FIRST BANK OF NIGERIA PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011

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

1 Basis of preparation

These financial statements are the consolidated financial statements of First Bank of Nigeria Plc, a company incorporated in Nigeria on 31 March 1969, and its subsidiaries (hereinafter collectively referred to as ôthe Groupõ). The financial statements are prepared under the historical cost convention modified by the revaluation of certain investment securities, property, plant and equipment, and comply with the Statement of Accounting Standards issued by the Financial Reporting Council of Nigeria.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directorsôbest knowledge of current events and actions, actual results ultimately may differ from those estimates.

2 Basis of consolidation

i Subsidiaries

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise and has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for non-controlling interest.

The consolidated subsidiaries are: FBN Bank UK Limited, FBN Capital Limited, FBN Microfinance Bank Limited, First Trustees Limited, FBN Bureau De Change Limited, FBN Mortgages Limited, FBN Life Assurance Limited, FBN Insurance Brokers Limited, First Funds Limited, First Pension Custodian Limited and First Registrars Limited.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the value of the Groupôs share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

ii Associates

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

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Groupôs investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Groupôs share of its associatesô post-acquisition profits or losses is recognised in the income statement; its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Groupôs share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Groupôs interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii Special purpose entities

The financial statements of special purpose entities are included in the consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity.

3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

Segment information is presented in respect of the Bankôs and Groupôs business and geographical segments. The Groupôs primary format for segment reporting is based on business segments. The business segments are determined by management based on the Companyôs internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Foreign currency translation

i Reporting currency

The consolidated financial statements are presented in Nigerian Naira, which is the Bankôs reporting currency.

ii Transactions and balances

Foreign currency transactions are recorded into the reporting currency using the exchange rates prevailing at the dates of the transactions (or, where appropriate, the rate of exchange in
related forward exchange contracts). Monetary assets and liabilities denominated in foreign
currencies are converted at the rates of exchange prevailing at the balance sheet date.

Any gain or loss arising from the settlement of such transactions and from translation of monetary assets and liabilities are included in the profit and loss account.

iii Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each profit and loss are translated at the closing exchange rate. All resulting exchange differences are recognised as exchange difference reserve on the balance sheet.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

5 Income recognition

i Interest income and interest expense

Interest is accrued on daily balances on all assets and liabilities to which interest is applicable. Interest overdue by more than 90 days is suspended and recognised only to the extent of cash received.

ii Fees, commission and other income

Fees and commissions, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.

iii Lease finance income

Income from advances under finance leases is recognised on a basis that provides a constant yield on the outstanding principal over the lease term.

iv Dividend

Dividends are recognised in the income statement when the entityôs right to receive payment is established.

v Custody fee income

This is recognised on accrual basis when the service is rendered and is recorded net of taxes.

vi Financial advisory

This is recognised over the period for which the service is provided.

6 Provision against credit risk

Loans and advances are stated after the deduction of provisions against debts considered doubtful of recovery. Loans are classified as performing and non-performing, and are considered non-performing when principal and/or interest repayment obligations are in arrears for over three months. Specific provisions are made on non-performing accounts as follows:

Interest and/or Principal outstanding for:	Classification:
Over 90 days but less than 180 days	Substandard
Over 180 days but less than 360 days	Doubtful
360 days and over	Lost

However, provisions for microfinance are made in line with the Central Bank of Nigeria's Regulatory and Supervisory Framework for Microfinance Banks in Nigeria, December 2005, from a specific assessment of each customer's account. Non-performing loans are classified as follows:

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Interest and/or Principal outstanding for:	Classification:
Between 1 and 30 days	Pass and watch
Between 31 and 60 days	Substandard
Between 60 and 90 days	Doubtful
91 or more days and for restructured loans	Lost

In addition, a provision of 1% minimum is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio (currently not mandatory).

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

7 Advances under finance lease

Advances to customers under finance lease are stated net of unearned income. Lease finance is recognised in a manner which provides a constant yield on the outstanding net investment over the lease period.

Provisions are determined from a specific assessment of each customer's account and relate to advances considered doubtful in line with the Central Bank of Nigeria Prudential Guidelines for Licensed Banks. A general provision of 1% is made on advances which have not been specifically provided for.

Income arising there from is allocated to each year on the basis of the annual finance charges that are equivalent to implicit interest rate agreed on the facility.

8 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

9 Investments

The Group categorises its investments into the following categories: short-term investments and long-term investments. Investment securities are initially recognised at cost and management determines the classification at initial investment.

i Short-term investments

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, management intends to hold such investment for not more than one year.

Short-term investments in marketable securities are stated at net realisable value. The gain/loss on revaluation is credited/charged to profit and loss account during the year/period. The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account for the period.

ii Long-term investments

Long-term investments are investments held by management over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assetôs carrying amount and the net realisable value.

Interest earned while holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

Investments in subsidiaries

Investments in subsidiaries are carried in the Companyôs balance sheet at cost less provisions for impairment losses. Where, in the opinion of the directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

10 Managed Funds

Managed fund relates to investments of funds received from third parties to be managed in accordance with mutually agreed terms on behalf of the clients. The fund represents investment held by management over a long period of time to earn income. These investments are carried at cost less impairment. An asset is impaired if it's carrying amount is greater than it's estimated recoverable amount.

11 Investment properties

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group; an occupation of more than 15% of the property is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to ownersôequity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than the profit and loss account. An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account is credited to the profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

12 Property and equipment

All property and equipment are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

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

13 Depreciation

Depreciation is provided to write off the cost of fixed assets over their estimated useful lives on a straight line basis at the following annual rates:

Asset Class:	Depreciation rate:
Motor vehicles	- 25%
Office equipment	- 20%
Furniture and fittings	- 20%
Computer hardware and equipment	- 33.⅓%
Plant and machinery	- 20%
Freehold buildings	- 2%
Leasehold buildings	- 2% for leases of 50 years and above

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell and value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit and loss account for the year.

On revaluation of property and equipment, an increase in the net book value is credited to a revaluation surplus reserve. A decrease in the net book value is used to reduce the amount of any existing revaluation surplus on the same item before it is charged to the profit and loss account.

14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits denominated in naira and foreign currencies. Cash equivalents are short-term, highly liquid instruments which are:

i. readily convertible into cash, whether in local or foreign currency; and
ii. so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

15 Borrowed funds

Borrowed funds are recognised initially at their issue proceeds and subsequently stated at cost less repayment. Transaction costs where immaterial are recognised immediately in the profit and loss account. Where transaction costs are material they are capitalised and amortised over the life of the loan. Interest paid on borrowing is recognised in the profit and loss account for the period.

16 Provisions, contingent liabilities and contingent assets

Provisions are liabilities that are uncertain in timing or amount. Provisions 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. Provisions are normally made for restructuring costs and legal claims.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognised, rather they are disclosed in the financial statements when they arise.

17 Retirement benefits

The Group has both defined benefit and defined contribution plans.

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group makes contributions on behalf of qualifying employees to a mandatory scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Payments are made to PFA companies who are appointed by respective staff of the Group.

18 Taxation

i Income tax.

Income tax is provided on taxable profit at the current statutory rate.

ii Deferred income tax

Deferred income tax, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred income tax is provided using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.Currently enacted tax rates are used to determine deferred income tax.

The principal timing differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither occounting nor taxable profit nor loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the timing differences can be utilised.

19 Ordinary share capital

i Share issue costs.

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

ii Dividends on ordinary shares

Dividends on ordinary shares are appropriated from the revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the period that are approved by the shareholders after the balance sheet date are dealt with in the subsequent events note.

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

20 Off balance sheet transactions

Transactions that are not currently recognised as assets or liabilities in the balance sheet but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions include letters of credit, bonds, guarantees, indemnities, acceptances, and traderelated contingencies such as documentary credit, etc.

Outstanding and unexpired commitments at year end in respect of these transactions are shown by way of note to the financial statements.

Income on off balance sheet engagements is in the form of commission that is recognised as and when transactions are executed. Such commission is included in the commission income in the profit and loss account. It comprises:

i Acceptances

Acceptances are undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.

Acceptances are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are recognised and reported net in the financial statements.

ii Guarantees and performance bonds

The Bank provides financial guarantees and bonds to third parties on the request of customers in the form of bid and performance bonds or advance payment guarantees.

These agreements have fixed limits and generally do not extend beyond the period stated in each contract. The amounts reflected in the financial statements as contingent liabilities for bonds and guarantees represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted. Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognised at the time the services or transactions are affected.

iii Commitments

Commitments to deliver on sales or purchases on foreign exchange in future are recognised as contingent liabilities. Commissions and fees charged to customers for services rendered in respect of commitments are recognised at the time the services or transactions are affected.

21 Sale of loans or securities

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet. Profits or losses on sale of loans or securities without recourse to the seller are recognised by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse:
- Control over the economic benefits of the asset must be passed on to the buyer.
- The seller can reasonably estimate any outstanding cost.
- There must not be any repurchase obligations.

A sale or transfer of loans or securities with recourse is when there is an obligation to, or an assumption of, repurchase and is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognised as a liability. Profit arising from sale or transfer of a loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can reasonably be estimated.

Sale of loans or securities (continued)

Where there is no obligation or assumption of repurchase, the sale should be treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

22 Fiduciary activities

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

23 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of shares outstanding during the period.

24 Intangible assets

The group recognises intangible assets if an only if:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the group
- the cost of the asset can be measured reliably

Computer software

The group recognises computer software acquired as intangible asset.

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated as capitalised cost less accumulated amortisation and impairment.

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 five years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Software is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

25 Underwriting results

The Group conducts life assurance business through its subsidiary operations.

The underwriting profits for life assurance business are determined on a fund accounting basis. The incurred cost of claims, commissions and related expenses are charged against the earned proportion of premiums,net of reinsurance as follows:

Premiums written relates to risks assumed during the year, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.

Claims arising on maturity are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

Expenses and commissions are allocated to the life fund as incurred in the management of the life business.

The life assurance contracts (accounted for in the life fund) are assessed every three years by qualified consulting actuaries in accordance with Section 29 of the Insurance Act. Any resulting actuarial loss is made up by additional provisions charged to the Consolidated profit and loss account.

Underwriting results (continued)

Actuarial surpluses are allocated between the shareholders and the policy holders. The Group allocates a maximum of 40% of surpluses arising on actuarial valuation to the shareholders by transfer to the profit and loss account. Any balance remaining is retained in the life fund and attributable to ñwith profitò policyholders as the date of actuarial valuation.

In accordance with Section 22 (1) of the Insurance Act 2003, an additional reserve (contingency reserve) of not less than 25% of the net written premium is maintained between each valuation date.

26 Outstanding claims and provisions

Full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time.

FIRST BANK OF NIGERIA PLC

Consolidated Profit and loss accounts
For the year ended 31 December 2011

		Group		Bank	
		Year ended 31 December 2011	Year ended 31 December 2010	**Year ended 31 December 2011**	Year ended 31 December 2010
	Note	**N'million**	N'million	**N'million**	N'million
Gross earnings		**296,329**	232,079	**275,629**	209,187
Interest and similar income	3	**220,397**	175,579	**208,843**	160,529
Interest and similar expense	4	**(36,950)**	(53,912)	**(30,772)**	(45,940)
Net interest income		**183,447**	121,667	**178,071**	114,589
Fees and commission income	5	**61,866**	45,094	**49,925**	35,580
Fees and commission expense		**(145)**	(105)	**(140)**	(105)
Net fee and commission income		**61,721**	44,989	**49,785**	35,475
Foreign exchange income	6	**7,549**	10,160	**7,502**	9,508
Income from investments	7	**2,705**	513	**6,234**	3,570
Other income		**3,812**	733	**3,125**	-
		14,066	11,406	**16,861**	13,078
Operating income		**259,234**	178,062	**244,717**	163,142
Operating expenses	8	**(147,358)**	(119,274)	**(134,786)**	(107,392)
Group's share of associate's results	19	**(1,507)**	(3,657)	**-**	-
Provision for losses	15	**(44,814)**	(21,590)	**(41,902)**	(22,596)
Profit before exceptional item and taxation		**65,555**	33,541	**68,029**	33,154
Exceptional item	10	**(15,489)**	226	**(15,501)**	383
Profit before tax		**50,066**	33,767	**52,528**	33,537
Tax charge	9	**(5,281)**	(4,590)	**(5,066)**	(1,414)
Profit after tax		**44,785**	29,177	**47,462**	32,123
Non-controlling interest	39	**884**	1,933	**-**	-
Profit attributable to equity holders of the bank		**45,669**	31,110	**47,462**	32,123
Appropriated as follows:					
Statutory reserve	37	**7,296**	4,848	**7,119**	4,818
Contingency reserve	37	**13**	-	**-**	-
Retained earnings reserve	37	**38,360**	26,262	**40,343**	27,305
		45,669	31,110	**47,462**	32,123
Earnings per share (basic) (kobo)	46	**140**	95	**145**	98
Earnings per share (diluted) (kobo)	46	**140**	95	**145**	98

The significant accounting policies on pages 12 to 20 together with the notes on pages 24 to 64 form part of these consolidated financial statements.

