financial instruments because of a change in the market interest rate. Interest rate risk is managed principally through active monitoring of gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury and Financial Services group.

A summary of the interest rate gap position on non-trading portfolios is as follows:

GROUP								
In thousands of Naira	Note	Carrying Amount	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years
31 DECEMBER 2015								
Assets subject to market risk:								
Cash and cash equivalents	20	180,921,698	180,921,698	-	-	-	-	-
Derivative assets held	23	1,479,760	-	-	-	-	994,740	-
Loans and Advances to customers	24	592,957,417	90,558,713	100,630,380	33,921,364	34,241,517	283,352,178	41,919,698
Assets pledged as collateral	26	51,777,589	-	-	7,934,482	7,673,500	23,133,198	13,036,409
Investment securities	25	135,310,147	1,399,637	11,345,434	9,110,754	16,289,895	49,141,459	28,806,817
		962,446,611	272,880,048	111,975,814	50,966,600	58,204,912	356,621,575	83,762,924
Liabilities subject to market risk:								
Derivative liabilities held	23	1,317,271	-	0	-	-	-	915,730.00
Deposits from banks	33	5,461,038	4,225,802	707,287	-	-	-	-
Deposits from customers	34	700,216,706	512,846,734	13,171,236	127,224,832	40,615,725	5,080	-
Borrowings	35	113,700,194	-	-	-	39,477,030	67,630,881	6,575,258
On-lending facilities	36	33,846,116	-	-	-	-	3,062,378	30,236,240
Debt securities issued	37	49,309,394	-	-	-	-	-	49,185,000
		903,850,719	517,072,536	13,878,523	127,224,832	80,092,755	70,698,339	86,912,228
31 DECEMBER 2014								
Assets subject to market risk:								
Cash and cash equivalents	20	126,293,809	126,293,809	-	-	-	-	-
Derivative assets held	23	4,503,005	-	4,503,005	-	-	-	-
Loans and Advances to customers	24	617,979,790	91,753,853	62,337,525	10,567,353	37,302,267	415,072,815	945,977
Assets pledged as collateral	26	53,812,420	3,653,716	-	9,000,000	7,934,482	33,224,222	-
Investment securities	25	148,286,830	22,397,307	17,267,263	22,595,321	31,643,106	13,556,901	40,826,932
		950,875,854	244,098,685	84,107,793	42,162,674	76,879,855	461,853,938	41,772,909
Liabilities subject to market risk:								
Derivative liabilities held	23	4,194,185	-	4,194,185	-	-	-	-
Deposits from banks	33	4,796,752	4,796,752	-	-	-	-	-
Deposits from customers	34	733,796,796	561,931,289	123,100,819	39,934,113	8,727,618	102,957	-
Borrowings	35	99,540,346	-	-	11,187,332	15,606,168	30,539,367	42,207,479
On-lending facilities	36	14,913,521	-	-	-	-	14,913,521	-
Debt securities issued	37	26,174,186	-	-	-	-	-	26,174,186
		883,415,786	566,728,041	127,295,004	51,121,445	24,333,786	45,555,845	68,381,665

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Sensitivity of projected net interest income

The management of interest rate risk against interest rate gap is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis point and 100 basis point (bp) parallel fall or rise. The financial assets and liabilities sensitive to interest rate risk are loans and advances and deposits. A weighted average rate has been applied and the effects are shown in the table below:

GROUP							
31 DECEMBER 2015							
			Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	Total (100bps)
In thousands of Naira	Note	Gross amount					
Loans & Advances	24	611,059,701	16%	99,646,910	102,702,209	96,591,611	93,536,313
Deposits	34	700,216,706	6%	(45,331,824)	(48,832,908)	(41,830,740)	(38,329,657)
				54,315,086	53,869,301	54,760,871	55,206,656
Impact on net interest income					(445,785)	445,785	891,570
31 DECEMBER 2014							
			Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	Total (100bps)
In thousands of Naira	Note	Gross amount					
Loans & Advances	24	621,704,427	14%	89,923,116	93,031,638	86,814,594	83,706,072
Deposits	34	733,796,796	5%	(38,030,311)	(41,699,295)	(34,361,327)	(30,692,343)
				51,892,805	51,332,343	52,453,267	53,013,729
Impact on net interest income					(560,462)	560,462	1,120,924

Exposure to other Market Risk Non-trading portfolios

The Non trading book includes the loans, deposits, investments, placements, etc. Price risk in non-trading portfolios is measured with portfolio duration and convexity. The sensitivity of earnings to specified upward and downward instantaneous parallel 100 and 200 basis point shifts in the yield curve, over one-year horizons under business-as-usual conditions assuming static portfolio indicates the potential risk.

Exposure to other Market Risk trading portfolios

The trading book includes the Treasury Bills and Federal Government of Nigeria bonds. The sensitivity to earnings was not considered because the portfolio is rather insignificant.

Foreign Exchange risk

The Group takes on foreign exchange risks through its activities in both the trading and banking books. The Group engages in currency trading on behalf of itself and creates foreign currency positions on the Banking book in the course of its financial intermediation role. The Group is thus exposed to the risk of loss on both its trading and Banking book positions in the event of adverse movements in currency prices. The market-to-mark currency rates applied is the average interbank rates published by FMDQ OTC Securities Exchange (FMDQ).

However, the Group sets exposure limits (open position limits) at currency levels and uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in all foreign currency trading positions. All limits are set for both overnight and intra-day positions and approved by the Board of Directors. Compliance with the Board approved limits is enforced through daily monitoring by the Risk Management Division.

Notes to the consolidated and separate financial statements

GROUP

31 DECEMBER 2015

In thousands of Naira	Note	NGN	USD	GBP	EUR	OTHERS	Grand Total
Assets							
Cash and cash equivalents	20	75,327,852	94,493,368	3,778,743	7,319,209	2,526	180,921,698
Restricted reserve deposit	21	125,552,318	-	-	-	-	125,552,318
Non-pledged trading assets	22	1,994,350	-	-	-	-	1,994,350
Derivative assets held	23	-	1,479,760	-	-	-	1,479,760
Loans and advances (net)	24	355,331,473	237,266,008	233	359,703	-	592,957,417
Investment securities	25	132,490,452	2,801,100	-	18,595	-	135,310,147
Investment in associates	28	731,964	-	-	-	-	731,964
Intangible assets	30	8,920,792	47,747	-	-	-	8,968,539
Asset Pledged as Collateral	26	51,777,589	-	-	-	-	51,777,589
Deferred tax assets	31	8,166,241	-	-	-	-	8,166,241
Other assets	32	11,242,207	10,425,032	24,575	11,601	-	21,703,415
Property and equipment	29	29,910,395	60,343	-	-	-	29,970,738
Total assets		801,445,633	346,573,358	3,803,551	7,709,108	2,526	1,159,534,176
Liabilities							
Deposits from customers	34	544,384,862	149,156,982	1,566,963	5,107,892	7	700,216,706
Deposits from banks	33	-	5,461,038	-	-	-	5,461,038
Borrowings	35	13,824,342	99,875,852	-	-	-	113,700,194
On-lending facilities	36	33,846,116	-	-	-	-	33,846,116
Debt securities issued	37	49,309,394	-	-	-	-	49,309,394
Derivative liability held	23	-	1,317,271	-	-	-	1,317,271
Current income tax liabilities	19(v)	3,497,954	-	-	-	-	3,497,954
Other liabilities	39	45,020,315	42,888,208	314,517	1,451,445	749	89,675,234
Deferred taxation	31	68,438	-	-	-	-	68,438
Retirement benefit obligations	38	50,544	-	-	-	-	50,544
Total Liabilities		690,001,965	298,699,351	1,881,480	6,559,337	756	997,142,889
Net on-balance sheet financial position		111,443,668	47,874,007	1,922,071	1,149,771	1,770	162,391,287
Off-balance sheet financial position		3,172,311	132,813,540	172,260	5,904,089	-	142,062,200

Notes to the consolidated and separate financial statements

31 DECEMBER 2014

In thousands of Naira	Note	NGN	USD	GBP	EUR	OTHERS	Grand Total
Assets							
Cash and cash equivalents	20	40,671,826	73,747,236	3,636,024	8,229,847	8,876	126,293,809
Restricted reserve deposit	21	146,105,573	-	-	-	-	146,105,573
Non-pledged trading assets	22	741,917	-	-	-	-	741,917
Derivative assets held	23	-	4,503,005	-	-	-	4,503,005
Loans and advances (net)	24	351,685,329	261,344,279	220	4,949,962	-	617,979,790
Investment securities	25	145,927,935	2,358,895	-	-	-	148,286,830
Investment in associates	28	647,399	-	-	-	-	647,399
Intangible assets	31	8,300,563	47,747	-	-	-	8,348,310
Asset Pledged as Collateral	32	53,812,420	-	-	-	-	53,812,420
Deferred tax assets	29	8,166,241	-	-	-	-	8,166,241
Other assets	30	24,656,148	1,373,682	47,357	10,496	-	26,087,683
Property and equipment	34	28,331,464	60,343	-	-	-	28,391,807
Total assets		809,046,815	343,435,187	3,683,601	13,190,305	8,876	1,169,364,784
Liabilities							
Deposits from customers	34	576,309,458	149,556,217	1,863,689	6,067,426	6	733,796,796
Deposits from banks	33	-	4,796,752	-	-	-	4,796,752
Borrowings	35	14,687,974	84,852,372	-	-	-	99,540,346
On-lending facilities	36	14,913,521	-	-	-	-	14,913,521
Debt securities issued	37	26,174,186	-	-	-	-	26,174,186
Additional provisions made during the year	23	-	4,194,185	-	-	-	4,194,185
Current income tax liabilities	19(v)	4,363,544	-	-	-	-	4,363,544
Other liabilities	39	54,939,765	59,880,806	135,924	6,099,978	7,007	121,063,480
Deferred taxation	31	41,487	-	-	-	-	41,487
Retirement benefit obligations	38	115,056	-	-	-	-	115,056
Total Liabilities		691,544,991	303,280,332	1,999,613	12,167,404	7,013	1,008,999,353
Additional provisions made during the year							
Net on-balance sheet financial position		117,501,824	40,154,855	1,683,988	1,022,901	1,863	160,365,431
Off-balance sheet financial position		64,503,116	127,400,475	398,889	3,940,879	-	196,243,359

Notes to the consolidated and separate financial statements

In line with Central Bank of Nigeria guidelines, percentage of foreign borrowings to the shareholders' fund as at 31 December 2015 is 52.61% (31 December 2014: 39.12%) which is below the limit of 75%.

Exposure to currency risks – Non-trading portfolios

At 31 December 2015, if foreign exchange rates at that date had been 10 percent lower with all other variables held constant, profit and equity for the year would have been N4.78billion (31 December 2014: N4.00billion) lower, arising mainly as a result of the higher decrease in revaluation of loans than the borrowings, foreign currency deposits and other foreign currency liabilities. If foreign exchange rates had been 10 percent higher, with all other variables held constant, profit and equity would have been N4.78billion (31 December 2014: N4.00billion) higher, arising mainly as a result of higher increase in revaluation of loans and advances than the increase on borrowings, foreign currency deposits and other foreign currency liabilities.

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against USD, as the Group is mainly exposed to USD. 10 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of USD financial instruments held as at 31 December 2015. it includes the Group's USD financial instruments at carrying amounts.

Foreign exchange risk

	31 DECEMBER 2015			31 DECEMBER 2014		
	Carrying amount	10% decrease in the value of Naira against USD	10% increase in the value of Naira against USD	Carrying amount	10% decrease in the value of Naira against USD	10% increase in the value of Naira against USD
In thousands of Naira						
Financial assets						
Cash and cash equivalents	94,493,368	9,449,337	(9,449,337)	73,747,236	7,374,724	(7,374,724)
Derivative assets held	1,479,760	147,976	(147,976)	4,503,005	450,301	(450,301)
Loans and advances to customers	237,266,008	23,726,601	(23,726,601)	261,344,279	26,134,428	(26,134,428)
Investment securities	2,801,100	280,110	(280,110)	2,358,895	235,890	(235,890)
Other assets	10,425,032	1,042,503	(1,042,503)	1,373,682	137,368	(137,368)
Impact on financial assets	346,465,268	34,646,527	(34,646,527)	343,327,097	34,332,711	(34,332,711)
Financial liabilities						
Deposits from banks	5,461,038	546,104	(546,104)	4,796,752	479,675	(479,675)
Deposits from customers	149,156,982	14,915,698	(14,915,698)	149,556,217	14,955,622	(14,955,622)
Borrowings	99,875,852	9,987,585	(9,987,585)	84,852,372	8,485,237	(8,485,237)
Derivative liabilities held	1,317,271	131,727	(131,727)	4,194,185	419,419	(419,419)
Other liabilities	42,888,208	4,288,821	(4,288,821)	59,880,806	5,988,081	(5,988,081)
Impact on financial liabilities	298,699,351	29,869,935	(29,869,935)	303,280,332	30,328,034	(30,328,034)
Total increase / (decrease)	47,765,917	4,776,592	(4,776,592)	40,046,765	4,004,677	(4,004,677)

(e) OPERATIONAL RISK MANAGEMENT

The Group defines Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our operational risk processes capture the following major types of losses:

- Fraud (internal and external).
- Fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions.
- Losses arising from litigation processes including out-of-court settlements.
- Un-reconciled cash (Teller, Vault, ATM) shortages written-off in the course of the year.
- Losses incurred as a result of damages to the Group's assets.
- Losses incurred as a result of system downtime, malfunction and/or disruption.

The Group's appetite for operational risk losses is set by the Board Risk, Audit & Finance Committee on an annual basis, and this sets the tone for operational risk management practices in the course of the year. The appetite is set in terms of the maximum amount of operational risk losses the Group expects to incur given risk-reward considerations for the year.

Notes to the consolidated and separate financial statements

All business and process owners across the Group proactively identify weak-points/risks across their respective functions, activities, processes and systems using the Risk & Control Self-Assessment (RCSA) while the Risk Management Division validates the risk maps for reasonability of assessments and completeness and recommends appropriate mitigating controls to reduce/eliminate inherent process risks. The Group conducts RCSA twice in a year but the risk register (outcome of the RCSA) can be updated at any point in time, triggered by change(s) to processes, activities, systems or other reasons such as introduction of new product/service or the occurrence of risk events.

Also, Internal Control conducts periodic independent control tests/checks across the Group as a key tool for revalidating the outcome of the Risk & Control Self-Assessment process. This independent assessment of controls enables the Group to determine if agreed controls have been fully implemented and whether they are effective or not. In addition, the outcome of the independent control assessment, which further strengthens the control environment makes the RCSA more objective and reflective of the risk profile of the Group.

Operational risk indicators are used to track/measure as well as monitor operational risk exposures across all activities, processes and systems. Key Risk indicators (KRIs) are defined for significant risks that require active monitoring and control. This process enables us to identify and resolve control issues before they crystallize into losses or to minimise losses and other damages. Tolerance levels are set for each risk indicator and used as the basis for reporting risk exposures to the respective risk committees including departmental/divisional Operational Risk Committees and the Board Risk, Audit & Finance Committee (BRAFC).

Operational risk losses are periodically collated and analyzed by the Risk Management Division. The analyzed loss experience enables the Group to determine causal factors and put in place new controls/processes to mitigate the risk of re-occurrence. In addition, the loss collation and analysis process provides the Group with the basis for justifying the cost of new/improved controls and assessing their effectiveness. The Group's loss experience is escalated to the Board Risk, Audit & Finance Committee supported by clearly defined remedial action plans to correct the root causes leading to the losses. Periodic operational risk meetings are held across the Group to boost risk awareness and entrench risk management culture in the Group. This meeting also affords risk owners to better appreciate control gaps and required remedial actions.

Operational risk management processes have been linked to performance management through the use of a Risk & Control Index that represents a key component of employee performance appraisals. This initiative has helped to drive the desired behaviour in employees, ensuring that there is a concerted effort by all employees to manage operational risks across the Group.

Independent assurance of the adequacy and effectiveness of the operational risk management process is provided by the Group Internal Audit (GIA) function on an annual basis. The assessment report is presented to the Board Risk, Audit & Finance Committee as part of the annual review process.

The Group uses a combination of provision and insurance to mitigate residual risks arising from operational risk events. A number of insurance policies have been undertaken by the Group to minimize the loss in the event of an operational risk incident while provision is also made for expected operational risk losses in order to minimise major variations in the financial performance of the Group.

Capital is reserved for unexpected operational risks losses based on Basel II Basic Indicator Approach, as advised by the Central Bank of Nigeria. Existing operational risk practices will enable the Group to adopt the more advanced approaches in the near future - the standardised and Advanced Measurement Approach (AMA).

The implemented operational risk management structures provide the Group with the capacity to continuously improve its processes and controls, thereby minimizing losses and protecting shareholder value.

OPERATIONAL RISK LOSS EXPERIENCE

The Group continues to manage its various operational risk exposures in order to be within the Board approved risk appetite. It also ensures that all operational risk losses are recognised immediately in the financial year.

Internal fraud was largely controlled by FCMB through the various manual and automated controls implemented in the course of the financial period / year, even as it continues to proffer measures to reduce external fraud, which has increased in recent time. Existing controls have been strengthened to address the identified lapses and the Group continues to collaborate with other stakeholders, including regulators to curb the spate of fraud. The implementation of Bank Verification Number (BVN) is also expected to reduce several fraud as this is already yielding positive results.

In response to observed trend and emerging risks, the Group took the following measures in the course of the 2015 financial year to curb the spate of operational risk events:

- All day (24/7) functional fraud monitoring team.
- Implementation of fraud monitoring solution to detect fraudulent card related transactions.
- Implementation of automated fraud alert system that monitors suspicious inflow (transactions from other banks) and outflow transactions from various e-channel platforms based on fraud trends.
- Monthly fraud awareness tips sent to customers and periodic fraud awareness training for staff.
- Proactive implementation of fraud prevention rules based on global and local fraud trends, and in line with the Group's risk appetite.
- Activities around the major areas of vulnerabilities have been reviewed in order to strengthen the controls in these areas.

Operational Risk Awareness

The Group intensified its operational risk awareness campaign in the course of the year through several mechanisms including electronic newsletters, risk meetings/workshops, continuous training and education of staff and customers. This is to embed risk management across the entire organization and significantly improve the risk management culture and buy-in amongst all employees.

Group Operational Risk Practices

The subsidiary companies continue to improve on their operational risk management activities and reporting, thereby enhancing the Enterprise Risk Management practices in the Group.

Notes to the consolidated and separate financial statements

(f) CAPITAL MANAGEMENT

The Central Bank of Nigeria requires each Bank with international authorisation to hold minimum regulatory capital of N50 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 15%.

The Risk Management Committee (RMC) has the delegated mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the Group which includes:

- Ensuring the Group fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
- Ensuring the Group is adequately capitalized – that the Group has enough capital to support its level of risk exposures.
- Ensuring disciplined and selective asset growth (based on desired obligor risk profile).
- Maintaining expected losses (EL) within defined limits as a direct consequence of selective and disciplined asset growth.
- Ensuring risks taken by the respective Business Lines are within approved limits and allocated capital.
- Ensuring Business Lines generate adequate risk adjusted returns on allocated capital.
- Driving Business Unit and overall Group performance through the application of Economic Capital budgeting.

The Group's regulatory capital can be segmented into 2 tiers:

- Tier 1 capital includes; share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at Tier 1 capital. Deferred Tax and Regulatory Risk Reserve (RRR) are also deducted from capital but, the RRR is recognised as balance sheet item (exposures are risk-weighted net of the provisions in the RRR).

- Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds, debt security qualifies for the tier 2 capital having met the conditions specified by CBN.

As directed by the CBN, the banking subsidiary crossed over to the Basel II capital measurement standard since October, 2014, replacing the Basel I Capital Adequacy Ratio (CAR) computation with the Basel II Standardised Approach (Currently, CBN requires all deposit money banks in Nigeria to adopt the Standardised Approach for the computation of Capital Adequacy Ratio under Pillar 1).

In line with the CBN guideline for the Standardised Approach, the Risk Weighted Assets (RWA) are derived using the CBN specified risk weights (RW) for the different asset classes:

- 0% for Exposures to Central Government and Central Bank;
- 100% for Exposures to Non-Central Government Public Sector Entities;
- Exposures to State Governments and Local Authorities;
 - 20% for State Government bonds that meet the CBN eligibility criteria for classification as liquid assets.
 - 100% for other State and Local Government bonds and exposures.
- State and Local Governments of other jurisdictions are assigned the Sovereign RW of those jurisdictions.
- 0% for Exposures to Multilateral Development Banks (MDBs).
- Exposures to Supervised Institutions;
 - 20% for Short- term exposures to supervised institutions in Nigeria with an original maturity of three months or less.
 - 100% for long-term exposures to supervised institutions in Nigeria with an original maturity of three months or less.
- 100% for Exposures to Corporate and Other Persons.
- 75% for Regulatory Retail Portfolio. However, to qualify, such exposures must meet the following criteria:

i) Orientation criterion – the exposure is to an individual person or persons or to a small business.

ii) Product criterion - the exposure takes the form of any of the following: revolving credits and lines of credit (including credit cards and overdrafts), personal term loans and other term loans (for example installment loans, auto financing loans, student and educational loans, personal finance) and small business facilities. Investment in debt and equity securities, whether listed or not, are excluded from this portfolio. Mortgage loans are also excluded to the extent that they qualify for treatment as exposures secured by residential property.

iii) Granularity criterion - the aggregate exposure to one counterpart cannot exceed 0.2% of the overall regulatory retail portfolio;

iv) Low value of individual exposures - the aggregate retail exposure to one counterparty cannot exceed an absolute threshold of N100 million.

- 75% for Exposures secured by Mortgages on Residential Property provided LTV <=80% and some other conditions are met. Otherwise, 100% is applied.
- 100% for Exposures secured by Mortgages on Commercial Real Estate.
- Qualifying residential mortgage loans that are past due:
 - i) 100% when specific provisions are less than 20% of the outstanding amount of the exposure; and
 - ii) 50% when specific provisions are 20% or more of the outstanding amount of the exposure.
- Other unsecured Past Due Exposures (excluding past due residential mortgages):
 - i) 150% risk weight when specific provisions are less than 20% of the outstanding amount of the exposure;
 - ii) 100% risk weight when specific provisions are no less than 20% of the outstanding amount of the exposure.
- Other Assets:
 - i) Cash in hand and equivalent cash items shall be assigned a 0% risk weight.
 - ii) Cheques and Cash items in transit shall be assigned a 20% risk weight.

Notes to the consolidated and separate financial statements

- 100% risk weight for the following: fixed assets; prepayments; investments in equity or regulatory capital instruments (unless deducted from capital); collective investment schemes; real estate; bank lending to subsidiaries in the same group (but to be deducted from capital where loan is not fully secured).
- Off-Balance Sheet Exposures are first converted to credit equivalent amount by multiplying the exposures by the related conversion factors (CCF). The Capital requirement is then derived by multiplying the credit equivalent by the risk weight of the counterparty.
- Exposure to oil and gas sector above 20% of the total credit facilities attracts 125% risk weighting.

Internal Capital Adequacy Assessment Process (ICAAP)

The Group observes the following procedures in the Internal Capital Adequacy Assessment Process (ICAAP):

- Material Risk Identification and Assessment (MRIA) Process
- Stress Testing & Scenario Analysis
- Internal Capital Assessment
- ICAAP Review & Approval

(i) Material Risk Identification and Assessment (MRIA) Process

One of the key purposes of the ICAAP is to embed the principles of risk and capital management in the Group's business activities. The MRJA process identifies the key risk exposures of the Group, determines management's assessment of the residual risk exposures and the corresponding capital requirements. The steps below are essential to completing this risk assessment.

Risk Identification

A catalogue of material risks relevant to the Group are identified through a combination of the following activities:

- Review of the Group's operating environment** – A forward and backward looking analysis of the Group's operating environment and business activities is conducted in order to identify various threats in the business and operating environment, including regulatory changes and implication on the business;
- Risk and Control Self-Assessment (RCSA) Review** – The RCSA conducted by the various business and process owners are reviewed to identify existing and emerging risk factors;
- Review of Internal Control and Audit Reports** – Reports of Internal Control and Group Internal Audit (GIA) are reviewed to identify observed lapses, vulnerabilities and trend in the control environment;
- Interviews** – Interviews are conducted with key process owners to obtain/validate the material risks embedded in their functions.
- Material Risk Assessment Workshop** – A workshop is held with key stakeholders (management and key process owners) in attendance. This serves to validate the materials risks already identified as well as the controls in place for managing such risks.

Risk Assessment

The activities carried out are as follows:

- An assessment of the identified risks is conducted by reviewing existing documentation, discussing with the risk owners and, where necessary, applying expert judgement;
- The inherent likelihood of occurrence and impact of the risk are determined;
- The controls designed to mitigate the risks are reviewed in order to determine the residual risk exposure of the Group.

Although coordinated by Risk Management, the initial assessment above is done in conjunction with key stakeholders across the business, before a more elaborate workshop is held with Management and key business and process owners. The risk assessment for the materials risks will culminate in the computation of capital for each risk exposure, with the methodology also presented and validated at the workshop.

Usually, more than one material risk assessment workshop is held in order to complete and finalise review of the risk exposures, data and methodology used for the computation. This also becomes necessary in order to determine and agree the action plans to address observed lapses and gaps. The ICAAP documentation for the MRJA will include:

- Definition and sources of the risk;
- Manifestation of the risk and how it could impact the Group;
- Current mitigation techniques of the risks; and
- Capital required for the residual risk exposure.

The ICAAP is also forward looking, ensuring that the capital plan considers the Group's strategic business plan and stress scenarios.

(ii) Stress Testing and Scenario Analysis

This is a simulation technique used to determine the effect of different financial situations on the Group's capital level. These financial situations are modelled to include different scenarios such as macro-economic stress, slow growth of some business areas, sector concentration risk, etc.

The stress testing considers:

- The assumptions about the level of adverse shocks (scenarios) and their duration are plausible but severe enough to appropriately assess the resilience of the Group in the financial system.
- The framework used to assess the impact of adverse shocks on solvency (resilience) is sufficiently risk sensitive. This requires changes of risk parameters to be based on economic measures of solvency, in addition to the regulatory ones which may not be sufficiently risk-sensitive.

The stress testing is conducted by a team of key process and business owners and is also given sufficient focus and review at the workshops.

(iii) Assessment of Internal Capital

This is done by comparing the Group's Total Internal Capital (capital required to cover all material risks) with Own Funds (the amount of capital available to run the business). Any gap is the additional capital required to run the business of the Group in order to remain solvent and support its strategic business plan, even under near catastrophic event(s).

Notes to the consolidated and separate financial statements

(iv) ICAAP Review & Approval

Although the Executive Management of the Group and other key stakeholders play key role in the preparation of the Group's ICAAP, the Board of Directors (BOD) has overall responsibility for the ICAAP. Therefore, it is involved in the review of the ICAAP and the final approval of the document lies with it. Subsequent to the final review and approval of the Board of Directors, the ICAAP document is forwarded to the Central Bank of Nigeria (CBN), preparatory to its Supervisory Review and Evaluation Process (SREP).

The table below shows the break-down of the Banking group's regulatory capitals as at 31 December 2015 (31 December 2014):

· Tier 1 capital includes; share capital, share premium, retained earnings and reserves created by appropriations to earnings, less book value of goodwill (where applicable), deferred tax and Under-impairment (Regulatory Risk Reserve) (RRR), Losses for the current financial year, investment in own shares (treasury stock), including cross holding of related companies' equity, 50% of investments in unconsolidated banking and financial subsidiary/associate companies, Excess exposure(s) over single obligor without CBN approval, Exposures to own financial holding company, Unsecured lending to subsidiaries within the same group.

· Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, hybrid instruments – convertible bonds, hybrid (debt / equity) capital instruments, eligible subordinated term debt, Other Comprehensive Income, OCI (Actuarial and AFS Reserves), 50% of investments in unconsolidated banking and financial subsidiary/associate companies. Elements of Tier 2 capital are limited to a maximum of one-third (i.e. 33.33%) of Tier 1 capital, after making deductions for goodwill, deferred tax asset (DTA) and other intangible assets but before deductions of investments.

Debt securities issued qualify under tier 2 capital have met the following Central Bank of Nigeria conditions: they are unsecured, subordinated and fully paid-up, they are not redeemable at the initiative of the holder or without the prior consent of the Central Bank of Nigeria, the debt has an original maturity of at least five years; where there is no set maturity, repayment shall be subject to at least five years' prior notice.

CAPITAL ADEQUACY COMPUTATION:

	BANKING GROUP	
	31 DEC 2015	31 DEC 2014
In thousands of Naira		
TIER 1 CAPITAL		
Share Capital	2,000,000	2,000,000
Share Premium	100,846,691	100,846,691
Statutory Reserves	19,036,957	17,326,400
Other reserves	13,957,238	3,036,375
Retained Earnings	10,986,648	19,566,097
Less: Goodwill	(5,993,863)	(5,993,863)
Deferred tax assets	(8,166,240)	(8,166,240)
Regulatory risk reserve	(13,261,612)	(4,170,499)
Investments in Unconsolidated Subsidiaries & Associates	-	-
Total qualifying tier 1 Capital	119,405,819	124,444,961
TIER 2 CAPITAL		
Translation Reserve	1,576,155	1,077,661
Debt securities issued	26,000,000	26,000,000
Total qualifying tier 2 Capital	27,576,155	27,077,661
Total regulatory Capital	146,981,974	151,522,622
Less: Investments in Unconsolidated Subsidiaries & Associates	-	-
Total Qualifying Capital	146,981,974	151,522,622
RISK WEIGHTED ASSETS		
Risk-weighted Amount for Credit Risk	702,145,952	620,622,397
Risk-weighted Amount for Operational Risk	161,756,043	154,261,415
Risk-weighted Amount for Market Risk	6,972,450	12,369,525
	870,874,445	787,253,337
Capital adequacy ratio	16.88%	19.25%

Note on capital adequacy ratio

The Basel II capital adequacy ratio was 16.88% for the banking group, as at 31 December 2015 (31 December 2014: 19.25%), above the CBN minimum capital adequacy requirements of 15%. Also, the Group successfully raised additional Tier 2 capital of N26.0billion in November, 2014. Basel II rule for computation of Capital Adequacy Ratio only came to force in December, 2014 and has been prospectively applied.

The Group successfully completed its Internal Capital Adequacy Assessment Process (ICAAP) project in order to ensure that all material risk exposures in the Group are adequately covered by capital and improve the capital management practices in the Group.

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4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 3).

Key sources of estimation uncertainty

(a) Impairment

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy.

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired assets is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk functions.

A collective component of the total allowable is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (IBNR).

Collective allowance for groups homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historic loss rate experience. The roll rate methodology uses statistical analysis of historical data on delinquency to estimate the amount of loss. The estimate of loss arrived at on the basis of historical information is then reviewed to ensure that it appropriately reflects the economic conditions and product mix at the reporting date. Roll rates and loss rates are regularly benchmarked against actual loss experience.

Collective allowance for groups of assets that are individually significant but that were not found to be individually impaired (IBNR) cover credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired loans and advances, and held-to-maturity investment securities, but the individual impaired items cannot yet be identified. In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Investments in equity securities were evaluated for impairment in line with the requirements of IFRS. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In this respect, the group regarded a decline in fair value in excess of 40 percent to be significant and a decline in a quoted market price that persisted for 12 months or longer to be prolonged.

An assessment as to whether an investment in debt securities is impaired may be complex. In making such an assessment, the group considers the following factors:

- The market's assessment of credit worthiness as reflected in the bond yields.
- The rating agencies' assessments of the creditworthiness.
- The ability of the country to access the capital markets for new debt issuance.
- The probability of debt being restructured resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

(b) Fair value

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Group's accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- **Level 1:** Quoted market price in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair value using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arms length.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities exchange traded derivatives and simple over the counter derivatives like interest swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over the counter structured derivatives, certain loans and security for which there is no active market and retained interests in securitisations. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The table below analyses financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Notes to the consolidated and separate financial statements

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
31 DECEMBER 2015					
ASSETS					
Non-pledged trading assets	22	1,994,350	-	-	1,994,350
Derivative assets held	23	-	1,479,760	-	1,479,760
Assets pledged as collateral	26	7,934,482	-	-	7,934,482
Investment securities	25(c)	41,251,533	1,729,924	-	42,981,457
		51,180,365	3,209,684	-	54,390,049
LIABILITIES					
Derivative liabilities held	23	-	1,317,271	-	1,317,271
		-	1,317,271	-	1,317,271
31 DECEMBER 2014					
ASSETS					
Non-pledged trading assets	22	741,917	-	-	741,917
Derivative assets held	23	-	4,503,005	-	4,503,005
Assets pledged as collateral	26	8,450,218	-	-	8,450,218
Investment securities	25(c)	70,036,025	2,231,806	-	72,267,831
		79,228,160	6,734,811	-	85,962,971
LIABILITIES					
Derivative liabilities held	23	-	4,194,185	-	4,194,185
		-	4,194,185	-	4,194,185

There were no reclassification to or from level 3 of the fair value hierarchy and as such no table to show a reconciliation from the beginning balance to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

Financial instruments not measured at fair value

The table below sets out the fair value of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

31 DECEMBER 2015

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Loans and advances to customers	24	-	635,420,659	-	635,420,659	592,957,417
Assets pledged as collateral	26	-	43,843,107	-	43,843,107	43,843,107
Investment securities	25(a)(d)	-	92,328,690	-	92,328,690	92,328,690
LIABILITIES						
Deposits from banks	33	-	5,461,038	-	5,461,038	5,461,038
Deposits from customers	34	-	700,216,706	-	700,216,706	700,216,706
Borrowings	35	-	113,371,317	-	113,371,317	113,700,194
On-lending facilities	36	-	30,788,571	-	30,788,571	33,846,116
Debt securities issued	37	-	49,112,859	-	49,112,859	49,309,394

31 DECEMBER 2014

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Loans and advances to customers	24	-	617,979,790	-	617,979,790	617,979,790
Assets pledged as collateral	26	-	45,362,202	-	45,362,202	53,812,420
Investment securities	25(a)(d)	-	76,018,999	-	76,018,999	76,018,999
LIABILITIES						
Deposits from banks	33	-	4,796,752	-	4,796,752	4,796,752
Deposits from customers	34	-	733,796,796	-	733,796,796	733,796,796
Borrowings	35	-	99,540,346	-	99,540,346	99,540,346
On-lending facilities	36	-	14,913,521	-	14,913,521	14,913,521
Debt securities issued	37	-	26,174,186	-	26,174,186	26,174,186

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the market value of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate for the loan types.

Deposits from banks and customers

- The estimated fair value of deposits, with no stated maturity, is the amount repayable on demand

- The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using the interest rates for new debts with similar remaining maturity.

Borrowings: the estimated fair value of borrowings represents the market value of the borrowings arrived at by recalculating the carrying amount of the borrowings using the estimated market rate for the borrowings.

On-lending facilities: the estimated fair value of on-lending facilities represents the market value of the on-lending facilities arrived at by recalculating the carrying amount of the on-lending facilities using the estimated market rate for the on-lending facilities.

The carrying amount of all other financial liabilities are reasonable approximations of their fair values which are repayable on demand.

No fair value disclosures were provided for unquoted equity investment securities of N4.00billion (2014:N4.04billion) that are measured at cost because their fair value cannot be determined reliably.

Notes to the consolidated and separate financial statements

(c) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(d) Determination of impairment of property and equipment, and intangible assets excluding goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss

(e) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the Group wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(f) Deferred tax

The Group recognises deferred tax assets based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be used.

(g) Determination of regulatory risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, banks would be required to comply with the following:

- (i) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:
 - Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained reserve account to a "regulatory risk
 - Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained reserve account
- (ii) The non-distributable reserve (excluding regulatory risk reserve) should be classified under Tier 1 as part of the core capital.