FIRST BANK OF NIGERIA PLC

Consolidated Balance sheets
As at 31 December 2011

		Group		Bank	
		31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
	Note	**N'million**	N'million	**N'million**	N'million
Assets					
Cash and balances with CBN	11	**199,227**	75,517	**199,091**	74,894
Treasury bills	12	**187,457**	23,769	**186,626**	23,599
Due from other banks	13	**404,959**	550,414	**222,118**	383,893
Loans and advances	14	**1,235,615**	1,127,900	**1,128,851**	1,017,411
Advances under finance lease	16	**4,642**	7,581	**4,642**	7,581
Insurance receivables	17	**111**	-	**-**	-
Investment securities	18	**572,853**	337,181	**550,368**	309,292
Investment in associates	19	**8,209**	9,716	**12,599**	12,599
Investment in subsidiaries	20	**5,503**	1,000	**37,919**	31,416
Managed funds	22	**21**	37,917	**-**	-
Other assets	23	**141,274**	63,558	**56,366**	43,691
Investment property	24	**10,708**	10,326	**-**	-
Deferred tax asset	33	**10,617**	5,315	**8,877**	5,187
Intangible asset	25	**1,006**	494	**734**	265
Property and equipment	26	**57,171**	53,998	**55,352**	52,616
		2,839,373	2,304,686	**2,463,543**	1,962,444
Liabilities					
Customer deposits	27	**1,947,803**	1,450,095	**1,783,777**	1,330,771
Due to other banks	28	**181,892**	148,286	**51,251**	55,165
Liability on investment contracts	29	**39,104**	95,352	**-**	-
Liability on insurance contracts	30	**824**	-	**-**	-
Other borrowings	31	**93,284**	124,872	**93,102**	124,617
Current income tax	9	**23,844**	20,051	**21,354**	15,115
Other liabilities	32	**178,443**	121,026	**133,265**	86,309
Deferred income tax liabilities	33	**1,067**	901	**-**	-
Retirement benefit obligations	34	**7,627**	4,898	**7,222**	4,545
		2,473,888	1,965,481	**2,089,971**	1,616,522
Equity					
Ordinary share capital	35	**16,316**	16,316	**16,316**	16,316
Share premium	36	**254,524**	254,524	**254,524**	254,524
Statutory reserve	37	**35,804**	28,508	**35,413**	28,294
Exchange difference reserve	37	**4,203**	3,597	**2,836**	2,836
Contigency reserve	37	**13**	-	-	-
Retained earnings	37	**42,322**	23,540	**53,144**	32,380
Reserve for small scale industries	37	**8,960**	9,193	**8,960**	9,193
Revaluation reserve (property)	37	**2,379**	2,379	**2,379**	2,379
Attributable to equity holders of the bank		**364,521**	338,057	**373,572**	345,922
Non-controlling interest	39	**964**	1,148	**-**	-
Total Equity		**365,485**	339,205	**373,572**	345,922
Total equity and liabilities		**2,839,373**	2,304,686	**2,463,543**	1,962,444
Acceptances and guarantees	40	**1,546,197**	1,022,950	**567,374**	334,126

The Financial statements on pages 12 to 76 were approved by the Board of Directors on 29 March 2012 and signed on its behalf by:

Prince Ajibola Afonja	**Onasanya, Stephen Olabisi**	**Adelabu, Adebayo Adekola**
Chairman	**Group MD/CEO**	**Chief Financial Officer**

FIRST BANK OF NIGERIA PLC

Consolidated statements of Cash flows
For the year ended 31 December 2011

		Group		Bank	
		Year ended 31 December 2011	Year ended 31 December 2010	**Year ended 31 December 2011**	Year ended 31 December 2010
	Note	**N'million**	N'million	**N'million**	N'million
OPERATING ACTIVITIES					
Cash generated from / (used) in operations	43	**642,805**	29,691	**419,735**	101,442
Tax paid	9	**(6,614)**	(15,218)	**(2,517)**	(12,112)
Value added tax remitted		**(1,295)**	(1,029)	**(1,295)**	(1,029)
Gratuity payment to staff		**(4,705)**	(5,143)	**(3,688)**	(4,896)
Net cash provided by operating activities		**630,191**	8,301	**412,235**	83,405
FINANCING ACTIVITIES					
Dividend paid to shareholders	37	**(19,579)**	(2,902)	**(19,579)**	(2,902)
Proceeds of new borrowings		**16,139**	91,553	**16,139**	91,553
Repayment of borrowings		**(47,727)**	(2,409)	**(47,654)**	(2,409)
Net cash (used in)/ Provided by in financing activities		**(51,167)**	86,242	**(51,094)**	86,242
INVESTING ACTIVITIES					
Purchase of investment securities		**(352,115)**	(16,467)	**(326,538)**	(24,501)
Proceeds from sale of investment securities		**492**	1,752	**488**	541
Investment income - Dividend received		**4,950**	513	**5,801**	3,524
Additional investment in subsidiaries		**(4,503)**	(1,000)	**(6,503)**	(1,000)
Purchase of investment property		**(7,165)**	(2,599)	**-**	-
Proceeds on disposal of investment property		**8,345**	948	**-**	-
Purchase of property and equipment	26	**(12,465)**	(14,874)	**(11,525)**	(14,513)
Purchase of intangible assets	25	**(1,712)**	-	**(1,551)**	-
Proceeds from sale of property and equipment		**155**	538	**151**	308
Net cash used in investing activities		**(364,018)**	(31,189)	**(339,678)**	(35,641)
Increase in cash and cash equivalents		**215,006**	63,354	**21,463**	134,006
Changes in cash and cash equivalents					
At start of the year		**448,350**	384,996	**458,116**	324,110
At end of the year	45	**663,356**	448,350	**479,579**	458,116
Increase in cash and cash equivalents		**215,006**	63,354	**21,463**	134,006

1. General information

1.1 Legal form

The Bank commenced operations in Nigeria on 31 March 1894 as a branch of Bank of British West Africa Limited (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. It was converted to a public company in 1970. The Bank's shares are quoted on the Nigerian Stock Exchange.

The Bank has twelve subsidiaries as listed below:

	% Holding
FBN Bank (UK) Limited	100
FBN Capital Limited	100
First Pension Custodian Nigeria Limited	100
First Trustees Nigeria Limited	100
FBN Mortgages Limited	100
FBN Insurance Brokers Limited	100
First Registrars Nigeria Limited	100
FBN Bureau de Change Limited	100
FBN Micro - Finance Bank Limited	100
First Funds Limited	100
FBN Life Assurance	65
Banque International de Credit (BIC)	75

1.2 Principal activities

The Bank engages in the business of commercial banking whilst its subsidiaries carry on the business of commercial banking, registrars, trusteeship, capital market, pension fund custodian, mortgage financing, insurance brokerage, management of SMIEIS fund investments, small-scale banking and bureau de change activities respectively.

2. Segment analysis

(a) ***By geographical segment***

The Group's business is organized along two main geographical areas.
i. Nigeria
ii. United Kingdom

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to each segment on a reasonable basis.

	Nigeria N'million	United Kingdom N'million	Total N'million
i. At 31 December 2011			
External revenues	279,547	16,782	296,329
Operating income	249,149	10,085	259,234
Profit before tax	46,272	3,794	50,066
Income tax expense	(4,133)	(1,148)	(5,281)
Profit for the year	42,139	2,646	44,785
Total assets	2,396,171	443,202	2,839,373
Total liabilities	2,058,174	415,714	2,473,888
Depreciation	8,923	52	8,975

	Nigeria N'million	United Kingdom N'million	Total N'million
ii. At 31 December 2010			
External revenues	218,964	13,115	232,079
Operating income	169,419	8,643	178,062
Profit before tax	29,767	4,000	33,767
Income tax expense	(3,440)	(1,150)	(4,590)
Profit for the year	26,327	2,850	29,177
Total assets	1,974,394	330,292	2,304,686
Total liabilities	1,635,189	330,292	1,965,481
Depreciation	8,344	51	8,395

(b) ***By business segment***

The Group is divided into the following business units:

Retail and Corporate Banking: Offering a comprehensive range of retail, personal, commercial and corporate Banking services and products to individuals, small business customers, corporate, medium and large business customers.

Investment and Capital Market Operation: This provides Investment and Capital Market services to both individual and institutional investors. It also provides registrar services to both listed and private companies.

Asset Management and Trusteeship: This provides individuals and financial institution with assets management and advisory services

Mortgage Banking: Offers mortgage and home ownership banking services to individuals and corporate institutions.

Others: Services under this include insurance brokerage functions, private equity and venture capital, and bureau de change business functions.

	Retail & Corporate Banking N'million	Investment & Capital Markets N'million	Asset Management N'million	Mortgage Management N'million	Others N'million	Total N'million
i. As at 31 December 2011						
External revenues	281,874	6,664	1,740	2,708	3,343	296,329
Operating income	246,928	6,558	855	1,995	2,898	259,234
Profit before tax	51,483	2,498	(4,401)	1,132	(645)	50,067
Income tax expense	(5,655)	(839)	2,016	(349)	(455)	(5,282)
Profit for the year	45,828	1,659	(2,385)	783	(1,100)	44,785
Total assets	**2,708,410**	**54,446**	**17,881**	**24,838**	**33,798**	**2,839,373**
Total liabilities	**2,346,121**	**43,911**	**19,086**	**22,159**	**42,611**	**2,473,888**
Depreciation	8,593	157	18	54	153	8,975

Notes to the Consolidated Financial Statements
Segment analysis (contd.)

	Retail & Corporate Banking N'million	Investment & Capital Markets N'million	Asset Management N'million	Mortgage Management N'million	Others N'million	Total N'million
ii. As at 31 December 2010						
External revenues	220,647	7,507	535	861	2,529	232,079
Operating income	169,334	5,324	269	497	2,638	178,062
Profit before tax	27,156	2,688	2,898	62	963	33,767
Income tax expense	(2,558)	(830)	(785)	(23)	(394)	(4,590)
Profit for the year	**24,598**	**1,858**	**2,113**	**39**	**569**	**29,177**
Total assets	**2,125,208**	**94,480**	**60,675**	**15,538**	**8,785**	**2,304,686**
Total liabilities	**1,787,492**	**82,829**	**78,994**	**13,180**	**2,986**	**1,965,481**
Depreciation	**8,056**	**148**	**35**	**55**	**100**	**8,395**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2011

		Group		Bank	
		Year ended 31 December 2011 N'million	Year ended 31 December 2010 N'million	**Year ended 31 December 2011 N'million**	Year ended 31 December 2010 N'million
3	**Interest and similar income**				
	Placements	**20,183**	22,404	**10,822**	9,745
	Treasury bills and investment securities	**41,926**	41,779	**40,361**	38,856
	Loans and advances	**157,127**	109,830	**156,499**	110,362
	Advances under finance leases	**1,161**	1,566	**1,161**	1,566
		220,397	175,579	**208,843**	160,529
	Interest income earned in Nigeria	**195,993**	163,493	**190,807**	145,215
	Interest income earned outside Nigeria	**24,404**	12,086	**18,036**	15,314
		220,397	175,579	**208,843**	160,529
4	**Interest and similar expense**				
	Current accounts	**7,665**	16,684	**10,604**	13,116
	Savings accounts	**3,866**	4,928	**3,838**	4,897
	Time deposits	**11,534**	21,660	**5,374**	19,809
	Domiciliary deposits	**3,840**	1,354	**3,840**	1,354
	Inter-bank takings	**5,514**	4,779	**3,996**	3,974
	Borrowed funds	**4,531**	4,507	**3,120**	2,790
		36,950	53,912	**30,772**	45,940
	Interest expense paid in Nigeria	**30,928**	46,679	**27,749**	43,179
	Interest expense paid outside Nigeria	**6,022**	7,233	**3,023**	2,761
		36,950	53,912	**30,772**	45,940
5	**Fees and commission income**				
	Credit related fees	**12,422**	6,134	**9,264**	5,933
	Commission on turnover	**18,477**	15,374	**18,477**	15,354
	Remittance fees	**2,879**	1,880	**2,879**	1,547
	Letters of credit commissions and fees	**5,719**	2,901	**4,547**	2,022
	Financial advisory fees	**2,054**	3,213	**-**	-
	Commission on insurance premium	**682**	511	**-**	-
	Commission on western union transfers	**1,491**	1,116	**1,491**	1,116
	Other fees and commissions	**18,142**	13,965	**13,267**	9,608
		61,866	45,094	**49,925**	35,580

		Group		Bank	
		Year ended 31 December	Year ended 31 December	**Year ended 31 December**	Year ended 31 December
		2011 N'million	2010 N'million	**2011 N'million**	2010 N'million
6.	**Foreign exchange income**	**7,549**	10,160	**7,502**	9,508
7.	**Income from investments**				
	Dividend income	**4,950**	2,195	**5,801**	3,524
	(Loss) / Profit on sale of investments	**(2,245)**	(1,682)	**433**	46
		2,705	513	**6,234**	3,570
8.	**Operating expenses**				
	Staff costs (Note 42a)	**58,961**	52,138	**54,264**	47,313
	Depreciation of property and equipment(Note 26)	**8,975**	8,395	**8,517**	7,972
	Amortisation of intangible assets (Note 25)	**1,199**	480	**1,082**	369
	Auditors' remuneration	**297**	193	**240**	135
	Directors' emoluments (Note 42b)	**8,120**	3,669	**3,295**	3,509
	Loss on disposal of property and equipment	**107**	67	**120**	81
	Deposit insurance premium	**6,504**	7,498	**6,504**	7,497
	Banking sector resolution cost (Note 32.2)	**5,872**	-	**5,872**	-
	Other operating expenses	**57,323**	46,834	**54,892**	40,516
		147,358	119,274	**134,786**	107,392
9	**Taxation**				
	Charge				
	Current tax	**3,779**	4,323	**2,188**	1,997
	Contingent tax	**5,644**	4,269	**5,644**	4,269
	Education tax	**236**	109	**183**	-
	Technology tax	**537**	335	**520**	335
	Under provision in prior years (Technology tax)	**221**	897	**221**	-
	Income tax charge	**10,417**	9,933	**8,756**	6,601
	Deferred tax (credit)/charge (Note 33)	**(5,136)**	(5,343)	**(3,690)**	(5,187)
	Charge for the year	**5,281**	4,590	**5,066**	1,414
	Payable				
	At start of the year	**20,051**	19,663	**15,115**	14,948
	Reclassifications (Note 33)	**-**	5,678	**-**	5,678
	Tax paid	**(6,614)**	(15,218)	**(2,517)**	(12,112)
	Witholding tax credit utilised	**(10)**	(5)	**-**	-
	Income tax charge	**10,417**	9,933	**8,756**	6,601
	At end of the year	**23,844**	20,051	**21,354**	15,115

	Group		Bank	
	Year ended 31 December 2011 N'million	Year ended 31 December 2010 N'million	**Year ended 31 December 2011 N'million**	Year ended 31 December 2010 N'million
10. Exceptional item				
Description				
(Loss)/Gain on AMCON loans (Note 10i)	**(15,501)**	383	**(15,501)**	383
Redundancy cost	**-**	(65)	**-**	-
Redundancy cost (Note 10ii)	**12**	(92)	**-**	-
	(15,489)	226	**(15,501)**	383

Bank

i. Asset Management Company of Nigeria

On July 19,2010, the Federal Government signed a bill establishing the Asset Management Company of Nigeria (AMCON) with the objective of acquisition of toxic assets (loans) from the affected banks.

During the year, AMCON purchased Eligible bank assets (EBA) worth N176.33 billon (2010: N10.48billion) from First Bank of Nigeria Plc and issued bonds at a discount in exchange for value. The EBA had provisions of N27.51bn (2010: N4.87 billion) in the bank's books. Of the EBAs sold, N99 billion was in respect of performing loans of Seawolf Oilfield Services with a discounted value of N88 billion, resulting in a loss of N11 billion.

Description		
Face Value of Amcon Bonds (zero coupon)	**189,469**	7,046
Unearned income	**(56,145)**	(1,056)
Discounted Value	**133,324**	5,990
Net value of loans sold	**(148,825)**	(5,607)
Total (loss) /gain on loan sold	**(15,501)**	383

Subsidiaries

ii. Compensation for loss of employment (N92.43m) - First Trustees Limited : In 2010, management identified staff who as a result of redundancy factors would be relieved of their positions. During the year, there was a write-back of excess provisions amounting to N 12.044m after payments were made in February 2011.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
11. Cash and balances with the CBN				
Cash	**45,292**	33,155	**45,187**	32,533
Operating account with the CBN	**50,038**	31,231	**50,038**	31,231
Included in cash and cash equivalents (Note 45)	**95,330**	64,386	**95,225**	63,764
Mandatory reserve deposits with the Central Bank	**103,897**	11,131	**103,866**	11,130
	199,227	75,517	**199,091**	74,894

Mandatory reserve deposits are not available for use in the Group's day to day operations.