The banking subsidiary has complied with the requirements of the guidelines as follows:

Prudential adjustments for the year ended 31 December 2015

In thousands of Naira	31 Dec 2015
Loans & advances:	
Specific impairment allowances on loans to customers	9,763,386
Collective impairment allowances on loans to customers	5,959,442
Total impairment allowances on loans	15,722,828
 Other financial assets:	
Specific impairment allowances on unquoted equity securities	1,299,914
Specific impairment allowances on other assets	17,140,911
Operational risk provision	2,922,889
Total impairment allowances on other financial assets	21,363,714
Total impairment allowances by the Banking subsidiary (a)	37,086,542
Total regulatory impairment based on prudential guidelines (b)	48,659,081
Required balance in regulatory risk reserves (c = b - a)	11,572,539
Balance, 1 January 2015	4,170,499
Additional during the year	7,402,040
Balance, 31 December 2015	11,572,539

Notes to the consolidated and separate financial statements

Prudential adjustments for the year ended 31 December 2014
In thousands of Naira

31 DEC 2014

Loans & advances:

Specific impairment allowances on loans to customers	5,174,669
Collective impairment allowances on loans to customers	8,283,949
Total impairment allowances on loans	13,458,618

Other financial assets:

Specific impairment allowances on unquoted equity securities	1,299,914
Specific impairment allowances on other assets	11,269,899
Operational risk provision	1,798,491
Total impairment allowances on other financial assets	14,368,304

Total impairment allowances by the Banking subsidiary (a) **27,826,922**

Total regulatory impairment based on prudential guidelines (b) **31,997,421**

Required balance in regulatory risk reserves (c = b - a) **4,170,499**

Balance, 1 January 2014 **5,112,237**

Reversal during the year **(941,738)**

Balance, 31 December 2014 **4,170,499**

Notes to the consolidated and separate financial statements

5 Operating segments

The Group has six reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Executive Management Committee reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Investment Banking - provides comprehensive services to highly structured large corporate organisations. The group is also involved in capital raising activities for organisations both in money and capital markets as well as provides financial advisory services to organisations in raising funds.

Business Banking - provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover less than N2.5billion.

Corporate Banking - incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. Corporate Banking caters for the specific needs of companies and financial institutions with annual turnover in excess of N5billion.

Personal Banking - incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Retail Banking caters for needs of individuals.

Institutional Banking - government financing, financial institutions, multilateral agencies. The business unit caters for governments at the various levels and their agencies.

Treasury and Financial Markets - Treasury and financial markets group provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. The group is also involved in currency trading incorporating financial instruments trading and structured financing.

Information regarding the results of each reporting segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

No single external customer accounts for 10% or more of the Group's revenue.

Information about operating segments

(i) The business segment results are as follows:

GROUP:							
31 DECEMBER 2015							
In thousands of Naira	Investment Banking	Business Banking	Corporate Banking	Personal Banking	Institutional Banking	Treasury & Financial Markets	TOTAL
External revenues:							
Net interest income	1,667,921	14,606,283	12,758,277	27,033,390	6,945,370	925,591	63,936,832
Net fee and commission income	2,068,067	3,286,628	3,428,280	5,020,879	449,371	1,581,129	15,834,354
Net trading income	(248,070)	-	-	-	-	1,188,355	940,285
Net income from other financial instruments at fair value through profit or loss	-	-	-	-	-	149,846	149,846
Other revenue	2,435,433	2,561,910	1,729,177	871,580	1,039,894	197,288	8,835,282
Inter-segment revenue	-	829,551	(762,562)	620,215	406,402	(1,093,606)	-
Total segment revenue	5,923,351	21,284,372	17,153,172	33,546,064	8,841,037	2,948,603	89,696,599
Other material non-cash items:							
Impairment losses on financial assets	931,397	1,994,935	10,541,514	1,494,055	71,558	-	15,033,459
Reportable segment profit before income tax	1,729,924	(2,664,482)	(588,888)	7,023,666	898,549	1,369,895	7,768,664
Reportable segment assets	28,803,998	122,418,693	315,271,530	90,717,183	27,584,490	399,868,722	984,664,616
Reportable segment liabilities	8,954,853	279,014,993	184,546,597	222,354,905	104,533,209	192,804,125	992,208,682
31 DECEMBER 2014							
In thousands of Naira	Investment Banking	Business Banking	Corporate Banking	Personal Banking	Institutional Banking	Treasury & Financial Markets	TOTAL
External revenues:							
Net interest income	1,487,754	17,479,207	18,046,140	27,053,846	7,149,166	1,417,414	72,633,527
Net fee and commission income	3,080,405	4,542,461	3,424,150	824,285	785,052	1,781,549	14,437,902
Net trading income	32,362	-	-	-	-	733,457	765,819
Net income from other financial instruments at fair value through profit or loss	-	-	-	-	-	131,428	131,428
Other revenue	981,148	2,649,272	1,967,394	3,621,664	475,620	3,154,929	12,850,027
Inter-segment revenue	-	699,765	(841,140)	462,834	697,524	(1,018,983)	-
Total segment revenue	5,581,669	25,370,705	22,596,544	31,962,629	9,107,362	6,199,794	100,818,703
Other material non-cash items:							
Impairment losses on financial assets	117,019	2,194,859	3,667,146	4,286,880	373,973	-	10,639,877
Reportable segment profit before income tax	1,220,816	1,682,656	12,285,659	4,089,255	856,915	3,807,592	23,942,893
Reportable segment assets	34,075,945	147,842,067	331,503,364	140,739,320	83,813,165	235,228,588	973,202,449
Reportable segment liabilities	11,580,378	211,500,605	176,181,835	223,745,387	207,548,261	169,728,615	1,000,285,081

Notes to the financial statements

(ii) Reconciliations of reportable segments revenues, profit or loss and assets and liabilities

In thousands of Naira	GROUP	
	31 DEC 2015	31 DEC 2014
Revenues		
Total revenue for reportable segments	89,696,599	100,818,703
Unallocated amounts	-	-
Elimination of inter-segment revenue	-	-
Total revenue	89,696,599	100,818,703
Profit or loss		
Total profit or loss for reportable segments	7,768,664	23,942,893
Unallocated amounts	-	-
Profit before income tax	7,768,664	23,942,893
Assets		
Total assets for reportable segments	984,664,616	973,202,449
Other unallocated amounts	174,869,560	196,162,335
Total assets	1,159,534,176	1,169,364,784
Liabilities		
Total liabilities for reportable segments	992,208,682	1,000,285,081
Other unallocated amounts	4,934,207	8,714,272
Total liabilities	997,142,889	1,008,999,353

Geographical areas

In presenting information on the basis of geographical areas, revenue is based on the customers' country of domicile and assets are based on the geographical location of the assets.

(iii) The Geographical information result for 31 December 2015 is as follows:

In thousands of Naira	NIGERIA	EUROPE	TOTAL
External revenues	88,567,769	1,128,830	89,696,599
Non-current assets (see note 5 (v) below)	47,105,518	109,506	47,215,024

(iv) The Geographical information result for 31 December 2014 is as follows:

In thousands of Naira	NIGERIA	EUROPE	TOTAL
External revenues	99,987,686	831,017	100,818,703
Non-current assets (see note 5 (v) below)	43,778,576	126,573	43,905,149

(v) Non-current assets includes property and equipment and intangible assets

Notes to the consolidated and separate financial statements

6 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and liabilities:

31 DECEMBER 2015

In thousands of Naira	Note	Trading	Designate d at fair value	Held-to- maturity	Loans and receivables	Available- for-sale	Other amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	20	-	-	-	180,921,698	-	-	180,921,698	180,921,698
Non-pledged trading assets	23	1,994,350	-	-	-	-	-	1,994,350	1,994,350
Derivative assets held	23	-	1,479,760	-	-	-	-	1,479,760	1,479,760
Loans and advances to customers	24	-	-	-	592,957,417	-	-	592,957,417	635,420,659
Assets pledged as collateral	26	-	-	51,777,589	-	-	-	51,777,589	47,188,357
Investment securities	25	-	-	86,518,754	-	48,791,393	-	135,310,147	133,653,816
		1,994,350	1,479,760	138,296,343	773,879,115	48,791,393	-	964,440,961	1,000,658,640
Derivative liabilities held	23	-	1,317,271	-	-	-	-	1,317,271	1,317,271
Deposits from banks	33	-	-	-	-	-	5,461,038	5,461,038	5,461,038
Deposits from customers	34	-	-	-	-	-	700,216,706	700,216,706	700,216,706
Borrowings	35	-	-	-	-	-	113,700,194	113,700,194	113,371,317
On-lending facilities	36	-	-	-	-	-	33,846,116	33,846,116	30,788,571
Debt securities issued	37	-	-	-	-	-	49,309,394	49,309,394	49,112,859
		-	1,317,271	-	-	-	902,533,448	903,850,719	900,267,762

31 DECEMBER 2014

In thousands of Naira	Note	Trading	Designate d at fair value	Held-to- maturity	Loans and receivables	Available- for-sale	Other amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	20	-	-	-	126,293,809	-	-	126,293,809	126,293,809
Non-pledged trading assets	23	741,917	-	-	-	-	-	741,917	741,917
Derivative assets held	23	-	4,503,005	-	-	-	-	4,503,005	4,503,005
Loans and advances to customers	24	-	-	-	617,979,790	-	-	617,979,790	614,687,852
Assets pledged as collateral	26	-	-	53,812,420	-	-	-	53,812,420	40,942,629
Investment securities	25	-	-	68,079,431	-	80,207,399	-	148,286,830	144,150,589
		741,917	4,503,005	121,891,851	744,273,599	80,207,399	-	951,617,771	931,319,801
Derivative liabilities held	23	-	4,194,185	-	-	-	-	4,194,185	4,194,185
Deposits from banks	33	-	-	-	-	-	4,796,752	4,796,752	4,796,752
Deposits from customers	34	-	-	-	-	-	733,796,796	733,796,796	733,796,796
Borrowings	35	-	-	-	-	-	99,540,346	99,540,346	99,540,346
On-lending facilities	36	-	-	-	-	-	14,913,521	14,913,521	14,913,521
Debt securities issued	37	-	-	-	-	-	26,174,186	26,174,186	26,174,186
		-	4,194,185	-	-	-	879,221,601	883,415,786	883,415,786

Financial instruments at fair value (including those held for trading, designated at fair value, available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate, yield curves, equities and prices.

Investment securities - unquoted equity securities at cost

The above table includes N5.54billion (31 December 2014: N7.83billion) of equity investment securities in both the carrying amount and fair value columns that are measured at cost and for which disclosure of fair value is equal to the cost because their fair value cannot be reliably measured. The investments are neither redeemable nor transferable and there is no market for them.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

In thousands of Naira		GROUP 2015	2014	COMPANY 2015	2014
7	Interest income				
	Cash and cash equivalents	1,257,496	4,468,887	513,515	375,604
	Loans and advances to customers	99,646,910	89,923,116	-	-
	Investments in government & corporate securities	22,679,159	23,592,045	22,911	62,425
		123,583,565	117,984,048	536,426	438,029
(a) Included in the interest income on loans and advances to customers is N2.16billion (2014:N400.37million) interest income accrued on impaired loans and advances to customers.					
(b) Included in the total interest income calculated using the effective interest method reported above that relate to financial assets not carried at fair value through profit or loss is N121.28billion (2014: N107.09billion).					
8	Interest expense				
	Deposits from banks	626,980	342,103	-	-
	Deposits from customers	45,331,824	38,030,311	-	-
		45,958,804	38,372,414	-	-
	Borrowings	8,701,129	6,414,770	-	-
	Debt securities	4,159,858	563,337	-	-
	Onlending facilities	626,942	-	-	-
		59,646,733	45,350,521	-	-
There were no financial liabilities carried at Fair value through profit or loss.					
9	Net impairment loss on financial assets				
(a)	Loans and advances to customers				
	Specific impairment charge (see note 24 (c (i)))	6,993,587	7,473,045	-	-
	Collective impairment charge (see note 24 (c (ii)))	2,881,651	3,705,493	-	-
	Reversal of specific impairment (see note 24(c (ii)))	-	(247,723)	-	-
	Recoveries on loans previously written off	(1,670,592)	(1,022,116)	-	-
		8,204,646	9,908,699	-	-
(b)	Other assets				
	Impairment charge (see note 32(b))	5,494,359	478,445	-	-
		5,494,359	478,445	-	-
(c)	Investment in unquoted securities available for sale				
	Impairment for investment securities available for sale	720,110	275,537	-	-
	Reversal of impairment (see note 25 (e))	(75,398)	(22,804)	-	-
		644,712	252,733	-	-
(d)	Investment in subsidiary/Goodwill				
	Impairment charge (see note 30(c) & 27(a))	689,742	-	689,742	-
		689,742	-	689,742	-
		15,033,459	10,639,877	689,742	-
In thousands of Naira					
		GROUP 2015	2014	COMPANY 2015	2014
10	Net fee and commission income				
	Credit related fees	669,386	-	-	-
	Commission on turnover	2,359,010	4,082,431	-	-
	Letters of credit commission	430,571	890,533	-	-
	Commission on off-balance sheet transactions	595,502	675,363	-	-
	Cards & Service fees and commissions	14,944,500	11,257,760	-	-
	Gross Fee and commission income	18,998,969	16,906,087	-	-
	Card and cheque books recoverable expenses	(2,752,738)	(1,682,118)	-	-
	Other banks charges	(411,877)	(786,067)	-	-
	Fee and commission expense	(3,164,615)	(2,468,185)	-	-
	Net fee and commission income	15,834,354	14,437,902	-	-
The fees and commission income reported above excludes amount included in determining effective interest rates on assets or liabilities that are not carried at fair value through profit or loss.					
11	Net trading income				
	Bonds trading income	198,971	179,478	-	-
	Treasury bills trading income	955,168	553,979	-	-
	Options & Equities trading (loss)/income	(213,854)	32,362	-	-
		940,285	765,819	-	-
12	Net income from other financial instruments at fair value through profit or loss				
	Net income arising on:				
	Fair value gain on derivative financial instruments held for risk management	149,846	131,428	-	-
		149,846	131,428	-	-
13	Other income				
	Dividends on equity investment securities in the subsidiaries (see note (a) below)	-	-	1,320,000	5,450,000
	Dividends on unquoted equity securities at cost (see note (b) below)	532,552	467,415	218,510	70,102
	Foreign exchange gains	5,431,496	9,769,431	201,710	320,163
	Gain on disposal of investment securities (see note (c) below)	2,584,955	1,270,409	1,915,875	354,431
	Loss on disposal of subsidiaries (see note (d) below)	-	(132,846)	-	-
	Gain on sale of property and equipment	231,328	332,350	108	165
	Gain on transfer of subsidiary	-	40,000	-	40,000
	Other income (see note (e) below)	54,951	1,103,268	8,275	-
		8,835,282	12,850,027	3,664,478	6,234,861

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(a) The amount of N1.32billion represents accrual for final dividend in respect of the year ended 31 December 2014 declared and approved by the Annual General Meeting of First City Monument Bank Limited. The amount of N5.45billion comprises dividend received from the subsidiaries in 2014: First City Monument Bank Limited of N5billion and FCMB Capital Markets Limited of N450million.				
(b) This amount N532.62million (2014: N467.42million) represents dividend income received from unquoted equity investments held by the Group.				
(c) Included in this amount is N1.9billion which represents a gain on disposal of the Group's stake in Equity Bank Kenya under the Private Equity Fund, see note 25(f) below, and N582.81million represents a gain on disposal of investment in Central Securities Clearing System (CSCS) by the banking subsidiary, see note 25(d) below.				
(d) This amount represents a loss on disposal of Arab Gambian Islamic Bank Limited (AGIB).				
(e) Other income comprises:				
Rental income	46,676	365,633	-	-
Recoveries	8,275	737,635	8,275	-
	54,951	1,103,268	8,275	-
In thousands of Naira				
	GROUP	2015	2014 Restated	COMPANY
				2015
				2014 Restated
14 Personnel expenses				
Short term employee benefits (see note 44 (b))	22,060,210	23,427,447	204,023	242,602
Contributions to defined contribution plans (see note 38)	683,196	515,351	8,640	5,739
Non-payroll staff cost	2,744,275	3,861,105	25,697	58,326
	25,487,681	27,803,903	238,360	306,667
15 Depreciation and Amortisation				
Amortisation of Intangibles (see note 30 (a))	530,897	316,720	963	963
Depreciation of property and equipment (see note 29)	3,832,119	3,274,042	22,297	19,262
	4,363,016	3,590,762	23,260	20,225
In thousands of Naira				
	GROUP	2015	2014 Restated	COMPANY
				2015
				2014 Restated
16 General and administrative expenses				
Communication, stationery and postage	2,158,580	1,926,123	5,050	51,240
Business travel expenses	1,086,143	1,247,786	10,420	7,907
Advert, promotion and corporate gifts	2,535,098	2,102,478	27,698	10,646
Business premises and equipment costs	3,907,142	3,869,431	16,625	10,336
Directors' emoluments and expenses	886,320	881,403	196,344	184,120
IT expenses	2,995,891	2,583,586	2,565	1,385
Contract Services and training expenses	5,555,755	5,197,223	1,429	830
Vehicles maintenance expenses	1,340,287	1,186,406	1,015	1,932
Security expenses	2,047,753	2,018,058	-	-
Auditors' remuneration (This includes interim audit fees)	287,061	253,970	30,000	30,000
Professional charges	2,045,609	2,341,932	109,939	90,364
	24,845,639	23,608,396	401,085	388,760
17 Other operating expenses				
NDIC Insurance Premium & other insurances	3,999,259	4,391,799	2,987	-
AMCON Expenses	5,655,943	4,929,575	-	-
Others (see note (a) below)	2,627,503	1,979,608	297,184	506,361
	12,282,705	11,300,982	300,171	506,361
(a) Others comprises:				
AGM, meetings and shareholders expenses	262,754	395,916	140,194	220,760
Donation and sponsorship expenses	202,562	358,710	-	-
Entertainments expenses	286,175	376,607	5,452	604
Fraud and forgery loss	13,246	24,000	-	-
Rental expenses	398,871	116,774	54,420	5,859
Regulatory charges	13,314	17,737	13,314	13,268
Other accounts write off	234,869	208,260	58	226
Provision for litigation	1,035,654	475,604	83,746	265,644
Penalty (see note 45)	180,058	6,000	-	-
	2,627,503	1,979,608	297,184	506,361
In thousands of Naira				
	GROUP	2015	2014	COMPANY
				2015
				2014
18 Earnings per share				
Basic and diluted earnings per share				
Profit attributable to equity holders	4,760,666	22,133,257	2,523,055	5,396,908
Weighted average number of ordinary shares in issue (in '000s)	19,802,710	19,802,710	19,802,710	19,802,710
	0.24	1.12	0.13	0.27
Group does not have dilutive potential ordinary shares as at 31 December 2015 (December 2014: nil).				
19 Tax expense				
(i) Current tax expense:				
Minimum tax	900,532	-	-	-
National Information Technology Development Agency (NITDA) levy	110,263	286,516	25,231	53,969
Tertiary education tax (see note 19(v))	124,292	107,709	-	-
Corporate income tax	1,882,491	3,490,822	-	-
(ii) Deferred tax expense:				
Origination of temporary differences (see note 31(b))	(9,580)	(2,075,411)	-	-
Income tax expense	2,107,466	1,809,636	25,231	53,969
Total tax expense	3,007,998	1,809,636	25,231	53,969

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(iii) Reconciliation of effective tax rate

Profit before tax
Income tax using the domestic corporation tax rate
National Information Technology Development Agency (NITDA) levy
Non-deductible expenses
Tax exempt income
Minimum tax
Unrecognised tax losses
Tertiary education tax
Total tax expense

GROUP	COMPANY
2015	2015
30.0%	30.0%
1.0%	1.0%
46.0%	0.0%
-23.6%	0.0%
11.7%	0.0%
-27.4%	-30.0%
1.4%	0.0%
39.1%	1.0%

GROUP	COMPANY
2014	2014
30.0%	30.0%
1.2%	1.0%
14.8%	0.0%
-8.7%	-30.0%
-36.5%	0.0%
0.5%	0.0%
6.3%	0.0%
7.6%	1.0%

- (iv) A significant portion of the company's income derives from dividend from the subsidiary and associate companies which are not subject to tax in the hands of the company and as a result the current income tax assessment for the year under review yields a tax credit in its favour. Consequently, the company should be subject to the provisions of the Companies Income Tax Act that mandate a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

However, the company was exempted from the minimum tax for both current and prior years because it qualified for tax exemption. This tax exemption was granted due to the company meeting the 25% minimum capital importation rule.

The banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2015 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012.

The Order exempts all interests earned on bonds (Federal, state, local and corporate bodies including supra-nationals) and other short term securities such as Treasury bills and Promissory Notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for bonds issued by the Federal Government, which will continue to enjoy the exemption.

A significant portion of the banking subsidiary's income derives from short-term securities and government bonds, and as a result, the banking subsidiary's current income tax assessment for the year under review yields a tax credit in its favour. Consequently, the banking subsidiary has applied the provisions of the Companies Income Tax Act that mandate a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

Excess dividend tax in line with Section 15A of Companies Income Tax Act which stipulates that where a company pays dividend in a year where no tax is payable due to no total profit or total profit that is less than the amount of dividend paid, whether or not the recipient of the dividend is a Nigeria company, the company paying the dividend shall be charged to a tax at the rate of 30% of the amount of dividend paid as if that is the total profit of the company. During the year ended 31 December 2015, the Bank was not liable to excess dividend tax (31 December 2014: N1.5billion).

The Company's tax computation was carried out by Albert Folorunsho (FRC/2013/ICAN/0000000908) of Pedabo Associates Limited.

In thousands of Naira

(v) Current income tax liability

Beginning of the year
Tax paid
Minimum tax (see note 19(ii))
National Information Technology Development Agency (Nitda) levy (see note 19(ii))
Tertiary education tax (see note 19(ii))
Income tax expense (see note 19(i))

GROUP	2015	2014	COMPANY	2015	2014
	4,363,544	4,333,353	114,246	60,277	
	(3,883,168)	(3,854,856)	(114,246)	-	
	900,532	-	-	-	
	110,263	286,516	25,231	53,969	
	124,292	107,709	-	-	
	1,882,491	3,490,822	-	-	
	3,497,954	4,363,544	25,231	114,246	
	3,497,954	4,363,544	25,231	114,246	
	3,497,954	4,363,544	25,231	114,246	

In thousands of Naira

20 Cash and cash equivalents

Cash
Current balances within Nigeria
Current balances outside Nigeria (see note b)
Placements with local banks (see note c)
Placements with foreign banks
Unrestricted balances with Central banks

GROUP	2015	2014	COMPANY	2015	2014
	37,662,017	26,448,441	-	-	
	383,933	6,568,501	4,354,446	54,830	
	78,548,093	62,625,209	-	-	
	11,780,077	8,623,965	2,876,750	4,001,335	
	7,086,313	13,262,413	-	-	
	45,461,265	8,765,280	-	-	
	180,921,698	126,293,809	7,231,196	4,056,165	
	180,921,698	126,293,809	7,231,196	4,056,165	
	180,921,698	126,293,809	7,231,196	4,056,165	

- (a) 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.
- (b) Balance with banks outside Nigeria include N12.87billion (2014: N6.66billion) which represents the Naira value of foreign currency amounts held by the Bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 39).
- (c) Placements with local banks includes N7.5billion (31 December 2014: N7.5billion) which represents overnight placements with Central Bank of Nigeria.

In thousands of Naira

21 Restricted reserve deposits

Restricted mandatory reserve deposits with central banks (see note (a) below)

Current
Non-current

GROUP	2015	2014	COMPANY	2015	2014
	125,552,318	146,105,573	-	-	
	125,552,318	146,105,573	-	-	
	125,552,318	146,105,573	-	-	
	125,552,318	146,105,573	-	-	

- (a) Restricted mandatory reserve deposits are not available for use in the banking subsidiary's day-to-day operations. Mandatory reserve deposits and escrow balances are non interest-bearing and are computed at different percentages (as directed by the CBN from time to time) of the banking subsidiary's deposit liabilities for private sector and public sector deposits respectively. Effective April 9, 2014 the percentage of the private sector deposit was changed from 12% to 15% and was further changed to 20% effective November 25, 2014. The percentage of public sector deposit was changed from 50% to 75% effective February 4, 2014. The rate was harmonised at 31% in May 2015 for both private and public sector deposits and dropped to 25% effective September, 2015.

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In thousands of Naira				
22 Non-pledged trading assets	GROUP		COMPANY	
	2015	2014	2015	2014
Federal Government of Nigeria Bonds - listed	591,882	-	-	-
Treasury bills - listed	1,247,395	110,961	-	-
Equity securities	155,073	630,956	-	-
	1,994,350	741,917	-	-
Current	1,994,350	741,917	-	-
Non-current	-	-	-	-
	1,994,350	741,917	-	-
In thousands of Naira				
23 Derivative assets and liabilities held for risk management	GROUP		COMPANY	
Instrument type	2015	2014	2015	2014
Assets: - options	1,391,892	4,421,201	-	-
- interest rate swap	87,868	81,804	-	-
	1,479,760	4,503,005	-	-
Current	-	-	-	-
Non-current	1,479,760	4,503,005	-	-
	1,479,760	4,503,005	-	-
Liabilities - options	1,214,104	4,104,808	-	-
- interest rate swap	103,167	89,377	-	-
	1,317,271	4,194,185	-	-
Current	-	-	-	-
Non-current	1,317,271	4,194,185	-	-
	1,317,271	4,194,185	-	-

Customer Transactions: The banking subsidiary has entered into options on Dated Brent with customers to allow those customers hedge their exposure to the oil price
Market Transactions: The banking subsidiary has entered into back to back options on Dated Brent with regards to the customer transactions with market counterparties to mitigate the market risk exposure on the customer transactions
The banking subsidiary has not applied hedge accounting.
The fair value gains and losses have been presented in the profit or loss (see note 12)

In thousands of Naira				
24 Loans and advances to customers	GROUP		COMPANY	
(a) Loans and advances to customers at amortised cost	2015	2014	2015	2014
Finance leases at amortised cost	595,948,369	621,704,427	-	-
Gross loans	15,111,332	11,670,770	-	-
	611,059,701	633,375,197	-	-
Less allowance for impairment:				
- Loans and advances to customers	(17,851,341)	(15,023,255)	-	-
- Finance leases (see note (b) below)	(250,943)	(372,152)	-	-
Total allowance for impairment	(18,102,284)	(15,395,407)	-	-
	592,957,417	617,979,790	-	-
Current	259,351,974	201,960,998	-	-
Non-current	333,605,443	416,018,792	-	-
	592,957,417	617,979,790	-	-

Group	Gross amount	Impairment allowance	Carrying Amount	Gross amount	Impairment allowance	Carrying Amount
	2015			2014		
Retail customers:						
Mortgage lending	2,154,538	(12,950)	2,141,588	4,282,907	(120,440)	4,162,467
Personal loans	128,795,993	(4,306,392)	124,489,601	118,898,106	(2,723,145)	116,174,961
Credit cards	2,249,009	(26,993)	2,222,016	379,890	(8,248)	371,642
Corporate customers:						
Other secured lending	462,748,829	(13,505,006)	449,243,823	498,143,524	(12,171,422)	485,972,102
	595,948,369	(17,851,341)	578,097,028	621,704,427	(15,023,255)	606,681,172

Retail customers represents loans availed to individuals, unregistered small and medium scale businesses and all other unstructured business ventures; while Corporate customers represents loans availed to corporate bodies and government agencies.

In thousands of Naira				
(b) Finance lease	GROUP		COMPANY	
Loan and advances to customers at amortised cost include the following finance lease:	2015	2014	2015	2014
Gross investment:				
Less than one year	6,379,837	4,982,310	-	-
Between one and five years	14,160,372	13,860,424	-	-
More than five years	1,554,776	1,756,584	-	-
	22,094,985	20,599,318	-	-
Unearned finance income	(6,983,653)	(8,928,548)	-	-
Net investment in finance leases	15,111,332	11,670,770	-	-
Less impairment allowance	(250,943)	(372,152)	-	-
	14,860,389	11,298,618	-	-
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	3,023,616	2,698,989	-	-
Between one and five years	11,063,356	8,340,232	-	-
More than five years	1,024,360	631,549	-	-
	15,111,332	11,670,770	-	-

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In thousands of Naira		GROUP		COMPANY	
		2015	2014	2015	2014
(c) Movement in allowances for impairment					
(i) Specific allowances for impairment					
Balance at 1 January	6,574,749	3,206,245	-	-	-
Impairment loss for the year:					
Charge for the year (see note 9(a))	6,993,587	7,473,045	-	-	-
impairment reversals	-	(247,723)	-	-	-
Write offs	(2,079,345)	(3,856,818)	-	-	-
	11,488,991	6,574,749	-	-	-
(ii) Collective allowances for impairment					
Balance at 1 January	8,820,658	8,631,674	-	-	-
Impairment loss for the year:					
Charge for the year (see note 9(a))	2,881,651	3,705,493	-	-	-
Write offs	(5,089,016)	(3,516,509)	-	-	-
	6,613,293	8,820,658	-	-	-
	18,102,284	15,395,407	-	-	-
(d) Classification of loans by security type					
Secured against real estate	100,519,015	97,287,082	-	-	-
Secured by shares of quoted companies	2,099,461	1,104,522	-	-	-
Cash Collateral, lien over fixed and floating assets	282,659,034	237,109,675	-	-	-
Otherwise secured	78,410,455	199,763,165	-	-	-
Unsecured	147,371,736	98,110,753	-	-	-
	611,059,701	633,375,197	-	-	-
(e) Impaired loans that are not individually significant are included in the collective impairment. Therefore when such loans are written off the cumulative impairment on them are taken from the collective impairment allowance.					
(f) The loans written off during the year had been fully provisioned in the books.					
(g) None of the related party loans was impaired as at year end and as such no impairment was taken on related party loans (2014:nil)					
		GROUP		COMPANY	
		2015	2014	2015	2014
25 Investment securities					
Held-to-maturity (see note (a) below)	86,518,754	68,079,431	169,466	-	-
Available-for-sale (see note (b) below)	48,791,393	80,207,399	1,844,155	2,828,220	2,828,220
	135,310,147	148,286,830	2,013,621	2,828,220	2,828,220
Current	-	93,902,997	-	-	-
Non-current	135,310,147	54,383,833	2,013,621	2,828,220	2,828,220
	135,310,147	148,286,830	2,013,621	2,828,220	2,828,220
(a) Held-to-maturity investment securities					
Federal Government of Nigeria (FGN) Bonds - listed	56,088,570	46,151,852	-	-	-
State Government Bonds - unlisted	15,118,111	10,559,552	-	-	-
Treasury Bills	229,367	1,530,202	-	-	-
Corporate bonds - unlisted	15,082,706	9,837,825	169,466	-	-
	86,518,754	68,079,431	169,466	-	-
(b) Available-for-sale investment securities					
Federal Government of Nigeria (FGN) Bonds - listed	1,148,445	445,342	-	-	-
Treasury bills - listed	38,878,936	68,711,397	-	-	-
Equity securities measured at fair value (see note (c) below) - listed / unlisted	2,954,076	3,219,096	-	-	-
Unquoted equity securities measured at cost (see note (d) - unlisted	5,538,704	7,831,564	1,572,923	2,828,220	2,828,220
Unclaimed dividend investment fund- (see note (g))	271,232	-	271,232	-	-
	48,791,393	80,207,399	1,844,155	2,828,220	2,828,220
(c) Equity securities measured at fair value under available-for-sale investments					
Helios Towers Mauritius (HTM) Private Placement Underwriting	1,729,924	2,231,806	-	-	-
DAAR Communications Underwriting	37,277	37,277	-	-	-
Environmental Remediation Holding Company Plc	10,450	127,088	-	-	-
Unity Bank Plc	1,253	560	-	-	-
UTC Nigeria Plc	11	11	-	-	-
Central Securities Clearing System	19,215	12,600	-	-	-
WAMCO	5,495	-	-	-	-
Financial Derivative Ltd	10,000	10,000	-	-	-
Industrial and General Insurance Plc	5,990	24,503	-	-	-
Food Concepts Limited	2,310	1,800	-	-	-
Zenith Bank Plc	342,551	-	-	-	-
Hygeia Nigeria Limited	-	601	-	-	-
Legacy Short Maturity Fund	30,250	-	-	-	-
Legacy Equity Fund	45,000	58,500	-	-	-
Standard Alliance Co Plc	714,350	714,350	-	-	-
	2,954,076	3,219,096	-	-	-
In thousands of Naira		GROUP		COMPANY	
		2015	2014	2015	2014
(d) Unquoted equity securities at cost under available-for-sale investments					
Credit Reference Company Limited	61,111	61,111	-	-	-
Nigeria Inter-bank Settlement System Plc	102,970	102,970	-	-	-
Africa Finance Corporation	2,558,388	2,558,388	-	-	-
Rivers State Microfinance Agency	1,000,000	1,000,000	-	-	-
Private Equity Funds (see (f) below)	1,572,923	2,828,220	1,572,923	2,828,220	2,828,220
SME Investments	1,087,967	1,091,848	-	-	-
First Concepts & Properties Limited	-	1,040,175	-	-	-
Africa Export-Import Bank, Cairo	144,805	144,805	-	-	-
Central Securities Clearing System	-	87,500	-	-	-
Express Discount House	64,415	64,415	-	-	-
Smartcard Nigeria Plc	22,804	22,804	-	-	-
ATSC Investment	50,000	50,000	-	-	-
Currency Sorting Co	24,640	24,640	-	-	-
IMB Energy Master Fund	100,000	100,000	-	-	-
FMDQ (OTC) Plc	30,000	30,000	-	-	-
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	18,595	-	-	-	-
	6,838,618	9,206,876	1,572,923	2,828,220	2,828,220
Specific impairment for equities (note (e) below)	(1,299,914)	(1,375,312)	-	-	-
Carrying amount	5,538,704	7,831,564	1,572,923	2,828,220	2,828,220

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(e) Specific allowances for impairment against Unquoted equity securities at cost under available-for-sale investments

Balance at 1 January	1,375,312	1,122,578	-	-
Reversal of impairment (see note 9(c))	(75,398)	(22,804)	-	-
Charge for the year (see note 9(c))	-	275,538	-	-
Balance at end	1,299,914	1,375,312	-	-

(f) During the year ended, the Group under the Private Equity Fund disposed off its stake in Equity Bank, Kenya. This resulted to a gain of N1.9billion on disposal, see note 13(c) above.

(g) In line with the Security and Exchange Commission (SEC) recent rule, CardinalStone Registrars Limited (Registrars to the Company) during the year transferred 90% of the total unclaimed dividend under their custody to the Company. The amount transferred was N255.04million. The company earned an income of N16.19m within the year from the investment of the unclaimed dividend.

(h) The cost of AFS investments was disclosed because it's fair value could not be reliably measured.

(i) All debt securities have fixed coupons

In thousands of Naira

	GROUP 2015	2014	COMPANY 2015	2014
26 Assets pledged as collateral				
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
Treasury bills - listed	7,934,482	8,450,218	-	-
Federal Government of Nigeria (FGN) bonds - listed	43,843,107	45,362,202	-	-
	51,777,589	53,812,420	-	-
Current	15,607,982	20,588,198	-	-
Non-current	36,169,607	33,224,222	-	-
	51,777,589	53,812,420	-	-

As at the year ended, the Group held no collateral, which it was permitted to sell or re-pledge in the absence of default by the owner of the collateral (31 December 2014: nil).