	Group		Bank	
	Year ended 2011 N'million	Year ended 2010 N'million	**Year ended 2011 N'million**	Year ended 2010 N'million
12. Treasury bills				
Treasury bills	**187,457**	23,769	**186,626**	23,599

Included in Treasury Bills are bills amounting to N 24.39 billion (2010: N13.14 billion) held by third parties as collateral for clearing and collection services provided by the Bank.

13. Due from other banks				
Current balances with banks within Nigeria	**8,872**	84,653	**9,746**	17,629
Current balances with banks outside Nigeria	**170,472**	108,990	**200,372**	109,887
Placements with banks and discount houses	**225,615**	356,775	**12,000**	256,377
	404,959	550,418	**222,118**	383,893
Provision for balances due from other banks	**-**	(4)	**-**	-
	404,959	550,414	**222,118**	383,893
13.1 Movement in provision for bank balances				
At start of the year	**4**	1,509	**-**	-
Additional provision	**-**	-	**-**	-
Provision no longer required	**(4)**	(1)	**-**	-
Per profit and loss account (Note 15)	**(4)**	(1)	**-**	-
Amounts written off	**-**	(1,504)	**-**	-
	(4)	(1,505)	**-**	-
At end of the year	**-**	4	**-**	-

Balances with banks outside Nigeria include Group N 61 billion; (Dec 2010: Group N41.9 billion) which represents the naira value of foreign currency bank balances held on behalf of customers in respect of Letters of Credit transactions. The corresponding liability is included in other liabilities (See Note 32). The amount is not available for the day to day operations of the bank.

Included in placements with banks and discount houses are placements with banks within Nigeria of Group N60 billion; Bank N17 bilion (31 Dec 2010: Group N199 billion; Bank N163 billion).

Included in placements with banks and discount houses are placements with banks outside Nigeria of Group N 220 billion; Bank N 12 billion (2010: Group N177.1 billion; Bank Nil amount) which are non-current placements and do not qualify as cash and cash equivalent.

Notes to the Consolidated Financial Statements (Cont'd)

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
14. Loans and advances				
Overdrafts	**178,410**	169,370	**203,869**	143,384
Term loans	**863,862**	660,028	**712,743**	554,408
Staff loans	**9,262**	8,465	**8,670**	8,465
Commercial papers	**185,303**	114,522	**185,303**	114,522
Money market lines	**1,328**	148,231	**34,474**	164,951
Project finance	**12,555**	105,046	**12,681**	105,046
Others	**20,081**	1,586	**-**	-
	1,270,801	1,207,248	**1,157,740**	1,090,776
Loan loss provision (Note 14.4a)	**(30,699)**	(54,366)	**(26,358)**	(49,759)
Interest in suspense (Note 14.4b)	**(4,487)**	(24,982)	**(2,531)**	(23,606)
	1,235,615	1,127,900	**1,128,851**	1,017,411

Included in loans and advances is interest receivable amounting to Bank N12.49 billion (31 Dec 2010: Bank N28.86 billion) which have not been debited to customers at balance sheet date.

Deducted from loans and advances are interest received in advance of N 219.9million (31 Dec 2010: N259.7 million) from customers which have been debited to the customers but have not been earned.

Cash collateral against advances is N 13.86 billion (31 Dec 2010: N6.664 billion)

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
14.1 *Analysis by security*				
Secured against real estate	**254,451**	120,366	**252,347**	130,101
Secured by shares of quoted companies	**34,771**	34,807	**28,496**	27,938
Otherwise secured	**634,526**	785,635	**632,261**	661,887
Unsecured	**347,053**	266,440	**244,636**	270,850
	1,270,801	1,207,248	**1,157,740**	1,090,776
14.2 *Analysis by performance*				
Performing	**1,237,173**	1,114,672	**1,129,642**	1,001,073
Non-performing				
- substandard	**9,137**	30,794	**8,996**	30,737
- doubtful	**8,636**	31,672	**6,723**	29,648
- lost	**15,855**	30,110	**12,379**	29,318
	1,270,801	1,207,248	**1,157,740**	1,090,776

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
14. Loans and advances (contd.)				
14.3 *Analysis by maturity*				
0 - 30 days	**414,458**	517,601	**311,815**	515,391
1 - 3 months	**229,161**	169,337	**224,318**	96,571
3 - 6 months	**54,656**	44,802	**53,387**	44,293
6 - 12 months	**126,398**	39,747	**126,384**	30,827
Over 12 months	**446,128**	435,761	**441,836**	403,694
	1,270,801	1,207,248	**1,157,740**	1,090,776
14.4 Loan loss provision and interest in suspense				
a. Movement in loan loss provision				
At start of the year				
- Non-performing	**43,003**	55,006	**39,748**	52,037
- Performing	**11,363**	59	**10,011**	-
	54,366	55,065	**49,759**	52,037
Additional provision:				
- Non-performing	**32,699**	18,327	**30,555**	15,450
- Performing	**1,009**	11,304	**1,286**	10,011
Provision no longer required	**(191)**	(7,866)	**-**	(5,375)
Charge for the year (Note 15)	**33,517**	21,765	**31,841**	20,086
Amounts written off	**(57,184)**	(22,464)	**(55,242)**	(22,364)
	(23,667)	(699)	**(23,401)**	(2,278)
At end of the year				
- Non-performing	**18,327**	43,003	**15,062**	39,748
- Performing	**12,372**	11,363	**11,296**	10,011
	30,699	54,366	**26,358**	49,759
b. Movement in interest-in-suspense				
At start of the year	**24,982**	8,018	**23,606**	7,434
Suspended during the year	**10,387**	24,806	**9,687**	23,935
Amounts written back	**(24,357)**	(1,742)	**(24,237)**	(1,663)
Amounts written off	**(6,525)**	(6,100)	**(6,525)**	(6,100)
At end of the year	**4,487**	24,982	**2,531**	23,606

Notes to the Consolidated Financial Statements (Cont'd)

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
14.5 Insider related credits				
Aggregated amount of insider-related credits outstanding at year-end classified by quality:				
Performing	**74,381**	169,386	**74,381**	169,386
Non-performing	**-**	-	**-**	-
	74,381	169,386	**74,381**	169,386
14.6 On - Lending facilities				
CBN/BOI	**5,864**	8,574	**5,864**	8,574
CBN/Commercial Agriculture Credit	**11,787**	8,735	**11,787**	8,735
	17,651	17,309	**17,651**	17,309

CBN/Bank Of Industry Facilities

This represents outstanding balance on term loans granted to customers in line with Central Bank of Nigeria (CBN) N200billion intervention fund for refinancing and restructuring of banksô loans to the manufacturing sector. The on-lending facilities are for a maximum of fifteen (15) years tenor at 6% interest per annum.

CBN/Commercial Agriculture Credit (CACS)

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

15. Provision for losses				
The charge for the year is analysed as follows:				
Loans and advances (Note 14.4)	**33,517**	21,765	**31,841**	20,086
Provision on advances under finance lease (Note 16.3)	**(646)**	592	**(646)**	592
Provision/(writeback) for diminution in value of investments (Note 18.1)	**1,797**	(1,949)	**1,527**	1,072
Dimunition in value of short term investments	**6,454**	-	**6,454**	-
Provision for other assets (Note 23.1)	**3,696**	1,183	**2,726**	846
Write back of provision for bank balances (Note 13.1)	**(4)**	(1)	**-**	-
	44,814	21,590	41,902	22,596

Notes to the Consolidated Financial Statements (Cont'd)

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
16. Advances under finance lease				
Gross investment	**5,546**	10,262	**5,546**	10,262
Less: Unearned income	**(849)**	(1,980)	**(849)**	(1,980)
Net investment	**4,697**	8,282	**4,697**	8,282
Less: Provision (Note 16.3)	**(55)**	(701)	**(55)**	(701)
	4,642	7,581	**4,642**	7,581
16.1 *Analysis by performance*				
Performing	**4,680**	6,585	**4,680**	6,585
Non-performing				
- substandard	**10**	755	**10**	755
- doubtful	**2**	637	**2**	637
- lost	**5**	305	**5**	305
	4,697	8,282	**4,697**	8,282
16.2 *Analysis by maturity*				
0 - 30 days	**376**	1,613	**376**	1,613
1 - 3 months	**54**	82	**54**	82
3 - 6 months	**182**	346	**182**	346
6 - 12 months	**367**	851	**367**	851
Over 12 months	**3,718**	5,390	**3,718**	5,390
	4,697	8,282	**4,697**	8,282
16.3 Movement in provision for advances under finance lease				
At start of the year				
- Performing	**635**	-	**635**	-
- Non- performing	**66**	109	**66**	109
	701	109	**701**	109
Charge for the year / provision no longer required:				
- Performing	**(19)**	66	**(19)**	66
- Non - performing (Note 15)	**(627)**	526	**(627)**	526
	(646)	592	**(646)**	592
At end of the year				
- Non - performing	**47**	635	**47**	635
- Performing	**8**	66	**8**	66
	55	701	**55**	701

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
17. Insurance receivables				
Due from agents and brokers	**196**	-	**-**	-
Provision for doubtful premium receivable	**(85)**	-	**-**	-
	111	-	**-**	-
18. Investment securities				
Long Term Investments				
Debt Securities - at cost				
Listed (Note 18.5)	**372,203**	26,122	**341,352**	19,351
Unlisted				
- New Villa Properties Limited	**-**	-	**4,900**	4,900
- First Trustees Limited	**-**	-	**19,500**	15,000
- Others	**3,919**	1,825	**-**	-
Equity Securities - at cost				
Listed	**1,441**	1,941	**-**	-
Unlisted (Note 18.2)	**30,545**	26,105	**22,282**	22,245
	408,108	55,993	**388,034**	61,496
Provisions for dimunition in value	**(6,136)**	(2,411)	**(4,857)**	(4,862)
	401,972	53,582	**383,177**	56,634
Short Term Investments				
Debt Securities				
Listed (Note 18.5)	**163,205**	263,432	**163,205**	247,026
Equity Securities				
Listed (Note 18.4)	**19,546**	45,680	**7,600**	7,714
	182,751	309,112	**170,805**	254,740
Provisions for dimunition in value	**(11,870)**	(25,513)	**(3,614)**	(2,082)
	170,881	283,599	**167,191**	252,658
	572,853	337,181	**550,368**	309,292
18.1 Provision balance is made up of the following;				
At start of the year	**27,924**	8,670	**6,944**	3,697
Charge during the period	**1,974**	5,005	**1,527**	2,062
Write back of provision	**(177)**	(6,954)	**-**	(990)
	1,797	(1,949)	**1,527**	1,072
Per Profit and loss account (Note 15)	**1,797**	(1,949)	**1,527**	1,072
Reclassification	**(11,715)**	21,203	**-**	2,175
At end of the year	**18,006**	27,924	**8,471**	6,944

Notes to the Consolidated Financial Statements (Cont'd)

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
18.2 Long term investment: Unlisted Equity Securities				
African Finance Corporation	**12,728**	12,728	**12,728**	12,728
Zain Nigeria Limited	**2,909**	2,909	**2,909**	2,909
Banque Internationale Du Benin, Cotonou	**155**	155	**155**	155
Nigeria Interbank Settlement System Plc	**52**	52	**52**	52
African Export-Import Bank, Cairo	**10**	10	**10**	10
Consolidated Discounts Limited	**15**	15	**15**	15
ValuCard Nigeria Plc	**186**	186	**186**	186
ATM Consortium Limited	**386**	390	**386**	390
NITEL Plc	**2,175**	2,175	**2,175**	2,175
Capital Alliance Property Investment Company (CAPIC)	**3,054**	710	**1,117**	710
Niger Delta Exploration Production Plc	**32**	32	**-**	-
Food Concepts Plc	**183**	183	**-**	-
Interswitch limited	**21**	31	**21**	31
Radisson Hotels Limited	**299**	299	**-**	-
Main One Cable Company	**2,258**	2,258	**-**	-
Premium Farms	**230**	-	**-**	-
Lekki Bugdget II	**316**	-	**-**	-
MP Budget	**75**	-	**-**	-
VT Leasing Ltd	**400**	-	**-**	-
Touchdown Travels Limited	**400**	-	**-**	-
Resourcey Plc	**1,519**	-	**-**	-
JDI Investment Company Limited	**94**	-	**-**	-
Others	**520**	1,088	**-**	-
	28,017	23,221	**19,754**	19,361
18.3 SMIEIS Investments:				
- SME Managers Limited	**846**	969	**846**	969
- First Funds Limited	**1,915**	2,702	**1,915**	2,702
	2,761	3,671	**2,761**	3,671
SMIEIS investments written- off	**(233)**	(787)	**(233)**	(787)
	2,528	2,884	**2,528**	2,884
	30,545	26,105	**22,282**	22,245

(i) The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the bank's investment under the Small and Medium Industries Equity Investment Scheme (SMIEIS). A total of N2.8 billion (31 Dec.2010: N3.7 billion) have so far been invested under the scheme. During the period, the Bank wrote off part of it's investments in SMEEIS companies. This provision has been charged against the SMEEIS reserve. Due to the effective percentage holding of the bank in these companies, some of them qualify as associates. However, they are not consolidated as the bank is not expected to exercise influence, and control is temporary as the investments are expected to be realised within 5 years.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
18. Investment securities (contd.)				
18.4 Short term investments: Listed Equity Securities				
Guaranty Trust Bank Plc	**1,360**	1,360	**1,360**	1,360
FBN Heritage Fund	**1,500**	1,500	**1,500**	1,500
SCOA Plc	**32**	32	**32**	32
Honeywell Flour Mills Plc	**4,708**	4,822	**4,708**	4,822
Other companies	**11,946**	37,966	**-**	-
	19,546	45,680	**7,600**	7,714
18.5 Debt Securities				
(i) Long term investments				
Listed Debt Securities - at cost				
AMCON Bonds	**117,179**	4,444	**116,429**	4,444
Bonds - Held to maturity	**255,024**	21,678	**224,923**	14,907
	372,203	26,122	**341,352**	19,351
(ii) Short term investments				
Listed Debt Securities				
AMCON Bonds	**30,467**	8,842	**30,467**	8,842
Bonds - Held for trading	**242**	-	**242**	-
Bonds - Available for sale	**132,496**	254,590	**132,496**	238,184
	163,205	263,432	**163,205**	247,026

a. Debt securities relates to investment in various Federal Government of Nigeria Bonds and State Government of Nigeria Bonds. The maturity dates of these bonds range from December 2011 to July 2030 with interest rates ranging from 4% to 16%.

b. Included in Debt securities are pledged bonds amounting to Group N47.77 billion (2010: N105.571 bn) held by third parties as collateral.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million

19. Investment in Associates

a. The Group's investments in associates have been accounted for using the equity method as follows:

Opening cost of investments	**9,716**	13,373	**12,599**	12,599
Changes in valuation		(24)	**-**	-
Share of associates result	**(1,507)**	(3,633)	-	-
At end of the year	**8,209**	9,716	**12,599**	12,599

b. The Group's interest in its principal associates, which are unlisted, are as follows:

Name	**Principal activity**	**% interest held**	**2011 Cost N'million**	**2010 Cost N'million**
Parent company investment in associate:				
- Kakawa Discount House Limited	Discount house	40	**2,224**	2,224
- Seawolf	Oil and gas	42	**10,375**	10,375
			12,599	12,599
Subsidiary company's investment in associate:				
- Kakawa Discount House Limited	Discount house	6	**660**	660
			13,259	13,259

c. The summarized financial information of the Group's associates for the year are as follows:

	Total assets N'million	**Total liabilities N'million**	**Net assets/ (liabilities) N'million**	**Gross earnings N'million**	**Profit/(loss) before tax N'million**
Kakawa discount house	121,995	108,338	13,657	10,876	2,618
Seawolf	185,847	207,464	(21,617)	11,454	(4,639)

Notes to the Consolidated Financial Statements (Cont'd)

		Group		Bank	
		31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
20. Investment in subsidiaries	**%**				
FBN Bank (UK) Limited (Note 20i)	100	**-**	-	**18,441**	18,441
FBN Capital Limited (Note 20ii)	100	**-**	-	**4,300**	4,300
First Pension Custodian Limited (Note 20iii)	100	**-**	-	**2,000**	2,000
First Trustees Nigeria Limited (Note 20iv)	100	**-**	-	**23**	23
FBN Mortgages Limited (Note 20v)	100	**-**	-	**2,100**	2,100
FBN Insurance Brokers Limited (Note 20vi)	100	**-**	-	**15**	15
First Registrars Nigeria Limited (Note 20vii)	100	**-**	-	**10**	10
FBN Bureau de Change Limited (Note 20viii)	100	**-**	-	**500**	500
FBN Micro Finance Bank Limited (Note 20ix)	100	**-**	-	**1,000**	1,000
First Funds Limited (Note 20x)	100	**-**	-	**2,050**	2,050
FBN Life Assurance (Note 20xi)	65	**-**	1,000	**2,000**	1,000
Banque Internationale de Credit (Note 20 xii)	75	**5,503**	-	**5,503**	-
		5,503	1,000	**37,942**	31,439
Diminution of investments - subsidiaries		**-**	**-**	**(23)**	(23)
Total Investments - Subsidiaries		**5,503**	1,000	**37,919**	**31,416**

i FBN Bank (UK) Limited

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

ii FBN Capital Limited

FBN Capital Limited is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission to undertake issuing house business. It is also involved in the business of asset management and financial advisory. FBN Capital LImited has 6 wholly owned subsidiaries as follows: FBN Securities Limited, FBN Capital Partners Limited, 40th Century Limited, FRED Fund, IDF Fund, Twin Peaks and New Villa Properties Limited. The results of these entities are included in the condensed results of FBN Capital LImited.

iii First Pension Custodian Limited

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

iv First Trustees Nigeria Limited

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

v FBN Mortgages Limited

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

20. Investment in subsidiaries (contd.)

vi FBN Insurance Brokers Limited

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

vii First Registrars Nigeria Limited

First Registrars Nigeria Limited was incorporated on 19 May, 1999 and commenced operations on 1 April, 2000. The company was established to provide share register administration and custodian services. This includes administration and maintenance of company's share registers, share registration, verification of share transfers, transmission, payment of dividend and organisation of annual general meetings.

viii FBN Bureau de Change Limited

This represents the Bank's 100% holding in FBN Bureau de Change Limited. The Bank obtained approval from the Central Bank of Nigeria to operate a bureau de change on 8 August 2006. During the year, Central Bank of Nigeria withdrew the license of all class 'A' Bureau De Change and advised them to apply for class 'B' in order to continue in business. The Company has applied for the class 'B' license but this is yet to be issued.

ix FBN Micro Finance Bank Limited

The Bank was incorporated in Nigeria on 18 March 2008 under the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004 with Registration Number RC 736874. The Bank was licenced to carry on the business of microfinance banking on the 25 August, 2008 by the Central Bank of Nigeria. It commenced microfinance banking business on 19 January 2009.

x First Funds Limited

First Funds Limited was incorporated on 14 November, 2002. It commenced operations on 1 April, 2003. It is a wholly owned subsidiary of First Bank of Nigeria Plc. Its principal activities is to carry on venture capital and private equity business.

xi FBN Life Assurance Limited

In February 2010, NAICOM granted operating license to First Bank Nigeria PLC (FirstBank) to establish a life Insurance business in partnership with Sanlam Group of South Africa. Consequently, FirstBank incorporated a subsidiary, FBN Life Assurance Company Ltd to tap into the huge potential of life assurance business in Nigeria which presently is untapped. First Bank of Nigeria Plc has a holding of 65% in the equity of FBN Life Assurance Company Ltd. The requisite approval was obtained from Central Bank of Nigeria in September 2010.

xii Banque Internationale de Credit

The Bank in October 2011 announced the acquisition of a 75% interest in Thorens Limited, which owns a 99.9% interest in Banque Internationale de Crédit (BIC), Democratic Republic of Congo (DRC). The transaction was approved by the Central Banks in Nigeria and the DRC, subject to a subsequent restructuring of the investment by FirstBank to achieve direct ownership of BIC. This restructuring is expected to be completed by the end of June 2012. It is expected that the restructuring will translate into the Bank taking effective control of BIC.

21. Condensed results of consolidated entities Dec. 2011

	FBN Capital Limited	First Pension Custodian Nig. Ltd	First Trustees Limited	FBN Microfinance Bank Limited	FBN Insurance Brokers Limited	First Registrars Limited	FBN Mortgages Limited	First Funds Limited	FBN Bureau De Change Limited	FBN Bank UK Limited	FBN Life Assurance Limited	Rainbow Town Limited
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Condensed profit and loss												
Operating income	3,560	1,703	1,740	1,003	777	2,998	1,995	646	204	10,085	(12)	-
Operating expenses	(2,253)	(947)	(1,343)	(660)	(396)	(1,480)	(853)	(476)	(115)	(3,981)	(166)	(1,560)
Provision expense / write back	215	-	13,734	(39)	(104)	(542)	(10)	(115)	-	(2,310)	(85)	-
Profit /(Loss) before exceptional item and tax	1,522	756	14,131	304	277	976	1,132	55	89	3,794	(263)	(1,560)
Exceptional Item	-	-	(18,532)	-	-	-	-	-	-	-	-	-
Tax	(447)	(313)	2,016	(88)	(78)	(392)	(349)	(13)	(31)	(1,148)	(16)	(4)
Profit /(Loss) for the period	**1,075**	**443**	**(2,385)**	**216**	**199**	**584**	**783**	**42**	**58**	**2,646**	**(279)**	**(1,564)**
Condensed Financial position												
Assets												
Cash and balances with central bank	7,282	-	-	58	106	-	268	174	31	4,240	46	828
Treasury Bills	-	-	-	50	-	-	-	-	95	-	-	-
Due from other banks	5,760	2,947	40	6,128	490	23,012	6,100	1,644	100	228,249	2,728	-
Loans and advances	92	-	1,714	1,318	-	-	2,633	38	21	137,964	-	-
Insurance receivables	-	-	-	-	-	-	-	-	-	-	111	-
Investment securities	8,585	-	6,840	-	244	2,155	44	3,115	-	27,225	-	-
Managed funds	-	-	-	-	-	-	-	22	-	-	-	-
Other assets	1,620	374	7,634	171	186	1,008	9,040	183	513	45,172	1,105	18,145
Investment property	4,055	-	-	-	-	-	6,653	-	-	-	-	-
Deferred tax	-	-	1,613	-	53	63	-	-	-	11	-	-
Intangible assets	2	-	-	-	-	-	-	-	-	156	-	12
Property and equipment	297	201	40	303	51	497	99	36	12	185	130	57
	27,693	**3,522**	**17,881**	**8,028**	**1,130**	**26,735**	**24,837**	**5,212**	**772**	**443,202**	**4,120**	**19,042**

21. Condensed results of consolidated entities **Dec. 2011**

	FBN Capital Limited	First Pension Custodian Nig. Ltd	First Trustees Limited	FBN Microfinance Bank Limited	FBN Insurance Brokers Limited	First Registrars Limited	FBN Mortgages Limited	First Funds Limited	FBN Bureau De Change Limited	FBN Bank UK Limited	FBN Life Assurance Limited	Rainbow Town Limited
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Condensed Financial position												
Financed by												
Bank Overdraft	-	-	-	92	-	-	-	-	-	-	10	-
Customer deposits	-	-	-	844	-	21,411	13,799	-	-	208,594	-	650
Due to other banks	-	-	17,671	5,798	-	-	-	20	-	172,693	17	-
Borrowed funds	6,526	-	-	-	-	-	-	2,667	-	12,078	-	16,524
Tax Payable	649	442	6	56	295	873	435	88	39	-	16	14
Other liabilities	11,692	412	1,409	68	148	932	7,921	110	100	22,349	1,099	867
Staff Pension	400	-	-	-	-	-	-	-	-	-	-	-
Provisions on Insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax liabilities	1,008	4	-	47	-	-	4	2	2	-	-	-
Equity and reserves	7,418	2,664	(1,205)	1,122	686	3,520	2,679	2,325	631	27,488	2,989	987
	27,693	**3,522**	**17,882**	**8,027**	**1,129**	**26,736**	**24,838**	**5,211**	**772**	**443,202**	**4,131**	**19,042**
Condensed cash flows												
Net cash from operating activities	(11,061)	561	(3,395)	168	213	4,497	2,237	319	(240)	1,773	950	(1,084)
Net cash from financing activities	(20,448)	(242)	3,615	(112)	(115)	(1,972)	-	2,500	(46)	(1,448)	1,700	1,496
Net cash from investing activities	(25,404)	(159)	(246)	(58)	(14)	(122)	(22)	(1,347)	(0)	(128)	50	(56)
(Decrease) / Increase in cash and cash equivalents	(56,913)	161	(26)	(2)	84	2,403	2,215	1,472	(286)	197	2,700	356
At year start	64,194	2,785	66	346	701	20,609	4,152	345	482	3,935	-	472
Movement in cash and cash equivalent	(56,913)	161	(26)	(2)	84	2,403	2,215	1,472	(286)	197	2,700	356
At year end	**7,281**	**2,946**	**40**	**344**	**785**	**23,012**	**6,368**	**1,817**	**196**	**4,132**	**2,700**	**828**

21. Condensed results of consolidated entities Dec. 2010

	FBN Capital Limited	First Pension Custodian Nig. Ltd	First Trustees Limited	FBN Microfinance Bank Limited	FBN Insurance Brokers Limited	First Registrars Limited	FBN Mortgages Limited	First Funds Limited	FBN Bureau De Change Limited	FBN Bank UK Limited	FBN Life Assurance Limited	Rainbow Town Limited
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Condensed profit and loss												
Operating income	2,827	1,348	269	535	720	2,473	496	415	240	9,133	-	-
Operating expenses	(1,972)	(895)	(734)	(473)	(302)	(1,652)	(504)	(307)	(127)	(3,314)	-	-
Provision expense	1,195		3,456	(13)	(29)	(153)	71	(115)	-	(2,922)	-	-
Profit /(Loss) before exceptional item and tax	2,050	453	2,991	49	389	668	63	(7)	113	2,897	-	
Exceptional Item	-	-	(92)	-	-	-	-	(65)	-	-		-
Tax	(391)	(158)	(785)	(17)	(146)	(416)	(25)	(47)	(42)	(1,150)	-	-
Profit /(Loss) for the period	**1,659**	**295**	**2,114**	**32**	**243**	**252**	**38**	**(119)**	**71**	**1,747**	**-**	**-**
Condensed Financial position												
Assets												
Cash and balances with central bank	1	21	-	33	169	-	46	8	-	45	-	413
Treasury Bills	-	-	-	50	-	-	-	-	-	-	-	-
Due from other banks	64,274	2,764	66	30,094	532	41,109	4,526	337	482	180,969	-	-
Loans and advances	806	-	1,892	924	-	-	1,552	-	-	133,239	-	-
Insurance receivables	-	-	-	-	515	-		-	-	-	-	-
Investment securities	4,203	-	21,150	-	321	2,432	45	1,934	-	13,660	-	-
Managed funds	-	-	37,091	-	811	-		16	-	-	-	-
Other assets	425	229	435	172	70	519	1,343	195	269	663	-	-
Investment property	534	-	-	-	-	-	7,886	-	-	-	-	670
Deferred tax	-	41	7	-	-	63	-	-	-	17	-	-
Property and equipment	163	101	34	331	54	450	133	41	17	106	-	-
	70,406	**3,156**	**60,675**	**31,604**	**2,472**	**44,573**	**15,531**	**2,531**	**768**	**328,699**	**-**	**1,083**

21 Condensed results of consolidated entities **Dec. 2010**

	FBN Capital Limited	First Pension Custodian Nig. Ltd	First Trustees Limited	FBN Microfinance Bank Limited	FBN Insurance Brokers Limited	First Registrars Limited	FBN Mortgages Limited	First Funds Limited	FBN Bureau De Change Limited	FBN Bank UK Limited	FBN Life Assurance Limited	Rainbow Town Limited
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Condensed Financial position												
Financed by												
Bank Overdraft	80	-	-	34	-	-	420	-	-	-	-	-
Customer deposits	-	-	-	690	-	-	11,615	-	-	138,229	-	-
Due to other banks	27,301	-	62,576	29,797	-	20,500	-	-	-	142,576	-	-
Borrowed funds	31,961	-	-	-	-	-	-	16	-	11,710	-	-
Tax Payable	598	379	862	15	248	1,701	88	151	42	811	-	-
Other liabilities	2,197	315	556	39	121	17,866	1,032	79	126	10,988	-	-
Staff Pension	225	-	-	-	811	-	-	-	-	-	-	-
Provisions on Insurance contracts	-	-	-	-	685	-	-	-	-	-	-	-
Deferred income tax liabilities	846	-	-	16	7	-	27	3	3	-	-	-
Equity and reserves	7,198	2,462	(3,319)	1,013	600	4,506	2,349	2,282	597	24,384	-	1,083
	70,406	**3,156**	**60,675**	**31,604**	**2,472**	**44,573**	**15,531**	**2,531**	**768**	**328,698**	**-**	**1,083**
Condensed cash flows												
Net cash from operating activities	(22,478)	257	(11,621)	(235)	361	(2,367)	1,861	(114)	(63)	3,527	-	-
Net cash from financing activities	-	(163)	14,936	(11)	(100)	(401)	(48)	(32)	(95)	(1,171)	-	-
Net cash from investing activities	(1,465)	(18)	(3,280)	(68)	(159)	(168)	(0)	(1,324)	(6)	(92)	-	-
(Decrease) / Increase in cash and cash equivalents	(23,943)	76	35	(314)	102	(2,936)	1,813	(1,470)	(164)	2,264	-	-
At year start	88,137	2,709	31	660	599	23,545	2,338	1,815	646	1,671	-	-
Movement in cash and cash equivalent	(23,943)	76	35	(314)	102	(2,936)	1,813	(1,470)	(164)	2,264	-	-
At year end	**64,194**	**2,785**	**66**	**346**	**701**	**20,609**	**4,151**	**345**	**482**	**3,935**	-	**-**