These represents pledged assets to these parties;

Counterparties	Reasons for pledged securities				
Nigeria Inter-bank Settlement Plc (NIBSS)	cards, POS transactions settlements	1,184,482	1,184,482	-	-
Interswitch Nigeria Limited	cards, POS transactions settlements	250,000	250,000	-	-
Federal Inland Revenue Service(FIRS)	Third parties collection transactions	1,500,000	2,600,000	-	-
Central Bank of Nigeria (CBN)	Third parties clearing instruments	15,000,000	15,000,000	-	-
Bank of Industry (BOI)	On-lending facilities to customers	14,980,800	17,534,516	-	-
Standard Bank London	Borrowed funds repo transactions	12,013,422	17,243,422	-	-
Stanbic IBTC	Borrowed funds repo transactions	6,848,885	-	-	-
		51,777,589	53,812,420	-	-

In thousands of Naira

27 Investment in Subsidiaries				
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see note (c) below)	-	-	115,422,326	115,422,326
FCMB Capital Markets Limited (see note (d) below)	-	-	240,000	240,000
CSL Stockbrokers Limited (CSLS) (see note (e) below)	-	-	3,053,777	3,053,777
CSL Trustees Limited (see note (f) below)	-	-	220,000	40,000
Specific allowances for impairment	-	-	118,936,103	118,756,103
Carrying amount	-	-	(689,742)	-
	-	-	118,246,361	118,756,103
Current	-	-	-	-
Non-current	-	-	118,246,361	118,756,103
	-	-	118,246,361	118,756,103
	GROUP 2015	2014	COMPANY 2015	2014
Specific allowances for impairment				
Balance at 1 January	-	-	-	-
Charge for the year (see note 9(d))	-	-	689,742	-
Balance at 31 December	-	-	689,742	-

(b) Group entities

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

Company Name	Country of incorporation	Nature of Business	Percentage of equity capital held (Direct	Financial year end
(1) First City Monument Bank Limited (see Note (c) below)	Nigeria	Banking	100%	31-December
(2) FCMB Capital Markets Limited (see Note (d) below)	Nigeria	Capital Market	100%	31-December
(3) CSL Stockbrokers Limited (CSLS) (see Note (e) below)	Nigeria	Stockbroking	100%	31-December
(4) CSL Trustees Limited (see Note (f) below)	Nigeria	Trusteeship	100%	31-December

(c) This represents the cost of the Company's 100% equity holding in First City Monument Bank Limited. The Company was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on 20 April, 1982. It was licensed on 11 August, 1983 to carry on the business of Commercial Banking and Commercial Business on 1 September 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on 21 December, 2004. The Bank was however delisted from the Nigerian Stock Exchange on 21 June 2013 and registered as a Limited Liability Company on 4 September 2013 following the group restructuring.

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

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

(f) This represents the cost of the Company's 100% equity holding in CSL Trustees Limited. The Company was incorporated in November 24, 2010. The company invested additional N180m in CSL Trustees Limited in September 2015 in order to recapitalise the business in line with the new SEC minimum capitalisation policy of N300m for trustee business in Nigeria.

(g) There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

(h) The investments are carried at cost less impairment.

In thousands of Naira

	GROUP 2015	2014	COMPANY 2015	2014
28 Investment in associates				
(a) Investment in associate company:				
Balance at 1 January 2015	647,399	568,512	418,577	407,800
Share of profit transfer out of reserve	84,565	68,110	-	-
Additions during the year	-	10,777	-	10,777
Balance at year end	731,964	647,399	418,577	418,577
(b) Summarised financial information of the Group's principal associates are as				
Assets	3,166,075	2,767,505	3,166,075	2,767,505
Liabilities	579,628	479,876	579,628	479,876
Net assets	2,586,448	2,287,630	2,586,448	2,287,630
Revenues	2,278,438	2,070,682	2,278,438	2,070,682
Profit	970,469	950,767	970,469	950,767

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(c) This represents the Company's 28.30% (2014: 28.30%) equity interest holding in Legacy Pension Fund Limited, a pension fund manager licensed to carry on the business of fund and pension management. The company was incorporated in April 2005 and commenced operations in May 2005. The Group acquired its initial 25% equity holding in February 2008.

29 Property and equipment						
GROUP						
In thousands of Naira	Leasehold improvement and buildings	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost						
Balance at 1 January 2015	24,709,746	6,112,726	15,093,250	9,534,961	3,887,506	59,338,189
Additions during the year	1,656,885	621,678	3,465,217	270,191	435,816	6,449,787
Transfer to other assets	(1,624,373)	-	-	-	-	(1,624,373)
Disposal during the year	(32,888)	(1,773,405)	(257,539)	(56,542)	-	(2,120,374)
Translation difference	563	971	1,796	966	-	4,296
Balance at reporting date	24,709,933	4,961,970	18,302,724	9,749,576	4,323,322	62,047,525
Accumulated depreciation and impairment losses						
Balance at 1 January 2015	5,760,967	4,740,581	10,567,259	7,776,075	2,101,500	30,946,382
Transfer to other assets	(441,760)	-	-	-	-	(441,760)
Charge for the year (see note 15)	859,487	631,634	1,601,014	739,984	-	3,832,119
Eliminated on Disposal	(32,788)	(1,773,195)	(257,449)	(56,332)	(142,934)	(2,262,698)
Translation difference	255	490	1,166	833	-	2,744
Balance at reporting date	6,146,161	3,599,510	11,911,990	8,460,560	1,958,566	32,076,787
Carrying amounts:						
Balance at 31 December 2015	18,563,772	1,362,460	6,390,734	1,289,016	2,364,756	29,970,738
Balance at 31 December 2014	18,948,779	1,372,145	4,525,991	1,758,886	1,786,006	28,391,807
COMPANY						
In thousands of Naira	Leasehold improvement and buildings	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost						
Balance at 1 January 2015	5,181	58,987	7,575	2,942	-	74,684
Additions during the year	-	6,900	59	263	-	7,223
Disposal during the year	-	(4,661)	-	-	-	(4,661)
Balance at reporting date	5,181	61,226	7,634	3,205	-	77,246
Accumulated depreciation and impairment losses						
Balance at 1 January 2015	641	14,928	2,139	639	-	18,347
Charge for the year (see note 15)	518	19,175	1,823	781	-	22,297
Eliminated on Disposal	-	(4,661)	-	-	-	(4,661)
Balance at reporting date	1,159	29,442	3,962	1,420	-	35,983
Carrying amounts:						
Balance at 31 December 2015	4,022	31,784	3,672	1,785	-	41,263
Balance at 31 December 2014	4,540	44,059	5,436	2,302	-	56,337

	GROUP		COMPANY	
	2015	2014	2015	2014
Current	-	-	-	-
Non-current	29,970,738	28,391,807	41,263	56,337
	29,970,738	28,391,807	41,263	56,337

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year ended (31 December 2014: nil).

There were no restrictions on title of any property and equipment.

There were no property and equipment pledged as security for liabilities.

There were no contractual commitments for the acquisition of property and equipment.

30 Intangible assets				
(a) Software				
	GROUP 2015	2014	COMPANY 2015	2014
Cost				
Beginning of the year	3,645,396	2,611,527	3,851	3,851
Derecognised balance due to divested subsidiary	-	(5,638)	-	-
Additions during the year	542,269	949,426	-	-
Work-in-progress	1,297,032	75,679	-	-
Translation difference	7,195	14,402	-	-
End of the year	5,491,892	3,645,396	3,851	3,851
Amortisation				
Beginning of the year	2,292,156	2,026,069	1,043	80
Derecognised balance due to divested subsidiary	-	(1,813)	-	-
Reclassification	-	(58,529)	-	-
Charge for the year (see note 15)	530,897	316,720	963	963
Translation difference	5,628	9,709	-	-
End of the year	2,828,681	2,292,156	2,006	1,043
Carrying amount	2,663,211	1,353,240	1,845	2,808
(b) Goodwill				
Beginning of the year	6,995,070	6,995,070	-	-
Impairment charge (see note c)	(689,742)	-	-	-
At end of the year	6,305,328	6,995,070	-	-
	8,968,539	8,348,310	1,845	2,808
Current	-	-	-	-
Non-current	8,968,539	8,348,310	1,845	2,808
	8,968,539	8,348,310	1,845	2,808

(c) Goodwill is reviewed annually or more frequently for impairment when there are objective indicators that impairment may have occurred by comparing the carrying value to its recoverable amount. The Directors of the Company are of the opinion that, there is objective indication that the Goodwill recognised on the acquisition of CSL Stockbrokers Limited has been impaired due to the down turn in the stockbroking business. Impairment charge of N689.74m was taken in 2015 (2014:nil).

(d) There were no capitalised borrowing costs related to the acquisition to any internal development of software during the year (31 December 2014: nil)

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In thousands of Naira

31 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets	Liabilities	Net	Assets	Liabilities	Net
	2015			2014		
Property and equipment	1,147,797	(56,155)	1,091,642	1,123,549	(41,487)	1,082,062
Defined benefits	157,779	-	157,779	194,310	-	194,310
Allowances for loan losses	2,339,356	(12,283)	2,327,073	2,327,073	-	2,327,073
Unrelieved loss carried forward	4,521,309	-	4,521,309	4,521,309	-	4,521,309
Net tax assets/ (liabilities)	8,166,241	(68,438)	8,097,803	8,166,241	(41,487)	8,124,754
Deferred tax assets						
Current	-	-	-	-	-	-
Non-current	8,166,241	-	8,166,241	8,166,241	-	8,166,241
Deferred tax liabilities						
Current	-	-	-	-	-	-
Non-current	68,438	-	68,438	41,487	-	41,487

(b) Movements in temporary differences during the year ended 31 December 2015;

	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive	Balance at 31 December
Property and equipment	1,082,062	9,580	-	1,091,642
Defined benefits	157,779	-	-	157,779
Allowances for loan losses	2,327,073	-	-	2,327,073
Unrelieved loss carried forward	4,521,309	-	-	4,521,309
	8,088,223	9,580	-	8,097,803

Movements in temporary differences during the year ended 31 December 2014;

	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive	Balance at 31 December
Property and equipment	894,552	187,510	-	1,082,062
Defined benefits	220,057	199,122	(261,400)	157,779
Allowances for loan losses	1,662,717	664,356	-	2,327,073
Unrelieved loss carried forward	3,496,886	1,024,423	-	4,521,309
	6,274,212	2,075,411	(261,400)	8,088,223

In thousands of Naira

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	GROUP 2015	2014	COMPANY 2015	2014
Unrelieved losses	4,812,271	1,195,882	623,607	5,955
Provision for terminated gratuity not yet paid	(221,402)	-	-	-
Allowance for loan losses	(544,943)	-	-	-
Property and equipment (unutilised capital allowance)	1,911,818	696,367	43,621	280,278
	5,957,744	1,892,249	667,228	286,233

Deferred tax assets have not been recognised in respect of these items because it is not presently probable that future taxable profit will be available against which the Group can use the benefits.

In thousands of Naira

32 Other assets

(a) Other financial assets:

	GROUP 2015	2014	COMPANY 2015	2014
Accounts receivables	34,198,432	33,293,055	1,420,000	5,450,000
Other non-financial assets:				
Prepayments	4,469,162	3,431,587	5,398	2,080
Consumables	578,609	731,564	-	-
	39,246,203	37,456,206	1,425,398	5,452,080
Less specific allowances for impairment (note (b) below)	(17,542,788)	(11,368,523)	-	-
	21,703,415	26,087,683	1,425,398	5,452,080
Current	6,821,257	13,298,749	1,425,398	5,452,080
Non-current	14,882,158	12,788,934	-	-
	21,703,415	26,087,683	1,425,398	5,452,080

(b) Movement in impairment on other assets

	GROUP 2015	2014	COMPANY 2015	2014
At start of the year	11,368,523	11,909,052	-	-
Increase in impairment (see note 9 (b))	5,494,359	478,445	-	-
Amounts written back	750,000	-	-	-
Amounts written off	(70,094)	(1,018,974)	-	-
At end	17,542,788	11,368,523	-	-

In thousands of Naira

33 Deposits from banks

	GROUP 2015	2014	COMPANY 2015	2014
Other deposits from banks	5,461,038	4,796,752	-	-
	5,461,038	4,796,752	-	-
Current	5,461,038	4,796,752	-	-
Non-current	-	-	-	-
	5,461,038	4,796,752	-	-
Other deposits from banks comprise:				
FBN UK Limited (see note (a) below)	5,083,993	-	-	-
United Bank for Africa (UBA), New York	-	3,739,566	-	-
Other foreign banks	377,045	1,057,186	-	-
	5,461,038	4,796,752	-	-

(a) The amount of N5,083,993,000 (USD 25,509,247) (December 2014: Nil) represents a interbank takings from FBN UK Limited repayable after a tenor of 170 days with an interest rate of 6 months LIBOR + 1.75%.

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

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In thousands of Naira		GROUP 2015	2014	COMPANY 2015	2014
34	Deposits from customers				
	Retail customers:				
	Term deposits	142,859,562	124,417,973	-	-
	Current deposits	213,835,277	210,851,945	-	-
	Savings	112,728,490	87,034,844	-	-
		469,423,329	422,304,762	-	-
	Corporate customers:				
	Term deposits	109,786,822	110,733,909	-	-
	Current deposits	121,006,555	200,758,125	-	-
		230,793,377	311,492,034	-	-
		700,216,706	733,796,796	-	-
	Current	693,858,527	733,693,839	-	-
	Non-current	6,358,179	102,957	-	-
		700,216,706	733,796,796	-	-

Corporate customers represents deposits from corporate bodies, government agencies while retail customers represents deposits from individuals, unregistered small and medium scale business, ventures.

In thousands of Naira		GROUP 2015	2014	COMPANY 2015	2014
35	Borrowings				
(a)	Borrowing comprise:				
	Standard Bank, London (see note (a)(i) below)	9,981,231	9,290,151	-	-
	Standard Bank, London (see note (a)(ii) below)	-	1,267,371	-	-
	Standard Bank, London (see note (a)(iii) below)	-	4,680,312	-	-
	Standard Chartered Bank, London (see note (a)(iv) below)	-	27,875,239	-	-
	International Finance Corporation (IFC) (see note (a)(v) below)	1,668,644	2,183,672	-	-
	International Finance Corporation (IFC) (see note (a)(vi) below)	4,171,610	5,460,880	-	-
	International Finance Corporation (IFC) (see note (a)(vii) below)	10,009,976	9,159,368	-	-
	International Finance Corporation (IFC) (see note (a)(viii) below)	7,507,482	7,028,983	-	-
	International Finance Corporation (IFC) (see note (a)(ix) below)	6,306,771	-	-	-
	Citibank, N.A (OPIC) (see note (a)(x) below)	-	545,545	-	-
	Citibank, Nigeria (OPIC) (see note (a)(xi) below)	-	174,163	-	-
	Bank Of Industry (BOI), Nigeria (see note (a)(xii) below)	-	164,822	-	-
	Netherlands Development Finance Company (FMO) (see note (a)(xiii) below)	4,993,001	4,559,315	-	-
	Netherlands Development Finance Company (FMO) (see note (a)(xiv) below)	4,993,001	4,651,758	-	-
	Netherlands Development Finance Company (FMO) (see note (a)(xv) below)	1,996,302	1,859,555	-	-
	European Investment Bank (EIB) (see note (a)(xvi) below)	6,585,303	6,116,060	-	-
	Standard Bank, S.A (see note (a)(xvii) below)	5,016,923	-	-	-
	Mashreq Bank, New York (see note (a)(xviii) below)	-	2,779,041	-	-
	Mashreq Bank, New York (see note (a)(xix) below)	-	4,631,336	-	-
	Mashreq Bank, New York (see note (a)(xx) below)	-	1,851,414	-	-
	Standard Bank, London (see note (a)(xxi) below)	1,284,167	-	-	-
	Citibank, Nigeria (see note (a)(xxii) below)	4,989,806	-	-	-
	Citibank, N.A (OPIC) (see note (a)(xxiii) below)	14,947,402	-	-	-
	Commerzbank Led Syndicated Facility (see note (a)(xxiv) below)	15,424,233	-	-	-
	Engr. Tajudeen Amoo (see note (a)(xxv) below)	1,833,302	259,949	-	-
	Financial Derivatives Company Limited (see note (a)(xxvi) below)	268,980	277,017	-	-
	First City Asset Management (FCAM) (see note (a)(xxvii) below)	8,236,220	3,831,794	-	-
	Supra Finance Limited (see note (a)(xxviii) below)	-	81,036	-	-
	Udodong Grace (see note (a)(xxix) below)	-	103,207	-	-
	Temitope Popoola (see note (a)(xxx) below)	29,000	-	-	-
	Living Faith (see note (a)(xxxi) below)	3,456,840	-	-	-
	UBS AG, United Kingdom (see note (a) (xxxi) below)	-	708,358	-	-
		113,700,194	99,540,346	-	-
	Current	39,477,030	26,793,500	-	-
	Non-current	74,223,164	72,746,846	-	-
		113,700,194	99,540,346	-	-

- (a) i) The amount of N9,981,231,402 (31 December 2014: N9,290,151,000 (USD 50,000,000)) represents a secured renewed facility granted by Standard Bank, London repayable after a tenor of 5 years, maturing 30 June 2018 with an interest rate of 3 months LIBOR + 3.0% payable quarterly. The facility is secured by Federal Government of Nigeria bonds.
- ii) This represent a facility that has been repaid as at 31 December 2015: Nil, (31 December 2014: 1,267,371,000 (USD 6,702,500)), granted by Standard Bank, London repayable after a tenor of 365 days, matured 19 June 2015 with an interest rate of 2.6%. The facility was secured by Federal Government of Nigeria bonds.
- iii) This represent a facility that has been repaid as at 31 December 2015: Nil, (31 December 2014: N4,680,312,000) (USD 25,000,000) granted by Standard Bank, London repayable after a tenor of 2 years, matured 25 July 2015 with an interest rate of 3 months LIBOR + 2.0% payable quarterly. The facility is secured by Federal Government of Nigeria bonds.
- iv) This represent a facility that has been repaid as at 31 December 2015: Nil, (31 December 2014: N27,875,239,000) (USD 150,000,000) granted by Standard Chartered Bank, London repayable after a tenor of 2 years, matured 23 December 2015 with an interest rate of 3.65% above LIBOR payable quarterly. This is a syndicated facility where the lead arrangers and bookrunners are Standard Chartered Bank, London and Commerzbank, Germany respectively.
- v) The amount of N1,668,643,768 (31 December 2014: N2,183,672,000 (USD 20,000,000)) represents the outstanding balance of the unsecured convertible facility granted by International Finance Corporation (IFC) repayable after a tenor of 7 years, maturing 29 November 2017 with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable semi-annually.
- vi) The amount of N4,171,610,364 (31 December 2014: N5,460,880,000 (USD 50,000,000)) represents the outstanding balance of the unsecured facility granted by International Finance Corporation (IFC) repayable after a tenor of 7 years maturing 29 November 2017 with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable semi-annually.
- vii) The amount of N10,009,976,291 (December 2014: N9,159,368,000 (USD 50,000,000)) represents an unsecured facility granted by International Finance Corporation (IFC) repayable after a tenor of 5 years maturing 9 October 2019 with an interest rate of 3 months LIBOR + 3.65%.
- viii) The amount of N7,507,482,219 (31 December 2014: N7,028,983,000 (USD 37,500,000)) represents an unsecured facility granted by International Finance Corporation (IFC) repayable after a tenor of 5 years maturing 9 October 2019 with an interest rate of 6 months LIBOR + 4.75%.
- ix) The amount of N6,306,770,699 (USD 31,500,000), (31 December 2014: Nil) represents an unsecured facility granted by International Finance Corporation (IFC) repayable after a tenor of 3 years maturing 19 February 2017 with an interest rate of 6 months LIBOR + 4.0%.

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- x) This represent a facility that has been repaid as at 31 December 2015: Nil, (31 December 2014: N545,545,000 (USD15,000,000) granted by Citibank NA repayable after a tenor of 3 years matured 25 June 2015 with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable quarterly.
- xi) This represent a facility that has been repaid as at 31 December 2015: Nil, (31 December 2014: N174,163,000), (USD 5,000,000) granted by Citibank Nigeria repayable after a tenor of 3 years matured 25 June 2015 with an interest rate of 6-months LIBOR plus spread of 400-450 basis points payable quarterly.
- xii) This represents a facility that has been repaid as at 31 December 2015 Nil, (31 December 2014: N164,822,000) relates to Bank of Industry (BOI) related loans for manufacturing / SME funds for 10 to 15 year term.
- xiii) The amount of N4,993,000,935 (31 December 2014: N4,559,315,000 (USD 25,000,000) represents an unsecured facility granted by Netherlands Development Finance Company (FMO) repayable after a tenor of 6 years maturing 30 June 2020 with an interest rate of 6 months LIBOR + 4.5%.
- xiv) The amount of N4,993,000,935 (31 December 2014: N4,651,758,000 (USD 25,000,000) represents an unsecured facility granted by Netherlands Development Finance Company (FMO) repayable after a tenor of 6 years, maturing 30 June 2020 with an interest rate of 6 months LIBOR + 4.5%.
- xv) The amount of N1,996,301,659 (December 2014: N1,859,555,000 (USD 10,000,000) represents an unsecured facility granted by Netherlands Development Finance Company (FMO) repayable after a tenor of 3 years maturing 30 June 2017 with an interest rate of 6 months LIBOR + 3.5%.
- xvi) The amount of N6,585,303,441 (31 December 2014: N6,116,060,000 (USD 32,877,500) represents an unsecured facility granted by European Investment (EIB) repayable after a tenor of 8 years maturing 22 September 2022 with an interest rate of LIBOR plus 4%.
- xvii) The amount of N5,016,923,114 (USD 25,000,000), (31 December 2014 :Nil) represents an unsecured facility granted by Standard Bank S.A repayable after a tenor of 1 year maturing 15 August 2016 with an interest rate of 3 months LIBOR + 5.1% payable quarterly.
- xviii) This represents an unsecured facility that has been repaid as at 31 December 2015, Nil (December 2014: N2,779,041,000 (USD 14,771,537) granted by Mashreq Bank, NY repayable after a tenor of 178 days matured 16 March 2015 with an interest rate of 6 months LIBOR + 2.75%.
- xix) This represents an unsecured facility that has been repaid as at 31 December 2015, Nil (December 2014: N4,631,336,000 (USD 24,617,089) granted by Mashreq Bank, NY repayable after a tenor of 179 days matured 17 March 2015 with an interest rate of 6 months LIBOR + 2.75%.
- xx) This represents an unsecured facility that has been repaid as at 31 December 2015, Nil (December 2014: N1,851,414,000 (USD 9,846,785) granted by Mashreq Bank, NY repayable after a tenor of 179 days matured 26 March 2015 with an interest rate of 6 months LIBOR + 2.75%.
- xxi) The amount of N1,284,166,852 (USD 6,353,472), (31 December 2014 :Nil) represents an unsecured facility granted by Standard Bank, London repayable after a tenor of 1 year maturing 20 June 2016 with an interest rate of 2.6%.
- xxii) The amount of N4,989,806,119 (USD 25,000,000), (31 December 2014 :Nil) represents an unsecured facility granted by Citi Bank, repayable after a tenor of 1 year maturing 26 September 2016 with an interest rate of 3 months LIBOR + 3.10% payable quarterly.
- (xxiii) The amount of N14,947,402,152 (USD 75,000,000), (31 December 2014 :Nil) represents a facility granted by OPIC, repayable after a tenor of 4 year maturing 15 August 2019 based on weekly certificate interest rate (CIR) payable quarterly.
- xxiv) The amount of N15,424,233,304 (USD 77,000,000), (31 December 2014 :Nil) represents a facility granted by Commerz Bank, repayable after a tenor of 1 year maturing 11 November 2016 with an interest rate of 6 months LIBOR + 4.25%.
- xxv) The amount of N1,833,302,000 (31 December 2014 :N259,949,000) represents the outstanding balance of the unsecured facilities granted by Engr. Tajudeen Amoo at average nominal interest of 16.67% maturing in 2016.
- xxvi) The amount of N268,980,000 (December 2014: N277,017,000) represents the outstanding balance of the unsecured facilities granted by Financial Derivatives Company Limited at average nominal interest of 16.67% maturing in 2016.
- xvii) The amount of N8,236,220,000 (31 December 2014 : N3,831,794,000) represents an unsecured facility granted by Credit Linked Investment Plan (CLIP) an investment plan managed by First City Asset Management Limited (FCAM), repayable after a tenor of 1 year maturing 2016 with an interest rate of 16.67%.
- xxviii) This represents an unsecured facility that has been repaid as at 31 December 2015, Nil (December 2014: N81,036,000) granted by Supra Finance Limited at nominal interest of 15.56%.
- xxix) This represents an unsecured facility that has been repaid as at 31 December 2015, Nil (December 2014: N103,207,000) granted by Udodong Grace at average nominal interest of 14.50%.
- xxx) The amount of N29,000,000 (31 December 2014 :Nil) represents a unsecured facility granted by Temitope Popoola, repayable after a tenor of 1 year maturing 26 August 2016 with an interest rate of 16.67%.
- xxxi) The amount of N3,456,840,000 (31 December 2014 : Nil) represents the outstanding balance of the unsecured facilities granted by Living Faith (FCAM) at average nominal interest of 15.67% maturing in 2016.
- xxxii) This represents an unsecured facility that has been repaid as at 31 December 2015, Nil (31 December 2014 : N708,358,000) granted by UBS AG, United Kingdom to FCMB Capital Markets Limited at an interest rate of 1.15% + LIBOR.
- The Banking subsidiary has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year.

In thousands of Naira		GROUP 2015	2014	COMPANY 2015	2014
(b) Movement in borrowings account during the year / period was as					
Balance, beginning of the year		99,540,346	59,244,230	-	-
Additions during the year		28,781,222	45,066,628	-	-
Repayments during the year		(14,742,847)	(13,674,302)	-	-
Translation difference		121,473	8,903,790	-	-
		113,700,194	99,540,346	-	-
In thousands of Naira		GROUP 2015	2014	COMPANY 2015	2014
36 On-lending facilities (see note (a) below)					
Bank of industry (BOI)		21,452,038	10,817,358	-	-
Commercial Agriculture Credit Scheme (CACS)		10,529,310	4,096,163	-	-
Micro, Small and Medium Enterprises Development Fund (MSMEDF)		1,864,768	-	-	-
		33,846,116	14,913,521	-	-
Current		3,062,378	-	-	-
Non-current		30,783,738	14,913,521	-	-
		33,846,116	14,913,521	-	-

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(a) On-lending facilities represents government intervention funds granted by Nigeria government financial institutions, Bank of Industry (BOI) and Central Bank of Nigeria under manufacturing, agriculture, power, small and medium scale companies sectors and Commercial Agriculture Credit Scheme (CACS) respectively for on-lending to the banking subsidiary's qualified customers. These facilities are given to the banking subsidiary at low interest rates, between 0% - 10%, for on-lending at a very low rate specified under the schemes. However, the banking subsidiary bears the credit risk for these facilities.
The onlending facilities granted at below the market rate were measured at fair value on initial recognition and subsequently at amortised cost. The fair value gain on initial recognition was recognised in the profit or loss.

(b) Movement in on-lending facilities during the year was as follows:				
Balance, beginning of the year	14,913,521	-	-	-
Additions during the year	19,969,442	14,913,521	-	-
Repayments during the year	(1,036,847)	-	-	-
Balance, end of the year	33,846,116	14,913,521	-	-
37 Debt securities issued				
Debt securities at amortised cost:				
Bond issued (see note (a) below)	49,309,394	26,174,186	-	-
	49,309,394	26,174,186	-	-
Current	-	174,186	-	-
Non-current	49,309,394	26,000,000	-	-
	49,309,394	26,174,186	-	-

(a) The amount of N49.31billion (2014: N26.17 billion) represents the amortised cost of additional N23.19billion and N26billion, 5 year, 15% and 7 year, 14.25% unsecured corporate bond issued at par in November 2015 and November 2014 respectively. The Principal amount is repayable in November 2021 and November 2020 respectively, while the coupon is paid semi-annually. The amount represents the first and second tranches of a N100 billion debt issuance programme. The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities during the year ended 31 December 2015, (2014:nil).

(b) Movement in Debt securities issued during the year was as follows:				
Balance, beginning of the year	26,174,186	-	-	-
Additions during the year	23,135,208	26,174,186	-	-
Repayments during the year	-	-	-	-
Balance, end of the year	49,309,394	26,174,186	-	-

38 Retirement benefit obligations

Defined contribution scheme

The Group and its employees make a joint contribution of 18% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. Prior to 1 July, 2014 the Group and its employees contributed 7.5% each. However, effective 1 July, 2014 the Group complied with the new Pension reform Act 2014 and up to date payment of the new employer contribution of 10% and employees 8% have been remitted.

Total contributions to the scheme for the year were as follows:

Balance at start of year	115,056	124,674	-	-
Charged to profit or loss (see note 14)	683,196	515,351	8,640	5,739
Employee contribution	958,440	527,951	6,912	4,591
Total amounts remitted	(1,706,148)	(1,052,920)	(15,552)	(10,330)
At end	50,544	115,056	-	-
Current	50,544	115,056	-	-
Non-current	-	-	-	-
	50,544	115,056	-	-

In thousands of Naira

	GROUP 2015	2014	COMPANY 2015	2014
39 Other liabilities				
(a) Other financial liabilities:				
Customers' deposit for letters of credits	12,868,864	6,662,093	-	-
Bank cheques/drafts	3,464,642	2,957,720	-	-
Proceeds from public offers	73,268	81,976	-	-
Accounts payable - negotiated letters of credits	26,500,628	54,830,354	-	-
Accounts payable - others	42,113,943	50,550,642	104,304	85,456
Accounts payable - unclaimed dividend (see note 25(g) above)	255,039	-	255,039	-
	85,276,384	115,082,785	359,343	85,456
(b) Other non-financial liabilities:				
Deferred income (see note (d) below)	147,354	148,265	-	-
Accrued expenses	1,372,513	3,993,271	216,377	219,597
Provision (see note (c) below)	2,878,983	1,839,159	427,317	373,375
	4,398,850	5,980,695	643,694	592,972
	89,675,234	121,063,480	1,003,037	678,428
Current	85,203,116	113,405,076	1,003,037	678,428
Non-current	4,472,118	7,658,404	-	-
	89,675,234	121,063,480	1,003,037	678,428

(c) **Movement in provision during the year ended 31 December 2015:**

	Claims	Redundancy	Staff Benefits	Totals
Group				
Balance as at start of year	2,018,452	38,921	60,000	2,117,373
Additional provisions made during the year	766,485	4,212	97,841	868,538
Provisions utilised during the year	(45,815)	-	(61,113)	(106,928)
Balance as at end of year	2,739,122	43,133	96,728	2,878,983
Company				
Balance as at start of year	274,454	38,921	60,000	373,375
Additional provisions made during the year	84,247	4,212	72,411	160,870
Provisions utilised during the year	(45,815)	-	(61,113)	(106,928)
Balance as at end of year	312,886	43,133	71,298	427,317

Claims:

The Group issued a warranty upon the disposal of a former subsidiary Fin Securities Limited (FinSec); and also have pending probable legal cases that may crystallize. The claims provision is reserved for these.

Redundancy:

The Group carried out a restructuring exercise that resulted to redundancy of some staff. The redundancy provision is expected to be utilized in 2016.

Staff Benefits:

The Group makes provision for staff productivity and medical expenses.

(d) Included in deferred income are amounts for financial guarantee contracts which represents the amount initially recognised less cumulative amortisation.

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In thousands of Naira	GROUP 2015	2014	COMPANY 2015	2014
40 Share capital				
(a) Authorised 30billion ordinary shares of 50k each (2014: 30billion)	15,000,000	15,000,000	15,000,000	15,000,000
(b) Issued and fully paid 19.8billion ordinary shares of 50k each (2014: 19.8billion)	9,901,355	9,901,355	9,901,355	9,901,355

41 Share premium, retained earnings and other reserves

- (a) There was no movement in the Share premium during the current and prior year

Share premium	115,392,414	115,392,414	115,392,414	115,392,414
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- (b) Other reserves comprises of:

Statutory reserve (see note (d) below)	6,014,583	5,352,591	-	-
Translation reserve (see note (j) below)	1,576,155	1,077,661	-	-
Available for sale reserve (see note (f) below)	1,389,402	(327,972)	-	-
Regulatory risk reserve (see note (g) below)	10,935,941	2,730,705	-	-
	19,916,081	8,832,985	-	-

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

- (c) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.
- (d) **Statutory reserve:** Nigerian banking regulations require the Banking subsidiary to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. However, the Banking subsidiary transferred 15% of its profit after tax to statutory reserves as at year end (31 December 2014: 30%).
- (e) **SSI reserve:** The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.
- (f) **Available for sale reserve (Fair value reserve):** The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.
- (g) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment of loans and advances under the Nigeria GAAP and Central Bank of Nigeria prudential guidelines and the loss incurred model used in calculating the impairment balance under IFRS.
- (h) **Retained earnings:** Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.
- (i) **Revaluation reserve:** The revaluation reserve shows the effects from the fair value measurement of equity instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.
- (j) **Foreign currency translation reserve (FCTR):** Records exchange movements on the Group's net investment in foreign subsidiaries
- (k) **Actuarial gains and losses reserve:** This reserve shows the changes in the present value of defined benefits obligation resulting from experiences adjustments and changes in actuarial assumptions.

42 Contingencies, claims and litigation:

(a) Legal Proceedings

The Group in its ordinary course of business is presently involved in 296 cases as a defendant (31 December 2014: 270) and 103 cases as a plaintiff (31 December 2014: 33). The total amount claimed in the 296 cases against the Banking subsidiary is estimated at N99.13billion (31 December 2014: N68.57billion) while the total amount claimed in the 103 cases instituted by the Banking subsidiary is N17.10billion (31 December 2014: N36.28billion). The Directors of the Group are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

(b) Contingent liabilities and commitments

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

(c) Nature of instruments

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

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

In thousands of Naira	GROUP 2015	2014	COMPANY 2015	2014
Performance bonds and guarantees	82,687,009	96,788,515	-	-
Clean line letters of credit	58,344,519	114,258,615	-	-
	141,031,528	211,047,130	-	-
Other commitments	1,030,672	879,313	-	-
	142,062,200	211,926,443	-	-
Current	74,238,953	163,532,186	-	-
Non-current	67,823,247	48,394,257	-	-
	142,062,200	211,926,443	-	-

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

Notes to the consolidated and separate financial statements

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43 Group subsidiaries and related party transactions

(a) Parent and Ultimate controlling party

FCMB Group Plc is the ultimate parent company and its subsidiaries are as listed in note 43 (b) below.

(b) Subsidiaries:

Transactions between FCMB Group Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2015 are shown below.

Entity	Form of holding	Effective holding	Nominal share capital held N'000	Country of incorporation	Nature of Business
(1) First City Monument Bank Limited	Direct	100%	115,422,326	Nigeria	Banking
(2) FCMB Capital Markets Limited	Direct	100%	240,000	Nigeria	Capital Market
(3) CSL Stockbrokers Limited (CSLS)	Direct	100%	3,053,777	Nigeria	Stockbroking
(4) CSL Trustees Limited (CSLT)	Direct	100%	220,000	Nigeria	Trusteeship
(5) Credit Direct Limited (CDL)	Indirect	100%	366,210	Nigeria	Micro-lending
(6) FCMB (UK) Limited (FCMB UK)	Indirect	100%	7,791,147	United Kingdom	Banking
(7) First City Asset Management Limited (FCAM)	Indirect	100%	50,000	Nigeria	Asset Management
(8) FCMB Financing SPV Plc.	Indirect	100%	250	Nigeria	Capital Raising

(c) Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The carrying amounts of Group subsidiaries' assets and liabilities are N1,167.03billion and N1,014.05billion respectively (31 December 2014: N1,168.10billion and N1,020.99billion respectively).

The Group does not have any subsidiary that has material non-controlling interest.