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
22. Managed Funds				
Bank balances	**-**	23	**-**	-
Quoted investments:			**-**	-
FBN Sinking Fund (market value; 31 Dec 2010: N154 billion)	**-**	66	**-**	-
FBNI/UNIPORT Sinking Fund (market value; 31 Dec 2010: N6.04 million)	**-**	10	**-**	-
Others (market value; 31 Dec 2010: N6.11 billion)	**-**	5,404	**-**	-
Treasury bills	**-**	4,000	**-**	-
Bankers acceptance	**-**	26,600	**-**	-
Government bonds	**-**	6	**-**	-
Managed real estate invesments	**-**	1,080	**-**	-
Others	**21**	728	**-**	-
	21	37,917	**-**	-
Provision for diminution in value of investments	**-**	-	**-**	-
	21	37,917	**-**	-

Managed funds represents investment made using funds and deposits received from corporate and individual clients for there investments, under mutually agreed terms

22.1

Movement in provision for diminution in value of investments

At start of the year	-	19,028	#	**-**	-
Write back/ provision no longer required	-	(19,028)		**-**	-
At end of the year	**-**	-		**-**	-

23. Other assets				
Fraud and loss suspense	**2,852**	2,084	**2,852**	2,084
Interest and fee receivable	**18,487**	2,069	**9,739**	1,679
Prepayments	**50,850**	4,865	**4,422**	4,075
Premium debtors & receivable from underwriters	**-**	579	**-**	-
Accounts receivable	**33,352**	22,022	**21,705**	17,540
Deferred acquisition expenses	**11,169**	12,365	**11,158**	12,345
Inventory - Consumables	**1,975**	1,868	**1,856**	1,814
Inventory - Construction work in progress	**18,957**	15,195	**-**	-
BDC Trading stock	**49**	184	**-**	-
Other receivables	**10,618**	6,262	**10,858**	7,601
Deposit for investment by subsidiaries	**-**	15	**-**	-
Deposit with the Nigerian Stock Exchange	**-**	1	**-**	-
Mandatory deposit with CBN	**-**	30	**-**	-
	148,309	67,539	**62,590**	47,138
Provision for doubtful receivables (Note 23.1)	**(7,035)**	(3,981)	**(6,224)**	(3,447)
	141,274	63,558	**56,366**	43,691

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
23. Other assets Cont'd				
23.1 Movement in provision for doubtful receivables:				
At start of the year	**3,981**	2,798	**3,447**	2,601
Additional provision	**3,696**	1,256	**2,726**	846
Recoveries	**-**	(73)	**-**	-
Per profit and loss account (Note 15)	**3,696**	1,183	**2,726**	846
Amounts written off	**(693)**	-	**-**	-
Reclassification	**51**	-	**51**	-
At end of the year	**7,035**	**3,981**	**6,224**	**3,447**
24. Investment property				
Opening net book amount	**10,326**	8,466	**-**	-
Additions and capital improvements	**7,165**	2,599	**-**	-
Disposal of investment property	**(6,783)**	(739)	**-**	-
Closing net book amount	**10,708**	10,326	**-**	-

Investment property are not subjected to periodic charges for depreciation.

25. Intangible assets				
Cost				
At start of the year	**1,925**	1,314	**1,229**	783
Additions	**1,712**	612	**1,551**	446
Disposal	**-**	-	**-**	-
Exchange differences	**(1)**	(1)	**-**	-
At end of the year	**3,636**	1,925	**2,780**	1,229
Accumulated amortisation				
At start of the year	**1,431**	951	**964**	595
Disposals	**-**	-	**-**	-
Amortisation charge	**1,199**	480	**1,082**	369
Impairment charge	**-**	-	**-**	-
Exchange difference	**-**	-	**-**	-
At end of the year	**2,630**	1,431	**2,046**	964
Net book value				
At end of the year	**1,006**	**494**	**734**	**265**

The Nigerian Accounting Standards Board (NASB) now The Financial Reporting Council of Nigeria on 15 March, 2011 issued Statement of Accounting Standard (SAS) 31 ï Intangible Assets operative for periods beginning on or after 1 January, 2011.

The Impact of the new standard on the Company and Group is the reclassification of certain software from fixed assets to intangibles assets on the balance sheet and required disclosures by way of note.

26. Property and equipment

Group

	At year start N'million	Reclassification N'million	Additions N'million	Disposals/ Write-offs N'million	Exchange difference N'million	At year end N'million
Cost / Revalued Amount						
Leasehold improvements	1,336	(1)	50	(2)	(1)	1,382
Leasehold land and buildings	35,528	(34)	4,007	(1)	-	39,500
Motor vehicles	9,134	-	1,992	(1,100)	-	10,026
Office equipment	26,267	(2)	3,582	(974)	-	28,873
Computer hardware	12,181	3	2,028	(93)	-	14,119
Plant and machinery	22	-	2	-	-	24
Furniture & fittings	5,247	37	805	(459)	-	5,630
Work in progress	11	(3)	-	-	-	8
	89,726	-	12,466	(2,629)	(1)	99,563

	At year start N'million	Reclassification N'million	Depreciation Charge N'million	Disposals/ Write-offs N'million	Exchange difference N'million	At year end N'million
Accumulated Depreciation						
Leasehold improvements	378	(1)	55	-	(1)	431
Leasehold land and buildings	2,367	(26)	543	-	-	2,884
Motor vehicles	6,024	-	1,521	(789)	-	6,756
Office equipment	13,884	-	4,547	(971)	-	17,460
Computer hardware	9,716	-	1,618	(92)	-	11,242
Plant and machinery	17	-	2	-	-	19
Furniture & fittings	3,342	27	689	(458)	-	3,600
	35,728	-	8,975	(2,310)	(1)	42,392
Net Book Value						
Leasehold improvements	958					951
Leasehold land and buildings	33,161					36,616
Motor vehicles	3,110					3,270
Office equipment	12,383					11,413
Computer hardware	2,465					2,877
Plant and machinery	5					5
Furniture & fittings	1,905					2,030
Work in progress	11					8
	53,998					**57,171**

26. Property and equipment (contd.)

Bank

	At year start N'million	Reclassification N'million	Additions N'million	Disposals/ Write-offs N'million	At year end N'million
Cost / Revalued Amount					
Leasehold improvements	1,101	(1)	-	(2)	1,098
Leasehold land and buildings	35,033	(34)	3,892	(1)	38,891
Motor vehicles	8,323	-	1,584	(875)	9,032
Office equipment	26,031	-	3,491	(969)	28,553
Computer hardware	11,454	-	1,796	(80)	13,170
Plant and machinery	-	-	-	-	-
Furniture and fittings	4,775	35	761	(455)	5,116
Work in progress	-	-	-	-	-
	86,717	-	11,524	(2,382)	95,859

	At year start N'million	Reclassification N'million	Depreciation Charge N'million	Disposals/ Write-offs N'million	At year end N'million
Accumulated Depreciation					
Leasehold improvements	225	(1)	21	(0)	244
Leasehold land and buildings	2,361	(26)	540	(0)	2,875
Motor vehicles	5,595	-	1,325	(609)	6,310
Office equipment	13,742	-	4,497	(967)	17,273
Computer hardware	9,135	-	1,506	(80)	10,561
Plant and machinery	-	-	-	-	-
Furniture and fittings	3,043	27	628	(455)	3,244
	34,101	-	8,517	(2,111)	40,507
Net Book Value					
Leasehold improvements	876				853
Leasehold land and buildings	32,672				36,017
Motor vehicles	2,728				2,721
Office equipment	12,288				11,281
Computer hardware	2,319				2,608
Plant and machinery	-				-
Furniture & fittings	1,733				1,871
	52,616				**55,352**

Certain land and buildings (own premises only) with a net book value of N187.7 million were professionally valued at N1.18 billion on 31 December, 1990 by Messrs Jide Taiwo & Co. and Diya Fatimilehin & Co., Estate surveyors and valuers on the basis of open market value between a willing seller and buyer. The sum of N448.152 million was then recognised as revaluation reserve in the consolidated financial statements.

During the year ended 31 December, 1995, selected land and buildings (own premises only) including those revalued at 31 December, 1990, were professionally re-valued at N5,056.4 million by Messrs Jide Taiwo & Co. and Diya Fatimilehin & Co., Estate surveyors and valuers on the basis of open market value between a willing seller and buyer. In compliance with the Central Bank of Nigeria's guidelines on recognition of revaluation reserve on own premises, the sum of N1,931 million was then incorporated in the account. This represents the revaluation surplus of N4,291.4 million discounted by 55%.

Revaluation of land and buildings is carried out at the discretion of the directors and it is considered as and when necessary.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
27. Customer deposits				
Current deposits	**743,925**	607,252	**703,350**	574,415
Savings deposits	**495,777**	387,808	**495,075**	386,913
Term deposits	**287,739**	276,250	**164,990**	190,658
Domiciliary deposit	**417,715**	177,497	**417,715**	177,497
Electronic purse	**2,647**	1,288	**2,647**	1,288
	1,947,803	1,450,095	**1,783,777**	1,330,771
27.1 Analysis by maturity				
0 - 30 days	**174,958**	513,139	**146,270**	480,305
1-3 months	**294,984**	359,641	**242,941**	305,243
3-6 months	**250,540**	210,026	**212,601**	197,076
6-12 months	**283,832**	220,445	**268,764**	220,445
Over 12 months	**943,489**	146,844	**913,201**	127,702
	1,947,803	1,450,095	**1,783,777**	1,330,771
28. Due to other banks				
In Nigeria				
Inter-bank takings	**96,053**	148,049	**50,533**	54,928
Outside Nigeria				
Due to banks outside Nigeria	**85,839**	237	**718**	237
	181,892	148,286	**51,251**	55,165
29. Liability on investment contracts				
Managed funds	**39,104**	95,352	**-**	-
Details of managed funds:				
Long-term clients	**38,304**	20,804	**-**	-
Short-term clients	**796**	42,599	**-**	-
Guaranteed fixed income	**4**	31,949	**-**	-
Guaranteed principal liabilities		-	**-**	-
At end of the year	**39,104**	95,352	**-**	-

Managed funds represent monies administered by the Group under trust contracts. Some of the investors in the trust product are guaranteed principal and interest.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
30. Liability on insurance contracts				
Life insurance fund	**824**	-	-	-
31. Other borrowings				
FBN Capital Finance Company Cayman Island (Note 31.2)	**27,335**	26,352	**27,335**	26,352
European Investment Bank (Note 31.3)	**4,639**	6,991	**4,639**	6,991
Standard Chartered Bank (Note 31.4)	**31,631**	52,703	**31,631**	52,704
On-lending facilities from financial institutions (Note 31.5)	**24,196**	25,906	**24,196**	25,905
Borrowings from correspondence banks	**5,483**	12,920	**5,301**	12,665
	93,284	124,872	**93,102**	124,617
31.1 ***Analysis by maturity***				
Within 12 months	**44,140**	20,013	**43,958**	20,012
Over 12 months	**49,144**	104,859	**49,144**	104,605
	93,284	124,872	**93,102**	124,617

31.2 Facility represents dollar notes issued by FBN Capital Finance Company, Cayman Island on 30 March 2007 for a period of 10 years. Interest on the notes is payable at 9.75% per annum. The loan is repayable at six monthly intervals over a period of 5 years commencing from 29 March 2012. The loan is a subordinated debt and is non-callable in the first 5 years.

31.3 Facility represents medium term loan (callable notes) secured from European Investment Bank. The loan is divided into tranche A of Euro 35 million for a tenure of five years and tranche B of Euro 15 million for a tenure of 8 years, which qualifies it as Tier II capital. Interest is payable half-yearly at 2% and 3% above LIBOR rate for tranche A and tranche B respectively. The facility was secured by negative pledge.

31.4 Facility represents medium term loan (dollar notes) secured from Standard Chartered Bank in February 2010 for a period of 3 yrs with a moratorium of eighteen (18) months. The interest on the loan is payable half yearly at 4.25% above LIBOR rate. The loan is secured by the N27 bn worth of FGN bonds investment as at year end.

31.5 Included in on- lending facilities from financial institutions are disbursements from banks within Nigeria of N18.807 bn guaranteed by FBN for specific customers. These facilities include the BOI funds and CACS intervention funds.

i CBN/ BOI facilities

The Central Bank of Nigeria (CBN) in a bid to unlock the credit market approved (CBN guideline of 16 April 2010) the investment of the sum of N200 billion debenture stock to be issued by the Bank of Industry (BOI) which would be applied to the re-financing/restructuring of banksôloans to the manufacturing sector.

During the year, the Bank of Industry (BOI) disbursed an additional N1.13 billion (2010: N9.75 billion) to First Bank of Nigeria Plc (the Bank) under the N200 billion CBN Intervention Fund

The fund disbursed is for a period of 15 years effective from disbursement date and subject to 1% p.a management fee. The Bank (FBN) had disbursed the sum of N8.574 billion to its customers, which was included in the loans and advances, while N82 million has been repaid by customers at year end.

ii CBN/CACS Intervention funds

The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agriculture Credit Scheme (CACS).
Under the scheme, the Bank signed a participation agreement dated April 29, 2010 where in the CBN shall release through the Bank to various State Government and Federal Capital Territory (FCT) for on-lending to Farmer Cooperative Societies in their respective states and other local investment areas as specified by the guidelines.

During the year, First Bank received N 7.64 billion (2010: N9.135 billion) for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for seven (7) years period at an interest rate of 9 percent per annum. The amount disbursed under the scheme was included in the loan and advance in the consolidated financial statement.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
32. Other liabilities				
Provision for fraud and losses	**2,853**	2,084	**2,853**	2,084
Customers' deposit for letters of credit	**61,102**	41,885	**44,552**	41,885
Deposit for foreign currency	**1,741**	1,780	**1,741**	1,780
Interest payable	**6,240**	266	**2,552**	197
Account payables	**26,471**	18,920	**15,323**	13,552
Unearned discounts	**14,997**	2,270	**14,501**	2,270
Proceeds from public offers	**516**	806	**20**	5
Provision and accruals	**11,489**	6,014	**9,813**	4,014
Bank cheques	**13,112**	14,268	**13,112**	14,267
Provision on losses for off balance sheet items	**39**	39	**39**	39
Collection on behalf of third parties	**4,375**	4,193	**4,375**	4,193
Premium payable	**-**	685	**-**	-
Banking sector resolution cost (Note 32.2)	**5,872**	-	**5,872**	-
Trade creditors	**969**	8,208	**-**	-
Clients' dividend (Note 32.1)	**-**	17,027	**-**	-
Sundry creditors	**28,667**	2,581	**18,512**	2,023
	178,443	121,026	**133,265**	86,309

32.1 Clients' dividend

This represents dividend due to shareholders of the various clients of First Registrars Nigeria Limited as at the balance sheet date.

32.2 Banking sector resolution cost

The bank has made a provision of 0.3% of its total assets in accordance with the requirements of the Banking sector resolution cost fund.

33. Deferred taxes				
33.1 Deferred tax liabilities	**1,067**	901	**-**	-
Movement in deferred taxes:				
At start of the year	**901**	10,612	**-**	10,144
Reclassification to obligations due	**-**	(4,005)	**-**	(4,466)
Reclasification to tax payable (Note 9)	**-**	(5,678)	**-**	(5,678)
Charge/(credit)	**166**	(28)	**-**	-
At end of the year	**1,067**	901	**-**	-
33.2 Deferred tax assets	**10,617**	5,315	**8,877**	**5,187**
Movement in deferred taxes:				
At start of the year	**5,315**	-	**5,187**	-
Charge/(credit) (Note 9)	**5,302**	5,315	**3,690**	5,187
At end of the year	**10,617**	5,315	**8,877**	5,187

33.3 Reclassifications to tax payable

This represents reclassification to income tax payable for tax liability that crystallized during the year.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
34. Retirement benefit obligations				
Defined contribution scheme	**391**	225	**1**	171
Defined benefit schemes (i & ii)	**7,236**	4,673	**7,221**	4,374
	7,627	4,898	**7,222**	4,545
Movement in the defined contribution liability recognised				
At start of the year	**225**	333	**171**	153
Charge to profit and loss	**3,737**	1,899	**3,356**	1,824
Payments to ex-staff	**-**	-	**-**	-
Contributions remitted	**(3,571)**	(2,007)	**(3,526)**	(1,806)
At end of the year	**391**	225	**1**	171

The Group and its employees make a joint percentage of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

Movement in the defined benefit liability recognised in the balance sheet:

(i) Gratuity scheme				
At start of the year	**4,673**	392	**4,374**	391
Charge to profit and loss	**4,668**	7,417	**3,934**	7,073
Payments in the year	**(3,505)**	(3,136)	**(2,488)**	(3,090)
At end of the year	**5,836**	4,673	**5,820**	4,374

The Group operates a gratuity scheme where qualifying employees receive a lump sum payment based on the number years served after an initial qualifying period of 5 years and gross salary on date of retirement.

(ii) Defined benefit scheme				
At start of the year	**-**	-	**-**	-
Charge to profit and loss	**2,601**	1,200	**2,601**	1,200
Payments in the year	**(1,200)**	(1,200)	**(1,200)**	(1,200)
At end of the year	**1,401**	-	**1,401**	-

An actuarial valuation of the old Defined Benefit scheme, discontinued in 2001, was conducted by HR Nigeria Limited. A shortfall of N5.2billion was established. The deficit arose from the meltdown in the Capital Market. The bank is under obligation to fund the deficit, and has elected to do this over the next five years commencing Jan 2010 with an annual contribution of N1.2 billion.

The principal actuarial assumptions used were as follows:

- discount rate	11%	10%
- average rate of inflation	10%	10%
- future salary increases	Nil	Nil

Notes to the Consolidated Financial Statements (Cont'd)

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
35. Share capital				
Authorised				
50 billion ordinary shares of 50k each (2010: 50 billion)	**25,000**	25,000	**25,000**	25,000

	Number	Group	Bank
Issued and fully paid:	**Millions**	**N'million**	**N'million**
At start of the year	**32,632**	**16,316**	**16,316**
Transfer from bonus issue reserve	**-**	**-**	**-**
At end of the year	**32,632**	**16,316**	**16,316**

36. Share premium				
At 31 December	**254,524**	254,524	**254,524**	254,524

The share premium was as a result of the 2007 hybrid offer by the bank and all necessary charges and deductions have been made in arriving at the balance

37. Reserves

Group - 2011	Statutory reserve N'million	Contingency reserve N'million	Exchange difference reserve N'million	Retained earnings N'million	SMIEIS reserve N'million	Revaluation reserve (property) N'million	Total N'million
At start of year	27,730		3,597	26,887	9,193	2,379	69,786
Restatement	-	-	-	(7,756)	-	-	(7,756)
Adjusted opening reserves	27,730	-	3,597	19,131	9,193	2,379	62,030
Opening balance adjustment	778	-		4,409			5,187
	28,508	**-**	**3,597**	**23,540**	**9,193**	**2,379**	**67,217**
Dividend paid	-	-	-	(19,579)	-	-	(19,579)
Net change due to exchange rate movement	-	-	606	-	-	-	606
SMEEIS investments written - off	-	-	-	-	(233)	-	(233)
Transfer from profit and loss account	7,296	13	-	38,360	-	-	45,669
At end of year	**35,804**	**13**	**4,203**	**42,321**	**8,960**	**2,379**	**93,680**

In respect of the current year, the Directors propose that a dividend of 80 kobo (2010: 60 kobo) per ordinary share be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders is now accounted for on the date of declaration as they do not meet criteria of present obligation in Statement of Accounting Standard 23. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear in the Register of Members at closure date. The total estimated dividend to be paid is N26.105 billion (2010: N19.58 billion)

37. Reserves

Group - 2010	Statutory reserve N'million	Contingency reserve N'million	Exchange difference reserve N'million	Retained earnings N'million	SMIEIS reserve N'million	Revaluation reserve (property) N'million	Total N'million
At start of year	23,660	-	3,962	2,261	9,980	2,379	42,242
Restatement	-	-	-	(269)	-	-	(269)
At 1 January 2010 - restated	**23,660**	**-**	**3,962**	**1,992**	**9,980**	**2,379**	**41,973**
Transfer to share capital	-	-	-	(1,812)	-	-	(1,812)
Transfer to contingency reserve		-	-	-	-	-	-
Dividend paid	-	-	-	(2,902)	-	-	(2,902)
Net change due to exchange rate movement	-	-	(365)	-	-	-	(365)
SMEEIS investments written - off	-	-	-	-	(787)	-	(787)
Transfer from profit and loss account	4,848	-	-	26,262	-	-	31,110
At end of year	**28,508**	**-**	**3,597**	**23,540**	**9,193**	**2,379**	**67,217**

37. Reserves

Bank	Statutory reserve N'million	Contingency reserve N'million	Exchange difference reserve N'million	Retained earnings N'million	SMIEIS reserve N'million	Revaluation reserve (property) N'million	Total N'million
At start of year	27,516		2,836	27,971	9,193	2,379	69,895
Opening balance adjustment	778	-	-	4,409	-	-	5,187
Adjusted opening balance	28,294	-	2,836	32,380	9,193	2,379	75,082
Transfer to share capital	-		-	-	-	-	-
Dividend paid	-		-	(19,579)	-	-	(19,579)
Provision for doubtful SMEEIS investments			-		(233)		(233)
Transfer from profit and loss account	7,119	-	-	40,343		-	47,462
At end of year	**35,413**	**-**	**2,836**	**53,144**	**8,960**	**2,379**	**102,732**

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

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

38. Restatement - Group

In order to correct the error of not consolidating the financial results of some indirect subsidiary entities of the Bank and also equity accounting for the group's investment in two associated companies; which resulted in a material misstatement of the group financial position and performance presented in the annual reports for the financial years 2009 and 2010; the financial results of the year ended 31 December 2010 has been restated. The effect of this restatement on the consolidated financial statements for the year ended 31 December 2010 is summarised below. Opening reatined earnings for 2010 have been reduced by N269 million, which is the amount of the adjustment relating to the year ended 31 December 2009.

	31 December 2010		
	As previously stated	As restated	Restatement
Effect on balance sheet	N'million	N'million	N'million
Assets			
Loans and advances	1,143,614	1,127,900	15,714
Investment securities	345,157	337,181	7,976
Investment in associates	6,456	9,716	(3,260)
Other assets	51,299	64,051	(12,752)
Investment property	8,420	10,326	(1,906)
Property and equipment	53,986	53,998	(12)
			5,760
Liabilities			
Customer deposits	1,450,567	1,450,095	472
Other borrowings	124,617	124,872	(255)
Current income tax	9,136	9,146	(10)
Other liabilities	119,998	121,054	(1,056)
			(849)
Net assets			6,609
Effect on equity			
Retained earnings	26,887	19,130	7,757
Minority interest	-	1,148	(1,148)
			6,609
Effect on profit and loss account			
Gross earnings	230,607	230,416	191
Operating income	177,924	176,399	1,525
Interest and similar income	174,040	173,916	124
Interest and similar expense	(52,578)	(53,912)	1,334
Fees and commission income	45,160	45,094	66
Operating expenses	(116,530)	(119,274)	2,744
Group's share of associate's results	1,496	(3,657)	5,153
Profit before taxation			9,421
Non-controlling interest	-	1,933	(1,933)
			7,488

There was no cashflow impact as a result of the restatement other than the consequential adjustments arising as a result of the restatement of the comparative Balance Sheet as at 31 December 2010.

39. Non-controlling interest

a. The analysis of non-controlling interest is shown below:

	Group	
	31 December 2011 N'million	31 December 2010 N'million
FBN Life Assurance	**520**	-
Rainbow Town Development Limited	**444**	1,148
	964	**1,148**

b. The movement in the non-controlling interest account during the year is shown below:

At start of year	**1,148**	3,081
Issue of new shares	**700**	-
Transfer from profit and loss (share of loss)	**(884)**	(1,933)
At end of year	**964**	1,148

40. Contingent liabilities and commitments

a. Legal proceedings

The Group in the ordinary course of business is presently involved in litigation suits amounting to N3.024 billion (31 December 2010; N4.117 billion) none of which may give rise to any material contingent liability.

The Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the bank and are not aware of any other pending or threatened claims and litigations.

b. Capital commitments

At the balance sheet date, the bank had capital commitments amounting to N 2.6 billion (31 Dec 2010; N3.30 billion) in respect of authorized and contracted capital projects."

c. *Operating lease commitments*

As at 31 December 2011, the group was committed to making the following future repayments in respect of operating lease for land and buildings. The lease is expected to expire in June 2016.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
Within one year	**216**	168	**-**	-
Between one year and five years	**721**	594	**-**	-
More than five years	**8**	165	**-**	-
	945	927	**-**	-

40. Contingent liabilities and commitments (Cont'd.)

d. Off balance sheet engagements

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
Performance bonds and guarantees	**230,200**	184,657	**228,357**	181,387
Letters of credit	**228,880**	155,888	**153,695**	151,337
Forward and swap contract	**10,059**	1,402	**10,059**	1,402
Bankers Acceptances	**-**	166,146	**-**	-
Guaranteed commercial papers	**-**	-	**-**	-
Treasury bills intermediation and others	**1,077,058**	514,857	**175,263**	-
	1,546,197	1,022,950	**567,374**	334,126

41 Related party transactions

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

(a) Risk assets outstanding as at 31 December 2011

i. *Direct credit assets*

Included in loans and advances is an amount of N74.387 billion (Dec 2010: N169.386 billion) representing credit facilities to companies in which certain directors and shareholders have interests. The balances as at 31 December 2011 are as follows:

Name of company / individual	Relationship	Facility type	N'million	Status	Security status
Honeywell Group	Ex-Chairman/ Non-executive Director	Term loan	41,929	Performing	Legal mortgage on property, cross guarantee, lien on assets
Airtel Networks Ltd	Ex-Chairman/ Non-executive Director	Term loan	13,037	Performing	Trust deed managed by First Trustees Ltd
Lister Flour Mills (Nigeria) Ltd	Non- Executive Director	Term loan	5,849	Performing	Legal mortgage on property, personal and cross guarantee,
Incar Nigeria Plc	Ex-Chairman	Term loan	3,848	Performing	Legal mortgage on property
Anchorage Liesure Ltd	Ex-Chairman	Term loan	3,300	Performing	Debenture on fixed and floating assets
Pivot Engineering Ltd	Ex-Chairman/ Non-executive Director	Term loan	3,213	Performing	Cross guarantee, debenture
Fan Milk Plc	Ex-Chairman/ Non-executive Director	Term loan	1,331	Performing	Mortgage debenture
Seatrucks Nigeria Ltd	Ex-Chairman	Term loan	630	Performing	Legal mortgage, cross guarantee
Deanshanger Projects Ltd	Ex-Chairman	Term loan	447	Performing	Mortgage debenture
Premium Poultry Farms Ltd	Non-Executive Director	Term loan	215	Performing	All assets debenture
Khalil & Dibbo Transport Ltd	Ex-Chairman/ Non-executive Director	Term loan	143	Performing	Mortgage debenture
PGN Limited	Ex-Chairman	Term loan	6	Performing	Mortgage debenture
Kehinde Lawanson	Executive Director	Term loan	108	Performing	Legal mortgage on property, domiciliation of salary
Remi Odunlami	Executive Director	Term loan	74	Performing	Legal mortgage on property, domiciliation of salary
Onasanya Stephen Olabisi	Group Managing Director	Term loan	82	Performing	Legal mortgage on property
Adesola Bola	Non- Executive Director	Term loan	112	Performing	Legal mortgage on property, domiciliation of salary
Alhaji Abdul-Azeez Arisekola Alao	Non- Executive Director	Term loan	46	Performing	Mortgage debenture
Lawal Kankiya Ibrahim	Non- Executive Director	Term loan	11	Performing	Legal mortgage on property
			74,381		

ii. *Off balance sheet engagements*

Included in off balance sheet engagements is an amount of N 23.75 billion (Dec 2010:N 30.58billion) representing bonds and guarantees to companies in which certain directors and shareholders have interests. The balances as at 31 December 2011 are as follows:

Name of company / individual	Relationship	N'million	Status	Security status
Broadview Engineering Ltd	Ex-Chairman/ Non-executive Director	7	Performing	Cross guarantee, counter indemnity
Honeywell Group	Ex-Chairman/ Non-executive Director	822	Performing	Cross guarantee, lien on assets
Pivot Engineering Ltd	Ex-Chairman/ Non-executive Director	4,147	Performing	Cross guarantee, debenture
P. W. Nig. Ltd	Non- Executive Director	10,515	Performing	All assets debenture
Seawolf Oilfield Servic	Non- Executive Director	8,267	Performing	Charge over asset financed
		23,758		

	Group		Bank	
	31 December 2011	31 December 2010	**31 December 2011**	31 December 2010

42. Employees and directors

a. Employees

The average number

	Number	Number	**Number**	Number
Executive directors	**5**	5	**5**	5
Management	**219**	128	**58**	58
Non-management	**8,202**	8,021	**7,738**	7,540
	8,426	8,154	**7,801**	7,603

Compensation for the

	N'million	N'million	**N'million**	N'million
Salaries and wages	**46,554**	40,675	**44,372**	38,324
Pension costs -				
Defined contribution plans	**3,737**	1,883	**3,356**	1,770
Defined benefit plans	**8,670**	9,567	**6,536**	7,219
Other retirement benefit costs	**-**	13	**-**	-
	58,961	52,138	**54,264**	47,313