(d) Condensed Financial Information

(i) The condensed financial data of the consolidated entities as at 31 December 2015 were as follows:

	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	CSL TRUSTEES LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
RESULTS OF OPERATIONS								
Operating income	4,200,904	84,900,404	1,036,396	738,156	193,847	91,069,707	(1,373,108)	89,696,599
Operating expenses	(962,876)	(64,344,004)	(657,103)	(992,235)	(75,930)	(67,032,148)	53,107	(66,979,041)
Net impairment of financial assets	(689,742)	(14,102,062)	(169,575)	(72,080)	-	(15,033,459)	-	(15,033,459)
Share of post tax result of associate	-	-	-	-	-	-	84,565	84,565.00
Profit /(loss) before tax	2,548,286	6,454,338	209,718	(326,159)	117,917	9,004,100	(1,235,436)	7,768,664
Tax	(25,231)	(2,912,113)	(7,600)	(29,679)	(33,375)	(3,007,998)	-	(3,007,998)
Profit after tax	2,523,055	3,542,225	202,118	(355,838)	84,542	5,996,102	(1,235,436)	4,760,666
Other comprehensive income	-	2,328,244	-	(112,376)	-	2,215,868	-	2,215,868
Total comprehensive income for the period	2,523,055	5,870,469	202,118	(468,214)	84,542	8,211,970	(1,235,436)	6,976,534

Notes to the consolidated and separate financial statements

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FINANCIAL POSITION**Assets**

Cash and cash equivalents	7,231,196	177,771,439	1,387,506	2,178,664	3,160,825	191,729,630	(10,807,932)	180,921,698
Restricted reserve deposits	-	125,552,318	-	-	-	125,552,318	-	125,552,318
Non-pledged trading assets	-	1,839,277	65	155,008	-	1,994,350	-	1,994,350
Derivative assets held for risk management	-	1,479,760	-	-	-	1,479,760	-	1,479,760
Loans and advances to customers	-	592,671,607	154,994	111,474	19,342	592,957,417	-	592,957,417
Assets pledged as collateral	-	51,777,589	-	-	-	51,777,589	-	51,777,589
Investment securities	2,013,621	124,464,886	-	8,104,452	727,188	135,310,147	-	135,310,147
Investment in subsidiaries	118,246,361	-	-	-	-	118,246,361	(118,246,361)	-
Investment in associates	418,577	-	-	-	-	418,577	313,387	731,964
Property and equipment	41,263	29,807,468	64,923	47,453	9,631	29,970,738	-	29,970,738
Intangible assets	1,845	8,608,845	-	46,384	-	8,657,074	311,465	8,968,539
Deferred tax assets	-	8,166,241	-	-	-	8,166,241	-	8,166,241
Other assets	1,425,398	28,004,875	113,671	572,391	33,587	30,149,922	(8,446,507)	21,703,415
	129,378,261	1,150,144,305	1,721,159	11,215,826	3,950,573	1,296,410,124	(136,875,948)	1,159,534,176

Financed by:

Trading liabilities	-	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	1,317,271	-	-	-	1,317,271	-	1,317,271
Deposits from banks	-	5,461,038	-	-	-	5,461,038	-	5,461,038
Deposits from customers	-	711,024,639	-	-	-	711,024,639	(10,807,933)	700,216,706
Borrowings	-	113,700,194	-	-	-	113,700,194	-	113,700,194
On-lending facilities	-	33,846,116	-	-	-	33,846,116	-	33,846,116
Debt securities issued	-	49,309,394	-	-	-	49,309,394	-	49,309,394
Retirement benefit obligations	-	48,471	2,073	-	-	50,544	-	50,544
Current income tax liabilities	25,231	3,307,694	122,616	12,887	29,526	3,497,954	-	3,497,954
Deferred tax liabilities	-	26,874	5,033	34,986	1,545	68,438	-	68,438
Other liabilities	1,003,037	83,698,922	325,653	9,306,207	3,573,180	97,906,999	(8,231,765)	89,675,234
Share capital	9,901,355	2,000,000	500,000	943,577	50,000	13,394,932	(3,493,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,733,250	170,000	218,142,355	(102,749,941)	115,392,414
Retained earnings	3,056,224	13,411,730	765,784	(584,929)	126,322	16,775,131	406,306	17,181,437
Other reserves	-	32,145,271	-	(230,152)	-	31,915,119	(11,999,038)	19,916,081
	129,378,261	1,150,144,305	1,721,159	11,215,826	3,950,573	1,296,410,124	(136,875,948)	1,159,534,176

Acceptances And Guarantees

-	142,062,200	-	-	142,062,200	-	142,062,200
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Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

CONDENSED FINANCIAL INFORMATION

(ii) The condensed financial data of the consolidated entities as at 31 December 2014 were as follows:

	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	CSL TRUSTEES LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
RESULTS OF OPERATIONS								
Operating income	6,672,890	96,078,751	1,912,270	1,501,074	103,718	106,268,703	(5,450,000)	100,818,703
Operating expenses	(1,222,012)	(63,076,446)	(847,407)	(1,108,644)	(49,534)	(66,304,043)	-	(66,304,043)
Net impairment of financial assets	-	(10,522,858)	(32,240)	(84,779)	-	(10,639,877)	-	(10,639,877)
Share of post tax result of associate	-	-	-	-	-	-	68,110	68,110
Profit / (loss) before tax	5,450,878	22,479,447	1,032,623	307,651	54,184	29,324,783	(5,381,890)	23,942,893
Tax	(53,969)	(1,372,377)	(270,265)	(96,561)	(16,464)	(1,809,636)	-	(1,809,636)
Profit / (loss) after tax	5,396,908	21,107,070	762,358	211,090	37,720	27,515,147	(5,381,890)	22,133,257
Other comprehensive income	-	287,364	-	(43,925)	-	243,439	210,133	453,572
Total comprehensive income for the year	5,396,908	21,394,434	762,358	167,165	37,720	27,758,586	(5,171,757)	22,586,829
FINANCIAL POSITION								
Assets								
Cash and cash equivalents	4,056,165	119,671,843	834,609	5,269,671	1,903,563	131,735,851	(5,442,042)	126,293,809
Restricted reserve deposits	-	146,105,573	-	-	-	146,105,573	-	146,105,573
Non-pledged trading assets	-	110,961	-	630,956	-	741,917	-	741,917
Derivative assets held for risk management	-	4,503,005	-	-	-	4,503,005	-	4,503,005
Loans and advances to customers	-	617,523,204	328,226	126,391	1,969	617,979,790	-	617,979,790
Assets pledged as collateral	-	53,812,420	-	-	-	53,812,420	-	53,812,420
Investment securities	2,828,220	134,037,631	2,570,436	8,840,415	10,128	148,286,830	-	148,286,830
Investment in subsidiaries	118,756,103	-	-	-	-	118,756,103	(118,756,103)	-
Investment in associates	418,577	-	-	-	-	418,577	228,822	647,399
Property and equipment	56,337	28,211,656	36,670	84,676	2,468	28,391,807	-	28,391,807
Intangible assets	2,808	7,271,616	-	72,678	-	7,347,102	1,001,208	8,348,310
Deferred tax assets	-	8,166,241	-	-	-	8,166,241	-	8,166,241
Other assets	5,452,080	26,597,683	139,733	1,225,552	14,314	33,429,362	(7,341,679)	26,087,683
	131,570,290	1,146,011,833	3,909,674	16,250,339	1,932,442	1,299,674,577	(130,309,793)	1,169,364,784
Financed by:								
Derivative liabilities held for risk management	-	4,194,185	-	-	-	4,194,185	-	4,194,185
Deposits from banks	-	4,796,752	-	-	-	4,796,752	-	4,796,752
Deposits from customers	-	739,238,838	-	-	-	739,238,838	(5,442,042)	733,796,796
Borrowings	-	99,900,684	1,381,180	-	-	101,281,864	(1,741,518)	99,540,346
On-lending facilities	-	14,913,521	-	-	-	14,913,521	-	14,913,521
Debt securities issued	-	26,174,186	-	-	-	26,174,186	-	26,174,186
Retirement benefit obligations	-	111,829	3,227	-	-	115,056	-	115,056
Current income tax liabilities	114,246	3,785,638	368,291	80,344	15,026	4,363,544	-	4,363,544
Deferred tax liabilities	-	34,453	7,034	-	-	41,487	-	41,487
Other liabilities	678,428	109,008,523	1,086,261	14,054,796	1,835,634	126,663,642	(5,600,162)	121,063,480
Share capital	9,901,355	2,000,000	500,000	943,577	40,000	13,384,932	(3,483,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,733,250	-	217,972,355	(102,579,941)	115,392,414
Retained earnings	5,483,847	19,566,097	563,681	(556,225)	41,782	25,099,182	1,139,495	26,238,677
Other reserves	-	21,440,436	-	(5,402)	-	21,435,034	(12,602,049)	8,832,985
	131,570,290	1,146,011,833	3,909,674	16,250,340	1,932,442	1,299,674,578	(130,309,794)	1,169,364,784
Acceptances And Guarantees	-	211,926,443	-	-	-	211,926,443	-	211,926,443

Notes to the consolidated and separate financial statements
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(e) Transactions with key management personnel

Key management personnel compensation for the period / year comprised;

In thousands of Naira

Key management personnel
Short-term employee benefits
Post-employment benefits

	GROUP		COMPANY	
	2015	2014	2015	2014
	609,033	525,036	149,777	140,354
	11,436	9,581	4,222	2,931
	620,469	534,617	153,999	143,285
Loans and advances				
At start of the year	9,972,620	11,562,679	-	-
Granted during the year	410,354	933,452	-	-
Repayment during the year	(9,515,129)	(2,523,511)	-	-
At end of the year	867,845	9,972,620	-	-
Interest earned	629,879	3,967,110	-	-

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf. Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favorable than those given to other staff. No impairment has been recognized in respect of loans granted to key management (2014: nil). Mortgage loans amounting to N528.92million (2014: N612.15million) are secured by the underlying assets. All personal loans are unsecured and interest rates charged on the related parties are at arm's length transaction.

Interest rates charged on the related parties are at arm's length transaction. The mortgage and secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

Loans and advances outstanding:

Included in loans and advances is an amount of N2.03billion (31 December 2014:N9.89billion) representing credits facilities to companies in which certain Directors have interests. The balances as at 31 December 2015 and 31 December 2014 were as follows:

In thousands of Naira

Name of company / Individual	Relationship	Name of Directors related to the companies	Facility type	31 Dec 2015	31 Dec 2014	Status	Security Status
Dynamic Industries Limited	Directors-Shareholders	Alhaji Mustapha Damcida	Overdraft	278,568	270,963	Performing	Perfected
Dynamic Industries Limited	Directors-Shareholders	Alhaji Mustapha Damcida	Term loan	845,645	741,810	Performing	Perfected
Primrose Property Investment Ltd.	Directors-Shareholders	Otunba M. O Balogun	Overdraft	-	20,684	Performing	Perfected
Primrose Property Investment Ltd.	Directors-Shareholders	Otunba M. O Balogun	Term loan	126,053	-	Performing	Perfected
Chellarams Plc	Directors-Shareholders	Alhaji Mustapha Damcida	Overdraft	66,870	73,491	Performing	Perfected
Chellarams Plc	Directors-Shareholders	Alhaji Mustapha Damcida	Term loan	157,547	232,171	Performing	Perfected
S & B Printers Limited	Directors-Shareholders	Mr. Babajide Balogun	Overdraft	-	38,441	Performing	Perfected
S & B Printers Limited	Directors-Shareholders	Mr. Babajide Balogun	Term loan	10,000	24,533	Performing	Perfected
Chapel Hill Advisory Partners	Directors-Shareholders	Mr. Mobolaji Balogun	Term loan	374,552	574,552	Performing	Perfected
Credit Direct Limited	Subsidiary	-	Overdraft	-	7,830,487	Performing	Perfected
Credit Direct Limited	Subsidiary	-	Term loan	17,025	51,337	Performing	Perfected
Poly Products Nigeria Plc	Directors-Shareholders	Mr. Olusegun Odubogun	Term loan	11,000	33,592	Performing	Perfected
Toyset Venture Limited	Directors-Shareholders	Mr. Olusegun Odubogun	Term loan	140,000	-	Performing	Perfected
				2,027,260	9,892,061		

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For the year ended 31 December 2015

Other receivables:		
First City Asset Management Limited	Subsidiary	7,376,891
FCMB Capital Markets Limited	Subsidiary	24,377
Credit Direct Limited	Subsidiary	2,630,318
CSL Trustees Limited	Subsidiary	2,858
CSL Stockbrokers Limited	Subsidiary	48,095
		10,082,539

Deposits outstanding

Included in deposit is an amount of N5.53billion (31 December 2014: N4.58billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2015 and 31 December 2014 were as follows:

In thousands of Naira

Name of company / Individual	Relationship	Type of deposit	31 Dec 2015	31 Dec 2014
ATSC International Limited	Shareholder	Current Account	892	2,240
Bluechip Holding Limited	Shareholder	Current Account	6,339	1,245
Chapel Hill Advisory Partners	Shareholder	Current Account	14,442	447
Chellarams Plc	Directors-Shareholders	Time Deposit	-	14,905
City Securities Limited	Directors-Shareholders	Current Account	-	27,091
Credit Direct Limited	Subsidiary	Current Account	738,918	84,658
CSL Stockbrokers Limited	Subsidiary	Current Account	333,627	195,487
CSL Stockbrokers Limited	Subsidiary	Time Deposit	720,902	250,000
CSL Trustees Limited	Subsidiary	Current Account	143,974	147,658
CSL Trustees Limited	Subsidiary	Time Deposit	68,699	300,757
Dynamic Industries Limited	Directors-Shareholders	Current Account	372,585	499,456
FCMB Capital Markets Limited	Subsidiary	Current Account	664,721	518,448
FCMB Capital Markets Limited	Subsidiary	Time Deposit	986,271	200,000
FCMB UK Limited	Subsidiary	Current Account	441	-
FDC Consulting Limited	Directors-Shareholders	Current Account	2,667	2,412
Financial Derivatives Company	Directors-Shareholders	Current Account	5	536,472
First City Asset Management Limited	Subsidiary	Current Account	80,440	227,630
First City Asset Management Limited	Subsidiary	Time Deposit	454,024	312,560
Gulvaris Capital Partners Limited	Directors-Shareholders	Current Account	4,877	4,564
Helios Investment Partners	Directors-Shareholders	Current Account	-	712
Helios Towers Nigeria Limited	Directors-Shareholders	Current Account	-	478,720
Heroes Furniture Limited	Directors-Shareholders	Current Account	-	609
Lafarge Cement Wapco Nig Plc	Directors-Shareholders	Current Account	27,576	2,846
Lana Securities Limited	Shareholder	Current Account	296	295
Poly Products Nigeria Limited	Directors-Shareholders	Current Account	18,286	33,327
Primrose Development Company Limited	Shareholder	Current Account	4,045	2,464
Primrose Development Company Limited	Shareholder	Time Deposit	-	2,032
Primrose Investments Limited	Shareholder	Current Account	17,605	317
Primrose Investments Limited	Shareholder	Time Deposit	819,278	615,531
Primrose Nigeria Limited	Shareholder	Current Account	77	21,965
Primrose Properties Investment Limited	Shareholder	Current Account	28,799	90,225
S&B City Printers Limited	Directors-Shareholders	Current Account	15,887	1,345
Toyset Venture Limited	Directors-Shareholders	Current Account	181	-
			5,525,854	4,576,418

Notes to the consolidated and separate financial statements

For the year ended 31 December 2015

44 EMPLOYEES AND DIRECTORS		GROUP		COMPANY	
		2015 Number	2014 Number	2015 Number	2014 Number
EMPLOYEES					
(a) The average number of persons employed during the year by category:					
Executive directors		12	14	1	1
Management		719	800	9	9
Non-management		3,412	3,616	4	4
		4,143	4,430	14	14
(b) Compensation for the above persons (excluding executive directors):					
In thousands of Naira					
		2015	2014	2015	2014
Short term employee benefits (see note 14)		22,060,210	23,427,447	204,023	242,602
Contributions to defined contribution plans		671,760	505,770	4,418	2,808
Non-payroll staff cost		2,744,275	3,861,105	25,697	58,326
		25,476,245	27,794,322	234,138	303,736
(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:					
		2015 Number	2014 Number	2015 Number	2014 Number
Less than N1,800,000.00		849	1,231	-	-
N1,800,001 - N2,500,000		315	59	-	-
N2,500,001 - N3,500,000		1,428	1,435	-	-
N3,500,001 - N4,500,000		18	2	-	1
N3,500,001 - N5,500,000		454	497	2	1
N5,500,000 and above		1,079	1,206	12	12
		4,143	4,430	14	14

(d) DIVERSITY IN EMPLOYMENT

- i). A total of 1,598 women were in the employment of the Group during the financial year ended 31 December 2015 (2014: 1,678), which represents 39% of the total workforce (2014: 38%).
- ii). A total of 15 women were in the top management (AGM-GM) position in the Group as at the year ended 31 December 2015 (2014:18), which represents 25% of the total workforce in this position (2014: 26%). There was no woman on the Board of the Company.
- iii). The analysis by grade is as shown below:

GRADE LEVEL	2015			2014		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Assistant General Manager (AGM)	23	6	29	23	7	30
Deputy General Manager (DGM)	15	6	21	19	8	27
General Manager (GM)	7	3	10	9	3	12
TOTAL	45	15	60	51	18	69
Executive Director (ED)	4	1	5	4	-	4
Deputy Managing Director (DMD)	-	-	-	1	-	1
Managing Director/Chief Executive Officer (MD / CEO)	6	-	6	5	-	5
Non - Executive Directors	18	2	20	20	3	23
TOTAL	28	3	31	30	3	33

Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

GRADE LEVEL	COMPANY					
	2015			2014		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Assistant General Manager (AGM)	2	-	2	1	-	1
Deputy General Manager (DGM)	-	-	-	-	-	-
General Manager (GM)	1	-	1	1	-	1
TOTAL	3	-	3	2	-	2
Executive Director (ED)	-	-	-	-	-	-
Deputy Managing Director (DMD)	-	-	-	-	-	-
Managing Director/Chief Executive Officer (MD / CEO)	1	-	1	1	-	1
Non - Executive Directors	9	-	9	9	-	9
TOTAL	10	-	10	10	-	10

iv). The Group is committed to maintain a positive work environment and to conduct business in a positive, professional manner and will ensure equal employment opportunity.

(e) **DIRECTORS**

The remuneration paid to the directors of the Group (excluding pension and certain allowances) was:

In thousands of Naira

	GROUP		COMPANY	
	2015	2014	2015	2014
Fees	197,800	169,225	89,775	72,725
Sitting allowances	63,160	85,700	22,410	20,650
Executive compensation	533,766	525,036	74,510	73,324
	794,726	779,961	186,695	166,699
Directors' other expenses	91,594	101,442	9,649	17,421
Directors' emolumentss (see note 16)	886,320	881,403	196,344	184,120

The Directors' remuneration shown above includes:

The Chairman	10,500	10,500	10,500	10,500
Highest paid director	80,433	95,043	74,510	73,324

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

	2015	2014	2015	2014
Below N1,000,000	9	11	-	-
N1,000,001 - N5,000,000	1	1	-	-
N5,000,001 - N10,000,000	4	6	-	2
N10,000,001 and above	17	15	10	8
	31	33	10	10

Directors of the Company are not entitled to share options.