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

	Number	Number	**Number**	Number
N300,001 - N2,000,000	**393**	531	**47**	65
N2,000,001 - N2,800,000	**664**	1,711	**568**	1,699
N2,800,001 - N3,500,000	**202**	1,564	**146**	1,546
N3,500,001 - N4,000,000	**39**	1,253	**1**	1,253
N4,000,001 - N5,500,000	**2,629**	1,917	**2,610**	1,903
N5,500,001 - N6,500,000	**1,327**	26	**1,307**	-
N6,500,001 - N7,800,000	**209**	518	**192**	506
N7,800,001 - N9,000,000	**871**	3	**857**	-
N9,000,001 - and above	**2,087**	626	**2,068**	626
	8,421	8,149	**7,796**	7,598

42 Employees and directors

b. Directors

Remuneration paid to the Group's directors were:

	Group	
	31 December 2011	31 December 2010
	N'million	Nmillion
Fees and sitting allowances	**3,548**	169
Executive compensation	**397**	545
Compensation for loss of office	**316**	450
Retirement benefit costs	**1,625**	1,604
Other director expenses and benefits	**2,235**	901
	8,120	3,669
Fees and other emoluments disclosed above include amounts paid to:		
The chairman	**5**	5
The highest paid director	**71**	67

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

	Number	Number
Below N1,000,000	**3**	3
N1,000,000 - N2,000,000	**-**	16
N2,000,001 - N3,000,000	**16**	11
N5,500,001 - and above	**36**	18
	55	48

Notes to the Consolidated Financial Statements (Cont'd)
For the year ended 31 December 2011

		Group		Bank	
		31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
43	**Cash generated from operations**				
	Reconciliation of cash generated from operations to operating profit :				
	Operating profit	**50,066**	33,767	**52,528**	33,536
	Provision for loan loss	**33,541**	29,631	**31,841**	25,461
	Amounts written back on previously provisioned accounts	**(191)**	(7,866)	**-**	(5,375)
	Provision/(write-back) for leases	**(646)**	592	**(646)**	592
	Interest in suspense	**(20,495)**	16,964	**(21,075)**	16,172
	Loans written off	**(57,017)**	(22,464)	**(55,242)**	(22,364)
	Investment in SMEEIS written - off	**233**	(787)	**233**	(787)
	Provision for doubtful bank balances	**(4)**	(1,505)	**-**	**-**
	Provision for doubtful receivable	**3,054**	1,183	**2,777**	846
	Provision for diminution in investments	**1,797**	(1,949)	**1,527**	3,247
	Loss on revaluation of trading bonds	**6,454**	-	**6,454**	-
	(Gain)/loss on sale of loans and advances	**15,489**	(226)	**15,501**	(383)
	(Gain)/loss on disposal of property and equipment	**107**	67	**120**	(81)
	(Gain)/loss on sale of equity securities	**2,245**	-	**(433)**	-
	(Gain)/loss on disposal of investment property	**(1,562)**	(209)	**-**	-
	Depreciation of property and equipment	**8,975**	8,395	**8,517**	7,972
	Amortization of intangible assets	**1,200**	480	**1,084**	369
	Dividend income from investments	**(4,950)**	(2,195)	**(5,801)**	(3,524)
	Provision for retirement benefit obligations	**11,006**	9,316	**9,891**	8,897
	Provision for value added tax	**1,372**	1,064	**1,372**	1,064
	Adjustment for the carrying amount of investment and reserves of associates	**-**	(1,496)	**-**	-
	Provision for doubtful premium receivable	**85**	-	**-**	-
	Provision for banking sector resolution cost	**5,872**	**-**	**5,872**	-
	Operating profit before changes in operating assets and liabilities a	**56,631**	62,762	**54,520**	65,641
	(Increase) / decrease in operating assets:				
	Cash reserve balances	**(92,766)**	(822)	**(92,737)**	(822)
	Loans to customers, net of loans in acquiree	**53,756**	(46,294)	**58,743**	(8,820)
	Advances under finance leases	**3,585**	2,662	**3,585**	2,662
	Insurance receivables	**(196)**	-	**-**	-
	Short term investments	**126,361**	(63,097)	**(84,970)**	(25,094)
	Interest receivable and prepayment	**(62,403)**	12,211	**(8,407)**	12,292
	Accounts receivable	**(11,701)**	(8,011)	**(4,166)**	(8,034)
	Managed Funds	**37,896**	-	**-**	-
	Other receivables,	**(4,035)**	55,824	**(2,880)**	(10,271)
	b	**50,497**	**(47,527)**	**(130,832)**	(38,087)
	Increase/(decrease) in operating liabilities:				
	Customer deposits, net of deposits in acquiree	**497,708**	104,644	**453,006**	86,741
	Due to other banks	**33,606**	(24,994)	**(3,914)**	(9,922)
	for foreign currency	**19,217**	18,157	**2,667**	18,157
	Liability on investment contracts	**(56,248)**	(52,872)	**-**	-
	Insurance contract liabilities	**824**	-	**-**	-
	Interest payable and unearned income	**18,701**	(8,327)	**14,586**	(7,915)
	Accounts payable	**21,869**	(22,153)	**29,702**	(13,174)
	c	**535,677**	14,455	**496,047**	73,887
	Total Adjustments (a+b+c)	**642,805**	**29,691**	**419,735**	**101,442**
	Cash generated from/ used in operations	642,805	29,691	419,735	101,442

44. Compliance with banking regulations.

i The Bank contravened section 20(2) of BOFIA 1991 due to its restructuring of its N 30 billion investment in First Trustees as long term convertible loan without the approval of the CBN. The Bank paid a penalty of N 2 million for this contravention.

ii The Bank contarvened section 60(1) of BOFIA 1991 for misreporting of placements with other banks as loans to subsidiaries. The Bank also pais a penalty of N2 million for the contravention

45. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	Group		Bank	
	31 December 2011 N'million	31 December 2010 N'million	**31 December 2011 N'million**	31 December 2010 N'million
Cash and balances with central banks (less restricted balances)	**95,330**	64,386	**95,225**	63,764
Treasury bills and eligible bills (less pledged bills)	**163,067**	10,629	**162,236**	10,459
Due from other banks (less non-current placements)	**404,959**	373,335	**222,118**	383,893
	663,356	448,350	**479,579**	458,116

46. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. The adjusted EPS is calculated using the number of shares in issue at the balance sheet date. Where a stock split has occurred, the number of shares in issue in the prior year is adjusted to achieve comparability .

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potential dilutive shares in 2011 (2010: nil)

	Group		Bank	
	31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
Net profit attributable to shareholders (N'million)	**45,669**	31,110	**47,462**	32,123
	45,669	31,110	**47,462**	32,123
Number of ordinary shares in issue as at period end (millions)	**32,632**	32,632	**32,632**	32,632
Time weighted average number of ordinary shares in issue (millions)	**32,632**	32,632	**32,632**	32,632
Adjusted number of ordinary shares in issue (millions)	**32,632**	32,632	**32,632**	32,632
Basic earnings per share (kobo)	**140**	**95**	**145**	**98**
Diluted earnings per share (kobo)	**140**	**95**	**145**	**98**

47 Events after the balance sheet date

The bank has no events after balance sheet date

48. Comparatives

The consolidated financial statements are being presented in line with the format prescribed for all Banks in Nigeria by the Central Bank of Nigeria with effect from year ended 31 December 2010.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

At 31 December 2011	Retail	Corporate	SME	Financial Institutions	Total
	N'million	N'million	N'million	N'million	N'million
Past due up to 30 days	31,821	115,644	1,815	2,046	151,326
Past due 30 - 60 days	7,653	20,725	255	4	28,637
Past due 60-90 days	3,886	9,224	775	0	13,885
	43,360	**145,593**	**2,845**	**2,050**	**193,848**

At 31 December 2010	Retail	Corporate	SME	Financial Institutions	Total
	N'million	N'million	N'million	N'million	N'million
Past due up to 30 days	23,799	39,366	256	15,836	79,257
Past due 30 - 60 days	7,853	4,614	560	449	13,476
Past due 60-90 days	16,570	2,181	176	631	19,558
	48,222	**46,161**	**992**	**16,916**	**112,291**

Non-performing loans by Industry

	Group	
	31 December 2011	31 December 2010
	N'million	N'million
Asset management	546	767
Personal & Professional	3,678	9,041
Commercial - Non-residential	-	5,204
Retail - Others	5,706	16,132
Distributive Trade (General Commerce)	767	4,579
Oil & Gas Services	6,282	10,005
Utility - Private	-	124
Commercial - Residential	3	22,044
Construction	170	1,247
Manufacturing - Basic Metal	-	2
Owner Occupier	4,619	1,644
Manufacturing - Paper & paper products	-	1,143
Education	113	285
Other Financial Institutions	37	5,073
Oil & Gas - Marketing	2,319	4,228
Others	9,388	11,058
	33,628	**92,576**

Non-performing portfolio by Strategic Business Units (SBU)

	Bank 31 December 2011 N'million	Bank 31 December 2010 N'million
CORPORATE BANKING GROUP	8,690	10,527
INSTITUTIONAL BANKING GROUP	427	43,481
RETAIL BANKING	18,952	35,592
PUBLIC SECTOR	30	103
	28,099	89,703

Concentration of risks of financial assets with credit risk exposure

(a Geographical sectors

The following table breaks down the Groupôs main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2010. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 December 2011	**Due from banks N'million**	**Loans N'million**	**Advances u finance leas N'million**	**Debt instruments N'million**	**Total N'million**
	-				
LAGOS	-	523,726	2,779	174,221	700,726
SOUTH	-	181,532	915	2,864	185,311
WEST	-	75,149	491	3,334	78,974
NORTH	-	76,841	512	4,883	82,236
EUROPE	-	228,249	-	-	228,249
	-	**1,085,497**	**4,696**	**185,303**	**1,275,497**

At 31 December 2010	**Due from banks N'million**	**Loans N'million**	**Advances u finance leas N'million**	**Debt instruments N'million**	**Total N'million**
	-				
LAGOS	-	727,031	4,280	118,100	849,411
SOUTH	-	152,364	2,721	5,658	160,743
WEST	-	30,072	647	1,806	32,525
NORTH	-	67,843	635	3,139	71,617
EUROPE	-	101,235	-	-	101,235
	-	**1,078,545**	**8,283**	**128,703**	**1,215,531**

(b Industry sectors

	Due from banks N'million	Loans N'million	dvances unde finance lease N'million	Debt instruments N'million	Total N'million
At 31 December 2011					
Agriculture	-	19,038	-	2,019	21,057
Oil and gas		342,221	68	44,637	386,926
Consumer Credit	-	226,745	33	-	226,777
Manufacturing	-	76,423	389	58,641	135,453
Real estate		49,250	-	373	49,622
Construction	-	7,178	-	983	8,162
Finance and Insurance		50,635	383	-	51,018
Transportation	-	5,175	94	20	5,288
Communication	-	67,711	-	-	67,711
General Commerce	-	32,431	413	59,360	92,204
Utilities	-	-	-	-	-
Retail Services	-	106,493	3,311	19,270	129,074
Public Sector	-	102,197	6	-	102,203
	-	**1,085,497**	**4,696**	**185,303**	**1,275,497**
At 31 December 2010					
Agriculture	-	12,546	-	-	12,546
Oil and gas		245,192	1,356	20,074	266,622
Consumer Credit	-	70,970	-	-	70,970
Manufacturing	-	71,086	386	17,360	88,832
Real estate		106,543	-	4,900	111,443
Construction	-	5,877	301	2,496	8,674
Finance and Insurance		209,155	527	1,500	211,182
Transportation	-	919	885		1,804
Communication	-	59,914	-	11,869	71,783
General Commerce	-	167,214	857	19,952	188,023
Utilities	-	156	1,118	-	1,274
Retail Services	-	64,302	2,853	50,552	117,707
Public Sector	-	64,671	-	-	64,671
	-	**1,108,440**	**8,283**	**128,703**	**1,215,531**

Analysis by portfolio distribution and risk rating

	AAA to AA N'million	A+ to A- N'million	BBB+ to BB- N'million	Below BB- N'million	Unrated N'million
At 31 December 2011	98,174	17,553	584,362	575,409	-
At 31 December 2010	119,718	16,578	417,010	662,226	-

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity risk management process

The Groupôs liquidity management process is primarily the responsibility of the Assets and Liabilities Committe (ALCO). Treasury is the executory arm of ALCO and its functions include:

a. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;

b. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

c. Monitoring balance sheet liquidity ratios against internal and regulatory requirements (in conjunction with financial control unit); and

d. Managing the concentration and profile of debt maturities.

Funding approach

Sources of liquidity are regularly reviewed by Treasury to maintain a wide diversification by currency, geography, provider, product and term.

Maturity profile: On- Balance Sheet - Bank

31 December 2011	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Liabilities:							
Customer deposits	138,321.00	243,694.00	213,601.00	270,187.00	917,974.00	-	1,783,777.00
Due to other banks	-	51,251.00	-	-	-	-	51,251.00
Borrowings	-	-	4,639.00	5,238.00	83,225.00	-	93,102.00
Current income tax	-	-	21,353.00	-	-	-	21,353.00
Other liabilities	35,278.00	72,561.00	18,948.00	6,478.00	-	-	133,265.00
Deferred income tax liabilities	-	-	-	-	-	-	-
Retirement benefit obligations	72.00	130.00	361.00	1,170.00	5,489.00	-	7,222.00
Equity	-	-	-	-	-	373,573.00	373,573.00
Total liabilities	173,671.00	367,636.00	258,902.00	283,073.00	1,006,688.00	373,573.00	2,463,543
Assets:							
Cash and balances with central banks	199,091	-	-	-	-	-	199,091
Treasury bills and other eligible bills	16,544	21,627	52,916	95,538	-	-	186,626
Due from other banks	88,537	133,581	-	-	-	-	222,118
Loans and advances to customers	107,293	196,432	55,829	116,314	476,542	176,441	1,128,851
Advances under finance lease	189	36	290	350	3,778	-	4,642
Investment and trading securities	-	17,404	30,260	4,997	335,383	162,323	550,368
Investment in subsidiaries	-	-	-	-	-	37,919	37,919
Investment in associates	-	-	-	-	-	12,599	12,599
Other assets	29,726	11,158	15,482	-	-	-	56,366
Deferred tax asset	8,877	-	-	-	-	-	8,877
Intangible asset	733	-	-	-	-	-	733
Property and equipment	-	-	-	-	-	55,353	55,353
Total assets	450,991	380,239	154,777	217,199	815,703	444,635	2,463,543
Gap	**277,320**	**12,603**	**(104,125)**	**(65,874)**	**(190,985)**	**71,062**	-

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Financial Risk Analysis
Period ended 31 December 2011

Maturity profile: On- Balance Sheet - Group

31 December 2011	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Liabilities:							
Customer deposits	174,947	294,984	250,541	283,833	943,497	-	1,947,803
Due to other banks	-	181,892	-	-	-	-	181,892
Liability on investment contracts	-	39,104	-	-	-	-	39,104
Liability on insurance contracts	-	824	-	-	-	-	824
Borrowings	-	-	4,639	5,420	83,225	-	93,284
Current income tax	-	-	23,844	-	-	-	23,844
Other liabilities	42,230	99,390	30,220	6,603	-	-	178,444
Deferred income tax liabilities	-	-	-	-	1,067	-	1,067
Retirement benefit obligations	76	137	381	1,236	5,797	-	7,627
Equity	-	-	-	-	-	365,484	365,484
Total liabilities	217,253	616,332	309,626	297,092	1,033,586	365,484	2,839,373
Assets:							
Cash and balances with central banks	199,227	-	-	-	-	-	199,227
Treasury bills and other eligible bills	16,618	21,723	53,152	95,964	-	-	187,457
Due from other banks	291,311	113,648	-	-	-	-	404,959
Loans and advances to customers	116,607	182,557	78,897	130,338	550,775	176,441	1,235,615
Advances under finance lease	189	36	290	350	3,778	-	4,642
Insurance receivables	-	111	-	-	-	-	111
Investment securities	-	17,404	30,260	4,997	357,868	162,323	572,853
Investment in subsidiaries	-	-	-	-	-	8,209	8,209
Investment in associates	-	-	-	-	-	5,503	5,503
Managed funds	-	-	-	21	-	-	21
Other assets	103,739	11,169	26,367	-	-	-	141,275
Investment property						10,708	10,708
Deferred tax asset	10,617	-	-	-	-	-	10,617
Intangible assets	-	-	-	-	-	1,006	1,006
Property and equipment	-	-	-	-	-	57,170	57,170
Total assets	738,308	346,648	188,966	231,669	912,421	421,361	2,839,373
Gap	**521,055**	**(269,683)**	**(120,660)**	**(65,423)**	**(121,165)**	**55,877**	-

Maturity profile – Off Balance Sheet

(a) Financial guarantees and other financial facilities

Performance Bonds and financial guarantees (Note 40), are also included below based on the earliest contractual maturity date.

(b) Contingent letters of credits

Unfunded letters of credit (Note 40) are also included below based on the earliest contractual payment date.

(c) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable operating leases, as disclosed in Note 40, are summarised in the table below.

(d) Capital commitments

Capital commitments for the acquisition of buildings and equipment (Note 40) are summarised in the table below.

31 December 2011	**Up to 1 month N'million**	**1 – 3 months N'million**	**3 – 6 months N'million**	**6-Dec months N'million**	**1 – 5 years N'million**	**Over 5 years N'million**	**Total N'million**
Acceptances, guarantees and indemnities	51	98,262	48,270	7,112	-	-	153,695
Bonds and performance guarantees	10,601	19,255	18,462	69,822	49,171	61,046	228,357
Forward and swap contract	-	10,059	-	-	-	-	10,059
Guaranteed commercial papers	-	-	-	-	-	-	-
Treasury bills intermediation	31,628	53,863	51,929	37,400	443	-	175,263
	42,280	181,439	118,661	114,334	49,614	61,046	567,374
31 December 2010							
Acceptances, guarantees and indemnities	13,799	65,853	101,735	-	-	-	181,387
Bonds and performance guarantees	2,034	9,866	18,682	57,466	45,345	17,944	151,337
Forward and swap contract	1,402						1,402
Guaranteed commercial papers	-	-	-	-	-	-	-
Treasury bills intermediation	-	-	-	-	-	-	-
	17,235	75,719	120,417	57,466	45,345	17,944	334,126

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	Group	
	31 December 2011 N'million	**31 December 2010 N'million**
Tier 1 capital		
Share capital	16,316	16,316
Share premium	254,524	254,524
Statutory reserves	35,804	28,508
Contingency reserve	-	-
SMIEIS reserve	8,960	9,193
Bonus issue reserve	-	-
Retained earnings	42,321	23,540
Less: goodwill and intangible assets	-	-
Total qualifying Tier 1 capital	**357,925**	**332,081**
Tier 2 capital		
Preference shares	-	-
Minority interest	-	-
Convertible bonds	-	-
Revaluation reserve - fixed assets	2,379	2,379
Revaluation reserve ï investment securities	-	-
Translation reserve	4,203	3,597
Other borrowings	27,335	27,335
General provision	12,380	11,998
Total qualifying Tier 2 capital	46,297	45,309
Total regulatory capital	**404,222**	**377,390**
Risk-weighted assets:		
On-balance sheet	1,593,314	1,475,515
Off-balance sheet	386,347	394,026
Total risk-weighted assets	**1,979,660**	**1,869,541**
Risk weighted Capital Adequacy Ratio (CAR)	**20.42%**	**20.19%**

FIRST BANK OF NIGERIA PLC

Financial Risk Analysis
Period ended 31 December 2011

Concentrations of currency risk : On- and Off-balance sheet financial instruments

At 31 December 2011	Naira Million	Dollar Million	GBP Million	Euro Million	Others Million	Total Million
Assets						
Cash and balances with Central banks	182,118	14,531	1,490	947	5	199,091
Treasury bills	186,626	-	-	-	0	186,626
Due from other banks	34,232	157,232	13,846	16,807	-	222,118
Loans and advances to customers	860,448	259,981	18	-	8,404	1,128,852
Advances under finance lease	4,642	-	-	-	-	4,642
Investment securities	550,367	-	-	-	-	550,367
Other assets	128,667	42,605	215	166	9	171,662
Total financial assets	**1,947,099**	**474,350**	**15,570**	**17,920**	**8,418**	**2,463,358**
Liabilities						
Customer deposits	1,360,315	404,866	5,841	12,756	-	1,783,778
Due to other banks	52,432	(1,181)	-	-	-	51,251
Claims payable	-	-	-	-	-	-
Other borrowings	23,000	66,136	-	3,966	-	93,102
Current income tax	21,369	-	-	-	-	21,369
Other liabilities	428,943	78,844	717	3,407	1,947	513,858
	1,886,059	**548,665**	**6,558**	**20,129**	**1,947**	**2,463,358**
Net on-balance sheet financial position	**61,040**	**(74,315)**	**9,012**	**(2,209)**	**6,471**	**(0)**
Off balance sheet						
Total financial assets	281,666	373,653	783	10,411	7,229	673,743
Total financial liabilities	281,666	373,653	783	10,411	7,229	673,743
Net off-balance sheet financial position	**-**	**-**	**-**	**-**	**-**	**-**

FIRST BANK OF NIGERIA PLC

Statement of Value Added - Group
Year ended 31 December 2011

Group	31 December 2011 N'million	%	31 December 2010 N'million	%
Gross income	**296,329**		232,080	
Interest paid	**(32,419)**		(50,967)	
Interest on long term borrowings	**(4,531)**		(2,945)	
	259,379		178,168	
Administrative overheads:				
- Local	**(92,065)**		(56,739)	
- Foreign	**(1,793)**		(1,473)	
Value added	**165,521**	**100**	119,956	100
Distribution				
Employees				
- Salaries and benefits	**59,581**	**36**	52,138	43
Government				
- Company income tax	**10,417**	**6**	9,933	8
The future				
- Asset replacement (depreciation)				
- Local	**8,923**	**5**	8,345	7
- Foreign	**52**	**0**	50	0
- Asset replacement (amortisation)				
- Local	**1,131**	**1**	421	0
- Foreign	**69**	**0**	59	0
- Asset replacement (provision for losses)	**38,360**	**23**	21,590	18
- Asset replacement (revaluation losses)	**6,454**	**4**	-	-
- Asset replacement (deferred taxation)	**(5,136)**	**(3)**	(3,690)	(3)
- Expansion (transfers to reserves)	**45,669**	**28**	31,110	26
	165,521	**100**	119,956	100
Bank				
Gross income	**275,629**		209,186	
Interest paid	**(27,652)**		(42,996)	
Interest on long term borrowings	**(3,120)**		(2,945)	
	244,857		163,245	
Administrative overheads	**(86,562)**		(51,460)	
Value added	**158,295**	**100**	111,785	100
Distribution				
Employees				
- Salaries and benefits	**54,264**	**34**	47,313	42
Government				
- Company income tax	**8,756**	**6**	6,601	6
The future				
- Asset replacement (depreciation)	**8,517**	**5**	7,972	7
- Asset replacement (amortisation)	**1,084**	**1**	369	0
- Asset replacement (deferred taxation)	**(3,690)**	**(2)**	(5,188)	(5)
- Asset replacement (provision for losses)	**35,448**	**22**	22,596	20
- Asset replacement (revaluation losses)	**6,454**	**4**	0	0
- Expansion (transfers to reserves and minority interest)	**47,462**	**30**	32,122	29
	158,295	**100**	111,785	100

FIRST BANK OF NIGERIA PLC

Five year financial summary - Group

Balance Sheet

	31 December 2011 N'million	31 December 2010 N'million	31 December 2009 N'million	31 March 2009 N'million	31 March 2008 N'million
Assets:					
Cash and balances with central bank	**199,227**	75,517	70,332	140,403	88,351
Treasury bills	**187,457**	23,769	14,219	17,697	115,480
Due from other banks	**404,959**	550,414	514,193	764,048	560,879
Loans and advances to customers	**1,235,615**	1,127,900	1,061,805	740,397	466,096
Advances under finance lease	**4,642**	7,581	10,835	11,769	10,297
Insurance receivables	**111**	-	-	-	-
Investment and trading securities	**572,853**	337,181	278,624	196,635	154,376
Investment in associates	**8,209**	9,716	13,373	2,884	371
Investment in subsidiaries	**5,503**	1,000	-	1,510	60
Managed funds	**21**	37,917	84,630	36,894	56,021
Other assets	**141,274**	63,558	69,286	51,884	44,275
Investment property	**10,708**	10,326	8,466	6,098	1,974
Deferred tax asset	**10,617**	5,315	-	-	-
Intangible asset	**1,006**	494	-		
Property and equipment	**57,171**	53,998	47,987	39,695	30,054
	2,839,373	2,304,686	2,173,750	2,009,914	1,528,234
Financed by:					
Share capital	**16,316**	16,316	14,504	12,432	9,945
Reserves	**348,205**	321,741	296,497	324,973	341,909
Non-controlling interest	**964**	1,148	3,081	-	-
Customer deposits	**1,947,803**	1,450,095	1,342,704	1,194,455	700,182
Due to other banks	**181,892**	148,286	173,280	170,410	155,109
Liability on investment contracts	**39,104**	95,352	148,224	93,296	62,514
Liability on insurance contracts	**824**	-	-	-	-
Borrowings	**93,284**	124,872	35,729	35,042	29,414
Current income tax	**23,844**	20,051	19,635	11,283	8,986
Other liabilities	**178,443**	121,026	128,760	154,057	213,432
Deferred income tax liabilities	**1,067**	901	10,612	13,634	6,743
Retirement benefit obligations	**7,627**	4,898	724	332	-
	2,839,373	2,304,686	2,173,750	2,009,914	1,528,234
Acceptances and guarantees	**1,546,197**	1,022,950	972,601	696,378	544,959

Profit and Loss Account

	12 months ended 31 Dec 2011	12 months ended 31 Dec 2010	9 months ended 31 Dec 2009	12 months ended 31 Mar 2009	12 months ended 31 Mar 2008
Gross Earnings	**296,329**	232,079	193,932	218,287	155,725
Net operating income	**259,234**	178,062	127,662	160,730	124,156
Operating expenses	**(147,358)**	(119,274)	(77,574)	(90,141)	(70,222)
Group's share of associate's results	**(1,507)**	(3,657)	114	-	-
Dimunition in asset values	**-**	-	-	-	-
Provision for losses	**(44,814)**	(21,590)	(38,174)	(16,790)	(6,028)
Profit before taxation	**65,555**	33,541	12,028	53,799	47,906
Exceptional item	**(15,489)**	226	-	(26,113)	-
Taxation	**(5,281)**	(4,590)	(8,406)	(15,117)	(11,227)
	44,785	29,177	3,622	12,569	36,679
Non-controlling interest	**884**	1,933	1,010	-	-
To shareholders	**45,669**	31,110	4,632	12,569	36,679
Earnings per share (basic) - Kobo	140	95	16	51	184

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Five year financial summary - Bank

Balance Sheet

	31 December 2011 N'million	31 December 2010 N'million	31 December 2009 N'million	31 March 2009 N'million	31 March 2008 N'million
Assets:					
Cash and balances with central bank	**199,091**	74,894	67,576	140,353	89,076
Treasury bills	**186,626**	23,599	14,219	17,697	147,680
Due from other banks	**222,118**	383,893	255,903	510,722	247,059
Loans and advances to customers	**1,128,851**	1,017,411	1,022,486	684,107	437,768
Advances under finance lease	**4,642**	7,581	10,835	11,769	10,297
Investment and trading securities	**550,368**	319,292	271,250	185,774	137,905
Investment in associates	**12,599**	12,599	2,224	2,224	74
Investment in subsidiaries	**37,919**	31,416	30,416	28,449	26,949
Other assets	**56,366**	43,691	51,245	48,007	39,498
Deferred tax assets	**8,877**	5,187	-	-	-
Intagible assets	**734**	265	-	-	-
Property and equipment	**55,352**	52,616	46,302	38,320	29,155
	2,463,543	1,972,444	1,772,456	1,667,422	1,165,461
Financed by:					
Share capital	**16,316**	16,316	14,504	12,432	9,945
Share premium	**254,524**	254,524	254,524	254,524	254,524
Reserves	**102,732**	75,082	48,460	84,098	75,378
Customer deposits	**1,783,777**	1,330,771	1,244,030	1,071,836	661,624
Due to other banks	**51,251**	55,165	65,087	78,980	44,281
Borrowings	**93,102**	124,617	35,473	35,042	29,414
Current income tax	**21,354**	15,115	14,948	7,238	5,091
Other liabilities	**133,265**	86,309	84,742	109,796	78,492
Deferred income tax liabilities	**-**	-	10,144	12,758	6,712
Retirement benefit obligations	**7,222**	4,545	544	718	
	2,463,543	1,962,444	1,772,456	1,667,422	1,165,461
Acceptances and guarantees	**567,374**	334,126	431,316	314,973	198,239

Profit and Loss Account

	12 months ended 31 Dec 2011	12 months ended 31 Dec 2010	12 months ended 31 Dec 2009	9 months ended 31 Dec 2009	12 months ended 31 Mar 2009
Gross Earnings	**275,629**	209,187	175,390	184,536	130,600
Net operating income	**244,717**	163,142	119,167	140,949	108,317
Operating expenses	**(134,786)**	(107,392)	(70,016)	(80,880)	(76,116)
Provision for losses	**(41,902)**	(22,596)	(41,462)	(13,959)	(5,819)
Profit before taxation	**68,029**	33,154	7,689	46,110	26,382
Exceptional item	**(15,501)**	383	-	-	-
Taxation	**(5,066)**	(1,414)	(6,414)	(11,036)	(7,547)
Profit after taxation	**47,462**	32,123	1,275	35,074	18,835
Proposed dividend					
Earnings per share (basic)	145	98	4	141	95