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45 Compliance With Banking Regulations

During the year ended 31 December 2015, the Banking subsidiary contravened the following section of the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars and was penalised as follows:

Section	Nature	No of times	Penalties N'000
Report On Spot Check On Public Sector Deposits / CBN Circulars / BSD/DIR/GEN/LAB/06/034 Dated 25.07.2013 and BSD/DIR/GEN/LAB/06/039, Dated 05.09.2013	Misclassification of public sector deposits.	1	2,000
CBN infractions on Foreign exchange sales to BDC transactions.	FX sales infractions to BDC transactions.	2	25,000
Failure to submit regulatory returns in respect of FX Forward Transactions	The Bank failed to render returns.	1	2,000
Failure to file currency transaction report	The Bank failed to comply extant laws and regulations	2	10,000
Contravention of Section 7 of the MLPA 2011 (As Amended) and Regulation 29 of the CBN AML/CFT in Banks and Financial Institutions in Nigeria Regulations, 2013.	Failure to make available selected customers mandate files.	1	2,000
Contravention of Section 45 of CBN's AML/CFT Regulations, 2013.	Failure to provide Know Your Customer (KYC) report of a customer.	1	2,000
CBN Circulars / BPS/DIR/GEN/CIR/01/015 directing all Deposit Money Banks (DMBs) to ensure all new loans must have the BVN, as condition precedent to drawdown, with effect from 03 November 2014.	Granting of new loans without the Bank Verification Number (BVN).	1	2,047
Provisions of Regulation 107 (4) of the CBN AML/CFT Regulation 2013 deirecting that the consent of the Accountant General of the Federation prior to the opening of account fro National Defence College (a Government Account).	Failure to obtain Accountant General (AG's) authorisation on National Defence College account.	1	2,000
CBN Circular FPR/DIR/GEN/ADM/01/010 directing that Suspicious Transaction Reports (Strs) And Currency Transaction Reports (Ctrs) be rendered	Failure to carry out due diligence and Non rendition of suspicious transactions report (STR) in respect of customer.	1	126,000
CBN Circular BSD/DIR/GEN/LAB/07/011-The circular stipulates the timelines for the submission of daily, monthly, quarterly and semi-annual returns concurrently via the e-FASS and FinA Applications; Daily returns are to be submitted on or before 10:00 a.m. of the following working day;	Failure to render daily returns in a timely manner	1	50
Government / CBN circular to remit all government funds to the Treasury Single Account	Unremitted TSA balances as at 14 october 2015	1	4,000
TOTAL			177,097

During the year, the stock broking subsidiary (CSL Stockbrokers Limited) paid N2.96m as penalty for late remittance of withholding tax.
Penalties totalling N180.06m were paid during the year by the Group, (2014:N6m).

46 Events after the reporting period

There were no significant events after the balance sheet date which could have a material effect on the financial position of the Group as at 31 December 2015 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed (2014:none).

47 Comparatives

Certain prior year balances have been reclassified in line with current year presentation format. The reclassifications as shown below did not impact the Group results for 2015. The nature and reason for the reclassifications are shown below:

Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

In thousands of Naira	GROUP	COMPANY
(i) General and administrative expenses (see note 16)		
Balance previously reported	23,966,276	387,930
Reclassified to other expenses (Donation and sponsorship expenses) (see note (ii) below)	(358,710)	-
Reclassified from General and administrative expenses (Training expenses) (see note (iii) below)	830	830
	23,608,396	388,760
Included in prior year other expenses was general and administrative expenses as shown above.		
(ii) Other expenses (see Note 17)		
Balance previously reported	10,942,272	506,362
Reclassified from General and administrative expenses (Donation and sponsorship expenses) (see note (i) above)	358,710	-
	11,300,982	506,361
Included in prior year other expenses was general and administrative expenses as shown above.		
(iii) Personnel expenses (see Note 15)		
Balance previously reported	27,804,733	307,497
Reclassified to General and administrative expenses (Training expenses) (see note (i) above)	(830)	(830)
	27,803,903	306,667
Included in prior year personnel expenses is general and administrative expenses as shown above.		

48 Reconciliation notes to consolidated and separate statement of cashflows

	GROUP		COMPANY	
	31 Dec 2015	31 DEC 2014	31 Dec 2015	31 DEC 2014
(i) Fair value gain on financial assets held for trading;				
Gross trading income before fair value adjustments	943,428	766,708	-	-
Fair value gain on financial assets adjustments	(3,143)	(889)	-	-
Net trading income (see note 11)	940,285	765,819	-	-
(ii) Interest received				
Balance at end of the year (interest receivables, overdue interest and loan fees)	19,595,344	14,941,598	-	-
Accrued Interest income during the year	123,583,565	117,984,048	536,426	438,029
Non cash related adjustments (see note 7)	573,181	4,716,306	(52,112)	(1,335)
Balance at start of the year (interest receivables, overdue interest and loan fees)	(14,941,598)	(12,917,235)	-	-
Interest received during the year	128,810,492	124,724,717	484,314	436,694
(iii) Interest paid				
Balance at end of the year (interest payables, interest prepaid and deferred Fcy charges)	4,387,304	6,319,277	-	-
Accrued Interest expense during the year (see note 8)	59,646,733	45,350,521	-	-
Non cash related adjustments	16,599,154	4,576,942	-	-
Balance at start of the year (interest payables, interest prepaid and deferred Fcy charges)	(6,319,277)	(6,099,635)	-	-
	74,313,914	50,147,105	-	-
(iv) VAT paid				
This relates to monthly remittances to the tax authorities with respect vatiable services, which amount to	770,249	1,474,442	-	-

Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

(v) Acquisition of investment securities and Proceeds from sale and redemption of investment securities				
Balance at start of the year	148,286,830	163,638,236	2,828,220	2,828,220
Add: Acquisition of investment securities during the year	85,257,087	150,405,709	440,698	-
Less: Proceeds from sale and redemption of investment securities	(106,775,458)	(140,043,610)	(3,434,934)	-
Non cash related adjustments	8,541,687	(25,713,505)	2,179,637	-
Balance at end of the year (see note 25)	135,310,147	148,286,830	2,013,621	2,828,220
(vi) Effect of exchange rate fluctuations on cash and cash equivalents held				
Balance at end of the year on net translated foreign balances at closing exchange rates	(68,424,778)	(66,434,610)	(13,331)	(7,719)
Balance at start of the year on net translated foreign balances at opening exchange rates	66,434,610	57,730,027	7,719	-
	(1,990,168)	(8,704,583)	(5,612)	(7,719)
(vii) Net Increase/(decrease) in other liabilities & others				
Movement in other liabilities	(31,388,246)	38,055,721	324,609	588,367
Movement in retirement benefit obligations	(1,706,148)	(1,017,037)	(15,552)	(10,330)
Movement in other long-term benefits	-	(3,203,189)	-	-
Non cash related adjustments	-	2,952,291	-	-
	(33,094,394)	36,787,786	309,057	578,037
(viii) Proceeds from sale of property and equipment				
Gain / (Loss) on sale of property and equipment	231,328	332,350	108	165
Cost - Disposal during the year	2,120,374	4,467,265	4,661	1,374
Accumulated depreciation and impairment losses - Eliminated on Disposal	(2,262,698)	(3,507,301)	(4,661)	(1,374)
	89,004	1,292,314	108	165
(ix) Net interest income				
Interest income (see note 7)	123,583,565	117,984,048	536,426	438,029
Interest expense (see note 8)	(59,646,733)	(45,350,521)	-	-
	63,936,832	72,633,527	536,426	438,029
(x) Net (increase)/decrease restricted reserve deposits				
Opening balance for the year	146,105,573	73,473,096	-	-
Closing balance for the year (see note 21)	(125,552,318)	(146,105,573)	-	-
Net (increase)/decrease restricted reserve deposits	20,553,255	(72,632,477)	-	-
(xi) Net (increase)/decrease Derivative assets held				
Opening balance for the year	4,503,005	1,697,606	-	-
Non cash related adjustments	397,152	-	-	-
Closing balance for the year (see note 23)	(1,479,760)	(4,503,005)	-	-
	3,420,397	(2,805,399)	-	-
(xii) Net (increase)/decrease non-pledged trading assets				
Opening balance for the year	741,917	2,921,358	-	-
Non cash related adjustments	14,740	-	-	-
Closing balance for the year (see note 22)	(1,994,350)	(741,917)	-	-
	(1,237,693)	2,179,441	-	-
(xiii) Net (increase)/decrease loans and advances to customers				
Opening balance for the year	617,979,790	450,532,965	-	-
Closing balance for the year (see note 24)	(592,957,417)	(617,979,790)	-	-
	25,022,373	(167,446,825)	-	-

Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

(xiv) Net (increase)/decrease in other assets				
Opening balance for the year	26,087,683	24,492,358	5,452,080	7,679,886
Closing balance for the year (see note 32)	(21,703,415)	(26,087,683)	(1,425,398)	(5,452,080)
	4,384,268	(1,595,325)	4,026,682	2,227,806
(xv) Net increase/(decrease) in deposits from banks				
Closing balance for the year (see note 33)	5,461,038	4,796,752	-	-
Opening balance for the year	(4,796,752)	-	-	-
	664,286	4,796,752	-	-
(xvi) Net increase/(decrease) in deposits from customers				
Closing balance for the year (see note 34)	700,216,706	733,796,796	-	-
Opening balance for the year	(733,796,796)	(715,214,192)	-	-
	(33,580,090)	18,582,604	-	-
(xvii) Net increase/(decrease) in on-lending facilities				
Closing balance for the year (see note 36)	33,846,116	14,913,521	-	-
Non cash related adjustments	(573,181)	-	-	-
Opening balance for the year	(14,913,521)	-	-	-
	18,359,414	14,913,521	-	-
(xviii) Net increase/(decrease) in derivative liabilities held				
Closing balance for the year (see note 23)	1,317,271	4,194,185	-	-
Non cash related adjustments	(401,541)	-	-	-
Opening balance for the year	(4,194,185)	(1,355,634)	-	-
	(3,278,455)	2,838,551	-	-

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of Naira	GROUP				COMPANY			
	2015	%	2014	%	2015	%	2014	%
GROSS INCOME	152,507,947		148,637,409		4,200,904		6,672,890	
GROUP'S SHARE OF ASSOCIATE'S PROFIT	84,565.00		68,110		-		-	
INTEREST EXPENSE & CHARGES	(62,811,348)		(47,818,706)		-		-	
	89,781,164		100,886,813		4,200,904		6,672,890	
IMPAIRMENT LOSSES	(15,033,459)		(10,639,877)		(689,742)		-	
ADMINISTRATIVE OVERHEAD	(37,128,344)		(34,909,378)		(701,256)		(895,121)	
VALUE ADDED	37,619,361	100	55,337,558	100	2,809,906	100	5,777,769	100
D I S T R I B U T I O N								
EMPLOYEES								
Wages, salaries, pensions, gratuity and other employee benefits	25,487,681	68%	27,803,903	50%	238,360	8%	306,667	5%
GOVERNMENT								
Taxation	3,007,998	8%	1,809,636	3%	25,231	1%	53,969	1%
THE FUTURE								
Replacement of property and equipment / intangible assets	4,363,016	11%	3,590,762	7%	23,260	1%	20,224	0%
Profit for the year (including statutory and regulatory risk reserves)	4,760,666	13%	22,133,257	40%	2,523,055	90%	5,396,909	94%
VALUE ADDED	37,619,361	100%	55,337,558	100%	2,809,906	100%	5,777,769	100%

This statement represents the distribution of the wealth created through the use of the Group's assets through its own and its employees' efforts.

**OTHER NATIONAL DISCLOSURES
FIVE YEARS FINANCIAL SUMMARY**

GROUP

In thousands of Naira	DEC 31, 2015	DEC. 31, 2014	DEC. 31, 2013	DEC. 31, 2012	DEC. 31, 2011
ASSETS EMPLOYED					
Cash and cash equivalents	180,921,698	126,293,809	199,700,305	123,451,740	48,416,681
Restricted reserve deposits	125,552,318	146,105,573	73,473,096	57,891,360	21,963,780
Non-pledged trading assets	1,994,350	741,917	2,921,358	1,169,708	3,119,799
Derivative assets held for risk management	1,479,760	4,503,005	1,697,606	1,980,135	-
Loans and advances to customers	592,957,417	617,979,790	450,532,965	357,798,798	323,353,706
Assets pledged as collateral	51,777,589	53,812,420	50,516,904	40,793,601	27,253,832
Investment securities	135,310,147	148,286,830	163,638,236	244,525,619	137,333,793
Assets classified as held for sale	-	-	-	13,547,417	-
Investment in associates	731,964	647,399	568,512	467,456	230,656
Investment property	-	-	-	-	131,778
Property and equipment	29,970,738	28,391,807	26,812,277	26,331,166	18,785,380
Intangible assets	8,968,539	8,348,310	7,580,528	11,894,789	6,601,963
Deferred tax assets	8,166,241	8,166,241	6,346,025	4,937,656	3,578,836
Other assets	21,703,415	26,087,683	24,492,358	23,756,311	10,846,290
	1,159,534,176	1,169,364,784	1,008,280,170	908,545,756	601,616,494
FINANCED BY					
Share capital	9,901,355	9,901,355	9,901,355	9,520,534	8,135,596
Share premium	115,392,414	115,392,414	115,392,414	108,747,612	108,369,199
Treasury shares	-	-	(8,625)	(775,381)	(851,234)
Retained earnings / (accumulated loss)	17,181,437	26,238,677	13,109,779	765,475	(16,779,856)
Other reserves	19,916,081	8,832,985	5,311,806	13,757,163	18,519,823
Derivative liabilities held for risk management	1,317,271	4,194,185	1,355,634	1,980,135	-
Deposits from banks	5,461,038	4,796,752	-	52,000	-
Deposits from customers	700,216,706	733,796,796	715,214,192	646,216,767	410,683,355
Liabilities classified as held for sale	-	-	-	9,038,589	-
Borrowings	113,700,194	99,540,346	59,244,230	26,933,018	19,264,434
On-lending facilities	33,846,116	14,913,521	-	-	-
Debt securities issued	49,309,394	26,174,186	-	-	-
Retirement benefit obligations	50,544	115,056	124,674	109,008	12,971
Other long term benefits	-	-	1,258,317	335,397	1,668,104
Current income tax liabilities	3,497,954	4,363,544	4,333,353	2,850,275	1,783,422
Deferred tax liabilities	68,438	41,487	35,282	22,067	26,388
Other liabilities	89,675,234	121,063,480	83,007,759	88,993,097	50,784,292
	1,159,534,176	1,169,364,784	1,008,280,170	908,545,756	601,616,494
Acceptances and guarantees	142,062,200	211,926,443	105,730,673	121,081,334	97,260,519
PROFIT AND LOSS ACCOUNT					
	12months Dec 2015	12months Dec 2014	12months Dec 2013	12months Dec 2012	12months Dec 2011
Gross earnings	152,507,947	148,637,409	130,995,439	116,832,323	74,761,462
Profit / (loss) before tax	7,684,099	23,874,783	18,116,143	16,248,019	(10,682,803)
Tax	(3,007,998)	(1,809,636)	(2,183,244)	(1,126,315)	3,000,587
Profit / (loss) after tax	4,676,101	22,065,147	15,932,899	15,121,704	(7,682,216)
Transfer to reserves	4,760,666	22,133,257	16,001,155	15,292,372	(9,243,550)
Earnings per share - basic and diluted (naira)	0.24	1.12	0.81	0.77	(0.57)

NB: FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under the Companies and Allied Matters Act, in response to the CBN's Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3). Following the group restructuring, FCMB Group Plc emerged as holding company, with First City Monument Bank Plc ("the bank") as subsidiary.

First City Monument Bank Plc was delisted from the Nigerian Stock Exchange on 21 June 2013, and the shares of FCMB Group Plc listed same day. The bank was re-registered as a Private Limited Liability company in September 2013, and is now known as First City Monument Bank Limited. The financials stated above from years 2011 and 2012 were that of First City Monument Bank Plc and the subsidiaries while year 2013 to 2015 relates to FCMB Group Plc.

**OTHER NATIONAL DISCLOSURES
FIVE YEAR FINANCIAL SUMMARY**

FCMB Group Plc
Annual Report
31 December 2015

COMPANY					
In thousands of Naira	DEC 31, 2015	DEC. 31, 2014	DEC. 31, 2013	DEC. 31, 2012	DEC. 31, 2011
ASSETS EMPLOYED					
Cash and cash equivalents	7,231,196	4,056,165	2,150,389	-	-
Restricted reserve deposits	-	-	-	-	-
Non-pledged trading assets	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-
Assets pledged as collateral	-	-	-	-	-
Investment securities	2,013,621	2,828,220	2,514,439	-	-
Assets classified as held for sale	-	-	-	-	-
Investment in subsidiaries	118,246,361	118,756,103	118,716,103	-	-
Investment in associates	418,577	418,577	407,800	-	-
Property and equipment	41,263	56,337	9,801	-	-
Intangible assets	1,845	2,808	3,771	-	-
Deferred tax assets	-	-	-	-	-
Other assets	1,425,398	5,452,080	7,679,886	-	-
	129,378,261	131,570,290	131,482,189	-	-
FINANCED BY					
Share capital	9,901,355	9,901,355	9,901,355	-	-
Share premium	115,392,414	115,392,414	115,392,414	-	-
Treasury shares	-	-	-	-	-
Retained earnings	3,056,224	5,483,847	6,027,752	-	-
Other reserves	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-
Deposits from banks	-	-	-	-	-
Deposits from customers	-	-	-	-	-
Borrowings	-	-	-	-	-
On-lending facilities	-	-	-	-	-
Debt securities issued	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-
Other long term benefits	-	-	-	-	-
Current income tax liabilities	25,231	114,246	60,277	-	-
Other liabilities	1,003,037	678,428	100,391	-	-
	129,378,261	131,570,290	131,482,189	-	-
Acceptances and guarantees	-	-	-	-	-
PROFIT AND LOSS ACCOUNT					
	12months Dec 2015	12months Dec 2014	12months Dec 2013	12months Dec 2012	12months Dec 2011
Gross earnings	4,200,904	6,672,890	6,370,000	-	-
Profit before tax	2,548,286	5,450,877	6,088,029	-	-
Tax	(25,231)	(53,969)	(60,277)	-	-
Profit after tax	2,523,055	5,396,908	6,027,752	-	-
Transfer to reserves	2,523,055	5,396,908	6,027,752	-	-
Earnings per share - basic and diluted (Naira)	0.13	0.27	0.30	-	-